

BLUEBIRD VILLAGE

Revised Funding Request

APRIL 4, 2022

TO: CITY OF KETCHUM CITY COUNCIL / KETCHUM URBAN RENEWAL AGENCY



BY: GMD Development - Gregory Dunfield
KCDC - Charles Friedman



OUTLINE

1. Project Description
2. Community Benefit
3. Source and Use Comparison
4. Cost Increase / Supportable Loan Decrease
5. Closing the Gap

Bluebird Village is a proposed mixed-income, mixed-use development that will target Ketchum's workers.

51

Residential workforce affordable housing units in Ketchum's Commercial Core

- Primarily targeting 50-70% of median income
- External storage lockers for all units

45

Car parking stalls including some electric car charging

84

Bike parking stalls including some electric charging / cargo

2

Retail commercial spaces facing East Ave and East 5th Street

Solar PV array / All Electric building

Complementary design and materials for downtown Ketchum

Certified market study and lenders and investors' underwriters verify demand for unit mix and amenities.

Currently only 3% of existing homes in Ketchum are 1 bedroom

Studio	1 bedroom	2 bedroom	3 bedroom
10%	51%	33%	6%
5 units	26 units	17 units	3 units
~465 sf	~660 sf	~760 sf	~1065 sf

EXTERNAL UNIT AMENITIES

- Storage units with shelves
- Roof top deck
- Community space
- Exercise room
- Bike parking
- E-bike charging

INTERNAL UNIT AMENITIES

- Decks/balconies
- storage
- Washer & dryer
- Energy star appliances

COMMUNITY BENEFITS TO HIGH-DENSITY WORKFORCE HOUSING DOWNTOWN

- **Vibrant downtowns require a mix of uses, including housing, to activate it at various hours (a la “live, work, play”)**

Policy H-1.4 of Comprehensive Plan. Integrated Housing in Business and Mixed-Use Areas: **Housing should be integrated into the downtown core** ... The resulting mix of land use will help promote a greater diversity of housing opportunities as well as social interactions.
- **Increases Ketchum’s diversity of housing options**

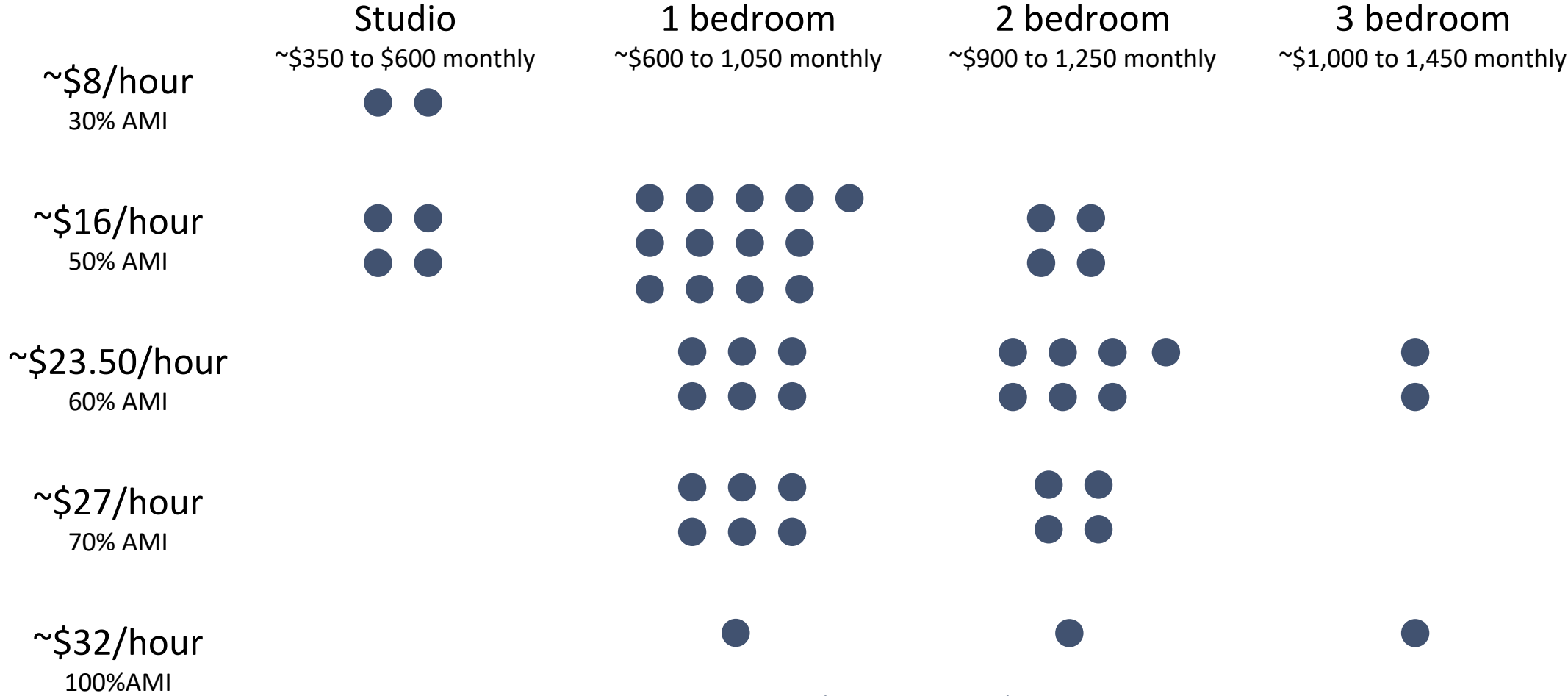
Core Value 4 of Comprehensive Plan
- **Central location enables sustainable, healthy living, and engaged workers**

