Affordable Housing and Wood Construction: How to Make the \$ Work

Presented by Todd Rothstein & Maggie Stanley

Disclaimer: This presentation was developed by a third party and is not funded by WoodWorks or the Softwood Lumber Board.

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Course Description

Affordable housing development is stuck between a rock and a hard place. The need is immense, with most major cities facing urgent demand for thousands of units. At the same time, escalation of construction and real estate costs makes the feasibility of such projects increasingly difficult to make financially work. Facing specific caps on per unit construction and rental costs, subsidies can only go so far in helping to provide more affordable housing. Increasingly, the onus is being placed on the design and construction teams to come up with innovative ways of lowering costs in a time of price inflation. This webinar will look at two affordable housing projects—one in Portland, ME and one in Seattle, WA—and examine unique ways that wood's value was leveraged to make the projects pencil out. You'll hear from an architect, contractor, and housing agency representative, and learn how you too can use wood to solve cost concerns on your affordable housing projects.

Learning Objectives

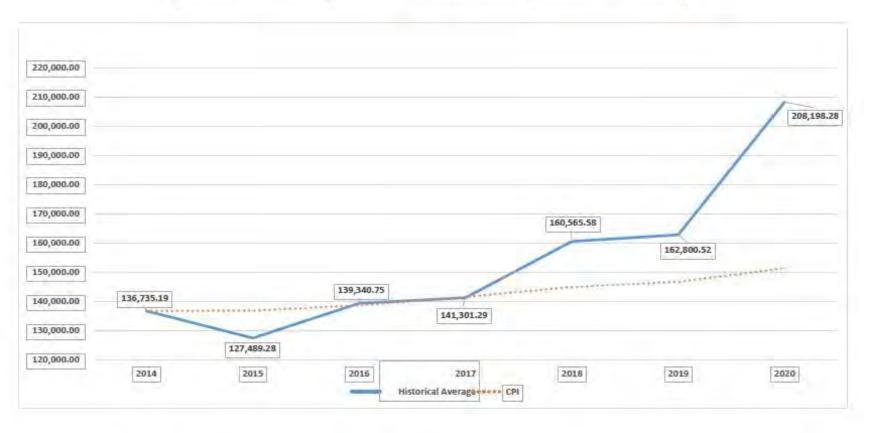
- 1. Highlight the unique financial constraints of affordable housing projects and underline the societal importance of providing equitable housing options.
- 2. Demonstrate how the use of cross-laminated timber shaft walls resulted in several benefits on an affordable housing project in Maine, including reduced construction schedule and enhanced worker safety.
- 3. Discuss framing optimization strategies for wood-frame multi-family construction, with an emphasis on code compliance for fire, life safety and acoustic design, and repeatability.
- 4. Review other design enhancement strategies being considered on affordable housing projects, such as passive house construction, which can result in lower operating costs and higher levels of occupant comfort.

Learning Objectives

1. Highlight the unique financial constraints of affordable housing projects and underline the societal importance of providing equitable housing options.

Construction Costs Per Unit vs. Inflation - New Construction

CPI	Generic Project		Avg Constr. Costs Per Unit	rogram Year Sample Size	
	136,735.19		136,735.19	6	2014
0.10%	136,871.92	-6.76%	127,489.28	6	2015
1.30%	138,651.26	9.30%	139,340.75	5	2016
2.10%	141,562.93	1.41%	141,301.29	4	2017
2.40%	144,960.44	13.63%	160,565.58	6	2018
1.20%	146,699.97	1.39%	162,800.52	12	2019
3.20%	151,394.37	27.89%	208,198.28	3	2020



Constraints:

Fixed Cost Caps
Regulated Rent Fees
Rising Material Costs
Shrinking Labor Market

2021 MAINE HOUSING PROFILE



Across Maine, there is a shortage of rental homes affordable and available to extremely low income households (ELI), whose incomes are at or below the poverty guideline or 30% of their area median income (AMI). Many of these households are severely cost burdened, spending more than half of their income on housing. Severely cost burdened poor households are more likely than other renters to sacrifice other necessities like healthy food and healthcare to pay the rent, and to experience unstable housing situations like evictions.

