



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: Staff Member:

Agenda Item:

Recommended Motion:

City Partnership with ARCH at 180 Leadville:

- I move to direct staff to work with ARCH to formalize an agreement authorizing waiver of Planning & Building and payment of Impact and Enterprise fees and contributions for fire protection improvements from the in-lieu housing fund in exchange for the City's First Right of Refusal on one, 1-bedroom unit at 180 Leadville.

FAR Exceedance Alternative Proposal and Amendment for 140 W. 2nd Street:

- I move to direct staff to prepare and return to Council with an amended FAR Exceedance Agreement for 140 W. 2nd Street reflecting the applicant's proposal to modify their community housing contribution.
- I move to direct staff to work with ARCH to formalize a deed restriction reflecting the agreed to terms that will be recorded on Unit 4A in the 180 Leadville Workforce Housing project.

Reasons for Recommendation:

City Financial Partnership with ARCH at 180 Leadville:

- Financial contributions and fee waivers will help ARCH achieve 11 units of housing specifically affordable for locals with incomes ranging from 80% - 140% AMI (Categories 4, 5 ,6).
- ARCH's housing development is consistent with the City's overall community housing goals.
- The City will receive First Right of Refusal to refer applicants from its own waitlist to one unit.

FAR Exceedance Alternative Proposal and Amendment for 140 W. 2nd Street:

- Applicant's proposal supports development of a new, 872 sf, 2-bedroom deed-restricted rental for Categories 4 and 5. The unit square footage is greater than the applicant's required community housing contribution, and a 2-bedroom unit creates diversity in the housing portfolio for larger household sizes.
- Collaboration with ARCH offers a pathway to future partnerships between the City and local affordable housing developers. Deed restriction would require ARCH to manage and perform compliance on the unit while prioritizing the City's housing waitlist and protecting the City's long-term interest in the property.

Policy Analysis and Background (non-consent items only):

Staff is bringing forward two items for discussion related to the ARCH development at 180 Leadville. While these two items are both related to housing at 180 Leadville, they are independent and the Council should consider them individually. Staff seeks direction from the Council on each of the items prior to finalizing formal agreements for approval.

Item 1: Discussion regarding City partnership with ARCH at 180 Leadville

Background

The Planning and Zoning Commission considered the ARCH Workforce Housing Design Review application (File No. P25-033), together with the associated Lot Consolidation Preliminary Plat application (File No. P25-039), during public hearings on November 25 and December 9, 2025. The Commission approved the Design Review application subject to conditions and adopted the Findings of Fact, Conclusions of Law, and Decision on January 20, 2026.

The approved project consists of consolidation of two parcels and construction of a ten-unit housing development (plus renovation of one existing historic home). As approved, the project includes three residential buildings, two carport structures, and ten new housing units, to be operated by ARCH, the applicant, in accordance with its mission as a non-profit housing developer and provider. Because the approved development has a floor area ratio of 0.78, which is below the maximum FAR permitted by right in the Community Core zoning district, no community housing contribution associated with an FAR exceedance was required. Currently, no units in the development are to be restricted with a deed restriction granting the City of Ketchum an interest in the operation of the units as “community housing.” However, ARCH will operate the housing units as “workforce housing,” targeted to households at 80 – 140% of Area Median Income (City Categories 4, 5 and 6), with a requirement to work at least 30 hours per week for a Blaine County based employer. Four of the 11 total units at the site are reserved for specific area non-profit employers with which ARCH has private agreements.

On June 15, 2026, the applicant submitted a complete Final Plat application for the approved lot consolidation, which is currently under City review. No building permit application has been submitted for the ARCH project.

In March 2026, the applicant inquired whether elimination of the second-story, 2-bedroom residential unit above the south carport could be approved administratively due to structural and engineering considerations that would trigger significant additional costs. Planning staff determined that the proposed reduction in building mass could be processed through Administrative Design Review, subject to submission of revised plans and updated architectural elevations. No Administrative Design Review application has been submitted to date.

Potential City and Ketchum Urban Renewal Agency Partnership

The City has had discussions with ARCH about supporting the project with financial contributions and fee waivers. Based on the latest available information, staff estimates that the project will have approximately \$109,500 in combined Planning & Building and Impact fees. Staff and ARCH have also discussed City financial contributions of \$50,000 to support enhanced fire protection measures at the development, including enhanced dry wall and water flow for sprinkler systems.

