

SAN MIGUEL REGIONAL HOUSING AUTHORITY

820 Black Bear Road, P.O. Box 840, Telluride, CO 81435

Tel: 970-728-3034 Fax: 970-728-5371; e-mail: smrha@telluridecolorado.net; website: www.smrha.org

MEMORANDUM

Date: May 29, 2009
To: **San Miguel Regional Housing Authority Board (Board)**
From: Shirley Greve
Meeting Date: **June 4, 2009**
Re: **HOA exception request**

Attachment: Exception request, roof repair quote, cost per unit chart

Purpose

Consideration of a request by Rio Vista II HOA for an exception to Section 4.1 [Sales Standards].

Overview

The Rio Vistas II units have been pursuing a means to repair the roof for some time. SMRHA has inquired about numerous resources from multiple agencies, but the owners have not been able to acquire any grants for the repairs. The owners have now secured a bid with a 2 year timeline for repayment at 0% interest. Roof repairs are often considered a maintenance cost on deed restricted properties with price caps, however, there have been circumstances where the deciding body has allowed them to be considered a capital improvement. Therefore, rather than SMRHA staff denying this cost for each owner at time of sale and each owner potentially requesting an exception, all involved felt it more prudent to make 1 request for the complex and receive an SMRHA Board determination prior to the work beginning.

The roof is going to be modified for positive drainage with a liner and DURO-Last on interior and exterior roof walls, with a 15 year guarantee. The description of the work to be completed would offer a benefit to existing and future owners. The improvement does not appear to exceed the 10% cap for any unit.

Applicable Guidelines

4.1 In no case shall permitted capital improvements exceed ten percent (10%) of the Original Sales Price. All permitted capital improvement items and costs shall be approved by RHA prior to being added to the Maximum Sales Price.

Recommendations for Consideration:

- 1) The SMRHA Board cannot recommend granting an exception because we did not find the work to be a capital improvement.

OR

- 2) The SMRHA Board recommends granting an exception with the following conditions:

- All current owners do not exceed the 10% cap on improvements at time of sale.
- Any current owner where the roof plus their capital improvements exceed 10% will reduce the cost of the roof.
- The roof costs will depreciate every 5 years per current owner by 1/3, so that after 15 years no costs would be passed along to a new buyer.
- *Specific agreement with each owner and the County stating these terms. Exception is NOT granted to owner without this agreement.*

Approved by SMRHA