AGENDA OF THE SPECIAL
HAILEY CITY COUNCIL MEETING
Monday April 20, 2020 * Virtual Meeting Room
4:00 PM

Hailey City Council Special Meeting
Mon, Apr 20, 2020 4:00 PM - 5:00 PM (MDT)

Please join my meeting from your computer, tablet or smartphone.
https://global.gotomeeting.com/join/911682021

You can also dial in using your phone.
United States: +1 (646) 749-3122

Access Code: 911-682-021

New to GoToMeeting? Get the app now and be ready when your first meeting starts:
https://global.gotomeeting.com/install/911682021

ACTION ITEM = a vote may occur but is not required to be taken
ACTION ITEM ...................................................................................................................................................................

4:00 p.m. CALL TO ORDER - Open Session for Public Concerns

MAYOR’S REMARKS:
MR 000

OLD BUSINESS:
OB 179 Further discussion of a request from ARCH to put vacant City-owned property into a long-term lease for rental and ownership employee/workforce housing to be located on Parcel O, Block 62, Woodside Subdivision #15, which is a one-acre lot east of Woodside Boulevard where it intersects with Countryside Drive ACTION ITEM ..................................................................................................................................................................1

STAFF REPORTS: Staff Reports Council Reports Mayor’s Reports

Matters & Motions from Executive Session or Workshop
Next Ordinance Number – Next Resolution Number- 2020- Next Emergency Order Number 2020-03
AGENDA ITEM SUMMARY

DATE: 04/20/20   DEPARTMENT: Community Development   DEPT. HEAD SIGNATURE: LH

-SUBJECT: Consideration of request by ARCH Community Housing Trust to develop employee workforce housing on a city-owned piece of property, Parcel O, Block 62, Woodside Sub #15

AUTHORITY: ☐ ID Code ____________ ☐ IAR ____________ ☐ City Ordinance/Code N/A
(IF APPLICABLE)

BACKGROUND: The City has successfully partnered with ARCH on several community housing projects on city-owned property: River Street Senior Apartments, and South Woodside Housing adjacent to the Building Materials Thrift Store. ARCH has requested to make a presentation to the City regarding Parcel O, Block 62, Woodside Sub #15.

This parcel was originally created as an open space parcel. In 2008 it was converted out of open space, (see Parcel 2 on the attached plat) and separated from the drainage easement to the rear, leaving a 1-acre developable parcel. At that time, the City planned a fire station in this location. Reports prepared over the last decade have indicated that this is not the ideal location for a station, due to distance to northern portions of the service area. Chief Baledge concurs that the property is not currently under consideration for a station and is not superior to the current site. The site was used by the City for temporary storage during the construction of Woodside Boulevard, but has otherwise remained vacant. The GR zoning would possibly allow up to ten (10) homes to be built. ARCH has indicated that they could make the units available to city staff and volunteer firefighters on a preferred basis.

ARCH Executive director Michelle Griffith presented at the November 11 and a public hearing was conducted at the November 25th City Council meeting, including an overview of the types of units under consideration, whether they will be for rent or sale, and possible monthly costs to future residents. Each stand-alone unit will be approximately 1,300 square feet, 3-bedroom, 3-bath. The Council was generally favorable to the concept, and indicated that the property would be reserved for those uses for the next six (6) months.

The Council reviewed a Background summary from ARCH at their March 6, 2020 meeting. General discussion ensued regarding criteria for eligibility, as it is unlikely that very many units would be occupied by City staff. Discussion included:

1) First preference to City Employees
2) Second preference to emergency service workers
3) Third Preference to School District and other government employees
4) Fourth preference to persons employed in the City of Hailey

Staff has discussed the duration of the commitment of land for this project. The City Administrator, City Attorney and Community Development director recommend a 70-year lease for the following reasons:

- 50 years is a common life-span assumption for buildings. Staff today cannot know what needs may be facing the City 50 years from now. Staff feels creating flexibility for future City Councils will allow those future Councils to either extend the lease or convert the property to another use of greater need. However, best practices would indicate that 50 years is too short for lenders such as IHFA, and that 70 years may be more acceptable.

- The original lease proposed by ARCH was a perpetual lease, which for all practical purposes deeds the property to ARCH. The City would have great difficulty regaining control of the
The city has a history of cooperative land uses with other partner agencies. Since the early 1960's the City has deeded land to the School District, but subject to a reversionary clause which allows the land to return to the City if not used for school purposes. This was not always the case. In the late 1950's the Blaine Manor property was deeded from the City of Hailey to the Hospital with no reversionary clause, and the City forever lost control of this valuable piece of municipal land.

Staff acknowledges that a 70-year lease will mean that this project will contain only rental units, not for-sale units. For sale units require a longer window (100 years, or perpetual) for lending purposes.

Options for Council Discussion

1. Proceed with 100-year perpetual land lease as requested by ARCH, and direct staff to prepare related documents.
2. Approve attached 70-year lease as recommended by staff.
3. Delay decision for one year; with Covid items dominating public this project could perhaps wait.

Attachments to this report:

1) Draft Lease prepared by the City Attorney
2) Plat of the subject property
3) Letter from ARCH (IHFA Letter)

FISCAL IMPACT / PROJECT FINANCIAL ANALYSIS:

Caselle #
Budget Line Item # YTD Line Item Balance $
Estimated Hours Spent to Date: Estimated Completion Date:
Staff Contact: Lisa Horowitz Phone # 788-9815 #13

ACKNOWLEDGEMENT BY OTHER AFFECTED CITY DEPARTMENTS: (IF APPLICABLE)

X City Attorney  City Administrator  Engineer  Building
Library  Planning  Fire Dept.
Safety Committee  P & Z Commission  Police
Streets  Public Works, Parks  Mayor

RECOMMENDATION FROM APPLICABLE DEPARTMENT HEAD:
See suggested motion below.

ADMINISTRATIVE COMMENTS/APPROVAL:
City Administrator Dept. Head Attend Meeting (circle one) Yes No

ACTION OF THE CITY COUNCIL:

Motion Language:
"I move to approve the 70-year ground lease agreement authorizing ARCH to construct community housing units in conformance with zoning and other city regulations, and authorize the mayor to sign."

