



FEDERAL RESERVE BANK
OF SAN FRANCISCO

Panel: Shared Housing and Accessory Dwelling Units

Moderator: *Steve King*, Oakland Community Land Trust
Darin Lounds, Housing Consortium of the East Bay
Jay Standish, OpenDoor Coliving
Matt Regan, Bay Area Council



Shared Housing in Today's Market

Federal Reserve of San Francisco
Dept of Housing and Urban Development

Creating inclusive communities





***Mission: Creating Inclusive Communities
Through Affordable Housing for People
with Special Needs***

Creating inclusive communities





- **236 'Doors' in Operation**
- **300 Tenants**
- **Properties in 12 Cities/2 Counties**

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Key Features of Shared Rental Housing for People with Special Needs:

- Quality Supportive Services
- Operating Subsidies
- Responsive Property Management and Neighbor Relations

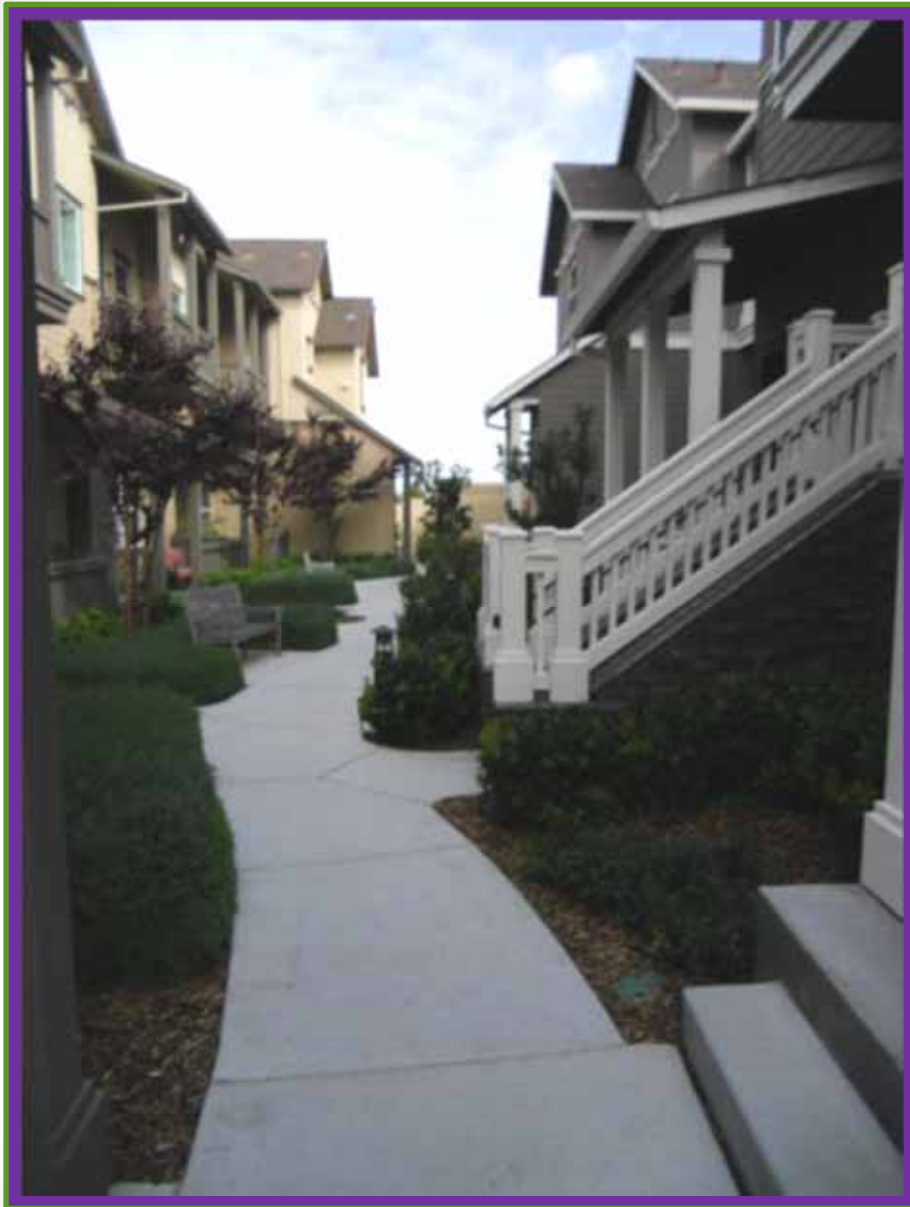
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Quality Supportive Services

