

The City of Lafayette

Community Housing Guidelines

Amended January 19, 2010 – see purpose below

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- January 2009: Amended to remove Market Rate Affordable Requirements and update pricing.
- August 2007: Amended to remove minimum square footage requirement and allow City Council greater flexibility for off site units
- April 2007: Amended to include separate pricing for townhomes, include ability to increase re-sale price based on capital investment , insert language specific to rental program units, including maximum monthly rental pricing.
- April 2005: Amended to update 2005 pricing, clarify timing of deed restriction recording, add table of contents
- July 2004: amended to update 2004 pricing, require training for buyers, differentiate between attached and detached prices, amend date to lift deed restriction
- June 2003: Original adoption by City Council

I. PURPOSE AND GENERAL DESCRIPTION OF GUIDELINES

The purpose of The City of Lafayette Community Housing Guidelines is to implement and effectuate the purposes and requirements of Chapter 28 of the Code of Ordinances of the City of Lafayette (the “Code”) by providing standards, procedures and submittal requirements in connection with said section. In recent years, the cost of housing in Lafayette has increased at a rate that is faster than increases in the earnings of moderate-income households and new housing production has been oriented toward higher priced homes. This has affected the range of housing options that are needed and available to support the growing and changing needs of Lafayette residents and employees.

“Lafayette is special because it is a community that is small enough to have a “hometown” feeling, but large enough to accommodate households of different ethnic, social and economic backgrounds”.

To address the legislative findings and purposes set forth, respectively, in Chapter 28 of the Code a housing strategy has been adopted to assure that a range of housing choices will be available to current and future residents and employees in the community.

The method that the City of Lafayette has implemented requires that certain new residential developments provide at least ten percent (10%) of the housing produced as Permanently Affordable Housing Units (as defined herein). In addition, an incentive program has been created to encourage the creation of Charter Affordable Housing Units (as defined herein). Generally, housing produced through these efforts is targeted to households that earn not more than eighty percent (80%) of HUD Area Median Income (as defined herein) or the mathematical eighty percent (80%) of Area Median Income (as defined herein). Permanently Affordable Housing Units are to be produced within such residential developments prior to or concurrently with the market rate housing that is constructed within those developments. However, the program also allows an opportunity for the required affordable housing to be provided in other locations in Lafayette, if the City determines that an alternative location would be of benefit to the future residents of the affordable housing or the community in general.

The citizens of Lafayette approved an amendment to Chapter VI, Sections 6.10, 6.12, 6.14 and 6.15 of the Charter for the City of Lafayette that authorized the construction of up to fifty (50) “permanently affordable dwelling units per year.” Units constructed using these permits (referred to herein as “Charter Affordable Housing Units”) are in addition to those that must be provided to meet the ten percent (10%) set aside requirements described above.

The City of Lafayette recognizes that affordable housing is a valuable community resource that needs to remain available not only for current residents and employees, but also those who may come to the area in the future. For this reason, the Permanently Affordable Housing Units (the 10% set aside units described above) are, as the name suggests, to be legally restricted to be permanently affordable except in certain narrowly defined circumstances. In addition, the Charter Affordable Housing Units (the 50 units per year allowed by the Lafayette Charter) are to be legally restricted to be permanently affordable.

II. DEFINITIONS

The terms, phrases, words and clauses used in the these Community Housing Guidelines shall have the meanings as provided below or, if not provided below, shall have the meanings provided in Chapter 28 of the Code. Any terms, phrases or words not defined in the Code shall have the meanings as provided in Webster's Third New International Dictionary, 1993, Unabridged. The definitions are presented in alphabetical order for ease in locating the definition.

A. Applicant: means any person, firm, partnership, association, joint venture, corporation, or any other entity or combination of entities, or affiliated entities, or combination of any of the foregoing, and any transferee of all or part of the real property at one location, which, after Chapter 28 of the Code takes effect, submits an application for approval of a sketch plan or preliminary plan for a new subdivision or planned unit development that will, if approved, allow for the development of thirty (30) or more new for sale dwelling units at one location in Lafayette.

B. Charter Affordable Housing Unit: means a dwelling unit that is constructed under building permits that are available from time to time under Section 6.10 of the Charter of the City of Lafayette for "permanently affordable dwelling unit[s]," and that are to be created, sold, resold and rented only in accordance with the standards and under the procedures set forth in these Community Housing Guidelines, and which dwelling units are permanently deed restricted or encumbered in perpetuity by a real covenant or other legal restriction to ensure that the units shall be priced and sold and rented to be affordable at the time of the initial and each subsequent sale and rental to a household earning not more than eighty percent (80%) of the HUD Area Median Income, except that, at each sale after the initial sale, the units may be sold for a price that is lesser of (a) the initial sales price, plus three percent (3%) per annum simple interest on that sales price, and (b) the initial sales price, plus a percentage per annum of simple interest that is equal, on an annual basis, to the percentage increase in the Consumer Price Index for each year in which the determination is made.

C. Community Housing Unit: means a Permanently Affordable Housing Unit and/or a Charter Affordable Housing Unit.

D. Consumer Price Index or CPI: means the Consumer Price Index – U.S. City Average and Regions, Urban Wage Earners and Clerical Workers (CPI-W), All Items, as published from time to time by the Bureau of Labor Statistics of the United States Department of Labor.

E. Eligible Household: means a Household (i) that has complied with the procedures set forth in these Community Housing Guidelines for a determination of eligibility for purchase of a Permanently Affordable Housing Unit or a Charter Affordable Housing Unit and that has received a certificate of said eligibility pursuant to such procedures, and (ii) whose income and financial assets qualifies the Household to purchase a Permanently Affordable Housing Unit or a Charter Affordable Housing Unit according to the standards set forth in these Community Housing Guidelines.

F. Household: means one or more persons who intend to live together in the premises of a dwelling unit as a single housekeeping unit, but does not mean a group of four (4) or more persons unrelated by blood, adoption or marriage.

G. HUD AMI or HUD Area Median Income: means the median annual income for the Boulder/Longmont Primary Metropolitan Statistical Area, as adjusted for household size, that is calculated and published annually by the United States Department of Housing and Urban Development (“HUD”).

H. Numerical Eighty Percent (80%) Area Median Income: means the number derived by multiplying 0.80 times the number that is the one-hundred percent (100%) of the Area Median Income, which Numerical Eighty Percent (80%) Area Median Income is anticipated to be a number that is higher than the eighty percent (80%) area median income published by HUD as a result of the fact that, for the Boulder/Longmont Primary Metropolitan Statistical Area, HUD’s practice has been to adjust the eighty percent (80%) area median income number downward to reflect the fact that earnings within said statistical area are generally higher than earnings on a national basis.

