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SAN MIGUEL REGIONAL HOUSING AUTHORITY
REGULAR MEETING

March 6, 2023 @ 1 PM

Via Zoom	ID#: 484.178.1222	PW: SMRHA2023
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- I. CALL TO ORDER**
- II. PUBLIC DISCUSSION**
No more than five minutes per person.
- III. REVIEW OF AGENDA**
- IV. APPROVAL OF MINUTES**
February 6, 2023
- V. WORKSESSION ITEMS**
- VI. ACTION ITEMS**
Approval of Updated MFU Covenant. Action. Lois Major
Approval of Independent Contractor Agreement. Action. Courtney McEleney
- VII. MANAGER REPORT**
- VIII. OTHER BUSINESS**
- IX. ADJOURN**

NEXT SCHEDULED MEETING

April 3, 2023

1:00 PM

This agenda is subject to change including the addition of items or the deletion of items at any time. The lengths of discussions may be shorter or longer, at the Board's discretion. If you are planning to come speak to a matter, let the SMRHA Manager know by calling 970-728-3034, ext. 4.



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**SAN MIGUEL REGIONAL HOUSING AUTHORITY
REGULAR MEETING MINUTES
MONDAY, FEBRUARY 6, 2023 @ 1 PM**

The following Board Members were present via Zoom:

- Lance Waring, San Miguel County Commissioner
- Mike Bordogna, San Miguel County Manager
- Scott Robson, Telluride Town Manager
- Adrienne Christy, Telluride Town Council Member
- Pamela Shifrin, At-Large Board Member

The following were also in attendance via Zoom:

- Courtney McEleney, SMRHA Manager
- James Van Hooser, Assistant County Manager
- Lois Major, Special Counsel to the SMCHA
- Paul Major, Rural Homes LLC

I. CALL TO ORDER

The Regular Meeting of the San Miguel Regional Housing Authority Board was called to order by Lance Waring on Monday, February 6, 2023 at 1:03 p.m. via Zoom.

II. PUBLIC DISCUSSION

No public items were received.

III. REVIEW OF AGENDA ITEMS

No additions or subtractions of the Agenda were considered.

IV. APPROVAL OF MINUTES

Upon motion by Adrienne Christy and seconded by Mike Bordogna the minutes of December 5, 2022 were unanimously approved.

V. WORKSESSION ITEMS

Training for Upcoming Ridgway Project. Paul Major, Rural Homes

Paul Major of Rural Homes presented the request to hire SMRHA as a training consultant for the upcoming Ridgway Deed Restricted housing project lottery in Ouray County. After discussion, the Board agreed to these services contingent upon review of an Independent Contractor Agreement containing a timeline, maximum # of hours, and increased service fee to be reviewed at the March board meeting.

VI. ACTION ITEMS

Recommendation of Updated MFU Covenant. Action. Lois Major

Upon discussion of the recommendations presented by Lois Major, action on this item was continued to the March Board meeting. Lois agreed to look more closely at area rental rates and the grandfathering of developed vs. undeveloped properties.

VII. MANAGER REPORT

SMRHA Manager reviewed the Manager Report focusing on SMRHA's new administrative coordinator, upcoming compliance, and operational reserves.

VIII. OTHER BUSINESS

No other business was discussed.

IX. ADJOURN

Upon motion by Mike Bordogna and seconded by Scott Robson, the Regular Meeting of the San Miguel Regional Housing Authority (SMRHA) Board was adjourned by Lance Waring on February 6, 2023 at 2:07 p.m. via Zoom.

TO: SMRHA Board
CC: Courtney McEleney, SMRHA Manager; and Amy Markwell, SMC Attorney
FROM: Lois Major
DATE: February 22, 2023
MEETING: March 6, 2023
RE: Multi-Family Housing: Deed Restriction Review and Discussion-Part 3

1. Purpose: To review and discuss the restrictions and permissions of multi-family housing units (MFHU) through the Covenant and the LUC and to recommend action to the SMCHA Board.

2. Overview: Please review Memo from 2/6/23 and 11/7/22.

3. Background: The RHA Board discussed this topic during the properly noticed November 7, 2022 and February 6, 2023 meetings. The RHA board had more questions regarding exceptions and source of suggested rental rates.

4. Direction Going Forward:

- a) Grandfather in all current Owners of developed MFHU but need to still consider undeveloped MFHUs.
- b) Limit MFHU purchase to Qualified Employees and Qualified [LOCAL] Entity Owners (QEO) under a new DR and Covenant going forward. A new definition of QEO would be created to include a definition similar to the one adopted by the CHA for Pinion Park Norwood.
- c) Create Exception for QEO who are prohibited from owning MFHU because they own and occupy deed-restricted housing in the Telluride R-1 School District. Where an Exception be required impose a rental cap. Other Business Owners will not need an exception and therefore will not be subject to a rental cap.

5. New Language suggestions: These new definitions are repeated here from the 2/6/23 memo. Using the same language as the Pinion Park covenant. This will further the county's effort to keep regulations and definitions as consistent as possible.

