



## CITY COUNCIL MEETING AGENDA MEMO

Meeting Date:	August 18, 2025	Staff Member/Dept:	Abby Rivin, Senior Planner Planning and Building Department
Agenda Item:	Recommendation to hold a public hearing and provide direction on the Limelight Hotel Planned Unit Development (PUD) Conditional Use Permit (CUP) and Development Agreement (DA) Amendment Applications.		

### Recommended Motion:

Staff recommends the Council provide feedback and direction to the applicant and staff. No motion is required.

### Reasons for Recommendation:

The Limelight Hotel is proposing to convert 11 hotel rooms on the fourth floor into two market-rate residential condominium units. The request requires amendments to the Limelight Hotel PUD CUP and DA to reflect the program changes and allow the 11 hotel rooms to be converted into residential units and condominiumized for individual sale.

The Ketchum Planning and Zoning Commission ("Commission") conducted a public hearing to consider the proposed amendments to the Limelight Hotel PUD CUP and DA on May 7, 2025. The Commission recommended approval of the proposed amendments to the City Council subject to conditions with a vote of 4-1 subject to the condition that the applicant fulfill the community housing contribution required for the new residential use through one of the outright options specified in KMC §17.124.040.B.2f. The Commission found that the public benefit derived from the community housing contribution required for the new residential use would sufficiently offset the loss in public benefit associated with the reduction of hotel rooms.

The Commission recommend approval of the proposed residential conversion request subject to the condition that the applicant fulfill the community housing contribution required for the new residential use through one of the outright options specified in KMC §17.124.040.B.2f. The applicant proposes to fulfill the community housing contribution by either paying the in-lieu fee or acquiring and deed restricting existing housing as community housing.

### Policy Analysis and Background:

#### Introduction

The Limelight Hotel is proposing to convert 11 hotel rooms on the fourth floor into two market-rate residential condominium units ("residential conversion request"). The request requires amendments to the Limelight Hotel PUD CUP and DA to reflect the program changes and allow the 11 hotel rooms to be converted into residential units and subdivided into condominiums for individual sale.

A PUD CUP is a discretionary approval in which certain land use regulations may be modified or waived by the Council on a case-by-case basis in exchange for public benefit (KMC §16.08.070.F). The city granted the Limelight Hotel numerous waivers in exchange for the economic benefits of the hotel project through the original 2010 PUD and the 2013 PUD Amendment. The residential conversion request decreases the

hotel use by converting 11 existing hotel rooms into two residential condominium units. A key consideration in Council's evaluation of the Limelight Hotel PUD CUP and DA Amendment Applications is the appropriate public benefit the applicant should provide to offset the public benefit lost through the residential conversion request.

### **Process Overview**

The Ketchum Planning and Zoning Commission ("Commission") conducted a public hearing to consider the proposed amendments to the Limelight Hotel PUD CUP and DA on May 7, 2025. The Commission recommended approval of the proposed amendments to the City Council subject to conditions with a vote of 4-1 subject to the condition that the applicant fulfill the community housing contribution required for the new residential use through one of the outright options specified in KMC §17.124.040.B.2f. The Commission found that the public benefit derived from the community housing contribution required for the new residential use would sufficiently offset the loss in public benefit associated with the reduction of hotel rooms.

The May 7 staff report provides an overview of the Limelight Hotel's entitlement history, an analysis of the residential conversion request, and conformance with the PUD standards (KMC §16.08.080), the zoning code, and the 2014 Comprehensive Plan. The May 7 staff report may be viewed by clicking the link [HERE](#). The recording of the May 7 hearing may be viewed by clicking the link [HERE](#). The Commission Findings and Recommendation is included as Attachment 3 to the staff report.

At their regular meeting on July 7, 2025, the Council conducted their first public hearing and reviewed the PUD CUP and DA Amendment Applications. The July 7 staff report may be viewed by clicking the link [HERE](#). The recording of the July 7 public hearing may be viewed by clicking the link [HERE](#). At the July 7 public hearing, Council requested an analysis of the economic impact of the residential conversion request.

### **Economic Impact Analysis**

Staff has prepared an economic impact analysis that evaluates the residential conversion request's impact to LOT revenue, which is included as Attachment 2. In addition, the applicant provided a supplemental submittal (see Attachment 1) that address questions related to LOT changes resulting from the removal of 11 hotel rooms and addition of two residential condominium units, housing mitigation, and PUD CUP compliance.

The 11 hotel rooms generate \$2,935.32 of LOT revenue annually. The applicant has indicated that one or both of the two proposed residential condominium units would be included in the nightly rental pool. One condominium unit in the nightly rental pool would generate approximately \$6,635.00 of LOT revenue annually. If both condominium units were included in the nightly rental pool, the two condominium units would generate approximately \$13,271 in LOT revenue. The residential conversion request could increase LOT revenue by \$3,699.68 if one of the condominium units were to be included in the nightly rental pool and \$10,335.68 if both condominium units were included in the nightly rental pool. As discussed during the July 7 public hearing, the city can't require the condominium units to be included in the nightly rental pool due to finance and other legal requirements. Staff believes the economic impact associated with the residential conversion request is negligible.

### **Staff Recommendation**

Staff recommends the Council conduct a public hearing and review the applicant's supplemental submittal (Attachment 1), staff's economic impact analysis (Attachment 2), and the Commission Findings and

Recommendation (Attachment 3). Staff requests the Council provide feedback and direction to the applicant and staff on the acceptable public benefit to offset the proposed reduction of hotel rooms.
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**Sustainability Impact:**

Pursuant to Section 6—Green Building Practices in the 2015 Limelight Hotel Development Agreement, “The Project shall, at a minimum, meet the Requirements of and receive LEED ‘Certified’ Certification as outlined by the United States Green Building Council’s Leadership in Energy and Environmental Design (‘LEED’) Program. In addition, the Project shall meet or exceed the minimum requirements set forth in the currently adopted version of the International Energy Conservation Code (‘IECC’).”
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**Financial Impact:**

None OR Adequate funds exist in account:	If the applicant chooses to fulfill their community housing obligation by paying the in-lieu fee, then the city would receive \$466,200 for community housing.
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**Attachments:**

- |                                                                                      |
|--------------------------------------------------------------------------------------|
| 1. Applicant Supplemental Submittal                                                  |
| 2. Staff Economic Impact Analysis                                                    |
| 3. Planning and Zoning Commission Findings and Recommendation (adopted May 27, 2025) |

# Attachment 1

Applicant

Supplemental Submittal

August 12, 2025

Submitted to City website

To: Morgan Landers, Planning Dept. website

From: Jim Garrison for Limelight Hotel Ketchum

RE: Supplemental submittal, Limelight Hotel guestroom conversion application.

