

# EDCC 2022

## Southeastern Plains Workforce Housing- High Prairie Homes



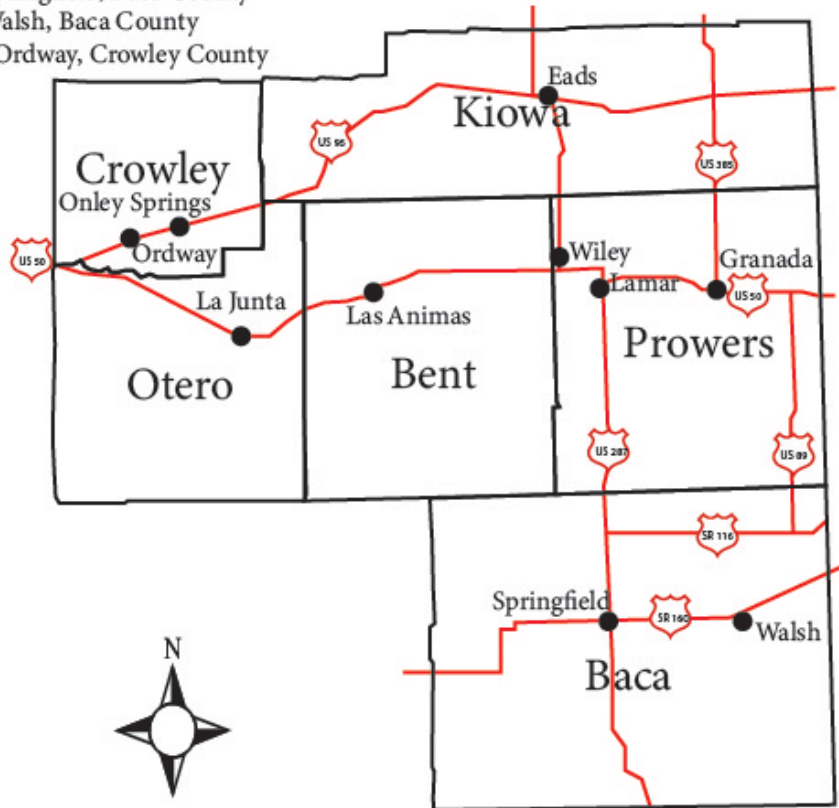
BYWATER  
DEVELOPMENT, LLC



# Regional Collaboration

## Potential Project Location

1. Olney Springs, Crowley County
2. La Junta, Otero County
3. Las Animas, Bent County
4. Eads, Kiowa County
5. Wiley, Prowers County
6. Lamar, Prowers County
7. Granada, Prowers County
8. Springfield, Baca County
9. Walsh, Baca County
10. Ordway, Crowley County



# What are Goals and Outcomes if we are successful in the next 2 years with Housing?

- To ensure our community's workforce is successful in attaining long-term, safe and energy efficient housing
- To provide housing opportunities both home ownership and rental opportunities to our community's workforce
- To work with our local Municipal and County leadership on creating capacity for future housing within their jurisdictions
- Establish market comps for future projects to be built by private investments on smaller scale
- Revive lending market and financing options for housing projects

