



P.O. Box 2315 | 480 East Ave. N. | Ketchum, ID 83340

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April 4, 2022

Chairman and Commissioners  
Ketchum Urban Renewal Agency  
Ketchum, Idaho

Chairman and URA Commissioners:

**RECOMMENDATION TO APPROVE FUNDING REQUEST FOR  
BLUEBIRD COMMUNITY HOUSING PROJECT AT 480 EAST AVENUE**

Recommendation and Summary

Staff recommends the KURA decide the amount of funding KURA will provide to the Bluebird Project located at 480 East Avenue and the rear parking lot and direct staff to prepare a reimbursement agreement.

Introduction/History

The Ketchum Community Development Corporation and GMD Development are constructing a 51-unit community housing project at 480 East Avenue, the old city hall site and rear parking lot. In July 2020, the KURA committed \$564,860 to fund infrastructure improvements.

On February 22, 2022, the KURA approved reimbursing the City of Ketchum for the demolition of old city hall in the amount of \$201,061. This payment was to the City of Ketchum, it was not for KCDC or GMD Development.

Background

Since the initial project cost estimates were prepared in 2020, development costs have escalated at unprecedented levels. In addition, the area median income levels in Blaine County have decreased which reduces the rent revenues generated by the project that can be used to offset the mortgage debt.

Project development costs have increased \$3.8 million and the projected rent revenues have decreased by \$1.82 million resulting in a funding gap of \$5.74 million. To make up the funding gap, the project team has secured \$3,590,631 in funding from other sources and is seeking the remaining funding from the KURA and City of Ketchum. The City of Ketchum is requested to contribute an additional \$1.9 million, and the KURA is

requested to fund an additional \$255,953 for a total contribution of \$820,813. In addition, there is a need to replace the existing fire hydrant at the corner of East Avenue and 5<sup>th</sup> Street. The cost of this work is being calculated and KURA funding is requested for this infrastructure improvement. Detailed information and background on the project costs and funding sources is provided in Attachment A. The presentation for the meeting is Attachment B.

The KURA's contribution will reimburse infrastructure costs. Reimbursement is anticipated to occur at the end of the project. KURA can set aside revenues over time to off-set the reimbursement amount. The Board can decide the repayment schedule.

Financial Requirement/Impact

The total funding request from KURA is \$820,813 with additional funding for the fire hydrant. Similar to the reimbursement agreement with the Community Library, reimbursement funding could be allocated over several years in lump sum payments.

Attachments:

Attachment A:	Request for Funding
Attachment B:	Meeting Presentation



March 31, 2022

Jade Riley  
City Administrator  
City of Ketchum  
191 5<sup>th</sup> Street West  
Ketchum, ID 83340

Suzanne Frick  
Executive Director  
Ketchum Urban Renewal Agency  
191 5<sup>th</sup> Street West  
Ketchum, ID 83340

**RE: Bluebird Village Additional Funding Request  
Housing In Lieu Fund  
KURA Infrastructure Fund**

Dear Jade and Suzanne,

As you know we last applied for local gap funding for the Bluebird Village project during the summer of 2020 as part of second application for low income housing tax credits from IHFA, which successful in obtaining an award. Since that time we have moved forward with the project design and permitting process. In addition, we have recently updated our cost estimate and financial underwriting of the 51 unit development. Since the application for tax credits the development environment for all new construction projects has changed dramatically because of impacts from the COVID 19 pandemic, supply chain disruptions, labor shortages, historically high inflation, and significant migration to Idaho and Blaine County which has made the need for housing even more acute. Construction costs related to material and labor are up significantly, yet the area median income/rent limits for Blaine County have decreased over 4.7% since the 2020 funding applications were submitted, causing a material decrease in supportable mortgage debt. The overall 51-unit Bluebird Village project has seen an increased total development cost of \$3.8 million, and a decline of source loan proceeds of \$1.82 million, a negative total source and use swing of \$5.74 million. While most of this change is expected to be met by the 4% and 9% tax credit portions of the project financing, additional local contributions from the Housing in Lieu Fund and the KURA are needed to maintain feasibility. Therefore, with this letter we would like to request additional funding in the amount of \$1,900,000 from the City of Ketchum Housing in Lieu Fund and additional funding of \$255,953 (plus the cost of any qualifying plan review additions) from the KURA infrastructure fund.



Attached as Exhibit One to this letter is a summary source for the project comparing the Source and Use of the project from August 2020 to today. This summary shows how the project has changed in each major cost category and financial sources for each program since the original local funding request in the summer of 2020. Below is a discussion of the cost increases, decrease in supportable debt and other factors which have contributed to the need for additional funding for the project.

### *PROJECT COSTS*

The most significant change in project costs came in hard construction costs which are up over \$3.65 million from the original budget estimates to the current estimate (see attached Exhibit Two). Construction industry material, labor and transportation costs are all up 20% since the summer of 2020, primarily because of effects of the COVID pandemic (see attached industry information). In addition, a spike in construction activity and labor shortages in Blaine County (and Idaho) has made it difficult to obtain competitive bidding from multiple subcontractors in the local market and regionally. Everyone is busy with work in their local market. Conrad Brothers construction has worked hard to leverage its subcontractor relationships to obtain reasonable costs in the new environment. Bluebird's cost increase is consistent with the industry trends. We have worked hard with the design team to incorporate alternative materials at a lower cost, but basic materials like lumber, concrete and steel do not have viable alternatives. Recognizing the continuing dynamic development environment and pending 2022 material cost increases that have been announced, GMD Development has already taken a contract position regarding the lumber for the project to avoid a \$90,000 cost increase. And it will likely have to take further material contract positions prior to closing to maintain the existing cost estimate.

Soft costs have not seen as much of an increase, but they are up as well. We have been able to negotiate a lower 3 month funded operating reserve, with the other 3 months in the form of a 15 year guarantee from GMD which reduces upfront funded reserves materially. We have been able to lock the construction loan interest rate at this time so we are also showing some savings in that area.

### *FINANCING / SUPPORTABLE DEBT / EQUITY MARKET*

The tax credit applications submitted in early September 2020 utilized the then effective HUD AMI information for 2020. Since that date the 2021 AMI for Blaine County has been released as well, and GMD has obtained the projected 2022 AMI from Novogradac. From 2020 to 2022 the Blaine County AMI has gone down by 4.7%, resulting in an average rent reduction on the 4% project of about \$60 per unit per month. Combine this with increased permanent interest rates



of 75bhps on the 9% deal and 60bhps on the 4% deal, higher operating expense projections and the loss of 5 units in the 4% project due to Design Review considerations, the total supportable hard debt for the hybrid project has declined \$1.82 million. Given the extremely tight housing market in Ketchum we are negotiating for a 5% vacancy rate in the underwriting which is included in these numbers and does help mitigate the supportable loan dilution. We do have revised final construction and permanent loan term sheets from Glacier Bank with locked interest rates for the construction and permanent loans, so this part of the financing is firm at this time despite the rising interest rate environment.

On the equity side of the equation we have seen tax credit pricing decline some since the summer of 2020 with investor fund yields moving up. However, we have been able to attract Freddie Mac as a direct investor in the deal which will help them meet certain rural investment objectives, and lower investor yield targets. Therefore, despite the tax credit equity market moving against us, we expect to maintain proceeds with similar pricing from the original tax credit applications in 2020. In addition, we have been able to negotiate the funded operating reserve down from 6 months to 3 (with the other 3 being in the form of a guarantee) which has created some upfront savings. We do not have revised final investor letters at this time but expect them in the coming days.

In summary because of changes in the development cost and financing environment a sources gap of \$5.74 million has been created. Five sources of are coming together to cover this gap. This request for additional local resources is significant, but necessary to see the project move forward. Below is a summary of the variety of sources being used to cover the gap.

