



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: August 19, 2024 Staff Member/Dept: Jade Riley, Administration & Carissa Connelly, Housing

Agenda Item: Recommendation to hold First Reading of Ordinance 1256, calling for a November election to adjust the short-term lodging tax.

Recommended Motion:

"I move to conduct the First Reading of Ordinance 1256 by title only and schedule the second reading"

Reasons for Recommendation:

- During the August 5 City Council meeting staff was directed to bring forward the proposed ballot language for the November election via ordinance.
The Council should confirm the following before first reading is conducted:
- Any edits to ballot language
- Affirm five-year duration of new tax rate
The 2022 Local Option Tax housing proposal presented to voters included a 2% adjustment to short-term lodging. Currently, Ketchum is 1% lower than Sun Valley for lodging and 2% lower than McCall. The City Council recently identified the need for additional funding for the deed restriction program.

Policy Analysis and Background:

The Housing Action Plan calls for investments in ten key areas, ranging from an ownership/preservation program to new construction/acquisition of units (see attached presentation). The current budget assumes full utilization of the existing Local Option Tax funds and In-Lieu Development funds. The City Council requested staff engage the community to explore the concept of a 2% increase in short-term lodging to bolster the effectiveness of the initiatives within the plan such as Ownership & Preservation Program.

Sustainability Impact:

An increase in local housing decreases daily worker commute trips from outside of Ketchum.

Financial Impact:

None OR Adequate funds exist in account: A 2% increase in the short-term lodging tax would yield approx. \$745,549 based on current collection trends.

Attachments:

- 1. Ordinance 1256
2. Presentation from August 5th City Council Meeting

**CITY OF KETCHUM  
ORDINANCE NUMBER 1256**

AN ORDINANCE OF THE CITY OF KETCHUM, IDAHO, AMENDING ORDINANCE 712, AS PREVIOUSLY AMENDED, WHICH PROVIDES FOR THE IMPOSITION OF LOCAL OPTION TAXES; PROPOSING TO INCREASE THE LOCAL OPTION TAX ON PROVIDING SHORT-TERM LODGING FOR PURPOSES OF SUPPORTING COMMUNITY HOUSING, PROVIDING FOR A BALLOT; PROVIDING A SEVERABILITY CLAUSE; PROVIDING FOR PUBLICATION; PROVIDING A REPEALER CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

**WHEREAS**, the City of Ketchum is authorized to collect local option taxes pursuant to Ordinance 712, as amended by Ordinances 1090, 1097, 1108, 1166, 1235, and 1244.

**WHEREAS**, the City of Ketchum has determined it is in the best interests of the public to further amend Ordinance 712 to add an additional two percent (2%) occupancy tax upon hotel, motel, and other short-term lodging accommodations, with the revenue of such additional tax to be used for the existing authorized purpose of Community Housing and Support.

**NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF KETCHUM, IDAHO:**

**SECTION 1.** The following ballot shall be submitted to the registered voters of the City of Ketchum at the November 5, 2024, election, and Ordinance 712 shall be amended as provided for in the ballot provided that the ballot is approved by sixty percent of the registered voters that vote on such ballot:

**SPECIAL NON-PROPERTY TAX ELECTION**

**CITY OF KETCHUM  
STATE OF IDAHO  
November 5, 2024**

**Local Option Tax**

Shall the City of Ketchum adopt Ordinance No. 1256 to increase the local option tax rate on hotel, motel, and short-term rental (30 days or less) occupancy by an additional two percent (2%) for a five-year period. Collected funds will be dedicated solely for the long-term preservation of existing housing units, ensuring occupancy by local residents with legal restrictions. These funds will not be used for new construction of units.

IN FAVOR	→	
AGAINST	→	

Ordinance No. 1256 was adopted by the Ketchum City Council on \_\_\_\_\_, 2024, but will only be effective upon approval of sixty percent (60%) of the registered voters that vote on this ballot.

