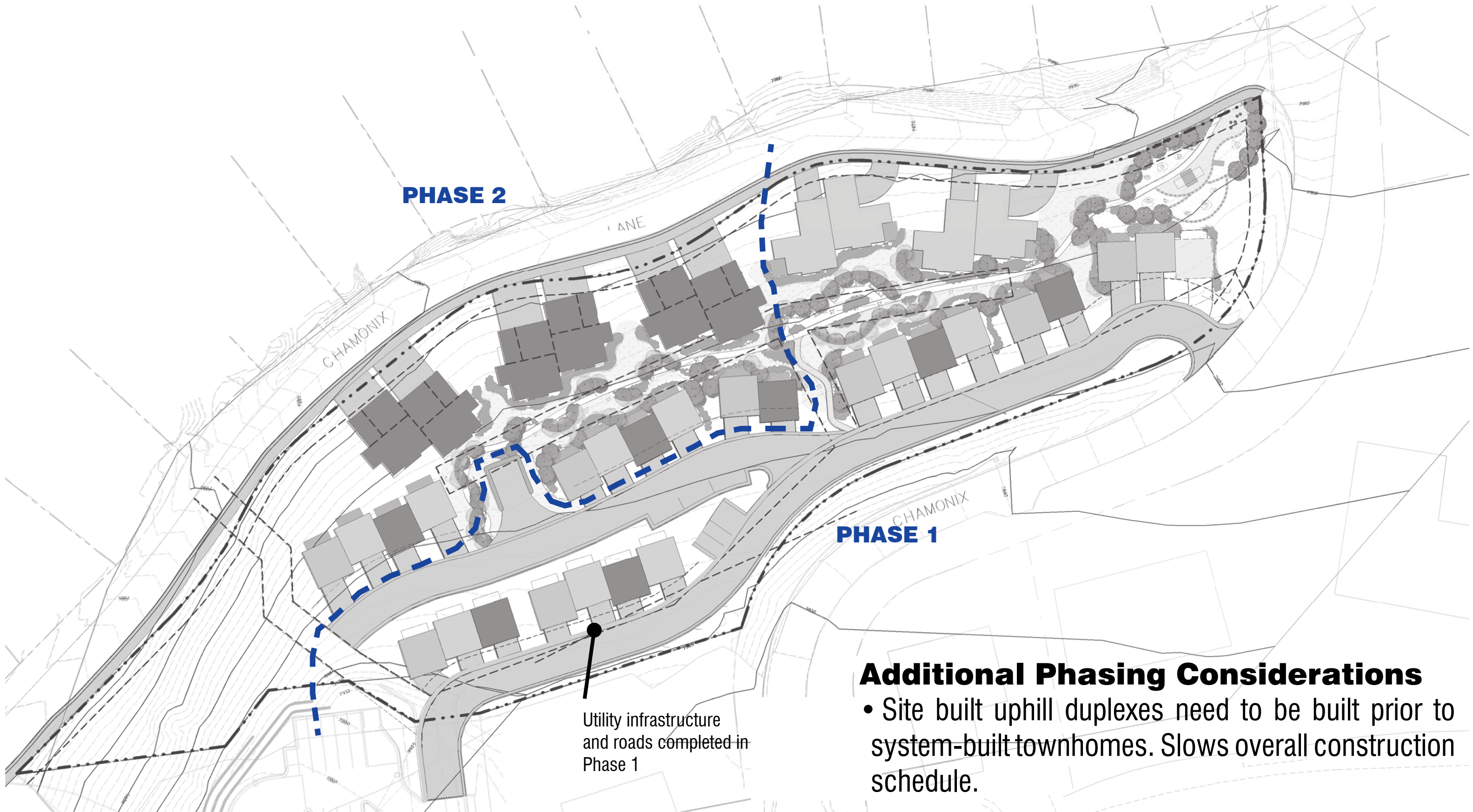


Phasing Considerations

- PHASE 1** We recommend constructing this project in a single phase
- The most cost effective way to build this project
 - Limits exposure to market conditions, cost escalation, and labor shortages
 - Significantly reduces the impact of construction to the owners and neighborhood
 - February 2018 completion of all units



