

**Feasibility Analysis and Comparison of Sites for
New Affordable Housing Development
Final Report**

Submitted to

The City of St. Helena

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Executive Summary

The City of St. Helena commenced a Site Assessment study in February 2015 in order to identify a strategy to expand the supply of affordable housing in St. Helena. The consulting team of Vernazza Wolfe Associates Inc., Mikiten Architecture and Community Economics was retained by the City to conduct this study.

This study consists of a report and detailed appendices that provide site specific information, site plans, and financing scenarios that should provide practical assistance to the City. The appendices provide useful resource information for the site or sites to be selected by the City for further evaluation.

The six sites identified by the City include the following: Adams Street site (5.6 acres owned by the City); City Hall/Police Station (1.7 acres); two private houses and lots at 644 and 684 McCorkle Avenue (684 is owned by the City), Scout Hall (.05 acre site with structure owned by the City), and the Teen Center (a .93 acre site owned by the City). All sites are zoned for residential uses, do not contain environmental sensitivities, and are within the urban service boundary for all utilities.

There are major differences among these sites in terms of size, potential risks, and the amount of time it could take to develop new housing.

- The Scout Hall site was eliminated from further assessment due to its small size.
- All sites, with the exception of Adams Street, will require demolition of existing structures. If the City moves forward with sites that have existing structures, it needs to obtain the services of a cost estimator that can estimate the demolition costs. These costs are not included in the development cost scenarios.
- The number of units that can be constructed is a factor to consider. If there is a choice, it is better to select a site that can accommodate a larger number of units. Projects that provide more units are more favorably viewed by outside funding sources. And, the timeline for a smaller project is not that much different than the timeline for a larger project. (A larger project has the advantage of providing more affordable units.)
- In addition, if the City provides one or more of the sites it currently owns, it is necessary to develop more accurate land cost estimates. There are two components to these costs:
 1. The first are land costs to be determined by an appraiser.

2. The second component of land costs are the costs to the City of relocating existing city uses. The costs to relocate existing uses, particularly City Hall and the Police Station cannot be included in project financing, but are still real costs that the City will face.

Risks

Project risk can be assessed in a variety of ways. Factors to consider include site control (including the availability of the site), whether a project sponsor would be interested, financial competitiveness given the size of the project (larger projects are viewed more favorably), the amount of time a project could take from start to finish, and whether there are unknowns, regarding costs and site control. The sources of funding vary in terms of their competitiveness and availability.

In order to maximize the competitiveness for financing, this study has assumed that the rental projects would serve households that are very low-income and below. Table ES-1 presents the percentage of units by income level, the incomes these income levels represent, and the gross rents that could be charged. To simplify the presentation, these calculations include only a household size of four persons.

ES-1: Example of Incomes and Rents Used in Rental Housing Financing Scenarios

Affordability Assumptions - All Rental Scenarios	Percentage of Units in Project	Income 4-Person Household	Affordable Gross Monthly Rent
Units Affordable to HH Earning 30% of Area Median Income	10%	\$26,200	\$655
Units Affordable to HH Earning 40% of Area Median Income	20%	\$34,440	\$861
Units Affordable to HH Earning 45% of Area Median Income	25%	\$38,745	\$969
Units Affordable to HH Earning 50% of Area Median Income	45%	\$43,650	\$1,091

Since all project scenarios indicate a significant funding gap, another important consideration is whether it would be possible to lower the costs through redesign and value engineering. This applies to both the rental and ownership projects. Often when a project does not “pencil out”, adjustments are made, possibly to unit sizes, finishes, amenities etc. This study did not consider alternative costs, but this is important for the next phase if St. Helena decides to move forward.

Site Ranking

Based on considerations of site availability and size, the Adams Street site stands out as the best possible site for rental housing among the six assessed in this study. However, the City has gone through two processes in the past to consider uses for this site, including obtaining proposals for affordable housing and then later conducting a visioning process for the site for potential mixed-use development. This site is still highly recommended, and perhaps it would be possible to design a project that could meet with public approval. Only a portion of the site (1.3 acres) is being recommended at this time, which may help it to gain public support.

The Teen Center site is ranked second for rental development, given that the after school programs operated by the Parks and Recreation Department do not need to be operating out of a public building, but could be relocated, if another location is feasible. Before seriously considering this site, the City needs to decide if there is an alternative location, or if the City would consider building a community center that could include these programs. The cost of building a new center (and the time to secure funds) would greatly reduce the attractiveness of the Teen Center site for affordable housing.

Finally, the last ranked site is the City Hall/Police Station site. There is the need to procure funds and identify an alternative location on which to construct one or more buildings.

Since only one project is proposed for ownership housing (self-help housing on the McCorkle Avenue sites), this is also ranked highly, particularly considering that a local group has started project planning for the 684 McCorkle Avenue site. However, the City needs to undertake more investigation regarding the availability of the second proposed site (644 McCorkle Avenue) which is privately owned. Perhaps a smaller self-help project of only 9 units instead of 18 units could make the most sense at this time.

Table ES-2 compares the number of units, cost per unit, and the funding gaps associated with each development scenario and is presented in rank order (from most recommended to least recommended). Note: The difference in costs per unit related to the two tax credit funding options reflects additional funding costs that are required under the 4% scenarios. These costs impact other soft costs, such as bond issuance, soft cost contingency, and fees for a syndication consultant. Construction and land costs are assumed to be the same.

Table ES-2 Site Comparison Presented in Order of Greater to Lesser Potential

Sites (Presented in Order of Greater Potential to Lesser Potential)	Number of Units	Estimated Cost per Unit	Average Estimated Funding Gap Per Unit
<u>Adams Street (Rental)</u>			
9% Tax Credit	31	\$551,759	\$251,756
4% Tax Credit	31	\$583,446	\$388,346
<u>644 and 684 McCorkle Avenue (Ownership)</u>			
Design Option 1 (Detached Units)	18	\$485,002	\$322,657 (50% AMI)
			\$201,325 (up to 80% AMI)
Design Option 2 (Cluster housing in one- and two-story buildings)	18	\$443,047	\$280,701 (50% AMI)
			\$159,370 (up to 80% AMI)
<u>Teen Center</u>			
9% Tax Credit	20	\$572,681	\$319,937
4% Tax Credit	20	\$587,520	\$391,914
<u>City Hall</u>			
9% Tax Credit	46	\$532,795	\$211,156
4% Tax Credit	44	\$583,018	\$378,882

Next Steps

We recommend the following strategy for the City of St. Helena.

- First, the City needs to identify its top priorities for new affordable housing. Should it focus on rental housing, self-help ownership or both?
- Second, given these priorities, which sites seem to have the greatest potential?
- Three, what are the resources that the City can provide to a new development?
- Fourth, given that there are gaps between funding and development costs, what will the City do to assist a new development? For example, will the City consider providing 684 McCorkle Avenue to a project sponsor, possibly on a long term land lease or as a contribution to a project? Will the City provide its housing trust funds (\$900,000) to one or two projects?
- Finally, the City needs to consider if there are staff available to oversee this process. If not, what are the City's options?

Assuming that the City will consider contributions to a project (land, funds, or both), the next step would be to develop a Notice of Funding Availability (NOFA) and then send it out to

potential project sponsors. The NOFA should include the City's criteria for choosing a developer, including prior experience with similar developments and the population to be served.

Feasibility Analysis and Comparison of Sites for New Affordable Housing Development City of St. Helena

Introduction

The City of St. Helena is interested in encouraging development of additional affordable housing within its city limits. There are presently three affordable rental developments in St. Helena (affordable to low- and very low-income households) and two for-sale developments that sold price-restricted units to moderate-income households. In 2013, the City took the pro-active step of obtaining State Community Development Block Grant funding for a study designed to assess the feasibility of at least three sites as to their potential for development of new affordable housing affordable to households at 80% area median income (AMI) or below.

This report follows St. Helena's research design originally submitted to the State for this funding. The study consisted of three phases.

- (1) Using existing information undertake a preliminary site assessment of six sites provided by the City of St. Helena. If any sites were identified as being clearly infeasible, they were to be eliminated from future examination.
- (2) For the remaining sites, undertake a technical assessment of their suitability as future affordable housing sites and design site plans based on separate development programs for each site. These development programs were designed to support competitiveness under specified funding programs. In addition, this phase included preparation of detailed site plans that could be used in assessing financial feasibility.
- (3) Undertake a detailed financial feasibility analysis for each site plan. This analysis also includes risk factors and detailed financial information.

The final step is the presentation of a chart to the City that ranks each site according to its opportunity and potential for affordable housing, identifying any constraints that impact what can be built as well as the likelihood of overcoming potential risks.

Summary of Existing Site Information

The first phase was to undertake an initial assessment of six sites identified by the City. These sites (in alphabetical order) included the Adams Street site (5.6 acres owned by the City); City Hall/Police Station (1.7 acres) ; two private houses and lots on 644 and 684 McCorkle Avenue

(684 is owned by the City), Scout Hall (.05 acre site owned by the City), and the Teen Center (a .93 acre site owned by the City). The results of this assessment are presented in Table 1.

Table 1: City of St. Helena Initial Affordable Housing Site Assessment

Site Name	City Hall	Scout Hall	Adams St.	Teen Center	684 McCorkle	644 McCorkle
Address	1480 Main St.	Railroad Ave	Adjacent to Library	Railroad Avenue	684 McCorkle	644 McCorkle
Size	1.7 acres	.05 acres	5.6 acres	.93 acres	.54 acres	.76 acres
Current Land Uses	City Hall including police station still in use.	Small, older building. Still used by Boy Scout Troop.	Vacant. Currently leased for small vineyard operations.	Building on site still in use.	Deep lot with at least two exiting residential structures.	Deep lot. Appears to have two houses on the lot with a long driveway.
Adjacent Land Uses	Low rise public buildings, including a new fire station. Surface parking lots.	Low rise public buildings. Older housing.	Public Library. Open fields. Older structures in distance.	Low rise public buildings. Communications tower on site. At-grade wine train crossing. Surface parking lots.	Residential with a variety of structures.	Residential with a variety of structures.
Topography	Level	Level	Level	Level	Appears to be level, but due to heavy vegetation in front of property, it is difficult to see the entire site.	Appears to be level – however, since the parcel is a deep one, it difficult to see behind the structures that face the street.

Site Name	City Hall	Scout Hall	Adams St.	Teen Center	684 McCorkle	644 McCorkle
Address	1480 Main St.	Railroad Ave	Adjacent to Library	Railroad Avenue	684 McCorkle	644 McCorkle
Zoning	PQP: Public and Quasi-Public Zoning. This zoning designation does not allow residential uses.	MR: Medium Density Residential Zoning	CB: Central Business District	BPO: Business and Professional Office District	HR: High Density Residential District	HR: High Density Residential District
Permitted MF Residential Uses	Operated by public/quasi public entities.	Duplex or triplex.	Residential units limited to upper floors.	Residential units limited to upper floors.	Multifamily (4+ units)	Multifamily (4+ units)
Setbacks	Determined in use permit process.	Regulations for small lots apply. Front: 15'-20'; Side: 5'-10'; exceptions possible.	No setbacks required.	Front: 20'; Side: 10'; Rear: 15'.	Front: 20'; Side: 10'; Rear: 20'.	Front: 20'; Side: 10'; Rear: 20'.
Height	Determined in use permit process.	30'	30' if adjacent to residential. 35' otherwise.	30'	30' for 1-4 units. 35' for 4+ units.	30' for 1-4 units. 35' for 4+ units.
Lot Coverage	Determined in use permit process.	45% max.	No standard.	15% of lot must be landscaped.	45% max.	45% max.
Floor Area Ratio	Determined in use permit process.	Determined by lot size in 17.40.070.	Max. 2.	No standard.	Determined by lot size in 17.40.070.	Determined by lot size in 17.40.070.
Density	No standard.	Min. 5.1 units per acre.	No standard.	No standard.	16.1+ units per acre.	16.1+ units per acre.

Site Name	City Hall	Scout Hall	Adams St.	Teen Center	684 McCorkle	644 McCorkle
Address	1480 Main St.	Railroad Ave	Adjacent to Library	Railroad Avenue	684 McCorkle	644 McCorkle
Flood Designation	None.	None.	None.	None.	None.	None.
Other Environmental Sensitivities	No known sensitivities.	No known sensitivities.	No known sensitivities.	No known sensitivities.	No known sensitivities.	No known sensitivities.
Building Width	No standard.	Max. 60% of lot width.	No standard.	No standard.	No standard.	No standard.
Parking	2 per unit for duplexes (one covered); 1.5 for studios & 1-bdrm (one covered); 2 per each larger unit (Section 17.1240.30)	2 per unit for duplexes (one covered); 1.5 for studios & 1-bdrm (one covered); 2 per each larger unit (Section 17.1240.30)	2 per unit for duplexes (one covered); 1.5 for studios & 1-bdrm (one covered); 2 per each larger unit (Section 17.1240.30)	2 per unit for duplexes (one covered); 1.5 for studios & 1-bdrm (one covered); 2 per each larger unit (Section 17.1240.30)	2 per unit for duplexes (one covered); 1.5 for studios & 1-bdrm (one covered); 2 per each larger unit (Section 17.1240.30)	2 per unit for duplexes (one covered); 1.5 for studios & 1-bdrm (one covered); 2 per each larger unit (Section 17.1240.30)
Service Connections	Within the urban service boundary for all utilities.	Within the urban service boundary for all utilities.	Within the urban service boundary for all utilities.	Within the urban service boundary for all utilities.	Within the urban service boundary for all utilities.	Within the urban service boundary for all utilities.
Notes		Regulations for small lots apply. (4,000 sq.ft. or less.)	Buildings limited to 10,000 sq.ft.			

On the positive side, all but one site (City Hall) are zoned for residential uses, do not contain environmental sensitivities, and are within the urban service boundary for all utilities. However, we expressed the following concerns about the feasibility and practicality of some of the sites. These include the following factors:

- Scott Hall –The site is too small to be a feasible housing development. While the zoning allows for medium density housing, the site size (.05 acres or about 2,200 SF) would not allow for a feasible affordable housing development.
- City Hall (and Police Station) Site – These are larger sites (which is a positive feature). However, it will be necessary to relocate the current public uses to another location and re-zone the site. In the case of the City Hall and the Police Station, it would be necessary to identify a site in St. Helena and secure funds and build new facilities before the existing structures are demolished and the site prepared for development. Given the importance of expanding the supply of affordable housing in St. Helena at present, identification of other sites that could be made available on a faster timeline should be considered.
- Teen Center – This Center is a city-operated facility which provides after-school programs for middle school students operated by Parks and Recreation. If this Center is used for an affordable housing development, an alternative site needs to be identified.¹

The City decided to eliminate Scott Hall from further study, but to continue with the remaining five sites.

