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EXCLUSIVE

Housing Development as Revenue Generator

By Carrie Rossenfeld | Orange County

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The Parker Collection will be the market-rate for-sale residential component on the development site.

BUENA PARK, CA—Collaborators on a combination **market-rate** and **affordable residential** project under **construction** here tell GlobeSt.com exclusively that CRE should take note of how residential projects can invigorate local economies. As GlobeSt.com **reported last week**, the joint-venture project, which recently broke ground, combines the **development** of market-rate for-sale residential community the **Parker Collection** by **City Ventures** and affordable rental-housing community **Clark Commons** by **Jamboree Housing Corp.** simultaneously on the same 10-acre site that was originally purchased by the City for its revitalization initiative before the demise of its **redevelopment agency** in early 2012. We spoke with **Laura Archuleta**, president of Jamboree; **Ryan Aeh**, VP of land acquisitions for City Ventures; and **Scott Riordan**, economic development manager for the **City of Buena Park**, about the project and what it means for **commercial real estate** development in the area.

GlobeSt.com: *Why has simultaneous construction of market-rate for-sale and affordable rental housing been so rare in Orange County?*

Archuleta: Market-rate housing has been very active throughout Orange County lately. Affordable-housing development has always been difficult because it takes a lot of **financing** parts to make it happen. This specific development, facilitated by the City of Buena Park, has land being designated for both, and type of arrangement is really being driven by the City of Buena Park. It's very uncommon, in my experience, that a city will have such a vision for a site. Market-rate development is usually first considered, but it's the City's vision and its ability to work with City Ventures and bring Jamboree into the fold that is unique.

Riordan: Development needed to be done on the site with consideration for all of the various levels of housing, from low- to moderate-level income to market-rate, rather than segregating the different uses. There will be a true new central park space, recreation across the street from a neighborhood school. We feel this is the best way to plan for a new community.



GlobeSt.com: *What does this project represent for the commercial real estate industry?*

Riordan: The rental is a tax-credit, affordable project, and it's 100% affordable. The market-rate portion will be 128 townhomes that will vary in price according to what they can achieve in the marketplace.

Clark Commons, the affordable rental component, will produce \$1.6 million in local income, \$308,700 in taxes for the local government and 21 jobs.

Aeh: One of the things we as a **developer** do is look at the existing built environment. Here, you had former **industrial** commercial uses next to

single-family and **multifamily**, and the City had a really great vision on how the entire area could be repositioned with new infill housing. One of the stories is how you can revitalize non-performing commercial industrial to create new households and built-out communities by transitioning to residential. In terms of commercial real estate, in areas that are underperforming, the ability to reposition the land to affordable housing is a plus. We are starting to see new communities coming out of the ground, and the Parker Collection is giving families an opportunity to buy a new home in Orange County close to jobs in a mature school district and near retail, and hopefully this keeps people off the freeways. It's an alternative to the Inland Empire and having to do a commute to find a job. We find that our homebuyers want to live in Buena Park; they want to stay in North Orange County. So, they

have the choice of buying a 1970s home that may need updating or buying brand-new from us.

GlobeSt.com: *Do you foresee other similar projects being developed in the county?*

Aeh: It's really hard for private investors and developers to assemble property in that manner. The governor abolished the RDA while we were trying to do this project, and the housing agency was swimming in uncharted waters. This was a working partnership between City Ventures and Jamboree and the housing agency, who worked together to make sure we were ready to do this the right way.

Riordan: There were environment and cleanup issues and things that needed to be removed. We are picking up a blighted area and creating more growth and opportunity there.

GlobeSt.com: *What else should our readers know about this project?*

Riordan: From a global perspective, the big story I believe is when you have underperforming commercial and industrial areas, and you transition into housing, it can become an interesting revenue-generating tool. It creates a significant number of jobs and allows the city to retain employees, and when housing becomes affordable, it increases residents' income and allows them to go to retail and **restaurants** and spend money there. Housing is not often thought of in that way. Laura has some great numbers that show how this can be extrapolated.

Archuleta: Per the **National Association of Homebuilders**, during the year of construction, the 70 units at Clark Commons will produce \$5.5 million in local income, \$578,900 in taxes for the local government and 85 jobs. Upon completion, annually thereafter these units will produce \$1.6 million in local income, \$308,700 in taxes for the local government and 21 jobs.

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About Our Columnist



Carrie Rossenfeld is a reporter for the West Coast region of GlobeSt.com and Real Estate Forum. She was a trade-magazine and newsletter editor in New York City before moving to Southern California to become a freelance writer and editor for magazines, books and websites. Rossenfeld has written extensively on topics including commercial real estate, running a medical practice, intellectual-property licensing and giftware. She has edited books about profiting from real estate and has ghostwritten a book about starting a home-based business.

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