The Council and Board have the opportunity today to choose a design at 440 W. Kelly Street that will provide stable housing for working households that is close to jobs, schools, transit, and recreational opportunities and is another step in implementing the Comprehensive Plan and the Workforce Housing Action Plan.

The Comprehensive Plan directs the Town and County to create Town as Heart; emphasize a variety of housing types; develop Transitional Subareas; house at least 65% of the workforce locally; focus housing subsidies on full-time, year-round workers; provide housing that is consistent with Character Districts; and create workforce housing to address shortages. The Housing Action Plan directs the Town and County to strategically provide land as public subsidy and build development partnerships to get more housing for our local community built.

The 440 West Kelly Avenue project represents an incremental approach to housing development that will serve our middle- and higher-income earning working households and takes advantage of new Town zoning. It is part of the spectrum of housing the Town and County are building that includes the 174 North King Street Rentals (30 low-income rental units), Grove Phase 3 (24 low-income ownership units), 400 West Snow King Avenue (26 Town and County employee rental units), and 105 Mercill Avenue (at least 23 middle- and higher-income ownership units) and that we must build to achieve and maintain our goal of being a community first and resort second.

Once a design has been chosen, the next step will be to draft a Ground Lease and Development Agreement that staff will bring back to the Council and Board for consideration no later than September 9, 2019.

From 2007 to 2012 the community worked to develop the Comprehensive Plan. This work included over 2,000 public comments and resulted in the adoption of the Jackson/Teton County Comprehensive Plan in 2012. The Plan sets a goal of housing 65% of our workforce locally. Comp. Plan. Policy 5.1.a. The Plan also identified Transitional Subareas that are appropriate for increased density and directs the community to develop a Workforce Housing Action Plan. Comp. Plan. Policy 5.4.a.
The 2015 Workforce Housing Action Plan (HAP) was informed by eight housing studies and is the result of the 2015 Housing Summit, which convened elected officials, stakeholders, and the public to examine workforce housing in Teton County and the Town of Jackson. The plan ties together the Comprehensive Plan policy directives and Character Districts and directs staff to purchase appropriately zoned land for the purpose of partnering with private developers to develop housing for our working families. HAP Initiative 2B. The HAP also provides a map showing which neighborhoods in the community are appropriate for updated zoning in an effort to find locations to create workforce housing through increased density. HAP Initiative 5A.

In 2016 and 2018 density was added to the Transitional Subareas through updated Town zoning. Comp. Plan. Policy 4.3.b; HAP Initiative 5A, 5B. These Transitional Subareas have long been identified as places that are appropriate for more density. By increasing the density we are allowing workforce neighborhoods to retain their working family character instead of preserving the existing density and losing that working family character to second homeowners and/or nonworking households.

For example, in the 440 W. Kelly Ave neighborhood a single-family home that was built in 1962 was recently purchased for around $700,000, which is approximately twice what a family of four earning 100% of median income can afford. That same home was then remodeled over a 9-month timeframe and sold for $1.2875M after only one showing. That purchase price is almost four times what a family of four earning 100% of median income can afford. To make redevelopment both attractive to developers and priced at rates that are affordable to working families, either denser housing must be built, or higher public subsidy must be provided. In some cases, both may be necessary. Since that house flipped, three more homes have been listed at over $1,500,000 each.

In July 2018, the W. Kelly Ave neighborhood was rezoned to NH-1. This zoning provides opportunities for developers to build more residential floor area if they are willing to permanently deed restrict a portion of it. We call this the “fill the box” tool (see graphic below). The HAP tells us that we should prioritize areas that are zoned to allow for greater density for housing, which is exactly what the NH-1 zoning provides.

So, in December 2018 staff brought the 440 W. Kelly property to the Council and Commission to consider purchasing for the purpose of redeveloping the existing single-family home into multifamily homes by utilizing the new NH-1 zoning allowances and incentives. The property consists of two contiguous NH-1 lots that are located in the Town Residential Core in an area identified by both the Comprehensive Plan and HAP as a desired location for redeveloping workforce housing. The County purchased the property in January 2019, the Town reimbursed them 45% of sales price, and the property was transferred to the Jackson/Teton County Housing Authority.

In February 2019 a Request for Proposals (RFP) to develop housing at 440 W. Kelly Avenue was unanimously approved for release by the Council and Board. Key issues for the RFP that were discussed during the January 29 Joint Workshop included: number of units, parking, affordability, and streetscape. The JIM directed staff to:
Keep the 15 unit minimum in the RFP. Based on the Intake Form data that tells us 67% of the households looking for housing are one or two people and looking at the existing restricted housing stock that shows only 11% of our ownership units are one-bedroom, the JIM chose to prioritize smaller units and to keep the minimum at 15. A lower minimum number would likely result in the same size development, but with fewer units that have more bedrooms each because larger units will garner a higher sales price. By forcing a developer to build at least 15 units and meet the parking requirements, the JIM forced respondents to build smaller units and limited the public subsidy required to develop the property to only the cost of the land.