## INCREASED SOURCES

KURA	255,953	4%
City of Ketchum	1,900,000	33%
Retail Space	418,000	7%
4% Tax Credits	2,604,051	45%
9% Tax Credits	568,860	10%
TOTAL	5,746,864	100%



Bluebird Village represents a long community effort to create affordable rental housing in Ketchum. From its inception the story of Bluebird Village has been full of challenges. And now not only is it facing the same historically high development cost increases as projects in all locations, but the additional rare burden of a declining AMI in Blaine County that has significantly impacted the supportable loans for the project. GMD has moved quickly to lock in interest rates and obtain the best underwriting to minimize the impact, but it is still real. We have also moved to lock in contracts on certain materials to manage further cost increases. We are taking extraordinary steps with tremendous risk exposure to minimize the gap in a very dynamic development environment to keep the project moving forward. We hope the City of Ketchum and the KURA can give its strongest consideration to granting this request for additional local funding to ensure the success of Bluebird Village.

Sincerely,

A handwritten signature in blue ink, appearing to read 'G. Dunfield', is placed over the printed name.

Gregory M. Dunfield  
President / Owner

# EXHIBIT ONE

## SUMMARY TOTAL HYBRID PROJECT (51 Units)

		Aug 2020	Feb 2022	
<b>DEBT</b>	Conv Loan / TE Bonds	5,882,823	4,054,000	(1,828,823)
	KURA	564,860	820,813	255,953
	City of Ketchum	1,400,000	3,300,000	1,900,000
	Other	0	0	0
	Retail Condo Sale / Loan	850,000	1,268,000	418,000
	DDF	626,394	511,543	(114,851)
<b>EQUITY</b>	TC Investor	12,465,972	15,638,883	3,172,911
	Solar Tax Credits	44,460	44,460	0
	NOI	84,447	87,737	3,290
	Total	21,918,956	25,725,436	3,806,480
<b>USES</b>				
	Land	10	10	0
	Hard Construction	16,004,664	19,662,599	3,657,935
	Soft Construction	2,095,577	2,210,730	115,154
	Third Party Reports	59,000	83,041	24,041
	Lender Financing Costs	367,406	317,156	(50,250)
	Bond COI	128,150	139,150	11,000
	Const Period Interest	770,000	700,000	(70,000)
	Soft Costs	425,022	678,658	253,636
	Reserves	269,127	134,110	(135,016)
	Developer Fee	1,800,000	1,799,982	(18)
	Total	21,918,955	25,725,436	3,806,481
	Cash Developer Fee	1,173,606	1,288,439	114,833
			5.01%	



# Blaine County, ID

## Novogradac & Company LLP's AMI Analysis

### Area Median Income (100%)

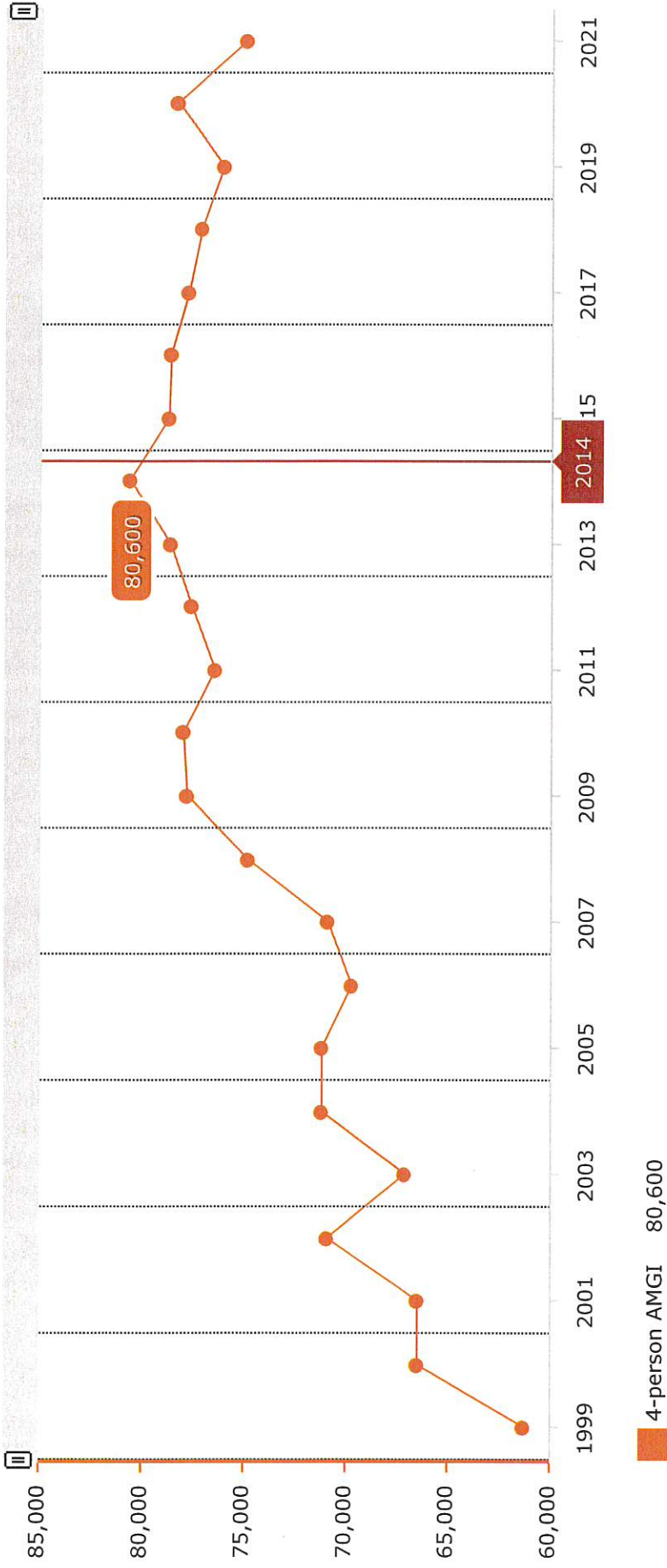
	2017	2018	2019	2020	2021	2022
1 person	\$54,500	\$54,000	\$53,300	\$54,900	\$52,500	\$52,300
2 people	\$62,200	\$61,800	\$60,900	\$62,700	\$60,000	\$59,800
3 people	\$70,000	\$69,500	\$68,500	\$70,600	\$67,500	\$67,200
4 people	\$77,800	\$77,200	\$76,100	\$78,400	\$75,000	\$74,700
5 people	\$84,000	\$83,400	\$82,200	\$84,700	\$81,000	\$80,700
6 people	\$90,200	\$89,600	\$88,300	\$90,900	\$87,000	\$86,700
7 people	\$96,500	\$95,700	\$94,400	\$97,200	\$93,000	\$92,600
8 people	\$102,700	\$101,900	\$100,500	\$103,500	\$99,000	\$98,600
Change		-0.77%	-1.42%	3.02%	-4.34%	-0.40%

### 100% Rent Limits

1 Person / Bedroom + 1	2017	2018	2019	2020	2021	2022
Studio (1.0)	\$1,362	\$1,350	\$1,332	\$1,372	\$1,312	\$1,307
1 bedroom (1.5)	\$1,458	\$1,447	\$1,427	\$1,470	\$1,406	\$1,401
2 bedrooms (3.0)	\$1,750	\$1,737	\$1,712	\$1,765	\$1,687	\$1,680
3 bedrooms (4.5)	\$2,022	\$2,007	\$1,978	\$2,038	\$1,950	\$1,942
4 bedrooms (6.0)	\$2,255	\$2,240	\$2,207	\$2,272	\$2,175	\$2,167
5 bedrooms (7.5)	\$2,490	\$2,470	\$2,436	\$2,508	\$2,400	\$2,390

This estimate was calculated using the same method and source data that HUD uses to calculate Area Median Income (AMI). The calculation may include CPI estimates published by the Congressional Budget Office. It is highly likely that this CPI estimate will be revised down. We unable to determine the magnitude of the change in CBO's estimate of CPI and any change in CPI will impact income limits. As outlined in the terms and conditions, the Estimator is not intended to be used for any final financial decisions and should be used as one data point in many when attempting to understand the income and rent for a given area.

