

West Street Affordable Home Infrastructure

1. Summary

This grant will enable Habitat for Humanity of Greater Portland (HFHGP) to build the infrastructure needed to build eight affordable home ownership units on a parcel of land located on West Street in Freeport, Maine. The town has committed to a goal of creating more affordable homeownership opportunities in Freeport. This project will build four duplex style units, creating 8 new homes which will then be sold to 8 low income and very low income families. To keep Habitat homes more affordable for the homeowners, the costs of developing the land and building roads are not passed onto the eventual homeowners. This makes the CDBG funding essential.

Specifically, this CDBG grant will help to cover Habitat's costs of preparing the site and building the road that will provide access to the site for the creation of these units. These costs will include the clearing of trees, stumping the site, grading, bringing in utilities, installation of under drains, and the building of a gravel road and the first coat (binder coat) of asphalt on the road. The final top coat of asphalt which is not included in this proposal, would be done much later, after the houses are completed and ready for driveways, and after the heavy equipment is no longer in danger of tearing up the road. Completion of all this work would give us access to the site so that we start building homes. (A plan of the subject site is included in the addendums section of this application.)

These homes will go to low and very low income families who are looking to achieve the stability for their families that comes from owning your own home. Habitat partner families are required to show income that is at least 25% but no more than 60% of area median income for Cumberland County.

This project reflects a continuation and further evolution of a long and productive partnership between Habitat and the town. Habitat has built 5 affordable homes in Freeport over the past few years and this new project will be our biggest in Freeport to date.

The benefits of Habitat's efforts extend well beyond the families who move into the homes. The community will have 8 new taxpaying families who can work and support local businesses. Each Habitat home typically will engage approx. 800 volunteers in the process of planning, fundraising and constructing the house. This makes it truly a community building process for all involved.

2. What is the issue? Maine families lack access to simple, decent and affordable homeownership opportunities.

The lack of affordable housing is a significant issue in much of Maine, and is particularly acute in Cumberland County, the area that HFHGP serves. As shown in Chart A below, there are over 70,000 households in Cumberland County that are unable to afford even the median home price in the county. In the subject community of Freeport, there are over 2,100 households unable to afford the median priced home in the town. This represents over 63% of the households in the town. This means that many of the people who work in the schools, and the fire and police departments frequently cannot afford to live in the town they serve.

Housing Affordability Index

	Year	Affordability Index	Median Home Price	Median Income	Income Needed to Afford Median Home Price	Home Price Affordable at Median Income	Households Unable to Afford Median Home Price
Cumberland County, ME	2009	0.82	\$210,000	\$57,540	\$70,058	\$172,477	70,806 (61.9%)
Freeport, ME	2009	0.81	\$230,000	\$63,488	\$78,555	\$185,885	2,122 (63.7%)

As reflected in chart A above, Freeport has a severe shortage of affordable homeownership opportunities. The town of Freeport’s own comprehensive plan reflects a commitment to address this issue by working to create more affordable homeownership units. The plan specifically sets forth a goal of creating 15 additional ownership units that would be affordable to low income families, and 14 units that would be affordable for very low income families. This proposed West Street project will create 27% of the units identified in this high priority goal with just this one project.

Approval and funding for this CDBG grant is crucial because land and development costs are not passed onto the homeowner. In order to build these 8 affordable units, there needs to be 560 feet of road build, including all essential utilities, storm drains, hydrants, etc. if these costs were added to the cost of the homes being built they would move out of the realm of being affordable for many of the prospective homeowners.

In reality, Habitat is the only organization that is currently both able and willing to assist Freeport in building truly affordable homeownership units. If Habitat does not build them, they will not happen.

