

PRIORITY CODE UPDATES

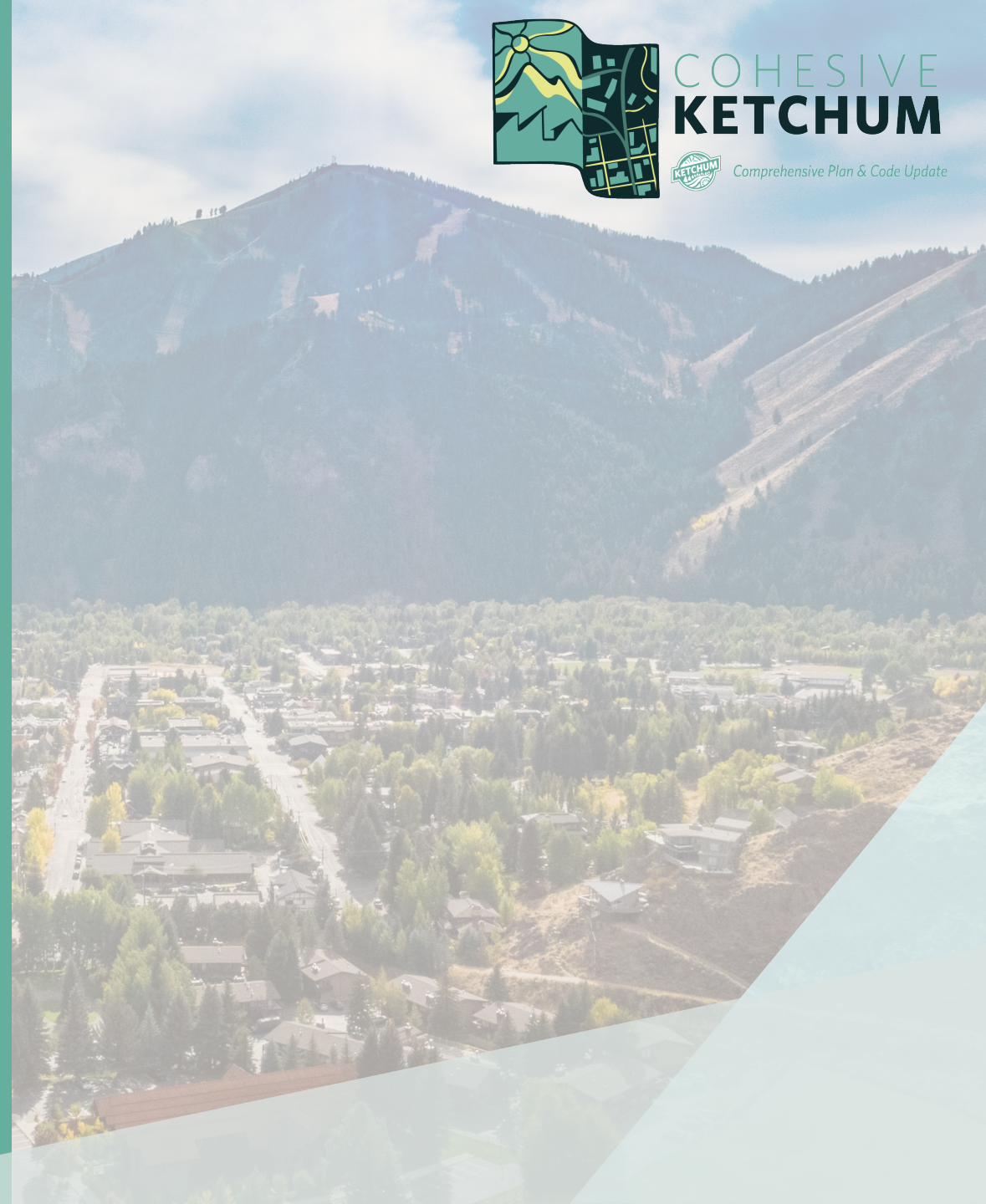
Planning and Zoning Commission
August 11, 2026



