

**TOWN OF MOUNTAIN VILLAGE
TOWN COUNCIL REGULAR MEETING
MONDAY, AUGUST 7, 2023, 5:30 PM
2nd FLOOR CONFERENCE ROOM, MOUNTAIN VILLAGE TOWN HALL
455 MOUNTAIN VILLAGE BLVD, MOUNTAIN VILLAGE, COLORADO
AGENDA **REVISED 2****

https://us06web.zoom.us/webinar/register/WN_aKw30eA8QNW7cMBkKe7HyA

Please note that times are approximate and subject to change.

	Time	Min	Presenter	Type	
1.	5:30				Call to Order
2.	5:30	30	McConaughy Wisor	Legal	Executive Session for the Purpose of: a. Receiving Legal Advice on Specific Legal Questions, to Determine Positions Relative to Matters that may be Subject to Negotiations, Developing Strategy for Negotiations and/or Instructing Negotiators, In Connection With the Sale of Property Pursuant to C.R.S. 24-6-402(4)(a), (b), and (e) Regarding Lot 644, Meadowlark at Mountain Village
3.	6:00	30	Wisor Hayes Lemley	Work Session	Town of Mountain Village Housing Authority: Discussion and Providing Direction to Staff Establishing the Initial Sales Price for Units at Lot 644, Meadowlark at Mountain Village
4.	6:30	45	McConaughy Wisor Wise	Legal	Executive Session for the Purpose of: a. Receiving Legal Advice on Specific Legal Questions, to Determine Positions Relative to Matters that may be Subject to Negotiations, Developing Strategy for Negotiations and/or Instructing Negotiators, In Connection the Telluride Conference Center Pursuant to C.R.S. 24-6-402(4)(b) and (e)
5.	7:15				Adjourn

Individuals with disabilities needing auxiliary aid(s) may request assistance by contacting Town Hall at 970-369-6429 or email: mvclerk@mntnvillage.org. A minimum notice of 48 hours is required so arrangements can be made to locate requested auxiliary aid(s)

<https://bit.ly/WatchMVMeetings>

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https://us06web.zoom.us/webinar/register/WN_aKw30eA8QNW7cMBkKe7HvA

After registering, you will receive a confirmation email containing information about joining the webinar. Zoom participation in public meetings is being offered as a courtesy, however technical difficulties can happen and the Town bears no responsibility for issues that could prevent individuals from participating remotely. Physical presence in Council chambers is recommended for those wishing to make public comments or participate in public hearings.

**TOWN COUNCIL MEETING
AGENDA FOR AUGUST 7, 2023**

Public Comment Policy:

- All public commenters must sign in on the public comment sign in sheet and indicate which item(s) they intend to give public comment on
- Speakers shall wait to be recognized by the Mayor and shall give public comment at the public comment microphone when recognized by the Mayor
- Speakers shall state their full name and affiliation with the Town of Mountain Village if any
- Speakers shall be limited to two minutes with no aggregating of time through the representation of additional people
- Speakers shall refrain from personal attacks and shall keep comments to that of a civil tone
- No presentation of materials through the AV system shall be allowed for non-agendized speakers
- Written materials must be submitted 48 hours prior to the meeting date to be included in the meeting packet and of record. Written comment submitted within 48 hours will be accepted, but shall not be included in the packet or be deemed of record



OFFICE OF THE TOWN MANAGER
455 Mountain Village Blvd.
Mountain Village, CO 81435
(970) 729-2654

TO: Mountain Village Town Council

FROM: Paul Wisor, Town Manager; Michelle Haynes, Assistant Town Manager; Lizbeth Lemley, Finance Director

DATE: August 4, 2023

RE: Lot 644, Meadowlark at Mountain Village – Pricing

Executive Summary: The Town of Mountain Village, along with its development partner Triumph Development West, is pursuing the construction of 29 deed-restricted, for-sale units. The Town has conducted two executive sessions in which it has discussed various pricing strategies aimed at making the Meadowlark units as attainable as possible. Pursuant to a work session on July 20th and direction from Council, Town staff gathered input from likely buyers in order to determine which strategy would be preferred by likely buyers. Having gather such input, Town staff is prepared to provide pricing scenarios under both options, and Council can, at its choosing, direct staff to begin to set pricing for certain units within the Meadowlark development.

Attachments

- a. Pricing & Cash Flows
- b. Public Comments

Background

The Town of Mountain Village is fortunate in that it has a considerable amount of deed-restricted housing located within its Town boundaries relative to many of its peer communities. In fact, 74% of Mountain Village residents reside in deed-restricted housing.

Currently, there are 538 deed-restricted units available in Mountain Village. These deed-restricted units fill the need of a variety of income levels. Big Billies, owned by Telluride Ski & Golf (“TSG”) contains 150 rental units, and the current deed restriction requires residents fall within an income range of 50% to 60% of Area Median Income (“AMI”)¹ with rents similarly charged at the 50%-60% of maximum allowable rent.²

Village Court Apartments (“VCA”), owned by the Mountain Village Housing Authority, contains 220 rental units. Within VCA, 88 units are encumbered by a deed-restriction requiring occupants fall within an income range of 50%-60% of AMI. The Housing Authority is pursuing the development of Phase IV of VCA, which will include 35 units. It is estimated the rent for these units will fall around 100% of the maximum rent allowed under the AMI schedule.

¹ The Area Median Income for a single person in San Miguel County is currently \$69,800,

² The maximum rent for a single individual for a one bedroom in San Miguel County is \$1,745.

There are also 30 rental units at the TSG-owned Mountain View complex, and these units are not subject to rent or income limitations.

The remaining deed-restricted units can mostly be found in the Meadows neighborhood. These units are largely owner-occupied, and they are not subject to income restrictions or price caps. Over the last two years, these units have sold at an average of \$617 per square foot.

Given the above, the Town has a robust amount of housing available for those who fall below the 100% AMI, and, for those who can afford to purchase at the average price of \$617 per square foot.

There is, however, a gap in inventory for those seeking housing and price points and unit types between these ranges. To that end, Council made the decision in 2021 to pursue development of Lot 644, now known as Meadowlark, with the stated goal of primarily providing attainable housing for Town employees, essential workers, and others working in the R-1 school district.

In February 2022, pursuant to an RFP process, the Town selected Triumph Development West to serve as the Town’s development partner for the construction of for sale residential units on Lot 644. In its response, Triumph proposed the Town would provide \$4.3 million in equity and Triumph would seek a construction loan for the remainder of the funds necessary for funding the project. Upon the sale of the constructed units, the sale proceeds would be proportionately allocated to the Town and Triumph, the Town would be repaid its equity investment, and any excess profit would be divided between the Town and Triumph 20%/80%. In addition, Triumph would be entitled to a developer fee equal to 4% of the cost of the project.

