

# **INFILL DEVELOPMENT IN A POST-REDEVELOPMENT WORLD**

**DOMUS DEVELOPMENT  
JANUARY 2014**

## EXECUTIVE SUMMARY

At the turn of the twenty-first century, the proposition to build dense developments in urbanized areas was little more than a novelty. Today, there is widespread recognition that infill development is not just a luxury to be enjoyed by a few urban dwellers but a necessity for regional vitality. This paper details how infill development touches the most critical components of civic life, including public health, environmental sustainability, transportation patterns, municipal infrastructure, housing, economic development, and social equity. If infill development plays such a critical role in the very fabric of our towns and cities, why do we not see more of it? The subsequent section details six critical factors that industry experts identify as barriers to infill development. Infill development is fundamentally more challenging than greenfield development. Infrastructure, such as sidewalks and utilities, presents significant uncertainties—and thereby unknown costs and liabilities to be mitigated. Local jurisdictions subject infill project proposals to onerous approval processes, and development impact fees are disproportionately high. Environmental scrutiny, particularly in California, is more pronounced for infill development. To successfully bring a project to fruition, the development team must assemble incredibly complex financial layering, often with public subsidies.

These numerous problems that infill development face became increasingly challenging in the wake of both the Great Recession and the statewide dissolution of redevelopment. Even in a climate with minimal private investment and public funding, these barriers to infill can be overcome through innovation, cooperation, and tenacity. These strategies include upgrading infrastructure, modernizing codes, remediating brownfields, fighting crime and blight, and revitalizing downtowns. Subsequently, five detailed case studies show how Domus Development has implemented these strategies in urban, suburban, and even rural communities. Each of these case studies provides evidence that the significant barriers to infill development can be overcome to create healthy, sustainable communities in towns and cities throughout the state. Councils of government across the state are already putting into motion plans to connect the growth of populations and jobs with transportation and infrastructure planning, paving the way for the private sector to build out homes and jobs centers in a symbiotic way. However, these unique and distinct regions cannot benefit from the economic recovery currently underway most efficiently and equitably without leveraging public financing for development projects. The conclusion of this paper describes the imperative to create and implement a reliable source of funding that can be implemented by local jurisdictions.

## THE IMPORTANCE OF INFILL DEVELOPMENT

In academia, public policy, and practice, there has been a marked shift towards an interdisciplinary approach to complex social, political, and environmental problems. In particular, numerous disciplines have come to recognize that sustainable communities are critical to the comprehensive health and well-being of neighborhoods. Creating sustainable communities addresses a number of issues and achieves a number of goals in improving the health, environment, transit, infrastructure, housing, economic development, and social equity of our regions. The hallmark of sustainable communities is smart growth development typified by infill development. The Governor's Office of Planning and Research defines infill development as "building within unused and underutilized lands within existing development patterns, typically but not exclusively in urban areas. Infill development is critical to accommodating growth and redesigning our cities to be environmentally and socially sustainable." Infill development provides a significant co-benefit in a wide array of key community development issues.

### ***Health***

Although genetics plays a key role in health, health outcomes are predominantly influenced by the environments in which we live. Public health experts have pointed to a number of environmental factors that influence health, but one of the key factors is walkability. Infill development not only promotes major factors like walkability, but also a number of closely related co-benefits. Mixed-use developments located within sustainable communities can offer opportunities for conveniently-located neighborhood-serving retail and on-site health and social services. Proximity encourages residents to walk to amenities, thereby increasing physical activity. Smart growth developments reduce vehicle miles traveled (VMTs), thereby increasing air quality. Furthermore, there are significant mental health benefits of developing within existing areas. Infill developments are typically closer to job centers and transit, which translates to an increase in free time. With more free time, people can spend more time preparing healthy meals, exercising, or engaging in activities that support mental health, thereby making us happier. As described in detail in a subsequent section, economists have studied the increased productivity, creativity, and innovation that happen within clusters of related industries. Strong social fabric results from clustering homes, jobs, and amenities, which in turn increase social capital.

### ***Environment***

Creating high-density infill housing and preserving existing affordable housing provides a critical alternative to greenfield or sprawl development. As populations in urbanized areas increase, the demand for land also increases. Since the mid-twentieth century, the prototypical development pattern has been outward growth from the

urban core of major cities. However, land is a severely limited commodity, and this continued pattern of development threatens precious agricultural land and open space. Smart growth development encourages urban areas to grow *up* rather than *out*. This is not just about efficient use of land for housing—this is about planning and creating complete communities. The model calls for clustering homes near job centers, transit, and amenities. The overall effect contributes to improved air quality and responsible stewardship of undeveloped land.

### ***Transit***

While attempting to commute during rush hour in any American metropolitan area, it becomes abundantly clear that dependence on a personal automobile will be utterly unsustainable in the near future. Certainly, there are a number of approaches that help reduce traffic, including bike commuting and the use of high-occupancy vehicle (HOV) lanes. Despite these alternatives, mass transit arguably remains the most effective option for moving people around urbanized areas. Transit-oriented developments (TODs) on infill sites are located near existing amenities, employment centers, and transit stations. Decreasing VMTs significantly improves air quality—the central goal of the California Global Warming Solutions Act of 2006 (AB 32). An often-overlooked co-benefit of TODs is the support they provide to existing transit systems. Like all transportation infrastructure (including the highway system), transit systems require subsidies, and TODs increase ridership—and revenue. This is particularly compelling for transit systems outside of the largest metropolitan areas, which sometimes struggle to maintain the transit lines that commuters rely on. Changing or discontinuing transit lines disproportionately affects low-income families. By increasing the number of TODs, we effectively support both low-income transit riders and transit systems.

### ***Infrastructure***

Infrastructure such as water mains, sewer lines, and power systems are established in a community when the area is first built out. This means that sprawl-style development has the newest infrastructure and established areas have the oldest infrastructure. Logically, greenfield development requires creating long, linear extensions of utilities, a burden borne partially or wholly by the municipality. New infill development and rehabilitation of existing stock shifts the burden of improving existing infrastructure to the developer. By encouraging infill development, a local jurisdiction relieves itself of the cost of new infrastructure while shifting the cost of maintaining infrastructure improvements to the developer. These co-benefits support municipal infrastructure through a whole host of improvements, such as renewing water and sewer systems, constructing sidewalks, installing streetlights, improving paths and transit stations. However, this remains an undue burden on infill developers, a topic discussed in detail later.

## ***Housing***

The Sustainable Communities and Climate Protection Act of 2008 (SB 375) guides regional councils of governments on the coordination of the Regional Housing Needs Allocation (RHNA) process with the regional transportation process. The RHNA dictates the quantity of housing production required for each jurisdiction. As discussed earlier, ever-increasing populations require continued development of housing units, and this is done more effectively by locating homes near jobs, and by growing developments up instead of out. SB 375 encourages the development of sustainable communities that are dense, walkable, transit-oriented, and, most importantly, infill.

