HOUSING ACTION PLAN
LOCAL OPTION TAX

City Council
March 7, 2022

ProjectKetchum.org
1. General progress update
2. Next steps on drafting the Action Plan
3. Annual Plan refresh and administration
4. Funding options for Plan implementation
5. Community feedback
6. Local Option Tax Election – policy questions
   • Change in rates
   • Dedicate housing funds or not
   • Definition of workforce housing
   • Proposed collection date
7. Next steps – special Council meeting March 14
POLICY QUESTIONS

1. Change in rates
   a. Retail
   b. Building materials
      a. remittance for workforce housing
      c. Receiving service/materials
2. Set aside housing funds or not?
3. Definition of workforce housing
4. Proposed collection date of July 1st
1. **General progress update**
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7. Next steps
Increase access to, create and preserve enough homes for residents at varying income levels and life stages to keep Ketchum a thriving local community.

Housing Matters

The City of Ketchum is developing a Housing Action Plan in collaboration with a Housing Task Force comprised of a cross-section of community members. Actions being analyzed include rental assistance, incentives for converting to long-term rentals, preserving existing affordable housing, homeownership assistance, new housing development, and zoning changes. To ensure adequate funding for these actions, the City Council is considering putting the Local Option Tax (LOT) on the May ballot.

We have completed the first stage and have set the context through determining needs, preferences, and best practices. The next stage will be to develop the plan, based on which mechanisms identified in the previous stage best meet needs and preferences. If the plan is approved, we will begin implementation; the extent of which depends on funding availability.

Upcoming Events

- March: Virtual and in person self-guided open house tours available online and at City Hall (8:30am-5pm) – take the survey after participating!
- March 7 – First public hearing regarding potential LOT changes
- March TBD – Second & third public hearing

Community Conversations

- Open House Posters
- Feb 1 – BCHA, County Commissioners, City Mayors and Administrators Meeting
- Housing Matters Task Force Quotes
- Email participate@ketchumidaho.org for additional meeting specific slide decks (Task Force, Focus Groups, etc.)
PROGRESS

1. CONTEXT
   - November - January
   - Needs & Preferences
     - Survey
     - Stakeholder Sessions
     - Data Analysis
   - Outputs: Findings Summary
   - Best Practices
     - Strategy/Policies
     - Programs
     - Projects
   - Outputs: Housing Toolkit

2. DEVELOP
   - January - February
   - Action Plan
     - Vision/Goals
     - Focus Areas
     - Actions
   - Outputs: Housing Action Plan
   - Funding Options
     - LOT & in-lieu
     - Philanthropic
     - Business
     - Federal/state
     - Tax credits
   - Outputs: Funding Scenarios

3. ACTION
   - March +
   - Implement Plan
     - Implement actions upon approval
   - Outputs: Policies, Programs, Projects
   - LOT on Ballot
     - Ballot language (March)
     - Election (May)
   - Outputs: Funding for housing initiatives

STAKEHOLDERS + IMPLEMENTATION PARTNERS
- Task Force
- Ketchum City Council, Planning & Zoning Commission, Ketchum Urban Renewal Agency (KURA)
- Neighboring governments, Blaine County Housing Authority
- Community
PROJECTED NEED

Build new, convert, or preserve about 650 to 1000 homes in next ten years.

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>HISTORIC GROWTH (1% per year)</th>
<th>HIGH GROWTH (3% average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Households</td>
<td>+224</td>
<td>+546</td>
</tr>
<tr>
<td>Current Households</td>
<td>436</td>
<td>436</td>
</tr>
<tr>
<td>TOTAL UNITS</td>
<td>660</td>
<td>982</td>
</tr>
<tr>
<td>Units per Year</td>
<td>66 annually</td>
<td>98 annually</td>
</tr>
</tbody>
</table>

Doesn’t include the 335 lost rentals from 2010-2019.
## Examples from the Draft Housing Action Plan

<table>
<thead>
<tr>
<th>Housing Solutions in the Works</th>
<th>ESTIMATED Cost Per Year</th>
<th>ESTIMATED # of units or people served per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>rental assistance</td>
<td>$500K</td>
<td>150 households served</td>
</tr>
<tr>
<td>Lease to Locals program / Employee housing strategy</td>
<td>$500K</td>
<td>45 units converted to long-term rentals</td>
</tr>
<tr>
<td>construct new multifamily rentals</td>
<td>$2-3M</td>
<td>30 -*100 new homes built *dependent on free land</td>
</tr>
<tr>
<td>pathway to ownership program</td>
<td>$1-2M</td>
<td>10 homes purchased</td>
</tr>
<tr>
<td>multifamily preservation program</td>
<td>$1M</td>
<td>16-20 existing homes preserved</td>
</tr>
<tr>
<td><strong>ESTIMATED TOTAL PER YR</strong></td>
<td><strong>$5M-7M</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Proposed LOT</strong></td>
<td><strong>$2.55M</strong></td>
<td></td>
</tr>
<tr>
<td><strong>In-Lieu fees (5-year historical)</strong></td>
<td><strong>$325K</strong></td>
<td></td>
</tr>
</tbody>
</table>

