



CIWG Minimum Mixed-Use Best Practices Post-Funding Community Impact Guidelines

Mixed-Use includes the potential blending of office/retail and housing and community facilities. It is not anticipated that business transactions are likely to be a component of most mixed use transactions.

It is anticipated that in mixed-use transactions we will always be looking at construction as a component of impact therefore we have started with the inclusion of the construction guidelines as the beginning point for considering impact.

Mixed-Use Analysis:

- 1) In a mixed use property the first step is to determine the end uses of the constructed or rehabilitated space:
 - a. Specifically define by percentage of the income anticipated to be generated the amount of income generated by each prospective type of project
 1. Housing
 2. Commercial real estate (office,/retail)
 3. Community facility
 - b. Specifically define by units and by square footage and rentable square footage constructed the delegation of space by project type
 1. Housing
 2. Commercial real estate (retail goods/services/office)
 3. Community Facility

Recommended intervals: Post Construction, Stabilization, and at Exit.

Post Construction

- 1) Obtain actual job information from the Contractor including:
 - a. Number of hours in construction
 - b. Types of jobs by wage and benefit level
 - c. Number of MBE/DBE contracts awarded and percentage of contracts based on volume per hard cost.

- 2) If workforce training or apprenticeship programs were used then obtain Information on the number of persons placed through this program from the provider/contractor
- 3) From the developer, obtain information regarding the total volume of soft costs in the transaction:
 - a. Volume by cost of the total project expended on these contracts
 - b. Volume by cost of the total soft costs of contracts provided to MBE/DBE contractors for soft costs
 - c. Estimate from the developer of the number of contracted hours procured from these providers divided by 2080 to calculate total FTEs.
- 4) Obtain Environmental Certification documentation if the project included green elements.
 - a. If the project was anticipated to include environmentally sustainable practices and/or "green" outcomes, these elements should be confirmed/certified as completed by those professional involved in the project that were to implement 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.
 - b. The CDE should receive a confirmation/certification from these professionals post-funding to verify which green elements were implemented in the project.
 - c. If the project involved Brownfield remediation, then copy of the documentation indicating that the required remediation has been completed per the oversight agency should be submitted.

Stabilization

Defining Economic Stabilization: If not defined within the closing documentation stabilization may be defined under one of the following options:

- 1) Debt Coverage, Operating Expenses, and Reserves are all fully funded for 12 months consecutively
- 2) Project maintains no less than 95% occupancy and a debt coverage ratio of 1.10x or greater for a period of at least 6 months
- 3) Project maintains 90% occupancy and meets lender required debt coverage ratios for not less than 90 days

Permanent Jobs, Goods, and Services

- 1) If the QALICB is directly employing the leasing, marketing, sales, compliance, and maintenance, employees, then information relative to number of jobs, educational requirements; 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 has no employees then the drop down is to the tenant base.

- 2) Reports on Capital Needs expenditures each annum by dollar amount and jobs created
 - a. Capital needs expenditure for each annum reported by the developer
 - b. Reports on the number of jobs produced from the capital needs from reports to be completed by the contractor performing the capital improvement at time of contract and provided to CDE as requested
- 3) A tenant survey based on tenant type should be prepared. It is important to have either a loan agreement or community benefit agreement that stipulates that the QALICB will report this information and that the QALICB include in their leasing arrangements the requirement that the tenant provide this information. The CDE should provide a survey that requests, at minimum the following information:
 - a. Accounting for goods sold:
 1. Surveys from occupying tenants which include:
 - a. Type of goods sold
 - b. Average discount from market
 - c. Dollar amount of goods sold by annum
 - d. Estimated commuter radius for clients served based on product type of goods sold and industry averages (review of current availability of similar goods sold within market)
 - e. Actual number of persons employed
 - f. Estimated commuter radius of persons employed
 - g. Actual annual payroll
 - b. Accounting for services provided?
 1. Surveys from occupying tenants which include
 - a. Type of services rendered
 - b. Average discount from market
 - c. Dollar amount of services sold by annum number of persons served per annum Estimated commuter radius for persons served (compared to industry norms and availability of services in market)
 - d. Actual number of persons employed
 - e. Estimated commuter radius of persons employed
 - f. Actual total annual payroll

