

Glenwood Springs Community Housing Guidelines

I. PURPOSE OF PROGRAM

The purpose of the Community Housing Program for Glenwood Springs is to increase the supply of housing that is affordable to those who live and/or work in the area. In recent years, the cost of housing has increased at a rate that is faster than increases in the earnings of income of low to moderate-income households. This, in turn, has affected the ability of the community to retain and attract employees.

The Community Housing Program requires new residential development to provide at least 15% of housing that it produces as affordable to households defined in these guidelines. Furthermore, this program offers incentives that may be used to mitigate the costs of producing this housing, while continuing to address the desire of the community to provide more affordable housing overall and in areas that are close to transit. The program also seeks to distribute community housing throughout new developments and that these units will be produced in proportion to market rate housing that is constructed in any new development.

Lastly, the City of Glenwood Springs recognizes that affordable housing is a valuable community resource that needs to remain available for not only current residents and employees, but also those who may come to the area in the future. For this reason, units that are constructed or provided through other means will be held as permanently affordable. This will require deed restrictions or other methods that assure that prices remain affordable over time.

II. DEFINITIONS

The terms, phrases, words and clauses in the Community Housing guidelines shall have the meaning assigned below. Any terms, phrases, words or clauses not defined herein shall have the meanings as defined in the Glenwood Springs Municipal Code. Any terms, phrases or words not defined in the code shall have the meaning assigned in Webster's Third New International Dictionary, 1993, Unabridged.

a) Community Housing

A residential lot or separate dwelling unit that is deed restricted in accordance with a deed restriction approved by the Glenwood Springs City Council, or its delegate.

b) Development

The division of a parcel of land into two or more parcels; the construction; reconstruction; conversion; structural alteration; relocation or enlargement of any structure; any mining, logging, excavation, landfill or land disturbance; or any use or extension of use that alters the character of the property.

c) Dwelling

A building or portion thereof used for residential occupancy.

d) Dwelling, Two Family

One building on one lot designed to be occupied by two families living independently of each other.

e) Employee Dwelling Unit (EDU)

A separate Community Housing unit that meets the following criteria:

- Located within or attached to a non-residential development, but has a separate entrance from the non-residential portion of the development;
- Not accessed from another residential dwelling;
- Detached from the non-residential development but located on the same lot, parcel or subdivision; or,
- Located at an approved site at a different location than the site of the employment generation.

f) Developer

Any person who seeks a City permit or approval for the construction of a development, which includes one or more, dwelling units.

g) Development Plan

The entire plan to construct or place one or more dwelling units on a particular parcel or contiguous parcels of land within the city including, without limitation, a planned unit development, site review or subdivision approval.

h) Income Eligible Household

An individual or family whose household income does not exceed guidelines established annually based upon the Area Median Income, with adjustments for family size, that is published by the Department of Housing and Urban Development for Garfield County.

i) Consumer Price Index (CPI)

The Consumer Price Index that is used for purposes of the guidelines and for purposes of the deed restriction is the Consumer Price Index – U.S. City Average and Regions, Urban Wage Earners and Clerical Workers (CPI-W), All Items. Updated information is received on a monthly basis from the U.S. Department of Labor, Bureau of Labor Statistics.

j) Dependent

A minor child (21 years of age or younger) or other relative of the owner of a Community Housing unit, which child or relative is taken and listed as a dependent for federal income tax purposes by such owner or his or her present or former spouse (dependents must also be related by blood or adoption and residing with the individual at least six months and one day (183 days) out of every 12-month period.

k) Employee/Qualified Resident/Buyer

A person who is employed on the basis of a minimum of 1,500 hours worked per calendar year in Glenwood Springs, which averages 35 hours a week, 10 months of a year; or 32 hours a week, 11 months of the year, physically working in Glenwood Springs and resides in the unit a minimum of nine (9) months out of the year.

III. ELIGIBILITY AND OCCUPANCY

A. Eligibility

In order to be eligible to purchase a home under this program, an interested person must be a full-time employee working in Glenwood Springs or for a business with its principal office located in Glenwood Springs, a retired person who has been a full-time employee in the area for a minimum of four years immediately prior to his or her retirement, or a disabled person who has been a full-time employee in Glenwood Springs a minimum of two years immediately prior to their disability; or the spouse or dependent of any such qualified employee, retired person, or disabled person. In addition, the applicant must satisfy the maximum program income limits published in these guidelines. It is the responsibility of the individual or household to demonstrate eligibility.

B. Application and Certification

A person seeking to purchase a Community Housing unit must apply to the Garfield County Housing Authority (or whomever the regional administrator may be) to receive a certification that they are eligible to purchase a unit. To verify that an individual or household satisfies these requirements, the following information will be required, in addition to a completed application form:

- Copies of federal and state income tax returns for the previous two years;
- W-2 Forms and verification of employment or an offer of employment;
- Copies of pay check stubs for the previous three months;

- A current statement from each asset indicating the current balance, interest rate or annual dividend, including a bank verification of all savings accounts; and,
- Copy of a pre-approval letter from a lender of their choice demonstrating that they are financially able to purchase the unit or financial documentation that they can purchase the unit on their own.

Upon submission of all completed information, the applicant will receive a letter stating that they are eligible to purchase a Community Housing unit. The purpose of this letter is to assure the developer/Realtor that the applicant has been pre-qualified for the program. This letter will also serve as notification to the buyer that they are eligible to participate in the lottery that will be held for any of the homes to be sold under this program. It is the responsibility of the applicant to locate and enter into a contract to purchase a Community Housing unit if they are chosen through the lottery.