LOT Funds = leverage other employer, philanthropic, government funds
1. General progress update
2. Next steps on drafting the Action Plan
3. Annual Plan refresh and administration
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NEXT STEPS

March:
• Draft Housing Action Plan (based on toolkit, research, data, feedback)
• One-on-ones and Focus Groups with implementation partners

April:
• Early-April: Outreach development, visuals and layout
• Mid and late April: Feedback from Task Force and implementation partners

May:
• Early-May: public engagement
• May 16th: Council review of the draft Housing Action Plan
LOT SPENDING GUIDED BY COUNCIL-APPROVED HOUSING ACTION PLAN

- rental assistance
- downpayment assistance
- preservation
- new local housing

aspirational new, converted or preserved units,

66 - 98
ITERATIVE PLAN ADMINISTRATION

**Annually**

- Report out to community on work accomplished.
- Public engagement and hearing – source feedback on programs from the community and partners.
- Update Housing Action Plan & budget based on lessons learned, feedback, and updated needs.
- City Council review and finalize updated Plan and budget.

**Quarterly**

- Meet with implementation partners to share progress towards goals, explore synergies and tensions, and educate on hot topics.
- Report out to community on progress via newsletter/report.
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Ketchum’s available housing funds and programs are significantly smaller than comparable ski areas.

Community housing definition:
Residential housing that is restricted (through a deed restriction) to being a rental or a for-sale unit to eligible persons and households, based on applicable income and residency requirements.
WHAT WE CURRENTLY CAN’T DO

Idaho’s cities are the only cities in the U.S. without authority to implement any of these common strategies.

- Inclusionary Housing
- Rent Control
- Real Estate Transfer Tax
- State Tax Incentives


LOT revenue cannot currently be used for housing.
### LOCAL FUNDING OPTIONS

<table>
<thead>
<tr>
<th>One-time funds</th>
<th>Reoccurring</th>
</tr>
</thead>
<tbody>
<tr>
<td>• ARPA</td>
<td>• In-Lieu</td>
</tr>
<tr>
<td>• County</td>
<td>• Local Option Tax</td>
</tr>
<tr>
<td>• City</td>
<td></td>
</tr>
<tr>
<td>• Philanthropic and employers</td>
<td></td>
</tr>
</tbody>
</table>
The in-lieu fee was increased, with the goal to have more units built rather than go into the fund. So, we can’t predict future revenue.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average annual revenue, 5-year</td>
<td>$325,000</td>
<td></td>
</tr>
<tr>
<td>Current fund balance (FY21 audit)</td>
<td>$2,848,405</td>
<td></td>
</tr>
<tr>
<td>Planned expenses</td>
<td>$2,000,000 – 2,500,000 +</td>
<td></td>
</tr>
<tr>
<td>Bluebird</td>
<td>$1,000,000</td>
<td></td>
</tr>
<tr>
<td>Washington Street parking lot (local match)</td>
<td>$1,000,000 – 1,500,000</td>
<td></td>
</tr>
<tr>
<td>Other city property local match, e.g. Leadville parking lot</td>
<td>TBD</td>
<td></td>
</tr>
<tr>
<td>Historical uses</td>
<td>$2,181,053</td>
<td></td>
</tr>
<tr>
<td>Blaine County Housing Authority (annual contract $75,000)</td>
<td>$1,013,646</td>
<td>2005 - current</td>
</tr>
<tr>
<td>Washington Avenue property</td>
<td>$393,866</td>
<td>2005 - 2007</td>
</tr>
<tr>
<td>Affordable Housing (development, title, architecture)</td>
<td>$570,728</td>
<td>2007 - 2020</td>
</tr>
<tr>
<td>Professional Services (legal, appraisal)</td>
<td>$7,812</td>
<td>2008 - 2010</td>
</tr>
<tr>
<td>ARCH Community Housing</td>
<td>$195,000</td>
<td>2010</td>
</tr>
</tbody>
</table>
SV LOT IS 1% GREATER THAN KETCHUM’S (except building materials)

<table>
<thead>
<tr>
<th></th>
<th>Sun Valley LOT</th>
<th>Ketchum LOT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Lodging</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Liquor-by-the-drink</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Building materials</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

LOT uses currently include:

- capital improvements,
- emergency services,
- public transportation,
- open space acquisition and recreation,
- city promotion,
- visitor information and special events.

