

TELLURIDE AFFORDABLE HOUSING GUIDELINES

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DEFINITIONS

Definitions of 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 or more generically any Housing Unit that is restricted to sale or rental at a specified price to a Qualified Household or Owner 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 Buyer 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 –

Assets – Anything 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.

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.

Household Gross Assets – Combined Gross Assets of the Household.

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

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.

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.

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

Capital Improvements (Allowed) - See Permitted Capital Improvements

Commercial Property – Property which is used for any of the following uses as defined by the Telluride Municipal Code Chapter 18 “Land Use Code”: Commercial; Industrial; Accommodations (including Hotel, Lodge, Boarding and Rooming houses, Lock-off units, and Short-term Dwelling Units); Agricultural Land.

Consumer Price Index [CPI] – Two Indices are used for purposes of the Guidelines and for purposes of the Deed Restriction: the Consumer Price Index, All Items, U.S. City Average,

Urban Wage Earners and Clerical Workers (CPI-W) or its successor index; or the Consumer Price Index, All Items, Denver-Boulder-Greeley CPI-W. 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 co-signer 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 Buyer 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 person related by blood or adoption to a Tenant or Owner of a Housing Unit declared as a dependent for federal income tax purposes by such Tenant or Owner, or by Tenant's or Owner's present or former spouse.

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." (see also Mobility Disabled Person)

Down Payment – The initial payment one makes when purchasing the Housing Unit with debt or otherwise paid in installments. Buyer may convert personal assets held for two (2) years or greater to cash for use as a Down Payment without said cash considered Income for purposes of Qualification. Additionally, a one-time gift of up to 30% of the Original Purchase Price used exclusively as a down payment for the purchase of a Housing Unit may be considered as a net asset, and not as earned income for the purposes of initial qualification.

Earned Income – See income

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.

Eligibility Tier – See Income Eligibility Tier

Essential Response Personnel – Those required to report to their designated work location to ensure the operation of **essential** functions during an emergency. Qualified Emergency Response Personnel are employees or volunteers (on call 12 hours/day, a minimum of 8 times per month or its equivalent) of a community based organization that provides on-scene assistance and personal care to victims. Community based organizations include but are not limited to the Fire Department, Mountain Rescue, Marshal's and Sheriff's Departments, Hospital Emergency Services, Emergency Medical Services, Social Services, and Emergency Dispatch. Emergency Service Organizations must demonstrate the need of that agency to house another Essential Response Worker in the Telluride area by requesting a formal approval through 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. See also Qualified Employee.

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.

Exception – A variance from these Guidelines granted to a Household or other interested party through the Exception Procedure in Section 109.2.

Fair Market Value – The price at which bona fide non-distress sales have been consummated for assets of like type, quality, and quantity in a particular market.

Family – See Immediate Family

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 – See Assets

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.

Guest – A person with whom a Household shares the same living quarters who has no proprietary interest including no leasehold interest in the Housing Unit, who is not on the title to the unit, who does not provide financial assistance to the Household, and whose stay is limited to less than thirty (30) days every six (6) months, except if Guest would otherwise qualify under Household and,

- a. does not provide financial assistance to Household; AND
- b. either provides or receives, without financial gain, elder care, child care, rehabilitation assistance or similar services as approved by THA Staff.

Guidelines – These Telluride Affordable Housing Guidelines or specific provisions thereof as the context requires.

Household – All Owners and/or Tenants, or those applying to own or rent, their immediate family and any parties who will be occupying the Housing Unit, excluding Guests.

Household Income – See Income

Household Gross Assets – See Assets

Household Net Assets – See Assets

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.

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

Immediate Family – The Qualified Employee and the spouse of the Qualified Employee and their siblings, the parents and/or offspring of the Qualified Employee and the spouse of the Qualified Employee, all of whom may be related either biologically, by marriage, by civil union and/or by legal adoption, and regardless of age. Immediate Family also includes: a minor child for whom the Qualified Employee or the spouse of the Qualified Employee becomes a legal guardian and a minor child for whom the Qualified Employee or the spouse of the Qualified Employee becomes a legal foster parent. Such children shall be treated as biological children and have the same Immediate Family status, regardless of age.

Income –

Earned Income –

- i. Income derived from one's own labor or through active participation on a regular, continuous, and substantial basis in a business and including retirement funds from deferred income earned from employment, Social Security benefits, alimony and child support; and
- ii. Net income derived from a business after reasonable deductions for expenses, depreciation, taxes, and similar allowances.
- iii. For Qualified Elderly, retirement and/or pension income, regardless of origin, is considered earned within the R-1 School District.

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

Unearned Income – Income derived from investments, rental property, trusts, inheritance, etc. and any other passive activity.

Gross Income – The total of all income from whatever source before deductions.

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

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

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 206.1.

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 – A room or place for the preparation and cooking of food which contains facilities for the boiling, heating, reheating, baking, frying, etc. of food and shall, at a minimum, include a two-burner or four-burner stovetop and an oven.

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 the Exception Procedure in Section 109.2. .

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

Maximum Rental Rate – The total amount per month including utilities that a Qualified Owner is allowed to charge to a Household in leasing a Housing Unit. If utilities are paid by the Tenant, HUD utility standard allowances, Utilities Allowances, shall be deducted from the Maximum Rental Rate to determine the Contract Rent allowed.

Maximum Sale Price [MSP] – Unless otherwise defined in the Deed Restriction covering the unit, the Owner's Maximum Sale Price is determined according to Section 106.3.

Mobility Disabled Person – A person who is Disabled and who suffers from a limitation in independent, purposeful physical movement of the body or of one or more extremities.

Mortgagee – A lender in a mortgage loan transaction.

Mortgagor – A borrower in a mortgage loan transaction.

Net Assets – See Assets

Notice of Violation – A formal written notice from the Town of Telluride or the THA to a Housing Unit Owner or Tenant who is in violation of provisions of the Deed Restriction for the Housing Unit or of the provisions of the Telluride Affordable Housing Guidelines.

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 [OPP] – The price paid for the Housing Unit by the current Owner(s) and used as a basis to determine the Maximum Sale 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.

Permitted Capital Improvements – Unless otherwise defined in the Deed Restriction covering the Housing Unit, a Permitted Capital Improvement is any fixture ***approved by THA Staff prior to erection, construction or installation*** that is erected, constructed or installed 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. Labor costs provided by the Owner may be authorized for up to 50% of the Permitted Capital Improvements upon approval by the THA. Permitted Capital Improvements shall NOT include luxury items, upgrades for esthetic or personal preference, landscaping, 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 and THA prior to undertaking any Capital Improvements. **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 – See Housing Program

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.

Qualification – The minimum standards of employment, residency and/or net assets that are applied to a Qualified Household according to Section 103 and Section 105 as well as any additional qualifications under a particular Housing Program.

Qualified Employee – An employee who is qualified under the terms of these Guidelines for the purposes of initial and/or continuing Household qualification.

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 who is permitted to own Housing Units. Specific definitions are contained in Section 203.3 and Section 403.5 as they apply to their respective programs.

Rent – (see Maximum Rental Rate)

Sale – For purposes of the 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.

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.

Tenant – A person who has the temporary use and occupation of real property owned by another subject to the Guidelines.

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 Telluride Housing Authority 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.

Utilities Allowance – The amount dedicated for tenant paid utilities based upon the utility allowance schedule developed by HUD for rent subsidized units in San Miguel County. The utility allowance schedule is available at THA.

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

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Part 1 COMMON POLICIES

Section 101 PURPOSE AND APPLICABILITY

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.

- 101.1 The Guidelines are split into Parts and Appendices. However, due to the interdependence of the many aspects of the programs, they must be read as a whole. Part 1 summarizes the key Guideline provisions that are common to all Housing Programs covered by these Guidelines. Parts 2 through 8 are reserved for specific Housing Programs, and Part 9 outlines administrative procedure.
- 101.2 Each Housing Program is subject to provisions that are unique to that program. Such provisions are contained in the Part that applies to the Housing Program in question.
- 101.3 Every sale or rental of a Housing Unit shall be subject to the Guidelines in effect at the time of sale or rental. Owners and Tenants are subject to the Guidelines in effect as amended during their ownership or lease. However, Maximum Sale Price shall always be determined by the Deed Restriction for the Housing Unit. THA will require filing of a new Deed Restriction with updated terms at the time of sale or transfer of a Housing Unit.
- 101.4 Violations of these Guidelines are considered to be violations of the Telluride Municipal Code and are subject to the penalties adopted for such violations in addition to remedies provided herein.
- 101.5 These Guidelines are considered legislative rules and regulations in order to control and enforce any applicable Deed Restriction and/or covenant on real property and have the force and effect of law and can be enforced by THA or its authorized agents and/or representatives. These rules have binding effect on all individuals and courts. THA is authorized to establish fees or penalties for violations not to exceed the general penalty parameters of Telluride Municipal Code § 1-4-10(a)(2) (see Appendix E).

Section 102 GENERAL POLICY GOALS

- 102.1 The general goal of all Housing Programs covered by these Guidelines is to provide affordable housing for residents and their families who make a living primarily from Employment that requires their presence within the boundaries of the Telluride R-1 School District This is accomplished primarily by regulating and restricting occupancy and sale of the Housing Units covered by the Guidelines to “Qualified Households” as defined.
- 102.2 Certain Housing Programs also limit eligibility for ownership or occupancy to Qualified Households that meet specific economic means tests that 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 and for the long-term affordability of the Housing Unit.
- 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 and 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 and Appeal processes have been established (see Section 109).
- 102.5 THA or its designee is authorized to adopt specific policy directives as necessary to clarify and aid in the application and enforcement of the Guidelines. Policy directives shall be adopted by THA at a properly noticed public meeting.
- 102.6 **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 expressed 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 may have up to three levels of evaluation to determine the qualification of Applicants for the purchase or occupancy of Housing Units, 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 Housing Program.

