

## Appendix H

### Local Housing Covenant

#### Red Ridge Village PUD

#### Objective

The purpose of the Local Housing Covenant is to dedicate a portion of housing within Red Ridge Village for full-time, year-round residents, such as local workers, long-term residents, or seniors. This component of Red Ridge Village is intended to help preserve community stability, support local employment, and provide attainable homeownership opportunities within a market increasingly influenced by short-term rentals and second-home demand.

#### Alignment with Local Needs

The housing market in and around McCall continues to face severe imbalance between local demand and the number of homes available for permanent residents. According to McCall's Community and Economic Development Department, approximately 73% of the town's housing units are vacant for much of the year, functioning primarily as second homes or short-term rentals. This dynamic contributes to rising costs, constrained supply, and displacement of local workers and families. McCall's Local Housing Incentive Program has received positive community feedback for using deed-based covenants to address this problem, though its scale remains limited.

Red Ridge Village adopts the same principle within the context of a private, county-jurisdiction development. This approach is also consistent with the *Valley County Housing Action Plan*, which calls for partnerships and private-sector participation in producing deed-restricted or workforce-oriented housing. The proposed covenant mechanism directly supports those goals by reserving homes for full-time residents without relying on public subsidy.

#### Eligibility

Eligibility standards for covenant-restricted lots and units are modeled after McCall's Local Housing Incentive Program but are not yet finalized. The McCall Deed Restriction is included below as an example. Eligibility standards are intended as guiding criteria and may be modified, expanded, or supplemented by the developer as the program is implemented. At a baseline, the program is expected to include the following:

- At least one member of the household must work within Valley County or operate a business that serves the community.
- The dwelling must be used as the household's primary residence and may not be used as a short-term rental or investment property.
- Income-based limits, if applied, would follow levels comparable to Area Median Income thresholds established under the McCall model.
- Seniors or those with disabilities may qualify under additional definitions.

The developer reserves the right to introduce additional standards or eligible groups, such as essential local service providers, first responders, or long-term Valley County residents, based on project conditions and administrative capacity.

### Unit Selection and Scale

A portion of the total homes within Red Ridge Village will be designated under the Local Housing Covenant program. The 170 units in the townhome area will be deed-restricted for local housing. Approximately 120 of those units will be included in the initial Red Ridge village phase.

### Program Implementation

The Local Housing Covenant will take the form of a recorded deed restriction running with the land, applied at the time of conveyance. It will limit use of each designated property to occupancy by a qualifying household and prohibit short-term rental activity.

For ownership units, resale prices may be limited by an inflation-indexed or fixed-percentage appreciation cap to preserve affordability over time. For rental units, the covenant will require year-round leases, restrict subleasing, and prevent conversion to short-term lodging.

Administration and compliance monitoring may be handled by the homeowners' association, a nonprofit housing steward, or another qualified entity capable of verifying eligibility and enforcing the covenant. These terms will be integrated into the subdivision's CC&Rs to ensure visibility and enforceability.

### Risk Mitigation and Program Sustainability

The covenant model provides a durable, market-neutral mechanism to secure long-term local housing without depending on shifting public funding or policy cycles.

Compliance will be supported through enforceable recorded instruments, regular certifications, and resale or lease monitoring. The developer may establish an internal

reserve or funding mechanism to support administrative costs or potential buy-back options.

This approach offers flexibility during early phases of the development while creating a permanent and enforceable commitment to maintain a portion of Red Ridge Village as housing for year-round residents.

## Local Housing Deed Restriction Template

### QUITCLAIM DEED With Local Housing Restrictions

**FOR VALUE RECEIVED**, (Property Owner), Grantor, does hereby convey, release, remise, and forever quitclaim unto (Property Owner), whose current address \_\_\_\_\_, all of its right, title and interest, together with all rights, title and interest hereafter acquired by Grantor, in the following premises located in Valley County, Idaho, to-wit (the “**Property**”):

(Subject property), a plat of which is recorded in the Office of Recorder of Valley County, Idaho.