C. Lottery

A lottery will be held for Community Housing units unless, at the discretion of the administrator and/or the City of Glenwood Springs, it is determined that a lottery is not in the best interests of those households seeking to purchase a Community Housing unit. The program administrator and/or the City of Glenwood Springs will decide whether or not a lottery will be held at least 30 days prior to the date the developer proposes that units will be available for purchase. It is the intent of the City of Glenwood Springs to provide a simplified lottery process and there will not be any weighting of lottery applicants for the time worked/resided in the area. The administrator will take the following steps to notify the public of the availability and status of community housing units:

1. The program administrator will advertise the lottery at least 30 days prior to the date that the lottery will be held. Sources of information about prospective lotteries will include, but not be limited to local newspapers and the web site established for this purposes. This information will include:
 - a. A description of the units that is available for purchase. This will include the unit type, square footage, bedroom configuration and address of the properties.
 - b. A description of the maximum income a household may have in order to qualify to purchase the advertised units. For example, some units may be priced as affordable to households earning 60% of the Area Median Income or Category 1 (see Section D) and others may be priced as affordable to households earning 100% of the Area Median Income (Category 3).
 - c. Date, time and location of lottery.
 - d. Results of the lottery will also be published. The results will include the number and types of units, number of bids for the units and name of household (s) who successfully purchased a home.

Households who are interested in purchasing a unit must have a completed letter certifying that they are eligible to purchase a unit. It is the responsibility of the household

to notify the program administrator at least seven working days prior to the date of the lottery that they would like to enter into the lottery. This may be done by:

1. Calling the program administrator to request that they be entered into the lottery. The household must include their name, address and phone number(s) where they can be reached. The household must tell the administrator which unit(s) they are interested in purchasing. The program administrator will give the household a confirmation number.
2. Sending a written request to the program administrator at least seven working days prior to the date the lottery will be held. The letter must include the name, address, phone numbers and unit(s) that the household is interested in purchasing. The program administrator will notify the household of their confirmation number by phone or mail, whichever it chooses.
3. Via the web site that has been established for this purpose. Notification via the Internet must also be received seven working days prior to the date of the lottery. All information requested through the web site must be completed.
4. Households with incomes below the maximum range established for a specific unit may ask to be placed into the lottery for that unit if they are able to qualify for a mortgage that would support purchasing a higher priced unit; however, households with incomes that exceed the maximum range may not bid on lower priced units. For example, a household earning 80% of the AMI (category 2) may bid on a unit priced for a household earning 100% of the AMI (Category 3), if they have a letter indicating that they could qualify for a higher mortgage and have sufficient funds available for a down payment.
5. Prior to finalizing the purchase of a Community Housing unit, a prospective buyer shall be required to submit an updated Income Certification Form, with the required attachments indicated above in order to verify that the prospective purchaser's income qualifies them to purchase a Community Housing unit. All required documentation submitted to verify household income shall be kept confidential and is not subject to public disclosure.
6. Upon closing, the resale covenant shall be recorded and a copy of the warranty deed forwarded to the program administrator to verify the sale of the unit.

D. Income Guidelines

A household seeking to purchase a Community Housing unit shall submit a completed application form with the documents indicated above at least 30 days prior to the purchase of a Community Housing unit. Housing that is provided through this program will be priced to persons and families of low (Category 1) to moderate (Categories 2 and 3) to middle income (Category 4). These ranges have been established based upon the

Area Median Income for Garfield County, with adjustments for household size. These ranges will be adjusted annually by the program administrator, upon publication of the new Area Median Income for Garfield County by the Department of Housing and Urban Development.

The maximum gross household income and maximum net assets for each income category are set forth in the following table:

	Category 1	Category 2	Category 3	Category 4
Number of Persons	60% of AMI	80% of AMI	80% to 100%	100% to 120%
1 Person Household	\$ 26,520	\$ 35,400	\$ 44,200	\$ 53,040
2 Person Household	\$ 30,360	\$ 40,450	\$ 50,600	\$ 60,720
3 Person Household	\$ 34,140	\$ 45,500	\$ 56,900	\$ 68,280
4 or more persons	\$ 37,920	\$ 50,550	\$ 63,200	\$ 75,840
Maximum Net Assets	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000

E. Co-ownership and Co-Signing

Any co-ownership interest, other than joint tenancy or tenancy in common, must be approved by the program administrator. Co-signers may be approved for ownership of the affordable housing unit, but shall not occupy the unit unless qualified under this program. In other words, a household may use a co-signer; however, if the co-signer must not also live in the home unless they qualify under these guidelines. For example, a single-person may have a sibling co-sign a loan. The sibling may only live in the unit if they are qualified under the program.

Purchasers of a Community Housing unit who desire to purchase a home and use a co-signer must earn at least 75% of the income needed to qualify for the purchase of the unit.

F. Occupancy

The purchaser of a Community Housing unit must occupy the unit as his or her primary residence. The owner shall be deemed to have ceased to use the unit as his or her primary residence by accepting permanent employment outside of the Glenwood Springs area, or residing in the unit for fewer than nine (9) months out of any twelve (12) months.

G. Leave of Absence

If an owner must leave Glenwood Springs for a limited period of time and desires to rent the unit during their absence, a leave of absence may be granted by the City for up to one year. The owner must submit a request to rent the unit at least 30 days prior to when the owner plans to leave the area. The request shall include the reason(s) for the

leave of absence, expected duration and the intent of the owner to rent the unit. A leave of absence for more than one year may be approved; however, such leave of absence may not extend for longer than two years.

The rent that may be charged shall not exceed the owner's monthly mortgage, plus home owners association dues, plus utilities remaining in the owner's name, plus taxes and insurance not included in the monthly mortgage amount and land lease costs, if any. An additional \$20 per month may be included. The owner may impose a security deposit and damage deposit at the time a lease is executed; however, the combination of security deposit and damage deposit may not exceed 1.5 times the monthly rent.

