

# Community Development File



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## COST EFFECTIVE IN-FILL

### CHESTNUT MANOR OAKLAND, CALIFORNIA

by Jess Maxcy

#### DEVELOPER

Paul Wang & Associates  
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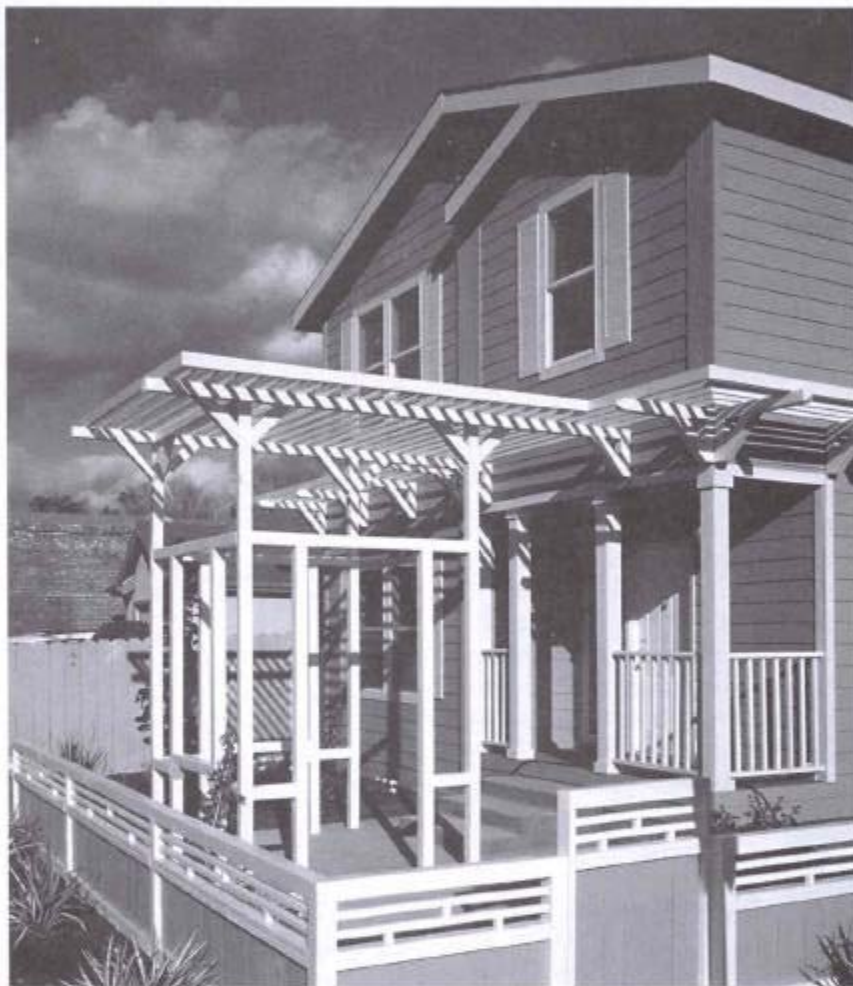
#### MANUFACTURER

Fleetwood Homes of California, Inc.  
18 N. Pioneer Avenue  
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#### CITY OF OAKLAND

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*The Chestnut Manor...from vacant lot to homeownership in 62 days!*

### CHESTNUT MANOR OAKLAND, CALIFORNIA

#### At a Glance

Type....Single-family in-fill  
Model...Chestnut Manor 3444X  
Home Size....2006 Sq. Ft.  
Two-Story-Detached Garage  
Bedrooms.....Four  
Baths.....Two & One-half  
Lot Size.....40x90  
Construction  
Cost....\$53.12 per sq. ft.\*

\*Home Only  
F.O.B. Factory @ Manufacturer's  
suggested retail price

#### BACKGROUND

Many cities are seeking ways to encourage in-fill housing as a means to ensure affordable homes near city centers. In addition to helping maintain relative affordability, in-fill housing helps to ease urban sprawl which should reduce traffic and land-use problems as housing is placed closer to inner-city jobs.

Throughout urban centers in California, there are literally thousands of lots zoned for

residential usage that are either vacant or occupied by substandard housing. These lots have several things in common:

- They are where affordable housing is needed.
- Many are owned by the city.
- They are not producing sufficient tax revenue for the city.
- They are generally not contiguous.
- They are usually long and narrow.



After installing the ground floor modules on the permanent foundation, the second floor modules are craned into place.

- Site builders won't or can't economically build on them.
- They are perfect for manufactured housing!

The City of Oakland, through its Community and Economic Development Agency in search of ways to turn its vacant lots into affordable inner city housing, worked in concert with the California Manufactured Housing Institute (CMHI), the CMHI Foundation and Paul Wang and Associates on the Chestnut Manor project. The goal of this demonstration project was to provide an affordable single-family detached home on an in-fill lot to a qualified buyer.