- Case Management or Service Coordination
- Ability to navigate issues around shared resources
- Regular communication with Property Management



Operating Subsidies

- +95% of our tenants are at or below 20% AMI
- Rents are set at 30% of regular SSI income, or ~\$260/month



Property Management and Neighbor Relations

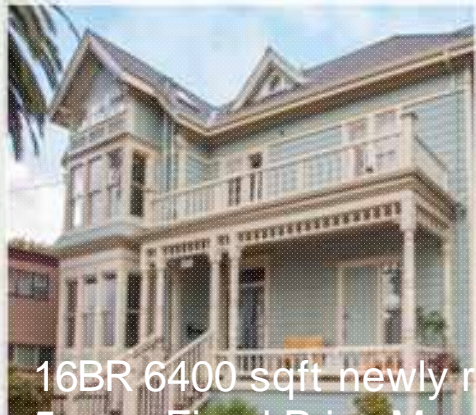
- Regionalized Management Strategy
- Coordination with On-site Management Staff and Service Providers
- Empowered Tenants



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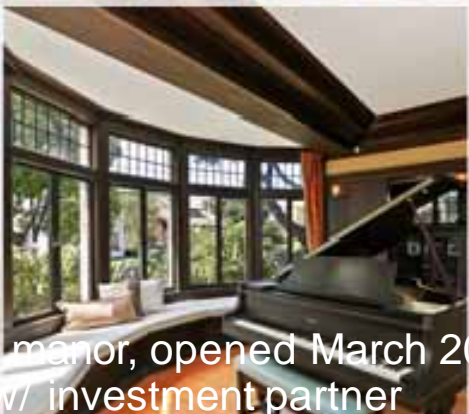




16BR 6400 sqft newly renovated Victorian, opened April 2014
5-year Fixed Price Master Lease, 17% Operating Margin



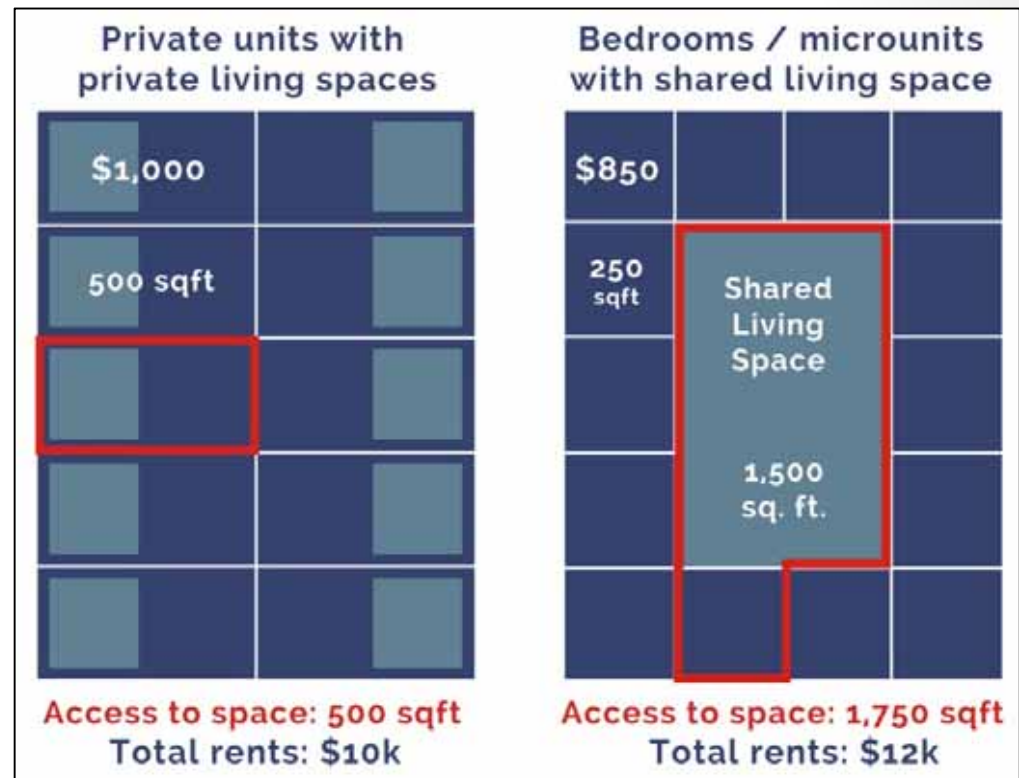
12BR 5800 sqft 3-unit mixed-use building, opened March 2015
Purchased + remodeled by OpenDoor, raised \$500K in equity
8% cash-on-cash returns, 26% operating margin