I. Permanently Affordable Housing Unit: means a dwelling unit that is to be created and sold and resold only in accordance with the standards and under the procedures set forth in these Community Housing Guidelines and that are permanently deed restricted or encumbered in perpetuity by a real covenant or other legal restriction that ensures that the units shall be sold, at the time of the initial and each subsequent sale, to a household earning not more than the numerical eighty percent (80%) area median income, provided, however, that at each sale after the initial sale of a permanently affordable housing unit, the unit may be sold for a price that is the lesser of (a) the purchase price paid by the then Owner, plus three percent (3%) per annum simple interest on that price, and (b) the purchase price paid by the then owner, plus a percentage per annum of simple interest that is equal, on an annual basis, to the percentage increase in the CPI for each year in which the determination is made. that the foregoing notwithstanding, and only in the case of an initial effort to sell a permanently affordable housing unit, when a bona fide effort to market the unit by the Builder/Initial Owner is made, and an Eligible Household has not been found or referred to the Builder/Initial Owner by the Program Administrator, then the unit may be subject to sale without such deed restriction, real covenant, or other legal restriction if authorized by the City. The required marketing period before the requirement for the deed restriction or covenant can be considered for release is a minimum of forty-five days from the date of an approved framing inspection for the permanently affordable housing unit; however, in no case shall the required marketing period be less than six (6) months from the date the unit is listed with the Program Administrator as being for-sale, or six (6) months from the date of the issuance of the building permit, whichever is longer. If the requirement for a deed restriction or covenant is released then the unit may be sold at a market rate price with no restrictions.

J. Program Administrator: Means the Administrator of the City of Lafayette or his designee.

III. PROGRAM REQUIREMENTS FOR ELIGIBLE HOUSEHOLDS

A. Eligibility

In order to be eligible to purchase a Community Housing Unit under this program, an interested Household must meet the income limitations set forth herein at the time a unit is purchased. An

interested Household must also agree to record a deed restriction, covenant or other legally binding document that identifies the method for calculating future sales prices of the unit if such document does not already encumber the unit at the time of purchase. At least one member of an interested Household must attend and complete a city-approved homebuyer training course.

Prospective buyers are to notify the Program Administrator, at the time they have entered into an agreement to purchase a Community Housing Unit, of the address of the unit and sales price.

A lottery will ***not*** be held for any Community Housing Units unless, at the discretion of the Program Administrator, it is determined that a lottery is in the best interests of the City and those Households seeking to purchase a Community Housing Unit. The Program Administrator will decide whether a lottery will be held at least 30 days prior to the date the developer proposes that marketing will commence.

Eligibility for the purchase of Community Housing Units will be made without regard to race, color, creed, religion, gender, handicap, national origin, familial status or marital status.

B. Preference

The intent of the Community Housing Program is to provide housing opportunities for households that live and/or work in Lafayette. Preferences for the purchase of a Community Housing Unit will be given to Eligible Households that meet at least one of following:

- Where at least one person of a Household is a full-time employee working in Lafayette or for a business with its principal office located in Lafayette. For purposes of this section a “full-time employee” is an employee who is employed for a minimum of 1,000 hours worked per calendar year, and who averages at least 25 hours of work per week, during ten (10) months of each year, or 22 hours of work per week, during eleven (11) months of each year and who intends to reside in the Community Housing Unit a minimum of nine (9) months out of each year; and/or
- Where at least one person of a Household has been a resident of Lafayette for one year prior to applying to purchase a Community Housing Unit;
- Where at least one person of a household is a retired person who has been a full-time resident in Lafayette for a minimum of one year, or a disabled person who has been a full-time employee or resident in Lafayette a minimum of one year; and/or
- Where at least one person of a Household is a graduate of a high school located within the City of Lafayette.

An Eligible Household that is provided a preference under this section will hold such a preference with regard to a given Community Housing Unit during the first 30 days that such Community Housing Unit is available for sale. In order to receive a preference, the Eligible Household must apply to the Program Administrator to receive a certification that the Household holds a preference for the purchase of a Community Housing Unit. To verify that a Household satisfies these requirements, any of the following information may be required:

- Copies of pay check stubs for the previous three months of a member of the Household applying for the preference;
- A letter from an employer indicating that a member of the Household is employed in Lafayette;
- A copy of utility statement or lease indicating the name and address of the person who is a member of the Household applying to purchase the unit;
- Copy of a pre-approval letter from a lender of their choice indicating place of employment and/or residence of the member of the Household applying for the preference; and/or
- Proof of graduation from a high school within the City of Lafayette.

Upon submission of all required information and after a determination as to whether an Eligible Household is eligible for a preference, the Program Administrator will provide the Eligible Household with a letter stating that it holds a preference for the purchase of a Community Housing Unit. This letter will be effective for six months from the date it was written and may be used whenever the person wants to purchase a Community Housing Unit that is available for sale under this program. The developer of a Community Housing Unit must allow 30 days from the time pre-marketing efforts begin to give a purchasing priority to an Eligible Household holding a preference.

C. Lottery

A lottery will ***not*** be held for Community Housing Units unless, at the discretion of the Program Administrator, it is determined that a lottery is in the best interests of the City and those Households seeking to purchase a Community Housing Unit. A decision as to whether or not a lottery will be held will be made at least 30 days prior to the date the developer proposes that units will be available for purchase. It is the intent of the City of Lafayette to conduct a simplified lottery process and there will not be any weighting of lottery applicants for the time worked/resided in the area. If it is determined that a lottery will be held, the Program Administrator will take the following steps to notify the public of the availability and status of Community Housing Units:

The program administrator will advertise the lottery at least 30 days prior to the date that the lottery will be held. Sources of information about prospective lotteries will include, but not be limited to a local newspaper and the web site established for this purpose. Information may include:

1. A description of the unit(s) that is available for purchase that contains information about the unit type, square footage, bedroom configuration and address of the properties.
2. A description of the maximum income a household may have in order to qualify to purchase the advertised units. For example, some units may be priced as affordable to households earning 60% of the Area Median Income and others may be priced as affordable to households earning 80% of the Area Median Income.
3. Notification of where more detailed information can be obtained concerning the application process for units to be sold under the lottery.
4. Date, time and location of lottery.
5. Results of the lottery will also be published. The results will include the number and types of units, the number of participants in the lottery and the name of the Household(s) that purchased a home.

Households who are interested in purchasing a unit must have a completed letter certifying that they are eligible to purchase a unit. It is the responsibility of the Household to notify the Program Administrator at least seven working days prior to the date of the lottery that they would like to enter into the lottery. This may be done by notifying the Program Administrator by phone, in writing or by internet (if available). Any such notification shall include the Household's name, address and telephone number where it can be reached. The Household must indicate which affordable unit(s) it is interested in purchasing by providing the address of such unit(s). Upon notification of a Household's interest, the Program Administrator shall provide the Household with a lottery confirmation number.