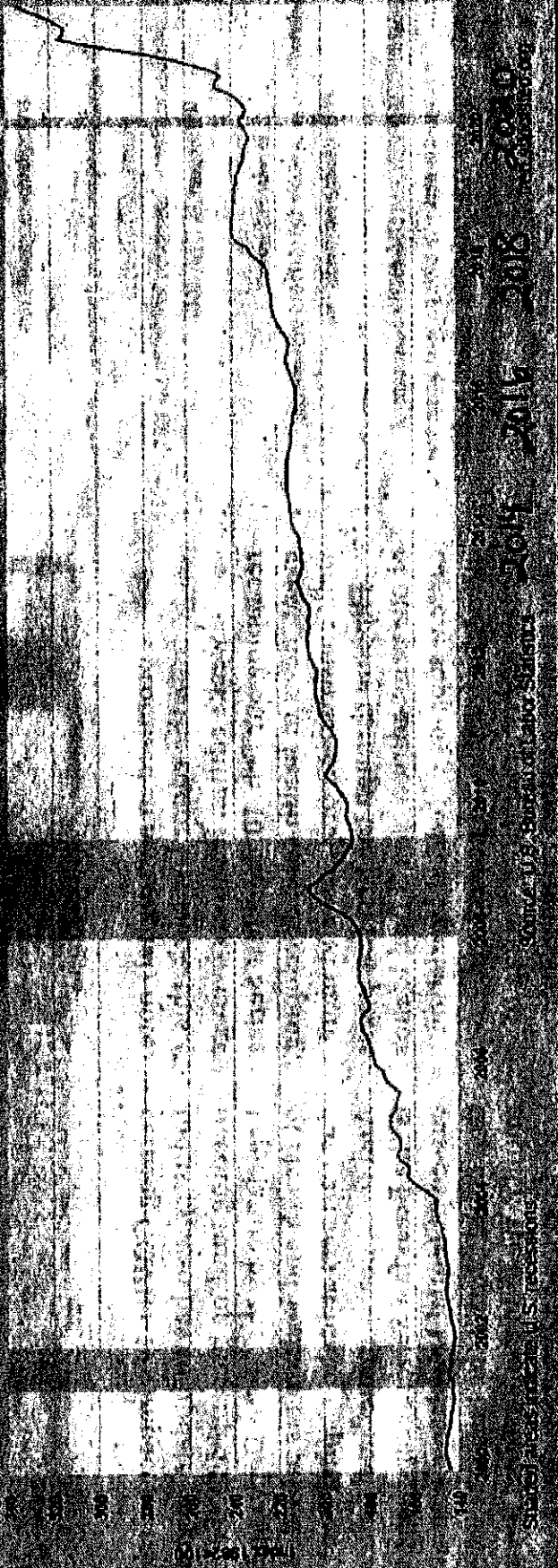




**Average Increase (AMGI): 0.9%/year**

Close Window

FRED



The national construction materials price index for Dec. 1, 1999 to Dec. 1, 2021. CHART COURTESY OF THE FEDERAL RESERVE BANK OF ST. LOUIS

## Construction costs increases in one graph

Sometimes it really is true that a picture can be worth a thousand words. In this case that picture is a graph courtesy of the Federal Reserve Economic Data (FRED) hosted by the Federal Reserve Bank of St. Louis. The graph shows the national construction materials price index from Dec. 1, 1999 to Dec. 1, 2021. The data show that construction material prices have risen an aggregate 42% since February 2020, the month before the memorable pandemic recession.

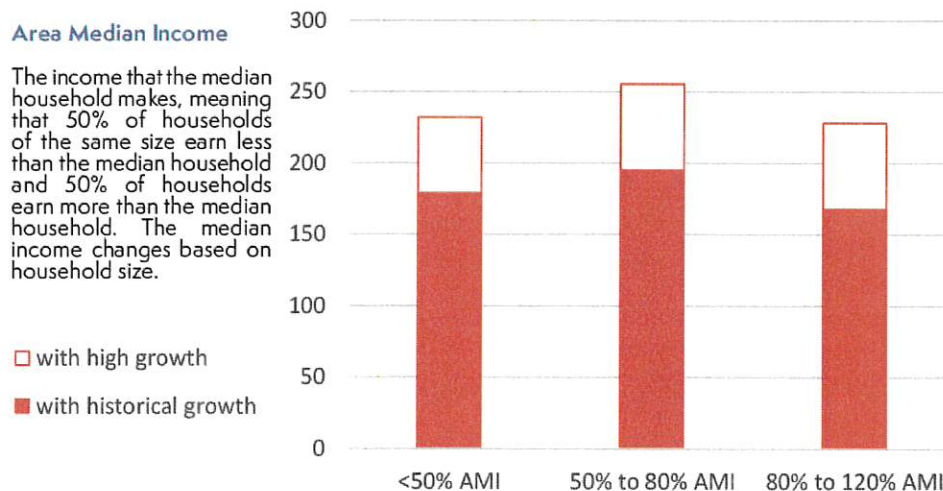
## DEMAND

Does not include the 335 lost renter households from 2010 to 2019. High growth is modeled because of the pandemic population boom Ketchum experienced, when between 2019 and 2020 our population grew by 25% (unlike the historic 1% annual growth).

### Total Projected Demand

	DESCRIPTION	HISTORIC GROWTH (1% per year)	HIGH GROWTH (3% average)
New Households	New households based on projected population growth by 2030	+224	+546
Current Households	Households in need of stabilization, at risk of displacement, such as: <ul style="list-style-type: none"> <li>• cost burdened</li> <li>• people experiencing homelessness</li> <li>• substandard housing</li> <li>• overcrowding</li> </ul>	436	436
TOTAL UNITS	Total projected units needed by 2030: <ul style="list-style-type: none"> <li>• Stabilizing households in their current unit</li> <li>• Transitioning vacant/seasonal/STR to owner- or LTR-occupied</li> <li>• New construction</li> </ul>	660	982
Units per Year		66 annually	98 annually

### Projected new, converted, or preserved homes needed in 10 years, by income level



## HOUSING CRISIS IMPACTS

1. Vulnerable populations: Housing instability is creating financial, social and emotional challenges for residents across the valley. The National Association for Mental Illness, Wood River Valley explained what they are hearing from their clients: "Fear of the unknown, stress of abandoning other people who they might be leaving behind if they move and confusion about what the



relocation may look like.” In addition to increasing the likelihood of depression and suicide, displacement and housing instability also has physical impacts: It disrupts childhood development and immune system responses, and increases likelihood of hospitalization.

Stress resulting from housing instability is compounded by nonprofit and social service networks that can be difficult to navigate, especially for those in crisis. Respondents indicated that they, or their clients, were often shuffled from one agency to the next in an attempt to access resources. Often these clients would complete a process only to find out that they did not meet the eligibility criteria – and indeed, eligibility criteria may even specifically screen out some of the most vulnerable community members.

