



Memorandum

To: Vail Town Council

From: George Ruther, Director of Community Development

Date: February 16, 2016

Subject: Chamonix Neighborhood Home Buyer Profile

I. PURPOSE

The purpose of this meeting is to present the Buyer Profile developed from the data obtained from the Chamonix Neighborhood Buyer Survey.

II. BUYER PROFILE

A buyer profile is a generalized representation of ideal potential home buyers. The profile helps understand the needs of prospective buyers better, and makes it easier to tailor development to the specific needs, behaviors, and concerns of different buyer groups.

The strongest buyer profiles are based on market research (Chamonix has had three market studies and one update) as well as on insights gathered from actual customer base through surveys. **The Town collected 187 surveys from actual potential buyers at the Chamonix Neighborhood Open House and through the on-line survey.**

Based upon the results of the survey data obtained, the typical buyer represents a cross section of the community. Both persons with professional/managerial occupations and those with resort/community-related occupations are expressing an interest in the Chamonix Neighborhood.

There is definite market demand for two and three-bedroom townhomes and duplex homes (with room to grow). There is lesser demand for one-bedroom flats. The typical buyer works in Vail or close by and wants a permanent home in a neighborhood setting in the Town of Vail. There are needs for more affordable homes on the lower end of income spectrum and more incrementally higher priced homes on the other.

Garages, guest parking, private outdoor space, shared open space and storage are important features to the typical buyer. The typical buyer wants quality built homes with amenities and room to grow and they are willing to sacrifice some features in order to live in Vail.

Highlights of the Characteristics of Potential Home Buyers:

- Home owners make up 34.8 % of potential home buyers, and renters are 65.2%. Of the home owners, 54.5% purchased their homes for less than \$300,000 and 55.17% of renters pay between \$1,100 and \$1,950 per month in rent.
- Occupations are split into two general categories that reflect somewhat correspondingly to the renter/owner mix. There are professionals/managers, e.g., doctors, lawyers, hotel managers, restaurant managers, accountants, etc. and resort and resort/community-related occupations, e.g., ski industry, waiters, concierge, firefighter, police, lock smith, teachers, etc.
- The typical buyer has worked in Eagle County for an average of five to six years, works within the Town of Vail (57.48% of all income earners identified) and has a median household income of \$87,500 (the potential home buyers are almost precisely split 50% below and above this level of income). The largest single group of respondents has incomes between \$100,000 and \$125,000 at 17.4%, while the second largest group has incomes between \$62, 501 and \$75,000, at 15.7% of the total.
- The majority of potential buyers (55.11%) have lived in Eagle County for 10 years or less with 42.62% having lived in the County 11 years or more. The vast majority of the potential buyers (76%) have lived in the Town of Vail at some time in their past, whereas only 47.2% currently do today. The next largest segment lives between Eagle-Vail & Edwards (32.6%).
- 50% of potential home buyers are married couples, 34.9 % are families with children, and 19.7% percent are unmarried couples with no children.
- 40.56 % of potential home buyers are currently two-person households, while another 37.75% have household sizes of 3 or more persons.
- At 67.23%, the duplexes and townhomes are the most favored style of home to accommodate the needs of the potential home buyers with 32.77% showing a preference for condos.
- The typical buyer owns at least two vehicles (63.44%) and therefore needs at least two parking spaces. The overwhelming majority of potential buyers (74.13%) have two or more parking spaces available currently.
- The typical buyer is ready to buy now and can afford homes in a variety of price ranges. The largest single segment (40.56%) states their maximum affordable price between \$300,000-\$399,000. A full 30% are at or above \$400,000 and 26.67% are below \$275,000.

- Comments that support the readiness for people to purchase homes in Vail include:
 - *Any opportunity to own property in Vail, especially within the neighborhood we have called home for many years, would be a dream fulfilled.*
 - *I would love to have a place to grow and raise my children that's close to work in a safe area.*
 - *Would like a place of which we can be proud and live in for the long term.*
 - *We are living in a friend's house that moved to Georgia. He gives us a break on rent. We are desperate to get back to Vail.*
 - *We need reasonable housing for families (incl. pets) that are affordable on a TOV paycheck.*
 - *With both of us working in Vail, a child going to school in Vail, it would be nice to not have live down valley in order to afford a home.*
 - *We currently rent from the town of vail as I am a TOV employee. I currently work for the Vail police department and since my time here (2.5 years) we have had about 20 people leave due to affordability of living in the area. I think this project could keep people in our department for a lot longer.*
 - *There are currently very few options for families with more than one or two children and with older children. This forces families to move down-valley.*
 - *Currently renting an out of date property for the price that I would expect modern and energy efficient, due to market demand. Would like to buy something I can call home and care for in a neighborhood that would reflect all owners enjoying and caring for each property.*
 - *Would be great to have an affordable housing option for purchase in the town we love.*
 - *We both want to continue to live in town of vail but expect our family size to grow and want a home where we can have kids but still live close to work and in town recreation.*

III. COMPARE/CONTRAST

When compared to the most recent site plan proposals, the needs and wants of the typical buyer profiled suggest that the Town evaluate alternative options. The typical buyer prefers townhomes and duplexes to condos, but the profile shows that not all of the buyers could afford the homes as presently sized.

