



Homeowner's Guide to Income-Aligned Home Purchase



Housing Division Mission

Working in partnership with the community, Federal and State housing funding and regulatory agencies, developers, and neighboring communities, the Broomfield Housing Division provides a variety of housing programs to meet the diverse and changing needs of Broomfield residents to enhance their quality of life.

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Welcome

Welcome Homeowner and congratulations on your new home purchase!

The City and County of Broomfield's Housing Division is excited that you were able to purchase your attainable home through the [Inclusionary Housing Ordinance](#) (IHO).

This guide provides essential information to help you understand your rights and responsibilities as a new homeowner of a deed-restricted property. Your home purchase, along with the signed covenant, has been officially recorded with the City and County of Broomfield.

The covenant is a deed-restriction that requires the home to be sold only to homebuyers earning 80-100% of Broomfield's Area Median Income. This 30-year restriction ensures that the home's affordability benefits are transferred to subsequent eligible buyers if the original owner sells before the 30-year period expires. If you do decide to sell or transfer your property before the 30-year deed-restriction is up, you will need to notify the Broomfield Housing Division at housingdivision@broomfield.org.

Important Guidelines for Your Inclusionary Housing Property

Refinancing and Sales:

Your home is capped at earning 3.5% equity each year you own the home. You will not have access to market rate equity until after the 30 years has expired.

- Obtain prior City approval before refinancing or selling your home
- Failure to do so may result in non-compliance and potential legal action

Capital Improvements:

- Contact the Broomfield Housing Division before undertaking any significant home upgrades
- Request a Capital Improvement Worksheet
- Notify the Housing Division of planned improvements

Note: Refer to your specific covenant signed at closing for precise details. We aim to support you in fully enjoying the benefits of the inclusionary housing program.

For questions, please contact the Housing Division at housingdivision@broomfield.org

City and County of Broomfield
Housing Division
One DesCombes Drive
Broomfield, CO 80020
housingdivision@broomfield.org
303.438-6396



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Covenant

All Income Aligned Housing homes come with an income-aligned covenant that ensures the home remains within the middle-income earner income or area median income (AMI) for the City and County of Broomfield

Covenant Main Points

- The document the homeowner titled “Subordinate Lien and Deed-Restriction and Covenant Concerning Limitations on Resale Price and Buyer Income”
- This document provides the agreement and compliance of the covenant and the requirement for the title
- The Area Median Income is for either 80,90, or 100% AMI (depending on the year your covenant was created and the type of home you purchased)
- Area Median Income is calculated using the definition for a 4-person household based on the Colorado Housing & Finance Authority (CHFA) Rent and Income Table
- Affordability period for single-family homes and townhomes is 30 years from the sale of the newly built home. The contract does NOT start over with a new homebuyer should you sell your home before the 30 years period is up.
- The homeowner must live in the home
- The Owner may rent the home in accordance with the City and County’s short-term rental restrictions or to any individuals who are part of the Owner’s Household.
- Resale Price Limit or Maximum Resale Price
- The property price starts with the contracted purchase price of the home/property in the most recent CPI-U or in the most recent AMI (whichever is less) and can increase for any given year by 3.5 (three and one-half percent)
- Add the amount of eligible capital improvement credit that has been approved by the City and County of Broomfield
- To be eligible, Capital improvements should be at or greater than \$ 5,000.00

A full version of the Covenant was issued to you in your signing documents from the closing of your home and is available upon request.



Limited Sales Price and Maximum Resale Value

The resale calculation sets the limited sales price or maximum resale price which creates a balance between keeping the home affordable and allowing owners to receive a return on their investment in the property.

Nothing in the Covenant represents or guarantees that the Property will be re-sold at an amount equal to the Resale Price Limit.

