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# **Steamboat Springs Community Housing Guidelines - 2008**

## **INTRODUCTION**

### **Program Purpose**

The purpose of the Steamboat Springs Community Housing Program is to provide a diverse inventory of permanently affordable housing units for sale and for rent. Housing conditions and needs, as documented in the Housing Element of the Steamboat Springs Area Community Plan, are such that the majority of free-market housing opportunities, especially homeownership, is not affordable to low- to middle-income households. In addition to high housing costs, difficulty attracting and retaining employees, traffic congestion from commuting workers, overcrowded living conditions, and inability to foster a sense of neighborhood are all related to inadequacies in the housing supply. Information on housing conditions and needs, and on goals and objectives for Community Housing, are found in the Community Plan.

### **Overview of Requirements**

The Community Housing Program seeks to provide lower-cost housing units and to distribute community housing in new residential and commercial developments. This goal is to be accomplished by requiring new residential and non-residential development to provide housing based on established rates and/or determined number of jobs to be generated as a result of the development.

The City of Steamboat Springs recognizes that affordable housing is a valuable community resource that needs to remain available not only for current residents and employees, but also for those who may come to Steamboat Springs in the future. For this reason, units that are constructed or otherwise provided through the Community Housing Program will be deed restricted or, through other methods, regulated to remain affordable over time and will be made permanently protected community assets.

### **Program Administration**

The City Council shall make all decisions concerning compliance with regulations through the development application process and construction, taking into consideration comments from the Planning Commission. The City Council, or its designee, shall be responsible for day-to-day administration of Community Housing units once they have been completed and are available for sale or resale.

### **Organization of the Document**

These Guidelines consist of four sections:

1. DEVELOPMENT OF COMMUNITY HOUSING UNITS, which instructs land developers and builders on mechanisms for satisfying the Community Housing requirements associated with residential and commercial development.

2. PURCHASING, RENTING AND SELLING COMMUNITY HOUSING, which provides guidance to persons interested in applying for community housing, administrators of the program, realtors and leasing agents, mortgage officers and others interested in the sale, rental and occupancy of Community Housing Units.
3. FEE COLLECTION AND ADMINISTRATION, which specifies how fees in lieu will be collected and managed.
4. APPEAL PROCEDURES, which define the procedures by which developers, applicants or occupants of Community Housing may dispute the administration of the requirements.

These Guidelines will be updated annually by March 31<sup>st</sup> or the earliest date thereafter following publication of Median Family Incomes by the U.S. Department of Housing and Urban Development.

Definitions applicable to words and phrases used in these Guidelines are contained in Appendix A.

## DEVELOPMENT OF COMMUNITY HOUSING UNITS

Community Housing shall be required as a condition of approval as specified below:

### Inclusionary Zoning Minimum Requirements

All development that contains the addition of three (3) or more residential units, including, without limitation: annexations, development plans, final development plans, preliminary plats, and final plats shall set aside units for Community Housing, as follows:

1. Fifteen percent (15%) of all single-family units shall be developed as Community Housing for sale or rent to eligible households;
2. The following percentages of all new multi-family units shall be developed as Community Housing either for sale or rent to eligible households:

| Market Rate Unit Size<br>(Gross Floor Area) | Number of Affordable Housing Units to<br>be Provided Per Market Rate Unit |
|---|---|
| = 2,000                                     | .15   |
| 2,001-3,000                                 | .17   |
| 3,001-4,000                                 | .20   |
| = 4,001                                     | .25   |

### Commercial and Residential Linkage Minimum Requirements

All new non-residential buildings, new residential units over 500 square feet (excluding garage space), and non-residential and residential additions increasing size by more than 500 square feet (excluding garage space) for which a building permit is required shall be subject to linkage requirements. For non-residential development, an applicant shall be required to complete development or ensure the completion of development of

5% (for the first 5,000 square feet of development) and 10% (for any square footage over 5,000) of the workforce housing units for which demand is generated by the proposed development. For additions of 500 hundred square feet or greater, the employee generation rate shall be based on the size of the addition in excess of 500 hundred square feet rather than the total size of the unit or development on which the addition is being made.