Private space and “room to grow” were key features requested by the typical buyer. Consideration, therefore, should be given to building slightly smaller townhomes and/or duplexes with unfinished space to allow more buyers the opportunity to purchase now and expand their livable space in the future as needs change. Perhaps the site plan could be reconfigured in such a way to allow a group of smaller sized townhomes to be built in place of one multiple family building in the center of the site without drastically impacting the total density.

Since the profile also shows that there are buyers, who can afford slightly higher priced units, perhaps there can be a variety of sizes and types of units to accommodate the needs of this segment and priced according to means, thereby generating additional revenue to balance the sale and subsidy of more modestly priced homes.

There is also contrast among the buyers with a large group of potential home owners, who have lived and worked in the Valley 10 years or less and those who have been here much longer. This suggests that there may be a need to amend the Town's lottery process to ensure that newer residents have an opportunity to live in the Chamonix Neighborhood.

IV. STAFF RECOMMENDATION

The Community Development Department recommends the Vail Town Council considers the following:

- changing the mix and sizes of the homes to accommodate the needs of the typical buyer profile as outlined.
- develop a pricing strategy which allows for a variety of price points to meet the varying needs of the buyers, which also allows for higher price points to help subsidize more affordably priced units.
- using a variety of deed restrictions to allow some homes to be sold with lesser restrictions to generate more revenue and still maintain permanent residency, while others have greater restrictions to maintain affordability.
- changing the lottery parameters for some of the homes in to allow more recent residents the opportunity to obtain a home in the Chamonix Neighborhood.
- building a number of the new homes with unfinished spaces that allows for affordability today and the opportunity to grow into the home over time as needs and lifestyle change.

Attachment: Chamonix Neighborhood Buyer Survey

1 PHASE

# of Units	5	5	10	8	4	32
Unit Type	Type 1	Type 2	Type 3	Type 4	Type 5	Total
	2 BR - 2 story	2 BR - 3 story	3 BR - 3 story	3 BR - 3 story	3 BR - 3 story LG	Cost
Estimated Market Price:	574,800	685,200	726,600	797,900	956,600	23,775,600
Investment in Land/Infrastructure	(112,500)	(112,500)	(112,500)	(112,500)	(112,500)	(3,600,000)
Mark-up to market price	(60,300)	(74,700)	(80,100)	(89,400)	(110,100)	(2,631,600)
Total estimated Subsidy Value:	(172,800)	(187,200)	(192,600)	(201,900)	(222,600)	(6,231,600)
Estimated Cost of Construction / Sale price:	402,000	498,000	534,000	596,000	734,000	17,544,000

With a 10% downpayment and 5.0% mortgage rate; based on construction cost only

Estimated Monthly Mortgage Amount	1,833	2,271	2,435	2,718	3,347
Estimated Other Monthly Housing Costs	505	550	578	622	663
Total estimated Monthly Housing Cost:	2,338	2,821	3,013	3,339	4,010
Total estimated Annual Housing Cost:	28,055	33,856	36,156	40,074	48,126

Affordable Housing at AMI Levels		Monthly Housing	@ 35% of Income
160%	4 person HH	4,125	
140%	4 person HH	3,610	
120%	4 person HH	3,094	
100%	4 person HH	2,578	
80%	4 person HH	2,063	

Affordability at AMI Levels			% of Annual Income	% of Annual Income	% of Annual Income	% of Annual Income	% of Annual Income
160%	4 person HH	\$ 141,440	20%	24%	26%	28%	34%
140%	4 person HH	\$ 123,760	23%	27%	29%	32%	39%
120%	4 person HH	\$ 106,080	26%	32%	34%	38%	45%
100%	4 person HH	\$ 88,400	32%	38%	41%	45%	54%
80%	4 person HH	\$ 70,720	40%	48%	51%	57%	68%

Subsidy **assumes 35% of annual income used for housing costs

		Max Price	Conforming loan amount is \$625,500					
160%	4 person HH	\$ 810,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
140%	4 person HH	\$ 705,000	\$ -	\$ -	\$ -	\$ -	\$ 84,000	
120%	4 person HH	\$ 595,000	\$ -	\$ -	\$ -	\$ 51,000	\$ 189,000	
100%	4 person HH	\$ 485,000	\$ -	\$ 58,000	\$ 94,000	\$ 156,000	\$ 294,000	
80%	4 person HH	\$ 375,000	\$ 69,000	\$ 165,000	\$ 201,000	\$ 263,000	\$ 401,000	