



FEBRUARY 24-26, 2020 | MIAMI, FL

Housing Opportunity Conference





Concurrent Session Three:

The Challenge and Opportunities in Attainable Housing: Non-Subsidized For-Sale Housing for America's Middle Class



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2020

The Challenge and Opportunities in Attainable Housing: Non-Subsidized For-Sale Housing for America's Middle Class

2020



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13th Floor Investments



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Philadelphia Land Bank



Bob Youngentob

EYA, LLC



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The Challenges and Opportunities in Attainable Housing – Non-Subsidized Housing for America's Middle Class

ULI Housing Opportunity Conference 2020

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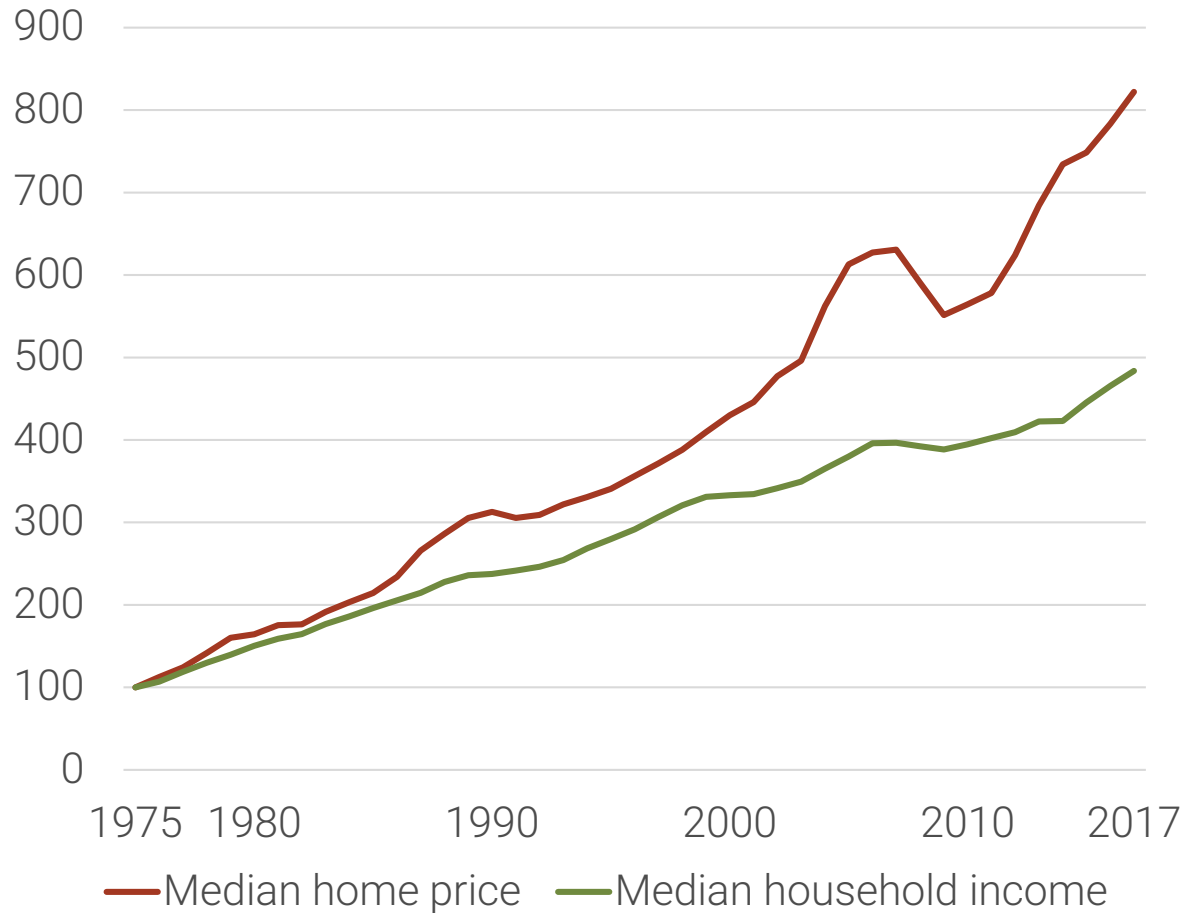
RCLCO
REAL ESTATE ADVISORS

FRAMING QUESTIONS

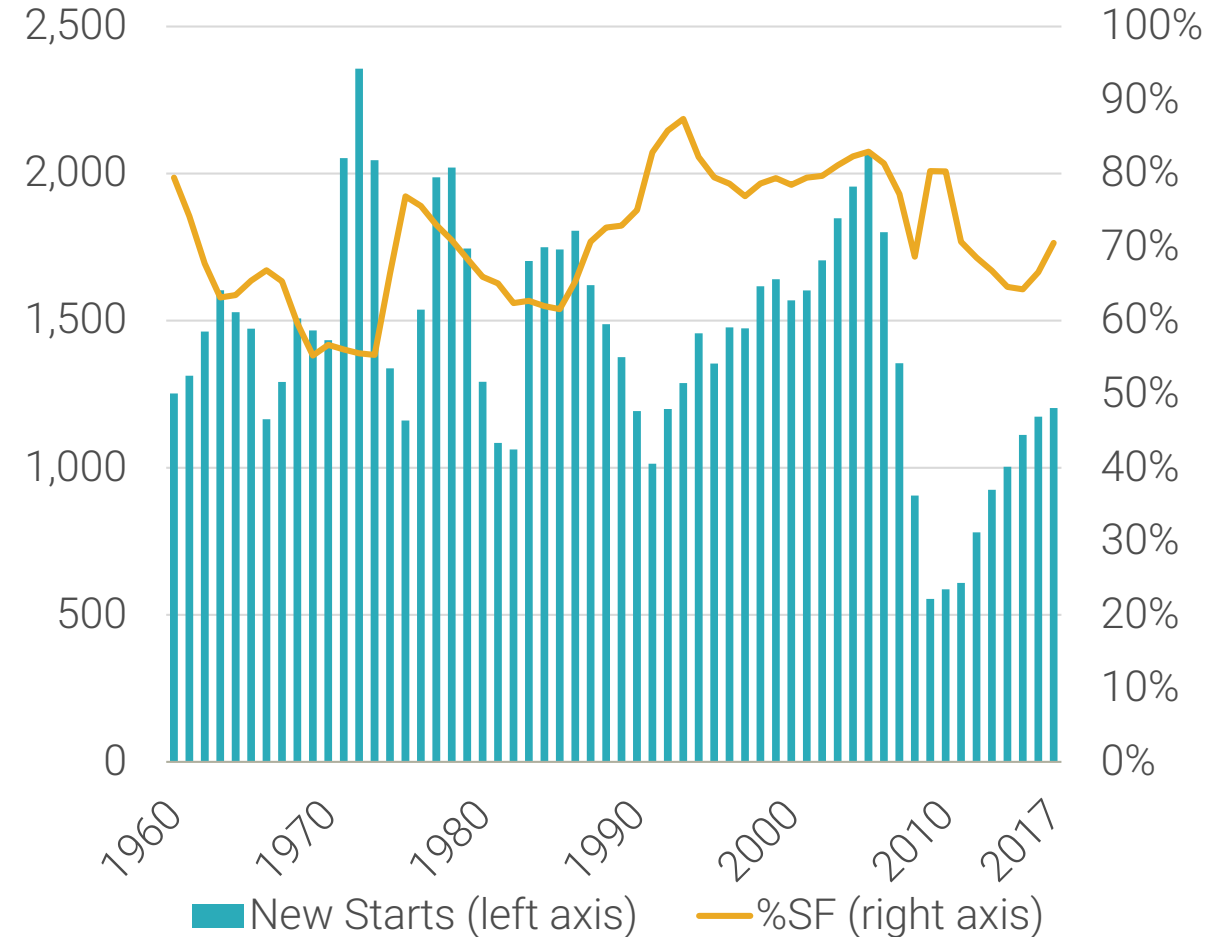
1. Does the Middle Class in America have the same access to home ownership as they did a generation ago? (And do they still want it?)
2. Is there a business case to be made for serving this market audience?
3. What are the biggest barriers to building to the Attainable price points? How does D.C. compare to the rest of the county?
4. Where is D.C. should interested parties be focused? (And is the juice worth the squeeze?)

