Southeast Colorado Workforce Housing Feasibility Study

Introduction

The Southeastern Colorado Workforce Housing project aims to build approximately 60 new housing units across the six-county region of southeastern Colorado. By working collaboratively with all six counties and the municipalities where these new units will be constructed, there are multiple economic benefits, but most importantly new housing units priced at attainable levels for the workforce. This is not a low-income housing project, rather it is targeted for sale ownership or for businesses purchase to be rented back to major employers in the region. Each participating municipality will be able to market and ensure presales target their essential workforces or businesses. Remaining units will be offered to the regional workforce at attainable housing prices. Presales are essential to allowing the project to move forward. This proposal is the result of research and site visits to local communities in southeastern Colorado including La Junta, Las Animas, Lamar, Springfield, Eads, Walsh, Wiley, Granada, and Olney Springs. All of these communities have been identified as having residential lots ready for development with utilities able to serve.

Existing housing issues and current market

The Housing Needs Assessment for Baca, Bent, Crowley, Kiowa, Otero, and Prowers Counties (2017) cited "a full range of decent housing choices in southeast Colorado" as a regional priority. This "full range" would include not only workforce affordable housing but attainable housing as well. After talking with local elected officials and local economic development directors in this region, there are common issues continuing to stall potential reinvestments in these communities.

- 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

Throughout the region, stakeholders acknowledge there is a need for an "out of the box" approach to stimulate development and encourage growth in housing opportunities. There are opportunities and potential to attract businesses throughout the region as long as there is adequate housing for the needed workforce. This project could be the mechanism through which housing development could be facilitated and is consequently the reason for this feasibility study.

The recent passage of the American Rescue Plan Act (ARPA) will deliver funds to the region that will assist in economic recovery. These funds are eligible to assist our communities with the creation of workforce housing. The availability of ARPA funds provides a unique opportunity to fund an attainable housing project without directly impacting general municipal or county operations. That said, workforce housing must be competitive as a municipal priority given the large demand for new projects generated by the availability of ARPA funds.

Effects of investing in workforce housing

This project provides workforce housing, improves the economy and sense of place for each municipality, provides long term increases in property tax and sales tax revenue, 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, and ignites the local housing market.

This lack of housing for the workforce has inhibited the attraction of highly qualified workers. The decline in housing stock for moderate income workers has become the number one barrier for economic development in Southeast Colorado. The continued need for adequate housing is expressed by healthcare facilities, schools, and major businesses throughout the region.

Developing this housing project will not only benefit the workers that purchase and live in the dwellings, but it will improve the economy and aesthetic of the communities where they are built. The increase in property and sales tax revenue will serve as a catalyst to grow and strengthen our communities and will provide much needed housing for young families. It is a domino effect that will reap larger benefits, such as an increase to school enrollment which equates to more school funding. In addition, healthcare facilities will be able to attract a more robust workforce. All these factors contribute to the retention and attraction of businesses and workers to Southeast Colorado.

Local ancillary benefits of home ownership are manifold. Home ownership is often followed by the purchase in goods and services to complement the new home. Those goods often include new appliances, new furnishings, and moving services followed by the potential for additional improvements such as the addition of decks, new rooms, and landscaping.

Home improvements often times lead to fellow residents maintaining/upgrading their own properties and common areas, ultimately stabilizing neighborhoods and improving areas socially and even potentially reducing crime rates. Many of these new housing units will replaced blighted property with new housing. At a minimum, it would help develop a sense of community pride which adds to the aesthetic of communities and making them more appealing to residents. The average mill levy for the Southeast is .59% based on assessed value. If this project is a $10M project and the mill approximately 1.59% of market value, this will result in approximately $159,000 per year in additional taxes for local governments and special districts in the region.

Safe, secure, and energy efficient housing is the cornerstone of any regional economy. Until this issue is addressed other economic issues and stagnant job creation will persist. By working regionally on the creation on new housing, pooled resources will benefit our local workforce and drive down final pricing on their new homes.

As infrastructure improvements like paved roads, electrification, and water/sewer lines are made, we feel this will encourage further housing development. The addition of new housing can lower the cost of living for a community, making it attractive to new residents and industries looking to relocate to more affordable areas. It is a win-win situation for all.