Calculation of Requirement: To calculate the number of Community Housing units to be provided in accordance with commercial linkage, the developer shall utilize the following formulas:

Non-Residential Uses (Industrial and Institutional Uses Exempted)

Leasable square feet of development  
 X 2.8 (average number of employees per 1,000 square feet)  
 ÷ 1,000 square feet  
 ÷ 1.20 (average number of jobs per employee)  
 ÷ 1.64 (average number of employees per unit)  
 x applicable mitigation percentage (see above)  
 = Community Housing Units Required

Accommodations

Number of rooms  
 x .5 average number of employees per room  
 ÷ 1.20 (average number of jobs per employee)  
 ÷ 1.64 (average number of employees per unit)  
 x applicable mitigation percentage (see above)  
 = Community Housing Units Required

Residential Uses

A residential development, including single family and/or multi-family units, shall be required to develop or ensure the development of a percentage of the housing units for which demand is generated by the development according to the following mitigation rates based on unit size:

**Table 1  
 Residential Mitigation Rate by Size of Unit**

| Sq Ft. of Proposed Units | Mitigation Rate | Sq Ft. of Proposed Units | Mitigation Rate |
|--------------------------|-----------------|--------------------------|-----------------|
| <500 SF                  | 0%              | 3,500 - 3,999            | 20%             |
| 500 - 1,499              | 1%              | 4,000 - 4,499            | 25%             |
| 1,500 - 1,999            | 1%              | 4,500 - 4,999            | 25%             |
| 2,000 - 2,499            | 5%              | 5,000 - 5,499            | 30%             |
| 2,500 - 2,999            | 10%             | 5,500 - 5,999            | 30%             |
| 3,000 - 3,499            | 15%             | 6,000 +                  | 35%             |

Calculation of Requirement: For residential development, the number of Community Housing units required by the application shall be calculated using the following formula:

Number of residential units  
 x appropriate FTE employees per unit (Table 2)

x mitigation rate applicable for size of units proposed (Table 1)  
 ÷ average number of employees per unit  
 = Community Housing Units Required

**Table 2**  
**Employee Generation Rates Per Size of Residential Unit**

| Square feet   | FTE Employees | Square feet     | FTE Employees |
|---------------|---------------|-----------------|---------------|
| < 500         | 0.17          | 6,000 – 6,499   | 0.55          |
| 500– 999      | 0.18          | 6,500 – 6,999   | 0.61          |
| 1,000 – 1,499 | 0.20          | 7,000 – 7,499   | 0.67          |
| 1,500 – 1,999 | 0.22          | 7,500 – 7,999   | 0.74          |
| 2,000 – 2,499 | 0.25          | 8,000 – 8,499   | 0.82          |
| 2,500 – 2,999 | 0.27          | 8,500 – 8,999   | 0.91          |
| 3,000 – 3,499 | 0.30          | 9,000 – 9,499   | 1.00          |
| 3,500 – 3,999 | 0.33          | 9,500 – 9,999   | 1.11          |
| 4,000 – 4,499 | 0.37          | 10,000 – 10,499 | 1.23          |
| 4,500 – 4,999 | 0.41          | 10,500 – 10,999 | 1.36          |
| 5,000 – 5,499 | 0.45          | 11,000 – 11,499 | 1.50          |
| 5,500 – 5,999 | 0.50          | 11,500 – 12,000 | 1.66          |

**Compliance Methods**

There are multiple ways by which each of the housing requirements can be satisfied. Options are provided to allow flexibility, maximize project-financing alternatives, and provide opportunities to creatively achieve the City’s goals and objectives for housing. These compliance methods describe the types of units required and the ways by which units are to be produced. Units are to be constructed as a part of the development unless existing units are approved in accordance with these guidelines. Payment of fees in lieu is mandatory when less than one unit is required, for any fractional units when multiple units are required, and under other circumstances as may be allowed.

1. Develop Units. In the case of single-family/duplex subdivisions, directly develop the lots with single-family detached or duplex units priced initially in targeted range, or transfer ownership of lots to builders who, in accordance with the interim covenants filed on the lots, must develop them in accordance with this Section. In the case of multi-family developments, directly develop the multi-family dwellings priced for sale to eligible households.
2. Develop Units Off-Site. In the case of single-family/duplex subdivisions, develop single-family detached or duplex units priced initially in targeted range off-site, but within the municipal boundaries of the City of Steamboat Springs. In the case of multi-family developments, develop the multi-family dwellings off-site, but within the municipal boundaries of the City of Steamboat Springs priced for sale to eligible

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households. The number of lots/units developed must equal 125% of the required number of Community Housing units.

