

L BROWN RANCH

Focus Team: Housing & Non-Residential Demand + Project Economics (Combined) - Commercial Demand & Economics: Summary of site opportunity by RCLCO

Date and Location: Monday, March 7, 2022 – Community Center West Room

Estimated Attendance: 34

Guiding Questions:

Commercial Program Guiding Questions:

- How soon do we expect grocer to open?
- What civic/community spaces belong on the site?
- How do we integrate commercial development and housing?
- Would you locate your business at Brown Ranch?

Aligning Demand & Project Economics Guiding Questions:

- General thoughts on Phase I discussed here?
- Are we appropriately evaluating trade-offs?
- Would you consider living at Brown Ranch?

Key Technical Information Shared:

Monica Corley and Dana Schoewe of RCLCO presented key findings of RCLCO's non-residential demand study. See attached slides. Meeting recordings available upon request.

Key Takeaways:

- Grocery-anchored "town center" can provide Brown Ranch households and other West Steamboat households with local goods and services.
- There is support for a mid-sized grocer at the site between 2026-2030; grocery development before this would likely require a subsidy.
- Urban Design is important – long-term vision of town center is needed to incorporate walkability and strong "sense of place" for community.

Following a robust conversation about a grocer at Brown Ranch, Monica and Dana presented on key principles to align housing demand and project economics. The presentation and subsequent conversation were cut short and will be continued at the 3/21 focus team meeting.

Key Takeaways:

- Phase I should be large (several hundred units) to spread infrastructure costs and support commercial development.
- Idea of 15-16 units/per acre works well with stewardship models, increases financial feasibility.



- Today's goals: review and adjust Phase I hypothesis based on feedback.

Public Input:

Questions:

- Q: Will you be excluded at 200% AMI?
A: Still TBD
- Q: How do you bring down cost to build?
A: Density (especially if it comes with a subsidy). Currently considering 15-18 units per acre and fewer single-family homes.

Comments:

- Former owner of small grocery store on west end of town many years ago, described roadblocks to having a small independent store on the west end. Her experience: low margins, difficult to get food delivery from wholesaler given Steamboat's geographic isolation, and not enough demand. The business made money in the deli department. Her idea: ask a larger grocery chain that already exists in Steamboat or Craig (and is therefore on the "delivery circuit") to open small satellite store at Brown Ranch. Need to start forming those relationships with retailers now, because it takes years for grocers to study and open new stores.
- People shop at Natural Grocers out of convenience, even though it is generally more expensive than the other grocers. If we want to support less traffic, convenience should be prioritized.
- It would be short sighted not to locate a small grocery store on the west side.
- Might need to work with larger chain that is already on a delivery circuit. Will keep prices down. "Complementary chain."
- Siting the grocery store:
 - Consider putting commercial center along Highway 40.
 - Also want the "city center" to be walkable from housing.
 - Integrate commercial development and housing
 - Walkability
 - If a person goes to a grocery store, they still need to be able to carry items. Consider on call shuttle service to get people to and from the store.
- The group brainstormed other civic/community spaces they'd like to see at Brown Ranch:
 - Parks/open space
 - A place to socialize that doesn't revolve around drinking
 - Childcare center
 - Sports barn
 - Sports bar
 - Rec center facility (satellite to OTHS) & gym

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- Laundromat
- Comments on housing demand:
 - Include light industrial, live-work for artists and outdoor rec manufacturers.
 - Senior housing in cottages.

Feedback on RCLCO conclusions:

- Workforce is on lower end of AMI than higher end. Make sure these people aren't overlooked.
- Ownership is important.
- It's important to make sure 2 professional people can live together and not be eliminated from getting a house in the community.
- A spectrum of housing is needed across a spectrum of AMI levels.
- Room seemed generally supportive of providing for sale opportunities for 120-150% of AMI.
- It costs \$1M to build a new SFH in Steamboat. But RCLCO data is unique to Steamboat because of lack of labor. Cost to build locally is inflated. Are we considering strategies to reduce cost of labor?
 - Modular building offsite? Yes, but there is so much demand on that product, that there's little economic incentive to go modular.
 - Is there enough demand at BR to locate a modular plant in Hayden or Craig?
- Don't let financial side of the equation make us lose sight of how we develop sense of community. Where do we find the middle ground of housing on larger scale, ownership opportunities, and making the project a reality.
- Demand is skewed by second homeowners. At Brown Ranch, we'll be limiting the purchase pool to people seeking primary residence at Brown Ranch.