As important as all of these effects are, there is an intangible effect that by itself is a reason to do the project. This has the potential to ignite new home building and sales in a six-county region. Sufficient comps and sales can create a foundation for local lenders and contractors to access capital into the future.

Workforce Housing Defined

Terms such as affordable housing, attainable housing, or workforce housing are all too often interchangeably used without clearly being defined. For this project it is important to clearly define how workforce housing is defined, who the project is targeted to serve, pricing that truly is accessible to the workforce, and who will be eligible for the project.

This project is intended to target current employees or new employees making approximately 80% AMI. The table below is the 2021 AMI ranges for working families between 80%-120% AMI.

Household size	80%	90%	100%	110%	120%
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

This table does not mean there is an income cap of any kind, nor does it restrict how much an eligible applicant is allowed to earn. This project actually acknowledges that many employees who might be looking for new housing may have spent several years with their current employer and have worked their way into management roles within their organization and may currently exceed 120% AMI. Eligibility will be determined by the local municipal and county governments where the units are located, not by AMIs. However, any remaining units will be offered to the local workforce after the initial presale. In our efforts to identify our potential markets for pre-sales, we have determined that the project should be inclusive of essential employees. We have identified essential employees as secondary and post-secondary educators, corrections officers, nurses, healthcare workers, police officers, first responders, and employees of other major industries within the region. This project will offer housing to not only these essential employees but other working class families in need of safe, secure housing.

The importance of these AMI's is what is deemed to be a final affordable housing price and the size of units. The project is looking at two-bedroom or three-bedroom units that will be priced to ensure that a mortgage and utility costs do not exceed 30% of the monthly income for these working families. This means that final housing prices are targeted between $150,000 and $199,000.

Benefits of economies of scale and need for regional collaboration

Because projected sales prices are modest, this project must be large enough to drive down costs by economies of scale. These economies of scale must be recognized in material purchases, shared labor costs, and regional partnerships to drive down land, utility, design, planning, and financing costs.

At this time, the construction industry is facing the highest material costs in decades. Delays in national supply chains has made construction extremely difficult for small scale builders to access supplies at competitive market rate pricing. The proposed project is large enough to allow potential developers to secure orders and purchase adequate amounts of materials to drive down pricing. The size of the project will result in reduced cost in many of the most expensive costs associated with the construction of these units including, lumber, windows, installation, heating and cooling systems, and appliances.

By purchasing these items in large quantities the developer is able to order factory direct and pass on these saving to the final buyer.

A predictable and reliable labor market that will be on schedule is one of the toughest components to ensure affordability in the final sales price. The structure of this project ensures that each of the trades will be guaranteed a schedule of labor for the 2022 building season. The construction schedule for each unit is approximately 6 months with a new groundbreaking in a new community every 3-4 weeks. This means that the participating labor will have predictable schedules. The replicable designs being built across the region will also provide continuity with the actual construction and remove headaches of the custom design process. Selected developers will also be able to solicit bids and work from local contractors because the process has built in timeframes for the selected developer to search for local available labor to put under contract.

Regional collaboration amongst the participating municipalities and counties is paramount. No single location has enough units to produce real economies of scale savings. Further, by pooling financial resources these will result in benefits for each location. The elimination of land costs will drive price points to attainable levels. Sharing engineering, architectural, legal, and survey costs will bring economies of scale savings to these professional services. ***Utility costs covered within this proposal will be paid back to municipal owned facilities in the form of tap fees when permits are issued.***

Local government contracting directly with SECED will allow one agency oversight over the developer selection, contract negotiations, construction oversight, and securing surety to protect local government interests. SCEDD will provide planning consulting services, negotiating preferred community investment funding for home loans from banks, manage presales, and financial consultation to assist prospective homebuyers with accessing home loans.

Structure of development team

It will take a multitude of partnerships to work through the process of developing this project on a regional level.

Southeast Colorado Enterprise Development, Inc. (SECED) and Southern Colorado Economic Development District (SCEDD) will be the two organizations to lead the effort.

SECED is the regional organization that serves the six-county region known as Region 6 that covers the counties of Baca, Bent, Crowley, Kiowa, Otero and Prowers and all municipalities within those counties.

