

## **Article 8**

Appendix A: Housing Administrative Guidelines

# Article 8, Appendix A: Housing Administrative Guidelines

## 8A-101. PURPOSE.

The purpose of this Article 8 Attachment A: Housing Administrative Guidelines is to provide a comprehensive and consistent set of administrative guidelines that implement Article 8 regulatory provisions.

## 8A-102. QUALIFICATIONS TO PURCHASE MITIGATION UNITS.

A Qualified Purchaser is a purchaser who GCHA determines meets the following requirements.

### A. Qualified Purchaser Status.

1. **Nondiscrimination.** Determination of qualification for a Mitigation Unit shall be made without regard to race, color, creed, religion, sex, handicap, disability, national origin, familial status, or marital status.
2. **Resident Qualification.** The purchaser is a full-time resident of Garfield County. To qualify as a full-time resident, the purchaser shall live at least 9 months a year in the County. In addition, all adult household members who will be residing in the Mitigation Unit are legally residing in the United States.
3. **Employment Qualification.** The purchaser is employed full-time by a “Garfield County-based employment source.” which means a business whose business address is located within Garfield County, whose business employs employees within Garfield County, who work in Garfield County, and whose business taxes are paid in Garfield County. If an employer is not physically based in Garfield County, an employee must be able to verify that they work in Garfield County a minimum of 1664 hours (min. 32 hours/week) per calendar year for individuals, businesses, or institutional operations located in Garfield County. To qualify as a full-time employee, the following criteria shall apply:
  - a. A person who works or will work at least 32 hours per week for a Garfield County-based employment source;
  - b. A person who has been recruited to work at least 32 hours per week for a Garfield County-based employment source;
  - c. A person who is a retiree and was employed full-time at least 32 hours per week for a Garfield County-based employment source for at least 4 of the last 5 years prior to the date of application; and
  - d. A person who is disabled and was employed full-time at least 32 hours per week for a Garfield County-based employment source for the 2 years prior to the date of application.
4. **Financial Qualification.** The purchaser has an annual gross household income equal to or less than the AMI for the category unit(s) for sale or rent, if applicable.
5. **Occupancy Qualification.** The purchaser will occupy the Mitigation Unit as a primary residence upon purchase.
6. **Household Income Qualification.** Household income shall be calculated on the basis of the intended household composition, which may include

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foster children, live-in attendants, and dependents under the age of 23 who are away at college, household members on military leave or out-of-town on business, or multiple adults cohabiting.

**B. Income or Earnings Used in Determination of Qualified Purchaser.**

In determining the financial qualification of a purchaser, consideration shall include, but not be limited to, the following sources of income:

1. Earned income such as salaries, wages, overtime pay, commissions, bonuses, tips, and payments received as an independent contractor for labor or services;
2. Severance pay;
3. Royalties, rents, trust income;
4. Annuities, dividends, capital gains, taxable distributions from corporations or partnerships;
5. Pensions, retirement benefits, social security benefits, disability benefits;
6. Gambling proceeds;
7. Money drawn by a self-employed individual for personal use;
8. Workers' compensation benefits, disability insurance benefits, funds payable from any health insurance benefits or casualty insurance to the extent that such insurance replaces wages or provides income in lieu of wage;
9. Monetary gifts, prizes;
10. An individual who is separated but not divorced may exclude spousal income if the couple intends to live separate and apart; and
11. The number of dependents claimed by the purchaser on his/her tax returns for the 2 years prior to application.

**8A-103. PROCEDURES FOR DETERMINATION OF QUALIFIED APPLICANT.**

**A. Materials Required Necessary to Qualify Purchaser.**

Application shall be made to the GCHA. The following materials shall be required for all household members. The GCHA may require additional materials as appropriate.

