

# HOUSING INITIATIVE MODEL

Rural Workforce and Teacher  
Affordable Housing

# INTRODUCTION

---

## TEAM AND PRESENTATION OVERVIEW

### TEAM

- **Paul Major**  
President & CEO, Telluride Foundation
- **Andrew Knudtsen**  
Managing Principal, Economic & Planning Systems
- **Tim Morzel**  
Vice President, Economic & Planning Systems

### OVERVIEW

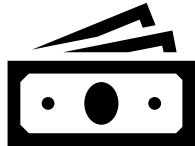
- Introduction
- Problem Statement
- Solution and Program Goals
- Development Economics
- Homeowner Financing Assistance
- Summary of Opportunity and Roles

---

Affordable Housing =  
spend 30% or less of  
monthly household income

# NEW HOUSING – NEED LAND, FINANCING AND DEVELOPER

---



# PROBLEM

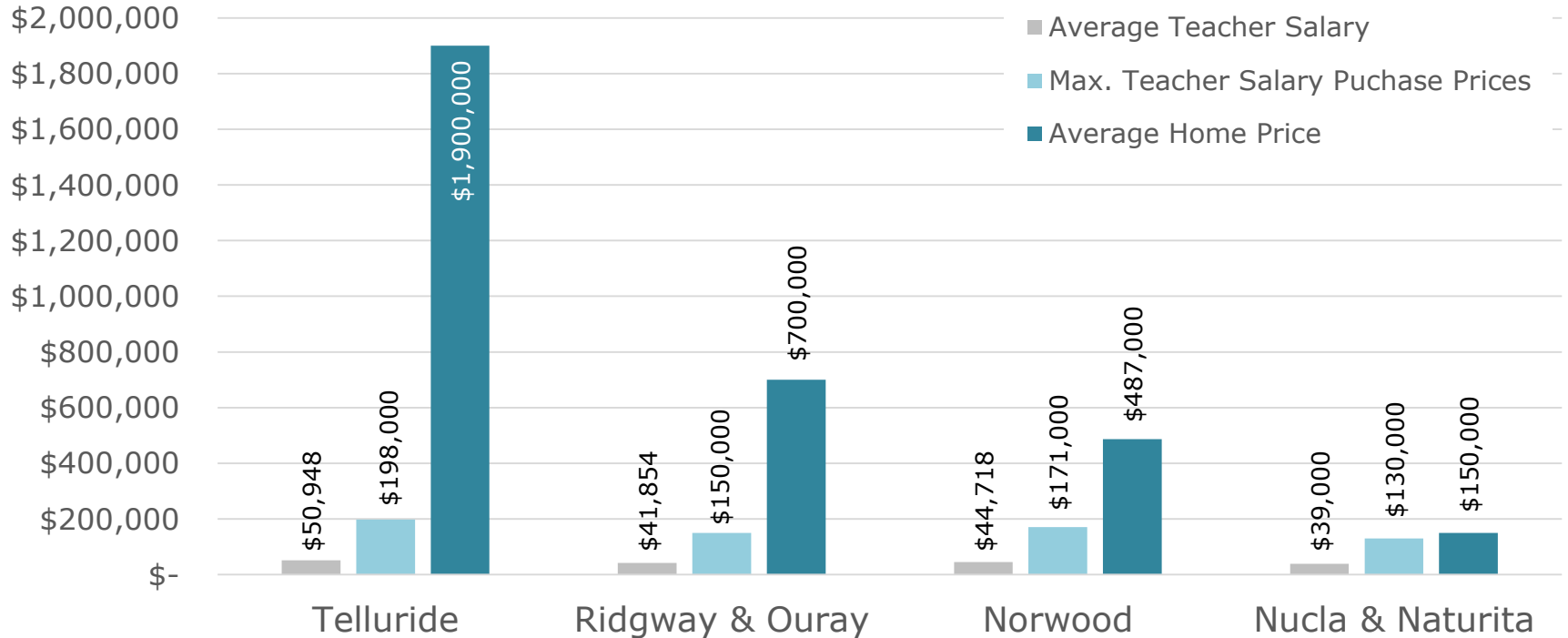
## LACK OF AFFORDABLE HOUSING OPTIONS FOR WORKING FAMILIES AND TEACHERS

- Affordable housing for local working families and teachers, is the challenge of our time.
- Rural housing is old, dilapidated and unsafe and demand far exceeds supply.
- Rural school districts can't attract or retain teachers as home prices exceed a teacher's purchasing power by multiple magnitudes.



