

REAL ESTATE DEVELOPMENT

Community Facilities

Use these standards for facilities that have designated community uses. Examples include buildings used for social services, nonprofit office space, recreation centers, commercial buildings that will house businesses that cannot afford market rates, and charter schools.

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 the specific community facility.
- b. Market Study
 - i. The market study confirms the need for, and viability/competitive advantage 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 development 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 community facilities.
- 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 (if any).
 - ii. The project minimally pays for itself over time. It has a sustainable cash flow.
 - iii. The organization has secured tenants.

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, real estate brokers, leasing agents, 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 design makes sense for the targeted use (e.g. provides correct amount of parking).
- c. The project is located near or adjacent to existing or future transit.
- d. 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.
- e. The proposed project is the highest and best use of the site
- f. The design is compatible with the characteristics of the community and surrounding buildings.
- g. The project does not “look” like it offers rents lower than market.
- h. 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.
- i. 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. Tenants are provided with opportunities to participate in the management and/or operation of the project.

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 project creates more jobs than required by the funding sources.
- f. The design of the project and units are culturally appropriate.

- g. The project is located in close proximity to jobs and public transit.
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 community facilities.
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 tenants about using green features effectively.
 - g. The project stimulates green job creation.
4. ECONOMIC IMPACT
- a. The project will increase the independence of tenants.
5. FOOD SECURITY
- a. The project contains a community garden, farmers' market, 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 tenants are familiar.
 - b. Property management maintains a good relationship with tenants.
 - c. Property management consistently collects rents in a timely manner.
 - d. Tenants remain happy with the project after 1 year, 5 years, etc. of operations.
9. PUBLIC BENEFITS
- a. The project serves the community's need for community facilities.
 - 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 small business creation.
 - g. The project supports minority businesses.
 - h. The project results in local employment.
 - i. The project stimulates housing development in the area.
 - j. The project serves as a reinvestment/investment catalyst by incentivizing development as a result of the project's success.
 - k. Public improvements that support the project such as bus routes and street improvements benefit the entire neighborhood.
 - l. The project results in other positive physical impacts.
 - m. The project results in other positive economic impacts.
 - n. The project results in other positive social impacts.
10. REPLICABLE/SCALABLE
- a. This project can be replicated in other communities, regions, and/or states.