



City of Ketchum
City Hall

November 18, 2021

Mayor Bradshaw and City Councilors
City of Ketchum
Ketchum, Idaho

**Recommendation to review additional information related to an update of the City of Ketchum
Community Housing In-Lieu Fees and provide direction to staff**

Recommendation and Summary

Staff is recommending the council review the additional information provided by staff and Blaine County Housing Authority (BCHA), as requested at the October 18, 2021, City Council meeting and provide direction to staff on the short term and long-term path forward for adoption of an updated housing-in-lieu fee and community engagement.

Background

At the October 26, 2021, meeting of the Ketchum City Council, staff and BCHA presented a recommended update of the per square foot housing in-lieu fee of \$607. The proposed fee was based on the current methodology in place since 2015, with updated assumptions for best practices and market conditions. The current in-lieu fee is \$238.00 per square foot and has not been updated since 2016.

The amount the city charges for the in-lieu fee is at the discretion of the Council. Although the methodology may reflect a fee amount based on a set methodology, market inputs, and assumptions, the council may elect to set a fee at an amount less than what the methodology yields. The Council can set the fee at an amount suitable to achieve the goals of the program. Based on feedback from the community, there is general support for an update to the fee, however, some expressed concern for the steep increase in fees and elements of the methodology and assumptions. Suggestions were made to revise the methodology assumptions and inputs. Many of the suggestions would require a fundamental change to the methodology of the fee-in-lieu calculation and in some instances, changes to the Ketchum Municipal Code (KMC). As of the date of this report, staff has only received one additional letter of public comment since the October 18, 2021 meeting. A copy of all public comment received to date is included in Attachment D, organized with the most recent comments placed first.

If Council sees a need to establish a new fee methodology and approach, the process to develop a new approach would take approximately 6-12 months. Before embarking on a new approach for calculating fees, staff recommends completion of the Housing Strategic Plan to determine how the fee fits into the overall housing goals. A change in the fee methodology would involve community outreach and engagement hence the 6–12-month process for establishing a new methodology. A

delay of 6-12 months would impact the city's ability to collect an appropriate fee for projects yet to be filed in the 2022 development season.

Staff recommends the council update the housing fee-in-lieu using the current methodology in the short-term. Once the Housing Strategic Plan is complete and after community feedback and engagement, Council should determine if the fee, the methodology and approach should be changed. If Council determines a community workshop is important at this time, staff requests direction on what information the Council would like to obtain in a workshop.

Housing In-Lieu Fee History and Calculation

The City of Ketchum adopted Ordinance 994 in 2006 establishing a community housing density bonus incentive which provided for an increased floor area ratio (FAR) in exchange for community housing. Since 2006 changes have been made to the original requirement and Ketchum Municipal Code (KMC) Section 17.124.040 reflects the current standards. An applicant may satisfy the community housing requirement in different ways. One way is to contribute a housing in-lieu fee. Under KMC 17.124.040.B.2.c, the in-lieu fee shall be recommended by the governing housing authority on an annual basis and adopted by the City Council.

The purpose of the density bonus incentive "is to encourage new development to include a reasonable supply of affordable and resident occupied workforce housing for sale or rent, to help meet the demand and needs for housing of the community's employees." A project may exceed the permitted FAR within the city's Community Core (CC-1 and CC-2), Tourist (T, T-3000, and T-4000), and General Residential – High Density (GR-H) zone districts subject to review and approval of the project design by the Planning and Zoning Commission.

Projects taking advantage of the increased FAR must provide a certain square footage of community housing per the calculation outlined in KMC 17.124.040 or KMC 17.124.050 for hotels. The requirement may be satisfied by one or a combination of the following:

- Provide community housing on-site
- Construction of community housing off-site, within the city limits
- Acquisition of existing housing stock subject to City approval
- Land conveyance to the city
- Pay a fee-in-lieu of community housing

The calculation for applying the fee is outlined in KMC 17.124.040.B.2.a and b. Projects taking advantage of the density bonus program must mitigate 20% of the net increase of floor area for a project. Most projects that utilize the program are in the Community Core (CC) zone district, although there are other zone districts that have density bonus provisions. Attachment A includes a detailed calculation of an example project in the CC district. For a project in the CC district on one Ketchum Townsite lot of 5,500 square feet, a project would be permitted to build up to 12,375 square feet. For a project that seeks to maximize the benefit, a 12,000 square foot project would be required to provide 1,105 square feet of Community Housing, or approximately 9% of the project.

As discussed above, applicants have the option of satisfying the requirement by providing physical units or by paying a fee-in-lieu. In this scenario, at a rate of \$238 per square foot, a housing fee-in-lieu of \$262,990 would be assessed if no physical units were provided. For perspective, the housing fee-

in-lieu of this scenario represents approximately 5% of the total construction cost of the project assuming a cost of construction of \$450 per square foot.

Analysis

Below is additional information requested by City Council during the October 18, 2021 meeting.

5 Year Trend

Per the KMC, the fee-in-lieu rate should be updated annually. The current fee-in-lieu rate of \$238 was adopted in 2016 and has not been updated since. Below is a Table that shows what the fee-in-lieu rates would have been each year, using the same assumptions and methodology of 2015. This table assumes an update of the fee in January of each year. There are two 2021 fees shown in the Table. The first is if there was an update to the fee in January of 2021. The second is what the fee would be with an update in October of 2021, using the same methodology as previously adopted. As discussed at the October 18, 2021 meeting, staff and BCHA recommended changes to the administrative fee and assumed interest rate resulting in a proposed fee of \$607, a \$4 difference.

Table 1

In Lieu Fees History 2015 Adopted Methodology							
Reporting Period	Year	In Lieu Fee	Change	Percent Change	Median Sales Price Used	Change	Percent Change
Jan-Dec 2014	2015	\$ 196	--	--	\$ 377,500	--	--
Jan-Dec 2015	2016	\$ 238	\$ 42	21%	\$ 612,500	\$ 235,000	62.3%
Jan-Dec 2016	2017	\$ 254	\$ 17	7%	\$ 512,500	\$ (100,000)	-16.3%
Jan-Dec 2017	2018	\$ 327	\$ 73	29%	\$ 685,000	\$ 172,500	33.7%
Jan-Dec 2018	2019	\$ 351	\$ 25	8%	\$ 740,000	\$ 55,000	8.0%
Jan-Dec 2019	2020	\$ 365	\$ 13	4%	\$ 758,000	\$ 18,000	2.4%
Jan-Dec 2020	2021	\$ 464	\$ 100	27%	\$ 990,000	\$ 232,000	30.6%
Sept 20-Sept 21	2021	\$ 603	\$ 139	30%	\$ 1,085,000	\$ 95,000	9.6%

The blue columns in the table above represent the percent change in the fee. The past two years have certainly resulted in substantial increase in market prices due to the influx of people the city has seen during COVID, however, it is important to note that similar increases have occurred in 2015/2016, 2018/2018, and today. This information demonstrates the trend of increasing popularity of our mountain community and a widening of the gap between the target affordable purchase price and the free market.

Sensitivity

The City Council requested a sensitivity analysis showing the fee-in-lieu amount for a variety of inputs including household size, administrative fee, interest rate, and affordable unit size. Staff and BCHA rely on data sources that can be verified and documented through census or other government sources. For reference, Attachment B is the updated fee as proposed by staff on October 18, 2021. Attachment C shows the full detail of the sensitivity analysis for these variables. The analysis shows the full calculation as proposed on October 18, 2021 and a sensitivity analysis evaluating variables for

administrative fee, persons per household, interest rate, and affordable unit size. The sensitivity analysis shows a range of fees from \$389 to \$607.