# PROBLEM

## TEACHER SALARY, HOME PURCHASING POWER AND HOME PRICES



# SOLUTION

## BUILD AND FINANCE AFFORDABLE HOUSING IN RURAL COMMUNITIES ACROSS CO

Leverage the resources of federal funding programs, state agencies, and local foundations to build 10–20 affordably priced homes in 10 communities across Colorado.

### Project: Norwood – 20 Homes

| Description                  | 120% AMI         | 100% AMI         | 80% AMI          | 60% AMI          |
|------------------------------|------------------|------------------|------------------|------------------|
| <b>Number of Homes</b>       | <b>2.0</b>       | <b>4.0</b>       | <b>10.0</b>      | <b>4.0</b>       |
| <b>% of Total</b>            | <b>10%</b>       | <b>20%</b>       | <b>50%</b>       | <b>20%</b>       |
| <b>Area Median Income</b>    | <b>\$73,620</b>  | <b>\$61,350</b>  | <b>\$49,080</b>  | <b>\$36,810</b>  |
| <b>Affordable Home Price</b> | <b>\$302,953</b> | <b>\$252,461</b> | <b>\$201,969</b> | <b>\$151,476</b> |

\*Estimated AMI reflects average of Norwood and Naturita/Nucla AMI levels.

# PROJECT APPROACH

---

## PROVIDE AFFORDABLE HOUSING OPTIONS TO LOCAL WORKFORCE AND TEACHERS ACROSS COLORADO

A turn-key planning, execution, and financing package, which will:

1. Build/expand local capacity to support a new construction housing effort,
2. Financial, land and developer integrated package to build homes, and,
3. Help with home ownership.



# DEVELOPMENT ECONOMICS

## CONVENTIONAL DEVELOPMENT APPROACH

### Overview

|                                |                                                                                                                                 |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| <b>Program:</b>                | 20 units, mix of 2- and 3-bed units, average of 1,000 sf per unit, prices affordable for households earning 60-120 percent AML. |
| <b>Construction Type:</b>      | Conventional stick built construction                                                                                           |
| <b>Timing:</b>                 | 24 month construction period                                                                                                    |
| <b>Construction Financing:</b> | Conventional construction financing at a 10% interest rate for project                                                          |
| <b>Land Cost:</b>              | Market value                                                                                                                    |
| <b>Grant Funding</b>           | None                                                                                                                            |
| <b>Local Contribution:</b>     | None                                                                                                                            |

### Summary

| Project Costs   |                    | Sale Revenues and Other Sources of Funds |                    |
|-----------------|--------------------|------------------------------------------|--------------------|
| Land Cost       | \$450,000          | Sales Revenues                           | \$3,767,774        |
| Hard Costs      | \$3,000,000        | Land Contribution - School Dist.         | \$0                |
| Infrastructure  | \$1,000,000        | DOLA - HOME                              | \$0                |
| Soft Costs      | \$1,223,068        | DOLA - State                             | \$0                |
| Developer Fee   | <u>\$369,200</u>   | Local Contribution: Telluride Foundation | <u>\$0</u>         |
| <b>Subtotal</b> | <b>\$6,042,268</b> | <b>Subtotal</b>                          | <b>\$3,767,774</b> |

