

PART III

APCHA ELIGIBILITY AND QUALIFICATION

Section 1. Eligibility

To be eligible to rent or purchase a unit in APCHA's inventory, unless an applicable deed restriction otherwise requires, eligible applicants/households must:

- Work full-time, 1,500 hours per calendar year in Pitkin County and/or for a Pitkin County employer and earn at least 75% of household total income in Pitkin County;
- Occupy APCHA unit as a primary residence **and** occupy the unit at least nine months per calendar year;
- Own no other developed residential property within the Ownership Exclusion Zone (OEZ) in accordance with Part III, Section V, this prohibition includes ownership by a spouse or member of a household;
- Meet the applicable income and asset limits; and
- Satisfy all other applicable requirements of these regulations.

Applicants for workforce housing in the APCHA inventory must submit applications and documents required to verify compliance with the above referenced requirements, including without limitation, employment and work history, income and assets, household size, and such other information deemed necessary by APCHA in order to qualify as a tenant or qualified buyer. Approval must be granted by APCHA prior to signing a lease, taking title to a unit, occupying a unit, adding a name to the title of an ownership unit or a lease, or submitting a bid on an ownership unit.

Applicants for workforce housing in the APCHA inventory will only be allowed to have one qualification packet on file at any given time and it must include their entire household (see Part III, Section 2.B. 3&4). Any change in household will not be approved until point of requalification.

Fraud Warning

Signatures on documents submitted to APCHA constitute verification that all information provided is true and accurate. If any such information is determined to be false or non-verifiable, such person may be disqualified by APCHA and referred to law enforcement for investigation and/or prosecution.

A disqualified APCHA owner must list his/her ownership unit for sale as specified in the deed restriction within thirty (30) days of disqualification. A disqualified tenant's lease shall be terminated within 30 days of disqualification.

Disqualified persons may be denied future participation in the affordable housing program. Mortgage fraud may be referred to FBI for investigation.

Section 2. Qualification Rules

In addition to the information referred to above, applicants shall submit original picture IDs, affidavits and signed legal documents, providing copies (not originals) of all required documents for APCHA files. Applicants shall be charged for copies made in APCHA offices.

APCHA charges fees for applications, bid submissions, handling transactions, various filings and other services provided. Fees are payable to City of Aspen upon submission of documents or as specified in Regulations. See Appendix B for APCHA fees.

All APCHA application materials and documents shall remain confidential except as required by the Colorado Open Records Act, C.R.S. 24-72-201, *et seq.*

A. Application and Qualification

1. Application for Rental Units

A rental applicant must be submitted with all required information and fees after a rental unit is offered to him/her and prior to signing a lease or occupying a unit. See Part IV for rental policies and procedures.

Rental applicants may sign up for an advertised unit at the APCHA office, or for rental of a unit under private property management by contacting the manager or owner of an advertised rental unit directly. Look on www.apcha.org for a list of APCHA rental units and complexes.

2. Application for Ownership Units

Persons desiring to acquire a deed-restricted ownership unit in the APCHA inventory, including category and RO units, must first submit a Qualification Application and all other required documentation to APCHA for approval and for APCHA to determine qualification. A bid may be submitted with the application or after approval of the application. Each Qualification Application, after approved by APCHA, shall be valid for up to one year and will need to be updated with new information. Updated tax information is requested after January 31st and April 15th.

All persons who may occupy a unit, regardless of marital or legal status, are included for the purpose of determining the members of the household and the category. Married persons are considered as members of a single household whether they both will occupy the unit or not. Married couples may submit only one joint bid for a unit and may not submit separate bids.

B. Verification Documents

In order to determine that an applicant or household meets all of the applicable criteria, APCHA must obtain specific documentation as follows:

1. Personal Identification Documents

Applicants must present original personal identification documents and provide copies for APCHA records for approval, including the following:

- Photo ID: Valid Colorado driver license (restricted licenses, those stating “not valid for federal identification, voting or public benefit purpose” are not accepted), passport or state-issued photo ID card; and
- Proof of legal residency: Passport, Social Security Card, Permanent Resident Card.

2. Documents Verifying Employment/Work

APCHA qualification requires that applicants work full-time in Pitkin County as defined herein. RO applicants must demonstrate that at least seventy-five percent (75%) of household income is earned in Pitkin County.

