

Broadway Housing

by Nicholas Joseph Wong, BSCR student
Senior Project

City and Regional Planning Department
California Polytechnic State University
San Luis Obispo

June 9th 2014



TITLE: Affordable Housing Development

AUTHOR: Nicholas Joseph Wong

DATE SUBMITTED: April 9th 2014

Zeljka P. Howard
Senior Project Advisor

Signature

date

Hemalata C. Dandekar
Department Head

Signature

date

Table of Contents

| | | |
|----|---|----|
| 1) | Acknowledgments..... | 7 |
| 2) | Introduction..... | 8 |
| | a) Statement of Objectives | |
| | b) Project Description/Background | |
| | c) Methodology | |
| | d) Project Location | |
| | e) Relevance to planning | |
| 3) | Literature Review..... | 16 |
| | a) Villa Montgomery Project | |
| | b) TCAC Regulations | |
| | c) Tax Credits | |
| 4) | Existing Conditions..... | 19 |
| | a) Population Trends | |
| | b) Existing Rental Conditions | |
| | c) Surrounding Amenities | |
| | d) Market Rate Study/Needs Analysis | |
| 5) | Design and Unit Plans..... | 27 |
| | a) Unit Configuration | |
| | b) 3 bedroom, 2 bath FLAT | |
| | c) 3 bedroom, 2 bath STACKED | |
| | d) 4 bedroom, 2 bath STACKED | |
| 6) | Finances..... | 32 |
| | a) Novogradac & Company Rent & Income Limit Calculator | |
| | b) 9% Tax Credit Equity/Determination of tax credit eligibility | |
| | c) Cash Flow | |
| | d) Development budget | |
| | e) Pro Forma | |
| 7) | Conclusion/Lessons Learn..... | 39 |
| 8) | References..... | 40 |
| 9) | Appendices..... | 41 |

List of Tables and Figures

Tables

| | | |
|-----|---|----|
| 1. | Population Age Distribution..... | 17 |
| 2. | Housing Tenure Rate..... | 17 |
| 3. | Size of Renter Household Redwood City..... | 18 |
| 4. | Existing Rent Matrix..... | 19 |
| 5. | Table H-6- Tenure by income Category by Household..... | 20 |
| 6. | Amenities distance from project..... | 21 |
| 7. | Median Household Income ACS 2012 5-Year..... | 22 |
| 8. | Median Value of Owner-Occupied Housing Units..... | 23 |
| 9. | Owner/Renter Tenure ACS 2012 5-Year..... | 23 |
| 10. | Median Gross Rent..... | 23 |
| 11. | School District API Scores (2012)..... | 24 |
| 12. | Ratio of Family Targeted LIHTC units per Population..... | 24 |
| 13. | Novogradac \$ Company LLP Rent & Income Limit Calculator..... | 30 |
| 14. | 9% Tax Credit Equity..... | 31 |
| 15. | CTCAC Basis Analysis: Threshold Basis Limit..... | 31 |
| 16. | CTCAC Basis Unit..... | 31 |
| 17. | Max tax credit Allocation..... | 31 |
| 18. | Tax Credit Equity..... | 31 |
| 19. | 9% Tax Credit Equity Cost..... | 32 |
| 20. | Development Budget..... | 33 |
| 21. | Pro Forma..... | 36 |

Figures

| | | |
|-----|--|----|
| 1. | Area Location..... | 9 |
| 2. | Surrounding Location..... | 9 |
| 3. | Parcel Location..... | 9 |
| 4. | Site Location..... | 10 |
| 5. | Example of modular housing..... | 12 |
| 6. | Villa Montgomery Affordable Housing..... | 14 |
| 7. | Amenities Map..... | 21 |
| 8. | View facing North..... | 25 |
| 9. | View facing South..... | 25 |
| 10. | Site Plan..... | 26 |
| 11. | 3 bdrm FLAT unit floor plan..... | 27 |
| 12. | 3 bdrm FLAT 3D rendering..... | 27 |
| 13. | 3 bdrm STACKED unit floor plan..... | 28 |
| 14. | 3 bdrm STACKED 3D rendering..... | 28 |
| 15. | 4 bdrm STACKED unit floor plan..... | 29 |
| 16. | 4 bdrm STACKED 3D rendering..... | 29 |

Acknowledgements

- Prof. Zeljka Pavlovich Howard, *Faculty Advisor*
California Polytechnic State University

John Okura, *Affordable Housing Advisor*
Jamboree Housing Corporation, Housing Development Manager

George Lopez, *Affordable Housing Advisor*
Jamboree Housing Corporation, Project Manager II

Redwood City
Community Development Department

Introduction



Redwood City, California is settled half way between San Francisco and San Jose in the County of San Mateo and is looking to improve an already great city. The City established several goals for future development including, residential development, economic development, and transportation. This project addressed a small part of Redwood City's overall goals and ambitions for the community

affordable housing. The project looks to improve residential development, spark economic development, and reduce transportation congestion in the area. The average household median income sits at around \$77,000 making Redwood City a location in dire need of affordable housing opportunities for those under the median income level.

Statement of Objectives



This project outlines the feasibility and proposal for an affordable housing project, *Broadway Housing*, in Redwood City located on the Broadway Corridor. The scope of the project includes an investigation of the existing affordable housing conditions, gauging the need of the community,

evaluating the market rate standard, identifying a target population to help and determine effective renter's rate, and applying for a 9% tax credit/other public funding agencies.

Project Description

The proposal “Broadway Housing” will be a new 40-unit apartment complex in the Broadway Corridor of Redwood City. Twenty units will be 3 unit bedrooms while the remaining 20 will be 4 unit bedrooms. The proposed Broadway Housing will be geared for the large families in the low to very low income cohorts and look to serve those in the 30% AMI. The site is at 1400 Broadway and is currently the home to Public Works Department of the City. Highway 101 and Expressway 84 just sit north and east of the project respectively. Unique to the project will be the form and construction of the units. LivingHomes is a local construction company that specializes in modular

housing. The units will be combinations of LivingHomes modular design and allow for faster construction greatly reducing cost. The Housing Element of the Redwood City General Plan calls for the investment into the community through affordable housing. A key component of generating activity in an area is providing housing. That guarantees residents allows out and about in the area. It can help start the revitalization process to bring people back into the Broadway Corridor. Furthermore, everyone should have the opportunity to live in Redwood City and this project can help provide that opportunity.



The main goals of the proposal are as follows: 1) provide affordable high quality housing to a residential area that is in desperate need; 2) develop an attractive environment that encourages more affordable development in Redwood City. 3) Use as much public funding and tax credit availability to reduce the cost of construction. Incorporated in 1868, Redwood City experienced its first major population growth after World War II, the 1970s saw a dip in growth, yet the 1980s and 1990s brought back the rapid population growth. The Association of Bay Area Governments (ABAG) calculated approximately 16 percent growth between 2000 and 2030. A large majority of the population during the 2000s were young adults (the Baby Boomer Generation) ranging from 25 to 44. Now in 2014, that age group has aged now within the middle-age to senior adults' category. By 2030, ABAG predicts that "baby boomer" generation will become highest percentage of the population in the area and will be in need of affordable housing. With a massive shift in population need Redwood City is planning to add more affordable housing.

For projects to be identified as affordable housing, they must serve a particular income level. The State Department of Housing and Community Development (HCD) has broken it down into five income categories to evaluate housing need based on Area Median Income (AMI) for the metropolitan area: Extremely Low-Income Households: 0 to 30% of AMI; Very Low-Income Households earn between 31 to 50% of AMI; Low-income Households earn between 51-80% of AMI; Moderate-Income Households earn between 81 and 120% of AMI; and Above Moderate-Income Households Earn over 120% of AMI.

"According to the 2005-2010 Consolidated Plan, moderate- and above moderate-income households comprised the largest share of all households, and the low-income households comprised the second largest category (Table H-5). Ten percent of the City's total households were classified as extremely low income (0-30 percent of AMI), nearly 11 percent were classified as very low income (31-50 percent of AMI), and approximately 19 percent were classified as low income (51- 80 percent AMI)." *Redwood City's General Plan Housing Element*, (Page H 21)

Methodology

The method of development for this project starts with the study of the surrounding cities and affordable housing projects. Second, an analyze the existing conditions of existing projects and determining which are the most effective methods used and which household groups are being served. Third, compile research from the Redwood City Housing Element, US Census, and other sources shall be formed to determine which group of households in need of additional affordable housing. Fourth, research tax credit eligibility and determine the best site possible to maximize usage of tax credits and apply for federal grants. Fifth, determine a site and calculate the maximum number of units possible allowed within the General Plan and Zoning Ordinances, and design the most feasible square footage per unit with the provide parking requirements.

The first method of development is to research affordable housing projects and how they fared in developing funding for the each project. The main goal of each affordable housing project is find the correct source of money to help subsidize the costs to build the project. By researching other projects in the area, vital information shall be used to help the project get off the ground. Also mistakes by other design groups shall be avoided and noted.

The second and third development phases are important to identify the existing conditions and what household groups are being served. It is important to categorize what the City has done right and what categorizes need help in. This becomes a great component as this stage shall determine the size of the units and ultimately the number of units.

The fourth development stage researching and compiling the most applicable tax credit funding and determining whether to apply for the 4% tax credit or the 9% tax credit. Each have their pros and cons with different requirements than the other. This step will help locate the most effective in identifying the best site to build the project on. If the public funding is not there to subsidize the project than the project cannot be feasible for a cheaper rate.

The General Code and Zoning Ordinance determine the maximum allowed units and minimal parking requirements. All design aspects of the fifth development stage helps determine the design of the units, unit overall count and the financial feasibility and the tax credit eligibility

Project Location

Regional Setting

Redwood City is located at the halfway point between San Jose and San Francisco up the San Francisco Peninsula. Connected by multiple highways, train stops, and major roadways, Redwood City has numerous advantages in serving the surrounding community. Just 30 minutes from the technology services of the Silicon Valley to the tourist destinations of San Francisco, Redwood City can offer many opportunities and conveniences.



Figure 1: Area Location



Figure 2: Surrounding Location

Local Setting

The project site is located within the Broadway Corridor which is just adjacent to Downtown Redwood City. Starting in the west at Maple Street and Douglas to the Stanford Medical Campus in the east. Currently the area is consistent with light industrial and commercial land uses and residential neighborhoods surrounding the area. Highway 101, to the north, brings in a heavy amount of traffic that travels to Downtown or onto Highway 84, to the south. The current conditions of many of the parcels are poor and in need of redevelopment. The pedestrian experience along the Broadway Corridor is also lacking as many sidewalks are in need of repair or small uncomfortable sidewalks, no street furniture or lighting, and no bicycle accommodation for cyclists. SamTrans Route 270 has a stop in the Corridor (Samtrans 2013).