Please find attached a PowerPoint supplemental document addressing the July 7<sup>th</sup>, 2025 City Council hearing continued to August 18<sup>th</sup> 2025.

This supplement addresses questions relative to:

1. LOT changes as a result of a reduction of 11 guestrooms and an addition of 2 owned condominium units.
2. Housing mitigation.
3. PUD/CUP compliance.

We also have included graphic backgrounding illustration sets overlaying the local hotel mix and future expectations on supply and demand for localized hotel products.

Thank you.

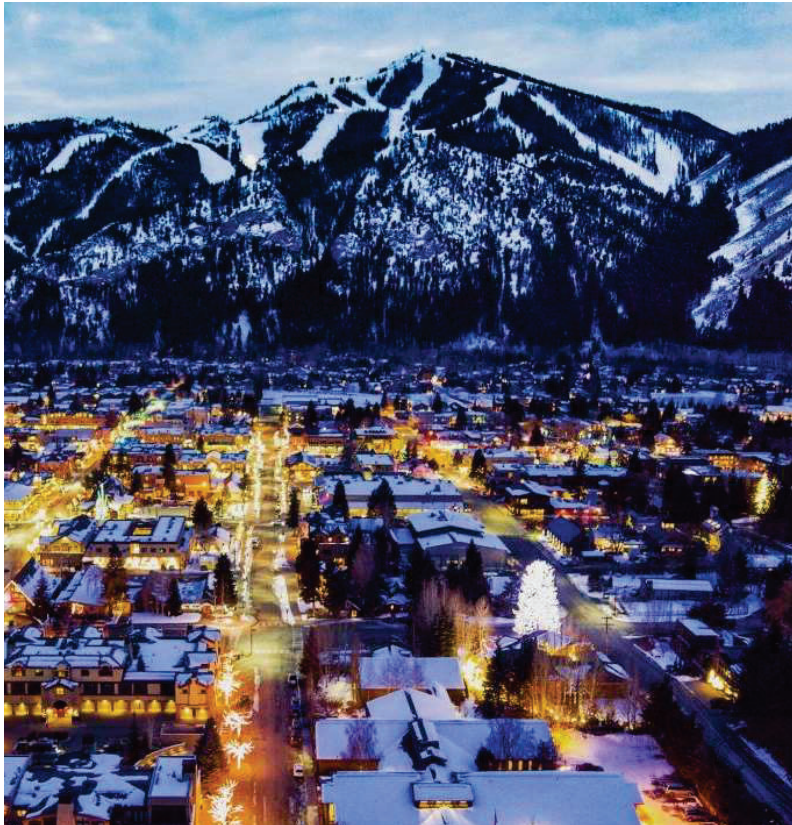
Submitted by Aspen Hospitality for Limelight Hotel Ketchum



# Limelight Ketchum

August 18, 2025

## Status



- Opened in 2016: 99 hotel rooms and 30,736 square feet of residential (14 units)
- Original development agreement: 82 hotel rooms and 40,035 square feet of residential (26 units)
- Employee base typically around 65 full time equivalents
- Subsidizes housing across 22 beds
- Ownership is reinvesting in the property: recent completion of a guestroom refresh
- 51% average occupancy since opening at the hotel
- Potentially converting 11 guestrooms on the 4<sup>th</sup> floor to 2 for-sale residences continues to maintain the code-compliant definition of a “Hotel”
- City code section 17.124.040 calculates an applicable in lieu fee based on “new non-hotel floor area” (in this case, \$466,200 per Code and supported by staff)

# History

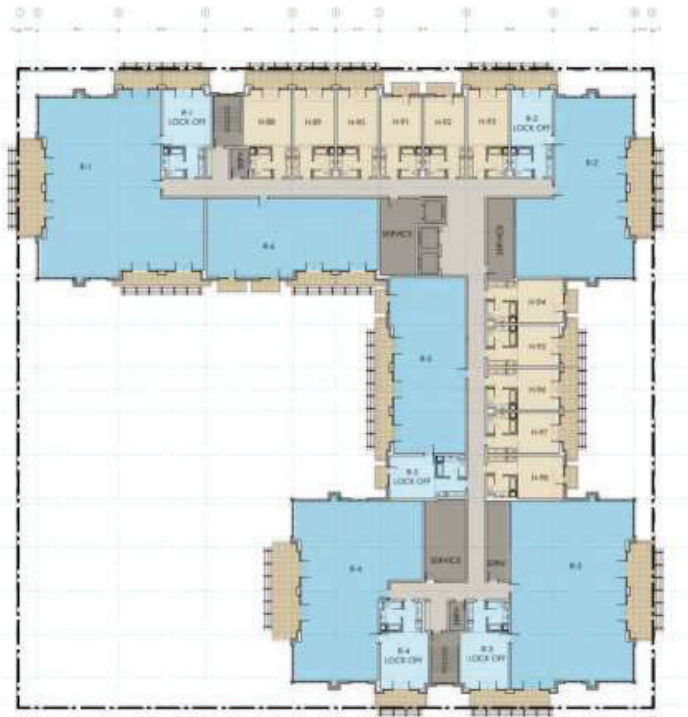
- The proposed plans live within the City’s definition of a “Hotel”
- 11 rooms would convert the 4<sup>th</sup> floor of Limelight Ketchum to entirely residential
- The original plans for the 4<sup>th</sup> floor called for residential use exclusively

	Original Approval 2010	Amended Approval 2015	Proposed 2025
Hotel Rooms	82	99	88
Residences	26	14	16
Residences (Square Feet)	40,035	30,736	35,309
Hotel Use vs. Residential <i>per Code</i>	75.0%		
Hotel Use vs. Residential <i>if Approved</i>	74.4%	78.3%	75.1%



