

Lower Cost Housing

The Challenge and one possible solution

Ty Albright's Experiment



Ty Albright – Corporate Days

This is my opinion based on my experience – About me:

Contact: Ty Albright tmalbright@verizon.net 214-336-7952

I had a 30+ year career in Commercial Real Estate and Finance – much of it with GE Capital Commercial Real Estate.

I've been “retired” for 5+ years now and doing stuff.

I always had a passion for building community and finding solutions for affordable housing.

I understand big corporate real estate investment, risk management, development and finance. There are more ways to lose money in real estate than make money.

Home Affordability Challenge:

The majority of people can not afford housing.

| Demographic data | | | |
|--|---------------|-----------------------|----------------------|
| | USA (000s) | Portland OR (000s) | Sulphur OK (000s) |
| Median Net Worth Typical USA Family : | 97 | | |
| Median Net Worth (age 55-64) : | 187 | | |
| Median Home Price : | 200 | 454 | 75 |
| % USA with net worth < \$200K : | 80% | | |
| Annual Mortgage PMI 4% / 30yr / 80% LTV : | 9.2 | 20.8 | 3.4 |
| Annual Median RE Tax : | 2.3 | 5.1 | 0.7 |
| Annual Median Home Insurance : | 1.1 | 1.1 | 0.5 |
| Annual Median total home cost : | 12.6 | 27.0 | 4.6 |
| Annual Median rent 1BR/1Bth: | 14.6 | 16.1 | 7.0 |
| Median Family annual income : | 59 | 53 | 46 |
| Median annual Income before tax (age 55-64) : | 68 | | |
| Median annual Social Security Income : | 16 | | |
| % who live off Social Security only : | 45% | | |
| Data varies by source (not a lot) - data per Survey of Consumer Finances (SCF) - Federal Reserve - 2016, U.S. Census 2015, and other believed reliable sources | | | |

Most people (80%) face retirement with a net worth less than the cost of a house – they failed to buy a home and pay off the mortgage after 30 years of work. 45% of retired rely upon social security only.

Lower Cost Housing

Key Obstacles to affordability

Municipalities often prohibit or make difficult alternative proven solutions. Anything “different” or not typical is discouraged. Success often requires special “consultants” (corruption). Urban and suburban municipalities tend to have more barriers to entry than do rural locations.

Home Mortgage Debt is NOT typically available for anything other than traditional housing. The industry is tooled for mass volume production and anything “not typical” requires specialized underwriting and typically offers less favorable terms if it can be found. This reduces home resale value.

Actual known solutions for affordable housing **WITH** community that is allowed in some locations


Pacific Standard

HOW THE TRAILER PARK COULD SAVE US ALL

A healthy, inexpensive, environmentally friendly solution for housing millions of retiring baby boomers is staring us in the face. We just know it by a dirty name.

LISA MARGONELLI · UPDATED: JUN 14, 2017 · ORIGINAL: APR 22, 2013

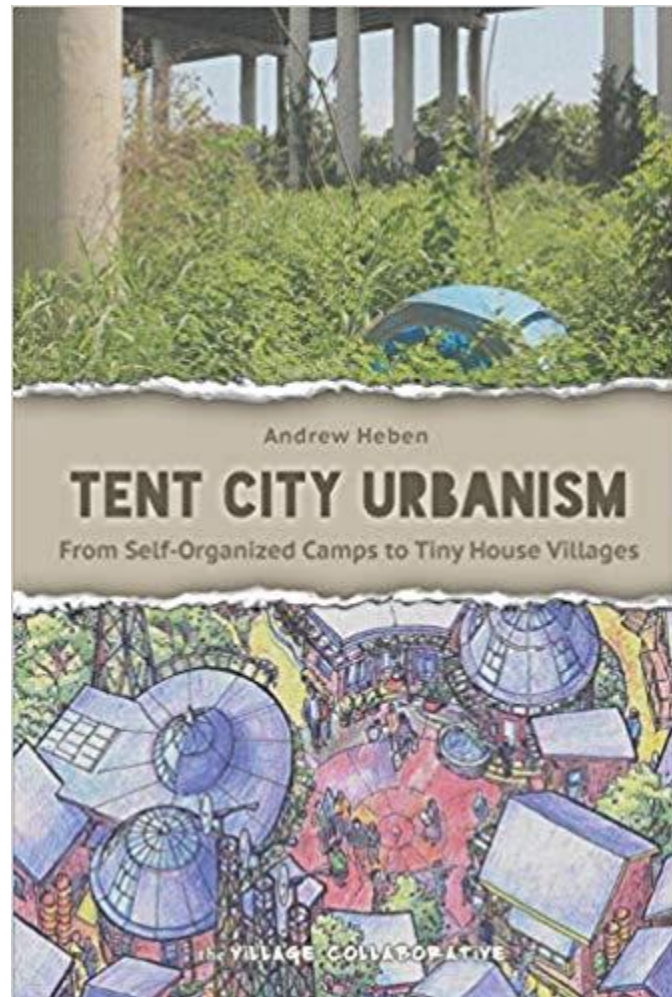


 psmag.com/social-justice/how-the-trailer-park-could-save-us-all-55137



About Andrew Heben

Andrew Heben is an urban planner, writer, and tiny house builder based in Eugene, Oregon. He has traveled throughout the U.S. to study over a dozen tent cities organized by the homeless, and spent time living at one in Ann Arbor, Michigan known as Camp Take Notice. This experience informed his 2011 award-winning thesis in urban planning at the University of Cincinnati. Heben has since helped co-found Opportunity Village Eugene (OVE), a non-profit organization that advocates for and builds self-managed tiny house villages.



Ty's Strategy for lower cost homes

- Build in rural locations – costs lower.
- Use traditional construction – source labor / skill / material locally – lenders will loan, city will approve, workers can be found.
- Partner with a local builder – incentivize with shared profits.
- Use all equity – build then sell one unit at a time. Avoid transaction and finance costs.
- Use home and site design, along with Deed Restrictions and Access Easements to foster “Build it and they will come community development”.
- Build 2 story homes – design the home so the 2nd level can be rented out as an apartment to offset ownership cost. Use design that meets multiple living needs (Single, Family, Age-in-place).

Ty's journey - Ty has:

Restored 40 acres of abused overgrazed ranch land into native prairie poly-culture biodiverse grassland condition for grass feed beef production using rotational grazing and perpetual self-sustaining grassland strategy.

On board of directors for Lake of the Arbuckles Watershed Assoc. promoting land management practices that contribute to improved water quality and carbon reductions.



Science Serving Agriculture



Good land stewardship has BIG “green” impact with carbon reductions and improved natural resources. Some things (like solar) do not help the environment like some believe.

Ty has self-studied alternative housing solutions and living strategies.



Pre-Fabricated homes



Shipping Container homes



Tiny homes

Challenges:

**Municipalities may not allow
/ make more difficult.**

**Traditional Mortgage debt not
typically available**

Re-sale challenges



Earth / tire homes



Cob homes

Since becoming quasi-retired Ty has:

Contributed as a board member of The Cohousing Association of the United States (cohousing.org)

Trained and certified by Cohousing Solutions, Inc. as part of The 500 Communities Program in cohousing development project management. Instructor: Kathryn (Katie) McCamant.