# A Strong Housing Market is a Good Thing!



Strengthens property taxes and sales taxes

Provides for multiplier effects from an influx of home ownership

Increases community pride and reduces blight

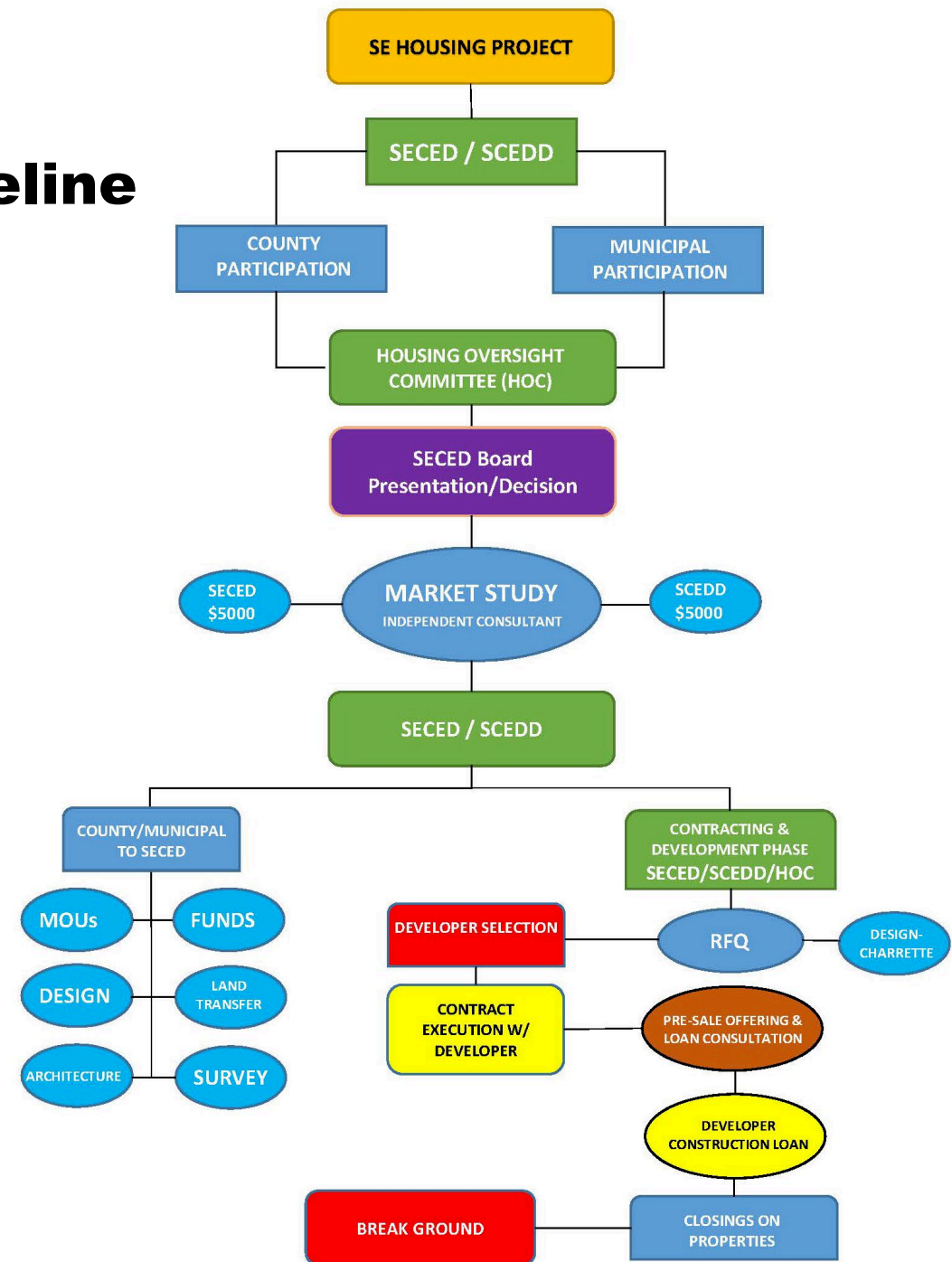
Eliminates a barrier to economic growth

Spurs infrastructure development that improves quality of life

Ignites the local housing market



# Flow Chart of Development Timeline



# The Housing Problem In the SE Plains



- ▶ Lack of housing supply leads to outmigration/stagnation
- ▶ Appraisals are not adequate due to lack of sales comps
- ▶ Construction costs have been prohibitive on smaller scale projects
- ▶ Scarce availability of contractors and labor for new development
- ▶ Exponential materials cost increases make small projects prices unattainable to local workforce
- ▶ Lack of construction loan capital to help create available buildable lots

