



BEACON
DEVELOPMENT
GROUP



BEEHIVED
COMMUNITY



Workforce Housing

- 1. Beacon's Experience**
- 2. Plaza Roberto Maestas Case Study**
- 3. Housing Continuum**
- 4. Workforce Housing**

OUR EXPERIENCE

Project Experience

	Projects	Units	Value
Completed	83	4,567	\$730M
Under Construction	3	505	\$147M
Fully Funded	3	186	\$71M
In Development	5	1,198	\$64M
Total	95	6,456	\$1.10B

Project Types

Family	46 projects
Agricultural Workers	24 projects
Sustainable Building	30 projects
Historic	8 projects
Senior	20 projects
Special Needs	26 projects
Acquisition/Rehab	16 projects
Urban/Mixed Use	25 projects

National Awards

- Plaza Roberto Maestas: AIA/HUD Secretary's Housing and Community Design Award; Affordable Housing Tax Credit Coalition Edson Tax Credit Excellent Award, 2017
- Pearl on Adams: NAHRO Award of Excellence for Project Design, 2011.
- Affordable Housing Finance Magazine's Top 50 Affordable Housing Developers, 2007
- Tepeyac Haven: first Gold-Certified LEED for Homes Multi-Family Project in the nation, 2007.

Western Ave Senior Housing, Seattle



- 40 units affordable senior housing including artist L/W
- Client: Pike Place Market Preservation and Development Authority
- Part of \$74M mixed use MarketFront redevelopment
- Air rights condo; jointly developed with garage, retail, and public plaza

- New Markets Tax Credits

OUR EXPERIENCE

HopeWorks Station, Everett, WA



- 65 units serving very low income residents; 75% formerly homeless
- Client: Housing Hope / HopeWorks
- Net Zero/Ultra-High Energy Efficiency Standards
- Workforce development center; job training & social enterprises on ground floor
- New Markets Tax Credits

Everett, WA



- Sponsor: Cocoon House
- 40 units serving homeless youth and young adults ages 15–17 and 18–24
- 12,000 sf multi-service center including youth drop-in center, social services space and administrative space
- \$13M TDC

OUR EXPERIENCE

Seattle, WA



- 76 units affordable senior housing
- Partnership with HGAH and Filipino Community of Seattle
- Services include a senior food bank, health screening programs, cultural education, English proficiency classes
- Innovative Learning Center: STEAM program and tutoring for youth and young adults

OUR EXPERIENCE

Tacoma, WA



- Sponsor: YWCA Pierce County
- 51 units serving 30% and 50% AMI; 38 homeless units
- Housing services space and YWCA legal offices
- Adjacent to YWCA Domestic Violence Emergency Shelter and main office building
- \$20M TDC

AFFORDABLE HOUSING CONTINUUM

Population	Income Target / <i>Rent – King County</i>	Subsidy/Cash Flow	Example
Special Needs	0 – 30% AMI <i>1 BR Rent: \$540</i>	– Deep capital subsidy – Deep operating subsidy	 Valor Apartments
Low Wage Workers	30 – 50% AMI <i>1 BR Rent: \$900</i>	– Deep capital subsidy – Break-even operations	 Compass Ronald Commons
Workforce Housing	60 – 80% AMI <i>1 BR Rent: \$1,350</i>	– Some capital subsidy – Cash flow supports debt	 The Maddux



Sponsor Organization – El Centro de la Raza

- Founded in 1972 in Beacon Hill
- Mission: social justice and racial unity
- Services and programs include:
 - Civil Rights and Social Justice Advocacy
 - Children and youth
 - Human and emergency services
 - Home Ownership Education and Small Business Training
- Focus on their own site: combat ongoing gentrification
 - Loss of diversity
 - Loss of family housing
 - Loss of local small businesses merchants



