



City of Ketchum

March 6, 2023

Mayor Bradshaw and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

Discussion and Direction Regarding the Proposed Community Housing Contribution for The Perry Building Project Located at 131 W 4th Street and 471 & 431 N 1st Avenue.

Recommendation and Summary

Staff recommends the City Council review the alternative community housing contribution to mitigate the Floor Area Ratio ("FAR") increase proposed for The Perry Building project and provide feedback to the applicant.

The reasons for the recommendation are as follows:

- Planning staff has modified the sequence of FAR Exceedance Agreement review based on the direction provided by the City Council during their regular meeting on January 17, 2023. For projects proposing an alternative proposal as allowed per Ketchum Municipal Code ("KMC") §17.124.040.B.2g, the proposed community housing contribution will be scheduled as a discussion item for City Council review and feedback prior to design review. Following design review approval and before building permit issuance, the final FAR Exceedance Agreement will be brought back to the City Council for review and approval.
- Pursuant to KMC §17.124.040.B.2e, community housing units shall be targeted for Blaine County Housing Authority ("BCHA") income category 4, but "the applicant may seek the recommendation of the governing housing authority in the determination of an alternative category." This allowance shall be based on the need for the category type. Pursuant to KMC §17.124.040.B.2g, "the City Council may consider alternative proposals by the applicant to fulfill the community housing incentive."
- The project is required to provide a minimum of 4,936 square feet of community housing in exchange for the FAR bonus. The Perry Building project is proposing to mitigate the FAR increase by providing 5,014 square feet of community housing on site, dedicating seven community housing units on the ground floor of the mixed-use building as deed-restricted rentals. The rental units range in size from 624 square feet to 976 square feet. The applicant is proposing to target these community housing units for a mixture of income categories, including BCHA categories 4, 5, 6, and L.

Introduction and History

Ketchum Municipal Code §17.124.040 encourages new developments to include a reasonable supply of affordable and resident-occupied housing for sale or rent to help meet the demand and needs for housing of the community's workforce. Developments in the Community Core may be built to a permitted FAR of 1.0. An increased FAR up to a maximum of 2.25 may be permitted, subject to design

review approval, with an associated community housing contribution. Pursuant to KMC §17.124.040.B.2f, “the following options for fulfillment of the community housing incentive are available to the applicant outright. These include, but are not limited to: (1) Housing constructed by the applicant on or off-site, within the City of Ketchum; (2) Payment of an in lieu fee; or (3) Acquisition of existing housing stock that meets with the governing housing authority’s requirements and approval.”

The applicant is proposing to develop a new mixed-use building located on three Ketchum Townsite lots (131 W 4th Street and 471 & 431 N 1st Avenue) at the northwest corner of 1st Avenue and 4th Street (the “subject property”) within the Mixed-Use Subdistrict of the Community Core (“CC-2 Zone”). The mixed-use building will contain a parking garage accessed from the alley, 4 retail units on the ground floor with frontage along 1st Avenue and 4th Street, 7 community housing rental units, and 16 market-rate multi-family dwelling units (the “project”).

The project is proposing to take advantage of the FAR bonus in exchange for community housing, mitigating the additional floor area by dedicating seven on-site community housing units as deed-restricted rentals. The FAR calculations and exceedance analysis for the project is provided in Table 1. The mixed-use building is 53,756 gross square feet and the proposed FAR is 2.18.

TABLE 1: THE PERRY BUILDING FAR EXCEEDANCE ANALYSIS	
CC-2 Zone Permitted FAR	
Permitted FAR	1.0
Permitted FAR with Community Housing	2.25
The Perry Building: Proposed FAR & Exceedance Analysis	
Subject Property Area	24,723 square feet
Permitted Gross Floor Area (1.0 FAR)	24,723 square feet
Proposed Gross Floor Area	53,756 square feet
Proposed FAR	2.18
Increase Above Permitted 1.0 FAR	29,033 square feet
20% of Increase	5,807 square feet
Net Livable (15% Reduction)	4,936 square feet
Minimum Required Community Housing Contribution	4,936 square feet

