

- ii. Receipts to verify the costs of improvements located thereon, including labor costs;
- iii. A copy of any building permit obtained for the improvements; and
- iv. An affidavit verifying that the receipts are valid and correct and represent costs actually paid by the Owner for construction of their home. (Cancelled checks, without receipts, will not be acceptable documentation of costs.)

c. Methods for Calculating Maximum Sale Price.

1) Method 1. (3% Per Annum)

Method 1 has two formulas. The first formula will be used prior to, and including, the first sale after a CO is issued for the initial improvements. The second formula will be used for all sales after the first sale and after a certificate of occupancy has been issued for the initial improvements. The second formula is based on the most recent sales price so the seller does not need to keep track of the original land cost and the original improvements costs forever.

Formula #1.

The Maximum Sale Price, prior to, and including the first sale after a CO was issued for the initial improvements, is calculated based on:

- the land cost, including the proportionate share for multifamily Units, plus
- 3% of that cost for each year the seller has owned the land, not compounded annually, and prorated for partial years, plus
- the cost of initial improvements, plus
- 3% of the initial improvements cost for each year since a CO was issued for the improvement, not compounded annually, and prorated for partial years, from the date a CO is issued by the Town for those improvements, plus
- the cost of Permitted Subsequent Improvements (including owner contributed labor), plus
- 3% of the Permitted Subsequent Improvements cost for each year after the improvement is complete, not compounded annually, and prorated for partial years, from the date a building permit is issued by the Town for those improvements.

X = Land cost – Original price of land plus the Buyer Costs listed below, but not including the Land Transfer Excise Tax. Buyer costs include the normal, ordinary costs associated with the sale and purchase of real property, including costs and expenses associated with the closing of a loan for real property. (See definition of Customary Closing Costs.)

a = Initial improvements cost –

The cost of all initial improvements prior to issuance of a CO, including all structures and landscaping prior to the CO.

b = Owner-contributed labor for initial improvements –

The cost of labor shall not exceed the cost of materials.

C = Permitted Subsequent Improvements cost after the initial CO -

If several Permitted Subsequent Improvements have been made after the initial CO has been issued, these are labeled c_1 , c_2 , c_3 , etc.

Permitted Subsequent Improvements (including owner-contributed labor) made after the issuance of a CO shall not exceed ten percent (10%) of the value of the initial improvements from the date of the issuance of the CO, for an initial ten-year period. For every ten-year period thereafter, another ten percent of the value of all improvements (including the value of initial improvements and the Permitted Subsequent Improvements for each ten year period thereafter) may be added to the value of the improvements.

Construction of an accessory dwelling, subsequent to the issuance of a CO for a primary dwelling, shall be exempt from the 10% limit. Once the CO is issued for the accessory dwelling, the 10% cap shall not exceed the value of all existing improvements including the allowed 10% cap during each ten-year period as discussed above.

D = Owner-contributed labor for Permitted Subsequent Improvements –

If several subsequent improvements have been made after the initial CO has been issued, these are labeled d_1 , d_2 , d_3 , etc.

The Maximum Sale Price of the Unit is determined by the following formula:

$$(X + ((X * .03) * \# \text{ of years since purchased})) + ((a + b) + (((a + b) * .03) * \# \text{ of years since CO})) + ((c_1 + d_1) + ((c_1 + d_1) * .03) * \# \text{ of years since BP})) + ((c_2 + d_2) + ((c_2 + d_2) * .03) * \# \text{ of years since BP})...etc.$$

* is the symbol for multiplication in all formulas

Example

Sale of the Unit is in January, 2007.

The land is owned three years and six months (purchased in July, 2003).

Land cost is	\$30,000	
Cost of initial improvements, for which a C.O. is issued in July, 2005	\$95,000	
Cost of owner-contributed labor for initial improvement (July, 2005)		\$25,000
Cost of Permitted Subsequent Improvements finished in July, 06		\$ 3,000
Cost of owner-contributed labor for subsequent improvements (July, 2006) is		\$ 2,000
Total costs		\$155,000

$$(\$30,000 + ((\$30,000 * .03) * 3 \frac{6}{12})) + ((95,000 + 25,000) + (((95,000 + 25,000) * .03) * 1 \frac{6}{12})) + ((\$3,000 + \$2,000) + ((\$3,000 + \$2,000) * .03) * 6/12)) = \$ 163,625$$

or

	\$30,000	=	\$30,000
+	\$(30,000 * .03) * 3 6/12	=	3,150
+	\$95,000	=	95,000
+	\$(95,000 * .03) * 1 6/12	=	4,275
+	\$25,000	=	25,000
+	\$(25,000 * .03) * 1 6/12	=	1,125
+	\$ 3,000	=	3,000
+	\$ (3,000 * .03) * 6/12	=	45
+	\$ 2,000	=	2,000
+	\$ (2,000 * .03) * 6/12	=	30
Total			\$163,625

Formula #2

The Maximum Sale Price for the second sale, after a certificate of occupancy for the initial improvements was issued, and for all subsequent sales is calculated based on:

- the most recent purchase price of a unit, plus
- 3% of that cost for each year the seller has owned the Unit, not compounded annually, and prorated for partial years, plus
- the cost of Permitted Subsequent Improvements (see above), plus
- 3% of the Permitted Subsequent Improvements cost (including owner contributed labor) for each year after the improvement is complete, not compounded annually, and prorated for partial years, from the date a building permit is issued by the Town for those improvements (see above).

- F = Most recent sales price – The price paid for the land and all improvements including landscaping.
- C = Permitted Subsequent Improvements costs – after the Unit was purchased (see above).
- D = Owner-contributed labor for Permitted Subsequent Improvements (see above).

