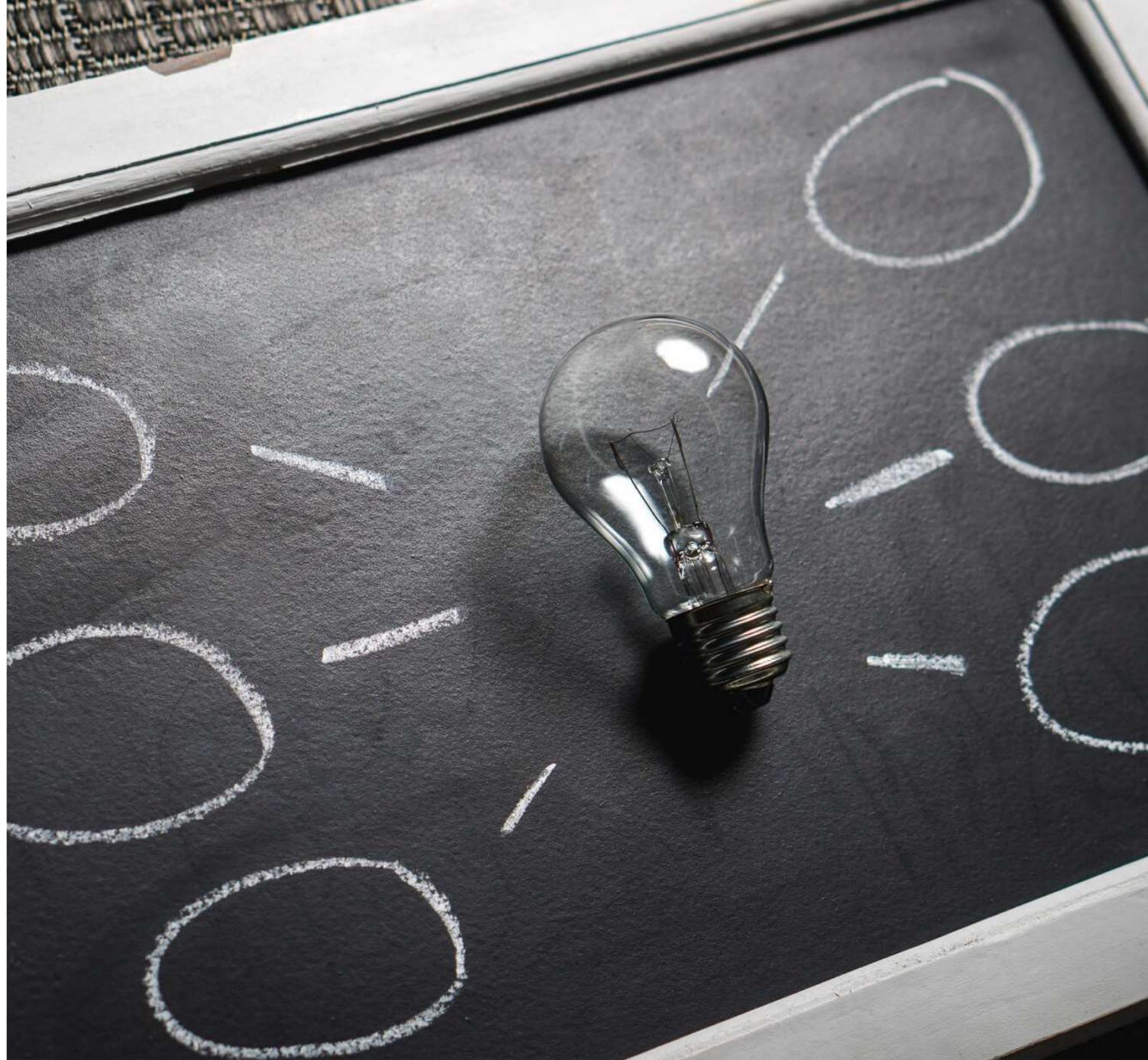
