



AFFORDABLE HOUSING STRATEGY



*Current and Future Needs
Programs for Implementation
Administrative Guidelines*

May 23, 2000

TOWN OF BRECKENRIDGE AFFORDABLE HOUSING STRATEGY



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I. Introduction

The purpose of the Affordable Housing Strategy is to focus the direction of the Town of Breckenridge and to identify ways to collaborate with the Summit Housing Authority. By working together, both entities will be able to accomplish goals more effectively and serve a greater number of locals in need of affordable housing.

The Town of Breckenridge has documented the housing needs of the community and the Upper Blue Basin and is committed to address that need. Based on these studies, this document sets forth several programs for implementation. The selection of programs is based on direction provided by the Breckenridge Town Council in August of 1999.

Given the range of needs, the strategy identifies the approaches that will be the most effective for the Town. It includes programs that address the current need, commonly referred to as “catch up” programs, as well as those addressing future needs, which are known as “keep up” programs. The combination of the two approaches identifies the number of households that are in need of local rental and ownership housing opportunities by income level. This documented need should not be equated with demand since factors such as geographic location and individual unit characteristics influence buyers’ and renters’ motivation to purchase or lease. Another factor that could effect demand is the availability of older units that provide for local housing, but are not included in the inventory of deed restricted properties. Moreover, in the case of ownership housing, not all households in need of housing are able to qualify for mortgages. Nonetheless, the documented need quantifies a target for the Town as it relates to increasing the inventory of deed restricted, affordable housing inventory. The Town of Breckenridge is committed to addressing this need by implementing programs identified in the strategic plan.

The programs included in this document are intended to be developed by the Town of Breckenridge in conjunction with the Summit Housing Authority. Both entities play instrumental roles in creating, and managing, a successful affordable housing program. The role for the Town of Breckenridge will be to set the policies, goals, and regulatory standards. The Town will direct the program by prioritizing the needs of the community and allocating resources to address the most important needs. Regulatory standards are to be adopted and then applied to development proposals. It is intended that these programs will increase the inventory of affordable housing and move the community towards the goals set by the Town. Finally, the role of the Town will also include enforcement of the covenants to ensure that the housing that has been created is used for the intended purpose.

The role of the Summit Housing Authority is to both develop and manage the affordable housing inventory. Depending on the need for additional affordable housing, the Housing Authority will play an active role in constructing future projects. Equally important as the effort to develop housing is the need to manage it. The management responsibility applies to the entire inventory of housing, including developments constructed by public and private entities. Management responsibilities may grow over time and, at a minimum, include buyer and tenant selection, income verification, resales, etc. A critical function within the management role is to monitor the ongoing housing needs. Updating the current studies will show how closely the programs have met the

targeted needs and how the community's needs change. The information is critical to communicate to the Town as it sets goals and directs the housing program.

II. Projected Housing Need Relative to Housing Inventory

A. Summary of Housing Need

This section of the document provides an overview of the affordable housing need for Summit County and the Upper Blue Basin. It builds upon the previously conducted "Summary of Housing Needs in Summit County and Breckenridge" prepared in January 1998 and updated in October 1998. The purpose is to summarize current information related to affordable housing and provide the "best available" numbers.

The summary of key findings from the previous analysis includes the following:

- An estimated 39.8% of Upper Blue households are experiencing a "housing cost burden" (paying in excess of 30% of their income for housing). This includes an estimated 7.4% of Upper Blue households who are experiencing particularly severe cost burdens and pay more than 50% of income for housing).
- Between 1990 and 1997, wages have not kept pace with housing prices in Summit County, resulting in less affordable housing for the area workforce. The average wage increased by 35% in the 1990 to 97 period, while the median rent increased by 87% and the median price of for-sale housing increased by 121%.
- Between 1990 and 1997, Summit County's employment growth (51% increase) outpaced its population growth (41% increase).
- An estimated 3,143 workers commute from other counties to jobs in Summit County, up from 1,551 in 1990. These workers represent an estimated demand for 611 housing units in Summit County.
- About 48 % of Summit County households own their own home, as compared to the U.S. average homeownership rate of 66 %. An estimated 563 renter households are believed to be potential candidates for first-time homeownership programs.
- Summit County has approximately 29 % more jobs in the ski season than in the summer. It is believed that part of this increment of additional jobs is filled by year-round residents who take on additional jobs in winter, and part is filled by incoming seasonal workers. It is estimated that the total number of seasonal workers employed in Summit County was approximately 1,900 to 2,300 in winter 1996/97. This translates into an aggregate demand of approximately 700 to 900 units by seasonal workers.
- Altogether, considering housing demand from in-commuters, households with severe cost burdens, and potential first-time homebuyers, there is an aggregate need for about 1,743 additional affordable housing units in Summit County. Seasonal workers, whose housing needs overlap somewhat with these other groups, generate a need for approximately 700 to 900 units if called out separately.

- Recent affordable housing projects and programs, and especially the initiatives of the Summit Housing Authority, have assisted local households in securing affordable housing. The increase in inventory of affordable housing is provided in detail in the following section of this report.
- The Town of Breckenridge/Upper Blue Basin represents a portion of the total Summit County aggregate housing need. The 1998 Summary of Housing Needs estimated the total need for housing in terms of units required to “catch up” and “keep up.” The total number of affordable housing units in the Breckenridge/Upper Blue Basin, based on a number of assumptions about local incomes and total population, was 401 units to “catch up” and approximately 295 units to “keep up.”
- The basis for determining the “catch up” and “keep up” figures was established in late 1998, when RRC Associates developed estimates of housing need for the Breckenridge/Upper Blue area. The method for estimating the “keep-up” figure is illustrated in the table below and described in this paragraph. The procedure begins with population projections from the Colorado State Demographer. The Colorado State Demographer projected that Summit County’s population would increase by 4,066 people between 1995 (17,248) and 2000 (21,314).¹ If the Upper Blue basin undertook to house 30 percent of these new residents under “fair share” principles, this would translate into 1,220 new residents over five years, or an annual average of 244 new residents per year.² Assuming 2.5 persons per housing unit, this would translate into 488 new housing units over five years, or 98 units per year. Some of these new households would be able to afford free market units, while others would have difficulty securing housing due to the region’s high housing costs. It was assumed that households making less than 120 percent of the area median income would be targets for assistance; these households comprise 60 percent of Upper Blue households, according to RRC estimates from survey data. After applying this criterion, the total estimated “keep-up” need for affordable housing was estimated to be 59 units per year, or 295 over five years.

¹ The original projections used were dated 11/12/97. Newer projections, dated 7/1/98, have since been made available. The year 2000 population projection was 21,314 under the 11/12/97 numbers, and 21,102 under the 7/1/98 numbers.

² Note that the Upper Blue could choose to shoulder a higher or lower share of the County’s population growth. Factors which could be relevant in the “fair share” decision could include the Upper Blue’s share of the County’s existing population, existing employment, anticipated employment growth, or other measures. Factors such as environmental constraints and land cost and availability could also be considered in addition to others.

**DERIVATION OF "KEEP UP" HOUSING NEEDS IN THE UPPER BLUE BASIN
(Assuming Upper Blue shoulders 30% of County's total needs)**

	Summit Co. Population Projections (11/12/97)	5 Year Change	Ave. Annual Chg	Annual Upper Blue Share (@ 30%)	Annual Add'l Up. Blue HH's (@ 2.5/hh)*	Annual Add'l Upper Blue HH's Earning <120% AMI (~60%)
1995	17,248					
2000	21,314	4,066	813	244	98	59
2005	25,317	4,003	801	240	96	58
2010	29,136	3,819	764	229	92	55
2015	32,372	3,236	647	194	78	47
2020	35,178	2,806	561	168	67	40

- Source of population projections: Colorado State Demographer, 11/12/97.
- A further aspect of the 1998 work included rough estimates of the demand at the various income levels within the “affordability spectrum.” This describes the need in terms of units available to households earning less than 120 % of Area Median Income (AMI). In 1998, AMI was estimated at \$51,700 for a family of three.