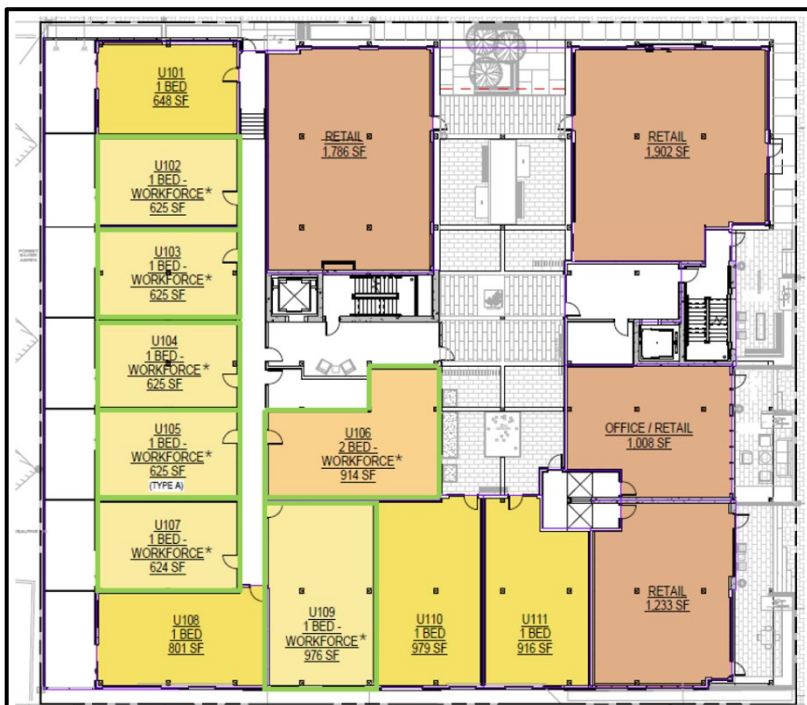


Figure 1: Ground-Level Floor Plan

As noted in the table above, the project is required to provide a minimum of 4,936 square feet of community housing in exchange for the FAR bonus. The Perry Building project is proposing to mitigate the FAR increase by providing 5,014 square feet of community housing on site, dedicating seven community housing units on the ground floor of the mixed-use building as deed-restricted rentals. The rental units range in size from 624 square feet to 976 square feet. Figure 1 shows the main-level floor plan with the proposed community housing units are outlined in green. The project’s community housing proposal, including floor plans and targeted income categories, is included as Attachment A to the staff report.

Pursuant to KMC §17.124.040.B.2e, community housing units shall be targeted for Blaine County Housing Authority (“BCHA”) income category 4, but “the applicant may seek the recommendation of the governing housing authority in the determination of an alternative category.” This allowance shall be based on the need for the category type. Pursuant to KMC §17.124.040.B.2g, “the City Council may consider alternative proposals by the applicant to fulfill the community housing incentive.” The applicant is proposing to target these community housing units for a mixture of income categories as follows:

Unit No.	Bedrooms	Unit Size	Proposed Income Category	Percentage of Area Median Income (AMI)
U104	one bedroom	625 square feet	4	80% to 100%
U106	two bedrooms	914 square feet	4	80% to 120%
U103	one bedroom	625 square feet	5	100% to 120%
U105	one bedroom	625 square feet	5	100% to 120%
U102	one bedroom	625 square feet	6	120% to 140%
U107	one bedroom	624 square feet	6	120% to 140%
U109	one bedroom	976 square feet	L	No Income Limit (must be a full-time resident and employee of Blaine County)

Staff appreciates the total number of community housing units provided on the ground-level of the mixed-use development and their integration with market-rate residential units; however, staff does not support the income categories targeted for each rental unit as proposed by the applicant. The analysis below provides an overview of staff’s position on the proposed community housing contribution. Staff requests the City Council provide feedback on the income category targets for the project. Goal 2 of the Housing Action Plan states that Ketchum should “Build a regulatory and policy environment that strongly encourages housing development with an emphasis on community and workforce housing, and which is consistent with other community goals.” As detailed in the analysis below, staff recommends more community housing units should be targeted for 80% and less AMI to provide an equitable distribution and help address Ketchum’s urgent need for more rental units for the local workforce. This is because 70% of Ketchum’s workforce earns below 80% AMI – the median earnings per individual for our area is about 50% AMI and more than half of BCHA’s waitlist are single-person households.

