

How Did They Do It?

Discovering New Opportunities for Affordable Housing



Photo Courtesy of Brynn Grey Partners Ltd.



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- Community engagement in the final outcome
- Commitment to innovation and cost management to achieve pioneering green building in affordable housing
- Teamwork between nonprofits with complementary strengths

Acknowledgements

Deborah L. Myerson, AICP

Deborah L. Myerson is an urban planner with twenty years of experience in housing, community development, land use and transportation policy, and urban revitalization.

Ms. Myerson started as the director of affordable housing development for South Central Indiana Housing Opportunities (SCIHO) in November, 2016, where she brings her background as a planner as well as experience in program/policy development and grant proposal writing. She is responsible for growing the new nonprofit's organizational capacity and producing affordable residential development.

Previously, Ms. Myerson spent over a decade as an independent planning consultant. In her consulting practice, Ms. Myerson frequently authored case studies, reports, articles, and other publications on planning and real estate development topics. She has also presented regularly to professional audiences, particularly on initiatives to produce affordable and workforce housing.

As an adjunct professor at the Indiana University's School of Public and Environmental Affairs, Ms. Myerson has taught courses on housing policy and urban planning that engage students in real-life issues via community-based service-learning with local agencies.

Prior to establishing her own consulting firm, Ms. Myerson worked for the Urban Land Institute, a nonprofit research and education organization serving real estate developers based in Washington, D.C. As a member of ULI's land use policy group, Ms. Myerson managed research, education, outreach, and advisory services projects in land use policy and real estate, including housing policy, smart growth, environmental policy, and urban development.

Previously, Ms. Myerson was director of programs at Scenic America, a national nonprofit conservation organization headquartered in Washington, D.C. At Scenic America, Ms. Myerson directed national programs and authored publications on scenic byways, context-sensitive highway design, and other program initiatives aimed at improving visual quality in land use and transportation.

Ms. Myerson is chair of the American Planning Association's Private Practice Division and a member of the American Institute of Certified Planners. She is also a member of APA's Housing and Community Development Division. She earned a Master of Regional Planning degree from Cornell University and a B.A. from the University of Wisconsin-Madison.

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Executive Summary

With the resurgence of the housing market, and constraints on land supply and financing, many communities are facing increasing challenges providing an adequate supply of affordable housing. How are towns and cities making progress in the face of these challenges?

This report features a dozen detailed case studies from across the country that showcase the many ways in which communities can increase housing affordability. NAHB's new research reveals that multiple strategies—typically used in a variety of combinations—are needed to close the financing gap and make projects viable. Some of the dominant approaches that have helped communities increase the local affordable housing supply include implementing a strong local housing policy, engaging in effective public-private partnerships, and embracing high design standards.

Use a Good Map to Reach the Destination

Strong housing policy and planning efforts that recognize local housing needs and seek to map out a way to address them are an important foundation for many communities. One example of this is the Town of Frisco, in Summit County, Colorado, which enjoys the tourist economy of Colorado mountain towns but also faces housing challenges typical of high-demand resort communities.

Frisco undertook an intensive planning and development process to address a need for affordable housing for year-round working residents. Its partnership with Ten Mile Partners LLC produced the Peak One Neighborhood, a community of 69 single-family homes and duplexes.

Housing policy to expand affordability does not have to be only at the local level. Connecticut's Incentive Housing Zone program, established to guide communities to proactively plan for affordable housing, inspired the Town of Old Saybrook's land donation for affordable housing development. Ferry Crossing is a 16-unit affordable townhouse development developed as a joint venture between HOPE Partnership, a local

nonprofit housing advocacy group, and the Women's Institute for Housing and Economic Development, a regional nonprofit affordable housing developer.

Mix It Up

Mixing incomes and/or integrating a blend of uses can be an effective technique for expanding affordability. Mueller is the 700-acre, master-planned redevelopment of a former airport in Austin, Texas, designed to be a broad mix of housing, retail and office facilities. Developer Catellus, the City of Austin, Mueller home builders and apartment developers are working together to produce 5,900 homes at build-out, including a minimum of 25 percent of affordable units in the mix. Wildflower Terrace is one example at Mueller, with 201 market-rate and affordable senior rental apartments, as well as 5,500 square feet of ground-floor retail space.

Master-planned communities especially can be in a good position to offer affordability without additional subsidies, simply through the development's scale and range of housing types. At Daybreak, a 4,200-acre development that is entitled for 20,000 units near Salt Lake City, Utah, all units are market-rate. Yet, the price points start in the high \$100s for townhomes and low \$200s for single-family homes, even with million-dollar mansions nearby.

Create Room for Innovation

Producing affordable housing often benefits from creativity and considering new ways to use available resources. Located in the high-cost Washington, D.C., metro area market, Old Town Commons in Alexandria, Virginia, was produced with innovative financing. The redevelopment of a public housing property into 245 market-rate townhomes and condominiums and 134 public housing apartments succeeded by leveraging the high value of the land. The Alexandria Redevelopment and Housing Authority, the City of Alexandria and developer EYA forged a public-private partnership to unlock \$148.3 million of development capital to produce a vibrant, revitalized neighborhood.

Innovation can be especially compelling to produce affordable housing on a regional scale. The Atlanta BeltLine is a sustainable, multimodal transportation, recreation, and housing development plan along a 22-mile, historic rail corridor that encircles the City of Atlanta. One goal of the BeltLine project is the development of 5,600 units of workforce and affordable housing by 2030. To help achieve this goal, the Atlanta BeltLine Inc. (ABI) purchased an unfinished, upscale condominium project during the recession. ABI turned it into the Lofts at Reynoldstown Crossing, 28 units of owner-occupied, workforce housing, including three units for educators and first responders as part of the Atlanta Community Land Trust.

Make the Old New Again

The redevelopment of historic buildings—especially with the added potential financing from historic preservation tax credits and New Market Tax Credits—is often an excellent resource for new affordable housing in many cities.

The Arcade Building is an early 20th-century architectural landmark in downtown St. Louis, Mo., that had been vacant for nearly 40 years. Purchasing the property from the St. Louis Land Clearance for Redevelopment Authority, Minneapolis-based multifamily developer Dominion successfully redeveloped the space into the new The Arcade Apartments. The 500,000-square-foot building is now a mixed-use, mixed-income property featuring 202 affordable artist lofts, 80 market-rate apartments, and 50,000 square feet of office and classroom space leased to Webster University.

Located in Philadelphia's Kensington neighborhood, Oxford Mills is a historic rehabilitation and conversion of two late 19th- and early 20th-century industrial buildings into a mixed-use property with 114 apartments and 38,000 square feet of commercial/office space reserved for nonprofits. Ninety of the apartments are rented to residents earning up to 80 percent average median income, with 68 of those reserved for area teachers. Based on a model piloted in Baltimore, developers D3

Real Estate Development and Seawall Development LLC designed and programmed the space to be a supportive environment for educators.

It Takes a Village

Partnerships to assemble resources are at the heart of many affordable housing development projects. These partnerships, in turn, often help to gain vital support from the community.

Developed by the Fresno Housing Authority in California, CityView @ Van Ness was started at the same time as a five-year revision process to the city's downtown development code. City staff coordinated with the housing authority to align the project as closely as possible with this set of rules that are designed to guide the city's future growth.

The completed project replaced a long-vacant building in a highly visible location. As an anchor for the revitalization of downtown Fresno, the residents in the 45 units of workforce housing and the new commercial space both support downtown economic development.

Successful affordable housing initiatives not only benefit the residents but have a positive impact on the whole community. The Affordable Housing Corporation of Lake County (AHCLC) in the greater Chicago area is in the process of stabilizing neighborhoods in the villages of Mundelein and Round Lake Beach with the acquisition and rehabilitation of 50 vacant or abandoned homes, which are then sold to qualified home buyers. In addition to \$2 million from the National Foreclosure Settlement awarded to AHCLC through the Illinois state attorney general, the program has been supported by a line of credit, reduced or waived property liens and building permit fees and, perhaps most importantly, political support from the participating municipalities.

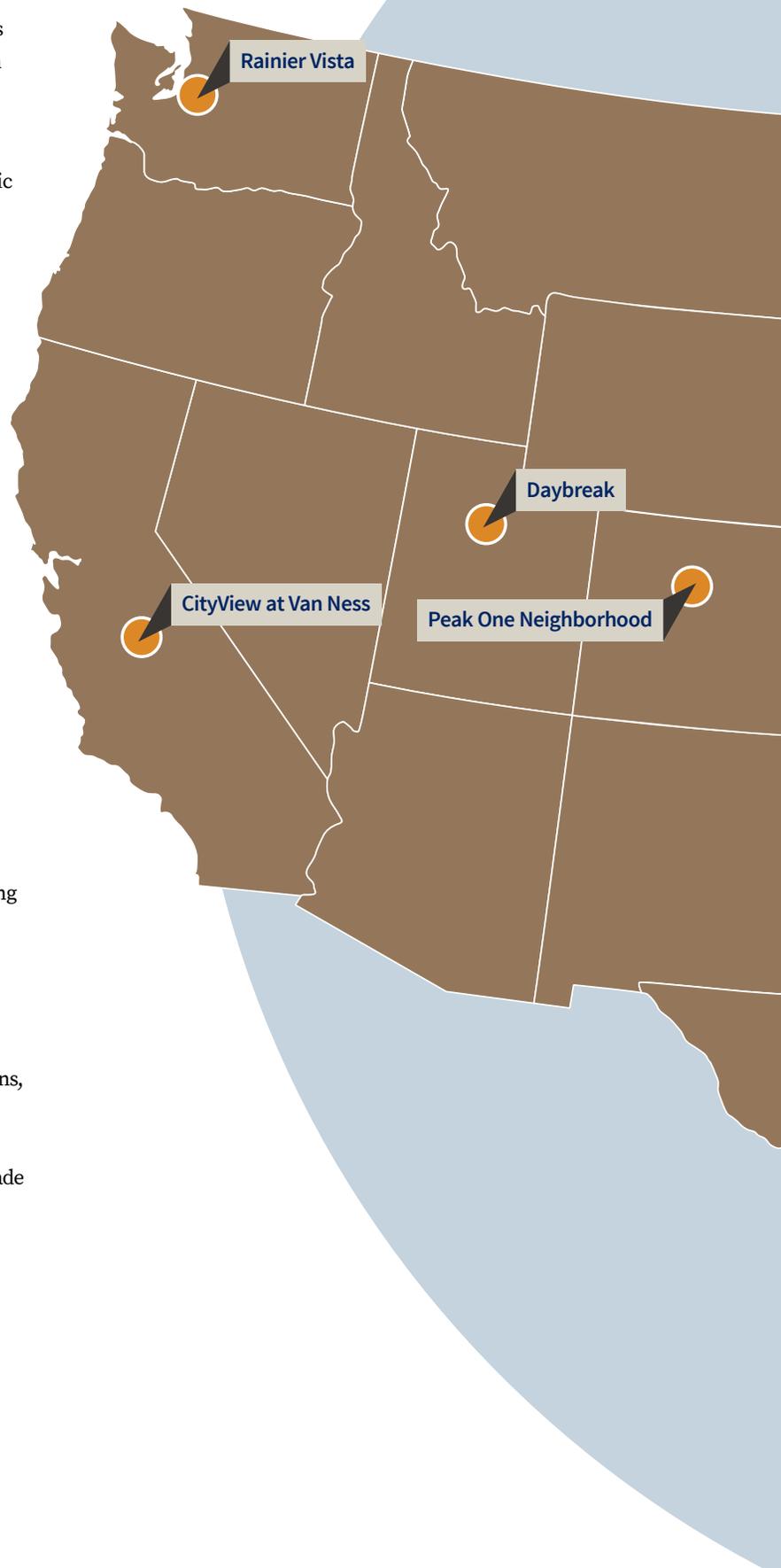
Expect Excellent Design and Sustainability

Everybody wins when affordable housing is attractive and energy efficient. Development projects can do this by adopting high design standards and pursuing green building for sustainability.

The Seattle Housing Authority's redevelopment of its Rainier Vista property replaced 481 deteriorating public housing units built in the 1940s with 1,092 new mixed-income housing units for renters and home owners. Planning for Rainier Vista centered on creating a transit- and pedestrian-oriented community that would be integrated into the existing neighborhood. All builders on the project were required to follow guidelines in SHA's design book, with design choices ranging from placement of houses along the street to details such as rooflines, porches, fences and color.

Located just south of downtown Minneapolis, The Rose incorporates pioneering green building techniques among its 90 mixed-income apartments. Minneapolis-based housing nonprofits Aeon and Hope Community, co-developers of The Rose, aspired for the project to implement the International Living Future Institute's Living Building Challenge to achieve net zero energy and water consumption. With sustainable features that include nontoxic building materials, solar thermal panels and onsite stormwater treatment, The Rose is considered one of the most environmentally sustainable affordable apartment projects in the United States.

Each of these dozen projects contains valuable innovations, even amidst the typical complexities of the affordable housing development process. This report elaborates in detail on the strategies, policies and partnerships that made each of these affordable housing projects work.



2016 Featured Project Locations



Project	City	State	Product Type	Total Units	Affordability
Peak One Neighborhood	Frisco	Colorado	Single-Family Detached and Duplex, Owner-Occupied	69	61 limited-equity (80 to 160 percent adjusted median income, or AMI) and 8 market-rate. Downpayments were also made available through the Summit County Housing Authority.
Ferry Crossing	Old Saybrook	Connecticut	Multifamily Rental	16	Units are available for families earning 25 to 80 percent AMI. Four units targeted to families who are living in motels, homeless, or at risk of homelessness, and two units targeted to military veterans referred by the US Department of Veterans Affairs, which will also provide support services.
Wildflower Terrace at Mueller	Austin	Texas	Multifamily Rental	201	Senior (age 55 and up) mixed-income rental, mixed-use: <ul style="list-style-type: none"> • 26 units at up to 30 percent median family income (MFI) • 60 units up to 50 percent MFI • 85 units up to 60 percent MFI • 3 units up to 80 percent MFI • 27 market rate units
Daybreak	South Jordan	Utah	For-sale, rental, single-family, townhouse, and multifamily	4,500 units built 20,000 units entitled	Market-rate affordability without additional subsidies.
Old Town Commons	Alexandria	Virginia	Townhomes, triplexes, multifamily, condominiums	379	Market-rate and public housing. Affordable units serving households earning up to 50 percent of AMI: <ul style="list-style-type: none"> • 134 public housing apartments • 159 market-rate for-sale townhouses • 86 market-rate multifamily condominiums
Lofts at Reynoldstown Crossing	Atlanta	Georgia	Multifamily For-Sale	29	Workforce (up to 100 percent AMI): <ul style="list-style-type: none"> • 25 workforce • 3 workforce/community land trust • 1 market-rate

Funding Sources	Deal Makers
<p>Town of Frisco: Land donation and fee waivers Brynn Grey Partners, LLC: self-generated, private equity, construction lending fund.</p>	<ul style="list-style-type: none"> • Donation of town-owned land for affordable housing development • Local affordable housing policies • Dedicated funding to support affordable housing • Successful public engagement and comprehensive master planning • Deed restrictions for qualified incomes and residency • Limited equity appreciation for permanent affordability
<p>Federal Home Loan Bank of Boston Liberty Bank Connecticut Department of Economic and Community Development</p>	<ul style="list-style-type: none"> • Incentive Housing Zone program established to guide communities to proactively plan for affordable housing • Technical assistance from the Housing Connections of Connecticut program, a partnership between Local Initiatives Support Corporation (LISC) and the Connecticut Housing Coalition • Project financing from the Connecticut Department of Economic and Community Development, Liberty Bank, and the Federal Home Loan Bank of Boston. • Strong community support to meet housing needs for residents priced out of current supply of market-rate housing • Nonprofit advocacy organization to spearhead community engagement • Experienced nonprofit housing developer to secure financing and oversee construction • Municipal land donation and remediation to lower the cost of development
<p>Nine percent Low Income Housing Tax Credits: \$14,531,000 City of Austin General Obligation Bonds: \$2,000,000 Mueller Foundation: repayable seed money</p>	<ul style="list-style-type: none"> • A robust public-private partnership • Substantial, long-term public engagement • A strong public policy commitment to affordable housing • Design guidelines and review process for a cohesive neighborhood fabric
<p>Self-financed (Initial investments) Community Development Areas, South Jordan City (2008) South Jordan infrastructure assessment bond (2016)</p>	<ul style="list-style-type: none"> • Mixed-use development • Variety of housing types and price points • Green building • Sustainable development • Multimodal transportation options • Pedestrian-friendly design
<p>Nine-percent Low Income Housing Tax Credits City of Alexandria: loans for gap financing Leveraging of high land values</p>	<ul style="list-style-type: none"> • Strong housing market • Collaborative public-private partnership • Experienced developer of mixed-income communities • Leadership from the housing authority • Supportive city council • New community center
<p>Atlanta BeltLine Affordable Housing Trust Fund Atlanta BeltLine Tax Allocation District Bank of America (mortgage financing) Fifth Third Bank (mortgage financing)</p>	<ul style="list-style-type: none"> • Strategic adaptive reuse that emerged from a failed upscale condominium development • Housing and transportation linkages for sustainable development • Rapid turnaround from acquisition to closing • Pilot for community land trust condominium units • Drawing for units that generated quick and successful closings • Land banking of 1.4 adjacent acres for future development • Providing accessible and affordable financing to workforce buyers

Project	City	State	Product Type	Total Units	Affordability
Arcade Apartments	St. Louis	Missouri	Multifamily Rental	282	Mixed use, mixed-income: <ul style="list-style-type: none"> • 202 affordable units (restricted to artists) • 80 market-rate
Oxford Mills	Philadelphia	Pennsylvania	Multifamily Rental	114	Mixed use, mixed income: <ul style="list-style-type: none"> • 90 affordable to up to 80 percent AMI (68 reserved for teachers) • 24 market-rate
CityView at Van Ness	Fresno	California	Multifamily Rental	45	Affordable (50 to 60 percent AMI)
Affordable Housing Corporation of Lake County	Libertyville	Illinois	Single-family detached	50	Acquisition, rehabilitation, and resale
Rainier Vista	Seattle	Washington	Multifamily, single-family attached and detached; rental and owner-occupied	1092	Mixed-income units: <ul style="list-style-type: none"> • 411 onsite public housing rental units • 70 off-site replacement public housing rental units • 154 affordable rental units (<80 percent AMI) • 58 affordable for-sale housing units (<80 percent AMI) • 216 market-rate, for-sale housing units • 183 market-rate rental (forthcoming)
The Rose	Minneapolis	Minnesota	Multifamily Rental	90	Mixed-income : <ul style="list-style-type: none"> • 47 affordable (up to 60 percent AMI) • 43 market rate

Funding Sources	Deal Makers
<p>Baker Tilly BMO Harris Bank Central Bank of Kansas City City of St. Louis Land Clearance for Redevelopment Authority Community Renewal and Development Corp. Cornerstone Real Estate Advisors Enhanced Historic Credit Partners Enterprise Bank & Trust Missouri Department of Economic Development Missouri Housing Development Commission National Trust Community Investment Corp. St. Louis Development Corp. St. Louis Industrial Development Authority U.S. Bancorp Community Development Corp. U.S. Bank Webster University</p>	<ul style="list-style-type: none"> • Historic rehabilitation of a local landmark • Vibrant mixed-use redevelopment • Downtown revitalization • Public-private partnership • Widespread support and will to transform a derelict but architecturally significant property
<p>Enterprise Social Investment Corporation (ESIC) New Markets Partners, L.P. National Trust Community Investment Corporation Philadelphia Industrial Development Corporation TD Bank</p>	<ul style="list-style-type: none"> • Successful partnership of mission-driven private developers • Workforce housing for an underserved market • Creative financing of affordable housing with New Market Tax Credits • Attractive rehabilitation and conversion of a formerly derelict industrial property • A successful model for development replicable across different markets • Neighborhood revitalization
<p>Better Opportunities Builder, Inc. City of Fresno HOME funds Fresno Housing Authority Low Income Housing Tax Credits PNC Real Estate</p>	<ul style="list-style-type: none"> • Housing authority engaged in community building • Collaborative effort between the housing authority and the city • Affordable housing in a mixed-use property as an economic stimulus for downtown • Modern, attractive design that challenges conventional notions of affordable housing • Careful consideration to address the historic significance of the site
<p>National Foreclosure Settlement Line of credit, Village of Mundelein Line of Credit, Village of Round Lake Beach</p>	<ul style="list-style-type: none"> • Partnership with local government for political and financial support • A revolving loan fund • Ability to absorb a higher-than-usual level of risk to renovate the most derelict, vacant units • Neighborhood stabilization
<p>HUD HOPE VI grant program Low Income Housing Tax Credits Washington State Housing Trust Fund (except SHA units) Seattle Housing Levy (except SHA units) Tax Exempt Bond proceeds Proceeds from sale of land HUD American Recovery and Reinvestment Act (ARRA) funds HUD Move to Work Block Grant funds</p>	<ul style="list-style-type: none"> • Housing authority served as master planner for a comprehensive redevelopment • City of Seattle's collaborative commitment to coordinate on infrastructure development • Rainier Vista design book for consistent design standards throughout the project • Active Citizen Review Committee for stakeholder engagement • One-to-one replacement policy for public housing units • Transit-oriented design to prepare for the new light rail line • Doubled density from the original project to create a mixed-income community • Infrastructure redesign to integrate with the existing street grid
<p>U.S. Bank Community Development Corporation, St. Louis U.S. Bank -Minneapolis City of Minneapolis Hennepin County The Minnesota Housing Finance Agency Metropolitan Council</p>	<ul style="list-style-type: none"> • Long-term vision and persistence over a 15-year redevelopment project • Community engagement in the final outcome • Commitment to innovation and cost management to achieve pioneering green building in affordable housing • Teamwork between nonprofits with complementary strengths

Use a Good Map to Reach the Destination

Strong Housing Policy/
Planning Efforts



PEAK ONE NEIGHBORHOOD

FRISCO, COLORADO

Summary

The Town of Frisco, in Summit County, Colorado, enjoys the tourist economy of Colorado mountain towns but is also familiar with the housing challenges typical of resort communities: a rapidly growing population, high housing and construction costs that outpace wages, and many second homes with part-time occupancy. To address the need for affordable housing for local year-round working residents, Frisco undertook an intensive planning and development process, partnering with Ten Mile Partners, LLC to produce the Peak One Neighborhood, a community of 69 single-family homes and duplexes.

Dealmakers

- Donation of town-owned land for affordable housing development
- Local affordable housing policies
- Dedicated funding to support affordable housing
- Successful public engagement and comprehensive master planning
- Deed restrictions for qualified incomes and residency
- Limited equity appreciation for permanent affordability

Overview

Location	Frisco, Colorado (Summit County)
Project Type	Mixed-income
Development Partners	Town of Frisco Ten Mile Partners, LLC (Brynn Grey Partners, LTD and Wolff Lyon Architects) Summit County Housing Authority
Housing Types	Single family detached and duplex, owner-occupied
Site Size	12.68 acres
Units	69 units: <ul style="list-style-type: none"> • 61 limited-equity (80 to 160 percent adjusted median income, or AMI) • 8 market-rate
Development Costs	\$25,745,650
Development Timeline	2008: Master planning process completed 2009: Development partnership established 2010: Construction started 2014: All units sold/pre-sold 2016: Final phase completed
Funding Sources	Town of Frisco: Land donation and fee waivers Brynn Grey Partners, LLC: self-generated, private equity, construction lending fund.
Website	http://www.peakoneneighborhood.org/

Planning and Policy

Frisco is in Summit County, in a region that is home to famous ski resorts, including Breckenridge, Vail, Keystone, and Copper Mountain. The tourist economy of Colorado mountain towns has created housing challenges familiar to resort communities: a rapidly growing population, high housing and construction costs that outpace wages, and many second homes with part-time occupancy. In 1990, the gap between the median home price and the area median income for a one-person household in the county was three times higher than income; by 2008 the gap was 14 times higher. In addition, since it is surrounded by U.S. Forest Service properties, Frisco has constraints on developable land.

In 2015, the Summit County population was 29,400; but during the ski season and summer holidays, the county population swells to over 100,000. In 2015, 61 percent of homes in Summit County were not occupied year-round.

The Summit Combined Housing Authority (SCHA) was founded via an intergovernmental agreement in 2002 (updated in 2006) and currently serves the Towns of Breckenridge, Dillon, Frisco, Silverthorne, and Montezuma. SCHA provides information regarding affordable housing projects in the county and home buyer education classes, loan options, downpayment assistance, and home rehabilitation assistance for eligible residents. In 2005, SCHA commissioned a county-wide Housing Needs Assessment Survey that raised awareness about local housing challenges.

In 2006, voters approved Measure 5A, which authorized a dedicated .125 percent sales and use tax and a \$2.00 per square foot development impact fee to fund local resident and affordable workforce housing within Summit County. 5A revenues also support SCHA. The development impact revenues come from a tiered fee structure tied to the size of new development, and the money stays in the jurisdictions where it's collected. Between 2007 and 2015, 5A generated more than \$13 million in revenue, which was used to purchase and develop land for workforce housing and create 335 housing units. In 2015, 76 percent of voters approved a renewal of the 5A funding measure.

In addition, in 2008 Summit County voters approved Measure 1A, a twelve-year property tax levy used to fund a variety of community needs, including affordable housing. Measure 1A generates an estimated \$1.5 million in revenues annually.

With the support of 5A and 1A revenues, public-private partnerships emerged as an important element to address housing needs for the local workforce. To support affordability of the units in the Peak One Neighborhood, Frisco officials used 5A funds to waive a variety of development fees—including application fees for the submittal, development approval fees, building application fees, utility connection fees, and real estate transfer taxes; pay the Frisco Sanitation District fees; and set aside funds for downpayments and home-financing assistance.

The Town of Frisco established its local Affordable Housing Policies in 2008, modeled after county and state affordable housing policies. The town's priority is to support programs and incentives that provide housing opportunities for persons who are actively employed in Frisco and Summit County. The Town of Frisco works closely with the Summit Combined Housing Authority to coordinate the Town's housing projects and programs with other County-wide efforts.



Photo Courtesy of Blynn Grey Partners Ltd.



Deed Restrictions to Meet Housing Needs

To increase housing access for local residents, the Summit Combined Housing Authority monitors deed restrictions for applicable units for towns around the county. For the Peak One Neighborhood, the developer paid SCHA an upfront \$10,000 fee to provide deed restriction professional services before and during the development process. These services include initial review of home buyers' incomes for compliance with AMI limits and annual monitoring for compliance with income and employment deed restrictions. There are about 20 deed-restricted affordable housing communities in towns throughout Summit County, as well as over 100 scattered-site, deed-restricted units.

Under these deed restrictions, in exchange for a lower sales price enabled by subsidy with taxpayer dollars, home buyers sign a deed containing certain provisions. Deed restrictions vary but generally require homeowners to work at least 30 hours per week year round within Summit County and to occupy their unit full time. Some units require that total household income must be at or below a certain percentage of the Area Median Income (AMI).

In order to keep prices within reach of local residents, deed-restricted properties also often have appreciation caps, as well as limitations on the dollar amount of capital improvements that can be added to the sales price. To maintain the integrity of the program, homeowners must report annually to the Summit Combined Housing Authority with documentation, to prove their compliance with the applicable deed restrictions.

The Town of Frisco's Affordable Housing Policies include "Master Deed Restriction Guidelines," (based on a SCHA standard deed restriction agreement), which specify that in order to qualify for affordable housing supported by the town, homeowners must work a minimum of 30 hours per week year-round in Summit County. Frisco has nine deed-restricted neighborhoods, including the Peak One Neighborhood.

The project partners (Brynn Grey, Town of Frisco, and Summit Combined Housing Authority) identified where the greatest shortage of available housing was and crafted a development program to meet that need. Sixty-one of the 69 homes are priced to be available to households earning between 80 percent and 160 percent AMI, or \$68,000–\$136,000 for a family of four. The homes are also subject to limits on market appreciation. The limited-equity Peak One Neighborhood homes are priced in the \$250,000 to \$400,000 range, about 30 percent below market-rate area homes—the average home price in Summit County is \$465,700, according to 2010 Census data. The remaining eight homes are sold at market rates but require that homeowners work in Summit County year round at least 30 hours a week.

“The developer focused on the historic context and architecture for the Peak One Neighborhood. The 12 different housing designs all fit well together and helped mix it up.”

Jocelyn Mills

Community Development Director,
City of Littleton, Colorado
*Former Community Development Director,
Town Of Frisco*

“There was some concern about the complexity of the deed restrictions and whether there could be a way to simplify income qualifications.”

Jocelyn Mills

Community Development Director,
City of Littleton, Colorado
*Former Community Development Director,
Town Of Frisco*

Site Development

The Town of Frisco contributed 12.68 acres of undeveloped land for the Peak One Neighborhood. The town had originally purchased the Peak One parcel from the U.S. Forest Service in 1998 for municipal purposes. Surrounded by U.S. Forest Service land, Frisco is 98 percent built out residentially. The challenges of rising local housing costs made affordable residential development a top priority.

In 2007–2008, the Town commissioned the creation of a Peak One Master Plan to guide the development of a residential neighborhood that would respect existing adjacent neighborhoods, the natural environment and create a sense of community. The plan offers direction

for a sustainable, human-scale residential neighborhood with a variety of housing designs, architectural elements that complement nearby neighborhoods, a pedestrian-friendly street network integrated with existing trails and paths, and enhanced trail connections to adjacent public land.

Once the parcel was identified as a site for housing, the town annexed the Peak One Parcel and adopted applicable Residential Neighborhood (RN) zoning. The RN Zone District uses include detached single-family homes, accessory or carriage house units, duplexes, and cabin housing developments. It provides for smaller lot sizes and floor area ratios for structures and also requires that a minimum of 30 percent of the site be set aside as open space.

