

# MISSING MIDDLE HOUSING FUND



Norwood Development Strategies LLC



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CREATING HOUSING FOR ALL OF SAN DIEGO

# DEFINING INCOME RANGES - SAN DIEGO

	Area Median Income Range		Household Income - 3 Person	Monthly Rent - 2BR
31%	30% AMI	Extremely Low	\$28,900	\$723
	50% AMI	Very Low	\$48,150	\$1,204
	80% AMI	Low Income	\$77,050	\$1,926
51%	120% AMI	Moderate	\$93,180	\$2,330
	120% +	Middle/Market		\$3,000

# CALIFORNIA

STATE  
RANKING

#2\*

In **California**, the Fair Market Rent (FMR) for a two-bedroom apartment is **\$1,804**. In order to afford this level of rent and utilities — without paying more than 30% of income on housing — a household must earn **\$6,014** monthly or **\$72,165** annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into an hourly Housing Wage of:

**\$34.69**  
PER HOUR  
STATE HOUSING  
WAGE

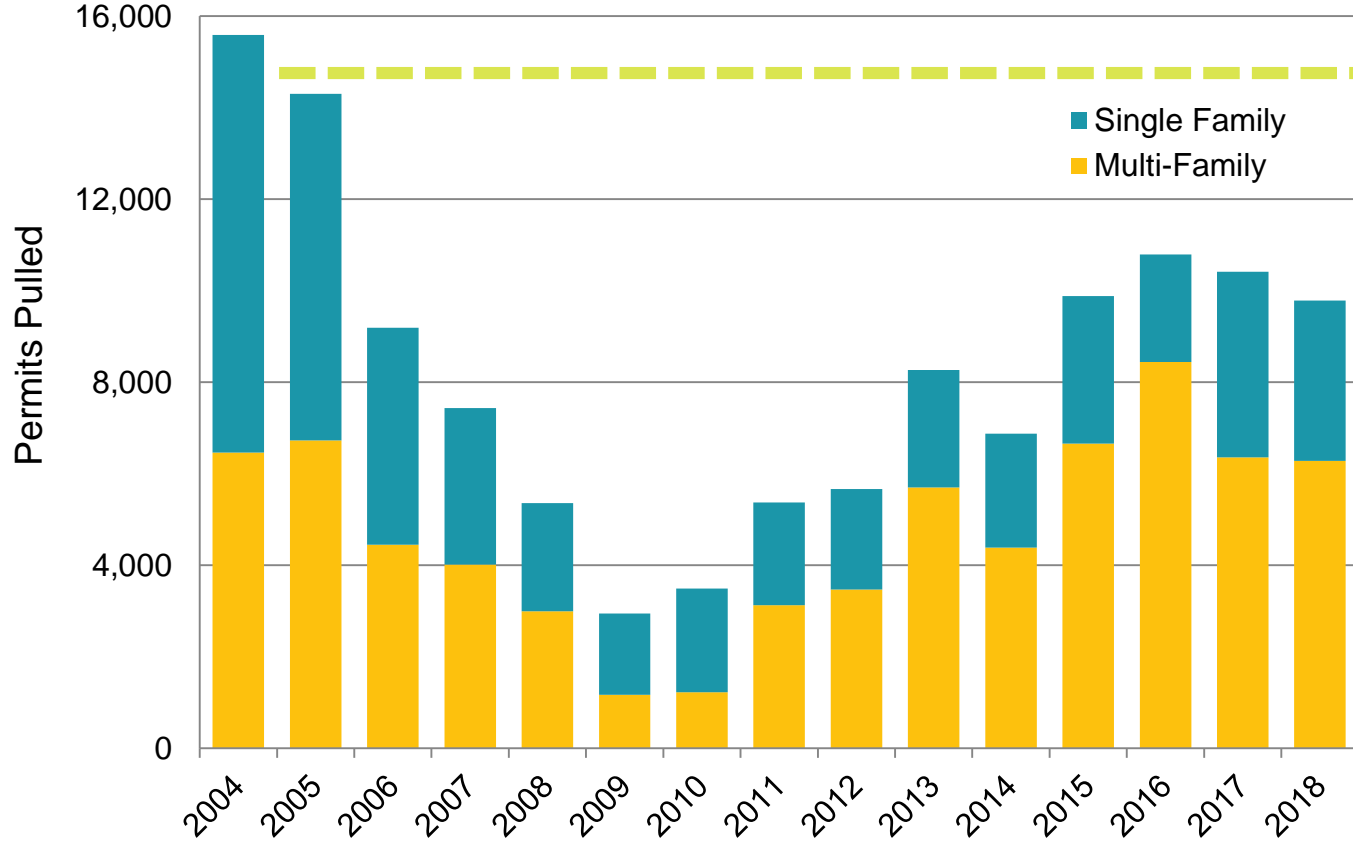
MOST EXPENSIVE AREAS	HOUSING WAGE
San Francisco, CA HUD Metro FMR Area	<b>\$60.96</b>
San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area	<b>\$54.60</b>
Santa Cruz-Watsonville, CA MSA	<b>\$46.90</b>
Oakland-Fremont, CA HUD Metro FMR Area	<b>\$40.88</b>
San Diego-Carlsbad, CA MSA	<b>\$39.77</b>