Households with incomes below the maximum range established for a specific unit may ask to be placed into the lottery for that unit if they are able to qualify for a mortgage that would support purchasing such unit; however, Households with incomes that exceed the maximum range for a specific unit may not ask to be placed in the lottery for that unit. For example, a Household earning 60% of the AMI may ask to be placed in the lottery for a unit priced for a household earning 80% of the AMI, if they have a letter indicating that they could qualify for a higher mortgage and have sufficient funds available for a down payment. A Household earning 80% of the AMI may not, however, ask to be placed in the lottery for a unit priced for a Household earning 60% of the AMI.

D. Application, Certification and Purchasing

A Household seeking to purchase a Community Housing Unit must apply to the Program Administrator to receive a certification that it is eligible to purchase such a unit. To verify that a Household satisfies these requirements, at least the following information will be required, in addition to a completed application form that requests information needed to verify the Household meets the program requirements.

- Copies of federal and state income tax returns of each member of the Household for the previous two years;
- W-2 Forms and verification of employment or an offer of employment of each member of the Household;
- Copies of pay check stubs for the previous three months for all wage earners within the Household;
- A current statement as to the value of each asset, except assets in bona fide retirement plans, held by each member of the Household indicating the current value of the asset, the interest rate or annual dividend or other amount earned annually on the asset, including but not limited to a bank verification of all accounts held in a bank; and,
- Copy of a pre-approval letter from a lender of the Household's choice demonstrating that it is financially able to purchase the unit or financial documentation that they can purchase the unit without the aid of a lender.

Upon submission of all completed information, the Program Administrator shall provide the Household with a letter stating whether it is eligible to purchase a Permanently Affordable Housing Unit or a Charter Affordable Housing Unit. The purpose of this letter is to assure the developer/realtor/seller that the Household has been pre-qualified for the purchase of such a unit. It is the responsibility of the Household to locate and enter into a contract to purchase a Permanently Affordable Housing Unit or a Charter Affordable Housing Unit. The Program Administrator will

maintain a list of Eligible Households that includes the income category in which they were deemed to be eligible. Households entering into a contract to purchase a Community Housing Unit must be income eligible at the time the contract to purchase is signed. Prior to finalizing the purchase of a Community Housing Unit, a prospective Household shall be required to submit an updated income certification form, with the required attachments indicated above, in order to verify that the prospective Household's income qualifies it to purchase a Community Housing Unit. All required documentation submitted to verify a Household's income shall be kept confidential and is not subject to public disclosure.

Upon closing, the Program Administrator shall ensure that the required covenant, deed restriction or other legal restriction shall be or has been recorded with the Boulder County Clerk and Recorder's Office..

E. Income Guidelines

A Household seeking to purchase a Community Housing Unit shall submit a completed application form with the documents indicated above at least 30 days prior to the purchase of a Permanently Affordable Housing Unit or Charter Affordable Housing Unit. Permanently Affordable Housing Units that are provided through this program will be priced to be affordable to Households whose incomes are at or below the Numerical Eighty Percent (80%) Area Median Income. Charter Affordable Housing Units that are provided through this program will be priced to be affordable to Households whose incomes are at or below eighty percent (80%) of the HUD Area Median Income.

For all Community Housing Units, the maximum qualifying income levels have been established and set forth in the chart below based upon the Area Median Income as published by HUD for Boulder County, with adjustments for household size and as described in the definitions section of these Community Housing Guidelines. The Program Administrator, upon publication of any new Area Median Incomes, will adjust these levels. Other income levels set forth in the chart below are for informational purposes only or are for use by the Program Administrator in determining the permitted sales prices of the various types of units that make up the Community Housing Units.

The maximum gross Household income for each income category is set forth in the following table.

Maximum Incomes and Category		
	Charter Affordable Units	Permanently Affordable Units
Area Median Income	HUD 80% AMI	Numerical 80% AMI
1 Person Household	\$44,800	\$50,000
2 Person Household	\$51,200	\$57,100
3 Person Household	\$57,600	\$64,300
4 or more persons	\$64,000	\$71,400

The above data is current as of 2009.

F. Co-ownership and Co-Signing

Any co-ownership interest in a Community Housing Unit, other than joint tenancy or tenancy in common, must be approved by the Program Administrator. Co-signers may be approved for ownership of such units, but shall not occupy the unit unless qualified under this program as part of the Eligible Household. In other words, a Household may use a co-signer, but the co-signer must not also live in the unit unless he or she qualifies under these guidelines as part of the Household. For example, a single-person may have a sibling co-sign a loan. The sibling may only live in the unit if they are qualified under the program as part of the Household to which the income and asset limitations apply.

Purchasers of a Community Housing Unit who desire to purchase such a unit and use a co-signer must earn at least 75% of the income needed to qualify for the purchase of the unit with the lender of their choice.

G. Occupancy

The Household purchasing a Community Housing Unit must occupy the unit as his or her primary residence during his or her ownership of such unit and shall agree and record a deed restriction, covenant or other legal encumbrance to that effect if such an encumbrance does not exist at the time of the purchase of such a unit. The owner shall be deemed to have ceased to use the unit as his or her primary residence by residing in the unit for fewer than nine (9) months out of any twelve (12) months.

H. Leave of Absence

If an owner of a Community Housing Unit must leave Lafayette for a limited period of time and desires to rent such unit during his or her absence, a leave of absence may be granted by the Program Administrator for up to two years. 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. The rent that may be charged by such an owner during a leave of absence shall not exceed the owner's monthly mortgage, plus homeowner's association dues, plus utilities remaining in the owner's name, plus taxes and insurance not included in the monthly mortgage amount and land lease costs, if any. An additional \$20 per month may be included. The owner may impose a security deposit and damage deposit at the time a lease is executed; however, the combination of security deposit and damage deposit may not exceed 1.5 times the monthly rent. The owner shall rent such unit to a Household that meets the eligibility and income provisions that are required to be an Eligible Household with respect to the type of unit in question. The Household to be the tenant must be qualified as an Eligible Household pursuant to the provisions of these Community Housing Guidelines and shall agree to abide by the homeowner's association covenants, and rules and regulations for the unit, if any. Both the owner and tenant must sign a statement indicating that any such covenants have been provided to the tenant 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.

With the landlord's permission, a lessee of a community housing unit may use the same process as described above to sub-lease a rental unit.