Technical Review- Affordable Housing Sites

The next step was to conduct a technical review of the five remaining sites. In addition to the technical review that addressed conditions at the five sites, this review also provided a separate memo for each site that addressed specific site constraints, additional site information, and presents site plans for all options presented in this review. Site specific information including site plans are presented in an Appendix to this study.

Based on background information provided to the planning team by the City of St. Helena, none of the remaining five sites was eliminated due to issues of access, availability of public services, traffic impacts, zoning, or other environmental considerations.² These five sites are located east of Highway 29 in a developed area that is well-served by services. The Adams Street site is the most unique in that it is a large, vacant site and is located at the edge of the developed part of the

¹ One idea discussed in the City would be to include a new teen center as part of a new community center

² While the City Hall site would need to be rezoned so that residential uses are allowed, this requirement does not eliminate the site.

City. The other four sites have existing land uses that would need to be demolished in order for affordable housing to be built. There are additional constraints to developing on all five sites which are presented in individual memoranda. Finally, the amount of required parking (as specified in the local Zoning Code) is a major factor when determining the unit capacity for these sites.

The original goal of this site assessment study was to come up with two development concepts for affordable housing for each site. Since homeownership is costly and complicated for low- and very low-income households, the site plans for each site address rental housing, with two exceptions - the 644 and 684 McCorkle Avenue sites. Because a local housing advocacy group (Our Town) has proposed a self-help ownership project at 684 McCorkle Avenue, the consultants broadened the assessment to include both a rental and ownership site concept for the two McCorkle Avenue sites.

The remaining sites assume rental housing only. Two funding scenarios are assumed - Low-Income Housing Tax Credit (LIHTC) financing and USDA Rural Rental Housing Loan and Grant Programs (Sections 514, 515, and 516). The same site plans for the Teen Center and the Adams Street sites are consistent with requirements for both funding scenarios.

The site specific information presented was used to create site plans for each site and to provide information that could be used in the financial feasibility assessment.

Summary of Technical Information

Tables 2, 3, 4, and 5 provide technical information that is useful when assessing the five sites explored in this study.

- Table 2 provides a summary of the sites, including location, zoning, adjacent land uses, topography, and other background information.
- Table 3 provides a development summary for initial development options for each of the five sites.
- Table 4 provides a development summary for additional development options on three of the five sites (City Hall, 644 McCorkle Avenue and 684 McCorkle Avenue). Only one site plan is provided for the other two sites - the Teen Center and Adams Street. Any alternative plan would have reduced the number of units that could be planned for these two sites.³

³ Although the Adams Street site exceeds the 1.3 acres that were included in this site assessment, it is our understanding that additional land uses may be planned for this site in the future.

- Table 5 presents the program summary (unit and other requirements required by federal funding sources) that was used in the site plans for the five sites.
- Finally, Table 6 provides a brief comparison of the development options presented for the five sites. While information on the two McCorkle Avenue sites is presented separately on this table, the table also shows a combined project which would be the smallest of the four proposed. The City Hall and Adams Street sites are the only ones that could provide 30 or more units.

Table 2: Site Characteristics and Zoning Requirements

	City Hall	Adams St.	Teen Center	684 McCorkle Avenue	644 McCorkle Avenue
Address	1480 Main St.	Adjacent to Library	Railroad Avenue	684 McCorkle Avenue	644 McCorkle Avenue
Size	1.7 acres	5.6 acres	.93 acres	.54 acres	.76 acres
Current Land Uses	City Hall including police station still in use.	Vacant. Currently leased for small vineyard operations.	Building on site still in use.	Deep lot with at least two exiting residential structures.	Deep lot. Appears to have two houses on the lot with a long driveway.
Adjacent Land Uses	Low rise public buildings, including a new fire station. Surface parking lots.	Public Library. Open fields. Older structures in distance.	Low rise public buildings. Communications tower on site. At-grade wine train crossing. Surface parking lots.	Residential with a variety of structures.	Residential with a variety of structures.
Topography	Level	Level	Level	Appears to be level, but due to heavy vegetation in front of property, it is difficult to see the entire site.	Appears to be level – however, since the parcel is a deep one, it is difficult to see behind the structures that face the street.
Zoning	PQP: Public and Quasi-Public Zoning. Rezoning is needed for residential use.	CB: Central Business District	BPO: Business and Professional Office District	HR: High Density Residential District	HR: High Density Residential District
Setbacks	Determined in Use Permit Process	No setbacks required.	Front: 20'	Front: 20'	Front: 20'
			Side: 10'	Side: 10'	Side: 10'

	City Hall	Adams St.	Teen Center	684 McCorkle Avenue	644 McCorkle Avenue
			Rear: 15'	Rear: 20'	Rear: 20'
Height	Determined in Use Permit Process	Height: 30' if adjacent to residential. 35' otherwise.	Height: 30'	Height: 30' for up to 4 units. 35' for more than 4 units.	Height: 30' for up to 4 units. 35' for more than 4 units.
Density	No standard.	No standard.	No standard.	Not less than 16.1 units per acre.	Not less than 16.1 units per acre.
Lot Coverage	No standard.	Building Footprint 10,000 sf max.	No standard.	45%	45%
Flood Designation	None	None	None	None	None
Landscaping Requirements	No standard.	No standard.	15% of lot must be landscaped.	No standard.	No standard.
Service Connections	No known obstacles.	No known obstacles.	No known obstacles.	No known obstacles.	No known obstacles.
Parking	All Districts				
	-2 per unit for duplexes, one covered, one not per Zoning Code 17.124.030.1				
	-1.5 for studios and one bedroom units, one covered per Zoning Code 17.124.030.2.a				
	-2 for each larger unit per Zoning Code 17.124.030.2.b				
Special Parking Considerations	Hammerhead required with driveways over 100' per Zoning Code 17.124.070.B.1 (CBC requires it at 150')				
	Tandem parking OK in residential districts per Zoning Code 17.124.050.D				

Table 3: Development Summary

	Adams St. (Adjacent to Library)	City Hall (1480 Main St.) – Option 1	684 McCorkle Avenue– Rental Option	644 McCorkle Avenue – Rental Option	Teen Center (Railroad Avenue)
Concept	Two 2-Story Buildings Large Shared Yard Covered Parking Under Building & Arbor	Four 2-Story Buildings Large Shared Yard Efficient Drive-Through Parking Covered Parking Under Building & Arbor	Single Building Two Stories Large Shared Yard Concentrated Parking	Single Building One Story Large Shared Yard Community/ Concentrated Parking	Single Building Large Shared Yard Two Parking Lots Covered Parking Under Building & Arbor
Site Area	56,802 sf (1.3 acres) of 243,936 sf (5.6 acres)	74,052 sf (1.7 acres)	23,522 sf (.54 acre)	33,106 sf (.76 acre)	40,511 sf (.93 acre)
Total Building Area (SF)	37,659	57,465	10,979	9,780	23,156
Lot Coverage (Buildings)	16,165 sf	28,855 sf	6,147 sf	9,780 sf	12,461 sf
	28%	39%	26%	30%	31%
Shared Yard	4,015 sf	6,023 sf	3,770 sf	3,87 sf	2,887 sf
Unit Count					
0-Studio	-	-	-	-	
1-Bedroom	12	12	-	-	4
2-Bedroom	4	12	7	9	6
3-Bedroom	11	14	2	-	8
4-Bedroom	4	6	-	-	2
Total Units	31	44	9	9	20
Parking Count					
Regular Spaces	56	78	18	18	36
H/C Spaces	2	4	1	1	2
Visitor Spaces	0	0	2	1	0
Total Parking	58 (53 required)	82 (82 required)	21 (18 required)	20 (18 required)	38 (38 required)

Source: Mikiten Architecture

Table 4: Development Summary (Options)

	684 McCorkle Avenue Ownership Housing - Option 1	644 McCorkle Avenue Ownership Housing - Option 1	684 McCorkle Avenue Ownership Housing - Option 2	644 McCorkle Avenue Ownership Housing - Option 2	City Hall - Option 2
Concept	Townhouse & Flat Mix One & Two Story Detached Small Private Yards Fire Truck Hammerhead One Garage + One driveway parking space	Townhouse & Flat Mix One & Two Story Detached Small Private Yards Fire Truck Hammerhead One Garage + One driveway parking space	Townhouse & Flat Mix One & Two Story Clusters Large Shared Yard Small Private Yards Concentrated Parking	Townhouse & Flat Mix One & Two Story Clusters Large Shared Yard Small Private Yards Concentrated Parking	Two 2-Story Buildings (2) Large Shared Yards Efficient Drive-Through Parking Covered Parking Under Arbor
Site Area	23,522 S.F. (0.54 acre)	33,106 S.F. (0.76 acre)	23,522 S.F. (0.54 acre)	33,106 S.F. (0.76 acre)	74,052 S.F. (1.7 acre)
Total Building Area	6,900	13,050	7,500	9,600	58,470
Lot Coverage (Buildings)	5300 sf	10100 sf	5750 sf	7,150 sf	29235 sf
	23%	31%	24%	22%	39%
Shared Yard	0 sf	0 sf	4850 sf	7,335 sf	7520 sf
Unit Count					
0-Studio	-	-	-	-	-
1-Bedroom	-	-	-	-	8
2-Bedroom	5	10	7	8	12
3-Bedroom	1	2	1	2	20
4-Bedroom	-	-	-	-	6
Total Units	6	12	8	10	46

	684 McCorkle Ave. Ownership Housing Option 1	644 McCorkle Ave. Ownership Housing Option 1	684 McCorkle Ownership Housing Option 2	644 McCorkle Ownership Housing Option 2	City Hall - Option 2
Parking Count					
Regular Spaces	12	24	14	19	84
H/C Spaces	0	0	1	1	5
Visitor Spaces	3	1	0	0	0
Total Parking	15 (12 required)	25 (24 required)	15 (16 required)	20 (20 required)	89 (88 required)

Source: Mikiten Architecture

Table 5: Program Summary Used in Site Plans

Site	Concept (Option)	Funding Source(s)	Target # of Units	Unit Mix	Requirements (See Notes)
644 and 684 McCorkle Avenue	1. Ownership Housing	Self Help Housing	18	Mostly 2 and 3 bdrm units, no 4 bdrm units	Group A
	2. Farmworker Rental	514 Farm Labor Housing Loan Program	Maximize	Unspecified	Group B
City Hall	1. Family Rental	Tax Credits	30 minimum for Tax Credits	30% 3 bdrm or larger	Group B
	2. Farmworker Rental	514 Farm Labor Housing Loan Program	Maximize	Unspecified	Group B
Adams Street	1. Family Rental	Tax Credits	30 minimum for Tax Credits	30% 3 bdrm or larger	Group B
	2. Farmworker Rental	514 Farm Labor Housing Loan Program	Maximize	Unspecified	Group B
Teen Center	1. Family Rental	Tax Credits	30 minimum for Tax Credits	30% 3 bdrm or larger	Group B
	2. Farmworker Rental	514 Farm Labor Housing Loan Program	Maximize	Unspecified	Group B

Sources: LIHTC Credit Requirements and USDA Rural Development Loans.

Notes to Table 5 (Program Summary)

Requirements: Group A (Low-Income Housing Tax Credit Financing)⁴

1 bdrm (size not stated, 1 bathroom
2 bdrm 800-900 sq. ft., 1 bathroom
3 bdrm 1,200 sq.ft, 1.5 bathrooms

Requirements: Group B - (Rural Development – USDA)

1 bdrm 500 sq.ft. Minimum
2 bdrm 750 sq. ft. minimum
3 bdrm 1,000 sq.ft. Minimum
4 bdrm 1,200 sq.ft. Minimum (requires 2 bathrooms)

Additional Requirements for Group B

- Play space if over 20 units
- 600 sq.ft. Common space, for up to 30 units. Projects from 31 to 60 units - at least 1,000 sq.ft.
- Laundry Area

⁴ As of July 2015, TCAC has proposed a number of changes in its regulations. One change in particular could affect the site plans. The requirement that 30% of units should consist of three-bedrooms could be reduced to 25%. However, since this requirement has not yet changed (and since these plans have already been drawn up), the unit mix remains unchanged. Should these changes be adopted by TCAC, the result could be to reduce costs slightly if fewer three-bedroom units are included in the unit mix.

Table 6: Comparison of Development Options

Site Plan	Tenure	Total Units	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom	No. of Stories	Parking	Yard Space
644 McCorkle Avenue	Rental	9		9			1 story building	20 spaces in one covered lot	3,787 sq. ft. (shared)
684 McCorkle Avenue	Rental	9		7	2		2 story building	21 spaces in one covered lot	3,770 sq.ft. (shared)
Combined Project		18		16	2				
644 McCorkle Avenue Option #1	Ownership	12		10	2		1 and 2 story, individual detached units	25 spaces (including one garage for each unit)	individual back yards
684 McCorkle Avenue Option #1	Ownership	6		5	1		1 and 2 story, individual detached units	15 spaces (including one garage for each unit)	individual back yards
Combined Project		18		15	3				
644 McCorkle Avenue Option #2	Ownership	10		8	2		1 and 2 story clusters	20 concentrated	Large shared yard and individual yards
684 McCorkle Avenue Option #2	Ownership	8		7	1		1 and 2 story clusters	15 concentrated	Large shared yard and individual yards
Combined Project		18		15	3				
Teen Center	Rental	20	4	6	8	2	2 story building	38 spaces in two covered parking areas	2,887 sq. ft. (shared)

Site Plan	Tenure	Total Units	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom	No. of Stories	Parking	Yard Space
City Hall Option #1	Rental	44	12	12	14	6	4 - two story buildings	82 spaces in covered parking under building and under arbor	6,023 sq. ft. (shared)
City Hall Option #2	Rental	46	8	12	20	6	2 - two story buildings	89 covered spaces under arbor	2 shared yards totaling 7,520 sq. ft.
Adams Street	Rental	31	12	4	11	4	2 - two story buildings	58 spaces in covered parking under building and under arbor	4,015 sq. ft. (shared)

Sources: Mikiten Architecture and Vernazza Wolfe Associates Inc.

Financial Feasibility

Overview

Detailed development cost and funding pro formas were developed for each of the following site scenarios

- 644 and 684 McCorkle Avenue sites – Financing scenarios for three site design options are presented here - two ownership options and one rental option.
- City Hall site – Financing scenarios for two rental housing site plans are included.
- Adams Street site – Two financing scenarios for one rental housing site plan are included.
- Teen Center – Two financing scenarios for one rental housing site plan are included.