- 4) Value to the LIC Resident/LIC of housing component (If applicable)
 - a. Documentation of the rent/sales prices for all units
 1. Sales brochures and price listings from developer
 2. Rent roll from developer
 3. Current median income (100%) for the area from the State Housing Finance Agency
 4. Calculate the 80% (or other income requirement based on loan agreements) median income and the appropriate rent/sales price based on unit size
- 5) Documentation of what developer/management is using for income certification
 - a. The sub-group has formed an additional sub-group to develop and submit a list of options of income certification formats that may prove acceptable
 1. These include the options available under the HUD CDBG income verification formats which are considerably less invasive to the proposed renter/homeowner than LIHTC requirements.
- 6) For Community Facilities:
 - a. Utilize a survey to procure the following data:
 1. Type of services rendered
 2. Source of primary funding
 3. Dollar amount of services provided by annum
 4. Number of persons served per annum
 5. Estimated commuting radius for persons served
 6. Actual number of persons employed
 7. Actual total annual payroll
 8. Estimated average annual wage
 9. Estimated commuting radius of persons employed
 10. Estimated total number of volunteer hours worked
 11. Estimated commuting radius of volunteers
 12. Average annual fundraising amount pledged and amount of other subsidies used to support annual budget
 13. If applicable, documented decrease in rent per square foot provided under the funding transaction
 14. Information relative to any special niche groups served
- 7) If the CDE would like to begin to understand potential catalytic impact
 - a. Work with the city/village to pull the number of certificates of occupancy issued since the time the project was initially funded categorized by project type (commercial real estate and housing).
 - b. Work with the local economic development office to pull the number of new business established in the area of impact since the time of initial project funding.

- c. Work with the city/village to pull a base for the real property tax income for the area at time of funding as compared to the stabilized tax base.
 - d. Where applicable, work with the Service providers to track outcomes over the stabilization period. (If a workforce training and placement provider, how many persons in the program achieved placement?)
- 8) Account for tax revenues by computing both real estate and job based tax revenues.
- a. It is important to include any abatements in the real estate and jobs calculations
 - b. Ask for copy of the tax assessment from the developer
 - 1. The QALICB should also answer a survey which provides information about the property taxes paid, confirms the current status of loans and tax abatements, etc.
 - c. Confirm the methodology for calculating job based taxes in the state where the project is located
 - d. Utilizing this information and the information provided by the tenant base calculate the estimated amount of payroll tax paid by the employer and employee into the system

Exit

It is recommended that an exit review be initiated not later than 12-15 months prior to end of the compliance period.

- 1) Appraisal of property as a part of the exit process
- 2) Compilation of taxes paid to date as supplied by the developer
- 3) Updates of all data required relative to jobs, capital improvements, tenant base jobs, goods and services, including those provided by the community facilities, and housing data (see stabilization above).
 - a. Compilation of jobs to date from construction, capital improvements, volunteerism and/or tenant based jobs, as may be applicable..
 - b. Compilation of wages and benefits value paid to date.
 - c. Analysis of commuting radius and census tract data relative to Low-Income areas served

4) Update of Catalytic impact information::

- a. Work with the city/village to pull the number of certificates of occupancy issued since the time the project reached stabilization categorized by project type.
- b. Work with the local economic development office to pull the number of new business established in the area of impact since the time project reached stabilization.
- c. Work with the city/village to pull a base for the real property tax income for the area at this time compared to that at funding and at stabilization.
- d. Where applicable, work with the Service providers to track outcomes over the compliance period. (If a workforce training and placement provider, how many persons in the program achieved placement?)
 1. Compare these results to the anticipated pre-funding guidelines and placed in service results to determine areas of growth or loss.