In 2009, the Town of Frisco issued an RFQ/RFP to identify and select a prospective developer. A review committee comprised of community members, Town Council and staff considered prospective development teams based on their experience with affordable housing projects, affordable housing finance, public-private partnerships, and sustainable development. In August 2009, the Town of Frisco entered into a public-private partnership with Ten Mile Partners, LLC, a joint venture between Brynn Grey, LLC, and Wolff Lyon Architects, for the multi-year phased production of 69 single-family homes to create the Peak One Neighborhood.

Public Outreach

The 2007–2008 master planning for the Peak One Neighborhood was an intensive collaborative public process that involved three public meetings with more than 200 residents and business owners. Convened by Perry Rose, LLC and Calthorpe Associates, the planning process sought to engage a variety of interest groups and community stakeholders about the future use and development of the site. The public planning process included financial feasibility analysis and site planning alternatives for the Peak One Parcel. The goal was to create a high-quality, financially feasible plan with the necessary political support to ensure its implementation.

The “Town of Frisco Peak One Parcel: Vision to Neighborhood” plan was recognized with a 2010 Excellence Award in the Category of Outstanding Planning Project from the Colorado Chapter of the American Planning Association. The Peak One project was selected due to its public process, the positive effect on the community, the leadership of the Town Council, and its comprehensive planning.

“The master plan process had full community involvement, which provided a lot of guidance for goals and objectives for the Peak One Neighborhood.”

Jocelyn Mills

Community Development Director,
City of Littleton, Colorado
*Former Community Development Director,
Town Of Frisco*

Design

Extensive research and collaboration with the community established a variety of building styles designed to be compatible with Frisco's mountain character for the Peak One Neighborhood. The twelve different designs include details such as using an exposed structure reminiscent of older buildings, wood siding, and varied roof and trim colors. Designed to meet the Town's affordable housing goals, homes range from 800 square-foot cabins to duplexes and single-family homes up to 2,000 square feet in size. Homes across price points are indistinguishable and mixed throughout the neighborhood.

“Only 35 percent of our housing stock was for full-time residents. The rest were for vacation homes. Town council leadership recognized that we needed people to live and work in the community and directed staff to work on a master planning process on how to develop the Peak One parcel.”

Jocelyn Mills

Community Development Director,
City of Littleton, Colorado
*Former Community Development Director,
Town Of Frisco*

Existing trails, both formal and informal, were studied, with the goal of enhancing the connectivity for the residents of the new homes as well as their surrounding neighbors. The neighborhood has two parks, two greens, and a garden and is adjacent to existing neighborhoods and infrastructure. The neighborhood benefits from connections to Peaks Trail and national forest access and to the Summit County bicycle path, and the location is within walking distance of Main Street and Frisco Historic Park. Residents can also access recreational activities in Summit County on the free Summit County shuttle. Having a location within walking distance of a mix of uses makes it easy for residents to leave their cars at home when possible.

Another important goal of the project is to create homes that are as energy efficient as possible so that homeowners will benefit with lower utility bills over the life span of their home. The sustainability of the Peak One Neighborhood is reflected in its central location close to downtown and the local elementary school, compact neighborhood layout, and building details that include high-efficiency heating and cooling and ENERGY STAR appliances.

Financing

The Town of Frisco's land contribution for the Peak One Neighborhood served to lower the cost of housing as well as provide a level of control of the land if the developer defaulted on its services and/or the project failed. The Town also provided in-kind support by waiving multiple fees.

Otherwise, the project was expected to rely on private financing rather than public money to fund the project. But as Phase 1 began in 2010, there was a major hurdle: the Great Recession. As a result of the recession, loans were not available to the local residential construction market. To address this challenge, the developer created HILL V, LLC, a private equity construction lender, to make short-term construction loans. Then, the loan participations were sold to development team members, friends, and family as investors. A first deed of trust for a specific home secured the loan, with 100 percent of the loan proceeds applied to building that home. This creative, private-equity construction lending fund successfully raised over \$20 million in private sector project financing, and the Peak One Neighborhood opened on time and on budget.

Marketing

Ten Mile Partners oversaw marketing of the units to prospective purchasers. Ten Mile Partners, along with the Summit Combined Housing Authority, were responsible for ensuring that purchasers met all of the pre-qualification terms. The Summit Combined Housing Authority provided buyer education, buyer qualification, new home marketing assistance, downpayment and financial assistance, and resident compliance monitoring.

The priority guidelines to select purchasers for the housing units included:

1. People who work in Frisco town limits and immediately surrounding work centers;
2. Town of Frisco government employees residing in long-term rental units;
3. People who work in other areas of the Ten Mile Basin; and
4. Other workers in Summit County.

Observations and Lessons Learned

Acting regionally on housing works. Collective town support to establish the Summit Combined Housing Authority created an important resource to support the development of affordable and workforce housing throughout the county.

Data tells the story and creates political will. The 2005 Housing Needs Assessment commissioned by the Summit Combined Housing Authority created an important awareness and specific numbers that documented the growing housing challenges in the community. This assessment, updated in 2013, also helped to generate substantial voter support for funding for affordable housing in the county via Measures 5A and 1A. Each town makes local decisions about how to use the 5A/1A housing funds.

Advance planning offers opportunities. The Town of Frisco's 1998 purchase of the Peak One Parcel created an opportunity for the town to donate the land for housing needs a decade later. This foresight was especially valuable given the limited developable land in the town.

Policy sets the stage. The Town of Frisco's Affordable Housing Policies have established an important foundation that supports the consistent production of affordable and workforce housing in the community.

Public process benefits the final result. The intensive public involvement and careful master planning to produce "Town of Frisco Peak One Parcel: Vision to Neighborhood" resulted in an end product that is an outstanding asset to the community.

A successful project promotes itself. A neighborhood designed for year-round residents who work locally offers an attractive sense of community and stability that can be elusive in a resort town. In each of the five phases, the majority of the homes were presold prior to the issuance of construction and building permits.

Deed restrictions can get complex. Ongoing compliance with deed restrictions can be tricky. When households have a worker who gets a raise or has a job relocation, this can create challenges for the income qualifications or employment requirements for their home. In recent years, local officials have sought greater flexibility in the income levels and residency requirements that determine who qualifies for deed-restricted units.



Photo Courtesy of Brynn Grey Partners Ltd.

FERRY CROSSING

OLD SAYBROOK, CONNECTICUT

Summary

Ferry Crossing, in Old Saybrook, Connecticut, is the first affordable housing development completed under the Housing for Economic Growth program (also known as the Incentive Housing Zone program). The Town of Old Saybrook donated the land for Ferry Crossing at 45 Ferry Road to the developer, a joint venture between HOPE Partnership, a local nonprofit housing advocacy group, and the Women’s Institute for Housing and Economic Development, a regional nonprofit affordable housing developer. The 16-unit townhouse development is 100 percent affordable, targeted to a variety of household income levels from 25 percent to 80 percent of area median income (AMI). It also includes supportive housing units reserved for Veterans.

Dealmakers

- Incentive Housing Zone program established to guide communities to proactively plan for affordable housing
- Technical assistance from the Housing Connections of Connecticut program, a partnership between Local Initiatives Support Corporation (LISC) and the Connecticut Housing Coalition
- Project financing from the Connecticut Department of Economic and Community Development, Liberty Bank, and the Federal Home Loan Bank of Boston.
- Strong community support to meet housing needs for residents priced out of current supply of market-rate housing
- Nonprofit advocacy organization to spearhead community engagement
- Experienced nonprofit housing developer to secure financing and oversee construction
- Municipal land donation and remediation to lower the cost of development

Overview

Location	Old Saybrook, Connecticut
Project Type	Affordable (25 to 80 percent AMI)
Developers	HOPE Partnership Women’s Institute for Housing and Economic Development
Contributing Partner	Town of Old Saybrook
Housing Type	Multifamily rental
Site Size	2.5 acres
Units	16
Development Costs	\$4.2 million
Development Timeline	2008: Town of Old Saybrook takes possession of the parcel 2011: Groundbreaking 2012: Project opens for new residents
Funding Sources	Federal Home Loan Bank of Boston Liberty Bank Connecticut Department of Economic and Community Development
Website	http://hopepartnership-oldsaybrook.webbbersaur.us/page/12859-Ferry-Crossing

Development Partners

Ferry Crossing was developed under a partnership between the Town of Old Saybrook, local nonprofit HOPE Partnership, and regional nonprofit Women's Institute for Housing and Economic Development (WIHED). The state's Housing Connections of Connecticut program also helped with capacity-building, guiding HOPE Partnership to team with WIHED to produce Ferry Crossing.

Town of Old Saybrook

Old Saybrook is an affluent shoreline community of approximately 10,000, located in Middlesex County, on the west side of the Connecticut River. It is 105 miles from Boston, 101 miles from New York, and 45 miles from Hartford. Old Saybrook's boat marinas, public beaches and boat-launching area make it a popular vacation destination.

HOPE Partnership

HOPE Partnership was established in 2003 with the support of Middlesex United Way to address the affordable housing shortage in Middlesex County. HOPE seeks to create alliances with town government, builders, and other private partners to support housing needs.

Women's Institute for Housing and Economic Development (WIHED)

WIHED is a regional non-profit leader in the development of affordable housing based in Hartford. Established in 1981, WIHED has a core mission of promoting economic opportunity and building strong communities by developing safe, affordable and supportive housing for individuals and families.

Housing Connections of Connecticut

Housing Connections of Connecticut is a program made possible by the Connecticut Housing Finance Authority with funding from Connecticut's Community Investment Act, implemented since 2007 as a partnership between Local Initiatives Support Corporation and Connecticut Housing Coalition. Housing Connections of Connecticut works with a variety of local partners including nonprofits, community organizations, local governments, housing authorities and small for-profit developers to address the affordable housing needs of their communities.

Housing Connections supported HOPE Partnership's initial explorations of affordable housing development opportunities, providing technical assistance to help HOPE to identify an appropriate housing developer to work on the Ferry Crossing and to clarify what role the group would play in the effort.





Policy and Planning

Connecticut's overall housing costs have been among the highest in the nation for both renters and owners. According to the National Low Income Housing Coalition, a renter must earn about \$25 an hour to rent a two-bedroom apartment in the state, yet the mean wage for a renter in Southern Middlesex County, where Old Saybrook is located, was \$12.65 an hour in 2016.

Old Saybrook is a prosperous shoreline community with an area median income in 2010 of \$96,800 for a family of four and an average home cost of \$415,000. A household with four persons earning an annual income of \$48,400 (50 percent AMI) is considered very low income, while a similar household earning an annual income of \$64,400 (80 percent of AMI) is considered low income. Housing for much of the town's workforce, (including teachers, emergency responders, and social service providers) is in short supply.

State Housing Policy

Recognizing the depth of the state's housing needs, the Connecticut state legislature authorized a new Department of Housing (DOH) that opened in 2013 to serve as the lead agency for all housing initiatives in the state. The DOH centralizes nearly 70 housing services and funding programs that were formerly spread among multiple agencies. Commissioner Evonne M. Klein oversees a 2015–2016 DOH budget of \$175 million for affordable housing construction and programs.

The breadth of housing programs and services that the DOH is responsible for includes:

- supporting the creation, redevelopment, and preservation of quality, affordable housing;
 - working to eliminate homelessness;
 - overseeing compliance for funded activities; and
 - coordinating these efforts with municipal leaders, public agencies, community groups, local housing authorities, and other housing developers.
- To support these efforts, the statewide HOMEConnecticut Campaign has sought to educate communities about why affordable housing is needed, how it is in their interest, and how it can serve as a pathway towards successful development.

Housing for Economic Growth/Incentive Housing Zone Program

The State of Connecticut's Housing for Economic Growth, often referred to as the Incentive Housing Zone (IHZ) program, started in 2007 to support towns that were proactively seeking to diversify their housing options. Many towns lack the zoning to allow for the density that makes mixed-income and affordable housing development financially feasible.

Now implemented by the state's Department of Housing, the IHZ program provides pre-development grants to municipalities of up to \$20,000 to engage in proactive, resident-driven local planning and voluntarily revise their zoning to include IHZ overlays. This overlay zoning creates

“HOPE Partnership's education and advocacy efforts laid the groundwork for no public objections to Ferry Crossing.”

Lauren Ashe

Executive Director, HOPE Partnership

opportunities for higher-density, affordable housing development and/or expedited permitting within the designated zones. Communities are also encouraged to develop design guidelines, which ensure that future development will blend with the character of the community. Eligible activities include general planning, identifying potential sites, drafting regulations and design guidelines, and completing infrastructure and small engineering studies.

For actual construction, up to another \$50,000 can be granted toward additional pre-development costs relating to a specific project and can be passed through to the developer. In order to qualify for additional state funding, localities must create an IHZ that meets state standards on unit density per acre by building type, affordability, and location.

Finally, once units are actually approved and built within the zone, municipalities may receive an additional grant between \$15,000 and \$50,000, based on the total number of units constructed.

Incentive Housing Zone Standards*	
Density, in units per acre	Single family: 6 Duplex/townhouse: 10 Multifamily: 20
Affordability	At least 20 percent of units affordable to households earning at or below 80 percent of area median income
Location	Near downtown, transit, and/or existing or planned infrastructure

**Some exceptions for public and nonprofit owners, and rural or lightly populated areas*

Other State Housing Programs

The Housing for Economic Growth/Incentive Housing Zone program is one among several in the state to support the production of affordable housing. Other DOH programs include a predevelopment loan program, a housing trust fund, a land bank land trust, an Affordable Housing Program (also known as Flex), and the Competitive Housing Assistance for Multifamily Properties (CHAMP).

In its ninth round of funding in 2016, CHAMP awarded approximately \$28 million to provide gap funding for the preservation and production of affordable housing. CHAMP funds may also be combined with financial assistance from the Connecticut Housing Finance Authority, including four-percent Low Income Housing Tax Credits and taxable and/or tax exempt bond financing.

Under the leadership of Connecticut Governor Dannel Malloy, the Department of Housing and the Connecticut Housing Finance Authority created, rehabilitated or preserved 7,917 affordable housing units between 2011 and 2016. There are another 2,790 affordable units under construction, and funding commitments are in place to create approximately 5,200 more affordable units. The 16,000 total units reflect a \$1 billion investment.

A Local Housing Initiative

The Old Saybrook effort started when school officials, town leaders, church members, and residents were alarmed to learn of students living with their families in motels. These citizens sought to engage the broader community around the lack of housing for lower-income residents and the need for more housing options to ensure the town's vitality.

Old Saybrook is one of 114 Connecticut towns in which single-family homes comprise at least 95 percent its housing stock, with little in the way of small single-family homes or multifamily housing. However, given population trajectories and current demand, there is the need for smaller, denser, more affordable homes closer to town centers, services, and transit connections.

“Since 2011, affordable housing initiatives in Connecticut have produced nearly 8,000 affordable units across the state.”

Evonne M. Klein

Commissioner, Connecticut Department of Housing

There is also a limited range of options for both seniors seeking to downsize and young families looking to move to town. The median age in Old Saybrook is 49.9 years old, 9.7 years older than the state’s median age. This trend is expected to continue, as the 65+ population is projected to increase by 20 percent by 2025. The town is also projected to have a 41 percent decrease in the population of school-age children by 2025—one of 153 towns in the state projected to see such a decline. Housing attractive to young families and downsizing seniors is needed to retain and invite those residents.

With a high demand for vacation rentals in the summer, many families experience housing challenges in the summer, when the cost of housing can triple. In some cases, the lack of affordable housing and seasonal demand for lodging means that families already living in motels risk homelessness. Seventy percent of renters and 38 percent of homeowners currently spend more than 30 percent of their income on housing, making them vulnerable to housing instability.

Ferry Crossing represents the first IHZ project completed in the state. The program provided essential early funding, technical assistance and capacity-building for the development of Ferry Crossing.

As a waterfront community with no sewer system, Old Saybrook had valid concerns about whether higher density development could be managed within their infrastructure limitations. However, through the IHZ process, the community identified appropriate locations and densities for production of new affordable housing units. Old Saybrook has championed the IHZ program and used it effectively to facilitate needed development while retaining local control.

Site Development

The Town of Old Saybrook donated the land for Ferry Crossing at 45 Ferry Road to HOPE Partnership. The town had taken ownership of the property in 2008 after the state Department of Transportation declared it surplus. The DOT had used the site as a staging area for construction of the I-95 Baldwin Bridge over the Connecticut River. A state remediation project removed contaminated soil and made the site safe for residential development.

Ferry Crossing was built on half of the 5.4-acre parcel. The town leased the site to the developer for \$1 a year under a 75-year lease. Using funds from the zone adoption payment and building permit payment, the town developed the other 2.5 acres for recreational athletic fields and associated parking that are open to the public for youth sports and recreation. The site is also located along the 9 Town Transit bus route.

Public Outreach

Education and advocacy efforts by HOPE Partnership were successful in generating widespread community support for the project. Residents are proud of the success of Ferry Crossing. Community involvement has also been an important part of the project from its inception. For example, an area church ministry raised funds to provide a washer and dryer for each of the units.

Its success has solidified the town’s commitment to proactively develop affordable housing in future projects. Currently, 186 mixed-income rental apartments are under development adjacent to the town’s Shoreline East train station. These ongoing efforts will help ensure that housing options will be provided for current and future residents.

“A community doesn’t need to have an Incentive Housing Zone to build multifamily housing, but it can be a valuable tool to provide hesitant municipalities with useful guidance.”

Evonne M. Klein

Commissioner, Connecticut Department of Housing

Design

Point One Architects designed Ferry Crossing's 16 townhouse-style apartments, spread across five buildings, to be compatible with the New England architectural style commonly found along Connecticut's shoreline and to blend in with the existing nearby residential neighborhood. The quality of the construction materials were selected to be sustainable over time.

Ferry Crossing consists of five townhouse buildings with 16 affordable rental units for households earning 25 to 80 percent of area median income. Facing a common green space, the apartments include 4 one-bedroom units, 8 two-bedroom units, and 4 three-bedroom units.

The project provides for deeper affordability than other multifamily developments in the region and helps address the needs of families, young adults and seniors who wish to live in town. Four units are targeted to families who are homeless, or at risk of homelessness, and two units are reserved for military veterans referred by the U.S. Department of Veterans Affairs, which also provides support services.

Financing

To identify a development partner with experience applying for and managing funding for nonprofit housing, HOPE Partnership issued an RFP. This process helped them team with WIHED, based in Hartford, Connecticut.

This partnership, facilitated by Housing Connections of Connecticut, helped secure project loans that would ensure progress through predevelopment and into construction.

The Ferry Crossing project's construction was financed with a \$1 million loan through Liberty Bank and the Federal Home Loan Bank of Boston and a \$2.9 million grant from the Connecticut Department of Economic and Community Development. Liberty Bank also supported construction and permanent financing through a \$600,000 advance subsidized by the FHLB's Affordable Housing Program.

Marketing and Management

DeMarco Management Corporation, a residential property manager in the region, is the property manager for Ferry Crossing. DeMarco coordinates the marketing and maintains a list of interested prospective tenants. If an applicant meets the income requirements, DeMarco uses a point system to determine the order of placement on the waiting list with four preference categories: current Old Saybrook resident, municipal employee, veteran, and least likely to apply. DeMarco selects applicants based on their preference status and order on the waiting list.

For initial occupancy, 227 prospective tenants requested applications, and 53 completed them. 27 applicants were from Old Saybrook. Nine Old Saybrook residents were among those approved. Seven of the current tenants work or volunteer in the town.

“For about 30 years, there was very little funding to support affordable housing development in the state. But the kind of funding we have today has spurred a tremendous amount of growth and created a pipeline that did not exist in Connecticut. Without state money, so many of these homes would not be built.”

Evonne M. Klein

Commissioner, Connecticut Department of Housing



In 2016, there were 23 applicants on the waiting list for the units reserved for households earning at or below 50 percent AMI. The units for 80 percent AMI have not had a waiting list. When there are vacancies for these units, the property management company has advertised these units in the local paper, gone through a local family services agency, and reached out to municipal workers.

A local supportive services agency checks in with tenants periodically as applicable. The property also has an agreement with local youth and family services and an agreement with the area YMCA to deliver social services assistance and counseling.

“Ferry Crossing has been a great addition to the community. Children are thriving. Residents are proud of this success.”

Lauren Ashe

Executive Director, HOPE Partnership

Observations and Lessons Learned

Incentive-based statewide policy with local involvement is an effective combination. The Incentive Housing Zone program offers communities throughout the state grants to plan for higher-density housing, with additional incentives for the construction of affordable units.

Technical assistance makes a difference. The Housing Connections of Connecticut program offers an important advisory resource to assist communities with implementation of affordable housing plans.

Advance education and local advocacy create goodwill. HOPE partnership’s initial strong outreach to the community on local housing needs meant that there was no public opposition when Ferry Crossing was being developed; rather, it was embraced by the community as a means to provide sufficient housing for local and future residents.

Shared community space would be an asset. Ferry Crossing did not include a shared common space for residents. HOPE Partnership executive director Lauren Ashe notes that in a future project, she thinks residents would benefit from a community room.

“Ferry Crossing’s high standards of design and materials are intended to be sustainable over time.”

Lauren Ashe

Executive Director, HOPE Partnership

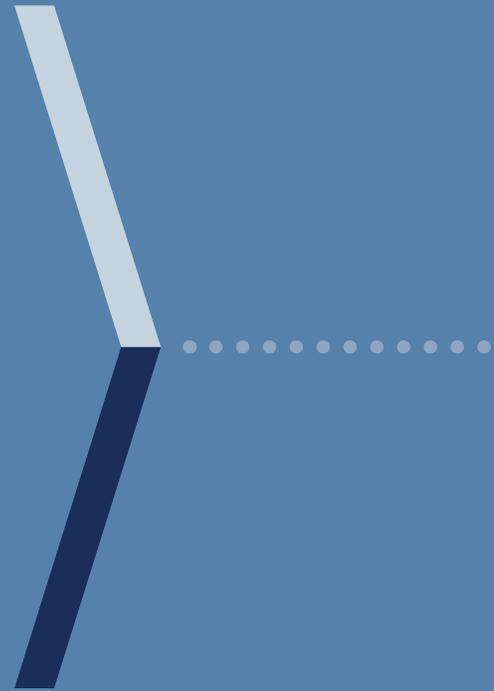
Onsite presence of supportive services staff would be helpful.

Currently, Ferry Crossing residents in need of supportive services receive them from community-based providers. In a future project, onsite office space for providers would offer a more effective delivery of services.

A strong start opens new opportunities. Since the opening of Ferry Crossing, HOPE Partnership has been actively exploring additional prospective affordable housing developments to meet community needs. The town of Old Saybrook continues to prioritize affordable housing in its development activities.

Mix It Up

Mixed-Use and/or
Mixed-Income



WILDFLOWER TERRACE AT MUELLER

AUSTIN, TEXAS

Summary

Mueller is located on the 700-acre site of the former Robert Mueller Municipal Airport, which was Austin's principal airport until it closed in 1999. This joint project between the City of Austin and Catellus Development is implementing a master plan to convert the site to a commercial and residential area with modern housing and state-of-the-art retail and office facilities.

Open to new residents since 2007, the project is estimated to be completed by 2020. When fully built, Mueller will include over 5,900 homes with 13,000 residents, a town center with shops, including 30 percent locally-owned businesses, a major children's medical center and medical research complex, a film studio, rental properties, and Class A office space. It will also include over 140 acres of public open space and 13 miles of new recreational paths. Catellus, the City of Austin, Mueller homebuilders and apartment developers are working together to provide a minimum of 25 percent of affordable units—approximately 1,475 at completion.

A number of national and local builders have participated in different residential phases at Mueller. Wildflower Terrace, an affordable senior housing community, is the profile subject for this case study.

Wildflower Terrace has a mix of market-rate and predominantly income-qualified rental apartments. The building houses 201 units and resident amenities in addition to 5,500 square feet of ground-floor retail space.

Dealmakers

- A robust public-private partnership
- Substantial, long-term public engagement
- A strong public policy commitment to affordable housing
- Design guidelines and review process for a cohesive neighborhood fabric

Overview

Location	3801 Berkman Drive, Austin, Texas 78723
Project Type	Senior (age 55 and up) mixed-income rental, mixed-use
Developer	DMA Development Company, LLC
Supporting Partners	City of Austin Catellus Development Corp. Mueller Foundation
Housing Type	Multifamily
Site Size	2.4 acres
Units	201 units: <ul style="list-style-type: none">• 26 units at up to 30 percent median family income (MFI)• 60 units up to 50 percent MFI• 85 units up to 60 percent MFI• 3 units up to 80 percent MFI• 27 market rate units
Development Costs	\$24.8 million

Development Timeline	2010: Land acquisition 2010: Construction started 2012: Property opened
Funding Sources	Nine percent Low Income Housing Tax Credits: \$14,531,000 City of Austin General Obligation Bonds: \$2,000,000 Mueller Foundation: repayable seed money
Websites	http://www.muelleraustin.com http://homesatmueller.com/wildflower-terrace/

Development Partners

DMA Development Company

Diana McIver established the DMA Development Company, LLC in 1999 in response to a need for quality affordable housing in rural areas. The company develops small to mid-size apartment communities in rural areas and smaller cities utilizing the Housing Tax Credit program. The service area of DMA Development Company, LLC has included Texas, Georgia, and the District of Columbia. The DMA Development Company is one of DMA Companies' three unique and distinct services encompassing the creation and management of affordable multifamily housing properties.

The City of Austin

Austin is the capital of Texas and the seat of Travis County. Austin is the eleventh most-populated city in the U.S. and the fourth most-populated city in Texas. It is the fastest-growing of the 50 largest US cities. In 2016, Austin had a population of 931,830. The cost of housing in Austin is among the least affordable in the nation, in the same league as San Francisco, Portland, San Antonio and Atlanta as metro areas with a growing gap between how much workers make and how much of that income it takes to afford a median-priced home. Over the years, the City of Austin has steadily pursued policies to foster the preservation and production of affordable housing.



Photography by Thomas McConnell

Catellus Development Group

The Oakland, California-based Catellus Development Group is Mueller's Master Developer with responsibility for the community's overall development over the 20-year buildout. Catellus is directly responsible for financing, constructing, and marketing the development, and investing necessary equity into the project. Catellus is also responsible for the creation and oversight of the Mueller Affordable Homes Program.

Mueller Foundation

The Mueller Foundation is a 501(c)(3) non-profit corporation voluntarily created by Catellus to support the Mueller community's vision and goals including affordable housing. While Mueller's minimum affordable housing requirements are specified in the Master Development Agreement between the City and Catellus, the Mueller Foundation supports efforts that go beyond the agreement. The Mueller Foundation is considered a donor-advised fund of the Austin Community Foundation, with funds from three sources: a real estate transaction fee of .025 percent on all Mueller residential and commercial sales; proceeds related to Mueller's affordable housing Shared-Equity program; and contributions by the master developer and its project partners.

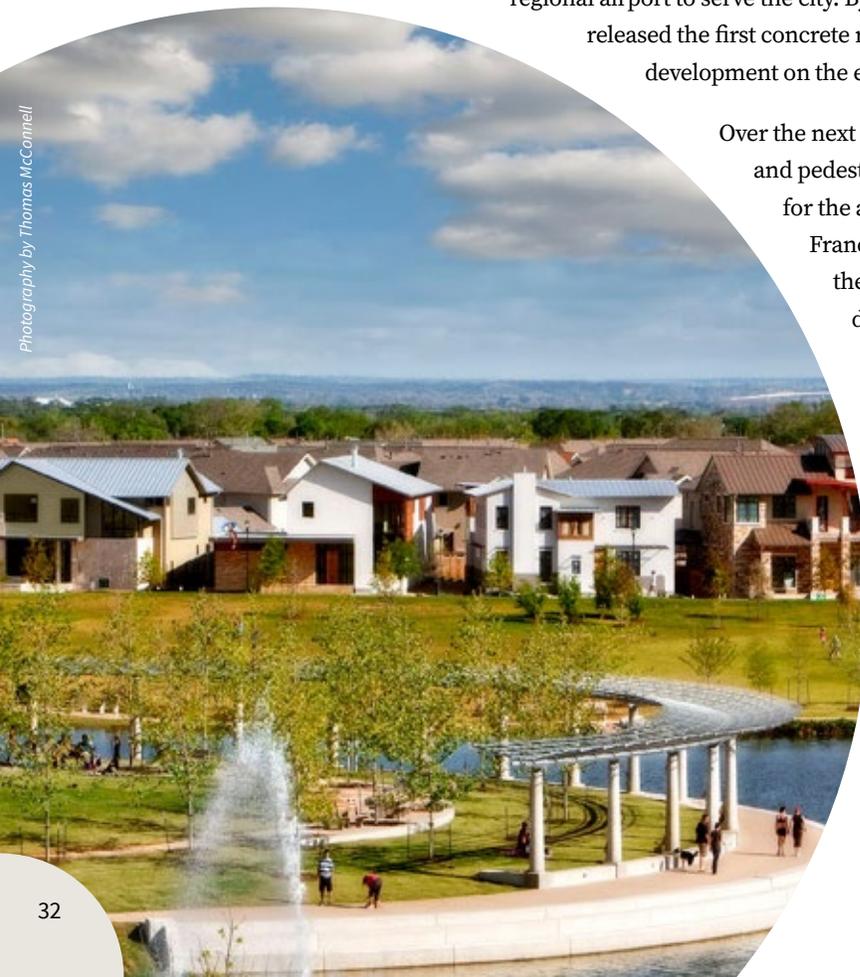
As a result of the collaboration by Catellus, the City of Austin, and Mueller home builders to meet the goal in the Master Development Agreement for affordability, homes purchased in the Mueller Affordable Homes Program are sold for less than the home's actual market value. The Mueller Foundation holds a soft second lien on homes sold in the program, ultimately capturing the difference between the sales price and market value to support future affordability efforts. They also hold a purchase option on the home for the same purpose.