In its initial proposal, Triumph articulated projected pricing for studios to three-bedroom units set forth below:

Sales Program	Units	Livable SF	Gross SF	Target	Target	Approx. AMI
				Sales Price	\$/Bedroom	
Condos						
Studio	3	540	540	\$ 348,300	\$ 348,300	120%
1BR	10	630	630	\$ 406,350	\$ 406,350	140%
Condo Garages	6	-	250	\$ 37,500		
Townhomes						
3BR w/ Garage	4	1,800	2,100	\$ 999,000	\$ 333,000	240%
2BR w/ Garage	3	1,300	1,600	\$ 747,500	\$ 373,750	190%
3BR	6	1,350	1,350	\$ 702,000	\$ 234,000	175%
2BR	9	1,200	1,200	\$ 624,000	\$ 312,000	140%

Under this scenario, the price per square foot ranged from \$520 for a two-bedroom townhome to \$645 for a one-bedroom condo, with overall pricing topping out at \$999,000 for a three-bedroom townhome with a garage.

Over the course of the design and development process³, the overall project has changed for a variety of reasons, including ensuring the project fits within the confines of the site, and addressing a variety of community concerns regarding the project. For example, the project has

³ During this process it is important to note Council adopted a deed restriction for the Meadowlark units that includes a 4% appreciation cap. This cap was implemented to help assure the price of the units remain attainable over time. Council also adopted a selection system which creates a waterfall for those seeking to purchase the units. This waterfall provides priority for Town employees to buy the units, followed by essential workers, workers working in Mountain Village, those that work in the R-1 school district, and, finally, local businesses.

gone from 35 units, to 41 units to 29 units, and there are no longer any studios contemplated in the project.

Since February 2022, the financial environment has changed significantly. Inflation has increased construction costs and rising interest rates have increased the price of construction loans. Additionally, interest rates have increased, making it more difficult for purchasers to qualify for loans. The Town and Triumph have worked diligently to control the price of the Meadowlark units in the face of external upward pricing pressures.

In order to lower the cost of the units, staff has proposed a variety of paths for Council to consider. These options include setting aside units for organizations and charging the cost to construct, deploying the \$4.3 million equity investment into the project as a Buydown Program, or using the equity to establish and Equity Investment Program.

Town Council solicited additional public comment (see exhibit B) and staff met with each interested Town of Mountain Village employee consisting of 14 employees, subsequent to the work session held on July 18, 2023 to determine which program was preferred. A summary of findings is provided in the memo.

Program Proposals

Buydown Program

In order to make the units more attainable, the Town could use its remaining equity in the project buy down the cost of the units prior to sale. This approach would effectively lower the purchase price of each unit.

While the Town would not realize any appreciation in the project, the initial investment, in tandem with the implementation of the 4% appreciation cap applicable to all Meadowlark units, would assure the units remain attainable over the long-term, relative to other deed restricted products in Mountain Village.

The Buydown program would result in a price/sf for the units ranging from \$524 to \$544. As shown below and in Exhibit A, under this scenario, a one bedroom one bathroom unit would sell for \$395,287 while a three bedroom unit would sell for \$1,025,763, all well below current prices for deed restricted units in the Meadows.

Buydown Pricing				
Condos	Units	Sq Ft	Cost SF	Sale Price
1BR / 1BA	4	740	534	395,287
2BR / 1 BA	2	955	534	510,134
2BR / 2BA	6	1015	534	542,184
Townhomes				
3BR w/ Garage	3	1885	544	1,025,763
2BR w/ Garage	2	1620	544	881,558
3BR w/ Carport	8	1485	524	778,395
2BR w/ Carport	4	1075	524	563,484

Equity Investment Program

Rather than pursue a Buydown Program, the Town could create an equity investment program whereby the Town would invest its remaining \$4.3 million into the units for a proportionate ownership interest⁴ and realize a return on its investment upon the sale of the home if market values increase and a decrease on its investment if market values decrease. The Town would take its equity contribution and put it back into the unit upon purchase by the new owner, creating a planned perpetual subsidy program. The Town would then be able to reinvest the proceeds into equity on the resale. Under this program, the owner and Town would share in increases (up the 4% price cap) and decreases in value.

As shown in Exhibit A and below, the price/sf ranges from \$644 to \$664, which for new construction, is in line with current deed restricted pricing in the Meadows. However, the Town would contribute approximately 20% of the purchase price. This would lower the amount the buyer would need to mortgage to purchase the home. For example, a buyer of a two bedroom, two bath unit would need to pay a purchase price of \$663,303 (\$654/sf), but the Town would contribute \$121,119, leaving the buyer to cover the overall burden to \$542,184 with personal down payment and mortgage.

Equity Investment Pricing				
Condos	Units	Sq Ft	Cost SF	Sale Price
1BR / 1BA	4	740	654	483,590
2BR / 1 BA	2	955	654	624,093
2BR / 2BA	6	1015	654	663,303
Townhomes				
3BR w/ Garage	3	1885	664	1,250,698
2BR w/ Garage	2	1620	664	1,074,870
3BR w/ Carport	8	1485	644	955,598
2BR w/ Carport	4	1075	644	691,763

Essential Organization Pricing

In order to lessen the financial impact on the Town were it to approve additional assistance to the Meadowlark project, staff proposes a tiered pricing structure for essential organizations who purchase Meadowlark units. The Town has already set aside five units for organizations⁵ it has deemed essential. Under the tiered approach, essential organizations would pay the cost to construct the units. In addition, the essential organizations that have been given priority to purchase (after Mountain Village staff but before essential workers) would pay a \$50,000 Priority Fee.

As shown in Exhibit A, if the Town were to pursue either the Buydown or Equity Investment Program, the overall initial overall initial cash outflow of the project to the Town is significant - \$6,220,587.⁶ However, by selling to essential organizations at cost, the Town can reduce the overall impact to the Town, recouping a portion of its subsidy. Were the Town to see five units to essential organizations, the overall cost burden to the Town is estimated to be \$5,094,509. Were the Town to sell ten units to essential organizations, the cost burden to the Town is

⁴ Purchasers could choose not to accept the equity investment, and instead choose to pay the full purchase price.

⁵ The organizations include the Telluride Regional Medical Center, Tri-County Health, the R-1 School District, Telluride Fire District, and the San Miguel Resource Center.

⁶ This amount includes forgoing \$4.3 million in equity, \$700,000 subsidy, and 1.2 million in access tract costs, waiver of fees, and payment to SMPA.

estimated to be \$3,575,260. These estimates are dependent on the unit types purchased by the essential organizations.

