



Equitable Homeownership

Housing Policy Forum Series

August 2, 2022





Jan Harnik
*SCAG Regional Council
President & Mayor of
Palm Desert*



Catherine Blakespear
*Chair of SANDAG
Board of Directors &
Mayor of Encinitas*

Timeline	Agenda
11:00 – 11:15 a.m.	Welcome & Session Overview <ul style="list-style-type: none">▪ Jan Harnik, SCAG Regional Council President & Mayor of Palm Desert▪ Catherine Blakespear, Chair of SANDAG Board of Directors & Mayor of Encinitas
11:15 – 11:25 a.m.	State of Homeownership <ul style="list-style-type: none">▪ Adam Briones, CEO, California Community Builders
11:40 a.m. – 12:10 p.m.	Panel: Rethinking Homeownership Programs <ul style="list-style-type: none">▪ Adam Briones, CEO, California Community Builders – Moderator▪ Lori Gay, CEO, Neighborhood Housing Services of LA County▪ Ricardo Flores, ED, LISC San Diego▪ Mark Asturias, ED, Irvine Community Land Trust
12:10 – 12:55 p.m.	Case Studies: Affordable Homeownership Programs & Practice <ul style="list-style-type: none">▪ Kwofi Reed, President & CEO, San Diego Habitat for Humanity▪ Clemente Mojica, President & CEO, Neighborhood Partnership Housing Services▪ Roberto Garcia-Ceballos, Co-Director, Fideicomiso Comunitario Tierra Libre CLT▪ Sua Hernandez, Executive Director, El Sereno CLT
12:55 – 1:00 p.m.	Closing Remarks



Adam Briones
CEO, California Community Builders

State of Homeownership in California

- ✓ ***Homeownership*** in California
- ✓ ***Challenges*** statewide and SoCal
- ✓ ***CA Dream for All*** program

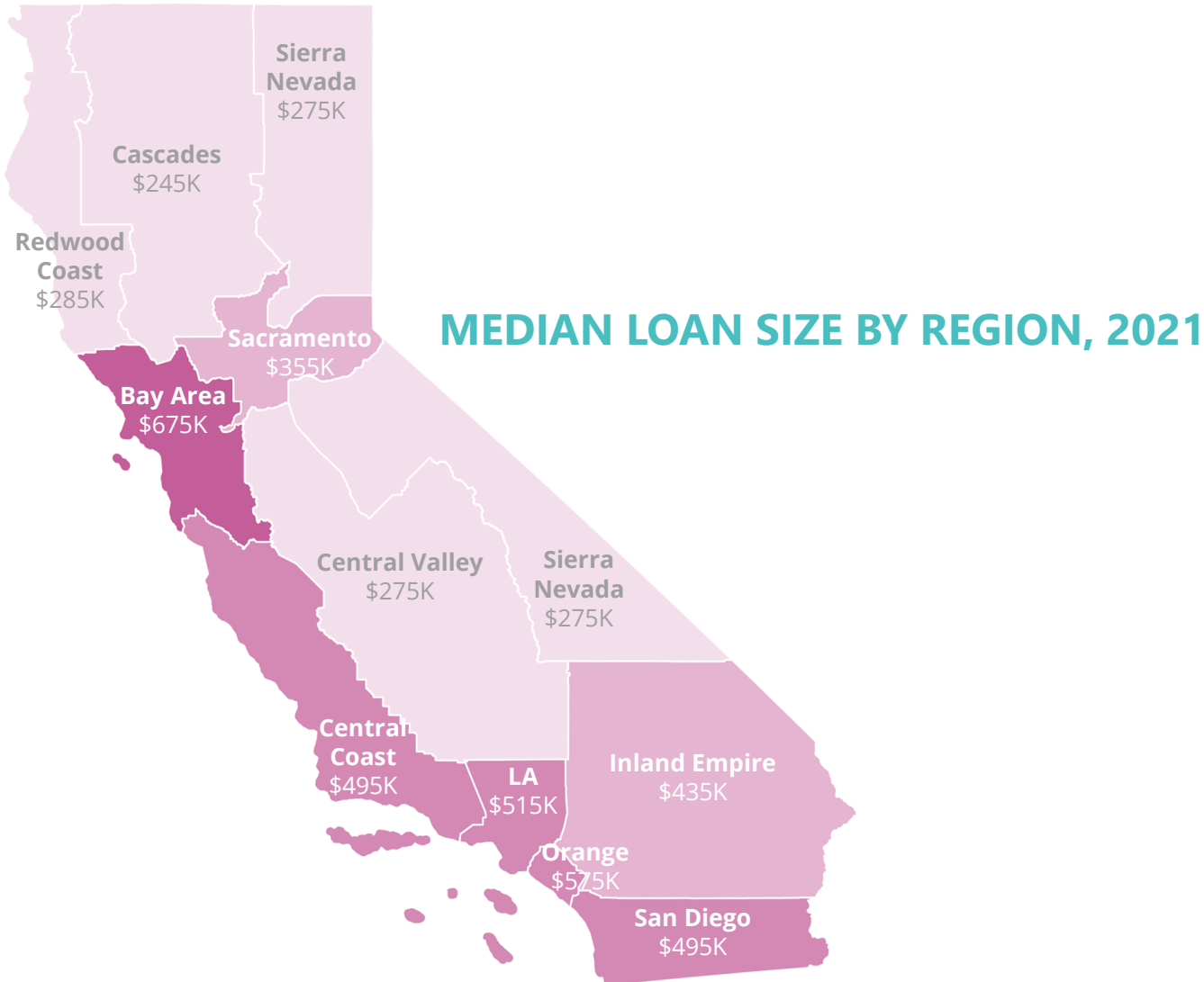
A little bit about CA Community Builders...



Non-profit public policy organization ***working to close the racial wealth gap, using housing and homeownership*** as our primarily tool.

- ✓ **Homeownership** in California
- ✓ **Challenges** statewide and SoCal
- ✓ **CA Dream for All** program

Loan size varies significantly by region...



