



## City of Ketchum

August 17, 2020

Mayor Bradshaw and City Councilors  
City of Ketchum  
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

### **Recommendation to Take Specific Actions to Facilitate Submittal of a Tax Credit Application for Deed Restricted Housing at 480 East Avenue (City Hall)**

#### Recommendation and Summary

The Mayor is recommending the Council take the following action to facilitate submittal of a tax credit application for a new affordable rental housing project and adopt the following motion:

**"I move to authorize use of Housing In-Lieu Funds in amount not too exceed \$1.4 million to support Bluebird Village and authorize the Mayor to sign a letter committing city funding."**

The reasons for the recommendation are as follows:

- Should this tax credit application be approved, a workforce housing development will be constructed in Ketchum
- The goals of Ketchum Comprehensive Plan state the City of Ketchum should support affordable housing programs established by other non-governmental agencies, the recommended actions further this goal

#### Introduction and History

The development of affordable rental housing is a top priority in the City of Ketchum. The Ketchum Community Development Corporation (KCDC) is partnering with GMD Development to prepare and submit an application to secure tax credits for an affordable rental housing project. The project will be located at 480 East Avenue City Hall and the rear parking lot. Information about the project is in Attachment A

#### Analysis

Tax credit applications are highly competitive and based on a point system. To gain more points and reduce the overall cost of development, it is common for local jurisdictions to contribute towards a project and reduce or waive project development fees. Because development fees pay for the city's cost to process and inspect a project, it is recommended the Council authorize use of Housing In-Lieu Funds to off-set the development and impact fees related to the deed restricted housing units in this project. This action will help make the application more competitive while supporting the city's costs to provide required services.

The city's contribution is estimated to be \$1.4 million from the housing in-lieu fees. There is a possibility the city contribution could be reduced in the event KCDC obtains funding from other sources. However, this possibility will not be known before the tax credit application must be submitted to the State. Therefore,

should the Council authorize the funding, the City's support letter will identify the full funding amount. The total funding will be adjusted in the event KCDC provides a contribution.

Financial Impact

There are sufficient in-lieu housing funds to support this request.

Attachment:

Project Background



## **Bluebird Village**

Ketchum, Idaho

### **Development Vision**

To create approximately 55 units of affordable rental housing on the former City Hall Site in Downtown Ketchum. The Project will strive to balance affordability with sustainable building and design enabling it to blend into the existing architecture of Ketchum while providing new affordable rental units. Innovative construction types and sustainable systems will be explored to minimize cost while achieving energy efficiency and sustainability.

The Project will consist of an East and West building, each with three stories of housing over one floor of parking, storage, management, amenity, and commercial space. An elevator will serve the West building which will be connected to the East building via a skybridge on the third level. The residential floors one, two- and three-bedroom units will be designed to meet the needs of a variety of household sizes. Net interior unit sizes (including storage) will range from 640 to 1,130 square feet with internal entrances to the units. External amenities will include decks/patios, generous storage lockers, leasing office, bike storage, and community amenity spaces. Internal unit amenities will include “Energy Star” efficient appliances, washer/dryers and individual unit electric space heating. There will be a common hot water system with Solar Photovoltaic panels to supplement the energy needs of the system and building electricity. The ground floor will contain parking stalls, storage, property management office space, and retail condominiums that will be sold to Ketchum businesses. The top floor of the West building will have an outdoor community patio space and indoor exercise and community space.

### **Sponsor**

The Project will be sponsored by the Ketchum Community Development Corporation (“KCDC”). GMD Development LLC (“GMD”) and KCDC will be co-developers. KCDC will be the managing member of a limited liability company that will also include GMD and the tax credit investor as members which will own the Project.

GMD Development LLC is a Seattle based development firm, focused on affordable housing in the Pacific Northwest. The principals of GMD, Gregory Dunfield, Emily Thompson, and Steve Dymoke have combined direct experience in the new construction and/or rehabilitation of over 6,000 units of tax credit financed housing in over 64 projects completed over the last 25 years. GMD has strong experience in utilizing 9% tax credits and 4% tax credits with tax exempt bonds, along with various gap / soft funding sources available for these projects. The principals of the firm have

experience developing affordable housing in most Western States, including Arizona, Alaska, California, Idaho, Montana, Nevada, Oregon Utah and Washington.

