



MEMORANDUM

To: Eastern Summit County Planning Commission
From: Amir Caus, County Planner
Date of Meeting: July 19, 2018
Type of Item: Promontory Development Agreement Employee Housing, Decision
Process: Administrative

Project Description

Project Name: Promontory Development Agreement Employee Housing
Property Owner(s): South Point Utah LLC
Promontory Investments LLC
Promontory Development LLC
Location: Promontory, Summit County, UT
Zone District: Promontory SPA
Type of Process: Legislative
Final Land Use Authority: Summit County Council

Background

The Promontory Development Agreement was approved on January 2, 2001 and was subsequently amended in August 2005. It provided for 885 Estate Lots (lots 1 or more acres in size) as part of a base density, 716 Incentive Density lots (lots less than 1 acre in size), 300 Resort Cabin units (2,500 sq. ft. max. units), equestrian facility, up to five golf club houses, and other accessory uses on approximately 6,500 acres with no less than 3,900 acres remaining as passive open space. Of the 1,901 total units in the density pool, over 1,300 have been approved. As part of the Development Agreement, a certain number of Employee Housing is required.

Section 4.8.4.1.1 of the Promontory Development Agreement states; *4.8.4.1.1 The Developer shall provide for thirty-seven (37) employee households consisting of 82 bedroom suites of employee housing sited within the Resort, not outside of the Community gates. The employee housing shall be clustered together in such a way as to create a high quality sense of community. This employee housing community shall be integrated into the fabric of the Resort Community and shall be located within either the Resort Village, Resort Highlands, Middle Valley or South Pointe development areas at a location to be determined by Developer. In all*

instances, employee housing should have easy access (walking, bicycling, and internal resort transit) to Resort employment generators and provide for reasonable access to South Summit School District bus stops at the Community gates (i.e.; shuttle transit bus). All employee housing shall be approved pursuant to the site plan review and approval process herein.

Section 4.8.4.1.2 of the Promontory Development Agreement states; *4.8.4.1.2 All employee housing shall be produced by the Developer within a reasonable time schedule, to be approved by the County, which correlates to the construction of employment generators.*

Section 4.8.4.2 of the Promontory Development Agreement states; *4.8.4.2 Monitoring. Compliance with the foregoing standards shall be ascertained by the County upon periodic review.*

Section 4.8.4.3 of the Promontory Development Agreement states; *4.8.4.3 Enforcement. In the event the County asserts that Developer has failed to provide or bond for the completion of any required employee suites, the County may withhold approval of future Final Subdivision Plats and Final Site Plans until such time as these standards are met or the County agrees to an amendment to the standards of this Section.* As such, the County still retains the enforcement power to withhold Final Site Plan approvals under Section 4.8.4.3 of the Promontory Development Agreement. Further, employee housing requires in Section 4.8.4.1.2 that it be constructed on a “reasonable time schedule” which “correlates to the construction of employment generators.” Section 4.8.4.1.3 provides that the Developer must provide a “specific plan” for employee housing which is acceptable to the County.

On February 1, 2018, the Eastern Summit County Planning Commission requested that a joint session be held with the Planning Commission, County Council, and Promontory to discuss employee housing required by the Promontory Development Agreement. On March 1, 2018 a joint meeting was held and the County Council requested an employee housing plan from Promontory. During the March 1, 2018 joint meeting the Planning Commission and the County Council found that over 1,300 units have been platted (~68% of density) and several club facilities operating, and there was enough employment generation where it was within a reasonable time schedule to request that Promontory provide employee housing. Promontory responded by stating that they could get a plan to the County within 30-45 days. On May 25, 2018, Staff received an Employee Housing Plan (Exhibit A) from the Developer’s representative.

Analysis and Request

Portions of the proposed Employee Housing Plan appear to rely on the approval of the recent Development Agreement Amendment application for the South Point portion of Promontory. On June 8, 2018, the Developer withdrew the application for the Development Agreement Amendment.

Per Section 4.8.4.1.1 of the Promontory Development Agreement; *In all instances, employee housing should have easy access (walking, bicycling, and internal resort transit) to Resort employment generators and provide for reasonable access to South Summit School District bus stops at the Community gates (i.e.; shuttle transit bus).* South Point portion of the Promontory Specially Planned Area does not have any of the aforementioned requirements.

Staff requests a discussion on the proposed Promontory Employee Housing Plan. Staff further requests that the Eastern Summit County Planning Commission make a recommendation to the Summit County Council on whether the proposed Employee Housing Plan meets the requirements of the Promontory Development Agreement.

