



**PLANNING AND DEVELOPMENT SERVICES
DEPARTMENT**

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Item No. 5b

TO: Town of Mountain Village Housing Authority

FROM: Michelle Haynes, Assistant Town Manager

FOR: Meeting of March 21, 2024

RE: Consideration of Village Court Apartments Phase IV, West Building Master Lease Program, Communications and Move-In and the MVHA to Establish Rental Pricing

INTRODUCTION

Town Council discussed allocating the west building of VCA Phase IV to businesses located in Mountain Village through a master lease program. We anticipate the west building to be ready for move in's from mid-June to the end of June of 2024. We have formulated a framework, timeline and communications plan. We ask for Town Council to approve the recommended rent structure.

BUILDING FAQ'S

We have a total of 13 4-bedroom 2-bathroom units with an in-unit washer and dryer, and one 3-bedroom 2-bathroom unit with an in-unit washer and dryer. Nine 4-bedroom units will be released for the business master lease program, three are held for Town seasonal housing (that frees up existing inventory) and two are held for our business incentive program.

TERMS OF THE MASTER LEASE PROGRAM

A qualifying business means a business that has a physical address in Mountain Village, a brick-and-mortar business in Mountain Village and an active business license with a demonstration of employees as part of the business which is documented as part of the business license application. This means hotels, ski companies, restaurants, bars, real estate offices, galleries, doctors' offices, non-profit organizations and physical therapy offices, service-based businesses, retail shops, and similar businesses.

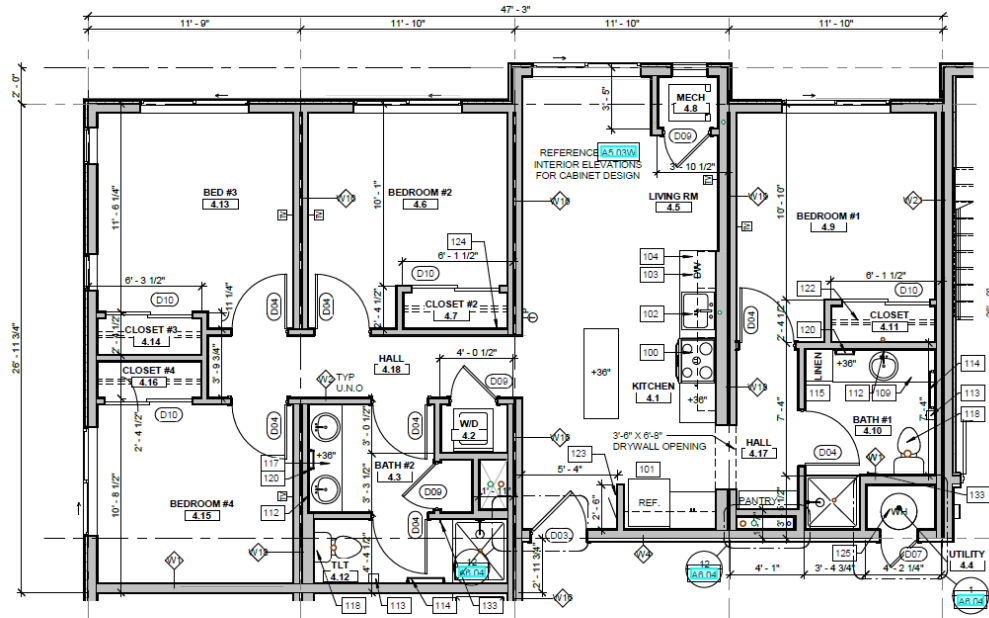
FOCUS ON MOUNTAIN VILLAGE SMALL BUSINESSES

There is no license fee, which we originally contemplated, as we did not want to preclude small business owners from the opportunity. We are recommending a weighted lottery based upon the number of employees. The fewer employees will have more advantage in the weighted lottery system.

For example:

- Up to 15 employees: 3 entrees
- 16-60 employees: 2 entries
- 60+ employees: 1 entry

Exhibit 1. 4-bedroom and 2-bathroom floor plan



① TYPE 4 FLOOR PLAN - 1,154 NET SQ FT
1/4" = 1'-0"

TERMS OF THE MASTER LEASE CONTINUED

- The master lease is a 12-month lease, renewable each year with good standing.
- The intention is that the employees of the business will occupy the unit. The business owner is not eligible to occupy the unit.
- The master lease monthly rental rate is recommended to be \$3,600 for a four-bedroom unit.
- Minimum occupancy is four unrelated individuals, and maximum occupancy of six people total per unit.
- Up to two pets (one dog and one cat) are allowed with a \$400 pet deposit, a \$30 monthly dog fee also applies which is the standard VCA policy.
- One unit per Mountain Village business is allowed. A parent company with multiple storefronts is also only allowed one unit.
- Only one parking space is allocated per unit. Additional vehicles are not allowed. Parking at the airport lot, leased by the TMV is allowed through the issuance of a permit. A shuttle is provided each day with 24 hour notice.
- Tenants will need to qualify pursuant to the deed restriction and demonstrate that they are employed within the Telluride R-1 School District.
- Two businesses could share a master lease for their employees.
- The rent that is charged by the Town to the business owner is the same rent that must be distributed and charged to the tenants. In other words, the business owner cannot charge tenants amounts in excess of what they are paying in rent, except as it relates to allocating utilities.
- The units cannot be subleased by the owner to other businesses or individuals not employed by the business.
- The units cannot be used for short term rentals.

PROPOSED TIMELINE

- **Monday, April 29:** Mountain Village Business Open House Regarding the Business Master Lease Program (hybrid meeting)
- **Tuesday, April 30-May 15:** open the business pre-qualification application online
- **Thursday, May 16:** close the business application online
- **Wednesday, May 22:** weighted lottery
- **Wednesday, May 23-Monday, June 10:** business employees apply and qualify for move-in (approximate)
- **June 15-June 30:** anticipated tenant move-ins (staggered)

BUSINESS OUTREACH

Molly Norton, our Community Engagement Coordinator & J.D. Wise, Our Economic Development and Sustainability Director talked with business owners at the most recent merchant meeting and provided a brief survey by email to Mountain Village businesses. We are receiving strong positive feedback regarding a business master lease program and indicated to our businesses that council would be reviewing the framework and details after which point we would begin our clearer communications plan. As of Wednesday, March 13 eight businesses responded that they would participate in the program.

RECOMMENDED MOTION

I move to approve establishing the initial rent at \$3,600 for the 4-bedroom units and \$2,700 for the 3-bedroom unit at VCA Phase IV, West Building, Business Master Lease Program.

/mbh