COHESIVE
KETCHUM



Comprehensive Plan & Code Update



MEETING PROCESS

Adoption Hearing: Ordinance 1279

- Staff Presentation
- Commission Q&A
- Public Comment
- Deliberations
- Decision



PROCESS TO DATE

General Outreach

- Regular updates in "Community Brief" and "Good Foundations"
- Survey questions every two weeks
 - 464 total responses

April Open House

- 50 attendees
- All topics discussed

Technical Advisory Group

- Kick off and walking tour (Fall 2025)
- Three meetings
- Testing Exercise

Financial Feasibility – ongoing modeling to test tipping points for certain regulations

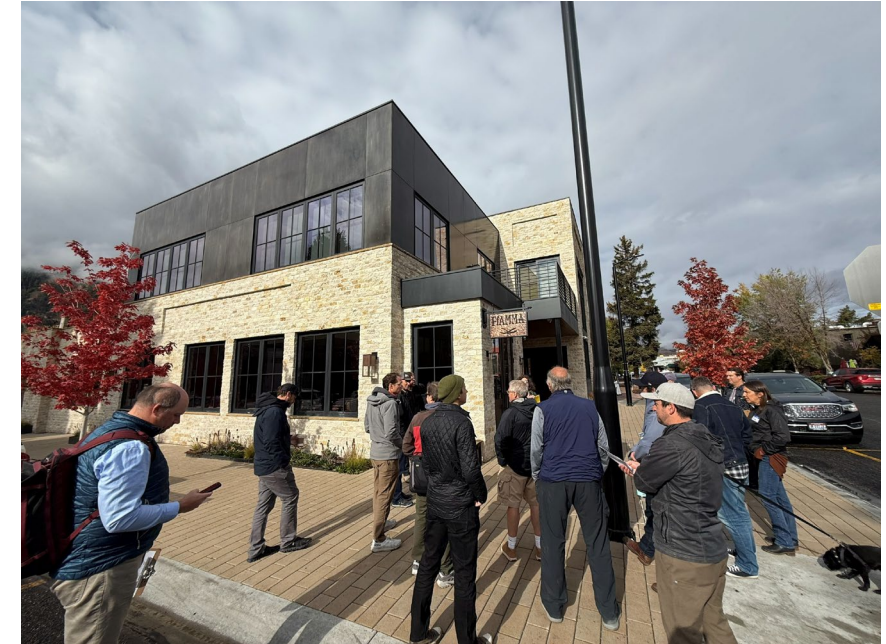
May Joint Work Session and Community Open House/Survey

- 176 survey responses to survey

Council Housing Discussions

TAG Meeting - July

Priority Code Updates



ANALYSIS PHASES

The proposed amendments evolved through community input, technical testing, policy direction, and financial feasibility analysis.



Where these inputs aligned, the draft follows that direction. Where they identified competing priorities, the draft seeks to thoughtfully balance those objectives while advancing the community's overall vision.

NEXT STEPS

Priority Code Updates

- If recommendation – hearing with Council on September 10th
- If continuation – hearing with Council TBD

Installment 1 Code Updates

- August 11th workshop – Historic Preservation Commission
- August 12th Open House
- **August 20th workshop – Planning and Zoning Commission (full installment)**
- Adoption Draft – October
- Adoption Hearings w/ PZ begin – November



RESIDENTIAL BUILDING HEIGHT



OVERVIEW

COMP PLAN:

- LDR and MDR - "Up to two stories"
- HDR - "Up to three stories"

DRAFT ORDINANCE:

- Reduction of max building height in residential zone districts
- Reduction of max building height in GR-H, T, T-3000, and T-4000 based on FAR
- Revision to the height bonus for pitched roofs

