



# TOWN OF JACKSON

## WORKSHOP DOCUMENTATION

**S** **G DEPARTMENT:** Housing

**PRESENTER:** April Norton

**WORKSHOP DATE:** August 19, 2019

**SUBJECT:** Options for 174 N. King Street and 430 & 440 W. Kelly Avenue

### PURPOSE OF WORKSHOP ITEM

On July 31 the Town was informed that the 174 N. King Street Project did not receive tax credit allocations from the Wyoming Community Development Authority. On July 23 the Board of County Commissioners voted against building a 16-unit permanently deed restricted housing project at 430/440 West Kelly Avenue. These two projects were key parts of the workforce housing supply strategy and now need to be revisited.

### DESIRED OUTCOME

Answers to/direction on the following questions:

For King Street:

- What income range(s) should this development serve?
- Should this development be ownership or rental?
- Should staff ask the top 2 respondents to the original RFP to respond to the new criteria or does Council want to release a new RFP?
- If additional public investment is needed for this project, from where should it come?

For 430/440 West Kelly Avenue:

- Is Town Council (Council) interested in a 12-unit alternative that provides the same number of bedrooms proposed in the 16-unit option?
- If not, what is the desired next step?
  - o Is Council interested in paying the County for its portion of the property (\$936,880)? What funding source would the Council like to use for this?
  - o Is Council interested in selling its portion of the property to the County (\$766,537)?
  - o Is Council interested in selling the property to a private entity who may or may not develop deed restricted housing on the site?
  - o Is Council interested in permanently deed restricting the property and then selling to a private developer who will then be required to build deed restricted housing on the site?

### BACKGROUND

On April 8, 2019 the Council and Board of County Commissioners (Board) approved the Housing Supply Plan 2019-2022. The approved plan included a discussion of current demand, funding, pipeline, and proposed and future projects. Since the plan's approval, two of the proposed projects have stalled: the 174 N. King Street project did not receive the Low-Income Housing Tax Credits (LIHTC) for which it applied, and the Board voted against building 16-units at the W. Kelly site (Council approved the 16-unit option).

Considering these changes, staff seeks direction from Council on how to proceed with each project. To help contextualize the conversation, staff has provided updated demand, pipeline, and funding information, below.

March 2019 Demand (Intake Form Data)	August 2019 Demand (Intake Form Data)
<p><u>Household Size Info:</u>            1 person – 356 households – 41.20%            2 people – 225 households – 26.04%            3 people – 113 households – 13.08%            4 people – 112 households – 12.96%            5+ people – 58 households – 6.71%</p> <p>Total Households = 864            Total People = 1,909</p>	<p><u>Household Size Info:</u>            1 person – 444 households – 42.05%            2 people – 278 households – 26.33%            3 people – 139 households – 13.16%            4 people – 134 households – 12.69%            5+ people – 61 households – 5.78%</p> <p>Total Households = 1,056 (+192)            Total People = 2,282 (+373)</p>
<p><u>Income Range Info:</u>            0-50% MFI – 167 households – 19.33%            50-80% MFI – 319 households – 36.92%            80-120% MFI – 268 households – 31.02%            &gt;120% MFI – 110 households – 12.73%</p>	<p><u>Income Range Info:</u>            0-50% MFI – 245 households – 23.20%            50-80% MFI – 389 households – 36.84%            80-120% MFI – 313 households – 29.64%            &gt;120% MFI – 109 households – 10.32%</p>

- The highest demand right now is for units serving 1-2 person households earning <80% MFI. Approximately 44% (463/1056) of all households on the Intake Form fall into this category. These units should primarily be rental, one and two-bedroom.
- The second highest demand right now is for units serving 1-2 person households earning 80-120% MFI. Approximately 18% (195/1056) of all households on the Intake Form fall into this category. These units should be a blend of rental and ownership, one and two-bedroom. They could be a mix of the Affordable 80-120% Income Range and Workforce restrictions.
- The third highest demand right now is for units serving 3-4 person households earning 50-120% MFI. Approximately 17% (176/1056) of all households on the Intake Form fall into this category. These units should be a blend of rental and ownership, two and three-bedroom.
- Staff is utilizing Intake Form data, which correlates with American Community Survey data that is conducted by the U.S. Census Bureau. Both data sets find that most households are 1 or 2 people and that most households earn <120% MFI. You can find a longer discussion of the comparison between the two data sets in the Housing Supply Plan (page 6). Since the Housing Supply Plan was approved, 192 new households have completed the form, bringing the total number of people represented in the data to 2,282 which is almost 10% of the overall population in Teton County.

