



MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

TO: MAYOR AND TOWN COUNCIL
FROM: JAMES GORHAM, HOUSING PROGRAM SPECIALIST
RE: FIRST READING - SELLING OF TOWN PURCHASED UNITS
DATE: SEPTEMBER 10, 2024

Summary and Background: Resolution 19-31 established the framework for the Frisco Housing Helps Program (the “Program”), which was approved by Town Council on August 27, 2019.

The Program was implemented to help locals obtain and maintain affordable housing, help businesses house their employees, incentivize investment in local housing, and help preserve the character of the Frisco community. Housing Helps is one strategy that strives to address the Town’s Council’s priority goal to implement housing solutions. Housing solutions come in a variety of approaches and the Program is but one of an integrated approach to achieve the Council’s housing goals.

The First Reading of Ordinance 24-14 is to sell four (4) town owned units that were acquired by the Town under its “Housing Helps” program:

- In January 2021, the Town purchased a one-bedroom condo unit located at 500 Bills Ranch Rd Unit C-111, in the Mountain Side Condominium complex. The unit until recently has been utilized for Town of Frisco employee housing.
- In 2024 the Town of Frisco purchased a two-bedroom condominium located at 220 Galena Unit 1.
- In 2024 the Town of Frisco purchased a two-bedroom condominium located at 220 Galena Unit 2.
- In 2024 the Town of Frisco purchased a studio condominium located at 99 Granite Street.

The intent of the purchases, as described in Option 3 of the Housing Helps Program, is for the Town to purchase market rate units and establish deed restriction covenants on the properties which may include Average Median Income (AMI) limits as determined by the Town. The Town will then sell each unit based on the most recent AMI limits. At this time the four units are proposed to be sold at 100% AMI, fulfilling our annual obligations to Proposition 123 in having a minimum of five units being made available to the public at such level.

Per Colorado Revised Statutes section 31-15-713(b), the Town must authorize the selling of real property by ordinance. Future purchasing of buy-down units has shifted from the “Town of Frisco” to the Frisco Community Housing Development Authority.

Housing Helps Program Guidelines

As currently established within the Housing Helps Program, the Town has several options in addressing workforce housing. One of which is to purchase market rate units, adding a workforce or income-based deed restriction to the property if the Town so chooses, then reselling the unit at an appropriate AMI based cost.

- *(Option 3): Town purchases a market rate or existing deed restricted housing unit and resells the property with a new or revised occupancy deed restriction attached to the property and may include Average Median Income limits as determined by the Town.*

Employment Qualifications: Per the adopted Housing Helps Program, the deed restriction established for both units qualifies a “Resident” & “Qualified Owner” as a “person or dependent who at the time of purchase of a unit at all times during ownership or occupancy of the property, earns his or her living from a business operating within one mile of the Ten Mile Basin within Summit County, by working at such business an average of at least 30 hours per week on an annual basis.”

Area Median Income: For each of the four units, an AMI of 100% in Summit County per SCHA has been established qualifying each unit for a *maximum* sale price of:

- \$272,641 for a studio (99 Granite Street)
 - Qualified household’s income may not exceed \$85,300
- \$298,110 for a one-bedroom unit (Mountain Side, C111)
 - Qualified household’s income may not exceed \$91,400
- \$374,516 for a two-bedroom unit (220 Galena Street, Units 1 and 2)
 - Qualified household’s income may not exceed \$97,500

The AMI selection is based on unit size, Town investment costs, community need, and our commitment to Proposition 123 of increasing affordable housing within Frisco.

500 Bills Ranch Rd Unit C-111

On December 29th, 2020, the Town executed an Agreement for Purchase and Sale of Real Property in the amount of \$410,000 to purchase a one bedroom, one bathroom unit (603 sq. ft.) located at 500 Bills Ranch Rd, Unit C-111, in Frisco. County Property Detail records indicate the unit was built in 1983.

The Mountain Side Condominium Complex is currently managed by Summit Resort Group, a full-service property management company located in Dillon. HOA fees as of August 2024 were \$470.00 per month.

An Environmental Energy Audit of the property was performed by High County Conservation Center on August 7th, 2024. Priority project recommendations from the report included:

1. Targeted air sealing
2. Upgrade to smart thermostats
3. Increasing exterior wall insulation to climate appropriate levels

4. Replacing the bath fan with Energy Star, high efficiency models

After receiving the Energy Audit, Omni Real Estate as our property manager upgraded the smart thermostat and installed a new bath fan. Additional work was not completed as a future homeowner can apply for rebates through High Country Conservation Center to receive assistance in paying for the work.

220 Galena Unit 1 & 2

In March 2024, the owners of 220 Galena, Units 1 & 2 approached Town staff inquiring if there was interest in purchasing their units. The units were, and currently are, being leased to locals who work within the Ten Mile Basin. The previous owners in 2021 utilized the Housing Helps Down Payment Assistance Program in purchasing the properties, which provided them with \$73,500 per unit. The assistance insured that a live/work covenant would be recorded on each property. Each property was purchased for \$490,000 by the previous owner in 2021. With the asking price being the same as in 2021, and with the current asking price for similar sized units in Frisco being significantly higher, staff viewed the proposal as an opportunity to obtain the two units and resell them at a 100% AMI level.

In May 2024, the Town executed two Agreements for Purchase and Sale of Real Property in the amount of \$490,000 per unit, to purchase the two-bedroom, one-bathroom (691 sq. ft.) units. County Property Detail records indicate the complex was built in 1970.