Therefore, there are a total of nine financing scenarios – all of which show significant funding gaps.

Another consideration is whether it would be possible to lower the costs through redesign and value engineering. This applies to both the rental and ownership projects. My impression is that there was no reworking to try to lower construction costs. Often when a project does not pencil out, adjustments are made (unit size, finishes, amenities etc.). My impression is that this did not happen because there was not time or budget to look at alternatives.

Background

There are common features to all financing scenarios. These include building costs, financing costs, City fees, and land cost assumptions. In an Appendix to this study, additional information is provided on how building and land costs were estimated for the financial analyses.

Building Costs are rapidly increasing in the San Francisco Bay Area. Contributing factors are increased building material costs, higher labor costs due to a shortage of labor and rising wages, and the high demand affording contractors higher profit margins than were not possible during the economic downturn. One *San Francisco Business Times* article from 11/21/2014 quoted Ken Rosen, formerly a professor of Real Estate Economics at the Haas School at UC Berkeley and currently CEO of the Rosen Consulting Group as saying, “Construction costs are skyrocketing. Some people tell me it’s a 15 to 20 percent annualized increase – big, big numbers.” Developers of affordable housing face the same high costs as market rate developers.

Financing Costs for affordable housing are based on overall development costs. It is important to note that, generally, reducing project costs by a dollar is as good as finding a dollar of gap funding. So, anything the City or a developer can do to bring costs down is also helpful in achieving financial feasibility.

City Fees – St. Helena, similar to other cities in the Bay Area, charges fees on new development to offset city costs (such as planning and building) as well as impact fees to offset increased demand for facilities and infrastructure improvements to offset impacts from growth. These fees include water, sewer and drainage, schools, public safety, parks, traffic mitigation, civic improvements and affordable housing impacts. Per unit fee costs vary depending on whether new residential development is multifamily or single family. For this study, we have assumed that single family residential fees apply to the ownership options on the McCorkle Avenue sites, and multifamily fees apply to the other project scenarios.

Fees significantly increase housing costs. For example, a per unit fee amount (including all fees) for rental units at the Adams Street site could average approximately \$52,000. Without the housing impact fee, this total drops by approximately \$8,000 to \$44,000 per unit. The costs presented in this study have not included a housing impact fee, given that the potential projects only provide affordable housing.

Land Costs are another significant cost for development. In the case of St. Helena's potential sites, four sites (all except Adams Street) require demolition of existing structures, and in the case of the City Hall site, concurrent development of a new city hall and police station. Whether the Teen Center needs to be replaced, or whether alternative locations can be identified for its current uses remains to be determined. Costs included for land in this study are only estimates at best. To determine actual site costs, including land and site demolition costs, it is necessary to hire a cost estimator. This could be the next step once a site is selected.

Rental Housing Financing Scenarios

Table 7 presents the rental housing financing options for the four potential rental projects - Teen Center, Adams Street, City Hall (two site plans) and one McCorkle Avenue project that combines the two McCorkle sites into one project. Per unit costs, including financing costs range from a low of approximately \$533,000 under the 46-unit City Hall site plan to a high of \$757,400 per unit at the combined McCorkle Avenue site. At this time, the cost estimates are too tentative to explain these differences. Potential factors that could explain these differences include (1) how land costs are estimated; (2) fixed costs that do not vary by project size; and (3) site features.

The McCorkle Avenue sites also show the highest level of funding gap per unit. More generally, the project financing scenarios that assume 4% Low Income Housing Tax Credit (LIHTC) financing also have higher funding gaps per unit. This reflects the more limited amount of tax equity that is available from the 4% LIHTC program.

Finally, the project options that show the lowest level of financing gap per unit are the Adams Street and City Hall sites, assuming the 9% LIHTC financing option. However, it would still be necessary to identify additional funding aside from LIHTC funds for both sites. In the case of the City Hall site, the gap would be \$9.7 million or \$211,160 per unit, and for Adams Street, the comparable gap figures would be \$7.8 million or \$252,000 per unit.

Table 7: Rental Housing Financing Options (4% and 9% Low Income Housing Tax Credit Program)

	644/684 McCorkle Avenue (4% Tax Credits)	Teen Center (9% Tax Credits)	Teen Center (4% Tax Credits)	Adams Street (9% Tax Credits)	Adams Street (4% Tax Credits)	City Hall (9% Tax Credits)	City Hall (4% Tax Credits)
Number of Units	18	20	20	31	31	46	44
Supportable Mortgage	\$135,500	\$218,200	\$218,200	\$273,200	\$273,200	\$457,800	\$446,700
Gap/Public Agency Soft Debt Needed	\$9,255,447	\$6,398,734	\$7,838,284	\$7,804,422	\$12,038,726	\$9,713,197	\$16,670,805
Gap/Public Agency Soft Debt Needed (Per Unit)	\$514,192	\$319,937	\$391,914	\$251,756	\$388,346	\$211,156	\$378,882
Tax Credit Equity (\$1.05/federal, \$.65 per State credit)	\$4,241,702	\$4,836,679	\$3,693,907	\$9,027,215	\$5,774,888	\$14,337,596	\$8,535,306
Total Development Costs	\$13,632,649	\$11,453,613	\$11,750,391	\$17,104,838	\$18,086,814	\$24,508,593	\$25,652,810
Total Development Costs Per Unit	\$757,369	\$572,681	\$587,520	\$551,769	\$583,446	\$532,795	\$583,018

Sources: Community Economics Inc. and Vernazza Wolfe Associates Inc.

Ownership Housing Financing Scenarios

Two proposed project options on McCorkle Avenue assume self-help ownership construction and financing scenarios. Financing for self-help ownership programs is provided by the United States Department of Agriculture (USDA) Rural Development Section 502 Direct Loan Program. Under the 502 program, participants buy their lots before construction begins, which is different from other programs. These loans are based on the appraised value of each home. Furthermore the loans convert to permanent loans at the end of construction. There are no interest payments during construction. The interest accrued during construction is added to the original loan amount.

Table 8 presents the for-sale housing development costs for two Site Plans. Site Plan #1 consists of detached units, and Site Plan #2 consists of cluster housing in one- and two-story buildings. The construction costs have been adjusted downward to reflect cost offsets from the participation of future owners in building the units.

Table 8: Ownership Housing Development Costs (Site Plan 1 and 2)

	644/684 McCorkle Ave.	644/684 McCorkle Ave.
	Ownership Site Plan #1	Ownership Site Plan #2
Number of Units	18	18
USES OF FUNDS		
Land Acquisition	\$1,784,000	\$1,784,000
Construction	\$5,383,097	\$4,811,834
Construction Contingency	\$269,155	\$240,592
Architecture/Engineering & Consultants	\$484,479	\$433,065
Construction Loan Fees	\$53,831	\$48,118
Construction Loan Expenses	\$30,000	\$30,000
Construction Loan Interest	\$188,408	\$168,414
Planning, Building & Impact Fees	\$444,400	\$383,862
Soft Cost Contingency	\$72,672	\$64,960
Legal Construction	\$15,000	\$5,000
Audit	\$2,500	\$2,500
Market Study	\$2,500	\$2,500
TOTAL	\$8,730,041	\$7,974,845
Cost Per Unit	\$485,002	\$443,047

Sources: Community Economics and Vernazza Wolfe Associates Inc.

Qualified household incomes (very low- and low-income) are based on the income limits for the 502 program and are shown below in Tables 9 and 10 for four-person and six-person households.

Table 9: Two-Bedroom Unit Loan Amounts (Assumes Four-Person Household)

Affordability Level	Very Low-Income	Low-Income
Maximum income limit	\$43,650	\$70,550
Income for Determining Sale Price	\$43,650	\$70,550
% of Income for Housing	30%	30%
Income for Housing	\$13,095	\$21,165
Less Utilities and Repairs	2,316	2,316
Amount. To Support Mortgage and Pay Other Expenses (1)	\$10,779	\$18,849
Affordable Purchase Price	\$150,066	\$262,418

(1) Includes mortgage payment, property taxes, PMI and property insurance.

Loan Assumptions: Two-Bedroom House, Household Size of four persons, zero down payment, interest rate of 3.125%, and a loan term of 33 years.

Table 10: Three-Bedroom Unit Loan Amounts (Assumes Six-Person Household)

Affordability Level	Very Low- Income	Low-Income
Maximum income limit	\$50,650	\$81,850
Income for Determining Sale Price	\$50,650	\$81,850
% of Income for Housing	30%	30%
Income for Housing	\$15,195	\$24,555
Less Utilities and Repairs	2,652	2,652
Amount. To Support Mortgage etc.(1)	\$12,543	\$21,903
Affordable Purchase Price	\$174,625	\$304,936

(1) Includes mortgage payment, property taxes, PMI and property insurance.

Loan Assumptions: Three-Bedroom House, Household Size of six persons, zero down payment, interest rate of 3.125%, and a loan term of 33 years.

In the case of ownership housing, the gap is defined as the difference between the values of the mortgages that owners can take out under the 502 Program and the development costs (averaged for two- and three-bedroom units). This difference is presented in Table 11 for both site plans.⁵ This gap amount ranges from a low of \$159,370 (Site Plan #2 for low-income households) to a high of \$322,657 for Site Plan #1 for very low-income households. In order for either of these two project options to be feasible, it is necessary to identify additional funding sources. A brief discussion of these additional options is presented in the next section.

⁵ Because the calculations in this study do not distinguish among unit sizes (ones, twos, threes etc.), the ownership calculations are based on averaging the costs of the two- and three-bedroom units and averaging the affordable mortgage amounts for four- and six-person households.

Table 11: Difference between Development Costs and Permanent Financing

	Affordable Sales Prices (Mortgages) by Income Level ⁽¹⁾	
Number of Bedrooms	Very Low-Income	Low-Income
2	\$150,066	\$262,418
3	\$174,625	\$304,936
Average Sales Prices/ Mortgage Amounts	\$162,346	\$283,677
	Option 1 - Average Costs Per Unit	Option 2 - Average Costs Per Unit
McCorkle Avenue Average Cost per Unit	\$485,002	\$443,047
	Average Gap Per Unit	
	Very Low-Income	Low-Income
Option 1	\$322,657	\$201,325
Option 2	\$280,701	\$159,370

(1) Since the mortgages do not require a down payment, they are almost equivalent to the sales prices.

Source: Vernazza Wolfe Associates Inc.

Availability of Financing

A common theme running across all project funding scenarios is the size of the funding gap that still remains. While the City of St. Helena currently has a balance of \$900,000 in the Affordable Housing Trust Fund, this amount is insufficient to cover the remaining funding gaps on any project scenario. The following section lists and evaluates additional sources of funding.

Rental Housing Scenarios

The analysis assumes two likely financing options for the rental housing properties – 9% federal tax credits plus 30% State tax credits and 4% federal credits plus tax-exempt bonds with 13% State tax credits. These were selected because the tax credit programs are fully funded at levels that provide reasonable certainty of receiving an award.

The USDA Section 514 program and the State farm worker tax credit program are not included in the financing scenarios because funding levels for both are at such historically low levels that there is not a realistic certainty of receiving an award. The State farm worker tax credit is in nearly every respect identical to the regular State tax credit program, except that it is reserved for qualifying farm worker projects. The State farm worker credit receives an allocation of \$500,000 per year from the State budget. As a result, over time, the program can build up a considerable balance. Currently one farm worker project is likely to receive an allocation equal

to most of the existing balance of the program's allocation over several years. The resulting program balance is unlikely to provide sufficient credits to fully fund a farm worker project for several years. There is a proposal in the legislature to greatly expand the farm worker credit and to make it substantially more valuable but there is also great uncertainty whether it will pass and be signed by the Governor.

The federal tax credit program provides a 4% or 9% annual credit on the eligible basis for ten years, for which a corporate investor might currently pay anywhere from \$1.00 to \$1.15 per tax credit for projects of this size and location. We have assumed \$1.05 per credit to be somewhat conservative. The State tax credit provides either a 13% or 30% credit over four years for which investors will typically pay around \$.65 per dollar of tax credit.

While the 4% plus tax-exempt bonds program is generally not competitive, the 9% program is quite competitive. Applicants generally must achieve a perfect score within the scoring system and then successfully compete based on a tiebreaker score. This score is currently driven principally by the amount of public funds or donations committed to the project and by the amount of credits requested by the applicant – the fewer credits requested the better the score. This results in a more competitive application but a less feasible project. For this analysis we have assumed that the applicant would reduce its request for 9% credits sufficient to achieve a tiebreaker score of 60%, which was in the range of the lowest winning score in the last TCAC allocation cycle.

All of the scenarios presented assume that rents must be restricted at levels sufficiently low to garner full points in TCAC's competition. Any net income remaining after expenses and reserves are assumed to support some level of conventional bank mortgage.

The difference between the total development cost of each scenario and the sum of the supportably bank loan and the tax credit proceeds is the current funding gap. In California, where our funders generally value the lowest possible funding request, nonprofit developers must fill this gap by applying to other agencies providing grants and deferred payment loans. Unfortunately, in the past several years, nonprofit developers have lost two of the biggest providers of such funds in the State – local redevelopment agencies and the State Multifamily Housing Program (MHP). Redevelopment agencies were closed by the Brown administration, and MHP has allocated the last available funds for now.

Possible sources to fill rental housing gaps include the following: city and county funds, HOME and CDBG funds from either local or State sources, the Federal Home Loan Bank's Affordable Housing Program, the State Affordable Housing Sustainable Communities Program, and the

state Department of Housing and Community Development's Veteran's Housing and Homeless Prevention Program.

AB 35 (expansion of state low-income housing tax credit authorization) and AB 1335 (\$75 fee on real estate recorded documents) both currently in the State legislature, could provide substantial new funds for affordable housing and could certainly help make a major dent in the projected gaps. AB 35 appears likely to pass out of the legislature but there are questions about the Governor's willingness to sign. AB 1335 requires a 2/3 vote and faces a more uphill battle.

Ownership Housing Scenarios

It is very challenging to obtain adequate funding for the self-help ownership scenarios presented for the two McCorkle Avenue sites. The Section 502 loans proposed for permanent financing by individual homeowners will not be adequate to cover development costs. Therefore, costs will have to be cut or additional sources of funding will need to be identified by a project applicant. Also, for the self-help ownership, this study has assumed that the work done by the families may account for a larger percentage of the construction costs, 65% to 70%. Our estimate is conservative in that it does not credit more work to the families.