I. Deed Restriction/Resale Covenant

In order to assure that there is an on-going supply of housing that is affordable in Lafayette, all Community Housing Units will be subject to a deed restriction or covenant. Generally, the restriction will dictate any requirements that must be met for the sale and resale of a Community Housing Unit and require the unit to be owner-occupied, or in the case of program rental units, be occupied by an eligible household. Such agreement must be executed concurrently with the closing of the initial and each subsequent sale of the unit and will be recorded. The restriction will describe the occupancy requirement and any procedures for the sale or rental of the unit. The restriction will be recorded prior to or concurrently with the initial sale. The purchaser(s) of a Community Housing Unit must sign an agreement acknowledging the purchaser's(s') agreement to be bound by the recorded restriction. Each lessee shall sign an agreement acknowledging the rental restrictions. Such agreement and the restriction will be placed in perpetuity and shall authorize, among other things, the title company conducting the closing to collect and deliver to the City and/or the Program Administrator, respectively, any and all fees due to the City and/or the Program Administrator, respectively, in connection with the affordable unit.

Community Housing Units will carry a deed restriction, real covenant or other form of recorded legal restriction that limits the future sales and rental prices of all such units. The restriction will allow for a limited amount of appreciation in the value of the unit. The sales restriction will allow for the resale of the unit at a price that is lesser of (a) the initial sales price, plus three percent (3%) per annum simple interest on that sales price, or (b) the initial sales price, plus a percentage per annum of simple interest that is equal, on an annual basis, to the percentage increase in the CPI for each year in which the determination is made.

The Program Administrator may authorize an increase to the maximum resale price of a Community Housing Unit above the price defined in the deed restriction or covenant if either or both of the following are demonstrated by the Owner:

- If the Owner has expanded interior living space, the Program Administrator may add 65% of the actual cost, plus appreciation as calculated above, from the time of the final inspection, if applicable.
- If the Owner has invested in capital improvements that were found by the Program Administrator to be "qualified capital improvements" in accordance with the policy for capital improvements kept with the Program Administrator as may be amended from time to time, then the Program Administrator may add 65% of the actual cost, plus appreciation as calculated above, from the time of completion.

Increases in resale pricing allowed for capital improvement investments, above the appreciation allowed under the program, is limited to 10% of the purchase price.

Future buyers will be bound by the terms of the recorded restriction, where applicable. Only the City of Lafayette may modify the form of the restriction, see additional information in Section IV.E. The Program Administrator shall supply the form of the recorded restriction, which shall be approved as to form by the Lafayette City Attorney.

J. Re-Sale of Community Housing Units

An owner of a Community Housing Unit who intends to sell their home shall contact the Program Administrator to review the recorded restriction encumbering the unit to determine the maximum sales price permitted and other applicable provisions concerning the sale. Unless otherwise provided in the recorded restriction, the unit must be listed as being for sale with the Program Administrator. If the Program Administrator engages in any activity that, by law, is required to be conducted by a licensed professional, the Program Administrator shall engage a licensed professional to conduct such activity.

The Program Administrator will oversee the sale in accordance with these Community Housing Guidelines. In no event will the recorded restriction be released except by the Lafayette City Council. Any termination of the listing may require the owner to pay advertising and administrative costs up to a maximum charge of the fee paid at the time the unit was listed.

These procedures are intended to assure that all purchasers and all sellers will comply with the terms and conditions of these Community Housing Guidelines and Chapter 28 of the Code. Questions will be answered and help will be provided equally to any potential purchasers or sellers in accordance with these Community Housing Guidelines.

The Program Administrator will be acting on behalf of the City of Lafayette. It should be clearly understood by and between all parties to a sales transaction that the Program Administrator is not acting as a licensed broker to the transaction, but as representative of the City and its interests. The role of the Program Administrator is to assist both parties to consummate a sale in accordance with these Community Housing Guidelines and Chapter 28 of the Code.

All purchasers and sellers have a right to engage licensed professionals or any other agent of their choosing and are hereby advised to consult legal counsel regarding examinations of the title to the unit being sold and of all of the contracts, agreements, and other documents related to the sale. The retention of counsel, licensed real estate brokers, or such related services, shall be at the purchasers or seller's own expense. The fees paid to the Program Administrator are to be paid regardless of any actions or services that the purchaser or seller may undertake or acquire on their own.

If a Permanently Affordable Housing Unit or Charter Affordable Housing 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 a qualified individual for a maximum period of two years, at the owner's cost, under the procedures and pursuant to the terms described above in the section titled "Leave of Absence". A written request must be sent to the Program Administrator seeking permission to rent the unit until sold. A minimum six-month written lease must be provided to the tenant with a sixty-day move out clause upon notification that the unit is sold. All tenants must be qualified as described above in the section titled "Leave of Absence". In addition, the lease must stipulate that the Permanently Affordable Community Housing Unit or Charter Affordable Housing Unit is listed for sale and that the tenant will be required to allow for showings of the property, with reasonable 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.

K. Sales and Other Fees

Unless otherwise set forth in the recorded restriction encumbering the Community Housing Unit, at the closing of each sale of a Community Housing Unit, the seller will pay the Program Administrator a fee in an amount set by resolution of the city council. The fee will apply each time a Community Housing Unit is sold. Instructions may be provided to the title company to pay such fees out of funds held for the seller at closing.

Unless otherwise specified in the recorded restriction encumbering the Community Housing Unit, the seller of such a unit will pay fifty percent (50%) of the fee to the Program Administrator at the time of the listing, which will be applied to the total fee that is required to be paid at closing. This portion of the fee will be used to cover costs incurred by the Program Administrator in advertising the home for sale, qualifying potential buyers and related administrative expenses. In the event that the sale does not proceed for any reason after the listing has occurred, this portion of the fee will not be returned to the seller.

IV. DEVELOPMENT OF PERMANENTLY AFFORDABLE HOUSING UNITS

An applicant proposing a residential development may be subject to the requirements of Chapter 28 of the Code, and is subject to the mandatory and aspirational Planned Unit Development (PUD) standards adopted by resolution of the City Council and referenced in Code Section 26-18.5(e). In general, Chapter 28 of the Code requires that new residential developments of thirty (30) or more for-sale dwelling units must provide at least ten percent (10%) of those units as Permanently Affordable Housing Units.

A. Community Housing Plan

An Applicant must demonstrate compliance, or his/her plan for compliance, with the requirements of Chapter 28 of the Code and these Community Housing Guidelines by submission of a community housing plan (the "Community Housing Plan"), the terms of which plan will become a condition of final approval of the development. Prior to submitting a formal application, the Applicant shall confer with the Director of Community Development or the director's representative in order to familiarize the applicant with the requirements of Chapter 28 of the Code and these Community Housing Guidelines.