The 1998 estimate of housing needs in the Upper Blue Basin by Affordability Level follows:

**Table 1
Summary of Estimated Housing Units Needed
in the Upper Blue Basin
By Affordability Level—October 1998**

% of AMI	<50%	51-80%	81-100%	101-120%
“Catch-up” units needed	58	152	84	107
“Keep-up” units needed	44	111	61	79
Total	102	263	145	186
% of units needed	15%	38%	21%	27%
Income (HH of 3)	\$0-25,850	\$25,851-41,360	\$41,361-51,700	\$51,701-62,040

In 1998 it was recommended that, as a matter of policy, Breckenridge continue to work cooperatively with private developers proposing to produce housing to meet the needs of various segments of the local population with incomes of less than 120 % of AMI. Because there were a number of projects in the “pipeline” in 1998, the report suggested that the Town should work with private developers to both encourage the production of housing and to create mechanisms to ensure that the newly created housing remain affordable in perpetuity.

B. Historic Inventory

The existing inventory of affordable housing in the Upper Blue Basin includes three projects that include 122 units and another 99 units dispersed throughout the community. The three developments were each approved in 1997. The deed restrictions for these projects range in latitude concerning the degree of restriction. The 99 dispersed units have been created by the Town over time from negotiated development approvals. These units are located throughout the community and also range in the latitude of the restriction.

**Table 2
Affordable Housing Developments
Constructed Prior to 1998**

Project Name	Number of Units	Income Category			Date of Approval	Type of Deed Restriction
		Less than 50%	Less than 80%	Less than 100%		
Pinewood Village	74	20%	20%	60%	Feb 1997	Income/Rental
Kennington Place	30	After initial sale, no income guidelines.			1997	Loose occupancy standards
Powder Downs	18	After initial sale, no income guidelines			1997	Loose occupancy standards
Dispersed Locations throughout the community	99				Ranges over time	Varies

C. Recent Development Activity

During 1998 and 1999, the Town approved three developments with a total of 143 affordable housing units and negotiated requirements for another eight to be included in free-market developments. The chart below shows that 59 of these units will be sold in the 81% to 100% of AMI range, 60 will be sold in the 101% to 120% range, and 33 will be sold to households earning more than 120% of AMI. None of the units from these developments will be sold to households earning less than 80% of AMI. The eight additional affordable units that have been required to be integrated into several residential projects in Breckenridge are not income restricted. These units are dispersed throughout the community.

**Table 3
Affordable Housing Developments
Approved in 1998 and 1999**

Project Name	Income Category				Date of Approval	Type of Deed Restriction
	Less than 80%	81% - 100%	101% - 120%	120% +		
Wellington Neighborhood	0	43	55	25	August 1999	Occupancy Employment Resale cap of the greater of 3% or AMI
Monarch/ Ironsides/ Beardsley	0	13	0	0	Rezoning approved April 1999. Site Plan currently under review	Occupancy Employment Resale cap of the lessor of AMI or 5%
Dispersed Locations, Park Ave. Lofts, Avalanche 6 & 7	0	0	0	8	Units required in three development approvals	Occupancy
Total	0	56	55	33		

In addition to the developments that have been approved, two proposals are currently under review.

**Table 4
Affordable Housing Proposals
Currently Under Review**

Project Name	Income Category				Date of Approval	Type of Deed Restriction
	Less than 80%	81% - 100%	101% - 120%	120% +		
Lakeview Commons Mendez	0	0	0	15*	Pending –project under review	Occupancy Employment
Revett's Landing	46	0	0	0	Pending –project under review	Occupancy/Employment /Income/Price Appreciation
Total	46	0	0	15		

*The Mendez development has a total of 50 units, all of which are prohibited from short-term rentals. 15 are further restricted to require local employment.

Additional affordable inventory will be created in two projects that are under construction and are positioned as affordable housing but are not deed restricted. These two developments are Breckenridge Terrace and the Swan's Nest project. While the future affordability of these two projects cannot be guaranteed, it appears that the initial residents are primarily local residents. Of the 79 homes sold at Swan's Nest to date, 60 have been sold to Summit County primary residents. Although not mandated, it appears the units at Breckenridge Terrace will be rented exclusively to local employees. Most, if not all, will be employees of Vail Resorts.

Because these developments are unrestricted by the Town, there is no assurance that they will remain affordable, or that they will continue to meet lower income needs over the long term. However, in the short term indications are that Vail Resorts is targeting the relatively lower-end rental market through Breckenridge Terrace. These new units should have significant impact on further addressing the low to moderate income need (probably in the range of approximately 60 to 120 % of AMI through primarily rental units). In addition, Breckenridge Terrace should have something of a “ripple effect” on other units as over-crowded and long commute situations are alleviated by the production of a large block of new units.

Based on conversations with the Vail Resorts Director of Employee Housing Development, the project will be geared towards a mix of seasonal and year-round renters. All of the tenants are anticipated to be Vail Resorts employees. Based on the wages seasonal level employees earn and the mix of tenants, it can be generally estimated that half of the project will be occupied by households earning less than 80% of AMI. Approximately 25% of the units are likely to be rented to employees with household incomes between 81% to 100% with the balance of 25% being rented to households earning 101% to 120% of AMI. These estimates are approximate and warrant monitoring the occupancy to determine which sectors are actually served by the development.

**Table 5
Non-Restricted Affordable Housing
Approved in 1998 and 1999**

Project Name	Income Category				Date of Approval	Type of Deed Restriction
	Less than 80%	81% - 100%	101%-120%	120% +		
Swan's Nest	0	20	82	20	Oct 1998	None
Breckenridge Terrace	90	45	45		May 1999	None
Total	90	65	127	20		

D. Projected Housing Needs

As shown in the chart below, the net effect of new approvals and anticipated construction will be to significantly reduce the need for units to “catch up” with housing shortages, particularly for income segments between 80 and 120 % of AMI, . It must be noted that the inventory includes Breckenridge Terrace and Swan’s Nest which are not deed restricted and thus may or may not remain affordable in the future. As listed in the table below, the two projects represent 40% of the projected inventory. The data suggest that there remains a need to address the production of rental units for households with incomes below 80 % of AMI. Finally, provision should be made to continue to address future “keep up” needs by planning for additional housing, both through land banking and other techniques as discussed in the following section.

Table 6
Summary of Recent Activity in the Upper Blue Basin
(Affordable Units)

		Less than 80%	80-100%	101-120%
INVENTORY				
Approved	Table 3	0	56	55
Under review	Table 4	46	0	0
Not restricted*	Table 5	90	65	127
TOTAL ANTICIPATED		136	121	182
ESTIMATED NEED-1998				
"Catch-up"	Table 1	210	84	107
"Keep up"	Table 1	155	61	79
TOTAL NEED		365	145**	186
Estimated of need minus expected/committed units		-229	-24	-4

*The 102 units in the Swan's Nest development are currently affordable due to the initial pricing. Because there is not a cap on appreciation, long-term affordability should not be assumed. Similarly, the 180 units at Breckenridge Terrace are not restricted.

** When the households at this level of need are further segmented to those earning 80% to 90% of AMI and those earning 91% to 100% of AMI, there is nearly an even split between the two subcategories. Of the 145 households in the 80% to 100% range, 71 earn between 80% and 90% and 74 earn between 91% and 100% of AMI.

III. Future Options to Address Affordable Housing Needs

The Town of Breckenridge has multiple options for addressing the housing need identified in the previous section. In August of 1999, the Breckenridge Town Council reviewed several program alternatives and based on the direction provided at that time, the following programs have been identified for potential implementation. Consideration should be given to having these programs dove-tail with each other, as much as possible. The programs are divided into two sections that are consistent with the analysis of the need: the first set addresses the need to “catch up” and the second addresses the need to “keep up.”

A. Programs to Address the Current Need – “Catch up”

1. Identify Key Sites for Future Development and Land Bank those Parcels

With the significant increase in the affordable housing inventory by developments that are currently in the pipeline, the bulk of the higher end affordable housing needs of the community may be adequately addressed for the immediate future (perhaps three to five years). However, in the future there will likely be a need for the Town or the Summit Housing Authority to initiate further development. Since the current Town Council is motivated to create solutions, it may be appropriate to set aside key sites for future housing development.

