

2018 North County Housing Summit



MODERATOR

Josh Williams
BW Research Partnership

PANELISTS

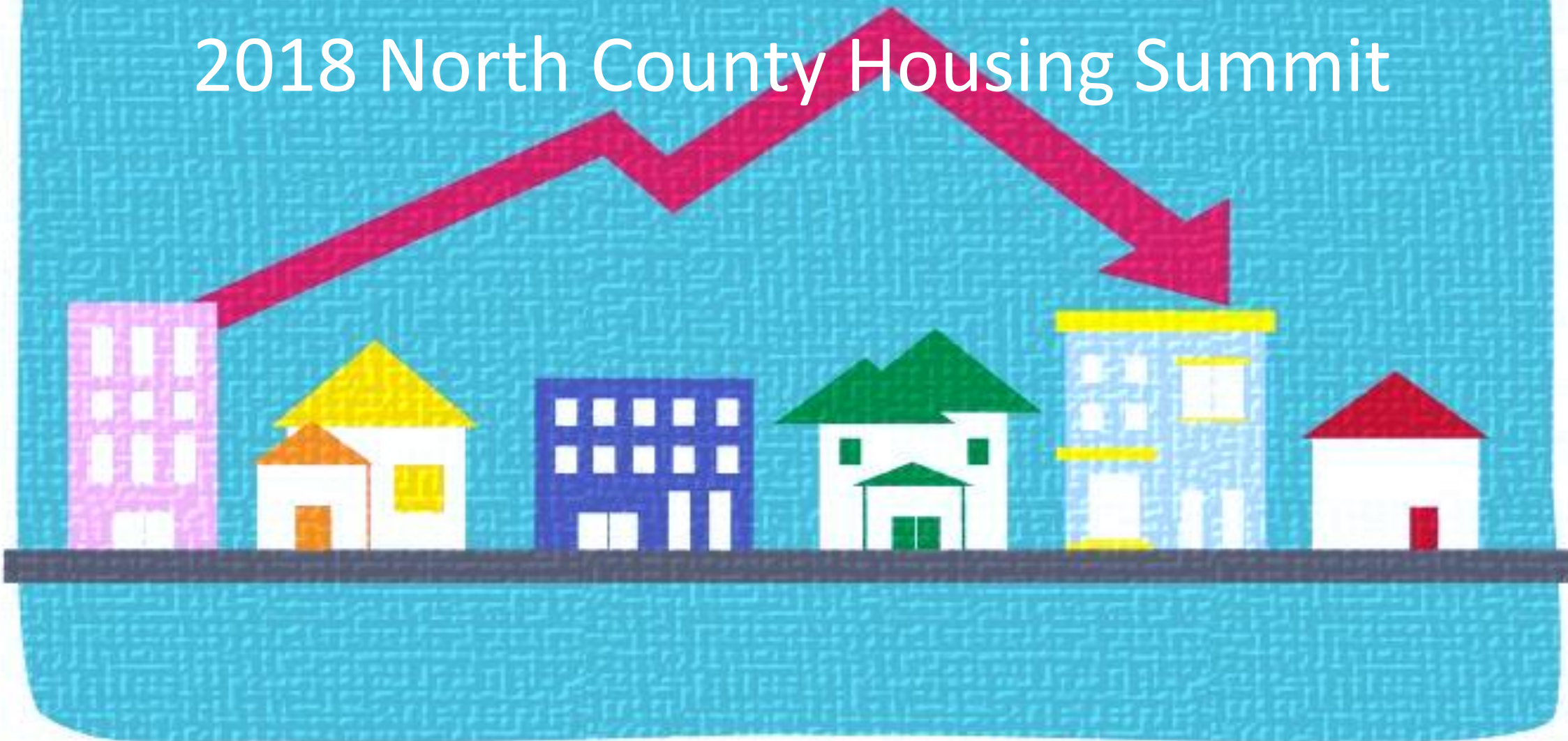
Travis Gregory
California State University, San Marcos

Haley Peterson
Intesa Communications Group

Tyler Sandstrom
New Pointe Communities, Inc.

2018 North County Housing Summit: Impacts

2018 North County Housing Summit



MODERATOR

Mary Lydon
HousingYouMatters

PANELISTS

Nathan Moeder
London Moeder Advisors

Andrew Watkins
SWA Group

Jim Schmid
Chelsea Investment Corporation

2018 North County Housing Summit: Solutions



Housing You Matters is a nonpartisan, broad based Coalition that convenes, advocates and educates around solutions for increasing housing supply and lowering the cost of building new homes. We do this by:

- Catalyzing leaders to create policy for increasing supply of more affordable homes
- Educating industry about innovative product types and materials that lower building costs
- Informing the public at large why we need to do this and the positive impacts it will bring for the viability of our future



MEMBERS

AIA San Diego	LeSar Development Consultants
Assemblymember Gloria's Office	LISC
Banner Bank	Mulvaney Family Foundation
BIOCOM	National City Chamber of Commerce
Bishop & Company	No County San Diego Assn of Realtors
Building Industry Association San Diego	North County Business Chamber
BWE	North County Hispanic Chamber
CA Apartment Association	Regional San Diego Economic Dev Corp
Camden Development	San Diego Architectural Foundation
Chelsea Investment Co	San Diego County Apartment Assn
Circulate San Diego	San Diego Fire Fighters Assn
Civic San Diego	San Diego Foundation
Community Housing Works	San Diego Housing Commission
CSH	San Diego Housing Federation
Downtown San Diego Partnership	San Diego Land Trust
El Cajon Boulevard BIA	San Diego North Economic Dev Council
City Heights CDC	San Diego Regional Chamber of Comm
Endangered Habitats League	Scripps Health
Equinox Center	SD Co Taxpayers
Evri GIS Consulting	SD Police Officers Assn
FI Financial	SoCal Housing Collaborative
Greater San Diego Association of Realtors	Sustainability Matters
Habitat for Humanity	Trestle Development
Hanson Aggregate	Wakeland Housing
HG Fenton	Walden Family Services
Hospital Association of San Diego & Imp Co	



- Our focus for the last two years has been around building alignment and forming the strategy of our work. We have a highly experienced Advisory Board lead by Lori Pfeiler, CEO of Habitat for Humanities.
- We have helped support elected leadership, mostly at the City of San Diego and the State of California to date, develop new policies and streamline the development process as well as design new density bonuses.
- We are in the early stages of developing a strategy to hold our cities and County accountable for their Regional Housing Needs Assessment numbers.

