



## Guidelines for Purchasing an Affordable Home

Every household-buyer of a deed-restricted affordable housing unit must be income-qualified by the Community Partnership Office (CPO). Such affordable housing units are created through a process in which a developer applies to the City to have the development designated as an affordable housing development. This designation entitles the developer to expedited approvals and reduced development fees. The reduced development fees are intended to enable the developer to offer the affordable housing units at prices that an income-qualified household can reasonably afford.

The City maintains a list of applications from households for affordable housing. This list includes three sub-lists. The first list has households who have been income-qualified by the CPO. The second list has households who have applied to be income-qualified and either have not provided sufficient documentation to enable the CPO to income-qualify the household, or are waiting for full approval from an internal group of staff members who meet weekly to make income determination approvals. The final list includes households who do not qualify or have removed themselves from the process. The first list shows the date each applicant was approved. If a household on the non-qualified list becomes qualified at a later date, that household is moved back to the in-process list, and if qualified, to the approved list showing the date the application was approved.

Only income-qualified households may purchase an affordable home, but **income-qualified households are not guaranteed the purchase of an affordable home**. Income-qualification is the minimum requirement to give a household the opportunity to allow the applicant to purchase an affordable housing unit.

When a builder of an affordable housing development begins construction and is ready to sell an affordable housing unit, the list of income-qualified households will receive an email from the builder with information about the home, similar to an MLS listing, although the home will not be listed on the MLS unless no approved households wish to purchase the home. The email from the builder will include a document with information about how to write the contract to be considered for the purchase. The income-qualified buyer is asked to respond to the email within 72 hours. Subject to fair housing and discrimination laws, the builder has full discretion to choose which income-qualified buyer they will sell the home to.

Income qualification is based on annual household income. This is accomplished by comparing the most recent full calendar year of gross income to the current HUD income limits for a household of that size. Gross income is determined by referencing a variety of income documentation, including the most recently filed federal tax returns, W-2 forms, copies of a loan application and qualification letter, and sixty-days of the household's most recent pay stubs or Social Security and Disability statements of benefit. Proof of income is compared to the HUD annual income limits to determine if the household is income-qualified. The review committee has the discretion to consider current year and past years' income information to consider expected changes in circumstances or extraordinary occurrences.

Changes in gross income must be submitted to the Community Partnership Office, including the most recent Federal tax return. If an applicant is not under contract within six months of initial qualification, updated paystubs and other income information must be provided to the CPO. If an applicant is not under contract by April 15<sup>th</sup> of any given year, a new tax transcript must be provided to the CPO. Any updated information or documentation will be reviewed by the review

committee within 10 days to recalculate the most recent full year of gross income to affirm or reverse its previous income qualification decision to ensure a fair, just, and reasonable result.

## INCOME QUALIFICATION PROCESS

Documents required to determine income qualification:

- Complete and notarized *Qualified Affordable Housing Application*
- A copy of all pay stubs the applicant or any adult household member has received in the last 60 days (full-time students excluded).
- A copy of any documents that would show other sources of income such as unemployment benefits, Social Security, VA benefits, food stamps, etc.
- If the applicant or a household member is self-employed, a profit and loss statement for the last 6 months.
- Copies of all state, federal, and business tax returns or tax transcripts for the last 2 years.
- Copies of the applicant's and other household member's W-2's and/or 1099's for the last two years.
- Copy of the fully completed loan application from the lender the applicant has chosen to finance the purchase of the house.
- Copy of the loan qualification letter from the lender.

Note that submitted documents may result in additional documents needed to determine income. For example, if income includes over-time pay, year-to-date over-time pay information will be required. If income is from child support, a history of payments and/or a divorce decree will be required. If income is from a retirement account, prior year withdrawals will be required.

