



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: Staff Member/Dept:

Agenda Item:

Recommended Motion:

I move to approve 1) authorization of \$202,500 for the Ownership and Preservation Program to purchase a Category Local, appreciation-capped deed restriction on a condominium unit and 2) up to \$150 for a title insurance policy.

Reasons for Recommendation:

- The purchaser has been qualified as Category Local by the BCHA and meets the requirements of the Ownership and Preservation Program Policies.
- The unit is located in Ketchum and meets the requirements of the Ownership and Preservation Program Policies.
- Conversion of existing housing units to deed-restricted community housing is consistent with the objectives of Goal 1 of the Housing Action Plan.
- The Ownership and Preservation Program provides assistance to locals in accessing homeownership, a goal identified in the Housing Action Plan.

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

GOAL 1: CREATE + PRESERVE HOUSING
Ownership and Preservation Program
On January 24, 2024, the Housing Department launched the Ketchum Ownership and Preservation Pilot Program. The Ownership and Preservation Program (OPP) offers cash incentives to homeowners or homebuyers in Ketchum in exchange for recording a Category Local deed restriction on their property, limiting ownership and occupancy of the home to qualified locals in Blaine County, Idaho. The Ownership and Preservation Program is funded via the LOT for Housing, with the aim of committing \$1 million to the OPP over a two-year period. OPP funds may be sought by qualifying Category Local households who will occupy the home as their fulltime, primary residence and work in Blaine County and either (1) are existing homeowners in Ketchum or (2) are looking to purchase a home in Ketchum.

The OPP offers two Category Local deed restrictions from which applicants can choose. The first is a light deed-restriction, which does not cap appreciation. The second is an appreciation-capped deed restriction, similar to the Blaine County Housing Authority’s other income category deed restrictions. The OPP offers 15% of a home’s market value, up to \$125,000, for a light restriction. 30% of a home’s market value, up to \$225,000, is available for an appreciation-capped restriction. Market value is a determined by the lesser of

the purchase price or the appraised value of the home. For a full program description, please see the attached program policies. Additional information on the program is located on the Housing Matters website under the Ownership and Preservation tab.

Funding Requested

The unit is a 2-bedroom, 2-bathroom condominium unit in Ketchum. The home is being sold to the applicant for \$675,000. The unit appraised at \$675,000. The buyer applied to the Ownership and Preservation Program and is qualified under the program guidelines. They have requested an appreciation-capped deed restriction. The OPP will provide 30% of the market value of the home for the deed restriction: \$202,500.

Once deed-restricted, the home’s base price will be the market value at the time of purchase (\$675,000) less the 30% value (\$202,500) provided for the deed restriction. Appreciation will begin from the base price of \$472,500, ensuring the public investment remains with the unit long term and through a succession of future owners. The deed restriction does not impact or limit the amount of HOA assessments and dues for the unit within the Parkside HOA. However, any non-luxury capital improvements – including HOA special assessments – can be added to the resale value under the terms of the deed restriction. In addition to purchasing the deed restriction, staff recommends purchasing a title insurance policy covering the deed restriction’s value, insuring the position and recording of the deed restriction on title.

Sustainability Impact:

Deed-restricted units house members of the community locally, ensuring that residents are closer to their places of work, recreation, and other services. 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 Ownership and Preservation Program converts existing housing units in Ketchum into community housing, utilizing existing housing stock, land, and resources to achieve community housing goals.

Financial Impact:

None OR Adequate funds exist in account:	\$202,500 in funds will be released from the Housing Department’s Ownership and Preservation Program budget for the deed restriction and up to an additional \$150 for a title insurance policy (deed-restriction program line item).
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Attachments:

1. Ketchum Ownership and Preservation Pilot Program Description and Policies

Ketchum Ownership and Preservation Pilot Program

Program Description and Policies

1 PILOT PROGRAM OVERVIEW

The Ownership and Preservation Program (the “Program”), offers cash incentives to homeowners in exchange for recording a deed-restriction on their property to restrict ownership and occupancy of the housing unit to qualified locals working and/or living within the geographic boundaries of Blaine County, Idaho. The goals of the program are to assist community members in accessing homeownership, to help existing local homeowners remain in the community, and to preserve the supply and prevent leakage of housing available for ownership by locals and local workers. The Program includes two program options, which provide different deed-restriction terms and corresponding cash incentive values.

2 PROGRAM DEFINITIONS

(a) Category Local: A community housing classification which does not have an income limit but requires that an occupant household meet asset limits and the Basic Qualifications for Community Housing, as defined by the latest adopted version of the Blaine County Housing Authority Community Housing Administrative Guidelines (“BCHA Guidelines”).

(b) Housing Unit: A housing unit is a single-family house, townhome, or condominium, that is intended for occupancy living quarters and can be owned individually. It does not include multi-family rental units, accessory dwelling units, or commercial lodging units.

(c) Property Owner: The individual(s) or legal entity that holds fee title to the property, as reflected on the recorded documents.

