



Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: Councilmember Donald Rocha
SUBJECT: BRIDGE HOUSING COST COMPARISON
DATE: December 11, 2017

Approved

Don Rocha

Date

12-11-17

PH

RECOMMENDATION

That staff be prepared to speak to the cost comparison between tiny homes and permanent supportive housing included in the first paragraph on page 3 of the memo from the Mayor, Vice Mayor, and Councilmembers Peralez, Arenas and Jones. In particular they should be ready to offer an opinion as to whether the cost numbers used in the memo constitute a like-for-like comparison, and provide any information they may have as to why the cost numbers in the memo vary from the cost numbers provided on page 23 of the staff report.

ANALYSIS

The Mayor, Vice Mayor, and Councilmembers Peralez, Arenas and Jones released a memo on the Bridge Housing item on Friday. Their memo makes the following statement:

The \$20,000-\$30,000 construction cost of a tiny home remains significantly lower than the \$600,000 to \$800,000 per unit cost to construct permanent supportive housing.

The cost numbers used in this comparison vary from the cost numbers included on page 23 of the staff report, and from the cost numbers that Councilmember Khamis and I used in our memo (which are consistent with the staff report.) Given that the cost efficiency of the bridge housing model is key policy consideration, I believe it's critical that we resolve any discrepancies between cost numbers. It's very possible that I'm not well-informed enough to understand the numbers in my colleagues' memo, and thus I believe it would be beneficial to have staff provide their opinion at the meeting to help aid my understanding.

Using my own limited knowledge, I have attempted to reconcile the discrepancy. The table on page 23 of the staff report indicates that that the development cost of a Bridge Housing Community would be \$73,125 per unit, but in their memo my colleagues reference "the \$20,000-\$30,000 construction cost of a tiny home." It's not immediately clear how they arrived at the \$20,000-\$30,000 cost range. My guess is that they isolated

the cost to construct one tiny home unit and excluded all other site development costs, such as utility connections, common buildings, or site preparation. Their cost range of \$600,000 to \$800,000 for permanent supportive housing, however, doesn't seem to exclude any development costs, and is in fact considerably higher than staff's estimated per unit cost of \$589,190 on page 23 of the staff report. If this understanding is correct (which it may not be, of course) it would mean that their comparison is not like-for-like. Their bridge housing number includes only a portion of development costs, while the permanent housing number includes all development costs. It's important that we clear this issue up because we want to base our decision on a sound cost comparison.

As I mentioned, Councilmember Khamis and I drew the cost numbers in our memo directly from the staff report. While staff estimates that the full cost of a permanent unit is \$589,190, they also indicate that the City's portion of that cost is only \$122,375. Our ability to leverage significant outside resources to construct permanent housing is necessary context for a meaningful cost comparison. The below chart summarizes the cost information provided on page 23 of the staff report and highlights the inconsistencies between staff's numbers and the number in my colleagues' memo.

\$20,000-\$30,000 is the cost number used in my colleagues' memo

	Bridge Housing	Permanent Supportive Housing
City's Cost Per Unit	\$73,125	\$122,375
Outside Funding Per Unit	\$0	\$466,815
Total Cost Per Unit	\$73,125	\$589,190

\$600,000-\$800,000 is the cost number used in my colleagues' memo

In closing, I want to again acknowledge that it may be that my limited understanding is preventing me from understanding my colleagues' cost comparison. If so, I'm happy to be educated by staff or by the authors of the memo.