+ 300,000

Mortgages originated per year

\$435,000

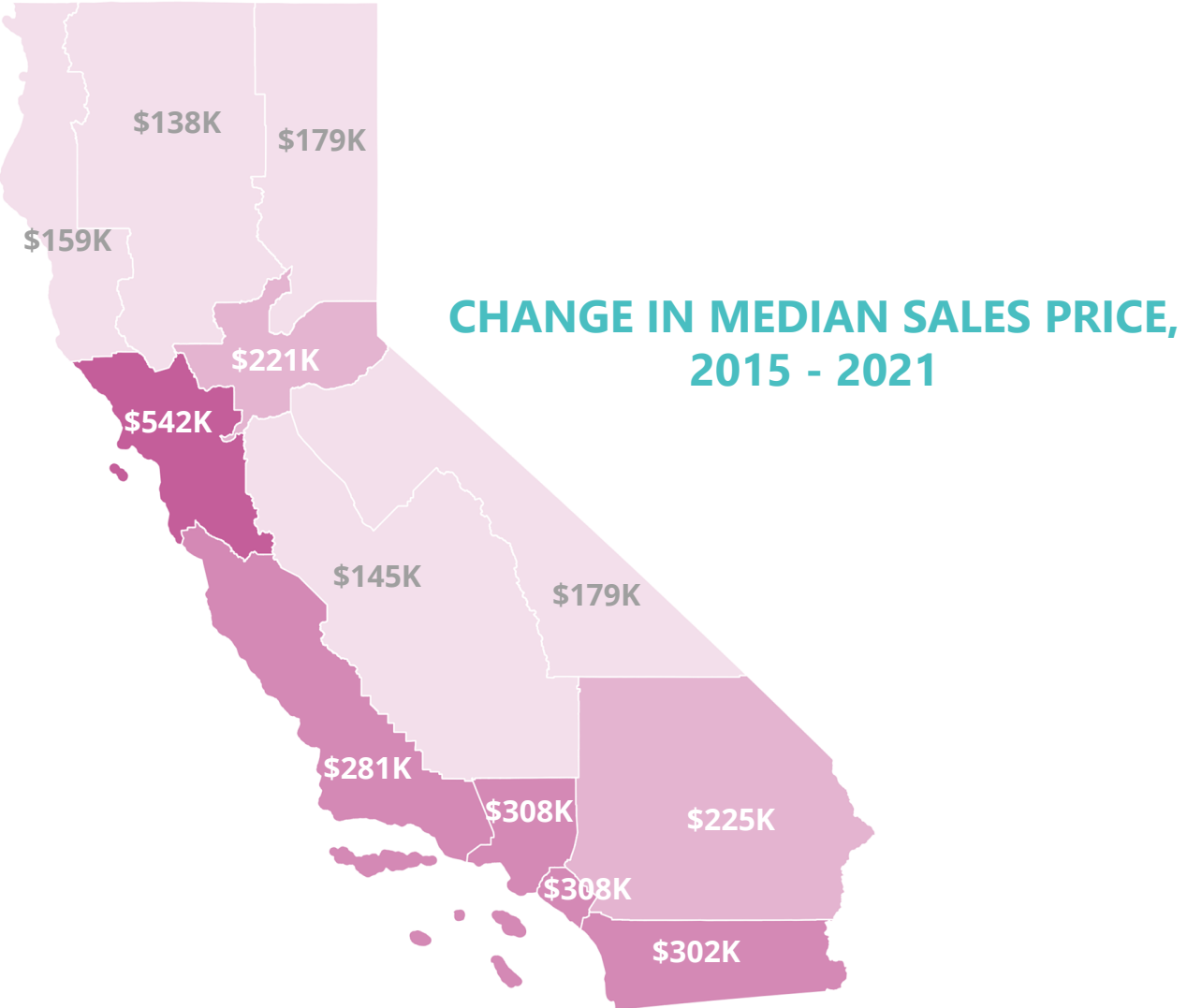
Median loan size

\$668 billion

Total originations per year

Source: California Association of Realtors, 2021; California Department of Housing and Community Development, 2021; HR&A Advisors

Home prices have increased significantly since 2015



8% - 10%
Compound annual growth

\$145K - \$542K
Change in Median Sales Price

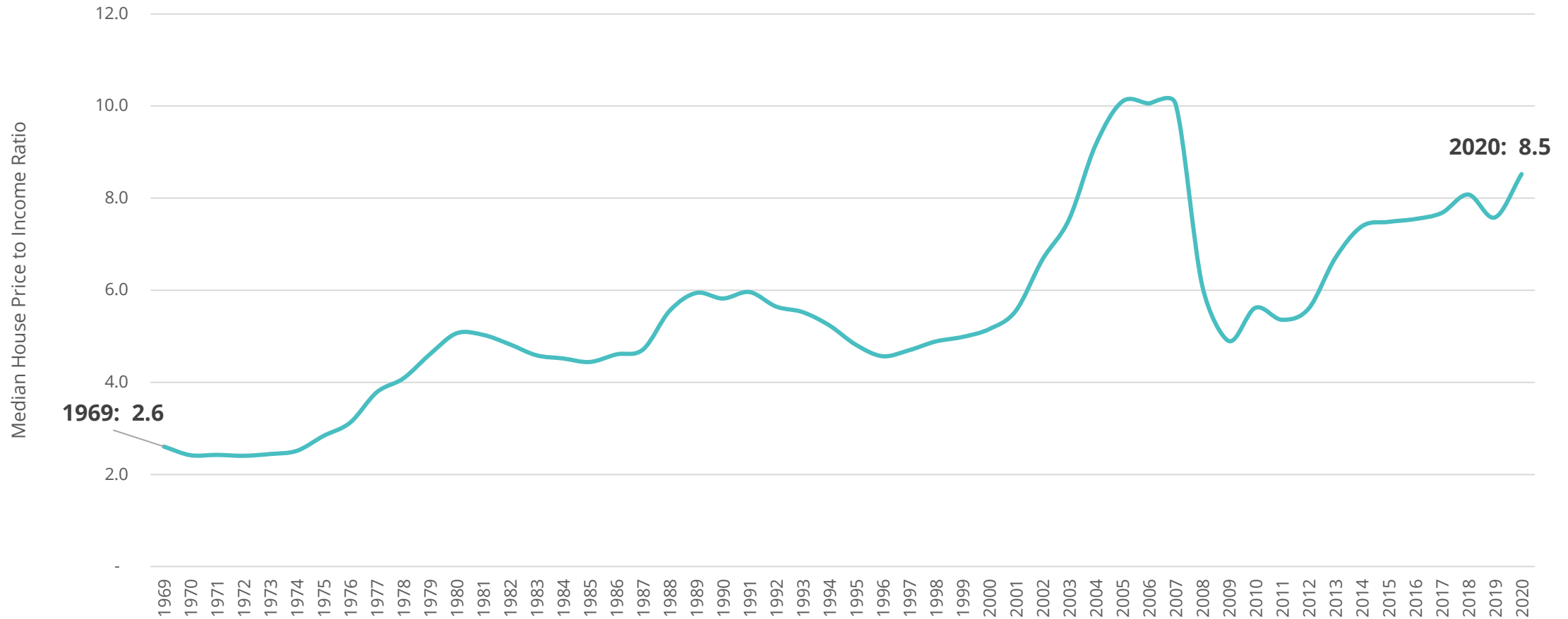
Source: California Association of Realtors, 2021; California Department of Housing and Community Development, 2021; HR&A Advisors

Incomes have gone up modestly, while home \$ have shot up



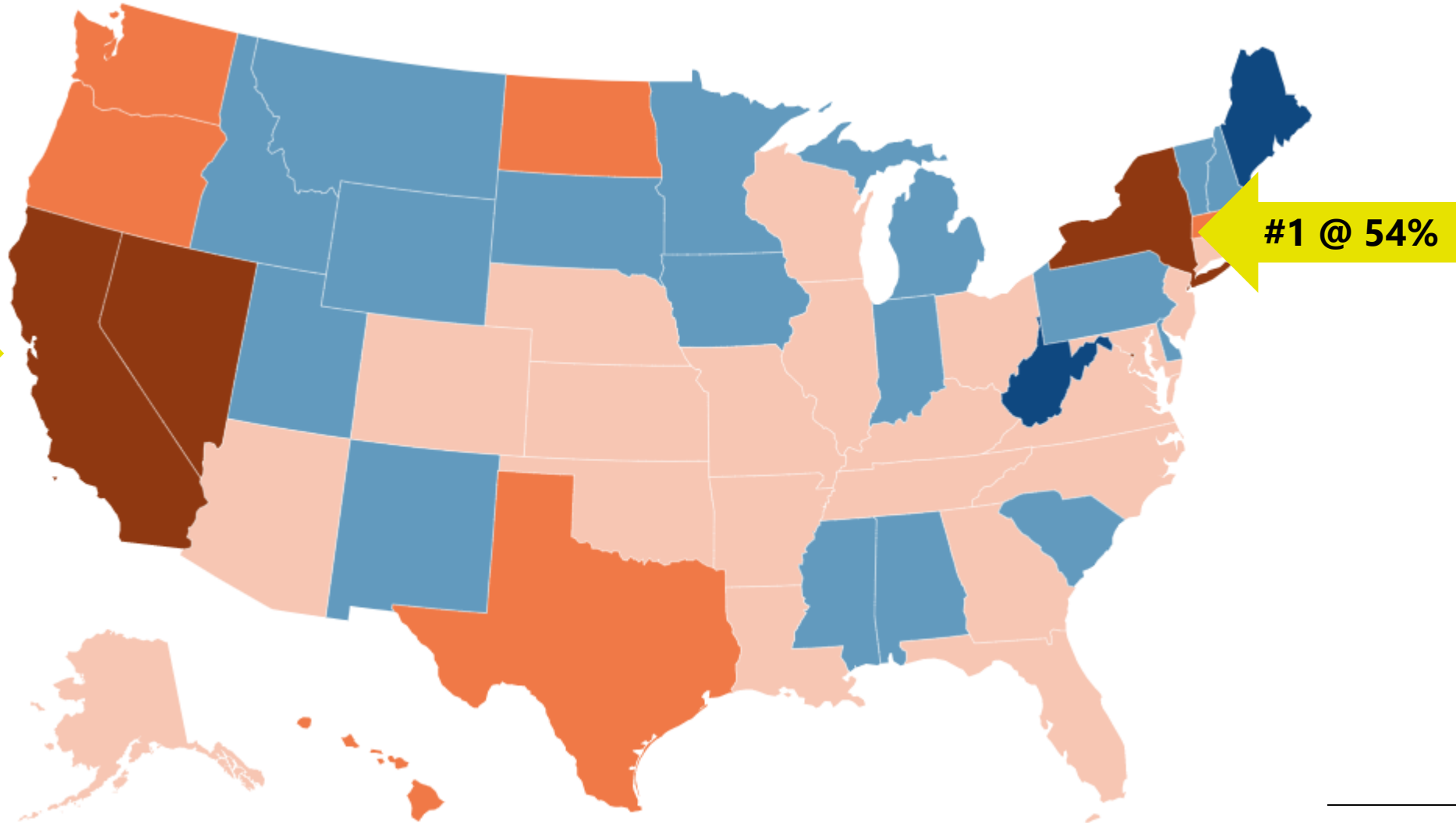
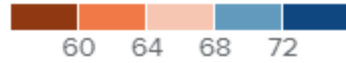
Incomes have gone up modestly, while home \$ have shot up