1. Federal tax returns for last 2 years;
2. Current income statements in a form approved by the GCHA;
3. Current financial statements in a form approved by the GCHA;
4. If current income is less than the previous tax return by 20% or greater, the income will be averaged based on the current income and previous tax return to establish an income category;
5. Verification of employment or offer of employment by a Garfield County based employment source;
6. Evidence of legal residency (e.g., landlord verification, Colorado driver's license or non-driver identification card, utility bills, phone bills, bank statements, vehicle registration, voter registration);
7. Divorce or support decree, if applicable; and
8. A signed release for the GCHA to access the loan application submitted to the Lender.

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**B. Review and Determination of Qualification.**

The GCHA shall be responsible for application review and determination of Qualified Purchaser.

1. Determination of Qualification or Non-qualification. The GCHA shall determine whether proposed purchaser is a Qualified Purchaser.
2. Notice of Determination. The GCHA shall provide written notification of a determination.
3. Determination of Non-qualification. The GCHA shall provide written notification of a determination of nonqualified Housing Applicant. The written notice shall contain the following information:
  - a. A statement of the reason(s) for the decision.
  - b. A statement that the Housing Applicant may request a review of the decision by following the grievance procedures described in this Article.

**C. Priority of Qualified Purchasers.**

The GCHA shall assign all Qualified Purchasers, depending on type of Mitigation Unit, one of 3 priorities:

1. Priority Category One. Housing Applicants are Qualified Purchasers that are employed by a Garfield County-based employment source as defined in section 8-401.A.3.
2. Priority Category Two. Housing Applicants that are full-time residents of Garfield County who will become Qualified Purchasers by participation in this program.
3. Priority Category Three. Housing Applicants from outside of Garfield County who will become Qualified Purchasers by participation in this program.

**8A-104. INITIAL SALE AND RESALE OF MITIGATION UNITS.**

**A. Initial Sale by Developer.**

The initial sale of a Mitigation Unit shall be the responsibility of GCHA.

1. The developer must work in cooperation with the GCHA to complete the initial sale(s).
2. Developer is responsible for all costs incurred during initial sale transaction, including closing costs.
3. The developer is urged to make available his/her real estate agent to act as a transaction broker for the sale of the Mitigation Units. The GCHA may choose to contract with a licensed real estate broker but is not required to provide this service.
4. The developer is required to provide the GCHA with a marketing packet at least 120 days prior to the estimated completion of the Mitigation Unit(s). The packet shall include unit descriptions, spec information, estimated HOA dues, copies of all covenants, conditions, and restrictions (CCRs), if applicable, Homeowner Association provisions, and other applicable documents.
5. The developer is required to hold at least 1 open house during the application prior to the lottery.

**B. Resale by GCHA.**

Unless otherwise required in the Deed Restriction, listing for resale of a Mitigation Unit shall be with the GCHA.

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1. GCHA will advertise the Mitigation Unit for sale and establish reasonable timeframes for the advertising period, lottery, and estimated sale for each resale.
  2. GCHA will administer the sale according to provisions of this Article in effect at the time of sale.
  3. The sale price will be set at the date of listing when the owner notifies the GCHA in writing of his/her intent to sell. GCHA shall approve any proposed price change after 3 months if GCHA deems the change appropriate given the circumstances. GCHA may approve a price change after less than 3 months given special circumstances.
  4. The owner shall be responsible for any costs associated with termination of listing, including payment of administrative and advertising costs. These fees are included in section 8-403.G.

**C. Role of GCHA Staff.**

GCHA Staff shall be acting on behalf of the GCHA. It should be clearly understood by and between parties to a sales transaction that the staff members are not acting as licensed brokers to the transaction, but as representatives of the GCHA and its interests.

1. All purchasers and sellers are advised to consult legal counsel regarding examination of the title and all of the contracts, agreements, and title documents. The retention of counsel, licensed real estate brokers, or such related services shall be at the purchaser's and seller's own expense. The fees paid to GCHA are to be paid regardless of any actions or services that the purchaser or seller may undertake or acquire.
2. All purchasers and all sellers will be treated fairly and impartially. Questions will be answered and help will be provided equally to any potential purchasers or sellers in accordance with the current Inclusionary Zoning Guidelines. Staff shall prepare listings, sales contracts, extensions to contracts, and closing documents, and undertake all actions necessary to consummate the sale or contact with a licensed real estate broker to complete these actions.
3. GCHA staff shall attempt to help both parties to consummate a fair and equitable sale in compliance with the current Inclusionary Zoning Guidelines.

