



September 11, 2018

CRH Partners, LLC
1887 Gold Dust Lane
Park City, UT 84060
Attn: Hans Fuegi

NOTICE OF CITY COUNCIL ACTION

<u>Description:</u>	Affordable Housing Mitigation Plan
<u>Project Title:</u>	Kings Crown at Park City
<u>Date of Action:</u>	August 30, 2018

Summary of Recommendation

On August 30, 2018 Park City Housing Authority approved a recommendation made by the Planning Commission to approve a Housing Mitigation Plan proposed by CRH Partners, LLC. The Mitigation Plan proposes the construction and sale of 15 affordable/attainable deed restricted condominiums at Kings Crown at Park City. Seven units priced affordable to households earning an average of 76% of AMI are in fulfillment of the affordable housing obligation at Kings Crown at Park City. Eight attainable units priced affordable to 150% of AMI (in accordance with HUD Income Limits) are in excess of the generated housing obligation. Completed units will include one 1-bedroom unit, eight 2-bedroom units and six 3-bedroom units.

Findings of Fact:

1. The applicable Development Agreement was recorded June 14, 2018 for the Kings Crown Master Planned Development (MPD).
2. Housing Resolution 03-2017 Section 8 requires that affordable housing shall be provided equal to 15% of the market residential units in an MPD. The total residential units proposed in the MPD are fifty-seven (57), 15% of which equals 8.55 Affordable Unit Equivalents (AUEs). This requirement is met by providing 8.58 AUEs (7721 SF) of affordable housing averaging less than 80% of AMI. Each AUE is measured as 900 square feet of interior space.
3. The Housing Mitigation Plan was recommended for approval by the Planning Commission to the Park City Housing Authority on August 8, 2018. The plan was modified slightly after Planning Commission but the terms are substantially the

- same. The final version for approval is attached as Exhibit A with red-lined amendments to correct square footage and approved changes in the agreement.
4. The Applicant proposes a plan to build 7721 SF of affordable housing comprised of seven (7) two and three bedroom units varying in size from 997 SF to 1,377 SF all within one building. In addition, the Applicant proposes to build an additional eight (8) attainable units (150% AMI, HUD Income Limits) in the same building of one to three bedroom units.
 5. The Applicant proposes to price the seven affordable units at an average household AMI of 76% (\$57,834 to \$85,680 annual household income based on the Resolution definition of household size) and the remaining eight units attainable to 150% of AMI depending on HUD defined household size (\$128,520 to \$160,650 annual household income).
 6. Under Section 9 of the Housing Resolution, Applicant is requesting to use Alternative Distribution Ratios so that instead of building 4 townhomes, 1 single family home and 3.5 condominiums, they build 15 affordable/attainable Units in one building.
 7. Housing Resolution 03-2017 allows for waivers by the Housing Authority.
 8. Unit descriptions as required by Housing Resolution 03-2017, Section 13 are attached here as Exhibit C.
 9. The Applicant has requested the Housing Authority waive pursuant to Section 19 of Housing Resolution 03-2017 requirements related to construction timing and delivery of the affordable housing units, specifically Sections 11 (Timing of Occupancy) which states that the affordable units must be delivered in proportional timing to the market units & 14A (Construction of Market Units) which states that Affordable units shall be made available for occupancy on approximately the same schedule as a project's market units; except that Certificates of Occupancy ... for the last ten percent of the market units shall be withheld until Certificates of Occupancy have been issued for all of the inclusionary units.
 10. The waiver provision states that the City Council may waive all or part of the requirements of this Resolution in exchange for enhanced project affordability or livability including but not limited to the incorporation of sustainable building practices and systems in the unit design and development.).
 11. Applicant proposes 8 additional attainable units in order to enhance project affordability, pricing the affordable units with an overall average of 76% of AMI. The Applicant will build the affordable/attainable building to green building standards in compliance with Section 9.B.5 of Housing Resolution 03-2017.
 12. In addition, in order to meet the spirit of the housing resolution timing requirements, applicant proposes that:
 - a. CRH will post a Performance Bond in an amount equal to the construction cost and in a form acceptable to the City for the completion of the Affordable Housing building.
 - b. If the construction timing of the affordable housing building deviates more than 120 days from the proposed construction, the Applicant shall appear before the Park City Housing Authority within 30 days to explain the timing discrepancy and propose a remedy. The Housing Authority shall at that time

have the right to require that the applicant post a 100% cash (or cash equivalent) guarantee for the remaining portion of the affordable housing building to be constructed.