Easy access to groceries and other amenities

 - Pedestrian, bike, and bus allows for alternative, healthier, less expensive forms of commute.
 - St. Luke’s Wood River Health Assessment determines that long commutes contribute to obesity: “each additional hour spent in a car per day is associated with a 6 percent increase in the likelihood of obesity.”
 - Employees with less of a commute are more engaged (<https://www.planetizen.com/node/67379>)

Most of the new units will be 1 and 2 bedrooms for households earning \$16 to \$27 per hour.

INCOME TARGETING & RENTS

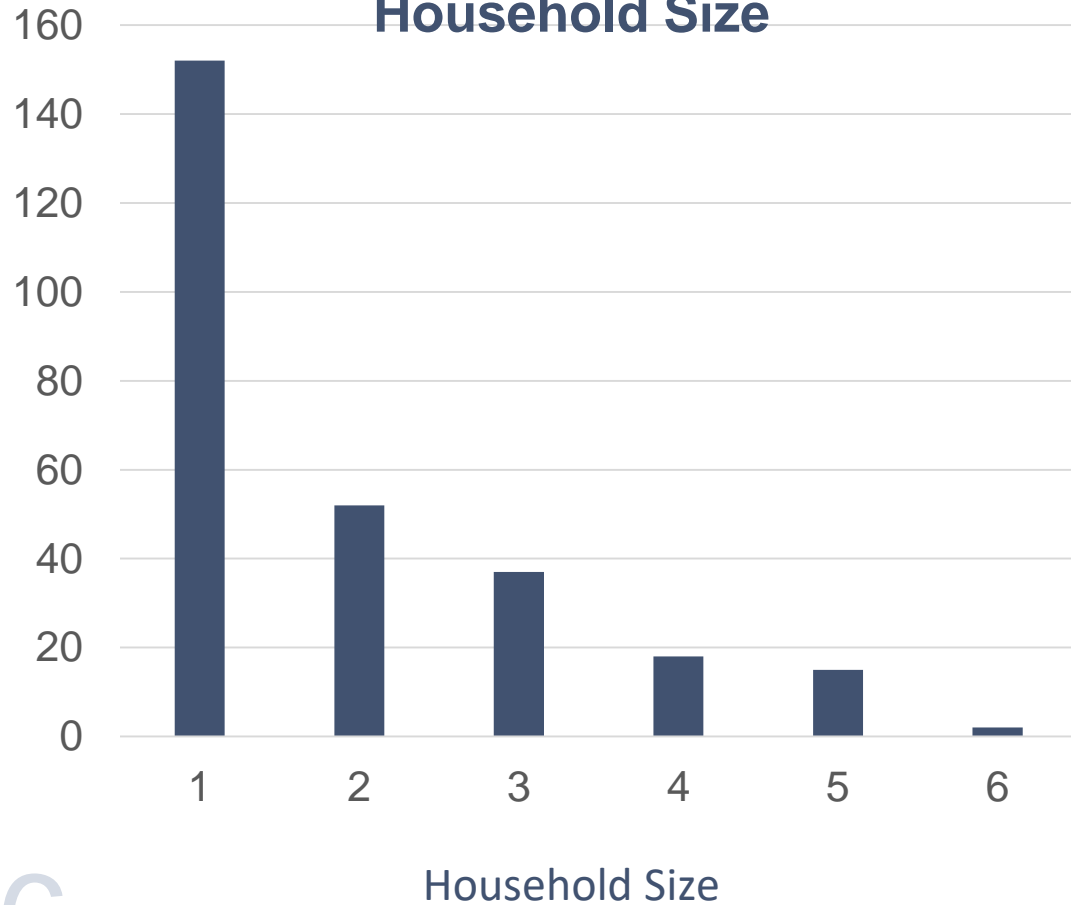


- Wage estimate based on working 50 weeks/year, 40 hours/week
- Active local workforce preference

