Special Joint Meeting

May 8, 2025
9:00 AM - 12:00 PM
Town Council Chambers
Chair: Arne Jorgensen

NOTICE: THE VIDEO AND AUDIO FOR THIS MEETING ARE STREAMED TO THE PUBLIC VIA THE INTERNET AND MOBILE DEVICES WITH VIEWS THAT ENCOMPASS ALL AREAS, PARTICIPANTS AND AUDIENCE MEMBERS. PLEASE SILENCE ALL ELECTRONIC DEVICES DURING THE MEETING.

I. ZOOM LINK FOR PUBLIC PARTICIPATION

The Town and County reserve the right to close Public Comment via Zoom at any time. In-person comment will continue to be taken and written comments can always be submitted to Town Council by emailing electedofficials@jacksonwy.gov and to County Commissioners by emailing commissioners@tetoncountywy.gov.

To join, click link or copy it to your browser: https://us02web.zoom.us/j/84785324331?pwd=0fx8EnV4mSSspnMZda2UxmsiP3zaPZ.1

Or join at zoom.com with Webinar ID: **847 8532 4331** and Password: **83001** or by phone: **+1 669 444 9171**

II. CALL TO ORDER AND ROLL CALL

III. DISCUSSION/ACTION ITEMS

A. 90 Virginian Ln. Development (April Norton)

IV. ADJOURN

Please note that at any point during the meeting, the Chair or Mayor 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.

BOARD OF COUNTY COMMISSIONERS

TOWN COUNCIL

MONTHLY JOINT MEETING

AGENDA DOCUMENTATION

SUBMITTING DEPARTMENT: Joint Housing **PRESENTER**: April Norton, Housing Director

MEETING DATE: May 8, 2025

SUBJECT: **90 Virginian Lane Development**

STATEMENT/PURPOSE

The Teton County Board of Commissioners ("Board") and Jackson Town Council ("Council") will consider key questions related to the 90 Virginian Lane development.

BACKGROUND/ALTERNATIVES

This is the 17th meeting at which the Council and Board will discuss the 90 Virginian Lane affordable workforce housing development. At this meeting, the joint boards will follow up on which concept design scheme to advance through the schematic drawing phase, schematic drawing phase cost-sharing, and Development Agreement timeline.

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90 Virginian Lane is a 5.15-acre parcel of land located within the largest Complete Neighborhood: The Town of Jackson. It is currently zoned Neighborhood High ("NH-1") and is one of the few large, mostly vacant parcels of land that is appropriately zoned for affordable workforce housing. During four Joint Meetings (May 15, 2023; June 14, 2023; July 10, 2023; and July 17, 2023) the Board and Council directed and authorized the Jackson/Teton County Housing Authority ("JTCHA") to buy the property for future affordable workforce housing development. The transaction closed August 1, 2023.

On August 7, 2023; September 11, 2023; October 2, 2023; and November 6, 2023 Board and Council provided staff with direction preparing the Request for Proposals for a development partner at 90 Virginian Lane. This included specific direction on the scoring criteria, desired project densities and affordability, sustainable design program, and financing. The Council voted 5-0 and the Board voted 4-0 to approve the RFP and directed staff to release it. (Commissioner Macker was absent from the meeting and did not vote.)

On November 8, 2023, the RFP was released with a response due date of February 2, 2024. 11 responses to the RFP were received. These are posted to the Housing Department website.

On February 14 & 15, 2024, the Housing Supply Board reviewed the responses and identified four firms to interview in person. On March 6, 2024, the Housing Supply Board interviewed Corum, Elmington, Pennrose, and Ulysses. A recording of the interviews is provided on the Housing Department's website. On March 20, 2024, the Housing Supply Board held a Special Meeting at which they identified Pennrose as their leading candidate to develop the property.

On May 6, 2024, Board and Council considered potential partners for the development of the site; the Board continued the item, and the Council approved the following motion:

> *To direct and authorize the Housing Authority to direct staff to negotiate a Ground Lease and Development Agreement including the agreed upon internal procedures and negotiation topics with both Pennrose Development and Elmington Affordables, LLC for affordable workforce housing located at 90 Virginian Lane and to bring these documents and the results of the negotiations back to the Council and Board for consideration at a future meeting.*

On May 21, 2024, the Board approved the following motion:

To recommend to the Housing Department to negotiate a Ground Lease with Pennrose Development recognizing the 16 points that were made earlier at the Joint Information Meeting with the Town as well as points made during the BCC discussion today.

