



City of Ketchum

September 21, 2020

Mayor Bradshaw and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

Request for Council Policy Direction on the Location of Community Housing Units for New Development

Recommendation and Summary

Staff is requesting the Council discuss and provide direction to staff if the policy to locate community housing units associated with new development in Ketchum should be changed to allow community housing units to be located outside of Ketchum.

The reasons for the request are as follows:

- Historically, if an applicant acquired a unit to meet their community housing obligation, that unit was required to be located in the city of Ketchum to mitigate the impact within Ketchum.
- The project at 660 Fist Avenue was required to provide 1,017 square feet dedicated to community housing. This consisted of one on-site 618 square foot community housing unit and payment of \$94,962 for the remaining 399 square feet.
- The applicant is requesting to provide the 618 square foot unit on site and deed-restrict a family owned rental unit located in Elkhorn, Sun Valley instead of paying the \$94,962 fee.
- Staff is requesting Council direction if the policy to locate community housing units in Ketchum should be changed. This change would apply to this project and future projects.

Introduction and History

Since 1994 the city of Ketchum requires community housing to be provided in exchange for granting additional floor area for new development projects. The current standards, adopted in 2006, require any project over a 1.0 floor area ratio (FAR) comply with the community housing standards in Ketchum Municipal Code (KMC) Section 17.124.040 (Attachment A).

Analysis

Current Ordinance

In 2006 when the current community housing standards were adopted, the Council discussion focused on mitigating the impact new development has on workforce/community housing within the city of Ketchum. With increased density and floor area, there is a greater demand for workforce housing. To mitigate this demand, projects over 1.0 FAR have been required to satisfy their community housing demand within the city of Ketchum. Since the impact from the development occurs in Ketchum, the mitigation for the impact is required to take place within Ketchum.

Locating required community housing units within Ketchum has been the policy since 2006 when the standards were adopted. Based on the minutes from the 2006 Council discussion, the Council adopted the

standards to ensure the provision of long-term housing for the residents and employees of Ketchum is available in all Ketchum neighborhoods.

Today, KMC Section 17.124.040 sets forth the standards for community development. KMC Section 17.124.040 B1 identifies the purpose of the community housing standards:

“The purpose of this section 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 housing of the community's employees. Land within the zoning districts specified in the table above may be built to the listed permitted FAR. As an incentive to build community housing units, floor area may be increased up to the maximum FAR listed in said table with inclusionary housing incentive.”

KMC Section 17.124.040 f, identifies various ways to mitigate the community housing impact. Housing constructed by an applicant, on or off site, must be within the city of Ketchum (Section 17.124.040 f (1)). However, acquisition of existing housing stock does not have similar language requiring the units to be located in the city of Ketchum. In practice, when applicants propose this approach, the units have been located in Ketchum.

Comprehensive Plan

The 2014 Comprehensive Plan expresses the vision and policies to guide Ketchum’s future. The Plan devotes a chapter to promoting and implementing Ketchum’s housing vision through goals and policies. Those goals and policies reinforce the need to locate affordable housing units within the city of Ketchum. Chapter 3 of the Comprehensive Plan sets forth the vision for housing within Ketchum. The vision states:

“The Ketchum community wants the majority of people who work in Ketchum to have an opportunity to reside here. We also want people who have lived here to be able to stay here regardless of their age. We know that the diversity of housing is critically linked to a strong economy and a year-round population. We also know that diverse and affordable housing is one of the first considerations for new business locating in a community.”

