Transit Oriented Workforce Housing Solutions

Prepared for:
Rail~Volution

Presented by:
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September 9, 2005
Presentation Agenda

Workforce Housing - Vision and Approach

Quality and Place Making

Proving the Case with Numbers

Conclusion
Workforce Housing
Vision and Approach
Vision Metrics

- The provision of quality housing at an affordable price to public employees, educators, low and moderate income workers;

- Stimulating, healthy places that are environmentally responsible and socially supportive;

- Neighborhood and home plans that encourage resident interaction and a high quality-of-life;

- Residential living options that allow access to mass transit opportunities;

- Access to a broad range of services including commercial, retail, education, fitness, dining, and other amenities;

- A place where you want to live, not where you have to live.
Our Overall Approach

- Use transit agency/government/nonprofit/private land as a base for creating affordable workforce housing
- Accommodate inclusionary zoning policy so that private landowners / developers will provide land to a non-profit corporation
- Ensure that units built will remain affordable over a long term – 99 years
- Use scarce government monies as a revolving fund to increase housing affordability
- Use benefit to local government to help speed up entitlement / permit processing time for large-scale affordable housing projects
Help public and private entities develop workforce / transit oriented communities and facilities, while generating a long term income stream for the project sponsor from underutilized land resources.

**Technique Includes:**

- Strategic Planning
- Organizational Structure
- Land Planning and Design Concepts
- Creation of a Financing Structure
- Implementation of Development on Behalf of Sponsor
Owner’s Representative Concept

- **Transit Agency Sponsor**
- **Nonprofit Development Entity (SPE)**
- **Fannie Mae**
- **Owner’s Representative**
- **Investment Bankers, Community & National Banks**
- **Architects Engineers**
- **Civil Engineers Land Planners Market Planners Attorneys**
- **Builder**
- **Financing**
- **Design**
- **Construction**
- **Other**

Financing Facilitator
The program utilizes private financing enabled by nonprofit or public agencies but does not require any government subsidy.
Ground Lease Ownership Structure

Benefits from the Ground Lease Structure

• Control over financing

• Access to land proceeds, share in home appreciation, leveragable income stream

• Control over development and ownership

• Priority of home buyers by employment categories targets a specified workforce

• Ability to control unit price appreciation and resale process

• Covenants, conditions, restrictions, and ongoing property management
**Project Capitalization/Financing**

*Financing program provides Sponsor with long term cash flow and high quality facilities with limited up front cash requirement*

**Predevelopment**
- Line of credit (partially secured by sponsor’s land assets)
- Uses: Engineering and design, market analysis, EIR, legal, development fees

**Construction**
- CFD Bond/TIF, tax exempt rental housing bond, taxable and tax exempt construction loan for for-sale housing
- Uses: Infrastructure, unit construction, financing, marketing, sales, design, engineering, builder, legal, development fees, and return of seed money

**Ongoing**
- Unit sales and re-sales, refinancing of rental units, financing commercial facilities
- Uses: End loans, debt and equity, capital
The program utilizes a special Fannie Mae approved mortgage program to increase affordability to priority employees.

Issued by Local Banks as part of CRA program

- 100% Mortgage
- No Down Payment
- No PMI
- Same Interest Rate as 80% LTV CRA Loan
- Approved Home Owner’s Assistance Program
Selected Relevant Projects - Quality and Place Making
California State University
Channel Islands Campus

The development will generate affordable faculty & staff housing, commercial space and fund campus construction

Development Challenge
- Affordable workforce housing needed
- 800,000 square feet of new academic buildings required
- 1,000,000 square feet of rehab required
- Limited upfront seed money available
- Limited CSUCI staff involvement

Result
- 900 units of affordable housing for University workforce and campus affiliates
  - Single family detached homes
  - Town homes
  - Apartments
- “Town Center” (apartments over retail)
- R&D facilities

$800 million over 45 years to fund campus construction
California State University, Channel Islands