The Maximum Sale Price of the Unit is determined by the following formula:

$(f + (f * .03) * \# \text{ of years since purchased}) + (c_1 + d_1) + ((c_1 + d_1) * .03 * \# \text{ of years since BP}) + (c_2 + d_2) + ((c_2 + d_2) * .03 * \# \text{ of years since BP}) \dots \text{etc.}$

Example

Seller purchased the Unit in January, 2009 and paid	\$ 170,000
Cost of Permitted Subsequent Improvements finished in July, 2011	\$ 3,000
Cost of owner-contributed labor for Permitted Subsequent Improvements	\$ 2,000
Seller sold the Unit in July, 2012.	
Total costs	\$ 175,000

$$\$170,000 + (\$170,000 * .03) * 3 \text{ 6/12} + (\$3,000 + \$2,000) + ((\$3,000 + \$2,000) * .03 * 1) = \$193,000$$

or

\$170,000	=	\$170,000
+ \$(170,000 * .03) * 3 6/12	=	17,850
+ \$ 3,000	=	3,000
+ \$(3,000 * .03) * 1	=	90
+ \$ 2,000	=	2,000
+ \$(2,000 * .03) * 1	=	60
Total		\$193,000

2) Method 2. (Consumer Price Index Method)

Method 2 has two formulas. The first formula will be used prior to, and including, the first sale after a CO is issued for the initial improvements. The second formula will be used for all subsequent sales after the first sale. The second formula is based on the most recent sales price so the seller does not need to keep track of the original land cost and the original improvements costs forever.

Formula #1.

The Maximum Sale Price, until the second sale after a certificate of occupancy is issued for the initial improvements, is calculated based on the land cost, the improvements cost and the change in the Consumer Price Index ("CPI") where:

X = Land cost (see above)

a = Initial improvements cost (see above)

b = Owner-contributed labor (see above)

c = Permitted Subsequent improvement cost after the initial CO (see above)

d = Owner-contributed labor for Permitted Subsequent Improvements (see above)

The CPI figures are published for the first half and second half of each year. Therefore the CPI figure for the first half of a year will be used for all expenses or sales from January 1, through June 30. The CPI figure for the second half of a year will be used for all expenses or sales from July 1 through December 31.

The Maximum Sale Price of the property is determined by the following formula:

$$X * \frac{\text{CPI prior to date of Town notification}}{\text{CPI prior to purchase by seller}} + (a + b) * \frac{\text{CPI prior to date of Town notification}}{\text{CPI prior to issuance of CO}} + (c_1 + d_1) * \frac{\text{CPI prior to to date of Town notification}}{\text{CPI prior to issuance of BP}} + (c_2 + d_2) \dots \text{etc.} = \text{Maximum Sale Price.}$$

Example

- Sale of the Unit is in January, 2007.
- CPI prior to purchase of the land in July 2003 was 187.8.
- CPI prior to completion of initial improvements in July, 2005 was 189.2 (projected, not actual).
- CPI prior to completion of Permitted Subsequent Improvements in July, 2006 was 196.3 (projected, not actual).
- CPI prior to date of sales contract in January, 2007 was 199.1 (projected, not actual). (The second half CPI number will be used for sales between January 1 and June 30).

$$\$30,000 * \frac{199.1}{187.8} + (95,000 + 25,000) * \frac{199.1}{189.2} + (3,000 + 2,000) * \frac{199.1}{196.3} = \$163,155.50$$

Since Formula 1 in Method 2, using CPI, results in a lower Maximum Sale Price than Formula 1 in Method 1, the Method 2 number would be the Maximum Sale Price.

Formula #2

The Maximum Sale Price, for the second sale after a certificate of occupancy for the initial improvements is issued, and for all subsequent sales, is calculated based on:

- the most recent purchase price of a Unit, plus
- 3% of that cost for each year the seller has owned the Unit, not compounded annually, and prorated for partial years, plus
- the cost of Permitted Subsequent Improvements, plus
- 3% of the Permitted Subsequent Improvements cost (including owner contributed labor) for each year after the improvement is complete, not compounded annually, and prorated for partial years, from the date a building permit is issued by the Town for those improvements.

F = Most recent purchase price of a Unit

c = Permitted Subsequent improvement cost after the initial CO (see above)

d = Owner-contributed labor for Permitted Subsequent Improvements (see above)

The CPI figures used will be for the 1st Half or 2nd Half of the year prior to the expense or sale.

The Maximum Sale Price of the property is determined by the following formula:

$$f * \frac{\text{CPI prior to date of Town notification}}{\text{CPI prior to purchase by seller}} + (c_1 + d_1) * \frac{\text{CPI prior to date of Town notification}}{\text{CPI prior to issuance of BP}} +$$

$(c_2 + d_2) \dots \text{etc.} = \text{Maximum Sale Price.}$

Example

• Seller purchased the Unit in January, 2009 and paid	\$ 170,000
• Cost of Permitted Subsequent Improvements finished in July, 2011	\$ 3,000
• Cost of owner-contributed labor for Permitted Subsequent Improvements	\$ 2,000
• <u>Seller sold the Unit in July, 2012.</u>	<u> </u>
Total	\$ 175,000

CPI in December 2008 was 207.96 (projected, not actual)
 CPI in June 2011 was 218.45 (projected, not actual)
 CPI in June 2012 was 222.88 (projected, not actual)

$$\$170,000 * 222.88/207.96 + (\$3,000 + \$2,000) * 222.88/218.45 = \$187,297.97$$

or

$\$170,000 * 222.88/207.96$	=	\$182,196.57
$+\$ 3,000 + 2000 * 222.88/218.45$	=	5,101.40
Total		\$187,297.97

Since Formula #2 in Method 2, using CPI, results in a lower Maximum Sale Price than Formula #2 in Method 1, the Method 2 number would be the Maximum Sale Price.

