

1762 Dale Road Site Feasibility Analysis

Community Development

City Council

February 27, 2024

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Homelessness and Affordable Housing

- 2022 Community Survey
 - Most common response on how to make Glendora a better place to live:
 - Address Homeless Issues/Poverty
- 2023-2025 Strategic Plan
 - Goal 4 – Implement Strategic Homeless Solutions
 - Objective 2; Task 4 – Evaluate sites for acquisition to implement localized solutions for homeless individuals

1762 Dale Road

- City Acquired Property July 31, 2023
 - 50% of funds from Affordable Housing Fund & Housing Authority
 - 50% of funds from Measure E
- Type of housing development has not yet been determined.
- SGV Council of Government's Affordable Housing Incubator Program

Feasibility Study Outline

- Study Objectives/Project Background
- Housing Product Types
- Development Scenarios
- Scenario Feasibility and Design
- Scenario Evaluation and City Considerations

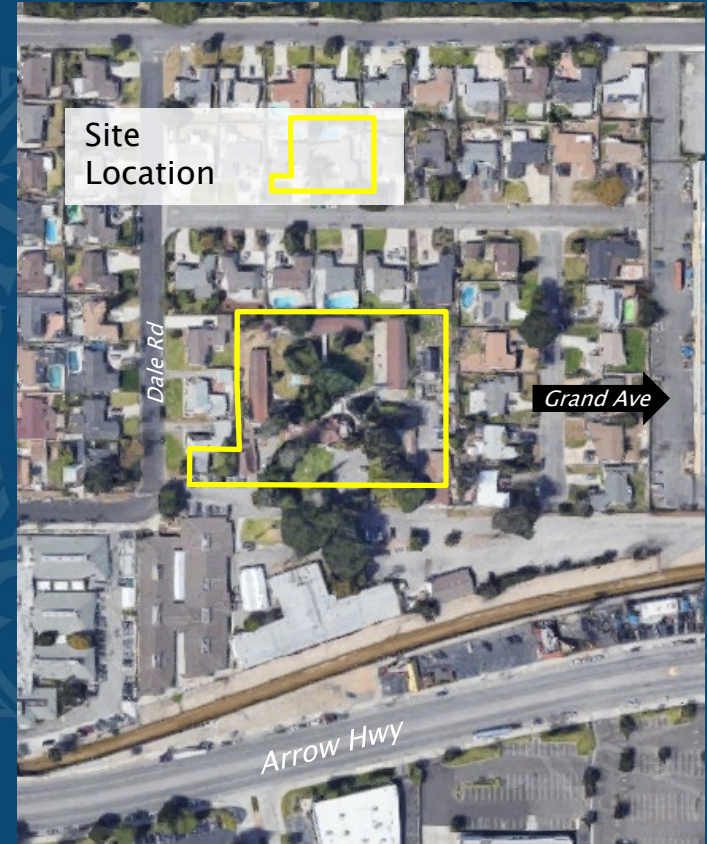


STUDY OBJECTIVES/PROJECT BACKGROUND



SITE OVERVIEW

- 2.17-acre site located at 1762 Dale Road
 - Currently zoned for 20 du/ac;
State Density Bonus will allow for up to 36 du/ac
 - Purchased by City for \$4.725M in July 2023
 - Previous use was an assisted living facility;
buildings from former use to be demolished by City.
- *City objective is to utilize site to address local needs around housing affordability and homelessness.*



STUDY OBJECTIVES AND EVALUATION FRAMEWORK

➤ *Feasibility study conducted to understand viable alternatives for site*

1. Developer Interest

- How viable/feasible is a particular program?
- Does a particular program fit with a developer's mission/goals?

2. Public Funding Competitiveness

- Which development programs and/or populations are prioritized to receive public funding?

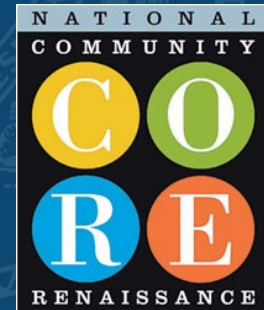
3. City Role in Identifying Residents

- Can the City have a role in identifying residents for a particular development project?