Date
City Clerk
FOLLOW-UP:
*Ord./Res./Agmt./Order Originals:  *Additional/Exceptional Originals to: ____________________________
Copies (all info.): ____________________________ Copies
Instrument #: ____________________________
GROUND LEASE

THIS GROUND LEASE is dated as of the day of , 2020, between CITY OF HAILEY, a municipality and political subdivision of the state of Idaho, ("Landlord") and ARCH Community Housing Trust, an Idaho non-profit corporation ("Tenant.")

1. Property, Term and Use.

(a) Upon and subject to the terms, covenants and conditions set forth herein, Landlord hereby leases to Tenant and Tenant hereby rents from Landlord the property located at TBD Woodside Boulevard, Hailey, Idaho and more particularly described as Parcel O, Block 62, Woodside Subdivision No. 15, according to the official plat thereof recorded as Instrument No. , records of the County Recorder, Blaine County, Idaho (the "Premises"). The term of this lease commences at noon on the day of , 2020 , (the "Commencement Date") and ends at noon on the day of , 2070 , unless terminated as herein set forth; provided, however, that Tenant shall have no obligation to pay rent, taxes, charges, for insurance, utilities, maintenance for similar items, or any other costs of expenses with respect to the Premises, until the date (the "Effective Date") upon which Tenant commences construction of the Improvements. The lease shall terminate in the event the property is not being used as affordable rental property and managed pursuant to the terms hereof.

(b) Tenant shall construct four units of housing and all units shall be leased to households who earn 80% or less of area median income as calculated by HUD and shall operate the units in accordance with the rules and regulations of the HOME program. Should ARCH Community Housing Trust cease to exist, the property will be owned and managed by the The Housing Company, or another not for profit housing development entity.

2. Rent. Tenant shall pay to Landlord at such place as Landlord may hereafter designate in writing, fixed annual rents of One and 00/100 ($1.00) Dollar per year, without any setoff or deduction whatever and without prior demand.

3. Charges.

(a) Utilities. Tenant shall ensure that all charges for gas, electricity, water, sewer, telephone and other services furnished to the Premises or the occupants thereof during the term of this Lease shall be paid promptly.

(b) Permits. Subject to Tenant's right to contest set forth in Section 9(d) hereof, Tenant shall, at Tenant's own cost and expense, procure every permit, license, certificate or other authorization required in connection with the lawful and proper use of the Premises or required in connection with any building or improvements hereafter erected on the Premises.

4. Sub-leases. In order to meet the goal of affordability, the Tenant shall have the right to sublease portions of the parcel.

5. Insurance.

(a) During the term of this Lease, following the Effective Date, the Tenant will, at its sole cost and expense, keep and maintain in force policies of insurance on the Improvements and all
related equipment and facilities, and replacement thereof, in an amount sufficient to pay the replacement cost of the Improvements. Such policies shall insure against such insurable hazards as are commonly insured against in the case of Premises similarly situated, taking into account the height and type of the Improvements and other buildings and structures on the Premises (including any replacements or substitutions), and their construction, location, use and occupancy. The tenant shall also procure general liability insurance, in the then value of the premises, to insure the landlord against any and all liabilities, and against any mechanics liens which may arise, and from which a foreclosable judgment may be obtained.

(b) If Tenant fails to maintain coverage required by this Section 5, Landlord, in addition to other available remedies, may at its election (but shall not be obligated to), after 10 days' written notice to Tenant, procure such coverage as may be necessary to comply with this Section 5, with the cost payable to Landlord on demand, with interest at the rate described in Section 20.

6. Construction and Alteration.

(a) Acceptance of Premises. Tenant accepts the Premises in its present condition and will not call on Landlord for any repairs, improvements or alterations thereto.

(b) Construction of Improvements. From time to time and at any time, Tenant shall have the right, at its sole cost and expense, to construct improvements on the Premises (the "Improvements"), subject, however, to satisfaction of all of the following conditions:

(i) In addition to obtaining permits, licenses, certificates and approvals described in Section 3(b), Tenant shall submit to Landlord for approval comprehensive plans and specifications for the construction of the Improvements (the "Construction Plans"). Landlord shall not unreasonably withhold or delay its approval of the Construction Plans.

(ii) Notwithstanding that Landlord has approved the Construction Plans, in the event (a) Tenant makes any substantial modification to the Construction Plans or (b) Tenant makes any substantial modification to the Improvements at any time after construction of the Improvements, Tenant shall submit modified plans to Landlord for Landlord's approval in accordance with the procedures and approval standards set forth in subsection (i) above. For the purposes of this Lease, the term "substantial modification" shall mean any expansion of the building envelope or any work involving estimated costs of $25,000 or more.

(c) Workmanship. All construction, remodeling and alterations shall be made in a good and workmanlike manner and in full compliance with all building laws and ordinances applicable thereto.

(d) Mechanics' Liens. If, because of any act or omission of Tenant, any mechanics' or other lien or order for the payment of money shall be recorded against the Premises or the Improvements, or against Landlord (whether or not such lien or order is valid or enforceable as such), Tenant shall, at Tenant's own cost and expense, cause the same to be cancelled and discharged of record within 90 days after Tenant's receipt of notice of such lien, insured against by an insurance company reasonably acceptable to Landlord or bonded by a surety company reasonably acceptable to Landlord in the event Tenant elects to contest the validity thereof, and Tenant shall have the right at its own expense to contest all such liens and orders. Tenant shall indemnify and save harmless Landlord from and against any and all costs, expenses, claims, losses or damages, including reasonable attorneys' fees, resulting therefrom.
(e) Ownership of Alterations and Improvements. All improvements, alterations and additions placed upon the Premises by Tenant or any subtenant or other occupant which are not affixed to the Property, are and shall be the property of Tenant and Tenant shall be the absolute owner of such alterations, additions and improvements during the term hereof.