An Applicant shall submit a proposed Community Housing Plan for meeting the requirements of Chapter 28 of the Code and these Community Housing Guidelines along with the sketch plan and preliminary plan submittal for a subdivision or planned unit development to which Chapter 28 of the Code applies. A one-time Community Housing Plan review fee will be imposed at the time the Community Housing Plan is submitted for review. The fee shall be in an amount set by resolution of City Council. The purpose of submitting the information at the sketch plan stage is to identify any major problems that must be resolved and to assess the overall approach for meeting the requirements of Chapter 28 of the Code and the Community Housing Guidelines. The preliminary Community Housing Plan shall provide an overall description of the proposed development, including the mix of detached and attached housing for the development. This information will include the number of units, unit type(s), proposed bedroom configurations, location(s) within the proposed development, square footage and lot size and the timing of construction of the affordable

units relative to the market rate units within the development. The preliminary Community Housing Plan must include the proposed sales price(s) for the Community Housing units.

A Community Housing Plan shall provide for a diversity in unit types, square footages and numbers of bedrooms that is substantially similar to the diversity of such items that is proposed for construction in the remainder of the development project in which the affordable housing requirements apply.

The City of Lafayette Director of Community Development or his/her designee will review the proposed Community Housing Plan and advise the Applicant as to the degree to which the plan meets the requirements of Chapter 28 of the Code, and these Community Housing Guidelines and will advise the Planning Commission of the same.

In order to receive final approval for a subdivision or planned unit development that is subject to the requirements of Chapter 28 of the Code, an Applicant must also receive final approval of a Community Housing Plan. The final Community Housing Plan shall be submitted to and approved by the City Council of City of Lafayette prior to, or concurrently with, the application for the final approval of the subdivision or planned unit development and, if approved, shall be made a condition of approval of the subdivision or planned unit development. At a minimum, the final Community Housing Plan must include the following information:

1. The total number of proposed attached residential units, and the number of bedrooms, square footage and proposed location of each unit within the subdivision or planned unit development. The plan shall provide a separate description for market rate units, Permanently Affordable Housing Units and Charter Affordable Housing Units in a format that allows for easy comparison of the proposed product type(s);
2. The total number of proposed detached residential units, and the number of bedrooms, square footage and proposed location of each unit, within the subdivision or planned unit development. The plan shall provide a separate description for market rate units, Permanently Affordable Housing Units and Charter Affordable Housing Units in a format that allows for easy comparison of the proposed product type(s);
3. The average size of finished square footage, excluding garages and unfinished basements, of the proposed Community Housing Units and the average size of finished square footage, excluding garages and unfinished basements, of all other residential units within the subdivision or planned unit development;
4. The average lot size of proposed Community Housing Units and average lot size of all other residential units within the subdivision or planned unit development.
5. The construction schedule under which the Community Housing Units will be built and its relation to the construction schedule for all other market rate housing units within the subdivision or planned unit development;
6. A plan for marketing to Households that may be eligible for purchase of the Community Housing Units;
7. The sales price at which each of the Community Housing Units will be marketed, with the understanding that the maximum sales price that is permitted under the then-current version of the Community Housing Guidelines (with a notation to the effect that,

- depending on the time of sale of said units, the actual initial sale price permitted by the Community Housing Guidelines may vary) will not be exceeded.; and
8. A plan that shows that the Community Housing Units will be substantially similar to other dwelling units in the project in terms of architectural detail, quality of materials and finish and general appearance and that such affordable units will have such amenities, including but not limited to dishwashers, garbage disposals, air conditioning and energy efficient windows, as are provided as standard features in the other dwelling units in the project.

The City of Lafayette shall certify its approval, approval with conditions or denial of the final Community Housing Plan. Such approval, approval with conditions or denial shall be based on compliance with the then-current Chapter 28 of the Code and the Community Housing Guidelines effective at the time of final plan approval. However, in all cases, initial sales prices are established in accordance with the section below entitled “Sales Prices”.

An approved Community Housing Plan will become part of, and enforceable under, the development agreement executed by the City of Lafayette for any approved project.

Major amendments to the Community Housing Plan shall require preliminary approval by the Planning Commission and final approval by the City Council. Minor amendments, such as the relocation of a Community Housing Unit within the subdivision based on a consumer preference, may be approved by the Program Administrator. The Program Administrator shall have the authority to determine if a proposed amendment is a major or minor amendment.

B. Reserved for Future Use

C. Home Owners Associations

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

1. The average square footage of all of the Community Housing Units relative to the average square footage of all other residential units in the development. For example, if the average square footage of all of the Community Housing Units is 60% of the average square footage of all other residential units in the development, then the homeowner’s association dues and other shared assessments of the affordable units would be 60% of the amount charged, on average, for all other residential units in the development.

**Example – Computation
Based on Square Footage**

	All Other Residential Units in Subdivision	Community Housing Units
Average Square Feet	1,500	900
% of Square Footage of All Other Residential Units in Development	100%	60%
HOA Dues	\$175	\$105

- The average square footage of all of the lots on which Community Housing Units are located relative to the average square footage of the lots on which all other residential units in the development are located. For example, if the average square footage of the lots on which all of the Community Housing Units are located is 65% of the average square footage of the lots on which all other residential units in the development are located, then the home owners association dues and other shared assessments of the affordable units would be 65% of the amount charged, on average, for all other residential units in the development.

**Example- Computation
Based on Lot Size**

	All Other Residential Units in Subdivision	Community Housing Units
Average Lot Size	10,000	6,500
% of Market Rate Unit Size	100%	65%
HOA Dues	\$175	\$114

In order to comply with this provision, the developer must include these calculations in the Community Housing Plan. In addition, the HOA documents that are required to be submitted with the preliminary and final plans for a project must include these calculations and must provide that their provisions relating to dues and assessments for Community Housing Units may not be amended without the written consent of the City of Lafayette.

D. Unit Quality

Community Housing Units are an asset that the City of Lafayette hopes to have available for years to come. Because of this, the quality of the housing construction is very important. It is expected that all units will meet all applicable local building codes or HUD Manufactured Housing Codes (for manufactured housing units) and be built to a standard that will enhance durability over time. If market rate units include features such as dishwashers, disposals, air conditioning and energy efficient windows as standard features, it is expected that the Community Housing Units will contain similar features. The city planning staff will review the plans for the units to assure that there are requisite similarities between the market rate units and the Community Housing Units and the

developer of each such unit shall certify in a writing to the city, prior to the issuance of a certificate of occupancy, that each of their Community Housing Units conforms in all respects to the approved Community Housing Plan for the project.

