



STAFF REPORT
KETCHUM PLANNING AND ZONING COMMISSION
MEETING OF AUGUST 8, 2023

EXECUTIVE SUMMARY

[Interim Ordinance 1234](#) (“interim ordinance”), adopted in October 2022, temporarily changed the city’s development regulations to ensure new developments meet the city’s vision as outlined in the 2014 Comprehensive plan. The goals of the ordinance were to enhance downtown vibrancy, strengthen Ketchum’s economy, and increasing housing production. The ordinance included the following requirements:

- Established minimum residential densities in certain zone districts.
- Established limitations and standards for lot consolidations.
- Prevented the net loss of residential units when properties redevelop.
- Provided parking exemptions for office and retail uses in certain zone districts.
- Required minimum amount of commercial space in mixed-use developments.
- Put a cap on the total size of residential units in certain zone districts.
- Expanded the area of the downtown where ground floor commercial is required.
- Established a time limitation for submittal of final design review applications following pre-application review by the Commission.
- Required comprehensive plan conformance analysis for design review approvals.

Over the past year, Planning Department staff and consultants have been evaluating the interim ordinance to answer the following questions:

- Do the requirements of the interim ordinance facilitate the city’s goals of a vibrant downtown, strong economy, and increased housing?
- Does the City of Ketchum have enough commercial space to support its economic health?
- Does the interim ordinance allow for the development of feasible projects?
- Are the parameters of the ordinance too limiting? If so, when? Under what conditions?

Based on the analysis, as further described in the report below, draft Ordinance 1249 includes a variety of revisions to the interim ordinance standards to:

- Ensure that future developments continue to forward the city’s vision of the future,
- Secure opportunities for future commercial development to support future commercial demand,
- Provide greater flexibility in development regulations to provide a wider range of development types, and
- Eliminate portions of the regulations that significantly reduce feasibility of developments.

Changes proposed include:

- A reduction in the minimum residential densities required for 100% residential developments,
- A reduction in the required commercial space in mixed-use developments,
- Removal of the cap on size of residential units,
- Additional parking exemptions for personal service uses,

- Removal of the conditional use permit process to relieve requirements, and
- Adjustments to calculations to be more equitable and clearer.

No changes are proposed to the limitations on lot consolidations, no net lot of residential units, location of community housing units, areas where ground floor commercial are required, design review application timeframes, or comprehensive plan conformance.

In addition to the items mentioned above, draft Ordinance 1249 includes additional housekeeping code amendments that:

- Improve processes to reduce uncertainty,
- Clarify code requirements to decrease inconsistencies, and
- Reduce regulatory barriers for accessory dwelling unit development.

The full text of draft Ordinance 1249 in redline and clean version can be found in Attachments C and D respectively. These documents are quite lengthy and difficult to navigate as the amendments are dispersed through Titles 16 and 17 based on the appropriate locations of code for the amendments. To make the ordinance easier to navigate, staff has prepared an executive summary of the proposed ordinance to make the document more user friendly. The executive summary can be found in Attachment A. Currently, two public hearings are scheduled for the Commission's review of Ordinance 1249 on August 8 and August 22. This staff report for the Commission's first review on August 8 focuses on proposed changes to the interim ordinance standards only. The Commission's second review session on August 22 will continue discussion on interim ordinance standards and also focus on the housekeeping code amendments.

RECOMMENDATION

Staff recommends the Planning and Zoning Commission (the "Commission") hold a public hearing to review and provide feedback on the following questions:

- Does the Commission support the reduction in minimum residential densities and reduction in amount of commercial space on the ground floor for mixed-use developments?
- Does the Commission support the elimination of the size cap on residential units?
- Does the Commission support the additional parking exemption for personal service uses?
- Are there further revisions to the ordinance the Commission would like staff to consider based on feedback from the TAG and online survey?

Based on discussions and recommendations from the Commission, staff will note all additional changes and revisions to the ordinance. Minor changes may be incorporated for discussion at the August 22nd hearing, however, more significant changes may need to be made between Commission recommendation and review by City Council. On August 22nd, staff will provide an overview of outcomes from the first meeting and provide a detailed review of the additional housekeeping code changes not related to the interim ordinance. Staff will seek a recommendation to the City Council at the August 22nd hearing if the Commission is ready to do so.

BACKGROUND & CONTEXT

The city's 2014 Comprehensive Plan identifies "A Strong and Diverse Economy", a "Vibrant Downtown", and a "Variety of Housing Options" as some of the top values for the community. Prior to adoption of the interim ordinance, development trends showed that:

- Ketchum has a severe shortage of housing, which has a negative impact on our businesses, the vibrancy of our downtown, and the community.

