Section 5. Developer Owners & Property Management

A. Development Guidance

New Community Homes must meet building and fire code, as well as any applicable development agreement and deed covenant. Ketchum, Hailey, and Blaine County's zoning codes require BCHA review of development applications that use their Community Housing zoning incentives. Ketchum and Blaine County require oversight by BCHA or another third-party administrator approved by the local government. BCHA strongly recommends that a third-party, such as BCHA, be responsible for Application review, compliance checks and enforcement and that every deed covenant reflect this responsibility.

In addition, BCHA provides the following guidance to consider in the design and development of Community Homes. BCHA requests that developers meet with staff and provide materials in advance of submission of pre-application/design review to Blaine County's local Planning and Zoning Commissions. At that time, BCHA staff can review project specificities for compliance with this guidance and describe Community Housing requirements. BCHA recommends that Community Homes meet the following guidelines:

1. A Community Home is located above ground level.

2. For buildings without direct entrances to units, every Community Home is accessed via the same entrance as the market rate homes. Alleyway access is not preferred.

3. A Community Home has adequate natural light, with a minimum of 10% of the floor area covered by windows or skylights. This means that for every 100 square feet of floor space, at least 10 square feet of wall or ceiling area should be dedicated to light-transmitting windows.

In addition, the number of bedrooms in a Community Home directly impacts the maximum achievable rent. A bedroom, for the purposes of BCHA's Maximum Housing Costs and occupancy standards, is defined as an area that meets fire code for sleeping, has a door that closes, and has floor to ceiling walls. Prior to marketing a Community Home, BCHA will conduct an inspection to confirm the number of bedrooms.

B. Homeowners Association Assessments, Dues & CC&Rs (Ownership Community Homes)

1. To preserve the affordability of Community Homes for ownership in new developments with

a mix of income categories or Community Homes and market units, the Covenants, Conditions and Restrictions (CCRs), or like governing documents, must meet certain standards. BCHA must review CCRs that will be recorded for a development that includes Community Homes for ownership as well as any subsequent amendments thereto for compliance with the following standards and affordability concepts of these Policies.

2. Homeowners Association Regular Dues and Special Assessments must be calibrated for Community Homes based on and limited to a Community Home's proportional value to the total value of all units in a development. Market rate unit Regular Dues and Special Assessments can be allocated among market rate units as determined by the HOA, but the maximum allowable percentage for Community Homes may not exceed the proportional value of each Community Home to the whole development.

   For the purposes of this calculation, the value of each unit type will be determined as follows:

   (a) Market Units: The value of each market unit in a development is the Blaine County Assessor's assessed value for the unit. If in the first year of the development that Homeowners Association Regular Dues are assessed the unit does not yet have an assessed value, the value of each market unit is its original sale price or listing price established by the developer.

   (a) Community Homes: The value of each Community Home in a development is the Blaine County Assessor's assessed value for the unit. In the first year that Homeowners Association Regular Dues are assessed the value of each unit is the Maximum Sales Price, as determined by BCHA.

3. Financial impact of Special Assessments on Community Homeowners must be further reduced. BCHA options for Special Assessments include the following:
   (a) Option 1: Exempt Community Homes from Special Assessments. Some HOAs with Community Housing Units (e.g. Elkhorn Springs) exempt those units from Special Assessments entirely.
   (b) Option 2: BCHA-approved hard cap on Special Assessments for Community Homes. Special Assessments could be capped so as not to be overly burdensome on community homeowners. Allow for amortized Special Assessment payments for Community Homes at no additional interest. CC&Rs can require that Special Assessments for Community Homes must be amortized over a period such that the maximum payment requirement is no more than a percentage of the annual obligation for the HOA Dues.
      i. For example: In any given year, the maximum Special Assessment for a Community Housing Unit cannot exceed a percentage of the annual HOA dues for that unit.

(c) Option 3: Any other BCHA-approved reduction.