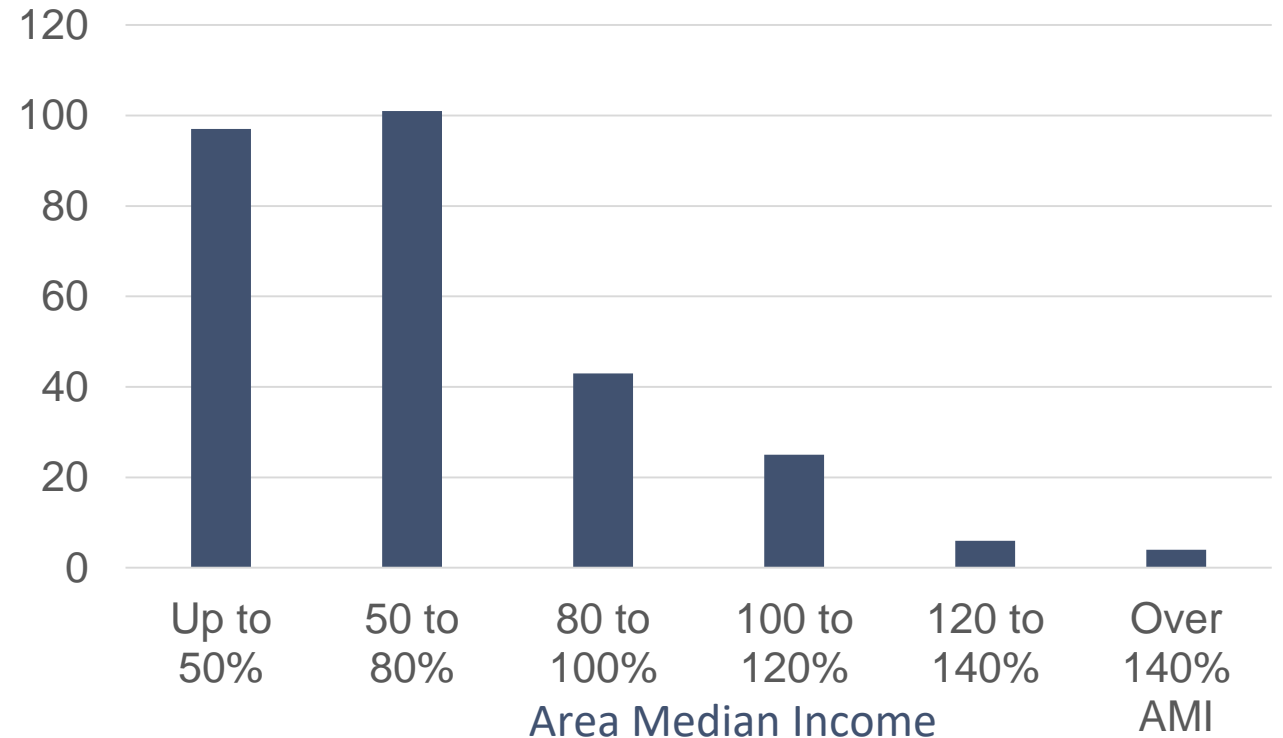
Most of the new units will be 1 and 2 bedrooms – and there is a need for those unit sizes.

- Does not include ARCH, The Housing Company, Syringa, or other waitlists

BCHA's Waitlisted Applicants by Household Size



BCHA's Waitlisted Applicants by Area Median Income



Many workers in Ketchum's primary industries will be qualified to live in Bluebird.

INCOME TARGETING & INDUSTRY MEDIAN EARNINGS



SOURCE: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2019 for Blaine County, Idaho. Industry by median earnings in the past 12 months for full-time, year round civilian employed population

LONG TERM AFFORDABILITY COMMITMENTS

LAND IS RESTRICTED FOR AFFORDABLE HOUSING

40

Years of tax credit land use restrictive agreement
(per Idaho Housing Finance Agency requirements)

75

Years of land lease covenant with City of Ketchum for affordable rental housing

LOCAL NON-PROFIT OWNER AND LENDER

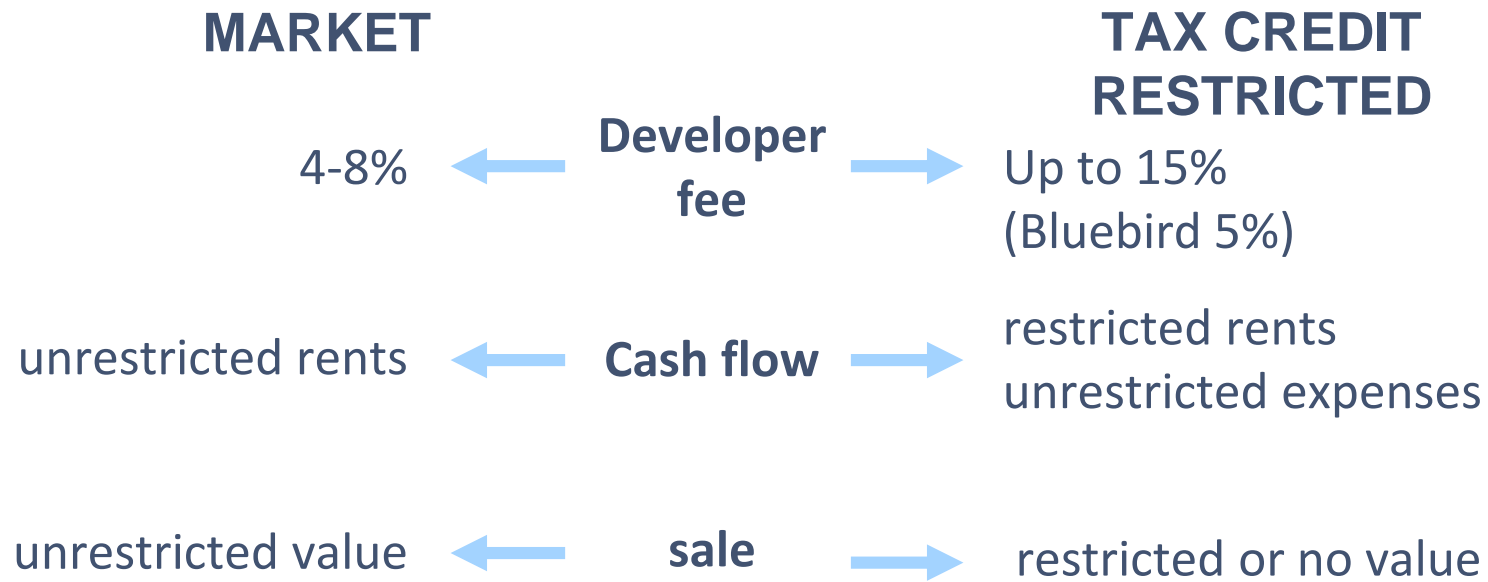
Long-term economic benefits are reinvested in Ketchum for housing

