

PROPOSAL AND QUALIFICATIONS PACKAGE FALMOUTH WORKFORCE HOUSING FALMOUTH, MAINE



April 23, 2008

PROJECT TEAM

Developers

DEVELOPERS COLLABORATIVE

**Richard Berman
James Hatch
Kevin Bunker**

Partners

**Bath Savings Institution
Coastal Enterprises, Inc.
Habitat for Humanity of Greater Portland**

Architects

Kaplan Thompson Architects

Landscape Architects

Michael Boucher Landscape Architecture

Civil Engineer

Northeast Civil Solutions

Real Estate Broker

Whitten Properties

FALMOUTH WORKFORCE HOUSING PROPOSAL

FALMOUTH, MAINE

TABLE OF CONTENTS

A. INTRODUCTION AND EXECUTIVE SUMMARY

1. Introduction
2. Executive summary

B. SUBMISSION REQUIREMENTS

1. Contact Information
2. Statement of Qualifications
3. Prior Experience
4. Profiles of Key Personnel (see also appendix A)
5. Statement of Current Workload
6. Statement of Ability and Experience to work with the public
7. Conceptual Proposal: design process and outcome, green design strategies
 - 7a. Number and types of units proposed
 - 7b. Conceptual site layout and architectural design sketch
 - 7c. Financial feasibility statement
 - 7d. Anticipated level of affordability
8. Description of Partners
9. Other Financial Tools offered

C. APPENDICES

- A. Profiles of Key Personnel and Companies
- B. Falmouth Workforce Housing Preliminary Financial Analysis
- C. Feasibility Study for Falmouth Workforce Housing, Northeast Civil Solutions

A. INTRODUCTION AND EXECUTIVE SUMMARY

1. INTRODUCTION

Developers Collaborative proposes a development that absolutely maximizes the smart growth potential of the site. While the site has limitations, it also has the potential to be an attractive community of workforce housing that will be an asset for the Town of Falmouth. We see environmental sensitivity as an overarching design principle for this project. Density and creative application of traditional affordable housing financing instruments are also key elements of our proposal that will help to create sustainability, both environmentally and in terms of affordability. For us, developing workforce housing in Falmouth gives us the opportunity to bring the unique blend of meaningful public involvement, creative development solutions, and combination of experience and energy for which we are singularly known to bear on a problem which we all face.

Developers Collaborative is well-qualified (see Section 2) for the task, being experienced in the development of workforce and other affordable housing (see Section 3). Our passion for this particular project, however, stems from the desire to push the envelope of green design further than we yet have. We know from our work that any solution to the problem of housing affordability must contain an ownership component, and that the future of this housing must be environmentally far superior to the current state of the art. One of our internal dictates is that each of our projects must somehow “advance the ball” of smart growth. A development which illustrates that a high level of green design is attainable at an affordable price point will do that, and is our reason for pursuing this RFP.

We have assembled a team of highly qualified professionals to help us realize the project (see Appendix A). Each was chosen not only for their professional ability but also for their energy, enthusiasm for, and commitment to the shared goals of the Town of Falmouth and Developers Collaborative. Kaplan Thompson Architects is a primarily residential design firm focused on the integration of high-performance green building techniques with contextually appropriate but forward thinking design. Michael Boucher Landscape Architecture has a long history of design excellence through regularly teaming with other designers to successfully integrate new architecture and site designs into existing landscapes. Northeast Civil Solutions has particular expertise in environmental issues, and Whitten Properties has made environmentally sustainable homes the focus of its business. We also bring three experienced development partners to the team, all of which have a demonstrated commitment to both affordable housing and environmental sustainability: Bath Savings Institution, Coastal Enterprises, Inc., and Habitat for Humanity of Greater Portland (see Section 8). Due to a very competitive bid environment, we chose not to come in with a builder on the team. We feel we can attain greater affordability by putting the project out to a competitive bid.

2. EXECUTIVE SUMMARY

We propose a development with the following key points:

- 48 total units
- 20 at 80% AMI, 28 at 120% of AMI
- 18 multifamily condominium townhouse units, 10 duplex units, 20 single family homes

- 100% Platinum LEED certified
- Clustered in two main development areas and phased accordingly
- Preserving approximately two-thirds of net residential area
- Designed for a unique sense of place which balances the privacy of a natural setting with shared semi-public areas: not a cookie cutter subdivision
- Connected internally with natural paths and externally by allowing for connections to the regional trail network
- Small unit sizes (700-1100 sf)
- Flexible design which can be easily adapted to include ADA units
- Competitively bid to take advantage of a favorable bidding environment
- Non-profit partners Coastal Enterprises, Inc. and Habitat for Humanity
- Financing sources including AHP, CDBG, TIF, and donated land
- 100% open book financial statements

While our developed projects typically show a high degree of public input (see Section 6), this will come after we are selected by the Town and thus the initial design can only make broad assumptions of public goals as referenced in the RFP. Thus, Developers Collaborative's initial design approach is primarily driven by the opportunities and constraints of the site. These exist at both the macro level (how the site fits into the town-wide and regional context) and micro (existing conditions within the site itself).