Analysis

Due to a significant population increase and severe housing shortage, Ketchum is losing its workforce and year-round residents because most local people cannot afford to live here. The *Ketchum Housing Matters: Housing Action Plan, 2022-2023* (the “Housing Action Plan”) identifies that the community’s workforce has the greatest unmet housing need stating that, “Ketchum’s workforce primarily consists of low- and middle-income households (under \$45,355 per year or \$23 per hour) that our local economy depends on. Sixty percent of local renters live in unaffordable housing, meaning they pay more than 30% of their gross/pre-tax income on housing costs.” The city’s economy depends on its workforce who primarily earn under 80% AMI based on industry median earnings data published by the US Census. While more housing is needed at every income level, the Housing Action Plan identifies that Ketchum’s most significant need is for rental units ranging from 0% to 120% AMI targeted for the local workforce. Pursuant to KMC §17.124.040.B.1, the purpose of the FAR bonus program 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 the housing of

community's employees." Community housing provided in exchange for FAR increases is intended to target Ketchum's workforce.

Staff believes the seven community housing units should be targeted to meet the objectives identified in the Housing Action Plan and targeted for income categories 4 or an equitable range of income categories with a median of income category 4 for the following reasons:

- Policy decisions related to income levels for the deed restricted community housing program should be informed by the recently adopted Housing Action Plan.
- The Housing Action Plan identifies that Ketchum most significantly needs more rental units for the local workforce housing that consists primarily of low- and middle-income households.
- The purpose of the FAR bonus in exchange for community housing program is to "help meet the demand and needs for housing of the community's employees" (KMC 17.124.040)
- Approximately 70% of Ketchum's workers earn less than 80% to 100% of area median income ("AMI").
- The most significant demand is for rental units targeted for income categories of 4 or less. Over 80% of households on the BCHA waitlist qualify for income categories of 4 or less.
- Staff has received an increased number of requests for higher income categories for on-site deed restricted community housing units. Allowance of higher income categories will erode the effectiveness of the program over time and diverge from the goals of the Housing Action Plan. The action on this project will set a precedent for other requests to increase income levels for on-site community housing units. The Housing Action Plan proposes alternative tools to increase housing production for higher income levels.

Staff would support a more equitable distribution of income categories with a median of income category 4. A more equitable range of income categories would include an income-category-3 unit for every income-category-5 unit and an income-category-2 unit for every income-category-6 unit. The median of the income categories should be 4 with an equitable distribution of units targeted for income categories of 3 or less and income categories of 5 or more. As proposed, 72% of the proposed community housing targets 100% and higher AMI and 43% of the community housing is proposed to target 120% and higher AMI. As income categories 5 and 6 are proposed, more community housing units should be targeted for 80% and less AMI to provide an equitable distribution and help address Ketchum's urgent need for more rental units for the local workforce.

The 976-square-foot one-bedroom unit is proposed to be targeted for BCHA Category L, which has no income or rent limit, but must be targeted for full-time residents and employees of Blaine County. Staff is not supportive of BCHA Category L because it does not fulfill the intent of the regulation. The 976 square feet of community housing proposed to be targeted for BCHA Category L would equate to an in-lieu fee of \$439,200. Staff believes that the in-lieu fee would be more desirable than providing a community housing unit with no income limit. Comparable, peer communities are able to buy category L deed-restrictions for \$100,000 to \$150,000 per unit: This \$439,200 could equate to three to four new deed-restrictions on existing units.

Sustainability

The project does not limit the ability of the city to reach the goals of the Ketchum Sustainability Action Plan – 2020. Ability to house employees and community participants locally decreases commuter vehicular trips.

Financial Impact

There is no financial requirement from the city for this action.