## ***Economic Development***

Real estate developments leverage millions of dollars of investment and catalyze investment in an area. Greenfield development draws building activity and investment dollars out of established neighborhoods and into increasingly distant suburbs. Sprawl development has the unintended consequence of disinvestment in historic neighborhoods and the urban core. Conversely, infill developments reinvest dollars in established areas, revitalizing the surrounding area and encouraging additional investment. This type of investment has both hyper-local and macro-level benefits. At the community level, locating housing in established neighborhoods supports local small businesses and provides workforce housing near major employers. Economists studying the macro-economic shifts in such areas as the high-tech industry, creative class, and knowledge sector have consistently identified density as a key indicator in economic vitality and resilience. Areas that display dense concentrations of businesses and skilled labor—also referred to as clusters—show significant advantages in productivity, creativity, and innovation.

## ***Social Equity***

Infill developments encourage residents to stay in or return to urbanized areas. The investment of infill development dollars catalyzes more investment, and the purchase of goods and services in established neighborhoods supports local businesses. Dollars spent within an established community bolster the local economy. In large cities this translates to strengthening the cultural powerhouse of the city center, and in small towns this translates to supporting family-owned businesses on Main Street. Industries like healthcare and education thrive on population densities and falter as populations decrease. Fundamentally, it is not cost effective to close established schools and disinvest in hospitals in the urban core while opening new schools and creating medical parks in new suburbs. Ethically, it creates a serious imbalance in social equity. Infill development counteracts this pattern by supporting existing educational and health centers.

## **BARRIERS TO INFILL DEVELOPMENT**

Following the statewide dissolution of redevelopment, municipalities now must face the daunting challenges of maintaining the built environment without what has historically been their most critical financing tool. The built environment is comprised of many components, including land, infrastructure, and the buildings themselves. Land is a jurisdiction's most valuable physical commodity, but infill land in particular can be plagued by a number of issues including contamination, zoning, size, and suitability. Infrastructure is oftentimes a jurisdiction's most significant hidden expense. While civic benefits of transit, education, and public safety are at the forefront of budget discussions, infrastructure costs are often obscure. However, the costs to construct or maintain such esoteric items as stormwater systems and sewer lines are often expensive. In contrast, the most prominent components of town or city landscapes are the buildings themselves. It takes a considerable amount of investment to build and maintain the places where residents live, work, and play. In areas of high land value and a robust local economy, developers require less incentive to build; high returns on investment attract investors, and lenders are less likely to see investment in these projects as risky. In contrast, in areas where land values or the economic outlook is depressed, municipalities must invest to attract development to their communities. Scale is another issue for infill development. Larger swaths of land achieve economies of scale that increase the financial feasibility of a development. This is easily achieved in greenfield development. Economies of scale can also be achieved at large infill sites, such as closed military bases. Smaller scale infill sites remain the most pervasive development need in towns and cities of all sizes. Although it is certainly the most critical type of community development, neighborhood-scale infill development remains the most disproportionately challenging type of real estate development.

### ***Infill development is more challenging than greenfield development***

With the growing public awareness of the impact of smart growth development on everything from air quality to quality of life, a broad spectrum of business and civic leaders have become strong supporters of infill development. Even with this rising tide of support, the volume of infill development continues to lag behind more traditional models of real estate development. Simply put, infill development is significantly more challenging than traditional greenfield development. A number of factors contribute to the difficulty of infill development. Land cost per square foot in urbanized areas is generally higher than land in undeveloped areas. A sliver parcel that is nearly impossible to develop is still more expensive than a swath of land zoned for agricultural use. Moreover, the rate of return is incredibly high on former agricultural land subdivided and sold for low-density residential development. An added benefit of developing in agricultural areas versus urban areas is that cows do not sue. They do not organize Not In My Backyard (NIMBY) groups to rally at City Hall. Community resistance can be formidable in more populated areas. For infill to truly work, there must be strong political leadership to help constituents see the benefits of smart growth in their community. For infill to become more commonplace, political and civic leadership must provide incentives to make infill development not just feasible but desirable.

### ***Infrastructure in existing communities presents uncertainties***

In greenfield development, a developer must put in the entire suite of infrastructure required for the development. This includes transportation improvements (curbs, gutters, and sidewalks), “wet” utilities (water mains and sewer lines), and “dry” utilities (power and phone lines). One might assume that these costs would be diminished at an infill site. In many cases, the exact opposite is true. In urbanized areas, the existing infrastructure may not fit the intended use of the proposed development. More commonly, existing infrastructure is aged and requires extensive repairs. This uncertainty adds risk and increases costs.

As discussed earlier, infrastructure is an obscure topic. The general public is generally not aware of infrastructure until there are problems. When problems do arise, however, they can range from widespread inconvenience to serious threats to public health. If infrastructure is upgraded, then all residents and businesses benefit from the new infrastructure, not just the development.

### ***Entitlement process is onerous***

It is difficult to go through California’s extensive entitlement process in any jurisdiction for any type of development. The entitlement process requires a large number of detailed reports and analyses of the environmental, historic, and transportation effects of the proposed development, to name a few. These studies require such specialized expertise that entire cottage industries exist in California that do not exist in states with fewer regulations. Although many of these regulations protect people, property, and the environment, the hurdles that infill development faces are disproportionately higher and more numerous than sprawl development. This issue is compounded by the fact that General Plans and zoning are rarely updated in already urbanized areas. These older codes are based on decades-old models that often promote the mid-twentieth century sprawl that contemporary planners and infill developers want to counteract. Areas that once served a purpose for light or heavy industry, for example, may no longer serve that purpose. Although city leaders may have grand visions of mixed-use urban lofts in a former warehouse, impediments exist in codes and zoning that make the proposition too onerous for a developer to undertake. To overcome these hurdles, a developer would need to work with the local planning department to get variances in a multitude of areas such as zoning, parking, setbacks, height, etc. At infill sites, the already arduous entitlement process is further hampered by scrutiny that undeveloped areas generally avoid, such as studies and surveys related to environmental contamination, historic designation, archaeological findings, existing architectural patterns, and more.

### ***Impact fees are disproportionately higher***

Securing entitlements for infill properties requires more work than for greenfield sites. Accordingly, the markedly higher efforts of municipal staff correspond to markedly higher planning and building department fees. These are not the only fees assessed

disproportionately to infill development. When building in an area with existing services, fees are generally higher. Cities and counties have established fee structures meant to support existing municipal services, many of which are underfunded. Fee structures are often set exorbitantly high, as department heads at fire districts, public works, and school districts are motivated to exploit the fee structure for critical but underfunded services. These urbanized areas often have funding deficiencies both in services and infrastructure. Although roads and utilities already exist, the infrastructure in place may be deteriorating or insufficient. Undergrounding of utilities and upgrades to water mains, sewer lines, and roads are costly. Furthermore, infill development requires an added layer of complexity when taking into account nearby residences, businesses, and traffic. To upgrade utilities, municipal agencies must take into account a number of variable factors: working during daylight hours to not disturb residents; making accommodations to local businesses affected by reduced foot traffic or parking accessibility; and managing traffic by coordinating with the local transportation and public safety departments.

