

**EAGLE COUNTY AFFORDABLE HOUSING GUIDELINES:
ADMINISTRATIVE PROCEDURES**

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CHAPTER 1 – DESCRIPTION OF ADMINISTRATIVE PROCEDURES

The Eagle County Affordable Housing Guidelines: Administrative Procedures (“Administrative Procedures”) provide the technical procedures for developing, purchasing, owning, selling, and renting Affordable Housing and are to be read in conjunction with the Eagle County Affordable Housing Guidelines. Both the Eagle County Affordable Housing Guidelines and the Administrative Procedures were drafted in response to the Eagle County Housing Needs Assessment Update 2012. The Eagle County Housing Needs Assessment Update 2012 is included herein as Exhibit A.

The Administrative Procedures is separated into chapters, which set forth the requirements for developers of Commercial Development or Residential Development containing Affordable Housing (Chapter 3), requirements of buyers, owners, and sellers of Affordable Housing units (Chapter 4), and requirements of owners, renters, or managers of Affordable Rental Housing units (Chapter 5). Chapter 2 contains definitions and Chapter 6 contains all of relevant tables, which may be updated on an annual basis.

CHAPTER 2 – DEFINITIONS

The terms, phrases, words, and clauses in the Administrative Procedures shall have the meaning assigned below. Any terms, phrases, words, or clauses not defined herein will have the meanings as defined in the Eagle County Affordable Housing Guidelines (the “Guidelines”) or the Eagle County Land Use Regulations.

Acknowledgement of Deed Restriction: A document accepting a purchaser’s agreement to be bound by both the recorded deed restriction covering the Affordable Housing unit and the Guidelines.

Eligible Household Certificate: A written or electronic certificate issued by the Program Administrator indicating a Household is an Eligible Household.

Gross Household Income: Total amount of income a Household earns in one year from all sources before taxes.

Non-Eligible Household: A Household that does not qualify as an Eligible Household per section 4.0.1 of the Administrative Procedures.

Maximum Resale Price: The maximum amount an owner can sell the Affordable Housing unit for per the deed restriction requirements.

Permitted Capital Improvements: Certain improvements made to an Affordable Housing unit that may be included in a seller’s Maximum Resale Price.

Qualified Employer: An individual or entity that regularly conducts business in Eagle County. Individuals or entities that regularly conduct business in Garfield and Pitkin Counties may be considered Qualified Employers for purposes of qualifying employees who apply to purchase or rent Affordable Housing in Eagle County in the Roaring Fork Valley.

CHAPTER 3 – INFORMATION FOR DEVELOPERS OF AFFORDABLE HOUSING

3.0 Price Capped For Sale Housing

Section 3.0 will cover all requirements specific to Price Capped For Sale Housing.

3.0.1 Initial Pricing of Price Capped For Sale Housing

The Initial Sales Price for Price Capped For Sale Housing units shall be initially set no higher than at a price affordable to Households earning 100% of AMI. The units should be priced in a spectrum of prices consistent with unit size, location, and market demand.

Chapter 6 (Table 6.1) contains a table showing the current year’s maximum Initial Sales Prices.

3.0.2 Deed Restrictions for Price Capped For Sale Housing

All deed restrictions burdening Price Capped For Sale Housing units must include resale restrictions binding future buyers and sellers to the applicable conditions set forth in the

Guidelines and these Administrative Procedures and shall be in a form approved by the Program Administrator and the Eagle County Attorney's Office. All purchasers shall execute the deed restriction as well as an Acknowledgement of Deed Restriction.

The material terms for deed restrictions against Price Capped For Sale Housing units are as follows:

- a. Eligible Households only with annual recertification
- b. Primary Residency use only with annual recertification
- c. May not own other real property, subject to exceptions
- d. Limitations on rentals
- e. Initial Sales Price restrictions
- f. Maximum Resale Price restrictions. Appreciation should be based upon the average wage for Eagle County as determined by the Colorado Department of Labor and Employment using the most current available data, but in no case shall the allowed increase be more than 6% on an annual basis. There should be no floor on the amount of the increase. Table 6.7 shows current and historic wage appreciation data.
- g. Ownership interest conveyed to ECHDA
- h. Ability to force sale if owner is not complying with program rules
- i. Option to buy post foreclosure
- j. Resale by Program Administrator

3.1 Resident Occupied For Sale Housing

Section 3.1 will cover all requirements specific to Resident Occupied For Sale Housing.

3.1.1 Initial Pricing of Resident Occupied For Sale Housing

Sale prices for Resident Occupied For Sale Housing units are not limited. A spectrum of pricing and unit sizes responsive to market demand is encouraged.

3.1.2 Deed Restrictions for Resident Occupied For Sale Housing

All deed restrictions burdening Resident Occupied For Sale Housing units must include resale restrictions binding future buyers and sellers to the applicable conditions set forth in the Guidelines and these Administrative Procedures and shall be in a form approved by the Program Administrator and the Eagle County Attorney's Office. All purchasers shall execute the deed restriction as well as an Acknowledgement of Deed Restriction.