As mentioned above, the methodology is a statistical analysis using a set of assumptions, some of which can vary and others that do not. Staff acknowledges that the proposed \$607 per square foot represents a steep increase in the fee that may not be palatable for the development community due to the time lapse since the last update. At its discretion, the council may elect to set a fee at an amount deemed suitable to achieving the overall goals of the housing fee-in-lieu program.

Next Steps

Considering the information above, the council may proceed in a number of ways:

- Retain the existing methodology and set the housing in-lieu fee at a rate that achieves the goals of the program but is responsive to concerns of the development community.
- Retain the existing methodology and update the fee based on inputs and final assumptions from the information above.
- Keep the fee as is and defer future increases until an update to the methodology can be achieved following discussions and recommendations from the Housing Strategic Plan.

Staff acknowledges that the timeframe provided for update of the fee has not resulted in extensive outreach. The council suggested a work session discussion with the community prior to adoption of the updated fee. If the council believes the work session to be valuable, based on the information above, staff will work to coordinate one.

Sustainability

This request does not inhibit the City of Ketchum's ability to implement the 2020 Ketchum Sustainability Action Plan.

Financial Impact

Increasing the fee-in-lieu may increase the balance of the City of Ketchum in-lieu fund, however this is dependent on whether developers elect to build housing or pay the fee-in-lieu.

Attachments

- A. Housing Fee-in-Lieu Calculation Example
- B. Updated Fee Recommended on October 18, 2021
- C. Housing Fee-in-Lieu Sensitivity Analysis
- D. Public Comment

Attachment A:
Housing Fee-in-Lieu Calculation
Example

HOUSING FEE-IN-LIEU EXAMPLE

Assumptions	Amount	Unit	Notes
Square Footage of Lot	5,500	SF	One ketchum Townsite Lot
Permitted Floor Area Ratio (FAR) - 1.0	5,500	SF	Permitted by right in the CC District
Maximum FAR with Community Housing Mitigation - 2.25	12,375	SF	Maximum allowed in the CC District with Community Housing Mitigation

Minimum Requirement for Community Housing			
Proposed Gross Floor Area of Project	12,000	SF	Less than maximum FAR as projects often include surface parking off alleys not included in FAR calculation
Density Bonus Square Footage	6,500	SF	(12,000 SF - 5,500 SF) Proposed Gross Floor Area minus Permitted FAR in the CC district
Square Footage of Housing Required (Gross) - 20% mitigation	1,300	SF	(6,500 SF X 0.2) - 20% of density bonus
Square Footage of Housing Required (Net)	1,105	SF	(1,300 SF X 0.85) - 15% reduction of density bonus to reach net livable square footage
Required Community Housing	1,105	SF	

Mitigation - No Units Provided			
Required SF of Community Housing	1,105		
On or Off-site Units	-		No on-site units provided in this scenario
Housing Fee per SF	\$ 238.00		Adopted in 2016
Fee-In Lieu Amount	\$ 262,990.00		1,105 SF X \$238.00

Mitigation - Units provided			
Required SF of Community Housing	1,105	SF	
On or Off-site Units	650	SF	Assume one 650 SF unit on or off-site
Remaining SF of Community Housing	455	SF	1,105 SF - 650 SF
Housing Fee per SF	\$ 238.00		Adopted in 2016
Fee-In Lieu Amount	\$ 108,290.00		455 SF X \$238.00

**Attachment B:
Updated Fee Recommended on
October 18, 2021**

Update Recommended to Council on October 18, 2021

(Ketchum In-lieu fee)

BCHA Income Category No.	2	3	4	5
Area Median Income	< 60%	61% - 80%	81% - 100%	101% - 120%
Max. Annual Income (2-person HH, 2021 Income Limits)	\$36,000	\$48,000	\$60,000	\$72,000
Gross Monthly Income (Income Category Limits)	\$3,000	\$4,000	\$5,000	\$6,000
Targeted Monthly Income (Income Category Midpoint)		\$3,500	\$4,500	\$5,500
Affordable Monthly Housing Costs (30% of gross)		\$1,050	\$1,350	\$1,650
Utilities, Taxes & Insurance (15% of Gross Housing Costs)		\$158	\$203	\$248
HOA Dues (Ketchum median*)		\$312	\$312	\$312
Mortgage Payment Amount (Housing Costs, minus Utilities/Taxes/Insurance, minus HOA Dues)		\$581	\$836	\$1,091
20 Year Adjusted Average Interest Rate		4.85%	4.85%	4.85%
Max. Mortgage (30-year Term)		\$110,007	\$158,331	\$206,655
Down payment (3%)		\$3,300	\$4,750	\$6,200
Target Affordable Purchase Price		\$113,308	\$163,081	\$212,854

City of Ketchum In-lieu Fee Calculation Worksheet	
<i>(Affordability Gap Method)</i>	
Market Rate Median Price*	\$1,085,000
Market Rate Median Size (Livable sq. ft.)	1,697
Market Rate Median Price per Square Foot*	\$658
<hr/>	
Affordable Purchase Price	\$163,081
Target Square Footage for Community Housing	1,250
Affordable Price Per Square Foot	\$130
<hr/>	
Affordability Gap (Purchase Price)	\$921,919
Affordability Gap (Price per Livable sq.ft.)	\$528
Administrative Fee (15%)	\$79
<hr/>	
2020 Payment In-lieu (per sq.ft.)	\$607
<hr/>	
*MLS Sold Data FY 2021	

Current as of 10/18/2021

Attachment C:
Housing Fee-in-Lieu Sensitivity
Analysis

In Lieu Fees												
Assumption Sensitivity												
Affordable Unit Size	Admin Fee 0%				Admin Fee 10%				Admin Fee 15%			
	2 person HH		3 person HH		2 person HH		3 person HH		2 person HH		3 person HH	
	20 year IR ¹	5 year IR ²	20 year IR	5 year IR	20 year IR	5 year IR	20 year IR	5 year IR	20 year IR	5 year IR	20 year IR	5 year IR
1,250 SF ³	\$ 528	\$ 508	\$ 505	\$ 483	\$ 580	\$ 559	\$ 556	\$ 531	\$ 607	\$ 584	\$ 581	\$ 555
908 SF ⁴	\$ 478	\$ 452	\$ 448	\$ 416	\$ 526	\$ 497	\$ 492	\$ 458	\$ 550	\$ 520	\$ 515	\$ 479
815 SF ⁵	\$ 458	\$ 428	\$ 424	\$ 389	\$ 504	\$ 471	\$ 466	\$ 428	\$ 527	\$ 493	\$ 487	\$ 447

Notes:

1. IR stands for Interest Rate. The 20 year average interest rate is 4.85%.
2. The 5 year average interest rate is 3.69%.
3. The Affordable Unit Size of 1250 SF is the unit size assumption used in calculating 2015 and 2016 fees.
4. The Affordable Unit Size of 908 SF is the median size of all for-sale properties within the City of Ketchum Community Housing Inventory.
5. The Affordable Unit Size of 815 SF is the median size of all properties (for-sale and rental) within the City of Ketchum Community Housing Inventory.