7. Repairs. Tenant, at its own expense, shall keep the entire Premises and the Improvements (including without limitation, the roof, walls, foundations and appurtenances, water sewer and gas connections, pipes and mains, elevators, heating, cooling, lighting and electrical distribution systems and all other fixtures, machinery and equipment forming part of the Premises and the Improvements) in constant good order, condition and repair (both inside and outside), whether the necessity of such repairs may arise from wear, tear, casualty or any other cause, suffering no waste or injury. To that end Tenant shall timely make or cause to be made all needed repairs, replacements (including replacements to fixtures, furnishings and equipment) and renewals, ordinary and extraordinary, structural or otherwise. Tenant shall, at its own expense, keep parking areas, sidewalks and curbs on the premises, and the sidewalks and curbs adjoining the premises, free of snow and ice and in a good state of repair.

8. End of Term.

(a) Surrender by Tenant. On the last day of the term or on the earlier termination of this Lease, Tenant shall peaceably and quietly leave, surrender and deliver up to Landlord the Premises, broom-clean, together with all buildings and all alterations, changes, additions and improvements which may have been made upon the Premises (except for personal property removable by Tenant and subtenants) in the condition in which Tenant is required to maintain the same pursuant to Section 7.

(b) Removal of Personal Property. Tenant shall, by the date referred to in subsection 8(a), above, remove from the Premises all personal property and trade fixtures belonging to Tenant, repairing all damage caused in such removal and restoring the Premises to their condition prior to the installation of any such property. All Tenant’s property not so removed shall conclusively be deemed to have been abandoned and may be appropriated, sold, stored, destroyed or otherwise disposed of by landlord without notice to Tenant or any other person and without obligation to account therefor, but subtenants.

9. Use, etc.

(a) Low Income Housing Purpose. Tenants shall use the Premises only for the operation of low income housing (as more particularly described in Section 17(a)(ii) hereof) and for purposes incidental and related thereto.

(b) Compliance with Law. Tenant shall, at the Tenant’s own costs and expense, timely comply with all present and future laws, rules, requirements, orders, directions, ordinances and regulations of the United States of America or of the State, county and city governments, or of any other municipal, governmental or lawful authority whatsoever, affecting the Premises or appurtenances or any part thereof, and of all their departments, bureaus or officials (collectively, "Requirements of Law"), whether such requirements may relate to: (i) structural or other alterations, changes, additions, improvements; or (ii) repairs, inside or outside, extraordinary or ordinary; or (iii) the manner in which the Premises may be used or occupied; or (iv) to any other matter affecting the Premises, whether like or unlike the foregoing. If Tenant is required by the Requirement of Law to make any alterations, changes, additions, improvements or repairs or to change the manner in which the Premises may be used or occupied, Landlord hereby consents to such change to the extent required by the Requirement of Law.
(c) **No Violations.** Tenant shall upon the discovery of any violation of a Requirement of Law which might subject Landlord to liability or forfeiture of any interest, take all necessary steps, legal and equitable, to compel the discontinuance thereof and to oust and remove any subtenants, occupants or other persons guilty of such use. Tenant shall indemnify and save harmless Landlord from and against any and all liabilities and penalties incurred by reason of any violation of this section. Tenant shall pay all costs and expenses, including reasonable attorneys fees, that may in any manner arise out of the failure of Tenant to comply with the provisions of this Section 9. As used in this section, the work "Premises" shall include any building thereon, the streets, sidewalks, alleys and curbs adjacent thereto, and all vaults, passageways, rights of way and appurtenances of the Premises.

(d) **Contest of Requirements.** Tenant may contest in good faith, by appropriate proceedings conducted promptly at its own expense, in its name, or (whatever necessary) in Landlord's name, the validity or enforcement of any Requirement of Law and may defer compliance therewith provided that (i) such non-compliance shall not constitute a crime or misdemeanor on the part of the Landlord, (ii) Tenant shall diligently prosecute such contest to final determination by the court, department or governmental authority or body having final jurisdiction, and (iii) if so required by Landlord and if the amount in dispute is in excess of $50,000 Tenant shall furnish to Landlord a surety bond issued by a bonding company approved by Landlord (such approval not to be unreasonably withheld or delayed), or other security reasonably satisfactory to Landlord, in an amount equal to the cost of such compliance as estimated by Landlord, indemnifying Landlord against the cost thereof and all liability in connection therewith. Landlord agrees to cooperate reasonably with Tenant, and to execute all documents and pleadings required for the purpose of such contest, provided Tenant shall discharge any expense or liability of the Landlord in connection therewith.

10. **Damage or Destruction.**

(a) **Restoration by Tenant.** In case of damage to or destruction of the Premises, the Improvements located thereon, or any part thereof, by any cause whatsoever, Tenant shall give Landlord prompt notice of such occurrence. In such event, the leasehold mortgagee shall, as indicated by written notice to Tenant and Landlord within 60 days after such damage or destruction, make any and all insurance proceeds available to Tenant so that Tenant may repair or rebuild the Improvements so as to make them at least as valuable as immediately before such occurrence.

(b) **Termination Remedy.** If the work of repairing, replacing or rebuilding the Improvements shall not have been commenced within 180 days from the date of any such loss, damages or destruction or if such work shall not after commencement be diligently carried out, Landlord shall have the right to terminate this Lease and the term hereof by giving to Tenant Notice of such intention. If upon the expiration of the date fixed in such notice, such work shall not have been commenced and the other conditions hereof complied with, or if after commencement such work shall not have been diligently prosecuted, this Lease and the term hereby granted shall at the option of the Landlord wholly cease and expire. If Landlord fails to exercise its option to cancel this Lease as provided in subsections (a) and (b) of this Section 10 within six months after the event of damage of destruction, Tenant shall have the right to terminate this Lease by giving Landlord written notice to such effect. In the event of any termination provided for in this Section 10, the insurance proceeds received and recoverable under all policies of insurance shall be paid over to and be retained by Tenant and Landlord, or to any mortgagee (including any Affiliate of Tenant) to whom the same may be payable, as their interests may appear. For this purpose, any proceeds not
payable to any mortgagee shall be apportioned between Tenant and Landlord based upon the relative values of Tenant's right to use the Improvements over the remaining Lease term, and Landlord's right to the Improvements upon termination of the Lease.