2016

SANDAG Fifth Housing Element Cycle. Share of New Housing Units by Income Category. January 1, 2010-December 31,

Income Level	Very-Low	Low	Moderate	Above-Moderate	Total for all Categories
Total Housing Units Permitted	2,868	3,746	2,075	42,025	50,714
RHNA Goal (5th Cycle)	36,450	27,700	30,610	67,220	161,980
Percent of Goal Produced	7.9%	13.5%	6.8%	62.5%	31.3%
Units Left to Permit	33,582	23,954	28,535	25,195	111,266



- We have a thriving, innovation economy and all cities and the County need to participate in cultivating its continued prosperity by playing a role in building the housing that we need to house our talent, essential workers and their families. If we are going to be successful we all need to be in alignment and work together to find and implement solutions.
- We are a regional resource – please call on us to help your cities, communities and business districts reach your housing goals.
- Please consider joining our force to help us take on this challenging issue. Our future very well may defined in a less than equitable, prosperous and sustainable way if we don't get our arms around housing supply now.





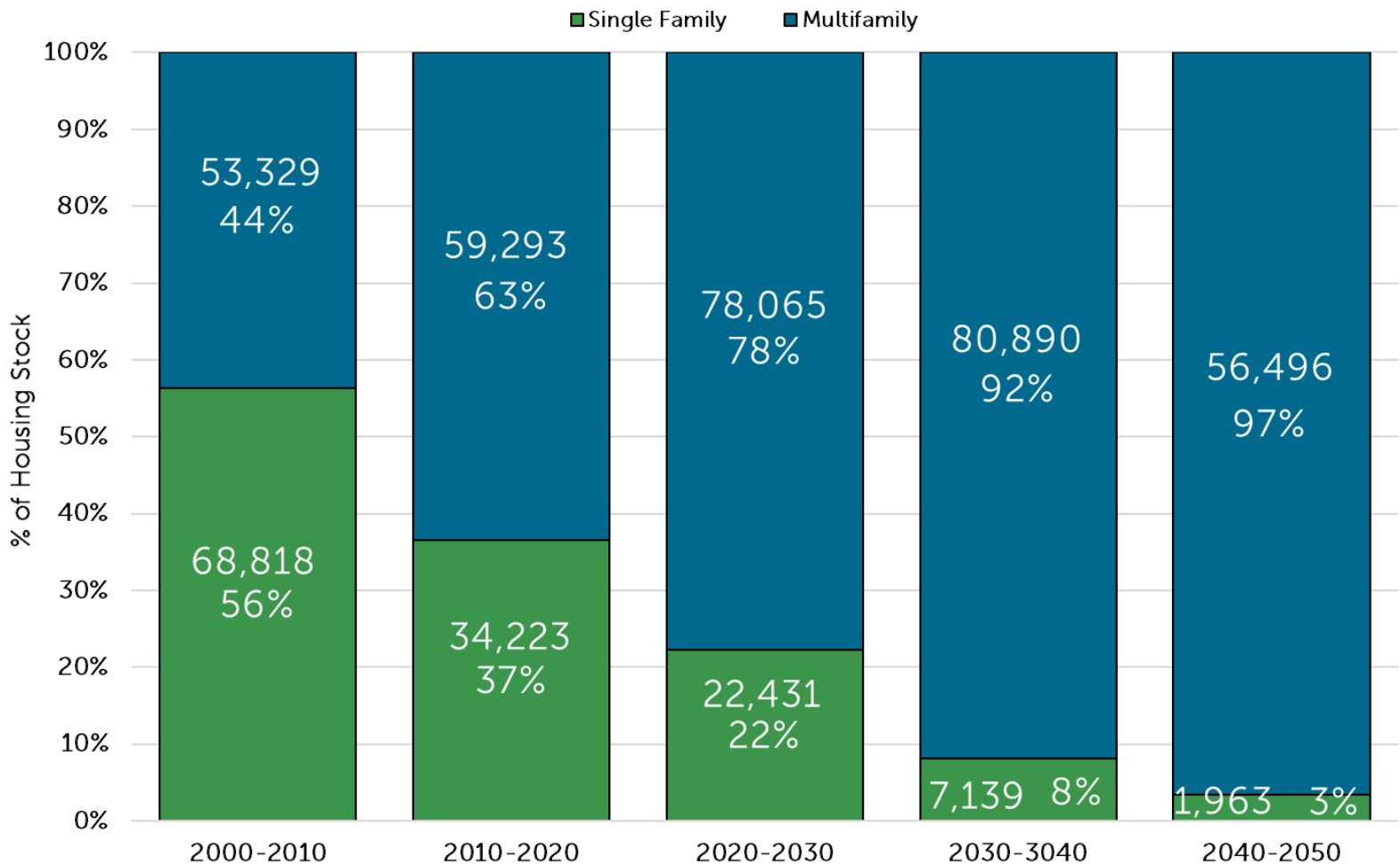
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North County EDC Housing Summit

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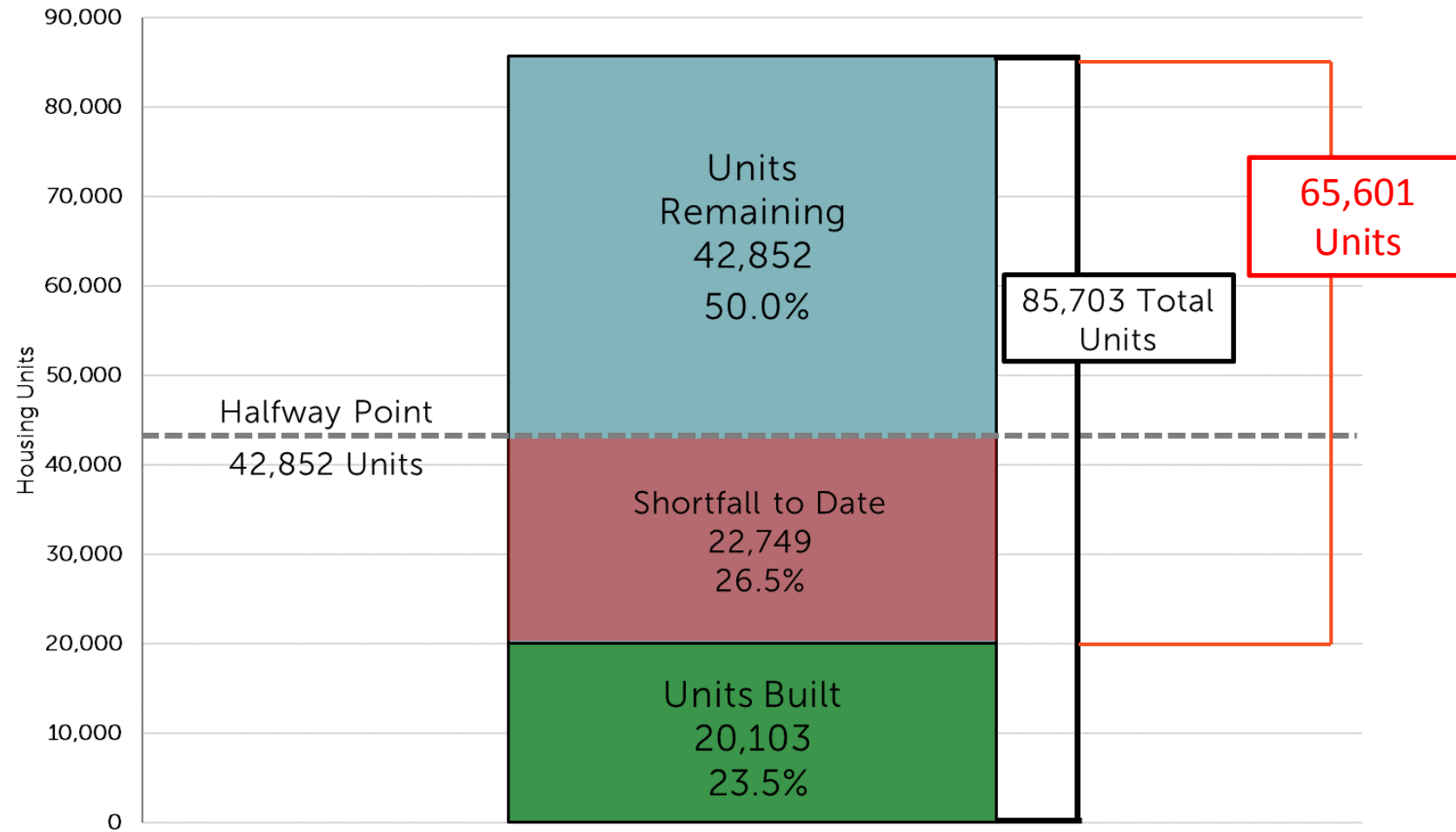
Potential Housing Growth