On June 3, 2024, Council approved the following motion:

To direct and authorize staff to negotiate a Ground Lease and Development Agreement including the agreed upon internal procedures and negotiation topics with Pennrose Development for affordable workforce housing located at 90 Virginian Lane and to bring these documents and the results of the negotiations back to the Council and Board for consideration at a future meeting.

On August 5, 2024, Staff provided an update on the development, including the 15 negotiation topics identified by the Council and Board. The Council and Board then asked staff to bring back additional information related to the development.

On October 7, 2024, Staff provided responses to additional questions posted by the Council and Board and draft terms for the Ground Lease with Pennrose for 90 Virginian Lane. The Council and Board approved the terms laid forth during that meeting and directed staff to draft a Ground Lease for consideration for 90 Virginian Lane.

On December 2, 2024, the Board and Council directed and authorized the Housing Authority to enter into a Ground Lease Option Agreement that outlined necessary criteria for Pennrose to meet prior to the execution of the Ground Leases for the property. These criteria are as follows: 1) a Development Agreement for 90 Virginian Lane must be executed by the developer and Housing Authority; 2) Pennrose will have completed the Subdivision, dividing the parcel into at least two parcels – one for rental homes and one for ownership homes; and 3) Pennrose will have commitments for financing that are sufficient for the construction of the development consistent with the Development Agreement.

On December 10, 2024, the Board and Council directed and authorized the Housing Authority to execute the 2025 Season Ground Lease for RV Park Operations with the Virginian RV Park LLC so that the RV park may stay open this summer and the Housing Authority can earn revenue from its operations.

On February 3, 2025, the Board and Council directed staff to draft a development agreement for 90 Virginian Lane and to bring the development agreement back to the joint board for consideration at a future meeting.

On April 17, 2025, the Board and Council heard an update on the development from the Pennrose team. Since February 2024, construction costs + market uncertainty have increased, and the market study findings result in reduced revenues from the Affordable 120-160% MFI and Workforce homes. To address these two issues, Pennrose provided the Council and Board with recommendations for reducing and refining construction costs and increasing revenues.

Today, Board and Council are being asked to answer three key questions.

An analysis of trade-offs on each question is provided below.

1. Concept Design Scheme. Do the Board and Council agree with Pennrose's recommendation to advance through the schematic drawing phase the concept design scheme that eliminates the structured parking garage in order to reduce construction costs?

2. Schematic Drawing Phase Cost-Sharing. As project partners, should the Housing Authority allocate up to $250,000 to share the costs of the Schematic Drawing Phase 1:1 with Pennrose?

3. Development Agreement Timeline Extension. Acknowledging the need for more detailed design, cost estimating, and financial analysis – including sourcing of gap funding, do the Board and Council agree with Pennrose's recommendation to postpone execution of the Development Agreement and Financing Agreement until September 30, 2025?

Structured Parking Concept

Parking Garage Summary:

- Was added to Penrose's concept plan at request of Board and Council to maximize central open space.
- Proposed as one-half floor below grade and 2 ½ floors above grade.

Pros of Structured Parking:

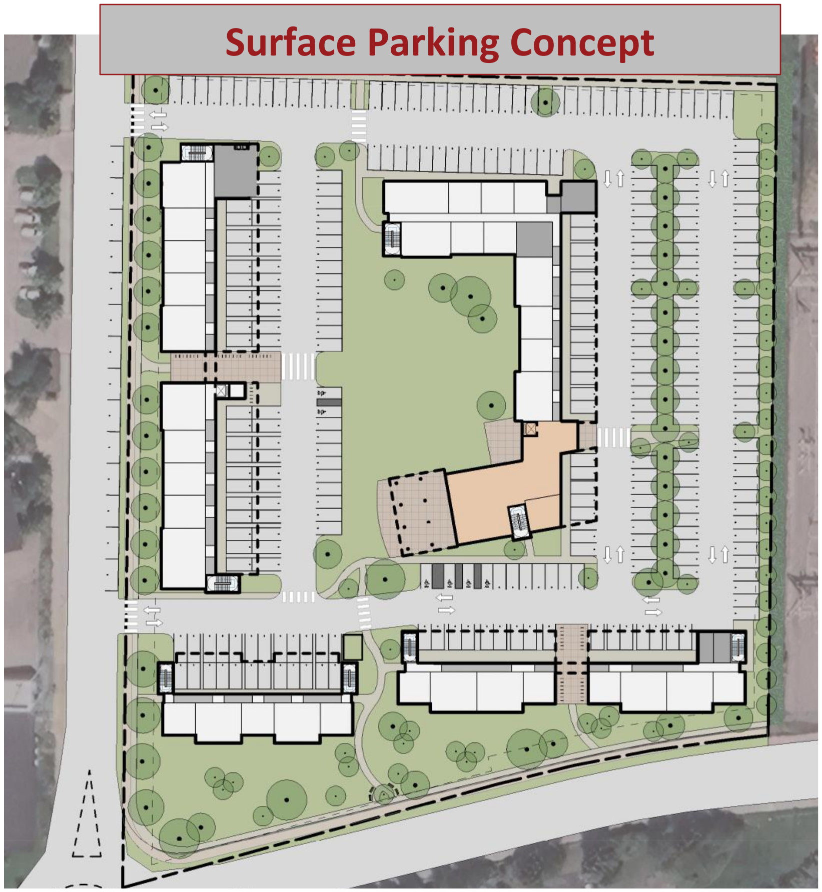
- ✓ Increases central open space by 25%.
- ✓ Locates drive aisles and parking away from central open space.
- ✓ Reduces surface paving and stormwater runoff.
- ✓ Locates parking farther away from homes, encouraging bike/ped/transit over driving = fewer vehicle trips
- ✓ Longer trips to retrieve vehicles increases social interaction among neighbors
- ✓ Reduced intra-development paved surfaces improves resident experience and natural "feel" of the site

Cons of Structured Parking:

- ☒ As currently designed, it reduces the number of homes at the site to 211.
- ☒ Adds about $10 million in construction costs and is expensive to maintain over time, which could affect future homeowners and renters.
- ☒ For homes located directly adjacent to the parking garage, it reduces their livability and appeal because east-facing windows of first two floors of Building 1 will look directly into parking garage
- ☒ Requires large infrastructure investment at first construction phase
- ☒ Difficult to repurpose if parking demand goes down in the future

Opportunities to mitigate the negative impacts of structured parking.

- Reduce the parking required for the site and/or negotiate off-site parking at the library to increase the number of homes back to 226. The library has serious concerns about how this could negatively impact their operations.
- Seek additional funding (grants/philanthropy) to construct the parking garage or agree to invest more public funds into the development to cover the cost of structured parking.



Surface Parking Summary:

- The Pennrose team provided a concept plan demonstrating that parking for 226 homes is feasible with on-site surface parking that meets the LDR minimum.
- Same landscaped/pervious surface proportionate to site size as The Grove (exceeds LDR requirement).

Pros of Surface Parking:

- ✓ Reduces construction cost by $10 million.
- ✓ Cheaper and easier to maintain than a garage, saving taxpayer dollars.
- ✓ Allow for an additional 15 homes for local workers and their families.
- ✓ Can be removed for future opportunities to redevelop additional homes or convert to bike parking or amenity space if parking demand decreases in the future.
- ✓ Provide parking that is closer to homes, creating greater vehicle access for owners and renters, including children and those living with short-term disability. (Vehicle ownership and use among seniors and individuals living with long-term disability are lower than the general population, so while having parking close to their homes may provide greater accessibility, it is likely at a lower rate due to use. These residents may be better served by ADA paratransit.)
- ✓ Convenience of parking directly adjacent to homes is many residents' preference
- ✓ Creates an additional drive aisle that allows for access redundancy and better emergency services access.
- ✓ Retains 75% of central open space
- ✓ Increases the likelihood of retaining existing mature trees along the eastern portion of the site.
- ✓ Spreads out parking infrastructure cost by construction phase = more efficient
- ✓ Improved access to air circulation, sunshine and view for homes with east-facing windows on the first two floors of Building 1 (not blocked by parking garage).

