Proposal for Planning & Due Dilligence

to: Ken Charles, Town of Dolores Manager
from: David Bruce, *Project Lead*
Rural Homes: For Sale, For Locals

Delivered via email to manager@townofdolores.com
September 20th 2022

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Work Plan:

This proposal offers services to analyze the Town and School District's properties, then coordinate all the necessary due-dilligence required to be able to construct modular work force housing using the Rural Homes: For Sale, For Locals financing and project delivery approach that is currently being piloted in Norwood, CO and Ridgway, CO. This scope of work delivers a sketch plan application. If the sketch plan is successful, Rural Homes LLC will draft a development agreement proposal.

Services under this scope of work will include:

1	Preliminary Site Analysis	14 hours staff time	**$2,100**

start *10.10.22*
end *10.31.22*

Description

Prior to hiring any subconsultants, the work begins by weighing Pros & Cons of each development site. Factors to consider could include:

- Transportation & site access
- Existing utilities
- Solar orientation & environmental analysis
- Site visit & field observation
- Drone Arial Photo analysis
- Concept budget & pro-forma
- Review existing Town maps & utility locations

2	Project kickoff call	1.5 hours	***included***

start *10.31.22*

Description

A 90-minute zoom conference, or in-person meeting, to discuss site analysis, make conclusions and select a site (or cluster of sites) to focus on for the development of attainable housing. Call with also focus on:

- Objectives & goals of the Task Force
- Overall planning timeline
- Development approaches to be considered

3	Monthly update zoom conferences	***included***

start *10.31.22*
end *Upon delivery of Rural Homes Development Proposal*

4	Existing Conditions Documentation	**$26,665**

start *11.01.22*
end *12.01.22*

Description

SME Environmental	Phase 1 Environmental Report	**$5,750**
Goff Engineering	Existing Conditions Survey	**$8,415**
Lambert Geotechnical	Soils Report	**$12,500**

Sub-consulant fee includes 15% mark-up for staff time and coordination
Existing conditions reports and maps will be submitted to the Town with a coverpage memo reporting on the relevant information

5	Sketch Plan Proposal	20 hours staff time	**$3,000**

start *11.01.22*
end *12.01.22*

Description

A sketch plan will be prepared to be delivered to Town Council in time for December review. Tasks will include:

Land Use Code Analysis	3 hours
Site Planning	8 hours
Density Alternatives	2 hours
Concept renderings	2 hours
Sketch Plan Application & Presentation	5 hours

6	Development Proposal	***included, pending approved sketch plan***

due: *15 days post sketch plan approval*

Description

A development proposal will include:

- Development delivery strategy
- Project budget & developer fee (5-8%)
- DOLA grant writing for HDG subsidy
- Homebuyer programs including low-interest lending partners & downpayment assistance
- Contracting & project management

Proposal Total: **$31,765**

Project Manager:

David Bruce, Director, Rural Homes LLC

5 years' experience

Expertise: Design, Planning, Community Engagement

M.Arch, Yale School of Architecture 2020

M.Environmental Management, Yale School of Forestry & Environmental Studies 2020

Project Advisors:

Paul Major, President of Paradox Community Trust

25 years' experience

Expertise: Project Finance, Modular Construction, Rural Economic Development

David Ware, CEO McStain Neighborhoods

25 years' experience

Expertise: Development, Home Sales, Home Building

Subconsultants:

Rob Harries, *COO* Goff Civil Engineering

Sean Moore, *CEO* SME Environmental, INC.

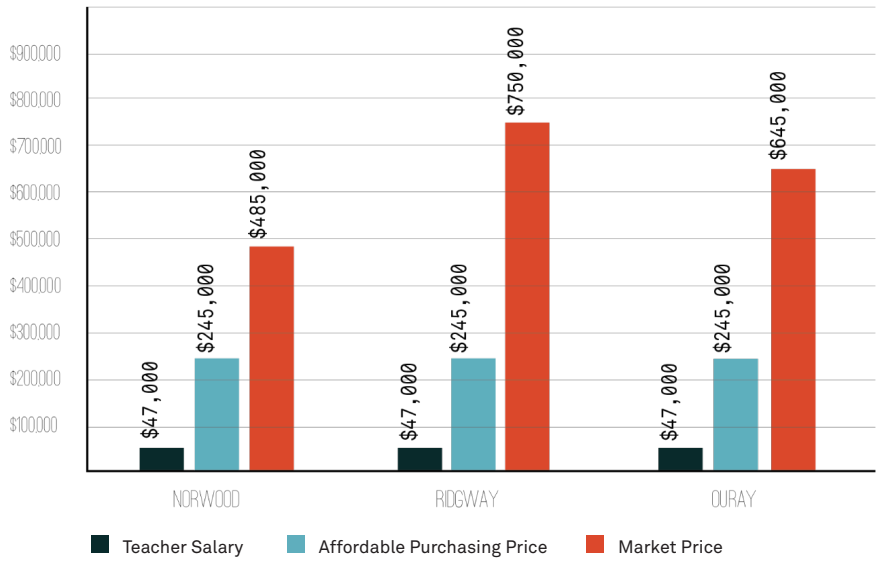
Daniel Lambert, *CEO* Lambert Geotechnical