- a) **QUALIFIED ENTITY OWNER** - an Owner who is a Business Owner, Land Contributor, Local Government or Special District located in and serving the County, with a local workforce working in the School District, that has been certified as Qualified by the HA to own a Housing Unit and who has agreed to the rental restrictions set forth in the Deed Restriction and these Guidelines. (G 1.72)
- b) **BUSINESS OWNER** - a person or entity that owns or operates a business located in and serving the County, with a local workforce working in the School District, and who has been certified by the Housing Authority to own a Housing Unit and who has agreed to the rental restrictions set forth in the Deed Restriction and these Guidelines. Note: Businesses who are in the business of residential property management, residential property rentals,

mobile home park ownership or rental and/or residential property ownership may not be certified as a Business Owner. (G 1.7)

- c) **SPECIAL DISTRICT-** is a quasi-municipal corporation and political subdivision of the State of Colorado formed to provide necessary public services that the county or municipality cannot otherwise provide. The formation and operation of a special district is governed by Title 32 of the Colorado Revised Statutes and other applicable laws. (G 1.85)
- d) **Qualified Owners. Qualified Entity Owners** shall be exempt from the Initial Qualification Standards and Eligibility Criteria. Tenants of all Qualified Entity Owner Housing Units shall meet the requirements above as required by Section 7, below. (G 3.3)
- e) **Qualified Entity Owners. Qualified Entity Owners** shall be subject to verification of Qualification of Entity Status. Tenants of all Qualified Entity Owner Housing Units shall meet all continuing requirements of the Covenant and Guidelines. Failure to do either or both is a material breach of the Covenant. (G 5.3)
- f) **Qualified Entity Owner Units:** Qualified Entity Owners are required to rent their Housing Units and all applicants interested in renting the Housing Unit shall apply to and be qualified by the HA under the standards delineated in Section 3. HOUSEHOLD QUALIFICATION, ELIGIBILITY AND PRIORITY. Qualified Entity Owners must fulfill the Minimum Household Size and not exceed the Maximum Household Size (Section 3.2.2 Chart). Qualified Entity Owners may rent to unrelated/non-Household applicants and treat each as a separate Household for purposes of qualification as described in 7.2 Room Rental, below. (G 7.1.2)
- g) All other rules and regulations apply to Qualified Entity Owners Housing Units. (G 7.1.3)
- h) **Initial Qualification.** 3.3.0 Qualified Entity Owners: Land Contributors, Business Owners, Local Governments, and Special Districts are exempt from the Initial Qualifications in 3.3.1 but shall comply with all Occupancy Qualification and Rental Standards required by the Covenant and Guidelines. (C 3.1).
- i) Businesses who are in the business of residential property management, residential property rentals, mobile home park ownership or rental and/or residential property ownership may not be certified as a Business Owner. (C 3.3.1.h.)

6. Occupants:

- a) **Current Requirements:** all occupants are subject to the standard initial qualification and on-going qualification standards. The on-going standards dovetail with the LUC or the MFHU Covenant. In a nutshell, the Occupant must earn more than 50% of their income from working in the Telluride R-1 School District and occupy the Unit as their sole and primary residence. The occupant may not own other residential property in the Telluride R-1 School District. There are no income or asset limits.
- b) **Work Requirement.** As you can see from the chart below the requisite employment hours is 1032 in the County, except for Pinion Park which is 1200.

- Several years ago, the Town of Telluride adopted the minimum requirement to work at least 40 hours per month for the 8 months of required residency on a rolling 12-month basis to ensure that owners/renters are working for a living and not working 80 hours a week for 4-5 months a year and then leaving or subletting their units.
- 1200 hours = 30 weeks of full-time work
- If the goal is to provide housing for local employees, living and working here are key elements.
- Consider broadening the recommendation to amend all of the Covenant Templates to include a minimum monthly employment figure.

Entity	Employment: Minimum Hours required	Minimum per month	Rolling term before	Rolling term continuing
Town Ownership	1400	40/hrs/month	12 of 16 months	8 of 12 months
Town Rental	1000	40/hrs/month	12 of 16 months	12 months
County LUC Ownership	1032	30/hrs/week x 8 months	8 months	8 months/year
County LUC Rental	1032	30/hrs/week x 8 months	8 months	8 months/year
County Covenant Ownership	1032 hours	none	8 of 12 months	12 months
County Covenant Rental	1032 which is an average of 30 hrs/week/for 8 months	none	Previous 12 months average	12 months
Pinion Park Norwood	1200	40/hrs/month	8 of 12 months	8 of 12 months
Proposed for the MFHU	1200	40/hrs/month	8 of 12 months	8 of 12 months

- c) **Proposed Requirements:** The proposed requirements would make it easier to advise prospective occupants as well as make it easier for the Administrator to verify compliance.

Occupants must work (or show a verifiable intent to work) a minimum of 1200 hours per year with an average of 30 hours per week for 8 of 12 months on a rolling 12-month basis, with a minimum of 40 hours in each of the 8 months counted and must occupy the Unit as their primary residence for 8 of 12 months on a rolling 12-month basis. The Occupant must earn over 50% of their income from work for which their presence is physically required within the boundaries of the Telluride R-1 School District. The occupant may not own other residential property in the Telluride R-1 School District.

7. Rentals:

a) Current Period of lease.

