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## Housing budget process is called into question

The Housing Authority may want to rethink its budgeting process in light of the \$5.3 million revision to its estimate for subsidizing affordable housing at Burlingame, say local developers.

"There's a need to be worried - not panicked - but concerned," said private developer Tom Stevens, who specializes in affordable housing. "I'd say it's a fairly realistic goal to design Burlingame at current estimates, but I don't know many projects that could sustain a \$5 million bust in a perform, even at a preliminary budget stage."

When the Housing Board was presented with the dramatically adjusted estimate for the 225-unit project this week, a majority of the board seemed to take the huge hike in stride.

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One board member, however, is calling for a closer look at how the original estimate could have been so off the mark.

Originally projecting a \$1.45 million government subsidy for the project, the Housing Authority is now looking at a \$6.75 million subsidy after taking another look at the budget numbers.

"I'm disturbed about two things," said county Commissioner Mick Ireland, a Housing Board member. "One, I'm disturbed that our estimating/bidding process may not be good. Or two, our process is good and the market is changing that fast. Either way my confidence is shaken," he said.

"It's not inconceivable that there's been a complete change in the market. But if that's the case, and we're competing with people building at \$400 a square foot, where money is no object, the question then becomes what can we build at all when the time comes?" Ireland said.

Now, the total cost of Burlingame construction is estimated at \$50.2 million. Anticipating a mix of category 2, 3, 4, and 5 affordable housing units, the Aspen-Pitkin County Housing Authority is projecting a return of \$43.8 million after the units are sold. That would leave a public subsidy of \$6.4 million that would have to be covered through public funds.

At Wednesday's Housing Board meeting, however, the agency's planners told the board that \$6.75 million would be closer to the mark.

Earlier Burlingame estimates calculated construction costs at \$85 to \$100 per square foot. Those prices have been revised upward to \$140 to \$148 per square foot to more accurately reflect construction costs in Aspen.

Housing Board member Rachel Richards, also a City Council member, contends that, if anything, the revision at this stage in the process signifies the high caliber of the newer Housing Authority staffers for recognizing the earlier estimates were unrealistic. New to the staff are project manager Lee Novak and assistant director Mary Roberts.

In addition, Richards emphasized, Burlingame's subsidy per bedroom (at about \$12,000) is "half or less" of what most other affordable housing projects can boast.

But area developer Tim Semrau called the \$5 million miscalculation "totally inappropriate," especially when considering the scale of Burlingame.

"With Snyder, a 40 percent error in a 15-unit project cost about \$1 million, but multiply that by 200 units and the possibility is devastating," Semrau said. "Give me a dartboard and I could do better."

Work on the Snyder Park housing project was halted last year when construction bids came in at more than \$1 million over budget.

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