Attachment D:
Public Comment

From: [Morgan Landers](#)
To: [Morgan Landers](#)
Subject: FW: Builder fees
Date: Friday, November 12, 2021 9:40:33 AM

-----Original Message-----

From: susancneaman@gmail.com <susancneaman@gmail.com>

Sent: Monday, October 25, 2021 2:55 PM

To: Participate <participate@ketchumidaho.org>

Subject: Builder fees

Yes to the fees for builders!

Susan

Sent from my iPhone

From: [Amanda Breen](#)
To: [Lisa Enourato](#)
Subject: Fwd: Please correct the proposed cash-in-lieu calculation
Date: Saturday, October 16, 2021 9:29:46 PM

Public comment

Sent from my Verizon, Samsung Galaxy smartphone
Get [Outlook for Android](#)

From: bob@sunvalleyrealtors.org <bob@sunvalleyrealtors.org>
Sent: Saturday, October 16, 2021 9:08:35 PM
To: Amanda Breen <ABreen@ketchumidaho.org>; Jim Slanetz <jslanetz@ketchumidaho.org>; Michael David <mdavid@ketchumidaho.org>; Courtney Hamilton <CHamilton@ketchumidaho.org>
Subject: Please correct the proposed cash-in-lieu calculation

Ketchum City Council:

Following are our comments concerning the BCHA and staff recommendation to increase the cash-in-lieu fee for community housing to \$607 per square foot. This seemingly straight-forward calculation becomes more complicated when the impact of each assumption is considered but ensuring that each assumption reflects the purpose of this program is the only way to produce a fair and accurate calculation.

Please feel free to call me at any time this weekend or Monday if you have any questions or would like additional data or explanation. We apologize for delivering this over the weekend, but the staff report was not posted until mid-morning Friday, leaving us insufficient time to complete our research soon enough to send our comments by Friday afternoon.

Thank you in advance for your time and consideration of our concerns.
Bob

Bob Crosby
Government Affairs Director
Sun Valley Board of REALTORS
208-721-8353

Request to Correct the Data Used to Calculate Cash-in-Lieu:

Staff has asked the Ketchum City Council to approve a \$607 per square foot cash-in-lieu calculation. We believe this amount is a result of using unsupported or ill-conceived data from which to derive the components of the cash-in-lieu formula. We explain our concerns below and ask the City Council to table approval of this amount until BCHA and staff can correct the calculation, based on Council's direction to use inputs in the formula that correlate to the purpose and need of this program (see Solution and Recommendation, below).

Purpose: To establish the correct cash-in-lieu amount one must calculate the difference between

the market rate cost of a community housing home and the amount a purchaser can afford to pay without being housing cost burdened. This purpose is evidenced by the formula utilized by BCHA to calculate the cash-in-lieu amount.

Key Factors: Three inputs are crucial to the fair and reasonable calculation of cash-in-lieu: median market price, median home size, and household size for the purpose of establishing maximum income and the HUD related maximum amount a community housing purchaser can pay for a community housing home.

Methodology: The formula presented by BCHA and staff is fine, however the inputs they have used in the formula appear to be chosen for the purpose of calculating the highest possible cash-in-lieu number, without regard for market facts or other community housing standards. We propose alternate methodology to correct this approach below:

1. **Comparable Homes Used to Establish Market Price:** BCHA and staff have used the median of all homes sold in the past 12 months in Ketchum to determine the median market price of a community home (the starting point of this calculation). This includes the following homes: i) an over 6,000 square foot, \$11 million home, ii) an over 6,500 square foot, over \$5 million home, and iii) an over 7,500 square foot, almost \$5 million home, among many other multi-million dollar, multi thousand square foot, homes. By choosing this universe of “comparable” homes, **the median price and size is vastly overstated** for the purposes of calculating cash-in-lieu.
 - a. **Alternate Method:** We believe that the universe of comparable homes used to establish the median market price and size of a community home should include all properties sold in the trailing 12 months that might somehow be considered for a potential community housing home acquisition. We recommend capping the purchase price at \$600,000 for this purpose, but you could consider anything up to \$1 million even though one would hope that in the interests of being efficient with precious resources and effective in terms of housing the maximum number of families, a lower limit would be used. For context, in Ketchum last year there were 61 homes sold for \$600,000 or less, providing more opportunity for investment in community housing of this style than Ketchum will ever be able to afford on an annual basis. Once these parameters are established, the median size and median HOA cost also are provided by the data set.
2. **Median Size of Homes:** BCHA and staff have arbitrarily chosen 1,250 square feet as the median size of a community housing home for the purpose of this calculation, with absolutely no statistical support for it. (Re: point 1 above: The fact that BCHA and staff felt obligated to arbitrarily choose a smaller number that is significantly less than the actual median for the “comparable” homes staff and BCHA have chosen to use to establish their median price for market rate community homes, implies that using all homes sold in Ketchum as the starting point for this analysis is also wrong, as stated in 1. above). More than any other factor, the median home size used in this calculation impacts the eventual cash-in-lieu cost per square foot; **by arbitrarily selecting a larger than appropriate size, BCHA and staff create an arbitrarily larger cash-in-lieu amount.** This is because the gross dollars that a purchaser can contribute to a community housing purchase is greatly reduced on a per square foot basis by dividing it by a larger number than is supported by the data. Four examples of why the arbitrary selection of 1,250 square feet is inappropriately large are:
 - a. The median size of the subset of homes ultimately identified by the City Council as appropriate to establish the median market price and size, provided the Council sees that that subset should correlate to the purpose and need of this calculation, will have a significantly lower median size than 1,250 square feet (**see Solution and Recommendation below**).
 - b. IHFA states that homes shall not be less than the following sizes, obviously indicating

that 1,250 square feet is far in excess of that required, or deemed necessary by IHFA to provide a community housing home:

- i. 1 bedroom 600 square feet
 - ii. 2 bedrooms 750 square feet
 - iii. 3 bedrooms 1,000 square feet
- c. ARCH has just finished developing 60+ family units in Hailey. The 2 bedroom units in that development are 914 square feet.
- d. The City supports Bluebird Village in its desire to provide community housing. The predominant unit sizes at Bluebird Village are:
- i. 1 bedroom 640 square feet
 - ii. 2 bedrooms 796 square feet
 - iii. 3 bedrooms 1,096 square feet
- e. The household size used by BCHA and staff in this calculation (2 persons) can easily fit comfortably within a 2 bedroom home with these median sizes, as could households of 3 persons.
- f. **Alternate Method: If the City Council directs staff and BCHA to utilize an appropriate set of homes to establish the appropriate median market price for community housing, then the median size will be the actual median size of those homes, not some arbitrary size chosen by BCHA and staff.**

3. **Household Size:** Choice of household size is also crucial to this calculation because that is what determines the income level that HUD stipulates, which in turn determines the maximum amount a purchaser can contribute to the purchase of a community housing home without being housing cost burdened. BCHA and staff persist in using a 2 person household size to calculate the cash-in-lieu amount, despite the **2019** census data stating that in 2019 the average Ketchum household contained 2.43 people, and the **2015-2019** census data for Blaine County stating that the average household size in the County was then 2.75 persons. Staff says it has used a household size of 2 because that's the appropriate rounding methodology from 2.43 (.07 persons from rounding up to 3!). The census margin of error with the 2.43 number is .23 so the 2019 number could be as high as 2.66 persons. If you consider married couple households the census says the 2019 average size is 2.89 people with a margin of error of .24 that on the upside puts the average Ketchum married couple household over 3 persons in 2019, and on the downside would result in rounding up to a household size of 3 persons. **All of these factors support using a household size of 3 in the analysis. More importantly, this data pre-dates the pandemic related influx** we know has increased the population of Ketchum and the County dramatically. If one considers how stale dated this information is, and the fact that since 2019 Ketchum has experienced its two biggest real estate sales years in memory, with the huge influx of residents we have experienced, then the obvious conclusion is that a Ketchum household size now, at the end of 2021, is almost certainly over 2.5 persons which according to staff's logic should then be rounded up to 3 persons.

