

# Vibrancy & Housing



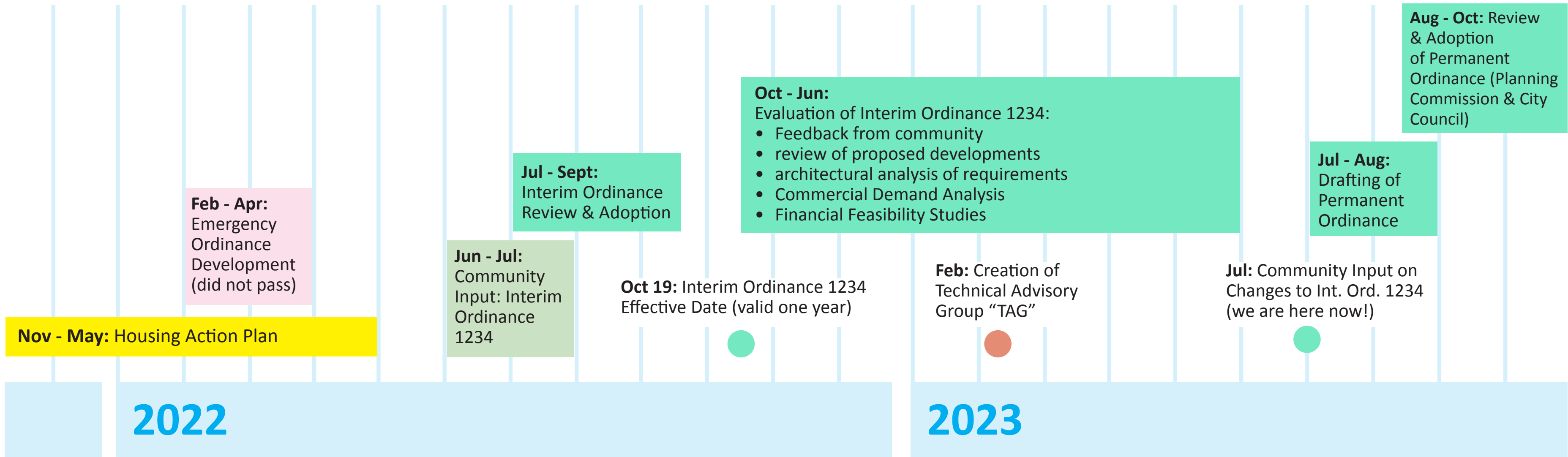
## HOW WE GOT HERE

ACHIEVING OUR VISION:  
WE ASPIRE TO BE AN AUTHENTIC  
MOUNTAIN-TOWN COMMUNITY WITH A...

- Strong & Diverse Economy
- Vibrant Downtown
- Variety of Housing Options

### KETCHUM IS EXPERIENCING...

- A lack of available and affordable office, retail, and restaurant space, limiting the ability of businesses to start or expand within Ketchum
- Businesses closing, reducing hours, and struggling to hire new staff
- A severe shortage of housing and decrease in residential construction, causing a scarcity of housing, which drives up housing costs
- A loss of workforce and year-round residents
- Market conditions and land prices are driving the development of low-density, large luxury single-family residences, penthouse units, and low-density townhouses throughout the city where the comprehensive plan encourages developments with more units
- Consolidation of lots, consolidation of units, and conversion of long-term rentals into short-term rentals, decreasing the number of units available in the community





## INTERIM ORDINANCE 1234

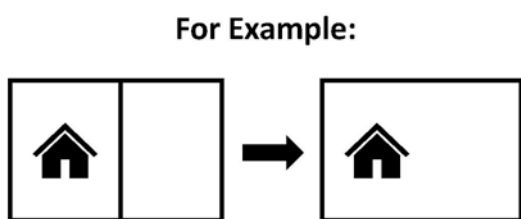
### What is it?

#### THE GOAL OF THE INTERIM ORDINANCE WAS TO:

- Increase available commercial space in the downtown
- Preserve the existing housing units the city has
- Increase the creation of new housing units in the city

#### What did the interim ordinance change?

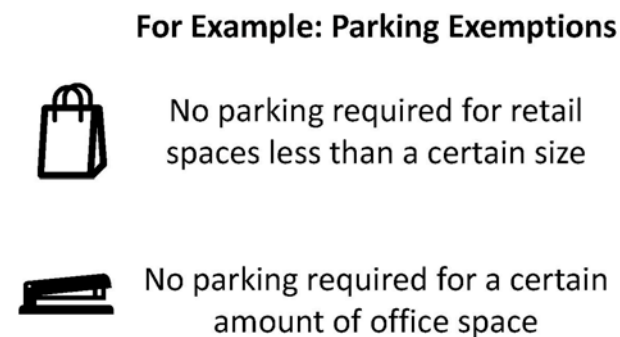
- Establish minimum residential densities in certain zone districts
- Create limitations on the consolidation of lots
- Prevent the net loss of residential units when a property redevelops
- Provide parking exemptions for office and retail space
- Limit the amount of additional parking developments can provide
- Expand the area of downtown where ground-floor commercial is require
- Expand the types of commercial uses permitted on the south side of River Street near downtown
- Place limits on the size of residential units
- Require a minimum amount of commercial space on the ground floor in certain developments
- Prohibit the placement of community housing units in basements



For Example:  
Not encouraged for low density residential neighborhoods to preserve neighborhood character  
Encouraged in the downtown and ski base areas to promote high density

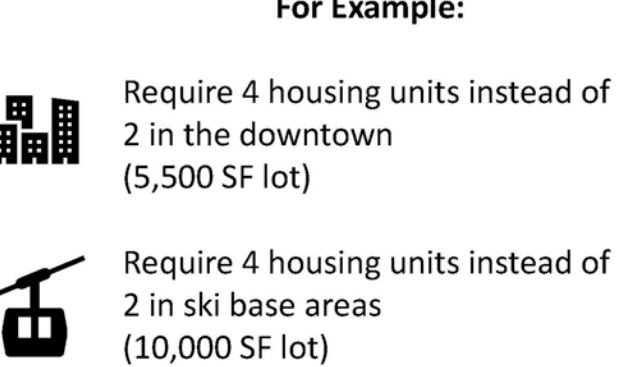


For Example:  
Require new developments to replace any existing housing units  
Duplexes could not be converted into single-family homes



For Example: Parking Exemptions  
No parking required for retail spaces less than a certain size