Advantages of Systems Built

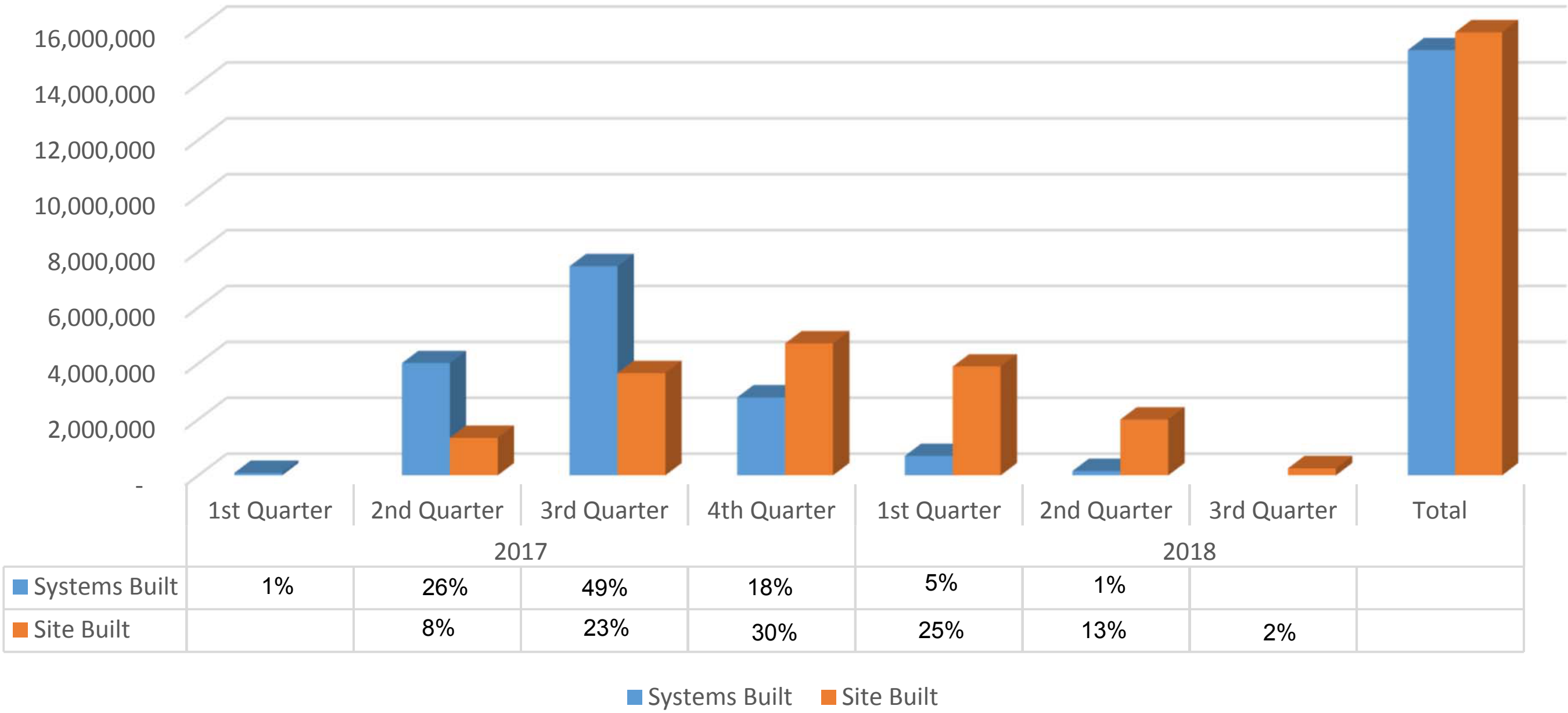
- More cost effective
- Faster overall construction
 - Systems Built units turned October 2017 - February 2018
 - Site Built units turned over February 2018- August of 2018
- The majority of construction takes place in a controlled environment. No exposure to the elements.
- Structurally superior
- Acoustically superior
- Less materials waste/ environmentally conscious
- Less susceptible to labor market conditions
- Reduced weather conditions costs
- This project could set the stage for future affordable housing delivery methods in Vail

