



Affordable and Workforce Housing Development on Former Brownfield Sites

Creating Housing to Meet Community Goals



Introduction



Office Of Brownfields and Land Revitalization

EPA's Brownfields Program provides grants and technical assistance to communities, states, tribes, and others to assess, safely clean up, and sustainably reuse contaminated properties.



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Introduction



Project Background

Tetra Tech and Adaapta are providing technical assistance to EPA's regions under EPA's Brownfields and Land Revitalization Program. The Brownfields Program is designed to empower states, communities, and other stakeholders in economic redevelopment to work together in a timely manner to prevent, assess, safely clean up, and sustainably reuse Brownfields sites.



Tom Currell

Tom Currell has more than 25 years of experience in orchestrating all facets of real estate development and finance, spanning the entire development project lifecycle from strategic planning, feasibility analysis, and site selection, to acquisition, project planning, design, entitlement, finance, and construction activities.



Mary Hashem, CRE

Mary Hashem is the founder and President of Adaapta, LLC. She is an MIT-educated geoscientist with over 35 years of business experience in real estate, environmental consulting and risk management, the last 25 years of which has been in the Brownfield redevelopment industry.

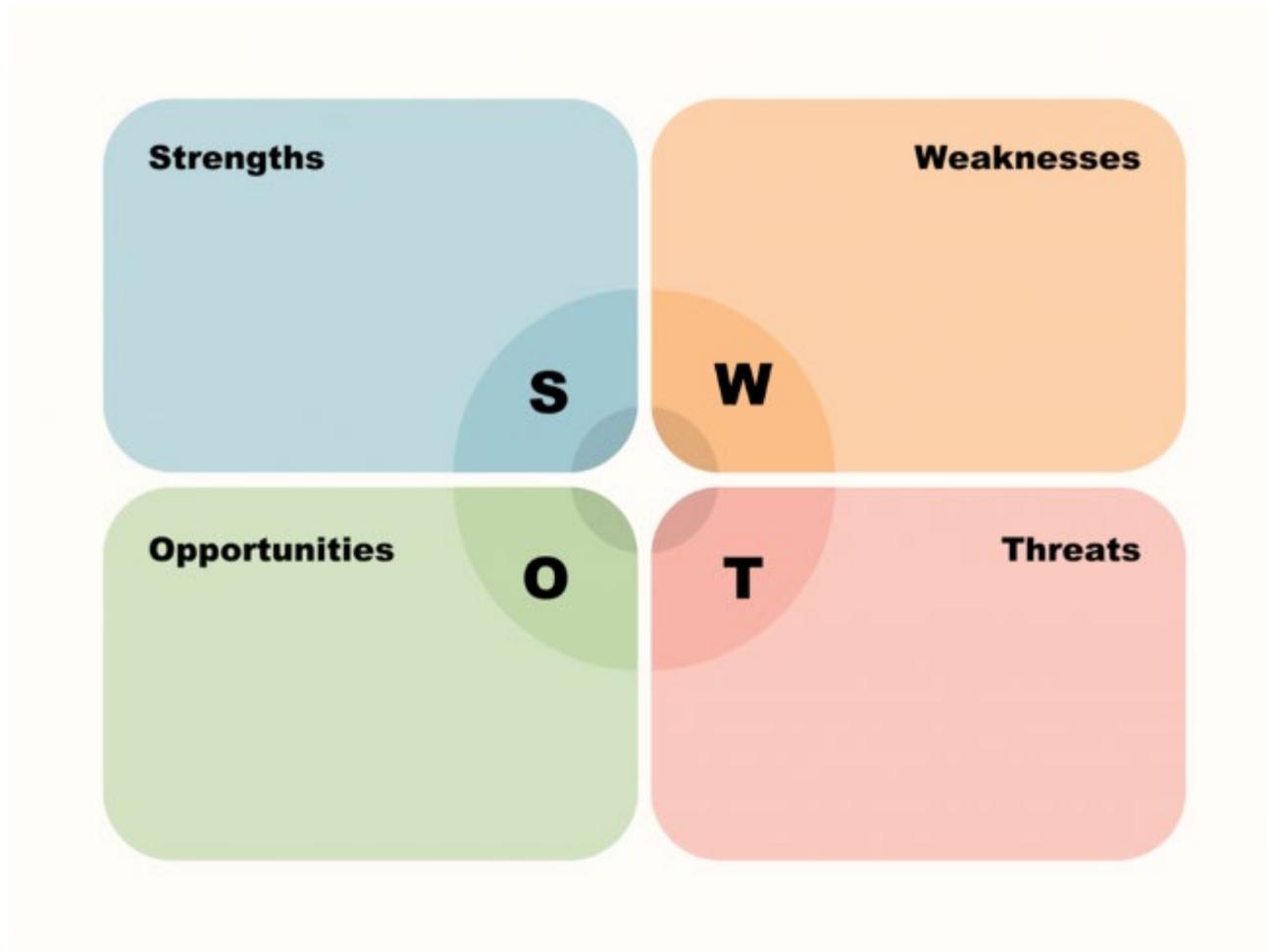


Goals for this Webinar

- Overview of Housing Challenges
- Opportunities in Developing Housing on Brownfield Sites
- Role of Public Agencies and Non-profit Developers
- Addressing Funding Gaps
- Funding Resources
 - Federal
 - State