### ***Environmental scrutiny is more pronounced***

Environmental guidelines, most notably the California Environmental Quality Act (CEQA), pose a high standard for development in this state. However, it has become increasingly clear that the regulations meant to protect the environment actually discourage infill development with the unintended consequence of making development of undeveloped land easier. For greenfield development, factors such as traffic and noise require minimal or no mitigation. For infill development, these are significant factors that can and have prevented developments from happening altogether. The high uncertainty as far as CEQA challenges are concerned make infill development that much riskier.

In addition to CEQA issues, infill redevelopment sites often face issues that undeveloped areas do not. Civic leaders have spent decades trying to redevelop deserted industrial sites, former gas stations, abandoned railyards, and vacated military bases into vibrant areas near the urban core. However, these areas are often fraught with contamination and require costly remediation. In many cases, it is nearly impossible to get a comprehensive assessment of required remediation, and harder still to secure a bottomless funding source to fully address the problem.

### ***Financing requires complex layering***

Infill is laden with risk and uncertainty. Even if a development team and civic leaders can rally behind an endeavor, it is often a Herculean undertaking to secure funding from lenders and investors. Lenders are in the business of being risk averse, and the recent economic downturn has made banks and other financial institutions even more wary of risky deals. Although some investors are much less risk averse than lenders, these types of investors are looking for a return on their investment that often cannot be realized with projects located in tough

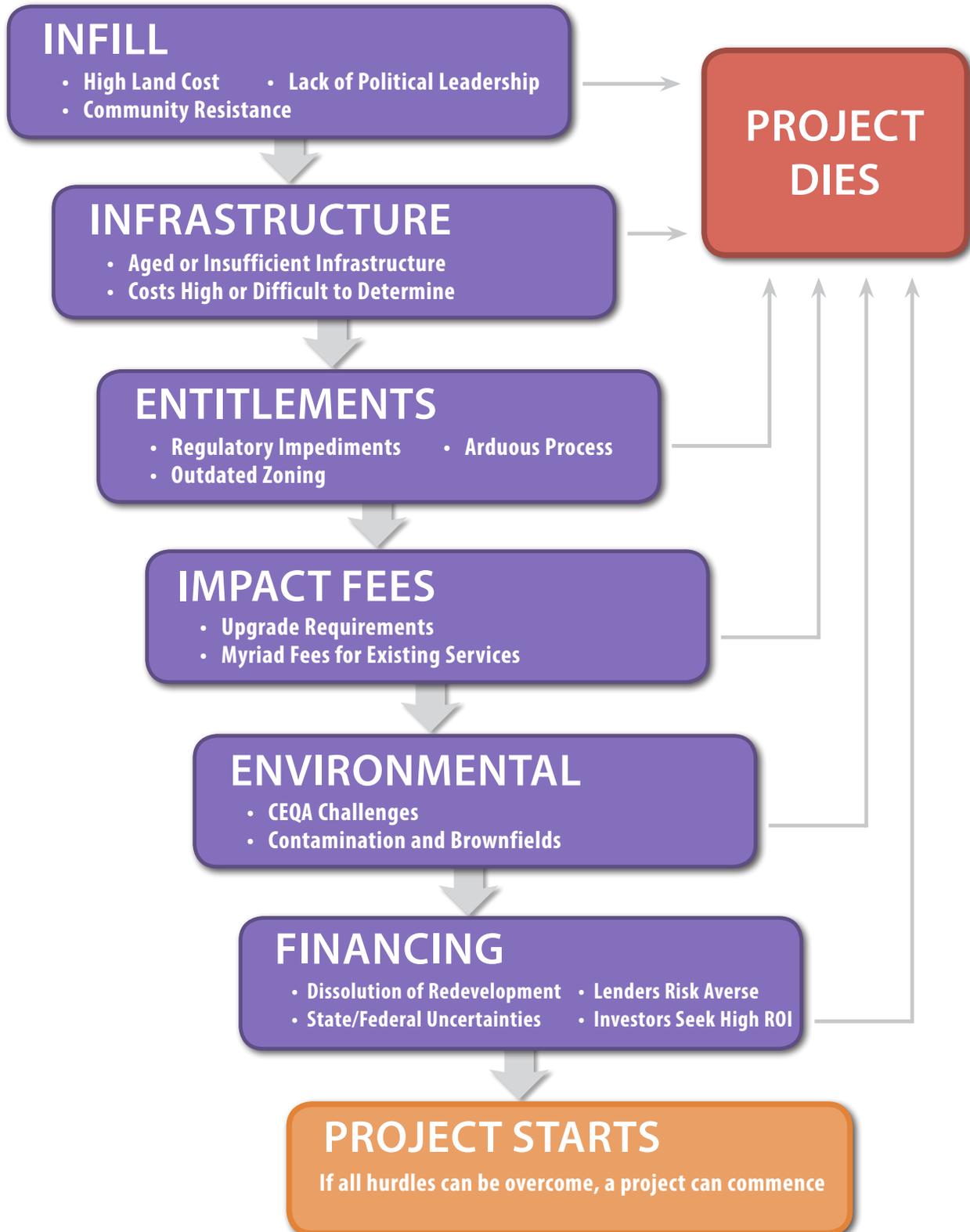
neighborhoods or on a smaller neighborhood scale. Funding regulations from local, state, and federal government agencies do not require high rates of return, if any at all, and they often offer below-market rate financing terms on loans. Nevertheless, uncertainty persists. The 2013 federal government shutdown and the California state budget crisis caused delays in the commitment and disbursement of funds. The statewide dissolution of redevelopment delivered the most significant hit to public financing for development. The effect of the dissolution of redevelopment cannot be understated. In the year since this took effect, a broad spectrum of stakeholders have been affected, including local jurisdictions, real estate developers, lenders, community advocates, civic groups, and nonprofit organizations. In the absence of local public financing as leverage—redevelopment funds, most significantly—many projects cannot secure the complete suite of financing needed to commence the project.

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## **BRINGING A PROJECT TO LIFE**

The redevelopment of infill sites is fraught with issues. A number of problems arise out of the very nature of infill development. While local jurisdictions may be supportive of a project, municipal impediments may still arise from infrastructure, entitlements, impact fees, and environmental conditions. Even if the development team and civic leaders can overcome the many hurdles, financing remains a primary concern, particularly in the communities that need infill development the most. The following chart provides a visual summary of the many barriers to infill development, and the following section provides five strategies for promoting infill development.

## BARRIERS TO INFILL DEVELOPMENT



## FIVE STRATEGIES IN A POST-REDEVELOPMENT WORLD

These five strategies are techniques that were utilized at one or more of the following case studies. Although redevelopment financing directly or indirectly contributed to each of the strategies listed below, each approach could be done without redevelopment dollars using ingenuity, innovation, and strong public-private partnerships.