No parking required for a certain amount of office space



For Example:  
Require 4 housing units instead of 2 in the downtown (5,500 SF lot)

Require 4 housing units instead of 2 in ski base areas (10,000 SF lot)

#### Since Adoption We Have...

- Gathered feedback from community stakeholders and from our Technical Advisory Group
- Studied previously approved and currently proposed developments
- Conducted an Architectural Analysis of ordinance requirements
- Conducted a Commercial Demand Analysis and Financial Feasibility Studies

#### TO DETERMINE WHAT CHANGES NEED TO BE MADE, WE WANT TO UNDERSTAND ANSWERS TO THE FOLLOWING QUESTIONS...

• Does Ketchum have enough commercial space to support its economic health?  
Visit Station 1

• Are the parameters of the ordinance too limiting? If so, when? Under what conditions?  
Visit Station 3

• Does the Interim Ordinance allow for the development of feasible projects?  
Visit Station 2



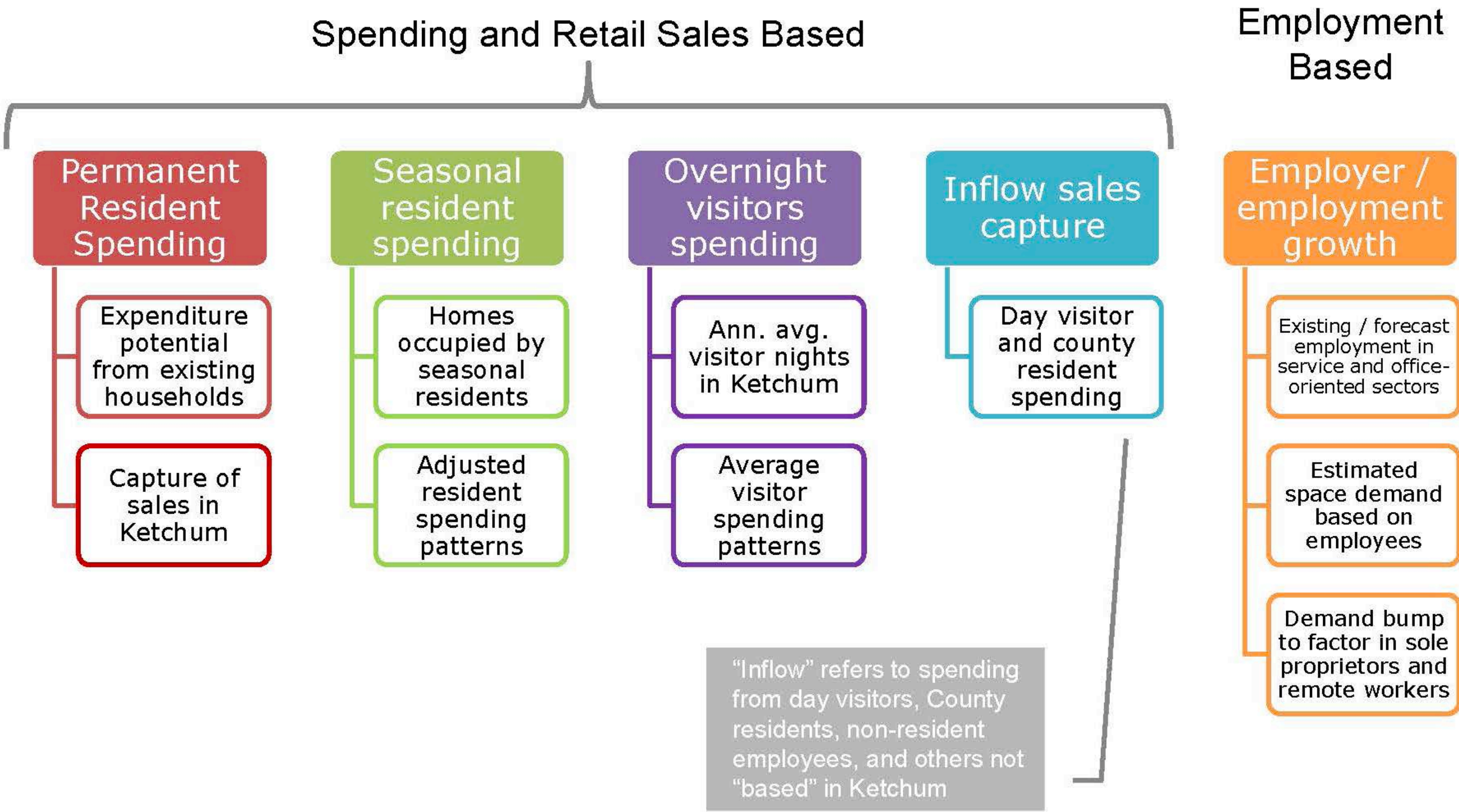
# COMMERCIAL DEMAND IN KETCHUM

**QUESTION:**

Does Ketchum have enough commercial space to support its economic health (strong and diverse economy)?

**HOW DO WE MEASURE IT?**

To estimate the amount of commercial space Ketchum can support, we evaluate two different metrics. For retail/F&B/personal service estimates, we look at current and future spending and retail sales trends. For office, we look at current and future employment growth.



