

## Human Shelter, Inc./ AWRE HS JV, LLC's Bid for Ferrum Property RFP

We are pleased to submit the following bid in response to the Ferrum Property RFP for development of the single family housing section.

Who we are: AWRE HS JV, LLC is a joint venture between a for profit class A contractor and a nonprofit housing entity with a manufactured home dealer's license. The goal of the joint venture is both for profit and non-profit. Specifically, the for profit portion seeks to rehabilitate established housing, build new housing, and develop locations for that purpose. The non-profit portion seeks to provide reduced price housing to low income individuals through the use of sales tax exemptions, governmental programs open to non-profits, and reductions in retail price. Net profits not retained in the nonprofit entity are reported as normal income. Currently the nonprofit operates without employees, because the principals of the for profit entity operate the nonprofit. (Please note that most of our projects have both a for-profit and nonprofit objective, simultaneously.)

Our principals and their experience:

Carlton Booth—Recently joining AWRE full time, Carlton previously worked as a home center manager with Clayton Homes. During that time he worked through the ranks as a Home Consultant (1yr), Sales Manager (2yr), General Manager (7yr).

Booth has a unique mix of knowledge in manufactured home retail marketing/sales/financing as well as zoning/building/site selection/project management/contractor & vendor relations. Most recently Booth project managed the rehabilitation and relocation of CMH Homes Inc. #380 commercial retail location while also running the retail business at the old location. In Qtr3 of 2022 Booth and HC#380 were awarded the Virginia Manufactured and Modular Housing Association (VAMMHA) "Retailer Of The Year 2022" award for most outstanding manufactured home retailer in Virginia. Booth is also a licensed Property and Casualty/Life/Health & Annuities Insurance agent. Carlton is listed as the technical manager on the contractor license. Carlton's prior job consisted of sales, manufactured home site selection and installation, and home warranty and repair work.

Joseph Salvia—Employed in the insurance property claims industry for approximately 15 years, Joe has risen from a field adjuster to a supervisory position overseeing the field work of property claims adjusters. Familiar with the costs of repairs for derelict properties after having personally inspected or supervised those who did, and overseeing the generation and claims handling for thousands of dilapidated or casualty damaged properties, Joe brings significant experience in both construction knowledge and rehabilitation property selection.

David "Adam" McKelvey—Currently overseeing his 9th renovation/flip house, Adam has operated rental units and done flips for around 10 years. Adam is a licensed attorney, real estate sales agent, with two years of professional tax preparation experience with Intuit as well. Adam handles all of the legal aspects and is listed as the business manager on the contractor license.

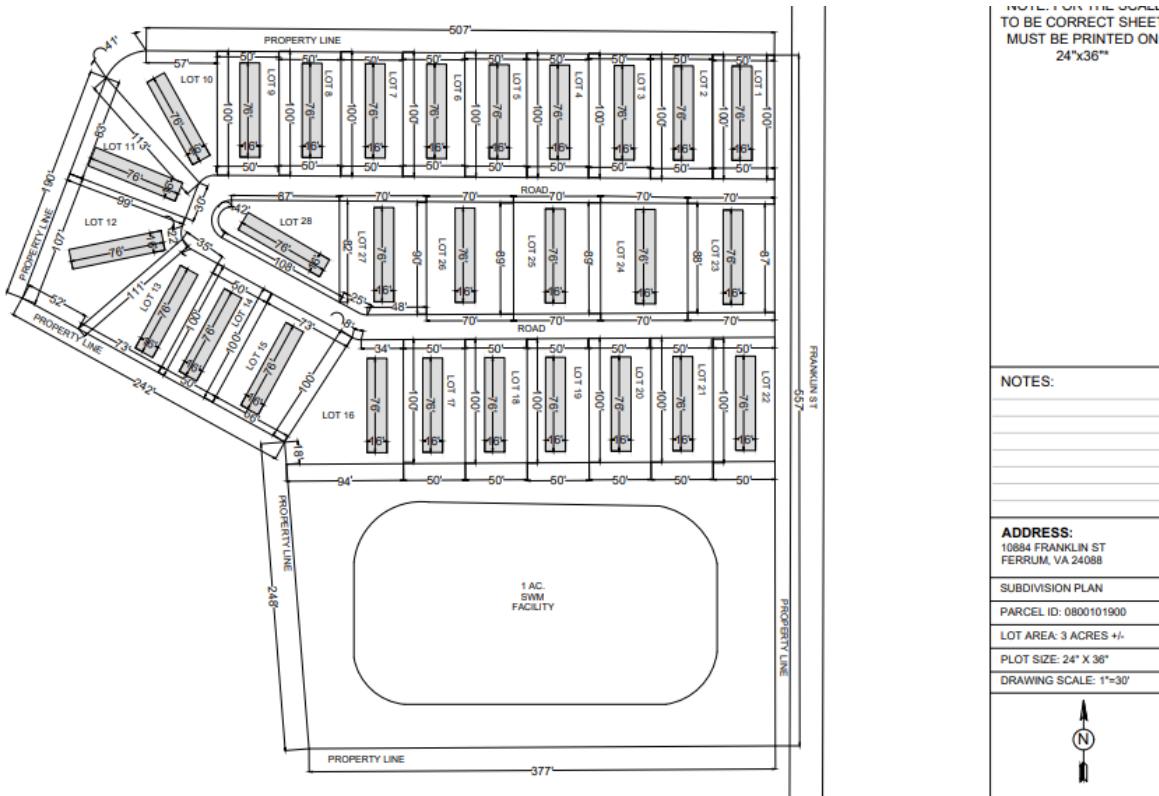
Currently, we are opening a manufactured home dealership at the intersection of Iron Ridge Rd and US 220 to sell manufactured housing produced in the Fleetwood Plant located in Rocky Mount in the Franklin County area.