E. Form of Deed Restrictions

All Community Housing Units are required to have a deed restriction, real covenant or other legal restriction that will control the initial sale and/or re-sale price of the home. The form of deed restriction or covenant will be provided to the developer for review at the time of approval of the Community Housing Plan or at the time of a proposal for the development of a Charter Affordable Housing Unit, as the case may be. A developer may offer another form of deed restriction or covenant to the city for consideration; however, acceptance of that deed restriction or covenant is at the sole and absolute discretion of the city.

Prior to issuance of any Certificate of Occupancy, the developer shall amend the deed restriction or covenant, if necessary, to reflect changes approved by the Program Administrator which may have occurred during construction or conversion of a Community Housing Unit. Such amended deed restriction or covenant shall be executed and recorded, with the original returned to the Program Administrator for his files.

F. Sales Prices/Lease Prices

Sales prices for all Community Housing Units will be established at the time the building permit for the unit has been issued in accordance with the then-current Community Housing Guidelines. It is the responsibility of the developer to submit a copy of the approved building permit to the Program Administrator to receive a confirmation of the sales price based upon the published sales price at that time. The methodology used for determining the maximum sales prices of Community Housing Units is described in the Addendum hereto under the heading “Sales Price Methodology.”

The maximum monthly lease price shall be in accordance with the Community Housing Guidelines in place at the date of the lease.

1. **Permanently Affordable Housing Units – 10% Requirement:** The following table sets forth the maximum sales price for each Permanently Affordable Housing Unit produced to meet the requirement of Chapter 28 of the Code. A Household may earn more or less than the income established for the unit type and bedroom configuration as long as the income of the Household does not exceed the maximum as set forth above under the section titled “Income Guidelines” for the maximum household income adjusted by Household size. The maximum sales price of a unit shall be controlled by the recorded restriction encumbering the unit as executed by the owner and acknowledged and agreed to by the initial purchaser upon closing of the initial purchase. These sales prices are based upon what is affordable to households earning not more than the Numerical Eighty Percent (80%) Area Median Income.

**Maximum Sales Prices for
Permanently Affordable Housing Units – Single Family and Duplex Units**

	Sales Price
Studio	\$189,290
One BR	\$202,729
2-BDR	\$229,798
3 BR	\$243,427
4-BDR	\$270,306

The above data is current as of 2009

Townhome prices are based on 50% of the difference between Multi-Family and Single Family/Duplex Unit Maximum prices. Townhomes are housing units with common vertical separation walls.

**Maximum Sales Prices for
Permanently Affordable Housing Units – Townhome Units**

	Sales Price
Studio	\$177,459
One BR	\$190,047
2-BDR	\$214,873
3 BR	\$228,094
4-BDR	\$251,471

The above data is current as of 2009

Sales prices for multi-family units are based on 70% of the Area Median Income. Multifamily are three or more attached units that are not townhomes as described above.

**Maximum Sales Prices for
Permanently Affordable Multi-family Units – (three or more attached units)**

	Sales Price
Studio	\$165,628
1BR	\$177,364
2BR	\$199,948
3BR	\$212,762
4BR	\$232,637

The above data is current as of 2009

- 2. Charter Affordable Housing Units:** The following table sets forth the maximum sales price for each unit produced as a Charter Affordable Housing Unit. These sales prices are based upon what is affordable to households earning 80% or less of the HUD Area Median Income (AMI).

**Maximum Sales Prices for
Charter Affordable Housing Units**

Studio	\$168,854
1BR	\$180,915
2BR	\$193,833
3BR	\$205,947
4BR	\$218,062

The above data is current as of 2009

**Maximum Monthly Rental Prices for
Charter Affordable Housing Units**

The following rent table is meant to include all costs of housing , including rents payments, all utilities, trash pick-up, lawn maintenance, etc.

Studio	\$1,120
1BR	\$1,200
2BR	\$1,440
3BR	\$1,663
4BR	\$1,856

Rental limits are based on the Colorado Housing and Finance Authority's data for 2009

G. Procedures for Sale of Community Housing Units

Several steps are involved in the initial sales of Community Housing Units.

1. The developer is required to provide the Program Administrator, at least 30 days prior to initiating a marketing program, with a schedule that indicates the anticipated date that the Community Housing Units will become available for sale. The schedule must indicate when pre-marketing activities will begin and when a model may be available, if applicable. The initial marketing schedule should also include the unit type(s), bedroom configuration(s), square footage(s), address(es) and sales price(s) for these homes.
2. The Program Administrator will provide information to prospective buyers. This may be done through a website dedicated to listing Community Housing Units, as well as by distributing literature (provided by the developer), to prospective buyers who stay in contact with the Program Administrator. This information will include the date(s) for the lottery (if held) and how a prospective buyer will notify the Program Administrator of their interest in being included for a particular lottery. The Program Administrator will be acting on behalf of the City of Lafayette. It should be clearly understood by and between all parties to a sales transaction that the Program Administrator is not acting as a licensed broker to the transaction, but as representative of the city and its interests. The role of the Program Administrator is to assist both parties to consummate a sale in accordance with these Community Housing Guidelines and Chapter 28 , of the Lafayette Code of Ordinances. All purchasers and sellers are advised to consult legal counsel regarding examinations of the title to the unit being sold and of all of the contracts, agreements, and other documents related to the sale. The retention of counsel, licensed

- real estate brokers, or such related services, shall be at the purchasers or seller's own expense.
3. Evidence that a deed restriction has been recorded against the property will be provided to the prospective buyers by the Program Administrator;
 4. The Program Administrator and developer shall conduct a good faith marketing effort to attract income qualified buyers who are currently employed and/or live in Lafayette for at least 30 days prior to accepting contracts from other buyers.
 5. 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 deed restriction or covenant consent form to the buyer at the closing for signature and recordation.

V. POTENTIAL ALTERNATIVES TO, AND INCENTIVES FOR, THE DEVELOPMENT OF COMMUNITY HOUSING UNITS

If a developer desires to (i) provide required Permanently Affordable Housing Units outside of the development project that gives rise to the affordable housing requirement, or (ii) provide cash or land in lieu of meeting all or part of the requirement for the provision of Permanently Affordable Housing Units, then he/she shall, prior to submitting any application to the Lafayette Planning Commission, seek the approval of the Lafayette City Council for such off-site units, cash or land in lieu of the affordable housing requirements.

A. Potential for Off-Site Construction of Permanently Affordable Housing Units

The preference of Lafayette is to provide Permanently Affordable Housing Units within new developments to assure a distribution of such units throughout the community.

