

**From:** [Participate](#)  
**To:** [Heather Nicolai](#)  
**Cc:** [Morgan Landers](#)  
**Subject:** FW: Comments regarding Interim Ordinance 1234  
**Date:** Tuesday, March 7, 2023 4:45:46 PM  
**Importance:** High

---

Public comment.

## **LISA ENOURATO | CITY OF KETCHUM**

**Public Affairs & Administrative Services Manager**

P.O. Box 2315 | 191 Fifth St. W. | Ketchum, ID 83340

o: 208.726.7803 | f: 208.726.7812

[lenourato@ketchumidaho.org](mailto:lenourato@ketchumidaho.org) | [www.ketchumidaho.org](http://www.ketchumidaho.org)

---

**From:** bob@sunvalleyrealtors.org <bob@sunvalleyrealtors.org>  
**Sent:** Tuesday, March 7, 2023 4:27 PM  
**To:** Brenda Moczygemba <BMoczygemba@ketchumidaho.org>; Neil Morrow <nmorrow@ketchumidaho.org>; Spencer Cordovano <SCordovano@ketchumidaho.org>; Susan Passovoy <spassovoy@ketchumidaho.org>; Tim Carter <tcarter@ketchumidaho.org>  
**Cc:** Participate <participate@ketchumidaho.org>; Morgan Landers <MLanders@ketchumidaho.org>  
**Subject:** Comments regarding Interim Ordinance 1234  
**Importance:** High

### **Comments regarding KPZ Agenda item 4, March 8, 2023: Interim Ordinance 1234:**

First, we congratulate the City on empaneling the Technical Advisory Committee (“TAG”) as it is our strong belief that good governance includes its receipt of relevant stakeholder input in a non-public meeting environment, prior to presentation of significant policy positions to elected and appointed officials.

As a member of the Technical Advisory Committee, following its first meeting where ordinance 1234 was a topic of discussion, I would like to present the following observations with regard to Interim Ordinance 1234 (item 4 on your March 8, 2023, agenda).

#### **SUMMARY:**

- 1. 50% of projects submitting applications for entitlement under the requirements of interim ordinance 1234 are not meeting the comprehensive plan’s density goals nor the goals (more residential units of various types, a vibrant downtown) of interim ordinance 1234.**
- 2. Interim ordinance 1234 requires commercial uses in locations that do not support such uses with potential detrimental effects on downtown vibrancy, the economy, and the goals of the ordinance.**

#### **I. New Interim Ordinance 1234 Projects are Not Meeting Comprehensive Plan Density Goals:**

The comprehensive plan states that higher density should occur downtown. Such density i) contributes to the City’s tax base, ii) provides the opportunity to address affordable workforce housing development, iii) stabilizes and strengthens the economy both through money spent at local

businesses by downtown residents and the ability to offer larger scale tourist accommodation, and iv) provides the ability to centralize retail, commercial and entertainment amenities to create a vibrant downtown. A measure of the success and appropriateness of ordinance 1234 is whether financially feasible projects can be developed while meeting its requirements, which include meeting the goals of the comprehensive plan (**Section 13 of the ordinance**). An indication of financial feasibility is whether projects are being developed to the targeted downtown density (FAR = 2.25), or to some lesser density due to increased risk, regulation, or lack of profitability (or all of these) for the incremental project area.

**Projects Subject to Ord. 1234:** Discussion with the Planning & Building Department indicates that as of mid-February there are four projects in process that will be reviewed under the requirements of ordinance 1234. Two of the projects are in the entitlement process, and two are in the pipeline preceding entitlement. They have the following characteristics:

1. The two projects in the entitlement process are both 100% commercial. One is being developed at less than 1.0 FAR, and one is at a larger FAR and requires a CUP for additional parking that is supported by staff.
2. Of the two projects in the pre-entitlement process pipeline, one is 100% residential and being developed at less than 1.0 FAR, and one is mixed use at over 1.0 FAR and requesting a CUP for a larger than 3,000 SF penthouse. Staff has indicated support for the CUP since the project exceeds the minimum unit density requirement.