Attachments:

Exhibit A – Employee Plan

South Point Employee Housing Plan Outline for the Promontory SPA

May 25, 2018

Consistent with the terms of the Promontory Development Agreement as amended and the South Point Development Agreement (together, the “**Development Agreements**”), the remaining 35 units (80 bedrooms) of Promontory SPA employee housing will be constructed within South Point pursuant to a plan to be implemented by South Point Utah Development, LLC (“**Developer**”) along with an additional 25 units (68 bedrooms) of employee housing as proposed by the Developer in the 2017 South Point development proposal (the “**2017 Proposal**”). The Development Agreements prescribe certain elements of the Promontory SPA employee housing plan as described below. Developer proposes to address those elements and implement 60 Promontory SPA employee housing units (148 bedrooms) (the “**Employee Housing**”) as follows:

Siting Standards (DA 4.8.4.1.1)	
South Point location	All remaining Employee Housing originally required by the Promontory Development Agreement has been located within South Point pursuant to the 2007 Second Amendment to the Promontory Development Agreement, and Developer has assumed the obligation to provide for such housing. Developer’s 2017 Proposal locates all Employee Housing in multifamily housing units or townhomes to be constructed in the village center identified by the 2017 Proposal, as such Proposal is hereafter amended and approved. An increase in Employee Housing units and approval of a village incorporating Employee Housing are among the amendments to the South Point Development Agreement proposed by Developer to be approved by the County Council.
Clustering to create high quality sense of community	Employee Housing will be clustered with other multifamily units and potentially townhomes to be constructed in the village center, which will create the residential core of the new mixed-use South Point Community. The locations of multifamily units are specified on the South Point concept plan. The exact location for Employee Housing within the village center has not been determined.
Easy access to employment generators and transit	The village center will also include sites for up to 190,000 sq. ft. of commercial employment generators plus a school site, a fire station and a transit center, all within walking distance of all Employee Housing.
Schedule for Employee Housing (DA 4.8.4.1.2)	
Reasonable time schedule that correlates to construction of employment generators	The great majority of full time jobs within the Promontory SPA will be constructed within South Point. To date approximately 135 full-time jobs have been created in Promontory, approximately 26.6% of the number of full-time jobs originally contemplated for the Promontory SPA; the timing of construction of the Employee Housing attributable to Promontory job generation was deferred until the construction of South Point by the 2007 Second Amendment to the Promontory Development Agreement. Therefore, approximately 74% of the original Employee Housing requirement of 37 units and the newly proposed additional 25 Employee Housing units will be attributable to future employment generation in South Point. Construction within South Point will occur in four or more

EXHIBIT A.2

	<p>phases as proposed by Developer from time to time. No fewer than 20 Employee Housing units will be constructed within the first phase of construction to be proposed by Developer after construction of water, sewer, roads and other infrastructure serving the first phase. Installation of the first phase of infrastructure could begin as early as in the construction season following approval of the 2017 Proposal. This approach will allow the construction of the first phase Employee Housing in advance of or in the same general time period as the initial construction of employment generators within South Point. Not less than a total of 40 Employee Housing units will be constructed within the first and second phases of South Point construction as such phases are proposed by Developer. Additional units may be added in the first phase and second phase based on accelerated construction of employment generators in South Point. All Employee Housing units will be constructed before the end of the third phase of South Point construction as proposed by Developer.</p>
<p>Specific Employee Housing Plan Elements (DA 4.8.4.1.3)</p>	
<p>Construction and ownership of units</p>	<p>Developer will enter into land sale agreements with one or more not-for-profit entities on mutually acceptable terms providing for the construction of Employee Housing and other housing units, which may include market rate units. These Employee Housing units will be owned by the not-for-profit entities and made available for rental to qualified employees in accordance with the standards described below. Units constituting Employee Housing units shall be designated in writing by the not-for-profit owner. Further, after the construction of the first phase Employee Housing, Developer reserves the right to have some of the Employee Housing units constructed, owned, and/or managed by owners or tenants of commercial properties in order to better align future Employee Housing to the needs of South Point employment generators.</p>
<p>Deed restrictions on use; rules and regulations regarding occupancy</p>	<p>Deed restrictions and rules and regulations will be established by the owners/managers of the Employee Housing units. Deed restrictions will require occupancy by households meeting the employment and income qualifications and priorities described below, including an obligation to vacate units at the end of an annual lease if the occupant no longer meets employment or income qualifications. Developer expects that the deed restrictions and regulations would resemble those adopted for recent employee housing (Canyon Corners/Whole Foods) as modified by the employment and income qualifications and priorities described below.</p>
<p>Maintenance obligations and maintenance funding</p>	<p>Maintenance and maintenance funding obligations would be retained by the owners of the units, subject to such maintenance obligations as are customarily imposed on tenants in residential leases.</p>
<p>Affordable rent targets (See Table 1 for sample calculations.)</p>	<p>Employee Housing would be deed-restricted to be priced for rental rates, including utilities, equal to 30% of the gross month income of a three-person household (for the 32 two-bedroom units) or four-person household (for the 28 three-bedroom units) earning 50%, 60%, 70% or 80% of Summit County Area Median Income (AMI). With respect to the 8</p>

