



Making Small Spaces Count Large

November 1, 2018

T R E S T L E

www.trestlebuild.com



WHAT IS DRIVING DEMAND FOR MICRO UNITS

Market forces, technology, and changing demographics have resulted in market acceptance of micro-unit and alternate housing models in many high cost markets.



URBAN LIVING

Cities are undergoing a renaissance. Job growth in cities is fueling demand for housing that fosters a live, work, play lifestyle. Greenfield development opportunities have dwindled near job centers making urban infill development necessary.



AFFORDABILITY

As demand for housing in urban locations has increased, so has the cost of housing. In many desirable metros, supply has not kept pace with demand forcing renters to share housing, live with family, or seek out other alternative living arrangements.



DEMOGRAPHICS

The Millennial generation has had a significant impact on the housing market. Millennials are renting longer, postponing marriage (and home purchases) are more likely than prior generations to live in urban locations.



SHARING

The rise of the sharing economy has permeated though nearly every industry. The success of AirBnB, UBER, WeWork and others has inspired entrepreneurs to explore alternative housing concepts that improve affordability and convenience.



NATURAL AFFORDABLE

HOUSING Micro units and arrangements offer renters their own private slice of walkable urban neighborhoods at an affordable price point. Units are designed and furnished with higher end finishes and onsite amenities, but the units are roughly half the size of a traditional studio.



BEST LOCATION

- Close to bars and restaurants
- Walkable to jobs & transit
- Close to entertainment
- Walkscore of 90+



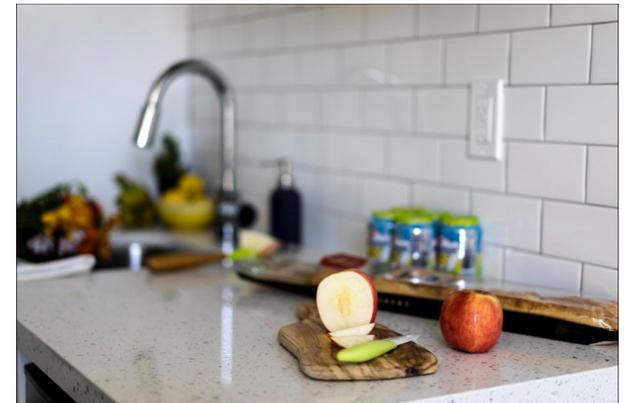
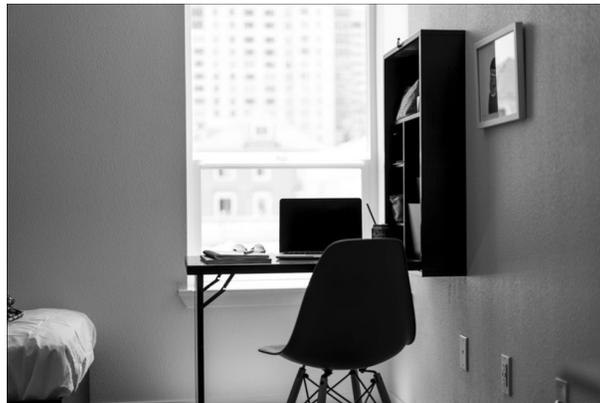
HIGH CONVENIENCE

- Optional furnishings & linens
- Utilities included
- High speed Wifi included
- Some hotel-like services



LOWEST PRICE POINT

- Lowest nominal rent in area
- 70% of average new studio
- Transportation savings