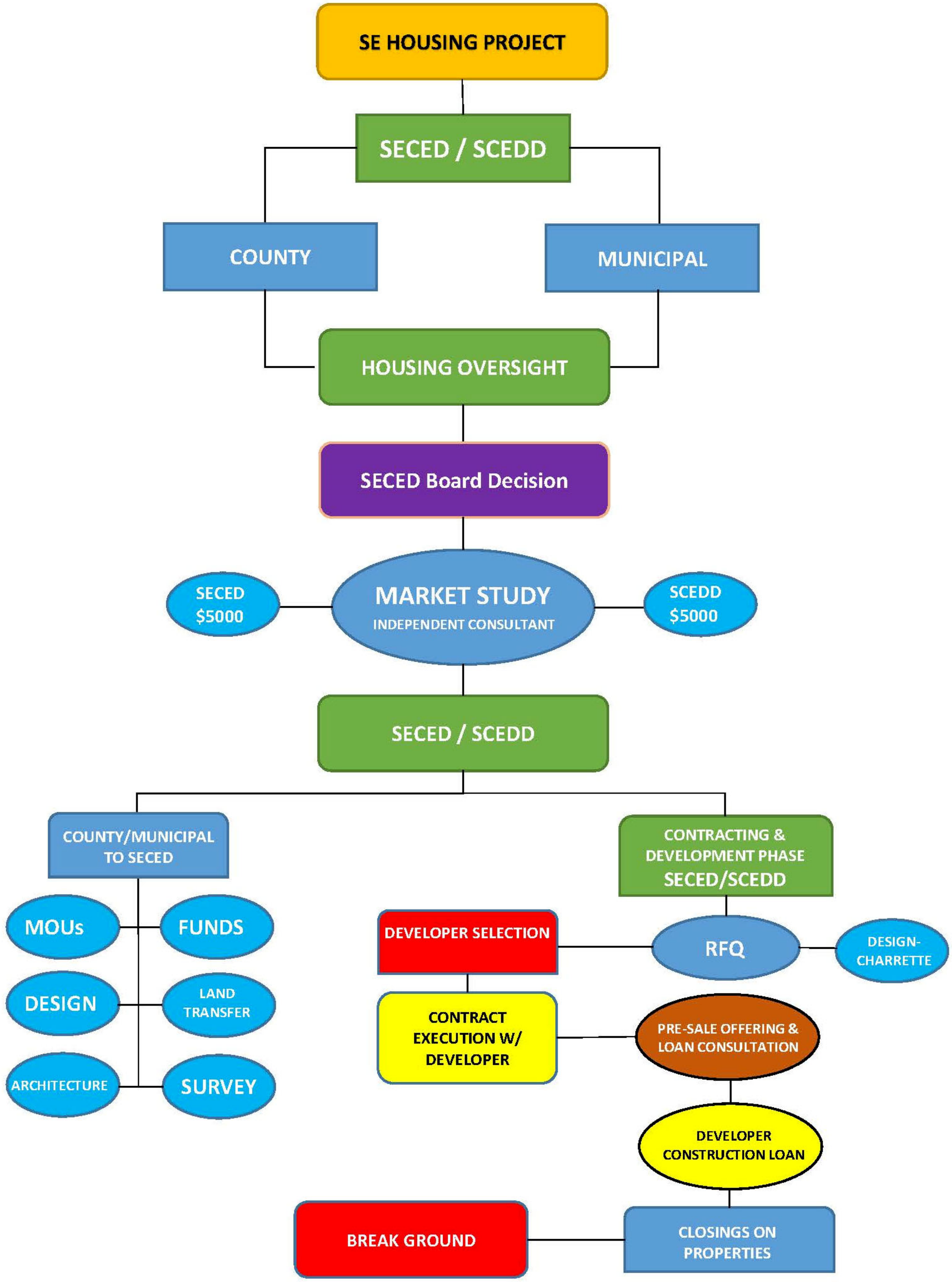
SCEDD is the Economic Development District (EDD) organization that serves a thirteen-county region, that includes the six counties that SECED covers.