**Joint Venture** GMD and KCDC will collaborate on the determination of the development team, design and preparation of the tax credit application. KCDC will be the primary local liaison for the Project and GMD will provide overall coordination of the development and financing team.

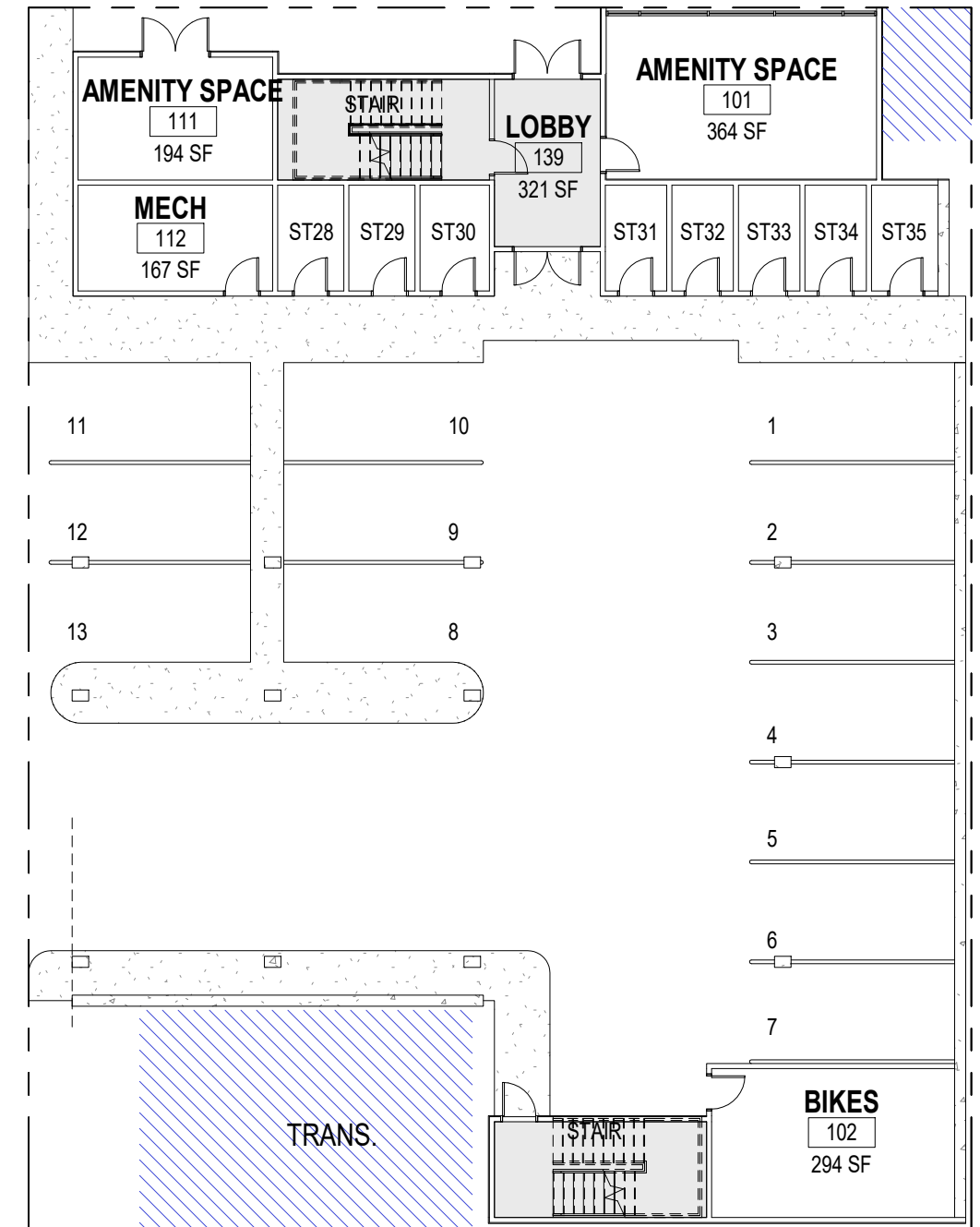
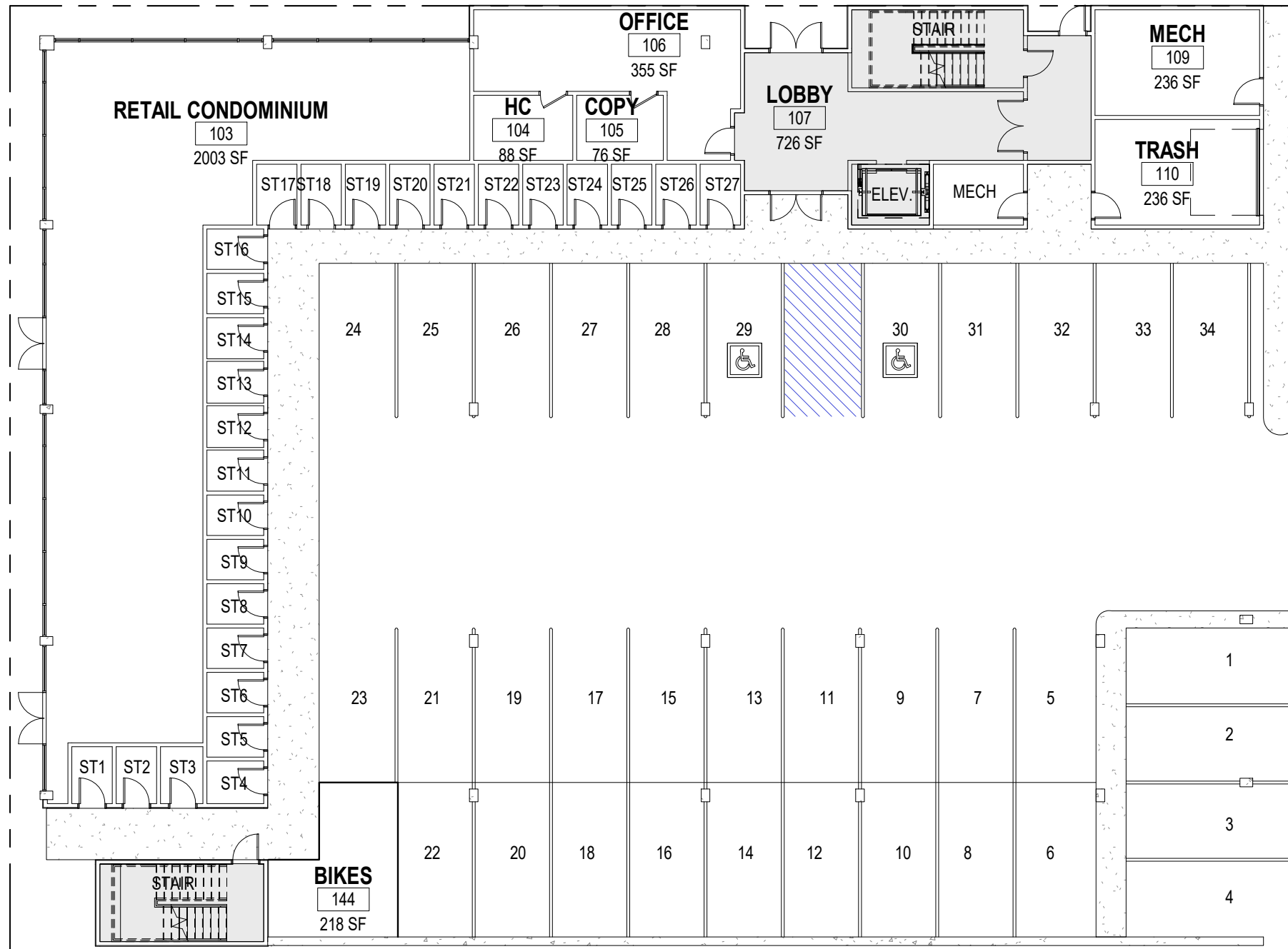
**Affordability** The units will target a broad spectrum of incomes from deeply targeted affordable at 30% to 50% of area median income (“AMI”), to workforce units at 60% to 70% of AMI, and market rate units. Most of the units will be rent and household income restricted subject to a recorded regulatory agreement which will restrict these rental units to low income use for a minimum of 44 years. Three of units will be market rate community housing units.