TYPICAL MICRO UNIT CHARACTERISTICS

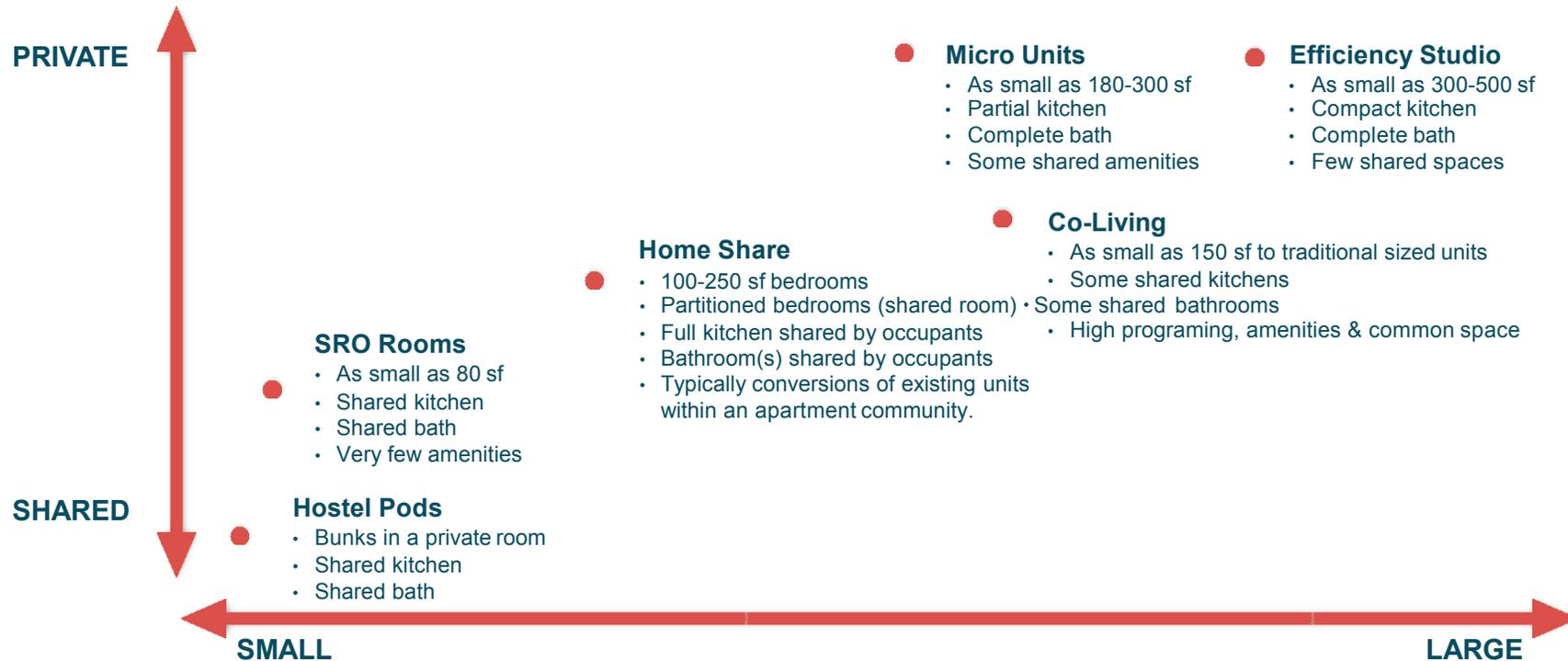


- Efficient studio of roughly 200-350 sf
- Private kitchenette, private bathroom, living/sleeping area
- Designed to be less expensive than a traditional studio
- Enhanced common area spaces and shared amenities
- High density development - 300 units/acre
- Typically found in walkable urban neighborhoods



STRATIFICATION IN MICRO UNIT HOUSING

A wide spectrum of micro units and co-living arrangements offer varying degrees of privacy and size.



POD SHARE, LOS ANGELES



NOOK, OAKLAND



COMMON, BROOKLYN, NY



CARMEI PLACE, NY



EXAMPLE: NOOK EAST

VILLAGE
Nook East Village, developed by Trestle Development, is one of the San Diego's first micro unit developments. Property will be 100% affordable at 80% AMI with 8 VASH Vouchers.



NOOK EAST VILLAGE, SAN DIEGO, CA

Year Built: 2018

Number of Units: 91

Total Development Costs: \$15,000,000 (\$165,000/unit)

Public Subsidy: \$750,000 (\$8,250/unit) + 8 VASH Vouchers

Affordability: 80% AMI or roughly \$54,000 for an individual

Average Rent: \$1,250/month

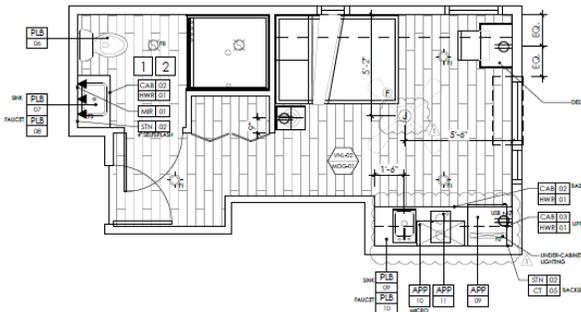
Lot Size: 7,600 square feet

Average Unit Size: 250 square feet

Ground Floor Retail: 1,800 square feet

WalkScore: 91 (8 parking spaces)

Amenities: Observation deck, parcel lockers, high speed wifi, walk to downtown and transit, ride share partnerships.



www.trestlebuild.com

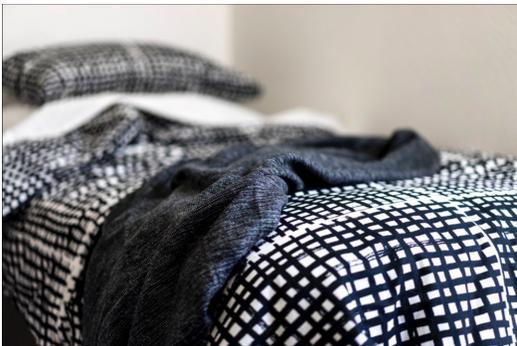






EXAMPLE: NOOK ON VALDEZ

Nook on Valdez, developed by Trestle Development, was one of the SF Bay Area's first micro unit developments.