Conclusions of Law:

1. The conditions of the Development Agreement between CRH Partners, LLC and Park City Municipal Corporation recorded on June 14, 2018 related to Affordable Housing has been met by this plan
2. This plan complies with Park City Housing Resolution 03-2017.
3. Housing Authority approves a waiver of the Housing Resolution timing of construction and delivery of the affordable housing units.

Conditions of Approval:

1. The Affordable Housing building will be the first building to draw a building permit.
2. No Certificate of Occupancy will be granted for the Crown Homes (market townhomes) prior to receiving the CO for the affordable/attainable building.
3. CRH will post a Performance Bond equal to the cost of construction and in a form acceptable to the City for the construction of the Affordable Housing building.
4. If the construction timing of the affordable housing building deviates more than 120 days from the proposed construction, the Applicant shall appear before the Park City Housing Authority within 30 days to explain the timing discrepancy and propose a remedy. The Housing Authority shall at that time have the right to require that the applicant post a 100% cash (or cash equivalent) guarantee for the remaining portion of the affordable housing building to be constructed.
5. Units will be sold at pricing as follows:

Unit #	Sq Ft	# of Bedrms	Sales Price	Max Hshold Income
A-101	1,349	3	\$ 303,647	\$ 85,680
A-102 ADA	1,000	2	\$ 197,881	\$ 57,834
A-201	1,000	2	\$ 239,122	\$ 67,473
A-202	998	2	\$ 239,122	\$ 67,473
A-203	1,377	3	\$ 303,647	\$ 85,680
A-303	1,000	2	\$ 263,841	\$ 77,112
A-304	997	2	\$ 263,841	\$ 77,112
affordable units total	7,721		\$ 1,811,101	
max total sales price @ 80% AMI			\$ 1,901,120	
average % AMI sales price			76%	
A-301	989	2	\$ 512,404	\$ 144,585

A-302	987	2	\$	512,404	\$	144,585
A-401	671	1	\$	455,470	\$	128,520
A-402	959	2	\$	512,404	\$	144,585
A-403	1,174	3	\$	569,338	\$	160,650
A-404	1,189	3	\$	569,338	\$	160,650
A-501	1,160	3	\$	569,338	\$	160,650
A-502	1,163	3	\$	569,338	\$	160,650
attainable units total @ 150% AMI per HUD income limits	8,292			\$ 4,270,034		
additional storage	736					
Total	16,749					

6. Deed Restrictions shall be recorded against all 15 units in a form approved by the City Attorney.
7. CCRs for the Affordable/Attainable building will include a provision that HOA fees won't increase more than three percent (3%) per year.
8. Initial HOA dues shall not exceed an average of \$250 per month per unit excluding utilities and internet and/or an average of \$370 per month per unit including utilities and internet.
9. Units shall be sold to eligible households as defined in the recorded Deed Restrictions.
10. All sales shall be approved in writing by the City Affordable Housing Office.
11. Housing Authority waived the Housing Resolution 03-2017 construction timing and delivery of the affordable housing units Sections 11 and 14.A.

Attached:

Exhibit A = Housing Mitigation Plan proposed by CRH Partners LLC., dated July 16, 2018 and amended with agreed-upon changes in red
 Exhibit B = Project Site Plan: Affordable Housing Building is Building A on Lot 1
 Exhibit C = Floor Plans for Building A, Affordable and Attainable Housing Building

Sincerely,



Rhoda Stauffer
 Affordable Housing Program

KINGS CROWN HOUSING MITIGATION PLAN ACTION LETTER - EXHIBIT A

July 16, 2018

Anne Laurent, Community Development Director
Jason Glidden, Economic Development Program Director
Rhoda Stauffer, Affordable Housing Project Manager
Francisco Astorga, Senior Planner

Park City Municipal Corporation
PO Box 1480
Park City, Utah 84060

RE: Kings Crown Affordable Housing

Dear Anne, Jason, Rhoda and Francisco,

Pursuant to our conversations and correspondence, we are respectfully submitting this affordable housing proposal for the Kings Crown at Park City project. Hopefully this proposal will fulfill the necessary requirements to satisfy our affordable housing obligations that have been incurred as a result of our entitlement for the development. We are submitting this plan with the clear understanding that it is subject to your review and the Park City Housing Authority's ratification. In that vein, we welcome any comments you may have on how to make this a better plan.

