

Town of Mountain Village Housing Authority Operating Document

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Affordable Housing Guidelines

Purpose

To ensure the existence of a supply of desirable and affordable housing for persons currently employed in the Town of Mountain Village and persons who were employed in the Town of Mountain Village prior to retirement.

Each year the Town of Mountain Village establishes guidelines that govern the development of, admission to and occupancy of deed restricted affordable housing units in the Town of Mountain Village.

The 2002 Affordable Housing Guidelines respond to the housing needs in the Town of Mountain Village as identified by the Housing Authority. The guidelines are used to:

- Review land use applications;
- Establish affordable rental rates;
- Establish affordable sale prices;
- Establish criteria for qualifications and occupancy;
- Develop and prioritize current and long range housing programs; and
- Provide information and a process for developing affordable housing.

These Affordable Housing Guidelines shall remain in effect until such time as the Housing Authority approves new or amended guidelines.

Land Use Applications

The Town of Mountain Village has prioritized the following options regarding the building of platted employee housing density:

1. Build Platted Employee Density
 - A. For those lots that are zoned with employee housing density, the developer must develop that density in conjunction with any development proposed for approval by the Design Review Board and Town Council.
2. Conveyance of Vacant Lots
 - A. Pursuant to the applicable Town Land Use Ordinance, any applicant for a development permit may, under certain conditions and subject to certain requirements, meet the requirement to build employee density by conveying vacant lots to the Town of Mountain Village Housing Authority.
 - B. All lots conveyed must be ready for construction, i.e., improved lots with water and sewer, roads and telephone, electricity and gas in place to the property line. A soils report prepared by a qualified engineer and based upon

test holes within the lot, stipulating that the Lot is suitable for construction of the intended dwelling type without requiring unusual excavation, foundation work or accommodation of other unusual conditions shall accompany the conveyance.

- C. At the time of conveyance, the owner of the lot shall establish an escrow account in an amount sufficient to cover 125% of the estimated costs required to complete the improvement of the lot(s) in accordance with item B above. Improvements as noted in item B above, shall be completed within one year from the date of conveyance of the property to the Housing Office.

3. Affordable Housing Dedication Fee (Payment in Lieu Fee)

- A. Pursuant to the applicable Town Land Use Ordinance, any applicant for a development permit may, under certain conditions and subject to certain requirements, transfer Employee Density to the Town of Mountain Village Housing Authority with the payment of an Employee Housing Dedication Fee (payment in lieu fee). Acceptance of the payment in lieu fee shall be at the sole discretion of the Town of Mountain Village Town Council at the recommendation of the Housing Authority Staff.

Affordable Housing Categories

The Housing Authority's goals are to establish and implement a plan to provide affordable housing within the Town of Mountain Village. Rental rates and sale processes are established to be affordable to persons and families of low, moderate and middle-income categories as related to housing costs in San Miguel County or as determined by the Town of Mountain Village Town Council.

Income categories

The Housing Authority will follow the income categories that are established annually by HUD and are then adjusted for San Miguel County.

Renting Affordable Housing

To qualify, be eligible and remain eligible to rent and reside in a long-term affordable housing unit, a person/household must meet the following criteria set forth by the Village Court Apartments Policies and Lease terms.

Occupancy Categories for Rental Properties

Unit Size	Persons
Studio	1-2
One bedroom	1-2, or family of 3
Two bedroom	2-4
Three bedroom	3-6

Initial Qualification to Rent

To determine that a person or household desiring to rent an affordable housing unit meets all the necessary criteria for income and employment, prior to occupancy, the person or household will follow the guidelines set forth by the Village Court Apartments to verify residency, employment, income and assets.

Re-qualification for Rental of Affordable Housing

To determine that a person or household desiring to rent an affordable housing unit meets all the necessary criteria for income and employment, upon lease renewal, the person or household will follow the guidelines set forth by the Village Court Apartments to verify residency, employment, income and assets.

Rental of an Ownership Unit

A unit may, upon approval of the Housing Authority, be rented to a qualified individual in accordance with the Town of Mountain Village Employee Housing Restriction Ordinance 1997-05.

Purchasing Affordable Housing Built by the Housing Authority

Qualifications to Purchase Affordable Housing

To qualify and to be eligible to purchase in an affordable housing unit, a person or household must meet the following criteria and the person or household's total annual income must not exceed 250% of area median income for San Miguel County as defined by HUD. A qualified household will not have a net worth that exceeds 2.5 times the purchase price of the home. Net worth is defined as the sum of the value of real estate investments, cash, and vehicles, etc. minus liabilities such as real estate and credit card debt. (401K and qualified retirement plans are excluded from the net worth calculation.) Please see work sheet below.