- a. **Alternate Method: While we suspect that the real size is even larger, Council should insist that a household size of at least 3 be used to result in a fair and accurate calculation of cash-in-lieu.**

4. **Administrative Fee?** The 2016 BCHA memo upon which the present methodology is based, suggests that an administrative fee **"should be considered" (NOT should be included)** on the basis that the City might have to pay for soft costs of some description were it to suddenly become a real estate developer, an eventuality I believe we all hope never comes to pass. There are two reasons why this fee should not be added to the calculation of cash-in-lieu:

- a. All such construction related soft costs are already baked into the starting point of this calculation which is the retail median price of a home. To add these costs in again would be double counting them, and
- b. The methodology for this calculation is meant to measure the gap between affordable and market price for a community housing home. It has nothing to do with development, and the City is not a developer in any event. If the City chooses to use these funds for development at a later date it may do so, but it **cannot burden real estate businesspeople today with an imagined charge given that the probability is**

that these costs will never actually be incurred. If staff must review proposals for the use of this money, then it should, as is its job, without the need for additional fees to cover salaries already paid for by other City revenue. The insertion of an administrative fee is simply an unfounded money grab **at the rate of over \$75,000 per 900 square foot community housing unit** (fee = \$84 psf x 900 sf = \$75,600) **and should be seen by the Council for what it is and removed from the calculation of cash-in-lieu.**

5. **Financial Impact:** The staff report states that the only financial impact of increasing the cash-in-lieu fee to \$607 per square foot is that the balance of the City cash-in-lieu fund might increase unless developers choose to build community housing instead. **There are two very real additional outcomes:**
 - a. **Developers choose not to build in Ketchum over 1.0 F.A.R. density, or choose not to build at all,** deciding that an extra \$369 per square foot cost for community housing cash-in-lieu, or **a community housing cash-in-lieu cost of over \$1,400,000 for a standard 11,000 square foot 2 lot development site, is a deal killer,** which many believe it will be. **\$607 per square foot x 0 community housing bonus density square feet built = \$0 raised for community housing.** Remember, projects built to 1.0 F.A.R. require no payment for community housing.
 - b. **If developers are forced to accept \$607 or some other arbitrarily high cost per square foot, then the only way that development projects make sense is if the price of every other component of the project goes up to pay for the increased cash-in-lieu cost of bonus density, to the degree the market will support such pricing. Relative prices trickle down to other properties making everything more expensive than it already is or needs to be.**

6. **Solution and Recommendation:** It is imperative that the calculation of cash-in-lieu be accurate and based on logical, real, data. Penalizing and potentially crippling the development industry, which benefits so many of your constituents, and contributes heavily to public and private revenues, by allowing cherry-picking of data sets to create the largest possible cash-in-lieu cost, is unfair and overshoots the purpose of this program. **The City Council can ensure this will not happen by instructing staff and BCHA to:**
 - a. **Use an appropriate data set of the Council’s choice (*several options are shown in the table below*) to determine the market rate median price in Ketchum for community housing,**
 - b. **Use a household size of 3 persons to reflect the likely true 2021 size of Ketchum households (i.e. greater than 2.5 persons for 2021).**
 - c. **Not add an administrative fee, for which there is no basis, to the calculation, and which, at the rate of over \$75,000 per 900 square feet of community housing, is egregious.**
 - d. **The following table highlights various tranches of the trailing twelve months of homes sales in Ketchum, with the median market price of those homes shown, as well as the *actual* median home size and median cost for HOA monthly dues. NOTE – For each tranche of homes there were enough homes sold in Ketchum (61 to 115 depending on the set of homes considered) during the last twelve months to offer far more opportunity for investment into actual community housing homes than available funds will allow:**

Actual Statistics - TTM Homes Sold in Ketchum				
Comparable Market Price	Median Price	Median Size	# of Homes	
			Sold	HOA \$/mo
\$0 to \$1,000,000	\$595,000	1,008	115	\$300
\$0 to \$900,000	\$574,000	960	106	\$278
\$0 to \$800,000	\$530,000	913	98	\$275
\$0 to \$700,000	\$494,700	856	85	\$270
\$0 to \$600,000	\$429,000	713	61	\$263

From: [Amanda Breen](#)
To: [Lisa Enourato](#)
Subject: Fwd: Proposed Housing Fee Changes
Date: Wednesday, October 13, 2021 8:08:37 PM

Public comment

Sent from my Verizon, Samsung Galaxy smartphone
Get [Outlook for Android](#)

From: Bill Banta <bill.banta@gmail.com>
Sent: Wednesday, October 13, 2021 6:10:18 PM
To: Amanda Breen <ABreen@ketchumidaho.org>
Subject: Proposed Housing Fee Changes

Dear Amanda,

I am a local property owner and have been trying to attract talent and build my business in the Ketchum area since relocating here five years ago. I currently own a home and live full time in Ketchum. Myself, and several other local small business owners, are in the design process to build an office space where all of our businesses can grow and add to our local economy. The majority of our office ownership (all local residents) currently has to rent space in Ketchum that is quickly becoming too small, with rents that are too high, limiting future growth. Ketchum is currently an area with limited high-quality office options, making the local area less appealing than other mountain towns.

The proposed housing fee increase to \$646 per square foot will have a drastic effect on our office plan, along with other projects in the design process, and hinder the ability for any of us to develop local business. Our office project would make a permanent home for over 50 local employees, with good paying jobs that enable people to make a career, and live comfortably in our valley.

While I think the housing-in-lieu-of-funds approach has merit, it may be time to re-assess the financial impacts to see how, and if, this regulation is delivering sustainable housing solutions. It is hard to draw a clear line between the funds collected and long-term affordable housing options since I moved to the area. I ask the city council members to take a closer look at the fee increase proposal and to make a thorough review before proceeding with any fee increases. If funds raised to date are not clearly delivering the long-term, affordable housing solutions needed in the valley, the local community may benefit from alternative solutions.

Sincerely,

Bill Banta
Ketchum Property Owner

From: [Neil Bradshaw](#)
To: [Harry Griffith](#)
Cc: [Jim Slanetz](#); [Courtney Hamilton](#); [Michael David](#); [Amanda Breen](#); [Jade Riley](#); [Suzanne Frick](#); [Morgan Landers](#); [Abby Rivin](#); [Adam Crutcher](#); [Tara Fenwick](#)
Subject: Re: SVED Comments on in-Lieu Fee Proposal
Date: Sunday, October 17, 2021 8:55:50 PM

Thanks Harry
This will be submitted into the public record
Thanks for your participation in this process
Cheers
Neil

NEIL BRADSHAW | CITY OF KETCHUM

Mayor

P.O. Box 2315 | [480 East Ave. N. | Ketchum, ID 83340](#)
o: 208.727.5087 | m: [208.721.2162](#)
nbradshaw@ketchumidaho.org | www.ketchumidaho.org

On Oct 17, 2021, at 8:26 PM, Harry Griffith <harry@sunvalleyeconomy.org> wrote:

SVED has reviewed the proposed new in-lieu fee structure proposed by Ketchum staff and do not support the analysis or recommendations.