The recommended steps to be take at this time are listed below:

- Identify sites appropriate for affordable housing and determine the type of housing that is best suited for the site.
- Develop schematic designs for sites to determine the capacity and provide detail pertaining to building footprints, mass and scale, density, landscape buffers, access and transportation needs.
- Develop construction cost estimates, accounting for inflation. Determine level of subsidy required, if any, and budget accordingly.
- Proceed through the development review process and secure all necessary approvals.
- Communicate to the community and the surrounding property owners regularly that the site is slated for development as affordable housing. This final step in the development process is critical as community support can change over time.
- Wait until housing need warrants construction, then proceed.

There are several sites currently controlled by the Town of Breckenridge that are suitable for affordable housing. The sites include Iowa Hill, the Revett’s Landing site, and the Ice Rink site. The Stillson Patch parcel represents another opportunity and could be developed in conjunction with the Revett’s Landing site. There may also be US Forest Service

sites suitable for housing that could be acquired through a land exchange process.

The target market for any housing developed on these sites should be geared primarily toward the households earning less than 80% of AMI, as that sector is not served with the housing in the developments described earlier. Given the recent approvals summarized above, land-banking sites with approved development plans may be appropriate. If feasibility studies show sufficient demand for rental or ownership projects, particularly for the market with household incomes below 80% of AMI, proceeding with construction would be appropriate.

Another way to minimize risk would be to phase development in order to closely monitor the levels of demand that are present as new projects are brought on line. This is particularly important given the influence Breckenridge Terrace will have on this segment of the market. While not required to serve the same segment, many of the 180 units are likely to be rented by household earning less than 80% of AMI.

Based on the surrounding land uses, the most appropriate type of affordable housing for each site is:

- Iowa Hill – combination of rental and some ownership opportunities
- Revett’s Landing/Stillson Site – ownership opportunities
- Ice Rink Site -- seasonal/rental opportunities
- Forest Service land trade sites – potential for community facilities, open space, and rental or ownership affordable housing.

The timing of the developments will depend on the needs of the community. To the extent the developments can be designed for construction in phases, construction of a portion of the units could be completed over a period of time. Phasing will reduce the risk of saturating the market.

2. Create Opportunities for Employers to Address Housing Need

Few employers are large enough to develop housing solutions. Many small employers may desire to participate in solving the housing problems if provided an opportunity that matches their level of resources. The Town can play a role by developing opportunities in which small players can join a larger effort. This type of program could work in conjunction with the sites listed above.

Advantages of this program:

- Benefits the employer with the ability to secure housing for employees.

- Benefits the project with equity infusion from private sector.
- Long-term success of project improves. Employers will be committed to maintaining high occupancy rates by leasing directly to their employees. High occupancy rates ensure adequate cash flow for debt service.
- Model may be applied to conversion of older structures or development of new projects.

To develop this program further, the Town should determine the level of interest from local businesses. A first step would entail determining the magnitude of the problem by understanding current costs incurred by businesses due to the lack of housing. Some impacts can be measured, such as training and overtime costs. Others are less tangible but are important to discuss, such as the quality of service provided, the caliber of employees available, as well as the overall need for a larger pool of employees to fill the vacant positions.

Once the magnitude of the problem is generally understood, various types of solutions can be developed. Collaboration would be needed to determine the type of housing desired, the type of ownership structure, the level of financial commitment, the investment return desired, and the role of the Town. As there are many different types of solutions available, the specific program will be developed in conjunction with local businesses at a later date.

The Town of Breckenridge, as an employer, may find the need to explore policies that provide housing for its employees and those of other public service employers.

3. Fund Additional Down Payment Assistance and Mortgage Assistance Programs

Currently, the Summit Housing Authority offers two alternatives of down payment assistance available to Breckenridge homebuyers. The first program provides a \$1500 loan to be used for closing costs. This loan becomes a grant if the homeowner remains in the home for more than five years. This program is funded through CARHOF and is available to all Summit County residents. Approximately 10 buyers are served each year.

The second program offers up to \$10,000 to a homebuyer in the form of a variable rate loan. The terms of the loan do not require monthly payments, but require that the loan be paid off at the time of sale or refinance. At that time, the interest rate is determined based on the appreciation rate of the home. Both the homeowner and the loan program share the equity gained on the property proportionally. The program is limited to households with a maximum income of \$47,800. In 1999, 10 homebuyers were assisted with this program.

A program provided by the Town of Breckenridge enables Town employees to borrow money from the Town at low interest rates for the purpose of purchasing housing. The Town's loan is a second mortgage on the property with a maximum term of 10 years. The interest rate on the mortgage is a fixed rate of 4%. The repayment of the loan is flexible and can be structured so as to maximize the benefit to the employee. The loan is due in ten years, upon sale or transfer of the home from the employee to another party, upon refinance of the 1st mortgage, or one-year after termination of employment with the Town.

Given the number of homes to be constructed in the near future by the private sector, assisting locals with the purchase of the available product is an important service to provide. National studies typically cite the lack of a down payment to be one of the greatest barriers to home ownership. Because the current programs are limited in scope, serving 20 buyers this year, expanding the current programs or establishing new programs will be a strategic use of resources for the Town.

Options for the Town to consider include:

- Fannie Mae offers a down payment assistance program that provides significant funds to the Town to make available to buyers with incomes between 80% and 120% of AMI. The funds are available to the Town as a low-cost loan, at a rate one-percentage point above a Treasury note. This fund can then be distributed to homebuyers as low-cost second mortgages at a rate that covers the cost to the Town. These rates are typically between 1.65% and 1.90% above a treasury note. The proceeds can be used by the borrower to cover down payments and closing costs.
- Other communities have considered working with their local banks to develop loan programs tailored to the local needs. In one case, consideration was given to a program for 100% loans, provided that the Town guarantee 10% of the loan. The guarantee was to be established as a separate account with the local bank, which reflected a portion of the Town's reserve. The goal was to match the expected rate of return for the Town with the separate account, and use it to provide the collateral for a portion of the loans made to local homebuyers.
- Another option is to fund a more conventional down payment assistance program from cash-in-lieu contributions required as part of a new regulatory program for commercial development. This program is described in detail in the following sections of this report. With these funds the town could develop programs requiring down payments as small as 3%. The Town would have to contribute 2% to create a total down payment of 5%.

- The Town should explore other options including loan guarantees, grants for pre-paid mortgage interest (i.e. buy-downs), and homebuying facilitation such as co-signing.

4. Strengthen the Accessory Dwelling Unit Program

Dispersing affordable housing throughout the community through an accessory dwelling unit program provides high quality dwelling units with few impacts to the community. With incentives and requirements, the Town can increase the supply of these types of units.

- Incent current homeowners to create an ADU. Reduce the fee for an ADU by shifting it from a Class C Major to a Class C Minor application.
- Modify ADU standards that regulate the size of ADU's. Require full restriction for larger units.
- Standardize deed restriction for ADU's. Minimum requirements could include requirements for local employment, maximum rental rates, and income limits for tenants.
- Require design standards such as separate entrances to prevent use as guest rooms.
- Have the Summit Housing Authority monitor the use of ADUs to ensure their availability to and occupancy by local residents with full-time employment.

5. Augment the Housing Fund

The housing fund is currently used primarily for expenditures related to the Summit Housing Authority. To address the wider range of housing opportunities, it can be expanded with dedicated revenue sources, such as in-lieu fees from mitigation requirements, a head tax, or building permit surcharges. Future expenditures could include an expansion to the down payment assistance program, conversion of market rate units to affordable housing, and construction project subsidies, as needed.

6. Waive Density Requirements for Affordable Housing

During the process of planning the affordable housing development at the Revitt's Landing site, it became apparent that the density available for the specific site would not be sufficient. Factors that drive the success of affordable housing development are more related to economy of scale and livable design, rather than the density stipulated by zoning. The Town can exempt affordable housing development from its growth control standards to facilitate affordable housing development.

B. Programs to Address the Future Need – “Keep up”

1. Annexation Policy

The annexation policies of the Town have been highly effective in generating affordable housing. The policies used in the recent past can be formalized, listing the minimum standards for future annexations. The resources the Town brings to the annexation process include:

- Allowing greater densities via the transfer of development rights within the Upper Blue Basin, including Town-owned sites
- Deferring water tap fees
- Waiving permit fees or other fees associated with the development process

These resources can be used in the process to leverage the number of affordable housing units to be constructed on the annexed sites. A minimum of 80% of the dwelling units in a proposed annexation should be developed as deed restricted, affordable housing. A maximum of 20% of the units should be sold at market rates.