- Businesses are closing, reducing hours, and struggling to hire new staff.
- Ketchum lacks available office, retail, and restaurant space, limiting the ability for businesses to start or expand within Ketchum.
- Prime ground floor commercial space in new developments primarily feature luxury residential amenities.
- Upper floors in new developments include large penthouse units, rather than office, other commercial uses, or smaller residential units.
- Ketchum lost 475 long term rental and ownership housing units from 2000 to 2019.
- Construction of residential units within Ketchum has decreased significantly since 2009.

The comprehensive plan guides the city in achieving our vision of having a strong and diverse economy, vibrant downtown, and variety of housing options. Our plan says that:

- “Our downtown core is critical to the **health and well-being** of Ketchum.”
- “Ketchum will work to **retain and help expand** existing independent small local business and corporations.”
- “We will preserve this vibrant commercial area [downtown] as a place where **local businesses can thrive** and where people can congregate.”
- “We will continue to reinforce the downtown as the **city’s primary business district, retail core, and key gathering place** for residents and visitors.”
- “We value a **thriving year-round population** of people who can work, live and engage in a dynamic Ketchum community.”
- “The city will promote the siting of **higher density** housing near public transportation, ski base areas, shopping, and designated neighborhoods and districts.”
- “Ketchum will have a **mix of housing types** and styles.”
- “Ketchum will **increase its supply of homes**, including rental and special-needs housing for low, moderate, and median-income households.”

Long-term vibrancy of the downtown and the viability of Ketchum’s economy is dependent on housing inventory and availability, and sufficient commercial space for a wide variety of services, retail, offices, restaurants, and other uses that support the community.

In October of 2022, the City of Ketchum took the first significant step towards reversing these development trends and encouraging projects that enhance downtown vibrancy, strengthen Ketchum’s economy, and provide a variety of housing options by adopting the interim ordinance. The interim ordinance is effective for one year and will expire on October 17 unless the code is amended through the adoption of permanent Ordinance 1249.

COMMUNITY OUTREACH & FEEDBACK

As mentioned above, planning staff and consultants have been evaluating the interim ordinance and getting feedback from various stakeholders from the design and development community. In addition, Staff frequently reference responses from the in-person open house and online surveys conducted in summer 2022 for the interim ordinance to ensure feedback from the entire community is considered. The 2022 workshop was attended by 23 members of the community, and the city received 158 responses to the online survey. In February of 2023, the city formulated a Technical Advisory Group (TAG). This group was appointed by the City Council and is made up of architects, contractors, developers, landscape architects, engineers, and representatives from Sun Valley Economic

Development and the Sun Valley Board of Realtors. The main role of this group of subject matter experts is to provide feedback to the city on various policies, initiatives, and regulatory changes to help calibrate the benefits or impacts to the industry and community as a whole. Since its creation, the city has held four meetings with the TAG covering a range of topics.

Initial findings from the commercial demand analysis and financial feasibility study were presented to the TAG on June 22, the Commission on June 27, and the City Council on July 3. Based on TAG, Commission, and City Council feedback on these initial findings, EPS has performed sensitivity analysis to test different variables to further refine their models. Findings from EPS's sensitivity testing were presented to the TAG during their meeting on July 27. In general, TAG members have provided the following feedback:

- Consolidating more than two Ketchum townsite lots results in big buildings that do not compliment the scale and character of downtown.
- The assumptions used for the financial feasibility model inputs, including penthouse price, market-rate condominium price, and land costs are still too high.
- The rate of return for a feasible project is likely higher than 15%. Developments in our community rely more heavily on equity than debt, which comes with a higher return on investment expectations.
- The regulations do not incentivize restaurants.
- Renderings, which are not scalable and costly to produce, shouldn't be required for pre-applications.
- The population growth rates used in their estimates for commercial demand may be too high.

Recently, the city held two public open house sessions on July 12 to share what staff has learned from ongoing evaluation of the interim ordinance and gather feedback on potential changes to the interim ordinance standards. The presentation boards from the public open house are included as Attachment H. 12 members of the community attended the two public open house sessions. Following the public open houses, the city published an online survey to facilitate broader participation and feedback from the community. The city received 33 responses to the online survey. The survey responses are included as Attachment I. In general, feedback from the survey indicates:

- General agreement on providing more flexibility to the layout of the ground floor of mixed-use developments and reducing the amount of commercial required,
- Support for providing a parking exemption for personal service uses downtown,
- Different views on removing the restriction limiting the amount of additional parking that developments may provide,
- General support for reducing the number of dwelling units required for 100% residential developments, and
- Mixed opinions on reducing or eliminating the maximum size limitation for penthouses.