# Workforce Housing Defined

Household size	<u>80%</u>	<u>90%</u>	<u>100%</u>	<u>110%</u>	<u>120%</u>
1 person	\$41,200	\$46,350	\$51,500	\$56,650	\$61,800
1.5 person	\$44,120	\$49,635	\$55,150	\$60,665	\$66,180
2 person	\$47,040	\$52,920	\$58,800	\$64,680	\$70,560
3 person	\$52,960	\$59,580	\$66,200	\$72,820	\$79,440
4 person	\$60,320	\$67,860	\$75,400	\$82,940	\$90,480

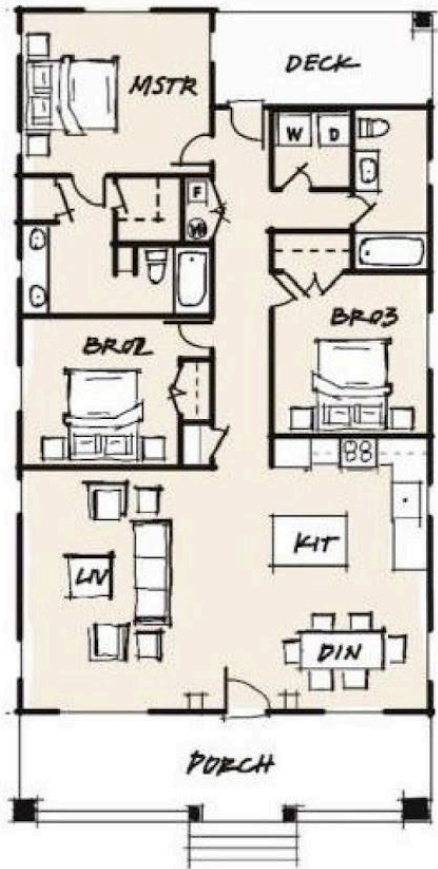
- ▶ Working Class Families “Missing Middle”
- ▶ Want to serve workers who have been invested in their employment
- ▶ Opportunity zone investor to buy duplexes to rent back to employees or “Qualified Census Tracts”
- ▶ Price Points allowed for a wide range of AMIs to participate 70%-120% AMI