MSA = Metropolitan Statistical Area; HMFA = HUD Metro FMR Area.

\* Ranked from Highest to Lowest 2-Bedroom Housing Wage. Includes District of Columbia and Puerto Rico.

A full-time worker earning the minimum wage needs to work 116 hours per week for all 52 weeks of the year to afford a two-bedroom rental home or 91 hours per week for a one-bedroom rental home.

## Regional Housing Development (2004 – 2018)



San Diego has produced insufficient housing to meet our needs, estimated to be **150,000-220,000 units by 2028**

# FUNDING IMPACTS PRODUCTION

## *Regional Housing Needs Assessment (Allocation vs Actual Permits)*

Area Median Income	RHNA Goal	Percent Allocated	Actual Built	Percent Achieved
0-50% AMI (Extremely & Very-Low Income)	21,977	25%	2,009	9%
51-80% AMI (Low Income)	16,703	19%	2,401	14%
81-150% AMI (Moderate)	15,462	18%	33	.2%
<150% AMI (Middle Income)	33,954	39%	28,716	85%

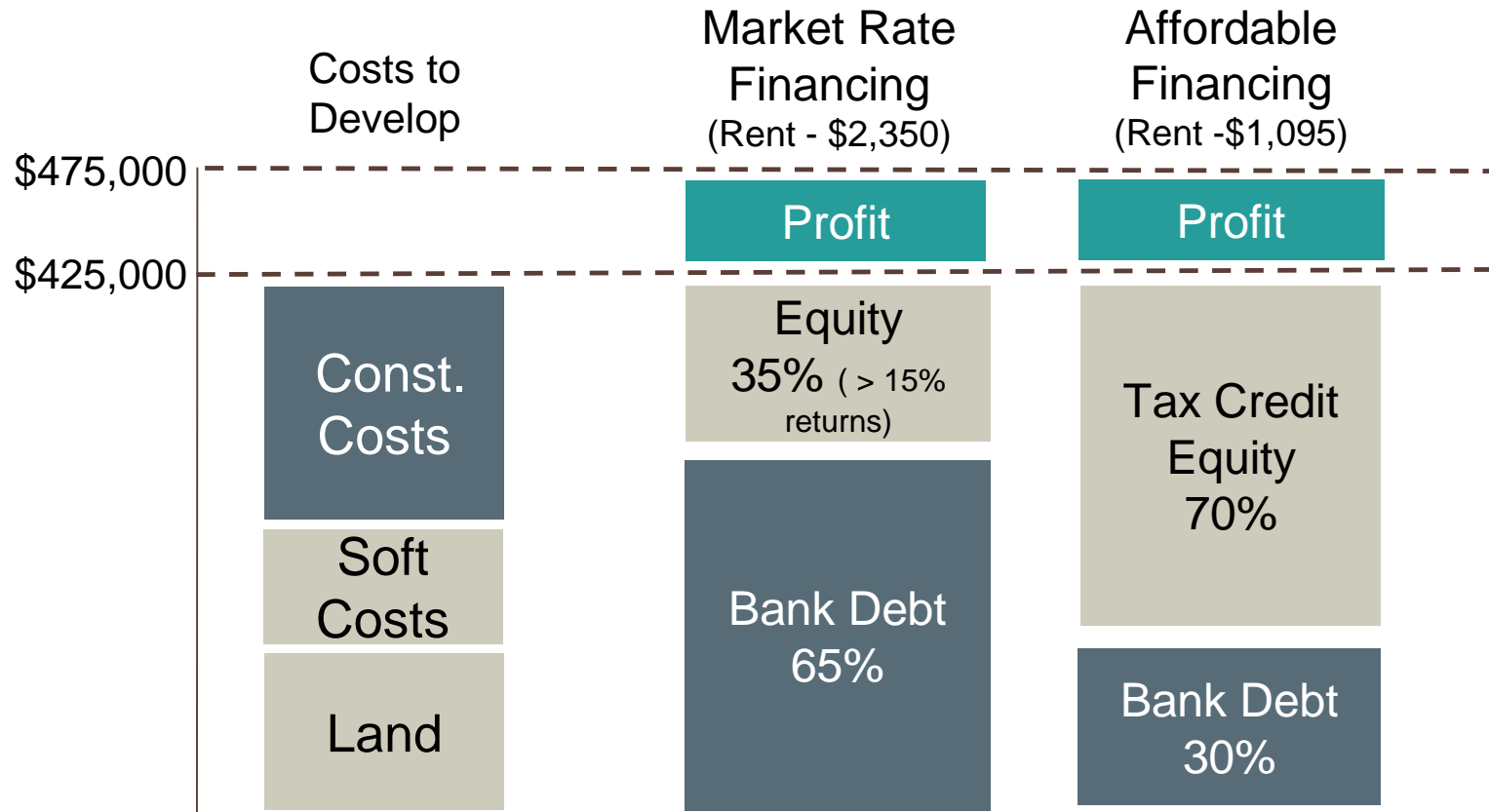
# MISSING MIDDLE HOUSING CHALLENGE

Current financing models exist to fund larger rental communities (over 80 units, due to efficiency of scale)

- High end (market rate or unrestricted) - Market softening indicates high-end product will be even more difficult to finance during next downward trend in real estate cycle
- Low end (restricted affordable) housing - Public funding is needed for low end and federally-subsidized housing, especially permanent supportive housing and homelessness – now, more than ever