**SECTION 2.** The City LOT Ordinance is amended to add an additional two percent (2%) on hotel, motel, and short-term lodging occupancy. The new revenues generated from such additional taxes will solely be used for the existing designated purposes of Community Housing. Specifically, preservation of existing housing units via legal restrictions. The duration of such additional two-percent occupancy tax will be for a period of five years from the effective date of this Ordinance.

**SECTION 3. SEVERABILITY CLAUSE.** If any paragraph, part, section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid for any reason by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance.

**SECTION 4. PUBLICATION.** This Ordinance shall be published once in the official newspaper of the City.

**SECTION 5. REPEALER CLAUSE.** All City code sections, ordinances or resolutions, or parts thereof which are in conflict herewith, are hereby repealed.

**SECTION 6. EFFECTIVE DATE.** This Ordinance shall be in full force and effect on January 1, 2025, after voter approval, passage by the City Council and Mayor, and publication according to law.

PASSED BY THE CITY COUNCIL OF THE CITY OF KETCHUM, IDAHO, and approved by the Mayor on this \_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Neil Bradshaw, Mayor

ATTEST:

\_\_\_\_\_  
Trent Donat  
City Clerk



# 2% ADDITIONAL LOCAL OPTION TAX FOR HOUSING

August 5, 2024

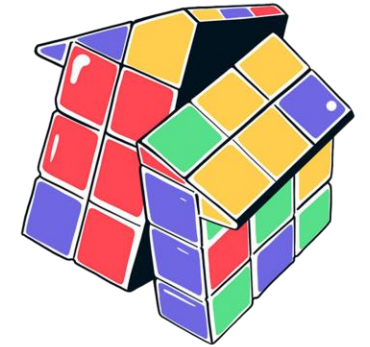


# Ketchum's Housing Action Plan

Adopted May 9, 2022

## PLAN GOALS

1. Produce + preserve housing
2. Update policy to promote housing
3. Expand + improve services to create housing stability
4. Expand + leverage resources
5. Inform, engage + collaborate



[ProjectKetchum.org/housing-matters](https://ProjectKetchum.org/housing-matters)



# WHAT IS THE COMMUNITY HOUSING NEED IN KETCHUM & COUNTYWIDE?





# Projected Need

<b>Ketchum</b>	<b>Historic Growth <i>1% annually</i></b>	<b>High Growth <i>3% annually</i></b>
New Households	+224	+546
<b>*Existing Ketchum Households <i>cost-burdened &amp;/or housing unstable</i></b>	436	436
Estimated Need	<b>660</b>	980