The goals and polices of the Comprehensive Plan further reinforce the vision with the following policies:

Goal H-1: *Ketchum will increase its supply of homes, including rental and special needs housing for low-, moderate- and median income households.”*

Policy H-1.2: *“Ketchum will place greater emphasis on locally-developed solutions to meet the housing needs of low, moderate- and median-income households....”*

Policy H-1.3: *“Ketchum supports inclusion of affordable housing into existing neighborhoods to provide diversity. It will evaluate zoning regulations to accommodate this.”*

Policy H-1.4: *“Housing should be integrated into the downtown core and light industrial area, close to ski bases. The resulting mix of land use will help promote a greater diversity of housing opportunities as well as social interactions.”*

Goal H-2: *“The Ketchum community will support affordable housing programs.”*

Policy H-2.1: *“BCHA, ARCH, and KCDC will serve the important functions of promoting, planning, developing, managing, and preserving the long-term supply of affordable housing option in Ketchum. The City will partner with other entities to fulfill its housing goals.”*

Both the community housing standards in the KMC and the 2014 Comprehensive Plan reinforce the need for affordable community housing to be located within the city of Ketchum to ensure the community has a diversity of housing for residents and employees.

Use of Housing In-Lieu Fees

While the production of on-site units is the preferred solution to meeting the community housing obligation, the payment of in-lieu fees helps fund additional community housing units in Ketchum. Recently, the Council committed in-lieu housing funds to assist the development of 56 units in the Bluebird Village project. The Council has also provided funds to the KETCH project to gain additional deed-restricted community housing units beyond what was required. In lieu housing funds are being used to create units within the city of Ketchum.

Applicant's Request

The project located at 660 First Avenue was approved for a 12,129 square foot three-story building with seven residential units including one community housing studio. The project FAR is 2.09 with an increase of 5,981 square feet above the permitted 1.0 FAR. Based on the community housing formula, the project is required to provide 1,017 square feet of community housing to mitigate the impact of the additional project square footage. The project provides a 618 square foot on-site community housing unit and payment of \$94,962 in-lieu fees for the 399 square feet of remaining floor area. This is reflected in the Council approved Exceedance Agreement (Attachment B).

As outlined in Attachment C, the project applicant would like to provide the 618 square foot unit on site and instead of paying the \$94,962 in-lieu fee, would like to dedicate a rental unit currently owned by the applicant into a deed restricted unit for sale. The unit is located in Sun Valley, in Elkhorn.

Based on the information related to the adoption of the community housing standards and the Comprehensive Plan, staff indicated to the applicant the request is inconsistent with city policy and is not supported by staff. The applicant requested Council consideration of the request to change the existing policy. Should the Council agree with the applicant's request, staff will return to the Council with an amendment to the approved exceedance agreement for the project.

Attachments:

Attachment A: KMC Section 17.124.040

Attachment B: Exceedance Agreement for 660 First Avenue

Attachment C: Applicant's Request

17.124.040: FLOOR AREA RATIOS AND COMMUNITY HOUSING:

A. General Requirements: All new buildings and alterations to existing buildings in the GR-H, T, T-3000, T-4000 and CC zoning districts, unless otherwise specified in this title, shall be subject to the maximum floor area ratio (FAR) described below. Hotels that meet the definition of "hotel" found in chapter 17.08 of this title may exceed the floor area listed in the table below subject to section 17.124.050 of this chapter.

Districts	Permitted Gross FAR	Inclusionary Housing Incentive
GR-H	0.5	1.4
T	0.5	1.6
T-3000	0.5	1.6
T-4000	0.5	1.6
CC	1.0	2.25

B. Inclusionary Housing Incentive:

1. The purpose of this section 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 housing of the community's employees. Land within the zoning districts specified in the table above may be built to the listed permitted FAR. As an incentive to build community housing units, floor area may be increased up to the maximum FAR listed in said table with inclusionary housing incentive.

