



## Sustainable supportive housing

NEW CONSTRUCTION | MULTIFAMILY RENTAL | SINGLE-ROOM OCCUPANCY

### Innovative construction provides haven

Chiles House is a 17,000 sq. ft. building with 27 housing units and 2 ground floor flex spaces. The building is five stories – four full floors and a tuck-under “basement” that takes advantage of the natural north-to-south slope of the site.

The unit types include studios (18), one-bedrooms (7), and two-bedrooms (2). In addition, the building has communal amenities such as a laundry room, a storage room, a designated trash room, a decontamination room (for bed bugs), an elevator, and a community room. There is also ample outdoor space including a “grand” stair in the interior shared courtyard.



**\$6.4M**  
 TOTAL DEVELOPMENT COST

**27** AFFORDABLE RESIDENTIAL UNITS

**\$500** STARTING MONTHLY RENT

**2** GROUND-FLOOR FLEX SPACES

### PROJECT TIMELINE

DISCERNMENT:  
3 YRS.

DEV. NEG.: 1 YR. PRE-DEVELOPMENT:  
4 YRS.

CONSTRUCTION:  
2 YRS.

LEASE:  
1 YR.



## DEVELOPMENT MODELS, TEAM, ROLES

### ALTERNATIVE MODELS

#### Working with Development Consultants

Common development models include:

- Leverage land as project equity – bring the value of the land into the deal as your equity contribution
- Subdivision / co-location – split a larger site into smaller parcels
- Long-term ground lease – select a developer while retaining long-term ownership and financial benefit
- Interim uses – can inspire and shape the permanent development
- Sale with stipulations – provides equity for HOW; can be combined with lease-back for HOW uses

A less-common approach is to hire a development consultant, often called a *fee developer* arrangement. In the development consultant model, the house of worship retains all the risks and rewards of development while paying a developer a fee to manage the process.

**SISTER  
CITY IS...**



Catholic Charities of Oregon has a wealth of experience as a developer and co-developer of affordable housing and other related projects. For Chiles House – a smaller project with innovative and untested project goals – Catholic Charities opted to contract development services to a third-party developer on a fee basis.

In this model, Catholic Charities provided the pre-development funding, equity, and project guarantees. The development consultant managed the pre-development and development processes, navigating the community engagement and entitlement processes and managing design and construction consultants, and ensuring compliance with lenders and other funding sources.

In return, Catholic Charities retained 100% ownership in the project and future proceeds while capping development costs to a pre-negotiated fee.



## SELECTING THE DESIGN TEAM / CONCEPT

### FINE TUNING

#### Mission-Informed Design Solutions

Located in SE Portland, Oregon, Chiles House helps close a hole in Portland's social safety net and fill a critical need for the growing number of Catholic Charities of Oregon's clients who find themselves houseless or at imminent risk. Chiles House offers 27 highly affordable apartments for those whom rapid recovery from homelessness, or prevention of chronic homelessness, is paramount.



*"We can't only help people in real urgency; we need to prevent the urgency." – Rose Bak, chief program officer at Catholic Charities of Oregon*

Achieving this project mission provided an opportunity to think innovatively about the specific needs of the population the project serves. Several design concepts evolved from conversations with service providers and prospective residents:

#### COMMON AREAS

The design of the public areas of the building focused on addressing two needs: safety and community-building. Trauma-informed design includes daylit, open-air stairs and corridors with no hidden or fully-enclosed areas. At the ground floor, the main staircase is designed as a social amphitheater / communal space.

#### RESIDENTIAL UNIT DESIGN

A new category of residential unit size, dubbed single-room-occupancy plus (SRO+), was devised to meet residents' needs. These are compact residences with in-unit bathrooms and half-galley kitchens for resident autonomy, privacy, and safety.



## GREEN BUILDING AND RESILIENCE

### HAVING IT ALL

#### Green Building Innovations Improve Sustainability and Quality

Chiles House was built using an emerging construction method known as “mass timber,” or more specifically, “cross-laminated timber” (CLT). CLT is wood construction panels, typically up to 15’ wide by 60’ long, made up of multiple layers of boards glued together with each layer at a 90-degree angle to the layer below. The panels are supported by wood columns and beams.



For Chiles House, using CLT provided significant benefits:

- **Faster construction time:** the initial project schedule was reduced, and the project was completed ahead of that schedule
- **Sustainability:** CLT enabled the project to achieve Passive House certification, the most stringent energy efficiency standard
- **Quality:** Chiles House is significantly higher quality construction than stick-framed wood construction that’s typically used for projects of this size
- **Safety:** CLT offers a higher fire rating than stick-framed construction
- **Comfort:** with better sound ratings and exposed-wood interior finishes, CLT helps create spaces that feel more comfortable and inviting

In addition to CLT, the project team used high-quality windows, cool roofing, high-efficiency HVAC systems, and other design selections to maximize building performance and reduce utility costs. Grand funding was secured for the photovoltaic array.