Priority refers to the rules by which Applicants for particular Housing Units are placed in order for the purpose of offering the Units for sale or rent as they become available (e.g. a bidding, waiting list or lottery procedure).

- A. A Household must maintain its Qualification continuously as long as it owns, rents or occupies the Housing Unit. Failure to continuously meet Qualified Household Criteria shall require vacation of the Housing Unit, or sale of the Housing Unit according to the provisions for Unqualified Owners in the Deed Restriction and in Section 106.
- B. Eligibility and Priority only apply at the time of initial rental or purchase of the Housing Unit.

103.2 **Household Initial Qualification**

A. **“Qualified Household” Defined** - Qualified Households must:

1. meet the Employment Requirement;
2. meet the Earned Income Standard;
3. meet the Residency Standard;
4. meet the Property Ownership Standard; and
5. meet the Net Assets Standard.

B. **Employment Requirement**

1. **Ownership** - At least one member of the Household who is an Owner shall be a Qualified Employee and must demonstrate and verify 1400 hours of employment for which presence is required within the boundaries of the Telluride R-1 School District for a minimum of forty (40) hours per month for at least twelve (12) of the sixteen (16) months immediately prior to submission of an application.
2. **Rental and/or Occupancy** - Each person renting or occupying a room in a Housing Unit must be a Qualified Employee and demonstrate and verify 1000 hours of employment for which presence is required within the boundaries of the Telluride R-1 School District for a minimum of forty (40) hours per month for at least twelve (12) of the sixteen (16) months immediately prior to submission of an application or provide verifiable intent to work 1000 hours within twelve (12) months of application.
3. **Qualifying Volunteer Hours** - Up to ten percent (10%) of the required employment hours may be filled by verifiable Volunteer Community Service within the boundaries of the Telluride R-1 School District.
4. **Exemptions.** Those who have been determined by THA to be Qualified Elderly or Qualified Disabled prior to application for ownership or rental, as well as Immediate Family of a Qualified Employee are exempt from the required employment hours.
 - i. **Qualified Disabled** – Those who are disabled may apply to be Qualified Disabled by providing a verifiable history of employment meeting the ownership or rental occupancy Employment Requirements on a rolling twelve (12) month basis for at least five (5) of the seven (7) years immediately prior to application for Qualified Disabled as defined.
 - ii. **Qualified Elderly** – Those who are 65 years or older may apply to be Qualified Elderly by providing a verifiable history of employment meeting the ownership or rental occupancy Employment Requirements on a rolling twelve (12) month basis for at least five (5) of the seven (7) years immediately prior to application for Qualified Elderly as defined.

C. **Earned Income Standard**

1. Households must earn a minimum of seventy-five percent (75%) of their Gross Income in the Telluride R-1 School District.

2. **Exemptions** – The following are exempt from the earned income standard:
 - i. Those who are Qualified Disabled per the provisions of Section 103.2B.4. i; and
 - ii. Those who are Qualified Elderly per the provisions of Section 103.2B.4. ii.

D. Residency Standard

1. Applicants purchasing a Housing Unit must have lived in the four-county region (San Miguel, Montrose, Dolores, and Ouray) a minimum of the twelve (12) months immediately prior to application.
2. Applicants purchasing or renting must intend to occupy and will be required on an ongoing basis to occupy the Housing Unit, as their sole and primary residence.

E. Property Ownership Standard

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, unless such ownership causes the Household to exceed the limitation on Net Assets contained in Section 103.2F.
3. Ownership of developed residential property within the boundaries of San Miguel County is restricted.
 - i. **If the residential property is deed restricted as affordable or employee housing** 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 property is any other form of developed residential property** the Household will be required to
 - (1) sell the other property under the terms of 103.2E.3. i; 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 property to a Qualified Household. The Household shall follow the general rental procedures contained in Section 107 of these Guidelines. In addition, the property must be leased to a Qualified Household beginning not longer than 90 days after the closing of the

purchase 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 property remains out of lease for more than thirty (30) consecutive days, THA may give notice requiring the Owner to be under contract to sell either the Housing Unit or the other developed residential property within eight (8) months and close the sale within one (1) year from the date of the notice.

- iii. **Exceptions** - The Household must make an application to THA according to the Exceptions Procedure in Section 109.2 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 developed residential property in San Miguel County after taking ownership of a Housing Unit must be granted an Exception prior to taking ownership of the additional property.

F. Net Assets Standard

- 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 the Household Net Assets. See “Definitions” for further information.
- 2. A one-time gift of up to thirty percent (30%) of the OPP used only as a Down Payment for the purchase of a Housing Unit may be considered in Net Assets, and not as Income, for the purposes of initial qualification.
- 3. **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 (2) years without fair consideration in order to meet the net asset limitation or the property ownership limitation shall be ineligible.

103.3 **Household Eligibility Criteria**

- A. **Income Eligibility Tiers** – In addition to the Qualification criteria, Eligibility criteria may differ between units that are targeted to different Tiers, as defined in Appendix A.
 - 1. In the event a Housing Unit does not have a designated Tier, the Tier 3 income criteria in Appendix A shall apply to determine income levels for purchase or rental, except as set forth in Part 4 “Employee Dwelling Units Program”.
 - 2. The existence of more than one Eligibility Tier does not guarantee that the Town or THA will construct or otherwise make available housing in that Tier.
- B. **Household Size** – The total number of people in a Household shall not be less than the following Minimum Household Sizes:

Unit Type:	Minimum Household Size:
1 Bedroom/Studio	1 person

2 Bedroom	2 person
3 Bedroom	3 persons
4 Bedroom	4 persons

- C. 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 INITIAL HOUSEHOLD APPLICATION PROCESS

- 104.1 Applications for qualification 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:
 - A. upon request of THA due to the Household’s high ranking in an ownership lottery if applicable, or
 - B. upon the initial application to THA.
- 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 or vacation 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 Municipal Code which provides for additional penalties in such cases, including nullification of application.
- 104.4 **Homeowners Associations:** The Housing Unit may be subject to a homeowners association (“HOA”). HOA dues are authorized in Colorado under Colorado Revised Statutes §38-33.3-101 et seq. If applicable, all Owners of Housing Units are required to timely remit payment of HOA dues. Applicants should be aware that HOA dues may be substantial, and homeowners associations frequently have other interests and regulations that affect Housing Units. It is the Household’s responsibility to be aware of these interests.
- 104.5 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 per Section 308;
- C. Any other information that a court of competent jurisdiction rules must be released under the Freedom of Information Act or the Colorado Open Records Act;
- D. Personal and private information necessary for an independent audit of THA records, provided such person or entity provides authorization; and
- E. Personal and private information to the extent THA determines the information is necessary for its deliberation of a request for an Exception or for consideration during a violation hearing.

104.6 THA may require third-party verification for all self-employed Applicants at initial qualification and during compliance checks.

104.7 THA may employ outside accounting expertise to evaluate the reasonability of an Applicant's or Household's representations of Income and Assets. The expense for outside services shall be borne by the Applicant or Household.

Section 105 **CONTINUING HOUSEHOLD QUALIFICATION AND VERIFICATION**

105.1 THA requires Households, including all occupants of Housing Units, to maintain Qualified Household status on an on-going basis.

105.2 Changes to Qualified Households impact ongoing qualifications and may jeopardize qualification, such as a pending separation or divorce, the death of a Household member, or departure of a Household member, and the addition of Immediate Family members as defined, and shall be reported to THA within 30 days of said change. THA will make every effort to maintain stable housing for Households in transition, but shall require the Household to come into compliance within a reasonable period prior to issuing a Notice of Violation.

105.3 **Compliance Checks** – In order to verify compliance with Deed Restrictions and the Guidelines, THA will conduct regular Compliance Checks, and may initiate random Compliance Checks to investigate complaints or reports of non-compliance.

105.4 THA shall require Households to verify that they remain a Qualified Household within twenty-one (21) days of a written notice of Compliance Check or a penalty will be assessed (see Appendix E). Section 104.1 shall apply to Compliance Check submissions, and a sworn statement shall be required.

105.5 **Qualified Household Continuing Requirements** – Verification of the following shall be required:

A. **Continuing Employment Standard**

1. A Qualified Employee shall work a minimum of eight (8) of every twelve (12) months on a rolling twelve (12) month basis, and must work a minimum of forty (40) hours per month during the eight (8) months of employment.

2. Qualifying employment includes hours of employment for which presence is required within the boundaries of the Telluride R-1 School District and up to ten percent (10%) of the required hours may be filled by verifiable Volunteer Community Service within the boundaries of the Telluride R-1 School District.
3. Required minimum hours to maintain qualification are:
 - i. Tenants - 1000 hours on a rolling twelve (12) month basis for Tenants of a Housing Unit or of a room in or portion of a Housing Unit; or
 - ii. Owners - 1400 hours on a rolling twelve (12) month basis for Owners of a Housing Unit.
4. Qualified Elderly, Qualified Disabled and Immediate Family of Qualified Employees are exempt from the continuing employment standard.