California home price-to-income ratio is at a nearly all-time high



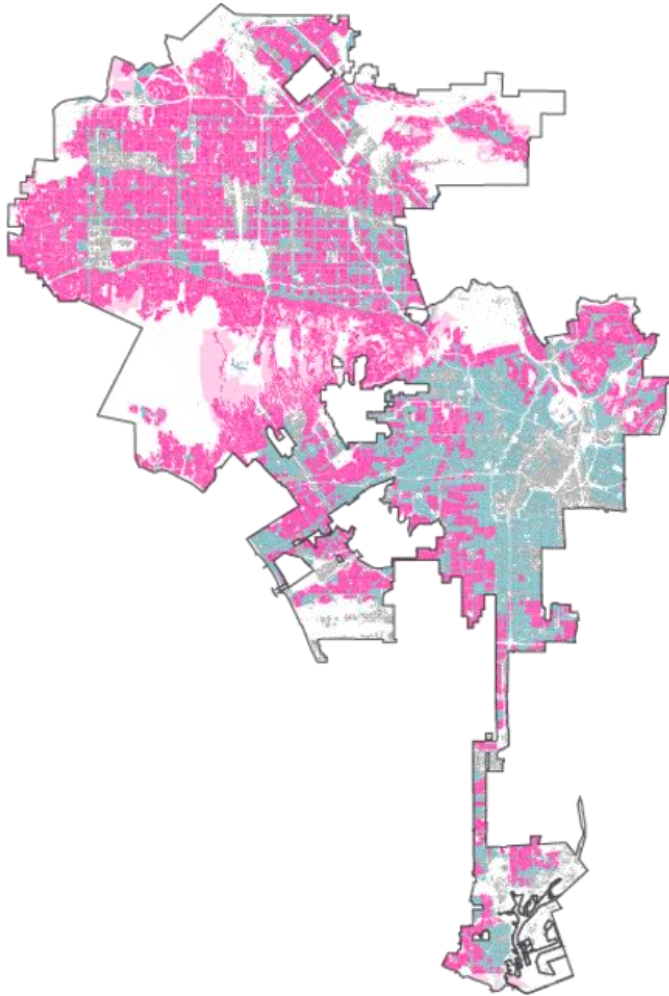
Source: California Association of Realtors, 2021; California Department of Housing and Community Development, 2021; HR&A Advisors

CA has the 2nd lowest rate of homeownership



- ✓ *Homeownership in California*
- ✓ ***Challenges statewide and in SoCal***
- ✓ *CA Dream for All* program

“Prices go up when demand severely outpaces supply.”



Demand. CA 1.8M – 3.5M homes to meet demand

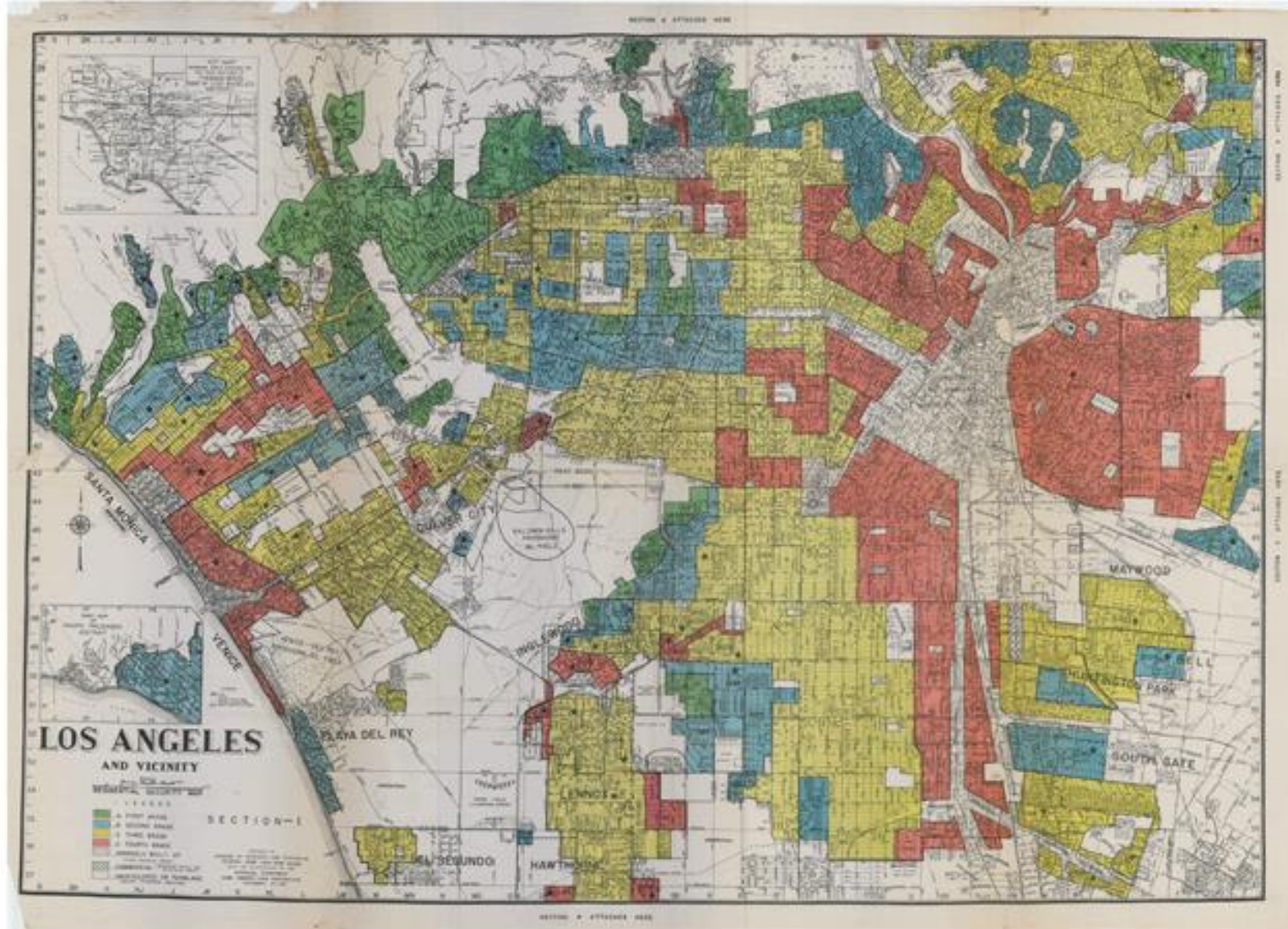
Production. CA HCD called for 180k homes/year between 2015-2025 (reality: 80k/year built)

Jobs : Housing Ratio. 2.93 Californians for every occupied home, compared to 2.53 average across the country

Downzoning. LA zoned capacity (1960): 10M people; LA zoned capacity (1980): 4M people