Figure 3: Parcel Location

Project Location

Broadway Housing project site is located at 1400 Broadway, Redwood City. Currently, the 9.4 acre parcel serves as the City's Redwood City Corporation Yard however the city is looking to develop the land and revitalize the Broadway Corridor. The project is located on a small portion of the parcel at the corner of Chestnut and Broadway. Totaling 1.15 acres, the infill project can help rejuvenate the depilated area and fill a blank parking lot.



Figure 4: Site Location

Relevance to Planning

This project is relevant to planning because it will illustrate a comprehensive understanding of how to feasibly finance an affordable housing project and what necessary measures it will take to develop one from the ground up. Shelter is one the necessary components to serving and affordable housing the government's way of subsidizing that basic need. As housing becomes more expensive and harder to live in, affordable housing will help those unable to afford bigger housing.

Affordable housing is an essential part of planning as it is a vital part of a community to help bring those less fortunate into the city center. Affordable housing provides an opportunity for the new graduated students, young families, senior citizens and others as they all look to set their financial feet. This project will look to adhere to all General Plan and Zoning Ordinances within Redwood City and look to provide the most optimal feasibility of an affordable project.

Literature Review & Case Studies



Figure 6: Villa Montgomery Affordable Housing

Villa Montgomery Affordable Housing Apartments

Villa Montgomery Apartments (VMA) is the latest affordable housing project in Redwood City. Featuring 58 apartments through four stories eight (8) studio rooms, eight (8) 1 bedroom, eighteen (18) 2 bedrooms, and twenty (24) 3 bedroom apartments makes the Villa Montgomery accessible to anyone eligible for affordable housing. VMA is able to serve the elder senior citizen, young striving bachelor, or young start up family looking for help. The main goal has been to provide affordable housing for those in need. Located at just south of the Cal Train station, VMA is in perfect walking distance and promotes a sustainable health lifestyle. VMA is able to provide great amenities: underground parking for all residents; on-site laundry facilities; ground floor retail space; and a computer lab open to residents. By providing much of the onsite amenities, many residents can enjoy the complex without having to get into their car and drive somewhere else. VMA promotes walkability by providing so many close amenities. Prospective residents must also fill out an application to prove they fit within the 20 to 60% AMI of the area to insure the apartments are serving those in need of housing.

The important points to take away from the project is the unique features the project is able to provide. 1) The USGBC LEED Gold Certification, 2) the numerous Green Features, and 3) the location. By providing energy efficient appliances, like low-flow water fixtures, all fluorescent light fixtures, and non-formaldehyde insulation allow for less dependence on energy and cut the utilities bills in half. This is a great help to residents struggling with payments and allows residents to use their funds on more pressing needs.

The California Housing Finance Agency (CalHFA) Board of Directors loaned over \$16 million dollars to Villa Montgomery, L.P. to construct the complex as Branagh Construction started construction in August 2005 and was open for rent a year later. Of that \$16 million, \$15.6 million was tax exempt; an adjustable interest rates was added over the first two years; and a construction loan borrowed at \$405,000. After construction, CalHFA provided \$4.76 million in permanent, tax-exempt mortgage financing. California Department of Housing and Community Development's Multifamily Housing Program and Redwood City Redevelopment Agency also subsidized some funding.

TCAC Regulations

The California Tax Credit Allocation Committee Regulations illustrates the federal and state low income housing tax credit laws in the California Code of Regulations Title 4, Division 17, Chapter 1. The regulations are meant to set a standard and base line for tax credit programs. This compliance will insure that Federal and State Low-Income Tax Credit Programs will be focused on low income residents and the funding will not be invested elsewhere.

The regulations are important because it outlines the bare minimum required to build an affordable housing project on what to needs to be settled in order to determine a project as serving the affordable community. Application basic thresholds are outlined in Section 10325(f) including; housing need and demand; site control; enforceable financing commitment; locals approval and zoning; financial feasibility; sponsor characteristics; minimum construction standards; deferred payment financing, grants, and subsidies; project size and credit amount limitations; and project applying for competitive Tax Credit. All of which must be included in the plans and feasibility study.

Tax Credits

From "The Opinion Pages" of the New York Times, the editorial posted an article entitled "A tax credit work preserving." The short but informational piece gave great reasoning to why the tax credits should be continued. It defined tax credits as allowing "corporations to reduce their tax liabilities by investing in affordable housing." This subsidize works great for both parties as the corporations get tax breaks and the customer gets a cheap affordable roof to live under. Over 90% of all affordable housing projects are funded from the tax credits but recently have been focusing on the 30 percent of average median income.

Everyone deserves an affordable place to live. It should society's moral obligation to close the gap between the rich and the poor. Affordable housing provides opportunities

to other groups of life to interact with one and another. Without affordable housing, communities would develop around the same socio-economic communities.

Lack of affordable housing has led to a rise in homelessness as many cannot afford to pay rent. This leads to more residents living on the streets and the deterioration of a community. It becomes increasing harder for groups to find housing which is very detrimental to a community for high standards of living. Even in affluent neighborhoods middle class residents cannot afford to live in those areas because the standard of living is so high. Everyone should have an opportunity to a great community.

Poor homes and substandard housing has been linked to negative social outcomes. Children are affected the most as a stable home provides a place of nurture and a place to develop. Detrimental health effects can build in young children as they do not the structural foundation of a stable home. According to the Community Tool Box, Chapter 26 poor housing, "contributes to childhood problems such as asthma, anemia, viral infections, stunted growth, and other health problems.

It becomes imperative that planners and developers should look to develop affordable housing. Not only is affordable housing an amazing opportunity for communities to develop, but support the youth of an area. Lucky there are many programs willing to incentivize affordable housing and provide ample opportunities for planners and developers to design and market affordable projects.



This page is intentional left blank

Existing Conditions

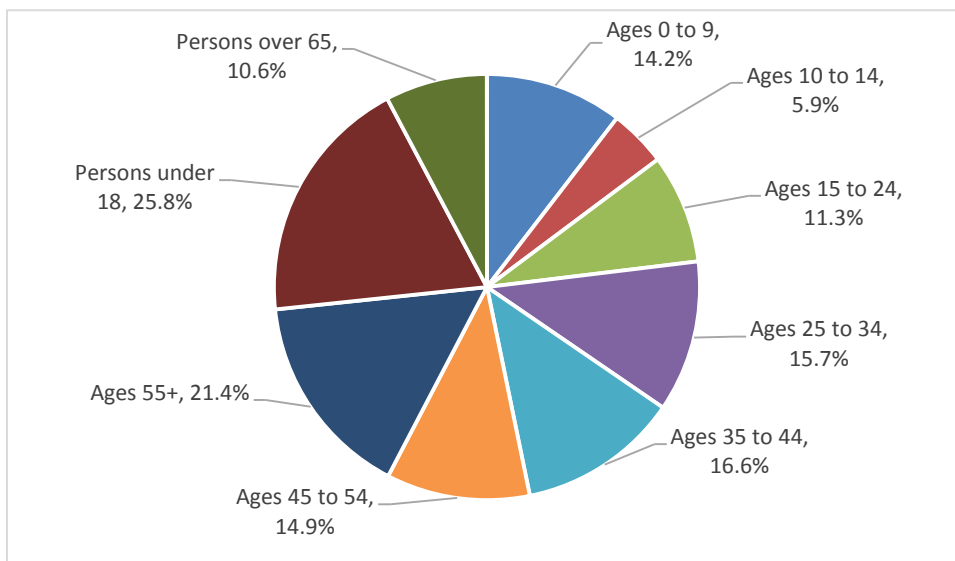
Population Trends

According the US Census, Redwood City had a population of about 76,815 in 2010 and accounted for eleven (11%) percent of the population in San Mateo County.

Between the years 2000-2007, Redwood City saw a small growth in population of 2% and can expect a similar growth pattern after 2014.

The 25 to 34 and 35 to 44 cohorts are important because they hold the highest percentage of the population at sixteen (16%) and seventeen (17%) percent respectively.

Table 1: Population Age Distribution



Household Conditions

Currently the majority of household sizes served are 2-3 persons with 40%. 4-person and more households are the lowest served at only 28 percent.

According to the 2012 American Community Survey "Selected Housing Characteristics," the average household size of renter-occupied unit is 2.75

According to the 2012 American Community Survey "Selected Housing Characteristics," the majority of occupied houses in Redwood City were Renter-occupied at 51%.

Table 2: Housing Tenure Rates

| | Estimate | Percent |
|------------------------|----------|---------|
| Occupied housing units | 28,871 | 100.0% |
| Owner-occupied | 14,103 | 48.8% |
| Renter-occupied | 14,768 | 51.2% |
| Vacancy Rate | 1,198 | 4.15% |

Existing Conditions

Existing Rental Population

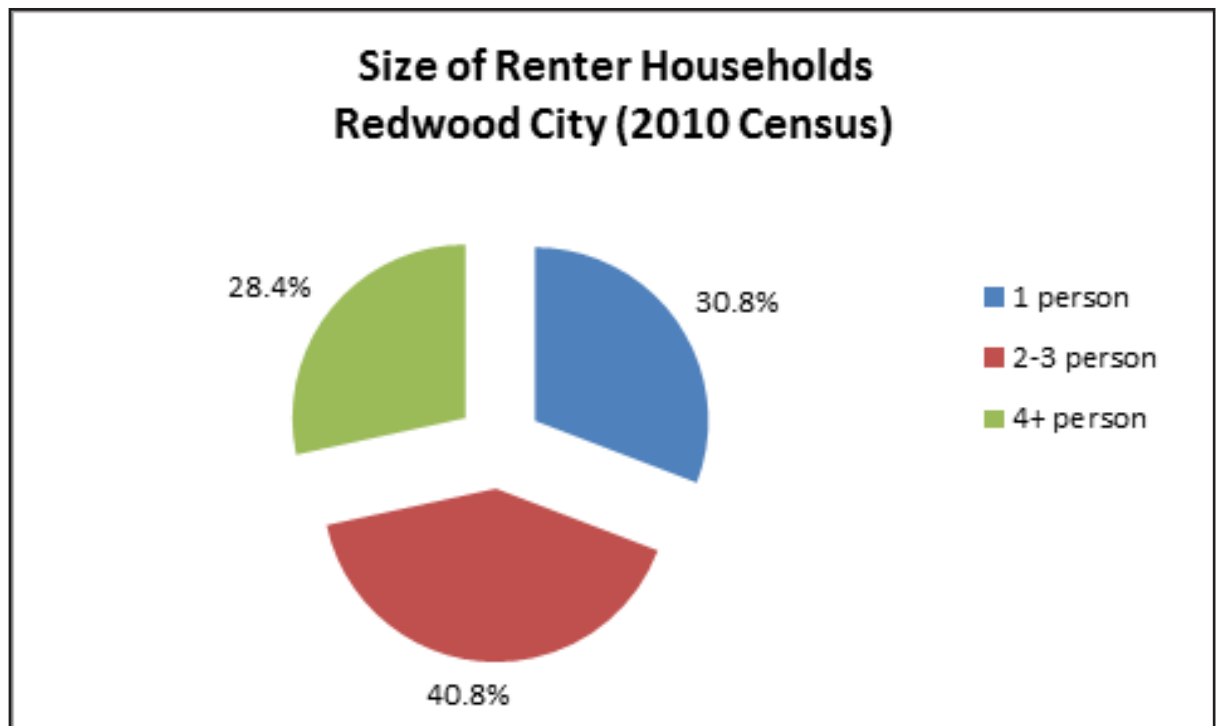
From that 51.2%, the following table illustrates existing percentages of Renter occupied person household size.

