



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: Staff Member:

Agenda Item:

Recommended Motion:

No motion. Staff seeks guidance from the Council on the future of the Lease to Locals program and consideration of a light preservation program.

Reasons for Recommendation:

- Lease to Locals uptake has slowed. There is demonstrated interest in program participation from existing long-term landlords, who could participate in a light preservation program.
- A preservation program complements other community housing actions and provides a bridge to keep units occupied by local tenants while additional long-term housing units are developed or converted.

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

GOAL 1: Create + Preserve Community Housing
ACTION:

- **Continue Lease to Locals Program**
- **Explore light preservation program**

Placemate (formerly Landing Locals) went into contract with the City of Ketchum in August 2022, to administer the Lease to Locals program.

As of February 19, 2025, there have now been 35 properties converted for long-term local rental. These 35 units housed 64 people, at an average incentive cost of \$6,971 per unit. To date, 24 units have graduated the program, with at least half of them continuing as long-term rentals. Lease to Locals has allocated \$244,000 in incentives and committed ~\$461,000 in total spend, when including marketing and administration costs.

While staff considers the program to have been successful, especially the speed with which it unlocked new units for locals, the program has begun to show diminishing interest and returns. Due to lower-than-expected volume, between FY23 and FY24, Placemate reduced their administrative fee by 20% (current fee is \$6,000/month). Five months into FY25, the program has converted 4 new units, housing 6 people. One of the primary reported reasons for not participating in the program has been the required caps of allowed rent.

Given current performance, staff seeks Council guidance on the future of the Lease to Locals program and pivoting to a new, rental preservation program in partnership with Placemate.

Future of Lease to Locals

Staff recognizes that the Lease to Locals program is no longer delivering the conversion that we expect and recommend winding down the program. The wind down process takes up to 1 year of additional administrative work because participating property owners are paid out the second portion of their incentive at the end of the lease.

Option 1: End Lease to Locals Early. (Staff Recommendation)

Staff’s recommendation is to end the Lease to Locals program early, with a target of ending all new lease allocations in May. This timing would provide some additional runway to convert a few more properties before new allocations are entirely turned off. Staff and Placemate believe there may be opportunity to convert additional properties after the FIS World Cup Finals in March. The spring season changeover from winter may also provide an opening for conversion of homes used as short term rentals or vacation homes during the winter ski season.

If the program were to end in May, staff recommends continuing to utilize Placemate to have their team administer the wind down at a reduced fee through the end of their contract at the end of the fiscal year. Depending on the execution date and length of new leases, the wind down period may stretch up to 12 months. After September 30, 2025, administration could either be handled internally by staff or by Placemate, which can be determined in conjunction with other program, budget, and staffing considerations. Staff do not currently have the capacity to internalize this work without removing other responsibilities and actions from the Housing Department workplan and Housing Action Plan (both BCHA’s and Ketchum’s).

Option 2: End Lease to Locals at the End of the Fiscal Year.

The alternative option is to continue to run the Lease to Locals program as originally planned, through the end of the fiscal year in September 2025. If the Council wishes to continue in this manner, staff and Placemate recommend additional marketing of the program to help reach and convert as many final properties as possible. Placemate estimates that the budget impact of continuing through the end of the fiscal year would be approximately \$103,771 and could convert approximately 8 additional properties.

Remaining Admin Fee	Estimated Marketing Spend	Estimated Incentive Spend	Estimated Total Spend
\$42,000	\$6,000	\$55,771	\$103,771

If planning for a program wind down beginning in October 2025, staff will make a recommendation during FY26 budgeting regarding how best to handle final payments and compliance review for the remaining participants. Housing staff will likely not be able to take this responsibility in-house without reducing the team’s work scope. There may also be value and efficiencies in continuing to work with Placemate to wind down the program depending on other factors, including whether the City initiates the preservation program pilot.

Pilot a Preservation Program

Under Goal 1: Produce + Preserve Housing of Ketchum’s Housing Action Plan, strategy #2 is to “rehabilitate and preserve existing affordable housing (both naturally occurring and deed restricted).” According to American Community Survey analysis conducted during the 2022 Housing Action Plan, between 2010 and 2019, Ketchum lost 337 long-term rental units. Beginning with the Year 2 Action Plan, staff have included an action to explore a light preservation program. This light preservation program concept emerged from

feedback from property owners who already rent units long-term to locals - often at below-market rates - and therefore were not eligible to participate in the Lease to Locals program.