H. Leave of Absence for Owners of Affordable Housing Units.

If an owner of an affordable housing unit wishes to leave Gunnison County for a limited period of time and desires to rent the unit during the absence, a leave of absence may be granted by the Town for up to one (1) year upon clear and convincing evidence which shows a bona fide reason for leaving and a commitment to return to live in the unit. A letter must be sent to the Town at least thirty (30) days prior to leaving, requesting permission to rent the unit during the leave of absence. Notice of such intent to rent the unit and the ability to comment shall be provided to any applicable homeowner's association at the time of request to the Town by the Town, or its designee. The leave of absence shall be for up to one (1) year and may, at the discretion of the Town be extended for one (1) year, but in no event shall the leave exceed two (2) years in any five (5) year period. The unit shall be rented in accordance with the Town's guidelines during said one (1) or two (2) year period.

Prior to the Town's, or its designee's qualification of the tenant, said tenant shall acknowledge all covenants, rules and regulations for the unit and agree to abide by them. Enforcement of said covenants, shall be the responsibility of the homeowner's association. Enforcement of the rules and regulations included in these Guidelines, shall be the responsibility of the Town, or its designee. A copy of the executed lease shall be immediately furnished by the owner to the Town and the homeowner's association.

Additionally, an owner may request a one-time in-county leave of absence for one (1) year by Special Review with all of the above conditions applying.

I. Rental Rates.

1. Maximum Rental Rates

When an owner has been granted a Leave of Absence, and when the Town has an ownership interest in the unit, the maximum rental rate for any Unit shall be no more than the sum of:

- a. the monthly mortgage principal and interest payment, plus
- b. condominium or townhouse fees, plus
- c. utility costs remaining in the owner's name, plus
- d. taxes and insurance prorated on a monthly basis, plus
- e. up to 3% of the monthly principal and interest payment per month.

2. Rental Guidelines

In cases where rental of a Housing Unit is permitted, the following general guidelines shall apply:

- a. Tenants shall be a Qualified Household according to the Qualification for Rental contained in Section 2.C. of these Guidelines. Town staff shall certify the qualification of the Household prior to occupancy of the Unit.
- b. Tenants shall meet the Eligibility Criteria with respect to Income and Assets that apply to the particular Unit in question at the time of initial occupancy.
- c. Qualification and Eligibility shall be recertified by the Town at any time there is a change in occupancy of the Unit.
- d. Rental of such Units must be by a written Lease, an executed copy of which shall be on file with the Town at all times during the period in which rental of the Unit has been approved. In cases where the approved rental period exceeds one year, the lease copy on file shall be updated at least once every twelve calendar months.
- e. Prior to signing a lease for or occupancy of a deed restricted rental unit, tenants must be certified by the Town as a Qualified Renter and provide to the Town all eligibility verification required under these Guidelines. Occupants must provide owner/landlord with proof of verification and qualification by the Town prior to occupancy. Leases must be for a minimum of six months with a maximum of twenty four months. Owners shall provide a copy of the lease agreement with the tenant to the Town within five working days of its execution.

J. Roommates

Roommates are permitted in owner occupied units. Roommates shall have a lease of at least six (6) months. Copies of all leases must be filed with the Town, or its designee.

K. Spouses and Dependents

Spouses and dependents of owners may live in owner occupied affordable housing units.

L. Homeowners Associations

The Housing Unit may be subject to a Homeowners Association (HOA). HOA dues are authorized in Colorado under Section 38-33.3-101 et seq., Colorado Revised Statutes. All Owners of Housing Units are required to pay HOA dues, if applicable, unless otherwise exempted. Please be aware that HOA dues may be substantial. Homeowners Associations frequently have other interests and regulations that affect the Housing Unit. It is the Owner's responsibility to be aware of these interests.

Section 2. Rental Affordable Housing.

Deed restrictions for all units designed to be rentals shall include a provision conveying an interest in the Unit or Units to the Town, a Town housing authority (or similar agency acceptable to the Town) meeting the requirements of §38-12-301, C.R.S.. Such interest may include:

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

The Town will not participate in any financing or future investments regarding any Tract or Unit which is owned by a third party.

A. Rationale.

The reason to create rental, deed-restricted, affordable housing in Major Subdivisions is to serve the many segments of the community that need affordable housing. The target group for this housing is people who meet the criteria in the Qualifications for Rental.

The 1992 Crested Butte/Gunnison Area Housing Needs Assessment, the 1999 Gunnison County Housing Needs Assessment, the 2000 Residential Job Generation Study, and the Crested Butte Land Use Plan Amended, 2003 demonstrate that affordable housing is needed and that despite the finding that most respondents prefer to own their home when they can afford to do so, rental units are also needed for those who cannot afford to own.

B. Administration.

The Town, or its designee, shall administer these rental affordable housing Guidelines after creation and signing of an intergovernmental agreement between the Town and its designee, as applicable.

C. Qualifications for Rental.

A deed-restricted affordable housing rental unit shall only be rented to a person approved by the Town as meeting the requirements of this Section 2. subsection C. (Qualifications for Rental). Such people shall be known as Qualified Renters. Renters shall also meet the targeted Income Category and household size of the unit.

1. Percent Earned Income, Residence, Minimum Hours Work, Land Ownership, and Essential Services Employees.

**Table IV- 5
Summary of Eligibility Qualifications for Rental Affordable Housing**

	Minimum % Earned Income in Gunnison County	Own Developed Residential Land	Resident Reside on Site	Average Minimum Hours Worked Each Month	Essential Services Employees	
Group 1	80%	no	yes	yes	160	yes
Group 2	80%	no	yes	yes	160	no
Group 3	80%	no	yes	yes	116	no

Note: see g. below for exceptions to hours worked.

Table 1. Explanations

a. Groups.