11. Condemnation.

(a) Total Taking. If the entire Premises or Improvements shall be taken for any public or quasi-public use, under any statute, by right of eminent domain, or by purchase by public authority in lieu thereof, then in that event, this Lease and the term hereby granted shall cease and expire as of the date upon which title shall vest in the condemning authority and all rents, taxes, insurance premiums and other charges shall be prorated and paid to the date of such termination. Each party shall be free to prove by judicial proceedings and to obtain and retain the rights of mortgagees in the condemnation proceedings. It is specifically agreed that Tenant's interest consists of all improvements fixtures and personal property on the Premises, its leasehold interest in the Premises and its business operations on the Premises; Landlord's interest consists of its reversionary interest in the Premises and its right to receive income from the Premises as provided in Section 2 above.

(b) Partial Taking. If less than the entire Premises or Improvements shall be taken for any public or quasi-public use, under any statute, by right of eminent domain, or by purchase by public authority in lieu thereof, and as a result, it is impractical for Tenant to conduct its business, then, Tenant shall have the option to terminate this Lease upon written notice to Landlord. If this Lease shall not be so terminated, this Lease shall remain unaffected except that within a reasonable time after such taking Tenant shall restore that part of the Premises and the Improvements not so taken to a complete architectural unit of a unit and kind approved by Landlord, which approval shall not be unreasonably withheld or delayed. Subject to the rights of mortgagees in the condemnation proceedings, all condemnation awards on account of Landlord shall be paid to Landlord and all awards on account to Tenant's interest shall be paid to Tenant to be applied by Tenant to the cost of restoring the Improvements to a complete architectural unit as set forth above, as if the damages were caused by fire and such award consisted of insurance proceeds. The division of the award for partial taking between Landlord and Tenant (subject to the rights of mortgagees, if any) shall be made by agreement of Landlord and Tenant, if possible, or if the parties hereto cannot agree, then by arbitration between Landlord and Tenant, taking into account (i) the value of Landlord's interest in the Premises affected by such taking and under this Lease, and (ii) the value of Tenant's interest therein under the Lease at the rent reserved and subject to all the terms and provisions of this Lease.

(c) Temporary Taking. If less than a fee title to all or any portion of the Premises shall be so taken for temporary use or occupancy, the foregoing provisions of this section shall be inapplicable to such taking. This Lease shall continue in full force and effect without reduction or abatement of rent and tenant shall be entitled to make claim for, recover and retain so long as it shall not be in default hereunder any awards in the form of rent recoverable in respect to such taking, except that if such taking shall be for a period extending beyond the expiration of the term of this Lease, Landlord shall be entitled to receive such portion of the award as shall be attributable to the portion of such period occurring after such expiration.

12. Indemnity. Tenant agrees to indemnify, defend, save, hold and keep Landlord harmless from any loss, cost, expense or liability whatsoever, including reasonable attorneys' fees on or for, or in connection with the defense or investigation of, any and all claims for damages suffered or sustained by any person or person or for injury to or death of any person or persons arising or asserted to have arisen as a result of or incident to the Premises or the performance by Tenant of its obligations hereunder, including without limitation the construction, erection, maintenance,
operation, use or occupancy of the Improvements throughout the term of this Lease, except that Tenant shall not be obligated to indemnify or hold Landlord harmless for any loss, expense or liability caused by Landlord's willful misconduct or negligence or any such misconduct or negligence by any affiliate, agent or employee acting by, through or under the direction of Landlord.

13. Transfers.

(a) Assignment and Subletting in the event of the dissolution of ARCH

(i) With Landlord's approval, which approval shall not be unreasonably withheld or delayed, Tenant may assign, sublet or transfer this Lease, in whole or in part, to (a) any Affiliate of Tenant (an Affiliate of Tenant shall mean any organization or corporation directly affiliated with Tenant or the organizations that control Tenant) or any limited partnership in which an Affiliate or Tenant is a general partner.

(ii) Any purchaser of the leasehold estate through foreclosure or deed in lieu of foreclosure, and any third party acquiring the leasehold estate through such purchaser shall be subject to the terms of this Section 13.

(b) Mortgages.

(i) On the Leasehold Interest. With the approval of Landlord, which approval shall not be unreasonably withheld or delayed, Tenant may at any time and from time to time mortgage its interest in the leasehold estate created hereby and in the Improvements by mortgage or deed of trust; so long as the term of any such mortgage or deed of trust shall not extend beyond the Termination Date.

(A) Landlord agrees at any time and from time to time, when requested by Tenant, to enter into reasonable agreements for the benefit of lenders as may be necessary to enable Tenant to obtain financing for the Improvements, provided that such agreements do not in any manner materially adversely affect Landlord's interest in the Premises or place the Landlord in a position of liability with the Lender.

(B) The execution of a leasehold mortgage shall not constitute the mortgagee as an assignee for the purpose of this Lease or any liability hereunder.

(C) Any such mortgage or deed of trust shall grant to the Landlord the right to cure any default by Tenant.

(ii) Landlord's Interest. Landlord shall have the right to freely mortgage its interest in the Premises provided that Landlord gives notice of its intent to make such an encumbrance to Tenant and provided any such mortgage shall in no way impair the rights of the Tenant under this Section 13, and provided that any such mortgage shall be expressly subject and subordinate to this Lease and the prior lien of any leasehold mortgage.

(iii) Payment of Mortgages. Tenant covenants to and agrees with Landlord that all sums which fall due under any note secured by any mortgage on Tenant's interest in the Premises will be paid as and when due, and that Tenant, as borrower, will comply with all its obligations under the mortgage and the related loan documents. Tenant, on a monthly basis, shall, upon written request of Landlord, provide Landlord
evidence, in form and substance reasonably satisfactory to Landlord, that such payments have been made.