Nothing shall prohibit an Owner from improving the Property which does not qualify for an eligible capital improvement. However, only eligible Capital Improvements may be included in the calculation of the Resale Price Limit

The Housing Division, after consulting with City Manager or City Council, may waive the restrictions on the resale prices for the Property if the Housing Division finds that the restrictions conflict with regulations of state and/or federal housing programs



The Resale Price Limit Request Form must be completed

1. Please use this [form](#) to request resale and send to housingdivision@broomfield.org
2. Start with the contracted purchase price approved by the City which the Grantor or subsequent Owner paid for the Property;
3. Each year multiply the original purchase price by the percentage change in the most recent CPI-U or in the most recent Area Median Income, whichever is less - up to a maximum increase for any given year of three-and-one-half percent or a minimum increase for any given year of one percent;
4. Each year add the product of the multiplication described in Paragraph 5(B)(ii) to the original purchase price;
5. Add the amount of eligible capital improvement credit that has been approved by the City up to the commencement of the Good Faith Marketing Period.
6. Deduct the amount of any excessive damage assessment (the “Excessive Damage Assessment”) determined by the City.
7. If, after such an inspection, the City determines in its reasonable judgment based on the City’s inspection policy that the Owner has not fully complied with this obligation, the City shall determine in its reasonable judgment the cost to complete such repairs, replacement, and other work necessary to restore the Property to a good, safe and habitable condition in compliance with the maintenance obligations. In calculating the Resale Price Limit, the City may factor into the calculation any agreement by the Owner to make repairs.
8. The City may adjust the Excessive Damage Assessment up until the date of sale based on changes in the condition of the Property or the Owner’s failure to comply with agreements to make repairs; and
9. Add the amount of the sales commission paid by the Owner, provided that this amount may not exceed the actual amount paid or the average commission paid within the local real estate market, whichever is less.
10. Subsequent resales of the home would result in a resale cap plus 5.8% realtor commissions including seller concessions.

Owner shall not accept any consideration above the Resale Price Limit



Capital Improvement

Capital Improvements for Deed-Restricted Homes

Purpose:

- Ensure affordable, quality homes for limited-income households
- Limit improvements that could significantly increase resale price and
- Prevent inability to reap benefits of obtaining return on investment if the home is sold prior to the deed restriction date.

Eligible Capital Improvements:

- Minimum project value: \$5,000
- Must reduce utility or maintenance costs
- Excludes routine equipment/appliance replacements
- Exceptions: Substantial sustainability upgrades (e.g., electric heat pumps)

Approval Process:

- Submit detailed receipts/invoices to the City and County of Broomfield's Housing Division
- Improvements must be professionally completed
- City approval required
- Improper work may result in reduced or eliminated improvement credits
- Sweat equity or personal labor by homeowner is not counted toward cost of improvement

Note: Improvements should benefit both current and future homeowners while maintaining affordability.



Capital Improvement Policy

The City and County of Broomfield Housing Division’s policy explains the criteria for eligible Capital Improvement and Capital Update credit for deed-restricted affordable housing homes. The policy outlines the requirements for homeowners to maintain their homes.

Eligible Credit Amounts

Improvement Credit Guidelines:

- Pre-approved out-of-pocket expenses for labor and materials are creditable
- Grants, discounts, or third-party subsidies are not included
- No credit for owner's labor or temporary tools
- Detailed receipts required for credit

Resale Considerations:

- No guarantee of resale at the Resale Price Limit
- Owners may sell below the limit based on market conditions
- Owners can make improvements, but only Eligible Capital Improvements affect Resale Price Limit

Dispute Resolution:

- Owners can request arbitration for disagreements about improvement credits
- Arbitrator selected from City's list
- Arbitration follows American Arbitration Association rules
- Owner pays all arbitration costs

Waiver Provision:

- Housing Program Manager may waive resale restrictions if they conflict with federal or state housing program regulations
- Waivers must be in writing and recorded officially with Clerk and Recorder for the City and County of Broomfield, Colorado.

Pre-approval Required

All capital improvements must be pre-approved by the City and County of Broomfield to receive the maximum allowable credit. If eligible projects are submitted after completion, only 50% of the maximum credit will be granted.



Eligible Capital Improvements

Check with the [Broomfield Building Division](#) to determine if permits are required for the jobs that you want to do. You can make an appointment with a professional from the City and County of Broomfield