3. Dedication of Lots On-Site. Dedicate single-family lots on site to the City of Steamboat Springs provided that there are no covenants, restrictions, or issues that would limit the construction of Community Housing units on the lots. Land dedicated in lieu of Community Housing Units must be of an equivalent or greater value to the payment in lieu contribution.
4. Dedication of Lots Off-Site. Dedicate lots off-site, provided lots are within the municipal boundaries of the City of Steamboat Springs, to the City of Steamboat Springs, provided that there are no covenants, restrictions, or issues that would limit the construction of Community Housing units on the lots. Land dedicated in lieu of Community Housing Units must be valued at 125% of the payment in lieu contribution.
5. Dedication of Land. With the approval of the City Council, dedicate land to the City of Steamboat Springs. The land may be off site but within the municipal boundaries of the City of Steamboat Springs provided there are no covenants or other restrictions placed on, or issues associated with the land that would limit the appropriateness for Community Housing. Land dedicated in lieu of Community Housing Units must be valued at 125% of the payment in lieu contribution.
6. Payment in Lieu. Payment in-lieu fees are accepted as a right to satisfy the Commercial and Residential Linkage Requirements. For the Inclusionary Zoning requirements, payment in-lieu fees are accepted only for any partial unit when the calculation to determine the number of units to be produced to meet Community Housing requirements results in a fractional unit, except for those properties located within the Base Area and highlighted in Appendix C, where payment in-lieu fees are accepted as a right to satisfy the Inclusionary Zoning requirements at 125% of the calculated amount.
  - a. The fees are to be based on the difference between the market rate cost per unit and the purchase prices that are affordable for income-eligible households, plus an administration fee of up to 15%. The fee per unit of Community Housing shall be updated semi-annually.
  - b. Unless otherwise agreed to, fees shall be due and payable anytime after development approvals and prior to the issuance of a building permit for the development that triggered the requirement at the option of the applicant. The payment in lieu amount shall be established at the time of payment. Should a development not proceed according to approvals, payment in lieu shall be credited to the property and any future redevelopments of said property and corresponding Inclusionary Zoning and/or Linkage requirements.
7. Alternative Compliance Methods. The City Council shall have the discretion to accept in-lieu consideration in any form so long as the value of that consideration is equivalent to or greater than the payment-in-lieu contribution required by this Section and that the acceptance of an alternative form of consideration will result in additional benefits to the City of Steamboat Springs consistent with the purpose of this Section.

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## **Exit Strategy**

In the event buyers cannot be found for the Community Housing Units that meet the income eligibility requirements of this program within twelve (12) months of the date the Community Housing units are made available for contract, and no less than twelve (12) months after issuance of Certificate of Occupancy, in accordance with the Community Housing Guidelines, any unsold Community Housing units may be offered to the City of Steamboat Springs or the Yampa Valley Housing Authority, subject to Community Housing price and deed restrictions. The offer price to the City or the Yampa Valley Housing Authority shall be equivalent to the purchasing ability of a purchaser at either 50% AMI, or 100% AMI, whichever is applicable (a 2.5 person household size shall be utilized to determine the appropriate AMI). If the City or the Yampa Valley Housing Authority does not agree in writing to purchase the units within sixty (60) days of the offer, the units may be sold without deed restrictions and at the time of closing a payment-in-lieu shall be made at 100% of the rate in effect at the time of closing.

## **Location**

It is preferred that Community Housing be provided on the same site as the units within the proposed development that triggers the requirements (on-site housing). These units can be distributed throughout the proposed development if appropriate; however, to foster a sense of neighborhood, clustering of Community Housing units is permissible.

Developing units off site does not alter requirements concerning when Community Housing units must be developed relative to the construction of the free-market housing or commercial development that triggered the requirement.

## **Size Requirements**

The Community Housing units shall meet the minimum and average size requirements as specified below, and when multiple Community Housing Units are provided a diversity of sizes and product type should be developed:

- 1) Inclusionary Requirements: a minimum of five-hundred (500) square feet, with an average of nine-hundred (900) square feet.
- 2) Commercial and Residential Linkage: a minimum of four hundred (400) square feet, with an average of seven hundred, fifty (750) square feet.

## **Quality Standards**

Community Housing units are assets that the City of Steamboat Springs hopes to have available for years to come. Because of this, the quality of the housing is very important. It is expected that the Community Housing units will address livability, health and safety concerns; costly-to-operate amenities are strongly discouraged. Energy efficient designs, appliances and heating systems are encouraged so that the long-term affordability of Community Housing is enhanced. Designs should take into consideration the lifestyle and needs of the types of households the units are intended to serve. The program administrator will review the plans for the units to assure that the Community

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Housing units meet the standards set forth herein, and inspect them upon completion to assure all promised features are included in the units.

