
ULI ADVISORY SERVICES PANEL

Final Report

Martis Valley

Truckee, CA

September 22-25, 2008



Introduction

Leigh Ferguson

Chair

ULI – the Urban Land Institute

ULI—the Urban Land Institute is a nonprofit research and education organization.

Mission:

to promote leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

Advisory Services

Assembles teams of land use professionals to make strategic recommendations on land use challenges.

- Program started in 1947
- 20-30 panels each year
- Teams composed of ULI members and staff
- Panels organized across the country

The Panel Process

- Define the scope of the assignment
- Prepare background briefing materials
- Assemble the expert team
- Tour the site
- Interview stakeholders
- Debate and form recommendations
- Produce a final report



The Panel

Chair

Leigh Ferguson

ULI Terwilliger Center

Janine Cuneo

EDAW Denver

Tom Gardner

Bank of America

Gregory Melanson

BRIDGE Housing Corporation

Betsy Wilson

ULI Project Director

Heidi Sweetnam

ULI Graduate Student Intern

Renee Pean

Thanks -

- The Martis Board
- Scott Ryan
- Mark Kehke
- Terry Watt
- Keith Franke



Panel assignment

Overall Question: Given the mission of the Martis Fund, what is the best way to leverage Martis Fund resources, including land and transfer fee stream, to create a world class workforce housing project that serves the community needs?

1. What is the appropriate target market for workforce housing on the 42 acre site based on its attributes, including the site's location and demand for such housing?
2. What are the cutting edge design options for the site, including number and type of unit, physical layout, and inclusion of services (e.g. limited commercial, community room, child/senior care, etc)?

Panel assignment

- What are the management options for the Martis Fund's Workforce Housing project which make it capable of sustaining its affordability over time for the targeted market?
- What are the options for the Martis Fund's next steps for project implementation (e.g. RFQ/P for builder partner or other approach)? Would such a builder partner be expected to build resources to the table and if so what? What should be the Martis Fund Board's role in the process going forward? What are the options for public outreach in the process?
- What green design and building practices should be included in this project?
- And...

The Opportunity



Challenges

- Market need
- Lessons learned



The Site

- Intent
- Practical constraints
- Environmental Concerns
- Target Market
- Examples



Overview

- Up to 145 units be built in phases
- Family oriented housing for year round employees in the region
- Cutting edge design that is sensitive to the environment and open space
- Unique management model that permits flexibility and adaptability to employer needs
- An active role for the Martis Fund board that retains ownership and control of the land
- A financing arrangement that directly involves employers who will benefit from the production of more workforce housing

Existing Conditions



- Neighboring Developments
 - Lahontan
 - Martis Camp
 - Hopkins Ranch
 - Truckee Airport
- Open Space

