



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: Staff Member/Dept:

Agenda Item:

Recommended Motion:

"I move to approve updated Lease to Locals Policies"

Reasons for Recommendation:

- Ketchum's Area of City Impact and Sun Valley have untapped, underused housing stock
- Rent caps per number of bedrooms will create affordability measures tied to the financial incentive

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

GOAL 1: CREATE + PRESERVE HOUSING
ACTION 8: INCENTIVIZE LONG-TERM RENTALS

The Lease to Locals program was unanimously approved by Council to be funded for an additional year on July 17. The goal of the program is to provide housing for employees in the Wood River Valley by giving property owners a cash incentive for converting their underutilized housing units into new long-term rentals.

Based on the discussion at Council on July 17 and recommendations by Staff and the administrator of the program, Placemate, we are proposing two Program Policy changes that will increase the potential number of units we can unlock, while also controlling for affordability for the local employees living in these units.

First, we recommend expanding the program to allow properties beyond the Ketchum City limits to participate, and propose expanding to the North Wood River Valley, as defined by the Area of Impact for Ketchum and Sun Valley. This would expand our potential pool of eligibility properties by approximately 2,600 units, most of which are short-term rentals or empty second homes.

Second, we recommend adding in rent caps by bedroom size to control for affordability. In the 14 properties that have participated in the program so far, we have seen an average rent per bedroom of \$1,380/month. With the proposed rent caps we are putting in place, we expect to see this drop to closer to \$1,100/month.

Sustainability Impact:

Community housing houses 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 program converts existing, underused housing units into community housing, utilizing existing housing stock, land, and resources.

Financial Impact:

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

1. Updated Lease to Locals Program Policies
2.

Wood River Valley Lease to Locals Program

Program Description and Policies

August~~April~~ 2023

1 PILOT PROGRAM OVERVIEW

The Lease to Locals Program (the “Program”), offers cash incentives to homeowners who rent their homes to qualified households. The goal of the program is to increase the supply of housing available for locals and local employees working within the geographic boundaries of Blaine County, Idaho.

2 PROGRAM DEFINITIONS

- (a) Adult: An adult is any individual 18 years or older.
- (b) Housing Unit: A housing unit is a house, condominium, multi-family, mobile home, accessory dwelling unit, a single room, or multiple single rooms that is intended for occupancy living quarters (excluding commercial lodging). Excludes deed-restricted and subsidized units.
- (c) Long-Term Lease: A long-term lease is a lease of 12 months or greater.
- (d) Seasonal Lease: A seasonal lease is a lease of at least five (5) months but less than twelve (12) months.
- (e) Property Owner: The individual(s) or legal entity that holds fee title to the property, as reflected on the recorded documents.
- (f) Qualified Household: A Qualified Household is any group of individuals living together in one home as their primary residence, where at least half of the adults are Qualified Tenants. A Qualified Household’s income is based on the average of gross income for each person , which cannot exceed \$77,552 per person per year.
- (g) Qualified Tenant: A Qualified Tenant is an adult who is not of blood relation to the Property Owner and who meets at least one of the following criteria:
 - a. Gross annual income cannot exceed \$77,552 (120% of the area median income) when averaged with other Qualified Household members.
 - b. Employed at least 30 hours per week (over 1,500 hours per year) at an employment site within Blaine County for an employer serving customers in Blaine County. Exceptions to the 1,500 hours per year requirements can be made for education providers.
 - c. Meet one of the following exemptions:
 - i. A retired person over the age of 67 who, immediately preceding retirement, was a full-time employee of an entity located within Blaine County for at least five continuous years and continued living as a full time resident within Blaine County following their retirement
 - ii. A person 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)
 - iii. A full-time, single parent or guardian of a child under the age of 4
 - iv. A full-time, informal caregiver of a child or an adult with a disability if either caregiver or care-recipient lived in Blaine County for at least the five previous continuous years. A caregiver is defined as a person who resides with a person(s) with disabilities who is:
 - 1. essential to the care and well being of the person(s);
 - 2. not obligated to support the person(s) with the disabilities; and
 - 3. would not be living in the unit except to provide the necessary supportive services.

3 PROGRAM ADMINISTRATION

The City will administer the Program, in coordination with, and with support from, a third-party administrator and independent contractor, Landing, Inc. Landing, Inc. is a California Corporation, based in Truckee, California, which provides administrative services for government entities across the country.

3.1 City of Ketchum Role

The City will oversee and fund the Program. This includes managing the contract with Landing, Inc., granting disbursements, and evaluating program metrics.