WHAT'S ACTUALLY HAPPENED TO HOUSING?

Median Home Price and Median Household Income
(1975 = 100)

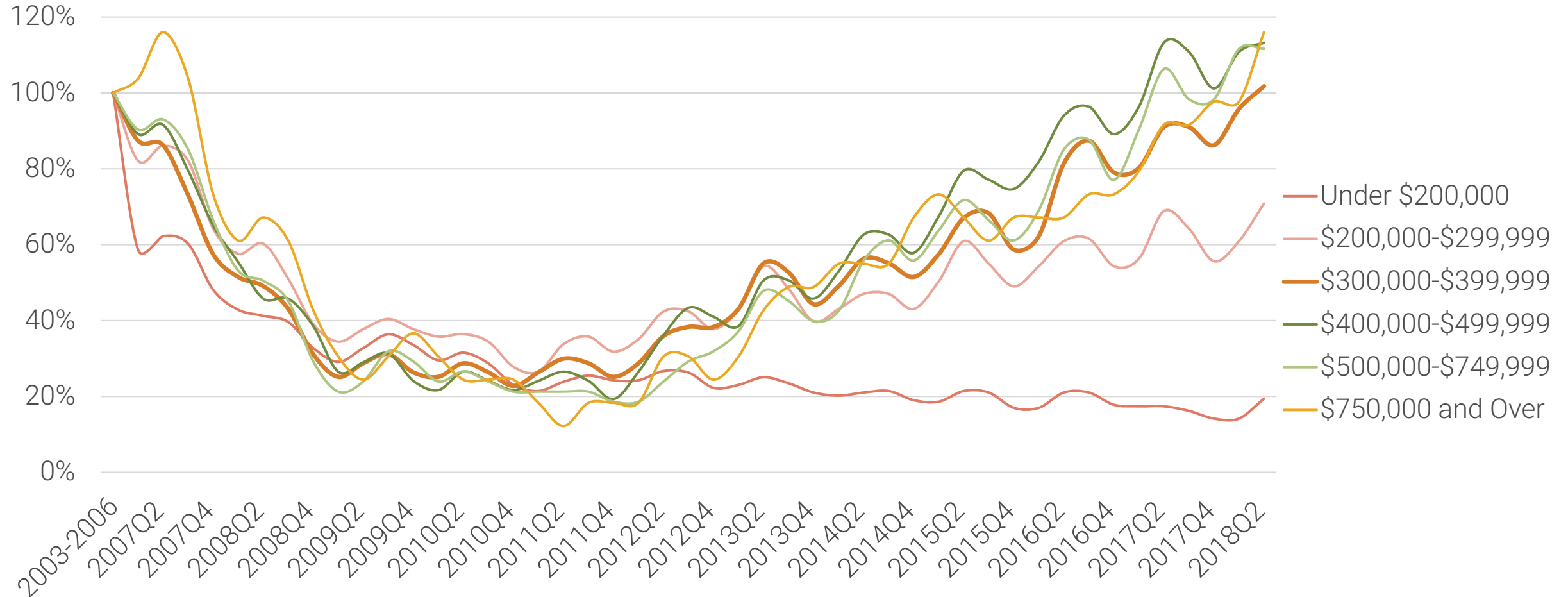


Homebuilding – Starts in the United States (,000s)

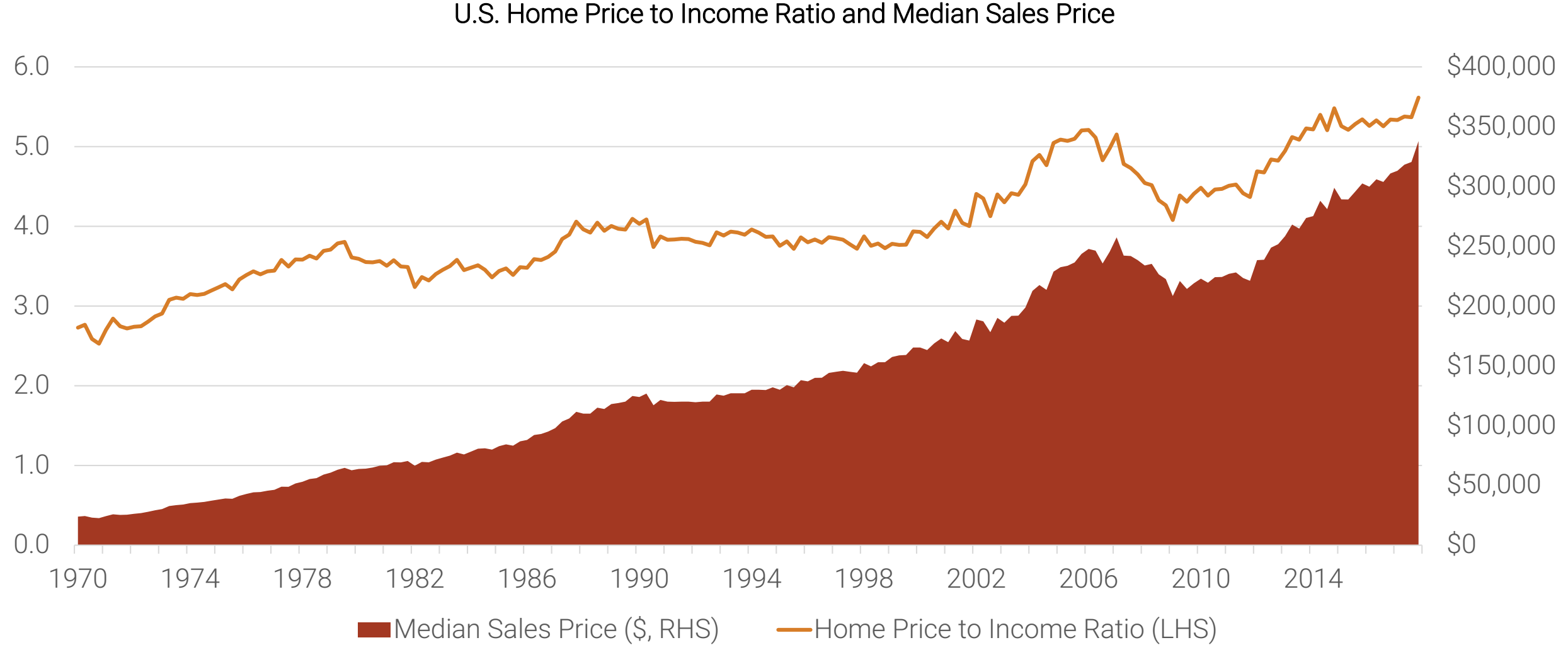


THE PROBLEM IN ONE SLIDE...