SENATORS: Susan Collins and Angus King, Jr.

affordable and available for

extremely low income renters

41,454 extremely low income

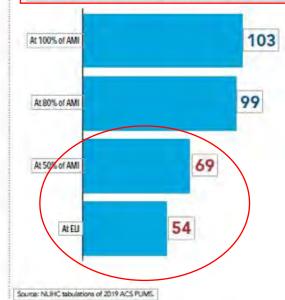
extremely low income households

\$41,156

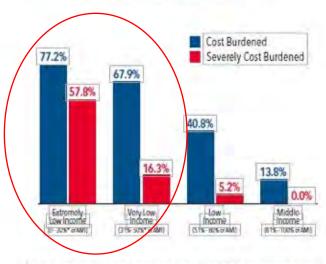
needed to afford a two-bedroom rental home at HUD's Fair Market Rent. 58%

Percent of extremely low income renter households with severe cost burden





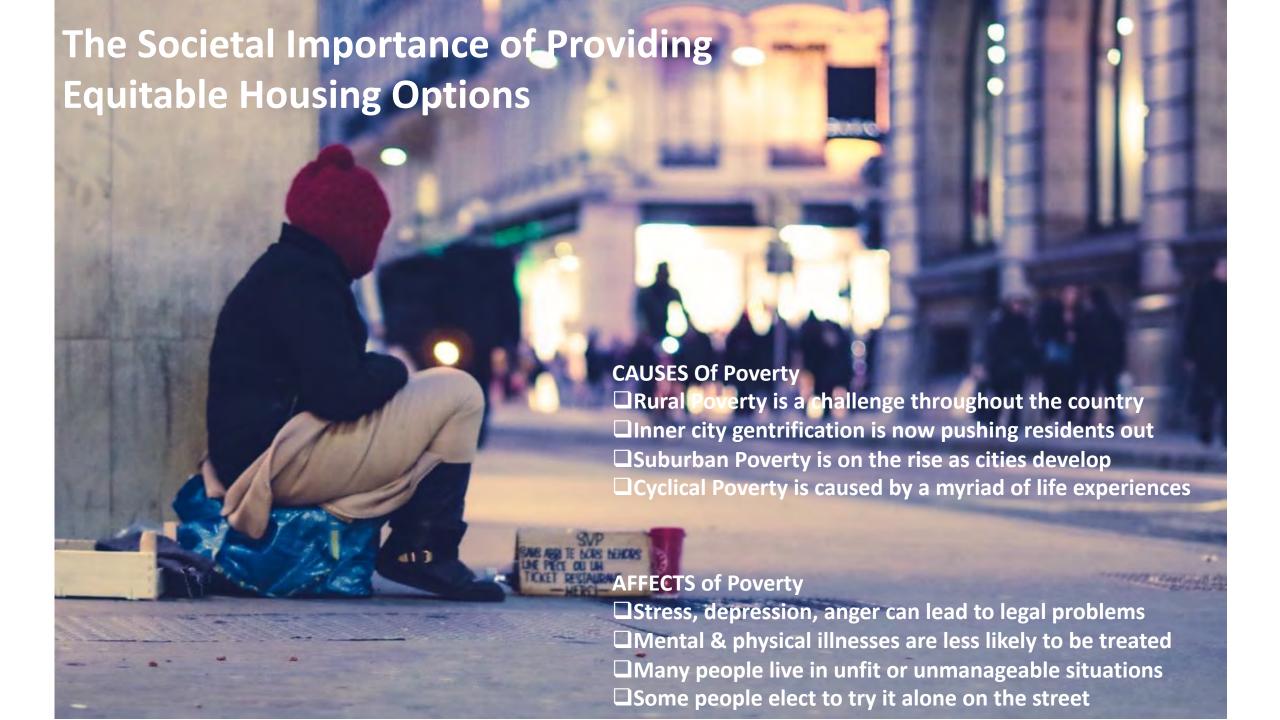
HOUSING COST BURDEN BY INCOME GROUP



Note: Renter households spending more than 30% of their income on housing costs and utilities. are cost burdened; those spending more than half of their income are severely cost burdened. Source: NUHC tabulations of 2019 ACS PLIMS.

Extremely Low Income = 0-30%* of AMI Low Income = 51-80% of AMI Note: *Or poverty guideline, if higher.

Very Low Income = 31%*-50% of AMI Middle Income * B1%-100% of AMI



Learning Objectives

2. Demonstrate how the use of cross-laminated timber shaft walls resulted in several benefits on an affordable housing project in Maine, including reduced construction schedule and enhanced worker safety.

Maine: The Pine Tree State

Long history of foresting in Maine.

Bangor, Maine once the lumber capitol of the world with over 300 sawmills.









Paper mills in Maine are seeing a decline and closing.

89% of the land in Maine is still forest.

University of Maine and the Maine Mass Timber Advisory Committee is actively researching and working to attract a CLT manufacturing company to Maine.

