

Building Housing on Employer Land

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UniDev's mission is to develop "market-quality, middle-income workforce housing at below market prices," particularly for employers who have land that can be used for housing development to attract and retain employees who cannot afford housing nearby. In the West, the firm is working increasingly on infill development with municipalities and institutions in California, Colorado, Hawaii, Nevada, and New Mexico.

The city of Henderson, Nevada, for example, contracted with UniDev to develop workforce housing for the general populace. At California State University Channel Islands, in Camarillo, UniDev has delivered 658 units—approximately half for sale and half rental—of the 900-unit University Glen MPC. The 70-acre community is contiguous to the campus and includes a 30,000-square-foot town center with loft apartments above. A house built six years ago on the campus was recently listed for sale to eligible buyers for \$270,000; a comparable house nearby in Ventura County was listed for \$500,000.

Developed almost exclusively without subsidies, UniDev housing is intended to produce income for the landowner over time. To reduce controllable costs, the firm practically eliminates land cost by developing for-sale housing on a long-term ground lease (up to 99 years) from the institutional landowner. Additional cost reductions come from reduced project and buyer financing, low marketing and sales costs, and removal of builder's profit as a cost component. UniDev arranges debt financing collateralized with the ground-lease interest, but the landowner does not provide cash beyond funding an initial feasibility study. A special-purpose entity (SPE), such as a campus housing authority or a 501(c)(3) organization, is set up to develop and manage all aspects of the transaction between the landowner and the ultimate homebuyers or renters, relying upon UniDev's development expertise and project management services. As the owner's representative for the landowner, UniDev receives a nominal developer's fee.

Homeowners pay a small one-time capitalized ground-lease payment, which is incorporated in the initial purchase

price of the home. Resale price appreciation is limited to the original sales price escalated by the increase in the Consumer Price Index (CPI) or other indexation, plus appraised value of improvements by the homeowner. Thus, the homeowners retain the value of their money. Upon resale, the homeowner shares a small percentage (10 to 20 percent) of the appreciated value with the SPE, which also receives a 1 percent transfer fee. The home is then resold to the next eligible homeowner, again at an affordable price, which is determined by the SPE. The new price is again considerably less than prices in the surrounding market, where market appreciation typically exceeds the rise in the CPI. This structure ensures that the homes remain permanently affordable to the targeted workforce.

"In our system, the priority is absolutely [to benefit] the targeted workforce as identified and prioritized by the landowner. When an eligible worker leaves his or her employment, the SPE has the right to buy the home at the capped resale price. The homeowner cannot sell the unit in the open market for a windfall," said Mouchly. "From the employer's point of view, this is a 'golden handcuff' system because people want to stay in this attractive yet very affordable housing. It is a great deal for the homeowner and the landowner. It also allows the landowner to keep the units affordable in perpetuity."



For-sale housing for staff and faculty at University Glen at CSU Channel Islands in Camarillo, California.