B. Continuing Income Standard

1. Household earns a minimum of 75% of Gross Income in the Telluride R1 School District.
2. Qualified Owners are exempt from Income Eligibility Tier income limits.
3. The addition of Immediate Family members are exempt from Income Eligibility Tier income limits as long as the new members of Household are reported within the 30 day timeline. After 30 days, a hearing may be required to determine the Household's status.
4. Tenants must re-qualify annually with respect to income limits.

C. Continuing Residency Standard – Qualified Households shall occupy the Housing Unit for at least eight (8) of every twelve (12) months on a rolling twelve (12) month basis.

1. **Leave Of Absence** – In the event a Household wishes to not occupy the unit for a period of time exceeding four (4) 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 shall condition the granting of the Leave of Absence on the Household's offering the Housing Unit for rent to a Qualified Household, during the period of the requested leave. THA may include other conditions, such as a Maximum Rental Rate, as it deems necessary. Applications for a Leave of Absence shall be made to THA according to the Exceptions Procedure in Section 109.2. Short-term rental of Housing Units is otherwise prohibited and is a violation of the Telluride Municipal Code.

D. Continuing Property Ownership Standard – The provisions of Section 103.2E "Property Ownership Standard" apply.

E. Continuing Net Assets Standard – The provisions of Section 103.2F "Net Assets Standard" apply. Exceeding the Net Assets Standard shall trigger a review by THA and Net Assets shall not exceed two and one half (2.5) times the Maximum Sale Price of the Housing Unit at the time of requalification.

105.6 Failure to timely complete the verification process is considered a serious breach of the Deed Restriction and violation of the Guidelines and shall be grounds for disqualification and forced sale or vacation of the Housing Unit as applicable. For any late submissions accepted, THA shall impose a Compliance Late Penalty (see Appendix E) for each day the submission is late.

Section 106 **SALE AND RESALE OF UNITS**

106.1 The initial sale of all Housing Units shall be in accordance with applicable lottery, wait list or other selection procedures as determined by the Town, which may vary depending on the specific Housing Program under which the Housing Units were created.

106.2 **Resale Options** – Sellers of Housing Units have the following options for advertisement and marketing of their units, unless otherwise limited by the Deed Restriction or the specific Housing Program under which the Housing Units were created:

- A. Seller may offer the Housing Unit for sale through a THA ownership lottery as set for the in Section 308; or
- B. Seller may advertise, market and sell a unit directly or list the unit with a real estate broker licensed to do business in the State of Colorado provided that:
 1. the Buyer meets the Qualified Household requirements of Section 103.2A.2. through 103.2A.5. ; and
 2. Seller's real estate commissions must be borne by the seller and cannot be passed on to the Buyer.

106.3 **Maximum Sales Price** – The Maximum Sale Price of the Housing Unit shall be calculated according to its Deed Restriction. In no case shall any Housing Unit be sold for more than the Maximum Sale Price. The contracted sale price shall be the only exchange of value between parties to any sale of the Housing Unit. Both Buyer and seller must execute a sworn statement affirming that the contracted sale price is the only exchange of value in the sale. Any exchange of value outside the contract sale price shall invalidate the sale in addition to being a violation of the Telluride Municipal Code and applicable provisions of Colorado Law which provide for additional civil and criminal remedies.

A. **Minimum Standards for Maximum Sale Price** – The Owner, Buyer and THA shall work together in addressing repairs necessary to bring a Housing Unit to Minimum Standards for Maximum Sale Price. Owners and Buyers shall use the following checklist of Minimum Standards for a sale at Maximum Sale Price, including but not limited to:

- Clean, odor-free interior;
- Carpets professionally steam-cleaned within two (2) days of closing;
- Appliances must be clean and in good working order;
- Surface scratches, marks, holes in doors, floors, walls, woodwork, cabinets, countertops, other than normal wear and tear, repaired;
- Walls in good repair and paint-ready;
- Windows and window locks in good repair and broken panes replaced;

- Window screens in place and in good repair;
- Doors and door locks in good repair and working keys for all locks at closing;
- Light fixtures, outlets, switches secure and in working order;
- Plumbing in good repair with no leaks;
- Tile grout in good repair, mold free and clean;
- Roof in good repair with no leaks (if home is a single family); and
- Safety hazards resolved.

B. **Mitigation of Repairs** – THA shall conduct a cursory inspection pointing out items that may show up in an inspection report; however, THA’s inspection does not take the place of the inspection done by an expert. The seller shall make identified repairs to bring the unit to Minimum Standards for Maximum Sale Price prior to closing. If a unit does not meet the minimum standards, THA may, at its discretion, require:

1. That the cost of necessary repairs be deducted from the closing sale price; or
2. That a credit be required from the seller to the Buyer; or
3. That the seller place into escrow the funds necessary to ensure satisfactory repairs, the balance of which, after necessary repairs, shall be returned to the seller.

106.4 **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 and must disclose all relevant information known to them. All financial information shall remain confidential except as noted in Section 104.5.

A. Relevant documents include but are not limited to:

1. the sales contract for the Housing Unit;
2. the Buyer’s application for financing and related documentation; and
3. title and escrow documents related to the sale.

B. Sellers must inform Buyers of any proposed or pending increases in homeowner association dues, as well as any proposed or pending assessments.

106.5 **Notification Required** –Written notice to THA shall be required for any pending change in financing or ownership of a Housing Unit. Failure to timely notify THA is considered a serious breach of the Deed Restriction and violation of the Guidelines and shall be subject to a Notification Required Penalty (see Appendix E) for each day the failure to notify persists.

A. Notice of intent to sell a Housing Unit must be given at least sixty (60) days prior to the sale of the unit on notice forms available from THA.

B. Notice of transfer of any interest in a Housing Unit must be given at least thirty (30) days prior to the transfer and will require the execution of a new Deed Restriction.

C. Notice of refinancing of a Housing Unit must be given at least thirty (30) days prior to closing of the loan and may necessitate the recording of a new Option to Purchase by the Owner and the note holder at closing.

106.6 **Consult with Staff** – Sellers 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 Guidelines and processes, and to verify the Maximum Sale Price and other applicable provisions of the Deed Restriction concerning the sale.

106.7 **Independent Legal Counsel** – All sellers and Buyers 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 Buyer's and seller's own expense. All fees due to THA shall be paid regardless of any action or services that the Buyer or seller may undertake or acquire.

106.8 **Title Company** – THA advises Buyers 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 the 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.

106.9 **Fee** – At the closing of the sale, the seller, except when the seller is the Town or its designee, a Qualified Household or a Qualified Holder, 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.

106.10 **Deed Restriction** – THA shall prepare the Buyer's Deed Restriction, including the Option to Purchase, in accordance with the provisions of Section 108.

Section 107 **RENTAL PROCEDURES**

107.1 In cases where rental of a Housing Unit is permitted under the applicable Housing Program, the following shall apply:

A. **Households** – Households shall include all Tenants occupying the Housing Unit.

1. Households shall meet the Household Initial Qualification criteria as set forth in Section 103.2.
2. Household Qualification shall be recertified by THA Staff at Lease renewal and any time there is a change in Household.

B. **Tenants** – All Tenants shall be Qualified Employees.

1. THA Staff shall certify the qualification of all Tenants prior to tenancy and/or the signing of a lease.

2. Tenants shall meet the Income Eligibility Criteria designated by the Housing Unit's Income Eligibility Tier (see Appendix A) at time of initial tenancy.
- C. **Landlords** – Owners of Housing Units may, in some instances, be permitted to rent their Housing Units.
1. Landlords must obtain proof of qualification from all Tenants prior to occupancy.
 2. Landlords shall provide a copy of the lease agreement with Tenant to THA within five working days of its execution.
 3. THA shall impose a penalty (see Appendix E) on Landlord for each day of Tenant's occupancy without proof of qualification.
- D. **Leases** – Rental and or occupancy of Housing Units must be memorialized by a written Lease.
1. Leases must include reference to applicable provisions of the Deed Restriction including but not limited to restrictions on rental rates.
 2. Leases must be for a minimum of six months with a maximum of twenty four months. 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.
 3. Executed copies of Leases shall be on file with THA at all times during the period in which rental of the Housing Unit is required or has been approved.
 4. A sublease to a Qualified Employee is allowed upon approval of the Owner and of THA.
 5. **Lease Renewal** – At the time of any Lease renewal, Maximum Rental Rate may be adjusted up or down in conformity with amendments to the Guidelines. Household Income exceeding two (2) times the Income Eligibility Tier limit per Appendix A shall trigger termination of lease and Tenants shall be given 60 days to quit.

107.2 **Requirements for Occupancy of a Room or Portion of an Owner-Occupied Housing Unit**

- A. All Tenants must be qualified by THA prior to occupancy and/or execution of a Lease and requalified upon Lease renewal.
- B. For purposes of qualification for room rental pursuant to Section 103.2 each room rental shall be qualified as a tenant household:
 1. Tenant households shall meet the Employment, Earned Income, Residency, Property Ownership and Net Assets Standards; and
 2. Tenant household Income Eligibility shall be determined by the Housing Unit's Income Eligibility Tier (see Appendix A) at time of initial tenancy, with income restrictions based on the income restriction of the equivalent Household size for the number of Tenants sharing each room.
- C. Maximum Rental Rate per room shall not exceed Tier 1 studio/one-bedroom rental rate.

- D. A Lease between Owner and Tenant(s) must be executed and filed with THA. Lease term shall be a minimum of six (6) months and a maximum of twelve (12) months. Owners shall be subject to a penalty (see Appendix E) for each day a Tenant occupies a room without proof of qualification, or without a current lease on file with THA.
- E. Tenants renting rooms from a Qualified Owner under this Section 107.2 will not be considered member of the Qualified Owner's Household for Continuing Household Qualification purposes pursuant to Section 105.