## PROFORMA DEVELOPMENT

### TAKING IT STRAIGHT TO THE BANK Alternatives to LIHTC Funding

Since the 1970’s, LIHTC has been one of the most effective funding tools available to deliver affordable housing in the US. But there are some drawbacks to funding projects using LIHTC:

- **LIHTC is competitive:** 9% LIHTC funding, providing up to 70% subsidy, is highly competitive – demand significantly exceeds available funding
- **LIHTC takes time:** The LIHTC process adds significant time (and related expenses) to a project’s schedule
- **LIHTC is inflexible:** LIHTC funding requires specific affordability targets to be met and maintained over a 15-year compliance period, during which the project’s use, configuration, affordability requirements, and ownership are locked in

For the 27-unit Chiles House, with a total development cost of \$6.4M, the project team elected to bypass the LIHTC subsidies and complete the project using bank financing. Bank-required equity was provided through a mix of direct funding by Catholic Charities of Oregon combined with a project-specific fundraising drive.



By eschewing LIHTC funding, Catholic Charities was able to complete the project in less than half the time of a typical affordable housing project. While a 15-year compliance period would not normally be an issue for a long-term owner, Catholic Charities retained the flexibility to adapt the program as needed over time while still meeting the over-arching mission of supporting affordable housing in the community.

Enterprise Faith-Based Development Initiative Case Study: **Chiles House**  
 Portland, OR | Multifamily New Construction

SUMMARY

Partners	Faith-based organization (FBO): Catholic Charities of Oregon Development consultant: Sister City
Partnership model	Self-performed by FBO, with fee development consultant
Key consultants	Architect: All Hands Architecture General Contractor: Truebeck Construction
Context	Small urban infill site owned by the FBO, in close proximity to other properties and resident support services provided by the FBO. Project mission is to help prevent Catholic Charities' clients and other Portland residents from slipping into homelessness
Project summary	27-unit affordable apartment building: 18 studio units, 7 one-bedroom units, and 2 two-bedroom units
Key amenities	Trauma-informed design of circulation spaces; 2 ground-floor flex spaces; amphitheater-style social staircase at ground floor
Total Development Cost	\$6.4M
Financing sources	Beneficial State Bank; Catholic Charities of Oregon; private donors
Ownership	100% owned by FBO
Developer fee & cash flow	Fee-based development consulting services; all cash flow to FBO
Guarantees	FBO
Exit strategy	No exit planned; FBO is long-term owner; no
Pre-development	Performed by development consultant; funded by FBO
Division of responsibilities	Process guided by development consultant; Risk, key decisions, financial commitments by FBO.
Project duration	Discernment: 3 years; Pre-development through lease-up: 8 years; Total: 11 years

CAPITAL STACK: SOURCES AND USES

EQUITY: \$1.97M		SOFT DEBT: \$165K		HARD DEBT: \$4.2M			
<b>SOURCES</b>	Capital campaign	\$	1,700,000	<b>USES</b>	Acquisition Costs	\$	750,000
	Contributed land value	\$	274,000		Demo & Construction	\$	4,725,000
	Metro TOD Fund	\$	150,000		Professional fees	\$	671,600
	Energy Trust of Oregon	\$	14,325		Permit fees	\$	78,750
	Construction Loan	\$	4,200,000		Financing costs	\$	112,975
		\$	<b>6,338,325</b>			\$	<b>6,338,325</b>
ACQUISITION: \$750K		CONSTRUCTION: \$4.7M		SOFT COSTS: \$863K			

ADDITIONAL RESOURCES

- Info: <https://www.catholiccharitiesoregon.org/services/healthy-housing/healthy-housing-initiative/hhi-projects/chiles-house/>

CONNECT **enterprisecommunity.org**  
**@enterprisenow**  
**202.842.9190**





## Going all in on redevelopment

REDEVELOPMENT | MULTIFAMILY RENTAL & COMMERCIAL

### A church makes the difficult decision to reinvent itself

“Our building stood near a major intersection in Arlington, Virginia. It saw many good years of worship, fellowship, and service. And then, one day we noticed that our community changed around us. As this awareness grew, so did our desire to explore what might be next for us as a congregation?”

“Generally, we came to understand that our ministry wasn’t to dwell at an intersection, but rather to live at a crossroads.”

- Rev. Ashley Goff  
 Arlington Presbyterian Church  
[www.incairnation.com](http://www.incairnation.com)

How does an organization decide to tear down the building that has served as its identity for nearly a century? Through intentional discernment, a church finds a new mission beyond its walls.

