

# Financing Affordable Housing Development



# Where we are from

Housing  
Development  
Center



# Development

An exercise in collaboration  
for a cause

# AFFORDABLE HOUSING DEVELOPMENT

## Services Available:

- Owner
- Community Partner
- Culturally Specific Org/Community

Who are we serving and programming

## Who Determines:

- Owner
- Public Funder
- Elected Officials

What Part of the State?

Physically Possible

Financially Feasible

## Who Determines:

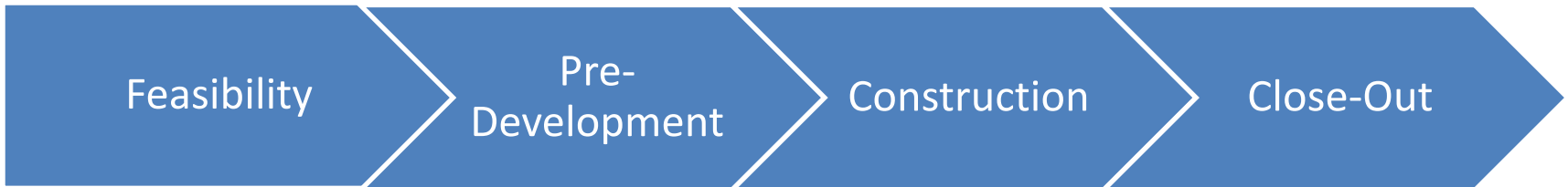
- Architect - massing
- General Contractor
- Engineer - soils
- Surveyor - easements
- Attorneys
- Zoning/Land Use

## Who Determines:

- Banker
- Investor
- Public Funder
- Appraiser
- Attorneys
- Accountants

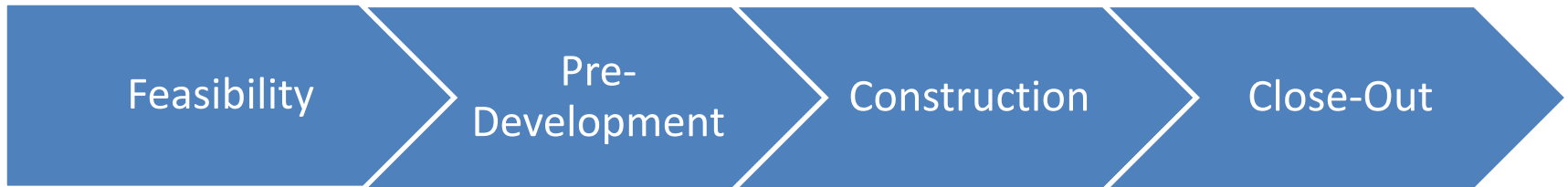
Which Local Community?

# Stages of Development



- Feasibility – Identify site and engage project team to perform high level feasibility assessment
- Pre-Development – Expand the team, apply and close on funding, finish design and get permits
- Construction – Get it built and get units pre-leased / sold
- Close-out - Lease or sell units, close on permanent financing

# Where does the money come from?



Multiple Financing Transactions during development:

Feasibility: Owner's resources or grants

Pre-Development: Owner's resources and local community development financial institutions