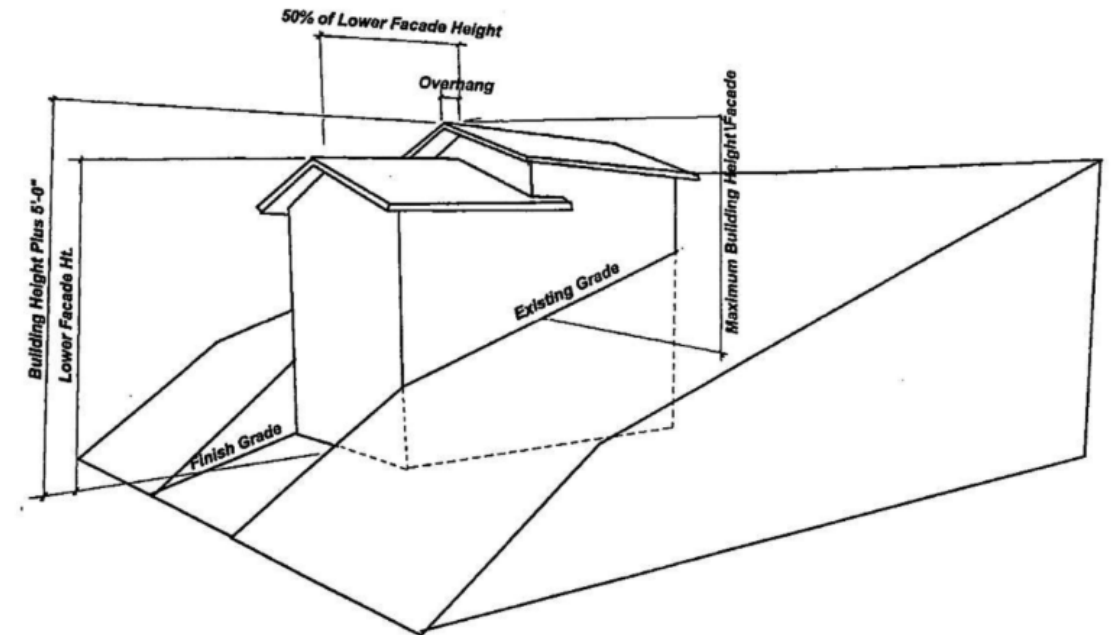
***Revisions from draft ordinance based on TAG feedback and staff discussions*



DEFINITION

CURRENT:

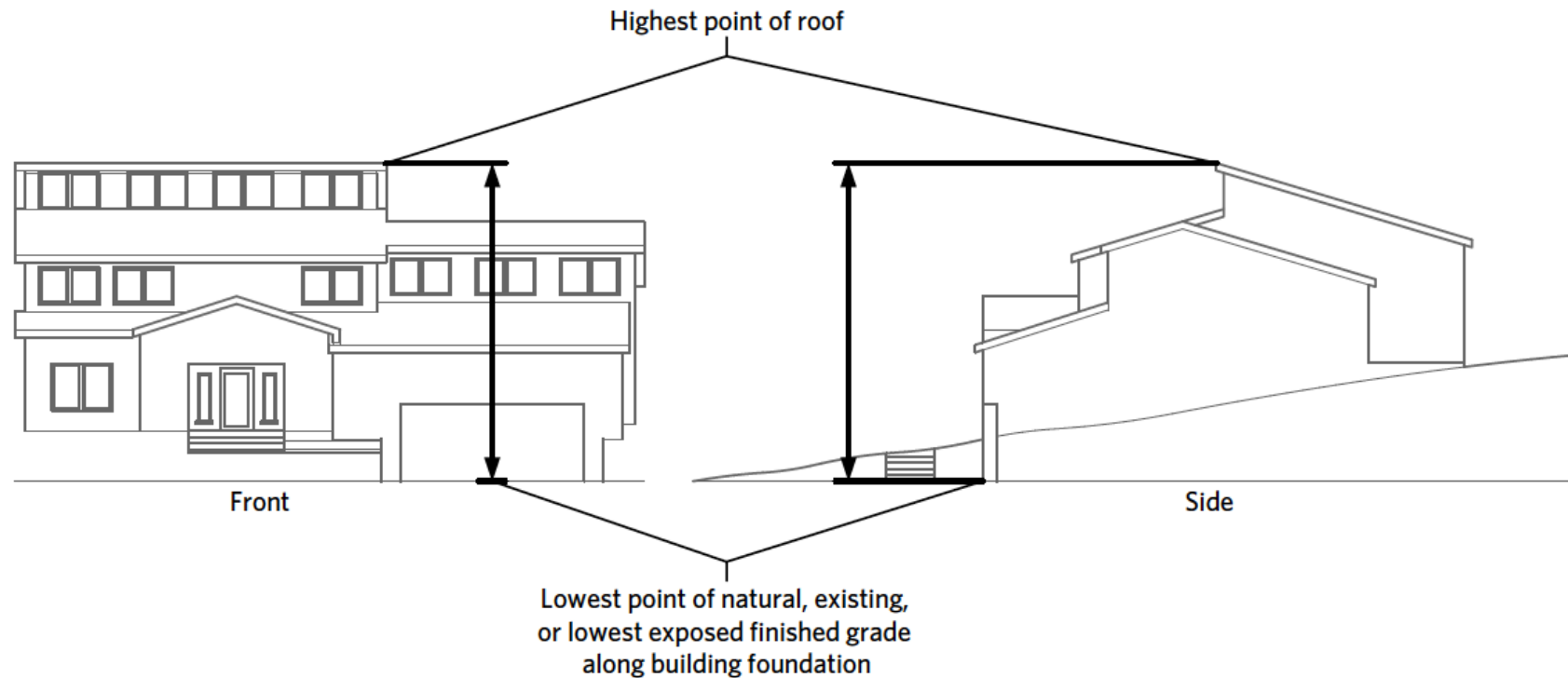
- a. Building height shall be the greatest vertical distance measured at any point from natural, existing, or finished grade, whichever is lowest, to the highest point of the roof. The maximum vertical distance from the lowest exposed finished floor to the highest point of the roof (regardless of vertical alignment) shall be no more than five feet greater than the maximum height permitted in the zoning district. No facade shall be greater than the maximum height permitted in the zoning district.
- b. Facades that step up or down hillsides shall be set back from the lower facade a minimum of 50 percent of the height of the lower facade; except, that roof overhangs may extend up to three feet into this area. This building height provision shall apply to parapets, Boston roofs and any other portion of a building roof, but shall not apply to flagpoles, lightning rods, weather vanes, antennas, or chimneys.