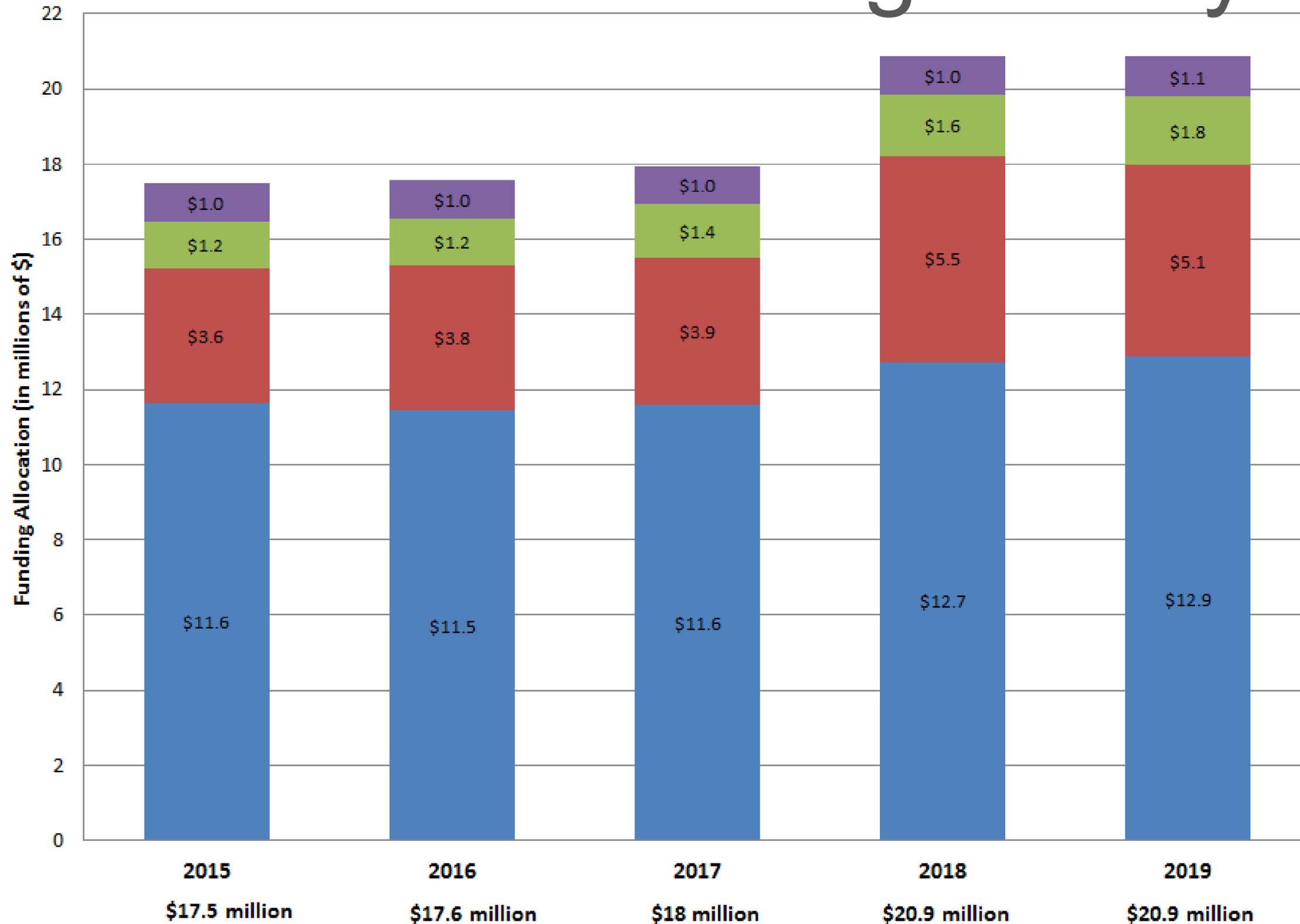