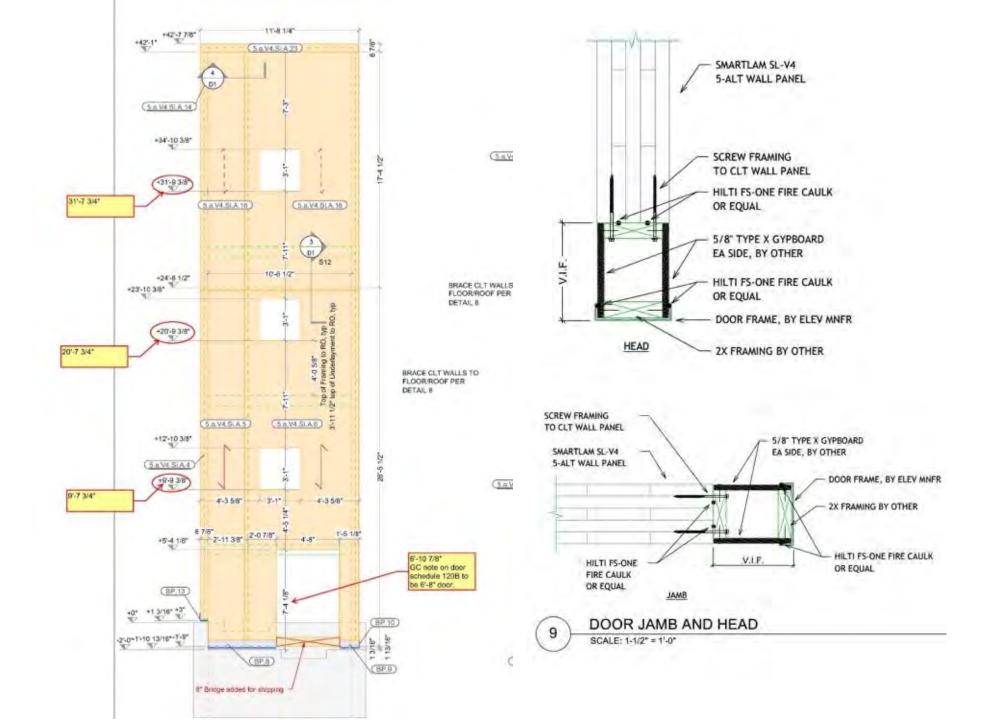
Maine's "Lead by Example" report this year emphasizes use of climate-friendly building products like cross-laminated timber in new state construction, in order to reduce emissions and help build demand for new forest products in Maine



Traditional Masonry Shafts:

- Delayed project schedule due to unforeseen unsuitable soils.
- No ability to make up time as waiting for masonry stair and elevator shafts to be built.









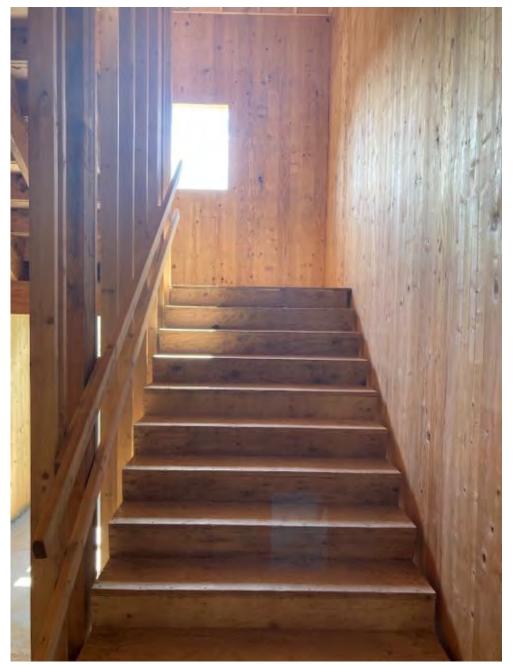




Safety & Speed:

- Floor framing used as bracing and staging for worker safety and ease of install.
- Each panel took about 5-10mins to place with crane.





Biophilia: a hypothetical human tendency to interact or be closely associated with other forms of life in nature: a desire or tendency to commune with nature.

Code Requirements:

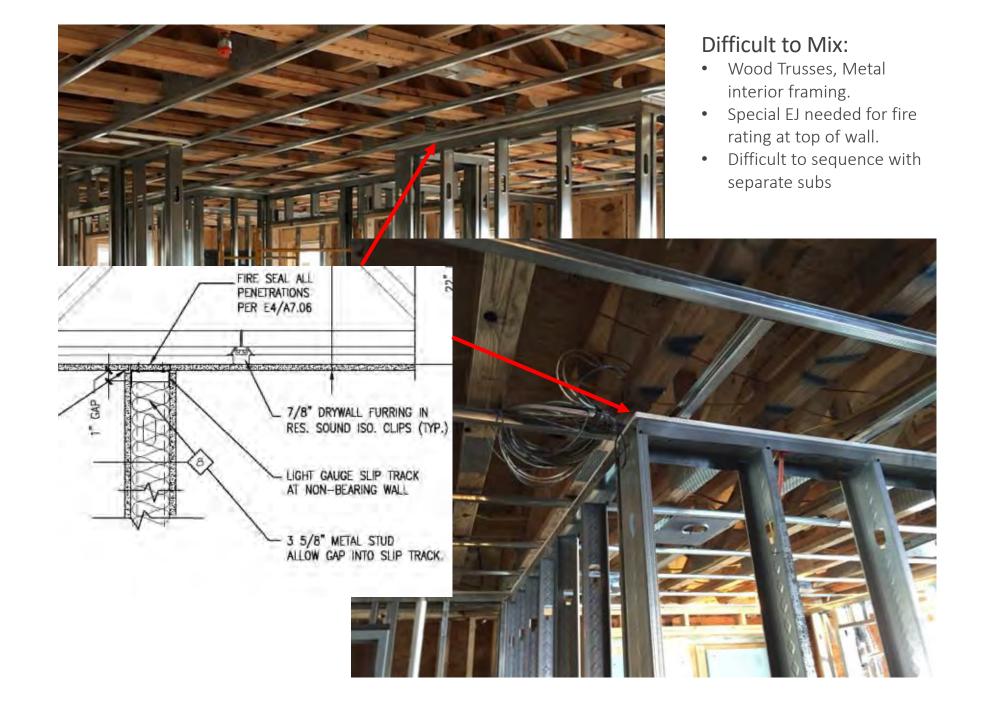
Due to the newness of the CLT in Maine, code enforcement was not comfortable allowing the wood to be exposed due to potential flame spread and one layer of gypsum board was required.