Goals Achieved

- **Loss of diversity**
 - PRM Beloved Community is reflective of the diverse working class neighborhood that Beacon Hill has historically been prior to gentrification.
- **Loss of family housing**
 - PRM Beloved Community currently provides housing for 275 individuals including 110 children under age 18
 - 142 children receive accredited bilingual early childhood education services.
- **Loss of local small businesses merchants**
 - Anchor small business tenant “The Station” was able to triple in size.
 - A total of 13 small business owners have been approved and licensed to use vendor carts or tabletop vending space.
 - In the project’s first six months, more than 70 community events have been held at

PLAZA ROBERTO MAESTAS

Land Use and Zoning



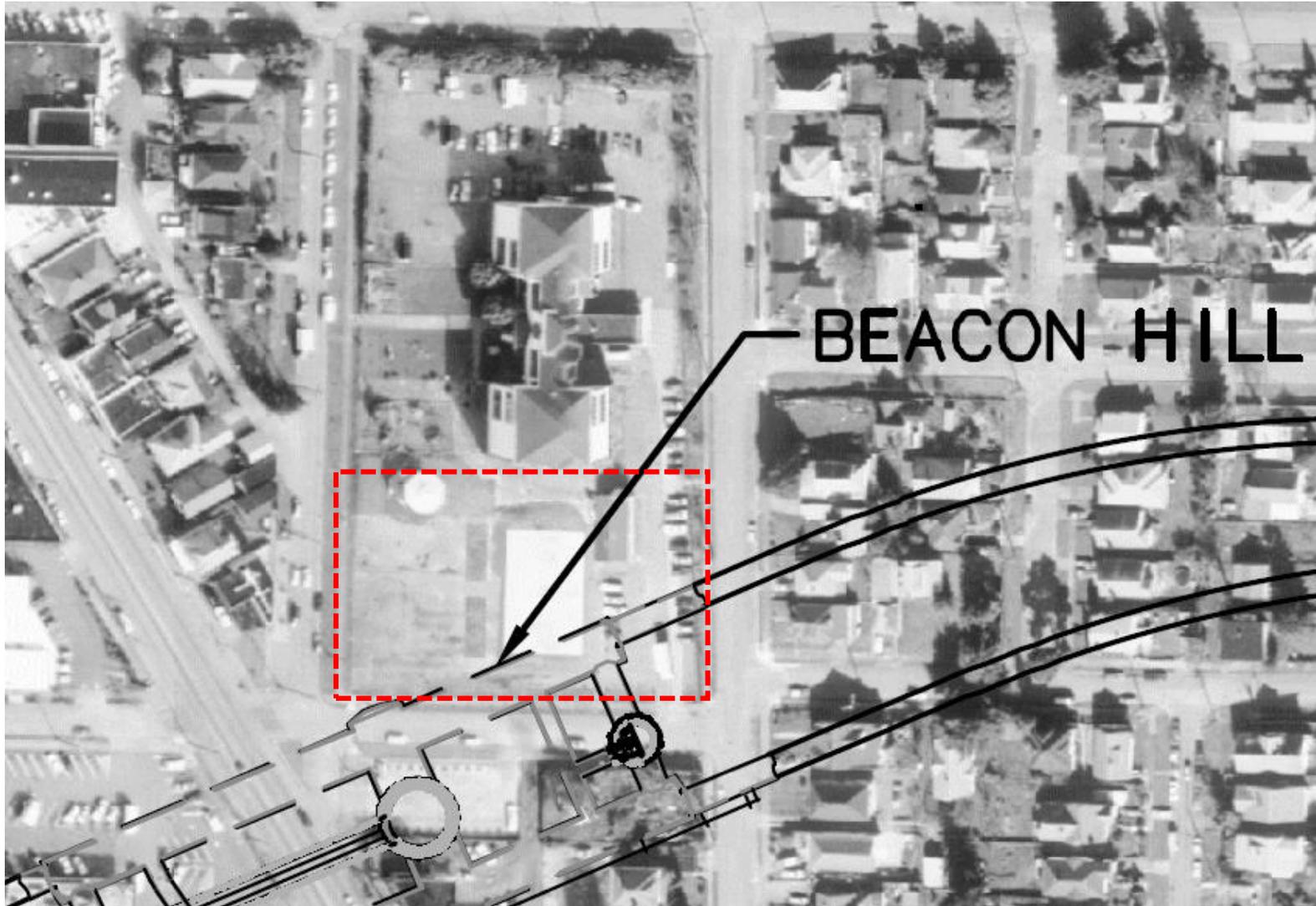
CHALLENGES

- Buffered single family zone
- Non-conforming institutional use with School District purchase option

