City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date:	July 17, 2023	Staff Member/Dept:	Rian Rooney/Housing
Agenda Item:	Workshop to provide direction on Ownership and Preservation Program Policies		

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

Goal 1: Create + Preserve Housing
Action: Pathway to Ownership

On June 12, staff presented an overview of research conducted on a potential Ownership and Preservation program and sought direction on three key policy questions to further develop the program (see Attachment #1 for June 12 Staff Report).

- *Should the program be expanded beyond owner-occupancy to allow restricted properties to be rented?*
- *Should the program require appreciation caps on restricted properties?*
- *What should be the geographic limits for properties participating in the program?*

The City Council provided initial feedback and requested additional analysis to work through the potential consequences of these policy decisions.

Summary of Feedback
To date, staff hosted three focus groups with local experts, realtors, and mortgage lenders to introduce the program and receive feedback to refine program details. They also surveyed residents to gauge interest in such a program. Key points of feedback on the program are summarized below.

Community Partners(community members, potential OPP participants, employers, lenders)–Feb. 23, 2023

- There is appetite for this program from buyer perspective
- Support for long-term nature & durability of this investment/program
- Consider opening to allow for rentals and investor participation
- Ensure that rules allow for reality of life changes + transitions
- Consider expanding geography beyond Ketchum

Realtor Group – March 29, 2023

- They asked questions about how the grant money is taxed.
    - In all cases, need to speak with a CPA for tax advice. If purchasing a home, grant funds would be considered a tax-free gift.
- They suggested including asset limits on Category Local (formerly Category L) properties, due to concern about “trust funders”; others praised the simplicity of a program without many restrictions.
    - Since the meeting, BCHA has adopted asset limits of ~$500k for Category Local occupants.
- They expressed appreciation cap concerns.

    - Demand for the assistance exists. Would participants be willing to give up appreciation?
    - Owning is better than renting but is less attractive with appreciation capped.
    - Appreciation caps lag the market, prevent owners from "making the jump" to market housing.
    - Capped units were not price competitive during the Great Recession. Participants may struggle to sell properties during major market downturns.
- Families would prefer to spend the same money on larger units in Hailey. Single people may struggle to afford Ketchum prices. Dual incomes with no children comprise the demand for smaller Ketchum units.
- Existing owners could use the program to restrict their unit and raise funds to upgrade to larger unit in Hailey, rent existing unit to local, if program were flexible enough to allow.

Lender Group – May 3, 2023
- Concern about appreciation capping units from perspective of home buyers because they face the risk of a market downturn, but do not get to participate in full market upside potential.
    - Challenge lies in the market appreciating more quickly, limiting ability of participating homeowners to move up and out of the unit. If program is not intended to be a steppingstone to move toward a market unit, then need to be clear that program is about housing stability through ownership.
- Challenges lending for condominiums due to warrantability guidelines set by Fannie Mae and Freddie Mac. Condos in the area are becoming less warrantable. Some local lenders offer separate mortgage products for non-warrantable properties, but the terms are not always right for borrowers (e.g. adjustable rates)
    - Potential for local lenders to develop OPP-specific mortgage product for non-warrantable properties. City could RFP to partner on these products.
- Consider a city reserve fund to buy/cure deed-restricted properties in the event of nonpayment/foreclosure (right to cure)

Community Survey – February 20 to April 24, 2023
- To determine demand for potential programs, the survey asked: "*Would you like to participate in any of these potential programs? (select all that apply)*." The survey described the OPP as follows: "*As a potential homebuyer or current homeowner, would you be interested in an ownership and preservation program? Such a program could grant up to $150,000 to home buyers, sellers, or existing owners in exchange for recording a long-term restriction on the home that ensures (a) owner-occupants are locals and (b) whenever the home sells it would only be sold to a local. The money would not have any restrictions and could be used to assist with down payments and closing costs for new buyers. The program would not limit eligibility by household income or financial assets*."
- 109 households of the 209 who expressed interest in living in Ketchum selected this program (212 households expressed interest in the program countywide).

City Employee Survey – May 23 to July 2, 2023
- 18 of 46 employees expressed interest in the OPP (same question format as the Community Survey).

Program Appreciation Caps and Tenure Requirements
These two policy questions benefit from a joint discussion, as the allowed types of program participants impact the implications of any appreciation cap. The most flexible deed-purchase programs (e.g. Vail, Park City, Summit County, CO) have three types of participants:

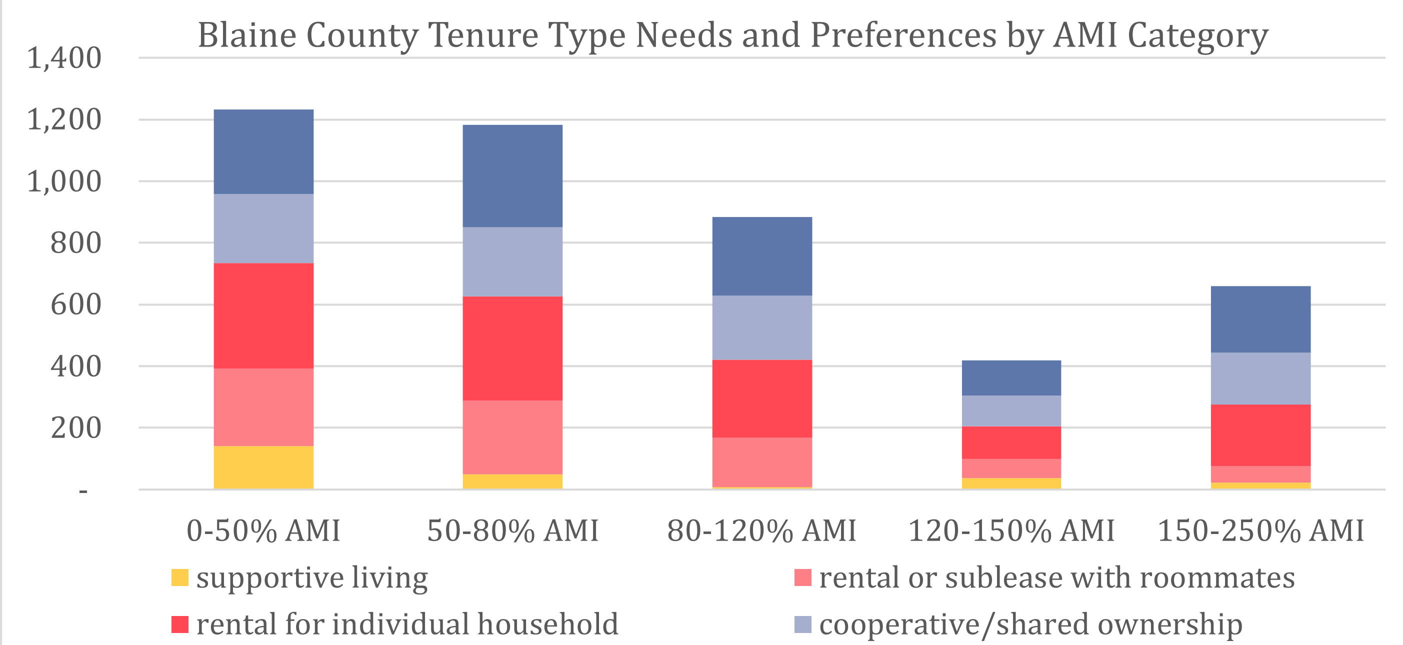
1. *Local Buyer Purchasing Residence.*
2. *Existing Owner Restricting Residence.*
3. *Local or Non-local Investor/Employer Using as a Long-Term Rental.*

Each of these participants has different constraints when participating in the program. For example, locals looking to purchase a primary residence will seek a mortgage and are more impacted by the decline in purchasing power due to higher interest rates and the limited mortgage products for non-warrantable condominiums. Investor/employer buyers may have access to other types of funding, capital, and tax benefits if purchasing a unit. Existing local owners may be struggling to keep up with rising costs of living and property taxes but would like to continue to live in the community and/or ensure that their home continues to house locals into the future.

An appreciation cap in a preservation program has two main functions. First, it protects the initial public investment made with the grant, ensuring that that investment contributes to the long-term affordability of the unit and that the initial recipient does not walk away with some portion – if not all - of that subsidy when they sell the unit to the next buyer. Second, an appreciation cap protects against spikes in property appreciation, smoothing price growth and helping to keep a unit attainable to more local purchasers in the long run. If local incomes grow more quickly than the appreciation cap (i.e., if wages outpace inflation), then the unit can become more affordable over time, expanding accessibility to households earning a lower percentage of median income.

Under ideal conditions, a Category Local deed-restriction without an appreciation cap would reduce the value of the property in an amount equal to the subsidy (e.g. 15% or 20%), and the unit would appreciate closely with growth of local wages due to the restricted pool of potential local buyers. However, it is impossible to predict how the market will value a deed-restricted unit, now or in the future. This is even more difficult to predict if units may be purchased by investors whose incomes are not dependent upon local wages, even if the incomes of their tenants and the rents they can reasonably charge are. As such, staff recommends that the subsidy should be lower if deed-restrictions are not appreciation capped and/or are open to purchase by outside investors and higher if deed-restrictions are capped and/or limited to occupancy by local owner.

Demand for Rental vs. Ownership Units
The Housing Action Plan and Housing Needs Assessment show that housing is needed across all income levels. The 2023 Blaine County Housing Survey shows that about half of the demand for housing at incomes above 120% AMI is for rentals and half for ownership. Demand for ownership tenure generally increases with greater levels of income, while risks of ownership decrease.