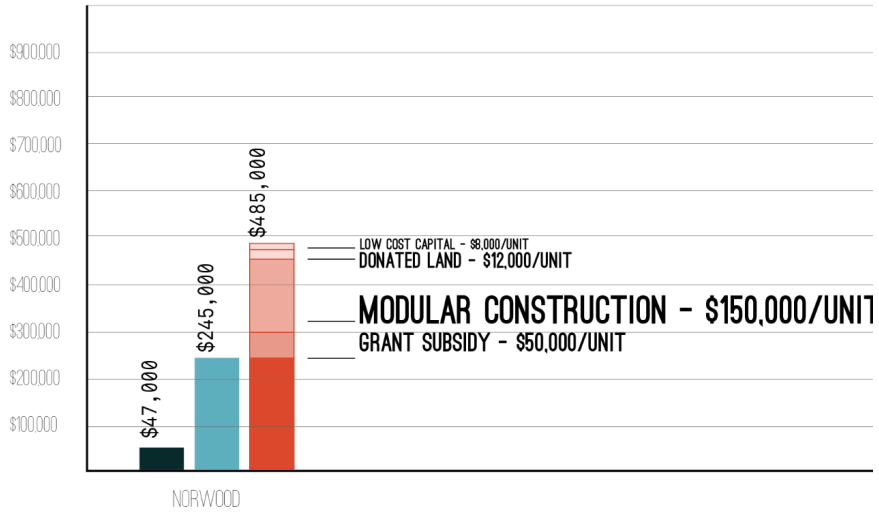
All team members and project subconsultants maintain the necessary liability, vehicle, and workman's compensation insurance.

Rural Homes: For Sale, For Locals
Project Description

There is a major gap between what a teacher earns, what a teacher can afford, and the prices of homes that are available in the market (see graph below). Teachers are not alone, countless essential workers across Colorado face this dilemma. **Rural Homes aims to reduce the cost to build rural housing.**

By integrating donated land, factory-manufactured construction, and low-cost construction finance into a toolkit, we are restructuring the way affordable housing can be built for our region's essential workforce: teachers, medical professionals, immigrants, federal employees that earn between 60-120% of Area Median Income (AMI). Our ambition is to inform and refine a model that minimizes the cost of building single-family homes so that it can be replicated and scaled across rural Colorado. By adding new building stock to a housing market that is saturated with old, dilapidated homes or inflated by vacation markets, we are addressing key determinants of public health and long-term economic sustainability in the region.





Cost of Capital
Partners across Colorado's community organizations and philanthropic entities are interested in new approaches to building affordable housing. We've raised construction finance loans with 0.5% interest and below by working with philanthropic funders such as: The Colorado Health Foundation, El Pomar Foundation, Donnell Kay Foundation, Kenneth King Foundation, Caring for Colorado, Dakota Foundation and Boettcher Foundation.

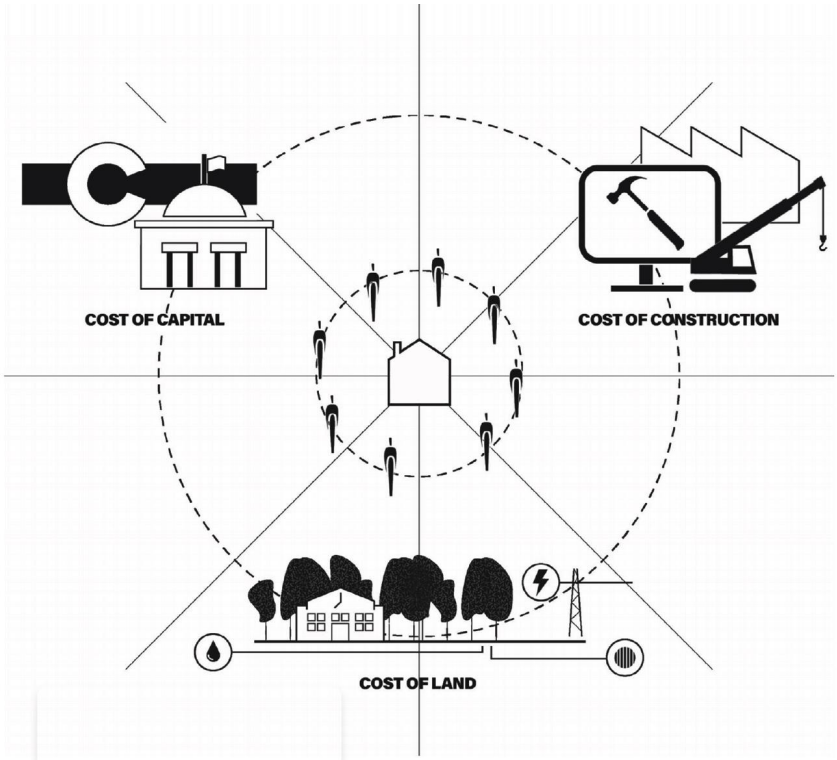
Furthermore, the Department of Local Affairs and The Division of Housing have matched the philanthropic dollars donated to the projects. We are also pursuing additional ""gap financing" funding to subsidize additional costs such as infrastructural improvements related to the project with the goal of reducing the final price of each unit built.