**D. Maximum Allowed Resale Price.**

1. Mitigation Units shall have a Deed Restriction carried with the title, which restricts future sale of the Mitigation Unit to individuals qualified for ownership of the Mitigation Unit by the GCHA.
2. Subsequent resale of Mitigation Units shall begin with a meeting between the seller and the GCHA to go over Deed Restrictions and determine allowed price. The resale price shall be fixed at the time notification in writing by the owner of his/her desire to sell.
3. The Maximum Resale Price of Mitigation Units will be determined by the GCHA utilizing a formula defined in section 8-303.A.1.b.

**E. Maintenance Standards for Maximum Resale Price.**

It is the responsibility of the owner to maintain the Mitigation Unit in good condition. The following are minimum standards to receive full value upon resale. If GCHA determines that the owner has failed to meet these standards, the GCHA may deduct these repair costs from the sale proceeds.

1. Clean unit;
2. Carpets steam-cleaned 3 days prior to closing;

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3. All scratches, holes, burned marks repaired in floors, walls, and counter tops, etc.;
  4. No broken or foggy windows;
  5. All screens in windows, if originally provided;
  6. All windows and doors in working order with no holes;
  7. All locks on windows and doors in working order;
  8. All keys provided, e.g. door, mail box, garage;
  9. All mechanical systems shall be in working order;
  10. Walls paint ready, e.g. all holes patched, all nails removed;
  11. No leaks from plumbing fixtures;
  12. No roof leaks;
  13. Any safety hazards remedied prior to closing; and
  14. All light fixtures shall be in working order.

**F. Lottery Process.**

The GCHA will conduct a lottery for each Mitigation Unit or group of units as they become available, both for initial sales and resales.

1. Prospective Purchasers.
  - a. No waiting list shall be maintained. New and separate applications must be submitted for each newly-available Mitigation Unit or groups of units.
  - b. Prospective purchasers shall register by application at the GCHA office.
  - c. All applications will be reviewed for completeness and information verified.
  - d. GCHA shall make a determination of qualification consistent with this Article.
  - e. Prospective purchasers are encouraged to investigate sources of financing prior to submitting an offer for purchase of an Mitigation Unit and can obtain names of lenders from the GCHA. GCHA may require a pre-qualification or pre-approval letter from a lender with the application.
2. Conduct of Lottery. GCHA shall conduct lotteries for available Mitigation Units as follows:
  - a. All applications by Qualified Applicants for the specific Mitigation Unit sale, that have been determined complete and accepted by the GCHA, shall be included.
  - b. Priority One applications shall be included in Lottery Round One. Each application, upon being drawn by random selection, shall be assigned a numerical position based on order drawn.
  - c. A separate Lottery Round Two for Priority Two applications shall be conducted. Each application, upon being drawn by random selection, shall be assigned a numerical position based on order drawn.
  - d. The Mitigation Unit choice will be offered to applications in the order drawn in Round One.
  - e. Remaining Mitigation Units, if any, will be offered to Round Two.
  - f. The GCHA shall designate the length of time an offer shall be available to a Qualified Applicant before the offer is considered withdrawn or void.

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- g. If an offer is deemed withdrawn or void, an offer to the next sequential Qualified Applicant shall be made.

**G. Fees.**

Unless otherwise required by the Deed Restriction, the seller will pay GCHA a sales fee equal to 2% of sales price, collected at closing.

- a. Administrative costs incurred by GCHA will be deducted from fee and the balance refunded if seller withdraws due to failure of bids at maximum price and reasonable terms.