Grantor and Grantee hereby covenant and agree, and the City of McCall approves pursuant to its signature below, that the Property shall be subject to certain restrictions, as follows (collectively “**Local Housing Restrictions**”):

(1) General Criteria:

(a) General criteria for all tenants or purchasers of the Property (“**General Criteria**”):

- (i) Employed, work minimum 30 hours/week or 1,560 hours/year, within the city of McCall for a set period (6 consecutive months) or have employment offer from a McCall Business; or
- (ii) Senior (age 65 and older) as primary resident as may be further defined in the applicable McCall Local Housing Policy; or
- (iii) Person with disability; and
- (iv) No Short-Term Rental or vacation renting or sub-leasing.

(b) Clarification of General Criteria:

- (i) An employer with employees who satisfy the General Criteria may rent or purchase the Property for rental to such employees, subject to these Local Housing Restrictions with regard to rentals.
- (ii) A “**McCall Business**” is a business that has a physical location within the McCall Area as described in Resolution No. 19-02. Businesses that have multiple physical locations, must include at least one location within the McCall Area as described in Resolution No. 19-02, to qualify as a McCall Business. Telework, or other work from home, for a business which is not located within the McCall Area as described in Resolution No. 19-02 does not qualify as a McCall Business.
- (iii) Short-Term Rentals shall be defined as a rental or lease for thirty (30) days or less.

(2) Restrictions on Rental of the Property:

- (a) Any tenant must meet the General Criteria at the time of commencement of the lease.
- (i) (b) The Base Rental Rate for the Property shall be: \$ \_\_\_\_\_ or the monthly rent charged to the first tenant after the date of this deed, whichever is less; and, the Base CPI shall be \_\_\_\_\_. The base rental rate will be adjusted annually and according to the percentage increase of the Consumer Price Index for All Urban Consumers (CPI-U) for the twelve calendar months prior to and including the most recent month for which such Index is available. The base for computing the adjustment is the Consumer Price Index, All Items, for the West Region Area (1982-84 = 100) as published by the United States Department of Labor, Bureau of Labor Statistics. Annual increases in the rental rate for the Property may not exceed the Base Rental Rate multiplied by the CPI Percentage Increase. The owner of the property will use the following formula to compute the calculation for each year's base rental rate:

The Current Year's Base Rental Rate = Last Year's Base Rental Rate x (The Current CPI / Previous Year's CPI)

**Example:** For a lease beginning January 1, 2020.

The CPI for December 2018 = 251.233

The CPI for December 2019 = 256.974

Base Rental Rate = \$1,000.00

Adjusted Base Rental Rate = \$1,023.00 [ $\$1,000.00 \times (256.974 / 251.233)$ ]. The rent beginning on January 1, 2020 may not exceed 102.3% of the 2019 base rental rate, i.e., \$1,023.00.

Annual increases in the rental rate for the Property may not exceed the Base Rental Rate multiplied by the CPI Percentage Increase.

- (c) If a tenant ceases to satisfy the General Criteria during the lease term, they shall not be required to move out of the Property until the expiration of the term of their lease. Leases shall have a maximum term of one year; provided, that the lease can be renewable on a year to year basis upon confirmation of qualification of the General Criteria prior to each renewal period. However, a tenant who ceases to satisfy the General Criteria shall be required to vacate the premises at the end of their lease and will not be eligible for a renewal of that lease.

(3) Restrictions on Sale of the Property:

- (a) Any purchaser of the Property must meet the General Criteria at the time of purchase, or they must rent the Property to tenants who satisfy the General Criteria. Prior to sale, the seller and purchaser shall submit a copy of the purchase and sale agreement to the City and confirm the information needed to verify whether the purchaser satisfies the General Criteria.
- (b) The Base Valuation for this property shall be \$250,000. This Base Valuation will be adjusted annually and according the percentage increase of the Consumer Price Index for All Urban Consumers (CPI-U) for the months the current owner purchased the property and including the most recent month in which the owner contracted to sell the property for which such Index is available. The base for computing the adjustment is the Consumer Price Index, All Items, for the West Region Area (1982-84 = 100) as published by the United States Department of Labor, Bureau of Labor Statistics. The final selling price of the Property shall not exceed the Base Valuation multiplied by the lesser of: (i) 2% per year not compounded; or, (ii) the CPI Percentage Increase.
  - (i) The owner of the property will use the following formula to compute the calculation for the maximum sales price at the time of contracting to sell the property:

**Example:** Assuming the owner purchased the property for \$250,000 in December 2018 and contracts to sell the property in January 2020, the applicable CPI for the month of the contract (December 2019 being the most recent month for which data is available) is 256.974. The applicable CPI for the month of purchase (December 2018) was 251.233.

$256.974 - 251.233 = 5.741$  index point change.

$5.741 / 251.233 = .0229 \times 100 = 2.3\%$  CPI percentage increase.

Base valuation at the time of purchase was \$250,000.

Maximum sale price: lesser of  $\$250,000 \times 102.3\% = \$255,750$ , or  $\$250,000 \times 102\% = \$255,000$  therefore \$255,000.

- (c) If an owner who purchases the Property satisfies the General Criteria at the time of purchase, they shall not be required to sell the Property at such time as they fail to satisfy the General Criteria. However, they may not lease the Property except pursuant to the terms of Section (2) above.
- (d) If an owner who purchases the Property does not satisfy the General Criteria themselves at the time of purchase, but does rent the Property to tenants who satisfy the General Criteria, they shall be required to sell the Property at such time as they fail to rent the Property pursuant to the terms of Section (2) above for a period of longer than 9 months.

Grantee, by its signature below, does hereby covenant, agree to, and accept the aforesaid Local Housing Restrictions because Grantor, is or its predecessors received financial incentives from the City of McCall in exchange for these covenants and restrictions. The Local Housing Restrictions shall constitute a covenant burdening and running with the Property. The Local Housing Restrictions shall bind and inure to the benefit of the heirs, assigns and successors-in-interest of the parties. The Local Housing Restrictions may be amended or modified as to this property only with the written approval of the then owner of the Property, the property owners' association with jurisdiction over covenants and restrictions applicable to the property, if any, and the City of McCall, and such amendment or modification shall be recorded with the Valley County, Idaho Recorder. The City of McCall, Idaho, or its successors in interest, shall be authorized to enforce these covenants by such legal means, including but not limited to random or regular audits of lease and sale records after reasonable advance written notice, or otherwise as are provided for the enforcement of covenants running with the land. Grantee, their heirs, successors and assigns waive any defenses of privity or any other defenses which may be asserted against the City of McCall which seek to limit the enforceability of these covenants.

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

**GRANTOR**

**GRANTEE**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
\_\_\_\_\_, Managing Director

By: \_\_\_\_\_  
\_\_\_\_\_, Managing Director

STATE OF IDAHO                     )  
   ) ss.  
County of Valley                     )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2020, before me, a Notary Public in and for said State, personally appeared \_\_\_\_\_, known or identified to me to be the Managing Director of \_\_\_\_\_, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such limited liability company executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

\_\_\_\_\_  
NOTARY PUBLIC FOR IDAHO  
My Commission Expires: \_\_\_\_\_

**APPROVED BY:**  
CITY OF MCCALL

By: \_\_\_\_\_  
ROBERT S. GILES, Mayor

**ATTEST:**

By: \_\_\_\_\_  
BESSIEJO WAGNER, City Clerk

STATE OF IDAHO,                     )  
  )ss  
County of Valley.                     )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2020, before me, \_\_\_\_\_, a Notary Public in and for said State, personally appeared **ROBERT S. GILES** and **BESSIEJO WAGNER**, known or identified to me to be the Mayor and the City Clerk of the **City of McCall, ID**, respectively, the Idaho municipal corporation that executed the instrument or the person that executed the instrument on of behalf of said municipal corporation, and the person who attested the Mayor's signature to the instrument, and acknowledged to me that such municipal corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

\_\_\_\_\_  
NOTARY PUBLIC FOR IDAHO  
My Commission Expires: \_\_\_\_\_