1. LUC. The LUC had a provision that requires a 12-month lease but also one that prohibits renting for less than 30 days. It remains unclear.
2. The Covenant has a nine (9) month lease requirement to comport with the Lawson Hill Property Owner Group’s declarations that prohibit rentals of less than 273 days (approximately 9 months).

b) Proposed Period of Lease: Minimum Lease period of nine (9) months. In cases where an exception is required, impose a rental cap in line with HUD Guidelines.

c) Rental Rate: See chart below. Are these numbers adequate or should there be an allowed local surcharge?

2 Bedroom	Town	County	Pinion Park	Aspen
90% AMI	\$ 1,721.00			\$ 1,374.00
110%-130% AMI	\$ 2,104.00			\$ 1,873.00
150%-200% AMI	\$ 2,869.00			\$ 2,394.00
DOLA	\$ 1,815.00	\$ 1,815.00		\$ 2,075.00
HUD (FMR)		\$ 1,711.00	\$1,711.00	\$ 1,919.00

8. Enforcement: The Owner is required to verify the rental occupant is qualified before the lease is signed. If the rental occupant is unqualified the rental occupant and the Owner will be considered in violation. The Schedule of Fines imposes a fee for this violation. This standard is necessary to put the onus of compliance on the Owner, see: Covenant §1.2.3. The Subject Property Owner shall not permit any ownership, use or occupancy of the Subject Property except in compliance with this Covenant.

9. Update other Templates: Should the County update all templates to clarify the Work Requirement (Section 6.c, above)?

10. Direction to SMCHA and SMRHA staff: Based upon your discussion, please move to make recommendations for changes to the MFHU Covenant accordingly.

Possible Motion:

#1. I MOVE to recommend to SMCHA changes to the MFHU Covenant as follows:

- Grandfather in current Owners of MFHU.
 - Developed Properties
 - Undeveloped Properties
- Limit MFHU purchase to Qualified Employees and Qualified [LOCAL] Entity Owners (QEO).
- Create a new definition of QEO would be created to include a definition similar to the one adopted by the CHA for Pinion Park Norwood.
- Create Exception for QEO who are prohibited from owning MFHU because they own and occupy deed-restricted housing in the Telluride R-1 School District. Impose rental cap as part of the Exception Agreement.
- Clarify and adopt new work hour minimum requirements for occupants as stated in 6.c., above.
- Require minimum 9-month lease.
- Other _____

#2. I MOVE to recommend to SMCHA changes to the County's Covenant Templates to Clarify and adopt new work hour minimum requirements for occupants as stated in 6.c., above.

Attachments:

1. Rental Rates: Aspen (p. 6)
2. Rental Rates: Town of Telluride (p.7)
3. Rental Rates: DOLA & HUD (p.8)
4. Memo from November 7, 2022 meeting
5. Memo from February 6, 2023 meeting

Aspen. - 2023 Maximum Rental Rates

TABLE III - APCA Regulations, page 16

Maximum Monthly Rental Rates for DEED-RESTRICTED rental units
Certain Property Deed-Restrictions allow for rental rates exceeding the rates below

Unit Size	Category 1	Category 2	Category 3	Category 4	Category 5	RO
Studio	\$571	\$1,018	\$1,520	\$2,018	\$2,483	\$2,767
1 Bedroom	708	1,195	1,693	2,215	2,699	2,960
2 Bedroom	838	1,374	1,873	2,394	2,886	3,138
3 Bedroom	971	1,536	2,056	2,572	3,065	3,320
4 Bedroom	1,061	1,618	2,112	2,625	3,098	3,373
SF Detached	1,105	1,731	2,232	2,655	3,151	3,406

Category 1 (50% AMI)	Category 2 (85% AMI)	Category 3 (130% AMI)	Category 4 (205% AMI)	Category 5 (240% AMI)	RO Category No income limit
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Rental Affordability Standards

Tier 1 Maximum Rental Rate

Unit Size:	Income Target:	Maximum Rental Rate:
1 Bedroom/Studio	70% of 1 Person AMI	\$1173/month less Utility Allowances
2 Bedroom	90% of 2 Person AMI	\$1721/month less Utility Allowances
3 Bedroom	90% of 3 Person AMI	\$1937/month less Utility Allowances
4 Bedroom	TBD	TBD

Tier 2 Maximum Rental Rate

Unit Size:	Income Target:	Maximum Rental Rate:
1 Bedroom/Studio	90% of 1 Person AMI	\$1508/month less Utility Allowances
2 Bedroom	110% of 2 Person AMI	\$2104/month less Utility Allowances
3 Bedroom	110% of 3 Person AMI	\$2368/month less Utility Allowances
4 Bedroom	TBD	TBD

Tier 3 Maximum Rental Rate

For Tier 3 units with permission to rent, the rental standard for Tier 1 units will be followed to calculate Maximum Rental Rate.

Tier 4 Maximum Rental Rate

Unit Size:	Income Target:	Maximum Rental Rate:
1 Bedroom/Studio	130% of 1 person AMI	\$2178/month less Utility Allowances
2 Bedroom	150% of 2 person AMI	\$2869/month less Utility Allowances
3 Bedroom	150% of 3 person AMI	\$3229/month less Utility Allowances
4 Bedroom	TBD	TBD

Cheryl Moore
Housing Specialist
Colorado Department of Local Affairs (DOLA)

The Payment Standards are determined by several factors.
DOH has the ability to use 80% to 120% of the FMR's.
FMR = rate determined by HUD annually, which is an estimate of the amount of money that would cover gross rents (rent and utility expenses) on 40 percent of the rental housing units in an area.