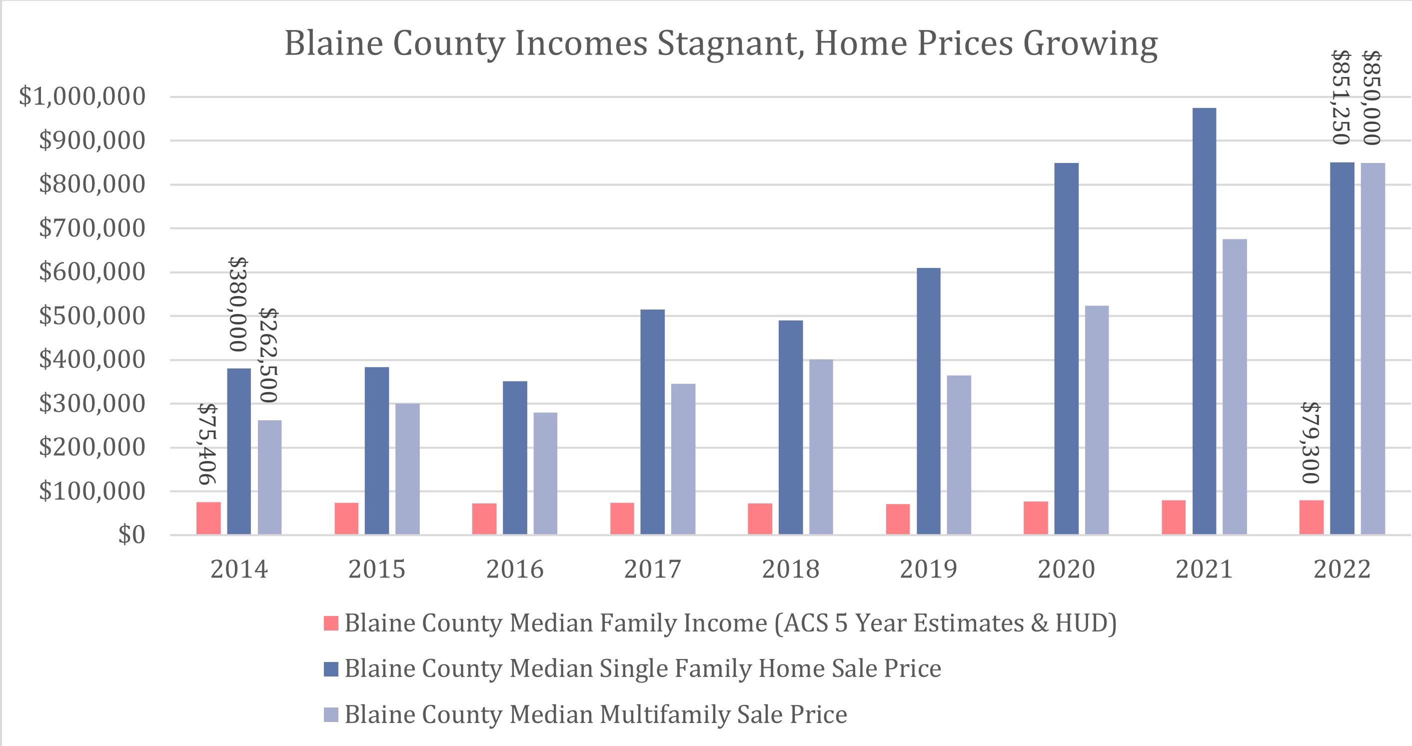


The Bluebird development will bring 51 rental units online, primarily targeting 50-70% of median income but ranging from 30% to 100% AMI. The 1st and Washington development is expected to deliver between 63 and 66 rental units targeting 80 – 140% AMI, contributing needed rentals for households earning above the median. The Density Bonus program and Lease to Locals create or convert stock for the 80% to 120% AMI levels. Ketchum does not have any programs in place targeting local households earning more than 120% of median income. Renting at these higher income levels is also currently more attainable than ownership, given median market rents, home prices, and interest rates.

Ownership is also the most stable form of tenure. The most common concerns of an owner are limited to finances - increasing HOA fees, utilities, and taxes, whereas the common concerns of a renter include fluctuating desires of landlords, drastic rent changes, and whether they'll continue to have a home.

There are many social benefits associated with homeownership. Home is an emotionally potent space and concept, one that has social associations that include feelings of belonging, safety, identity and success.[1] Drew and Herbert's analysis of homeownership preference is based on 19,030 survey responses by Fannie Mae's National Housing Survey collected between June 2010 and October 2011. Many of the reasons for desiring homeownership cited by survey respondents were social considerations rather than investment in a commodity.[2] Three of the top four reasons cited for desiring to own a home are that it "provides a good place to raise children," "provides a safe place to live," and one can have "control over living space."[3] Some researchers also found that owners are more likely to be involved in civic organizations such as neighborhood associations and local government, have higher levels of neighborhood cohesion, friendship formation, and trust of neighbors.[4]

Home Price Appreciation vs. Income Growth
Over the past decade, income growth has not kept pace with home values, leading to a dramatically increased affordability gap. The 20-year average annual growth in incomes in Blaine County was 1.4%, pacing behind both inflation and home price appreciation.



Blaine County Mortgage Affordability

Staff analyzed theoretical $500k, $750k, and $1M properties under today's economic conditions to assess which household incomes could realistically utilize the OPP down payment assistance. Category Local units are intended to serve local households earning above 140% of AMI (the upper limit of Category 6). However, under current conditions, a 140% AMI household (~$125,000) could only afford approximately a $455,000 property, assuming access to funds for a 20% down payment and closing costs. Mortgages on properties priced between $500,000 and $1,000,000 are currently affordable to households with annual incomes between approximately 150% and 300% AMI, or $135,000 - $271,000 dollars. To make monthly payments affordable to lower income ranges, more grant money could be provided to increase the down payment amount or buy down points on the interest rate.