Policy and Planning

The transition of Robert Mueller Municipal Airport from its service as an airport to a new urban village in the heart of Austin has been a work in progress for the last 45 years, when talks first began about a larger regional airport to serve the city. By 1984, Citizens for Airport Relocation (C.A.R.E.) released the first concrete redevelopment plan that called for "low-density development on the edge with high density in the center" of Mueller.

Over the next 20 years, a clear community vision of a compact and pedestrian-oriented, mixed-use community emerged for the airport site, and a master plan was created by San Francisco's ROMA Design Group in 2000. Finally, in 2002, the city selected Catellus Development as the master developer for the 700-acre urban infill project. Primary City oversight is provided by a project manager dedicated to the Mueller redevelopment within the City's Economic Growth and Redevelopment Services Office. Residential build-out is expected to be completed by 2020.

The Master Development Agreement (MDA) includes the provisions of the Mueller Affordable Housing Program. The results of the affordable housing program are reviewed annually by the Austin Housing Finance Corporation (AHFC) and specifically incorporated into the City's consolidated affordable housing plan.



Photography by Thomas McConnell

Mueller is zoned as a planned unit development (PUD), which is a zoning category that sets a higher standard than typical developments and is for large tracts of land. PUD zoning provides some flexibility over time within the parameters set by the ordinance. The Mueller PUD is based on the City’s Traditional Neighborhood District (TND) ordinance, which encourages the mixed-use, compact development of residences, shops and workplaces oriented toward pedestrian activity. The zoning ordinance provides waivers from standard City code when necessary in order to develop the Mueller Master Plan as a TND.

The Mueller redevelopment plan is based on six core principles:

- **Fiscal Responsibility:** Redevelopment must create a positive revenue stream that will fund onsite infrastructure and increase the City’s tax base for the benefit of all citizens.
- **Economic Development:** The project should serve to reinforce Austin’s role in an increasingly global market-place and create a wide range of employment opportunities for a diversity of the community’s citizens.
- **East Austin Revitalization:** The project must promote economic development opportunities within East Austin, giving local residents a direct stake in redevelopment.
- **Compatibility with Surrounding Neighborhoods:** Development must maintain and enhance the quality of life in adjacent neighborhoods, providing complementary linkages, land uses and transportation patterns.
- **Diversity & Affordability:** Redevelopment must offer a wide range of housing choices in order to create a new community of socially and economically diverse residents.
- **Sustainability:** Development should be planned in a way that promotes energy and water efficiency, resource protection, reduced auto dependency, watershed protection and green space preservation.

Wildflower Terrace was the first predominantly affordable rental property in Mueller when it opened in 2012. It includes 201 units, with 174 units subject to income qualification and 30 at market rate. The affordability term is 99 years, the result of a requirement for the City of Austin’s GO bond funding. The City of Austin’s SMART Housing Program provided fee waivers and expedited processing of construction permitting.

Units	Income Qualification	Rent
26	30 percent MFI	\$373
60	50 percent MFI	\$656
85	60 percent MFI	\$800 – \$947
3	80 percent MFI	\$1,100 – \$1,300
27	Market Rate	\$1,500 – \$1,900

Public Outreach

The Mueller Master Plan represents more than 20 years of community involvement. As a joint project between the City of Austin and Catellus, transforming Mueller from an airport to a mixed-use urban village was the result of hundreds of public meetings and collaboration between the City, its consultants and community stakeholders. Over time, Catellus and the City of Austin have used public input to refine the plan as part of the Master Development Agreement.

The Robert Mueller Municipal Airport Plan Implementation Advisory Commission was formed in June 2000. It holds regular meetings to discuss specific aspects of Mueller’s redevelopment, including proposed amendments to the Master Plan, land disposition strategy, traffic, urban design and zoning issues, and demolition of existing facilities, to make recommendations to Council, and it acts as the primary vehicle to address neighborhood concerns. As residents have moved into Mueller they have replaced seats as members of the Commission.

In addition, committees comprised of members of the public have been created to study specific issues such as traffic around Mueller and affordable housing.

Design

Mueller's master plan embodies new urbanist principles to create a community that is compact and pedestrian-scaled, supportive of transit, and compatible with the surrounding fabric of single-family neighborhoods.

The Mueller Design Book sets forth guidelines for the design of buildings and public and private open spaces within the Mueller community and is incorporated as part of the Master Development Agreement between the Master Developer and the City of Austin. The guidelines are intended to supplement the zoning provisions of the Mueller Planned Unit Development and the Mueller Master Community Covenants.

To realize the community's vision for Mueller, the design guidelines emphasize cohesive and high-quality development. Mueller's walkable design and mixed-use development pattern follow "new urbanist" principles. Transportation options include auto, bicycle, and pedestrian connectivity with bus and future rail transit. Streets are designed to serve as an extension of the open space, pedestrian, and bicycle network and contribute to the community's sense of place and identity.

The affordable for-sale units have typically been produced by builders whose primary business is market-rate development. The Mueller design guidelines require similar architecture and a mix of market-rate and affordable housing units. As a result, the designs for each are comparable, with some reductions in the size and adjustments in the interior finishes.

Denser development allows for 20 percent or 140 acres of Mueller's 711 acres to be dedicated parks and open space. These spaces include approximately five miles of bicycling/pedestrian trails. The community is designed with public parks around its perimeter, allowing easy public access without interference with neighborhood activities

All housing at Mueller is designed in accordance with the Mueller design guidelines. Mueller's affordable homes comply with the City of Austin's SMART Housing™ guidelines and are required to attain a minimum three-star rating in the Austin Energy Green Building program.

Mueller's New Construction Council serves as a design review body for the community. The New Construction Council (NCC), comprised of representatives from the design and development community, is responsible for the review and approval of all new construction within Mueller. The design guidelines provide the criteria for the NCC's review of individual projects.

Sustainability

Mueller embraces a new model of "green urbanism" at three levels: green community design, green buildings, and green infrastructure. Every Mueller residential, retail and commercial building meets standards for green building. All residential units are built to meet a three-star rating in the Austin Energy Green-Building Program. Commercial development, including multi-family units, meet a two-star rating in Austin Energy's program or are LEED-certified.

Mueller applies green community design to provide heat island mitigation, light pollution reduction and storm water management. Green building principles encourage resource-efficient design and the selection of regional materials that are non-toxic, recycled and sustainably harvested.

At the infrastructure level, Mueller has a reclaimed water system, a centralized energy plant, and regional detention and water-quality ponds to capture and filter stormwater runoff.

Like most of the major multifamily developments in Mueller, Wildflower Terrace is a mixed-use property. The four-story building with structured parking includes one- and two-bedroom apartments. The ground floor retail tenants are Bikram Yoga Austin East and Realty Austin – East.

Amenities include a movie theater, community room, fitness center, billiards room, a library and computer center, laundry facilities, and an art studio. Walking trails and Mueller’s Southwest Greenway and future Southeast Greenway are nearby. The parking garage allows each resident to park on the level adjacent to their apartment.

The affordable and market-rate units are indistinguishable, with 700–1000 square-foot floorplans, 9- and 10-foot ceilings, ENERGY STAR appliances, washer/dryer connections, and walk-in closets in the energy efficient, LEED-Silver certified building. Most units have balconies or porches, some with views of downtown Austin. The property also include ADA mobility accessible units, and sight- and hearing-accessible units.

Starting the project during the Great Recession yielded a lower construction pricing, which allowed room in the budget for higher-quality finishes. The project was subject to Mueller’s New Construction Council design review and received input from nearby neighborhood associations. Wildflower Terrace was the first predominantly affordable rental development at Mueller and has been held to the same high standard as all Mueller properties.

Financing

As publicly owned land, the City of Austin has sought to leverage the redevelopment of Mueller to achieve several objectives. The city’s transaction with Catellus is guided by the Master Development Agreement (MDA), which governs the transfer of land, the deconstruction of existing improvements, the construction of infrastructure, sales to third parties, and numerous other development obligations and responsibilities. Under the MDA, the city and Catellus have each committed to fund the cost of constructing the Mueller Master Plan, and each will realize financial gains from the successful redevelopment of Mueller.

Public Financing and Revenues

Public financing has been vital to fulfill the vision for Mueller, due to the lack of infrastructure in place, the cost to demolish existing buildings and runways, and the high level of amenities. City general fund dollars are not committed to expenditures for the Mueller redevelopment costs.

The city’s primary source of financial gain is the ongoing property and sales tax revenues generated by the project, which will also repay the public financing for the project. In addition, as development occurs, the City will receive development and permit fees. To finance the costly infrastructure improvements in the first few years of the development, the City deferred its land-sale proceeds and issued bonds supported by project-generated tax revenues.

The city is also employing tax increment financing (TIF), where a portion of the property and sales taxes generated at Mueller are pledged to fund public improvements for the project. As TIF bonds are paid off—typically within 20 years of issuance—the City will retain more and more of the sales and property taxes generated by the Mueller redevelopment for use in its general fund.

It is currently estimated that the City will receive roughly \$55 to \$65 million during the first 20 years, over and above what is required to pay for the bonds. Current projections suggest that all of the City’s bonds for Mueller could be repaid by 2032.

“The way business is done at Mueller, there is a lot of buy-in early on. Affordable housing can get a lot of push-back from NIMBYs, but people know from the beginning that there is quality affordable housing at Mueller, and Catellus sets a tone to inform stakeholders and collect feedback early in the development process to make the process go much smoother.”

Diana McIver
President and Chief Executive Officer, DMA
Companies

Private Financing and Revenues

At the beginning of the project, Catellus mostly used its own money to finance initial infrastructure development. The city used proceeds from land sales to repay Catellus' infrastructure investments and future infrastructure costs. Catellus has not received any fee waivers and is expected to pay \$5 million in City development fees. At the end of the redevelopment, after all costs and land-sale proceeds are known, there will be a final accounting, and Catellus will realize its investment returns through the money generated by its sale of land. At the end of the development phase, Catellus is expected to recoup that initial investment and earn a 15 percent return on that investment.

Financing for Wildflower Terrace

The Mueller Foundation provided a small loan for temporary seed money to launch the \$24.8 million project, which has since been repaid.

Despite building during the economic downturn, DMA Companies managed to secure both public and private funding, including \$2 million in general obligation (GO) bonds for affordable housing from the City. However, additional funding allowed the project to move forward without actually drawing from the GO bonds. In 2005, voters in the City of Austin approved a \$55 million affordable housing GO bond issue that helped build, renovate or preserve 3,400 units of low-income rental and ownership housing. Housing developers apply for portions of the funds, which help attract and secure money from other sources. Voters approved an additional \$65 million in 2013.

Nine-percent low income housing tax credits were awarded in 2010, a recessionary period when it was notably hard to fund tax credits. Wildflower Terrace was one of the few projects to find investors. The tax credits generated \$14.5 million in tax credit equity through RBC Capital. The permanent mortgage was \$7 million, and the development fee was \$1.3 million.

Marketing and Management

Prospective apartment renters go through the apartment community's leasing office. Leasing agents have information on apartment floor plans and rental rates, along with application materials for the Affordable Homes Program. Prospective tenants in Mueller's affordable rental apartments will also be income-certified by rental property owners before signing their leases.

Renters in the affordable program at Mueller are recertified annually for income eligibility. The guidelines of the Mueller Affordable Homes Program allow for tenants' incomes to increase after move-in, up to 140 percent of 60 percent of MFI. If the annual income certification shows that a tenant's income increases past this limit, then the tenant is no longer eligible for Mueller's Affordable Homes Program and must pay for a market-rate unit.

The rental units at Wildflower Terrace filled quickly, reflecting Austin's high demand for affordable senior housing. There is currently a waiting list.

The amenities have proven to be a big draw for community members as well as residents. Art classes, writing classes, and other activities that are free for residents are open to others in the community for a nominal fee. The community room is open to local nonprofits to host meetings.

Observations and Lessons Learned

Public policy is an important driver. In the Master Developer Agreement, the City of Austin leveraged its ownership of the former airport land to create the opportunity for a substantial commitment to affordable housing. Austin's SMART Housing Policy, green building standards, and increased density strengthened the commitment to affordability and sustainability.

Early planning helps to realize the community's vision for a large redevelopment effort. Citizen advocacy for the redevelopment of Mueller took place over a 20-year period, starting in the early 1980s. The process of imagining what conversion of the property could look like began long before the City and Catellus signed a Master Developer Agreement in 2002.

Affordability needs sustainability. The original goal of affordability for 25 percent of the units has had to adapt along the way to stay the course. The creation of the Mueller Foundation to manage the Affordable Homes Program has been part of an effort to strengthen Mueller's capacity to achieve the development's affordable housing goal.

Embrace the community. The amenities at Wildflower Terrace have offered an opportunity to invite other neighbors to enjoy the common areas and serve community needs. In Aldrich 51, DMA Company's next multifamily project at Mueller, there will be a training room conducive to community presentations and meetings.

Stylish design is a major asset. The attractive architecture and design of Wildflower Terrace, in coordination with Mueller's design guidelines, contribute to the overall appeal of the Mueller development.

A financial commitment to affordable housing helps meet local needs. The City of Austin's general obligation bond for affordable housing provided \$2 million for the project.

DAYBREAK

SOUTH JORDAN, UTAH

Summary

Located at the base of the Oquirrh Mountains, Daybreak is a mixed-use, walkable community with a full range of resident services and amenities in South Jordan, just southeast of Salt Lake City. The largest master-planned community in the state, it is entitled for over 20,000 homes and 14 million square feet of commercial space and has been developed based on sustainable, smart growth principles. The massive scale of the development and diversity of housing types at Daybreak creates opportunities for market-rate affordability without additional subsidies. Even with million-dollar mansions nearby, price points for new sales start in the high \$100s for townhomes and low \$200s for single-family homes, in a region where the median home sales price is \$269,900.

Dealmakers

- Mixed-use development
- Variety of housing types and price points
- Green building
- Sustainable development
- Multimodal transportation options
- Pedestrian-friendly design

Overview

Location	South Jordan, Utah
Project Type	Mixed-use, master-planned community
Developer	Daybreak Communities (formerly Kennecott Land Company)
Development Partners	Calthorpe Associates, Berkeley, Calif. Ken Kay Associates, San Francisco Loci, Salt Lake City Urban Design Associates, Pittsburgh Rio Tinto Kennecott
Housing Types	For-sale, rental, single-family, townhouse, and multifamily
Site Size	4,126 acres
Units	4,500 units built 20,000 units entitled
Development Costs	\$2.1 billion

Development Timeline	2001: Planning started 2003: Construction started 2006: Founder’s Park completed 2007: Eastlake Village completed 2008: North Shore Village 2013: Creekside Village open for sale 2009: Garden Park Village 2015: Heights Park Village 2013: Lake Village 2008: SoDa Row Village 2016: South Station Village 2030: Estimated project completion
Funding Sources	Self-financed (Initial investments) Community Development Areas, South Jordan City (2008) South Jordan infrastructure assessment bond (2016)
Website	www.daybreakutah.com

Development Partners

Kennecott Land Company

KLC (the Developer) was established by Rio Tinto in April 2001 to convert surplus mining land into mixed-use development; Daybreak was its first project. Rio Tinto is a major international mining company headquartered in the United Kingdom, with activities predominantly in Australia and North America.

Värde Partners

In 2016, the Developer sold its Daybreak assets to Värde Partners. The sales included approximately 500 finished home sites, 2,500 acres of undeveloped land, the Glass House Information Center, the SoDa Row Retail District, Oquirrh Lake and associated secondary water assets. Värde Partners, a Minnesota-based global investment firm, has a significant presence in Utah, including investments in homebuilding businesses and land developments along the Wasatch Front. A new company has been formed called “Daybreak Communities,” which will continue to manage Daybreak’s development on behalf of its new owners.

Planning and Policy

In 1989, Rio Tinto, one of the world’s largest mining companies, bought Kennecott Utah Copper, a company that has had mining operations in the region for decades. As part of the transaction,

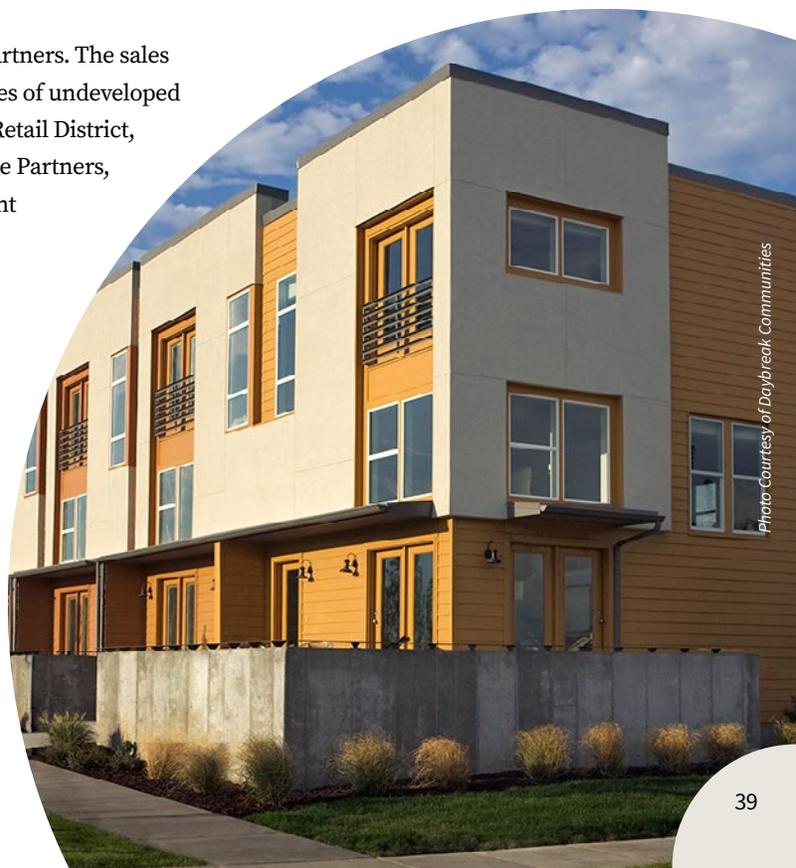


Photo Courtesy of Daybreak Communities

Rio Tinto also took ownership of a 144-square-mile, 93,000-acre land area along the Oquirrh Mountain foothills. Established by Rio Tinto in 2001, Kennecott Land Company (the Developer) was created to manage the long-term plans to reclaim and develop much of this acreage.

Daybreak, a planned development on 4,200 acres on the west side of the City of South Jordan, is the first project to reclaim surplus mining land in the region. South Jordan, about 18 miles south of Salt Lake City, had a population of about 50,000 in the 2010 census. Daybreak occupies 36 percent of the land area of South Jordan.

“Utah’s younger, high birth-rate population created a different paradigm around how to think about the impact of growth and how to preserve quality of life for our kids and grandkids.”

Ty McCutcheon
President, Daybreak Communities

A Vision for Utah’s Growth

During the period that the land for Daybreak was undergoing remediation, Envision Utah was developing a statewide Quality Growth Strategy centered on voluntary, locally implemented, market-based solutions. Founded in 1997, Envision Utah is a statewide, nonprofit civic engagement organization that encourages residents, elected officials, developers and other stakeholders to make informed decisions for Utah’s growth and keep it “beautiful, prosperous, healthy, and neighborly for future generations.” Daybreak incorporated the smart growth principles of Envision Utah that would minimize sprawl, water use, and congestion and provide a guiding vision for the planning and development of the property.

Density, Entitlements, and the Master Development Agreement

The development of Daybreak is governed by a Master Development Agreement (MDA) between the City of South Jordan and the Developer. The City of South Jordan designated Daybreak as a planned community zone (PC Zone), which provides substantial flexibility for development options. For example, commercial space can be built in any combination of office, retail, health care, light industrial, or other uses. Within broad ranges for each of the neighborhood types in the PC Zone, Daybreak may also develop at any density that the market can support, up to the maximum number of entitled units.

Daybreak was originally entitled in 2003 for 13,000 units and 9 million square feet of commercial space. However, these figures were later revised in 2007. Now, at full build-out, the community will contain up to 14 million square feet of commercial and over 20,000 residential units, or 60 percent of the South Jordan’s anticipated 35,000 residential units. Completion is estimated by 2030. Densities at Daybreak range from five to 50 units per acre. In order to build its full entitlement, Daybreak will need 30 units per acre in its town center, which will contain up to 8,000 homes.

Daybreak Land Area and Entitlements	
Total Land Area	4,157 acres
Open Space	1,040 acres
Entitlements	
Residential	20,785 units
Retail	3.5 million square feet
Office	5.3 million square feet
Industrial	5 million square feet



Photo Courtesy of Daybreak Communities

In 2014, the South Jordan city council, responding to demand from local residents, implemented a moratorium on new high-density projects with more than seven dwelling units per acre. However, as a project in a planned community zone and subject to the provisions of the MDA, Daybreak’s development options were not affected by this decision.

Master Planning

Calthorpe Associates of Berkeley, California, the master planner for Daybreak, laid out a multimodal and walkable network of streets, oriented to create vistas of the mountain ranges that ring the Salt Lake Valley. Daybreak also includes more than 22 miles of trails that link neighborhoods to schools, churches, community centers, Oquirrh Lake and other destinations.

The master plan allows for diverse housing options, focused on for-sale homes; to date, over 90 percent of the housing units are owner-occupied. (Crossing at Daybreak, with 315 luxury apartments, is currently the only multifamily rental property in the development, although others are planned.) Daybreak’s variety of single-family and multifamily residential product types and price points create many opportunities for affordability. To date, about two-thirds of constructed homes have been detached, while one-third have been attached. Ample parks and recreational spaces are integrated throughout the community, and every home is located within a quarter-mile of a park or the extensive trail system.

“To create the pattern book for Daybreak, we asked people to describe the type of neighborhood where they wanted to live.”

Ty McCutcheon
President, Daybreak Communities

Daybreak’s transportation links include close proximity to Mountain View Corridor and Bangerter Highway. The region’s light rail line, TRAX, was launched in 1999 and now serves 60,000 riders daily. Two TRAX stations opened in 2011, with park and ride lots, are located inside Daybreak. The travel time between the Daybreak South Station and downtown Salt Lake City is approximately 40 minutes by car or train.

Site Development

An intensive and thorough period of remediation, restoration and reclamation for the property lasted through the mid-2000s; construction at Daybreak began in 2003.

The development is divided into 12 predominantly residential phases called “villages,” each planned for approximately 1,000 to 1,500 residential units. In addition, the community includes a growing town center that will house regional employment and retail uses, parks, schools, churches, and employment.

As described in the MDA, residential density and the mix of uses are organized by neighborhood, village, and town. Other land designations include “Business and Research Parkway,” with a principal land use of office, commercial and industrial, and “Open Space,” for outdoor recreational, agricultural or other similar uses.

Site Designation	Gross Residential Density	Land Uses
Neighborhood	Comparatively low-density: 5 units per acre	Mixed use: Single-family and multifamily residential as well as office, commercial, industrial, public/semipublic and recreation/open space uses.
Village	Medium-density: 18 to 25 units per acre	Mixed use: Single-family and multifamily residential as well as office, commercial, industrial, public/semipublic and recreation/open space uses.
Town	High-density: 25 to 50 units per acre	Emphasis on office, commercial and recreational uses, but also includes single-family and multifamily residential, public/semipublic, industrial and open space uses.

Public Outreach

Rio Tinto's commitment to sustainability emerged as part of an effort to foster better relationships with neighboring communities, recognizing that sustainable development should balance a healthy environment, social well-being, and a healthy economy. As a double-bottom line, Rio Tinto's sustainable community-based practices are also designed to yield reduced expenses for litigation and environmental cleanup, greater operational efficiencies, and a better climate for securing future entitlements.

To initiate the development of the reclaimed mining lands allocated for Daybreak, the Developer collaborated with the City of South Jordan to create a shared vision for building a mixed-use, sustainable community that includes access to rapid transit, recreational and open space, commercial uses, and a range of housing types.

Design

Each phase of Daybreak is called a "village," with 12 villages planned at build-out. Housing types include large single-family homes, townhomes, condos, mansion homes (a large property made to look like a mansion but actually three separate town homes), parkside homes (smaller single-family homes arranged around a common green), and solar-powered homes.

To establish Daybreak's application of sustainable design and transit-oriented development, the Developer commissioned a 180-page Daybreak Pattern Book that prescribes construction requirements such as streetscape features, indoor air and light quality, building materials, landscaping, and garage location.

The residential design is based on the style of historic Salt Lake City neighborhoods. Many of the homes feature large porches and garages in rear alleys. Architectural styles include Colonial Revival, Craftsman, and Victorian, many in bright colors. Homes with a more modern style have also been added to the mix.

Each village contains a share of amenities such as playgrounds, parks, community centers, churches, and libraries. The development is designed to be walkable and features over 1,000 acres of open space and 22 miles of walking trails. The villages are sited around a

67-acre recreational lake. All the homes are within a five-minute walk or bike ride of amenities such as shopping or parks. Six community gardens are scattered throughout Daybreak, with nearly 300 individual garden plots for growing vegetable, fruits, and flowers. At Daybreak, up to 85 percent of the children walk to school, compared with less than 20 percent in neighboring schools. In 2011, the National Association of Home Builders recognized Daybreak with its Best in American Living™ platinum award for suburban smart growth.

“Daybreak neighborhoods have different scales and densities. Many residents like the idea of being able to live in the same neighborhood their whole life.”

Ty McCutcheon

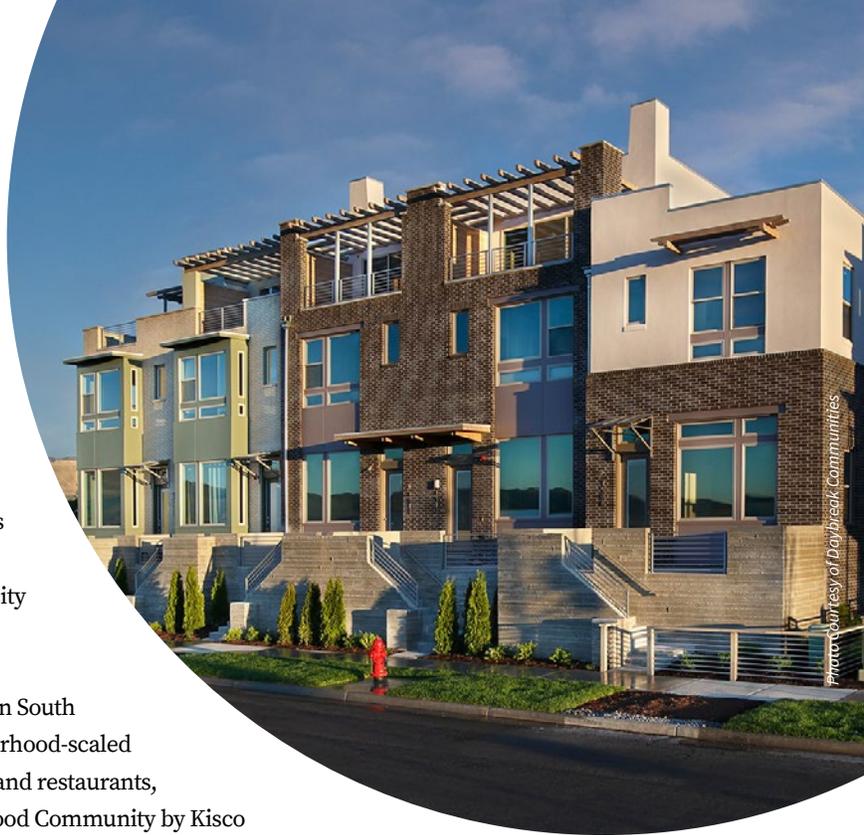
President, Daybreak Communities



Photo Courtesy of Daybreak Communities

Most villages contain a wide variety of homes, ranging from condos to large single-family homes. Current villages include:

- **Founders' Park Village:** the first village to be built, south of Oquirrh Lake. It is also home to the Daybreak Elementary School.
- **Eastlake Village:** Daybreak's second village, the main feature of this village is the Oquirrh Mountain Latter-Day Saints Temple. Eastlake is also home to Eastlake Elementary.
- **North Shore Village:** Contains more high-density homes at lower price points. Some units are solar-powered.
- **SoDa Row:** With a name based on its location, in South Daybreak, this is the community's first neighborhood-scaled retail shopping area with locally-owned stores and restaurants, townhome residences, and the 180-unit Sagewood Community by Kisco Senior Living.
- **Garden Park Village:** An over-55 community, also with a range of housing types. When complete Garden Park Village will have over 500 homes, the largest senior living community in Utah.
- **South Station Village:** Home to the University of Utah South Jordan Health Center, rental apartments, and townhomes, near Daybreak's southern TRAX station and southwest of the lake.
- **Creekside Village:** Opened in 2013 and located to the northwest of the lake.
- **Lake Village:** Executive housing on two plots of land to the northeast and northwest of the lake. Homes in this village are some of the largest and most expensive at Daybreak.
- **Heights Park Village:** One of the last single-family home villages.



Green Building

Daybreak's high-performance, energy-efficient homes provide more affordability for homeowners by reducing energy bills—an important asset in a climate with hot desert summers and cold mountain winters. The average new home in Daybreak is 20 to 30 percent more efficient than the average new home elsewhere in the region, saving homeowners anywhere from \$600 to over \$1,500 annually.