New Home Sales by Price Band Relative to Pre-Recession Levels (2003-2006 Average = 100%, United States)

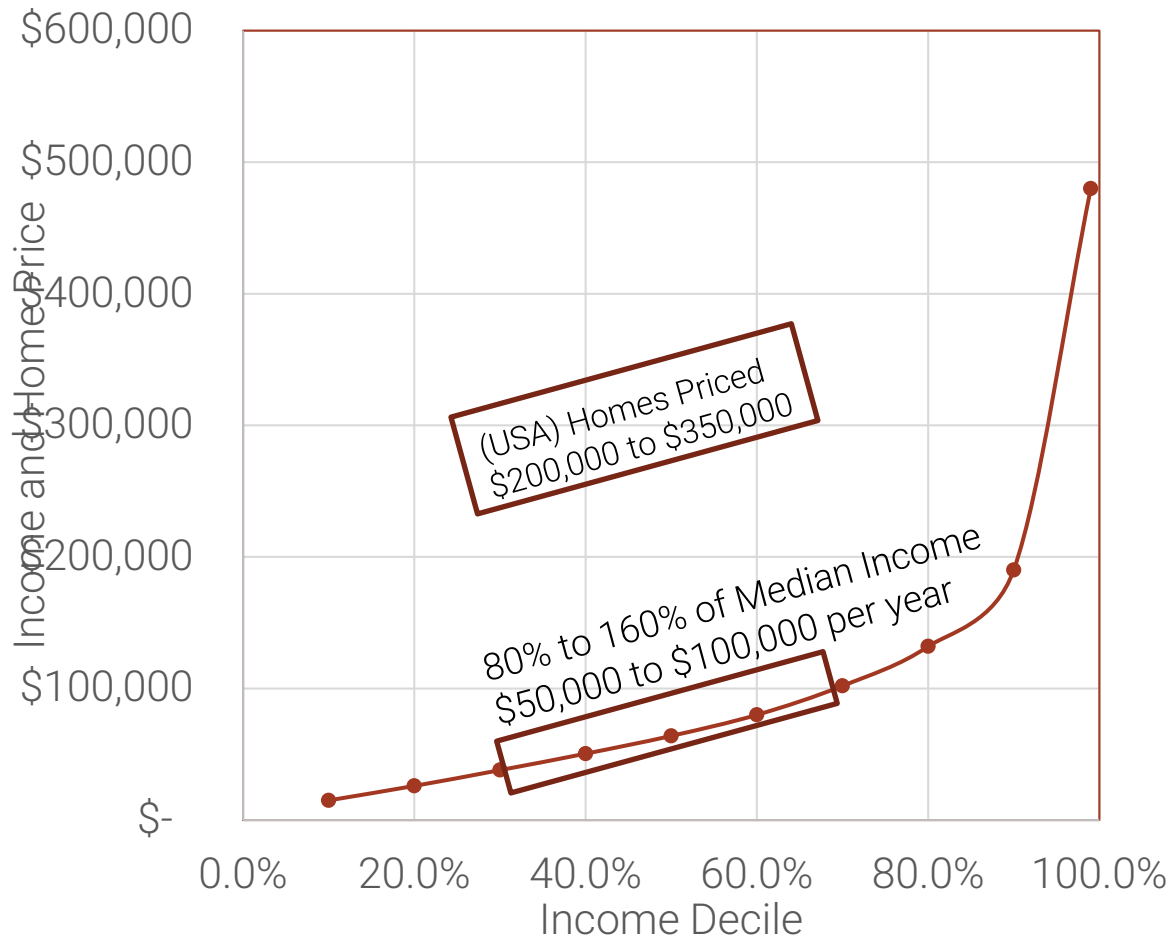


THE FACTS: AFFORDABILITY WORSE THAN PRE-GREAT FINANCIAL CRISIS

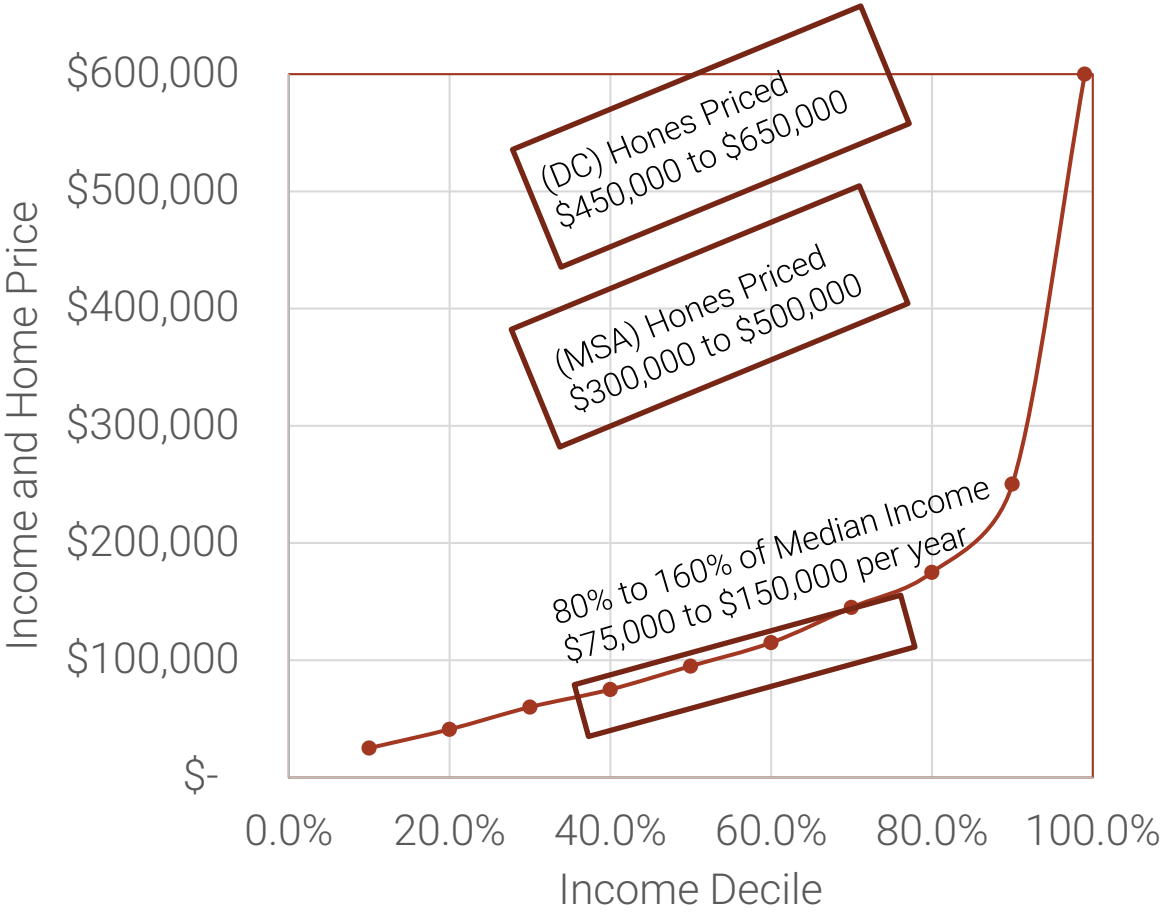


SO WHO AND WHAT ARE WE REALLY TALKING ABOUT IN D.C.?