Learning Objectives

3. Discuss framing optimization strategies for wood-frame multi-family construction, with an emphasis on code compliance for fire, life safety and acoustic design, and repeatability.







COVID:

The framing company used for Wessex Woods was a small family company that did not want to expand their bubble and work closely with too many people. Panelization allowed fewer crew members to erect panels without effecting schedule greatly.



Coordination:

- Under slab Utilities Below
- Truss alignment with structure Right
- Field modifications create more wood in exterior wall, less room for insulation.





Learning Objectives

4. Review other design enhancement strategies being considered on affordable housing projects, such as passive house construction, which can result in lower operating costs and higher levels of occupant comfort.

Housing Criteria – Meeting the Challenge

<u>Budget</u>

- Fixed cost cap financing
- Rising Labor and Material costs

Nature

- Exterior Temps Range from -10 to 90 +
- Exterior Humidity Range from 45% 95%

Resident

- Interior Temp Range from 68 to 72
- ☐ Interior Humidity Range from **40% 60%**

<u>Management</u>

- Properties that reduce Energy Demands
- Provide Residents with <u>Thermal Comfort</u>





- Portland Maine
- Completed in 2017
- 45 Units Family Housing
- 1 Bldg. 37,815 SF
- Wood Frame Construction
- Electric Baseboard
- Solar Array
- Natural Gas for DHW



BAYSIDE ANCHOR 2017 NEW CONSTRUCTION PASSIVE HOUSE

Two Year Energy Usages

- Cost per watt \$0.15
- Cost per therm.- \$1.14
- Average Energy Cost –
- \$32,404 per year

Number of Units – 45

■ Total Gross SF – 37,815

- Unit Energy Cost –
- \$69.71 per month
- Building Energy Cost –
- \$0.99 per SF / per year





RIDGEWOOD II 2017 NEW CONSTRUCTION LEED PLATINUM

- Gorham Maine
- Completed in 2017
- 24 Units Senior housing
- 1 Bldg. 23,026 Gross SF
- Wood Frame Construction
- Electric Baseboard
- Solar Array
- Natural Gas for DHW

Two Year Energy Usages

- Cost per watt \$0.15
- Cost per therm.- \$1.14
- Average Energy Cost –
- \$23,358 per year
- Total Unit 24
- Total Gross SF 23,026
- Unit Energy Cost –
- \$70.74 per month
- Building Energy Cost –
- \$0.88 per SF / per year



1BR (Bedroom)