The owner shall rent to an employee and/or resident of Glenwood Springs who meets the eligibility and income provisions of the Community Housing guidelines. The tenant must complete an application form to certify eligibility and agree to abide by the homeowner's association covenants, rules and regulations for the unit. Both the owner and tenant must sign a statement indicating that the covenants have been provided to the tenant and the tenant has received these covenants for his/her review. In addition, a copy of the lease agreement executed between the owner and tenant shall be provided to the program administrator.

H. Deed Restriction

In order to assure that there is an on-going supply of housing that is affordable in Glenwood Springs, all Community Housing units will carry a resale restriction or other form of covenant that guides the future sales of these homes. The purchaser(s) of a Community Housing unit must sign a document acknowledging the purchaser's agreement to be bound by the recorded deed restriction. This document must be executed concurrently with the closing of the sale and will be recorded, along with the deed restriction.

Generally, the deed restriction will describe the procedures for listing a home for-sale. It will include an appreciation cap, that allows a home to increase in value by 3% annually or CPI, whichever is less. The appreciation is calculated on the initial sales price of the home (simple interest), plus eligible improvements (See Section I).

Future buyers will be bound by the terms of the deed restriction. It is possible that a future buyer or those who purchase a Community Housing unit from an owner-occupant (re-sale of unit) will agree to a different form of deed restriction or covenant, as the requirements governing future sales may have to be adjusted to meet the interests of the community and/or lender requirements.

I. Improvements

The City of Glenwood Springs wants to encourage maintaining a Community Housing Unit in good condition over time, while also balancing the need to assure there will be on-going affordable housing for future Glenwood Springs employees. To that end, approximately \$1,000 per year is allocated for improvements, if made.

Value will be given for the following property improvements:

1. The addition of a habitable room or storage space;
2. The finishing of uninhabitable space if it is converted into a habitable room;
3. The conversion of a carport into a completely enclosed garage;
4. The conversion of surface parking into a carport or garage (if allowed under the development/subdivision agreement);
5. Modifications or improvements to accommodate a person with a disability as defined in the Americans with Disabilities Act of 1990;
6. Improvements which reduce the consumption of energy;
7. Kitchen and bathroom renovations, including appliances and fixtures when a minimum of \$2,000 in repairs has occurred and the kitchen/bathroom is at least 20 years old;
8. Replacement of the roof; and/or
9. Replacement of the furnace.

No other categories or types of expenditures may qualify as eligible capital improvements unless approved by the Program Administrator or their designee. Plans for each Capital Improvement must be submitted at least 21 days prior to initiating the work. Notification will be given to the owner within 14 days as to whether or not the proposal is conditional approved.

In order to receive credit for the capital improvements, a request must be submitted in writing prior to initiating the work. Upon completion of the work, copies of receipts must be submitted to the Program Administrator. The maximum amount of improvement credit is around \$1,000 per year. If the eligible improvements exceed the amount of available credit, the balance will be credited in the next year.

The value of the improvements will be added to the property in the year in which the improvements were completed. This will be added to the estimated value of the home, for the year in which the improvements were completed. Generally, homes will increase at 3% or CPI which ever is less. The year(s) in which eligible improvements are made will adjust the base value of the home from which the future home price will be established. For example, the program allows a value of improvements of \$1,000 per year. Assume a Community Housing Units was purchased in 2002 for \$150,000. The value of the home without improvements would increase by \$4,500. In 2006, the homeowner makes improvements worth \$4,000. The value of these improvements are added to the adjusted value of the home at the time the improvements are made (\$163,500 is adjusted value + \$4,000 in improvements = \$167,500). This established a new base from which the future 3% appreciation is calculated. Following is an example of this computation:

Example of Price Appreciation with Improvements

	Year	Appreciation @ 3%	Adjusted Value
Purchase Price	2002		\$ 150,000
	2003	\$ 4,500	\$ 154,500
	2004	\$ 4,500	\$ 159,000
	2005	\$ 4,500	\$ 163,500
Improvements	2006	\$ 4,000	\$ 167,500
	2006	\$ 5,025	\$ 172,525
	2007	\$ 5,025	\$ 177,550

Nothing in the deed restriction prohibits other improvements to the Community Housing Unit; however, credit will only be provided for *approved* Eligible Capital Improvements.

J. Re-Sale of a Community Housing Unit

1. An owner of a Community Housing unit who intends to sell their home should contact the program administrator to review the deed restriction covering the unit to determine the maximum sales price permitted and other applicable provisions concerning a sale. Unless otherwise provided in the deed restriction, the unit must be listed for sale with the program administrator. At the discretion of the program administrator or City of Glenwood Springs a lottery may be held if it is determined that there are a number of qualified households who would purchase the unit and where a lottery would be in the best interest of the community. The program administrator will oversee the sale in accordance with the Community Housing guidelines that are in effect at the time of the listing. There shall be a minimum listing period of three months before the price of a Community Housing unit is adjusted. Any termination of the listing may require the payment of administrative and advertising costs.

2. These are intended to assure that all purchasers and all sellers will be treated fairly and equitably. Questions will be answered and help will be provided equally to any potential purchasers or sellers in accordance with current guidelines. Listings, sales contracts, extensions to contracts and closing documents will be prepared and all actions necessary to consummate the sale shall be undertaken.

3. The staff of the program administrator will be acting on behalf of the City of Glenwood Springs. It should be clearly understood by and between all parties to a sales transaction that the staff members are not acting as licensed brokers to the transaction, but as representatives of the program administrator and its interests. They shall nevertheless attempt to help both parties to consummate a fair and equitable sale in accordance with the current Community Housing guidelines.