The material terms for deed restrictions against Resident Occupied For Sale Housing shall be as follows:

- a. Eligible Households only with annual recertification
- b. Primary Residency use only with annual recertification
- c. May not own other real property, subject to exceptions
- d. Should a Non-Eligible Household desire to purchase the unit; the Non-Eligible Household must pay a transfer fee of no less than 2.0% to the Eagle County Housing and Development Authority.

3.2 Affordable Rental Housing

Section 3.2 will cover all requirements specific to Affordable Rental Housing.

3.2.1 Maximum Rental Rates

Maximum Rental Rates for Affordable Rental Housing units must be set at rates that are affordable for Households with incomes no greater than 80% AMI.

Chapter 6 (Table 6.2) contains a table showing the current year's Maximum Rental Rates.

3.2.2 Deed Restrictions for Affordable Rental Housing

The material terms for deed restrictions against Affordable Rental Housing, shall be as follows:

- a. Eligible Households only, unless otherwise prohibited
- b. Maximum rents
- c. Household income limitations of no greater than 140% AMI (income limits may be lower, but can not be higher than 140% AMI)
- d. Term of the deed restriction should be at least 50 years, unless otherwise prohibited, and the restriction agreement must be between the owner of the rental property and either ECHDA or other acceptable entity, such as the Colorado Housing and Finance Authority or the United States Department of Housing and Urban Development.

Under no circumstances shall any portion of an Affordable Rental Housing unit be leased or rented for any period of time without the prior written approval of the Program Administrator and compliance with the Guidelines.

3.2.3 Divided Ownership of Affordable Rental Housing Limited

No Affordable Rental Housing unit shall be converted in the future to for sale housing through subdivision, the cooperative form of ownership, condo conversion, or some similar form of ownership inconsistent with its rental purpose, unless the owner of such Affordable Rental Housing unit proposes providing substantially similar substitute Affordable Rental Housing and such proposal is approved in writing in advance by the BoCC.

3.3 Miscellaneous Provisions

Section 3.3 covers miscellaneous requirements related to the development of Affordable Housing.

3.3.1 Homeowners and Condominium Associations

Any documents creating a condominium or homeowners association should require that the Affordable Housing units will only be assessed monthly dues and other shared assessments based upon a reasonable formula.

3.3.2 Commercial Mitigation

Chapter 6 (Table 6.3) shows the average jobs generated per 1,000 square feet of commercial space. If an applicant can document, to the BoCC's sole satisfaction, that the proposed Project will generate fewer jobs per square foot than the general category of the Commercial Development being built for the life of the Commercial Development, the applicant may use the proven lower job generation rate in calculating Affordable Housing obligations.

Chapter 6 (Table 6.4) contains a table showing the conversion of jobs generated to Affordable Housing demand.

3.3.3 Calculation of Payment In Lieu

The Payment In Lieu represents the difference between prevailing market prices and the maximum Initial Sales Price at 100% AMI for a family of 3, plus a 15% administration fee.

Chapter 6 (Table 6.5) contains a calculation of the Payment In Lieu based upon current market conditions.

CHAPTER 4 – INFORMATION FOR BUYERS, OWNERS, AND SELLERS OF AFFORDABLE HOUSING

4.0 Buying Affordable Housing

Section 4.0 addresses requirements for Households interested in purchasing Affordable Housing.

4.0.1 Eligible Households

Eligible Households are Households meeting the following criteria:

- a. **Employment Qualification:** At least one member of the Household must meet one or more of the following criteria:
 - i. Has earned a living primarily in Eagle County by having worked an average of at least thirty (30) hours per week on an annual basis at a business with an office or job site physically located in Eagle County (multiple jobs in Eagle County may be combined to reach 30 hours per week); or
 - ii. Cumulatively earned at least 75% of the Household's Gross Household Income in Eagle County; or
 - iii. Has been hired for a job in Eagle County on a permanent basis to work at least thirty (30) hours per week; or
 - iv. Is over the age of sixty (60) and had earned a living primarily in Eagle County prior to his or her retirement or has a family member who is an Eligible Household, subject to the Program Administrator's sole discretion; or
 - v. Is a Disabled Person who had been a full-time employee in Eagle County (subject to the retirement exception) for a minimum of two years immediately prior to his or her disability or has been granted an exception to the minimum of 30 hours per week in order to continue with a federal or state benefit program, if the person works the maximum number of hours per week the program will allow; or
 - vi. Employment in Garfield and Pitkin Counties will be considered acceptable for Households applying to purchase Affordable Housing in Eagle County in the Roaring Fork Valley; or
 - vii. Households that make their home in Eagle County but work for employers that are located outside of Eagle County (i.e. telecommuters) may be considered eligible if all other eligibility requirements are met and the Household can prove Eagle County residency for at least 1 year before application submission, subject to the Program Administrator's sole discretion.
- b. **Limits on Owning Other Real Estate:** No member of an Eligible Household, including, but not limited to, spouses and children under 18 years of age, may own real estate anywhere as of the date of purchase of the Affordable Housing unit, subject to the following exceptions:
 - i. If the Eligible Household member is currently an owner of real estate, and he or she actively seeks to sell and close on the existing unit and purchase an Affordable Housing unit contemporaneously.
 - ii. A member of an Eligible Household that owns other real estate may request a hardship exemption from this requirement, which may be granted at the sole discretion of the Program Administrator.
 - iii. A member of an Eligible Household that owns commercial property for business use or vacant land may request an exemption from this requirement, which may be granted at the sole discretion of the Program Administrator.
 - iv. Exemptions for ownership of residential real estate in Eagle County will not be granted.