**Creating
community,**
one neighborhood
at a time



500 COMMUNITIES PROGRAM

Training the next wave of cohousing professionals

**Traditional Cohousing is awesome – but it
is expensive and risky to develop.**

Since becoming quasi-retired Ty has:

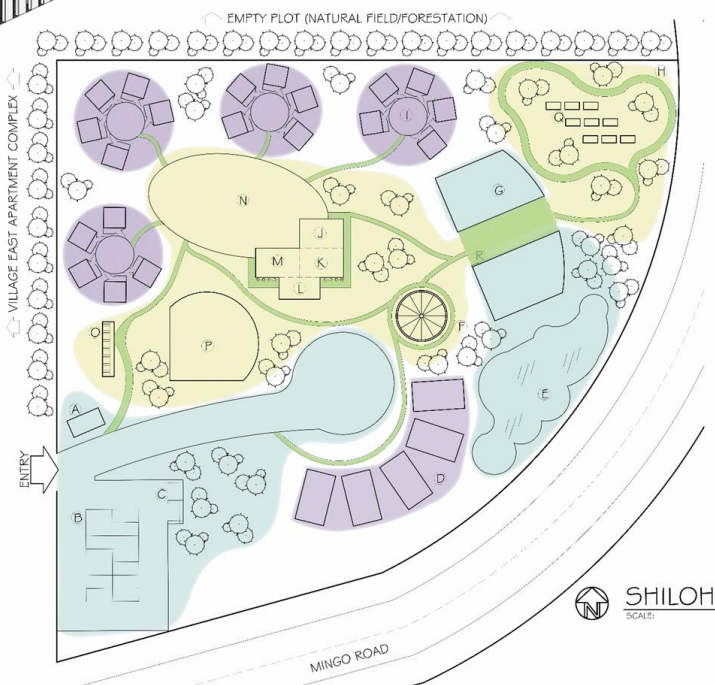
Project Manager/Partner on redevelopment of TylerStation.com
an old 126,000 SF urban industrial property located in Dallas Texas
abutting a DART light rail station.



Dealing with Municipalities has challenges.

Since becoming quasi-retired Ty has:

Served as an Advisor for development of Shiloh Village; a tiny house village for homeless veterans in Denton Texas.



**Municipalities and
NIMBY kills
dreams.**

Since becoming quasi-retired Ty has:

Restored two historical buildings on Muskogee Ave. Sulphur Oklahoma; one being Willie Joe's Community Space.

Before



After



Partnership with local talent improves the local community and economy.

COMING SOON

EAST SIDE BLUFF

2 Bed / 2 Bath Homes
with shared communal space

Get in touch for more information:
Ty Albright | 214.336.7952



The Developers (Ty and his 92 year old father).

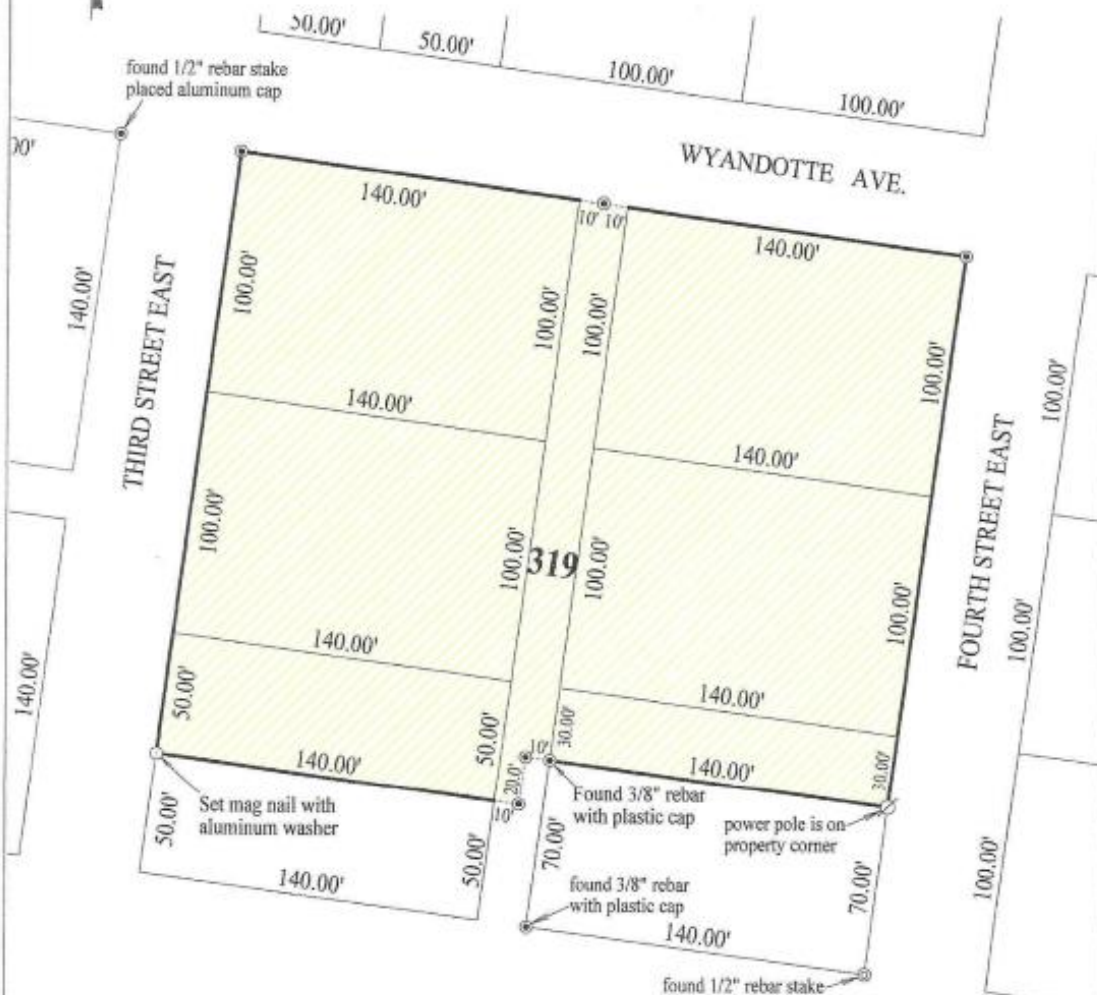
- PROPERTY DESCRIPTION -

Lots 1 and 2 and the North 30 feet of Lot 3 and the N/2 of Lot 4 and all of Lots 5 and 6, in BLOCK 319 in the original townsite of Sulphur, Oklahoma, according to the Official Map and Plat thereof.



Scale 1" = 60'

⊙ = Set 3/8" rebar stake with aluminum cap unless otherwise noted



I, Monte Duane King, a Registered Land Surveyor in the State of Oklahoma, do hereby certify that I have made a survey of the above described property and that the above plat is a detail of the Survey performed by me and that this plat was prepared in accordance to the Oklahoma Minimum Standards for the Practice of Land Surveying.

Only the easements shown on the recorded plat are detailed on this plat.
No other easements were provided or requested to be shown on this survey.
No search was made or requested to be made for underground pipelines, cables or structures.

Monte Duane King, LS #1271
Date of Signature: December 5, 2018
Date of last site visit: Nov. 28, 2018



Legal Ownership of each lot

1/2" rebar stake
aluminum cap

WYANDOTTE AVE.