Site

The site is in some ways very well-located for workforce housing development but in others it has very real limitations. While the site is very close to highway access, and convenient to employment areas within Falmouth, it is not located along an existing public transportation route, as would be the ideal site from a smart growth perspective. However, the identification of a site and willingness of the Town of Falmouth to make a commitment to workforce housing are major steps toward reaching the Town's stated goal of creation of new affordable units. While the site is not located adjacent to existing trail networks, future trail expansion should make connecting the site to the regional network a possibility. Nonetheless, the site location dictates that this will be a development primarily served by the automobile.

Within the site itself, there are significant constraints which drive both financing considerations and the proposed layout. However, there are also natural features on the site which can be amenities if it is sensitively developed.

The basic concept plan layout in the RFP recognized that there are essentially two developable areas on the site. The remainder is occupied by wetlands, potential or actual vernal pools, and associated setbacks. We have done some preliminary site engineering research which has informed the design. Some of the setbacks shown in the RFP concept plan are likely insufficient while others may not be necessary. While the question of vernal pool significance has not been dispositively answered at this stage, our approach has been to use the best available information in our design. Gravity sewer appears to be possible. Stormwater infrastructure will be more expensive due to the recent police station development. For additional information, please see Northeast Civil Solution's feasibility study, attached as Appendix C.

Since the largest of the two developable areas is furthest from the entrance to the site, infrastructure costs will be high. This condition is exacerbated by the likely presence of ledge outcroppings throughout the site. Combined, the presence of natural areas which cannot be disturbed and likely subsurface conditions will have a significant impact on site costs, and

therefore housing affordability. To mitigate this, a design somewhat denser than the RFP concept plan is proposed, thus amortizing the high site costs over more units. Developers Collaborative is proposing a total of 48 units with a mix of sizes, unit types, and price points. For more information, please see Appendix B, Falmouth Workforce Housing Preliminary Financial Analysis.

Housing Types

Given the Town's stated preference for a mix of housing types, it makes sense to design the first, smaller developable area ("Area 1") with denser unit types and include single-family homes as part of the second, larger area ("Area 2"). Multi-family buildings of approximately five units each were chosen for the first area, with a gradual transition to single family homes in the form of some duplex units along the entrance to the second area. While several design options are presented, the overriding consideration was the desire to balance the privacy of a natural setting with a sense of community in attractive, well-designed, energy-efficient housing. It is the intent of Developers Collaborative to achieve Platinum LEED status for all of the buildings in the development. For more information, please see Section 7.

Financing

Workforce housing development requires innovative financing sources in the most favorable of circumstances. While it is necessary to operate on assumptions at this stage, it appears that a number of financing tools will be necessary. Developers Collaborative has extensive experience with the assemblage of multiple funding sources in creative ways. For this project, preliminary financial feasibility studies indicate that financing sources might include \$400,000 in AHP funds, \$100,000 in CDBG, and an Affordable Housing TIF with a 70% tax shift over 30 years (see Section 7c). We propose a 100% open book process where by the town can see all of our financials at any time. We have found this to be an important component of our collaborative approach as it builds trust between developer and municipality right away.

Additionally, the development will be phased to maximize outside funding sources and mitigate risk. Phasing the development makes sense from multiple perspectives. While the fact that the site contains two discrete developable areas lends itself well to a phased approach, market considerations as well as financing sources also suggest development phasing.

The most market risk in this development is at the beginning. This is a new product for Falmouth. The few units that are available at comparable price points to 120% of AMI were all built a generation ago. While there is a demonstrated need, the first phase should still be designed to minimize risk, in part by dedicating the deepest subsidies to Area 1. This actually increases the likelihood of obtaining competitive funding such as AHP and even CDBG, which reward income targeting and LMI benefit, respectively. Phasing also dovetails nicely with the design concept that small, multifamily units are appropriate for Area 1. Less construction interest will be incurred by building the infrastructure in phases as well. With the average price of homes in Falmouth over \$400,000, a price of \$110,000 to \$130,000 for 14 of the 18 condominiums in Area 1 should be favorably received by the market.

Area 2 will provide some 30 units of housing, including six units built by Habitat for Humanity of Greater Portland. The typical price point for an 1100 sf home in this area will be \$230,000. The site will be laid out to take maximum advantage of the topography and special natural areas of the site.