## Current Plans

#### 4<sup>th</sup> Floor

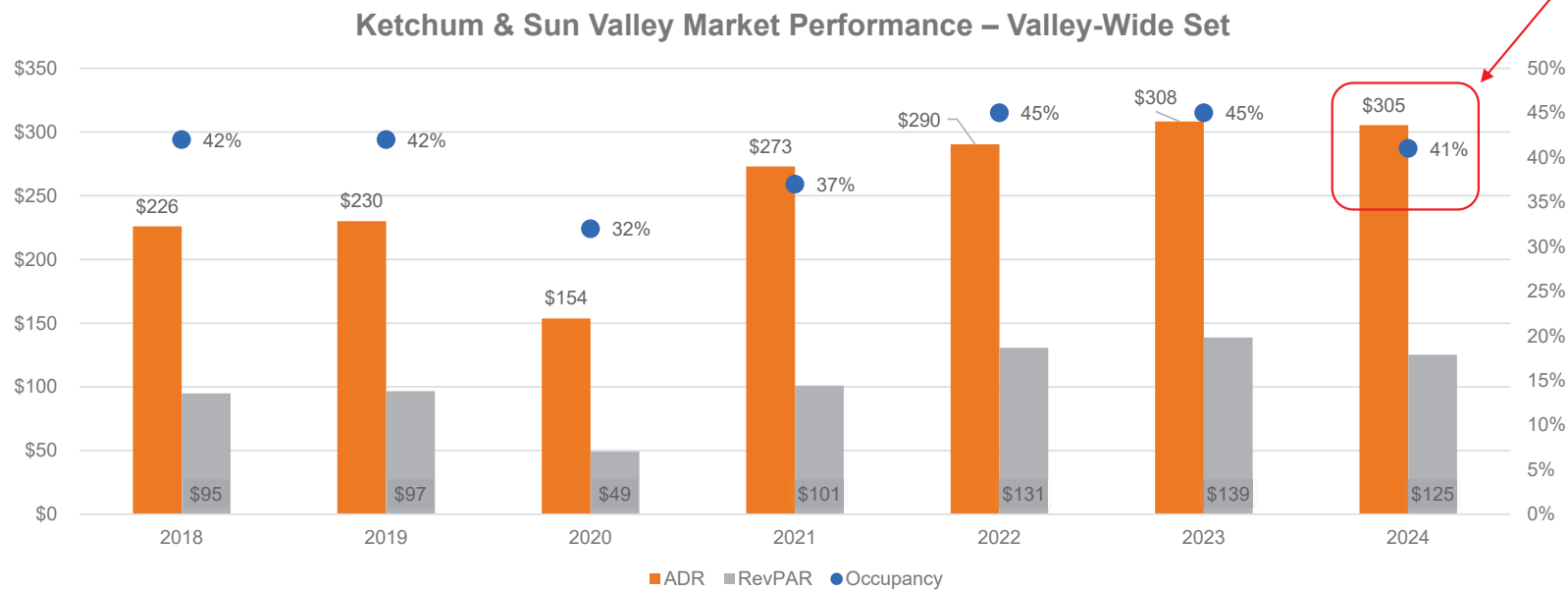


### 5<sup>th</sup> Floor



# Market Landscape: Limelight Ketchum’s Competitive Set (Visit Sun Valley)

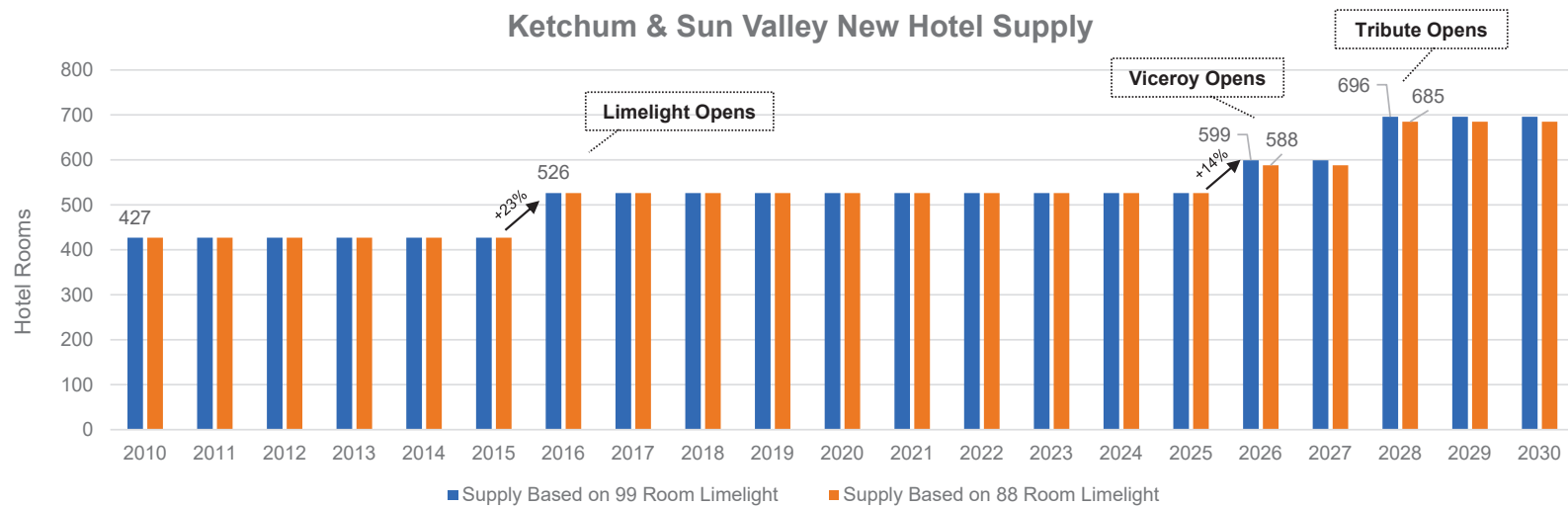
- Per Visit Sun Valley and DestiMetrics, the market achieved a 41% occupancy in 2024



Source: DestiMetrics / Visit Sun Valley

## Market Landscape: Supply

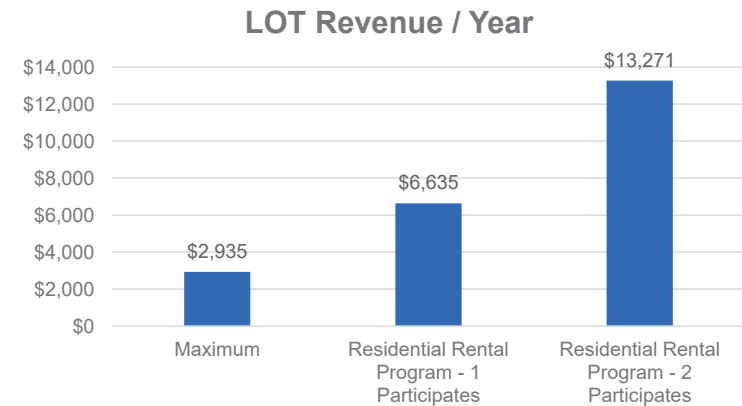
- Viceroy (73 rooms) opening would increase supply by 14%, likely causing a decline to market-wide occupancy
  - *An 11-room reduction to the Limelight would reduce the supply increase of the Viceroy to 12%*
- If Viceroy and the Tribute (97 rooms) open, supply would increase by 32%
  - *An 11-room reduction to the Limelight would reduce the supply increase from both new properties to 30%*
- New supply will reduce market-wide occupancy