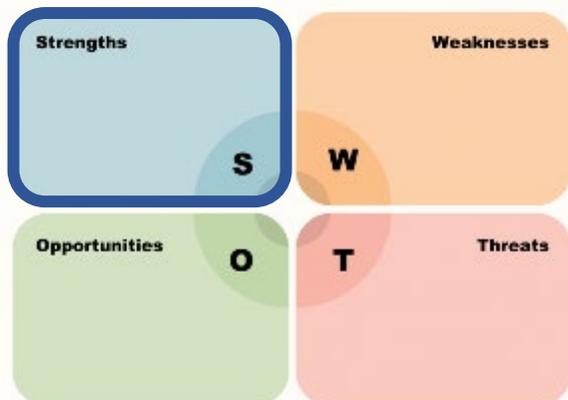


Is Housing an Option for the Brownfield Sites in My Community?



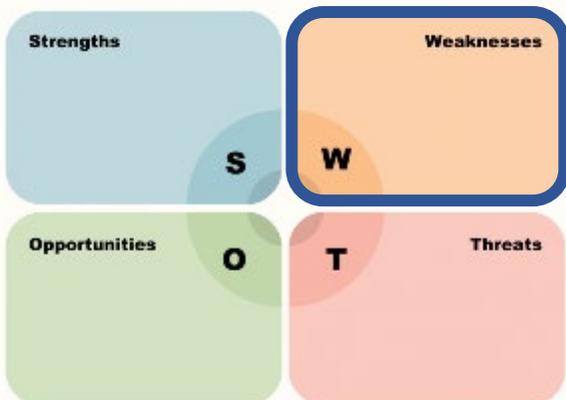
Strengths

- Productive Reuse of Property
- Increase Available Housing Supply
- Spur Economic Development
- Increase Tax Revenues
- Improve Human Health and the Environment



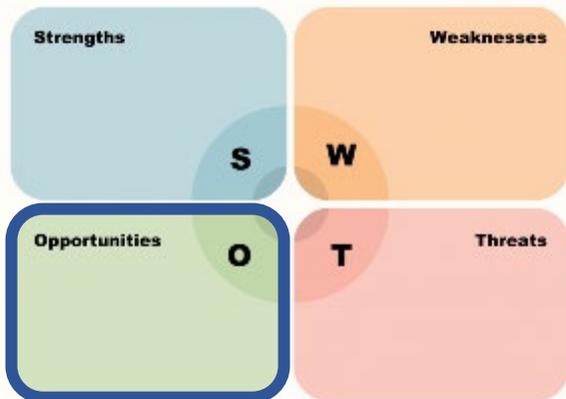
Weaknesses

- High Standard of Cleanup Required
- High Cost to Redevelopment



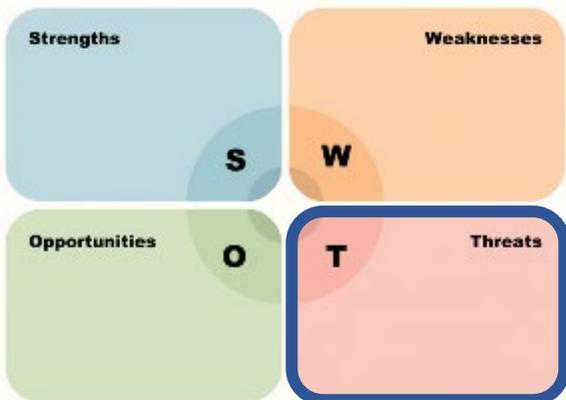
Opportunities

- Leverage State and Federal Resources Available for Housing Development
- Leverage Private Investment
- Diversify Economy and Workforce



Threats

- Lack of Market Demand
- Lack of Community Support
- Local Zoning Regulations



Participant Poll

Have you considered a Brownfield site as a possibility for creating more housing in your area?

Greensboro, GA: Mary-Leila Lofts

Historic Cotton Mill Adaptive Reuse

https://www.epa.gov/sites/default/files/2019-05/documents/bringing_affordable_housing_to_a_historic_cotton_mill_1.pdf

Mary-Leila Lofts

- Cotton Mill over 100 years old
- 71 Loft Apartments
- One, Two, and Three-Bedroom Units
- 2018 Georgia Trust for Historic Preservation Chairman's Award



Housing Affordability

- LIHTC Funded
- \$9.2 Million in Credits



Greensboro, GA: Mary-Leila Lofts

Historic Cotton Mill Adaptive Reuse

Environmental Details

- EPA Assessment Grant
- EPA State Response Program Grant
- 2,600 Tons of Impacted Soil Removed



Before you buy...

Site Assessment and All Appropriate Inquiry (AAI)

- Federal environmental laws rely on the ASTM Environmental Site Assessment Standard Practice for liability protections to owners, buyers, lenders, developers, and users of brownfield sites
- **MUST** conduct AAI to qualify for CERCLA liability protections!
- **MUST** conduct AAI to be eligible for grant funding and brownfields program support!



Affordable and Workforce Housing Definitions

HUD Definition:

- Affordable housing: Is generally defined as housing on which the occupant pays no more than 30 percent of gross income for housing costs, including utilities.

Industry Usage:

- Affordable housing often refers to housing that has been financed utilizing either the Low-Income Housing Tax Credit Program or some other form of public funding mechanism or rent subsidy and which places restrictions on the income levels of tenants and the amount of rent that can be charged.