Workforce Housing - Project Quality

Single Family Homes

Interior Detail

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Single Family Homes

Interior Detail
California State University, Channel Islands

Workforce Housing - Project Quality

Single-Family Exterior

Single-Family Exterior
Hawaii

Workforce Housing - Project Quality
Hawaii

Workforce Housing - Project Quality

Iwalani
Oahu, Hawaii
Single-Family Cluster
California State University, Channel Islands

Workforce Housing - Place Making

Phases I & II Overview

Pedestrian Oriented
Workforce Housing - Place Making

Multi-Family Exterior

Townhome Exteriors
California State University, Channel Islands

Workforce Housing - Place Making

Multi-Family Courtyards
St. Francis Residential Communities

Workforce Housing - Planning

Conceptual Site Schematic Plan
County of Hawaii - Waikoloa Workforce Housing

Workforce Housing Planning

Conceptual Site Plan

QuickTime™ and a TIFF (LZW) decompressor are needed to see this picture.
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University of Hawaii - West Oahu Campus

Workforce Housing Planning

Creating a “Sense of Place”

- Create a new urban transit linkages to future outlaying development areas
- Provide opportunities for various types of transportation uses
- Create a “walkable” environment
- Promote connectivity that supports the students
- Create accessible goods and service nodes – supporting everyday community needs
- Establish a higher level of urban transit design – “create the model”

Transit Oriented – Public Accessibility

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The Need for Local Workforce Housing

The Affordability Gap
2004 Median Family Income
- Ewa Beach, HI: ~$56,300

2004 Salaries in Ewa Beach, HI:
- Firefighter: ~$41,320 (starting salary is ~$30,991)
- Police officer: ~$49,798 (starting salary is ~$41,489)
- Teacher: ~$51,461 (starting salary is ~$42,155)
- Medical Assistant: ~$31,061 (starting salary is ~$28,456)
- Nurse (RN): ~$62,897 (starting salary is ~$57,476)

“What good is a real estate boom that prevents our teachers from living near the schools in which they teach, our police officers from living in the communities they police, and our children from moving back into the neighborhoods that they were raised”

Washington Post: DC Councilmember
# Affordability Gap - Home Purchase

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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<tbody>
<tr>
<td>Median Home Price</td>
<td>~$699,000</td>
</tr>
<tr>
<td>Median Income*</td>
<td>~$56,000</td>
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<tr>
<td>Income needed to buy Median Priced Home</td>
<td>~$167,600</td>
</tr>
<tr>
<td>Affordability Income Gap</td>
<td>~$111,600</td>
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</tbody>
</table>

*For 2004 calendar year*
The UniDev Affordability Approach

The program can make for-sale housing affordable without using direct subsidies or sacrificing quality.

Elements of Affordability
- Interest Rate Assistance Loan
- Reduced Developer’s Profit
- No PMI
- Interest Rate Reduction
- Interest Rate Assistance Loan
- Homeowner Fee Reduction
- Construction Savings
- Land

Tools for Creating Affordability
- Ground Lease
- No PMI
- Tax Exempt Construction Loan
- Reduced Developer’s Profit
- Interest Rate Reduction
- Interest Rate Assistance Loan
- Homeowner Fee Reduction

Impact on Affordability in Hawaii
- Reduces cost of home by 20-30%
- Reduces income required to purchase by 40%-50%
The UniDev Affordability Approach

The program can make rental housing affordable without using direct subsidies or sacrificing quality.

Tools for Creating Affordability

- Reduced land cost and restrictive covenants from Sponsor
- Tax exempt construction and permanent financing
- No real estate taxes on rental housing
- No developer profit; rather owner’s rep fee
- Tax increment financing

Impact on Affordability

- Reduces cost of units by 25%-35%
- Reduces income required to rent by 40%-50%
Workforce Housing Program

Conclusion

- Program works well for any landholder – particularly non-profit and governmental entities
- Program brings quality financial institutions
- Program provides mortgage financing and mortgage assistance
- Program can produce substantial benefits for the owner and user

“You see things; and you say, “Why?” But I dream things that never were; And I say, “Why not?”

George Bernard Shaw
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