Assumptions	
Affordable Housing Costs	30% of income
Interest and Principal	23% of income
Taxes, HOA Fees, Insurance	7% of income
Interest Rate	6.75%
Down Payment	20%
Mortgage Type	30-year, Fixed

Home Price	**$ 500,000**	**$ 750,000**	**$ 1,000,000**
Monthly Payment (Interest and Principal)	$2594	$3891	$5188
Monthly Payment (Taxes, HOA Costs)	$ 789	$ 1,184	$ 1,579
Needed Household Income	$ 135,339	$ 203,009	$ 270,678
% of Blaine County Area Median Income	*152%*	*228%*	*304%*

Projected Appreciation

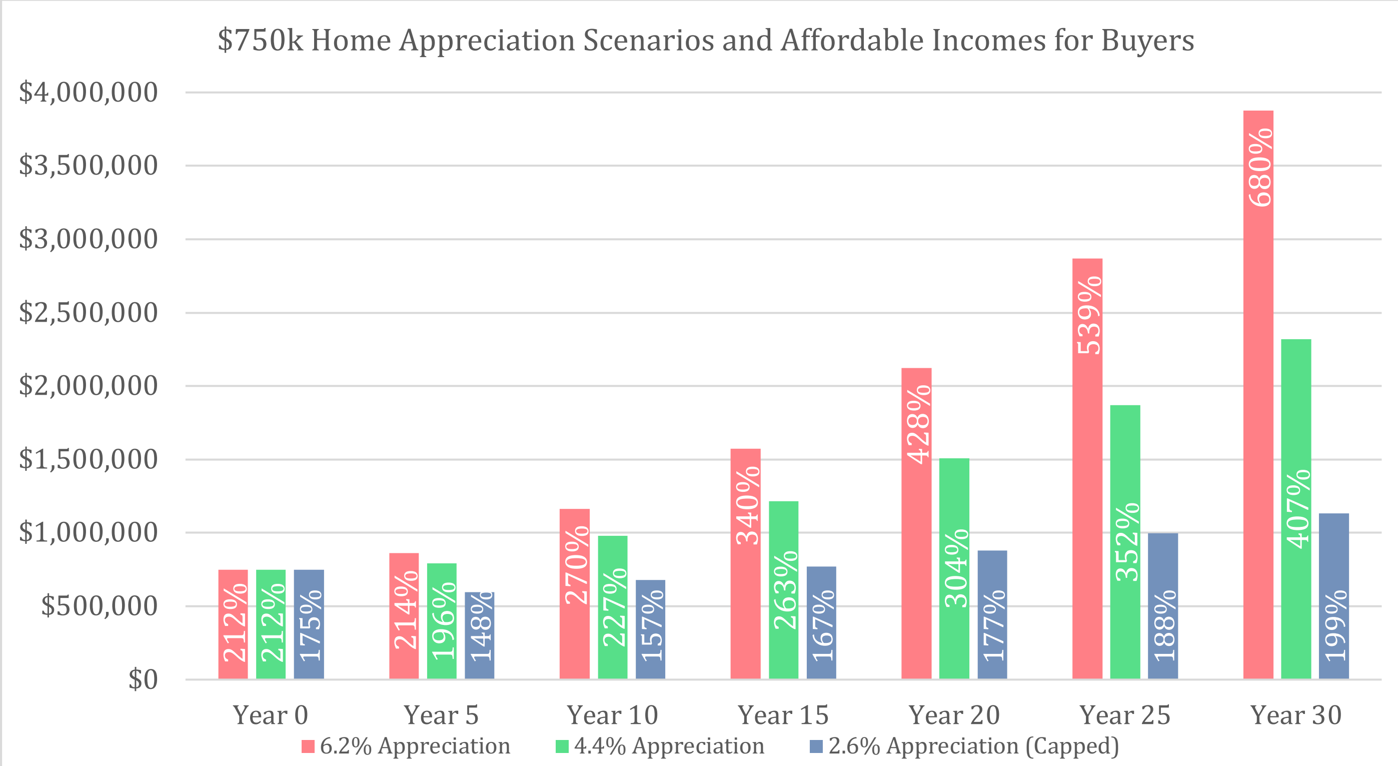
On average, home prices in the United States appreciated approximately 4.4% annually between 1991 and 2021. Across the country and in Blaine County, home prices have risen far more quickly over the past few years. From 2019 to 2022, Blaine County median home prices had a 21% compound annual growth rate (19% in Ketchum). From 2014 to 2019, compound annual growth rates were 7.9% in Blaine County and 6.2% in Ketchum. Given that home value appreciation is unpredictable, and the current rate of annual appreciation is not expected to continue in the long run, the chart below compares potential appreciation and potential profit at sale on uncapped homes (at initial prices of $500k, $750k, and $1M) using 4.4% and 6.2% appreciation rates with an appreciation-capped scenario, using the 20-year average annual inflation rate for the Western Region: 2.6%. For comparison, the chart also shows the estimated rental payments, with a 5% annual growth rate, that would be made for a comparable home over each period.

The chart below assumes that an appreciation capped deed-restriction value would be 30% and an uncapped deed-restriction value would be 15%, with an absolute maximum grant value of $225,000 per deed-restriction. Assumed down payments in this model would equal the grant amount. The model also assumes appreciation would begin from the initial home price minus the subsidy in all cases. For an uncapped unit, it is possible that the impact of the deed-restriction on the home's value could be more or less than 15%; in the case of the capped unit, appreciation is required to begin from the sale price minus 30%.