Buydown v. Equity Investment Comparison

As discussed below, the Buydown and Equity Investment approaches each have their respective incentives and drawbacks. It is worth noting that in the scenario where the buyer has a comparable amount for a downpayment, the financial outcome for the buyer upon sale is consistent between programs.

This brings us to one of the two main incentives of the Equity Investment approach, which provides the purchaser with more cash at the closing table. Although the Town may view the Equity Investment approach as a means to make purchasing a home more affordable, many buyers will likely see the program as a mortgage assistance program as the Town's equity will allow certain purchasers to make a larger downpayment allowing them to qualify for a home they would not be able to purchase on their own. Down payments are one of the largest barriers to homeownership in our area. The Equity Investment approach provides some buyers with funds they may not otherwise have in order to participate in a wider variety of lending programs.

Without stating the obvious, the other benefit to the Equity Investment approach, is that the Town could potentially realize a return on its investment.

However, the Town will not monetize this return if Council intends for the Equity Investment approach to work as a Meadowlark Revolving Fund. To illustrate, if a unit is purchased at \$500,000 the Town will need put in approximately \$92,000 through the Equity Investment Program. In ten years⁷ the unit will sell for \$705,299, and the Town will receive \$129,775. The next buyer will purchase the unit for \$705,299. In order for the unit to be as accessible for the subsequent purchaser as it was for the initial purchaser, the Town will need to invest \$129,775.

If the Town intends to monetize these returns, it will need to cease investing in the project at some point. When the Town ceases investing in the Meadowlark units, the units will be priced significantly higher than what most of the previous occupants may have been able to afford.⁸ Additionally, the first owner will need to find a buyer able to both meet the requirements of the deed restriction and afford the higher price without assistance, or reduce the price potentially resulting in both a loss to the Town and owner.

Council, then, should be clear if the Equity Investment Program while intended to be a long-term solution, is only guaranteed to the initial buyers.

If the Equity Investment Program is meant as a long-term solution, it is important to note there are two factors working against Council's ability to guarantee longevity of the program.

First, the decision to create and enter into the Equity Investment Program is a legislative act by Council. There is a long-standing principle under Colorado law that prohibits one Council from bind[ing] succeeding city councils and thereby deprive them of the unrestricted exercise of their legislative power. *City of Denver v. Hubbard*, 17 68 P. 993 (Colo. App. 1902).⁹

⁷ Assuming an annual appreciation of 3.5%.

⁸ It is certainly possible the price of homes will drop, and the units may be accessible to an even wider pool of purchasers. However, housing prices have steadily increased in the past fifty years, with only one notable drop occurring from Q1 of 2007 through Q1 of 2009. <https://fred.stlouisfed.org/series/ASPUS>

⁹ For sake of clarity, quasi-judicial decision are binding on future Councils.

In decades past, it may have been possible to place the obligation of Council to continue the Equity Investment Program in a covenant running with each unit. However, Article X, Section 20 of the Colorado Constitution, better known as the Taxpayer Bill of Rights, adopted in 1992 prohibits such a covenant. TABOR explicitly prohibits Council from incurring any fiscal obligation greater than twelve months without an affirmative vote of the electorate.

The Buydown Program provides prices, subject to 4% annual increases, will remain below or at market as a result of a one-time, permanent investment. However, it is important to note the permanent nature of the investment. If the Buydown Program is selected, the Town is parting ways with those funds forever. Additionally, the owner may pay higher closing costs or be subject to PMI if their loan to value exceeds 80% for the first few years.

Summary of Interview Results

Summary Table of Input and Preference

Total Employee and Public Input*	Buydown	Either	Equity
16	9	4	3

*Means MV employees and two public comments (who provided a preference)

Out of the 14 purchasers and four public comments, nine chose the Buydown Program as it would lower their initial purchase price, understanding they would need to provide a larger down payment. The remaining 3 purchasers considered the Equity Investment Program due to concerns about the affordability of their initial down payment. Four indicated they were uncertain which was the preferred program. Two public comments did not provide a preference. Additionally, 13 of the 14 purchasers expressed interest in both the Town's Down Payment Assistance program and external down payment assistance programs.

Conclusion

Ultimately, Council, with the benefit of public input, needs to choose a program it deems best for the project and the community. Is it more important for Council to create more down payment assistance for some purchasers while keeping a higher purchase price, recognizing that continued assistance for future buyers is subject to the discretion of other Councils, or does Council want to lower the overall purchase price and permanently part ways with its equity? Given the input of interested purchasers, staff recommends Council pursue the Buydown Program, recognizing, though administratively burdensome, the Town could pursue both options. Staff further recommends selling at least ten units to essential organizations.

Staff recommends Council discuss the pricing and direct staff to formalize commitments from essential organizations, post the pricing strategy or strategies on the Town's website, begin the purchaser selection process, enter into reservation agreements (which agreements are contingent upon adoption of a pricing resolution), and bring to Council final a resolution designating the pricing for each specific unit based on reservation agreements entered into with individual purchasers.

Exhibit A
(Pricing & Cash Flows)

Scenario 1 - Town reinvests it \$4.3 million into Equity Investment Program upon sale.

Scenario 2 - Town contributes its \$4.3 million to subsidize the project to lower sales price.

Scenario 3 - Town contributes its \$4.3 million to subsidize the project to lower sales price. Assumes (5) 2 bd/2ba sales to Essential Organizations.

Scenario 4 - Town contributes its \$4.3 million to subsidize the project to lower sales price. Assumes (5) 2 bd/2ba sales to Essential Organizations and (5) various Townhome sales.

Note- Essential Organization sales can be utilized under Scenario 1 as well.

Summary of Meadowlark Pricing Scenarios				
	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Development Budget	22,033,274	22,033,274	22,033,274	22,033,274
Development Funding				
Construction Loan	17,033,274	17,033,274	17,033,274	17,033,274
TMV Equity	4,300,000	-	-	-
TMV Subsidy	700,000	5,000,000	5,000,000	5,000,000
	<u>22,033,274</u>	<u>22,033,274</u>	<u>22,033,274</u>	<u>22,033,274</u>
Additional Costs				
SMPA	131,175	131,175	131,175	131,175
Access tract	944,412	944,412	944,412	944,412
Tap fees	145,000	145,000	145,000	145,000
	<u>1,220,587</u>	<u>1,220,587</u>	<u>1,220,587</u>	<u>1,220,587</u>
Additional Funding				
TMV	1,220,587	1,220,587	1,220,587	1,220,587
Sales Summary				
Gross Sales Proceeds	23,476,023	19,176,023	20,302,101	21,821,350
Selling Expense	(68,009)	(68,009)	(68,009)	(68,009)
Repay Construction Loan	(17,033,274)	(17,033,274)	(17,033,274)	(17,033,274)
Repay TMV Equity	(4,300,000)	-	(1,126,078)	(2,645,327)
	<u>2,074,740</u>	<u>2,074,740</u>	<u>2,074,740</u>	<u>2,074,740</u>
Distributions				
Payment to Triumph	2,074,740	2,074,740	2,074,740	2,074,740
Payment to TMV	-	-	-	-
	<u>2,074,740</u>	<u>2,074,740</u>	<u>2,074,740</u>	<u>2,074,740</u>
TMV Cash Flow Summary				
Equity	(4,300,000)	-	-	-
Subsidy	(700,000)	(5,000,000)	(5,000,000)	(5,000,000)
Access Tract /Tap fees/SMPA	(1,220,587)	(1,220,587)	(1,220,587)	(1,220,587)
Repayment of Equity	4,300,000	-	-	-
Equity Participation-Max*	(4,300,000)			
Add'l. funds from Essential Organization Sales**	-	-	1,126,078	2,645,327
Net CashFlow	<u>(6,220,587)</u>	<u>(6,220,587)</u>	<u>(5,094,509)</u>	<u>(3,575,260)</u>