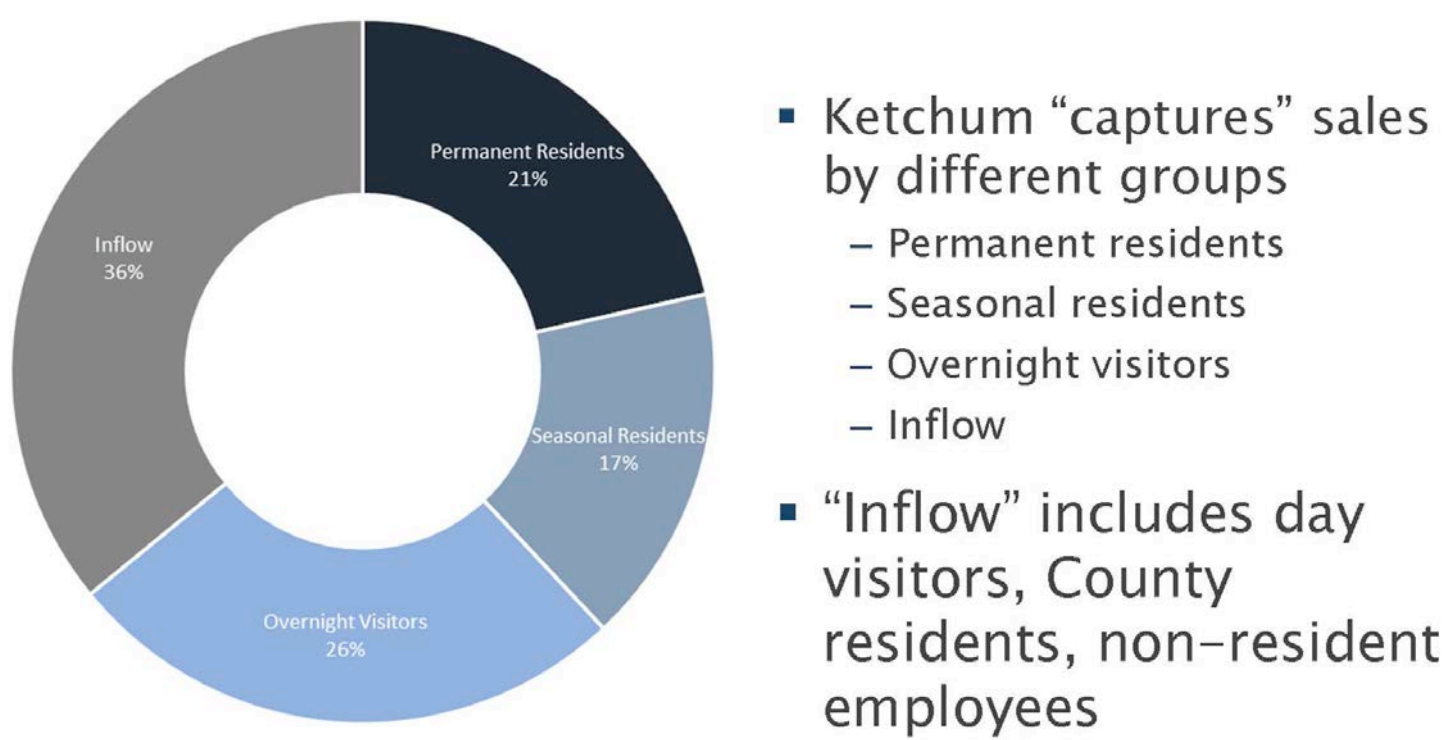
## BARRIERS TO A STRONG & DIVERSE ECONOMY

- Market Barriers – Interest rates, cost of construction, availability and cost of land, cost of leasing commercial space
- Workforce Barriers – cost of housing and lack of housing supply to support workforce stabilization and growth
- Regulatory Barriers – Land use regulations that limit the types of businesses and locations, and parking requirements