Fees / Costs	Approximate Amount	Source
Planning & Building	\$36,000	Waived
Impact + Enterprise	\$73,500	Paid from In-lieu Fund
Fire Protection + Safety	\$50,000	Paid from In-lieu Fund

Additionally, ARCH has submitted a request for financial support through Ketchum Urban Renewal Agency totaling \$233,933.50 for the public improvements and infrastructure generated by the development. This application will be reviewed at the next KURA meeting on July 13.

Staff met with ARCH to discuss what agreement could be made in exchange for this financial assistance from the City and KURA. ARCH is open to an agreement that would allow the City to have a “First Right of Refusal” to refer vetted applicants from the City’s community housing waitlist for income categories 4, 5 and 6 for one, 1-bedroom unit in the development.

• **Unit Prioritization**

- 1. At vacancy, City will have first opportunity to refer qualified applicants to ARCH.
 - ARCH will notify the City of upcoming unit availability as soon as ARCH is aware of opportunity.
 - City will have a minimum of 28 days from first notification to provide qualified applicants to ARCH.
 - ARCH may conduct its own vetting and selection of referred applicants.
- 2. If none of the City’s referred applicants move forward with a lease, ARCH will provide feedback to the City. After 28 days, ARCH may fill the unit from its own waitlist.

These terms would be captured in an agreement between the City and ARCH but would not be recorded through a formal deed restriction on the property. ARCH would operate the unit and conduct compliance in accordance with its own policies.

Next Steps

Staff requests Council approval to move forward with an agreement with ARCH to waive Planning and Building Fees and cover Impact Fees for the project at 180 Leadville. With initial approval, staff will work with ARCH to draft a formal agreement memorializing these terms and the City’s Right of First Refusal to refer qualified applicants.

Staff and ARCH will present to the KURA Board at its July 13 meeting.

Item 2: Alternative Proposal for FAR Exceedance Community Housing provision for 140 W. 2nd Street Background

The Planning and Zoning Commission approved the 140 West 2nd Street Mixed-Use Design Review application (File No. P24-092) on March 25, 2025, subject to conditions, and adopted the Findings of Fact, Conclusions of Law, and Decision on April 8, 2025. The approved mixed-use building has a Floor Area Ratio (FAR) of 1.89, which exceeds the maximum FAR permitted by right in the Community Core zoning district. As a condition of approval, the project was required to provide a community housing contribution associated with the approved FAR exceedance, consisting of either 751 square feet of community housing or payment of a \$450,600 in-lieu fee. The condition further required execution and recordation of a FAR Exceedance Agreement prior to issuance of a building permit.

On April 21, 2025, the City Council approved FAR Exceedance Agreement No. 25963, which memorialized the owner's obligation to satisfy the community housing contribution through payment of the \$450,600 in-lieu fee at the time of building permit application.

The applicant submitted a complete building permit application on June 13, 2025. Following discussions with Planning staff regarding the potential to satisfy the community housing obligation through acquisition and restriction of an existing unit, or other alternatives, rather than payment of the in-lieu fee, the applicant requested that the City allow issuance of the building permit while pursuing an amendment to the FAR Exceedance Agreement for an alternative community housing contribution.

To facilitate that process, the City and the owner entered into Performance Bond Agreement No. 25981 on October 14, 2025. The agreement authorized issuance of the building permit while establishing milestones for the owner to identify a potential residential unit, obtain a recommendation from the Housing Department, and request amendment of the FAR Exceedance Agreement within specified timeframes. The building permit was issued on October 15, 2025, and the project is currently under construction. The agreement provides the owner eight months from building permit issuance to identify a potential residential unit for acquisition and Housing Department review, and twelve months from building permit issuance to submit a request to amend the FAR Exceedance Agreement. If no amendment request is submitted within that timeframe, the owner is required to satisfy the original obligation by paying the community housing in-lieu fee.

Proposal Details

The owner approached Housing and Planning staff about partnering with ARCH on its approved rental housing development at 180 Leadville. Planning staff explained that ARCH had inquired eliminating the second-story residential unit (Unit 4A) due to costs. Staff offered that financial support to retain this specific unit in the project could be a compelling alternative proposal.

Unit 4A is an 872 sf, 2-bedroom unit, located above the carport on the second floor. The unit includes one covered parking space in a carport, a dishwasher and washer/dryer. Staff met with ARCH to discuss terms ARCH would accept in a City of Ketchum deed restriction on this unit.