Recommendations to the Steering Committee: N/A

Next Steps and Action Items: See below.

YVHA FOLLOW-UP FOR WEEKLY REPORT

Resources needed from technical consultants for next meeting

- Update grocery store demand model to account for expansion of Natural Grocers.
- Provide acreage needed for a grocery store (not just square footage).
- What are the constraints re: funding sources? – Provide this for next time, if possible.

Necessary Cross-Collaboration w/other Focus Teams:

N/A



Phase I Non-Residential Program Input Meeting #4 —

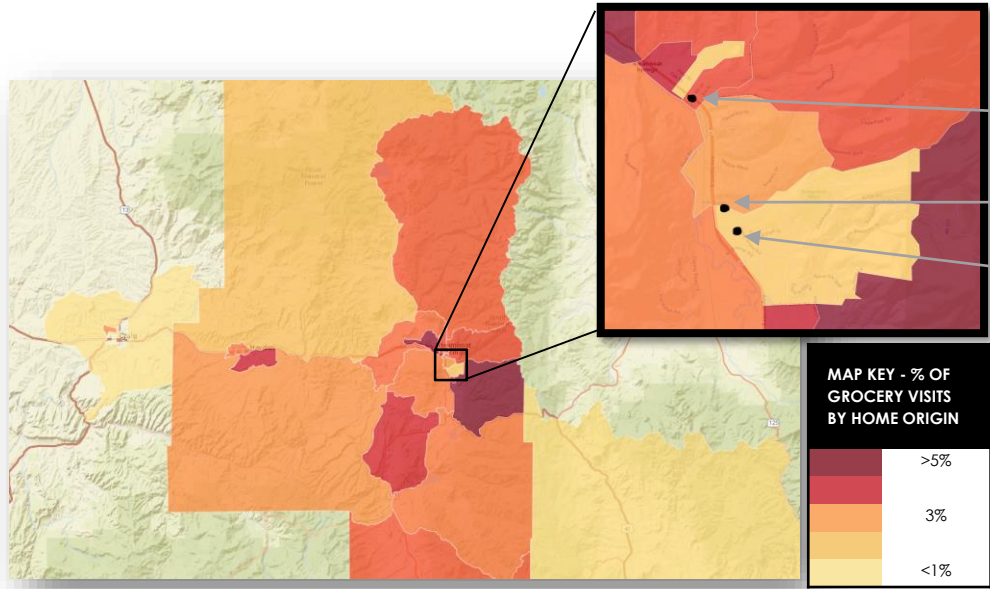
Commercial Program Key Takeaways

- **Grocery-anchored “town center” can provide Brown Ranch households and other West Steamboat households with local goods and services**
- **There is support for a mid-sized grocer at the site between 2026-2030; grocery development before this would likely require a subsidy**
- **Urban Design is important – long-term vision of town center is needed to incorporate walkability and strong “sense of place” for community**

Phase I Non-Residential Program Input Meeting #4 —

Existing Grocer Landscape

- Some households in Routt County and beyond drive over an hour to get groceries (Steamboat has a large “trade” area)
- Visitors make up a large share of grocer demand