Division of Housing 2023 Payment Standards
Section 8 Choice Voucher
Effective 01/01/2023

County Name	SRO	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Eagle	1020	1360	1630	2200	2705	2905
Gunnison	720	965	1045	1345	1745	2175
Mesa	555	780	892	1171	1665	1996
Pitkin	1025	1370	1650	2075	2557	3180
Routt	960	1300	1410	1810	2175	2915
San Miguel	860	1145	1415	1815	2250	2785
Summit	1015	1350	1700	1945	2755	3195

HUD Final fiscal year 2023
Fair Market Rental Rates by Unit Size for San Miguel County

Source for chart: https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2023_code/2023summary.odn

Year	Studio	1 Bd.	2 Bd.	3 Bd.	4 Bd.
2023	\$1,144	\$1,300	\$1,711	\$2,082	\$2,763

TO: SMRHA Board
CC: Courtney McEleney, SMRHA Manager; and Amy Markwell, SMC Attorney
FROM: Lois Major
DATE: November 1, 2022
MEETING: November 7, 2022
RE: Multi-Family Housing: Deed Restriction Review and Discussion

1. Purpose: To review and discuss the restrictions and permissions of multi-family housing units (MFHU) through the Covenant and the LUC. Should they be clarified, expanded, tightened, or left as is?

2. Overview: Pursuant to the San Miguel Land Use Code, a Multi-family Unit is a dwelling unit in a structure containing three (3) or more such units not including hotels and lodges, but including town houses, with accessory use facilities limited to an office, laundry, recreation facilities and off-street parking used by the occupants. The definition also includes one or more dwelling units located within an office, retail, or service commercial building, including Live-work Housing Unit(s). Ownership of multi-family units is available to a broad range of persons and entities. According to the LUC the ownership of MFHUs is available to “any person, group, organization, agency or other entity may own one or more MFHU”. You may own more than one MFHU. However, if you own other (non-MFHU) San Miguel County deed-restricted property you may not also own MFHUs.

The SMCHA developed a MFHU Covenant Template in 2016 which has been updated in 2020 to include, along with the other templates, the Schedule of Violations and Fines and to incorporate the 100-year deed restriction term and amended again in 2022 adopting the addendum which requires the ownership entity (if it is not an individual) to declare its members and contact information and to advise SMCHA or its designee regarding any change in ownership of the entity.

Current MFHUs include Hunter’s Gulch and Rio Vista 1. There may be others built and there are more units yet to be built.

3. Ownership: The MFHU Covenant allows for a variety of owners with most restrictions focusing on occupancy.

4. Occupancy: Occupancy, whether owner-occupied or through rental, is limited to persons who qualify under the affordable housing guidelines (LUC) or the newly adopted multi-family covenant (MFHU Covenant). An Owner-occupant may not own multiple MFHUs.

All occupants are subject to the standard initial qualification and on-going qualification standards. The on-going standards dovetail with the LUC or the MFHU Covenant. In a nutshell, the Occupant must earn more than 50% of their income from working in the Telluride R-1 School District and occupy the Unit as their sole and primary residence. The occupant may not

own other residential property in the Telluride R-1 School District. There are no income or asset limits.

5. Rentals:

5.1 *Period of lease.*

1. LUC. The LUC had a provision that requires a 12-month lease but also one that prohibits renting for less than 30 days. It remains unclear.
2. The Covenant has a nine (9) month lease requirement to comport with the Lawson Hill Property Owner Group's declarations that prohibit rentals of less than 273 days (approximately 9 months).

5.2 *Work history:* Rental occupants must either work the requisite hours or demonstrate an intent to work which has been applied by RHA staff as having secured a job which would fulfill the 1032 hour requirement. This section could benefit from clarification.

5.3 *Enforcement:* The Owner is required to verify the rental occupant is qualified. If the rental occupant is unqualified the rental occupant and the Owner will be considered in violation. This standard is necessary to put the onus of compliance on the Owner, see: Covenant §1.2.3. The Subject Property Owner shall not permit any ownership, use or occupancy of the Subject Property except in compliance with this Covenant.

6. Concerns and discussion:

6.1 Business Owners. As the prices of deed-restricted housing outpaces the average worker's reach and dreams of home ownership are not a priority, business owners have voiced interest in owning deed-restricted units that can be rented to their employees. The MFHU is a good fit for those business owners *unless* that business owner lives in deed-restricted housing. In such a situation the business owner is prohibited from owning the MFHU first through its primary covenant and again through the MFHU Covenant.

- a) Is this a situation that you would like to see changed? If so, an administrative exception could be created to allow for Business Owners to Own DR property and also own DR rental MFHUs.
- b) If it is ok for Business Owners, what about regular people who own and reside in DR property and can afford to purchase & own DR rental MFHUs.

6.2 Out of Area Owners: Entities with no other ties to the community may own and rent MFHUs. Is this preferred to having local Business Owners own and rent them?

7. Direction to SMCHA and SMRHA staff: Based upon your discussion, please direct SMCHA and SMRHA staff to draft policies or addendum to the MFHU Covenant and schedule for another work session or action item as deemed appropriate.

