

Special Town Council Workshop

May 11, 2020

9:00 AM

Town Council Chambers

NOTICE: THE VIDEO AND AUDIO FOR THIS MEETING ARE STREAMED TO THE PUBLIC VIA THE INTERNET AND MOBILE DEVICES.

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I. WEBEX LINK FOR PUBLIC PARTICIPATION

Meeting ID: **964 124 927** Password: **toj** To join, click on the link or copy it to your browser:

<https://townofjacksonwy.webex.com/townofjacksonwy/onstage/g.php?MTID=ec81dc322a484e5cef8e04c7c9f49d7d8>

If the link does not work, join through webex.com with the meeting ID and password provided above.

II. CALL TO ORDER AND ROLL CALL

III. HOUSING TRUST 174 N. KING STREET FEE PLEDGE AND LETTER OF SUFFICIENCY (5 Minutes)

A. Agenda Documentation

IV. TOWN OF JACKSON BUDGET

V. UPCOMING BUDGET WORKSHOPS

May 18 9am-Noon

VI. ADJOURN

Please note that at any point during the meeting, the Mayor and Council may change the order of items listed on this agenda. In order to ensure that you are present at the time your item of interest is discussed, please join the meeting at the beginning to hear any changes to the schedule or agenda.



TOWN OF JACKSON

AGENDA DOCUMENTATION

SUBMITTING DEPARTMENT: Joint Housing

PRESENTER: April Norton

MEETING DATE: May 11, 2020

SUBJECT: Fee Pledge and Letter of Sufficiency Approval for the Jackson Hole Community Housing Trust Workforce Housing Development Partnership at 174 N. King Street

STATEMENT/PURPOSE

In accordance with the executed ground lease for the 174 N. King Street workforce housing development partnership with the Jackson Hole Community Housing Trust ("Housing Trust"), the Town Council ("Council") will consider two items:

1. Lender's Letter of Sufficient Funding, and
2. Fee Pledge

The ground lease requires the Town to approve these documents before the Housing Trust can receive a building permit for the project and before the construction loan for the project can be finalized.

BACKGROUND/ALTERNATIVES

On December 11, 2019, Council approved the ground lease agreement with the Housing Trust to develop deed restricted housing at 174 N. King Street.

The ground lease states in Article 2.4.b:

Prior to the issuance of the building permit for the King Street Condominiums, Lessee will provide to Lessor written verification from Lender that Lessee holds sufficient private funding and has secured sufficient third-party financing funds for the completion of the construction of the King Street Condominiums. The building permit will not be issued until the foregoing requirement has been deemed satisfied by Lessor in its reasonable discretion.

On May 8, 2020, the Housing Trust provided a letter from their lender, First Western Trust, that confirms the Housing Trust has demonstrated sufficient funding requirements through public subsidies and private funding to complete construction of King Street Condominiums.

The ground lease also states in Article 4.6:

In addition to the Leasehold Mortgage, the Lender requires, and Lessor hereby agrees, that prior to the closing of the Loan, Lessor shall pledge the Property to Lender in form and substance approved by Lessor, Lessee and the Lender, such approval not to be unreasonably withheld. If Lessor fails to pledge Property required by this provision, Lessee shall have the right to terminate this Lease. The pledge contemplated by this Section is made in accordance with Wyoming Statutes §§15-10-103 et seq., as amended.

On May 8, 2020, First Western Trust, Town staff, and the Housing Trust reviewed and finalized the Fee Pledge and all related loan documents.

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 taxpayers, local working families, business owners, and neighbors.

FISCAL IMPACT

The Town has agreed to provide the project with a long-term ground lease for \$10.00 per year, plus an additional \$1,250,000 and six off-site parking spaces. If the ground lease is not amended, the Town will also be providing the fee simple ownership of the land. In consideration of these provisions, the Town is receiving five Employee Rights of Purchase on units in the building, plus the deed restrictions on the units themselves that will restrict the use and occupancy of the units to households working locally.

STAFF IMPACT

Staff impact for this item has been significant up to this point, falling in the Housing and Legal Departments. The long-term impact of developing this property will fall in a variety of departments and require time from several staff members, including: Housing Director, Town Manager, Community Development Director, Town Attorney, Town Planning Director, and Town Engineer.

LEGAL REVIEW

Ongoing as needed.

ATTACHMENTS

- Lender's Letter of Sufficient Funding

RECOMMENDATION

Staff recommends approving the Fee Pledge and Lender's Letter of Sufficient Funding subject to the Town Attorney's approval of the construction loan documents for the project.

SUGGESTED MOTION

I move to approve the Fee Pledge and Lender's Letter of Sufficient Funding for the 174 N. King Street workforce housing partnership with the Jackson Hole Community Housing Trust, subject to the Town Attorney's approval of the final construction loan documents for the project.



JACKSON HOLE

May 8, 2020

Town of Jackson
150 East Pearl Avenue
Jackson, WY 83001

RE: Ground Lease (King Street Condominiums) (the "Lease") dated as of January 8, 2020, by and between the Town of Jackson, a Wyoming municipal corporation (the "Town") and the Jackson Hole Community Housing Trust, a Wyoming nonprofit corporation (the "JHCHT")

This letter is delivered pursuant to Section 2.4(b) of the Lease.

First Western Trust confirms that as of the date of this letter, First Western Trust has approved a construction mortgage for the Jackson Hole Community Housing Trust in the amount of [REDACTED] on the terms of such loan agreement and related agreements (the "Loan Amount").

First Western Trust confirms the Jackson Hole Community Housing Trust has demonstrated sufficient funding requirements through public subsidies and private funding to complete construction of the King Street Condominiums as part of our construction mortgage approval process (the "Borrower Contribution Amount").

With this letter we are pleased to confirm that together, as noted above, the Loan Amount and the Borrower Contribution Amount represent sufficient private funding and third-party financing to support the completion of construction of the King Street Condominiums.

First Western Trust is not guarantying the obligations of JHCHT under the Lease or in relation to the Loan or related documents by the delivering this letter. The Town acknowledges, by accepting this letter, that satisfaction of the obligations in relation to the Loan requires construction of the project, where the construction budget may be subject to cost overruns. First Western Trust is not guaranteeing or opining on the cost of the project. Further, the completion of construction of a project requires payment of ongoing costs, such as insurance, property taxes, and principal and interest of the loan being advanced by First Western Trust. The loan documents in relation to the Loan Amount contain various conditions precedent for funding the Loan Amount that must be complied with in order for such amount to be available for the construction of the project.

Very truly yours,

Mike Eden
Market President
First Western Trust - Jackson Hole