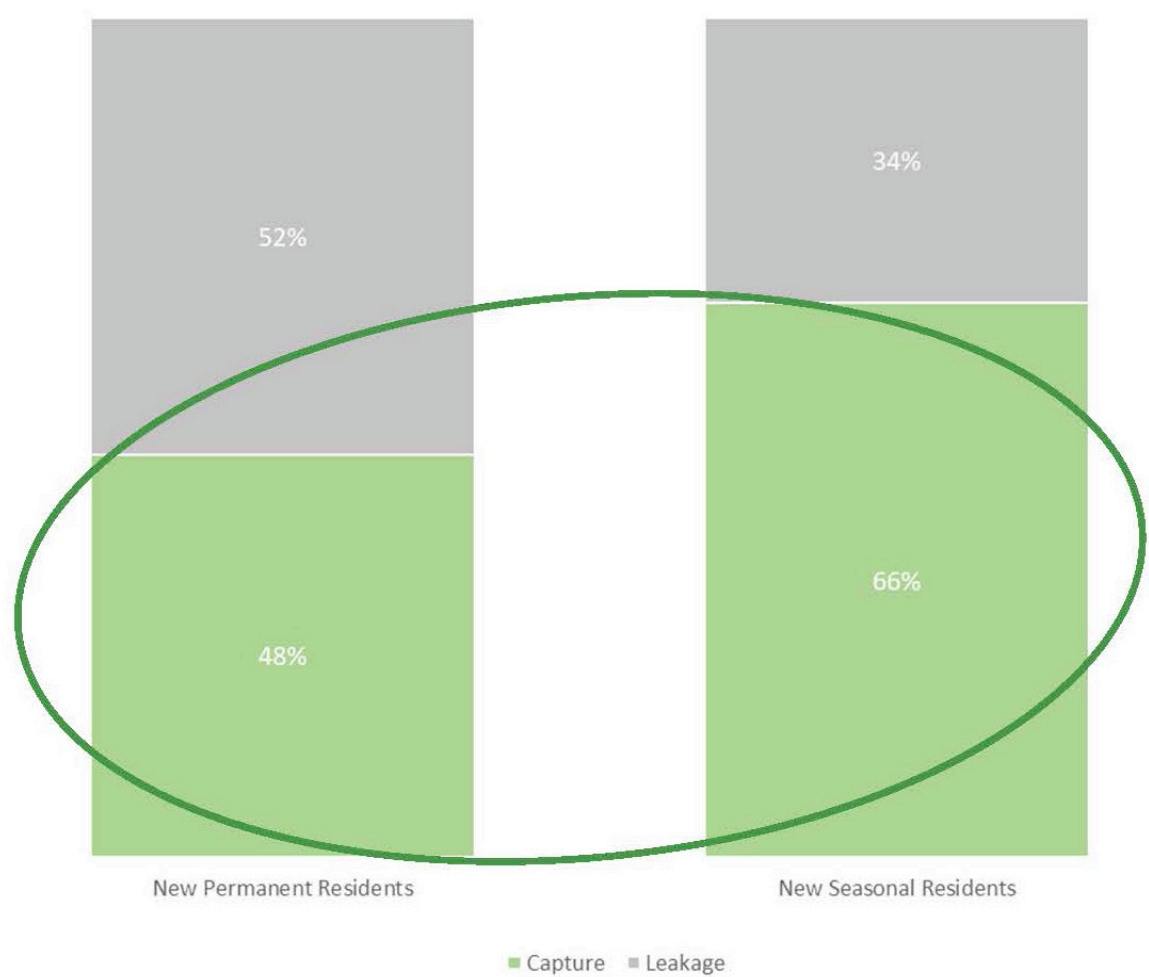


# COMMERCIAL DEMAND IN KETCHUM

## RETAIL / FOOD & BEVERAGE / PERSONAL SERVICE SPACE:

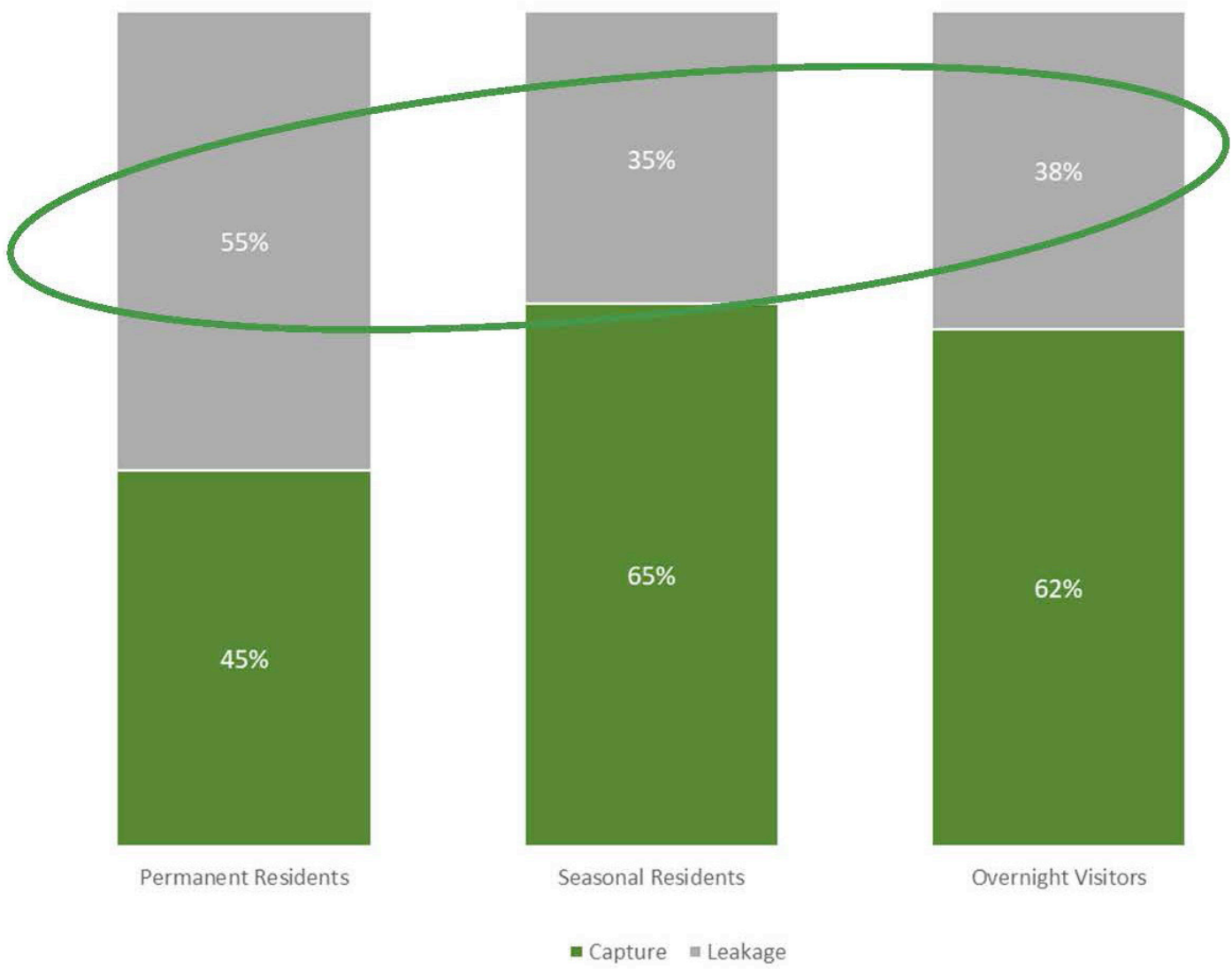


Of the \$146.6 million, here is where it comes from



\* Permanent resident population growth estimated at 1.5% annually

Population & Visitor Growth



Depending on the group, between 35% and 55% of expenditure potential is spent outside of Ketchum. Population and visitor growth also supports additional space needs in the future.

### What does it mean for Ketchum?

- Could capture up to 60,000 SF in retail sales leaking out of Ketchum
- Could support an additional 40,000 SF through 2030
- Has 31,500 SF of retail/f&b/personal service space in the pipeline

## OFFICE SPACE:

Employer/Employment and population growth drives demand for office space. Estimated population growth of 1.5%

Estimates assume existing employer/employment conditions of housing affordability/availability challenges and limited workforce remain the same.

### What does it mean for Ketchum?

- Currently meeting office space demands
- Could support an additional 32,000 SF through 2030
- Has 21,200 SF of office space in the pipeline



# COMMERCIAL IN THE DOWNTOWN AREA

## Interim Ordinance 1234...

- Allowed for a wider range of commercial uses and prohibit future development of single-family homes along River Street
- Prohibited ground floor residential with street frontage in more areas of downtown (see Figure 1 at right)
- Provided parking exemptions for retail and office uses
- Prohibits projects from providing more parking than required unless the extra parking is for public use or community housing
- Requires 55% of the ground floor be commercial in mixed-use developments (see Figure 2 at right)

## WHAT WE’VE LEARNED:

- The city can support additional commercial space
- The downtown is an essential area for capturing potential retail sales as other retail centers do not exist within the city
- The downtown is the most desirable place for office/service uses as it is a common destination for visitors and most accessible by multiple models of transportation

- The 55% ground floor commercial is achievable, however, challenging on long lots
- 55% requirement can result in undesirable sizes and configurations of space that may not be marketable (see Figure 3 at right)
- Ground floor residential and additional on-site parking not feasible with 55% ground floor commercial

- Ketchum has one of the highest number of parking spaces, per capita, among peer resort communities
- The city has enough parking inventory to support existing and future commercial uses downtown, however, better management of the parking inventory is necessary (see Figures 4 and 5 below)