OUTCOMES

- Extensive community outreach
- Up-zone from NC2-45 to NC2-65
- Seattle School District waived option

Light Rail and Parks Department



CHALLENGES

- Tunnel easement
- Child development center open space requirements
- Sound Transit and Seattle Parks Department

OUTCOMES

- Successful coordination with large government agencies
- Sound Transit: expedited review
- Parks Department: shared use agreement

Parking



CHALLENGES

- TOD – Pedestrian overlay
- Loss of existing parking lot
- Neighborhood traffic concerns
- Sponsor & investor needs

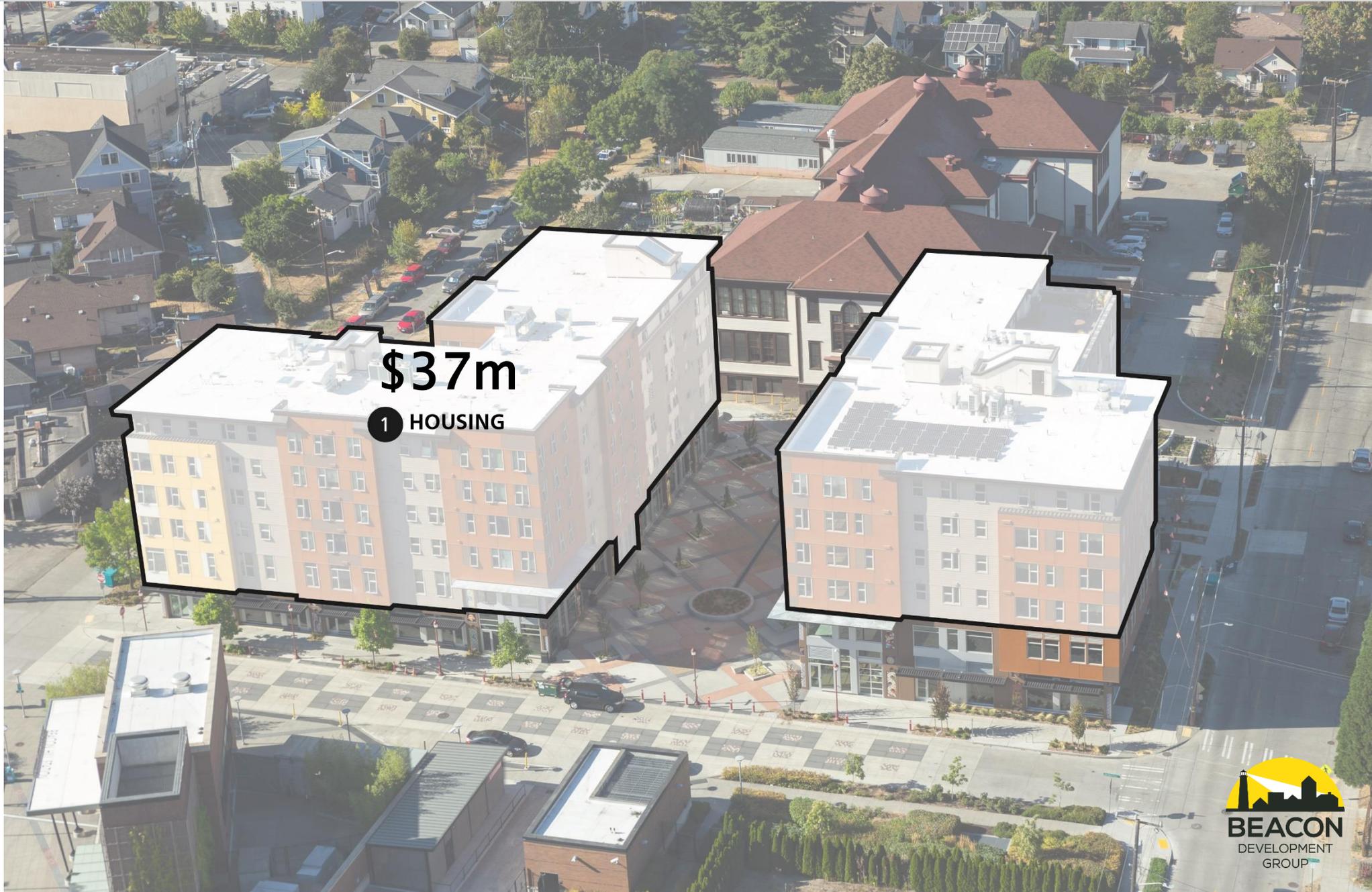
OUTCOMES

- Shared use agreement
- Grant for parking study
- Grant for light rail passes for all residents
- Reduction in parking demand

PLAZA ROBERTO MAESTAS

4 CONDO UNITS ① HOUSING

112 units
1-3 bedrooms
50% @ 30% AMI
25% @ 50% AMI
25% @ 60% AMI



PLAZA ROBERTO MAESTAS

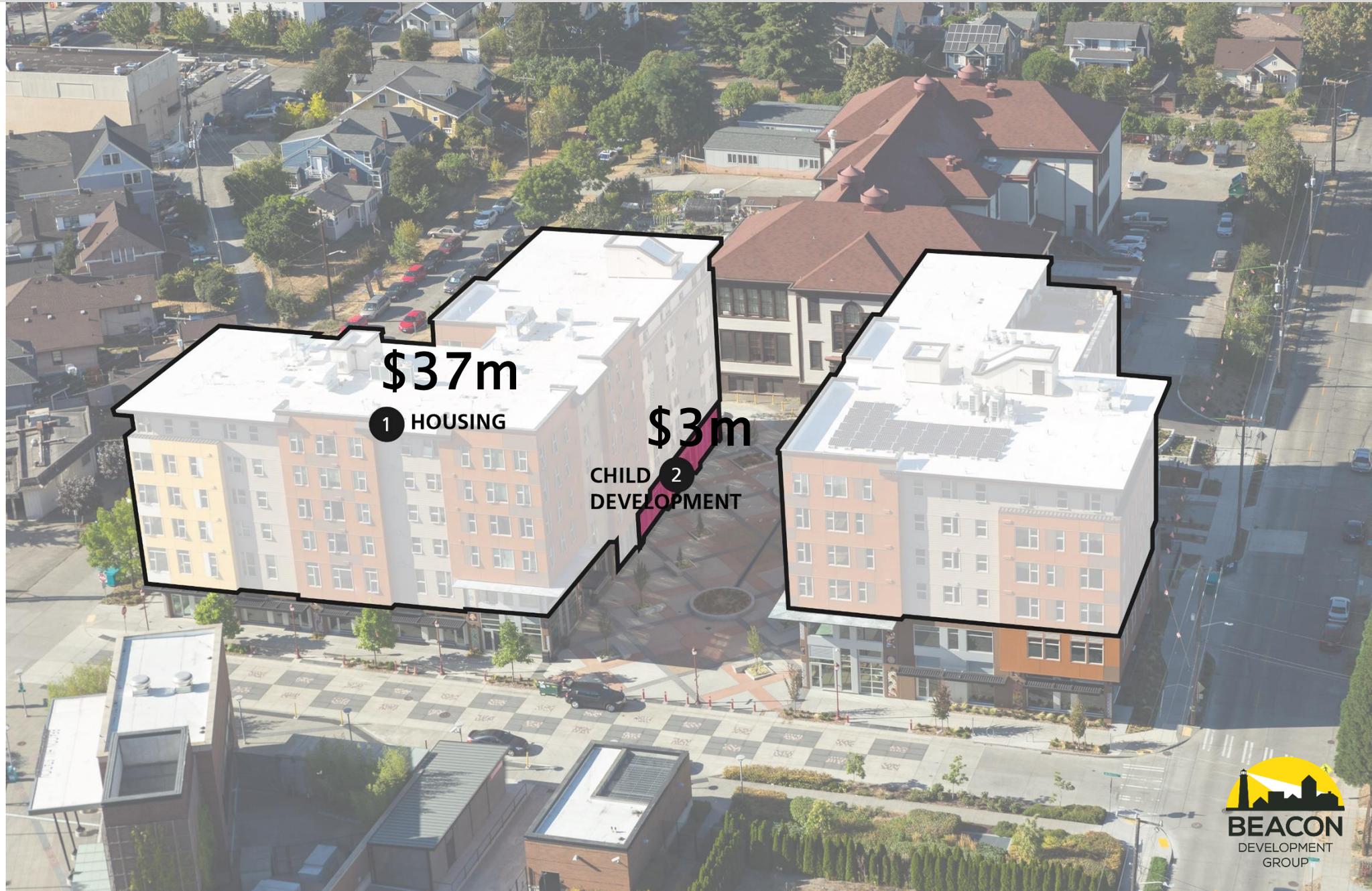
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2 CHILD