During ownership of an Affordable Housing unit, no Household member shall own any interest alone or in conjunction with others, in any other real estate.

Real estate that is owned by a prospective Eligible Household of Affordable Housing may not deed that real estate to a corporation or other person or entity except at fair market value nor may real estate be deeded to a corporation or other legal entity in which the Household member has any financial interest in order to meet these requirements.

4.0.2 Application Process and Selection Criteria for Price Capped For Sale Housing units

Households interested in purchasing Price Capped For Sale Housing units must submit an application to the Program Administrator to certify eligibility prior to submitting an offer to purchase a unit. Once approved, the Program Administrator will issue an Eligible Household Certificate to the Household, which is valid for up to 1 year.

Approved applicants who are interested in purchasing Price Capped For Sale Housing units will also be added to a master buyer list to be maintained by the Program Administrator. The application and any accompanying documentation will become the property of Program Administrator and will not be returned to the applicant. The Program Administrator will accept new applications throughout the year on a rolling basis. An applicant may update its application at any time.

The application steps are as follows:

- a. Obtain an application from the Program Administrator.
- b. Provide evidence of employment by a Qualified Employer as follows: 1) the two most recent pay stubs and the W2(s) from your employer(s), and your most recent tax returns, or 2) affidavit from employer verifying employment, or 3) employment contract or other documents that the Program Administrator deems necessary to make a determination.
- c. Provide a signed letter indicating that your Household intends to live in the unit as your Primary Residence and that no members of your Household own other real estate. If necessary, an applicant may request an exemption regarding owning other real estate according to Section 4.0.1(b).
- d. Provide a letter of prequalification from a mortgage lender for a mortgage with a fixed interest rate of at least 5 years duration or a statement of proof of funds and submit a copy to the Program Administrator. Reverse amortization mortgages are prohibited.
- e. Supply a valid copy of a homebuyer education class certification.
- f. Provide proof of funds for a down payment equal to at least 1% of the purchase price.

Once basic eligibility has been met, the applicant submitting the highest and best offer (not to exceed the Maximum Resale Price) will have the first right to negotiate for the purchase of the unit. If two or more equal offers are received, those offers will be prioritized for selection based on the highest score using the criteria listed below. The Program Administrator will notify the applicant if proof of any of the following item is necessary.

The following selection criteria applies to all resales of Price Capped For Sale Housing units:

- a. 2 points for each calendar year of full time employment in Eagle County. Partial years shall be awarded points on a pro-rata basis.
- b. 1 point for each calendar year of residency in Eagle County up to a maximum of 20 points. Partial years shall be awarded points on a pro-rata basis.
 - i. The applicant should provide evidence of Eagle County residency status as follows: 1) copy of lease or deed or property tax statement, or 2) utility statements from service provider, or 3) other documentation that the Program Administrator deems necessary to make a determination, such as voter registration information, place of automobile registration, driver's license address and income tax returns.
- c. 5 points per Household member under the age of 18 for current owners of Affordable Housing units.
- d. 5 points per Household member with special needs as defined by ADA.
- e. 25 points for Households earning 140% of AMI or less.
- f. Points as mandated by all applicable intergovernmental and similar agreements.

The following rules apply to the selection process described above:

- a. The physical place of residency and employment is relevant—the applicant’s mailing address is not.
- b. If two individuals are applying jointly, their points will not be combined.
- c. All claims may be verified by the Program Administrator. Claims of residency or employment that cannot be verified will not be counted in determining length of employment or residency.
- d. Eligible Households may have no more than two occupants per bedroom at any time. For example, a household of 5 people does not qualify for a two bedroom unit.
- e. If there is a tie based upon the selection criteria above, the Program Administrator shall hold a lottery to determine the winning applicant. The drawing shall be held by the Program Administrator during regular business hours and witnessed by the applicants with equal point priority, if desired.

4.0.3 Application Process for Resident Occupied For Sale Housing units

Households interested in purchasing Resident Occupied For Sale Housing units must submit an application to the Program Administrator to certify eligibility prior to submitting an offer to purchase a unit. Once approved, the Program Administrator will issue an Eligible Household Certificate to the Household, which is valid for up to 1 year.

The application and any accompanying documentation will become the property of Program Administrator and will not be returned to the applicant. The Program Administrator will accept new applications throughout the year on a rolling basis. The applicant may update an application at any time.

The application steps are as follows:

- a. Obtain an application from the Program Administrator.
- b. Provide evidence of employment by a Qualified Employer as follows: 1) the two most recent pay stubs and the W2(s) from your employer(s), and your most recent tax returns, or 2) affidavit from employer verifying employment, or 3) employment contract or other documents that the Program Administrator deems necessary to make a determination.
- c. Provide a signed letter indicating that your Household intends to live in the unit as your Primary Residence and that no members of your Household own other real estate. If necessary, an applicant may request an exemption regarding owning other real estate according to Section 4.0.1(b).