## PROJECT GAP

**-\$2,274,494**

# GAP CLOSURE APPROACH

---

## LEVERAGE THE RESOURCES OF MULTIPLE PARTNERS TO ACHIEVE FEASIBILITY

- 1. Modular/Panelized Construction:** Time savings and potential cost savings associated with this construction approach. Healthy and life cycle savings (net zero, all electric).
- 2. Low Interest Financing:** Leverage partner resources to offer low interest construction financing.
- 3. Land Contribution:** Rely on local school districts or towns/counties to provide free land.
- 4. Grant Funding:** Federal (HOME funds), recently appropriated state funds (DOLA), and other funding sources to help close the gap.
- 5. Local Funding Sources:** Utilize local funding sources, such as the Telluride Foundation and other similar entities, to close any remaining gap.

# DEVELOPMENT ECONOMICS

## CONVENTIONAL DEVELOPMENT APPROACH

### Overview

|                                |                                                                                                                                 |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| <b>Program:</b>                | 20 units, mix of 2- and 3-bed units, average of 1,000 sf per unit, prices affordable for households earning 60-120 percent AML. |
| <b>Construction Type:</b>      | Conventional stick built construction                                                                                           |
| <b>Timing:</b>                 | 24 month construction period                                                                                                    |
| <b>Construction Financing:</b> | Conventional construction financing at a 10% interest rate for project                                                          |
| <b>Land Cost:</b>              | Market value                                                                                                                    |
| <b>Grant Funding</b>           | None                                                                                                                            |
| <b>Local Contribution:</b>     | None                                                                                                                            |

### Summary

| Project Costs   |                    | Sale Revenues and Other Sources of Funds |                    |
|-----------------|--------------------|------------------------------------------|--------------------|
| Land Cost       | \$450,000          | Sales Revenues                           | \$3,767,774        |
| Hard Costs      | \$3,000,000        | Land Contribution - School Dist.         | \$0                |
| Infrastructure  | \$1,000,000        | DOLA - HOME                              | \$0                |
| Soft Costs      | \$1,223,068        | DOLA - State                             | \$0                |
| Developer Fee   | <u>\$369,200</u>   | Local Contribution: Telluride Foundation | <u>\$0</u>         |
| <b>Subtotal</b> | <b>\$6,042,268</b> | <b>Subtotal</b>                          | <b>\$3,767,774</b> |

**PROJECT GAP**

**-\$2,274,494**

# DEVELOPMENT ECONOMICS

## MODULAR CONSTRUCTION

### Overview

|                                |                                                                                                                                 |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| <b>Program:</b>                | 20 units, mix of 2- and 3-bed units, average of 1,000 sf per unit, prices affordable for households earning 60-120 percent AML. |
| <b>Construction Type:</b>      | Modular construction                                                                                                            |
| <b>Timing:</b>                 | 18 month construction period                                                                                                    |
| <b>Construction Financing:</b> | Conventional construction financing at a 10% interest rate for project                                                          |
| <b>Land Cost:</b>              | Market value                                                                                                                    |
| <b>Grant Funding</b>           | None                                                                                                                            |
| <b>Local Contribution:</b>     | None                                                                                                                            |

### Summary

| Project Costs   |                    | Sale Revenues and Other Sources of Funds |                    |
|-----------------|--------------------|------------------------------------------|--------------------|
| Land Cost       | \$450,000          | Sales Revenues                           | \$3,767,774        |
| Hard Costs      | \$2,500,000        | Land Contribution - School Dist.         | \$0                |
| Infrastructure  | \$1,000,000        | DOLA - HOME                              | \$0                |
| Soft Costs      | \$902,920          | DOLA - State                             | \$0                |
| Developer Fee   | <u>\$321,000</u>   | Local Contribution: Telluride Foundation | <u>\$0</u>         |
| <b>Subtotal</b> | <b>\$5,173,920</b> | <b>Subtotal</b>                          | <b>\$3,767,774</b> |