Cost of Land
We can reduce the overall property values of our homes by securing land donations from municipal entities like towns or counties, or by securing funding to purchase land from private donors and state organizations. San Miguel County has donated land for development in Norwood, and philanthropic funding has been offered for land in Ridgway an Ouray. The ideal site has strict criteria in order to control the per-unit costs of building the homes. They are flat, infill, and adjacent to existing civic infrastructure in order to minimize grading, new street construction, or the extension of water and sewer lines.

Cost of Construction
Standard stick-built construction is expensive and wasteful: on average, 30% of the material purchased for home construction ends up in a dumpster. In addition to this, the local labor force is (mostly) involved in high-end home construction, so even if subcontractors are compelled to work on affordable housing, the market sets a price of labor too expensive to build affordably.

By partnering with innovative Colorado companies such as Fading West (modular construction) and Simple Homes (panelized construction), we can significantly lower these on-site construction costs. For instance, Fading West builds 85% of the homes in their factory and ships them to the site in parts, allowing us to not only lock in prices on 85% of the house 8 months before construction, but also to save money on subcontractors by reducing the time it takes to assemble the house.

Community Led Process
Each project is guided by a community design process that integrates the strength of each community to build new neighborhoods that improve economic, social, cultural, health, and environmental outcomes. Networks of residents, local governments, affordable housing advocates, business owners and government officials are all required to build places that reflect the desires of the community.



Pilot Sites

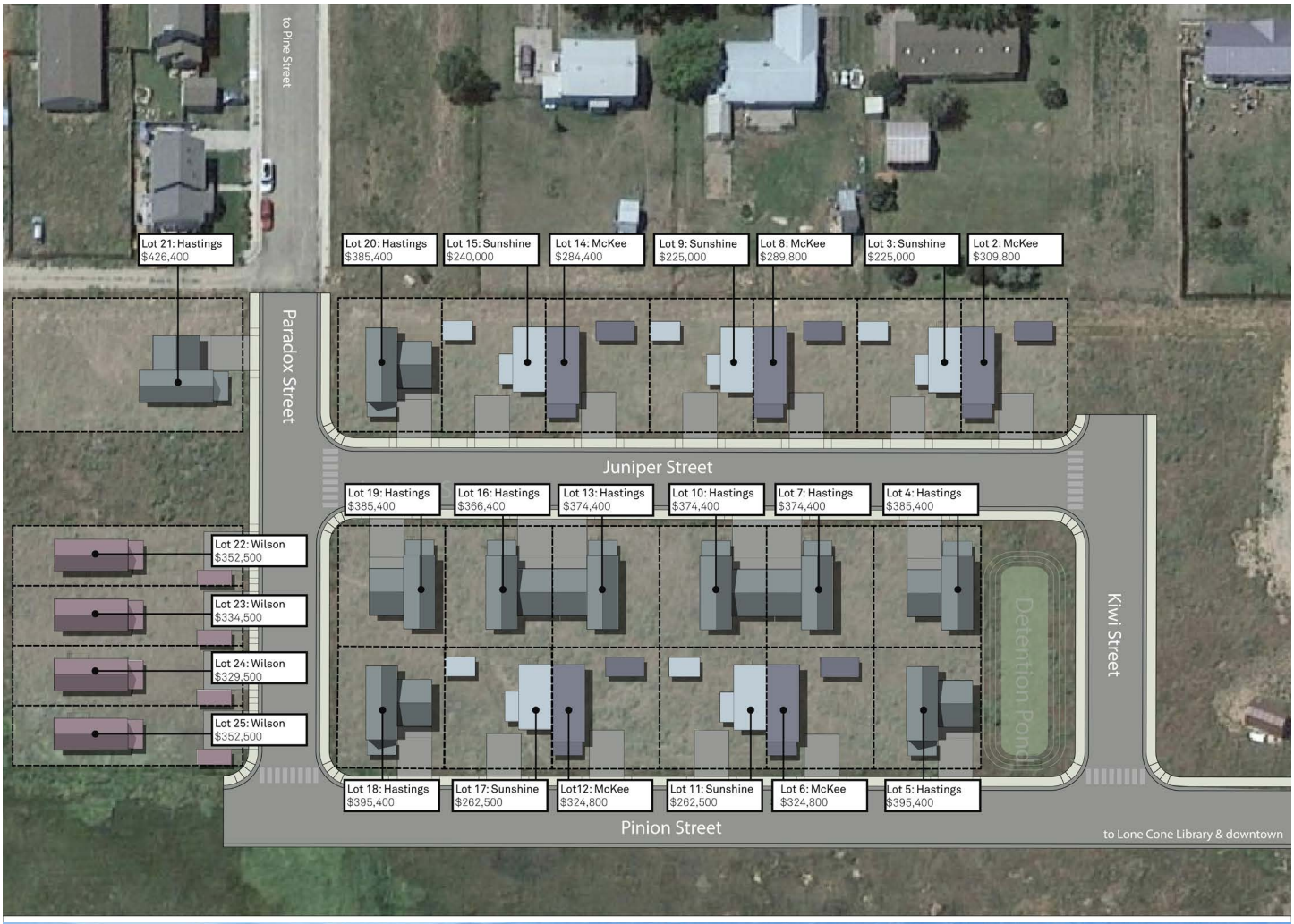
Norwood
Pinion Park - 24 Units
Land donated by San Miguel County
Broke ground: March 2022
Anticipated completion: December 2022
Bruce involvement: planning, entitlements, project delivery, and owner's representation through construction