**\$71M**  
 TOTAL  
 DEVELOPMENT  
 COST

- 173** AFFORDABLE RESIDENCES AT 40-60% AMI

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- 1** 3,500 SF WORSHIP SPACE, LEASED

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- 1** 5,000 SF GROUND-FLOOR RETAIL SPACE



### PROJECT TIMELINE

DISCERNMENT: 3 YRS.	NEGOTIATIONS: 1 YR.	PRE-DEVELOPMENT: 4 YRS.	CONSTRUCTION: 2 YRS.	LEASE-UP: 1 YR.
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## ORGANIZATIONAL READINESS

### HARD LESSONS

#### Involving the Whole Organization

Arlington Presbyterian Church learned an important lesson in organizational readiness fairly late in the planning stage, and it nearly derailed the project altogether: It's essential to include the whole organization, including at higher-levels, throughout the planning and decision-making process.

After an initial consultation with the National Capital Presbytery, which oversees local Presbyterian church affairs, APC selected APAH as its development partner. APC/APAH negotiations lasted a year, during which the team found common ground on a range of issues: APC would own the land, and APAH would build the building on a ground lease. APC would take all the ground floor retail space, which it would use as a worship space and a neighborhood coffee shop, operated by church members.

When presented to the Presbytery, the plan was voted down, dealing a setback to the team. The Presbytery argued that a land lease created too much risk; the worship space was over-sized; and the congregation did not have the time or expertise to run a coffee shop.



This sent the team reeling and could have killed the project. But APC and APAH re-started from scratch, taking the Presbytery's concerns into account, and arrived at a program that resulted in a standing ovation from the Presbytery. Although months of planning were lost, the trust built over that time allowed the team to continue.



## ENGAGING THE COMMUNITY

### BUILDING CONSENSUS

#### External and Internal Stakeholders

##### EXTERNAL SUPPORT

Gilliam Place faced early headwinds from oppositional neighbors who were concerned about traffic, school overcrowding, and the potential for reduction in home values due to the addition of affordable housing.

APC and APAH found that there was significant public support for the project that overwhelmed opposition. Virginians Organized for Interfaith Community Engagement (VOICE), near neighbors, and the faith community came together and stood with the project. Mission-based projects, focused on meeting the community's needs, can inspire strong endorsements.



##### INTERNAL SUPPORT

A tougher challenge proved to be a pocket of discontent from within the Church. Not everyone agreed with the decision to demolish the existing church building, which was built in 1930 and was beloved by many. After the majority voted to demolish the existing church building to meet their new mission of providing much-needed affordable housing for the community, some members left the church.

One remaining member, however, decided to try to block the project on their own by submitting an application to the County for historic designation for the building. This would have made the project infeasible. The APAH team advocated in unison with APC to negotiate historic preservation elements without designating the full property as historic. Having both APC and APAH working together during entitlements was key.



## APPROVALS AND ENVIRONMENTAL

### NAVIGATING SETBACKS

#### Persevering through Adversity

Process challenges over the course of a development project are common. Issues with project financing, approvals, etc. often stress project teams and timelines. Sometimes, though, unexpected challenges arise that threaten to derail projects. Gilliam Place survived not just one but two disasters: first a fire, before construction even started, and then a major flood, just as the project was leasing up and about to open.



**A FIRE:** Toward the end of pre-development, Arlington Presbyterian Church had moved out of the building but had agreed to extend the preschool tenant's lease through the end of the year. On Halloween, two months before the end of the lease, a fire broke out in a closet in the preschool and spread into the church. Some of the preschool's staff and students were in the building when the fire broke out – fortunately, all safely evacuated.

**A FLOOD:** Just prior to opening, a minor leak was detected in an upper floor of the building. Not a big deal, they'd have it fixed and be on their way to moving residents in. But during the repairs, which occurred over a weekend to keep things on schedule, things went badly awry. The result? A \$2M flood that affected multiple units and caused significant damage to all the ground floor amenities.

**LETTING GO:** Sometimes, the unexpected is a blessing. There weren't many artifacts that Arlington Presbyterian Church hoped to bring from the old building, but the cross at the top of the steeple was special. APC asked APAH if the cross could be salvaged before demolition, but the steeple was tall and the cost proved prohibitive. So the church let go. After demolition, team members sifted through the rubble, and found the cross nearly intact. It is now on permanent display in the new worship space, a work of art connecting the church's past, present, and future.



## MARKETING AND LEASE UP

### SHARED VALUES

#### Raising Up Partners

Embarking on a large capital project provides a unique opportunity to lift others. In just one project, Gilliam Place illustrates several different ways that partners can be supported through real estate development:

**RELOCATION:** Prior to demolition, the church had hosted Sunshine Preschool, an independent daycare. While the Church's own activities could move to the new, smaller space, the daycare would be displaced. It was important to APC that the daycare not go away altogether. APAH worked to find a new space, and supported the daycare through design, permitting, build-out, and the first few months of operation.