Daybreak has several elements to support green building, including:

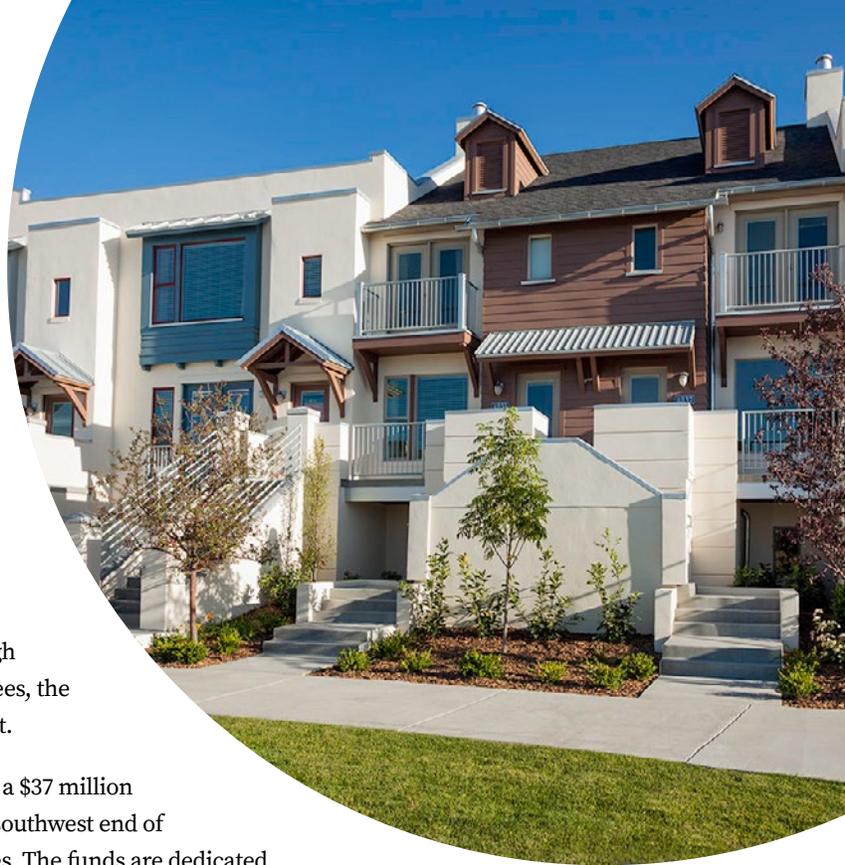
- All Daybreak homes are ENERGY STAR 3.0-certified, with high-performance thermal enclosure, heating and cooling systems, water management systems, and energy-efficient lighting and appliances.
- Most commercial building have been required to be LEED-rated.
- Many of the Daybreak houses have solar and thermal panels and other energy-saving features.
- Daybreak has more than 1,000 acres planned as open space. Most of this open space is irrigated with secondary water and landscaped with a combination of sod and water-wise native plants.
- Builders and contractors at Daybreak participate in a program to recycle three-quarters of all home construction waste.
- Daybreak's stormwater management system has been designed to preserve groundwater resources, retaining 100 percent of stormwater onsite from a 100-year rain event.
- Daybreak has a vigorous dust control program for construction activities that exceeds standard industry practice.
- Due to smaller lot sizes, water-saving appliances, drip irrigation systems, drought-tolerant plantings, and less grass, the average housing unit a Daybreak uses 10 percent less water than the average unit in the region.

Financing

Since the land was already owned by Rio Tinto, the site acquisition cost for Daybreak was the historical cost basis. Rio Tinto invested the initial capital to get the project started, including environmental remediation, site improvement, and infrastructure costs.

Following the initial capital investment, the City of South Jordan approved two Community Development Areas (CDA) to rebate to the Developer a portion of the tax increment created through development activities in portions of the community, for a period of 20 years. Aside from this CDA structure, the project was developed through its own cash flow until recently. In lieu of paying impact fees, the Developer was responsible for infrastructure development.

However, in 2016, the South Jordan City Council approved a \$37 million assessment bond to develop 1,100 acres, moving into the southwest end of Daybreak along the Mountain View Corridor and Trax lines. The funds are dedicated to building the infrastructure needed for the Daybreak expansion and accelerating commercial development along Mountain View Corridor. The commercial development will provide an important addition to the local tax base to pay for city services. The development plans also include 2,800 apartments, 1,000 condos and 3,200 single family homes. The bond is structured so that it will be repaid by future development.



DEVELOPMENT COSTS, 2003 – 2016	
Site Acquisition	Historical cost basis
<i>Public Infrastructure Financing</i>	
Community Development Areas	\$75 million
Assessment Area Bond	\$37 million
<i>Vertical Development</i>	
Residential	\$1.2 billion
Commercial	\$800 million
Total	\$2.1 billion

Contracting with Home Builders

To develop each village phase, the Developer contracts with participating builders to buy lots on a quarterly basis, with some fine-tuning for the specific product type. The price of lots is based on a residual value of what homes should sell for and the cost to construct them. Depending on the ebb and flow of the overall market conditions, the pricing is sometimes the result of a competitive process.



Photo Courtesy of Daybreak Communities

Marketing and Management

Since breaking ground in 2003, Daybreak is now home to more than 12,000 residents and 4,000 housing units. With more than a million people in the Salt Lake City metro region, one in five new homes in Salt Lake County today is built in Daybreak. Sales are currently more than 400 units per year, plus leasing of multifamily units.

About 60 percent of Daybreak residents are families with children, with the balance empty nesters, married couples without children, and singles. The Daybreak markets itself as a sustainable, walkable, highly amenitized community, with attractive homes, ample recreational opportunities, and nearby schools.

Builders participate in a master marketing program that supports an onsite sales office, community web site, home-finding tools, maps, and collateral materials. About a third of sales come from realtors, a third from referrals, and a third from general marketing activities such as promotions and advertising.

The diversity of housing types and range of price points at Daybreak builds in market-rate affordability, although this is more apparent when breaking down the sales prices by housing types. The median sales price was \$310,000 for all homes at Daybreak in the second quarter of 2016, which is 15 percent higher than the median home sales price of \$269,900 in Salt Lake County. However, the median sales price at Daybreak was \$171,500 for condominiums and \$235,000 for townhomes.

Some representative new residential units at Daybreak in Fall 2016:

Daybreak Village Location	Housing Product Type	Square Feet	Specifications	Price Range
Creekside Village	Townhomes	968 – 1,244 sf	2 BR, 1.5 – 3 BR, 2.5 BA	\$195,900 – \$233,900
South Station	Townhomes	1,200 – 2,075 sf	2 BR, 2.5 BA – 3 BR, 2.5 BA	\$229,900 – \$316,900
Lake Shore	Condominium, single family detached	1,404 – 1,600 sf	2 BR, 2 BA – 2 BR, 2.5 BA	\$241,900 – \$279,900
Garden Park	55+, Single Family Detached	2,065 – 3,379 sf	2 BR, 2 BA – 4BR, 3 BA	\$387,600 – \$449,600
Lake Shore	Single family detached	1,737 – 3,965 sf	3 BR, 2.5 BA – 5 BR, 4.5 BA	\$305,900 – \$739,900

Management

There is a master association initiated by Daybreak for each new community. As each neighborhood gets established, it transitions to a resident-run association. Daybreak remains responsible for maintenance of community covenant and common areas.

Live Daybreak, a 501(c)(4) organization, is in charge of community programming, funded by a community enhancement fee assessed as part of property transfers. This fee must be used for community reinvestment to benefit the assessed properties. Programming includes clubs, events and programs that focus around learning, arts, and healthy living.



Observations and Lessons Learned

Reclamation and sustainability add value: Rio Tinto's privately financed environmental remediation of former mining land, combined with sustainable development of the property, created enormous potential for the mixed-use development that is now being realized with Daybreak.

Variety adds interest (and sales): The mix of housing types at Daybreak has met with wide market acceptance.

Mobility matters: Transportation choice, walkability in a mixed-use setting, and transit-oriented design have been strong selling points for Daybreak.

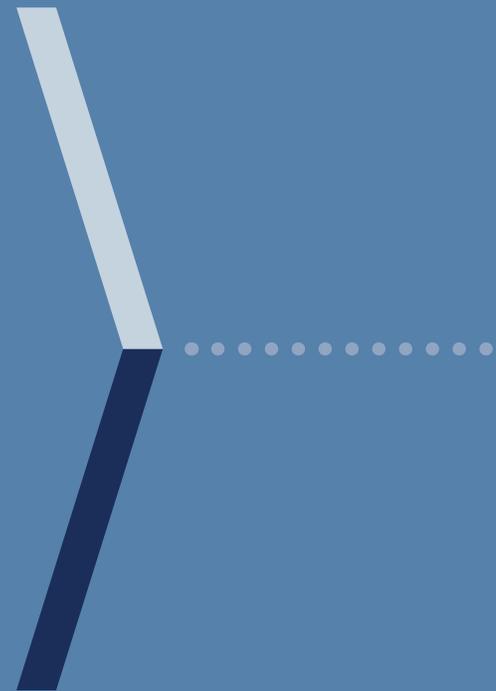
Green building can be done at scale: Whether ENERGY STAR or LEED, all building types meet designated environmental criteria, in a successful business model.

Preserve views and open space: plentiful parks and open space areas integrated with residential neighborhoods have been an important amenity in Daybreak.

Photo Courtesy of Daybreak Communities

Create Room for Innovation

New Ways to Use
Resources to Reach an
Affordable Housing Goal



OLD TOWN COMMONS

ALEXANDRIA, VIRGINIA

Summary

Built in a five-block area in the historic Parker-Gray District in Alexandria, Virginia, Old Town Commons is a \$148.3 million redevelopment of public housing into 379 townhome, condominium and multifamily units. The project includes 245 units of market-rate housing and 134 public housing apartments. A public-private partnership among the Alexandria Redevelopment and Housing Authority, the City of Alexandria and EYA produced the project. Located five miles from Washington, D.C., the project was produced with innovative financing that leveraged the high real estate value of the land and Low Income Housing Tax Credits. Today, the result is a vibrant, revitalized neighborhood combined with a nearby community center and public parks in a pedestrian-friendly, transit-oriented community.

Dealmakers

- Strong housing market
- Collaborative public-private partnership
- Experienced developer of mixed-income communities
- Leadership from the housing authority
- Supportive city council
- New community center

Overview

Location	Alexandria, Virginia (Washington, D.C., metro area)
Project Type	Market-rate, affordable housing, public housing
Developers	EYA Alexandria Redevelopment and Housing Authority (ARHA)
Contributing Partners	Virginia Housing Development Authority City of Alexandria Boston Capital (Equity Syndicator)
Housing Types	Townhomes, triplexes, multifamily, condominiums
Site Size	8.49 acres (5 blocks)
Units	379 units: <ul style="list-style-type: none"> • 134 public housing apartments • 159 market-rate, for-sale townhouses • 86 market-rate multifamily condominiums
Sustainability	LEED certified and/or EarthCraft certified
Development Costs	\$148,250,000

Development Timeline	2006: Public-private partnership established 2009: Site acquired 2010: Construction started May 2010: Sales/rentals opened (pre-construction sales) October 2014: Completed
Funding Sources	Nine-percent Low Income Housing Tax Credits City of Alexandria: loans for gap financing Leveraging of high land values
Websites	http://www.vhdllc.us/old-town-commons.html http://eya.com

Development Partners

This mixed-income project is the result of a successful collaboration between Alexandria Redevelopment and Housing Authority (ARHA), EYA and the City of Alexandria. ARHA is a public agency charged with ensuring affordable housing opportunities for Alexandria’s low-income households. The affordable housing rental units are owned and managed by ARHA.

EYA served as the site’s land developer, home builder and general contractor. EYA manages the market-rate housing. Specializing in walkable, new townhome communities and mixed-use developments, the company has built more than 3,500 homes and 32 communities in the Washington, D.C., metropolitan area since its founding in 1992.

“The partners formed a senior-level working group to agree on what the strategy was going to be and keep the communications flowing.”

Brian J. (AJ) Jackson
Senior Vice President, EYA



Photography by Thomas All-Edge



Site Development

Situated in the Parker-Gray historic district, Old Town Commons is within walking distance of the Braddock Road Metro Station, as well as restaurants, retail stores and other amenities. Since its construction in the 1940s, many of the original blocks of public housing row houses in the area just north of King Street in Old Town Alexandria had also become a concentration of poverty, with significant crime and little private investment

Local housing and land use policies were influential in the development of the Old Town Commons project. By the 2000s, city leaders aimed to reduce concentrations of public housing in favor of scattered-site public housing that combined market-rate units and public housing in the same block. The Alexandria Redevelopment and Housing Authority (ARHA) sought to leverage this mixed-income strategy to resolve difficulties with the rundown and mostly vacant Glebe Park public housing units. The agency issued an RFP to redevelop the Glebe Park property and selected EYA for a public-private partnership.

However, there was not a viable plan for redevelopment to get the Glebe Park property up to full occupancy. To comply with the City of Alexandria's Resolution 830 requiring a one-for-one replacement of all public housing units, other public housing—with a better location and higher land values—became a key part of the solution. Thus, ARHA offset the losses at Glebe Park by also redeveloping James Bland, a more valuable piece of land well-located between Braddock Metro station and the Potomac River, to become the Old Town Commons project.

The production of 379 housing units at Old Town Commons doubled the density of the 194 original units on the site. Increasing the density required the development of the Braddock East Master Plan, a small area plan that included the James Bland site. Public housing residents from the original units were relocated onsite or relocated to other available ARHA housing in the community.

Design

Design considerations were crucial in a project that substantially increased the neighborhood density and height, required approval from the Board of Architectural Review, mixed single-family with multifamily units, and sought to ease concerns from area residents. Colorful paint schemes and trim details are compatible with the neighborhood's historic character. Units range in size from one to four bedrooms. Rear-load parking garages, street-facing residences with doors that open directly onto the streets, wide sidewalks, and community parks contribute to a pedestrian-friendly environment.

“The city invested in a brand new community center in the middle of the site early in the project. This created a common place for entire community that serves everyone and encourages ‘neighbor to neighbor’ interactions.”

Brian J. (AJ) Jackson
Senior Vice President, EYA

“With so many people moving into a new community at the same time, it is important to have ‘Know your neighbor’ events. That way, people learn about the neighborhood, and residents create personal relationships.”

Brian J. (AJ) Jackson
Senior Vice President, EYA

Closer to the Braddock Metro station and along Route 1, the design team developed a plan for taller multifamily buildings, with decreased height further from the Metro. Three-story buildings with set-back terraces were located closer to the existing, historic row houses as a “step down” technique. Exterior design features include brick and HardiePanel siding, brick stoops with wrought-iron rails, and rooftop terraces. Some units have decks or front porches.

Stacking public housing apartments in rowhouse flats helped increase the density without increasing the perception of increased density and assisted with community buy-in. The stacked public housing apartments are indistinguishable from market-rate townhomes and feature the same quality materials. The affordable units are visually compatible with the historic rowhome community. Two of the buildings are owned by ARHA and provide 32 units of below-market rental housing.

Residents gather at the nearby Charles Houston Recreation Center for community meetings, events and entertainment that appeal to both old and new residents. The City of Alexandria completely rebuilt and expanded this longtime community center in a \$15.3 million project that was completed in 2009. The 35,000-square-foot center includes a gymnasium, dance studio, meeting space for seniors, several multipurpose rooms, areas for preschoolers, an outdoor swimming pool and a tot lot.

Old Town Commons is also built to U.S. Green Building Council's LEED for Homes and/or EarthCraft specifications, with features that not only conserve energy and water but also save residents hundreds of dollars in annual water, heating and cooling costs.

Public Outreach

As can often happen with the development of affordable housing, some in the community initially opposed the plans and sought to minimize the amount of affordable housing on the site. Ongoing communication and public outreach were essential to address concerns. EYA, city staff and ARHA met regularly with existing residents and neighbors to ensure the proposed plan was consistent with the Braddock East Master Plan and to discuss density, height, open space, parking, historic context and other areas of concern until consensus was reached. ARHA employed a consultant to facilitate further outreach with public housing residents. Since the project is located in a city historic district, the historic preservation review process was also a necessary consideration in the development.

Coordination for internal consistency among ARHA, EYA, and the City of Alexandria was also very important. For example, planning staff regularly attended ARHA board meetings to better understand their goals and keep them updated on the City's plans.



Photography by Thomas Arledge

Financing

The project was financed exclusively by market-rate land value and federal low-income housing tax credits, without the assistance of any subsidies. The transit-accessible location in a close-in Washington, D.C., suburb helped to create the high land values that were a key factor in the success of the project.

The partnership among the City of Alexandria, ARHA, and EYA assisted with financing the project and created some flexibility for the development schedule. The City of Alexandria loaned \$6 million to ARHA to allow them to pay off the HUD mortgage on the Glebe Park site. ARHA repaid the loan from the Old Town Commons development proceeds. EYA, the developer, purchased the land beneath the market-rate units from ARHA. ARHA then put the proceeds towards funding the public housing units. The public housing was also funded through low-income housing tax credits. In a key strategic move, the city also acquired four lots that had been approved for market-rate townhomes on the property and used the land to expand public open space. The expansion of park space helped mitigate the increased density on the site.

The state housing finance agency, the Virginia Housing Development Authority, awarded the tax credit equity to ARHA through a competitive process. The tax credits were syndicated by Boston Capital. Boston Capital and ARHA secured \$24.6 million in equity for the project.

Old Town Commons was built in five phases. To finance the project, a new tax credit application was filed annually. The tax credits offered a two-year window to complete each phase of construction on the public housing portion. With this schedule, it was critical that market-rate sales kept up with plan, so that each phase was pre-sold in advance of applying for the next tax credit. Market-rate units, including 159 townhomes selling up to \$1 million and 86 condominiums in the mid \$300,000s–\$400,000s, provided the necessary land value to offset the cost of rebuilding 134 ARHA units. Predicted market demand actually exceeded expectations, as sales prices of the market-rate units increased by 20 percent over the initial prices.



Observations and Lessons Learned

Good communication is essential—internal as well as external. EYA, ARHA, and the City of Alexandria formed a senior-level working group to manage communication in their public-private partnership. Communication with other agencies not directly part of the partnership was important, too. For example, the City of Alexandria’s Office of Housing’s support for Old Town Commons was crucial.

Work to get the city council on board, too. While it was clear that the city had a strong public policy commitment to scattered site affordable housing, this was politically a more difficult situation for city council members. Valuable time and money needed to be expended to get city council’s buy-in for the project.

Phase one in a larger project often offers lessons for later phases. Project challenges included poor soil and site conditions, including abandoned utilities. EYA and its subcontractor companies applied lessons learned from early stages of construction to later and future phases.

Don’t underestimate the social dimension in a mixed-income development. An integrated homeowner’s association, in which participation is encouraged among all groups, facilitates good relations for both market-rate owners and public housing. A salaried community facilitator helps resolve minor housekeeping issues and also coordinates community events designed to get neighbors interacting in a positive way. In addition, the city’s investment in a new recreation center in the neighborhood created a central point for residents to enjoy community meetings, events and entertainment. The community center’s varied programming is designed to appeal to the all residents.

With a strong project, everyone wins. The neighborhood surrounding Old Town Commons has benefited from the development, too. With an influx of residents, there is renewed retail investment in the form of new shops, restaurants and even a new grocery store.



Photography by Thomas Arledge

LOFTS AT REYNOLDSTOWN CROSSING

ATLANTA, GEORGIA

Summary

The Atlanta BeltLine is a sustainable, multimodal transportation, recreation, and housing development plan centered around a 22-mile historic rail corridor that encircles the City of Atlanta. A goal of the BeltLine project includes the development of 5,600 units of workforce and affordable housing by 2030. To help realize this goal, the Atlanta BeltLine, Inc. (ABI) purchased a distressed, unfinished, upscale condominium project during the Great Recession that had been vacant for four years. ABI quickly turned the property into the Lofts at Reynoldstown Crossing—28 units of owner-occupied workforce housing, three of which are community land trust units.

Dealmakers

- Strategic adaptive reuse that emerged from a failed upscale condominium development
- Housing and transportation linkages for sustainable development
- Rapid turnaround from acquisition to closing
- Pilot for community land trust condominium units
- Drawing for units that generated quick and successful closings
- Land banking of 1.4 adjacent acres for future development
- Providing accessible and affordable financing to workforce buyers

Overview

Location	890 Memorial Drive SE, Atlanta, Georgia
Project Type	Workforce (up to 100 percent AMI)
Developer	Atlanta BeltLine, Inc.
Contributing Partners	Atlanta Land Trust Collaborative (Community Land Trust) Invest Atlanta (Construction financing) The Marketing Directors, LLC (Marketing) Resources for Residents and Communities (RRC) (HOA management) Rutledge Alcock Architects SouthCore Construction, Inc. (Contractor) Urban Realty Partners and Integral Building Group (Development expertise)
Housing Type	Multifamily owner-occupied
Site Size	1.8 acres
Units	29 units: <ul style="list-style-type: none"> • 25 workforce • 3 workforce/community land trust • 1 market-rate
Development Costs	\$5.1 million
Development Timeline	September 2011: Acquisition October 2011: Construction December 2011: All units under contract March 2012: Completed
Funding Sources	Atlanta BeltLine Affordable Housing Trust Fund Atlanta BeltLine Tax Allocation District Bank of America (mortgage financing) Fifth Third Bank (mortgage financing)
Website	http://beltline.org/progress/affordable-housing/

Development Partners

ABI

The Atlanta BeltLine is a long-term, comprehensive transportation and economic development effort that is being produced in phases through 2030. Atlanta BeltLine, Inc. (ABI) is the entity overseeing the planning, design and implementation of all aspects of the project, with partners in the public and private sectors. ABI was formed in 2006 by Invest Atlanta (formerly the Atlanta Development Authority) for the purpose of managing the implementation of the Atlanta BeltLine program. The ABI staff works closely with Invest Atlanta and City of Atlanta departments to define details of the plan, secure public funding, inform and engage members of the community, and serve as the overall project management office for construction of the trails, transit, parks, and other key components.

Invest Atlanta

Invest Atlanta is the official economic development authority for the City of Atlanta. Its purpose is to strengthen Atlanta's economy and global competitiveness in order to create increased opportunity and prosperity for the people of Atlanta.

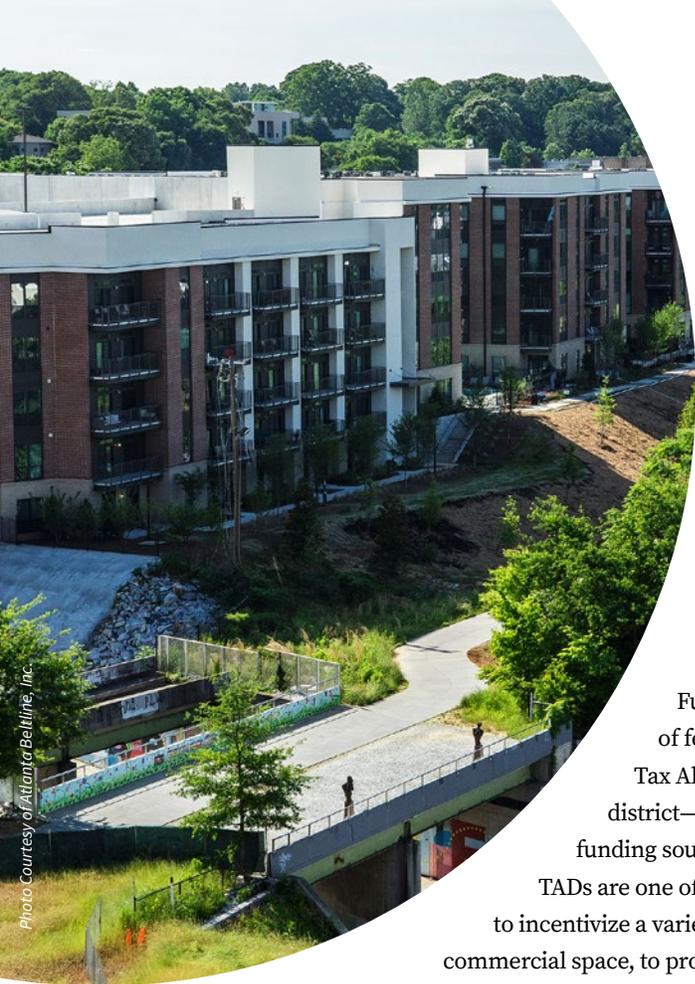
Atlanta Land Trust Collaborative (ALTC)

Three of the condominium units in the Lofts at Reynoldstown Crossing are stewarded by the Atlanta Land Trust Collaborative. The ALTC was created in 2009 to maintain affordability in Atlanta neighborhoods at risk for displacement and gentrification, particularly in the 45 neighborhoods along the Atlanta BeltLine. The ALTC combines neighborhood-based, resident-controlled Community Land Trusts (CLTs), with the ALTC serving as a central resource to incubate and support the development and operation of permanently affordable housing initiatives by independent non-profit CLTs along the BeltLine and throughout the City.

Planning and Policy

The Atlanta BeltLine is a sustainable, multimodal transportation, recreation, and housing development plan centered around a 22-mile historic rail corridor that encircles the City of Atlanta. When completed in 2030, the 45 neighborhoods in the vicinity of the BeltLine will be linked by 22 miles of light rail and 33 miles of multi-use trails. At the end of the 25-year project, there are also expected to be 28,000 new units of housing, with a goal of 20 percent, or 5,600 units, developed to be affordable and workforce housing. Originally envisioned in a 1999 master's thesis by Georgia Tech student Ryan Gravel, the Atlanta BeltLine materialized as the result of a grassroots campaign by local citizens and civic leaders. Approximately 3,000 acres of underutilized land along the corridor will become available for public and private redevelopment opportunities.





History

A group called Friends of the BeltLine began in 2002 to build grassroots support for the idea, meeting with neighborhoods across the city. In 2005, after studies to evaluate the potential of the proposal, Atlanta Mayor Shirley Franklin created the Atlanta BeltLine Partnership to galvanize private sector and citizen support for Invest Atlanta's BeltLine efforts. After a six-month process of community input, the Atlanta BeltLine Redevelopment Plan and the BeltLine TAD were approved by the Atlanta City Council, Fulton County Board of Commissioners, and the Atlanta Public School Board of Education.

Funding

Funding for the Atlanta BeltLine project comes from a combination of federal, state, local, and private sources. One source is the BeltLine Tax Allocation District (TAD)—comparable to a tax increment finance district—that was created by the City of Atlanta in 2005 to provide a local funding source for the implementation of this major revitalization project.

TADs are one of the City of Atlanta's primary economic development tools used to incentivize a variety of developments, such as housing, community centers, and commercial space, to promote development in areas of the city that are targeted for increased investment.

Housing Affordability and the Atlanta BeltLine

The Atlanta BeltLine is expected to stimulate new opportunities for the production of housing in and around the corridor. The Atlanta BeltLine is a unique initiative that can address two of the major costs households face—shelter and transportation. Forty percent of households within a half-mile of the Atlanta BeltLine corridor have incomes between 30 percent and 100 percent of Area Median Income (AMI), and 42 percent of Atlanta BeltLine households are cost burdened, meaning they spend more than 30 percent of income on housing. In fact, low- to moderate-income households in Atlanta relying on market-rate housing options can spend over 60 percent of their incomes on housing and transportation. Thus, affordable housing is a key part of the plan for the Atlanta BeltLine development, to realize the project's vision of improving mobility, connectivity, and regional equity. Since new, market-rate construction will only meet a small percentage of affordable demand, 5,600 units in the Atlanta BeltLine area are targeted to be produced as affordable workforce housing.

The BeltLine Affordable Housing Advisory Board (BAHAB) was established to make recommendations on the development of policies and strategies associated with the creation of affordable housing within the Atlanta BeltLine TAD. BAHAB also makes recommendations for maximizing the use of the BeltLine Affordable Housing Trust Fund.

The Atlanta City Council approved Atlanta BeltLine's affordable housing policies in October 2008. For rental housing, the goal is to produce housing affordable for households earning up to 60 percent of Atlanta region's AMI, or up to \$36,900 annually. For owner-occupied housing, the income targets are up to 100 percent of AMI, or earning up to \$68,000 annually.

Progress in the production of affordable units that have been directly supported by ABI and/or Invest Atlanta incentives, involvement, and development have included Lofts at Reynoldstown Crossing, Ponce City Market, Stanton Oaks in Peopletown, Krog Street Market, AMLI Ponce Park, Reynoldstown Senior, Sky Lofts, and over 100 units purchased with downpayment assistance in complexes around the Atlanta BeltLine.

BeltLine Affordable Housing Trust Fund: Weathering High and Low Markets

To promote the creation and preservation of affordable housing within Atlanta BeltLine neighborhoods, the Atlanta City Council created the Atlanta BeltLine Affordable Housing Trust Fund (BAHTF) in 2008. Fifteen percent of net bond proceeds of the BeltLine TAD are allocated for the BAHTA.

Trust Fund revenue has been used to create and preserve both owner-occupied and rental housing and provide direct assistance to home buyers as well as incentives for affordable housing developers. Funds have been used for home buyer incentives, developer incentives, land acquisition, and transfer of development rights to incentivize developers to incorporate affordable housing units in their development.

The fund is administered by Invest Atlanta, the city's development authority. These funds have been combined with other affordable housing programs and city incentives and leveraged with private dollars for the production of affordable housing. In 2005, economists estimated that the Atlanta BeltLine TAD would generate \$3 billion in incremental property tax revenue over 25 years.

However, expected BAHTF revenues, along

with funds for the BeltLine as a whole, were impacted by a major drop in TAD projected revenues. When the Great Recession hit, projected property tax revenues in 2012 were revised to between \$1 billion and \$1.4 billion for the remainder of the life of the TAD (2012–2030).

In fact, actual TAD revenues declined even further, to \$18 million in 2014—a major shift from the original estimate that TAD revenues in 2014 would be \$47 million. The change in revenues called for a rethinking of funding for implementation. The 2030 Strategic Implementation Plan, produced in 2013, proposed a revised framework for how the project will be funded through a mix of public and private sources, and seeks to establish a predictable stream of BAHTF funding, rather than sporadic funding tied to Atlanta BeltLine TAD bonds.

Recalibration of The BeltLine's Housing Strategy

The major impact of the Great Recession on the housing market and the resulting foreclosure crisis dissolved the original revenue assumptions and created new challenges and opportunities for housing development. This shift required a significant adjustment in the strategies to achieve the Atlanta BeltLine's affordable housing goals.