There are no selection criteria for resales of Resident Occupied For Sale Housing units.

4.0.4 Trust Ownership

An Eligible Household may seek a variance to allow title of an Affordable Housing unit to be held in trust for the benefit of a natural person who also meets the definition of an Eligible Household member. Such ownership in trust may only occur in the circumstances provided herein and at the sole discretion of the Program Administrator.

In order to request a variance from the strict application of these Guidelines, the applicant shall submit a letter requesting a special review to the Program Administrator as follows:

- a. Affordable Housing units may be held in trust only for the benefit of a natural person who due to a physical or mental impairment lacks the capacity to contract or is prevented by such impairment from acquiring title to a unit in his or her own name. The letter shall include documentation of such impairment and the basis for ownership in trust. It should be noted that the applicant should submit any additional

information reasonably requested by the Program Administrator to allow Program Administrator to process this special request.

- b. The beneficiary of the trust may not own other real property.
- c. The beneficiary of the trust must be of the age of majority to qualify under this section.
- d. The criteria set forth in the Administrative Procedures may be met so long as the trust prequalifies for a loan. Further the trust must prove an adequate means of ensuring that expenses associated with ownership, including, but not limited to association dues and expenses are met.
- e. Upon receipt of a request for a special review and any requested information and documentation, the Program Administrator may grant the request with or without conditions, in a timely manner.

4.0.5 Rental of Affordable Housing by Qualified Employers for Employees

Qualified Employers may purchase Affordable Housing and lease to employees who are members of Eligible Households. Qualified Employers may not impose additional deed restrictions to Affordable Housing without the written consent of the Program Administrator.

4.1 Owning Affordable Housing

Section 4.1 addresses requirements for Households that own Affordable Housing units.

4.1.1 Maintaining Occupancy

The owner of an Affordable Housing unit shall continue to use the unit as its exclusive and permanent place of residence. The owner of an Affordable Housing unit will be deemed to have ceased to use the unit as its Primary Residence by accepting permanent employment outside of Eagle County (employment in Pitkin or Garfield Counties are acceptable for units located in the Roaring Fork Valley), by residing in the unit for fewer than 9 months out of any 12 months, or by registering to vote outside of Eagle County.

4.1.2 Recertification

Once an Affordable Housing unit has been purchased, it must continue to be owned and occupied only by an Eligible Household. On an annual date set by the Program Administrator, the owner of an Affordable Housing unit, shall submit the following information to the Program Administrator:

- a. A verification that the owner continues to meet employment and residency requirements, as applicable; and
- b. A statement that the owner owns no other real property with the exceptions provided for herein.

The Program Administrator will provide a paper or electronic form. Failure to provide information as required by the Program Administrator and any applicable deed restriction may result in forfeiture of appreciation, a sale mandated by the Program Administrator, or any other available remedy at law or equity.

4.1.3 Leave of Absence

A leave of absence for an owner of an Affordable Housing unit may be granted at the sole discretion of the Program Administrator, subject to clear and convincing evidence that shows the reason for leaving and a commitment to return. Said evidence shall be in written form and presented to the Program Administrator for review and decision prior to the owner leaving. The leave of absence shall be for one year and may, at the discretion of the Program Administrator, be extended up to one additional year, but in no event shall it exceed two years. In the case of an approved leave of absence, the owner shall only rent to an Eligible Household.

Rents charged during a leave of absence may not exceed the lesser of 1) Maximum Rental Rates for Affordable Rental Housing at 100% AMI or 2) the owner's monthly housing expenses. The tenant must obtain an Eligible Household Certificate from the Program Administrator. The owner shall provide a copy of the executed lease agreement between the owner and tenant to the Program Administrator.

If an Affordable Housing unit is listed for sale and the owner has relocated outside of Eagle County, the unit may, upon approval of the Program Administrator, be rented to an Eligible Household prior to completion of the sale.

4.1.4 Short Term Leases

Short term leases are not permitted in Affordable Housing units. A short term rental is defined as a non-owner providing compensation to lodge in another owner's property. Owners shall not advertise any part of their Affordable Housing unit available for short term lease on any open, public forum such as Airbnb, VRBO, Homeaway or equivalent.

4.1.5 Foreclosure

In the event of a foreclosure or of acceptance of a deed in lieu of foreclosure by the holder of a promissory note secured by a first deed of trust on an Affordable Housing unit, ECHDA, Eagle County, or its assigns shall have the option to purchase the unit, which option shall be exercised as set forth in the deed restriction. The owner has an obligation to notify the Program Administrator in writing once the owner perceives a foreclosure difficulty.

4.2 Sales of Affordable Housing Units

Section 4.2 addresses requirements for Households that are selling Affordable Housing units.

4.2.1 Listing Units

All Affordable Housing units must be listed for sale with the Program Administrator or its designee or as specified by its deed restriction.