March 2019 Pipeline	August 2019 Pipeline
0-50% MFI – 0 Rental, 0 Ownership 50-80% MFI – 0 Rental, 16 Ownership 80-120% MFI – 44 Rental, 0 Ownership >120% MFI (Workforce or ARU restricted) – 118 Rental, 16 Ownership Employer – 49 Rental, 0 Ownership  Total Restricted Rental = 211 Total Restricted Ownership = 32 Total Multifamily Market Rental = 122	0-50% MFI – 0 Rental, 0 Ownership 50-80% MFI – 0 Rental, 16 Ownership 80-120% MFI – 44 Rental, 0 Ownership >120% MFI (Workforce or ARU restricted) – 118 Rental, 21 Ownership Employer – 49 Rental, 0 Ownership  Total Restricted Rental = 211 Total Restricted Ownership = 47 Total Multifamily Market Rental = 142

- No units – ownership or rental – serving households earning <50% MFI are in the pipeline. No rental units serving households earning <80% MFI are in the pipeline. Only 16 ownership units serving households earning <80% MFI in the pipeline – these are all 3-bedroom units at Grove Phase III and are less likely to serve 1-2 person households. So, for the highest demand population, there are zero units in the pipeline now that the King Street Project has stalled.
- 44 rental units in 80-120% MFI are in the pipeline; there are zero ownership units in this income range in the pipeline. So, for the second highest demand, there are only 44 rental units in the pipeline.

- For the third highest demand population, there are 16 ownership units being developed at Grove Phase III.
- Most of the rental pipeline units (227/353) come from two projects: Hidden Hollow (14 Affordable, 60 Workforce, 63 market), which is under construction and Sagebrush Apartments (32 Workforce, 58 market) which has not been issued a building permit.
- Pipeline projects are those that have been submitted for sketch plan, development plan, or building permit approval.

March 2019 Funding	August 2019 Funding
Town of Jackson Fees in Lieu - \$179,659 Town of Jackson General Fund - \$558,273  Teton County Fees in Lieu – \$3,749,988 Teton County General Fund - \$746,531  Housing Authority Properties <ul style="list-style-type: none"> <li>• Rains Property</li> <li>• 260 W. Broadway</li> <li>• Grove Phase I</li> <li>• 430/440 W. Kelly Ave – purchased for \$1.7M, January 2019</li> </ul>	Town of Jackson Fees in Lieu - \$273,953 Town of Jackson General Fund - \$1,719,059 <i>Town Employee Housing - \$1,551,467 some of which is encumbered</i>  Teton County Fees in Lieu - \$4,349,504 Teton County General Fund - \$746,684 <i>Teton County Employee Housing - \$2,000,000 some of which is encumbered.</i>  Housing Authority Properties <ul style="list-style-type: none"> <li>• Rains Property – currently listed for sale at \$2.2M</li> <li>• 260 W. Broadway</li> <li>• Grove Phase I</li> <li>• 430/440 W. Kelly Ave – purchased for \$1.7M, January 2019</li> </ul>

- Fees in Lieu must be used to create Affordable housing that serves households earning <120% MFI.
- Town and County Employee Housing funds are to be used to obtain housing that serves Town of Jackson and Teton County employees.
- Funds from the sale of the Rains property and/or 260 W. Broadway must be used to create Affordable housing that serves households earning <120% MFI.
- Teton County did not fund the Housing Supply Program this fiscal year.

