

## Memorandum

To: Vail Town Council

From: Vail Local Housing Authority  
George Ruther, Director of Housing

Date: May 15, 2018

Subject: Town of Vail Resale Lottery Criteria Process Amendments – VLHA  
recommendation to Vail Town Council

---

### **I. Purpose**

The Vail Town Council sought the assistance of the Vail Local Housing Authority and the Housing Department in reviewing the existing Town of Vail annual resale lottery criteria process and recommend options for amendments, improvements and enhancements. The goals and objectives of the effort are to:

- Improve efficiency (ie. cost) and effectiveness (ie. time) of the lottery process for both the Town and the applicants.
- Ensure consistency, predictability and fairness in the process.
- Increase alignment between the annual lottery processes with the Town's housing policies and objectives.
- Reinforce emphasis on creating housing opportunities to maintain and sustain community; not just workforce.
- Improve the opportunity for participation in the lottery amongst all persons eligible to own a deed-restricted home in Vail.
- The opportunity to own deed-restricted housing in Vail is at the core of maintaining and sustaining community.
- Increase participation and opportunity in the lottery selection process.

The purposes of this memorandum are to:

- 1) summarize the Vail Town Council member's feedback from the public meeting held on May 15<sup>th</sup>,
- 2) present the recommendation of the Vail Local Housing Authority for amendments, improvements and enhancements to the criteria and lottery process consistent with the goals and objectives outlined above, and
- 3) outline the next steps for adoption by the Vail Town Council.

It should be noted that the topic of discussion of this memorandum focuses on the eligibility to participate in the resale lottery process. The topic of discussion is not intended to focus on the terms of the Town's deed-restrictions themselves. Once eligibility for participation in the lottery

is addressed and depending upon the final outcomes, additional discussion regarding the terms of the deed-restrictions themselves may be needed.

This agenda item helps the Vail Town Council achieve its critical action of “*growing a thriving and balanced community*”.

## **II. Vail Town Councilmember Feedback**

The Vail Town Council held a public hearing on May 15, 2018, to continue discussing opportunities to amend, improve and enhance the annual resale lottery process. This hearing was the fourth such hearing hosted by the Town Council on this topic in the past 18 months. Following a presentation by town staff, input from the Vail Local Housing Authority, public participation, and discussion amongst town council members, the consensus of the Vail Town Council members and instruction to town staff included the following:

- Simpler is better.
- Update and replace the 20-plus year old, weighted and tiered, lottery system.
- Maintain the deed-restriction terms regarding annual hours of employment, income, legitimacy of business, etc.
- Eliminate family size requirements.
- Establish and maintain an interested purchaser resale lottery participant list.
- Implement a separate and individual home specific lottery selection process.
- Minimum qualifications for participating in a lottery shall include:
  - Participation in a town or county-sponsored homebuyer education class
  - Signed acknowledgement of intent to comply with the terms of the subject deed restriction if selected to purchase.
  - Submit a pre-qualification letter from a mortgage lender establishing the financial ability to purchase said property.
- A weighted form of preference is more appropriate. The lottery needs to allow all participants a chance of being selected. Thus, implement a lottery process that allows a chance for any applicant to be selected, yet grants increased probability of selection to applicants having demonstrated longevity of living and/or working in Vail. It was determined an additional lottery ticket should be provided for 5 or more years of longevity and/or work history in Vail, rather than 10 or more years. The number of prior years of lottery participation was determined to be not relevant.

The Vail Local Housing Authority recommends the following point system:

▪ Meet minimum lottery participation criteria =	1 lottery ticket
▪ Vail resident =	1 lottery ticket
▪ Vail resident for equal to or greater than 5 years =	1 lottery ticket
▪ Employed in Vail =	1 lottery ticket
▪ Employed in Vail for equal to or greater than 5 years =	<u>1 lottery ticket</u>

**Maximum Total                      5 lottery ticket**

Lottery ticket eligibility is determined as of the date of the lottery drawing. All tickets are placed in the tumbler at the time of the drawing selection. All tickets will be drawn from the tumbler to create an order of purchase priority.

- The Town Councilmembers and VLHA again discussed the ability to participate in a resale lottery and purchase a deed-restricted home, if selected, should the applicant presently own free-market residential property in Eagle County. There was general consensus that the participation in the lottery should not be curtailed or otherwise limited. Vail InDEED participants are eligible for participation. The unresolved question was whether a lottery winner could own multiple deed-restricted properties, assuming the terms of the deed restrictions could be met.
  - Possible answers to this question include:
    1. No, the winner must sell the free-market property prior to taking possession of the deed-restricted home.
    2. Yes, if the winner agrees to deed-restrict the free market property, subject to Town Council acceptance, prior to entering the lottery.
    3. Yes, if the winner deed-restricts the free market property, subject to Town Council acceptance, prior to taking possession deed-restricted property and maintain ownership of both properties.

To facilitate the discussion, it may be helpful for the Town Council to provided answers to the following questions:

- 1) As a housing policy, how important/relevant is it that the Town implements measures to protect and preserve existing resident occupied, non-deed-restricted dwellings in the event the current owner has an opportunity to purchase a town-sponsored, deed-restricted dwelling?
  - 2) If deemed important/relevant, how is this policy best implemented? (i.e., purchase a deed restriction, allow multiple ownership, etc.)
- Prepare an administrative process for demonstrating eligibility and compliance with the terms of the deed-restriction and the employee housing guidelines. Currently, there is no prescribed process for administrative determination. Inevitably, however, as the Town's housing programs grow, situations and circumstances will arise whereby a determination will be needed. To ensure effectiveness and sound decision-making occur, criteria for consideration should be established and adopted to grant exceptions. It is likely most appropriate that the Vail Local Housing Authority, as an impartial five member authority appointed by the Vail Town Council, and not the Housing Department staff, be the entity which hears, evaluates and renders decisions in the administrative process. Examples of where this process would be most useful are when making determinations of legitimate business, employment, residency/occupancy, income generation, etc.

### **III. Next Steps**

The Vail Local Housing Authority and the Housing Department staff are prepared to work through the details of implementing the amendments described herein. With Town Council

direction, the Authority and the staff will return to the Town Council meeting on June 19, 2018 with more detailed proposals on how best to implement:

- 1) a point-based system for lottery participation,
- 2) a lottery process which is more streamlined and home type specific, and
- 3) an administrative process for making determinations of eligibility and compliance in instances of unique situations and special circumstances.

A new process can be in place effective July 4, 2018. Until that time, the 2017/2018 Resale Lottery List will remain in effect.

#### **IV. Actions Required for Implementation**

The following administrative actions are recommended for implementation of the new resale lottery process:

1. Amend the 1999 Employee Housing Guidelines
2. Establish and maintain an interested participants resale lottery list
3. Publish a Town of Vail Deed-Restricted Homes Summary List
4. Update the Town's housing webpage
5. Host/Co-host quarterly Homebuyer Education Classes
6. Launch Resale Lottery Process information campaign (ToV website, Vail Daily, Mailing lists, Valley Home Store, etc.)