### **Deed Restrictions**

All Community Housing units are required to have a deed restriction or covenant that will control the occupancy, price and re-sale price of owner-occupied units and the occupancy of renter-occupied units.

The deed restriction will be provided to the developer for review upon approval of the Community Housing Plan. Prior to issuance of any building permit for a project, the Director of Planning Services 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 Community Housing Plan shall be sent to the Program Administrator.

For developments that require change in ownership of lots between DP/FDP or subdivision approval and the construction of required Community Housing units, an interim covenant shall be placed on the lots requiring units that are to be constructed to be deed restricted. A copy of the standard deed restriction is included in Appendix B.

### **Community Housing Plan**

Any development which is required to provide Community Housing shall be required to submit a Community Housing Plan as a component of the development approval process. The Community Housing Plan shall be submitted to and approved by the City of Steamboat Springs prior to, or concurrent with, application to the City of Steamboat Springs for the development. After review and recommendation by the Planning Commission, the City Council shall approve, approve with revisions, or deny the Community Housing Plan.

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

Calculation Method. The calculation and method by which housing is to be provided.

Unit Descriptions. A site plan and building floor plans (if applicable), illustrating the number of units proposed, their location, the number of bedrooms and size (s.f.) of each unit, the rental/sale mix of the development, and the categories to which each unit is proposed to be restricted. A tabulation of this information shall also be submitted.

Lot sizes. Average lot size of proposed Community Housing units and average lot size of market rate housing units.

Schedules. The timeline for construction of Community Housing units shall be proposed accompanied by the schedule for the entire development and a description of any performance factors that are to be used to set the schedule for satisfaction of Community Housing requirements.

Terms. Terms for the development agreement that would provide surety to insure that any Community Housing units scheduled for future development ultimately get developed.

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Sale Price or Rent Rates. Computation that clearly delineates how the initial sales price or rent rates for the Community Housing units were derived to meet the requirement of this Section.

Payment-in-lieu. Computation for any payment-in-lieu for fractional units, or in the case of linkage where applicants have chosen to make payment-in-lieu, all required units plus any fraction thereof.

Variations. A description of any requested variance, as well as an explanation as to how the overall outcome will advance the goal of obtaining community housing in a manner which meets or exceeds the requirements herein.

An approved Community Housing Plan will become part of the development agreements executed by the City of Steamboat Springs for any approved project. Any amendment deemed to be significant by the Director of Planning Services to the Community Housing Plan shall require the approval of City Council.

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## **II. PURCHASING AND SELLING COMMUNITY HOUSING**

This section of the report covers administration of Community Housing units once they have been produced. The City of Steamboat Springs or its designee shall be responsible for program administration, including qualifying applicants, requiring that appropriate deed restrictions are filed, and ensuring compliance with the deed restrictions over time.

### **Eligibility**

In order to be eligible to purchase a dwelling under this program, the household must include at least one person who is:

An employee or a self-employed person working in Routt County with first priority given to persons who work in Steamboat Springs and second priority to persons working in Routt County outside the City of Steamboat Springs;

A retired person who has been a full-time employee in Routt County for a minimum of two years immediately prior to his or her retirement;

A disabled person who, if able to work, is an employee in Routt County and, if unable to work, had been an employee in Routt County and/or has been a resident of Routt County for a minimum of two years; or,

The spouse or dependent of any such qualified employee, retired person, or disabled person.

In addition, the applicant's household:

Must earn 80% of its income in Routt County through wages, salaries or distribution of profits from business operations within Routt County unless headed by a person age 65 or older;

Cannot own any other residential dwelling; if applicant owns a residence in Routt County, applicant must sell said residence to a non-related person or entity, prior to closing on an affordable housing unit or prior to receiving a certificate of occupancy for a newly-constructed unit on an affordable housing lot; and,

May own not more than one vacant residential lot within Routt County, thereby assisting affordable housing residents to eventually "move up" to free-market housing on their land.

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. 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.

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## Priorities

Priority for Community Housing will be made without regard to race, color, creed, religion, sex, disability, national origin, familial status or marital status. The primary intent of the Community Housing Program is to provide housing opportunities for households that live and/or work in Steamboat Springs. To that end, units or lots are to be sold or rented to eligible households in conjunction with Program Administrator's system that gives priority to persons who already live in Steamboat Springs, work there or are accepting employment there.

Community Housing units produced under Inclusionary Zoning and Housing Linkage requirements or with public financing or land shall be equally available to all households that meet eligibility and priority criteria. Units produced under Housing Linkage requirements, however, can be preferentially sold to employees holding jobs produced as a result of the residential or commercial development that triggered the requirement to produce Community Housing.