Deed restricted rental units will be available in priority to Qualified Renters who meet the criteria of Groups 1, 2 or 3. Those people who meet the criteria for Group 1 will be given first choice to rent all rental units, subject to the targeted household size for the unit. Those people who meet the criteria for Group 2 will be given second choice to rent all rental units, subject to the targeted household size for each unit. Those people who meet the criteria for Group 3 will be given third choice to rent all rental units, subject to the targeted household size for the unit.

b. Worked in Gunnison County.

The requirements of Section 1. subsection C.1.d. shall apply.

c. Minimum Percent Earned Income in Gunnison County.

The requirements of Section 1. subsection C.1.a. shall apply.

When people who live in a rental affordable housing unit retire, they may continue to live in the unit, as long as they continue to meet all other eligibility requirements, excluding Section 2. subsection C.1.b., d., f., g., h. C.2., C.3. and C.4. and if they are age 62 or older when they retire.

The Town of Crested Butte, or its designee, may waive this requirement after finding just cause for a person who suffered from a major illness or accident and is unable to engage in any substantial gainful activity after renting the unit.

d. Own Developed Residential Land.

Eligible renters of affordable housing shall not own any developed residential land.

e. Reside on Site.

Eligible renters of rental affordable housing must live on site.

f. Residency Location.

Qualified Renters must be residents of Gunnison County at the time they apply for affordable housing.

g. Average Minimum Hours Worked Each Month.

The number of hours required to be worked varies according to the Group a Qualified Renter is in. Qualified Renters of affordable housing shall work at least the number of hours listed below for each Group:

- Group 1 160 hours, averaged annually each month and public school teachers who work at least 1,392 hours also qualify for Group 1
- Group 2 160 hours, averaged annually each month
- Group 3 116 hours, averaged annually each month

The location of the work shall be:

- 1) in Gunnison County, or
- 2) for a company headquartered in Gunnison County.

Since some jobs are seasonal, the Town may determine that a person who works at least 1,920 hours for Groups 1 or 2 or 1,392 hours for Group 3, each year in the County, or for a company headquartered in Gunnison County, also qualifies to rent affordable housing. Public school teachers who work at least 1,392 hours shall be included in Group 1. The Town may waive this requirement after finding just cause for a person who suffered from a major illness or accident and is unable to engage in any substantial gainful activity after renting the unit.

h. Qualified Essential Services Employees.

The following employees, who also meet all above qualifications, are eligible to rent any deed-restricted rental unit:

- 1) Full-time employees of the Town of Crested Butte as defined by the Town,
- 2) Mountain Express employees,
- 3) Other Essential Services employees, who work north of Round Mountain in the Crested Butte Fire Projection District (CBFPD) or for companies headquartered in the CBFPD including but not limited to:
 - i. Fire personnel,
 - ii. Emergency Medical Technicians (EMT's)
 - iii. Public school teachers and administrators,

- iv. County Sheriff personnel, and
- v. Others as identified by the Town Council.

2. Asset Limits.

The requirements of Section 1, subsection C.2. shall apply.

3. Income Categories.

Each rental unit shall be assigned an income Category at the time of subdivision and shall be approved by the Town so the number of units in each Income Category meets the needs of the Town. The Income Categories will be assigned from the Income Categories in Table IV-6.

	Percent AMI	Minimum Income	Maximum Income Household size			
			1 person	2 person	3 person	4 or more persons
Income Category 1	30%	10,000	13,050	14,900	16,800	18,650
Income Category 2	50%	17,400	21,750	24,900	28,000	31,100
Income Category 3	60%	19,000	26,138	29,850	33,600	37,313
Income Category 4	80%	24,000	34,850	39,800	44,800	49,750
Income Category 5	100%	30,000	43,563	49,750	56,000	62,188

Notes for Table IV-6

- i. AMI = Area Median Income
- ii. Numbers shown are from the U.S. Housing and Urban Development FY 2008 Income Limits Summary for Gunnison County, Colorado found at www.huduser.org
- iii. As the incomes in this table are periodically updated, by the U.S. Department of Housing and Urban Development (HUD) the incomes to qualify for each unit or tract of affordable housing will be automatically modified to comply with the updated figures from HUD.
- iv. At the time of subdivision approval, the Crested Butte Planning Commission will approve the number and location of deed restricted units in each Income Category listed in Table IV-6.

4. Essential Town Employees.

Notwithstanding the above provisions, an Essential Town Employee, as identified by the Town Council, who is exempt from Section 2. subsections C.1., 2. and 3. and who owns developed residential property outside Gunnison County before he/she begins working for the Town, may continue to own that property outside of the County, but when his/her employment with the Town terminates, he/she must relinquish the deed restricted rental unit.

5. Exemptions from Eligibility Qualifications.

A request for an exemption from the Eligibility Qualifications may be requested from the Town Council. Variations from the strict application of these Guidelines must be consistent with the intent of these Guidelines, and may be granted only

upon a showing of unusual hardship, special circumstance or a compelling reason for the exemption.

- a. A request for an exemption must be submitted in writing to the Town, and shall include appropriate documentation in support of the exemption. The applicant shall submit any additional information reasonably requested by the Town, in support of such request.
- b. The request shall be reviewed by the Town Council in a timely manner. Upon demonstration that an exemption is appropriate, the Town may grant the request, with or without conditions. The approval should not compromise the public good and should not substantially impair the intent and purpose of these Guidelines.
- c. Examples of hardships, exceptional circumstances or compelling reasons include, but are not limited to:
 - 1) a person who suffered from a major illness or accident and was unable to engage in any substantial gainful activity during the past year;
 - 2) a person who temporarily left Gunnison County to attend college or other educational training;
 - 3) a recently hired employee of the municipal government of Crested Butte or any other employee providing essential services to the Town;
 - 4) those who are certified as being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to last indefinitely;
 - 5) those with federally recognized disabled dependents; or
 - 6) those persons who are court-appointed legal guardians with wards who are otherwise Qualified Buyers.