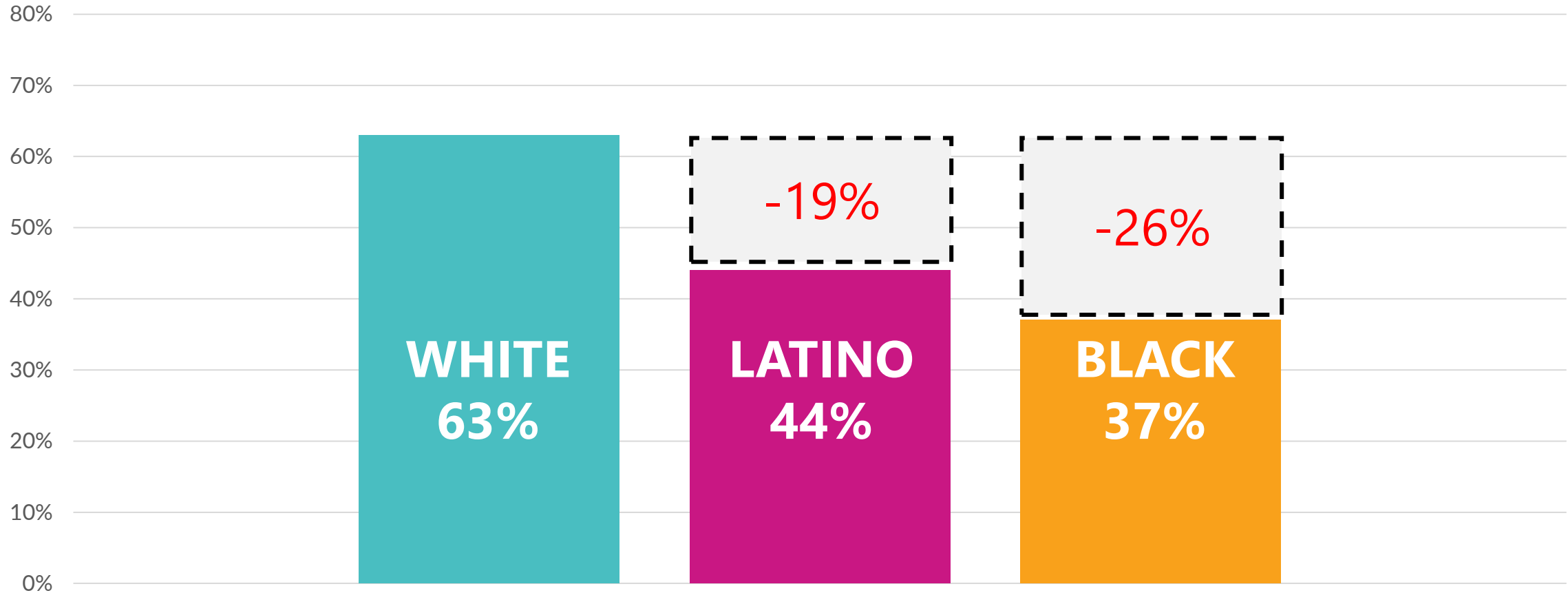
Single-family only. Pre SB 9, 75% of LA was zoned single-family-home only

Challenges must be viewed within the context of history

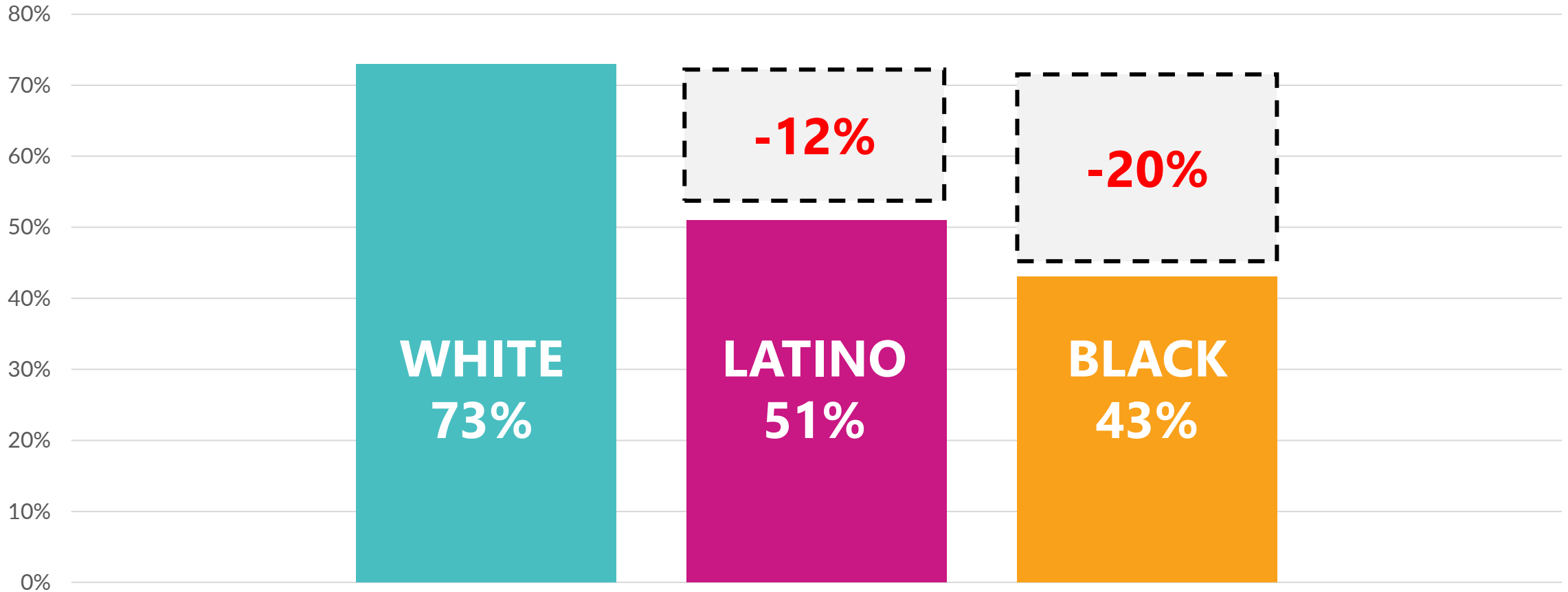


Homeownership gap is significant in CA...

CALIFORNIA



UNITED STATES



- ✓ *Homeownership in California*
- ✓ *Challenges statewide and SoCal*
- ✓ **CA Dream for All** program