We believe the calculation methodology is flawed based on:

1. Use of median TTM figure of \$1.086m (methodology should be based on lower sales price cut-off)
2. Use of 15% admin fee (this is a double count and should be 0%)
3. Use of median unit size of 1,267 sf (this parameter should be circa 1,000 sf)
4. Use of 2 BR unit category (this should be 3 BR based on BC median HH size)

We also believe that the process for application is flawed based on:

1. Limited time for public input to the analysis and process
2. Submittal of BCHA recommendation not authorized by their Board
3. Proposal to take the full new in-lieu fee increase all at once
4. Potential application of any new in-lieu fees to projects currently under discussion with P&Z but lacking permits

There are likely to be serious unintended consequences should Ketchum adopt this proposal as currently structured.

SVED would ask that council reject this proposal and remand staff to come up with an alternative methodology and process better reflecting market forces and the public interest.

Harry Griffith

Executive Director, Sun Valley Economic Development

www.SunValleyEconomy.org

From: [Hayden Seder](#)
To: [Participate](#)
Subject: Housing fees
Date: Friday, October 15, 2021 5:33:08 PM

Hello,

I think the proposal for raising the in-lieu housing fee is a great solution. You have my full support!

--

Hayden Seder
Freelance writer and editor
208.720.3164
P.O. Box 3896 | Ketchum, ID| 83340
www.haydenseder.com
www.the-wild-woman.net

From: [H Boyle](#)
To: [Participate](#)
Subject: Public Comment for City Council Meeting 10/18/21
Date: Friday, October 15, 2021 10:43:57 PM

Agenda Item 1.

While Ms Leer is to be applauded for volunteering for public service, who is Jill LEER? Is this the Jill LEAR who lives in Hailey? (She is quite talented, in my opinion).

The information provided in the packet appears insufficient for a council member to vote on the candidate in an informed manner. How was she recruited? Who else applied? Is everyone already familiar with the candidate's qualifications? Does she have any potential conflicts of interest?

This person will get to vote on how Ketchum taxpayer money is spent. She could be with us for 6 years. Seems like it's worth knowing a bit about the person you are asked to approve.

Item 3.

Last week it was money to the Democratic Party buried in the payables. This week it's.....sandwiches!

Is it an appropriate use of the LOT to be spent on staff appreciation lunches?

From the City Website:

“The LOT money remains in Ketchum and is invested in a wide range of City services and economic development initiatives that benefit local residents and businesses in accordance with the allowable uses approved by voters. Those uses include: municipal transportation, open space acquisition and recreation, capital improvements, emergency services, city promotion, visitor information and special events, property tax relief, and direct costs to collect or enforce the tax.”

Item 4.

In the staff memo, it does not reflect that Whiskeys will sell wine. Yet the application states that they will sell wine. The total fee of \$598.71 seems to have no basis in the specific charges for each of the license for beer, wine and liquor. Those categories add up to \$760, yet that number is crossed out and \$598.71 is written in.

Also shouldn't applications that take a signature require a printed name, as well?

Similar situation on the La Cab license. Fee does not match fee schedule.

Item 6. Typo in the Resolution title—I'll let you find it.

Item 24.

I sent in an email to “participate” asking what the change in fees notice in the paper was all about, and the response was it would be in the agenda packet. That was a non-response. So I thought it might be some de minimus fee.

Now I see that the answer I got prevented me from knowing what you were cooking up until the Friday before a Monday meeting. I did get a leaked copy on Thursday. How are some members of the public favored with that kind of information before other members of the

public?

This could be one of the biggest things the council decides this year. While the public gets a whopping 3 minutes per person to comment, the impact of this bears a lot more than 3 minutes of input. Like, what will this do to the hole in the ground?

The last bullet of the staff memo is not substantiated with current data. The data included was from 2016. Maybe they were in a bit of a rush? Interesting timing to do this right before the election.

See you Monday,

Perry Boyle
Ketchum

From: [Jay R. Emmer](#)
To: [Jay Emmer](#)
Cc: [Amanda Breen](#); [Courtney Hamilton](#); [Michael David](#); [Jim Slanetz](#); [Participate](#)
Subject: Re: In-Lieu Fee Resolution
Date: Friday, October 15, 2021 2:49:28 PM

Council-People,

I see that the in-lieu fee proposal was modified to \$584/sf (down from \$646). I still strongly oppose increasing the per square foot in-lieu fee to that level for the same reasons stated in my earlier email.

Thank You,

Jay

Please excuse any typos, this was sent from my iPhone

On Oct 15, 2021, at 11:20 AM, Jay Emmer <jay.r.emmer.1@gmail.com> wrote:

Council-People,

As a Ketchum resident, tax-payer, stake-holder and voter for more than 27 years I am writing to inform you that I am strongly opposed to the resolution that addresses the in-lieu fee for the City of Ketchum as follows from the agenda:

24. ACTION ITEM: FY22 Proposed Fee Adjustments, as submitted by Jade Riley, City Administrator. a. ACTION ITEM: Recommendation to update the City of Ketchum Community Housing In-Lieu Fees. b. ACTION ITEM: FY22 Proposed Fees and Charges.

I feel that the methodology for the 271% increase/adjustment as outlined in pages 274-291 of the meeting packet is significantly flawed, needs additional analysis and review, and should be subject to additional public comment and analysis.

I thank you in advance for taking the time to consider the input of a constituent.

Have a good weekend.

Thank you,

Jay

Jay R. Emmer
1-208-720-4282
502 Broadway Blvd.
Ketchum, ID
83340

From: [Jay R. Emmer](#)
To: [Jay Emmer](#)
Cc: [Amanda Breen](#); [Courtney Hamilton](#); [Michael David](#); [Jim Slanetz](#); [Participate](#)
Subject: Re: In-Lieu Fee Resolution
Date: Friday, October 15, 2021 2:49:28 PM

Council-People,

I see that the in-lieu fee proposal was modified to \$584/sf (down from \$646). I still strongly oppose increasing the per square foot in-lieu fee to that level for the same reasons stated in my earlier email.

Thank You,

Jay

Please excuse any typos, this was sent from my iPhone

On Oct 15, 2021, at 11:20 AM, Jay Emmer <jay.r.emmer.1@gmail.com> wrote:

Council-People,

As a Ketchum resident, tax-payer, stake-holder and voter for more than 27 years I am writing to inform you that I am strongly opposed to the resolution that addresses the in-lieu fee for the City of Ketchum as follows from the agenda:

24. ACTION ITEM: FY22 Proposed Fee Adjustments, as submitted by Jade Riley, City Administrator. a. ACTION ITEM: Recommendation to update the City of Ketchum Community Housing In-Lieu Fees. b. ACTION ITEM: FY22 Proposed Fees and Charges.

I feel that the methodology for the 271% increase/adjustment as outlined in pages 274-291 of the meeting packet is significantly flawed, needs additional analysis and review, and should be subject to additional public comment and analysis.