LUC Provisions of note:

LUC 5-1303 Employee Housing Impact Fee

IX. c. Mitigation: Multi-Family Development (three (3) units or more) will be required to provide employee housing Impact Mitigation.

LUC 5-1305 B. X “Live-work Housing” shall mean a multi-family structure located within the Low Intensity Industrial (I) Zone containing Affordable Housing dwelling units, and industrial space. The number of industrial units may not exceed the number of Affordable Housing dwelling units in each structure.

LUC 5-1305 C. Any person, group, organization, agency or other entity may own one or more Affordable Housing "Multi-family Units" (as defined in Article 6 of this Land Use Code). Ownership of Multi-family units shall be subject to the Owner limiting occupancy of the Affordable Housing Multi-family Unit only to qualified Employees. On or prior to assuming ownership of an Affordable Housing Multi-family Affordable Unit, the Owner shall execute and record an Acknowledgement of Deed Restriction in the property records of San Miguel County.

MFHU Covenant sections of note.

Definitions: 14.28. Multi-family Unit. A dwelling unit in a structure containing three (3) or more such units not including hotels and lodges, but including town houses, with accessory use facilities limited to an office, laundry, recreation facilities and off-street parking used by the occupants. One or more dwelling units located within an office, retail or service commercial building, including Live-work Housing Unit(s), shall be considered multi-family dwelling unit(s).

2.2. Owner of Multi Family Units. Any person, group, organization, agency or other entity may own one or more Affordable Housing "Multi-family Units" unless Ownership Applicant owns other single-family residential deed-restricted property in the R-1 School District. Ownership Applicant must be in full compliance with the terms and conditions of its existing deed restrictions and covenants before certification by Administrator as Qualified Purchaser.

6.3. Multi-Family Unit Owner Standard. The Subject Property Owner supplies documentation that the Administrator acknowledges is sufficient to verify the following:

(a) The Subject Property Owner occupies the Subject Property subject to Section 3 above; OR

(b) The Subject Property Owner rents the Subject Property to a Qualified Occupant, subject to a minimum six (6) lease, who meets the Continuing Residence Standard in 7.2. below and meets the Continuing Employment Standard in 7.3 below; and

(c) The Subject Property Owner is in full compliance with all other deed-restriction covenants in R-1 School District.

6.4. **Multiple Residential Units.** In the event there is more than one residential dwelling unit in the Subject Property, Subject Property Owner may occupy one such residential dwelling unit and rent the other(s) subject to the terms and conditions in paragraph 4.

Section 9. **Ownership of Other Multi-family Units Allowed.**

9.1. Any person, group, organization, agency or other entity may own one or more Affordable Housing "Multi-family Units" defined below, Definitions, Section 14.28.

Section 10. **Ownership of Other Residential Property Prohibited.**

Prohibition for Subject Property Occupants. Subject Property Occupants as well as their Spouses and Dependents, if any, may not own more than a 10% interest, direct or indirect, in other Residential Property in the Telluride R-1 School District. This prohibition includes partial or full corporate ownership established to provide a beneficial interest sufficient to permit the use and occupancy by the owner or part owner of such property. Except as otherwise provided in this Section 10, and unless granted an exception pursuant to Section 11, failure to comply with this Section 10.1 is a violation of this Covenant and shall be addressed in accordance with the provisions of Section 12 of this Covenant.

TO: SMRHA Board
CC: Courtney McEleney, SMRHA Manager; and Amy Markwell, SMC Attorney
FROM: Lois Major
DATE: January 13, 2023
MEETING: February 6, 2023
RE: Multi-Family Housing: Deed Restriction Review and Discussion-Part 2

1. Purpose: To review and discuss the restrictions and permissions of multi-family housing units (MFHU) through the Covenant and the LUC and to recommend action to the SMCHA Board.

2. Overview: Pursuant to the San Miguel Land Use Code, a Multi-family Unit is a dwelling unit in a structure containing three (3) or more such units not including hotels and lodges, but including town houses, with accessory use facilities limited to an office, laundry, recreation facilities and off-street parking used by the occupants. The definition also includes one or more dwelling units located within an office, retail, or service commercial building, including Live-work Housing Unit(s). Ownership of multi-family units is available to a broad range of persons and entities. According to the LUC the ownership of MFHUs is available to “any person, group, organization, agency or other entity may own one or more MFHU”. You may own more than one MFHU. However, if you own other (non-MFHU) San Miguel County deed-restricted property you may not also own MFHUs.

The SMCHA developed a MFHU Covenant Template in 2016 which has been updated in 2020 to include, the Schedule of Violations and Fines and the 100-year deed restriction term. It was amended again in 2022 adopting the addendum which requires the ownership entity (if it is not an individual) to declare its members and contact information and to advise SMCHA or its designee regarding any change in ownership of the entity. The LUC and the MFHU template are both subject to the Procedures adopted in 2022.

Although there are not too many MFHU in existence (Namely, Hunter’s Gulch and Rio Vista 1), several are on the horizon.

