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**JOINT GRAND JUNCTION CITY COUNCIL AND  
GRAND JUNCTION DOWNTOWN DEVELOPMENT AUTHORITY  
SPECIAL MEETING  
VIRTUAL MEETING  
MONDAY, APRIL 4, 2022  
5:30 PM  
FIRE DEPARTMENT TRAINING ROOM  
625 UTE AVENUE**

- 1. Call to Order/Roll Call**
- 2. Open Discussion**
  - a. Richmark Companies
- 3. Executive Session**
  - a. EXECUTIVE SESSION TO DISCUSS MATTERS THAT MAY BE SUBJECT TO NEGOTIATIONS, DEVELOPING STRATEGY FOR NEGOTIATIONS, AND/OR INSTRUCTING NEGOTIATORS PURSUANT TO SECTIONS 24-6-402(4)(e)(I) OF COLORADO'S OPEN MEETINGS LAW RELATIVE TO AN ECONOMIC DEVELOPMENT/REDEVELOPMENT INCENTIVE AGREEMENT FOR RICHMARK COMPANIES FOR A POSSIBLE REDEVELOPMENT/DEVELOPMENT PROJECT AT 200 ROOD AVENUE, GRAND JUNCTION, COLORADO;
- 4. Adjournment**

RICHMARK  
**THE JUNCTION**









From Main Street towards Rood





## Agenda

- Where we were
- Where we are today
- Economic benefits
- What is the request
- Questions





## Where We Were

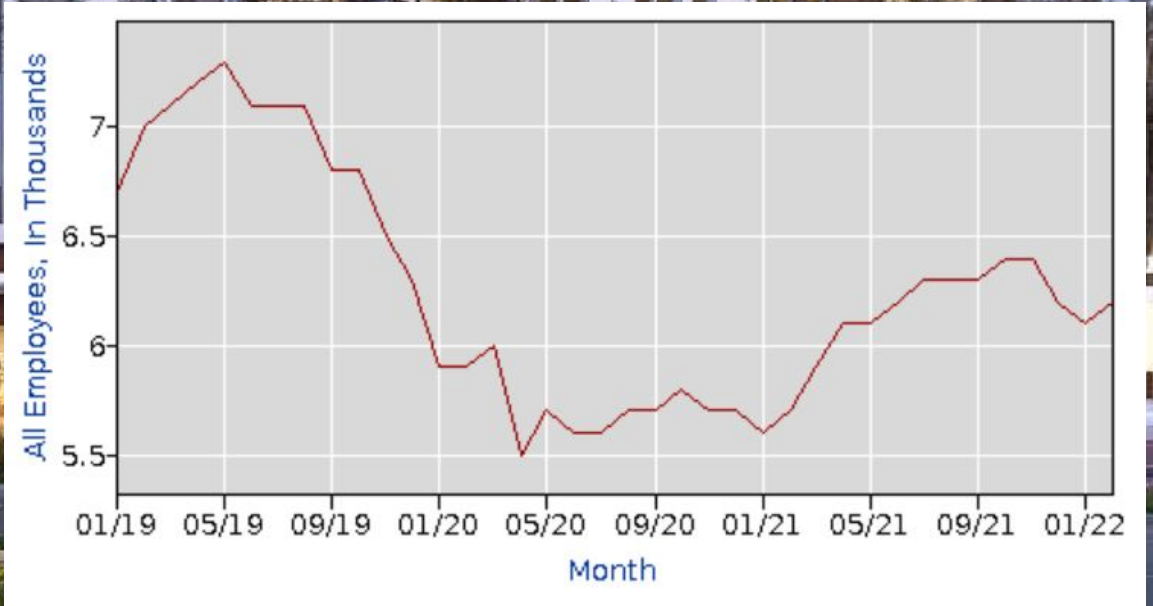
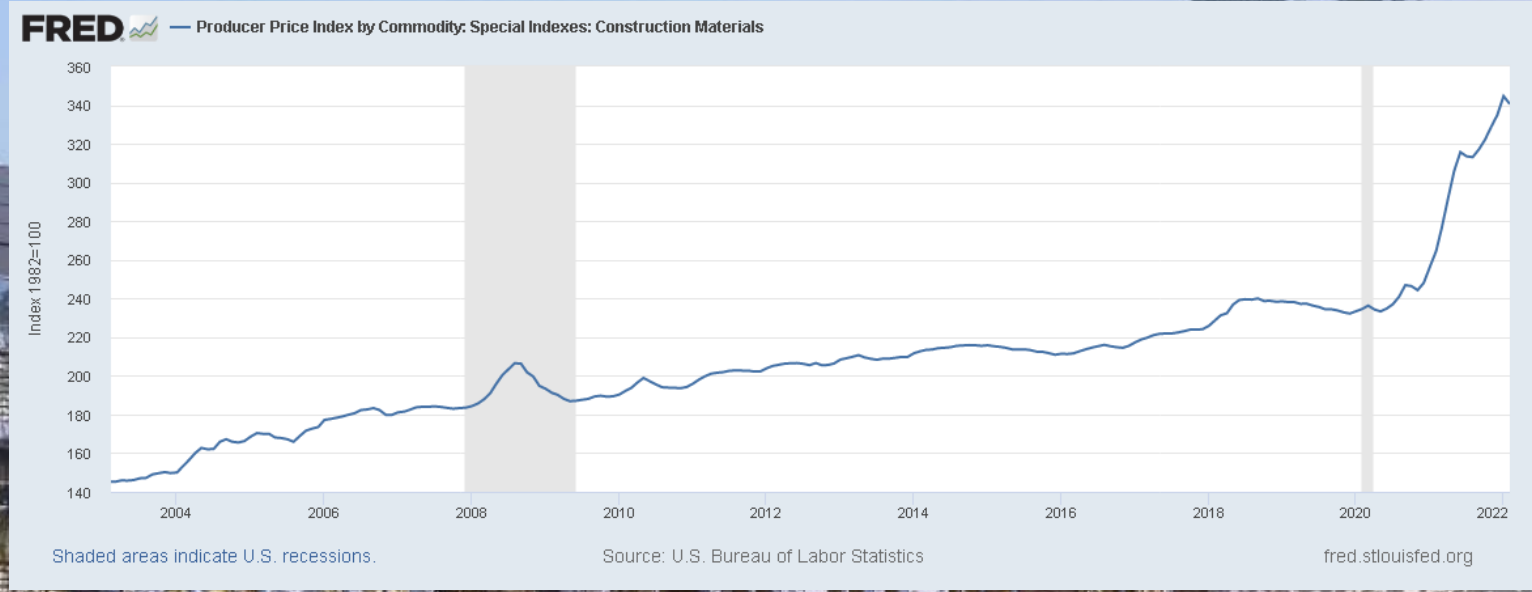
- Total Project Costs of \$59 Million
  - 10% of units held at 80% of AMI
- Economic Feasibility Gap of \$7.5 Million
- \$3 Million DOLA Grant
- Questions remained on the feasibility of the project





