



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: April 21, 2025

Staff Member:

Rian Rooney / Housing Dept

Agenda Item: Light Rental Preservation Program Policies

Recommended Motion:

I move to approve the Rental Preservation Program Policies and instruct staff to launch the program in June with remaining budget from the current contract with Placemate.

Reasons for Recommendation:

- Lease to Locals uptake has slowed. There is demonstrated interest in program participation from existing long-term landlords, who could participate in a light preservation program.
- A preservation program complements other community housing actions and provides a bridge to keep units occupied by local tenants while additional long-term housing units are developed or converted.

Policy Analysis and Background (non-consent items only):

GOAL 1: Create + Preserve Community Housing

ACTION:

- **Explore light preservation program.**

At the March 3 Council Meeting, staff presented an update on the performance of Lease to Locals to date and introduced the concept of pivoting remaining funds to a light, rental preservation program. Council provided direction to wind down Lease to Locals and develop policies for a preservation program launch in May/June. The March 3 staff report is attached.

Lease to Locals Wind Down

Since presenting in March, two additional properties are in the process of entering the Lease to Locals program, making a projected total of 6 properties and spend of \$122,497 through May 2025. No properties will be permitted to enter the program after June 1, and remaining funds will be redirected to the rental preservation program.

Even with Lease to Locals winding down, Placemate will continue to administer the program for existing property owners and tenants through the completion of the current fiscal year contract at no additional cost; this work will be covered by the existing flat administration fee of \$6,000/month, which will also cover the rental preservation program. Continued administration of the final Lease to Locals properties will require up to 12 months of work. After September 30, 2025, administration could either be handled internally by staff or by Placemate, which can be determined in conjunction with other program, budget, and staffing considerations. Housing staff will likely not be able to take this responsibility in-house without reducing the team's work scope.

Rental Preservation Program

The rental preservation program will provide financial incentives to property owners over the course of a three-year period to continue to long-term rent units to local households, with limited allowed increases in rent each year. The program is envisioned as a bridge, preserving existing long-term local rentals, encouraging stability for tenants, and rewarding landlords committed to renting to locals with funds that will incentivize them to continue doing so.

Following Council direction to move forward with a preservation program, staff and Placemate developed and distributed a survey to gauge local interest in the program. The survey was distributed directly to 55 property owners who were identified as long-term landlords in the existing Lease to Locals database (i.e. they had previously expressed interest in Lease to Locals but were ineligible) as well as 31 property owners who indicated interest in a light preservation program through the 2023 Blaine County Housing Needs and Preferences Survey. The survey was also distributed through the Ketchum Housing newsletter.

The survey received 36 unique responses, including 26 respondents who are currently long-term renting, of which 20 indicated they would be likely or very likely to participate in the program. The 26 respondents indicated they have been long-term renting an average of 10.4 years and 5 years to their current tenants.

Staff and Placemate have drafted program policies for the rental preservation program (attached to this staff report). Staff projects that there will be \$177,503 in remaining contract budget at the end of May to launch the preservation program.

- \$24,000 in administration costs over 4 months
- \$1,000 in marketing
- \$152,503 in incentives

Based on the distribution of sizes of housing units participating in Lease to Locals, staff estimate that the incentives will support approximately 17 properties.

Program Policies

- Eligible properties may not be otherwise subsidized or restricted for local occupancy or affordability.
- At launch, properties must be located within Ketchum city limits. If budget remains, properties located in the North Wood River Valley would be eligible to participate.
- Property must be an existing long-term rental for at least the past 12 months
 - Properties that have participated in Lease to Locals will be excluded from eligibility in this program at launch
- At application, at least 50% of tenant household must work at least 30 hours per week in Blaine County or meet a qualifying exemption. Continued compliance for the program requires that at least 1 member of the household remains a qualified local.
- At application, average Gross Income of all tenants in a household cannot exceed 120% of the area median income
- To enter the program, a new 12-month lease must be signed with no rent increase allowed for the first year
- Properties are not subject to a rent cap, but subsequent rent increases in years 2 and 3 are limited to 3.5% (on average, area median income has annually increased 4% since 2019 and 2% since 2015)
- 45 days prior to the end of each 12-month period and subsequent incentive payment, program administrator will conduct a check-in with landlord and tenants to ensure continued compliance

Incentives are backloaded to encourage continued participation through the entirety of the program (15% at lease signing, followed by 15%, 30%, and 40% at the end of the third 12-month lease, with at least annual compliance check-ins).