Cons of Surface Parking:

- ☒ Increases surface parking and stormwater runoff.
- ☒ Locating parking closer to homes may increase vehicular trips.
- ☒ Reduces central open space by 25%.
- ☒ Locates parking along the central open space, which could be dangerous for children and others playing in the open area.
- ☒ Creates interior drive aisle that could increase user conflicts (bike/car, pedestrian/car).
- ☒ Tandem parking requires resident use considerations
- ☒ Parking directly adjacent to homes decreases social interaction and engagement among neighbors
- ☒ As designed, the three buildings along Snow King Ave. are closer together with less visual gaps between them.

Opportunities to mitigate the negative impacts of surface parking.

- Request an initial parking reduction so that some surface parking spaces are not paved unless needed (spaces along the western edge of the central open space and northern property line). Incremental parking implementation allows close association to actual need.
- Use existing parking located close by to reduce the amount of required surface parking at the site. Enter into a parking agreement with the Teton County Library to allow for overnight parking at the library parking lot across the street. Require Pennrose to monitor the lot and tow all vehicles violating terms of the parking agreement. The library has serious concerns about how shared parking could affect their operations.
- Include traffic calming elements into the drive aisles, slowing drivers down and increasing resident safety.

Key Question Two. As project partners, should the Housing Authority share the costs of the schematic drawing phase 1:1, not to exceed $250,000, with Pennrose?

Schematic Design is a level of detail that brings in additional members of the consultant team to finalize the big picture systems of the development, so that we are better able to refine construction plans, timing, and costs. For example, Schematic Design will define where the elevator shafts will be located in a building, but is also flexible enough to accommodate changes to the exterior façade, landscaping, and other livability elements of the overall development.

Pros to cost-sharing schematic drawing phase.

- ✓ Housing Authority will share in ownership of the schematic design package.
- ✓ Reflects the true partnership nature of the development and recognizes that the public process has not unfolded according to the timeline in the RFP.
- ✓ Will provide a drawing set that can be sent out to third party contractors to bid, allowing for greater accuracy with construction cost estimating.
- ✓ Will continue to move the development forward towards Development Option Plan submittal, allowing groundbreaking to still occur in 2026.

Cons to cost-sharing schematic drawing phase.

- This was not an anticipated cost.

<u>Opportunities to mitigate the negative impacts of cost-sharing schematic drawing phase.</u>

- The Housing Authority is generating $500,000 in revenue from the RV Park Operations Ground Lease. This funding was not anticipated when the RFP was written and could be used to pay for the Housing Authority's portion of schematic design costs.

Key Question Three. Can the Housing Authority extend the timeline for Development Agreement execution to accommodate schematic design?

On <u>December 2, 2024</u>, the Board and Council directed and authorized the Housing Authority to enter into a Ground Lease Option Agreement that outlined necessary criteria for Pennrose to meet prior to the execution of the Ground Leases for the property. One key criteria was a Development Agreement executed by Pennrose and the Housing Authority on or before June 30, 2025 unless an extension is agreed upon by both parties. The Option Agreement states:

> *<u>Development Agreement</u>. Optionor and Optionee shall use reasonable efforts in good faith to negotiate and enter into the Development Agreement, which shall be broadly consistent with the RFP Documents as the same have been further discussed and refined. If the Development Agreement is not executed on or before June 30, 2025, the Option and this Agreement shall terminate unless such date is extended by consent of the parties. Consent to an extension of such deadline shall not be unreasonably withheld, conditioned or delayed so long as the parties are pursuing the finalization and execution of the Development Agreement in good faith.*

Given that Pennrose and the Housing Authority are pursuing the finalization and execution of the Development Agreement in good faith, an extension is warranted.