Figure 1

RIVER STREET PROPERTIES

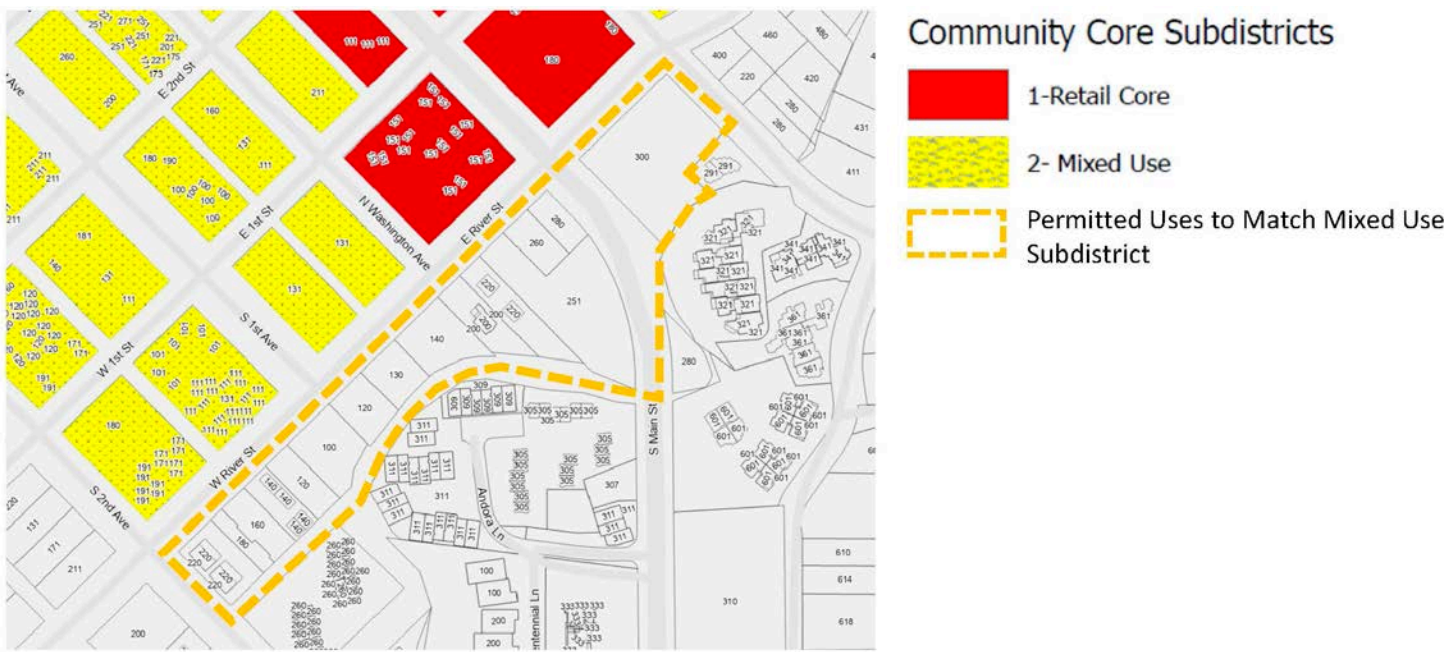


Figure 2

COMMUNITY CORE PROPERTIES

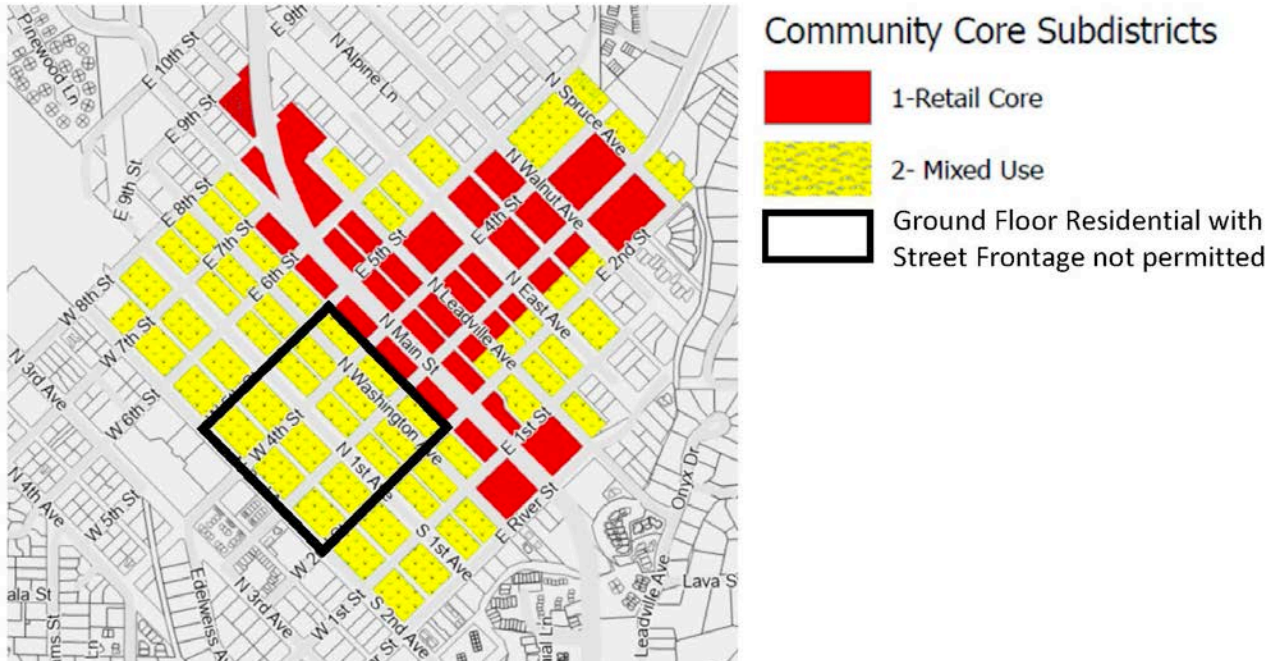


Figure 3

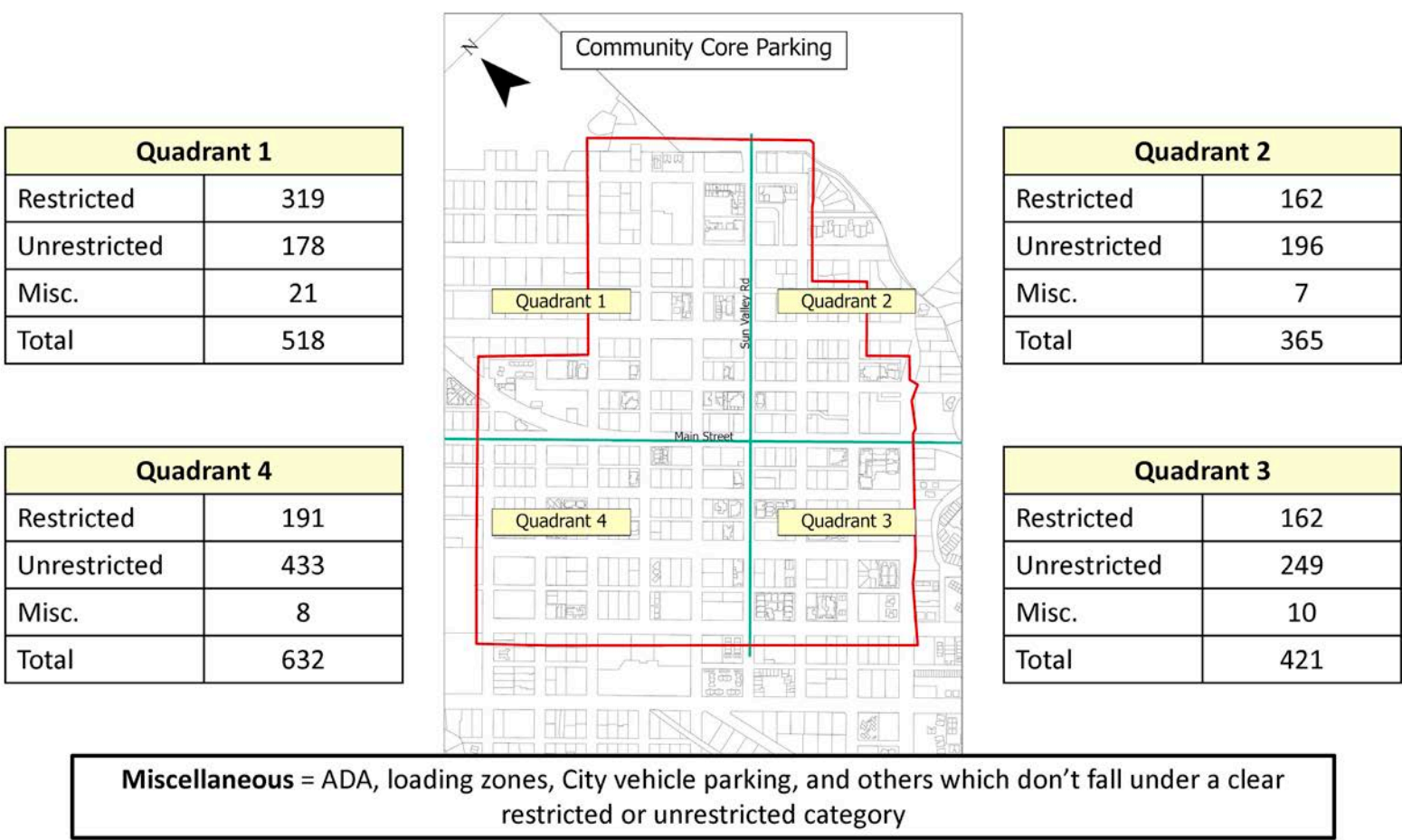
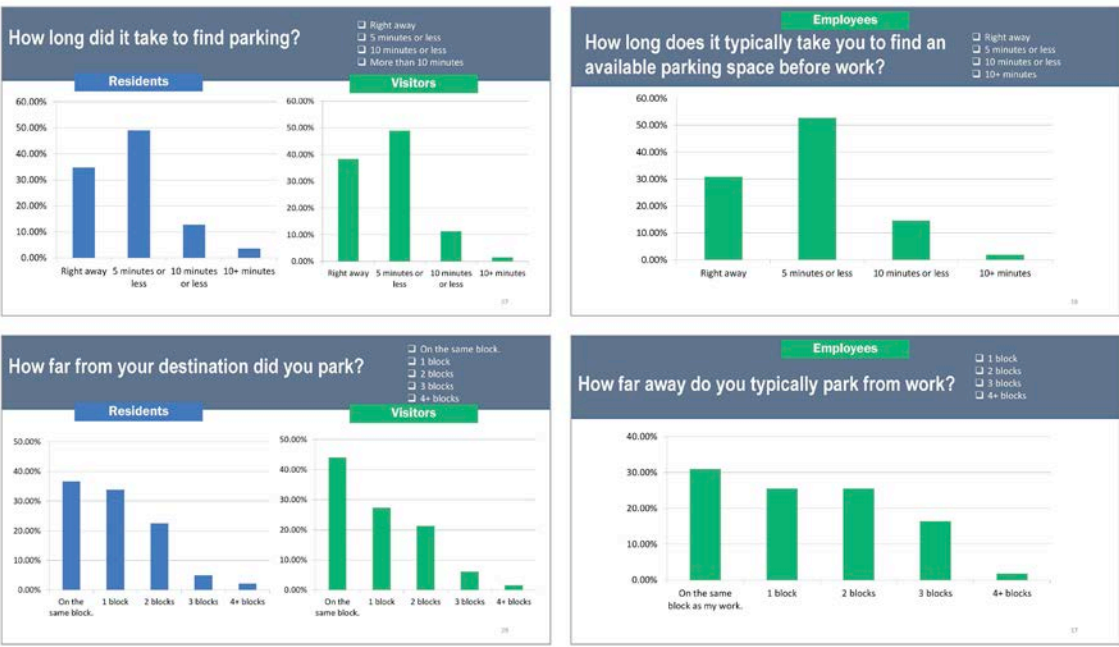


Figure 4

## CURRENT INVENTORY SERVING CURRENT NEEDS

Residents, employees of downtown businesses, and visitors can generally find on street parking within 1-2 blocks of their destination, right away or within 5 minutes.\*



\*The City of Ketchum is in the process of updating the city's downtown parking data related to number of spots and use patterns. A parking survey was conducted to gather feedback from business owners and community members. Full survey results can be found at [www.projects.ketchum.org/under/DowntownParkingPlan/](http://www.projects.ketchum.org/under/DowntownParkingPlan/)

Figure 5



DEVELOPMENT FEASIBILITY

QUESTION:

Does the Interim Ordinance allow for the development of feasible projects?