1. Improvements that increase habitable square footage per city code. Finished basements must have at least one egress window and all improvements must conform to current Broomfield city code requirements.
2. Installation of new cooling systems including whole house fans, ceiling fans, non-portable evaporative coolers and central air conditioning. Your home must meet the energy standards to qualify for an EnergySmart rebate or be a minimum of 15 SEER for central air conditioning.
3. Installation of a cold climate air source heat pump (ccASHP), ducted or non-ducted, to replace outdated or broken heating and cooling systems.
 - a. From Jan 1, 2023, to Dec 31, 2032, air source heat pumps are eligible for a [tax credit](#) of 30% of the project cost (up to \$2,000) but must meet ENERGY STAR Most Efficient criteria to qualify for the 25C Federal Tax Credit. (The overall total limit for an efficiency tax credit in one year is \$3,200. This breaks down to a total limit of \$1,200 for any combination of home envelope improvements [windows/doors/skylights, insulation, electrical] plus furnaces, boilers and central air conditioners. Any combination of heat pumps, heat pump water heaters and biomass stoves/boilers are subject to an annual total limit of \$2,000.)
 - b. [Xcel Energy](#) offers additional rebates on ASHP, ccASHP and ground source heat pumps.
 - c. [United Power](#) offers additional rebates on ccASHP and ground source heat pumps.
4. Improvements to insulation and air sealing.
 - a. From January 1, 2023, to December 31, 2032, a tax credit of 30% of the project cost (up to \$1,200) is available for insulation and air sealing improvements. Eligible insulation must be standard bulk insulation and air sealing products must include a Manufacturer's Certification Statement.
 - b. The total annual tax credit limit for energy efficiency improvements is \$3,200, with a \$1,200 cap for home envelope upgrades (windows, doors, skylights, insulation, electrical) and heating/cooling systems (furnaces, boilers, central air conditioners).
 - c. [Xcel Energy](#) offers insulation and sealing rebates.
5. Installing a heat pump water heater to replace old and outdated natural gas-burning water heaters.
6. Flooring: replacing carpet or vinyl flooring that is at least 10 years old with one of the following:
 - a. Hardwood floors (solid or engineered, including cork and bamboo);
 - b. Luxury Vinyl Plank flooring with a wear layer of 20 mil or higher [or Abrasion Class (AC) of 4 or higher], is waterproof and has a rigid core;
 - c. Ceramic tile.



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7. Radon gas mitigation cost for levels above the EPA established threshold. Radon testing costs are not eligible, only mitigation costs using a qualified contractor as necessary to remedy are eligible.
8. New perimeter fencing when not provided by the developer
9. New landscaping for the enjoyment and function of back yard that was not provided by the developer
 - a. Resource Central hosts a [lawn replacement program](#) that provides a discount of up to \$750 off lawn removal services or complimentary Garden In A Box kits to help make your lawn water-efficient and pollinator-friendly.

Eligible Capital Updates

The city also wants to ensure that older affordable homes remain attractive; to accomplish this, a Capital Updates policy for homes over 20 years old has been introduced.

The standard maximum amount of eligible credit limit is \$30,000 during the period in which the owner owns the property

1. Renovation of kitchens and/or bathrooms at least 20 years old.
2. Replacement of single pane or defective windows or skylights of any age, or double pane windows that are at least 20 years old with windows that meet the current City and County of Broomfield’s sustainability and energy requirements.
 - a. From Jan 1, 2023, to Dec 31, 2032, exterior residential windows or skylights are eligible for a yearly [tax credit](#) of 30% of the product cost (up to \$600) but must meet [ENERGY STAR Most Efficient](#) criteria to qualify for the 25C Federal Tax Credit. (The overall total limit for an efficiency tax credit in one year is \$3,200. This breaks down to a total limit of \$1,200 for any combination of home envelope improvements [windows/doors/skylights, insulation, electrical] plus furnaces, boilers and central air conditioners.)
3. Replacement of old or defective exterior doors of any age that meet the current City and County of Broomfield’s sustainability and energy requirements.
 - a. From Jan 1, 2023, to Dec 31, 2032, exterior doors are eligible for a yearly [tax credit](#) of 30% of the product cost (up to \$500 [\$250 per door]) but must be ENERGY STAR certified to qualify for the 25C Federal Tax Credit. (The overall total limit for an efficiency tax credit in one year is \$3,200. This breaks down to a total limit of \$1,200 for any combination of home envelope improvements [windows/doors/skylights, insulation, electrical] plus furnaces, boilers and central air conditioners.)
4. Cosmetic and non-permanent updates as well as luxury and high-end items chosen over standard are not eligible for reimbursement.

Emergency Work

In emergency situations, some work may receive allowable credit if there wasn’t enough time to get pre-approved. For example, water heater or furnace.



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Homeownership Program Staff Inspection

The city will have the right to inspect the property once per year at mutually convenient times.

Credit Limitations on Home Improvements

The standard maximum amount of eligible credit limit is \$30,000 during the period in which the owner owns the property.