2. Business viability: Business viability and access to a stable workforce was a common idea shared when over 30 interviewees were asked to identify a “key indicator” for the housing environment. A few local business owners noted that they have had to cut hours/reduce days or completely close....The employees that they do have are exhausted.
3. Community character: Sentiment from a variety of interviewees is the sense that Ketchum is losing its identity as the housing market becomes challenging and people move away. Many respondents felt that the pursuit of accessible community housing represents more than a roof over community members’ heads – it’s a quest to maintain the “soul” of the community.

The housing crisis is also affecting the community’s ability to withstand stress: It is damaging social networks and supports and is displacing vital workers.

**CARISSA CONNELLY | CITY OF KETCHUM**

Housing Strategist

P.O. Box 2315 | 191 Fifth St. W. | Ketchum, ID 83340

o: (208) 727-5088 | f: 208.726.7812

[cconnelly@ketchumidaho.org](mailto:cconnelly@ketchumidaho.org) | [www.ketchumidaho.org](http://www.ketchumidaho.org)

# BLUEBIRD VILLAGE

## Revised Funding Request

APRIL 4, 2022

TO: CITY OF KETCHUM CITY COUNCIL / KETCHUM URBAN RENEWAL AGENCY



BY: GMD Development - Gregory Dunfield  
KCDC - Charles Friedman



# OUTLINE

1. Project Description
2. Community Benefit
3. Source and Use Comparison
4. Cost Increase / Supportable Loan Decrease
5. Closing the Gap



## Bluebird Village is a proposed mixed-income, mixed-use development that will target Ketchum's workers.

51

**Residential workforce affordable housing units** in Ketchum's Commercial Core

- Primarily targeting 50-70% of median income
- External storage lockers for all units

45

**Car parking stalls** including some electric car charging

84

**Bike parking stalls** including some electric charging / cargo

2

**Retail commercial spaces** facing East Ave and East 5th Street

**Solar PV array / All Electric building**

**Complementary design and materials** for downtown Ketchum

Certified market study and lenders and investors’ underwriters verify demand for unit mix and amenities.

Currently only 3% of existing homes in Ketchum are 1 bedroom

Studio	1 bedroom	2 bedroom	3 bedroom
10%	51%	33%	6%
5 units	26 units	17 units	3 units
~465 sf	~660 sf	~760 sf	~1065 sf
EXTERNAL UNIT AMENITIES		INTERNAL UNIT AMENITIES	
<ul style="list-style-type: none"><li>Storage units with shelves</li><li>Roof top deck</li><li>Community space</li><li>Exercise room</li><li>Bike parking</li><li>E-bike charging</li></ul>		<ul style="list-style-type: none"><li>Decks/balconies</li><li>storage</li><li>Washer &amp; dryer</li><li>Energy star appliances</li></ul>	

# COMMUNITY BENEFITS TO HIGH-DENSITY WORKFORCE HOUSING DOWNTOWN

## ● Vibrant downtowns require a mix of uses, including housing, to activate it at various hours (a la “live, work, play”)

Policy H-1.4 of Comprehensive Plan. Integrated Housing in Business and Mixed-Use Areas: **Housing should be integrated into the downtown core** ... The resulting mix of land use will help promote a greater diversity of housing opportunities as well as social interactions.

## ● Increases Ketchum’s diversity of housing options

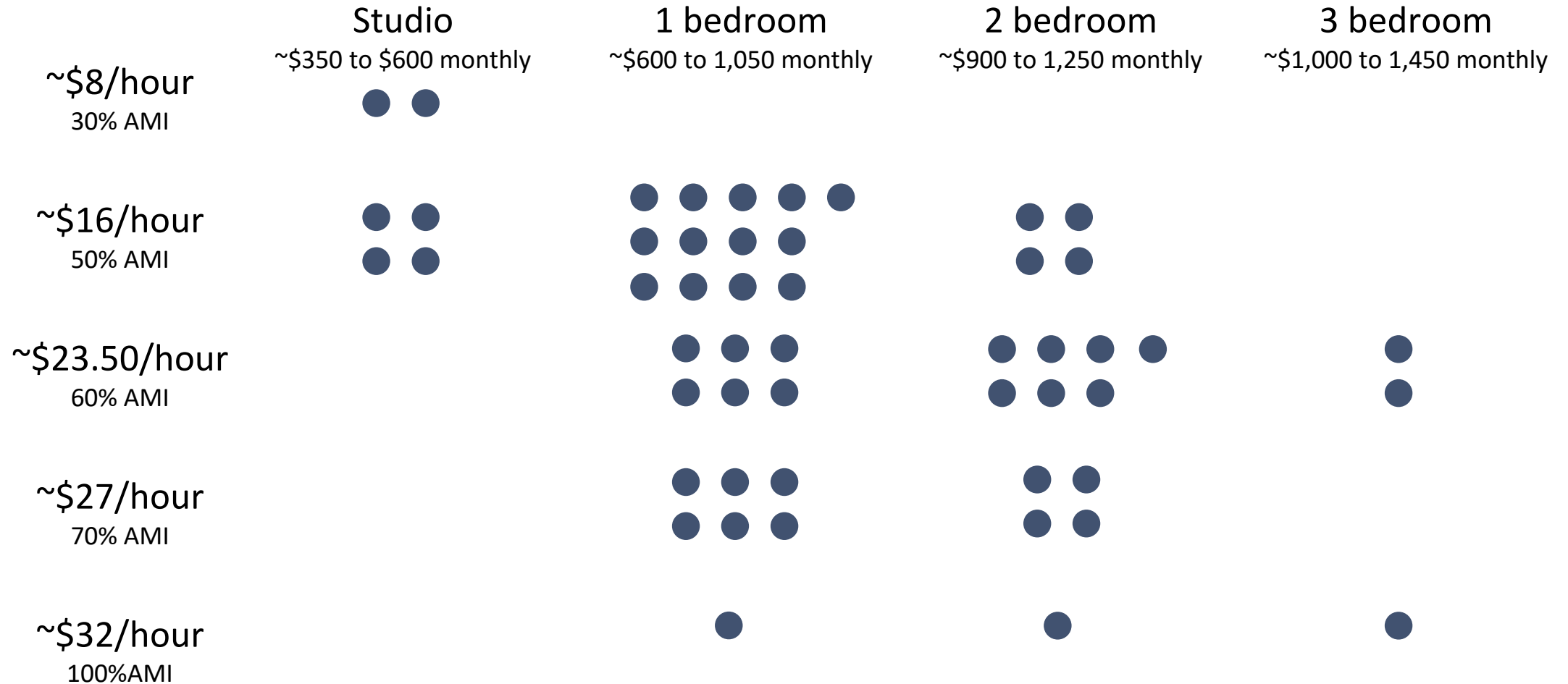
Core Value 4 of Comprehensive Plan

## ● Central location enables sustainable, healthy living, and engaged workers

- Easy access to groceries and other amenities
- Pedestrian, bike, and bus allows for alternative, healthier, less expensive forms of commute.
  - St. Luke’s Wood River Health Assessment determines that long commutes contribute to obesity: “each additional hour spent in a car per day is associated with a 6 percent increase in the likelihood of obesity.”
- Employees with less of a commute are more engaged (<https://www.planetizen.com/node/67379>)