As part of their Community Housing Plan (as defined above), developers may make a request to provide Permanently Affordable Housing Units outside of the development project for which they are required. Options for the provision of such units include the acquisition of existing housing that will be legally restricted to meet the applicable affordability requirements, or the acquisition of undeveloped lots in other subdivisions that will be developed and deed restricted to meet those requirements. After review and recommendation by city staff, the city council shall hear any such request and may grant, grant with conditions or deny any such request, in whole or part, by resolution, upon consideration of, and the making of findings with regard to the following factors:

1. Whether, and the degree to which, the off-site units provide for affordable housing that exceeds the requirements of Chapter 28 of this code;
2. Whether, and the degree to which, the off-site units are unique and/or necessary for the development of affordable housing within the city;
3. Whether, and the degree to which, the location of the off-site units is in the best interests of the citizens of the city;
4. Whether, and the degree to which, the off-site units include characteristics and/or materials that are likely to lower the operation or maintenance costs of the units; and
5. Whether, and the degree to which, the benefits to the city of the off-site units, including but not limited to the diversification of the housing stock and the expansion of

opportunities for people who work in the city to live in the city, are likely to exceed the benefits to the city that would obtain if the units were built within the development project for which they are required.

Prior to the city council's consideration of any request for the approval of off-site units that includes approval of the use of existing housing, the developer shall, at his own expense, hire a rehabilitation specialist who meets with city approval, to do the following:

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

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

Nothing in this section shall be construed as providing any person or entity with any right to provide Permanently Affordable Housing Units outside of the development project for which they are required, it being the intent of the city that this section is adopted solely for the purposes of authorizing the approval of such off-site location and guiding the exercise of discretion by the city council in considering the request for off-site location described herein.

B. Potential for Payment of Cash-In-Lieu for Permanently Affordable Housing Units

At the sole and absolute discretion of the city council, a developer may satisfy all or part of the requirement to provide Permanently Affordable Housing Units by the payment of cash in-lieu of providing a unit. The amount of any such payment shall be determined in accordance with the provisions of this section. Any such payment shall be a condition precedent to the issuance of any certificate of occupancy for any residential structure that is not a Community Housing Unit that is to be built within the development project for which the affordable units are required.

All moneys received as cash-in-lieu payments shall be placed into a separate fund that is earmarked for affordable housing projects. Funds collected as cash-in-lieu of providing a Permanently Affordable Housing Units shall be used by the City to acquire land or units to be developed or restricted, respectively, as Permanently Affordable Housing Units. The City may use such funds to directly purchase the land or units or may allocate these funds to an entity that agrees to acquire land or units that will be devoted to the provision of Permanently Affordable Housing Units.

Cash-in-Lieu Amount for Permanently Affordable Housing Units

The methodology for determining the cash-in-lieu amount for Permanently Affordable Housing Units is described in the Addendum to these Community Housing Guidelines. For 2003, the per unit

difference between what the average Household in Lafayette with an income at the Numerical Eighty Percent (80%) area median income could afford to pay and the average market cost of a unit appropriate for that household is _____ Dollars (\$_____). _____ Dollars (\$_____) is the per unit cash-in-lieu amount for Market Rate Affordable Housing Units in 2003.

**Permanently Affordable Housing Unit
Cash-In-Lieu
Payment Calculation 2003**

Average Price of Units	
Sold	\$ 266,390
Average Price of Permanently Affordable Housing Units Per Guidelines	
Cash- in -lieu amount	\$

C. Potential for Dedication of Land In-Lieu of Permanently Affordable Housing Units

At the sole and absolute discretion of the city council, a developer may satisfy all or part of the requirement to provide Permanently Affordable Housing Units by the dedication of land in-lieu of providing a unit. The amount of any such dedicated land shall be determined in accordance with the provisions of this section. The dedication of any such land shall be a condition precedent to the issuance of any certificate of occupancy for any residential structure that is not a Permanently Affordable Housing Unit that is to be built within the development project for which the affordable units are required.

All land dedicated as land-in-lieu shall be used by the city to provide Permanently Affordable Housing Units or to acquire other land or residential units to be developed or restricted, respectively, as Permanently Affordable Housing Units. The City may use the dedicated land to directly provide such units, other land or residential units or may give the dedicated land to an entity that agrees to provide such units, other land or residential units. No dedication of land in-lieu will be accepted by the City of Lafayette unless the following conditions are met:

1. The site is located within the City of Lafayette or is within the urban growth boundary and expected to be annexed for development within the next five years;
2. Water, sewer and other utilities are in existence at the site;
3. There are no site constraints, including but not limited to environmental hazards and access;
4. The site is otherwise suitable for residential development;
5. Under the current zoning and PUD requirements, or under those expected to be in place after annexation of the land, the amount of land to be provided will allow for the construction of that number of Permanently Affordable Housing Units that is equal to or greater than the number of such units required for the development to which the affordable housing;

6. A professional appraisal of the land must be provided to the city at no cost and must indicate the value of the land, the location of current improvements and any development constraints that could affect potential development or marketability of the site;
7. The value of the land must be equal to or greater than the total amount of cash-in-lieu payment that would be required pursuant to these guidelines if the city were to approve a cash-in-lieu payment. The city must be granted permission, if it so desires, to arrange for its own appraisal of the land; and,
8. Title to the land must be free and clear of any encumbrances, liens or other obligations whatsoever.

Nothing in this section shall be construed as providing any person or entity with any right to dedicate land in-lieu of the provision of Permanently Affordable Housing Units, it being the intent of the city that this section is adopted solely for the purposes of authorizing the approval of a request for such dedication and guiding the exercise of legislative discretion by the city council in considering the request for such dedication.

D. Potential for Fee Waivers and Use Tax Exemptions

The City of Lafayette is interested in promoting more affordable housing for households at lower incomes. Projects that construct Community Housing Units in compliance with the requirements of Chapter 28 *et seq.* of the Lafayette Code of Ordinances may be eligible for fee waivers and tax exemptions in accordance with the provisions of Section 30-405.5 of said Code.

E. Potential for Building Permits Outside of City's Growth Management System

Lafayette has an annual allocation of 50 building permits that may be used for Charter Affordable Housing Units that are developed for households earning HUD 80% or less of the Area Median Income. These allocations may not be used for units that are produced to meet the requirement to have 10% of the units as Permanently Affordable Housing Units. Projects that propose to provide Charter Affordable Housing Units in addition to those affordable units required under the provisions of Chapter 28 *et seq.* of the Lafayette Code of Ordinances may be eligible for use of these 50 permits. All units produced using the 50 building permits allocated for Charter Affordable Housing Units shall be required to meet the Household eligibility selection criteria, marketing guidelines and resale restrictions described in these guidelines for the Permanently Affordable Housing Units, except that Charter Affordable Housing Units shall be priced to be affordable to a Household earning not more than eighty percent (80%) of the HUD Area Median Income.