Heating \$ 93
Cooking \$ 10
Lighting \$ 29
DHWS \$ 27
Fridge \$ 9
Total \$168

2 BR (Bedroom)

Heating \$140
Cooking \$ 13
Lighting \$ 38
DHWS \$ 34
Fridge \$ 9
Total \$234

Locality/PHA 4.	5, 6, 7	Unit Type Low Rise, V	Valkup. Ro	w. Garde	n, Townhous		Date (mm/dd 2/1/	/yyyy) 2021
Utility or Service		0BR	1BR	2BR	3BR	4BR	5BR	6BR
Heating	Fuel Oil	45	63	83	102	130	146	167
	Electric	70	93	(40	177	202	235	271
	Natural Gas	49	69	81	90	106	116	129
	Bottled Gas	75	103	133	160	205	235	270
	Wood	38	51	67	81	94	110	138
	Other: Kerosene	57	80	105	129	164	184	
	Electric - Heat Pump	36	43	.51	.57	63	70	75
Air Conditioning	(
Cooking	Electric	8	(10)	13	16	21	25	27
	Natural Gas	5	7	9	11	14	16	18
	Bottled Gas	15	18	23	28	35	40	45
	Other				- 1		-	
Other Electric		22	(3)	38	47	59	68	73
Water Heating	Oil	18	22	28	35	45	- 51	59
	Electric	27	37	49	61	78	90	96
	Natural Gas	20	27	34	42	52	61	70
	Bottled Gas	38	43	55	68	88	100	115
Water		11	13	17	21	25	29	34
Sewer		13	15	20	25	30	35	40
Trash Collection		27	27	27	27	27	27	27
Other - Specify							- 3	
Range/Microwave		9	(9)	9	9	9	9	
Refrigerator		11	11	11	11	11	- 11	
Actual Family Allo	wances - May be used	by the family	to compute	9	Utility/Service	e/Appliance	9	Allowance
allowance while se	arching for a unit		207-047		Heating	- 0.0		
Head of Household	1 Name				Cooking			
					Other Electr	ic		
					Air Condition			
Address of Unit					Water Heati			
					Water Heati	ng		ĺ.
					Sewer			
					Trash Collec	ction		
					Other			
Number of Bedroo	ms				Range/Micro	owave		
					Refrigerator			
					Total			

Ridgewood II

Average Utility Cost

\$70.74 per unit / month

Bayside Anchor
Average Utility Cost
\$69.71 per unit / month

Let's compare utility performance!



Energy Performance

benchmarking tools & services

	AVEST	VESTA HOUSING - NEW CONSTRUCTION 2005 - 2017										
Property	C.O. Yea	Resident Type	Number Unit	Gross Floor Area	Total MMBTU	MMBTU / Uni-	MMBTU / Sq. F	Total Operating Costs (elec, heat, water)	Total Operating Costs/Ur	Total Operating Costs / Sq. 1	Building Design	
Bartlet Woods	2017	Senior	28	24,147	954	34	0.040	\$23,175	\$828	\$0.96	High Performance	
Carleton Street	2017	Family	37	26,986	1,519	41	0.056	524,465	\$661	50.91	High Performance	
Bayside Anchor	2016	Family	45	37,815	1,095	24	0.029	\$37,474	\$833	\$0.99	Passive Design	
Huston Commons	2016	Housing First	30	21,375	1,605	53	0.075	\$34,607	51,154	51.62	Code Compliance	
Ridgewood II	2015	Senior	24	23,026	544	27	0.028	\$20,374	\$849	\$0.88	LEED	
Young Street	2015	Senior	28	25,594	816	29	0.032	\$24,127	\$862	\$0.94	High Performance	
409 Cumberland	2015	Family	57	56,286	2,337	41	0.042	\$44,398	\$779	\$0.79	High Performance	
Thomas Heights	2015	Housing First	18	13,452	916	51	0.068	\$21,836	\$1,213	\$1.62	Code Compliance	
Meeting Place 1	2015	Family	39	35,780	3,069	79	0.086	\$38,000	\$974	\$1.06	Code Compliance	
Pearl Street II	2013	Family	54	56,764	3,594	67	0.063	554,998	\$1,018	\$0.97	Code Compliance	
Oak Street Lofts	2012	Family	37	25,263	1,504	41	0.060	\$25,431	\$687	\$1.01	LEED	
Cascade Brook	2012	Senior	30	29,278	1,753	58	0.060	\$47,096	\$1,570	\$1.61	Code Compliance	
Florence House	2010	Housing First	25	31,345	3,144	126	0.100	\$79,922	\$3,197	\$2.55	Code Compliance	
Pearl Place	2007	Family	60	65,279	3,629	60	0.056	\$56,533	\$942	\$0.87	LEED	
Fore River Apartments	2006	Family	20	20,189	1,272	64	0.063	\$21,473	\$1,074	\$1.06	Code Compliance	
Little Falls Landing	2006	Senior	24	20,805	1,766	74	0.085	\$32,917	\$1,372	\$1.58	Code Compliance	
Logan Place	2005	Housing First	30	18,407	1,604	53	0.087	\$27,065	5902	\$1.47	Code Compliance	

Energy Performance

benchmarking tools & services

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> QUESTIONS?

This concludes The American Institute of Architects Continuing Education Systems Course

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Affordable Housing and Wood Construction: How to Make the \$ Work

Presented by JJ Powell, Walsh Construction Company



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OTHELLO PARK PROJECT DATA

1. Location: Othello Neighborhood, Seattle

2. Number of Dwelling Units

 106 affordable apartments, open to people making up to 60% AMI

3. Unit Types:

- Studios (7)
- "Open" One Bedroom (24)
- One Bedroom (39)
- Two Bedroom (22)
- Three Bedroom (12)
- Live/Work (2)

4. Amenities:

- Community/Media Room
- Ground Floor Patio Area
- Shared Laundries
- Top-Floor Community Room and Deck