Existing Conditions



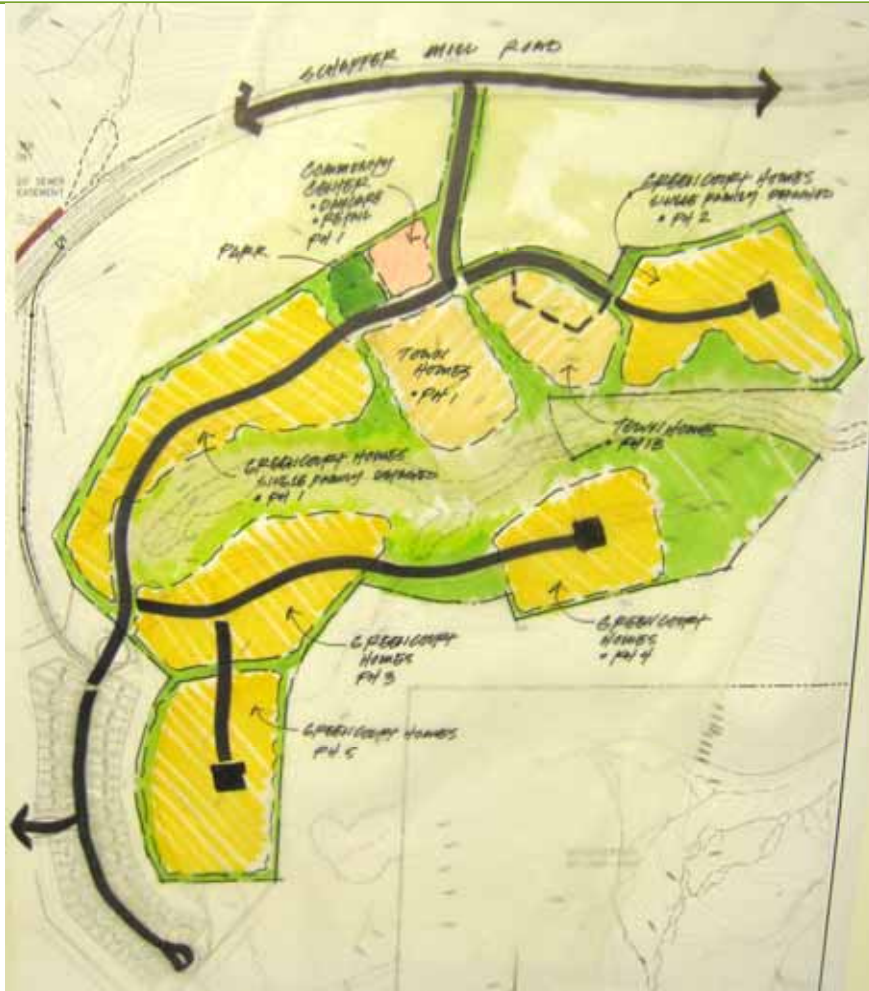
- FAA Overflight
- Slopes over 30%
- Waters of the USA
- Existing Tree Protection
- Points of Access
- Open Space

Site Plan



- Creation of Community/Neighborhood
 - Community Center
 - Retail
 - Daycare
 - Park Space
 - Green Fingers
 - Good Streets
- Diversity of Unit Types
- Density Approx 145 Units
- Townhomes (25%)
- Green Court Homes (75%)
- Open Space Network
 - Possibility of variance in Wetland
 - Water quality

Phasing



- Circulation and Layout
- Depth of Cul de sacs
- Phasing
- Flexibility for Change over time

Town Home Product



- Higher Density 10 -15 Du/Acre
- 2-3 Stories height
- Located at center of site
- Alley loaded tuck under parking



Green Court Product



- Lower Density 5-8 Du/Acre
- No garages facing onto street
- Creation of green courts
- Connection to open space





- Creation of Community/Neighborhood
- Good Design
- Diversity of Housing Types
- Green Design
- Sustainable Design
- Diversity of Unit Types
- Density
- Multi-modal Streets
- Walkability
- Open Space Network

Target Market

- Year-Round employees of businesses located in the Martis Valley and surrounding area



Importance of and Keys to Success

- The loss of middle class families impacts the fabric of the community.
- The middle class has other viable housing alternatives, so a marketing effort will be necessary

Perceived Risks

- Lack of Data on Demand and Need
- Reno, NV
- Deed Restrictions

Serving the Market and Managing Risk

- Phase development
- Treat Hopkins Village as “phase one”
- Design product comparable to that available in Reno
- Instead of pricing homes based on AMI, price them to compete with Reno prices.
- Consider Market Rate, High End Rental Housing
- Consider building secondary dwelling units with for-sale homes.

Deed Restricted Housing

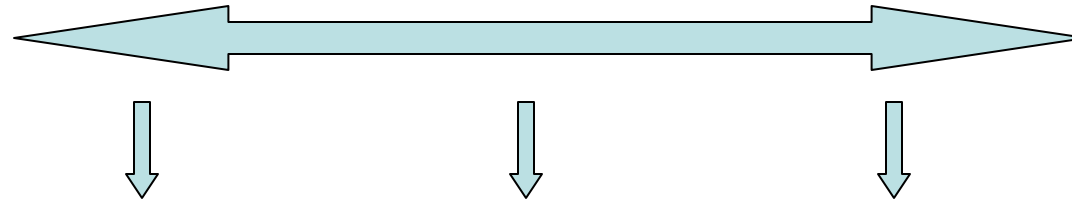
Wealth Creation

Details:

Affordable Sale Price,
No Resale Restrictions

Drawbacks:

Windfall for one family, then affordability is lost



Resale Criteria not based on price

Shorter affordability term: 5 yrs, 15 yrs

Shorter affordability term that resets if house is sold inside affordability window

Long Term Affordability

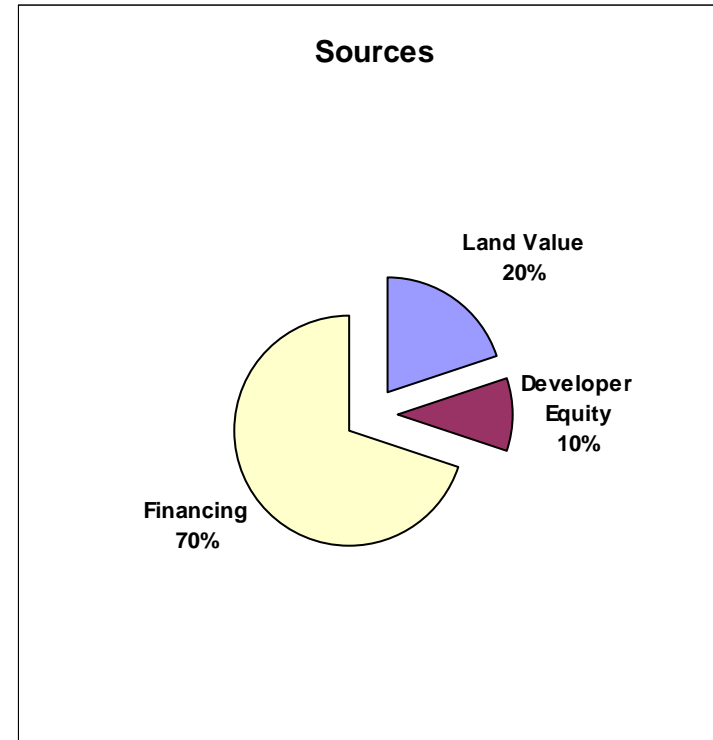
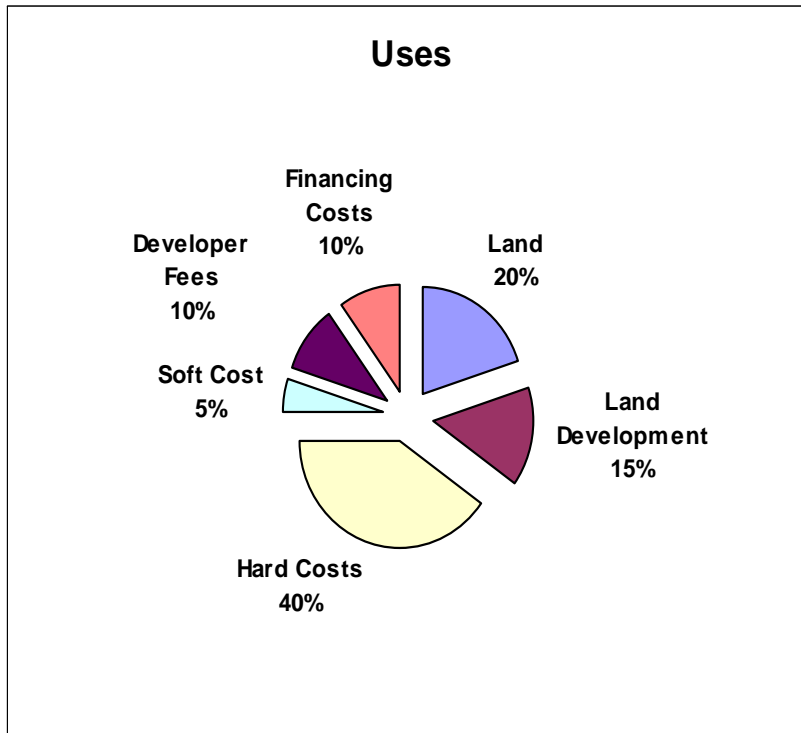
Details:

Affordable for 30+ year to perpetuity, Equity tied only to increase in AMI

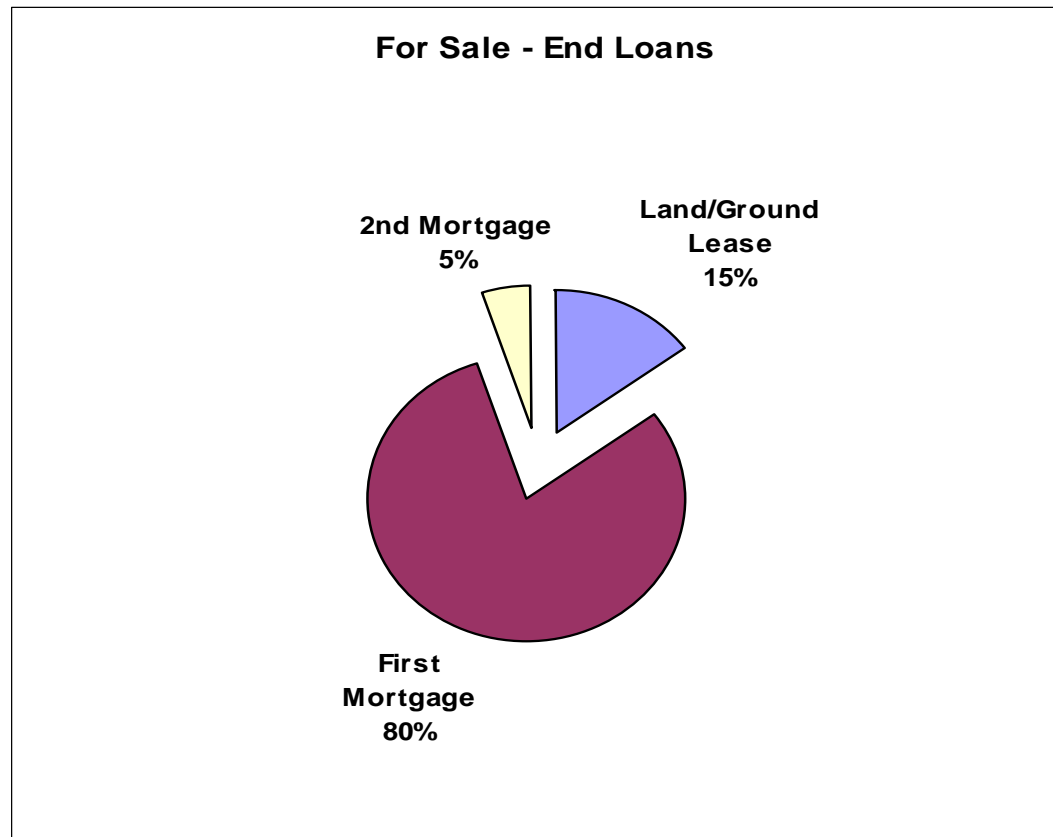
Drawbacks:

Disincentive for potential buyers with other options available to them

Funding Sources for the Development of the Martis Fund Site



Funding Sources for the Development of the Martis Fund Site



Funding Sources for the Development of the Martis Fund Site

Types of Sources:

- Public Sources – Both Equity & Financing

Although many of the federal, state and local public funding sources provide valuable resources to the creation of affordable and workforce housing, the panel does not recommend pursuing these as primary sources for the Martis Fund Workforce Housing project

- Private Equity Capital Sources –

The success of the project will be based on the ability of the development team to attract engaged and motivated partners to contribute the necessary resources, both at the front end to develop the site and the back end to support the household who will be living in the community

Funding Sources for the Development of the Martis Fund Site

Sources:

- Land

42 acres of land on Hopkins Ranch site, current “as is” value: TBD. The value of the raw land is a significant and valuable contribution, given the limited availability of desirable sites in the region.

- Developer Equity:

Martis Fund Workforce Housing Program Conveyance Fees –

Current balance: \$380,000

Annual projected contributions from collected fees: \$150,000, in perpetuity.

Derived from one quarter of 1% conveyance fee (sale & resale) of approximately 650 units in Martis Camp site.

