



# House Building Project

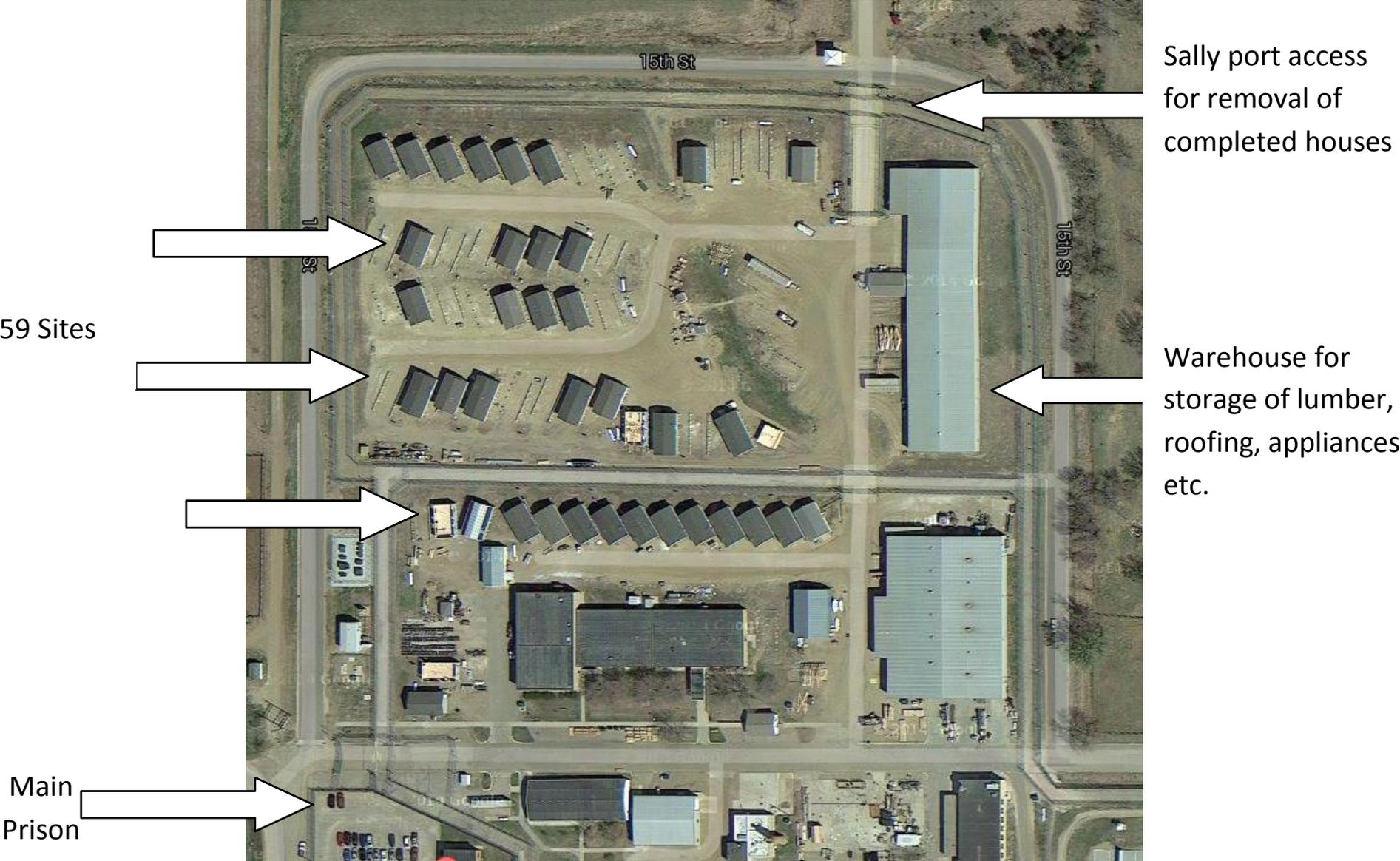
SE Iowa Regional Planning Commission

Iowa Prison Industries

December 8, 2017

# Overview of Proposed Project

- ▶ Modeled after South Dakota “Governor’s House” program;
- ▶ Stick-built 2BR and 3BR homes trucked to home sites;
- ▶ Operated by a nonprofit entity;
- ▶ Adjacent to the Newton Correctional Facility;
- ▶ Pipeline of apprenticed trades to the construction industry;
- ▶ Low cost homes for income-qualified buyers;
- ▶ Lower recidivism rates / fewer Iowa crime victims;



