CREATING THE CONTEXT FOR ATTAINABLE HOME BUILDING: COMMUNITY DEVELOPER PERSPECTIVE
ULI MEMBERS DEFINE ATTAINABLE HOUSING BROADLY; WE ARE FOCUSED ON NEW FOR-SALE

Defining Attainable Housing Product Type

Product Serving Attainable Housing

New For-Sale product or Class A rentals
Resale product or Class B rentals
No product is serving this market
Other (please specify)

Source: ULI
ULI MEMBERS DEFINE ATTAINABLE HOUSING BROADLY; WE ARE FOCUSED ON NEW FOR-SALE

Defining Attainable Housing Product Type

Product Serving Attainable Housing

Source: ULI
WHAT’S HAPPENED TO HOUSING?

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

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

- Median home price
- Median household income

- New Starts (left axis)
- %SF (right axis)
THE PROBLEM IN ONE SLIDE...
HOUSEHOLD SIZES DECLINE... BEDROOM COUNT GROWS

Sources: U.S. Census; RCLCO

Household Types

New Construction By Bedroom Count

Sources: U.S. Census; RCLCO
WHAT HAPPENED TO THE SHRINKING FOOTPRINT?

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

Distribution of New Homes by Size

- Under 1,400
- 1,400 to 1,799
- 1,800 to 2,399
- 2,400 to 2,999
- 3,000 or more
- Percent of Homes Under 1,400 SF

Sources: U.S. Census; RCLCOI

7
THE STRANGE DISAPPEARANCE OF MEDIUM DENSITY FOR-SALE

MF Permits as % of Total Permits

MF Permits by Intention: For-Rent vs. For-Sale

NOTE: Incomes are represented in 2017 dollars; Sources: U.S. Census; RCLCOI
ULI MEMBERS DEFINE ATTAINABLE: 80% - 120% OF AMI

Members Definition -- Income Definition

- Housing attainable to 60% - 80% of AMI (Area median income)
- Housing attainable to 60% - 100% of AMI
- Housing attainable to 80% - 120% of AMI
- Other (please specify)

Members Definition Attainable = No Subsidies

- Housing provided without subsidy to meet this market segment
- Housing provided with subsidies
- Subsidies have no impact on this product type

Source: ULI

N =
UNEVEN INCOME GROWTH

Top 20% of Households

Middle 40th-60th Percent of Households

Sources: U.S. Census; RCLCO
ATTAINABLE HOUSING MARKET SHARE

What Share of the Total Demand for Housing is in the “Attainable Band” (80% to 120%)

Share Of Attainable Housing That Member Respondents are Delivering in the “Attainable Band”

Source: ULI
CHALLENGES TO DELIVERING ATTAINABLE HOUSING

Challenges To Delivering Attainable Housing

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Capital</td>
<td>1.6</td>
</tr>
<tr>
<td>Lack of building efficiencies</td>
<td>1.67</td>
</tr>
<tr>
<td>Availability of buyer financing</td>
<td>1.8</td>
</tr>
<tr>
<td>Cost of Materials</td>
<td>2.08</td>
</tr>
<tr>
<td>Misunderstanding of attainable housing</td>
<td>2.14</td>
</tr>
<tr>
<td>Lack of industry leadership</td>
<td>2.5</td>
</tr>
<tr>
<td>Requirement in MPC as affordable</td>
<td>2.5</td>
</tr>
<tr>
<td>Other (Please Specify Below)</td>
<td>2.5</td>
</tr>
<tr>
<td>Lack of Density</td>
<td>2.53</td>
</tr>
<tr>
<td>NIMBYism</td>
<td>2.6</td>
</tr>
<tr>
<td>Local Government Regulation and Fees</td>
<td>2.64</td>
</tr>
<tr>
<td>Finish level required</td>
<td>3</td>
</tr>
<tr>
<td>Land Prices/Availability</td>
<td>3.24</td>
</tr>
</tbody>
</table>

N = Source: ULI
SUCCESS FACTORS IN DELIVERING ATTAINABLE HOUSING

Factors Contributing to Success in Contributing Attainable Housing

- Building Efficiencies/Design: 2.26
- Financial Incentives/Subsidies: 2.5
- Other (Please Specify Below): 2.67
- Local Community Support: 3
- Relief from local requirements: 3
- Increased Density: 3.56

Source: ULI

N =
ATTAINABLE HOUSING SOLUTIONS: WHO AND HOW

- First-time homebuyer: 87.80%
- Prospective buyer with limited down payment: 82.93%
- Families (households with children): 85.37%
- Singles and Couples: 78.05%
- Retirees on Fixed Income: 70.73%
- Other (please specify): 7.32%

Attainable Housing Solutions are for Everyone, Not just Millennials.

