

RENT LOCAL PILOT PROGRAM OUTLINE

PROGRAM OVERVIEW

The City of Sedona is piloting the RENT LOCAL incentive program to create local housing for Sedona's workforce. People working in Sedona struggle to find housing due to skyrocketing real estate prices and vacation rentals dominating the rental market. 15% of the city's homes are vacation rentals whose prices are unattainable for most of Sedona's working residents. Additionally, local businesses struggle to hire and remain open because there is nowhere for their employees to live.

The Pilot RENT LOCAL incentive program aims to increase the number of long-term rental units available to Sedona's workforce by offering financial incentives to homeowners, in exchange for long-term leases to locals. The Pilot program will be open to homeowners who currently rent their homes as short-term rentals.

The purpose of the Pilot program is to test this concept with the goal of housing more of the local workforce in Sedona, which will reduce commuter traffic and pollution, protect natural resource areas, and support the local economy.

INCENTIVES AND PILOT PROGRAM DURATION

The RENT LOCAL Incentive Program will begin accepting applications September 1, 2022. The Pilot Program will remain in effect for one year or until \$240,000 in incentives have been provided.

Incentive Rates:

Full property or a separated living space with private entry, private bath, private kitchen and available outdoor space

Studio - \$6000
1BR - \$7000
2BR - \$8500
3BR - \$10,000

- Rooms rented in a home with shared entry, bath, kitchen, or no outdoor space

1BR - \$3000
2BR - \$4000
3BR - \$5000

PROGRAM ADMINISTRATION

The City will issue 50% of the award payment to participating property owners 30 days after the lease's execution date upon verification of satisfactory move-in. A second installment of 50% will be granted at the close of the lease, pending compliance checks of the executed lease agreement.

Compliance: A Program Review Committee (PRC) made up of City staff will be created to approve applications and make all final determinations as to eligibility and compliance during the Pilot program. The PRC will review a copy of the signed lease agreement prior to releasing the first award payment. Additionally, The City will conduct lease compliance checks midway through the lease and at the lease's completion. The City will require proof that the lease is active and in good standing from both the property owner and the tenants during all compliance checks.

The property owner is responsible for all tenant recruitment, background checks, lease negotiations, etc. prior to signing a lease. The property owner is also responsible for all property management.

PROPERTY/ HOMEOWNER ELIGIBILITY

Property owners must complete an application to the City of Sedona within 30 days of signing a lease with a qualifying tenant and comply with the following criteria to be considered for the Pilot RENT LOCAL incentive program:

Location: The home must be in the Sedona City Limits

Status: The home must be a legally permitted unit. If the homeowner applicant has legal short-term rentals, all must be in good standing. Only one incentive will be allowed per address. Property must have been rented as a short-term rental for at least three months. Short Term Rental Permit and Emergency Contact must be registered with the city of Sedona. If not, verification of short term rental advertising and receipts will be required.

Ownership: The applicant must be the owner of the property.

Rental Affordability: Homeowners participating in the Program can charge fair market rent. Fair rental rates for the Program are dependent on condition of the unit, number of bedrooms, utilities included, and other amenities offered. The City of Sedona reserves the right to decline awards to owners charging more than a fair market rate. The maximum qualifying rental rate is \$2200/month for a 3BR home.

Property Condition: The home must meet basic safety and quality criteria per Sedona building codes.

Program Contract: The homeowner must sign an agreement with the City of Sedona.

Signed Lease Agreement: The homeowner must sign a minimum one-year lease agreement with qualified tenants working in Sedona.

Successful Midway and Final Lease Checks for Final Award: Leases will be checked for compliance by the City via communication with the homeowner and tenants at the midway and final lease marks. Failure to meet lease requirements at either of these points disqualifies the homeowner from additional reward payments.

Developers or employers as landlords: Only private homeowners are eligible for the Program. Employers renting to their own employees are not eligible.

Change of Ownership: If a homeowner sells the property during the lease period, the selling homeowner is disqualified from the program and must return all incentive funds, unless the new owner maintains the lease, in which case the new owner will be paid the final installment. Failure to Comply with Lease: If the homeowner does not meet lease agreements at the midway and final mark, The City staff will work with the homeowner to rectify the situation. If an agreement cannot be reached, the homeowner will be disqualified from receiving the second installment.

Maximum Incentive: The maximum incentive any one homeowner can receive during the pilot program is \$25,000.

ELIGIBILITY FOR TENANTS

Work Locally: At least one tenant in the household must have worked at least 30 hours per week for at least 30 days for an employer based in the Sedona City Limits and be currently employed with a local employer. Exceptions will be made for tenants who are disabled or retired as long as they have lived in Sedona for at least two of the last five years.

Required Documentation: Each adult applicant in the household must submit the following documentation along with their applications:

- Copy of driver license or other government issued photo ID.
- Copy of W2 and/or recent paystub.

Household Defined: one or more adults related (family/marriage) OR unrelated but living together in one unit.

Tenant Defined: a single adult, 18 years or older, renting for use as their primary residence.

Arms length: The homeowner and tenant may not be related by blood or marriage.

HOW TO APPLY

The program application is available online at www.sedonaz.gov/housing. You'll find all the information about RENT LOCAL under the "local housing programs" heading.