Ridgway
Wetterhorn - 14 Units
Land donated by Anonymous Donor
Broke ground: August 2022
Anticipated completion: February 2023
Bruce involvement: planning, entitlements, project delivery, and owner's representation through construction

Nucla/Naturita
12+ Units
Land purchased: West End Economic Dev. Corp.
Planning Phase
Bruce involvement: planning

Ouray
Waterview - 60+ Units
Land purchased: CO DOLA Operation Turn Key Funding
Planning Phase
Bruce involvement: planning and entitlements

Pinion Park Norwood



Pinion Park Norwood

Pinion Park Norwood

PINION PARK PROJECT BUDGET to Impact Development Fund		TC		UC
Entitlements Costs	$	122,437.78	$	5,101.57
Land Development	$	1,695,776.70	$	70,657.36
Vertical	$	7,350,304.82	$	306,262.70
Project Costs	$	139,809.00	$	5,825.38
PROJECT TOTAL	**$**	**9,308,328.30**	$	387,847.01
GRANT SUBSIDIES	**$**	**1,328,000.00**	$	55,333.33
DOLA Grant	$	600,000.00	committed	
EIAF Grant	$	523,000.00	committed	
SMPA grant	$	55,000.00	committed	
Paradox Grant	$	150,000.00		
NET PROJECT COST		**7,980,328.30**	$	332,513.68

Pinion Park		#	Square Footage	
3BR	Shavanos	19	23,104	1,216
2BR	Anteros	5	5,120	1,024
	Garages	10	4,320	432
	Sheds	14	2,100	150
Project Square Feet			34,644	

ALL-IN PROJECT COST PER SQUARE FOOT	$	230.35
VERTICAL COST PER SQUARE FOOT	$	212.17

Average AMI in Pinion Park is 67% SMC AMI
Median AMI in Pinion Park is 66% SMC AMI

This is mostly due to mortgage financing packages and downpayment assistance we have been able to offer homebuyers, lower interest rates have allowed home-owners to buy into more expensive homes.

Pinion Park Norwood References

Candy Meehan, *Mayor* Town of Norwood
(970) 208-7829

candy@earthtechwest.com

PO Box 501
Norwood, CO
81435

Henry Hemphill, Hemphill Planning LLC *(Town of Norwood contract planner)*
(720) 530-5906

hemphillplanning@gmail.com

496 Brandon Drive
Fruita, CO
81521

Kris Holstrom, San Miguel County *Commissioner*
(970) 708-0289

krish@sanmiguelcountyco.gov

305 W. Colorado Avenue
Telluride, CO
81435

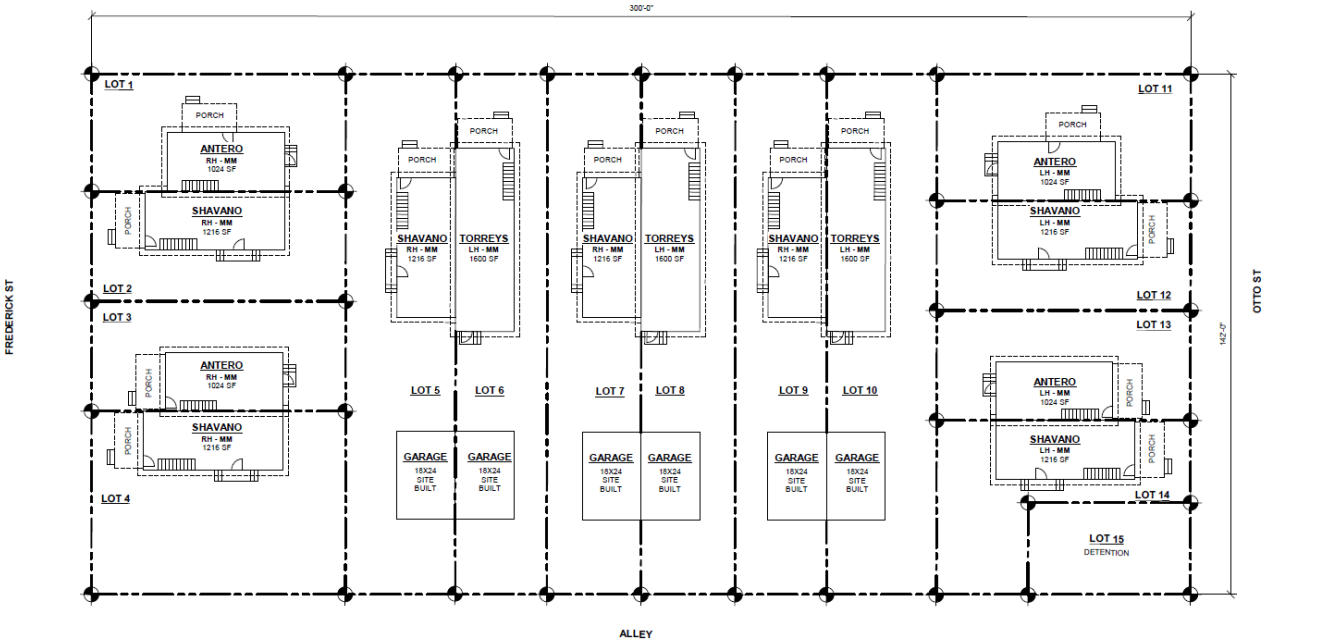
Patti Grafmyer, *Administrator* Town of Norwood
(970) 327-4288

