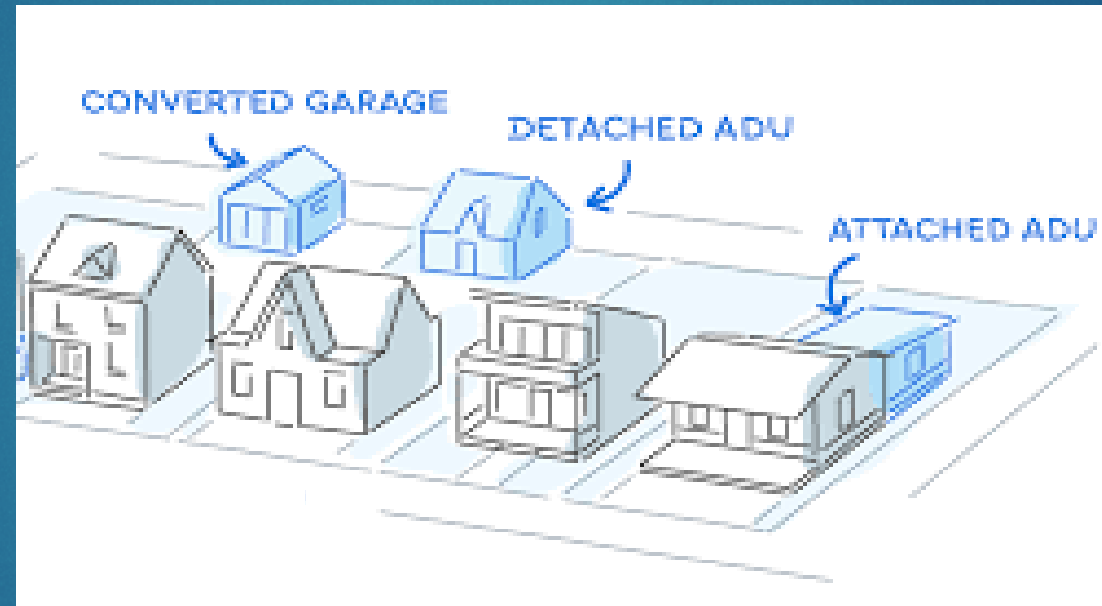


SMALL HOMES, BIG IMPACT

Accessory Dwelling Units (ADU) Program



FATHIA MACAULEY
CHIEF LENDING OFFICER
HOUSING TRUST SILICON VALLEY

Who We Are

- ▶ We are the local Housing Trust Fund for Santa Clara County
- ▶ We are a Community Development Financial Institution (CDFI) working in 13-counties in the S.F. Bay area and the region's highest-volume nonprofit housing lender
- ▶ We help everyone – from those experiencing homelessness to developers of affordable rental housing to first-time homebuyers - with their affordable housing needs
- ▶ We became the first nonprofit housing lender in the country with a Standard & Poor's credit rating (AA-)



Our Impact To Date



Housing Trust lends in 13 counties in the greater Bay Area that have one thing in common – a critical need for affordable housing & more capital to support its development

Since 2000...

\$257+ million invested

Over 9,000 affordable homes produced

34,700 people helped-including 6,800 homeowners and over 7,200 people experiencing homelessness

S&P Global Ratings **AA-**

Alternative Building Methods & Structures

Modular ADU Homes



Panelized Walls



Shipping Container ADU Homes

WHAT IS AN ACCESSORY DWELLING UNIT?

Why build one?

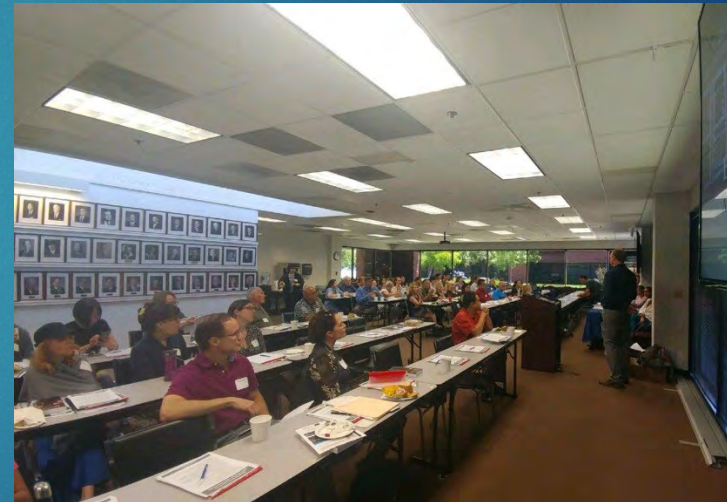
Homeowners build ADUs for many reasons:

- Aging parents
- Adult children
- Developmentally and/or intellectually disabled family members
- Downsize / Age in place
- Help the housing crisis (e.g. teachers)
- Section 8 voucher participants
- Additional income

Purpose of Small Homes, Big Impact

The purpose of our ADU Program is to reduce barriers for homeowners developing ADUs by providing education, resources, and financial assistance:

- Quarterly, Live Educational Workshops
 - E-learning will be launched soon!
- ADU Resources
 - Resource Fair / Preferred Vendors
 - Open House Tours
 - ROI Calculator – Coming soon!
- Financial Assistance
 - Planning Report Grants
 - Construction Loans



Housing Trust ADU Financing Initiative

- The Housing Trust has developed a unique and innovative program to accelerate the development of **Accessory Dwelling Units (ADUs)** throughout the Bay area. Its financing program bridges the gap required by homeowners to develop an ADU and the conventional mortgage markets.

