



JAMES SORENSEN  
COMMUNITY DEVELOPMENT  
DIRECTOR

KURT BRADBURN  
MAYOR

MATTHEW HUISH  
CHIEF ADMINISTRATIVE OFFICER

# MEMORANDUM

December 13, 2018

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**To:** Planning Commission  
**From:** Community Development Department  
**Subject:** Arcadia Apartments Phase 2 - Mixed Use Development      SPR-11-18-5565  
(Conceptual Site Plan & Parking Reduction Request)      3.16 Acres  
172 West Harrison Street (8920 South)      177 Units  
[Community #1 - Northwest Exposure]      RC Zone

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**HEARING NOTICE:** *This item has been noticed to property owners within 500 feet of the subject area.*

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PROPERTY CASE HISTORY	
CASE NUMBER	CASE SUMMARY
CUP-5-16-5091	The Planning Commission granted a conditional use to allow for "Mixed Use Development" in the RC zone. The conditional use applied to the two properties north of Harrison and south of the Sandy Mobile Home Park.
SPR-5-16-5092	The Planning Commission granted Master Site Plan approval for the 90th South Mixed Use Master Plan, which applied to a conglomerate of properties on the northwest corner of 9000 South and Monroe Street, and including the properties associated with this site plan and subdivision application.
SUB-09-16-5130	The Planning Commission approved a plat to subdivide the former Larry H. Miller Repair shop property into two (2) parcels in November of 2017. This was done in anticipation of the western parcel being developed as the first phase of the mixed use mater plan.
SPR-09-16-5129	In November of 2017, the Planning Commission reviewed and approved the first phase of the 90th South Mixed Use Master Plan, called the Arcadia Apartments. This phase of development consisted of apartment 211 units that are for low to moderate-income persons. This project also received a parking reduction of 14%.

**REQUEST**

Mr. Adam Lankford of Wasatch Group, has submitted an application for a conceptual site plan of the second phase of the Arcadia Apartments, which is part of the 90<sup>th</sup> South Mixed Use Project. The proposal is part of the nearly sixteen (16) acre mixed-use master planned developed by Miller Family Real Estate, LLC. It is also part of the North Study Area in the Cairns Master Plan. This phase is to be built on approximately 3.16 acres of the site, where the former auto maintenance shop sits. The applicant is also seeking a 20% reduction in the amount of required off-street parking for both phases of the Arcadia Apartments.

**BACKGROUND**

The subject property is roughly bounded by Monroe Street on the east, Harrison Street to the south, the Arcadia Apartments Phase 1 to the west, and Sandy Mobile Home Park to the north. The property is also adjacent to the Hooser Mobile Home Park (to the east), the Larry Miller Used Car Dealership (to the south), and the Econolodge Inn and Suites (to the southwest). All of the properties surrounding the site share the same zone, RC (Regional Commercial).

**NOTICE**

Notices were mailed to property owners within a 500-foot radius of the subject parcel to notify them of the Planning Commission meeting. The applicant did not hold a neighborhood meeting as previous meetings were not attended by residents.

**ANALYSIS**

Overview:

The concept site plan for this property is generally consistent with the intents of the approved area master plan. In many ways the concept plan has a better site layout that embraces the street with the building footprints and provides a net increase of open space. The concept reflects a total of 388 residential units and will result in slightly fewer total units than originally proposed. The master plan contemplated between 400-500 units on these properties. This phase of the development consists of one (1) residential building, containing 177 apartment units. The apartment mix is sixty (60) 1-bedroom units (34%), forty-four (44) 2-bedroom units (44%), and thirty-nine (39) 3-bedroom units (22%). These units would be made available to low to moderate income renters, similar to the first phase development. This building also features a club room and 3 courtyard open spaces. This project would share site amenities with phase 1 which includes a pool.

**Redevelopment Path**  
Area Acreage = 13.21

I - II	Residential	up to 400 - 450	
III - IV	Commercial Office	N/A	150k - 200k
III - IV	Commercial Retail	5 - 10 pad / units	25k - 100k
III - IV	Restaurant	1 - 4	20k - 30k
III - IV	Hotel / Flex	0 - 180 rooms	0k - 80k
Phase	Land Use	Units	sq/ft



As this is a concept plan review only, a fully engineered site plan has yet to be completed. This will require that the project come back before the Planning Commission to review the final design and building elevations. That is when staff will provide a full analysis of the important design issues or considerations on this proposed development that will need to be reviewed by the Planning Commission. This will include: streets, pedestrian ways, streetscape design, concealment of parking lots and structures, pedestrian scale design, open space, architectural design and materials, massing, building orientation to the street, pedestrian connections, etc.

#### Parking:

This development is proposed to have a five (5) level parking garage containing 243 stalls for the residents of this phase. The applicant is also showing forty-five (45) additional on-site surface parking for a total of 288 stalls. The proposed development would be required by code to provide 389.

The Phase 1 site plan constructed a total of 111 on-site surface parking and a parking garage containing 286 stalls for a total of 397 stalls. They would have been required by code to provide 466 stalls without the approved parking reduction.

The developer is requesting an overall parking reduction of 20% for both phases combined. The combined required parking per the code would be to provide 855 stalls. With the reduction, they would be required to provide a minimum of 684 stalls. They are currently showing a combined total of 685 stalls provided with the existing phase 1 and the conceptual plan for phase 2.

This parking reduction request needs to be supported by providing additional studies or meeting criteria as prescribed in the development code. This section of code was updated earlier this year to require the following:

#### **15A-24-03 Special Access and Parking Provisions**

- C. **Parking Reduction.** Developments are required to provide a certain number of parking stalls, as determined by this code, based on the land uses associated with the site. In some cases, it may be appropriate to allow for less than the required amount of parking. At the time of site plan review, a parking plan shall be submitted showing all proposed parking spaces, the overall circulation system, and justification for requesting reductions in parking space requirements as specified below:
1. **Reduction up to 10%.** The Director may approve a reduction of up to 10% of the amount of required parking upon satisfactory review of one (1) or more of the following that applies to the request:
    - a. **Parking Demand Analysis.** A study provided by a licensed transportation engineer that demonstrate projected usage of residents, employees, and customers of the proposed land uses or similarly situated land uses in other locations.
    - b. **Market Demand Analysis.** A study provided by a qualified real estate market analyst that estimate current market demand for a particular land use. For the purpose of this section, a real estate analyst shall be defined as a real estate professional with expertise in financial analysis in support to the financing, acquisition, marketing and leasing of real property based on the study of economic conditions and market trends.
    - c. **Walkability and Multi-Modal Design.** Provide a site plan design that demonstrates walkable elements and promotes multiple modes of transportation. A study by a licensed transportation engineer shall provide a quantitative analysis of the anticipated parking demand and automobile trips based on the proposed design.