Affordable and Workforce Housing Definitions

Workforce Housing:

- Refers to housing that charges below market rents that are open to households with income between 60% and 120% of AMI.

Income Restrictions:

Based on area median income levels (generally)

- HUD Programs: < 80% AMI
- LIHTC < 60% AMI
- Workforce >60% - <120%% AMI

Housing Challenges



Housing Shortage

6.8 million more affordable housing units are needed for extremely low income families



Homelessness

580,000+ people are experiencing homelessness on any given night



Housing Poverty

70% of all extremely low income families pay more than half their income on rent



Underfunded Programs

1 in 4 extremely low income families who need assistance receive it

Factors Impacting Housing Challenges



Inadequate Supply



Development Costs & Time



Financial Return

Overview of Housing Challenges

Inadequate Supply

- Capable Developers
- Access to Land or Existing Housing for Redevelopment
- Access to Capital



Overview of Housing Challenges

Financial Return

- Market Financial Capacity/Return on Investment (ROI)
- For-Sale Prices/Appraised Values



Overview of Housing Challenges

Development Costs & Time

- Site Acquisition
- Infrastructure
- Clean up



Overview of Housing Challenges

Brownfield Considerations

- Contamination
- Site Design Modifications



Denver, CO: 29X Apartments

Former Dry cleaner Site

29X

- 42 Apartment Units
- One- and Two-Bedrooms
- Market Rate
- Ground Level Parking/Podium
- 50kW Rooftop Solar



Denver, CO: 29X Apartments

Former Dry cleaner Site

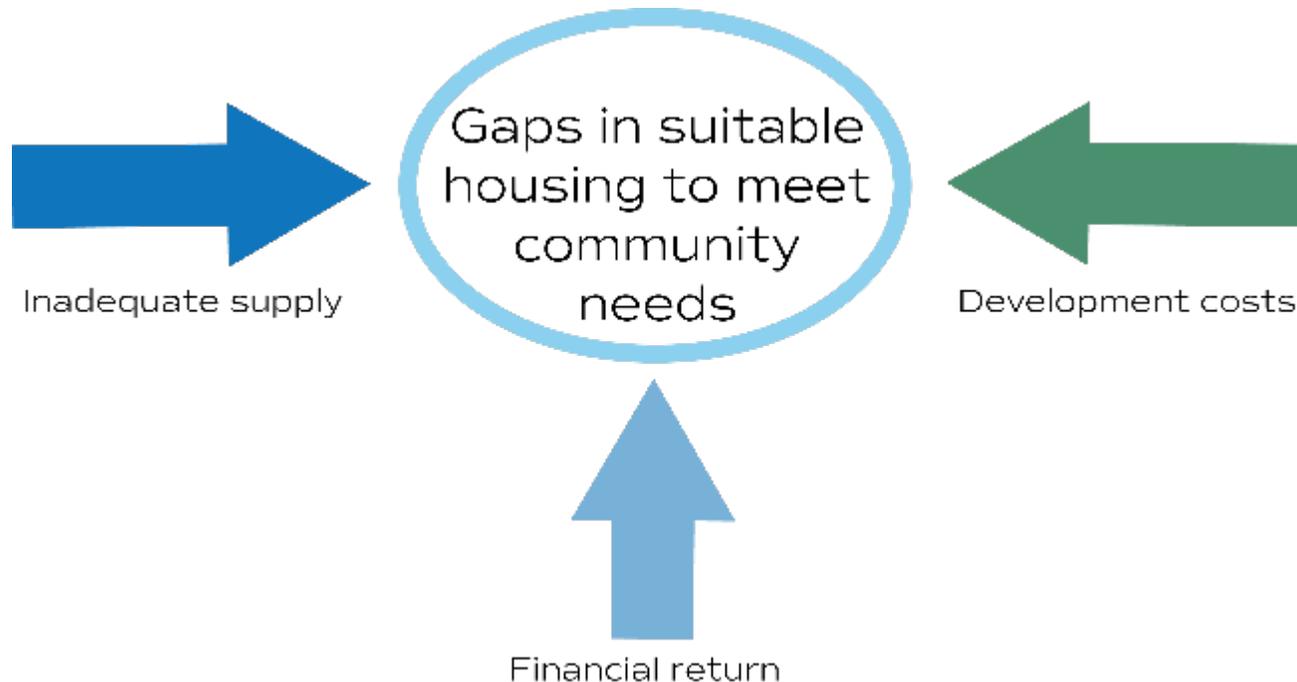
Environmental Details

- PCE Dry Cleaning Solvent
- Colorado Voluntary Clean-up Program
- Colorado Brownfield Revolving Loan Fund:
\$782,000 at 2.5% Interest



Overview of Housing Challenges

- All three factors contribute to lack of adequate housing.
- Public agencies and local development organizations/non-profits can help mitigate one or more of these issues.



Participant Poll

What is the biggest challenge you face in redeveloping a Brownfield site for housing?