# Most of the new units will be 1 and 2 bedrooms for households earning \$16 to \$27 per hour.

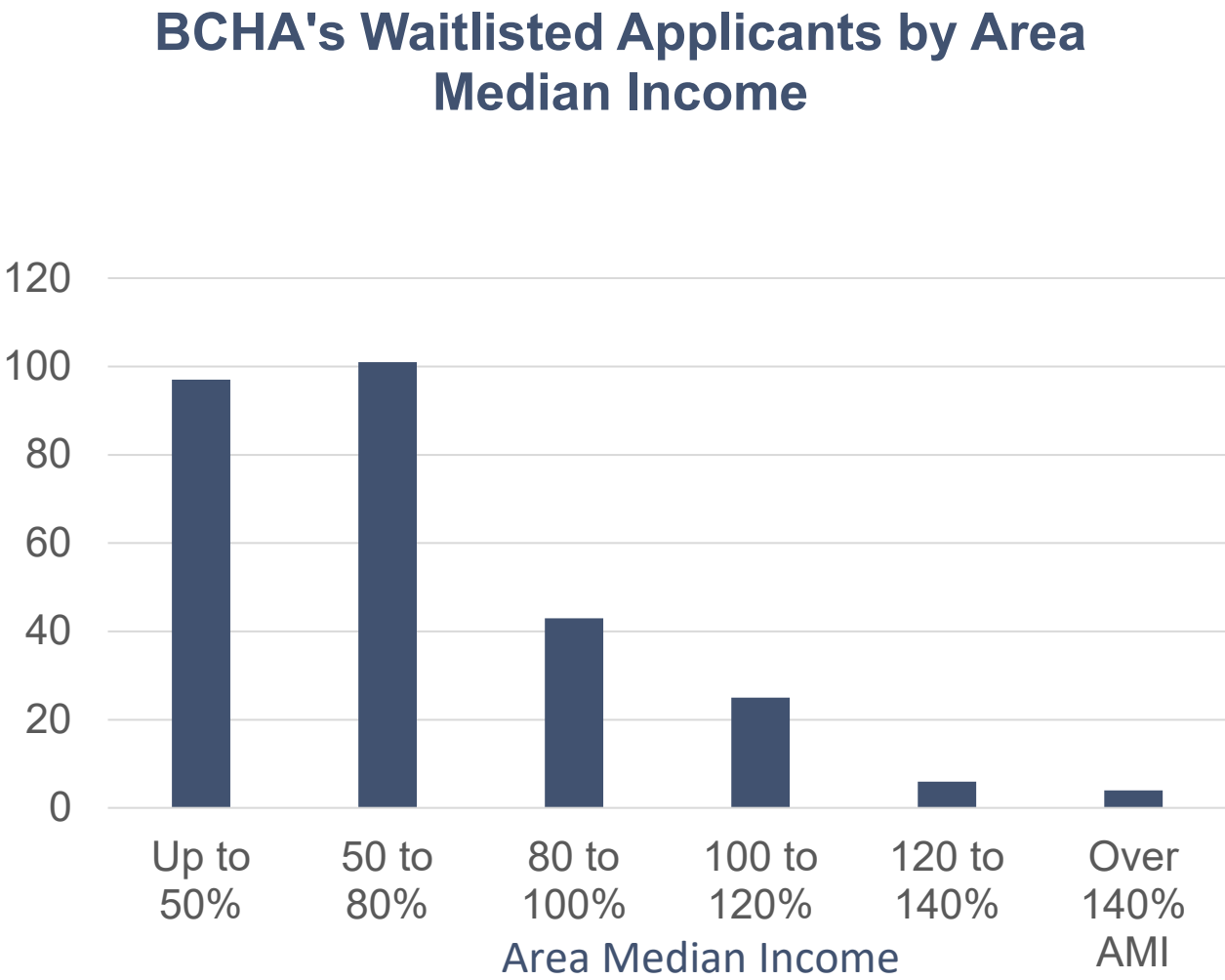
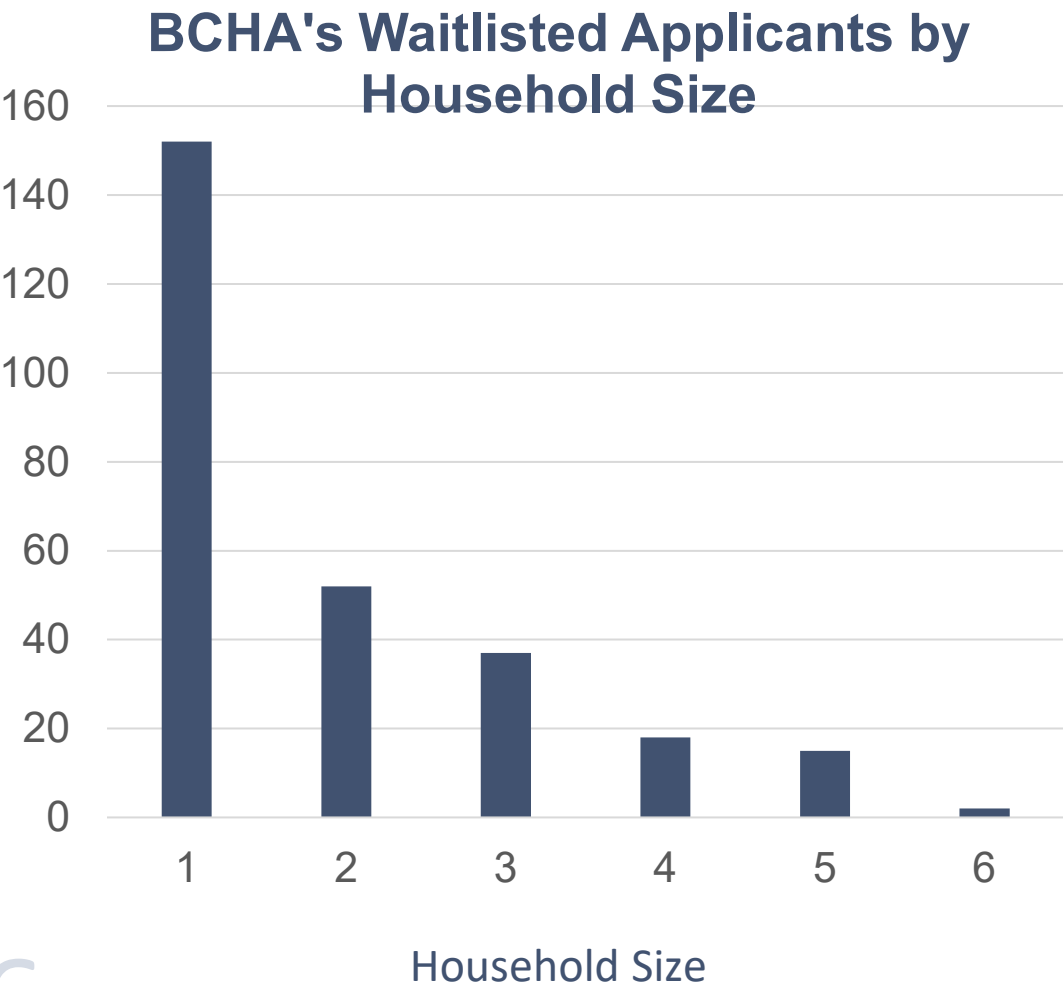
## INCOME TARGETING & RENTS



- Wage estimate based on working 50 weeks/year, 40 hours/week
- Active local workforce preference

Most of the new units will be 1 and 2 bedrooms – and there is a need for those unit sizes.

- Does not include ARCH, The Housing Company, Syringa, or other waitlists



Many workers in Ketchum’s primary industries will be qualified to live in Bluebird.