## Income Limits

The Area Median Incomes for Routt County for each income category are set forth in the following table:

**Area Median Incomes by Category for 2008**

| <b>Household Size</b> | <b>Area Median<br/>Income 100%<br/>AMI</b> | <b>Category 1:<br/>Linkage<br/>50% AMI</b> | <b>Category 2:<br/>Inclusionary<br/>Zoning<br/>100% AMI</b> |
|-----------------------|--|--|---|
| 1 Person              | \$53,000                                   | \$26,500                                   | \$53,000  |
| 2 Persons             | \$60,600                                   | \$30,300                                   | \$60,600  |
| 3 Persons             | \$68,100                                   | \$34,050                                   | \$68,100  |
| 4 Persons             | \$75,700                                   | \$37,850                                   | \$75,700  |
| 5 Persons             | \$81,800                                   | \$40,900                                   | \$81,800  |
| 6 Persons             | \$87,800                                   | \$43,900                                   | \$87,800  |
| 7 Persons             | \$93,900                                   | \$46,950                                   | \$93,900  |
| 8 Persons             | \$99,900                                   | \$49,950                                   | \$99,900  |

Source: HUD

Income figures are updates annually, usually the end of March, and are available at: <http://www.huduser.org/datasets/il/il08/index.html>

## Application and Certification

A person seeking to occupy a Community Housing unit must apply to the Program Administrator to receive a certification that they are eligible to purchase or rent a unit. The Program Administrator must determine the eligibility and priority of the applicant. Households entering into a contract to purchase a Community Housing unit must be income eligible at the time the contract is signed. To verify that an individual or household satisfies these requirements, the following information will be required, in addition to a completed application form:

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- Copies of federal and state income tax returns for the previous year with W-2's;
  - Verification of employment or an offer of employment;
  - Verification of length of Steamboat Springs residency, if applicable;
  - Copies of pay check stubs for the previous two months;
  - Credit report; and,
  - A current statement from each bank account or other income-producing asset.

All required documentation submitted to verify household income shall be kept confidential and is not subject to public disclosure.

Upon submission of all completed information, the applicant will receive a letter stating that they are eligible to purchase or rent 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. It is the responsibility of the applicant to locate and enter into a contract to purchase or rent a Community Housing unit; a waiting list will not be maintained. The program administrator will maintain a list of qualified applicants that includes the income category in which they were deemed to be eligible. A copy of the signed purchase contract shall be provided to the program Administrator along with the company name and closer of the Title Company performing the closing.

A lottery will *not* be held for Community Housing units unless, at the recommendation of the Program Administrator and the approval of the City of Steamboat Springs City Council, it is determined that a lottery is in the best interests of those households seeking to purchase or rent Community Housing units. The City of Steamboat Springs will decide whether or not a lottery will be held within 30 days of the commencement of marketing efforts.

Upon closing, the deed restriction shall be recorded and a copy of the warranty deed forwarded to the Program Administrator to verify the sale of the unit.

### **Renting Community Housing**

Rental units will be managed by developers, property owners or private management companies hired for the task. Regardless of who manages the units, it will be their responsibility to insure that they are rented to eligible households by obtaining a copy of the household eligibility certification provided by Program Administrator. Managers are required to insure that tenants are re-qualified on an annual basis.

### **Selling Community Housing -- Initial Sales Procedure**

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

The developer is required to provide Program Administrator with a schedule that indicates the proposed date for when the Community Housing units will become available for sale within ninety (90) days of the development permit approval, and at least thirty (30) days prior to initiating the marketing program. The schedule must

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indicate when pre-marketing activities will begin, when a model may be available and the name of the real estate agent/office representing the developer;

The initial marketing schedule should also include the unit type(s), bedroom configuration(s), square footage(s), address and sales price for these homes;

The Program Administrator will provide information to prospective buyers. This may be done through a website dedicated to listing Community Housing unit sales, as well as by distributing literature (provided by the developer), to prospective buyers who stay in contact with the Program Administrator;

Evidence that an interim covenant dictating the terms of the deed restriction has been recorded against the property will be provided by the developer to the Program Administrator;

A good faith marketing effort (which includes the unit sales prices) to attract eligible buyers or renters will be conducted by the developer in consultation with the Program Administrator;

Only buyers who present a letter of qualification from the Program Administrator may purchase a unit. It is the responsibility of the developer to assure that buyers have this certification prior to closing the sale;

The Program Administrator will provide the developer and buyers an approved deed restriction prior to entering into a contract to purchase the unit. Buyers will be advised by the Program Administrator to consult legal counsel prior to consummating the purchase agreement; and,

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.