4. City Financial Participation

- What level of participation does the City need to provide to effectively support the project?

STAKEHOLDER ENGAGEMENT



HOUSING PRODUCT TYPES



HOUSING TYPOLOGIES DEFINED – PERMANENT HOUSING

Deed-Restricted Affordable Housing

- Target 50-60% AMI large family households
- Multifamily rental format
- Up to 36 Du/Ac with State Density Bonus



Source: Apartments.com, Department of Housing and Urban Development

Permanent Supportive Housing

- Target 15-30% AMI senior/special needs households
- Multifamily rental format
- Includes supportive services
- Up to 36 Du/Ac with State Density Bonus



HOUSING TYPOLOGIES DEFINED – TEMPORARY HOUSING

Transitional Housing

- Temporary length of stay (target 6-12 mos.)
- Microunit or tiny homes format
- Includes supportive services
- Up to 24 Du/Ac with State Density Bonus



Source: San Gabriel Valley Regional Housing Trust, Scott Smeltzer / Daily Pilot

Emergency Shelter

- Temporary length of stay
- Congregant living format
- Includes supportive services



FEASIBILITY CONSIDERATIONS FOR MIX OF HOUSING TYPES

➤ *Mix of permanent and temporary housing uses on site was considered but deemed likely infeasible and, therefore, not modeled*

- **Market Feasibility**

- Different developers specialize in different products
- No interviewed developer expressed interest in jointly developing both types.

- **Operational Feasibility**

- Developers expressed caution regarding the co-location of types.

- **Site Feasibility**

- Mix of types reduces the opportunity to maximize either type
- Challenging to fit two projects on site, and each type has different density allowances.

- **Interest/Funding Competitiveness**

- If site is not being utilized to maximize either type, developer interest and funding competitiveness will be reduced.

DEVELOPMENT SCENARIOS



DEVELOPMENT PROGRAM BY SCENARIO

Factor	Scenario 1 – Affordable for Large Families	Scenario 2 – Affordable for Special Needs or Seniors	Scenario 3 – Transitional Housing
Total Units	79 units	79 units	50 beds or units
Length of Stay	Permanent	Permanent	Temporary (e.g., up to 24 months)
Share of Studios	N/A	20 units (25%)	100%
Share of 1BR	25 units (32%)	50 units (63%)	N/A
Share of 2 BR	34 units (43%)	8 units (10%)	N/A
Share of 3 BR	20 units (25%)	1 unit (Manager's Unit)	N/A
Community/Service Space	2,500 sq. ft.	3,000 sq. ft.	N/A
Parking Spaces	111 stalls	51 stalls	5 stalls (est.)

QUALIFYING INCOME LEVELS

Income Group and AMI Level	Scenario 1 (Family): 3-person Household	Scenario 2 (Senior/Special Needs): 2-person Household
Extremely Low Income 30% AMI	\$34,050	\$30,270
Very Low Income 50% AMI	\$56,750	N/A
Low Income 60% AMI	\$68,100	N/A

Notes:

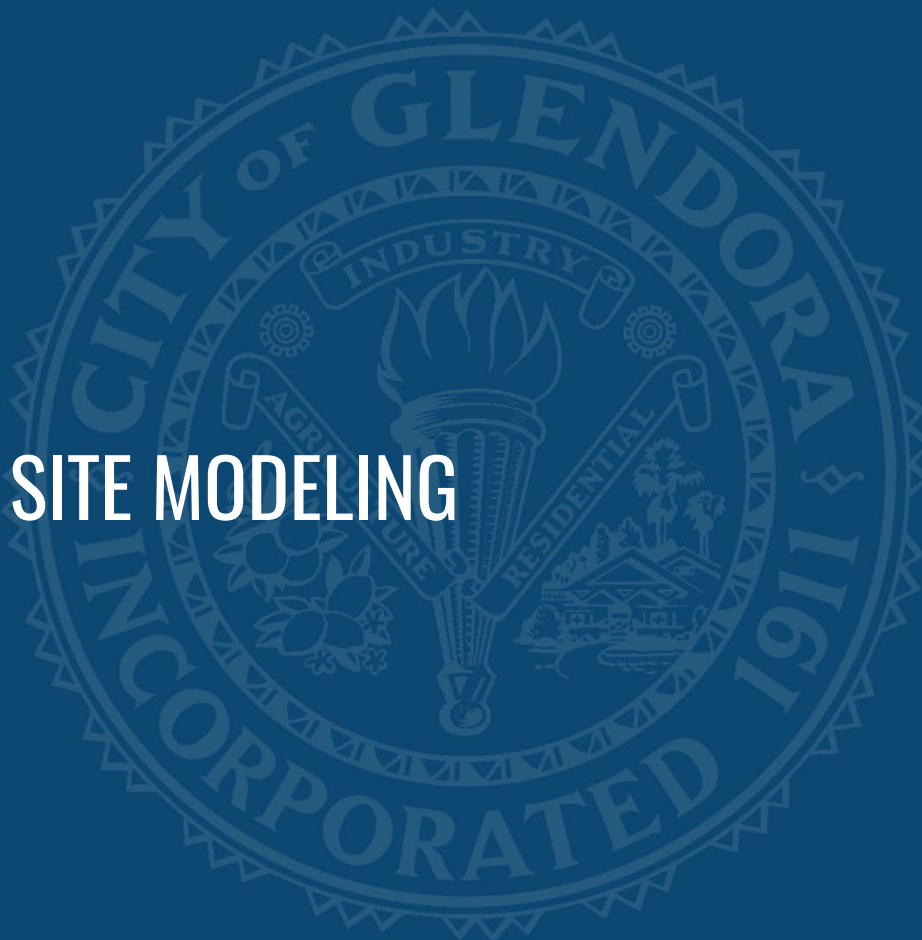
- Income levels are for households in Los Angeles County.
- Analysis uses the HUD definition of “Low-Income” - households earning up to 60% of Area Median Income (AMI) - as this is the income level eligible for tax credits.
- Households earning 80% AMI are not modeled; projects including units at this income level are less competitive for public funding.

AFFORDABILITY LEVELS AND RENTS BY SCENARIO

Factor	Scenario 1 Affordable for Large Families	Scenario 2 Affordable for Special Needs or Seniors	Scenario 3 Transitional Housing
Total Units	79 units	79 units	50 beds or units
Number of Units at 0% AMI	N/A	N/A	50 beds at \$0 per month
Number of Units at 30% AMI (ELI)	23 units at \$663 per month	78 units at \$589 per month	N/A
Number of Units at 50% AMI (VLI)	39 units at \$1,105 per month	N/A	N/A
Number of Units at 60% AMI (LI)	16 units \$1,326 per month	N/A	N/A

*Assumes rent for manager's unit will be priced at market-rate. Also assumes that utility allowance is not included in rent.