5. Funding Sources:

• 4% LIHTC - NEF, Public - CoS & KC, Debt - US Bank

OTHELLO PARK PROJECT GOALS



- 1. Achieve budget reduction goals, -\$2M
 - Cost reduction as a prime driver
- 2. Analyze and potentially incorporate Type IIIA construction requirements
- 3. Increase unit yield on a challenging site



OTHELLO PARK STRATEGIES



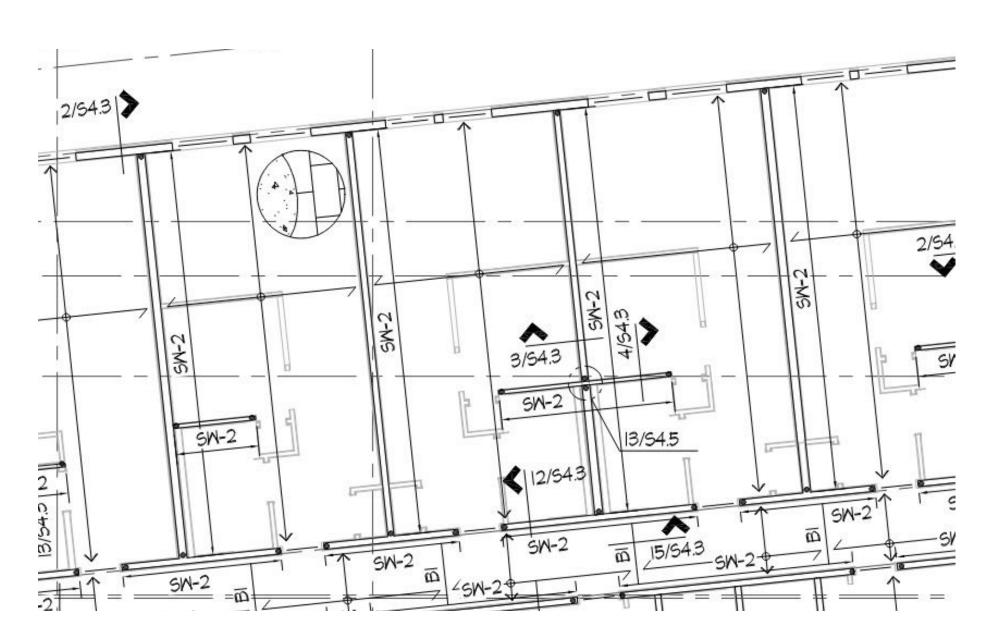
- Iterative process to test massing and layout to achieve better yields
- Target Value Design and Estimate
- Interview and integrate trade subcontractors into the design and estimating effort
- Continually asked ourselves "CEDC" questions
- Flipped the spec:
 - "Add" alternates, instead of "Deduct" alternates