### ***Upgrade Infrastructure***

In older, urbanized areas, existing infrastructure often requires upgrades. To promote redevelopment of infill sites, municipalities can make efforts to reduce the cost of such infrastructure improvements. At **Kings Beach**, **Siena Court**, **Temple Art Lofts**, and **La Valentina**, Domus Development worked closely with local jurisdictions and utilized a suite of complex financial layering to upgrade aged infrastructure in rural, suburban, and urban settings.

### ***Modernize Codes***

Development in **Kings Beach** required grappling with planning and zoning codes that dated back to the mid-20<sup>th</sup> century. Furthermore, the area was subject to two separate regulatory agencies spanning two states. This problem is not limited to just rural areas. In the heart of downtown Sacramento, development of **La Valentina** resulted in the adoption of the Planning and Development Code that replaced the nearly 50-year-old preceding document. Domus Development worked closely with both jurisdictions to update and implement new planning and zoning codes.

### ***Remediate Brownfields***

Brownfields are located all across the country, from coast to coast and from the Rust Belt to the Sun Belt. Re-envisioning a future for vacant and contaminated sites will be critical to moving our towns and cities forward. In partnership with the State of California and the Sacramento Housing and Redevelopment Agency, Domus Development completely remediated the **La Valentina** site, a contaminated brownfield due to a former auto repair shop. Domus Development also has plans to start construction on senior housing at a remediated former Union Pacific Railyard site in 2014.

### ***Fight Blight and Crime***

Civic leaders play a key role in fighting blight and crime in their communities. Residents and businesses cannot thrive in an environment where residents, employees, or customers do not feel safe. **Lincoln Court** benefited from Oakland's "Blight Law," and the development completed the transformation catalyzed by the city's efforts. This effort goes both ways. Fighting blight and crime attracts and encourages development,

and development can spur a reduction in crime and reinvestment in properties. At the **Temple Art Lofts** in downtown Vallejo, Domus Development is working with a coalition of artists and community members who are reclaiming the historic core, creating an Arts and Entertainment District that is revitalizing the local economy. Crime rates around **La Valentina** dropped from pre-construction rates, and new investment and development within a quarter-mile radius is underway.

### ***Revitalize the Downtown***

The development of **Temple Art Lofts** has gone hand-in-hand with greater downtown revitalization efforts that are underway. The City of Vallejo secured federal funding for streetscape improvements, a parking structure, and the multi-modal transit center that connects city residents to the ferry into San Francisco. The Dimond District in Oakland has flourished since the completion of **Lincoln Court**, and the historic Alkali and Mansion Flats neighborhoods in downtown Sacramento have seen a rise in investment since **La Valentina** broke ground. When a large condominium project floundered in Old Town Pittsburg, city leaders recruited Domus Development to transform an entire vacant city block into mixed-use senior housing at **Siena Court**. The key to success in each of these endeavors revolves around the close working relationships Domus Development builds with stakeholders. If efforts are made by community, civic, and business leaders to attract investment and development to their neighborhoods, infill development is possible.

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### ***Implementing the Strategies***

In the absence of redevelopment, there are a handful of ways municipalities and development professionals can support infill development. The majority of these interventions require funding, although these funds can come through the state or federal government. The following case studies utilized Proposition 46 and Proposition 1C bond financing through the State of California Department of Housing and Community Development, as well as both Home Investment Partnership Program and Neighborhood Stabilization Program funding through the U.S. Department of Housing and Urban Development. There are proposals to do a similar type of financing by drawing upon Cap and Trade funds. The notable exceptions to financial support and incentives are policy changes that can be implemented by local governments. In each of the case studies listed below, Domus Development worked in close cooperation with the local jurisdictions and community groups. In many cases more than one municipal entity was involved in financing and approvals. Public-private partnerships are critical in redeveloping infill sites.

## FIVE INFILL DEVELOPMENT CASE STUDIES

1

**LA VALENTINA | SACRAMENTO, CA**

*A Transit-Oriented Development in a Historic Downtown Neighborhood*

2

**KINGS BEACH HOUSING NOW | KINGS BEACH, CA**

*A Model for Rural Infill Development in the Lake Tahoe National Forest*

3

**SIENA COURT | PITTSBURG, CA**

*A Mixed-Use Development Revives a Historic Port Town*

4

**LINCOLN COURT | OAKLAND, CA**

*Senior Housing Fights Blight and Reclaims a Neighborhood*

5

**TEMPLE ART LOFTS | VALLEJO, CA**

*An Artist Community Revitalizes a Bankrupt City*



## LA VALENTINA

### *A Transit-Oriented Development in a Historic Downtown Neighborhood*



La Valentina is Sacramento's first true transit-oriented development and represents a public-private partnership between Domus Development, Sacramento Regional Transit, Sacramento Municipal Utility District, Sacramento Housing and Redevelopment Agency, and the City of Sacramento. The project has been honored with a number of awards, including the Gold Nugget Award for Best Sustainable Residential Development by the Pacific Coast Builders Conference, Best Infill Project by the Sacramento Business Journal, Transit-Oriented Development of the Year by Sacramento Regional Transit, and Blueprint Excellence Award by the Sacramento Area Council of Governments. La Valentina has been honored with these distinctions because it is an innovative model that provides a holistic community development solution. As an ambitious and progressive project, La Valentina was incredibly challenging to design, entitle, finance, and construct, but its successful completion sets a smart growth precedent for future development in the Sacramento Region.

Domus Development was selected by the Sacramento Housing and Redevelopment Agency to develop the site in 2007 and worked closely with neighborhood groups, the City of Sacramento, Sacramento Regional Transit, and the Sacramento Municipal Utility District to shape the project and bring it to fruition. The project is defined by two different sites: La Valentina North and La Valentina Station. La Valentina North was designed by award-winning architectural firm YHLA Architects, and La Valentina Station was designed by internationally-acclaimed David Baker + Partners Architects. Funding and in-kind support for La Valentina was

#### PROJECT SUMMARY

- Completed in 2012
- Studio, 1, 2, and 3 BD
- 81 Apartments and Townhomes
- 4,500 SF of Retail Space
- Transit-Oriented Development
- Near Net Zero
- Photovoltaic Panels
- Historic Neighborhood
- Remediated Brownfield



BEFORE: La Valentina site (c. 2010)



SACOG Blueprint Excellence Award



La Valentina North (left) and Station (right)

provided by these local agencies, as well as several state agencies including the California Tax Credit Allocation Committee, which restricts rents to be affordable for working families, and the California Pollution Control Financing Authority, which provided grant funding for the remediation of a highly contaminated brownfield. Ultimately, the brownfield remediation cost well over \$1 million and resulted in the removal of 4,600 tons of material over a 53-day period.