- d. Proximity to Transit. A site that is within a half-mile ADA route distance of existing or immediately planned local fixed mass transit station that would help reduce the number of needed parking stalls and automobile trips.
2. **Reduction above 10%.** The Planning Commission may approve a reduction above 10% of the amount of required parking. Upon satisfactory review of two (2) or more of the criteria listed in section 15A-24-03(C)(1), they may approve up to a 15% reduction. Upon satisfactory review of three (3) or more of those criteria, they may approve up to a 20% reduction. Upon satisfactory review of all four (4) of those criteria, they may approve up to a 25% reduction.
  - a. No parking reduction shall be applied to any detached single-family housing development within the city limits.
3. **Residential Parking Reduction.** If a reduction to any parking requirement is granted for a residential development, it shall be required of the developer/owner to provide a minimum of one (1) stall to each residential unit and include it in the base sale or lease price of the unit.
4. **Amendments.** Any amendments to the approved site plan or change in land use will cause any previously approved parking reductions for the site to be reviewed again by the appropriate authority and ensure that the required justification requirements have been met.

The applicant has provided a Parking Demand and Walkability and Multi-Modal Design Analysis produced by Hales Engineering. The study found that the existing phase 1 development utilizes about 275 of the provided parking, which equates to roughly 70% of the available parking. This means that roughly 30% of the provided parking is not utilized by residents or guests. This would suggest that the project is overparked, even with the 14% parking reduction. Phase 2 is proposed to be occupied with a similar demographic and similar results could be expected. They have also provided a Market Demand Analysis produced by Novogradac & Company LLP (see pages 9 and 10 of their report regarding parking). This study found that the proposed amount of parking to be provided would be sufficient for this market segment that this project would serve. Staff is very comfortable in supporting the request for a 20% reduction from our parking requirement based on these studies and findings.

#### **CONCERNS**

Staff has no concerns regarding this conceptual site plan proposal and parking reduction request as submitted by the applicant.

#### **STAFF RECOMMENDATION**

Staff recommends that the Planning Commission find that the conceptual site plan review is complete for the proposed Arcadia Apartments – Phase 2 Mixed Use Site Plan and grant a 20% reduction to the required amount of required parking stalls for both Phases of the Arcadia Apartments, located at approximately 172 West Harrison Street, based upon the following finding and conditions:

#### **Findings:**

1. The concept plan is consistent with the approved 90<sup>th</sup> South Mixed Use Master Plan.
2. The provided Parking Demand Analysis concludes that the requested parking reduction request is strongly supported.

3. The provided Market Demand Analysis shows that the amount of provided parking is supported in the market.
4. The Walkability and Multi-Modal Design of the concept plan has been analyzed by Hales Engineering and found support for a reduced amount of parking stalls and automobile trips.

Conditions:

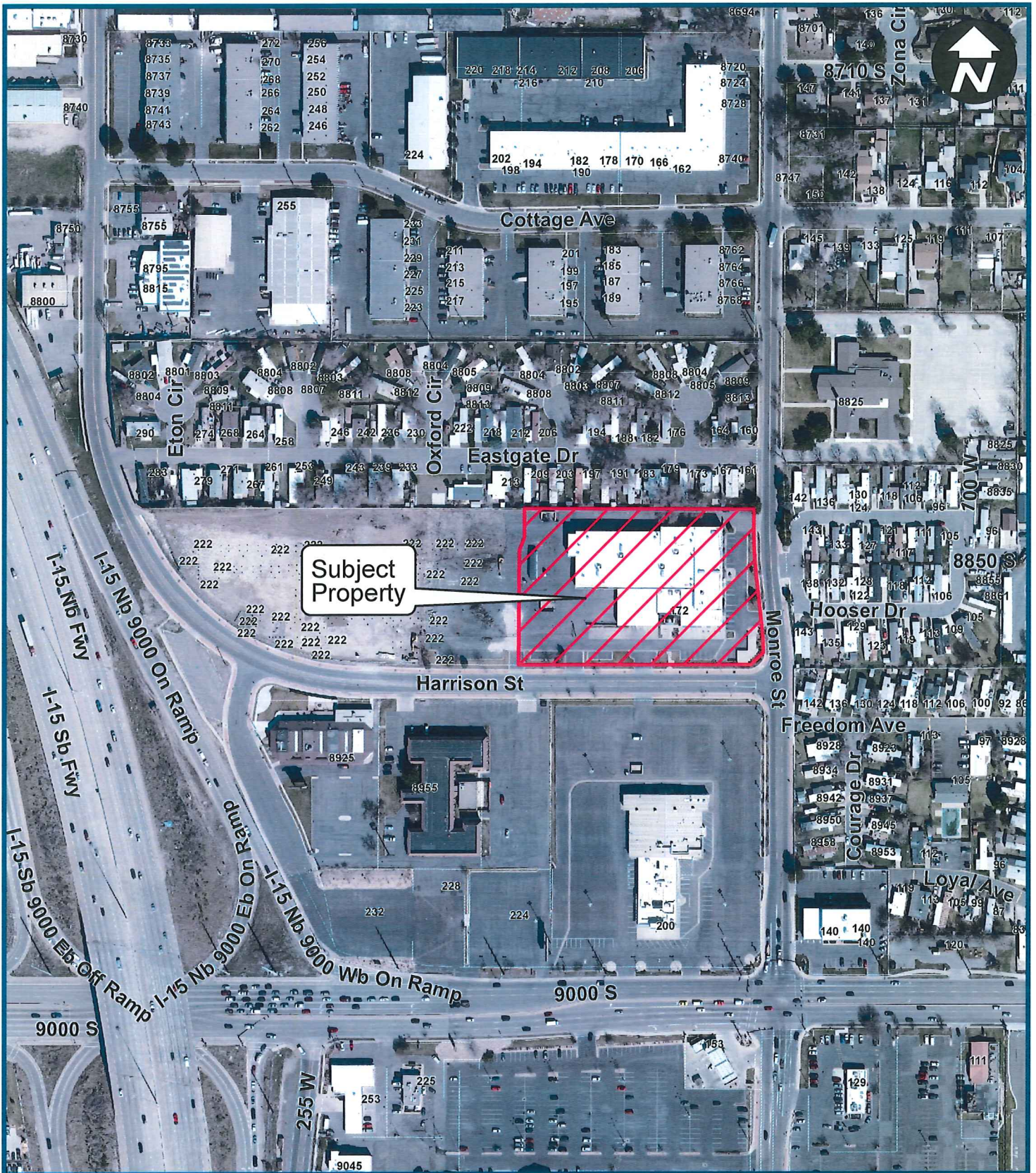
1. That the developer proceed through the preliminary site plan review process with staff according to the Site Plan Review Procedures Handout.
2. That a minimum of 685 parking spaces for residents and guests be provided between both phases of the development. That a minimum of 288 additional parking spaces be provided with Phase 2.

