

Sacks Neighborhood Council

The Sacks Neighborhood Council was formed to explore the potential for a sale of the homes in the neighborhood to a developer. We formed the council because:

- More than 10 developers advised us in preliminary exploratory meetings that they would prefer to deal with one (legal) entity rather than 60 individual homeowners;
- The more homeowners interested in this project who are serious enough to participate in the Council, the more seriously investors will take us, resulting in more attractive offers
- The better the quality of our efforts now, the more credible the results. When this process is complete, we will know we have done everything possible to determine the feasibility of a sale of this proportion
- Participating in the council provides an opportunity for input in important decisions, such as
 - determining the feasibility of the concept and making the decision whether or not to proceed
 - strategy and tactics used by the Council
 - recommending to developers what might be interesting if offered, on such issues as pricing, deposits, contingencies, assignability and other matters
 - review of offers and selection of a developer with whom to negotiate.

How to Join the Council:

1. Contact Marie Dray or Cristina Echavarren at president@sackscouncil.com and let them know you'd like to join.
2. There is a fee of \$500/year to join. This fee will be used to cover legal and administrative costs involved in eliciting and evaluating offers from developers. The check should be written to "Sacks Neighborhood Council." If additional funds are required before a developer's offer is accepted, a special assessment, agreed upon and approved by the membership, may be requested.

What am I agreeing to by joining the Sacks Neighborhood Council? By joining the Sacks Neighborhood Council, you are agreeing to give serious consideration to legitimate offers received from developers. You are also agreeing to respect decisions made by the council before you joined. Although Roberts Rules of Order by which we operate allows review of decisions previously made, are inclined to open earlier decisions only for compelling reasons.

You are NOT agreeing to sell your home at all or to sell your home for a particular price. When and if an offer is received from a developer, you as an individual homeowner will decide whether to sign any contract that may be offered to you.

Other Frequently Asked Questions

Aren't sales of this kind involving so many properties rare?

Assemblages of this size are rare but not unheard of. A transaction was concluded fairly recently involving an assemblage of 54 private homes in Vienna, Virginia. In that case, the land was developed into a senior facility known as Poplar Terrace.

Would all of the homeowners in Sacks need to agree to sell to make a deal viable?

Not necessarily. However, the larger the number of homeowners interested, the better the chances of negotiating a favorable deal. There is probably a minimum number of properties needed to make a deal viable, but this minimum would vary based on the interests of developers and other factors.

What principles or guidelines will the SNC follow in this project?

Our broker, West, Lane, and Schlager, has cited several key principles to a successful assemblage of this type:

Transparency: All homeowners want to be 100% confident that they have access to the same information about the terms of the deal, terms of each contract, and equations for distribution of the money, etc. Homeowners must feel completely confident that no "side deals" are being negotiated with the developer by any homeowner.

One way to insure transparency is by including a "Most Favored Nation" clause in the contract. Such a clause would stipulate that if any homeowner (either within SNC or outside of SNC) requests a higher amount or special financial terms in that owner's individual contract above what has been approved by SNC members in their agreement, the developer would be obligated to pay every other homeowner the same additional amount. This type of clause has been found to be effective in discouraging individual homeowners from demanding higher amounts and thereby delaying progress to final settlements.

Simple Formula: The formula we use to allocate the money from a sale of the neighborhood should be simple enough for all homeowners to understand and agree upon. Also, formulae that reduce the variance in distributions among properties have had the broadest acceptance and appeal.

Several methods of distribution based on consideration of three (3) primary factors have had greatest appeal to SNC members. These factors include some recognition of variance in lot size (of most concern to developers); the fair market value of home/property appraised independently (of concern to many homeowners); and, a fair sharing of proceeds that recognizes the value that is created by banding together and potentially achieving a windfall above the properties "intrinsic value" were they sold separately -- the *It-can-not-happen-without-everyone* factor!

Flexibility and creativity: We continue to develop these ideas and will be open to new approaches and solutions that may not have been considered before. We will commit to a formula before accepting bids from developers, and acceptance of the formula by bidders will be a significant factor in the selection process.

Would homeowners be able to sell their homes once they have signed a contract with a developer?

SNC members will require that there be some provision which would allow homeowners to sell their homes prior to final settlement of the neighborhood. The buyer of a home sold during the interim would be bound to the terms of the seller's contract with the developer: namely, to sell to the developer should all the closing conditions be met or waived by the developer.

What are the chances of the county approving the necessary zoning changes?

It isn't possible to predict the type of zoning changes the county would approve until a developer has proposed a specific plan. However, many county officials support the concept of "smart growth," an approach to planning that encourages higher density housing near public transportation. Furthermore, the size of this parcel of land offers the County the opportunity to rezone with the purpose of including Moderate Price Development Units and Work Force Units here.

Discussions with county executives and planning staff indicate that the process for any zoning change to higher density uses will be time consuming and expensive for a developer (e.g., 18 to 48 months).

Did Sacks or WLS perform some kind of feasibility study?

No. West, Lane, and Schlager has pointed out that we cannot fully define the use of a parcel of land of this size without a specific plan. Therefore, any feasibility study would be incomplete. So, each developer will determine the feasibility of the land for the developer's particular strategy and prepare an offer accordingly.

