

City of Green River

460 East Main Street, Green River, Utah
City Council Minutes
Special Meeting
Tuesday, July 9, 2019

ATTENDING: Mayor Travis Bacon, Council Members Kathy Ryan, Michael Silliman, Penney Riches, Anna Evans and Kim Andrus; Employees Conae Black; Citizens Kelby Bosshardt from Better City, Maria Sykes, Stephanie Crabtree, Lindsey Briceno, Cindy McFarlane

CONDUCTING: Mayor Travis Bacon, the meeting began at 5:04 p.m.

ORDER OF BUSINESS:

1. Housing Work Session

Conae Black stated that this housing project is a collaborative effort with the City, Epicenter and Better City. Kelby Bosshardt has come up with some good funding options and the Epicenter has been working on housing project plans. We are now to a point where we need City Council input and approvals.

Maria Sykes said this housing project is probably the biggest project the Epicenter has ever done and it is really important to be able to work with the city in order to move forward. Housing needs in Green River are getting tighter. The Epicenter has inquiries every day from people who are either looking for something to rent or buy. An example of a recent inquiry is from the Utah Highway Patrol where a new Trooper will be locating to Green River and they are looking for a rental home. Their thoughts are to include more houses that have three or more bedrooms. They want to create something from within the community that works for Green River rather than do something that others have already done.

Stephanie Crabtree said she has been getting consultants to take a look at different sites around town that could potentially be developed for housing. Each site identified shows things such as how close it is to the schools, parks, shopping, post office and a fire hydrant. She showed a map of the sites they have looked at which vary in size. Some sites they have identified as scatter sites which mean three homes built on one site and three sites on another site. They even looked at the idea of repurposing one of the motels. They had someone come in and look specifically at the Green River Inn. It is an urban concept for communities that do not have a lot of open space. They initially thought it would be a good idea but soon found out that the cost to convert a motel into housing would be much higher than building from the beginning because they are not made for long term living. A lot of the units at the Green River Inn have some structural damage because it hasn't been kept up. So they determined that because there is other land available to just leave the old motels there for commercial space. They keep coming back to the property acquired by the City that Herbert Steiner deeded over to them. Taking what they learned from the housing open house they have come up with not doing a very dense project so either single-family homes or duplexes. They want to leave as many trees as possible and some green space for the retention pond. They have been working with that site and are really excited about it. Having the Amtrak station close by is a benefit according to some of the trainings they have been to. She has learned of Transit Oriented Developments where funding is available for developments that are close to public transportation in urban areas so they have been pushing for the same benefits in the rural areas. This could be for people who commute to their jobs by train and work for a few days and then come back home. Lindsey Briceno said just to add to that recently Rural Communities Assistance Corporation has been in communication with the Governor on the expanded Utah housing definitions of what Main Street is. A lot of the grants that they ask for will only supply money to rebuild Main Street. The way that they can plug into more money is to redefine what a Main Street could be. It doesn't mean that we need to

rename Main Street it just means that it is a frequently trafficked area if there is Amtrak. Basically what that means is they can use some of that money to help build up this area because of Amtrak and its connection to Main Street. Stephanie Crabtree said the current zoning for the city owned property is commercial which assumes it was zoned that way because of the railroad. However it borders the R-3 residential zone. The setbacks in the R-3 zone fit their plans for this area. Conae Black said housing is allowed in the commercial zone under a conditional use permit. She also stated that because this property is owned by the city that can be used as leverage when they apply for funding.

Kathy Ryan asked if these houses are going to be rented or sold. She also asked if the city is going to go into the housing business or are they going to contract it out. Stephanie Crabtree said it is important to them to put deed restrictions on the land that it needs to be someone's primary residency and if it is a rental home then it has to be affordable. There are a lot of options such as will the Epicenter be the owners of the land. They plan on subdividing the property so people could purchase their own home and lot. Some of the houses might become rentals. They looked at phased building and creating a more dense housing area. For example if you decide to build twelve apartments that cost would be about \$3 million dollars. If you build three houses at a time you can bite those chunks off by phasing as they get the funding. They will subdivide, do all of the site planning but build the houses in phases as they get the funding. Selling a house will give them the revenue to build another house. They haven't figured out all of the logistics to make this all work but are looking into their options. The open house helped them to realize what some of the needs were.