San Diego County Housing Stock Growth
Historical (2000-2010) & Future (2010-2050)



Source: London Moeder Advisors, SANDAG

San Diego County Progress Update 2012 - 2020



Reconciliation of Future Generations Housing Expectations
San Diego Region

Scenario 1: MFG growth is Dispersed Throughout Region

Supply	
	2010-2050 Growth
Single-family	65,756
Multifamily	276,354
Total Units	342,110

Demand			
Housing Preferences			
City People	51%	100.0% MF	174,476
Suburbanites	49%	62.5% SF	104,771
		37.5% MF	62,863
			167,634
Total Units			342,110

Multifamily Reconciliation	
Future Supply	276,354
Future Demand	237,339
Over Supply:	39,015

Single Family Reconciliation	
Future Supply	65,756
Future Demand	104,771
Shortage:	(39,015)

Source London Moeder Advisors, U.S. Census, ULI, SANDAG

Reconciliation of Future Generations Housing Expectations
San Diego Region

Scenario 2: MFG growth Focused on Central Subregion

Supply	
	2010-2050 Growth
Single-family	65,756
Multifamily	276,354
Total Units	342,110

Demand			
Housing Preferences			
City People	51%	100.0% MF	112,203
Suburbanites	49%	62.5% SF	143,692
		37.5% MF	86,215
			229,907
Total Units			342,110

Multifamily Reconciliation	
Future Supply	
Central Subregion	112,203
Balance of County (37.5%)	164,151
Total Supply	276,354
Future Demand	
Central Subregion	112,203
Balance of County (37.5%)	86,215
Total Demand	198,418
Over Supply:	77,936

Single Family Reconciliation	
Future Supply	65,756
Future Demand	143,692
Shortage:	(77,936)

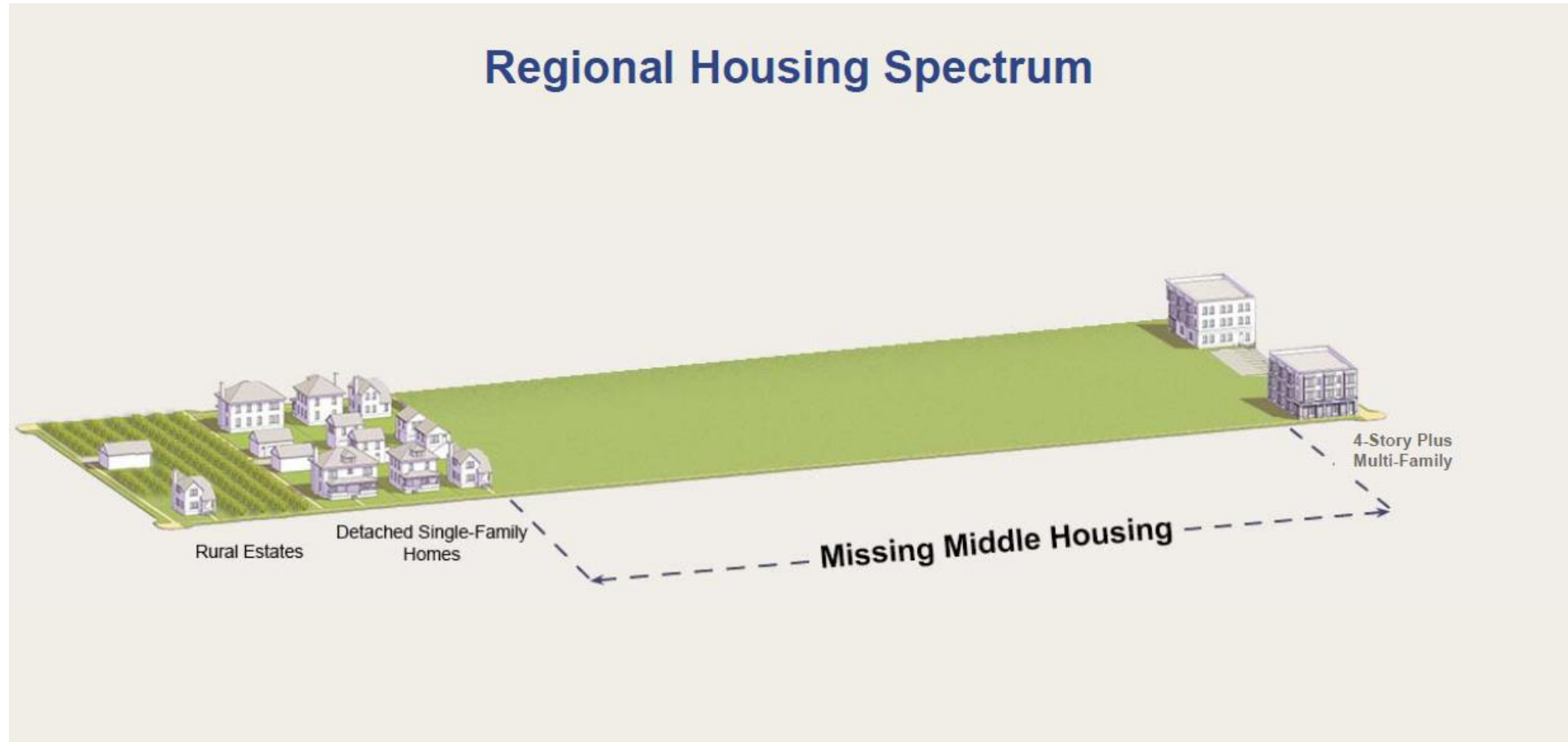
Source London Moeder Advisors, U.S. Census, ULI, SANDAG

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Challenges

- Total Delivery: one-half of what we need.
- Composition of Delivery: mostly MF, not nearly enough SF
- High Home Prices: mostly because of land, because we have run out
- Geographic distribution: We like housing Downtown, but nowhere else
- Wrong target: Mostly for younger, not enough for forming families.