## LOT Tax

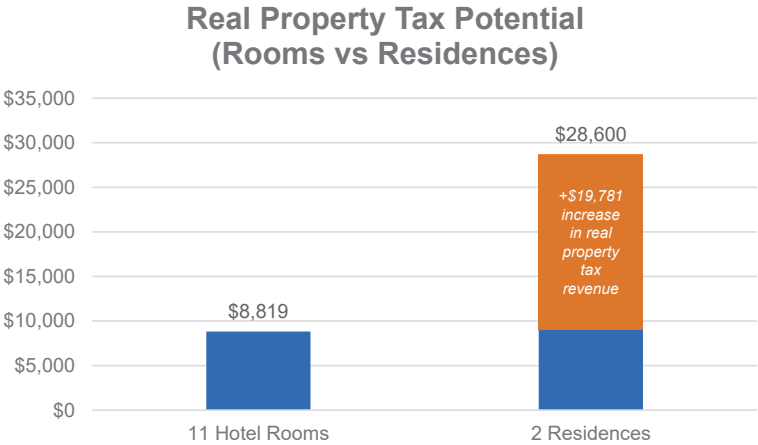
- Last year, Limelight only rented more than 88 rooms only 51 times (14% of the year)
- The actual occupancy of *the last 11 rooms* was 6.1% in our 2023/24 fiscal year (244 total occupied room nights / 11 rooms = 22 nights per room per year)
- The actual LOT generated from the last 11 rooms was \$2,935 in the 2023/24 fiscal year
- Based on the actual rental revenue for a similar unit, as two residences, they could generate \$13,271 in LOT revenue per year

	Maximum LOT	Residential Rental Program	
		1 Participate	2 Participate
Annual Rental Nights	244		
Annual Rental Nights / Room	22	-	-
ADR	\$401	-	-
Annual Total Revenue / Room	\$8,895	\$221,179	\$221,179
LOT (3% / Year)	3%	3%	3%
<b>Total Annual LOT Revenue / Room</b>	<b>\$267</b>	<b>\$6,635</b>	<b>\$6,635</b>
Number of rooms	11.0	1.0	2.0
<b>LOT Revenue / Year</b>	<b>\$2,935</b>	<b>\$6,635</b>	<b>\$13,271</b>



# Real Property Taxes

- In 2024, the combined residences paid a total of \$213,399 in real property taxes
- As residences instead of hotel rooms, the improvements would generate more real property taxes, because they are assessed at a higher value
- Assuming an average assessment *per hotel room*, the eliminated hotel rooms would reduce the hotel’s tax basis by \$8,819 per year
- Assuming the average assessment *per square foot*, the new residential units could generate \$28,600 per year in real property taxes (+\$19,781)



# Housing Mitigation Fee

- City code section 17.124.040 calculates an applicable in lieu fee based on “new non-hotel floor area”:

New Non-Hotel Floor Area:	4,573 square feet
20% of New Non-Non-Hotel Floor Area:	915 square feet
Net Livable (15% Reduction):	777 square feet
<b>Housing Fee (\$600 per s.f.):</b>	<b>\$466,200</b>

- “Section 17.08 specifies the definition of “Hotel” and the Applicant stipulates that both prior to and following the application of this proposed use modification, the property continues to fully comply with the Hotel definition with no change to the approved FAR or total square footage.”
- Council has encouraged subsidies as an offset to either construction of for-rent units or payment of fees
  - Limelight Ketchum has subsidized over \$350,000 in housing costs over the last seven years

## Recent Property Reinvestment



*Before*



*After*

## Staff Report (May 7, 2025)

- “Pursuant to the definition of hotel specified in Ketchum Municipal Code (KMC) §17.08.020, hotels are permitted to include residential uses provided that the total gross square footage of hotel uses comprise 75% or more of the project’s total gross square footage. As approved through the original 2010 PUD, the 2013 PUD amendment (Attachment E), and the 2015 Design Review Modification (Attachment F), the Limelight Hotel currently provides 99 hotel 109 hotel rooms (including 10 lockoff units) and 14 residential units. 78.3% of the total building area is currently dedicated to hotel use.”
- “The total building area dedicated to hotel uses would be reduced to 75.1%, which complies with the hotel definition specified in KMC §17.08.020.”
- **“Staff supports the proposed conversion provided the applicant fulfills the community housing contribution required for the new residential use by paying the associated in-lieu fee.** The staff report provides an overview of Ketchum’s zoning code history related residential use in hotels, summarizes past Limelight Hotel approvals and agreements, and highlights certain PUD standards for consideration by the Planning and Zoning Commission.”
- “The request to convert 11 hotel rooms to two residential units decreases the employee housing demand for the project.”



## Conclusion

1. Limelight Ketchum is proposing to satisfy the mandated \$466,200 fee through (i) paying the complete fee or (ii) acquiring and subsequently deed restricting housing, as required by code
2. LOT revenue will likely increase
3. The proposal could generate \$466,200 in fees, an approximately \$20,000 in additional real property taxes annually, and help mitigate the declines anticipated to market-wide occupancy after the Viceroy opens
4. City of Ketchum's Planning and Building and the zoning commission supported the proposal, subject to paying the code-mandated fee
5. The proposed alterations stay within the City's definition of a Hotel
6. Water usage, utility usage, parking requirements, and traffic, could decline
7. The proposed alterations are within the context of the original development agreement
8. Ownership continues to reinvest in the Limelight asset and subsidize employee living costs
9. Please consider separate letters of support provided by residents and members of the community



Thank You

# Attachment 2

Staff

Economic Impact Analysis

Limelight Hotel PUD CUP & DA Amendment Applications: Staff Economic Impact Analysis

LOT Analysis					
Units	Oc Rate	Annual Rental Nights	Avg Nightly Rate	Total Gross	3% LOT
Status Quo					
11 hotel rooms	6%	244	\$401.00	\$97,844.00	\$2,935.32
Condo Rental					
1 unit	proprietary	proprietary	proprietary	\$221,179.00	\$6,635.00
2 units	proprietary	proprietary	proprietary	\$442,358.00	\$13,271.00
Estimated Difference (1 unit)					\$3,699.68
Estimated Difference (2 units)					\$10,335.68

Consumer Spend (assumes occupancy of 2)				
	Total Nights	Total People	Avg. Night Spend Per Person*	Total Spend
Status Quo (2 people)	244	488	\$299.00	\$ 145,912.00
Condo Option (4 people)	365	1460	\$82.00	\$ 119,720.00
Estimated Difference				-\$26,192.00
LOT Percentage (retail)				0.02
LOT Total Difference				-\$523.84

\*Average spend per night is dependent on visitor versus local

# Attachment 3

## Planning and Zoning Commission

### Findings and Recommendation (adopted May 27, 2025)



**City of Ketchum  
Planning & Building**

IN RE:	)	
	)	
Limelight Hotel	)	KETCHUM PLANNING & ZONING COMMISSION
PUD CUP & DA Amendment Applications	)	FINDINGS OF FACT, CONCLUSIONS OF LAW, AND
Date: May 27, 2025	)	RECOMMENDATION
	)	
File Numbers: P25-001 & P25-001A	)	

