

# RENTAL PRESERVATION PROGRAM POLICIES

## 1. Program Overview

The Rental Preservation Program (“the Program”) offers financial incentives to property owners who agree to continue to rent their property to qualified locals and to lock in affordable rental prices for 3 years. The goals of the Program are to preserve stable, long-term rental housing for local tenants across multiple years, to support existing landlords renting long-term to locals, and to expand the City’s suite of housing programs through a multi-year and efficient preservation solution.

## 2. Program Definitions

The following definitions are relevant to the Program:

- A. **Adult:** An individual who is 18 years of age or older.
- B. **Bedroom:** An enclosed habitable room planned and intended for sleeping, separated from other rooms by a door, and accessible without crossing another bedroom, closet space, or bathroom. A bedroom will have an emergency escape and rescue opening(s), and a minimum floor area of seventy (70) square feet, exclusive of a closet. Additionally, the construction of the room shall have been authorized by a building permit, and the room shall comply with all codes in effect at the time of construction or conversion into a bedroom.
- C. **Child:** An individual who is less than 18 years of age.
- D. **Long-Term Rental:** A property rented directly to full-time tenant(s) on a lease with a minimum term of 12 months.
- F. **Qualified Household:** Any individual renter or group of individual renters living together in one home as their primary residence, where at least half of the adults are Qualified Tenants at time of application. To be considered a Qualified Household, a renter group must be approved by the Program Administrator and the City of Ketchum through the application process laid out in these Program Policies. Qualified Households must meet one of the following income qualifications:
  - a. The average annual gross income of all adult residents of a household (related or unrelated) can be no more than 120% of the area median income as set by the Blaine County Housing Authority. Adult tenants who are full-time students are not included when determining if 50% of the adults in the household are Qualified Tenants or when calculating average household income.
  - b. The income qualification for single parent households with one adult and at least 50% child custody is a household income of 1.5 times of 120% of the area median income for a single person income as set by the Blaine County Housing Authority, which includes all income, including child support.
- G. **Qualified Tenant:** An adult who is not of blood relation to the Property Owner who meets the definition of a Local Employee, Local Senior, or Local Person with a Disability.

- H. **Local Employee:** A person who is employed, self-employed, or offered employment and is working for a minimum of 1,500 hours per calendar year (average of 30 hours per week) for an employer whose business activity is primarily located within Blaine County and who employs person(s) physically working within Blaine County (“Local Employer”).
- Exceptions to the minimum work hours include teachers and military personnel.
  - Breaks in employment requirements due to temporary physical or mental disability, family medical leave, and education or training are not disqualifying.
  - Employers that create and manage short-term rentals are not considered a Local Employer.
- I. **Local Senior:** A person 65 years or older who meets at least one of the following criteria:
- Was a Local Employee for at least five of the six years prior to reaching age 65 (or older) and continued living at least nine out of every twelve month period in Blaine County since reducing work hours or retiring.
  - Was a Local Employee for at least ten of the fifteen years prior to reaching age 65 (or older), and continued living at least nine out of every twelve month period in Blaine County since reducing work hours or retiring.
- J. **Local Person with a Disability:** A person who is any of: 1) a person who has a physical or mental impairment that substantially limits one or more major life activities; 2) a person who has a history or record of such an impairment; or 3) an individual who is perceived by others as having such an impairment. Additionally, a person who either 1) lived in Blaine County at least nine out of every twelve month period for the previous two years, or 2) was a Local Employee immediately prior to their disability.
- K. **Property Owner:** The property owner or ownership group that holds fee title to the Eligible Property.
- L. **Eligible Property:** The housing unit must be a house, condominium, multifamily (4 or fewer unit building), mobile home, or accessory dwelling unit that has been rented consecutively full-time for at least the past 12 months. Excludes deed-restricted, work/live, employer/employee, and otherwise subsidized units including properties that participated in the Lease to Locals program.
- M. **Property Location:** The Eligible Property must be located within Ketchum’s City Limits. Properties in the the Avalanche Zone District are not eligible. If budget remains, Properties located in the North Wood River Valley (area directly North of Ketchum's ACI and South of Ketchum’s ACI to the border of Hailey's ACI) would be able to participate.

### 3. Program Outreach and Marketing

- A. City staff will post application information and materials on the City’s website. City staff will also issue a press release and Program information will be provided to all interested parties.
- B. The Fair Housing logo will be placed on all outreach materials and applications.
- C. The Program Administrator (“the Administrator”) will work closely with local homeowners and local renters providing information for Program eligibility prior to Program launch.
- D. At Program launch, the Administrator will open an application form on their website. The application period will be a minimum of one week after Program launch at which point the City and Administrator will rank and prioritize applications based on rent affordability. If budget remains, the application period may be extended. Administrator has sole discretion

to disqualify Property Owner if self-reported information on Program application is deemed to be untrue.

#### **4. Fair Housing 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. Program Administration**

City of Ketchum Role: The City will administer the Program with support from a third-party administrator. The City is responsible for managing the contract with the Administrator, issuing incentive payments, and Program evaluation.