*Town would be repaid equity (plus appreciation/less depreciation) upon sale with the intent of providing assistance to the next buyer.

**These funds would be available under the Equity Investment Scenario 1 if Essential Organization sales are utilized to offset the cost of Town Equity Participation.

Scenario 1 - Equity Investment

Condos	Units	Sq Ft	Cost SF	Sale Price	Total Sq Ft	Total Sales
1BR / 1BA	4	740	654	483,590	2,960	1,934,360
2BR / 1 BA	2	955	654	624,093	1,910	1,248,185
2BR / 2BA	6	1015	654	663,303	6,090	3,979,815
Townhomes						
3BR w/ Garage	3	1885	664	1,250,698	5,655	3,752,093
2BR w/ Garage	2	1620	664	1,074,870	3,240	2,149,740
3BR w/ Carport	8	1485	644	955,598	11,880	7,644,780
2BR w/ Carport	4	1075	644	691,763	4,300	2,767,050
Total					36,035	23,476,023

Scenario 2 - Buydown

Condos	Units	Sq Ft	Cost SF	Sale Price	Total Sq Ft	Total Sales
1BR / 1BA	4	740	534	395,287	2,960	1,581,148
2BR / 1 BA	2	955	534	510,134	1,910	1,020,268
2BR / 2BA	6	1015	534	542,184	6,090	3,253,105
Townhomes						
3BR w/ Garage	3	1885	544	1,025,763	5,655	3,077,290
2BR w/ Garage	2	1620	544	881,558	3,240	1,763,116
3BR w/ Carport	8	1485	524	778,395	11,880	6,227,158
2BR w/ Carport	4	1075	524	563,484	4,300	2,253,938
Total					36,035	19,176,023

Essential Organization Pricing

Condos	Units	Sq Ft	Cost SF	Sale Price	Fee	Sale Price
1BR / 1BA	4	740	707	523,030	50,000	573,030
2BR / 1 BA	2	955	707	674,992	50,000	724,992
2BR / 2BA	6	1015	707	717,400	50,000	767,400
Townhomes						
3BR w/ Garage	3	1885	717	1,351,164	50,000	1,401,164
2BR w/ Garage	2	1620	717	1,161,212	50,000	1,211,212
3BR w/ Carport	8	1485	697	1,034,745	50,000	1,084,745
2BR w/ Carport	4	1075	697	749,058	50,000	799,058

**Exhibit B
(Public Comments)**

From: [Douglas Tooley](#)
To: [council](#); [pwisor](#); housing@mtnvillage.org
Cc: [mvclerk](#); douglas@motleytools.com
Subject: Additional units for essential organizations
Date: Thursday, July 20, 2023 5:44:36 PM

I would suggest that additional units for essential organizations be placed in lower steps of the waterfall.

-Doug

From: [Heather Knox](#)
To: housing@mtnvillage.org
Subject: Meadowlark feedback
Date: Thursday, July 20, 2023 7:06:19 PM

- I think the buy-down option will help more people; it is also easier to understand.
- People with physical disabilities needing accessible units should have priority (top of the waterfall) for any ADA accessible units. It would help if there is any additional grant support for these individuals.
- TASP should also be considered one of the non-profits for the priority purchasing.

From: [Heather Knox](#)
To: housing@mtnvillage.org
Subject: Fwd: Public comment on 644
Date: Friday, July 28, 2023 4:25:43 PM

Sent from my iPad

Begin forwarded message:

From: Heather Knox <hknox9500@gmail.com>
Date: July 28, 2023 at 5:08:47 PM CDT
To: mvhousing@mtnvillage.org
Cc: mvclerk <mvclerk@mtnvillage.org>
Subject: Public comment on 644

Thank you for requesting public comment on the equity vs. buy down pricing models for the Meadowlark development.

What I have heard that residents want to see is the big picture of the Meadowlark financials. Many of the financial decisions have been discussed in executive sessions with voting immediately following. The public does not feel well informed about the overall costs and subsidy of this project.

Initially the subsidy was \$3M and it also provided the land and utilities. It is my understanding at the June town council meeting the subsidy was raised to \$4.3M. This vote was conducted immediately following an executive session, and the public was not able to provide public comments on this. I believe there was also an additional expense beyond the subsidy (\$800K? Building the road?) There are many moving pieces with this project. Please be forthright, and clearly explain all expenses to us. This is a housing project MV residents want to be proud of.

In the next packet, please present the following information to council and residents:

- Overall cost of the project.
- The “not to exceed” amount in the Triumph contract.
- The MV expenses, \$4.3 subsidy? and all additional expenses.
- The amount of profit to Triumph will earn.
- Overall construction costs.
- Unit pricing.
- The price of each Unit type showing both the buy-down or equity program. The July packet showed the buy-down and equity for \$500K. How do the models affect the other unit prices?

The unit prices are sticking point for most residents. As Paul said at the July meeting “644 was earmarked for affordable housing”. He also showed unit pricing as 240% of AMI. Does MV council believe that 240% of AMI is affordable? The real estate sales in the Meadows over the last 2 years should not

be what is used to justify Meadowlark unit pricing. Condo sale prices have doubled or tripled over the last 2 years beyond what they were 3 - 4 years.

The public was told the 644 units were designed for essential workers. Essential workers cannot afford 240% of AMI, unless they are coming in with money that they are not earning through their jobs (family money, inheritance, etc.). Those with means beyond employment income can afford condos that are not subsidized by the Mountain Village. The MV residents want to be proud of this housing project - a project that provides housing to essential workers who could not otherwise afford it. For essential workers to afford these units the buy-down should be 40-50%. Essential workers cannot afford 240% of AMI.