6. Requalifying.

- a. In addition to the initial qualification requirements set forth above, renters of affordable housing units shall be reviewed and verified every two (2) years from their initial date of eligibility to ensure they meet income range requirements for their unit under the Guidelines as they are amended from time to time. Landlords shall provide disclosure in their leases that tenants must be requalified every two (2) years and that tenants must reapply for qualification in the second year.
- b. The Town shall endeavor to cause the landlord to give each tenant written notice, at least thirty (30) days prior to the expiration of the two (2) year period, of the requirement for requalification with the Town, or its designee. The notice should be accompanied by the Town's, or its designee's, Rental Approval Form (with instructions for requalifying). If the tenant does not receive the landlord's notice or the Rental Approval Form, the tenant should contact the Town, or its designee. The Town will impose a fifteen-dollar (\$15.00) fee for requalification.
- c. If a tenant exceeds one hundred fifty percent (150%) of the current maximum income for the unit, upon review for requalification, the tenant may continue to rent and occupy the unit at the rent (subject

to the Guidelines limit) and upon the terms established by the landlord's lease, for up to one (1) additional year in order to provide adequate time to secure new housing or come under compliance.

7. Sale of Applicant's Real Estate.

Applicants who own developed residential real estate must list and sell the real estate to an unrelated person or an entity in which the applicant has no interest for no less than fair market value prior to entering into the affordable housing lease. Provided, however, if an applicant owns a fifty percent (50%) or less undivided interest in developed residential real estate, he or she may convey that interest to the joint owner(s) with or without receiving consideration. If the residential real estate is not sold by the time of lease signing, the applicant becomes ineligible to rent the unit. Not more than one affordable housing rental unit may be leased by the same person.

8. Town Makes Determination.

The Town will decide which applicants meet the criteria for eligibility and which category each applicant is in.

D. How to Qualify for Rental Affordable Housing.

In order to determine that a person or household desiring to rent an affordable housing unit meets all of the Qualifications for Rental, the Town shall request any combination, or all, of the following documentation as proof of residency and income source:

1. Federal income tax returns for the year prior to applying for rental affordable housing. At a minimum, form 1040, 1040E or 1040EZ and any forms necessary to explain the 1040 form will be required.
2. Verification of employment in Gunnison County i.e. Wage and Tax Statements for the previous two years; Form W2.
3. An applicant must also furnish a current income statement, a current financial statement, and a statement that the applicant owns no developed residential land, in a form acceptable to the Town verified by applicant to be true and correct; or other documentation acceptable to the Town, or its designee. When current income is twenty percent (20%) more or less than income reported on the prior year's tax returns, then the applicant's income will be averaged based upon current income and the prior year's tax returns to establish an income category for the purpose of renting a unit.
4. Landlord verification (proof of residency by physical address);
5. Copy of valid Colorado driver's license;
6. Vehicle registration;
7. Voter registration;
8. Other verification deemed necessary by the Town, or its designee, (i.e. wage stubs or employer name, address, and phone number).

E. Procedures for Renting an Affordable Housing Unit.

1. Renting to Qualified Renters in Categories 1, 2 or 3.

a. Group 1.

Group 1 employees (Essential Services Employees) will be given first option to rent a unit until at least fifty percent (50%) of all rental units are occupied by Essential Services Employees. When units become available

for rent and if at least fifty percent (50%) of all rental units are not occupied by Essential Services Employees, the units shall be advertised, at a minimum in the Town's official newspaper and posted at Town Hall, for fourteen (14) days, only to Qualified Renters in Group 1.

b. Group 2.

When a unit becomes available for rent and if:

- (1) at least fifty percent (50%) of all rental units are occupied by Essential Services Employees, or
- (2) a unit has been advertised to Group 1 Qualified Renters for at least fourteen (14) days and no lease has been signed, the unit may be rented to anyone meeting Group 1 or 2 criteria listed above. In such circumstances, when units become available for rent, the units shall be advertised at a minimum in the Town's official newspaper and posted at Town Hall, for fourteen (14) days, only to Qualified Renters in Groups 1 and 2.

c. Group 3.

If no one in Groups 1 or 2 rents the unit after advertising the unit for 14 days to Group 1 and 2 Qualified Renters, Qualified Renters in Group 3 may rent the unit. In such circumstances, when units become available for rent, the units shall be advertised at a minimum in the Town's official newspaper and posted at Town Hall, for 14 days, only to Qualified Renters in Groups 1, 2, and 3.

2. Qualifying all renters by the Town.

Prior to occupancy of a deed restricted rental Affordable Housing unit in a Major Subdivision, all prospective tenants, excluding children under eighteen years old, must be qualified by the Town for occupancy and provide to the Town all verification required under these Guidelines. Applicants must provide owner/landlord with proof of verification and qualification by the Town prior to occupancy. Owners shall be required to provide a copy of the lease agreement with tenant to the Town for approval, which shall be given or denied within five business days after receipt by the Town. Leases shall conform to occupancy standards and allowed rental rates, and shall be for a minimum term of six months. An executed copy of the lease with all tenant names shall be provided by the owner to the Town prior to occupancy by tenant, and at the time of any renewal of the lease.

F. Maximum Monthly Rental Rates for Rental Affordable Housing Units in Major Subdivisions.

Rental rates of deed-restricted dwelling units controlled by these Guidelines will be determined by the developer of the units. However, when the Town has an ownership interest in the units, the annual rental rate shall not exceed the thirty percent (30%) of the identified Income Category for the unit.

G. Roommates.

Roommates are permitted in rental units provided that they meet the provisions of Section 2., subsections C.1.a., b, c., e., f., g., and h.. and subsections C.2., 3, and 4., except as otherwise allowed for good cause. Each roommate shall be on the lease. When the renters pool, maintained by the Town is exhausted, roommates no longer need to comply with the eligibility qualifications.