# WHAT WOULD YOU DO WITH \$100 MILLION?



HUD FIVE YEAR CONSOLIDATED  
PLAN PROCESS (FY 2021-2025)

# Five Year Funding History



## WHAT HAVE WE FUNDED?

HUD funding has been utilized for affordable housing and community development activities that benefit low income communities.



RENTAL HOUSING DEVELOPMENT  
**\$15.2 M | 1,494**



HOME OWNERSHIP HOUSING DEVELOPMENT  
**\$11.7 M | 272**

HOME BUYER PROGRAMS  
**\$2.3 M | 188**



HOME REHABILITATION  
**\$13.8 M | 130**

MINOR HOME REPAIR  
**\$975 K | 93**



CHDO OPERATING EXPENSE FUNDING

**\$420K | 6**



PUBLIC FACILITIES & INFRASTRUCTURE

**\$10.4 M | 30**



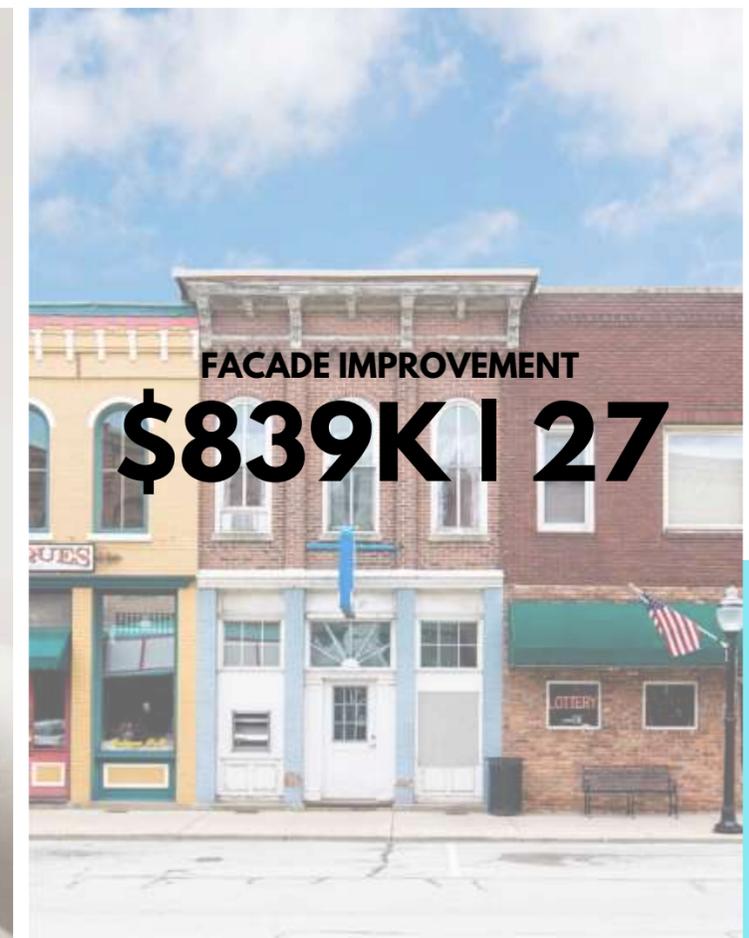
FAIR HOUSING

**\$1.2 M | 1,500**



PUBLIC & SOCIAL SERVICES

**\$3.3 M | 12,520**



FACADE IMPROVEMENT

**\$839K | 27**

# REDUCING HOUSING DEVELOPMENT COSTS



HUD  
FIVE YEAR  
CONSOLIDATED  
PLAN PROCESS  
(FY 2021-2025)



# RECAP OF THE HOUSING PROBLEMS

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## TWO TYPES OF ECONOMIC HOUSING PROBLEMS