THIRD STREET EAST

FOURTH STREET EAST

721 E. 3rd St.
60' x 150'

720 E. 4th St.
60' x 150'

719 E. 3rd St.
55' x 150'

718 E. 4th St.
55' x 150'

717 E. 3rd St.
55' x 150'

716 E. 4th St.
55' x 150'

715 E. 3rd St.
80' x 150'

714 E. 4th St.
60' x 150'

Set mag nail with
aluminum washer

Found 3/8" rebar
with plastic cap

power pole is on
property corner

found 3/8" rebar
with plastic cap

found 1/2" rebar stake

Street addresses indicated assigned by the City of Sulphur

Monte I
ade a sur
y me and that this plat was p
ractice of Land Surveying.

I certify that I have

[Handwritten signature]

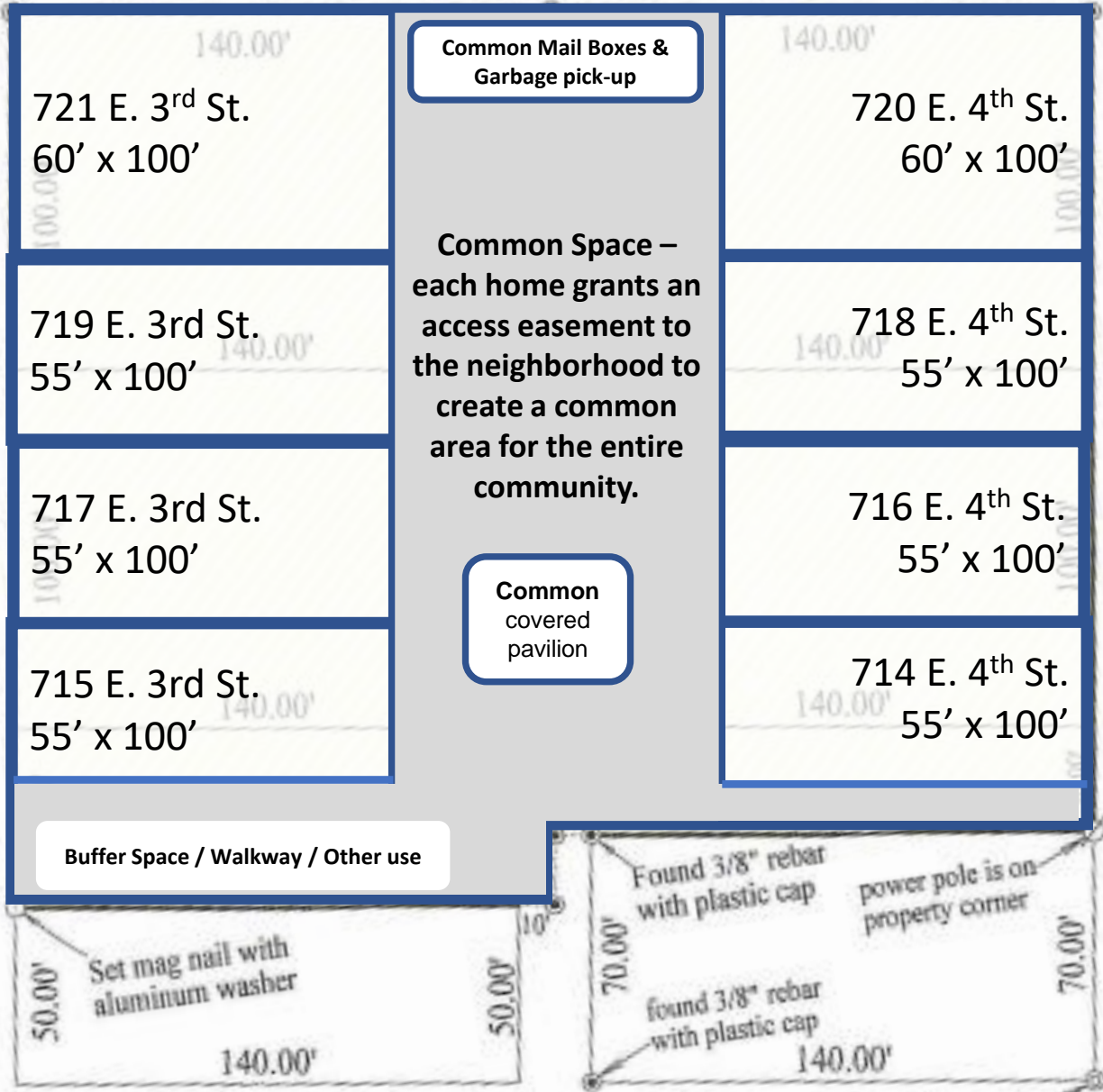
Area available for improvements vs. Common Area space

1/2" rebar stake
aluminum cap

WYANDOTTE AVE.

THIRD STREET EAST

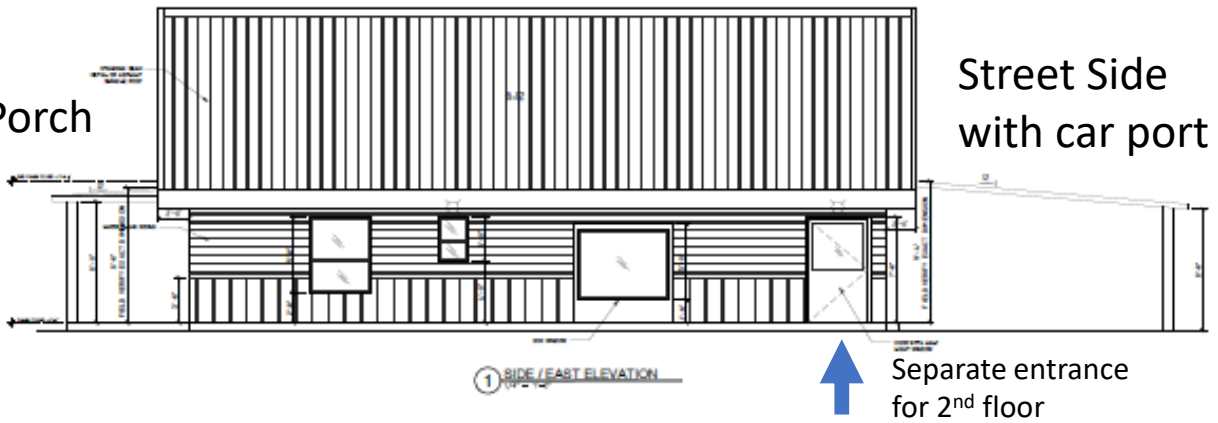
FOURTH STREET EAST



Common Space – each home grants an access easement to the neighborhood for the center 50' of each lot; creating a 100' wide x 230'+ common area for the entire community – including a 25' wide easement on south side of 715 E. 3rd St. for underground power line easement and a buffer space / walkway / other use, and including a 5' wide easement to the south side of 714 E. 4th St. for a buffer space / walkway.