Kelby Bosshardt said Better City has helped to orchestrate the financing for housing projects, hotels and even \$50 million developments. They have done some very complicated projects but also smaller projects. The phasing that Stephanie Crabtree mentioned is critical in order to get this to work because at the end of the day money has to be involved to get this to work. They have looked quit exhaustively at tax credit programs and use federal tax credit subsidies to bring the cost of construction down mostly for the rental units. The problem is the number of units they are talking about, which is less than 20 units, is too small to justify a federal tax credit program. So that means we are going to have to rely on other funding sources which makes it difficult to have everything that we want. If we can't go after some of these subsidized funds you might have to have a little higher density than you ideally want. In order to get the price point to where we need we are going to need more density to spread that cost over a greater number of units. With construction costs the way they are today if we were to just build 800 to 2,000 square foot apartments or these town homes to break even for a typical developer they would need to rent that out for over \$1,100 a month and that is just not realistic for most renters here in town. So they have to figure out how they can bring that \$1,100 a month rental rate down using market forces because we can't use those tax credits so what are some other levers we can pull that will allow us to rent those units for \$600 a month without having to use some of these subsidies. The good news is we have figured out a way to do it but it requires a great deal of creativity. Mixed use or higher densities will help us hit those price lines. Mayor Bacon asked to define mixed use. Kelby Bosshardt said one of the ideas is we know that short term rentals do really well in Green River by looking at the Air B&B's web site and the hotels in Green River. During the busy season the hotels are basically full. However we don't want to use this public/private partnership to create more short term rental units. One of the mixed use ideas that has come up is can we leverage the revenue that was all but guaranteed from short term rentals and rather than subsidize the project with tax credit money can we have it under this umbrella where the short term rental income actually becomes the subsidy that reduces the long term rental rates down to the \$500 or \$600 a month range. They are seeing more people who buy a three story town home and live in the top two floors but rent out the basement which pays for the mortgage. It requires some collaboration and since it is a city site there would need to be some guidelines in place so that the public sector is comfortable with the scenario. Lindsey Briceno the Epicenter is trying to get this project to work without this model but feels it is important to bring up. Maria Sykes said private entities do not have access to the grants that they as a nonprofit organization. If they can figure out ways to subsidize the project and get it the way it needs to be they are going to go that

route so hopefully they will not have to go into the scenario of short term rentals. Their discussion on short term rentals were maybe they don't have to be for tourist. Perhaps it is for a road construction crew who are working in the area for a couple of months or someone who is between houses. Perhaps we could think about it as medium term rentals rather than nightly rentals. If short term rentals were decided upon maybe they could do a scatter sight where all of the short term rentals were in a different area than the other housing. Penney Riches suggested another idea of purchasing the apartments that are for sale to use as short term rentals to subsidize. She would rather see them used as short term rentals than new housing. Maria Sykes said the Epicenter looked into purchasing those apartments that are for sale and to get money to rehabilitate them but decided to build new because we want them to be accessible. Steph Crabtree said some of the concerns with short term rentals are noise and parking and they feel they could resolve those concerns with new housing development. Maria Sykes said another concept they came up with is a duplex apartment with a studio apartment that is attached to it. It would be great if people in Green River could pay their mortgage and maybe even make a profit. Anna Evans said seems very appealing to people who could be rent free or mortgage free but how would that process work. Kelby Bosshardt said we still need to get enough grant or foundation money. Sometimes that money dictates how and who can qualify for it. If we can't get that money not all is lost because then we have a lot more flexibility on how those are developed. It then becomes something that becomes for sale for someone who has the revenue to buy it through the real estate market. Anna Evans asked how you can stop someone from out of town buying it doing whatever they want with them. Kelby Bosshardt said through deed restrictions. Anna Evans said there are people who live here now that want and need housing. Aren't we trying to supply housing for those that are currently here? Steph Crabtree said you can dictate that this needs to be their primary residence and not just someone who lives in Salt Lake City and just coming here on the weekends. Maria Sykes said a new trooper verses someone who has lived in Green River for fifty years should have equal opportunities to rent or purchase these new homes. Lindsey Briceno said one way to leverage the rental fees on the rental units is having homes for sale. Penney Riches said usually someone new moving in wants to rent before they decide to buy a home. Anna Evans wonders how well this will be received with the community. Lindsey Briceno said there will be a community engage piece to this whole concept. They are not just going to build upon their ideas but would like to bring the community into the process and identify who could potentially purchase these homes. That way they already have clientele lined up and ready to go. Maria Sykes said they will advertise locally before they advertise regionally. Kelby Bosshardt said they would like to look at this as a bigger picture. That is why these new houses aren't being built already. That is because we have a break down in the free market. When money isn't flowing into an area there is a reason why. That is because the rates of return are not where they need to be. This is a challenge. It is a hard issue. They are working on very similar situations in Nevada, New Mexico, Colorado and Utah. The ways to overcome this is through public/private partnerships. By the city leveraging their resources by contributing land and giving it to the project with this condition that it needs to be used for this certain purpose. In some cases it may be subordinating the land. So allowing it to be used as leverage for the partner or call it collateral because as long as they perform they can call it their equity. Short of handing over a check they can leverage assets they have on hand and it just so happens the city has a great piece of land that could potentially be treated as equity and then that could decrease the amount of cash and the risk to the private sector. That is one of the best ways the public sector can engage in this situation. If the public sector can invest responsibly to lower the risk profile and then let the private sector money flow. This is the situation where this will occur if we can partner with the city. We have put in a grant request to the Coal Strike Force and they are considering awarding anywhere between \$75,000 to \$100,000. We can get there. This is not unrealistic based upon the modeling but it would require the city to participate. Part of the reason for holding this meeting is to see at what degree does the city want to be part of the solution and what ways might the City Council be comfortable in helping to facilitate this project. Maria Sykes said on top of the Coal Strike Force funds the Epicenter has an additional \$55,000 for this project. Anna Evans and Kathy Ryan would like to know if they have already approached developers. Anna Evans would like to hear more about the numbers. Steph Crabtree some of their funding may require them to get multiple bids. She has already talked with Randy Erwin with Double E