**Affordability** – how much families are able and willing to pay for housing given the fair market values/rents

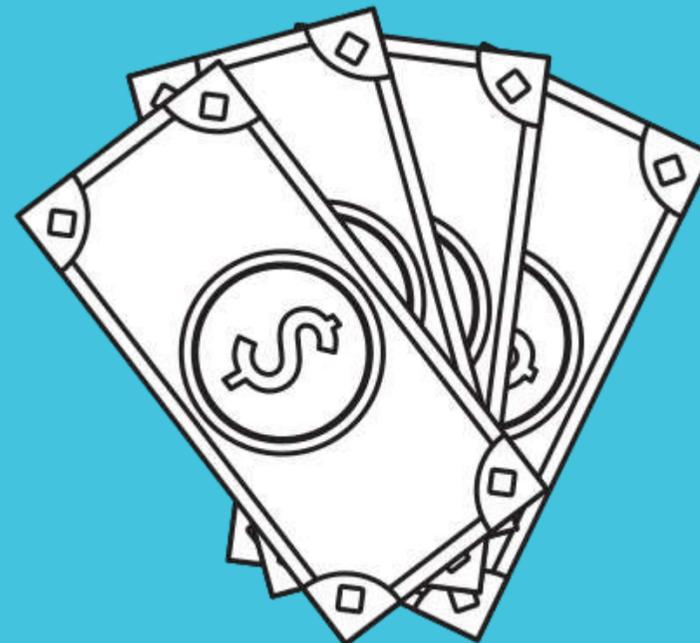
**Disinvestment** – lack of investment in areas where the cost to develop housing does not provide developers a competitive return on their investment



# Economic Problems Require Economic Solutions

**Reduce  
development costs**

**Reduce the cost  
of  
capital**



**Increase the  
availability of  
capital**

# Requirements for Successful Neighborhood Development



## ACCURATE ESTIMATE OF COSTS

Rely on **market value** for sales price for for-sale units  
Rely on **market rents** for rental units