DEFINITION

PROPOSED:

Building Height shall be the greatest vertical distance measured at the lowest point of natural, existing or lowest exposed finished grade along the building foundation perimeter to the highest point of the roof regardless of vertical alignment.



BUILDING HEIGHT

CURRENT

All Residential Districts
(LR, LR-1, LR-2, GR-L, and all STO)
35 FT

Mixed-Use Districts
(T, T-3000, T-4000, and GR-H)
35 FT + incentive

PROPOSED

All Residential Districts
(LR, LR-1, LR-2, GR-L, and all STO)
27 FT + incentive

Mixed-Use Districts
(T, T-3000, T-4000, and GR-H)
<0.5 FAR = 27 FT + incentive
>0.5 FAR = 35 FT (no incentive)

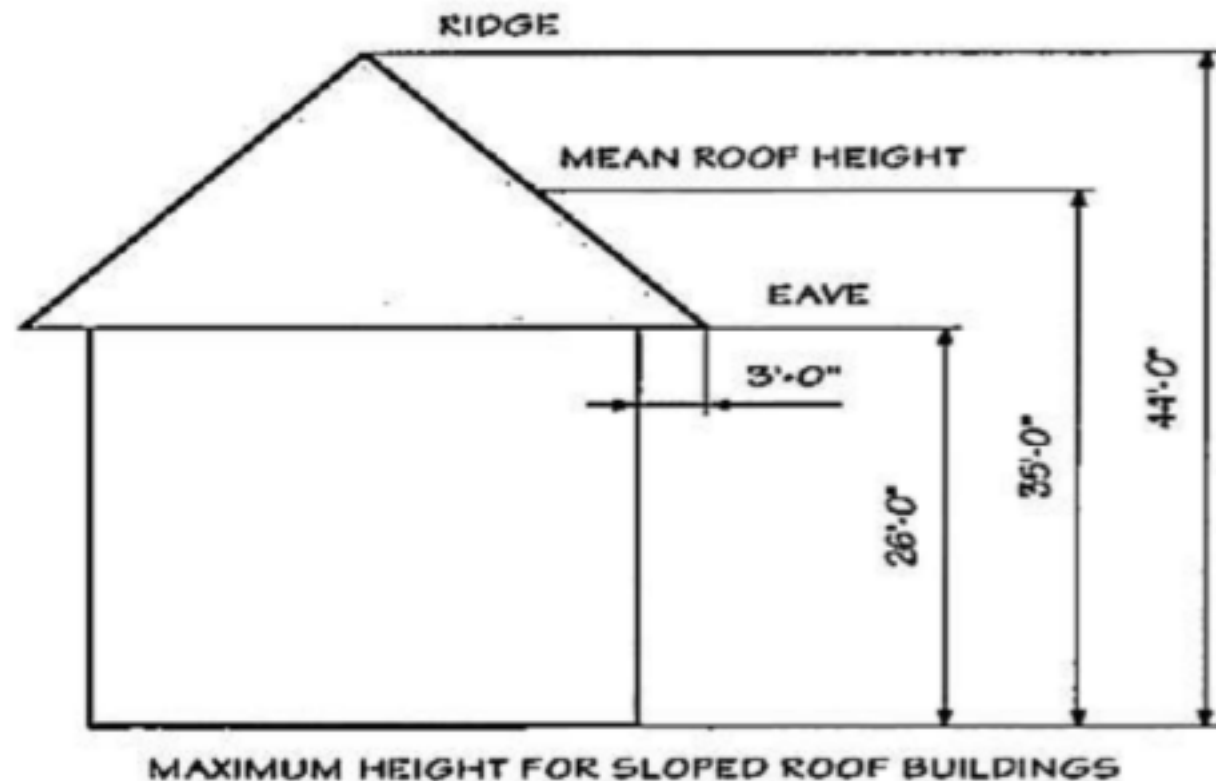


ROOF PITCH INCENTIVE

CURRENT:

T/T-3000/T-4000/GR-H

For a building with a roof pitch greater than 5:12, the maximum height to the mean point of the ridge or ridges measured from eaves line to the ridge top shall be 35 feet. Roof ridges above the mean point may extend up to a height of 44 feet.