### **Re-Sale of a Community Housing Unit**

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. Each time a Community Housing unit is sold, the seller shall engage in good faith marketing efforts, such that members of the public who are qualified to purchase such units have a fair chance to be informed of the availability of such units. The Program Administrator shall assist the seller (or seller's agent) by receiving applications from potential buyers and certifying that each potential buyer meets the requirements listed above.

At the discretion of the City of Steamboat Springs, a lottery may be held if it is determined that there are a number of priority households who would purchase the unit and where a lottery would be in the best interest of the community.

The Program Administrator will be acting on behalf of the City of Steamboat Springs. It should be clearly understood by and between all parties to a sales transaction that the

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staff members are not acting as licensed brokers to the transaction, but as representatives of 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.

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 purchaser's or seller's own expense.

### **Renting Community Housing Units Listed for Sale**

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 Program Administrator, be rented to an eligible household, 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. The lease must stipulate that the Community Housing unit is listed for sale and that the tenant will be required to allow 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.

### **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. 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.

### **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 Routt County, or residing in the unit for fewer than nine (9) months out of any twelve (12) months.

### **Leave of Absence**

If an owner must leave Routt County for a limited period of time and desires to rent the unit during their absence, a leave of absence may be granted by the Program Administrator 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 owner shall rent to a household that 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

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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.

### **Improvements to Community Housing Units**

Owners are allowed to take into consideration only the value of qualified improvements when setting the sales price of deed-restricted units. Qualifying improvements shall be those improvements constructed or installed pursuant to a valid building permit. The cost of such improvements shall be presumed to be equal to the building department cost estimate plus the estimated use tax paid. The cost of qualifying improvements shall not be adjusted by the three percent (3%) annual increase applicable to the Owner's purchase price.

### **Deed Restrictions**

In order to assure that there is an on-going supply of housing that is affordable in Steamboat Springs, all Community Housing units will carry a deed 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.

Future buyers will be bound by the terms of the deed restriction. They may, however, at their option, agree to a different form of deed restriction or covenant that may be created by the City of Steamboat Springs to meet the changing interests of the community and/or lender requirements.

Deed restrictions shall include a provision giving the City of Steamboat Springs the first right of refusal in the case of foreclosure.

## **III. FEE COLLECTION AND ADMINISTRATION**

### **Payment In-Lieu**

Payment of in-lieu fees are required when the calculation to determine the number of units to be produced to meet inclusionary zoning or housing linkage requirements results in a partial unit. The amount of per unit in-lieu fees is to be updated at least annually with changes in the median income figures published by HUD and free-market housing costs. For 2007, the per unit fee is \$144,497 for housing linkage programs serving Category 1 households and \$89,162 for inclusionary zoning requirements serving Category 2 households.

**Calculation of Fees in Lieu – March 2008**

|  | <b>Category 1:<br/>Linkage<br/>50% AMI</b> | <b>Category 2:<br/>Inclusionary<br/>Zoning<br/>100% AMI</b> |
|--|--|---|
| Income (2.5-person households)   | \$ 32,175                                  | \$64,350  |
| Affordable Monthly Housing Payment @30% of Monthly Gross Income            | \$804                                      | \$1,609   |
| Property Taxes/Insurance/HOA estimate (20% of Affordable Hsg. Pmt.)        | \$161                                      | \$322   |
| Mortgage Payment/mo@ 6.25 % APR, 30-yr fixed- 95% LTV                      | \$643                                      | \$1,287   |
| Affordable Purchase Price with 5% down                                     | \$109,738                                  | \$219,476   |
| Average Sq. Ft of Units  | 750  | 900   |
| Cost per Sq Ft.*   | \$369                                      | \$369   |
| Cost per Unit  | \$276,750                                  | \$332,100   |
| Difference between Affordable Purchase Price and Market Rate Cost per Unit | \$167,012                                  | \$112,624   |
| Administrative fee   | \$5,000                                    | \$5,000   |
| <b>Affordability Gap/ Payment per Unit in Lieu</b>                         | <b>\$172,012</b>                           | <b>\$117,624</b>  |

\*\*Median sales price sq. ft. of SF, condo and TH units from March 1, 2007 year to March 1, 2008 - \$369

If the requirement is for less than one unit, the fraction required is to be applied to the per unit subsidy amount to determine the fee. For example, under the housing linkage regulations serving Category 1 households, a project that results in .25 Community Housing units being required would have to pay \$43,003 (25% of \$172,012).