Possible funding sources in addition to the Section 502 loans for individual participants include the following:

- USDA, Mutual Self-Help Housing Technical Assistance Grant – Provides grants to qualified organizations to help them carry out the construction project. Eligible activities include technical and supervisory assistance to the participating families and recruit families and help them complete construction of their homes and help them complete loan applications. This is an important source of startup funds.
- Federal Home Loan Bank of San Francisco runs the Affordable Housing Program (AHP), which is competitive, for this region. There may be a priority for ownership projects. In the funding round this year, several self-help projects received \$20,000 per unit in grant funding that does not have to be repaid unless a participant sells the home.
- HUD Self-Help Homeownership Opportunity Program (SHOP) – This program provides grant funds that can only be used for land acquisition, infrastructure improvements and administrative costs. Grants cannot exceed \$15,000 per unit plus administrative costs. These funds may also be administered through the Housing Assistance Council (HAC).

- HCD Predevelopment Loan Program (PDLP) – This program provides loans for up to two years to fund start-up costs. Since the funds have to be repaid, they do not address the gap. The funds are provided through a revolving loan fund and are accessed through a NOFA. Interest of 3% simple interest is charged. The maximum loan is \$200,000 except for site purchase.

Project sponsors may also seek local funding from a city or county or from other local entities. It may be possible to get donations of materials from local suppliers or financial assistance from local civic groups or churches.

Risk Assessment

Project risk can be assessed in a variety of ways. Factors to be considered include site control (including the availability of the site), whether a project sponsor would be interested, financial competitiveness given the size of the project, the amount of time a project could take from start to finish, and whether there are unknowns, regarding costs and site control. Table 12 provides a comparative list of these risk factors for each development scenario. In addition to the risks summarized in Table 6, the ownership options face an additional risk factor. Specifically, there is the requirement for the sponsoring agency to identify 18 financially qualified families who are interested in working for approximately one year as part of a team to build the homes. Since it will take at least a year to complete these units, these families need to live in St. Helena or within close proximity in order to be available to work.

Since all project scenarios indicate a significant funding gap, another important consideration is whether it would be possible to lower the costs through redesign and value engineering. This applies to both the rental and ownership projects. Often when a project does not “pencil out”, adjustments are made, possibly to unit sizes, finishes, amenities etc. This study did not consider alternative costs, but this is important for the next phase if St. Helena decides to move forward.

Note: the 9% Low-Income Housing Tax Credit program is almost always more competitive than the 4% LIHTC Program. So all project scenarios that assume 9% Tax Credits are riskier than those that assume 4% Tax Credits.

Table 12: Site and Funding Option Comparisons

Size Name	Site Control	Demolition Required	Other Site Issues	Potential Sponsor Interest	Funding Likelihood	Unknowns	Time Required to Complete Project
Rental							
McCorkle Avenue	Partial	Yes	Necessary to Purchase One Site	Small Size is a Constraint	Limited	Limited risk, except for site control.	Assuming site can be purchased, should be reasonable time frame.
Teen Center - 9% Tax Credits	Yes	Yes	Necessary to Relocate Current Services	Small Size is a Constraint	Limited	Medium risk - cost to move uses	Reasonable, assuming services can be relocated.
Teen Center - 4% Tax Credits	Yes	Yes	Necessary to Relocate Current Services	Small Size is a Constraint	Limited	Medium risk - cost to move uses	Reasonable, assuming services can be relocated.
Adams Street - 9% Tax Credits	Yes	No	Vacant-City Owns	Strong (Over 30 Units)	Strongest	Few risks	Shortest, if community is supportive.
Adams Street - 4% Tax Credits	Yes	No	Vacant-City Owns	Strong (Over 30 Units)	Strong	Few risks	Shortest, if community is supportive.
City Hall - 9% Tax Credits	Yes	Yes	Necessary to Build New City Hall and Police Station and Rezone Site	Strong (Over 40 Units)	Strong	High cost to move uses	Five or more years, given need to build new facilities.
City Hall - 4% Tax Credits	Yes	Yes	Necessary to Build New City Hall and Police Station and Rezone Site.	Strong (Over 40 Units)	Strong	High cost to move uses	Five or more years, given need to build new facilities.
Ownership							
McCorkle Avenue Ownership #1	Partial	Yes	Necessary to Purchase One Site	Strong	Strong	Limited risk, except for site control.	Assuming site can be purchased, should be reasonable time frame.
McCorkle Avenue Ownership #2	Partial	Yes	Necessary to Purchase One site	Strong	Strong	Limited risk, except for site control.	Assuming site can be purchased, should be reasonable time frame.

Source: Vernazza Wolfe Associates Inc.

Feasibility Analysis and Comparison of Sites for New Affordable Housing in St. Helena

Technical Appendices

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Technical Review and Site Plans

Rental Housing

1. City Hall Option #1
2. City Hall Option #2
3. Teen Center
4. Adams Street

Rental and Ownership Housing

1. 644 and 684 McCorkle Avenue Rental Option
2. 644 and 684 McCorkle Avenue Ownership Option #1
3. 644 and 684 McCorkle Avenue Ownership Option #2

Land and Development Cost Information Used for Financing Options

Cost, Income, and Expense Information Used for Financial Assessments

Technical Review City Hall

In comparison to the other sites, use of the City Hall site could result in the construction of the greatest number of affordable rental housing units (over 40). Table 1 in the Technical Review provides information on zoning, existing land uses, and other site features and does not indicate any barriers to development on this site. Table 2 presents the two design options for the City Hall site. The site plan for Option #1 indicates that 44 units could be constructed, consisting of 24 one- and two-bedroom units, 14 three-bedroom units, and 6 four-bedroom units. Option #2 provides the same number of two-bedroom units (12), slightly fewer one-bedroom units (8 instead of 12), but more three-bedroom units (20), and the same number of four bedroom units (6). Both design options will work well for 9% LIHTC financing or USDA financing.

Site Constraints

The City Hall site requires the relocation of the City Hall and the Police Department. The costs to demolish the existing structures and build new facilities are outside the scope of this Study. However, in addition to considering demolition costs, the City would need to identify funds, a building site, and construct the replacement buildings in order to move forward with an affordable housing project on this site. This process could take five or more years to complete.

Site Information

The site is level with frontage on Main Street. It consists of 1.7 acres. As shown in Table 1, the zoning is PQP (Public and Quasi-Public Land Use) which does not allow residential development. Therefore, the site would need to be rezoned. For the purposes of this assessment study, we have assumed the same zoning requirements for multifamily residential that currently apply to the CBD area. Zoning requirements could include the following:

- Parking - (1.5 per unit for studios and one-bedrooms, and two spaces for each larger unit).
- 30 feet height limit, if adjacent to residential – 35 feet otherwise.
- There are no designated setbacks.
- There are no landscaping requirements

Site Plans

For the City Hall site, two site plans were prepared. The site plan for Option #1 indicates that the total building area would be 57,465 square feet, and the lot coverage of the buildings would be 39%. In addition to the units themselves, there would be 82 covered parking spaces and a shared yard. As mentioned above, this site plan accommodates the construction of 44 units, configured in 4 two-story buildings.

The site plan for Option #2 indicates a total building area that would be slightly larger at 58,470 square feet, and the lot coverage of the buildings would still be 39%. In addition to the units themselves, there would be 89 covered parking spaces (additional parking is required due to the additional two units). As mentioned above, this site plan accommodates the construction of 46 units, configured in 2 two-story buildings and provides for two shared yards. The combined size of these yards is approximately 7,520 sq. ft., slightly larger than the single shared yard in Option #1 (6,023 sq. ft.).



	City Hall 1480 Main St.
Concept	<ul style="list-style-type: none">• Four 2-Story Buildings• Large Shared Yard• Efficient Drive-Through Parking• Covered Parking Under Building & Arbor
Site Area	74,052 S.F. (1.7 acre)
Total Building Area	57,465
Lot Coverage (Buildings)	28855 sf 39%
Shared Yard	6,023 sf
Unit Count	
0-Studio	-
1-Bedroom	12
2-Bedroom	12
3-Bedroom	14
4-Bedroom	6
Total Units	44
Parking Count	
Regular Spaces	78
H/C Spaces	4
Visitor Spaces	0
Total Parking	82 (82 required)

NOTE: BOUNDARY INFORMATION WAS MISSING FROM THE PROVIDED PARCEL MAP & THEREFORE ESTIMATED. EXACT SITE BOUNDARY TO BE CONFIRMED & ADJUSTED.

PROJECT:
ST. HELENA
COMPARISON SITES

DRAWING TITLE:
CITY HALL SITE - OPTION 1

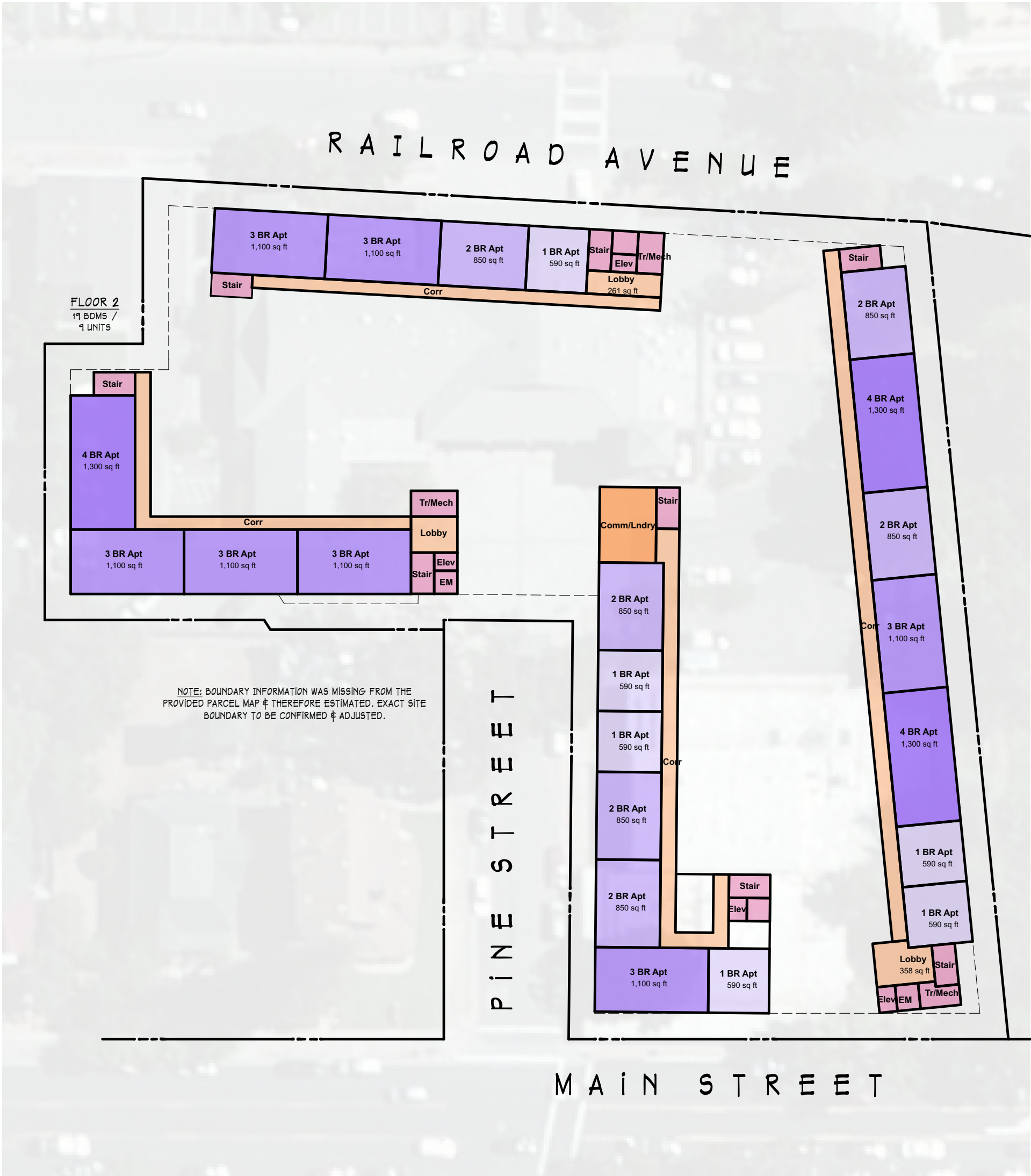
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SHEET #: SK—3

DATE: 7/15/15

ARCHITECT:
MIKITEN ARCHITECTURE
2415 Fifth Street
Berkeley • CA • 94710
510-540-7111
FAX 540-7117
www.MikitenArch.com





PROJECT:
ST. HELENA
COMPARISON SITES

DRAWING TITLE:
CITY HALL SITE - 2ND FL -OPTION 1

SCALE: 1" = 40'

SHEET #: SK-4

DATE: 7/15/15

ARCHITECT:
MIKITTEN ARCHITECTURE
2415 Fifth Street
Berkeley • CA • 94710
510-540-7111
FAX 540-7117
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	City Hall - Option 2 1480 Main St.
Concept	<ul style="list-style-type: none">• Two 2-Story Buildings• (2) Large Shared Yards• Efficient Drive-Through Parking• Covered Parking Under Arbor
Site Area	74,052 S.F. (1.7 acre)
Total Building Area	58,470
Lot Coverage (Buildings)	29235 sf 39%
Shared Yard	7520 sf
Unit Count	
0-Studio	-
1-Bedroom	8
2-Bedroom	12
3-Bedroom	20
4-Bedroom	6
Total Units	46
Parking Count	
Regular Spaces	84
H/C Spaces	5
Visitor Spaces	0
Total Parking	89 (88 required)

NOTE: BOUNDARY INFORMATION WAS MISSING FROM THE PROVIDED PARCEL MAP & THEREFORE ESTIMATED. EXACT SITE BOUNDARY TO BE CONFIRMED & ADJUSTED.