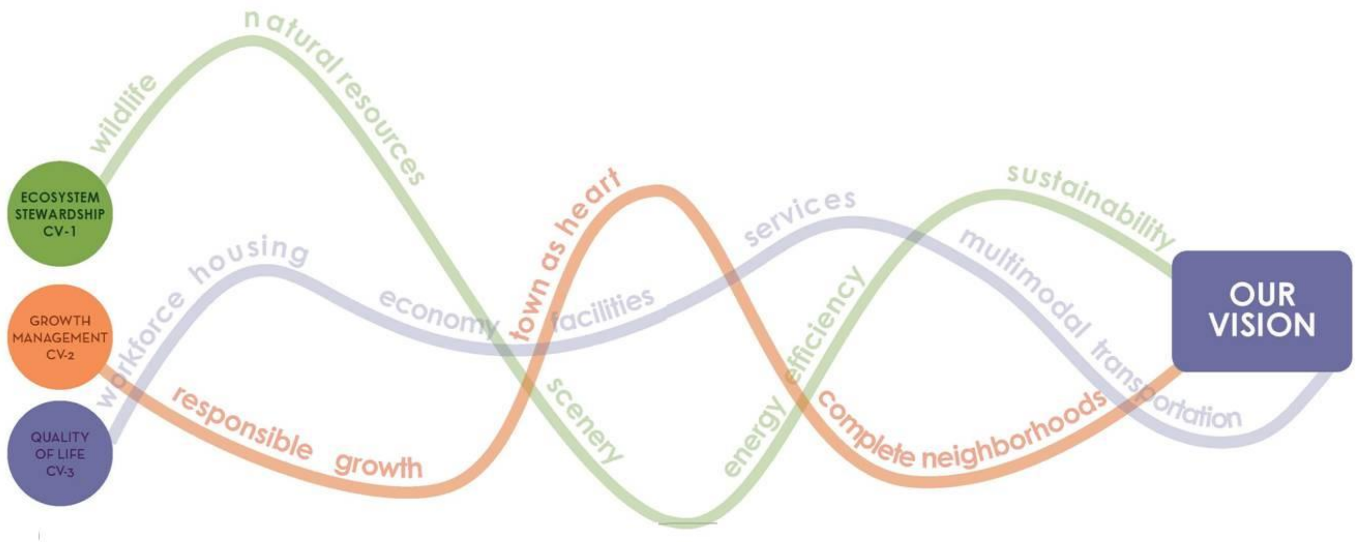
What is next?

- Complete Schematic Design: building detail on design, entitlement, and cost estimating, including interdepartmental review of revised parking layout. May – July 2025.
- Pursue additional sources of non-local public funding and refine cost assumptions. Ongoing through life of development (Developer + Housing Authority).
- Finalize Development Agreement and Financing Agreement. The schematic drawings will be included for review with this step. Extension to September 30, 2025.
- Development Option Plan application preparation, Town of Jackson interdepartmental review and Planning Director decision, Design Review Committee review. August – December 2025.
- Groundbreaking. Spring/Summer 2026. Deployment of public investment dollars – amount to be determined – to coincide with this step.

- Completion of first homes for local families and individuals. 2028.

COMPREHENSIVE PLAN ALIGNMENT

The Jackson/Teton County Comprehensive Plan is predicated on three equally important Common Values for us to live within our shared community Vision: Ecosystem Stewardship, Growth Management, and Quality of Life. Just as the strength of a rope depends on the integrity of each intertwining thread, the strength of our community character is derived from a commitment to all three Common Values, each in support of and reliant upon the others.



Common Value: Quality of Life

The Comprehensive Plan sets a minimum goal of achieving a 65% resident workforce. Building on this goal, the Workforce Housing Action Plan set forth strategies for increasing our resident workforce that include location for growth, a focus on public-private partnerships, and updating land development regulations to incentivize affordable workforce housing development by the private sector.

The future neighborhood at 90 Virginian Lane is an example of a public-private partnership, leveraging private sector expertise, while mitigating public risk; and utilizes LDR incentives for affordable workforce housing development.

Common Value: Ecosystem Stewardship

The Comprehensive Plan also sets a goal to direct at least 60% of all new residential development into Complete Neighborhoods to preserve habitat, scenery, and open space and provide workforce housing opportunities. Since Housing Action Plan implementation and including changes to the Land Development Regulations that incentivize affordable workforce housing production in the Town of Jackson, the percentage of new development built in Complete Neighborhoods has exceeded the 60% minimum threshold. By placing development in the center of Town, the 90 Virginian Lane development accomplishes our goal of concentrating new development in Complete Neighborhoods.