STANDARDIZE UNIT WIDTHS / STRUCTURAL SPANS

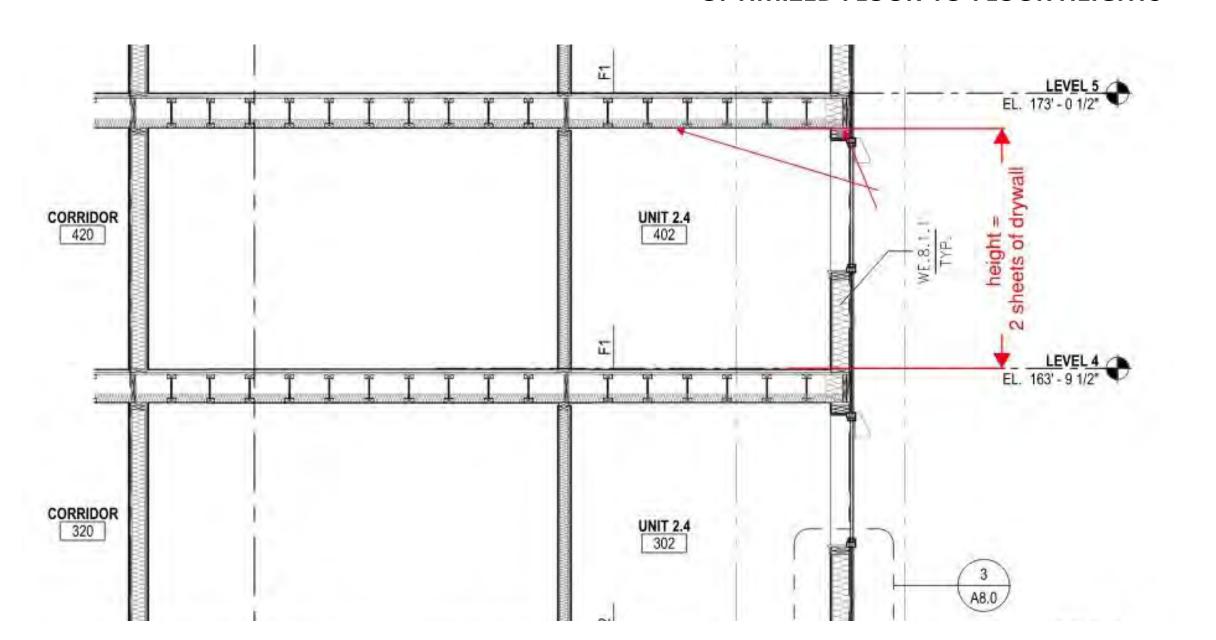


- Repetition and simplicity
- Material management
- Coordination

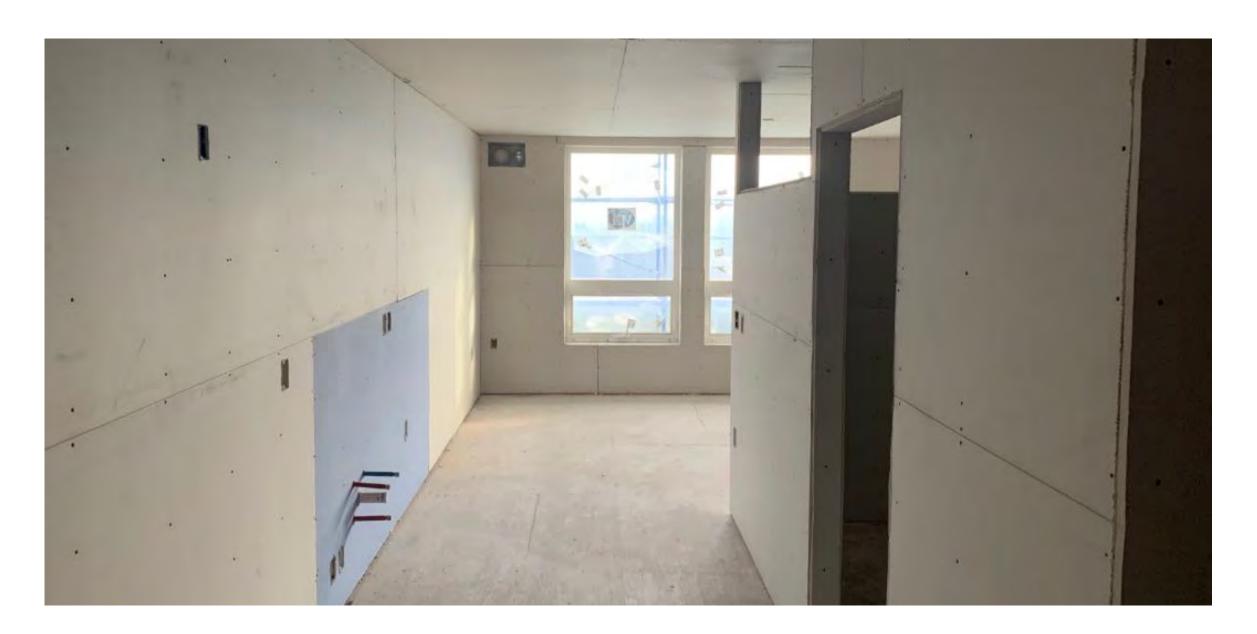
SINGLE-STUD PARTY WALLS



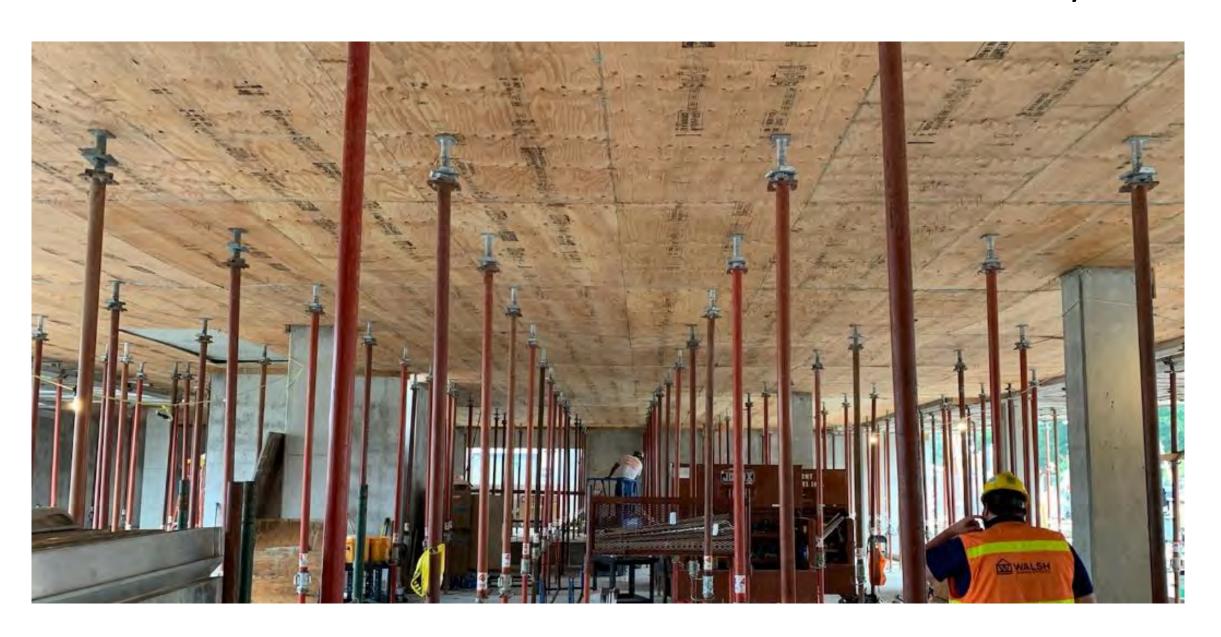
OPTIMIZED FLOOR-TO-FLOOR HEIGHTS



OPTIMIZED FLOOR-TO-FLOOR HEIGHTS



FLAT PT DECK / SOFFIT



PITCHED ROOF PROFILE / NO INTERNAL RAIN DRAINS



OTHELLO PARK COST DATA





Project Budget \$22,410,307 \$211,418 / unit

Estimate History:

Sept 2018 Schematic Estimate \$24,801,600

Original design, 93 units, 6 stories

April 2019 TVD Estimate \$22,998,749 **↓\$1.8M**CEDC influenced scheme

November 2019 DD Estimate \$22,801,862 **↓ \$197K** *Sub numbers baselined*

April 2020 GMP Estimate \$22,764,591 **↓\$37K**

April 2020 GMP for Closing \$22,410,307 **↓ \$354K** *Additional measures from pricing*

OTHELLO PARK COST DATA





Project Budget \$22,410,307 \$211,418 / unit

Estimate History:

Reduction from 2018 to TVD Estimate: \$1,802,851