3. Management. The West Street infrastructure project will be overseen and managed by the Habitat staff. Habitat for Humanity was established in 1976 and has now completed over 500,000 homes, making it the largest home builder in the world. The Portland Habitat affiliate was founded in 1985 and has now constructed 54 homes in Cumberland County. The affiliates' Executive Director is a former residential contractor and has extensive construction management expertise encompassing several decades. Our Construction Manager also has several years of experience in construction management with our affiliate, and with the Habitat affiliate in Charlotte, NC. The Portland affiliate staff has many years of experience in managing construction sites, utilizing volunteers and contractors to build safe & decent homes affordably, and on a timely basis.

Once the homes are completed and have passed all inspections by local building officials, the homes are sold to low income families, who then repay their loan over the life of their mortgage. These dollars are then able to be used by Habitat to build even more affordable homes.

4. Readiness to Proceed. The West Street Project concept, including a recommendation that we apply for this CDBG grant, was unanimously approved by the Freeport Town Council on 12/21/11. The terms of the purchase and sale agreement have already been discussed and agreed upon. The P&S document itself is being prepared now, and will be executed prior to final submission of this grant application. We are already working with Andrew Johnston, Civil Engineer with SMRT, to prepare project drawings including infrastructure. Mr. Johnston has previously worked with us on two other successful Habitat subdivisions on a pro bono basis, and has a very solid understanding of our needs. The homes that we are planning to build are homes that we have built in the recent past, and therefore provide us with a good track record of construction costs.

Because of our long history of working with the town and building in Freeport, and because we are not asking for any zoning adjustments, we are not anticipating any substantive issues with the Project Review process.

As described in the Project budget in section 6, we will already have the proceeds from the completion and sale of three other houses in the spring of 2012. So upon approval of the CDBG grant, and receipt of the grant proceeds in the fall of 2012, we would anticipate starting the construction of the road and infrastructure in the spring of 2013, as soon as the roads are fully open for heavy equipment.

There are no known impediments to the commencement of this project.

5. Implementation schedule. The schedule is provided in the attached Appendix III.

As mentioned in section 4, we would expect to initiate the construction of the road and installation of utilities in the spring of 2013, as soon as the Maine winter allows roads to be open and accessible. The work to be done would include construction of 560' of road, installation of utilities, sewer pipes, storm drains with basins or swales, and the first (binder) coat of asphalt on the road. As can be seen in the schedule, the actual construction is expected to only take 3-4 months to complete once initiated.

6. Budget. The required threshold match will be attained in several ways. We are currently completing a three lot subdivision which will be completed in the spring of 2012. Upon completion of these homes in the spring of 2012, we will be selling them to the homeowners. These sales will generate net proceeds to Habitat of \$104,000 which will be utilized for the infrastructure costs for the West Street project. The \$104,000 amount represents 41% of the project cost, well in excess of the 20% match requirement.

The land for this project is being purchased from the town at a substantial discount at a cost of only \$5,000 per unit. There will be a total of 8 units constructed on the site so the total land cost will be \$40,000 for the entire project. This cost will not be incurred in the beginning of the project but will instead be paid later at the time of the sale of each finished unit at a rate of \$5,000 per unit. Therefore, no CDBG funds will be used for land acquisition costs.

7. Economic Development. This section not required.

8. Need for CDBG Funding. Habitat for Humanity's model is based on obtaining donations of funds and building materials that are then utilized by groups of volunteers to build affordable homes for low income families. To keep these homes affordable, the cost of acquiring and developing the land are not passed onto the new homeowner. This means that these costs need to be covered in some other manner, typically through grants or other major donations. While Habitat is adept at obtaining funds for construction of homes for families, it is far more difficult to raise such funds for road development and infrastructure costs. If the CDBG funds were not made available at all, Habitat would have to reconsider whether the project makes sense to proceed as currently conceived. At a minimum, if the requested CDBG dollars of \$143,000 for the road work on this project had to be re-directed from our home fundraising efforts, this would mean we would end up building at least two fewer homes for low income families, because we did not have the funds from this grant. This would represent a "lost opportunity" for creating more affordable low income family homes. It would also mean that we would have to postpone the start of the project until we were able to raise the needed dollars for the road work.