- Site assembly
- Environmental remediation expertise
- Access to funding
- Development expertise
- Community/political will

Questions/Discussion

Role of Public Agencies and Non-Profit Developers

- Define the Market and the Need
- Target Specific Challenges
- Define Your Organization's Role
- Be a Catalyst

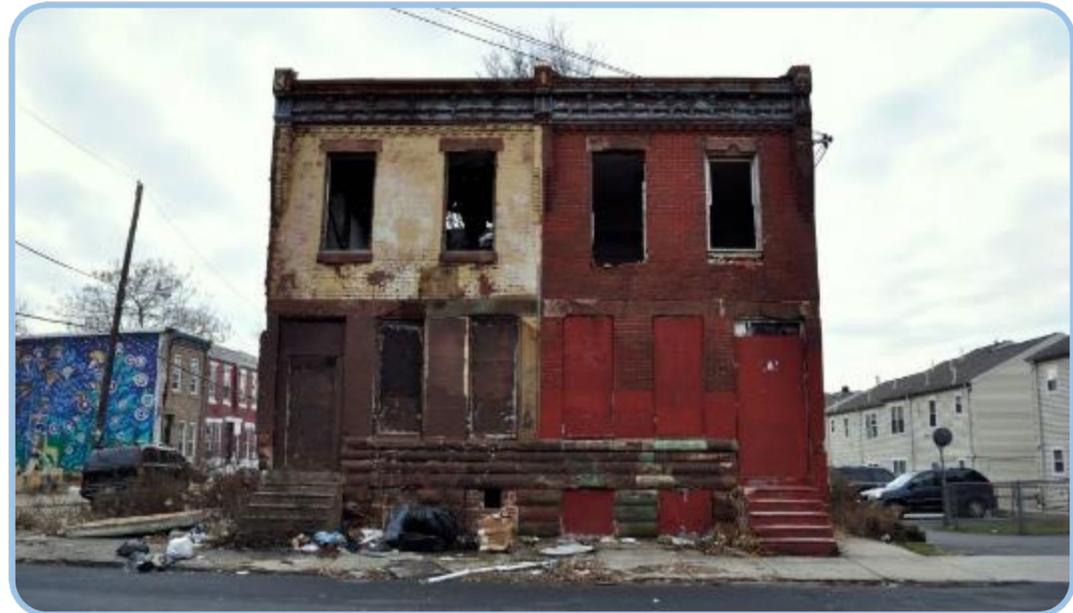


Role of Public Agencies and Non-Profit Developers

Identifying your biggest local challenges

Challenges

- No available sites
- Lack of infrastructure
- Land cost
- Environmental cleanup
- Suppressed rents
- Lack of purchase power
- Appraisal values
- Lack of capital or expertise



Role of Public Agencies and Non-Profit Developers

Defining the best role for your organization

Roles

- Identify sites through BF inventories
- Land assembly
- Funding assistance
- Site development
- Subordinate debt
- Reduce sale price
- Initial investment
- Issue developer RFPs



Role of Public Agencies and Non-Profit Developers

Secure funding resources for:

- Acquisition
- Cleanup
- Infrastructure
- Renovation
- Construction financing
- Permanent mortgage financing
- Return on investment



Role of Public Agencies and Non-Profit Developers

Catalyze Development

- Community input and consensus building
- Local matching funding commitments
- Clearly stated specific goals
- Strategy for execution



Silver City, NM: Mountain View Senior Apartments

Hillcrest General Hospital Demolition and Redevelopment

https://www.epa.gov/sites/default/files/2020-10/documents/the_silver_lining_in_an_abandoned_hospital.pdf

Mountain View Senior Apartments

- Former Regional Hospital
- Buildings Dating to 1937
- Site Demolition and Remediation
- One- and Two-Bedroom Units
- 69 Units



Housing Affordability

- LIHTC Senior Housing
- 55+ Years of Age
- \$9.2 Million in Credits



Apartment construction began in April 2018 and took approximately 20 months to complete.

Silver City, NM: Mountain View Senior Apartments

Hillcrest General Hospital Demolition and Redevelopment

Environmental Details

- Brownfields Assessment Grant: \$168,393
- Brownfields Revolving Loan Fund: \$342,560



The Hillcrest Hospital site languished for decades before the town had it demolished in 2009.



Participant Poll

Where do you see the greatest need for housing in your community?

Check all that apply

- Market Rate
- Workforce
- Affordable
- Unhoused and Supportive Housing

Questions/Discussion

Addressing Funding Gaps



Early-Stage Risk Capital/Shortening Developer Timeline

- Acquisition
- Site prep and remediation (geotech/environmental)
- Infrastructure
- Entitlement/permitting
- Clean and buildable site



Construction Financing

- Interest rate savings
- Early-stage construction risk/mezzanine financing



Subordinate Debt

- Rental
- For-sale

Funding Resources



Federal

State

Federal Funding Resources

Housing Development and Operations

- Low-Income Housing Tax Credit (LIHTC)
- HOME Funds
- National Housing Trust Funds
- Mortgage Insurance Program
 - Fannie Mae
 - Freddie Mac
 - FHA (HUD) Mortgage Insurance
- Project-Based Rental Assistance (HUD)
- USDA Rural Development



Federal Funding Resources

Infrastructure & Site Work Funding

- Community Development Block Grants
- USDA Rural Development
- EPA



Federal Funding Resources

Low-Income Housing Tax Credit Program

- Federal Tax Credit
- Issued by U.S. Department of Treasury
- Each state receives an annual allocation
- Two types of credits:
 - 4% (bond financing)
 - 9%