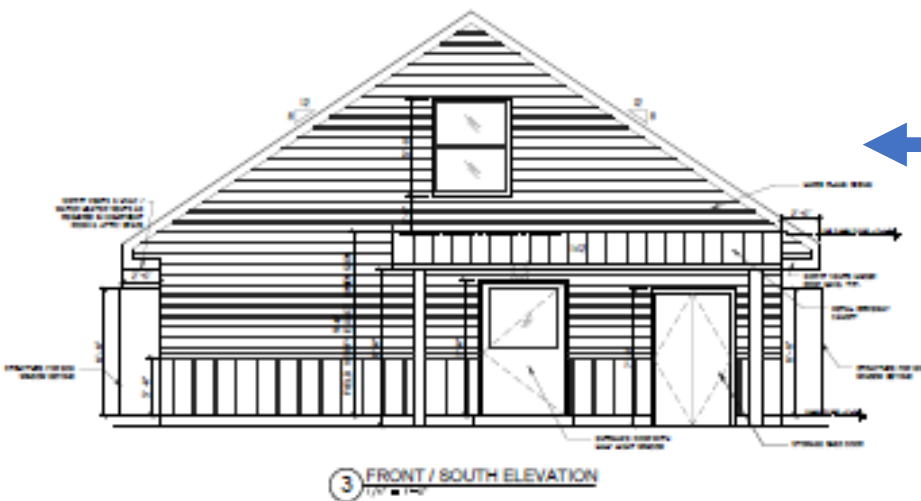
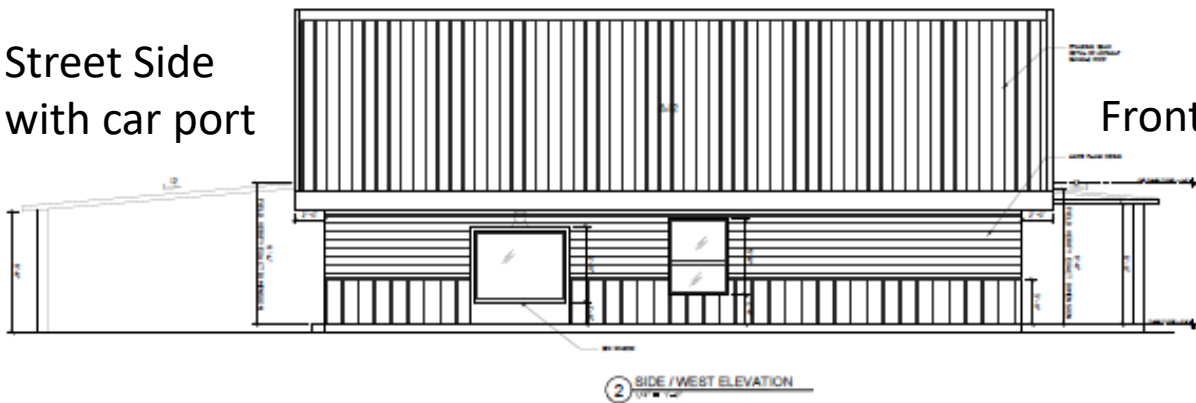
Front Porch

Street Side
with car port



Street Side
with car port

Front Porch



Street Side with
car port

Common Space
side with Front
Porch



House Design for flexibility and cost effectiveness

8 home pocket neighborhood. 3BR / 3Bth homes 2,100 SF

2 story house with ability to lease out the 2nd floor as an apartment. There is a separate entrance with a shared laundry room and ability to shut-off area from the 1st floor.

2 stories = lower cost (one foundation / one roof)

Car port with Storage = lower cost vs. full garage

Designed to foster community – Front Porch with kitchen window looking out over common space.

Enhanced construction for low cost maintenance and utility / operating costs.

Meets multiple needs

1st Floor – 2BR / 2 Bth (1,472 SF)

Room Mates: Equal sized rooms.

Family with children.

Single with office.

Elderly with care taker quarters.

2nd Floor – 1BR / 1Bth loft apartment (700 SF)

Bonus room – man cave – bed room - studio

Care taker quarters

Separate apartment

East Side Bluff

First Floor 2 BR / 2 Bth

32' x 46' foot print = 1,472sf

Porch = 8' x 20'

2 car Carport = 20' x 20'

Bed Rooms = 12' x 15' =

180sf

Baths = 7.3' x 11.7' = 85sf

Great Room (kitchen, dining,
living) = 15.4' x 46' = 708sf

Laundry = 8' x 15'

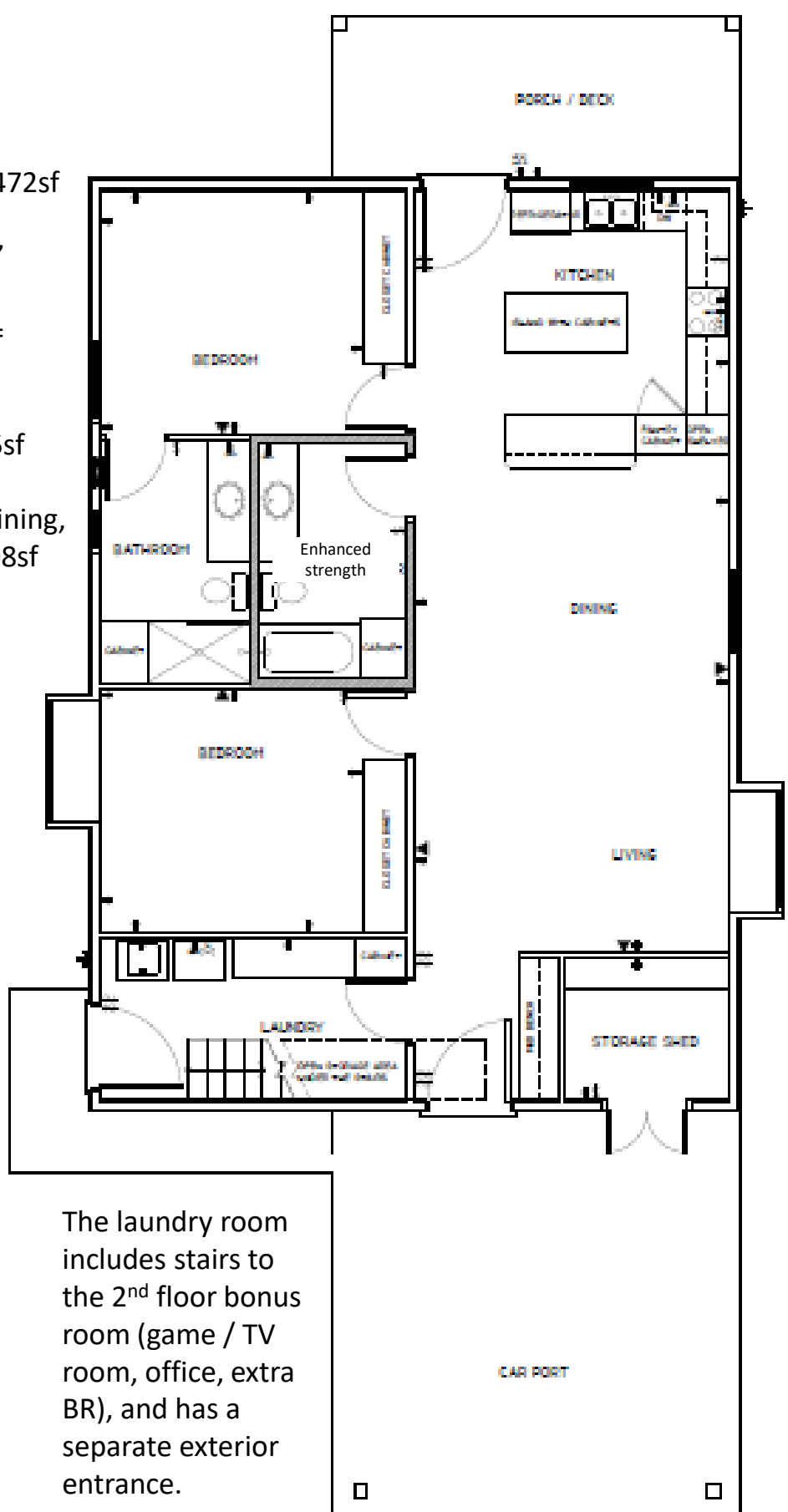
Storage = 7' x 8'

Doors are extra wide
to accommodate
mobility (4' exterior
doors, 3' BR and Bth
doors).