Initial Home Purchase Price	$500,000	$750,000	$1,000,000
Assumed Initial Value if Uncapped (-15%)	$425,000	$637,500	$850,000
Initial Value if Capped (-30%, Max $225,000)	$350,000	$525,000	$775,000
5-year Projected Home Value			
6.2% Appreciation - Uncapped	$574,132	$861,198	$1,148,263
4.4% Appreciation - Uncapped	$527,098	$790,647	$1,054,196
2.6% Appreciation (CPI Cap)	$397,928	$596,892	$881,127
5-year Projected Profit at Sale			
6.2% Appreciation - Uncapped	$ 175,160	$ 262,740	$ 350,320
4.4% Appreciation - Uncapped	$ 128,126	$ 192,189	$ 256,253
2.6% Appreciation (CPI Cap)	$ 69,363	$ 104,045	$ 153,590
Estimated 5-year Rental Payments (5% annual growth)	$ (182,780)	$ (274,169)	$ (365,559)
10-year Projected Home Value			
6.2% Appreciation - Uncapped	$775,593	$1,163,390	$1,551,187
4.4% Appreciation - Uncapped	$653,723	$980,585	$1,307,446
2.6% Appreciation (CPI Cap)	$452,420	$678,630	$1,001,787
10-year Projected Profit at Sale			
6.2% Appreciation - Uncapped	$ 413,064	$ 619,596	$ 826,128
4.4% Appreciation - Uncapped	$ 291,194	$ 436,791	$ 582,388
2.6% Appreciation (CPI Cap)	$ 153,866	$ 230,800	$ 340,704
Estimated 10-year Rental Payments (5% annual growth)	$ (416,058)	$ (624,087)	$ (832,116)
20-year Projected Home Value			

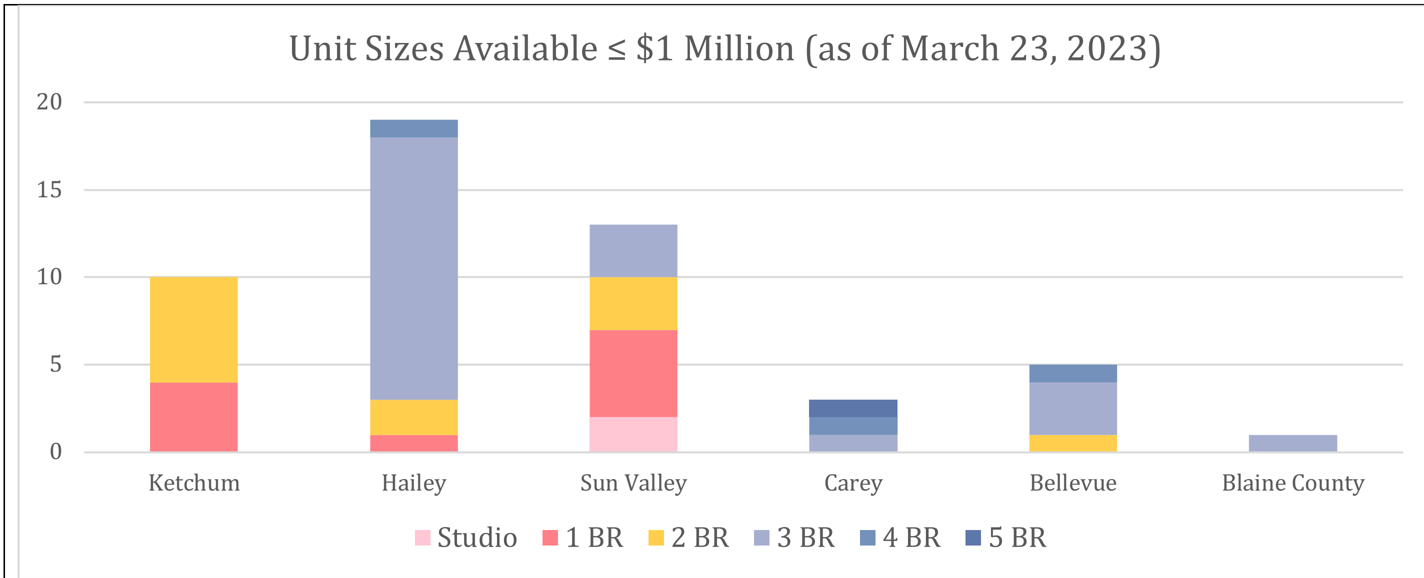
6.2% Appreciation	$1,415,400	$2,123,100	$2,830,800
4.4% Appreciation	$1,005,539	$1,508,308	$2,011,078
2.6% Appreciation (CPI Cap)	$584,811	$877,216	$1,294,938
20-year Projected Profit at Sale			
6.2% Appreciation	$ 1,175,334	$ 1,763,001	$ 2,350,668
4.4% Appreciation	$ 765,472	$ 1,148,209	$ 1,530,945
2.6% Appreciation (CPI Cap)	$ 387,109	$ 580,663	$ 857,170
Estimated 20-year Rental Payments (5% annual growth)	$ (1,093,772)	$ (1,640,658)	$ (2,187,545)
30-year Projected Home Value			
6.2% Appreciation - Uncapped	$2,583,000	$3,874,500	$5,166,000
4.4% Appreciation - Uncapped	$1,546,692	$2,320,038	$3,093,384
2.6% Appreciation (CPI Cap)	$755,943	$1,133,914	$1,673,873
30-year Projected Profit at Sale			
6.2% Appreciation - Uncapped	$2,583,000	$3,874,500	$5,166,000
4.4% Appreciation - Uncapped	$1,546,692	$2,320,038	$3,093,384
2.6% Appreciation (CPI Cap)	$755,943	$1,133,914	$1,673,873
Estimated 30-year Rental Payments (5% annual growth)	$ (2,197,698)	$ (3,296,546)	$ (4,395,395)
Note that the above table is based on assumptions of appreciation, grant value, and interest rates. There is no guarantee of any of the appreciation estimated; the table is meant to provide examples for comparing between potential scenarios.			