Project Team



California
Forward



HR&A
Advisors



California
Community
Builders



CSG Advisors



Shared Appreciation Mortgage

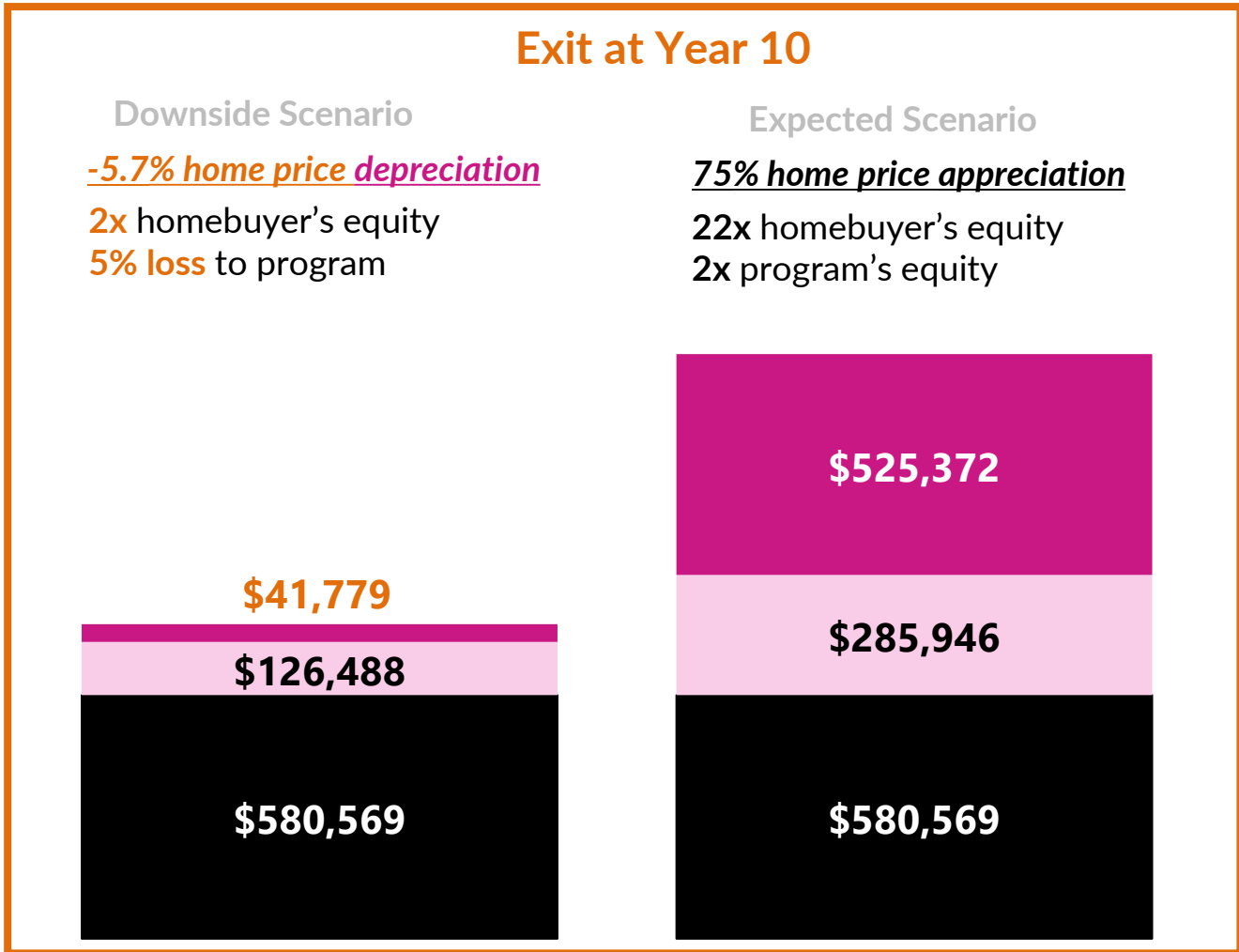
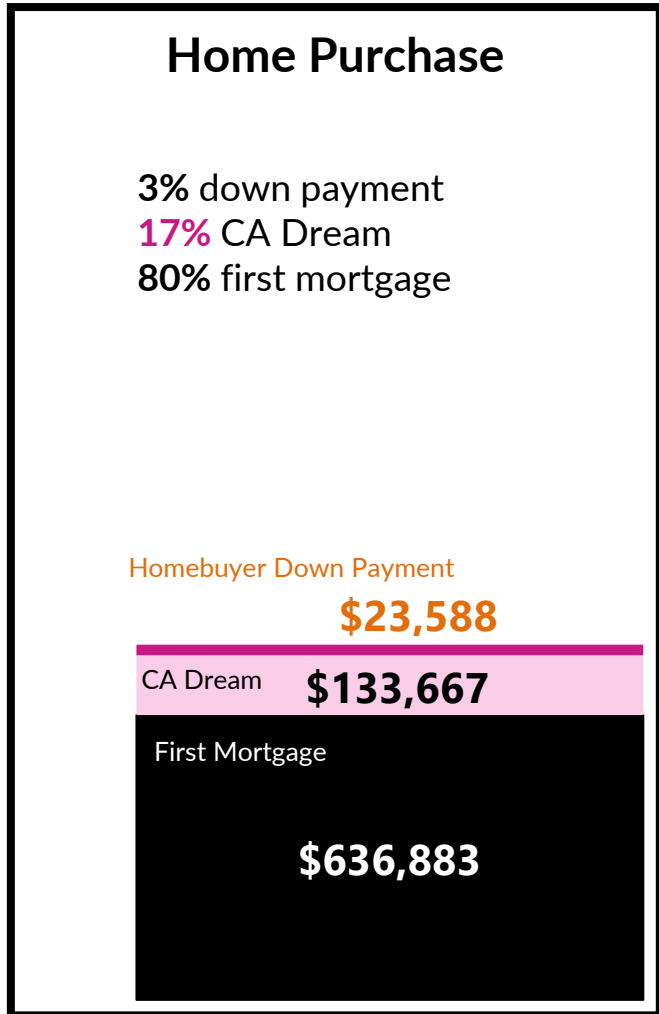
- 1. *Silent second***, no monthly interest
- 2. *Payment due at exit*** based on a percentage share of home price appreciation

Purpose of the California Dream for All Program



- 1. Provide large down payment assistance** to meaningfully expand access to homeownership
- 2. Support wealth accumulation** for households that purchase a home
- 3. Maximize the number of households assisted** over time with the public funding available
- 4. Complement existing homeownership programs** by serving new type of borrowers

CA Dream Provides Homebuyers Wealth Building Opportunity



Program Assumptions: California Median Single-Family Home Sales Price (\$786,000)

CALIFORNIA DREAM FOR ALL:
A PROPOSED SHARED APPRECIATION LOAN
INVESTMENT FUND FOR THE STATE OF CALIFORNIA



CAFWD.ORG
CAFWD



FIONA MA, CPA
CALIFORNIA STATE TREASURER

JUNE 2022

- **\$500,000M** in the current budget
- **\$1B** proposed in future budgets
- **Next steps** are to have the rules/regulations created to run the details of the program.
- **CA Dream** report and other material can all be found at www.ccbuilders.org or email at abriones@ccbuilders.org

Panel: Rethinking Homeownership Programs



Panelists



Adam Briones
*CEO, California
Community
Builders*
Moderator



Lori Gay
*CEO, Neighborhood
Housing Services of LA
County*



Ricardo Flores
*Executive Director,
Local Initiatives
Support Corporation
San Diego*



Mark Asturias
*Executive Director, Irvine
Community Land Trust*

Case Studies: Affordable Homeownership Programs & Practice



Guest Presenters



Kwofi Reed
President and CEO, San Diego Habitat for Humanity



Clemente Mojica
President & CEO, Neighborhood Partnership Housing Services (NPHS)



Roberto Garcia-Ceballos
Co-Director, Fideicomiso Comunitario Tierra Libre



Sua Hernandez
Executive Director, El Sereno Community Land Trust



Kwofi Reed, President & CEO San Diego Habitat for Humanity

Building strength, stability, and independence through shelter.

An independent affiliate of Habitat for Humanity International, with roots in rural 1960's Georgia, where Habitat founders, Millard and Linda Fuller, were exposed to the idea that self-help, respect, and payback of homebuilding costs with no profit empowered families.

Serving San Diego County since 1988.



Case Study: Harding II Townhomes | National City



How Habitat Works: Brings together sweat equity, volunteers, donations, and public and private capital to create affordable homeownership for working families.



Habitat Homeowners:

- Qualify to purchase a home
- Demonstrate a need for improved housing
- Are willing to partner with Habitat (sweat equity)
- Can pay an affordable monthly mortgage
- Work side-by-side with volunteers to build their home



Mortgage payments create a revolving fund that builds more homes.



Harding II (18th & Harding Ave – National City):

- 6 Townhomes (1,100 – 1,300 s.f.)
- 3 bedroom/2.5 baths with 1-car garages
- Affordability: 80% AMI or less.

Example of San Diego Habitat strategy of:

- More affordable units/homes for working families
- Infill development

Green Infill Development:

- Drought tolerant landscaping
- Sustainable materials & plumbing fixtures
- Energy-efficient appliances



History & Goals:

- Started for Habitat as creative repurposing of acquisition rehab program resources after housing market recovery
- Project was initially a partnership between National City, San Diego Community Land Trust, and Habitat

Goals were homeownership (with all the benefits) that:

- Was affordable by local working families
- Maintained long-term affordability

Case Study: Harding II Townhomes | National City



Private Partners:

- San Diego Foundation
- Mission Driven Finance
- Investors in Homebuilding Investment Fund
- Realty Income
- Bank of America
- Wells Fargo
- San Diego Community Land Trust
- Volunteers!
- Homeowners!

Public Partners:

- National City
- County of San Diego
- State of California
- HUD/HOME

Case Study: Harding II Townhomes | National City



Total Development Cost: about \$1.9M

Model requires multiple teams:

- Direct activity from Construction, Fund Development, ReStore retail, Volunteer Management, Homeowner Education and Services & more.