*Different from **affordability***



## DEMAND

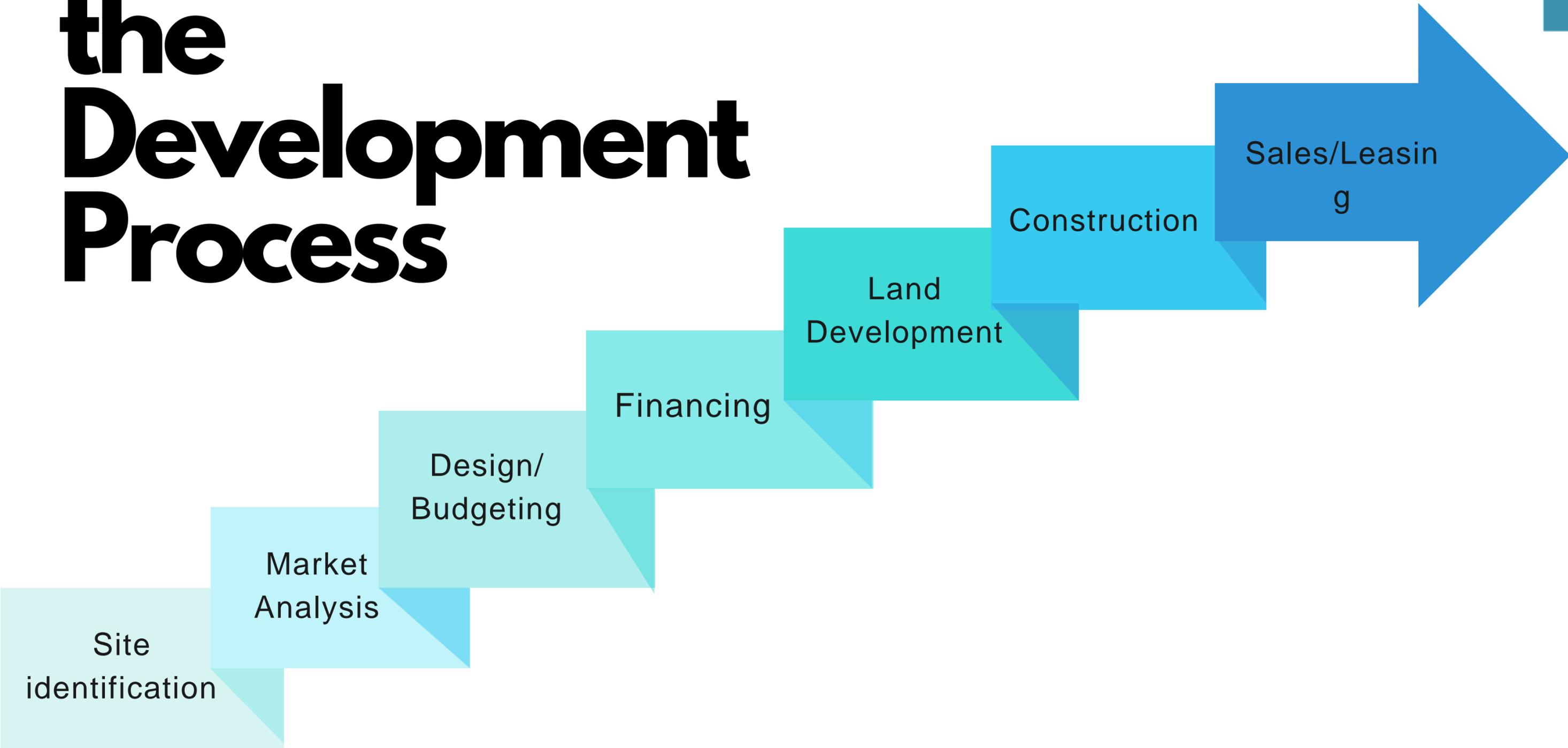
Accurate understanding of the demand for housing to be produced including absorption and affordability



## MANAGEMENT

Effective management to control production and financing costs

# Understanding the Development Process



- Absence of negatives – crime, noise, pollution
- Access to employment center(s)
- Schools
- Amenities – parks, recreation activities, daycares
- Properly zoned (preferred)
- Easily serviced by roads, water, power, sewer
- Available for sale at reasonable price/terms



# Site Identification

# Market Analysis



## Must answer basic questions:

- Who wants to live there?
- What type of home are they looking for?
- How much can they (will they) pay?
- How deep is the market?

## Appraisal is key part of the market analysis

- Provides estimate of sales prices or rents
- Determines how much private financing is available
- Appraisal provides an opinion of fair market value



# Design/Budgeting

## LAND

ACQUISITION  
SITE IMPROVEMENTS  
OFF-SITES  
PLATTING/ZONING  
FEES

## FINANCING

CONSTRUCTION INTEREST  
LOAN FEES  
APPRAISAL

## CONSTRUCTION

NEW CONSTRUCTION  
MODULAR  
REHAB

## FEES

ARCHITECTURAL & ENGINEERING  
LEGAL & ACCOUNTING  
CONSTRUCTION MANAGEMENT  
PERMITS

Sales & Leasing  
Costs

Profit  
&  
Overhead

# Key Cost Issues

Density / cost of finished lots or height restrictions based on zoning  
Incentive Zoning (also known as Density Bonus)

Accessory Dwelling Units

Regulatory requirements on residential development

Parkland dedication fees

Tree mitigation (variable)