FINANCIAL AND SITE MODELING

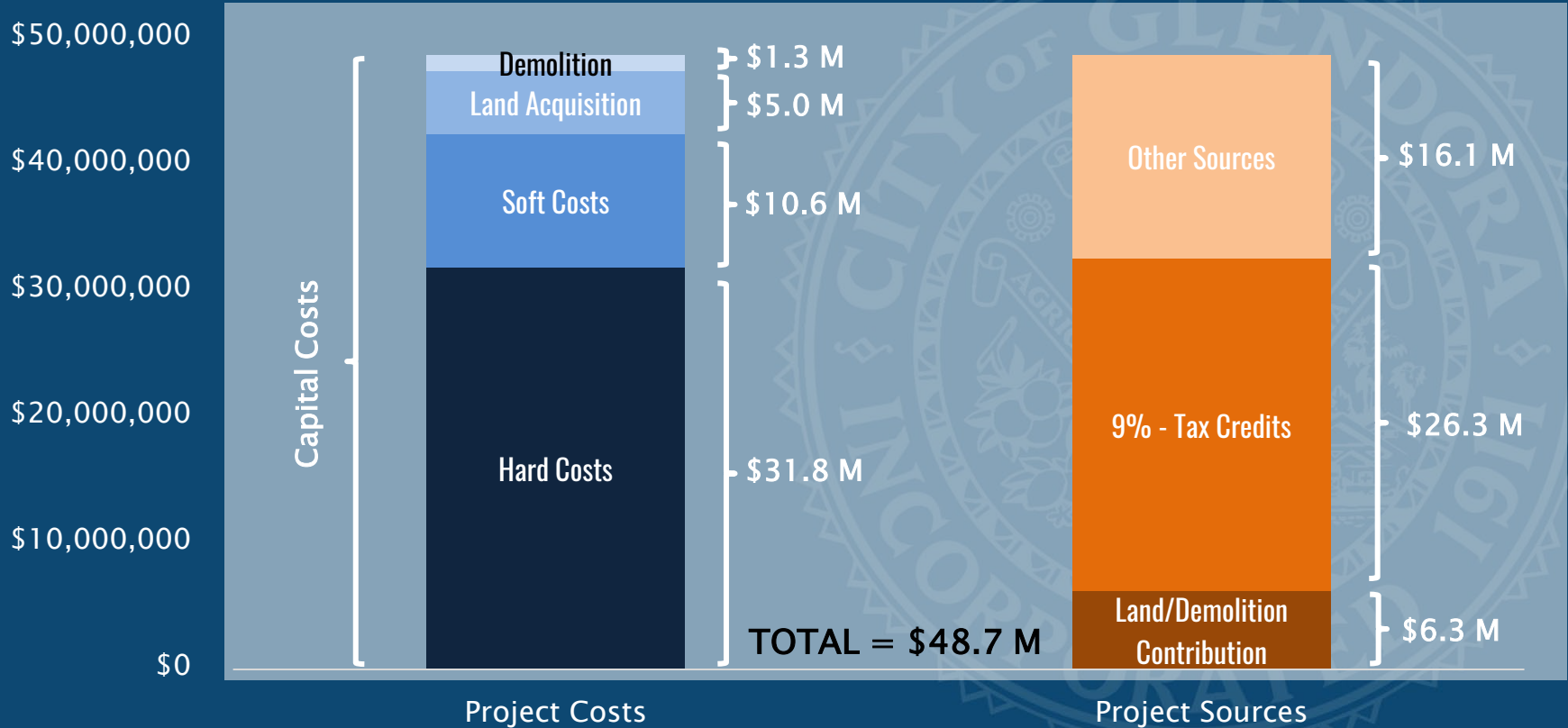


FINANCIAL ANALYSIS

- Evaluation of development costs and available funding sources for different scenarios
- All scenarios require some level of subsidy to support development of affordable units
- Consideration of City's potential role in providing needed financial support
- Focus on capital costs – only considered operational costs when City participation would be required