Together the two entities will work closely with the counties/municipalities and the Housing Oversight Committee (HOC) that will consist of each respective county's economic developers to determine the needs and processes to accomplish the housing goals. ***This partnership is precisely the kind of working together envisioned by the EDA and represent drawing upon the skills of each organization. It is a pilot project not only for housing, but for working together.***

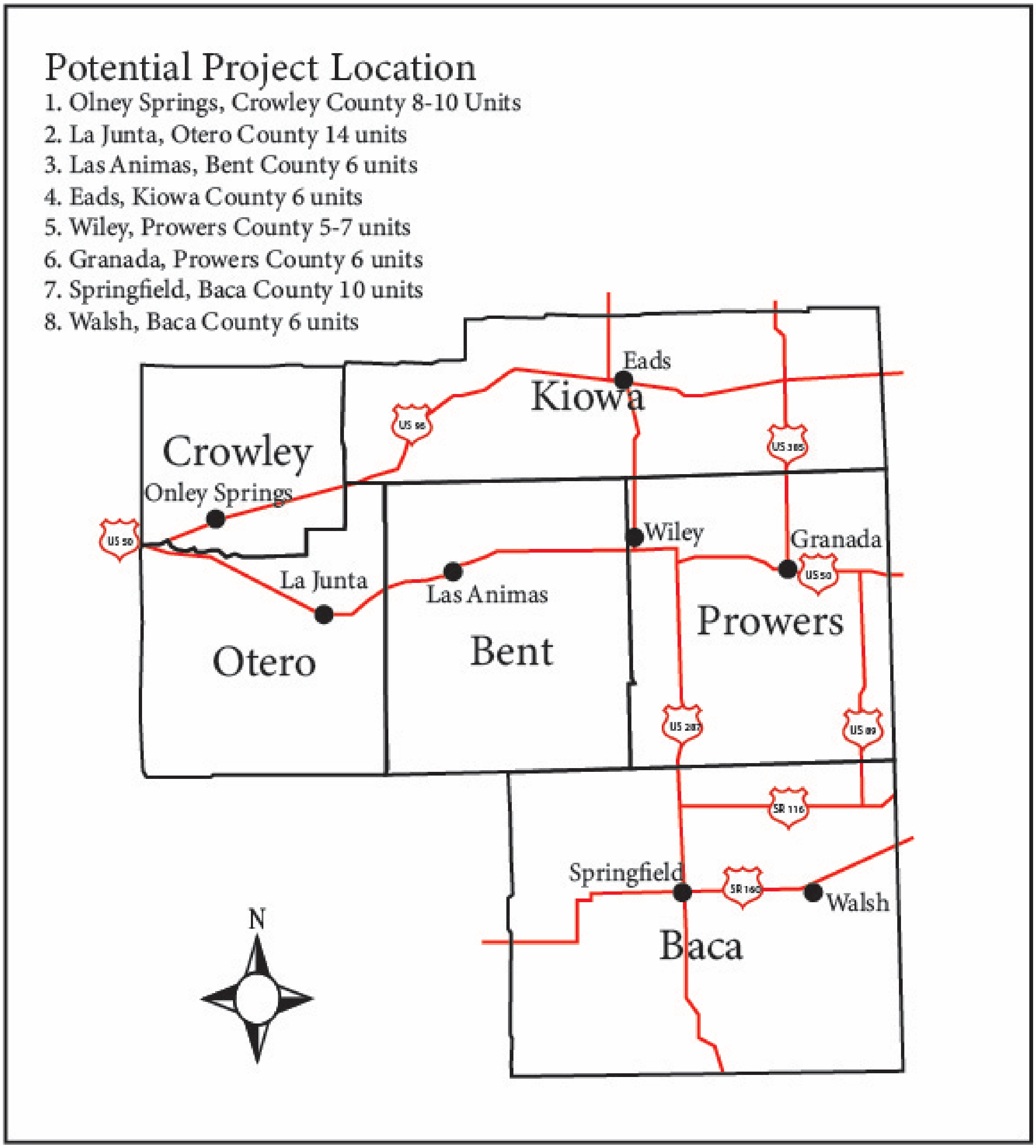
Baca County Economic Development, Bent County Development Foundation, City of La Junta Economic Development, Otero County Economic Development, Wiley Housing Authority, Kiowa County Economic Development, Walsh Housing Authority and Prowers Economic Prosperity are the economic development agencies that have assisted in the effort to gather data and have served on the feasibility for the project thus far. They will continue to lend their expertise and knowledge for their communities as we enter into the different phases.

An MOU with each county and participating community will identify the duties and powers of the assigned representatives who will have decision making authority to serve on the HOC and engage in making decisions regarding the development of this project. The assigned representatives will have the opportunity to participate with the housing oversight committee to create the Request for Qualifications (RFQ) for developer selection that will identify the necessary components to creating a housing project of this magnitude. This RFQ will be made available to the counties and municipalities and the SECED Board of Directors for their review prior to its release.

