

AFFORDABLE HOUSING FINANCE

JUNE 2018
HOUSINGFINANCE.COM
VOL. 26, NO. 4

+
INSIDE
WHAT'S NEW WITH
CONSTRUCTION
LOANS

TROUBLE IN PARADISE

Developers respond to the desperate need for workforce housing in some of the nation's top travel destinations





Lion's Ridge in Vail, Colo., has created 114 workforce housing units for the famed mountain community.

COLORADO SKI TOWNS BATTLE UPHILL CLIMB

Vail, Colorado

For Oregon, Wis.-based developer Gorman & Co., partnering with communities and employers to provide workforce housing opportunities is in its DNA.

The firm started to work with waterparks in its home state a couple of decades ago to create needed housing in those communities. It has also partnered with regional medical centers, universities, and other companies to assist with their workforce housing needs. “Our strategy is to go to communities and ask what their needs are,” says Gorman & Co. chairman of the board Gary Gorman.

Lessons from these past developments have been brought to two famed ski resort communities in Colorado. “There’s a huge need for affordable housing in the town of Vail,” says Gorman.

According to Gorman, the town acknowledged it had a problem related to workforce housing. Vail owned an apartment complex that had deteriorated and had sent out several RFPs in the past, but developers couldn’t get to the finish line.

Gorman and a local partner decided to give it a go. “The difficulty was we had to essentially educate Vail’s leaders about what could be done affordably and what couldn’t, and that they had to bring resources to the table,” says Gorman. The town provided a ground lease and has a minor ownership stake.

Three years ago, the development team got to the finish line with the completion of a rehab of the existing building and new construction at the \$27.4 million Lion’s Ridge, which created 114 workforce housing units with no income caps for the community.

That development spurred a partnership between Gorman and mountain resort company Vail Resorts to bring workforce housing to the ski town of Keystone in nearby Summit County. Like Vail, land availability and high home prices are major issues in Keystone.

Kimball Crangle, Gorman’s Colorado market president, says vacation-rental platforms like Airbnb and VRBO also have had a significant impact on the housing stock. “We’ve seen a whole supply of housing disappear nearly overnight in the market. This particular area has lost nearly 1,500 units,” she says.

Gorman will break ground early this summer on the Village at Wintergreen, a 196-unit community in Keystone. It will include a 40-unit 9% LIHTC project that has already received an award; 36 units of seasonal housing that Vail Resorts will be master-leasing for the winter and summer seasons; and 120 units of workforce housing for year-round Summit County residents.

Vail Resorts is a key partner on the development, providing a ground lease on the land in addition to master-leasing the seasonal housing. The county is providing soft funding and a local property tax exemption for the tax credit component.

“If we had to buy that land, we couldn’t make the numbers work,” says Crangle.

Village at Wintergreen, with an estimated development cost of \$54.4 million for the affordable and workforce housing, will be delivered in phases and is expected to be on line within about 20 months.