ANALYSIS

To determine what changes were necessary to the interim ordinance, the Planning Department worked with technical experts, Holst Architecture ("Holst") and Economic and Planning Systems, Inc. ("EPS"), to help us answer the questions noted above. Holst and EPS conducted a commercial demand analysis, architectural feasibility studies, and financial feasibility models to evaluate whether the interim ordinance standards are achievable on different types of Ketchum townsite lots downtown and can result in projects with acceptable rates of return that developers can finance. The purpose of these studies is to identify major barriers to financial feasibility caused by development regulations,

however, not meant (or able) to ensure all potential projects are financially feasible. Financial feasibility is impacted by several factors, many of which are not impacted by development regulations, like land costs and the sales prices. Staff have used the Holst and EPS models to identify refinements to the regulations. Based on TAG, Commission, City Council, and community feedback on these initial findings, EPS has performed sensitivity analysis to test different variables to further refine their models. Attachment G summarizes the results of EPS's sensitivity testing.

Commercial Demand in Ketchum

Does Ketchum have enough commercial space to support its economic health?

EPS evaluated two different metrics to estimate the amount of commercial space Ketchum can support: (1) current and future spending and retail trends to estimate demand for retail, food & beverage, and personal service uses and (2) current and future employment growth to estimate demand for office space.

EPS's commercial demand analysis found that Ketchum has unmet demand for commercial space, particularly for retail and restaurant uses. Ketchum could currently support up to 60,000 square feet of additional retail and restaurant space. In addition to current unmet demand, population growth and visitor increases in Ketchum may generate even more demand for commercial space supporting up to 40,000 square feet of additional retail and restaurant space by 2030. EPS performed sensitivity analysis (See Attachment G) evaluating different population growth rates for permanent and seasonal trends based on historic trends and slow, moderate, and high growth rate projections. EPS's initial demand estimates fit within the range found through the sensitivity analysis.

Based on this information, staff believes the change the interim ordinance made to expand the area of downtown where ground-floor commercial is required should be retained to assist in meeting future demand and provide more options for where businesses can locate.

DEVELOPMENT FEASIBILITY

Does the interim ordinance allow for the development of feasible projects?

The Holst architectural studies demonstrate that the minimum residential density requirements are achievable on interior and corner 5,500-square-foot Ketchum townsite lots ("standard lots") and interior 8,250-square-foot Ketchum townsite lots ("long lots"). Although the densities are feasible from a design perspective, the EPS study shows that increasing residential density decreases the financial feasibility of a development project. Density and financial return have an inverse relationship because increasing the number of residential units decreases the number of larger penthouses that can be accommodated within a project. Mixed-use developments are more feasible because these projects are required to provide fewer residential units to meet the density requirements.

As the development community has told us time and time again, the penthouse pays for the project. EPS's financial feasibility models demonstrate that penthouses pay for the cost of development. Providing multiple penthouses within a project significantly increases a development's financial return. Limiting the size of residential units to 3,000 square feet can negatively impact feasibility.

EPS performed sensitivity testing on variable assumptions for model inputs based on feedback provided by the TAG. EPS tested different inputs for the penthouse sales price, land costs, and the sales price for smaller, market-rate condo units. While these variables greatly impact a development's feasibility, the city has no control over these inputs. EPS also tested the impact of lowering the

minimum residential density requirement for 100% residential developments and increasing the size of penthouse units (Attachment G).

Are the parameters too limiting? If so, when and under what conditions?

The findings from the architectural feasibility studies, commercial demand analysis, and financial feasibility models indicate that certain interim ordinance standards may be too limiting in certain development scenarios. Based on the analysis, EPS recommended the following changes to the ordinance:

- Increase or eliminate the 3,000-square-foot maximum size limitation for penthouses,
- Provide greater flexibility on the amount of commercial required on the ground floor of mixed-use developments provided that the commercial on the ground floor is oriented towards the street frontage,
- Allow for community housing units on the ground floor, and
- Consider reducing the minimum density requirements for 100% residential developments.

As outlined in the executive summary, staff is proposing changes to the ordinance, including:

- A reduction in the minimum residential densities required for 100% residential developments,
- A reduction in the required commercial space in mixed-use developments,
- Removal of the cap on size of residential units,
- Additional parking exemptions for personal service uses,
- Removal of the conditional use permit process to relieve requirements, and
- Adjustments to calculations to be more equitable and clearer.

No changes are proposed to the limitations on lot consolidations, no net lot of residential units, location of community housing units, areas where ground floor commercial are required, design review application timeframes, or comprehensive plan conformance.

Attachment B provides a detailed analysis of each of the proposed changes listed above with an overview of what the interim ordinance changed, what we learned, and the changes to the interim ordinance standards proposed by staff for permanent Ordinance 1249.