- Local non-profit ownership by Ketchum Community Development Corporation (KCDC)
- KCDC has a long-term housing mission within Ketchum

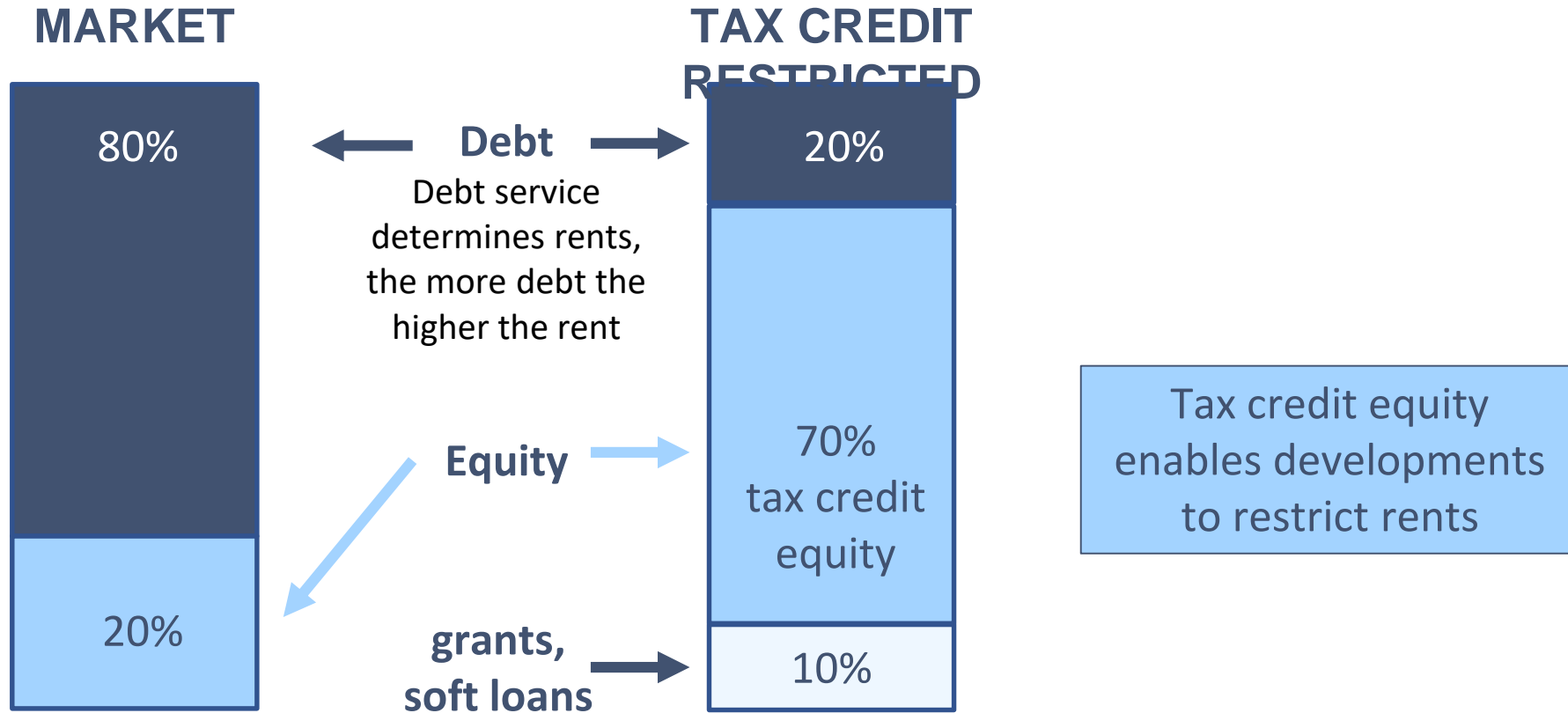
Ensured repayment of local funding, to be reinvested