(d) Qualified Household: A Qualified Household is any group of individuals living together in one home as their primary residence, meeting the following criteria:

- a. At least one non-dependent member of the Qualified Household must be a Full Time employee, as defined in the BCHA Guidelines, employed by one or more Blaine County employers and physically working in Blaine County, or the Household must meet one of the following exemptions:
 - i. The Household consists of one or more retired persons over the age of 65 who was a full-time employee of an entity located within Blaine County, Idaho or self-employed immediately prior to retirement and for not less than ten (10) out of the fifteen (15) years prior to qualification, and continued living as a full time resident within Blaine County following their retirement.
 - ii. The Household consists of one or more persons unable to work or who does not have a work history due to qualifying for disability as defined by the Americans with Disabilities Act

- (ADA) and who currently resides in Blaine County as their Primary Residence.
- iii. The Household consists of one non-dependent adult who is either a full-time, single parent or guardian of a child under the age of 4 or a full-time, informal caregiver of a child or an adult with a disability. This exemption is subject to review and approval by the Blaine County Housing Authority Board.
 - iv. A member of the Household is a full-time teacher at a school located within Blaine County.
 - v. A member of the Household actively serving in the U.S. Armed Services counts as full-time employment in Blaine County, Idaho if that member of the Household met employment criteria for a minimum of two years prior to enlisting and if the individual has returned to employment in Blaine County within sixty (60) days of terminating enlistment with the U.S. Armed Services.
 - vi. If a member of the Household is self-employed, either 75% of the clients and customers of the business or organization must be or 75% of the total revenues must be from clients and customers physically located in Blaine County, Idaho. The self-employed member must work a minimum of 1,500 hours per year.
- b. At least one (1) member of the Household must be eighteen (18) years of age.
 - c. No member of the Household may own developed residential real estate or a mobile home other than the housing unit that serves or will serve as the Household's primary residence and will be subject to a Category Local deed-restriction upon participation in the Program. However, ownership of shared inheritance of developed residential real estate will not disqualify the Household and may be reviewed by the Blaine County Housing Authority Board. Ownership of developed residential real estate outside of Blaine County will not disqualify a Household at the time of application from receiving a Qualification Letter, but Funding Disbursement may be withheld until the Household has ceased ownership of the property.
 - d. The Household Net Worth (the total net worth of all members of the Household) must not exceed the Allowable Net Worth or Allowable Net Worth of Persons of Retirement Age, which shall be 65 years of age for this program, depending on household composition, specified for Category Local and updated annually by the Blaine County Housing Authority.

3 PROGRAM ADMINISTRATION

The City will administer the Program with support from the Blaine County Housing Authority.

City of Ketchum Role: The City will oversee and fund the Program and establish and modify these Program Policies.

Blaine County Housing Authority Role: The Blaine County Housing Authority will function as the administrator of all Category Local deed-covenants recorded as part of the Program. The Blaine County Housing Authority will also be responsible for review of applications, compliance, and reporting to the City.

4 PROGRAM FUNDING

4.1 Funding Amounts

The City will provide 15% to 30% of the appraised value of the housing unit or, in the event the housing unit is being purchased, the purchase price, whichever is less. Funding percentages will be commensurate with the requested program option and corresponding deed-restriction, as follows:

Program Option 1: The City will provide 30% of the appraised value of the housing unit or purchase price, whichever is less. The Category Local deed-restriction will have an appreciation cap (defined in section 6). Funding will not exceed \$225,000.

Program Option 2: The City will provide 15% of the appraised value of the housing unit or purchase price, whichever is less. The Category Local deed-restriction will not have an appreciation cap. Funding will not exceed \$125,000.

4.2 Funding Disbursement

Funds will not be disbursed until Final Approval, which will not occur until the following conditions have been satisfied:

- a. **Title Company.** Closing must take place at a title company.
- b. **Appraisal.** A complete appraisal dated within sixty days must be submitted to the City prior to final approval.
- c. **Home Inspection.** A professional home inspector must perform an inspection and complete and submit a home inspection report to the City dated within sixty days prior to closing.
- d. **Title Insurance.** The buyer or owner must provide title insurance to insure clear title to the property prior to recording the deed-restriction.
- e. **Approval of Closing Statement.** The final closing statement must be reviewed and approved.
- f. **Final Loan Approval.** If applicable, a letter from any mortgagee stating that the buyer has received final loan approval for financing of the purchase of the housing unit.
- g. **Category Local Ownership Deed Restriction.** The buyer or owner must execute the applicable Category Local Ownership deed restriction and

corresponding Program Mortgage. The Title Company will record the applicable deed restriction and Program Mortgage at time of closing.

- h. Closing Instructions.** The City will provide instructions to the title company concerning required signatures, recording of documents, and disbursement of funds.

4.3 Use of Funds

There are no restrictions on recipients' use of the Ownership and Preservation Program funds. Funds may be used toward down payment and closing costs or for any other purpose.