H. Maximum Vacancy.

Deed Restricted rental units may be vacant between tenancies for a maximum period of sixty (60) days, unless longer periods are authorized for good cause by the Town. If the owner exceeds the sixty (60) day limit without Town approval, then the Town may place a qualified tenant from the renters pool with a minimum six (6) month lease.

I. Spouses and Dependents.

Spouses and dependents of renters who have leases for rental affordable housing may live in rental affordable housing units without qualifying.

Section 3. Affordable Housing Standards.

A. Minimum Floor Area and Minimum Number of Bedrooms for Affordable Housing Units in Major Subdivisions.

Generally, the expectation is that the permanently affordable Units be “functionally equivalent” to market rate units. This means that when features are included in market rate units, such as kitchen cabinets, countertops, dishwasher, etc., then equivalent features are included in the permanently affordable units. This does not mean that the type of features need to be identical. For example, market rate units could include Corian or granite countertops, while laminate countertops of reasonable quality would be acceptable for the permanently affordable Units.

The Town will consider variations that result in an equivalent livability outcome. Generally, if affordable units share design features with market rate units, then such features would be acceptable for the permanently affordable Units. For example, if all units, both permanently affordable and market rate units provide pantry space for kitchen storage instead of cabinets, then that would constitute an acceptable “functional equivalent.” The desire is to achieve a balance between not being overly proscriptive and allowing flexibility, but ensuring a basic level of livability.

Table IV-7 sets forth the minimum type of unit required in each Income Category and Household size and the minimum floor area for each unit type. Developers may choose to construct larger units however, allowable rent and sales prices for such larger units may not exceed the maximums set forth in Section 2.F. The minimum livable square foot requirements may be reduced upon demonstration to and approval by the Town that the development satisfies, or is required to adjust to, other physical factors or considerations including, but not limited to, design for livability, common storage, other amenities, location or site designs. “Floor Area” is as defined in Section 15-2-3 of the Crested Butte Municipal Code.

**Table IV-7
Minimum Floor Area and Number of Bedrooms
for Each Household Size**

Unit Type (Minimum)	Household Size	Minimum Floor Area with Common Storage	Minimum Floor Area w/out Common Storage
		Square Feet	Square Feet
Studio	1 person	400	500
1 Bedroom	2 person	600	800
2 Bedroom	3 person	800	1,100
3 Bedroom	4 person	1,050	1,450

Table IV-7 Note: Minimum Floor Area calculations shall be required for the affordable housing unit component of a project and must be verified and approved for compliance by the Town Building Department prior to issuance of any building permits for either the unrestricted or restricted housing units of a building project which includes restricted units.

B. Compliance with Codes.

All newly deed restricted affordable housing sales and rental units must comply with the Uniform Building Code and with all rules, regulations and codes of the Town of Crested Butte. 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.

Section 4. Grievance Procedures.

A grievance may be presented to the Town under the following procedures.

A. Filing a Grievance.

Any grievance must be presented in writing to the Town. It may be simply stated, but shall specify, at a minimum:

1. the particular ground(s) upon which it is based;
2. the desired action requested; and
3. the name, address, telephone number of the complainant and similar information about his/her representative, if any.

B. Hearing.

1. If a grievance cannot be resolved by the Town staff, a hearing before the Town Council may be requested in writing by the complainant. Upon receipt of the written request, a hearing must be scheduled within twenty (20) days unless waived by the complainant.

2. The complainant and the Town shall have the opportunity to examine, and at the expense of the requesting party, to copy all documents, records and regulations that the Town deems to be relevant.

3. The complainant and the Town shall have the right to be represented by counsel. All costs and expenses incurred by a complainant in prosecuting any complaint or grievance shall be said complainant's sole responsibility and shall not be the responsibility of the Town irrespective of the outcome of said complaint or grievance.

B. Conduct of Public Hearing. A public hearing shall be conducted in accordance with the following process:

1. Right to Hearing.

The applicant may appear at the hearing and submit evidence, including oral testimony, either individually or as a representative of an organization. Comment also may be submitted in written form before or during the hearing, or within a designated period of time if the hearing is continued pursuant to paragraph 6, below.

2. Time Limits for Testimony.

The Town Council may set reasonable time limits for testimony or presentation of evidence during the public hearing. Oral testimony may be limited based upon relevancy, redundancy or time constraints.

3. Order of Proceedings.

The order of the proceedings shall be as follows:

- a. **Confirmation of Adequate Public Notice.** The Town Council shall determine whether or not adequate notice has been accomplished pursuant to the requirements of these Guidelines.
- b. **Staff Presentation.** The Town Staff shall identify the standards and relevant issues.
- c. **Applicant's Presentation.** The applicant may make an oral or a written presentation on behalf of its case. The burden of proof is on the applicant.
- d. **Questions by Town Council.** The Town Council may ask questions of the Town staff and the applicant.
- e. **Public Comments.** The Town Council shall hear public comments following the presentation by the applicant. Written comments that have been received before the hearing shall be reported by the Town staff and acknowledged to be part of the

hearing record.

- f. **Staff Response.** The Town staff may respond to any statement made by the applicant, the public or the hearing body.
- g. **Applicant Response.** The applicant may respond to any comments made by the public, the Town staff or the Town Council.

4. Close of Public Testimony.

At the conclusion of the public testimony, no further public comment shall be accepted.

5. Deliberation and Decision.

Following close of public testimony, the Town Council shall proceed with deliberations. The Town Council's recommendation or decision to approve or deny the application shall be set forth in the form of a motion.

6. Continuation of Public Hearing.

The Town Council may continue the public hearing to a fixed date and time. An applicant shall have the right to request, and be granted on a showing of good cause, a continuance of the required hearing. Any subsequent continuances shall be granted at the discretion of the Town Council and upon a finding that good cause has been shown for the continuance.