I thank you in advance for taking the time to consider the input of a constituent.

Have a good weekend.

Thank you,

Jay

Jay R. Emmer
1-208-720-4282
502 Broadway Blvd.
Ketchum, ID
83340

From: [Courtney Hamilton](#)
To: [Participate](#)
Subject: Fwd: Objection to Housing Fee Increase
Date: Friday, October 15, 2021 8:20:16 AM
Attachments: [Letter to the Ketchum City Council.pdf](#)

Get [Outlook for iOS](#)

From: Sanborn, Reid <reid.sanborn@evrealestate.com>
Sent: Friday, October 15, 2021 12:06 AM
To: Courtney Hamilton
Subject: Objection to Housing Fee Increase

Council Member Hamilton,

Please find my attached letter opposing the drastic increase to the Housing In Lieu of Fees for new developments in Ketchum that you will review Monday evening. I am not opposed to a fee increase, but believe the lack of transparency from the planning department, speed at which this proposal is getting to the council for a vote, and data used in the methodology for calculation is unacceptable.

Please reach out with any questions. I am more than willing to donate my time and expertise to help with this subject and help the city find the best path forward.

--

Thank you,

Reid Sanborn, MBA
Designated Broker & Partner
Development Services Advisor

Engel & Völkers, Sun Valley

EVSU Real Estate, Licensee of Engel & Völkers U.S. Holdings, Inc.

291 North First Ave
Ketchum, Idaho 83340
USA

Mobile: +1 208-720-8244

Tel: +1 208-928-7223

Fax: +1 208-928-7275

Internet: www.reidsanborn.evusa.com

Mailto: Reid.Sanborn@evrealestate.com

This e-mail and any attachments are confidential. If you are not the intended recipient of this e-mail, please immediately delete its contents and notify us. This email was checked for virus contamination before being sent - nevertheless, it is advisable to check for any contamination occurring during transmission. We cannot accept any liability for virus contamination.

October 14, 2021

Reid Sanborn
291 N 1st Ave
Ketchum, ID 83340

City of Ketchum City Council
PO Box 2315
480 East Ave N
Ketchum, ID 83340

Dear Ketchum City Council Members,

I am writing in regards to the proposed increase in the City of Ketchum's Housing in Lieu of Fees. I am a local business owner, property owner, developer, Broker, Past President of the Sun Valley Board of Realtors, Sun Valley Planning and Zoning Commissioner, and United States Veteran. I am not against an increase in the fees, but strongly disagree with the methodology in the city's calculation process, lack of transparency with stakeholders, and firmly believe that any change to the fees should be applied to future projects that have not spent massive amounts of money on the current assumptions, especially those that have been waiting patiently in the city planning department for approvals.

As a Broker, Member, Past President of the Sun Valley Board of Realtors, and someone who rents out properties to employees well below market value, including a member of your new planning department staff, I believe the method in which the data was used is far from the intent of the fee. The city's data includes numbers from homes which absolutely do not accurately represent a community housing unit. The figure of \$646 per square foot is currently higher than it costs to build a comparable property and outside the intent of the fee. I would ask that the Council please look at actual, comparable data to base your decision on. I encourage the Council to work with the experts in our community that have the waves of data supporting an appropriate number to find a solution and not kill development in Ketchum. If you halt development no one collects funds or gets housing units built as was the case from 2008 to 2016.

Furthermore, this fee will prevent more commercial use buildings and we currently have a lack of office, retail, and commercial space for local business owners to grow and expand. Demand has forced rents through the roof and local businesses are having a hard time making rent fit into their budget. This fee will completely kill opportunities for development of commercial buildings that will allow businesses to grow and thrive in our community adding to a strong, vibrant, and diverse local economy. A strong look at building type and use should be discussed and considered by the Council prior to adoption.

The funds collected go into an account, but what are the funds actually used for? You should ask the planning department how many units have been purchased by the funds since its inception. The only data I can find on the in lieu of funds spent is on the Ketch Building sidewalk and a couple extra deed restrictions for units on site. I strongly encourage the council to look into new programs that deliver on a promise of housing before implementing drastic changes. Your community has entrusted you with

making good decisions and to be a good steward of the money collected, this is not representative of that.

As a developer, I currently have three projects in the Ketchum City Core that would be directly affected by this change. My team submitted two of the projects in April of 2021, we were repeatedly told the city staff was overworked, understaffed, and to jump over hurdle after hurdle with the planning department to get feedback, a timeline, and even just a response. All the while, Planning and Zoning commission meetings were canceled or only had a single project/CUP on the agenda. For the planning department being so overloaded and unable to process applications, they somehow had time to put this proposal together without being transparent about their agenda.

Currently, one of our projects has passed the design review process and is waiting on building and grading permits. The second project on the agenda for the next meeting in October because the October 12th meeting was canceled. So far all projects that have gone through the planning and zoning commission passed with unanimous votes. The third project is a commercial building to provide office space for local companies and is preparing to submit for pre-app design review. We have spent hundreds of thousands of dollars on the projects, millions on the land, and have done everything the city has asked of us, yet here we are approaching winter with little to show for it and with zero mention by the staff of a possible change to the fee structure during the process. Had the city been transparent, we may have designed something different, but it wasn't, and now we face a direct and drastic financial impact from our local government.

I am in favor of continually updating the in lieu of housing fees as per the original intent, but a last minute proposal which will financially harm those still waiting on the planning department is absolutely wrong. If you vote to change the fees on Monday, I first urge you to first look at the process for the calculation with the industry experts to understand how this impacts the local economy and building community. Second, look into how these funds are spent and what impact they actually have. Finally, if you must vote on this issue Monday, then you should make an exemption for all projects and future projects that have purchased land, spent money on design and engineering, or reached out to the city for a meeting to let them know a project is in the planning process under the current assumptions. These projects could have a sunset, 1st of January 2022, in which they must submit for a permit, design review, or pre-app design review to continue under the current fees structure. Any project after this date would be subject to the new fee structure and have the necessary time to reassess their projects before spending millions of dollars. This is only fair to avoid undue financial harm as the planning department is unable to timely process applications, permits, and schedule meetings and has admittedly stated the same.

I am always willing to help and give back to my community and my goal has always been to make Ketchum a better place to live and work. I would be happy to meet with all of you at any time to discuss further. Please don't hesitate to reach out.

Sincerely,

Reid Sanborn
208-720-8244
Reidsanborn@gmail.com

From: [Sue Petersen](#)
To: [Participate](#)
Subject: Housing
Date: Friday, October 15, 2021 10:32:19 AM

In regard to the housing situation: how about more space for trailer/mobile home parks? They can be attractive, eg; Mountain Meadows. Sue Petersen

Sent from my iPad

From: [Wolfgang Dieterich](#)
To: [Participate](#)
Subject: Cracking down on short term rentals
Date: Friday, October 15, 2021 2:26:34 PM

Ketchum Needs to Crack Down on Short Term Rentals

Affordable housing is the number one problem in the Wood River Valley, but some things we can't change. It's a highly desirable place to live surrounded by land we can't develop, and building luxury condos will always be more profitable than local workforce housing.

Other things we can change. What's the lowest hanging fruit in our housing crisis? Cracking down on short-term rentals.

An important distinction: It's one thing for hosts to rent their primary residence during peak season, this doesn't subtract from the available housing stock, and is not my concern. It's another to own a portfolio of Airbnbs, occupying units that could otherwise be used to house locals.