The median household income for a family of four in Blaine County for 2020 is \$78,400. This means the project will serve households earning between \$16,000 and \$60,900 depending on unit type and household size.

For the more deeply targeted units rents will range from \$428-666 for 1BD units (with most at the higher end of this range) and \$856 for 2 BD units. For the workforce units rents will range from \$856 to \$1,200 per month for the one and two bedroom units. The small number of 3 bedroom units will range from \$990 to \$1,510 per month. (All rents are subject to annual AMI and utility allowance changes).

**Financing Sources** The funding for the development will come from two separate funding programs and ownership entities. Funding from one owner will come from the 9% Low Income Housing Credit and a conventional permanent loan. While the other owner entity will provide funding from the Tax-Exempt Bond / 4% LIHTC program, Solar Tax Credits, City of Ketchum In-Lieu Housing Fee Fund contribution and Ketchum Urban Renewal Area funding. Both owners will benefit from a beneficial land lease from the City of Ketchum.

<b>Project Timing</b>	Development Agreement with GMD	July 2019
	Land Lease Option Granted to KCDC	July 2019
	Schematic Design / Cost Estimation	July 2020
	Local Approvals / Tax Credit Application	Summer 2020
	Tax Credit Application Submission	September 4, 2019
	Tax Credit Funding Award	December 2020
	Begin Construction	June 2021
	End Construction	October 2022
	Begin Lease Up	October 2022
	Lease Up Complete	December 2022
	Permanent Loan Conversion	April 2023



# BLUEBIRD VILLAGE

BUILDING 1 GROSS AREA= 5,437 SF.  
 BUILDING 2 GROSS AREA= 2,158 SF.