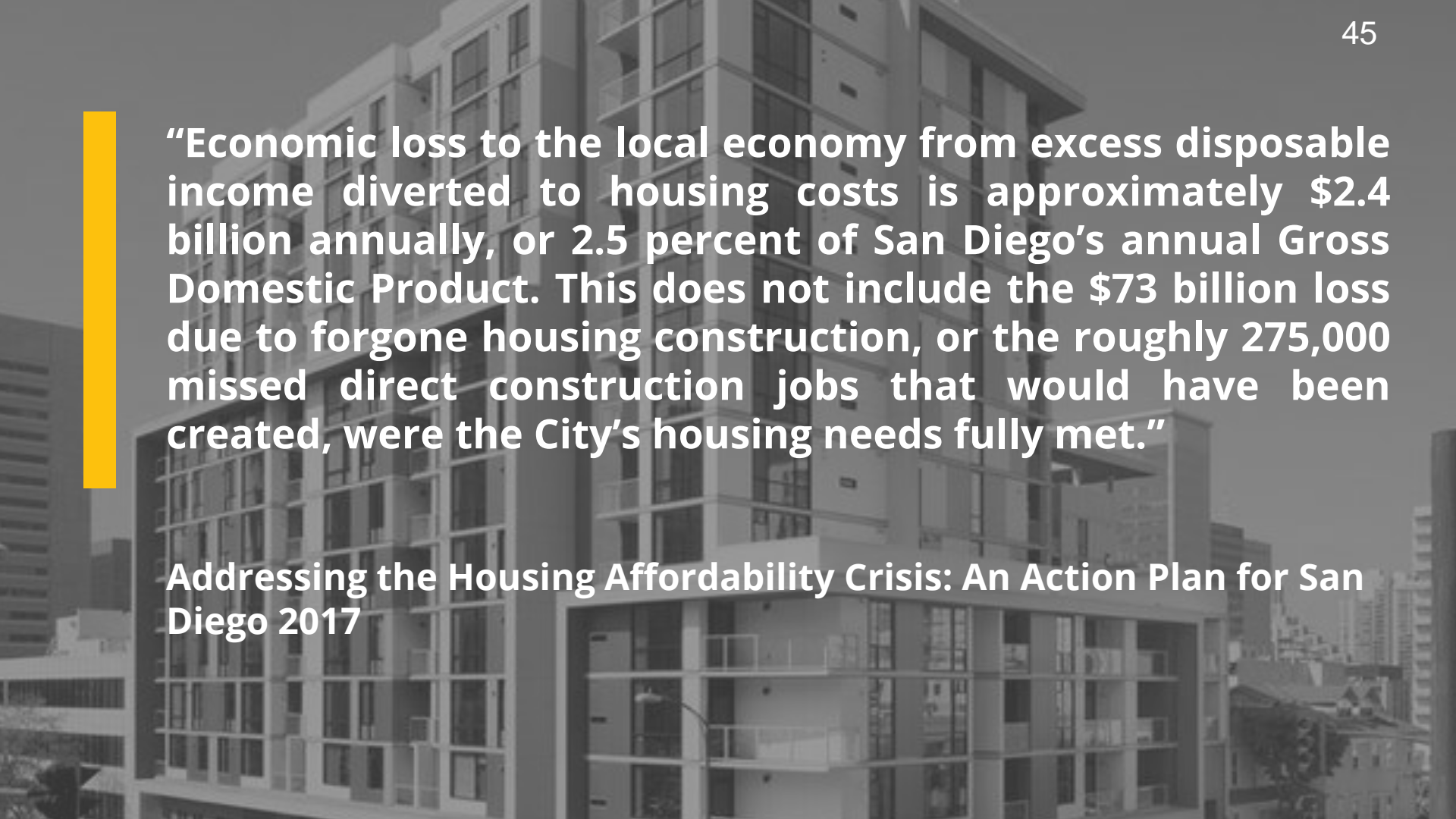
# EXISTING FUNDING MECHANISMS



# HOW SAN DIEGO EMPLOYERS ARE AFFECTED

- Results in financial loss in terms of both revenue and direct jobs
- Constrains talent available to employers
- Upward pressure on wages; downward pressure on profits
- Productivity – Long-distance commuters, absenteeism, turnover
- Impacts overall economic strength of region
- Health of employees – financial, family & drive time, air quality





**“Economic loss to the local economy from excess disposable income diverted to housing costs is approximately \$2.4 billion annually, or 2.5 percent of San Diego’s annual Gross Domestic Product. This does not include the \$73 billion loss due to forgone housing construction, or the roughly 275,000 missed direct construction jobs that would have been created, were the City’s housing needs fully met.”**

**Addressing the Housing Affordability Crisis: An Action Plan for San Diego 2017**

# ANCHOR INSTITUTIONS:

- Are enduring organizations that remain in their geographic places
- Play an integral role in their local communities and economies and are impacted, positively and negatively by local economy
- Cannot easily leave, even in the midst of capital flight
- Include: academic universities, hospitals, government, arts and culture organizations, philanthropists, military and other significant employers.

