



Focus Team: Housing & Non-Residential Demand + Project Economics (Combined): Aligning Demand with Project Economics

Date and Location: Monday, March 21, 2022 – Community Center West Room

Estimated Attendance: 29

Guiding Questions: N/A

Key Technical Information Shared:

Dana Schoewe, technical consultant from RCLOCO, provided a review of the work to-date from both the Demand and Project Economics/Stewardship group. See attached slides. Recording of the meeting is available upon request.

Key points:

- 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 \$95K (all households in the “entry level” and “affordable” categories).
- The median for-sale list price in Steamboat was \$850K in December 2021. Thus, there is a disincentive to provide ownership opportunities for households below \$162K income (223% Area Median Income, or most households in “move-up” category).
- It costs at least \$1,030,000 to build a new SFH in Steamboat.

Sheila Henderson, Brown Ranch Community Outreach Manger, shared information gathered from targeted outreach efforts to “hard to reach” populations. Key takeaway:

- It is not widely discussed in the community, but often there are multiple unrelated families who live in a 1000 SF unit, one family per bedroom. This level of density leads to conflict and crisis. Building a substantial number of affordable apartments in phase 1 will help ease this crisis.

Public Input:

Comments:

Economics:

- It seems that the YVHA is going to need increased funding to build and steward the Brown Ranch as it is envisioned. The City Council is looking at putting short-term rental taxes into such things as affordable housing. There need to be other sources of funding for affordable housing. Look into innovative ways to levy fees or taxes on large and expensive homes in the City and in the County. All such homes should be contributing to the effort to provide affordable homes in our City and County.
- Keep an eye on Colorado House Bill 1282: \$40 million to support “innovative forms” of affordable housing like modular, prefabricated and manufactured homes.
- Colorado Senate Bill 146: This legislation would allocate \$25 million to the Colorado Housing and Finance Authority’s middle-income access program, which aims to help families and people who

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make too much money to qualify for housing funded by low-income housing tax credits.

Non-Residential Demand:

- There is a need for temporary emergency housing (or transitional housing) in the community. Could that be addressed by Brown Ranch? - x2
- Consider locating a larger nonprofit center at Brown Ranch. If you have people coming and going, it helps facilitate anonymity for clients. Building could include a locked area to serve as a domestic violence shelter.
- Consider including a sober living community for people in recovery.

Residential Demand:

- Brown Ranch needs to prioritize home purchase to people who provide essential services which keep our community a functioning one: teachers, nurses, police, fire, etc. People in these positions may not be satisfied to rent a home. We are experiencing shortages in these professions.
- I disagree that almost all affordable housing in Brown Ranch should be for renters and mostly move-up. I believe entry level homes for purchase should also be available in substantial numbers. If the cost appears to be too high, then a way of subsidizing it needs to be developed. Impact fees and inclusionary zoning of some sort should have been established locally decades ago – and should be pursued now to make townhomes available for purchase to entry level.
- I'm still wondering about the multifamily attached housing type. I worry about having very tall buildings with no yard space.
 - YVHA Response: One of the benefits of denser development, is we have more room for open space. It may be communal, but there will be more. Good design. The absolute tallest buildings we would see at Brown Ranch would be 5 stories.
- Similarly, I worry about the mismatch between demand and density. Given that there is much demand for entry level families, I have a hard time imagining many families that want to live on the 5th floor with no yard or outdoor storage. And this would be 60% of phase 1 built like this. I'd like to see these creative design elements that could find a better balance.
 - YVHA Response: that's an important point and why we're here: to reconcile demand and project economics. There are tradeoffs between serving more people and alleviating cost burdens vs. fewer people getting their ideal homes with massive community subsidy required, and we want your input on how to achieve the right balance.
- The argument that Brown Ranch would create "classism" if no market rate homes existed there, is irrelevant and absurd given the dire situation related to high market rate home costs in all the rest of Steamboat Springs, which has caused and will continue a stratified class system.
- Could we locate a mobile home park for temporary or affordable living that is very fast to get going at Brown Ranch?
- Would we consider an area set aside for tents for people passing through or who need to get on their feet? Travelers have a lot to offer and it would be a nice way to extend hospitality.

Other:

- Look into <http://www.359design.co/chamonix> High quality, "attainable" modular housing built

BROWN RANCH

by Vail. They plan 1000 deed-restricted homes in the next 10 years (probably modular?).

- I have concerns that opening Brown Ranch to location neutral people will limit accessibility by people who actually fill jobs within the community.
- The design elements (4-5 stories is massive ... we're all used to a certain size and scale). I'm concerned about social discrimination. If people who make less money are relegated to apartments, but people who make more money. How do we make it so we're not designing a ghetto in one area and nice neighborhood?
- Focus groups to this point have captured all our wildest hopes and desires. Have we asked for something that cannot be done? I want a "cutsie little house," but maybe that's not the highest and best use.
 - YVHA Response: What's best for the community is a diverse inventory of housing so that the local workforce can move in and out of different housing at different income levels and stages of life. The purpose of the stewardship of those units is to maintain affordability. Highest/best use is to build as much inventory as possible. Economically and socially, people will live a better life when they have access to safe/stable housing. The ability to do that will bring more social equality than what we have now.
- Is the concept of creating community an overburden for Brown Ranch? Is that the highest and best use? Addressing the affordable housing crisis (doubled up households) is the most ethically important role of Brown Ranch.