	Studio	1 BR	2 BR	3+ BR
Total Incentive Amount	\$6,000	\$8,000	\$10,000	\$12,000
Avg. Incentive Amount / Month	\$167	\$222	\$278	\$333

Example 2 Bedroom Property Incentives:

At Lease Signing May 2025	End of Lease 1 May 2026	End of Lease 2 May 2027	End of Lease 3 May 2028
15%	15%	30%	40%
\$1,500	\$1,500	\$3,000	\$4,000

Property Prioritization

At the March City Council meeting, council members raised three factors they'd like to be considered in program development and applicant prioritization: 1) time long-term renting, 2) affordability of rent, and 3) location. Staff and Placemate have worked on and discussed the feasibility and mechanics of operationalizing prioritization for the program. In general, clear eligibility rules are simpler and easier to implement than prioritization. In the Town of Truckee Rooted Renters launch, prioritization was driven by time of application following program launch ('first come, first served').

To operationalize a more complex prioritization system, staff and Placemate will set up an initial, one-week application window period that will open June 2 and close June 9. Interested property owners can submit basic information during this period, including unit size and description, time renting, current rent amount, location, etc. Property owners will be advised that this information may be subsequently verified and the City has the discretion to disqualify them from the program in the event information is determined to be untrue. At the conclusion of the application window, Placemate will review applicants and order them by priority. Using the budgeted incentive funds, Placemate will then work through the list, allocating potential funds to each applicant until budget is fully accounted for. Those applicants will then be contacted and will have one week to schedule a call with Placemate to maintain eligibility. Any applicants that do not respond to initial outreach will be disqualified, and the next priority applicant will be contacted.

Time Long-Term Renting

Staff and Placemate thought through establishing a prioritization framework to reward long-time landlords, however, it was determined that it is very difficult to verify this information – particularly for rental histories exceeding a few years. For reference and reporting, the initial application can include questions asking how long a landlord has been long-term renting and how long to the current tenants. This information could also be used in a tie-breaker scenario, but staff believes such a situation will be unlikely to occur. It is too difficult, if not impossible, to fairly verify and subsequently sort properties by length of time renting, particularly in the one-week time frame that will be used to prioritize the waitlist. However, in accordance with the program policies, all participating landlords will need to have been already long-term renting to a qualified household for at least 1 year prior to entering the program.

Affordability of Rent

In the initial application questions, the landlord will be asked to provide information on the unit, including the unit size and the current rent. This information will subsequently be verified if the landlord proceeds

with participation in the program. Staff and Placemate will take the self-reported information and compare the rent rate to the median rent rate in Ketchum for the equivalent unit size in the past year, as monitored by Blaine County Housing Authority. Properties then can be compared across unit sizes as a percentage of the median rent for their size and sorted into a priority list.

Unit Size	Ketchum Median Rental Rate (April 2024 – March 2025)
Studio	\$1,763
1 BD	\$2,250
2 BD	\$3,000
3 BD	\$3,400

Location

There was also some discussion from the Council of how to prioritize units by location outside of the City of Ketchum limits. Given the limited budget, participating units should be located within the City of Ketchum. However, if the Council wants to allow units outside of Ketchum to be eligible if all Ketchum applications have been exhausted and budget remains, eligibility could be expanded to locations outside of Ketchum. Staff seeks Council direction on whether to allow for properties outside of Ketchum to participate, recognizing that Ketchum units will be prioritized and may account for the full incentive budget regardless.

If Council wishes to use location as a secondary priority, staff recommend opening the “North Valley” to participation. Eligible units in the North Valley would be sorted by affordability to establish priority once all Ketchum applications have been exhausted.

Next Steps

With approval of the draft program policies, Placemate and staff will initiate marketing for the program. The program will launch on Monday, June 2, opening a week-long waitlist, during which time property owners can complete and initial application and provide information on their property, including address, current rent, unit description, years long-term renting etc. Priority applicants will be contacted on June 10.