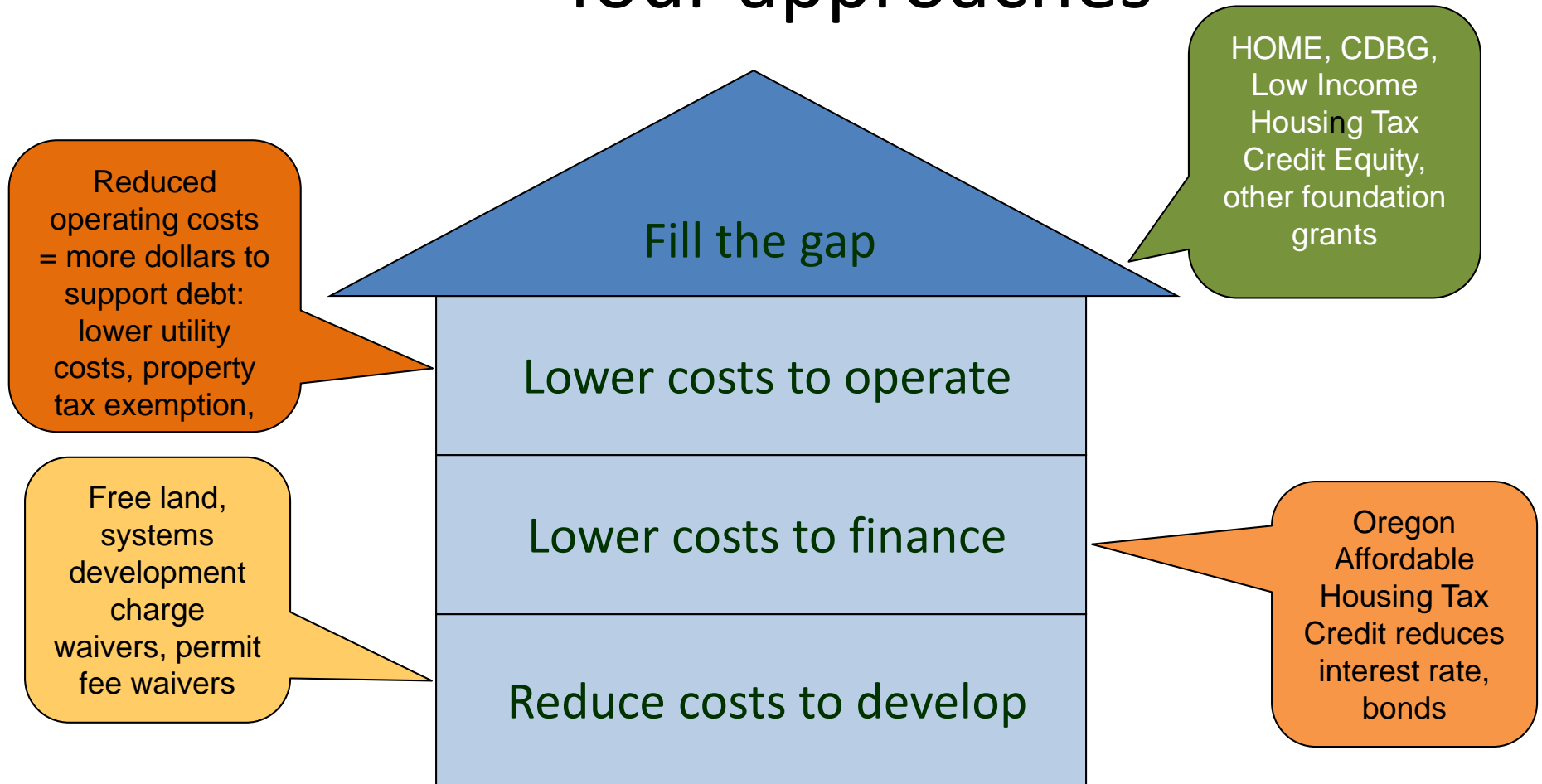
Construction Loan Close: Commercial Construction Loan, LIHTC Equity, Other Federal Funds, Grants, Other funders