Attachments

- A. The Perry Building: Proposed Community Housing Contribution

Attachment A

The Perry Building: Proposed Community Housing Contribution

COMMERCIAL AREA CALCULATION		
NAME	GROSS AREA	
RETAIL	1,902 SF	
OFFICE/RETAIL	1,008 SF	
RETAIL	1,786 SF	
RETAIL	1,233 SF	
TOTAL:	5,929 SF	

UNITS BY LEVEL		
UNIT NO.	NAME	NET RENTABLE SF

LEVEL 1		
U101	1 BED	648 SF
U102	1 BED - WORKFORCE*	625 SF
U103	1 BED - WORKFORCE*	625 SF
U104	1 BED - WORKFORCE*	625 SF
U105	1 BED - WORKFORCE*	625 SF
U106	2 BED - WORKFORCE*	914 SF
U107	1 BED - WORKFORCE*	624 SF
U108	1 BED	801 SF
U109	1 BED - WORKFORCE*	976 SF
U110	1 BED	979 SF
U111	1 BED	916 SF

LEVEL 1: 11 8,356 SF

LEVEL 2		
U201	3 BED PLUS	2,644 SF
U202	3 BED PLUS	3,056 SF
U203	1 BED PLUS	1,534 SF
U204	1 BED PLUS	2,035 SF
U205	1 BED PLUS	1,417 SF
U206	1 BED PLUS	1,657 SF
U207	2 BED PLUS	2,144 SF
U208	3 BED PLUS	3,083 SF

LEVEL 2: 8 17,570 SF

LEVEL 3		
U301	3 BED PLUS	3,292 SF
U302	4 BED PLUS	3,751 SF
U303	3 BED PLUS	3,060 SF
U304	3 BED PLUS	3,047 SF

LEVEL 3: 4 13,149 SF

TOTAL UNITS: 23 39,075 SF

UNITS BY LEVEL FOR PARKING CALCULATION*	
NET INTERIOR SF	PARKING REQUIRED

LEVEL 1	
593 SF	0
575 SF	0
572 SF	0
573 SF	0
572 SF	0
836 SF	0
575 SF	0
731 SF	0
910 SF	0
916 SF	1
845 SF	1

LEVEL 1: 7,696 SF 2

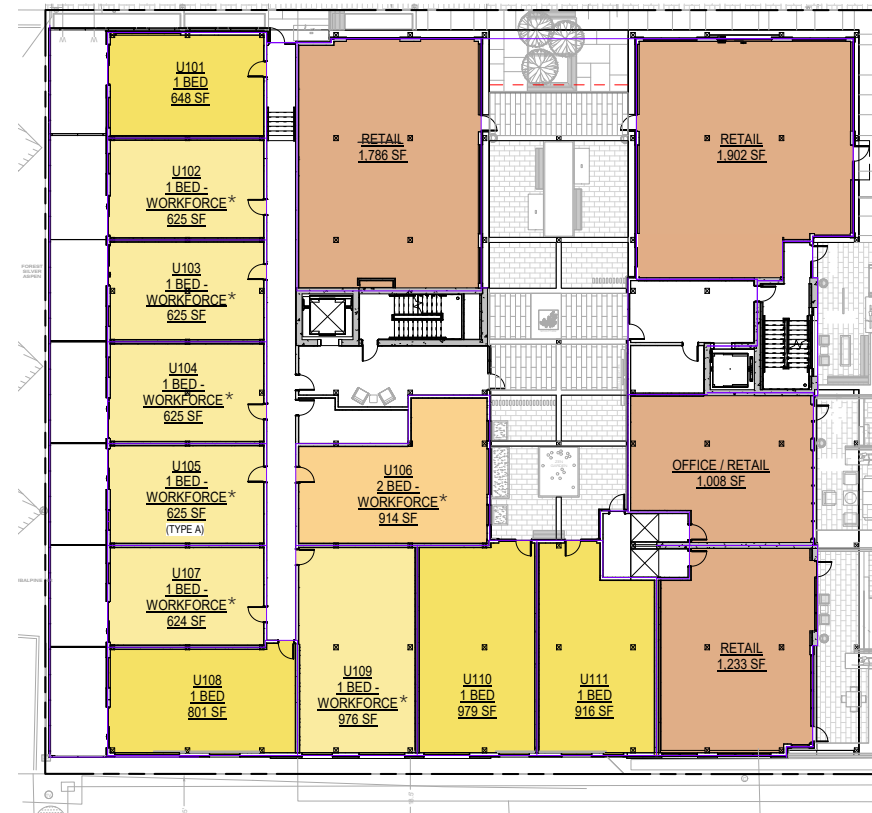
LEVEL 2	
2,495 SF	2
2,920 SF	2
1,423 SF	1
1,929 SF	1
1,325 SF	1
1,567 SF	1
2,020 SF	2
2,892 SF	2