**H. Memorandum of Agreement to the Deed Restriction.**

The purchaser must record a document acknowledging the purchaser's agreement to be bound by the recorded Deed Restriction. This documentation must be filed with the County Clerk concurrent with closing the Mitigation Unit sale. The form of the document shall be acceptable to GCHA and the County Clerk. The original recorded document will be held by the GCHA.

**8A-105. PERMITTED CAPITAL IMPROVEMENTS FOR UNITS RESTRICTED TO QUALIFIED PURCHASER.**

An owner of a Mitigation Unit may receive credit for "Permitted Capital Improvements" as specified below.

**A. Approval Required.**

GCHA must approve adding Permitted Capital Improvement items and costs to the Maximum Resale Price of Mitigation Units defined in this Article. The owner must show actual receipts to receive value of Permitted Capital Improvements upon resale. Only the owner's out-of-pocket expenses will be counted toward value of Permitted Capital Improvement.

**B. Permitted Capital Improvements.**

1. Permitted Capital Improvements shall only include the following:
  - a. Improvements or fixtures erected, installed, or attached as permanent, functional, nondecorative improvements to real property, excluding repair, replacements, and/or maintenance improvements;
  - b. Improvements for energy and water conservation;
  - c. Improvements for the benefit of seniors and/or handicapped persons;
  - d. Improvements for health and safety protection devices;
  - e. Improvements to add and/or finish permanent/finished storage space;
  - f. Improvements to finish unfinished space;
  - g. Garages;
  - h. The cost of adding decks and any extension thereto;
  - i. Permanent landscaping; and
  - j. Repairs or replacements related to structural, major mechanical, or roofing deficiencies after any applicable warranty period is expired. The owner must document the need to repair or replace the item.
2. Permitted Capital Improvements shall not include the following:

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- a. Upgrades/replacements of appliances, plumbing and mechanical fixtures, carpets, and other similar items included as part of the original construction of the unit;
  - b. Improvements required to repair, replace, and maintain existing fixtures, appliances, plumbing and mechanical fixtures, painting, carpeting, and other similar items;
  - c. Upgrades or addition of decorative items, including lights, window coverings, floor coverings, and other similar items; and

#### **8A-106. OTHER REQUIREMENTS.**

##### **A. Co-Ownership and Co-Signing.**

1. Any co-ownership interest other than joint tenancy or tenancy in common must be approved by GCHA.
2. Co-signers may be approved for ownership of the Mitigation Unit but are not allowed on the deed restriction and shall not occupy the unit unless qualified by GCHA.

##### **B. Permissible Financing.**

Any Qualified Purchaser who is selected to purchase a Mitigation Unit is responsible for selection of their preferred financing option(s) if financing is needed. GCHA or County may require that financing be obtained from an institutional lender, or a bank, savings and loan association, or any other lender who is licensed to engage in the business of providing purchase money mortgage financing on residential real property. In addition, any financing used to purchase a Mitigation Unit must be a conventional or portfolio program that offers fixed or intermediate variable rate terms designed for entry-level buyers. Sub-prime and nonconforming products are not permitted. Financing more than 100% of the sale price is not permitted. The GCHA shall be permitted to request financing documents for verification purposes and to withdraw Qualified Purchaser status if financing is contrary to these guidelines.

##### **C. Renting a Mitigation Unit during a Listing Period.**

If the Mitigation Unit is listed for sale and the owner cannot occupy the unit, the Mitigation Unit may be leased with approval of GCHA.

1. Unit owner must submit a letter to GCHA requesting permission to lease the listed unit.
2. The tenant must be a person working in Garfield County.
3. The unit must be rented in compliance with requirements of this Article, the Deed Restriction, and Homeowner Association documents. The renter must acknowledge that he/she has received, read, understands, and will abide by the requirements for tenancy.
4. There must be a written lease with minimum rental term of 6 months and a maximum rental period of 2 years that must be approved by GCHA. There will be a move-out clause 30 days from closing in event the Mitigation Unit is sold.

##### **D. Leave of Absence for Owners of Mitigation Unit.**

If an owner must leave the area for a limited period of time and wishes to lease the unit during the absence, a leave of absence may be granted by the GCHA.