Section 108 DEED RESTRICTION

108.1 A Deed Restriction shall be applied prior to or concurrent with each sale or transfer by other means of a Housing Unit. Original executed and recorded documents will be maintained by THA or the Town of Telluride. Provisions herein 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.

108.2 The Deed Restriction shall specify:

- A. The Original Purchase Price ("OPP"). Each property Sale generates a new OPP, and necessitates execution of a new Deed Restriction. Transfer of a Housing Unit does not necessarily change the OPP, but does necessitate execution of a new Deed Restriction.
- B. The Maximum Rental Rate including provisions for any increases when applicable.
- C. The designated Income Eligibility Tier for the Housing Unit.
- D. The method of calculation of the allowed Maximum Sale Price ("MSP"). MSP shall be the OPP specified in the Deed Restriction,
 - 1. PLUS, the lesser of:
 - i. 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
 - ii. The greater of:
 - 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
 - the amount based on the Consumer Price Index, All Items, 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).

2. 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;
 3. PLUS, the costs of Permitted Capital Improvements as defined, not to exceed five percent (5%) of the OPP or as determined by the Town on a project specific basis provided that:
 - i. Improvements are pre-approved by THA prior to commencement of any work or installation to be considered in the calculation of the MSP.

Proof of homeowners' association approval must be provided to THA prior to commencement of work.

Improvements must be properly permitted and inspected by the Town of Telluride Building Official if applicable.
 - ii. Improvements are documented by the Owner and submitted to THA.
 4. PLUS, the costs of Permitted Capital improvements exceeding five percent (5%) of the OPP that have been approved through the Exception Procedure in Section 109.2. In no case shall Permitted Capital Improvements exceed ten percent (10%) of the OPP. THA shall consider Permitted Capital Improvements by previous Owners to ensure that the MSP does not increase the Housing Unit's affordability in relationship to the targeted AMI.
 - i. Improvements are pre-approved by THA prior to commencement of any work or installation to be considered in the calculation of the MSP.

Proof of homeowners' association approval must be provided to THA prior to commencement of work.

Improvements must be properly permitted and inspected by the Town of Telluride Building Official if applicable.
 - ii. Improvements are documented by the Owner and submitted to THA.
 5. Less the Depreciation on Permitted Capital Improvements
 6. 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.
- E. The Housing Unit may be used in a Home Occupation if:
1. proof of compliance with the Telluride Municipal Code Chapter 18 "Telluride Land Use Code" Article 2 Section 2-160, as amended, or its successor document, is provided to THA;
 2. HOA approval of the specific Home Occupation is filed with THA, if applicable;
 3. the business holds a current Town of Telluride business license; and

4. the business holds current Town of Telluride sales and excise tax licenses, if applicable.

THA does not make any guarantees of the Owner's ability to sell the Housing Unit for its Maximum Sale Price or rent the Housing Unit for its Maximum Rental Rate.

- 108.3 Violation of any of the covenants, conditions and terms of the Deed Restriction shall also be a violation of these Guidelines whether or not a corollary provision exists.
- 108.4 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 Colorado Revised Statutes §38-12-301. 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 to Section 208.5.
- 108.5 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.
- 108.6 The Deed Restriction shall be binding on all Owners, successors and assigns including any holder of a deed in lieu of foreclosure.
- 108.7 The Deed Restriction, Option to Purchase, 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.
- 108.8 Deed Restrictions may not be transferred off the property unless otherwise permitted by the specific Housing Program under which the Housing Units were created.
- 108.9 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 109 **EXCEPTIONS, APPEALS AND GRIEVANCES**

109.1 **Definitions**

- A. **Exceptions** – Except as otherwise set forth herein, a request for an Exception to these 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 on a case-by-case basis, provided that THA finds such Exception will promote the provision of Affordable Housing. The Exception Procedure in

Section 109.2 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 after an initial determination the criteria have been applied incorrectly.
- C. **Grievances** – A grievance is any dispute that seller, Buyer 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 in Section 109.4.

109.2 **Exception Procedure**

- A. A Request for Exception must be presented in writing to THA on forms available from THA, and must include:
 - 1. A fully completed application;
 - 2. The particular ground(s) upon which the Exception is based;
 - 3. The action or remedy requested;
 - 4. The name, mailing and electronic addresses and telephone number of the Applicant and similar information of Applicant's representative, if any;
 - 5. Proof of notification of the Exception request to the Housing Unit's homeowners' association, if applicable; and,
 - 6. Exception fee (see Appendix E).
- B. **Process** – All requests for Exceptions will be reviewed by THA Staff for completeness and handled administratively (see Section 903.4 "Administrative Exceptions") or forwarded to the THA Subcommittee for consideration at a public hearing.
 - 1. Prior to consideration by the Subcommittee, THA Staff shall prepare a written report analyzing the impact of the Exception on the Housing Program. THA Staff shall distribute a copy of the report to the THA Subcommittee and the Applicant requesting the Exception and shall make the report available to the public.
 - 2. Following a hearing by the THA Subcommittee, the decision by the Subcommittee may be appealed to the THA Board pursuant to the Appeals Procedure in Section 109.3.
- C. **Standards for Review of Exception Applications** – Applicants desiring an Exception must demonstrate, and the THA Subcommittee must find, that the Exception meets the General Policy Goals as set forth in Section 102 and 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 Telluride 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).
- D. Exceptions shall not be granted:
- 1. To Applicants who have been issued a Notice of Violation as defined and who remain in violation of provisions of applicable Deed Restriction or of the Guidelines.
 - 2. To Income limits for the Housing Unit pursuant to its Housing Program;
 - 3. For an Unqualified co-borrower unless title is vested 100% in a Qualified Household;
 - 4. For an Unqualified Household to purchase a Housing Unit if there is a Qualified Household that can purchase the same Housing Unit. However, if the Owner has shown a bona fide advertisement effort which shall be no less than forty-five (45) days in duration and no Qualified Household presents itself, an Exception may be considered for the Unqualified Household;
 - 5. To increase the total debt against the Housing Unit in excess of the OPP.

109.3 **Appeal Procedure**

- A. Any appeal must be presented in writing to THA on forms available from THA and within 21 days of the decision or determination being appealed. Appeals must include:
 - 1. Verification that Applicant has fully completed the application process;
 - 2. The particular ground(s) upon which the appeal is based;
 - 3. The action or remedy requested;

4. The name, address, telephone number of the appellant and similar information of appellant's representative, if any;
 5. Proof of notification of the appeal request to the Housing Unit's homeowners' association, if applicable; and
 6. Appeal fee (see Appendix E).
- B. **Process** – All appeals will be reviewed by THA Staff for completeness and forwarded to either the THA Subcommittee or the THA Board (as appropriate) within twenty-one (21) 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. The THA Board shall address the appeal at the next scheduled board meeting. The appellant 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. The THA Board may continue the hearing. The appellant and THA Staff shall have the opportunity to examine all documents, records and regulations of THA that are relevant to the hearing. Appellant shall be responsible for all photocopying expenses. Any document not made available after written request may not be relied upon at the hearing. Appellant has the right to be represented by counsel.
 - i. If the appellant 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.
 - ii. 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.
 - iii. 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.
 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.

109.4 **Grievance Procedure**

- A. Any grievance must be presented in writing to THA and include:
1. The particular ground(s) upon which the grievance 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 (see Appendix E).
- B. **Process** – 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 110 **LENDERS AND LOANS**

- 110.1 **Purpose** – This Section 110 is intended to meet the following goals in the facilitation of individual mortgage financing for Housing Units:
- A. Protect the public investment and regulatory integrity of the Town's overall affordable housing program in the short and long term;
 - B. Minimize the financial and other risks to THA and the Town's overall affordable housing program by prohibiting excessive debt or other obligations from being secured by Housing Units;
 - C. Minimize the chance that Owners will create a financial risk for THA through creation of debt or other secured obligations against their Housing Unit; and
 - D. Increase the potential financing opportunities for Applicants and Owners.
- 110.2 **Lenders and Mortgages** – Borrowers are restricted to either conventional or government guaranteed mortgages with a fixed rate from commercial banking and lending institutions authorized to engage in mortgage lending practices in the State of Colorado. All other mortgages will require an Exception from THA prior to purchase of a Housing Unit.
- 110.3 **Notification Required** –Owner shall notify THA immediately when a change in Qualified Household is anticipated. If THA determines the Household is qualified,

the Owner shall cooperate with THA to execute necessary documents including, but not limited to, a new Deed Restriction and Option to Purchase. Failure to notify THA shall be subject to a penalty (see Appendix E), and shall be considered a violation and grounds for loss of qualification status for the entire Household.

110.4 **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 Owner shall notify THA immediately when a refinance of a mortgage is anticipated and shall fully cooperate in securing the required signatures for a new Option to Purchase. Failure to notify THA shall be subject to a penalty (see Appendix E) and shall be considered a violation and grounds for loss of qualification status for the entire Household.

110.5 **Total Debt** – Prior to and continuing after closing on a Housing Unit, Owners shall not incur debt, judgments, liens or other obligations secured by the Housing Unit and in no event shall any obligation secured by the Housing Unit exceed the total Original Purchase Price of the unit. This limitation shall apply also to any refinance of existing debt secured by the Housing Unit. Owners must notify THA prior to finalizing any refinancing of the Housing Unit. Failure to notify THA shall be subject to a penalty (see Appendix E). 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.