2. An increased FAR may be permitted subject to design review approval, and provided, that all of the following conditions are met:

a. A minimum of twenty percent (20%) of the total increase in gross floor area above the greater of the permitted FAR is deed restricted in perpetuity as community housing unit(s). Of this gross square footage, a fifteen percent (15%) reduction will be allowed as a standard discount from gross square footage to net livable square footage for community housing units.

b. After calculating net livable square footage, an allowance can be made for projects with demonstrated groundwater issues as documented by a registered engineer. Upon determination by the city that groundwater on the subject property precludes underground parking, a credit of three hundred fifty (350) square feet per required parking space shall be subtracted from the net livable square footage prior to the calculation for the twenty percent (20%) deed restricted community housing. Parking space credit shall be rounded to the nearest whole number, and shall not be calculated as fractions.

c. Community housing requirements may be paid via a fee in lieu of housing. The community housing units times the fee equals the amount due to the city. The fee in lieu shall be recommended by the governing housing authority on an annual basis and adopted by the city council. For fractions of units, the developer has the option of providing a full housing unit rather than paying the fee in lieu or working with the city or other nonprofit entity to construct the balance of the community housing unit with additional funds.

d. All community housing units, either for sale or rent, shall be administered by the governing housing authority, unless otherwise determined by the city council. The governing housing authority shall recommend the types and locations of all proposed community housing units for approval by the city.

e. The community housing units shall be targeted for Blaine County housing authority income category 4 (100 percent or less of area median income). The applicant may seek the recommendation of the governing housing authority in the determination of an alternative category with corresponding adjustment in the amount of community housing required. Said recommendation, if mutually agreed upon by the applicant and the commission, may be used in place of category 4. This allowance shall be based on need for the category type. The definition of who may qualify to purchase affordable housing shall be maintained in the guidelines of the governing housing authority as adopted by the city council.

f. The city's primary goal is to see the development of and encourage the construction of community housing units, but realizes that other options will also move the city closer to its goal of housing the workforce. With this in mind, 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.

g. In addition to those outright options noted in this section, the city council may consider alternative proposals by the applicant to fulfill the community housing incentive. The city council has full discretionary power to determine said request. Options for fulfillment of the community housing incentive include, but are not limited to:

- (1) Land conveyance to the city;
- (2) Existing housing unit buy down or mortgage buy down; or
- (3) Other proposals and options as approved by the city council.

3. In the CC district, the maximum floor area incentive applies to buildings up to three (3) stories in height. Buildings above three (3) stories may exceed the 2.25 FAR maximum only in accordance with the pertinent code provisions allowing for a fourth floor (for example, hotels, PUDs and 100 percent community housing project, etc.). For hotel uses, community housing calculations apply to all those portions of the hotel development except the hotel units, which are addressed pursuant to employee housing of this

JLD

**FAR EXCEEDANCE
AGREEMENT**

Parties:

City of Ketchum	"City"	P.O. Box 2315, 480 East Ave. N., Ketchum, Idaho 83340
660 First Ave, LLC	"Developer"	Mailing: PO Box 5023, Ketchum, ID 83340 Physical Address: 660 N 1st Avenue (Ketchum Townsite: Block 34: Lot 6)

This FAR Exceedance Agreement ("Agreement") is made between the City of Ketchum, a municipal corporation of the state of Idaho, and 660 First Ave, LLC, a property owner in the City of Ketchum.

RECITALS

- A. Pursuant to the City's authority under the Idaho Local Land Use Planning Act, the Ketchum Municipal Code ("K.M.C.") Chapter 17.124 provides for certain development standards, including maximum floor area ratio (FAR) standards under K.M.C. 17.124.040 - Floor Area Ratios and Community Housing. These standards are intended to protect the public interest, health, general welfare, and provision of public services. The City has provided options for development proposals to potentially exceed the allowable FAR in exchange for mitigation of the impacts of such larger development, particularly as focused on affordable community and workforce housing. K.M.C. 17.124.040(B).
- B. The City has adopted Resolution 17-006 which provides for the Parties to proceed with the FAR standards and options under K.M.C. 17.124.040, so long as the Parties voluntarily opt into a FAR Exceedance Agreement, making clear they are voluntarily opting by contract into use of such FAR standards and mitigation measures and are waiving any claims or demands related to any legal challenge to K.M.C. 17.124.040.