The bedrooms and
baths are the same
size to be equally
desirable.

The interior bathroom
is reinforced for
enhanced strength; 2"
x 6" studs with
plywood sided walls
and ceiling and solid
door.

The laundry room
includes stairs to
the 2nd floor bonus
room (game / TV
room, office, extra
BR), and has a
separate exterior
entrance.



East Side Bluff

2nd Floor Bonus Room with 1
Bth

700sf +/- total.

The great room center is 14.5'
x 38.4' = 556sf

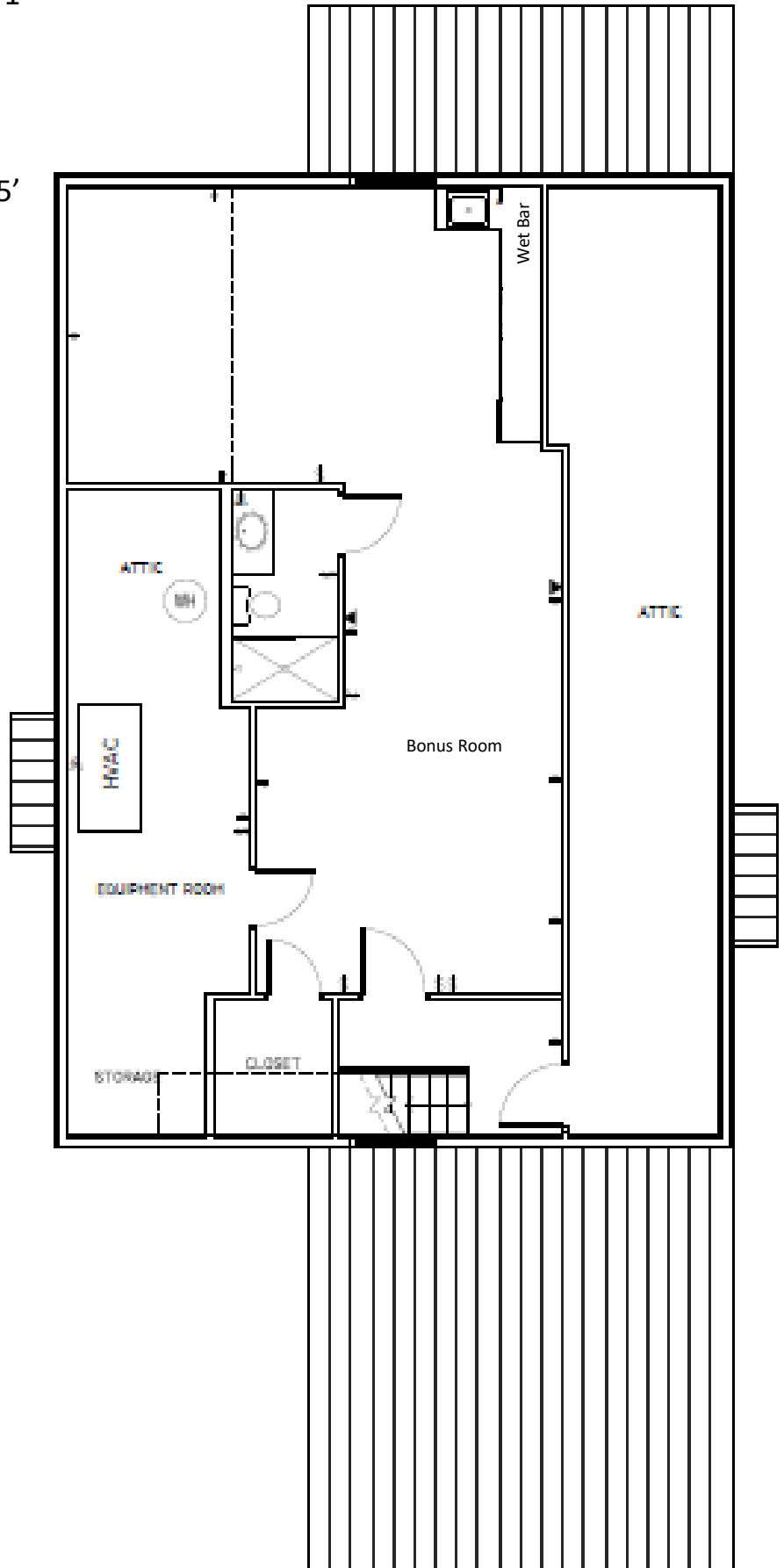
Bath = 5' x 10'

Walk-in closet.

Equipment room and attic
storage is also available.

The 2nd floor Bonus room
provides versatility to meet
multiple needs:

- Game room for kids.
- Man cave / TV room / Art
Studio / Office.
- Guest room / extra bed
room.
- Care taker quarters.
- Storage.
- Has a separate entrance
door at the top of the stair
landing and can be shut-off
and not used.