grafmyer@norwoodtown.com

1670 Naturita St.

P.O. Box 528
Norwood, CO
81423

Wetterhorn Homes Ridgway



1 DEVELOPMENT PLAN
1/16" = 1'-0"

Wetterhorn Homes Ridgway References

John Clark, Town of Ridgway *Mayor*
(970) 417-8434

jclark@town.ridgway.co.us

P.O. Box 53
Ridgway, CO
81432

Terry Schuyler, Town of Ridgway *Council Member*
(303) 833-6272

Terry.schuyler@smpa.com

Jack Petruccelli, *former Ridgway Planning & Zoning Chairman (6 year term)*
(970) 209-0195

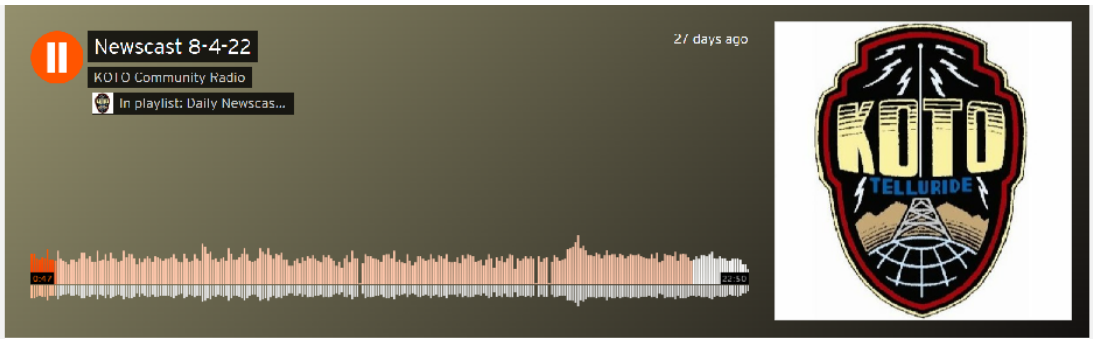
jack@alpinecreekhomes.com

P.O. Box 381
218 Sherman St. Unit 2
Ridgway, CO
81432

Preston Neill, Town of Norwood *Town Manager*
(970) 626-5308 ext. 212

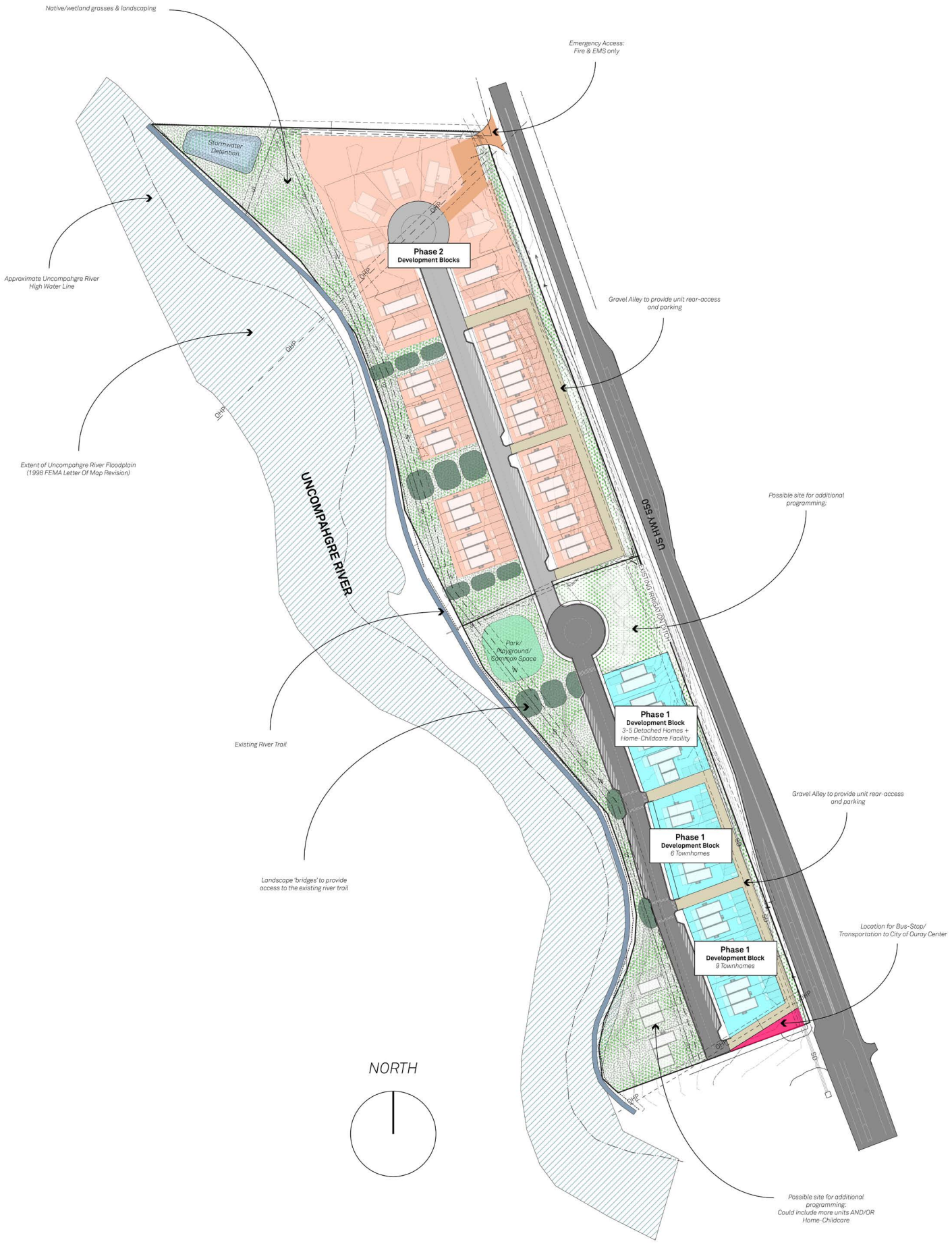
pneill@town.ridgway.co.us
201 N. Railroad Street
P.O. Box 10
Ridgway, CO
81432