<https://home.treasury.gov/system/files/136/Affordable-Housing-How-To-Guide.pdf>

<https://sgp.fas.org/crs/misc/RS22389.pdf>

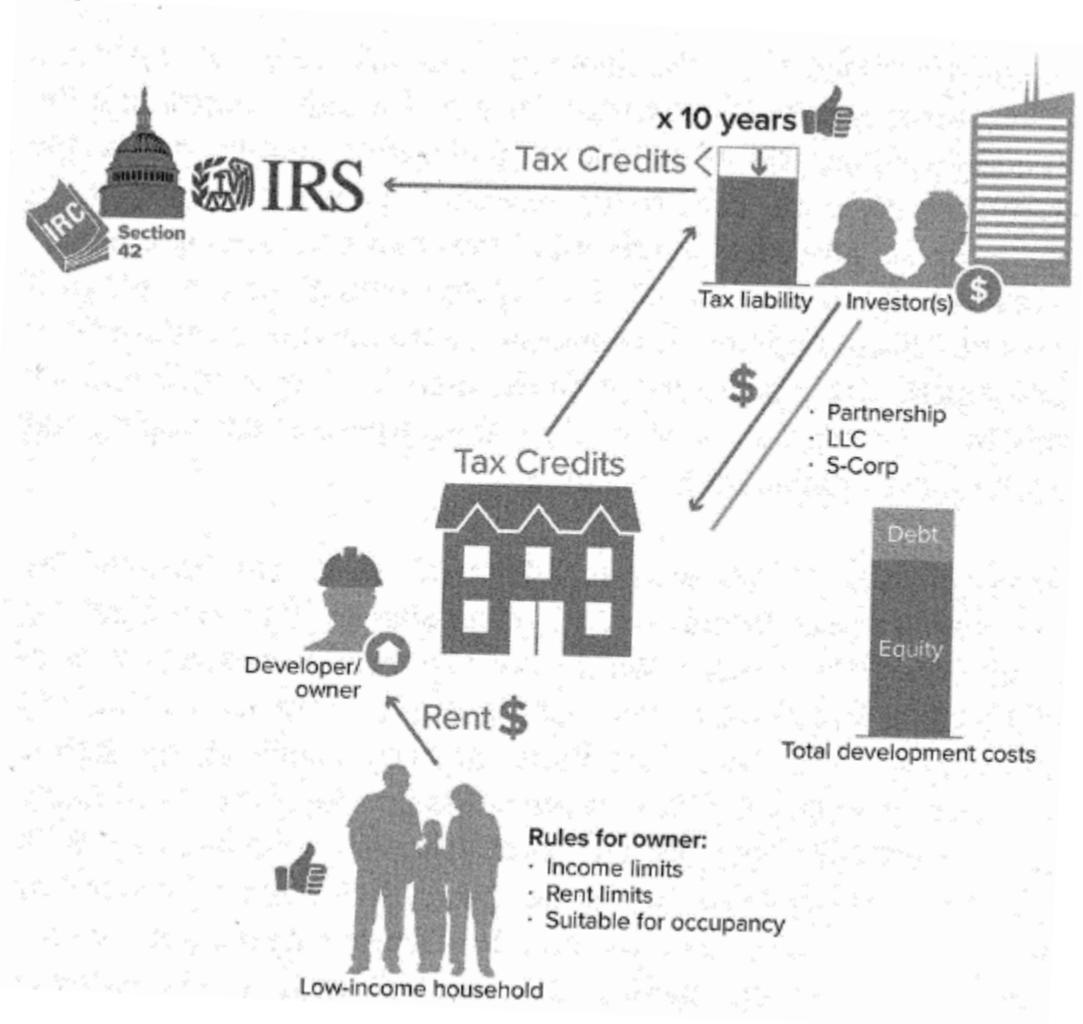
<https://www.ncsha.org/advocacy-issues/housing-credit/>



Federal Funding Resources

Mechanics

- \$1 in tax credit = \$1 tax reduction
- Qualified Allocation Plan (QAP)
- Developers compete for tax credit awards
- Tax credits are sold to raise equity
- Pricing fluctuates with the market
- Project eligibility rent and occupancy restriction for families with incomes at or below 60% AMI
- Property can include unrestricted units with higher rents and incomes



Federal Funding Resources

HOME Investment Partnerships Program

- Formula grants to states and localities
- Largest Federal Block Grant Program for Housing
- Flexible structure: 25% local match
- Refer to your state's Consolidated Plan

https://www.hud.gov/program_offices/comm_planning/home



Federal Funding Resources

National Housing Trust Funds (HTF)

- \$18.78 million in 2022
- At least 80% rental housing
- Up to 10% for homeownership
- \$18.78 million in 2022

How did your state utilize its funding?

<https://nlihc.org/housing-needs-by-state>

<https://www.hudexchange.info/programs/htf/>



Federal Funding Resources

Mortgage Insurance & Mortgage Purchase Programs

- These programs either insure or acquire loans made on qualifying multifamily residential properties
- Longer amortization (35 to 40 years)
- Lower interest rates



Federal Funding Resources

Federal Housing Finance Agency

<https://www.fhfa.gov/AboutUs>

Fannie Mae (Federal National Mortgage Association)

<https://www.fanniemae.com/about-us/what-we-do>

Freddie Mac (Federal Home Loan Mortgage Corporation - FHLMC)