- Require that respondents meet the parking requirements set forth in the recently updated LDRs because without a larger plan for transportation and parking, lowering the minimum requirement could be detrimental for the neighborhood.
- Allow developers to choose between the Affordable restriction (income and employment restricted) and Workforce restriction (employment restricted only).
- Incorporate streetscape standards that were above what is currently in the LDRs to help with the integration into the existing neighborhood.

On February 5 the RFP was released based on the direction from the Board and Council. Three responses to the RFP were received and reviewed by the Housing Supply Board (HSB). On April 9 the HSB chose two finalists and sent each team a set of supplemental questions that they were asked to answer by April 19 along with a request for enhanced renderings. These supplemental questions and enhanced renderings are attached to this staff report along with the original submissions. The HSB then interviewed the two teams in person on April 22. On April 26 the HSB met again and recommended a development partner for the project.

On May 13 the Board and Council directed staff to work with Roller Development and Tack Development to bring back two options for consideration: a smaller, 12-unit building and a revised 16-unit building. Since that time staff has worked with the development team to refine the designs, including holding an open house on June 12.

ALTERNATIVES
Below, staff provides brief summaries of the three options in front of the Board and Council: the original 16-unit option, a revised 16-unit option, and a new 12-unit option. In addition to the brief summaries, staff has also provided a table that reflects “what we heard” and “what we did” to respond to comments received. One comment that has not been included in that table relates to the request that the project be reduced to 6-10 units. This is not included because the Board and Council directed staff to bring 12-unit and 16-unit options and therefore staff cannot substantively respond to that request from neighbors.

Original 16-unit Option
- 12, one-bedroom units, 500 SF each
- 4, three-bedroom units, 775 SF each
- 18 covered parking spaces; 18 required
- Height – flat roof
  - Second story at 21’6”
  - Third story at 35’3”
- No additional public investment necessary.

Revised 16-unit Option
- 8, one-bedroom units, 500 SF each
- 8, two-bedroom units, 675 SF each
- 20 parking spaces – 4 covered, 16 uncovered; 20 required
- Height – flat roof
  - Second story at 22’6”
  - Third story at 32’6”
- $150,000 additional public investment necessary.
New 12-unit Option

- 10, one-bedroom units, 500 SF each
- 2, two-bedroom units, 675 SF each
- Height – gabled roof
  - Second story at 36’-1 3/8”
- 14 covered parking spaces; 13 required
- $325,000 additional public investment necessary.

<table>
<thead>
<tr>
<th>What We Heard</th>
<th>16-Unit Option</th>
<th>12-Unit Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building is too tall and doesn’t fit in with the existing neighborhood character.</td>
<td>Reduced third-story height from 35’3” to 32’6” with stepped back third story on east/west from north and in the center of the building on the south.</td>
<td>Replaced three-story flat roof design with a two-story gabled roof design with east/west height at XX and max height at 36’-1 3/8”.</td>
</tr>
<tr>
<td>Building is too bulky and doesn’t fit in with the existing neighborhood character.</td>
<td>Stepped back third story on east/west and in the center from the north and in the center from the south.</td>
<td>Gabled roof adds articulation and breaks up the massing.</td>
</tr>
<tr>
<td>Building is too big on the Karns Avenue side with windows that are too big and provide little privacy for anyone.</td>
<td>Replaced solid third story with a step back in the middle of the building, reduced window size.</td>
<td>Replaced solid third story with a gabled roof line, smaller windows.</td>
</tr>
<tr>
<td>Building is too monolithic.</td>
<td>Added articulation on north and south, including balconies that protrude out from the building, covered ground floor porches, stepped back third story.</td>
<td>Replaced flat roof with gabled roof, added balconies that protrude out from the building, covered ground floor porches.</td>
</tr>
<tr>
<td>Add sidewalks</td>
<td>Sidewalks have been added</td>
<td>Sidewalks have been added</td>
</tr>
<tr>
<td>Streetscape needs refinement</td>
<td>Removed center circulation and replaced with habitable SF on ground floor. Added covered porches and four separate entrances directly into units. Replaced inset second-story balconies with balconies that protrude from the building and provide cover to the ground floor porches.</td>
<td>Removed center circulation and replaced with habitable SF on ground floor. Added covered porches and four separate entrances directly into units. Provide second story balconies that protrude out from the building.</td>
</tr>
<tr>
<td>There’s not enough parking</td>
<td>Providing 20 spaces.</td>
<td>Providing 14 spaces.</td>
</tr>
</tbody>
</table>

What else is happening in the neighborhood?