Acceptable Consumer Solutions for Attainable Housing Based on Industry’s Opinion

- Limited community amenities: 1.71
- Less desirable location: 1.71
- Lower quality finishes: 1.71
- Attached vs detached product: 2.46
- Smaller lot size: 2.85
- Other (Please Specify Below): 3.2
- Smaller home size: 3.38

N = Source: ULI
CONSUMER PREFERENCE FOR LOCATION AND AMENITIES

RCLCO's National Consumer Preference Survey

- Suburban area with a mix of houses, shops, and businesses
- Suburban area with mostly residential uses
- City near a mix of offices, apartments, and shops
- City in a mostly residential neighborhood
- Rural area
- Small town
- Resort area

Source: ULI

N =
HOMEBUILDING LANDSCAPE: STRATEGIES AND OBSERVATIONS

What builders are doing (Strategies):

1. Small Homes (Reducing Footage)
2. High Density Detached (Cluster);
3. Missing Middle (Attached);
4. Value Housing (Brand Segment).

What the committed are finding (Results)

1. Similar margins and greater price elasticity
2. Segmentation beyond density, size and price (space choices, finishes, exterior elevations, and aesthetics)
3. Design within, between and around homes (walkability and gathering spaces)
4. What builders are doing (Strategies):
5. Lifestyle choice messaging: communicating the trade-offs (walkability, low maintenance, financial flexibility)
6. Attainable orientation as an entitlement strategy: incomes mix easily
# BUILDER STRATEGIES -- SMALL HOMES

<table>
<thead>
<tr>
<th>Characteristics</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>Less than 1,400 SF (Tier 1)</td>
</tr>
<tr>
<td></td>
<td>Less than 1,800 SF (Tier 2)</td>
</tr>
<tr>
<td><strong>Unit Type</strong></td>
<td>1-3 BD, 1-2BA</td>
</tr>
<tr>
<td><strong>Unit Size</strong></td>
<td>700 – 1,400 SF</td>
</tr>
<tr>
<td><strong>Density</strong></td>
<td>8-20 du/ac</td>
</tr>
<tr>
<td><strong>Land Plan</strong></td>
<td>All</td>
</tr>
<tr>
<td></td>
<td>Most effective with Density</td>
</tr>
</tbody>
</table>

- **Boulder Creek Neighborhoods**
  - Wee-Cottages; Stapleton, CO

- **The Cottage Company**
  - Danielson Grove; Kirkland, WA

- **New Home Company**
  - Azure at Escencia; Mission Viejo, CA

*Image source: Community websites*
# BUILDER STRATEGIES – VALUE HOMES

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Definition</th>
<th>Unit Type</th>
<th>Unit Size</th>
<th>Density</th>
<th>Landplan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definition</td>
<td>Streamlined structural and interior finish options</td>
<td>All</td>
<td>All</td>
<td>All</td>
<td>All</td>
</tr>
</tbody>
</table>

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

- **DR Horton Express**  
  Windermere Townhomes; Shakopee, MN

- **LGI**  
  Mirror Lake; Lehigh Acres, FL

*Image source: Community websites*
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  

Image source: Community websites
BUILDER STRATEGIES - CLUSTER

<table>
<thead>
<tr>
<th>CHARACTERISTICS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Suburban, Rural</td>
</tr>
<tr>
<td>Unit Type</td>
<td>1-3 BD, 1-2BA, Two-story</td>
</tr>
<tr>
<td>Unit Size</td>
<td>700 – 1,500 SF</td>
</tr>
<tr>
<td>Lot Dimensions</td>
<td>Typical 6-Court Modules: 125’ x 150’</td>
</tr>
<tr>
<td>Lot Size</td>
<td>2,500 (50 x 50)</td>
</tr>
<tr>
<td>Density</td>
<td>8-20 du/ac</td>
</tr>
<tr>
<td>Landplan</td>
<td>Green Court, Motor Court, Alley Load</td>
</tr>
</tbody>
</table>

Image source: Community websites
RANCHO MISSION VIEJO - DENSITY

- 5 Product Types
  - Condominiums
  - Townhomes
  - Duplexes
  - High-Density Detached

- 23.9 Acres
- 535 Units
- 22.38 Average Density
- 740 s.f. – 1,760 s.f.
RANCHO MISSION VIEJO - ARCHITECTURAL APPROACH

- High-Density Detached
- 16.4 du/ac
- 876 – 1,195 SF
RANCHO MISSION VIEJO - ADS
ALTERNATIVE DEVELOPMENT STANDARDS

- Modify planning criteria to increase densities
- 2 year process
- Revised ADS include:
  - Relaxed parking standards in 55+ neighborhoods
  - In MR neighborhoods increase guest parking from 200’ to 300’ for 75% of the units
  - Planned Concept products (SFD Densities >8 du/ac) decrease building separations to 6’ on zero lot line
  - Useable private open space for decks, roof decks and balconies up to 75 S.F.
AMENITY SWIPES DATA