AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

AgendaTitle:
Sale of County Properties in Stallion Park and Rock Creek

Action Requested: Motion

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:
See attached memo from GVRHA Executive Director Karl Fulmer

Fiscal Impact: See attached.

Submitted by: Katherine Haase for Matthew Birnie **Submitter's Email Address:** khaase@gunnisoncounty.org

Finance Review: (●) Required ( ) Not Required

Comments:

Reviewed by: GUNCOUNTY1\bcowan Discharge Date: 5/1/2014

County Attorney Review: (●) Required ( ) Not Required

Comments:

Reviewed by: GUNCOUNTY1\atrezise Discharge Date: 5/2/2014 Certificate of Insurance Required

Yes ( ) No (●)

County Manager Review:

Comments:

Reviewed by: GUNCOUNTY1\mbirnie Discharge Date: 5/2/2014

( ) Consent Agenda (●) Regular Agenda ( ) Worksession Time Allotted:

Agenda Date: 5/6/2014 Follow Up Agenda Date:

Revised April 2013

GUNNISON VALLEY REGIONAL
HOUSING AUTHORITY

MEMORANDUM

DATE: April 29, 2014

TO: Matthew Birnie, County Manager
Gunnison County Commissioners

FROM: Karl Fulmer, Executive Director
GVRHA

RE: Sale of County Properties
- **Apache 101 (Stallion Park)**
- **Rock Creek 1416 or 1420**

Dear Manager Birnie and County Commissioners:

As has been discussed prior to this Spring, Gunnison County should consider selling two of the properties it currently holds to avert payment out of its housing linkage fund to cover balloon payments on three of its properties that are coming due in 2015 and 2016.

I have outlined the status of the balloon payments below. The Office of the GVRHA Executive Director, in conjunction with the County Manager's Office, has investigated the potential sale of one unit at Rock Creek and one unit at Stallion Park (Apache 101). The results of this process have resulted in the recommendations included in this memorandum.

REQUEST: ***The Executive Director of the GVRHA, in coordination with the County Manager's Office, respectfully requests that the Board of County Commissioners approves the marketing and sale of Apache 101 (Stallion Park) and 1420 Rock Creek during the Summer of 2014. It is suggested that approval be made in accordance with the recommendations for each unit outlined below.***

I. Balloon Payments Coming Due

• Estonian 101 (Stallion Park)	01/15/2015	***$85,497***
• Rock Creek 1416	10/01/2015	***$92,819***
• Rock Creek 1420	04/15/2016	***$76,843***

The balloon payments outlined above indicate the amount that will be due at the date when the balloon is due. The recommendations of the GVRHA Executive Director, in coordination with the County Manager, take into account that the amount due on a particular unit can be paid off by selling a different unit (Apache 101 – Stallion Park) and using the proceeds from sale to pay-off a balloon payment.

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II. Sale of Apache 101 – Stallion Park

A recommended sale of Apache 101 at Stallion Park with the proceeds of the sale going to pay off the balloon coming due on Estonian 101. Currently, Gunnison County owns all four units in the Estonian Building and one additional unit in the Apache Building (Apache 101). From a management perspective, it makes more sense to sell the unit in the outlying building. Currently, there are no condominium units for sale at Stallion Park. 2013 saw the sale of five (5) units at Stallion Park. In the Spring of 2013, 2 BDRM - 2 Bath units sold between $115,000 and $125,000. A 3 BDRM – 2 BA unit sold in March of 2013 for $175,000. None of these sales were of deed-restricted units.

That being said, the market has tightened at Stallion Park and the North Valley during the past 12 months. The GVRHA, in coordination with the County Manager's Office, recommends the following parameters of sale for Apache 101:

Income Limit:	150% of AMI (current restriction)
Appreciation CAP:	3% or CPI (whichever is lower)
Sales Price:	**$124,900 (maximum)**

The GVRHA **Master Deed Restriction** as presented to the Bd of County Commissioners in October of 2013 should be utilized for the deed restriction of Apache 101 – Stallion Park. The Housing Authority office has already had inquiries regarding the Sale of a unit at Stallion Park. Apache 101 will probably require between $2,000-3,000 in cleaning/painting costs prior to offering for sale. *(Presently, there is no topcoat over the drywall texturing on most of its walls.)*

NOTE: *FOR GENERAL DISCUSSION - one thing to keep in mind is that the HOA fees for Stallion Park went up to $200/month this year. The asking price of $124,900 is fairly aggressive when considering the comparables of a year ago. Additionally, the GVRHA just received (the morning of 4-29-2014) another notice of a $2,000 special assessment. The Stallion Park HOA, it appears, has not been run properly for years. The GVRHA Director thinks the County should discuss potentially releasing the Apache 101 unit from deed restriction in light of increasing HOA fees and continued Special Assessments on the properties.*

2014 Income Levels at 150% of AMI

Household Size	Income
1	$76,500
2	$86,400
3	$97,200
4	$108,000

III. Sale of 1420 Rock Creek

While 1420 Rock Creek does not have a balloon payment due until AFTER the balloon due on 1416 Rock Creek, the mechanics of the current rents dictate that 1420 should be put up for sale first. Originally, 1416's lease (June 30, 2014) was due to terminate prior to 1420's (October 31, 2014). However, 1420's tenants will be vacating on June 15, 2014, porting out of Gunnison County, and the County has signed the release for that family (recipients of a Section 8 voucher).

SALE of 1420 ROCK CREEK. In light of these developments, the ED of the GVRHA, in coordination with the County Manager's Office, proposes the Sale of 1420 Rock Creek. Renting 1416 for one more year to responsible renters is a sound option for the County. GVRHA staff will conduct a thorough walk-through of 1420 on May 15, 2014. The GVRHA anticipates considerable cleaning/repair costs for 1420 prior to renting and/or the sale of the unit. The present tenant has $2,230 in cleaning and damage deposits in place for the unit. GVRHA staff will have a better understanding of the repairs and cleaning required for 1420 after the 15th of May, 2014.

Adjustment to Deed Restriction. The original intent of the mutual self-help build program was to offer units to households making 80% or less of median income. Most of these units were originally offered at less than $120,000 to program participants. Resale calculations are now set at/or above $170,000 for these units. In order to promote a greater buyer pool for Rock Creek units, the County Commissioners should consider adjusting the income requirements for buyers of 1420 Rock Creek for households making 100% or less of the Gunnison County AMI. As stated above, the **Master Deed Restriction** for the GVRHA should be utilized for this sale.

The GVRHA, in coordination with the County Manager's Office, suggests the following parameters for the sale of 1420 Rock Creek.

Income Limit:	100% of AMI (Category 3 of Housing Guidelines)
Appreciation CAP:	3% or CPI whichever is lower
Sales Price:	**$144,900 – 149,900**

Current Comparables: Comparables within this price range in the Gunnison market generally tend to be manufactured housing with no deed restrictions. Manufactured housing can be problematic to finance for buyers. **1402 Rock Creek,** which was lost to foreclosure, was offered for sale in March of 2014 for $137,600. It is currently under contract for more than this value (near $140,000), however, there is no longer a deed restriction on this unit. 1402 and 1420 Rock Creek are both approximately 1,152 sf with an attached 440 sf garage.

2014 Income Levels for 100% of AMI

Household Size	Income
1	$50,400
2	$57,600
3	$64,800
4	$72,000
5	$77,000
6	$83,600