Kings Crown Affordable Housing Obligation

On February 1st, 2018, the Park City Council ratified the MPD for the Kings Crown at Park City project. One of the Conditions of Approval is to develop and submit an Affordable Housing Plan to mitigate the project's impacts on the community's resources. It is well-established that in a community like Park City, where the service economy dominates and real estate is at a premium, the affordable housing need is very acute.

Referencing the PCMC Affordable Housing Code, the requirement for residential affordable housing is relatively straightforward at 15% of the density allocation. The commercial component of the Affordable Housing Code is more complex, with employee generation numbers being the driving factor. The Kings Crown project, as approved, has no commercial component. The Kings Crown project MPD has been approved for 57 residential units. The Affordable Housing Code requires that the applicant construct 15% of the total number of units approved as affordable housing. This equals 8.55 Affordable Unit Equivalent (AUE). An AUE is defined as 900 square feet of living space (exclusive of parking, mechanical and circulation). $8.55 \text{ AUEs} \times 900 \text{ sqft} = 7,695 \text{ sqft}$ of affordable housing obligation.

Kings Crown Affordable Housing Proposal

The Kings Crown project is proposing to construct ~~7,695~~ 7,721 sqft of affordable housing living space with an additional 8,795 sqft of attainable housing living space. This meets our affordable housing obligation and provides extra attainable housing as well.

All of the affordable housing is located in one building, Building A, on the Master Plan. The building is located on-site and will be the first building to draw a building permit, thus eliminating the concern of unbuilt affordable housing obligations that have caused issues in Park City with previous developments.

The primary reason that all of the affordable units are located in one building is buyer financing. Principals of CRH were also Principals in Silver Star, a project with affordable housing located in it as well. A painful lesson we learned with Silver Star is that lenders do not like “mixed” buildings with affordable housing and other uses, such as market rate real estate. The restrictions placed on affordable housing, unfortunately, do not line up well with the demands of conventional financing. Traditional lenders require that loans be easily syndicated to Fannie Mae. Fannie Mae has strict guidelines regarding what they will and will not lend on and we found that the units in mixed developments did not fit “in the box” and were rejected time and again. By locating the affordable units in one building, and having a sub-HOA dictate the Covenants, Conditions, and Restrictions of that building, we are able to achieve a sellable product as far as lenders are concerned.

There are a total of 15 individual affordable/attainable units proposed. They range in size from 671 square feet to 1,349 square feet. The proposed sales price is the maximum sales price and will be lowered if there is not sufficient demand for the maximum price. The unit type, total square footage, AMI target, and the proposed price are outlined in Table 1.

Table 1. Type of Unit/Sqft/AMI Target/Maximum Price

Unit #	Sq Ft	# of Bedrms	Sales Price	Max Hshold Income
A-101	1,349	3	\$ 303,647	\$ 85,680
A-102 ADA	1,000	2	\$ 197,881	\$ 57,834
A-201	1,000	2	\$ 239,122	\$ 67,473
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attainable units total @ 150% AMI per HUD income limits	8,292		\$ 4,270,034	
additional storage	680			
Total	16,693			

*Gray = affordable units

*White = attainable units

The sales price for the affordable and attainable units was calculated using guidelines provided by Park City Municipal Corporation. The mortgage payment for the Owner-Occupied Unit, including principal, interest, taxes, and insurance (“PITI”), shall not exceed 30% of the Target Household Income. The assumptions used to calculate the sales price shall be: (i) a 5% down payment; (ii) a 30-year term; and (iii) an interest rate equal to the prevailing FirstHome rate, or its program equivalent, of the Utah Housing Corporation at the time of the offer.