Annual Income by Decile (2019\$^s)
United States

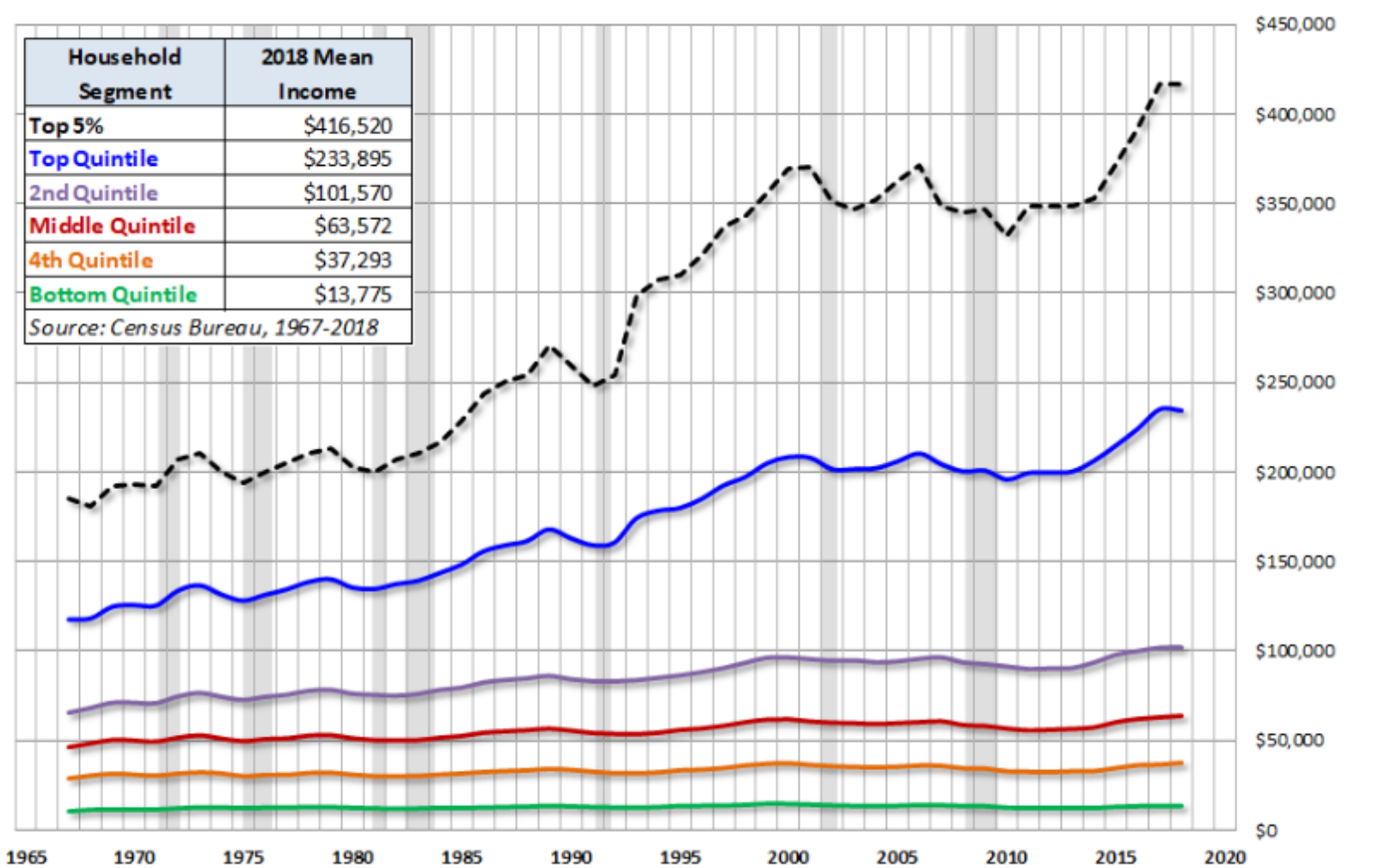


Annual Income by Decile (2019\$^s)
High Cost Markets (Washington MSA)



MAYBE THE CULPRIT IS DEMAND (LIMITED INCOME GROWTH)?

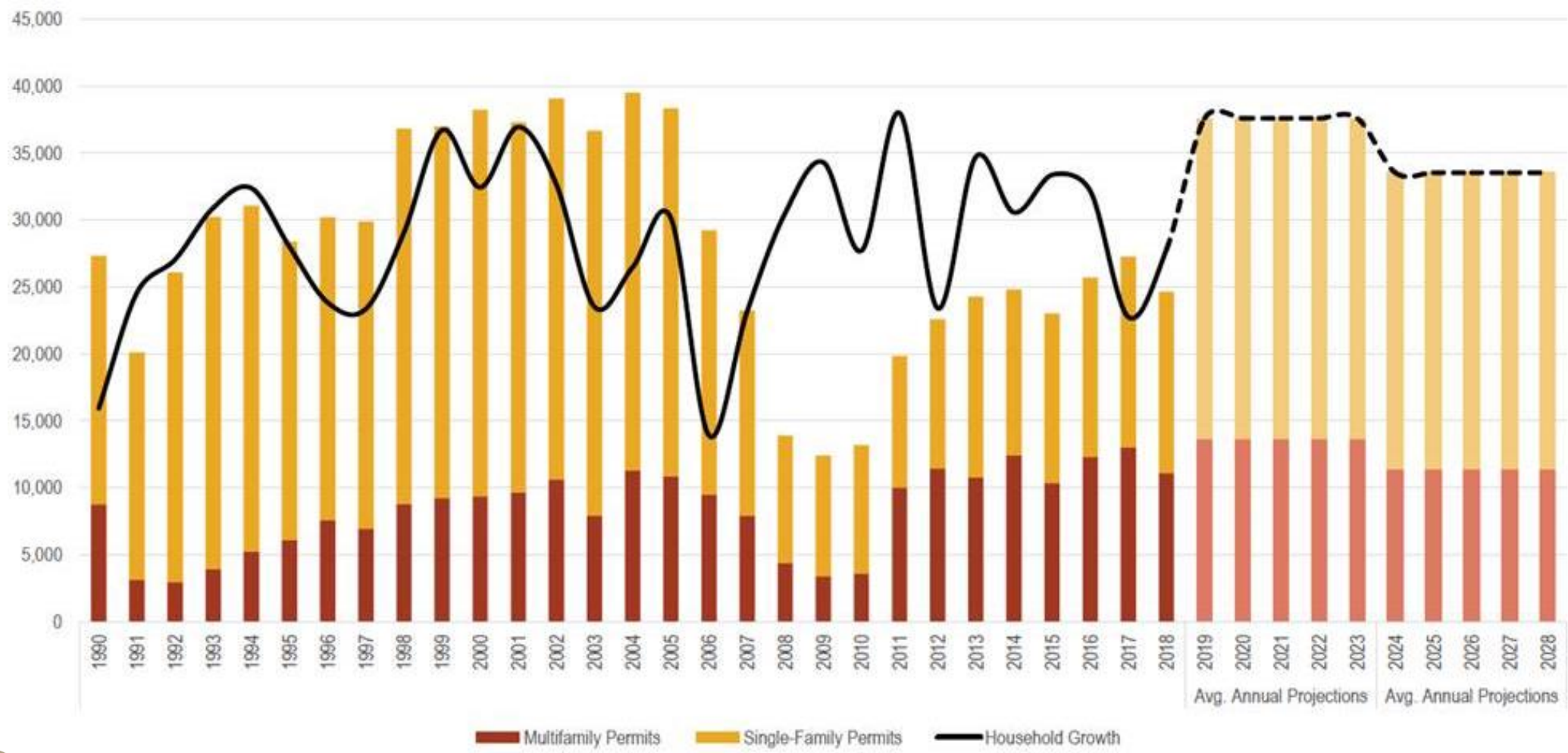
Real Average Household Income by Quintile in 2018\$s; United States)