Attachments

- [Executive Summary: Draft Ordinance 1249](#)
- Staff Analysis: Proposed Changes to Interim Ordinance Standards
- [Redline: Draft Ordinance 1249](#)
- [Clean: Draft Ordinance 1249](#)
- [Interim Ordinance 1234](#)
- [June 27, 2023 Staff Report: Evaluation of Interim Ordinance 1234 Standards](#)
- [EPS Memorandum: Feasibility and Commercial Demand Model Sensitivity Testing](#)
- [Community Conversations: Vibrancy & Housing Public Open House Presentation Boards](#)
- [Community Conversations: Vibrancy & Housing Survey Results](#)

Attachment A

Executive Summary: Draft Ordinance 1249

Please Click Following Link:

[Executive Summary: Draft Ordinance 1249](#)

Attachment B

Staff Analysis:

Proposed Changes

to

Interim Ordinance Standards



STAFF ANALYSIS PROPOSED CHANGES TO INTERIM ORDINANCE 1234 STANDARDS

The following analysis provides a detailed explanation of staff's proposed changes to the interim ordinance standards. The analysis provides an overview of what the interim ordinance changed, what we learned, and the changes to the interim ordinance standards proposed by staff for permanent Ordinance 1249.

Minimum Residential Densities

Interim Ordinance 1234

Section 4 of the interim ordinance establishes minimum residential densities for new development projects that exceed a total floor area ratio of 1.0 in the Community Core (CC Zone), Tourist Zone Districts (T, T-3000, and T-4000 Zones), and the General Residential – High Density (GR-H) Zone. The density requirements for projects in the Community Core are based on the number of units per 5,500 square feet of lot area, which is the size of a standard Ketchum townsite lot downtown. The density requirements increase with the long Ketchum townsite lots that have an area of 8,250 square feet. The minimum residential densities required for mixed-use projects depend on the amount of net leasable commercial square footage measured from the interior walls and excluding common areas, mechanical and maintenance equipment rooms, parking areas and/or garages, and public areas. The percent commercial thresholds are calculated as the total net leasable commercial area divided by the gross floor area of the project.

What We Learned

We've learned that increasing the number of residential units within a development decreases the project's financial feasibility. EPS performed sensitivity testing to study the impact of reducing the minimum residential requirements. EPS found that:

- The number, size, and configuration of the penthouse units in a project are the biggest factor in the project design and density. A developer will seek to maximize the number of penthouse units it can provide within the density and parking constraints but will not likely seek to maximize density using additional non-penthouse units.
- The ability to include two penthouse units is a major factor in feasibility for all residential programs.
- The reduction of the minimum density does not necessarily improve returns for the project, but it does create more opportunity to provide larger units and greater flexibility in design to do so, which can increase the return of the project depending on the program.
- The reduction of the minimum density is more important for larger, interior long lots than the standard interior lots due to challenges designing projects with desirable units. (Attachment F: Page 6)

Ordinance 1249: Proposed Changes

Staff's proposed revisions to the minimum residential density requirements are included in section 21 of draft Ordinance 1249 (See Attachment B: Page 26-27 & Attachment C: Pages 24-

25). Staff has proposed reducing the minimum residential density requirements for 100% residential developments in the Community Core by 2 units.

In addition to reducing the minimum density requirements, staff has proposed adjusting the calculation for minimum residential density requirements in the Community Core. The proposed change calculates the density requirements based on Ketchum townsite lot as originally platted instead of per 5,500 square feet of lot area. With this change, both a standard 5,500-square-foot Ketchum townsite lot and a long 8,250-square-foot Ketchum townsite lot will require the same number of residential units to satisfy the density requirements. As proposed with draft Ordinance 1249, both standard and long lots would be required to provide 5 dwelling units for a 100% residential requirement. The density requirement would increase if multiple Ketchum townsite lots were consolidated for the development project. For example, if two standard lots or two long lots were consolidated, the minimum number of residential units required to satisfy the density requirement for a 100% residential development would be 10 units.

Staff has also proposed changing the method for calculating the percent commercial thresholds to determine the minimum residential requirements for mixed-use projects. The interim ordinance provides an apples-to-oranges method for this calculation by dividing the net leasable commercial floor area by the gross floor area of the project. Staff has proposed changing this calculation to an apples-to-apples calculation by dividing the net leasable commercial floor area by the net floor area of the project.





MIXED-USE DEVELOPMENTS: COMMERCIAL AREA FOR MINIMUM RESIDENTIAL DENSITIES		
<i>Interim Ordinance 1234</i>		
Net Leasable Commercial Floor Area 	<div style="font-size: 2em;">÷</div>	Total Project Gross Floor Area 
<i>Draft Ordinance 1249</i>		
Net Leasable Commercial Floor Area 	<div style="font-size: 2em;">÷</div>	Total Project Net Floor Area 

Figure 1: Proposed Change to Calculation

New developments or additions to existing buildings that exceed a total Floor Area Ratio (FAR) of 1.0 within the Community Core must comply with following minimum residential density requirements:

- 5 dwelling units per townsite lot for 100% residential developments,
- 4 dwelling units per townsite lot for mixed-use developments with 30% or less commercial,



- 3 dwelling units per townsite lot for mixed-use developments with 31 to 60% commercial,
- 2 dwelling units per townsite lot for mixed-use developments with 61 to 80% commercial, and
- No minimum residential density required for projects with 80% or more commercial space except a minimum of 2 dwelling units if the development includes residential use.