ARCH and staff have conceptually agreed to the following terms as a framework for the deed restriction:

- **Deed Restriction**
 - Unit will be deed restricted, between ARCH and City of Ketchum, running with the land. Term of at least 65 years, renewing at any transfer of the property.
- **Operation / Policies**
 - ARCH may operate the unit under its policies and consistent with its mission. Key elements to be described in the restriction.
 - Units must be occupied full-time. No subletting is allowed.
 - Tenants must be qualified local households (30 hours per week at Blaine County business or meet qualifying exception)
- **Target Income**
 - Unit will be restricted to 80% - 120% AMI (City Income Categories 4 and 5) and will not be available for lease by specified employees/employers that ARCH has other agreements with.
- **Unit Prioritization**

- 1. City will have first opportunity to refer qualified applicants to ARCH.
 - ARCH will notify the City of upcoming unit availability as soon as ARCH is aware of opportunity.
 - City will have a minimum of 28 days from first notification to provide qualified applicants to ARCH.
 - ARCH may conduct its own vetting and selection of referred applicants.
- 2. If none of the City's referred applicants move forward with a lease, ARCH will provide feedback to the City. After 28 days, ARCH may fill unit from its own waitlist.
- **Compliance**
 - ARCH will conduct annual compliance on the unit and provide City with a certification of compliance. City may request further information and perform its own audit.
- **Fire/Destruction**
 - In the event of fire/destruction of project, excess insurance proceeds will be shared with the City based on the proportion of this unit to total units in the project.
- **Enforcement**
 - Deed restriction will grant the City right to enforce and pursue performance of the deed restriction's terms.
- **Foreclosure**
 - In event deed restriction cannot survive foreclosure, City will have right to cure or purchase the unit in the event of a default.
- **Change of Ownership**
 - If ARCH ceases to be the owner of the unit for any reason, City reserves the right to require that the unit be administered in compliance with the City's community housing policies.
 - City will have right to inspect the unit, meet with the owner and tenant separately, and otherwise ensure that the owner is operating the unit in compliance with the deed restriction and policies.
 - If new owner is adjudicated to be in default of its obligations under the deed restriction, City will have the right to enter the unit, take any actions reasonably necessary to cure the default, including reviewing and approving qualified tenants for occupancy of vacant unit.

Key priorities for staff for this to be a viable community housing unit are 1) use of the City's housing waitlist to refer qualified applicants, 2) protection of the City's interests in the event ARCH is no longer the owner, 3) financial compensation from insurance proceeds in the event the unit is destroyed, 4) ability to enforce the terms of the restriction. It is important to ARCH to have confidence that the unit will not sit vacant, and they requested the ability to fill the unit with applicants from their own waitlist if the City has not provided qualified candidates after a specific period. ARCH also requested the flexibility of allowing the income target to be 80 – 120% AMI (Categories 4 and 5), which is more restrictive than the range for the rest of the development (80 – 140% AMI).

Staff's framework for reviewing alternative proposals for the community housing requirement is to consider whether the proposal provides a housing outcome as good or better than what would be provided by the outright methods. Staff is supportive of the proposal with the deed restriction terms discussed with ARCH. Unit 4B is 121 square feet larger than the applicant's community housing requirement. Staff is also supportive of receiving a deed-restricted, new construction 2-bedroom unit that is approved for development and comes with a dedicated, covered parking space

	Standard Requirement	Alternative Proposal
Target Income Category	Category 4 or below	Categories 4 to 5 (80 – 120% AMI)
Square Footage	751 sf	872 sf
Parking	Not required for CH	1 covered space
Unit Size	Not specified	2 bedrooms
Deed Restriction	Yes	Yes
Housing Waitlist	City/BCHA	1. City/BCHA 2. ARCH

Finally, staff is supportive of collaborating with ARCH on a deed-restricted community housing unit, which can serve as a model for future partnership between the City and ARCH or other affordable and workforce housing providers.

Next Steps

With Council approval on the concept, staff will return with a draft amended FAR Exceedance Agreement. Staff will also work with ARCH to develop the deed restriction.

Sustainability Impact:

n/a

Financial Impact:

None OR Adequate funds exist in account:	Impact and Enterprise fees and contributions for enhanced fire protection costs for 180 Leadville would be paid from the Housing In-Lieu Fund. Planning and Building Fees would be waived.
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Attachments: None