4. All purchasers and sellers are advised to consult legal counsel regarding examinations of the title and all of the contracts, agreements, and related documents. The retention of counsel, licensed real estate brokers, or such related services, shall be at the purchasers or seller's own expense. The fees paid to the program administrator are to be paid regardless of any actions or services that the purchaser or seller may undertake or acquire on their own.
5. Sales and Other Fees
 - a. Unless otherwise set forth in the deed restriction covering the Community Housing unit, at the closing of the sale, the seller will pay the program administrator a sales fee equal to two and one-quarter (2.25%) percent of the sales price. Instructions may be provided to the Title Company to pay the fees out of funds held for the seller at closing.

Unless otherwise specified in the deed restriction, the seller will pay a one-half percent (0.5%) fee at the time of the listing, which will be applied to the 2.25% fee that is required to be paid at closing. This fee will be used to cover costs incurred by the program administrator in advertising the home for sale, qualifying potential buyers and related administrative expenses. In the event that the sale does not proceed for any reason after the listing has occurred, this portion of the fee will not be returned to the seller.

6. If a unit is listed for sale and the owner must relocate to another area prior to completing the sale, the unit may, upon approval of the City of Glenwood Springs, be rented to a qualified individual, at the owner's cost as described in *Section F- Leave of Absence* for a maximum period of two years. A written request must be sent to the program administrator seeking permission to rent the unit until sold. A minimum six-month written lease must be provided to the tenant with a sixty-day move out clause upon notification that the unit is sold. All tenants must be qualified as described in Section F. The lease must stipulate that the Community Housing unit is listed for sale and that the tenant will be required to allow for showings of the property, with sufficient notice. The lease must also stipulate that the agreement may be terminated after six months, with sixty days notice, due to the sale of the property.

IV. DEVELOPMENT OF COMMUNITY HOUSING UNITS

An applicant for any new residential development permit, subdivision or annexation within Glenwood Springs is subject to the Inclusionary Residential Requirements for Community Housing: Section 1. Article 070.130. of the Glenwood Springs Municipal Code. This ordinance requires that residential developments of three or more units must provide at least 15% of those units as Community Housing units as defined in the Community Housing guidelines for Glenwood Springs. The requirement is imposed as a condition of approval for all residential development, including:

- Annexations;
- Planned Unit Developments;
- Major and minor subdivisions; and,
- Major and minor development permits.

This ordinance specifically requires that:

- 15% of all new lots in each new subdivision be deed restricted for community housing; and/or,
- 15% of all new multiple family development be deed restricted for community housing;
- Projects that result in a fraction of a required unit pay a fee in-lieu;
- The average of the sales prices proposed for the Community Housing units' results in a price that is affordable to households earning 80% of the Area Median Income as defined by HUD for Garfield County.

A. Preference for Community Housing Location

1. It is the clear preference of the Community Housing Program to include Community Housing units within the proposed development (on-site housing). These units are to be distributed throughout the proposed development, to the extent possible.
2. Off-site housing may be approved, if the developer is able to demonstrate that providing units on-site would compromise the proposed project or if providing Community Housing units in a different location would be of greater benefit to the future residents of this housing or the community in general. The Planning and Zoning Commission will consider if zoning, environmental or legal restrictions make it unfeasible to provide the required number of units on site or if there is greater benefit to be achieved by approving a request to provide the Community Housing units in a different location. For example, if a market rate development were proposed that was not located close to transit, shopping or schools and units could be acquired that were in closer proximity to these services, off-site housing may be approved. (See Section E for requirements).
3. Lastly, for small projects where providing Community Housing units may not be feasible, a cash-in-lieu fee may be paid. Developments whose calculation results in a fraction will have the option of paying the fee in-lieu. For example, a five-unit project's 15% requirement would equal .75 of a Community Housing unit. This development would pay a pro-rated share of the fee in-lieu (75% of the fee in-lieu amount for a full unit).

B. Housing Mitigation Plan

Applicants for any residential development approval or residential building permit must demonstrate compliance with the Inclusionary Zoning Requirements. In order to receive approval for a PUD, subdivision, annexation or development permit an applicant must receive an approved, preliminary determination of the acceptance of the developer's

Housing Mitigation Plan. The Housing Mitigation Plan shall be submitted to and approved by the Planning and Zoning Commission prior to, or concurrent with, the application for the free market portion of the project.

Ten (10) copies of the Housing Mitigation Plan are to be submitted to the Glenwood Springs Planning and Zoning Commission. The Housing Mitigation Plan must be submitted with the Planning Application as outlined in Article 070 of the Glenwood Springs Municipal Code. A schedule of the Commission's meetings is available through the Glenwood Springs Planning Office.

At a minimum, the Housing Mitigation Plan must include the following information:

1. Total number of proposed attached residential units, by bedroom configuration and square footage of each unit;
2. Total number of proposed detached residential units, by bedroom configuration and square footage of each unit;
3. Proposed unit type, size, number of bedrooms, targeted income category and initial sales price for each attached Community Housing unit;
4. Proposed unit type, size, number of bedrooms, targeted income category and initial sales price for each detached Community Housing unit;
5. Average size of finished square footage, excluding garages and unfinished basements of the proposed Community Housing units and average size of finished square footage of market rate housing units, excluding unfinished basements and garages;
6. Average lot size of proposed Community Housing units and average lot size of market rate housing units.
7. Location of proposed Community Housing units, by unit type and size;
8. Concept for marketing to households that may be eligible for the Community Housing units;
9. Description of the incentives provided as part of the Inclusionary Requirement; and,
10. Computation that clearly delineates how the average cost of the Community Housing units was derived to meet the requirement that the average sales price of all Community Housing units is affordable to households earning 80% of the Area Median Income (AMI) as determined by HUD.