No changes are proposed to the minimum residential density requirements for projects that exceed 1.0 FAR in the Tourist (T), Tourist-3000 (T-3000), Tourist-4000 (T-4000), and General Residential-High Density (GR-H) zoning districts.

Tourist Zone:

- 7 dwelling units per 10,000 square feet of lot area for 100% residential developments,
- 4 dwelling units per 10,000 square feet of lot area for mixed-use developments with 30% or less commercial,
- 3 dwelling units per 10,000 square feet of lot area for mixed-use developments with 31 to 60% commercial,
- 2 dwelling units per 10,000 square feet of lot area for mixed-use developments with 61 to 80% commercial, and
- No minimum residential density required for projects with 80% or more commercial space except a minimum of 2 dwelling units if the development includes residential use.

T-3000 Zone: 4 dwelling units per 10,000 square feet of lot area

T-4000 Zone: 8 dwelling units per 10,000 square feet of lot area

GR-H Zone: 8 dwelling units per 10,000 square feet of lot area

Maximum Size of Penthouse Units

Interim Ordinance 1234

Section 11C of the interim ordinance states that, “individual residential dwelling units cannot exceed a total square footage of 3,000 square feet.” The goal of maximum size limitation was to encourage more dwelling units with a variety of sizes, room layouts, and configurations within a building. Recent downtown development trends have resulted in an increase in the number of large, luxury penthouse units. Most of these penthouse units are occupied by seasonal residents and are vacant most of the year. Unoccupied luxury penthouses are inactive uses and result in uninviting buildings with little to no human activity, which diminishes the quality of the streetscape.

What We Learned

We’ve learned that limiting the size of penthouse units to a maximum of 3,000 square feet negatively impacts financial feasibility. Based on feedback provided by the TAG and an analysis of recent sales prices from penthouse units that have recently been sold downtown, EPS tested different penthouse sale prices ranging from \$1,700 to \$2,000 per square foot. EPS found that reducing the penthouse sales price negatively impacts the financial return. In addition, EPS performed sensitivity testing to analyze the impact of penthouse unit size. EPS also performed

sensitivity testing to study the impacts of larger penthouses with sizes ranging in size from 3,300 to 3,900 square feet. Findings from the sensitivity testing show that larger penthouses can generate a higher sales price increasing a project’s financial return. EPS found that, “This greater size flexibility can potentially help to offset the concerns about feasibility related to lower than achievable price points or higher land costs” (Attachment F: page 5).

Ordinance 1249: Proposed Changes

Staff proposes eliminating the 3,000-square-foot maximum size limit for individual residential units.

Commercial in the Downtown Area

Interim Ordinance 1234

Section 9 of the interim ordinance changed the permitted uses on the south side of River Street with frontage along River Street between Leadville Avenue and Second Avenue as shown in Figure 2 to match the uses permitted on adjacent properties within the downtown within the Mixed-Use Subdistrict of the Community Core (CC-2 Zone). This change allows for a wider range of commercial uses but limits the future development of single-family homes on these properties.

Section 10 of the interim ordinance changed the permitted uses of certain properties in the Mixed-Use Subdistrict of the Community Core (CC-2 Zone) as shown in Figure 3 from the alley west of Main Street to 2nd Avenue between 2nd and 5th Streets to prohibit ground-floor residential use with street frontage. These CC-2 properties were selected due to their existing vibrant characteristics and high volume of pedestrian traffic. The expansion of downtown properties subject to the ground-floor commercial along street frontage requirement encompasses key pedestrian corridors, including 4th Street and Sun Valley Road. This expansion increases the downtown properties where commercial use is required on the ground floor with street frontage by 43% promoting vibrant uses that will create an activated, pedestrian-friendly, and engaging downtown environment.