Construction who is a local contractor about the project to find out what his schedule is. If they can get everything in order they hope to be able to move dirt early winter. They would love to have a local contractor on this project but depending on schedules they may have to look regionally. Kathy Ryan said why wouldn't the local contractor come to the city and say if you are going to give the Epicenter property then why don't you give him the land and he will build houses. Maria Sykes said that could very well happen. Kelby Bosshardt said one way to give everyone the opportunity to participate in this project is to issue a Request For Proposal (RFP) which would state the city is willing to contribute this land but are looking for X,Y and Z with certain terms. The Epicenter could respond to the RFP. This way you could test that to see what developers or builders or non-profit organizations could bring to the table. At the end of the day as long as the homes are built then he would think everyone would be thrilled. Kathy Ryan felt the importance of getting community input. Steph Crabtree said the only feedback she has heard from other contractors or other community members is "you can't make a profit off of it." That is what they want to do but the Epicenter is not going to financially profit from this. Penney Riches said she agrees with Kathy Ryan that the public needs to give input on this and they need to understand why we are considering it. Conae Black said it is because we have a need for more housing. Kathy Ryan and Penney Riches said the public needs to have a good understanding. Conae Black said they will have the opportunity to purchase or rent one of these houses. Penney Riches said they need to understand that the city is not just giving away the land. Kathy Ryan said we want them on board and have a good understanding. She just doesn't want any of the drama if possible. Kelby Bosshardt said they can provide them with examples of communities who have done this very thing where they have said we have an affordable housing shortage and we have this land. The city could say we will give you this land so give us your vision developers. As long as we can come up with a mutually agreeable solution and you think you can make this work then the city will kick in the land as our incentive. Epicenter or other organizations can respond to that. But we may not get any replies and we probably won't get anybody but at least that provides a response to a question for the city as why they gave the land away by flowing this public process. Mayor Bacon said once we get some housing built and it becomes a successful adventure then he feels it will be a snow ball effect and other developers will look at it in a positive manner but we just need to take a shot. Kelby Bosshardt said the first one is really hard. Kathy Ryan said she has a fear of who is going to build them so they are affordable. Are they going to heat and cool very well because the Crown Houses didn't and they fell apart and nobody took care of them. Steph Crabtree said they have critiqued the Crown homes a lot but coming from an architect background that is something they are passionate about. She feels that having someone in town managing them is very important and that was one of the faults with the Crown homes. They have researched the Crown homes and learned from them. Conae Black said you can compare how the Epicenters Frontier house was built to the Crown homes. Steph Crabtree elaborated on the comparison that Conae Black spoke of. Mayor Bacon asked the Epicenter if they have looked at building a model home for this project. Maria Sykes said they want to do a three bedroom version. The Frontier house has 708 square feet but they built it so the porch could be closed in to make another bedroom. Conae Black said the Frontier house was built to prove that a stick built house could be built and be as affordable as and better than a mobile home. Maria Sykes said they have learned a lot from building that house and this is why they have moved onto this phase of building more affordable houses. Building one home at a time is not affordable. Kathy Ryan said the city has property in Elgin. Conae Black said water and sewer services are not readily available in Elgin. She feels that using city property is a way of saying they are being proactive in recognizing that there is a housing problem and this is a resolution we have to help with the housing problem. It is not giving away free land. That is a perfect spot that can be developed and has all of the utilities accessible and easy access to the schools and businesses. Kathy Ryan said people are going to want to know what the city gets out of it. Penney Riches said we are going to get property tax revenue. We are going to have people who live, shop and play in this community. Conae Black said this is undeveloped property that hasn't had any development on it for many years. Penney Riches said she and Duane looked into purchasing the land for housing purposes before it was deeded over to the city. Mayor Bacon said there seems to be a lot of things still up in the air such as the mix of housing and price point. It sounds like you are looking at potential options where you would need short