Program Administrator Role: The Administrator is responsible for operating the customer-facing side of the Program and providing the following services for the City's Program: program development, customer service, marketing, and processing applications per Program Policies. The Administrator is responsible for meeting with City Staff regularly and for providing an annual update to Staff and Council Members on the status and progress of the Program.

#### **6. Property Owner Participation Requirements**

##### Rental Rate Requirements

While there is no maximum cap on rent, participating Property Owner and tenants must retain their existing rent rate upon entering the Program for the first 12 months.

Participating properties in Program are subject to a maximum 3.5% rent increase every 12 months that their property is in the program.

##### Initial Lease Requirements

Property Owner must sign a minimum 12-month lease agreement with a Qualified Household that includes at least one existing tenant.

##### Lease Renewal Requirements

If a Qualified Household has occupied a property for a full 12-month lease term, the subsequent lease term may move to a month-to-month rental agreement with the same Qualified Household. The original 12-month lease may contain a clause that indicates that the lease will roll over to month-to-month at the conclusion of the first lease term, or, at the end of the first 12-month lease term, a new lease agreement with a month-to-month term may be signed.

### Annual Monitoring Requirements

The Administrator will conduct a check-in with the Property Owner and tenants 6 weeks prior to the completion of each 12-month term to verify that the tenant group remains in the property and at least one tenant remains a Qualified Tenant for the Program and to inquire about the plans for the end of the lease term.

### Property Owner Application

To begin participating in the Program, Property Owner must submit the following information and documents as part of a complete application. The Administrator will support Property Owner by collecting the following:

- A. Signed attestation acknowledging terms and conditions of Program.
- B. Signed lease agreement with a Qualified Household for a minimum of 12 months.
- C. Signed Property Owner application.
- D. A check request form for the first incentive payment
- E. Completed W-9.

All applications must be submitted to the City of Ketchum within 60 days of the start date of the lease.

### Unit Participation Limit

A Property Owner may only participate in the Program with one Eligible Property.

## **7. Eligibility Requirements for Tenant Household Groups Applying for Program**

### Household Group Eligibility and Participation

To participate in the Program, a Property Owner must provide housing to a Qualified Household as outlined in Section 2 Program Definitions.

### Tenant Applications

Each Adult applicant in the Qualified Household must submit income and other documentation as part of the application in order to determine total household income and local qualification. Self-employed and business-owning tenants will be required to provide sufficient documentation to substantiate income and local employment for at least 30 hours per week. The documentation required is based on the applicant's employment circumstances, and the Program Administrator will work with Property Owner and tenants to collect the required materials.

Required documentation may include but is not limited to some or all of 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 local employment and hours OR

- W-2(s) to verify annual income
- Most recent tax return
- Affidavit of Employment from employer stating hours, pay, and location of employment

(c) If self-employed, financial statements and proof that 50% of their income is earned by serving customers in Blaine County and most recent tax returns containing Schedule K-1.

(d) Social Security Retirement benefits statement

(e) Social Security Disability benefits statement

For persons 65+ and no longer working full-time (30 hrs/week on average), tenant must submit the following:

- 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.
- Proof of residence in Blaine County since ceasing to work full-time

For persons who are unable to work full-time due to a disability:

- If not receiving disability payments from SSA and if disability is not readily apparent, a note from the tenant's medical or therapeutic provider, including a non-medical service agency or reliable third party, or HUD's Disability Verification form.
- Proof of residency in Blaine County for the previous two (2) years

### Modification of a Tenant Group

Tenants are required to submit applications proving their qualifications for the Program at the beginning of their tenancy.

If at any point in Program participation the tenant(s) and/or household group living in the property changes, the Property Owner must notify the Administrator.

If at any point in Program participation, the entire household group moves out, the Property Owner must replace the household with another Qualified Household who agrees to a new 12-month lease to receive their subsequent incentive payment. Each adult in the new household group must submit a complete tenant application.

If at any point in Program participation, only a portion of the individuals in a Qualified Household group move out, the Property Owner must ensure that the remaining occupant group as a whole remains qualified to receive the subsequent incentive payment. In some instances, the Property Owner will be required to replace the tenants who moved out with new qualified tenants to maintain a Qualified Household group. All new tenants in a household group must submit complete tenant applications. Household groups whose makeup partially changes may either sign on as sublessees from the original household group or may be included on a modified version of the existing lease agreement, or the group as a whole may sign a new 12-month lease agreement.

If at any point during Program participation a property is not being used by a Qualified Household group as their full-time residence, the Property Owner has 90 days from the start of

the tenant group being out of compliance to replace the tenants such that the property is rented to a Qualified Household. These 90 (or fewer) days do not count towards the 36 months of the Program and Property Owner must lease to a Qualified Household for the full 36 months to receive the total incentive payment.

If a new Qualified Household cannot be placed, the Property Owner may be disqualified from receiving the subsequent installment(s) of the incentive disbursements.