Allocating LOT funds:

- All LOT funds are allocated to these categories
- If we wanted funds allocated to housing, we would have to decrease funding in one of these categories
- Extra funds have been applied to deferred capital, mainly streets projects which were underfunded
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County-wide survey – 1,117 responses
  • ~480 Ketchum respondents (statistically significant)

Open Houses
  • 3 in-person
  • 1 virtual
  • 4 ‘self-guided’ locations + on-line
  • 6 business listening sessions
  • 1 voter focus group

Follow-up survey + Voter Focus Group ~55 Ketchum respondents
GENERAL SUPPORT FOR ADDITIONAL RESOURCES

- Acquire additional land for community housing projects: 79%
- Increase the Local Option Tax on short term rentals and other lodging options: 79%
- Increase the Local Option Tax to provide for community housing: 78%
- Allow the use of Local Option Tax funds to provide for community housing: 75%
- Increase fees on development to support community housing: 68%

Source: Ketchum Housing Matters Survey; November 15, 2021 to January 3, 2022; ~500 responses
General support for LOT to be used towards housing and see the need to increase funding.

However,

• Some lodgers and bar owners want retail to be involved for fairness
• Some retailers concerned about the Amazon effect and passing costs to local residents
Source: Visit Sun Valley
Visitor is defined as a cardholder from outside the zip codes of 83353, 83340, 83333 and 83313. Spend Source: Affinity- Data is from domestic only cardholders and is at the transaction level. Transactions reflect roughly 25% of overall volume. Affinity processes 10 billion transactions annually and through 34M cards including Visa, Mastercard and some American Express. Spend is direct spend only and does not include purchases such as Online Travel Agencies or airline tickets purchased online.
• Tax % on lodging paid by guests are mid-range in comp set in SV & Hailey

• But Ketchum is lower due to a smaller Original LOT
General education takeaways:

• All of LOT is currently allocated
• Increase in revenue goes to unfunded projects (streets, etc)
• No other reoccurring or dependable alternative funding sources
• Can we achieve target here in Ketchum or do we need a parallel approach within the Valley?
• Will new funds be dedicated to housing?
• City will need to continue education on LOT and the Housing Action Plan
Do you support allowing the use of LOT funds for housing?

13% of online respondents said ‘no’ – but would support a LOT increase

100% of in-person attendees said ‘yes’
Do you support adding 1% to the following categories to align with the City of Sun Valley tax rate?

- **Liquor-by-the-Drink - raise from 3% to 4%**
- **Retail - raise from 2% to 3%**
- **Lodging (hotels/short-term rentals) - raise from 3% to 4%**
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## CURRENT LOT COLLECTIONS

<table>
<thead>
<tr>
<th>FY21 Sales</th>
<th>Original LOT</th>
<th>SV ASB (1% for Air)</th>
<th>Total Collections (Original + SVASB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>$1,957,602</td>
<td>$1,957,602</td>
<td>$3,915,204</td>
</tr>
<tr>
<td>Lodging</td>
<td>$620,356</td>
<td>$310,178</td>
<td>$930,534</td>
</tr>
<tr>
<td>Liquor</td>
<td>$283,549</td>
<td>$141,775</td>
<td>$425,324</td>
</tr>
<tr>
<td>Building materials</td>
<td>$440,723</td>
<td>$440,723</td>
<td>$881,446</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,302,230</strong></td>
<td><strong>$2,850,278</strong></td>
<td><strong>$6,152,508</strong></td>
</tr>
</tbody>
</table>
## POTENTIAL LOT SCENARIOS

### FY21 Sales

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Current %</th>
<th>Potential Housing LOT Revenue</th>
<th>New Total Ketchum City LOT</th>
<th>Total w/ 6% State Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retail</strong></td>
<td>2%</td>
<td>$1,957,602</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Lodging</strong></td>
<td>3%</td>
<td>$310,178</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Liquor</strong></td>
<td>3%</td>
<td>$141,775</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Building</strong>*</td>
<td>2%</td>
<td>$0</td>
<td>0%</td>
<td>2%</td>
</tr>
</tbody>
</table>