THEREFORE, in consideration of the mutual agreement herein contained and subject to the terms and conditions stated, it is hereby understood and agreed by the Parties as follows:

- 1. **Attestation of Developer.** Developer, by this Agreement, attests that Developer desires to voluntarily proceed on the development proposal, including proposal of exceedance of FAR standards and accompanying mitigation measures, using the approach and standards as set forth in K.M.C. 17.124.
- 2. **Waiver and Release of Claims.** Developer, by this Agreement, waives and releases any claims, demands, challenges, claims for reimbursement or refund, and/or damages now or in the future deriving from or relying on the outcome of future litigation substantially challenging the validity of K.M.C. 17.124 and its standards. It is Developer's intent to

accept and proceed with such standards as outlined in K.M.C. 17.124 for Developer's development plan for purposes of allowable FAR and Developer voluntarily and knowingly accepts the mitigation measures as proposed.

3. **FAR Exceedance Consideration.** In consideration for Developer's attestation and waiver, the City agrees to consider their exceedance proposal and will currently consider and evaluate Developer's proposed FAR exceedance and accompanying mitigation measures within the framework and standards of K.M.C. 17.124.040, attached hereto as Exhibit A and made a part of this Agreement.
4. **Maximum FAR and Mitigation.** The Parties hereby agree to an allowable maximum floor area ratio and accompanying mitigation measures as set forth in Exhibit B, attached hereto and made a part of this Agreement.
5. **Withdrawal.** Developer may withdraw from this Agreement upon thirty day notice to City provided that Developer has not commenced building and has received no benefit from a maximum FAR exceedance. Withdrawal shall cause an immediate reversion to the permitted gross FAR as set forth in Exhibit A: K.M.C. 17.124.040(A) at the time of this Agreement. Furthermore, the City acknowledges that the Building Owner, in its sole discretion, may choose not to build the residential units. In such an event, this FAR Exceedance Agreement will be modified.
6. **Amendments.** This Agreement may not be amended, modified, altered or changed in any respect whatsoever, except by further agreement in writing duly executed by the parties.
7. **No Assignment.** Developer shall not sell, assign, or transfer all or any portion of its interest in this Agreement at any time without consent of the City.
8. **Binding Effect.** This Agreement shall be binding upon the heirs, estates, personal representatives, successors, and assigns of the parties.
9. **Attorney Fees and Costs.** In the event any action is brought to enforce this Agreement, the prevailing party is entitled to an award of reasonable attorney fees and costs.
10. **Notices.** Any notice under this Agreement shall be in writing and shall be treated as duly delivered if the same is personally delivered or deposited in the United States mail, certified, return receipt requested, postage prepaid, and properly addressed to the contacts as specified at the beginning of this Agreement.
11. **Partial Invalidity.** Whenever possible, each provision of this Agreement shall be interpreted in such a way as to be effective and valid under applicable law. If a provision of this Agreement is prohibited by or invalid under applicable law, it shall be ineffective

only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

12. **Waiver:** The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or the documents referenced in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege.

13. **Execution and Counterparts:** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original agreement, but all of which shall be considered one instrument.

DATED THIS 21ST DAY OF OCTOBER, 2019.

Developer

Reid Sanborn
Reid Sanborn
660 First Ave, LLC

City of Ketchum, Idaho

Neil Bradshaw
Neil Bradshaw, Mayor

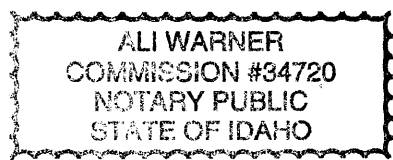
Attest:
Robin Crotty
Robin Crotty, City Clerk



STATE OF Idaho)
County of Blaine) ss.