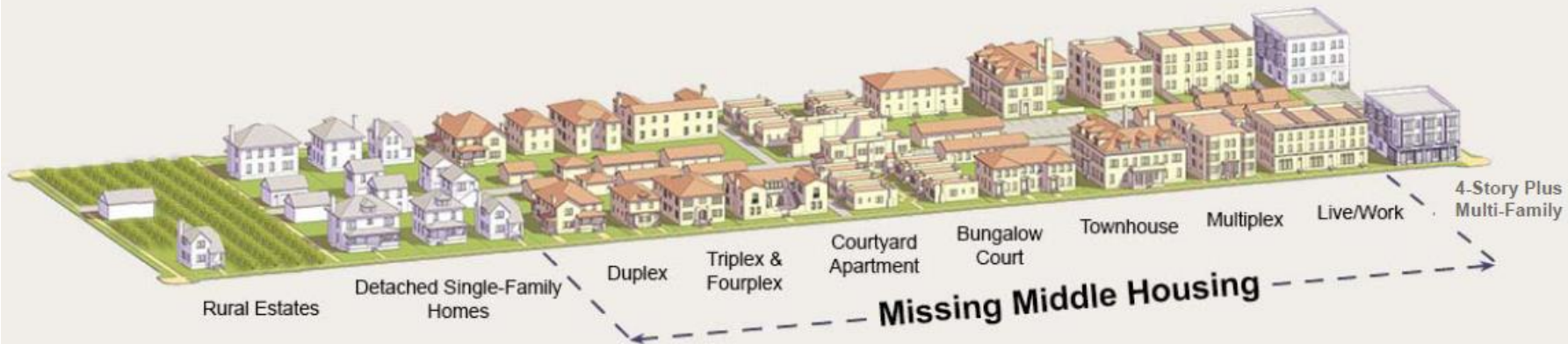
Housing Gap



Source: County of San Diego

Housing Gap

Regional Housing Spectrum



Solutions: Development Perspective

- ➔ Planners ascribe density that is feasible and compels land owners to sell their property for development.
 - Needs to be studied at a higher level. Current efforts and analysis for the city fall short of understanding what development is actually feasible.
- ➔ Balance between height limitations and urban form.
 - Taller building heights allow for higher achievable rents on top floors, which helps project feasibility.
 - Taller building heights open up the site and allow for better placemaking and community amenities.
- ➔ City to fund Specific Planning Areas in communities where higher intensity development is required to make development happen.
 - Without City funding development will stall. Land owners in a given area will not blindly fund an expensive study without an immediate development plan.

Solutions: Planning Perspective

- ➡ Eliminate or make more flexible many zoning/land use restrictions: most new projects are exceptions to zoning. Accommodate them through form-based design, perhaps moratorium of rules in certain corridors.
- ➡ Establish neighborhood housing goals, and roll them up to a City-wide goal. Stress test them every year. Ask why we haven't built those homes. Solve the problem. Updating community plans are simply not enough.
- ➡ Invite the providers to help address the problems. Form a “blue ribbon” committee with the task of helping staff and management to create ideas and audit change.
- ➡ Invite and encourage housing for young families on infill sites by maximizing land efficiencies through rowhomes and townhomes.

And If No Solutions

- ➡ Prices Will Continue to Increase
- ➡ The skilled young will continue to move out
- ➡ There will be a rash of short sighted, unworkable, impulsive “solutions” which might include Rent Control, ballot box planning or ballot box rejections of projects, and community pushback.
- ➡ More need for government subsidies
- ➡ But beside the housing problems, we are most certainly going to face economic problems: What is keeping business owners and managers up at night? Not finding skilled employees, and dealing with stressed employees (dollars and commutes).



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Emerging North County Master Planned Community Amenity Preferences



