



## CIWG Minimum Community Facilities Best Practices Pre-Funding Community Impact Guidelines

Community facilities are fixed assets that are used to provide a good or service for the benefit of the community. Community facilities include arts, education, human service, and some economic development-focused transactions. Examples include a theater, charter school, community center, or food pantry. It is not anticipated that business transactions are likely to be a component of most community facility transactions. Most community facility transactions are sponsored by nonprofit organizations.

It is anticipated that in community facility transactions we will typically be looking at construction and always be looking at goods or services provided as components

### Notes

The minimum guidelines discussed below may not apply in whole to every community facilities project. It is important to review the project and the CDE mission and goals to determine the scope of application of the guidelines. Additionally, it should be noted that options are provided for measurement of specific components and not all steps are required to document each area of impact that may apply to a transaction. Further, some CDEs may have specific additional requirements that would need to be added to complete an assessment and meet their mission.

### Construction

- 1) Obtain an estimate of the number of FTEs that will be required from the General Contractor for the project's development
  - a. Obtain an estimate of what the average wage is for construction employees from the General Contractor.
- 2) Obtain an estimate of the number of months the project will take to complete from the Developer or the Contractor
- 3) Ask the Developer and/or Contractor for confirmation of any required percentage of the contract that will be subcontracted to MBE/DBE contractors

## **Soft Cost Assessment**

- 1) Ask the developer for an estimate of the total soft costs projected to be extended on the transaction.
- 2) Ask the developer for the total amount of costs associated to each type of contractor
  - a. To the extent that contractors have been selected for soft cost components of the project, ask the developer for the address of these vendors and check for LIC status.
- 3) Ask the developer if any of these contractors are MBE/DBE firms
- 4) From the developer, the estimated number of other professionals employed in the development of the project outside of the construction contract (engineers, appraisers, consultants, etc.)
  - a. Volume by cost of the total project to be expended on these contracts (this should be in the detailed schedule of uses
  - b. Volume by cost of the estimated soft costs of contracts to be provided to MBE/DBE contractors for soft costs – to the extent this information is known by the Developer)
  - c. The number of contracted hours estimated to be procured from these providers divided by 2080 to calculate total FTEs.
  - d. Number of in-kind hours estimated to be donated by professional services.

## **Environmental Sustainability**

- 1) If elements of the project are expected to be environmentally sustainable – then documentation of what was is anticipated to occur/be included:
  - a. If the project is anticipated to include environmentally sustainable practices and/or "green" outcomes, these elements should be listed by those professionals involved in the project who will be implementing these practices and/or outcomes. Professionals anticipated to be involved in green elements include (but are not limited to): architect, mechanical engineer, landscape architect, maintenance staff, etc.

## **Community Facility Services and Direct Jobs**

- 1) Estimate from the developer/QALICB regarding how many employees will be hired to sell/lease and maintain the property in the event that the property will serve more than one service entity.
  - a. If the QALICB will directly employ the leasing, marketing, sales, compliance, and maintenance, employees in a multiple-tenant community facility, then information relative to the estimated number of jobs, estimated radius of commute, salary and benefits should be received directly from the QALICB (make sure to ask if the employees are FTE or PTE). If the QALICB does not intend to have employees for this purpose than the drop down is to the tenant base.

- b. If the QALICB is a single occupant community facility than the estimates should come directly from this entity, including estimates relative to number of jobs, radius of commute, (make sure to ask if the employees are FTE or PTE).
- 2) Ask for information relative to the estimated total number of volunteer hours anticipated per annum and the average commuting distance to document community involvement.
- 3) Ask for average annual fundraising amount pledged and amount of other subsidies used to support the facility along with total annual operating budget.
- 4) If applicable document any decrease in the rent per square foot provided to the community facility by the QALICB.
- 5) Ask for an estimation of number of persons to be served and the geographic range of the persons served, daily and/or annually.
- 6) Where applicable document any special programs specifically oriented to LIC residents and or LIPs (such as use of the facility by LIC area entities, or programs designed for LIC area residents/LIPs. (i.e. Ask for an estimate of the number of entities, persons etc. served by annum over the last three years and a projection of the increase with the new facility)

### **Job Retention**

- 1) Obtain an understanding of the issue of retention. Jobs may be considered retained if the elements of the following tests can be met:
  - a. The community facility will fail if not funded
  - b. The community facility will substantially downsize if not funded
  - c. The community facility will move to a location that will force current employees to lose jobs if not funded.
- 2) Identify the commuting radius and/or map the addresses of existing staff to determine if the jobs are held by persons who live in LICs.
- 3) Document community facility projections relative to retention.
- 4) Determine the community motivations for retainage – has there been a recent trend of substantial job flight, has there been a decline in average wage and benefit within the impact area/community? Define community as the city or the county depending on the project logistics.