B. Record of Decision.

Based on the record of proceedings, the Town Council will provide a written decision upon request and include the reasons for its determination. The decision of the Town Council shall be binding on the complainant and the Town, except in such cases where an appeal to a court of competent jurisdiction granted and an alternative decision rendered by said court. The parties shall take all reasonable actions necessary to carry out the decision except in cases where the decision of the Town Council is appealed to a court and an alternate decision rendered by such Court. The record of decision shall include the following materials.

1. The recorded public hearing proceedings.
2. The minutes of the public hearing.
3. The application materials.
4. Written materials submitted to the Town by any person in connection with the application.
5. Staff Reports.

C. Decision.

Section 5. Enforcement.

- A. The terms, requirements and conditions set forth in these Guidelines shall be enforceable by any appropriate legal and / or equitable action, including but not limited to specific performance, injunction, abatement or eviction, and if the Town substantially prevails in such an action, it shall be entitled to an award for its reasonable attorneys' fees and costs.

- B. It shall be unlawful for any person to violate these Guidelines. Any person who violates these Guidelines, or who provides false information to the Town in connection with these Guidelines, shall be fined an amount not to exceed \$1,000.00 per day for each offense, incarcerated for not more than ninety (90) days, or both, and required to pay any expenses and costs incurred by the Town, including, without limitation, reasonable attorneys' fees, in connection with such violation.

Section 6. Deed Restriction.

Each affordable housing Unit or Tract must be deed restricted by a recorded instrument in substantially the following form, and the subdivider shall provide the Town with a copy of each recorded instrument no later than five (5) days after recordation:

**TOWN OF CRESTED BUTTE
1995 AFFORDABLE HOUSING GUIDELINES
MAJOR SUBDIVISION
AFFORDABLE HOUSING OWNER OCCUPIED DEED RESTRICTION**

Subject property: _____ (Legal Description of unit(s) or tract) _____,
(hereafter, the "Property").

The ownership of the Property shall henceforth be limited exclusively to successful applicants maintaining exclusive residency in Gunnison County, Colorado. Owners must meet the qualifications set forth in Part IV, Section 1. of the Town of Crested Butte, 1995 Affordable Housing Guidelines, 1997 Edition, as amended ("Guidelines") as determined by the Town of Crested Butte, or its designee, (hereafter the "Town"), at the time of purchase and during ownership. The use and occupancy of all or part of the Property is hereby limited exclusively to people who meet the referenced qualifications, and their spouses and children.

Ownership, use and occupancy of the Property is subject to the following:

1. The property must be owned, occupied and used only by persons meeting the qualifications and as otherwise set forth in the Guidelines as they may be amended.
2. In the event the Property is sold, transferred or otherwise conveyed without complying with this Deed Restriction, such sale, transfer or conveyance shall be wholly null and void and shall confer no title whatsoever upon the purported transferee. Each and every conveyance of the Property, for all purposes, shall be deemed to include and incorporate by this reference all terms of the Guidelines, and any amendments thereto, including but not limited to those provisions governing the qualifications for ownership, rental, sale, transfer or conveyance of the Property.
3. The beneficiary of any deed of trust or other recorded instrument identifying the Property as security or collateral shall execute the Option to Purchase Affordable Housing prepared by the Town, unless waived by the Town, prior to the recordation of the deed of trust or other recorded instrument. Failure to so execute shall render any such deed of trust or other encumbrance fully null and void.
4. Unit(s) (numbers) built on the Property shall be restricted Category (number) unit(s). All income, price controls and other criteria described in the Guidelines for this Category shall apply to (these units) (the Property).

My commission expires: _____

Return to: Town of Crested Butte, Attention _____, P.O. Box 39, Crested Butte, CO 81224.

**TOWN OF CRESTED BUTTE
1995 AFFORDABLE HOUSING GUIDELINES
MAJOR SUBDIVISION
AFFORDABLE HOUSING RENTAL DEED RESTRICTION**

Subject property: _____ (Legal Description of unit(s) or tract) _____
(hereafter, the "Property").

The occupancy of the Property shall henceforth be limited exclusively to successful applicants maintaining exclusive residency in Gunnison County, Colorado. Renters must meet the qualifications set forth in Part IV, Section 2. of the Town of Crested Butte, 1995 Affordable Housing Guidelines, 1997 Edition, as amended ("Guidelines") as determined by the Town of Crested Butte, or its designee, (hereafter the "Town"), during their tenancy. The use and occupancy of all or part of the Property is hereby limited exclusively to people who meet the referenced qualifications, and their spouses and children.

Ownership, use and occupancy of the Property is subject to the following:

1. The property must be rented , occupied and used only by persons meeting the qualifications and as otherwise set forth in the Guidelines as they may be amended.
2. In the event the Property is sold, transferred or otherwise conveyed without complying with this Deed Restriction, such sale, transfer or conveyance shall be wholly null and void and shall confer no title whatsoever upon the purported transferee. Each and every conveyance of the Property, for all purposes, shall be deemed to include and incorporate by this reference all terms of the Guidelines, and any amendments thereto, including but not limited to those provisions governing the qualifications for rental, of the Property.
3. The beneficiary of any deed of trust or other recorded instrument identifying the Property as security or collateral shall execute the Option to Purchase Affordable Housing prepared by the Town, unless waived by the Town, prior to the recordation of the deed of trust or other recorded instrument. Failure to so execute shall render any such deed of trust or other encumbrance fully null and void.
4. Unit(s) (numbers) built on the Property shall be restricted Category (number) unit(s). All income, rent controls and other criteria described in the Guidelines for this Category shall apply to (these units) (the Property).
5. Except for accessory dwellings, no more units than those designated on the Final Plat as restricted or unrestricted units shall be constructed on the tract.