The owner/seller of Affordable Housing must follow these steps:

- a. Execute a standard Listing Contract on forms approved by the Program Administrator.
- b. Consult with the Program Administrator to review the deed restrictions recorded against the unit to determine the Maximum Resale Price and other applicable provisions concerning a sale.
- c. The Program Administrator shall administer the sale in accordance with the requirements in effect at the time of listing.
- d. The owner may consult legal counsel regarding examination of title and all contracts, agreements and title documents. The retention of such counsel, licensed real estate brokers, or such related services (excluding all sales fees), will be at the owner's own expense and shall not be included in the calculation of the Maximum Resale Price.

4.2.2 Inspection Prior to Sale

The Owner shall commission a listing inspection by a listing inspector certified by the Program Administrator before executing a listing contract to determine the condition of the unit.

- a. The owner shall pay for the cost of the inspection at the time of inspection.
- b. The inspector shall furnish a written report to the owner and the Program Administrator.
- c. This information shall be furnished to the purchaser as a part of the seller's property disclosure once a purchase contract has been executed.
- d. The inspection will be valid for no more than 60 days.

The owner shall replace any items that appear in the report at its cost or reduce listing price accordingly in an amount set forth by the listing inspector to cure any unsatisfactory conditions based on market standard conditions for properties in good working order.

4.2.3 Sales Fees

Unless otherwise set forth in the deed restriction recorded against an Affordable Housing unit, at the closing of the sale, the owner/seller shall pay the Program Administrator or its designee a sales fee of 2% of the sale price.

- a. The owner/seller must deposit 0.50% of the list price with the Program Administrator upon listing the unit for sale, known as the listing deposit.
- b. In the event that the owner/seller fails to perform under the listing contract, rejects all offers, or withdraws the listing after advertising has commenced, the owner/seller shall not be refunded the listing deposit.
- c. The listing deposit shall be considered a budgeted amount for advertising and administrative costs that will be incurred by the Program Administrator. If the Program Administrator incurs any additional costs, the owner/seller will be notified in advanced by the Program Administrator and shall be responsible for those additional costs.

4.2.4 Closing Costs

Sellers of Affordable Housing shall not permit any prospective buyer to assume any of the seller’s customary closing costs, including the fees set forth herein, nor accept any other consideration that would increase the purchase price above the Maximum Resale Price so as to induce the seller to sell to such prospective buyer.

4.2.5 Maximum Resale Price

No owner of a Price Capped For Sale Housing unit shall sell the unit for an amount greater than the Maximum Resale Price for the unit. Maximum Resale Price will be calculated as follows: Base Price + Appreciation of Base Price + Permitted Capital Improvements – Depreciation of Capital Improvements + Sales Fee = Maximum Resale Price.

There are no resale price limitations on Resident Occupied For Sale Housing units.

4.2.6 Increases to Base Price and Permitted Capital Improvements

Certain improvements to a unit may be included in a unit’s Maximum Resale Price. The following table outlines the costs that may be included in an owner’s base price, items which will not be considered Permitted Capital Improvements, items which will be allowed as Permitted Capital Improvements and depreciated on a five year schedule and items which will be allowed as Permitted Capital Improvements and depreciated on a twenty year schedule.

<p><u>Items included in Base Price</u></p> <ul style="list-style-type: none"> • Purchase price, including garage, lot premium, heating systems and water heaters <p>The following items may be included in base price with the written approval of the Program Administrator prior to the commencement of the work:</p> <ul style="list-style-type: none"> • Structural addition or finish of livable space including bathrooms, bedrooms, interior doors, baseboard, window casing, insulation and plumbing (excluding fixtures) • Improvements that reduce the consumption of energy • Roof replacement • Modifications or improvements to accommodate a person with a disability as defined in the Americans with Disabilities Act of 1990 	<p><u>Items which are NOT Permitted Capital Improvements</u></p> <ul style="list-style-type: none"> • Jacuzzis, saunas, steam showers, hot tubs, etc. • Improvements to and maintenance of existing fixtures, appliances, plumbing and mechanical fixtures and systems, painting, cleaning, etc. • Decorative items including lights, window coverings, etc. • Interior paint • All work performed without the issuance of a building permit • Cost of tools and/or rental equipment • Removable items not attached to the unit
<p><u>Items depreciated on 5 year schedule</u></p> <ul style="list-style-type: none"> • Replaced appliances 	<p><u>Items depreciated on 20 year schedule</u></p> <ul style="list-style-type: none"> • Solar Panels

<ul style="list-style-type: none"> • Washers/Dryers (including stackable) • Carpet upgrades including pad • Landscaping • Permanent fitted window blinds • Garage door openers • Gutters and downspouts • Security system • Electric fireplace • Exterior paint • Improvements for energy or water conservation, excluding solar panels or irrigation systems • Improvements for health and safety protection • Building permit fees 	<ul style="list-style-type: none"> • Flooring and countertop upgrades including hardwood, stone, slate, granite, marble, tile, etc. • Light fixtures including electrical fixtures and wiring • Plumbing fixtures including sinks • Cabinets including vanities • Closet organization systems • Concrete pads • Outdoor decks • Trees • Irrigation system • Fencing • Gas fireplace • Windows • Asphalt roof shingles (single family and duplex only)
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Unless otherwise identified in the recorded deed restriction, the actual costs of Permitted Capital Improvements made to a unit shall not exceed 10% of the Initial Sales Price for a five-year term, regardless of changes in ownership. For every subsequent five-year period, an additional 10% of the value of the unit at the beginning of that five-year period may be added as Permitted Capital Improvements. The five-year period for Permitted Capital Improvements shall not reset merely upon resale. No costs occurred in one five year term may be rolled into a different five year term.