Mitigating Factors

100% of the Kings Crown affordable housing units are proposed be constructed on-site. This is very unusual and is recognized by the LMC as the ideal situation regarding affordable housing fulfillment. Locating the affordable housing on-site, particularly in Old Town, helps in a variety of ways: traffic trips are reduced, vitality and vibrancy are maintained in the heart of Park City, and public transit is readily accessible, to name a few of the benefits. On-site construction is listed as the highest priority for meeting the LMC affordable housing requirements.

As mentioned above, the Kings Crown proposal fulfills the required affordable housing requirement as outlined in the LMC and provides additional attainable housing. This is separate from mechanical space, circulation and parking. Additionally, all of the required parking is located on-site and in an enclosed underground garage. There are 18 parking spaces required and 18 parking spaces provided. In addition, CRH has provided a large storage area where residents can store their bikes, ski gear, etc. Each unit owner will have a private space separated by meshed fencing. This is located on the first floor (above parking) and to the west side of the building.

The affordable housing owners will not have a locker in, nor access to the ski clubhouse area. The ski club amenity is provided as a benefit to the market buyers to enhance the ski-in, ski-out experience. The cost of upkeep and maintenance of the facility is borne by the market rate buyers. In an effort to keep the HOA dues costs down for the affordable owners, as well as maintain an exclusive experience for the market rate owners, the ski club will be exclusively for the use of the market rate owners. The affordable unit owners will still be allowed to access the ski run adjacent to the ski club through the ski access stairs. In order to keep the affordable housing costs down, the HOA fees will not increase by more than ~~103~~3% annually.

The fact that the property is located directly adjacent to the Kings Crown ski run and the Park City Resort base area is extraordinary. There are very few opportunities such as this in all of North American ski country. This gives potential owners the chance to live at the base of one of the greatest ski mountains in the world and experience all that it has to offer. Public transit is less than 100 meters away and virtually all of downtown is within walking distance. There are grocery stores, drug stores and coffee shops all within a short walk or bike ride. This is truly a unique opportunity for potential buyers and gives them an opportunity to live and work within Park City limits right where the activity is.

We will ensure the buyers will be qualified according to the City’s qualified buyer criteria and approved by Park City Municipal Corporation: The qualified buyer criteria is as follows:

1. A person who does not own any other real property
2. A household with an income that is 80% or less of the area median income for affordable units, or 150% or less of the AMI for attainable units
3. The combined net worth of the persons eighteen years of age and older in the household does not exceed an amount equal to five times the area median income
4. A household which has a minimum of one adult who meets one of the following criteria:
 - a) A full-time (aggregate of 30 hours of employment per week) employee of an entity or entities located within the Park City School District boundaries
 - b) An owner or owner's representative of a business or entity with a primary place of business within the Park City School District boundaries
 - c) A retired person who was a full-time employee of an entity located within the Park City School District boundaries for at least two continuous years immediately preceding his or her retirement
 - d) A person who is unable to work or does not have a work history required under subsections (a) through (d) due to a disability

We will also ensure the units meet the affordable unit restrictions:

1. Appreciation is limited to 3% per year, compounding
2. Unit must be owner-occupied as the primary residence of the owner
3. Unit cannot be rented
4. Transfer of title is not allowed (nor incorporating into a trust)
5. Owner cannot purchase other property while owning a deed restricted unit

Timing of Occupancy

The timing of the occupancy of the Affordable Housing Building is important to the applicant as well as the City. The Affordable Building is proposed to be the first vertical building to draw a permit. The applicant intends to begin construction of the affordable housing building no later than April 1, 2019 and expects to be complete within 18 months following the start of construction. The Building is almost 30,000 square feet in size and comprises 15 units, so the construction is complex and will be lengthy (likely 18 months plus or minus). For that reason, we would like to propose some flexibility with Certificates of Occupancy as it relates to other buildings in the project.

Although the affordable housing resolution asks that the affordable units be ready for certificate of occupancy no later than the date of the initial occupancy of the free market portion of the project, because we are providing eight attainable units in addition to the seven required affordable units, we are requesting a waiver in relation to the certificate of occupancy requirement. The timeframe to build a 15 unit structure as opposed to a 7 unit structure will take longer and we cannot phase it because it is a single building. We are not asking for a waiver on all the units in the development. We're simply asking for a waiver on the Certificate of Occupancy for the single-family lots and the condo building.