On this 20 day of November, 2019, before me, the undersigned Notary Public in and for said State, personally appeared Reid Sanborn, known to me to be the person who executed the foregoing instrument and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



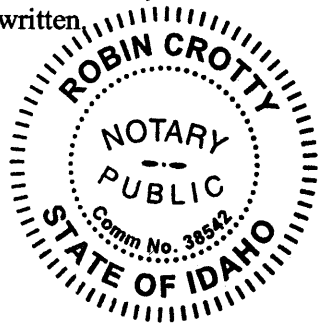
Ali Warner
Notary Public for Idaho
Residing at Ketchum ID
Commission expires 9-19-21.

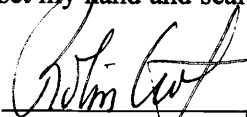
STATE OF Idaho,)
) ss.
County of Blaine.)

STATE OF IDAHO)
) ss.
County of Blaine)

On this 25 day of November, 2019, before me, the undersigned Notary Public in and for said State, personally appeared NEIL BRADSHAW, known or identified to me to be the Mayor of the CITY OF KETCHUM, IDAHO, and the person who executed the foregoing instrument on behalf of said municipal corporation and acknowledged to me that said municipal corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year in this certificate first above written.




Notary Public for state of Idaho
Residing at Ketchum
Commission expires 11/20/2020

17.124.040: FLOOR AREA RATIOS AND COMMUNITY HOUSING:

A. General Requirements: All new buildings and alterations to existing buildings in the GR-H, T, T-3000, T-4000 and CC zoning districts, unless otherwise specified in this title, shall be subject to the maximum floor area ratio (FAR) described below. Hotels that meet the definition of "hotel" found in chapter 17.08 of this title may exceed the floor area listed in the table below subject to section 17.124.050 of this chapter.

Districts	Permitted Gross FAR	Inclusionary Housing Incentive
GR-H	0.5	1.4
T	0.5	1.6
T-3000	0.5	1.6
T-4000	0.5	1.6
CC	1.0	2.25

B. Inclusionary Housing Incentive:

1. The purpose of this section 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 housing of the community's employees. Land within the zoning districts specified in the table above may be built to the listed permitted FAR. As an incentive to build community housing units, floor area may be increased up to the maximum FAR listed in said table with inclusionary housing incentive.
2. An increased FAR may be permitted subject to design review approval, and provided, that all of the following conditions are met:
 - a. A minimum of twenty percent (20%) of the total increase in gross floor area above the greater of the permitted FAR is deed restricted in perpetuity as community housing unit(s). Of this gross square footage, a fifteen percent (15%) reduction will be allowed as a standard discount from gross square footage to net livable square footage for community housing units.
 - b. After calculating net livable square footage, an allowance can be made for projects with demonstrated groundwater issues as documented by a registered engineer. Upon determination by the city that groundwater on the subject property precludes underground parking, a credit of three hundred fifty (350) square feet per required parking space shall be subtracted from the net livable square footage prior to the calculation for the twenty percent (20%) deed restricted community housing. Parking space credit shall be rounded to the nearest whole number, and shall not be calculated as fractions.
 - c. Community housing requirements may be paid via a fee in lieu of housing. The community housing units times the fee equals the amount due to the city. The fee in lieu shall be recommended by the governing housing authority on an annual basis and adopted by the city council. For fractions of units, the developer has the option of providing a full housing unit

rather than paying the fee in lieu or working with the city or other nonprofit entity to construct the balance of the community housing unit with additional funds.