### Scenarios

<table>
<thead>
<tr>
<th>Scenario #1 – Parity with Sun Valley</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential Housing LOT Revenue</td>
<td>New Total Ketchum City LOT</td>
<td>Total w/ 6% State Tax</td>
</tr>
<tr>
<td>$0</td>
<td>0%</td>
<td>2%</td>
</tr>
<tr>
<td>$620,356</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>$283,550</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>$440,723</td>
<td>1%</td>
<td>3%</td>
</tr>
</tbody>
</table>

### Total

<table>
<thead>
<tr>
<th>Scenario #1</th>
<th>Scenario #2</th>
<th>Scenario #3</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,409,554</td>
<td>$1,344,629</td>
<td>$1,834,030</td>
</tr>
</tbody>
</table>

### Notes

* excluding groceries and automobile purchases
** additional 2% state tax
*** rebate on workforce housing

**Ketchum Housing Model**

- Projected units needed annually – new, preserved, converted
  - **Historic Growth**: 66
  - **High Growth**: 98
Potential options, to be adopted in Housing Action Plan

1. By income
   • Up to 120% area median income (current draft definition)
   • Up to 150% area median income
   • Comparable cities – many have removed the AMI limit or gone up to 210%

2. By median rent: Up to the income who can afford the previous year’s annual median rent

3. By residency

4. By worker
**KEY TERMS**

**AFFORDABLE HOUSING**
- **By household**: Housing is considered affordable to a household if they are paying 30% or less of their income to housing costs (either rent or mortgage).
- **By housing unit**: Any housing unit that has a rent or mortgage that is below market-rate. Often the property will include a government subsidy, either for the capital costs or to assist with the rent. Some affordable housing is naturally occurring.

**AREA MEDIAN INCOME**
The income that the median household makes, meaning that 50% of households of the same size earn less than the median household and 50% of households earn more than the median household. The median income changes based on household size.

**COMMUNITY HOUSING**
Residential housing that is restricted (through a deed restriction) to being a rental or a for-sale unit to eligible persons and households, based on applicable income and residency requirements.

**LOW-INCOME HOUSING**
Housing that is affordable for households earning under 80% AMI. It is eligible for state and federal subsidies - with rent restrictions.

**WORKFORCE HOUSING**
Housing targeted for those earning up to 120% of the area median income. Each community defines this term differently.
Our economy is based on workers who earn under $23/hour

- Median is the middle value: 50% of industry workers earn below and 50% earn above the median, shown here.
- Earnings are per full-time, civilian worker, not by household. Household income includes interest and passive income.
- People are taking on more roommates to afford living here: Average Household Size for renters increased from 1.74 to 2.92 between 2010-2019.

### Median Earnings

<table>
<thead>
<tr>
<th>Workers</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time, civilians</td>
<td>$43,352</td>
</tr>
<tr>
<td>100% AMI area median household income</td>
<td>$56,694</td>
</tr>
</tbody>
</table>

### Income to Afford Median Rent

- **50% AMI**
  - Median earning: $14/hour
  - Income to afford median rent: $38/hour
- **80% AMI**
  - Median earning: $23/hour
  - Income to afford median rent: $54/hour
- **120% AMI**
  - Median earning: $34/hour
  - Income to afford median rent: $76,033
- **189% AMI**
  - Median earning: $45,355
  - Income to afford median rent: $107,000

**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. **Updated 2/8/2022 from Blaine County Housing Authority, Fiscal year 2021. Based on Idaho Mountain Express Advertisements.
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LOT next steps:

1. Today
   - Public hearing
   - Proposed amendments to draft ordinance
   - First Reading
2. March 14th – Proposed public hearing and Second Reading
3. TBD – Proposed public hearing and Third Reading
4. March 18th – Final ballot language due to County Clerk
5. May 17th – Election day
6. July 1st – New rate collections begin (?)

Housing Action Plan next steps:

March
- Draft Housing Action Plan
- Meet with implementation partners: one-on-ones and focus groups

April
- Develop Housing Action Plan outreach materials
- Meet with Task Force and other stakeholders

May
- Public engagement
- Draft to City Council (May 16?)
1. Change in rates
   a. Retail
   b. Building materials
      a. remittance for workforce housing
      c. Receiving service/materials
2. Set aside housing funds or not?
3. Definition of workforce housing
4. Proposed collection date of July 1st
PUBLIC HEARING
POLICY QUESTIONS

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   a. Retail
   b. Building materials
      a. remittance for workforce housing
   c. Receiving service/materials

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3. Definition of workforce housing

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