



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: Staff Member/Dept:

Agenda Item:

Recommended Motions:

Reasons for Recommendation:

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

Goal 2: Update Policy to Promote Community Housing

Update FAR Exceedance Program

Staff will present a review of the FAR Exceedance Program in the current Ketchum zoning code and discuss considerations for the larger code update and proposals for the fast-track process for Council feedback.

At the May 4th Joint Work Session on the Code Update, Council and the Planning Commission directed staff to develop a “fast track” process for certain identified code changes. Among the identified changes are certain adjustments to the FAR Exceedance Program as it relates to community housing. Importantly, the actual adjustments to FAR maximums in the community core are still being tested and are not part of the fast track process. The Planning Commission and Council’s ultimate decision on FAR allowances may impact how much community housing can feasibly be required for projects seeking exceedance of the base.

FAR Exceedance Program Background

The City of Ketchum adopted Ordinance 994 in 2006 establishing a FAR exceedance program (sometimes called a “density bonus”), an incentive which allows a developer to build to an increased floor area ratio (FAR) in exchange for community housing in certain zones. Ketchum Municipal Code (KMC) Section 17.124.040 reflects the current standards. An applicant may satisfy the community housing requirement in different ways. A project may exceed the permitted FAR within the city’s Community Core (CC-1 and CC-2), Tourist (T, T-3000, and T-4000), and General Residential – High Density (GR-H) zone districts subject to review and approval of the project design by the Planning and Zoning Commission.

Community Core Subdistricts 1 and 2

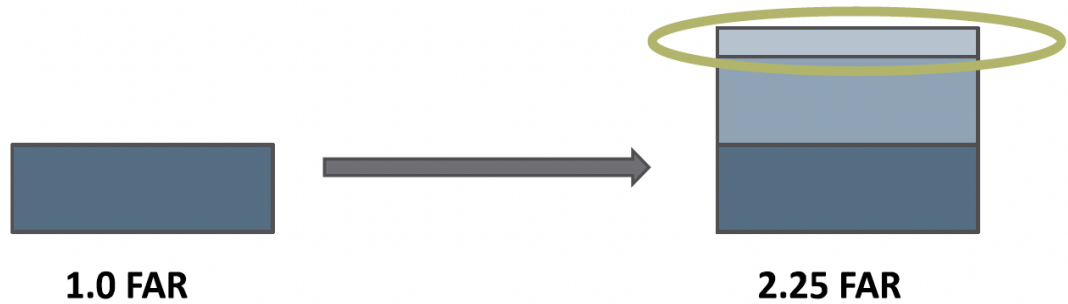


Figure 1 Illustration of FAR Exceedance and Required Community Housing in the Community Core

Projects seeking increased FAR must provide a specified square footage of community housing per the calculation outlined in KMC 17.124.040. The current requirement across all zones is 20% of the floor area exceedance. There is a 15% reduction applied to the 20% to account for common areas and circulation. The effective required percentage of community housing after this reduction is 17% (85% of 20%). There is an additional reduction available for properties where the groundwater precludes underground parking (credit of 350 square feet per required parking space).

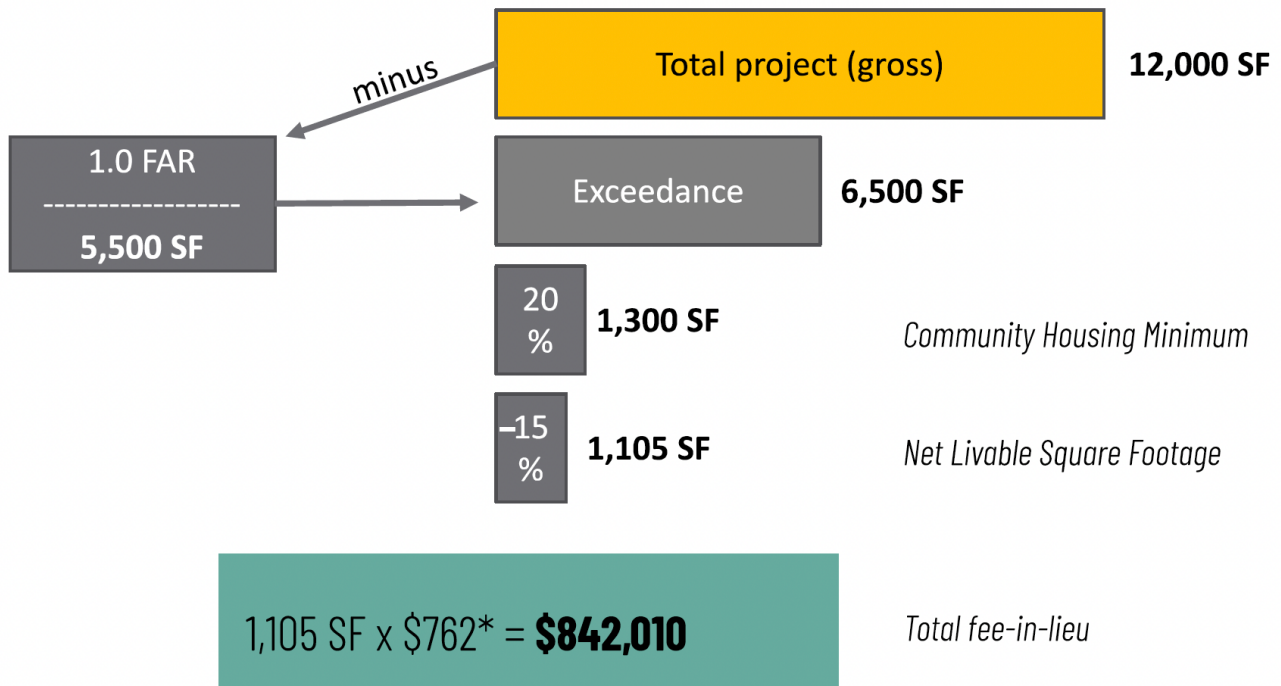


Figure 2 Example Community Housing Requirement + In-lieu Fee (Current Standards and Fee)