PROJECT:
ST. HELENA
COMPARISON SITES

DRAWING TITLE:

CITY HALL SITE - OPTION 2

SCALE: 1" = 40'

SHEET #: SK-5

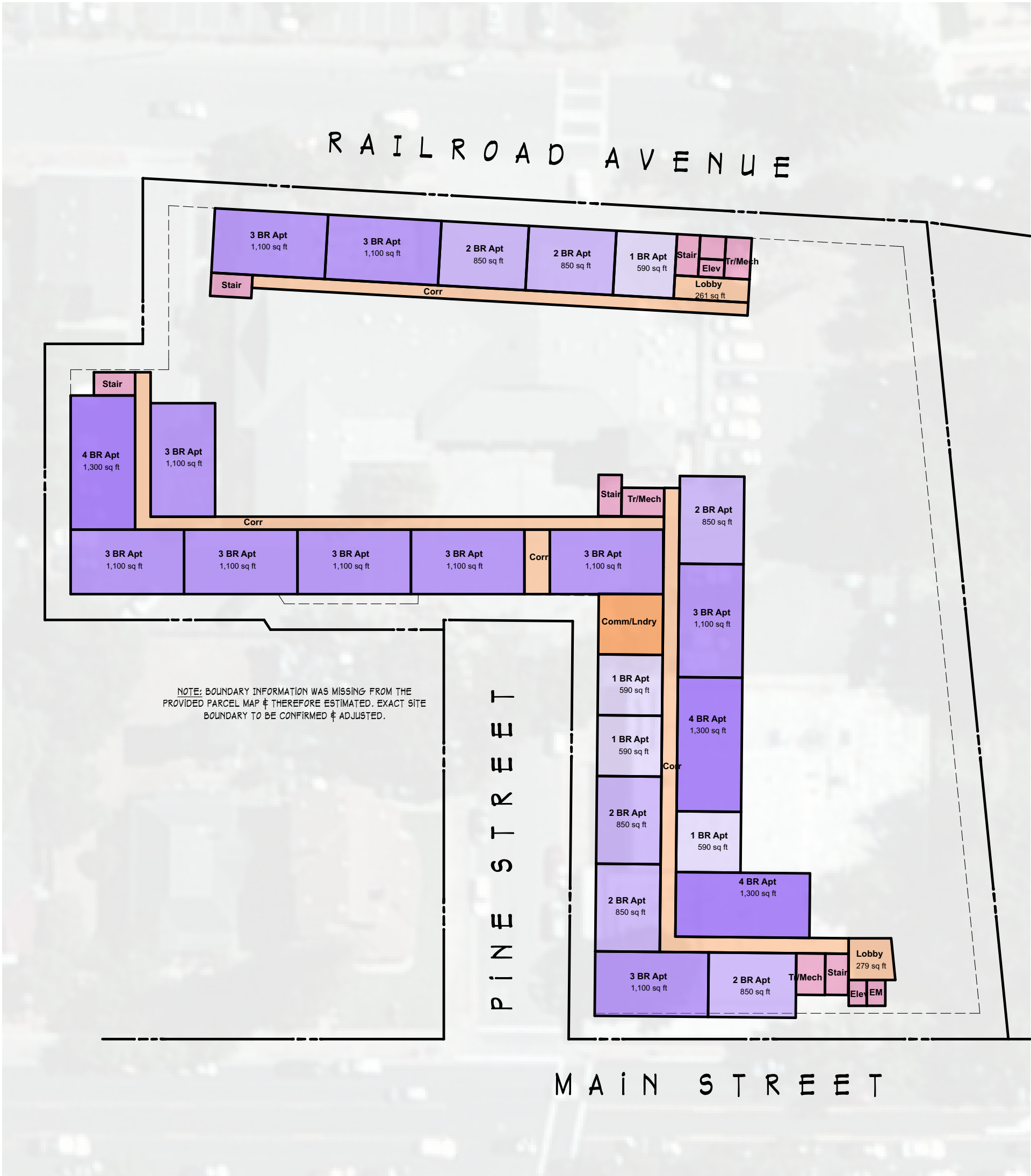
DATE: 7/15/15

ARCHITECT:

MIKITTEN ARCHITECTURE
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creative
responsible
environmental
universal
inspirational
architecture



PROJECT:
ST. HELENA
COMPARISON SITES

DRAWING TITLE:
CITY HALL SITE 2ND FL - OPTION 2

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Technical Review Teen Center

The Teen Center site is located near Cit Hall. Table 1 (in the Technical Review) provides information on zoning, existing land uses, and other site features and does not indicate any barriers to development on this site. Table 2 presents the one design option for the Teen Center site – Twenty rental units – half are planned as one- and two-bedroom units, and half as three- and four-bedroom units. The required number of parking spaces is provided as covered parking.

Site Constraints

The Teen Center site would be a good location for affordable housing. However, it is necessary to demolish the existing structures on the site which are used by the Parks and Recreation Department for programs and locate alternative facilities for these city services. The cost to demolish these structures is outside the scope of this study. In addition, there is a cell phone tower on the site. However, according to city staff, this would not be a constraint, since the city would either fully convey the site, including the cell tower to the developer, who would then have the right to collect any fee payable from the communications company or alternatively, the tower could be excluded from the sale of the site. This is an element to be addressed, should the Teen Center site be selected for an affordable housing development.

Site Information

The site is an irregularly shaped quadrangle and is approximately .93 acres (40,511 square feet). It is a level site. As shown in Table 1, the zoning is BPO (Business and Professional Office District), which allows for multifamily housing, without a density designation. Zoning requirements include the following:

- Parking - (1.5 per unit for studios and one-bedrooms, and two spaces for each larger unit)
- 30 feet height limit
- Setbacks (20 feet front, 10 feet side, and 15 feet rear)
- 15% of lot must be landscaped

Site Plans

For the Teen Center, only one site plan was prepared covering the first and second floors. This plan indicates that the total building area would be slightly over 23,000 square feet, and the lot

coverage of the buildings would be 31%. In addition to the units themselves, there would be 38 covered parking spaces, a shared yard, and a laundry area.

Twenty units of rental housing are proposed for this site, consisting of the following units:

- 4 - one-bedroom units
- 6 - two-bedroom units
- 8 - three-bedroom units
- 2 - four-bedroom units

The units are proposed to be constructed in one two-story building, although a third floor could be added if an additional ten units were needed to be more competitive for the LIHTC program. A density bonus would be needed for these additional ten units.

*3rd Floor may be added to obtain (30) units for tax credit purposes. Density bonus required.

	Teen Center Railroad Avenue
Concept	<ul style="list-style-type: none">• Single Building• Large Shared Yard• Two Parking Lots• Covered Parking Under Building & Arbor
Site Area	40,511 S.F. (0.93 acre)
Total Building Area	23,156
Lot Coverage (Buildings)	12461 sf
	31%
Shared Yard	2,887 sf
Unit Count	
0-Studio	
1-Bedroom	4
2-Bedroom	6
3-Bedroom	8
4-Bedroom	2
Total Units	20
Parking Count	
Regular Spaces	36
H/C Spaces	2
Visitor Spaces	
Total Parking	38 (38 required)



PROJECT:
ST. HELENA COMPARISON SITES

DRAWING TITLE:
TEEN CENTER SITE - 1ST FLOOR

ARCHITECT:
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*3rd Floor may be added to obtain
(30) units for tax credit purposes.
Density bonus required.



PROJECT:
ST. HELENA COMPARISON SITES

DRAWING TITLE:
TEEN CENTER SITE - 2ND FLOOR

ARCHITECT:
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Technical Review Adams Street

The Adams Street Site is an excellent building site and is vacant. However, the City of St. Helena has already tried several times to plan for this site unsuccessfully.

- The first time was in 2009, when the City undertook a visioning process that considered several land uses, including retaining the existing vineyard, community open space, an expansion of the library, other civic/community uses, mixed use residential/commercial development, housing, and parking.
- The second time was in 2011, when the City issued an RFP seeking development proposals for affordable housing to be built on this site. According to a January 2012 staff report, none of the proposals that were received met the requirements of the RFP.
- The third time was in 2012, when a committee was formed to review a preferred land use scenario in an effort to develop a master plan for the site.

While a new library occupies a portion of the site, the remainder of the site is currently in agricultural use (vineyard).

Table 1 in the Technical Review provides information on zoning, existing land uses, and other site features and does not indicate any barriers to development on this site. Table 2 presents the one design option for the Adam Street site – 31 rental units – spanning unit sizes from one through four, with the majority proposed as one- and three-bedroom units. The required number of parking spaces are provided either as covered parking (under an arbor) or under the building.

Site Constraints

This site faces the fewest physical constraints. No buildings need to be demolished and not all the site would be needed for the proposed development. Of the 5.6 acres, only 1.3 acres would be needed, and so there would be room for other potential city uses, such as a relocation of the city hall and police station. The only “potential” constraint would be to gain community support for an affordable housing development at this location.

Site Information

The site is vacant, level, and currently leased as a vineyard operation. As shown in Table 1, the zoning is CB (Central Business District) which allows for multifamily housing.

Zoning requirements include the following:

- Parking - 1.5 per unit for studios and one-bedrooms, and two spaces for each larger unit

- 30 feet height limit, if adjacent to residential - 35 feet otherwise
- There are no designated setbacks.
- There are no landscaping requirements.

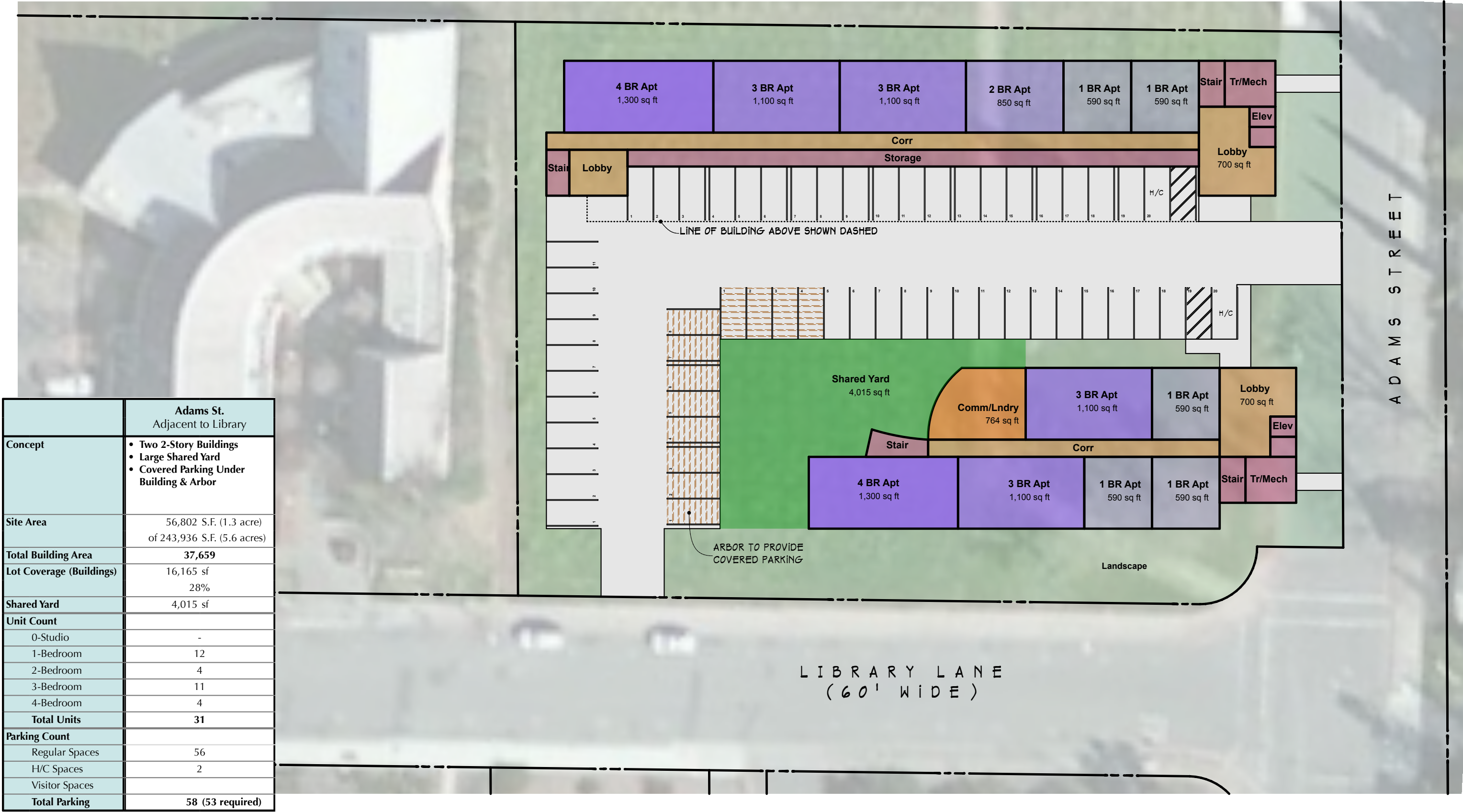
Site Plans

For the Adams Street site, only one site plan was prepared covering the first and second floors. This plan indicates that the total building area would be slightly over 37,660 square feet, and the lot coverage of the buildings would be 28%. In addition to the units themselves, there would be 58 covered parking spaces, a shared yard, and a laundry area.

The thirty-one units of rental housing proposed for this site, include the following units:

- 12 - one-bedroom units
- 4 - two-bedroom units
- 11 - three-bedroom units
- 4 - four-bedroom units

The units are proposed to be constructed in two, two-story buildings.



	Adams St. Adjacent to Library
Concept	<ul style="list-style-type: none">• Two 2-Story Buildings• Large Shared Yard• Covered Parking Under Building & Arbor
Site Area	56,802 S.F. (1.3 acre) of 243,936 S.F. (5.6 acres)
Total Building Area	37,659
Lot Coverage (Buildings)	16,165 sf 28%
Shared Yard	4,015 sf
Unit Count	
0-Studio	-
1-Bedroom	12
2-Bedroom	4
3-Bedroom	11
4-Bedroom	4
Total Units	31
Parking Count	
Regular Spaces	56
H/C Spaces	2
Visitor Spaces	
Total Parking	58 (53 required)

PROJECT:
ST. HELENA COMPARISON SITES

DRAWING TITLE:
ADAMS STREET SITE - 1ST FLOOR

ARCHITECT:

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PROJECT:
ST. HELENA COMPARISON SITES

DRAWING TITLE:
ADAMS STREET SITE - 2ND FLOOR

ARCHITECT:
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Technical Review 644 and 684 McCorkle Avenue

The two McCorkle Avenue sites - 644 McCorkle and 684 McCorkle – are treated as one site for the purpose of site planning, since it is necessary to combine them in order to create a large enough site for a viable project (either for an ownership development or for a rental housing development). Table 1 in the Technical Review provides information on zoning, existing land uses, and other site features and does not indicate any barriers to development on these sites. Table 2 in the Technical Review presents a rental housing design option for the two sites, and Table 3 in the Technical Review presents two ownership options for the two sites. Under all options, up to 18 rental units could be built or 18 ownership units.

- The rental option assumes that there would be 7-two-bedroom units and 11-three-bedroom units.
- Both ownership options indicate 15-two-bedroom units and 3-three-bedroom units.

Finally, two parking options (concentrated and garages) are proposed for the ownership options, while the rental option assumes concentrated parking only.

Site Constraints

There are several constraints to developing housing on these two parcels.

