

# **TELLURIDE AFFORDABLE HOUSING GUIDELINES**

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**Town Council of the Town of Telluride  
and the  
Telluride Housing Authority Board of Directors**

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## Part 1 COMMON POLICIES

### Section 101 PURPOSE AND APPLICABILITY

- 101.1 The purpose of the Telluride Affordable Housing Guidelines is to provide a comprehensive and consistent set of provisions that apply to housing created by the Town of Telluride and/or the Telluride Housing Authority through either its Land Use Code or through direct construction of Housing Units or the financing thereof.
- 101.2 The purpose of this Part 1 is to summarize the key Guideline provisions that are common to all housing programs covered by these Guidelines.
- 101.3 In addition, each housing program covered in these Guidelines is subject to provisions that are unique to that program. Such provisions are contained in the Part of these Guidelines that applies to the Program in question.
- 101.4 Each sale or rental of any Housing Unit shall be subject to the Guidelines in effect at the time of sale or rental of the unit, with these exceptions:
- A. Qualified Owners may at any time request that the current version of the Guidelines be applied to the Housing Unit through the Exception process.
  - B. Current Owners or tenants of Housing Units may choose either the current version of these Guidelines or those in effect at the time the unit was occupied by the Household for matters of continued qualification to occupy the Housing Unit.
  - C. Maximum Resale Price shall always be determined by the deed restriction for the Housing Unit. THA may require filing of a new deed restriction with updated terms at the time of sale.
- 101.5 **Violations of these Guidelines** are considered to be violations of the Telluride Land Use Code and are subject to the penalties adopted for such violations.

### Section 102 GENERAL POLICY GOALS

- 102.1 The general goal of all Programs covered by these Guidelines is to provide affordable housing for persons who make a living primarily from Employment within the boundaries of the Telluride R-1 School District and their families. This is accomplished primarily by regulating occupancy and sale of the Housing Units covered by the Guidelines to “Qualified Households” as defined herein.
- 102.2 Certain Programs also limit initial eligibility for ownership or occupancy to Qualified Households that meet specific economic means tests which may include both Household Income and Household Net Assets. Such tests of economic means are intended to promote economic diversity within the Telluride community.
- 102.3 Many of the Housing Units covered by these Guidelines are subject to price limitations for sale, resale and/or rental. These limitations are intended to insure affordability for both the current Household occupying the Housing Unit and for the long-term affordability of the Housing Unit in the future as part of the overall housing program of the Town of Telluride and the Telluride Housing Authority.

102.4 These Guidelines are intended to provide for clear, fair and consistent administration of the housing programs to which they apply. It is recognized that there are individual Households or Housing Units that may not fit clearly within the specific provisions of the Guidelines but still meet these general policy goals. For these cases, Exception, Appeal and Grievance processes have been included in the Guidelines.

102.5 **DISCLAIMER:** The Town of Telluride expressly disclaims any and all warranties, express or implied, including without limitation fitness for a particular purpose with respect to the provision of Housing Units. The Town of Telluride does not represent, warrant or promise to construct, finance or otherwise produce, in whole or in part, any Housing Units pursuant to these guidelines or under any other programs. No applicant may rely upon any promise implied or express that Housing Units shall be constructed, financed or otherwise produced, in whole or in part, by the Town of Telluride. In no event shall the Town of Telluride be liable to any applicant for any direct, indirect, incidental, punitive, or consequential damage of any kind whatsoever, including without limitation lost profits, lost sales, lost business, lost opportunity, lost information, lost or wasted time. None of the information contained in these guidelines constitutes an offer to sell or the solicitation of an offer to buy a Housing Unit.

### **Section 103 HOUSEHOLD QUALIFICATION, ELIGIBILITY AND PRIORITY**

103.1 Each Housing Program described in these Guidelines may have up to three levels of evaluation to determine the qualification of applicants for the Housing Unit in question, known as Qualification, Eligibility and Priority.

**Qualification** is the most general and is the same definition for all Housing Programs.

**Eligibility** refers to additional requirements specific to a particular Housing Unit or Program.

**Priority** refers to the rules by which applicants for particular Housing Unit(s) are placed in order for the purpose of offering the Unit(s) for sale or rent as they become available (e.g. a bidding, waiting list or lottery procedure) and is typically applied to a particular Housing Unit by Resolution of the Town Council.

- A. A Household must maintain its Qualification continuously as long as it occupies the Housing Unit.
- B. Eligibility and Priority only apply at the time of initial sale or rental of the Housing Unit.

103.2 **Qualified Household Defined** To be considered a “Qualified Household” under these Guidelines, all of the following criteria must be met:

- A. At least one member of the Household must either:
  - 1. meet the applicable Employment Requirement described below; or,
  - 2. be Disabled and have been a Resident within the boundaries of the Telluride R-1 School District for at least 12 months immediately prior to

- the effective date of a lease or rental agreement or the closing date of a sale or for at least five (5) of the previous seven (7) calendar years; or,
3. be Elderly and have met either the applicable Employment Requirement for rental described in Section 103.2.B. below or the specific Employment Requirement for purchase described in Section 103.2.C.2. below for the time period immediately prior to meeting the definition of Elderly contained in Section 904. (Elderly Households shall not be able to qualify according to the definition described in Section 103.2.C.1.).
- B. For the purpose of **renting** a Housing Unit or renting a room in a Housing Unit, the Employment Requirement is met if either:
1. at least one individual in a Household is employed and has worked or can demonstrate a clear intent to work an average of at least 1000 hours per year within the boundaries of the Telluride R-1 School District; or,
  2. at least one individual in a Household is an employee of the Qualified Owner (as defined in Section 203.5) of the Housing Unit in question regardless of length or number of hours of employment.
- C. For purpose of **purchasing** a Housing Unit, the Employment Requirement is met if either:
1. at least one individual in a Household demonstrates at least 1400 hours per year of employment during the previous twelve calendar months within the boundaries of the Telluride R-1 School District; or
  2. at least one individual in a Household demonstrates at least 1400 hours per year of employment during any five (5) of the previous seven (7) calendar years within the boundaries of the Telluride R-1 School District.
- D. Up to ten percent (10%) of the required hours per year may be filled by verifiable Volunteer Community Service within those same boundaries.
- E. Upon purchase or rental of a Housing Unit, the Household must make and continuously maintain the Housing Unit as their principal place of residence unless granted a Leave of Absence.
- F. **Leave Of Absence:** In the event a Household wishes to not occupy the unit for a period of time exceeding three (3) months, the Household may apply to THA for a leave of absence for a term not to exceed two (2) years. The Household must provide clear and convincing evidence showing both a bona fide reason for leaving and a commitment to re-occupy the Housing Unit. THA may condition the granting of the leave of absence on the Household's offering the unit for rent to a Qualified Household, agreeable to the Household, during the period of the requested leave. Applications for a Leave of Absence shall be made to THA according to the Exceptions Procedure provisions of Section 108.2 below.

103.3 **General Qualification Criteria for Purchase** In addition to the general Qualification criteria in section 103.2 above, Households must meet all of the following Qualification criteria to be eligible to purchase and occupy a Housing Unit. These criteria must be met continuously so long as the Household occupies the Housing Unit.

**A. Assets/Household Total Net Assets:**

1. Total Household Net Assets shall not exceed two times the Original Purchase Price (OPP) of the Housing Unit. All Household members' shares of business assets, including real estate, shall be included in determination of total household net assets. Total household net assets of all purchasers shall be combined in determination of total Household net assets. See Definitions Section for further information.
2. If at any time the Net Assets of the Household exceed the above limit, THA may give notice requiring the owner to sell the Housing Unit within one year from the date of the notice.

**B. Ownership of Property:**

1. At the time of application, a Household may own other undeveloped or developed residential or commercial property. The fair market value of such property will be taken into consideration when determining Household Net Assets. Any change in the fair market value of such property shall be taken into consideration in evaluating the Household's continued Qualification to occupy the Housing Unit.
2. A Household will be able to acquire or maintain ownership of Other Property that is commercial or undeveloped residential property or is developed residential property outside the boundaries of San Miguel County with no effect on the Qualification of the Household, unless such ownership causes the Household to exceed the limitation on Net Assets contained in paragraph A above.
3. If the property is developed residential property within the boundaries of San Miguel County, the Household must:
  - i. **If the Other Property is deed restricted as affordable or employee housing**, as a condition of the Household purchasing the Housing Unit, the Household will be required to enter into a contractual agreement between the Town of Telluride, or its designee, and the Household setting forth the terms of the agreement to sell the property. The Household will be required to be under contract to sell this property within eight months and close the sale within one year of taking title to the Housing Unit.
  - ii. **If the Other Property is any other form of developed residential property**, as a condition of the Household purchasing the Housing Unit, the Household will be required either
    - (1) to sell the Other Property under the terms of paragraph i. above; or
    - (2) to apply for and be granted an Exception allowing the Household to enter into a contractual agreement with the Town of Telluride, or its designee, that provides for rental of the Other Property to a Qualified Household. The Household shall follow the general rental procedures contained in Section 106 of these Guidelines. In addition, the Other Property must be leased to a Qualified Household beginning not longer than 90 days after the closing of the sale of the Housing Unit and must remain continuously leased (reasonable turnover and maintenance time excepted) so long as the Qualified Household owns

the Housing Unit. If the Other Property remains out of lease for more than 30 consecutive days, THA may give notice requiring the owner to be under contract to sell either the Housing Unit or the Other Property within eight months and close the sale within one year from the date of the notice.

- iii. Prior to purchasing the Housing Unit, the Household must make an application to THA according to the Exceptions Procedure provisions of Section 108.2 below for consideration by THA of the terms under which rental or sale of Other Developed Residential Property shall be allowed.
- iv. Households that desire to acquire Other Developed Residential Property after taking ownership of a Housing Unit must be granted an Exception prior to taking ownership of the Other Developed Residential Property.

C. **Disposition of Assets:** Any member of a Household who has assigned, conveyed, transferred or otherwise disposed of property or other assets within the last two years without fair consideration in order to meet the net asset limitation or the property ownership limitation shall be ineligible.

103.4 **Additional Eligibility Criteria** In addition to the Qualification criteria, Eligibility criteria may differ between units that are targeted to different Eligibility Tiers, as noted in the Part applicable to the Housing Unit. The existence of more than one tier of eligibility does not guarantee that the Town or THA will construct or otherwise make available housing in that tier. Nothing in this policy shall be read to imply any limits on the discretion of Town and/or THA to make such a decision or to use criteria not included in this policy.

## Section 104 HOUSEHOLD APPLICATION PROCESS AND VERIFICATION

104.1 Applications for qualification under these Guidelines shall be made to THA. THA may request any combination of documentation reasonably related to proof of income, assets, and employment. Household shall sign a release of information so that THA may obtain such information. THA will require a sworn statement of the facts contained in the application including at least the following certifications:

- A. that the facts contained in the application are true and correct to the best of the Applicant's knowledge;
- B. that the Applicant has been given the standard application information packet by THA Staff; and,
- C. that the Applicant, on the basis of the application presented, believes that the Household qualifies to occupy the Housing Unit in question according to the Deed Restriction, these Guidelines and all other applicable procedures, rules and regulations.