Given most of the single family lots would host an approximately 2,000 square foot building and could be constructed within a 10-month timeframe, we are concerned that some single-family houses could "lap" the Affordable Housing Building and, since they will be owned by third parties, create legal problems for the applicant. So, we may be in a situation where we are requiring a Certificate of Occupancy for the single-family houses well in advance of being able to secure one for the Affordable Housing Building.

Because CRH Partners, LLC is selling the condo pad and not building the condos ourselves, we do not have control over when the actual condo building will be built. Because the condo building will pull a building permit after the affordable building and because it will be one or several larger structures, it will not catch up to the affordable building and will not need a Certificate of Occupancy before the affordable building. However, requiring the condo building to not get a certificate of occupancy in this housing plan will cloud the title and CRH will not be able to sell the condo pad to another builder/developer. In order to finance the affordable building, CRH needs the proceeds from the sale of the condo pad. The developer who buys the condo pad cannot get financing if there is language stating they cannot get a Certificate of Occupancy for their units until the affordable building has Certificate of Occupancy, because that is out of their control.

We are offering as a solution to that scenario the following:

1. The Affordable Housing building will be the first vertical building to draw a building permit.
2. We will not request a Certificate of Occupancy for the Crownhomes (7 townhomes) prior to a Certificate of Occupancy for the Affordable Building.
3. CRH will post a Performance Bond in a form acceptable to the City for the construction of the Affordable Housing building.

The performance bond will be put in place by our contractor (Big D, Mike Kerby 435-901-8864) to guarantee the completion of the affordable building. At the time of the drawing of the permit, we will present the City with a copy of our contract with Big D as well as proof of funds to complete. If the building is not completed by Big D, then the performance bond will guarantee the completion of the building.

The affordable units will receive a Certificate of Occupancy before any of the market rate units that CRH Partners are developing. As mentioned above, there is a chance a lot for a single family home could be sold and a home built before the affordable building is ready for occupancy, but that is out of our control. With the controls in place listed above, the affordable building will be completed and occupied before any other market rate units that CRH is building.

Construction Timing

There will be two phases in the construction of the Kings Crown development. Phase 1 includes the Affordable Building, the road, and the ski locker building. Phase 2 includes the townhomes and the condominium buildings. In order to finance Phase 1, the single-family lots will be sold to individual owners and the condo pad will be sold to a developer/builder.

The construction timing includes the affordable housing building starting first along with the sales of single family lots, sale of the condo pad, and the construction of the road and ski locker building. Second the condo building will be started. And third, the townhomes will be built, but will not receive a Certificate of Occupancy until the affordable building has received a Certificate of Occupancy. If the construction timing of the affordable housing building deviates more than 120 days from the proposed construction guideline, then the Applicant shall ~~first~~ appear before the Park City Housing Authority within 30 days to explain the timing discrepancy. ~~and the The Housing Authority Council~~ shall at that

time have the right to request that the applicant post a 100% cash (or cash equivalent) guarantee for the remaining portion of the affordable housing building to be constructed.

A chart of the construction timeline is attached.

We believe that the above will give the City comfort that the Applicant is intending to complete its affordable housing obligation, times two, in a timely and acceptable manner to the City.

Thank you for the opportunity to forward you this proposal. We appreciate your review of this report and look forward to discussing it with you. Please do not hesitate to contact us with any questions or comments you may have.