The following page contains a flow chart that defines the development of the project and the roles/tasks of the participating partners and groups.


SE HOUSING PROJECT
SECED / SCEDD
COUNTY
MUNICIPAL
HOUSING OVERSIGHT
SECED Board Decision
SECED $5000
MARKET STUDY
INDEPENDENT CONSULTANT
SCEDD $5000
SECED / SCEDD
COUNTY/MUNICIPAL TO SECED
MOUs
FUNDS
DESIGN
LAND TRANSFER
ARCHITECTURE
SURVEY
CONTRACTING & DEVELOPMENT PHASE
SECED/SCEDD
DEVELOPER SELECTION
RFQ
DESIGN-CHARRETTE
CONTRACT EXECUTION W/ DEVELOPER
PRE-SALE OFFERING & LOAN CONSULTATION
DEVELOPER CONSTRUCTION LOAN
BREAK GROUND
CLOSINGS ON PROPERTIES

Project Area and Potential Sites



Draft schedule and key milestones

The following dates are critical milestones to hit for the project to remain on time and to continue. These dates are structured to allow the SECED Board and HOC to opt out prior to undertaking or committing to major expenses throughout the process. These key dates help reduce the expenses and ensures local participating communities the time to prepare for important public actions that will need to be taken throughout the process.

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. MOU sets forth budget expenditures, transfers of land to SECED, selection of one representative to SECED HOC, and other in-kind commitments to the project.

July 2021- **Design Charrette** with potential participating communities to set important design details for each location including but not limited bedroom and bath counts, unit styles, landscaping, parking, architectural forms, and addons such as basements and garages. This input will be added to Developer RFQ. Hosted by SCEDD.

August 2021- **Release of Developer RFQ**- Responses due end of August. Finalist section end of August.

September 2021- **Finalist Developer Selection** will be 2-3 development firms to present designs and costing for project to HOC. Each firm will be required to have pricing set and set designs. A stipend of $5,000 will be given to each firm regardless of whether they are selected to help offset the cost of design and architecture. The Housing Oversight Committee will make final decision and negotiation of contract.

November 2021- **Contract Execution with Developer and SECED**. Local participating Counties and municipalities will commit remaining funds to SECED.

October-February 2021-2022- **Pre-sales offering** and loan consultation begins. Each participating municipality will have the option to define eligible workforce participants and businesses eligible for the purchase of units. The marketing will be an intense effort to create excitement and make potential buyers aware of the upcoming availability of the program. We will make a concerted effort to create a buzz and develop the methodology for determining qualified applicants. This may involve methods such as a lottery.

January 2022- **Transfer of land** to be developed to SECED. Title must be held under SECED by the end of January for project to proceed in each location for a 2022 build.

February 2022- **Developer Closes on Construction Loan**, lots transferred to developer, Letter of Credit posted to SECED as surety for land.

March 2022- Groundbreaking in first community with new groundbreaking every 3 weeks in next location. Foundation to completion construction 5-8 months dependent on developer schedule.

July 2022- **Closing begins on First Properties.**

February 2023- **Final Closing and Project completion.** Final release of letter of credit.

Risk Reduction

All development has risks. This project is no exception to the fact there are multiple risks, however there are several important ways risks are being reduced to our local government partners.

American Rescue Plan Act Eligible Project

The funds that are being requested to help make this project a reality are eligible expenditures from the American Rescue Plan Act (ARPA). For no one entity is the request anticipated to exceed 10% of the funds received from ARPA. While there are many projects that each of the potential participating may deem a priority for use of ARPA funds, workforce housing continues to be on the top of the list for many of these communities. The requested funds would be transferred to SECED and SCEDD which are eligible non-profits for ARPA funds. Further, workforce housing development is also an eligible expenditure of ARPA funds. This reduces the financial ask to each participating local government because this project will not require fund obligations or budget amendments from already budgeted 2021 fund obligations.

Developer Responsible for Construction Financing

The anticipated construction loan is predicted to by roughly $5,000,000 to $8,000,000 dependent on unit final counts to make this project a reality. This debt will be carried by the selected developer and is the largest risk of the project. This risk is privately held and will not obligate local governments.