## GROUND FLOOR PLAN

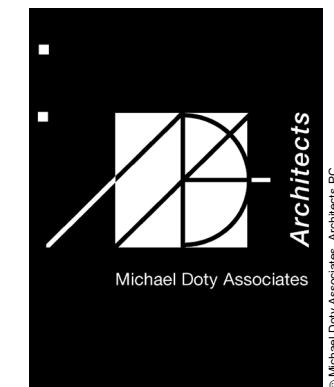


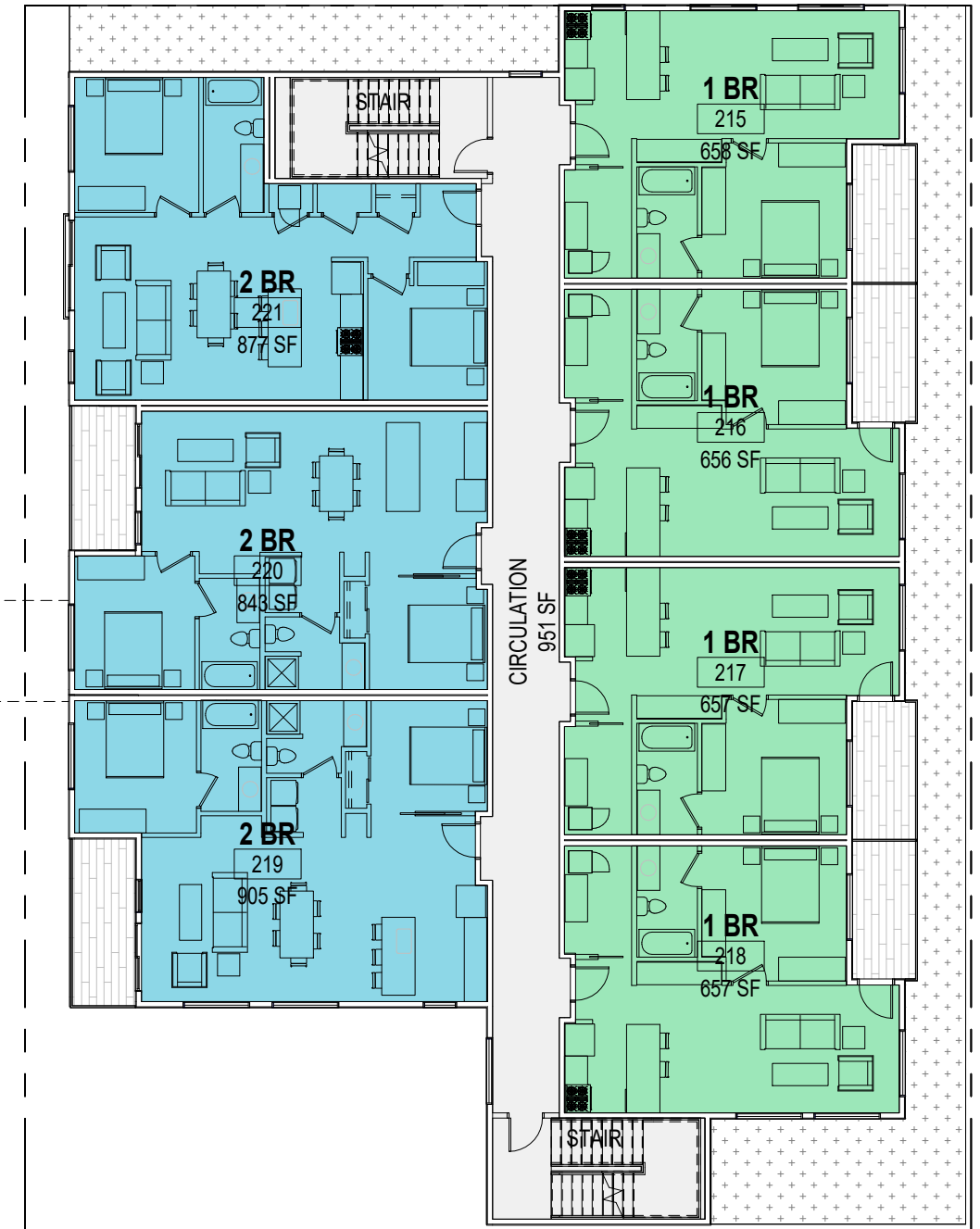
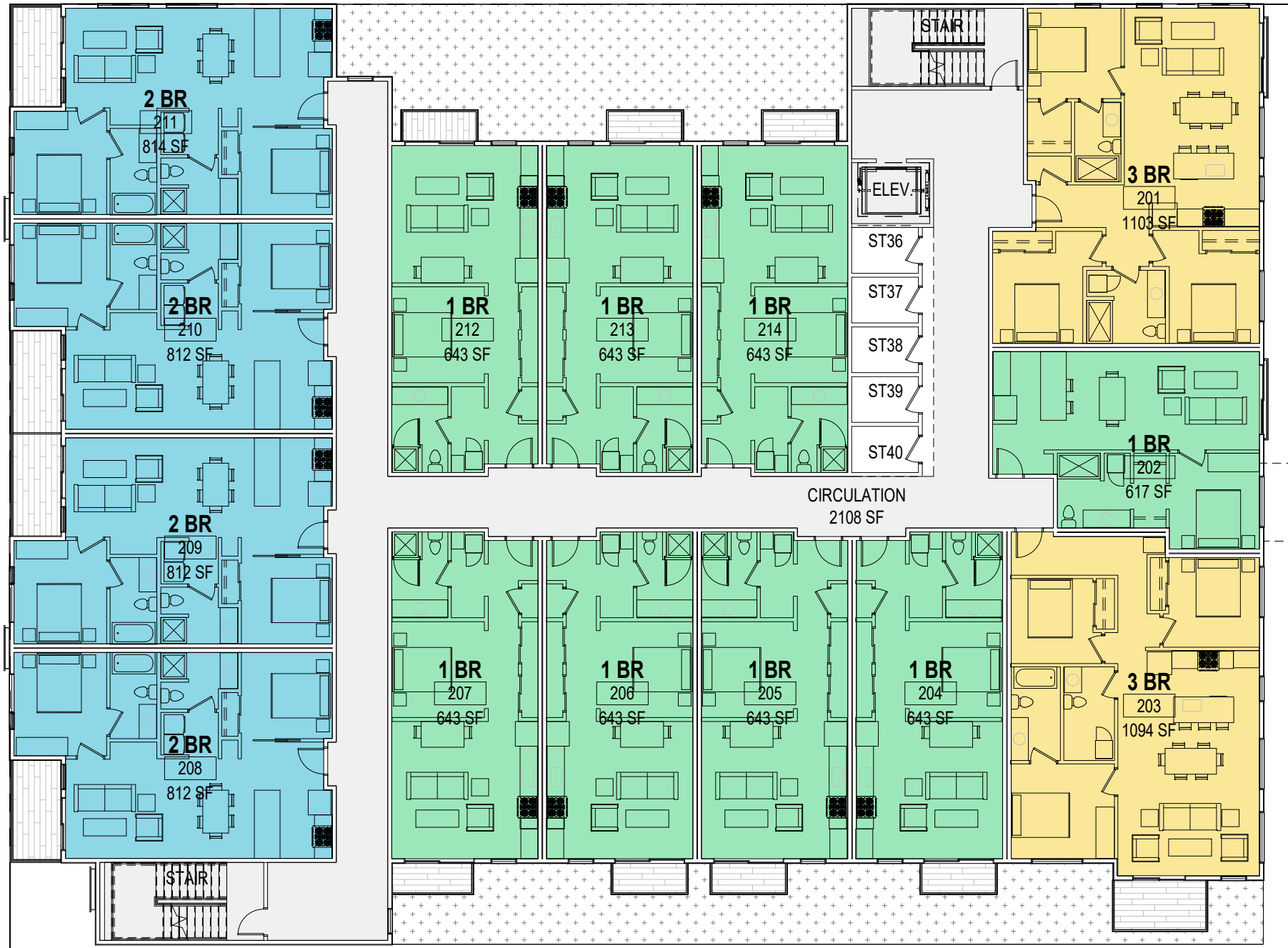
1/16" = 1'-0"