Following the June launch, staff will provide the Council with a program review – and comparison to Truckee’s launch – for consideration during FY26 budget planning to inform the future of the program.

Sustainability Impact:

The preservation program will provide assistance to continue to house members of the community locally, ensuring that residents are closer to their places of work, recreation, and other needs. This proximity helps to decrease transportation time and reduce vehicle-related emissions associated with commuting to and from work from outside of the community.

Additionally, the program preserves existing housing units as locals’ housing, utilizing existing housing stock, land, and resources.

Financial Impact:

None OR Adequate funds exist in account:	adequate
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Attachments:

1. Draft Rental Preservation Program Policies
2. March 3 Staff Report – Lease to Locals Update + Light Preservation Program Direction

RENTAL PRESERVATION PROGRAM POLICIES

1. Program Overview

The Rental Preservation Program (“the Program”) offers financial incentives to property owners who agree to continue to rent their property to qualified locals and to lock in affordable rental prices for 3 years. The goals of the Program are to preserve stable, long-term rental housing for local tenants across multiple years, to support existing landlords renting long-term to locals, and to expand the City’s suite of housing programs through a multi-year and efficient preservation solution.

2. Program Definitions

The following definitions are relevant to the Program:

- A. **Adult:** An individual who is 18 years of age or older.
- B. **Bedroom:** An enclosed habitable room planned and intended for sleeping, separated from other rooms by a door, and accessible without crossing another bedroom, closet space, or bathroom. A bedroom will have an emergency escape and rescue opening(s), and a minimum floor area of seventy (70) square feet, exclusive of a closet. Additionally, the construction of the room shall have been authorized by a building permit, and the room shall comply with all codes in effect at the time of construction or conversion into a bedroom.
- C. **Child:** An individual who is less than 18 years of age.
- D. **Long-Term Rental:** A property rented directly to full-time tenant(s) on a lease with a minimum term of 12 months.
- F. **Qualified Household:** Any individual renter or group of individual renters living together in one home as their primary residence, where at least half of the adults are Qualified Tenants at time of application. To be considered a Qualified Household, a renter group must be approved by the Program Administrator and the City of Ketchum through the application process laid out in these Program Policies. Qualified Households must meet one of the following income qualifications:
 - a. The average annual gross income of all adult residents of a household (related or unrelated) can be no more than 120% of the area median income as set by the Blaine County Housing Authority. Adult tenants who are full-time students are not included when determining if 50% of the adults in the household are Qualified Tenants or when calculating average household income.
 - b. The income qualification for single parent households with one adult and at least 50% child custody is a household income of 1.5 times of 120% of the area median income for a single person income as set by the Blaine County Housing Authority, which includes all income, including child support.
- G. **Qualified Tenant:** An adult who is not of blood relation to the Property Owner who meets the definition of a Local Employee, Local Senior, or Local Person with a Disability.

- H. **Local Employee:** A person who is employed, self-employed, or offered employment and is working for a minimum of 1,500 hours per calendar year (average of 30 hours per week) for an employer whose business activity is primarily located within Blaine County and who employs person(s) physically working within Blaine County (“Local Employer”).
- Exceptions to the minimum work hours include teachers and military personnel.
 - Breaks in employment requirements due to temporary physical or mental disability, family medical leave, and education or training are not disqualifying.
 - Employers that create and manage short-term rentals are not considered a Local Employer.
- I. **Local Senior:** A person 65 years or older who meets at least one of the following criteria:
- Was a Local Employee for at least five of the six years prior to reaching age 65 (or older) and continued living at least nine out of every twelve month period in Blaine County since reducing work hours or retiring.
 - Was a Local Employee for at least ten of the fifteen years prior to reaching age 65 (or older), and continued living at least nine out of every twelve month period in Blaine County since reducing work hours or retiring.
- J. **Local Person with a Disability:** A person who is any of: 1) a person who has a physical or mental impairment that substantially limits one or more major life activities; 2) a person who has a history or record of such an impairment; or 3) an individual who is perceived by others as having such an impairment. Additionally, a person who either 1) lived in Blaine County at least nine out of every twelve month period for the previous two years, or 2) was a Local Employee immediately prior to their disability.
- K. **Property Owner:** The property owner or ownership group that holds fee title to the Eligible Property.
- L. **Eligible Property:** The housing unit must be a house, condominium, multifamily (4 or fewer unit building), mobile home, or accessory dwelling unit that has been rented consecutively full-time for at least the past 12 months. Excludes deed-restricted, work/live, employer/employee, and otherwise subsidized units including properties that participated in the Lease to Locals program.
- M. **Property Location:** The Eligible Property must be located within Ketchum’s City Limits. Properties in the the Avalanche Zone District are not eligible. If budget remains, Properties located in the North Wood River Valley (area directly North of Ketchum's ACI and South of Ketchum’s ACI to the border of Hailey's ACI) would be able to participate.