3.2 Placemate Role

Under a contract with the City, Landing, Inc. will provide the following services for the Program: program development, customer service, marketing, compliance, reporting, and processing applications per Program Guidelines.

4 PROGRAM GRANT FUNDING

4.1 Grant Amounts

The City will provide a \$2,000 grant per Qualified Tenant housed through the Program for a Seasonal Lease and a \$4,500 grant per Qualified Tenant for a Long-Term Lease. Dependent children will count as one (1) additional Qualified Tenant, regardless of the number of children present. The maximum grant amount per Housing Unit is for four (4) Qualified Tenants. Seasonal Leases are eligible to convert to a Long-Term Lease, with the same Qualified Tenant(s), after signing of the initial lease or at the conclusion of the initial lease. The updated grant payment to the Property Owner would be the remaining balance of a Long-Term grant published at the time of the initial signing of the Lease.

The table below shows the available grant amounts.

Number of Qualified Tenants	1 Qualified Tenant	2 Qualified Tenants	3 Qualified Tenants	4 Qualified Tenants
Seasonal (5-11 months)	\$2,000	\$4,000	\$6,000	\$8,000
Long-Term (12 months+)	\$4,500	\$9,000	\$13,500	\$18,000

4.2 Grant Disbursement

(a) Prior to disbursing grants, the City will review documentation submitted by Landing, Inc. including:

- i. A copy of the fully executed lease agreement(s),
- ii. Proof of status for Qualifying Tenants,
- iii. Property Owner Application

(b) The City will issue the first half of the grant payment to the Property Owner within thirty (30) days of the Qualified Household taking occupancy of the Housing Unit.

(c) The City will issue the second half of the grant payment to the Property Owner within

thirty (30) days of the end of the lease.

- (d) Payments shall be issued to the Property Owner, as their legal name(s) appear on recorded property ownership documents.

5 PROPERTY OWNER ELIGIBILITY & REQUIREMENTS

5.1 Grant Application

Property Owners must submit a complete on-line form and sign a self-certification checklist with Landing, Inc. and comply with the following criteria to have their home considered for the grant program.

5.2 Eligibility & Requirements

To participate in the Program, Property Owners must meet the following requirements.

- (a) Location: The Housing Unit must be located within North Wood River Valley~~the city limits of: defined as the area of City impact for Ketchum or Sun Valley~~ (except in Ketchum in the Light Industrial District and – from November 15th to April 15th ~~or –~~ the avalanche zone, unless approved by the Planning and Building Department).
- (b) Type: A whole home or room(s) in a home can be rented, but there is a maximum of one grant per property.
- (c) Status: The Housing Unit must be a legally permitted dwelling unit and each bedroom in the property must have a door and window.
- (d) New Rental: The Housing Unit must not have already occupied as an existing long-term rental (unless through this Program) in the past 12 months. Leases, month-to-months, and verbal agreements are considered long-term rentals, except when the sole occupant(s) are blood relatives.
- (e) Eligible Properties: The Housing Unit must be a house, condominium, multifamily, mobile home, accessory dwelling unit, a single room, or multiple single rooms that is intended for occupancy living quarters (excluding commercial lodging) that has not been rented full-time in the past 12 months. Excludes deed-restricted and subsidized units.
- (f) Ownership: The Property Owner must hold fee title to the Housing Unit.
- (g) Property Condition: The Housing Unit must meet basic health and safety criteria as may be required per Idaho law and regulations.
- (h) Signed Lease Agreement and Complete Application Packet: The Property Owner must complete an application and sign a Seasonal Lease or Long-Term Lease with a Qualified Household. The complete application packet must be submitted within 90 days of the start of the lease.
- (i) Lease Compliance Checks: The Property Owner must comply with the lease agreement for the full length of the lease and will be checked for compliance by Landing, Inc., at six (6) months or at the midway point in the lease, whichever is sooner. Failure to comply with the lease requirements at any time shall disqualify the Property Owner for grant payments.
- (j) Rental Affordability Cap: The Property Owner cannot charge monthly rent that exceeds the rent cap per unit size ~~charge over \$3,500 per month in rent per Housing Unit~~. Suggested rents are \$700 to \$1,200 per bedroom per month.

1 bedroom \$1,500/month

2 bedrooms \$2,400/month

3 bedrooms \$3,000/month

4 bedrooms \$4,000/month

(k) Fair Housing Act 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.