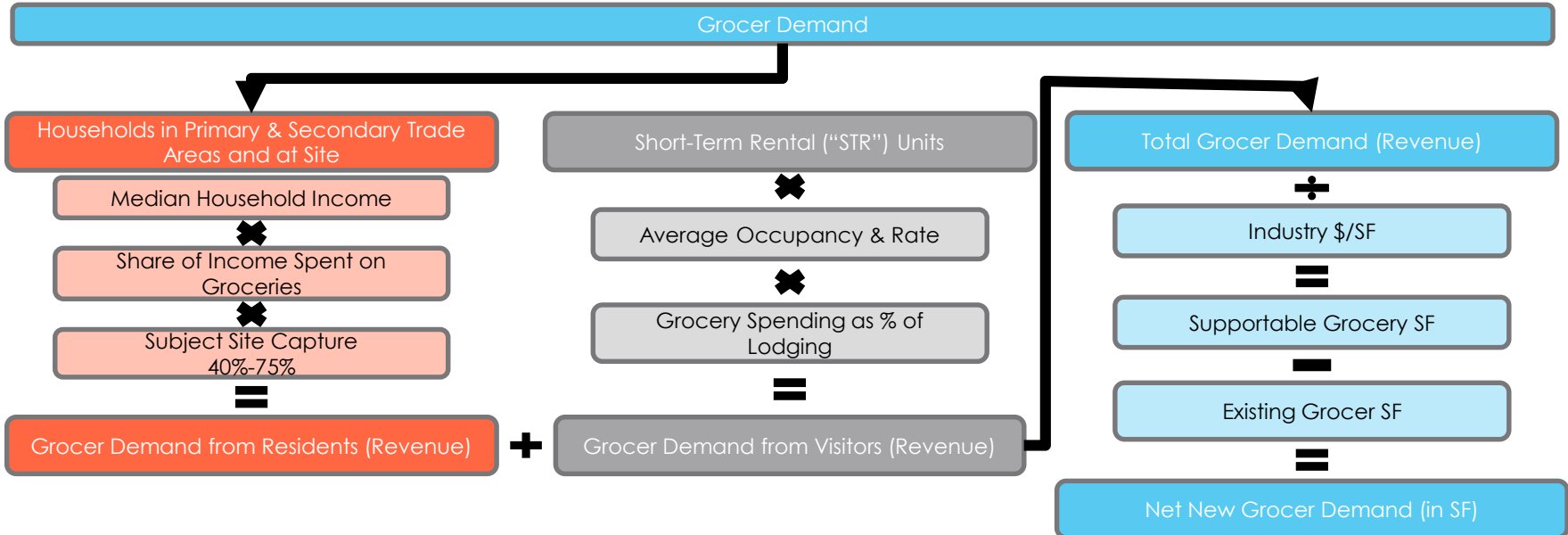


Existing Grocer	Square Feet
Natural Grocer's	14,349
Safeway	45,701
City Market	55,750

Phase I Non-Residential Program Input Meeting #4 —

Commercial Demand Methods






- Grocer as the key tenant “anchor”
- Additional small shops will support grocer success in neighborhood center
- Neighborhood office potential at site, based on Routt County employer growth, typical business sizes, and household growth in West Steamboat and at Brown Ranch



Phase I Non-Residential Program Input Meeting #4 —

Grocer-Anchored Analogues

- Other businesses co-locate with grocery stores; this “supporting space” is commonly tenants such as restaurants, coffee shops, breweries, and small services
- Supporting space varies from ~1.5 to 3.0 square feet relative to the grocery anchor
- Centers can have different “senses of place” - some are car-focused with big parking lots, while others are meant to be walkable community centers

COMMERCIAL SIZE (SF) ANALOGUES			DEVELOPMENT TYPOLOGY ANALOGUES	
<p>Freside Market Winter Park, CO Built 2019, 19,000 SF</p>	<p>The Market at Park City Park City, UT Built 1996, 52,500 SF</p>	<p>Clark's Snowmass, CO Built 1978, 14,300 SF</p>	<p>Weaver Street Market Southern Village, Chapel Hill, NC Built 2002, 6,500 SF</p>	<p>Village Market Riverwalk Edwards, CO Built 1995, 14,000 SF</p>
				
<p>Other tenant types: dining; convenience; other retail Total supporting retail space: 30,800 SF Type of development: In-town/central; driving and walking focus with large parking lot (20 spaces)</p>	<p>Other tenant types: dining; small offices; other retail Total supporting retail space: 86,112 SF in Snow Creek Crossing Type of development: oriented towards retail serving mountain base; driving-focused (325 parking spaces)</p>	<p>Other tenant types: services; sporting goods; small offices Total supporting retail space: 43,740 SF Type of development: primarily drive-to and local, neighborhood-serving retail; plans to redevelop with pedestrian bridge/trails, and housing</p>	<p>Other tenant types: dining; office; entertainment; residential Total supporting retail space: 350K SF Type of development: 312-acre neighborhood development with residential and neighborhood-serving uses</p>	<p>Other tenant types: boutiques, specialty food shops, real estate offices, hotel Total supporting retail space: 250K SF Type of development: Edwards' commercial center/downtown</p>