2. Requirements for Commercial Development

In conjunction with other options, the Town can move forward with programs that require developers to provide housing for the employees associated with the new uses. The rationale for this type of program is that the new uses are a direct source for most permanent and seasonal employees and the developers should be required to provide housing in proportion to the additional need that is generated. Providing the option for developers to meet the standards with cash-in-lieu payments is typically included in these types of programs.

This type of program works best as part of a comprehensive effort and should not be undertaken without other programs in place. Additionally, community support is critical to the success of these types of programs. Gauging that support prior to embarking on a program such as this will make the process more efficient and effective. Finally, providing a thorough legal basis for the program is essential to enable the Town to address any challenges that could arise during or following the adoption process.

While the Town has already addressed these types of standards with its relative policies, it may warrant revisiting the standards. As a relative policy, it may or may not be included by developers in the approval process. The Town can make this an absolute policy by adopting a formula to be consistently applied to all new development activity. The specific mitigation rates, such as the percentage of affordable housing

units to require, would be determined at the time the ordinance language and corresponding nexus reports are under consideration. Other modifications the Town can make include:

- Review of the current standards to determine their effectiveness. Compare the amount of housing created through the relative policy to the number of jobs generated by the additional development.
- Increase the mitigation rate above the current level of 10% and tie the requirement to the proposed use instead of the proposed size. Other communities have set the mitigation rates between 20% and 60%.

3. Requirements for Residential Development

While the current mitigation incentives apply to multi-family residential development, the Town has no current requirements for single-family development. The housing needs of many resort communities are driven not only by the commercial development, but also by the on-going production of residential units that are often purchased as second homes. Requiring the residential component to produce housing to mitigate the need it creates is another program for action. A requirement such as this could be fulfilled by a developer constructing housing or by providing cash-in-lieu payments. Options for this type of program include:

- Require that proposed residential developments include a certain percentage of the total development as deed restricted affordable housing. Other communities have adopted requirements that range from 10% to 60%, with most in the range of 15% to 20%.
- Include not only multi-family development, but also single-family development in the program.
- Consider developing mitigation standards based on the employment rates associated with the construction and on-going maintenance of residential units.
- Require land dedications from subdividers; then use cash in lieu payments to build housing on the land.

C. Future Considerations:

Two other programs warrant consideration in the future. These are considered as lower priorities, compared to the programs previously listed. Action would not be taken on these alternatives until a later date. The purpose of including them in the document is to keep them available as options.

1. Convert Existing Housing Stock to Affordable Housing.

One method of expanding the stock of affordable deed restricted housing is to purchase existing units and then deed restrict them. A benefit of this type of program is that the Town can revitalize certain areas by increasing the number of locals' housing units in specific neighborhoods. To make the program effective, the Town could target condominium units in older buildings that are not currently providing locals' housing. This can be done by focusing on units that are currently in a short-term rental pool but are not in prime locations for guest accommodations. Another application of this program would be to target units that may be occupied by local employees that should remain as affordable housing.

After acquiring the units, a restriction would be placed on the deed requiring local employment, owner-occupancy, a maximum income as a percentage of AMI, and a resale price cap. The Town would then resell the unit to a qualifying homeowner. A subsidy from the Town would be necessary, as the market value would be diminished to some degree by the deed restriction. The benefits of the program include the following:

- Increases inventory of affordable housing without increasing density.
- Program allows flexibility, as each unit that is acquired can be deed restricted for a specific economic group within the community.
- Potential to be highly effective without generating significant NIMBY opposition.
- Subsidy required from Town would vary, depending on the listing price and the desired resale price, which will be set by the income limits of the targeted economic group within the community.
- Does not diminish stock of existing affordable dwelling units if Town targets units that are currently in the short-term rental pool.

2. Housing Replacement

As redevelopment proposals increase in the future, existing homes will be removed to allow for a more intensive use of the site. Because this is not prevalent within the Town at this time, this type of program may be more appropriate in the future. As the stock of existing housing is typically more affordable than units created through redevelopment, preserving the existing housing stock is an essential element to maintaining the affordable housing supply. To address this problem, the Town could require that redevelopment proposals replace the existing housing stock with a similar product.

- The standards for replacement would require the new housing to be of similar size, bedroom count, and rental rate or sales price to the former housing.

- The new housing could be incorporated into the redevelopment or located on another site within the community.

IV. Administrative Guidelines:

The purpose of the administrative guidelines is to ensure consistency for all affordable housing that is located within the Town of Breckenridge and the Upper Blue Basin. The guidelines include the definition for affordable housing, affordability criteria, standards for occupancy of the affordable housing, limits for appreciation, and resale procedures. The guidelines are to be referenced in all deed restrictions, including housing required through annexation agreements, future regulatory standards, and current development code requirements. The goal is to have a single set of standards to which all of the inventory of housing must comply.

The Town of Breckenridge will apply these standards to proposed developments to ensure that additional affordable housing units meet these guidelines. The Summit Housing Authority will manage the affordable housing inventory, including tasks such as buyer and tenant selection, income verification, resales, etc. Methods should be explored that would result in the County and the Town having the same standards.

A. Definition

Affordable Housing is any dwelling unit located in the Town of Breckenridge or the Upper Blue Basin that is restricted in perpetuity to occupancy by individuals meeting the income limitations and occupancy standards listed in these guidelines. Occupancy standards include requirements for primary residency and local employment.

B. Affordability Criteria for Ownership and Rental Housing

1. Maximum rental rates and sales prices for deed restricted affordable housing are based on the Area Median Income (AMI) set by HUD annually adjusted for household size. The income figures shall be used to relative to the four categories of affordable housing, specifically:
 - 80% of AMI and below
 - 81% to 100% of AMI
 - 101% to 120% of AMI
 - 121% of AMI and greater.

The affordable housing in a given development should be distributed among the different income levels in such a way that the average of all household income equals 100% of AMI.

2. For rental housing, the maximum monthly rental rates, including utilities, shall not exceed 30% of gross household income, adjusted for household size.

3. For ownership housing, the maximum sales prices shall be set based on the following standards and shall not exceed 30% of gross household income, adjusted for household size.

- Interest Rate: Fixed at an average of regional rates on the initial day of the applicant filing a proposal.
- Down Payment: 10%
- Monthly Dues: \$250
- Size of Household: 1.5 persons per bedroom
- Mortgage Type: 30 year-fixed rate

The purchaser's income level is to be reviewed by the Summit Housing Authority for compliance with AMI figures.

C. Qualifications to lease or purchase and occupy Affordable Housing

To qualify and be eligible to lease or purchase affordable housing, a person must meet the following criteria:

1. Upon lease or purchase, the tenant or owner must occupy the unit as his or her primary place of residence, with provisions for family members and other renters.
2. The tenant or owner must work a minimum of 30 hours per week in the Upper Blue region of Summit County; with the following exceptions:
 - Full-time residents 55 to 65 years of age must work a minimum of 15 hours per week.
 - Full-time residents over 65 years of age are not required to work, provided that they have been employed for a minimum of five years at a business located in Summit County prior to retirement.
 - Fulltime residents who are persons with disabilities are not required to be employed.

Affordable housing residents should continue to fulfill these requirements as long as they reside in a deed restricted housing unit. The Summit Housing Authority will monitor compliance with these requirements. Methods to resolve any violations of these requirements should be considered when adopting implementing ordinances.

D. Maximum Resale Value

Based on the conditions of the Summit County real estate market, as documented in a study conducted in January of 1999, "Summit County Real Estate Appreciation Analysis," long-term affordability can not be anticipated without setting a limit on appreciation. Based on the needs of the community, the resale value of affordable housing units is capped at an annual rate of the greater of 3% or the annual change in AMI. In addition to this appreciation, homeowners may recoup costs incurred that are

1. Directly related to interior improvements, but only those related to the addition of square footage or usable space.
2. Result from a special assessment from the Town of Breckenridge or a homeowners association relating to long-term maintenance of common property.