Representative of Habitat strategy within high-cost markets:

- Assembly leverages limited land with density to create more homes

Challenges and Learnings:

- Phasing contractors and volunteers
- Need to balance public funding timelines & requirements with homeownership

Case Study: Harding II Townhomes | National City

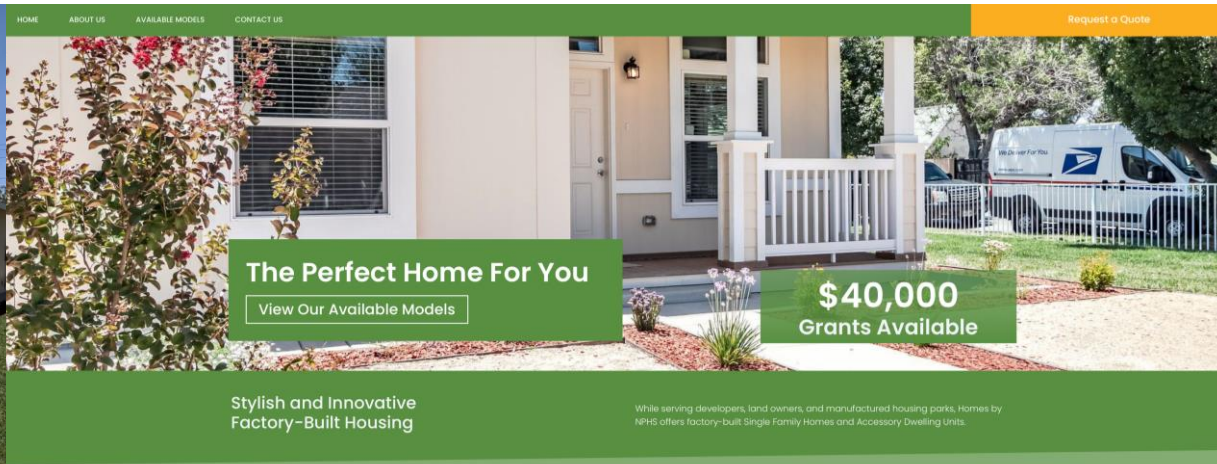


Kwofi Reed
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A Place-Based, Factory-Built Housing Social Enterprise

A Scalable Model to Expand Access to Equitable, Affordable and Climate Adaptive and Resilient Homeownership





Neighborhood Partnership Housing Services

Mission: Building equitable communities through innovative housing and economic solutions that advance the well-being of people, vitality of neighborhoods, creation of jobs, and sustainability of the environment.

Areas of Impact: Affordable Housing, Neighborhood Revitalization, Community Wealth Building and Preservation and Environmental Suitability

Servicing Area: A Community Development Financial Institution (CDFI) Serving San Bernardino, Riverside and Eastern Los Angeles Counties for over 32 years.

- 2014** Traditional onsite development for scattered infill development cost-prohibited
- 2015** Explore factory-built housing as viable option for affordable homeownership
- 2016** Villa Del Sol factory-built housing development pilot in partnership with City of Chino – *Integrated solar into single-family developments, especially factory-built housing*
- 2018** Expanded factory-built housing pilot to City of San Bernardino and began testing the scalability of manufactured housing for affordable homeownership
- 2019** Factory-built housing became an integrated strategy for infill development and began laying framework for a comprehensive approach to increasing the supply of affordable homeownership
- 2020** NPHS obtained its license to purchase directly from manufacturers and to sell factory-built homes
- 2021** Created Homes by NPHS LLC and began building and testing the components to build a scalable model - *Factory-built accessory dwelling units*
- 2022** Incorporated Homes by NPHS LLC to start sourcing manufactured homes

Homes by NPHS LLC

An NPHS Social Enterprise



Homes by NPHS LLC: A Factory-Built Housing Social Enterprise

A Scalable Model to Expand Access to Equitable, Affordable, and Climate Adaptive and Resilient Homeownership

- 1. Factory-Built Home Dealer:** A manufactured housing social enterprise built around NPHS' occupational licensure to sell manufactured homes.
- 2. One-Stop-Shop:** Leverages the potential of factory-built housing technology to increase the supply of affordable homeownership with NPHS' vertically integrated homeownership services and strategies to reach underserved markets.
- 3. Market Segments:** A supply conduit of quality manufactured homes and ADUs for developers, manufactured housing communities, and homeowners.



Impact Model

Improving Access Through Vertical Integration

Factory-Direct
Conduit

Equitable
Financing

Realty Services

Manufactured
Homes Placement
Program

Education

Testing Additional Strategies to Increase and Preserve the Affordable Housing Supply

- **Accessory Dwelling Units:** Source quality, energy-efficient factory-built ADUs faster and at lower costs, making them more accessible and affordable to homeowners of color.
- **Community Land Trust:** Test the viability of placing manufactured homes on a 99-year ground lease to steward long-term affordability.
- **Energy Innovation:** Prototyping a variety of innovations to increase the energy efficiency of factory-built units beyond the ENERGY STAR® standard.
- **Design Innovation:** Pilot a unique kitchen, bath, and storage solutions. Development of standardized floor plans that can be replicated in other markets by nonprofit developers.
- **Equitable Financing:** Explore how conventional mortgage loans for manufactured homes could be delivered to a broader range of financial institutions through Fannie Mae's MH Advantage and Freddie Mac's CHOICE Home programs.



Factory-Built Home and ADU Demonstration Project

<https://go.nphsinc.org/3Bq2fpN>



Climate Resilience and Adaptive Homeownership

- Solar Panels or Solar Ready
- EV Ready
- Tankless Water Heaters
- Build to Wildland Urban Interface Specifications
- Beyond the ENERGY STAR® Standard

Pilot and Scale Strategy

- Use its relationships with municipalities to develop infill lots to continue testing and then scale factory-built strategy.
- Use capacity as factory-built housing conduit to recruit and partner with other developers as part of a strategy to scale supply and diversify the factory-built housing space.
- Take orders beginning September 22, 2022.
- Partner with Next Step to ensure that NPHS's work is informed by emerging innovations in the field, but also magnify NPHS' impact by disseminating its best practices and supporting replication.

Challenges and Lessons Learned

- Manufactured Housing Negative Stigma
- Appraisals and Valuation
- Affordable First-Mortgage Financing for Manufactured Homes
- Factory-to-Retailer Outdated Industry Business Model: As manufacturers recognize place-based developers as key customers, this disruption would open new markets for this housing stock.



Neighborhood Partnership Housing Services

Clemente Arturo Mojica
President and CEO

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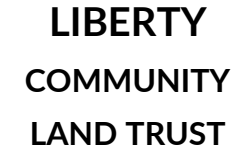




Implementation of the Los Angeles County CLT Pilot Partnership Program

**LA CLT Coalition Presentation
SCAG/SANDAG Equitable Homeownership Forum Presenters
Roberto Garcia-Ceballos, Fideicomiso Comunitario Tierra Libre
Sua Iris Hernandez, El Sereno Community Land Trust**