Trade Offs

- Less flexibility after construction begins
- Earlier expenditures
- Some reduction in local subcontractors

Chamonix Affordable Housing Project
25-Oct-17

Cash Flow Comparison



Subsidy Per Unit by AMI Level

# of Units			5		11		6		10		
Unit Type			Type 1		Type 2		Type 3		Type 4		
			2 BR - 2 story		2 BR - 3 story		3 BR - 3 story		3 BR - 3 story L		
Estimated Cost of Construction			431,000		506,000		574,000		684,000		
			Max Price* Conforming loan amount is \$625,500								
160%	4 person HH	\$ 810,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
140%	4 person HH	\$ 705,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
120%	4 person HH	\$ 595,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,000	\$ 199,000	\$ 309,000	
100%	4 person HH	\$ 485,000	\$ -	\$ -	\$ -	\$ 89,000	\$ 199,000	\$ 309,000	\$ 419,000	\$ 529,000	
80%	4 person HH	\$ 375,000	\$ 56,000	\$ 131,000	\$ 199,000	\$ 309,000	\$ 419,000	\$ 529,000	\$ 639,000	\$ 749,000	
Note: Assumes 35% of annual income used for housing											

BUYER PROFILES

AMI Level		Annual Income	Job Examples
80%		\$49,520 - \$70,720	Accountant III, Code Enforcement Officer, Staff Nurse, Entry Police Officer, Entry Firefighter, Custodian & Cashier (2 earners)
100%		\$61,900 - \$88,400	Fire Lieutenant, Planner II, Streets Crew Leader, Police Officer, Landscape Tech & Parking Attendant (2 earners), Teacher & Equipment Operator (2 earners)
120%		\$74,280 - \$106,080	Engineer II, Fire Captain, Police Sergeant, Nurse Practitioner, Sr. Planner, Building Maintenance Specialist & Parking Supervisor (2 earners)
140%		\$86,660 - \$123,760	Fleet Manager, Physician Assistant, Street Superintendent, Heavy Equipment Mechanic & Graphic Designer (2 earners), Elementary School Principal & a Mechanic I (2 earners)

Key Decisions

- Which site plan, A or B, best achieves the Town Council's objectives for development in the Chamonix Neighborhood?
- Are there any significant changes that need to be made to the floor plan designs before moving forward with design development drawings?
- Which approach to the home construction should the development team pursue? On-site or off-site?
- Does the Vail Town Council authorize moving the Chamonix Neighborhood forward in the development review process?
- Does the Vail Town Council support this cost/pricing structure or does the Town Council wish to add further subsidy to the development to increase the range of buyers to include home purchasers earning less than 120% of AMI annually? Or, would the Town Council rather reevaluate unit sizes in an effort to reduce overall cost?

Staff Recommendations

- Instruct the development team to advance the design of Site Plan A
- Authorize the development team to take the steps necessary to receive entitlements and approvals for the development
- Initiate a reservations and marketing campaign to further engage potential home buyers
- Authorize the town staff to take the steps necessary to prepare and begin negotiating a pre-development agreement with the development team for Town Council review and approval
- Instruct the development team to advance a development design with a residential product mix that requires no further financial subsidy from the Town of Vail
- Instruct the development team to complete a more detailed due diligence process with regard to off-site systems built construction and report their findings back to the Town Council acceptance
- Instruct the development team to complete a more detailed due diligence process with regard to constructing the development in one phase and report their findings to the Town Council for acceptance