Table 3: Size of Renter Household Redwood City (2010 Census)

| # Occupants | Renters Occupied | Percent of Renters |
|--------------------------------|------------------|--------------------|
| Renter- Occupied Housing Units | 13,797 | 100% |
| 1-person household | 4,252 | 30.8% |
| 2-person household | 3,459 | 25.1% |
| 3-person household | 2,169 | 15.7% |
| 4-person household | 1,872 | 13.6% |
| 5-person household | 1,066 | 7.7% |
| 6-person household | 453 | 3.3% |
| 7-or-more person household | 526 | 3.8% |

The majority of household sizes were focused on 2-3 person household. Only 28% of rentable units were focused on 4+ person households.

Chart 1: Breakdown of Renter Household Redwood City (2010 Census)



Summary of Rent Matrix in Redwood City:

The majority of the existing affordable housing projects have been geared to help the seniors and low income single families.

Table 4: Existing Rent Matrix

| Project/Location/Source | POP SERVED | Matching Unit types/Mix | # of UNITS | # of AFFORD UNITS |
|---|-------------------|--|------------|-------------------|
| Casa de Redwood: 1280 Veterans Blvd Redwood City, CA 94063 | Seniors | Studio, 1 Bdrm | 134 | 134 |
| City Center Plaza: 950 Main Street Redwood City, CA 94063 | All | 1 bdrm, 2 bdrm, 3 bdrm, 4 bdrm | 81 | 80 |
| Franklin Street Apts: One Maple Street Redwood City, CA 94063 | All | 1 bdrm, 2 bdrm | 204 | 31 |
| Hallmark Apartments 531 Woodside Road Redwood City, CA 94062 | All | Studio, 1 Bdrm | 72 | 72 |
| North fair Oaks Fmily Housing Hampshire at Halsey Redwood City, CA 94065 | Family | 2 bdrm, 3 bdrm | 60 | 12 |
| Pescadero Apartments 950 Redwood Shores Parkway Redwood City, CA 94063 | Seniors, Families | 2 bdrm | 17 | 20 |
| Redwood City Commons 875 Walnut Street, Redwood City, CA 90463 | Seniors, Disabled | 1 bdrm | 58 | 58 |
| Redwood Court 635 Spruce Street Redwood City, CA 94061 | Family | 2 bdrm, 3 bdrm | 27 | 27 |
| Redwood Oaks 330-340 Redwood Avenue, Redwood City, CA 94061 | All | 1 bdrm, 2 bdrm | 36 | 35 |
| Redwood Plaza Village Apartments 830-850 Main Street Redwood City, CA 94063 | Seniors | 1 bdrm, 2 bdrm | 81 | 13 |
| St Clare Apartments 2683 Marlborough Ave Redwood City, CA 94063 | Family | Studio | 24 | 24 |
| Villa Montgomery 1500 El Camino Real Redwood City, CA 94063 | All | Studio, 1 bdrm, 2 bdrm, 3 bdrm, 4 bdrm | 58 | 58 |

Existing Conditions

From Redwood City's Housing Element, Table H-6: Tenure by Income Category by Household Type of the Housing Element illustrates the majority of need for Renter-Occupied Large Families (5+ persons) is needed housing the cohort takes up the highest percentage between Very Low Income and Low Income housing. Redwood City excels at providing housing for the Moderate to Above Moderate income.

Table 5: Table H-6- Tenure by income Category by Household

| Household Type | Extremely Low Income (0-30%) | Very Low Income (31-50%) | Low Income (51-80%) | Moderate/ Above Moderate (81% +) |
|-----------------------------------|------------------------------|--------------------------|---------------------|----------------------------------|
| Renter-Occupied Households | | | | |
| Elderly (62+ years) | 37% | 20% | 22% | 21% |
| Small Families (2-4 persons) | 13% | 14% | 24% | 49% |
| Large Families (5+ persons) | 10% | 28% | 32% | 29% |
| Others | 11% | 10% | 23% | 56% |
| Total Renters | 15% | 15% | 24% | 46% |
| Owner-Occupied Households | | | | |
| Elderly (62+ years) | 14% | 17% | 26% | 43% |
| Small Families (2-4 persons) | 3% | 2% | 8% | 87% |
| Large Families (5+ persons) | 3% | 8% | 14% | 74% |
| Others | 6% | 4% | 11% | 79% |
| Total Owners | 6% | 6% | 13% | 74% |
| Total Households | 10% | 11% | 18% | 61% |

Source: HUD CHAS Data Tables, 2004 (Based on 2000 Census).

Surrounding Amenities

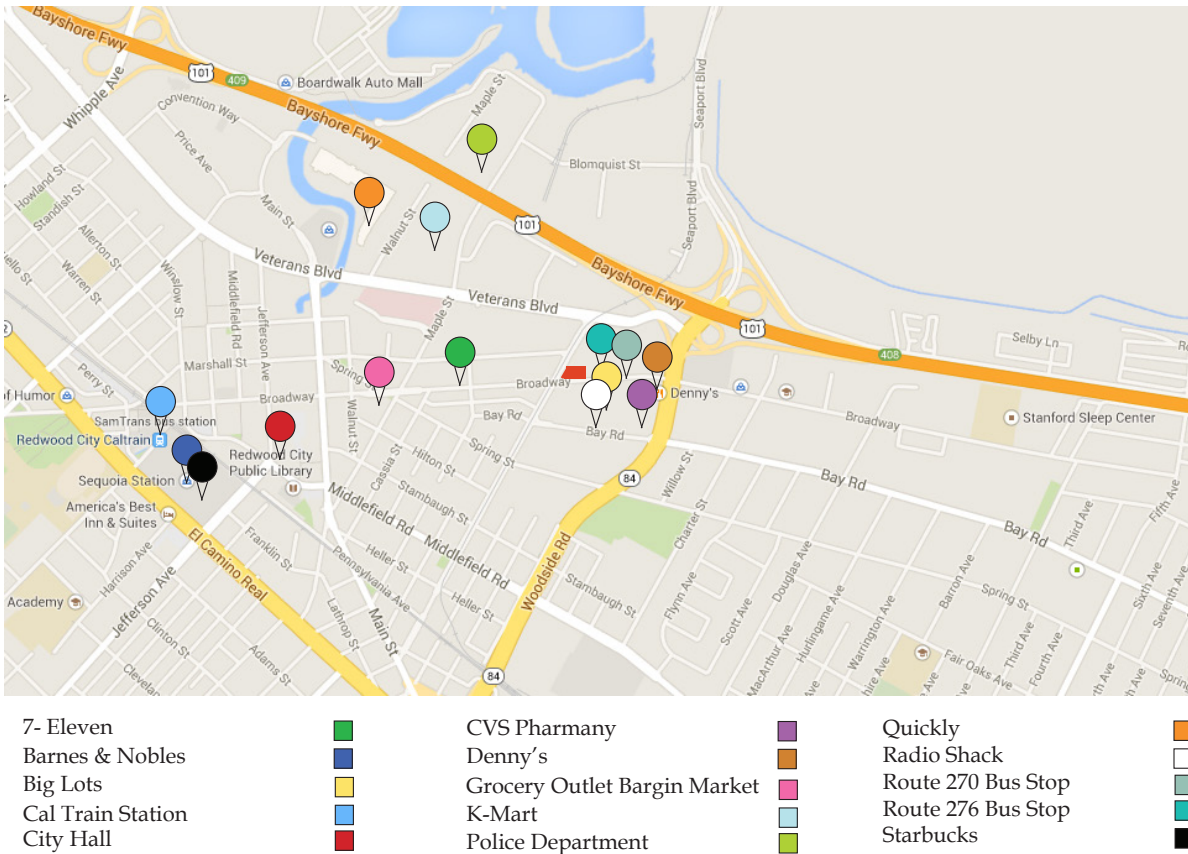


Figure 7: Amenities Map

| Name | Category | Distance |
|-----------------------------------|---------------|----------|
| 7-Eleven | Retail | 0.25 mi |
| Barnes & Nobles | Retail | 0.78 mi |
| Big Lots | Retail | 0.0 mi |
| Broadway & Chestnut | Transit | 0.0 mi |
| Route 276 & Route 270 | Transit | 0.0 mi |
| City of Redwood Police Department | City Services | 1.0 mi |
| Courthouse Square | City Services | 0.60 mi |
| CVS Pharmacy | Retail | 0.08 mi |
| Denny's | Dining | 0.1 mi |
| Grocery Outlet Bargain Market | Grocery | 0.49 mi |
| Kmart | Retail | 0.24 mi |
| Quickly | Retail | 0.7 mi |
| Radio Shack | Retail | 0.04 mi |
| Redwood City's City Hall | City Services | 0.68 mi |
| Redwood City Cal Train Station | Transit | 1.0 mi |
| Starbucks | Retail | 0.7 mi |

Table 6: Amenities distance from project.

