



Recorded

**SPECIAL MEETING OF THE KETCHUM  
URBAN RENEWAL AGENCY  
JUNE 18, 2012**

**This Special Meeting of the Ketchum Urban Renewal Agency was called to order by Chairman Commissioner Mark Eshman at 4:30p.m. at City Hall, Ketchum, Idaho.**

**Commissioners present:** Chairman Mark Eshman  
Vice-Chairman Trish Wilson  
Commissioner Michael David  
Commissioner Randy Hall  
Commissioner Nina Jonas  
Commissioner Trina Peters

**Commissioners absent:** Commissioner Jim Slanetz

**Also present:** Executive Director Gary Marks  
Attorney Stephanie Bonney  
Ketchum Community and Economic Development Director Lisa Horowitz  
Recording Secretary Sunny Grant

**1. The meeting was called to order by Chairman Mark Eshman at 4:30pm.**

**2. Communications from the Board of Commissioners**  
There were no comments from the Commissioners at this time.

**3. Comments from the Public**

- Phyllis Shafran thought minutes should be signed before being posted to the website. Also, the revised Urban Renewal Lease still shows the chairman as Randy Hall.

**4. Communications from Community and Economic Development Director**  
**Consideration of a lease with the KCDC/GMD Development for a tax credit housing project at 211 East First Street**

*Also present: Ketchum Community Development Corporation Executive Director Jon Duval  
GMD Development President Greg Dunfield*

The Urban Renewal Plan was adopted by the Ketchum City Council in 2006. The URA Board is granted the power and duties to implement the program of redevelopment within the Urban Renewal Area. A revised Urban Renewal Plan was adopted by the City Council in November 2010. Revisions to the Plan include revitalization, redesign and development of undeveloped areas, affordable housing, Town Plaza, parking lots, etc.

Another provision of the Plan is finding opportunity for providing affordable housing within the revenue allocation area. This proposed project is within that revenue allocation area.

The original Plan mentions an affordable housing project on this property, which was purchased by the Ketchum Urban Renewal Agency in 2006. The property was purchased during a high market at \$2,250,000 with a down payment of \$855,831. The money came from the City of Ketchum restricted In-lieu Affordable Housing Fund. In 2011, the URA Board added \$640,000 to that restricted Affordable Housing Fund, which was transferred to this property. The total affordable housing restricted portion of the value of this property is \$1,495,830.

This property is one block from the central Downtown Core zone that must have ground-floor retail.

The Blaine County Housing Authority updated Housing Needs Assessment shows Ketchum's primary need is for 220 1BR and 2BR units. About 50% should be rental units. Virtually all units are needed for household incomes of 50% or less of area median income. Tax credits are about the only funding source for rental housing.

The KCDC and GMD approved this option to lease in July 2011. The option runs until December 2012. Questions regarding community contribution points delayed consideration of the project's initial tax credit application. A revised tax credit application is due September 2012. If tax credits are awarded, the KCDC/GMD Development will present the URA with a long-term lease for the property. The project will go before P&Z this winter, and construction would begin spring 2013. If no tax credits are awarded, the option to lease will be null and void.

Ketchum Community Development Corporation Executive Director Jon Duval said about 150 people live in Ketchum's 97 affordable housing units. Ketchum has 37 rental units, mostly at Northwood Place. Northwood Place has been almost 100% occupied since the project was completed. Most market-rate 1-2BR rentals in Ketchum listed in the local newspaper were built in the 1970s, and rent for considerably more than the BCHA's rental cap. Vacancy rate for market rate rental units in the summer of 2011 was 7-8%.

Greg Dunfield presented a site plan of this new project's 23 1-2BR units, in a 4-story wood frame building, on two city lots.

Lease option is a 99-year financeable lease. KCDC would lease the project site to a project partnership to get the tax credits, and, after tax credit allocation, turn over the project to a long-term owner of the project. After 15 years, KCDC would be owner-manager of the property, which would be a community asset; and GMD would leave the partnership.

The number of tax credits an applicant can apply for has been increased in recent years. This expires the end of 2013, so projects on application this fall will use a variable percentage. This would generate about a million dollars less in equity, so GMD has revised some components of the application, and plans to complete construction by the end of 2013. The units should be available in spring 2014.

Idaho has a spring round of tax credit applications, but funds available are only enough to fund one or two projects. GMD felt it was prudent to wait until the fall 2012 round to reapply.

Due to the change in the tax credit program, GMD is requesting a change in the lease payment to \$1.00 and "negotiate in good faith a final lease agreement." The URA does not include a lease payment in its budget. Lease payments like the one at Northwood Place are not common, and would be particularly unusual given the change in tax credit rules.