For projects that result in multiple units including a fraction being required, the number of Community Housing units produced could be rounded upward with no credit given for the fraction or the developer could pay a fee in lieu to satisfy the fractional requirement.

**Time of Payment**

Fees in lieu must be paid to the City of Steamboat Springs at a time specified by the City in the notification of approval of the Community Housing Plan. The applicant is encouraged to make a case in the Community Housing Plan as to when it will be financially feasible and appropriate for them to pay the fees. Unless otherwise agreed to, fees shall be due and payable upon the issuance of a building permit for the development that triggered the requirement.

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### **Authorized Uses of Fees**

The funds shall be used only for the purpose of planning, subsidizing, developing and administering Community Housing. The City may allocate these funds to an entity that agrees to acquire land or units that will be devoted to the Community Housing Program.

## **V. APPEAL PROCEDURES**

An appeal is any dispute that a unit owner, purchaser or developer may have with the City of Steamboat Springs or the program's designated administrator with respect to action or failure to act in accordance with the rights, duties, welfare or status of these persons or entities.

### **Development**

Upon final approval or denial of the Community Housing Plan an appeal may be made in accordance with the provisions of Sec. 26-50 of the Municipal Code of the City of Steamboat Springs.

A written appeal that relates to program administration shall be submitted to the program administrator, with a copy provided to the City of Steamboat Springs City Manager. 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 Steamboat Springs that describes the nature of the appeal, the factors considered in addressing the issue(s) and the resolution of the issue.

### **Buyers/Sellers/Renters**

A written 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.

Upon presentation of a written appeal, the staff of the program administrator shall meet with complainant to review the appeal and resolve the issue, if possible.

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:

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- a. The written appeal;
  - b. The factors affecting a successful resolution of the appeal;
  - c. Any documents provided by the complainant; and,
  - d. A recommended course of action.

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.

The complainant has the right to be represented by counsel.

### **Conduct of the Hearing**

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.

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.

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## APPENDIX A

### Definitions

When used in these guidelines, the following words and phrases shall have the specific meaning as defined in this section:

*Accommodations* shall mean any hotel, lodge or similar building in which rooms without kitchens are rented on a nightly basis; each room in which beds are located shall be considered a room. If a room has a kitchen then it would be required to meet residential linkage requirements

*Affordable* shall mean the total monthly housing payment that can be managed comfortably by low to moderate income households so as not to encounter financial difficulties that jeopardize their overall financial status or lead to foreclosure.

*AMI* shall mean the area median income for Routt County as published annually by the Department of Housing and Urban Development and updated annually.

*Community Housing* shall mean units restricted for occupancy by eligible households that meet size, rental and for-sale price requirements and that are deed restricted in accordance with a covenant approved by the City Council of the City of Steamboat Springs.

*Community Housing Fund* shall mean the fund in which monies collected shall be deposited and from which they shall be expended, to plan, design, construct, purchase, maintain and administer Community Housing Units.

*Commercial Linkage* shall mean the mandatory provision of Community Housing units, or financial set-aside, to satisfy a certain percentage of the demand for work force housing that is generated by the proposed development.

*Community Housing Guidelines* (the Guidelines) shall mean the document that contains the procedures and guidelines for complying with the requirements of Chapter 22 of the Code of the City of Steamboat Springs, updated annually.

*Deed Restriction* shall mean an enduring covenant placed on units that identifies the conditions of ownership and occupancy of the units to eligible households, and may control the prices of for-sale units, initially and/or upon resale. Deed Restrictions for rental units shall include a provision conveying an interest in the unit or units to the Program Administrator meeting the requirements of §38-12-301, 10 C.R.S. (1999). Such interest may include:

A fractional undivided ownership or trustee interest provided that Program Administrator shall be indemnified against any and all liability by reason of its interest.

A lease to Program Administrator of the unit or units with authorization to Program Administrator to sublet pursuant to Community Housing Guidelines, provided that Program Administrator assumes no liability by reason thereof. Program Administrator may in its sole discretion accept or reject any proposed conveyance or lease pursuant to these guidelines.

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*Development* shall mean the construction, improvements, alterations, installation, erection, restoration, change of color or building materials, or expansion of any building, structure or other improvement including utility facilities;

The demolition or destruction by voluntary action of any building, structure, or other improvement;

The grading, excavation, filling or similar disturbance to the ground level, change of drainage without limitation, change of grade, change of ground level, change of drainage pattern, or change of stream bed;

Landscaping, planting, clearing, or removing of natural vegetation or revegetation including trees, shrubs, grass, or plants; or

Any change in use that may alter the character, use, or appearance of a parcel of land.