SCENARIO 1: AFFORDABLE HOUSING FOR LARGE FAMILIES – FINANCIAL ANALYSIS



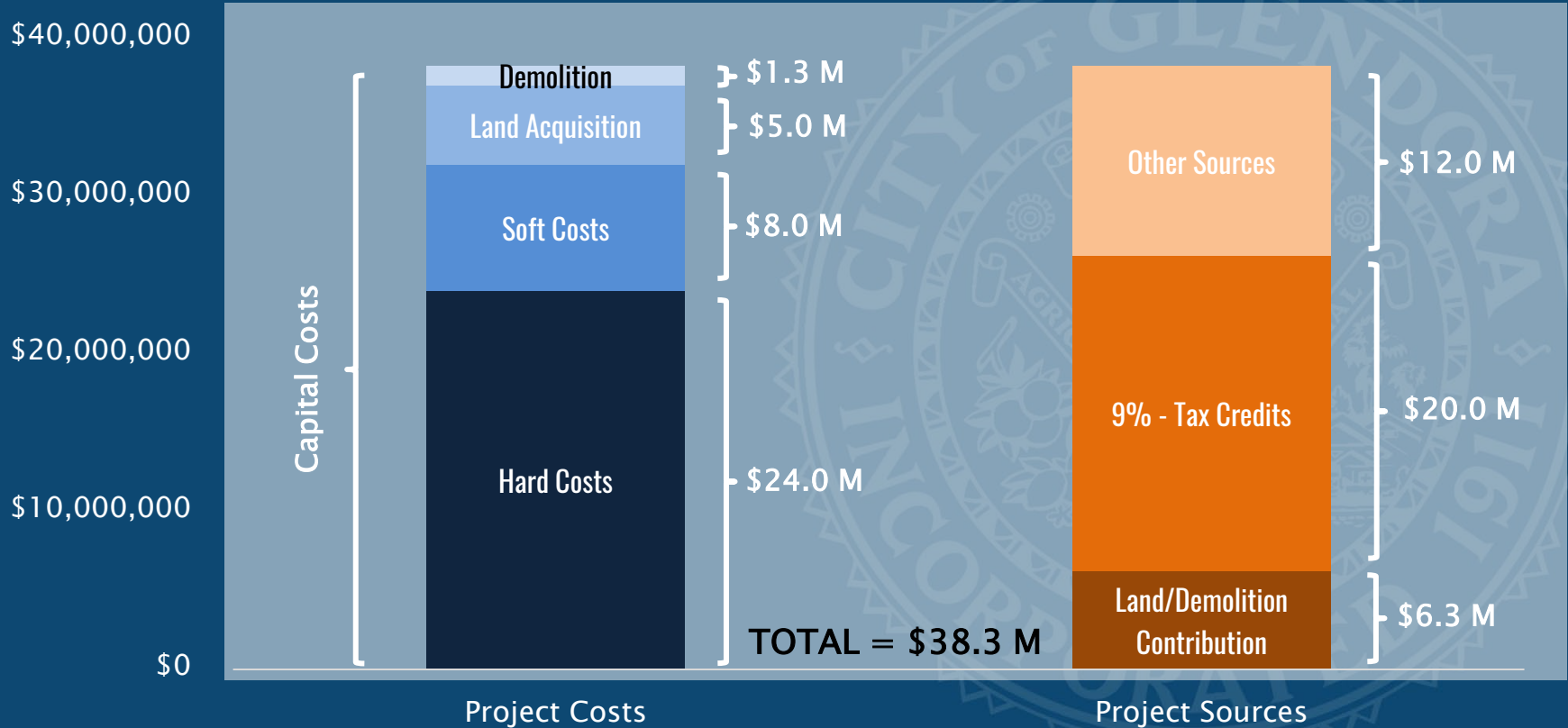
SCENARIO 1: AFFORDABLE HOUSING FOR LARGE FAMILIES – SITE PLAN



SCENARIO 1: AFFORDABLE HOUSING FOR LARGE FAMILIES – SITE ELEVATION



SCENARIO 2: AFFORDABLE SENIOR OR SPECIAL NEEDS HOUSING – FINANCIAL ANALYSIS



SCENARIO 2: AFFORDABLE SENIOR OR SPECIAL NEEDS HOUSING – SITE PLAN



SCENARIO 2: AFFORDABLE SENIOR OR SPECIAL NEEDS HOUSING – SITE ELEVATION



SCENARIO 3: TRANSITIONAL HOUSING – FINANCIAL ANALYSIS (CAPITAL)