1. **Short term rentals or STRs take up housing stock.** over 1000 units are actively rented in Ketchum and Sun Valley on Airbnb and VRBO according to AirDNA, a market research platform for STR investors. 434 of these units are full-time rentals (or available 180+ days a year).
2. **STRs drive up property and rental prices.** According to multiple studies in other cities, short term rentals have increased rents and housing prices. There's a reason so many cities (Chicago, San Francisco, Santa Monica, even Sandpoint, Idaho) have instituted quotas, steep taxes, and requirements that hosts are primary residents of the unit.
3. **STRs aren't taxed nearly enough.** Ketchum taxes STRs at only 3%. This is lower than Sandpoint, McCall, and Hailey. But even raising the tax to 25% won't solve the problem, it's still more profitable than long-term rentals. The median return on STRs is \$3,500 a month according to AirDNA.
4. **STRs are a very lucrative business and investors have taken notice.** Of the available rentals on Airbnb, how many hosts have multiple listings? How many have 10 or 20? I've seen some hosts with 10 or 20 listings, all 2-3 bedroom condos, the places where working class people used to live. How many hosts are actually investment companies with hundreds of rentals across other resort towns and cities?
- 5.

Ketchum needs to step up its oversight. After calling the City of Ketchum they were unable to tell me: how many STR businesses are registered with the City, how many units these businesses have, or how much tax revenue the City collects from STRs. This should all be public information. How can we have confidence that the City of Ketchum is on top of the issue, when they don't know the scope of the problem? How can we be confident that they are even doing the basics, like collecting taxes owed to the City from STRs? Ketchum has the authority to get these answers, but if they're not asking the questions, they must not think this is a problem.

STRs are eating up housing stock, driving up rents, driving up home prices, and the only ones who benefit are investors and tourists. Meanwhile, we struggle to find nurses, restaurant workers, firefighters, teachers, retail staff, and all the other people who provide a functioning community.

- Wolfgang Dieterich, Ketchum

From: [Participate](#)
To: [Morgan Landers](#)
Subject: FW: in lieu fee increase
Date: Thursday, October 14, 2021 3:07:10 PM

SUZANNE FRICK | CITY OF KETCHUM

PLANNING AND BUILDING | KURA DIRECTOR
P.O. Box 2315 | 480 East Ave. N. | Ketchum, ID 83340
o: 208.727.5086 | m: 208.721.2765
sfrick@ketchumidaho.org | www.ketchumidaho.org

From: Steve Kearns <steve@kmvbuilders.com>
Sent: Thursday, October 14, 2021 9:33 AM
To: Courtney Hamilton <CHamilton@ketchumidaho.org>; Participate <participate@ketchumidaho.org>; Amanda Breen <ABreen@ketchumidaho.org>; Michael David <mdavid@ketchumidaho.org>; Jim Slanetz <jslanetz@ketchumidaho.org>; Neil Bradshaw <NBradshaw@ketchumidaho.org>
Subject: in lieu fee increase

Mayor Bradshaw and Councilmembers:

We are writing to express our opposition to the amount of increase in the fee-in-lieu that is being proposed by staff. We are not opposed to the fee-in-lieu program, and we would support a modest increase in the dollar per foot amount assessed, but the proposed increase of 171% from \$238/ft to \$646/ft is shockingly excessive and does not comport with the reality of what it costs per square foot to build workforce housing.

We completed the Lofts @ 660 multi-family development this year, which includes a workforce housing unit. The entire project was completed for \$315 per foot. The workforce unit was not downgraded from the market-rate units, but it did not include all of the amenities of the market units, so the price per foot for that unit would be even lower. We read the analysis by BCHA staff, and we do not agree with their methodology. To project an affordable home price based on the luxury homes and condominiums that are built in Ketchum is a flawed analysis. Our experience building both proves this. I can guaranty that the Bluebird project will not cost \$646/ft. The fee-in-lieu needs to approximate the actual cost of building affordable units. And, by the way, there is no justification given for a 15% administration fee - staff says administrative and soft costs are often 20% of construction costs - but there is no support for this.

In the Financial Impact section of the staff report it is stated that raising the fee by this proposed amount may increase the balance in the fund. What it doesn't say is that raising the fee this much risks stifling new development, and thus halting contributions to the in-lieu fund.

We absolutely agree that workforce housing is a problem we all need to address. But development

did not solely create the the problem, and the development community should not have to shoulder the cost of solving it. We want to do our part, but it is a community problem, and we should seek community solutions, not putting all the burden on one sector.

Finally, with respect to the Effective Date of whatever fee increase you may impose, we request that you adopt Option B and exempt all projects that have filed complete planning applications. It is not fair to those who have developed their pro formas based on the current fees to almost triple them in the last stages of an approval process that has taken far too long.

Respectfully,

Steve Kearns for KMV Builders

KMV Builders, Inc.
131 West 6th Street
P. O. Box 3233
Ketchum, ID 83340
208-726-4843 Tel
208-726-5863 Fax
208-720-0843 Cell

From: [Morgan Landers](#)
To: [Morgan Landers](#)
Subject: FW: Proposed Housing Fee Changes
Date: Thursday, October 14, 2021 3:22:11 PM

On Oct 13, 2021, at 6:10 PM, Bill Banta <bill.banta@gmail.com> wrote:

Dear Neil,

It was great meeting you at Christopher Lyle's house a few weeks ago. I hope you and your son had a great time on your college visit.

I am a local property owner and have been trying to attract talent and build my business in the Ketchum area since relocating here five years ago. I currently own a home and live full time in Ketchum. Myself, and several other local small business owners, are in the design process to build an office space where all of our businesses can grow and add to our local economy. The majority of our office ownership (all local residents) currently has to rent space in Ketchum that is quickly becoming too small, with rents that are too high, limiting future growth. Ketchum is currently an area with limited high-quality office options, making the local area less appealing than other mountain towns.

The proposed housing fee increase to \$646 per square foot will have a drastic effect on our office plan, along with other projects in the design process, and hinder the ability for any of us to develop local business. Our office project would make a permanent home for over 50 local employees, with good paying jobs that enable people to make a career, and live comfortably in our valley.

While I think the housing-in-lieu-of-funds approach has merit, it may be time to re-assess the financial impacts to see how, and if, this regulation is delivering sustainable housing solutions. It is hard to draw a clear line between the funds collected and long-term affordable housing options since I moved to the area. I ask the city council members to take a closer look at the fee increase proposal and to make a thorough review before proceeding with any fee increases. If funds raised to date are not clearly delivering the long-term, affordable housing solutions needed in the valley, the local community may benefit from alternative solutions.