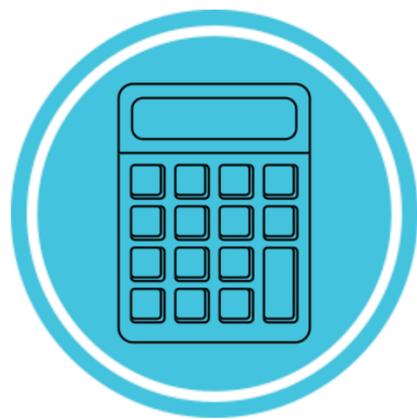
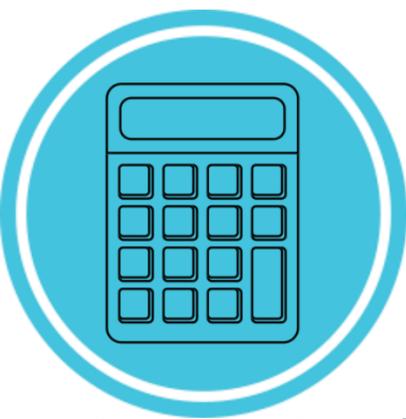
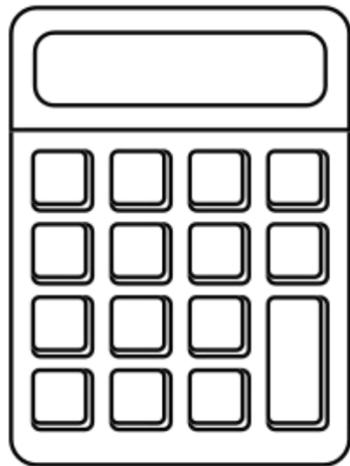
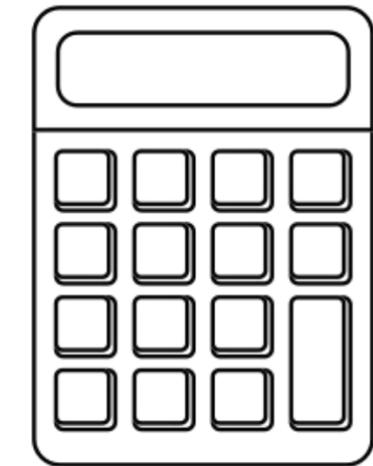
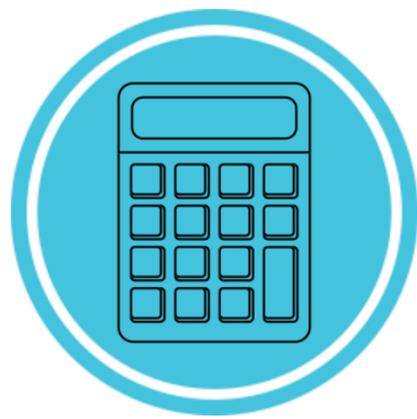
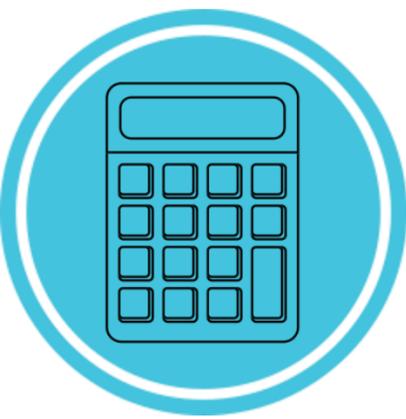
Holding costs