The Planning and Zoning Commission shall certify its approval, approval with conditions or denial of the Housing Mitigation Plan. Such approval, approval with conditions or denial shall be based on compliance with Ordinance No. 24 – Inclusionary Residential Requirements for Community Housing and these Community Housing guidelines.

An approved Housing Mitigation Plan will become part of the Development Agreements executed by the City of Glenwood Springs for any approved project. Any amendment to the Housing Mitigation Plan shall require Planning and Zoning Commission approval.

C. Minimum Square Footage

In order to assure livability of the Community Housing units, a minimum square footage requirement has been established for these homes. Proposals for Community Housing units must meet these minimum square footage amounts and can exceed them, at the

discretion of the developer. Square footages are for finished square feet and are not to include garages, carports or unfinished basement space.

Minimum Square Footage – Community Housing Units

Unit Type	Categories 1 & 2	Categories 3 & 4
Studio	400	500
1 Bedroom	600	700
2 Bedroom	850	950
3 Bedroom	1,000	1,100
Single Family Detached	1,100	1,200

Square footage calculations shall be verified by the Building Department prior to issuance of any building permits for either the free market or Community Housing component of a project. The Building Department shall retain a set of approved building permit drawings for the project and the Building Department or program administrator may check the actual construction of the Community Housing units for compliance with the approved building permit plans.

D. Sales Prices

The following table sets forth the maximum sales price for each newly deed restricted Community Housing unit and community lots available to the initial purchaser. The maximum sales price of a unit shall be controlled by the deed restriction covering the unit executed by the initial purchaser upon closing of the initial purchase.

Sales Price Guidelines – 2005

	Category 1	Category 2	Category 3	Category 4
	60% of AMI	80% of AMI	80% to 100%	100% to 120%
Studio	\$103,542	\$138,213	\$155,392	\$189,828
One Bedroom	\$111,039	\$148,071	\$166,568	\$203,571
Two Bedroom	\$118,535	\$157,929	\$177,744	\$217,314
Three Bedroom	\$133,293	\$177,646	\$199,901	\$244,371
Single Family Detached	\$148,051	\$197,363	\$222,058	\$271,428

1. The sales price assumes a 95% loan to value ratio, based upon a 30-year mortgage at prevailing interest rates. Interest rate will be obtained from either FNMA or the Federal Reserve. The average rate for the previous year will be used. Average rates will help to address the fluctuations that occur in mortgage rates;
2. Sales prices will be adjusted at least annually by the program administrator to reflect the most recent changes in changes in the Area Median Income and mortgage rates;

3. The price is calculated based on principal, interest, taxes, insurance and homeowners association dues that do not exceed 33% of gross monthly household income;
4. Approximately 20% of the 33% of gross monthly household income has been deducted for taxes, private mortgage insurance, homeowners insurance and home owners association dues;
5. Sales prices have been established assuming the mid-point of each category, where applicable; and,
6. Sales prices have been established according to the following number of persons per bedroom configuration.

**Number of Persons by Bedroom Configuration
Used to Establish Sales Price**

Number of Persons in Household	Bedroom Configuration
1 Person HH	Studio
1.5 Person HH	One Bedroom
2 Person HH	Two Bedroom
3 Person HH	Three Bedroom
4 Person HH	Single Family Detached
4 Person HH	Single Family Lot

One-bedroom units are priced assuming an income that is halfway between the one-person household size and two-person household size. This has no real relationship to the number of persons in a household and income; rather, it is simply a basis from which to define an income. It is acknowledged that smaller or larger households may seek to purchase smaller or larger units. For example, a three-person household may purchase a two-bedroom unit or a four-person household may purchase a three-bedroom unit. What is important is that the household income of the buyer does not exceed the maximum allowable income established for the Community Housing Program and that the sales price does not exceed that defined for the program; and,

7. Sales prices for Community Housing units will be established at the time the building permit for the unit has been issued. It is the responsibility of the developer to submit a copy of the approved building permit to the program administrator to receive a confirmation of the sales price based upon the published sales price at that time.

E. Off-Site Housing Application Procedures

The priority for Glenwood Springs is to provide Community Housing units within new developments to assure a distribution of this housing throughout the community. As part of their Housing Mitigation Plan, developers may make a request for providing housing off-site. Options include acquiring existing housing that would meet the inclusionary zoning requirements or acquiring units in a new development that could also meet these requirements. This request must demonstrate that providing units off-site will further the goals of the City of Glenwood Springs to provide Community Housing for employees and/or current residents. At a minimum, the request must include the following:

1. Reasons why zoning, environmental or legal restrictions make it unfeasible to provide the required number of on-site units; and
2. The units to be provided off-site are of equivalent value, quality and size to those that would have been constructed on-site.

Prior to finalizing any agreements relative to the Housing Mitigation Plan that may include approval of an off-site housing proposal, the developer shall at his or her own expense hire a rehabilitation specialist who meets with City approval, to do the following:

1. Inspect each proposed unit and determine whether the proposed unit meets the current housing and building codes;
2. Estimate the life-cycle replacement timing and costs of the principle building structures and interior fixtures;
3. Identify deficiencies and livability concerns (e.g. room layouts, unit sizes, amenities, etc.); and,
4. Prepare a written inspection report and any necessary documentation that will be given to the program administrator and a certified, independent appraiser.

The developer will instruct the appraiser to consider the inspection report and provide an estimate of market value for the off-site units that are proposed.

Off-site units that are sold under this program are required to fulfill all other requirements of the Community Housing Program, including imposing deed restrictions, sales price standards, resident selection process and so on.