The Comprehensive Plan sets a goal to emit less greenhouse gases ("GHG") than we did in 2012. Surface travel accounts for most of the GHG Emissions created locally. **By placing households close to their jobs, local convenience, recreational amenities, and providing them with opportunities to use alternative modes of transportation like the bus or biking, the 90 Virginian Lane development will positively impact GHG Emissions.**

Common Value: Growth Management

The Comprehensive Plan sets a cap on new residential units that can be built. We currently have about 550 pooled residential bonus units remaining to be assigned to future developments. **The 90 Virginian Lane Neighborhood accomplishes our Comprehensive Plan goals related to growth management by effectively using the remaining pooled units for 100% permanently deed restricted affordable workforce housing in a high-density residential zone located in**

a Transitional Subarea (as opposed to using the units for unrestricted, free market homes located outside a Complete Neighborhood).

Achieving our Vision
Ultimately, by providing housing opportunities like 90 Virginian Lane that support a resident workforce, **we are protecting local working families; providing for a stable tax base; creating neighborhood accountability; increasing civic, social, and economic investment; limiting commuters on our roads; and protecting our open spaces and scenic vistas.** We are achieving the vision laid forth in our Comprehensive Plan.

Comprehensive Plan Policy:

- Reduce greenhouse gas emissions through land use. 2.2.
- Reduce greenhouse gas emissions through transportation. 2.3.
- 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
- Direct at least 60% of all new residential development into Complete Neighborhoods. Common Value 3.

Housing Action Plan Strategy:

- Provide land as a public subsidy and build development partnerships. 2B

STAKEHOLDER ANALYSIS
Teton County community members, businesses, and visitors.

FISCAL IMPACT
Since Housing Action Plan implementation began, the Housing Department has partnered with private sector developers to build 241 homes for local workers and their families. Adjusted for inflation, the public investment per home has ranged from $81,996 (Mercill Condos) to $273,202 (Redmond Street Rentals). See the chart below for more information about these developments.

Public Private Partnership Developments Since Housing Action Plan Implementation								
	Redmond St. Rentals	**Grove III Condos**	**174 N. King Condos**	**Mercill Condos**	**Kelly Place Condos**	**Jackson St. Apts.**	**Flat Creek Apts.**	**Parkside Townhomes**
Private Partner	JH Community Housing Trust	Teton Habitat	JH Community Housing Trust	Mercill Partners	Roller Development & Post Company	Cumming Foundation & Community Foundation of JH	Blueline Development & Stealth FCA LLC	Teton Habitat
Year Complete	2018	2018-2021	2022	2023	2023	2024	2024	2024-2026
Homes Built	28	24	24	30	12	57	48	18
Affordability	<150% MFI	50-80% MFI	<150% MFI	120-200% MFI	120-200% MFI	30-200% MFI	30-60% MFI	50-80% MFI
Rent/Own	Rent	Own	Own	Own	Own	Rent	Rent	Own
Homes/Acre	22	13	63	52	38	39	48	17
Public $	$5.7mm	$1.9mm	$4.67mm	$2.235MM	$1.703,416	$14mm	$6mm	$3,475,383
2025 Value	***$7,649,645***	***$2,496,695***	***$5,551,201***	***$2,459,872***	***$1,874,804***	***$14,799,400***	***$6,342,600***	***$3,475,383***
Public $ per Home	$203,202	$79,167	$194,583	$74,500	$141,951	$245,614	$125,000	$193,077
2025 Value	***$273,202***	***$104,029***	***$231,300***	***$81,996***	***$156,234***	***$259,639***	***$132,138***	***$193,077***

In 2023, the Housing Authority purchased the land for $28 million. This purchase was funded utilizing $18 million in tax-exempt bond financing (to be paid by with 2022 SPET funds) + $2.59 million 2019 SPET funding + $5.5 million County mitigation funding + $2 million Town housing funding (blend of mitigation fees and housing supply funds).

In 2024, the Housing Authority entered into an agreement with the Virginian RV Park LLC to operate the RV park for 2025 for a flat fee of $500,000 that is payable to the Housing Authority. These funds will be placed in the Housing Authority's Housing Supply Fund.

The Housing Authority is responsible for paying property taxes on the property. For 2024 these were $55,854.63 and in 2025 they are $93,224.00.

In addition to lease of the land, The Town and County have agreed to provide an additional $10 million to fund the development, as presented and requested in Pennrose's development proposal.