As operating expenses and the opportunity cost of foregoing short-term renting increases, staff recognize an opportunity to maintain and preserve those existing tenant-landlord relationships by strengthening them through a program that would incentivize and support property owners. The program is envisioned as a 3-year “bridge” program, longer than the Lease to Locals lease terms but significantly shorter and less expensive than a long-term deed restriction purchased via the Ownership and Preservation Program.

The preservation program offers financial certainty to landlords and housing stability to existing tenants for a fixed period. This type of program can help existing owners who are under financial pressures from rising housing costs, capital assessments, property taxes etc. and are at risk of selling or short-term renting properties already used as long-term rentals. This type of program would also complement on-going housing efforts by offering that immediate stability while other developments are constructed and programs are set up and implemented.

Peer communities have also been considering this type of program as a complement to Lease to Locals and other housing initiatives. In summer 2024, Placemate and the Town of Truckee, CA launched a rental preservation program called Rooted Renters. Response to the program from property owners was extremely positive and oversubscribed in under 10 minutes of launching, immediately preserving 23 properties. There is a large waitlist to participate, and an additional cohort is planned to launch in July 2005. In reviewing those results with the Placemate team and considering the remaining budget, staff is recommending incentives that are about 50 – 60% lower than what were provided in Truckee. However, one key difference between Truckee’s program and the proposed policies is that, in the proposed Ketchum policies, there would be no cap on current rents to participate. Placemate is also currently exploring a preservation program in Provincetown, MA (Cape Cod).

Staff and Placemate have now crafted the basic parameters of a Rooted Renters-like preservation program for the City of Ketchum. The program would provide financial incentives to property owners over the course of a three-year period to continue to long-term rent units in Ketchum to local households.

Proposed Program Policy Basics

- Eligible properties must be located within City of Ketchum
- Property must be an existing long-term rental for at least the past 12 months
 - Properties that have participated in Lease to Locals would be excluded from eligibility in this program at launch
- At least 50% of household must work 30+ hrs/week in Blaine County or meet a qualifying exemption
- Average Gross Income of all tenants in a household cannot exceed 120% of the area median income
- A new 12-month lease must be signed with no rent increase allowed for the first year
- Properties are not subject to a rent cap, but subsequent rent increases in years 2 and 3 are limited to 3.5% (on average, area median income has annually increased 4% since 2019 and 2% since 2015)

Incentives would be backloaded to encourage continued participation through the entirety of the program (15% at lease signing, followed by 15%, 30%, and 40% at the end of the third 12-month lease).

	Studio	1 bed	2 bed	3 bed
Total Incentive Amount	\$6,000	\$8,000	\$10,000	\$12,000
Avg. Incentive Amount / Month	\$167	\$222	\$278	\$333

Example 2 Bedroom Property Incentives:

At Lease Signing May 2025	End of Lease 1 May 2026	End of Lease 2 May 2027	End of Lease 3 May 2028
15%	15%	30%	40%
\$1,500	\$1,500	\$3,000	\$4,000

Staff welcomes initial feedback on these policy concepts. If the Council wishes to move forward with a preservation program, staff will work with Placemate to draft complete program policies to be reviewed at a future meeting.

Option 1: Launch a Preservation Program in May/June (Staff Recommendation)

Staff recommend working with Placemate to launch a pilot preservation program in May or June, following the end of Lease to Locals and utilizing the remaining budget allocated for Lease to Locals in this fiscal year. Staff and Placemate estimate that the remaining budget could be used to support the preservation of approximately 17 existing rentals for three years with an estimated average incentive of \$9,200 per unit.

Staff feels confident in the proposed May/June launch timeline, given the groundwork already developed on policy parameters and Placemate’s experience launching and administering a similar program in Truckee last year. Following a May/June launch, staff could provide the Council with a program review – and comparison to Truckee’s launch – for consideration during FY26 budget planning to inform the future of the program.

Option 2: Plan to launch a pilot preservation program in October to align with the new fiscal year.

Council could reconsider this program during budget planning this summer and allocate a different amount of funding to support a pilot program launch in the new fiscal year.

Option 3: Do not launch a pilot preservation program in the near future. Staff do not recommend this option. Rental preservation is an identified Goal 1 action in the Housing Action Plan and staff recommend pivoting from Lease to Locals to pilot a preservation program while under contract with Placemate and with existing, allocated budget.

Next Steps

If the Council wishes to pursue a preservation program and wind down Lease to Locals in May, staff will work with Placemate to refine policies for a preservation program and bring to Council for review and approval in April/May.

Sustainability Impact:

Lease to Locals 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 program converts existing housing units into locals' housing, utilizing existing housing stock, land, and resources.

Financial Impact:

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