F. Payment In-Lieu

A developer may, under certain conditions and subject to certain requirements, satisfy a Community Housing requirement by payment of a fee in-lieu of providing a unit. Payment in-lieu fees will be accepted for developments where the calculation to

determine the number of units to be produced to meet the mitigation requirements results in a partial unit.

All fees shall be paid to the City of Glenwood Springs Building Department prior to issuing the first certificate of occupancy for a market rate unit. The Building Department will issue a receipt to the developer as verification of payment that will be used to release the Certificate of Occupancy. These fees will be placed into a separate fund that is earmarked for Community Housing projects that the City may use to acquire land or units. The City may purchase the land or units or allocate these funds to an entity that agrees to acquire land or units that will be devoted to the Community Housing Program.

G. Payment in-lieu schedule

The section provides the calculation method for the fee that can be paid in lieu of producing units under Glenwood Springs' Community Housing Program. The program requires that:

- 15% of all new lots in each new subdivision be deed restricted for community housing; and/or,
- 15% of all new multiple family development be deed restricted for community housing;
- The average of the sales prices proposed for the Community Housing unit's results in a price that is affordable to households earning 80% of the Area Median Income as defined by HUD for Garfield County.
- For small projects where providing Community Housing units may not be feasible, a cash-in-lieu fee may be paid. Developments whose calculation results in a fraction will have the option of paying the fee in-lieu. For example, a five-unit project's 15% requirement would equal .75 of a Community Housing unit. This development would pay a pro-rated share of the fee in-lieu (75% of the fee in-lieu amount for a full unit).

The calculation of the fee involves a process that takes into account the income levels of the program's targeted beneficiaries, the amount they can afford to pay for housing, the market cost of housing and the gap between affordability and cost.

1. Targeted Households/Income Limits

The Community Housing Program serves households with incomes in the range of 60% to 120% of the median income for Garfield County (AMI). As stated above, the *average* sales price of units produced in accordance with the requirements must be affordable for households with incomes at 80% AMI. Since the average price is set at 80% of the AMI, the maximum incomes at 80% AMI are used to generate the affordable amount for the fee in lieu calculation. The following table lists the 2005 maximum income limits at 80% of the AMI.

Maximum Incomes-2005

80% of AMI	
1 Person Household	\$35,400
2 Person Household	\$40,450
3 Person Household	\$45,500
4 or more persons	\$50,550

2. Affordable Price

At 80% of the AMI, affordable home prices range from \$138,213 for a studio to \$197,363 for a single-family detached house. It is assumed that the fees collected through the program's payment in lieu option will be used to produce a variety of unit types and sizes. In order to calculate the fee in lieu amount for the program, an average affordable price is needed that will generate sufficient funds to finance housing throughout the eligible price range. To develop an average price, the average size of homeowner households in Glenwood Springs of 2.52 persons per unit (2000 Census) is taken into account. The program's guidelines for the number of persons per unit, indicates that the Area Median Income for a two-person household is linked with two-bedroom units and that three person households are linked with three-bedroom units. The sales prices for two and three bedroom units (\$157,929 and \$177,646) are therefore averaged to generate an average affordable price per unit of \$167,788.

Sales Price Guidelines - 2005	
80% of AMI	
Studio	\$138,213
One Bedroom	\$148,071
Two Bedroom	\$157,929
Three Bedroom	\$177,646
Single Family Detached	\$197,363

3. Market Prices

The difference between prevailing market prices and what low-income households at 80% of the AMI can afford to pay for housing is the gap for which the payment in lieu fee must fill. The gap is based on the market price of residential units that have recently been purchased. The cost of units sold, including both new and resale's of older units, has been used rather than construction costs for several reasons:

- Market-rate rents and the average price per square foot of homes sold can be readily obtained and can be used to update the fee on a regular basis; and,

- The City may use the fees obtained to purchase existing units or support other housing efforts that do not involve new construction.
- Construction costs are highly variable and the sample at any point in time is small relative to the total number of units sold.

A sample of ~~251 residential sales that closed between January 1, 2003 to March 31, 2004 were examined to determine the market costs. The sample included both single-family and multi-family units. The average cost per finished square foot for these 251 sales was \$192.53. For calculation purposes, the number will be rounded to \$193 per square foot.~~

Since a variety of units are to be provided with the funds received through the payment in lieu, a target for the average size of unit must be assumed to determine the market cost on a per unit basis. Minimum allowable sizes range from 400 square feet for a studio to 1,200 square feet for a three-bedroom single-family detached house. A target of 1,000 square feet will be assumed, which is slightly higher than the average of the minimum allowable sizes but appropriate for the average household size of 2.52 persons in Glenwood Springs.

Minimum Square Footage – Community Housing Units

Unit Type	Categories 1 & 2	Categories 3 & 4
Studio	400	500
1 Bedroom	600	700
2 Bedroom	850	950
3 Bedroom	1,000	1,100
Single Family Detached	1,100	1,200

The market cost for units equivalent to those that are to be provided through the payment in lieu option is therefore estimated to be \$193,000, which is the price per square foot of \$193 times the average size of 1,000 square feet.

4. Gap/Payment Calculation

The per unit difference between what the average household in Glenwood Springs with an income at 80% of the AMI could afford to pay and the market cost of a unit appropriate for that household is \$15,987.