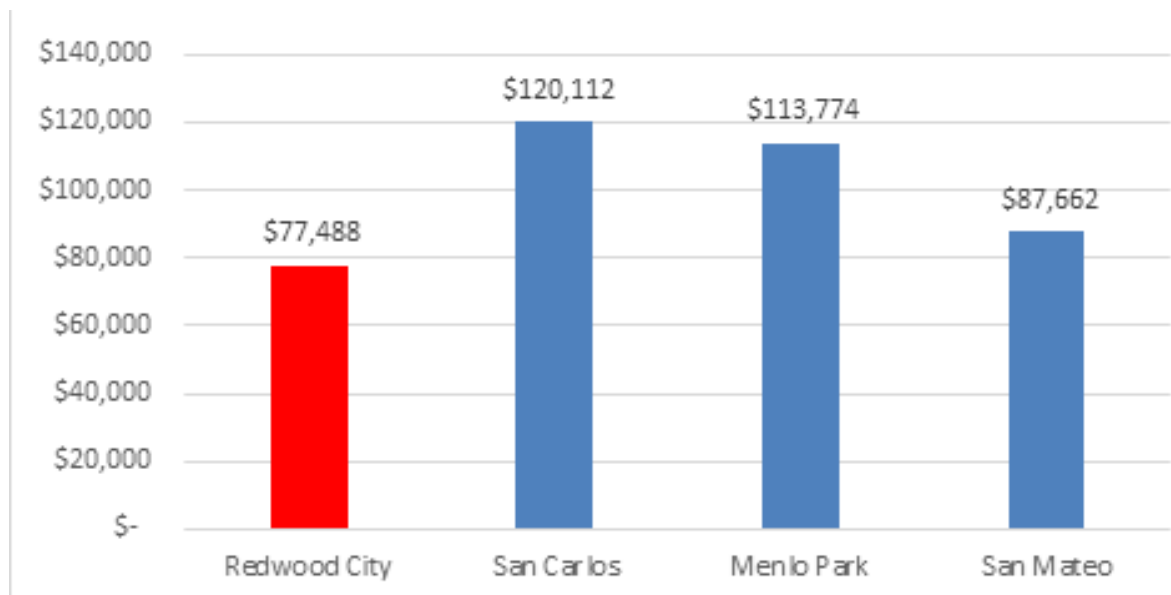
The project site is surrounded by numerous existing amenities and makes the site location more viable to support low income residents. Public transportation is key as it can provide a low cost to getting residents around the bay area. The local Cal Train station is only a mile from the project and the Regional Bus routes are located down the street from the project. Both of these public transportation systems are available to residents and lessens the need for a private vehicle. A number of bog box stores are also closely located near as Big Lots is across the street and K-Mart to the north. Quick drink shops like Quickly and Starbucks provide refreshing amenities and more importantly a Grocery Store is located less than a quarter of a mile from the project area. This becomes key as residents do not need to travel in their vehicles to purchase groceries. The concept is trying to reduce the number of trips that the project will generate. The higher number of amenities in walkable distance will help lower that the number of trips generated from the new project.

Market Rate Study

This study shall list the surrounding communities and compare the housing values, household incomes, and tenure for the communities near Redwood City. The majority of tenants will be drawn from the surrounding cities: San Carlos, Menlo Park, and San Mateo. The proposed project shall be estimated against existing living conditions to ensure the project is comparable and competitive. Data was pulled from the American Community Survey (ACS) 2012 5 Year data. The compiled information is to be used to prove the need for an affordable housing project in an affluent neighborhood and the ability of the proposed project to attract renters.

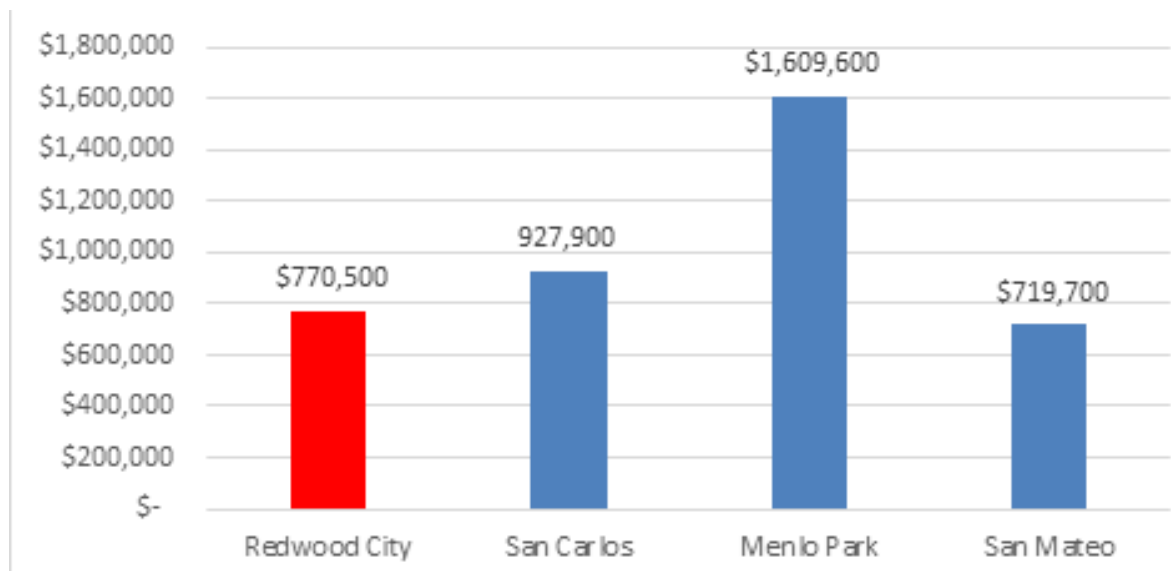
The median household median income in Redwood City was the lowest along the San Francisco Peninsula with \$77,488.

Table 7: Median Household Income ACS 2012 5 Year



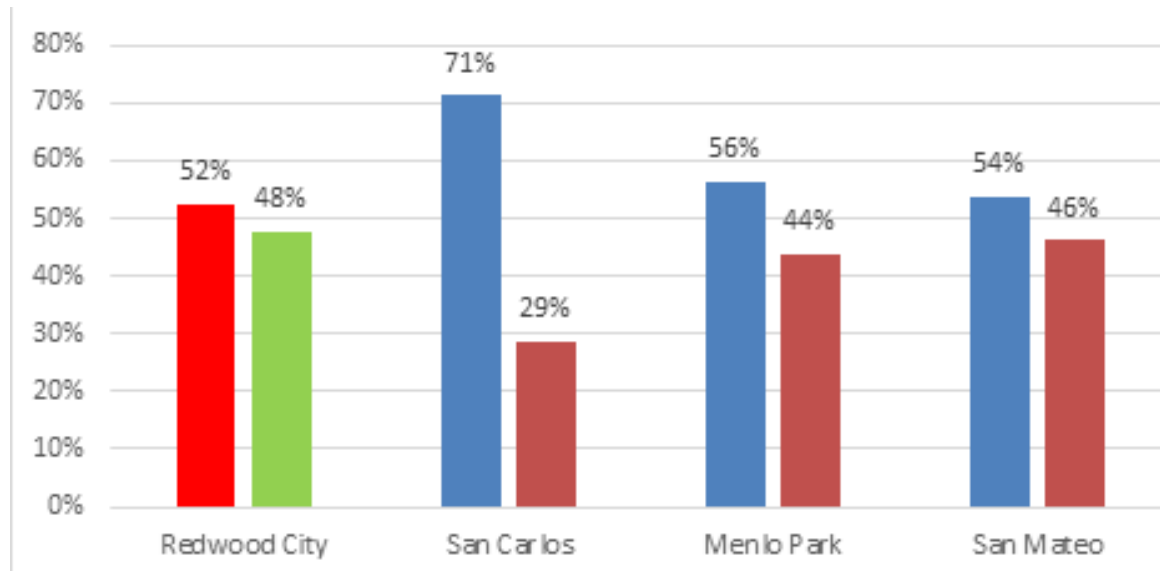
Redwood City's median home value for Owner-occupied Housing units is the second lowest along the San Francisco Peninsula with \$770,500

Table 8: Median Value of Owner-occupied Housing Units ACS 5-Year



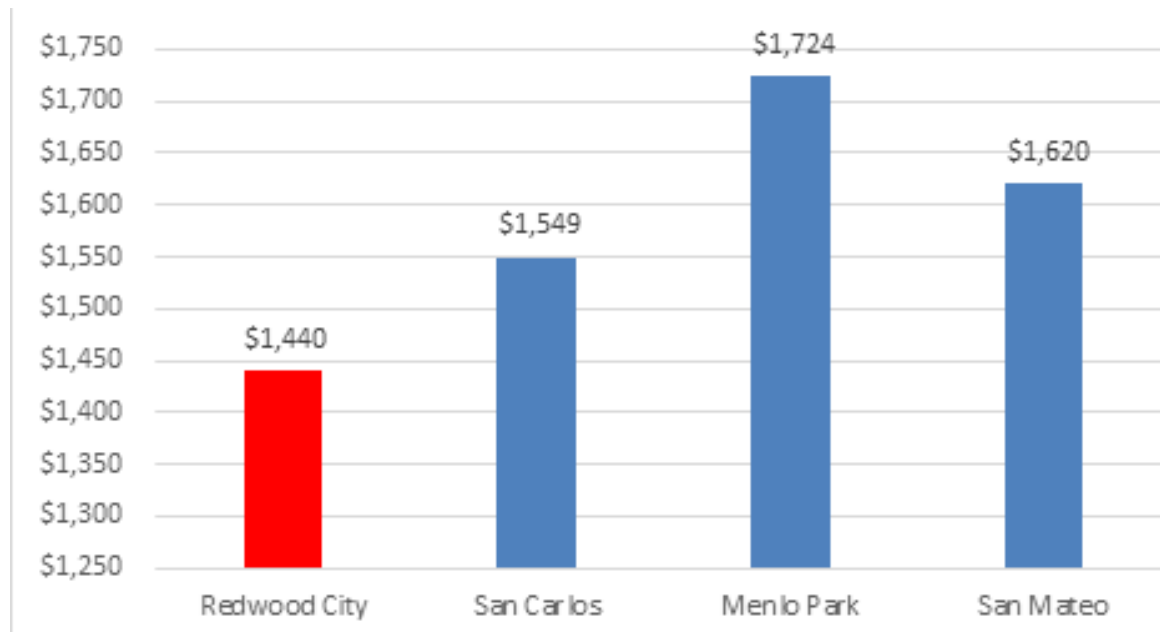
Redwood City's median home value for Owner-occupied Housing units is the second lowest along the San Francisco Peninsula with \$770,500

Table 9: Owner/Renter Tenure



Redwood City has the lowest Median Gross rent in the area. This could be contributed to the median income and value of the homes, plus the percentage of renters is higher in Redwood City.

Table 10: Median Gross Rent



Market Rate Study

Comparative School Scores

The elementary school districts serving the proposed site, North Star Elementary, has the highest API score than the surrounding schools and is a great amenities for families and young children. The school becomes a great attraction as families and provide the best education possible for their children. Families are more likely to move to the area because of the schools surrounding the project site are also optimal with North Star Elementary at the top of the list.

Table 11: School District API Scores (2012)

| City | School | 2012 API Score |
|------------|---------------------------|----------------|
| Redwood | North Star Elementary | 990 |
| San Carlos | White Oaks Elementary | 922 |
| Menlo Park | Laurel Elementary | 927 |
| San Mateo | Fiesta Gardens Elementary | 784 |

Ratio of Family LIHTC Units per Population

The surrounding low-income housing projects may be competitive with residents as they decide where to live. The chart in FIGURE examines the ratio of the population to the available low-income projects. This proposed project is focusing on Families thus the chart will only list the ratios for low-income units available to families.