The community housing requirement may be satisfied by one or a combination of the following methods:

Outright Methods

- Housing constructed by the applicant on or off-site, within the city;
- Payment of an in-lieu fee;
- Acquisition of existing housing stock that meets with the governing housing authority’s requirements and approval

Other Methods Requiring Discretionary Council Approval

- Land conveyance to the City
- Existing housing unit buy down or mortgage buy down;
- Other proposals and options as approved by the City Council

Almost all applicants have historically utilized payment of the in-lieu fee and construction of housing on-site. The in-lieu fee is intended to be calculated and approved by the City Council on an annual basis. For many years the in-lieu fee was not updated annually, however, it has been calculated and updated each of the past 3 years. It is currently \$762/sf.

The current code states that required community housing units shall be targeted for income category 4, which is 80-100% of AMI (up to \$70,300 for an individual or \$80,400 for a 2-person household based on last year's income limits). The income limits will be updated next month to align with the recently published Blaine County AMI from HUD (estimated to be \$76,000 for 1 person and \$86,800 for 2 people in category 4). The code allows the applicant to seek the recommendation of the "governing housing authority" in determining "an alternative category with corresponding adjustment in the amount of community housing required."

Community housing produced through these requirements may be for sale or rent. There are no standards concerning the number of bedrooms, square footage, specific amenities or features that units must have, although the governing housing authority is to recommend type and location of all proposed units for the City's approval. There are also no clear requirements in the code regarding how HOA due obligations must be handled for community housing units. The Blaine County Housing Authority adopted policies last year that establish new requirements HOA due requirements for community homes developed in mixed-income developments to ensure that fairness and affordability. These policies, among other requirements, allocate obligations based on the unit's value, with the deed restriction, relative to other units in the development, regardless of square footage. Community housing units developed or otherwise produced through this program are to be administered by the governing housing authority unless otherwise determined by the City Council.

To date, most of the community housing produced through the FAR Exceedance incentive tool is targeted to income Category 4 and is studio and 1-bedroom condos, with a mix of for-rent and for-sale homes. Smaller unit sizes may be, in part, driven by minimum residential density requirements (i.e. minimum number of housing units per acre).

Approach to the Code Update + Fast Track Items

Housing staff has identified three goals to guide the updates to the community housing requirements for the FAR Exceedance Program:

1. More clarity for applicants, public, staff, and council + ease of administration.
 - o Current code includes vague language and inconsistencies.
 - o Refine outright and discretionary methods for meeting community housing requirement.
 - o Establish clear minimum standards for community housing units developed through the program.
2. Options for more community housing and/or in-lieu funds.
 - o Evaluate whether it is feasible to strengthen current requirements (~17% of floor area exceedance) or create options to increase the amount of community housing produced or dollars of in-lieu funding received from new development.

3. Options for more unit diversity (income categories + unit sizes)
 - Program has mostly produced studio and 1-bedroom, Category 4 units.
 - Evaluate options to incentivize or require other types of units.
 - Consider tiered bonuses and other incentives.

Proposed “Fast Track” Items

For the fast-track process, staff is considering the following adjustments to the FAR Exceedance Program:

- Clarify language concerning the income category required.
 - Staff’s recommendation is to maintain income category 4 as the target for now but allow for unit category averaging to provide flexibility and encourage diversity.
 - Once the adjusted FAR maximums are determined for the community core zones through the larger code update process, both the amount of community housing required and the target income categories can be further adjusted together.
- Adjustments to calculation of community housing requirement
 - Remove groundwater/parking reduction credit from calculation.
 - Remove net livable reduction if applicant opts to pay the in-lieu fee or proposes off-site units.
- Clarify and refine priority and discretionary methods for meeting community housing requirement
 - Outright methods: deliver units on-site and/or pay in-lieu fee
 - Council discretionary methods: Any other proposal, including off-site and unit acquisition
- Establish basic standards for community housing units, whether delivered on-site or by other methods
 - Studio units must be rentals. Staff has had difficulty selling studio units and find that 1-bedrooms are more attractive to community homebuyers.
 - HOA cost protections for deed-restricted ownership units. Adopt some of the language and protections that BCHA recently adopted controlling HOA fees for new community housing units.
 - Units must be located within the City of Ketchum.
 - No basement units.

Further adjustments related to diversifying the size and type of units, alternative income categories, and amount of community housing required are dependent on the larger set of zoning changes ultimately proposed for the Retail Core and Mixed-Use zones.

Feedback

Staff request Council feedback on the proposed fast track items.

Next Steps

Items identified for the “fast track” process will be further developed and included on that timeline. Any items that need further discussion, study or are dependent on other elements of the code update will be part of the broader code updates in Installment 1.

Sustainability Impact:

Community housing houses members of the community locally, ensuring that residents are closer to their places of work, recreation, and other services. This proximity helps to decrease transportation time and reduce vehicle-related emissions associated with commuting to and from work from outside of the community.

Financial Impact:

None OR Adequate funds exist in account:	n/a
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