Once the brownfield remediation was completed, off-site work could commence. The development of La Valentina required the developer and local jurisdictions to upgrade significantly aged infrastructure in a neighborhood that traced its origins to the turn of the 20<sup>th</sup> century. Assembling parcels in the historic Alkali Flat neighborhood took the local redevelopment agency nearly twenty-five years to complete. As publically-held land, typical rules governing municipal rights of way did not apply. The title report did not accurately reflect the myriad of easements that ran through the property, and construction came to a temporary standstill when a signal light on 12<sup>th</sup> Street lost power. This caused significant issues for residents and commuters, as over 12,000 vehicles take this main arterial into the downtown every day.

Infill developments must also navigate complex and often out-of-date planning and zoning codes. La Valentina was no exception; indeed, it was the poster child. The development of the project required an unprecedented sixteen variances to increase density, reduce parking requirements, lessen setback requirements, increase height limits, and allow for ground floor commercial uses. A year after the project was completed, the City of Sacramento adopted the completed revised Planning and Development Code, which was modified, in large part, due to the planning and development process that La Valentina endured. The City staff's efforts earned them recognition by both the public and private sectors, and the revised code went on to receive prestigious awards by the Urban Land Institute and the Sacramento Area Council of Governments.

Although La Valentina faced many hurdles, the project has provided a model for revitalizing urban neighborhoods. Embracing smart growth principles, La Valentina was designed to promote the multiple benefits of walking, biking, and transit over the use of private vehicles, such as reduction of vehicle miles traveled, reduction of carbon emissions, better traffic management, improved public health, and even economic growth. The project pushes the boundaries of traditional transit-oriented

## MOVING EARTH



*Near Net Zero townhomes at La Valentina North*



*Kids enjoying the on-site after-school program*



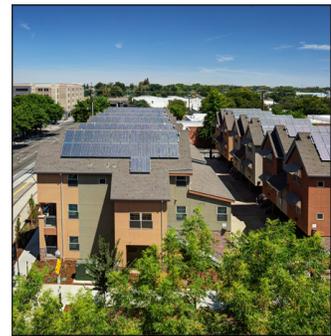
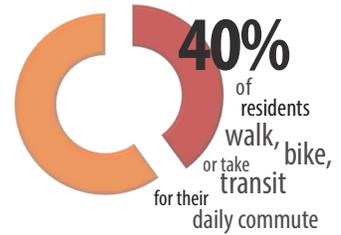
*Light rail passing by La Valentina Station*

developments by stimulating and promoting the use of a variety of alternative transportation modes. La Valentina increases population density and provides new destinations to support the transit system and local businesses. Further, the project increases the appeal of alternative modes of transportation by improving the sidewalk surrounding the rail station with innovative, thoughtful, and attractive aesthetic improvements. The project has spurred investment in the neighborhood. A law firm has announced plans to relocate their headquarters to the block adjacent to La Valentina, and there are plans to open an architecture school across the street. Finally, and perhaps most importantly, the development of La Valentina sought to create a sense of safety and security in the public realm when walking or waiting for public transportation. The local police department has noted a marked drop in crime from the start of construction in June 2010 to the grand opening in August 2012.

La Valentina has made a huge impact on the surrounding neighborhood, and the buildings themselves are aesthetically distinctive and are at the forefront of green technology and design. La Valentina North is home to Near Net Zero energy usage buildings, meaning that nearly 100% of the energy required by the residents and common areas is generated by the rooftop solar panels. The architects worked closely with the Sacramento Municipal Utility District (SMUD) to design buildings that exceed Title 24 by over 50%. The buildings are constructed with maximum thermal protection and have highly energy-efficient appliances and heating, ventilation, and air conditioning (HVAC) systems. The project acts as a case study for SMUD, with a goal of encouraging other developers to make the same commitment to energy efficiency. Like La Valentina North, La Valentina Station features Energy Star heating and cooling systems, energy-efficient appliances, low-flow toilets, and paint that does not contain volatile organic compounds (VOC). La Valentina Station includes a 50-kw rooftop photovoltaic system and exceeds Title 24 by over 25%.

La Valentina grew out of an assemblage of blighted parcels that lay vacant for decades and grew into a vibrant transit village in the heart of Sacramento's urban core. The construction of La Valentina created over 300 jobs, catalyzed the economic revival of a deteriorating neighborhood, provides high-quality, affordable homes, protects the environment through high-density infill building and green building methods, and was completed through innovative public-private partnerships.

#### GETTING AROUND



*Photovoltaic panels atop La Valentina North*



*State-of-the-art, energy-efficient apartments*



*Sacramento's first true TOD*

## KINGS BEACH HOUSING NOW

### *A Model for Rural Infill Development in the Lake Tahoe National Forest*



Kings Beach Housing Now is the first deed-restricted affordable workforce housing project ever entitled and constructed in the world-renowned Lake Tahoe Basin. The project has been honored with a number of awards, including the Green Building Super Heroes Award by the U.S. Green Building Council, the Best in Basin Award by the Tahoe Regional Planning Agency, and the Gold Nugget Judges Special Award of Excellence for Outstanding Responsive Design in Addressing Special Needs by the Pacific Coast Builders Conference. Kings Beach Housing Now has been honored with these distinctions because it addresses and improves every facet of life in Kings Beach, California. Low-income workers and families who previously lived in substandard and dilapidated housing now have safe and energy-efficient places to call home. Additionally, the green, higher-density apartments at Kings Beach Housing Now decrease negative impacts on the environment while reusing infill land, thus preserving the Tahoe Basin's beautiful open space. Furthermore, the project boosts the economy by linking people closer to jobs, goods, and services, and the completion of these buildings answers a community's desperate call for affordable, sustainable housing.

Building in the Tahoe Basin was no small feat. The majority of the existing residences date back more than fifty years, as did the codes that governed planning and zoning. The town of Kings Beach was subject to overlapping and sometimes contradictory regulations under Placer County and the Tahoe Regional Planning Agency. As the oldest urbanized area in the

#### PROJECT SUMMARY

- Completed in 2012
- Studio, 1, 2, and 3 BD
- 81 Family Apartments
- Rural Infill Development
- Scattered Sites Project
- Certified LEED Silver
- HCD Infill Infrastructure Grant
- Replaced uninhabitable dwellings
- Prompted code overhaul



*Location Map of Kings Beach, California*



*Beautiful, world-renowned Lake Tahoe*

Lake Tahoe Basin, development at Kings Beach was subject to standards adopted in the middle of the last century. Domus Development worked closely with both jurisdictions to update and implement new planning and zoning codes. Placer County updated their planning and zoning codes, and the Tahoe Regional Planning Agency adopted an overhauled Code of Ordinances that took effect in 2012.