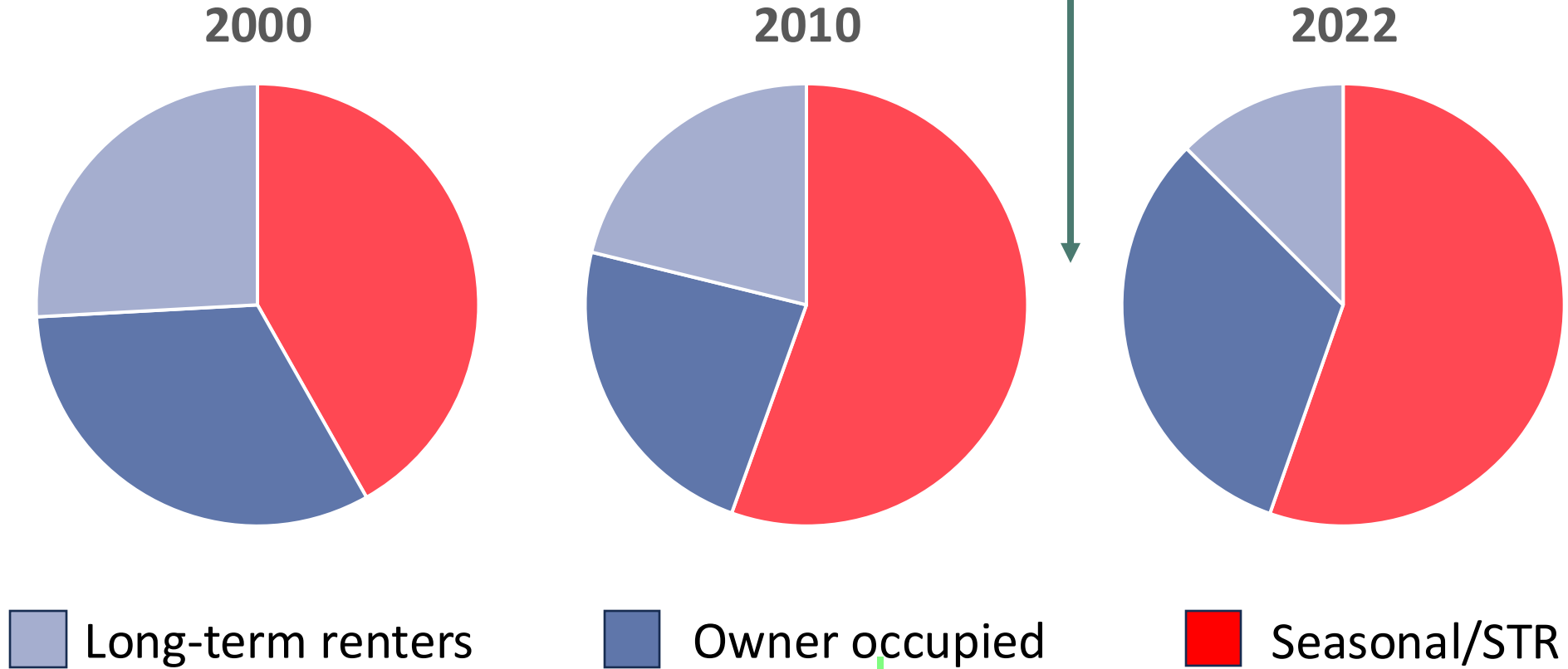
4,700 to 6,400 community homes needed in Blaine County by 2032 through new, converted, or preserved

*\*does not include the 335 lost renter households*



# Ketchum's Housing Breakdown

Ketchum lost 330+ renter households from 2010-2019, becoming a "rental desert."