104.2 Verification of Qualification and Eligibility standards will be done either:

- A. upon request of THA due to the Household's high ranking in an Ownership Lottery (in the case of Housing Units that are to be sold to a person on the Ownership Lottery), or
- B. upon the initial application to THA (in all other cases),

- 104.3 Any material misstatement of fact or deliberate fraud by the Household in connection with any information supplied to THA shall be cause for immediate expulsion from the application process and/or forced sale of the Housing Unit. In addition, any material misstatement of fact or deliberate fraud by the Household shall be considered a violation of the Town of Telluride Land Use Code, which provides for additional penalties in such cases.
- 104.4 THA requires all owners of Housing Units to maintain Qualified Household status on an on-going basis. THA may perform random audits and investigate complaints or reports of non-compliance on an on-going basis. THA may require at any time that a Household verify within 21 days of such request by THA that the Household is a “Qualified Household.”
- 104.5 **Homeowners Associations:** The Housing Unit may be subject to a Homeowners Association. HOA dues are authorized in Colorado under Section 38-33.3-101 et seq., Colorado Revised Statutes. All Owners of Housing Units are required to pay HOA dues, if applicable, unless otherwise exempted. Please be aware that HOA dues may be substantial. Homeowners Associations frequently have other interests and regulations that affect the Housing Unit. It is the Owner’s responsibility to be aware of these interests.
- 104.6 All personal and financial information provided to THA Staff will be kept strictly confidential, except as follows:
- A. Signed contracts between the Applicant or Household and THA or Town including but not limited to Contracts to Purchase a Housing Unit, Deed Restrictions, any document to be recorded with the sale of the Housing Unit along with the Deed Restriction, and any document that would customarily be a matter of public record in the property records of the applicable jurisdiction;
  - B. The names and lottery positions of all persons who have participated in any Ownership Lottery held under these Guidelines; and,
  - C. Any other information which a court of competent jurisdiction rules must be released under the Freedom of Information Act or the Colorado Open Records Act.
  - D. In addition, Town or THA may provide for access to personal and private information to any person or entity undertaking an independent audit of the records kept under these Guidelines, provided such person or entity agrees to be subject to this confidentiality provision.
- 104.7 THA may from time to time employ outside accounting expertise to evaluate the reasonability of Applicant or Household representations of Income and Assets, especially in cases of self-employment, business ownership and complex asset portfolios.

**Section 105 SALE AND RESALE OF UNITS**

- 105.1 All Housing Units shall be sold in accordance with applicable wait list, lottery, or other selection procedures as determined by the Town, which may vary depending on the specific Program under which the Housing Units were created.

- 105.2 **Options:** Sellers of Housing Units have the following options for advertisement and marketing of their units, unless otherwise limited by the specific Program under which the Housing Units were created:
- A. Seller may advertise, market and sell a unit directly; or
  - B. Seller may list the unit with a real estate broker licensed to do business in the State of Colorado; Real estate commissions are NOT included in the Maximum Resale Price and cannot be passed on to the Purchaser.
- 105.3 **Allowed Sales Price:** The Sale Price of the Housing Unit shall be calculated according to its Deed Restriction. This Sale Price shall be the only exchange of value between parties to any sale of the Housing Unit. Both Purchaser and Seller must execute a sworn statement affirming that the contracted Allowed Sale Price is the only exchange in value in the sale. Any exchange of value outside the Allowed Sale Price shall invalidate the sale in addition to being a violation of the Town Land Use Code and applicable provisions of Colorado Law which provide for additional civil and criminal remedies.
- 105.4 **Disclosure of relevant contracts and information:** Both Buyer and Seller of any Housing Unit must sign a release of information allowing THA to obtain copies of all documents relevant to the sale, including but not limited to:
- A. the sales contract for the Housing Unit
  - B. the purchaser's application for financing and related documentation
  - C. title and escrow documents related to the sale
- All financial information shall remain confidential except as noted in Section 104.6.
- 105.5 **Consult with Staff:** Sellers of Housing are advised to consult with THA staff prior to offering a Housing Unit for sale, in order to obtain the most current information about applicable Housing Guidelines and Wait List processes, and to verify the allowed maximum sale price of the unit and other applicable provisions of the Deed Restriction concerning the sale. Actual notice of intent to sell a Housing Unit must be given in writing to THA at least 60 days prior to the sale of the unit. Notice forms are available from THA staff.
- 105.6 **Independent Legal Counsel:** All Sellers and Purchasers of Housing Units are advised to consult independent legal counsel regarding the examination of title and all contracts, agreements and title documents. The retention of such counsel, or related services, shall be at purchaser's and seller's own expense. All fees due to THA shall be paid regardless of any action or services that the purchaser or seller may undertake or acquire.
- 105.7 **Title Company:** THA advises purchasers to use a local title company and escrow agent with experience in closings of Housing Units to close the sale transaction. The title documents involved in a closing of Housing Units are unique and technical. Mistakes in the closing documents are easily made and difficult to correct. Seller shall authorize THA to review the conveyance documents prior to closing.
- 105.8 **Fee:** At the closing of the sale, the seller, except when the seller is the Town or its designee, will pay to THA a fee equal to 1% of the sales price. THA may instruct the title company to pay such fees out of the funds held for the seller at

closing. THA may also waive the fee, or a portion thereof, in its sole discretion, to promote affordable housing. Seller is responsible for payment of the transaction fee. Fees due to THA shall be paid regardless of any action or services that the purchaser or seller may undertake or acquire.

- 105.9 **Deed Restriction:** THA shall prepare the Buyer's Deed Restriction, including the Option to Purchase, in accordance with the provisions of Section 107.

## **Section 106 RENTAL PROCEDURES**

- 106.1 In cases where rental of a Housing Unit is permitted under the applicable housing program, the following general guidelines shall apply:
- A. Tenants shall be a Qualified Household according to the general Qualification and Eligibility Criteria contained in Section 103 of these Guidelines. THA Staff shall certify the qualification of the Household prior to tenancy of the Housing Unit.
  - B. Tenants shall meet the Eligibility Criteria with respect to Income and Assets that apply to the particular Housing Unit in question at time of initial tenancy.
  - C. Qualification and Eligibility shall be recertified by THA Staff at any time there is a change in of tenancy of the Housing Unit.
  - D. Rental of such Housing Units must be by a written Lease, an executed copy of which shall be on file with the Telluride Housing Authority at all times during the period in which rental of the Housing Unit has been approved. In cases where the approved rental period exceeds one year, the lease copy on file shall be updated at least once every twelve calendar months.
  - E. Prior to signing a lease for a deed restricted rental unit, tenants must be certified by THA as a Qualified Household and provide to THA all eligibility verification required under these Guidelines. Leases must be for a minimum of six months with a maximum of twenty four months. Owner shall provide a copy of the lease agreement with tenant to THA within five working days of its execution. Tenants are responsible for providing proof of qualification to landlord.
  - F. Roommates must provide tenant with proof of verification and qualification by THA prior to occupancy.
- 106.2 **Qualification for Renting a Room in a Housing Unit.** In all cases where rental of a room in a Housing Unit occurs, the roommate must meet the Employment Requirement 103.2.B. Verification of qualification shall be determined by THA.

## **Section 107 DEED RESTRICTION FORM AND PROCESS**

- 107.1 The Deed Restriction shall be applied to Housing Units prior to the initial sale. The original executed and recorded documents will be maintained by THA or the Town of Telluride. Provisions in these Guidelines regarding the form of the Deed Restriction are a summary of significant policies and should not be considered the complete and final Deed Restriction. Sellers and buyers are advised to consult the Deed Restriction for the Housing Unit for complete specific language, which is the final authority for that Housing Unit.
- 107.2 The Deed Restriction shall specify

1. the Original Purchase Price [OPP];
2. the Allowed Gross Rent (if applicable to the particular Housing Unit) including provisions for any increases in Gross Rent;
3. any income restrictions to which future purchasers may be subject; and
4. the allowed Maximum Resale Price [MRP];

THA does not make any guarantees of the subsequent owner's ability to sell the Housing Unit for its Maximum Resale Price or rent the Housing Unit for its Allowed Gross Rent.

107.3 Maximum Resale Price [MRP] shall be the OPP specified in the Deed Restriction,

A. PLUS, the lesser of:

1. An increase in price of three percent (3%) per year from the date of purchase to the date of Owner's notice of intent to sell (compounded annually and prorated at the rate of .25 percent per each whole month of any part of a year); or

2. The greater of:

- i. The amount based on the Consumer Price Index, All Items, Denver-Boulder-Greeley CO, Urban Wage Earners and Clerical Workers (CPI-W) calculated as follows: the Original Purchase Price of the Affordable Housing Unit multiplied by the CPI-W index last published prior to the date of the Owner's notice of intent to sell, divided by the CPI-W as of the date of purchase, (in no event shall the multiplier be less than one); or
- ii. the amount based on the Consumer Price Index, All Items, the U.S. City Average, Urban Wage Earners and Clerical Workers (CPI-W ) or its successor index, published by the U.S. Department of Labor, Bureau of Labor Statistics, calculated as follows: The Original Purchase Price of the Housing Unit multiplied by the CPI-W last published prior to the date of the Owner's notice of intent to sell, divided by the CPI-W as of the date of purchase, (in no event shall the multiplier be less than one).

B. PLUS, the costs of any public improvements for which assessments were imposed by any municipal special improvement district as created by or with the Town since the recordation date of the Deed Restriction;

C. PLUS, the costs of Capital Improvements, not to exceed five percent (5%) of the MRP or as determined by the Town on a project specific basis, which have been approved by THA or its designee and properly permitted and inspected by the Town of Telluride Building Official. Capital Improvements are defined in the Definitions Section. Approval/disapproval must be determined prior to actual construction to be considered at time of sale. It is the Owner's responsibility to secure any approval necessary from the Housing Unit's Homeowners Association prior to undertaking any Capital Improvement.

- D. PLUS, the costs of capital improvements which exceed five percent (5%) of the MRP or as determined by the Town on a project specific basis, and, if necessary, which
  - 1. have been properly permitted and inspected by the Town of Telluride Building Official; and,
  - 2. have been documented by the Owner and approved and determined by THA to benefit the affordable housing program through increasing the unit's capacity to house additional Qualified Households.

In no case shall Capital Improvements exceed thirty percent (30%) of the MRP. See Capital Improvements in the Definitions section for complete details.

- E. PLUS, any other costs allowed by THA or Town pursuant to policies in effect on the date of Household's notice of intent to sell EXCEPT as described below.

OPP's shall be recorded in the Deed Restriction for the unit. Each property sale generates a new OPP. The language in the Deed Restriction shall be the final determination of Maximum Resale Price.

107.4 Deed Restrictions for price-restricted rental units shall include a provision conveying an interest in the unit or units to THA (or similar agency acceptable to THA) meeting the requirements of §38-12-301, 10 C.R.S. (1999). Such interest may include:

- A. A fractional undivided ownership or trustee interest provided that THA shall be indemnified against any and all liability by reason of its interest, including any and all tax obligations.
- B. A lease to THA of the unit or units with authorization to THA to sublet pursuant to these Guidelines, provided that THA assumes no liability by reason thereof. THA may in its sole discretion accept or reject any proposed conveyance or lease, or lease purchase agreement offered pursuant to this section or section 207.5.

107.5 Subsequent purchasers of Housing Units must execute a Deed Restriction prior to or simultaneously with the closing on the purchase of a Housing Unit. Should a Housing Unit be sold for less than its Maximum Resale Price, the actual sale price shall become the basis for the new Original Purchase Price. Seller and Purchaser will consent to allow THA or its Designee to become privy to the sales contract and title commitment and will cooperate with THA or its Designee to complete and have recorded the Deed Restriction and option to Purchase and any other documents required for the transfer of the Housing Unit.

107.6 An Option to Purchase shall be granted by the Lender to THA and/or the Town of Telluride to redeem the Housing Unit in the event of default by purchasing the unit from the holder of the trustee's deed at the redemption price plus reasonable costs of the holder.

107.7 The Deed Restriction shall be binding on all owners, successors and assigns including any holder of a deed in lieu of foreclosure. Exceptions may be granted to allow the release of the Deed Restriction in the event of foreclosure if granting such an Exception meets the standards contained in Sections 108.2C and 109.1 below.