**PROJECT:** Limelight Hotel PUD CUP & DA Amendment

**APPLICATION TYPES:** Planned Unit Development Conditional Use Permit Amendment & Development Agreement Amendment

**FILE NUMBERS:** P25-001 & P25-001A

**OWNER:** Limelight Ketchum 2 LLC

**REPRESENTATIVE:** Jim Garrison

**LOCATION:** 151 S Main Street (151 South Main Hotel & Residences)

**ZONING:** Retail Core of the Community Core (CC-1 Zone)

**OVERLAY:** None

**RECORD OF PROCEEDINGS**

A public hearing notice for the Limelight Hotel Planned Unit Development ("PUD") Conditional Use Permit ("CUP") Amendment and Development Agreement ("DA") Amendment Applications was mailed to all owners of property within 300 feet of the project site and all political subdivisions on April 16, 2025. The public hearing notice was published in the Idaho Mountain Express on April 16, 2025. A public hearing notice was posted on the project site and the city's website on April 22, 2025. The amendment applications were considered by the Planning and Zoning Commission ("Commission") during their special meeting on May 7, 2025. After considering Commission Findings, the applicant's presentation, and public comment, the Commission recommended approval of the Limelight Hotel PUD CUP & DA Amendment Applications to the City Council subject to conditions with a vote of 4-1.

**HOTEL PUD CUP & DA AMENDMENT PROCEDURES**

Hotels may exceed maximum floor area, height, and minimum open site area requirement through a PUD (KMC §17.124.050.A). PUDs are considered conditional uses within all zoning districts (KMC

§16.08.060) and are required to obtain conditional use permits pursuant to KMC §16.08.050. The procedures for evaluating PUD CUPs are outlined in KMC §16.08.110 and KMC §16.08.120. The first step in the PUD CUP review process is a public hearing with the Commission. Pursuant to KMC §16.08.110:

*The commission shall make findings, together with recommendations, including but not limited to, approval with appropriate conditions or denial of the application. Thereafter, the conditional use permit application together with the record and recommendations of the commission, shall be forwarded to the City Council for final action.*

KMC 16.08.130 provides a non-exhaustive list of conditions that the City Council may impose as part of the PUD CUP process. Conditions may include:

- Minimizing adverse impact on surrounding properties, developments and/or public services, facilities or utilities.
- Designating the exact location and nature of development.
- Requiring more restrictive development standards than those generally required in applicable ordinances.
- Restrictions on the future use of the proposed development. This includes appropriate mechanisms to guarantee the affordability of community housing units (for example, deed restrictions).
- Require provision of adequate employee housing.
- Such other reasonable conditions as the City Council may deem appropriate with regard to the proposed PUD.

Conditions are not limited to those listed in the PUD Ordinance.

Hotels must enter into a DA with the city as part of the approval process. Pursuant to KMC §17.124.050.B5, the DA may address, “community housing, hotel room uses and restrictions, public access on the property, alternatives and remedies if the hotel use ceases, and any other issues the Commission or City Council deems appropriate.” Hotel DAs follow the process outlined for PUDs.

## **BACKGROUND**

The applicant, Limelight Ketchum 2 LLC, represented by Jim Garrison, has applied for amendments to the Planned Unit Development (PUD) Conditional Use Permit (CUP) and the Development Agreement (DA) for the Limelight Hotel located at 151 S Main Street in the Retail Core of the Community Core (CC-1 Zone). The applicant proposes converting 11 hotel rooms on the fourth floor into two market-rate residential condominium units. This request requires amendments to the Limelight Hotel PUD CUP & DA.

Pursuant to the definition of hotel specified in Ketchum Municipal Code (KMC) §17.08.020, hotels are permitted to include residential uses provided that the total gross square footage of hotel uses comprise 75% or more of the project’s total gross square footage. As approved through the original 2010 PUD, the 2013 PUD amendment, and the 2015 Design Review Modification, the Limelight Hotel currently provides 99 hotel 109 hotel rooms (including 10 lock-off units) and 14 residential units. 78.3% of the total building area is currently dedicated to hotel use.

The conversion proposed with the amendment request would result in 98 total hotel rooms (including 10 lock-off units) and 16 residential units. The total building area dedicated to hotel uses would be reduced to 75.1%, which complies with the hotel definition specified in KMC §17.08.020. The proposal

requires an amendment to the Limelight Hotel PUD CUP to reflect the program changes. In addition, the proposed conversion requires an amendment to the Limelight Hotel DA.

The Commission recommends approval of the proposed conversion provided the applicant fulfills the community housing contribution required for the new residential through one of the outright options specified in KMC §17.124.040.B.2f.

#### Limelight Hotel Approvals & Agreements

The City Council approved the original PUD CUP for the Limelight Hotel on June 7, 2010. At the time of the original PUD approval, the hotel was named Bald Mountain Lodge. Following the original PUD approval in 2010, the Limelight Hotel received numerous approvals for design and programming changes and entered into multiple agreements with the city.

The hotel program approved through the original 2010 PUD included 82 hotel rooms, 9 lock-off units on the fourth floor, and 26 residential condominium units on the fourth and fifth floors. The hotel program resulted in: (1) an employee housing requirement of 23 employee housing units and (2) a community housing requirement of 7,444 square feet or approximately \$2.36 million in-lieu fee payment. The employee and community housing requirements were waived in their entirety through the PUD process as an incentive to commence construction of the hotel project.

The PUD Ordinance gives City Council the authority to grant waivers from zoning and subdivision standards on a case-by-case basis provided the waiver is not detrimental to the public welfare, health, and safety or injurious to property owners in the surrounding area. The PUD Ordinance states:

*Modification or waiver from certain standard and subdivision requirements may be permitted subject to conditions, limitations and/or additional development standards, pursuant to section 16.08.130 of this chapter, as the City Council may prescribe to mitigate adverse impact at the proposed planned unit development, or to further the land use policies of the City, or to ensure that benefits derived from the development justify a departure from such regulations (KMC §16.08.080).*

The Limelight Hotel was granted multiple waivers through the PUD CUP. A summary of these waivers is provided in Table 5 of the 2013 PUD CUP Amendment approval. Waivers were granted for multiple zoning code requirements, including use, site, mass, and height specifications required for developments in the Community Core. The employee and community housing waivers were used as incentives to commence construction quickly and expedite the issuance of a Certificate of Occupancy for the hotel portion of the project in order to derive the economic benefits that would result from increasing tourist accommodations.