Older Homes or homes older than 20 years old or homeowners who have owned their home longer than 15 years are allowed an additional \$ 20,000 in credit (\$50,000 total.)



Maintenance

Homeowners are responsible for maintaining their home to ensure it remains in safe habitable condition. These homes are deed-restricted for 30 years or longer and will become part of the home preservation efforts in Broomfield.

Completing routine maintenance tasks helps prevent costly repairs and keeps your home working effectively for you and your household, including any pets you may have. Routine checklists are available on many websites and are specific to different types of homes.

Failure to properly maintain a property may result in an Excessive Damage Assessment, which will be deducted from the Maximum Resale Price. The city reserves the right to inspect the property before determining the resale price. If the inspection finds noncompliance with maintenance obligations, the city will assess the cost of necessary repairs to restore the property to a safe and habitable condition. This cost, the Excessive Damage Assessment, will be factored into the resale price calculation.

The Owner must maintain the property in a good, safe and habitable condition, meeting neighborhood standards and all applicable laws and regulations (...of the governmental authority with jurisdiction). If maintenance is neglected, repair costs may be deducted from the resale price as outlined in Paragraph 5.B.(1)(v) of this Covenant. Mechanics' liens cannot be recorded against the property.



Home Repair Program

Single-family homes with up to 80% area median income (AMI) and mobile homeowners may qualify for a one-time emergency repair through the Home Rehab Program.

Brothers Redevelopment, Inc. partners with the City and County of Broomfield to coordinate repairs and modifications to improve residential safety, accessibility and address aging-home concerns for disabled, physically limited and elderly homeowners to avoid injury and enjoy increased mobility.

Home repairs can include:

- Roof Repair
- Gutters
- Siding
- Plumbing
- Electrical
- Furnace replacement
- Accessibility modification
- And more!

If you have questions or need assistance with the Home Rehab Program, email hmr@brothersredevelopment.org or call 303-685-4225.

Visit the [Brothers Redevelopment, Inc. Home Modifications and Repair website](#) to learn more and apply for assistance.



Refinancing

The Owner may only refinance the First Deed of Trust or encumber the Property with any other post purchase financing if the following requirements are met:

If all financing recorded against the Property has a fixed interest rate, then the total amount of all financing must be less than or equal to 93 percent of the Resale Price Limit in effect at the time of new encumbrance.

If any financing recorded against the Property has a variable interest rate or is a Home Equity Line of Credit, then the total amount of all financing must be less than or equal to 90 percent of the Resale Price Limit in effect at the time of new encumbrance.

All refinancing and/or additional financing must be with an Institutional Lender.

Cash out financing for anything higher than the current resale cap is not allowed.

Resale of the Income-Aligned Home

Good Faith Marketing Efforts

Prior to marketing the Property for sale, the Owner shall provide the City and County of Broomfield written notice of their intent to sell the Property (“Intent to Sell Notice”). Additionally, the Owner shall, for up to six months, as determined by the Housing Division at the City and County of Broomfield, engage in good faith marketing efforts (the “Good Faith Marketing Period”) such that members of the public have a fair chance to become informed of the availability of the Property as an affordable home.

The Owner shall maintain a marketing log that shows the advertisements and other information that was submitted to the public about the Property being an affordable home and keep a list of prospective buyers who have expressed an interest in and visited the Property. No contract-to-purchase can be executed until the mandatory Good Faith Marketing Period has expired.

At the conclusion of the Good Faith Marketing Period the Owner shall coordinate with the City to utilize a fair selection process for any Eligible Buyers.

Prospective Eligible Buyers must have reviewed the provisions of this Covenant and expressed their willingness to accept them. When a contract-to-purchase has been executed, a copy of the contract shall be submitted to the City within two business days.



