Cost Drivers of Affordable Housing

Presented by
Augustina Ullman, 2021 Summer Intern
August 18, 2021
Construction and Labor

Table 1: Regional Differences in Total Development Costs Per Unit Over Time

Development and Entitlement

Several factors increase delays and development costs, and even pose challenges to obtain density:

- the complexity associated with regulations;
- local design, parking, and environmental requirements;
- funding constraints to achieve efficiencies of scale; and
- lack of government staff and capacity.
Complexity in Financing

Table 3: Changing Composition of Funding Streams for Affordable Housing in California

STATE FUNDING
<table>
<thead>
<tr>
<th>State housing investments from FY 2008-09 to FY 2018-19.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,000</td>
</tr>
</tbody>
</table>

Case Study: 833 Bryant Street

Table 5: Comparison Projects and the Package of Cost Efficiencies

<table>
<thead>
<tr>
<th>Project</th>
<th>Defined, Ambitious Cost &amp; Time Goals</th>
<th>Unrestricted Capital During Construction</th>
<th>Streamlined Ministerial Approval Process</th>
<th>Off-Site Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>833 Bryant</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>1064 Mission</td>
<td>Time Goal Only</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Mission Bay Block 9</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Casa de la Misión</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Parcel 0</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

• **30% faster** and **25% cheaper** per unit than similar projects
  • $382,917 per unit completed in 3 years
  • The average cost for similar projects is $614,116 per unit

Case Study: 833 Bryant Street

Questions?