Planner:

Reviewed by:



Mike Wilcox  
Zoning Administrator



**SPR-11-18-5565**  
**Arcadia Apartments Phase 2**  
**172 W. Harrison Street**

PRODUCED BY MIKE WILCOX  
 THE COMMUNITY DEVELOPMENT DEPARTMENT



Tuesday, November 20, 2018

Mike Wilcox, Zoning Administrator  
Sandy City Community Development  
10000 South Centennial Pkwy  
Sandy, Utah 84070

Re: Arcadia Phase II site plan/parking reduction application

Mr. Wilcox:

Please consider this letter (along with the documents previously submitted) as the official request from Wasatch Residential Group for a parking reduction for the Arcadia Phase II project.

Most of the units in both Phase I and Phase II are 2-bedroom units. These units tend to be occupied by single parent families where there is only one driver per household. The parking study completed by Hales Engineering (counting vacant/occupied stalls in both the parking structure and surface parking) shows that 1.3 stalls were occupied.

We are requesting up to a 20% reduction based on the criteria outlined in the current city parking code. We have submitted a parking study, a market study (see page 15-16) and multi-modal transportation options for the project.

The total number of residential units for both Phase I and Phase II is 388. Parking stall required by city code is 854. Wasatch is requesting up to a 20% parking reduction which would bring the total parking stalls provided to 675 stalls (both surface and within the parking structure). This is equal to a 1.8 parking stalls per unit ratio. We are currently showing 685 parking stalls on the latest site plan which is a 19% reductions but we want to give ourselves some leniency because the final civil design has not been completed.

Sincerely,



Adam Lankford

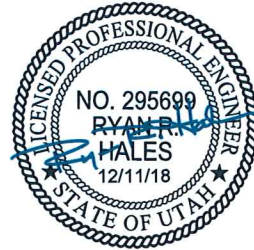
VP/Development

Wasatch Residential Group



**MEMORANDUM**

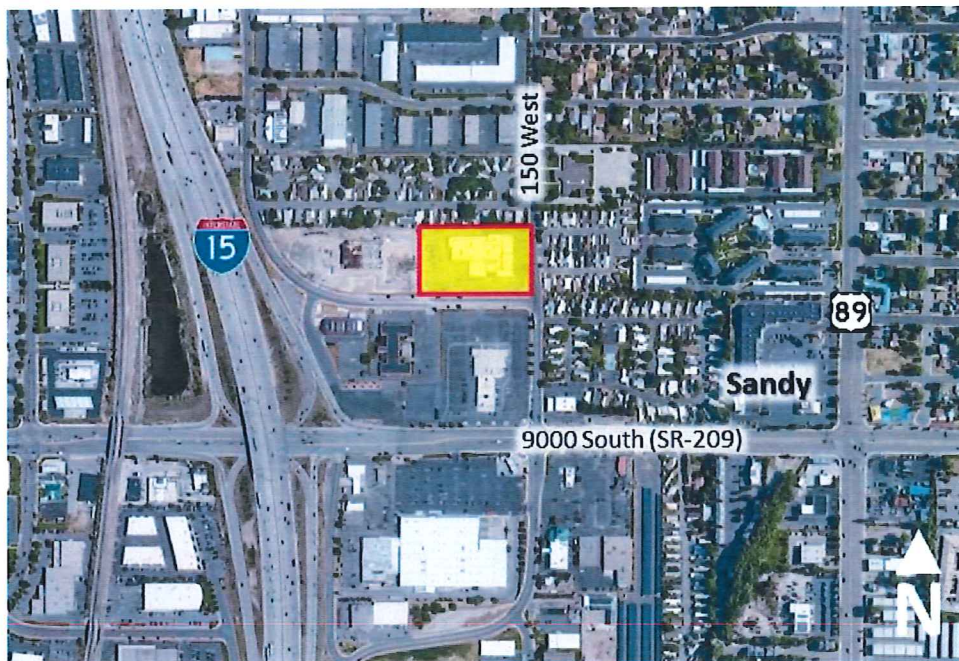
Date: December 11, 2018  
To: Adam Lankford  
Wasatch Residential Group  
From: Hales Engineering



**Subject: Sandy Arcadia Apartments Phase II Parking Study Update**

UT18-1344

This memorandum discusses the update to the parking study completed for the proposed Arcadia Apartments Phase II located in Sandy, Utah. The proposed Arcadia Apartments Phase II project is located at 222 West Harrison Street in Sandy, Utah. A vicinity map of the project site is shown in Figure 1. A site plan for the site is shown in Appendix A.