The foregoing restrictions on ownership, use and occupancy constitute a perpetual covenant that runs with the Property as a burden thereon for the benefit of the Town and shall be binding on the owner and the heirs, personal representatives, assigns, lessees, licensees and any transferees of the owner. The foregoing restrictions and covenants shall

be administered by the Town and shall be enforceable by any appropriate legal or equitable action, including but not limited to specific performance, injunction, abatement or eviction of non-complying owners or occupants or such other remedies and penalties as may be deemed appropriate by the Town. If the Town substantially prevails in such an action, it shall also be entitled to an award for its reasonable attorneys' fees and costs including expert and other witness fees.

Notwithstanding the foregoing, this Deed Restriction shall automatically terminate upon the Town's failure to exercise and close its option rights under the Option to Purchase Affordable Housing affecting the Property. The date of such termination shall be as set forth in the Option.

The foregoing Deed Restriction may be modified with the written consent of the owner and the Town, and if reasonably available in Gunnison County, the original Property developer. No such modification shall be effective until an instrument in writing is executed and recorded in the office of the Clerk and Recorder of Gunnison County. Amendments to this Deed Restriction and/or the Guidelines after the time of recording the final subdivision plat which includes the Property which are more restrictive than those in effect at the time of such recording shall not apply to the Property, unless such provisions are designed to satisfy the Town's expressed interest to have only those persons meeting the Eligibility Qualifications occupy or use the Property. However, less restrictive amendments shall apply.

Executed on _____
Developer

State of Colorado)
) ss.

County of Gunnison)

The foregoing Deed Restriction was acknowledged before me this ___ day of _____, __, by _____, developer of the Property.

Witness my hand and official seal.

(Seal)

Notary Public
My commission expires: _____

Return to: Town of Crested Butte, Attention _____, P.O. Box 39, Crested Butte, CO 81224.

Option to Purchase Affordable Housing

This Option to Purchase is made by and between the undersigned holder of a promissory note and for the protection of any governmental agency guaranteeing, insuring or acquiring the note from the holder ("the Holder"), and the Town of Crested Butte, a Colorado home rule municipality, its assigns or designee ("the Town").

- (1) **The Property.** A promissory note made by the undersigned Holder dated _____ is secured by a deed of trust ("Deed of Trust") encumbering property subject to an Affordable Housing Deed Restriction pursuant to Section 15-3-7.V. of 1987 Town of Crested Butte Municipal Code, which property is described as follows:

(the "Property").

- (2) **The Option.** In the event of a foreclosure of the Deed of Trust and subject to the issuance of a public trustee's Certificate of Purchase to Holder following the foreclosure sale, or in the event Holder receives a deed in lieu of foreclosure or other conveyance of the Property, the Holder hereby grants to the Town an option to purchase the Certificate of Purchase or Property on the terms set forth herein.
- (3) **Notice.** The Holder shall give such notice to the Town as is required under Colorado law in the foreclosure proceeding. In addition, the notice shall include a copy of the Notice of Election and Demand for Sale. They shall also be sent by certified mail, return receipt requested, and addressed as follows:

Town Manager,
Town of Crested Butte
P.O. Box 39
Crested Butte, CO

- (4) **Exercise of Option.** The Town shall have 30 days after receiving written notice from Holder of the issuance of the Public Trustee's Certificate of Purchase, or conveyance of the Property to Holder, in which to exercise this Option to Purchase by tendering to the Holder the sum for which the certificate was purchased or the Property conveyed, with interest from the date of sale, or conveyance, together with any taxes paid or other proper charges as provided by law, with interest from the date such expense was paid. Such interest shall be charged at the default rate if specified in the original instrument or, if not so specified, at the regular rate specified in the original instrument.

OPTION TO PURCHASE AFFORDABLE HOUSING
(page 2 of 4)

- (5) **Title.** Upon receipt of the option price, the Holder shall deliver to the Town a properly executed assignment of the Certificate of Purchase, or deed to the Property. The Holder shall not create or participate in the creation of any additional liens or encumbrances against the Property following issuance of the Public Trustee's Certificate of Purchase to the Holder, or conveyance of the Property to the Holder. The Holder shall not be liable for any of the costs of assignment or conveyance to the Town.
- (6) **Termination of Deed Restriction.** In the event that this Option to Purchase is not exercised, and in the case of a foreclosure the Holder is issued a public trustee's deed following foreclosure, the Affordable Housing Deed Restriction shall automatically terminate. In addition, the Town shall cause to be recorded in the records of the Clerk and Recorder of Gunnison County a full and complete confirming release of the Affordable Housing Deed Restriction affecting the Property which appears in said records at Reception No. _____. Such release shall be placed of record within 14 days after request therefor by the Holder, and a copy of the recorded release shall be mailed to the Holder following its recordation.
- (7) **Successors and Assigns.** Except as otherwise provided herein, the provisions and covenants contained herein shall inure and be binding upon the heirs, legal representatives, successors and assigns of the parties hereto.
- (8) **Modifications.** The parties hereto agree that any modification to this Option to Purchase shall be effective only when made by writings signed by Holder and the Town and recorded with the Clerk and Recorder of Gunnison County, Colorado.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on _____

HOLDER OF THE FIRST DEED OF TRUST:

name of lender

BY _____
authorized officer (date)

TITLE: _____

MAILING ADDRESS: _____

Exhibit A (Example only)

Maximum Income Limits and Target Household Sizes

The Maximum Income Limit and Target Household Size for each Unit are listed below. AMI is based upon Household Size (the Qualified Buyer or Qualified Renter plus his or her Dependents).

Because the Town wishes to maximize its affordable housing stock, and to house as many people as have a need for affordable housing, Target Household Sizes are set forth herein. Where possible, the Target Household Sizes shall be accomplished.

All Units shall be owner occupied, unless listed as a "Rental Unit" below.

Maximum Income Limits and Target Household Sizes

Block 85

Unit	Maximum Income Limit		Target Household Size
1A	80% of AMI		2 person household
1B	60% of AMI	Rental Unit	2 person household