**Average FAR of Recent Development:** In the staff report are examples of recently approved developments downtown (3 detailed descriptions without stated FAR data, and 7 in a table with FARs shown). The average FAR for the 7 projects shown in the table is 1.98, the lowest FAR is 1.7, and if only the ground-up newly constructed projects are considered (5 of them – 2 projects are adaptive re-use of existing buildings) the average FAR is 2.09. This data clearly supports the fact that developers would prefer to build higher density downtown if feasible. Subject to the possibility of there being other reasons that are unavailable to the public at this time, the fact that 2 of 4 projects expected to submit for approval under ordinance 1234 are planned at densities less than 1.0 FAR and less than 50% of the average FAR of recent new build projects, should be cause for very serious concern for the reasons mentioned in the first paragraph of this section.

#### **PROPOSED ACTION STEP:**

##### **KPZ should:**

1. Obtain the latest update from staff regarding projects in application and in the pre-application pipeline to determine if there are any additional examples that would inform its deliberation of this issue.
2. Ensure that it completely understands the reason(s) why 50% of new projects submitting applications under interim ordinance 1234 are being developed at less than 1.0 FAR in light of the fact that the 10 projects staff presented as recent development examples **ALL SIGNIFICANTLY EXCEED 1.0 FAR**, by over 100% on average for the new build projects shown.
3. **Decide whether the under-development of scarce downtown land can be tolerated in light of the goals of both the comprehensive plan and ordinance 1234, and our pressing need for workforce housing.**

**II. Interim ordinance 1234 Requires Financially Infeasible Uses (Sections 11 A. and C. of Ordinance 1234):**

In the TAG meeting, two TAG members from the development community stated, and we agree, that requiring commercial ground floor uses in areas away from the retail core that are not well located to create demand for such uses can result in the following actions and negative consequences:

1. Developers build the ill-located commercial space in compliance with ordinance 1234 so that more luxury residential space can be constructed, despite knowing that it will not demand a sufficiently high rental rate to provide a return on its construction cost.
  - a. **Consequences:** The loss created by constructing undesirable but code required commercial space must be subsidized from the profit derived from the project's luxury real estate. As a result:
    - i. Residential unit prices increase in order to cover the subsidy.
    - ii. More CUP requests are required to produce more in demand larger residential units (over 3,000 SF) to reduce the overall risk of the project.
    - iii. There is less variation in residential unit sizes
2. Developers choose not to build above 1.0 FAR to avoid the ordinance 1234 requirements that impact its design.
  - a. **Consequences:**
    - i. The City loses the long term (for decades) benefit of the increased tax base that results from larger buildings in the core that would have been developed to meet the desired 2.25 FAR density
    - ii. The economy suffers the long term (decades) negative impact of there being fewer occupants (residential or commercial) in these smaller buildings, resulting in lower spending in Ketchum to the detriment of local business owners
    - iii. The comprehensive plan goal and desire that higher density to serve the community should be located downtown is not met.
3. Developers choose not to build at all due to the inability to produce product that meets market demands, and/or the risk of complying with ordinance 1234's requirements does not justify the investment.
  - i. Consequences: See 2. above.

**PROPOSED ACTION STEP:** Review the commercial space requirements of interim ordinance 1234, especially for ground floor areas, to ensure that:

1. The stipulated locations will support ground floor commercial or retail uses without the need for subsidized rent (consider this requirement only for CC-1?)
2. The requirements of ordinance 1234 do not result in dispersing retail and commercial uses farther from the retail core, thereby negatively impacting vibrancy in the downtown core.
3. The percentage of commercial space required does not impact the financial feasibility of the overall project regardless of location, resulting in either too many projects being constructed at less than 1.0 FAR, and/or too many CUP requests to change other requirements of ordinance 1234 so that projects are able to subsidize the required

commercial space, with the potential result that the end product is less likely to meet community goals.

Thank you in advance for your time. Please feel free to call with any questions.

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