VI. GRIEVANCE PROCEDURES

Except as provided in Section 28-12 of the Lafayette Code of Ordinances, any party in interest that alleges that there is error in any order, requirement, decision, refusal or interpretation made by an administrative official or agency based on or made in the enforcement or administration of these guidelines or Chapter 28 of the Lafayette Code of Ordinances shall take his appeal to the Lafayette Board of Adjustment to be heard in accordance with the applicable provisions of Section 26-24 *et seq.* of the Lafayette Code of Ordinances.

VII. AMENDMENTS AND ADOPTION OF COMMUNITY HOUSING GUIDELINES

From time to time, it may be necessary to amend these Community Housing Guidelines to reflect changing conditions, respond to unforeseen events or incorporate new priorities established by the City Council. The Lafayette Director of Community Development or his/her designee, after consultation with the Program Administrator, will review these Community Housing Guidelines at least once per year to assure consistency with other ordinances and practices of the City of Lafayette. Substantive changes will be presented to the Planning Commission for consideration at a public hearing. The City Council may amend the guidelines after the Planning Commission has reviewed and made a recommendation with regards to any proposed amendments. Any of the foregoing notwithstanding, the Program Administrator shall, without the review and recommendation of the Planning Commission and without the approval of the City Council, provide revised schedules of income eligibility and sales prices within thirty (30) days after any changes to the HUD Area Median Income and shall provide revised sale price schedules at least annually based upon changes in the average mortgage interest rate, and may, without the review and recommendation of the Planning Commission and without the approval of the City Council, provide revised sale price schedules at any time based upon changes in the average mortgage interest rate if such changes would result in a sales price changes of plus or minus three percent (3%) or more.

VIII. ADDENDUM

A. Cash- in-lieu schedule

Following is the calculation method used to establish the amount of cash that may be paid in lieu of producing units under Lafayette's Community Housing Program.

The calculation for the payment in lieu takes into consideration the following factor:

- 10% of all units in a new subdivision or PUD of thirty (30) or more for sale units will be Permanently Affordable Housing Units.

The calculation of the fee involves a process that takes into account, the average sales price allowed under the program for Permanently Affordable Housing Units. The difference between the average sales price for these units under the program and the average sales price of homes in Lafayette for the prior year constitutes the gap and is the amount of funding the City of Lafayette would need to produce additional units to replace those that are not provided within the proposed development. The ten lowest and highest sales prices for homes sold in Lafayette for the previous year are excluded, as they tend to skew the overall average.

Permanently Affordable Housing Units serve households with incomes less than or equal to the Numerical Eighty Percent (80%) Area Median Income. For calculation of the amount of the payment in lieu of the provision of Permanently Affordable Housing Units, the average market rate sales prices of units are compared to the average sales prices of all homes sold in Lafayette that are affordable pursuant to these guidelines to a household earning the Numerical Eighty Percent (80%) Area Median Income.

Permanently Affordable Payment in Lieu Calculation - 2003

Variables	Amount
Average Sales Price of Units Sold in Lafayette	Pending sales information
Average Sales Price of Permanently Affordable Units	(\$209,429)
Per Program Guidelines	
Payment in Lieu Amount	Cash in lieu amount

B. Sales Price Methodology

The sales prices of Community Housing Units vary according to Household income, Household size, unit type and number of bedrooms in the unit. The following factors were used to establish the sales prices for all unit types (Permanently Affordable Housing Units and Charter Affordable Housing Units):

1. The sales price assumes a 95% loan to value ratio, based upon a 30-year mortgage at prevailing interest rates. The interest rate is based on an average of the interest rates published by FNMA or FHLB for the previous 12 months. Using an average helps to adjust for the highs/lows that may occur;
2. Sales prices may be adjusted quarterly by the Program Administrator to reflect the most recent changes in mortgage interest rates and shall be adjusted annually to reflect the most recent changes in mortgage interest rates and Area Median Income;
3. The price is calculated based on principal, interest, taxes, insurance including private mortgage insurance and homeowners association dues that do not exceed 30% of gross monthly Household income;
4. Twenty percent (20%) of the thirty percent (30%) of gross monthly Household income, which is actually six percent (6%) of the gross monthly income, has been allocated for the payment of taxes, insurance including private mortgage insurance and home owners association dues;
5. Sales prices have been established assuming the mid-point of each household size category, where applicable. For example, a one-bedroom unit price is based on 1.5 persons or the income that is midway between a one and a two person Household;
6. For Permanently Affordable Housing Units the maximum sales price is based on a Household earning not more than the numerical eighty percent (80%) area median income. For Charter Affordable Housing Units the sales prices are calculated for households earning not more than the eighty percent (80%) of the HUD area median income..

In order to ensure that each Community Housing Unit has a maximum sales price that is affordable to a Household that is of a size that will find the unit to be reasonably livable, a guideline has been established to set forth the maximum number of people in a Household that will be assumed to live in a given type of unit, based upon the number of bedrooms in that unit. Using an assumed number of people per bedroom allows for adjustments in sales price and qualifying Household income levels for the purchase of units of different sizes and bedroom configurations. Maximum sales prices for various unit types have been established based upon the assumed maximum number of persons per bedroom in each unit type. The number of persons is then correlated to the appropriate Area Median Income category required to establish a sales price for Permanently Affordable Housing Units and Charter Affordable Housing Units.

The following table shows the person per bedroom assumptions used to establish maximum sales prices. The assumptions do not act as a limitation on the number of people that may form a Household for the purpose of purchasing a given Community Housing Unit; rather, it is simply a basis from which to define the size of a Household for which a given unit type is deemed to be livable and, thereby, to establish a maximum sales price for that unit type. It is acknowledged that smaller or larger Households may seek to purchase smaller or larger units. For example, a three-person Household may seek to purchase a two-bedroom unit or a four-person Household may purchase a three-bedroom unit, although the sales price does not fluctuate with the number of persons in the Household. What is important is that the Household income of the *buyer*, adjusted by household size, does not exceed the maximum allowable income established for the purchase of a given Community Housing Unit.

By way of example, under the following table, one-bedroom units are to be priced assuming an income that is halfway between the one-person household size and two-person household size. For three-bedroom units, the price is based upon the income that is halfway between a two-person and three-person household.

Persons Per Bedroom Assumptions For Purpose of Setting Maximum Sales Prices

Number of Persons	Bedroom Configuration	Unit Type
1 Person	Studio	Stacked Flat/Condo
1.5 Persons	One Bedroom	Stacked Flat/Condo
2 Persons	Two Bedroom	Town Home/SFD
2.5 Persons	Three Bedrooms	Town Home/SFD
3 Persons	Four Bedrooms	Town Home/SFD