- 107.8 The Deed Restriction and any amendments thereto must be recorded in the property records of San Miguel County. The original executed and recorded documents must be returned to THA for their files.
- 107.9 Deed Restrictions may not be transferred off the property unless otherwise permitted by the specific Program under which the Housing Units were created.
- 107.10 All Deed Restrictions must be prepared by THA. No modification or amendment to the Deed Restriction shall be effective unless agreed to in writing by THA.

## **Section 108 EXCEPTIONS, APPEALS AND GRIEVANCES**

### **108.1 Definitions**

- A. **Exceptions:** Except as otherwise set forth herein, a request for an exception to the standards and requirements of the Guidelines may be appropriate when the applicant understands and acknowledges the criteria and believes that there exists a legitimate and compelling reason why the applicant should be exempt from such criteria or allowed a modification of the criteria. Exceptions may be granted to the Guidelines on a case-by-case basis, provided that THA finds such exception will promote the provision of affordable housing. The Exception process provided below shall also be the process used when approval by THA is required for any matter governed by the Town of Telluride Land Use Code, unless standards for approval are already included in these Guidelines.
- B. **Appeals:** An appeal is appropriate when the applicant understands and acknowledges the criteria and believes that the criteria have been applied incorrectly to the applicant.
- C. **Grievances:** A grievance is any dispute that Seller, Purchaser or Owner may have with THA with respect to an action or failure to act in accordance with the individual's rights, duties, welfare, or status. A grievance may be presented to the THA Board under the procedures below.

### **108.2 Exception Procedure**

- A. A Request for Exception must be presented in writing to THA and include:
1. Verification that Applicant has fully completed the application process and that the Applicant's qualification has been confirmed as of the date of the Exception application;
  2. The particular ground(s) upon which it is based;
  3. The action or remedy requested;
  4. The name, address, telephone number of the complainant and similar information of complainant's representative, if any;
  5. Proof of notification of Exception request to the Housing Unit's Home Owners Association, if applicable; and,
  6. Exception fee of \$25.00.

Request for Exception forms are available from THA.

- B. **Process:** All requests for exceptions will be reviewed by THA Staff for completeness and forwarded with a recommendation for action to THA Subcommittee within 30 days.
1. Prior to consideration by the Subcommittee, the THA Staff shall prepare a written report summarizing its recommendation regarding the requested exception. The THA Staff shall distribute a copy of the report to the Subcommittee, the Applicant requesting the exception, and make the report available to the public.
  2. If, following a hearing by the Subcommittee, the decision by the Subcommittee is a Denial or less than a complete Approval, Applicant may appeal to the THA Board pursuant the Appeals Section, below.
- C. **Standards for Review of Exception applications:** Applicants desiring an Exception should demonstrate and the THA Subcommittee must find that the Exception meets one or more of the following review standards:
1. Promotes greater affordability through:
    - i. decreasing the long term operating and maintenance costs of the Housing Unit in question;
    - ii. enabling the Applicant to take advantage of a financing opportunity that would not be available without the Exception; and/or,
    - iii. protecting the long term affordability of the Housing Unit through a price control or other similar means;
  2. Promotes or recognizes long term commitment of the Applicant to residency, employment and community involvement within the boundaries of the R-1 School District or provides housing for a critical community need;
  3. Provides increased livability or durability in materials, finishes, fixtures or appliances or useful increased square footage (which shall not include "luxuries" or significantly exceed standards set in recent Town-constructed Housing Units);
  4. Creates living space for an additional member of the Household while maintaining the income targeting for the Housing Unit;
  5. Enables a Household to own and occupy a Housing Unit more suitable to the Household's needs;
  6. Meets currently adopted Town of Telluride Goals and Objectives, or Land Use Code or Master Plan provisions related to Affordable Housing; and/or,
  7. Enables the Household to respond to life circumstances that arise beyond the reasonable control of the household (such as need to care for an Elderly or Disabled Household member).

In addition, all Exceptions must meet the General Policy Goals described in Section 102 above.

### 108.3 **Appeal Procedure**

- A. Any appeal must be presented in writing to THA and include:
  - 1. Verification that Applicant has fully completed the application process and that the Applicant's qualification has been confirmed as of the date of the Exception application;
  - 2. The particular ground(s) upon which it is based;
  - 3. The action or remedy requested;
  - 4. The name, address, telephone number of the complainant and similar information of complainant's representative, if any;
  - 5. Proof of notification of Appeal request to the Housing Unit's Home Owners Association, if applicable; and
  - 6. Appeal fee of \$25.00.

Appeal forms are available from THA.

- B. **Process:** All appeals will be reviewed by THA Staff for completeness and forwarded with a recommendation for action to either the THA Subcommittee or the THA Board (as appropriate) within 30 days.
  - 1. **If the appeal concerns a matter that has not yet been reviewed** by the THA Subcommittee (a Staff ruling, for example), the appeal shall first be heard by the THA Subcommittee. The THA Subcommittee shall address the appeal at its next scheduled meeting. Based on the hearing, the THA Subcommittee will provide a written recommendation with findings to the THA Board for a final determination.
  - 2. **If the appeal concerns a matter that has already been considered and ruled** upon by the THA Subcommittee (an Exception, for example), the appeal shall be presented directly to the THA Board.
  - 3. Applicant shall be entitled to present evidence in support of the appeal.
  - 4. **Binding Determination:** The final determination of the THA Board shall be binding and THA shall take all actions necessary to carry out the decision.

#### 108.4 **Grievance Procedure**

- A. Any grievance must be presented in writing to THA and include:
  - 1. The particular ground(s) upon which it is based;
  - 2. The action or remedy requested;
  - 3. The name, address, telephone number of the complainant and similar information of complainant's representative, if any; and
  - 4. Grievance fee of \$25.00
- B. The THA Board shall address the grievance at the next scheduled board meeting. The complainant shall be afforded a fair hearing providing the basic safeguards of due process, including notice and an opportunity to be heard in a timely, reasonable manner. THA Board may continue the hearing. The complainant and THA Staff shall have the opportunity to examine all

documents, records and regulations of THA that are relevant to the hearing. Complainant shall be responsible for all photocopying expenses. Any document not made available after written request may not be relied upon at the hearing. Complainant has the right to be represented by counsel.

1. If the complainant fails to appear at the hearing, the THA Board may make a determination to postpone the hearing or make a determination based upon the evidence submitted.
  2. The hearing shall be conducted by a designated member of the THA Board, the "Hearing Officer". The hearing shall be recorded. Oral or documentary evidence may be received without strict compliance with the Colorado Rules of Evidence.
  3. The right to cross-examine shall be at the discretion of the Hearing Officer and may be regulated by the Hearing Officer as it deems necessary for a fair hearing.
- C. Based on the records of the hearing, the THA Board will provide a written decision with findings to support the determination. The decision shall be binding and THA shall take all actions necessary to carry out the decision.

## **Section 109 LENDERS AND LOANS**

- 109.1 **Purpose:** This section is intended to meet the following goals in provision of individual mortgage financing for Housing Units covered by these Guidelines.
- A. Protect the public investment and regulatory integrity of the affordable housing program in the short and long term.
  - B. Minimize the financial and other risks to THA and the affordable housing program in general by prohibiting excessive debt or other obligations from being secured by the Housing Unit
  - C. Minimize the chance that an owner of a Housing Unit will create a financial risk for THA through creation of debt or other secured obligations against the Housing Unit.
  - D. Increase the potential financing opportunities for applicants and owners.
- 109.2 **Lenders:** Borrowers are restricted to conventional Fannie Mae approved financial institutions. FNMA-type financing is limited to commercial banking and lending institutions authorized to engage in mortgage lending practices in the State of Colorado.
- 109.3 **Option to Purchase:** Lenders who are beneficiaries of any Deed of Trust executed in connection with the sale of a Housing Unit must sign an Option to Purchase, acknowledging the provisions of the Deed Restriction and granting a right to the Town of Telluride or to THA to purchase the unit in a foreclosure under certain conditions. The lender shall notify THA immediately when a change in ownership or assignment of the mortgage is anticipated and shall fully cooperate in securing the required signatures for a new Option to Purchase.
- 109.4 **Total Debt:** Owners shall not incur debt, liens or other obligations secured by the Housing Unit that exceed the total Original Purchase Price of the unit and shall notify THA immediately when a change in the total of these secured

obligations is anticipated. This limitation and notice requirement shall apply also to any refinance of existing debt secured by the Housing Unit. THA, Owners and Lenders shall cooperate in obtaining new signatures for any new Options to Purchase that may be necessary.

Any debt, lien or other obligation (or any portion thereof) that either exceeds the OPP or for which an Option to Purchase has not been granted to THA shall be considered an unsecured obligation.

109.5 **Increases in Total Debt:** Owners or potential purchasers may apply for an Exception to increase the allowed Total Debt to an amount greater than the Original Purchase Price for one or more of the following reasons:

- A. An increase to not more than 103% of the OPP may be allowed to secure a closing cost or down payment assistance loan issued by a local, state or federal public agency or qualified non-profit agency.
- B. An increase to not more than the currently allowed Maximum Resale Price at the time of application may be allowed to secure debt associated with allowed and approved Capital Improvements.

THA shall not be obligated to approve any increase in the allowed Total Debt and shall consider the overall benefits and costs to the affordable housing program as well as the individual situation involved.

109.6 **Co-ownership and co-signatures:** Any co-ownership interest other than Joint Tenancy or Tenancy-In-Common must be approved as an Exception according to section 108.2 above. Co-signers may be approved for ownership of the unit but shall not occupy the unit unless qualified by THA. Approved Co-Owners and Co-signers shall be required to sign a separate agreement to sell in the event the Owner defaults or is otherwise required to sell the Housing Unit.

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## Part 2 HOUSING MITIGATION UNITS

### Section 201 PURPOSE AND APPLICABILITY

- 201.1 The Town of Telluride has established in its Land Use Code certain requirements for developers constructing buildings containing certain types of uses to partially mitigate the employee housing impacts of their development (known herein as the “Legislation”). The Legislation establishes a minimum amount of square footage of Affordable Housing which is to be provided by the developer concurrently with the construction of the development.
- 201.2 This Part 2 of these Guidelines applies to all developments subject to the provisions of the Town of Telluride Land Use Code, including any amendments thereto for which a completed application was submitted to the Town Planning Department after the date on which the Telluride Town Council approved these Guidelines. These Guidelines shall also apply to all developments which have contractually agreed to abide by the requirements of the Town of Telluride Land Use Code for Affordable Housing Units, including any amendments thereto.
- 201.3 This Part 2 of these Guidelines applies to the Wilkin Court project, which was developed to mitigate the affordable housing impacts of new construction by the Town of Telluride.

### Section 202 PROGRAM POLICY GOALS

- 202.1 To provide Affordable Housing to offset the affordable housing impacts and needs created by new development and to inform prospective developers of property within the Town of Telluride of the standards and guidelines for construction and sale or rental of housing as required by the Town Land Use Code, including any amendments thereto.