(iv) **Estoppel Certificate.** Landlord agrees at any time and from time to time when requested by Tenant, or the holder of any mortgage or deed of trust, to execute, acknowledge and deliver to Tenant or the holder of such instrument within 45 days after receipt of such written request, a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications); that there are no defaults hereunder by Tenant, if such is the fact; and otherwise specifying such defaults in detail; and the dates to which the rent and other charges have been paid, it being intended that any such statement delivered pursuant to this section may be relied upon by the holder of any such mortgage, deed of trust, or other instrument of security or any prospective purchaser of Tenant's leasehold estate. Landlord agrees to use its best efforts to provide such statement in a shorter period of time then requested by Tenant or any other interest holder.

(c) **Mortgagee's Protection Clause.**

i) Each party agrees to send any mortgagee or holder of deed of trust, by registered or certified mail, return receipt requested, a copy of any notice of default under this Lease served upon the other party simultaneously with such notice and upon prior written notice of any modification, amendment or termination of this Lease, provided that prior to such notice such party has been notified, in writing, of the address of such mortgagees or holders of deeds of trust. Each party further agrees that if the other party shall have failed to cure such default within the time provided for in the Lease, then the mortgagee or holders of deeds of trust shall have an additional 30 days within which to (a) cure such default or if such default cannot be cured within that time, then in such additional time as may be necessary if within such 30 days any mortgagee or holder of a deed of trust has commenced and is diligently pursuing the remedies necessary to cure such default (including, but not limited to, commencement of foreclosure proceedings, if necessary to effect such cure) in which event this Lease shall not be terminated while such remedies are being so diligently pursued, or (b) if this Lease is terminated due to a default by Tenant hereunder, give Landlord written notice of its intention to enter into a lease with Landlord as described below. If this Lease is terminated due to a default by Tenant hereunder and Landlord receives timely notice of the intention of a mortgagee or holder of a deed of trust to enter into a lease with Landlord, Landlord shall enter into a lease on the same terms and conditions as this Lease with any such mortgagee or holder of a deed of trust or any partner thereof covering the Premises, if such mortgagee or holder of a deed of trust so desires, on the condition that the mortgagee or holder of a deed of trust pay to the Landlord the monetary obligations of Tenant due hereunder up to and including the date such lease commences and that such mortgagee or holder of a deed of trust agrees to use the Premises for the purposes set forth in Section 9 hereof.

14. **Inspection, Etc.** Tenant shall permit Landlord or Landlord's agents to enter the Premises at all reasonable times upon 5 days written notice to Tenant for the purpose: (i) of inspecting the same; (ii) of performing obligations of Tenant hereunder which Tenant may neglect or refuse to perform; and (iii) for the purpose of showing the Premises to persons wishing to purchase Landlord's interest therein. If, at reasonable times, admission to the Premises for such purposes cannot be obtained, or if at any time an entry shall be deemed necessary for the protection of the Premises, Landlord, or Landlord's agents or representative may enter the Premises by force or otherwise, without rendering Landlord, or Landlord's agents or representatives, liable to any claim or cause of action for damages by reason thereof, except for damages resulting from
Landlord's negligence or willful misconduct or the negligence or misconduct of Landlord's agents or representatives. The provisions contained in this section shall not increase Landlord's obligations under this Lease, and the right and authority hereby reserved does not impose upon Landlord any responsibility for the repair, care or supervision of the Premises, or any building, equipment or appurtenance thereto.

15. **No Abatement.** Except as otherwise specifically provided herein, there shall be no abatement or reduction of any rent payable by Tenant for any reason, including, but without limiting the generality of the foregoing: (a) by reason of any damage or destruction of the Premises whether caused by an insured or uninsured peril, condemnation or other matters like or unlike the foregoing, or during any period of restoration, or (b) by reason of diminution of the amount of usable space caused by legally required changes in the construction, equipment, operation or use of the Premises.

16. **Quiet Enjoyment.** Landlord covenants that, if and so long as tenant pays the rent and other charges reserved by this Lease and performs all the obligations of Tenant hereunder, Tenant shall quietly enjoy the Premises, subject, however, to the terms of this Lease.

17. **Events of Default; Remedies.**

(a) If any one or more of the following events ("Events of Default") shall occur, and after Notice by Landlord has been given as provided below, Landlord shall have, at its election, the remedies stated in paragraphs 17 (b), (c), (d), (e) and (f).

(i) If Tenant shall fail to pay any rent or other sum payable hereunder by Tenant to Landlord within 10 days after written notice from Landlord that the same shall have become due and payable; or

(ii) If Tenant shall fail to use the Premises to provide low income housing without the consent of Landlord as set forth herein. This requirement shall be satisfied if (a) 100% of the units are rented to families or person with incomes of 80% or less of the area median gross income ("AMGI") established by the United States Department of Housing and Urban Development ("HUD"). Notwithstanding the foregoing, it shall not be an Event of Default hereunder if Tenant is unable, after reasonable effort, to lease units to tenants meeting the applicable income guidelines and thereafter leases such units to others. In no event shall Tenant be required to force a subtenant to move out of a unit if that subtenant's income increases above permitted levels, provided, however, that the next vacancy shall be filled by a subtenant meeting the applicable requirement. or

(iii) If Tenant shall fail to perform or comply with any other term hereof and such failure shall continue for more than 60 days after Notice thereof from Landlord, provided that such 60 day period shall be extended for up to one year so long as Tenant is diligently proceeding to cure such failure and is making reasonable progress toward that end; or

(iv) If any execution or attachment shall be issued whereby any of the Premises shall be taken or attempted to be taken by someone claiming through or under the Tenant, and the same shall not be vacated or bonded within 90 days after the issuance thereof; or

(v) If Tenant shall become unable to pay its debts as they fall due, or shall make a general assignment for the benefit of creditors, or shall be adjudicated bankrupt or insolvent, or shall file any petition or answer seeking, consenting to, or acquiescing in
reorganization, arrangement, adjustment, composition, liquidation, dissolution or similar relief, under any present or future statute, law or regulation or shall file an answer admitting or shall fail to deny the material allegations of a petition against it for any such relief; or

(vi) If any proceeding against Tenant of the type referred to in subsection 17(a)(v) above, seeking any such relief shall not have been dismissed within 90 days after the commencement thereof; or

(vii) If a trustee, receiver or liquidator of tenant or of any substantial part of its properties or assets shall be appointed with the consent or acquiescence of Tenant, or if any such appointment if not so consented to or acquiesced in, shall remain unvacated or unstayed for an aggregate of 90 days (whether or not consecutive); then and in any such event Landlord at any time thereafter, while such Event of Default shall continue, may give a written termination notice to Tenant, and upon the date specified in such notice (subject to the provision of this section relating to the survival of Tenant's obligations) the term of this Lease shall expire and terminate by limitation and all rights of Tenant under this Lease shall cease. Tenant shall pay, as additional rent, all reasonable costs and expenses incurred by or on behalf of Landlord, including, without limitation, reasonable attorneys' fees and expenses, occasioned by any default or Event of Default by Tenant under this Lease.