**Figure 1: Site vicinity map of the project in Sandy, Utah**

**Project Description**

Phase I of the Arcadia Apartments was recently built with 211 dwelling units, including the following unit types:

- 1-Bedroom Units: 65
- 2-Bedroom Units: 100
- 3-Bedroom Units: 46

Phase II of the Arcadia Apartments is planned to have 177 dwelling units, including the following unit types:

- 1-Bedroom Units: 60
- 2-Bedroom Units: 78
- 3-Bedroom Units: 39

**Sandy City Parking Requirements**

The Sandy City parking requirements are listed in section 15A-24-08 of the City code. According to City code, apartment dwelling units need 1.5 stalls per 1-bedroom unit, 2.0 stalls per 2-bedroom unit, and 2.5 stalls per 3-bedroom unit. 0.25 stalls are required per unit for guests. A summary of the required parking stalls for Phases I and II based on City rates is shown in Table 1.

**Table 1: Required Parking – Sandy City**

Phase	Unit Type	# of Units	Parking Rate	Guest Rate	Required Parking (# of stalls)
I	1-bedroom	65	1.5	0.25	114
	2-bedroom	100	2		225
	3-bedroom	46	2.5		127
	<b>Total</b>	<b>211</b>	<b>2.21</b>		<b>466</b>
II	1-bedroom	60	1.5	0.25	105
	2-bedroom	78	2		176
	3-bedroom	39	2.5		108
	<b>Total</b>	<b>177</b>	<b>2.20</b>		<b>389</b>
<b>Total Required Parking Stalls</b>					<b>855</b>

As shown, a total of 855 parking stalls are required based on Sandy City parking rates. This equates to approximately 2.2 stalls per dwelling unit. With 400 existing parking stalls for Phase I of the project, 455 additional stalls would be needed for Phase II prior to any reductions to the City requirements. The site currently plans to at 285 stalls for a total of 685 stalls.

**Parking Reductions**

As outlined in the recently-approved Sandy City Code section 15A-24-03, certain parking reductions can be applied to developments if requirements are met. The purpose of this section is to discuss the elements of the Arcadia Apartments that are related to those requirements and how they might reduce parking needs on-site. Phase I of the Arcadia Apartments initially received a 14 percent parking reduction. However, the reductions have changed with the new Code section. As the discussed parking reductions are reviewed and approved by City staff, the project could receive a parking reduction up to 20 percent in 5-percent increments. A comparison of the required parking for each reduction scenario is shown in Table 2. Based on these reductions, the currently-planned 685 stalls would be sufficient if a 20-percent reduction is approved.

**Table 2: Reduced Parking Requirements Comparison**

Scenario	Required Parking Stalls	Equivalent Rate (stalls/unit)
Original City Requirements	855	2.20
10% Reduction	770	1.98
15% Reduction	727	1.87
20% Reduction	684	1.76

*Walkability and Multi-Modal Design*

The project site has been designed to facilitate walking and other transportation modes besides personal vehicle travel. An on-site bike facility will be provided in an indoor facility adjacent to the parking structure for residents to park bikes. There will also be a station in that facility for bike maintenance. The project is within a half mile of the Porter Rockwell Trail along the TRAX line and the multi-purpose trail along 9000 South provided by Sandy City. The project has been designed to incorporate a future multi-purpose trail adjacent to the site along Harrison Street that is shown in Sandy City's Trails Map.

The project has also been designed to create a safe, walkable area for residents and neighbors. Wide sidewalks with adjacent greenery have been planned for the property frontage. The buildings have also been designed with courtyards on the outside and with windows and balconies facing outwards towards the street. It is anticipated that these elements will provide a safe, walkable environment for residents and others.

The U.S. Environmental Protection Agency (EPA) publishes a metric called the National Walkability Index (NWI). The NWI is a measurement between 0 and 20, rating how walkable a certain area is, with higher values for more walkable areas. According to the dataset, the project area has a NWI of 17.50. This is very high compared to other neighborhoods in the City.

The project is located near several commercial, restaurant, and entertainment destinations that are within walking distance such as Classic Fun Center, At Home, Arby's, and Ocean Mart. Rio Tinto Stadium is located approximately one-half mile away from the project as well. It is anticipated that the area surrounding the project may redevelop in the near future into a mixed-use land use, which will provide even more destinations within walking distance of the Arcadia Apartments. It is anticipated that this project will be the first of many redevelopment projects in the area.

Both Phases of the Arcadia Apartments project are located near transit facilities that provide an alternate to personal vehicle travel. Bus stations for Utah Transit Authority (UTA) routes are located at the following locations in the vicinity:

- 8938 South Monroe Street (Route 525, SB) – 300 feet from project
- 8754 South Monroe Street (Route 525, SB) – 450 feet from project
- 138 West 9000 South (Route F590, WB) – 1,000 feet from project
- 185 West 9000 South (Route F590, EB) – 1,000 feet from project
- 8999 South State Street (Route 201, NB) – 0.45 miles from project
- 9060 South State Street (Route 201, SB) – 0.45 miles from project

All three of the mentioned bus routes (525, F590, and 201) also connect to the Historic Sandy TRAX Station or the Midvale Center TRAX Station. Also, the Historic Sandy TRAX Station is approximately 0.8 miles walking distance away from the proposed project. At this distance, it is anticipated that many could easily walk or bike to the station.

Hales Engineering used United States Census data for Sandy City to quantify the mode split of residents. The data comes from the American Community Survey between the years 2012 and 2016. A summary of the mode split for Sandy citizens is shown in Table 3.

**Table 3: Sandy City Mode Split (U.S. Census)**

Mode	Percent of Population
Personal Vehicle (Drive Alone)	78.3%
Carpooled	9.6%
Mass Transit	2.7%
Walking	1.3%
Other (Bike)	1.7%
Works from Home	6.4%

As shown, non-personal vehicle trips make up approximately 21.7 percent of all trips according to Census data. This implies that a 20 percent reduction in parking is appropriate for this particular area. As discussed, the facilities that are planned for the project site such as bike facilities, access

to trails, walkable areas, and proximity to bus stops support the mode split numbers provided in the Census data.