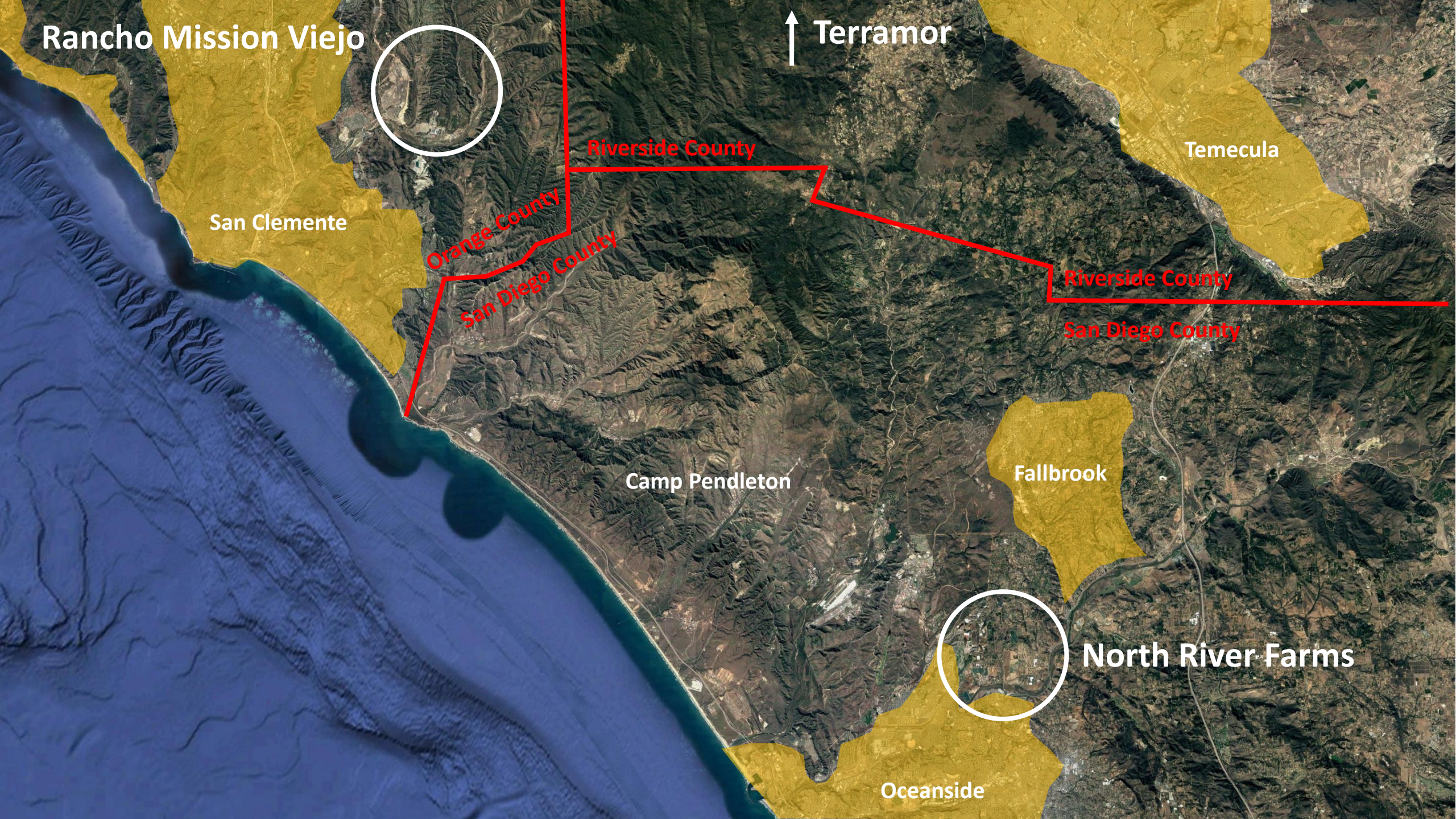
**Landscape
Architecture**



Planning



Urban Design



Rancho Mission Viejo

↑ Terramor

Riverside County

Temecula

San Clemente

Orange County

San Diego County

Riverside County

San Diego County

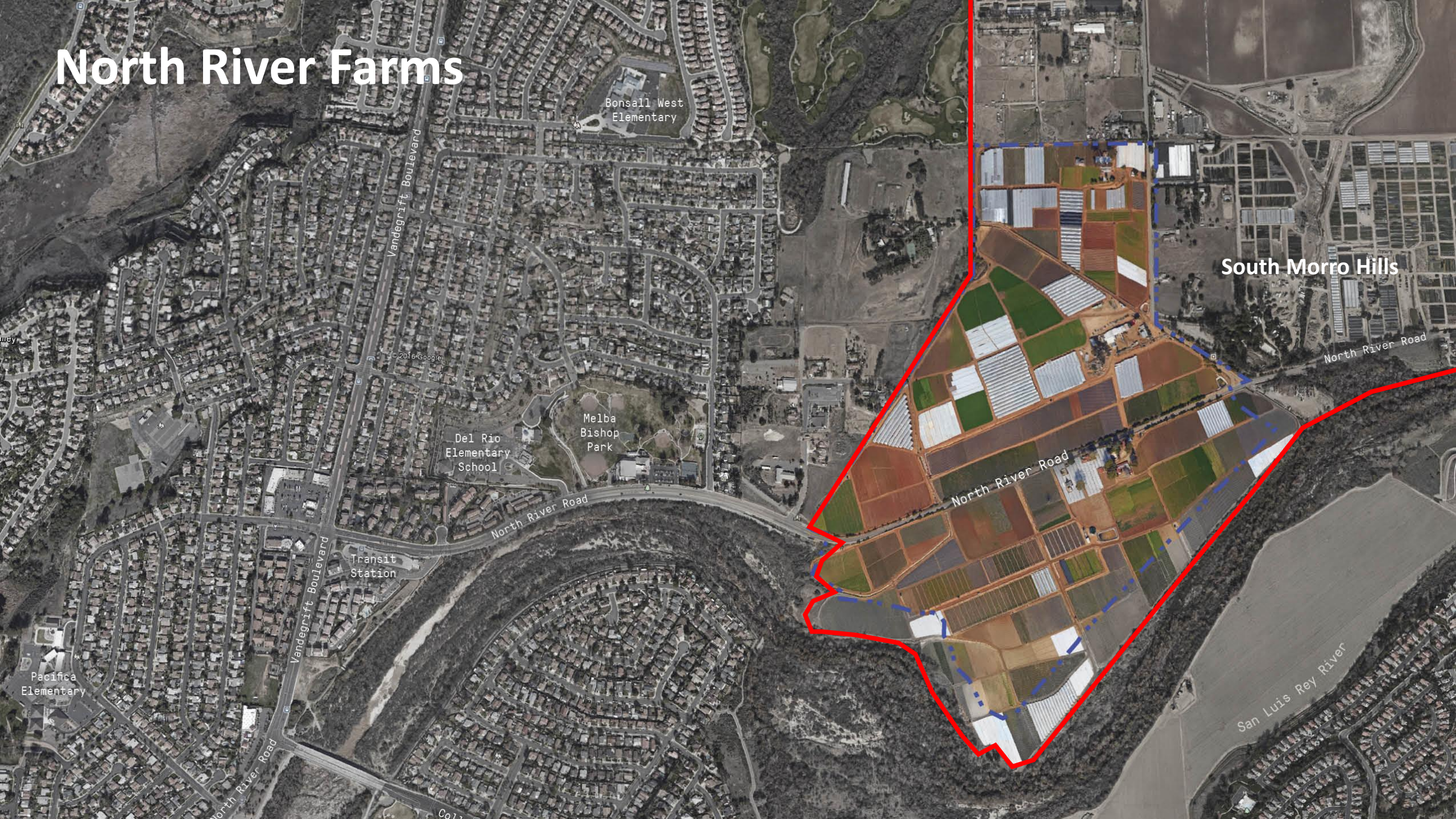
Camp Pendleton

Fallbrook

North River Farms

Oceanside

North River Farms



Bonsall West Elementary

Del Rio Elementary School

Melba Bishop Park

Transit Station

Pacifica Elementary

South Morro Hills

North River Road

North River Road

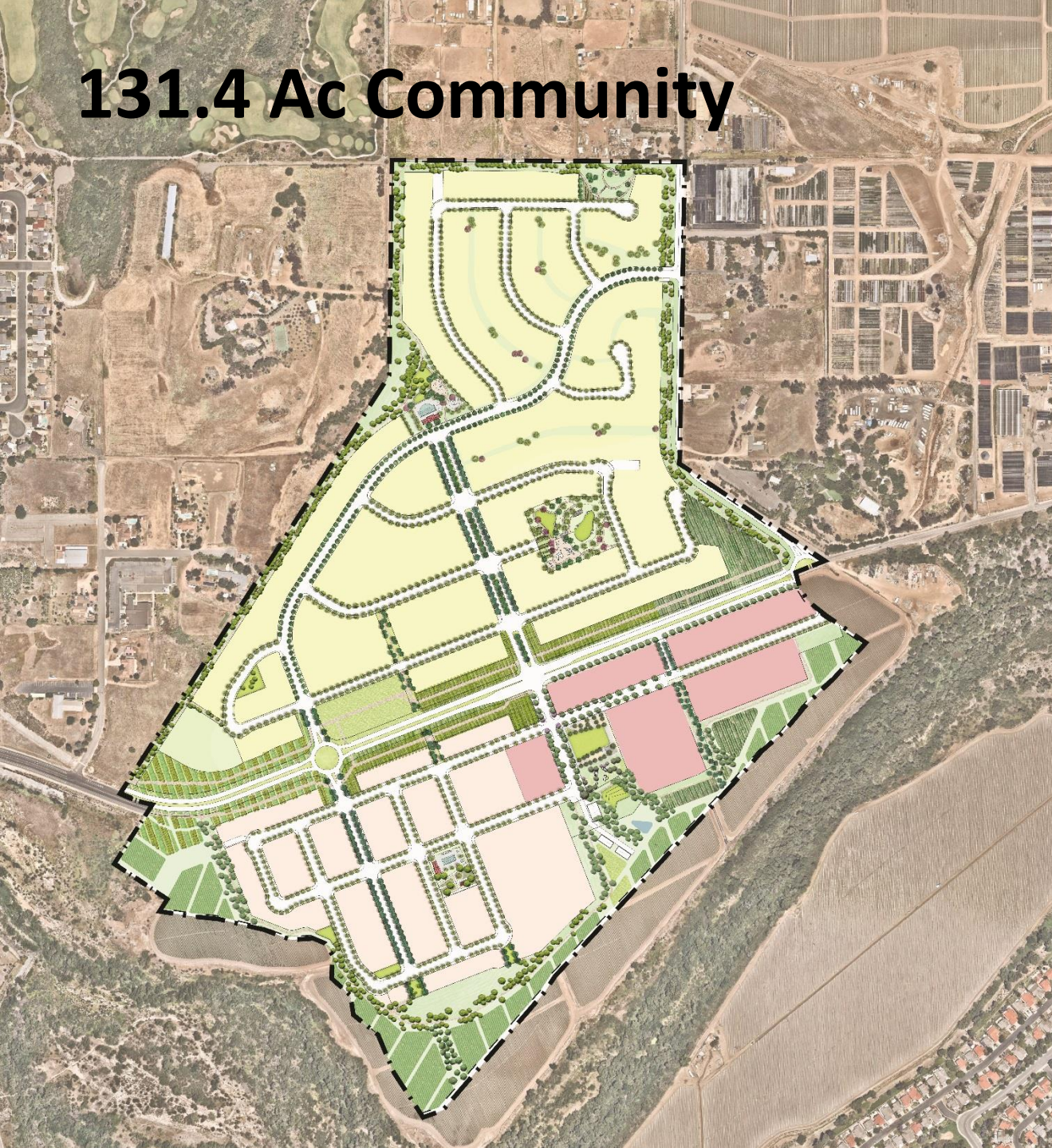
San Luis Rey River

© 2016 Google

Rural Edge



131.4 Ac Community



31.6 Ac Farm



Village Core



Village Green

The Ecology Center

Farm Stand

Amphitheatre

Farm

Maker's Space

Farmers' Market

Hotel

Residential

An aerial architectural rendering of a village development. The scene is viewed from a high angle, looking down on a central green space. To the left, a