Please provide all the information requested above in the next meeting packet. And consider a buy-down subsidy of 40-50% so that essential workers can actually afford to live in Meadowlark. Do not subsidize housing for people who can afford non-deed restricted housing. Basing the unit pricing on 240% of the AMI does not pencil for essential workers.

Thank you very much for considering my comments.

Heather Knox
327 Adams Ranch Road #402

Sent from my iPad

From: [Susan Johnston](#)
To: [Marleina Fallenius](#); [Paul Wisor](#); [Michelle Haynes](#); [Amy Ward](#); [Lizbeth Lemley](#)
Subject: FW: Comment on Meadowlark pricing
Date: Friday, August 4, 2023 12:31:31 PM

Susan Johnston
Town Clerk
Town of Mountain Village
O::970.369.6429
M::970-729-3440

[Website](#) | [Facebook](#) | [Twitter](#) | [Instagram](#) | [Email Signup](#)

From: Joan May <joan@joanmay.org>
Sent: Friday, August 4, 2023 12:22 PM
To: mvclerk@mtnvillage.org; [Marti Prohaska](mailto:mprohaska@mtnvillage.org) <mprohaska@mtnvillage.org>; [Patrick Berry](mailto:PBerry@mtnvillage.org) <PBerry@mtnvillage.org>; [Pete Duprey](mailto:pduprey@mtnvillage.org) <pduprey@mtnvillage.org>; [Jack Gilbride](mailto:JackGilbride@mtnvillage.org) <JGilbride@mtnvillage.org>; [Harvey Mogenson](mailto:hmogenson@mtnvillage.org) <hmogenson@mtnvillage.org>; [Tucker Magid](mailto:TuckerMagid@mtnvillage.org) <tmagid@mtnvillage.org>; [Scott Pearson](mailto:spearson@mtnvillage.org) <spearson@mtnvillage.org>; [Paul Wisor](mailto:PaulWisor@mtnvillage.org) <pwisor@mtnvillage.org>; [Michelle Haynes](mailto:MHaynes@mtnvillage.org) <MHaynes@mtnvillage.org>
Subject: Comment on Meadowlark pricing

Dear Mountain Village leaders,

You have asked for input on how Mountain Village should further subsidize the high costs to buyers of Meadowlark. I am very, very confused as to why you didn't know, starting this project, that the essential workers this project was targeted for, could never afford these units with salaries earned in our region, without outside financial support.

This project is so out of scale with our neighborhood, and is already having more impacts on what was a lovely Meadows neighborhood, than any project to date. Past town councils deemed the lot too expensive to build on, and moved densities around to compensate for that. The 2021-2023 town council thought it knew better.

There is no way, now, to "fix" the problem, or to camouflage the damage done to the Meadows, to the Jurassic Trail, or to tax payers who ended up subsidizing this project for millions more than originally anticipated.

I still think you'd be better off turning it into a park, which is also needed, saving mountain village taxpayers a fortune, and rectifying some of the other ways the project has only grown worse over time. I hope that you will, at least, require dark-sky requirements for Meadowlark.

I wish you well in figuring out this unsolvable problem. As a resident of Mountain Village, I look forward to participating in the future in any way that is helpful.

Sincerely,

Joan May

PS please see this letter that has been sent to the Daily Planet for publication:

Government Should Do Better Than This

Dear Editor,

I am writing to express my deep concern and disappointment regarding the recent decisions made by the Mountain Village Town Council concerning the Meadowlark workforce housing development. As a resident of the Meadows and someone who cares deeply about the future of our community, I believe it is crucial for the government to act responsibly and transparently when it comes to crucial projects like affordable housing.

The Meadowlark development, with its 29 for-sale condos and townhomes, was supposed to address the dire need for housing essential workers in our area. However, the current approach taken by the Town Council has left much to be desired. Rather than carefully planning and designing a project to cater to the target income sector, they handed over the task to a developer and donated the land, infrastructure and quite a bit of taxpayer dollars. This lack of proper oversight has led to a housing project that is now unaffordable for the very people it was intended to serve.

During the public meeting in April 2022, when Triumph West presented their plans for the development, concerns were raised about the potential costs, the developer's profit, and the impact on the beloved Jurassic connector trail. Instead of heeding these concerns and providing transparent answers, the Council rushed

into an agreement, seemingly blinded by the idea that it would be a good deal for the Town. Unfortunately, this decision has now backfired, and the Town is left scrambling to find solutions.

The lack of communication and updates to the public over the past year is also concerning. Residents in the Meadows and surrounding areas have a vested interest in this project, yet we were kept in the dark about significant changes, including a substantial increase in the subsidy for the developer. It was only through cryptic agenda items and last-minute decisions that the public became aware of these changes, eroding trust in the Council's ability to handle such projects.

I question the sudden realization by the Council in June and July that the homes in the Meadowlark development were unaffordable for essential workers. This should have been carefully considered before the ground-breaking, and it is baffling that they proceeded with the project without addressing this issue first.

Furthermore, taxpayers have the right to know how much this project is costing us, the true cost of the housing units for buyers, and the developer's profit. Without transparency, it is challenging for residents to have confidence in the decision-making process.

Moving forward, it is essential for the Town Council to take a more cautious approach to projects of this magnitude. Deliberate planning, open communication with constituents, and a thorough examination of financial implications are necessary steps to prevent such missteps in the future.

I urge the Council to halt the Meadowlark development and engage in honest, two-way dialogue with the community to determine the best course of action. Instead of pursuing million-dollar housing that essential workers cannot afford, the focus should be on affordable rental housing, like the much-needed Village Court Apartments.

We now have a new Town Council and a new mayor, and I hope they will learn from the mistakes of the past and work hard to rebuild trust with the public. Slowing down processes, engaging in planning that takes neighborhood impacts into

account, actively seeking input from residents, and being fully transparent in decision-making are crucial steps to regain the confidence of the community.

The government has a responsibility to serve its citizens, especially in our most pressing issues such as housing. The Meadowlark project has highlighted significant shortcomings in the decision-making process, and it is time for the Town Council to do better than this. Let us work together to find sustainable and equitable solutions for our community's future.

Sincerely,

Joan May

From: [Cath Jett](mailto:Cath.Jett@mtnvillage.org)
To: housing@mtnvillage.org
Cc: [myclerk](#); [Marti Prohaska](#); [Patrick Berry](#); [Pete Duprey](#); [Jack Gilbride](#); [Harvey Mogenson](#); [Tucker Magid](#); [Scott Pearson](#)
Subject: Meadowlark 644 Funding Option
Date: Thursday, August 3, 2023 5:16:21 PM

Dear Members of Town Council and the Housing Authority,

I hope this letter finds you well. As a concerned resident and advocate for affordable housing in our community, I am writing to respectfully suggest a reconsideration of the Meadowlark housing project and its current approach. It is my belief that we should abandon the Meadowlark development as a subsidized workforce housing project, downsize it, and instead, explore the option of selling it on the free market.