Funding Sources for the Development of the Martis Fund Site

- Private Workforce Housing Investment Funds –
Socially motivated funds provided by organizations including:
 - Enterprise Community Investment
 - Crossbeam Capital
 - Genesis Workforce Housing Fund
 - CCRC Workforce Housing Fund

Market rates of return for project.

Investors - Often state pension funds (CALPERS, CALSTERS)

Funding Sources for the Development of the Martis Fund Site

Employer-based Contributions:

- Secured with marketing and outreach to major employers in the proposed catchment area
- Proposed equity contributions could be structured as investments with return of capital and limited (lower than market) return on capital
- Proposed employer equity contributions could be attracted at the development stage and stay in the project and until converted to employer-based contributions to individual employees to facilitate the purchase of individual homes

Funding Sources for the Development of the Martis Fund Site

Financing:

- For the development and construction of any proposed workforce housing uses
Bank construction financing, secured with land and improvements
 - Construction lenders will require:
 - sufficient developer equity contributions
 - guarantees of payment and completion by an experienced and well capitalized sponsor(s).
- Bond Financing:
The issuance of municipal private activity bonds, for the construction and permanent financing of multi-family rental housing. If the sponsor selects to include a portion of income-restricted units, tax-exempt bond financing is an option.

Funding Sources for the Development of the Martis Fund Site

Challenges of Current Capital and Housing Markets

Availability and Cost of Capital

Given this current market condition, the following actions are recommended to maintain the momentum of developing the project:

- Pursue private financing sources for infrastructure development.
- Anticipate significant (80% to 100%) presales requirement on for-sale product, especially on first phase.
- Secure permanent financing commitment along with construction financing on rental housing product.

Martis Valley Employee Land Trust & Mortgage Fund

Employer-Led Production Program

Builds on the capacities are already inherent to the Martis Valley Fund.

- Strong, diverse Board
- Employers in the region who understand the magnitude and complexity of the program
- Dedicated land
- Committed funds that demonstrate your commitment to this issue

Martis Valley Employee Land Trust & Mortgage Fund

Stakeholders/Partners

- You, the Board
- Employers and Employer organizations
- For-profit developers of affiliated workforce housing
- EAH Manager

Guiding Principles

- Flexibility
- It Takes a Village
- Time, Phasing and Innovation

Martis Valley Employee Land Trust & Mortgage Fund

Strategic Direction

1. Establish Site Plan
2. Determine Infrastructure Needs
3. Expand the role of the Martis Valley Fund to include the management and oversight of the Martis Valley Employee Land Trust & Mortgage Fund.
4. Create and promote an the Action Plan

Step 3: Expand the Role of the Martis Valley Fund Board to include management and oversight of the Martis Valley Employee Land Trust & Mortgage Fund

Key Elements of the Trust

Capitalize on the Board's distinct knowledge and community outreach potential.

Staffing Needs

Community Engagement

Cater conversations to audience.

Appeal to employers bottom line.

- Improved employee retention.

- Reduced recruitment and training costs.

- A benefits package with a competitive edge.

- Reduced commutes, stress and absenteeism for staff.

- Potential for federal tax benefits.

- Community reinvestment.

On-Going Board Control and Ownership

Allow for elements to be applied beyond the 42-acre site.

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Step 4: Create and Promote an Action Plan

Key elements of the Action Plan

1. **Secure a civic-based independent contractor**

2. **Secure Key Partnerships**

Employers to sponsor employees

Employers invest in a low-yield fund

Increasing the financial contribution of interested community stakeholders

3. **Raising the Capital**

Step 4: Create and Promote an Action Plan Cont'd

4. Build the Criteria for Employee Ownership

Employer sponsored individuals/households

Un-served middle-income

If homeownership:

First-time homebuyer or homeownership outside of an extended catchment area

Owner-Occupied

Primary Residence (year-round)

If rental:

Living arrangements outside of an extended catchment area

2-year mandatory lease

5. Build the Criteria for Down Payment Assistance and/or "Soft" Second Mortgages

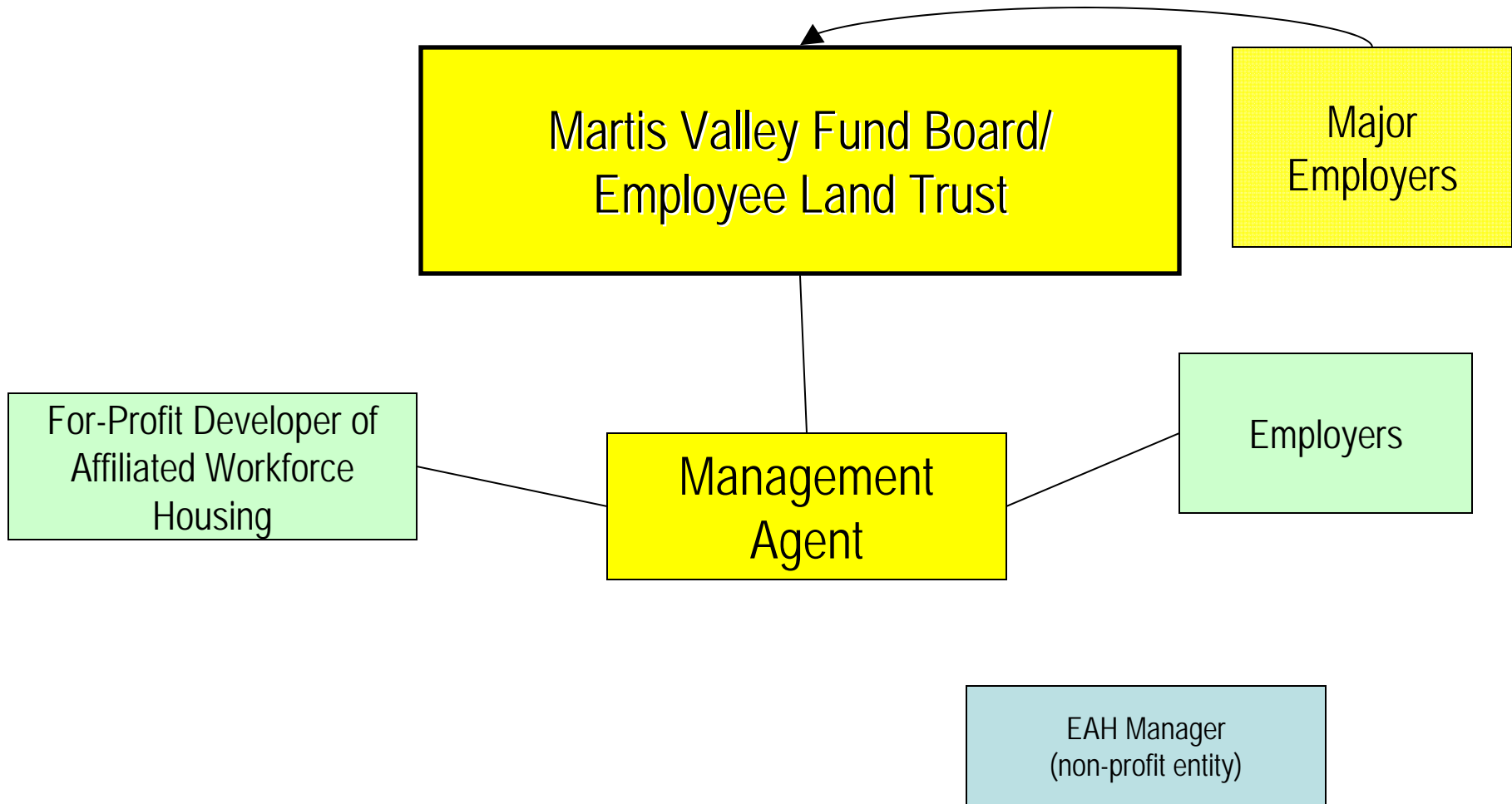
Preferred Lender Lists

Tap into supportive services

Rental assistance use: security deposits and rental payments.

Homeownership assistance use: subsidize down payments, closing costs, financing costs, contributions to second mortgage pools, mortgage guarantee programs.

Inclusion of the Federal EAH Tax Credit



Conclusion

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Conclusion

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