14 units in Ridgway approved!



https://soundcloud.com/koto-community-radio-490126417/newscast-8-4-22?in=koto-community-radio-490126417/sets/daily-newscasts-ii&utm_source=clipboard&utm_medium=text&utm_campaign=social_sharing

Waterview Homes Ouray



Waterview Homes Ouray References

David Svenson, Development Property Seller

dsvenson@sdmproperties.net

Ben Tisdel, Ouray County *Commissioner*
(970) 318-1037

btisdel@ouraycountyco.gov

Andrew Atchley, Department of Local Affairs *Development Specialist*
(719) 298-2903

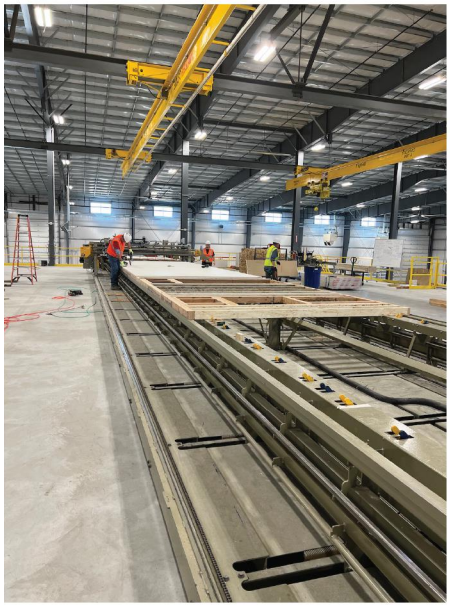
andrew.atchley@state.co.us

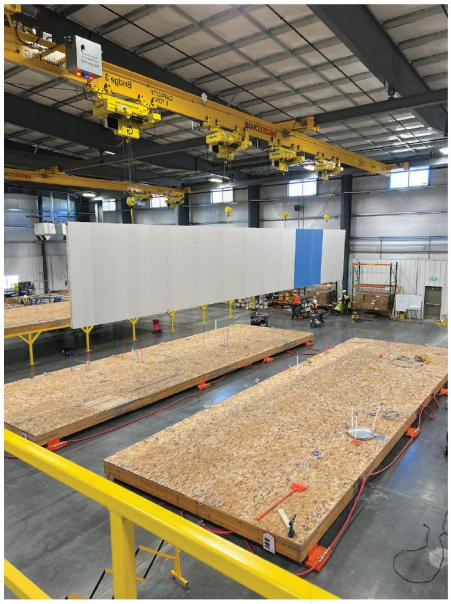
610 State Ave
Alamosa, CO
81101

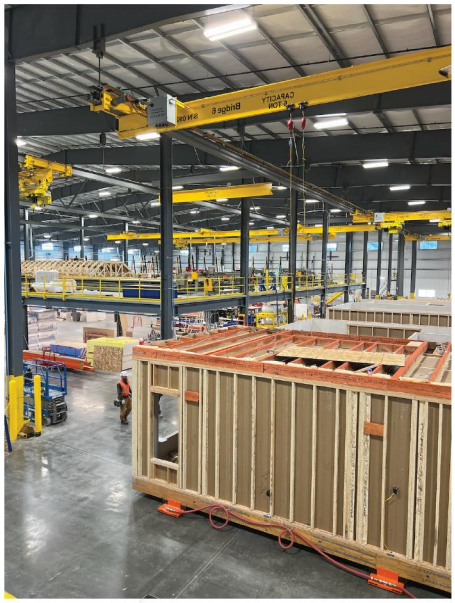
Jimmy Merrit, Stryker & Company Contractors General *Manager*
(970) 596-7288

