

Ketchum Ownership and Preservation Pilot 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 local employees, local seniors, and local disabled persons. 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 certain net worth and/or 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 Policies (“BCHA Policies”). Such definition and classification may be updated from time to time by Blaine County Housing Authority.

(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 sole and primary residence, meeting the Basic Qualifications for Purchase of Community Housing, as defined and described in the latest adopted version of the Blaine County Housing Authority Community Housing Administrative Policies and meeting the following criteria:

- a. At least one (1) member of the Household must be eighteen (18) years of age.
- b. 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. 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 will be withheld until the Household has ceased ownership of the property.

- c. The Household shall, at a minimum, meet Blaine County Housing Authority's Category Local definition, including compliance with the latest published asset and/or net worth limits.

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 per deed restriction.

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 per deed restriction.

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 and who have not previously owned a home must also provide evidence of completion of the BCHA-approved Homebuyer Education Course prior to qualification.

The application will be reviewed and additional documentation may be required following the procedures of the Blaine County Housing Authority Community Housing Administrative Policies. If the applicant is approved, a Qualification Letter will be issued to the applicant. The Qualification Letter is good for six months and may be updated and reissued at the request of the applicant upon providing current documentation demonstrating program qualification. 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 Administrative Policies.

- (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 Policies. Where the requirements of the recorded Category Local deed covenant and the Blaine County Housing Authority Community Housing Administrative Policies may conflict, the requirements of the deed covenant shall govern. Property Owner is required to annually submit information verifying compliance with deed restriction and policy 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. Once restricted, households and 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 most recently adopted BCHA Policies 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 transfer of the home to a new owner, a new deed restriction will be recorded with a new term.
- 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), , All Items (1982-1984 = 100) published by the Bureau of Labor Statistics, United States Department of Labor. Annual appreciation shall not exceed an average of 3% per annum. Funds contributed by the City as part of the Program will be subtracted from the established market value at the time of restriction to determine the base price for calculating appreciation.
- 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 Policies for Selling Community Housing. Marketing of a "Program Option 2" non-appreciation capped unit will be the responsibility of the Property Owner, however, the City and/or BCHA must review and approve any buyer to ensure they are a Qualified Household prior to closing.
- 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 AND REPORTING

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 two (2) months before the end of the fiscal year, 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