



## MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

**TO: MAYOR AND TOWN COUNCIL**  
**FROM: JAMES GORHAM, HOUSING PROGRAM SPECIALIST**  
**RE: HOUSING HELPS PROGRAM – SELLING OF TOWN PURCHASED UNITS**  
**DATE: JANUARY 23, 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.

In 2023 the Town of Frisco completed three residential unit purchases under the Program, a two-bedroom condominium located at 220 Galena Unit 4, a two-bedroom condominium located at 220 Galena Unit 3, and a two-bedroom condominium located at 519 Teller Unit 7. 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 two units are proposed to be sold, while one unit (220 Galena Unit 3) is currently being used for Town employee housing.

Per Colorado Revised Statutes section 31-15-713(b), the Town must authorize the selling of real property by ordinance. Staff is evaluating future buy back purchases being initiated by the Frisco Housing Authority, which would eliminate the need for future council authorization.

### **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, 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 both units an AMI of 100% in Summit County per SCHA has been established qualifying each unit for a *maximum* sale price of \$421,946. The AMI selection was based on unit size, Town investment costs, community need, and our commitment to Proposition 123 of increasing affordable housing within Frisco. Therefore, a qualified owner’s income based on a 2 bedroom may not exceed \$99,800.

#### **220 Galena St. Unit 4**

In August 2023, the Town executed an Agreement for Purchase and Sale of Real Property in the amount of \$531,821.06 to purchase a two bedroom, one bathroom (691 sq. ft.) unit located at 220 Galena, Unit 4, in Frisco. County Property Detail records indicate the unit was built in 1970.

The Galena Place Condominium Complex is currently managed by Reed Properties, a full-service property management company located in Dillon, Colorado. HOA fees as of January 2023 were \$485.00 per month. These fees include snow removal, water, and sewer services.

An Environmental Energy Audit of the property was performed by High County Conservation Center on August 18<sup>th</sup>, 2023. Priority project recommendations from the report included:

1. Targeted air sealing
2. Upgrade to smart thermostats
3. Replacement of bath fans with Energy Star, high efficiency models
4. Increasing ceiling insulation to climate appropriate levels

After receiving the Energy Audit, the Town’s Public Works Department upgraded to the smart thermostat and installed new bath fans. Air sealing work was not completed due to consultants who can perform the work not being available within the Town’s timeframe to list the units. Additionally, High Country Conservation Center informed the Public Works Department that when privately owned, a homeowner can apply for rebates through them to receive funding to pay for the work.

#### **519 Teller St. Unit 7**

In July 2023, the Town executed an Agreement for Purchase and Sale of Real Property in the amount of \$518,320.22 to purchase a two bedroom, one bathroom (676 sq. ft.) unit located at 519 Teller St, Unit 7, in Frisco. County Property Detail records indicate the unit was built in 1971.

The Little Horn Condos are currently managed by Buffalo Mountain Managers, a full-service property management company for long-term rentals, vacation rentals, and HOAs, and is based in Frisco. HOA fee as of January 2023 were \$436.50 per month.

An Environmental Energy Audit of the property was performed by High County Conservation Center on August 24<sup>th</sup>, 2023. Priority project recommendations from the report included:

1. Increasing exterior wall insulation to climate appropriate levels
2. Upgrading the smart thermostats
3. Targeted air sealing
4. Replacing bath fans with Energy Star, high-efficiency models

After receiving the Energy Audit, the Town's Public Works Department upgraded to the smart thermostat and installed new bath fans. Air sealing work was not completed due to consultants who can perform the work not being available within the Town's timeframe to list the units. Additionally, High Country Conservation Center informed the Public Works Department that when privately owned, a homeowner can apply for rebates through them to receive funding to pay for the work.

### **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 (Attachment 4). The lottery being utilized is similar to what was used at Smith Ranch in Silverthorne. Both units will have individual lotteries to select the order of which qualified applicants will have an opportunity to 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 who have done so continuously for at least one year 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 Summit County Commons 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 counted. 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 immediate 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. The Town is projected to invest approximately \$139,000 or 27% of the original purchase price for 519 Teller, Unit 7 and \$142,000 or 27% for 220 Galena, Unit 4, for a total listing investment of \$281,000. This amount will be paid for from the Housing Helps budget and is well within the 2024 budget of \$1,500,000.

**Alignment with Strategic Plan:** Town Council has identified in the 2023 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. In the Summer of 2023, High Country Conservation completed Home Energy Assessments on the units with recommendations noted. The Town did replace thermostats in both units.

**Staff Recommendation:** Staff requests approval of the first reading of Ordinance 24-02. Approval will allow Town staff to list for sale both 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 24-02
2. Listing Contract & Sale/Covenant Agreement – 220 Galena #4
3. Listing Contract & Sale/Covenant Agreement – 519 Teller #7
4. Galena-Teller Sale Rules for Eligibility and Lottery Participation