jimmy@strykerco.net
688 Spring Creek
Montrose, CO
81403

Modular Manufacturing by Fading West

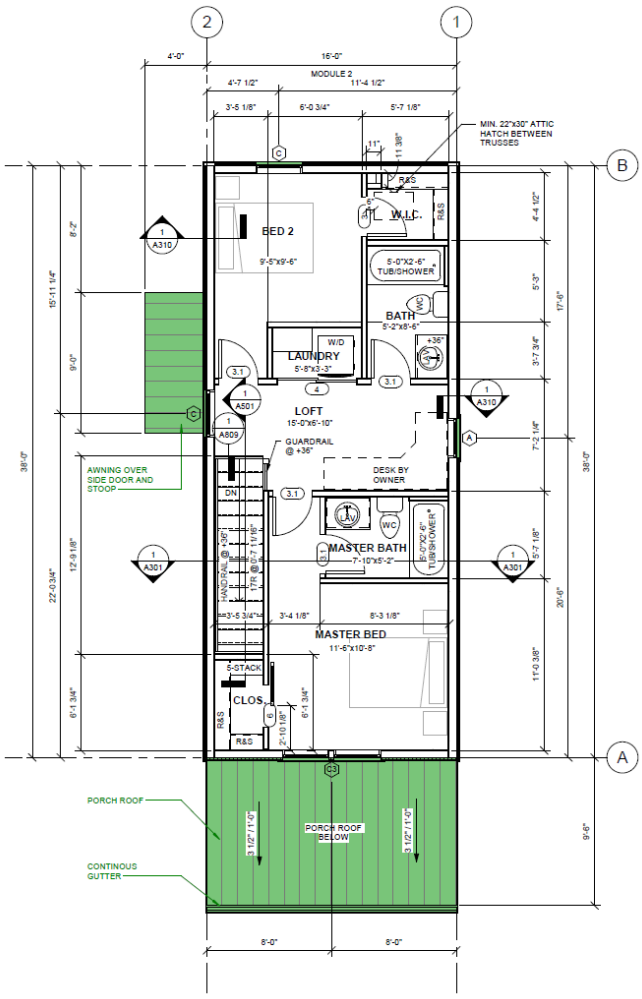




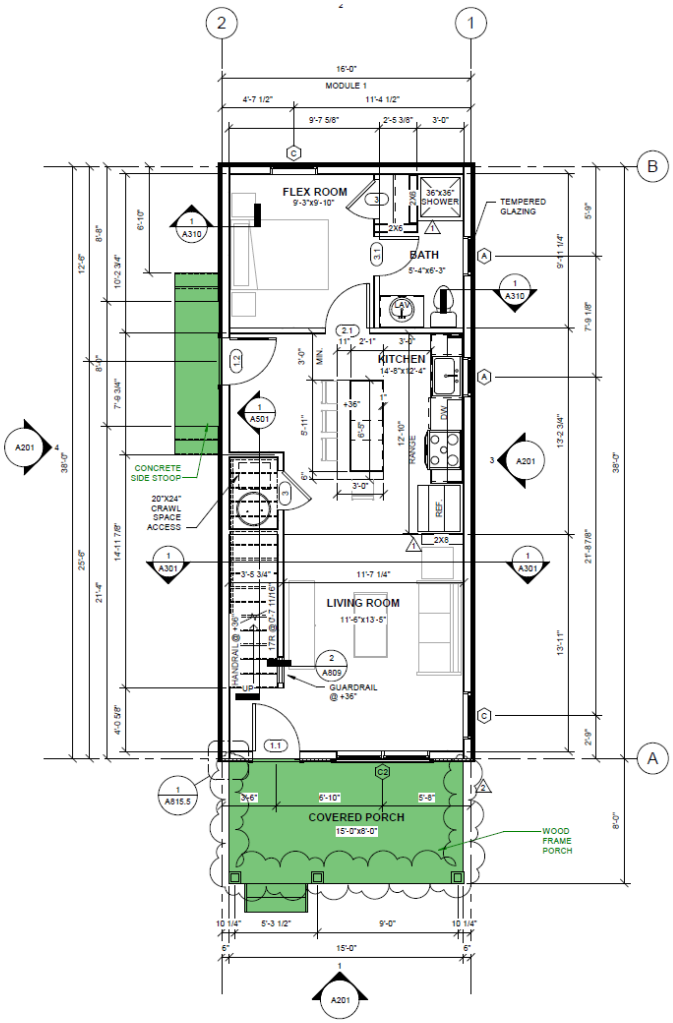


above: Fading West Factory in Buena Vista, CO

below: A Typical Fading West Floor Plan

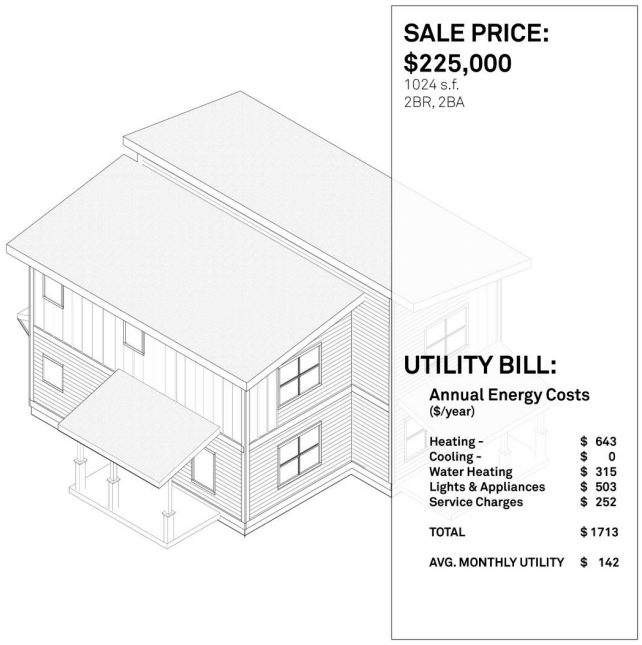


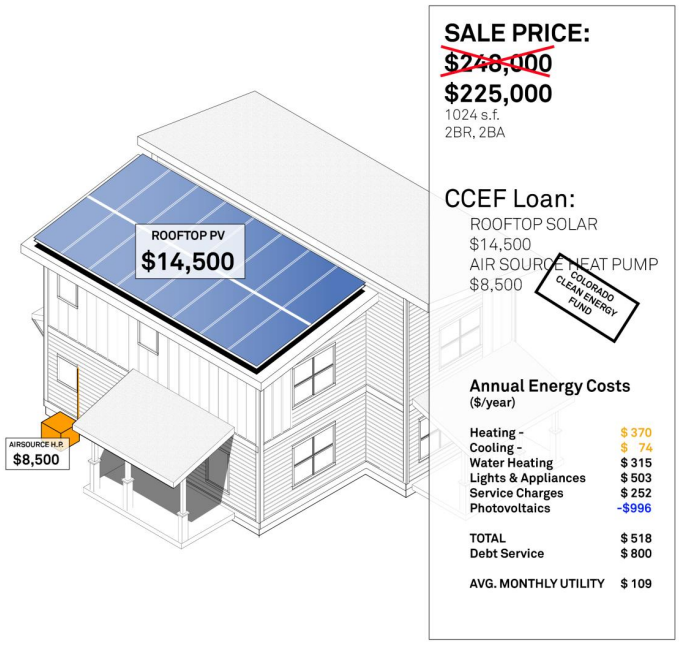
2 FLOOR PLAN - LEVEL 2 (SHAVANO) 569 SQ FT
1/4" = 1'-0"
SCALE: 1/4"=1'-0"



1 FLOOR PLAN - LEVEL 1 (SHAVANO) 608 SQ FT
1/4" = 1'-0"
SCALE: 1/4"=1'-0"

All-electric homes with Tariff On-Bill Financing





Pinion Park Pilots Tariff On-Bill Financing for Solar & Air Source Heat Pumps

Rooftop solar provides direct benefits to homeowners, including reduced utility bills, increased property values, and lower carbon footprints. However, the benefits of rooftop solar are only realized by middle- and higher-income homeowners due to the additional upfront costs of purchasing and installing a system. Homeowners at all income levels deserve access to the benefits of rooftop solar. Eliminating the financing hurdle is the key to extending the benefits of solar to lower income homeowners.

Tariff On-Bill Financing (TOBF) provides an opportunity to integrate solar into for-sale construction that is priced for affordable and workforce markets. TOBF can realize the benefits of rooftop solar without requiring lower income families to take on an additional loan to finance the system. In concept, with TOBF, a homeowner pays off the cost of the solar system through their utility bill payments and sees a reduced electrical bill because of rooftop solar power generation. All homeowners pay electric bills. The key is to finance the system at a rate and term that ensures the monthly utility bill is lower than the alternative without the system.