Sincerely,

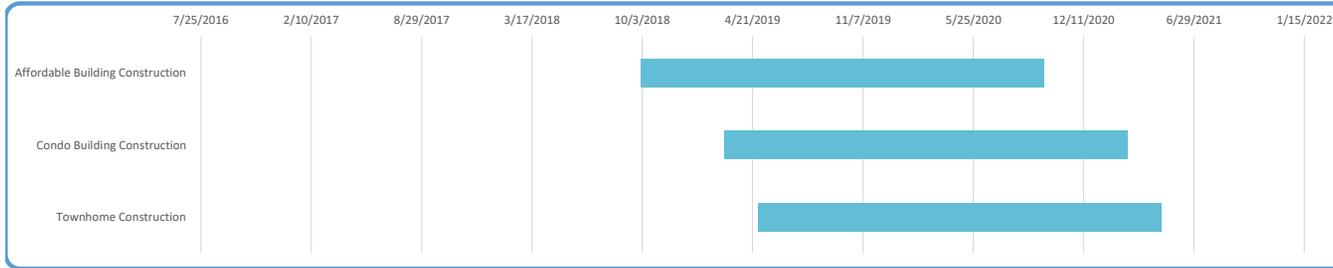
CRH Partners, LLC

Rory Murphy
Chuck Heath
Hans Fuegi

KINGS CROWN HOUSING MITIGATION PLAN ACTION LETTER - EXHIBIT A, PAGE 7

Kings Crown Timeline

Task Name	Start Date	End Date	Duration
Affordable Building Construction	10/1/2018	10/1/2020	731
Condo Building Construction	3/1/2019	3/1/2021	731
Townhome Construction	5/1/2019	5/1/2021	731



KINGS CROWN HOUSING MITIGATION PLAN ACTION LETTER
 EXHIBIT B: SITE PLAN
 BUILDING A IS AFFORDABLE &
 ATTAINABLE HOUSING

the concept, ideas, drawings and specifications herein are an original unpublished work and the property of WOW Architect, LLC and shall not be used on any other work, do not scale drawings, all conditions shall be verified on site, discrepancies shall be brought to the attention of the architect before proceeding.
 color date: 10/27/2017 3:02:17 PM



A1 ARCHITECTURAL SITE PLAN
 SCALE: 1" = 30'-0"

WOW
 PRELIMINARY
 NOT FOR
 PERMIT OR
 CONSTRUCTION

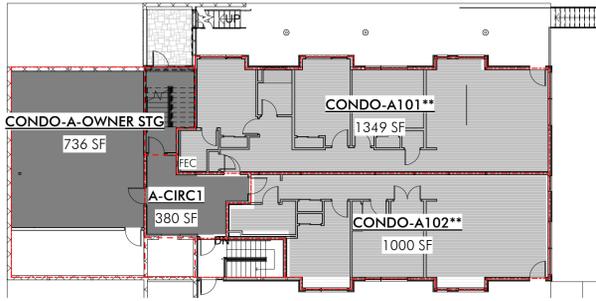
CIVIL: EVERGREEN
 STRUCTURAL: JARBAIT ENGINEERING
 MECHANICAL: PVE INC
 ELECTRICAL: BNA CONSULTING
 LANDSCAPE: LO/CI
 INTERIOR: WOW+

KINGS CROWN
 MASTER PLANNED DEVELOPMENT
 1201-1299 LOWELL AVENUE
 PARK CITY, UTAH

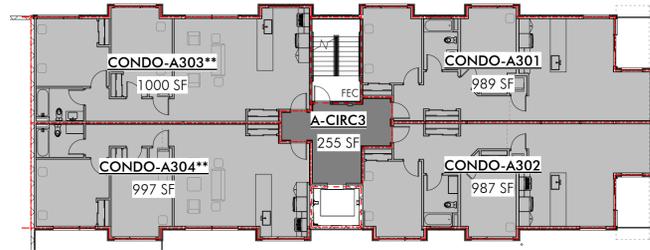
PROJECT #: 160026
 ISSUE DATE: 10.27.2017
 ISSUE: MPD SUBMITTAL
 REVISIONS

ARCHITECTURAL SITE
 PLAN
AS-101
 COPYRIGHT: WOW architect, LLC, 2017

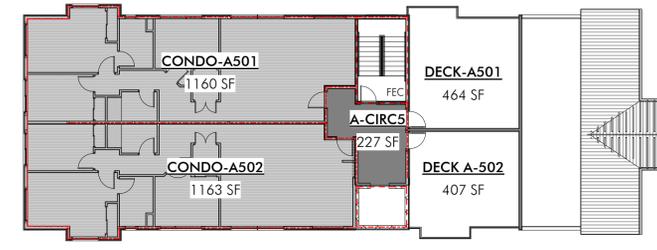
KINGS CROWN HOUSING MITIGATION PLAN - EXHIBIT C, FLOOR PLANS