In 2015, ABI completed an Integrated Action Plan ("IAP") to evaluate how to reach the Atlanta BeltLine's ambitious economic development and housing goals in fiscal years 2016 to 2020, with a look forward to 2030. The IAP emphasizes controlling land early in the development process as a key method to more effectively manage development outcomes.

The IAP includes plans to develop new and maximize existing sources of revenue; establish and capitalize a land acquisition fund; directly support the creation of three major projects with affordable workforce housing; complete Phase II of the Lofts at Reynoldstown Crossing; and offer owner-occupied rehabilitation and downpayment assistance.

Outcomes

Through 2014, ABI (ABI) and Invest Atlanta have supported the development of 1,025 units of affordable housing. Over 15,000 housing units have been developed in the Planning Area. ABI and the BAHTF have spent \$12.5 million of TAD proceeds to date on affordable housing efforts.

In 2014, ABI also launched a partnership with the Federal Home Bank of Atlanta to provide rehab work for homeowners adjacent to the Westside Trail and downpayment assistance for those seeking to live along the Atlanta BeltLine.

Site Development

One of the oldest African American neighborhoods in the City of Atlanta, Reynoldstown is a historic district on the city's near east side located two miles from downtown. Reynoldstown started as a thriving working-class neighborhood through the mid-20th century, with many residents who were employed in the railroad and sawmill industries. By the latter half of the twentieth century, like many older urban neighborhoods, Reynoldstown was experiencing population, job, and income loss, along with a deteriorating housing stock. Grassroots neighborhood efforts helped revitalize Reynoldstown by the turn of the 21st century, though the impact of the Great Recession meant that progress stalled by 2010.

The BeltLine bisects Reynoldstown in a north-south direction. Memorial Drive, where the Lofts at Reynoldstown Crossing is located, is the major thoroughfare bordering the southern end of Reynoldstown. Many of the light industrial properties are now adapted for residential, retail and entertainment use.

Lofts at Reynoldstown Crossing emerged from a failed upscale condominium development, Triumph Lofts, which was an adaptive reuse of an old motorcycle parts factory on 1.8 acres. The original project was on its way towards completion in 2008 when a series of setbacks, including economic upheaval generated by the Great Recession, caused it to go unfinished and into receivership. As a result, the units sat vacant for four years, with an undetermined future, until ABI acquired the 75-percent completed property in 2011 for \$3.7 million. While the private market was leaving the

“We have gone from envisioning a huge trust fund to more limited resources. How do we achieve our housing and economic development goals? How do we use real estate to do that?”

James Alexander
ABI Housing Policy and
Development Director



property vacant in the recessionary environment, ABI was able to act as an entrepreneurial public entity to turn the development into an asset.

Reaching out to the Reynoldstown neighborhood organization and the Neighborhood Planning Unit, ABI earned local support for the project, which is in an optimal location adjacent to the BeltLine. ABI completed the redevelopment of the building in nine months to produce 28 workforce-housing units and one market-rate penthouse unit. There are also an additional 1.4 acres on the property (currently a parking lot and tree nursery) that have been land-banked for future housing development.

Design

The Lofts at Reynoldstown Crossing retained the development's upscale features from the development's original plan for upscale condominiums in an adaptive reuse of the former motorcycle parts factory. The spacious two-bedroom, two-bath lofts feature granite countertops, stainless steel appliances, and floor-to-ceiling windows. Shared amenities include a fitness center, hot tub, pool, club room, and rooftop deck. To maintain these amenities, there is a homeowners' association (HOA), a property manager, and an HOA fee.

ABI began construction in October, 2011, and it was completed remarkably fast in March, 2012, for just under \$700,000. While much of the property redevelopment had been completed in its earlier phase, the outstanding tasks included reinforcing the building's structure with steel and concrete; recommissioning major systems; and completing the elevator system, improvements to the building envelope, and amenities, such as the pool, hot tub, clubroom, and fitness center.

Financing

Purchasing the property out of receivership, ABI's low acquisition price of \$2.9 million allowed ABI to offer 28 high-quality condominiums at an affordable price. ABI's goal was to provide housing to those earning under \$68,000 (100 percent of AMI). Of the 29 condominiums, 25 are workforce units, three are community land trust units, and the penthouse was sold at market rate. In light of the Atlanta BeltLine Affordable Housing Trust Fund's policy that the development not be 100 percent affordable, the penthouse unit was designated for a market-rate sale. ABI holds a right of first refusal on the sale of all the units in the development.

While the total development cost was \$170,000 per unit, funds from the BeltLine Affordable Housing Trust Fund (BAHTF) were applied to write down the total development cost per unit by \$22,000.

While these condominiums sold on average for \$150,000, BAHTF provided a silent second mortgage of \$64,000 at zero percent interest. Thus, the homeowners' first mortgages on the affordable workforce units averaged \$84,000. The resulting monthly payments, including taxes and HOA fees, are less than \$1,000 a month. By comparison, a comparable market-rate two bedroom apartment would cost over \$1,200 per month.

“A land acquisition and land banking strategy gives us the best chances of creating longer-term affordability.”

James Alexander
ABI Housing Policy and
Development Director

To retain affordability, the 25 workforce units utilize a mix of equity capture, subsidy recapture, and first right of refusal. Under equity capture, if the home is resold within the first five years, a sliding percentage of gain upon resale must be repaid to the BAHTF. Under subsidy recapture, the silent second mortgage must be repaid to the BAHTF if the home is sold within the first 15 years. Any funds repaid to the BAHTF can be recycled to future home buyers.

The three units sold in a partnership with the Atlanta Land Trust Collaborative, Invest Atlanta, and Bank of America were part of a pilot program to introduce community land trust homeownership into the Atlanta market. This is a model to permanently preserve affordability for low- and middle-income households. In the three units at the Lofts at Reynoldstown Crossing, the homeowner purchases the unit with a deed that restricts resale prices and the incomes of future buyers to affordable levels. In future resales, units must be resold to residents earning under 100 percent AMI. These community land trust units were sold with a \$100,000 silent second mortgage from BAHTF to two City of Atlanta police officers and one public school teacher.

Marketing

The Lofts were offered via a one-day public sales drawing in December, 2011, a strategy that generated a high level of interest in the development despite a soft real estate market. Promoted through news stories, radio and newspaper ads, and two open houses, more than 2,400 people registered for the event, 600 households visited, and more than 42 buyers were qualified to participate in the drawing for 28 homes.

In order to participate in the drawing, prospective buyers had to meet certain requirements: visiting the property, touring the units, and agreeing to all rules and regulations of the Atlanta BeltLine's housing program and the drawing.

Prospective buyers also had to get prequalified by the lending teams assigned to the project and provide proof of funds to make the \$1,500 contribution necessary for loan and downpayment eligibility.

The one-day drawing resulted in a nearly instantaneous absorption rate: all 28 homes were placed under contract within a few hours. Ninety-three percent of the workforce units closed within eight months of marketing.

“We seek to build longer-term affordability in every deal that we do. It will depend on the mechanism we are using to create the affordable housing, the partners we are working with, the developer in the deal, and the amount of resources we are able to bring to the table.”

James Alexander
ABI Housing Policy and
Development Director



Photo Courtesy of Atlanta Beltline, Inc.

Observations and Lessons Learned

Act entrepreneurially when the moment calls for it. As a public entity, ABI does not typically serve as a developer for BeltLine projects. Rather, it has positioned itself to work in predevelopment and partner with nonprofit and for profit developers on specific projects. Yet, the prime opportunity offered by reclaiming the Lofts property out of receivership meant that ABI served as the developer for the Lofts, and it delivered a highly successful project.

Community land trusts are an important tool for developing permanently affordable housing. The three CLT units at the Lofts demonstrate the prospect of this type of homeownership as a model for future developments around the BeltLine.

Innovation can be efficient and noteworthy. While an unusual move, a one-day public drawing for the Lofts affordable housing units sped up absorption time and created a buzz for the project in a soft real estate market.

It's a smart move to pair transportation growth with the growth of affordable housing. Large infrastructure and transportation projects often generate new opportunities for housing development. Planning for affordability from the start can help effectively target applicable funding sources.

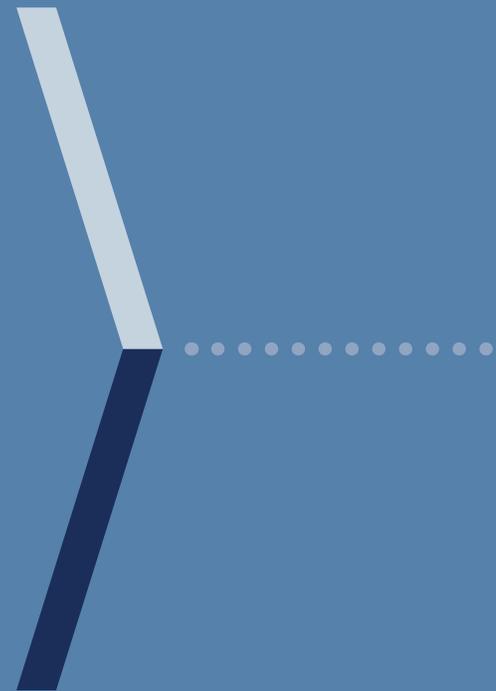
Planning for the long term requires adaptability. A 25-year project such as the Atlanta BeltLine must be agile and harness an array of strategies—particularly to develop affordable and workforce housing—in order to succeed in both boom and bust times. When anticipated revenues for the BeltLine Affordable Housing Trust fund from the BeltLine Tax Allocation District dropped sharply during and after the recession, ABI needed to draw on other sources and strategies to maintain the project's commitment to its affordable housing goal.



Photo Courtesy of Atlanta BeltLine, Inc.

Make the Old New Again

Redevelopment/
Historic Preservation/
Rehabilitation



ARCADE APARTMENTS

ST. LOUIS, MISSOURI

Summary

The Arcade Apartments are the result of a successful historic rehabilitation of a 500,000-square-foot, long-vacant local architectural landmark in downtown St. Louis into a mixed-use, mixed-income property featuring 202 affordable artist lofts, 80 market-rate apartments, and 50,000 square feet of commercial/office space.

Dealmakers

- Historic rehabilitation of a local landmark
- Vibrant mixed-use redevelopment
- Downtown revitalization
- Public-private partnership
- Widespread support and will to transform a derelict but architecturally significant property

Overview

Location	800 Olive St, St. Louis, Missouri
Project Type	Mixed-use, mixed-income
Developer	Dominium
Contributing Partners	City of St. Louis Land Clearance for Redevelopment Authority Webster University Lead architect: Ebersoldt + Associates Architecture Architecture and Project management: Trivers Associates General contractor: Paric Corporation
Housing Type	Multifamily rental
Site Size	.8 acres
Units	282 units: <ul style="list-style-type: none">• 202 affordable units (restricted to artists)• 80 market-rate
Development Costs	\$118,000,000
Development Timeline	1906 – 1918: Original property constructed 2013: Property purchased 2014: Groundbreaking 2015: Property opened

Funding Sources	Baker Tilly BMO Harris Bank Central Bank of Kansas City City of St. Louis Land Clearance for Redevelopment Authority Community Renewal and Development Corp. Cornerstone Real Estate Advisors Enhanced Historic Credit Partners Enterprise Bank & Trust Missouri Department of Economic Development Missouri Housing Development Commission National Trust Community Investment Corp. St. Louis Development Corp. St. Louis Industrial Development Authority U.S. Bancorp Community Development Corp. U.S. Bank Webster University
Website	www.arcade-apartments.com www.arcadeartists.com

Development Partners

Dominium

Founded in 1972, Dominium is one of the country's largest affordable housing development and management companies. The company owns, develops, and manages more than 24,000 rental apartments and townhomes in 23 states, including Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Minnesota, Mississippi, Missouri, Nebraska, New Mexico, Ohio, Oregon, South Carolina, South Dakota, Tennessee, Texas and Wisconsin.

City of St. Louis Land Clearance for Redevelopment Authority

The St. Louis Land Clearance for Redevelopment Authority (LCRA) oversees many aspects of public and private real estate development in the City of St. Louis. One of the primary functions of LCRA is to review development proposals that include requests for public assistance in the form of tax abatement or tax-exempt revenue bonds.

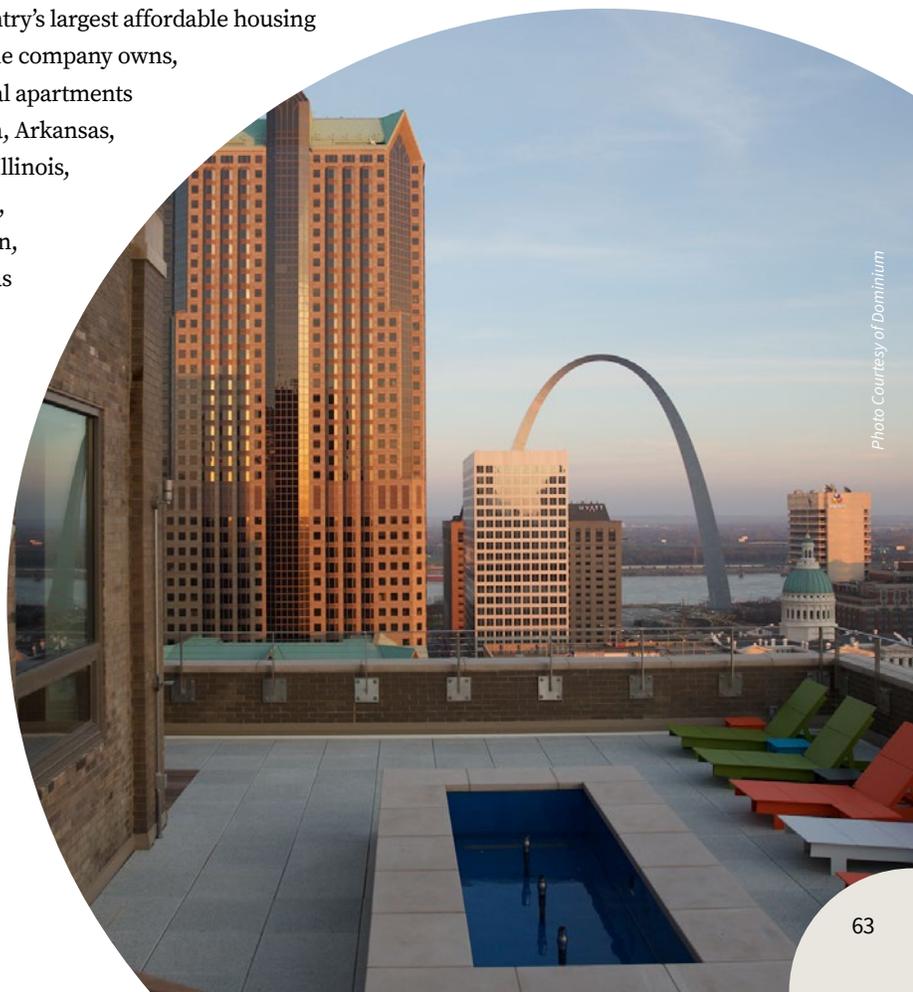


Photo Courtesy of Dominium

Webster University

Webster University is an American non-profit, private university, with its main campus in Webster Groves, Missouri. Webster operates as an independent, non-denominational university with multiple branch locations across the United States. It offers undergraduate and graduate programs in various disciplines, including the liberal arts, fine and performing arts, teacher education, business and management. In 2014, Webster enrolled about 22,000 students, representing all 50 U.S. states and 140 countries.

Planning and Policy

The 500,000-square-foot, historic Arcade Building in downtown St. Louis is actually two buildings: the 18-story Wright Building, constructed two years after the St. Louis World's Fair in 1906, and the Arcade Building, built in 1919 to wrap around the existing building.

The historic landmark was designed in a Gothic Revival style with a vaulted and buttressed interior and a two-story shopping arcade—once the largest indoor shopping mall in the country—that replicated the style of early Italian gallerias. It was also distinguished as the largest concrete structure in the world when it was built.

When the Wright-Arcade Building closed in 1978, it remained vacant for nearly 35 years. Despite its designation as a city landmark in 1980, a series of proposals to redevelop the building stalled. The owner's efforts to demolish the building were stymied in 1989 when the City of St. Louis denied the permits. The Great Recession derailed a 2008 plan to convert the property to luxury condominiums when the housing market crashed and the developer went under. In 2009, the city's Land Clearance for Redevelopment Authority (LCRA) declared the property blighted and authorized a 10-year tax abatement to incentivize the restoration of the building.

By 2010, with the building in foreclosure, the city purchased the property and issued a Request for Proposals to seek a new developer, requiring a minimum bid of \$7 million and historic rehabilitation in compliance with the Secretary of the Interior's standards. However, the city rejected the single response to the RFP, from a California developer offering to buy the building for \$1.00 and turn it into an international trade center.

With the Arcade returned to the market again, the city finished the asbestos removal and secured the building's ground-floor appearance to make it more attractive to developers.



Photo Courtesy of Dominium

A second RFP from the city in 2012 yielded success when Dominion, a Minneapolis-based developer that had successfully completed other adaptive-reuse projects in St. Louis, submitted a proposal for a mixed-use redevelopment. A city selection committee voted unanimously to negotiate with Dominion on a redevelopment agreement. The results of those discussions included the city's cleanup of the building, doubling the project's tax abatement from 10 years to 20 years, and selling it to Dominion for \$9.45 million.

“It takes a village: the efforts of many different people and agencies made the redevelopment of the Arcade Building possible.”

Jeff Huggett
vice president and project partner,
Dominium

Site Development

The Wright-Arcade Building faces the Old Post Office Square, an architecturally significant central site in downtown St. Louis. In 1997, there were more than 70 vacant buildings in the downtown area, 11 of them in the immediate vicinity of the Old Post Office, which was built in 1872 and has been restored for commercial and institutional uses. Today, there are fewer than vacant 10 buildings in the downtown area, with the majority of the others in the process of rehabilitation and renovation for apartments and retail uses or already completed. Also nearby are a stop for the mass-transit MetroLink and the city's first downtown grocery, Culinaria.

At the time LCRA accepted Dominion's proposal for the building in 2012, the long-vacant building contained evidence of water damage throughout the structure. Mechanical, plumbing and electrical systems, fire sprinklers, and elevators were non-functional, and the presence of asbestos and lead-based paint required extensive remediation. The lower stories had suffered from deterioration and vandalism, with interior fixtures stolen and broken glass on the floors. Some of the exterior terra cotta had been damaged and storefronts altered, but most exterior and interior features remained intact.

In the year prior to its sale of the Arcade building to Dominion in 2013, LCRA led a \$3.8 million environmental cleanup made possible by state brownfields tax credits and a loan from the St. Louis Brownfields Cleanup Fund.

Public Outreach

Multiple stakeholders supported the redevelopment of the Arcade building, including the downtown neighborhood association and several city and state agencies.

Dominium also reached out to the community to evaluate the demand for the artist lofts. Dominion met with several different St. Louis area arts groups to publicize an online market survey and gather feedback about the need for the artist apartments. Arcade Apartments is Dominion's third artist lofts project in the St. Louis market—they also developed 72 units in the \$25 million Metropolitan Artist Lofts, which opened in 2012, and converted the \$23.2 million Leather Trades Lofts building into 86 units in 2011.

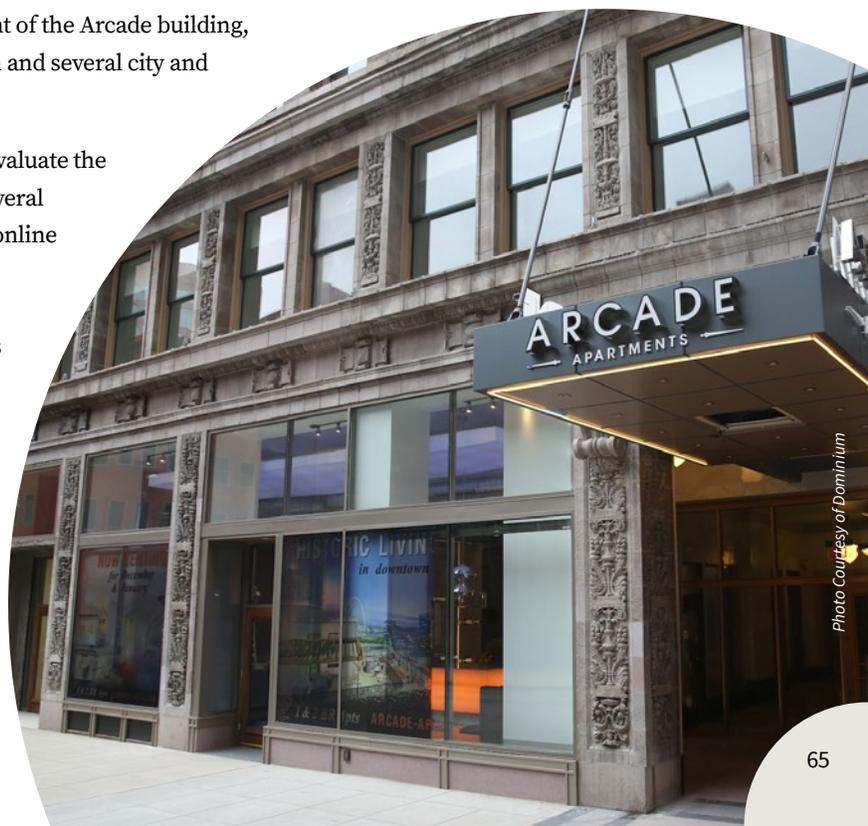


Photo Courtesy of Dominion

Design

The 19-story Wright Building was designed in 1906 by the St. Louis architectural firm of Eames & Young. In 1919, Thomas P. Barnett designed the Gothic Revival-style Arcade Building to wrap around the existing building, with 14 stories on one side and 16 stories on the other, incorporating the Wright building at the southeast corner. Inside, the difference in floor height between the two buildings is compensated by short flights of stairs.

The focal point of the Arcade is its brick façade on Olive Street, which includes a large arcade entrance, enormous second-story bay windows, and intricate Gothic detailing and terra cotta ornamentation. The grand interior, two-story, rib-vaulted arcade is a similar style, with marble-tiled floors, and it extends the length of the building—a full city block. The building contains more than 2,500 windows, many more than 20 feet wide, and some ceilings that are equally as tall. At its peak, the building was famous for its jewelry shops. Designated as a city landmark in 1980, it was listed on the National Register in 2003.

When the Arcade was designed during World War I, much of the nation's steel production was prioritized for wartime use. As a result, engineers and architects employed reinforced concrete for the building frame instead of steel. At the time, this was the world's tallest structure built of this material and considered a major engineering accomplishment.

The Arcade building has 19 stories, including the mezzanine. The commercial space, leased by Webster University, includes the ground level, mezzanine and second story. The third to eighteenth floors are residential.

Historic Rehabilitation and Redevelopment

When Dominion won its bid on the Arcade building from the St. Louis Land Clearance for Redevelopment Authority, one condition of the sale was that the developer was required to restore the building to be compliant with the Secretary of the Interior's standards for historic preservation. This was also a requirement to receive historic preservation tax credits. The Dominion project team paid careful attention to detail and restored as many of the existing historic features as possible from the original building, including the brick façade, terra cotta features, and a grand stair connecting levels of the old shopping arcade.

While Dominion has developed at least a dozen historic rehabilitation projects around the country, they had some particular construction concerns about whether the original construction in the Arcade building could withstand the renovations. Fortunately, ample testing confirmed the stability of the existing building.

Except for the preservation of the historic elements, however, the rest of the construction was a gut rehabilitation. The team installed new elevators; all-new wiring; efficient heating and cooling systems, including a water-source heat pump; LED lights; and other utilities consistent with Enterprise Green Communities criteria.

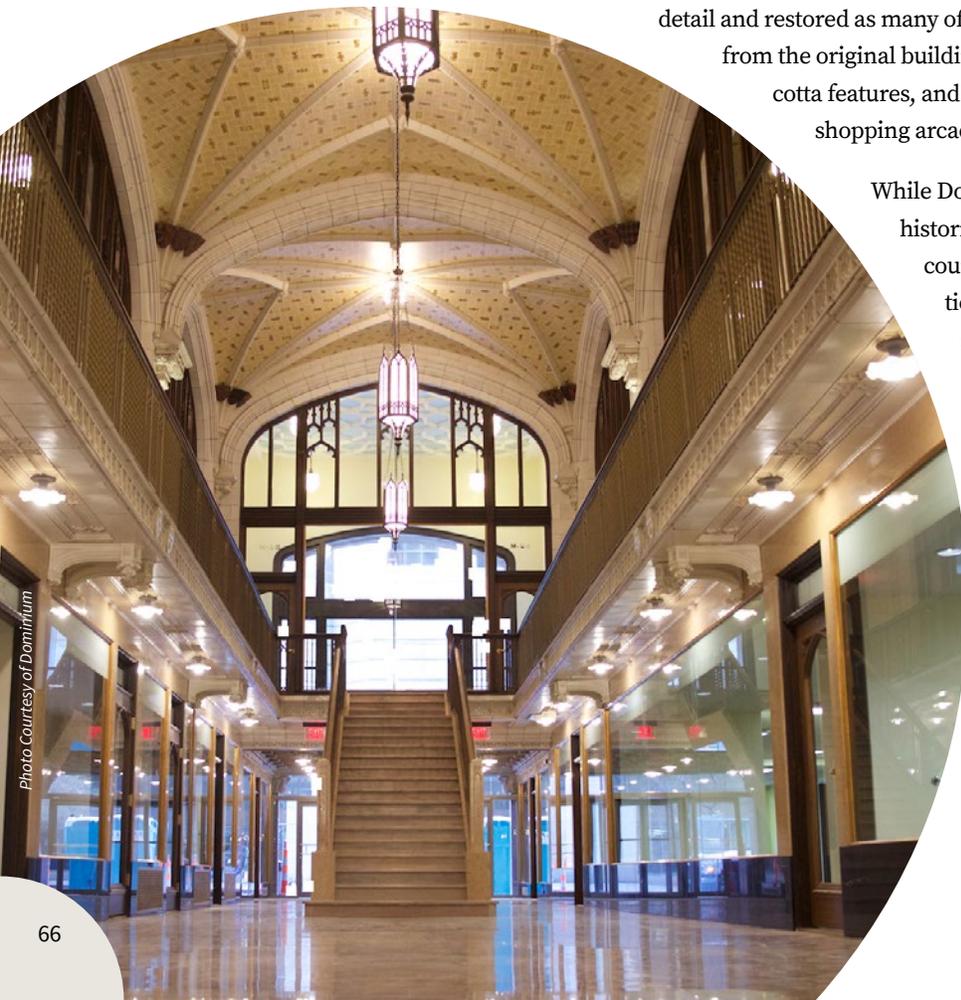


Photo Courtesy of Dominion

The lower floors' 54,000 square feet leased by Webster University were renovated to create 12 classrooms, two computer labs, 25 private offices, a 175-seat auditorium, a café and an art museum.

Redesigning the upper floors for the building's 282 residential units posed one of the redevelopment's biggest challenges. The floor plans could not be repeated easily since each floor was different. The architects developed 85 layouts for the 202 affordable artists' lofts and 80 market-rate apartments, along with 11,000 square feet of shared artists' studios.



Community Amenities

All apartment residents enjoy an array of shared amenities, including storage lockers, yoga studio, large fitness center with steam room, artist studio space, and WiFi in select common areas.

Tenants also enjoy the rooftop terrace with indoor clubroom with full kitchen, lounge furniture, plantings, and gas fireplace. Significant resources were invested in the rooftop deck to make it structurally sound and take advantage of the prime view of the Mississippi River and Gateway Arch.

Apartment Amenities

The spacious apartment lofts, with 9- to 20-foot ceilings, were designed in modern style with polished-concrete floors, exposed ductwork, and open plans. The many windows offer views of St. Louis as well as ample natural light, complemented by contemporary lighting systems. Floors 15 to 18 are all market-rate apartments. The artist lofts are on floors 4 to 14, and the third floor is mixed.

Amenities available to all apartment residents include open kitchens with granite countertops, solid cabinetry, ENERGY STAR washer and dryer, range, dishwasher, refrigerator/freezer and microwave, spacious bedrooms with ceiling fans, generous bathroom vanities, large tubs and showers, and a pet-friendly policy.

The finishes are mostly comparable, with a few minor differences such as ceramic tiles in the bathroom floors in the artists' units versus polished concrete floors in the market-rate apartments. Selected artist and luxury units also have 15- to 20-foot ceilings, private balconies, walk-in closets, and carpeted bedrooms.

The underground parking garage has 129 spaces, of which 40 are reserved for Webster University and 89 for apartment residents. The garage also has a car wash system and charging stations. The most expensive market-rate apartments include one garage space in the rent. For others in both the market-rate and affordable units, the cost for an unreserved parking space in the onsite underground garage is an additional \$125 per month.

An additional 225 spaces of off-site garage parking is also available a block away for \$75 per month. For other transportation options, there is ample indoor bike storage, the 8th & Pine MetroLink station right outside, and six cars available through the downtown Enterprise CarShare.



Artist Amenities

Arcade Apartments also includes many features to support and build community among local artists. These include over 11,000 total square feet in shared studio spaces with plenty of natural light, open floor plans, and soundproofing for fine art, photography, music, and multimedia pursuits. Many of these spaces have specialized features, such as a performance studio with hardwood floor and seating, music practice rooms designed for optimal acoustics, and a pottery kiln. Picture rails are also mounted for artwork display.

Financing

The \$118 million Arcade project involved a mix of federal and state historic tax credits and New Market Tax Credits, loans, mortgages, and investment from Webster University.

To manage the complex project financing for the project, Dominion split the ownership into two different ownership entities. The first ownership entity, which includes Webster University’s commercial and institutional space, 80 market-rate apartments, and 130 parking spaces, cost \$50 million.

Financing sources, Arcade Apartments – Ownership Entity #1		
Source	Type	Funding
BMO Harris Bank	Bridge and permanent construction loans	\$13,000,000
U.S. Bank	Equity Federal and State Historic Tax Credits New Market Tax Credits	\$31,000,000
Webster University	Equity	\$4,000,000
General Partners	Equity	\$2,000,000
Total		\$50,000,000

“Provide a good product with good service, and people will respond positively, even in a weaker market.”