### Parking Demand Analysis

Hales Engineering collected peak parking demand data at the existing Arcadia Apartments (Phase I), which are adjacent to the proposed Phase II. Parking supply and demand data were collected between 12:00 a.m. and 4:00 a.m. on Tuesday, November 6, 2018. The total number of parking stalls and the number of occupied stalls were counted in both the parking garage and the surface parking lot.

It was observed that there are 400 off-street parking stalls provided, and 274 stalls were occupied. Based on a total of 211 apartment dwelling units, this equates to a parking supply of 1.9 stalls per dwelling unit, and a demand of **1.3 stalls per dwelling unit**. It is anticipated that the demand for Phase II will be similar to that of Phase I. This demand rate is much lower than the required equivalent parking rate of 2.20 and the reduced parking rates shown previously in Table 2.

### Conclusions and Recommendations

The following are the key findings from this parking study update:

- The proposed Phase II of the Arcadia Apartments will have 177 units. 285 stalls are planned to be added with the project for a total of 685 stalls.
- For both Phase I and II, Sandy City requires that there be at least 855 parking stalls before taking reductions. The project may be approved with a reduction of up to 20 percent if certain criteria are met, which would require 684 parking stalls.
  - It was determined that the project promotes walkability and multi-modal use:
    - An indoor bike storage area has been included on the site plan for residents to ride on the local paths and trails.
    - A wide sidewalk will be provided in front of the project, allowing residents to walk to nearby destinations safely.
    - The U.S. EPA gives the project area a walkability rating of 17.5 out of 20.
    - The project is also located near several bus stops, which can help residents easily travel to nearby TRAX stations.
    - According to U.S. Census data for Sandy City, approximately 21.7 percent of all trips are non-personal vehicle trips, thus supporting a reduction of 20 percent on parking.
  - A parking demand analysis was performed for the project:
    - The parking demand at the existing Arcadia Apartments Phase I is **1.3 stalls per dwelling unit**, which is much less than the average required rate of 2.20 stalls per dwelling unit.

# APPENDIX A

## Site Plan





**NOVOGRADAC  
& COMPANY** LLP<sup>®</sup>  
CERTIFIED PUBLIC ACCOUNTANTS

**A MARKET FEASIBILITY STUDY OF:**  
**ARCADIA**  
**PHASE II**



# **A MARKET FEASIBILITY STUDY OF:**

# **ARCADIA PHASE II**

**172 WEST HARRISON STREET  
SANDY, SALT LAKE COUNTY, UTAH 84070**

**Effective Date: August 8, 2018  
Report Date: August 17, 2018**

**Prepared for:  
Mr. Sam Evans  
Wasatch Residential Group, LLC  
620 South State Street  
Salt Lake City, UT 84111**

**Assignment Code: 10163748**

**Prepared by:  
Novogradac & Company LLP  
11044 Research Boulevard  
Building C, Suite 400  
Austin, TX 78759  
512.340.0420**





**NOVOGRADAC  
& COMPANY** LLP®  
CERTIFIED PUBLIC ACCOUNTANTS

August 17, 2018

Mr. Sam Evans  
Wasatch Residential Group, LLC  
620 South State Street  
Salt Lake City, UT 84111

Re: Application Market Study of Arcadia Phase II  
172 West Harrison Street  
Sandy, Salt Lake County, Utah 84070

Dear Mr. Evans:

At your request, Novogradac & Company LLP has performed a study of the rental market in the Sandy, Utah area relative to the above proposed affordable housing project.

The purpose of this market study is to assess the feasibility of Arcadia Phase II (Subject), a proposed 177-unit Low-Income Housing Tax Credit (LIHTC) development. The property is located at 172 West Harrison Street in Sandy, Utah. The property will offer 177 one-, two-, and three-bedroom units with income levels of 60 percent or less of the area median income (AMI).

The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions. This report incorporates affordable housing rent restrictions. The scope of this report meets the 2018 application market study requirements of the Utah Housing Corporation (UHC), or other agencies as designated, including the following:

- Executive Summary and Conclusions
- Project Description
- Delineation of the Market Area
- Market Area Economy
- Employment and Economy
- Demographic Characteristics
- Competitive Environment
- Analysis/Conclusions
- Required Appendices

The depth of discussion contained in the report is specific to the needs of the client, specifically the requirements of UHC pursuant to the current market study requirements. Novogradac & Company LLP adheres to market study guidelines promulgated by the National Council of Housing Market Analysts (NCHMA). This report deviates from NCHMA market study guidelines in areas specified in UHC requirements, and therefore is not in compliance with NCHMA market study guidelines. The report and the conclusions are subject to the Assumptions and Limiting Conditions attached.

The authors of this report certify that we are not part of the development team, owner of the Subject property, the applicant or its principals (general partners, members, etc.), general contractor, nor are we affiliated with

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any member of the development team engaged in the development of the Subject property or the development's partners or intended partners. The recommendations and conclusions contained in this market study are based solely on the professional opinion and best efforts of the analysts.

The site was inspected on August 8, 2018, which is also the effective date of this report. Doug Trumbull inspected the Subject property, and Matthew Resenic, the market analyst, reviewed the comparable market data incorporated in this report and is competent to perform such analyses. This report was prepared in August 2018. This report is the eighth market study Novogradac & Company LLP has completed in Sandy. Further, we have completed approximately 10 site inspections within the PMA.

Wasatch Residential Group, LLC, is the client in this engagement. We understand that they will use this document to assist in submitting a tax credit application. Intended users are those transaction participants who are interested parties and have knowledge of the Section 42 LIHTC program. These could include local housing authorities, state allocating agencies, state lending authorities, LIHTC construction and permanent lenders, and LIHTC syndicators. As our client, Wasatch Residential Group, LLC, owns this report and permission must be granted from them before another third party can use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement.

Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac & Company LLP can be of further assistance at (512) 340-0420. It has been our pleasure to assist you with this project.