Reduction from TVD Estimate to GMP: \$588,442

Reductions from TVD to GMP Estimate:

Drywall / Metal Framing -18%
Wood Framing -12%
Plumbing -3.5%



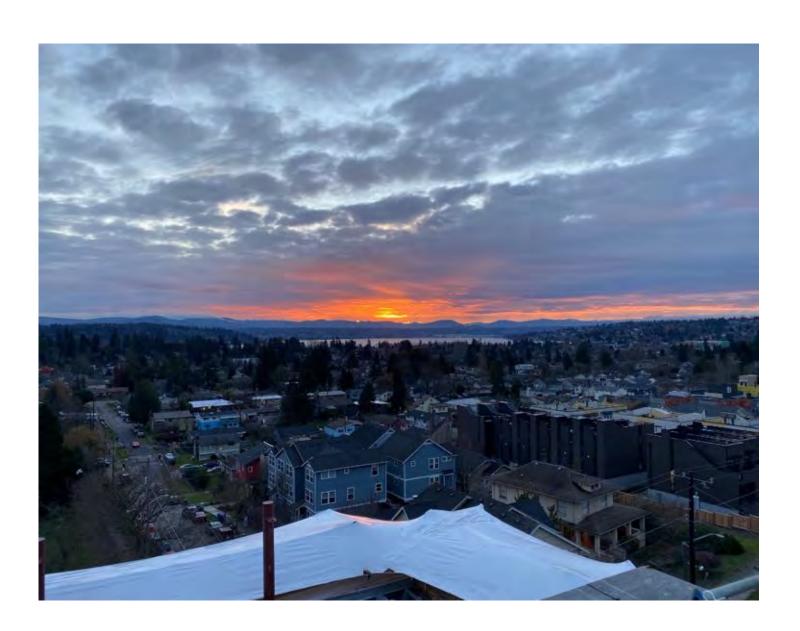
OTHELLO PARK COST ENGINEERING

Major Cost-Engineering Efforts

Evaluated 5 / 2, Type V versus 6 / 1, Type III-A \$250,000 savings

Unit Yield – Span efficiencies and unit aspect ratios Increased from 96 to 106 units Significantly lower Unit Cost Basis

Panelized versus on-site wood framing
Project initially conceived of as panelized
Ended up being executed as stick-framed
Incorporated pre-cutting, "optimization"



CONVERT "COSTS" TO "VALUE"

- Savings afforded a Market-ratequality amenity
- Trade involvement means buy-in
- Understanding practices and materials leads to reduction in waste

THE BIG TAKE-AWAY'S



- Internalizing the lessons
- Preconstruction:
 - Make budget a true priority
 - Nothing is sacred
 - Expanding the Team
- Execution:
 - Involving the site team
 - Installers, field leadership invested
 - Leads to a safer, less-costly build