EXHIBIT A.3

	<p>remaining Employee Housing units attributable to Promontory employment generation, two will be targeted for each of those AMI categories. The specific allocation of Employee Units based on South Point employment generation may vary from an equal allocation to each AMI category depending on the nature and incomes of full-time employees in South Point. The specific income percentage and rental target applicable to a unit will be established in writing by the unit owner before occupancy of the unit. Subject to complying with the employment and occupancy priorities specified below, an Employee Housing unit may be rented to any household, regardless of household size, with household gross annual income at or less than the percentage of Summit County AMI designated for such unit.</p>
Unit sizes	<p>Employee Housing will consist of 32 two-bedroom and 28 three-bedroom units. Unit sizes will be determined by the housing owner. Developer expects that two-bedroom units would be between 700 and 1,000 sq. ft. and three-bedroom units would be between 800 and 1,200 sq. ft.</p>
Quality of construction	<p>Units would be constructed to typical multifamily and townhome construction standards as determined by the owner, with such additional costs as may be necessary to comply with South Point exterior architectural guidelines and landscaping requirements and the requirements of a design review process. Compliance with design and landscape guidelines will assure that there will be no observable difference in quality between deed-restricted and market-rate units.</p>
General layout	<p>The general layout of the residential units in the South Point village center is included in the South Point concept plan as finally approved. The current concept plan is subject to revision. The configuration, size and mix of units (including units other than Employee Housing units) in multifamily or townhome structures will be determined by the project owner.</p>
<p>Occupancy Priorities (DA 4.8.4.1.4)</p>	
Priority for Promontory SPA employees	<p>The first priority for occupancy of Employee Housing will be for households meeting AMI gross income requirements that include at least one person employed full time in the Promontory SPA and who, together with a spouse and children, earn at least 80% of their combined salaries and wages from employment located within the Promontory SPA. The second priority will be for other households meeting AMI gross income requirements that include at least one full-time worker employed within the Promontory SPA but that do not meet the percentage of salaries and wages test.</p>
Lower priorities will be established to assure that employee units are reserved for employees working full time in Summit County if not filled by households with higher priorities.	<p>Lower priorities after households with full-time employees within the Promontory SPA (priorities 1 and 2 are listed above) will include households meeting AMI gross income requirements with full-time workers: 3) employed as teachers, public safety officers, fire fighters and other public employees serving in Eastern or unincorporated Summit County; 4) employed in Eastern Summit County; 5) employed in unincorporated Snyderville Basin; and 6) employed elsewhere in Summit County.</p>

EXHIBIT A.4

Table 1: Sample Calculations of Gross Income and Monthly Rental Targets by Unit Type

Income Target (2018 AMI percentage):	80% AMI	70% AMI	60% AMI	50% AMI
Unit Type (and quantity):				
3 Bedroom (28 units) (4-person households, 100% AMI = \$107,100):				
Units based on Promontory jobs	1	1	1	1
Units based on future South Point jobs*	6	6	6	6
Monthly Rental Rate (incl. utilities)	\$ 2,142	\$ 1,874	\$ 1,607	\$ 1,339
Gross Household Income Limit	\$ 85,680	\$ 74,970	\$ 64,260	\$ 53,550
2 Bedroom (32 units) (3-person households, 100% AMI = \$96,390)				
Units based on Promontory jobs	1	1	1	1
Units based on future South Point jobs*	7	7	7	7
Monthly Rental Rate (incl. utilities)	\$ 1,928	\$ 1,687	\$ 1,446	\$ 1,205
Gross Household Income Limit	\$ 77,112	\$ 67,473	\$ 57,834	\$ 48,195

*Future allocation of South Point Employee Housing to AMI categories is subject to revision based on nature of South Point employment generation and income levels

Submitted May 25, 2018

Thomas A. Ellison, PhD JD, Consultant for

South Point Utah Development, LLC