- KCDC as the lender also ensures that repayment will be reinvested in Ketchum

MARKET RATE VS AFFORDABLE DEVELOPMENT COMPARISON

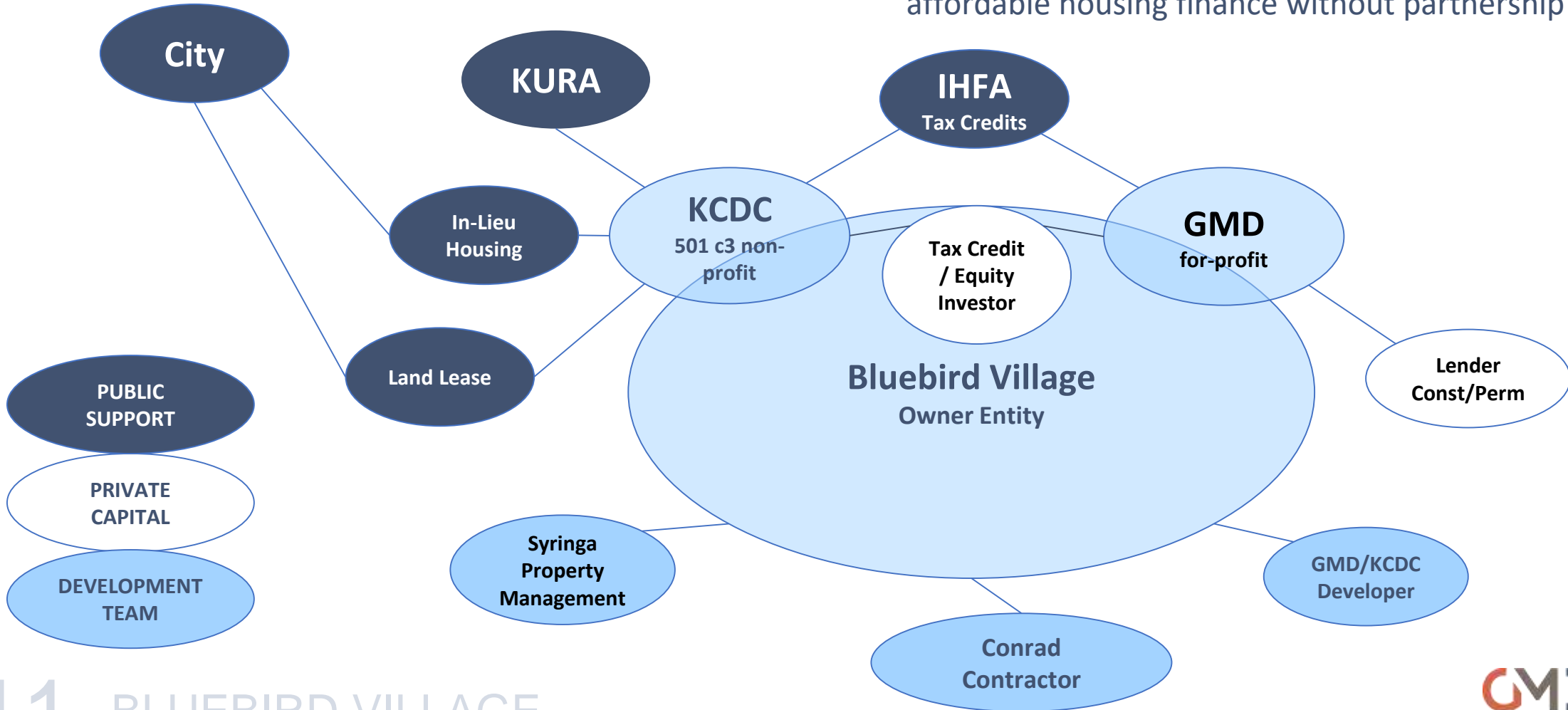


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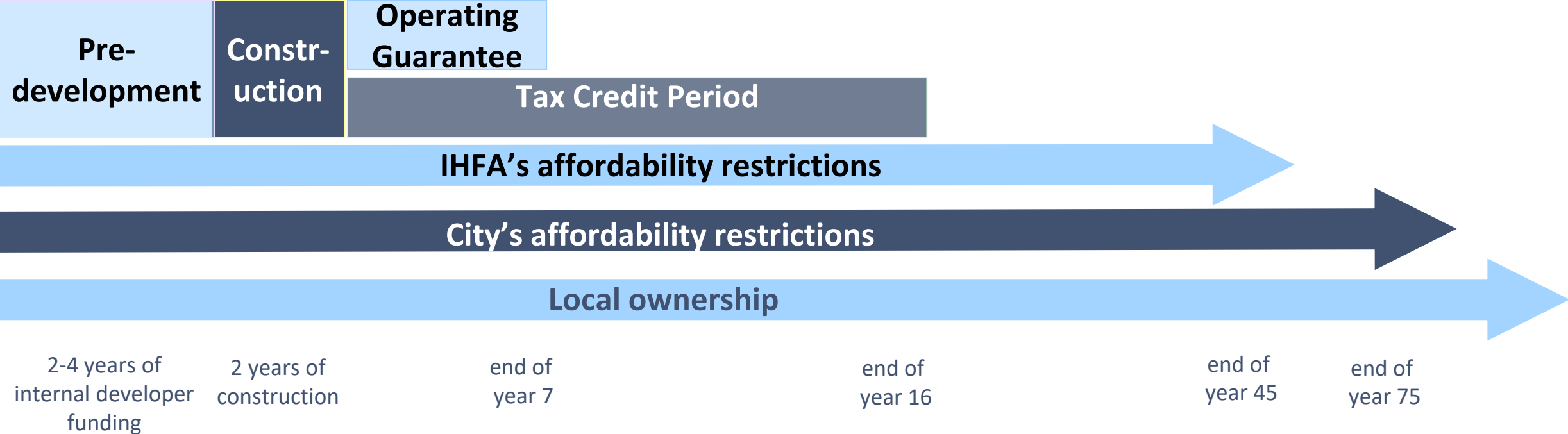
PARTICIPANTS

- affordable housing is complicated
- need Ketchum Community Development Corporation (KCDC) to access financing
- KCDC gains experience and capital, enabling access to affordable housing finance without partnership later



BLUEBIRD'S TIMELINE

- ownership converts fully to KCDC at year 16
- Idaho Housing Finance Agency's (IHFA) restrictions expire at year 45
- City of Ketchum's ground lease for 75 years
- local ownership continues



SOURCE & USE COMPARISON

SUMMARY TOTAL PROJECT (Residential, Parking, Commercial)

		Aug 2020	Feb 2022	Difference
DEBT	Conv Loan / TE Bonds	5,882,823	4,054,000	(1,828,823)
	KURA	564,860	820,813	255,953
	City of Ketchum	1,400,000	3,300,000	1,900,000
	Other	0	0	0
	Retail Condo Sale / Loan	850,000	1,268,000	418,000
	DDF	626,394	511,543	(114,851)
	EQUITY	TC Investor	12,465,972	15,638,883
	Solar Tax Credits	44,460	44,460	0
	NOI	84,447	87,737	3,290
	Total	21,918,956	25,725,436	3,806,480
USES	Land	10	10	0
	Hard Construction	16,004,664	19,662,599	3,657,935
	Soft Construction	2,095,577	2,210,730	115,154
	Third Party Reports	59,000	83,041	24,041
	Lender Financing Costs	367,406	317,156	(50,250)
	Bond COI	128,150	139,150	11,000
	Const Period Interest	770,000	700,000	(70,000)
	Soft Costs	425,022	678,658	253,636
	Reserves	269,127	134,110	(135,016)
