

Niel –

Following up on our conversation and re-reading the EPS report Feasibility and Commercial Demand Model Sensitivity, I find the EPS report doesn't honor (1) soft costs of construction (ex. interest expense, architectural fees, City permits, government and supplier delay allowances) and (2) realistic core land values (ex. the last four sales significant parcels sold for 140% higher prices than the report uses).

When these soft costs and realistic land and hard building costs are dumped onto smaller living units, those units become unaffordable to the very market that the City wants to cater to.

Said another way, the City thru its ordinance, may stop its development by putting collars and cuffs developers and landowners such that new construction halts. The developer can't build what the customer wants or perversely can't afford. Smaller units are too expensive for the working class and not wanted by the Ketchum emerging clientele.

Developers will always try to find out what the market wants/needs and then try to deliver that. This ordinance is trying to do the opposite. It tries to dictate what product needs to be built, regardless of actual market demands.

Affordable housing is a complicated issue that needs to be addressed, but I don't believe this ordinance is the best approach: it's a knee jerk reaction to a long-term problem. Those who think that the affordable housing issue in Ketchum will be resolved by nibbling around the edges of impatient developers and landowners are fooling themselves. An ordinance that tries to dictate affordable housing in Ketchum will not solve the issue. It will only delay the market forces of demand. To me, affordable housing is being resolved by the multiple initiatives happening in the southern parts of the county and a possible re-development of Ketchum's favorite "blight": the abandoned lumber yard. Embrace and support those.

Finally, the City should lead a conversation into a new City vision where (1) developments are supported which satisfy the emerging consumer's demand for better services, retail, restaurant options and legacy housing and (2) further engage in comprehensive efforts to support and promote affordable housing in southern Blaine County and the lumberyard. Sun Valley almost had it right but forgot to tell its citizens: workforce housing in Hailey deed restricted and dedicated to Sun Valley's working class.

Chip Fisher