

Project/Program Profile

Name of Project/Program: 50-unit mixed-use multifamily complex in predevelopment

Organization: Community Action Agency of Butte County, Inc. (CAABCI)

Location of Project/Program: Chico, CA

Year Project Completed/Program Began Operation: Begin construction Spring 2012

Funding Sources: City of Chico Redevelopment Agency, Low Income Housing Tax Credits, bond financing, Federal Home Loan Bank of San Francisco's Affordable Housing Program (unsecured), HOME funds through the City of Chico (unsecured)

Populations Served: Low- and moderate-income families (30%-60% of AMI)

Number of People Served: 177 primary beneficiaries

Number of Staff: 3 (1 full time, 2 as needed)

Total Cost of Development/Operation: Roughly \$10 million

Partners: City of Chico, to-be-determined equity source through bond financing

Services Provided: 50 units of low-income housing, service space for financial literacy education, entrepreneurial training, computer classes, and tentatively Volunteer Income Tax Assistance (VITA) site

California Community Economic Development Exemplary Practices Project

REAL ESTATE DEVELOPMENT: Multi-Unit Low-income Rental Housing

(Italicized portions offer further explanation. If the standard is not fulfilled by the project, it is noted in the italicized explanation. Crossed-out portions are not applicable.)

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.
 1. *CAABCI will order its market study shortly. The City of Chico shared a current market study with CAABCI that indicated a very high demand for affordable workforce housing in the community. Also, there is a significant (2-6 year) waiting list for the unit mix in development.*
- ii. The market study informs the organization about competition, demographics of the area, and barriers to entry.
 1. *The market study has not yet been completed.*

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.
 1. *Neighbors and community seem to support the project. There are very few homes near the project site. A market rate apartment complex was recently constructed across the street and is in the process of being leased up directly across the street. A public comment period was not held as it was not necessary; no variances, use permits or planned development agreements will be requested.*
- 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.
 - i. *The project is in alignment with the mission to develop resources and improved the conditions in which people live.*
- 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.
 - i. *CAABCI developed and manages a 60-unit transitional and permanent supportive housing complex called Esplanade House*
- 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.~~
 - 1. *The project will not be phased.*
 - iii. The contractor or operator providing the cost estimates is qualified and experienced in multi-unit rental affordable housing.
 - 1. *The contractor and his team are very experienced and qualified.*
 - b. Funding sources
 - i. There are enough sources of funding for the uses.
 - 1. *The organization is planning to develop the project with funding from the City of Chico Redevelopment Agency (\$4.8 million), Low Income Housing Tax Credits, bond financing, Federal Home Loan Bank of San Francisco's Affordable Housing Program (unsecured), HOME funds through the City of Chico (unsecured)*
 - ii. The developer has endeavored to secure all available competitive and noncompetitive funding sources for which the project qualifies.
 - 1. *CAABCI is seeking all funding for which it is eligible.*
 - iii. The actual disbursement of each source is timely and in sync with the needs of the project.
 - 1. *The disbursement schedule for funding from the City of Chico Redevelopment Agency has changed since the initial allocation, but the amount awarded to the project has not changed.*
 - 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.
 - i. *The organization has held a neighborhood meeting and shared the proposed plan with community members for input.*
- 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.
 - i. *The project is located on a bus line. There are bus stops on either side of the proposed complex and immediately across the street.*
 - ~~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.~~
 - i. *The project is not a brownfield or a historic site.*
 - 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.~~
 - i. *The project has not yet begun construction*
 - ~~b. Construction timeline was in sync with financing requirements.~~
 - i. *The project has not yet begun construction*
 - ~~c. Construction loan was converted to permanent loan on time.~~
 - i. *The project has not yet begun construction*
5. RENT UP, MANAGEMENT & OPERATION
- ~~a. Upon construction, the lease up of the project was completed in a timely manner.~~
 - i. *The project has not yet begun construction*
 - ~~b. The project is fully occupied.~~
 - i. *The project has not yet begun construction*
 - ~~c. Residents are provided with opportunities to participate in self-governance through structures such as resident associations.~~
 - i. *The project has not yet begun construction*

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.
 - i. *The funding sources are typical for affordable housing projects.*
- 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.
 - i. *Multiple funding sources are needed to make this project a reality.*
- 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.
 - 1. *The project is located on a bus line. There are bus stops on either side of the proposed complex and immediately across the street.*
- 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.
 - i. *CCABCI's reputation has been enhanced since beginning this project. All issues are always dealt with in a friendly and diplomatic manner.*
- 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.
 - i. *With the new Cal Green Codes all projects should have less environmental impact than their predecessors.*
- b. The project meets green building standards such as adaptive reuse or LEED certification.
 - i. *The project will meet Cal Green Codes.*
- 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.
 - i. *The project does not have 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.
 - i. *There will be service space for financial literary education, entrepreneurial training, computer classes, and tentatively a Volunteer Income Tax Assistance (VITA) site.*
- 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.
 - i. CAABCI intends to maintain long-term happy tenants.

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.

10. REPLICABLE/SCALABLE

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

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