5 ELIGIBILITY & REQUIREMENTS

5.1 Program Application and Documentation

Applicants must submit a complete copy of the application for participation in the Ownership and Preservation Program through the Blaine County Housing Authority. Applicants participating in the program to purchase a home must also provide evidence of completion of the BCHA-approved Homebuyer Education Course.

The application will be reviewed and additional documentation may be required following the procedures of the Blaine County Housing Authority Community Housing Administrative Guidelines. If the applicant is approved, a Qualification Letter will be issued to the applicant. The Qualification Letter is good for six months. All applicable qualification criteria must continue to be met by the applicant through the closing of qualified housing with available Program funds. Any changes to the information that was included in the application must be reported to the City and BCHA and may require re-qualification and issuance of a new Qualification Letter prior to Final Approval and commitment of funds.

5.2 Housing Unit Eligibility & Requirements

To participate in the Program, Housing Units must meet the following requirements.

- (a) Location: The Housing Unit must be located within the city limits of the City of Ketchum.
- (b) Status: The Housing Unit must be a legally permitted dwelling unit and not have any known code violations or open code violation cases.
- (c) Eligible Properties: The Housing Unit must be a single-family house, condominium, or townhome, that is not otherwise deed-restricted or otherwise restricted for local occupancy or affordability.
- (d) Property Condition: The Housing Unit must meet basic health and safety criteria as may be required per Idaho law and regulations.

5.3 Applicant Eligibility and Requirements

Property Owners who participate in the program must meet the following requirements and follow the applicable requirements and policies of the Blaine County Housing Authority Community Housing Guidelines.

(a) Qualified Household: The Property Owner must be a member of a Qualified Household, as defined in Section 2.

(b) Ongoing Obligations for Community Homeownership: The Property Owner must comply with all provisions of the recorded Category Local deed covenant and adhere to the ongoing obligations and requirements for Community Homeownership described in the most recently adopted Blaine County Housing Authority Community Housing Administrative Guidelines. Where the requirements of the recorded Category Local deed covenant and the Blaine County Housing Authority Community Housing Administrative Guidelines may conflict, the requirements of the deed covenant shall govern. Property Owner is required to annually submit information verifying compliance with program criteria.

6 RESTRICTED HOUSING UNIT REQUIREMENTS

Housing units will be deed-restricted with a Category Local ownership covenant, using the template provided by the City of Ketchum. Restricted housing units will meet the following requirements, consistent with the Category Local deed-restriction template and the BCHA Guidelines:

- a. **Owner Occupied.** The restricted housing unit will be owner occupied year-round, consistent with the minimum occupancy terms of the BCHA Guidelines.
- b. **Rental.** Rental of a Category-Local ownership deed-restricted housing unit will follow the BCHA Guidelines for Long-Term Rental of Community Housing. No portion of the home may be used as a short-term or vacation rental.
- c. **Deed-Restriction Term.** The deed-restriction will last 70 years unless sold to a new Qualified Household or as determined in the Deed-Restriction. At closing, a new deed-restriction will be recorded.
- d. **Appreciation.** Appreciation of the value of the restricted housing unit depends on the elected program option and corresponding deed restriction.
 - i. **Program Option 1: Appreciation cap.** Appreciation of the value of the restricted housing unit is equal to the previous sales price, or the appraised value at the time the restriction is recorded if there is no transaction, plus any increase in the cost of living during the Property Owner's ownership of the property, as determined by the Consumer Price Index, Wage Earners and Clerical Workers (CPI-W), Mountain Division, All Items (2017 = 100) published by the Bureau of Labor Statistics, United States Department of Labor. Annual appreciation shall not exceed 3% per annum. Funds contributed by the City as part of the Program will be subtracted from the initial base price.
 - ii. **Program Option 2: No cap.** Appreciation of the value of the restricted housing unit is not limited. The housing unit may be sold at any price to a Qualified Household.

- e. **Sale.** Sale of a deed-restricted Category Local ownership housing unit will follow Blaine County Housing Authority Community Housing Administrative Guidelines for Selling Community Housing.
- f. **Change of Ownership:** If the Housing Unit changes ownership during the effective period of the deed-restriction, the deed-restriction remains intact and will be re-recorded. The new owner must be a Qualified Household and is subject to the terms of the new, recorded deed-restriction.

7 PROGRAM DURATION

(a) The Program is a two-year pilot that starts on 9/1/2023. If the Council takes no action to extend or renew this program, it shall automatically expire on 8/31/2025.

(b) City staff will review program progress and provide periodic updates and recommendations to the City Council regarding the continuance of and/or modifications to the Program.

At a minimum, at least three (3) months before the end of the pilot term, City staff will provide a report to the City Council using the following criteria to measure success of the program:

- i. Number of people served (including children)
- ii. Number of housing units preserved
- iii. Types/Sizes of units preserved
- iv. Sales prices of each home preserved
- v. Income of program participants
- vi. Funds expended and funds remaining
- vii. Barriers to participation/eligibility for the program