Table 12: Ratio of Family Targeted LIHTC Units per Population

| City | # Allocations | Number of LIHTC Units | 2010 Population | Ratio: Family LIHTC units Population |
|------------|---------------|-----------------------|-----------------|--------------------------------------|
| Redwood | 5 | 86 | 76,815 | 0.001119573 |
| San Carlos | 1 | 16 | 28,406 | 0.000563261 |
| Menlo Park | 2 | 36 | 32,026 | 0.001124087 |
| San Mateo | 1 | 68 | 97,207 | 0.000699538 |

While Redwood City has the best ratio of LIHTC units to population, the surrounding area as a whole does not have enough available affordable housing units. With the proposed project Redwood City will continue serving families in the area.

Lesson Learned

Redwood City is prime for more affordable development. The median value of many of the homes in the surrounding cities make many communities difficult to develop affordable housing projects. Redwood City has greatly accepted that challenge of supplying more renter occupied units but more is still needed, because most of the surrounding cities do not have the infrastructure for affordable housing Redwood City is a great location to provide that service. Redwood City and the project site become more attractive with the positive education system and can draw more family oriented residents to the project.

Redwood City is attractive to families because of the relatively low rent costs, high educational schools, and numerous amenities.

The unit design and layout shall be simple. Modular units shall be used to construct the apartments. Inspired by LivingHomes (Santa Monica, CA), the units can be produced at a faster 6 month period, more cost effective, and deliver an aseptically pleasing home. By using modular housing, the construction company can begin foundation and utility ground work while the homes are being built simultaneously at LivingHomes construction base. Once both are completed, the apartments will be transported in two pieces to 1400 Broadway via semi-trucks and reassembled once on site. This will greatly reducing construction time allowing tenants to move in after 6 months of construction, reducing construction costs. Each unit is made up two 20 x 40 x 14 blocks that can stack on top of each other or be positioned next to each other. Each unit will have 1600 square feet and allow for various number of rooms. This creates 3 varies types of units: 3 bdrm 2 bath flat, 3 bdrm 2 bath stacked, and 4 bdrm 2 bath stacked. Figure X and XX illustrate the unit layout of the apartment complex. The Red represents the 3 bdrm and 4 bdrm stacked while thie White represents the 3 bdrm flat. All unit types are available at ground level for ADA accessibility.

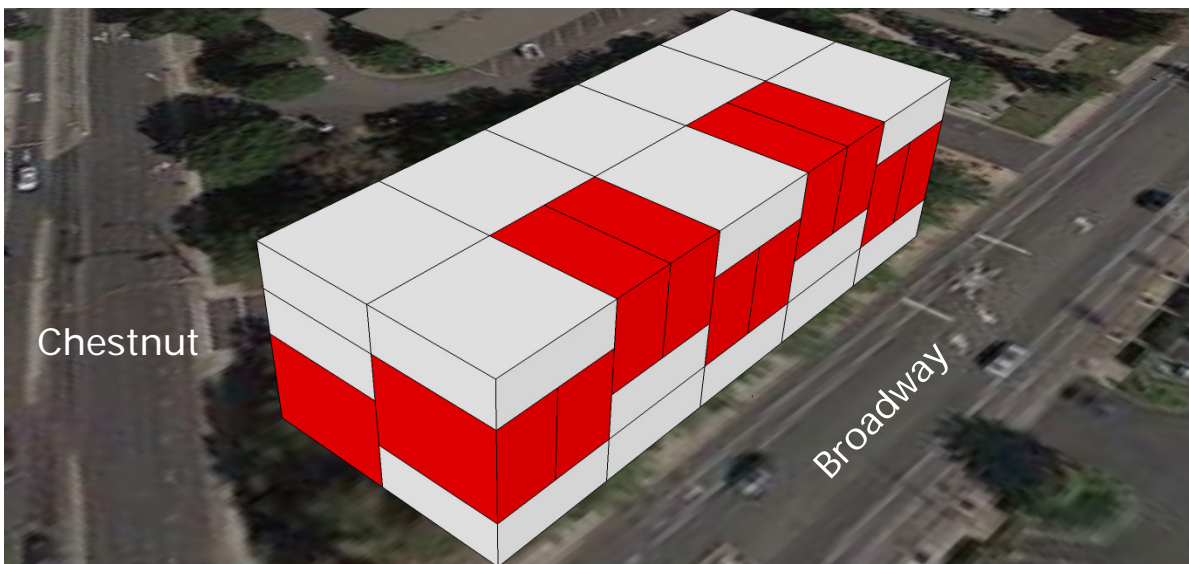


Figure 8: View facing North

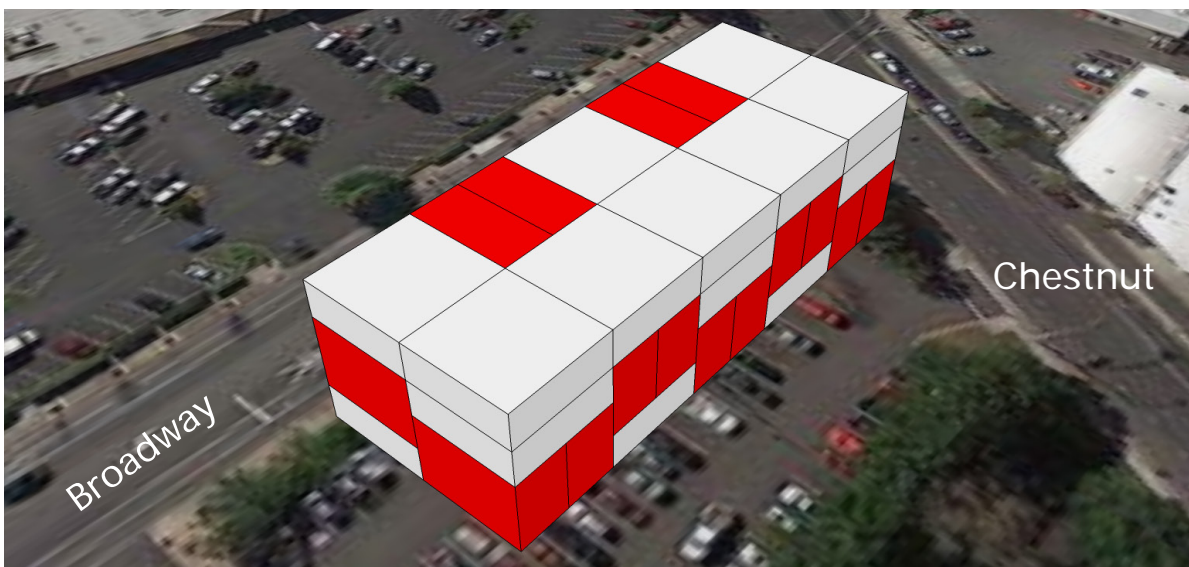


Figure 9: View facing South

Design

Totalling 4 stories tall, the 40 units will stack on top of each other and all will be accessed from the outside. Parking will be located in the rear and a street frontage will be added to soften the “boxy” effect of the modular design. Trees shall be planted in front of the façade of the complex to provide shade for pedestrians underneath but also break up the blocked frontage.

The 40-unit count was determined to maximize the amount of units allowed under the current Redwood City’s Zoning Ordinance and fit the appropriate amount of parking. Under the current the Housing Element of the General Plan, Redwood City housing developments in the downtown are required 1.5 parking space for every unit with a 25% reduction in the parking requirement if 20% of the units are affordable. Broadway Housing is offering 100% affordable units. Under those terms, Broadway Housing is required to build 60 parking spaces for 40 units, however with the 25% reduction only 50 parking spaces are required. The parking lot can offer 53 parking spaces well within the minimum standards with no off site on street parking needed.

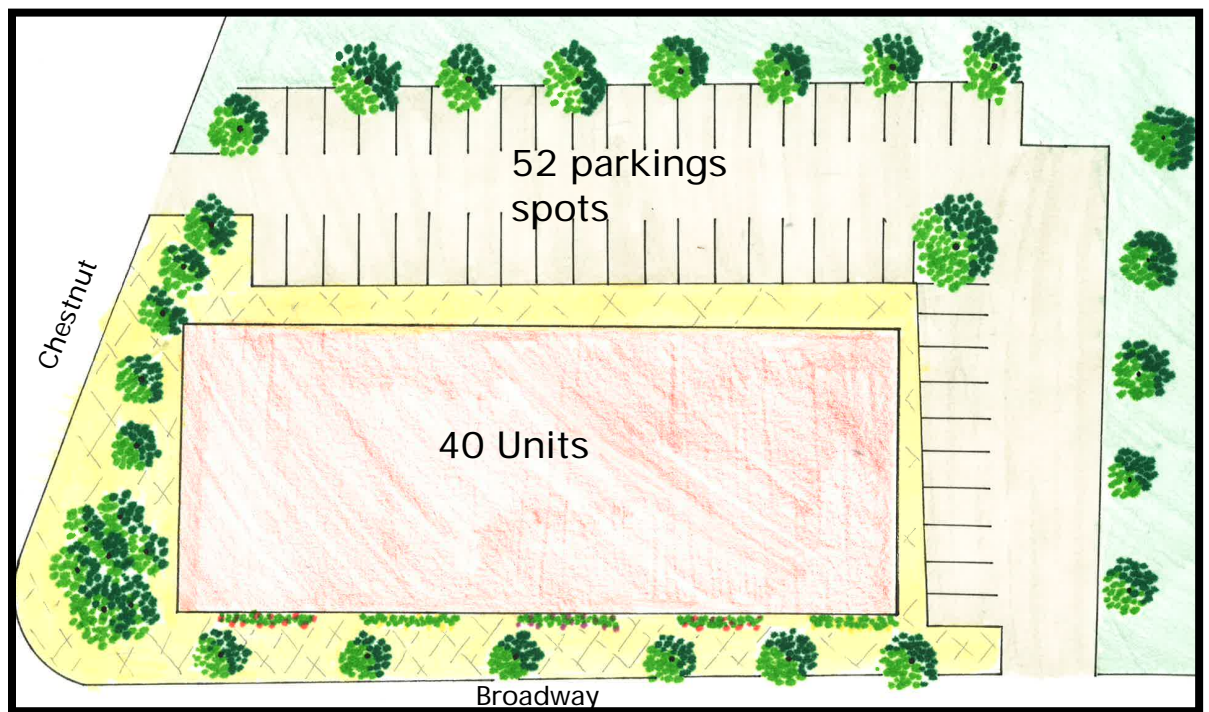


Figure 10: Site Plan

3 Bedroom, 2 Bath FLAT

The first unit type is a 3 bdrm 2 bath flat which are completely ADA accessible. They are made up two 20 x 40 x 14 placed beside each other. The 280 sq ft master bedroom shall have its own bathroom with a standalone shower. Each bedroom shall be 190 sq ft and access to the other bathroom with a bathtub.