INCOME TARGETING & INDUSTRY MEDIAN EARNINGS



SOURCE: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2019 for Blaine County, Idaho. Industry by median earnings in the past 12 months for full-time, year round civilian employed population



# LONG TERM AFFORDABILITY COMMITMENTS

## LAND IS RESTRICTED FOR AFFORDABLE HOUSING

40

**Years of tax credit land use restrictive agreement**

(per Idaho Housing Finance Agency requirements)

75

**Years of land lease covenant with City of Ketchum for affordable rental housing**

## LOCAL NON-PROFIT OWNER AND LENDER

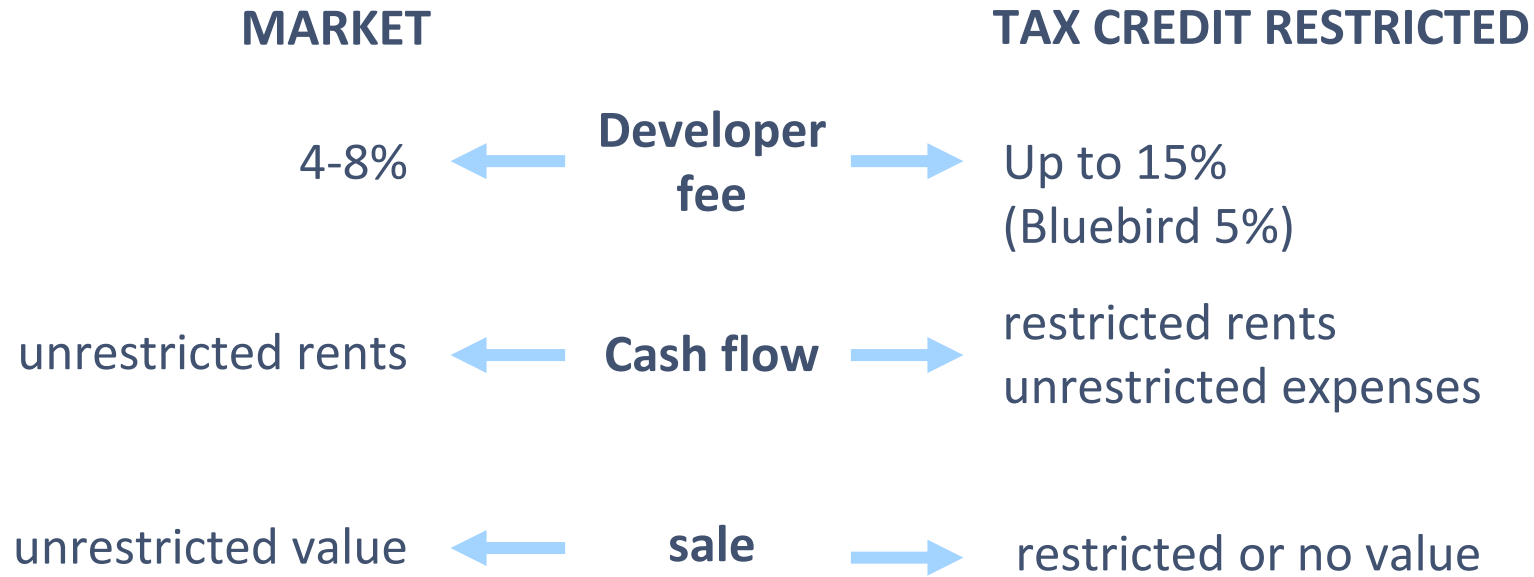
**Long-term economic benefits are reinvested in Ketchum for housing**

- Local non-profit ownership by Ketchum Community Development Corporation (KCDC)
- KCDC has a long-term housing mission within Ketchum

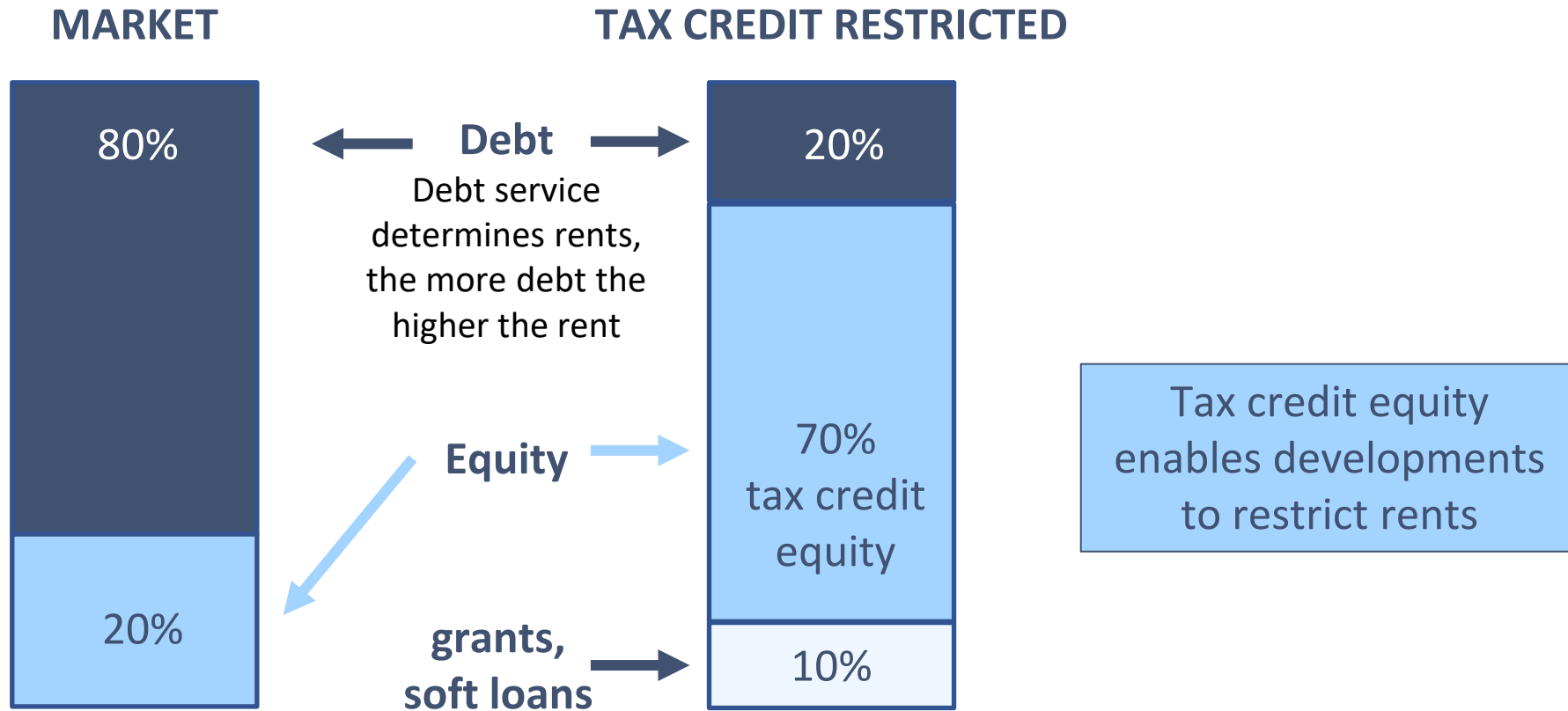
**Ensured repayment of local funding, to be reinvested**