Resale Price Limit

- A. The Grantor purchased the Property for \$_____
- B. The Property may not be transferred for more than an amount (the “Resale Price Limit”) calculated in accordance with this Paragraph 5.B., as follows:
 - i. Start with the contracted purchase price approved by the City which the Grantor or subsequent Owner paid for the Property;
 - ii. Each year multiply the original purchase price by the percentage change in the most recent CPI-U or in the most recent Area Median Income, whichever is less –up to a maximum increase for any given year of three- and one-half percent (3.5%) or a minimum increase for any given year of one percent;
 - iii. Each year add the product of the multiplication described in Paragraph 5.B.ii. to the original purchase price;
 - iv. Add the amount of eligible capital improvement credit that has been approved by the City up to the commencement of the Good Faith Marketing Period. Eligible capital improvement credits are only those improvements of at or greater than \$5000 for any single project, and shall not include the purchase or replacement of mechanical equipment or appliances, or other improvements which are necessitated by and result from normal wear and tear to the Property (“Eligible Capital Improvements”). Moreover, to qualify for an Eligible Capital Improvement the Owner must submit to the City receipts or paid invoices for the work completed and the improvement must be approved by the City as being appropriate for an income restricted property, based upon the criteria as set forth in this Section 5.B.iv. Eligible Capital Improvements must be completed in a workmanlike manner. If it is discovered at the time the work is done, or at a later point, that the work was not done in a workmanlike manner, the amount of credit will be reduced or eliminated;
 - v. Deduct the amount of any excessive damage assessment (the “Excessive Damage Assessment”) determined by the City. Prior to closing, the City shall have the right to inspect the Property or use a report prepared by a professional home inspector hired by either the Owner or a potential buyer to determine whether the Owner has complied fully with the maintenance obligations set forth in Paragraph 11 below. If, after such an inspection, the City determines in its reasonable judgment based on the City’s inspection policy that the Owner has not fully complied with this obligation, the City shall determine in its reasonable judgment the cost to complete such repairs, replacements, and other work necessary to restore the Property to a good, safe and habitable condition in compliance with the maintenance obligations set forth in Paragraph 11 below. In calculating the Resale Price Limit, the City may factor into the calculation any agreement by the Owner to make repairs. The City may adjust the Excessive Damage Assessment up until the date of sale based on changes in the condition of the Property or the Owner’s failure to comply with agreements to make repairs; and



- vi. Add the amount of the sales commission paid by the Owner, provided that this amount may not exceed the actual amount paid or the average commission paid within the local real estate market, whichever is less.

Nothing in the Covenant you signed represents or guarantees that the Property will be re-sold at an amount equal to the Resale Price Limit. Depending upon conditions affecting the real estate market, the Property may be re-sold for less than the Resale Price Limit, at the option of the Owner.

Nothing in the Covenant you signed shall prohibit an Owner from making an improvement to the Property which does not qualify as an Eligible Capital Improvement. However, only Eligible Capital Improvements may be included in the calculation of the Resale Price Limit, as set forth herein.



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Foreclosure Prevention

The Owner agrees to give immediate notice to the City upon the first to occur of: (i) the date any notice of foreclosure is provided to the Owner or any foreclosure is commenced against the Property under the First Deed of Trust, or (ii) the date when Owner becomes 21 days late in making a payment on any indebtedness encumbering the Property where such payment is required to avoid foreclosure of the First Deed of Trust.

Mandatory classes on housing counseling are NOT required but HIGHLY encouraged. If you have fulfilled those classes, please provide proof of completion by submitting your certificate of completion via email to the Housing Division at the City and County of Broomfield at housingdivision@broomfield.org.

Housing Counseling class certificate

The City and County of Broomfield partners with several non-profit organizations that offer FREE homeownership counseling classes. These classes include information on how to obtain a home mortgage, how to prepare for homeownership, closing process information, home maintenance, possible down payment assistance, etc. Please contact any of the following providers to attend a HUD approved housing counseling class.

[CHAC](#)

303-572-9445

Or Toll Free: 866-377-7835

[Brothers Redevelopment](#)

303-202-6340

[Boulder Housing Counseling](#)

720-564-2279

3460 Broadway

Boulder, CO 80304

Or

515 Coffman Street

Longmont, CO 80501



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Property Assessment and Taxation

While your property is considered deed-restricted for thirty years, the City and County of Broomfield Assessors office ensures that the valuation of your property is congruent with the inclusionary housing ordinance

The home sale price is what is used to determine property valuations. The sale price will be used to determine the initial property value for taxation purposes. For subsequent tax years after purchase, the Assessor will follow the “Resale Price” formula guidelines stated in the “Covenant Concerning Limitations on Resale Price” for the remainder of the deed-restriction term.

Once the deed-restriction on your property expires, the assessed value will shift to market value which may result in higher property taxes. If the property owner currently has a remaining term on their loan, they should check in with their lender to make sure they are having enough withheld in escrow to account for the higher property taxes.



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