



SPECIAL MEETING OF THE KETCHUM
URBAN RENEWAL AGENCY
SEPTEMBER 30, 2013

Commissioners present: Chairman Mark Eshman
Commissioner Michael David
Commissioner Tim Eagan
Commissioner Randy Hall (by phone)
Commissioner Trina Peters
Commissioner Jim Slanetz
Vice-Chairman Trish Wilson

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

1. This Special Meeting of the Ketchum Urban Renewal Agency was called to order by Chairman Mark Eshman at 5:33p.m. at City Hall, Ketchum, Idaho.

2. Comments from the Public

- Anne Corrock asked if the KURA was going to contribute \$100,000 to the Ketchum downtown transit hub. Executive Director Gary Marks confirmed that the KURA committed \$100,000 over FY2013 and FY2014.
- Phyllis Shafran asked how the URA justified giving \$100,000 to the transit hub if it's not part of the URA plan. Executive Director Marks said the transit hub is a public facility. Public facilities are covered by the URA Plan.

3. Communications from the Board of Commissioners

The Commissioners had no comments at this time.

4. Consideration of an Exchange Agreement for a land exchange between KURA and CHG Landowners for property owned by the KURA located at 211 First Street East in exchange for property owned by CHG Landowners located at 611-691 Second Avenue North, Ketchum.

Chairman Mark Eshman said workforce housing is the URA Plan's first priority, and has been a priority for Ketchum resident and business taxpayers for years. Ketchum's existing housing stock is old (mostly built in the 50s, 60s and 70s) and energy inefficient. Any proposal of workforce housing inevitably brings out neighbors who support housing in concept, but frequently don't want it in their neighborhood.

The KURA-owned property at 211 First Street East has not succeeded in getting tax credit financed housing, so the KURA is considering trading it for a property at 611-691 Second Avenue North that may be more viable for workforce housing. The KURA wants to learn about legitimate concerns of providing housing on the 611 Second Avenue North property.

Executive Director Gary Marks explained the purpose of the Ketchum Urban Renewal Agency and the mechanics of urban renewal. After creating the URA, the Ketchum City Council adopted an Urban Renewal Plan and established the objectives of the agency. The URA is governed by a Board of Commissioners, appointed by the Mayor and approved by Council. According to Idaho law, once a URA is created by a city, the URA is a separate agency from the city that created it, even though the URA Board may be the same people as the city leaders.

One Ketchum URA Plan objective is: Urban renewal action is necessary in the revenue allocation area to combat problems of deterioration and economic underdevelopment. The area has a history of a lack of affordable housing, inadequate parking, inadequate wayfinding, a dangerous pedestrian environment, economic underdevelopment and other deteriorating factors.

- KURA's bonds were sold in compliance with municipal bond law, guided by professional bond counsel, and advised by an experienced bond broker. When the bonds were offered for sale in 2010, the issuance sold out within two hours, amidst anxieties that existed in the bond market at the time.
- KURA's bond debt is met by its revenue stream, which met legal coverage requirements at the time of the sale, and continues to do so.
- KURA's incremental revenues have increased 33% since the bonds were sold.
- FY2014 debt service of principal and interest is \$400,000. KURA will have no trouble servicing the debt.

- Three annual audits performed by an independent auditor have shown KURA to be financially stable. The bonds are secured by two reserve funds, one for about \$550,000 held as a trust account at USBank and the other for \$478,000 held in the KURA Urban Renewal Debt Service Fund.
- KURA was accused by a private citizen of investing over \$3 million in 211 Washington Street, (which is not the correct address for this property. The correct address is 211 Frist Street East.) KURA invested \$2,423,577 in purchase price, closing costs and interest, to acquire 211 First Street. The down payment, closing costs and accrued interest were paid with \$855,000 in Ketchum Affordable Housing Revenues; the balance of the \$1.5 million purchase price was paid through a loan from Idaho Housing and Finance Association. In 2010, the IHFA loan was paid off, and the balance rolled over into a bond issuance consolidating the URA's outstanding loans. In 2011, \$640,000 in housing funds previously invested in 491 Sun Valley Road was transferred to 211 First Street property to consolidated Ketchum's affordable housing investment into one property.
- An additional \$13,000 has been spent on the property since it was acquired for demolition and maintenance.

