

RESOLUTION NO. 61-25

A RESOLUTION AUTHORIZING THE CITY MANAGER TO SIGN A LETTER OF INTENT FOR RURAL HOMES, LLC TO PURCHASE LOT TBD-3 OF APPROXIMATELY 1.245 ACRES AND LOT TBD-7 OF APPROXIMATELY 2.03 ACRES OF PROPERTY LOCATED WEST OF 28-1/4 ROAD, NORTH OF GRAND AVENUE, AND SOUTH OF GUNNISON AVENUE FOR AFFORDABLE HOMEOWNERSHIP DEVELOPMENT

Recitals:

In January 2025, the City of Grand Junction acquired the 21.78-acre Salt Flats property to support future affordable and attainable housing development.

Following a competitive Request for Proposals, Rural Homes, LLC ("Rural Homes")—an experienced affordable for-sale housing developer—was selected as one of the development partners for the site and as the developer for two phases of the project.

Rural Homes, with support from the City, will progress through the subdivision process to create transferable lots, including proposed Lots TBD-3 (approximately 1.245 acres) and TBD-7 (approximately 2.03 acres), located west of 28-1/4 Road, north of Grand Avenue, and south of Gunnison Avenue.

Rural Homes proposes approximately forty-eight (48) deed-restricted for-sale homes on the two lots (totaling roughly three acres), targeted to households at or below 100% of Area Median Income (AMI). The program anticipates a mix of two- and three-bedroom detached and attached homes (single-family, duplex, triplex townhome configurations), using off-site modular construction to accelerate delivery and reduce costs.

The Rural Homes concept employs standardized designs, bundled subcontracting, and value engineering, and emphasizes long-term affordability tools such as deed restrictions (including appreciation caps), avoidance of HOAs/metro districts to reduce monthly costs, and all-electric, solar-ready Zero Energy Ready Home specifications to lower ownership costs over time.

Rural Homes has recently delivered fifty-nine (59) affordable for-sale homes across Norwood, Ridgway, and Ouray using a financing approach that blends grants and low-cost construction capital, with prior loans fully repaid. For Salt Flats, the preliminary schedule targets Phase 1 completion in Winter 2026 and Phase 2 completion by Spring 2027, coordinated with the master site infrastructure timeline.

A Letter of Intent (LOI) with Rural Homes will establish site control for funding applications and outline principal terms for a future Purchase and Sale Agreement (PSA), including a reduced-price purchase of the lots, due diligence timelines, infrastructure responsibilities, and affordability covenants.

The City's Salt Flats initiative is supported by state and local investments, including a \$2.2 million Proposition 123 Land Banking grant (paired with a \$1.0 million City match) for acquisition, and a \$2.0 million More Housing Now grant from DOLA (with an \$800,000 City match) for infrastructure; selected partners across the site are expected to deliver between 324 and 475 mixed-income units with at least 70% meeting City and State affordability definitions.

This action is consistent with the City's 2024 Updated Housing Strategy, particularly Strategy 3 (Leverage City-Owned Land and/or Strategic Acquisition for Affordable and Mixed-Income Housing), and with voter-approved authority to utilize long-term ground leasing or conveyance structures to reduce barriers to affordable housing development.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION, COLORADO:

1. The City Manager is authorized to sign a Letter of Intent (LOI) with Rural Homes, LLC for the conveyance of Lots TBD-3 (approximately 1.245 acres) and TBD-7 (approximately 2.03 acres) within the Salt Flats, for development of deed-restricted, for-sale affordable housing.
2. The LOI shall outline principal business terms for a subsequent Purchase and Sale Agreement (PSA), including parcel boundaries and acreages; price and appraisal alignment; due diligence, entitlement, and closing timelines; infrastructure and off-site obligations; and affordability requirements, including a recorded 30-year deed restriction requiring sales to households at or below 100% AMI at prices significantly below market.
3. Execution of the LOI shall not obligate the City to convey property until a definitive PSA is negotiated and returned to City Council for consideration and approval.
4. City staff is authorized to take actions necessary to implement this Resolution, including preparation of legal descriptions, exhibits, and coordination with the Salt Flats master infrastructure schedule.

PASSED AND ADOPTED this 17th day of September, 2025.



Cody Kennedy
President of the City Council



Selestina Sandoval
City Clerk