large, multi-story building with a grey and white facade is situated. To the right, a paved road with several cars is visible. In the background, a body of water and a line of trees are visible. The overall atmosphere is bright and sunny, with lush green trees and grass. Various people are scattered throughout the scene, adding a sense of life and activity. The labels are placed in semi-transparent boxes over the corresponding areas of the rendering.

Village Core

Hotel

The
Ecology
Center

Amphitheatre

Farm

Farm Stand

Village Green

Residential

Farmers' Market



Market Garden



Community Garden

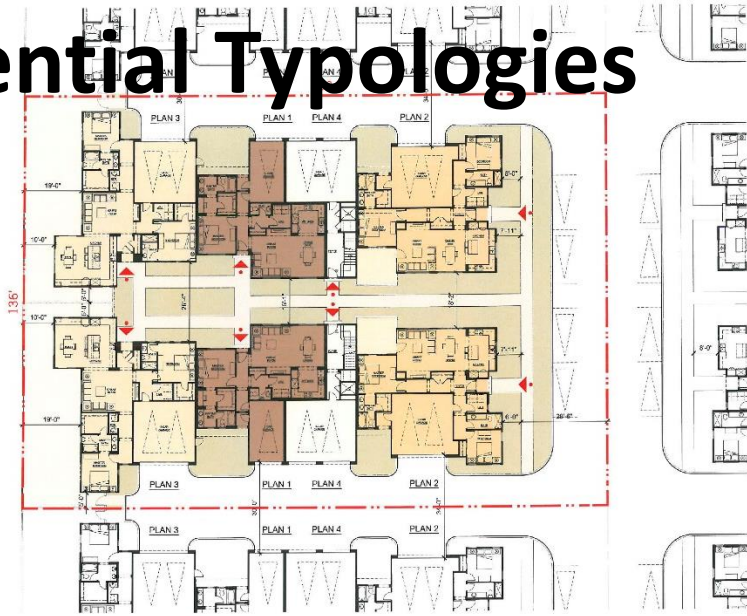


Production Agriculture



Trails

Residential Typologies



AGE QUALIFIED
SINGLE FAMILY ATTACHED

Density: 13.3 du/acre
Sellable Floor Area:
17,593 sff/acre



MARKET RATE
SINGLE FAMILY ATTACHED

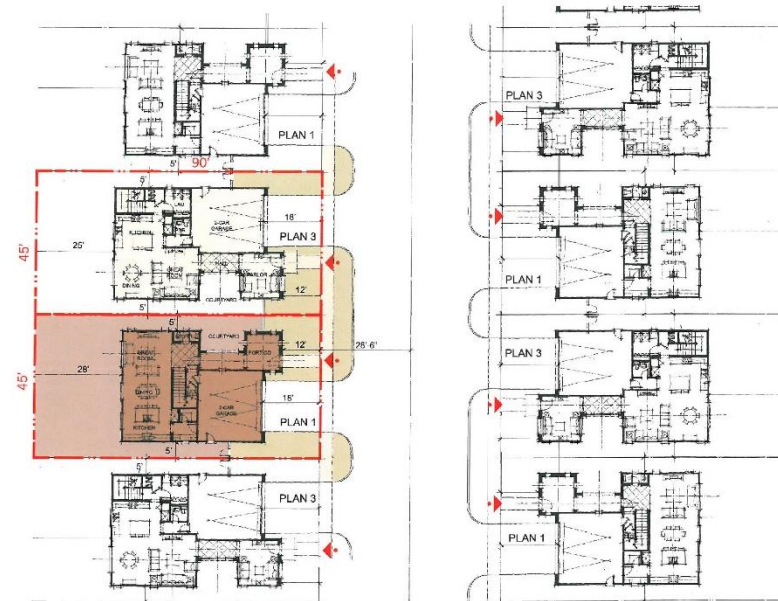
Density: 23.4 du/acre
Sellable Floor Area:
31,765 sf/acre