### Section 203 ADDITIONAL ELIGIBILITY CRITERIA

- 203.1 In addition to meeting the requirements for being a Qualified Household, and the General Eligibility Criteria, Qualified Households of Housing Units subject to this Part 2 must also meet the following additional Eligibility Criteria.
- 203.2 Housing Units created under the Legislation are targeted for occupancy by Households of moderate income as further defined below. Housing Units that are Deed Restricted under this Legislation are divided into two Income Tiers. Sale and Rental prices are given on a per square foot basis adjusted for the number of bedrooms per unit. A full description of the methodology for creating rental and sale prices is contained in Appendix B.
- 203.3 **Income Tiers:** Each new unit created under this Part 2 is subject to an Income Limit. Housing Units will be designated for occupancy by one of two different income tiers as defined below. Tier 3 Income limits apply only to those units whose Deed Restriction was executed and recorded prior to the creation of these Income Tiers.
- A. **Tier 1 Income:** Household Income shall not exceed 120 percent of AMI for San Miguel County (see definitions). Sale and rental prices for Tier 1 units

are based on affordability targets for San Miguel County noted below as adjusted for the number of bedrooms per unit. Based on allowable square footage, Tier 1 units have the following approximate affordability ranges:

Unit Size:	Income Target:	Tier 1 Income Range:
1 Bedroom/Studio	80% of 1 Person AMI	70 to 90% of 1 Person AMI
2 Bedroom	90% of 2 Person AMI	80 to 100% of 2 Person AMI
3 Bedroom	90% of 2.5 Person AMI	80 to 100% of 2.5 Person AMI

- B. **Tier 2 Income:** Household Income shall not exceed 150 percent of AMI for San Miguel County (see definitions). Sale and rental prices for Tier 2 units are based on affordability targets for San Miguel County noted below as adjusted for the number of bedrooms per unit. Based on allowable square footage, Tier 2 units have the following approximate affordability ranges:

Unit Size:	Income Target:	Tier 2 Income Range:
1 Bedroom/Studio	100% of 1 Person AMI	85 to 115% of 1 Person AMI
2 Bedroom	110% of 2 Person AMI	95 to 125% of 2 Person AMI
3 Bedroom	110% of 2.5 Person AMI	95 to 125% of 2.5 Person AMI

- C. **Tier 3 Income:** Household income shall not exceed 200 percent of AMI for San Miguel County (see definitions).

203.4 **Income Tier Distribution:** Based on the amount of square footage required to be provided, units deed restricted under this Part 2 shall be divided between the two Income Tiers as follows:

- A. If **less than 1000 square feet** of Affordable Housing is required, all square footage shall be provided in Tier 1 units.
- B. If **at least 1000 square feet, but less than 2000 square feet** of Affordable Housing is required, at least 1000 square feet of the required Affordable Housing must be provided in Tier 1 units.
- C. If **2000 square feet or greater** of Affordable Housing is required, at least 50% of the required square footage must be provided in Tier 1 units and the remainder may be Tier 2 units.

Unit sizes and number of bedrooms per unit shall be at the Developer's discretion, except as required in Section 209 below.

203.5 Affordable Housing units not owned by a Qualified Household as defined herein may be occupied only by a Qualified Household and may be owned only by one or more of the following Qualified Owners:

- A. the original developer of the project in which the unit is located;
- B. a business owner with a Town of Telluride business license;

- C. a person or entity with the controlling interest in, or the successor in interest to, the original owner of the project in which the unit is located; or,
- D. the Town of Telluride or Telluride Housing Authority, or their successors or assigns.

**Section 204 HOUSEHOLD APPLICATION PROCESS**

- 204.1 Application for purchase of Mitigation Units shall be according to the general Housing Application Process contained in Section 104.
- 204.2 Other than meeting the Qualification and Eligibility requirements for the unit in question, neither the Town of Telluride nor the Telluride Housing Authority shall have any authority to choose the purchaser or renter for the Unit.

**Section 205 SALE AND RESALE OF MITIGATION UNITS**

- 205.1 **Initial Sale Prices:** Affordable Housing units which are offered for sale must be sold to a Qualified Household, or to a Qualified Owner according to Section 203.5, who must offer the unit for rent to a Qualified Household, and must be sold for no more than a sale price as specified or calculated pursuant to Deed Restriction.

- A. Initial Sale Price standards are specified as follows:

**Tier 1 Initial Sale prices**

Unit Size:	Income Target:	Allowed Initial Sale Price:
1 Bedroom/Studio	80% of 1 Person AMI	\$332.12 per square foot
2 Bedroom	90% of 2 Person AMI	\$263.45 per square foot
3 Bedroom	90% of 2.5 Person AMI	\$219.23 per square foot

**Tier 2 Initial Sale prices**

Unit Size:	Income Target:	Allowed Initial Sale Price:
1 Bedroom/Studio	100% of 1 Person AMI	\$415.15 per square foot
2 Bedroom	110% of 2 Person AMI	\$322.00 per square foot
3 Bedroom	110% of 2.5 Person AMI	\$267.95 per square foot

- B. Allowed Initial Sales Prices shall be calculated by multiplying the actual square footage of the unit (but not to exceed the maximum square footage of the unit type found in Section 209.1 unless modified as allowed below) times the maximum price per square foot found in Paragraph A above(unless modified as allowed below), for the unit type. Sales prices for units larger than three bedrooms will be calculated as three bedroom units.
- C. Initial Sale Prices are calculated and fixed at the time when the original Deed Restriction is filed for the Housing Unit and shall be recorded in the Deed

Restriction for the unit as the Original Purchase Price [OPP] regardless of whether the unit is offered for sale or for rent.

- D. All Permitted Capital Improvement items and costs must be approved by THA staff prior to being added to the Maximum Sales Price. Permitted Capital Improvements shall not include: landscaping; and costs associated with the ordinary maintenance and repair of the unit. In no case shall Permitted Capital Improvements exceed five percent (5%) of the Original Purchase Price. It is the Owner's responsibility to secure any approval necessary from the Housing Unit's Homeowners Association prior to undertaking any Capital Improvement.
- E. For projects comprised of affordable housing within single family, duplex or triplex structures the THA Subcommittee may, at its sole discretion, approve increases of an Allowed Initial Sales Price up to maximum of ten (10) percent above that specified in Paragraph A above, provided the following:
  - 1. the project is comprised of at least two affordable housing units; and
  - 2. for each unit proposed to have an Initial Sales Price (ISP) above the maximum specified in Paragraph A above, a minimum of one unit shall have an ISP below the maximum specified in Paragraph A above; and
  - 3. The total amount of square feet to be deed restricted below the ISP specified in Paragraph A above is greater to or equal to the total amount of square footage deed restricted above the ISP specified in Paragraph A above; and
  - 4. The total value (the units' square footage multiplied by the ISP specified in Paragraph A above) of the project shall not be greater than the value resulting from the standard application of the ISP specified in Paragraph A above; and
  - 5. It is demonstrated and the Subcommittee finds the variance will benefit the affordable housing program.

Applications for such an increase in the Initial Sale Price shall be considered an Exception and shall be applied for and heard by the THA Subcommittee according to the Exceptions Policy contained in Section 108.2.

205.2 **Payment-in-lieu Fees:** In certain cases, the developer of Affordable Housing may make a payment-in-lieu of construction of required Affordable Housing units. Such payments-in-lieu shall be made according to the current provisions of the Town of Telluride Land Use Code. Payment-in-lieu fees are set by THA according to the methodology described in Appendix B, and current rates are as follows:

$$(\$269 + 221) - 262 = 228 \text{ per sq. ft.}$$

205.3 Payments-in-lieu are made to the Town of Telluride and held in an escrow account by the Town to be used toward the production of additional Affordable Housing.

**Section 206 RENTAL PROCEDURES**

206.1 In cases where rental of the Housing Unit is allowed, the general Rental Procedures contained in Section 106 shall apply. Rental of a Housing Unit subject to this Part 2 requires that the Housing Unit meet the requirements of Section 207.3 below.

206.2 This section sets standards for the rental of Affordable Housing units created under the Legislation. Affordability Standards are based on Gross Rent, which is the total of the rent paid according to the lease (the Contract Rent), plus an allowance for tenant paid utilities (a Utility Allowance).

A. Rental Affordability Standards

**Tier 1 Allowed Gross Rent**

<b>Unit Size:</b>	<b>Income Target:</b>	<b>Allowed Gross Rent:</b>
1 Bedroom/Studio	80% of 1 Person AMI	\$2.15 per square foot
2 Bedroom	90% of 2 Person AMI	\$1.71 per square foot
3 Bedroom	90% of 2.5 Person AMI	\$1.42 per square foot

**Tier 2 Allowed Gross Rent**

<b>Unit Size:</b>	<b>Income Target:</b>	<b>Allowed Gross Rent:</b>
1 Bedroom/Studio	100% of 1 Person AMI	\$2.69 per square foot
2 Bedroom	110% of 2 Person AMI	\$2.09 per square foot
3 Bedroom	110% of 2.5 Person AMI	\$1.74 per square foot

(all rents are **per square foot per month** of net livable space, including perimeter walls)

- B. To determine the Contract Rent, subtract all tenant paid utilities from the Allowed Gross Rent. Deductions from the Allowed Gross Rent for tenant paid utilities are based on the utility allowance schedule then in effect for HUD rent subsidized units for San Miguel County. This information is available at THA.
- C. Unless an Exception is granted, rental rates in Paragraph A above include, and may not be increased to pay for, the cost of utilities in common areas, condominium dues, management costs and taxes. In the event that utilities are commonly metered, a charge to the tenant may be made in addition to the maximum Contract Rents for the tenant’s share of such utilities attributable to the tenant’s net living area. Tenants shall be responsible for individually metered utilities. Rental rates shall apply whether the units are provided furnished or unfurnished.
- D. Owner may, after at least 12 consecutive months of rental history, apply for an adjustment of Contract Rent based on actual utility bills for the unit. THA will allow a new utility allowance of 110% of the documented actual bills for the unit for the previous 12 consecutive months. Applications for evaluation of allowed Contract Rent require a \$50 application fee (which shall not be charged to the Tenant).

- E. All newly constructed deed restricted affordable housing rental units must comply with the Uniform Building Code and with all rules, regulations and codes of all governmental bodies and agencies having jurisdiction. The Owner of Affordable Housing rental units, at its cost and expense, must keep and maintain the interior and exterior of the total structure (including all residential units therein) and the adjacent open areas in a safe and clean condition and in a state of good order and repair, reasonable wear and tear and negligent or intentional damage by tenants excepted. In the event of a dispute between Owner and Tenant in regard to this requirement, either party may request an inspection of the premises and/or a hearing on the facts of the case to resolve the dispute, according to the THA Grievance Procedures in effect at the time of the dispute.
- F. Rents may be increased by the Owner on a no more than annual basis, at a rate not to exceed 2.5% per year, unless the THA Board allows a higher increase rate based on a demonstrated increase in necessary and otherwise unavoidable rental operations costs in the Telluride region. Exact calculation of the allowed rent increase is specified in the Deed Restriction, whose language shall be the final determination of allowed rent.

**Section 207 DEED RESTRICTION FORM AND PROCESS**

- 207.1 Housing Units created under this Part 2 must be deed restricted prior to issuance of a Certificate of Occupancy in accordance with the requirements of Section 107. In addition, prior to issuance of any Certificate of Occupancy, the Deed Restriction shall be amended, if necessary, to reflect changes approved by THA and governing bodies which may have occurred during construction or conversion of the units(s) (e.g., net livable square footage).
- 207.2 Deed Restrictions for Housing Mitigation Units must meet the requirements of the Town of Telluride Land Use Code in addition to the general requirements of these Guidelines.
- 207.3 Deed Restrictions for price-restricted rental units shall include a provision conveying an interest in the unit or units to THA (or similar agency acceptable to THA) meeting the requirements of §38-12-301, 10 C.R.S. (1999). Such interest may include:
  - A. A fractional undivided ownership or trustee interest provided that THA shall be indemnified against any and all liability by reason of its interest.
  - B. A lease to THA of the unit or units with authorization to THA to sublet pursuant to these Guidelines, provided that THA assumes no liability by reason thereof. THA may in its sole discretion accept or reject any proposed conveyance or lease, or lease purchase agreement offered pursuant to this section or section 207.5.
- 207.4 Deed Restrictions may be transferred from one unit(s) to another unit(s) upon compliance with the following procedures and standards and upon approval by the Director of Planning.
  - A. The applicant must file an amended housing mitigation plan identifying:
    1. the original project and its affordable housing mitigation requirements;

2. legal description and square footage of unit(s) to be released from the deed restriction;
  3. legal description and square footage of unit(s) to be deed restricted; and
  4. the location (book and page) of the recorded deed restriction to be released.
- B. The unit(s) on which the new deed restriction is to be placed must be a free market unit(s), of at least the same square footage of the unit(s) to be released from the deed restriction, and otherwise meeting all other requirements for housing offered in mitigation.

