



# Developing Large Parcels





# **Habitat for Humanity**<sup>®</sup>

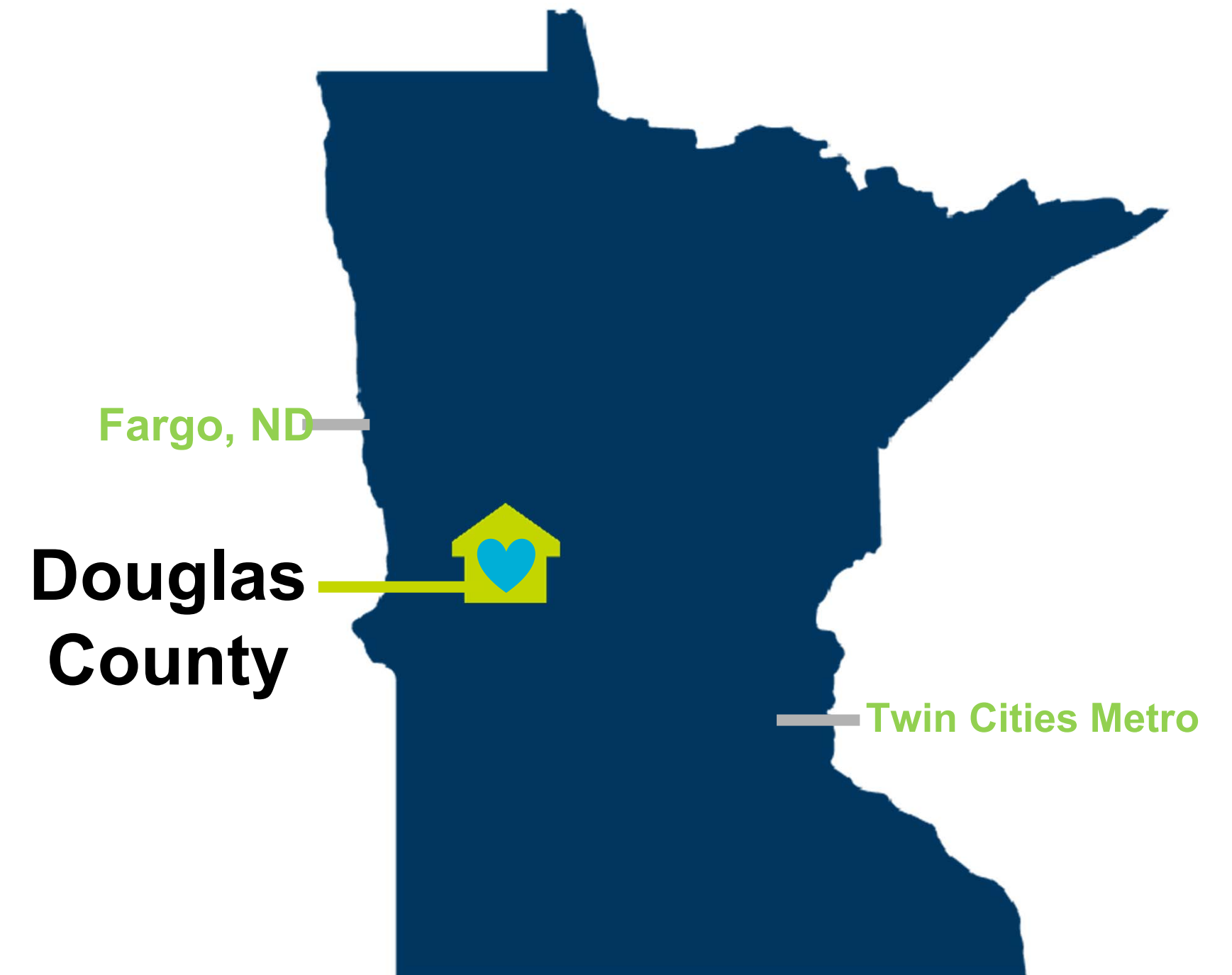
of Douglas County, Minnesota



**Lori Anderson**  
Executive Director



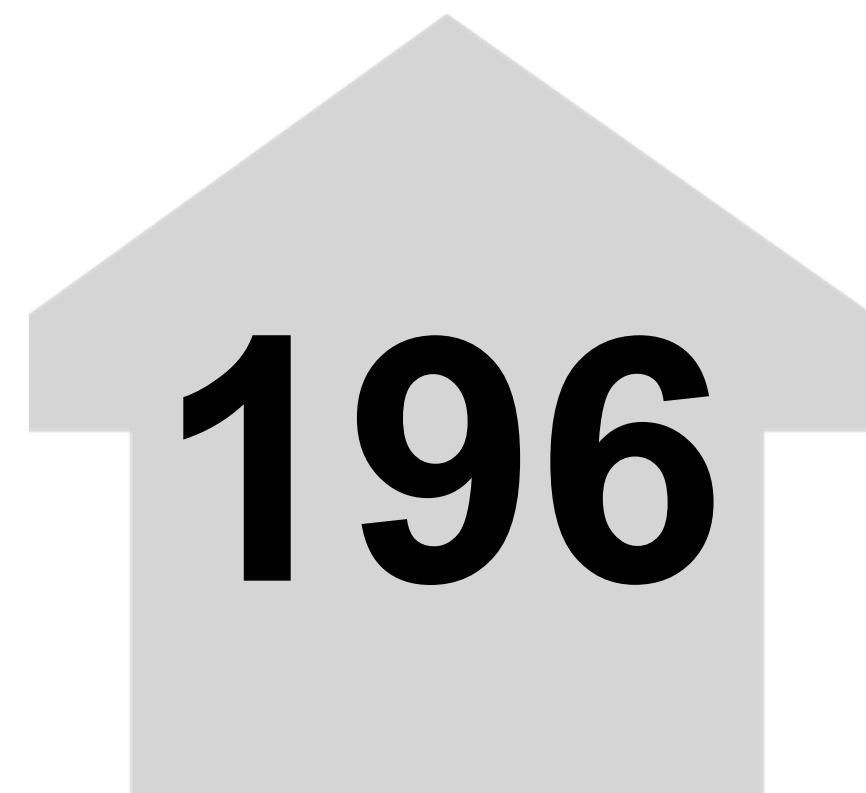
**Heather Smith-Ahrens**  
Director of Operations



- Douglas County, MN
- Population: 39,953
- GSA: Small Affiliate
- USDA 502 Eligible



# Served since 1997:



**families**



**individuals**



**homes built  
or improved**



**Aging in Place  
projects**



# Habitat for Humanity of Douglas County

- 70% of applicants want to live in Alexandria
- Build 4 to 5 homes per year
- Complete 25 Aging in Place Projects
- Top 10% of small affiliates in Habitat network