- KCDC as the lender also ensures that repayment will be reinvested in Ketchum

# MARKET RATE VS AFFORDABLE DEVELOPMENT COMPARISON

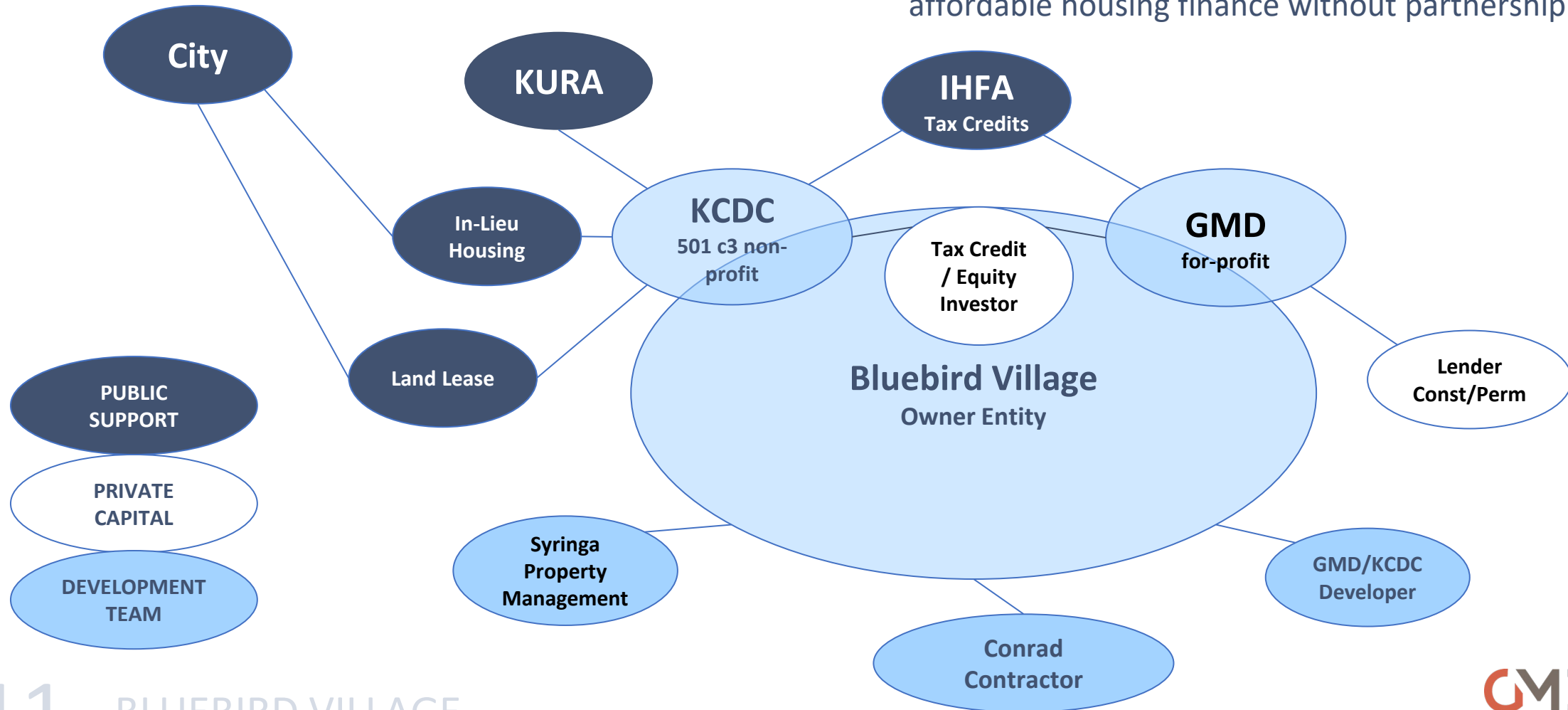


# MARKET RATE VS AFFORDABLE DEVELOPMENT COMPARISON



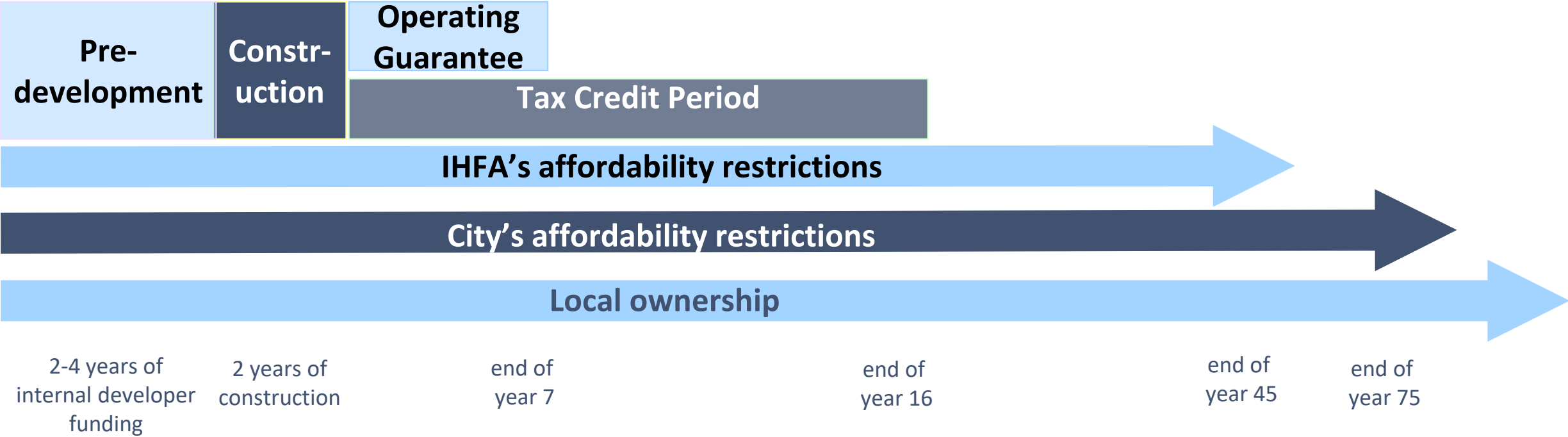
# PARTICIPANTS

- affordable housing is complicated
- need Ketchum Community Development Corporation (KCDC) to access financing
- KCDC gains experience and capital, enabling access to affordable housing finance without partnership later



# BLUEBIRD'S TIMELINE

- ownership converts fully to KCDC at year 16
- Idaho Housing Finance Agency's (IHFA) restrictions expire at year 45
- City of Ketchum's ground lease for 75 years
- local ownership continues



## SOURCE & USE COMPARISON

### SUMMARY TOTAL PROJECT (Residential, Parking, Commercial)

		Aug 2020	Feb 2022	Difference
DEBT	Conv Loan / TE Bonds	5,882,823	4,054,000	(1,828,823)
	KURA	564,860	820,813	255,953
	City of Ketchum	1,400,000	3,300,000	1,900,000
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	Retail Condo Sale /			
	Loan	850,000	1,268,000	418,000
	DDF	626,394	511,543	(114,851)
EQUITY	TC Investor	12,465,972	15,638,883	3,172,911
	Solar Tax Credits	44,460	44,460	0
	NOI	84,447	87,737	3,290
	Total	21,918,956	25,725,436	3,806,480
USES	Land	10	10	0
	Hard Construction	16,004,664	19,662,599	3,657,935
	Soft Construction	2,095,577	2,210,730	115,154
	Third Party Reports	59,000	83,041	24,041
	Lender Financing			
	Costs	367,406	317,156	(50,250)
	Bond COI	128,150	139,150	11,000
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			5.01%	



## SOURCE & USE COMPARISON

### SUMMARY TOTAL PROJECT (Residential, Parking, Commercial)

- Debt decreased due to lower rents – a result of lower area median income
- Construction costs increased – a trend occurring worldwide
- Equity increased to help cover the gap
- A gap remains without increasing local contribution

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		5.36%	5.01%	

# CONSTRUCTION COST UNEXPECTEDLY INCREASED WORLDWIDE

ETNOW

News articles from  
last 24 hours



Business ▶

Economy

Personal Finance

Markets

Companies

Industry

Real Estate

LIC IPO



Live TV

Thinking of buying a house? Real estate prices to go up as cost of construction increases 12% YoY



MARKET

EVENTS

SECTOR

## A perfect storm of labour and cost challenge

ICBA CEO breakfast looks at current state of the industry

Wednesday, March 30, 2022

by Cheryl Mah

Demand for new construction remains at record levels. Economic headwinds, however, are at least, say the least.