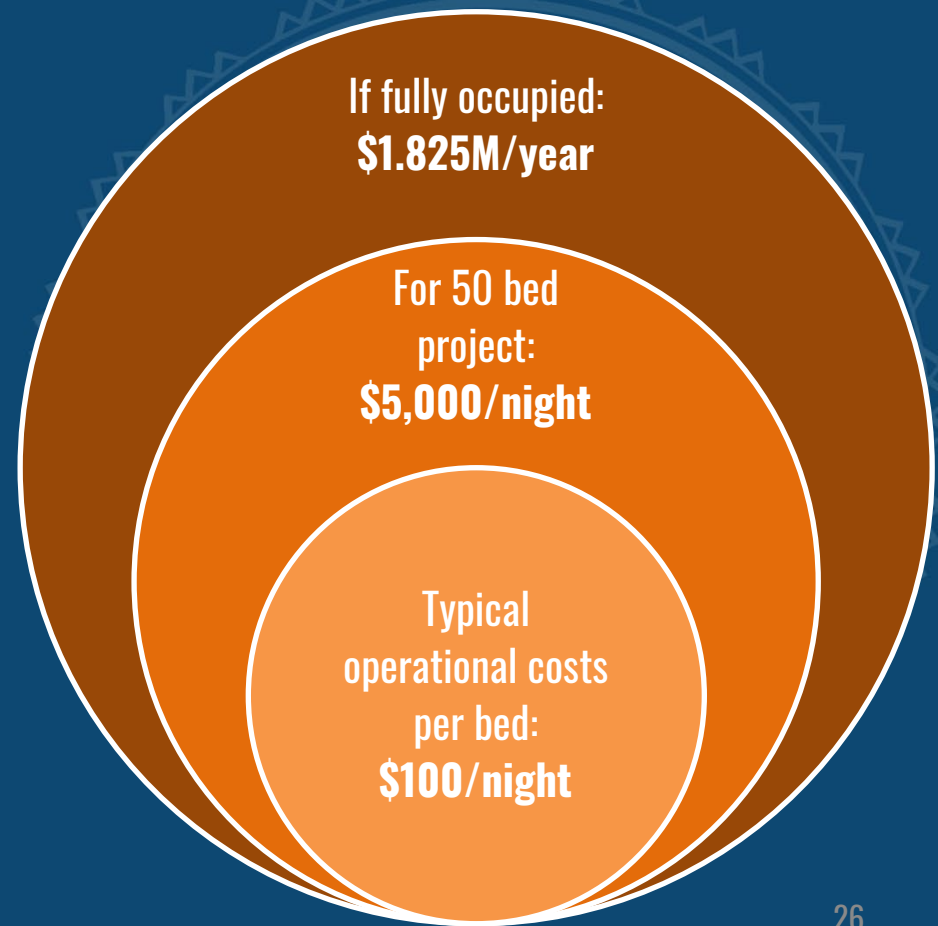
- Typical model - project is City-owned, contract with third-party operator (through Regional Housing Trust)
- Some sources available to support capital expenditures (e.g., SGVRHT)
- Cost per unit does not include land – assumes City is providing the site
- Cost does include some allowance for public works needs, provided by City

For 50 bed
project: **\$1.4M**

Typical capital
costs per unit:
\$28,000

SCENARIO 3: TRANSITIONAL HOUSING – FINANCIAL ANALYSIS (OPERATIONAL)

- Typical model - project is City-owned, contract with third-party operator (through Regional Housing Trust)
- Some sources may be available to support operational costs
- If operating subsidies run out, City is fully responsible for operational costs



AFFORDABLE HOUSING FINANCING TOOLS

Permanent Affordable Housing (Large Family, Senior, or Special Needs)

- HCD Grant and Low-Cost Loan Funds (e.g., Multifamily Housing program)
- Target Population Funds (e.g., Veterans Housing and Homelessness Prevention Program)
- LA County Housing Funds (e.g., Housing Innovation Fund)
- **Local Grants/ Participation (e.g.,**

➤ *The above are examples of typical funding sources, but funding sources and availability are dynamic and can change year to year.*

Transitional Housing

- County Homelessness Funds (e.g., Measure H)
- SGV Regional Housing Trust (e.g., Local Housing Trust Fund)
- **Local Participation (e.g., operations and maintenance)**

SCENARIO EVALUATION AND CITY CONSIDERATIONS



SCENARIO EVALUATION MATRIX

High

Medium

Low

Factor	Scenario 1 – Affordable for Large Families	Scenario 2 – Affordable for Special Needs or Seniors	Scenario 3 – Transitional Housing
Developer Interest	Med-High	High	Low
Public Funding Competitiveness	Medium	High	Low
City Role in Identifying Residents	Low	Low	Medium
Level of City Financial Participation	Land Donation/Long-Term Lease	Land Donation/Long-Term Lease	Local Grant Funding; Operational Support (City maintains ownership)
Overall Positioning	Maximize Site Capacity	Maximize Housing Affordability	Prioritize Unhoused Individuals

CONCLUSIONS/CITY CONSIDERATIONS



Permanent and temporary housing types are not conducive to co-location, so City will have to consider its priorities.