## PROJECT GAP

**-\$1,406,146**

# DEVELOPMENT ECONOMICS

## LOW INTEREST CONSTRUCTION FINANCING FOR UNITS AT 80% AMI AND LESS

### Overview

|                                |                                                                                                                                 |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| <b>Program:</b>                | 20 units, mix of 2- and 3-bed units, average of 1,000 sf per unit, prices affordable for households earning 60-120 percent AMI. |
| <b>Construction Type:</b>      | Modular construction                                                                                                            |
| <b>Timing:</b>                 | 18 month construction period                                                                                                    |
| <b>Construction Financing:</b> | Construction financing for units at 80% AMI and less at a 1.0% interest rate                                                    |
| <b>Land Cost:</b>              | Market value                                                                                                                    |
| <b>Grant Funding</b>           | None                                                                                                                            |
| <b>Local Contribution:</b>     | None                                                                                                                            |

### Summary

| Project Costs   |                    | Sale Revenues and Other Sources of Funds |                    |
|-----------------|--------------------|------------------------------------------|--------------------|
| Land Cost       | \$450,000          | Sales Revenues                           | \$3,767,774        |
| Hard Costs      | \$2,500,000        | Land Contribution - School Dist.         | \$0                |
| Infrastructure  | \$1,000,000        | DOLA - HOME                              | \$0                |
| Soft Costs      | \$631,981          | DOLA - State                             | \$0                |
| Developer Fee   | <u>\$321,000</u>   | Local Contribution: Telluride Foundation | <u>\$0</u>         |
| <b>Subtotal</b> | <b>\$4,902,981</b> | <b>Subtotal</b>                          | <b>\$3,767,774</b> |

**PROJECT GAP**

**-\$1,135,207**

# DEVELOPMENT ECONOMICS

## LOCAL SCHOOL DISTRICT LAND CONTRIBUTION

### Overview

|                                |                                                                                                                                 |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| <b>Program:</b>                | 20 units, mix of 2- and 3-bed units, average of 1,000 sf per unit, prices affordable for households earning 60-120 percent AMI. |
| <b>Construction Type:</b>      | Modular construction                                                                                                            |
| <b>Timing:</b>                 | 18 month construction period                                                                                                    |
| <b>Construction Financing:</b> | Construction financing for units at 80% AMI and less at a 1.0% interest rate                                                    |
| <b>Land Cost:</b>              | Free land provided by local school district                                                                                     |
| <b>Grant Funding</b>           | None                                                                                                                            |
| <b>Local Contribution:</b>     | None                                                                                                                            |

### Summary

| Project Costs   |                    | Sale Revenues and Other Sources of Funds |                    |
|-----------------|--------------------|------------------------------------------|--------------------|
| Land Cost       | \$450,000          | Sales Revenues                           | \$3,767,774        |
| Hard Costs      | \$2,500,000        | Land Contribution - School Dist.         | \$450,000          |
| Infrastructure  | \$1,000,000        | DOLA - HOME                              | \$0                |
| Soft Costs      | \$594,461          | DOLA - State                             | \$0                |
| Developer Fee   | <u>\$321,000</u>   | Local Contribution: Telluride Foundation | <u>\$0</u>         |
| <b>Subtotal</b> | <b>\$4,865,461</b> | <b>Subtotal</b>                          | <b>\$4,217,774</b> |

**PROJECT GAP**

**-\$647,687**

# DEVELOPMENT ECONOMICS

## DOLA GRANT FUNDING

### Overview

|                                |                                                                                                                                 |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| <b>Program:</b>                | 20 units, mix of 2- and 3-bed units, average of 1,000 sf per unit, prices affordable for households earning 60-120 percent AMI. |
| <b>Construction Type:</b>      | Modular construction                                                                                                            |
| <b>Timing:</b>                 | 18 month construction period                                                                                                    |
| <b>Construction Financing:</b> | Construction financing for units at 80% AMI and less at a 1.0% interest rate                                                    |
| <b>Land Cost:</b>              | Free land provided by local school district                                                                                     |
| <b>Grant Funding</b>           | HOME funds at \$15k/unit for 80% AMI units and less and DOLA cont. at 8% of cost                                                |
| <b>Local Contribution:</b>     | None                                                                                                                            |

