



Memorandum

To: Vail Town Council

From: George Ruther, Director of Community Development

Date: December 6, 2016

Subject: Chamonix Neighborhood at West Vail – Development Plan Update/Key Decisions Request

I. PURPOSE

The purpose of this presentation is to provide an update on the Chamonix Neighborhood at West Vail Development Plan and request action by the Vail Town Council on a number of key development decisions. To aid in the decision making process, the following topics will be covered in this memorandum and presentation:

- Background
- Development Schedule
- Financial Subsidy
- New Home Unit Mix
- Floor Plan Design
- Next Steps with the Vail Town Council
- Staff Recommendation

II. ACTION REQUESTED OF THE VAIL TOWN COUNCIL

To effectively and efficiently move forward with the Chamonix Neighborhood development a number of key decisions are required of the Vail Town Council. These decisions lie within the critical path of the project and must be addressed before moving forward with any next steps. Delays in decision making result in impacts to the proposed development schedule.

The key decisions include:

- The Vail Town Council has previously stated that the cost of the land purchase, site access and utility improvements, and softcosts, such as master planning and conceptual design, will NOT be factored into the sales price of the future homes. To date, the Town has spent more than \$3.6M, or an estimated \$112,500/proposed unit, on said costs. This cost increases another \$2.6M if foregone mark-up is factored in as well. **Does the Vail Town Council want further financial subsidy factored into the sales price of the future homes? If so, how much and which home type(s)? Is the subsidy to be spread equally across all home type(s)?**
- Five floor plan designs and layouts have been prepared for the Chamonix Neighborhood development. The floor plan designs deliver a desirable and marketable

type of housing product. **Are there any significant changes that need to be made to the floor plan designs before continuing forward with design development drawings and construction budgeting process?**

- Two unit mix options are proposed. Both options contain a total of 10 buildings with a total of 32 townhomes. Projected construction cost of each option is listed on the table found in Section VI of this memorandum

Site Plan B contains a unit mix of 16 two-bedroom units (5 Type 1 and 11 Type 2) and 16 three-bedroom units (6 Type 4 and 10 Type 5) are proposed. As such, estimated pricing of the units will range from the low-\$400K's to the low-\$700's. 50% of the units are estimated to sell for approximately \$550K or less.

Site Plan C contains a unit mix of 10 two-bedroom units (5 Type 1 and 5 Type 2) and 22 three-bedroom units (10 Type 3, 8 Type 4, & 4 Type 5) are proposed. As such, estimated pricing of the units will range from the low-\$400K's to the low-\$700's. 62% of the units are estimated to sell for approximately \$550K or less.

The unit mix in either option delivers a diversified cost/sales structure that responds to a wider range of buyers. **Which of the two site plan options does the Vail Town Council authorize the Team to move forward with; Site Plan B or Site Plan C?**

III. BACKGROUND

Planning for the Chamonix Neighborhood has been underway for nearly two years. During that time, the Vail Town Council has made a number of key decisions. The Development Team has been relying upon these decisions and planning for the development of the Chamonix Neighborhood with these decisions in mind. The key decisions made to date include:

- Development approach will be a public/private partnership.
- Town of Vail will finance the development.
- Town of Vail will purchase the homes from the Developer upon completion at a guaranteed maximum price.
- Subsidy includes land, utility infrastructure, soft cost and profit.
- Homes shall be for-sale, owner occupied, family-oriented residences.
- Larger home sizes with ample parking and adequate storage.
- No multi-family, no duplexes, no one bedroom homes
- 32 townhomes with a mix of two and three bedroom homes
- Fee simple ownership of the land transfers with sale

The Development Team provided updates to the Vail Town Council on November 1, 2016 and December 6, 2016. At that time, the Team shared Site Plan Option C and a fifth new, floor plan design that proposes a three bedroom, one car garage home. At the conclusion of the discussions, the Vail Town Council provided the Development Team with the following direction:

- The townhome-only site plan option containing 32 dwelling units was selected for the Chamonix Neighborhood development.

- The four floor plan layouts and designs representing a variation of sizes and number of bedrooms was supported with an additional request to develop a three bedroom, one car garage unit was made.
- Permission was granted to produce design development drawings to be submitted for development and design review by the Town's Planning & Environmental Commission and Design Review Board.
- Instruction was given to continue forward with a development budget and cost/pricing structure that required no further financial subsidy from the Town.
- Direction was given to initiate a reservations and marketing campaign to further engage potential home buyers.
- Authorization was granted to take the steps necessary to prepare and begin negotiating a pre-development agreement with the development team for Town Council review and approval.
- Direction was given to the development team to advance a development design with a residential product mix that requires no further financial subsidy from the Town of Vail.
- Direction was given to 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.
- Instruction was provided to 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.

The Development Team has been advancing the development based upon the direction provided.

IV. DEVELOPMENT SCHEDULE

The development schedule for the Chamonix Neighborhood at West Vail remains aggressive. A goal of a Spring 2017 new home start continues to be the Development Team's target. With that in mind, the following dates and key milestones are noteworthy:

- December 20th – Vail Town Council sign off to proceed (subsidy, unit mix, floor plans)
- January 9th – Worksession with the PEC
- January 9th – Launch marketing and reservation campaign
- January 9th – 13th – Community Open Houses/Focus Groups
- January 18th – Conceptual review by the DRB
- January 19th – Release Development Team to begin preparing construction documents
- January 23rd – Final review by the PEC
- February 1st – Final review by the DRB
- February 7th – Vail Town Council final phasing sign off
- May 2017 – Complete lottery selection process
- October 2017 – First homes ready for occupancy

V. FINANCIAL SUBSIDY

The Vail Town Council has stated a desire to subsidize development at the Chamonix Neighborhood. To date, the Town Council has indicated a desire to subsidize the development by excluding the cost of the land and infrastructure in the sales price of the homes. The Town Council has raised the issue of added additional subsidy to reduce the sales price. A

memorandum from the Community Development Department/Finance Department, dated December 20, 2016, addressing this issue has been attached for reference.