For an owner to request that Permitted Capital Improvements be added to the Maximum Resale Price, he or she must comply with the following:

- a. Upon completion of the work, legible copies of receipts, invoices and proof of payment by a third party must be submitted to the Program Administrator. Owners must retain original receipts and invoices.
- b. In calculating the costs allowed as Permitted Capital Improvements, only the owner's actual out of pocket costs and expenses shall be eligible for inclusion. Such amount shall not include an amount attributable to owner's labor, or that of their employees or business, or to any appreciation in the value of these improvements.
- c. If an owner pays cash for improvements, the owner must provide third party documentation of payment. If no such documentation can be produced, the Program Administrator can inspect the improvement completed in the unit. Up to 75% of value for market rate cost of similar work may be included after an inspection, at the Program Administrator's sole discretion.
- d. Work that requires and is performed without the issuance of all required building permits or property owners' association approval will not be included as a Permitted Capital Improvement.
- e. The value of the Permitted Capital Improvements will be added to the appreciated value of the unit at the time of sale. No appreciation is allowed on Permitted Capital Improvements.
- f. Other improvements to the Affordable Housing unit are allowed, but adjustments to the Maximum Resale Price will only be given for Permitted Capital Improvements.

If a Permitted Capital Improvements or an improvement included in the base price of the unit is removed or is no longer operational, the actual cost of the improvement shall be deducted from the base price or Permitted Capital Improvement schedule. No other categories or types of expenditures may qualify as Permitted Capital Improvements unless preapproved in writing by the Program Administrator.

4.2.7 Other Title Transfers

In the event that title to an Affordable Housing unit transfers, through descent or other method, to a person or entity that is not an Eligible Household, the Non-Eligible Household must notify the Program Administrator of its intent as outlined below within 90 days of taking title to the unit.

- a. The Non-Eligible Household may list the unit for sale, following the procedures outlined herein.
- b. The Non-Eligible Household shall have one year to become an Eligible Household. In the event the Non-Eligible Household is unable to become an Eligible Household in one year then the unit shall be listed for sale as provided herein.
- c. Non-Eligible Households shall not: 1) occupy the Affordable Housing unit; 2) rent all or any part of the Affordable Housing unit, except in strict compliance with these Guidelines; 3) engage in any other business activity on or in the Affordable Housing unit; 4) sell or otherwise transfer the Affordable Housing unit except in accordance with these Guidelines or corresponding deed restriction.
- d. The Program Administrator may require the Non-Eligible Household to rent or sell the Affordable Housing unit in accordance with the provisions of these Administrative Procedures.

CHAPTER 5 – INFORMATION FOR RENTERS OR MANAGERS OF AFFORDABLE RENTAL HOUSING

5.0 Application Process

Eligible Households must be given priority for Affordable Rental Housing units, unless prohibited by other funding sources. Households must meet all other requirements of the deed restriction, including Area Median Income limits.

The owner/manager must document how eligibility and income was confirmed and must keep a record of any documents supporting the eligibility and income determination.

5.1 Records Inspection

The Program Administrator has the right to inspect the owner/manager's records on an annual basis to ensure compliance with the deed restriction.

CHAPTER 6 – TABLES

Table 6.1 – Maximum Initial Sales Price Calculations

Table 6.1 - Maximum Initial Sales Price Calculations						
		Studio	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm
Household Size		1	1.5	3	4.5	6
100% AMI		\$ 61,900	\$ 66,350	\$ 79,600	\$ 91,950	\$ 102,600
Max Monthly Housing Payment	30%	\$ 1,548	\$ 1,659	\$ 1,990	\$ 2,299	\$ 2,565
Property Tax, Insurance, HOA	20%	\$ 310	\$ 332	\$ 398	\$ 460	\$ 513
Max Mortgage Payment		\$ 1,238	\$ 1,327	\$ 1,592	\$ 1,839	\$ 2,052
Maximum Mortgage Amount*		\$ 178,000	\$ 191,000	\$ 229,000	\$ 264,000	\$ 295,000
Less: Closing Costs**	1.5%	\$ 2,670	\$ 2,865	\$ 3,435	\$ 3,960	\$ 4,425
Plus: Downpayment	10%	\$ 17,800	\$ 19,100	\$ 22,900	\$ 26,400	\$ 29,500
Maximum Sales Price		\$ 193,130	\$ 207,235	\$ 248,465	\$ 286,440	\$ 320,075

*Assumes a mortgage amortized over 30 years with an interest rate of 7.45% which was determined by using the FHLMC (Freddie Mac) mortgage rate average over 30 years.