LA CLT COALITION

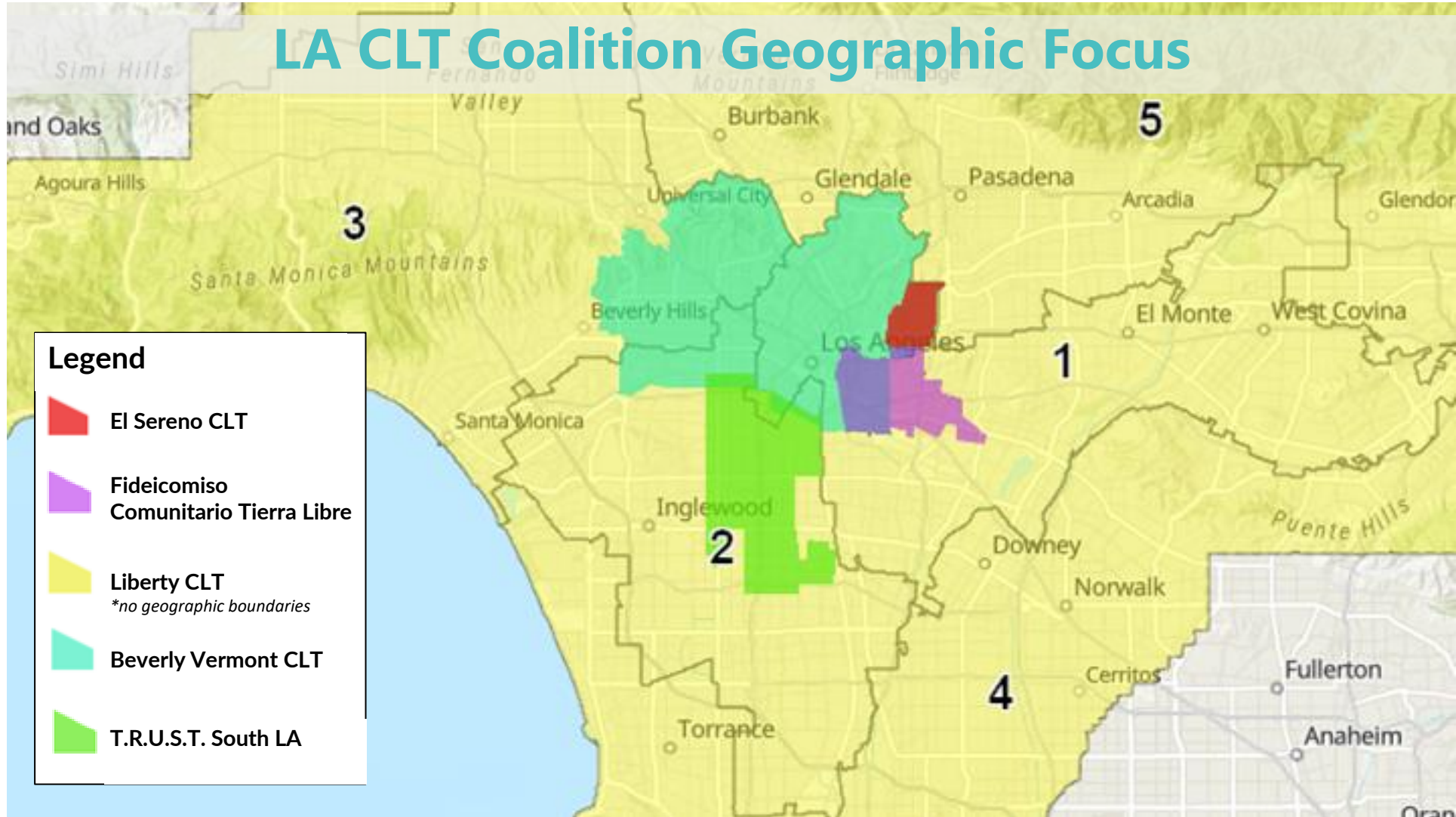


The five CLTs formed into the LA CLT Coalition and are working together on a daily basis to advance their collective capacity and impact across the County.

The CLT Coalition attracted the attention of philanthropy, collectively raising almost **\$3 million dollars** which has:

- Provided operating funds for each of the CLTs to staff up their organizations;
- Funded deposits on properties and paid for due diligence expenses on those potential acquisitions; and
- Has allowed the CLTs to set aside funds for shared expenses such as potentially a joint campaign director, and to explore collectivizing functions like property management.

LA County Community Land Trust Partnership Program



LA-CLT COALITION



Economic recovery must seek to implement large-scale structural transformation in the housing market to counter long-standing unjust and racist practices. Community land trusts play a critical role in building community wealth in the following ways:

- Provide low- and moderate-income people with the opportunity to build equity through homeownership.
- Ensure residents are not displaced due to land speculation and gentrification.
- Protect owners from housing market downturns.
- Promote direct, grassroots participation in decision-making and community control of local assets.

LA-CLT COALITION



- In September 2020, LA County Board of Supervisors approved a pilot program to transfer Chapter 8 tax defaulted properties to LA CLTs
- In November 2020, LA County Board of Supervisors expanded the CLT program, with the LA CLT Coalition winning \$14M to acquire and rehab 4-20 unit buildings in high displacement-risk areas

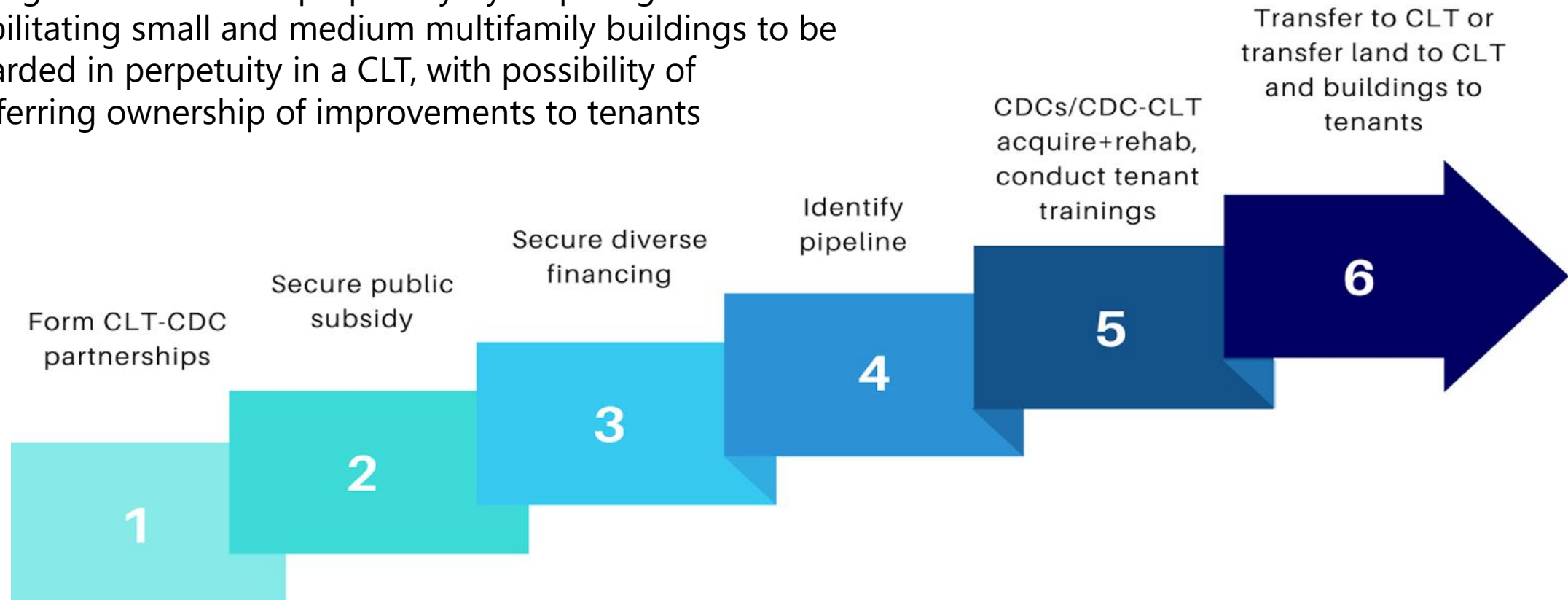
- Awarded \$500,000 recoverable grant from SPARCC-LA for due diligence and purchase deposits
- County Counsel drafted funding, grant and monitoring agreements
- Established CLT-CDC partnerships
 - 1) El Sereno CLT + Habitat for Humanity San Gabriel Valley
 - 2) Fideicomiso Comunitario Tierra Libre + Little Tokyo Service Center
 - 3) Beverly Vermont CLT + Brilliant Corners
 - 4) Liberty CLT + Venice Community Housing
 - 5) TRUST South LA + Habitat for Humanity Greater Los Angeles

Figure 3: Property Acquisition Selection Criteria

Category	Parameter	Parameter
Property	Housing Type*	Multifamily, 4-20 units
	Purchase Price*	\$150,000 - \$350,000
	Building Class	B/C (~50K per unit in rehab costs)
	Proximity to Transit	0.5 miles; also consider TOD area
Tenants	Organized Tenants	Engaged and interested in ownership At risk of being displaced
	Household income	30-80% Area Median Income (AMI)
	Displacement Risk	Gentrified, Disadvantaged Area (Displacement Map); Factors: Planned investment, California Tax Credit Allocation Committee/Housing and Community Development Opportunity Map
Preferences only	LA County	Unincorporated LA County
	Distance from Freeway	> 500 feet