110.6 **Co-Borrower or Co-Signor** – Co-borrowers or Co-signors who are not part of the Qualified Household must apply and be approved through the Exception Procedure in Section 109.2. Approved co-borrowers and Co-signers shall be required to sign a separate agreement to sell the Housing Unit in the event the Qualified Owner becomes an Unqualified Owner, is in default under its Deed Restriction or the Guidelines, or is otherwise required to sell the Housing Unit. Such Co-signors and co-borrowers shall not occupy the unit unless qualified by THA.

Part 2 HOUSING MITIGATION PROGRAM

Section 201 PURPOSE AND APPLICABILITY

- 201.1 The Housing Mitigation Program applies to Housing Units created by Land Use Code requirements for developers constructing buildings containing certain types of uses to partially mitigate the employee housing impacts of their development. The Land Use Code 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 The Housing Mitigation Program covered in this Part 2 applies to all development 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, including any amendments thereto.
- 201.3 Provisions of the Housing Mitigation Program also apply 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

The Housing Mitigation Program aims to provide Affordable Housing to offset the impacts and needs created by development, and to inform 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 Land Use Code, including any amendments thereto.

Section 203 HOUSEHOLD ELIGIBILITY

In addition to meeting the requirements for being a Qualified Household per Section 103.2A, Applicants for purchase or occupancy of Housing Mitigation Units must meet the following Additional Eligibility Criteria.

- 203.1 **Income Eligibility Tiers** – Each new Housing Unit created under the Housing Mitigation Program is subject to an Income Limit. Housing Units will be designated for occupancy by an Income Eligibility Tier as defined in Appendix A..
- 203.2 **Household Size** – The total number of people in a Household shall not be less than the Minimum Household Sizes established in Section 103.3B.
- 203.3 Affordable Housing units not owned by a Qualified Household or the original developer of the project in which the unit is located may be occupied only by a Qualified Household and may be owned only by one or more of the following Qualified Owners:
- A. the Town of Telluride or Telluride Housing Authority, or their successors or assigns;

- B. a business owner with a Town of Telluride business license and a workforce in the Telluride R1 School District who must rent the Unit to a Qualified Household; or
- 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 Housing Unit is located only if an Exception has been granted. The Exception, if granted, shall include a condition that the Housing Unit be rented to a Qualified Household and shall include a Maximum Rental Rate that may be lower than the rental rate that may otherwise be allowed.

Section 204 **INITIAL HOUSEHOLD APPLICATION PROCESS**

Application for purchase or occupancy of Housing Mitigation Units shall be according to the general Initial Household Application Process contained in Section 104.

Section 205 **CONTINUING QUALIFICATION**

THA requires Households, including all occupants of Housing Units, to maintain Qualified Household status on an ongoing basis per Section 105.

Section 206 **SALE AND RESALE OF MITIGATION UNITS**

206.1 **Initial Sale** – Housing Mitigation Units which are offered for sale must be sold to a Qualified Household, or to a Qualified Owner according to Section 203.3, who must rent the unit to a Qualified Household. The unit must be sold for no more than the sale price specified in, or calculated pursuant to, the Housing Unit's Deed Restriction. The Initial Sale Price standards and methodology for calculating Initial Sale Prices may be found in Appendix B.

- A. Initial Sale Prices are calculated and fixed at execution of the original Deed Restriction for the Housing Unit pursuant the methodology outlined in Appendix B and shall be recorded in the Housing Unit's Deed Restriction as the Original Purchase Price [OPP] regardless of whether the unit is offered for sale or for rent.
- B. For projects comprised of Affordable Housing within single family, duplex or triplex structures the THA Subcommittee may, at its sole discretion and through the Exception Procedure in Section 109.2, approve increases of an Initial Sale Price (ISP) up to a maximum of ten percent (10%) above that specified in Appendix B, provided that:
 1. the project is comprised of at least two (2) Affordable Housing units;
 2. for each unit proposed to have an ISP above the maximum specified in Appendix B, a minimum of one unit shall have an ISP below the maximum specified in Appendix B;
 3. the total amount of square feet to be deed restricted for the unit priced below the ISP specified in Appendix B is greater to or equal to the total amount of square footage deed restricted for the unit priced above the ISP specified in Appendix B;

4. the total value (the units' square footage multiplied by the ISP specified in Appendix B) of the project shall not be greater than the value resulting from the standard application of the ISP specified in Appendix B; and
5. it is demonstrated and the Subcommittee finds the variance will benefit the Town's overall affordable housing program.

206.2 **Resale** – Resale of Housing Mitigation Units is subject to the provisions of Section 106.

206.3 **Payment-in-lieu Fees** – In certain cases, the developer of a project subject to housing mitigation requirements may make a payment-in-lieu of construction of required Affordable Housing.

- A. 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 C.
- B. 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 207 **RENTAL PROCEDURES**

207.1 In cases where rental of Housing Mitigation Housing Units is allowed, the general Rental Procedures contained in Section 107 shall apply and compliance with the provisions of Section 208.3 is required.

207.2 Standards for the rental of Housing Units in the Housing Mitigation Program.

- A. Rental Affordability Standards – Affordability Standards are based on Maximum Rental Rates which are targeted at thirty percent (30%) of Household Income for the target group. Maximum Rental Rates and methodology for calculating Maximum Rental Rates are found in Appendix B.
- B. Maximum Rental Rates in Appendix B include, and may not be increased to pay for, the cost of utilities, condominium dues, management costs and/or taxes. In the event that utilities are paid by the Tenant, THA shall establish the Maximum Rental Rate using HUD utility allowances.
- C. Rental rates shall apply whether the units are provided furnished or unfurnished.
- D. 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.

Section 208 **DEED RESTRICTION**

- 208.1 Housing Units created under the Housing Mitigation Program must be deed restricted prior to issuance of a Certificate of Occupancy in accordance with the requirements of Section 108. 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).
- 208.2 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.
- 208.3 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 Colorado Revised Statutes §38-12-301. 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 208.3 or to Section 208.5.
- 208.4 Deed Restrictions may be transferred from one unit to another unit upon compliance with the following procedures and standards and with approval by the Director of Planning.
- A. The Applicant must file an amended Housing Mitigation Plan (see Section 209) identifying and including:
 - 1. the original project and its Affordable Housing mitigation requirements;
 - 2. the legal description and square footage of each unit to be released from a Deed Restriction;
 - 3. the legal description and square footage of each unit to be deed restricted; and
 - 4. the location (book and page) of each recorded Deed Restriction to be released.
 - 5. A binding statement from the homeowners association (HOA), if applicable, granting permission to accept the Deed Restriction and to limit the HOA dues assessed on the deed restricted unit to an amount consistent with Telluride Municipal Code Chapter 18, "Land Use Code".
 - B. Each unit on which a new Deed Restriction is to be placed must be a free market unit, of at least the same square footage of the unit to be released from a Deed Restriction, and otherwise meeting all other requirements for housing offered in mitigation.
- 208.5 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 209 HOUSING MITIGATION PLAN

- 209.1 The provisions of Article 3, Division 7 of the Town of Telluride Land Use Code require the filing of a Housing Mitigation Plan for each project. Prior to issuance of a Certificate of Occupancy for any portion of the project, the provisions of Article 3, Division 7 of the Land Use Code and all applicable provisions of these Guidelines must be met.
- 209.2 In addition, units constructed to meet the Land Use Code provisions must meet the construction standards contained in Section 210.

Section 210 STANDARDS OF SIZE AND CONSTRUCTION

- 210.1 The Land Use Code specifies a certain amount of square footage of Affordable Housing which must be provided concurrently with the construction of a proposed development. 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 Land Use Code. The standards of unit size and construction required for mitigation units are set forth herein.

Unit Size Standards

Unit Type:	Minimum Square Feet:	Maximum Square Feet:
1 Bedroom/Studio	450	600
2 Bedroom	750	950
3 Bedroom	950	1.200
4 Bedroom	TBD	TBD

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

- 210.2 **Income Tier Distribution** – Based on the amount of square footage required to be provided, units deed restricted under this Housing Mitigation Program 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.
- 210.3 **Housing Size Distribution** – Based on the amount of square footage required to be provided, units deed restricted under this Housing Mitigation Program shall meet the following size standards:

- A. If less than 1000 square feet of housing is to be constructed, there is no minimum number of bedrooms.
 - B. If greater than 1000 square feet of housing is to be constructed, a minimum of one 2-bedroom or one 3-bedroom unit shall be required.
 - C. For each full integral multiple of 1000 square feet of required housing to be constructed, an additional 2-bedroom or 3-bedroom unit shall be required. (e.g. A housing requirement of 2150 square feet would require two 2-bedroom or 3-bedroom units, but a housing requirement of 1800 square feet would only require one).
- 210.4 Minimum square footage is the actual minimum square footage allowed to be constructed or otherwise provided under the provisions of the Land Use Code. 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 210.2, for projects which have Affordable Housing comprised of single family, duplex or triplex structures, the THA Subcommittee 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 THA Subcommittee finds the variance will benefit the overall affordable housing program.
- 210.5 Unit types larger than three bedrooms will be counted as 3-bedroom units.
- 210.6 All newly constructed deed restricted Affordable Housing Units must comply with the applicable building codes in effect in the Town of Telluride and with all rules, regulations and codes of all governmental bodies and agencies having jurisdiction.
- 210.7 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. Areas designated for sleeping and/or bedrooms shall be a minimum of 100 square feet, with a minimum width dimension of 10 feet. THA shall be the final judge of the adequacy of facilities provided in the unit.
- 210.8 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.
- 210.9 GREEN BUILDING INCENTIVES: The Town of Telluride requires 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 109.2.
- 210.10 CERTIFICATE OF OCCUPANCY: Prior to the issuance by the Building Department of a Certificate of Occupancy, the developer must submit an "As Built" Certification to the Building Department with copies to the Planning Department and to THA.