Permanent Loan Close: Commercial or Non-Profit Lender

Now this is where it gets  
complicated

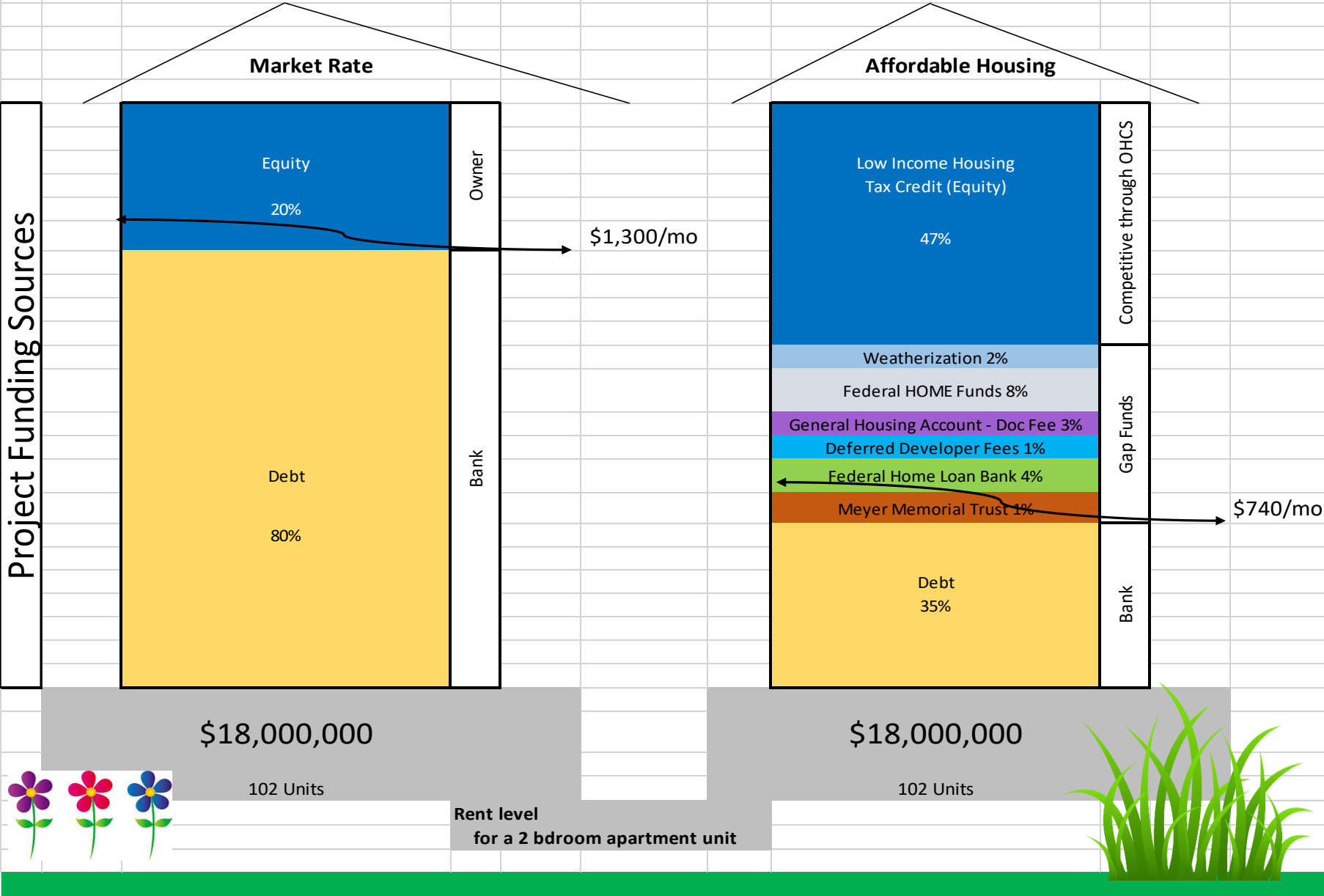
The Color of Money

# Capital Financing Affordable Housing four approaches

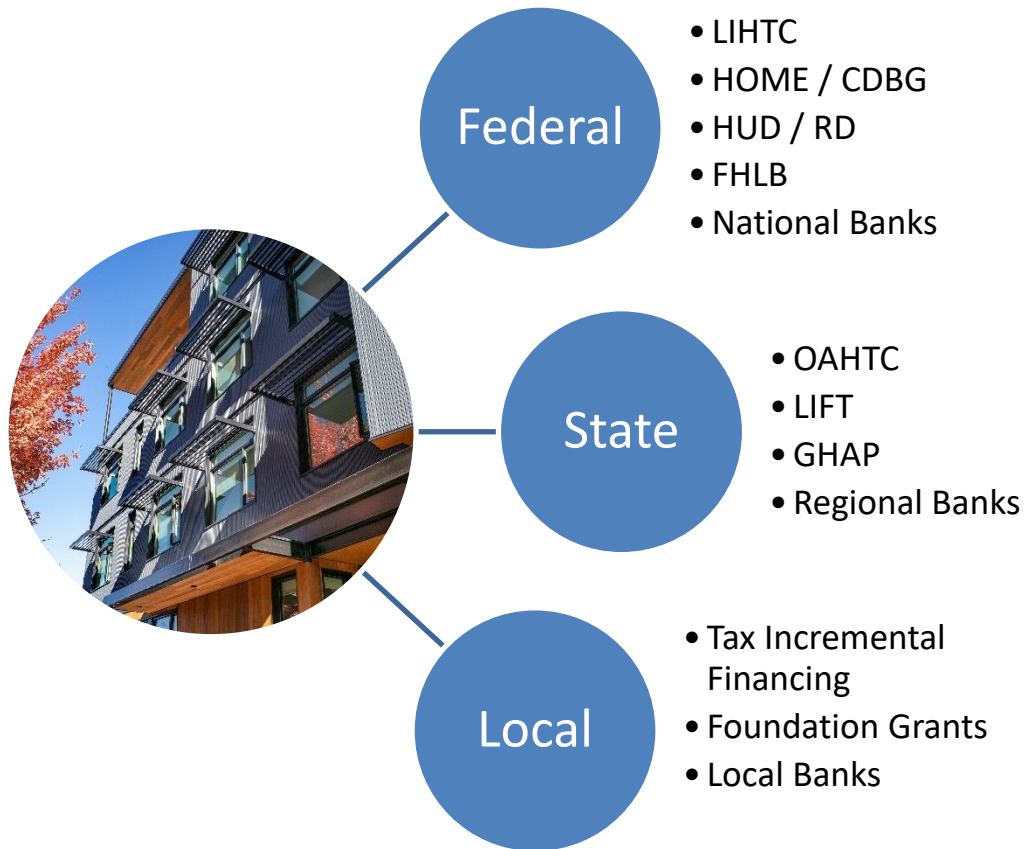




# Comparing Development Sources of Funds



# Common Funding Sources



# Single-family Finance

Land	• \$80,000	• \$75,000	LIFT
SDCs	• \$22,000	• TBD	CET Bond
Construction	• \$175,000	• \$10-50k	DPA
Sale	• \$16,000	• \$160,000	Mortgage
<b>Total</b>	<b>• \$293,000</b>		

# Financing and Land Use

How land use restrictions drive cost  
and add complexity

# Intersection of Development and Land Use



**Feasibility:** Critical to find land that is correctly zoned for the proposed project. A site that requires a zoning change can preclude certain kinds of funding. Correctly zoned land is still no guaranty of clear sailing.

**Pre-Development:** Design review can result in an extended development timeline as well as unexpected costs.

- LUBA appeals
- Design requirements – balconies, fences, landscaping
- Parking requirements – space/unit ratios
- Mixed Use – Prevailing wage

# Case Study 1 - Multifamily

## Per Wikipedia

**Land-use planning** is the process of regulating the **use of land** in an effort to promote more **desirable social and environmental outcomes** as well as a more efficient **use** of resources. ... In doing so, the governmental unit can **plan** for the **needs of the community** while safeguarding natural resources.

# Colonia Unidad – Farmworker Housing Development Corporation

- Farmworker Housing Development Corporation
  - Established 1990
  - 29 years serving farmworkers
- 44 units serving
  - Farmworkers
  - Workforce Housing
- Zoning Requirements / Variance Requests:
  - Garages /Carports– 50% of parking spaces
  - Private open space: Balconies
  - Private open space: Grade Level