Phase I Non-Residential Program Input Meeting #4 —

Commercial Demand Potential at Brown Ranch

- By 2030, there will be support for an unsubsidized mid-sized grocer (~30K SF), several supporting restaurants and shops; and a couple of neighborhood offices
- By 2040, a full community commercial core is possible, with a “downtown” feel and ~170K square feet of space

	Today	2026	2030*	2035	2040
Grocery	0	12,566	31,688	39,801	57,380
Supporting grocery (coffee, tacos, brewery, etc.)	0	18,849	47,532	59,702	86,070
Neighborhood office (Lawyer, dentist, etc.)	0	3,235	9,605	18,205	27,575
TOTAL COMMERCIAL SQUARE FEET POTENTIAL AT SITE	0	34,651	88,826	117,708	171,024

*Indicates unsubsidized market support for mid-sized grocer

Phase I Non-Residential Program Input Meeting #4 —

Commercial Program Guiding Questions

- How soon do we expect grocer to open?
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- Would you locate your business at Brown Ranch?

Phase I Non-Residential Program Input Meeting #4 —

Aligning Demand & Project Economics Key Takeaways

- Phase I should be large (several hundred units) to spread infrastructure costs and support commercial development
- Idea of 15-16 units/per acre works well with stewardship models, increases financial feasibility
- Today's goals: review and adjust Phase I hypothesis based on feedback

Phase I Non-Residential Program Input Meeting #4 —

Aligning Demand & Project Economics Key Concepts Review

Demand Side: Disincentives to provide rental and ownership opportunities



- The median two-bedroom Airbnb in Steamboat in 2021 generated income equivalent to renting a unit for **\$2,400/month**
 - Thus, there is a **disincentive to provide rentals** that serve households below **\$95,000** (entry-level and affordable households)
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- The median for-sale list price in Steamboat was **\$850,000** in December 2021
 - Thus, there is a **disincentive to provide ownership opportunities** for households below **\$162,000** income (223% of AMI, or most move-up households)

Supply Side: Disincentives to build new rental and ownership housing



- It costs at least **\$250,000-\$300,000** per unit to build apartments in Steamboat
 - Thus, there is a **disincentive to build new rental housing** without charging rents more than **\$2,300/month**
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- It costs at least **\$1,030,000** to build a new single-family home in Steamboat
 - Thus, there is a **disincentive to build new single-family homes** without selling them for **well over \$1 million** (serving households above 270% of AMI)

Phase I Non-Residential Program Input Meeting #4 —

Aligning Demand & Project Economics Key Conclusions To-Date

- **Community seems open to 15-16 units/per acre to help with project feasibility and address more demand in the same land area (e.g. lots of townhome development and greenspace)**
- **Community seems open to majority rentals for affordable and entry-level households, with strong interest in creating ownership for move-up families**
- **Federal support is available for affordable rental units at Brown Ranch and elsewhere; strong need for entry-level and move-up housing – aim to serve 120-150% of AMI as overall community average?**

Phase I Non-Residential Program Input Meeting #4 —

Aligning Demand & Project Economics Demand Review

Key Assumptions:

- **Employment-based demand**
- **Family owners are expected to increase over time; young renters driving demand**
- **Housing based on need by household type (i.e. size, arrangement)**
- **Site build potential demand is likely underestimate, based on vulnerable populations not counted in official records, and some data lags**

Phase I Non-Residential Program Input Meeting #4

Aligning Demand & Project Economics Site Build Potential Review

		Owner				
		2026-2030	2031-2035	2036-2040	TOTAL (2026-2040)	SHARE
Small Condominiums	Affordable	0	0	0	0	14%
	Entry-Level	31	29	11	71	
	Move-Up	26	25	9	60	
Large Condominiums	Affordable	0	0	0	0	7%
	Entry-Level	12	12	4	28	
	Move-Up	16	15	5	36	
Small SFA	Affordable	0	0	0	0	24%
	Entry-Level	52	50	18	121	
	Move-Up	47	46	17	111	
Large SFA	Affordable	0	0	0	0	30%
	Entry-Level	61	61	22	144	
	Move-Up	63	62	23	148	
Average SFD	Affordable	0	0	0	0	20%
	Entry-Level	46	46	17	109	
	Move-Up	36	37	14	86	
Large SFD	Affordable	0	0	0	0	5%
	Entry-Level	12	13	5	30	
	Move-Up	7	8	3	17	
TOTAL		408	404	148	960	100%