Timeline and Next Steps

- After an application is received, the Community Partnership Office will submit information in writing to the applicant within 10 business days stating that the application is complete or additional information is needed to complete the application.
- When all information has been submitted, the Community Partnership Office has up to 10 business days to review the full application, and to let the applicant know if additional information is needed to supplement the application. The applicant will also receive an email within the said 10 business days stating the date the review committee is scheduled to evaluate the full application.
- Application reviews occur weekly. After the review, the applicant will receive an email stating whether or not the application was approved or denied. If the application is denied, the email will state the reason.
- Once an application has been approved, the Community Partnership Office will complete a checklist with the applicant within 10 business days of approval. This is done to ensure the household is aware of the affordable housing restrictions on the home purchase and the requirement, should the family wish to sell the home within 20 years of purchase, that the home must be sold to another income-qualified household.
- Once the Community Partnership Office has completed steps 1 through 9 on the checklist found on page 3, the application is solely in the hands of the builder. Although the Community Partnership Office will be available to answer questions, the rest of the process is between the builder and the buyer.

Appeal Process

- Denied applicants have the option to appeal the process with the Deputy City Manager.

**2023 INCOME GUIDELINES**

2023 HUD Income Limits - Larimer County								
# of Persons in Household	1	2	3	4	5	6	7	8
100%	\$ 79,600	\$ 90,900	\$ 102,300	\$ 113,600	\$ 122,700	\$ 131,800	\$ 140,900	\$ 150,000
80%	\$ 63,600	\$ 72,700	\$ 81,800	\$ 90,850	\$ 98,150	\$ 105,400	\$ 112,700	\$ 119,950
75%	\$ 59,700	\$ 68,175	\$ 76,725	\$ 85,200	\$ 92,025	\$ 98,850	\$ 105,675	\$ 112,500
70%	\$ 55,720	\$ 63,630	\$ 71,610	\$ 79,520	\$ 85,890	\$ 92,260	\$ 98,630	\$ 105,000
60%	\$ 47,760	\$ 54,540	\$ 61,380	\$ 68,160	\$ 73,620	\$ 79,080	\$ 84,540	\$ 90,000
50%	\$ 39,800	\$ 45,450	\$ 51,150	\$ 56,800	\$ 61,350	\$ 65,900	\$ 70,450	\$ 75,000
40%	\$ 31,840	\$ 36,360	\$ 40,920	\$ 45,440	\$ 49,080	\$ 52,720	\$ 56,360	\$ 60,000
30%	\$ 23,900	\$ 27,300	\$ 30,700	\$ 34,100	\$ 36,850	\$ 40,280	\$ 45,420	\$ 50,560

**APPLICATION CHECKLIST**

Applicant: \_\_\_\_\_ Date: \_\_\_\_\_

**REQUIRED DOCUMENTS RECEIVED**

- \_\_\_\_\_ 60 days pay stubs from all household members
- \_\_\_\_\_ Last year's tax return from all household members
- \_\_\_\_\_ Last year's W-2 from all household members
- \_\_\_\_\_ Statements evidencing additional income from all household members
- \_\_\_\_\_ Loan application
- \_\_\_\_\_ Loan qualification letter

1. \_\_\_\_\_ Date application received. Copy given to applicant \_\_\_\_\_
2. \_\_\_\_\_ Stated annual income on application
3. \_\_\_\_\_ Application notarized
4. \_\_\_\_\_ Live or work in Loveland
5. \_\_\_\_\_ Received other income information if applicable
6. \_\_\_\_\_ Annual income after review
7. \_\_\_\_\_ 70% AMI for year \_\_\_\_\_ Number of people in home \_\_\_\_\_
8. \_\_\_\_\_ Signed checklist returned to CPO. Copy given to applicant \_\_\_\_\_
9. \_\_\_\_\_ CPO approval letter sent to applicant
10. \_\_\_\_\_ Aspen Homes approval document signed by CPO and returned
11. \_\_\_\_\_ Deed Restriction signed by Aspen Homes and recorded. On file in customer folder.
12. \_\_\_\_\_ Closing date
13. \_\_\_\_\_ Lienees Acknowledgement and Deed Restriction received from Title Company

**Approval Signatures**