DEV
10,000 SF
7 classrooms
Bilingual E/S



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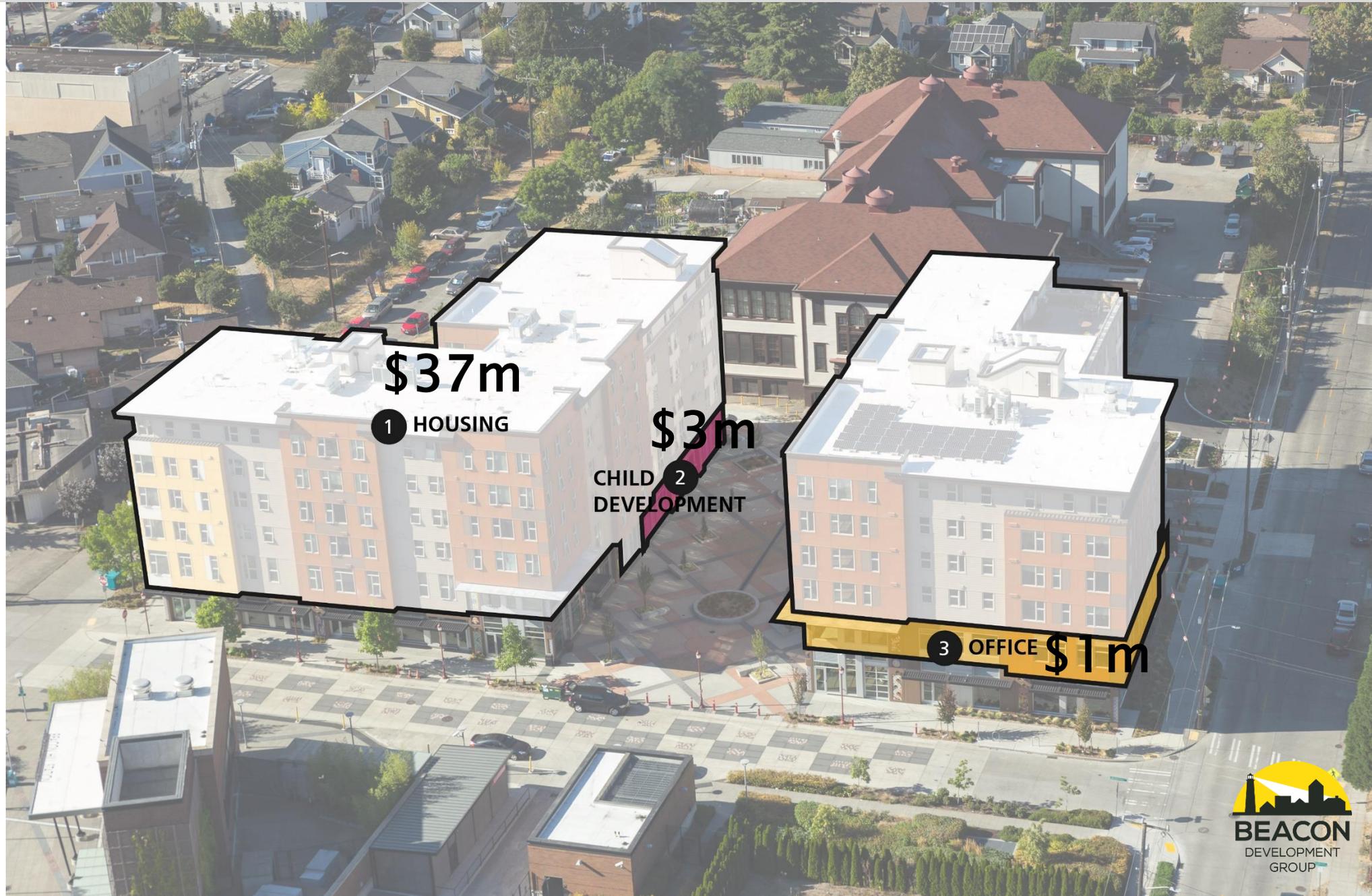
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3 OFFICE