E. Resale Procedures

In the event a current homeowner of a deed restricted affordable housing unit chooses to sell the unit, he or she may list the unit with the Summit Housing Authority (SHA). The SHA will be responsible for all real estate transactions and shall charge the homeowner no more than 2% of the sale price for this service. This cost for the real estate transaction shall not be added to the maximum resale value. The SHA shall publicize the availability of the unit to the general public and shall establish an equitable method of distribution. The SHA may rank prospective purchasers using criteria reflecting community values that are approved by the Town of Breckenridge.

In the event the homeowner chooses to list the unit with a realtor or sell the unit by owner, the SHA shall qualify prospective purchasers using the Town's selection criteria. Examples of the criteria include income, household size, employment, residency, or other criteria approved by the Town pertaining to the resale of deed restricted housing. Any sales commission shall be paid by the seller and shall not be added to the maximum resale value.

F. Dues and Assessments for Maintenance and Capital Improvements.

If an affordable dwelling unit is developed as part of a homeowner's association, any documents creating the homeowners association shall equitably distribute the burden for common costs based on whichever of the following two formulas results in the lower cost for the affordable housing unit:

1. The size of affordable dwelling unit in square feet as compared to the total size of the other units in the development; or
2. The size of the lot on which the affordable dwelling unit is located as compared to the total size of the other lots in the development.

Any general annual assessment, special assessment, or any other assessed charge for such affordable dwelling unit shall be subject to an initial assessment and/or annual assessment increase limitation equal to 3% of the prior year's general annual assessment for the affordable dwelling unit.

The Town should explore providing incentives for property management companies to ensure that adequate management services are available, particularly to older developments that provide housing for local residents.

RESOLUTION NO. 35

Series 2017

A RESOLUTION APPROVING THE "TOWN OF BRECKENRIDGE HOUSING GUIDELINES
(DECEMBER 12, 2017)"

WHEREAS, the Town staff has prepared and submitted to the Town Council the "Town of Breckenridge Housing Guidelines (December 12, 2017)," a copy of which is marked Exhibit "A", attached to this resolution, and incorporated herein by reference; and

WHEREAS, the "Town of Breckenridge Housing Guidelines (December 12, 2017)" are administrative rules, regulations, policies, and standards that will be used by the staff to interpret, implement, and enforce various housing covenants held by the Town; and

WHEREAS, the Town Council has reviewed the "Town of Breckenridge Housing Guidelines (December 12, 2017)," and finds and determines that such document should be approved.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF BRECKENRIDGE, COLORADO:

Section 1. The "Town of Breckenridge Housing Guidelines (December 12, 2017)" (Exhibit "A" hereto) are approved.

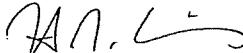
Section 2. This resolution is effective upon adoption.

RESOLUTION APPROVED AND ADOPTED this 12th day of December, 2017.

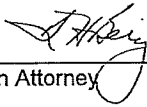

TOWN OF BRECKENRIDGE

By: 
Eric S. Mamula, Mayor

ATTEST:


Helen Cospolich, CMC,
Town Clerk

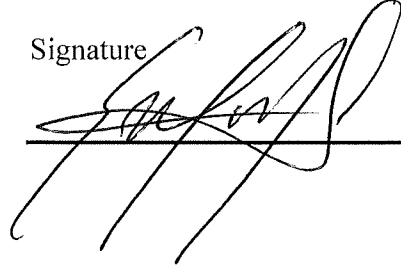
APPROVED IN FORM

 
Town Attorney Date

Approved by the Town of Breckenridge

Signature

Date


_____ 9/13/22

THE TOWN OF BRECKENRIDGE HOUSING GUIDELINES

December 12th, 2017

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INTRODUCTION

Pursuant to Article 10 of the Amended and Restated Residential Housing Restriction and Notice of Lien adopted by Resolution No.32, Series 2017(Restriction) the Town of Breckenridge (Town) has the right to periodically review and amend certain provisions of the Restriction through Guidelines adopted by the Town. The goal of these Guidelines is to formalize the administrative rules, regulations, policies, and standards that will be used by staff to interpret, implement, and enforce the Restriction. The provisions that may be amended in the Guidelines include:

- A. Article 1 (Definitions);
- B. Article 5 (Ownership Restrictions);
- C. Article 6 (Use Restrictions);
- D. Article 7 (Resale of a Unit);
- E. Article 8 (Foreclosure)

These Guidelines may be amended from time to time and any amendments made to these Guidelines shall be effective immediately upon approval by the Town.

ARTICLE 1-DEFINITIONS

Assets

Assets means the sum of all real and personal property, money, and other things of value owned or controlled by a person at the time of his or her purchase or lease of a Unit. Applicants will be required to complete a Buyer Qualification Application and provide a comprehensive list of family assets and liabilities. Applicants will be disqualified if assets exceed \$225,000. Some assets will be exempt, such as primary residence equity, retirement accounts, health savings and college savings accounts.

Eligible Household (Income)

Income that will be subject to the income test/cap for a Unit includes the income of all person(s) listed on the deed with the exception of non-occupant co-signers. Documents that will be used to determine the income of a household may include, but are not limited to:

- W2 forms – (income from box #5)
- Federal Tax Returns
- Employment Verification Forms
- Most Recent Pay Stubs

ARTICLE 5-OWNERSHIP RESTRICTIONS

5.3 Compliance

An Owner shall submit any information, documents, or certificates requested from time to time by the Town (or its Agent) with respect to the occupancy and use of the Owner's Unit that the Town reasonably deems necessary to substantiate the Owner's continuing compliance with the provisions of this Restriction. Such information shall be submitted to the Town within such reasonable time period as the Town may establish. Documents to be requested can include, but are not limited to:

- Affidavit of Compliance
- Asset Accounting Form
- Driver's License
- Employer Verification Form
- Income Verification Form
- Tax Returns

5.4 Appreciating Limiting Promissory Note and Deed of Trust

See Exhibit A for the Appreciating Limiting Promissory Note and Exhibit B for the Deed of Trust.

ARTICLE 6-USE RESTRICTIONS

(Left Blank Intentionally)

Currently, there are no updates to Article 6 of the Restriction.

ARTICLE 7-RESALE OF A UNIT

7.3 Capital Improvements-addition to resale price

The only Capital Improvements that may be reimbursed (added into the resale calculation) at time of resale are improvements made by the owner that increase energy efficiency or water conservation or improvements that result in the addition of garage and/or storage or the finishing of unfinished space. The amount that may be added into the resale calculation is capped at ten percent (10%) of the original Purchase Price for a residential unit paid to the developer by the first unit owner. Capital Improvements made by previous unit owners shall be counted against the cap in determining the amount of Capital Improvements to be allowed for a selling unit owner.

In calculating the amount of Capital Improvements to be allowed under this section, only the selling unit owner's actual out-of-pocket costs and expenses for labor and materials shall be eligible for inclusion, provided, however, that if the selling unit owner purchases only materials and does not pay any third party for labor, then such amount to be allowed shall include an amount attributable to the selling unit owner's personal labor or "sweat equity", which shall be determined by: (i) multiplying the amount paid for materials times two (2) as compensation for the selling unit owner's personal labor in making the Improvements; and (ii) adding to such sum the amount paid for materials.

A selling unit owner must submit to the Town prior to selling the residential unit a copy of a development permit or other permit and a certificate of occupancy or compliance issued by the Town for the improvements that demonstrates that the improvements were made/completed by the unit owner during the unit owner's period of ownership of the residential unit, together with copies of invoices, receipts or other similar evidence of the costs and expenses for labor and materials, or materials alone. The Town shall provide each selling unit owner who makes a proper submission for allowance of Capital Improvements with a receipt or certificate verifying the amount of Capital Improvements and, after such receipt or certificate is issued by the Town, no subsequent unit owner may challenge the allowed amount of Capital Improvements as described in the receipt or certificate issued by the Town.

Expenses related to long term maintenance subject to an approved schedule and inclusion of a depreciation schedule may be considered as permissible Capital Improvement at a future date.

ARTICLE 8-FORECLOSURE

(Left Blank Intentionally)

Currently, there are no updates to Article 8 of the Restriction.