Jeff Huggett

vice president and project partner,
Dominium

U.S. Bank Community Lending Division also provided a \$44 million construction loan to bridge the equity investment. New Market Tax Credits for the project were allocated by Central Bank of Kansas City, Enterprise Bank & Trust, National Trust Community Investment Corp., St. Louis Development Corporation, and U.S. Bank.

The second ownership entity includes 202 affordable artist lofts on floors 4 to 14 and cost \$68 million. The four-percent Low Income Housing Credits were allocated by Missouri Housing Development Commission, which also provided a federal HOME loan and Affordable Housing Assistance Program tax credits.

Financing sources, Arcade Apartments – Ownership Entity #2		
Type	Source	Funding
Cornerstone	First Mortgage	\$9,000,000
U.S. Bank	Equity: Federal and State Historic Tax Credits 4 percent Low Income Housing Tax Credits	\$47,000,000
City of St. Louis	Second Mortgage	\$4,200,000
Missouri Housing Development Commission	Third Mortgage	\$4,200,000
Business investors	Loans	\$3,000,000
Developer	Equity	\$1,000,000
Total		\$68,400,000

Marketing and Management

To promote the residential units, the marketing team focused on driving prospective tenants to the website. Dominionium created two websites to simplify communications and leasing: one for the artist lofts, and one for the market-rate housing

While the market for the artist lofts is harder to measure, Dominionium did have experience with the two previous projects in St. Louis with a comparable product. Metropolitan Artist Lofts and Leather Trades Lofts, with a combined total of 158 units, had leased up quickly and inspired Dominionium’s confidence about demand. A market survey provided additional data to support the 202 artist units in the Arcade Apartments.

Promotions included sponsoring art events, working with Downtown St Louis, Inc., and hosting a booth at a downtown housing event. The efforts succeed in several units being leased sight unseen. After the project opened, the artist lofts were 100 percent leased in five months, and all the units were at 100 percent occupancy in seven months. The residents tend toward a younger demographic, with the majority are under 55.

Rents

The one-, two-, and three-bedroom apartments vary in size from 650 to 2,500 square feet. Rents range from a low of \$563 a month for working artist apartments to \$3,000 or more for two-level suites at market rates. Rent includes water, sewer and trash removal utilities. Residents are responsible for gas, electricity, and any cable or internet.

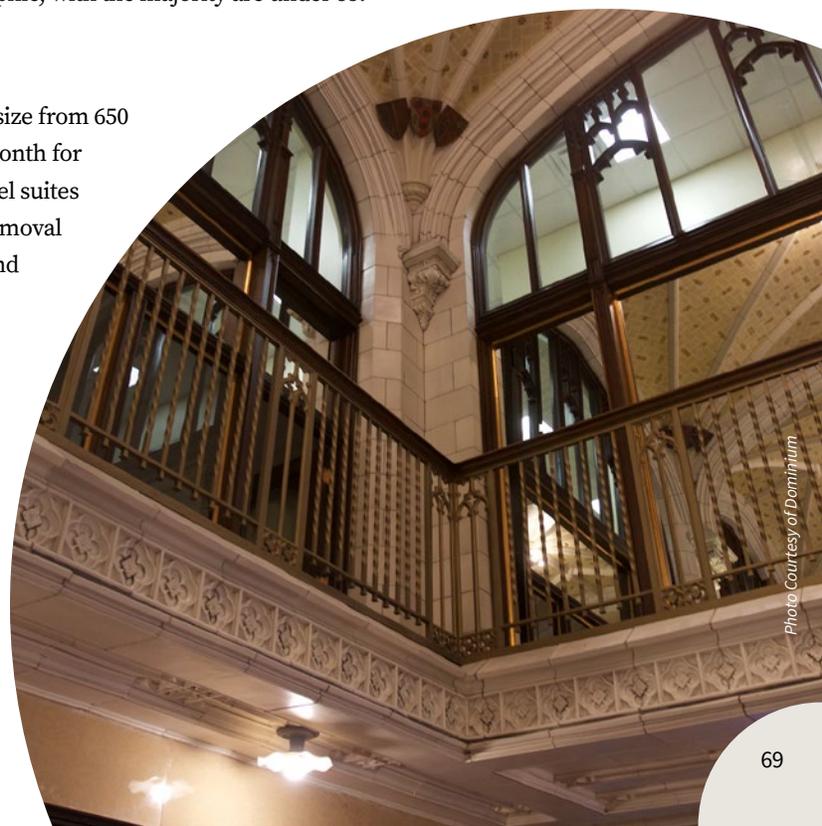


Photo Courtesy of Dominionium

Affordable Live-Work Units for Artists

The 202 units set aside for artists in the Arcade Apartments are awarded based on income qualifications and a proven commitment to an art, with a wide range of eligible pursuits. The other 80 units rent at market rates.

Total household income is based on gross annual income earned from all sources and must be under the following limits based on household size:

- **1 Occupant:** \$29,580
- **2 Occupants:** \$33,780
- **3 Occupants:** \$37,980
- **4 Occupants:** \$42,180

To qualify for residency in one of the artist's units, at least one member of a household must demonstrate a commitment to an art form and submit an online application that will be reviewed by a committee of artists. Applications must include a resume, references and portfolio, history of creative work, long-term creative and career goals, and description of the applicant's desire to engage in a creative community. However, the qualifying member need not derive income from these artistic endeavors. Applications only need to be submitted once, without the need for annual renewals.

A variety of artists are eligible, including:

- **Fine artists:** Painting, drawing, sculpting, book art and print making
- **People who create imaginative works:** Aesthetic literature, costume design, photography, music composition and architecture
- **Functional & craft artists:** Jeweler, potter, chef, quilt maker, silk screener, carpet maker, furniture maker, and toy designer
- **Performers:** Singers, musicians, dancers, actors and performance artists
- **Media artists:** Radio, film, television, multimedia, cyber-art, gaming and animation
- **Design artists:** Graphic and web design, interior design, aesthetic design, package design and set design

Commercial Space

As the anchor tenant of the Arcade building's commercial space, Webster University's early commitment to a 20-year lease beginning in 2016 was key to moving the project forward. Webster University was also a tenant and key player in the 2004 restoration of the Old Post Office across the street from the Arcade.

While Webster University's main campus is located in the St. Louis suburbs, it has branch locations around the United States and operates worldwide, with a total enrollment of about 22,000 students. The Arcade Building is home to the university's Gateway Campus and accommodates up to 1,000 students. The Arcade Building lease substantially increases the university's visibility downtown, as it expands the university's downtown campus to 55,000 square feet from 33,000 square feet, including its space in the Old Post Office.

Programs offered include a master's in Cybersecurity, MBA and other business courses, classes for first responders, and Webster's undergraduate degree completion program. Other anticipated programs include a downtown lecture and performance series.

Management

Dominium's management arm serves as the property manager for Arcade Apartments. With 300 people living in one building and ample shared space, there are bound to be some occasional conflicts.

Some of the management is supported by the building design: for example, the commercial and residential entrances are separate, and entry access is controlled. Sound studios are soundproofed and located away from the residential units. The management team also aims to help with artist studios to be self-governing and resolve conflicts as they arise.



Observations and Lessons Learned

Historic rehabilitation requires a thoughtful design process.

Dominium invited various subcontractors, such as HVAC, masonry, and electrical professionals to be part of the design early on. The goal was to identify possible issues in the 500,000 square foot building and 80+ residential floor plans.

Negotiate to achieve solutions. Complying with the Secretary of the Interior's standards for historic preservation was essential to earn the historic preservation tax credits and comply with the conditions set forth by LCRA's sale of the property. Dominion negotiated with the Department of the Interior to move some of the historic hallways, as long as the design kept the arcade and restored the marble floors, wainscoting, plaster work near the ceiling, 100-year-old woodwork, and plate glass windows in other historic corridors. This swap worked out well and created square footage for additional leasable space.

Address challenges with creativity. The original roofline had 12 levels to it, posing additional complications in designing the apartment units. Yet whenever possible, the roof levels became exterior decks for the apartments overlooking the interior courtyard. This turned out to be a popular and enviable amenity, since downtown urban living does not often provide for much personal outdoor space.

Look for flexibility on parking. Parking can often be an issue in an historic rehabilitation project. The tall, 14-foot basement ceiling allowed for the installation of an extra floor between the Arcade building's basement and sub-basement, for a total of 129 spaces in three levels of underground parking. Dominion also worked closely with the city and treasurer's office to lease an additional 225 off-site spaces for residents at a nearby parking garage.

Bring value to the available market. The City of St. Louis is not the strongest market, and it took longer to bounce back from the recession. Dominion found creative ways to pay for the cost of restoring this historic landmark—and raise the bar on the quality-of-life amenities—to produce a successful project.

Collaboration pays off. The widespread dedication and collaboration from private and public sectors were crucial for the successful redevelopment of the Arcade building.

OXFORD MILLS

PHILADELPHIA, PENNSYLVANIA

Summary

Located in Philadelphia's Kensington neighborhood, Oxford Mills is a historic rehabilitation and conversion of two former industrial buildings into a mixed-use property with 114 apartments and 38,000 square feet of commercial/office space. Ninety of the apartments are rented to residents earning up to 80 percent AMI, with 68 of those reserved for area teachers. The space is designed and programmed to be a supportive environment for educators.

Dealmakers

- Successful partnership of mission-driven private developers
- Workforce housing for an underserved market
- Creative financing of affordable housing with New Market Tax Credits
- Attractive rehabilitation and conversion of a formerly derelict industrial property
- A successful model for development replicable across different markets
- Neighborhood revitalization

Overview

Location	Oxford and Jefferson Streets, South Kensington neighborhood, Philadelphia, Pennsylvania
Project Type	Mixed-use, mixed-income
Developers	D3 Real Estate Development Seawall Development, LLC
Housing Type	Multifamily rental
Site Size	2.8 acres
Units	114 units: <ul style="list-style-type: none"> • 90 affordable to up to 80 percent AMI (68 reserved for teachers) • 24 market-rate
Development Costs	\$37,800,000
Development Timeline	1873 – 1913: Original industrial buildings constructed 2011: Property acquired 2013: Groundbreaking 2014: Property opening
Funding Sources	Enterprise Social Investment Corporation (ESIC) New Markets Partners, L.P. National Trust Community Investment Corporation Philadelphia Industrial Development Corporation TD Bank
Websites	www.theoxfordmills.com www.oxfordmillsteachers.com/ www.oxfordmillsapartments.com

Development Partners

D3 Real Estate Development

D3 Real Estate Development is a private Philadelphia-based firm headed by Greg Hill and Gabe Canuso. The firm develops residential and mixed-use properties with an interest in community benefits and thoughtful design. D3 also serves as an Owners Representative to nonprofit organizations and educational clients.

Seawall Development Corporation

Seawall Development Company, a private development firm founded by the father-son team of Donald and Thibault Manekin, is based in Baltimore. The company specializes in the investment, development, and operation of real estate assets focusing primarily on mixed-use, urban redevelopment projects.

Planning and Policy

The renovation of Oxford Mills is more than the mixed-use rehabilitation of two historic buildings. It also has sought to cultivate a sense of community by attracting teachers as residents with discounted rents, designating office space to educational organizations and other nonprofits, and offering social and professional programming and events.

The collaborative, education-centered model for Oxford Mills replicates similar successful historic rehabilitation projects such as Union Mill and Miller's Court in Baltimore. Seawall Development's Donald Manekin developed this model based on his experience as a board member for Teach for America and a two-year stint as interim chief operating officer of the Baltimore school system. Teach for America, a common tenant at these properties, is a national nonprofit with offices around the country that recruits new college graduates to teach for two years in schools in low-income communities. Based in Baltimore, Seawall Development partnered with another private developer, D3 Development out of Philadelphia, to launch the model there.

“Real estate is very local. You need to know all the players. Seawall brought the concept and the lead tenant. Greg was responsible for getting the project through the community, the city, planning, and permitting.”

Donald Manekin

Founding Member,
Seawall Real Estate Development



Photography by Imagic Photography

Because of the historic status of Oxford Mills and its location in a distressed neighborhood, the project was eligible for tax credits, principally New Market Tax Credits and federal historic preservation tax credits, which were the cornerstone of making the project financially possible. These subsidies made it possible to offer discounted rents to Philadelphia teachers. Eligibility is open to all teachers, whether at public, private, parochial, or charter schools.

In Philadelphia, as in many cities across the U.S., housing costs have increased sharply, while wages for many community service fields, such as teachers, police officers, and health care workers, have remained stagnant. Thus, the demand for “workforce housing” at below-market rents to meet these housing needs.



Site Development

The South Kensington neighborhood was historically a working class, industrial area that was a center of the textile industry. As manufacturing moved elsewhere in the latter half of the 20th century, many of the large brick factories became vacant and derelict. The two Oxford Mills buildings, now listed on the National Register of Historic Places, originally were home to the Quaker City Dye Works. In the early 20th century, they became a warehouse for textile waste. In the 1960s, the 170,000-square-foot complex was converted into a lamp factory, which went out of business in the early 2000s.

The property had defaulted mortgages and was under foreclosure when D3 navigated its way in 2011 through property acquisition and local entitlements of two parcels, which include the two buildings and an accessory parking lot.

Located near the gentrifying areas of Northern Liberties and Fishtown and a few miles from downtown Philadelphia, Kensington's vacant properties have become prime real estate for redevelopment. An elevated train station stop for the Market-Frankford Line is also nearby.

Public Outreach

The City of Philadelphia can have a complex and political path for getting approvals such as the Oxford Mills developers required for the redevelopment of the property. One element in the entitlement process is getting the approval of the neighborhood's Registered Community Organizations (RCO).

RCOs were officially established by the city's new Zoning Code in 2012 as neighborhood organizations that register with the city's Planning Commission. Developers seeking entitlement approvals, a zoning variance, or other project review must present proposals to the applicable RCOs to seek the local neighborhood's support. RCO support is an important part of the next step in the development process, and involves seeking approval from the local district city council member.

Some community members expressed concerns about gentrification in the Kensington neighborhood, particularly the loss of diversity of residential use and business use. Yet the Oxford Mills project does contain a mix of residential and office/commercial uses. Working diligently through these channels, the Oxford Mills developers gained strong support for the project, receiving enthusiastic applause at an RCO presentation.

“Transforming a 150-year-old industrial building into apartments and offices presents unique design challenges. The floors don't align and ceiling heights vary. But with a thoughtful design highlighting the historic elements of the structure, great living and work space can be created.”

Greg Hill

Founder and Managing Partner,
D3 Real Estate Development

Design

The rehabilitation of the historic Oxford Mills manufacturing buildings sought to retain many of their vintage features. The apartments have been renovated in an open, modern style, with restored original hardwood floors, exposed brick, large windows, 14-foot ceilings, wood columns and timber framing. Units for teachers or other income-qualified residents are indistinguishable from the market-rate units.

Apartment amenities include wall-to-wall carpeting and walk-in closets in the bedrooms; high-efficiency heating and cooling systems; modern kitchens with Shaker-style cabinetry; an island and breakfast counter; and a washer/dryer in each residence.

Seawall Development's previous similar projects in Baltimore offered guidance for Oxford Mills, particularly establishing common space for both the residential and commercial components. The redevelopment of two separate buildings allowed for the creation of internal courtyards as an additional amenity for both residential and office/commercial tenants. The residential courtyard contains fire pits, a pergola, lounge seating, and complimentary WiFi. The 40,000 square feet of office/commercial space offers flexible space for tenants, such as 1,500 square feet in four shared conference rooms, a break room, and kitchenette.

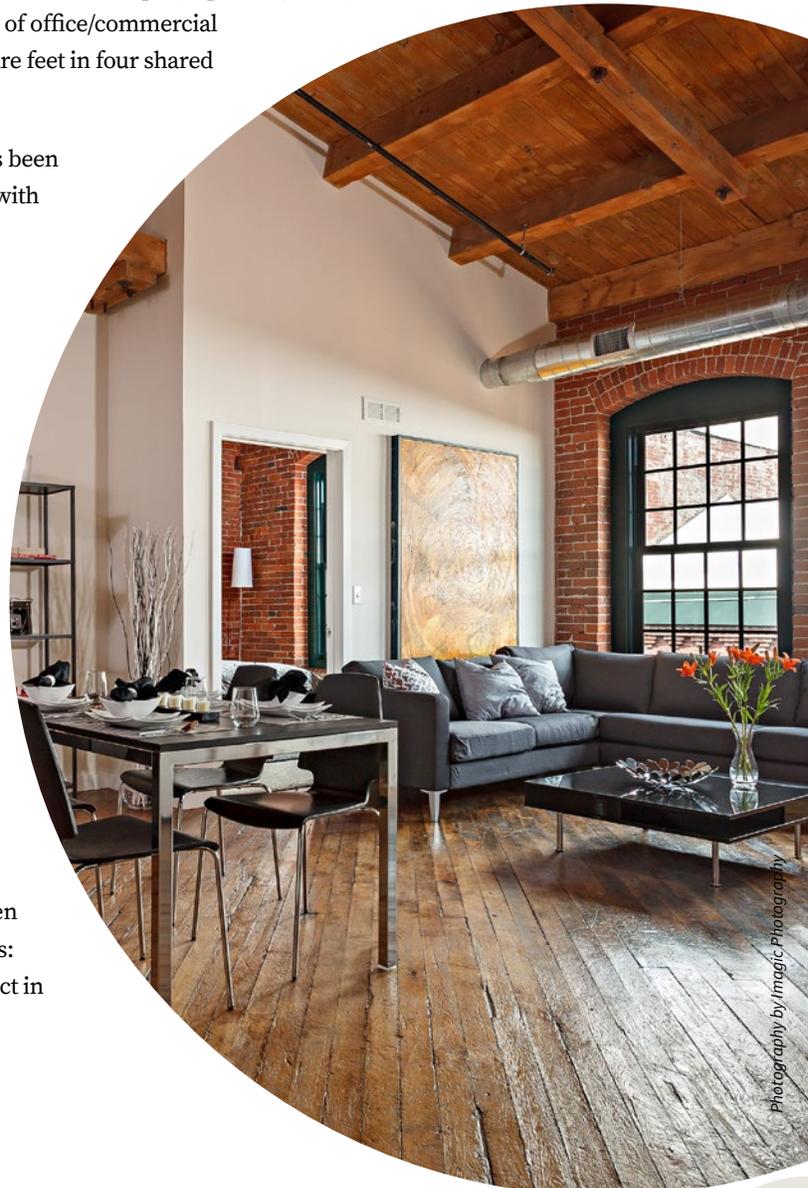
A former abandoned alley between the two buildings has been transformed into a primary public connection, restored with cobblestones, lighting and plantings.

Careful documentation of existing and proposed conditions were required to ensure eligibility for the federal historic rehabilitation tax credits. The project involved over 30 different window and door types in addition to the restoration of the wood flooring, brick, and timber framing.

Meeting building accessibility and energy efficiency requirements posed additional challenges. Accessibility was achieved with multiple elevators and regrading of the site. The historic preservation standards would not allow insulation of the historic exterior brick walls, so instead, energy efficiency was leveraged with new insulation at the roof and high-efficiency variable refrigerant flow (VRF) heating and cooling systems. The apartments meet the Enterprise Green Communities Criteria, a national framework for sustainable affordable housing. Oxford Mills has also been recognized with two 2015 Best in American Living awards: platinum for "Best Historic Preservation" and "Best Project in the North Atlantic Region."

“Creating common areas is a real centerpiece of the project, offering opportunities for collaboration in campus-like environment.”

Donald Manekin
Founding Member,
Seawall Real Estate Development



Photography by Imagic Photography



Financing

The Oxford Mills project benefited substantially from \$34 million in federal New Market Tax Credits (NMTC) allocations as well as federal historic preservation tax credits. These programs reduced the cost of the \$37.8 million project by about 40 percent. Of the NMTC allocations, Philadelphia Industrial Development Corporation provided \$15 million, Enterprise Social Investment Corporation (ESIC) provided \$10 million, and the National Trust Community Investment Corporation provided \$9 million. TD Bank was the equity investor for the full NMTC allocation and provided the majority of the remaining financing, including \$17.8 million in term debt and \$6.3 million in historic tax credits equity.

Oxford Mills also benefited from a \$500,000 loan from an angel investor with a commitment to socially responsible development that delivers great long term value to the city. The investor's foundation also supported Seawall Development's earlier Baltimore projects and similar efforts around the world with an economic and social return for communities.

NMTCs can be a creative funding source for the production of affordable housing. First enacted by Congress in 2000, NMTCs seek to incentivize private investment in low-income communities. The tax credits are administered by the Community Development Financial Institutions Fund (CDFI Fund), a branch of the U.S. Department of the Treasury. The CDFI Fund awards credits to "community development entities" (CDE) on a competitive basis. While certain program restrictions limit the use of NMTCs for financing residential projects, it can be used to finance mixed-use projects with a residential component, such as Oxford Mills.

The federal tax credit is taken by the investor over a seven-year period. The credit rate is five percent in each of the first three years and six percent in each of the final four years, equal to 39 percent of the original investment in the CDE.

The benefits of NMTC financing must be able to justify the additional complexity and costs.

To qualify for use of NMTC, a property must be located in a "Low Income Community Census Tract" where the poverty rate exceeds 20 percent, or median family income is up to 80 percent of area or statewide median income. In addition, project preference is often given to candidates in "Severely Distressed Tracts" where the poverty rate exceeds 30 percent, or median family income is no greater than 60 percent of area or statewide median income, or the unemployment rate is at least 1.5 times the national average.

Since a "residential rental property" is not eligible for NMTC financing—defined as a structure where 80 percent or more of the gross rental income for the taxable year is from dwelling units—eligible projects must also have sufficient revenue from a nonresidential component. This restriction, which is based on revenue (not square

“Value in this project is enhanced as the vibrancy of Oxford Mills continues to stimulate other positive development in the community.”

Greg Hill

Founder and Managing Partner, D3 Real Estate Development



footage or cost,) is sometimes referred to as the “80 percent test.” A property must pass this revenue test annually for the NMTC’s seven-year period. A violation at any time during the seven-year period would be the basis for recapture of all credits.

Despite this restriction on the projects using NMTCs, the CDFI Fund has recently emphasized investments in affordable housing. In fact, some CDEs are bound by their allocation agreements with the CDFI Fund to apply a portion of their allocation to affordable housing. For NMTC purposes, “affordable housing” is defined as rental housing units in which 20 percent or more of the total rental units financed are rent restricted and occupied by individuals whose income is 80 percent or less than the area median family income. These rent restrictions must be applied throughout the seven-year NMTC compliance period.

Each of the CDEs that allocated NMTCs for Oxford Mills had slightly different priorities that the project needed to meet to be eligible for the tax credits. For ESIC, Oxford Mills had to promote investment and support education in a low-income community, while the National Trust sought to apply its credits to support the rehabilitation of historic buildings. The PIDC’s priority was to advance revitalization in Philadelphia. Despite the complexity of meeting these multiple objectives, the Oxford Mills project was a good fit for each.

“We didn’t want Oxford Mills to feel like a gated community. The conference rooms are available to residents to hold community meetings, and Oxford Mills co-sponsors the annual neighborhood cleanup day in the spring.”

Greg Hill

Founder and Managing Partner, D3 Real Estate Development

Marketing and Management

The residential apartments offer a variety of amenities, particularly for teachers. Market-rate rents for the one- and two-bedroom apartments at Oxford Mills range from \$1,345 to \$1,995; teachers receive a \$200–\$400 monthly discount on these rents, depending on the apartment. The qualification for teacher eligibility is done on an honor system. The property has maintained 100 percent occupancy via internal promotion. Oxford Mills maintains three different property websites to appropriately direct prospective office tenants, market-rate residents, and teacher residents.

Residential amenities include a fitness center with showers, resident lounges, and free onsite parking. In a unique touch to meet the lesson planning needs of the teacher residents, copy machines are located on each floor. In addition to the ample conference room space, there are other office amenities at no additional charge to tenants that include parking and kitchenette access.

Other lifestyle attractions include a yoga studio, bike parking, secured entry system, onsite car share, and electric car charging stations. A café on the property along Oxford Street provides a natural meeting point for residents, workers and the neighborhood. Regular social programs and events round out the efforts to create opportunities for collaboration and community.



The 40,000 square feet of office space is rented at below-market rates to educational nonprofits and small start-ups. The office tenants vary in size and include 10,000 square feet on two floors dedicated to a regional office for the anchor tenant, Teach for America. Part of the property has also been configured as an entrepreneurial office incubator that rents desk space by the day.

D3's property management arm serves both the office/commercial and residential space for Oxford Mills.

Observations and Lessons Learned

Replicate a successful model with a partner. Seawall Development produced the original historic rehabilitation into an education-centered, mixed-use property in Baltimore that became a model for Oxford Mills. Partnering with D3 to export it to Philadelphia worked well to navigate the differences in local politics and real estate markets.

Meet the need for workforce housing. Oxford Mills demonstrates how to meet an underserved housing need for local educators whose earnings have not kept pace with rapidly escalating area housing costs.

New Market Tax Credits offer creative financing. While NMTCs cannot be used exclusively for rental housing, there are valuable opportunities to leverage this resource to produce affordable units.

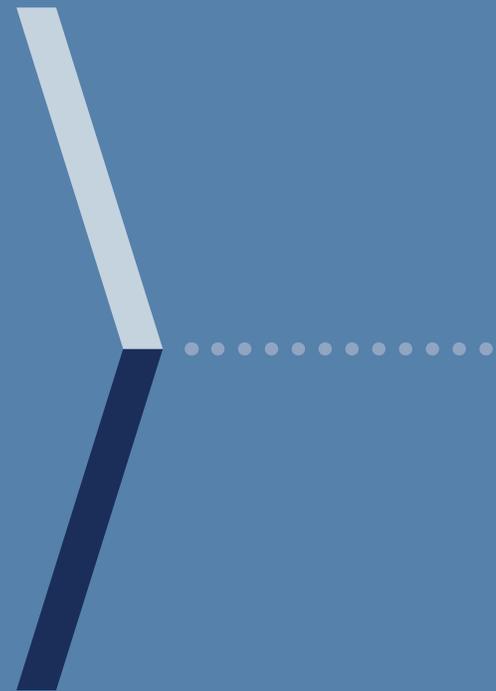
Intentional design for collaboration creates community. The many features that Oxford Mills incorporates to serve the educators and educational nonprofits—both design elements and programmatic features—serve the property well to create a thriving community. The success of the Oxford Mills rehabilitation, in turn, has supported revitalization of the surrounding neighborhood.



Photography by Imagic Photography

It Takes a Village

Partnerships, Community
Engagement and Support



CITYVIEW @ VAN NESS

FRESNO, CALIFORNIA

Summary

The CityView @ Van Ness is located at a gateway to downtown Fresno. Developed by the Fresno Housing Authority, the project replaced a long-vacant building in a highly visible location with new development that offered 45 units of affordable housing for entry-level workforce households. As an anchor for the revitalization of downtown Fresno, the influx of residents and added new commercial space supports downtown economic development.

Dealmakers

- Housing authority engaged in community building
- Collaborative effort between the housing authority and the city
- Affordable housing in a mixed-use property as an economic stimulus for downtown
- Modern, attractive design that challenges conventional notions of affordable housing
- Careful consideration to address the historic significance of the site

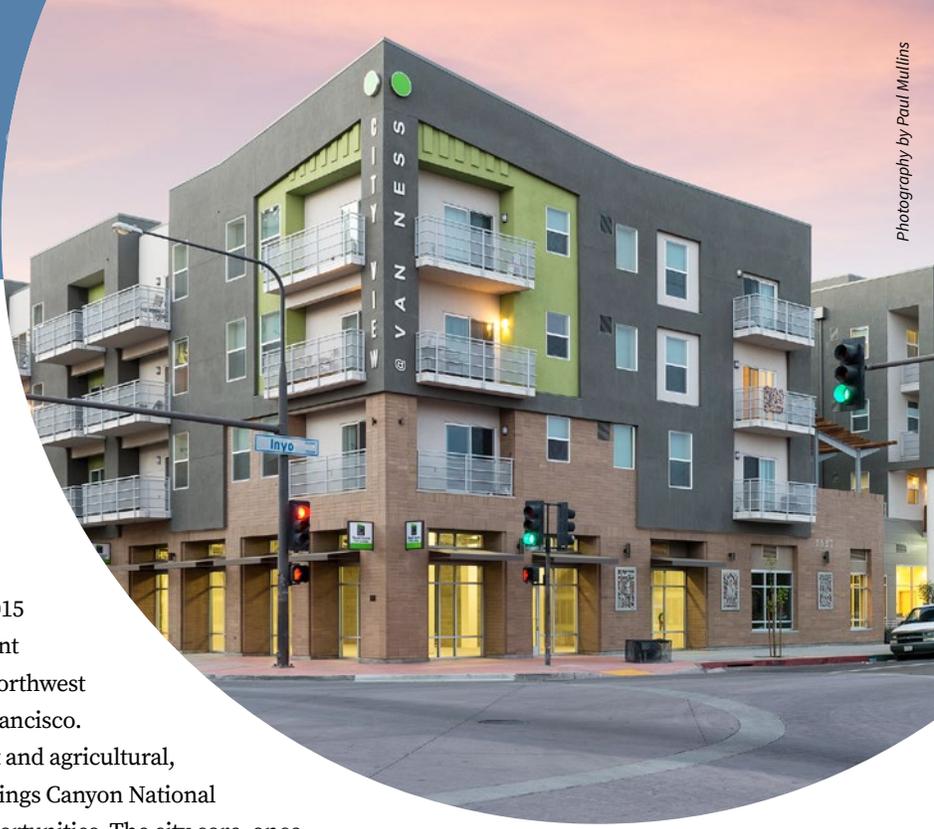
Overview

Location	Van Ness Avenue and Inyo Street, Fresno, California
Project Type	Affordable (50 to 60 percent AMI)
Developer	Fresno Housing Authority
Housing Type	Multifamily rental
Site Size	.388 acres
Units	45
Development Costs	\$10.6 million
Development Timeline	2010: Site acquired October 2014: Construction started January 2015: Property opened
Funding Sources	Better Opportunities Builder, Inc. City of Fresno HOME funds Fresno Housing Authority Low Income Housing Tax Credits PNC Real Estate
Website	http://www.cityviewatvanness.com/

Developer

Fresno Housing Authority (Fresno Housing) is a public agency that helps more than 16,000 very low to moderate-income families throughout the city and county of Fresno. Fresno Housing is the fifth largest housing authority in California and one of the 60 largest in the United States. It serves 17,000 households, administers nearly 13,000 Housing Choice Vouchers, and has 70 multifamily housing properties.