3. Program Outreach and Marketing

- A. City staff will post application information and materials on the City’s website. City staff will also issue a press release and Program information will be provided to all interested parties.
- B. The Fair Housing logo will be placed on all outreach materials and applications.
- C. The Program Administrator (“the Administrator”) will work closely with local homeowners and local renters providing information for Program eligibility prior to Program launch.
- D. At Program launch, the Administrator will open an application form on their website. The application period will be a minimum of one week after Program launch at which point the City and Administrator will rank and prioritize applications based on rent affordability. If budget remains, the application period may be extended. Administrator has sole discretion

to disqualify Property Owner if self-reported information on Program application is deemed to be untrue.

4. Fair Housing Compliance

The Property Owner must comply with Ketchum's Resolution 12-002 reaffirming the Federal Fair Housing Act, Policy 9.24, which prohibits discrimination on the basis of sexual orientation and gender identity/expression, and the Federal Fair Housing Act, which prohibits discrimination on the basis of race, color, religion, sex, or national origin.

5. Program Administration

City of Ketchum Role: The City will administer the Program with support from a third-party administrator. The City is responsible for managing the contract with the Administrator, issuing incentive payments, and Program evaluation.

Program Administrator Role: The Administrator is responsible for operating the customer-facing side of the Program and providing the following services for the City's Program: program development, customer service, marketing, and processing applications per Program Policies. The Administrator is responsible for meeting with City Staff regularly and for providing an annual update to Staff and Council Members on the status and progress of the Program.

6. Property Owner Participation Requirements

Rental Rate Requirements

While there is no maximum cap on rent, participating Property Owner and tenants must retain their existing rent rate upon entering the Program for the first 12 months.

Participating properties in Program are subject to a maximum 3.5% rent increase every 12 months that their property is in the program.

Initial Lease Requirements

Property Owner must sign a minimum 12-month lease agreement with a Qualified Household that includes at least one existing tenant.

Lease Renewal Requirements

If a Qualified Household has occupied a property for a full 12-month lease term, the subsequent lease term may move to a month-to-month rental agreement with the same Qualified Household. The original 12-month lease may contain a clause that indicates that the lease will roll over to month-to-month at the conclusion of the first lease term, or, at the end of the first 12-month lease term, a new lease agreement with a month-to-month term may be signed.

Annual Monitoring Requirements

The Administrator will conduct a check-in with the Property Owner and tenants 6 weeks prior to the completion of each 12-month term to verify that the tenant group remains in the property and at least one tenant remains a Qualified Tenant for the Program and to inquire about the plans for the end of the lease term.

Property Owner Application

To begin participating in the Program, Property Owner must submit the following information and documents as part of a complete application. The Administrator will support Property Owner by collecting the following:

- A. Signed attestation acknowledging terms and conditions of Program.
- B. Signed lease agreement with a Qualified Household for a minimum of 12 months.
- C. Signed Property Owner application.
- D. A check request form for the first incentive payment
- E. Completed W-9.

All applications must be submitted to the City of Ketchum within 60 days of the start date of the lease.

Unit Participation Limit

A Property Owner may only participate in the Program with one Eligible Property.

7. Eligibility Requirements for Tenant Household Groups Applying for Program

Household Group Eligibility and Participation

To participate in the Program, a Property Owner must provide housing to a Qualified Household as outlined in Section 2 Program Definitions.

Tenant Applications

Each Adult applicant in the Qualified Household must submit income and other documentation as part of the application in order to determine total household income and local qualification. Self-employed and business-owning tenants will be required to provide sufficient documentation to substantiate income and local employment for at least 30 hours per week. The documentation required is based on the applicant's employment circumstances, and the Program Administrator will work with Property Owner and tenants to collect the required materials.

