

Memorandum

To: Vail Town Council

From: George Ruther, Director of Community Development

Date: December 20, 2016

Subject: Chamonix Neighborhood at West Vail – Deed Restriction and Lottery Process Recommendation

I. Purpose of this Public Hearing

The purpose of this public hearing is to present the recommendation for the deed restriction terms and lottery selection process for the future development of the Chamonix Neighborhood at West Vail. At the conclusion of the presentation, the Vail Town Council will be asked to make a final determination on the deed restriction terms and lottery selection process. A determination on these two matters is needed to continue forward with the Chamonix Neighborhood marketing and reservation processes.

The Chamonix Neighborhood development helps the Vail Town Council achieve its adopted goal of “growing a thriving and balanced community”.

II. Project Goals and Objectives

A list of project goals and objectives has been adopted for the future development on the Chamonix site. The project team has continually relied upon these goals and objectives for direction throughout the planning process. On April 15, 2014, the Vail Town Council affirmed and adopted the following project goals and objectives:

- Optimize the use of the site for **affordable for-sale housing** (15 - 25 DU's per acre)
- Design a **context sensitive design solution** (design review guidelines)
- Ability to be **phased over time** (min. two phases)
- Deliver **desirable, marketable and diverse** types of housing products (duplexes; one, two & three bedroom flats; townhomes, etc.)
- **Maximize the town's limited financial resources**
- **Build responsibly** given the existing site configuration, topography and natural features of the site
- Develop a **diversified cost/sales structure to respond to a wider range of buyers** (i.e. pricing structure based upon income)

III. Deed Restriction Recommendation

The objective of the Chamonix Neighborhood at West Vail is to create and maintain a and sustain community by constructing a for-sale, deed restricted housing development that provides home purchase opportunities for persons and families employed in Eagle County and committed to making Vail their permanent place of residence. As such, upon the sale or transfer of a home in the Chamonix Neighborhood, the Town of Vail and the future home purchaser will record a restriction on the deed to the home with the Eagle County Clerk and Recorder's Office. In keeping with the development objective of the Chamonix Neighborhood, it is recommended that the deed restriction contain the following general terms:

- Occupancy of the dwelling unit shall be restricted to person(s) working a minimum of 30 per week on an annualized basis at a licensed business within Eagle County, Colorado.
- The Town of Vail, Colorado shall be the owner's primary and permanent place of residency.
- A business entity or corporation shall not be eligible for ownership of a dwelling unit.
- The sale or transfer of the dwelling unit shall be subject to the terms and conditions outlined in the Town's adopted Employee Housing Unit Guidelines.
- The owner's use of the dwelling unit shall be in compliance with all applicable adopted codes and regulations.
- The owner shall be subject to an annual reporting obligation verifying compliance with the terms of the deed restriction.
- No minimum family size requirement shall apply for purchase of any dwelling unit.
- A maximum resale price shall be established based upon the Annual Area Median Income for Eagle County or similar wage adjusted index.
- Dwelling units shall be subject to a Right of First Refusal granted to the Town of Vail.
- An owner of a dwelling unit shall not own other residential real estate within Eagle County, Colorado at the time of closing. An owner may, however, own residential real estate in Eagle County, Colorado provided said real estate is deed restricted for housing, subject to Town of Vail approval, at the time of closing.

A final version of the Chamonix Neighborhood at West Vail deed restriction will be prepared by legal counsel and shared with the Vail Town Council for acceptance.

IV. Lottery Selection Process

Demand for purchasing a new home in the Chamonix Neighborhood at West Vail development is high. Presently, hundreds of people have expressed an interest in the 32 new homes slated for development at the Chamonix Neighborhood. With current demand exceeding the available supply, it is recommended that the Town of Vail conduct a lottery process for selecting the future buyers of the new homes at the Chamonix Neighborhood.

Given the stated objective of the Chamonix Neighborhood at West Vail development, it is recommended that the selection process not include weighted preference towards place or longevity of residency or place or longevity of employment. Instead, a true lottery selection

process whereby each qualifying home buyer shares an equal chance of being drawn is recommended.

To that end, it is recommended that the lottery selection process include the following requirements for participation and is conducted using the following procedures:

Requirements for participation:

- Completion of a Chamonix Neighborhood Home Buyer Qualifying Application. The Application shall include:
 - Demonstrated ability to comply with the terms of the deed restriction if drawn for home purchase.
 - Demonstrated ability to secure financing for the home(s) desired.
 - Signed acknowledgement of acceptance of the terms of the Chamonix Neighborhood Pre-sale Agreement and Purchase/Sale Agreement.
 - Demonstrated participation and successful completion of a Town of Vail or Valley Home Store sponsored Homebuyer Education Class within the previous 6 months.
 - The unit number(s) (i.e.1-32) of the home(s) interested in purchasing.
- One chance in the lottery selection process per Qualifying Application.

Lottery Selection Procedures:

- Each qualified home buyer shares an equal chance of being selected.
- In an instance of multiple home buyers within a household (i.e. marital spouses) each individual home buyer may have a separate chance of selection provided each individual is capable of qualifying independently.
- Qualified home buyers shall select the home(s) for which they are interested in purchasing by placing their name into the hat for said home(s). A certified list of all names within the 32 hats will be created prior to commencing the drawing.
- One qualifying home buyer's name will be drawn at random for each of the 32 homes.
- The selected home buyer for each of the homes will have the option to execute a pre sale agreement, on its terms, for the home which they selected. If the selected home buyer declines the option, a new qualifying home buyer's name will be drawn, and so on, until a pre sale agreement is executed for the home. This process will be repeated for each of the 32 homes.
- In an instance where a qualified home buyer is drawn for more than one home, they shall be limited to executing a pre sale agreement for only one home. Once the desired home is selected and a pre sale agreement is executed, the qualified home buyer's name shall be removed from the lottery selection process.
- If a home buyer declines acceptance of a home, or otherwise fails to execute a pre sale agreement within the established timeframe, the home buyer shall forfeit their position and 1) request to have their name placed back into possible future drawing, or 2) be removed from the lottery selection process for said home entirely.
- A lottery drawing schedule shall be established. Qualified homebuyers need not be present to be drawn.

V. Next Steps

The four most commonly asked questions regarding the Chamonix Neighborhood at West Vail development include:

- How much will the new homes cost?
- What are the deed restriction obligations?
- What is the lottery selection process?
- When will the new homes be completed?

The Development Team is working to provide answers to these questions and many others. The final sales price of the new homes can not be accurately stated until the Chamonix Neighborhood development applications are reviewed and approved by the Town's Planning & Environmental Commission and Design Review Board. The Development Team is pursuing a development schedule that has the new home construction beginning in the Spring of 2017 with the first homes completed before the end of the year. A marketing and reservations campaign is set to launch after the first of the year. It is anticipated the Town will conduct a lottery selection process and begin to accept pre-sale agreements during the second quarter of 2017.

VI. Vail Town Council Instruction

The Development Team is prepared to move forward on the next steps of drafting a final deed restriction and outlining the specific procedures for a lottery selection process for the Chamonix Neighborhood at West Vail development. At this time, the Team is seeking instruction from the Vail Town Council.

Does the Vail Town Council support the recommendations for the deed restriction terms and lottery selection process? If so, the Team will take the steps necessary to finalize the deed restriction language, implement the lottery selection process and diligently pursue a marketing and reservations campaign. **If not, what specific changes to the deed restriction terms and/or lottery selection process are required?**