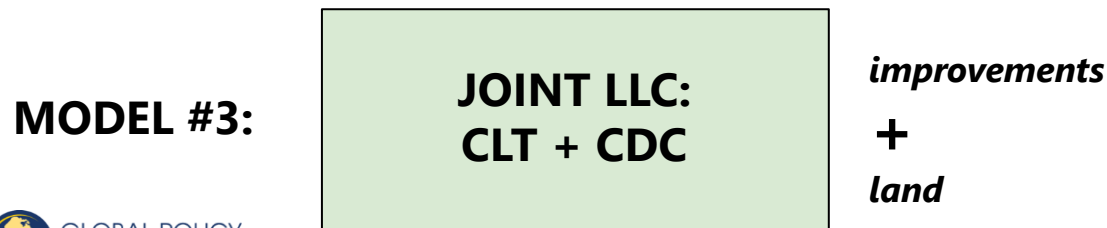
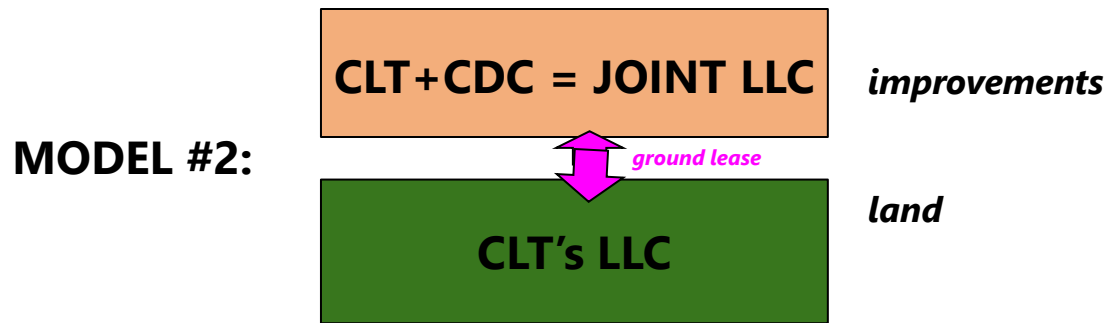
Preserving unsubsidized housing (NOAH) through community ownership

Program objective: Stabilize communities and secure housing as affordable in perpetuity by acquiring and rehabilitating small and medium multifamily buildings to be stewarded in perpetuity in a CLT, with possibility of transferring ownership of improvements to tenants

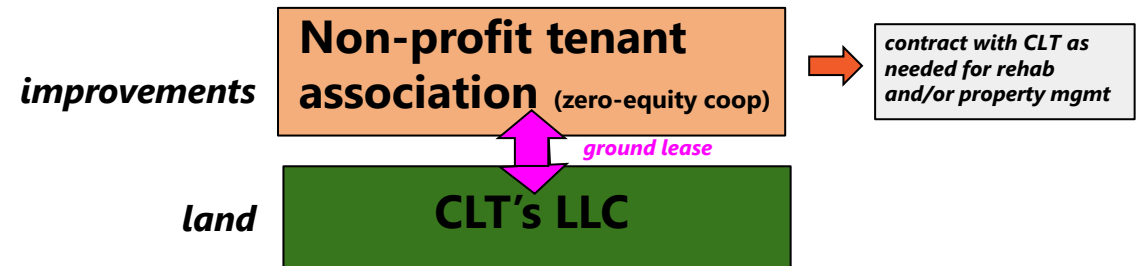
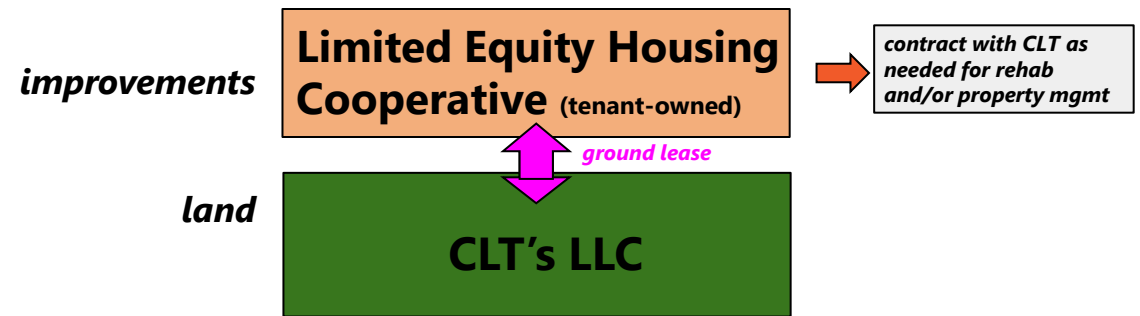


Ownership Structures

Acquisition/Rehab Period



Options for Long-Term Stewardship



Short-Term Metrics of the Pilot CLT Partnership



	Original Stated Goals	Results To Date
Property	5+ properties (at least one in each SD)	8 properties acquired
	Purchase Price: \$150,000-\$350,000/unit	Avg. acquisition price: \$243,241/unit
	Building Class B/C (~\$50K/unit in rehab costs)	Avg. estimated rehab costs: \$50,593/unit
	Multifamily 4-20 units	Avg. units / property: 5.38. Max: 11; Min: 2
	Proximity to Transit: 0.5 miles	All properties within 0.5 mile from a transit stop
Tenants	Organized tenants	Tenants at 2 properties had been organized prior to acquisition; at other properties, the CLTs are leveraging their prior relationships and expertise in community engagement to organize tenants.
	30-80% AMI	Avg. AMI: 49%
	Displacement Risk	See next slide

LACDA Displacement Vulnerability Index



Project	CLT Partner	CDC Partner	Area	SD Office	Displacement Vulnerability Index Score ¹	# Units	Average Affordability Level (% AMI) ³
Simmons	FCTL	LTSC	East LA	1	Moderate	11	50%
Kenmore	BVCLT	Brilliant C.	Wilshire	2	High	4	40%
224 th St	Liberty CLT	VCH	Harbor Gateway	4	N/A	4	50%
Lemp	BVCLT	Brilliant C	N. Hollywood	3	Highest	5	56%
Atlantic	ESCLT	SGV Habitat	El Sereno	5	High	8	50%
23 rd St	TRUST SLA	Habitat LA	West Adams	1	Highest	2	43%
Brynhurst	Liberty CLT	VCH	Hyde Park	2	Highest	5	50%
Bonnie Brae	TRUST SLA	N/A	Westlake	1	Highest	4	56%
Total						43	49%

First Acquisition: 700 Simmons Ave

LOCATION: SD1 (Unincorporated East LA)

UNITS: 11

DATE BUILT: 1930

ACQUIRED: 5/5/21

TDC: \$2,790,250

LA COUNTY SUBSIDY: \$2,790,250

LAC SUBSIDY PER UNIT: \$253,659

CLT: Fideicomiso Comunitario Tierra Libre

CDC: Little Tokyo Service Center

LENDER: SPARCC/Genesis for
Predevelopment, TBD for Perm

QUALIFYING CRITERIA: Transit proximity;
Further than 500 ft from fwy; Zoning; Risk
of displacement; Serve lower income
residents



Second Acquisition: 111 N. Atlantic Ave

LOCATION: SD5 (Alhambra)

UNITS: 8

DATE BUILT: 1949

ACQUIRED: 5/11/21

TDC: \$2,613,150

LA COUNTY SUBSIDY: \$2,613,150

LAC SUBSIDY PER UNIT: \$326,644

CLT: El Sereno CLT

CDC: San Gabriel Valley Habitat for Humanity

LENDER: TBD for rehab/perm

QUALIFYING CRITERIA: Transit proximity; Further than 500 ft from fwy; Risk of displacement especially those with naturally affordable rent & elders; Serve lower income residents.



Preview of Upcoming Events and Closing



SCAG:

- **Housing Policy Forum Series**
 - **Forum 4: Legislative Landscape – November 2022**
- **Grant Application Technical Assistance**
- **SCAG Housing Working Group**

SANDAG:

- **Stay tuned for input and feedback opportunities for REAP 2.0**
www.sandag.org/housing

Thank you!



Questions about the SCAG Housing Policy Forum Series?

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