In the spirit of working with local residents and to circumvent displacement, when possible, the tenants of each unit have been given a right of first refusal to purchase their unit. Each household must have income that does not exceed 100% AMI and must provide the Town a decision before their previously executed leases expire later this year. Our property management company, Omni Real Estate, has been in contact with the tenants to inform them of their options. If a tenant decides to purchase the property, they must be qualified before the sale by the Summit Combined Housing Authority (SCHA). With any sale of the properties the previous housing restrictive covenant will be recalled and a new covenant reflecting 100% AMI will be established.

The Galena Place Condos are currently managed by Reed Property Management based in Dillon. HOA fees as of August 2024 were \$485.00 per month.

An Environmental Energy Audit of the properties were performed by High County Conservation Center on September 22nd, 2021 as required by the Housing Helps program. Results from that audit were given to the then owner for recommended improvements.

99 Granite Unit 210

On July 2nd, 2024, the Town executed an Agreement for Purchase and Sale of Real Property in the amount of \$390,000 to purchase a furnished studio unit (379 sq. ft.) located at 99 Granite, Unit 210, in Frisco. The Town selected to purchase a studio in order to diversify our available housing stock of affordable units, provided by the Housing Helps program. County Property Detail records indicate the unit was built in 1985.

The Cedar Lodge Condos are currently managed by the Summit Resort Group, located in Dillon. HOA fees as of August 2024 are \$419.00 per month.

An Environmental Energy Audit of the property has not been performed yet, as the Town took possession of the property on September 3rd. After possession an audit will be initiated with improvements made as required.

Lottery & Brokerage Services

In cooperation with the Summit Combined Housing Authority (SCHA) & Omni Real Estate, a lottery system has been developed to select potential buyers for the units. The lottery being utilized is similar to what was used at Smith Ranch in Silverthorne. All units will be in the same lottery draw in which qualified applicants will have an opportunity to select and purchase a unit. SCHA will assist the Town by receiving and processing applications from prospective buyers. Once an application has been qualified by SCHA, the applicant will receive 1-2 tickets based on criteria established in the lottery system. Those criteria are:

1. Applicant(s) work for a business or organization operating within one mile of the Ten Mile Basin and average 30 hours per week on an annual basis will receive one ticket.
2. Priority in the lottery will be given to applicants currently living or working in the Town of Frisco, and have done so continuously for at least five years prior to the date of application. Frisco employment must be an average of 30 hours per week on an annual basis within the Town limits. Current residency must be within the Town limits. Applicants meeting one or both priority criteria will receive a total of one additional entry in the lottery.

The lottery event will be held at the SCHA offices and will be streamed on Facebook Live by SCHA. Lottery results will be posted on the SCHA Facebook page, SCHA website, and the Town of Frisco website.

All qualifying applications will have individual numbers generated and placed into a receptacle which will be drawn at random. Entries will be chosen until all have been selected. Applicants will have 24 hours from the time they are initially contacted to select a unit. From that point the applicants selected will have 48 hours from the selection date to return a fully executed Purchase & Sale Agreement.

Omni Real Estate, as our real estate broker, will assist the Town in processing all legal agreements, disclosures, client communications, marketing, and hold open houses for prospective buyers. Omni Real Estate will be retaining the open listing for each property for 10 calendar days.

Financial Impact: In purchasing buydown units through the Housing Helps Program there is an expectation of little to no financial return on investment. Based on the purchase price for a market rate unit, and with the added placement of deed restrictions on the property, the Town can expect to invest an average of 20%-30% per unit. As previously stated, each property will be sold at 100% AMI. See below the Town's unit purchase price, expected sale price, and Town investment for each property. The "Town Investment" shown does not include closing fees or broker commissions. Total Town Investment for the four units equals \$461,500.

Property	Purchase Price	Expected Sale Price	Town Investment
Galena Place #1	\$490,000	\$374,000	\$116,000
Galena Place #2	\$490,000	\$374,000	\$116,000
99 Granite St #210	\$390,000	\$272,500	\$117,500
Bills Ranch #111	\$410,000	\$298,000	\$112,000

Alignment with Strategic Plan: Town Council has identified in the 2024 Strategic Plan, the goal of "Offering a variety of housing types to support year-round residents" and "Actively supporting the acquisition and retention of a diverse workforce" as a priority under the guiding principle of "Creating an Inclusive Community". Frisco's Housing Helps Program enhances the Inclusive

Community priority through ensuring the Town maintains a variety of housing options for its residents.

Environmental Sustainability: The Housing Helps Program requires that a home energy assessment be completed as part of the purchase. High Country Conservation completed Home Energy Assessments on the units as previously noted.

Staff Recommendation: Staff requests approval of the first reading of Ordinance 24-14. Approval will allow Town staff to list for sale the residential units to prospective buyers who will then live and work in the Ten Mile Basin of Summit County.

Reviews and Approvals: This report has been reviewed and approved by:
Katie Kent, Community Development Director
Leslie Edwards, Finance Director
Diane McBride, Assistant Town Manager
Tom Fisher, Town Manager

Attachments:

1. Ordinance 24-14
2. Listing Contract & Sale/Covenant Agreement – 220 Galena #1
3. Listing Contract & Sale/Covenant Agreement – 220 Galena #2
4. Listing Contract & Sale/Covenant Agreement – 99 Granite, Unit 210
5. Listing Contract & Sale/Covenant Agreement – 500 Bills Ranch Rd Unit C-111