Sincerely,

Bill Banta
Ketchum Property Owner

From: [Participate](#)
To: [Morgan Landers](#)
Subject: FW: Letter against approving the current recommendation for revised city of Ketchum Housing in-lieu Fees
Date: Thursday, October 14, 2021 3:07:05 PM
Attachments: [Housing in Lieu modified fees - letter.pdf](#)

SUZANNE FRICK | CITY OF KETCHUM

PLANNING AND BUILDING | KURA DIRECTOR
P.O. Box 2315 | 480 East Ave. N. | Ketchum, ID 83340
o: 208.727.5086 | m: 208.721.2765
sfrick@ketchumidaho.org | www.ketchumidaho.org

From: Daniel Hollis <daniel@hp-architects.com>
Sent: Wednesday, October 13, 2021 4:19 PM
To: Courtney Hamilton <CHamilton@ketchumidaho.org>; Amanda Breen <ABreen@ketchumidaho.org>; Michael David <m david@ketchumidaho.org>; Jim Slanetz <jslanetz@ketchumidaho.org>; Participate <participate@ketchumidaho.org>
Cc: Sanborn, Reid <reid.sanborn@evrealestate.com>; Steve Kearns <steve@kmvbuilders.com>
Subject: Letter against approving the current recommendation for revised city of Ketchum Housing in-lieu Fees

Good afternoon Councilor's,

First of all, thank you for your time and services to the community. I have written a letter (attached) underlining why I am against the recommended fee revision for the City of Ketchum Housing in-lieu fees. I am not against the reviewing and possibly raising the fees but I am against the number that city staff has come up with. Please review my letter as it affects two projects that we submitted in April of this year when my client had already based buying the lots and proforma numbers on the existing Housing in-lieu fees. There was no warning that the city was thinking about raising the fees. Please consider my opinion of continuing the proposal until a later date when more detailed information can be obtained to be able to that amount.

I look forward hearing your responses on Monday night. Thank you for your time.

Regards,

Daniel P. Hollis

Hollis Partners Architects, AIA, NCARB, LEED AP BD+C

Office: 208.721.7160
220 River Street E.
Ketchum, Idaho 83340
Mail: PO Box 1769 Sun Valley, ID 83353

www.hp-architects.com

CONFIDENTIAL COMMUNICATION -This email message and any attachments are intended only for the use of the addressee named above and may contain information that is privileged and confidential. If you are not the intended recipient, any dissemination, distribution, or copying is strictly prohibited. If you received this email message in error, please immediately notify the sender by replying to this email message or by telephone. Thank you.



PO Box 1769 [post]
Sun Valley, ID 83353
220 River Street, East
Ketchum, ID 83340
v / 208.721.7160

13th October 2021

City Councilors

City of Ketchum – Council
P.O. Box 2315
480 East Ave. N.
Ketchum, ID 83340

Dear City Councilors,

I am writing to you in regards to the latest recommendation to update the City of Ketchum Community Housing In-Lieu Fees. This would adversely affect two of the projects I have designed for Reid Sanborn located in the CC district. Let me start by saying that I'm not against reviewing such an option, but the calculation on the number is severely off in regards to the \$646/sf number. These figures need to be looked at further. My issue also is that this has come out of the blue in the last two weeks and could be very detrimental to the projects we have had full design work down by numerous consultants at huge costs to my client.

I will give you some history on my two design projects (780 1st Avenue Multifamily and 760 N Washington Mixed Use project). We started work on both of these projects in the middle of December 2020, working under the premise of the current city code for Community Housing in-Lieu fees of \$238/sf which my client ran all of his proforma numbers based on these.

I originally reached out to Abby Riven and then City Planner, Brittany Skelton on January 10th about a possible introduction to the 780 1st Multifamily project. I usually like to get the city involved early in the design so we get feedback that helps our design with the project. This is the same process I do with any jurisdiction I work in, Hailey, Bellevue, County or Sun Valley. We like to consider the city planners part of our team who we collaborate with not work against. We had continual meetings or email correspondence through until we submitted our Pre-App Design Review package on April 9th. We also did the same process with our 760 N Washington Ave Mixed Use project. That project was submitted for Pre-App Design Review on April 22nd. We finally received contact from the city that Morgan Landers was going to be working with us on the projects through the design review process on May 26th but the 780 1st Ave Project only received its first "Incomplete Letter" on June 7th and then with numerous other submittals we presented to the commission on July 13th for Pre-App Design Review which we were approved unanimously through to the next step of Final Design. Which we presented and were approved to submit building permit on September 21st.

We love working with Morgan (associate city planner) through the process, but throughout the process we were always wondering why it had taken so long but now we know why. We had never been told that the city might have been working on this revised fee. It felt like the city had been stalling on all commercial projects but we were never privy to any information that the city had been working on. City heads kept on using the excuse that the city was inundated with more work than ever in regards to DR / Permit submittals but as you can see from the hearing agenda that I have attached that was not the case in regards to items on the action agendas for Planning & zoning hearings.

I am the Vice Chair of Sun Valleys planning and zoning commission. During this year, we have seen an increase in submittals at the planning and zoning level. Some times we would receive binders containing 300+ pages to review for our bi-monthly P&Z hearings, so our staff (similar) size to Ketchum's were keeping up with the submittals without diminishing city process. Most of these projects that were presented to us had lawyers present so both staff and commissioners needed to be on our toes to make sure we followed set protocols to review, react and approve/continue or object to. For the city to say they were so busy when you can see in my spreadsheet attached to review and hear projects was a little troublesome and made the public feel like something else was going on behind closed doors. Stalling projects to make them pay extra is not the right way to go about it, whatever the new fee number is.

Since March 9th of this year the City of Ketchum has had 12 P&Z hearings with another 3 cancelled due to not enough items on their agenda. Within those meetings there were 27 Action items on the agenda, 21:24 hours of meetings where 17 projects were approved (there might have been few more approved but information from the September 21st meeting has not been posted yet). Compared to Sun Valley, in the same time, there were 13 meetings, there were 62 Action items reviewed, 22:09 hours spent in meetings and 43 projects approved. This comparison was done to show that the city of sun valley was just as busy during the same time frame and city staff was still able to review and report on projects without neglecting the city's process and exposing themselves for litigation.

In regards to this new fee number of \$646/sf, how was this number actually derived? I'm hearing it is based on numbers from 6,000sf stand alone houses? Maybe its not but these numbers need to be looked at from the commercial core. I have worked on two successful multifamily projects located in the downtown precinct, one being the 27,000 Onyx Project which was completed in October of 2020 at \$355/sf and then our 12,129 Lofts @ 660 1st Avenue project, which included a 615sf affordable housing unit, which might I add was submitted for Pre-App Design Review June 27th, 2019 and we broke ground on November 3rd and received the approved building permit on November 14th which is 140 days through the city process. Whereas the 780 1st Ave project mentioned previously will be around 205 days if we receive the approved permit on November as mentioned via email from Suzanne Frick. That Lofts @ 660 project construction costs were \$301.67/sf. Even if you add \$100-150/sf to current day costs that would only be in the realm of \$400-450/sf and that's not taking into account that we usually factor a lower \$/sf cost for affordable housing units. The \$646 figure needs to be reviewed and revised accordingly.

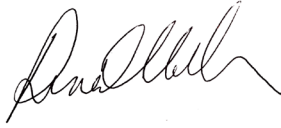
It would only be fair to those projects that have been in the design review and permitting pipeline that are affected by the housing in-Lieu fees be set at the original city code standards of \$238/sf, as this was the number that the developer had factored in the original proforma numbers and purchasing of the lots.

I hope the information listed above helps you make a decision to table this recommendation until further thought process has gone on in obtaining the right number for the housing in-lieu fee. The timeframe for processing submittals listed is merely to show that more projects could have & should have been reviewed in the schedules mentioned. These show evidence of possible stalling by the city so that this new fee program could be adopted.

I will attend the meeting via zoom on Monday night and will be interested to hear the council's thoughts?

Thanks for taking the time to read this supporting documentation.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Hollis", with a stylized flourish at the end.

Daniel Hollis, Principal