The Limelight Hotel (formerly Bald Mountain Lodge) DAs and amended DAs provided different incentives related to the employee housing and community housing waivers for three different construction timelines. If the first construction timeline was met, then the employee and community housing requirements were waived in their entirety. If the second construction timeline was met, then: (1) the community housing requirement was waived in its entirety and (2) 50% of the employee housing requirement was waived. Waivers did not apply under the third construction timeline, and the employee and community housing requirements had to be fulfilled in their entirety. The original Bald Mountain Lodge DA was amended three times to extend the construction timelines before the current Limelight Hotel DA became effective.



On November 5, 2012, the City Council considered a request from Bald Mountain Lodge LLC for a second extension to the construction timelines specified in the DA. In exchange for extending the timelines, the developer agreed to modify the original fourth-floor program from residential condominium units to hotel guest rooms. The PUD CUP Amendment to reflect this change was approved on May 6, 2013. The conversion of the fourth-floor residential units to hotel rooms resulted in a total of 119 hotel rooms and 8 residential units on the fifth floor. 86.7% of the total building area was dedicated to hotel uses.

On November 24, 2014, Aspen Skiing Company and Bald Mountain Lodge LLC conducted a workshop with the Planning and Zoning Commission on proposed modifications to the design of the approved hotel project. The Commission determined that the proposed programming changes would not necessitate a PUD amendment but that the proposed exterior changes required the Commission's review and approval of a Design Review Modification. Aspen Skiing Company, the current owner, purchased the Bald Mountain Lodge project in December of 2014. The Commission approved the Limelight Hotel Community Core Design Review Modification on April 2, 2015. The modifications included changes to the hotel program that resulted in 98 total hotel rooms, 10 lock-off units, and 14 residential units. 78.3% of the total building area was dedicated to hotel uses.

On April 20, 2015, the city entered into a DA with Limelight Hotel LLC. This DA superseded and replaced the original DA with Bald Mountain Lodge LLC. Building Permit No. 15-038 was issued for the construction of the Limelight Hotel on October 1, 2015, and the Certificate of Occupancy for the hotel portion of the project was issued on December 22, 2016.

### **FINDINGS OF FACT**

The Commission, having reviewed the entire project record, provided notice, and conducted the required public hearing, does hereby make and set forth these Findings of Fact, Conclusions of Law, and Recommendation as follows:

Pursuant to KMC §17.124.050.A, hotels may exceed maximum floor area, height, and minimum open site area requirement through a PUD. KMC §16.08.080 sets forth the standards that apply to the review of all PUD CUP applications. Pursuant to KMC §16.08.080:

*The standards shall be used to review and evaluate the proposal in comparison to the manner of development and effects of permitted uses and standard development allowed on the property in question. Modification or waiver from certain standard zoning and subdivision requirements may be permitted subject to such conditions, limitations and/or additional development standards, pursuant to section 16.08.130 of this chapter, as the City Council may prescribe to mitigate adverse impact at the proposed planned unit development, or to further the land use policies of the City, or to ensure that the benefits derived from the development justify a departure from such regulations. Where the City Council determines that conditions cannot be devised to achieve the objectives, and/or the standards contained in this chapter are not met, applications for conditional use permits shall be denied. The City Council shall make findings that each of the following evaluation standards have been met.*

The following Commission findings evaluates the Limelight PUD CUP & DA Amendment Applications requesting to convert 11 hotel rooms on the fourth floor into two residential units for conformance with the PUD evaluation standards specified in KMC §16.08.080. Many of the standards are not

applicable to the Limelight Hotel PUD CUP & DA Amendment Applications as no changes are proposed to the siting, design, height, bulk, or mass of the existing Limelight Hotel.

**Findings Regarding Hotel PUD CUP Standards of Evaluation (KMC §16.08.080)**

*A: Minimum lot size of three acres. All land within the development shall be contiguous except for intervening waterways. Parcels that are not contiguous due to intervening streets are discouraged. However, the commission and the council may consider lands that include intervening streets on a case by case basis. The commission may recommend waiver or deferral of the minimum lot size, and the council may grant such waiver or deferral only for projects which:*

- 1. Include a minimum of 30 percent of community or employee housing, as defined in section 16.08.030 of this chapter;*
- 2. Guarantee the use, rental prices or maximum resale prices based upon a method proposed by the applicant and approved by the Blaine County Housing Authority and/or the Ketchum City Council; and*
- 3. Are on parcels that are no less than one and one-half acres (65,340 square feet). Application for waiver or deferral of this criteria shall include a description of the proposed community or employee housing and the proposed guarantee for the use, rental cost or resale cost.*
- 4. For a hotel which meets the definition of "hotel" in section 17.08.020, "Terms defined", of this Code, and conforms to all other requirements of section 17.18.130, "Community Core District (CC)", or section 17.18.100, "Tourist District (T)", of this Code. Waivers from the provisions of section 17.18.130 of this Code may be granted for hotel uses only as outlined in section 17.124.040 of this Code. Waivers from the provisions of section 17.18.100 of this Code may be granted for hotel uses only as outlined in section 17.124.040 of this Code.*

Commission Findings: N/A. A waiver to the minimum three acre parcel size was granted to the Limelight Hotel with the original 2010 PUD. The subject property is 1.12 acres. The PUD CUP & DA Amendment applications requests to convert 11 hotel rooms on the fourth floor into two residential units. The amendment results in 88 total hotel rooms, 10 lock-off units, and 16 residential units on the fourth and fifth floors. 75.1% of the total building area is dedicated to hotel use. The proposed amendment complies with the hotel definition.

*B: The proposed project will not be detrimental to the present and permitted uses of surrounding areas.*

Commission Findings: N/A. No changes are proposed to the exterior design, height, bulk, or mass of the existing Limelight Hotel. Improvements will be limited to an interior remodel of the fourth floor to convert the 11 hotel rooms into two residential units. The Commission does not believe the proposed amendment will impact present and permitted uses in the surrounding area. For the original 2010 DA, the City Council found that this standard had been met. The City Council findings stated that:

The proposed development will not be detrimental to the current and permitted uses in the area. The proposed hotel is a permitted used within the CC zoning district and comparable in bulk and mass with the previously approved Hotel Ketchum on the southeast corner of Main and River Streets, although the proposed hotel is substantially larger.

*C: The proposed project will have a beneficial effect not normally achieved by standard subdivision development.*

Commission Findings: N/A. This standard is not applicable because the proposed development is a hotel and not a new land subdivision. The City Council findings for the 2010 PUD stated that:

This standard is not applicable because the proposed development is not a subdivision.

However, potential benefits include economic development, significant contribution toward the undergrounding of overhead power lines along the Main Street corridor at this gateway area, and an increase in the overall number of “hotbeds” in the City.