Investment in non-revenue producing assets like models, common area amenities

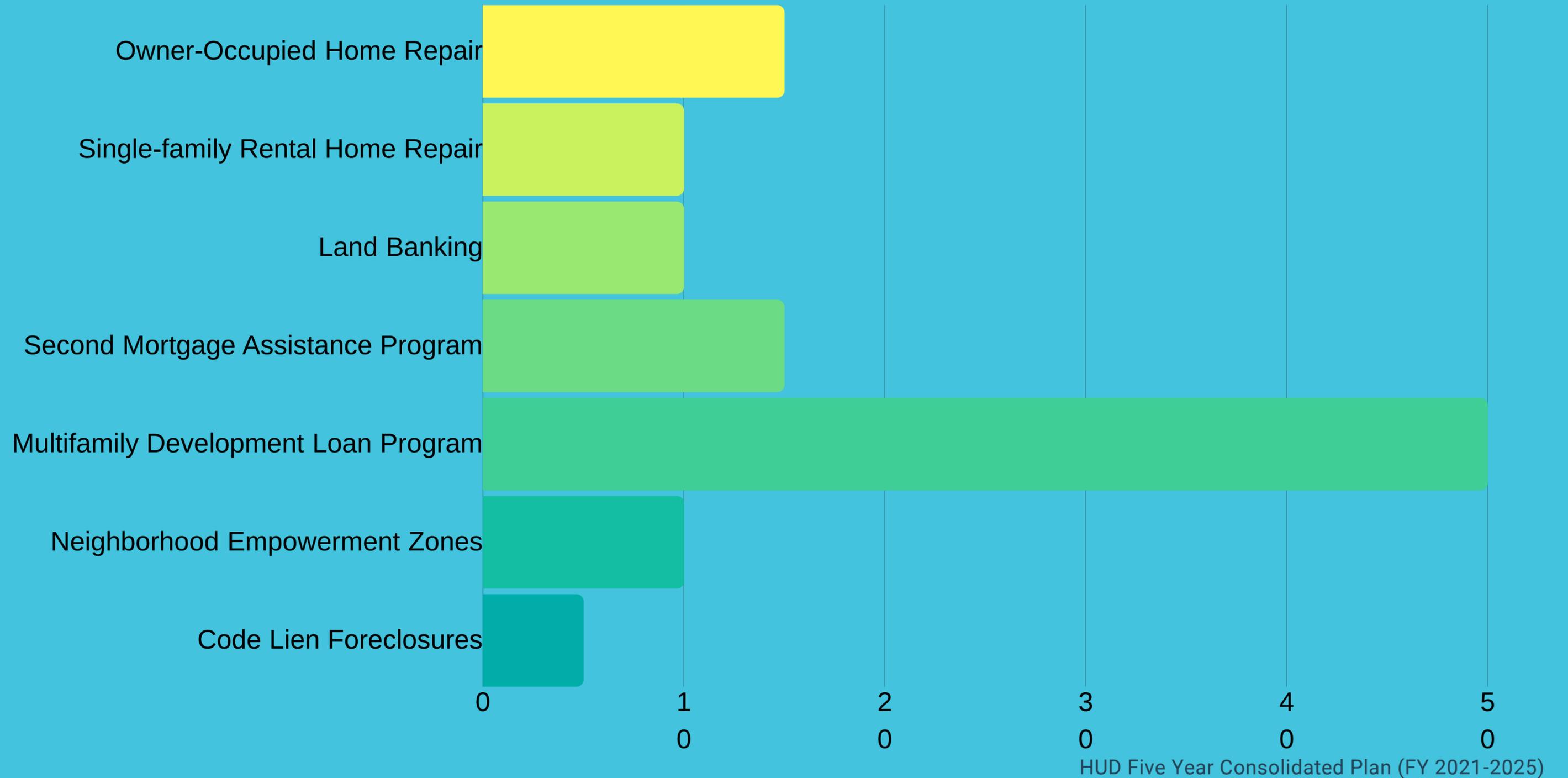
Rate of sales or lease up

Construction delays

Entitlements (zoning, permitting, etc.) delays



# Sample Interventions



# Questions and Answers

## VARIABLE COSTS

What costs vary so much from project to project that it makes it difficult for you to budget or estimate your project costs?

## DEVELOPMENT COST BURDEN

For those of you already involved in residential development, what represents the highest per unit cost burden in your projects?

- Fees - permit, zoning, other entitlement
- Carrying costs associated with the entitlement process
- Labor
- Material
- Acquisition

## OTHER IDEAS

What other ways could we help increase the production of housing in San Antonio?