IF THIS FORM IS USED IN A CONSUMER CREDIT TRANSACTION, CONSULT LEGAL COUNSEL

THIS IS A LEGAL INSTRUMENT IF NOT UNDERSTOOD, LEGAL, TAX, OR OTHER COUNSEL SHOULD BE CONSULTED BEFORE SIGNING

DEED OF TRUST
(Due on Transfer – Strict)

(_____)

THIS DEED OF TRUST is made this _____ day of _____, 2017 between _____ (Borrower), whose address is _____ and the Public Trustee of the County in which the Property (see paragraph 1) is situated (Trustee); for the benefit of the TOWN OF BRECKENRIDGE (Lender), whose address is P.O. Box 168, Breckenridge, CO 80424.

Borrower and Lender covenant and agree as follows:

1. **Property is Trust.** Borrower, in consideration of the indebtedness herein recited and the trust herein created, hereby grants and conveys to Trustee in trust, with power of sale, the following described property located in the County of Summit, State of Colorado:

LOT _____ BLOCK _____ SUBDIVISION _____, according to the map thereof recorded or to be recorded in the records of the Clerk and Recorder of the County of Summit, Colorado and as defined and described in the _____ Declaration to be recorded in the Records, subject to the rules and regulations of the Association (as hereinafter defined), together with any “Common Elements” of the Townhomes, in each case that are appurtenant to such Unit (Property).

2. **Note; Other Obligations Secured.** This Deed of Trust is given to secure to Lender Borrower’s obligations as set forth in the Appreciation Limiting Promissory Note of even date herewith. Without limiting the generality of the preceding sentence, this Deed of Trust secures Borrower’s obligations to Lender as set forth in the Amended and Restated Residential Housing Restriction And Notice Of Lien For “_____” Town Of Breckenridge, Summit County, Colorado, dated _____, 2017 and recorded _____, 2017 under Reception No. _____ of the records of the Clerk and Recorder of Summit County, Colorado.

3. **Title.** Borrower covenants that Borrower owns and has the right to grant and convey the Property, and warrants title to the same, subject to general real estate taxes for the current year, easements of record or in existence, and recorded declarations, restrictions, reservations and covenants, if any, as of this date.

Exhibit B

4. **Payment of Principal and Interest.** Borrower shall promptly pay when due the principal of and interest on the indebtedness evidenced by the Note, and late charges as provided in the Note and shall perform all of Borrower's other covenants contained in the Note.

5. **Prior Mortgages and Deeds of Trust; Charges; Liens.** Borrower shall perform all of Borrower's obligations under any prior deed of trust and any other prior liens. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property which may have or attain a priority over this Deed of Trust by Borrower making payment when due, directly to the payee thereof. Despite the foregoing, Borrower shall not be required to make payments otherwise required by this paragraph if Borrower, after notice to Lender, shall in good faith contest such obligation by, or defend enforcement of such obligation in, legal proceedings which operate to prevent the enforcement of the obligation or forfeiture of the Property or any part thereof, only upon Borrower making all such contested payments and other payments as ordered by the court to the registry of the court in which such proceedings are filed.

6. **Preservation and Maintenance of Property.** Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on Leasehold. Borrower shall perform all of Borrower's obligations under any declarations, covenants, by-laws, rules, or other documents governing the use, ownership, or occupancy of the Property.

7. **Protection of Lender's Security.** Except when Borrower has exercised Borrower's rights under paragraph 6 above, if the Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if a default occurs in prior lien, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, with notice to Borrower if required by law, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to:

- (a) any general or special taxes or ditch or water assessments levied or accruing against the Property;
- (b) the premiums on any insurance necessary to protect any improvements comprising a part of the Property;
- (c) sums due on any prior lien or encumbrance on the Property;
- (d) if the Property is a leasehold or is subject to a lease, all sums due under such lease;
- (e) the reasonable costs and expenses of defending, protecting, and maintaining the Property and Lender's interest in the Property, including repair and maintenance costs and expenses, costs and expenses of protecting and securing the Property, receiver's fees and expenses, inspection fees, appraisal fees, court costs, attorney fees and costs, and fees and costs of an attorney in the employment of the Lender or holder of the certificate of purchase;
- (f) all other costs and expenses allowable by the evidence of debt or this Deed of Trust, and
- (g) such other costs and expenses which may be authorized by the court of competent jurisdiction.

Borrower hereby assigns to Lender any right Borrower may have by reason of any prior encumbrance on the Property or by law or otherwise to cure any default under said prior encumbrance.

Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, shall become additional indebtedness of Borrower secured by this Deed of Trust. Such amounts shall be payable upon notice from the Lender to Borrower requesting payment thereof, and Lender may bring suit to collect any amounts so disbursed plus interest. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any actions hereunder.

8. Borrower Not Released. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower, nor Borrower's successors in interest, from the original terms of this Deed of Trust. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Borrower nor Borrower's successors in interest.

9. Forbearance by Lender Not a Waiver. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by law, shall not be a waiver or preclude the exercise of any such right or remedy.

10. Remedies Cumulative. Each Remedy provided in the Note and this Deed of Trust is distinct from and cumulative to all other rights or remedies under the Note and this Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively.

11. Successors and Assigns Bound; Joint and Several Liability; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of Paragraph 18 Transfer of the Property; Assumption. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs in this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

12. Notice. Except for any notice required by law to be given in another manner: (a) any notice to Borrower provided for in this Deed of Trust shall be in writing and shall be given and be effective upon (1) delivery to Borrower or (2) mailing such notice by first-class mail, addressed to Borrower at Borrower's address stated herein or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be in writing and shall be given and be effective upon (1) delivery to Lender or (2) mailing such notice by first-class mail, addressed to Lender at Lender's address stated herein or at such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower and Lender when given in any manner designated herein.

13. Governing Law; Severability. The Note and this Deed of Trust shall be governed by the law of Colorado. In the event that any provision or clause of this Deed of Trust or the Note conflicts

with the law, such conflict shall not affect other provisions of the Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Deed of Trust and Note are declared to be severable.

14. Acceleration: Foreclosure: Other Remedies. Except as provided in paragraph 18 Transfer of Property; Assumption, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, or upon any default in a prior lien upon the Property, (unless Borrower has exercised Borrower's rights under paragraph 5 above), at Lender's option, all of the sums secured by this Deed of Trust shall be immediately due and payable (Acceleration). To exercise this option, Lender may invoke the power of sale and any other remedies permitted by law. Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Deed of Trust, including, but not limited to, reasonable attorney's fees.

If Lender invokes the power of sale, Lender shall give written notice to Trustee of such election. Trustee shall give notice to Borrower of Borrower's rights as provided by law. Trustee shall record a copy of such notice as required by law. Trustee shall advertise the time and place of the sale of the Property, for not less than four weeks in a newspaper of general circulation in each county for which the Property is situated, and shall mail copies of such notice of sale to Borrower and other persons as prescribed by law. After the lapse of such time as may be required by law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder for cash at the time and place (which may be on the Property or any part thereof as permitted by law) in one or more parcel as Trustee may think best and in such order as Trustee may determine. Lender or Lender's designee may purchase the Property at any sale. It shall not be obligatory upon the Purchaser at any such sale to see to the application of the purchase money.

Trustee shall apply the proceeds of the sale in the following order; (a) to all reasonable costs and expenses of the sale, including but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto.

15. Borrower's Right to Cure Default. Whenever foreclosure is commenced for nonpayment of any sums due hereunder, the owners of the Property or parties liable hereon shall be entitled to cure said defaults by paying all delinquent principal and interest payment due as of the date of cure, costs, expenses, late charges, attorney's fees and other fees all in the manner provided by law. Upon such payment, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as though no Acceleration had occurred, and the foreclosure proceedings shall be discontinued.

16. Release. Upon payment of all sums secured by this Deed of Trust, Lender shall cause Trustee to release this Deed of Trust and shall produce for Trustee the Note. Borrower shall pay all costs of recordation and shall pay the statutory Trustee's fees. If Lender shall not produce the Note as aforesaid, the Lender, upon notice in accordance with paragraph 12 (Notice) from Borrower to Lender, shall obtain, at Lender's expense, and file any lost instrument bond required by Trustee or pay the cost thereof to effect the release of this Deed of Trust.

17. Waiver of Exemptions. Borrower hereby waives all right of homestead and any other exemptions in the Property under state or federal law presently existing or hereafter enacted.