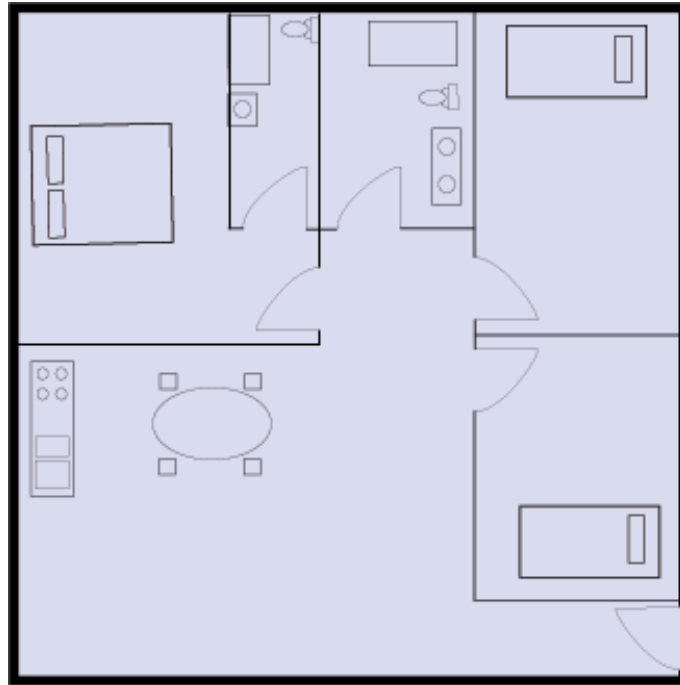


Figure 11: Unit floor plan

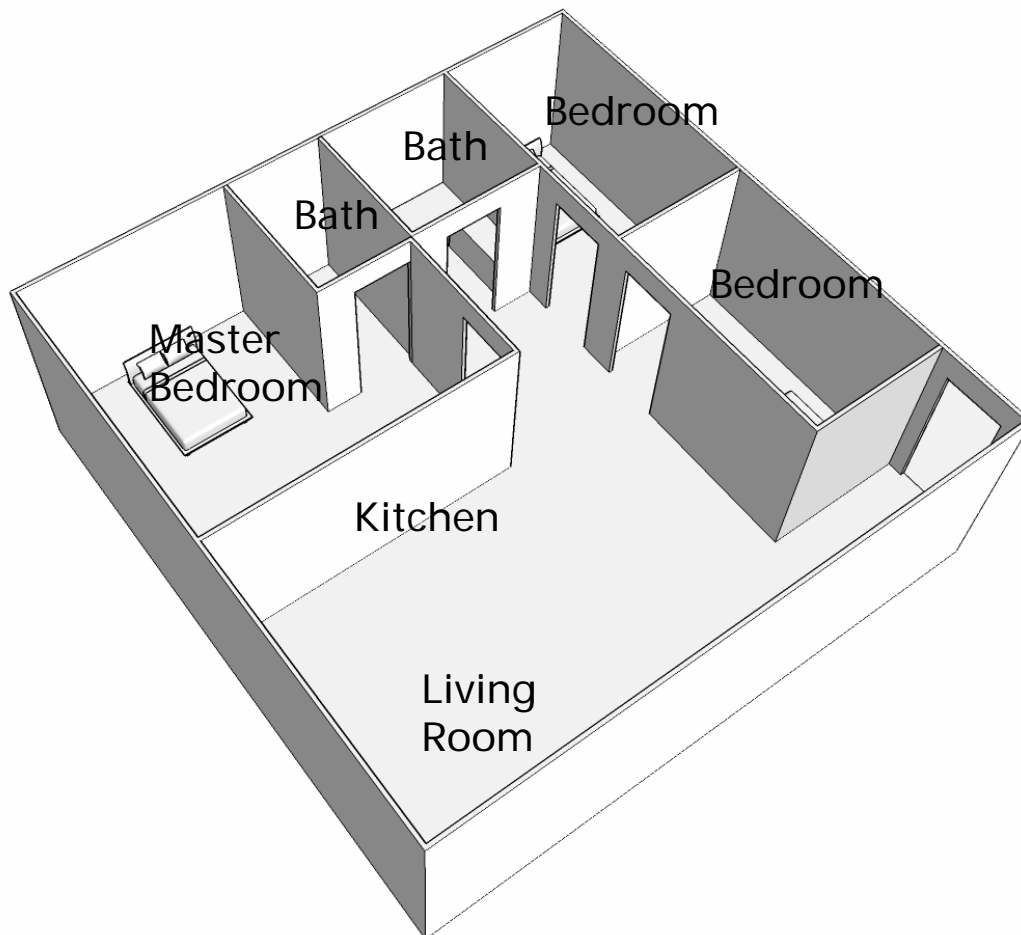


Figure 12: 3D Rendering

Design

3 Bedroom, 2 Bath STACKED

The second unit type is the 3 bdrm 2 bath stacked and is made up of two 20 x 40 x 14 placed on top of each other. Some square footage is loss with the addition of the stairs. One 190 sq ft bdrm is downstairs and the stair leads led to an open landing that leads to the remaining two bdrms.

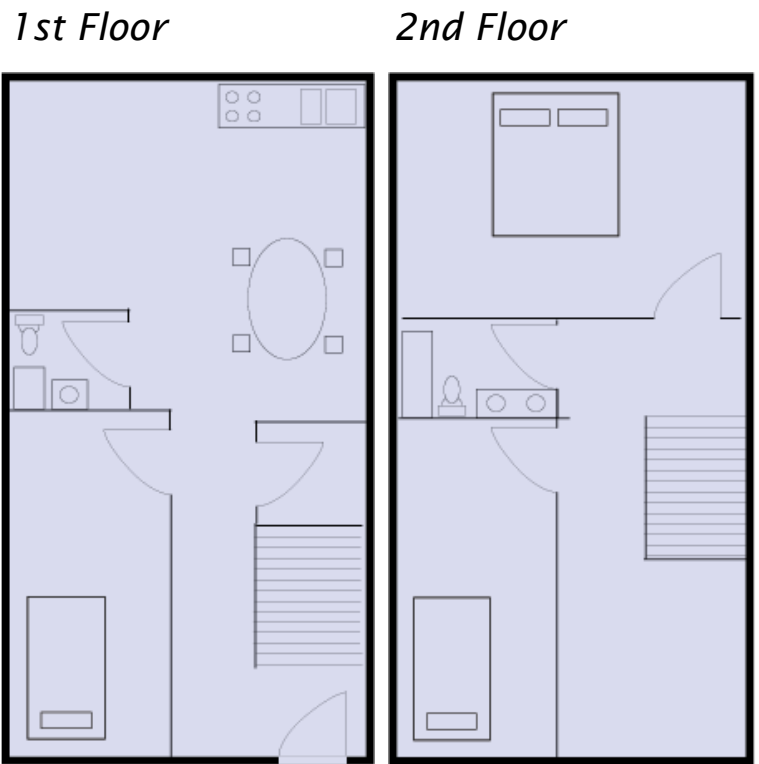


Figure 13: Unit floor plan

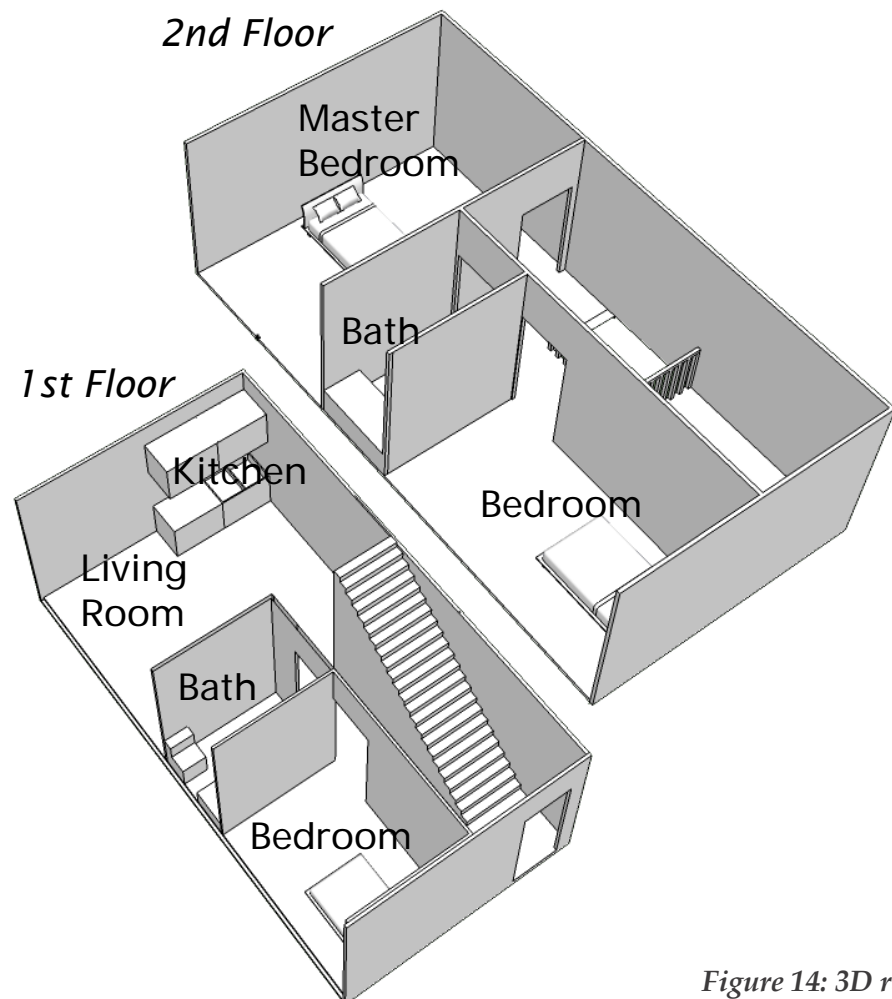
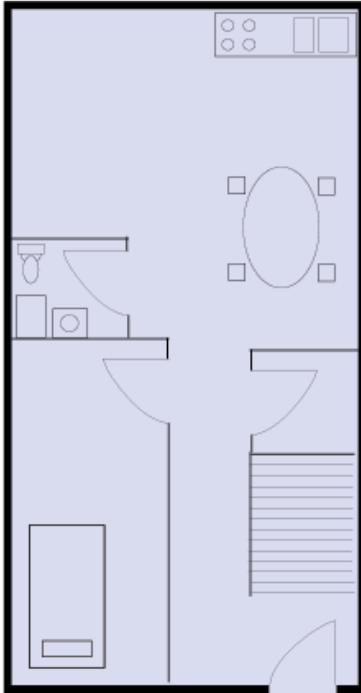
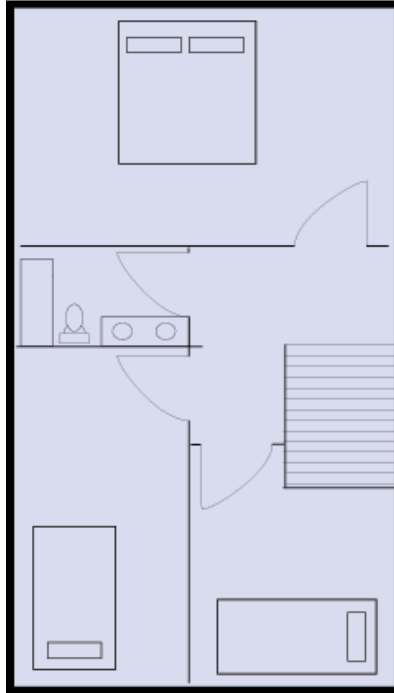


Figure 14: 3D rendering

1st Floor



2nd Floor



4 Bedroom, 2 Bath STACKED

The third unit type is the 4 bdrm 2 bath stacked and is very similar to the 3 bdrm 2 bath stacked however instead of a landing, the space is converted into another bedroom.