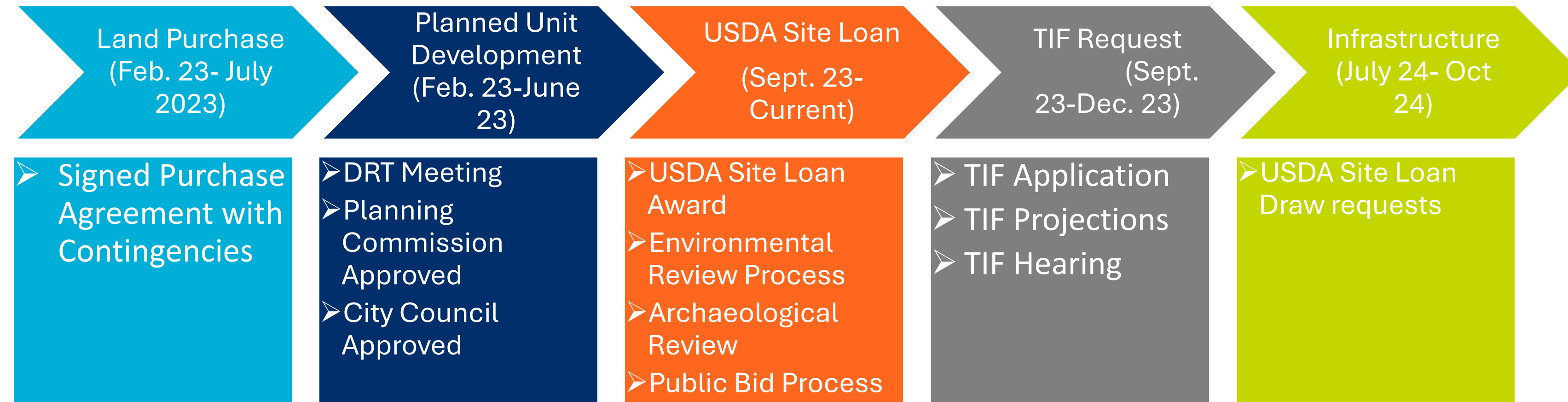


# The why

- Lack of land in most desired place to live in Douglas County.
- Lot cost had increased significantly for anything available.