Required documentation may include but is not limited to some or all of the following:

- (a) Copy of current driver's license or other photo ID
- (b) Copy of Two (2) paystubs from the past consecutive three (3) months to verify local employment and hours OR

- W-2(s) to verify annual income
- Most recent tax return
- Affidavit of Employment from employer stating hours, pay, and location of employment

(c) If self-employed, financial statements and proof that 50% of their income is earned by serving customers in Blaine County and most recent tax returns containing Schedule K-1.

(d) Social Security Retirement benefits statement

(e) Social Security Disability benefits statement

For persons 65+ and no longer working full-time (30 hrs/week on average), tenant must submit the following:

- Letter from employer verifying former employment or other form of employment verification or tax returns from the five years preceding retirement until most recent tax year.
- Proof of residence in Blaine County since ceasing to work full-time

For persons who are unable to work full-time due to a disability:

- If not receiving disability payments from SSA and if disability is not readily apparent, a note from the tenant's medical or therapeutic provider, including a non-medical service agency or reliable third party, or HUD's Disability Verification form.
- Proof of residency in Blaine County for the previous two (2) years

Modification of a Tenant Group

Tenants are required to submit applications proving their qualifications for the Program at the beginning of their tenancy.

If at any point in Program participation the tenant(s) and/or household group living in the property changes, the Property Owner must notify the Administrator.

If at any point in Program participation, the entire household group moves out, the Property Owner must replace the household with another Qualified Household who agrees to a new 12-month lease to receive their subsequent incentive payment. Each adult in the new household group must submit a complete tenant application.

If at any point in Program participation, only a portion of the individuals in a Qualified Household group move out, the Property Owner must ensure that the remaining occupant group as a whole remains qualified to receive the subsequent incentive payment. In some instances, the Property Owner will be required to replace the tenants who moved out with new qualified tenants to maintain a Qualified Household group. All new tenants in a household group must submit complete tenant applications. Household groups whose makeup partially changes may either sign on as sublessees from the original household group or may be included on a modified version of the existing lease agreement, or the group as a whole may sign a new 12-month lease agreement.

If at any point during Program participation a property is not being used by a Qualified Household group as their full-time residence, the Property Owner has 90 days from the start of

the tenant group being out of compliance to replace the tenants such that the property is rented to a Qualified Household. These 90 (or fewer) days do not count towards the 36 months of the Program and Property Owner must lease to a Qualified Household for the full 36 months to receive the total incentive payment.

If a new Qualified Household cannot be placed, the Property Owner may be disqualified from receiving the subsequent installment(s) of the incentive disbursements.

8. Incentive Payment Distribution

Incentive Amounts and Schedule

Property Owner participating in the Program are eligible to receive the incentive payments listed in the table below. The total incentive available is based on the size of their housing unit (studio, 1-bedroom, 2-bedroom, 3 or more-bedroom). To receive 100% of the available incentive payments, owners must long-term rent their property to a Qualified Household group for a cumulative total of 36 months.

Incentives will be paid to the Property Owner in four installments, each a percentage of the total incentive payment. Each payment to Property Owner is issued when their property has been rented to a Qualified Household group for the cumulative duration of the indicated period of times below. Payments are progressively larger to incentivize owners to continue renting their property long term after each 12-month period.

	Studio	1-Bedroom	2-Bedroom	3-Bedroom +
0 Mo (15%) (Application Approved)	\$900	\$1,200	\$1,500	\$1,800
12 Mo (15%)	\$900	\$1,200	\$1,500	\$1,800
24 Mo (30%)	\$1,800	\$2,400	\$3,000	\$3,600
36 Mo (40%)	\$2,400	\$3,200	\$4,000	\$4,800
Total Incentive	\$6,000	\$8,000	\$10,000	\$12,000

Incentive Payment Responsibility and Required Documents

The Administrator will collect from Program participants the following information depending on how far along the property is in its participation in the Program. Payments will be issued to Property Owner based on the above schedule after the following documentation has been collected and verified by the Administrator and the City. Payments will not be issued if the following information and documentation cannot be collected:

0 Months – Administrator collects:

- A. Property Owner application
- B. Tenant applications for the Qualified Household
- C. 12+ months signed lease
- D. Confirmation of occupancy

12 months of cumulative rental period to a Qualified Household – Administrator collects:

- A. Completed check-ins from Qualified Household and Property Owner including verification that at least one tenant remains a Qualified Tenant
- B. Confirmation of a Qualified Household residing in the property, documented by one of the following:
 - 1. 12-month signed lease, OR;
 - 2. Confirmation that a previous Qualified Household has stayed in property on a month-to-month agreement, OR;
 - 3. Confirmation that a Qualified Household that partially or completely replaced the previous Qualified Household in the middle of the original lease is still in the property
- C. If a Qualified Household has changed any adult tenant members, Qualified Tenant documents from any new adult tenants
- D. If the Qualified Household has completely changed from past occupants to a new Qualified Household, confirmation of move in

24 Months of cumulative rental period to a Qualified Household – Administrator collects:

- A. Completed check-ins from Qualified Household and Property Owner including verification that at least one tenant remains a Qualified Tenant
- B. Confirmation of a Qualified Household residing in the property, documented by one of the following:
 - 1. 12-month signed lease, OR;
 - 2. Confirmation that a previous Qualified Household has stayed in property on a month-to-month agreement, OR;
 - 3. Confirmation that a Qualified Household that partially or completely replaced the previous Qualified Household in the middle of the original lease is still in the property
- C. If a Qualified Household is completely replaced or has changed any adult tenant members, Qualified Tenant documents from any new adult tenants
- D. If the Qualified Household has completely changed from past occupants to a new Qualified Household, confirmation of move in

36 Months of cumulative rental period to a Qualified Household – Administrator collects:

- A. Completed check-ins from Qualified Household and Property Owner including verification that at least one tenant remains a Qualified Tenant

9. Contingencies

- A. Sale of property: If the property is sold during the Program term, the Property Owner is disqualified from the Program and no further payments will be made. In this case, the new owners may submit an application to the Program and qualify for incentives as new Program participants if they rent to a Qualified Household with a new, 12-month lease.
- B. Short-Term Renting a Participating Property: Short-term renting is not allowed under any circumstances. If the property is short-term rented it will be disqualified from Program and from receiving subsequent incentive payments.
- C. Property compliance: If the Property is deemed out of compliance with City of Ketchum regulations or in violation of Idaho laws, the incentive payment(s) may be withheld.
- D. Failure to Comply with Lease: If the Property Owner plans to evict any tenant, Property Owner must notify Administrator and City of Ketchum and tenant 30 days in advance and work with tenant to see if an alternative agreement can be reached. Administrator and City of Ketchum may require Property Owner to promptly and adequately respond to mediation services. This applies unless a member of the Qualified Household:
 - 1. is found by Property Owner or Staff to be producing a controlled substance on the property (must provide at least a three (3) day eviction notice);
 - 2. is convicted of assaulting or threatening the Property Owner, their family, employees, or other tenants (must provide at least a three (3) day eviction notice).If domestic violence is suspected, the Property Owner must respect the victim's requests and refer them to the Advocates (24/7 Helpline 208.788.4191).

See Section 7, Modification of a Tenant Group, for requirements when one more more members of a Qualified Household Group leave the property.



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: Staff Member:

Agenda Item:

Recommended Motion:

No motion. Staff seeks guidance from the Council on the future of the Lease to Locals program and consideration of a light preservation program.

Reasons for Recommendation:

- Lease to Locals uptake has slowed. There is demonstrated interest in program participation from existing long-term landlords, who could participate in a light preservation program.
- A preservation program complements other community housing actions and provides a bridge to keep units occupied by local tenants while additional long-term housing units are developed or converted.

Policy Analysis and Background (non-consent items only):

GOAL 1: Create + Preserve Community Housing

ACTION:

- **Continue Lease to Locals Program**
- **Explore light preservation program**

Placemate (formerly Landing Locals) went into contract with the City of Ketchum in August 2022, to administer the Lease to Locals program.

As of February 19, 2025, there have now been 35 properties converted for long-term local rental. These 35 units housed 64 people, at an average incentive cost of \$6,971 per unit. To date, 24 units have graduated the program, with at least half of them continuing as long-term rentals. Lease to Locals has allocated \$244,000 in incentives and committed ~\$461,000 in total spend, when including marketing and administration costs.