- Applicants shall verify household income earned in Pitkin County by submitting copies of complete federal and state tax returns, and W-2 or 1099 forms.
 - Rental applicants shall submit documents for the year preceding application; ownership applicants shall submit documents for two years preceding, or more as required to establish priority.
- a. Employed applicants – Applicants working for an employer shall submit at least the following:
- Copies of W-2s and/or 1099 forms for all employees in the household;
 - Copies of most recent paycheck stubs to verify current employment and income; and
 - APCHA Employment Verification form signed by employer(s).
- b. Self-employed, employer, business owner applicants

A self-employed, employer, or business owner applicant must work in Pitkin County a minimum of 1,500 hours per calendar year and earn at least 75% of their income within Pitkin County, from selling their goods and services to individuals, businesses, or institutional operations within Pitkin County. They must demonstrate a profit on an income tax return for at least three out of the last five years.

Employment/work verification takes into consideration the seasonal, non-traditional nature of some employment and free-lance work in the city and county. An applicant who is self-employed in Pitkin County or who works full-time within the county for a business or institution whose principal place of business is not located in Pitkin County, must provide proof of full-time employment as follows:

Required Documentation:

- Copies of the most recently filed tax return, including federal and state returns and all schedules and business tax returns;
- Copies of most recent W-2s (if applicable) and or 1099s for all employment;
- Copies of paycheck stubs received (if applicable);
- Current profit and loss statement where applicable; and
- Verification of working or doing business in Pitkin County.

APCHA may require further documentation for proof of employment in Aspen or Pitkin County. This documentation may include, but is not limited to, business and personal banking records and utility bills, as well as:

- Proof of the location of a business in Aspen or Pitkin County and a copy of lease for office space located in Aspen or Pitkin County, where applicable.
- Proof of operating expenses, such as: insurance, tax payments, rent, utilities, etc.
- Proof of hours worked, such as, a copy of current detailed work log or appointment book for the last year showing hours worked daily on each job or appointment, with clients' names and local addresses. Hours spent in administrative work such as

marketing or accounting in support of business, will count toward the work-hour requirement if demonstrated to and approved by APCHA.

- Copies of client invoices showing hours on a job and/or payment for invoiced work.
- Client list providing names, local telephone numbers and addresses, description of type of work performed, and approximate hours spent working for a client in the year.
- Copies of personal and business banking records.
- City of Aspen home occupancy license – is required for offices located in residential dwellings. The license is to ensure that the home occupation is clearly incidental and secondary to the residential character of the home.
- City of Aspen business license – required for any entity doing business within the city limits either directly or indirectly; this includes businesses making retail sales and businesses that provide services only.
- Aspen/Pitkin County home occupancy – a letter confirming that you comply with the Aspen/Pitkin County home occupancy requirements.
- Business plan
- Other documentation as deemed necessary.

c. Retired or Disabled former Employees who worked within Pitkin County Full-Time

An individual who was a full-time employee/worker in Pitkin County for a minimum of ten year immediately prior to retirement age as defined in Part VIII of these Regulations, shall be allowed to rent and/or own such housing. An individual is allowed to retire at age 62 if they can document a 30-year work history with 15 of those years immediately preceding retirement age residing in APCHA housing.

An individual who was a full-time employee/worker in Pitkin County for a minimum of four years immediately prior to disability, shall be allowed to rent and/or own such housing.

3. Verification of Qualified Household Size

The total number of persons in a household, including qualified *adults* and *dependents* (See Definitions), are counted in determining the unit size for which an APCHA applicant may qualify. The occupancy requirement for any unit is at least one person per bedroom. For dependents, proof of custody is required. A dependent subject to a custody order must live in the household a minimum of 100 days per year as demonstrated by court documents or a notarized custody affidavit in order to qualify as a member of the household. Two adults that share custody of children are allowed in total the number of bedrooms of individuals plus one. For example, if there are two children, the household would be allowed to have at most five bedrooms combined.

If at the time of application, a household is expecting the birth of a child, such child will be counted as a member of the household upon APCHA's receipt of a letter from a doctor stating the due date and receipt of a custody order agreement if applicable.

In establishing household size, all individuals who will be occupying a unit regardless of legal or marital status shall be parties to or named in the application and must submit all verification documents.

4. Verification of Household Gross Income and Net Assets

The gross income and net assets of all members of a household shall be included in determining qualifications and category for which the household qualifies. Rental and ownership applicants shall provide the required income and asset information for APCHA review and approval as specified below. See Table II for Maximum Gross Income and Net Assets per Household for rental and ownership unit sizes and categories.

a. Income Verification

Applicants shall submit copies of their most recently filed tax returns, including federal and state returns and all schedules and business tax returns. If applicants do not have copies of their W2's or tax returns, they must request and obtain earnings and tax information from the Social Security Administration (SSA) or the IRS.