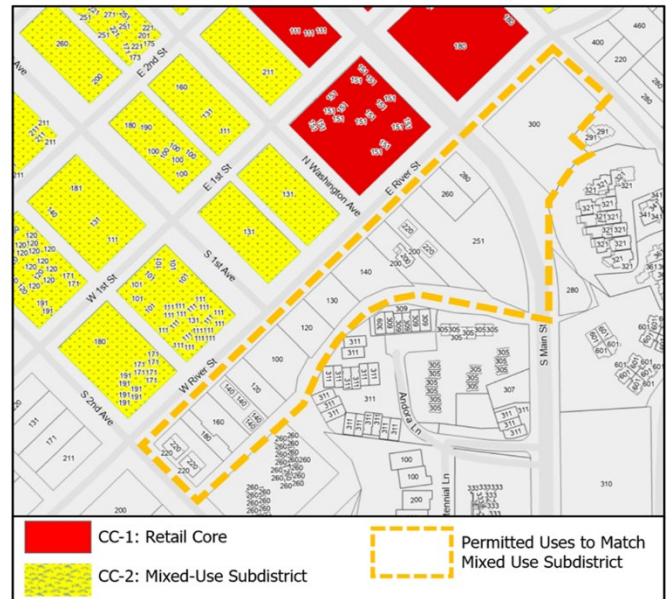


Figure 2: River Street Properties with Change to Permitted Uses

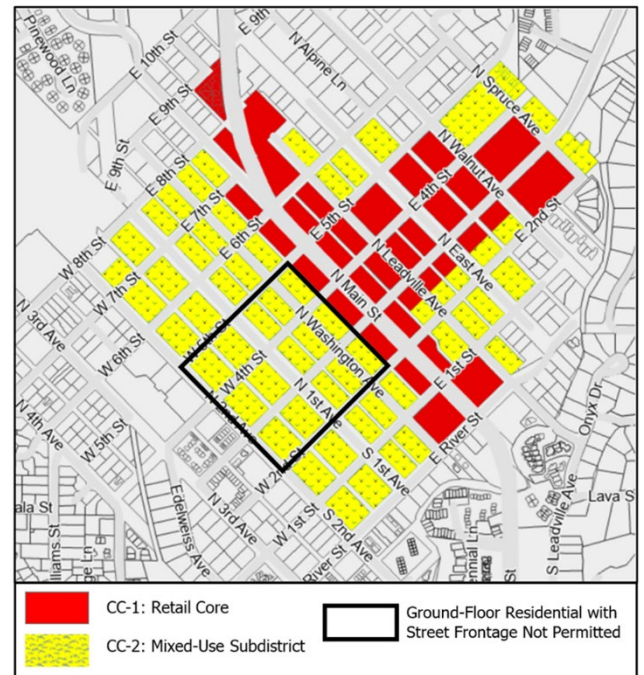


Figure 3: Downtown Area Where Commercial on the Ground-Floor with Street Frontage is Required



What We Learned

EPS's findings show that the city can support additional commercial space. Ketchum can support an additional 100,000 SF (25% increase) in commercial space for retail and restaurant space by 2030. The city has 31,500 square feet of retail, food & beverage, and personal service space in the pipeline through new development projects that have received approvals and/or are currently under construction. Ketchum's current demand for office space is generally being met. Ketchum could support an additional 32,000 square feet by 2030 and has 21,200 square feet of office currently in the pipeline.

Downtown is an essential area for capturing potential retail sales within Ketchum as it serves as the city's vibrant commercial area, primary business district, and retail core. Downtown is the most desirable place for commercial uses because it's the city's key gathering place for locals and visitors for shopping, dining, and entertainment and is easily accessible by multiple modes of transportation.

Ordinance 1249: No Changes Proposed

Draft Ordinance 1249 permanently adopts the interim ordinance regulations that: (1) provide for a wider range of commercial uses and prohibit future development of single-family homes for properties with frontage along River Street from Leadville Avenue to 2nd Avenue within the Tourist Zone and (2) require ground-floor commercial with street frontage for properties located from the alley west of Main Street to 2nd Avenue between 2nd and 5th Streets within Mixed-Use Subdistrict of the Community Core.

55% Commercial on the Ground-Floor

Interim Ordinance 1234

Recent development trends in Ketchum have prioritized low-density, large, luxury residential units for second homeowners over commercial uses. Market-rate residential units have been prioritized in mixed-use developments above commercial uses as evidenced by residential amenities, including large lobbies, private garages, and storage areas, that occupy large areas on the ground floor of mixed-use developments. Section 11A of the interim ordinance states, "For mixed-use developments, a minimum of 55% of the gross floor area, as defined in KMC 17.08.020, of the ground floor must be commercial use(s)." The intent of this interim ordinance standard is to promote the prioritization of commercial uses on the ground floor and limit the areas dedicated to luxury residential amenities. The goal of this interim standard is to facilitate a vibrant downtown by providing active ground-floor commercial uses that contribute to an engaging pedestrian-oriented experience.