Source: Advisor Perspectives; U.S. Census; s

MAYBE THE CULPRIT IS SUPPLY (SO LITTLE HOME BUILDING IN D.C.?)

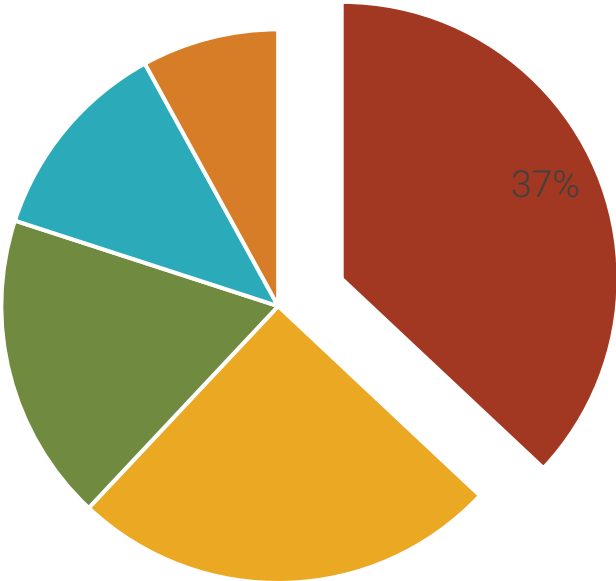
COMPARISON OF HISTORIC RESIDENTIAL DELIVERIES AND PROJECTED DEMAND; WAHINGTON MSA



MAYBE THE CULPRIT IS PRICING MISMATCH?

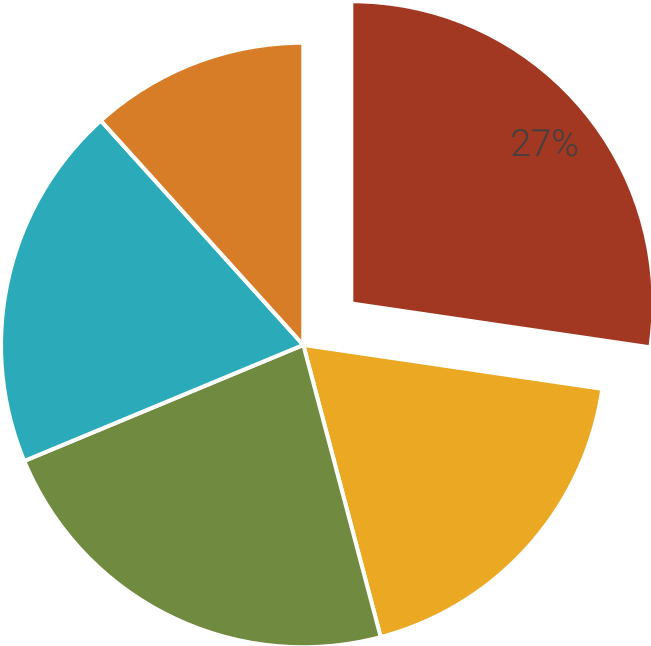
ESTIMATED DEMAND COMPARED TO RECENT ACTUAL HOME SALE; High Cost Market (D.C.)

RCLCO Estimated Demand from Households
\$75,000+ (4,500+)



■ <\$500K ■ \$500K - \$750K ■ \$750K-\$1M ■ \$1m-\$1.5M ■ \$1.5+

2019 Home Sales (3,000 Actual Home Sales)



■ <\$500K ■ \$500K - \$750K ■ \$750K-\$1M ■ \$1m-\$1.5M ■ \$1.5+

BUILDER STRATEGIES -- SMALLER HOMES

Characteristics	
Definition	Less than 1,400 SF (Tier 1) Less than 1,800 SF (Tier 2)
Unit Type	1-3 BD, 1-2BA
Unit Size	700 – 1,400 SF
Density	8-20 du/ac
Land Plan	All Most effective with Density



Boulder Creek Neighborhoods
Wee-Cottages; Stapleton, CO



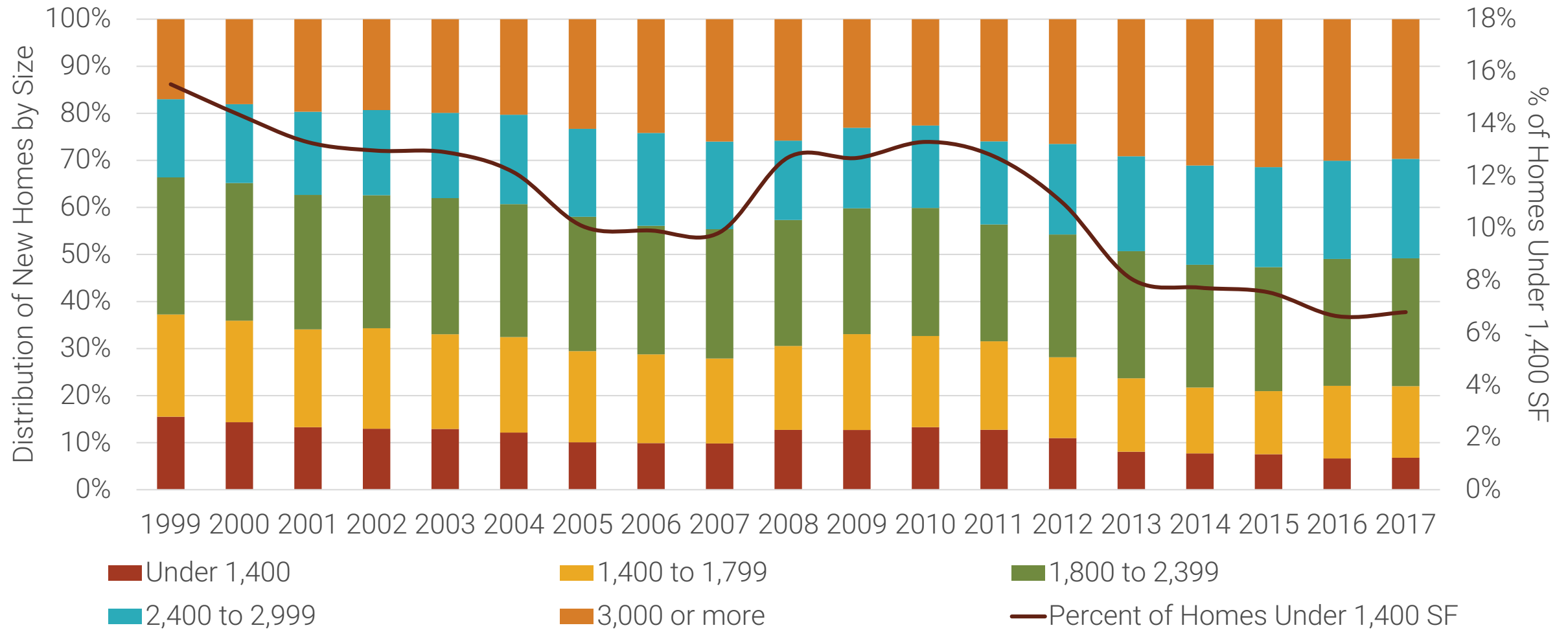
The Cottage Company
Danielson Grove; Kirkland, WA