Sulphur Oklahoma – South Central Oklahoma



Chickasaw National Recreation Area



Artesian Hotel Casino and Spa



Lake of the Arbuckles

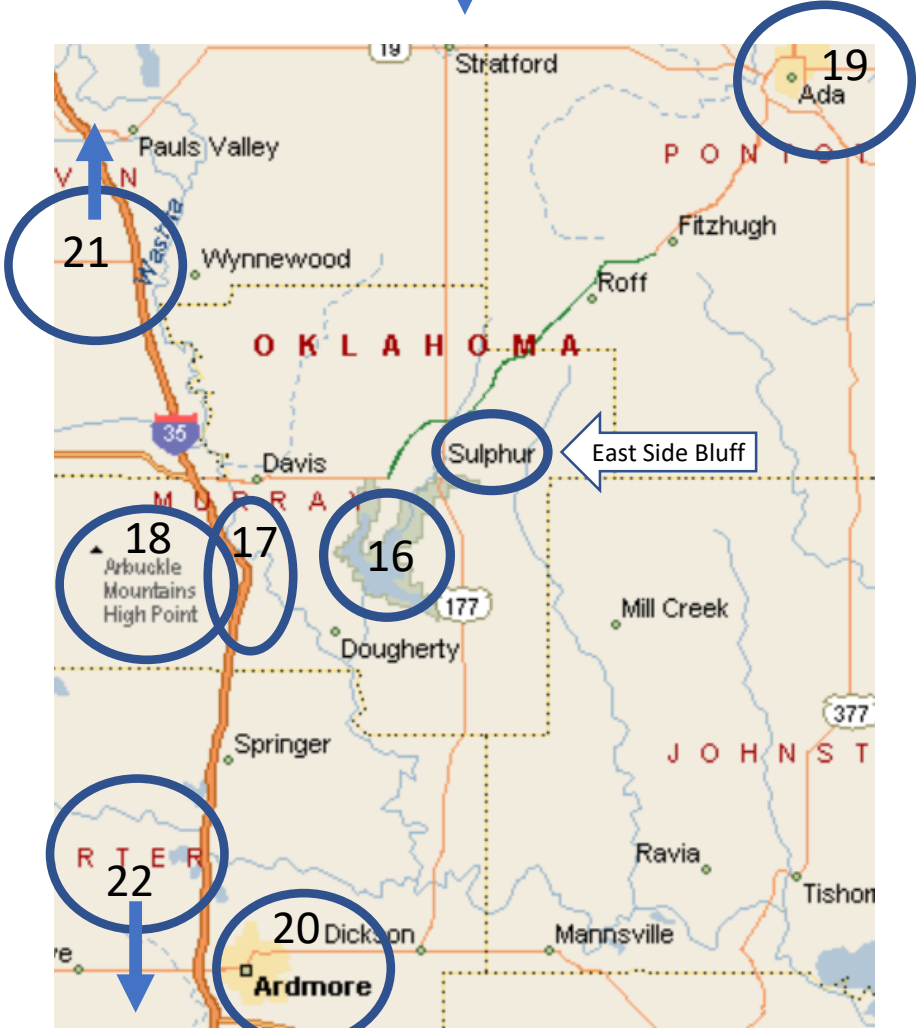
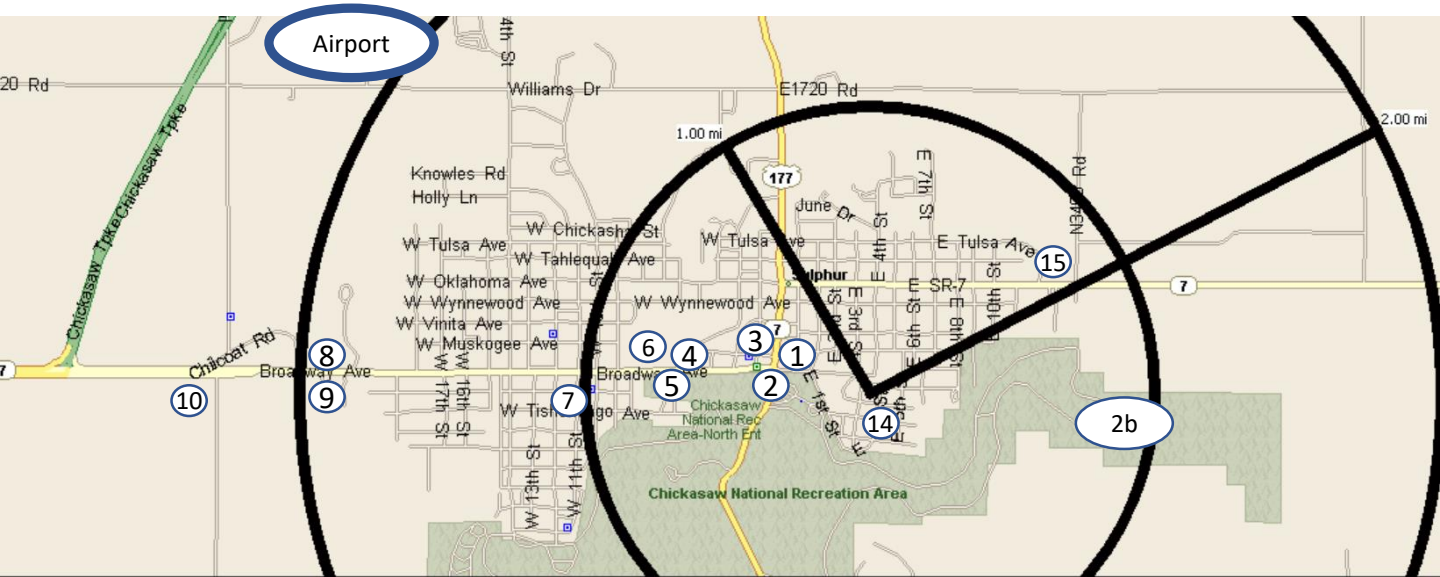
Amenities

East Side Bluff – Sulphur Oklahoma Walkability Distance to:

- | | |
|---|--|
| <p>1). Artesian Hotel Casino and Spa https://artesianhotel.com/ and down town Muskogee Ave. (shops, art galleries, restaurants, pubs, museums) – 0.3 miles</p> <p>2). Park Entrance to Chickasaw National Recreation Area f/k/a Platt National Park https://www.nps.gov/chic/index.htm – 0.4 miles</p> <p>2b). Hike into entrance of Chickasaw National Recreation Area, then along trails that follow the Travertine Creek – to Little Niagara and the Travertine Nature Center < 2 miles.</p> <p>3). Post Office – 0.5 miles</p> <p>4). Mary Parker Memorial Library and Sulphur City Hall / Fire / Police – 0.8 miles</p> <p>5). Sooner Foods grocery store – 0.9 miles</p> <p>6). Public Schools – 1.2 miles</p> <p>7). Murray County Courthouse – 1.2 miles</p> <p>8). Crossway 1st Baptist Church – 1.9 miles</p> <p>9). Arbuckle Memorial Hospital - https://arbucklehospital.com/ - 1.9 miles</p> | <p>10). Walmart Super Store – 2.6 miles</p> <p>11). Chickasaw Cultural Center https://chickasawculturalcenter.com/ - > 4 miles</p> <p>12). Veterans Lake - 2.8 miles of shoreline with paved trail, along with a boat and fishing dock, picnic areas, grills, restrooms, and a group shelter. - 3.0 miles</p> <p>13). Oklahoma Department of Veterans Affairs - Sulphur Veterans Center / Hospital / Assisted Care – 1.8 mile</p> <p>14). Landonnas Pucks n' Pockets Pub – 615 E 4th St, Sulphur, OK 73086 - 0.1 mile</p> <p>15). Oklahoma State School for the Deaf – 1.0 mile</p> <p>16). Lake of the Arbuckle's https://www.nps.gov/chic/planyourvisit/loa.htm - 36 miles of shoreline and 2,300 acres of open water. One of the most popular lakes for trolling, scuba diving and fishing in Oklahoma. – 6.6 miles</p> <p>17). Washita River – 10.4 miles</p> <p>18). Arbuckle Mountains / Turner Falls – 16 miles</p> <p>19). Ada – 29 miles</p> <p>20). Ardmore – 36 miles</p> <p>21). Will Rogers (OK City) Airport – 88 miles</p> <p>22). DFW Airport – 129 miles</p> |
|---|--|

Amenities

East Side Bluff – Sulphur Oklahoma Walkability Distance Map:



Ty's Strategy for lower cost homes

- Build in rural locations.
- Use traditional construction – source labor / skill / material locally.
- Partner with a local builder – incentivize with shared profits.
- Use all equity – build then sell one unit at a time.
- Use home and site design, along with Deed Restrictions and Access Easements to foster “Build it and they will come community development”.
- Build 2 story homes – design the home so the 2nd level can be rented out as an apartment to offset ownership cost. Use design that meets multiple living needs (Single, Family, Age-in-place).

Build in Rural Locations

Challenge with Rural Locations:

- Access to Amenities and Jobs.
- Cultural issues.

