



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: September 15, 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.
- No rent increase for existing tenants in first year, with up to 4% increase for some in second year, based on income category. Adjust rents downward for other tenants to ensure their housing costs are affordable for their income category.

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

GOAL 1: Create + Preserve Community Housing

Evergreen Apartments Context

The City of Ketchum acquired the Evergreen Apartments at 141 Bird Drive in August 1, 2025, an 11-unit apartment building in West Ketchum. Current rents range from \$800 - \$1,250 per month. Eight apartments are on month-to-month leases; two are on long-term leases; and one is currently vacant.

Staff plans to prioritize two of the apartments for City of Ketchum employees and first responders.

The individual apartments are not designated for a specific income category, including those set-aside for employees. For the non-employee apartments, staff proposes opening available rentals first to “essential workers” and then to households in income Categories 3 and above (60% AMI and up) that meet BCHA’s prioritization for community housing, as a Local Employee, Local Senior, or Local Person with a Disability. This will ensure broad eligibility for the apartments and that tenants can afford rent while the City maintains revenue projections to support operations.

Tenants interested in continuing to reside in 141 Bird Drive have provided staff with self-reported estimated gross annual income. Self-reported annual incomes range from \$46,000 (Category 3) to \$90,000 (Category 6).

Staff is working with tenants on transitioning to the City’s lease. Tenants can choose to either a) execute a new, 12-month lease or b) execute a new month-to-month lease. As previously shared with tenants, rents will not be increased the first twelve months.

As apartments become available for rent, staff seeks to establish clear policies for setting rents and prioritizing new tenants. Staff proposes adhering to BCHA's rent calculations, application and compliance procedures.

BCHA Rent Setting Policy

BCHA annually publishes allowable Maximum Housing Costs for rental homes in the BCHA portfolio by income category and housing unit size. These figures establish the maximum costs renters of homes in each category can pay per month for all housing costs, including rent, essential utilities and any other housing fees. The Maximum Housing Costs are derived from the Area Median Income published by the U.S. Department of Housing and Urban Development (HUD) annually and the individual income limits for each income category and household size that are adopted each spring by the Blaine County Housing Authority.

The goal of establishing Maximum Housing Costs is to ensure that a household does not pay more in total housing costs than what is "affordable" to it, using the national housing affordability standard of 30% of gross income. Because the BCHA income categories include a range of incomes (e.g. Category 4 is 80% - 100% of AMI), Maximum Housing Costs are calculated for incomes at the bottom of the range (e.g. 80%), ensuring that all households in the range are paying 30% or less on housing costs each month.

To derive Maximum Rents from Maximum Housing Costs, BCHA uses a standard utility deduction based on unit size. For 1-bedroom apartments, the standard monthly utility deduction is \$240. If any utility costs are included in the rent, the property manager can work with BCHA to establish a reduced deduction.

Additionally, BCHA has established a requirement that managers/owners of restricted rentals cannot raise rents more than 4% year over year. This additional requirement guards against significant year-over-year increases in rent that could otherwise be allowed when the Area Median Income increases substantially between years. A 3% annual increase is a common assumption in financial real estate modeling to ensure coverage of increases in operational costs.

BCHA Maximum Housing Costs 2025

Unit Size	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 5 100% to 120% of Median & Category Local
Studio	\$ 504	\$ 840	\$ 1,008	\$ 1,344	\$ 1,680
1	\$ 540	\$ 900	\$ 1,080	\$ 1,439	\$ 1,799
2	\$ 612	\$ 1,019	\$ 1,223	\$ 1,631	\$ 2,038
3	\$ 683	\$ 1,139	\$ 1,367	\$ 1,822	\$ 2,278
4	\$ 777	\$ 1,295	\$ 1,554	\$ 2,072	\$ 2,590

BCHA's portfolio does not include any Category 6 rentals. Category 5 Maximum Housing Costs are used for Categories 5 and above, including Category Local.

Proposed Rent Policy

Because the apartments at 141 Bird Drive are not individually designated for specific income categories, staff proposes to determine rents based on the income category that each tenant falls into, while honoring the current rents that each existing tenant is paying and adjusting downward if appropriate.

For Existing Tenants

- For current month-to-month renters, rent rates will not increase in the first 12 months after lease execution.
- 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 Maximum Rent allowed for their income category at the time of renewal.
- Existing leases will be honored through the lease term.
- Upon completing full income verification, any current renters who are currently paying more than is affordable for their income category will have their rent adjusted down to align with the Maximum Rent allowed for their income category.
- Tenant's income and local status for continued qualification will be verified annually.

For New Tenants

- Verification of income will determine tenant's income category.
- Rent (Maximum Housing Costs less utilities) will be established based on determined income category and included in a 12-month lease.
- 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 Maximum Rent allowed for their income category at the time of renewal.

Proposed Prioritization Policy and Rental Process

Lease up and annual compliance will follow BCHA processes and policies, including use of the BCHA waitlist and full application for income and prioritization verification.

Staff proposes that two apartments will be prioritized for City of Ketchum employees and first responders. The apartments will be prioritized in the following order:

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, then offer as Community Housing to BCHA's applicant database, first prioritizing essential workers.

For the remaining apartments, when units become vacant, households meeting BCHA's local qualifications for community housing will be invited to apply with the following priority:

1. *Essential workers* – first responders (fire, police, EMT), healthcare, case workers of non-profit service providers, groceries, public service workers (postal service, mountain rides, city/county employees, forest service), regardless of income category. (Selected occupations from Department of Homeland Security)
2. *Category 3+ (60% AMI and Up)* – Aligns with current tenant income levels.

Next Steps

With Council approval, staff will implement the rental rate and prioritization policies and begin to application review and lease up for available apartments. Staff will bring back policies for Council review in the future if amendments are determined to be necessary.

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