Respectfully submitted,  
Novogradac & Company LLP



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## **NOVOGRADAC & COMPANY LLP CREDENTIALS**

Novogradac & Company LLP (Novogradac) is a nationally certified public accounting and consulting firm that specializes in housing, and community and economic development. The firm has the capabilities and capacity to provide our consulting services in a manner tailored to meet the specific needs of the Agency. Established in 1989, the firm maintains its headquarters in San Francisco, California and employs more than 600 employees nationwide. Novogradac has additional offices in Metro Washington D.C.; Metro Atlanta, GA; Metro Kansas City, MO; Dover, Columbus and Cleveland, OH; Austin, TX; Portland, OR; Long Beach, CA; New York, NY; and Boston, MA. The headquarters of the Government Consulting and Valuation Advisory (GoVal) Group is in the Metro Washington, D.C. office. However, the primary business operation is high quality market research and affordable housing support and is a practice that is separate from our firm's accounting practice. We do perform appraisals and some other valuation work, however, the bulk of our business operations within the GoVal Group is market study preparation for developers, lenders, investors, syndicators, and state housing agencies such as UHC.

The GoVal Group provides valuation services including market studies, GIS and demographic analysis, feasibility analysis, rent comparability studies and appraisal services for market-rate and affordable housing properties throughout the country. The GoVal Group does approximately 1,800 market studies per year, and in the past decade, nearly 13,000 market studies have been completed nationwide. Market studies are completed in rural, suburban and urban markets for both age restricted and family housing. Studies have also included additional subsidy overlays such as public housing, Hope VI, rural development (Section 515, 538), Section 8, Section 236 and Section 202 housing.

Novogradac has performed a significant amount of market studies, appraisals, rent comparability studies (RCS), and housing assessments in the state of Utah, all of which were related to affordable housing. Since 2008, the GoVal Group has produced more than 125 reports of all types, approximately 90 of which were market studies – both for investors and applications – in the state of Utah.

## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	1
PROJECT DESCRIPTION.....	7
MARKET AREA ECONOMY.....	14
EMPLOYMENT AND ECONOMY.....	26
DEMOGRAPHIC CHARACTERISTICS .....	36
COMPETITIVE ENVIRONMENT.....	43
DEMAND ANALYSIS .....	66
APPENDIX A .....	ASSUMPTIONS AND LIMITING CONDITIONS
APPENDIX B .....	DATA SOURCES
APPENDIX C .....	UTILITY ALLOWANCE SCHEDULE
APPENDIX D .....	QUALIFICATIONS OF CONSULTANTS
APPENDIX E .....	FLOOR PLANS AND ELEVATIONS
APPENDIX F .....	MARKET STUDY INDEX

# **I. EXECUTIVE SUMMARY**

**EXECUTIVE SUMMARY**

**Subject Property Description and Improvements:**

Arcadia Phase II is a proposed LIHTC development that will offer a total of 177 newly constructed one-, two-, and three-bedroom units targeting households earning 60 percent of AMI or less. The Subject site is currently improved with an existing vacant commercial building that will be razed prior to construction. Upon completion, the Subject will consist of 60 one-bedroom units, 78 two-bedroom units, and 39 three-bedroom units in one five-story midrise building. The Subject will be the sister-property of Arcadia Apartments Phase I, which is located adjacent to the west of the Subject site and currently in lease up. Arcadia Apartments Phase I is achieving maximum allowable rents and experiencing strong absorption.

**Property Address:**

The Subject will be located at 172 West Harrison Street in Sandy, Utah 84070.

**Location and Surrounding Uses:**

The Subject site is located in Sandy, Utah. The immediate neighborhood consists primarily of retail and commercial uses, multifamily uses, and mobile homes. Directly north of the Subject are mobile homes. Further north of the Subject are various retail and commercial uses in a warehouse park. Directly east of the Subject are mobile homes. Further east of the Subject are Golden Village Apartments, which we excluded as a comparable in our analysis, and Canyon Park Apartments, which we utilized as a comparable in our analysis, and retail and commercial uses. Directly south of the Subject are a hotel and used car dealership. Further south of the Subject are retail and commercial uses along West 9000 South. Directly west of the Subject is Arcadia Apartments Phase I, which we utilized as a comparable in our analysis. Further west of the Subject is Interstate 15. Approximately 90 percent of area retail and commercial appeared occupied. The Subject site is designated as “Somewhat Walkable” by Walk Score with a score of 57 indicating some errands can be accomplished on foot. Overall, the Subject site is a good location for multifamily use, proximate to retail and commercial uses.

**Proposed Rents:**

The following table details proposed rents for the Subject.

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2018 LIHTC Maximum Allowable Gross Rent	HUD Fair Market Rents
				@60%			
1BR / 1BA	688	60	\$826	\$74	\$900	\$900	\$834
2BR / 2BA	1,017	78	\$986	\$94	\$1,080	\$1,080	\$1,035
3BR / 2BA	1,281	39	\$1,137	\$111	\$1,248	\$1,248	\$1,475
		<b>177</b>					

Notes (1) Source of Utility Allowance provided by the Developer and Housing Authority of the County of Salt Lake, effective May 1, 2018

As illustrated in the table above, the Subject's proposed rents are at the 2018 maximum allowable levels for each unit type. It should be noted that the table above illustrates the utility allowances from the Housing Authority of the County of Salt Lake, which matches the developer's estimates.

**Target Population and  
Occupancy Type:**

The Subject will target households ranging in size from one to five persons earning 60 percent AMI or less. Based on the proposed unit mix and rent levels, the annual household income levels will range from \$30,857 to \$51,840.

**Inspection Date:**

The Subject was inspected on August 8, 2018. This shall be the effective date of the market study.

**Market Feasibility:**

The strong demographics, demand analysis, performance of existing supply of housing, as well as interviews with real estate professionals demonstrate an ongoing need for affordable housing in the PMA over the foreseeable term. Additionally, the area's LIHTC housing developments maintain low vacancy rates, and two maintain waiting lists. Therefore, we believe that construction of the Subject is feasible within this market, and will have a positive impact upon the area while not adversely impacting demand for existing multifamily supply.