Other agencies involved in the development process included the City of Fresno, City of Fresno HOME, Planning Commission, Housing and Community Development Commission, City of Fresno City Council, and the city's Historic Preservation Committee.



Site Development

The City of Fresno is an agricultural and minor banking and financial center for the San Joaquin Valley, the southern half of California’s renowned agricultural Central Valley. It is the fifth-largest city in California, with a population of 520,159 in 2015 and a distinctive mix of more than 80 different nationalities. It is approximately 220 miles northwest of Los Angeles and 185 miles south of San Francisco.

While the San Joaquin Valley is generally flat and agricultural, the nearby Sierra Nevada and Sequoia and Kings Canyon National Parks provide ample outdoor recreation opportunities. The city core, once neglected, is now the focus of revitalization efforts.

The city has grown 18.35 percent since 2000, higher than the state average rate of 12.39 percent, and much higher than the national average rate of 11.61 percent. Fresno’s median household income was \$41,455 in 2010–2014. Fresno’s median house value was \$175,600 in 2010–2014—an increase of 80.47 percent since 2000. The home value growth rate is higher than the state average rate of 75.60 percent and much higher than the national average rate of 46.91 percent.

“The site is a perfect location for downtown. It helps to realize the vision of the city and catalyze projects downtown.”

Christina L. Husbands
Senior Manager, Planning & Community Development, Fresno Housing Authority

CityView @ Van Ness is located at the northeast corner of Van Ness Avenue and Inyo Street in Downtown Fresno. Centrally located near downtown business and restaurants, public transportation hubs and Chukchansi Park, the site was envisioned to be a good location to attract younger workforce residents. The project is located at a gateway to downtown Fresno, which has struggled for years. The area is part of the City of Fresno’s Downtown Revitalization/ Redevelopment Plan and the City of Fresno General Plan.

The project replaced the long-vacant Droge building in a highly visible location with new development that offered affordable housing for households earning below 50 percent and 60 percent of the area median income, or between \$25,000 and \$35,000 per year. As an anchor for the revitalization of downtown Fresno, the influx of residents and added new commercial space supports downtown economic development.

Public Approval and Outreach

The opportunity to develop CityView @ Van Ness emerged at a time when most new housing being built in Fresno was primarily higher end. CityView @ Van Ness seeks to have a similar look and feel as upscale properties but offer affordability for entry-level staff who work downtown and can’t afford more expensive options. To help narrow down the final plan, Fresno Housing convened stakeholder meetings downtown and hosted a community charrette to present several possible mixed-use configurations for the site.

The development of CityView @ Van Ness was underway at the same time as a five-year revision process to the Downtown Development Code was being completed. City staff coordinated with Fresno Housing to align the project as closely as possible with an updated set of rules and regulations designed to guide the city’s future growth.

“Staff worked with the housing authority board to understand the importance and magnitude of the CityView @ Van Ness project. Even though it was more expensive for us from an equity perspective, we were leveraging multiple elements with CityView @ Van Ness, particularly community investment.”

Michael Duarte

Director of Planning & Development, Fresno Housing Authority

The mixed uses for the property were important for downtown revitalization and activity. The building’s ownership is structured as a two-unit condominium, with 3,000 square feet of commercial space on the ground floor as one unit, and the residential portion for the other unit. Fresno Housing owns the commercial portion of the property, while the residential portion is owned for 15 years by PNC Real Estate, a limited partner and investor in the project. At expiration, Fresno Housing will have the option to purchase the residential portion. (In the unlikely event that Fresno Housing did not purchase the units, they would remain affordable units for 55 years.)

CityView @ Van Ness replaced the historic Droge Building on the site, which was built in 1922, designed by James McCullough and developed by Peter Droge. The building had many tenants and physical changes over the years. Previous uses include headquarters for the California

Peach and Fig Growers Association, a registration site for Japanese internment camps in World War II, and offices for the Works Project Administration in the 1930s. The site and building were considered to be part of the National Register of Historic Places as well as the local historic building registry.

The site underwent an 18-month review process with the Fresno Historic Preservation Commission. A feasibility analysis considered whether the original façade could be saved.

The Droge Building, long deteriorating, had been held up by iron props and was considered an eyesore. Ultimately, it was determined that the site was historic, but not the building, and the Droge building was demolished. However, the design process was guided by history and architectural memory of original Droge Building. A historic site marker was placed on the building, and artwork on the newbuilding’s façade recall significant historical events from the earlier building.

Design

CityView @ Van Ness consists of a four-story design that includes three stories of workforce housing above 3,000 square feet of ground-floor commercial/retail space. The property occupies a focal point at Inyo and Van Ness, a major intersection of the downtown area. The ground floor also includes approximately 2,500 square feet of common space. The Community Building includes management offices, a community multipurpose room, kitchen, technology center, private restrooms and an exercise equipment room. Parking and utilities are accessed from the alley.

The building includes a total of 45 units, with a mix of one manager unit, six studios, 30 one-bedrooms, and eight two-bedrooms, ranging in size from 413 to 955 square feet. To fulfill Fresno Housing’s vision of a property that would attract young working professionals, units are reserved for households earning below 50 percent and 60 percent of the area median income, earning between \$25,000 - \$35,000 per year. The high-quality affordable housing has had a significant impact on downtown revitalization.

The four-story building avoids a costly concrete podium that would be required for a taller structure. The new design seeks to recall elements from the old building, such as brick and stucco in the façade. There are 23 parking stalls onsite. In what might be considered a culture shift for Fresno, the parking ratio is not one-to-one. Rather, the parking requirements are half a parking stall per unit, with additional parking available across the street at the city-owned parking garage.



Photography by Paul Mullins

Financing

The project is financed with four-percent federal Low Income Housing Tax Credits, City of Fresno HOME funds, equity from PNC Real Estate, and financing from Fresno Housing, Better Opportunities Builder, Inc., and a conventional permanent loan. Total project costs were \$10,607,121.

Because four-percent Low Income Housing Tax Credits must be combined with additional subsidies to cover new construction or rehabilitation, this form of financing is better suited to the construction of smaller, less expensive units. Thus, the CityView @ Van Ness units are mostly one-bedroom apartments with a few studios and two-bedroom units and a higher affordability threshold of 50 to 60 percent AMI.

This project supports Fresno Housing's efforts to create quality housing, engage residents, and contribute to vibrant communities. Fresno Housing has sought to play a critical role in driving community revitalization by creating and renovating quality affordable housing.

Marketing and Management

Managed by GSF Properties, the company developed an interest list six months before the property opened and organized early interest by unit size, contact date, and marketing source. Marketing materials included colorful graphics, renderings, and available floor plans, developing a website and additional web marketing. Advertising banners and graphics were posted near site, and direct marketing reached out to local employers, events and community agencies.

Residents must meet income qualification upon initial move-in. The property manager is responsible for verifying the unit mix, maximum rents, and income limits. The program allows for wage progression, so residents may get salary raises without necessarily being disqualified from their unit. While the marketing of the property is very different than a typical Fresno Housing property, leasing has gone smoothly.

Observations and Lessons Learned

A housing authority can take the lead in advancing downtown revitalization. Strategically developing a mixed-use property and targeting a demographic in need of housing options that was already working downtown helped create a successful, vibrant project in downtown Fresno.

Collaboration is a formula for success. Close coordination between the city and the housing authority for different elements of the project resulted in a win-win situation for new affordable housing units and downtown Fresno.

Affordable housing and innovative design can exist in the same property. The architect's efforts to create a distinctive design for the project create an appealing building that is an asset to the neighborhood.

Make the marketing suit the project. Stylish marketing in social media, a website, and outreach to local employers is unusual for a housing authority but helped to generate advance interest in the development by prospective residents.

Careful consideration to address the historic significance of the site pays off. The historic preservation review deliberated how to address the historically meaningful property. Even though the original structure was eventually demolished, the end product incorporates thoughtful design elements that preserve the history of the site.



AFFORDABLE HOUSING CORPORATION OF LAKE COUNTY

LIBERTYVILLE, ILLINOIS

Summary

Revitalizing existing housing stock is often overlooked as an important affordable housing strategy. The Affordable Housing Corporation of Lake County launched an acquisition and rehabilitation program for 50 for-sale, single-family homes in its service area, supported with \$2 million from the National Foreclosure Settlement. The nonprofit seeks derelict, vacant properties for acquisition, rehabilitates them, and sells them to income-qualified buyers. This conversion of an eyesore to an asset not only reclaims an abandoned property but contributes to the stabilization of the entire neighborhood.

Dealmakers

- Partnership with local government for political and financial support
- A revolving loan fund
- Ability to absorb a higher-than-usual level of risk to renovate the most derelict, vacant units
- Neighborhood stabilization

Overview

Location	Village of Mundelein and Village of Round Lake Beach, Lake County (Chicago metro area)
Project Type	Acquisition, rehabilitation, and resale
Developer	Affordable Housing Corporation of Lake County
Contributing Partners	Village of Mundelein Village of Round Lake Beach
Housing Type	Single-family detached
Units	50
Development Costs	\$8 million
Development Timeline	2012: National Foreclosure Settlement awarded 2013: Program started 2017: All 50 homes completed
Funding Sources	National Foreclosure Settlement Line of credit, Village of Mundelein Line of Credit, Village of Round Lake Beach
Website	http://ahclc.org/homes_for_sale.html

Development Partners

Affordable Housing Corporation of Lake County (AHCLC)

AHCLC seeks to increase and preserve affordable housing via services and partnerships that serve consumers and communities. AHCLC's programs help Lake County residents rent, buy, repair and save their home from foreclosure. The organization also works with community leaders and elected officials to design programs, policies and strategies that further affordable housing for their communities and Lake County as a whole.

Village of Mundelein and Village of Round Lake Beach

Partnering with each of these local governments has provided important financial and political support for AHCLC's acquisition, rehabilitation, and resale program. The villages have each helped to direct the selection of properties to be served by the program. They have also approved a line of credit to assist with AHCLC's acquisition of the units.

Planning and Policy

AHCLC's project for the acquisition, rehabilitation, and resale of 50 vacant or abandoned homes to income-qualified households was launched in 2013. Focusing on the Villages of Mundelein and Round Lake Beach, the properties for rehabilitation are prioritized according to need and property selection is often done in coordination with local municipalities. AHCLC also considers proximity to jobs, schools and business areas. As of October 2016, 30 of the 50 homes had been completed. The acquisition of all 50 homes is expected to be completed by June 2017.

Lake County, population 703,910 (2015) is in the greater Chicago metro area, in northeastern Illinois. Lake Michigan is to the east, Wisconsin to the north and the City of Chicago to the south. The county spans rural, urban, and suburban communities, as well as supporting a tourist economy. The County comprises 448 square miles on land, plus 920 square miles of water, much of it in Lake Michigan. The median household income is \$77,873, and the median housing value is \$247,300.

The Village of Mundelein had a population of 31,582 in 2015. The median household income is \$78,635 and the median housing value was \$225,000, according to the 2010–2014 American Community Survey.

The Village of Round Lake Beach had a population of 27,852 in 2015. The median household income is \$61,113, and the median housing value was \$131,000, according to the 2010–2014 American Community Survey.

The project was launched with the help of a \$2 million National Foreclosure Settlement (NFS) grant awarded in late 2012. The NFS was established when officials from 49 states and the federal government struck a \$25 billion deal with five of the country's biggest banks in February, 2012, to resolve allegations that Bank of America Corp., Wells Fargo & Co., JPMorgan Chase & Co., Citigroup Inc., and Ally Financial, Inc. had deceived homeowners and broken laws when pursuing foreclosure.



Photo Courtesy of Affordable Housing Corporation of Lake County

“Mundelein and Round Lake Beach stepped forward to be part of this program. Their support and interest to do this was critical to rehabbing the homes and revitalizing the neighborhood.”

Rob Anthony

Executive Director, Affordable Housing Corporation of Lake County

AHCLC submitted a successful proposal for a share of the state’s one-time pool of \$70 million of NFS funds, allocated by the Illinois attorney general. Targeted to support revitalization efforts and housing counseling for Illinois communities burdened by vacant and abandoned properties and foreclosures, this funding was designed to complement and supplement other foreclosure response efforts using nationally recognized, innovative housing strategies.

Several policy measures are part of the implementation of the AHCLC program. While zoning was not an issue for the rehabilitation efforts, the final product does have to meet or exceed local and state safety codes. To purchase the rehabilitated homes, eligible buyers must certify their intent to be owner-occupants (rather than investors), and household income must be less than 120 percent of the median family income. Home buyer education and counseling may be required.

AHCLC’s income limits for homebuyers as of June 2016:

Household Size	1	2	3	4	5	6	7	8
120 percent Median Family Income	\$64,680	\$73,920	\$83,160	\$92,280	\$99,720	\$107,160	\$114,480	\$121,920

Guidelines are determined by HUD and are adjusted annually.

Site Development

The NFS funds are the most recent infusion to AHCLC’s established acquisition, resale, and rehabilitation program in a region that was hard hit by recessionary foreclosures. At the peak of the recession, Lake County experienced 4,000 annual filings for foreclosure. As this figure has decreased to about 1,500 per year, the climate for acquiring foreclosures also changed, with lower supply, more investors, and higher prices.

AHCLC partnered with the Villages of Mundelein and Round Lake Beach—two communities that had been among the hardest hit by the foreclosure crisis—for the NFS-funded acquisition and rehab program. These local governments had also been involved previously with a similar AHCLC program funded by the federal Neighborhood Stabilization Program. AHCLC teams with the municipalities to identify priority candidates for rehabilitation, often seeking the most challenging properties. These may be acquired via foreclosure or sheriff’s sales, directly from lenders via the National Community Stabilization Trust, directly from the county when it has taken possession for unpaid back taxes, or the Multiple Listing Service.

AHCLC is also exploring the acquisition of homes under the Illinois Abandoned Housing Rehabilitation Act. This law allows nonprofit organizations to take temporary possession of abandoned housing and to rehabilitate the property. If the owner does not step forward to reclaim the property within two years, the nonprofit may take ownership of the property and the property must be used for affordable housing for at least ten years.

Public Outreach

Local support for the program has been a crucial part of its success. In addition to municipalities making lines of credit available, they have waived or reduced building permit fees and reduced or waived liens on the properties.

AHCLC posts a sign in the yard of a home under rehabilitation about the work in progress to share the news about the property. When complete, the resulting newly renovated and occupied home often inspires other neighbors on the block to invest in upgrades to their homes.

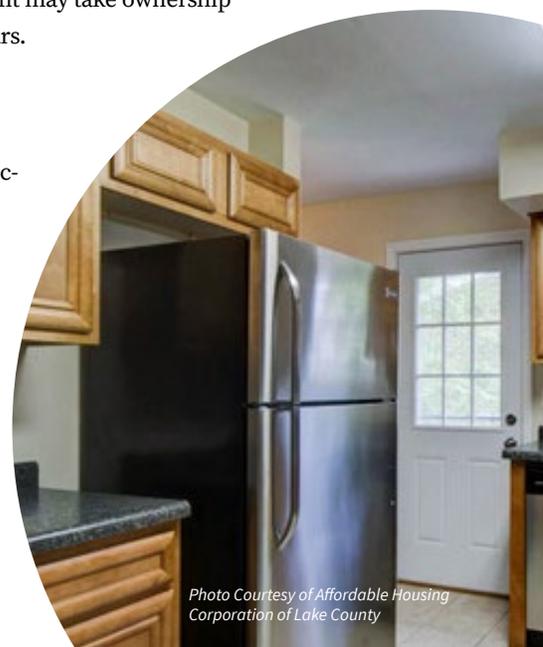


Photo Courtesy of Affordable Housing Corporation of Lake County

Design

AHCLC typically purchases a distressed property that may have been vacant for years. These homes are often considered the “worst of the worst,” with significant structural issues, such as collapsed roofs, mold, water infiltration, or foundation cracks. Many require environmental remediation.

Homes are often completely gutted and refurbished with new windows and doors, new appliances, improvements to electrical and plumbing, and new furnace and air conditioning.

AHCLC rehabilitates these former eyesores to become aesthetically pleasing homes that are in move-in condition, with all major structures and systems safe, sound and code-compliant. The overhaul of the home creates not only an attractive home and a new opportunity for homeownership, it helps revitalize the neighborhood with quality housing.

Financing

AHCLC’s overall financing for the 50 homes targeted for this project is \$8 million—\$2 million from the NSF funds, with \$6 million in sales proceeds that are recycled back into the program to create a revolving loan fund.

The villages that AHCLC works with for this program have each approved a line of credit that allows the nonprofit to borrow up to \$200,000 at a time to purchase local homes for the organization to fix up and resell. These loans are interest-free, as long as AHCLC repays it within 12 months. After that, the annual interest rate is four percent.

When a specific house has been selected for purchase, AHCLC examines closely what it will cost to rehabilitate the property. The program is structured to absorb losses of up to \$40,000 per unit. While a typical home buyer or developer would have difficulty getting financing to purchase



Photos Courtesy of Affordable Housing Corporation of Lake County

Here is an example of a property rehabilitated in this program.

Address	427 E Courtland St., Mundelein, Ill.
Description	3 beds, 2 baths 1,104 square feet 7,383 square-foot lot Located .6 mile to elementary school and .7 mile to Metra transit station.
Summary of Rehab Work	<ul style="list-style-type: none"> • Replaced part of the foundation and installed foundation piers • New kitchen • New baths • Refinish hardwood floors • Replaced windows • Replaced doors • Repaint • New appliances • Electrical and plumbing improvements • New furnace and air conditioning
Acquisition Price (June 2015)	\$80,000
Rehab Costs	\$87,500
Carrying Cost	\$15,500
Total Cost	\$183,000
Sales Price (October 2016)	\$171,200 (also provided buyer with \$3,000 closing cost credit)
Total Subsidy	\$14,800 (\$183,000 + \$3,000 – \$171,200)



these derelict homes, this program subsidy helps AHCLC absorb the risk of rehabbing a deteriorated property. The actual subsidy for most transactions is closer to \$14,000.

Marketing

To sell a rehabilitated home, AHCLC posts a sign on the property, advertises it on its website, and works with area brokers. The low-end home prices open the market to households who might not otherwise have been able to afford to purchase a home. The high quality of the renovation and new mechanicals means that the homes can be expected to have minimal maintenance for several years.

Eligible households must earn no more than 120 percent of the median family income. Homebuyers also receive financial counseling and education as part of the program. Other AHCLC programs offer home buyers assistance with downpayments and closing costs.

The price points for the rehabilitated homes, positioned at the low end of the local market, are offering affordable options in an affluent county. Home prices have been increasing, a positive sign in neighborhoods that had been experiencing decline or stagnation. However, the increase in home values has been gradual, and gentrification seems to be a low risk.

“We go after the worst property and leverage that. The typical developer doesn’t have the flexibility to lose money on the property.”

Michael Mader

Director of Real Estate Services, Affordable Housing Corporation of Lake County

“It’s important to start with a good team: a nonprofit and a municipality with a desire to help the neighborhood.”

Rob Anthony

Executive Director, Affordable Housing Corporation of Lake County

Observations and Lessons Learned

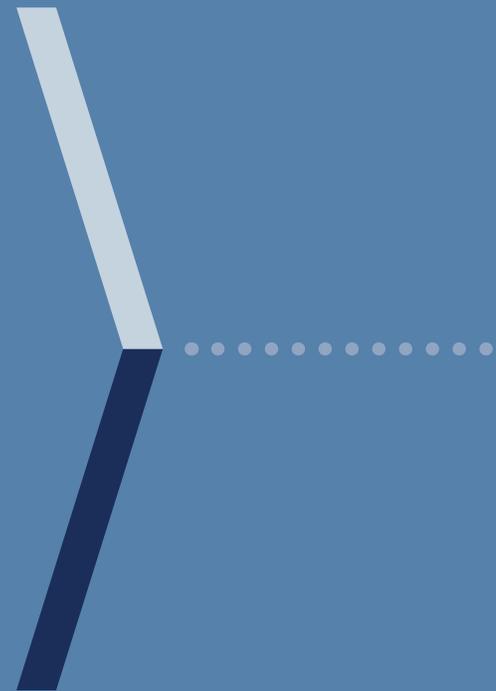
Greater risk delivers greater reward. Budgeting generously for up to \$40,000 potential loss on a property allows AHCLC to take the risk of purchasing and completely renovating the worst property on the block. Most other investors would not be able to risk this kind of loss, and the property would remain derelict.

Municipalities are important partners. Municipal support for the program has provided not only financial assistance but invaluable political support that has moved the projects forward.

A little goes a long way. The AHCLC program is structured to leverage the rehabilitation of a single home to support the stabilization of an entire neighborhood. When distressed homes are renovated and sold to owner-occupants, property values increase, and neighborhoods are revitalized.

Expect Excellent Design and Sustainability

High Design Standards
and Green Building



RAINIER VISTA

SEATTLE, WASHINGTON

Summary

The Seattle Housing Authority’s redevelopment of its Rainier Vista property transformed the community, replacing 481 deteriorating public housing units built in the 1940s with new mixed-income housing for renters and home owners. The mixed-use, multifamily development features rental apartments, for-sale condominiums and single-family homes. Funding totaling more than \$240 million was used to produce the transit-oriented, pedestrian-friendly environment and build a total of 1,092 public housing, affordable and market-rate housing units. It includes outdoor and indoor recreational facilities, parks, playgrounds, facilities for social service providers, and retail and office spaces. The Sound Transit’s light rail line station is just to the south and provides convenient access to downtown.

Dealmakers

- Housing authority served as master planner for a comprehensive redevelopment
- City of Seattle’s collaborative commitment to coordinate on infrastructure development
- Rainier Vista design book for consistent design standards throughout the project
- Active Citizen Review Committee for stakeholder engagement
- One-to-one replacement policy for public housing units
- Transit-oriented design to prepare for the new light rail line
- Doubled density from the original project to create a mixed-income community
- Infrastructure redesign to integrate with the existing street grid

Overview

Location	4570 Martin Luther King, Jr. Way S, Seattle, Washington
Project Type	Mixed-income
Developers	Seattle Housing Authority Phases I and II: Martha Rose, The Riley Group, Bennett Sherman and Habitat for Humanity, Bellwether Housing, Providence and Mercy Housing Phase III: Dwell Development, BDR Homes
Contributing Partners	City of Seattle
Housing Types	Multifamily, single-family attached and detached; rental and owner-occupied
Site Size	67 acres
Units	1,092 units: <ul style="list-style-type: none"> • 411 onsite public housing rental units • 70 off-site replacement public housing rental units • 154 affordable rental units (<80 percent AMI) • 58 affordable for-sale housing units (<80 percent AMI) • 216 market-rate, for-sale housing units • 183 market-rate rental (forthcoming)
Development Costs	\$240,000,000

Development Timeline	<p>1999: HOPE VI grant awarded.</p> <p>2000: First phase of relocation counseling begins.</p> <p>2003: City Council approves the Rainier Vista Master Plan; demolition begins.</p> <p>2004: Construction begins for rental housing.</p> <p>2005: Second phase of relocation completed; for-sale home construction begins.</p> <p>2005: Phase I public housing completed; demolition of Phase II units begins.</p> <p>2007: Phase II infrastructure development begins.</p> <p>2008: New Rainier Vista Boys & Girls Club opens. Construction on Phase II infrastructure completed.</p> <p>2009: LINK light rail service begins, with stops at Rainier Vista and downtown Seattle.</p> <p>2010: Phase III infrastructure development begins.</p> <p>2012: Construction completion of Phase II, mixed-use Tamarack Place, and replacement of public housing units.</p> <p>2015: Market-rate, for-sale units completed.</p> <p>2016: Market-rate rental units under development.</p>
Funding Sources	<p>HUD HOPE VI grant program</p> <p>Low Income Housing Tax Credits</p> <p>Washington State Housing Trust Fund (except SHA units)</p> <p>Seattle Housing Levy (except SHA units)</p> <p>Tax Exempt Bond proceeds</p> <p>Proceeds from sale of land</p> <p>HUD American Recovery and Reinvestment Act (ARRA) funds</p> <p>HUD Move to Work Block Grant funds</p>
Website	<p>http://www.seattlehousing.org/redevelopment/rainier-vista/</p>

Development Partners

Seattle Housing Authority

Established in 1939, the Seattle Housing Authority provides long-term rental housing and rental assistance to more than 30,000 people in the city of Seattle. The agency owns and operates buildings of all shapes and sizes on nearly 400 sites throughout the city. The Low Income Public Housing program provides more than 6,040 public housing units in large and small apartment buildings; multiplex and single-family housing; and in four communities at Rainier Vista, NewHolly, High Point, and Yesler Terrace.

Dwell Development

Dwell Development is a full-service, Seattle-based, design-build firm specializing in green residential development. Dwell produced 42 ultra-sustainable, single-family detached, market-rate homes in Rainier Vista.



Photo Courtesy of Dwell Development

BDR Homes

BDR Homes is a home builder serving the Seattle area. Over the course of their careers, the principals of the firm have been involved in creating over 2,000 homes in more than 60 neighborhoods throughout the Seattle area. BDR produced 69 single-family detached units and townhomes for Rainier Vista. Of these, five were market rate but sold at price points that were affordable for families earning 80 percent of the Area Median Income. In 2016, BDR Homes is also developing market-rate rental units on the two remaining vacant lots on the site.



Planning and Policy

In 2001, after an extensive process of community engagement and input led by the Seattle Housing Authority (SHA), the Seattle City Council unanimously approved a Memorandum of Agreement with SHA. The agreement governed Rainier Vista redevelopment and provided assurance to neighborhood groups and advocates about replacement housing and related issues. The provisions committed to 100 percent replacement of the 481 existing public housing units at Rainier Vista, with units available to households with incomes at or below 30 percent of the Area Median Income and a maximum density of 1,010 units.¹ The agreement also made a commitment to sustainable building practices. Redevelopment at Rainier Vista has resulted in a mixed-income community with low-income rentals, market-rate rentals, and market-rate, owner-occupied homes.

The redeveloped Rainier Vista now includes market-rate, for-sale and rental housing in addition to units for residents with extremely low incomes (30 percent of area median income or below) and low incomes (80 percent or below):

Housing type	Affordability	Units
SHA onsite public rental housing	Extremely low income (0 to 30 percent AMI)	251
Senior housing – Section 202	Extremely low income (0 to 30 percent AMI)	78
Rental housing for people with disabilities – Section 811	Extremely low income (0 to 30 percent AMI)	22
Onsite project based Section 8	Extremely low income (0 to 30 percent AMI)	43
Onsite partnership units	Extremely low income (0 to 30 percent AMI)	17
Affordable rental housing	Extremely low and low income (up to 80 percent AMI)	154
Rental housing	Market rate	183
Affordable for-sale housing	Low income (up to 80 percent AMI)	58
For-sale housing	Market rate	216
Total On-Site Units		1,022
SHA off-site public housing replacement units	Extremely low income (0 to 30 percent AMI)	70

¹ Not all of the land that the market-rate units are on now were in the original plat, since some land was acquired later. Thus, the actual total number of units built (1022) is slightly higher than this maximum permitted density (1010).



Site Development

Located in the heart of the Rainier Valley, Rainier Vista was one of three SHA communities originally built to house defense workers during World War II. By the early 1950s, the wood frame buildings were designated as public housing. Today, Rainier Vista is a culturally diverse community, with many immigrants from Southeast Asia, East Africa and elsewhere.

The redevelopment of Rainier Vista was divided into three phases organized geographically and completed roughly chronologically:

- Phase I, the west side of Martin Luther King Jr. Way South (MLK);
- Phase II, the area east of MLK and south of South Oregon Street; and
- Phase III, the area east of MLK and north of South Oregon Street.

The project replaced 481 rundown public housing units from the 1940s with a new mixed-income, mixed-use community of residential units with office, retail, services and recreational space. It transformed a curvilinear street system to an entirely new street grid with improved connection to the overall city streets. Of the original 481 low-income units from the old Rainier Vista, 411 were replaced onsite. The remaining 70 units were located off-site in buildings owned by SHA, or in partnership with another housing provider.

In preparation for the new light-rail service planned to come through the area, the SHA sought to improve the community by turning it into a denser, light-rail friendly community. The SHA rezoned the 67 acres in coordination with the City and Sound Transit, the agencies that were preparing to create transit-oriented development around the new Sound Transit Light Rail stations. The SHA also worked on the redevelopment of Rainier Vista in coordination with the Seattle Department of Transportation, Seattle Public Utilities and the Department of Planning and Design.

The LINK Light Rail service opened in the summer of 2009 and serves Rainier Vista at the Columbia City station just to the south. This transportation option gives residents more convenient access to the Rainier Valley, downtown Seattle, and Seattle-Tacoma International Airport.

Rainier Vista is located close to a number of large and small parks, playgrounds, and community gardens that create open space for residents to get outside, meet their neighbors, and play with their children. It is also within walking distance of the amenities of the Columbia City business district, featuring a mix of retail shops, restaurants, and entertainment options.

Residents have access to Neighborhood House's Rainier Vista Center and its job programs, computer lab, case management services, Head Start program, and community gathering spaces, including a new Boys and Girls Club that opened in 2008.

