



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: October 6, 2025 Staff Member: Rian Rooney, Heather Nicolai / Housing Dept

Agenda Item: 141 Bird Drive Interim Rent Rate and Prioritization Policies

Recommended Motion:

I move to approve the interim rent and prioritization policies for 141 Bird Drive as presented in the staff report.

Reasons for Recommendation:

- Establish a clear policy on rent setting and prioritization to enable lease up of vacant units and provide clarity for existing tenants.

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

GOAL 1: Create + Preserve Community Housing

Background

On September 15, 2025, staff presented recommended rent rate and tenant prioritization policies to the City Council for implementing lease-up and management.

Staff recommended following BCHA's existing income and eligibility verification policies and procedures. Because the apartments are not designated with specific income categories, staff recommended setting rents based on the income category of the tenant household, once verified. Total monthly housing costs – inclusive of essential utilities – would be limited to 30% of the gross income of the bottom of the income category (e.g. for Category 4, 80% - 100% AMI, maximum housing costs would be set to 30% of the 80% AMI income), consistent with existing BCHA policy. Maximum housing costs could be adjusted upward no more than 4% annually, based on published adjustments to the income category limits and associated allowed housing costs.

For prioritization policies, staff recommended prioritizing 2 of the 11 apartments first for City of Ketchum, including recruitment needs and/or an on-site property manager, city employees involved in winter snow plowing and first responders, and other city employees. If these apartments remained vacant, they would be opened up to the general BCHA waitlist of qualified applicants.

For the remaining 9 apartments, staff suggested first prioritizing "essential workers," followed by qualified applicants in income Categories 3+ based on time on BCHA's waitlist.

Council members provided the following feedback:

- 141 Bird Drive tenants had not been specifically notified of the discussion and desire to allow them to provide comment.

- 30% of income for rental costs is too high, particularly for quality and age of apartments.
- Openness to allowing qualified tenants across all income levels to be eligible for vacant units, including below Category 3.
- Preference to not verify income and instead verify local qualification only.
- Discussed preferred “essential worker” / prioritized worker definition.
- Questioned prioritizing units for City employees over other qualified locals.
- Interest in reducing City of Ketchum employer unit count from 2 to 1.

Council passed a motion with the following direction, 3-1:

- No rent increase for first 12 months and allow tenants to disclose income for verification if they wish to be eligible for a decrease in rent to align with no more than 30% of the bottom of their income category.

Council *did not* make a motion on the prioritization policies for filling vacant apartments.

The recommended overall framework for rent and prioritization policies from the previous meeting remain staff’s preferred course of action. In consideration of Council feedback, administrative feasibility, and fair housing best practices, staff is supportive of the following adjustments.

Adjusted Rent Setting Policy

In order to establish fair and equitable rents and ensure compliance with BCHA program eligibility, staff needs to verify income. BCHA does this by reviewing 4 paystubs and 2 most recent tax returns. Without formally restricting any specific unit for an income category, setting rents based on income category creates fairness and ensures that one neighbor isn’t getting a special deal while another struggles to afford their apartment. Income verification is standard practice for community housing and is not unique to BCHA. Local non-profits like ARCH and Wood River Community Housing Trust also verify income as part of their application process, regardless of whether the home is developed with federal funding or not.

Tax return review helps BCHA to verify that the applicant does not own another home or have significant non-wage income that could indicate that they are out of compliance with the overall net worth limits. Tax returns can also help BCHA staff to determine whether the applicant owns other residential property, which is against BCHA’s eligibility requirements. For clarification, the City’s Ownership and Preservation Program also requires review of tax returns as part of the program qualification process. BCHA staff works to find solutions with applicants who do not have the required paperwork to help ensure that they are reviewed to a similar standard.

In considering feedback from the last meeting, staff recognizes there can be some flexibility in rent-setting to make these City-owned units more affordable to tenants, if that is the Council’s preference. While 30% of the lower limit of the income category is BCHA’s policy for establishing *maximum housing costs* and ensures that most renters would pay less than 30% of their gross income on rent, utilities and other housing costs, the Council could set an alternative percentage (e.g. 25%, 20%). Downward adjustments will impact the ongoing revenues that offset operational costs and note servicing. Note also that with BCHA already capping housing costs for all incomes above 100% at the Category 5 maximum, all households above earning 100% AMI would pay less than 30% of income on housing costs under the traditional policy.

Example Rents (note that amounts may vary based on actual utility estimates):

% of Income for Housing Costs	Unit Size (BR)	Category 1 up to 50% of Median	Category 2 50% to 60% of Median	Category 3 60% to 80% Median	Category 4 80% to 100% of Median	Category 5 and Up 100% of Median +
30%	1	\$ 410	\$ 770	\$ 950	\$ 1,309	\$ 1,669
	2	\$ 477	\$ 884	\$ 1,088	\$ 1,496	\$ 1,903
25%	1	\$ 341	\$ 650	\$ 942	\$ 1,256	\$ 1,570
	2	\$ 399	\$ 890	\$ 1,068	\$ 1,423	\$ 1,779
20%	1	\$ 247	\$ 493	\$ 754	\$ 1,005	\$ 1,256
	2	\$ 292	\$ 712	\$ 854	\$ 1,139	\$ 1,423

Proposed Rent Policy for New Tenants and Existing Tenants after 12 months:

- Verification of income will determine tenant's income category.
- Rent will be established based on determined income category and included in a 12-month lease. Council can provide direction on a percentage of income to use to establish maximum housing costs for this property.
- At lease expiration, a new lease may be executed with up to a 4% increase in rent if the tenant's current rent is below the rent allowed for their income category at the time of renewal.

Adjusted Prioritization Policy and Rental Process

Staff are open to reducing the City of Ketchum's priority apartment count from 2 to 1. This apartment would "float" among the 11 in the building, such that if no City of Ketchum employee rents it, it would go to the general waitlist. Subsequently, the next available apartment could be prioritized for City of Ketchum needs. Staff recommends this approach as a best practice with employer housing as it allows a City of Ketchum employee-tenant to change jobs and continue to remain in compliance with the overall eligibility requirements and doesn't link their employment to their housing stability.

Proposed City Apartment Prioritization Criteria:

1. City of Ketchum recruitment needs and/or Property Manager
2. CoK employee involved in winter snow plowing & first responders (fire, police, EMT)
3. Length of employment with CoK
4. If no CoK employee is interested, offer as Community Housing to BCHA's applicant database with same prioritization criteria as other 10 apartments.

Staff suggest retaining the 2-tier prioritization system for the remaining 10 apartments. Staff seeks direction from the Council on defining tier 1 priority employees. Previous staff recommendation was for "Essential Workers," however after review of administrative systems, staff recommendation is now for "Critical Service Provider," defined as people on-call for public safety emergencies.

1. Critical Service Providers (on-call for public safety emergencies)
2. BCHA-qualified tenants in order of waitlist position

- a. If the Council wishes to expand the income eligibility of qualified households below Category 3 (original recommendation), staff can support opening to all income categories.

Lease up and annual compliance under this recommendation would continue to follow BCHA processes and policies, including use of the BCHA waitlist and full application for income and prioritization verification.

Next Steps

With Council approval of rent and prioritization policies, staff will begin application review and lease up for available apartments.

Sustainability Impact:

n/a

Financial Impact:

None OR Adequate funds exist in account:

Potential rent reductions associated with the proposed policy will not substantially impact feasibility of operational costs.

Attachments: None