- One site is city-owned (684 McCorkle Avenue), but 644 McCorkle Avenue is not. So, it would be necessary for a developer (or the City) to purchase 644 McCorkle Avenue via a voluntary purchase.
- The current buildings on both McCorkle Avenue sites would need to be demolished. In assessing financial feasibility (to be provided to the City in a subsequent report), it will be possible to estimate a “proxy” cost measure for this land. However, the services of a cost estimator would be needed to estimate how much it would cost to demolish the existing structures on the two sites.
- Another potential constraint applies to the ownership scenario which assumes a self-help ownership project under the USDA 502 Program. Table M-1 presents information on maximum incomes under the USDA 502 Program to obtain subsidized mortgages and maximum mortgage amounts. Development costs are likely to exceed the affordable sales prices listed below, and therefore additional subsidies would need to be identified in order to bridge the gap between an affordable mortgage payment and the actual costs to be financed.

Table M-1: Affordable Sales Prices and Household Incomes under the USDA 502 Program

	Two-Bedroom House	Three-Bedroom House
Very Low-Income Households		
Affordable Sales Price	\$144,423	\$168,058
Maximum Income	\$43,650	\$50,650
Low-Income Households		
Affordable Sales Price	\$252,549	\$293,468
Maximum Income	\$70,550	\$81,850

Source: USDA Home Loan Program

Site Information

Both sites are deep, rectangular lots. There are at least two existing residential structures on each site. The sites appear to be level. Combined acreage is 1.3 acres. Because of the shape of these sites and limited street frontage, it was necessary to devote a portion of the site area under ownership Option #1 for fire truck access (referred to as “Fire Truck Hammerhead”) in the site plan for this option.

Zoning requirements include the following:

- Parking - two spaces for each unit, since all units are two or more bedrooms. While the rental option and ownership Option #1 exceeds this parking requirement, the ownership option #2 provides all but one of the required spaces.
- 35 feet height limit, since more than four units are proposed at each location.
- Setbacks (20 feet front, 10 feet side, and 20 feet rear)
- Lot coverage cannot exceed 45%

Site Plans

For the combined site, three site plans were prepared. Each is described below.

Rental Option:

This plan indicates that the total building area at 684 McCorkle would be 10,979 square feet and at 644 McCorkle, the building size would be 9,780 square feet for a combined total of

approximately 20,760 square feet for the two sites. Lot coverage at 684 McCorkle would be 26% and a little higher at 644 McCorkle at 30%. Additional features are as follows:

Eighteen units of rental housing are proposed for this site, consisting of the following units:

- 16 - two-bedroom units
- 2 - three-bedroom units

The units are proposed to be constructed in a one-story building (644 McCorkle Avenue) and in a two-story building (684 McCorkle Avenue).

Ownership Option #1:

This plan indicates that the total building area at 684 McCorkle would be 6,900 square feet and at 644 McCorkle, the building size would be 13,050 square feet for a combined total of approximately 19,950 square feet for the two sites. Lot coverage at 684 McCorkle would be 23% and a little higher at 644 McCorkle at 31%. Additional features are as follows:

Eighteen units of ownership housing are proposed for this site, consisting of the following units:

- 15 - two-bedroom units
- 3 - three-bedroom units

The units are proposed to be constructed as one and two story individual detached units. Individual back yards are also included in this site plan as well as garages.

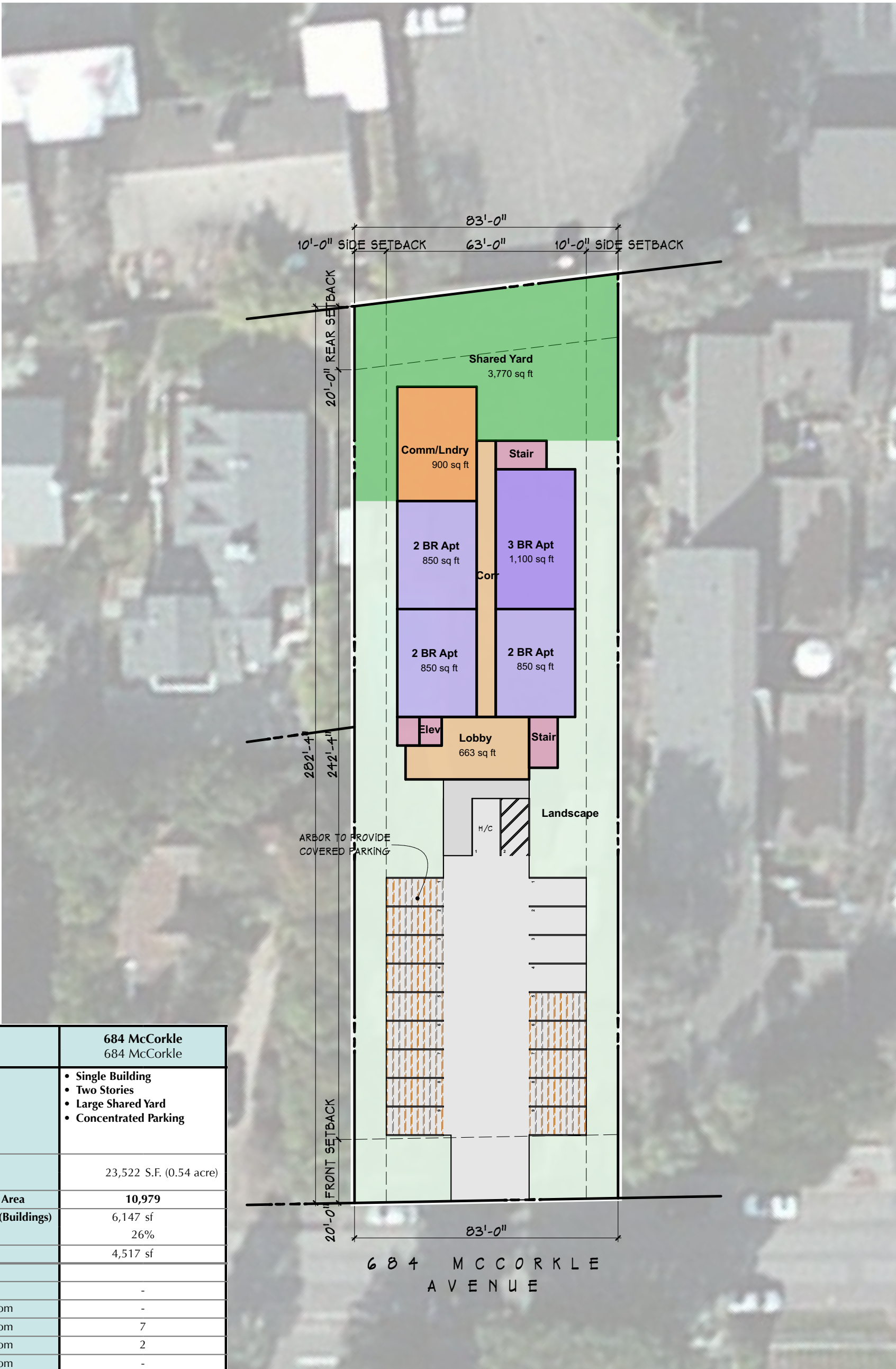
Ownership Option #2:

This plan indicates that the total building area at 684 McCorkle would be 7,500 square feet and at 644 McCorkle, the building size would be approximately 9,600 square feet for a combined total of approximately 17,100 square feet for the two sites. Lot coverage at 684 McCorkle would be 24% and at 644 McCorkle, lot coverage would be 22%. Additional features are as follows:

Eighteen units of ownership housing are proposed for this site, consisting of the following units:

- 15 - two-bedroom units
- 3 - three-bedroom units

The units are proposed to be constructed in one and two story clusters. Individual back yards and a shared yard are also included in this site plan. Because Option #1 includes individual garages and single family detached units, lot coverage is slightly higher for Option #1 in comparison to Option #2.



	684 McCorkle 684 McCorkle
Concept	<ul style="list-style-type: none">• Single Building• Two Stories• Large Shared Yard• Concentrated Parking
Site Area	23,522 S.F. (0.54 acre)
Total Building Area	10,979
Lot Coverage (Buildings)	6,147 sf 26%
Shared Yard	4,517 sf
Unit Count	
0-Studio	-
1-Bedroom	-
2-Bedroom	7
3-Bedroom	2
4-Bedroom	-
Total Units	9
Parking Count	
Regular Spaces	18
H/C Spaces	1
Visitor Spaces	2
Total Parking	21 (18 required)

PROJECT:
ST. HELENA COMPARISON
SITES

DRAWING TITLE:
684 MCCORKLE - RENTAL OPTION

SCALE: 1/32" = 1'-0"

SHEET #: SK-6

DATE: 7/15/15

ARCHITECT:
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	644 McCorkle - Rental 644 McCorkle
Concept	<ul style="list-style-type: none">• Single Building• One Story• Large Shared Yard• Community/Laundry Room• Concentrated Parking
Site Area	33,106 S.F. (0.76 acre)
Total Building Area	9,780
Lot Coverage (Buildings)	9,780 sf 30%
Shared Yard	3,787 sf
Unit Count	
0-Studio	-
1-Bedroom	-
2-Bedroom	9
3-Bedroom	-
4-Bedroom	-
Total Units	9
Parking Count	
Regular Spaces	18
H/C Spaces	1
Visitor Spaces	1
Total Parking	20 (18 required)

PROJECT:
ST. HELENA
COMPARISON SITES

DRAWING TITLE:

644 MCCORKLE AVE - RENTAL OPTION

SCALE: 1/32" = 1'-0"

SHEET #: SK-10

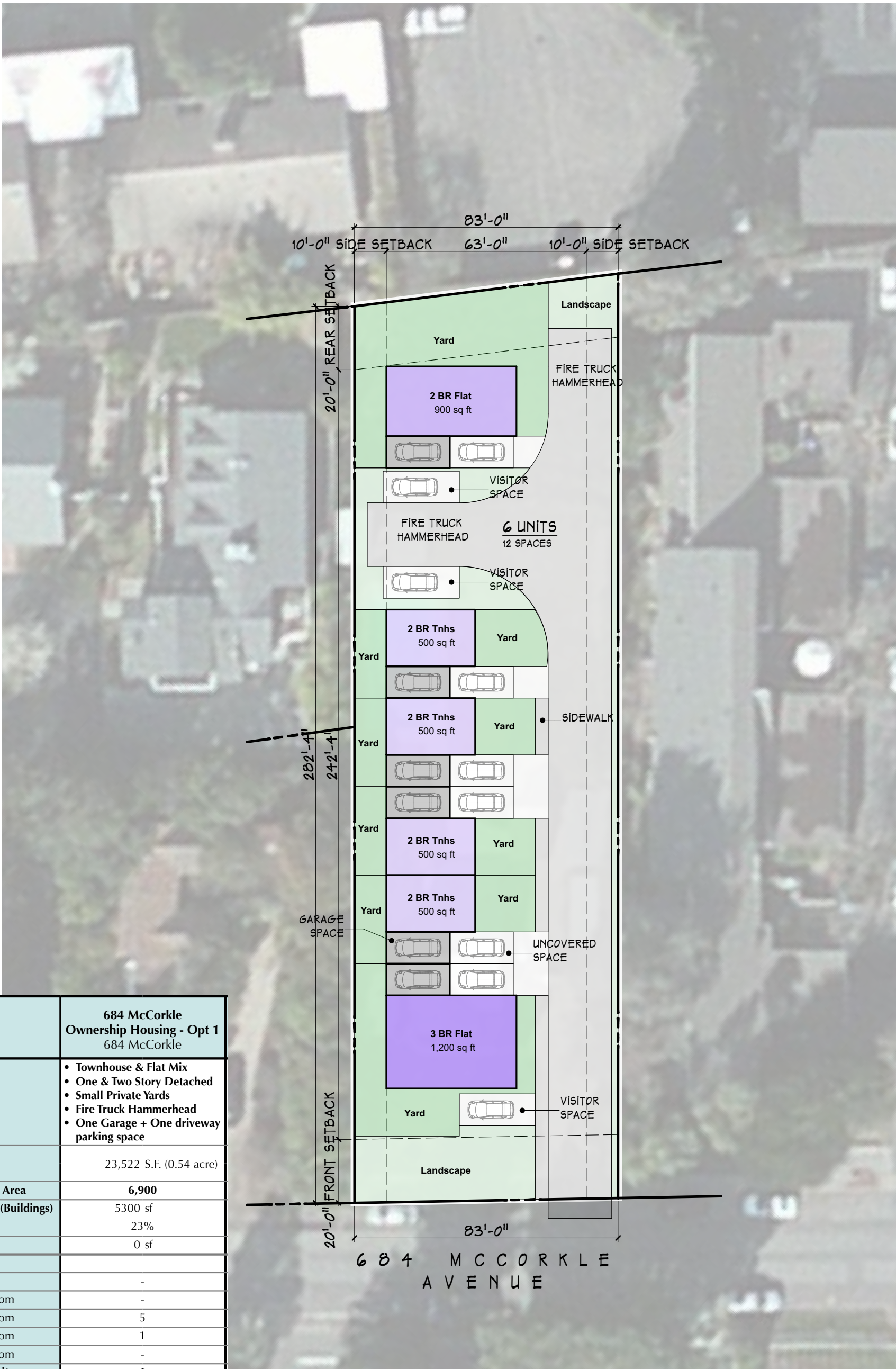
DATE: 7/23/15

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	684 McCorkle Ownership Housing - Opt 1 684 McCorkle
Concept	<ul style="list-style-type: none">• Townhouse & Flat Mix• One & Two Story Detached• Small Private Yards• Fire Truck Hammerhead• One Garage + One driveway parking space
Site Area	23,522 S.F. (0.54 acre)
Total Building Area	6,900
Lot Coverage (Buildings)	5300 sf 23%
Shared Yard	0 sf
Unit Count	
0-Studio	-
1-Bedroom	-
2-Bedroom	5
3-Bedroom	1
4-Bedroom	-
Total Units	6
Parking Count	
Regular Spaces	12
H/C Spaces	0
Visitor Spaces	3
Total Parking	15 (12 required)