New Home Company
Azure at Escencia; Mission Viejo, CA

THE FACTS: THE MUCH ANTICIPATED SHRINKING FOOTPRINT... WENT THE OTHER WAY

Average Size of New For-Sale Homes Delivered 1999-2017, United States



BUILDER STRATEGIES – “MISSING MIDDLE”

CHARACTERISTICS	
Definition	Defined by Opticos Architects as typologies between detached hand mid-rise buildings
Density	12-20 du/ac
Unit Type	1-3 BD, 1-2BA One-Two-three story
Unit Size	700 – 1,900 SF
Landplan Options	Duplex to Multi-Plex (Stacked, Side/Side), Row Townhome,, Bungalow Cluster, Combos



Holmes Homes
Mews Collection; South Jordan, UT

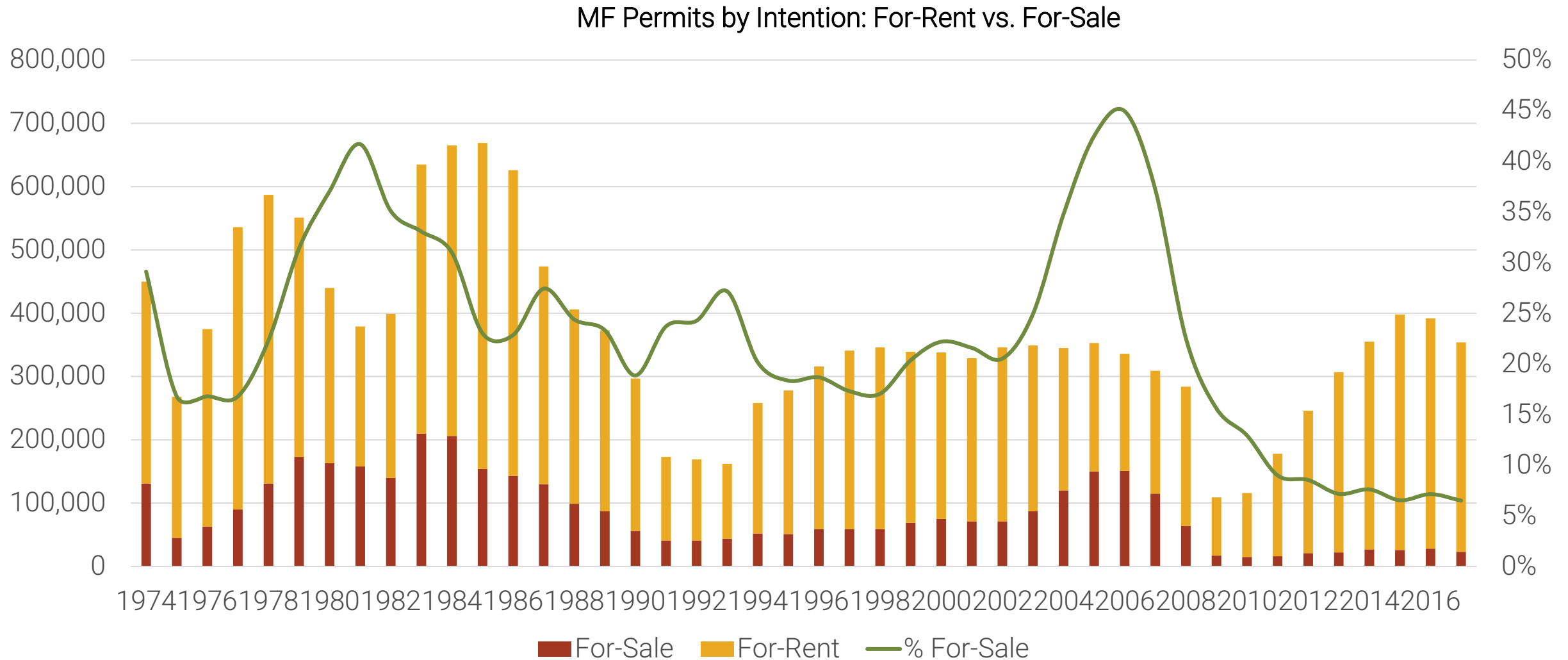


Onyx East
Switchyard at Onyx; Indianapolis, IN



Michael Harris Homes
The Copley at Crown; Gaithersburg, MD

THE FACTS: DECLINING SHARE OF MEDIUM DENSITY FOR-SALE



BUILDER STRATEGIES – VALUE HOMES

Characteristics	
Definition	Streamlined structural and interior finish options
Unit Type	All
Unit Size	All
Density	All
Landplan	All



Fresh Paint by Garman Homes
Briar Chapel; Chapel Hill, NC



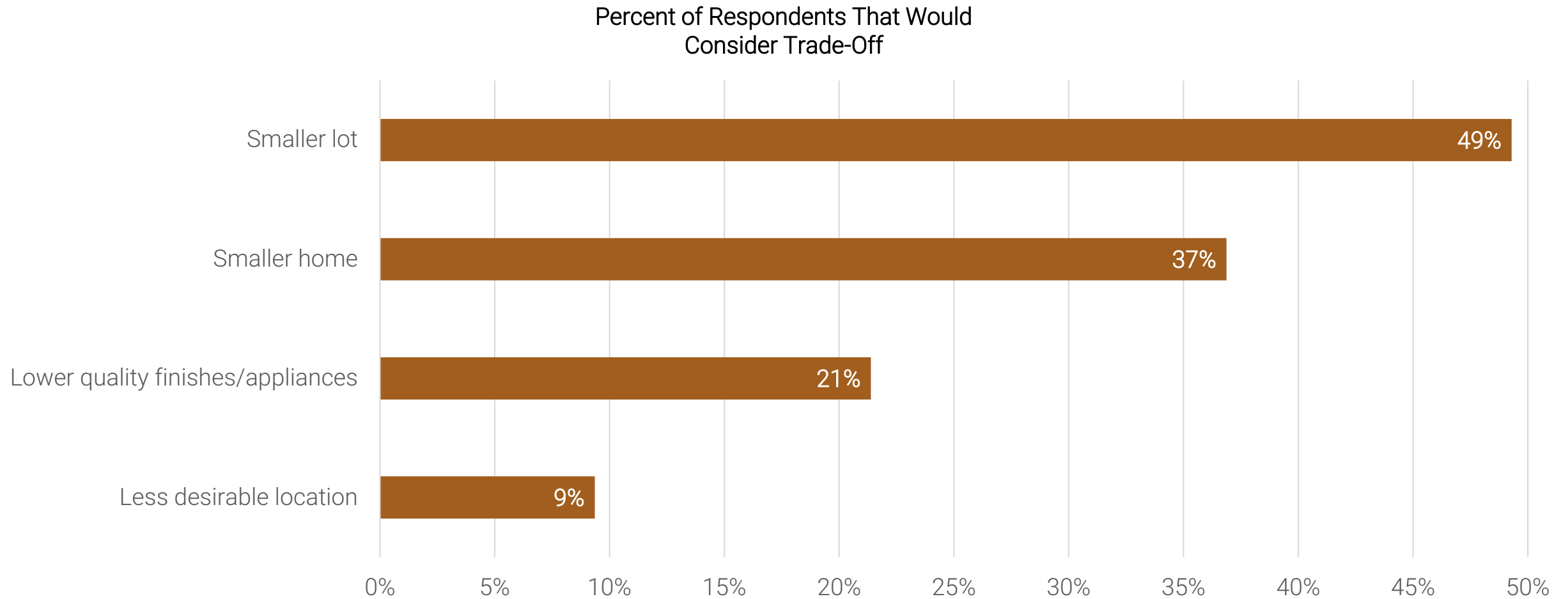
DR Horton Express
Windermere Townhomes; Shakopee, MN