KURA Attorney Stephanie Bonney said the Ketchum URA advertised for a period of no less than 30 days, per Idaho Code 50-2011(b), for proposals for a property exchange for affordable housing purposes. The URA received one proposal. Per statute, the URA proceeded to negotiate a tentative and conditioned proposal. Pursuant to Idaho Code 67-2345 1(c) the URA Board discussed negotiations regarding the property exchange in executive session. The purpose of the discussions was to flush out the outline of an exchange that would then be discussed in public. Idaho Code allows for negotiations and deliberations to be in executive session, but any vote on a proposed land exchange must be done in open session. The Purchase and Sale agreement was placed on an agenda to discuss the merits of the exchange. Typically, real estate negotiations are private until the parties come to an agreement on price and terms. Once the parties reach agreement, the transaction becomes public.

Notice of the Purchase and Sale Agreement was done through the Agenda. Pursuant to I.C. 67-2343, there is a 48-hour agenda notice of regular meetings, and a 24-hour agenda notice for special meetings. Agendas can be amended up to and at the meeting, providing reason for the late notice is given. Notice to adjoining neighbors is given as part of the zoning application. Legally, the mere purchase of property does not affect neighbors, and landowners do not receive notice when a parcel in their neighborhood is bought or sold. Public comment on a pending purchase is not required by law. However, if a property is rezoned, or applies for development or specific kinds of permit, neighbors will receive notice and rights of due process.

The URA can exchange, purchase or sell property for what the URA determines is a fair value, pursuant to Idaho Code 50-2011. The URA must determine "fair" value, and is required to consider the uses of the property as they fit with the Urban Renewal Plan and how the property can further the objectives of the plan.

The draft transfer agreement for the 611 property has a number of conditions precedent. The Agreement is contingent upon certain things taking place, such as the rezone of the property and transfer of the City right-of-way. If the contingencies are not realized, the agreement is null and void, so it's incorrect to compare the value of the proposed property with its current restrictions to the value of the URA's currently-owned parcel on First Street East.

There is a misconception that I.C. 50-2011 states that once a URA obtains an interest in property, the property is forever restricted to URA use. Idaho Code has many unclear sections, but the statute is fairly clear that a property acquired by a URA for a URA project is obligated to be used for a URA project while under URA ownership.

Neither Bonney nor another attorney in her office see any issues with the chain of title on the Second Avenue North property.

Upzoning the Second Avenue North property will be and should be a robust discussion, to include compliance with the City's Comprehensive Plan, density, traffic, etc., before the Ketchum Planning & Zoning Commission and the Ketchum City Council. If the rezone is not approved, the agreement to transfer the property is null and void. Ketchum's Comprehensive Plan specifically emphasizes the importance of affordable housing. A residential use adjacent to a residential zone does not constitute spot zoning.

CED Director Lisa Horowitz detailed elements of the Urban Renewal Plan that directed implementation of a program to revitalize, redesign and develop areas, especially to create affordable workforce housing. Horowitz related the history of the property on First Street East and its two denials for tax credit financing for affordable housing. The URA then published a Request for Proposals, with a list of criteria, in the newspaper and with the local Board of Realtors. Horowitz received a lot of calls in the 30 day period from Realtors and community members.

Horowitz went through the list of criteria, including the size of the lot, zoning or potential for rezone, location and proximity to popular amenities, similar land value as evidenced by appraisal, and competitive redevelopment cost. Both properties would require a Level 1 Environmental Assessment.

Project Developer Greg Dunfield said the First Street site in Ketchum's Community Core was appropriate for affordable smaller-size rental housing units. IHFA tax credit financing required four stories, which required an elevator, and the units would have been internally accessed. The project scored quite well in two applications for tax credits but didn't succeed, probably due to project cost. The 611 site can meet onsite parking requirements and more land area can accommodate a more relaxed environment. The 611 building can be two or three stories, and is appropriate for small units with external access at a lower cost. GMD Development will apply for tax credit financing, but Dunfield believes there may be other financing options.