Two Bedroom	\$157,929
Three Bedroom	\$177,646
Average	\$167,788
Market Price	
\$193 x 1,000 sf	\$193,000
Difference	\$15,967

The amount that must be paid in lieu for small developments with fewer than five units or lots is as follows:

Units/Lots	% Mitigation	Fee
1	15%	\$2,395
2	30%	\$4,790
3	45%	\$7,185
4	60%	\$9,580
5	75%	\$11,976
6	100%	\$15,967

H. Home Owners Associations

Any documents creating a condominium or home owners association shall state that the Community Housing units shall only be assessed monthly dues and other shared assessments based on whichever of the following two formulas results in the lower cost for the Community Housing unit:

1. The size of the Community Housing unit in square feet compared to the total size of the other units in the development. For example, if a Community Housing unit is 60% of the size (in square feet) of all other housing offered in the development, then the home owners association dues would be 60% of the amount charged for the market rate units. To easily compute this, the average square footage of the Community Housing units would be calculated as a percentage of the average square footage of the market rate housing.

Example – Computation Based on Square Footage

	Market Rate	Community Housing
Average Square Feet	1,500	850
% of Market Rate Unit Size	100%	57%
HOA Dues	\$175	\$99

2. The size of the lot on which the employee dwelling unit is located as compared to the total size of the other lots in the development. For example, if the average lot size of market rate housing is 10,000 square feet and the average size of lot for a Community Housing unit is 6,500 square feet, then the Community Housing unit would pay 65% of the HOA Dues on a monthly basis.

**Example- Computation
Based on Lot Size**

	Market Rate	Community Housing
Average Lot Size	10,000	6,500
% of Market Rate Unit Size	10%	65%
HOA Dues	\$ 175	\$ 114

In order to comply with this provision, the developer must include these calculations in the Housing Mitigation Plan. Upon final project approval, the developer will provide the final average unit sizes and lot size to the program administrator. Lastly, a copy of the proposed HOA documents must be given to the program administrator at least 30 days prior to adoption for review.

I. Unit Quality

Community Housing units are an asset that the City of Glenwood Springs hopes to have available for years to come. Because of this, the quality of the housing is very important. It is expected that all units will meet local building codes and be built to a standard that will enhance durability over time. If market rate units include features such as dishwashers, disposals, air conditioning and energy efficient windows, it is expected that the Community Housing units will contain similar features. The program administrator will review the plans for the units to assure that there are similarities between the market rate and Community Housing units and inspect them upon completion to assure all promised features are included in the units.

J. Incentives

The City of Glenwood Springs is interested in promoting more affordable housing, in locations that are conducive to use of alternate modes. In addition, it is interested in mitigating some of the impact to the developer of a project where Community Housing will be provided. A developer interested in pursuing the following incentives must indicate the type of incentive(s) that are being sought as part of the Housing Mitigation Plan. Incentives include:

1. The minimum lot size may be reduced by 15%; or
2. Building setbacks may be reduced by 20%; or
3. Justification of an increase in building height for special use permit in the C-2 zone district; or
4. Waiver of fees in accordance with 070.010.061 of the GSMC; or
5. A 1% reduction in the mitigation may be achieved for each market rate unit which is 1,000 square feet in size or less. The Housing Mitigation Plan must clearly describe the number of market rate units which are less than 1,000 square feet; or

6. A 1% reduction in mitigation may be achieved for every owner occupied market rate unit provided they are deed restricted in accordance with 070.130.080.A. Developers seeking this incentive must agree to recording a deed restriction on these units, as defined in the legal description or for each individual lot; or
7. A 1% reduction in mitigation may be achieved for each residential unit located within 400 feet of an existing transit stop. The site plan must clearly indicate the location of these units relative to the transit stop; or
8. A 1% reduction in mitigation may be achieved for each residential unit located in a mixed-use project that combines residential with office, retail, commercial or industrial units. The site plan must clearly indicate the location of the residential units relative to non-residential units, including parking and entry into the residential units; or
9. A 1% reduction in mitigation may be achieved for each free market residential unit that has an initial sales price that is at least 5% below the sales price achievable by a buyer with an income of 120% of AMI. Developers seeking this incentive must agree to recording a deed restriction on these units, as defined in the legal description for each individual lot. They must also agree to the marketing guidelines and live/work preferences that have been established for these programs.

Any combination of incentives 5 through 9 may be applied to reduce the residential mitigation requirement provided; however, that in no case shall the residential requirement be reduced to less than 10%. For example, a developer of a 50-unit project will have to set aside 8 units to meet the Community Housing requirement. If four of the market rate units were 1,000 square feet or less, the mitigation requirement would be reduced by 4% (to an 11% requirement). The number of Community Housing units would be six. If three of the market rate units were located within 400 feet of an existing transit stop, the mitigation requirement would be further reduced, from 11% to 8%; however, the guidelines stipulate that at least 10% of the project has to be devoted to Community Housing so the builder would have to provide at least five Community Housing units.

Incentives 1 through 4 may not be combined with any other incentive. For example, if the developer chose to reduce the minimum required lot size by 15%, this would be the only incentive that could apply to the program. Furthermore, incentives 1 through 4 only apply to the Community Housing units, not the entire development.

Regardless of whether or not a developer selects any incentives, the proposed character and density of the development shall be compatible with the surrounding land uses and neighborhood character and be suitable for the proposed site. The development shall comply with all other applicable land uses.

K. Deed Restrictions

1. All Community Housing units are required to have a deed restriction or covenant that will control the re-sale price of the home. The deed restriction will be provided to the developer for review at the time upon approval of the Housing Mitigation Plan. Prior to issuance of any building permit for a project, the program administrator shall have an approved, executed and recorded deed restriction for the required commitment by the applicant. A copy of the recorded deed restriction and approved Housing Mitigation Plan shall be sent to the program administrator.
2. Prior to issuance of any Certificate of Occupancy, the deed restriction shall be amended, if necessary, to reflect changes approved by the program administrator, which may have occurred during construction or conversion of a Community Housing unit. In addition, the deed restriction shall be executed and recorded, with the original returned to the program administrator for their files.