The Vail Town Council, acting as the client, needs to provide direction to the development team on their preference towards financial subsidy.

VI. NEW HOME UNIT MIX

The Development Team has prepared two site plan options for review and consideration. The substantial difference between the two options is the mix of unit types and the introduction of a new unit floor plan which accommodates a three bedroom, one car garage home at a new price point. Site Plan B has a greater number of the largest sized homes (most costly to construct) and Site Plan C has fewer of the largest sized homes and a new unit floor plan. Both plans accommodate a total of 32 townhomes.

The following table compares and contrasts the two site plan options:

Site Plan Options:	11.1.16 Site Plan B		12.6.16 Site Plan C	
	Units	% Total	Units	% Total
Small 2BR - \$402K	5	16%	5	16%
Large 2BR - \$498K	<u>11</u>	<u>34%</u>	<u>5</u>	<u>16%</u>
Total 2BR	16	50%	10	31%
Small 3BR - \$534K	0	0%	10	31%
3BR - \$596K	6	19%	8	25%
Enlarged 3BR - \$734K	<u>10</u>	<u>31%</u>	<u>4</u>	<u>13%</u>
Total 3BR	16	50%	22	69%
Total Units	32	100%	32	100%
Plan Notes	More 2BR units More large 3BR units		More 3BR units More 1-car garage units	
Development Cost	\$18,000,000		\$17,700,000	

The Vail Town Council, acting as the client, needs to provide direction to the development team on their preferred unit mix.

VII. FLOOR PLAN DESIGN

The Development Team has prepared floor plan designs for the Chamonix Neighborhood at West Vail development. A total of ten buildings (Building 1 thru 10) are proposed on the site. The ten buildings are an assemblage of five different building types (Building Type A thru E). The five building types are comprised of four or five different floor plans (Type 1 thru 5), depending on the site plan option selected, varying in size from approximately 1,130 square feet (GRFA) to 2,676 square feet, including garage area. The garage areas vary in size from a one-car garage at 300 square feet to a two-car garage at 600 square feet. Two, two-bedroom, two

bath, floor plan designs are proposed (Type 1 & 2) and three, three-bedroom, floor plan designs are proposed (Type 3, 4, & 5). All of the new homes will have ample storage and adequate parking available.

A set of plans has been attached for reference.

The Vail Town Council, acting as the client, needs to provide direction to the development team on their preferred floor plan designs.

VIII. MARKETING AND RESERVATIONS CAMPAIGN

On November 1, 2016, the Vail Town Council authorized the Development Team to initiate a reservations and marketing campaign to further engage potential home buyers. A team has been assembled to run the Chamonix Neighborhood marketing and reservations campaign. The team consists of representatives from the Town of Vail, Chamonix Neighborhood Development Team and a local web page design consultant. A marketing and reservations campaign is scheduled to launch the week of January 9, 2017. The following tasks will be completed as part of the campaign:

- Project Design
 - o Site plan with community amenities
 - o Colored architectural plans/elevations for marketing package
 - o Renderings
 - o Unit amenity and specifications
- Home sales price
- Project website
- Chamonix Neighborhood at West Vail Sales Center at Community Development to meet with prospective buyers. This will include floor plans, material specifications, finish boards, digital presentations, site plans, HOA documents, etc.
- Qualified Home Buyer questionnaire
- List of Frequently Asked Questions
 - o Lottery process and qualification requirements
 - o Financing options and local buyer assistance programs
 - o Home Buyer assistance classes and information
 - o Deed restriction and price escalation cap terms
 - o Advantages of systems-built construction

Additional tasks will also include:

- Finalize marketing materials, website & questionnaire
- Host community focus groups
- Market, advertise, and launch live website to gather interested buyer list
- Host community open house
- Conduct home buyer education classes
- Assemble interested buyer list
- Convert interested buyer list to Qualified Home Buyer List
- Conduct lottery selection process and execute pre sale agreements

IX. NEXT STEPS WITH THE VAIL TOWN COUNCIL

The next steps in the decision making process will occur with the Vail Town Council on Tuesday, January 4th. At that time, the development team will return with an updated phasing plan, a preliminary presentation on specifications, and the preliminary terms of a pre sale agreement. Decisions on these issues will soon be needed to advance the development forward. As the marketing and reservations campaign is set to launch in early 2017, questions of potential buyers such as:

- when will the homes be completed?
- what are the proposed interior finishes?, and
- what are the terms of the pre sale agreement?

all require answering.

X. STAFF RECOMMENDATION

The Town staff recommends the following:

- Instruct the development team to advance the design development drawings of each of the five, floor plan designs and layouts (Type 1 – 5), as presented.
- Instruct the development team to advance the design development drawings of Site Plan C containing the unit mix as presented.
- Advance with the next level of due diligence with systems built vendors.
- Maintain the current level of subsidy (i.e. land, infrastructure, soft cost, profit). No further subsidy is recommended.
- Continue forward with the marketing and reservations campaign as contemplated within the scheduled timeframe proposed and set the lottery for May of 2017.
- Return to the Vail Town Council on January 4th with an updated phasing plan, a preliminary presentation on specifications, and the preliminary terms of a pre sale agreement.