**ELEVATION:** One of the Church's early ambitions was to create and staff a neighborhood coffee shop, but it determined that the congregation didn't have the capacity in-house. At the time, APAH was working with La Cocina, a workforce-training kitchen that was operating in a church basement. To help La Cocina graduate to the next level, APC and APAH provided a dedicated ground-floor retail space ("The Café"), assisted with securing a grant, and abated rent during a start-up period. In addition to providing the coffee shop that APC had hoped for, La Cocina provides an important service to the community and has already graduated several chefs to their own restaurants.

**CO-CREATION:** While the project was in development, the team was approached by a family working to provide independent living opportunities for their grown child with developmental disabilities and others in similar situations. The project team helped the family stand up a new organization, "Our Stomping Ground," and provided OSG's first eight dedicated units in Gilliam Place. There is now a waiting list, and OSG is expanding into six more properties in the area.

**EXPANSION (a near miss):** APC had a longstanding partnership with ASPIRE!, a literacy program for elementary school-age children. The Church worked proactively to support their bid to build out new space in Gilliam Place for their work, but this partnership did not coalesce as APC had hoped.

Enterprise Faith-Based Development Initiative Case Study: **Gilliam Place**  
 | Arlington, VA | **Mixed-Use Multifamily Redevelopment**

**SUMMARY**

Partners	Not-for profit (NFP): Arlington Partnership for Affordable Housing (APAH) Faith-based organization (FBO): Arlington Presbyterian Church
Partnership model	Sale with stipulations
Key consultants	Architect: Kishimoto Gordon Dalaya Architecture General Contractor: Donohoe Construction Company
Context	Redevelopment of church-owned property for a down-sizing church in an affluent neighborhood; Affordable housing is a critical need; Land prices are high
Project summary	173-unit affordable apartment building; 40%-60% AMI; studios, 1-, 2-, and 3-bedroom apartments
Key amenities	3,500 SF worship space (leased to FBO); 5,000 SF community retail space (sub-leased w/ subsidy through APAH); community center; on-site laundry facilities; underground parking; controlled building access; controlled-access bicycle storage; outdoor terrace; playground; sustainable building rated EarthCraft Multifamily Platinum
Total Development Cost	\$71M
Financing sources	LIHTC, Virginia DCHD, Arlington County, Capitol One, FHLB Atlanta, Enterprise Community Partners
Ownership	100% owned by APAH
Developer fee & cash flow	Developer purchased property from FBO; worship space leased back to FBO
Guarantees	APAH
Exit strategy	APAH retains ownership; FBO has flexibility in tenure, not tied to LIHTC compliance period
Pre-development	Enterprise Community Partners pre-development grant
Division of responsibilities	APAH lead all development & PM activities; FBO provided community engagement support
Project duration	Discernment: 3 years; Pre-development through lease-up: 8 years; Total: 11 years

**CAPITAL STACK: SOURCES AND USES**

<b>SOFT EQUITY: \$31.1M</b>		<b>HARD DEBT: \$15.3M</b>	<b>SOFT DEBT: \$24.5M</b>
<b>SOURCES</b>	<ul style="list-style-type: none"> <li>LIHTC Equity \$ 31,000,000</li> <li>VA Housing \$ 14,600,000</li> <li>VA Trust Fund \$ 700,000</li> <li>Arlington County \$ 19,100,000</li> <li>FHLB AHP \$ 500,000</li> <li>APAH Sponsor Loan \$ 2,800,000</li> <li>Deferred Developer fee \$ 2,100,000</li> </ul>	<b>USES</b>	<ul style="list-style-type: none"> <li>Purchase from HOW \$ 9,500,000</li> <li>Construction \$ 40,100,000</li> <li>Professional fees \$ 14,600,000</li> <li>Financing costs \$ 7,000,000</li> <li>TC Syndication \$ 200,000</li> <li>Reserves \$ 7,500,000</li> </ul>
			<b>\$ 70,946,000</b>
<b>ACQUISITION:</b>	<b>CONSTRUCTION: \$40.1M</b>	<b>SOFT COSTS: \$13.8M</b>	<b>RESERVES: \$7.5M</b>
<b>\$9.5M</b>			

**ADDITIONAL RESOURCES**

- Articles: <https://wamu.org/story/19/11/18/is-redeveloping-religious-spaces-a-solution-to-d-c-s-housing-crisis/>  
<https://www.arlnow.com/press-releases/arlington-presbyterian-church-returns-home-in-a-new-configuration-at-gilliam-place/>  
<https://www.arlnow.com/2021/06/04/nonprofit-fosters-communities-for-adults-with-disabilities/>  
<https://www.arlnow.com/2019/11/05/culinary-job-training-organization-la-cocina-moving-to-columbia-pike/>

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