207.5 The requirement that a unit or units be subject to a deed restriction may be satisfied by the execution and recordation of a lease-purchase agreement provided that the lease payments do not exceed the Rental Standards, the purchase price does not exceed the Sale Standards, the lease purchase agreement is a minimum of three years and maximum of five years duration and that upon sale the unit or units shall be subject to a Deed Restriction as provided for herein.

**Section 208 HOUSING MITIGATION PLAN**

208.1 The provisions of the Town of Telluride Land Use Code require the filing of a Housing Mitigation Plan for each project subject to its provisions. Prior to issuance of a Certificate of Occupancy for any portion of the project, the provisions of the Town Land Use Code and all applicable provisions of these Guidelines must be met.

208.2 In addition, units constructed to meet the Land Use Code provisions noted above must meet the construction standards contained in Section 209 below.

**Section 209 STANDARDS OF SIZE AND CONSTRUCTION**

209.1 The Legislation specifies a certain amount of square footage of Affordable Housing which must be provided concurrently with the construction of a proposed development. Under the Legislation, the developer must provide a Housing Impact Mitigation Plan to THA for its review as part of the development application, together with the fees specified in the Legislation. These Guidelines specify the standards of unit size and construction required for mitigation units provided under the Legislation.

**Unit Size Standards**

<b>Unit Type:</b>	<b>Minimum Square Feet:</b>	<b>Maximum Square Feet:</b>
1 Bedroom/Studio	450	600
2 Bedroom	750	950
3 Bedroom	950	1.200

(unit sizes are net livable square footage, including perimeter walls)

- 209.2 For projects requiring greater than 1000 square feet of housing to be constructed, at least one 2- or 3-bedroom unit shall be constructed per each full integral multiple of 1000 square feet of required housing (e.g. a housing requirement of 2150 square feet would require two 2- or 3-bedroom units, but a housing requirement of 1800 square feet would only require one).
- 209.3 Minimum square footage is the actual minimum square footage allowed to be constructed or otherwise provided under the provisions of the Legislation. Maximum square footage is the maximum amount of square footage which may be credited against the required square footage for a given unit type, regardless of the actual size of the unit provided. In addition to the provisions of Section 209.2, for projects which have affordable housing comprised of single family, duplex or triplex structures, the Subcommittee of the THA Board of Directors may, at its sole discretion, approve increases to Maximum Square Footage for each Unit Type up to twenty five (25) square feet per bedroom if it is demonstrated and the Board finds the variance will benefit the affordable housing program.
- 209.4 Unit types larger than three bedrooms will be counted as three bedroom units.
- 209.5 All newly constructed deed restricted affordable housing units must comply with the Uniform Building Code and with all rules, regulations and codes of all governmental bodies and agencies having jurisdiction.
- 209.6 All deed restricted affordable housing units must have a fully equipped kitchen and a full bathroom, areas for living and sleeping and designated areas for storage. THA shall be the final judge of the adequacy of facilities provided in the unit.
- 209.7 For multi-unit projects that have Affordable Housing requirements of
- A. **less than 1430 square feet**, at least 1000 square feet of the required square footage shall be provided above grade.
  - B. **1430 square feet or greater**, at least 70% of the required square footage shall be provided above grade.
- 209.8 GREEN BUILDING INCENTIVES: The Town of Telluride adopted an ordinance requiring all residential new construction, additions and remodels to comply with green building regulations. Additional incentives may be available to construction of Affordable Housing that exceeds the minimum required standards and may be applied for as an Exception following the procedure in Section 108.2.
- 209.9 CERTIFICATE OF OCCUPANCY: Prior to the issuance by the Building Department of a Certificate of Occupancy, the developer must submit a "As Built" Certification to the Building Department with copies to Planning and THA.

## **Section 210 ALTERNATE FORMS OF PROVIDING REQUIRED HOUSING**

- 210.1 The Legislation provides for a number of alternate forms of providing required Affordable Housing. Two of them require some sort of prior THA approval. The first, purchasing a unit on the open market and placing a deed restriction thereon, is subject to an inspection of the unit by THA to verify that the unit to be purchased meets a minimum standard of amenities and repair. The second, construction of dormitory/shared facility units, is an alternate option for providing

the square footage of Affordable Housing under this Legislation. Both options require an Exception application and approval by THA in addition to any requirements contained in the Telluride Land Use Code.

210.2 Open-market units proposed to be deed restricted in order to satisfy the requirements to provide Affordable Housing are subject to the following requirements:

- A. Developers may deed restrict units by either:
  - 1. purchasing an open-market unit, placing a deed restriction on that unit, and reselling the unit to a Qualified Household; or,
  - 2. purchasing the right to place a deed restriction on an open-market unit from a current owner.
- B. It is the Developer's responsibility to demonstrate approval by the Homeowners Association for the open-market unit proposed for deed restriction, including any limitations on the HOA dues for the Housing Unit.
- C. It is the Developer's responsibility to demonstrate approval by the jurisdiction in which the proposed unit is located for any unit proposed to be deed restricted to provide Affordable Housing, including approval of the provisions of the Deed Restriction.
- D. Units so deed restricted are subject to all size and construction standards and notes, except that THA may make an exception to the size standards on a case by case basis. An exception to the size standards shall not be greater than 100 square feet from the minimum or maximum allowable square footage (e.g. THA may not approve a two bedroom unit smaller than 650 square feet or larger than 1,050 square feet). A developer may request this exception in its Housing Impact Mitigation Plan, or may apply for such exception as an amendment to the Housing Impact Mitigation Plan.
- E. Any existing unit which is to be deed restricted must be in a good state of repair and condition. Acceptance of existing units shall be at the sole discretion of THA. If accepted by THA, existing units must be upgraded in accordance with the following criteria, unless a variance from these requirements is approved by THA:
  - 1. units must be freshly painted in the interior, and exterior walls shall be freshly painted within one year of dedication;
  - 2. all appliances must be in good condition and working order;
  - 3. carpet shall be in good condition and repair;
  - 4. yards and landscaping, windows, heating, plumbing, and electrical systems and equipment shall be in good condition and working order;
  - 5. the roof must have a remaining useful life of at least ten (10) years;
  - 6. units shall meet Uniform Building Code minimum standards, pursuant to inspection and approval by a qualified Building Inspector accepted by THA; and,
  - 7. the applicant shall bear the costs and expenses of any required upgrades to meet the standards listed above, as well as any structural/engineering

reports required by THA to assess the suitability for occupancy and compliance with these standards.

- F. In order to complete an inspection pursuant to paragraph E above and to receive approval for deed restricting an existing unit, the Developer must pay a minimum fee of \$250 to THA, which is not refundable, but which will be credited against any THA Staff time and expense necessary for the approval.

210.3 Developers may propose to satisfy the requirement to provide Affordable Housing by providing dormitory or shared facility units subject to the following provisions:

- A. Acceptance of dormitory or shared facility units shall be at the sole discretion of THA.
- B. In order to receive approval for Dormitory or Shared Facility Housing, the Developer must pay a minimum fee of \$250 to THA, which is not refundable, but which will be credited against any THA Staff time and expense necessary for the approval.
- C. Approvals for Dormitory or Shared Facility Housing shall be considered according to the Exceptions Procedure contained in Section 108.2 above.

## **Part 3 TOWN CONSTRUCTED UNITS**

### **Section 301 PURPOSE AND APPLICABILITY**

- 301.1 The Purpose of this Part 3 of the Telluride Affordable Housing Guidelines is to establish the standards and procedures for initial and subsequent sales of for-sale, deed-restricted affordable housing units constructed, financed or otherwise produced by the Town of Telluride in order to permanently protect affordable home ownership opportunities.
- 301.2 These Guidelines are intended to apply to the purchase, sale, transfer, assignment or conveyance of affordable housing constructed, financed or otherwise produced by the Town of Telluride. Application of these Guidelines to specific properties shall be established by a Resolution of the Telluride Town Council. The Guidelines may be amended pursuant to Section 902. Owners and purchasers of Deed Restricted Housing Units are subject to the Guidelines in effect at the time of purchase.
- 301.3 The provisions of this Part 3 of the Guidelines shall apply to the Mendota project and to the Cribs, Fino II and Telluride Family Housing projects. In cases where there is a conflict between these Guidelines and the Deed Restriction for any given Housing Unit, the provisions of the Deed Restriction shall govern.

### **Section 302 PROGRAM POLICY GOALS**

- 302.1 In order to meet the demand for Housing Units within the immediate Telluride area that are affordable to those who are employed within the Telluride R-1 School District, the Town of Telluride constructs, finances, subsidizes or otherwise procures or authorizes the construction of Housing Units. These units are offered for sale according to the criteria contained in this Part 3.
- 302.2 This Program also limits initial eligibility for ownership to Qualified Households that meet specific economic means tests which includes both Household Income and Household Net Assets. Such tests of economic means are intended to promote economic diversity within the Telluride community.
- 302.3 The Housing Units covered by this Program are subject to price limitations for sale, resale and/or rental. These limitations are intended to insure affordability for both the current Household occupying the Housing Unit and for the long-term affordability of the Housing Unit in the future as part of the overall affordable housing program of the Town of Telluride and the Telluride Housing Authority.

### **Section 303 HOUSEHOLD ELIGIBILITY**

- 303.1 In addition to meeting the requirements for being a Qualified Household, and the General Eligibility Criteria, Owners and Qualified Households of Housing Units subject to this Part 2 must also meet the following additional Eligibility Criteria.

303.2 **Appropriate Size:** The total number of people in a Household must be appropriate for the available unit size. Household size must fall within the limit below:

Unit Size:	Minimum Household Size:
1 Bedroom	1 person
2 Bedroom	1 person
3 Bedroom	2 persons
4 Bedroom	3 persons

303.3 **Income Tiers:** Each unit created under this Part is subject to an Income Limit. Housing Units will be designated by a Resolution of Telluride Town Council for occupancy by one of two different income tiers as defined below.

- A. **Tier 1 Income:** Household income shall not exceed the 120 percent of AMI for San Miguel County (see definitions).
- B. **Tier 2 Income:** Household income shall not exceed the 150 percent of AMI for San Miguel County (see definitions).

303.4 **Owner Occupied:** Housing Units created under this Part 3 shall be Owner occupied.

**Section 304 HOUSEHOLD APPLICATION PROCESS AND VERIFICATION**

Applications for Housing Units subject to this Part 3 shall be made according to the general Household Application Process described in Section 104 of these Guidelines. In addition, the Telluride Town Council may from time to time designate certain units as subject to an Ownership Lottery. An Ownership Lottery procedure may create additional application requirements other than those in Section 104 (see Section 307 below).

**Section 305 SALE AND RESALE OF HOUSING UNITS**

305.1 **All Town Constructed Housing Units** subject to this Part 3 shall be sold according to the general Sale and Resale procedures set forth in Section 105 above.

305.2 **Units Subject to Ownership Lottery:** When units become available for purchase that are designated for sale by Ownership Lottery (either by Resolution of the Town Council or by the provisions of the Deed Restriction for the unit), THA shall offer the units for sale according to the Ownership Lottery procedures established in Section 307 below.