PUBLIC COMMENT:

- Jake Peters, who owns five parcels in Ketchum, including one directly adjacent to this parcel and a unit in the Cimarron Building directly across from the site, commended the URA for considering the parcel. Increasing the value of a dormant piece of property and providing housing in the city will add vibrancy, which is what the URA should be doing.
 - Dale Bates has been involved in getting affordable housing in town for at least 12 years. Property values around The Fields and Pine Ridge didn't go down. Sixty-four community leaders at the Vision for a Vibrant Sustainability Community wanted a more vibrant, diverse community, which can't happen without a diverse housing stock. Well educated young professionals/outdoor enthusiasts move here for quality of life, but the only rental housing available is old and not energy efficient. Bates lives a half block from the location, and considers it perfect for affordable housing with pedestrian/bike access to downtown.
 - Averell Fisk lives right next door to the property. The rezone will double the value of the parcel, but will reduce the value of his property. He was surprised that a piece of property could be rezoned "ad infinitum". The development would change the community and impact the neighborhood with a "lot of people running around drinking beer" and cars everywhere.
 - Doug Kaiser, neighboring landowner, didn't understand how the 611 property with a value of \$616,500 could be equal to the 211 property, valued at over \$1 million. Kaiser said Northwood Place has onsite parking and the 211 property was to have onsite parking; and he didn't believe 611 could be developed without onsite parking. Kaiser said the *Idaho Statesman* report on the 211 site Tax Credit denial was that the price tag was too high and the demand for new affordable units was too low. Ketchum needs out-of-town guests to come here and go skiing.
- Project developer Greg Dunfield said this site, unlike the 211 site, is subject to the apartment housing overlay, which has an onsite parking requirement. CED Director Horowitz confirmed that onsite parking is required on the 211 site.
- Bob Crosby said the Sun Valley Board of Realtors has 300 members. Sometimes the Sun Valley Board has to take a position that it feels represents the good of the majority although it may be unpopular with some members. The Sun Valley Board of Realtors Government Affairs Committee has six principles to improve Blaine County's economy, one of which is to support affordable housing in all price points, as long as it doesn't thwart economic development. The Board of Realtors opposed the proposed development of affordable housing at First and Washington because they felt it was inappropriate from a land use perspective; and supports affordable housing on the 611 site. The Board of Realtors suggests the URA move forward with the exchange agreement.
 - Lara McLean is a full-time Ketchum firefighter who benefitted from affordable housing in town. She does not "drink beer and party", and doesn't believe her presence lowered anyone's land values. Promoting tourism is necessary, but Ketchum also needs vibrancy and diversity. She encouraged the developer to build to LEED gold certification.
 - John Sofro thanked the URA Board for their commitment to urban renewal projects. The 611 site is great for the proposed project. He owns an office building across the street from the 611 parcel, and has thought about building a residential unit upstairs. Sofro thinks about affordable housing in Ketchum every time he drives a crowded Highway 75 that is dissecting the middle of the valley, and regrets that more people are complaining about this proposed project than complained about the environmental impact of widening Highway 75. The five-lane highway exists because there isn't adequate housing like this in Ketchum and people have to commute to and from Ketchum every day. Sofro fully supported the project.
 - Ben Worst said the primary purpose of the Ketchum Urban Renewal Agency is to circumvent the Idaho Constitution, which requires two-thirds voter approval for any borrowing beyond the current budget year. Worst said his information came from URA documents. The URA has invested \$3 million in the 211 East First Street property; and the URA took almost \$1.4 million in cash out of the affordable housing trust fund and put it into the East First Street property. The appraisal indicates the 611 property is two parcels worth a little over \$615,000. One of the parcels is in the T zone and doesn't have enough land to meet minimum lot size requirements. Worst said the appraisal confirms that the URA is throwing money away by trading a parcel worth \$1,045,000 for one worth a little over \$615,000, and the URA is not getting equal value as required by Idaho Code. Worst also said the URA was failing to deed restrict the 611 parcel as required by Idaho Code. The exchange agreement doesn't include a finance contingency which indicates the URA is not serious about having affordable housing built on this property, but is taking the opportunity to "cook the books and hide the \$1.4 million cash taken from the

affordable housing trust fund". That cash comes from taxes that otherwise would go to police, fire, schools, parks, and utilities. Every time the URA touches this asset, it is reduced. Worst said the URA Board wouldn't treat their own money this way, and asked them to not treat the public's money this way.