*D: The development shall be in harmony with the surrounding area.*

Commission Findings: The Commission believes the proposal complies with this standard. The amendment proposal will convert 11 hotel rooms into two residential units. Multi-family residential units are permitted in the Retail Core (CC-1 Zone) except for on the ground floor with street frontage. The surrounding neighborhood includes a mix of residential, commercial, and mixed-use developments. The fifth floor of the Limelight Hotel contains 14 residential units. The proposal will increase the total number of residential units in the Limelight Hotel to 16.

The City Council findings for the 2010 PUD stated that:

The City Council has considered this standard and found that it has been met. The surrounding area consists of a mix of commercial uses including a hotel across Main Street. Although the proposed Hotel Ketchum will provide comparable size and scale, the project will be substantially larger than other buildings in the area, but perceived impacts result from height and bulk have been limited through the required design review. The proposed design is sensitive to the adjacent Forest Service Park, and incorporating a connection along Washington Street which includes a new streetscape design, angled parking, redefined park entrance would further enhance this heritage site. The Commission approved the 4<sup>th</sup> and 5<sup>th</sup> setback waiver with a 4-1 vote and the City Council unanimously approved the 4<sup>th</sup> and 5<sup>th</sup> setback waiver.

*E: Densities*

1. *Densities and uses may be transferred between zoning districts within a PUD as permitted under this chapter, provided, the aggregate overall allowable density of units and uses shall be no greater than that allowed in the zoning district or districts in which the development is located. Notwithstanding the above, the commission may recommend waiver or deferral of the maximum density and the council may grant additional density above the aggregate overall allowable density only for projects which construct community or employee housing and which:*
  - a. *Include a minimum of 30 percent of community or employee housing, as defined in section 16.08.030 of this chapter; and*
  - b. *Guarantee the use, rental prices or maximum resale prices thereof based upon a method proposed by the applicant and approved by the Blaine County Housing Authority and/or the Ketchum City Council.*
2. *Application for waiver or deferral of this criteria shall include a description of the proposed community or employee housing and the proposed guarantee for the use, rental cost or resale cost.*

Commission Findings: N/A. This standard does not apply as the PUD is contained within the Retail Core and does not contain multiple zone districts to transfer densities between.

*F: The proposed vehicular and nonmotorized transportation system:*

1. *Is adequate to carry anticipated traffic consistent with existing and future development of surrounding properties.*
2. *Will not generate vehicular traffic to cause undue congestion of the public street network within or outside the PUD.*
3. *Is designed to provide automotive and pedestrian safety and convenience.*
4. *Is designed to provide adequate removal, storage and deposition of snow.*
5. *Is designed so that traffic ingress and egress will have the least impact possible on adjacent residential uses. This includes design of roadways and access to connect to arterial streets wherever possible, and design of ingress, egress and parking areas to have the least impact on surrounding uses.*
6. *Includes the use of buffers or other physical separations to buffer vehicular movement from adjacent uses.*
7. *Is designed so that roads are placed so that disturbance of natural features and existing vegetation is minimized.*
8. *Includes trails and sidewalks that create an internal circulation system and connect to surrounding trails and walkways.*

Commission Findings: The conversion of 11 hotel rooms on the fourth floor into two residential units will not noticeably change the project's traffic impacts. No changes are proposed to the existing vehicular or pedestrian circulation or snow storage. The proposed PUD amendment decreases the total amount of parking required for the project from 123 spaces to 120 parking spaces.

*G: The plan is in conformance with and promotes the purposes and goals of the comprehensive plan, zoning ordinance, and other applicable ordinances of the City, and not in conflict with the public interest.*

Commission Findings: The 2014 Comprehensive Plan ("2014 Plan") highlights the tourism industry as an essential component of Ketchum's economy and encourages growing the lodging industry, increasing visitor numbers through marketing, and enhancing tourism services and attractions downtown. Goal E-3 of the 2014 Plan states, "Ketchum depends heavily on tourism to support the local economy and will continue to support this industry" (page 17). Policy E-3(B) states that the city will, "Continue to support tourism-related land uses and businesses including lodging development and venues" (page 17).

Emphasizing Ketchum's need for housing that is attainable to the workforce, the 2014 Plan states that, "The Ketchum community wants the majority of people who work in Ketchum to have an opportunity to reside here," and that, "a diversity of housing is critically linked to a strong economy and year-round population" (page 19). Policy H-1.2 encourages "locally-developed solutions" to provide more attainable housing (page 20). Policy H-3.1 states that, "The City should encourage the private sector, through land-use regulations and incentive programs, to provide a mixture of housing types with varied price ranges and densities that meet a variety of needs." Policy H-1.2 acknowledges that Ketchum's attainable housing needs will "likely will not be met solely through private development" and emphasizes that the city will play active role in facilitating affordable housing opportunities (page 20).

The 2014 Plan places the responsibility for providing more attainable housing on both private developers and the city. This issue is central to the Limelight Hotel PUD CUP & DA Amendment request. The Limelight Hotel is the only hotel project in Ketchum that received waivers for 100% of the required employee and community housing. The waivers were granted as an incentive to start

construction quickly. The Limelight Hotel received a Certificate of Occupancy on December 22, 2016. The incentive to quickly commence construction is no longer applicable. The Commission believes the conversion request complies with this standard provided the applicant fulfills the community housing contribution for the new residential use through one of the outright options specified in Ketchum Municipal Code §17.124.040.B.2f.

1. *Pursuant to subsection 16.08.070.D of this chapter, all of the design review standards in chapter 17.96 of this Code shall be carefully analyzed and considered. This includes detailed analysis of building bulk, undulation and other design elements. The site plan should be sensitive to the architecture and scale of the surrounding neighborhood.*

Commission Findings: N/A. No changes are proposed to the existing design, height, bulk, or mass of the existing Limelight Hotel.

2. *The influence of the site design on the surrounding neighborhood, including relationship of the site plan with existing structures, streets, traffic flow and adjacent open spaces, shall be considered.*

Commission Findings: N/A. No changes are proposed to the existing site design.

3. *The site design should cluster units on the most developable and least visually sensitive portion of the site.*

Commission Findings: N/A. No changes are proposed to the existing site design.

*H: The development plan incorporates the site's significant natural features.*

Commission Findings: N/A. No changes are proposed to the existing site design.

*I: Substantial buffer planting strips or other barriers are provided where no natural buffers exist.*

Commission Findings: N/A. No changes are proposed to the existing site design or landscaping.

*J: Each phase of such development shall contain all the necessary elements and improvements to exist independently from proposed future phases in a stable manner.*

Commission Findings: N/A. The Limelight Hotel was issued a Certificate of Occupancy on December 22, 2016. Improvements associated with the request will be limited to an interior remodel of the fourth floor to convert the 11 hotel rooms into two residential units.