(b) Replementation, etc. If an Event of Default shall have occurred, Landlord shall give Notice thereof to Tenant and to an Investor Limited Partner or Member (as later identified by Tenant), its affiliates, successors and/or assigns. If the event of Default has not cured within 90 days of such Notice, Landlord, whether or not the term of this Lease shall have been terminated, may, to the extent permitted by applicable law, enter upon and repossess the Premises or any part thereof by force, summary proceedings, ejectment or otherwise, and may remove Tenant and all other persons and any and all property therefrom. Landlord shall be under no liability for or by reason of any such entry, repossession or removal.

(c) Reletting. At any time or from time to time after the rerepossession of the Premises or any part thereof pursuant to subsection 17(b), whether or not the term of this Lease shall have been terminated pursuant to subsection 17(a), Landlord may (but shall be under no obligation to) relet the Premises or any part thereof for the account of Tenant, in the name of Tenant or Landlord or otherwise, without notice to Tenant, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the term of this Lease) and on such conditions (which may include concessions or free rent) and for such uses as Landlord, in its reasonable judgment, may determine, and may collect and receive the rents therefor.

(d) Termination of Lease Not To Relieve Tenant of Obligations. No expiration or termination of the term of this Lease pursuant to subsection 8(a) or by operation of law or otherwise (except as expressly provided herein), and no repossession of the Premises or any part thereof pursuant to subsection 17(b) or otherwise, shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such expiration, termination or repossession.

(e) Current Damages. In the event of any such expiration, termination or repossession, Tenant will pay to Landlord the rent and all other sums required to be paid by Tenant upon to the time of such expiration, termination or repossession, and thereafter Tenant, until the end of what would have been the term of this Lease in the absence of such expiration, termination or repossession, shall pay to Landlord, as liquidated and agreed damages for Tenant's default, (i) the rent and all other sums which would be payable under this Lease by Tenant in the absence of such expiration, termination or repossession less (ii) the net proceeds, if any, of any reletting effected for
the account of Tenant pursuant to subsection 17 (c), after deducting from such proceeds all of Landlord's reasonable expenses in connection with such reletting, including, without limitation, all reasonable repossession costs, reasonable brokerage commissions, reasonable legal expenses, reasonable attorneys' fees, reasonable employees' expenses, reasonable alteration costs, and reasonable expenses of preparation for such reletting.

(f) Right to Receivership. In addition to all other remedies of Landlord hereunder set forth, in the event of the nonpayment by Tenant of the rent reserved herein or of any other sum payable hereunder within the periods of time described herein, or in the event Tenant shall default in the performance of any of its other covenants, agreements or obligations herein contained and the Tenant shall fail to cure any such default in the manner and within the periods of time specified in this section, Landlord shall be entitled to a receiver for the Premises and the Improvements, fixtures and equipment thereon and appurtenances thereto and of the rents, issues and profits thereof as a matter of right, and such receiver may be appointed by any court of competent jurisdiction upon written notice to Tenant, and all rents, issues and profits, income and revenues from the Premises and the Improvements thereon shall be applied by such receiver to the payment of the rent, together with taxes and insurance premiums and expenses of receivership. Upon the curing of all Tenant's defaults the Premises shall be returned to Tenant and the receivership shall terminate.

(g) Right to Cure. Investor Limited Partner or Member and the leasehold mortgagee each shall have the right to cure any Event of Default, and Landlord shall not terminate this Lease for Tenant's default unless and until Landlord has given Investor Limited Partner or Member and the leasehold mortgagee Notice of such Event of Default and 30 days in addition to any applicable cure period given to Tenant in which to cure it. If any Event of Default cannot reasonably be cured within 30 days, then Investor Limited Partner or Member and/or the leasehold mortgagee shall have such additional time as it shall reasonably require, so long as Investor Limited Partner or the leasehold mortgagee is proceeding with reasonable diligence and so long as such additional time to cure does not exceed a maximum of an additional 60 days beyond the initial 30-day cure period. Notwithstanding anything to the contrary contained herein, for any Event of Default that cannot be cured without possession of the Premises, Landlord shall allow such additional time as Investor Limited Partner and/or the leasehold mortgagee shall reasonably require to prosecute and complete a foreclosure or equivalent proceeding and obtain such possession, including time to obtain relief from a bankruptcy stay in Tenant's bankruptcy.

18. Landlord's Representations.

(a) Title. Landlord represents and warrants that as of the Commencement Date, Landlord has good and marketable title to the Premises.

(b) Environmental Indemnity. If Tenant becomes liable under any statute, regulation, ordinance or other provision of federal, state, or local law pertaining to the protection of the environment or otherwise pertaining to public health or employee health and safety, including, without limitation, protection from hazardous waste, lead-base paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substance, underground storage tanks, polychlorinated biphenyls (PCBs), and radon, the Tenant is required to discharge such costs, expenses, damages, or liabilities in whole or in part from any source. The foregoing indemnification shall survive the dissolution of the Tenant and any transfer of the Premises.

19. Acts of God, Etc. In any case where either party is required to perform any work hereunder, delays caused by war, strike, riot, acts of God, shortages of material or labor,
governmental regulation, or other causes beyond such party's reasonable control shall not be counted in determining the time during which such work shall be completed. In any case where work shall be paid for out of insurance proceeds or condemnation awards, due allowance shall be made, both to the party required to perform such work and to the party required to make such payment, for delays in the collection of such proceeds and awards.