Ketchum, Idaho

PLAN UPDATES

07/15/2020





# BLUEBIRD VILLAGE

BUILDING 1 GROSS AREA	13,813 SF	TYPE	AREA	QUANTITY
BUILDING 2 GROSS AREA	6,649 SF	1 BR	7,744 SF	12
		2 BR	5,874 SF	7
		3 BR	2,197 SF	2
		FLOOR TOTAL	15,814 SF	21

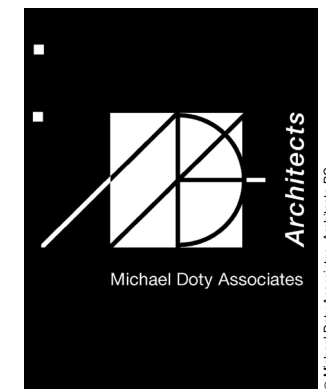
## SECOND FLOOR PLAN

12 4 8      1/16" = 1'-0"

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PLAN UPDATES

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# BLUEBIRD VILLAGE

## THIRD FLOOR PLAN

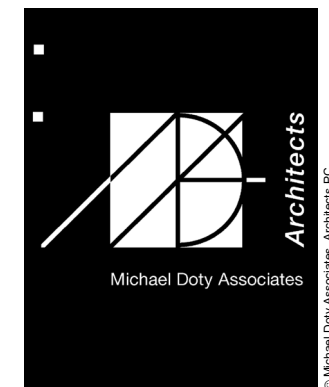
BUILDING 1 GROSS AREA	13,815 SF	TYPE	AREA	QUANTITY
BUILDING 2 GROSS AREA	6,752 SF	1 BR	9150 SF	14
BRIDGE	253 SF	2 BR	5031 SF	6
		3 BR	1099 SF	1
		FLOOR TOTAL	15280 SF	21



