

ATTACHMENT A
AFFORDABLE HOUSING PRODUCTION INCENTIVE
ADMINISTRATIVE PROCEDURES

Application.

1. For 2024, letter of requests on a form(s) prepared/in a format required by the City, will be offered no later than 60 days after the Effective Date. In future years, no later than July 1 of a given year, the city will accept a pre-application letter of request for an Affordable Housing Production Incentive.
2. In future years, it is highly recommended that interested applicants must schedule a pre-application request meeting with the Community Development Director (or designee) to get feedback on project and technical assistance before submitting a letter of request.
3. A letter of request for an Affordable Housing Production Incentive Program shall be made to the Community Development Director, and must include the following:
 - a. Project Name, ownership and developer information
 - b. Date of Requested Funds
 - c. Amount of units proposed in the project, whether the units will be for-sale or for-rent, or some mixture thereof and the AMI proposed for units.
 - d. Description of the sources and uses for the project.
4. During the City's annual budget process, staff will make recommendations for program funding based on the requests received.
5. Once a program budget amount has been finalized, the City will extend a formal invitation for projects to apply for the Affordable Housing Incentive Program.
6. An application for an Affordable Housing Production Incentive Program shall be made to the Community Development Director, and will include at a minimum the following:
 - a. Project Name, property ownership, developer or entity(s) information;
 - b. Description of how the Project will address the City's housing needs and whether the units in the Project will be "for sale" or "for rent", or some mixture thereof. The Project description shall include but not be limited to an explanation of how many people the Project will serve, the level of need served as determined by AMI according to the latest HUD, Colorado Division of Housing and/or CHFA released figures and/or if there are other considerations made for population served;
 - c. Description of the Project development timeline, sources and uses, whether the Project is dependent on other grant funding or entitlements, whether the Project will be phased, and if there any known uncertainties for the Project; and including long-term management plan.
 - d. Description of how the benefit of the public investment flows to the end user and how the 30-year long term affordability requirement will be implemented.
 - e. Description of the developer's experience with and capacity to implement the Project;
 - f. Amount of incentive being requested as determined by the Affordable Unit count and/or portion of project that is residential.
 - g. Prior to receiving award letter, A preliminary financing plan and letter of intent from a State or Federally chartered commercial bank or lender outlining the terms and conditions of construction and/or permanent loan to complete the Project.

Application Review and Funding Reservation.

7. Upon a recommendation from the Community Development Director, the City Manager (or designee) may, in their discretion to be consistent with the Affordable Housing Production Incentive Program may recommend funding for projects that demonstrates ability and capacity to perform to the City Council for approval and funding.
8. City Council will review the recommendations and consider the suitable Project(s) for funding. If an Affordable Housing Production Incentive is for more than one year, each year shall be subject to annual appropriation. The City Council may utilize the General Fund or other special revenue funds such as dedicated revenue for affordable housing for the repayment of the fees to appropriate Enterprise Fund(s) and/or Development Impact Fees in the amount of fees waived for a Project(s) pursuant to this incentive policy.

Incentive Agreement.

9. Should an Incentive be approved by City Council, the City and the developer and Project entity(ies) shall execute an Affordable Housing Production Agreement, which agreement shall at minimum provide:
 - a. The value of the Fee waiver as a not to exceed amount; and,
 - b. Terms for the commencement and completion of the Project; and,
 - c. Payment schedule whereby the Fees waived upon the completion of the Project will be credited or paid by the City pursuant to the Affordable Housing Production Incentive; and,
 - d. Remedy for default; and,
 - e. Recording memorandum; and,
 - f. For rental units: A Land Use Restriction Agreement and/or Deed Restriction requiring affordability of the Rental Affordable Units for a minimum 30-year term and meeting the criteria of Paragraph 7; and,
 - g. For-Sale Units: A Land Use Restriction Agreement and/or Deed Restriction requiring that the finished homes be sold to an eligible buyer and outlining how that document will be released at resale to an eligible buyer upon adequate documentation of compliance with the long-term affordability requirements of Paragraph 11. Other provisions, as deemed appropriate by the City Attorney.

Maintenance of Agreement

10. The City shall either directly or through a contractor:
 - a. Income qualify renters and/or buyers; and,
 - b. Review and approve sample rental lease agreements verifying maximum rent (plus utilities and other expenses related to the rental of the unit) do not exceed 60% AMI or other approved rental cap for the unit. No unit or portion of a unit shall be sublet; and
 - c. Conduct periodic audits at intervals determined necessary or appropriate of the Project's compliance with the Affordable Housing Production Incentive agreements. Audits shall include, but are not limited to, compliance with long-term affordability requirements, lease terms and income certification of renters and buyers

Long Term Affordability

11. The long-term affordability requirement shall be enforced through the use of a document/documents recorded on the property, which documents may include a land use restriction agreement, deed restriction, regulatory agreement benefit use covenant, recapture provision, restriction or other comparable document commonly utilized in affordable housing models. Such document shall include at a minimum the following provisions:
- a. Provisions requiring the continued occupancy of the unit by an eligible renter or owner during the affordability period.
 - b. The affordability period of at least 30 years.
 - c. For rental units, a provision disallowing the use of the unit as a short-term rental during the affordability period.
 - d. For for-sale units, a provision requiring ongoing owner occupancy during the affordability period.

Definitions.

- I. "Affordable Unit" means any primary or multi-family dwelling unit for rent for 60% Area Median Income or below or a primary or multi-family dwelling unit for sale for 100% Area Median Income or below for income-qualified households.
- II. "Area Median Income - AMI" means the area median income as regularly determined and published by the United States Department of Housing and Urban Development (HUD), Colorado Division of Housing (DOH) or the Colorado Housing and Finance Authority (CHFA).
- III. "Fees" means
 - a) "Sewer Plant Investment Fee" means a plant investment fee (PIF) collected on behalf of Persigo Wastewater Treatment Facility. Does not include any fee collected by any other wastewater provider.
 - b) "Water Plant Investment Fee" means a plant investment fee (PIF) collected on behalf of the City of Grand Junction. Does not include any fee collected by any other water provider.
 - c) "Development Impact Fees or Impact Fee" means certain fees now collected or as may be later applied and collected, also known as Development Impact Fee(s), for the purposes of police, fire, parks and recreation, transportation capacity and/or other governmental functions and services.