3. Background: The RHA Board discussed this topic during the properly noticed November 7, 2022 meeting. The RHA board suggested some changes and raised some concerns. Specifically, The RHA Board agreed that who occupies the units is important and that local business owners who also own and occupy other DR-property should be given the opportunity to own at least one MFHU. Concerns about out-of-area owners was raised and it was questioned whether they could be excluded. Highlights from the 11/1/22 meeting include:

- a) no out-of-area owners should own multi-family units.
- b) current out-of-area owners should be grandfathered in
- c) new arrangements should be handled as an Exception and set a rental cap.
- d) make it possible to own and occupy a DR unit in the R-1 TSD and buy a maximum of one MFHU with a rental price cap.
- e) Make d), above, an administrative exception.

- f) Local business owners should be allowed to own some number of units but no consensus on the number during the meeting.
- g) Beef up rental work and residency requirements?

4. Direction Going Forward:

- a) Grandfather in all current Owners of MFHU.
- b) Limit MFHU purchase to Qualified Employees and Qualified [LOCAL] Entity Owners (QEO). A new definition of QEO would be created to include a definition similar to the one adopted by the CHA for Pinion Park Norwood.
- c) For QEO consider imposing a rental cap as part of the Exception Agreement. NOTE: Rental caps are a statewide concern and have been held to be unenforceable laws. However, in exchange for an exception, a QEO could agree to a rental cap.
- d) Create Exception for QEO who are prohibited from owning MFHU because they own and occupy deed-restricted housing in the Telluride R-1 School District. Consider imposing rental cap as noted above.

5. New Language suggestions: These new definitions could be incorporated into the MFHU Template to further the direction of the RHA. Please note that these are definitions taken from the Pinion Park Norwood Covenant and Guidelines. The number in parentheses are the location in from the Pinion Park Norwood Covenant (“C”) or Guidelines (“G”). Using the same language will continue the county’s effort to keep regulations and definitions as consistent as possible.

- a) **QUALIFIED ENTITY OWNER** - an Owner who is a Business Owner, Land Contributor, Local Government or Special District located in and serving the County, with a local workforce working in the School District, that has been certified as Qualified by the HA to own a Housing Unit and who has agreed to the rental restrictions set forth in the Deed Restriction and these Guidelines. (G 1.72)
- b) **BUSINESS OWNER** - a person or entity that owns or operates a business located in and serving the County, with a local workforce working in the School District, and who has been certified by the Housing Authority to own a Housing Unit and who has agreed to the rental restrictions set forth in the Deed Restriction and these Guidelines. Note: Businesses who are in the business of residential property management, residential property rentals, mobile home park ownership or rental and/or residential property ownership may not be certified as a Business Owner. (G 1.7)
- c) **SPECIAL DISTRICT**- is a quasi-municipal corporation and political subdivision of the State of Colorado formed to provide necessary public services that the county or municipality cannot otherwise provide. The formation and operation of a special district is governed by Title 32 of the Colorado Revised Statutes and other applicable laws. (G 1.85)
- d) **Qualified Owners.** Qualified Entity Owners shall be exempt from the Initial Qualification Standards and Eligibility Criteria. Tenants of all Qualified Entity Owner Housing Units shall meet the requirements above as required by Section 7, below. (G 3.3)

- e) Qualified Entity Owners. Qualified Entity Owners shall be subject to verification of Qualification of Entity Status. Tenants of all Qualified Entity Owner Housing Units shall meet all continuing requirements of the Covenant and Guidelines. Failure to do either or both is a material breach of the Covenant. (G 5.3)
- f) Qualified Entity Owner Units: Qualified Entity Owners are required to rent their Housing Units and all applicants interested in renting the Housing Unit shall apply to and be qualified by the HA under the standards delineated in Section 3. HOUSEHOLD QUALIFICATION, ELIGIBILITY AND PRIORITY. Qualified Entity Owners must fulfill the Minimum Household Size and not exceed the Maximum Household Size (Section 3.2.2 Chart). Qualified Entity Owners may rent to unrelated/non-Household applicants and treat each as a separate Household for purposes of qualification as described in 7.2 Room Rental, below. (G 7.1.2)
- g) All other rules and regulations apply to Qualified Entity Owners Housing Units. (G 7.1.3)
- h) Initial Qualification. 3.3.0 Qualified Entity Owners: Land Contributors, Business Owners, Local Governments, and Special Districts are exempt from the Initial Qualifications in 3.3.1 but shall comply with all Occupancy Qualification and Rental Standards required by the Covenant and Guidelines. (C 3.1).
- i) Businesses who are in the business of residential property management, residential property rentals, mobile home park ownership or rental and/or residential property ownership may not be certified as a Business Owner. (C 3.3.1.h.)

6. Occupants:

- a) Current Requirements: all occupants are subject to the standard initial qualification and on-going qualification standards. The on-going standards dovetail with the LUC or the MFHU Covenant. In a nutshell, the Occupant must earn more than 50% of their income from working in the Telluride R-1 School District and occupy the Unit as their sole and primary residence. The occupant may not own other residential property in the Telluride R-1 School District. There are no income or asset limits.
- b) Proposed Requirements: The proposed requirements would make it easier to advise prospective occupants as well as make it easier for the Administrator to verify compliance.