Shortly after Households are ranked by the Ownership Lottery, staff will contact the Households most likely to be offered a unit, based on a Household's ranking. Households contacted must indicate the size of unit (number of bedrooms) the Household is interested in purchasing. Households that are offered a unit to purchase will be offered a unit that is appropriate for the household size, as set forth in these Guidelines. Staff will require a Household to submit a statement of loan pre-certification from a mortgage lender, indicating that the Household is

capable of qualifying for the approximate sales price of the property that it is interested in purchasing.

## **Section 306 RENTAL PROCECURES**

306.1 Housing Units created under this Part 3 are intended to be Owner occupied.

## **Section 307 OWNERSHIP LOTTERIES**

### **307.1 Ownership Lottery Procedure**

A. THA shall establish a procedure for Ownership Lotteries for units designated as subject to these Guidelines. The purpose of these Lotteries is to:

1. Create an orderly process for offering units for sale to qualifying Households and
2. Give priority in unit offers to those with an established history of employment within the boundaries of the Telluride R-1 School District.

B. THA shall open an Ownership Lottery as follows:

1. Notice of the date, time and location at which applications will be taken shall be published as a Legal Notice in a newspaper of general circulation in the Telluride region. Such notice shall be published at least two weeks prior to the date on which applications will be accepted. The Lottery application period shall not be less than two weeks. In addition, the THA Subcommittee shall develop a public information program regarding the list opening and the guidelines governing the list that, in the judgment of the THA Subcommittee, will adequately inform any reasonably interested potential applicant of the Waiting List and its Guidelines.
2. Application and information materials shall be available at the time of publication of the Legal Notice described above at locations and web sites announced in the Notice.

### **307.2 Lottery Application Process And Applicant Responsibilities**

A. Completeness of Application:

1. Households, as defined in these Guidelines, interested in purchasing an Affordable Housing unit must submit an application to the Town of Telluride, or its designee. All members of a Household over eighteen years of age must submit the required information necessary to determine eligibility. In addition, a Household must submit a letter from a mortgage lender, stating the Household's ability to pre-qualify for a mortgage.
2. In order to participate in a Lottery, Households must sign the sworn statement described in Section 104.1 above
3. If a Household cannot sign the sworn statement, or if a Household does not provide staff with information required to process the application, then it will not be eligible to be entered into the lottery.

4. THA Staff shall rely on the sworn statement of the applicant as to the completeness and accuracy of the application for the purpose of determining eligibility to participate in a Lottery.

**307.3 Lottery Order**

- A. THA shall only accept Lottery applications during the time period specified in the Legal Notice. Mailed applications shall be considered received in the proper time period if postmarked at least two days prior to the last day of the application period and received within two business days after the application period closes. THA shall not be responsible for delays in the delivery of mail beyond two business days after the application period closes.
- B. Applications that are certified as complete shall qualify for up to two entries in the Lottery according to the following Criteria:
  1. All Households that meet the Qualification and Eligibility Criteria listed in Sections 103.2, 103.3 and 203 shall have one entry in the Lottery.
  2. An additional entry in the Lottery shall be awarded to Households that can demonstrate at least three calendar years of employment within the boundaries of the Telluride R-1 School District within the previous five calendar years.
    - i. For a given year to count toward this additional Lottery entry, an individual must have worked at least 1400 hours during that calendar year. The current calendar year may be counted if the individual has accumulated 1400 hours of employment to date for the current year.
    - ii. The years of employment do not have to be consecutive, but they must be conducted no more than five calendar years prior to the date of the application.
    - iii. If individual Household members have different lengths of employment, the Household shall be evaluated for eligibility for this additional entry in the Lottery based on the individual with the greatest length of employment.
- C. Lotteries are subject to the following guidelines:
  1. A Lottery must be conducted in a duly noticed public meeting of the THA Subcommittee.
  2. An independent San Miguel County resident with no direct stake in the lottery outcome shall be invited to draw the applicants' names.
  3. Once an applicant's name is drawn, any further instances of that applicant's name drawn are recorded, but ignored in establishing the order of applicants.
  4. The results of the lottery shall be posted and certified by the resident drawing the names as soon as practically possible after the drawing.
  5. The order in which applicant names are drawn in the Lottery shall determine the order in which applicants are contacted to purchase the Housing Units offered in the Lottery (except for handicapped-accessible units as noted in paragraph D below).

- D. First priority for handicapped accessible units shall be given to Disabled Households that submit a Lottery Application based on the Lottery order of all Disabled Households. If there are no Disabled Households that submit a Lottery application, the handicapped accessible unit/s will become available for purchase by Households that submitted a Lottery application.
- E. Any material misstatement of fact or deliberate fraud by the Household in connection with any information supplied by the Household to the Town of Telluride shall be cause for disqualification from Lottery and the Household will be prohibited from reapplying for any future Ownership Lottery for one year.

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## **Part 4 EMPLOYEE DWELLING UNITS**

### **Section 401 PURPOSE AND APPLICABILITY**

- 401.1 This Part 4 has been created to apply to Designated Employee Dwelling Units (“EDUs”) as defined in the Town of Telluride Land Use Code to govern sale, rental, use and occupancy of Housing Units so created.
- 401.2 The provisions of this Part 4 shall apply to all EDUs unless in conflict with the existing Deed Restriction for the particular Housing Unit. The provisions of the recorded Deed Restriction shall govern in case of conflict with these Guidelines.

### **Section 402 PROGRAM POLICY GOALS**

- 402.1 This Part 4 is intended to govern administration of EDUs according to definitions, provisions and procedures consistent with other Housing Units covered by these Guidelines.

### **Section 403 HOUSEHOLD QUALIFICATION**

- 403.1 Occupants of EDUs must meet the general Qualification and Eligibility Criteria contained in Section 103 above.
- 403.2 The limit on Household Net Assets for purchase of an EDU shall be twice the agreed upon sale price for the EDU, if sale of such EDU to a Qualified Household is allowed. When a sale price for the EDU cannot be fixed for any reason, the limit on Household Net Assets shall be twice the Tier 2 Allowed Initial Sale Price that would be applied to the unit based on unit size according to the table in Section 205.1A. above. Determination of the limit on Household Net Assets based on Section 205.1A. shall not imply any limitation on allowed sale price.

### **Section 404 HOUSING APPLICATION PROCESS**

- 404.1 Households intending to occupy an EDU must follow the general Housing Application Process contained in Section 104 above.

### **Section 405 SALE AND RESALE OF HOUSING UNITS**

- 405.1 In cases where the Sale of EDUs is permitted, the Sale and Resale of such units shall be governed by the general Guidelines contained in Section 105. Condominiumization and sale of EDUs separate from the primary dwelling unit is not permitted in many zone districts. Please consult the appropriate section(s) of the Telluride Land Use Code for information on subdivision and sale of EDUs.
- 405.2 When sale of an EDU is permitted, there is no limitation on sale prices for EDUs so long as they are sold to a Qualified Household.
- 405.3 EDUs are intended to be sold only to a Qualified Household and thereafter remain owner occupied.

## **Section 406 RENTAL PROCEDURES**

- 406.1 EDUs must be rented to a Qualified Household according to the general Qualification and Eligibility Criteria contained in Section 103 above.
- 406.2 Rental of EDUs shall be governed by the general Rental Procedures contained in Section 106 above.
- 406.3 Rental of EDUs is not subject to any limitations on rental price.
- 406.4 EDUs not owned by a Qualified Household as defined herein must be occupied only by a Qualified Household and may be owned only by one or more of the following Qualified Owners:
- A. the original developer of the project in which the unit is located;
  - B. a person or entity with the controlling interest in, or the successor in interest to, the original owner of the project in which the unit is located; or,
  - C. the Town of Telluride or Telluride Housing Authority, or their successors or assigns.
- 406.5 If subdivision or condominiumization of an EDU apart from the project in which the EDU is located is allowed, such EDU must be owned and occupied by a Qualified Household and may not be rented unless an Exception is granted by THA.

## **Section 407 DEED RESTRICTION FORM AND PROCESS**

- 407.1 Deed Restrictions for EDUs must meet the requirements of the Town of Telluride Land Use Code in addition to the general requirements of these Guidelines.
- 407.2 As a condition of sale of an EDU to a Qualified Household, the most current form of Deed Restriction must be agreed to by the Household and recorded against the property at time of sale.

## **Section 408 STANDARDS OF SIZE AND CONSTRUCTION**

- 408.1 EDUs created by new construction shall meet the construction standards contained in Sections 209.4 and 209.6
- 408.2 EDUs created by deed restricting existing dwellings shall meet the review standards for Housing Mitigation Units contained in Section 210.2 Paragraphs 210.2E and 210.2F.

## Part 9 GENERAL MISCELLANEOUS PROVISIONS

### Section 901 LEGISLATIVE HISTORY

- 901.1 **Previous Documents** These Telluride Affordable Housing Guidelines have been created to merge two previous documents, the Town Housing Guidelines for Town Developed or Financed Housing and the older versions of the Telluride Affordable Housing Guidelines. The histories of the previous documents are as follows:

#### **Telluride Housing Guidelines for Town Developed or Financed Housing**

Adopted by Telluride Housing Authority on December 20, 2005  
Approved by Telluride Town Council on December 20, 2005  
Amended on June 27, 2006

#### **Telluride Affordable Housing Guidelines**

Adopted by Telluride Housing Authority on September 19, 1994  
Approved by Telluride Town Council on October 4, 1994  
Amended on April 1, 1997  
Amended July 27, 1999  
Amended September 14, 1999  
Amended October 26, 1999  
Amended October 24, 2000  
Amended March 27, 2001  
Amended October, 2001  
Amended January, 2002  
Amended November 6, 2002  
Amended January 2, 2004  
Amended March 24, 2004

- 901.2 **Current Document** This version of the Telluride Affordable Housing Guidelines is an amendment, consolidation and reenactment of the above two documents which has been expanded in scope to also cover Employee Dwelling Units (see Part 4)

#### **Telluride Affordable Housing Guidelines**

Amended, consolidated and reenacted by the Telluride Housing Authority on September 18, 2007  
Approved by the Telluride Town Council on September 18, 2007

### Section 902 AMENDMENTS

- 902.1 This policy shall be reviewed at least every two years by the THA Subcommittee and changes, if any, will be recommended to Town Council based on the success and failure of the previous policy.
- 902.2 Amendments to these Guidelines shall be made according to the following procedure:

- A. Any proposed amendment shall be presented to the THA Subcommittee for its consideration and recommendation prior to adoption by the Town Council of the Town of Telluride. The THA Subcommittee shall consider such amendment in a timely manner, and shall report to the Town Council its finding on the proposed amendment and recommending adoption, adoption with conditions or rejection of the proposed amendment.
  - B. Upon receiving the THA Subcommittee's report on the proposed amendment, the Town Council shall conduct a public hearing of the proposed amendment and either adopt, adopt with amendments or reject the proposed amendment. The public hearing on the proposed amendment shall be considered in a timely manner. Such amendment will be adopted in form of a written resolution of the Town Council of the Town of Telluride.
- 902.3 Amendments to Appendices A and B may be proposed by THA Staff and require only the approval of the THA Subcommittee to become effective.
- 902.4 Updates to the Initial Sale Prices (Section 205.1A), the Payment in Lieu Fee (Section 205.2) and the Rental Affordability Standards (Section 206.2A) may be made at any time by THA Staff based on the methodology of Appendices A and B.