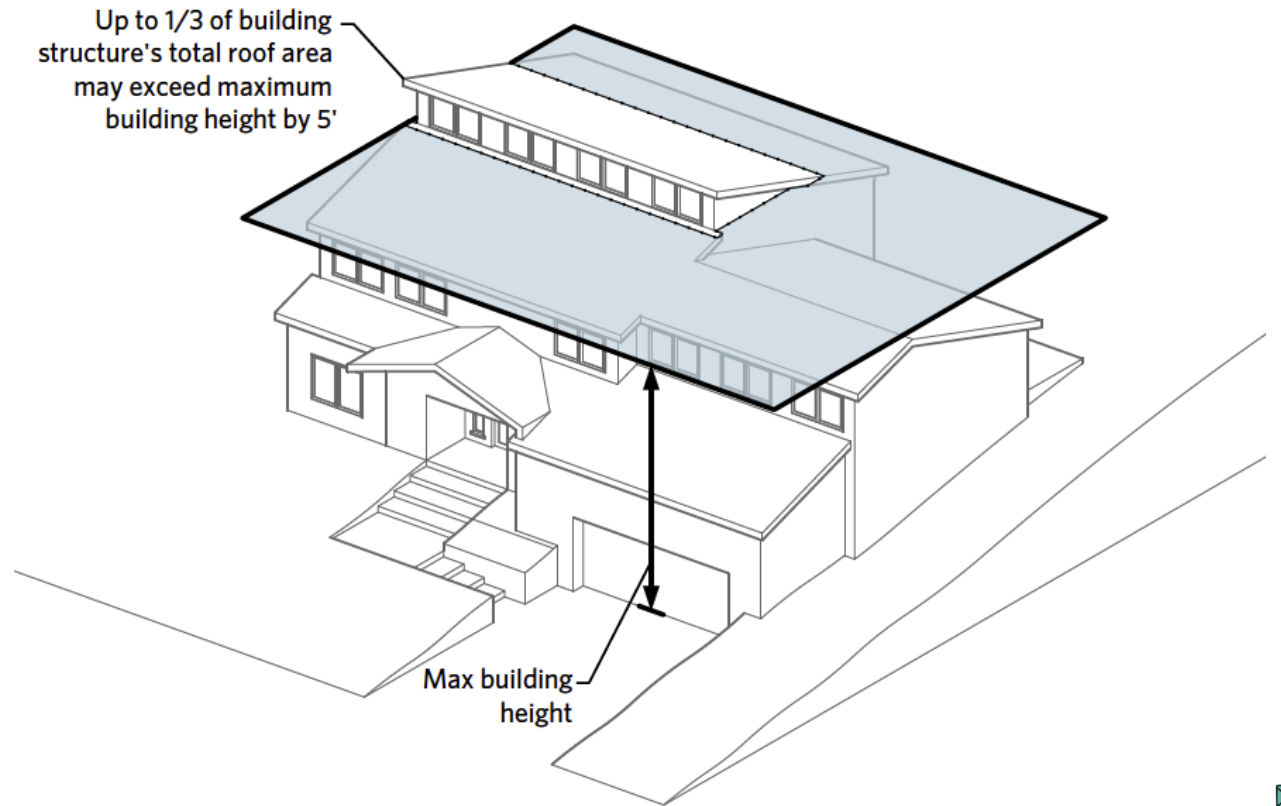


ROOF PITCH INCENTIVE

PROPOSED:

ALL Residential Districts and
T/T-3000/T-4000/GR-H <0.5 FAR

Up to 1/3 of building or structure's total
roof area may exceed maximum building
height by 5 ft.



PERMITTED USES AND NONCONFORMITIES



OVERVIEW

COMP PLAN:

- LDR and MDR – Single Family Residential
- HDR – No Single Family Residential

DRAFT ORDINANCE:

- Removal of “dwelling, one family” from T, T-3000, and T-4000
- Consolidated LDC removed from GR-H

***Revisions from draft ordinance based on TAG feedback and staff discussions*



RESEARCH

COMP PLAN LAND USE:

- T and T-3000 zone districts have none, or very little Low and Medium Density designated properties.
- T-4000 is largely designated in the comprehensive plan as Medium Density Residential.

DIMENSIONAL LIMITATIONS:

- T zone –
 - one lot below 5,000 SF
 - eight are between 5,000 and 8,000 SF
- T-3000 zone
 - none are below 5,000 SF
 - one is between 5,000 and 8,000 SF

Zone	Total Lots	Lots in LDR FLU	Lots in MDR FLU
T	248	4	5
T-3000	60	0	0
T-4000	18	0	14



REVISIONS

- Allow “dwelling, one-family” in T, T-3000, and T-4000
- No change to GR-H
- Use specific restrictions in T and T-3000 only
 - (A) Permitted Status. Except as described in b.2 above, a single-family dwelling lawfully established in the T, T-3000, or T-4000 District prior to [effective date] remains a permitted use on that lot, notwithstanding removal of single-family dwellings from the Table of Permitted Uses for these Districts. The dwelling shall not be considered a nonconforming use or structure for purposes of §16.01.050, Nonconformities.
 - Restoration or reconstruction per draft language in staff report



DOWNTOWN (CC-1 AND CC-2)



OVERVIEW

COMP PLAN:

- Retail Core (CC-1) separate and distinct from Mixed-Use (CC-2)

DRAFT ORDINANCE:

Retail Core (CC-1)

- Changed the allowed FAR range from a base FAR of 1.0 and max FAR of 2.25 to a base FAR of 1.2 and a max FAR of 2.0
- Required a 10ft setback of third floors from the second-floor facade
- Eliminated the allowance of 4th and 5th floors for any development

Mixed-Use (CC-2)

- No changes to FAR
- Required a 10ft setback of third and fourth floors from the lower floor facade
- Eliminated the allowance of 5th floors for any development
- Restricted the allowance of 4th floors to only 100% community housing developments or developments on lots that slope away from the street



COMMUNITY HOUSING INCENTIVE



OVERVIEW

COMP PLAN:

DRAFT ORDINANCE:

- CC-1 FAR
 - Base increased from 1.0 to 1.2
 - Maximum reduced from 2.25 to 2.0
- No changes to FAR for CC-2, GR-H, T, T-3000, and T-4000
- Community Housing Calculation is based on only gross floor area, no 15% reduction to net livable
- Community Housing contribution increased from 20% to 30% for a lot or lots greater than 10,000 square feet
- In-lieu fee per square foot is determined at the time of Final Design Review application, not Pre-Application Design Review
- Clarification of Approval Process and what is outright vs. Discretionary

***Revisions from draft ordinance based on TAG feedback and staff discussions*



REVISIONS

- “APPROVAL” = FAR Exceedance Agreement

Administrative

- After Design Review Approval

Discretionary

- City Council review and action prior to Design Review approval
- Action
 - FAR Exceedance Agreement conditioned on DR approval
 - Approval of proposal conditioned on DR approval with FAR Exceedance Agreement approved after Design Review



FINANCIAL FEASIBILITY



FINANCIAL ANALYSIS

Purpose

- Financial feasibility testing of conceptual projects in CC-1 and CC-2 districts to support changes to the district requirements.
- Feasibility testing to support changes to the Floor Area Ratio (FAR) Density Bonus Program for projects in the CC-1 and CC-2 districts.

Approach

- Three sites analyzed in separate models.
 - CC-1 Single Lot
 - CC-2 Single Lot
 - CC-2 Consolidated Lot
- Potential changes to the code are analyzed in comparison to a “base case” program.
 - Existing by-right FAR of 1.0
 - Maximum FAR of 2.25 under current bonus program



FINANCIAL ANALYSIS

Overview

- Development programs are conceptual
- Model inputs used are a current snapshot of conditions.
- Project return assumptions illustrate minimum threshold needed to attract investment.
- The purpose is to illustrate the relative difference in returns from potential changes, not to determine the exact perimeters under which all projects can be feasible.
- Feasibility testing found that most/all of programs tested either marginally meet the required return metric or fall short.

Findings

- Project feasibility is highly dependent on the ability to sell luxury “penthouse” units and is essential to being able to generate community benefits.
- The depth and strength of the luxury market is difficult to determine. Re-calibration of the bonus programs is likely necessary to reflect these changing conditions.
- The city will likely be more successful in leverage new development to create community benefits if it prioritizes a benefit(s) (e.g., community housing or affordable commercial space).



FINANCIAL FEASIBILITY

Findings

- The fee in lieu option is the most attractive financially based on the concepts tested.
- Removing the net space required reduction makes the fee in lieu project fall below the target returns but becomes in line with returns for projects with on-site units.
- Changes to the category requirements to allow for category 5 or 6/L improves returns but only slightly. Allow for higher incomes units may entice greater on-site unit creation, especially for desired unit types (e.g., larger units).
- Increasing the set aside percentage requirement has major impacts on feasibility.

Recommendations

- Significant changes to the set aside requirements will create significant feasibility challenges
- Minor changes to the bonus program to make on-site units more attractive or to encourage development of desired/needed unit types can create more flexibility for project designs
 - Allowing for for-sale category L units (instead of category 4 units), perhaps with a minimum unit size or bedroom requirement, may entice desired on-site unit types to be produced.



MEETING PROCESS

Adoption Hearing: Ordinance 1279

- Staff Presentation
- Commission Q&A
- Public Comment
- Deliberations
- Decision



RECOMMENDATION

MOTION:

Motion to recommend approval of Ordinance 1279, with revisions, to City Council.

REVISIONS:

- Revised building height for GR-H to be 27 ft for developments less than 0.5 FAR
- New Building Height Definition as proposed
- New height bonus for portions of the building as proposed
- Amend the Table of Permitted Uses to list "dwellings, one-family" as P in T, T-3000, and T-4000 with use restrictions for T and T-3000 zone districts as proposed
- Revise the community housing incentive to clarify the outright approval process to be after Design Review not before, and add an FAR Exceedance Agreement step in discretionary approvals
- Others??