Financial Assistance Program: Existing ADU Financing and Market Gap

Current Conventional Financing Options

- Cash (savings and/or borrowing from friends and family)
- Refinance-Cash Out
- Home Equity Line of Credit (HELOC)

Market Gap

- Lack of secondary mortgage construction financing
- Lenders cannot consider projected ADU rents/income
 - ADU rents require up to 2-years of operating history
 - Rental income considers only 75% of gross rents
 - Lenders require up to 2-years property mgmt. experience

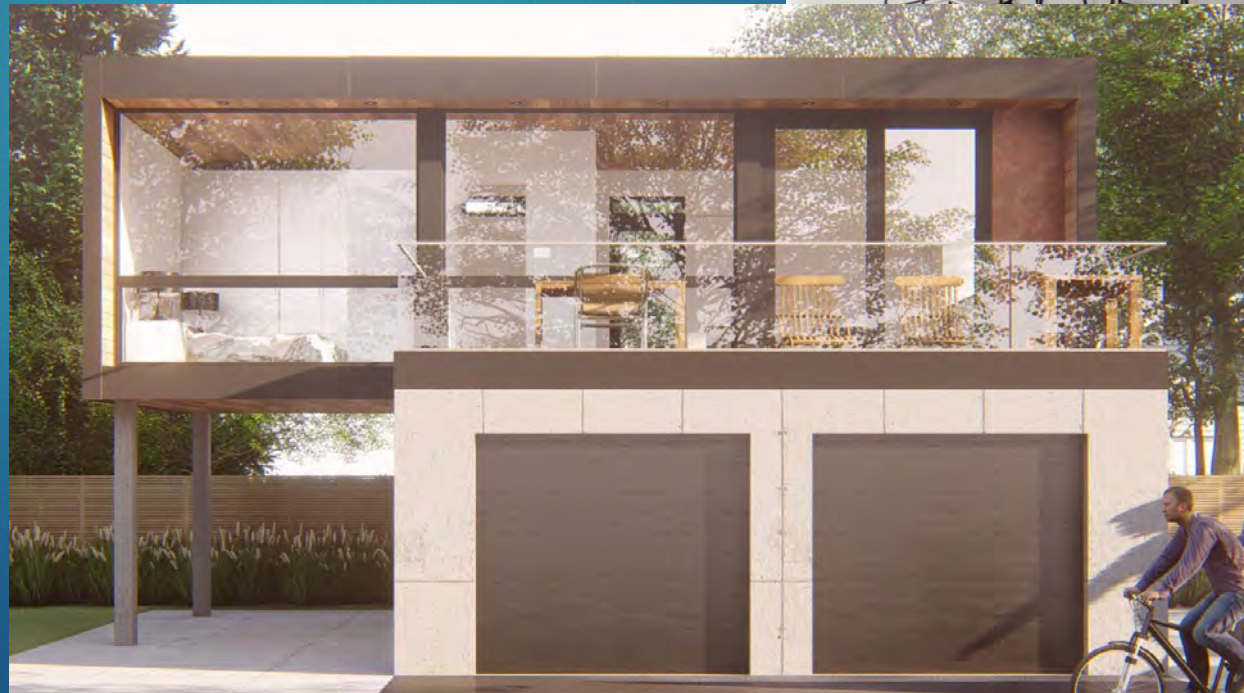
Financial Program: What does \$200,000 buy?

- Detached 430 SF in Sunnyvale, CA
- Studio/1 Bath
- Wood from construction
- \$179,000 Total Dev Cost
- Owners are renting below FMRA at \$1,500
- No covenant, want to help with the housing crisis



Financial Program: What does \$200,000 buy?

- Detached 419 s.f. in Half Moon Bay, CA
- 1 Bedroom/1 Bath
- Honomobo Modular
- Built to local code
- \$177,000 TDC
- Rent \$2,600



Financial Program: Construction Loan Terms

- Up to \$200,000 (Max. amount)
- Second mortgage/DOT
- 36 month term / 20-year amortization
- Interest 5% (int. only Year 1 and P&I Years 2-3)
- Eligible costs: soft and hard costs
- Up to 97% CLTV
- Minimum two year affordability restriction
- Tenant income restriction 80-120% AMI (\$72,750-\$110,400)
- Tenant may utilize up to 34% of income towards rent
- Rents capped at \$2,023 or fair market rent, whichever is less
- Loan amount will be sized based on rent

Contact

For additional information to learn how the Housing Trust can assist your community in financing and developing its housing programs please contact:

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