11BR, 6200 sqft historic manor, opened March 2016
Management contract w/ investment partner
7% unlevered return (projected), 12.5% operating margin

Coliving = Density + Livability

- Higher bedroom count + shared spaces increases density
- Gross rents + NOI increase of 20% or more
- Simultaneously, residents get more space, better amenities + experience for less



Proforma: Coliving versus Traditional Rentals - New Construction					
Property Details + Layout			Traditional	Coliving	
Land purchase price			\$1,250,000	\$1,250,000	
Total building area (sqft)			20,000	20,000	
Average unit or room size (sqft)			800	250	
Common living area (sqft)			0	5,000	
Load factor			15%	15%	
Total # units or rooms			22	50	
Construction cost per sqft (hard+soft)			\$285	\$325	
Project Costs			Traditional	Coliving	
Acquisition			\$1,250,000	\$1,250,000	
Closing	2% of price		\$25,000	\$25,000	
Construction (hard+soft)			\$5,700,000	\$6,500,000	
Common furnishings + amenities			\$0	\$150,000	
Total Project Costs		per sqft	\$6,975,000	\$7,925,000	
Financing		Rooms	Price	Traditional	Coliving
Debt	70%		of costs	\$4,882,500	\$5,547,500
Equity				\$2,092,500	\$2,377,500
Debt Service (monthly, interest-only)	5.0%		interest	\$20,344	\$23,115
Rental Revenue (monthly)		Units	Price	Traditional	Coliving
Traditional: Studios		8	\$2,100	\$16,800	-
Traditional: 1BR		8	\$2,500	\$20,000	-
Traditional: 2BR		6	\$3,200	\$18,365	-
Coliving: bedrooms w/ ensuite bath		50	\$1,650	-	\$81,783
Total Rent				\$55,165	\$81,783
Expenses (monthly)		Traditional	Coliving	Traditional	Coliving
Property Management		5.0%	5.0%	\$2,758	\$4,089
Community Management (including onsite community manager)		0.0%	10.0%	\$0	\$8,178
Asset Management		2.0%	2.0%	\$1,103	\$1,636
Vacancy / Bad Debt		3.0%	3.0%	\$1,655	\$2,453
Property Tax Payment		1.5%	1.5%	\$8,688	\$9,688
Maintenance & Upkeep		0.50%	0.50%	\$3,229	\$3,229
Property Insurance		0.25%	0.25%	\$1,615	\$1,615
Total Expenses				\$19,048	\$30,888
Returns			Traditional	Coliving	
NOI - monthly			\$36,117	\$50,895	
NOI - annually			\$433,409	\$610,738	
Stabilized Cap Rate			6.2%	7.7%	
Stabilized Cash-on-Cash			9.0%	14.0%	
Project Value	5.5%	market cap	\$7,880,170	\$11,104,328	
Uplift in Value			\$905,170	\$3,179,328	

ECONOMIC COMPARISON TRADITIONAL vs COLIVING

GROUND-UP NEW CONSTRUCTION

Based on projected market economics for an Oakland new construction project with no parking, no retail / commercial

COLIVING UPLIFT

- 48% increase in rents
- 41% increase in NOI
- 498bp increase in cash-on-cash
- 251% increase in asset value uplift



Accessory Dwelling Units



Accessory Dwelling Units



Benefits

- Environmentally friendly
- Lower cost
- Invisible density
- Added income to homeowners

Market Potential

Market potential= 31% of
single family owners
want ADU's



Vancouver allows ADU's with
building permits:
500 units/year
35% of single family homes



Share of Single-family Houses with ADUs



Vancouver, BC



Seattle, WA



Portland, OR