### **Confirmation of Data**

#### Construction Options:

- 1) Access the Bureau of Labor statistics information for the area in which your project is located and determine if the average wage paid per job type as shown in the estimate is within range as anticipated for construction positions.

- 2) Utilize existing internal data for similar projects to measure if the job projections are reasonable from the contractor.
- 3) If no internal data is available, consider using an appropriate econometric model such as the PEIM for historic renovations or NAHB or IMPLAN for new construction.

#### Soft Cost Options:

- 4) Consider accessing American Institute of Architects to check the percentage balance of hard to soft costs.
- 5) Utilize internal data to the extent it is available.
- 6) If no internal data is available, consider using an appropriate econometric model such as the PEIM for historic renovations, NAHB or IMPLAN for new construction.

#### Permanent Job Options:

- 7) Document actual wages and benefits and access the Bureau of Labor Statistics information for the area in which your project is located and determine if the average wage paid per job type is within range as anticipated for similar jobs in the industry.
- 8) Obtain the definition of a quality job for the State in which the project is located, if this has been defined, and compare the jobs to this definition to determine if the job is a quality job.

#### Community Service Options:

- 9) Utilizing the type of services to be provided access the industry average for average sales per square foot to estimate the volume of annual services to be provided.
- 10) If services are funded through government or philanthropic contract it may be possible to get actual numbers for similar sized programs from the funding agency and the radius of persons served.
- 11) If services are intended to be affordable, test the market for the type of service versus the price anticipated in available tenant literature
- 12) If the programming is designated specifically for LIP/LIC residents, determine the methodology under which the entity assesses the status of the persons to whom they provide their services and document this method and the percentage of services provided. If possible, document the outcomes of the services provided if the entity provides outcome based services (such as job training and job placement.

#### Job Retention Options:

- 13) Obtain copies of the last three years of financial statements and current operating proforma relative to financial viability with subsidy use to document business projections.
- 14) Obtain written narrative relative to downsizing and review this against industry trends as sourced from market data. The resources for market data may vary; however, common access points are ESRI or First Research.

- 15) Document actual wages and benefits and access the Bureau of Labor Statistics information for the area in which your project is located and determine if the average wage paid per job type is within range as anticipated for similar jobs in the industry.
- 16) Utilize data resources for business projections to review against information provided from direct community resources relative to declining wage and benefit.
- 17) Utilize community data on recent employer flight.

## **Additional Impact Assessment**

### **Environmental**

- 1) If the project is anticipated to include environmentally sustainable practices and/or "green" outcomes, these elements should be listed by those professionals involved in the project who will be implementing these practices and/or outcomes. Professionals anticipated to be involved in green elements include (but are not limited to): architect, mechanical engineer, landscape architect, maintenance staff, etc.

### **Catalytic**

To the extent the CDE is measuring for potential catalytic impact as a component of its funding decision, the following assessment options may apply.

- 1) Obtain the comprehensive or neighborhood plans to determine if they note that the type of project is anticipated to be catalytic.
- 2) Conduct telephone held stakeholder interviews

### **Tax Impact**

- 1) Compute both real estate and job based tax revenues. It is important to include any abatement in the real estate calculation, and job based tax incentives need to be specifically reviewed relative to business transactions.

### **Community Alignment**

- 1) Yes, review of comprehensive and neighborhood plans can help assess if the project is aligned with plans specifically tied to aspects of the community facility
  - a. Elimination of blight/environmental benefits
  - b. Development of specific community education or other facility benefits
- 2) Financial support from the community is also a means of reflecting community alignment if tied specifically to the project (look for any financing that is outside of the structure but a part of the project as well as any financing that is internal to the structure)
- 3) Use interviews with stakeholders to support observations.