5.3 Contingencies

- (a) Change of Ownership: If the Housing Unit is sold during the lease period, the lease remains intact, and the new owner receives the second half of the incentive if they remain qualified. An executed agreement between the buyer and seller must describe new Property Owner's obligations under this program, plus the following:
- i. Abide by the lease terms, or
 - ii. If the new owner desires to pursue breaking the lease, they must provide 30-day notice to the Qualified Household and Placemate and pay the Qualified Household the amount equal to monthly rent times the number of remaining months, rounded up.

In this case, Landing, Inc. would work to place the tenants into another property.

- (b) Failure to Comply with Lease: If the Property Owner plans to evict a tenant, Property Owner must notify Placemate and Tenant 30 days in advance and work with Tenant to see if an alternative agreement can be reached. Placemate may require owner to promptly and adequately respond to mediation services. This applies unless a member of the Qualified Household
- i. is found by Owner or staff to be producing a controlled substance on the property (must provide at least a three (3) day eviction notice);
 - ii. is convicted of assaulting or threatening the Owner, their family, employees, or other tenants (must provide at least a three (3) day eviction notice). If domestic violence is suspected, the Owner must respect the victim's requests and refer them to the Advocates (24/7 Helpline 208.788.4191).

If the Property Owner does not meet lease agreements at the six-month mark because of an eviction or move-out, Landing, Inc. will work with Property Owners to rectify the situation. If an agreement cannot be reached, the Property Owner will be disqualified from receiving the second installment of the grant disbursements but will not be required to pay back the first installment of the grant.

- (c) Property Condition: If the Housing Unit is deemed in violation of Idaho law or regulations the grant payment(s) may be withheld.

6 TENANT ELIGIBILITY & REQUIREMENTS

6.1 Individual & Household Qualification

Individuals and households applying to the program must meet the definitions set forth in Section 2 of these guidelines.

6.2 Documentation

As part of the application, each adult member of the Qualifying Household must submit 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 employment or audited financial statements (if self-employed) OR
 - a. W-2 to verify annual income
 - b. most recent tax return
 - c. Letter from employer stating hours, pay, and location of employment

Each Qualifying Tenants pursuing work in Blaine County must submit the following:

- d. If on unemployment benefits and actively applying for work with local businesses for the previous four months, prospective tenant must provide evidence of unemployment benefits and weekly reports.
- e. If offered a job with a local business, prospective tenant must provide employer notice letter of hire with pay and prospective hours
- f. If preparing for local work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient, they must submit an acceptance letter from the training agency and a description of how this work will fulfill a local need upon completion of the program.

Each Qualifying Tenants requesting work exemption must submit the following:

- g. (f.c.i.) A retired person over the age of 67 who, immediately preceding retirement, was a full-time employee of an entity located within Blaine County for at least five continuous years and continued living as a fulltime resident within Blaine County following their retirement:
 - i. 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
 - ii. Document providing evidence of social security retirement benefits
- h. A person 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):
 - i. If the head or spouse of a family indicates that he/she is receiving disability benefits through Social Security Administration, verification of income will serve as verification of disability
 - ii. For family members claiming a disability but not receiving disability payments from SSA, if disability is not readily apparent,
 - 1. A note from the tenant's medical or therapeutic provider, including a non-medical service agency or reliable third party, or
 - 2. [HUD's Disability Verification form](#)
- i. A full-time, informal caregiver if caregiver lived or worked in Blaine County for at least the five previous continuous years. To confirm care recipient:

- i. Child under the age of four – birth certificate, verification of adoption, guardianship or custody documents issued by a magistrate or judge
- ii. Disabled child or adult
 1. A note from the tenant’s medical or therapeutic provider, including a non-medical service agency or reliable third party, demonstrating historical care and need for full-time care;
 2. Award letters showing benefits paid on behalf of a minor or disabled adult; or
 3. [HUD’s Disability Verification form](#)

7 PROGRAM DURATION

~~(k)~~ (l)

- (a) The Program ~~is a one-year pilot that starts~~ started as a one-year pilot on October 1, 2022. On July 17, 2023, Ketchum City Council renewed the program through September 31, 2024. If the Council takes no action to extend or renew this program, it shall automatically expire on September 30, 2023.
- (b) City staff will review program progress, housing needs, and the services being provided by Landing, Inc. and will 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 homes unlocked
- iii. Types/Sizes of units unlocked
- iv. Rental prices for each home, average per room
- v. Income of renters (area median income of each adult in the home) being served
- vi. Number of rentals extended beyond 12-month lease program