When appreciation is capped with inflation, appreciation in the home in real dollars will be close to zero, and only the buyer’s equity will appreciate (the initial public funds are subtracted). In this way, a CPI-based appreciation cap limits the investment value of the property in favor of providing greater price attainability for future buyers. Homeowners would only build significant wealth through homeownership by paying down the debt (increasing their equity) over a long-term, thus accumulating significant savings in the home and benefiting from housing stability. If local incomes begin to grow faster than inflation, these units will become more affordable over time; however, over the past 20 years, inflation grew more quickly than incomes.



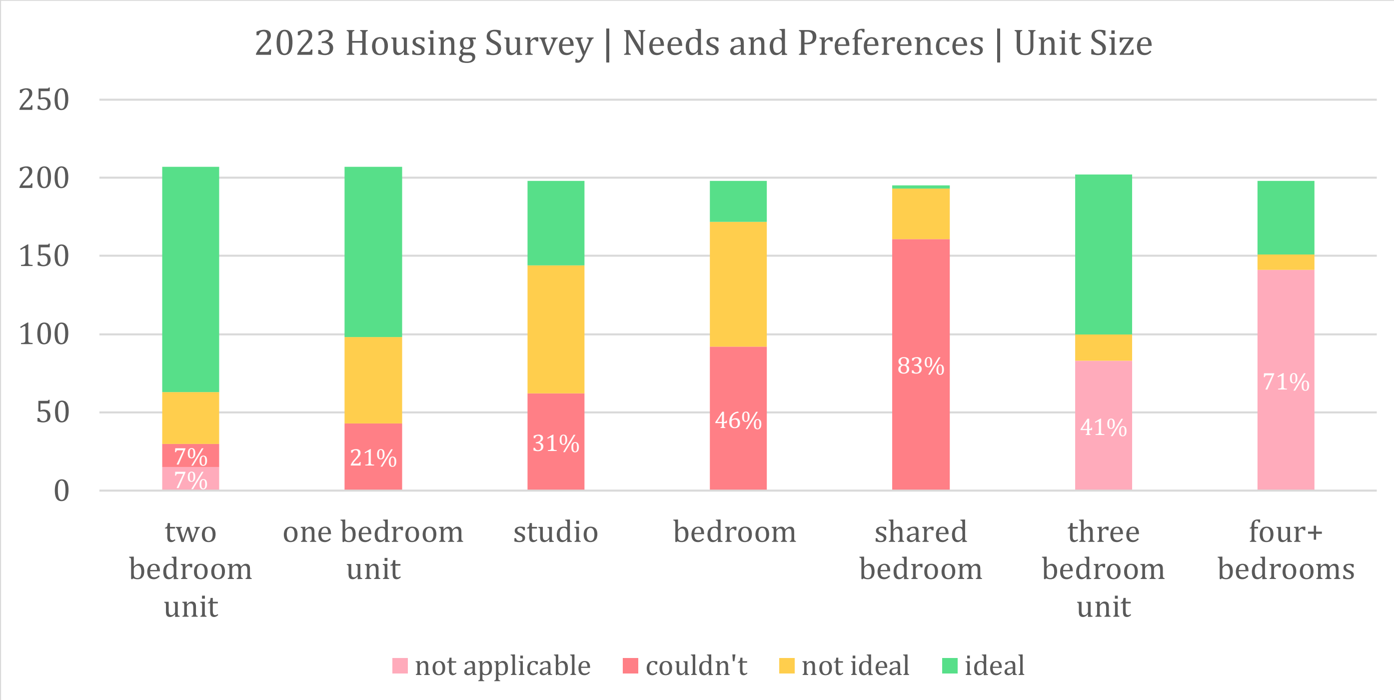
The chart above shows how a $750,000 home would appreciate under three different scenarios. This model assumes a 5.5% interest rate and 1.4% annual income growth, based on the 20-year averages. In all cases, homes would become less affordable by year 30, however, in the appreciation-capped scenario, appreciation begins from a significantly discounted value ($750,000 - $225,000 subsidy = $525,000) and appreciates significantly slower, making the home more affordable in the medium-term and protecting the public investment for the benefit of future buyers. The uncapped appreciation scenarios assume that the deed-restriction has a 15% impact on the value of the unit. All scenarios assume that any secondary purchaser has the funds available for a 20% down payment.

If one of the goals of the program is to allow investors to participate and create more local-restricted rental units, an appreciation cap is not appropriate for these participants. Without meaningful capital appreciation in the investment, in addition to rental income, it is unlikely investors would participate. Relatedly, allowing investor participation creates competition between home buyers and investors for the available inventory. It also means these two groups compete for a limited pool of funds, unless funds are designated for different types of participants or deed-restrictions.