#### **PUBLIC COMMENT:**

- Bob Crosby, Sun Valley Board of Realtors Government Affairs Director asked the URA to give Ketchum residents the time to consider the ramifications of the lease revisions. The long term use for this site should be retail. Affordable housing should be in a residential district. The owners of existing rental properties have had tough financial times the last few years, and projections for foreclosures in Ketchum will be higher this year than last year.
- Jed Gray, representing the Sun Valley Board of Realtors, said there were properties within Ketchum's Commercial Core that were available for a housing development. This project is next to a proposed hotel, and would be better used for retail.

Dunfield said GMD offered a year ago to rehab and sell existing rental units for affordable housing, and no offers have been received. No matter where housing is proposed, there is always local opposition. This is one of three City-owned properties planned for affordable workforce housing. This site is not zoned for required ground floor retail. There are two other projects in the Community Core going through Design Review, one of which is also not zoned for ground floor retail. There was some initial consideration for a possible public parking structure on this site.

KCDC President Neil Bradshaw said Ketchum has already been through a lot of zoning process, primarily aimed at long-term benefits for Ketchum. Ketchum has one successful rental project, but still needs affordable rental units. This is a 44-year project done in accordance with Ketchum's Master Plan and what the community has said is needed. The KCDC has asked the Sun Valley Board of Realtors to suggest a depressed building or site that could be rehabbed for affordable housing, and none have come forward.

- Mickey Garcia said residents always come out in force when there's even a rumor that affordable housing is going to be built somewhere. He encouraged the KCDC to move ahead with the project.
- Jim McLaughlin, local architect and property owner, said this site should be developed as it was originally envisioned in 2006 when it was purchased—workforce housing over a parking garage. Reducing the value of the property from the \$2.250 million paid for it to the \$1.5 million invested in it is new information that should be shared with the public. All the numbers are based on a 4-story project, which has not been approved in Design Review. He asked the URA to slow down and consider all options.

Commissioner Trish Wilson said Ketchum residents and commercial landowners had six years to present a better piece of property. Another location will incur the same flak, and delay the process forever.

Commissioner Nina Jonas suggested the lease be 65 years instead of 99 years.

Commissioner Trina Peters said this is a good opportunity to fulfill a key mission of the KURA, which is development of affordable housing. She concurred with the 65-year lease, and that looking for another site would delay the process.

Commissioner Randy Hall said housing is a core principle of the URA. This property was purchased in 2006 in full view of the public, with \$1.5 million of housing funds, for the specific purpose of affordable housing, on land zoned for affordable housing. The project will improve the community by having people live and work in Ketchum, and also serve in the short-term to strengthen the local economy. He supported the 65-year lease for \$1.00.

Commissioner Michael David said there is always opposition to this kind of project. This is a good location for residents who may not have a car and need to be close to transit. The market analysis that will be done as part of a tax credit project will flush out any debate or questions about the need for such a project. The project will still go through Design Review and the entitlement process.

Chairman Mark Eshman suggested developers include surrounding buildings when presenting renderings of a project. The highest and best use of a property may not involve money; but could be a park, or in this case, housing. These units will be new, attractive and energy efficient, and will attract young, educated workforce people to Ketchum.

**Commissioner Randy Hall moved to authorize the Chairman to sign the revised option to lease the Ketchum Community Development Corporation for the purposes of pursuing a tax credit housing project owned by Ketchum Urban Renewal Agency, located at 211 East First Street, amending the lease term from 99 years down to 65 years, and extending the lease to February 1, 2013. Motion seconded by Commissioner Trina Peters, and passed unanimously.**

**5. Agreements and Contracts**

**U.S. Bank Master Services Agreement**

**Vice-Chairman Trish Wilson moved to approve the updated Master Services Agreement with U.S. Bank, seconded by Commissioner Trina Peters. Motion passed unanimously.**

**6. Consent Calendar**

**Approval of minutes from the May 21, 2012 URA Board meeting**

**Recommendation to approve current bills**

- Commissioner Nina Jonas asked about the bench for the Visitors Center; and the \$5,500 in labor costs over the last month.

CED Director Lisa Horowitz said a Parks Department bench was installed in front of the Visitors Center, so the Parks Department has billed the URA.

Chairman Mark Eshman said the \$5,500 paid for services of the URA's attorney, Executive Director and CED Director.

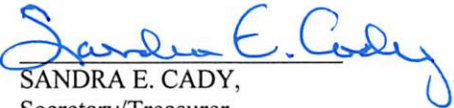
**Commissioner Michael David moved to accept the Consent Calendar, seconded by Commissioner Trina Peters. Motion passed unanimously.**

**7. ADJOURNMENT**

**Commissioner Randy Hall moved to adjourn at 6:04pm. Motion seconded by Commissioner Trish Wilson, and passed unanimously.**

  
MARK ESHMAN,  
Chairman

ATTEST:

  
SANDRA E. CADY,  
Secretary/Treasurer