*Eligible Household* shall mean a household that is comprised entirely of one or more residents of Routt County with gross income that does not exceed guidelines established annually based upon the AMI; 80% of the household's income must consist of wages and salaries earned within Routt County or distribution of profits from business operations within Routt County unless the household is headed by a retired resident.

*Employee Unit* shall mean a unit that is rented and that is restricted on the deed of the property, for continuous occupation by at least one employee employed at least 30 hours per week at one or more businesses (or self employed) located within Routt County, or a retired employee who has ceased active employment was a full-time employee in Routt County for a minimum of two years immediately prior to his or her retirement.

*Existing Unit* shall mean a unit located within the City, which existed prior to the development which requires Community Housing.

*Full Time Equivalent (FTE)* shall mean the conversion of part-time work hours to the equivalent number of full-time work hours based on a forty (40) hour work week

*Free Market Units* shall mean residential units upon which there are no restrictions on the occupancy, price or resale.

*Gross Income* shall mean the total income of a household derived from employment, business, trust or other income producing assets include wages, alimony and child support, distributions and before deductions for expenses, depreciation, taxes and similar allowances.

*Household* shall mean all individuals who will be occupying the unit regardless of legal or familial status.

*HUD* shall mean the US Department of Housing and Urban Development

*Inclusionary Zoning* shall mean the mandatory provision of Community Housing units, or financial set-aside, as a quid pro quo for development approval.

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*Income Limits* shall mean the income amounts on which the eligibility of households is based expressed as percentages of the AMI and in absolute dollar amounts, updated annually and contained in the Community Housing Guidelines.

*Infrastructure* shall mean water, sewer, telephone, natural gas, electric, cable television and any other utility installations; streets, curb and gutters; storm drainage systems.

*Interim Covenant* shall mean a covenant placed on lots or parcels that conveys the conditions of the deed restrictions that will be filed upon Community Housing units built on the lots or parcels.

*Leasable Square Feet* shall mean the sum of the gross horizontal floor areas of a building measured from the exterior face of exterior walls, or from the centerline of a wall separating two buildings minus the gross floor area of bathrooms, storage areas, garages, mechanical rooms, staircases, elevators, loading docks, and distribution or processing areas in which employees are present on average no more than ten (10) percent of time that the space is used for commercial operations.

*Off Site* shall mean a location for Community Housing units other than the parcel, lot or PUD where the residential or commercial development that generates the requirement for Community Housing units is located.

*Permanently Affordable* shall mean a unit that is deed-restricted and available to households earning no more than 120% of the AMI. This may be accomplished through income limitations, contractual agreements, restrictive covenants, and resale restrictions, subject to reasonable exceptions, including, without limitation, subordination of such arrangements, covenants, and restrictions to a mortgagee. No unit shall be considered as permanently affordable until the City Council has approved the location and techniques used to ensure that the unit will remain affordable.

*Plat* shall mean a map and supporting materials of described land prepared in accordance with subdivision regulations as an instrument for recording of real estate interests with the county clerk and recorder.

*Price-Cap* shall mean a deed-restriction limiting maximum resale profits to an annual increase of 3%.

*Program Administrator* shall mean the City of Steamboat Springs, or its designee.

*Redevelopment* shall mean the removal or demolition of existing structures buildings, residential units, rental units, and commercial units for the purpose of reconstruction of a new development on the same site.

*Resale Controls* shall mean deed restrictions or mortgage provisions that limit the maximum resale price of a Community Housing unit.

*Unit* shall mean a structure or portion of a structure, other than a mobile home, that is designed, occupied or intended to be occupied as living quarters and includes facilities for cooking, sleeping and sanitation; but not including hotels, motels, clubs, boarding houses,

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or any institution where human beings are housed by reason of illness or under legal restraints.

*Duplex Unit* shall mean a single building containing two (2) separate single family residential dwelling units where the two units are connected by heated enclosed space, such as a garage, mud-room or other fully enclosed space that results in a common wall a minimum of twelve (12) feet in length.

*Multi-family Unit* shall mean a residential building designed for or occupied by three (3) or more families, maintaining independent access to each unit and separate living, kitchen and sanitary facilities.

*Single-family Unit* shall mean a dwelling designed for, or used as a dwelling unit exclusively by one family as an independent housekeeping unit. A Single Family Dwelling Unit contains no more than one dwelling unit and does not include Mobile Homes.