

Villa de Paz Rec Assoc (VdPRA) update as of 8/27/14

VdPRA is now closed. This property is for sale, because we have a new community park now (Dust Devil Park) and it is no longer needed, or supported by the community. The Rec Center is in escrow with a buyer, who is planning to build 12 one story homes similar to those in the area, and was supposed to close July 1st. Villa de Paz United asked that they delay closing to allow time to come up with ideas to save it. There are no funds to continue operation, so it shut down July 1st.

There is a restriction requiring this property to be set aside for recreation, and managed by an HOA, but that has not been enforced since 1979, when the original developer set it up as a nonprofit instead of an HOA. The buyer wants this restriction modified to allow homes to be built on the property. The city required a Maryvale Village Planning Committee Meeting, held June 11, 2014, which recommended allowing modification of the stipulation, and a PHO hearing, held on June 18, which approved modification of the stipulation, subject to one story homes only, and notification of Glendale Airport noise. Villa de Paz United appealed this to the City of Phoenix Planning Commission, which voted to recommend against modifying the stipulation. The potential buyer is appealing that to the Phoenix City Council, which meets Sept 17th.

VdPRA is arguing that the city of Phoenix should either allow the stipulation to be modified, so that the property can be sold and developed, or enforce the whole stipulation, requiring Units 1-4 or 1-9 to pay HOA fees to support the Rec Center. That would give them funds to refurbish the pool etc, but would undoubtedly involve a lot of effort to get the homeowners to start paying.

The third option is recruiting 200 homeowners to join the HOA, expanding the existing HOA to a sustainable level. Back in 2007 the VdPRA recruited 3 homeowners to form an HOA to save \$8,000/year in property taxes. It was set up as an "opt in" HOA, allowing each homeowner to decide to join, rather than to try to force an entire neighborhood to join, as we were advised that we did not have grounds to resurrect the original HOA. This also eliminated concerns that the HOA would enforce "architectural" or other restrictions on members, since only some houses in each neighborhood would be members. Ten additional homeowners have joined, but that is still not a sustainable level. VdPHOA is the owner, VdPRA still manages it, and offers the yearly memberships.

VdPRA was in tax default in 2001, and owed \$12K in taxes it could not pay. It managed to get a loan to cover that debt, but could not make the payments in spite of many fundraisers and attempts to promote the facility. In 2003 when we had to pay off the first loan plus another \$6K in loans from members and unpaid salary, we chose to get an equity line and spend down the over \$100K in equity rather than selling it then. We have now spent down the equity, but have failed to get it in the black. It has been used even less since Dust Devil park opened. We had 54 memberships purchased this year, we need closer to 150 to pay the bills to run the Center for a year.

The Rec Center is in escrow with a developer (Desert West) who is planning to build 12 one story homes similar to those in the area. Villa de Paz United is resisting the sale, and is suggesting 3 plans for the property, none of which acquire the title or pay off the loans that have kept the place going for the last 20 years. The current loan is not with a bank (Mortgages Limited wanted to loan a \$100,000.00 mortgage rather than an equity line at 18%). Dave and Donna White offered the VdPRA board, and later the VdP-HOA board use of their equity line which was at 3% interest (with no additional fees unless there was profit left over at the end when the land was finally sold), which was enthusiastically accepted. The bank providing the equity line would not consider reducing the \$160K debt because they have only received \$40,000.00 in interest over the last 11 years. The ONLY possible plan to stop development is for 200 members of the community to step up and join the HOA. That would provide funds to do the needed repairs and upgrades, run the facility, and make payments on the loan. If you are interested in pursuing this option, contact Jim Fortune, president of the HOA, at 623-363-5703. A group of homeowners could join at the same time, reducing the individual risk. If you are interested...