Occupants must work (or show a verifiable intent to work) a minimum of 1200 hours per year with an average of 30 hours per week for 8 of 12 months on a rolling 12-month basis, with a minimum of 40 hours in each of the 8 months counted and must occupy the Unit as their primary residence for 8 of 12 months on a rolling 12-month basis. The Occupant must earn over 50% of their income in the from working for which their presence is required within the boundaries of the Telluride R-1 School District. The occupant may not own other residential property in the Telluride R-1 School District.

7. Rentals:

a) Current Period of lease.

- 1. LUC. The LUC had a provision that requires a 12-month lease but also one that prohibits renting for less than 30 days. It remains unclear.
- 2. The Covenant has a nine (9) month lease requirement to comport with the Lawson Hill Property Owner Group’s declarations that prohibit rentals of less than 273 days (approximately 9 months).

c) **Proposed Period of Lease:** Minimum Lease period of nine (9) months. In cases where an exception is required, impose a rental cap in line with HUD Guidelines. See chart below. Are these numbers adequate or should there be an allowed local surcharge?

HUD Final fiscal year 2023 & Final fiscal year 2022
Fair Market Rental Rates by Unit Size for San Miguel County

Year	Studio	1 Bd	2 Bd	3 Bd	4 Bd
2022	\$1,112	\$1,296	\$1,673	\$2,137	\$2,687
2023	\$1,144	\$1,300	\$1,711	\$2,082	\$2,763

d) **Enforcement:** The Owner is required to verify the rental occupant is qualified before the lease is signed. If the rental occupant is unqualified the rental occupant and the Owner will be considered in violation. The Schedule of Fines imposes a fee for this violation. This standard is necessary to put the onus of compliance on the Owner, see: Covenant §1.2.3. The Subject Property Owner shall not permit any ownership, use or occupancy of the Subject Property except in compliance with this Covenant.

8. Direction to SMCHA and SMRHA staff: Based upon your discussion, please move to make recommendations for changes to the MFHU Covenant accordingly.

Possible Motion: I MOVE to recommend to SMCHA changes to the MFHU Covenant as follows:

- Grandfather in all current Owners of MFHU.
- Limit MFHU purchase to Qualified Employees and Qualified [LOCAL] Entity Owners (QEO).
- Create a new definition of QEO would be created to include a definition similar to the one adopted by the CHA for Pinion Park Norwood.
- For QEO impose a rental cap as part of the Exception Agreement.
- Create Exception for QEO who are prohibited from owning MFHU because they own and occupy deed-restricted housing in the Telluride R-1 School District. Impose rental cap as part of the Exception Agreement.
- Adopt new work/income requirements for occupants as stated in 6.b., above.
- Require minimum 9-month lease.
- Other _____

Attachment: Memo from November 7, 2022 meeting.

**PARADOX COMMUNITY TRUST
INDEPENDENT CONTRACTOR AGREEMENT**

THIS AGREEMENT is made this ____ day of March 2023, by and between the Paradox Community Trust, PO Box 4222, Telluride, CO 81435 (“Trust”), and SMRHA (“Contractor”), PO Box 840, Telluride, CO 81435.

WHEREAS, the Trust requires the services of a Lottery Advisor for it’s Rural Homes (RH) project to direct the execution of the deed restriction sales lottery process for the Ridgway Wetterhorn Homes and Ouray Waterview Homes developments.

WHEREAS, the Contractor has reviewed the scope of work for this work;

WHEREAS, Contractor has performed similar services in the past; and

WHEREAS, the Trust desires to contract with the Contractor to perform the scope of services and budget listed in the Scope of Work included as Attachments A;

NOW THEREFORE, in consideration for the above recitals and the mutual promises made herein, the Trust and Contractor agree as follows.

1. Services. Contractor hereby agrees to perform the following services as described in Attachment A: Scope of Work.
2. Compensation. The Trust shall pay Contractor a fixed contact fee of **\$45/hour up to 50 total hours**.

Pre-approved expense reimbursement to include travel (at the current federal mileage rate), postage, copies, supplies, and other responsible expenses required to complete the services listed in the Scope of Work. Contractor will submit monthly invoices, listing services performed and documenting any expense reimbursements, each month to the Trust/Rural Homes for reimbursement.

3. Term. The term for this Agreement shall be from March 15, 2023, through December 31, 2023, with the option to extend for additional terms, if agreed to in writing.
4. Independent Contractor. The Contractor shall perform hereunder as an independent contractor for purposes of performing services listed in the Scope of Work, including travel related to work, seminars, and conferences. Contractor shall furnish all supervision, labor, materials, equipment, supplies, and other incidentals to complete this Agreement. Contractor may complete a portion of the job responsibilities at the Contractor’s home office, using the Contractor’s personal office equipment. Contractor shall pay when due all required employment taxes and income tax withholding, including all federal and state income tax on any moneys paid pursuant to this contract. Contractor shall have no authorization, express or implied, to bind the Trust to an agreement, liability, or understanding except as expressly set forth herein.

The Trust is required to issue a form 1099 to report wages paid under this agreement for each calendar year.

