



Memorandum

To: Vail Town Council

From: George Ruther, Housing Director

Date: March 5, 2019

Re: East Vail Parcel – Draft Term Sheet for Review and Consideration

The draft terms set forth below are entirely contingent upon the owner of the subject real property making application for development review and obtaining certain land use entitlements which would allow for the development of the housing project contemplated herein. Nothing herein constitutes an approval of any development review application by the Town of Vail's relevant reviewing agencies and the Town of Vail cannot guarantee an approval of a development review application submitted by any owner of real property.

I. Purpose

The purpose of this memorandum is to present the terms under consideration by the Vail Town Council to acquire at least 40 resident-occupied, deed-restrictions in the potential East Vail Parcel development expected to be proposed by Triumph Development. The outcome of the Town's proposed participation would result in a 100% deed-restricted development of approximately 130 to 140, one and two bedroom, for-rent homes for Vail residents.

II. Background

The East Vail Parcel is owned by Vail Resorts and located within the Housing District. The Parcel is being sold to Triumph Development for deed-restricted residential development and open space. The current zoning requires at least 70% of the development to be resident-occupied, deed-restricted homes for Vail residents.

III. Option for Consideration

The Town Council will be considering the following terms at their regularly scheduled evening meeting on March 19. Public comment will be taken.

Town of Vail Purchases the Entire +/- 23 Acre East Vail Parcel (Housing Parcel + Natural Area Preservation 'NAP' Parcel) from Triumph Development for \$4M. Triumph Development signs a 10-Year Ground Lease with an obligation to purchase the Housing Parcel back from the Town of Vail for \$2.5M. On or before the end of Year 10, the Town of Vail recovers \$2.5M, acquires at least 40 resident-occupied deed-restrictions on 30% of the total GRFA of the development and maintains ownership of the +/- 17.9 acre NAP Parcel, for a total net investment of \$1.5M.

1. TOV agrees to purchase the +/-23-acre East Vail Workforce Housing Subdivision from Triumph and invest a total of \$4M.

2. TOV agrees to ground lease the Housing Parcel back to Triumph in the form of a 10-Year, Subordinated, Ground Lease at no cost other than the annual land payment outlined in item #11 below.
3. The Town shall acquire ownership of the 17.9-acre NAP Parcel immediately upon transfer of funds.
4. Triumph Development shall fund a \$5,000 annual matching grant for bighorn sheep awareness and habitat restoration initiative in partnership with the Town of Vail and/or other conservation organizations that shall last for the duration of the 10-Year Ground Lease.
5. Ground Lease to include cure rights for Town in the event of Triumph Development default.
6. The Town of Vail shall grant a construction easement to Triumph Development for the benefit of constructing the development on the Housing Parcel.
7. Triumph Development shall be entitled to a development fee. The amount of the fee shall not exceed the maximum fee allowed by CHFA under its qualified allocation plan adopted 12/13/2018 and approved 12/31/18. The fee may be paid from any project sources including, debt proceeds, equity proceeds and income from the development.
8. In addition to the 70% resident-occupied, deed-restricted GRFA that will be built under the requirements of the Housing Zone District, the Town of Vail shall acquire a resident-occupied deed-restriction on the 30% of the GRFA that could otherwise be free market units.
9. The Town of Vail shall maintain a First Right of Lease Option on all of the deed restrictions it acquires.
10. The order of leasing preference shall be:
 - a. Town of Vail
 - b. Persons employed 30 hours per week (average) or employers licensed to do business in the Town of Vail
 - c. Persons employed 30 hours per week (average) within Eagle County
 - d. Non-qualified persons limited to six-month lease (anticipated lender requirement/Lion's Ridge Apartment example)
11. An Annual Ground Lease Payment of \$15,000 per year shall begin upon issuance of the first certificate of occupancy for the development. This payment shall be credited to the \$2.5M Purchase Price Obligation of the Housing Parcel.
12. The Town of Vail will use up to \$1M of Vail InDeed funds appropriated and budgeted in 2019 to acquire resident-occupied, deed-restrictions. Any future contribution is subject to annual budget appropriations.
13. Triumph Development shall make an annual ownership payment to the Vail Local Housing Authority equal to its anticipated one-tenth of one percent (0.1%) ownership interest in the development entity.