20. **Interest Upon Arrears or Upon Default.** Every installment of rent accruing under this Lease and all other sums becoming due or payable to Landlord under this Lease or on account of any default by Tenant in performance or observance of any of the covenants of this Lease, shall, if it is not paid within 10 days after written notice from Landlord that the same is due and payable, bear interest from said date until the same shall be paid at one percent per year above the prime rate for commercial loans then being made by the largest bank in Idaho as ascertained by the Idaho Department of Finance, however, in no event shall such amount bear interest at a rate higher than the maximum rate of interest allowed by law. All sums so advanced or paid by Landlord under the provisions of this Lease shall become due and payable with the installment of rent next becoming due after the date of such advance or payment.

21. **Landlord's Representations and Warranties.** Landlord hereby represents and warrants to Tenant that:

(a) Landlord owns fee simple title to the Premises, free and clear of all liens, charges, encumbrances, encroachments, easements, restrictions, leases, tenancies, occupancies or agreements and other matters affecting title, except for those matters affecting title which are of record. The Premises are in compliance with all easements, restrictions, and other matters affecting title as of the date hereof.

(b) Landlord has full right, power and authority to make, execute, deliver and perform its obligations under this Lease. Landlord has obtained and received all required and necessary consents and approvals to enter into this Lease with Tenant. The entry by Landlord into this Lease with Tenant and the performance of all the terms, provisions and conditions contained herein does not and will not violate or cause a breach of or default under any agreement or obligation to which Landlord is a party or by which it is bound.

(c) There are no tenants, lessees or other occupants of the Premises having any right or claim to possession or use of the Premises or a claimed preference for occupancy in the Premises.

(d) There are no unpaid special assessments of which Landlord has received notice, or of which Landlord is otherwise aware, for sewer, sidewalk, water, paving, gas, electrical or utility improvements or other capital expenditure, matured or unmatured, affecting the Premises.

(e) Landlord is not obligated under any contract, lease or agreement, oral or written, with respect to ownership, use, operation, management, maintenance, lease, sale or financing of the Premises except as previously disclosed to Tenant.

(f) No representation, statement or warranty by Landlord contained in this Lease or in any exhibit attached hereto contains any untrue statement or omits a material fact necessary to make the statement of fact therein recited not misleading.

(g) There is no action, suit, litigation or proceeding pending or, to Landlord's
knowledge, threatened against Landlord and/or the Premises which could prevent or impair
Landlord's entry into this Lease and/or performance of its or any of Tenant's obligations hereunder
or materially and adversely impact Tenant's rights hereunder.

(h) The person signing the Lease on behalf of Landlord is duly and validly authorized
to do so.

(i) There are no pending condemnation proceedings relating to any portion of the
Premises, and Landlord has received no notices of the institution or the proposed institution of
condemnation proceedings relating to any portion of the Premises or of any other proceedings
against or any taking of all or any part of the Premises.

(j) There are no special assessments assessed or due with respect to pending or
completed public improvements.

(k) There is no pending or threatened litigation, governmental proceedings, notice of
action required to be taken, judgment or cause of action against or related to the Premises and the
project, or any portion thereof, or against the Landlord or Landlord's agents with respect to the
premises or any portion thereof.

22. Tenant's Representations and Warranties. Tenant hereby warrants and represents to
Landlord that:

(a) Tenant is lawfully organized as a non-profit corporation under the laws of the State
of Idaho and the United States.

(b) Tenant has the full right, power and authority to make, execute, deliver and
perform this Lease.

(c) Tenant's execution and delivery of this Lease has been authorized by all requisite
action on the part of the Tenant, and the execution and delivery of the Lease by Tenant and the
performance of its obligations hereunder will not violate or contravene any agreement or obligation
to which Tenant is a party or by which it is bound.

(d) There is no action, suit, litigation or proceeding pending or, to Tenant's knowledge,
threatened against Tenant that could prevent or impair Tenant's entry into this Lease and/or
performance of its obligations hereunder.

(c) The person signing this Lease on behalf of Tenant is duly and validly authorized to
do so.

23. Attorneys' Fees.

(a) If Landlord or Tenant is made a party to any litigation concerning this Lease, the
Premises or the Improvements, solely by reason of any act or omission of the other party (the
"Defaulting Party") or the Defaulting Party's authorized representatives, the Defaulting Party shall
be liable for the reasonable attorneys' fees and court costs incurred in the litigation by the non-
defaulting party.

(b) If either party successfully maintains an action against the other arising out of or in
connection with this Lease, the successful party shall be entitled to have and receive from the other party reasonable attorneys' fees and court costs.

24. **Severability.** Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

25. **Short Form.** At the request of either party, the parties hereto shall execute and record a short form or memorandum of this Lease to evidence Tenant's interest in the Premises.

26. **Business Days.** If any amount payable hereunder becomes due on a Saturday, Sunday or a banking holiday, then such amount shall be due and payable on the next business day following such Saturday, Sunday or holiday.

27. **Headings.** The headings contained in this Lease are for the convenience of reference only and shall not be considered in the construction or interpretation of any provision hereof.

28. **Notices.** All notices, demands and communications hereunder shall be in writing, shall be given at least 60 days prior to the event covered by the notice, and shall be served or given either in person or by certified or registered mail, addressed as follows:

City of Hailey, Idaho  
115 Main Street South, Suite H  
Hailey, Idaho 83333

ARCH Community Housing Trust, Inc.  
Executive Director  
P. O. Box 1292  
Ketchum, Idaho 83340

Any notice given hereunder by mail shall be deemed delivered when received. At the request of the party giving a Notice, the party receiving the Notice shall use its best efforts to reply within less than the 60 days (or other period) otherwise given, and such period may be shortened (but in no event to less than 15 days) if required by the terms of any mortgage loan or other financing arrangement binding upon the Tenant.