**What values are represented in the zoning code?**

# Shared Community Space

**Entry**

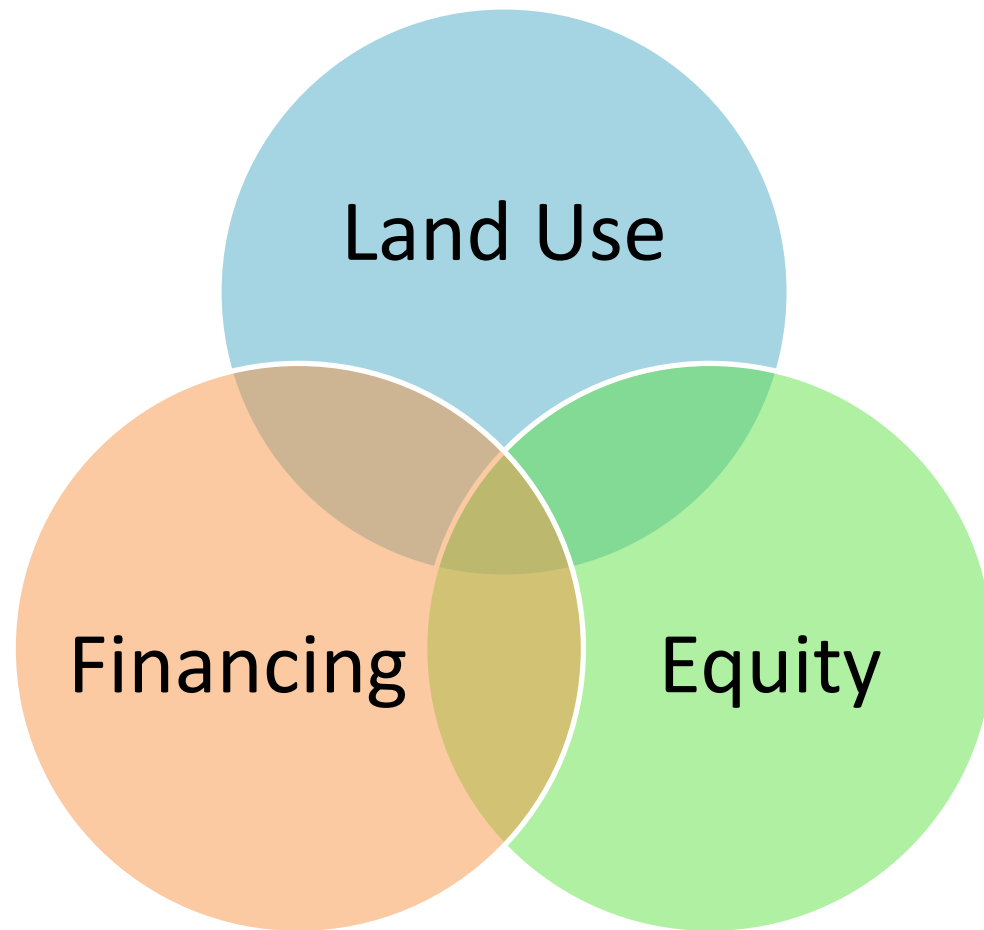


**Community Building Patio**

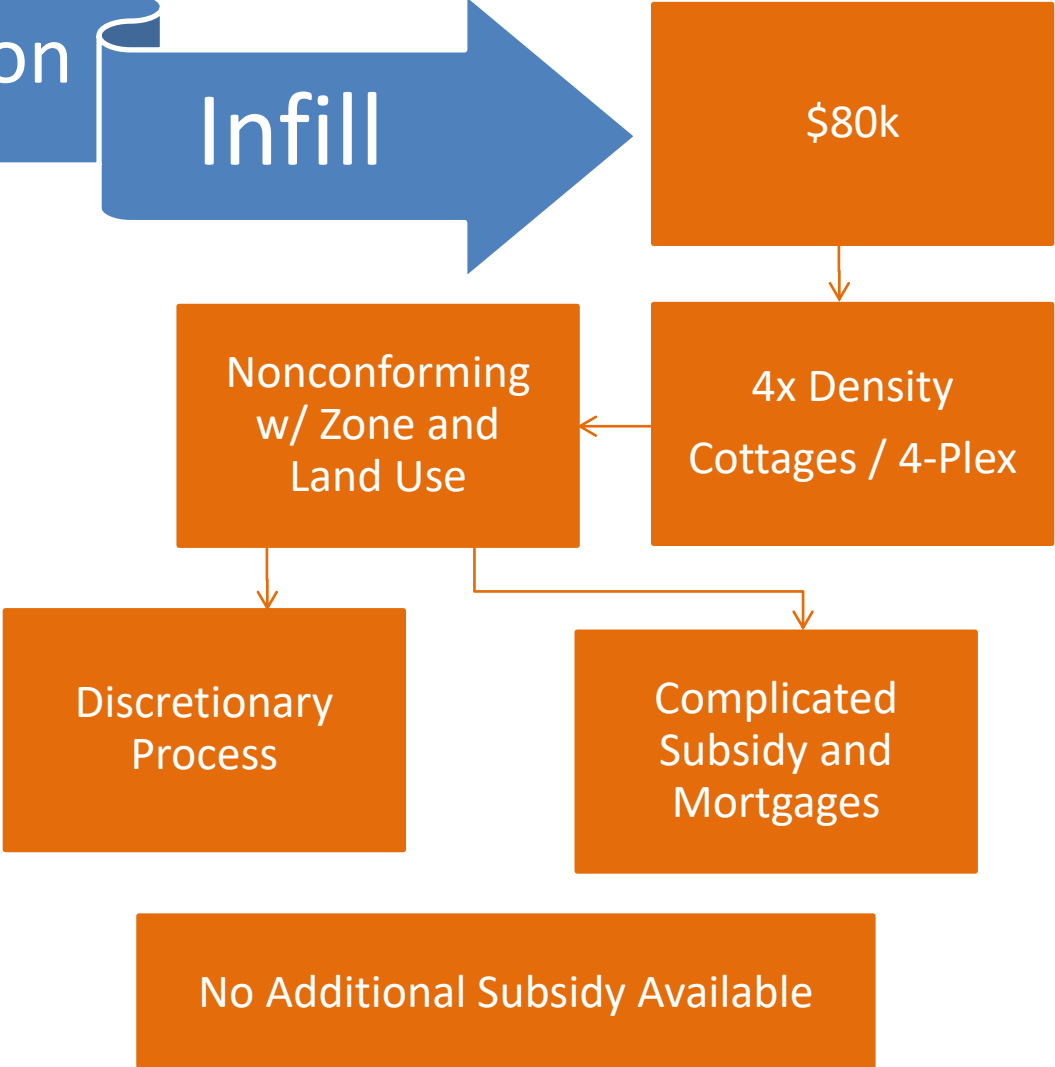
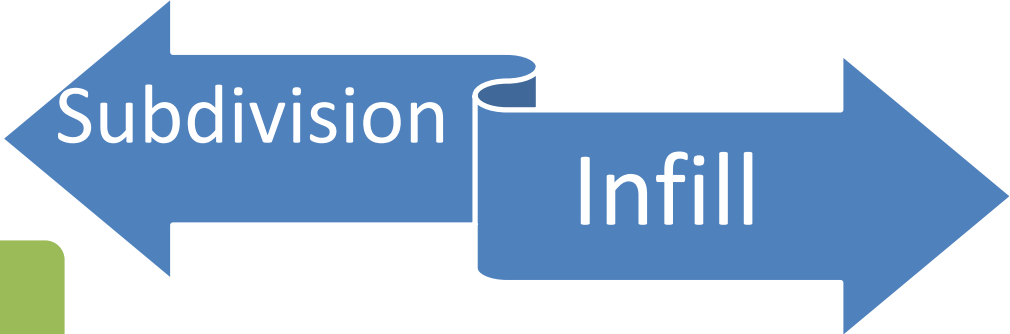




# Case Study 2 - Homeownership



# Case Study 2 - Homeownership



# Case Study 2 - Homeownership

- Cottage Grove Cottage Cluster
  - High Density Zone
  - Project meets minimum density, but...
  - Zone doesn't allow single family dwellings, so...
  - Can't even utilize PUD, so...
  - Leaving lot undivided (land trust), which means...
  - Mortgage lenders creating a portfolio loan.

# Lessons Learned

- Be an advocate for affordable housing. We need all of the help we can get.
- Development is complicated.
- Remember who created the system and who it benefits.
- Land use impacts project feasibility, cost, financing...and ultimately equity of housing access.