## STRENGTHS/WEAKNESSES

- Strengths of the Subject will include its excellent condition, design, and competitive amenities packages, and proximity to public transportation.
- The Subject's does not appear to face any potential competitive disadvantages.
- As a newly constructed property, we anticipate the Subject's floor plans will be well-designed and functional for their intended use. Further, we have reviewed the floor plans, and they appear to offer a functional layout based on the intended use. Overall, we anticipate that the Subject's unit sizes will be well accepted in the marketplace and competitive with the comparables.
- As proposed, the Subject will provide good quality, new affordable family housing units that are in high demand in the area. The Subject will be located at 172 West Harrison Street in Sandy, Utah. The Subject is located in a neighborhood that consists primarily of retail and commercial uses, multifamily uses, and mobile homes. The Subject site is designated as "Somewhat Walkable" by Walk Score with a score of 57 indicating some errands can be accomplished on foot. The Subject is also located proximate to many public transportation options providing easy access to all parts of Salt Lake County. It should be noted that crime indices in the PMA are similar in comparison to the MSA, and each area's total crime index is above the national average. There do not appear to be any adverse conditions that could affect the Subject. The Subject will positively impact the neighborhood, which is well-suited for this type of housing.
- The Subject will offer a clubhouse/meeting room/community room, courtyards, elevator service, garage parking, on-site management, picnic areas, and WiFi in common areas.
- The Subject's proposed LIHTC rents are below comparable market rents, providing a tenant rent advantage for low to moderate income households.
- Population and households in the PMA are anticipated to increase through 2022 at rates similar in comparison to the MSA and higher in comparison to the nation. Historically, population and households in the MSA have increased at rates higher in comparison to the nation. It should be noted that the PMA has experienced positive growth in population and households since 2000. As population and households continue to increase, demand for all types of housing is expected to increase.
- As indicated by the vacancy rates at the majority of the comparable properties, there appears to be strong demand for affordable housing and apartments in general, which is supported by anecdotal information from market participants and the demand analysis.
- Construction of the Subject will positively impact the surrounding neighborhood by improving the overall appeal of the Subject site, which is currently improved with an existing vacant commercial building that will be razed prior to construction.
- It is significantly more affordable to rent a unit at the Subject than to purchase a home in the area. This indicates that the Subject will face little to no competition with home ownership from within the immediate area.

## CONCLUSIONS

- Upon completion, the Subject will be an excellent quality development, offering affordable housing to low-income families. A review of the floor plans indicates the Subject is well conceived and designed. As a newly constructed development, the Subject will not suffer from deferred maintenance or functional obsolescence.
- The PMA includes many employment options for area residents. The Subject's location allows tenants to commute within a short distance to employment opportunities of various skill levels. Total employment in the MSA has increased in all but two years since 2002, and the regional economy is expanding rapidly. From June 2017 to June 2018, total employment in the MSA increased at a rate of 1.9 percent. As of June 2018, the unemployment rate in the MSA was 3.4 percent, below the national unemployment rate of 4.2 percent. The MSA's ability to withstand the nationwide recession is likely due to the high concentration of employment in the educational services, public administration, and healthcare/social assistance sectors, which tend to be less volatile during economic downturns.
- The PMA has experienced positive growth in population and households since 2000. Additionally, population and households in the PMA are anticipated to increase through 2022 at rates similar in comparison to the MSA and higher in comparison to the nation. As population and households continue to increase, demand for all types of housing is expected to increase. As of 2017, median household income in the PMA was similar in comparison to the MSA but higher in comparison to the nation. The demographics presented indicate a large potential affordable renter population within the PMA. These factors support current and future demand for the Subject.
- All of the comparable rental properties selected for our analysis are located within 2.5 miles of the Subject, and two of the comparables are within one mile of the Subject. The availability of LIHTC data is considered good, and all of the LIHTC comparables are located within the PMA. The availability of market rate data is good as well, and all of the market rate comparables are also located within the PMA.
- The vacancy rate among all of the stabilized comparables ranges from 1.0 to 5.2 percent, with an overall weighted vacancy rate of 3.6 percent. Arcadia Apartments Phase I was built in 2018 and is currently in the lease up phase and absorbing tenants at a strong pace. The weighted average vacancy rate of the stabilized LIHTC comparables is 2.9 percent. The weighted average vacancy rate of the market rate comparables is 3.8 percent. Canyon Park Apartments reported the highest vacancy rate at 5.2 percent and attributed this elevated vacancy rate to turnover during the summer months. As indicated by the vacancy rates at the majority of the comparable properties, there appears to be strong demand for affordable housing and apartments in general, which is supported by anecdotal information from market participants and the demand analysis provided later in this report. Based on the performance of the comparable LIHTC properties and the Subject's substantial rent advantage in the market, we believe the Subject will maintain a vacancy rate of three percent or less once it reaches stabilization.
- Provided that the Subject property is properly marketed and pre-leasing begins approximately three months prior to the completion of construction, we estimate that the Subject's 177 units could be absorbed into the market within five months of completion. This pace equates to an average absorption rate of approximately 35 units per month, which we believe is reasonable based on the absorption data and low vacancy rates reported by the comparables.
- There is strong demand for the Subject based on our calculations. All of the stabilized LIHTC comparables reported low vacancy rates, and two maintain waiting lists on at least some of their units. We believe that the Subject could achieve maximum allowable rents for all of its LIHTC units and maintain a vacancy rate of three percent or less once it reaches stabilization. Further, with the large demand for quality affordable

units in the Sandy rental market, the Subject's significant rent differential will allow for its units to be absorbed quickly. The Subject's achievable LIHTC rents by unit type offer a rent advantage of 28 to 31 percent over Novogradac's estimate of achievable market rents. Overall, we believe the proposed rents offer value in the market, and that there is demand for the Subject as conceived.

- The demand analysis illustrates demand for the Subject based on capture rates of income-eligible renter households. When viewing total income-eligible renter households, the calculation illustrates an overall capture rate of 5.15 percent at the 60 percent of AMI level. This is considered reasonable taking into account the other indications of demand.
- To provide another level of analysis, we removed the households from the income-eligible renter demand pool that are currently suitably housed elsewhere in the PMA. We conducted an annual demand analysis, which is based on new income-eligible renter households moving into the area (in the Subject's first year of operation only) and those income-eligible renter households that are rent-overburdened (paying over 35 percent of income to living costs). This is a subset of the income-eligible renter households used previously and yields a far more conservative annual capture rate. This annual capture rate is 12.7 percent for annual demand for the first year of operation. This suggests that the Subject will need to capture a small portion of the available demand in its first year of operation in order to stabilize. This implies that no demand will be accommodated that is currently suitably housed elsewhere.
- Overall we believe the Subject will offer quality affordable housing and is feasible as proposed.