Contact information:

Adam McKelvey; 27 Wyndermere Dr. Troutville, VA 24175; [adam@promisedlandhomesva.com](mailto:adam@promisedlandhomesva.com); 540-525-5695

Development Plan:

We seek to develop the portion of the property designated for single family housing via lot sales and speculative housing sales. We would provide several units at a time and simply expand as units sold. Our phases would be driven by demand, but we would look to doing approximately 7-10 lots at a time and 2-3 speculative houses at a time depending on demand. A proposed layout of the area follows:



We would anticipate starting on the front row and working backwards. The types of homes would consist of manufactured housing, including both HUD code and modulars depending on buyer requests.

We propose to gradually develop the land as demand is demonstrated with single family residential spec options and investor contracted multifamily housing. Given the more illiquid nature of multifamily housing and rural location of the land, we are hesitant to speculatively

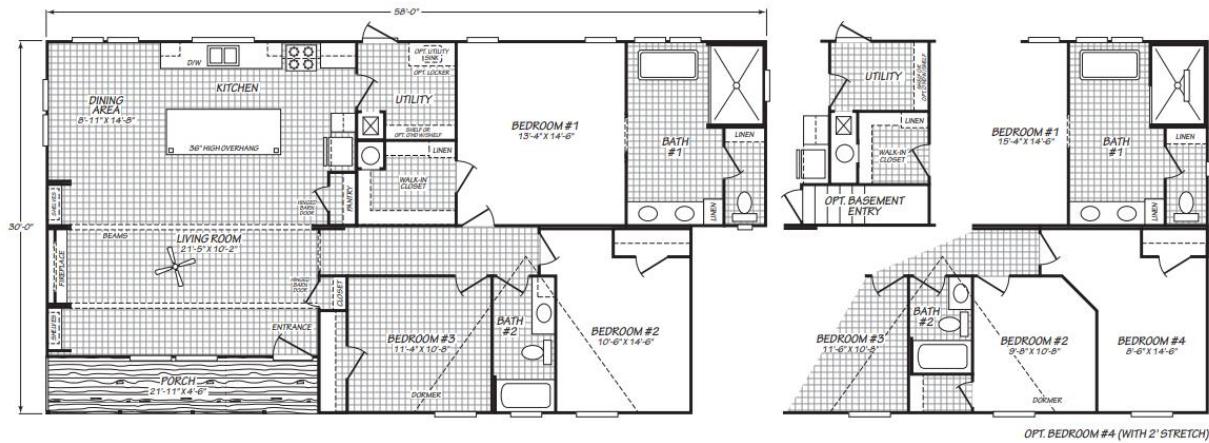
construct multifamily housing. We propose to confirm the presence of, and extend, public water and sewer, and all other utilities into the property as it is developed, developing from the front to the rear for that purpose. We propose to keep the lots wooded if septic systems are not necessary, both to control costs and preserve the existing wooded area. We propose differing lot sizes both to accommodate buyer preference, and to preserve the rural nature of the development. Buyers requesting larger lot sizes would be located toward the rear of the development to control utility installation costs. We would cluster similar lot sizes for aesthetic purposes. We would obtain an initial plat for the first phase and record the same. We would likely divide the project into 5 phases for simplicity, and record plats as new phases were opened. The plats would resolve all storm water and utility location issues for that phase of the project. We propose considering some level of logging to defray costs.