Program Geography
At the June 12 meeting, the City Council expressed general support for expanding the program geography beyond the Ketchum city limits. Recognizing the interconnected nature of the economies of Wood River Valley communities but also concerns about subsidizing distant commutes and traffic, staff proposes to expand the geography of eligible properties for the program to the "North Valley," defined as the cities of Ketchum and Sun Valley, and the portion of unincorporated Blaine County located between Galena Lodge and the intersection of State Highway 75 and East Fork Big Wood River Road in Gimlet, allowing for any future residential development near St. Luke's Wood River Medical Center would be program eligible.

Staff do not share the concerns of the realtor group regarding families preferring a larger, unrestricted home in Hailey. No program will suit everyone, and Hailey is piloting a Category Local buy-down program with ARCH. 2023 Blaine County Housing Survey data shows that – while a similar number of respondents were from Ketchum and Hailey (39% and 36%) – about the same proportion of respondents seeking housing in the next two years would prefer to live in either location, with a slight preference for Ketchum. While larger home sizes are needed for larger households, a greater percentage of respondents expecting to need housing in the next two years need one or two bedrooms (79% and 86%), with only 59% responding that a three bedroom is doable or ideal. This suggests that there is greater demand among smaller households, including those who may be downsizing.



References
1. Christie, Smith, and Munro, "The Emotional Economy of Housing."
2. Drew and Herbert, "Postrecession Drivers of Preferences for Homeownership," 6.
3. Rohe, William M, and Cary C Boshamer Distinguished. "Reexamining the Social Benefits of Homeownership after the Housing Crisis," n.d., 54.
4. Rohe, William M, and Cary C Boshamer Distinguished. "Reexamining the Social Benefits of Homeownership after the Housing Crisis," n.d., 54.

Sustainability Impact:

Community housing 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 Ownership and Preservation program converts existing housing units into community housing, utilizing existing housing stock, land, and resources.

Financial Impact:

Staff have anticipated launching a pilot of the Ownership and Preservation Program using $1 million in LOT funding, to be distributed over two years.

Attachments:

1. June 12 Ownership and Preservation Program City Council Staff Report

City of Ketchum

Attachment #1

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date:	June 12, 2023	Staff Member/Dept:	Rian Rooney/Housing

Agenda Item:	Ownership and Preservation Program Policies

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

Staff request guidance on key policy questions for the OPP.

Goal 1: Create + Preserve Housing
Action: Pathway to Ownership

The 2022-2023 Housing Action Plan identifies a Pathway to Ownership Year 1 Action to support Goal 1, including exploration of deed-restriction and down payment assistance feasibility and program options. Staff investigated the feasibility of a deed-restriction purchase program (Ownership and Preservation Program), similar to programs established in many other mountain resort communities.

The Town of Vail, Colorado and the Vail Local Housing Authority initiated the InDEED program in 2017. The program offers a cash incentive in exchange for "light" deed-restrictions, which restrict occupancy to qualified local workers, preserving existing housing stock for local, year-round occupancy. These restrictions are similar to Blaine County Housing Authority's Category L deed-restriction, which has no income or asset limits.

Staff hosted three focus groups with local experts, realtors, and mortgage lenders to introduce the program and receive feedback to refine program details. Staff also explored and analyzed local inventory and current economic conditions to inform program recommendations. Since the launch of Vail's InDEED program in 2017, pandemic-related effects have shifted the economic landscape in mountain towns like Ketchum. Home prices, already high and rising, surged with the pandemic. In the last year, federal interest rate policy made borrowing more expensive and decreased purchasing power.

Staff wishes to use this update to provide the City Council with the latest findings, analysis, and recommendations for the program and to seek direction and guidance to finalize a program proposal for review in July. More extensive background and details on the program can be found in the attached slides (Attachment #1). Staff requests direction from the City Council on the following program elements.

Expand Program to Include Rental Properties
Because the Year 1 HAP Action "Pathway to Ownership" seeks to encourage and support home ownership, originally staff explored a narrower, more restrictive program, targeted specifically to people seeking homeownership or assistance with existing homeownership. This differs from the most flexible deed-

restriction purchase programs (e.g. Vail InDEED, Park City), which are only concerned with the qualifications of the occupant of the unit, not the owner.

Given the high housing costs, decreased purchasing power, and limited inventory, staff recommends opening the Ownership and Preservation Program pilot to allow participating units to be used as rentals and to be purchased by other entities, including investors and employers. Staff believes that this added flexibility will expand the use of the program but values prioritizing support for homeownership, in alignment with the HAP year 1 action. Staff could closely monitor funding allocation among participant types and hold or pause funds to support homeownership. Summit County, Colorado, for example, only processes requests for ownership acquisition applications during peak sale season, and then reopens to existing homeowners after the summer.

Staff recommend Option 2, with the potential to consider timing preferences and funding allocations specifically for homeownership.