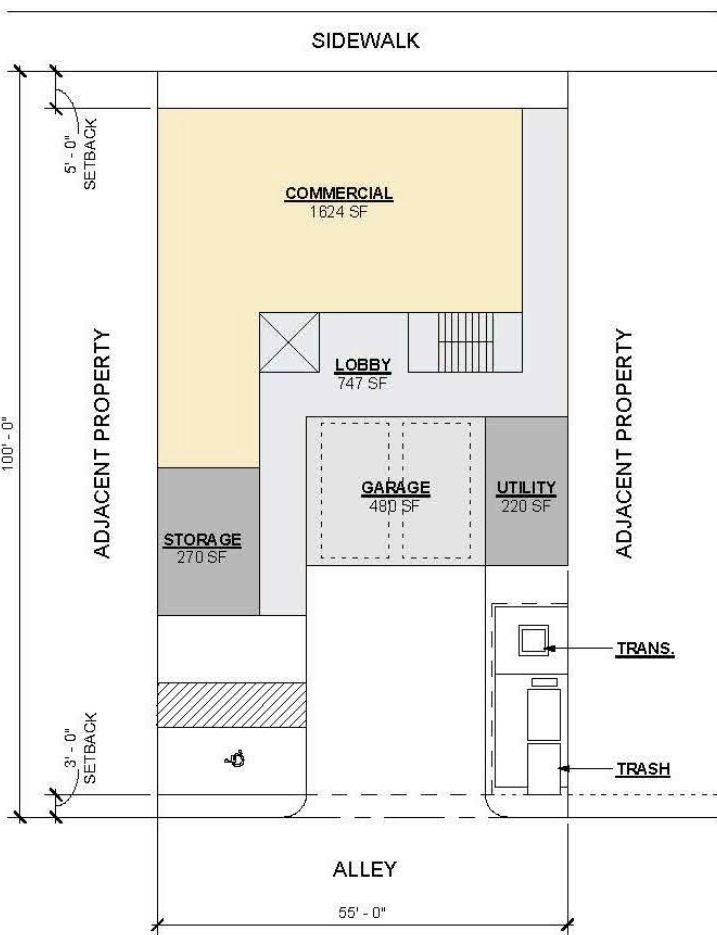
HOW DO WE MEASURE IT?

To determine if developments are feasible under the interim ordinance, HOLST Architects developed a variety of development scenarios on multiple kinds of lots within the downtown.

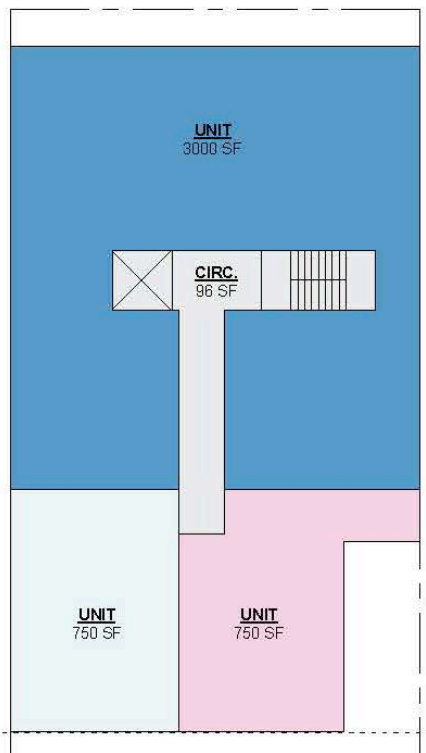
INTERIOR STANDARD LOT - OPTION 1  
MIXED-USE ≤30% COMMERCIAL MINIMUM RESIDENTIAL DENSITY  
4 RESIDENTIAL UNITS REQUIRED

SITE SUMMARY	
LOT AREA	5,500 SF
MAX ALLOWABLE AREA	12,375 SF [2.25 FAR]
PARKING	4 STALLS
UNITS	4 UNITS
AREA SUMMARY	
LEVEL 1	2,862 GSF
LEVEL 2	4,756 GSF
LEVEL 3	3,100 GSF
TOTAL	10,718 GSF [1.95 FAR]
RESIDENTIAL AREA	7,500 NSF
COMMERCIAL AREA	1,624 NSF
% GROUND FLR.	57%
% TOTAL GSF	15%
TOTAL NET SQ. FT.	9,124 NSF
EFFICIENCY	85%

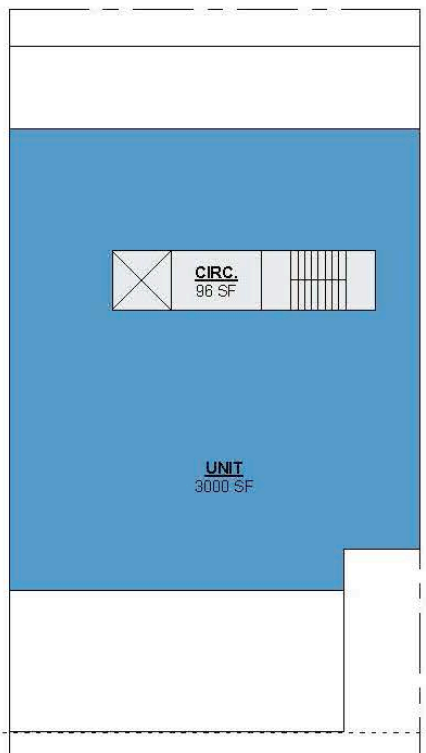
LEGEND	
	COMMERCIAL
	RESIDENTIAL COMMUNITY HOUSING
	RESIDENTIAL UNIT <750
	RESIDENTIAL UNIT 751 - 2000 SF
	RESIDENTIAL UNIT 2001+ SF
	CIRCULATION
	SUPPORT



LEVEL 1 FLOOR PLAN



LEVEL 2 FLOOR PLAN



LEVEL 3 FLOOR PLAN

Interior Standard Lot

Corner Standard Lot

Interior Long Lot

Then, Economic and Planning Systems created a model, also known as a “development pro-forma”, with various inputs to determine if the development scenarios were feasible.