We would not want to commit to construction of specific housing without demonstrated demand. We propose a gradual development via several speculative housing options. In other words, we propose to place several different types of housing on the property, advertise them for sale, and then repeat as demand is shown. If one option sold significantly faster than another, we would want the ability to adjust our plans in response.

We are working with Virginia housing on multifamily HUD housing through our nonprofit entity, and expect to obtain some type of grant in the near future. We are waiting for the finalization of the grant requirements to apply. Additionally, if and when a financially qualified individual wanted multifamily housing, we could provide it or facilitate the work with another contractor.

Trailhead parking and other civic features would need to have a source of funding to be constructed. Portions of the profits from each land sale could be escrowed for this purpose once specific pricing was obtained.

The initial speculative home we would anticipate using is below:



## MODEL 32583H

3 Bedroom • 2 Bath • 1,552 Square Feet

©2023 FLEETWOOD HOMES INC. ALL RIGHTS RESERVED

Important: Because we continually update and modify our products, it is important for you to know that our brochures and literature are for illustrative purposes only. **ILLUSTRATIONS MAY SHOW OPTIONAL FEATURES.** All information contained herein may vary from the actual home we build. Dimensions are nominal length and width measurements are from exterior wall to exterior wall. We reserve the right to make changes at any time, without notice or obligation, in prices, colors, materials, specifications, features and models. Please check with your retailer for specific information about the home you select.

PE/270/MAR23 PES APPROVAL\_3/08/23



The use of new, low cost manufactured housing is essential to achieve the stated affordability goals of home ownership.

Demand Component	For-Sale Housing Gap Estimates – Ferrum, VA		
	Household Income (Sales Price)		
	<\$34,000 (<\$127,500)	\$34,000-\$54,000 (\$127,501-\$202,500)	\$54,001+ (\$202,501+)
New Households (2020-2025)	141	-8	417
Units Required for Balanced Market	74	28	44
Replacement of Substandard Housing	29	10	11
Commuter/External Market Support	28	19	62
Net Step-Down Support	37	298	-335
Less Pipeline Product	0	0	0
Total County Gap	309	329	111
Times Ferrum Capture Rate	10%	10%	10%
<b>Total Ferrum Housing Gap</b>	<b>31</b>	<b>33</b>	<b>11</b>

Inflation and materials cost likely put the left column out of possibility without subsidy. The second and third columns, up to \$202K, are only achievable with inexpensive housing options if a utility hookup subsidy is provided and/or connections are run to the location without charge to the developer. We would help apply for USDA §508 grants and grants from VA housing to do site development and utility development and/or request the County to provide these funds.

We would propose trailhead parking for hiking and four-wheeling to be installed at the area reserved for greenspace once funds permitted it. There are already plenty of trails on the property. This would account for the initial recreational and civic development. With Ferrum College up the street, indoor facilities for civic events simply duplicate what is likely already available for lease.

We intend that the homes be purchased by homeowners or landlords who will rent them out. We do not intend to retain anything for rental purposes. We will not restrict purchased unless required to under the terms of a grant or program.

Regarding financing, the applicants have access to \$500,000 in speculative housing construction money from the Small Business Administration and \$750,000 in “floor plan” money from Triad Financial. The SBA funds are available for site development and construction costs. The floor plan funds are available to cover the cost of the homes from ordering to sale, but not the construction costs. Letters certifying these lines of credit are attached. Regarding feasibility, with utilities and site work done, install costs on the proposed housing is approximately \$150K per unit. We anticipate selling them for approximately 170K to 200K. To the extent we are required to provide utility hookups, site development, or pay for the land, these margins and costs would increase proportionately.

We request that the county deed us the portion of the land we intend to develop at no cost, or accept gradual payments as units sell. While we could likely obtain financing on the land to purchase it, the remote location renders it a risk we are unwilling to bear.

Regarding prior experience, please see the statements at the beginning for relevant information.

Sincerely,

Human Shelter, Inc.