BDG's office
4,000 SF



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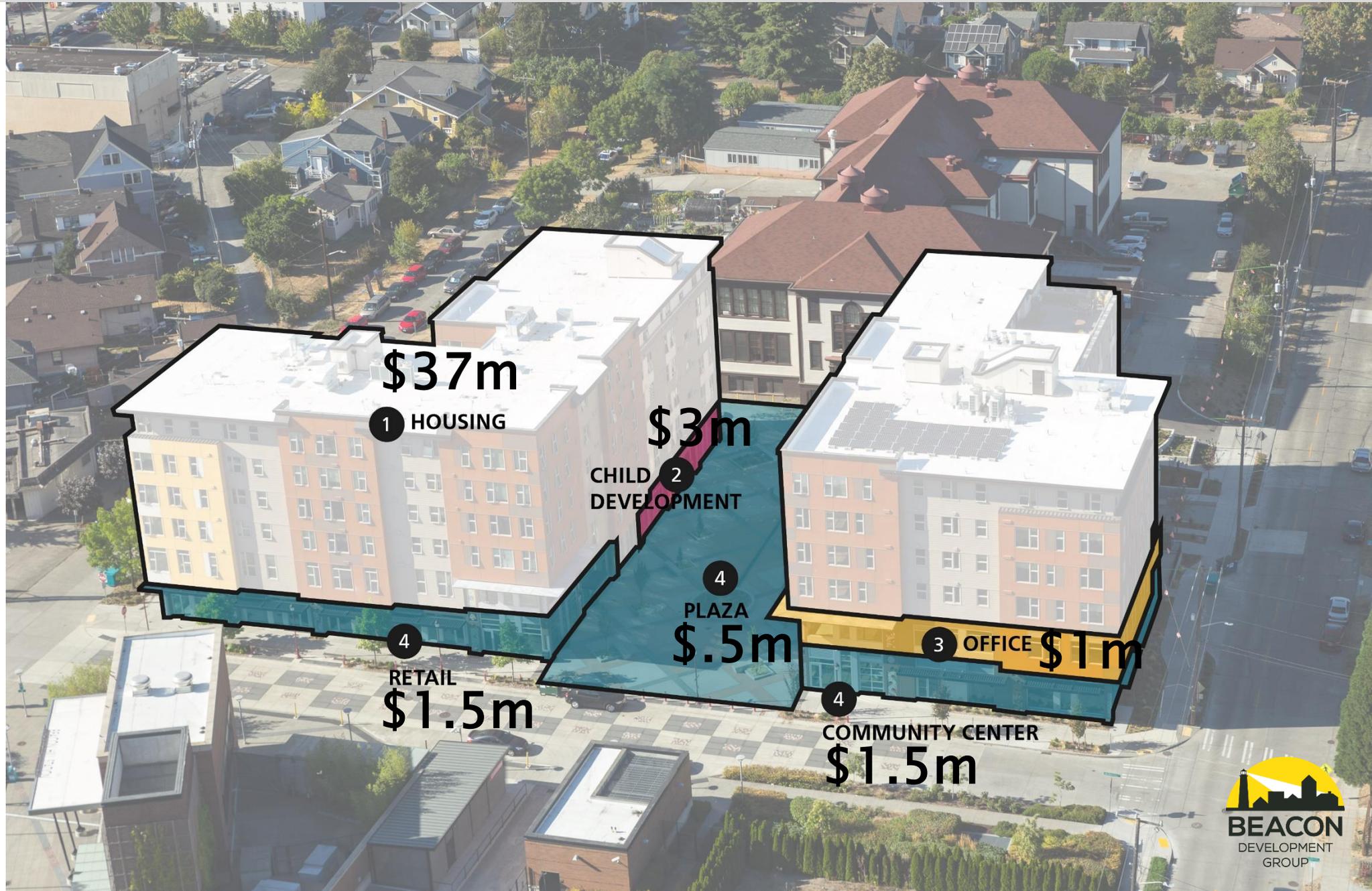
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3 OFFICE