# Where We Are Today – Project Costs

- Total Project Costs of \$65 Million
  - Construction materials have increased by +/- 50% over the past 18 months. (U.S. Bureau of Labor Statistics)
  - GJ Construction Labor Force has lost 1,200 construction workers since 2019(U.S. Bureau of Labor Statistics)
  - Interest rates have increased 1% since the inception of this project last year.
  - Rates are anticipated to increase an additional 1% to 3% by end of year
- Economic Feasibility Gap of \$10 Million
  - 0% of units held at 80% of AMI
- \$3 Million DOLA Grant was denied





### Apartment Appraisers & Consultants, Inc., Market Study – February 22, 2022

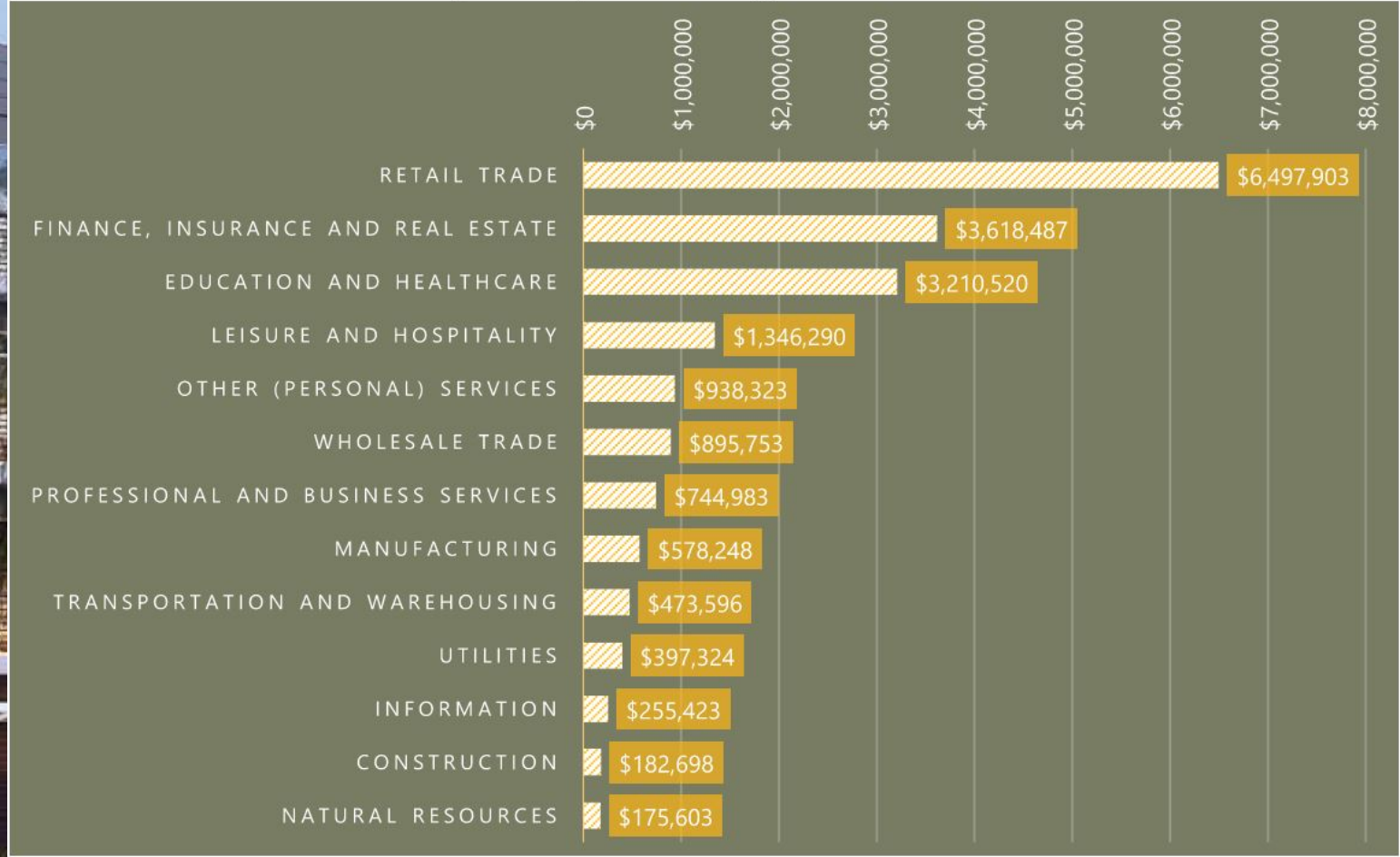
- **Proposed Supply & Demand is slightly undersupplied.**
  - “Under construction and proposed pipeline, including 257 units at the subject, is generally in balance with the demand over the next 3 years, if not slightly undersupplied.”
  - Overall vacancy rate projected to decrease to 0% in Year 1 (12 Months from today) and by the end of Year 3 (day we open), vacancy becomes positive, at 0.8%.
- **The Project will achieve stabilized occupancy.**
  - “An absorption rate of **18 units per month** is considered achievable for the subject” Assuming we begin pre-leasing 4 months prior to opening the project will be full in under a year.
- **Projected Rents are Achievable.**
  - “Projected rent increases of approximately 4% each year for the next three years. At the end of 3 years, the average effective rent based on the conceptual design is projected to be **\$1,336 per month**, which equates to **\$2.11 per square foot.**”
  - “Current market dynamics create an income mismatch in which higher income households are occupying homes affordable to lower income households. This leads developers to under-develop housing for middle income residents. This is likely due to the high proportion of multifamily units that are older driving price trends. Rents for these older units are likely not reflective of what new units could rent for.”



# Economic Benefits

- The Junction would support 485 jobs during construction
  - Add \$31mm in labor income within Mesa County.
- 257 units with an annual household income generating \$14.7mm in local sales
  - This project supports your existing businesses.
  - Residents come home when employees are leaving creating a 24/7 neighborhood.
- Retailers follow roof tops.
  - Our apartments in Greeley opened in 2020 and Natural Grocers opened in 2021.

**FIGURE 1: Annual Gross Sales by Sector (Mesa County)**





## The Request

- This Project is not financially feasible without the assistance of the City & DDA.
  - We are requesting a full fee waiver including impact fees, plant investment fees, tap fees, plan review fees, building plan review fees, permit fees, and use tax.
  - We are requesting that the City purchase the Rood Ave ROW.
    - Purchase price of \$153,192
    - Improvements \$146,807
    - Total - \$300,000
  - We are requesting the DDA provide annual assistance totaling \$3.5 Million through the term of the DDA.





# Questions?