# Timeline of the project

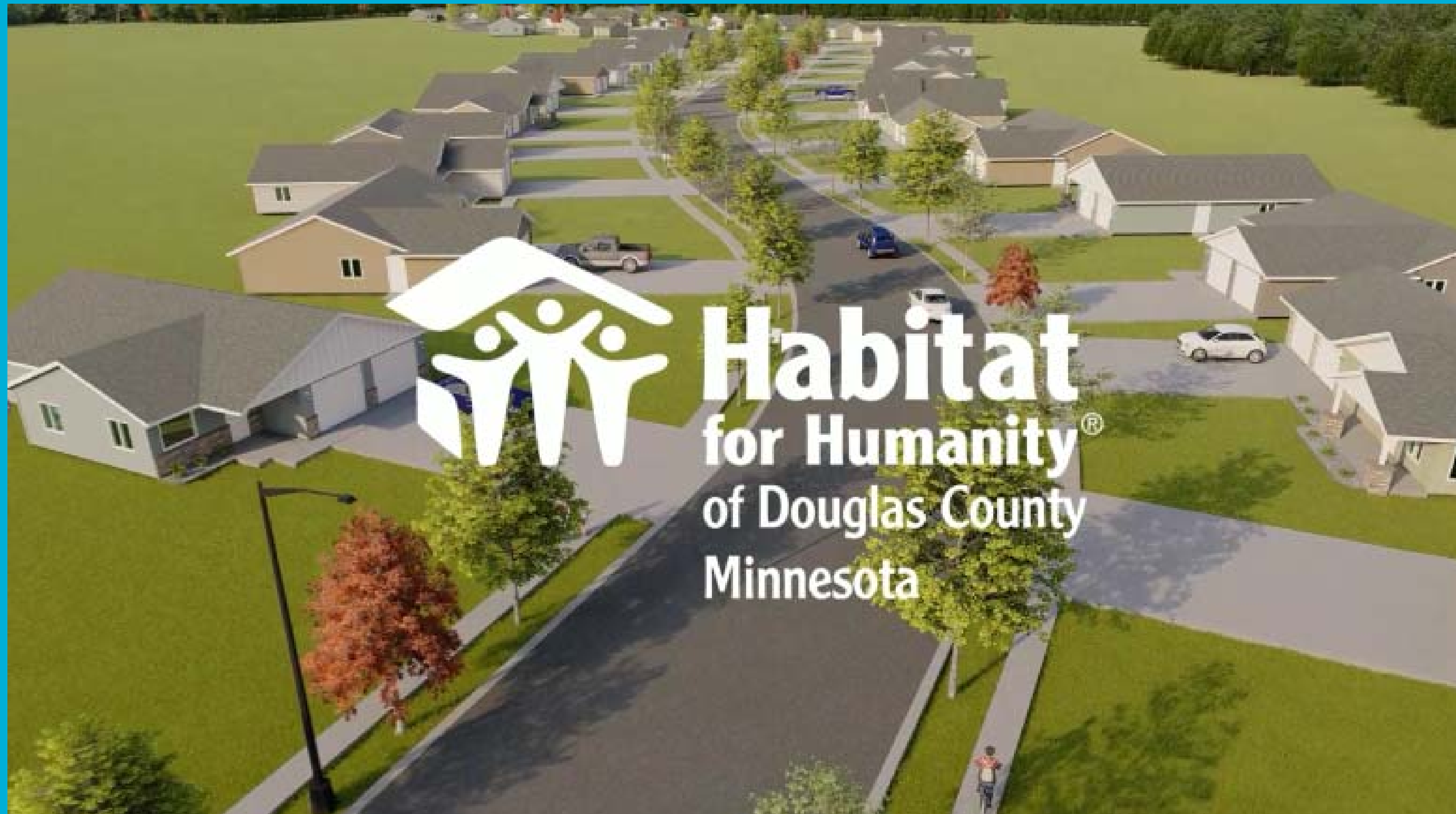


**Start to finish – accelerated timeline**

**February 2023 – October 2024**







# Desirable site characteristics

1. Sand vs clay
2. Level site
3. Adjacent utilities (sewer – water)
4. Deep adjacent sewer (no need for pump station)
5. Non-wooded
6. Non-collector road access
7. No groundwater
8. Layout allowing units on both sides of road (optimum 350' – 400' wide)
9. Funding options





# Purchase Agreement

- Ran in tandem with PUD planning.
- Special contingences to protect the interest of Habitat:
  - Habitat board approval – board would not approve until PUD was approved by the City Council thus this contingency allowed us to wait to make sure that happened.
  - Secured financing
- There were numerous amendments to the purchase agreement to extend closing until the two above items were secured.



# How many lots analysis?

TOTAL SITE PREPERATION COSTS SUMMER MEADOWS Sanitary Sewer from East - 28' Road Section - 35 Lots		
Habitat for Humanity Alexandria, Minnesota 12/Apr/2023		
Land Costs		\$360,000.00
Soil Borings		\$7,500.00
Construction		\$1,058,293.90
Engineering		
	-- Design & Construction Docs	\$75,000.00
	-- City Construction Inspection	\$40,000.00
	-- Construction Services	\$37,000.00
Land Surveying		\$21,000.00
Legal		\$2,000.00
Park Dedication		\$36,000.00
Platting Fees		\$650.00
Total		\$1,637,443.90
35 Cost per Lot		\$46,784.11

TOTAL SITE PREPERATION COSTS SUMMER MEADOWS Sanitary Sewer from East - 28' Road Section - 42 Lots - PUD		
Habitat for Humanity Alexandria, Minnesota 12/Apr/2023		
Land Costs		\$360,000.00
Soil Borings		\$7,500.00
Construction		\$1,132,556.90
Engineering		
	-- Design & Construction Docs	\$75,000.00
	-- City Construction Inspection	\$40,000.00
	-- Construction Services	\$37,000.00
Land Surveying		\$21,000.00
Legal		\$2,000.00
Park Dedication		\$36,000.00
Platting Fees		\$650.00
Total		\$1,711,706.90
42 Cost per Lot		\$40,754.93





# The Creation of the PUD (Planned Unit Development)

**Purpose:** Permit great flexibility in the use and design of structures and land in a situation where modification of specific provisions of this ordinance would not be contrary to its intent.

Allowed to maximize the development of the land by increasing density to decrease costs per lot.

Steps to creating the PUD:

1. DRT Meeting
2. PUD Application
3. Preliminary PUD – Planning Commission & City Council approval
4. Final PUD – within 12 months of approval of the preliminary PUD, the final PUD to be submitted with the city. This is when the new plat is recorded.