# Blighted Housing to New Workforce Housing

New Workforce Housing Priced from \$151,250-\$265,050

All Price Points Under 100% AMI



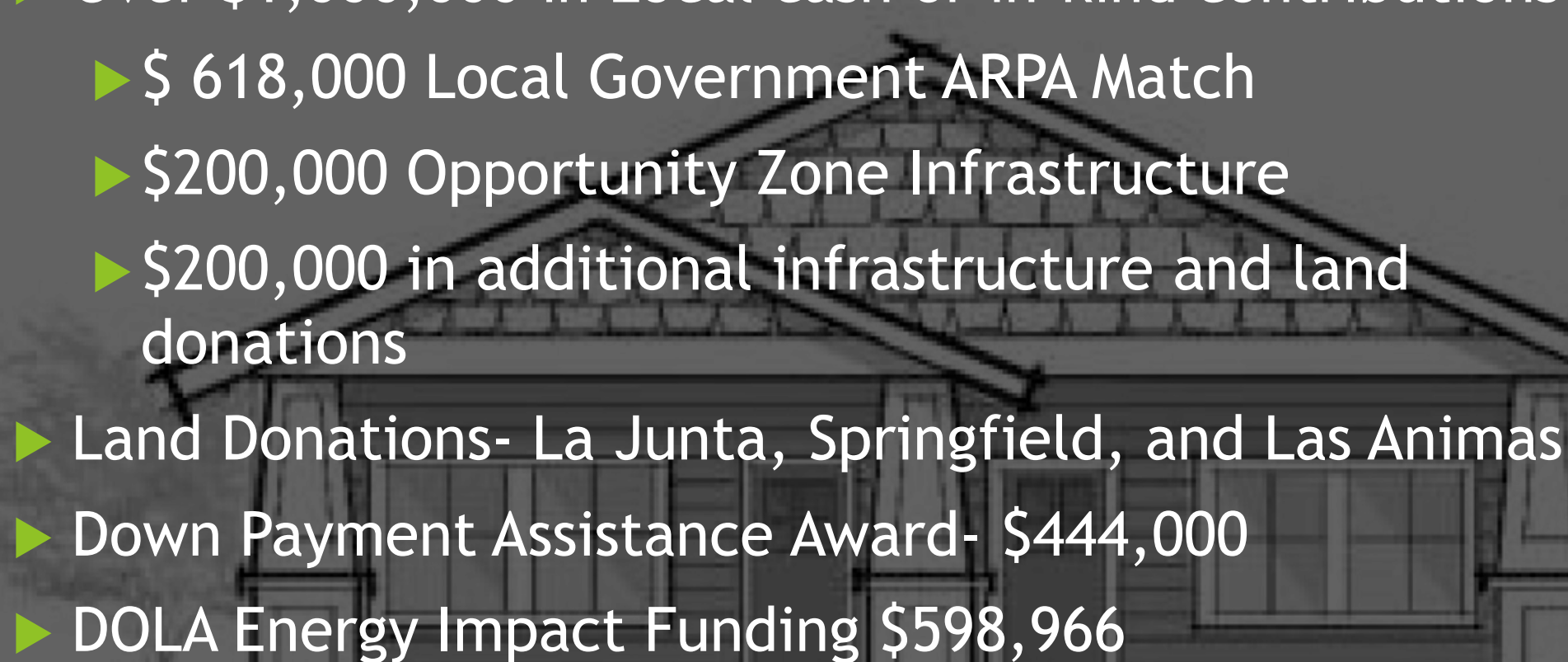
**Kestrel**  
Single Family  
3 Bedroom, 2 Bath  
Approx. 1,350 SF



# Strategies for Workforce Housing

- ▶ Take Care of the “Broccoli” Costs
  - ▶ Horizontal Infrastructure Costs-Roads, Water, Sewer, Gas, electric, etc.
  - ▶ Land Costs
- ▶ Remove Engineering and Architecture Costs from Final Sales Price
  - ▶ Allows for competitive construction cost bidding
- ▶ Waive permit fees and take care of tap fees
- ▶ Deal with entitlements so projects are shovel ready
- ▶ Homeownership or qualified 1<sup>st</sup> time buyer programs VA home Loans or USDA
- ▶ Regional Collaboration to make project large enough for economies of scale
- ▶ Desired Result- Only pass on vertical costs to end buyer

# SE Plains “Broccoli” Incentive Package

- ▶ Over \$1,000,000 in Local cash or in-kind contributions
    - ▶ \$ 618,000 Local Government ARPA Match
    - ▶ \$200,000 Opportunity Zone Infrastructure
    - ▶ \$200,000 in additional infrastructure and land donations
  - ▶ Land Donations- La Junta, Springfield, and Las Animas
  - ▶ Down Payment Assistance Award- \$444,000
  - ▶ DOLA Energy Impact Funding \$598,966
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# SE Plains “Broccoli” Incentive Package