## **8. Incentive Payment Distribution**

### Incentive Amounts and Schedule

Property Owner participating in the Program are eligible to receive the incentive payments listed in the table below. The total incentive available is based on the size of their housing unit (studio, 1-bedroom, 2-bedroom, 3 or more-bedroom). To receive 100% of the available incentive payments, owners must long-term rent their property to a Qualified Household group for a cumulative total of 36 months.

Incentives will be paid to the Property Owner in four installments, each a percentage of the total incentive payment. Each payment to Property Owner is issued when their property has been rented to a Qualified Household group for the cumulative duration of the indicated period of times below. Payments are progressively larger to incentivize owners to continue renting their property long term after each 12-month period.

	<b>Studio</b>	<b>1-Bedroom</b>	<b>2-Bedroom</b>	<b>3-Bedroom +</b>
<b>0 Mo (15%) (Application Approved)</b>	\$900	\$1,200	\$1,500	\$1,800
<b>12 Mo (15%)</b>	\$900	\$1,200	\$1,500	\$1,800
<b>24 Mo (30%)</b>	\$1,800	\$2,400	\$3,000	\$3,600
<b>36 Mo (40%)</b>	\$2,400	\$3,200	\$4,000	\$4,800
<b>Total Incentive</b>	<b>\$6,000</b>	<b>\$8,000</b>	<b>\$10,000</b>	<b>\$12,000</b>

### Incentive Payment Responsibility and Required Documents

The Administrator will collect from Program participants the following information depending on how far along the property is in its participation in the Program. Payments will be issued to Property Owner based on the above schedule after the following documentation has been collected and verified by the Administrator and the City. Payments will not be issued if the following information and documentation cannot be collected:

0 Months – Administrator collects:

- A. Property Owner application
- B. Tenant applications for the Qualified Household
- C. 12+ months signed lease
- D. Confirmation of occupancy

12 months of cumulative rental period to a Qualified Household – Administrator collects:

- A. Completed check-ins from Qualified Household and Property Owner including verification that at least one tenant remains a Qualified Tenant
- B. Confirmation of a Qualified Household residing in the property, documented by one of the following:
  - 1. 12-month signed lease, OR;
  - 2. Confirmation that a previous Qualified Household has stayed in property on a month-to-month agreement, OR;
  - 3. Confirmation that a Qualified Household that partially or completely replaced the previous Qualified Household in the middle of the original lease is still in the property
- C. If a Qualified Household has changed any adult tenant members, Qualified Tenant documents from any new adult tenants
- D. If the Qualified Household has completely changed from past occupants to a new Qualified Household, confirmation of move in

24 Months of cumulative rental period to a Qualified Household – Administrator collects:

- A. Completed check-ins from Qualified Household and Property Owner including verification that at least one tenant remains a Qualified Tenant
- B. Confirmation of a Qualified Household residing in the property, documented by one of the following:
  - 1. 12-month signed lease, OR;
  - 2. Confirmation that a previous Qualified Household has stayed in property on a month-to-month agreement, OR;
  - 3. Confirmation that a Qualified Household that partially or completely replaced the previous Qualified Household in the middle of the original lease is still in the property
- C. If a Qualified Household is completely replaced or has changed any adult tenant members, Qualified Tenant documents from any new adult tenants
- D. If the Qualified Household has completely changed from past occupants to a new Qualified Household, confirmation of move in

36 Months of cumulative rental period to a Qualified Household – Administrator collects:

- A. Completed check-ins from Qualified Household and Property Owner including verification that at least one tenant remains a Qualified Tenant

## **9. Contingencies**

- A. Sale of property: If the property is sold during the Program term, the Property Owner is disqualified from the Program and no further payments will be made. In this case, the new owners may submit an application to the Program and qualify for incentives as new Program participants if they rent to a Qualified Household with a new, 12-month lease.
- B. Short-Term Renting a Participating Property: Short-term renting is not allowed under any circumstances. If the property is short-term rented it will be disqualified from Program and from receiving subsequent incentive payments.
- C. Property compliance: If the Property is deemed out of compliance with City of Ketchum regulations or in violation of Idaho laws, the incentive payment(s) may be withheld.
- D. Failure to Comply with Lease: If the Property Owner plans to evict any tenant, Property Owner must notify Administrator and City of Ketchum and tenant 30 days in advance and work with tenant to see if an alternative agreement can be reached. Administrator and City of Ketchum may require Property Owner to promptly and adequately respond to mediation services. This applies unless a member of the Qualified Household:
  - 1. is found by Property Owner or Staff to be producing a controlled substance on the property (must provide at least a three (3) day eviction notice);
  - 2. is convicted of assaulting or threatening the Property Owner, their family, employees, or other tenants (must provide at least a three (3) day eviction notice).If domestic violence is suspected, the Property Owner must respect the victim's requests and refer them to the Advocates (24/7 Helpline 208.788.4191).

See Section 7, Modification of a Tenant Group, for requirements when one more more members of a Qualified Household Group leave the property.