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Bank of America Low-Income Housing Challenge

Cal Poly's Team is the 2005 Winner!

In what has become a tradition in Cal Poly, an interdisciplinary team of graduate students from the departments of City and Regional Planning, Architecture, Business, and Construction Management, coached by assistant professor Doyle, participated in the Bank of America's Low Income Housing Challenge. In 2005 they upset all other participants such as Berkeley and Stanford, and made us proud by bringing back home the trophy for the first place!

Friday May 13th may have been unlucky for some, but for Cal Poly's "Bank of America Low-Income Housing Challenge" Team, it brought the culminating victory of four months of hard work. The team, composed of graduate and undergraduate students from City and Regional Planning, Architecture, Business, and Construction Management, upset all-graduate-student teams from the Bay Area to take home the 2005 Challenge trophy.¹

The seeds of victory were sown when the Team chose a difficult—but direly needed—project to tackle. In seeking sites and development partners, Team members discovered that the Paso Robles Housing Authority—which only owns and operates a single property—was about to issue a call for proposals seeking design, planning, and finance help. The Team stepped up, providing assistance for much cheaper than the Housing Authority had anticipated: almost free.

The Housing Authority's "Oak Park" community, north of downtown Paso Robles, was originally built as temporary military housing for Fort Roberts staff during World War II. Later, it was turned over to the City of El Paso de los Robles (or "Paso" as it is known locally), which created the Housing Authority—a quasi-municipal public organization—to maintain and operate it. Since then, it has housed hundreds of families who earn only a fraction of the Area Median Income. However, it has a number of deferred maintenance problems, and the Housing Authority wanted to know whether to spend the money to rehabilitate the clustered homes—and where to get the funding—or whether to build a new community from scratch.

One of the advantages that Cal Poly's team has over the mostly Ivy-Leaguers who make up Berkeley and Stanford's graduate teams is that in addition to business and design savvy, our team includes planning, development, and construction-focused students who focus on real-world building. Thus, our CM students immediately began to assess the physical and fiscal realities of existing structures at Oak Park, and determined that it would be both more cost-effective and preferable design-wise to start from scratch. But there was one hitch: nearly 150 families already live on the site, and both morally and legally, the Team would have to accommodate them. As it turns out, this challenge also turned into an advantage; the Planning and Construction subteams became experts in relocation law, and created a phased building plan that wowed the Bank of America judges in San Francisco and which would displace only 35 families off-site in the short-term. All other households would move out of their older units into newly constructed units, just before the old units were demolished and replaced. In all, the total number of units would be increased by 50%, the existing tight-knit community would remain intact, and every one of the dozens of mature oak trees—for which Paso Robles is named—would be saved.

Another key to Cal Poly's victory was the creative financing and legal structure of the proposal. As the federal government has de-funded Hope VI and other programs intended to allow for the mixing of incomes during redevelopment of older, run-down Housing Authority properties such as Oak Park, many Authorities have been struggling with the question of how to preserve existing housing opportunities while integrating them into revitalized neighborhoods. The innovation that Cal Poly's Team brought to this problem was a proposal that Paso's Housing Authority lease the entire property—for the long term—to a newly created non-profit housing corporation. This would allow the use of Tax-Credit Financing, injecting crucial capital into the deal—sufficient, when combined with revenues from the sale of a few market-

¹ The team: Jaclyn Anderson, Joe Karten, Alex Meyer and Calvin Patmont (construction management); Gema Cristobal, Irwin Gozali, and Megan Tsang (design); Sam Dean, Charles Dellinger, Sarah Hedger and Race Randall (finance); Beth Anna Cornett, Elizabeth Fitzaland, Nathan Gilbert, Emily Mah, Brian Soland and Rosa Zingg (planning). Team coach: D.Gregg Doyle, CRP Department.

rate homeownership units at the north end of the site, to allow each phase in the project to “pencil out.” Thus, the finances, construction, and solid design of the site and buildings led to strong community support—including letters from the Mayor, Planning Commission, and Housing Authority board—and to the prize awarded by the Bank of America Jury of experts in May.

The victory was particularly sweet, as it was only the third time in more than a decade of competition that Berkeley was not the winning team, and only the second time that Cal Poly took the trophy. Our teams are often viewed as the underdog, as we are the only team with undergraduates—and a majority at that—but we showed that our applied, “learn by doing” educational philosophy prepares our students for success in the real world. Our panels of experts, bringing advice from the fields of finance, design, construction, and planning, worked closely with the students to ensure the best quality proposal. Now, the gauntlet has been thrown down; this spring, Cal Poly has a championship to defend.

Figures 1 & 2: Cal Poly's proposal for Paso Robles Oak Park community. Illustrative elevation and site plan.