

Two housing projects get the go-ahead from county

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Two very large housing projects in Watford City have been approved and purchasing agreements signed by the McKenzie County Board of Commissioners. One project will be 'The Homestead at Watford City,' developed by G.A. Haan Development and the second project is a proposal with Lutheran Social Services (LSS) for a large portion of the Cherry Creek Mobile Home Park and the six lots adjacent to 2nd Ave. SE. "We will be able to add another 100 to 150 units for the general public with both of these projects," said Gene Veeder, executive director for the McKenzie County Job Development Authority. "Affordable housing is a state-wide problem, not just in McKenzie County. We're probably more progressive than other communities, but most will tell you affordable housing is the biggest concern in the state right now."

The Homestead at Watford City will be located directly north of the water tower and comprises all the land that surrounds the Highlands. The total project will consist of three affordable housing projects.

According to Ben Ide, director of development with G.A. Haan Development, the first housing project, known as McKenzie Park Apartments, is a 60-unit family development consisting of two- and three-bedroom apartments, with 41 units reserved for essential workers, with rents restricted to 80 percent of area median income (AMI) and incomes restricted to 140 percent AMI; six units will be reserved for moderate income households with rents restricted to 50 percent AMI and incomes restricted to 80 percent AMI; and the remaining 13 units will be market rate.

G.A. Haan has received a commitment for Housing Incentive Funds from the North Dakota Housing Finance Agency and a commitment from McKenzie County for funds to assist with general project costs.

The second project, according to Ide, is known as McKenzie Village Apartments, which is a 40-unit senior development, consisting of one- and two-bedroom apartments, with eight units reserved for senior households with incomes and rents restricted to 30 percent AMI, and 31 units reserved for senior households with incomes and rents restricted to 60 percent AMI. There will be a single manager's unit.

G.A. Haan Development intends on applying for housing tax credits with the North Dakota Housing Finance Agency on Jan. 31, 2015. This is a competitive application process and they will be scored against other applicants across the state.

The third project, according to Ide, is currently unnamed, but will consist of a 60-unit family development of two- and three-bedroom apartments. Assuming the Housing Incentive Fund, or some other program, is authorized by the Legislature, they will be seeking funding. The Holm family has committed to donating land for this project as well.

"The Holm family donated the land for McKenzie Park Apartments and gave us a reduced purchase price for the McKenzie Village Apartments," said Ide. "The family has also committed to donate land for a second essential worker project if funding becomes available."

G.A. Haan Development hopes to break ground on McKenzie Park in the spring of 2015 and finish construction in the spring of 2016. If they receive approval of the housing tax credits, they would begin construction on McKenzie Village in the fall of 2015 and finish in the fall of 2016. The timing for the third project will be based on the availability of additional funding from the Housing Incentive Fund.

"One of the biggest factors in moving forward with this specific project," states Veeder, "is the senior housing component. G.A. Haan Development has agreed to build senior housing outside of the agreement with the

county.”

The Homestead at Watford City will also be the location of the new elementary school, once it gets built. The school board asked the Holm family earlier this year to present a formal proposal to locate a new school in the Homestead. That proposal was accepted.

The full project will cost \$23,079,498, which includes the land, hard costs, soft costs, developer fees, and the off-site costs. Hard costs are the ‘brick and sticks’ - the actual construction costs. The soft costs include construction loan interest, construction and permanent loan fees, architectural and civil design, appraisal fees, market study fees, environmental studies, equipment and furnishings, and marketing/lease up costs.

The reserves are a required operating fund for shortfalls in ongoing expenses equal to four to six months of anticipated operating expenses. Contingency is a hard cost contingency that is used to cover any unexpected construction costs. And off-site costs are the roads, curb, gutter, water, and sewer leading up to the edge of the site.

The funding sources for this particular project for the Homestead at Watford City, include the land contribution - the land donated by the Holm family; owner contribution - which is the equity G.A. Haan Development, as the owner, will be bringing to the project; HIF funds - from a program funded through the North Dakota Housing Finance Agency that provides a state tax credit in exchange for building essential workforce housing; a conventional mortgage; public funding of the off-site costs - the county contribution for the infrastructure; and public funding of the project costs - which is the county contribution for general project costs at McKenzie Park.

“The county has agreed to help with the infrastructure,” said Veeder, “which will allow access to the essential workforce units. G.A. Haan Development will own it however, not the county. We’ve found that we prefer to have other entities own the development. And G.A. Haan has done other developments, and they come highly recommended.”

“I think everyone agrees that finding a nice, affordable place to live is a serious issue in the area,” said Ide.

“Rents are extremely high, and it is almost impossible for a middle class family to afford housing expenses.

McKenzie County has had difficulty retaining new employees because of this, and McKenzie Park Apartments will reserve at least 36 units for county employees. This is truly a winning proposal for all parties involved. We look forward to being a part of the community and making a difference in the lives of the people we serve. This is an important project and we’re proud that the city and county placed faith in us to help solve their problem.”

The second housing project the county has signed a purchasing agreement for consists of a proposal for an affordable housing project with LSS. It will be located on land the county recently purchased, which entails part of the Cherry Creek Mobile Home Park and the six lots adjacent to 2nd Ave. SE.

“We’re still working out the details,” said Veeder. “It usually takes two to three months to close these deals. LSS has to pick their contractor, it will have to go through planning and zoning, and the financial package will have to clear.”

According to the most current proposal, LSS would move forward with a 72-unit building constructed in an ‘L’ design concept. Included would be a community room with a kitchen for group gatherings, an exercise room, and a ‘wireless tech room.’ The concept is to provide a community environment within the building. The building is dominant with a two-bedroom/two bathroom unit design as LSS has found it to be the most desirable.

“This project will go mainly to the general public,” said Veeder. “Some will be for essential workforce, but most of the units will be available for the general public. With the county purchasing this land, that will be the county’s total contribution to the LSS 72-unit complex to help in reducing the rental rates to the general public. The bottom line is for us to get units to the general public that are affordable. By leveraging it, we can get public housing as well. Hopefully, this option is providing units for other employers for their workers as well - it’s not just essential workforce housing.”

According to Veeder, this project will be LSS's third project in Watford City. LSS of North Dakota is a statewide social services ministry that provides nonprofit housing, food, disaster recovery, counseling and therapy, and other services to North Dakota residents. The mission of LSS Housing is to support community success by providing housing and housing-related services.

"We really like working with LSS," said Veeder. "They have a mission to be community-builders, they are not profit-builders. We're pretty happy with LSS. And they'll build nice units. LSS does a good job."

"I can't say enough positive things about the city and county," said Ide. "The leaders of both have been accessible and willing to take action. This area is lucky to have the group it has because the leaders at the city/county truly care about the area and want to have a positive effect on growth."

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