4. In addition, the CC&Rs must contain the following:
   (a) Capital reserves must be funded with at least 25% of annual operating costs or an amount determined by a reserve study and approved by BCHA.
   (b) HOA Regular Dues cannot be increased by more than 5% annually for Community Homes.
   (c) Community Homes are exempt from Special Assessments on the following:
      i. Luxury improvements and items.
      ii. Limited common areas or exclusive use common areas & amenities that are not accessible for use by Community Homeowners.
   (d) HOA must provide Community Homeowners or BCHA with the Regular Dues structure, upon request.
   (e) Any changes to the CC&Rs or other governing documents impacting the calculation of Regular Dues or Special Assessments for Community Homes require BCHA's approval.
   (f) Community Homeowners must be offered a position on the HOA Board.

C. Calculation of Maximum Sales Price

1. The sales price is determined by what is affordable to that income level and is adjusted based on interest rates, HOA fees, utilities, and other housing costs.

D. Maximum Housing Costs (Rentals)

1. BCHA does not accept Category 6 (140% AMI) rentals. Category Local has no maximum income and must follow the Category 5 Maximum Housing Costs.

2. Maximum Housing Costs are based on an amount equal to or less than thirty percent (30%) of the Household Income per month. This cost includes rent, any fees charged to the Tenant, and essential utilities. Essential utilities include electricity, gas, water, sewer, trash and internet.

3. The Maximum Housing Costs for Community Housing are published by BCHA online and updated annually.

4. Lease terms must account for estimated or actual utilities and charge less than the Maximum Housing Cost associated with the income level and unit size. For tenant-paid utilities or new developments, property managers must use a BCHA- approved analysis or use BCHA's Utility Allowance Analysis. BCHA's Utility Allowance Analysis estimates costs based

on each unit's size, appliances, and heat source and is available on BCHA's website.

E. Property Manager /Owner Lease-up Obligations

1. BCHA receives a Notice of Intent to Rent from the owner of the Community Home. Owner is required to provide BCHA with their tenant selection criteria or policy. Tenant selection criteria must be reasonable.

2. BCHA will follow the Applicant Selection Process outlined in Section 2.

3. Property manager must provide the lease for Applicant review at least 48 hours before lease execution, unless the Applicant waives this right by notifying BCHA.

4. The final determination and offer of tenancy to an Applicant is the decision of the owner, not BCHA. However, the following applies:
   (a) The property manager must follow the Fair Housing Act in their selection of the tenant.
   (b) The property manager must not deny a tenant because of source of income, such as tenant-based rental assistance (also known as housing vouchers or Section 8).
   (c) If criminal history is considered, property manager must consider how long ago a conviction occurred, the severity of the crime, the specific type of crime, and whether such a crime impacts the physical building or health and safety of neighbors and staff.
   (d) If credit history is considered, the credit score must not be the sole cause for denial but one of other factors such as timely payments or property manager reference.
   (e) If property manager /owner denies an Applicant, they must provide written justification and evidence (criminal background check, credit history, landlord reference), if any, explaining the denial and provide the Applicant an opportunity to appeal. This will assist BCHA in facilitating housing access for that Applicant.

5. If the property manager is provided five qualified Tenants for one unit and there is no interest in renting because of the rental rate plus utilities, then BCHA can require the total housing cost to be reduced in 5% increments.

F. Ongoing Obligations for Property Managers / Rental Owners

1. Once an Applicant secures a rental Community Home through BCHA, the Property manager must provide a copy of the lease with BCHA. The lease must contain the following provisions:
   (a) Beginning and end dates of the lease.
   (b) Names of all unit occupants.
   (c) Security deposit amount and all fees.

(d) Rent amount and how/where to be paid.
(e) Owner's right of entry.
(f) Repairs and Maintenance.
(g) What utilities are paid by the tenant.
(h) What appliances are provided by the Property manager.
(i) Tenant Requirements.
(j) Protection of the Lease upon Sale.
(k) Terms of BCHA's Lease Addendum (see Exhibit A).

2. All leases must be for a 12-month period or more, except for exceptions outlined in these Policies or if both the Property manager and the Tenant mutually agree on alternative terms. Both Property manager and Tenant must directly communicate with BCHA confirming the voluntary terms of the lease.