### Summary

| Project Costs   |                    | Sale Revenues and Other Sources of Funds |                    |
|-----------------|--------------------|------------------------------------------|--------------------|
| Land Cost       | \$450,000          | Sales Revenues                           | \$3,767,774        |
| Hard Costs      | \$2,500,000        | Land Contribution - School Dist.         | \$450,000          |
| Infrastructure  | \$1,000,000        | DOLA - HOME                              | \$210,000          |
| Soft Costs      | \$560,130          | DOLA - State                             | \$346,680          |
| Developer Fee   | <u>\$321,000</u>   | Local Contribution: Telluride Foundation | <u>\$0</u>         |
| <b>Subtotal</b> | <b>\$4,831,130</b> | <b>Subtotal</b>                          | <b>\$4,774,454</b> |

**PROJECT GAP**

**-\$56,676**

# DEVELOPMENT ECONOMICS

## LOCAL FOUNDATION CONTRIBUTION

### Overview

|                                |                                                                                                                                 |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| <b>Program:</b>                | 20 units, mix of 2- and 3-bed units, average of 1,000 sf per unit, prices affordable for households earning 60-120 percent AMI. |
| <b>Construction Type:</b>      | Modular construction                                                                                                            |
| <b>Timing:</b>                 | 18 month construction period                                                                                                    |
| <b>Construction Financing:</b> | Construction financing for units at 80% AMI and less at a 1.0% interest rate                                                    |
| <b>Land Cost:</b>              | Free land provided by local school district                                                                                     |
| <b>Grant Funding</b>           | HOME funds at \$15k/unit for 80% AMI units and less and DOLA cont. at 8% of cost                                                |
| <b>Local Contribution:</b>     | Local contribution (Telluride Foundation) to cover remaining gap (\$54k)                                                        |

### Summary

| Project Costs   |                    | Sale Revenues and Other Sources of Funds |                    |
|-----------------|--------------------|------------------------------------------|--------------------|
| Land Cost       | \$450,000          | Sales Revenues                           | \$3,767,774        |
| Hard Costs      | \$2,500,000        | Land Contribution - School Dist.         | \$450,000          |
| Infrastructure  | \$1,000,000        | DOLA - HOME                              | \$210,000          |
| Soft Costs      | \$557,452          | DOLA - State                             | \$346,680          |
| Developer Fee   | <u>\$321,000</u>   | Local Contribution: Telluride Foundation | <u>\$53,998</u>    |
| <b>Subtotal</b> | <b>\$4,828,452</b> | <b>Subtotal</b>                          | <b>\$4,828,452</b> |

**PROJECT GAP**

**\$0**



# DEVELOPMENT ECONOMICS

---

## PROGRAM LOGISTICS

### Potential Deed Restriction

- First right of refusal for local school district
- AMI Income limits
- Local live/work requirements
- Appreciation caps
- Others

### CHFA Involvement

- Home ownership education
- Home owner credit evaluation
- Home buyer vetting process
- Loan approval process management

# HOME LOAN FINANCING ASSISTANCE

## CONVENTIONAL FINANCING

| Description                     | 120% AMI           | 100% AMI         | 80% AMI          | 60% AMI          |
|---------------------------------|--------------------|------------------|------------------|------------------|
| <b>Units</b>                    | <b>2.0</b>         | <b>4.0</b>       | <b>10.0</b>      | <b>4.0</b>       |
| <b>Area Median Income</b>       | <b>\$73,620</b>    | <b>\$61,350</b>  | <b>\$49,080</b>  | <b>\$36,810</b>  |
| <b>Conventional Home Loan</b>   |                    |                  |                  |                  |
| Downpayment                     | 5.00%              | 5.00%            | 5.00%            | 5.00%            |
| Interest Rate                   | 4.50%              | 4.50%            | 4.50%            | 4.50%            |
| Term                            | 30 Years           | 30 Years         | 30 Years         | 30 Years         |
| <b>Affordable Home Value</b>    | <b>\$302,953</b>   | <b>\$252,461</b> | <b>\$201,969</b> | <b>\$151,476</b> |
| <b>Monthly Mortgage Payment</b> | <b>\$1,472</b>     | <b>\$1,227</b>   | <b>\$982</b>     | <b>\$736</b>     |
| <br>                            |                    |                  |                  |                  |
| <b>TOTAL REVENUE</b>            | <b>\$4,241,339</b> |                  |                  |                  |

