



City of Ketchum

December 19, 2022

Mayor Bradshaw and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

RECOMMENDATION TO REQUEST OWNERSHIP OF LIFT TOWER LODGE

Recommendation and Summary

Blaine County, Sun Valley, Hailey, and Ketchum are meeting bi-weekly to determine the best model for countywide coordination and implementation of BCHA's strategic plan. From these discussions, it was determined that the Lift Tower Lodge may be better suited under new ownership. The Lift Tower Lodge is a vital asset as transitional housing for locals and is within Ketchum's jurisdiction. Staff recommends that the City request a transfer of ownership to the City from the Blaine County Housing Authority Board.

The reasons for the recommendation are as follows:

- City staff are intimate with managing the physical building and others are familiar with tenant relationships and agreements.
- The City aims to manage the site until redevelopment to accommodate more housing, which would occur after the transfer of adjacent property from Sun Valley Company (per the River Run Development Agreement). The City could work on redevelopment with the Ketchum Urban Renewal Agency.

"I move to request ownership of Lift Tower Lodge from Blaine County Housing Authority"

Context

The Ketchum Housing Action Plan outlines the following related objectives:

Goal 3: Expand + Improve Services to Create Housing Stability

Action 2. Expand residential capacity of Lift Tower Lodge

Action 8. Identify and support physical housing options for unhoused and at-risk households

Goal 1: Create + Preserve Housing

Action 2. Develop a new housing construction pipeline

On March 21, 2022, Council approved improving Lift Tower Lodge's sewer system, which enabled increasing capacity from 6 transitional units to 14. Blaine County covered additional upgrades. This completed Goal 3, Action 2 of the Housing Action Plan.

Accounting for that land, and adjacent land that will be transferred to the City from Sun Valley Company, could accommodate a master planned housing development. The City is beginning to review RFPs for architectural/land use firms to analyze the land-use feasibility of developing community housing on publicly owned properties, of which Lift Tower Lodge is one. If that analysis determines that housing development is feasible from a land-use perspective, after the adjacent lots are transferred, then the City could consider developing the site and adjacent lots together. To facilitate such development, the City could transfer those sites to Ketchum Urban Renewal Agency. The City could specify which income levels and housing types to include, such as maintaining or growing the number of transitional housing units currently on site.

Interim Executive Director of BCHA, Sarah Michael, requested that the City Council consider taking ownership of Lift Tower Lodge. Pending the Council’s decision, this topic will be proposed to the BCHA Board on Wednesday, December 21st.

Sustainability impact

Ability to house employees and community participants locally decreases commuter vehicular trips.

Financial Impact

The Lift Tower Lodge generates revenue through tenant rental payments of an estimated \$650 per month. To be conservative and account for turnover, the staff estimates a 93% occupancy rate. This equates to about \$111,000 in revenue each year. Expenses are estimated to be \$51,000, which includes a capital reserve that is slightly lower than an older building might otherwise warrant (20% instead of 30%): The reason for this is because, with anticipated redevelopment in the next few years, some capital expenses could potentially be held until redevelopment. Given these assumptions, operating the Lift Tower Lodge would generate a positive balance of about \$45,000 per year.

| | | |
|---|-----------------------|-------------------|
| Revenue | | |
| 14 rooms, \$650 per month, 93% occupancy | \$ | 101,556 |
| Caretaker rent @\$750 per month | \$ | 9,000 |
| | TOTAL REVENUE | \$ 110,556 |
| Expenses | | |
| On site caretaker, pay | \$ | 10,500 |
| on site caretaker, taxes | \$ | 945 |
| LTL Utilities (Electricity, Gas, Cable, Trash, Sewer) | \$ | 17,160 |
| LTL Snow Removal | \$ | 3,500 |
| LTL Supplies | \$ | 3,500 |
| LTL Maintenance | \$ | 7,656 |
| LTL Other | \$ | 1,500 |
| Capital reserve @ 20% of rent | \$ | 20,311 |
| | TOTAL EXPENSES | \$ 65,072 |
| BALANCE (revenue - expenses) | \$ | 45,484 |

Attachments

Letter to Blaine County Housing Authority



City of Ketchum

December 9, 2022

Blaine County Housing Authority
101 Empty Saddle Road
Hailey, ID 83333

Re: Lift Tower Lodge Ownership Transfer

Dear Blaine County Housing Authority Commissioners:

The City of Ketchum expresses strong interest in assuming ownership of the Lift Tower Lodge. Having intimate knowledge of the property through previous management and funding of improvements at the site by the Facilities Division, Ketchum is well poised to assume the responsibilities associated with the property.

A highly qualified individual, currently employed by the City in the Facilities Division, is prepared to move into the onsite property management position. Back-up and support, when necessary, would be provided by other members of the facilities team.

In addition to being fully prepared with an experienced team for the management of this asset, the City's housing strategist and business manager would oversee all aspects of the rental units, including management of the leases, collecting rent, etc. The revenue generated from leasing the 14 units currently goes to support the operations of the Blaine County Housing Authority. The use of these funds in the future would be detailed in a long-term sale agreement when that is finalized.

The City of Ketchum's goal in acquiring the property is to maintain the 14 rooms of transitional housing until the City redevelops the site to create permanently affordable housing at a minimum of 14 units or more at the site. The City will also assess the feasibility of maintaining transitional housing there, as well as permanent longer-term deed restricted residences.

Finally, the River Run Development Agreement includes the transfer of Sun Valley Company property adjacent to the Lift Tower Lodge to the City of Ketchum for community housing.

It is our understanding that the Ketchum Urban Renewal Agency (KURA) is also interested in acquiring the Lift Tower Lodge property. Should the Board choose to transfer the property to the City of Ketchum, we are committed to coordinating with the KURA over the redevelopment.

We feel that for the reasons outlined above, the City is best postured to maintain this asset for community housing. If the BCHA board is willing to transfer the Lift Tower Lodge to the City of Ketchum, we hereby request ownership.

Thank you for your consideration.

Sincerely,

Neil Bradshaw
Mayor