NOOK ON VALDEZ, OAKLAND, CA

Year Built: 2016

Number of Units: 71

Total Development Costs: \$11,500,000 (\$161,000/unit)

Affordability: Unrestricted

Average Rent: \$1,650/month (~100% AMI)

Lot Size: 6,250

Public Subsidy: \$0

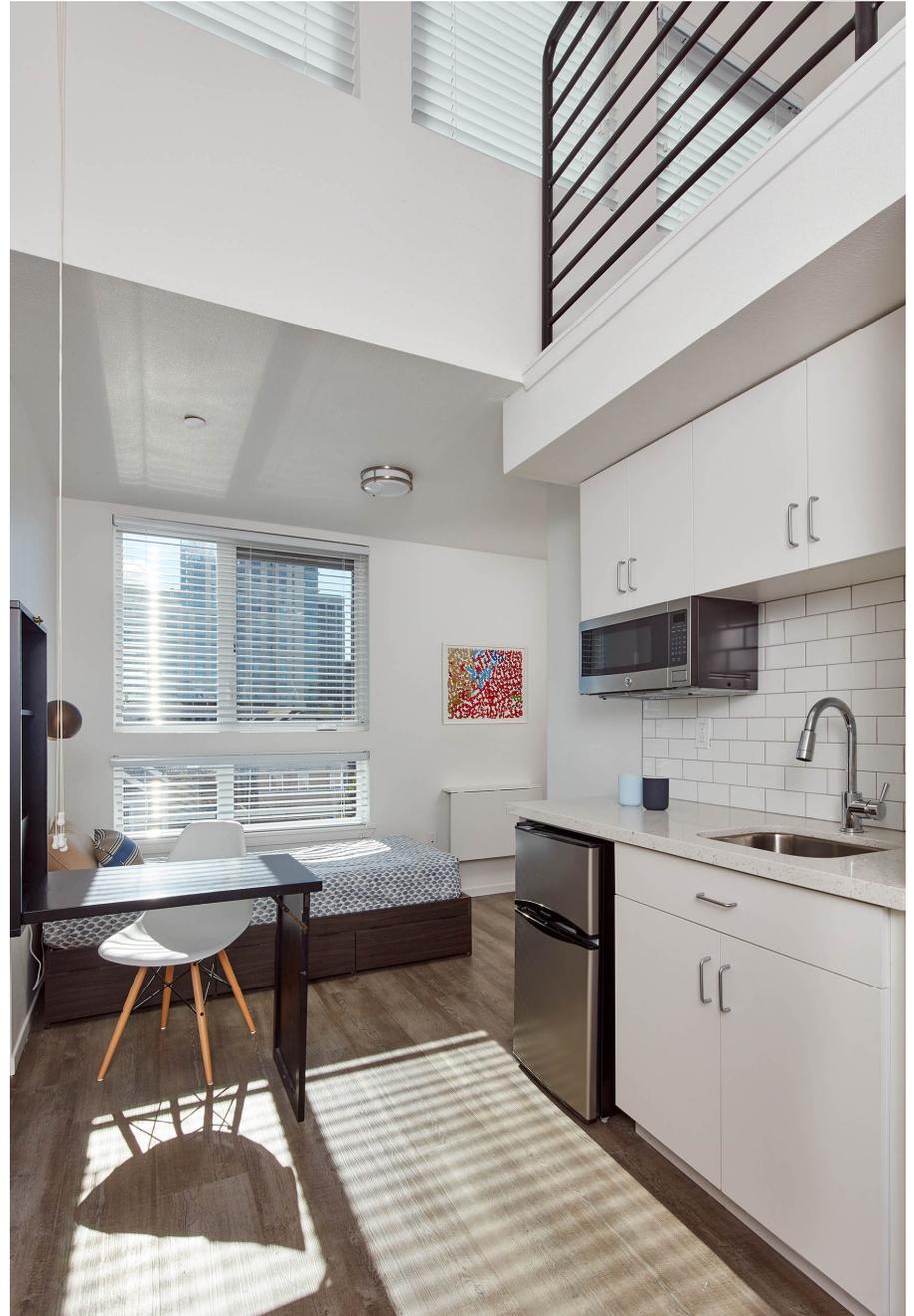
Average Unit Size: 200 square feet

Ground Floor Retail: 1,000 square feet

WalkScore: 96 (0 parking spaces)

Amenities: Roof deck, common kitchens on each floor, parcel lockers, high speed wifi, walk to downtown and transit.

www.trestlebuild.com





CHALLENGES & POLICIES

Micro units have been difficult to scale because municipalities have not planned for their existence. There are many conflicts with traditional zoning and development regulations which make micro housing difficult to build.

ZONING

- Micro unit projects exceed base density in most zones governed by a dwelling units per acre metric.
- Some municipalities have minimum average unit sizes that are larger than typical micro units.
- Some conflict with SRO preservation ordinance.

PARKING

- Typical parking ratios will result in 3X required parking compared to typical development.
- Micro housing tenants have much lower rate of car ownership (roughly 30% own cars according to ULI study in 2015).

IMPACT FEES

- Fees levied on a per unit basis disproportionately impact micro units.
- Micro units are typically single person households and have lower impact on services supported by impact fees.
- Micro units typically have a positive affordable housing impact.

NIMBYS

- Density of micro units can be alarming to some communities sense of community character.
- Residents voice concerns over street parking scarcity.
- Some people are fearful of residents profile occupying micro units similar to opposition of affordable housing or SRO.



David Allen

509-280-5469

david@trestlebuild.com