Group	Condition 1	Condition 2	Condition 3	Condition 4
Control	~95%	~90%	~95%	~95%
MCI	~90%	~40%	~40%	~40%
AD	~85%	~55%	~45%	~45%



MARKET RATE
HIGH DENSITY DETACHED

Density: 10.6 du/acre
Sellable Floor Area:
21,581 sf/acre



**MARKET RATE
CONVENTIONAL
45' X 90' LOTS**

Density: 8.2 du/acre
Sellable Floor Area:
17,862 sf/acre

Trial	Control (%)	MCI (%)	AD (%)
1	100	100	100
2	100	100	100
3	100	95	90
4	100	90	80
5	100	85	65

North River Farms





North County Housing Summit
July 19, 2018

James J. Schmid, CEO



Chelsea Investment Corporation

- Founded in 1986 by Jim Schmid, who still serves as CEO
- Developed over 100 quality affordable communities throughout California, Arizona and New Mexico to create over 10,000 units
- Specializes in structuring innovative financing solutions
- Long-term owner and operator and ensures continuous management, maintenance, and compliance
- Workforce Housing, Seniors, Special Needs, Farmworkers, Homeless, Infill, Rural, Mixed-Use
- Sustainability Advocate; most projects completed in the last 10 years have been LEED certified



Ouchi Courtyards – 45 units



16th & Market – 136 units



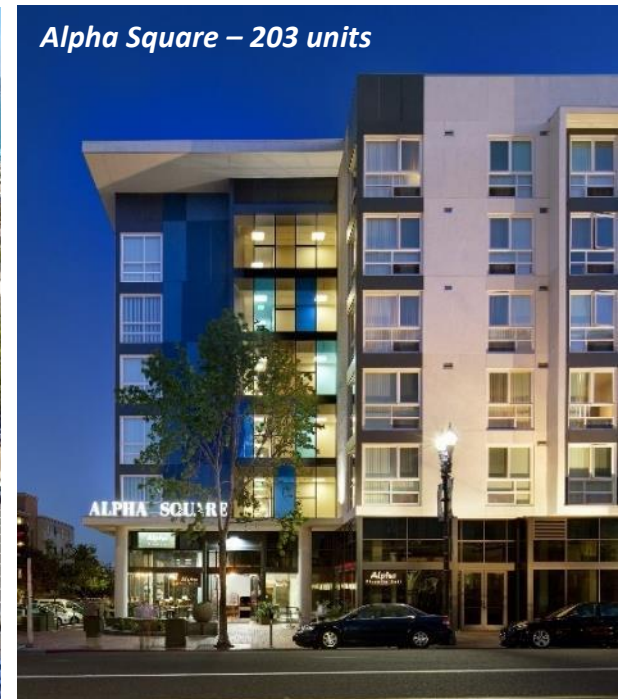
Mercado del Barrio – 92 units



Westminster Manor – 152 units



Alpha Square – 203 units



San Diego's Housing Crisis: Affordability

- Homelessness Surge
- Subsidy For affordable homes \$100,000-\$200,000 per Unit
- Significant increases in rents and home prices
- 20% of population cannot afford housing

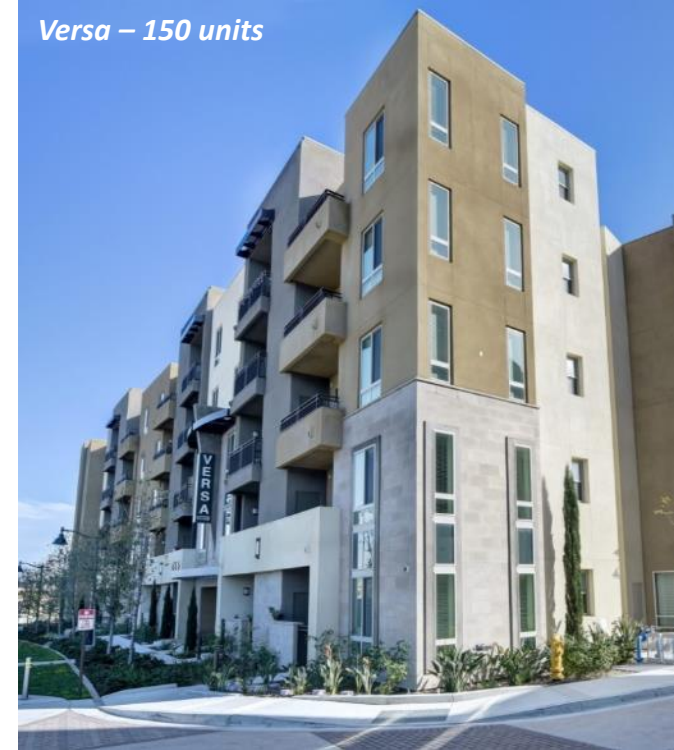
Causes of High Cost of Housing?

- Cost of Land
 - Scarcity
- Cost of Regulations
 - 40% of the cost of new housing in San Diego

Villa Storia – 38 units



Versa – 150 units



Trolley Park Terrace – 52 units



The Landings I & II – 143 units



Solutions

- Affordable/ Middle Income Housing Overlay in obsolescent retail location zones
- Affordable/ Middle Income Density Bonus