# ANCHOR INSTITUTION TASK FORCE (AITF)

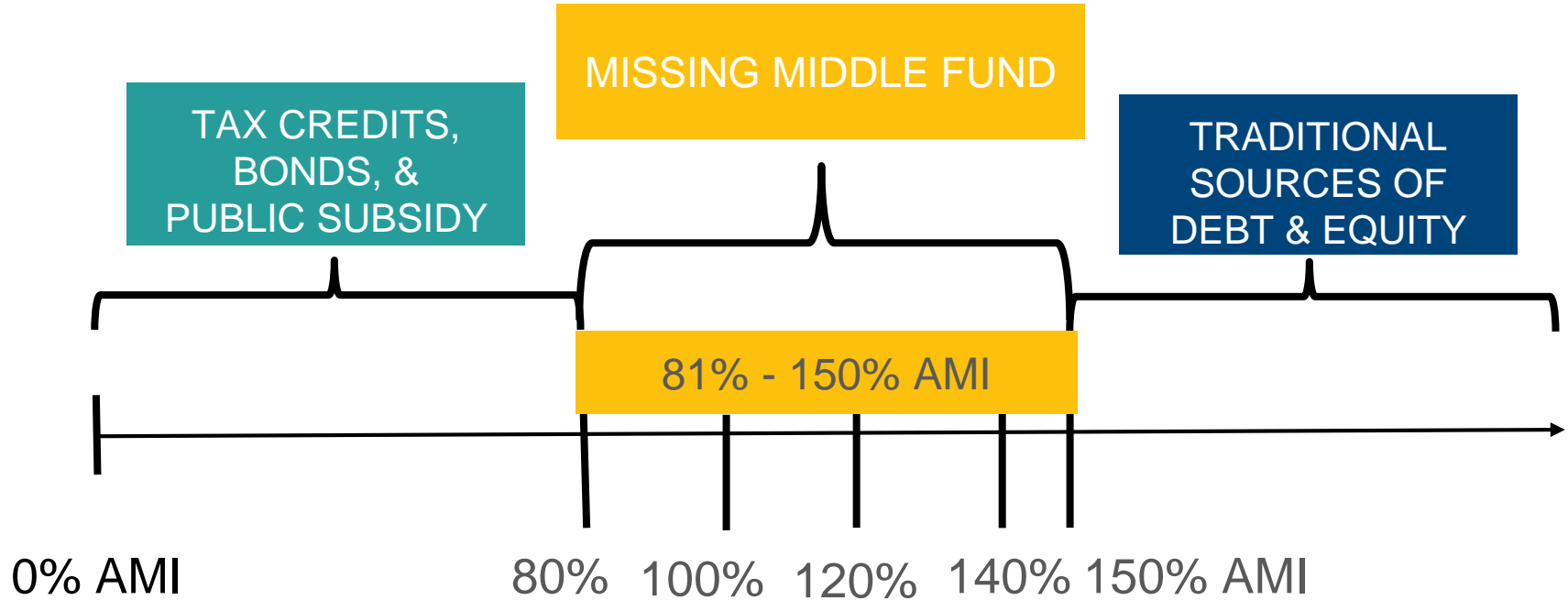
- AITF role is to help catalyze conversation toward unprecedented dialogue & action around a priority concern facing a given locality
- Convenes across sectors - it is important for anchor institutions to develop a collective idea of how they can work together to improve communities
- AITF continually addresses the role of anchor institutions in education, health, and economic development