March 2019 Current & Proposed Projects	August 2019 Current & Proposed Projects
<ul style="list-style-type: none"> <li>• Grove Phase III, phases 2 &amp; 3 – 16 ownership units – 50-80%MFI – all 3-bedrooms</li> <li>• 174 N. King St. – 30 rental units – 0-60% MFI – mix of studio, one, and two-bed.</li> <li>• 430/440 W. Kelly Ave – at least 15 ownership units – &gt;120% MFI</li> <li>• 105 Mercill Ave – at least 22 ownership units - &gt;120% MFI</li> <li>• Jackson/Kelly – 90-120 rental units – TBD income ranges – TBD unit sizes</li> </ul>	<ul style="list-style-type: none"> <li>• Grove Phase III, phases 2 &amp; 3 – same</li> <li>• 174 N. King St. – TBD</li> <li>• 430/440 W. Kelly Ave – TBD</li> <li>• 105 Mercill Ave – 31 ownership units – 25 Workforce (&gt;120% MFI), 4 Affordable (0-120% MFI) – mix of one and two-bed.</li> <li>• Jackson/Kelly – 90-120 rental units – TBD income ranges – TBD unit sizes</li> </ul>

- 20 Affordable Ownership units serving households earning <120% MFI. 16 of these are represented in the pipeline numbers above; the other four are proposed at 105 Mercill.
- 25 Workforce Ownership units serving working households, no income limits.
- Potential for a larger apartment complex at the Jackson/Kelly site, but unlikely to break ground until 2021 at the earliest with certificates of occupancy 12-24 months later. Teton County owns four of the parcels that would be utilized for this project. (Town of Jackson has no ownership stake, but Council will approve/deny the project through the planning process.)

## ALTERNATIVES

### 174 N. King Street

In 2018 the Council identified this parcel for low income rental housing based on the policy direction in the Housing Action Plan (*Initiative 2A: Prioritize lower-income, year-round housing; 4C: Seek and support grants, tax credits, loans, and other sources of funding*), pipeline and demand information available at the time. Based on the updated demand, pipeline, and funding numbers provided, staff seeks direction on the following key questions:

1. What income range(s) should this development serve? Should this development be ownership or rental?
  - a. Demand is highest for rental units that serve smaller households who earn <80% MFI. There are currently no rental projects in the pipeline that will serve this group.
  - b. There is also strong demand for ownership units that serve households earning 50-120% MFI. There are only 16 units in the pipeline that will serve this group and they are all 3-bedroom units at Grove Phase III (Habitat for Humanity).
2. Should staff ask the top two respondents to the original RFP to respond to revise their proposals or does Council want to release a new RFP?
  - a. Staff can ask Westmount and/or the Jackson Hole Community Housing Trust to provide revised responses based on Council direction today, analyze those options, and bring them back to Council for consideration.
  - b. Staff can draft a revised RFP for the project based on Council's discussion today and bring back to Council for consideration at the September 3<sup>rd</sup> regular meeting.
3. If additional public investment is needed for this project, from where should it come?
  - a. The Town has \$1,993,012 it could utilize for this project (general fund + in lieu fees) if the units developed are restricted for households earning <120% MFI.
  - b. If the Town chooses to sell its interest in 430/440 W. Kelly Ave it could have an additional \$766,000 to utilize for the project.
  - c. If the Town chooses to plat and sell some or all its Flat Creek Drive property – 3 lots zoned NL-1 – it could utilize those proceeds for this project. Each lot would likely be listed in the \$800,000 range.
  - d. The Town could ask the County to utilize some of its in-lieu fees to offset additional costs to the project so long as the project serves households earning <120% MFI.

### 430/440 W. Kelly Avenue

These lots were purchased for the purpose of building Workforce Ownership units in a newly rezoned area that has been designated for workforce housing development, particularly larger, multifamily structures and includes incentives to catalyze maximum workforce housing development (*Housing Action Plan Initiative 2B: Provide land as a public subsidy and build development partnerships, 5A: Allow for supply of workforce housing by removing barriers, 5B: Incentivize the supply of restricted housing, Comprehensive Plan Policy 4.3.b: Create and develop Transitional Subareas*). The Council and Board chose to award the project to Roller Development and Tack Development on May 13, 2019. They directed staff to work with the development team to bring back revised 12 and 16-unit options for consideration. On July 23, 2019 the Council directed staff to move forward with the revised 16-unit option; the Board did not approve the same motion, essentially stalling the project until Council and Board can agree on a path forward.