RFQ Developer Selection and Design Process

The Request for Qualifications process is intended to create a competitive process for regional developers. The size and additional incentives being offered will make this an attractive project for companies to bid and be competitive. Further, the process will include a confidential review of the development company's finances which will be done to ensure the selected company can perform. The 2-3 developer finalist selection will include design stipends for floor plans and elevations for at least 4 different designs. These final submittals will also include pricing to ensure the selected developer will deliver final housing at price points that are affordable for our community workforce.

Incentives provided by Regional Collaboration

By multiple governments participating and providing incentives, this will eliminate many of the potential unforeseen costly horizontal or entitlement pitfalls that could cause the project to fail. The incentives are also directly tied to driving down final costs and ensuring success for both parties. Local Government buy-in will also be necessary for ensuring proper entitlement processes are followed and completed by the end of the year.

SECED holding Land or Surety throughout the process

SECED will hold and be responsible for transferring land assets to the developer during the construction financing process. By operating under MOUs with each participating municipality or County the formed HOC will ensure fund expenditures oversight and contract negotiations prior to transfer of properties to the developer. Upon the transfer of land to the developer, SECED will secure a Letter of Credit with the developer to protect land interests and conduct periodic releases throughout the development when construction milestones are hit.

Pre-Sales
This is not a spec home development project. The cited unit counts for each community are predicted absorption numbers based on meetings with real estate professionals, local businesses, and potential prospective buyers. Once designs are secured from the developers at the selection phase, presales will begin. SCEDD will assist the developer in bringing buyers to the table and getting under contract. Businesses will also be considered eligible to purchase and use units as rentals for their employees. SCEDD will provide pre-loan consultation and help direct buyers to the best available loan programs to ensure buyers are qualified prior to entering under contract.

Pay for performance
Both SECED and SCEDD are committed to this project. First, each organization is contributing available funds **up front** to pay for a market demand study. This is an essential study that will be used by the chosen developer to secure adequate construction financing. The project budget will provide some funds to pay for SECED and SCEDD operating expenses, but most compensation is back-ended and only paid by the developer once the home sales are closed. Between 3 .5%-5% of the purchase will be available to compensate SECED and SCEDD for their work AND provide enough seed capital to ensure that a successful project can have a phase 2 build, if desired. In recognition of the work being performed by SECED and SCEDD, we have nevertheless left some room for buyers to bring a real estate agent to the buying process and additional closing costs. The goals are these: (1) Keep back end "commission" costs at or below five percent of sales cost; and (2) Align the incentives of SCEDD and SECED to focus not on effort, but on results.

Budget

The following pages are proposed budget scenarios with and without the utility taps and are based on approximately 60 units. The potential to add additional units. particularly in communities not currently listed, is possible but will be dependent upon pre-sales. Each table contains a section that outlines the components for the estimated costs. The first is a proposed $550,000 budget (with utilities included) and the $415,800 budget (without including utilities). Within the budget tables are several color coded scenarios for proposed allocation of the cost among the participating local governments. Again, keep in mind that these are estimated budgets and are subject to change, again predicated on participation from partners and the number of pre-sales.

The intention of the project is to meet the housing need, but more importantly, it is intended to spark a stagnant housing development market on a regional level, with the "think outside the box" mentality. Working together on a larger scale helps to mitigate cost for the "good of the whole" and the benefit to many.

Proposed Budget 1

SE HOUSING PROJECT — **Proposed Project budget $ 550,000** — **Cost with utilities**