Figure 15: Unit floor plan

2nd Floor

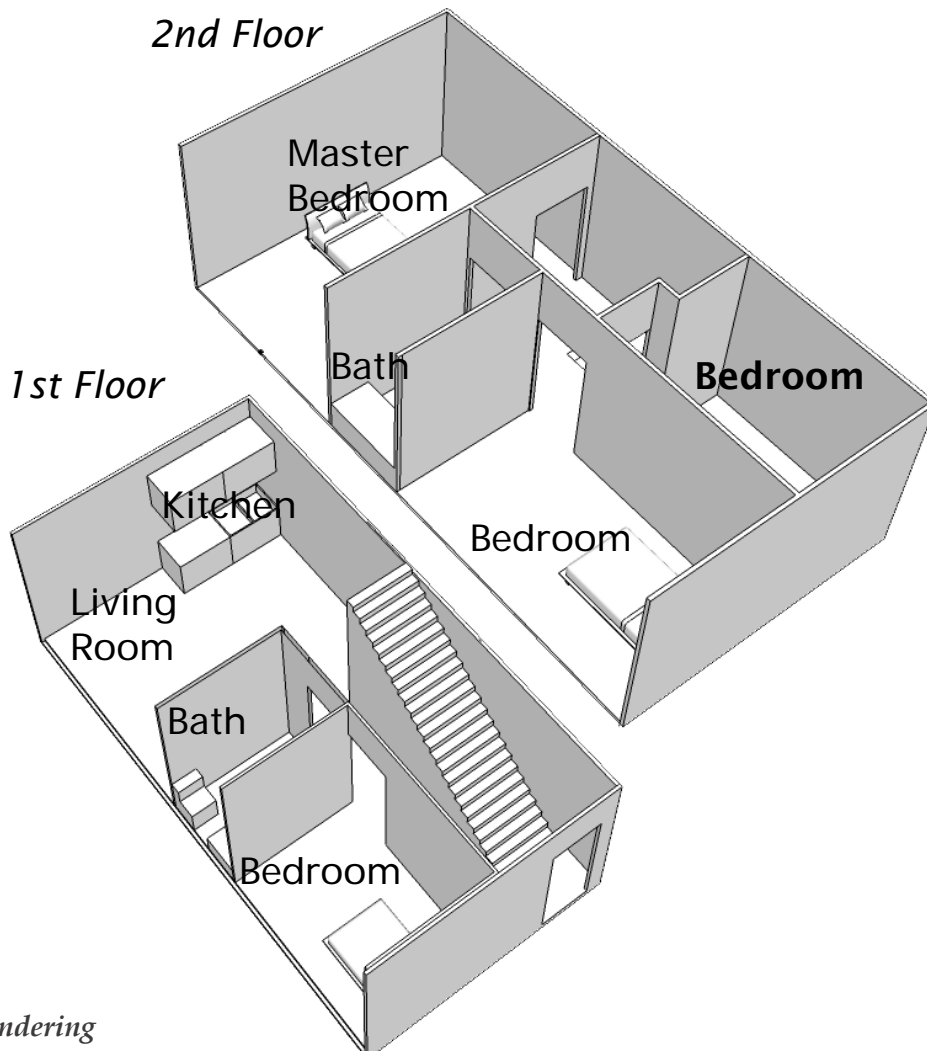


Figure 16: 3D rendering

Financing













Average rent in Redwood City has been relatively low compared to the neighboring communities. Broadway Housing looks to continue that trend and allow for more low income families the opportunity to live in the area. The project is estimated to cost \$ 19,710,000 US dollars for the hard costs, land acquisition, and pre development fees. The development budget is made up the basic necessities needed for the construction of the units: Residential Structure cost, excavation, existing sidewalk demolition, foundation, pavement of new parking lot, pavement of new sidewalk and landscaping, 2nd, 3rd, and 4th floor walkways, the crane used for construction, transit of the pieced apartments, and installation of them onsite. (figure XX) Each are measured by market rate cost per every square foot then added together to get the total estimated cost. Street improvements have also been a part of the City's plan to rejuvenate the walkability of the area and can inspire more development along the street.

According to the "Novogradac & Company LLP Rent & Income Limit Calculator" the maximum allowed rent for a project under the Low-Income Housing Tax Credit for a 3 bedroom unit at 30% AMI is \$863 a month, and \$10,356 annually as shown below in Figure XX. All calculations were based the San Mateo County Non-Metropolitan Median Income at \$ 52,500

Table 13: Novogradac & Company LLP Rent & Income Limit Calculator

LIHTC Income Limits for 2014

(Based on 2014 MTSP Income Limits)

| | Charts | 60.00% | 30.00% | 50.00% | 140.00% |
|-----------|---|---------|--------|--------|---------|
| 1 Person |  | 46,500 | 23,250 | 38,750 | 65,100 |
| 2 Person |  | 53,160 | 26,580 | 44,300 | 74,424 |
| 3 Person |  | 59,820 | 29,910 | 49,850 | 83,748 |
| 4 Person |  | 66,420 | 33,210 | 55,350 | 92,988 |
| 5 Person |  | 71,760 | 35,880 | 59,800 | 100,464 |
| 6 Person |  | 77,100 | 38,550 | 64,250 | 107,940 |
| 7 Person |  | 82,380 | 41,190 | 68,650 | 115,332 |
| 8 Person |  | 87,720 | 43,860 | 73,100 | 122,808 |
| 9 Person |  | 93,000 | 46,500 | 77,500 | 130,200 |
| 10 Person |  | 98,280 | 49,140 | 81,900 | 137,592 |
| 11 Person |  | 103,620 | 51,810 | 86,350 | 145,068 |
| 12 Person |  | 108,900 | 54,450 | 90,750 | 152,460 |

LIHTC Rent Limits for 2014

(Based on 2014 MTSP/VI Income Limits)



| Bedrooms (People) | Charts | 60.00% | 30.00% | 50.00% | FMR |
|-------------------|---|--------|--------|--------|-------|
| 3 Bedrooms (4.5) |  | 1,727 | 863 | 1,439 | 2,657 |
| 4 Bedrooms (6.0) |  | 1,927 | 963 | 1,606 | 3,212 |

Table 14

| 9% Tax Credit Equity | | | | |
|----------------------|-----------------------------|----------------------------|--------------|----------------------|
| 3 Bedroom | Max Affordable Monthly Rent | Max Afoordable Annual Rent | Units | Total Annual |
| 30% AMI | \$ 863.00 | \$ 10,356.00 | 20 | \$ 207,120.00 |
| 50% AMI | \$ 1,439.00 | \$ 17,268.00 | 0 | \$ - |
| 60% AMI | \$ 1,727.00 | \$ 20,724.00 | 0 | \$ - |
| 4 Bedroom | | | | \$ - |
| 30% AMI | \$ 963.00 | \$ 11,556.00 | 20 | \$ 231,120.00 |
| 50% AMI | \$ 1,606.00 | \$ 19,272.00 | 0 | \$ - |
| 60% AMI | \$ 1,927.00 | \$ 23,124.00 | 0 | \$ - |
| | | | TOTAL | \$ 438,240.00 |

9% Tax Credit Equity

It is estimated that with the 9 % Tax Equity all 40 of the units can be used for residents under the 30% AMI and still be financially stable. There will be no need to have units at 50% or 60% AMI.

Table 15

| CTCAC Basis Analysis: Threshold Basis Limit | |
|--|-------------|
| Addition | Percent |
| 1% for each 1% of units targeted as 35% or below | 100% |
| Total Adjustment | 200% |

Table 16

| CTCAC Basis Limit | | | | | |
|-------------------|----------------|-----------|------------------------|-------------|-------------------------|
| | Eligible Basis | Units | Unadjusted Basis | Adjustmen | Maximum Allowed |
| 3 Bedroom | \$ 207,120.00 | 20 | \$ 4,142,400.00 | 200% | \$ 8,284,800.00 |
| 4 Bedroom | \$ 231,120.00 | 20 | \$ 4,622,400.00 | 200% | \$ 9,244,800.00 |
| TOTAL | | 40 | \$ 8,764,800.00 | 200% | \$ 17,529,600.00 |

Table 17

| Max Tax Credit Allocation | |
|---------------------------|-------------------------|
| Unadjusted Basis | \$ 17,529,600.00 |
| | 9% |
| | \$ 1,577,664.00 |
| Ten Years | 10 |
| Total Tax Credit | \$ 15,776,640.00 |
| Limited Partner | 99% |
| Limited Partner Share | \$ 15,618,873.60 |
| Price per credit | 0.82 |
| 9% Tax Credit | \$ 12,807,476.35 |

Table 18

| Tax Credit Equity | |
|---|------------------|
| Eligibly Basis | \$ 17,529,600.00 |
| Max Tax Credit Allocation | \$ 12,807,476 |
| Tax Credit Equity Needed | \$ 7,209,112 |
| % Tax Credit Equity of Total Funding | 41% |

Financing

Cash Flow Analysis

The unit count was calculated based on the needs analysis of Redwood City and how many units the site could accommodate while staying within all the current regulations. Using a 9% Tax Equity, Broadway Housing can offer 40 units at 30% AMI or Extremely Low Income, bringing the potential gross annual rental income to \$ 438,240. Once fully completed the expected Cash Flow (assuming a 5% vacancy rate) shall be positive at \$278,940 for the year 1 and \$394,134 in year 15.