- d. All community housing units, either for sale or rent, shall be administered by the governing housing authority, unless otherwise determined by the city council. The governing housing authority shall recommend the types and locations of all proposed community housing units for approval by the city.
 - e. The community housing units shall be targeted for Blaine County housing authority income category 4 (100 percent or less of area median income). The applicant may seek the recommendation of the governing housing authority in the determination of an alternative category with corresponding adjustment in the amount of community housing required. Said recommendation, if mutually agreed upon by the applicant and the commission, may be used in place of category 4. This allowance shall be based on need for the category type. The definition of who may qualify to purchase affordable housing shall be maintained in the guidelines of the governing housing authority as adopted by the city council.
 - f. The city's primary goal is to see the development of and encourage the construction of community housing units, but realizes that other options will also move the city closer to its goal of housing the workforce. With this in mind, 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.
 - g. In addition to those outright options noted in this section, the city council may consider alternative proposals by the applicant to fulfill the community housing incentive. The city council has full discretionary power to determine said request. Options for fulfillment of the community housing incentive include, but are not limited to:
 - (1) Land conveyance to the city;
 - (2) Existing housing unit buy down or mortgage buy down; or
 - (3) Other proposals and options as approved by the city council.
3. In the CC district, the maximum floor area incentive applies to buildings up to three (3) stories in height. Buildings above three (3) stories may exceed the 2.25 FAR maximum only in accordance with the pertinent code provisions allowing for a fourth floor (for example, hotels, PUDs and 100 percent community housing project, etc.). For hotel uses, community housing calculations apply to all those portions of the hotel development except the hotel units, which are addressed pursuant to employee housing of this chapter. (Ord. 1135, 2015)

Exhibit B

EXCEEDANCE AGREEMENT COMPLIANCE

PROJECT:	Lofts at 660
APPLICATION FILE NUMBERS:	Design Review P19-084
REPRESENTATIVE:	Hollis Rumpeltes Architects
DEVELOPER:	660 First Ave, LLC (Reid Sanborn)
REQUEST:	Development of a new seven unit, 812,129 sq ft multi-family residential building.
LOCATION:	660 N 1st Avenue (Ketchum Townsite: Block 34: Lot 6)
ZONING:	Mixed-Use Subdistrict of the Community Core (CC-2)

BACKGROUND:

1. The applicant is proposing to construct a new 12,129 sq ft three-story building is comprised of seven dwelling units including one community housing unit studio. The project includes three parking spaces within two separate and enclosed garages at the ground level as well as four on-site parking spaces covered by the second-level roof and accessed from the Block 34 alleyway.
2. The site is located at 660 N 1st Avenue (Ketchum Townsite: Block 34: Lot 6) within the Mixed-Use Subdistrict of the Community Core (CC-2). Multi-family dwelling units are a permitted use in the CC-2 Zone, and unlike the Retail Core Subdistrict (CC-1), dwelling units may be sited on the ground floor
3. The subject interior lot has an area of 5,500 sq ft, which conforms to the 5,500 sq ft minimum lot area required in the CC-2 Zone.
4. The proposed floor area of the project will have a total area of 12,129 gross square feet.
5. Pursuant to the definition of gross floor area (KMC §17.08.020), four parking stalls for developments on single Ketchum Townsite lots of 5,600 sq ft or less are not included in the gross floor area calculation.
6. With the parking stall discount, the multi-family residential building has a proposed Floor Area Ratio (FAR) of 2.09 (11,481 gross sq ft/5,500 sq ft lot area).
7. As a condition of Design Review approval, the project shall comply with the requirements of Ketchum City Code §17.124.040, *Floor Area Ratios and Community Housing*, as adopted on the date a Building Permit is submitted for the project.
8. The Planning and Zoning Commission approved the Design Review application (P19-084) for the Lofts at 660 multi-family residential building on September 9th, 2019. Building Permit plans must

conform to the approved Design Review plans unless otherwise approved in writing by the Planning and Zoning Commission or Administrator.