What We Learned

We've learned that the 55% commercial on the ground floor with street frontage requirement is achievable but challenging to deliver on long lots. Holst's architectural studies show that this requirement may result in undesirable configurations of commercial space and precludes the opportunity to provide residential units or additional parking on the ground floor. Holst's mixed-



use development scenarios demonstrate that 55% commercial on the ground floor is achievable. The mixed-use models show that to meet the 55% minimum, all leasable space on the ground floor must be commercial. With the total area required for the dumpster, transformer, parking, mechanical, and circulation, the 55% commercial requirement doesn't leave any remaining space on the ground floor for residential units. Limiting options for the building program, the 55% requirement can result in undesirable configurations of commercial space on the ground floor.

Interim Ordinance 1234: Proposed Changes

Ordinance 1249 reduces the amount of commercial space required on the ground floor of mixed-use developments to 40%.

Parking

Interim Ordinance 1234

Section 7 of the interim ordinance provides a parking exemption for individual retail spaces of 5,500 square feet or less within the Community Core (CC) and Tourist (T) zoning districts. Section 8 of the interim ordinance provides a parking exemption for office uses. The interim ordinance limits the amount of additional parking that developments may provide beyond the minimum number required per the zoning code. Section 11D of the interim ordinance states, "Developments shall not provide a total number of parking spaces above the minimum requirements per KMC §17.125.040-Off Street Parking and Loading Calculations, unless the additional parking spaces are designated for public parking use only or for deed restricted community housing."

What We've Learned

Ketchum has one of the highest number of parking spaces, per capita, among peer resort communities. The city has enough parking inventory to support existing and future commercial uses downtown, however, better management of the parking inventory is necessary. The city and industry expert Dixon Resources are developing a downtown parking action plan that provides management strategies to increase efficiency and address the parking needs of various users, including workers, shoppers, and tourists. The city has been collecting data through license plate recognition technology that indicates downtown parking availability block by block, duration, and turnover ratio. This data will inform the city's parking policies, regulations, rates, and management strategies to maximize the efficient use of existing parking spaces and future parking supply.

Staff has received feedback that the city should consider providing a parking exception for personal service uses like beauty salons that provide services with a short time duration resulting in more transient customer parking. The cost of leasing newly constructed commercial space is unattainable for many small businesses and entrepreneurs due to land cost and the cost of construction. Currently, when a business moves into an existing building, additional parking may be required. Accommodating more parking for new businesses within existing buildings is often impossible. The requirement to accommodate parking when personal service businesses want to



lease a new commercial unit within an existing building limit the areas where these businesses can locate downtown.

The Commission has expressed concerns with downtown parking availability and the loss of existing on-street parking spaces resulting from new sidewalk improvements and bulb-outs. In addition, the TAG has provided feedback that smaller market-rate condominiums require parking in order to be marketable.

Ordinance 1249: Proposed Changes

In addition to parking exemptions for office and retail, Staff has proposed adding a parking exemption for personal service uses within the Community Core. Draft Ordinance 1249 removes this limitation and allows developments to provide additional parking.

No Net Loss of Dwelling Units

Interim Ordinance 1234

Recent development trends in Ketchum have demolished older, high-density multi-family developments to accommodate large single-family homes and luxury townhomes. Many older, high-density multi-family residential developments support naturally occurring affordable housing that is unsubsidized but remains affordable regardless of market rent. The interim ordinance prevents the net loss of housing units through redevelopment by requiring new developments to replace all existing dwelling units on the property. Section 6 of the interior ordinance states, "No demolition permit shall be issued pursuant to Chapter 15.16 of the KMC that results in the net loss in the total number of residential units currently existing on a property." No project can result in the net loss of residential units through the consolidation of dwelling units, conversion of dwelling units to other uses, demolition, or redevelopment.

Ordinance 1249: No Changes Proposed

No changes are proposed to the net loss of dwelling unit standard. Draft Ordinance 1249 requires that no project results in the net loss of residential units through the consolidation of dwelling units, conversion of dwelling units to other uses, demolition, or redevelopment.

Location of Community Housing

Interim Ordinance 1234

Section 11B of the interim ordinance prohibits the location of community housing units in basements. The goal of this interim ordinance standard was to ensure that community housing units for Ketchum's workforce are of a livability standard similar to market residential units within Ketchum. New developments commonly locate on-site community housing units in less desirable areas of the building. The Commission has expressed that basement community housing units do not provide basic livability standards, such as access to light and air.

What We've Learned

Providing on-site community housing is more favorable than paying the fee in lieu. The city's Housing Department is currently working to: (1) determine how well current efforts are meeting the community's housing need and preferences and (2) expand and verify the 2022 housing



needs assessment with more recent data. The city's Housing Department has recommended that additional community housing livability standards be developed at a later date so that the requirements may be informed by these ongoing efforts.

Ordinance 1249: No Changes Proposed

Draft Ordinance 1249 prohibits community housing units in basements.