1. The owner of the Mitigation Unit must submit a letter to the GCHA at least 30 days prior to leaving the area.
2. The letter shall document the reason for leave of absence and commitment to return.
3. The maximum initial term of absence is 1 year.



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4. An extension may be granted on a case-by-case basis with approval of GCHA, in consultation with the County.

**E. Setting Rents for Allowed Leasing of Owned Units.**

Unless otherwise provided by the Deed Restriction, the rental amount shall be approved by GCHA and shall not exceed the owner's costs:

1. The owner's cost includes:
  - a. Loan principal and interest and mortgage insurance;
  - b. Homeowner Association fees;
  - c. Utilities remaining in owner's name; and
  - d. Property taxes and homeowners insurance.
2. Rental Applicants must approved by the GCHA.

**F. Roommates.**

An owner may rent a room in the Mitigation Unit under the following conditions:

1. The owner continues to reside in the Mitigation Unit and the unit is his/her sole and exclusive place of residence.
2. The Deed Restriction or Homeowner Association documents do not prohibit leasing to roommates.

## **8A-107. GRIEVANCE PROCEDURES.**

Any person aggrieved by a decision of the GCHA may file a written complaint with GCHA Board. The grievance must be received by the GCHA within 10 days of the date of the alleged action complained about.

**A. File Written Complaint.**

The complaint shall contain the following information.

1. Grounds for complaint;
2. Action requested; and
3. Name, address and phone number of complainant and similar information for any authorized representative.

**B. Schedule Hearing.**

A hearing before the GCHA board shall be scheduled for the next regularly scheduled board meeting. The hearing may be continued at the board's discretion.

**C. Review of Documents.**

The GCHA board and the complainant shall have sufficient opportunity before the hearing, and at the expense of the complainant, to examine documents, records and regulations that are relevant to the complaint. Documents that have not been requested and made available prior to the hearing may not be relied on during the hearing.

**D. Hearing Process.**

The complainant shall be entitled to a fair hearing that provides the basic safeguards of due process, including notice of hearing and an opportunity to be heard in a timely reasonable manner.

1. Conduct of Hearing.
  - a. If complainant fails to appear at scheduled hearing, the GCHA board may make a determination to postpone the hearing, or to review and act upon the complaint based upon the written documentation and evidence submitted.

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- b. Review of oral or documentary evidence shall not require strict compliance with the rules of evidence applicable to judicial hearings. However, the complainant may not present documents at a hearing concerning eligibility which have not been previously submitted and considered by the GCHA in reaching its decision of ineligibility.
  - c. The right to cross-examination shall be at the discretion of the GCHA board and may be regulated by the GCHA board as it deems necessary for a fair hearing.
2. Hearing Record. The following documents shall constitute the hearing record:
- a. Written complaint;
  - b. Written documentation and evidence considered at the hearing; and
  - c. Minutes of the meeting and record of decision.

**E. Decision of the GCHA Board.**

The GCHA board shall provide a written decision that includes the reasons for its determination. The decision of the board shall be binding on the GCHA, which shall take all actions necessary to carry out the decision.

- 1. If a determination is made of ineligibility for a lottery, and the hearing of a grievance cannot be scheduled before the lottery takes place, the complainant's name may be placed in the appropriate category of the lottery. If the complainant's name is chosen, then the closing will be postponed until the GCHA board can make a decision on the eligibility of the complainant.
- 2. All persons submitting an application for eligibility to purchase an Mitigation Unit will sign an agreement stating that if they are found ineligible and the decision is later overturned either by administrative or court action, their sole remedy will be applied for in the lottery for the next available unit in the event that unit originally applied for has been sold.

**8A-108. MODIFICATION OF HOUSING ADMINISTRATION GUIDELINES.**

These Housing Administrative Guidelines may be amended by the Director in a manner consistent with the terms and intent of Article 8 of the Garfield County Land Use and Development Code, Inclusionary Zoning, with approval by the BOCC in a public meeting.