### **Section 903 ADMINISTRATIVE PROCEDURES**

- 903.1 **Fair Housing Standards** THA Staff shall administer this policy in compliance with all applicable fair housing standards, including but not limited to the Fair Housing Act and the Town of Telluride non-discrimination ordinance. These standards prohibit discrimination in housing on the basis of age, race, religion, handicapped or disabled status, country of origin, sex or sexual identity. In addition to any remedies available in the applicable law, any dispute between an applicant and THA Staff regarding these standards may be filed as a Grievance (see Section 108.4.).
- 903.2 **Reasonable Accommodation** THA Staff shall administer this policy in compliance with all reasonable accommodation standards, including but not limited to the Americans with Disabilities Act. Persons requiring reasonable accommodation for their disability shall give THA Staff at least 48 hours notice of such need so that appropriate arrangements can be made (for example: providing sign language services for a hearing impaired person).
- 903.3 **Assignment of Administrative Responsibilities** THA and/or the Town of Telluride shall have the right to contract with any qualified person or entity for the purpose of administering these Guidelines. The contract for administration shall provide for oversight by the Town, including access to applicable records and the ability to conduct an independent audit of administrative procedure.

### **Section 904 DEFINITIONS**

**PURPOSE:** The purpose of this Section is to define words, terms and phrases contained within these Housing Guidelines.

**Affordable Housing** – As the context requires, either the required square footage of housing that must be provided to offset the housing impacts of new construction

as further described in the Telluride Land Use Code and Part 2 above or more generically any Housing Unit that is restricted to sale at a specified price to a Qualified Household and subject to these Guidelines.

**Alter or Alteration** – Alter or alteration means any change, addition, or modification in construction or occupancy.

**Applicant** – A Household that has submitted the required application either for qualification as a Purchaser or for placement on the Ownership Waiting List, as the context requires.

**Area Median Income [AMI]** – A statistical number based on Household Size and Income for residents of San Miguel County Colorado that is used in these Guidelines as a basis for the Income Eligibility Tiers applied to specific Housing Units. THA Staff shall update the AMI at least once per year based upon an analysis of the best available data for San Miguel County Household Incomes. Data sources and methods for this analysis are documented in Appendix A.

**Assets** – Any thing owned by an individual that has commercial or exchange value. Assets consist of specific property or claims against others, in contrast to obligations due others. See also definition for Gross Assets and Net Assets.

**Bedroom** – Area designed to be used for sleeping purposes that shall contain closets, have access to a bathroom and meets applicable Town Building Code requirements for light, ventilation, sanitation and egress.

**Capital Improvements (Allowed)** – Unless otherwise defined in the Deed Restriction covering the Housing Unit, an allowed Capital Improvement is any fixture approved by THA staff prior to erection/construction that is erected as a permanent improvement to real property or non-recurring expenses for physical improvements that provide a long-term upgrade or improvement to the deed-restricted housing unit, plus the present value of capital improvement costs including labor, if professionally provided, and for which verification of the expenditure (documentation) is provided by the Owner. Labor costs provided by the Owner may be authorized for up to 50% of the Allowed Capital Improvements upon approval by the THA staff. Allowed Capital Improvements shall NOT include landscaping, luxury items or cost associated with ordinary repair, replacement, and maintenance. It is the Owner's responsibility to secure any approval necessary from the Housing Unit's Homeowners Association prior to undertaking any Capital Improvement.

**Commercial Property** – Property which is used for any of the following uses as defined by the Telluride Land Use Code: Commercial; Industrial; Accommodations, including Hotel, Lodge, Boarding house, Rooming house, Lock-off units and Short-term Dwelling Units; Agricultural land.

**Consumer Price Index [CPI]** – Two Consumer Price Indices are used for purposes of the Guidelines and for purposes of the Deed Restriction. The homeowner may choose from which Consumer Price Index to use- U.S. City Average and Regions, Urban Wage Earners and Clerical Workers (CPI-W), All Items, not seasonally adjusted, or its successor index or the Denver-Boulder-Greeley CPI-W average. Updated information is received on a regular basis from the U.S. Department of Labor, Bureau of Labor Statistics.

**Co-signer** – A joint signatory of a promissory note whose obligations are the same as those of the primary borrower. If the primary borrower does not repay the loan, the cosigner accepts responsibility for the debt. A Co-signer shall not occupy the unit unless qualified by THA.

**Deed Restriction** – A contract prepared by THA in coordination with Town Legal and entered into between THA, the Town of Telluride and the owner or purchaser of real property identifying and burdening the conditions of use, occupancy and sale which shall not be altered by any party without the written consent of all parties.

**Dependent** – A minor child (18 years or younger) or other relative of the renter or owner of a Housing Unit, which child or relative is taken and listed as a dependent for federal income tax purposes by such renter or owner or his or her present or former spouse (said dependent must also be related by blood or adoption).

**Designee** – is a person or entity who is named and authorized to act in place of the person or entity granting the designation.

**Developed Residential Property** – Property that contains at least one (1) dwelling unit as defined in the Telluride Land Use Code.

**Disabled Person** – A person with a "disability" as defined in the Americans with Disabilities Act of 1990 as amended. Federal laws currently define a person with a disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment."

**Elderly** – A person who is at least 65 years of age.

**Eligibility** – Qualification requirements applied to a Household based on the specific Housing Unit the Household intends to occupy the Housing Unit.

**Eligibility Tier** – The standard of Household Income that applies to a particular Housing Unit. Not all Housing Units have an Eligibility Tier.

**Emergency Worker** – An employee or volunteer (on call 12 hours/day, 8 times per month or its equivalent for human, life threatening emergencies) of a community based organization that provides on-scene assistance giving personal care to victims, including, but not limited to the following: Fire Department Workers, Mountain Rescue, Sheriff's Deputies, Police Officers, Hospital Emergency Room Technicians, Social Service Workers (mental health and abuse case workers), Ambulance Drivers, Emergency Medical Technicians, Communications Dispatchers through the Sheriff's Office or Police Department, etc. Emergency Service Department Head approval is required, whereby the supervisor must demonstrate the need of that agency to house another Emergency Worker in the telluride area by requesting a formal approval with THA.

**Employee** – is a person who is self-employed or is working for another person and is compensated for such work on an hourly, weekly, monthly or commission basis or any combination of such compensation.

**Employee Dwelling Unit [EDU]** – A Housing Unit created according to the Town of Telluride Land Use Code, including any amendments thereto, that is restricted to occupancy by a Qualified Household but does not have any restriction on sale or rental price. Sale of EDUs separately from the project in which they are created is not permitted in all zone districts.

**Employment Requirement** – The number of hours of employment or other criteria used to determine qualification of a particular Household contained in Section 103.2 above. In order to be counted as employment within the boundaries of the Telluride R-1 School District (the “District”), an Employee must verify that they are or have been physically working at a location or combination of locations within the District for the required number of hours. In cases of employment for an individual, institution or employer located outside the District, or for self-employment, THA may request additional evidence to establish the location and number of hours of eligible employment. Employment evidence provided by the applicant is subject to evaluation of reasonableness by THA.

**Exception** – A variance from these Guidelines granted to a Household or other interested party through the Exception Procedure contained in Section 108.2 above

**Fair Market Value** – The price that an interested but not desperate buyer would be willing to pay and an interested but not desperate seller would be willing to accept on the open market assuming a reasonable period of time for an agreement to arise. The price at which bona fide sales have been consummated for assets of like type, quality, and quantity in a particular market.

**Fannie Mae (FNMA)** – Federal National Mortgage Association, a quasi-governmental agency that purchases mortgage loans in the secondary loan market.

**Fee Simple Estate** – The maximum possible estate that one can possess in real property; complete and absolute ownership of indefinite duration, freely transferable, and inheritable.

**Financial Statement** – A statement detailing all personal assets, liabilities, and net assets (the difference between gross assets and liabilities) as of a specific date.

**Fixture** – 1) A tangible thing which previously was personal property and which has been attached to or installed on land or a structure thereon in such a way as to become a part of the real property; 2) Any non-portable lighting device built in or attached securely to the structure; 3) The permanent parts of a plumbing system and fixtures.

**Free Market Property** – A property that is not restricted by any deed restriction or covenant regarding price or terms of sale.

**Gross Assets** – Anything which has tangible or intangible value, including property of all kinds, both real and personal; includes among other things, patents and causes of action which belong to any person, as well as any stock in a corporation and any interest in the estate of a decedent; also, the entire property of a person, association, corporation, or estate that is applicable or subject to the payment of debts. Gross Assets shall include funds or property held in a living trust or any similar entity or interest, where the person has management rights or the ability to apply the assets to the payment of debts. Assets are evaluated at current fair market value, not accounting book value.

**Gross Income** – Total individual income including:

1. income from employment, Social Security benefits, alimony and child support;
2. trust and other investment income; and

3. net income derived from a business or from income-producing property, after reasonable deductions for expenses, depreciation, taxes, and similar allowances.

Applicant representations of Gross Income are subject to verification and evaluation of reasonableness by THA.

**Gross Liabilities** – The total amount owed to other persons including loans, liens, accounts payable and other financial obligations as defined by generally accepted accounting practice.

**Gross Rent (Allowed)** – The total amount per month including utilities that a Qualified Owner is allowed to charge to a Household in leasing a Housing Unit. It differs from Contract Rent by the amount of the Utility Allowance (for utilities not included in the rent) that applies to the Housing Unit.

**Guideline(s)** – These Telluride Affordable Housing Guidelines or specific provisions thereof as the context requires.

**Household** – All Owners or Renters, their immediate family which includes spouses, siblings, parents and/ or offspring, either biologically, by marriage or by legal adoption, regardless of age, and any parties who by legal arrangement including by leasehold interest, deed, joint tenancy, tenancy in common, or tenancy in its entirety shall have a legal right to fee ownership or leasehold interest, who will be occupying the Housing Unit.

**Household Income** – Combined Gross Income of all individuals in the Household.

**Household Gross Assets** – Combined Gross Assets of the Household

**Household Net Assets** – Gross Household Assets less Gross Household Liabilities.

**Household Net Worth** – Equivalent of Household Net Assets. Household Net Assets is the term used throughout these Guidelines.

**Housing Mitigation Unit** – A Housing Unit that is designated to satisfy the requirements to construct Affordable Housing as defined in Part 2 of these Guidelines and the Town of Telluride Land Use Code.

**Housing Unit** – A deed-restricted unit that is subject to the Telluride Affordable Housing Guidelines and any additional covenants that run with the land.

**Housing Guidelines** – A set of operational regulations adopted by the Telluride Housing Authority and the Telluride Town Council, and amended from time to time, that set out definitions, standards and procedures that are to be applied to specific Housing Units.

**Initial Sale Price** – The sale price for a Housing Unit subject to Part 2 of these Guidelines that is recorded as the Original Purchase Price [OPP] of that Housing Unit at the time the original Deed Restriction for the Housing Unit is executed and recorded, calculated according to Section 205.1.

**Joint Tenancy** – Ownership of real estate between two or more parties who have been named in one conveyance as joint tenants. Upon the death of one tenant, surviving joint tenant(s) have the right of survivorship.

**Kitchen** – as defined in the Telluride land Use Code.

**Land** – Land means all land or water surfaces, whether public or private, including lots, parcels, or other ownership categories and all rights (including potentially but not limited to: surface, subsurface, or air) that may be attached or detached from the land.

**Lease** – A written agreement between an owner and a tenant Household that creates a Leasehold Interest.

**Leasehold Interest** – A less than fee simple estate that a tenant possesses in real property.

**Leave of Absence** – An Exception from the requirement that a Qualified Household maintain the Housing Unit in question as its primary place of residence granted according to Section 103.2F above.

**Luxury Items** – Luxury Items are non-essential appliances, fixtures or upgrades.

**Maximum Resale Price [MRS]** – Unless otherwise defined in the Deed Restriction covering the unit, the owner's maximum resale price is determined according to Section 107.

**Mortgagee** – A lender in a mortgage loan transaction.

**Mortgagor** – A borrower in a mortgage loan transaction.

**Net Assets** – Gross Assets minus liabilities. Retirement accounts will be reviewed on a case-by-case basis to determine whether or not they shall be included as a net asset.