Table 19:

| 9% Tax Credit Equity | | | |
|----------------------|-------------------------|-------------------|-------------------------|
| Uses | Cost | Permanent Sources | |
| Costs | \$ 12,488,299.00 | Tax Credit Equity | \$ 7,209,111.69 |
| Land | \$ 5,297,931.00 | TOAH Loan | \$ 7,500,000.00 |
| Pre Development | \$ 1,922,881.69 | Infill Grant | \$ 4,000,000.00 |
| | | FHLB Grant | \$ 1,000,000.00 |
| Total | \$ 19,709,111.69 | | \$ 19,709,111.69 |

Federal Home Loan Bank Affordable Housing (FHLB): \$1,000,000

FHLB has been granting funding for affordable housing since the early 1990s and has funded numerous affordable housing projects around the San Mateo County. In 2011, \$239 million dollars were granted to various affordable housing projects and Broadway Housing is looking to get a piece of the pie. The FHLB grants projects up to \$1 million dollars and have been known to fund projects in revitalized areas. Broadway Housing would be asking for that full amount as the pre development costs are high in the area.

Bay Area Transit-Oriented Affordable Housing Fund (TOAH): \$7,500,000

The Bay Area TOAH Fund focuses on financing affordable housing projects near and around transit centers. The concept is to promote the use of public transportation by placing housing developments closer to transit hubs making them more accessible and easy for residents to use. This can reduce the dependence on the private automobile and allow for people on the street. Broadway Housing is eligible for this fund because of the existing public bus lines that run on Broadway and the project is about a mile from the regional CalTrain station in Redwood City. This makes

Broadway Housing an ideal project to receive the maximum amount of funding from TOAH.

Low Income Housing Tax Credit (LIHTC) 9%: \$ 7,209,111.69

The 9% LIHTC is very competitive and sometimes difficult to get. Projects are chosen off of many factors and the funds go to the project that can help the most people in a city with the most need. Redwood City has a need to serve the low income families as the City does not have enough housing to accommodate large families. Broadway Housing has an ideal location with the surrounding schools as some of the highest API scores in the county. Prompting a walkable lifestyle, Broadway Housing is looking toward the future. Less automobiles, more public transportation use, and more walking is the new sustainable way to live. The LIHTC is going to invest in this project because of the forward thinking and investment in a more sustainable and supportive lifestyle.

Development Budget

Much of the budget estimates were based on market rate costs and/or percentages. The pre-development fees were found based on older fee schedules for other similar affordable housing projects in the area. The land development is also a bit light only accounting for the basic needs and costs of the project.

Table 20:

| Development Budget | | | |
|-----------------------------|--------------------|-----------|-------------------------|
| Item | Cost per SF/UNIT/% | SF/UNIT/% | Total |
| | | | |
| New Construction | | | |
| Residential Structure | \$ 145.00 | 64,000 | \$ 9,280,000.00 |
| Land Development | | | |
| Excavation | \$ 9.00 | 50,094 | \$ 450,846.00 |
| Sidewalk Demolition | \$ 11.00 | 5,731 | \$ 63,041.00 |
| Foundation | \$ 17,967.00 | 10 | \$ 179,670.00 |
| Parking Lot | \$ 11.00 | 45,347 | \$ 498,817.00 |
| Sidewalk | \$ 5.00 | 5,731 | \$ 28,655.00 |
| Landscaping | \$ 15.00 | 2,547.00 | \$ 38,205.00 |
| Second Floor Raised Walkway | \$ 30.00 | 4,736.00 | \$ 142,080.00 |
| Third Floor Raised Walkway | \$ 45.00 | 4,736.00 | \$ 213,120.00 |
| Fourth Floor Raised Walkway | \$ 60.00 | 4,736.00 | \$ 284,160.00 |
| Trenching | \$ 10,350.00 | 3.00 | \$ 31,050.00 |
| Fire Protection | \$ 5.00 | 5,731.00 | \$ 28,655.00 |
| Electrical City Connection | \$ 4,000.00 | 40.00 | \$ 160,000.00 |
| Shipping | | | |
| Crane | \$ 25,000.00 | 2.00 | \$ 50,000.00 |
| Transit | \$ 6,000.00 | 40.00 | \$ 240,000.00 |
| Install | \$ 20,000.00 | 40.00 | \$ 800,000.00 |
| Total Hard Cost | | | \$ 12,488,299.00 |
| Total Land Cost | | | \$ 5,297,931.00 |
| Pre Development | | | \$ 1,922,881.69 |
| Total Project Cost | | | \$ 19,709,111.69 |



This page is intentional left blank



Financing: Pro Forma

Table 21:

| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Potential Gross Rental Income | \$ 438,240.00 | \$ 449,196.00 | \$ 460,425.90 | \$ 471,936.55 | \$ 483,734.96 | \$ 495,828.34 | \$ 508,224.04 | \$ 520,929.64 | \$ 533,952.89 | \$ 547,301.71 | \$ 560,984.25 | \$ 575,008.86 | \$ 589,384.08 | \$ 604,118.68 | \$ 619,221.65 |
| Gross Rental income w/ 5% Vacancy | \$ 416,328.00 | \$ 426,736.20 | \$ 437,404.61 | \$ 448,339.72 | \$ 459,548.21 | \$ 471,036.92 | \$ 482,812.84 | \$ 494,883.16 | \$ 507,255.24 | \$ 519,936.62 | \$ 532,935.04 | \$ 546,258.41 | \$ 559,914.87 | \$ 573,912.75 | \$ 588,260.56 |
| TOTAL Income (2.5% inflation) | \$ 416,328.00 | \$ 426,736.20 | \$ 437,404.61 | \$ 448,339.72 | \$ 459,548.21 | \$ 471,036.92 | \$ 482,812.84 | \$ 494,883.16 | \$ 507,255.24 | \$ 519,936.62 | \$ 532,935.04 | \$ 546,258.41 | \$ 559,914.87 | \$ 573,912.75 | \$ 588,260.56 |
| Rental Operating Expense assumed 33% | \$ 137,388.24 | \$ 140,822.95 | \$ 144,343.52 | \$ 147,952.11 | \$ 151,650.91 | \$ 155,442.18 | \$ 159,328.24 | \$ 163,311.44 | \$ 167,394.23 | \$ 171,579.09 | \$ 175,868.56 | \$ 180,265.28 | \$ 184,771.91 | \$ 189,391.21 | \$ 194,125.99 |
| TOTAL Operating Expense | \$ 137,388.24 | \$ 140,822.95 | \$ 144,343.52 | \$ 147,952.11 | \$ 151,650.91 | \$ 155,442.18 | \$ 159,328.24 | \$ 163,311.44 | \$ 167,394.23 | \$ 171,579.09 | \$ 175,868.56 | \$ 180,265.28 | \$ 184,771.91 | \$ 189,391.21 | \$ 194,125.99 |
| Net Annual Operating Income | \$ 278,939.76 | \$ 285,913.25 | \$ 293,061.09 | \$ 300,387.61 | \$ 307,897.30 | \$ 315,594.74 | \$ 323,484.60 | \$ 331,571.72 | \$ 339,861.01 | \$ 348,357.54 | \$ 357,066.48 | \$ 365,993.14 | \$ 375,142.97 | \$ 384,521.54 | \$ 394,134.58 |
| Project Cash Flow | \$ 278,939.76 | \$ 285,913.25 | \$ 293,061.09 | \$ 300,387.61 | \$ 307,897.30 | \$ 315,594.74 | \$ 323,484.60 | \$ 331,571.72 | \$ 339,861.01 | \$ 348,357.54 | \$ 357,066.48 | \$ 365,993.14 | \$ 375,142.97 | \$ 384,521.54 | \$ 394,134.58 |



Lessons Learned & Conclusion

Lessons Learned:

1. Affordable Housing is a key component to providing opportunities for low income residents to integrate with the more affluent. Neighborhoods should not be divided by socio-economic status as everyone needs the basic standard of living: shelter.
2. Affordable housing does not have to be cheap in order to “affordable.” Effective cost efficient designs can be utilized to provide the best living situations. High quality architecture is meant for everyone to enjoy.
3. Many of the surrounding cities have done little to provide affordable housing in their area. Redwood City seems to be the only active supporter of developing affordable housing projects.
4. 9% tax credits are extreme competitive and hard to get. Projects must have a clear objective and target residents in order to receive them.
5. Redwood City has some of the beset education for elementary schools in the San Mateo County.
6. Modular housing can reducing construction costs, reduce build time, and allow for multiple configurations.

Conclusions

7. Redwood City has been found to be leading the area in providing affordable housing, but severely lacking in providing sufficient housing for families in the Very Low to Low Income Brackets.
8. The majority of affordable housing in Redwood City was design for 1 to 3 person units.
9. Redwood City has some of the beset education for elementary schools in the San Mateo County.
10. Broadway Housing is in a great location to allow families the opportunity to provide the optimal education the area can offer.
11. TOAH funds can greatly offer financial support for projects near transit hubs.
12. 9% tax credits will be used to fund the majority of the costs, but the payback is quick as many of the units can generate more revenue.

Reference

1. Cal Poly City and Regional Planning Department (2014) Broadway Corridor Study (All) San Luis Obispo, CA: CRP 411/412
2. U. S. Census Bureau- American Community Survey. (2010) Selected Housing Characteristics: Redwood City, CA. Retrieved May 1st 2014, from http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_5YR_DP04
3. U. S. Census Bureau- American Community Survey. (2010) Selected Housing Characteristics: San Mateo, CA. Retrieved May 1st 2014, from http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_5YR_DP04
4. U. S. Census Bureau- American Community Survey. (2010) Selected Housing Characteristics: San Carlos, CA. Retrieved May 1st 2014, from http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_5YR_DP04
5. U. S. Census Bureau- American Community Survey. (2010) Selected Housing Characteristics: Menlo Park, CA. Retrieved May 1st 2014, from http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_5YR_DP04
6. Redwood City General Plan (2009) Housing Element. Retrieved April 30th 2014, from http://www.redwoodcity.org/phed/pdf/Housing_HCD_Draft_V2_Highlights.pdf
7. San Mateo County Housing (2013)- Affordable Housing/Housing Assistance Program Retrieved May 3rd 2014- from <http://www.21elements.com/files/displayCategory.php?categories=Affordable,%20assistance,%20low-income,%20low%20income,%20moderate%20income&searchTerm=Affordable%20Housing/Housing%20Assistance%20Programs>
8. San Mateo County Affordable Housing (2013) Affordable Rental Housing for Low & Moderate Income Households in Redwood City. Retrieved May 15th 2014 from http://www.redwoodcity.org/phed/planning/petesharbor/San_Mateo_County_Aff_Housing.pdf
9. Novogradac & Company LLP, San Francisco, CA (2012) Tax-exempt Housing Bond Basics. Retrieved May 16th 2014 from www.novoco.com
10. Jamboree Housing Corporation (2014) 9% LIHTC Study: City Yard Workforce Housing (All) Irvine, CA: Geogre Lopez.