1. Applicant must comply with the Employee Housing Restriction as defined by the Town of Mountain Village Employee Housing Restriction Ordinance 1997-05.
2. Upon purchase of the unit, employee(s) shall occupy the unit as the primary residence and maintain the work requirement until retirement age as defined by the Town's EHR Ordinance. Police officers must work law enforcement positions for a minimum of 5 years and are exempt from the retirement age as defined by the EHR Ordinance. Employees of the Town of Mountain Village must work for the Town for a minimum of 5 years before qualifying for the retirement provisions per the EHR.
3. Any individual or household who is under review for a possible non-compliance issue may not enter any new lotteries, including in-complex bids, until the non-compliance issue has been resolved to the satisfaction of the Housing Authority or its designee.
4. Any applicant who has assigned, conveyed, transferred or otherwise disposed of property within the last two years without fair consideration in order to meet the net

worth limitations shall be considered unqualified and ineligible to purchase an affordable housing unit.

Net-Worth Calculation Worksheet

Assets (What You Own)

Cash:

Cash On Hand _____
Checking Account _____
Savings Accounts _____
Money Market Funds _____
Cash Value of Life Insurance _____
Other _____

Real Estate/Property:

Home _____
Land _____
Other _____

Investments: (*Market Value*)

Certificates of Deposit _____
Stocks _____
Bonds _____
Mutual Funds _____
Annuities _____
Other _____

Personal Property: (*Present Value*)

Automobiles _____
Recreational Vehicle/Boat _____
Home Furnishings _____
Appliances and Furniture _____
Collections _____
Jewelry and Furs _____
Other _____

Total Assets _____

Total Assets Minus Total Liabilities = Net Worth

Liabilities (What You Owe)

Current Debts:

Household _____
Medical _____
Credit Cards _____
Department Store Cards _____
Back Taxes _____
Legal _____
Other _____

Mortgages:

Home _____
Land _____
Other _____

Loans:

Bank/Finance Company _____

Bank/Finance Company _____

Automobile _____

Recreational Vehicle/Boat _____

Education _____

Life Insurance _____

Personal (from family or friends) _____

Other _____

Total Liabilities _____

Total Assets Minus Total Liabilities = Net Worth

Town of Mountain Village Employees Designated Units

Preference is given to Town of Mountain Village employees for specific units. The purchase and sale of these Town of Mountain Village employee designated units will follow the same guidelines listed herein, but the applicants will be limited to Town of Mountain Village employees only. Town of Mountain Village employees are eligible for the Town of Mountain Village Employer Mortgage Assistance Program. Guidelines for this program are detailed in a separate document that can be obtained from the Housing Office. Owners of the Town of Mountain Village employee designated units are subject to the same rules and regulations as defined in these guidelines and the Town of Mountain Village Employee Housing Restriction Ordinance 1997-05.

Initial Qualification to Purchase

To determine if a person or household attempting to purchase an affordable housing unit meets all of the criteria set forth above, the Housing Office, or its designated agent, will review and have on file specific documentation that provides proof of: residency, employment and income. The Housing Office, or its designated agent, may request any or all of the following documentation. All information and documentation received will remain confidential.

- 1) Income Verification
 - a) Copies of the most recent two (2) years Federal income tax returns with W2's attached.
 - b) Current income and financial statements verified by the Applicant to be true and correct.

- 2) Employment Verification
 - a) All W-2 forms from a minimum of the previous four (4) years.
 - b) Wage stubs (if W-2's are not available).
 - c) Employer(s) names, address, telephone and date of employment.
 - d) Housing office Employment Verification Form – signed by the employer(s).

- e) Evidence of legal residency.
- f) Landlord verification of residency, specific dates.
- g) Valid Colorado drivers license.
- h) Valid San Miguel County Voters Registration.
- i) Verification of telephone service in San Miguel County.
- j) Divorce Decree or Separation Agreement including alimony and child support guidelines. A copy must indicate that it has been entered into the record with all exhibits and supplements attached.
- k) Applicants desiring to purchase a unit will be required to sign a release for the Housing Office to obtain a copy of the loan application from the lender and will use the lender's income determination for income verification.

If the above documentation is unavailable, the Applicant must provide other documentation as requested by the Housing Office.

Note: Applicants for Affordable Housing will verify on the application that all information provided is true and accurate. If any of the information is determined to be inaccurate or non-verifiable, as determined by the Housing Authority or its designee, the applicant may be subject to disqualification by the Housing Office from the application and/or approval process.

Maintaining Eligibility for Ownership of Affordable Housing

There is not a re-qualification requirement to meet income guidelines for persons who have purchased and own an affordable housing unit. The individual must remain a qualified employee and continue to occupy the unit as his/her primary residence as defined in these Guidelines and by the Town of Mountain Village Employee Housing Restriction Ordinance 1997-05. It shall be a requirement for an owner to provide documentation of working in the R-1 School District every two (2) years. A retiree must provide proof of having worked in the R-1 School District as defined by the Employee Housing Restriction Ordinance 1997-05.

Enforcement of Ownership Units

The Housing Office will randomly audit all ownership units as to compliance with employment as defined in the Town of Mountain Village Employee Housing Restriction Ordinance 1997-05. This is to insure that all owners continue to meet the requirement of these Guidelines.