## **II. PROJECT DESCRIPTION**

**PROJECT DESCRIPTION**

**Site Location:** The Subject is a proposed multifamily LIHTC property that will be located at 172 West Harrison Street in Sandy, Utah 84070.

**Rents and Unit Mix:** The following table details the proposed rents and unit mix for the Subject.

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2018 LIHTC Maximum Allowable Gross Rent	HUD Fair Market Rents
				@60%			
1BR / 1BA	688	60	\$826	\$74	\$900	\$900	\$834
2BR / 2BA	1,017	78	\$986	\$94	\$1,080	\$1,080	\$1,035
3BR / 2BA	1,281	39	\$1,137	\$111	\$1,248	\$1,248	\$1,475
		<b>177</b>					

Notes (1) Source of Utility Allowance provided by the Developer and Housing Authority of the County of Salt Lake, effective May 1, 2018

**Construction Details:** The Subject will consist of one five-story midrise elevator-serviced building. The building will be constructed with a wood frame structure, flat roof, and concrete slab.

**Current Occupancy Levels, Rents, Tenant Incomes:** The Subject will be new construction. There are no current occupancy levels, rents, or tenant incomes to report.

**Utility Structure:** The Subject will offer gas heating, gas water heating, electric cooking, general electric, and electric air conditioning. The tenant will be responsible for all electric and gas utility expenses. The landlord will be responsible for cold water, sewer, and trash expenses. The following table depicts the utility allowance calculations based on information from the Housing Authority of the County of Salt Lake, effective May 1, 2018. It should be noted that the developer’s estimates match the data from the Housing Authority of the County of Salt Lake.

**HOUSING AUTHORITY UTILITY ALLOWANCE**

UTILITY AND SOURCE	Paid By	1BR	2BR	3BR
Heating - Gas	Tenant	\$19	\$24	\$27
Cooking - Electric	Tenant	\$16	\$20	\$24
Other Electric	Tenant	\$16	\$20	\$24
Air Conditioning	Tenant	\$4	\$7	\$9
Water Heating - Gas	Tenant	\$19	\$23	\$27
Water	Landlord	\$29	\$31	\$33
Sewer	Landlord	\$25	\$27	\$30
Trash	Landlord	\$14	\$14	\$14
<b>TOTAL - Paid By Landlord</b>		<b>\$68</b>	<b>\$72</b>	<b>\$77</b>
<b>TOTAL - Paid By Tenant</b>		<b>\$74</b>	<b>\$94</b>	<b>\$111</b>
<b>TOTAL - Paid By Tenant Provided by Developer</b>		<b>\$74</b>	<b>\$94</b>	<b>\$111</b>
<b>DIFFERENCE</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: The Housing Authority of the County of Salt Lake, effective May 1, 2018

We have also utilized the published utility allowance to adjust the comparable properties to the Subject's utility conventions.

**Unit Mix:**

The following table details the proposed unit mix and unit sizes for the Subject, as provided by the developer.

**UNIT MIX AND SQUARE FOOTAGE**

Unit Type	Number of Units	Unit Size (SF)	Net Leasable Area
1BR / 1BA	60	688	41,280
2BR / 2BA	78	1,017	79,326
3BR / 2BA	39	1,281	49,959
<b>TOTAL</b>	<b>177</b>		<b>170,565</b>

**Number of Stories:**

The Subject will consist of one five-story midrise elevator serviced building.

**Community Amenities:**

The Subject will offer a clubhouse/meeting room/community room, courtyards, elevator service, garage parking, on-site management, picnic areas, and WiFi in common areas.

**Unit Amenities:**

The Subject's amenities in each unit will include a balcony/patio, blinds, carpeting/vinyl tile, central air conditioning, coat closets, dishwasher, ceiling fans, garbage disposal, microwave, range/oven, refrigerator, walk-in closets, and washer/dryer hookup.

**Unit Layout:**

We have reviewed the proposed floor plans of the Subject, and the proposed units appear to be market-oriented and have a functional layout based on their intended use. The floor plans are included in the addenda of this report.

**Parking:**

According to the developer, the Subject will offer 38 off-street surface parking spaces and 243 garage parking spaces, a total of 281 parking spaces. The garage parking spaces will be available at no additional fee. The proposed number of parking spaces equates to a ratio of

approximately 1.59 spaces per unit. The amount of parking proposed for the Subject appears adequate for the Subject's proposed tenant base and unit mix. Further, the Subject offers good access to public transportation.

**Property Layout and Curb Appeal:**

The Subject is a proposed 177-unit LIHTC development that will offer one-, two-, and three-bedroom units. The finished product will have excellent curb appeal, enhancing the site as well as the neighborhood.

**Architectural Plans:**

The Subject is a proposed LIHTC development that will be new construction. Architectural plans are provided by BSB Design, Inc. and are included in the addenda of this report.

**Developer Information:**

The developer is Wasatch Residential Group, LLC.

**Date of Construction:**

Construction is anticipated to begin in March 2019 and be completed by September 2020.

**Americans With Disabilities Act of 1990:**

We assume the property will not have any violations of the Americans with Disabilities Act of 1990 since the property will be new construction.

**Quality of Construction Condition and Deferred Maintenance:**

It is assumed that the construction of the Subject will be completed in a timely manner, consistent with the information provided, using average-quality materials in a professional manner.

**Functional Utility:**

As a newly constructed property, the Subject will not suffer from functional obsolescence.

**Conclusion:**

Upon completion, the Subject will be an excellent quality development, offering affordable housing to low-income families. A review of the floor plans indicates the Subject is well conceived and designed. As a newly constructed development, the Subject will not suffer from deferred maintenance or functional obsolescence.