# The opposing side

- Increased density – parking/traffic
  - A traffic/parking study was completed by the city and sited in our PUD application.
- Negative impact on property values
  - Proof of appraisal values of the homes as well as context behind how value is determined.
- The stigma of “those homeowners”
  - Providing reassurance of setting homeowners up for success.



# Development Financing

- USDA site loan \$1.6 M pay off when we close a home, can be refinanced
- 26-year TIF district - \$1,078,200 TIF note
- Annual budget to fund 4 to 5 homes per year
- Total project cost projected at \$10,500,000



# USDA Section 524 Site Loan

**Program purpose:** To assist public or private nonprofits in acquiring and developing land in rural areas. These developed sites are then sold to very-low to moderate income families.

## **Terms of the program:**

- Fixed interest rate (HFHDC 4.125%)
- 5 year loan term (extended upon approval)
- Loan is repaid as the sites are developed and sold.
- Property must be located in an eligible rural area.

## **How can the funds be used?**

- Purchase and development of real estate (can not be used for the construction of the home)
- Construction of essential access roads, streets, utilities, and related equipment.

Find out more here: <https://www.rd.usda.gov/programs-services/single-family-housing-programs/rural-housing-site-loans#overview>





# Requirements for USDA funding

- Environmental Review
  - Archeological Study
- Appraisal
  - “AS IS” value of vacant land
  - “AS PROPOSED” value of developed land
  - Discounted value of developed land





# Archeological Survey





# Tax Increment Financing

- Education about TIF
- Advocacy for TIF
- Application
- TIF Hearing - Alexandria Housing Study
- City approved 26-year TIF district - \$1,078,200 TIF note





# TIF Valuations & Projected Increases

Alexandria Economic Development Authority  
Proposed Tax Increment Financing District #67

## TIF PROJECTIONS

### Valuations & Projected Increases

	Market	Tax Capacity
Estimated Original value	212,600	2,126
Completed Value after Initial Development	12,138,000	121,380
Captured / Increased Values	11,925,400	119,254

289,000	Average Market Value Per Home
2,890	Average Tax Capacity per Home
42	# of Homes

NOTES:

Assumes 2 homes built in 2024, 5 homes built per year for 8 years

Assumes all homes are 1,400 sq ft with a minimum market value of \$289,000

### Tax Rate Assumptions:

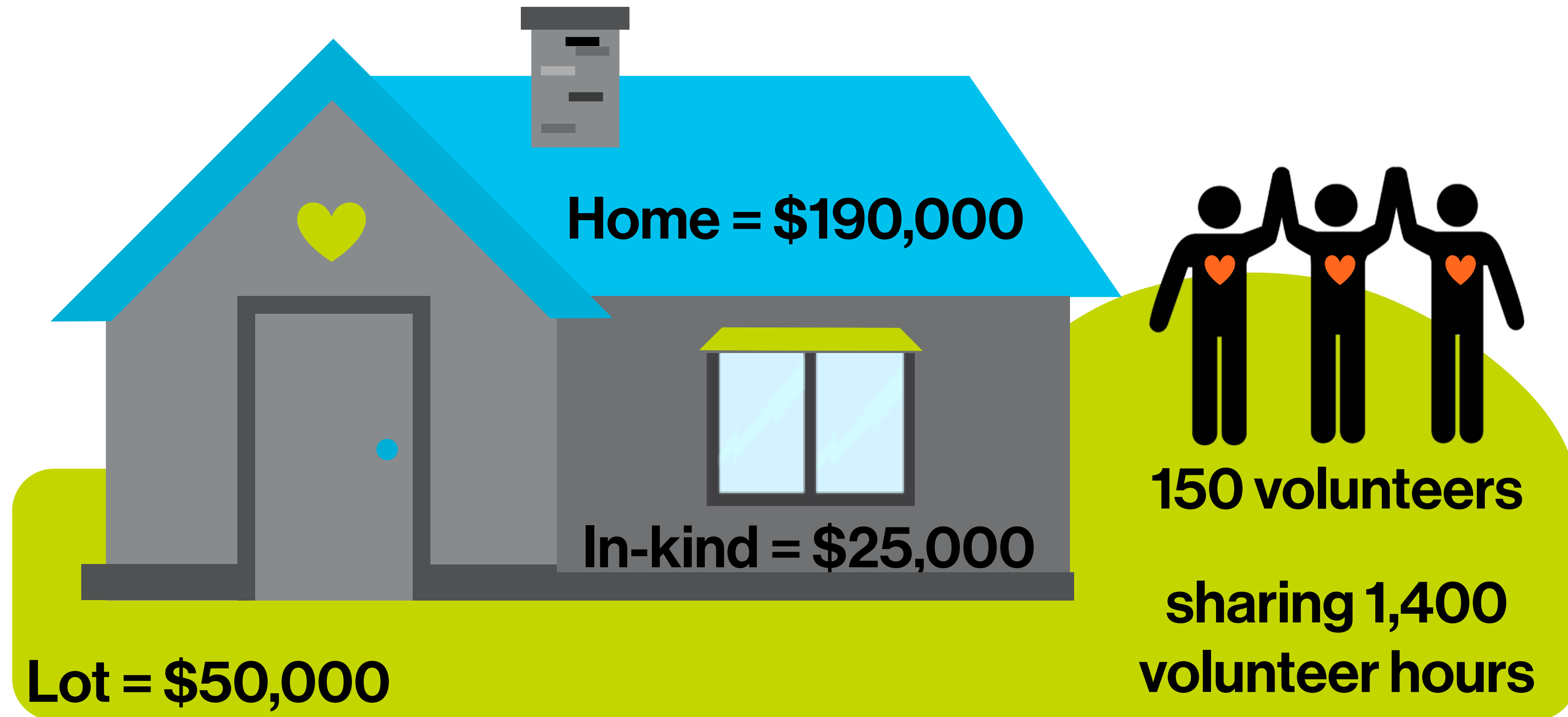
	Pay 2023 Tax Rate*	Est. Applicable TIF Tax Rate**
City	37.532%	37.532%
County	41.690%	41.690%
School	17.670%	17.670%
Other	2.500%	2.500%
State	0.000%	0.000%
	99.392%	99.392%



Projected Tax Increment						0% Assumed inflation rate:		Adjustments			TOTAL NET REVENUES
Payable Year	Original Tax Capacity	Projected Tax Capacity	Net Captured Tax Capacity	Less Fiscal Disparities	Retained Net Captured Tax Capacity	Projected Tax Rate	0.36% Less OSA Fees	Gross Tax Increment	10.00% Admin. Retainage	0.00% Other Deductions	
2024	2,126	2,126	-	-	-						
2025	2,126	2,126	-	-	-	99.39%		-	-	-	-
2026	2,126	5,780	3,654	-	3,654	99.39%	(13)	3,619	362	-	3,257
2027	2,126	20,230	18,104	-	18,104	99.39%	(65)	17,929	1,793	-	16,136
2028	2,126	34,680	32,554	-	32,554	99.39%	(116)	32,240	3,224	-	29,016
2029	2,126	49,130	47,004	-	47,004	99.39%	(168)	46,550	4,655	-	41,895
2030	2,126	63,580	61,454	-	61,454	99.39%	(220)	60,860	6,086	-	54,774
2031	2,126	78,030	75,904	-	75,904	99.39%	(272)	75,171	7,517	-	67,654
2032	2,126	92,480	90,354	-	90,354	99.39%	(323)	89,481	8,948	-	80,533
2033	2,126	106,930	104,804	-	104,804	99.39%	(375)	103,792	10,379	-	93,413
2034	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2035	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2036	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2037	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2038	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2039	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2040	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2041	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2042	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2043	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2044	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2045	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2046	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2047	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2048	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2049	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2050	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
2051	2,126	121,380	119,254	-	119,254	99.39%	(427)	118,102	11,810	-	106,292
								2,555,482	255,548	-	2,299,934
Present Value @ 5% >>											1,078,200



# What does it take to build a Habitat home?





# Team

- Dedicated staff member, team members on board
- Board members – engineering firm and construction
- City Planner, City Council and Planning Committee
- Economic Development Director
- USDA State Director
- Other Habitat staff
- Environmental review



# Summer Meadows home design – next level

- Match the exterior of the existing homes by adding brick & porches.
- Required a cement driveway which was not typical unless required by covenants.
- Picked a siding color selection as to provide some consistence.
- Construction committee & Habitat homeowner input such as closets, bathrooms, layout, etc.