	Developer Fee	1,800,000	1,799,982	(18)
	Total	21,918,955	25,725,436	3,806,481
	Cash Developer Fee	1,173,606	1,288,439	114,833
			5.01%	

SOURCE & USE COMPARISON

SUMMARY TOTAL PROJECT

(Residential, Parking, Commercial)

- Debt decreased due to lower rents – a result of lower area median income
- Construction costs increased – a trend occurring worldwide
- Equity increased to help cover the gap
- A gap remains without increasing local contribution

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	5.36%	5.01%	

CONSTRUCTION COST UNEXPECTEDLY INCREASED WORLDWIDE

News articles from last 24 hours

ETNOW

Business Economy Personal Finance Markets Companies Industry Real Estate LIC IPO Live TV

Thinking of buying a house? Real estate prices to go up as cost of construction increases 12% YoY



MARKET EVENTS SECTOR

A perfect storm of labour and cost challenge

ICBA CEO breakfast looks at current state of the industry

Wednesday, March 30, 2022
by Cheryl Mah

Demand for new construction remains at record levels. Economic headwinds, however, are say the least.

And developers? They're working shortages countering their every n

How does the commodities landsc newsletter from [Avison Young](#) bi

Construction Costs Hit Record High: Report

By [Gail Kalinoksi](#) March 25, 2022

Trends Development Featured National More

Rising construction costs continue to be a challenge. Last year experienced record price increases for steel, lumber and aluminum, to name a few, but a surge in demand "allowed the market to absorb and pass through many of the added costs."