Questions:

Q: What are the anticipated start/end dates for Phase 1?

A: TBD, depending on funding, infrastructure lead time, etc.

Q: Do the subsidy projections for phase 1 include infrastructure? Where does \$56M in subsidy come from?

A: Yes. We anticipate grants partially covering the subsidy. YVHA will apply for grants from American Rescue Plan Act Funds, Federal Infrastructure Bill, other entities. We are in the early stages of developing a grant strategy plan.

Q: At what point in time do we make grant applications and learn about when they're granted?

A: We will begin making grant applications this spring and will continue as needed throughout design and construction.

Q: Explain what happens in phase 2

A: Infrastructure development kicks off phase 1. Exact phasing is being determined now, as we write the Comprehensive Development Plan.

Q: What will the average home size be?

A: We have a lot of experience in big cities in the US, which tend to have small home/unit sizes. We've also reviewed local housing data. In Steamboat today, units tend to run large, especially units that were originally built to serve as vacation rentals. We can come up with a "happy medium." We want to cater to people's lifestyles while also being efficient with land.

Q: Regarding renting and 4-5 story housing, no yard, no storage doesn't bother me because it's a place to live. Re stewardship: would a portion of rent go toward saving for afterwards?

A: We have thought about that as an option/idea but haven't explored it.

Q: What measures will be taken to ensure that families like the ones Sheila mentioned will be prioritized to receive these units?

A: By keeping housing affordable (and using funding mechanisms specifically set aside for those earning 30% - 60% of the area median income and needing affordability for their household size) there are regulatory mechanisms attached to that funding to ensure those units remain affordable for the long term.

Q: Sure, but with 100's of people on wait lists for existing YVHA projects, how can we be sure that this will effectively target those who are living with many families/home, etc/ in dangerous situations/ etc.

A: We can put in overarching guidelines with prioritization.

Recommendations to the Steering Committee: N/A

Next Steps and Action Items: N/A

YVHA FOLLOW-UP FOR WEEKLY REPORT

Resources needed from technical consultants for next meeting

N/A

Necessary Cross-Collaboration w/other Focus Teams:

N/A

Project Economics & Stewardship Work Plan —

Focus Group

Tasks through March 31:

Review the summary notes each week provided by YVHA and comment on any additions or revisions.
Review & comment on the final Framework, Metrics, & recommendations.

Technical Consultant

Work Product by March 31:

Based on Focus Team Discussions:

- Economics & Stewardship Vision statement
- Framework for Project Economics & Stewardship including assumptions about number of units in the first phase, target affordability levels & level of subsidy needed, and Stewardship model for long-term affordability.
- Economic feasibility and financial model evaluate success.

Meeting #1: Listening Session

February 16

Meeting #2: Stewardship

February 23

Guiding Principles by Willa Williford

Meeting #3: Economic Feasibility Trade-Offs

March 3

High-Level Project Economics Sensitivities by RCLCO

Meeting #4: Commercial Demand & Economics

March 7

Summary of site opportunity by RCLCO

*Housing & Non-Residential Demand joins with Stewardship & Project Economics

Meeting #5: Stewardship Best Practices

March 16

Summary of Stewardship Best Practices researched by Willa Williford

Meeting #6: Aligning Demand with Project Economics

March 21

Recap, Preliminary Recommendations & Next Steps by RCLCO

Aligning Demand & Economics Meeting #6 —

Aligning Demand & Project Economics

Demand Review	Project Economics Review
<ul style="list-style-type: none">• Employment-based• Family owners, young renters expected to drive demand; housing based on need by household type (i.e. size and arrangement)• Demand for 1,400 units on-site today; 2,300 (or more with undocumented populations) by 2040• Opportunity for small commercial center in Phase I	<ul style="list-style-type: none">• Infrastructure costs are very high• Denser development can mitigate infrastructure costs somewhat• Serving lots of income levels but a high average % of AMI (high entry-level household range) can mitigate subsidies needed• A larger Phase I development can alleviate demand and help mitigate costs

Aligning Demand & Economics Meeting #6 —

Aligning Demand & Project Economics Key Community Outreach Findings

- **Local businesses:** short-staffed, high turnover, employees tired of constant transition and lack of housing stability and control
- **Non-profits:** losing staff given inability to compete
- **Latino community:** key concern is cost, most renters in apartments or mobile homes based on preliminary survey
- **Immigrant community:** tend to live together/double-up given costs

Aligning Demand & Economics Meeting #6 —

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)

- 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**

- 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)

Aligning Demand & Economics Meeting #6 —

Aligning Demand & Project Economics Demand 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%

Aligning Demand & Economics Meeting #6 —

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

Create mobility in terms of product types, life phases, and income levels

↑ **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%

Aligning Demand & Economics Meeting #6 —

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


**Community size
by 100 units**
 =
**\$6,300
in subsidy
needed per unit;
&
1,200 SF of
grocer demand**


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

Aligning Demand & Economics Meeting #6 —

Aligning Demand & Project Economics Next Steps

- Integrate information from this group with other focus groups (led by Mithun)
- Continued community outreach (Sheila)
- Continued stewardship research (Willa)
- Program, scenario testing (RCLCO)
- Detailed financial modeling (RCLCO)

Questions??