There are many moving parts to a pro-forma, and no two are alike. The following levers greatly impact a development’s feasibility, not all of which the city has control over:

- The number and size of luxury condominium units
- The sales price per square foot
- Land prices and availability of sites for development
- National and regional economic conditions

INFILL FEASIBILITY

	1	2	3	4
Description	Interior Standard Lot – Mixed-Use <30% Commercial Minimum Residential Density	Interior Standard Lot – 100% Residential Minimum Density	Interior Standard Lot – 100% Residential High Density	Interior Standard Lot- 100% Residential Minimum Density
Commercial SF (net)	1,624	0	0	0
Residential SF (net)	7,500	9,614	9,090	8,817
Residential Units	4	7	13	7
Penthouse	2	1	0	2
Condo/Apartment	1	4	11	3
Community Housing	1*	2*	2*	2*

\* Indicates additional Fee-in-Lieu is needed to meet community housing requirements

INFILL FEASIBILITY

Market Inputs	
Penthouse <sup>1</sup> Condo Price (per SF)	\$2,000
Condo Price (per SF)	\$1,250
Market Rate Apartment (Monthly Rent per SF)	\$4.00
Community Housing Apartment (Monthly Rent per SF)	\$1.50- \$2.50
Commercial Space (Monthly Rent per SF)	\$3.50 (NNN)

Construction Cost Inputs	
Land Cost (per SF)	\$235
Parking <sup>2</sup> (per space)	\$5,000
Residential Hard Cost (per SF)	\$750-\$900
Commercial Hard Cost (per SF)	\$600-\$700

1 - Penthouse Condo is defined as a condo greater than 2,500 sf in size with luxury finishes and premium orientation within the building.

2- Cost for enclosed garage space on ground floor in addition to core and shell cost for the ground floor



# DEVELOPMENT FEASIBILITY

## INTERIM ORDINANCE 1234:

- Established a minimum number of residential units in certain areas based on lot size and type of project
- Limits the maximum size of an individual residential unit to 3,000 square feet

## WHAT WE’VE LEARNED:

### INFILL FEASIBILITY

Option	Option 1	Option 2	Option 3	Option 4
PROJECT RETURN AND GAP				
PROJECT COST				
Total Cost	\$11,775,874	\$12,334,272	\$12,626,972	\$11,406,748
Per GBA	\$1,099	\$1,165	\$1,164	\$1,179
STATIC EVALUATION				
Return on Cost				
Total Project Value	\$14,096,788	\$13,284,264	\$10,860,067	\$14,487,864
Total Project Cost	\$11,775,874	\$12,334,272	\$12,626,972	\$11,406,748
Project Return	\$2,320,914	\$949,992	-\$1,766,905	\$3,081,116
Return on Cost	19.7%	7.7%	-14.0%	27.0%
Target	12%-15%	12%-15%	12%-15%	12%-15%
TIME SERIES				
Return on Cost				
Project IRR				
Hurdle Rate	9.15%	8.77%	8.77%	8.77%
Actual Rate	11.53%	5.5%	-4.0%	16.88%
Gap/Surplus (NPV)	\$509,535	-\$589,288	-\$2,949,023	\$1,312,679

Source: Economic & Planning Systems

Green highlight indicates a feasible project, yellow indicates a potentially feasible project, red indicates a project that is not likely feasible

## OVERALL FINDINGS

Project Type	Feasibility Result (Most to Least Feasible)
100% Residential Minimum Density – 2+ “Penthouses” – Standard Lot	
Mixed-Use Projects - Standard Lot	
Mixed-Use Projects – Long Lot	
100% Residential Minimum Density – 2+ “Penthouses” – Long Lot	
100% Residential Minimum Density – 1 or less “Penthouse” – Standard Lots	
100% Residential Maximum Density – Zero Penthouses – Standard and Long Lots	

- All types of lots can accommodate the minimum requirements of the interim ordinance, however, not all developments are feasible
- Penthouses (2,500 SF or greater) pay for the cost of development
- Developments with more than one penthouse are more feasible
- Mixed-use developments are more feasible because the number of required residential units is low
- Increasing the total number of residential units decreases the feasibility of development
- Limiting the size of residential units to 3,000 SF can negatively impact feasibility
- Market-rate condominiums produce a greater return than apartments
- Providing community housing on-site is more favorable than payment in-lieu

# WHAT WE ARE CONSIDERING

**QUESTION:**

Are the parameters of the ordinance too limiting? If so, when? Under what conditions?

**HOW DO WE MEASURE IT?**

Based on the analysis conducted, it appears the interim ordinance is too limiting in certain areas. If only certain types of developments are feasible under the interim ordinance, only those types of developments will be built. This means that additional flexibility should be provided in the permanent ordinance to ensure a variety of development types.

**WHAT WE ARE CONSIDERING:**

- Reducing the amount of commercial space required on the ground-floor of mixed-use developments to allow for more flexibility in programming
- Provide a parking exception for personal services, like beauty salons, to allow for occupancy in existing buildings
- Allowing developments to build additional parking above and beyond what is required
- Reducing the minimum number of residential units required for 100% residential developments
- Increasing or eliminating the maximum size permitted for individual residential units

Tell us what you think!  
Comments? Questions? Are we on the right track?



## OTHER CHANGES

**In Fall 2023, Ketchum will launch an update to the comprehensive plan and zoning code.** This process is extensive and can take a couple of years, so, we are adding some housekeeping items to the permanent ordinance that will:

- Implement process improvements to provide clarity and reduce uncertainty
- Clarify code requirements to decrease inconsistencies
- Reduce regulatory barriers for accessory dwelling unit (ADU) development

**What you will see in addition to items from interim ordinance 1234:**

### Process Improvements

- Clarifications of certificate requirements on plats
- Streamlined process for when final plats can be filed for condominium, townhouse, and phased developments
- Requirements for dormant applications
- Requirements for applications that have been denied
- Clarified what is exempt from design review and what requires administrative design review
- Revised the application requirements for preapplication design review

### Code Clarifications

- Clarifications on setback requirements for lots with platted building envelopes
- Clarification of building height and setbacks for solar panels
- Clarification of dimensional standards in the Community Core
- Added definitions for terms referenced but not defined to reduce confusion
- Clarified “building” vs. “structure” and what is permitted within setbacks
- Clarified types and standards for accessory buildings
- Added requirements for retaining structures (walls)
- Fixed errors in rear setback requirements
- Clarified below-grade encroachments and where they are permitted
- Corrected error in street frontage calculations for driveway widths
- Clarified parking exemptions for various uses

### Promoting ADUs

- Clarification of parking requirements
- Clarification of storage requirements
- Clarification of lot coverage flexibility