PROJECT:
ST. HELENA
COMPARISON SITES

DRAWING TITLE:
684 MCCORKLE - OWNERSHIP OPTION 1

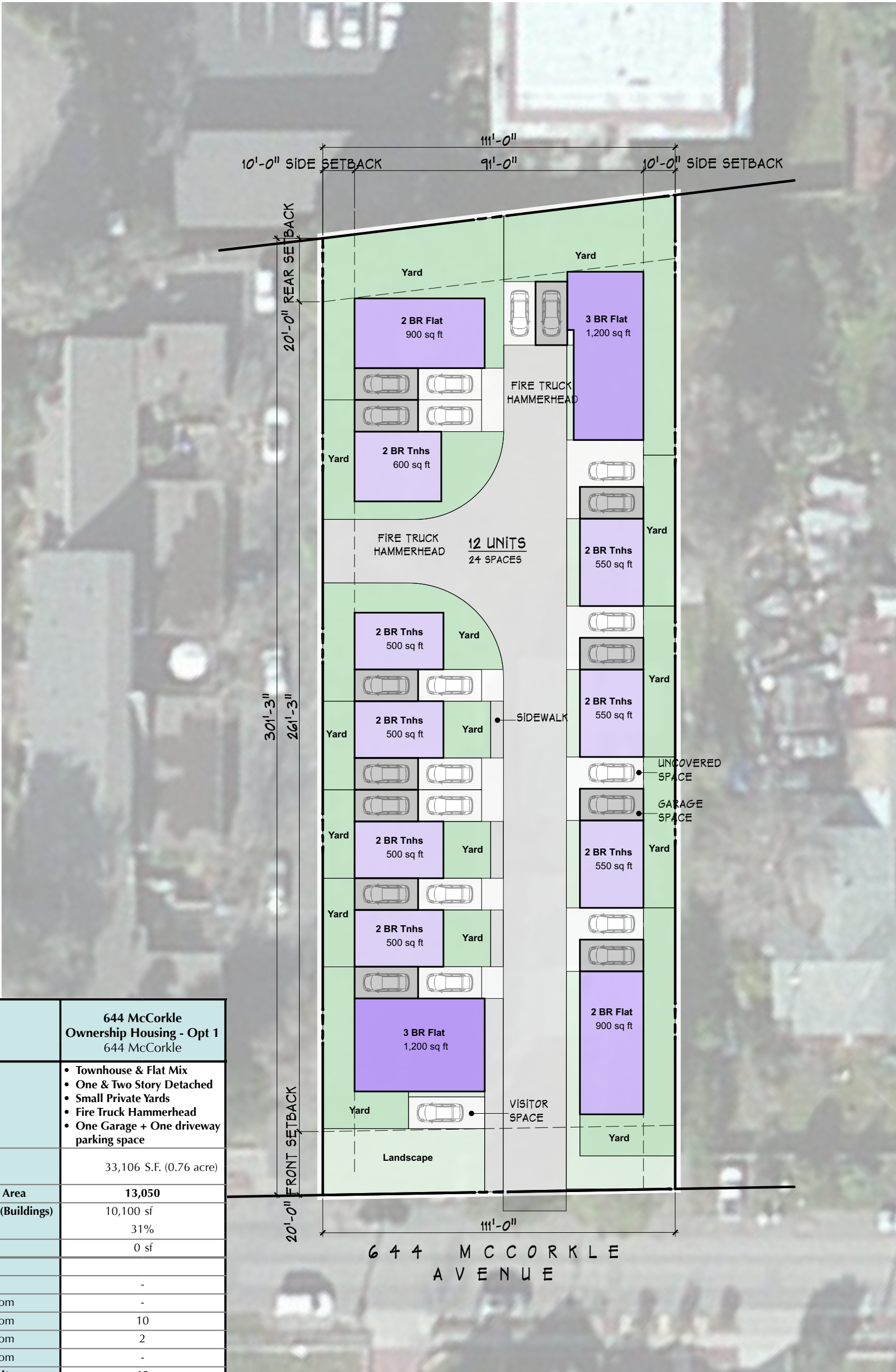
SCALE: 1/32" = 1'-0"

SHEET #: SK-11

DATE: 7/15/15

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	644 McCorkle Ownership Housing - Opt 1 644 McCorkle
Concept	<ul style="list-style-type: none">• Townhouse & Flat Mix• One & Two Story Detached• Small Private Yards• Fire Truck Hammerhead• One Garage + One driveway parking space
Site Area	33,106 S.F. (0.76 acre)
Total Building Area	13,050
Lot Coverage (Buildings)	10,100 sf 31%
Shared Yard	0 sf
Unit Count	
0-Studio	-
1-Bedroom	-
2-Bedroom	10
3-Bedroom	2
4-Bedroom	-
Total Units	12
Parking Count	
Regular Spaces	24
H/C Spaces	0
Visitor Spaces	1
Total Parking	25 (24 required)



	684 McCorkle Ownership Housing - Opt 2 684 McCorkle
Concept	<ul style="list-style-type: none">• Townhouse & Flat Mix• One & Two Story Clusters• Large Shared Yard• Small Private Yards• Concentrated Parking
Site Area	23,522 S.F. (0.54 acre)
Total Building Area	7,500
Lot Coverage (Buildings)	5750 sf 24%
Shared Yard	4850 sf
Unit Count	
0-Studio	-
1-Bedroom	-
2-Bedroom	7
3-Bedroom	1
4-Bedroom	-
Total Units	8
Parking Count	
Regular Spaces	14
H/C Spaces	1
Visitor Spaces	0
Total Parking	15 (16 required)

PROJECT:
ST. HELENA
COMPARISON SITES

DRAWING TITLE:
684 MCCORKLE - OWNERSHIP OPT 2

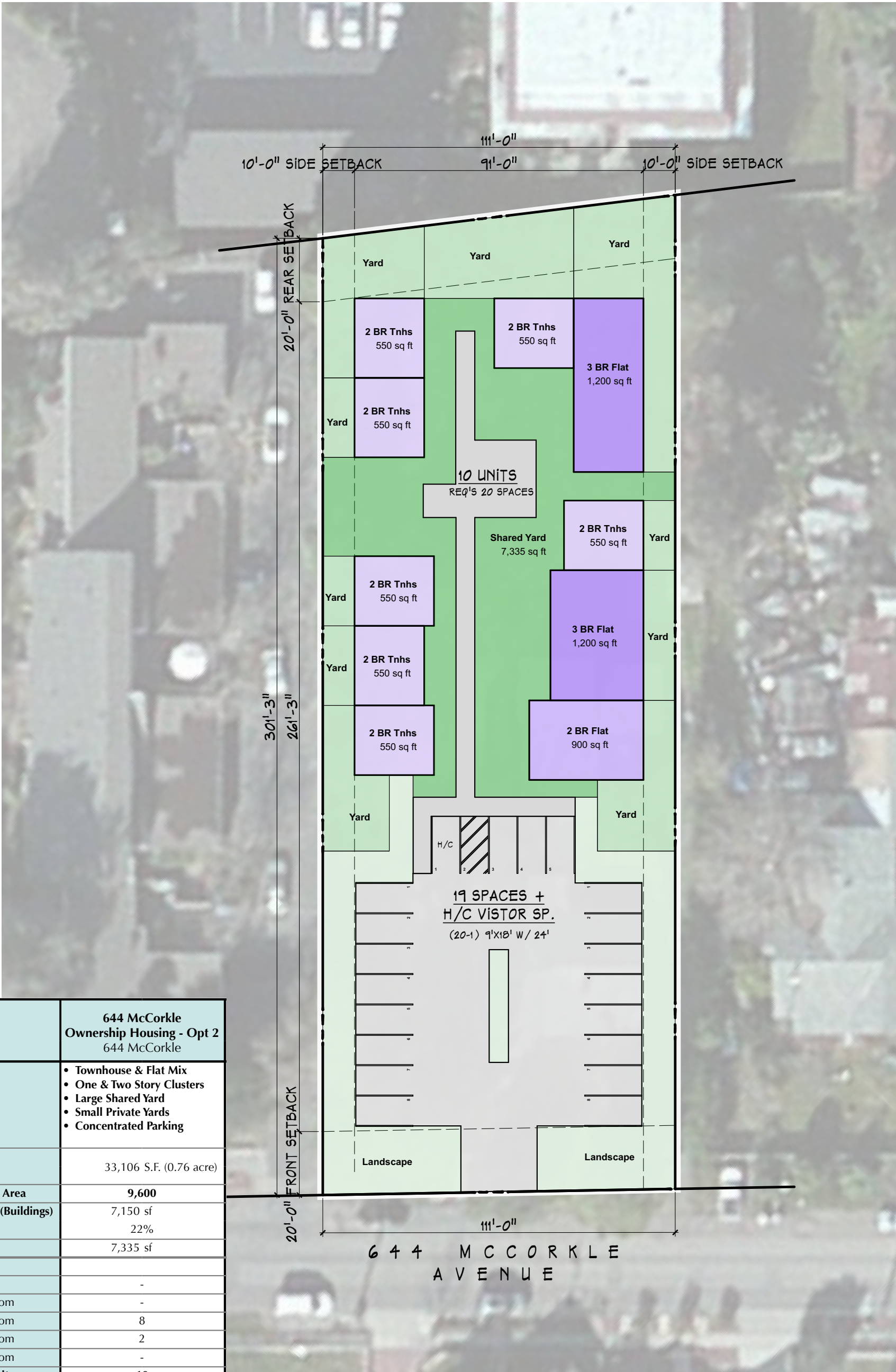
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SHEET #: SK-13

DATE: 7/16/15

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	644 McCorkle Ownership Housing - Opt 2 644 McCorkle
Concept	<ul style="list-style-type: none">• Townhouse & Flat Mix• One & Two Story Clusters• Large Shared Yard• Small Private Yards• Concentrated Parking
Site Area	33,106 S.F. (0.76 acre)
Total Building Area	9,600
Lot Coverage (Buildings)	7,150 sf 22%
Shared Yard	7,335 sf
Unit Count	
0-Studio	-
1-Bedroom	-
2-Bedroom	8
3-Bedroom	2
4-Bedroom	-
Total Units	10
Parking Count	
Regular Spaces	19
H/C Spaces	1
Visitor Spaces	0
Total Parking	20 (20 required)

Appendix

Land and Development Cost Information Used for Financing Options

Land Costs are an essential input to a financial feasibility analysis of new development and also one of the more difficult inputs to model, since land costs are influenced by a variety of factors, including location (determines desirability of site and zoning requirements), specific site characteristics (such as drainage and slope), and in the case of the St. Helena sites, demolition costs of existing structures (affects all sites with the exception of Adams Street).

Table A-1 presents the land costs used in this Study, and the sources for those costs. Costs for the larger sites were estimated using a land cost figure presented in the May 2015 St. Helena Housing Element (\$1,500,000 per acre). Current home values provided by Trulia were used in estimating land costs for the two McCorkle Avenue sites.

During the research for this study, we contacted several professionals to learn more about land and demolition costs. We learned that land, particularly in more desirable parts of St. Helena, is not readily available and almost always includes demolition of existing structures. Furthermore, there is no rule of thumb to estimate demolition costs. Therefore, these costs are not included in the land cost estimates. Therefore, it is likely that the overall development costs are under-stating true site costs.

Further complicating the situation in St. Helena is the need to relocate existing city services from two of the sites (Teen Center and City Hall/Police Station). While it may be possible to locate the Teen Center services to other buildings in St. Helena, the relocation of City Hall and the Police Station is more complicated, since it will be necessary to identify a site and funds to develop structure(s) to provide these needed municipal services. While the Adams Street site has been discussed as a possible relocation site, at this point, no decision has been reached.

Even if these costs were known, they could not be included on a pro forma provided to a housing funder. While the City will face higher costs if it selects the City Hall site, the City cannot expect repayment for these relocation costs from funding sources for affordable housing.

Table A-1: Estimates of Land Costs Used in Financial Feasibility Analysis

Site	Ownership	Price Estimates	Additional Price Considerations	Demolition Costs to Be Included	Development Site Size (in Acres)	Land Cost Estimates
City Hall	City	Based on HE land cost estimate of \$1.5 million per acre. (1)	Land price needs to include relocation of City Hall and Police Department.	Yes	1.7	\$2,550,000
Adams St.	City	Based on HE land cost estimate of \$1.5 million per acre. (1)	Price needs to be inflated to current dollars. \$3 million was original city purchase price.	No	1.3	\$1,950,000
Teen Center	City	Based on HE land cost estimate of \$1.5 million per acre. (1)	Value needs to consider relocation of services.	Yes	0.93	\$1,395,000
684 McCorkle	City	City paid \$600,000 in 2013. Used \$773,000 cost estimate (Trulia Website 6/21/2015)	None	Yes	0.54	\$773,000
644 McCorkle	Privately Owned	Used \$1,011,000 cost estimate (Trulia Website 6/21/2015)	Do we think the property is available for sale?	Yes	0.76	\$1,011,000

(1) Housing Element Needs Assessment City of St. Helena General Plan Update, May 26, 2015, page 95.

Source: Vernazza Wolfe Associates Inc.

Development Costs were easier to estimate, since development costs per square foot estimates are routinely used in pro forma analysis. Mikiten Architecture, creator of the site plans, provided the site plans to a contractor the firm routinely works with (Branagh Development). Based on these site plans, the site area, and site lay-out, Branagh provided estimates of construction costs for both developed space and the site area. VWA used these costs and the sizes of the units and site area surrounding the units to develop rental housing construction costs. (See Table A-2.)

Ownership Costs Adjustments were needed to adjust construction costs provided by Branagh Development. These costs are based on the assumption that a construction company or contractor undertakes the actual construction work. However, the self-help ownership model assessed in this study is based on future owners completing a considerable amount of the construction. Because actual construction costs would be lower, in order to adjust the construction costs, VWA contacted several agencies who operate self-help programs to ask their opinions of how to adjust costs. Consequently, the adjusted construction cost figures presented in Table A-3 present one option for reducing the construction costs to account for self-help labor. Each self-help project operates differently, and so it would be optimal to engage the services of a cost estimator experienced with self-help programs to develop more accurate cost figures.

The adjustment was in two steps: (1) Assume that 66% of total construction costs are labor (and 34% are materials and other costs). (2) Assume that future owners handle 50% of the construction work. Therefore the labor component of total costs is discounted by 50%.¹ This process can be expressed as follows:

Adjusted Costs = 50% of 66% of total costs (representing the portion of labor costs that will still be paid for) plus 34% of total construction costs (which represents costs of materials, etc.)

Total Development Costs for both rental and ownership project options were calculated, based on construction costs. Community Economics Inc. estimated related costs (based on construction costs), such as construction contingencies and soft costs. Finally the permit and impact fee costs included in this analysis (excluding housing impact fees) were provided by St. Helena planning staff based on the site plans and site sizes. These total costs were used in the rental and ownership housing financing scenarios.

¹ For the self-help ownership the work done by the families may account for a larger percentage of the construction costs, possibly 65% to 70%. Our estimate is conservative in that it does not credit more work to the families.