BDG's office
4,000 SF

4 COMMUNITY

6,000 SF Centilia
Community
Center
12,000 SF Plaza
3,200 SF Retail



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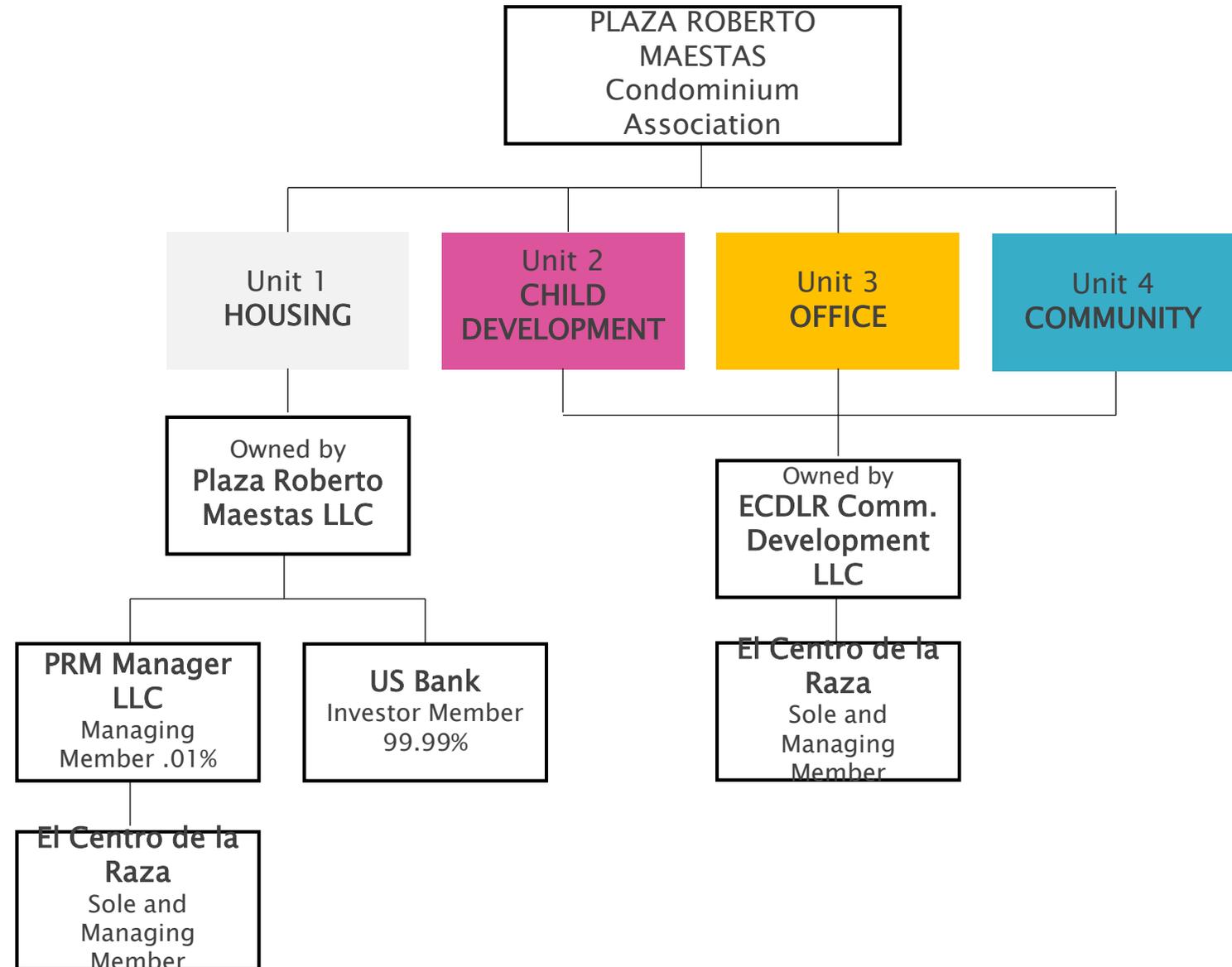
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4 COMMUNITY