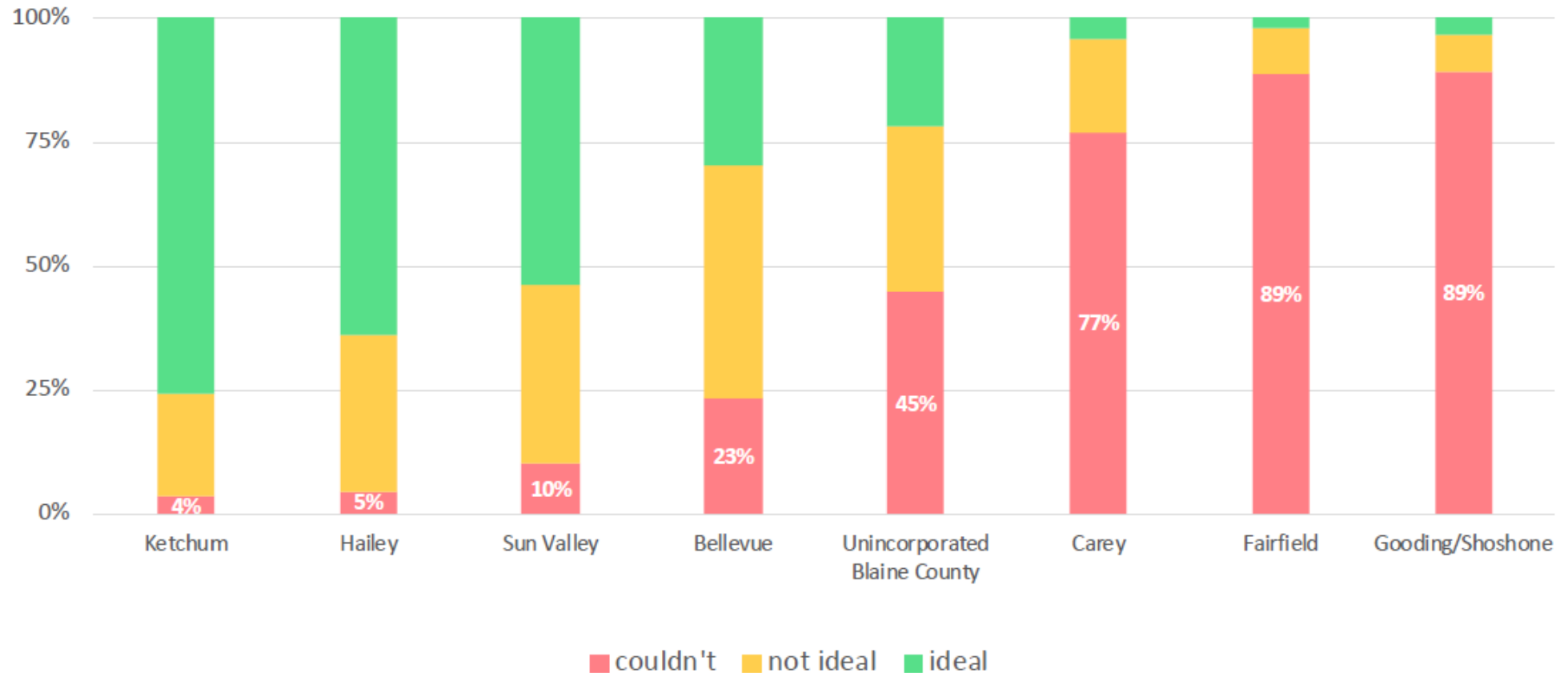
**DO PEOPLE EVEN CARE TO LIVE  
IN KETCHUM?**



# Needs & Preferences | Location

Among people seeking housing,

- Most would leave the community if their only housing option were farther than Bellevue.
- Nearly half would leave if their only housing option were outside the cities.
- Among BCHA's applicants, 30% would not live in south valley.