While the intent behind the Meadowlark project, to provide housing for essential workers, is commendable, its current trajectory seems to have veered off course. The escalating costs and the realization that these units are far beyond the reach of those it was meant to serve highlight the need for a more practical and viable solution.

I propose the following reasons for abandoning the current approach and pursuing an alternative strategy:

- 1. Affordability:** The original goal of providing workforce housing has been overshadowed by the exorbitant prices of the units. The essence of workforce housing is to cater to the needs of the community's essential workers, enabling them to live closer to their workplace and contributing to a thriving local workforce. However, the million-dollar price range makes this unattainable for the very individuals it was meant to benefit.
- 2. Market Demand:** The current real estate market indicates a demand for affordable housing, not luxury condos. Downsizing the project and selling it on the free market would likely attract more potential buyers, including first-time homeowners, young families, and downsizing seniors. This could also help alleviate the housing shortage faced by a broader spectrum of residents. It also makes sense to cluster it in a location that is close to the Terraces, another free-market development.
- 3. Financial Responsibility:** Continuing with the Meadowlark project in its current form would require a substantial investment of taxpayer money and uncertain future returns. By selling the units on the free market, the burden on public funds could be reduced, freeing up resources for other pressing community needs.
- 4. Fairness and Transparency:** A free market sale ensures a transparent and equitable process, where the units are available to all potential buyers. Subsidized projects can create competition concerns and perception issues, leading to potential distrust among residents. A market-driven approach would eliminate such concerns.

I understand that this is a complex decision and that it requires careful consideration of multiple factors. However, I believe that abandoning the current Meadowlark approach and opting for a market-based solution aligns better with the original vision of providing housing options for essential workers and a responsible use of public funds.

I urge the Housing Commission to review the merits of this proposal, conduct a thorough cost-benefit analysis, and engage in open dialogues with community stakeholders before making any final decisions.

Thank you for your time and consideration. I am confident that by working together, we can find a housing solution that benefits our community at large.

Sincerely,

--

Cath Jett
Climate Reality Leadership 2020
319 Adams Ranch Road Unit 1002
Mountain Village, CO 81435
m: 970.708.0830
h: 970.728.9899

Pronouns: she/her/hers





MEADOWLARK FUNDING STRATEGIES

Town of Mountain Village

Town Council Meeting

August 7, 2023



AGENDA

1

PUBLIC MEETINGS

2

BRIEF HISTORY

3

DEAL STRUCTURE

4

PRICING



1

PUBLIC MEETINGS

A quick overview of the communications history timeline for Meadowlark.



COMMUNICATIONS HISTORY

March 31, 2022

Lot 644 Development Open House: noticed with two eblasts, press release, 4 social media posts plus follow up post with meeting recording

June 20, 2022

Sitewalk: noticed with two eblasts, press release, four social posts

September 1, 2022

Design Review Board Initial Architecture and Site Review Application- noticed with two eblasts, press release, three social posts

April 21, 2022

Town Council Meeting: Discussion Regarding Site Planning, Density and Conceptual Design of Lot 644 in the Meadows

July 12, 2022

Special Town Council Meeting: Lot 644 Town Community Housing Development discussion

November 3, 2022

Design Review Board Meeting, Consideration of a Design Review: Final Architecture Review for a multi-family development consisting of 29 employee condominiums, on Lot 644, TBD Adams Ranch Rd., pursuant to CDC Section 17.4.11



COMMUNICATIONS HISTORY

January 31, 2023

Housing Forum held

March 16, 2023

Town Council Meeting:
Consideration of a
Resolution to Approve the
Lot 644 Deed Restriction &
Discussion of Lottery
Timeline. Name selection

June 15, 2023

Town Council Meeting:
Consideration of a
development agreement for
Lot 644 Meadowlark
between Town of Mountain
Village and Triumph
Development

January 19, 2023

Town Council Meeting:
Discussion regarding the Lot
644 Deed Restriction
Framework and Lottery
Priority

February 16, 2023

Town Council Meeting:
Discussion regarding the Lot
644 Deed Restriction
Framework and Lottery
Priority

March 30, 2023

Special Town Council
Meeting: Lot 644 Update



2

BRIEF HISTORY

Review of the history behind Meadowlark, our commitment to the housing initiative, and a short introduction to AMI's





OUR COMMITTMENT

- I. building housing inside and outside of our boundaries
- II. zoning incentives
- III. fee waivers
- IV. adopt housing mitigation methodology
- V. create programs and policies to support community housing (like the YES Program)
- VI. Development of a housing department - (Three staff + Eight VCA staff)
- VII. Assumed all housing authority duties previously performed by the SMRHA inclusive of compliance and qualifying owners and tenants

HISTORY OF MEADOWLARK

In February 2022, pursuant to an RFP process, the Town selected Triumph Development West to serve as the Town's development partner.

The RFP Committee consisted of Council members, staff, and residents:

Dan Caton
Pete Duprey

John Miller
Michelle Haynes
Chief Broady

Chief Bennett
David Averill



CURRENT HOUSING PROJECTS



VCA PHASE IV

35 new rental units

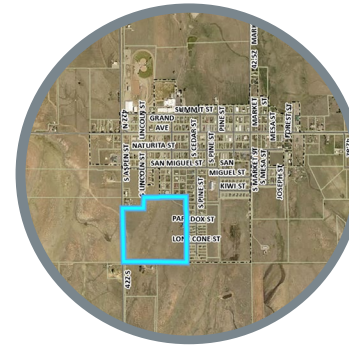
88 beds



MEADOWLARK

29 for-sale units

66 bedrooms



NORWOOD

38 acres of land

Rezoned and annexed
for housing



ALEXANDER / ILIUM

56 acres of land

Mix of sale and rental

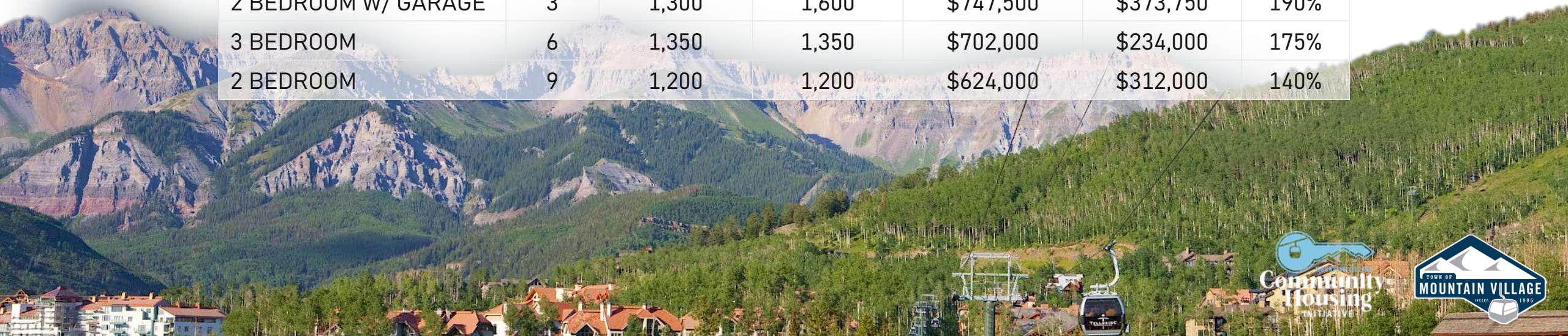
BREAKDOWN OF UNITS

- 4 1 bedrooms 740 square feet
- 2 2 bed/1 bath 955 square feet
- 6 2 bed/2 bath 1015 square feet
- 3 3 bed w/ garage 1885 square feet
- 2 2 bed w/ garage 1620 square feet
- 8 3 bed w/ carport 1485 square feet
- 4 2 bed w/ carport 1075 square feet



2022 RFP PRICING

SALES PROGRAM	UNITS	LIVABLE SF	GROSS SF	TARGET	APPROX.	
				SALES PRICE	\$/BEDROOM	AMI
CONDOS						
STUDIO	3	540	540	\$348,300	\$348,300	120%
1 BEDROOM	10	630	630	\$406,350	\$406,350	140%
CONDO GARAGES	6	-	250	\$37,500		
TOWNHOMES						
3 BEDROOM W/ GARAGE	4	1,800	2,100	\$999,000	\$333,000	240%
2 BEDROOM W/ GARAGE	3	1,300	1,600	\$747,500	\$373,750	190%
3 BEDROOM	6	1,350	1,350	\$702,000	\$234,000	175%
2 BEDROOM	9	1,200	1,200	\$624,000	\$312,000	140%

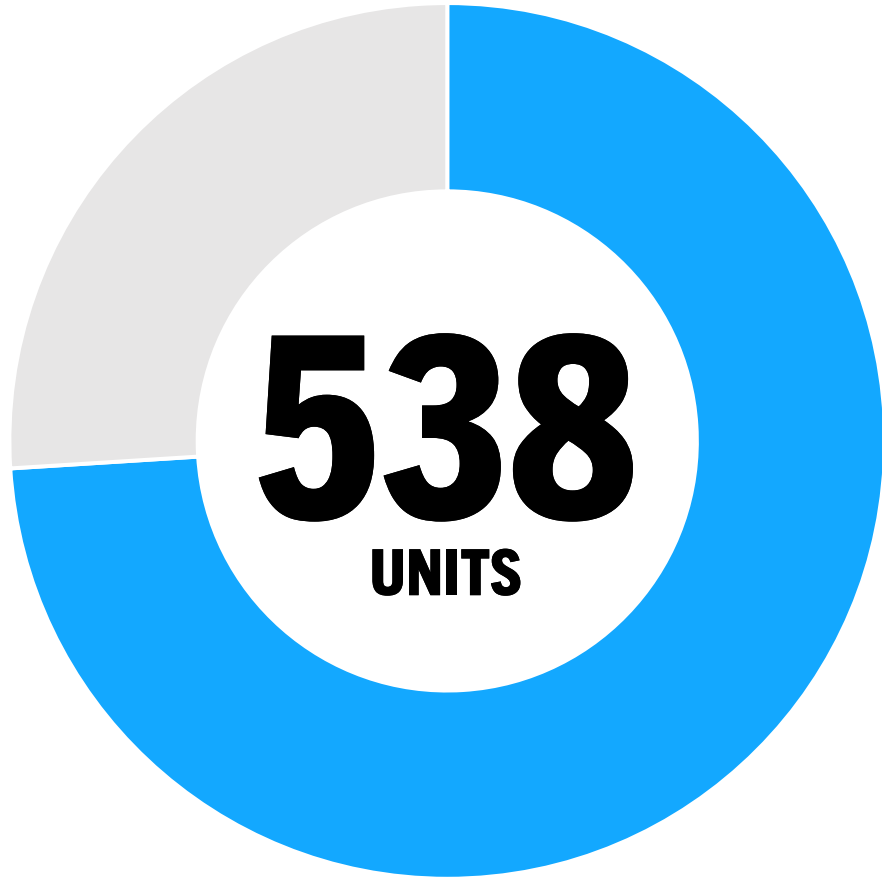


HISTORY OF MEADOWLARK CONT.

The Town entered in
Pre-Development Agreement

- Due Diligence
- Design
 - 35, 41, 29 units
- DRB Approval
- Council Approval





68% OF UNITS
are limited to
50-60% AMI levels

74% OF UNITS
are **rentals**

LET'S COMPARE



VCA EXISTING

BIG BILLIES

MOUNTAIN VIEW

VCA PHASE IV

INDIVIDUALLY OWNED

MEADOWLARK



VCA EXISTING

BIG BILLIES

MOUNTAIN VIEW

VCA PHASE IV

INDIVIDUALLY OWNED

MEADOWLARK

220 UNITS

for rent

50% – 60% AMI range for rental pricing
88 units required to stay in this range

Owned by **Mountain Village Housing
Authority**



VCA EXISTING

BIG BILLIES

MOUNTAIN VIEW

VCA PHASE IV

INDIVIDUALLY OWNED

MEADOWLARK

150 UNITS

for rent

50% - 60% AMI range for rental pricing

Owned by **TSG**



VCA EXISTING

BIG BILLIES

MOUNTAIN VIEW

VCA PHASE IV

INDIVIDUALLY OWNED

MEADOWLARK

30 UNITS

for rent

No income or rental limitations

Owned by **TSG**



VCA EXISTING

BIG BILLIES

MOUNTAIN VIEW

VCA PHASE IV

INDIVIDUALLY OWNED

MEADOWLARK

35 UNITS

for rent

Pricing **TBD**

Will fall in the **100% AMI** range



VCA EXISTING

BIG BILLIES

MOUNTAIN VIEW

VCA PHASE IV

INDIVIDUALLY OWNED

MEADOWLARK

138 UNITS

deed-restricted for sale | detached & multi-family

98% not price capped, or income limited

\$Average \$617/sf



DEED RESTRICTED PRICING

CURRENTLY IN MEADOWS

STATUS	# LISTINGS	LIST VOLUME	SOLD VOLUME		LIST PRICE	SOLD PRICE	SALE/LIST PRICE	EST FINISHED SQFT	LIST PRICE PER EST FINISHED SQFT	SOLD PRICE PER EST FINISHED SQFT	AGENT DAYS ON MARKET	CUMULATIVE DAYS ON MARKET
Pending	2	1,890,000	0	Low	895,000	0	0.00	1,330	658.57	0.00	4	4
				Avg	945,000	0	0.00	1,344	703.35	0.00	19	19
				High	995,000	0	0.00	1,359	748.12	0.00	35	35
Closed	11	8,873,000	8,975,350	Low	375,000	375,000	0.91	793	472.89	472.89	0	0
				Avg	806,636	815,941	1.01	1,352	611.83	617.73	38	38
				High	1,300,000	1,300,000	1.19	2,642	807.69	807.69	104	104
Overall	13	10,763,000	8,975,350	Low	375,000	375,000	0.91	793	472.89	472.89	0	0
				Avg	827,923	815,941	1.01	1,351	625.91	617.73	35	35
				High	1,300,000	1,300,000	1.19	2,642	807.69	807.69	104	104