term and long term rentals to make ends meet. He would be much more interested in something that did not involve that aspect. Anna Evans said she thinks what has been discussed today is great but the Council is accountable to the city and especially this year. Conae Black said that is one of the reasons she said to move forward with this because who knows what next year will bring due to the election. Making this decision now is really important. Maria Sykes said the next City Council may not be on board with it but hopefully all of you will still be here next year. Conae Black said sometimes the public doesn't really understand all of the concepts of a project. You as a Council need to think of everything and how it can benefit the community and not use this as a campaigning piece. Anna Evans said that was not what she was saying she just wants them to fully understand the concept. Conae Black said that is why the Epicenter held the housing open house. Kathy Ryan said not everybody in town attended that open house and a town hall meeting needs to be held to give out information and get feedback. Lindsey Briceno felt the housing open house was a test to let the community know that they are moving forward and they really wanted to know the communities opinion. There were not many people who showed up. It is hard to get people engaged here. Kathy Ryan said the public meetings do get people talking and then the Council can tell them that they need to attend the meetings if they want answers to their questions. Her point would be that if they didn't attend the meetings then they don't get to complain. Conae Black said you need to understand that they elect you to make those decisions. Kelby Bosshardt asked if the RFP process would help alleviate some of the concern. Penney Riches felt it would help and it would be nice to see if the city got anything back. She thought it might come easier to the citizens if they had at the end of the project a pay back to the city that stayed in a housing fund where it could be renewed. She was not sure of that idea because a normal mortgage is for 30 years. Kelby Bosshardt said unless the house was for sale then some of that money could be reserved at the time of sale. Steph Crabtree said in their plans they designed they did not include the triangular shaped portion where there are a lot of trees because that could be used as a public area for many different things such as a skate park, dog park or a picnic area. Also that green retention area could be anybody's space and not just those that live there. Lindsey Briceno showed a draft site plan for the area and explained that they didn't really want to show this because they didn't want the Council to get the wrong message that they were planning on their concept to be accepted. This is just a drawing that shows what could potentially be put at the site. Anna Evans asked if they had concept plans with all of the numbers. Lindsey Briceno said they have gotten as far as they can with their pro forma which is basically an analysis of numbers as it comes to rent and construction costs. They are hoping to keep it about 50% area median income which is about \$700 to \$900 for a two to three bedroom house. The houses will probably be less than 1000 square feet. That comes down to some zoning issues that need to be worked through. If we can work through the zoning issues then they think there could be about 8 or 9 homes built there. A lot of that depends on grant funding and creative revenue streams. Penney Riches asked if these stipulations that are put on renting or purchasing these homes will depend on people's wages. Maria Sykes said it would depend on the funding. If they were to get Olene Walker or USDA funds there are regulations for that but usually it just changes the rent amount. If someone is over the income amount then they pay more in rent. The question was asked if the Epicenter had plans for all of the houses to be rentals or will there be some home ownership. Maria Sykes said both rentals and home ownership. Kelby Bosshardt asked if the city wanted them to provide some examples of other communities who have gone through either an RFQ or some other type of agreement where they have contributed the land in. Mayor Bacon said the more information we get the better. Kelby Bosshardt said they will send over some examples.

2. Adjourn. The meeting adjourned at 6:17 p.m.

Travis Bacon, Mayor

Conae Black, City Recorder

Approved: September 10, 2019