



March 16, 2023

City of Fruita  
Attention: Mike Bennett, City Manager  
325 E. Aspen Avenue  
Fruita, Colorado 81521

RE: Impact Fee Waivers and Sales and Use Tax Exemption for Fruita Mews

Dear Mr. Bennett,

IndiBuild LLC is grateful for the support it has received from the City of Fruita for our fifty-unit affordable housing project.

We respectfully request the City of Fruita either waive or consider an alternative arrangement for the payment of impact fees.

Current economic conditions — specifically recent increases in interest rates and construction costs — have created challenges for all real estate development. These challenges have been particularly acute for affordable housing developers, which cannot simply pass the increased costs along to future residents because rents are restricted based on tenants' incomes, which have not increased as quickly as development costs.

The development of affordable housing has always relied on partnerships between private developers and all levels of government. For Fruita Mews, our team has secured an allocation of federal Low-Income Housing Tax Credits, which we expect will yield more than \$12 million of private sector investment, and we have requested subsidized loans from the State of Colorado of over \$7 million. The State has conditioned its award on an increase in local support for the project.

#### Impact Fees

We acknowledge our project will result in increased use of existing City services and facilities that justify the imposition of impact fees. We request the City either: (i) waive certain impact fees enumerated below; or (ii) accept payment of impact fees, but then lend the payment back to the project as a long-term, low-interest subordinate loan. Although we request the City waive or lend the entire amount of the impact fees identified below, we would be grateful for any amount of financial support the City can offer.

Impact Fee	IndiBuild Estimate
Parks, Open Space, and Trails	\$93,000
Transportation	\$172,085
Chip/Seal	\$20,927
<b>Total</b>	<b>\$286,012</b>

Section 17.47.070(H) of the City's Land Use Code allows City Council to "waive . . . or alter all or some of the impact fees . . . upon finding such waiver [or] alteration . . . is necessary to promote the economic development of the city or public health, safety and general welfare of its residents."

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Fruita Mews will both promote economic development and the general welfare of the City's residents. The project includes \$16 million of construction-related expenses, much of which will inure to contractors and consultants in the Grand Valley. More importantly, the project will provide the City with fifty income-restricted housing units. The City's *Comprehensive Plan*, which City Council approved in 2020, says, "The availability of workforce housing is now an economic development issue in Fruita. . . . Local businesses are experiencing workforce shortages." The *Grand Valley Housing Needs Assessment* commissioned by the City of Grand Junction in 2021 identified a shortage of more than 3,700 affordable rental units in Mesa County. At a City Council workshop last August, consultants hired by the City estimated the City will need 2,530 additional housing units over the next twenty years.

Other local governments in Colorado have supported affordable housing projects in this manner.

#### Road Dedication

We may request, by an amended plat map, that the City accept dedication of Fruita Mews' internal roadway. Financially, the dedication would save about \$52,000 of upfront construction costs but would increase Ute Water District's monthly fire-line water service fee by \$450, or about \$81,000 over the initial fifteen-year period. More importantly, the dedication would save maintenance costs over the long-term life of the project, which would reduce operating costs for future owners.

IndiBuild respectfully requests City Council pass a resolution authorizing a waiver or alternative arrangement for the payment of certain impact fees. We may request the City accept dedication of roadways after City staff reviews and approves our revised construction plans and specifications.

On behalf of IndiBuild,

A handwritten signature in cursive script, appearing to read "Kim Pardoe".

Kim Pardoe, Founder & Principal