City will have the greatest financial and operational responsibility for a transitional housing project.



Priorities and availability of public funding sources will shift over the development timeline (3-5 years), so flexibility on City's part is critical.



City support for permanent affordable housing project will likely be through land donation, with little to no operational responsibility.

DISCUSSION QUESTIONS

1. Which populations are most critical for the City to support at this site?
2. What is most appropriate for the neighborhood?
3. What is an acceptable level of City involvement (financially and operationally) in this type of project?

SCENARIO EVALUATION MATRIX

High

Medium

Low

Factor	Scenario 1 – Affordable for Large Families	Scenario 2 – Affordable for Special Needs or Seniors	Scenario 3 – Transitional Housing
Site Development	79 units / 3 Stories	79 units / 2 Stories	50 beds or units
Length of Stay	Permanent	Permanent	Temporary (up to 24 months)
Income Levels	<= 60% (80%) AMI	<= 30% AMI	0 – 30% AMI
Developer Interest	Med-High	High	Low
City Participation	Land Donation/Long-Term Lease	Land Donation/Long-Term Lease	Local Grant Funding; Operational Support (City maintains ownership)
Public Funding Competitiveness	Medium	High	Low
Overall Positioning	Maximize Site Capacity	Maximize Housing Affordability	Prioritize Unhoused Individuals

OPTIONS FOR NEXT STEPS

City Council may direct staff to:

1. Develop an RFP to solicit developer proposals for a (Family or Special needs) permanent affordable housing project at the site.
2. Consult with the Regional Housing Trust and other partners to create plan for transitional housing project at the site; or
3. Pursue a different direction than the options laid out in this presentation.

APPENDIX



DEVELOPMENT COST ASSUMPTIONS BY SCENARIO

Factor	Equation	Scenario 1 – Affordable for Large Families	Scenario 2 – Affordable for Special Needs or Seniors	Scenario 3 – Transitional Housing
Number of Units or Beds	<i>a</i>	79 units	79 units	50 beds
Average Gross Sq.Ft. per Unit or Bed	<i>b</i>	971	732	400
Site Acquisition and Demolition Costs *	<i>c</i>	\$6.25 million		
Vertical Construction Costs per Gross Sq. Ft. **	<i>d</i>		\$560	\$52
Vertical Construction Costs per Unit or Bed	$e = b * d$	\$543,767	\$410,147	\$20,751
Total Development Cost per Unit or Bed (including land)	$f = \frac{c + (a * d)}{a}$	\$623,772	\$490,275	\$145,751

*Site acquisition was \$5 million and demolition costs are estimated by the City of Glendora to be approximately \$1.25 million.

** Construction costs include direct and indirect costs associated with the vertical development and are based on cost estimates from TCAC applications and stakeholder interviews. Indirect costs are 35% of direct costs.

RENT BY AREA MEDIAN INCOME BY HOUSEHOLD SIZE

Factor	Equation	Scenario 1 Affordable for Large Families			Scenario 2 Affordable for Special Needs or Seniors
		30% AMI 3-person household	50% AMI 3-person household	60% AMI 3-person household	30% AMI 2-person household
Area Median Income 100% AMI	<i>a</i>	\$88,400			\$78,550
AMI Level of Household	<i>b</i>	30%	50%	60%	30%
Annual Household Income	$c = a * b$	\$26,520	\$44,200	\$53,040	\$23,565
Share of Income towards Rent	<i>d</i>	30%			
Annual Rent	$e = c * d$	\$7,956	\$13,260	\$15,912	\$7,070
Months in a Year	<i>f</i>	12			
Monthly Rent	$g = e / f$	\$663	\$1,105	\$1,326	\$589

*Calculation of affordable rent is based on the rent calculation requirements of the State Density Bonus Law. Also assumes that utility allowance is not included in rent.