<u>Program Options</u>:

1. Flexible. No distinction between rental and ownership – unit occupant must be qualified, year-round local.
    a. Pro**:** Maximum flexibility and eligibility for use of program
    b. Con: May create competition between investors and those seeking homeownership funding
2. Same program, two deed-restrictions: 1. Ownership, 2. Flexible.
    a. Pro: Two restrictions could allow for distinctions in regulations, financial incentive, and appreciation, and give participants opportunity to choose what is preferable for them.
    b. Con: More options can add education and administrative work.
3. Ownership. Only allow program funds to be used for owner-occupied units
    a. Pro: Program exclusively supports homeownership, which is not currently supported by other programs
    b. Con: Limits program participation due to limited inventory amounts and housing types

Appreciation Cap

The program element which has received the most debate and discussion in focus groups is whether to include an appreciation cap with the Category-L deed-restriction, as is typically used with other BCHA deed-restrictions. Current BCHA Category-L deed-restriction terms include a maximum 4% annual appreciation cap that tracks with increases in cost-of-living. The most flexible versions of these programs, including the Vail InDEED and Park City programs, do not have appreciation caps. On the other hand, Jackson/Teton County's ownership-specific restriction includes a 3% annual appreciation cap (their second, less restrictive, rental version of the restriction does not have an appreciation cap). Notably, the more flexible restrictions provide less subsidy (typically about 10-15% of value) than Jackson's ownership-specific program (20%). In Breckenridge, two versions of the restriction are offered: an uncapped restriction (up to 19% of value) and an appreciation-capped restriction (up to 30% of value).

The arguments for an appreciation cap are primarily protecting the long-term value of the public investment and keeping home prices on restricted units more attainable to more locals. When the public provides a subsidy in the form of down payment assistance, appreciation on the home would be capped beginning from the market price of the home, less the value of the restriction. This ensures that the value provided by the public subsidy buys down the home price on all future transactions so that all future homeowners benefit from the subsidy. If appreciation on the unit is not capped, the initial recipient can collect the public subsidy at the first subsequent sale. Even without an appreciation cap, a deed-restriction will likely limit the maximum sale value of unit relative to a comparable unrestricted unit, however, an appreciation cap can ensure that a home remains more accessible to local earners in the long-run.

Arguments against appreciation caps include that they prevent homeowners from building enough equity in their home to eventually "graduate" out of the unit and into an unrestricted, market home, as the market appreciates faster than the appreciation cap. Staff views the primary benefit of homeownership under this program as long-term housing stability, not as investment and equity-building, although equity-building and appreciation will be an additional benefit even with a cap.

Staff also heard that appreciation-capped units were difficult for owners to sell during economic downturns, citing challenges experienced after 2008. In a "down market" with home prices falling, comparable unrestricted units were affordable to buyers and more attractive than deed-restricted units. Some focus group participants argued that if a deed-restricted unit will participate in downside risk like a market unit, then it should also benefit from any potential upside. Staff notes that BCHA deed-restricted units in 2008 were income category-restricted units and did not include Category-L-style units, which do not have income or asset limits and use a different method for capping appreciation.

A final consideration for appreciation caps is related to question #1 and eligibility for participation in the Ownership and Preservation Program. When buyers are investors or businesses, capital and funding are more available for purchasing units, compared to the individual local household, and appreciation caps are not as necessary. Additionally, investors will be more interested in participating in a community housing program without an appreciation cap.

Staff recommends considering whether to include appreciation caps in conjunction with consideration of participant eligibility and corresponding grant value.

<u>Program Options</u>:

1. No appreciation cap
2. Two versions: one with an appreciation cap and a higher financial incentive and the other with no appreciation cap and lower financial incentive. These could also correspond with ownership vs. flexible deed-restrictions.
3. Annual appreciation cap (tracked against cost-of-living) for all participating units

Program Geography

Staff analyzed real estate inventory in Ketchum and the rest of the Wood River Valley over the past year. Ketchum's inventory in the sub-$1 million category is limited and largely made up of 1 and 2-bedroom condominiums constructed in the 1970s and 1980s. Hailey has the greatest mix and volume of unit types at this price point, including larger units and single-family homes. While staff believes, and recent survey data supports, that there is demand for the program to support acquisition of available units in Ketchum under this program, occupants of preserved units would be smaller households due to the limited size of units. Realtors advised that some families seeking housing would opt for larger unit types in Hailey or beyond, without subsidy programs. Additionally, the City of Hailey is currently developing a similar preservation program.

The HAP includes direction to allocate 20% of City of Ketchum housing funds for significant county-wide actions. Staff recommends Option 2 or 3. Any funding for properties outside of Ketchum's city limits could be split with relevant participating jurisdictions (if any).

Program Options:

1. Restrict use of Ownership and Preservation Program to properties located within the Ketchum city limits.
2. Restrict use of program to properties located within Ketchum or Ketchum's Area of City Impact.
3. Restrict 80% of the program funds for properties located within Ketchum (or Ketchum's Area of City Impact).
4. Expand use of program to all of Blaine County and operate the program through the Blaine County Housing Authority.

Value of financial incentive

The recommended financial incentive – either as a percentage of home price and/or in maximum dollars – is largely dependent on the guidance sought above.

Next steps:

Staff will recommend program policies to Council in July. In the meantime, Staff will review the deed restriction template(s) with key partners and prepare for implementation.

Sustainability Impact:

Community housing 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 Ownership and Preservation program converts existing housing units into community housing, utilizing existing housing stock, land, and resources.

Financial Impact:

Staff anticipate launching a pilot of the Ownership and Preservation Program using $1 million in LOT funding, to be distributed over two years.

Attachments:

1. Ownership and Preservation Pilot Program Background Slides