18. Transfer of Property; Assumption. The following events shall be referred to herein as a "Transfer": (1) a transfer or conveyance of title (or any portion thereof, legal or equitable) of the Property (or any part thereof or interest therein), (ii) the execution of a contract or agreement creating a right to title (or any portion thereof, legal or equitable) in the Property (or any part thereof or interest therein), (iii) or an agreement granting a possessory right in the Property (or any portion thereof), in excess of three (3) years, (iv) a sale or transfer of, or the execution of a contract or agreement creating a right to acquire or receive, more than fifty percent (50%) of the controlling interest or more than fifty percent (50%) of the beneficial interest in the Borrower, (v) the reorganization, liquidation or dissolution of the Borrower. Not to be included as a Transfer are (1) the creation of the lien or encumbrance subordinate to this Deed of Trust, (ii) the creation of a purchase money security interests for household appliances, or (iii) a transfer by devise, descent or by operation of the law upon the death of a joint tenant. At the election of Lender, in the event of each and every transfer:

- (a) All sums secured by this Deed of Trust shall become immediately due and payable (Acceleration).
- (b) If a Transfer occurs and should Lender not exercise Lender's option pursuant to this paragraph 18 to Accelerate, Transferee shall be deemed to have assumed all of the obligations of Borrower under this Deed of Trust including all sums secured hereby whether or not the instrument evidencing such conveyance, contract or grant expressly so provides. This covenant shall run with the Property and remain in full force and effect until said sums are paid in full. The Lender may without notice to the Borrower deal with Transferee in the same manner as with the Borrower with reference to said sums including the payment or credit to Transferee of undisbursed reserve Funds on payment in full of said sums, without in any way altering or discharging the Borrower's liability hereunder for the obligations hereby secured.
- (c) Should Lender not elect to Accelerate upon the occurrence of such Transfer then, subject to (b) above, the mere fact of a lapse of time or the acceptance of payment subsequent to any such events, whether or not Lender had actual or constructive notice of such Transfer, shall not be deemed a waiver of Lender's right to make such election nor shall Lender be stopped therefrom by virtue thereof. The issuance on behalf of the Lender of a routine statement showing the status of the loan, whether or not Lender had actual or constructive notice of such Transfer, shall not be a waiver or estoppel of Lender's said rights.

19. Borrower's Copy. Borrower acknowledges receipt of a copy of the Note and this Deed of Trust.

EXECUTED BY BORROWER:

STATE OF COLORADO)
)ss
COUNTY OF SUMMIT)

The foregoing instrument was acknowledged before this _____ day of _____, 2017
by _____ and
_____.

Witness my hand and official seal.

My commission expires: _____

Notary Public

**Appreciation Limiting Promissory Note (Property or Program Name)
(the "Note")**

Date

FOR VALUE RECEIVED, Buyer(s) Name(s) (the "Maker"), jointly and severally if more than one, promises to pay to the order of the TOWN OF BRECKENRIDGE, P.O. Box 168, Breckenridge, CO 80424 ("Town"), upon demand ("Due Date"), all sums that become due to Town from Maker after the date of this Note, under the Restrictive Covenant for Legal Property Description, dated _____, 2022 and recorded _____, 2022 under Reception No. _____ of the records of the Clerk and Recorder of Summit County, Colorado.(the "Covenant").

This Note shall not bear interest until the Due Date. If this Note is not paid on or before the Due Date, it shall thereafter bear interest at the rate of eighteen percent (18%) per annum from the Due Date until fully paid.

The Maker and any surety, guarantor and endorser of this Note, jointly and severally, hereby waive notice of, and consent to any and all extensions of this Note or any part thereof without notice and each hereby waives demand, presentment for payment, notice of nonpayment and protest, and any and all notice of whatever kind or nature.

The Maker agrees to pay all costs of collection, including reasonable attorney's fees, incurred by Holder in the collection of this Note or any part thereof. If the Deed of Trust securing this Note is foreclosed, the undersigned also agrees to pay all costs and attorney's fees as provided therein.

No waiver by the Holder of any one or more of the terms and conditions herein contained shall be deemed a waiver of the other terms and conditions herein contained; nor shall any such waiver be considered for any reason as continuing or perpetual in nature.

This Note is secured by a deed of trust on the Residential Unit described as Legal Property Description, according to the Plat thereof filed in the Summit County, Colorado Real Estate Records of the _____ day of _____, _____ at Reception No. _____.

Also known as: Physical Address

The undersigned hereby acknowledges receipt of a true copy of this Note.

**THE MAKER'S INITIAL PURCHASE PRICE FOR THE RESIDENTIAL UNIT, AS
DESCRIBED IN THE COVENANT, IS \$ XXX,XXX.**

(Maker's Initial(s): _____)

Maker

Maker

Approved: Town of Breckenridge

IF THIS FORM IS USED IN A CONSUMER CREDIT TRANSACTION, CONSULT LEGAL COUNSEL

THIS IS A LEGAL INSTRUMENT IF NOT UNDERSTOOD, LEGAL, TAX, OR OTHER COUNSEL SHOULD BE CONSULTED BEFORE SIGNING

DEED OF TRUST
(Due on Transfer – Strict)

THIS DEED OF TRUST is made this _____ day of _____, 20__ between _____ (Borrower), whose address is _____ and the Public Trustee of the County in which the Property (see paragraph 1) is situated (Trustee); for the benefit of TOWN OF BRECKENRIDGE (Lender), whose address is P.O. Box 168, Breckenridge, CO 80424.

Borrower and Lender covenant and agree as follows:

1. Property is Trust. Borrower, in consideration of the indebtedness herein recited and the trust herein created, hereby grants and conveys to Trustee in trust, with power of sale, the following described property located in the County of Summit, State of Colorado: See Exhibit A attached hereto and incorporated herein by this reference
which has the address of _____,
Breckenridge, Colorado 80424, together with all its appurtenances (Property).
2. Note; Other Obligations Secured. This Deed of Trust is given to secure to Lender Borrower's obligations as set forth in the Appreciation Limiting Promissory Note of even date herewith.
3. Title. Borrower covenants that Borrower owns and has the right to grant and convey the Property, and warrants title to the same, subject to general real estate taxes for the current year, easements of record or in existence, and recorded declarations, restrictions, reservations and covenants, if any, as of this date and except those matters set forth in Exhibit B attached hereto and incorporated herein by this reference.
4. Payment of Principal and Interest. Borrower shall promptly pay when due the principal of and interest on the indebtedness evidenced by the Note, and late charges as provided in the Note and shall perform all of Borrower's other covenants contained in the Note.
5. Prior Mortgages and Deeds of Trust; Charges; Liens. Borrower shall perform all of Borrower's obligations under any prior deed of trust and any other prior liens. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property which may have or attain a priority over this Deed of Trust by Borrower making payment when due, directly to the payee thereof. Despite the foregoing, Borrower shall not be required to make payments otherwise required by this paragraph if Borrower, after notice to Lender, shall in good faith contest such obligation by, or defend enforcement of such obligation in, legal proceedings which operate to prevent the enforcement of the obligation or forfeiture of the Property or any part thereof, only upon Borrower making all such contested payments and other payments as ordered by the court to the registry of the court in which such proceedings are filed.
6. Preservation and Maintenance of Property. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on Leasehold. Borrower shall perform all of Borrower's obligations under any declarations, covenants, by-laws, rules, or other documents governing the use, ownership or occupancy of the Property.
7. Protection of Lender's Security. Except when Borrower has exercised Borrower's rights under paragraph 6 above, if the Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if a default occurs in prior lien, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, with notice to Borrower if required by law, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to:
 - (a) any general or special taxes or ditch or water assessments levied or accruing against the Property;
 - (b) the premiums on any insurance necessary to protect any improvements comprising a part of the Property;
 - (c) sums due on any prior lien or encumbrance on the Property;
 - (d) if the Property is a leasehold or is subject to a lease, all sums due under such lease;
 - (e) the reasonable costs and expenses of defending, protecting, and maintaining the Property and Lender's interest in the Property, including repair and maintenance costs and expenses, costs and expenses of protecting and securing the Property, receiver's fees and expenses, inspection fees, appraisal fees, court costs, attorney fees and costs, and fees and costs of an attorney in the employment of the Lender or holder of the certificate of purchase;
 - (f) all other costs and expenses allowable by the evidence of debt or this Deed of Trust, and
 - (g) such other costs and expenses which may be authorized by the court of competent jurisdiction.