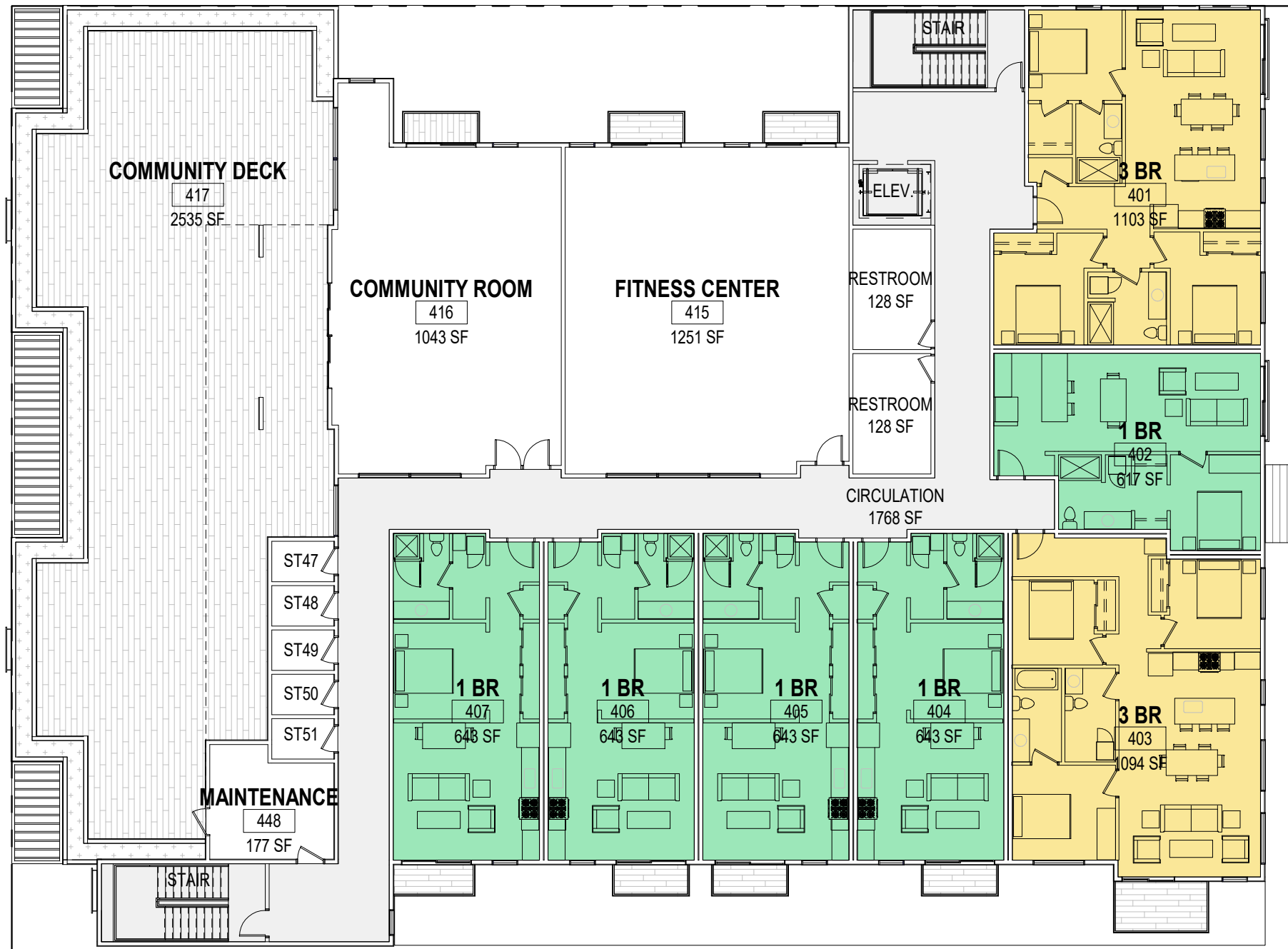
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PLAN UPDATES

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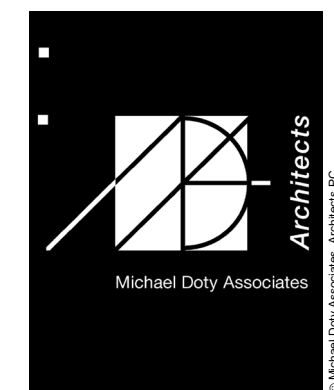
## FOURTH FLOOR PLAN

BUILDING 2 GROSS AREA	6,716 SF	TYPE	AREA	QUANTITY
BUILDING 1 GROSS AREA	10,336 SF	1 BR	5815 SF	9
		2 BR	2703 SF	3
		3 BR	2196 SF	2
		FLOOR TOTAL	10713 SF	14



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