Section 211 **ALTERNATE FORMS OF PROVIDING REQUIRED HOUSING**

211.1 The Land Use Code allows for alternate forms of providing required Affordable Housing requiring THA approval.

- A. The purchase of a unit on the open market and placing a Deed Restriction thereon.
- B. Construction of dormitory/shared facility units.

211.2 Open Market Units – 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 the 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 consider 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 per Section 210.1 (e.g. THA may not approve a 2-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 meet the Standards set forth in Section 106.3 in addition to meeting 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. yards and landscaping, windows, heating, plumbing, and electrical systems and equipment shall be in good condition and working order;
 - 4. the roof must have a remaining useful life of at least ten (10) years; and

- 5. units shall meet applicable building codes in effect in the Town of Telluride, pursuant to inspection and approval by a qualified Building Inspector accepted by THA.
 - F. The Applicant shall bear the costs and expenses of any required upgrades as well as any structural/engineering reports required by THA to assess the suitability for occupancy and compliance with required standards.
 - G. In order to complete an inspection pursuant to Section 211.2E and to receive approval for deed restricting an existing unit, the Developer must pay an Inspection Fee (see Appendix E) to THA, which is not refundable, but which will be credited against any THA Staff time and expense necessary for the approval.
 - H. Approvals for deed restricting open market units shall be considered according to the Exceptions Procedure in Section 109.2.
- 211.3 Dormitory or Shared Use Facility – 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; and
 - B. Approvals for Dormitory or Shared Facility Housing shall be considered according to the Exceptions Procedure contained in Section 109.2.

Part 3 TOWN CONSTRUCTED OWNERSHIP PROGRAM

Section 301 PURPOSE AND APPLICABILITY

- 301.1 The Town Constructed Ownership Program covered in this Part 3 applies to deed-restricted Housing Units constructed, financed or otherwise produced by the Town of Telluride in order to permanently protect affordable home ownership opportunities, and establishes the standards and procedures for initial and subsequent sale of Town Constructed Housing Units.
- 301.2 The provisions of this Part 3 Town Constructed Ownership Program 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 to specific projects or properties shall be established by a resolution of the Telluride Town Council.
- 301.3 The provisions of the Town Constructed Ownership Program shall also 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.
- 302.2 This Housing Program also limits eligibility for ownership to Qualified Households that meet specific economic means tests which include 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 Housing Program are subject to price limitations for sale and resale. 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 as part of the overall affordable housing program of the Town of Telluride and the Telluride Housing Authority.

Section 303 HOUSEHOLD ELIGIBILITY

In addition to meeting the requirements for being a Qualified Household per Section 103.2A, Applicants for purchase or occupancy of Town Constructed Housing Units must meet the following Additional Eligibility Criteria.

- 303.1 **Income Eligibility Tiers** – Owner occupied units created under the Town Constructed Ownership Program are subject to an Income Limit. Housing Units will be designated by resolution of Telluride Town Council for occupancy by specific Income Eligibility Tiers as defined in Appendix A.

- 303.2 **Household Size** – The total number of people in a Household shall not be less than the Minimum Household Sizes established in Section 103.3B.
- 303.3 Town Constructed Housing Units not owned by a Qualified Household may only be owned by the Town of Telluride or the Telluride Housing Authority.
- 303.4 Housing Units under the Town Constructed Ownership Program may only be rented to a Qualified Household provided an Exception is granted by THA. The Exception shall include a Maximum Rental Rate that may be lower than the rental rate that may otherwise be allowed.

Section 304 INITIAL HOUSEHOLD APPLICATION PROCESS

Applications for occupancy or purchase of Town Constructed Housing Units shall be made according to the general Initial Household Application Process contained in Section 104. In addition, the Telluride Town Council may designate certain units as subject to an ownership lottery. An ownership lottery procedure may create application requirements in addition to those in Section 104 (see Section 308 “Ownership Lotteries”).

Section 305 CONTINUING QUALIFICATION

THA requires Households, including all occupants of Housing Units, to maintain Qualified Household status on an ongoing basis per Section 105.

Section 306 SALE AND RESALE OF TOWN CONSTRUCTED HOUSING UNITS

- 306.1 Initial sale of Town Constructed Housing Units shall be according to the lottery procedures set forth in Section 106 and Section 308 and shall comply with the provisions of any Town Council resolution relating to the specific Housing Units.
- 306.2 Resale of Housing Units owned by the Town (except Housing Units for resale to employees of Town) or THA shall also be sold according to the lottery procedures set forth in Section 106 and Section 308.
- 306.3 Owners who purchased their Town Constructed Housing Unit on or after April 3, 2018 must offer their unit for resale by lottery which shall be conducted by THA according to the lottery procedures set forth in Section 106 and Section 308, and using the Lottery Point System outlined in Appendix D.
- 306.4 Owners who purchased their Town Constructed Housing Unit prior to April 3, 2018 may resell their Housing Unit by:
 - A. the lottery procedures and requirements as set forth in Section 106 and Section 308; or
 - B. advertising, marketing and selling a unit directly or listing the unit with a real estate broker licensed to do business in the State of Colorado provided that:
 - 1. the Buyer meets the Qualified Household requirements of Sections 103.2A.2. through 103.2A.5. and has a verifiable residency history and verifiable work history of three (3) years that meet the Continuing Household Qualification criteria set forth in Section 105.5A; and

2. Seller's real estate commissions must be borne by the seller and cannot be passed on to the Buyer.

Section 307 **RENTAL PROCEDURES**

- 307.1 In cases where rental of Town Constructed Housing Units is allowed through the Exception Procedure in Section 109.2 the Rental Procedures contained in Section 107 shall apply.
- 307.2 **Room Rentals in Owner Occupied Units** – The room rental provisions of Section 107.2 shall apply. Short-term rental of Housing Units is prohibited and is a violation of the Telluride Municipal Code.
- 307.3 **Town Constructed Rental Units** – Units constructed by the Town for rental purposes exclusively are subject to qualifications, processes, regulations and procedures developed by the THA Subcommittee and designated by resolution of the Telluride Town Council on a project specific basis.

Section 308 **OWNERSHIP LOTTERIES**

308.1 **Ownership Lottery Procedure**

- A. THA shall establish a procedure for Ownership Lotteries for Town Constructed Ownership 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 twenty-one (21) days prior to the close of the application period, which application period shall be a minimum of fourteen (14) days.
 2. Application and information materials shall be available at the time of publication of the Legal Notice at locations and web sites announced in the Notice.

308.2 **Lottery Application Process And Applicant Responsibilities**

- A. Complete Application
 1. Households interested in purchasing a 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 qualification and 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.
3. If a Household cannot sign the sworn statement, or if a Household does not provide THA 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.

308.3 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 (2) days prior to the last day of the application period and received within two (2) business days after the application period closes. THA shall not be responsible for delays in the delivery of mail beyond two (2) business days after the application period closes. Incomplete applications shall not be processed for qualification.
- B. All Applicants deemed Qualified Households shall automatically qualify for entry in the lottery. Any household not meeting one or more of the Qualification and Eligibility Criteria will be placed on a separate list for unqualified Applicants.
- C. Qualified Applicants shall qualify for additional entries in the lottery according to the criteria as outlined in Appendix D or according to criteria established by resolution of the Telluride Town Council for specific Housing Units.
 1. The Lottery Point System may be modified as necessary by THA.
 2. The Lottery Point System in effect at the time of Owner's submission to THA of its intent to sell, or of a formal Notice of Violation from THA to an Owner initiating a forced sale of a Housing Unit, shall apply.
- D. Applicants not pursuing conventional loans (loans pursuant to Section 110.2) must receive an Exception. This Exception request will not, of itself, make the Applicants unqualified for the lottery.
- E. Applicants not meeting the minimum Household size pursuant to Section 103.3B must receive an Exception. This Exception request will not, of itself, make the Applicants unqualified for the lottery.
- F. Applicants not meeting the Employment Requirement pursuant to Section 103.2B.1. , Section 103.2B.2. and/or Section 103.2C must receive an Exception. This Exception request will not, of itself, make the Applicants unqualified for the lottery.
- G. 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 Applicant 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 Section 308.3H).
 6. These procedures will also be followed to establish the order of the unqualified Applicants. Unqualified Applicants will not be offered a unit until all Qualified Applicants have been offered a unit to purchase based on their preference list. In addition, prior to being offered a unit the Applicant must have been provided an Exception per Section 109.2.
- H. First priority for ADA handicapped accessible units shall be given to Mobility Disabled Households that submit a lottery application based on the lottery order of all Mobility Disabled Households. If there are no Mobility Disabled Households that submit a lottery application for an available handicapped accessible unit, the unit will be available for purchase based on the lottery order by all lottery Applicants who are Qualified Households.
- I. 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 PROGRAM

Section 401 PURPOSE AND APPLICABILITY

- 401.1 The Employee Dwelling Units Program covered in this Part 4 has been created to apply to Designated Employee Dwelling Units (“EDUs”) as defined and regulated by Telluride Municipal Code Chapter 18 “Land Use Code” Article 3, Division 7 “Affordable Housing and Designated Employee Dwelling Units” (as may be amended) to govern sale, rental, use and occupancy of Housing Units so created.
- 401.2 The provisions of this Housing Program 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

Designated Employee Dwelling Units as defined in the Land Use Code are Housing Units built through incentives or otherwise created through the Land Use Code to increase Affordable Housing.