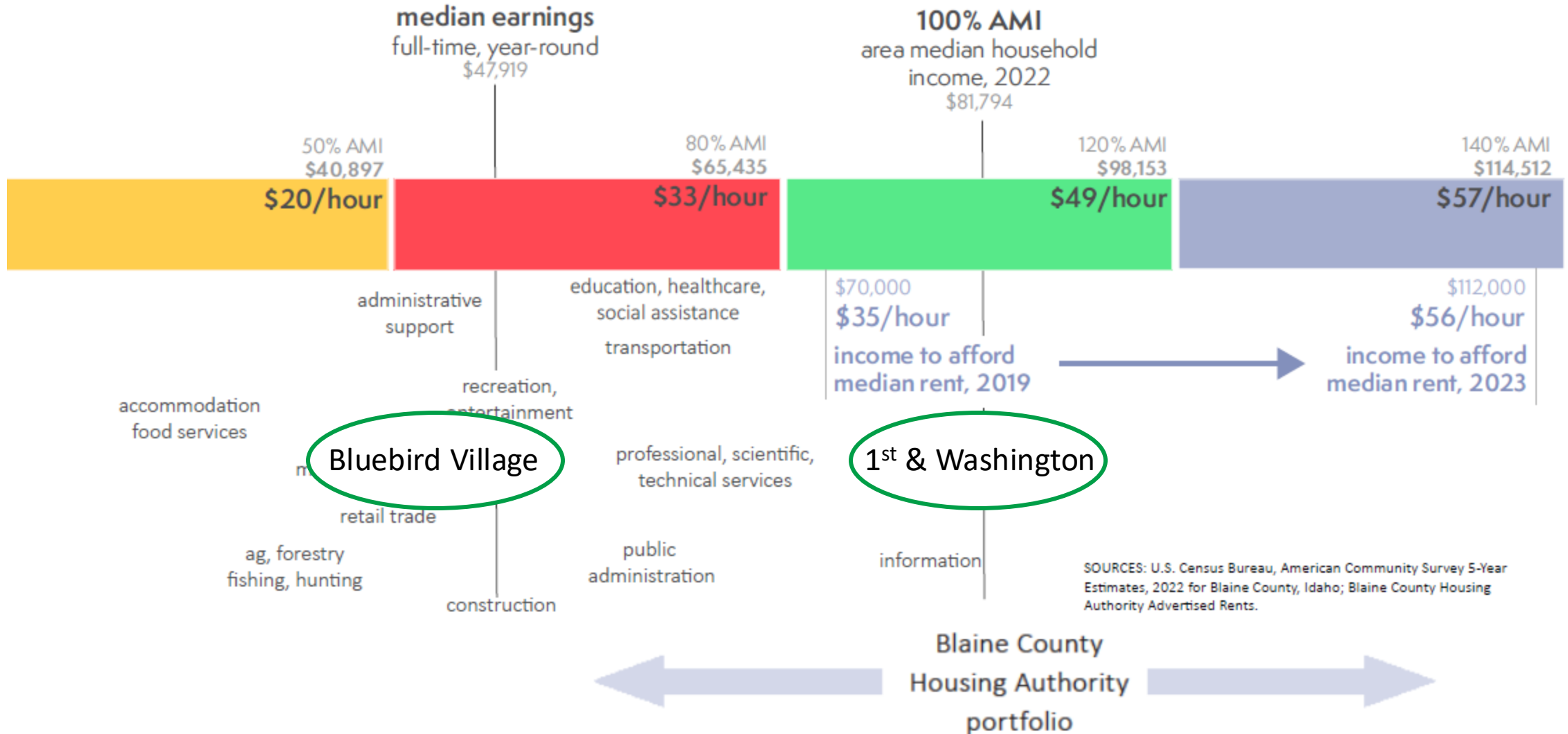




# WHO ARE WE CREATING HOUSING FOR?



# Needs & Preferences | Income





# Prequalified Bluebird Resident Employers

## **CRITICAL SERVICES, PUBLIC WORKERS, ESSENTIALS**

- **Blaine County School District**
- **USPS**
- **St. Luke's Wood River**
- **City of Ketchum**
- Sun Valley Community School
- Wood River YMCA
- Sun Valley Playschool
- Higher Ground
- Habitat Veterinary Hospital
- Sun Valley Animal Center
- Atkinson's Market
- Chateau Drug
- Oasis Stop 'n' Go

## **SERVICES, RESTAURANTS**

- Sawtooth Club
- Apples Bar and Grill
- Sawtooth Brewery
- Ketchum Grill
- Scout Wine and Cheese
- Johnny G's Subshack
- Magic Lantern
- Zenergy
- Visit Sun Valley
- Whiskey's on Main
- Wood River Taxi
- Tacos 208
- WaFd Bank
- Housekeepers
- The Tanning Co
- Ketchum Chiropractic

## **CONSTRUCTION, MAINTENANCE**

- Hydronics heating, plumbing
- Conrad Brothers Construction
- Interior Contractors, Inc.
- Renovatio Construction
- Idaho Mountain Builders
- MLD appliances
- Four Seasons Pool & Spa
- In Living Color Painting

## **TOURISM**

- The Limelight Hotel
- Sun Valley Company
- Hotel Ketchum
- Tamarack Lodge
- Kentwood Lodge
- Moment Luxury Vehicle Rental
- Sun Valley Stables