The Urban Developer
Thursday, March 31, 2022 | Australia

HOME LATEST NEWS CITIES SECTOR ARCHITECTURE MARKETS

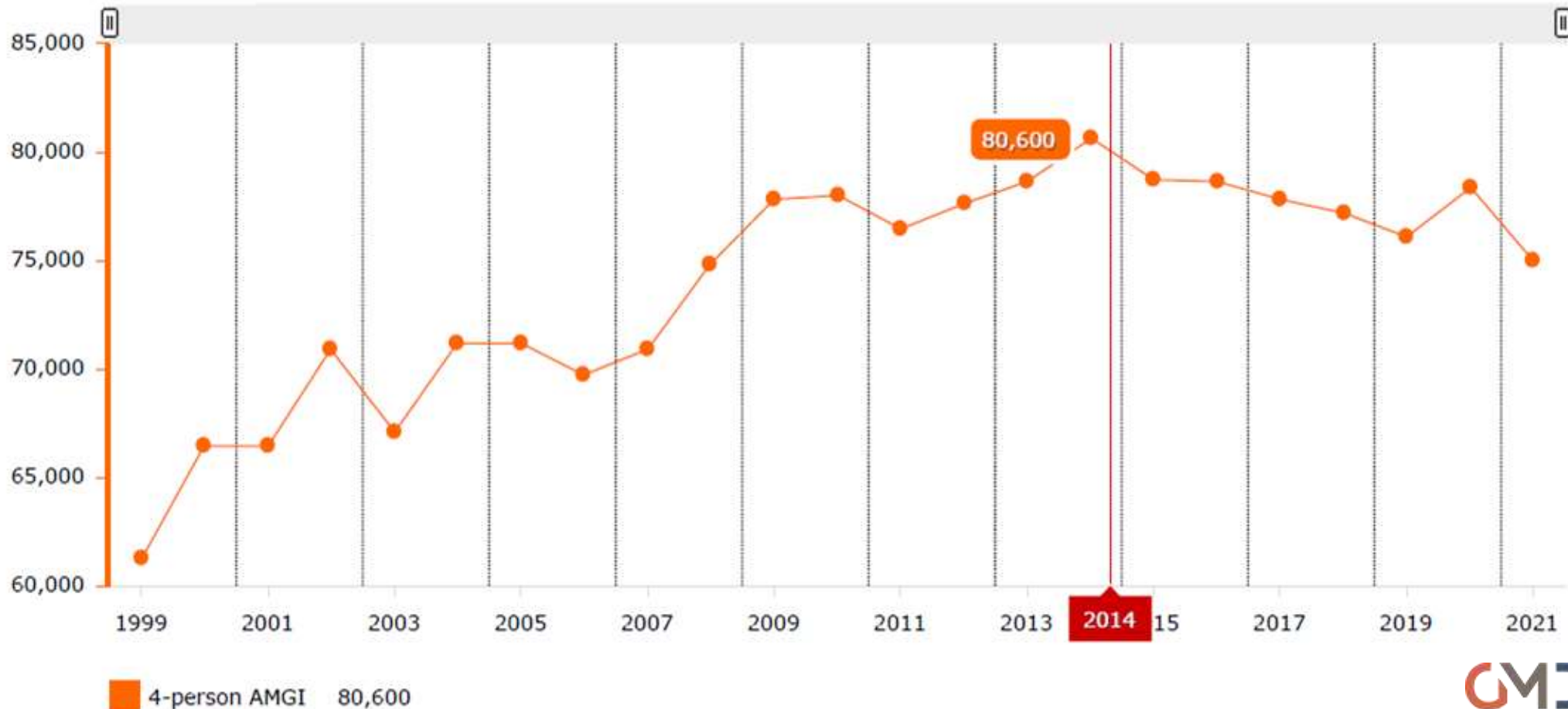
MARKETS MARISA WIKRAMANAYAKE THU 31 MAR 22

Approvals Rise Despite Skyrocketing Construction Costs



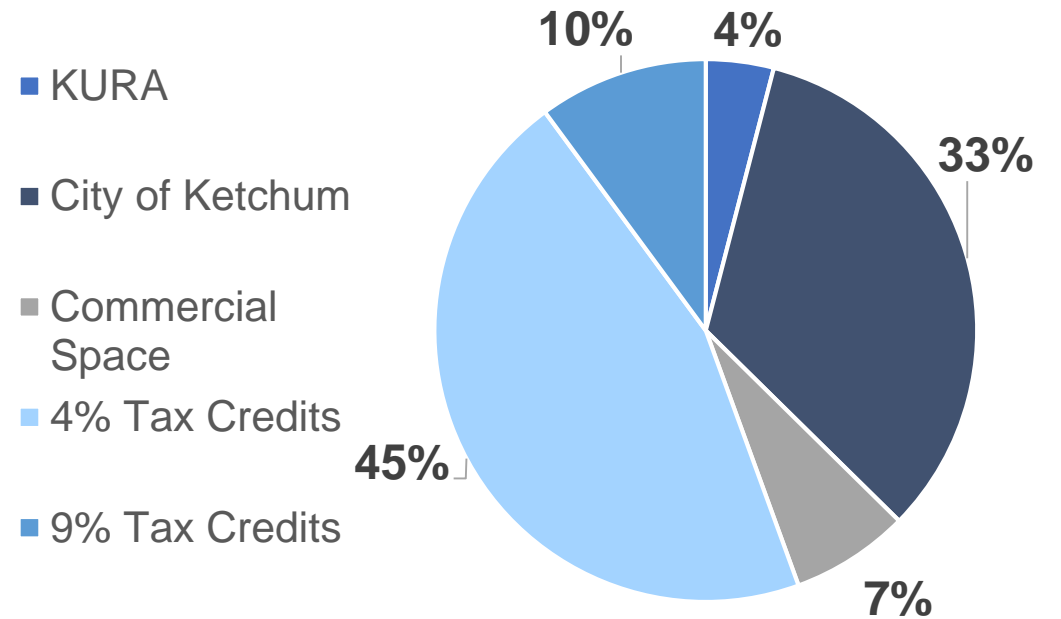
Blaine County's Area Median Income decreased by 5% since initial ask