## To get Shovel Ready

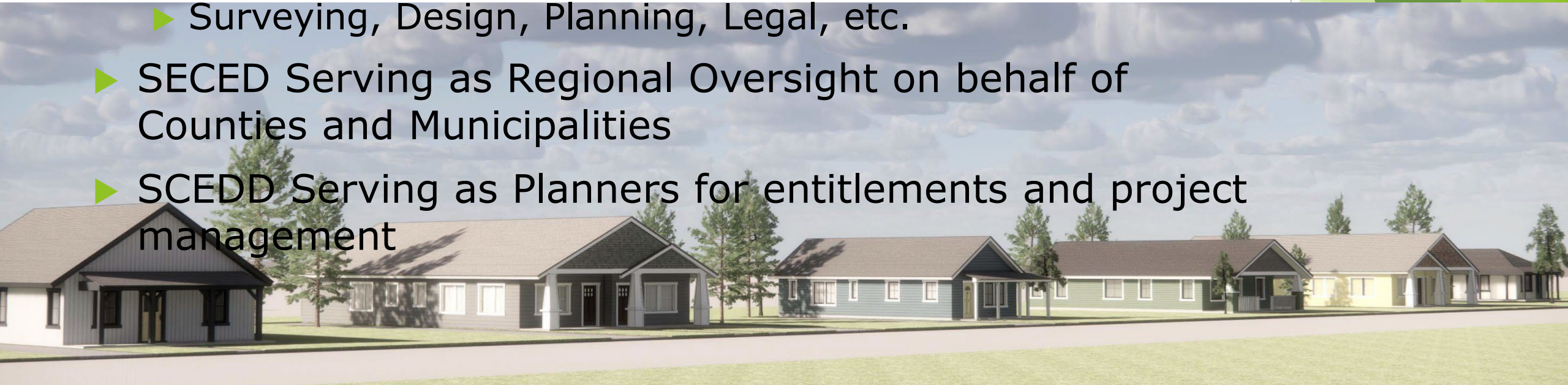
- ▶ Surveying/Entitlements \$95,000
  - ▶ Planning- 7 Subdivisions- 2 ROW Vacations-1 PUD
- ▶ Land Purchases \$262,000
- ▶ Main Extensions
  - ▶ 3 gas extensions
  - ▶ 5 Electric extensions
    - ▶ 2 underground and 3 overhead
  - ▶ 3 Water Mains
  - ▶ 4 Sewer Mains





## Benefits of Economies of Scale

- ▶ Over 40 units allows for attracting larger regional developers
- ▶ Buying power on construction materials and things like appliances
- ▶ Predictable Reliable Labor
- ▶ Regional Collaboration=Shared costs
  - ▶ Surveying, Design, Planning, Legal, etc.
- ▶ SECED Serving as Regional Oversight on behalf of Counties and Municipalities
- ▶ SCEDD Serving as Planners for entitlements and project management





# Risk Reduction

- ▶ Every Development Project has Risks
- ▶ *American Rescue Plan Act Eligible Project*
- ▶ *Developer Responsible for Construction Financing*
- ▶ *RFQ Developer Selection and Design Process*
- ▶ *Incentives provided by Regional Collaboration*
- ▶ *SECED holding Land or Surety throughout the process*
- ▶ *Pre-Sales*
- ▶ *Pay for performance*



# Timeline

- ▶ June 23, 2021- **Presentation of Feasibility Report** and Decision by SECED Board to move project forward to local municipal participation.
- ▶ June 24, 2021- **Market Demand Study** Contract Executed and economic planning begins. Cost \$10,000.
- ▶ July-August 2021- **Memorandum of Understanding MOU** executed with each participating County and Municipal jurisdiction and SECED.
- ▶ July 2021- **Design Charrette**
- ▶ August 2021- **Release of Developer RFQ**
- ▶ September 2021- **Finalist Developer Selection**
- ▶ November 2021- **Contract Execution with Developer and SECED.**
- ▶ October-February 2021-2022- **Pre-sales offering** and loan consultation begins.
- ▶ January 2022- **Transfer of land** to be developed to SECED.
- ▶ April 2022- **Developer Closes on Construction Loan**
- ▶ June 2022- **Groundbreaking** in first community every 3 weeks in next location.
- ▶ November 2022- **Closing begins on First Properties.**
- ▶ April 2023- **Final Closing**

# Lessons Learned

- ▶ Early buy-in Local elected
- ▶ It takes a Team effort (partners)
- ▶ Build a spec home - people like to see the finished product
- ▶ Clarification of requirements where no codes exist - get it in writing
- ▶ Utilities - written confirmation of what they will/will not provide and ask for a timeline
- ▶ Be nimble if you want to move quickly

# Thank You- Questions?

Check out the Project at:

<https://www.highprairiehomes.com/>

SE Housing Feasibility Report at

<https://www.seced.net/housing.html>