<https://mf.freddiemac.com/about/what-we-do>

Rural Development Administration – Loan Guarantees

<https://www.rd.usda.gov/programs-services/all-programs>

Federal Housing Administration

https://www.hud.gov/program_offices/housing/fhahistory



Honolulu, HI: Nohona Hale Apartments

Industrial and Dry Cleaning Site Re-use

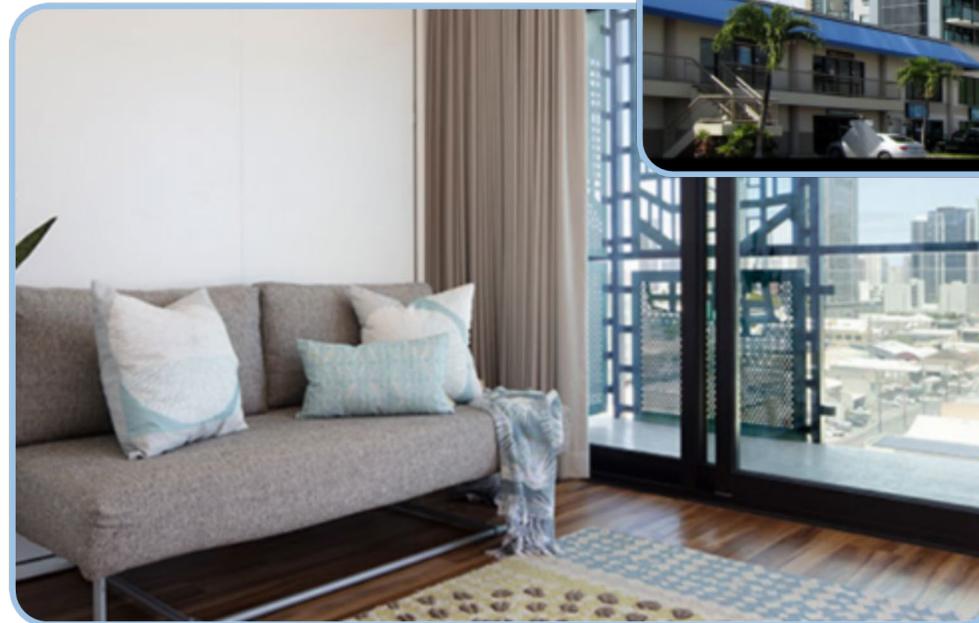
https://cimc.epa.gov/ords/cimc/f?p=CIMC:31:::Y,31:P31_ID:235524

Nohona Hale Apartments

- 16-story High-rise
- 111 Studio Apartments
- Mixed-Use

Housing Affordability

- LIHTC Funded: All Affordable
- 4% Credit/Bond Financing
- Income Restricted for 30% AMI and 60% AMI Residents

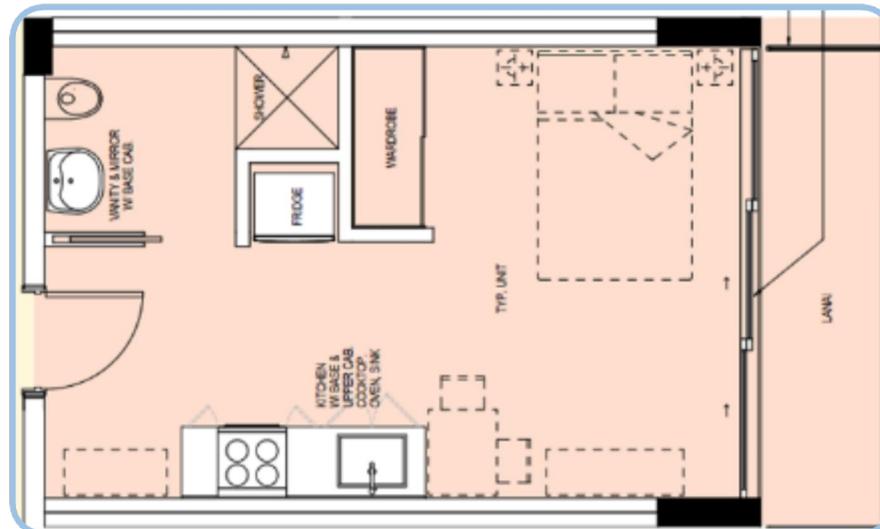
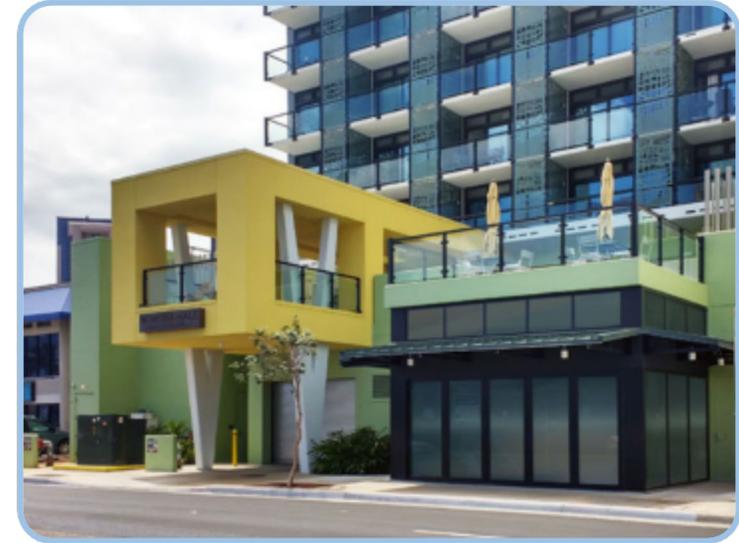