15th & Commercial-140 Units



Alpha Square-203 Units



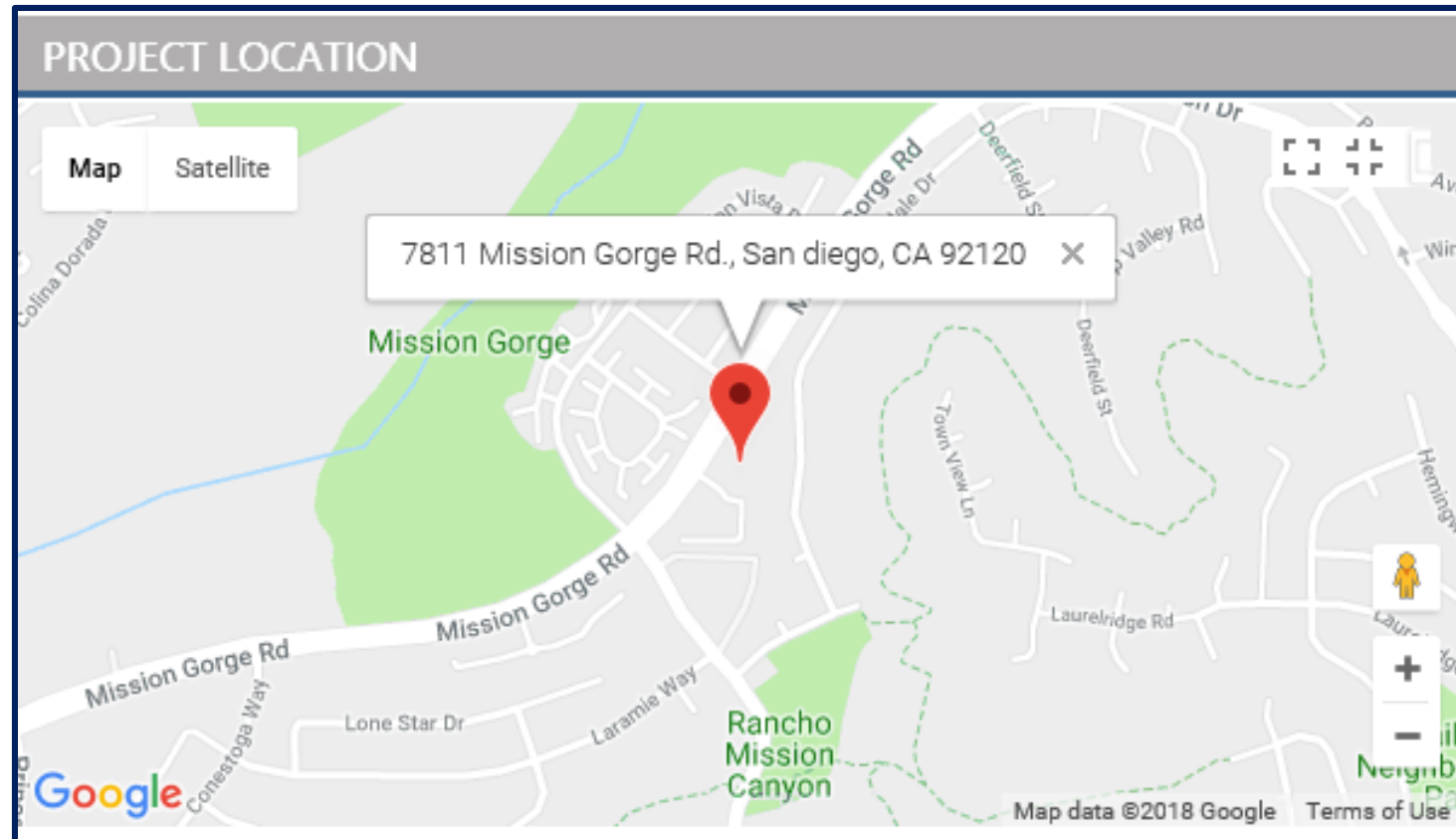
Affordable Housing Zoning Overlay

Case Study #1 - San Diego - Mesa Verde

Mesa Verde is a new construction transit-oriented family affordable housing development for qualified households

- Mesa Verde is a model for San Diego affordable home creation.
- 90 new construction homes
 - Single building serving 50-60% AMI
 - Onsite community room and basketball court
- Full use of 35% Affordable Housing Density Bonus

Mesa Verde Location



Mesa Verde (Before)



Mesa Verde



Project Description

- 90 units
- Rents range from approx. \$800-\$1,420/month for a Studio, 2bdrm or 3 bdrm
- 3 studios, 36 two bedrooms, 27 three bedrooms
- Representing a 50% discount to market
- Began construction End of December 2016
 - Rain delays
 - Cell tower relocation



Closed Mesa Verde 17 months after starting construction in April 2018

Financing

Source	Amount
LIHTC Equity	\$11.8 M
Sub Loan	2.2 M
Permanent Loan	11.0 M
SDHC Loan	9.6 M
Total	\$34.6 M (\$384,444 per unit)

Affordable/Middle Income Density Bonus

Case Study #2 - San Ysidro - Paseo La Paz

Paseo la Paz is a new construction transit-oriented family affordable housing development for qualified households

- Located adjacent to the Trolley line
- Walking distance to shopping, park, entertainment, healthcare, public transit, public library, and Head Start childcare.
- 139 units
 - 6 three-story buildings
 - Separate laundry buildings
 - Community room with large outdoor patio
 - Tot lot play area and half-court basketball
- Full use of 50% Affordable Housing Density Bonus – Base Density = 92 units



SAN YSIDRO FAMILY
TRANSIT ORIENTED
DEVELOPMENT

Low Income Component Affordable Density Bonus

San Ysidro 139 Units

	San Ysidro 139 Units	
<u>Sources:</u>		
LIHTC Equity	\$	13,839,016
Permanent Loan		16,770,000
Deferred Dev Fee		2,597,129
SDHC Loan & Interest		9,652,375 (\$56,748/unit)
Total Sources	\$	42,858,520
<u>Uses:</u>		
Land	\$	6,219,850
Direct Construction Costs		23,540,262
In Lieu Fee		-
Indirect/Soft Costs		13,098,408
Total Uses	\$	42,858,520 (\$308,335/unit)
Cost per unit excluding Land	\$263,588/unit	
Direct Construction	\$169,354/unit	

Middle Income Component

Proposed Middle Income Density Bonus

24 Middle Income Units developed with Middle Income Housing Regulations

100% AMI MTSP Rents
24 Moderate Income Units

Sources:

Equity		
Permanent Loan	\$	6,180,000
Deferred Dev Fee		-
SDHC Loan & Interest		-
Total Sources	\$	<u>6,180,000</u>

Uses:

Land	\$	-
Direct Construction Costs		4,064,506
In Lieu Fee		131,461
Indirect/Soft Costs		<u>1,984,033</u>
Total Uses	\$	<u>6,180,000</u>

Cost per unit excluding Land \$257,500/unit

Direct Construction \$169,354/unit

Combined Project

Analysis of a mixed income LIHTC and Middle Income Housing Project

Combined 163 Units		
<u>Sources:</u>		
Equity	\$	13,839,016
Permanent Loan		22,950,000
Deferred Dev Fee		2,597,129
SDHC Loan & Interest		9,652,375 (\$56,748/unit)
Total Sources	\$	49,038,520
<u>Uses:</u>		
Land	\$	6,219,850
Direct Construction Costs		27,604,768
In Lieu Fee		131,461
Indirect/Soft Costs		15,082,441
Total Uses	\$	49,038,520 (\$300,850/unit)
Cost per unit excluding Land	\$262,691/unit	
Direct Construction	\$169,354/unit	

Other Considerations

- Middle Income rentals not being developed – very high occupancy and rent increases
- Encourages “mixed income” projects which is one of the 11 tools favored by SDHC in the Housing Production Objectives 2018-2028
- Encourages social integration
- Creates move up housing for Low Income families currently in Low Income housing
- Provides a tool for both Affordable Housing developers and Market Rate developers
- Allows SDHC to demonstrate Middle Income Housing projects as authorized under AB 1637
- Facilitates development of market rate units in low income communities
- Ordinance should accommodate residents “Up To” 150% of AMI
 - Enhances benefit of MIDB in lower income communities



Thank You

James J. Schmid, CEO