Table A-2: Estimated Building and Site Costs for Potential Affordable Housing Developments (St. Helena)

	Building Size (SF)	# of Units	Cost per SF (Building Area)	Pervious Surface	Cost per SF	Impervious Surface	Cost per SF	Total Costs	Total Cost Per Unit	Cost per SF of Building Area, Including Site Costs (but Excluding Land)
Rental Buildings										
644 McCorkle	9,780	9	\$265	14,354	\$34	8,773	\$50	\$3,518,386	\$390,932	\$360
684 McCorkle	10,979	9	\$324	10,914	\$36	6,461	\$52	\$4,286,072	\$476,230	\$390
City Hall Option #1	57,465	44	\$215	14,248	\$30	30,949	\$42	\$14,082,273	\$320,052	\$245
City Hall Option #2	58,470	46	\$215	12,155	\$30	32,662	\$42	\$14,307,504	\$311,033	\$245
Teen Center	23,156	20	\$248	13,875	\$33	14,175	\$45	\$6,838,438	\$341,922	\$295
Adams St.	37,659	31	\$240	21,295	\$31	19,931	\$42	\$10,535,407	\$339,852	\$280
Ownership Buildings										
644 McCorkle Option #1	13,050	12	\$315	12,055	\$34	10,951	\$50	\$5,068,170	\$422,348	\$388
684 McCorkle Option #1	6,900	6	\$315	8,220	\$34	10,002	\$50	\$2,953,080	\$492,180	\$428
644 McCorkle Option #2	9,600	10	\$315	15,721	\$34	10,235	\$50	\$4,070,264	\$407,064	\$424
684 McCorkle Option #2	7,500	8	\$315	10,721	\$34	7,051	\$50	\$3,079,564	\$384,946	\$411

Sources: Branagh Construction, Mikiten Architecture, and Vernazza Wolfe Associates Inc.

Table A-3: For-Sale Housing Costs Adjusted for Self-Help Savings (644 and 684 McCorkle Avenue)

	Building Size (SF)	# of Units	Total Project Unadjusted Costs	Total Unadjusted Cost Per Unit	Labor (Assumed to be 66% of Total Construction Costs)	Self-Help Labor (Saves 50% of Total Labor Costs)	Materials and Other Costs (34% of Total Unadjusted Costs)	Total Project Adjusted Construction Costs Per Unit	Total Project Adjusted Costs
Site Plan Option #1- Single Family Units									
644 McCorkle Ave. Option #1	13,050	12	\$5,068,170	\$422,348	\$278,749	\$139,375	\$143,598	\$282,973	\$3,395,674
684 McCorkle Ave. Option #1	6,900	6	\$2,953,080	\$492,180	\$327,792	\$163,896	\$167,341	\$331,237	\$1,987,423
Both Sites			\$8,021,250						\$5,383,097
Site Plan Option #2 – Cluster Units									
644 McCorkle Ave. Option #2	9,600	10	\$4,070,264	\$407,026	\$271,080	\$135,540	\$138,389	\$273,929	\$2,739,288
684 McCorkle Ave. Option #2	7,500	8	\$3,079,564	\$384,946	\$256,374	\$128,187	\$130,881	\$259,068	\$2,072,547
Both Sites			\$7,149,828						\$4,811,834

Sources: Branagh Construction, Mikiten Architecture, and Vernazza Wolfe Associates Inc.

Cost, Income, and Expense Information Used for Financial Assessments

The estimated rental housing and ownership development costs used for the financial analysis are presented in the tables below (Tables A-4 through Table A-11). Also included in these tables are estimates of income and expenses, based on indices that are routinely used in this work. The rental incomes (and sales prices) are based on federal program requirements for the targeted income groups – very low- and low-income households.

As I do not know whether or not you want to mention the fact that it might be possible to lower the costs through redesign and value engineering. This applies to both the rental and ownership projects. My impression is that there was no reworking to try to lower construction costs. Often when a project does not pencil out, adjustments are made (unit size, finishes, amenities etc.). My impression is that this did not happen because there was not time or budget to look at alternatives.

Table A-4
644 and 684 McCorkle Avenue – 18 Unit Rental Project Option (4% Tax Credits)

USES OF FUNDS

Land Acquisition	\$1,784,000
Construction	\$7,785,219
Construction Contingency	\$389,261
Architecture/Engineering & Consultants	\$700,670
Construction Loan Fees	\$65,292
Bond Issuance Costs	\$130,584
Construction Loan Expenses	\$30,000
Construction Loan Interest	\$201,861
Permanent Loan Fees	\$1,355
Planning, Building & Impact Fees	\$578,528
Soft Cost Contingency	\$275,685
Legal Construction	\$5,000
Legal Syndication	\$45,000
Legal Permanent	\$5,000
Syndication Consultant	\$50,000
Audit	\$7,500
TCAC Fees	\$12,608
Market Study	\$4,500
Capitalized Operating Reserves	\$36,068
Developer Fee	\$1,524,518
TOTAL	\$13,632,649
<i>Tax Credit Eligible Basis</i>	<i>\$10,087,281</i>

INCOME & EXPENSES

Total Number of Units	18
Annual Stabilized Gross Income	\$153,288
Vacancy Loss	-\$7,664
Expected Gross Income	\$145,624
Operating Expenses	\$127,800
Reserves	\$7,200
Annual Debt Service	\$9,271
Annual Cash Flow	\$1,352

Table A-5
Teen Center – 20 Unit Rental Project Option (9% Tax Credits)

USES OF FUNDS

Land Acquisition	\$1,395,000
Construction	\$6,365,530
Construction Contingency	\$318,277
Architecture/Engineering & Consultants	\$509,242
Construction Loan Fees	\$29,920
Bond Issuance Costs	
Construction Loan Expenses	\$30,000
Construction Loan Interest	\$92,503
Permanent Loan Fees	\$2,182
Planning, Building & Impact Fees	\$988,677
Soft Cost Contingency	\$266,404
Legal Construction	\$5,000
Legal Syndication	\$45,000
Legal Permanent	\$5,000
Syndication Consultant	\$40,000
Audit	\$7,500
TCAC Fees	\$16,501
Market Study	\$4,500
Capitalized Operating Reserves	\$41,217
Developer Fee	\$1,291,160
 TOTAL	 \$11,453,613
<i>Eligible Basis</i>	<i>\$4,922,828</i>

INCOME & EXPENSES

Total Units	20
Annual Stabilized Gross Income	\$175,896
Vacancy Loss	-\$8,795
Expected Gross Income	\$167,101
Operating Expenses	\$142,000
Reserves	\$8,000
Debt Service	\$14,867
Cash Flow	\$2,234

Table A-6
Teen Center – 20 Unit Rental Project Option (4% Tax Credits)

USES OF FUNDS

Land Acquisition	\$1,395,000
Construction	\$6,365,530
Construction Contingency	\$318,277
Architecture/Engineering & Consultants	\$509,242
Construction Loan Fees	\$55,988
Bond Issuance Costs	\$111,975
Construction Loan Expenses	\$30,000
Construction Loan Interest	\$173,095
Permanent Loan Fees	\$2,182
Planning, Building & Impact Fees	\$988,677
Soft Cost Contingency	\$300,176
Legal Construction	\$5,000
Legal Syndication	\$45,000
Legal Permanent	\$5,000
Syndication Consultant	\$50,000
Audit	\$7,500
TCAC Fees	\$13,011
Market Study	\$4,500
Capitalized Operating Reserves	\$41,217
Developer Fee	\$1,329,021
 TOTAL	 \$11,750,391
<i>Eligible Basis</i>	<i>\$8,784,558</i>

INCOME & EXPENSES

Total Units	20
Annual Stabilized Gross Income	\$175,896
Vacancy Loss	-\$8,795
Expected Gross Income	\$167,101
Operating Expenses	\$142,000
Reserves	\$8,000
Debt Service	\$14,867
Cash Flow	\$2,234

Table A-7
City Hall – 46 Unit Rental Project Option (9% Tax Credits)

USES OF FUNDS

Land Acquisition	\$2,550,000
Construction	\$15,229,371
Construction Contingency	\$761,469
Architecture/Engineering & Consultants	\$1,218,350
Construction Loan Fees	\$111,457
Bond Issuance Costs	
Construction Loan Expenses	\$30,000
Construction Loan Interest	\$344,588
Permanent Loan Fees	\$4,578
Planning, Building & Impact Fees	\$2,034,667
Soft Cost Contingency	\$583,527
Legal Construction	\$5,000
Legal Syndication	\$45,000
Legal Permanent	\$5,000
Syndication Consultant	\$40,000
Audit	\$7,500
TCAC Fees	\$39,539
Market Study	\$4,500
Capitalized Operating Reserves	\$94,048
Developer Fee (1)	\$1,400,000
 TOTAL	 \$24,508,593
<i>Eligible Basis</i>	<i>\$14,592,973</i>

INCOME & EXPENSES

Total Units	46
Annual Stabilized Gross Income	\$400,920
Vacancy Loss	-\$20,046
Expected Gross Income	\$380,874
Operating Expenses	\$326,600
Reserves	\$18,400
Debt Service	\$31,192
Cash Flow	\$4,682

(1) Per TCAC, the developer fee is the lesser of 15% of basis or \$1.4 million for 9% projects and \$2.5 million for 4% projects.

Table A-8
City Hall – 44 Unit Rental Project Option (4% Tax Credits)

USES OF FUNDS

Land Acquisition	\$2,550,000
Construction	\$14,989,445
Construction Contingency	\$749,472
Architecture/Engineering & Consultants	\$1,199,156
Construction Loan Fees	\$125,664
Bond Issuance Costs	\$251,328
Construction Loan Expenses	\$30,000
Construction Loan Interest	\$388,511
Permanent Loan Fees	\$4,467
Planning, Building & Impact Fees	\$2,008,456
Soft Cost Contingency	\$622,668
Legal Construction	\$5,000
Legal Syndication	\$45,000
Legal Permanent	\$5,000
Syndication Consultant	\$50,000
Audit	\$7,500
TCAC Fees	\$26,535
Market Study	\$4,500
Capitalized Operating Reserves	\$90,109
Developer Fee(1)	\$2,500,000
TOTAL	\$25,652,810
<i>Eligible Basis</i>	<i>\$20,297,992</i>

INCOME & EXPENSES

Total Units	44
Annual Stabilized Gross Income	\$384,216
Vacancy Loss	-\$19,211
Expected Gross Income	\$365,005
Operating Expenses	\$312,400
Reserves	\$17,600
Debt Service	\$30,436
Cash Flow	\$4,569

(1) Per TCAC, the developer fee is the lesser of 15% of basis or \$1.4 million for 9% projects and \$2.5 million for 4% projects.

Table A-9
Adams Street – 31 Unit Rental Project Option (9% Tax Credits)

USES OF FUNDS

Land Acquisition	\$1,950,000
Construction	\$10,178,748
Construction Contingency	\$508,937
Architecture/Engineering & Consultants	\$814,300
Construction Loan Fees	\$64,786
Bond Issuance Costs	
Construction Loan Expenses	\$30,000
Construction Loan Interest	\$200,295
Permanent Loan Fees	\$2,732
Planning, Building & Impact Fees	\$1,366,916
Soft Cost Contingency	\$391,875
Legal Construction	\$5,000
Legal Syndication	\$45,000
Legal Permanent	\$5,000
Syndication Consultant	\$40,000
Audit	\$7,500
TCAC Fees	\$26,471
Market Study	\$4,500
Capitalized Operating Reserves	\$62,779
Developer Fee (1)	\$1,400,000
 TOTAL	 \$17,104,838
<i>Eligible Basis</i>	<i>\$9,188,006</i>

INCOME & EXPENSES

Total Units	31
Annual Stabilized Gross Income	\$267,276
Vacancy Loss	-\$13,364
Expected Gross Income	\$253,912
Operating Expenses	\$220,100
Reserves	\$12,400
Debt Service	\$18,614
Cash Flow	\$2,798

(1) Per TCAC, the developer fee is the lesser of 15% of basis or \$1.4 million for 9% projects and \$2.5 million for 4% projects.

Table A-10
Adams Street – 31 Unit Rental Project Option (4% Tax Credits)

USES OF FUNDS

Land Acquisition	\$1,950,000
Construction	\$10,178,748
Construction Contingency	\$508,937
Architecture/Engineering & Consultants	\$814,300
Construction Loan Fees	\$86,259
Bond Issuance Costs	\$172,517
Construction Loan Expenses	\$30,000
Construction Loan Interest	\$266,683
Permanent Loan Fees	\$2,732
Planning, Building & Impact Fees	\$1,366,916
Soft Cost Contingency	\$431,327
Legal Construction	\$5,000
Legal Syndication	\$45,000
Legal Permanent	\$5,000
Syndication Consultant	\$50,000
Audit	\$7,500
TCAC Fees	\$19,105
Market Study	\$4,500
Capitalized Operating Reserves	\$62,779
Developer Fee (1)	\$2,079,513
TOTAL	\$18,086,814
<i>Eligible Basis</i>	<i>\$13,733,385</i>

INCOME & EXPENSES

Total Units	31
Annual Stabilized Gross Income	\$267,276
Vacancy Loss	-\$13,364
Expected Gross Income	\$253,912
Operating Expenses	\$220,100
Reserves	\$12,400
Debt Service	\$18,614
Cash Flow	\$2,798

(1) Per TCAC, the developer fee is the lesser of 15% of basis or \$1.4 million for 9% projects and \$2.5 million for 4% projects.

The estimated adjusted total ownership development costs are presented in the Table A-11 below.

**Table A-11:
644 and 684 McCorkle Avenue – 18 Unit Ownership Project Options**

	644/684 McCorkle Ave.	644/684 McCorkle Ave.
	Ownership Site Plan #1	Ownership Site Plan #2
Construction Loan Required	\$8,730,041	\$7,974,845
Number of Units	18	18
USES OF FUNDS		
Land Acquisition	\$1,784,000	\$1,784,000
Adjusted Project Construction Costs	\$5,383,097	\$4,811,834
Construction Contingency	\$269,155	\$240,592
Architecture/Engineering & Consultants	\$484,479	\$433,065
Construction Loan Fees	\$53,831	\$48,118
Construction Loan Expenses	\$30,000	\$30,000
Construction Loan Interest	\$188,408	\$168,414
Planning, Building & Impact Fees	\$444,400	\$383,862
Soft Cost Contingency	\$72,672	\$64,960
Legal Construction	\$15,000	\$5,000
Audit	\$2,500	\$2,500
Market Study	\$2,500	\$2,500
TOTAL	\$8,730,041	\$7,974,845
Cost Per Unit	\$485,002	\$443,047

Sources: Vernazza Wolfe Associates Inc. and Community Economics