Honolulu, HI: Nohona Hale Apartments

Industrial and Dry Cleaning Site Re-use

Environmental Details

- Oil drum storage warehouse and dry cleaners
- Targeted Brownfield Assessment
- State & Tribal Assistance Grant (STAG)
 - Phase II Assessment \$94,0909
- EPA State Response Program Grant
- Site Capping & Parking Deck



Federal Funding Resources

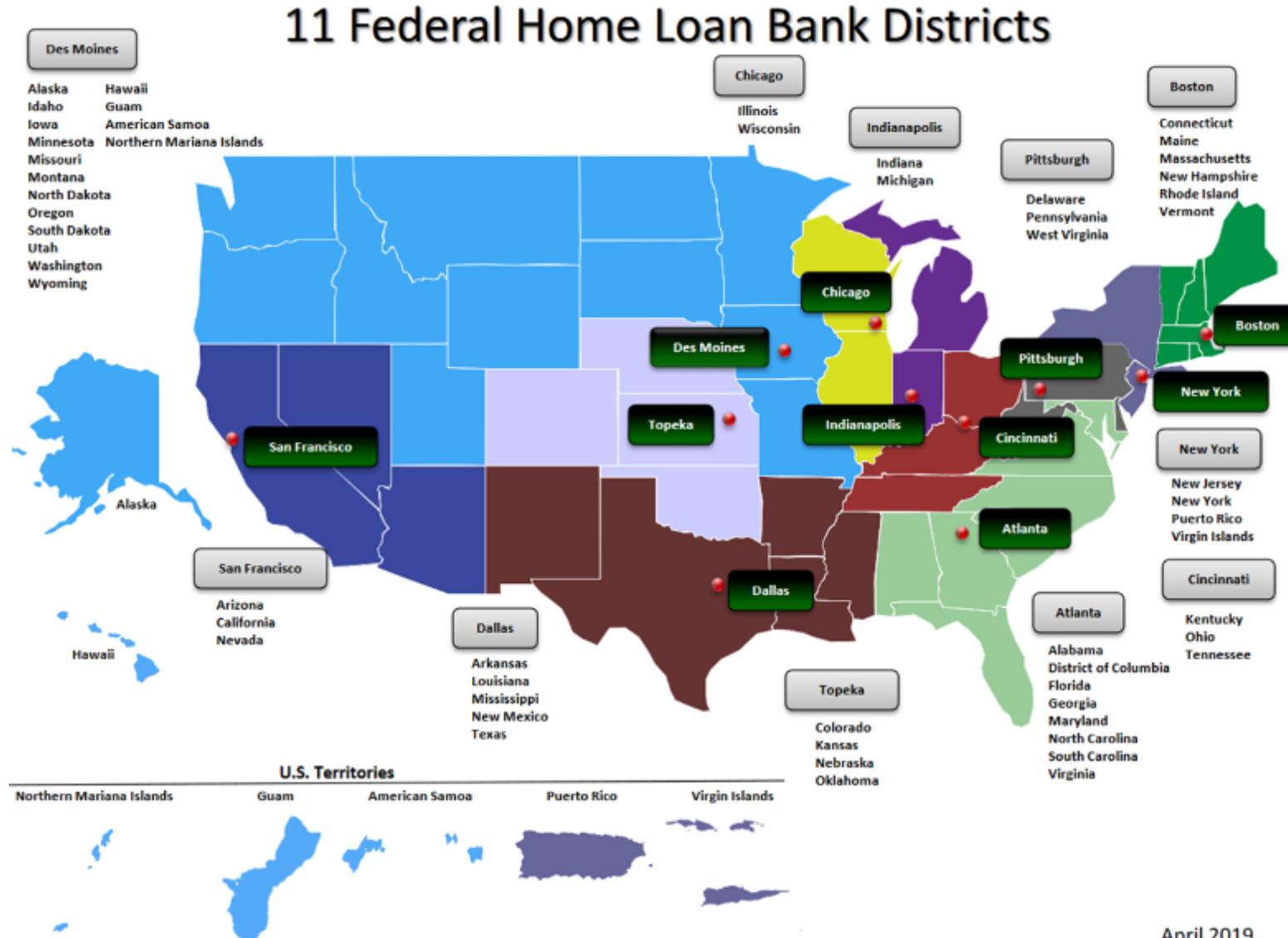
Federal Home Loan Bank

- System of 11 regional banks which are owned as cooperatives by member banks
- Each District operates its own grant and funding programs
- It is possible to apply for funding from other districts with member bank support



Federal Funding Resources

Federal Home Loan Bank



Federal Funding Resources

Federal Home Loan Bank

- Affordable Housing Program (AHP)
- Community Investment Program (CIP)
 - 2021 CIP Program Advances of \$1.7 billion nationally
- Community Investment Cash Advance (CICA) Program
 - 2021 CICA Program Advances of \$1 billion nationally