Borrower hereby assigns to Lender any right Borrower may have by reason of any prior encumbrance on the Property or by law or otherwise to cure any default under said prior encumbrance.

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Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, shall become additional indebtedness of Borrower secured by this Deed of Trust. Such amounts shall be payable upon notice from the Lender to Borrower requesting payment thereof, and Lender may bring suit to collect any amounts so disbursed plus interest. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any actions hereunder.

8. Borrower Not Released. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower, nor Borrower's successors in interest, from the original terms of this Deed of Trust. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Borrower nor Borrower's successors in interest.
9. Forbearance by Lender Not a Waiver. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by law, shall not be a waiver or preclude the exercise of any such right or remedy.
10. Remedies Cumulative. Each Remedy provided in the Note and this Deed of Trust is distinct from and cumulative to all other rights or remedies under the Note and this Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively.
11. Successors and Assigns Bound; Joint and Several Liability; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of Paragraph 18 Transfer of the Property; Assumption. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs in this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.
12. Notice. Except for any notice required by law to be given in another manner, (a) any notice to Borrower provided for in this Deed of Trust shall be in writing and shall be given and be effective upon (1) delivery to Borrower or (2) mailing such notice by first-class mail, addressed to Borrower at Borrower's address stated herein or at such other address as Borrower may designate by notice to Lender as provided herein, an (b) any notice to Lender shall be in writing and shall be given and be effective upon (1) delivery to Lender or (2) mailing such notice by first-class mail, addressed to Lender at Lender's address stated herein or at such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower and Lender when given in any manner designated herein.
13. Governing Law; Severability. The Note and this Deed of Trust shall be governed by the law of Colorado. In the event that any provision or clause of this Deed of Trust or the Note conflicts with the law, such conflict shall not affect other provisions of the Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Deed of Trust and Note are declared to be severable.
14. Acceleration: Foreclosure: Other Remedies. Except as provided in paragraph 18 Transfer of Property; Assumption, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, or upon any default in a prior lien upon the Property, (unless Borrower has exercised Borrower's rights under paragraph 5 above), at Lender's option, all of the sums secured by this Deed of Trust shall be immediately due and payable (Acceleration). To exercise this option, Lender may invoke the power of sale and any other remedies permitted by law. Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Deed of Trust, including, but not limited to, reasonable attorney's fees. If Lender invokes the power of sale, Lender shall give written notice to Trustee of such election. Trustee shall give notice to Borrower of Borrower's rights as provided by law. Trustee shall record a copy of such notice as required by law. Trustee shall advertise the time and place of the sale of the Property, for not less than four weeks in a newspaper of general circulation in each county for which the Property is situated, and shall mail copies of such notice of sale to Borrower and other persons as prescribed by law. After the lapse of such time as may be required by law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder for cash at the time and place (which may be on the Property or any part thereof as permitted by law) in one or more parcel as Trustee may think best and in such order as Trustee may determine. Lender or Lender's designee may purchase the Property at any sale. Its shall not be obligatory upon the Purchaser at any such sale to see to the application of the purchase money. Trustee shall apply the proceeds of the sale in the following order; (a) to all reasonable costs and expenses of the sale, including but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence e; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto.
15. Borrower's Right to Cure Default. Whenever foreclosure is commenced for nonpayment of any sums due hereunder, the owners of the Property or parties liable heron shall be entitled to cure said defaults by paying all delinquent principal and interest payment due as of the date of cure, costs, expenses, late charges, attorney's fees and other fees all in the manner provided by law. Upon such payment, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as though no Acceleration had occurred, an the foreclosure proceedings shall be discontinued.

Initials

Initials

EXHIBIT A

Insert Legal Description

Initials

Initials

EXHIBIT D

NOTICE OF INTENT TO SELL

Summit Combined Housing Authority SCHA/ Town of Breckenridge

This is written notice of my intent to sell my deed restricted home.

OWNERSHIP INFORMATION

Seller Name(s): _____

Email Address: _____

Phone Number: _____

PROPERTY INFORMATION

STREET ADDRESS: _____

MAILING ADDRESS: _____

LISTING DATE: _____

MOVING DATE, if moving prior to sale: _____

Selling Options

_____ I intend to use the SCHA real estate agent and SCHA services

_____ I intend to use the services of a real estate agent of my choosing. I understand that SCHA will provide oversight of the sales process to ensure recorded covenant policies and procedures are met on behalf of the Town of Breckenridge

_____ For Sale By Owner*: I understand that SCHA will provide oversight of the sales process to ensure recorded covenant policies and procedures are met on behalf of the jurisdiction. However, the SCHA cannot provide legal or contract assistance for this type of transaction.

**If you check For Sale By Owner, please complete page 3*

IF YOU ARE SELLING YOUR HOME YOURSELF OR HIRING A REAL ESTATE AGENT OF YOUR CHOOSING, DO YOU WISH TO ADVERTISE YOUR PROPERTY VIA THE SCHA MARKETING SERVICE AGREEMENT?

_____ Yes: please send me the Marketing Agreement

_____ Not interested in having SCHA market my property

Real Estate Agent Information

IF YOU WILL BE USING A REAL ESTATE AGENT TO SELL YOUR HOME, PLEASE COMPLETE THE FOLLOWING:

Real Estate Agent Name and Company: _____

Required Signature(s) from all parties on Title

THE INFORMATION PROVIDED IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.*

Seller Signature: _____

Seller Signature: _____

***For Sale by Owner: Additional Information**

Please note that if you are selling your own home under a FSBO arrangement, you are responsible for ensuring that, at minimum, the restrictive housing covenant and housing guideline requirements for the transaction are met. Failure to meet the requirements may result in a delay or failure to close the property, and/or result in jurisdictional actions to ensure compliance.

Commission paid to the SCHA does not reduce or increase the maximum proceeds that you, as the seller, are able to receive for your home. The maximum proceeds that you as the seller can receive for your home are listed on your resale calculation as “permitted adjusted resale price.” Any fees or commissions outside of a contract with the SCHA are the sole responsibility of the parties in the transaction.

By signing below, I acknowledge that I have read and understand the above

EXHIBIT E

Maintenance Plan for existing deed restricted neighborhoods:

Neighborhood	Appreciation Formula with Maintenance Plan	Allowed Real Estate Commission with Maintenance Plan	Maintenance Policy by Neighborhood
Wellington 1	3% or more per year	2% of sale price	Wellington and Vista Point are able to add <u>5%</u> of their purchase price for approved maintenance items. Owners must sign an Amended and Restated Covenant prior to utilizing the maintenance policy.
Vista Point	3% or more per year	2% of sale price	
Wellington 2 & Lincoln Park	3% or more per year	2% of sale price	Wellington 2 and Lincoln Park are able to add <u>3%</u> of their purchase price for approved maintenance items. Owners must sign an Amended and Restated Covenant prior to utilizing the maintenance policy.
Valley Brook	2% fixed per year	2% of sale price	Valley Brook, Vic’s Landing, Maggie Point, Blue 52 and Gibson Heights are able to add <u>3%</u> of their purchase price for approved maintenance items. All future neighborhoods follow this level for appreciation formula, real estate commission and maintenance calculation.
Vic’s Landing			
Maggie Point			
Blue 52			
Gibson Heights			

Age of Improvement - 3 years or less	Age of Improvement - 5 years or less	Age of Improvement - 7 years or less	Age of Improvement - 10 years or less
Replaced Appliances (100%) Plumbing Fixtures (100%) (including sinks and toilets) Fencing (maintenance only 100%) Carpet including Pad (100%)	Replaced Appliances (50%) Mechanical System (100%) Roof (100%) Windows (100%) Siding (100%) Hot Water Heater (100%) Hard Flooring (100%) Permanent Fitted Window Blinds (100%)	Countertops (100%) Cabinets (100%) Exterior Paint (100%) Garage Door Replacement (100%) Gutters and Downspouts (100%) Outdoor Decks (maintenance only, 100%)	Mechanical System (50%) Roof (50%) Windows (50%) Siding (50%) Solar Power or Energy Efficiencies

Energy Efficiencies will be reviewed on a case-by-case basis