*K: Adequate and usable open space shall be provided. The applicant shall dedicate to the common use of the homeowners or to the public adequate open space in a configuration usable and convenient to the residents of the project. The amount of usable open space provided shall be greater than that which would be provided under the applicable aggregate lot coverage requirements for the zoning district or districts within the proposed project. Provision shall be made for adequate and continuing management of all open spaces and common facilities to ensure proper maintenance.*

Commission Findings: N/A as no changes are proposed to the existing site design or usable open space area.

*L: Location of buildings, parking areas and common areas shall maximize privacy within the project and in relationship to adjacent properties and protect solar access to adjacent properties.*

Commission Findings: N/A. No changes are proposed to the site design, height, bulk, and mass of the existing Limelight Hotel.

*M: Adequate recreational facilities and/or daycare shall be provided. Provision of adequate on site recreational facilities may not be required if it is found that the project is of insufficient size or density to warrant same and the occupant's needs for recreational facilities will be adequately provided by payment of a recreation fee in lieu of such facilities to the City for development of additional active park facilities. On site daycare may be considered to satisfy the adequate recreational facility requirement or may be required in addition to the recreational facilities requirement.*

Commission Findings: N/A as no change is proposed to the existing recreational facilities in the Limelight Hotel.

*N: There shall be special development objectives and special characteristics of the site or physical conditions that justify the granting of the PUD conditional use permit.*

Commission Findings

When the PUD was approved in 2010, the City Council found that, "The City has established that increasing tourist accommodations by encouraging hotel development is a priority," and, "the economic benefits of such a development have been recognized by the City Council as an important factor in approving the project. The City Council findings for the 2013 PUD amendment (see Attachment G) state:

*The current PUD amendment proposes to convert the entire fourth floor from residential to hotel use. This results in an economic benefit of an addition thirty seven (37) hotel rooms in the Community Core. The employee housing requirement has changed from a requirement of twenty-three (23) employee housing units to thirty (30) employee housing units. These are special development objectives that continue to justify the granting of a PUD. The City has established the need for hotels and hotbeds as a priority. The economic benefits of such a project are substantial.*

Figure 1 shows the special development objectives that were summarized in the City Council findings for the original 2013 PUD Amendment. When both the original 2010 PUD and 2013 PUD amendment were approved, The City Council found that the economic benefits of the 4-star hotel justified granting approval of the PUD and associated waivers.

The Limelight Hotel continues to provide economic benefits to the city through the Local Option Tax (LOT) collected from hotel room, liquor-by-the drink, and retail sales. 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.

**TABLE 10: SPECIAL DEVELOPMENT OBJECTIVES**

Special Development Objective, Special Characteristics of the Site or Physical Conditions	Type of Objective
4-Star Hotel	Economic (see fiscal impact analysis by Randy Young dated January 31, 2010)
Conference Space (seating for 250-275 persons)	Economic
Employee Housing for 23 employees (waived if construction commences by 2012; partial waiver if construction commences by 2013)	Social and Economic
Proposed contribution towards the undergrounding of overhead power lines (amount to be determined)	Aesthetic; Economic
Pedestrian improvements to public right-of-way to create enhance pedestrian experience,	Aesthetic; Economic

*Figure 1: 2013 PUD Amendment Special Development Objectives*

*O: The development will be completed within a reasonable time.*

Commission Findings: N/A. The Limelight Hotel was issued a Certificate of Occupancy on December 22, 2016. Improvements associated with the request will be limited to an interior remodel of the fourth floor to convert the 11 hotel rooms into two residential units.

*P: Public services, facilities and utilities are adequate to serve the proposed project and anticipated development within the appropriate service areas.*

Commission Findings: Public services, facilities, and utilities are adequate to serve the request to convert 11 hotel rooms into two residential units. The PUD CUP & DA Amendment applications were reviewed by city departments, including Fire, Streets, Utilities, and the City Engineer. City departments had no comments or concerns about the amendment request.

*Q: The project complies with all applicable ordinances, rules and regulations of the City of Ketchum, Idaho, except as modified or waived pursuant to this section.*

Commission Findings: The proposed development meets the standards of the zoning ordinance with the exception of the waivers that were granted by the city through the original 2010 PUD and 2013 PUD amendment processes provided that the applicant fulfills the community housing contribution required for the new residential use.

#### **CONCLUSIONS OF LAW**

1. The City of Ketchum is a municipal corporation established in accordance with Article XII of the Constitution of the State of Idaho and Title 50 Idaho Code and is required and has exercised its authority pursuant to the Local Land Use Planning Act codified at Chapter 65 of Title 67 Idaho Code and pursuant to Chapters 3, 9 and 13 of Title 50 Idaho Code to enact the ordinances and regulations, which ordinances are codified in the Ketchum Municipal Code ("KMC") and are identified in the Findings of Fact and which are herein restated as Conclusions of Law by this reference and which City Ordinances govern the applicant's PUD CUP & DA Amendment Applications for the development and use of the project site.
2. The Limelight Hotel PUD CUP & DA Amendment Applications are governed under Chapter 16.08—Planned Unit Developments and §17.124.050—Hotels of Ketchum Municipal Code.
3. The Commission has authority to hear the Limelight Hotel PUD CUP & DA Amendment Applications pursuant to Ketchum Municipal Code §16.08.110 and §17.124.050.B5.
4. The City of Ketchum Planning Department provided notice for the Planning and Zoning Commission public hearing on these applications in accordance with Ketchum Municipal Code §16.08.110.
5. As conditioned, the Limelight Hotel PUD CUP & DA Amendment Applications meet all applicable standards specified for hotel developments and hotel PUDs specified in Chapter 16.08—Subdivisions and Title 17—Zoning Regulations of the Ketchum Municipal Code.

### DECISION

**THEREFORE**, the Ketchum Planning and Zoning Commission **recommends approval** of the Limelight Hotel PUD CUP & DA Amendment applications to the City Council this Tuesday, May 27, 2025, subject to the following condition of approval.

### CONDITION OF APPROVAL

The Limelight Hotel PUD CUP & DA Amendment Applications propose 4,573 square feet of new residential use. The associated community housing contribution for the new residential use based on the calculation specified in Ketchum Municipal Code §17.124.040 is 777 net livable square feet of community housing or a community housing in-lieu fee (\$600 per square foot) of \$466,200. The applicant shall fulfill the community housing contribution for the proposed new residential use through one of the following outright options specified in Ketchum Municipal Code §17.124.040.B.2f:

- a. Deed restricting community housing constructed by the applicant on or off site within the City of Ketchum.
- b. Payment of the community housing in-lieu fee.
- c. Acquiring and deed restricting existing housing as community housing.

Findings of Fact **adopted** this 27<sup>th</sup> day of May 2025.



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Neil Morrow, Chair  
City of Ketchum  
Planning and Zoning Commission