- Blaine County Housing Authority Executive Director David Patrie said the BCHA maintains a countywide housing database that tracks people in search of affordable housing. As of June 30, 2013, there are 104 households (184 individuals) looking for affordable housing, 68% of which are specifically seeking rentals. The BCHA has accepted nearly 100 applications from people looking for affordable housing in the last 12 months. In the last two years, the BCHA has kept track of locally-available rentals in the weekly newspaper. In the most recent five months, the average advertised rental rate is 12% higher than the long-term two-year average; and the number of ads in the newspaper each week over the last five months is 20% lower than over the last two years. The brand new Cold Springs Crossing rental development is managed by the BCHA. Both market rate and income-restricted units leased in less than 40 days.
- David Patrie, private citizen neighbor of the proposed 611 development, supported the project.
- Jan Hegewald said he is representative of the demographic who would live in affordable housing. He is a bartender/ski instructor/wannabe volunteer firefighter with friends who are police officers, firefighters, waiters, first responders, EMTs, river guides, ski shop workers, etc., who often have to leave the valley because they can't afford to live here. He supported Northwood Place, and supports this project and anything that can be done to increase livable space for people of his demographic. Hegewald added that he drinks beer.
- Ketchum Community Development Corporation President Neil Bradshaw said the URA's obligation is to look to the future and the needs and objectives of the community's Comprehensive Plan. This land with a project on it will add about \$300,000 in value to the URA. This land exchange will give the URA and CDC the opportunity to create added value of about \$6 million with tax credits, which can't be done at the current site. Bradshaw urged the URA Board to move forward on meeting the community's housing needs by approving this land exchange proposition and moving it on to the Ketchum P&Z and Ketchum Council, where there will be a lot more discussion about the project, parking, etc.
- Julie Lynn asked if the URA Board was a separate agency from the City if three of its members are Ketchum Councilmembers.

KURA Attorney Stephanie Bonney said the Idaho Supreme Court's decision was that even if the agencies have exactly the same governing body, the URA and City Council are two completely separate and different legal entities. In this project, the Ketchum URA is looking at completely different issues from what the Ketchum Council will look at.

- Dick Fosbury owns an office building across from the 611 property. Fosbury surveyed the property for the City of Ketchum about 25 years ago. When Simplot and Higgins had their property surveyed, they cut out a 100ft strip of land. There has been some confusion about the description of the Higgins property as two parcels with city right-of-way. Fosbury said he believes there are four platted lots in that block, excepting the railroad right-of-way. When Ketchum vacated the outer distances, they preserved the 30ft right-of-way with an additional 15ft setback. The public right-of-way as a public transportation corridor has no density. Fosbury, who works for the Blaine County Recreation District, believes it's critically important that rights-of-way used for skiing in the winter be preserved. He said there had been a lot of comments about the number of units and density, and the design, but he questioned why Ketchum and the URA would transfer housing requirements from the downtown parcel.
- Dick Worst, resident of Twin Falls who owns property across from the 611 parcel, said he doesn't believe the URA Board cares about the neighbors of the property.
- Becky Worst, resident of Twin Falls who owns property across from the 611 parcel, said she had been at the previous URA meeting, and was given two minutes to speak. When she went over her two minutes, someone offered to give her his two minutes, but the URA attorney said that couldn't be done. Ms. Worst asked where this rule was written in Ketchum Code. She also said the Chairman had asked her to be quiet earlier in this meeting when she asked Mr. Dunfield about his company. Ms. Worst accused the URA Chairman of underhandedness, sexism, and hiding decision-making.

KURA Attorney Stephanie Bonney said there isn't specifically a Code section that prohibits yielding one's time to another speaker. When Ketchum provides for public comment through a public hearing process, or voluntarily, due process requires that the City treat content neutrally, and it has been Ketchum's policy, at the city attorney's recommendation, since she has been the city attorney, that one speaker cannot concede time to another speaker, to avoid a popular viewpoint being given more time than an unpopular viewpoint. The City wants to follow a fair and impartial process. Attorney Bonney said this wasn't necessarily written anywhere, but was city attorney policy, supported by basic case law.

- Ketchum Community Development Corporation Executive Director Jon Duval said the KCDC has a good track record of managing affordable housing. There are strict guidelines on who can apply for IHFA-financed housing, including background checks that are more extensive than for market-rate housing. This project will be thoroughly vetted at every stage of the process. Duval suggested people look at Northwood Place and surrounding areas.

Statistics show that well-managed affordable housing has a neutral or positive effect on surrounding properties. The KCDC and City of Ketchum will not skimp on any aspect of the project, from design to parking.

- Jima Rice thanked the URA for providing basic information at this meeting so people can support or challenge the project.
- Rob Street said additional density in this area is questionable because there's already a lot of traffic in the area, and most drivers don't obey current traffic signs. He suggested the URA sell the First Street lot and then decide what to do with the money. If things don't work out for the 611 lot, the URA is stuck with it and it isn't the same value as the 211 property.