	Cost divided evenly by Towns and counties	Pct of ARPA	Cost divided evenly by county and split within couny pro rata by size of ARPA	Pct of ARPA	Cost divided as an equal percentage of ARPA	Pct of ARPA	Cost divided equally by overall subsidy amount time x # of units	Pct of ARPA	Cost divided by overall subsidy amount times # of units.ALSO--no entity contributes more than 8.5 percent of ARPA allocation		Subsidy per unit by municipality contributions within a county
Baca	$ 39,285.71	5.7%	$ 57,857.96	8.3%	$ 31,654.30	4.6%	$ 91,055.14	13.1%	$ 59,033.60	8.5%	$ 7,967.51
Springfield	$ 39,285.71	13.3%	$ 24,583.28	8.3%	$ 13,449.60	4.6%	$ 38,688.44	13.1%	$ 25,082.80	8.5%	
Walsh	$ 39,285.71	35.5%	$ 9,225.43	8.3%	$ 5,047.27	4.6%	$ 14,518.72	13.1%	$ 9,412.89	8.5%	
Bent	$ 39,285.71	3.6%	$ 64,121.77	5.9%	$ 49,297.98	4.6%	$ 37,842.36	3.5%	$ 43,657.40	4.0%	$ 10,401.90
Las Animas	$ 39,285.71	8.5%	$ 27,544.89	5.9%	$ 21,177.01	4.6%	$ 16,256.00	3.5%	$ 18,753.98	4.0%	
Crowley	$ 39,285.71	3.3%	$ 86,309.08	7.3%	$ 53,576.30	4.6%	$ 67,915.34	5.8%	$ 78,351.55	6.7%	$ 10,401.90
Olney Springs	$ 39,285.71	53.8%	$ 5,357.59	7.3%	$ 3,325.72	4.6%	$ 4,215.81	5.8%	$ 4,863.63	6.7%	
Kiowa	$ 39,285.71	8.4%	$ 71,849.24	15.3%	$ 21,349.11	4.6%	$ 42,402.83	9.1%	$ 39,814.96	8.5%	$ 8,466.12
Eads	$ 39,285.71	30.4%	$ 19,817.43	15.3%	$ 5,888.50	4.6%	$ 11,695.53	9.1%	$ 10,981.75	8.5%	
Prowers	$ 39,285.71	1.7%	$ 84,762.25	3.6%	$ 107,594.58	4.6%	$ 91,709.98	3.9%	$ 105,802.59	4.5%	$ 10,401.90
Wiley	$ 39,285.71	46.6%	$ 3,028.39	3.6%	$ 3,844.14	4.6%	$ 3,276.62	3.9%	$ 3,780.12	4.5%	
Granada	$ 39,285.71	36.4%	$ 3,876.03	3.6%	$ 4,920.11	4.6%	$ 4,193.73	3.9%	$ 4,838.16	4.5%	
Otero	$ 39,285.71	1.1%	$ 64,709.72	1.8%	$ 161,568.66	4.6%	$ 89,108.47	2.5%	$ 102,801.32	2.9%	$ 10,401.90
La Junta	$ 39,285.71	2.7%	$ 26,956.95	1.8%	$ 67,306.70	4.6%	$ 37,121.04	2.5%	$ 42,825.25	2.9%	
	$ 550,000.00		$ 550,000.00		$ 550,000.00		$ 550,000.00		$ 550,000.00		Avg subsidy: $ 9,016.39

Assumptions:

1. Olney Springs, Crowley County 8 Units
2. La Junta, Otero County 14 units
3. Las Animas, Bent County 6 units
4. Eads, Kiowa County 6 units
5. Wiley, Prowers County 5 units
6. Granada, Prowers County 6 units
7. Springfield, Baca County 10 units
8. Walsh, Baca County 6 units

Included costs:

Land Costs	$ 183,000.00
Utility Taps Water, Sewer $2200	$ 134,200.00
Surveying ~$1200 per unit	$ 73,200.00
Marketing	$ 20,000.00
Planning, Loan Assistance/Pre-Sales	$ 85,000.00
Architecture and Design	$ 25,000.00
Contingency	$ 29,600.00
	$ 550,000.00

Does not include: Utility Taps Gas, Electric $3300 — $ 201,300.00

Proposed Budget 2

SE HOUSING PROJECT — **Proposed Project budget $ 415,800** — **Cost without utilities**