L. Schedule for Community Housing Units

Developers are required to provide Community Housing units prior to, or concurrently with, the production of market rate housing. Prior to receiving a building permit, the developer must provide the program administrator with a proposed production schedule that clearly delineates the start and completion dates of the market rate units and the Community Housing units. The program administrator will notify the Glenwood Springs Building Department that a schedule has been provided and found to be acceptable, prior to a building permit being released for the development, or particular phase of a development.

M. Eligibility and Priorities

Eligibility for Community Housing will be made without regard to race, color, creed, religion, sex, handicap, national origin, familial status or marital status. The intent of the Community Housing Program is to provide housing opportunities for households that live and/or work in Glenwood Springs. To that end, the developer must assure that units are sold to persons who:

1. Are full-time employees working in Glenwood Springs or for a business with its principal office located in Glenwood Springs; or
2. A retired person who has been a full-time employee in the area for a minimum of four years immediately prior to his or her retirement; or,
3. A disabled person who has been a full-time employee in Glenwood Springs a minimum of two years immediately prior to their disability; or,
4. The spouse or dependent of any such qualified employee, retired person, or disabled person; or,
5. A prospective buyer who is a current resident of Glenwood Springs.

In addition, the applicant must satisfy the maximum program income limits published in these guidelines. It is the responsibility of the individual or household to demonstrate eligibility by obtaining a letter from the program administrator indicating they meet the

program guidelines. This letter should be presented to the developer, or their representative, prior to finalizing a purchase contract. Within 30 days of closing, the program administrator will update the eligibility letter to assure that the prospective buyer meets the income guidelines and priorities established for the program.

N. Initial Sales Procedure

Several steps are involved in the initial sales of Community Housing units:

1. The developer is required to provide the program administrator with a schedule that indicates the proposed date for when the Community Housing units will become available for sale at least 30 days prior to initiating the marketing program. The schedule must indicate when pre-marketing activities will begin and when a model may be available, if applicable;
2. The initial marketing schedule should also include the unit type(s), bedroom configuration(s), square footage(s), address and sales price for these homes;
3. The program administrator will provide information to prospective buyers. This may be done through a website dedicated to listing Community Housing unit home sales, as well as by distributing literature (provided by the developer), to prospective buyers who stay in contact with the program administrator. This information will include the date(s) for the lottery and how a prospective buyer will notify the program administrator of their interest in being included for a particular lottery;
4. Evidence that a deed restriction has been recorded against the property will be provided by the program administrator;
5. Conduct a good faith marketing effort to attract income qualified buyers who are currently employed and/or live in Glenwood Springs;
6. Following the 30-day marketing period, the Program Administrator will conduct a lottery for households interested in purchasing a unit. The lottery shall be held as described in Section III. The program administrator will provide buyers with an approved resale covenant prior to entering into a contract to purchase the unit. Buyers will be instructed to contact the program administrator and/or legal counsel prior to consummating the purchase agreement; and,
7. The developer must notify the program administrator at least 15 days prior to the closing of the date and location of the closing, the address of the unit being purchased, the sales price and name of the household purchasing the home. The developer must present the final deed restriction to the buyer at the closing for signature and recordation.

V. GRIEVANCE PROCEDURES

A grievance is any dispute that a unit owner, purchaser or developer may have with the City of Glenwood Springs or the program administrator with respect to action or failure to act in accordance with the rights, duties, welfare or status of these persons or entities.

A. Development

1. Upon final approval or denial of the Housing Mitigation Plan by the Housing for Tomorrow Commission an appeal may be made in accordance with the provisions of Section 070.010.050 of the GSMC.
2. A written appeal or grievance that relates to program administration shall be submitted to the program administrator, with a copy provided to the City of Glenwood Springs Office of Community Development. The grievance or appeal must state the grounds upon which the grievance/appeal is made and indicate the course of action that the developer believes should be taken to resolve the issue.

The staff of the program administrator will attempt to resolve the issue by discussing the concerns with the developer or their representative. Following the resolution of the issue, the program administrator will provide a brief to the City of Glenwood Springs that describes the nature of the grievance or appeal, the factors considered in addressing the issue(s) and the resolution of the issue.

B. Buyers/Sellers

1. A written grievance or appeal must be presented to the program administrator. It shall specify:
 - a. The particular ground(s) upon which it is based;
 - b. The action requested; and,
 - c. The name, address, telephone number of the complainant and similar information about his/her representative, if any.
2. Upon presentation of a written grievance, the staff of the program administrator shall meet with complainant to review the grievance and resolve the issue, if possible.
3. If the issue is not resolved, the complainant may request a hearing before the board of the program administrator. The staff will provide written materials to the board that includes:
 - a. The written grievance;
 - b. The factors affecting a successful resolution of the grievance;

- c. Any documents provided by the complainant; and,
 - d. A recommended course of action.
4. Upon presentation of these materials, a hearing before the board of the program administrator shall be scheduled as soon as reasonably practical. The complainant shall be afforded a fair hearing, providing the basic safeguard of due process, including notice and an opportunity to be heard in a timely, reasonable manner.
 5. The complainant has the right to be represented by counsel.

C. Conduct of the Hearing

1. If the complainant fails to appear at the scheduled hearing, the board may make a determination to postpone the hearing or make a determination based upon the written documentation and the evidence submitted.
2. The hearing shall be conducted by the board as follows:
 - Oral or documentary information may be received with compliance to the rules of evidence applicable to judicial proceedings;
 - The board shall have the opportunity to ask questions of the complainant and his/her counsel, if present, and staff regarding the information and attempts to resolve the issue; and,
 - Based upon the records of the hearing, including verbal and written information, the board shall provide a written decision and include their reasons for this decision. A written copy will be provided to the complainant and staff.