CED Director Lisa Horowitz said traffic volume would be analyzed as part of the application process.

- Mountain Express reporter Eric Avissar said living close to downtown is a good thing for a young person. He lives in affordable housing close to Ketchum and can walk to everything, including bars, and he does drink beer.

PUBLIC COMMENT CLOSED

Ketchum Urban Renewal Agency Board Members

Commissioner Michael David reiterated that the land swap doesn't happen unless the rezone happens. The rezone will be a public process, starting with Ketchum Planning & Zoning and then the Ketchum City Council. If the 611 property can be rezoned, its value will be considerably higher in the proposed trade with the 211 property. Ketchum needs to find a way to get affordable housing, and the 211 property is not a viable option for affordable housing.

Commissioner Trina Peters said hearing public opinion and concerns was very helpful. Affordable housing is a key priority for the community, and, although the property at 211 was purchased for affordable housing, it does not appear to be feasible for affordable housing. An affordable housing project at 611 is compelling.

Commissioner Tim Eagan commended everyone present for exercising great civility at tonight's meeting. Eagan is a former Chairman of the Blaine-Ketchum Housing Authority, and still espouses the benefits of affordable housing. He is fully in favor of the exchange since housing is not feasible at 211 First Street East and should work at 611 Second Avenue North.

Commissioner Jim Slanetz said he struggles with the value exchange since the City has invested in the 211 property. He'd like to be able to judge the proposed project on its merits without worrying that the exchange is compromising the fiduciary interests of the community. This is probably the fastest track to get affordable housing, but he's concerned the 611 lot will be acquired and then not be able to get tax credits.

Commissioner Trish Wilson said it was difficult being in a public position and being accused of being secretive and trying to hide things. She said the URA has had many meetings with agenda items that are important to the community that no one attended. Commissioner Wilson lives in a multi-use building with affordable housing on the second floor. Her home is up the street from an apartment building with affordable housing. She has seen only first-class citizens in the affordable housing units, and the only noise from the apartment building was children playing outside. Commissioner Wilson is a headhunter who interviews high-class well-educated young people who want to move into the community and participate in it. Affordable housing is a #1 priority in Ketchum. She encouraged the public to keep coming to meetings to express their opinions on all issues.

Chairman Mark Eshman felt this proposed project was in the best interest of the community. If the contingencies of the Purchase and Sale Agreement are all met, and the project is approved by Ketchum P&Z and Council, the URA is getting a really good deal because the 611 lot will provide more affordable housing than the 211 lot would have. Chairman Eshman said neighbors of the project would have ample opportunity to express concerns about the project as it goes through process; but the URA's responsibility is to decide if the land exchange makes sense to the URA.

Chairman Eshman said one mandate of the URA was economic growth ... providing a funding mechanism for a capital expenditure that benefits the entire community. This proposed project, in conjunction with the air service 1% LOT tax, increasing tourism through the Marketing Alliance, and Ketchum's and the County's efforts to attract new business, will all work together to grow the community.

Commissioner Randy Hall thanked everyone for their time in expressing their concerns and support.

The URA Board scheduled its next meeting for October 21, 2013 at 12:00 noon.

5. EXECUTIVE SESSION

Commissioner Tim Eagan moved to go into Executive Session to discuss land acquisition (unrelated to the properties discussed earlier in the meeting), pursuant to Idaho Code §§67-2345 1(c) at 7:28p.m., seconded by Commissioner Trish Wilson. Roll call: Commissioner Tim Eagan yes, Commissioner Trish Wilson yes, Chairman Mark Eshman yes, Commissioner Michael David yes, Commissioner Randy Hall (by phone) yes, Commissioner Trina Peters yes, and Commissioner Jim Slanetz yes. Motion passed unanimously.

Commissioner Tim Eagan moved to come out of Executive Session, seconded by Commissioner Trish Wilson. Roll call: Commissioner Tim Eagan yes, Commissioner Trish Wilson yes, Chairman Mark Eshman yes, Commissioner Michael David yes, Commissioner Randy Hall (by phone) yes, Commissioner Trina Peters yes, and Commissioner Jim Slanetz yes. Motion passed unanimously.

6. ADJOURNMENT

Commissioner Tim Eagan moved to adjourn at 7:58 pm. Motion seconded by Commissioner Trish Wilson, and passed unanimously.



MARK ESHMAN,
Chairman

ATTEST:



SANDRA E. CADY, CMC
Secretary/Treasurer