Because outdated and onerous planning and zoning standards discouraged development, most of the workforce in and around Kings Beach lived in housing that was well over fifty years old. Many of these dwellings were not designed for long-term occupancy, including converted hotels, summer cabins, and travel trailers. Dwellings often lacked basic necessities for heating, food preparation and storage, and sometimes even lacked running water. The dilapidated and substandard living conditions contributed to a variety of health and welfare issues. Area service providers attributed a number of social issues to this substandard housing, including domestic violence and depression. Nearly one-quarter of all households lived in seriously overcrowded conditions of three or more people per bedroom. Kings Beach Housing Now addresses several health and welfare issues by offering safe, high-quality housing, large units to accommodate families, and on-site resident services provided by the North Tahoe Family Resource Center (NTFRC). The NTFRC offers a wide variety of services including group exercise, parenting classes, and nutrition and health-centered classes.

Kings Beach Housing Now is arguably the foremost model for best practices in sustainable rural infill development. Through the application of smart growth principals, this project contributes protects a full spectrum of community and environmental benefits. High-density housing allows for a high concentration of residents in close proximity to public transit, bicycle routes, existing amenities, and employment centers. Providing residents with alternative transit options helps to alleviate traffic congestion, reduce auto-related emissions, and improve air quality. Additionally, residents who can now to walk or bike to their daily destinations can live healthier and more active lifestyles. Mobile sources of pollution, mainly motor vehicles, are one of the most significant sources of pollution in Lake Tahoe. Water clarity in Lake Tahoe is declining at a rate of one foot per year, but Kings Beach Housing Now is designed to combat the practices that previously allowed such pollutants to enter the lake.

The design of Kings Beach Housing Now took unprecedented steps to



*BEFORE: Previous living conditions in Kings Beach were dilapidated and unsafe*



*AFTER: Safe, high-quality, energy-efficient housing for the workforce and their families*

improve infrastructure in the oldest urbanized area around Lake Tahoe. With an Infill Infrastructure Grant from the California Department of Housing and Community Development, Domus Development was able to work in concert with local jurisdictions to improve the environmental and scenic quality of the six sites by handling on- and off-site stormwater runoff, removing blighted structures, undergrounding utilities, adding streetscape improvements, and using native landscaping to restore, strengthen, and enhance the sites. Pine needles were used as natural mulch, and a living green fence was planted in place of traditional fencing wherever possible. The project included area-wide erosion source controls, and a stormwater detention basin was built to manage 100% of on-site stormwater, as well as runoff from adjacent county roadways. Furthermore, the design minimizes impervious surfaces to improve stormwater infiltration and safeguard this environmentally sensitive area.

Kings Beach Housing Now is a LEED Silver project that includes a number of green site design features. The nine building structures include several energy-efficient components and were constructed in a method of heightened environmental compatibility. Interior green building features include energy-efficient appliances, low-flow bathroom fixtures, low-VOC paint, and recycled and non-emitting finishes and materials such as insulation, interior doors, and flooring. Additionally, the HVAC systems were designed and sized per actual load calculations, and the ductwork and systems were independently verified. Exterior green features include a stormwater detention basin that naturally filters 100% of on-site stormwater, drought-tolerant landscaping without the use of conventional turf, and high-efficiency drip irrigation systems with moisture sensors. Exterior lighting was designed to limit light pollution, and sound-blocking energy-efficient windows were used throughout. During construction, the project employed temporary Best Management Practices (BMPs) to combat development-related erosion. Post-construction permanent BMPs for additional erosion control are now in place to keep sediments and pollutants out of Lake Tahoe. Perhaps most importantly, the dense design of the buildings allowed for the reduction of overall land coverage on certain sites.

Kings Beach Housing Now serves as a model for redeveloping infill sites even in rural areas. The land use and building practices employed in the development and construction of this project can serve as a model for other communities across the state.



*Residents benefit from the energy-efficient features during Tahoe's cold, snowy winters*



*The activity room offers residents 24/7 access to computers, books, games, and other amenities*



*On-site stormwater management systems and BMPs ensure pollutants stay out of Lake Tahoe*



*Kings Beach Housing Now was awarded the U.S. Green Building Council's Green Building Super Heroes Award in 2013*

## SIENA COURT

### *A Mixed-Use Development Revives a Historic Port Town*



Siena Court Senior Apartments is a mixed-use project in Downtown Pittsburg, California that represents a comprehensive public/private partnership to revitalize an area decimated by the Great Recession. Located along the main arterial connecting Highway 4 to the waterfront, the development filled a key vacant parcel in Old Town, providing homes, jobs, and social services in the city center. Siena Court consists of 110 affordable senior apartments, a senior center with services, and approximately 10,000 square feet of ground floor retail along a key commercial corridor. The significant undertaking at Siena Court also represents the swan song of redevelopment efforts in Pittsburg. The City of Pittsburg Redevelopment Agency leveraged over \$21 million in state and private investment with \$10.5 million in redevelopment funds to bring Siena Court to fruition.

Siena Court is a transformative public/private partnership that was financed and constructed under extraordinarily challenging circumstances. During the period of economic expansion, the City of Pittsburg Redevelopment Agency took on bold efforts to revitalize historic Old Town Pittsburg. Three full city blocks in the heart of the downtown were prepared for a mixed-use, multi-phased development of market rate condominiums along Railroad Avenue, the main arterial which once contained railroad tracks that led to the industrial port. During the subsequent economic downturn, the original developer of this ambitious endeavor defaulted on their loans, and the bank foreclosed on Phase 1 at 80% completion. The developer then abandoned the two remaining sites and their plans to complete the remaining phases. The city was left with a partially completed

#### PROJECT SUMMARY

- Completed in 2011
- Studio, 1, and 2 BD
- 111 Senior Apartments
- 10,000 SF of Retail Space
- Extensive Green Roof
- HCD Infill Infrastructure Grant
- First Award of 9% Low Income Housing Tax Credits in City's History
- Public-Private Partnership



*BEFORE: Siena Court site (c. 2009)*



*Prime ground floor retail along a key corridor*



*An independently-owned pharmacy is conveniently located on the ground floor*

building and two full city blocks vacant in the heart of downtown Pittsburg. The city had already been particularly hard-hit by a declining commercial presence in the city core and the fall of the housing market, which resulted in a high number of foreclosures and displaced former homeowners.

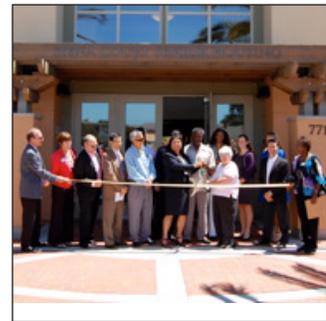
With support from a variety of public funding sources, Domus Development created a distinctive mixed-use development with neighborhood-serving retail and services that includes the relocation of City Center Pharmacy from the city fringes to the heart of Old Town. The project leveraged significant investment in private equity through the city's first award of highly competitive federal 9% Low Income Housing Tax Credits. Additional public funding came from both the state and local jurisdiction through the Proposition 1C Infill Infrastructure Grant program and the City of Pittsburg Redevelopment Agency. In addition to creating homes and storefronts, the Siena Court project created approximately 500 jobs during a period when national unemployment rates soared. Due in large part to the Infill Infrastructure Grant program, the project features a variety of amenities such as new sidewalks, street trees, drainage and landscape improvements, and a number of energy-efficient systems.