- All applicants shall submit required tax documents for the past two years.
- All applicants must submit an APCHA Employment Verification form signed by the applicant's employer(s), if requested by APCHA.

b. Income Calculation

After February 1 of each year, households must provide updated W2's/1099's, etc. After April 15 of each year, households MUST provide updated Federal and State tax returns.

APCHA must calculate personal and household income in order to qualify applicants, determine category, and to determine compliance. There is no exact formula for determining annual income because every person or household's sources of income and documentation of such income may be different. Therefore, APCHA can only identify the sources of income and the documentation of such income that are considered in determining if applicable income limitations are satisfied. It is the responsibility of all persons and households to accurately and satisfactorily document income.

The information below relates to how APCHA determines income for APCHA's requirements, not Low-Income Housing Tax Credit requirements.*

1. Sources of income and documentation of such income shall include:

- Wages (largest amount from W2s/1099s)
- Business/Self Employed. Start with the net profit/loss and add back in: depreciation, depletion, amortization, nonrecurring losses, loss carry-overs, capital equipment, travel, meals, entertainment and personal expenses (such as phone bill), office-in-home expenses, interest on business debt, charitable contributions and self-employment tax. Valid: Insurance, paying wages to someone else, licensing fees, advertising, office supplies, classes, tools for a contractor)
- Regular payments or distributions received from annuities, insurance policies, retirement funds, pensions, disability benefits, and death benefits
- Social Security Income (gross amount)
- Dividend/Interest
- Rental Income (gross amount less utilities, maintenance/repairs, advertising, interest portion on mortgage payments, taxes and insurance).
- Unemployment

- Capital Gain (unless a one-time event, for example the sale of a house).
- Child Support/Alimony
- Gift Received on an ongoing basis
- Trust Disbursement
- Other
- Two years of tax returns, federal, state and business.
- Two years W2s and/or 1099s
- YTD profit and loss statement
- Other documentation as requested for self-employed persons.

2. Time period for which income must be documented

APCHA determines annual income by adding the sources of income for the entire household for the year immediately preceding the year in which the application is made.

Notwithstanding the foregoing, a two-year average is used if household income from the past 2 calendar years immediately preceding the year in which the application shows a difference greater than 20%. If less than 20% difference, household income from the year immediately preceding the application is used.

The current years' income is not used in determining income except for special circumstances such as when a household did not earn any income the previous year(s) or recently started receiving alimony and/or child support, as an example. APCHA does consider YTD income to verify if an individual is working and/or meeting the minimum hour requirement.

*Households living in LIHTC units must qualify with APCHA's requirements in addition to the LIHTC requirements. The LIHTC requirements are detailed in CHFA's Low Income Housing Tax Credit Program Compliance Manual. Annual income is the gross income a family anticipates it will receive in the 12-month period following the effective date of the certification of income. The effective date at move-in is the date the household takes possession of the unit. CHFA requires that, in subsequent years, the effective date is the first day of the move-in anniversary month. For qualifying residents, CHFA's policy is to use the highest income (i.e., most conservative) scenario to determine household income. The maximum potential household income must be considered first to ensure the household qualifies for the unit. When maximum potential household income would put an applicant over the income limit, and there is credible documentation to confirm that the maximum estimate is unrealistic, a realistic amount that is less than the maximum potential may be used to qualify a household.

c. Assets Verification

All assets and liabilities, including but not limited to real and personal property, shall be considered in calculating the net assets of an applicant household. Applicants shall submit current personal and/or business financial statement(s) for all household members, including:

- Statements, records, receipts, appraisals and any documents evidencing the value of all real and personal property and contract rights owned by the applicant and members of the applicant household;
- Current appraisals or tax valuations of real property and related loan obligations;

- Documents verifying applicant and applicant household debts and obligations pertinent to qualification including copies of all loan agreements and other financial statements verifying financial obligations;
- Copy of court-approved temporary orders and final financial orders, including maintenance, child support, and property settlements, and child custody orders with exhibits and supplements;
- Other documentation as deemed necessary

Assets that have been assigned, conveyed, transferred, or otherwise disposed of within the previous ten (10) years for consideration below fair market value shall, for APCHA qualification purposes, be valued at fair market value. Fair market value shall be established by a certified appraiser approved by APCHA at the expense of applicant.

d. Income and Assets Exceptions

- Income Variations Policy – Where there is a difference of twenty percent (20%) or more between the most recent two years of income, they shall be averaged to establish the APCHA housing category for which the household is qualified.
- Retiree Asset Policy – Qualifying maximum net assets shall be adjusted to one hundred fifty percent (150%) of the amount regularly applicable in the respective category. Regardless of applicants’ age, assets that are held in retirement accounts that are subject to an early withdrawal penalty will be adjusted to sixty (60) percent of present value.