MEADOWLARK SUMMARY

- Creating **for sale** – compatible with the neighborhood
- **In Scale** – relatively proportionate to the surrounding deed restricted properties
- **Price Capped** to diversify the type of deed restriction and manage resale pricing
- In the Area Median Income Range **above 75% AMI** (2018 Housing Needs Assessment study shows the AMI gap of 80%-150% and above is a gap in MV and the region)

Is the purpose and goal of the Meadowlark Project



VCA EXISTING

BIG BILLIES

MOUNTAIN VIEW

VCA PHASE IV

INDIVIDUALLY OWNED

MEADOWLARK

29 UNITS

for sale

Price range to be set 8/7

Looking to fill the **AMI** gap



3

DEAL STRUCTURE

Looking at the original and modified deal structures



ORIGINAL DEAL STRUCTURE

- I. Town would provide \$4.3 million in equity
- II. Town Provide Land
- III. Town pay for access tract
- IV. Triumph would seek a construction loan for the remainder of the funds necessary for funding the project
- V. Proceeds of the sale would first be used to pay back the equity and the construction loan on a dollar-for-dollar basis
- VI. Any profit will be split 80/20 between Triumph and the Town, respectively.
- VII. Triumph profit subject to ultimate sales price of units and additional costs



MODIFIED DEAL STRUCTURE

- I. \$700,000 contribution from the Town
- II. Town would forgo its portion of profit
- III. \$740,000 reduction in Triumph's anticipated profit
- IV. Shaw reduced its budget by \$553,000



4

PRICING Strategies

Town Buy Down vs. Equity Investment Program





BUSINESS SET ASIDE PRICING

1. Pay actual cost – no Town subsidy
2. \$50,000 Priority Fee

PRICING OPTIONS

TOWN BUY DOWN

Take the remaining \$4.3 in Town equity and use those funds to buy down the cost of the project.

The proceeds from the purchases by the designated businesses to offset the cost of the access tract, waived tap fees, etc.

VS

EQUITY INVESTMENT

Town would contribute ~15% -20% of the purchase price into a given unit and realize a return on its investment upon the sale of the home.

The Town would take its equity contribution and put it back into the unit upon purchase by the new owner, creating a planned perpetual subsidy program.

The Town would then be able put the profit realized from the sale into the affordable housing fund.



Buydown Approach

Buydown Pricing				
Condos	Units	Sq Ft	Cost SF	Sale Price
1BR / 1BA	4	740	534	395,287
2BR / 1 BA	2	955	534	510,134
2BR / 2BA	6	1015	534	542,184
Townhomes				
3BR w/ Garage	3	1885	544	1,025,763
2BR w/ Garage	2	1620	544	881,558
3BR w/ Carport	8	1485	524	778,395
2BR w/ Carport	4	1075	524	563,484



Equity Investment Approach

Equity Investment Pricing				
Condos	Units	Sq Ft	Cost SF	Sale Price
1BR / 1BA	4	740	654	483,590
2BR / 1 BA	2	955	654	624,093
2BR / 2BA	6	1015	654	663,303
Townhomes				
3BR w/ Garage	3	1885	664	1,250,698
2BR w/ Garage	2	1620	664	1,074,870
3BR w/ Carport	8	1485	644	955,598
2BR w/ Carport	4	1075	644	691,763



PRICING OPTIONS

TOWN BUY DOWN

Lowers overall cost

Need to cover initial downpayment

One time investment

Permanently locks in attainable price

VS

EQUITY INVESTMENT

Higher overall cost

Reduces downpayment burden

Opportunity for potential ROI

Attainability subject to future Council

Misc.

- Lack of thought oversight
 - Constant attention – parking, construction traffic, runoff
 - Same attention to pricing and financing
- Jurassic Trail
 - Temporary Reroute – improved reroute planned and being implemented
- “Developer Subsidy”
 - Purchaser Subsidy
- Transparency
 - 16 public meetings, 31 external communications
 - Exec meetings



Misc. (continued)

- Attainability
 - Interviewed employees who maintain strong interest, most have required down payment and would utilize the town's down payment assistance program in addition to their own funds.
 - Part of larger strategy
- “Developer Subsidy”
 - Purchaser Subsidy
- Transparency
 - 16 public meetings, 31 external communications

Misc. (continued)

- Lack of responsiveness to density
 - There are approximately \$5.9M of fixed cost (\$3.8M hardcost + \$2.1M softcost, financing and contingency) – or \$203K per unit
 - 29 Units – \$203,000/unit
 - Increase of \$59,000/unit due to downsizing the project
 - 35 Units – \$170,000/unit
 - 41 Units – \$144,000/unit

Misc. (continued)

- In Scale

Parker Ridge – Lot 645

Lot size 1.237 acres

Number of Units: 21

2,413 square feet of land area per unit (divide lot area by # of units)

Average size unit is 1,192 (total square footage from declarations (25,049 square feet) divided by # of units)

Meadowlark – Lot 644

Lot size 1.607 acres

Number of units: 29

2,565 square feet of land area per unit (divide lot area by # of units)

Average unit size is 1,242 (total square footage of project (36,05 square feet) divided by # of units)

- The lots and units are relatively proportional to each other between 644 and 645
- Average unit sizes are within **50 square feet** of each other.

QUESTIONS



THANK YOU

Michelle Haynes

Assistant Town Manager

T: (970) 239-4061

M: (970) 417-6976

mhaynes@mtnvillage.org

Paul Wisor

Town Manager

M: (970) 729-2654

pwisor@mtnvillage.org

Marleina Fallenius

Housing Policy and Program Manager

T: (970) 369-8602

M: (970) 427-2789

mfallenius@mtnvillage.org

Lizbeth Lemley

Finance Director

T: (970) 369-6407

llemley@mtnvillage.org