- Five homes for sale, including:
  - 435 & 445 W. Karns Avenue listed at $1,800,000. These two lots located directly south of the two lots the Housing Authority owns never hit the MLS and are currently under contract. The current plan for the site is to build multifamily rental housing that is master leased to local businesses. The Workforce Housing Bonus Tool will be utilized and there are opportunities to collaborate on snow storage, circulation, and shared amenities between the two projects. 0.30 acres.
  - 425 W. Karns Avenue at $1,895,000. 0.16 acres.
  - 310 Clissold Street at $1,695,000. 0.23 acres.
  - 525 W. Kelly Ave at $1,525,000. 0.19 acres.
- One home may be listed, including:
  - 465 Flat Creek Drive – owner has offered a first right of purchase to the Town. 0.21 acres.
EXISTING POLICY DIRECTION – COMPREHENSIVE PLAN, HOUSING ACTION PLAN

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

Housing Action Plan Initiative:
- Provide land as a public subsidy and build development partnerships. Sec. 2B
- Allow for supply of workforce housing by removing barriers. Sec. 5A

ATTACHMENTS
- Site plans:
  - Option 1 – 16-unit option
  - Option 2 – revised 16-unit option
  - Option 3 – revised 12-unit option

FISCAL IMPACT
Teton County purchased 440 W. Kelly Avenue for $1,703,416.03 and transferred the property to the Jackson/Teton County Housing Authority. The Town of Jackson reimbursed Teton County 45% of the purchase price, or $766,537.21. The Jackson/Teton County Housing Authority insured the property for $940.00 and has been receiving $2,700.00 per month in rent from the tenants. These funds are being placed back in the Housing Supply Program account at the Housing Authority.

If the Council and Board direct staff to move forward with the revised 16-unit option, an additional $150,000 in public investment will be necessary. If the revised 12-unit option is chosen, an additional $325,000 in public investment will be necessary for the project. If the original 16-unit option is chosen, no additional public investment will be necessary for the project.

STAFF IMPACT
This project requires significant time from the Housing Director. The Town planning and building staff will spend time on the review, permits, etc. Town and County legal departments will spend time drafting the Development Agreement, Ground Lease, and any other necessary documents. The Housing Manager will spend time ensuring the units meet the livability standards in the Housing Rules and Regulations. The Housing Compliance Specialist will ensure enforcement of the restrictions on the units. The Housing Sales Specialist will ensure all households purchasing the units meet the minimum requirements of the Workforce Ownership restriction.

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

LEGAL REVIEW
Reviewed by Lea Colasuonno, Interim Town Attorney, and John Graham, Deputy County Attorney.

RECOMMENDATION
Housing Supply Board Recommendation
On July 9, the Housing Supply Board provided a written recommendation directly to the Council and Board.

*The Board has reviewed all material submitted regarding this potential development, including original submissions by developers, responses to questions, public comment and various potential revisions, including 12 unit and 16 unit alternatives. Based on all regulations, code and the stated mission of the Affordable Housing Supply Board, we wish to...*
inform you that we unanimously recommend pursuit of the 16 unit alternative, noting that this proposal does not absolutely maximize what might be built on this site and provides appropriate return on the public funds invested.

Housing Director Recommendation
The Board and Council asked staff to bring back options that responded to neighbor comments and concerns; both options provided do this, save reducing the development to 6-10 units. The Housing Director recommends moving forward with the revised 16-unit option and seeking ways to partner with the developers to the south of the site to optimize snow storage, circulation, and other amenities.

SUGGESTED MOTION
I move to direct and authorize the Jackson/Teton County Housing Authority Board to move forward with the revised 16-unit option provided by Roller Development and Tack Development to develop housing at 440 W. Kelly Avenue. I direct staff to work with Roller Development and Tack Development to draft a Development Agreement and Ground Lease that will be provided to the Town Council and Board of County Commissioners for review and approval by September 9, 2019.
16 UNIT PLANS (OPTION 2)

1ST FLR: 4 (500 SF) 1 BED UNITS
2ND FLR: 4 (500 SF) 1 BED UNITS + 4 (+/- 675 SF) 2 BED UNITS
3RD FLR: 4 (+/- 675 SF) 2 BED UNITS
12 UNIT PLANS

1ST FLR: 2 (500 SF) 1 BED UNITS + 2 (+/− 675 SF) 2 BED UNITS
2ND FLR: 8 (500 SF) 1 BED UNITS
16 UNIT PLANS (OPTION 1)

1ST FLR: 2 (500 SF) 1 BED UNITS
2ND FLR: 6 (500 SF) 1 BED UNITS + 2 (+/- 775 SF) 3 BED UNITS
3RD FLR: 4 (500 SF) 1 BED UNITS + 2 (+/-775 SF) 3 BED UNITS