# HOME LOAN FINANCING ASSISTANCE

## LOW INTEREST FINANCING

| Description                         | 120% AMI           | 100% AMI         | 80% AMI          | 60% AMI          |
|-------------------------------------|--------------------|------------------|------------------|------------------|
| <b>Units</b>                        | <b>2.0</b>         | <b>4.0</b>       | <b>10.0</b>      | <b>4.0</b>       |
| <b>Area Median Income</b>           | <b>\$73,620</b>    | <b>\$61,350</b>  | <b>\$49,080</b>  | <b>\$36,810</b>  |
| <b>Low Interest Financing</b>       |                    |                  |                  |                  |
| Downpayment                         | 5.00%              | 5.00%            | 5.00%            | 5.00%            |
| Interest Rate                       | 1.00%              | 1.00%            | 1.00%            | 1.00%            |
| Term                                | 30 Years           | 30 Years         | 30 Years         | 30 Years         |
| <b>Affordable Home Value</b>        | <b>\$302,953</b>   | <b>\$252,461</b> | <b>\$201,969</b> | <b>\$151,476</b> |
| <b>Monthly Mortgage Payment</b>     | <b>\$929</b>       | <b>\$774</b>     | <b>\$620</b>     | <b>\$465</b>     |
| <b>Reduction in monthly payment</b> | <b>\$543</b>       | <b>\$453</b>     | <b>\$362</b>     | <b>\$272</b>     |
| <b>TOTAL REVENUE</b>                | <b>\$4,241,339</b> |                  |                  |                  |

# HOME LOAN FINANCING ASSISTANCE

## LOW INTEREST FINANCING

| <b>AFFORDABLE AMI LEVEL</b>         | <b>76% AMI</b>     | <b>63% AMI</b>   | <b>50% AMI</b>   | <b>38% AMI</b>   |
|-------------------------------------|--------------------|------------------|------------------|------------------|
| <b>Units</b>                        | <b>2.0</b>         | <b>4.0</b>       | <b>10.0</b>      | <b>4.0</b>       |
| <b>Area Median Income</b>           | <b>\$73,620</b>    | <b>\$61,350</b>  | <b>\$49,080</b>  | <b>\$36,810</b>  |
| <b>Low Interest Financing</b>       |                    |                  |                  |                  |
| Downpayment                         | 5.00%              | 5.00%            | 5.00%            | 5.00%            |
| Interest Rate                       | 1.00%              | 1.00%            | 1.00%            | 1.00%            |
| Term                                | 30 Years           | 30 Years         | 30 Years         | 30 Years         |
| <b>Affordable Home Value</b>        | <b>\$302,953</b>   | <b>\$252,461</b> | <b>\$201,969</b> | <b>\$151,476</b> |
| <b>Monthly Mortgage Payment</b>     | <b>\$929</b>       | <b>\$774</b>     | <b>\$620</b>     | <b>\$465</b>     |
| <b>Reduction in monthly payment</b> | <b>\$543</b>       | <b>\$453</b>     | <b>\$362</b>     | <b>\$272</b>     |
| <b>TOTAL REVENUE</b>                | <b>\$4,241,339</b> |                  |                  |                  |



SPRUCE ST

CEDAR ST

NATURITA ST

LUCERNE ST

SAN MIGUEL ST

PINE ST

PINION ST

MARKET ST

KIWI ST

MESA ST

PEARL ST

242.6

JOSEPH ST