Top Amenities desired

- Hospital access
- Groceries / drug store / shopping
- Close-by schools
- Restaurants / pubs / stuff to do
- Local Attractions
- Airports

2020 Cost of Living Calculator: Sulphur, Oklahoma vs United States,

[Change Places](#)

A salary of \$50,000 in Sulphur, Oklahoma should increase to \$61,200 in United States, (assumptions include Homeowner, no Child Care, and Taxes are not considered. [Click here to customize.](#))

Comparison Highlights

- Overall, United States, is 33.7% more expensive than Sulphur, Oklahoma
- Median Home Cost is the biggest factor in the cost of living difference.
- Median Home Cost is 213% more expensive in United States.

| Cost of Living Indexes | Sulphur, OK | United States, US |
|--|--------------------------|---------------------------|
| Overall Index : Homeowner, No Child care, Taxes Not Considered | 74.8 | 100 |
| Food & Groceries | 93.3 | 100.0 |
| Housing (Homeowner) | 31.9 | 100 |
| Median Home Cost | \$73,700 | \$231,200 |
| Utilities | 100.3 | 100 |
| Transportation | 76.6 | 100 |
| Health | 116.2 | 100 |
| Miscellaneous | 96.5 | 100 |

100 = US Average. (Below 100 means cheaper than the US average. Above 100 means more expensive.)

| <u>Home Development Costs - relative comparison</u> | | |
|--|------------------------|---------------------|
| | Urban | |
| | <u>Suburban</u> | <u>Rural</u> |
| <u>Similar Costs</u> | | |
| Design - surveys / architect / engineer / plans | same | same |
| Materials - lumber / doors & windows | same | same |
| Insurance | same | same |
| Skilled Craftsmen / Labor | same * | same * |
| | | |
| <u>Variable Costs</u> | | |
| Land / Acquisition | Higher | Lower |
| Municipality Requirements (permits / fees) | Higher | Lower |
| | | |
| <u>Traditional Cohousing vs. "Build and they will come"</u> | | |
| Group Design (ground-up design and Community building activity) | Higher | None |
| | | |
| same * = Urban Suburban higher but fast - Rural lower but slow | | |

Home construction costs in rural locations is lower because of land prices and cost of dealing with municipality.

Municipalities in rural locations typically will not prevent leasing out a room / apartment.

Development speed will be slower.

Group Design of traditional cohousing adds cost.

Use Traditional Construction

There are proven alternative housing construction types that have a lower cost.

Examples: Pre-fabricated, modular, Yurt, barndominium, earth homes / cob / alternative construction;

BUT there are Key Challenge to alternative housing types (including cohousing) and construction techniques:

Access to specialized trained labor or material providers is limited.

Municipalities may not allow (or make more difficult) non-traditional housing.

Access to Mortgage loan debt:

The home mortgage industry is tooled for efficiency for “tried and true” traditionally built single family homes. Few lenders will underwrite “non-standard” housing.

Traditional construction on separate lots allows traditional and widely available mortgage loans.

Build on individual lots using traditional building techniques:

- Typical materials easily accessible.
- Skilled tradesmen and labor more accessible.
- Most municipalities have no issues.
- Mortgage loan debt is easily available.

Partner with a local builder – incentivize with shared profits.

Find people who know how to make things with their hands.



The Builder – George – with one of his crew James.

Builder gets paid as he goes – but has incentive to: 1). Be fast. 2). “build it right” so we keep expense waste down, and have a home that can sell for a market price.

Profit Waterfall

Net Sale Proceeds are paid:

- **Repay Developer actual cost of development.**
- **Pay Developer 8% preferred, compounded, accrued return.**
- **Split 50 / 50**

Development with equity (no debt) keeps costs down.

Build then sell one house at a time.

Land acquisition / development / plans = \$111K (\$14k per lot)

Home constructions costs estimated to be \$150K (total \$164K each - \$78/SF)

Sale Price target \$197K (+20% - \$94/SF)

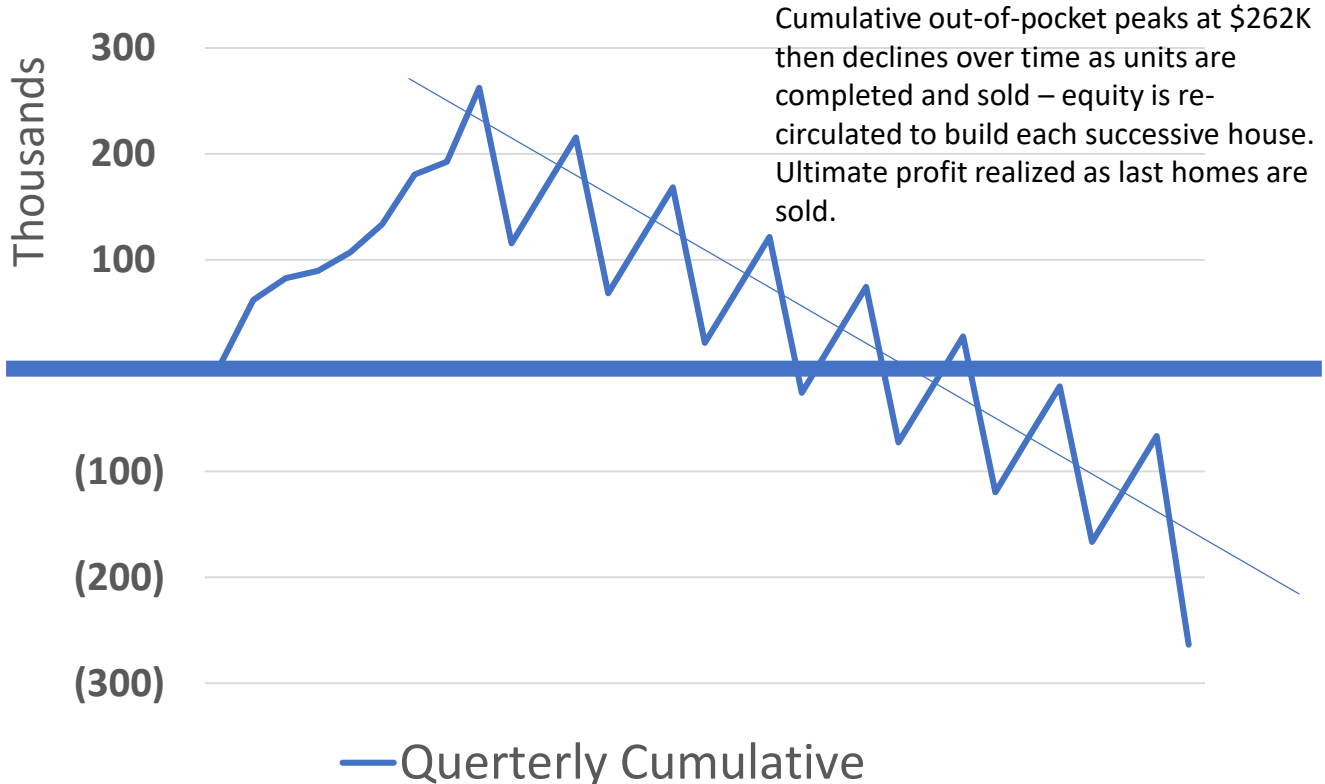
Cumulative investment = \$1.312M

Max “Out-of-pocket” = \$262K (/ 8 homes = \$32.75k)

Profit = \$263K (20%) – used to pay preferred returns and profit split with builder.

A group of future home owners could form a LLC, pool their equity, then sell off individual units as completed to members who use traditional mortgage debt.

Cumulative Out-of-Pocket Investment



Assumptions: 9 mths to build each home (longer than typical) – total of 6 year project.

Finance and transaction costs eliminated.