Table 1. EXCEEDANCE ANALYSIS

Yes	No	N/A	Regulation	City Standard
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17.124.040	Floor Area Ratios and Community Housing
				<p>The project shall comply with the requirements of Ketchum City Code § 17.124.040 as adopted on the date a building permit is submitted for the project.</p> <p>Permitted in Community Core Subdistrict 2(CC-2) Permitted Gross FAR: 1.0 Permitted Gross FAR with Inclusionary Housing Incentive: 2.25 Proposed Gross Floor Area: 12,129 gross square feet</p> <p>Pursuant to the definition of gross floor area (KMC §17.08.020), four parking stalls for developments on single Ketchum Townsite lots of 5,600 sq ft or less are not included in the gross floor area calculation. The applicant has provided six parking spaces on-site. As the subject lot is less than 5,600 sq ft, Staff has discounted four parking stalls [4 x parking stall dimension pursuant to KMC §17.125.030(9 x 18)= 648 square feet] from the gross floor area calculation.</p> <p>Gross Floor Area with Parking Discount: 11,481 sq ft Ketchum Townsite Lot 6 Area: 5,500 sq ft FAR Proposed: 2.09 (11,481 gross sq ft/5,500 sq ft lot area) Increase Above Permitted FAR: 5,981 sq ft 20% of Increase: 1,196 sq ft Net Livable (15% Reduction): 1,017 sq ft Community Housing In-Lieu Fee: \$241,991</p> <p>The applicant has proposed providing a 618 sq ft community housing studio on the second level of the multi-family residential building. Total Proposed Community Housing Net Livable Sq Ft Contribution: 618 sq ft Remainder (399 sq ft) Community Housing In-Lieu Fee: \$94,962</p> <p><u>LOFTS AT 660 COMMUNITY HOUSING CONTRIBUTION PROPOSAL</u> The applicant proposes to:</p> <ol style="list-style-type: none"> 1. Provide one 618 sq ft community housing studio on the first floor of the proposed multi-family residential building. 2. Target subject community housing unit for Blaine County Housing Authority Income Category 4. 3. List subject studio for rent or sale through the BCHA concurrent with the issuance of Certificate of Occupancy by the City for the project. 4. Pay for the remaining 399 sq ft of community housing contribution through the community housing in-lieu fee. The total community housing in-lieu fee payment will be \$94,962.

Ketchum City Council,

I would like to propose to amend my development agreement between 660 First Ave, LLC and the City of Ketchum for the FAR Exceedance portion tied to my community housing provision. My request proposes an additional off-site community housing unit that will be made immediately available for sale.

During the City Council meeting regarding the amendment to the development agreement for FAR Exceedance on 11-18-19 for the Onyx project, it became very clear that the Council and community members are in agreement that we need more units to be deed restricted for community housing. I tend to agree with this sentiment and would like to help add more community housing for our local work force that is immediately available. As prices continue to increase we see a lack of inventory that is available, my proposal is to add a deed restriction to a family owned studio in Elkhorn Village that is currently ready for sale. I have contacted Nathan Harvill at BCHA about making this unit deed restricted as a for sale property. Nathan was in favor and eager to get more units to those waiting to find a property.

Although this property is not in the City of Ketchum, it is in the North Valley and would most likely go to a local working in Ketchum. This property has been rented to local workers for over a decade providing a solid place to call home within minutes of the Ketchum core via bike, bus, or car. I believe it is paramount we bring more community housing units to market and with space limited, both Ketchum and Sun Valley share this responsibility together.

The applicable KMC 17.124.040 is published as the following:

A. General Requirements: All new buildings and alterations to existing buildings in the GR-H, T, T-3000, T-4000 and CC zoning districts, unless otherwise specified in this title, shall be subject to the maximum floor area ratio (FAR) described below. Hotels that meet the definition of "hotel" found in [chapter 17.08](#) of this title may exceed the floor area listed in the table below subject to section [17.124.050](#) of this chapter.

Districts	Permitted Gross FAR	Inclusionary Housing Incentive
GR-H	0.5	1.4
T	0.5	1.6
T-3000	0.5	1.6
T-4000	0.5	1.6
CC	1.0	2.25

B. Inclusionary Housing Incentive:

1. The purpose of this section 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 housing of the community's employees. Land within the zoning districts specified in the table above may be built to the listed permitted FAR. As an incentive to build community housing units, floor area may be increased up to the maximum FAR listed in said table with inclusionary housing incentive.