**Option to Purchase** – A legal document signed by the Mortgagee, and where applicable a co-signer, acknowledging the provisions of the Deed Restriction and granting a right to the Town of Telluride or to THA to purchase the Housing Unit in a foreclosure under certain conditions.

**Original Purchase Price (Allowed) [OPP]** – The price paid for the Housing Unit by the current Owner(s) and used as a basis to determine the Maximum Resale Price. The OPP is recorded in the Deed Restriction attached to each Housing Unit.

**Owner** – Owner means an individual or individuals who have a legal right to the property by deed, tenancy in common, joint tenancy or tenancy in the entirety or other relationship and who have a proprietary interest.

**Priority** – The order in which Housing Units are offered to Applicant Households based on the applicable selection procedure for the Housing Unit in question (e.g. a lottery, waiting list or bidding procedure). Priority is created by resolution of the Telluride Town Council and not all Housing Units are subject to Priority.

**Program** – The specific set of regulations that apply to the Housing Unit in question. Within these Guidelines, each Program is governed by the Common Policies and by the specific Part of the Guidelines that apply to the Housing Unit.

**Premises** – Premises mean one (1) unit of real estate with its appurtenances, building(s) and/or structures.

**Prequalification** – A borrower's tentative mortgage approval from a lender.

**Present Value** – The cost or price of any capital improvements as established at the time of such improvement and shall be neither appreciated nor depreciated from such time.

**Primary Residence** – The sole and exclusive place of residence.

**Property** – Includes all real estate of any kind, developed or undeveloped, including but not limited to land, commercial property, investment property, residential property.

**Purchaser** – A person who is buying or has purchased a Housing Unit.

**Qualification** – The minimum standards of employment, residency and/or net assets that are applied to a Qualified Household according to Sections 103.2 and 103.3 above.

**Qualified Household** – A Household that has been certified by THA as qualified to own or occupy a Housing Unit according to the Guidelines that apply to that Unit.

**Qualified Owner** – A person or entity other than a Qualified Household who is permitted to own Housing Units. Specific definitions are contained in Sections 203.5 and 406.4 as they apply to their respective programs.

**Sale** – For purposes of these Guidelines, a sale is the exchange of a Housing Unit for an agreed amount of money in a single transaction in which title to the Housing Unit is transferred to a new qualified Household.

**Spouse** – A person's husband or wife, as the case may be.

**Storage Space** – Space intended and commonly utilized as location for preservation or later use or disposal of items.

**Tenancy In Common** – Co-ownership in which individual holds an undivided interest in real property as if he were sole owner.

**Tenancy in the Entirety** – A special joint tenancy between a lawfully married husband and wife, which places all title to property (real or personal) into the marital unit, with both spouses having an equal, undivided interest in the whole property.

**THA** – The Telluride Housing Authority of the Town of Telluride. As used in these Guidelines, THA may also mean the Board of Directors of the Telluride Housing Authority, the THA Subcommittee, or THA Staff as the context requires.

**THA Board** – The Board of Directors of the Telluride Housing Authority

**THA Staff** – The person or persons who the Telluride Housing Authority employs for the purpose of administering these Guidelines.

**THA Subcommittee** – A committee of the Town Council appointed to oversee and administer the affairs of the Telluride Housing Authority

**Town** – The Town of Telluride, a Colorado home rule municipality.

**Town Council** – The Town Council of the Town of Telluride.

**Undeveloped Residential Property** – Vacant property which is restricted solely to residential uses, and uses accessory thereto, as defined in the Telluride Land Use Code.

**Volunteer Community Service** – Work which is performed for recognized non-profit community organizations for which no monetary or other material compensation is received.

## Appendix A: Area Median Income and Income Limits

**Area Median Income** is currently determined by the following procedure:

1. Use the most recently updated US Department of HUD “Very Low Income” figures for San Miguel County, Colorado for 1-, 2- and 3-person households. These are 50% of Area Median Income, so Area Median Income is double these figures. **The 100% AMI is multiplied by each percent to establish the AMI’s for the Guidelines**
2. Using the most recently updated Colorado Department of Labor ES-202 data for San Miguel County, adjust the HUD AMI figures by the projected change in average income in the County since the last update by HUD.
3. THA Staff shall update these figures based on the above procedure at least once per calendar year. HUD typically updates its income limits in late March each year and corresponding ES-202 data is typically also available at the same time.
4. THA Staff shall gather sufficient data at the time the next Housing Needs Assessment survey is taken to establish Area Median Income figures directly from the survey results.

Based on this procedure, the Area Median Incomes for San Miguel County are:

**Table 1. San Miguel County Area Median Income (AMI\*) Eligibility**

	Household Size					
	1 person	2 person	3 person	4 person	5 person	6 person
Area Median Income	\$56,500	\$64,500	\$72,600	\$80,600	\$87,100	\$93,500

\*This is the modified AMI calculation pursuant to the Telluride Affordable Housing Guidelines.

Qualification is based on Household size, NOT unit size. The table below provides a guide for determining Household Income Eligibility. See Section 303.2 for Minimum Household Size requirements.

Unit Size	1 Bedroom	2 Bedroom	3 Bedroom	3 Bedroom
Household Size	1 Person	2 Person	3 Person	4 Person
80% AMI	\$45,200	\$51,600	\$58,080	\$64,480
90% AMI	\$50,850	\$58,050	\$65,340	\$72,540
100% AMI	\$56,500	\$64,500	\$72,600	\$80,600
110% AMI	\$62,150	\$70,950	\$79,860	\$88,660
120% AMI	\$67,800	\$77,400	\$87,120	\$96,720
150% AMI	\$84,750	\$96,750	\$108,900	\$120,900
200% AMI	\$113,000	\$129,000	\$145,200	\$161,200

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## Appendix B: Calculation of Sale and Rental Prices and Payment in Lieu

### ALLOWED RENT AND SALE PRICES

It is generally accepted in the affordable housing field that housing is affordable if either

(1) the total of rent and utilities or

(2) the total of mortgage payment, insurance, taxes and HOA dues is not more than 30% of monthly gross income. This standard forms the basis of the allowed rents and sale prices.

In calculating allowed prices on a square footage basis, it is assumed that a Household earning the target income for the unit will occupy a unit at the mid-point of the allowed square footage range for a given number of bedrooms. This results in the income affordability ranges described in Section 203.3, since some units can be larger and some smaller than the mid-point.

Calculation of **Allowed Gross Rent** (total of rent and utilities) is accomplished by dividing the Target Income by 12 and multiplying the result by 30%. Expressed in MS Excel format:

***Allowed Gross Rent***

***=TargetIncome/12\*30%***

The Allowed Gross Rent is also the allowed payment for a monthly mortgage payment (including also the taxes, insurance and HOA dues escrow payments). Calculation of the **Allowed Initial Sale Price** assumes a 30-year fixed rate mortgage with a down payment of 5% of the purchase price. This calculation can be simplified by choosing a higher than market interest rate instead of attempting to quantify the escrow portion of the monthly payment. Since recent interest rates for a 30-year fixed rate mortgage have been close to 6.5%, using an effective interest rate of 7.25% gives a generous cushion for the escrow payments. Expressed in MS Excel format:

***Allowed Initial Sale Price***

***=-PV(InterestRate/12,360,AllowedGrossRent)/(1-DownPaymentPercentage)***

Calculating the above prices on a square footage basis requires dividing the Allowed Gross Rent and Allowed Initial Sale Price above by the mid-point square footage for a given bedroom size. Mid-points (based on the square footage limits from Section 209.1) are:

Unit Type:	Min Square Feet:	Mid Point:	Max Square Feet:
1 Bedroom/Studio	450	525	600
2 Bedroom	750	850	950
3 Bedroom	950	1,075	1,200

## **PAYMENT IN LIEU**

Payment in-Lieu (“PIL”) is the difference between the total cost to construct and affordable housing unit (as outlined below) and the average, initial sales price for a Tier I Unit. This methodology is based on a study completed by Resource Planning Institute, Inc, for the Town of Telluride titled: Town of Telluride Affordable Housing Mitigation Fee in Lieu Update, dated February 2004 (“Fee Study”), a copy of which is kept on file by the Telluride Planning and Building Department. The base assumptions of the fee study are hereby incorporated into the following formulas for determining the payment in-lieu:

### **Step 1: Calculate the Current Cost to Construct an Affordable Housing Unit**

Based on recent affordable housing projects, determine the average cost per square foot to construct the project, including all soft and hard costs but not including land cost. This variable is shown as “CC” in the formulas set forth below. In 2009, the average construction cost per square foot (except land) for both the Mendota and Entrada Projects was \$221 per square foot.

### **Step 2: Determine the Average Sales Price for Vacant Land**

Based on land sales for the prior one or two years, develop the average sales price per square foot for vacant land where housing will likely be built in the near future. This is most likely in zone districts that permit higher density, such as the AC II, C and HC zone districts in the Town. This variable is shown as “AVLSP” in the formulas set forth Below. In 2009, the AVLSP is \$350 per sq. ft., but the AVLSP will change over time so it is necessary to get new data each time the PIL is updated.

### **Step 3: Determine the Average Floor Area Ratio for Recent Housing Projects**

Based on recent affordable housing projects, determine the average floor area ratio that is being realized for housing projects. This variable is used to determine the Actual Land Cost for Producing Housing discussed in Step 4 below. This variable is shown as “AFAR” in the formulas set forth below. The 2009 AFAR is 1.3 based on the Lot E of Shandoka, Mendota and Entrada housing projects but the AFAR may change over time so it is necessary to get new data each time the PIL is updated if such data is available. Otherwise, the PIL update may look at average FARs in zone districts where it is likely that affordable housing will occur to develop the AFAR.

### **Step 4: Determine the Actual Land Cost for Producing Housing.**

The actual land cost per sq. ft. goes down in price with the development of more floor area. In Telluride, the recent AFAR seen in housing projects is 1.3:1, but this may change over time so it is necessary to check the AFAR based on recent projects as well floor areas seen on land where future housing is to occur. The goal is to create an AFAR that allows for a good estimate of average floor areas so that the actual land cost for producing housing can be derived. The formula for determining the Actual Cost for

Producing Housing, hereinafter referred to as “ALCPH” is calculated based on the following formula:

$$\text{ALPCH} = \text{AVLSP}/\text{AFAR}:$$

For 2009, the ALPCH is calculated as follows:  $\$350 \text{ sq. ft.} / 1.3 = \$269.23 \text{ sq. ft.}$

**Step 5: Determine the Average Sales Price for a Tier I Housing Unit**

A payment in-lieu is typically allowed for projects that generate less than 500 sq. ft. of mitigation. The Guidelines state that a project that has less than 1,000 sq. ft. of required mitigation only requires mitigation in Tier I Units. The average sales price of an affordable housing unit is therefore based on the average sales price of a Tier I Unit (Based on averaging the per sq. ft. price for each Tier 1 unit type). This variable is shown as “AVT1” in the formulas set forth below. In 2009, the for the average sales price of a Tier I Unit, which is approximately \$262 per square foot, but this variable will change over time.

**Step 6: Calculate the Payment in-Lieu:**

The PIL is calculated as follows:

$$\text{PIL} = (\text{ALPCH} + \text{CC}) - \text{AVT1}$$

Therefore, the payment in-lieu fee for today’s real estate market calculated as follows:

$$(\$269 + 221) - 262 = 228 \text{ per sq. ft.}$$

The Tier I Unit sales prices are to be updated soon, so the final PIL fee may need to be adjusted to reflect any change in the AVT1 variable. Such a Tier 1 update will occur prior to the adoption of a new PIL fee.

Figures and calculations used to derive the current affordable housing payment in-lieu fee are kept on file by the Town of Telluride Planning and Building Director.