# WHAT ARE WE DOING WITH THE CURRENT BUDGET?

- .5% for Housing
- In-lieu fees
- HUD grant





# Housing Department/BCCHA Programs

**Ownership +  
Preservation Program**



\$1m/ year

**Lease to Locals  
(LTR incentive)**



\$300k / year

**Landlord-Tenant  
Mediation + trainings**



\$50k / year

**New Construction +  
Acquisition/Rehab**



\$1.5m / year

**Compliance +  
Enforcement**



\$60k / year

**Waitlist Management,  
Application Review + Placement**



\$150k/ year

**Data Analysis +  
Education**



\$100k/ year

**Emergency Housing  
Assistance**



\$350k/ year

**Program Development +  
Policy Recommendations**



\$80k/ year

**Grant Writing +  
Compliance**



\$40k/ year



**What would an additional 2% LOT on lodging generate and how would we spend it?**



# Potential New LOT Scenarios

Category	Original	Additional 1%	FY 2023 Total*	Current Total %	Proposal	
					2.00%	New Total %
Other Retail	\$ 2,238,618	\$ 2,230,388	\$ 4,469,006	2%		
Room	\$ 425,929	\$ 212,964	\$ 638,893	3%	\$ 425,929	5%
Condo	\$ 319,621	\$ 159,810	\$ 479,431	3%	\$ 319,621	5%
Liquor	\$ 362,809	\$ 181,405	\$ 544,214	3%		
Building	\$ 530,875	\$ 530,875	\$ 1,061,749	2%		
<b>Total</b>	<b>\$ 3,877,851</b>	<b>\$ 3,315,442</b>	<b>\$ 7,193,293</b>		<b>\$ 745,549</b>	

\*FY 2023 Actuals shown based on remittance month

Burden	Retail	62%
	Lodging	16%
	Liquor	8%
	Building	15%



# Potential New LOT Program Funding

**Ownership +  
Preservation Program**



\$1m/ year

**Lease to Locals  
(LTR incentive)**



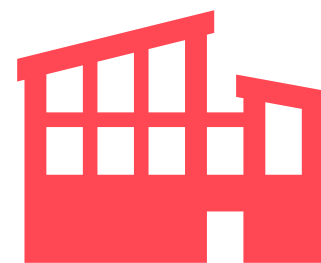
\$300k / year

**Landlord-Tenant  
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\$50k / year

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\$80k/ year

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\$40k/ year



**WOULDN'T THIS HURT OUR LODGING  
PROPERTIES' COMPETITIVE EDGE?**



# Tax Rates by Municipality (2022)

	Idaho						Wyoming
	Driggs	Hailey	Ketchum	McCall	Sun Valley	Victor	Jackson
Lodging	14%	12.0%	11.0%	13.0%	12.0%	14%	8.0%
Restaurant	7%	7.0%	8.0%	7.0%	10.0%	7%	6.0%
Alcohol	8%	8.0%	9.0%	7.0%	10.0%	7%	6.0%
Retail	6.5%	6.0%	8.0%	7.0%	9.0%	7%	6.0%

	Colorado					
	Aspen	Crested Butte	Snowmass Village	Steamboat	Telluride/Mt. Village	Vail
Lodging	11.3%	12.4%	12.8%	11.4%	12.7%	9.8%
Restaurant	9.3%	9.4%	10.4%	8.4%	10.65%	8.4%
Alcohol	9.3%	9.4%	10.4%	8.4%	10.65%	8.4%
Retail	9.3%	9.4%	10.4%	8.4%	8.65%	8.4%