Section 403 HOUSEHOLD ELIGIBILITY

In addition to meeting the requirements for being a Qualified Household per Section 103.2A.1 through 103.2A.4, Applicants for purchase or occupancy of Housing Units subject to the EDU Program must meet the following additional Qualification and Eligibility criteria.

- 403.1 EDUs are required to be occupied by a Qualified Household except as provided for in the Administrative Exception pursuant to Section 407.3.
- 403.2 **Net Assets Qualification** – Qualified Households occupying EDUs shall not have Household Net Assets which exceed twice the agreed upon sale price for the EDU except rental EDUs when occupied by the owner of the subject property as provided for in Section 407.3.
- A. In the event a sale price has not been established,
1. the limit on Household Net Assets shall be twice the Tier 2 Initial Sale Price that would be applied to the Housing Unit according to Appendix B; and
 2. such determination shall not imply any limitation on allowed sale price.
- B. In the event an administrative exception under Section 407.3 is granted, the Net Assets Qualification for the Qualified Household renting the Principal Structure will be one million five-hundred thousand dollars (\$1,500,000).
- 403.3 **Income Eligibility**
- A. Household Income for Rental EDUs shall not exceed Tier 3 income limits (see Appendix A).

B. In the event of an administrative exception under Section 407.3, Household Income for rental of the Principal Structure shall not exceed Tier 4 Income Limits (see Appendix A).

403.4 **Household Size** – The total number of people in a Household shall not be less than the Minimum Household Sizes established in Section 103.3B.

403.5 EDUs not owned by a Qualified Household as defined herein must be occupied only by a Qualified Household, excluding Qualified Owners with an exception pursuant to 407.3, and may be owned only by one of the following Qualified Owners:

- A. the original developer of the project in which the Housing 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 Housing Unit is located; or
- C. the Town of Telluride or Telluride Housing Authority, or their successors or assigns.

Section 404 **INITIAL HOUSEHOLD APPLICATION PROCESS**

Applications for Housing Units subject to the Employee Dwelling Unit Program shall be made according to the general Initial Household Application Process contained in Section 104.

Section 405 **CONTINUING QUALIFICATION**

THA requires Households, including all occupants of Housing Units, to maintain Qualified Household status on an ongoing basis per Section 105.

Section 406 **SALE AND RESALE OF EMPLOYEE DWELLING UNITS**

406.1 In cases where an EDU is required to be owner occupied, the Sale and resale of such units shall be governed by Section 106.

406.2 There is no limitation on sale price for an EDU.

406.3 In certain circumstances in residential zone districts, the sale of EDUs is prohibited. Please consult Article 3, Division 7 of the Telluride Land Use Code for information on subdivision, condominiumization, and sale of EDUs.

Section 407 **RENTAL PROCEDURES**

407.1 In cases where the rental of Employee Dwelling Units is required, the general Rental Procedures contained in Section 107 and the Household Qualifications contained in Section 403 shall apply.

407.2 Rental of EDUs is not subject to any limitations on rental price.

407.3 A Qualified Owner of an EDU may apply for an Administrative Exception to live in the EDU and rent out the property's Principal Structure long-term to a Qualified Household. The Owner will not be held to the provisions of Section 103 or 403

provided the Exception is granted, however, the household renting the Principal Structure must meet the qualifications in Sections 103 and 403.

Section 408 DEED RESTRICTION FORM AND PROCESS

- 408.1 Deed Restrictions for EDUs must meet the requirements of the Town of Telluride Municipal Code Chapter 18 "Land Use Code" Article 3 Division 7 in addition to the requirements of these Guidelines.
- 408.2 As a condition of Sale or transfer of an EDU, a new Deed Restriction prepared by the Town Attorney's office must be executed by the Buyer and recorded against the property at time of sale.

Section 409 STANDARDS OF SIZE AND CONSTRUCTION

- 409.1 EDUs created by new construction shall meet the construction standards contained in Sections 210.6, and 210.7 and shall require THA inspection and approval.
- 409.2 EDUs created by deed restriction of existing dwellings shall meet the review standards for Housing Mitigation Units contained in Sections 210.6, and 210.7, as well as the minimum standards set forth in Section 106.3A, and shall require THA inspection and approval.
- 409.3 Inspection Fee – Any entity requesting an inspection by THA shall pay an Inspection Fee (see Appendix E) prior to the inspection which is not refundable, but which will be credited against any THA time and expense necessary for the approval.

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Part 9 GENERAL MISCELLANEOUS PROVISIONS

Section 901 LEGISLATIVE HISTORY

901.1 **Previous Documents** – These Telluride Affordable Housing Guidelines have been created to merge 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 **Telluride Affordable Housing Guidelines**

Amended, consolidated and reenacted by Joint Resolution of the THA and Telluride Town Council on September 18, 2007.

Amended by Joint Resolution of the THA and the Telluride Town Council on September 18, 2012.

Amended by Resolution No. 1 of the THA and Resolution No. 1, Series of 2016 by Telluride Town Council on January 12, 2016.

Amended, consolidated and reenacted by Joint Resolution of the THA and Telluride Town Council on April 3, 2018.

All other amendments were made administratively pursuant to Section 902.3.

Section 902 **AMENDMENTS**

- 902.1 This policy shall be reviewed at least every two (2) years by the THA Subcommittee and changes based on the success and failure of the previous policy, if any, will be recommended to Town Council and THA.
- 902.2 Amendments to these Guidelines requiring Town Council and THA approval 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 and THA. 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 recommend 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 Updates to the Area Median Income, Initial Sale Prices, Payment in Lieu Fee, and Rental Affordability Standards may be made at any time by THA Staff based on the methodology in place.
- 902.4 The Planning Director, Building Director or the THA Staff may recommend amendments to the methodology used to the THA Subcommittee. The THA Subcommittee may approve the amendments to the methodology or may recommend consideration of the methodology amendments to the Town Council and THA pursuant to Section 902.2.

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 109.4.).
- 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.

903.4 **Administrative Exceptions** – THA Subcommittee grants THA Staff the authority to approve specific Exceptions to be noticed on the Consent Calendar at the Subcommittee Regular Meeting immediately following THA Staff approval. Administrative Exceptions include:

- A. Approval of occupancy of an EDU by the Qualified Owner who rents the Principal Structure to a Qualified Household.
- B. Qualification of Guests as defined.
- C. Extension of time to meet Compliance for a Household that has a medical event impacting their ability to work.
- D. Use of a co-borrower or Co-signor for unconventional lending after legal review of documents to be recorded.

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Appendix A: Income Eligibility Tiers

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-, 3-, and 4-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. THA Staff shall update as new US Department of HUD “Very Low Income” are released.

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
100% Area Median Income	\$59,900	\$68,400	\$77,000	\$85,500	\$92,400	\$99,200

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

Qualification is based on Household size, NOT unit size. The following table provides a guide for determining Household Income Eligibility. See Section 103.3B for Minimum Household Size requirements.

Unit Size	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Household Size	1 Person	2 Person	3 Person	4 Person
70% AMI	\$41,930	\$47,880	\$53,900	\$59,850
80% AMI	\$47,900	\$54,720	\$61,600	\$68,400
90% AMI	\$53,910	\$61,560	\$69,300	\$76,950
100% AMI	\$59,900	\$68,400	\$77,000	\$85,500
110% AMI	\$65,890	\$75,240	\$84,700	\$94,050
120% AMI	\$71,880	\$82,080	\$92,400	\$102,600
130% AMI	\$77,870	\$88,920	\$100,100	\$111,150
150% AMI	\$89,850	\$102,600	\$115,500	\$128,250
180% AMI	\$107,820	\$123,120	\$138,600	\$153,900
200% AMI	\$119,800	\$136,800	\$154,000	\$171,000
220% AMI	\$131,780	\$150,480	\$169,400	\$188,100

Income Eligibility Tiers

Tier 1 Income – Household Income shall not exceed one-hundred and twenty percent (120%) 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.

Unit Size:	Income Target:	Tier 1 Income Limit:
1 Bedroom/Studio	70% of 1 Person AMI	120% of 1 Person AMI
2 Bedroom	90% of 2 Person AMI	120% of 2 Person AMI
3 Bedroom	90% of 3 Person AMI	120% of 3 Person AMI
4 Bedroom	90% of 4 person AMI	120% of 4 Person AMI

Tier 2 Income – Household Income shall not exceed one-hundred and eighty percent (180%) 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.

Unit Size:	Income Target:	Tier 2 Income Limit:
1 Bedroom/Studio	90% of 1 Person AMI	180% of 1 Person AMI
2 Bedroom	110% of 2 Person AMI	180% of 2 Person AMI
3 Bedroom	110% of 3 Person AMI	180% of 3 Person AMI
4 Bedroom	110% of 4 Person AMI	180% of 4 Person AMI

Tier 3 Income – Household income shall not exceed one-hundred and thirty percent (130%) of AMI for San Miguel County (see “Definitions”). Tier 3 Income limits apply only to those units whose Deed Restriction was executed and recorded prior to the creation of these Income Tiers.

Unit Size:	Income Target:	Tier 3 Income Limit:
1 Bedroom/Studio	80% of 1 Person AMI	130% of 1 Person AMI
2 Bedroom	100% of 2 Person AMI	130% of 2 Person AMI
3 Bedroom	100% of 3 Person AMI	130% of 3 Person AMI
4 Bedroom	100% of 4 Person AMI	130% of 4 Person AMI

Tier 4 Income – Household income shall not exceed two-hundred and twenty percent (220%) of AMI for San Miguel County (see “Definitions”).