2. An increased FAR may be permitted subject to design review approval, and provided, that all of the following conditions are met:

a. A minimum of twenty percent (20%) of the total increase in gross floor area above the greater of the permitted FAR is deed restricted in perpetuity as community housing unit(s). Of this gross square footage, a fifteen percent (15%) reduction will be allowed as a standard discount from gross square footage to net livable square footage for community housing units.

b. After calculating net livable square footage, an allowance can be made for projects with demonstrated groundwater issues as documented by a registered engineer. Upon determination by the city that groundwater on the subject property precludes underground parking, a credit of three hundred fifty (350) square feet per required parking space shall be subtracted from the net livable square footage prior to the calculation for the twenty percent (20%) deed restricted community housing. Parking space credit shall be rounded to the nearest whole number, and shall not be calculated as fractions.

c. Community housing requirements may be paid via a fee in lieu of housing. The community housing units times the fee equals the amount due to the city. The fee in lieu shall be recommended by the governing housing authority on an annual basis and adopted by the city council. For fractions of units, the developer has the option of providing a full housing unit rather than paying the fee in lieu or working with the city or other nonprofit entity to construct the balance of the community housing unit with additional funds.

d. All community housing units, either for sale or rent, shall be administered by the governing housing authority, unless otherwise determined by the city council. The governing housing authority shall recommend the types and locations of all proposed community housing units for approval by the city.

e. The community housing units shall be targeted for Blaine County housing authority income category 4 (100 percent or less of area median income). The applicant may seek the recommendation of the governing housing authority in the determination of an alternative category with corresponding adjustment in the amount of community housing required. Said recommendation, if mutually agreed upon by the applicant and the commission, may be used in place of category 4. This allowance shall be based on need for the category type. The definition of who may qualify to purchase affordable housing shall be maintained in the guidelines of the governing housing authority as adopted by the city council.

f. The city's primary goal is to see the development of and encourage the construction of community housing units, but realizes that other options will also move the city closer to its goal of housing the workforce. With this in mind, 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.

g. In addition to those outright options noted in this section, the city council may consider alternative proposals by the applicant to fulfill the community housing incentive. The city council has full discretionary power to determine said request. Options for fulfillment of the community housing incentive include, but are not limited to:

- (1) Land conveyance to the city;
- (2) Existing housing unit buy down or mortgage buy down; or
- (3) Other proposals and options as approved by the city council.

3. In the CC district, the maximum floor area incentive applies to buildings up to three (3) stories in height. Buildings above three (3) stories may exceed the 2.25 FAR maximum only in accordance with the pertinent code provisions allowing for a fourth floor (for example, hotels, PUDs and 100 percent community housing project, etc.). For hotel uses, community housing calculations apply to all those portions of the hotel development except the hotel units, which are addressed pursuant to employee housing of this chapter. (Ord. 1135, 2015)

According to section 2, paragraph f., of the Municipal Code, the City of Ketchum's primary goal is to see the development of and encourage the construction of community housing units, but realizes that other options will also move the city closer to its goal of housing the workforce. With this in mind, 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 project at 660 N 1st Ave is providing a housing unit on-site for sale as part of our development agreement. We also request to add an additional unit to the BCHA housing stock. Item #3 does not specify a location of the housing unit, just that the housing unit needs to meet the governing housing authority's requirements and approval. BCHA is in favor of the additional and will approve said unit to the housing stock as they desperately need more inventory. I request that the Ketchum City Council review my request for the additional unit through an amended development agreement with the 660 N 1st Ave project.

Please reach out with any questions. I look forward to working with the City Council on this matter.

Sincerely,

Reid Sanborn
Owner/Manager
660 First Ave LLC