The SHA was the master developer for the project, hiring architects and engineers to design public housing and also the public realm, in close coordination with relevant city departments. The SHA hired and oversaw the construction of these elements. The SHA built duplexes and up to three-story apartments, but mostly three- to five-unit properties. Habitat for Humanity provided 16 low-income homeownership units, while other nonprofit developers produced 39 rental units for low-wage workers and low-income seniors.

“The City of Seattle was committed to really good planning along the new light rail corridor, and creating a good public realm along the alignment.”

Stephanie Van Dyke
Director of Development,
Seattle Housing Authority

The low-income units include multiple energy-efficient features, including ENERGY STAR appliances and interior lighting as well as water-conserving bath and kitchen fixtures. The common spaces feature a drip irrigation system in planting areas and high-efficiency exterior lighting fixtures with timers or light sensors. SHA selected nonprofit partners, such as the Boys and Girls Club and Neighborhood House, who developed community facilities on the site to serve the neighborhood.

To redevelop Rainier Vista as a mixed-income community, the SHA selected private development partners to purchase and develop market-rate and affordable single-family homes and duplexes. Before the recession, Rainier Vista had a dozen different private builders. Post-recession, there were only two private builders: Dwell Development and BDR Homes. Dwell Development is a design-build firm based in Seattle specializing in innovative, energy-efficient design. “New Rainier Vista” began as a partnership with the SHA and Dwell Development, LLC in 2010. BDR Homes, LLC, a homebuilder in Seattle and Kirkland and an affiliate of BDR Companies, was the other private developer producing for-sale housing. BDR is also producing market-rate rental housing on the last two remaining lots through 2017.

Public Outreach

Public outreach for the redevelopment of Rainier Vista, particularly with current residents, was conducted throughout the process.

In December 2002, the SHA established a Citizen Review Committee to review and make recommendations on significant changes requested by the SHA or any contractor to development or project plans, such as land sales, development plans, construction impacts and community notification. There were several public meetings to obtain information from residents as to design of the units, as well as public meetings on the rezoning. Those meetings continued through completion of the public housing units in Phase II in 2012.

The community sought to ensure that low-income residents were well served and that the large trees on the site were preserved to the maximum extent possible, while also improving the residential units. Environmental concerns included lead paint, soil remediation, asbestos abatement, and underground storage tank remediation.

The SHA Community Building program also accompanied the redevelopment of Rainier Vista, offering important opportunities for increasing resident self-sufficiency, improving quality of life, strengthening social bonds in the community, and helping better integrate public housing residents with the greater Seattle community. The program fosters the capacity of SHA residents to shape programs and policies for their communities. By forging partnerships and encouraging broad participation, the program supports families, children, and seniors, and values cultural diversity and racial equity. SHA Community Builder staff also works closely with residents, homeowners, community service organizations and others to actively build programs and activities that bring people together. Staff and residents work together in resident community councils, affinity groups, health programs, and more.



Photo Courtesy of Dwell Development

Design

The urban design and planning for Rainier Vista centered on creating a transit-oriented and pedestrian-oriented community that would be fully integrated into the existing surrounding neighborhood.

The public housing, located in townhomes and apartment buildings, is mixed throughout the site and is virtually indistinguishable from the market-rate rental and for-sale housing. Built prior to the market-rate units, the public housing set high design standards, with covered entry porches, steeply pitched roofs and a colorful mixture of siding patterns. Private off-street parking is adjacent to each housing unit. The design complements the surrounding older historic neighborhood of Columbia City.



Photo Courtesy of Dwell Development

The design of buildings and the project's design guidelines created for later infill development of market-rate housing reflect the new transit-oriented zoning. The rail station is ringed by concentric zones of buildings, with denser mixed-use residential/commercial buildings at the center,

“There was a lot of thought put into the design of the project. The design guidelines are the same for Seattle Housing Authority units and the private sector. The design review process tried to keep it simple by asking: ‘How do you achieve diversity?’ We wanted them to vary frontages, minimize garages and setback, and add alleys.”

Stephanie Van Dyke
Director of Development,
Seattle Housing Authority

surrounded by dense apartment buildings, followed by a zone of townhouses and duplexes. At the outer reaches of the site, farthest from the light rail site, are the single-family houses. Outdoor recreational uses are fully integrated into the site to serve the community. Trees that were preserved from the original site serve as focal points for various portions of the site. Parking is kept out of public view of the streets, accessed by alleys in the rear of each block, under buildings in garages, or behind street-facing building facades.

As a condition of purchase of the property on which the market-rate homes were built, private builders were required to follow design guidelines outlined in the SHA's Design Book in order to make the new neighborhood seamless with the surrounding community. The Rainier Vista Design Book is comparable to earlier editions created for the SHA sites NewHolly and High Point to guide development in those communities. Each Design Book emphasizes unique neighborhood qualities and responds to local design preferences. Issued in 2004, the Rainier Vista edition was revised and edited with input from the Rainier Vista Homeowners Association to help ensure that the new homes would

complement the rental housing and community facilities that the SHA and other partners were building. The SHA reviewed all the plans to ensure compliance and to help the builders with consistent solutions to design problems.

The book illustrates design choices ranging from placement of houses along the street to details such as rooflines, porches, fences or color. The Design Book helped guide builders to create a safe, mixed-income, mixed-use, transit-oriented community integrated into the surrounding neighborhood.

The Rainier Vista Design Book was prepared by Mithun, with contributions from the Rainier Vista design team, Tonkin Hoyne Lokan, GGLO, SvR, and Nakano Associates, City of Seattle and SHA staff. The contributing market studies were conducted by RealVision Research, Hebert Research, and Heartland.

Public art is also a notable feature at Rainier Vista. Sculptures along Columbia Way Boulevard connect the neighborhood artistically with nearby Columbia City. Custom-designed benches and other park furniture are placed throughout the neighborhood, some embedded with mosaics designed by The Children's Museum. Murals created by students in the local ArtWorks program are featured throughout the neighborhood.

New Urbanist planning and design principles are active at Rainier Vista, with housing designed to bring together the neighborhood's diverse mixture of residents. Narrow streets slow traffic, while front porches located close to the street encourage residents' interaction. Low fences around private backyards give households a sense of security and ownership of their own space, but still allow for visibility and conversation with neighbors.

By June 2012, all 481 units of public housing were replaced.

Name	Photo	Manager	Units	Types
Rainier Vista		SHA	294	38 1-bedroom 112 2-bedroom 100 3-bedroom 38 4-bedroom 6 5-bedroom
Gamelin House		Providence Health & Services	78	77 1-bedroom 1 2-bedroom
Genesee House		Bellwether	39	25 1-bedroom 14 2-bedroom
Lake Washington Apartments		SouthEast Effective Development	37	37 2-bedroom
Fir Street Townhomes		SHA	7	7 3-bedroom
Mary Avenue Townhomes		SHA	8	8 3-bedroom

Name	Photo	Manager	Units	Types
Samaki Commons		Interim Community Development	12	4 2-bedroom 6 3-bedroom 2 4-bedroom
Shirley Bridge Bungalows		Sound Mental Health	6	4 1-bedroom 2 2-bedroom
Westwood Heights East		Quantum Management	6	6 2-bedroom

In Phase III at Rainier Vista, Dwell Development’s New Rainier Vista neighborhood consists of 42 high energy-efficiency, single-family detached homes. Every home in the community is 5-Star Built Green certified (a voluntary certification program developed by the Master Builders Association of King and Snohomish Counties) to meet environmental standards for energy efficiency, water use, and indoor air quality. All the homes also include solar-ready rooftop configurations, advanced framing, high impact insulation, triple-glazed windows, and other features that allow the homes to reach net zero energy usage in the future. New Rainier Vista includes Dwell’s first Passive House and two houses that are clad in cork. One of the cork-covered houses is the first spec house in Seattle to be certified “net energy positive,” meaning it will create more energy through solar panels than it uses.

“We doubled the density, which was a very bold move at the time. Seattle has had quite a struggle with density: it has traditionally been a pro-growth management, low-density city. The struggle was how to increase density in a way that works for Seattle’s identity.”

Stephanie Van Dyke
Director of Development,
Seattle Housing Authority

The Dwell homes are arranged in clusters of four units centered around a community garden and informal outdoor gathering spaces. The early units in Phase III were 3-bedroom, two-bath, 1,500 to 1,900 square feet, and sold for \$425,000. By the time the last home was completed and sold in 2014, the units have increased in size to 2,100 square feet, and the market had boosted the sales price to \$700,000.

BDR Homes produced 58 single-family homes in three developments: Adagio, with 3- and 4-bedroom detached homes priced in the high \$400,000s; Allegro Townhomes, 2- and 3-bedroom units in the low \$300,000s, and Vivo, 2- and 3-bedroom affordable townhomes priced in the low \$200,000s. The affordable townhomes, for first-time home buyers earning up to 80 percent AMI, were produced to look comparable to market-rate units on the outside, with simpler finishes on the inside.

Financing

Rainier Vista is one of the SHA’s three major public housing redevelopments, funded in part by the federal government’s HOPE VI grant program. The project was financed using public and private funds.

The financing consisted of tax-exempt private activity bonds, four percent tax credit equity, HUD HOPE VI, HUD Moving To Work (MTW) Block Grant Fund and HUD American Recovery and Reinvestment Act (ARRA) funds, and the proceeds from the sale of land not used for replacement housing purposes.

In August 1999, a \$35 million HOPE VI grant was committed by the federal government for the redevelopment of Rainier Vista. An additional \$14.4 million in stimulus dollars—from a total of over \$45 million awarded to the agency in 2009—helped fund and complete construction for Phases II and Phase III.

Sources for SHA Public Housing	
HOPE VI funds	\$ 35,000,000
ARRA funds	\$ 23,569,888
MTW Block Grant Funds	\$ 14,136,793
Land Sales Proceeds	\$ 28,504,341
LIHTC Equity	\$ 21,870,028
Tax Exempt Bond Proceeds	\$ 8,975,000
Commercial Mortgage	\$ 1,930,000
Developer fee loans	\$ 3,544,523
Positive Bond Arbitrage	\$ 377,221
Energy Company Rebates	\$ 93,339
Total	\$138,001,133

“The city’s support was a very big piece of this project, including contributing funding, expediting permitting, and rezoning to allow denser development closer to the light rail.”

Stephanie Van Dyke
 Director of Development,
 Seattle Housing Authority

The table above represents the sources that the SHA used to build 385 low-income rental units, about 9,500 square feet of commercial space, new streets and public utilities, and several parks.

With additional investments of \$102 million made by private market builders, low-income nonprofit housing developers, and the service providers Neighborhood House and the Boys and Girls Club, the total project development cost came to \$240 million.

Marketing and Management

While the public housing units are quick to fill up and do not require special marketing efforts, the for-profit developers hired a company called Fusion, a firm with experience with other master planned communities, to develop a marketing plan for the private development. While a general marketing plan and website for overall development helped create a sense of the community, each developer also had an additional platform to establish a distinct identity for their homes. Fusion’s contributions included branding, active marketing and advertising, signage and Internet. Fusion also developed community marketing partnerships and local marketing campaigns, partnering with local businesses and restaurants to spread the word about the new community.

To create a sense of community and an outlet to discuss potential issues, the SHA and the Homeowners’ Association (HOA) Phase I established a “Good Neighbor Agreement Committee.” The development of the meeting agenda rotates between the SHA and the HOA, and the committee meets quarterly to identify neighborhood needs, concerns and solutions. This dialogue has been key to the health of the community. Several community solutions have been addressed through this committee, which has improved the spirit and quality of the relationship among neighbors. In the decade since Phase I was developed, neighbors have matured together as a community over time and learned from community experiences.

The HOA from Phase III (Rainier Vista East), which was completed in 2013–2016, does not participate in a comparable “Good Neighbor” agreement. During Phase III redevelopment, the SHA initially held seats on the Rainier Vista HOA. But once properties in Phase III were at 80 percent occupancy by homeowners, the SHA stepped off the HOA board. During the tenure of that HOA board, a Good Neighbor Agreement was introduced and the homeowners of that Phase chose not to move forward with one. They can at any time engage in conversations with the Rainier Vista east board to create one. Thus, the relationship of these homeowners with the SHA is less established.



Observations and Lessons Learned

New transit creates new opportunities. The creation of the Sound Transit line stimulated an opportunity for the redevelopment of Rainier Vista, with an emphasis on transit-oriented design to prepare for the nearby transit stop.

One-to-one replacement of public housing units demonstrates a commitment to the housing needs of low-income households. The redevelopment of public housing projects to mixed-income often reduces the number of public housing units. Doubling the density of the site was an essential threshold to meet Seattle’s commitment to one-for-one replacement.

Presales can make the difference in a down market. Despite the challenging market conditions during and immediately post-recession, Dwell Development was able to keep building by strategically leveraging presales to develop its new market-rate homes.

Expect the unexpected, particularly for a multiphase project. Rainier Vista faced challenges with development conditions that increased construction costs. Zoning interpretations and the discovery of wetland areas on both the west and east phases resulted in fewer for-sale home sites.

A large-scale project is susceptible to market trends. This is particularly the case with public-private partnerships, because there are unpredictable cycles in private development. With the Great Recession slicing through the middle of the project timeline, the participation of the private sector stalled until the market started to recover. This delay held up the project proceeds that the public housing was depending on, which made for a longer completion of the project.

Establish a regular and formal communication channel for residents. The “Good Neighbor Agreement” between the SHA and the homeowners association (HOA) in Phase I keeps both parties accountable. The committee that implements the agreement has representatives from the SHA and the HOA and has been an invaluable resource to discuss community issues and identify solutions.

Avoid creating a separate real estate marketing name for a subdivision within a mixed-income community. The Phase III HOA is known as “New Rainier Vista,” which has resulted in some residents on the east side of Rainier Vista considering their neighborhood as a separate community. In Phases I and II, residents consider all of Rainier Vista to be one community.

Ensure that community services, organizations, and businesses in a mixed-use, mixed-income development are accessible to all. The geographic spread of community services and local businesses throughout Rainier Vista supports the positive integration of income levels.

Plan for strategic and intentional community development. The SHA’s Community Building program has been key to income integration and highly popular among tenants, homeowners and community partners.

THE ROSE

MINNEAPOLIS, MINNESOTA

Summary

Located at the intersection of Franklin and Portland Avenues in the Phillips neighborhood just south of downtown Minneapolis, The Rose incorporates pioneering green-building techniques among its 90 mixed-income (47 affordable and 43 market-rate) apartments, which range from efficiencies to three bedrooms. The Rose is the fourth and final phase of the 15-year Franklin Portland Gateway Project's South Quarter initiative, developed jointly by nonprofits Aeon and Hope Community, Inc. The Rose is considered one of the most environmentally sustainable, affordable apartment projects in the United States.

“Hope Community has a 40-year history in the neighborhood. For the past 20 years, we have engaged with residents of neighborhood to develop a vision for the transformation of the four corners.”

Will Delaney

Real Estate Strategy and Assets Manager,
Hope Community, Inc.

Dealmakers

- Long-term vision and persistence over a 15-year redevelopment project
- Community engagement in the final outcome
- Commitment to innovation and cost management to achieve pioneering green building in affordable housing
- Teamwork between nonprofits with complementary strengths

Overview

Location	Minneapolis, Minnesota
Project Type	Mixed-income
Development Partners	Aeon Hope Community
Housing Type	Multifamily rental
Site Size	1.65 acres
Units	90 units: <ul style="list-style-type: none"> • 47 affordable (up to 60 percent AMI) • 43 market rate
Development Costs	\$35.6 million
Development Timeline	2010: Funding applications 2014: Construction started 2015: Project completed
Funding Sources	U.S. Bank Community Development Corporation, St. Louis U.S. Bank -Minneapolis City of Minneapolis Hennepin County The Minnesota Housing Finance Agency Metropolitan Council
Website	http://www.therosempls.com/

Development Partners

The Rose, the fourth and final phase of the redevelopment of a city block that started in 2001, was developed jointly by two nonprofit community developers, Aeon and Hope Community, Inc. The development partnership was unique in that Aeon and Hope Community each took turns by phase as the lead for project development: Aeon was the lead for Phases 2 and 4, and Hope Community was the lead for Phases 1 and 3.

Franklin Portland Gateway Project: South Quarter Initiative		
Phase 1 (2003)	Children's Village Center	36 affordable apartments, community space, and Hope's new headquarters
Phase 2 (2006)	The Jourdain	24 affordable and 17 market-rate apartments above ground-floor retail
Phase 3 (2008)	The Wellstone	37 affordable and 12 market-rate apartments with mixed-use green building development
Phase 4 (2015)	The Rose	47 affordable and 43 market-rate apartments with community space, with significant energy and water-conservation measures, and healthy building materials

Aeon

Aeon (formerly Central Community Housing Trust) was founded in 1986 to replace affordable apartments lost in the construction of the Minneapolis Convention Center. It is now a developer, owner, and manager of 2,750 affordable apartments and townhomes in the Twin Cities metropolitan area. Aeon's mission is that every person have a home that is interconnected with the community.

Hope Community

Based in the Phillips neighborhood where the Rose is located, the nonprofit Hope Community has sought to revitalize Minneapolis communities since 1977. The organization began as an emergency shelter for homeless women and children and has since evolved as a community organization focused on creating opportunities for community health, housing, education and economic development, with a focus on racial equity. The organization owns and manages several affordable multifamily properties near the site.

Other project partners included architect Meyer, Scherer & Rockcastle (MSR); contractor Weis Builders; the University of Minnesota Center for Sustainable Building Research; Mithun, an architecture firm; and PLACE, a sustainability consultant.



Photo Courtesy of AEON

Site Development

The Phillips neighborhood, named after Wendell Phillips, a 19th-century abolitionist, had been in decline since the 1960s, particularly when two new freeways isolated it from Minneapolis' nearby central business district, and it was further undermined by urban exodus and suburban sprawl. Just south of downtown, the neighborhood is a mix of commercial and residential uses, including single-family homes and apartments. The Phillips community has almost 20,000 residents and a long history of minority and immigrant residents—about 80 percent of the residents are people of color, including many Latino and African immigrants. The neighborhood median income is about a third of the median income for the Twin Cities. As a community organization with a long history in the neighborhood, Hope Community pursued a vision of redevelopment that could provide an alternative to gentrification.

Hope Community began in the Phillips neighborhood in 1977 as a small shelter and hospitality house. By the 1990s, the neighborhood was hit hard by the crack cocaine epidemic. Vacant lots, abandoned properties, and crime devastated the community. In the face of these challenges, Hope revamped its mission to build a sustainable neighborhood model through community organization, active education, leadership, and affordable housing development.

As part of this broadened mission, Hope Community sought to create an opportunity to redevelop the mostly vacant, neglected intersection at Franklin and Portland, an important commercial corridor and a major travel artery in the neighborhood it served. In 1996, Hope Community purchased 90 percent of the frontage on Franklin Avenue between Portland and Oakland Avenues. By 1999, after years of careful preparation, Hope Community was poised to lay out an ambitious goal that it called the “Children’s Village Vision,” which imagined what a revitalized neighborhood could look like. The Children’s Village vision extended for more than 16 square blocks in the area surrounding Hope, illustrating a revitalized neighborhood with infill housing, parks, and playgrounds.

To fulfill this vision, Hope Community teamed up with Aeon to transform the future of the four corners at Franklin and Portland. The two nonprofits assembled land for the site, which included three vacant gas stations and an empty lot. The goal was a large-scale, mixed-use redevelopment that would become the Franklin Portland Gateway Project.

The Rose is named in memory of Sister Rose Tillemans, who ran a community resource known as the Peace House at the site for many years before her death in 2002. Aeon worked with Peace House to build them a new facility about one block north, which helped the neighborhood achieve the vision of redeveloping this intersection. The property is the fourth and final phase of the Franklin Portland Gateway Project’s South Quarter initiative, which has created a thriving and

“Hope Community helps people connect to opportunities within their neighborhood: we promote literacy, community organizing, community gardens, food justice, entrepreneurship, art and culture, and healthy living. We want people to get engaged. It’s not limited to people who live in our buildings, but also people who live in the broader community.”

Will Delaney

Real Estate Strategy and Assets Manager,
Hope Community, Inc.



Photo Courtesy of Aeon

healthy community, produced three new buildings, and added indoor and outdoor public spaces, a community garden, and 225 new units of rental and homeownership mixed-income housing.

Affordability

The Rose consists of 47 affordable and 43 market-rate apartments in two four-story buildings. The affordable units are for households earning up to 30 percent, 50 percent and 60 percent of the area median income (AMI), or about \$18,000 to \$51,000 per year. Twelve of these apartments are designated for individuals and families experiencing long-term homelessness.

The Rose includes 8 studio units, 8 one-bedroom units, 57 two-bedroom units, and 17 three-bedroom units. The three-bedroom units are a particularly important part of the mix, to accommodate families. Market-rate and affordable units are indistinguishable and interspersed throughout both buildings. Affordable unit rents in 2016 range from \$636 for a studio to \$1148 for a three-bedroom apartment. Market-rate unit rents are \$1250 for a one-bedroom and up to \$1700 for a two-bedroom apartment.

Design

The two four-story buildings for The Rose are organized around a 70-foot wide courtyard that includes a lawn, a playground, a rain garden, a patio with grills, a fire pit, and seating. A 5,000-square-foot community garden is located on the northeast corner of the block. Ninety underground parking spaces connect both buildings, and 23 surface parking spaces are also available.

Upper-story apartments include porches, and units on the ground floor are accessible from either the sidewalk or the courtyard. Shared amenities such as a resident lounge and workout rooms are on the first floor. The property's green space, semiprivate courtyards, and children's play area are designed to encourage interactions among residents.

Floor plans vary, but the quality of the finishes and fixtures in all units are consistent, including locally sourced granite countertops and ENERGY STAR stainless steel appliances.

“We had to look at how to achieve a high level of sustainability with affordable housing in a replicable way. We got much further along than any other project, thanks to an integrated design process that involved working with architects and contractors early on.”

Will Delaney

Real Estate Strategy and Assets Manager,
Hope Community, Inc.

Sustainability

The Rose incorporates a variety of innovative strategies to meet ambitious sustainability goals within a practical budget. The project aspires to meet the International Living Futures Institute's Living Building Challenge (LBC) as a sustainability guideline. The holistic LBC criteria, which can take several years to achieve, is built around seven principles of sustainable living: place, water, energy, health and happiness, materials, equity, and beauty. LBC poses an aggressive standard for sustainable design that aims to achieve net zero energy and water consumption. The project is the first affordable multifamily housing project to register with the LBC.

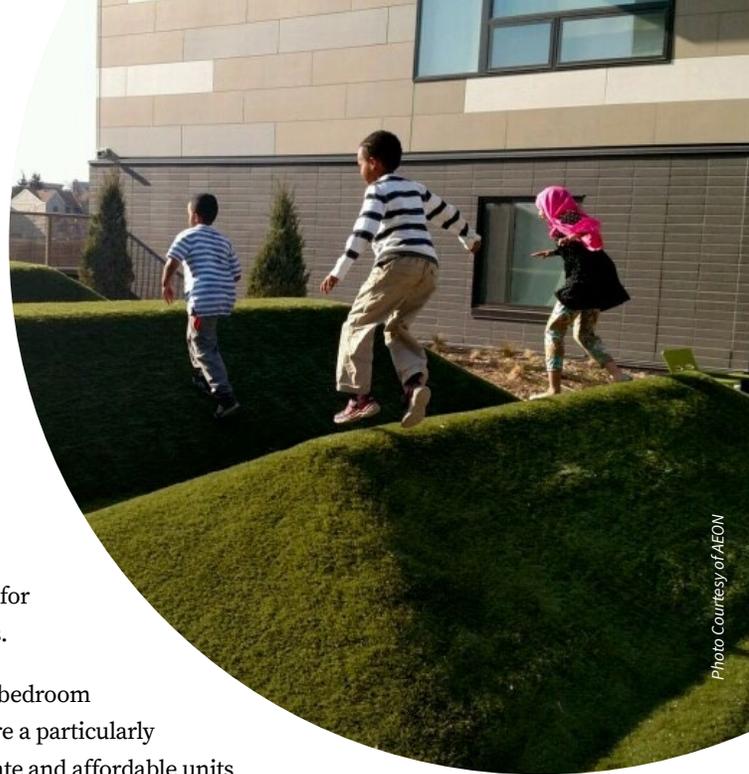


Photo Courtesy of AEON

An integrated design process that included ongoing conversations with architects, engineers, contractors, and residents was important in achieving the property's sustainability. In addition, resident engagement and education on how to use fixtures such as programmable thermostats or monitoring water use have also been essential elements in achieving energy-efficiency goals.

Sustainable features at The Rose include:

- Building orientation that maximizes solar energy production
- High-efficiency ventilation and indoor air quality system
- Healthy, non-toxic building materials
- Solar thermal panels on the south wall of each building to provide approximately 35 percent of annual hot water needs
- A rain garden
- Onsite stormwater treatment
- A series of underground cisterns for water retention and reuse in irrigation
- Separate electric meters for each unit, to allow for individual monitoring and charging for use
- A solar-ready roof for electricity generation
- A building envelope with materials, wall systems, and window types that achieve energy efficiency

“This is a model of development that was rooted in the community all along. It is a grassroots vision of how to invest in the community.”

Will Delaney

Real Estate Strategy and Assets Manager,
Hope Community, Inc.

Mithun, in consultation with the University of Minnesota's Center for Sustainable Building Research, produced an intensive research-based design for The Rose that seeks to cut energy and water consumption and improve residents' quality of life. The building is designed to be 75 percent more energy efficient than code requirements. The developers sought to make the project a model of replicable components and processes for other affordable housing projects.

As a result of these efforts, The Rose is considered one of the most environmentally sustainable buildings in the state and one of the most sustainable affordable apartment projects in the country. The project also complies with the Minnesota Overlay to the Green Communities Criteria.

“We knew it would be a challenge to engage residents around energy use and modeling for sustainable living. It can't be a casual thing: we need to have staffing and thoughtful engagement to help residents effectively use these systems in their home.”

Will Delaney

Real Estate Strategy and Assets Manager,
Hope Community, Inc.

Public Outreach

The public outreach for the Rose focused particularly on the aspirations to enter the Living Building Challenge. Working with neighborhood organizations, the developers hosted a series of public workshops with neighborhood residents, contractors, and architects to discuss addressing the seven LBC principles of sustainability as part of the project.

Mithun's public process included an intensive three-and-a-half day outreach effort conducting street interviews and focus groups in the neighborhood, in an effort to build community buy-in and create a sense of ownership. The results indicated that many residents seek healthy living spaces, parks and green space, a walkable environment, and access to fresh food. There were also concerns about potential displacement and how new development would impact longtime residents.

Financing

As is typical of an affordable housing project, this \$35.6 million development involved numerous federal, state and local sources of funding. Aeon began applying for funding starting in 2010 but, amidst recessionary constraints, did not reach full funding until construction began in 2014. By that time, sharp increases in construction costs had pushed development costs higher.

Multiple sources of funding helped to drive The Rose's ambitious sustainability goals, particularly its participation in the Living Building Challenge, as well as funding to support transit-oriented development on a site well-located near bus stops and a mile from the city's first light rail line.

The U.S. Bancorp Community Development Corp. provided equity for nine-percent federal Low Income Housing Tax Credits. Other major funders included the Minnesota Housing Finance Agency, Hennepin County, and the city of Minneapolis. The state, county, city, and Metropolitan Council supported the project with gap financing and public funds needed to develop affordable housing.

The Minneapolis Affordable Housing Trust Fund, Minnesota Housing Economic Development & Housing Challenge, Family Housing Fund, Metropolitan Council Livable Communities Demonstration Account, Hennepin County Housing and Redevelopment Authority Transit- Oriented Development/Affordable Housing Incentive Fund, and private charitable foundations were additional funding sources.

Marketing and Management

Aeon Management serves as the professional property management company for the South Quarter portfolio of properties, including The Rose. Marketing for The Rose began in May 2015, generating an interest list of more than 1,000 names for the affordable units, particularly for affordable three-bedroom apartments, which are rare in the neighborhood. Interest in the market-rate units has been steady as well.

Observations and Lessons Learned

Create a grassroots vision of community investment. When launching an ambitious effort such as The Rose (and the three phases that preceded it), early community involvement can overcome both outsider and resident skepticism and doubt about the project's potential.

Keep your eye on the big picture, even if details change. Various political and economic shifts have happened since the master plan for the South Quarter was developed over a decade ago, from changes in elected officials to the Great Recession. Yet while adapting to these changes—for example, The Rose's ground floor community space was intended to include retail shops—the project still meets its original goal to revitalize the area with new mixed-income housing.

Mixing incomes creates new opportunities. The approximately 50/50 split at The Rose between market-rate and affordable units is unusual, since a tax credit property is typically predominantly affordable units. However, the South Quarter redevelopment has made a big impact on the formerly downtrodden neighborhood, and market-rate apartments can now rent for up to \$1,700 per month.

Trailblazing can cost more upfront. Efforts to make The Rose a model of sustainably built affordable housing pushed the architectural fees to nearly twice the typical fees for a comparable project. Aeon and Hope Community see this as an investment and experience that will pay off in replicability for future projects.

Much of achieving energy efficiency targets requires educating residents. Whether programming a thermostat or conserving water, many efforts to maximize the energy savings from green building design require the engagement and knowledgeable participation of the residents.

For more information on state and local housing affordability housing strategies, please visit nahb.org/lu101 or contact Claire Worshtil at cworshtil@nahb.org or Debbie Bassert at dbassert@nahb.org

RELATED NAHB RESOURCES INCLUDE:

- Smart Codes, Smart Process Checklist, 2017
- Inclusionary Zoning Primer, 2016
- Development Process Efficiency: Cutting Through the Red Tape, 2015
- Land Development Checklist, 2013
- Research on State and Local Means of Increasing Affordable Housing, 2008