Housing Office Responsibilities:

1. The Housing Office shall endeavor to requalify each Owner at a minimum of every two years.
2. The Housing Office will request of owners to provide documentation to the Housing Office showing employment history.

3. The Housing Office shall mail a letter and a form to be completed by the Owner requesting employment verification and tax returns.
4. There will be a \$30 fee for this re-qualification paid by the employee.
5. Once the documentation is received, The Housing Office will review each file for compliance.
6. Should the Owner be in non-compliance of these regulations and/or EHR Ordinance 1997-05, a second letter will be sent to the Owner stating the reasons of non-compliance, as determined by the Housing Authority or its agent, and requesting immediate action for the owner to list their unit for sale under the procedures detailed in this document.

Owner's Responsibilities:

1. Once the Owner receives the letter from the Housing Office, the Owner will provide to the Housing Office the required form and requested documentation.
2. If the Owner does not submit the information or contact the Housing Office in the time allotted, the appreciation for his/her unit will be suspended. Should the Owner be found in non-compliance or in violation of the EHR Ordinance 1997-05, the Owner will be required to list the unit with the Housing Office as stated in their Deed Restriction.
3. There are life circumstances that may be beyond the control of the Owner. The Owner has the opportunity to request a special review by the Housing Authority. Some examples of reasons for a special review include, but are not limited to, a death or illness in the family, an accident or illness requiring the inability of the owner to work, a single parent who is unable to work full-time, etc.

Bidding to Purchase an Affordable Housing Unit

At its discretion, the Housing Office will operate a lottery for the sale of affordable housing properties. Lottery applications may be obtained from the Housing Office or its designee. There is a \$50 application fee to enter the lottery process. Qualified applicants will be placed into a lottery that will be held within a reasonable amount of time following the deadlines for the bids. The results of the lottery will determine the applicants' place in the bid process; i.e., if the applicant draws number one in the lottery, that applicant will be the first to negotiate the offer on the property.

Only Town Employees may enter the lottery for Town of Mountain Village Employee Designated Units. Emergency Workers will have priority in the lottery for all homes not designated for Town of Mountain Village Employees. Emergency workers are defined as follows: any volunteer or paid employee of the Telluride Fire Protection District and police departments of the Town of Mountain Village, who are responsible for responding to emergency calls within the R-1 School District. All other personnel of these entities are excluded from the Emergency Worker category.

If the terms of the proposed purchase contract, as initially presented to the owner, are unacceptable to the owner, then there shall be a mandatory negotiation period of three days. During this period, the owner and potential buyer shall endeavor to reach an

agreement regarding said terms, including, but not limited to, the closing date and financing contingencies. If the owner and buyer have not reached an agreement at the end of the negotiation period, the next bidder's offer will then be presented to the owner for consideration. A new three-business day negotiating period will begin. All follow up qualified bids will be processed in like fashion until the unit is sold or all bids are rejected. If the owner rejects all bids, the unit shall be placed back on the market for new bids or withdrawn from sale.

Procedures for the Sale of an Affordable Housing Unit Built by the Housing Authority

- 1) An owner of an affordable housing unit desiring to sell should consult with the Housing Office and review the deed restriction covering the unit to determine the maximum sales price permitted and other applicable provisions concerning a sale.
- 2) Unless otherwise provided in the deed restriction, the unit must be listed with the Housing Office and the Housing Office staff will administer the sale in accordance with the Guidelines in effect at the time of the listing.
- 3) There shall be a minimum listing period of three months before a unit's price can be readjusted. Any termination in the listing may require the payment of administrative and advertising costs.
- 4) The Housing Authority, or its designated agent, acts as a Transaction Broker representing both the Buyer and the Seller. Questions will be answered and help provided to any potential purchaser or seller EQUALLY in accordance with the current Guidelines.
- 5) All purchasers and sellers are advised to 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 shall be at the purchasers or sellers own expense.
- 6) At the closing of the sale, the seller shall pay to the HA an administrative processing fee of \$300. HA may instruct the Title Company to pay such fees out of the funds held for the seller at closing. HA may waive the fee, or a portion thereof, in its sole discretion, to promote affordable housing.

Appreciation Limits on Resale of Affordable Units

The appreciation cap is 4% per year annualized for the time period that one owns the unit. The appreciation will be prorated to the day when the notice of intent to sell the unit is provided by the Owner to the Housing Authority or its designee.

Home improvement costs may be added to the original purchase price (gross amount) paid by the owner for improvements made after the issuance of a certificate of occupancy. Home improvement costs may not exceed 10% of the original purchase price.

Home improvements exclude the following:

- General maintenance and repair costs
- Appliance replacements
- Capital improvements due to normal wear and tear.

All capital improvements to be added to the appreciation value of the ownership unit must be approved by the Housing Office.

Town Council may grant variances for improvements that exceed 10% of the original purchase price of the ownership unit.

Foreclosure Policies

In the event of foreclosure on any of the affordable for sale units built by the Town of Mountain Village, the Town will have the first right of refusal to repurchase the home. This fact will be noted in the deed restriction recorded upon purchase of the home.