e. Trusts

- APCHA provides housing for trust beneficiaries on a very limited basis. Applicant’s share of the trust assets (total assets/beneficiaries) shall be included when considering the maximum net assets of an applicant, as seen in Table II. APCHA understands that trust assets may not be currently owned by the applicant but counts them towards qualification purposes as they are resources’ the applicant may draw upon either currently or in the future. Exceptions to this policy for special circumstances (e.g. needs based trusts) may be granted at the discretion of the APCHA Board.
- Applicants who are the beneficiary of a trust must submit:
 - A full and current executed copy of the trust, including all amendments;
 - Original copy of signed attorney opinion letter from either the attorney who drafted the trust or another attorney qualified to give a legal opinion, confirming the total assets of the trust, date/amount the trust fully distributes to the applicant, whether applicant is allowed to request distributions from the trust and if so, under what conditions (i.e. housing), and total number of living beneficiaries of the trust;
 - Signed 4506-T by trustee or authorized signer, as acceptable to APCHA and the IRS, on behalf of the trust;
 - 2 most recent tax returns of the trust;
 - statements and appraisals/description for all assets of the trust.
- In no event may a trust be identified as the owner of an APCHA ownership property.

5. Restriction on Ownership of Other Real Property

In order to qualify and to remain qualified as a tenant or owner, a person may not own any interest in improved real property or a mobile home (land and/or home) within the Ownership Exclusion Zone. This includes any such interest held personally, by a person’s spouse, as a shareholder or member of a corporation, or as a partner, a joint venture or a beneficiary of a trust.

a. Ownership of Developed Property in Ownership Exclusion Zone (OEZ)

In order to qualify and to remain qualified as a tenant or owner, a person, a person's spouse, or a member of a person's household cannot own any interest in improved real property or a mobile home (land and/or home) within the OEZ. This includes any such interest held personally, as a shareholder or member of a corporation, or as a partner, or joint venture, or a beneficiary of a trust. Where a tenant or owner acquires such property by inheritance, such person shall be permitted 180 days from the date of acquisition to transfer the property, after which time the tenant or owner shall be in violation of this subsection 5. If the other developed property is one that is within the APCA deed-restricted program, the property must be listed upon closing or prior to closing of any home. Any non-sale of the other property within 90 days requires the owner to list the most recent purchased property. This includes the ownership of week(s) in timeshares located in the OEZ.

Rental applicants may not own any OEZ property unless the property is under an active sales contract or the applicant is party to a dissolution of marriage proceeding.

Ownership applicants shall:

- List any OEZ property for sale at a competitive, free market price immediately upon closing on the affording housing unit;
- Sell such property within 180 days upon closing on the affordable housing unit;
- Such property shall not be allowed to be placed into a trust, regardless of who the beneficiary is, or other legal entity or business arrangement; and
- Submit copies of closing documents verifying sale to APCA.

If OEZ property is not sold or disposed of at fair market value within 180 days of closing, owner shall be disqualified, and his/her ownership unit shall be marketed and sold according to the deed restriction.

b. Ownership of Vacant Undeveloped Property in OEZ

Any unimproved real property owned by applicant (tenant or owner) in the OEZ must be reported as an asset at appraised value. APCA tenants and owners shall be permitted to retain ownership of such property only as long as it remains unimproved.

c. Business Ownership of Deed Restricted Housing

An employer, as defined in Part VIII, who also owns a deed restricted unit is permitted to:

- Maintain ownership of a free-market unit but must record a deed restriction on the property upon agreement with APCA for such unit as a rental unit to be available to the business owners' qualified employees, or any qualified employee.

For purchase of a free-market unit and conversion to deed restricted housing the following requirements shall apply:

- Owner must inform APCA that he/she has located a free market unit for purchase for conversion and demonstrate employee needs to APCA;
- Owner and APCA agree to APCA category and rental price for the unit; and
- Owner agrees to an APCA-approved deed restriction for the unit of which must be recorded in the County where the unit is located.

6. Current APCA Tenant or Owner in Good Standing

A current APCA tenant or owner applying to rent or purchase a different APCA unit must be in good standing under applicable lease terms and/or HOA policies, payment of HOA dues, deed restrictions and these Regulations, in addition to meeting all other requirements.

Prior to applying for a new rental unit or submitting a new bid for an ownership unit, applicants shall submit to APCA all documents verifying good standing as requested by APCA.