Community:

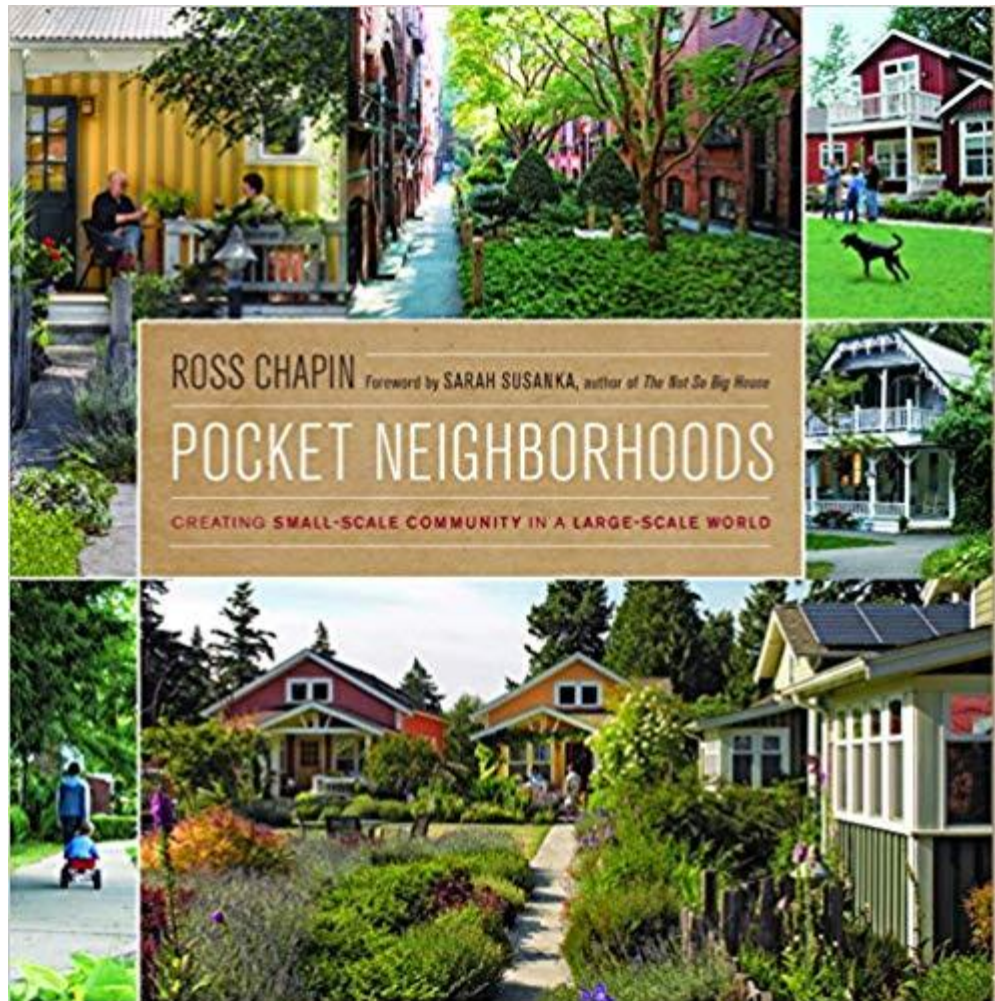
Facilitate neighborhood community through design.

- Use of Deed Restrictions and Access Easements creates shared space, standards, and enforcement.
- Kitchens with windows that look out onto common space, “Front Porch” that fronts common space, centralized mail boxes, shared pavilion facilitate opportunities for neighbors to interact and form community.

What is a Pocket Neighborhood?

Build it and they will come community neighborhood

Pocket Neighborhoods: Creating Small Scale Community in a Large Scale World introduces an antidote to faceless, placeless sprawl — small scale neighborhoods where people can easily know one another, where empty nesters and single householders with far-flung families can find friendship or a helping hand nearby, and where children can have shirt-tail aunts and uncles just beyond their front gate.



Ross Chapin on Cohousing: Cohousing is where a group of people without real estate development experience form a group and have a lot of pot luck dinners and they labor together to learn how to become real estate developers and as a result of their collective stress and trauma they bond and form close relationships — which contributes to community.

Deed Restrictions and Easements

How do you govern use of common space, and how do you protect against a “bad neighbor”?

- No Home Owner’s Association (HOA) nor Condominium Association with dues and management.
- Home ownership is subject to Deed Restrictions and Easements.
- Lots have a standard depth of 150 feet. Access Easements include a 50-foot portion of each lot. All combined Access Easements space creates a shared common space.
- The use of Common Space is determined by the neighborhood in a cooperative informal way.
- If necessary, there are provisions for the formation of a Neighborhood Committee to make decisions.
- If any Neighbor is in violation of Standards, the Neighborhood Committee may revoke access rights and privileges to Common Space.
- Standards have been developed to anticipate and protect against a worse case scenario of a bad neighbor.

Affordability should include post-ownership operating costs. Build and invest “smart” and maintenance cost and utility consumption is low.

Sustainable and Green

A superior built home using long life low maintenance materials, with superior insulation and practical finish = lower utility use and lower maintenance costs.

- Piered stem wall foundation
- Insulated AdvanTech quite floor system
- 2”x6” studs – thicker insulated walls
- Metal roof with LP TechShield® Radiant Barrier deck. – (long life, increased insulation).
- Smartside engineered resin siding – light weight long life
- Foam insulation through out.
- Energy rated doors and windows.
- Access to natural gas = low cost heat.

Build to meet multiple needs

Flexible design meets multiple needs – suitable for a single, family, elder in need of live-in help, housing for boomerang children.

Design allows ability to share costs with room mate / tenants.

Accessibility: Doors are extra wide to accommodate mobility (4’ exterior doors, 3’ BR and Bth doors).

Interior bathroom structurally enhanced - no need for separate outside storm cellar (It’s a Oklahoma thing).

| Affordability Model - build a home and rent out apartment | |
|--|-------------------|
| East Side Bluff - Sulphur OK | |
| | Sulphur OK |
| | (000s) |
| Target max home cost : | 197.0 |
| 5% Down : | 9.9 |
| 95% Mortgage : | 187.2 |
| | |
| Annual Mortgage PMI 4% / 30yr / 95% LTV : | 10.7 |
| Annual RE Tax : | 1.9 |
| Annual Home Insurance : | <u>1.0</u> |
| Annual total home cost : | 13.6 |
| | |
| Rent From Apartment (\$500/mth x 10.5 mths) : | <u>(5.3)</u> |
| Net Annual home cost : | 8.4 |
| cost / mth : | 0.7 |

A home with an apartment that is rented out can:

- Reduce expense by about 40%
- Provide lower cost housing to more people.
- Help with “age in place” strategies.

Note: Some municipalities will not allow this.

A word of Caution

Understand your municipality requirements – and the mortgage loan requirements.

Market / promote your development appropriately – avoid traps and unintended liability.

Examples:

I am developing 3BR / 3Bth homes – NOT a home with a 2nd floor apartment. If you have an apartment you are now a multi-family home – and your mortgage financing becomes restricted (and some municipalities will not allow this).

I am building homes with a interior bathroom with Structually ENHANCED walls ceiling and door – NOT a storm shelter. To represent you have a storm shelter requires certified engineer design and licensing – all which cost money.

Questions?



Contact: Ty Albright

tmalbright@verizon.net 214-336-7952