Considering this $10 million public subsidy and any additional subsidy that may be considered, staff are providing the following summary of housing-specific fiscal balances:

Town Housing Accounts	Current Balance	FY 2026 Budget
Mitigation Fees	$1,300,000	$100,000**
General Funds for Community Housing Supply	$3,200,000	$1,000,000 (requested)
Total = $6.9 million	**$4,500,000**	**$1,100,000**
2022 Employee Housing SPET - $10 million total	Current Balance	Dec 25-Dec 26 Budget
	$0	$2,700,000

- The Town has a current balance of $4.5 million in its housing fund. This includes $1.3 million in housing mitigation fees and $3.2 million in general funds allocated to the Housing Supply Program.
- ***Planning staff estimate that the Town will collect an additional $1.2 million in housing mitigation fees in FY 2026, which includes a large fee from one project. To be conservative, staff have included only $100,000 in FY 2026 mitigation fees in case the large fee is not generated.*
- The Town also has access to 2022 SPET funding for employee housing in the amount of $10 million, subject to the County Treasurer's distribution schedule. The Town is set to receive $1.5 million of these funds in FY 2026 and $1.2 million.

County Housing Accounts	Current Balance	FY 2026 Budget
Mitigation Fees	$1,200,000	$1,400,000
General Funds for Community Housing Supply	$0	$0
Total = $2.6 million	**$1,200,000**	**$1,400,000**
2022 Employee Housing SPET - $10 million total	Current Balance	Dec 25-Dec 26 Budget
	$0	$2,700,000

- The County has a current balance of $1.2 million in its housing fund. This includes $1.2 million in housing mitigation fees and $0 in general funds allocated to the Housing Supply Program. County planning staff estimate that the County will collect an additional $1.4 million in housing mitigation fees in FY 2026. (Total with FY 26 estimates = $2.6 million, not including FY 26 capital request of $1 million for the Housing Supply Program, which was removed from the budget.)
- The County also has access to 2022 SPET funding for employee housing in the amount of $10 million, subject to the County Treasurer's distribution schedule. The County is set to receive $1.5 million of these funds in FY 2026 and $1.2 million.

Housing Authority Unallocated Supply Accounts	Current Balance	FY 2026 Budget
Housing Supply - Unallocated	$500,000	$1,000,000
Total = $1.5 million	**$500,000**	**$1,000,000**

- The Housing Authority currently holds $500,000 in unallocated funding in its Housing Supply Fund that could be used for this development.

Total Funding Available	Current Balance	FY 2026 Budget
Town + County + Housing Authority	$6,200,000	$3,500,000
Town + County Employee Housing SPET	$0	$3,000,000
Total = $12,700,000	**$6,200,000**	**$6,500,000**

- Total funding currently available = $6.2 million
- Total funding available by June 2026 = $12.7 million – this includes $1.5 million / each in employee housing SPET

The timing of any additional contributions to the 90 Virginian Lane development will vary based on decisions made regarding implementation of a Phase 0 (horizontal infrastructure only), increased affordability, etc. and could be phased over time to allow for additional mitigation fee collections, SPET collections, grant funding, philanthropy, etc.

STAFF IMPACT
Housing staff have spent hundreds of hours working on this development.

LEGAL REVIEW

ATTACHMENTS
None.

RECOMMENDATION
Housing Staff recommend:

- ✓ Directing and authorizing the Housing Authority to enter into a cost-sharing agreement for Schematic Design.
- ✓ Surface parking and the pursuit of a parking reduction that allows for increased parking if demand exists. The surface parking design must include traffic-calming measures to enhance safety for pedestrians and cyclists within the development and must adhere to Principle 7.1 of the Comprehensive Plan to meet future travel demand with walking, biking, transit, micromobility, and carpooling.
- ✓ Directing and authorizing the Housing Authority to extend the Development Agreement timeline to September 2025.

SUGGESTED MOTION

Both Boards:

I move to direct and authorize the Jackson Teton County Housing Authority to enter into a cost-sharing agreement for Schematic Design for 90 Virginian Lane for an amount not to exceed $250,000, which shall be matched dollar-for-dollar by Pennrose LLC. The Schematic Design with surface parking only shall include traffic-calming measures to enhance safety for pedestrians and cyclists within the development and allow for incremental parking implementation, including a potential parking reduction, should the demand warrant.

I move to direct and authorize the Jackson Teton County Housing Authority to extend the Development Agreement timeline in the Ground Lease Option Agreement to September 30, 2025.