



MEMORANDUM

Meeting Date: 5/12/2025

To: Town of Grand Lake Board of Trustees
From: Steve Kudron, Town Manager

Re: Space to Create Status Update

Trustees:

At the Board's April 14, 2025, regular meeting, staff reviewed current cost projections and the funding stack and shortfall for the project. Faced with the prospect of a \$5.5m shortfall, the team look at approaches that would not only satisfy the immediate affordable workforce housing needs of the Town but also create a place where the creative industries and the arts intersect to develop an economic drive for the Town, every month of the year.

Working to reduce the gap in financing, staff investigated public/private partnerships, bond financing, conventional loans and others. Adding the cost of financing to develop our project just didn't make fiscal sense. A fiscal partner would then be able to drive rents based upon both maintenance and capital return.

The team looked out the box at not one, but two projects the Town is actively engaged in. We created a plan that brings the Rocky Mountain Folk School's Creative Hub from Winter's Pioneer Park into the mix at the S2C site. Next, design modifications were made to reduce vertical cost by reducing the scale of residential units from 18 to 9. The result we achieved is a mixed-use development with more than 50% commercial space in the form of 8 studios and a foundry for industrial arts. The residential units are a mix of 5 studio and 4 1-bedroom units that have capacity to expand to two bedrooms. Importantly, the resulting development is almost fully funded. With contingency cost, the current projected gap is \$1.4m.

Because of the change in scope, staff returned to our partners and renewed commitments for funding. The result is:

- \$4m in Stronger Communities funding. This funding is approved for horizontal infrastructure for Space to Create residential and the Creative Hub

- Funding for the Vertical construction for the Creative Hub building is being fundraised by the Grand Lake Creative District. Upon C.O., the building will be deeded to the Town who will assume maintenance of the exterior (much like the Pitkin House lease is structured)
- \$3m Colorado Creative Industries Community Revitalization Grant has been reconfirmed for the full granted amount. Additionally, we were made aware of an additional \$15k available for predevelopment costs.
- The Boettcher Foundation and CCI were very supportive in helping to provide avenues to secure the final funding. This includes a 25% tax credit program we will apply for at the end of this year for final completion costs.

All the Town's partners in the past seven years see this iteration of Grand Lake's Space to Creative to be the embodiment of a true creative live-work space. Developing the project in this form will truly build a sustainably priced affordable rental solution in the Town of Grand Lake for years to come.

Included is the presentation made to the Colorado Creative Industries on May 8, 2025