# THE MISSING MIDDLE HOUSING FUND

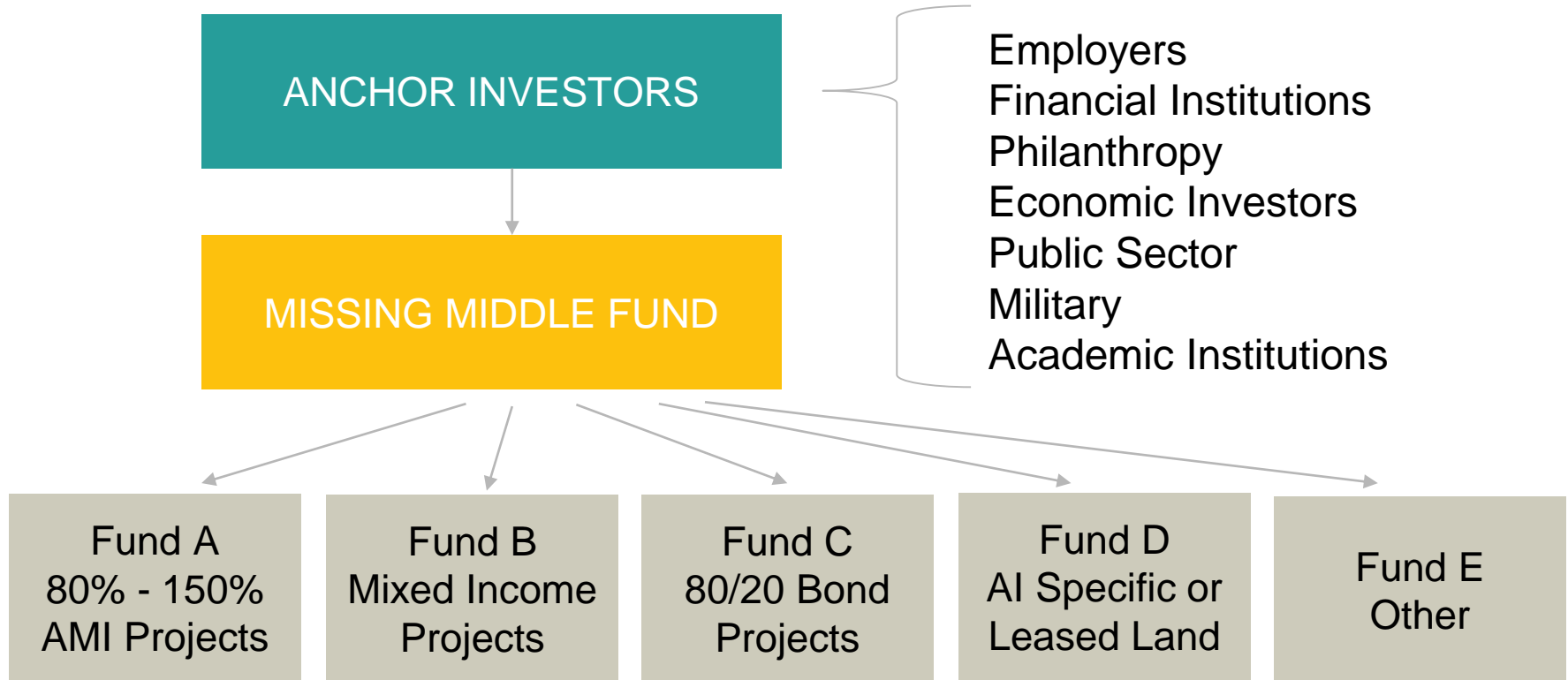


The Missing Middle Housing Fund seeks to catalyze the anchor employers in our region to address the **lack of housing** through a demonstration of leadership and commitment to our employees, our physical & economic health, & our future.

