

**Episcopal Diocese of San Diego  
Mission Real Estate Development Questions**



**1. Do we really want to get into affordable housing development?**

- a. It's a new business for us.
- b. It will take years of hard work to get units built.
- c. What other options do we have for our land? How does building housing compare subjectively and financially to other options?
- d. How does building affordable housing fit within our congregation's mission and values?
- e. Does our vestry agree with building affordable housing?
- f. Do we have the knowledge and skills to build affordable housing?

**2. How can we reduce gaps in our knowledge?**

- a. Do we have people with housing development experience in our church or elsewhere who can donate their talents or do we need to contract for:?
  - Real Estate people
  - Accountants
  - Architects
  - Financial analysts
  - Local, state or federal government housing experience
  - Urban planners
  - Businesspeople who own or manage apartments
  - Experience with Habitat for Humanity or other non-profit housing
  - Consultants who advise on housing
- b. Are there churches within the Diocese that can advise us? What churches have built affordable housing?
- c. Can the County or City government advise and/or partner with us?
- d. Can faculty at UCSD, SDSU, USD, Point Loma Nazarene, or other learning centers advise us?
- e. Should we partner with a developer.
- f. Should we hire an Owner's Representative to work with a developer?
- g. Who are affordable housing developers in our region?

### 3. Very Preliminary Analysis

- a. Is there a market for affordable housing on our land?
- b. How many units and how tall may my project be?
- c. What will it cost to build and manage?
- d. What will it cost to plan, design and get local approvals for my project?
- e. What market am I trying to serve?  
Very low, low, moderate-income families, individuals, elderly, homeless, students, military vets, disabled people? (What are the income definitions for very low, low, moderate-income families?)
- f. Is the project financially feasible? What can we do to make it feasible for lower income people to live in our housing?
- g. What's our business plan? What do our pro formas show?
- h. Will there be adequate cash flow to sustain, manage, and pay for routine as well as extraordinary expenses over a long period, 30 to 55 years?
- i. Will we need to pay union wages to build the project?
- j. What impact do union construction wages have on our project?

### 4. Local questions

- a. What does our current zoning allow?
  - How high can we build?
  - How many units can we build?
  - Can we get density bonuses for building affordable housing?
  - Will we need to rezone our property?
  - Have we factored in setback requirements and parking when figuring the maximum # of units that can fit on the site?
  - How do I calculate the number of parking spaces required and needed?
  - Can we develop a mixed-use project, a project with housing and another use such as commercial space or church functions in the same building?
  - Can we provide social services within the same building as the housing?
- b. Do we or will we have our neighbors' support for our project?
  - How do we earn our neighbors' support?
- c. Do we have local political leaders' preliminary support?
  - Mayor and City Council members?
  - County Supervisor?
  - Do we need labor union support?
  - Other important opinion leaders?
- d. What formal, local approvals will we need during the pre-construction process?
  - Design Review?
  - Planning Commission?
  - California Coastal Commission? Is our property subject to Coastal Commission review?
  - Will we need to analyze our project's environmental impact according to the California Environmental Quality Act (CEQA) to secure local approval for our project?

## 5. Financial Feasibility

How can we make the project affordable and feasible?

There are many financial devices such as land cost write-downs, tax credits, balloon payment loans, remaining redevelopment funds, funds from the Neighborhood Works program (formerly the Neighborhood Reinvestment Corporation), and lower interest loans that can also be linked to rent subsidy payments such as Section 8.

Financing will often require a combination of financing devices.

- HUD's 202 program funds housing for elderly people
- Low -Income Housing Tax Credits allow developers to claim a credit against their federal income tax liability for each qualified low-income unit. The amount of the credit depends on what state the property is located.
- Section 42 of the Internal Revenue Code provides tax credits for developers to build affordable units that meet the needs of low-income families.

Experienced affordable housing developers can work through the financing if they're interested in making a project happen on your property.

## 6. Where will we get funds for pre-construction and construction costs such as:

- a. Design and feasibility analysis
- b. Land appraisal
- c. Planning and processing plans through the city's approval process
- d. City fees before and during construction (inspection fees)
- e. Architects
- f. Lawyers
- g. Environmental analysis
- h. Neighborhood outreach and negotiations
- i. Infrastructure improvements such as roads, sidewalks, water and sewer connections, outdoor lighting, parking lots or structures, playing fields, and ???
- j. Traffic analysis
- k. Construction of the housing units
- l. Management of the units

## 7. Partnering for knowledge

- a. To answer many of the above questions do we want to partner with an owner's representative, a developer, a realtor, an architect?
- b. Do we want to contract with a developer through a Request for Qualifications (RFQ) process or a Request of Proposals (RFP) process?
- c. What type of partnership do I want to form?  
Active or passive?  
General? Limited Liability Companies (LLC)? Limited Liability Partnerships (LLP)?
- d. Who can advise us on types of partnerships?
- e. Who can advise us on how to get fair value for our land if we lease it to the developer in a partnership?

8. How can we minimize our financial risks and maximize our positive effects on affordable housing as well as financial benefits for our church?
- a. Who can help us analyze and answer this question?
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