		Renter				
		2026-2030	2031-2035	2036-2040	TOTAL (2026-2040)	SHARE
Small Apartment	Affordable	164	48	53	265	54%
	Entry-Level	174	51	56	281	
	Move-Up	97	29	33	159	
Large Apartment	Affordable	73	21	23	118	25%
	Entry-Level	82	23	26	132	
	Move-Up	50	14	16	80	
Small SFA	Affordable	3	1	1	6	2%
	Entry-Level	9	3	3	14	
	Move-Up	8	2	2	12	
Large SFA	Affordable	61	17	19	97	14%
	Entry-Level	45	12	14	71	
	Move-Up	12	3	4	18	
Average SFD	Affordable	13	4	4	21	4%
	Entry-Level	15	4	5	24	
	Move-Up	2	1	1	3	
Large SFD	Affordable	0	0	0	0	0%
	Entry-Level	0	0	0	0	
	Move-Up	0	0	0	0	
TOTAL		809	233	261	1,303	100%

Phase I Non-Residential Program Input Meeting #4 —

Aligning Demand & Project Economics Phase I Sensitivities

Summary Hypothesis

Phase I Propensity	66% Renters 34% Owners
Phase I Density	60/30/10 MF/SFA/SFD 15.9 Units/Acre
Phase I AMI	125% of AMI Overall (Entry-Level)
Total Units	800 Units
TOTAL SUBSIDY NEEDED PER UNIT	\$69,135

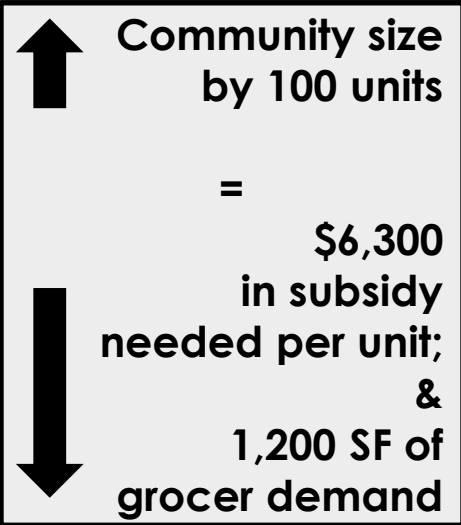

**5% average %
of AMI served**
 =
**\$14,000
in subsidy
needed per unit**


Subsidy Needed	MF % of AMI	SFA % of AMI	SFD % of AMI	Avg. % of AMI
\$124,990	85%	125%	161%	105%
\$111,068	90%	130%	166%	110%
\$97,192	95%	135%	171%	115%
\$83,057	100%	140%	176%	120%
\$69,135	105%	145%	181%	125%
\$55,258	110%	150%	186%	130%
\$41,123	115%	155%	191%	135%
\$27,201	120%	160%	196%	140%
\$13,325	125%	165%	201%	145%
-\$810	130%	170%	206%	150%

Phase I Non-Residential Program Input Meeting #4 —

Aligning Demand & Project Economics Phase I Sizing

- There are some “fixed costs” (e.g. electric transmission and substation) – a larger Phase I will better absorb those costs and also support commercial development, attracting more households to the site



Subsidy Needed	MF Units	SFA Units	SFD Units	Total Units	Grocer Demand by 2030
\$94,870	238	119	43	400	26,700 SF
\$84,576	298	148	54	500	27,300 SF
\$77,713	357	178	65	600	28,000 SF
\$72,811	417	207	76	700	28,500 SF
\$69,135	477	237	86	800	29,100 SF

Phase I Non-Residential Program Input Meeting #4 —

Aligning Demand & Project Economics Guiding Questions

- **General thoughts on Phase I discussed here?**
- **Are we appropriately evaluating trade-offs?**
- **Would you consider living at Brown Ranch?**