** Includes all closing costs such as Origination Fees, Recording Fee, Document Fees, Appraisal, Title Fees.

Table 6.2 – Maximum Monthly Rental Rates

Table 6.2 - Maximum Monthly Rental Rates						
HUD Release Date April 2016						
		Unit Size				
		Studio	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm
Income Limits	140%	\$ 2,167	\$ 2,322	\$ 2,786	\$ 3,218	\$ 3,591
	120%	\$ 1,857	\$ 1,991	\$ 2,388	\$ 2,759	\$ 3,078
	100%	\$ 1,548	\$ 1,659	\$ 1,990	\$ 2,299	\$ 2,565
	80%	\$ 1,238	\$ 1,327	\$ 1,592	\$ 1,839	\$ 2,052
	70%	\$ 1,083	\$ 1,161	\$ 1,393	\$ 1,609	\$ 1,796
	60%	\$ 929	\$ 995	\$ 1,194	\$ 1,194	\$ 1,326
	50%	\$ 774	\$ 829	\$ 995	\$ 1,149	\$ 1,283
	30%	\$ 464	\$ 498	\$ 597	\$ 690	\$ 770

All ongoing fees required to be paid by a resident (including but not limited to utilities and mandatory parking fees) must be included within the Maximum Rental Rate.

Rents based on 1.5 persons per bedroom.

Table 6.3 – Commercial Job Generation

Type of Business	Jobs per 1,000 sf
Overall	2.8
Bar/Restaurant	8.7
Construction	5.4
Education	1.3
Office (Finance/Banking, Legal, Medical, Prof. Services)	3.7
Government	1.8
Real Estate/Property Management (office)	6.1
Retail Sales	3.0
Service (personal and commercial service)	1.9
Recreation/Attraction/Amusements	5.5
Utilities	1.4

Source: Eagle County Nexus/Proportionality Analysis for Commercial Development/Workforce Housing Linkage January 2008

Table 6.4 – Conversion of Jobs Generated to Affordable Housing Demand

Table 6.4 - Conversion of Jobs Generated to Affordable Housing Demand			
Jobs generated per 1,000 sf of commercial space *		2.80	jobs
Jobs translated to employees (# jobs per employee)	1.2	2.33	employees
Employees translated to households (# employees per household)	1.8	1.30	households
Application of mitigation rate	45%	0.58	housing units
Housing units translated to square footage	1,126	657	square feet

* This number shall be adjusted for type of commercial space being constructed. An applicant can use the numbers from Table 6.3 or from its own analysis, subject to BoCC approval.

Table 6.5 – Calculation of Payment In Lieu

Table 6.5 - Calculation of Payment In Lieu Fee	
Area Median Income for family of 3	\$ 79,600
Maximum Initial Sales Price	\$ 241,955
Average Deed Restricted Unit Size	1,126
Affordable Price per Square Foot	\$ 214.83
Market Price per Square Foot	\$ 313.16
Administrative Fee	15%
Payment in Lieu per Square Foot	\$ 113.08

Table 6.6 – Area Median Incomes

Table 6.6 - Area Median Incomes							
HUD Release Date April 2016							
		Household Size					
		1 person	2 person	3 person	4 person	5 person	6 person
Income Limit	140%	\$ 86,660	\$ 99,120	\$ 111,440	\$ 123,760	\$ 133,700	\$ 143,640
	120%	\$ 74,280	\$ 84,960	\$ 95,520	\$ 106,080	\$ 114,600	\$ 123,120
	100%	\$ 61,900	\$ 70,800	\$ 79,600	\$ 88,400	\$ 95,500	\$ 102,600
	80%	\$ 49,520	\$ 56,640	\$ 63,680	\$ 70,720	\$ 76,400	\$ 82,080
	60%	\$ 37,140	\$ 42,480	\$ 47,760	\$ 53,040	\$ 57,300	\$ 61,560
	50%	\$ 30,950	\$ 35,400	\$ 39,800	\$ 44,200	\$ 47,750	\$ 51,300

Table 6.7 – Historical Wage Appreciation Data

Table 6.7 - Historical Wage Appreciation Data						
US Department of Labor Average Weekly Wages for Eagle County						
Year	Q1	Q2	Q3	Q4	Annual	Annual Increase
2002	\$ 578	\$ 624	\$ 603	\$ 668	\$ 617	
2003	\$ 609	\$ 636	\$ 638	\$ 685	\$ 641	3.89%
2004	\$ 599	\$ 670	\$ 659	\$ 724	\$ 662	3.28%
2005	\$ 645	\$ 674	\$ 709	\$ 777	\$ 701	5.89%
2006	\$ 730	\$ 704	\$ 776	\$ 791	\$ 750	6.99%
2007	\$ 741	\$ 747	\$ 759	\$ 824	\$ 768	2.40%
2008	\$ 774	\$ 752	\$ 781	\$ 837	\$ 786	2.34%
2009	\$ 725	\$ 735	\$ 770	\$ 806	\$ 757	-3.69%
2010	\$ 692	\$ 730	\$ 768	\$ 814	\$ 749	-1.06%
2011	\$ 703	\$ 742	\$ 771	\$ 793	\$ 751	0.27%
2012	\$ 726	\$ 754	\$ 743	\$ 794	\$ 754	0.40%
2013	\$ 740	\$ 768	\$ 775	\$ 834	\$ 778	3.18%
2014	\$ 757	\$ 791	\$ 793	\$ 871	\$ 802	3.08%
2015	\$ 789 *	\$ 819 *	\$ 812 *	\$ 899 *	\$ 829 *	3.37%

* Preliminary, subject to change.