Lot Consolidations

Interim Ordinance 1234

Section 5 of the interim ordinance established standards and limitations for lot consolidations. Lot consolidations must demonstrate compliance with land use development approvals, building permit approvals, and zoning regulations and must generally conform to the comprehensive plan. Lot consolidations are permitted in all zone districts except in the General Residential Low Density (GR-L), Limited Residential (LR, LR-1, and LR-2), and Short-Term Occupancy (STO-1, STO-4, and STO-H) Zoning Districts where lot consolidations are permitted subject to a waiver. The goal of the interim ordinance lot consolidation standards was to limit the loss of existing housing stock and preserve future development potential on vacant lots. Lot consolidations, consolidations of residential units, and conversion of long-term rentals into short-term rentals is decreasing the number of housing units available in the community.

What We've Learned

Lot consolidations can be an effective way to achieve the minimum residential densities as it provides more land area and potential for more efficient building design and use of space. In addition, lot consolidations can allow for the development of an underground parking garage, which can provide more flexibility for the layout of the ground floor. Staff has received feedback that consolidating more than two Ketchum townsite lots results in big buildings that do not compliment the scale and character of downtown Ketchum.

Ordinance 1249: No Changes Proposed

No changes are proposed to the interim ordinance standards for lot consolidations. Draft Ordinance 1249 requires that lot consolidations demonstrate compliance with land use development approval, building permit approvals, and zoning regulations and must generally conform to the adopted comprehensive plan. Lot consolidations are permitted in all zone districts except in the General Residential Low Density (GR-L), Limited Residential (LR, LR-1, and LR-2), and Short Term Occupancy (STO-1, STO-4, and STO-H) Zoning District where lot consolidations are permitted subject to a waiver.

Comprehensive Plan Conformance

Interim Ordinance 1234

Section 13 of the interim ordinance requires that all development subject to Design Review must comply with the criteria that, "The design and uses of the development generally conform with the goals, policies, and objectives of the comprehensive plan." The goal of this interim ordinance standard was to ensure projects forward the goals and objectives of the comprehensive plan to



ensure all land use decisions are evaluated against the goals, policies, and objectives of the community's vision for Ketchum.

What We've Learned

Requiring general conformance with the comprehensive plan ensures that all land use decisions forward the community's goals for the future of Ketchum. Reviewing and considering the adopted comprehensive plan in land use decisions is considered best practice. This standard provides the Commission the ability to ensure all projects subject to Design Review contribute to the community, enhance downtown vibrancy, and strengthen Ketchum's economy.

Ordinance 1249: No Changes Proposed

Draft Ordinance 1249 adopts the interim ordinance standard requiring that projects subject to Design Review demonstrate general conformance with the comprehensive plan.

Pre-Application Term of Approval

Section 3 of the interim ordinance states that projects that have a conducted a preapplication meeting with the Commission, "must file a complete Design Review Permit application and pay all required fees within 180 calendar days of the last review meeting on the preapplication with the Commission, otherwise the preapplication review will become null and void." Ordinance 1249 permanently adopts the 180-calendar-day term of approval for Preapplication Design Review established through the interim ordinance.

Adjustment of Requirements through Conditional Use Permit

Section 4D and Section 12 of the interim ordinance allow certain requirements to be adjusted subject to the review and approval of a Conditional Use Permit by the Planning and Zoning Commission. Stakeholders have provided feedback that the CUP process increases uncertainty for developers. Additionally, the CUP criteria are broad and challenging to apply to the adjustment of interim ordinance standards. Draft Ordinance 1249 removes the provision allowing certain requirements to be adjusted subject to the review and approval of a Conditional Use Permit by the Planning and Zoning Commission.

Attachment C

Redline: Draft Ordinance 1249

Please Click Following Link:

[Redline: Draft Ordinance 1249](#)

Attachment D

Clean: Draft Ordinance 1249

Please Click Following Link:

[Clean: Draft Ordinance 1249](#)

Attachment E

Interim Ordinance 1234

Please Click Following Link:

[Interim Ordinance 1234](#)

Attachment F

June 27, 2023 Staff Report: Evaluation of Interim Ordinance 1234 Standards

Please Click Following Link:

[June 27, 2023 Staff Report: Evaluation of Interim Ordinance 1234 Standards](#)

Attachment G

EPS Memorandum:

Feasibility

and

Commercial Demand Model

Sensitivity Testing

Please Click Following Link:

[EPS Memorandum: Feasibility and Commercial Demand Model Sensitivity Testing](#)

Attachment H

Community Conversations: Vibrancy & Housing Public Open House Presentation Boards

Please Click Following Link:

[Community Conversations: Vibrancy & Housing Public Open House Presentation Boards](#)

Attachment I

Community Conversations: Vibrancy & Housing Survey Results

Please Click Following Link:

[Community Conversations: Vibrancy & Housing Survey Results](#)