- This results in lower projected rents and a greater funding gap.
- This AMI decrease is highly abnormal. Comparable ski areas saw 5 to 10% increases.
- Potential AMI increase in 2023 (only) may result in return of some funds to City.



INCREASED SOURCES – Covering the Gap

KURA	255,953	4%	} 37% local sources
City of Ketchum	1,900,000	33%	
Commercial Space	418,000	7%	} 55% tax credits
4% Tax Credits	2,604,051	45%	
9% Tax Credits	568,860	10%	
TOTAL	5,746,864	100%	

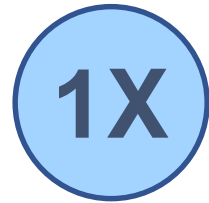


-Higher costs enable us to qualify for additional tax credits, but they do not cover 100% of the additional cost.

LOCAL CONTRIBUTION MAKES THE DEVELOPMENT POSSIBLE

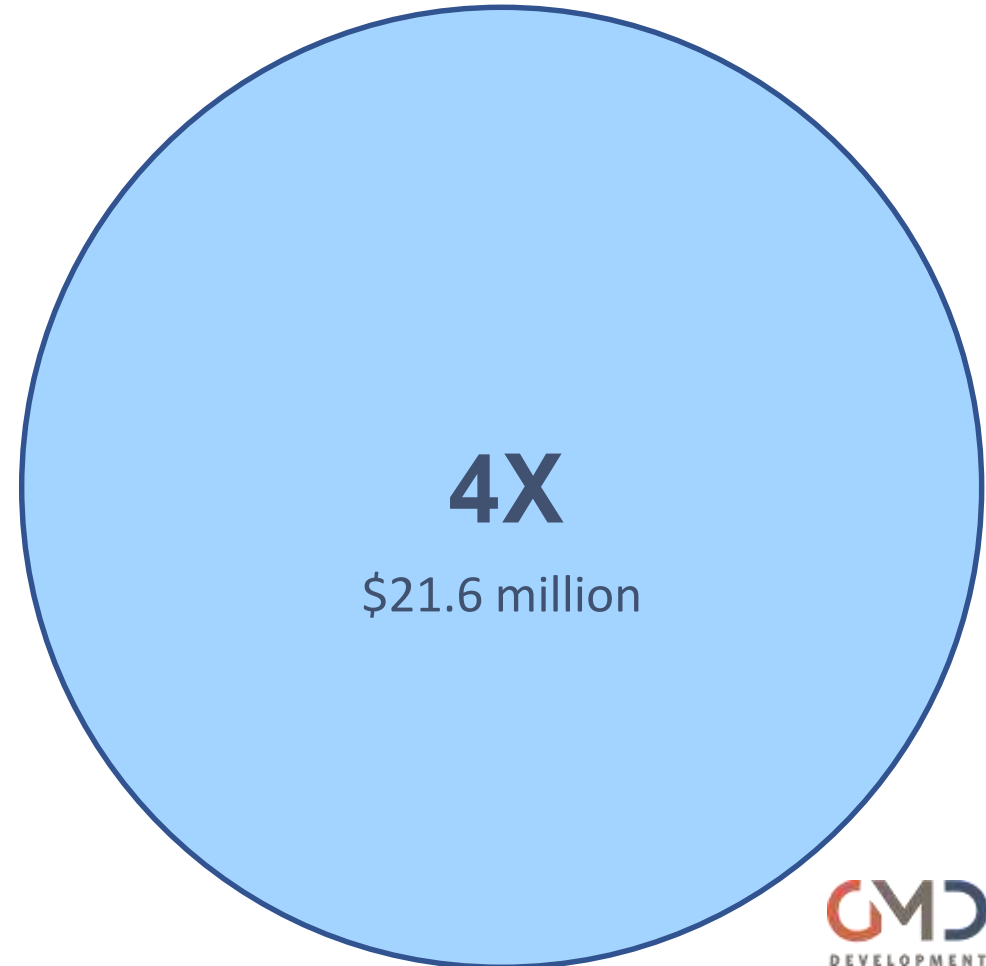
- Local Contribution needed to be competitive for tax credits

LOCAL CONTRIBUTION



\$4.12 million

LEVERAGED SOURCES



Developer Fee

IRS Section 42 + Idaho
Housing Finance
Agency limit

15%

Typical cash
developer fee for
affordable housing
development

8-10%

Developer fee on
Bluebird Village

5%

For- and non-profit affordable housing developers are paid similar developer fees