Table 6.8 – Size of Deed Restricted Units in Eagle County

Table 6.8 Size of Deed Restricted Units			
Deed Restriction	# Units	Average SF	Total SF
Miller Ranch	282	1,207	340,300
Brett Ranch	156	1,163	181,362
Red Draw	4	980	3,920
Riverwalk	59	876	51,704
Bluffs	4	1,200	4,800
Avon	62	724	44,914
Vail*	80	1,083	86,647
Eagle	24	950	22,798
Eagle Ranch	36	1,338	48,164
ERWSD-various locations	29	1,148	33,292
Stratton Flats	21	1,652	34,692
Total/Average	757	1,126	852,593

Table 6.9 – Example of Small Development Project

Unit	Unit Size (SF)*	Average Size of DR Unit	SF in Excess of Avg DR Unit
1	950	n/a	-
2	950	n/a	-
3	950	n/a	-
4	950	1,126	-
5	1,500	1,126	374
6	1,500	1,126	374
7	2,500	1,126	1,374
8	2,500	1,126	1,374
9	2,500	1,126	1,374
10	2,500	1,126	1,374
	16,800		6,245
Mitigation Rate based on Square Footage			15%
Total Square Feet of Affordable Housing required			937

* Units must be listed in ascending order from smallest unit to largest unit.

Table 6.10 – Affordability Gap

Table 6.10 Affordability Gap				
Town/Neighborhood	Median Home Sales Price*	Average Weekly Wage (by zip code)	Average Household Buying Power**	Affordability Gap
Beaver Creek, Bachelor Gulch	\$ 1,262,500.00	\$784	\$ 317,170	\$ 945,330
Cordillera, Lake Creek	\$ 1,550,000.00	\$839	\$ 373,240	\$ 1,176,760
Vail	\$ 852,500.00	\$861	\$ 384,090	\$ 468,410
Arrowhead	\$ 1,325,000.00	\$839	\$ 373,240	\$ 951,760
Wolcott	\$ 1,075,000.00	\$988	\$ 439,425	\$ 635,575
Countywide	\$ 575,000.00	\$824	\$ 366,730	\$ 208,270
Edwards	\$ 562,500.00	\$839	\$ 373,240	\$ 189,260
Basalt (in Eagle County)	\$ 536,500.00	\$851	\$ 378,665	\$ 157,835
El Jebel (in Eagle County)	\$ 545,000.00	\$774	\$ 345,030	\$ 199,970
Minturn, Red Cliff	\$ 550,000.00	\$675	\$ 300,545	\$ 249,455
Eagle	\$ 449,000.00	\$836	\$ 372,155	\$ 76,845
Eagle-Vail	\$ 436,000.00	\$784	\$ 349,370	\$ 86,630
Avon	\$ 410,000.00	\$784	\$ 349,370	\$ 60,630
Rural (in Eagle County)	\$ -	\$833	\$ 371,070	\$ -
Gypsum	\$ 350,750.00	\$837	\$ 373,240	\$ (22,490)

* Based on 2015 residential improved transactions

** Based on 2 workers per household using 2015 QCEW wage data, mortgage rate of 4.5%, down payment 10%

Table 6.11 – Historical Freddie Mac 30-Year Mortgage Rates

Table 6.11 Historic Mortgage Rates - Freddie Mac							
	Year	Rate	Points		Year	Rate	Points
1	1986	10.19%	2.20%	16	2001	6.97%	0.90%
2	1987	10.21%	2.20%	17	2002	6.54%	0.60%
3	1988	10.34%	2.10%	18	2003	5.83%	0.60%
4	1989	10.32%	2.10%	19	2004	5.84%	0.70%
5	1990	10.13%	2.10%	20	2005	5.87%	0.60%
6	1991	9.25%	2.00%	21	2006	6.41%	0.55%
7	1992	8.39%	1.70%	22	2007	6.34%	0.40%
8	1993	7.31%	1.60%	23	2008	6.03%	0.60%
9	1994	8.38%	1.80%	24	2009	5.04%	0.70%
10	1995	7.93%	1.80%	25	2010	4.69%	0.70%
11	1996	7.81%	1.70%	26	2011	4.45%	0.70%
12	1997	7.60%	1.70%	27	2012	3.66%	0.70%
13	1998	6.94%	1.10%	28	2013	3.98%	0.70%
14	1999	7.44%	1.00%	29	2014	4.17%	0.60%
15	2000	8.05%	1.00%	30	2015	3.85%	0.60%
						7.00%	1.19%
					Points	0.45%	*
					All-In Rate	7.45%	

* 1 point typically buys between .25% and .50% interest rate