LGI
Mirror Lake; Lehigh Acres, FL

MARKET'S OPENNESS TO TRADE OFFS DRAMATICALLY UNDER-STUDIED

Quality & Location > Lot & Home Size





**28' SFR
LOT**

**23' SFR
HOME**



**IMPROVED
RESILIENCY**


**\$200K-\$300K
SURROUNDING
HOME VALUES**

**20+ ACRE PUBLIC
PARK DEDICATION**

**7 EXISTING HOA'S
1960-1970'S BUILT**

**214 NEW SFR
ZLL HOMES**

HIDDEN TRAILS



VILLAGES OF ORIOLE
HOA 3,742 EXISTING
HOMES (55+)

**104 NEW
SFR'S**

**3 MILE PUBLIC
TRAIL NETWORK**

**200 NEW
MULTIFAMILY
HOMES**

**REC CAMPUS W/
PUBLIC CAFE**

**217 NEW
VILLAS**

**IMPROVED
RESILIENCY**

**\$100k-\$200k
SURROUNDING
HOME VALUES**

Avalon Trails
DELRAY BEACH

PHILADELPHIA'S WORKFORCE HOUSING PROGRAM

Land + Credit = Workforce Homeownership (L+C)

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Deputy Executive Director - LAND,

Philadelphia Redevelopment Authority

OBJECTIVES:

The **goal** of the Workforce Housing program is to create **6,000** units of new workforce homeownership units in **10 years** through a three-pronged approach:

- Locational analysis,
- Customized pricing,
- Restrictive Covenants, and
- Credit enhancement offered by the public sector

LOCATIONAL ANALYSIS:

- The City identifies clusters of publicly owned parcels in appreciating neighborhoods through analysis of market conditions and trends,
- Packages requests for proposals (RFPs) of bundled parcels that are appropriate for workforce homeownership.

LOCATIONAL ANALYSIS:

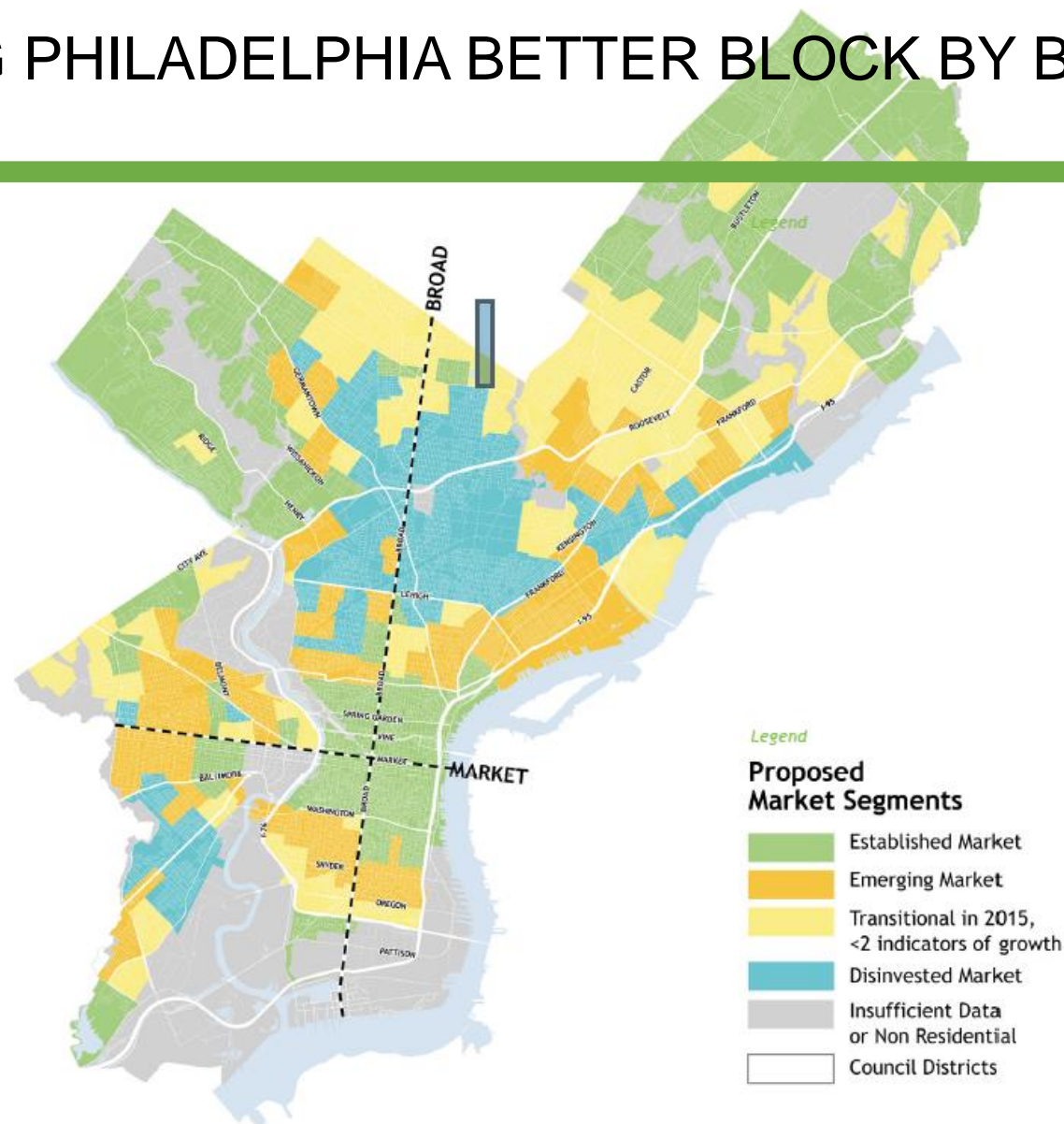
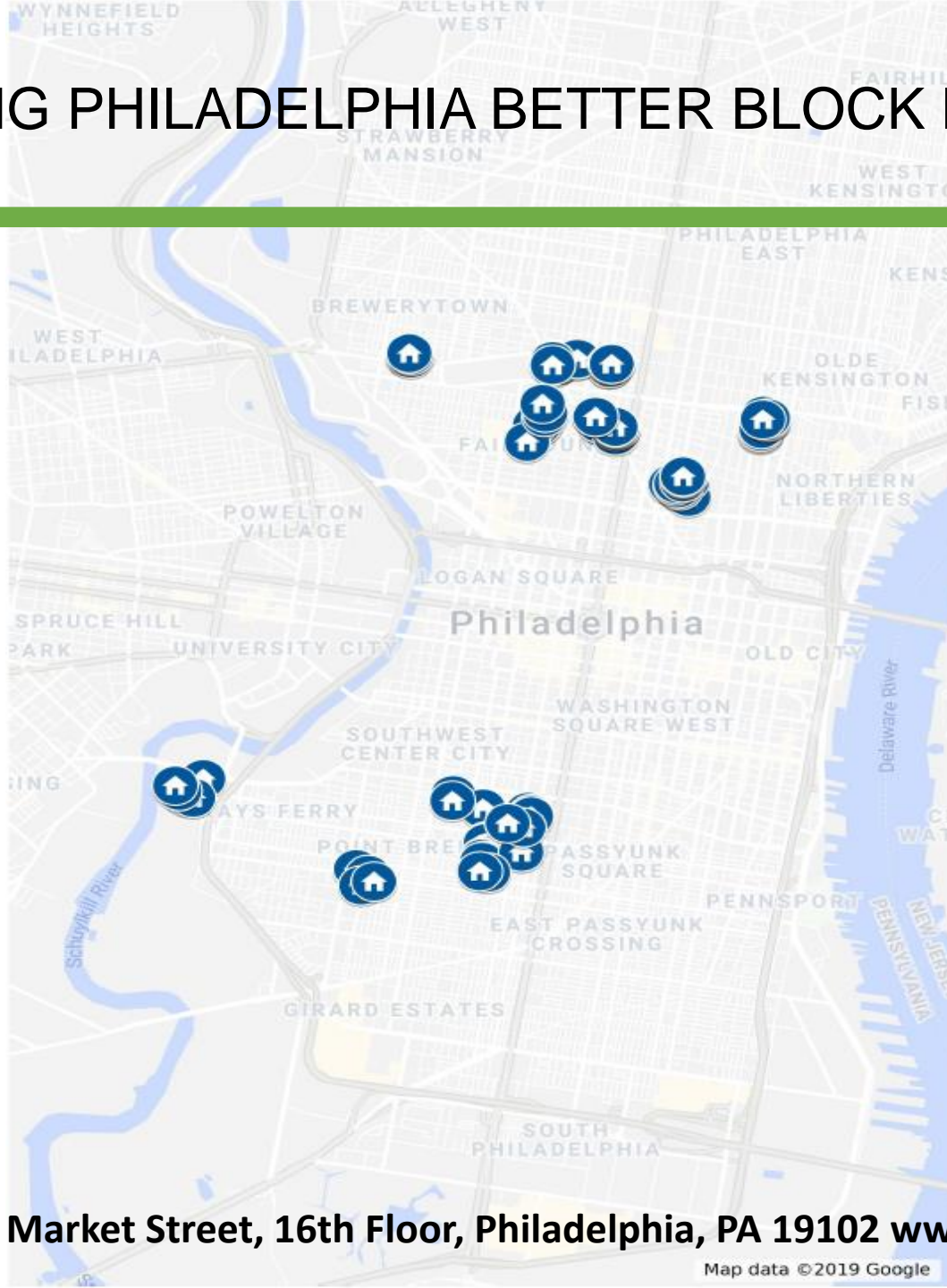