While staff considers the program to have been successful, especially the speed with which it unlocked new units for locals, the program has begun to show diminishing interest and returns. Due to lower-than-expected volume, between FY23 and FY24, Placemate reduced their administrative fee by 20% (current fee is \$6,000/month). Five months into FY25, the program has converted 4 new units, housing 6 people. One of the primary reported reasons for not participating in the program has been the required caps of allowed rent.

Given current performance, staff seeks Council guidance on the future of the Lease to Locals program and pivoting to a new, rental preservation program in partnership with Placemate.

Future of Lease to Locals

Staff recognizes that the Lease to Locals program is no longer delivering the conversion that we expect and recommend winding down the program. The wind down process takes up to 1 year of additional administrative work because participating property owners are paid out the second portion of their incentive at the end of the lease.

Option 1: End Lease to Locals Early. (Staff Recommendation)

Staff's recommendation is to end the Lease to Locals program early, with a target of ending all new lease allocations in May. This timing would provide some additional runway to convert a few more properties before new allocations are entirely turned off. Staff and Placemate believe there may be opportunity to convert additional properties after the FIS World Cup Finals in March. The spring season changeover from winter may also provide an opening for conversion of homes used as short term rentals or vacation homes during the winter ski season.

If the program were to end in May, staff recommends continuing to utilize Placemate to have their team administer the wind down at a reduced fee through the end of their contract at the end of the fiscal year. Depending on the execution date and length of new leases, the wind down period may stretch up to 12 months. After September 30, 2025, administration could either be handled internally by staff or by Placemate, which can be determined in conjunction with other program, budget, and staffing considerations. Staff do not currently have the capacity to internalize this work without removing other responsibilities and actions from the Housing Department workplan and Housing Action Plan (both BCHA's and Ketchum's).

Option 2: End Lease to Locals at the End of the Fiscal Year.

The alternative option is to continue to run the Lease to Locals program as originally planned, through the end of the fiscal year in September 2025. If the Council wishes to continue in this manner, staff and Placemate recommend additional marketing of the program to help reach and convert as many final properties as possible. Placemate estimates that the budget impact of continuing through the end of the fiscal year would be approximately \$103,771 and could convert approximately 8 additional properties.

Remaining Admin Fee	Estimated Marketing Spend	Estimated Incentive Spend	Estimated Total Spend
\$42,000	\$6,000	\$55,771	\$103,771

If planning for a program wind down beginning in October 2025, staff will make a recommendation during FY26 budgeting regarding how best to handle final payments and compliance review for the remaining participants. Housing staff will likely not be able to take this responsibility in-house without reducing the team's work scope. There may also be value and efficiencies in continuing to work with Placemate to wind down the program depending on other factors, including whether the City initiates the preservation program pilot.

Pilot a Preservation Program

Under Goal 1: Produce + Preserve Housing of Ketchum's Housing Action Plan, strategy #2 is to "*rehabilitate and preserve existing affordable housing (both naturally occurring and deed restricted)*." According to American Community Survey analysis conducted during the 2022 Housing Action Plan, between 2010 and 2019, Ketchum lost 337 long-term rental units. Beginning with the Year 2 Action Plan, staff have included an action to explore a light preservation program. This light preservation program concept emerged from

feedback from property owners who already rent units long-term to locals - often at below-market rates - and therefore were not eligible to participate in the Lease to Locals program.

As operating expenses and the opportunity cost of foregoing short-term renting increases, staff recognize an opportunity to maintain and preserve those existing tenant-landlord relationships by strengthening them through a program that would incentivize and support property owners. The program is envisioned as a 3-year “bridge” program, longer than the Lease to Locals lease terms but significantly shorter and less expensive than a long-term deed restriction purchased via the Ownership and Preservation Program.

The preservation program offers financial certainty to landlords and housing stability to existing tenants for a fixed period. This type of program can help existing owners who are under financial pressures from rising housing costs, capital assessments, property taxes etc. and are at risk of selling or short-term renting properties already used as long-term rentals. This type of program would also complement on-going housing efforts by offering that immediate stability while other developments are constructed and programs are set up and implemented.