	Cost divided evenly by Towns and counties	Pct of ARPA	Cost divided evenly by county and split within couny pro rata by size of ARPA	Pct of ARPA	Cost divided as an equal percentage of ARPA	Pct of ARPA	Cost divided equally by overall subsidy amount time x # of units	Pct of ARPA	Cost divided by overall subsidy amount times # of units.ALSO--no entity contributes more than 8.5 percent of ARPA allocation		Subsidy per unit by municipality contributions within a county
Baca	$ 29,700.00	4.3%	$ 43,740.61	6.3%	$ 23,930.65	3.4%	$ 68,837.69	9.9%	$ 59,033.60	8.5%	$ 7,967.51
Springfield	$ 29,700.00	10.1%	$ 18,584.96	6.3%	$ 10,167.90	3.4%	$ 29,248.46	9.9%	$ 25,082.80	8.5%	
Walsh	$ 29,700.00	26.8%	$ 6,974.43	6.3%	$ 3,815.74	3.4%	$ 10,976.15	9.9%	$ 9,412.89	8.5%	
Bent	$ 29,700.00	2.7%	$ 48,476.06	4.5%	$ 37,269.27	3.4%	$ 28,608.82	2.6%	$ 29,215.21	2.7%	$ 6,960.87
Las Animas	$ 29,700.00	6.4%	$ 20,823.94	4.5%	$ 16,009.82	3.4%	$ 12,289.54	2.6%	$ 12,550.02	2.7%	
Crowley	$ 29,700.00	2.5%	$ 65,249.66	5.6%	$ 40,503.68	3.4%	$ 51,344.00	4.4%	$ 52,432.27	4.5%	$ 6,960.87
Olney Springs	$ 29,700.00	40.7%	$ 4,050.34	5.6%	$ 2,514.24	3.4%	$ 3,187.15	4.4%	$ 3,254.70	4.5%	
Kiowa	$ 29,700.00	6.3%	$ 54,318.03	11.6%	$ 16,139.93	3.4%	$ 32,056.54	6.8%	$ 39,814.96	8.5%	$ 8,466.12
Eads	$ 29,700.00	23.0%	$ 14,981.97	11.6%	$ 4,451.71	3.4%	$ 8,841.82	6.8%	$ 10,981.75	8.5%	
Prowers	$ 29,700.00	1.3%	$ 64,080.26	2.7%	$ 81,341.50	3.4%	$ 69,332.74	2.9%	$ 70,802.30	3.0%	$ 6,960.87
Wiley	$ 29,700.00	35.2%	$ 2,289.46	2.7%	$ 2,906.17	3.4%	$ 2,477.12	2.9%	$ 2,529.63	3.0%	
Granada	$ 29,700.00	27.5%	$ 2,930.28	2.7%	$ 3,719.60	3.4%	$ 3,170.46	2.9%	$ 3,237.66	3.0%	
Otero	$ 29,700.00	0.8%	$ 48,920.55	1.4%	$ 122,145.91	3.4%	$ 67,366.00	1.9%	$ 68,793.87	1.9%	$ 6,960.87
La Junta	$ 29,700.00	2.0%	$ 20,379.45	1.4%	$ 50,883.87	3.4%	$ 28,063.51	1.9%	$ 28,658.34	1.9%	
	$ 415,800.00		$ 415,800.00		$ 415,800.00		$ 415,800.00		$ 415,800.00		Avg subsidy: $ 9,016.39

Assumptions:

1. Olney Springs, Crowley County 8 Units
2. La Junta, Otero County 14 units
3. Las Animas, Bent County 6 units
4. Eads, Kiowa County 6 units
5. Wiley, Prowers County 5 units
6. Granada, Prowers County 6 units
7. Springfield, Baca County 10 units
8. Walsh, Baca County 6 units

Included costs:	Land Costs	$ 183,000.00
	Surveying ~$1200 per unit	$ 73,200.00
	Marketing	$ 20,000.00
	Planning & Loan Assistance/Pre-Sales	$ 85,000.00
	Architecture and Design	$ 25,000.00
	Contingency	$ 29,600.00
		$ 415,800.00
Does not include:	Utility Taps Water, Sewer $2200	$ 134,200.00
	Utility Taps Gas, Electric $3300	$ 201,300.00
		$ 335,500.00

Recommendations

At the June 23, 2021 SECED Board meeting, the project team will present this document and the findings and details for this study and will review the budget proposals. The project team will be looking for direction from the SECED Board of Directors and participating counties and communities on whether to proceed and what funding/cost structure to pursue. The SECED Executive Director will ask for a formal vote from the Board of Directors to allow SECED to act in the capacity as prescribed within this document.

Following this meeting, each county and municipality will have until July 31, 2021 to opt into the project and execute an MOU with SECED and SCEDD to continue with the project within their community. The tight timeframe is needed in order to achieve a Spring 2022 groundbreaking.

The project team has identified and concluded that the final cost split which ensures no one municipal interest commits to more than 8.5% of their ARPA funds has determined this is the most equitable way to share in costs. However, we look to the leadership of the SECED Board to determine the final direction for cost sharing.