Federal Funding Resources

Project Based Rental Assistance

- Section 8 Housing Assistance Payment (HAP) is the most common program
- Supports tenants earning up to 80% of AMI

https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/project



Federal Funding Resources

Rural Development Housing Programs

Single Family Homeownership

- Direct loans
- Guaranteed loans
- Home repair and improvement

<https://www.rd.usda.gov/programs-services/single-family-housing-programs>

Multifamily Family Housing

- Direct loans
- Guaranteed loans
- Rental assistance

<https://www.rd.usda.gov/programs-services/multi-family-housing-programs>



Rural Development

U.S. DEPARTMENT OF AGRICULTURE

Federal Funding Resources

Community Development Block Grants

- Federal grant program utilizing funds received from the U.S. Department of Housing and Urban Development (HUD)
- Refer to your state Consolidated Plan

USDA Rural Development

- Offer loans, grants, and loan guarantees to support economic housing, health care, and infrastructure, among other community development needs

<https://www.rd.usda.gov/programs-services>



Federal Funding Resources

Brownfield Funding Sources

- EPA OBLR
- State Environmental Departments



Indianapolis, IN: Lincoln Apartments Veterans Permanent Supportive Housing

Former Iron Foundry Site Redevelopment

https://www.epa.gov/sites/default/files/2020-01/documents/lending_a_helping_hand_to_veterans_in_need.pdf

Lincoln Apartments

- 76 Studio Apartments
- LEED Certified
- Veterans Housing
- Permanent Supportive Services

Housing Affordability

- LIHTC Funded
- \$11 Million in equity
- \$500,000 FHLB Funding
- \$500,000 in HOME Funding

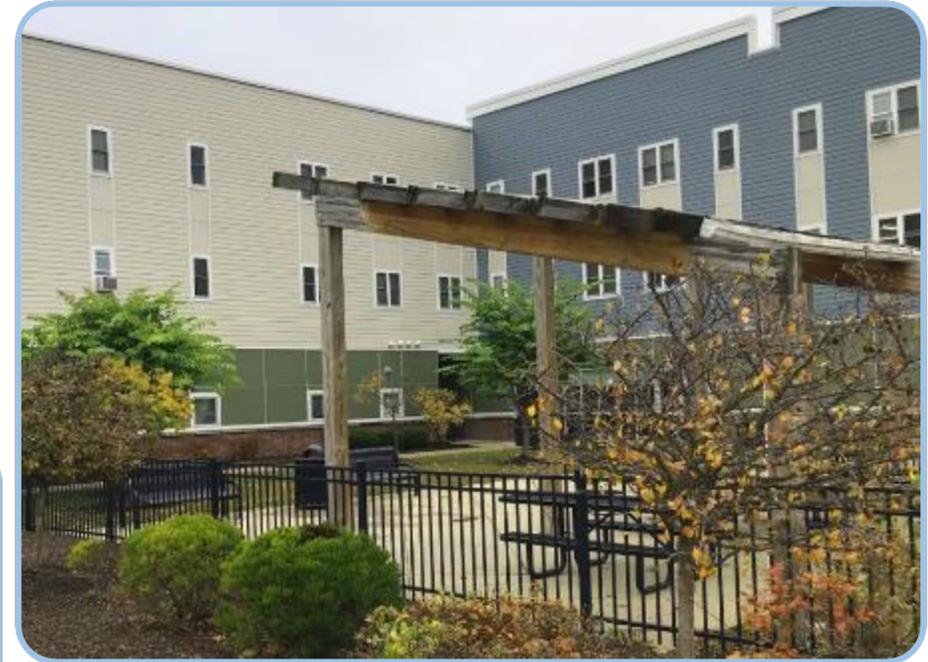
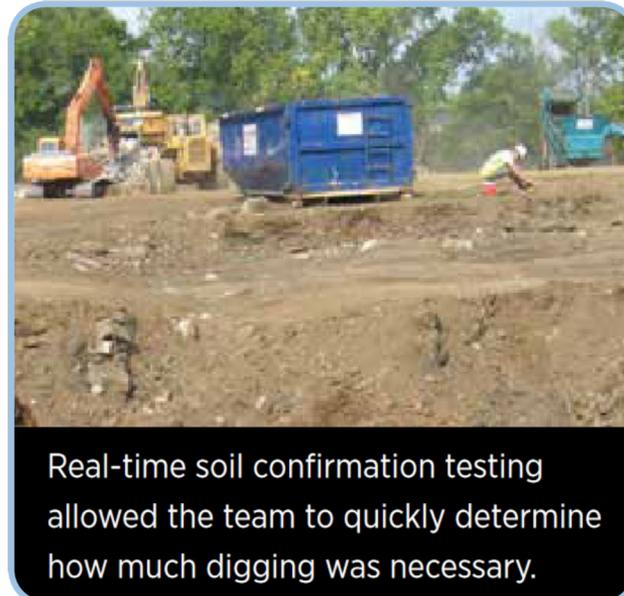


Indianapolis, IN: Lincoln Apartments Veterans Permanent Supportive Housing

Former Iron Foundry Site Redevelopment

Environmental Details

- Brownfield Clean-up Grant: \$200,000
- Indiana Department of Environmental Management Assessment Grant: \$50,000
- Lead, Arsenic, and PCB Contamination



Recap

**Understanding the needs in
your community**

Formulating a Strategy

Implementation



Questions/Discussion

Informational Resources

National Housing Law Program

<https://www.nhlp.org/resource-center/>

National Low Income Housing Coalition

<https://nlihc.org/>

National Housing & Rehabilitation Association

<https://www.housingonline.com/>

HUD Exchange

<https://www.hudexchange.info/>

EPA

<https://www.epa.gov/grants/find-current-funding-opportunities>