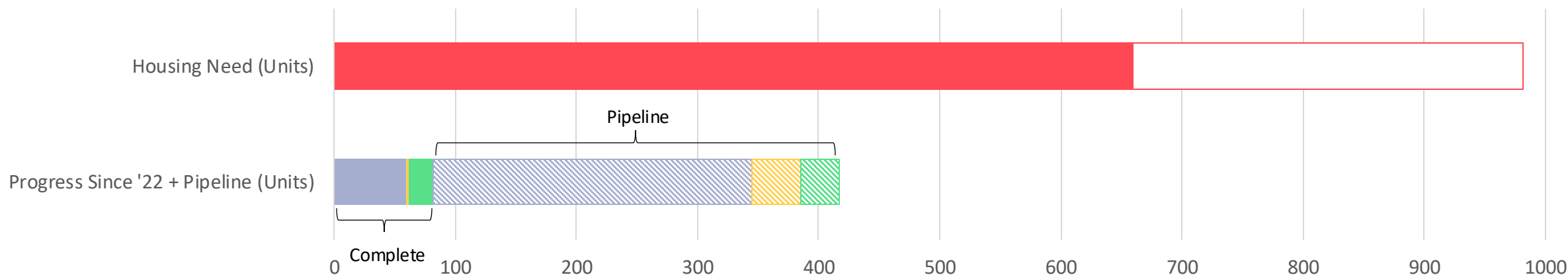


# AREN'T WE ALREADY GETTING CLOSE TO CLOSING THE 'NEED' GAP?

- So much development...



# Project Tracker



## New Construction Public Lots

- Bluebird- 51
- 1<sup>st</sup> + Wash- 66
- South Y- 33
- Lift Tower Lodge- 27
- Trail Creek- 108

## Ownership + Preservation (OPP)

- 2 complete
- Estimate 5/year

## Zoning Incentives (FAR Exceedance +)

- 19 since '22
- Estimate 4/year

## \*ADU Incentives

- Not currently shown/funded



# WHAT IS THE OWNERSHIP & PRESERVATION PROGRAM?



# Ownership Preservation Program



## ■ Deed-Restriction

- Long-term covenant that runs with the land that can restrict occupancy, ownership, and resale
- Explicit or de facto affordability + local occupancy
- 70-year term, with renewal at sale

## ■ Goals

- Support community character
- Prevent housing leakage + preserve supply of housing for locals
- Homeownership assistance for new buyers
- Financial assistance for existing homeowners



# Ownership Preservation Program

Current pipeline - without marketing or prime sale season - ranges from \$530,000 to \$1,350,000 investment, additional \$730k would cover high conversion estimate beyond FY24 budgetted amount



## OPP to Date (~4 months)

16	TOTAL APPLICATIONS WITHOUT MARKETING	
2	Properties Closed	Total Invested: \$382,650, Average \$191k, \$620k remaining in current budget
12	Applications complete or in progress	Investment Range accounting for conversion rate: \$530,000 to \$1,350,000
8	Pre-qualified to participate 3 for 30% restriction, 5 unsure	Potential Investment Range: \$417k to \$810k
4	Applications in Progress	Potential Investment Range: \$112k to \$540k



**Funding request per year** \$1,000,000  
**Est. Public Investment / unit** \$200,000  
**Est. Staff Time, % of FTE** 6%

### Impact

- expanded restricted portfolio
- Cat Local, ownership
- ~4 units / year
- housing now



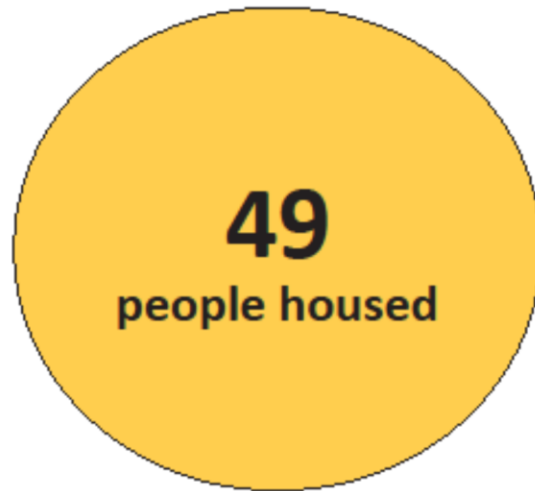




# Lease to Locals

IN BUDGET

- Expanded geographic boundaries
- Increased incentive amounts
- stop-gap, no permanent restrictions applied



**Funding request per year** \$300,000  
**Est. Public Investment / unit** \$13,000  
**Est. Staff Time, % of FTE** 3%

### Impact

- moderate income housing
- rental
- ~20 people per year stay housed
- housing now