# Progression of the Infrastructure





# Projection vs Actual vs Original Plat

TOTAL SITE PREPERATION COSTS SUMMER MEADOWS Sanitary Sewer from East - 28' Road Section - 42 Lots - PUD	
Habitat for Humanity Alexandria, Minnesota 12/Apr/2023	
Land Costs	\$360,000.00
Soil Borings	\$7,500.00
Construction	\$1,132,556.90
Engineering	
-- Design & Construction Docs	\$75,000.00
-- City Construction Inspection	\$40,000.00
-- Construction Services	\$37,000.00
Land Surveying	\$21,000.00
Legal	\$2,000.00
Park Dedication	\$36,000.00
Platting Fees	\$650.00
Total	\$1,711,706.90
42 Cost per Lot	\$40,754.93

Vendor/Subcontractor	Description	Cost
Alexandria Title	Land Purchase	\$361,116.13
Land Team	Engineering Services	\$115,081.95
Chosen Valley Testing	Other - Soil Analysis	\$3,830.00
Douglas County	Other - Property Taxes	\$6,119.90
City of Alexandria	Other - Application Fee	\$1,160.00
State of MN, Newspaper N	Other - Permit Fees, Notices	\$775.00
Hilltop Lumber	Other - Drafting Charges	\$500.00
Thomas-Lauren	Other - Appraisal Fee	\$3,000.00
CCI Surety, Tradesmen	Other - Fidelity Bond	\$3,005.00
USDA	Other - Loan Closing Costs	\$3,006.00
City of Alexandria/EDA	TIF, inspections, park dedicat	\$46,277.61
I&S Group, Inc.	Environmental Assessment	\$16,486.25
ALP	Street Lights	\$16,000.00
Blondo Consulting	Archeological Survey	\$11,723.88
Nyberg Surveying	Surveying, staking lots	\$21,371.00
Various	Other	\$133,254.64
Tradesmen Construction	Infrastructure Construction	\$1,210,937.21
Total Expenses:		\$1,820,389.93
Land Team	In-kind	\$14,986.90
Total In-Kind:		\$14,986.90
Total Project Cost:		\$1,835,376.83
Total Number of Lots		42
Cost Per Lot to Date:		\$43,699.45

## Our Why

26 lots as initially  
platted

Cost per lot:  
**\$70,600**



# Approval Process

- Planning Commission approved PUD request – June 2023
- City Council approved PUD request – June 2023
- Habitat Board approved land purchase – July 2023
- USDA Site Loan award – October 2023
- City Council approved TIF request – November 2023
- Habitat awards bid for infrastructure – Winter 2024
- Environmental Review Process – SHPO – Winter 2024
- Archaeological Review – Winter 2024





# Ground Blessing





# Lessons Learned



Strategic planning  
set course for  
development



Big project,  
compressed  
timeline



Listening sessions



Bids for engineering  
work



USDA site loan  
complexities



Actual cost lower  
than proforma





# Benefits



Team and Board alignment on a common goal



TIF financing allowed to invest in infrastructure in one phase



Transparency to community on Habitat build location



Costs savings in individual lot survey costs and excavation costs



Raised the profile of Habitat and the impact of 42 homes



Publicity set the stage for \$1M gift



# Things we didn't expect or consider

- Archeological Survey
- Maintenance of the development - snow removal/mowing
- Mailboxes





# Thank you!

## Contact us

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