29. **Consents.** In any instance where Landlord's consent is required hereunder, if Landlord shall fail to notify Tenant of Landlord's approval or disapproval of the matter within 30 days after notice to Landlord by Tenant, it shall be concluded that Landlord has consent to such matter.

30. **Entire Agreement.** This Lease, together with the exhibits attached hereto, contains the entire agreement between the parties with respect to the matters contained herein, and shall not be modified, altered or amended in any manner except (a) by an instrument in writing executed by the parties or their respective successors in interest and (b) with the prior written consent of any leasehold mortgagee.

31. **Binding Effect.** Except as otherwise provided herein, the terms, covenants and conditions in this Lease and in any exhibits attached hereto shall be binding upon and inure to the benefit of Landlord and Tenant and their respective successors and assigns.
32. **No Partnership or Joint Venture.** The relationship created hereby between the parties in one of Landlord and Tenant. Nothing contained in this Lease shall create or be construed to create a partnership or joint venture between Landlord and Tenant.

33. **Miscellaneous.**

(a) **Opinion Letter.** Landlord shall deliver to Tenant on or prior to execution of this Lease, an opinion from Landlord's attorney with respect to Landlord's authority to enter into this Lease and the due execution of the Lease.

(b) **Tenant's Obligations Conditional.** Tenant's obligations hereunder are conditioned upon Tenant receiving an environmental review of the Premises which is reasonably acceptable to Tenant.

(c) **Governmental Notices.** Landlord and Tenant agree to promptly send copies of all notices received from governmental authorities to any leasehold mortgagee.

(d) **Governing Law.** This Lease shall be governed by and construed in accordance with the laws of the State of Idaho.
IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease the day
and year first above written.

ATTEST: CITY OF HAILEY, IDAHO

By: ____________________________
    Martha Burke, Mayor

ATTEST: ARCH Community Housing Trust

By: ____________________________
    Michelle Griffith
    Executive Director
STATE OF IDAHO  
County of Blaine

On this _____ day of __________, 2020, before me the undersigned Notary Public in and for said State, personally appeared MARTHA BURKE, known or identified to me to be the Mayor of Hailey and the person whose name is subscribed to the within instrument, and acknowledged that he executed the same on behalf of the City of Hailey.

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

__________________________
Notary Public for Idaho
Residing at: _____________________________
My commission expires: ______________

STATE OF IDAHO  
County of Blaine

On this _____ day of __________, 2020, before me the undersigned Notary Public in and for said State, personally appeared Michelle Griffith, the Executive Director of the ARCH Community Housing Trust, Inc., known or identified to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she 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
Residing at: _____________________________
My commission expires: ______________
A PLAT SHOWING
PARCEL 01 AND 02, BLOCK 62, WOODSIDE SUBDIVISION NO. 15
WHEREIN PORTIONS OF THE PUBLIC UTILITY AND DRAINAGE EASEMENT AND OPEN SPACE DESIGNATION FOR PARCEL 0, BLOCK 62, WOODSIDE SUBDIVISION NO. 15 ARE VACATED AND PARCEL 0, BLOCK 62, WOODSIDE SUBDIVISION NO. 15 IS SUBDIVIDED LOCATED WITHIN THE SW1/4 OF SECTION 14, T.2N., R.15E., B.M., CITY OF HALEY, BLAINE COUNTY, IDAHO
FEBRUARY 2008

SCALE: 1" = 100'

Legend:
- Property Line
- Property Line
- Contour Line
- Adjacent Property Line
- Easement Line (As Shown Hereon)
- OSW Tile Line
- Set 5/8" Raker, PLS 8561
- Set 5/8" Raker, PLS 8661-1" Witness Corner
- Set 1 ½" Raker
- Found 1/2" Raker
- Found 5/8" Raker
- Found Brass Cap
- Found Steel Rod

Notes:
1. Property is subject to Plat Notes, Conditions, Covenants, and Restrictions of the recorded plat of Woodside Subdivision No. 15, recorded as Instrument No. 152010, Records of Blaine County, Idaho.
2. All of Parcel 01 to remain a Public Utility and Drainage Easement. Parcel 01 area is 1,003 acres (40.881 square feet).

Randall K. French, PLS 9561

South Central Public Health District

Parcels 01 and 02, Block 62
Woodside Subdivision No. 15
Galeka Engineering, Inc.
Ketchum, Idaho
Sheet 1 of 2
Job No. 4330.01
April 8, 2020

Hailey City Council
115 Main Street South, Suite H
Hailey, ID 83333

RE: ARCH Land Lease for Parcel O

Dear City Council:

We hope this letter finds everyone well during this unprecedented situation we are all experiencing. Idaho Housing and Finance Association ("IHFA") is continuing business as usual, although in a different format than we are accustomed. It is an adjustment for all of us here at IHFA, as we imagine it is for you as well.

We are writing today in regards to the proposed Land Lease to ARCH on Parcel O. It is IHFA’s understanding that some of the homes are intended to be Community Land Trust ("CLT") units (ownership homes), in which IHFA would fund the construction of the homes using federal funds from the HOME Investment Partnerships Program ("HOME"). The HOME award to ARCH is based on the ability to obtain a 99-year renewable lease with the City of Hailey for the land on which the homes will be built. We do require the 99-year time-frame in order to comply with the CLT conditions, as approved by the Department of Housing and Urban Development ("HUD"). ARCH has also received and award for rental homes. In order to ensure payback of our loan to ARCH, we would also require a 99 year lease on the underlying land supporting the rental homes.

It has come to our attention a much shorter lease duration may be considered by the council on Parcel O. We understand state and local conditions may prompt the recommendation of a shorter land lease; however, please be advised a lease term shorter than 99 years will affect the award funds to ARCH for the units on Parcel O, as the proposed activity would not comply with the requirements, as they were approved. In addition, the shorter lease will make it difficult for potential homebuyers to obtain mortgages on the CLT units.

We appreciate the council’s consideration on this matter, and encourage you to keep the HOME and IHFA requirements in mind when making this final decision. Please do not hesitate to contact us with any questions or concerns.

Regards,

[Signature]

Jack Hawkins
HOME Programs Manager
Idaho Housing and Finance Association
Return to Agenda