3. Sixty (60) days prior to lease renewal, the Property manager must submit to BCHA all Community Home leases to verify total housing costs and lease dates. The property manager must submit the requested information and a copy of the new lease, to the BCHA within ten (10) business days of receipt of the Rental Renewal Notice.

4. If a Tenant falls out of compliance, BCHA will notify the property manager of whether they must provide a thirty (30) day notice to vacate or not renew the tenant's lease. A copy of the Notice to Vacate must be provided to BCHA.

5. The property manager must notify BCHA within ten (10) business days of receiving a notice from a tenant that they will vacate, or have vacated, the unit. Failure to work in good faith to lease the unit within thirty (30) days of BCHA providing a Waitlist will result in a fee equal to the Maximum Monthly Housing Cost for the unit for every thirty (30) day period the unit is unoccupied beyond that first thirty (30) days.

6. If BCHA is notified or suspects that the Owner might be leasing to an unqualified Tenant, the BCHA will notify the Owner and request documentation and clarification. If the BCHA confirms occupation by an ineligible Tenant, monetary damages must be paid to the BCHA that equal the difference between the Maximum Housing Cost and the following:
   (a) The monthly rent charged, confirmed by bank statements, a signed lease, a signed tenant statement, or other documentation accepted by the BCHA for the duration of the violation; or
   (b) If (a) is unavailable, Market Rent, as determined by BCHA (Median Advertised Rent per bedroom size and location), for the number of months in violation.

   Upon that determination, the Owner must work with the BCHA on transitioning out the current unqualified Tenant to a qualified Tenant. Depending on the unqualified Tenant's

situation, BCHA may determine that the Owner must pay relocation expenses to the Tenant in an amount equal to up to four (4) times the unqualified tenant's monthly rent.

7. Failure to provide the required documentation in the timeframe provided by BCHA will result in a $500 fee.

8. Should the developer/owner decide to sell the Community Home, the owner must notify BCHA immediately and the following applies:
   (a) Any lease of a Community Home must remain intact after the sale.
   (b) The seller is obligated to pay an administrative fee to BCHA, equal to 1% of the Maximum Sales Price for a Community Home(s) of that income level and unit size due at closing.

9. The owner and property manager must comply with these Policies and any Exceedance Agreement, Development Agreement, and Deed Covenant that applies to the Community Home. The property manager must work in partnership with BCHA on all compliance matters. Failure to do so can result in BCHA seeking legal remedies, including but not limited to the following:
   (a) Seek specific performance of the legal agreement.
   (b) Fees, as referenced above.
   (c) The right to void any contract for lease, conveyance or other transfer of the Home in violation of the provisions of these Policies, Exceedance Agreement, Development Agreement, or Deed Covenant.
   (d) BCHA- and municipal government-approved buy-out option, if applicable.

G. BCHA's Code of Conduct for Participating in Community Housing Programs

In addition to the eligibility criteria and requirements outlined in other agreements, BCHA is not required or obligated to serve or enter into new Deed Covenants with developers, owners, or property managers who:

1. Have received a letter of non-compliance from BCHA and not cured their out-of-compliance within the time period specified.

2. Have engaged in abusive, violent or threatening behavior directed toward BCHA staff or neighbors. Persons and entities who have a history of such behavior may be denied application to BCHA's programs for a minimum period of ten (10) years.

3. Have, within the prior ten (10) years, been in violation of BCHA's Community Housing Policies, a BCHA Lease, Lease Addendum, Deed Covenant, or agreement with a local jurisdiction, such as an FAR Exceedance Agreement or Development Agreement.
4. Currently owe fees or other money to BCHA, to another affordable or community housing program, or government entity.
5. Have failed to respond to a written request for information with the information requested.
6. Have failed to provide, within the necessary time limits, the required verification to determine their eligibility and compliance.
7. Have misrepresented any material fact to BCHA during application, lease-up, sale, or compliance.

Any person or entity who is denied will be notified by BCHA. They may request a review of any such denial pursuant to the steps set forth in Section 6 "Procedures for Exceptions and Grievances."