FIGURE 5: Proposed Market Segments by Census Tract
Source: Interface Studio and Real Estate Strategies

MAKING PHILADELPHIA BETTER BLOCK BY BLOCK

LOCATIONAL ANALYSIS: WFH PROJECT LOCATIONS



1234 Market Street, 16th Floor, Philadelphia, PA 19102 www.phdcphila.org

CUSTOMIZED PRICING

LAND PRICING

The City disposes publicly-owned parcels:

- At a discounted price that seeks the highest possible sale price to the public sector and
- Providing a discount sufficient to allow deals to pencil with a capped sale price to the homebuyer.

SALES PRICE

The City sets a maximum sale price to the initial homebuyer, adjusted on an annual basis.

- Buyers can have household incomes up to 120% of AMI,
- The sale price is based on an average PITI payment affordable to an 80% AMI buyer—currently \$229,999.
- The City holds developers strictly to this maximum sale price (it is not a base price that can be increased with add-ons).
- Homes must be sold to income eligible households (up to 120% Area Median Income).

RESTRICTIVE COVENANTS

Developers must sell properties to homebuyers with a Declaration of Restrictive Covenants that ensures the properties are:

- Owner-occupied,
- Homeowners are income certified, and
- Resales are made at an affordable price-point for up to 30 years

CREDIT ENHANCEMENT

Provide construction lenders of workforce housing with:

- Up to a twenty-five percent (25%) guarantee on secured construction loans of up to three million dollars (\$3,000,000) on the condition that they loan at or above 85% loan-to-cost (LTC)
 - Up to \$750,000 of credit enhancement for WFH projects, to be payable to the financial institution in event of default or nonpayment.
- The term is up to 24 months with one 12-month extension option.

OUTCOMES

The program currently has 13 projects:

- 210 total units
- 148 units of workforce housing
- 62 units of market-rate housing

THANK YOU

OVERVIEW

The Lindley at Chevy Chase Lake

Location

Chevy Chase Lake, MD

Project Type

Townhomes
Multifamily

Details

- 200 multifamily
- 62 townhomes

Affordability:

- 10 for-sale townhomes at \$200,000 ($\leq 60\%$ AMI)
- 80 income-restricted rental units (40%), 40 at 50% AMI and 40 workforce

Partners



THE MORRIS & GWENDOLYN
CAFritz FOUNDATION



THE NEIGHBORHOODS OF

EYA *life within walking distance®*

THE LINDLEY
CHEVY CHASE LAKE

OVERVIEW

Old Town Commons

Location

Alexandria, VA

Project Type

Townhomes, Multifamily

Site Size

8.49 Acres

Home Prices

\$200,000 to \$800,000

Unit Count

- 155 townhomes
- 76 multifamily
- 134 affordable rental units

Groundbreaking

June 2010

Partner



**OLD TOWN
COMMONS**

AN EYA NEIGHBORHOOD



THE NEIGHBORHOODS OF



life within walking distance®

OVERVIEW

Graham Park

Location

Fairfax, VA

Project Type

Townhome

Home Size

1,150 to 2,300 SqFt

Home Prices

\$540,000 to \$850,000

Site Size

8.3 Acres

Unit Count

180 townhomes



THE NEIGHBORHOODS OF



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OVERVIEW

Riggs Park Place



Location

Fort Totten, Washington DC

Project Type

Townhomes and
Affordable Senior Housing

Home Size

1,250 to 1,800 SqFt

Home Prices

\$559,000 to \$650,000

Site Size

4 Acres

Unit Count

90 Townhomes

80 Affordable Senior Units



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