Peer communities have also been considering this type of program as a complement to Lease to Locals and other housing initiatives. In summer 2024, Placemate and the Town of Truckee, CA launched a rental preservation program called Rooted Renters. Response to the program from property owners was extremely positive and oversubscribed in under 10 minutes of launching, immediately preserving 23 properties. There is a large waitlist to participate, and an additional cohort is planned to launch in July 2005. In reviewing those results with the Placemate team and considering the remaining budget, staff is recommending incentives that are about 50 – 60% lower than what were provided in Truckee. However, one key difference between Truckee’s program and the proposed policies is that, in the proposed Ketchum policies, there would be no cap on current rents to participate. Placemate is also currently exploring a preservation program in Provincetown, MA (Cape Cod).

Staff and Placemate have now crafted the basic parameters of a Rooted Renters-like preservation program for the City of Ketchum. The program would provide financial incentives to property owners over the course of a three-year period to continue to long-term rent units in Ketchum to local households.

Proposed Program Policy Basics

- Eligible properties must be located within City of Ketchum
- Property must be an existing long-term rental for at least the past 12 months
 - Properties that have participated in Lease to Locals would be excluded from eligibility in this program at launch
- At least 50% of household must work 30+ hrs/week in Blaine County or meet a qualifying exemption
- Average Gross Income of all tenants in a household cannot exceed 120% of the area median income
- A new 12-month lease must be signed with no rent increase allowed for the first year
- Properties are not subject to a rent cap, but subsequent rent increases in years 2 and 3 are limited to 3.5% (on average, area median income has annually increased 4% since 2019 and 2% since 2015)

Incentives would be backloaded to encourage continued participation through the entirety of the program (15% at lease signing, followed by 15%, 30%, and 40% at the end of the third 12-month lease).

	Studio	1 bed	2 bed	3 bed
Total Incentive Amount	\$6,000	\$8,000	\$10,000	\$12,000
Avg. Incentive Amount / Month	\$167	\$222	\$278	\$333

Example 2 Bedroom Property Incentives:

At Lease Signing May 2025	End of Lease 1 May 2026	End of Lease 2 May 2027	End of Lease 3 May 2028
15%	15%	30%	40%
\$1,500	\$1,500	\$3,000	\$4,000

Staff welcomes initial feedback on these policy concepts. If the Council wishes to move forward with a preservation program, staff will work with Placemate to draft complete program policies to be reviewed at a future meeting.

Option 1: Launch a Preservation Program in May/June (Staff Recommendation)

Staff recommend working with Placemate to launch a pilot preservation program in May or June, following the end of Lease to Locals and utilizing the remaining budget allocated for Lease to Locals in this fiscal year. Staff and Placemate estimate that the remaining budget could be used to support the preservation of approximately 17 existing rentals for three years with an estimated average incentive of \$9,200 per unit.

Staff feels confident in the proposed May/June launch timeline, given the groundwork already developed on policy parameters and Placemate's experience launching and administering a similar program in Truckee last year. Following a May/June launch, staff could provide the Council with a program review – and comparison to Truckee's launch – for consideration during FY26 budget planning to inform the future of the program.

Option 2: Plan to launch a pilot preservation program in October to align with the new fiscal year.

Council could reconsider this program during budget planning this summer and allocate a different amount of funding to support a pilot program launch in the new fiscal year.

Option 3: Do not launch a pilot preservation program in the near future. Staff do not recommend this option. Rental preservation is an identified Goal 1 action in the Housing Action Plan and staff recommend pivoting from Lease to Locals to pilot a preservation program while under contract with Placemate and with existing, allocated budget.

Next Steps

If the Council wishes to pursue a preservation program and wind down Lease to Locals in May, staff will work with Placemate to refine policies for a preservation program and bring to Council for review and approval in April/May.

Sustainability Impact:

Lease to Locals houses members of the community locally, ensuring that residents are closer to their places of work, recreation, and other needs. This proximity helps to decrease transportation time and reduce vehicle-related emissions associated with commuting to and from work from outside of the community.

Additionally, the proposed program converts existing housing units into locals' housing, utilizing existing housing stock, land, and resources.

Financial Impact:

None OR Adequate funds exist in account:	adequate
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Attachments: None