Mike Durfee State Prison (South Dakota)









12 Acres Proposed for Newton (SD has 40 sites on 10 acres)

# Apprentice Opportunities

- ▶ Floor Layer
- ▶ Painter (construction)
- ▶ Electrician
- ▶ Plumber
- ▶ HVAC installer, service
- ▶ Carpenter – rough, finish
- ▶ Dry wall applicator, finisher
- ▶ Building inspector

Cash Flow Model			2018	2019	2020	2021	2022	2023
			Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Homes Built and Sold								
	2BR Model (24x42=1,008 ft2)		-	2	4	8	16	16
	3BR Model (24x50=1,200 ft2)		-	4	8	20	40	40
Total Homes Built and Sold			-	6	12	28	56	56
Capital Investments			812,087	45,000	425,000	100,000	550,000	-
Operating Expenses (Staff, Offenders, Support)			52,250	277,200	310,800	455,890	476,890	476,890
Direct Materials			-	204,000	384,000	848,000	1,600,000	1,600,000
Loan Repayment			25,296	50,592	75,888	101,184	113,832	126,480
Delivery Costs			-	60,000	120,000	280,000	276,200	291,800
TOTAL CASH OUTLAYS			889,633	636,792	1,315,688	1,785,074	3,016,922	2,495,170
REVENUE (Including Delivery)								
	Loans (3%, 30-year)		1,000,000		1,000,000		500,000	
	2BR Homes	45,000	-	90,000	180,000	360,000	720,000	720,000
	3BR Homes	50,000	-	200,000	400,000	1,000,000	2,000,000	2,000,000
TOTAL REVENUE			1,000,000	290,000	1,580,000	1,360,000	3,220,000	2,720,000
CASH FLOW			110,367	(346,792)	264,312	(425,074)	203,078	224,830
CUMULATIVE CASH FLOW			110,367	(236,425)	27,887	(397,188)	(194,110)	30,720

# \$1.9 million for 3 major investments

Site Improvements						
Internal Fencing / Gates	612,087					
Site Work	50,000					
Design Fees	100,000					
Utility Access	<u>25,000</u>					
Total Site Improvements	787,087					
Buildings						
Warehouse			425,000			
Office / Classrooms	25,000					
Workshop - additions	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>100,000</u>		
Total Buildings	25,000	25,000	425,000	100,000		
Equipment						
Flatbed					400,000	
Semi					75,000	
Jacks, etc					75,000	
Other						
Tools		<u>20,000</u>	<u>-</u>		<u>-</u>	
Total Equipment	-	20,000	-	-	550,000	
Total Capex	812,087	45,000	425,000	100,000	550,000	<b>1,932,087</b>

Southeast Iowa Regional  
Planning Commission

**seirpc**



*We work with regional governments  
businesses and officials in*

***Strengthening  
Southeast  
Iowa.***



# Organizational Structure

- ▶ Establish new non-profit organization - potentially 501(c)(3);
- ▶ Contract with IPI for procurement, offenders, supervision;
- ▶ Nominal lease for state-owned land;
- ▶ Obtain loans, grants and donations for fixed and working capital, materials
  
- ▶ Board comprised of potential stakeholders:
  - Associated Builders and Contractors (ABC) of Iowa
  - Iowa Prison Industries / Iowa Department of Corrections
  - Regional Planning Commissions / Housing Trust Funds
  - Iowa Finance Authority
  - Trade Unions
  - Home Builders of Iowa

# Organizational Structure

- ▶ Sales network organized with regional planning commissions (councils of governments) as first point of contact;
- ▶ Individual homeowners, non-profit organizations, or contractors purchase the home through regional network which coordinates with IPI ;
- ▶ Regional organizations will coordinate any other loans, grants or relevant assistance available to purchasers;
- ▶ Regional organizations will ensure building sites are developable with prison homes;
- ▶ Homes are targeted to income-qualified buyers and should not compete with existing home builders;

# What Needs to Happen

- ▶ Secure funding for capital investments and operating capital;
- ▶ Incorporate non-profit once funding is imminent;
- ▶ Solidify sales, marketing structures with regional organizations in Iowa;
- ▶ Lay groundwork for apprenticeship programs;
- ▶ Make final decisions on home designs, offerings;
- ▶ Finalize financial plans and forecasts.