LEVEL 2: 16,571 SF 12

LEVEL 3	
3,096 SF	2
3,541 SF	2
2,880 SF	2
2,854 SF	2

LEVEL 3: 12,372 SF 8

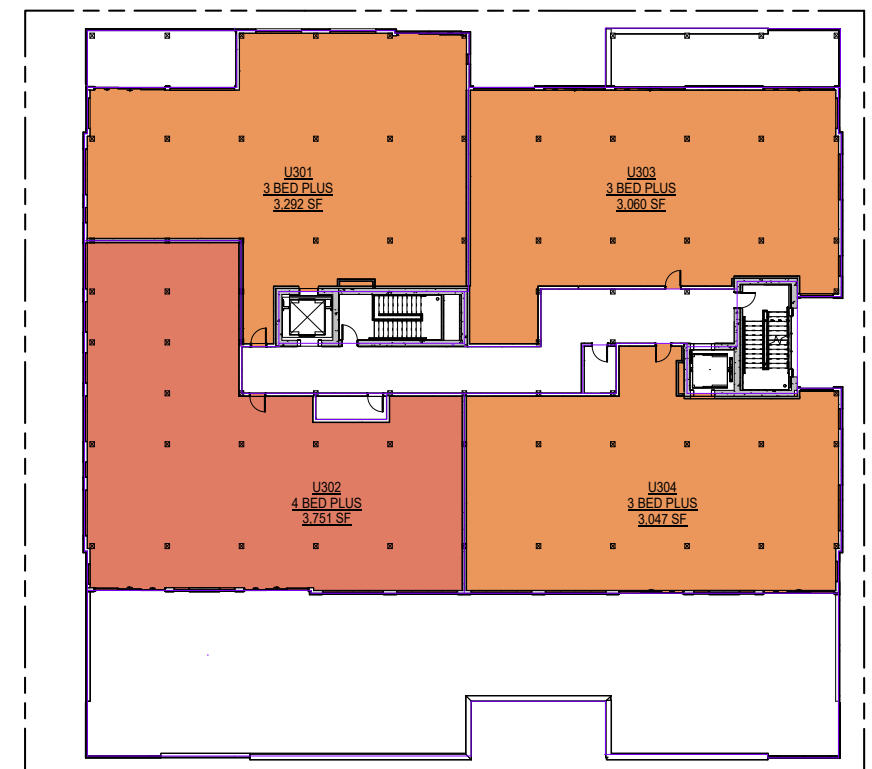
TOTAL: 36,638 SF 22**



LEVEL 1
NOT TO SCALE



LEVEL 2
NOT TO SCALE



LEVEL 3
NOT TO SCALE

NOTE:
UNIT MIX AREA CALCULATED BY:
EXTERIOR FACE OF FRAMING
CORRIDOR FACE OF FRAMING
CENTERLINE OF DEMISING WALL
REFERENCE SHEET G-010 FOR AREA SUMMARIES

- 1 BED - WORKFORCE*
- 1 BED
- 1 BED PLUS
- 2 BED - WORKFORCE*
- 2 BED PLUS
- 3 BED PLUS
- 4 BED PLUS
- COMMERCIAL/RETAIL

Note:
Workforce* = Deed-Restricted Community Housing



LEVEL 1
SCALE: 1" = 20'-0"



LICENSED ARCHITECT
AR-987252

TINA I RITVAL
STATE OF IDAHO
Tina I. Ritval



PROPERTY LINE

4TH ST

ALLEY

LEVEL 1
SCALE: 1" = 20'-0"



LICENSED ARCHITECT
AR-987252

TIINA I RITVAL
STATE OF IDAHO

Tina I. Ritval