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12,000 SF Plaza
3,200 SF Retail



PLAZA ROBERTO MAESTAS

Residential Sources:

Sponsor Land Loan:	\$2.7M	
Sponsor Capital Campaign:		\$1.7M
Soft Public Debt (City):	\$7.7M	
Private Debt:	\$2.8M	
LIHTC (9%) & Federal Energy Credit:		\$22.4M
Subtotal:		\$37.3M

Commercial:

Sponsor Land Contribution:		\$800K
Sponsor Capital Campaign:		\$1.3M
Deferred Fee	\$700K	
Soft Public Debt (City):	\$1.8M	
3 rd Party Capitalized Lease Payment:		\$1M
Private Debt:	\$2M__	
Subtotal		\$7.6M

Residential and Commercial: \$44.9M

Public Subsidy & Owner “Equity”

- Public Subsidy = \$9.5M (City of Seattle)
- Capital Campaign = \$3M (philanthropy)
- Sponsor Equity = \$700K (deferred developer fee)
- Sponsor Loan = \$3.5M (land value)
 - Land loan re-paid in year 15 – 20 from residual cash

Workforce Salaries

King County Median Income: \$96,000

– Teacher (65% AMI) \$63,000

– Firefighter (80% AMI) \$78,210

– Nurse (85% AMI) \$82,750

– Grocery Store Clerk \$31,890

– Hotel Clerk \$26,460

Workforce Salaries – Affordable Rent for 2 BD (max 30% of income)

King County Median Income: \$96,000
\$2,400

– Teacher (65% AMI) \$63,000

\$1,575

– Firefighter (80% AMI) \$78,210

\$1,955

– Nurse (85% AMI) \$82,750

\$2,068

– Grocery Store Clerk \$31,890

Salary data: https://www.bls.gov/oes/current/oes_wa.htm

Serving 80% AMI – Example Project

100 2-bedroom units, no public subsidy

Rent Level: \$1,728
 Project Cost: \$27.5 million
 Debt Supported: \$18.5 million
Equity: \$ 9 million
IRR: 5.88%

Operating Proforma			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Units	Rent										
Rental income	100	1,728	2,073,600	2,125,440	2,178,576	2,233,040	2,288,866	2,346,088	2,404,740	2,464,859	2,526,480	2,589,642
Operating Expenses		5,500	550,000	569,250	589,174	609,795	631,138	653,227	676,090	699,754	724,245	749,594
NOI			1,523,600	1,556,190	1,589,402	1,623,246	1,657,729	1,692,861	1,728,650	1,765,105	1,802,235	1,840,049
Debt capacity (DCR)	1.2		1,269,667	1,269,667	1,269,667	1,269,667	1,269,667	1,269,667	1,269,667	1,269,667	1,269,667	1,269,667
Cash Flow			253,933	286,523	319,736	353,579	388,062	423,194	458,983	495,439	532,569	570,382

Closing Thoughts

1. Lack of subsidies/dedicated programs
2. Source of capital; return hurdles
3. Patient capital vs. value add (flip)
4. Income restrictions vs. access to capital