Unit Size:	Income Target:	Tier 4 Income Limit:
1 Bedroom/Studio	130% of 1 Person AMI	220% of 1 Person AMI
2 Bedroom	150% of 2 Person AMI	220% of 2 Person AMI
3 Bedroom	150% of 3 Person AMI	220% of 3 Person AMI
4 Bedroom	150% of 4 Person AMI	220% of 4 Person AMI

Sale and rental prices are based on affordability by Area Median Income target percentages for San Miguel County as adjusted for the number of bedrooms per unit.

Appendix B: Initial Sale Prices and Maximum Rental Prices

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.

Calculation of **Maximum Rental Rate** (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:

Maximum Rental Rate
=TargetIncome/12*30%

The Maximum Rental Rate 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 Maximum Rental Rate 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 210.1) 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
4 Bedroom	TBD	TBD	TBD

For the purposes of calculating Rental Affordability Standards in Section 207.2A, the Mid-point in the table shall be used with no adjustment for specific Unit Size.

Initial Sale Price Standards

Initial Sale 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 210.1 unless modified as allowed) times the maximum price per square foot found below (unless modified as allowed), for the unit type.

Tier 1 Initial Sale Prices

Unit Size:	Income Target:	Maximum Initial Sale Price:
1 Bedroom/Studio	70% of 1 Person AMI	\$308 per square foot
2 Bedroom	90% of 2 Person AMI	\$279 per square foot
3 Bedroom	90% of 3 Person AMI	\$249 per square foot
4 Bedroom	TBD	TBD

Tier 2 Initial Sale Prices

Unit Size:	Income Target:	Maximum Initial Sale Price:
1 Bedroom/Studio	90% of 1 Person AMI	\$396 per square foot
2 Bedroom	110% of 2 Person AMI	\$341 per square foot
3 Bedroom	110% of 3 Person AMI	\$304 per square foot
4 Bedroom	TBD	TBD

Tier 3 – Housing Units are no longer being added to Tier 3, so Initial Sale Prices are not defined.

Tier 4 Initial Sale Prices

Unit Size:	Income Target:	Maximum Initial Sale Price:
1 Bedroom/Studio	130% of 1 person AMI	\$572 per square foot
2 Bedroom	150% of 2 person AMI	\$466 per square foot
3 Bedroom	150% of 3 person AMI	\$414 per square foot
4 Bedroom	150% of 4 person AMI	TBD

Rental Affordability Standards

Tier 1 Maximum Rental Rate

Unit Size:	Income Target:	Maximum Rental Rate:
1 Bedroom/Studio	70% of 1 Person AMI	\$1048/month less Utility Allowances
2 Bedroom	90% of 2 Person AMI	\$1539/month less Utility Allowances
3 Bedroom	90% of 3 Person AMI	\$1733/month less Utility Allowances
4 Bedroom	TBD	TBD

Tier 2 Maximum Rental Rate

Unit Size:	Income Target:	Maximum Rental Rate:
1 Bedroom/Studio	90% of 1 Person AMI	\$1348/month less Utility Allowances
2 Bedroom	110% of 2 Person AMI	\$1881/month less Utility Allowances
3 Bedroom	110% of 3 Person AMI	\$2118/month less Utility Allowances
4 Bedroom	TBD	TBD

Tier 3 Maximum Rental Rate

For Tier 3 units with permission to rent, the rental standard for Tier 1 units will be followed to calculate Maximum Rental Rate.

Tier 4 Maximum Rental Rate

Unit Size:	Income Target:	Maximum Rental Rate:
1 Bedroom/Studio	130% of 1 person AMI	\$1947/month less Utility Allowances
2 Bedroom	150% of 2 person AMI	\$2565/month less Utility Allowances
3 Bedroom	150% of 3 person AMI	\$2888/month less Utility Allowances
4 Bedroom	TBD	TBD

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Appendix C: Payment-In-Lieu Fee

The Payment-in-Lieu (PIL) fee is based on the difference between the market price of housing and the price that is affordable to households with incomes that are targeted by the Telluride Affordable Housing Guidelines. The following method shall be used by the Town Planning Department staff to calculate the PIL fee, which shall be calculated annually by April 30 each calendar year:

Step One – Compile Free Market Dwelling Unit Sales Prices

Utilize the Multiple Listing Service (MLS) to find real estate sales within the following parameters:

- Sales that occurred within the previous 3 calendar years; and
- Free Market Dwelling Units*; and
- Units within duplex or multi-family developments; and
- Studio, 1, 2, or 3 bedrooms; and
- Within the Telluride Region as defined in the Telluride Master Plan

* Free Market means units that are not subject to use or occupancy restrictions, such as restrictions that require accommodations uses for any period of time or housing Deed Restrictions.

Step Two – Determine Free Market Dwelling Unit Average Sales Price Per Square Foot

Determine the average sales price per square foot of all Free Market Dwelling Units from Step One by dividing the sum of all average sales prices per square foot by the total # of sales.

Step Three – Determine Affordable Average Sales Price Per Square Foot

Using the Tier 1 Initial Sales Price table in the Telluride Affordable Housing Guidelines, determine the average allowed initial sales price per square foot for 1 Bedroom/Studio, 2 Bedroom, and 3 Bedroom Tier 1 units combined (the sum of the allowed initial sales prices for per square foot for 1 Bedroom/Studio, 2 Bedroom, and 3 Bedroom Tier 1 units divided by the number of unit types).

Example:

Tier 1 Initial Sales Price Table from the Telluride Affordable Housing Guidelines, July 2017:

Unit Size:	Income Target:	Maximum Initial Sale Price:
1 Bedroom/Studio	70% of 1 Person AMI	\$284 per square foot
2 Bedroom	90% of 2 Person AMI	\$258 per square foot
3 Bedroom	90% of 2.5 Person AMI	\$217 per square foot

$\$284 \text{ per square foot (1 Bedroom/Studio)} + \$258/\text{square foot (2 Bedroom)} + \$217/\text{square foot (3 Bedroom)} / 3 \text{ unit types} = \$253 \text{ per square foot Affordable Average Sales Price}$

Step Four – Calculate the Market-Affordability Difference

Subtract the Affordable Average Sales Price Per Square Foot from the Free Market Dwelling Unit Average Sales Price Per Square Foot. The resulting difference is the Payment-in-Lieu fee.

Example Calculation:

Free Market Dwelling Unit Average Sales Price Per Square Foot = FM Price

Affordable Average Sales Price Per Square Foot = AH Price

FM Price – AH Price = Payment-in-Lieu Fee

Based on this methodology, the Payment-in-Lieu Fee as of January 31, 2018 was \$458.

Appendix D: Lottery Point System

INITIAL LOTTERY ENTRY:

Completed lottery applications shall be processed for qualification of a Household. All lottery Applicants certified as Qualified Households shall be eligible for one entry into the lottery.

ADDITIONAL LOTTERY ENTRIES:

In an effort to weight Applicants based on criteria deemed to further the intent of the Town of Telluride's Affordable Housing Programs, points toward additional lottery entries are given to Households meeting the criteria outlined below.

One (1) additional entry is awarded to Households with five (5) to nine (9) points.

Two (2) additional entries are awarded to Households with ten (10) or more points.

The maximum number of entries allowed is three (3).

Employment and Residency History

Additional entries in the lottery shall be awarded to Households that can demonstrate multiple years of employment and residency within the boundaries of the Telluride R-1 School District based on the following criteria:

- A. For a given year to count toward an additional lottery entry an individual must provide proof:
 1. that they have worked a minimum of eight (8) of every twelve (12) months on a rolling twelve (12) month basis, and must have worked a minimum of forty (40) hours per month during the minimum eight (8) months
 2. they 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.
- B. The years of employment do not have to be consecutive, but they must be within the timing shown in Table 1 below.
- C. 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.

TABLE 1 – Points Awarded for Years of Employment are granted as follows:

Years of Employment History	3 to 5 Years of the previous 6 years	6 to 8 Years of the previous 10 year	9-10 Years of the previous 12 years	Over 10 Years of the previous 15 years
Additional Points Received	2	4	5	6

Additional Considerations

- **Local High School Graduates** – Applicants who attended four (4) years and graduated from the Telluride High School or the Telluride Mountain School are awarded an additional two (2) points.

- **Essential Response Personnel** – Applicants who are currently Essential Response Personnel for less than five (5) years are awarded two (2) points, and those with five (5) or more years receive four (4) points.
- **Current Owners of Housing Units** – Qualified Owners of Housing Units in full compliance with the Guidelines wishing to downsize to a smaller home are awarded five (5) points. Owners of Housing Units wishing to move to a larger Housing Unit are awarded three (3) points.
- **Military Service** – Applicants who are United States active duty military or who have served at least 90 days of aggregate active duty service in the United States military, naval, or air service and were released under conditions other than dishonorable, or their surviving spouse, are awarded two (2) points. (A surviving spouse who is remarried or in a domestic partnership does not qualify.)

Appendix E: Fee and Penalty Schedule

Fees:

Exception Fee	\$25.00
Appeal Fee	\$25.00
Grievance Fee	\$50.00
Inspection Fee	\$250.00

Penalties:

Compliance Late Penalty	\$20.00/day
Failure to Confirm Tenant Qualification	\$20.00/day
Notification Required Penalty	\$20.00/day

1% Sale Fee - per Section 106.9 - At the closing of the sale, the seller, except when the seller is the Town or its designee, a Qualified Household or a Qualified Holder, 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.