Siena Court addressed the urgent need for both senior housing and investment activity in Old Town Pittsburg. The property attracted residents to the area from all over the map, from the East Bay to the East Coast. Exceeding expectations, 100% lease-up was achieved within ninety days. In addition to providing affordable housing, the project provides comprehensive social services to low-income seniors, including educational, recreational, and computer classes, as well as case management.

Siena Court benefits more than just its residents. Notably, the property has over 3,800 square feet of community space, which includes a library and reading room, fitness center, landscaped public plaza, bocce court, common courtyard, detached two-level parking structure with a green roof, and neighborhood-serving retail space along Railroad Avenue. The project exhibits significant environmental benefits, including 100% stormwater detention through the use of a complex bioswale system, permeable pavers, and an extensive green roof over the parking structure. Siena Court successfully delivered senior housing solutions and achieved its goal of community revitalization with local and regional benefits.

### WHAT IS IIG?

The Infill Infrastructure Grant (IIG) program was funded with the passage of Proposition 1C, also known as the Housing and Emergency Shelter Trust Fund Act of 2006. Proposition 1C was part of a suite of four ballot initiatives put forth for a range of public works projects, including transportation, housing, education, and flood control. The California State Department of Housing and Community Development administers this program, as well as the closely-related Transit Oriented Development (TOD) program. Siena Court received nearly \$5 million in IIG funding.



*The City of Pittsburg and the State of California were integral partners*



*Seniors have access to great on-site amenities*

# LINCOLN COURT

## Senior Housing Fights Blight and Reclaims a Neighborhood



Lincoln Court provided a solution to address persistent crime issues and the plight of frail seniors in Oakland. The project was a finalist for the highly competitive Best Affordable Residential Project by the San Francisco Business Journal. Lincoln Court was recognized for this distinction and championed by community leaders like Mayor Jean Quan because it replaced a blighted property with a neighborhood gem.

A motel that was notorious for illicit drug use, crime, and prostitution activity for over twenty-five years formerly occupied the site. The former motel was demolished as the result of a lawsuit brought against the hotel’s owner by the City of Oakland under the Public Nuisance Act. The removal of the hotel marked a significant improvement to the neighborhood, but it also increased the scrutiny of any forthcoming development at the site. Over the course of a year, Domus Development held nearly a dozen community meetings. This dedication to community input has remained one of the company’s hallmarks.

Earnest and responsive community engagement played a critical role in helping the project move forward. The project required a parking variance, a conditional use permit for the community space, and a CEQA exemption. Although the project required significant review by governing agencies, the complete planning and entitlement process was done in six months. This remains remarkably quick for an affordable housing development in Oakland, and both community engagement and strong political support played a key role in the project successfully navigating the process. Domus

### PROJECT SUMMARY

- Completed in 2007
- Studio, 1, and 2 BD
- 82 Senior Apartments
- 4,500 SF Community Center
- On-Site Supportive Services
- Photovoltaic Panels
- HCD Multifamily Supportive Housing Program



BEFORE: Property occupied by crime-ridden motel



Energy for all of the common areas is generated and supplied by rooftop photovoltaic panels



Landscaped central courtyard with city views

Development formed a partnership with then-City Council Member Jean Quan and the highly-respected nonprofit Self Help for the Elderly to create a development that would reclaim the site and support aging seniors. The resulting project resulted in an unprecedented 30% drop in crime.

The team set out to create a distinctive project and approached the building design with dual goals of livability and sustainability. The building has double-loaded corridors and abundant natural light and ventilation. Rooftop photovoltaic panels generate 100% of the energy needed for the common areas. Lincoln Court also has a landscaped central courtyard, providing residents with open space and views. A year after the project opened, two residents who met and fell in love at Lincoln Court celebrated their wedding in the picturesque courtyard.

Creating such a singular development was neither cheap nor easy. The project received a significant boost through Proposition 46 funding for the Multifamily Housing Program (MHP) administered by the California Department of Housing and Community Development. Lincoln Court was the first deed-restricted supportive senior housing ever built in the City of Oakland. The project provides 82 units of housing for seniors, and fully one-third of the residents were at-risk of homelessness or significantly disabled to the point of qualifying for in-home care.

Residents benefit from on-site supportive services provided by Self Help for the Elderly, allowing them to age in place gracefully. Neighborhood residents are also welcome to participate in the many classes and activities that take place in the 4,500 square foot community center. Lincoln Court has revitalized Oakland's Dimond District by transforming a neighborhood nuisance into a community treasure.



Seniors enjoying Fun 'N Fit and Tai Chi classes

### **WHAT IS MHP?**

The Multifamily Housing Program (MHP) was funded initially with the passage of Proposition 46 (the Housing and Emergency Shelter Trust Fund Act of 2002), and then later through Proposition 1C (the Housing and Emergency Shelter Trust Fund Act of 2006). The program is administered by the California State Department of Housing and Community Development. Lincoln Court received \$5.7 million in MHP funding.

## TEMPLE ART LOFTS

### *An Artist Community Revitalizes a Bankrupt City*



Temple Art Lofts is a mixed-use community of artists in the heart of downtown Vallejo, California. Completed in April 2013, the project has already been honored with a number of awards, including a Preservation Design Award by the California Preservation Foundation and a J. Timothy Anderson Award for Most Advanced Financial Structure Finalist by the National Housing and Rehabilitation Association. This project has been recognized with these distinctions because of the significant impact Temple Art Lofts has made in Vallejo's Arts and Entertainment District through the historic preservation and adaptive reuse of two landmark buildings.

In 2008, Vallejo became the first major U.S. city to declare bankruptcy. The following year, two historic buildings slated for development as a market rate condominium project went into foreclosure. Domus Development salvaged both properties out of foreclosure and successfully placed both buildings on the National Register of Historic Places. The former Masonic Temple (1917) and the historic City Hall (1872) are now home to 29 artist live/work lofts, an art studio, a grand performance hall, and over 6,000 square feet of ground floor retail space.

Temple Art Lofts grew out of the renovation, preservation, and adaptive reuse of these two historic buildings that were seriously damaged and dilapidated. Sitting vacant for years in an economically depressed city left the once-grand edifices inhabited solely by birds and pests. Thieves had stripped anything of value from the buildings. The basement had extensive

#### PROJECT SUMMARY

- Completed in 2013
- Studio, 1, and 2 BD
- 29 Live/Work Lofts
- 6,000 SF of Retail Space
- Grand Performance Hall
- 1872 City Hall and 1917 Masonic Temple
- Listed on the National Register of Historic Places in 2013
- HUD Neighborhood Stabilization Program



*Masonic Temple (c. 1935)*



*Masonic Temple, 1954 parade along Virginia St.*



*Foreclosed Masonic Temple in disrepair (c. 2010)*

water damage, and the roofs were not structurally sound. The renovation of the buildings included repairing extensive damage, reconfiguring spaces into residences, and preserving historic fabric. The grand ballroom was divided into spacious lofts, and areas that were once home to City Hall offices became distinctive apartments. The exteriors are indistinguishable from their original appearance from a century ago. The construction even preserved ornate details typical of the Neoclassical-style Masonic Temple and the Italiante-style City Hall. This significant construction project was made possible through a suite of public subsidies and completed by an award-winning team that included YHLA Architects and Brown Construction.