Rural Homes (RH) is developing a proposal with the Colorado Clean Energy Fund (CCEF) and Elemental Energy (EE) to install solar on Pinion Park homes. The program will achieve homeowner savings on their monthly utility bills by up to 25%. In some cases that could be $100 or more per month in electric utility bills savings. Once the loan is paid in full and the TOBF payments are expired (well before the usable end of life for the system) then the homeowner's savings increase further.

This program proposes to pilot a TOBF approach in partnership with San Miguel Power Association for the Norwood Pinion Park affordable housing project. Pinion Park broke ground on the construction of for-sale single family and townhouse homes in March 2022, and homeowners will move-in in September 2022.

Every Pinion Park home is designed to be constructed as all-electric and will be wired for electric vehicle charging. The spirit of this development is to provide ownership pathways to working community members. Providing equitable access to energy efficiency, solar and other bill savings is imperative to every income homeowner.

The Pinion Park rooftop photo-voltaic (PV) solar systems will be financed by the Colorado Clean Energy Fund, with loan payments administered via a surcharge on the homeowner's monthly utility bill. The system design will be done by Elemental Energy. Installation will be done by CAM Electronic a sub-contractor of Stryker Construction, the general contractor for Pinion Park. Both the installation and financing of the solar system will be seamless does not require the homeowner take on any additional financing. Roof orientations at Pinion Park will allow for up to 7-10kW per home.

Every homeowner deserves equitable access to lower utility bills and clean energy.