

Sarah Kane

From: Becky Vasos <bvasos@thegroupinc.com>
Sent: Monday, March 18, 2013 11:46 AM
To: City Leaders
Cc: 'Johnston, Janiel - WER'; vschlageter@thegroupinc.com
Subject: Provincetowne Revision to Master Covenant for Affordable Housing
Attachments: 6721 Rose Creek #2.pdf; Provincetowne Johnston Smosna.pdf

Agenda Item #19
March 19, 2013 Council Meeting

Good morning:

Please see attached letters concerning item #19 on the agenda for tomorrow evening's City Council meeting. See you there!

Many Thanks!
Becky Vasos and Val Schlageter

Becky Vasos

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To: Members of Fort Collins City Council

Re: Agenda item #19 Revision to Master Covenant for Affordable housing in Provincetowne

Address specific: 6712 Rose Creek Way #2 Owner: Janiel Johnston

We have been a part of this conversation with Ken Waido and Joe Frank. We very much appreciate their willingness to listen and their thoroughness in presenting this issue to staff and council.

The income restriction has greatly limited sellers their ability to sell their homes and has put the intent of being owner occupied and FHA approval at risk. Both title companies and lenders are confused of how covenants are written and lack of specific addresses. Per title co. not all income restricted units included a signed master covenant by current owner...as is the case with the address above.

Once a contract is signed, title work and HOA docs are delivered to buyer 10-15 days after contract. It is very rare that a buyer reads all of this, they look more at ACC guidelines re: parking, pets, storage vehicles.

Lender's trust the FHA approval and also send a lender questionnaire to HOA to reconfirm owner vs. investor occupancy numbers. A buyer pays \$225 to HOA for this which is required by lender. Nowhere does it even mention "income restriction".

From a real estate prospective: In 2012, 12 sales occurred, 6 were "affordable" units, of the 6, 4 violated the income restriction due to buyer profile of investors, cash buyer and foreclosure.

More troubling, there were 7 withdrawn listings (didn't sell) all of which were affordable units. There is a pattern emerging that these will reappear in the market as a short sale or a foreclosure and this will then void the restrictions. Some sellers are choosing to rent their units and save their credit because they are unable to sell even though covenants forbid this. Past foreclosures mentioned in documents given to you also show a history of trying to sell their home but were unsuccessful. Owner Occupancy is a manageable restriction and easily documented in the covenants. It doesn't need a 3rd party to verify and most important preserves the integrity of the neighborhood.

Unfortunately, there are too many loopholes in the income restriction which allows for inconsistencies, loss of control and does more damage to sellers who are faced with challenges in getting their home sold.

We are happy to supply you with market data on the above claims and I hope you will seriously consider the recommendation to revise this covenant.

Time is of the essence on this transaction, closing can no longer be delayed or contract will be terminated. We understand that if approved this will not take effect until the end of April. If approved, we are requesting your cooperation and understanding to grant an exception on this unit so this can be sold to owners who are anxiously awaiting to live there. Thank you.

Sincerely,

Val Schlegeter & Becky Vasos

March 4, 2013

To whom it may concern:

My name is Janiel Johnston-Smosna, and I am currently a home owner at 6721 Rose Creek Way #2, Fort Collins 80525. I have lived at this address for the last 5 years, and have been a resident of Fort Collins since early childhood. My husband and I both teach Special Education in Poudre School District, and have enjoyed raising our young son in such a wonderful community.

Recently I decided to sell my home and received a fair offer, but the process was denied for the buyers due to an income restriction that has been placed on this specific property. Unfortunately I was not made aware of this income restriction, as it was never brought to my attention in notice nor was I ever given paperwork to sign to acknowledge this restriction. I have done research to better understand this income restriction, and while I appreciate the intent behind this clause, I take issue with how it has been carried through. First, my research has shown multiple examples of this restriction being 'waived' in other similar circumstances. While I understand that waiving this restriction is not common policy, I feel that as a City Council you cannot choose to do for some without doing for all. Secondly, the income restriction is in place to protect affordable housing for people in our community. Currently the buyers we are in contract with are a young family with one child and another on the way. They surpass the income restriction but in my view, they are exactly the type of community members that this income restriction is in place for, and it is precisely their situation that the City is considering when ensuring that all community members have a chance to obtain housing in Fort Collins. To deny them their right to buy this house because of an income restriction (that at its current level still places them below the poverty line) is truly unfair. Lastly, my understanding is that the City Council will be going through measures to lift the restrictions completely at the end of the month. While we cannot afford to wait until these measures are taken through Council, I feel that it is logical to grant an early waiver to these restrictions to allow us the right to sell our house to an interested and appropriate buyer.

As a long time constituent of Larimer County, I have faith that the correct decision will be made in this matter and the income restriction will be waived for our property and specific situation. I would greatly appreciate the Council's timely decision in this matter, as the sale of this house is incredibly important and relevant not only to us but also to the buyers. Please contact me at your earliest convenience with your response. Thank you so much for your time and fair consideration.

Respectfully,
Janiel Johnston-Smosna

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