The project went through extensive approvals by the Vallejo Architectural Heritage and Landmarks Commission, Vallejo Housing and Redevelopment Commission, Vallejo Planning Commission, Vallejo City Council, Solano County Board of Supervisors, California State Historic Preservation Office, and National Parks Service. Temple Art Lofts was made possible through incredibly complex financial layering which included Low Income Housing Tax Credits, Historic Tax Credits, Tax Exempt Bond Financing, Neighborhood Stabilization Program funds, Community Development Block Grant, Home Investment Partnership Program, and redevelopment funds from Solano County and the City of Vallejo.

The development team and the dynamic residents of the Temple Art Lofts have inspired reinvestment in downtown Vallejo. Domus Development has been working with the City of Vallejo and the Vallejo Community Art Foundation to help realize the vision for an Arts and Entertainment District downtown. In a few short months, Temple Art Lofts residents have made a huge impact on the community in downtown Vallejo. A few blocks from their homes, Temple Art Lofts residents are playing a key role in reinvigorating the historic Odd Fellows building. One resident is the curator of the Vallejo Art Windows project, and another resident worked with children living in the building to create and display murals on-site. Since beginning development of the Temple Art Lofts, a coalition of art-focused activity has been rising in Vallejo. A broad-based coalition of grassroots organizations, business interests, and civic groups have come together to create a true Arts and Entertainment District within the heart of downtown Vallejo. Temple Art Lofts is at the geographic and metaphorical center of this endeavor.



*Unique live/work loft in the Temple building*



*Original marble entry with the Masonic emblem*



*Grand performance hall*



*Mingling in the residents' pop-up art gallery*  
*Photo Credit: Sean Murdock*



*Temple resident teaching art classes for kids*  
*Photo Credit: Vallejo Times-Herald*

## PROJECTS UNDER DEVELOPMENT

Domus Development has a number of projects under development that build upon the company's demonstrated commitment to smart growth, green building, and social equity. These projects employ each of the five strategies detailed earlier: upgrading infrastructure, modernizing codes, remediating brownfields, fighting blight, and revitalizing the downtown. All are infill sites, and most of those are on parcels under an acre in size. Several projects will upgrade existing infrastructure. The design of many forthcoming projects pushes the envelope on outdated codes while remaining true to the neighborhood character. One is being built on a remediated brownfield, and one is transforming a hotspot for crime into safe family housing. All projects are located near transit, and most are transit-oriented developments. Each development will offer on-site social services, and every property is located near amenities like parks, schools, and grocery stores. For more information, visit [www.domusd.com](http://www.domusd.com).



## REDEVELOPMENT IN A POST-REDEVELOPMENT WORLD

Infill development is the critical strategy in moving regions through the 21<sup>st</sup> Century. Infill development has a whole host of co-benefits to health, environment, transit, infrastructure, housing, economic development, and social equity. However, the barriers to infill development—the cornerstone of smart growth—are extensive and complex. Redevelopment of infill sites can be promoted through a variety of ways, but the most significant tool to achieve infill development was destroyed with the dissolution of redevelopment. This key point cannot be understated: each of the case studies described here would not be possible without redevelopment funds. In the continued absence of tax increment financing, it is imperative for elected officials, advocates, real estate developers, and stakeholders from all disciplines to support an alternative permanent source of public financing.

In addition to creating homes and jobs, a permanent source of financing directly and indirectly benefits a number of critical components of community development, including small businesses, public health, and public safety. Further, this permanent source evens the geographic playing field. Macro-economic systems favor urban areas, populous cities like Los Angeles and San Francisco, and California's coastal areas. Left to their own devices, the economic divide between urban and rural areas, large cities and small towns, and coastal versus inland areas will be exacerbated. The longer the state of California goes without a permanent source of financing to replace redevelopment, the greater the likelihood that these economic divides will become insurmountable. Moreover, the entire state will miss opportunities to gather momentum from the economic recovery currently underway. The losses will not just be felt locally and regionally. The entire state of California stands to lose on the national scene if public financing cannot effectively leverage private capital with local investment.



## ABOUT US

### **DOMUS DEVELOPMENT**

#### **CREATING EXTRAORDINARY HOMES, BUILDING STRONG COMMUNITIES**

At Domus we have spent over a decade creating and preserving affordable housing and innovative infill mixed-use projects. In fulfilling our mission, we are committed to using our development expertise and creativity to finance and build attractive, well-designed assets that promote economic and community prosperity. Domus firmly believes in the importance of collaboration between the public and private sectors in order to create the highest quality product. We seek the broad support of community organizations and concerned neighbors during the early phases of project development to ensure a successful project. We endeavor to create sustainable communities that enhance the living experience of our residents while equally benefiting the neighborhood and the environment.

### **MEEA KANG**

#### **PRESIDENT AND FOUNDER, DOMUS DEVELOPMENT**

Meea Kang is president and founder of Domus Development. She revitalizes underutilized properties by improving infrastructure, involving communities in the planning process, creating public-private partnerships and assembling complex, layered financing. Her career has given rise to over 2,000 units of affordable and market rate housing and over 60,000 square feet of commercial space.

Ms. Kang is a frequent lecturer on infill, promoting high quality transit-oriented, mixed-use, and mixed-income housing. She is a founding board member and past president of the California Infill Builders Federation. She has been honored with many distinctions, including Sacramento Business Journal Woman of the Year, Sacramento Housing Alliance Housing Innovator of the Year, Northern California Real Estate Woman of Influence, and Sierra Business Council's Visionary 2020. Ms. Kang earned a Masters of Architecture from UC Berkeley and a Bachelor of Fine Arts from Cornell University.

### **BERNADETTE AUSTIN**

#### **PROJECT MANAGER, DOMUS DEVELOPMENT**

Bernadette Austin is responsible for managing the development, financing, construction, and commercial leasing of residential and mixed-use properties. Prior to joining Domus, Bernadette worked in development finance at the Sacramento Housing and Redevelopment Agency. During her career she has created and preserved 1,500 housing units and 20,000 square feet of commercial space.

Ms. Austin is Chair of the Parks and Community Services Commission for the City of West Sacramento and is an active member of the Urban Land Institute. Ms. Austin earned a Master of Science in Community Development from UC Davis and a Bachelor of Science in Community Health from Saint Mary's College of California.