If it was necessary to raise funds for infrastructure, we would most likely have a two pronged approach. We would be identifying sources and submitting grant applications for such expenses. We would also need to initiate a new fundraising campaign, among businesses and individuals, for the specific purpose of raising funds for infrastructure costs for the project. If this was necessary it would cause a significant delay in the start and completion of the project.

If most, but not all, of the CDBG request was funded, leaving only a slight funding shortfall, and we were notified of the funding reduction in the spring of 2012, we would immediately set out to raise these funds as described above, in order to insure we had all funding in place prior to the anticipated start of road construction in spring 2013. It should be clearly understood that it is far more preferable for Habitat to be able to continue in our fundraising efforts for homes, rather than stop and delay the project until all road and infrastructure funds have been raised.

Attachments:

Appendix III Implementation Schedule

Appendix IV Completed Budget page

Detailed preliminary construction estimate

Site plan with proposed infrastructure improvements

Project Implementation Schedule

<u>Activity</u>	Q #1 J - S 2012	Q #2 O - D 2012	Q #3 J - M 2013	Q #4 A - J 2013	Q #5 J - S 2013	Q #6 O - D 2013	Q #7 J - M 2014	Q #8 A - J 2014
Contract/ Environmental Review	X							
Reporting		X	X	X	X	X	X	X
Complete engineering & Project Review Board	X							
Begin contractor bid process		X						
Hire contractor & complete Contracts / Permitting			X					
Begin infrastructure construction / inspections				X				
Complete infrastructure (Incl. road) & Inspections					X			
Project Completed:					X			

Appendix IV: Budget

Construction Projects				
Cost Category	CDBG Funds	Municipal Funds	Other Funds	Total
Design/Engineering			\$5,000 (In-kind)	\$5,000 (In-kind)
Land Costs				
Materials/Supplies (Included in Construction costs)				Included
Construction Costs	\$143,000		\$104,000*	\$247,000
Project Management By HFHGP				Included
Other				
1. Town Administration		\$1,000 (In-kind)		\$1,000 (In-kind)
2.				
Total Costs	\$143,000	\$1,000	\$109,000	\$253,000

Provide the basis for determination of budget amounts:

The infrastructure / road costs are based on a detailed budget provided by Andrew Johnston, Civil Engineer with SMRT. (Services are provided on a pro bono basis to HFHGP)

*HFHGP proceeds from sale of previously constructed homes, and set aside for this project.

**Habitat for Humanity West Street Duplexes
Preliminary Construction Estimate-Option 3**

Project Location: Freeport Maine

Location Factor

1.05

No.	Item Description	Unit	Amount	Unit Cost	Cost
	Road Pavement Construction				
	Excavation and removal	CY	540	12	\$6,804
	Suitable fill material (placed)	CY	269	15	\$4,237
	Sub-base gravel (placed)	CY	806	19	\$16,080
	Base gravel (placed)	CY	269	22	\$6,214
	Asphalt pavement (placed)	Ton	256	90	\$24,192
	Utilities				
	8" dia. PVC Sewer Pipe 6ft deep	LF	440	60	\$27,720
	Sewer Manholes - Average 6ft deep	EA	3	3500	\$11,025
	8" dia Class 52 Ductile Iron Water Main	LF	400	90	\$37,800
	2" blowoff	EA	1	400	\$420
	Fire Hydrant	EA	1	600	\$630
	Water Main Tapping	EA	1	2000	\$2,100
	8" DI Gate Valve	EA	1	1200	\$1,260
	Electrical and Comms Trenching and Conduit	LF	420	45	\$19,845
	Transformer	EA	1	7000	\$7,350
	Stormwater				
	Swales and or basins	SF	3000	12	\$37,800
	12" dia. HDPE Pipe Culvert	LF	50	45	\$2,363
	Contingency (20%)				\$41,168
	Total Estimated Cost				\$247,007

Road length 560

Road width 26

Paved width 22