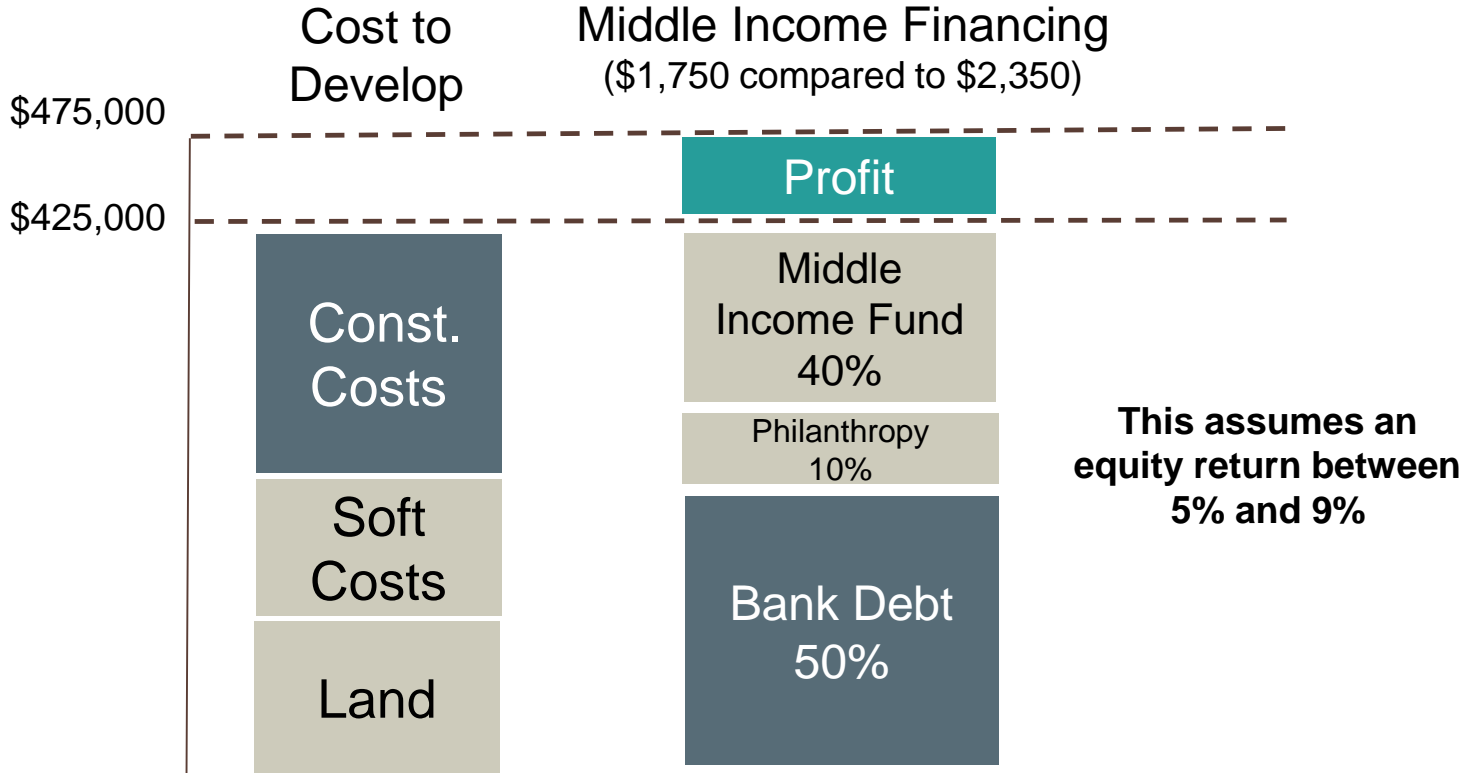
# FILLING THE FUNDING GAP



# HOW MISSING MIDDLE HOUSING FUND WORKS



# MISSING MIDDLE CAPITAL STACK



# THE LAND OPPORTUNITY IN SD COUNTY

- By targeting smaller product (10-60 units), opportunity exists to create more multifamily rental housing through:
  - Redeveloping underutilized and vacant parcels of land
  - More availability of sites - 40,000+ MF zoned lots (0.5 to 1 ac) in County
  - Smaller scale results in units coming online faster
  - Contributes positively to Climate Action Plan goals for Region and State
- Further benefits - NIMBY opposition
  - Less impact to neighborhoods - traffic, congestion
  - Product – newer, attractive and more efficient
  - Affordability range for future residents



# OUTCOMES OF PRODUCING MISSING MIDDLE HOUSING

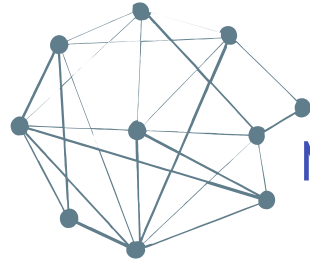
San Diego	Economic incentives Climate Action Plan	Job creation; Transit Oriented Development
San Diegans & Communities	More options for housing - up AND down ladder	Build or redevelop under- utilized or vacant lots
Employers	Jobs/Housing Balance Productivity	Attract & retain staff Contribute to local economy
Financial Institutions	Community Reinvestment Act and Opportunity Zones	Dedicated source (Fund) Equity & Debt Opportunities
Lower Income San Diegans	Frees up existing and restricted product	Upward mobility feasible

# NEXT STEPS



# CREATING HOUSING FOR ALL

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