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 housing 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 percent 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.

The Red Ridge Village Concept Plan 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

Eligibility

The Red Ridge Village eligibility standards for covenant-restricted lots and units are modeled after McCall's Local Housing Incentive Program ~~but are not yet finalized~~and will be finalized through the Valley County PUD approval and Development Agreement process. 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~~ as a result of the Valley County PUD approval and Development Agreement process. At a baseline, the program is expected to include the following provisions:

- 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 as allowed by the PUD conditions of approval and the executed Development Agreement.

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~~Units within the townhome area will be deed-restricted for local housing beginning with the initial phase.~~. 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.