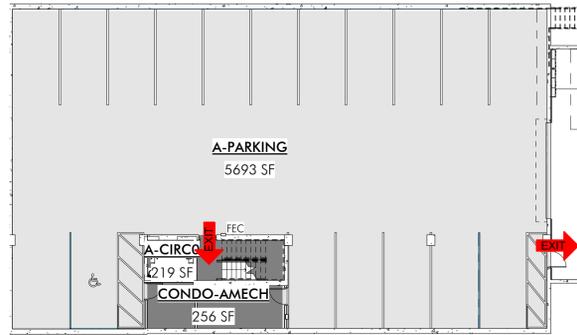
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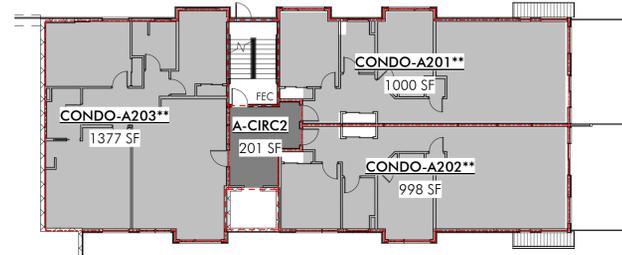
D2 A.3
SCALE: 1/16" = 1'-0"



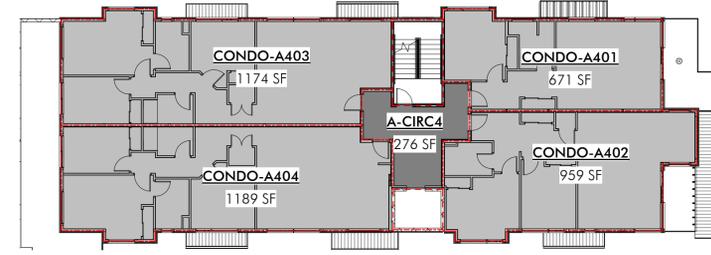
D5 A.5
SCALE: 1/16" = 1'-0"



C1 A.0
SCALE: 1/16" = 1'-0"



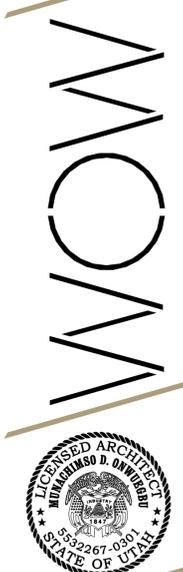
C2 A.2
SCALE: 1/16" = 1'-0"



C5 A.4
SCALE: 1/16" = 1'-0"

AFFORDABLE UNIT CONDO AREAS

UNIT	AREA
CONDO-A101**	1,349 SF
CONDO-A102**	1,000 SF
CONDO-A-OWNER STG	736 SF
	3,085 SF
CONDO-A201**	1,000 SF
CONDO-A202**	998 SF
CONDO-A203**	1,377 SF
	3,374 SF
CONDO-A301	989 SF
CONDO-A302	987 SF
CONDO-A303**	1,000 SF
CONDO-A304**	997 SF
	3,972 SF
CONDO-A401	671 SF
CONDO-A402	959 SF
CONDO-A403	1,174 SF
CONDO-A404	1,189 SF
	3,993 SF
CONDO-A501	1,160 SF
CONDO-A502	1,163 SF
	2,323 SF
TOTAL NET AREA	16,748 SF



CIVIL: EVERGREEN ENGINEERING
 STRUCTURAL: JARRAT ENGINEERING
 MECHANICAL: ROYAN ENGINEERING
 ELECTRICAL: BNA INC
 LANDSCAPE: LO/CI
 INTERIOR: WOW + PRADHAN DESIGN

KING'S CROWN
 AFFORDABLE HOUSING BLDG
 1293 LOWELL AVENUE
 PARK CITY, UTAH

PROJECT #: 160026
 ISSUE DATE: 07.18.2018
 ISSUE: PERMIT SET
 REVISIONS

AREA & EXITING PLANS

GI-004

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the concepts, ideas, drawings and specifications herein are an original unpublished work and the property of WOW Atelier, LLC and shall not be used on any other work. do not scale drawings. all conditions shall be verified on site. discrepancies shall be brought to the attention of the architect before proceeding.
 plot date: 8/10/2018 3:30:37 PM