5. Ineligibility for Benefits. The Contractor is not, under this agreement, an employee of the Fund and is not eligible for any benefits that may be available to employees of the Trust.
6. Insurance. Contractor is responsible for complying with state and federal requirements pertaining to Workmen's Compensation insurance and employee liability insurance. Contractor acknowledges that it and any employee are not entitled to unemployment insurance benefits unless the Contractor or third party provides such coverage, and that the Trust does not pay for or otherwise provide such coverage or any other benefits.
7. Applicable Law Interpretation. At all times during the performance of this Agreement, the Contractor shall strictly adhere to all applicable federal, state, and local laws, rules, and regulations that have been or may hereafter be established, and all work performed under this Agreement shall comply with Federal, State, and local laws, rules, and regulations.
8. Work Quality. The Contractor warrants to the Trust that all services provided will be of good professional quality, and in conformance with this Agreement.
9. No Third Parties. This Agreement does not and shall not be deemed to confer upon any third party any benefit of right to claim damages to bring suit, or other proceeding against either the Trust or Contractor because of any term contained in this Agreement.
10. Assignment. This Agreement is for personal services predicated upon Contractor's special expertise, abilities or knowledge, and Contractor shall not assign this Agreement in whole or in part without prior written consent of the Trust. This shall not prohibit Contractor from employing qualified personnel who shall work under its supervision.
11. Entire Agreement. This Agreement constitutes the entire integrated agreement and understanding between the parties and supersedes any prior written or oral agreement or understanding relating to the subject matter of this Agreement.
12. Modification. This Agreement may be modified, amended, or extended only by mutual consent of both parties. Any modification, extension or amendment to this agreement will be effective only when it is in writing and approved by both parties.
13. Termination. This agreement may be terminated by either party upon 14 days written notice. The Contractor will be paid for all hours worked and expenses incurred through the date of termination.
14. Legal. The laws of the State of Colorado shall govern this agreement. If any provision of this agreement is held to be invalid, void, or unenforceable by any court of competent jurisdiction, all remaining provisions of this agreement will continue to be in full force without being impaired or invalidated in any way.
15. Notices. Except as otherwise stated in this Agreement, any notice or demand to be given under this Agreement shall be delivered in person, via electronic mail, or by United States Mail. Any notices or other communications shall be addressed as follows:

Paradox Community Trust:

Paul Major, President
PO Box 4222
Telluride, CO 81435
paul@ruralhomesproject.co
(970) 209-2880

Contractor:

SMRHA
PO Box 840
Telluride, CO 81435
courtney@smrha.org
(970) 728-3034

Paradox Community Trust:

Paul Major, President

Date

Contractor:

Courtney McEleney, SMRHA

Date

ATTACHMENT A - SCOPE OF WORK

Background:

Located in Telluride, Colorado, Paradox Community Trust, and its subsidiaries, is building workforce housing in the region. Paradox Community Trust intends to permit, finance, build and sell approximately 120 deed restricted homes in four towns in the next 36 months.

Summary and Responsibilities:

The Contractor will provide training and assist in the execution of the deed restriction home sale lottery process for Ridgway Wetterhorn Homes and Ouray Waterview affordable housing developments. The Contractor will report to the Trust President and work with designated Impact Development Fund staff.

Required Specific Tasks [MONTHS SUBJECT TO CHANGE]:

- Set lottery calendar [MARCH 2023]
- Assist in the creation of Lottery Materials [MARCH 2023]
 - May 2023 Ridgway potential lottery date
 - October 2 Ouray potential lottery date
- Train and supervise designated IDF staff on lottery process and compliance [MARCH & APRIL 2023]
- Support staff by answering questions throughout the lottery period. [MAY & OCTOBER 2023]
- Be available to answer questions from local elected officials on the deed restriction lottery process.



820 Black Bear Road, Unit G-17
P.O. Box 840, Telluride, CO 81435
Tel: 970-728-3034 Fax: 970-728-5371
E-mail: admin@smrha.org Web: www.smrha.org

MANAGER REPORT

March 6, 2023

Administration

- SMRHA will be enforcing fee structure
- Moving to online forms – SMC first
- First Newsletter went out March 3

Deed Restriction

- **SMC:**
 - 4 Pinion Park March Closings
 - 2 Other SMC March Closings
 - 1 Open NOV
 - No new Intent to Sells
 - Reaching out to all rentals
- **TOT:**
 - 1 March Closing
 - 1 May Closing
 - 2 On-Going Compliance Issues
 - Ongoing review of TAHG – Public Meeting March 21
 - Reaching out to all Mandatory EDU and AHU Rentals



820 Black Bear Road, Unit G-17
P.O. Box 840, Telluride, CO 81435
Tel: 970-728-3034 ext.4 Fax: 970-728-5371
E-mail: courtney@smrha.org Web: www.smrha.org

SAN MIGUEL REGIONAL HOUSING AUTHORITY 2023 BOARD MEETINGS

1 P.M.

(unless otherwise noted)

Via Zoom	ID#: 484.178.1222	PW: SMRHA2023
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January 3 - CANCELED

February 6

March 6

April 3

May 1

June 5

July 5

August 7

September 5

October 2

November 6

December 4

The Meeting Dates and Times are subject to change as are the Agendas, including the addition of items or the deletion of items at any time. If you are planning to come speak to a specific matter, please let the SMRHA Manager know by calling Courtney at 970-728-3034, ext. 4.

Packet materials are available from the San Miguel Regional Housing Authority by contacting the SMRHA Office no later than 24 hours prior to the meeting.