Based on the updated demand, pipeline and funding information provided above, in light of the 174 N. King Street project not receiving the tax credits, and in preparation for an upcoming meeting with the Board to discuss the property and project, staff seeks direction on the following key questions:

1. Is Council interested in a 12-unit alternative that provides the same number of bedrooms proposed in the 16-unit option? At their July 30, 2019 meeting, Commissioners Barron and Epstein indicated support for a 12-unit option, Commissioners Newcomb and Macker supported the 16-unit option, and Commissioner Propst remained opposed to the project as currently being discussed.
  - a. Council and Board can direct staff to draft a development agreement and ground lease for a 12-unit project at the site that provides an equal number of bedrooms, while responding to neighbor concerns about the number of households living at the site. By still developing the site, the project will still serve as a catalyst for future redevelopment by the private sector. For example, since the vote not to move

forward, at least one private sector developer has walked away from a similar workforce housing project in the neighborhood due to a perception of increased risk and lack of political will to support the zoning.

2. If not, what is the desired next step?
  - a. Council could purchase the County's interest in the property and move forward with a project. This would cost \$936,880. If the Town used a blend of Employee Housing and Supply Program funds, then a portion of the project could be reserved for Town Employees (rights of first purchase managed by the Housing Department). If the Town wanted to invest in lieu fee funds, the project would need to provide Affordable units serving households earning <120% MFI.
  - b. Council could sell its interest in the property to the County for \$766,537.
  - c. Council and Board could direct the Housing Authority to sell the property to a private entity who may or may not develop workforce housing.
  - d. Council and Board could direct the Housing Authority to deed restrict the property for permanently deed restricted housing development and then sell the property to a private developer who would then be required to develop the site based on the requirements in the recorded deed restriction.
  - e. Council can choose an option not listed here, which could include modifications to any of the options listed above and/or a new option.

### COMPREHENSIVE PLAN ALIGNMENT

Comprehensive Plan Policy:

- Emphasize a variety of housing types. 3.2.d
- Emphasize a variety of housing types, including deed-restricted housing. 4.1.b
- Create and develop Transitional Subareas. 4.3.b
- House at least 65% of the workforce locally. 5.1.a
- Focus housing subsidies on full-time, year-round workers. 5.1.b
- Provide a variety of housing options. 5.2.a
- Housing will be consistent with Character Districts. 5.2.b
- Create workforce housing to address remaining shortages. 5.3.c

Housing Action Plan Initiative:

- Prioritize lower-income, year-round housing. 2A
- Provide land as a public subsidy and build development partnerships. 2B
- Lead by example by housing public employees. 2C
- Allow for supply of workforce housing by removing barriers. 5A
- Incentivize the supply of restricted housing. 5B

### STAKEHOLDER ANALYSIS

Stakeholders include Town and County taxpayers, local working families, business owners, and neighbors.

### FISCAL IMPACT

The fiscal impact of various options is provided above.

### STAFF IMPACT

These projects will be led by the Housing Director who will lean on several colleagues for support and guidance, including the Town Administrator, Community Development Director, Town Attorney, Town Planning Director, and Town Engineer.

### LEGAL ISSUES

None at this time.

### ATTACHMENTS

None

### RECOMMENDATION

The Housing Supply Board met August 13 to discuss these projects. Without policy direction from the Council, the board could not make a recommendation. They did, however, help staff brainstorm options for Council and these are reflected

in this staff report. Based upon Council's policy direction, the Housing Supply Board could review options and provide a recommendation if the Council so desires.

Staff makes no recommendation at this time.

SUGGESTED MOTION

I move to proceed with developing housing at 174 N. King Street and direct staff to:

- Pursue a project that is rental OR ownership and serves households earning (insert income range(s) here);
- Draft a new RFP OR request revised proposals from Westmount Development and/or the Jackson Hole Community Housing Trust; OR
- (insert other option as discussed by Council today)