

REAL ESTATE DEVELOPMENT

Multi-Unit Low-income Rental Housing

Use these standards for low-income rental housing with more than one unit, such as family housing, Single Resident Occupancy (SRO), transitional housing, shelters, and senior housing.

Level 1: Project Feasibility Assessment

These basic criteria determine the feasibility of a real estate development project. The focus is on the organizational and financial readiness of the project.

1. NEED

- a. Community Need
 - i. The project serves a need for low-income housing.
 - ii. If the project has a specific focus such as multifamily, it corresponds to a need in the community.
- b. Market Study
 - i. The market study confirms the need for, and viability of the project.
 - ii. The market study informs the organization about competition, demographics of the area, and barriers to entry.
- c. Local Support & Initial Site Assessment
 - i. The project fits the zoning of the site.
 - ii. The project is compatible with local land use.
 - iii. The project is not located in an area with a moratorium or interim control ordinance that cannot be bypassed.
 - iv. Neighbors and local community members support the project.
 - v. The project is in alignment with local city, county, state and/or federal housing goal(s).

2. ORGANIZATIONAL READINESS

- a. The organization is willing and able to do this project.
- b. The project is in alignment with the mission of the organization.
- c. The Board of Directors embraces a CED strategy and/or embraces the project as a part of the CED strategy.
- d. The organization and/or its partners have a track record of completing similar projects.
- e. The organization has the financial and operational capacity to undertake the proposed development.
 - i. The organization can support the additional debt (if any) created by the project.
 - ii. The organization has qualified staff that can undertake the project.
 - iii. The organization has access to reliable, qualified vendors and service providers.

3. FINANCIAL FEASIBILITY

- a. Project cost
 - i. The project is affordable to the developer, and the cost is appropriate to the concept or design.
 - ii. If the total development cost is not readily available, the project is phased.
 - iii. The contractor or operator providing the cost estimates is qualified and experienced in multi-unit rental affordable housing.
- b. Funding sources
 - i. There are enough sources of funding for the uses.
 - ii. The developer has endeavored to secure all available competitive and noncompetitive funding sources for which the project qualifies.
 - iii. The actual disbursement of each source is timely and in sync with the needs of the project.
 - iv. The developer is aware of the compliance implications of each source.
- c. Cash flow
 - i. The project produces enough cash flow to support the proposed debt structure.
 - ii. The project minimally pays for itself over time. It has a sustainable cash flow.

Level 2: Practical Considerations

These criteria are essential for further developing a successful, operating project.

1. MARKET BARRIERS

- a. The organization understands why past proposals have not worked and instead addresses prior issues in innovative alternative ways.

2. DEVELOPMENT TEAM & PARTNERSHIPS

- a. The organization has assembled the best team for the project, including architects, project managers, property managers, contractors, and other third party consultants.
- b. If the organization is lacking in any area (financial, experience), it has partnered with another entity to develop the project.
- c. The project is supported by public sector, private sector, and community partners.
- d. Through an open dialogue with the community, the organization has sought and incorporated community input and approval.

3. SITE CHARACTERISTICS AND PROJECT DESIGN

- a. The location makes sense for the project.
- b. The project is located near or adjacent to existing or future transit.
- c. If the site is a known brownfield or historic structure, the project accounts for increased time, costs, and other issues associated with these environmental and/or historic considerations.
- d. The proposed project is the highest and best use of the site
- e. The design is compatible with the characteristics of the community and surrounding buildings.
- f. The project does not “look” like an affordable housing project.
- g. If located in a redevelopment area or contains blighted or dilapidated structures, the project accounts for increased costs and also takes advantage of resources for redevelopment projects.
- h. If the project does not comply with the underlying zoning and land use intensity, the timeline and budget for entitlement have been extended.

4. CONSTRUCTION

- a. Project met major construction milestones and was completed on schedule.
- b. Construction timeline was in sync with financing requirements.
- c. Construction loan was converted to permanent loan on time.

5. RENT UP, MANAGEMENT & OPERATION

- a. Upon construction, the lease up of the project was completed in a timely manner.
- b. The project is fully occupied.
- c. Residents are provided with opportunities to participate in self-governance through structures such as resident associations.

Level 3: From Feasible to Exemplary

These criteria elevate a functioning project to an exemplary project.

1. FUNDING & FUNDING REQUIREMENTS

- a. The project uses a program or funding source that is new and innovative.
- b. Each funding source was heavily leveraged to gain further resources.
- c. Certain features of the project were adapted to capture funding, but the project was not completely changed in order to capture one particular funding source.
- d. There are multiple stakeholders providing funding, and this mix of funding sources maximizes the feasibility of the project.
- e. The design of the project exceeds minimum standards required by funding sources.
 - i. The quality of the construction used on the project exceeds minimum standards required by funding sources.
 - ii. The amenities provided by the project exceed minimum standards required by funding sources.
 - iii. The sizes of the units exceed minimum standards required by funding sources.
 - iv. The design of the project and units are culturally appropriate.
 - v. The project is located in close proximity to jobs and public transit.
 - vi. The project creates more jobs than required by the funding sources.
 - vii. There is deeper low and moderate income targeting than required by funding sources.

2. FUTURE PROJECTS

- a. The project strengthens the position (financial, political, capacity, experience) of the organization.
- b. Through the development process, the reputation of the organization was enhanced. Issues that the project team faced were dealt with in a diplomatic manner, enabling future projects.
- c. The success of the project will enable future funding on other projects.
- d. The community is happy with the project and will support more/similar development in the future.
- e. The community is more knowledgeable about low-income rental housing.

3. ENVIRONMENTAL IMPACT

- a. The project has less environmental impact than traditional projects during construction and during operation.
- b. The project meets green building standards such as adaptive reuse or LEED certification.
- c. The project conserves energy and water.
- d. The project has an effective recycling program.
- e. The project fulfills the triple bottom line.
- f. The project has an educational component that teaches renters about using green features effectively.

4. ECONOMIC IMPACT

- a. The project will lead tenants to homeownership in the long-run.
- b. The project will increase the independence of tenants.

5. FOOD SECURITY

- a. The project contains a community garden, farmers' market, resident education, and/or urban gardening component.

6. COMPREHENSIVENESS

- a. There are multiple services provided by the project e.g. social services or education centers.
- b. There are complementary uses of the spaces created by the project.

7. DIVERSITY

- a. The project serves a mixed income clientele.
- b. The project encourages mixed age, gender, ethnic, etc. participation.

8. PROPERTY MANAGEMENT

- a. Property management communicates in languages with which residents are familiar.
- b. Property management maintains a good relationship with tenants.
- c. Property management consistently collects rents in a timely manner.
- d. Residents remain happy with the project after 1 year, 5 years, etc. of operations.

9. PUBLIC BENEFITS

- a. The project provides affordable rents that fit the needs of the community.
- b. The project creates spaces available for public uses (commercial, open, green).
- c. The project removes blight in the neighborhood.
- d. The project improves neighborhood security.
- e. The project stimulates long-term job creation.
- f. The project stimulates housing development in the area.
- g. The project serves as a reinvestment/investment catalyst by incentivizing development as a result of the project's success.
- h. The project results in other positive physical impacts.
- i. The project results in other positive economic impacts.
- j. The project results in other positive social impacts.

10. REPLICABLE/SCALABLE

- a. This project can be replicated in other communities, regions, and/or states.