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## Cheap housing? Yes, it's possible in coastal California

By Alan Nevin

Reportedly, California accounts for half of the nation's undersupply of housing.

During the holidays, I was humming "a partridge in a pear tree" and started to think of 12 ways California could produce market-rate housing at a rational price — you know, a dwelling that could sell or rent for what a teacher or nurse could afford.

It took a while, but here are the 12 ways:

1, Ground lease city-owned land. Virtually every city and county in California have numerous acres of land that are well located, level and very underutilized.

In the instance of "for sale" housing, with 4,000- to 5,000-square-foot lots selling to developers for \$80,000 to \$120,000, a ground lease could result in a substantial reduction in sales price. And the same goes for condominiums and apartments. The government entity could recapture the value of the land by sharing the upside when the owner sells the house, condominium or apartments. Everybody wins.

The San Diego chapter of Lambda Alpha International (an honorary land economics society) has prepared a detail analysis of how the ground lease would work for both "for sale" and rental housing.

2, Lease the fees. In most cities in San Diego County, fees and exactions can amount to \$40,000 to 80,000 per unit. In the same mode as a ground lease, the government body could package the fees and recapture them over a long period of time. It could also sell the fee package to third parties.

3, The granny flat. The "accessory dwelling unit" (ADU) or granny flat, is now in play, but the game has barely begun. The ADU, which can range in size from 500 square feet to 1,200 square feet, is appropriate for lots of 6,000 square feet or more. It's certainly legal for lesser-sized lots, but the backyard gets a little crowded. Most cities have severely reduced fees for ADUs (even the city of San Diego).

A different tack is the "drop in" ADU or modular granny flat. There are numerous firms that can now produce ADUs that they can lift up with a crane and drop into the backyard, ready to move-in.

4, Tiny homes. Yep, 350- to 450-square-foot, two-story homes, with the bedroom suite on the second floor. They can be modular and built out at 10 to 15 units per acre. Cost of construction: \$100,000 per mini-home.

5, The horizontal ADU. Virtually all homes built in the past 40 years in coastal California have been two-story. For folks who are retired, it makes amazingly good sense to divide the two-story house horizontally, producing two livable units, one of which is accessed by an outside stairway. Thus, a 2,500-square-foot house could become two, 1,250-square-foot homes. And the cost of going this route is very reasonable. And the owner still has a whole yard and a nice source of income from the upstairs renter. By the way, this is also a terrific idea for flippers.

6, Develop new master-planned communities in the suburbs. Communities like the ones Newland's Sierra and Lilac Ranch tried to build but were rejected by voters. San Diego's East County is a perfect place for them, all the way to Jacumba.

7, Shipping containers. There are millions of them, and they can be acquired very inexpensively. I have been told they can be made habitable for \$50,000 to 75,000 per unit, if completed en masse.

8, Retiree communities — golf-oriented. Del Webb built dozens of them in the West, but none in San Diego. The last golf-oriented, single-family community was completed a half century ago. Somewhere within the 4,500 square miles of the county, there must be room for a community or two of this type. Or maybe across the border.

9, Retiree communities — urban. Most retirees own their own homes. Many of them would be delighted to sell their existing homes and move into a 55-plus condo in an urban area (but not necessarily a high-rise). In all probability, the condo they buy would cost less than the home they sold, so they would pocket substantial dollars. Good retirement planning.

10, Mobile home parks. In many states, mobile homes account for up to a fourth of residential units. In San Diego County, it's just 2.0 percent. I don't think we have approved a mobile home park in a quarter century. The new ones are much, much nicer than the old tin cans, and new ones cost substantially less than stick-built housing.

11, Reconfigure old office buildings. There is more than 10 million square feet of Class C office space in San Diego County, most of it located in urban locations, and much of it with high vacancy rates and plenty of parking. They can be acquired with cap rates much higher than apartments as well.

12, Raze old shopping centers and replace them with housing. We have more than 10 million square feet of strip centers, most of them old, many of them with high vacancies but many in urban locations. How about razing the older centers and build housing with retail on the first floor?

There, I did it. Can any of these delightful dozen actually occur in a magnitude that would make a difference? That's up to enlightened elected officials. And therein lies the overwhelming problem.

P.S. Pass legislation that would make it extraordinarily difficult for the electorate to vote down new communities.

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