And developers? They're working shortages countering their every n

How does the commodities landsc newsletter from [Avison Young](#) bi

## Construction Costs Hit Record High: Report

By [Gail Kalinoksi](#)

March 25, 2022

Trends

Development

Featured

National

More

Rising construction costs continue to be a challenge. Last year experienced record price increases for steel, lumber and aluminum, to name a few, but a surge in demand “allowed the market to absorb and pass through many of the added costs.”

  
The Urban Developer

Thursday, March 31, 2022 |  -°C | Australia ▼

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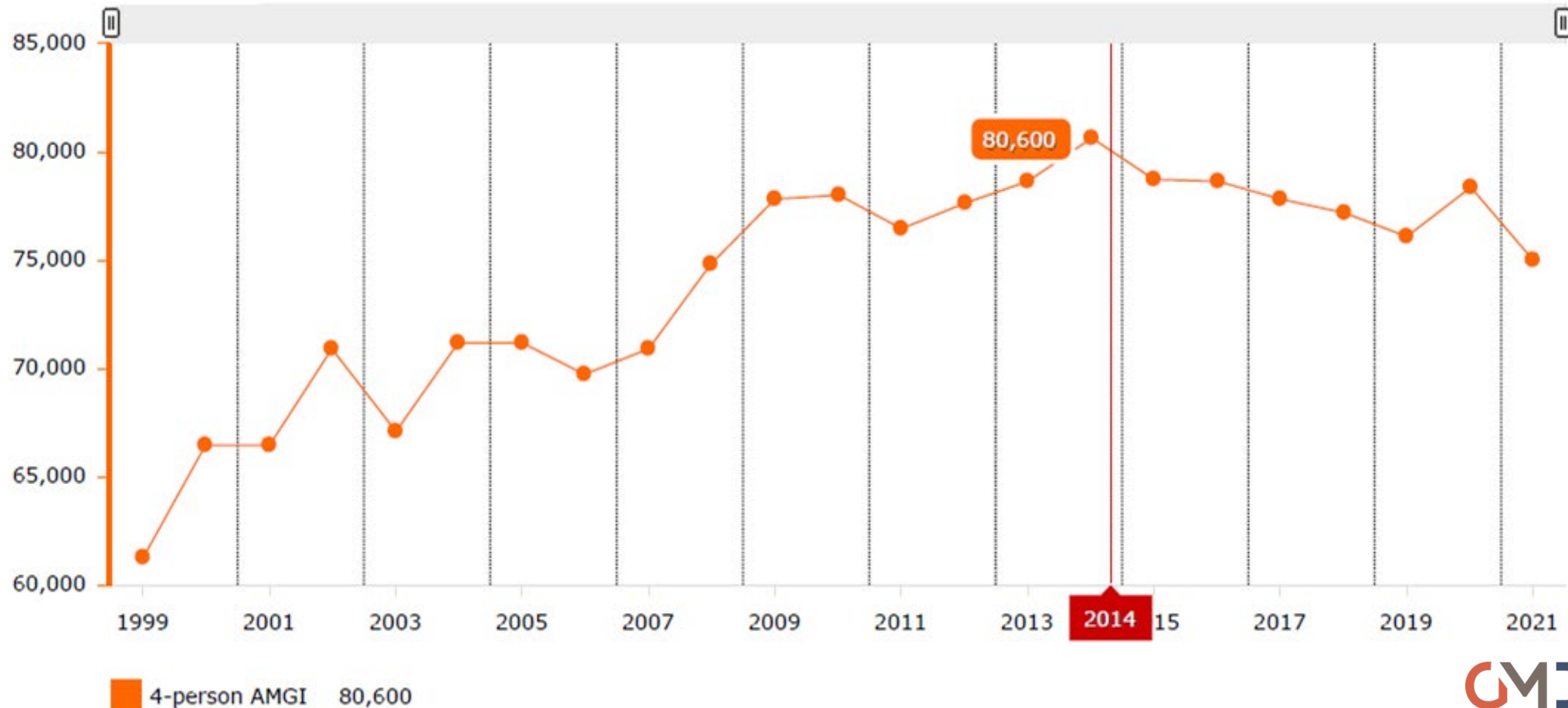
MARKETS MARISA WIKRAMANAYAKE THU 31 MAR 22

## Approvals Rise Despite Skyrocketing Construction Costs



## Blaine County's Area Median Income decreased by 5% since initial ask

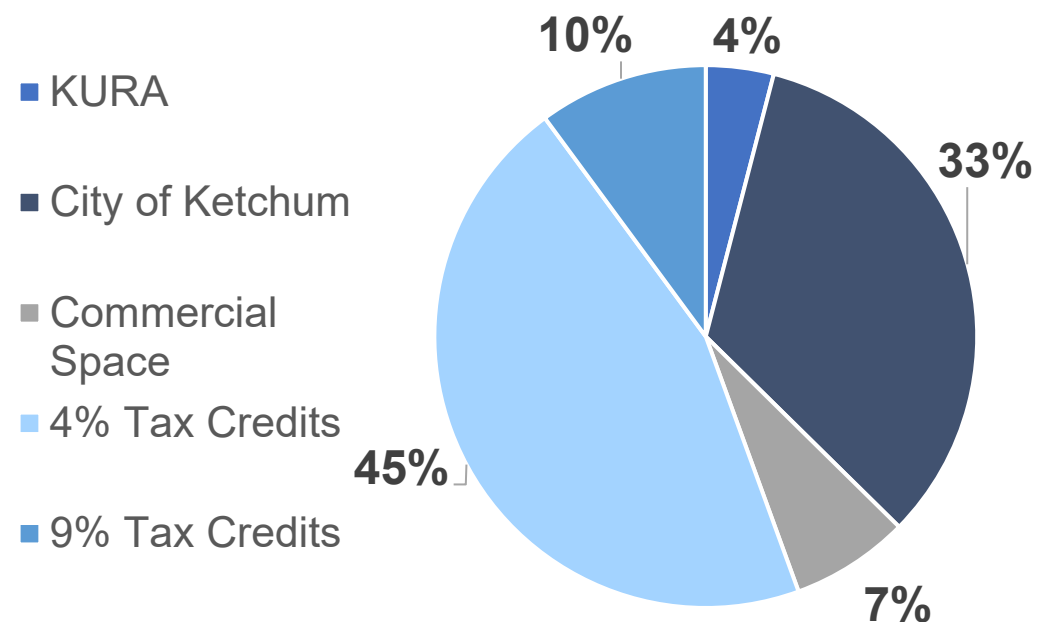
- This results in lower projected rents and a greater funding gap.
- This AMI decrease is highly abnormal. Comparable ski areas saw 5 to 10% increases.
- Potential AMI increase in 2023 (only) may result in return of some funds to City.



## INCREASED SOURCES – Covering the Gap

KURA	255,953	4%	} 37% local sources
City of Ketchum	1,900,000	33%	
Commercial Space	418,000	7%	
4% Tax Credits	2,604,051	45%	} 55% tax credits
9% Tax Credits	568,860	10%	
<b>TOTAL</b>	<b>5,746,864</b>	<b>100%</b>	

-Higher costs enable us to qualify for additional tax credits, but they do not cover 100% of the additional cost.



# LOCAL CONTRIBUTION MAKES THE DEVELOPMENT POSSIBLE

- Local Contribution needed to be competitive for tax credits

## LOCAL CONTRIBUTION

**1X**

\$4.12 million

## LEVERAGED SOURCES

**4X**

\$21.6 million

## Developer Fee

IRS Section 42 + Idaho  
Housing Finance  
Agency limit

**15%**

Typical cash  
developer fee for  
affordable housing  
development

**8-10%**

Developer fee on  
Bluebird Village

**5%**

For- and non-profit affordable housing developers are paid similar developer fees