### PROJECT

The City of Oakland, with a population just over 400,000, is the major city in Alameda County and an essential part of the San Francisco Bay Area economy. Under the leadership of Mayor Jerry Brown, Oakland has significantly increased economic development in the downtown area. To bring much needed housing in support of the downtown development, the City has also made a significant commitment to conversion of vacant in-fill lots to affordable single-family homes.

The Chestnut Manor demonstration project is located at 4100 Martin Luther King Way, approximately four miles from the city center.

### PROJECT DESCRIPTION

The combining of the City of Oakland's desire to convert vacant in-fill lots to single-family homes, the expertise of developer/architect Paul Wang and his contractor George Portugal and Fleetwood's new two-story Chestnut Manor led to the subject demonstration project. The project is focused on demonstrating the viability and cost effectiveness of using manufactured homes for in-fill projects.

Chestnut Manor consists of a two-story home containing four bedrooms, two and one half baths, 2006 square feet and a detached garage installed on a real property (permanent) foundation on a 40x90 lot. The lot is in a mixed use neighborhood made up of commercial business and single and multi-family housing.

### CONSTRUCTION PROCESS

Construction of manufactured housing on in-fill lots is basically a two-part, off-site and on-site, process.

Off-site, the home is constructed in a factory to the preemptive standards established by the U.S. Department of Housing and Urban Development. Once completed at the factory the home is transported to the site for installation.

On-site work consists of grading and excavation, foundation and flat work, home installa-

tion, construction of the garage and landscaping.

This bifurcated process allows simultaneous construction of the home and foundation, which leads to quicker project completion thereby reducing carrying costs for the developer. Additionally, because homes are routinely installed and secured in one day, opportunities for vandalism and theft are reduced. Each step in the process is focused on speed to project completion thereby improving affordability for the home buyer.

### WHY MANUFACTURED HOUSING?

Increased reliance on factory production has resulted in major changes in the efficiency of housing construction. Advantages of factory construction include better control of building and financing costs, more efficient control of inventory and the ability to better control the quality and performance of products. Almost all California homes today include some factory-produced components.

### REGULATORY APPROVALS

Since June 1976, all manufactured homes in the United States have been built to the National Manufactured Home Construction and Safety Standards (the HUD Code). Since adoption of the Code, which under federal law

preempts all local building codes for these single-family dwellings, their quality has risen dramatically. The HUD label certifies that the home has been factory constructed, tested and inspected to comply with stringent, uniform federal standards.

The HUD Code, administered by the Department of Housing and Urban

Development, is the counterpart to national model codes for site-built housing. These model codes include the Uniform Building Code of the International Conference of Building Officials, upon which California local governments base their building codes.

To ensure quality, design and construction are monitored by



*Installation of the first and second floor modules is normally completed in one day.*

both HUD and the National Conference of States on Building Codes and Standards (NCSBCS).

Many manufactured homes are indistinguishable from their site-built counterparts in construction and appearance. In California, approximately 70 percent of new manufactured homes sold are sited on lots in

urban, suburban or rural neighborhoods. Facilitating this opportunity are state laws (Government Code Sections 65852.3 and 65852.4) which allow manufactured homes to be sited on any residential lots, providing the home meets local development standards.

Also, covenants, conditions and restriction adopted on or after January 1, 1998, cannot

forbid the siting of a manufactured home on a residential lot, if the home can meet the same architectural standards as site-built homes in the neighborhood. (California Civil Code Section 714.5)

### FINANCING

To facilitate the Chestnut Manor demonstration project,

### CHESTNUT MANOR FLOOR PLAN



First Floor



Second Floor

**Model 3444X • 4 Bedroom • 2-1/2 Baths • 2,006 Square Feet**



construction financing and project coordination were provided by the California Manufactured Housing Institute and its charitable foundation.

The lot was donated by the City of Oakland with the proviso that the finished home was to be sold to a qualified buyer subject to Oakland's First Time Home Buyer Program. The City's First Time Home Buyer Program includes financing assistance via a silent second with repayment stipulations.

The financing package was completed with a conventional 30-year conforming mortgage.

### Time Line...62 Days to Home Ownership

On October 14, 2002, the home site was a vacant lot. On December 9th, CMHI hosted an open house for attendees of a Strategic Planning Conference sponsored by California's



*The Chestnut Manor...an inner-city family has a new home!*

Department of Housing and Community Development and the California Housing Finance Agency. By December 15th, the home was sold and in escrow!

### AFFORDABILITY

Keeping in mind that affordability is always relative to market conditions and median incomes for a specific area, the construction

costs in this Site Development Report do not include variable costs such as fees, permits, utility lines and land.

Based on the manufacturer's suggested retail price, the construction cost for the Chestnut Manor was approximately \$53.00 per square foot, F.O.B. Woodland, California. On-site construction, including site clearing, grading and excavation, foundation, flatwork, garage and installation of the home brought the cost per square foot to approximately \$107.00 (land, fees, permits, etc. not included).

With land, permits, fees and landscaping, the demonstration home sold for \$270,500.

### RENAISSANCE

A vacant lot becomes a revenue producer...an old neighborhood is upgraded...a family gets a new home...**all in under three months!**