



Living City Partners

A Non-Profit
Housing
Developer



high density, in-fill, transit
oriented development for
jobs-housing balance

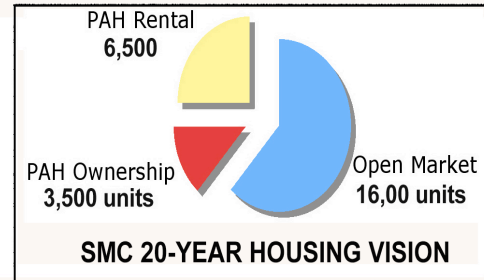
Work Here -- Live Here

The Housing Quality-of-Life Opportunity

The need for additional housing to sustain economic vitality and promote community well-being in San Mateo County is amply documented in many State, regional and county studies. San Mateo County's 20-year housing vision calls for the building of 26,000 new units of which 10,000 are to be permanently affordable housing.

Living City Partners can significantly help the county meet this challenge by building a total of 1,600 permanently affordable housing (PAH) ownership houses in the next ten years.

That's our goal.

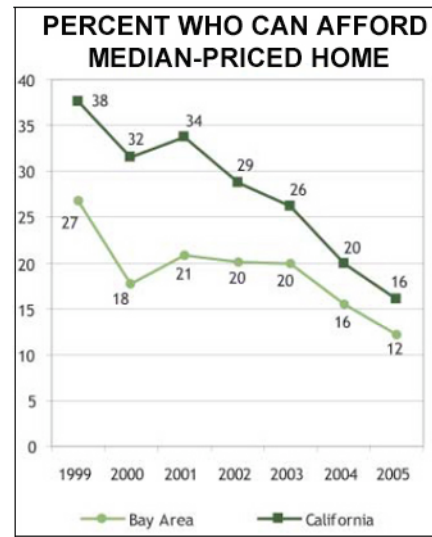


Living City Partners and the Permanently Affordable Housing Market

Living City Partners is a non-profit housing development company dedicated to building permanently affordable ownership housing. Our customers will be families with low to moderate incomes. The income levels of the families we intend to serve are from 50% to 100% of median income for the County, or those families earning about \$56,000 to \$95,000 per year for a family of four. These families are able to carry mortgages in the \$1,500 to \$2,500 per month range.

Currently, families with modest incomes are underserved in the market. There is little to no ownership housing available priced at levels these families can afford. With the median price of a home reaching almost \$850,000 in 2005 and the average condominium costing roughly \$600,000, less than 12% of the local population can afford to buy a home here today.

Although the need for affordable housing has been acknowledged and publicized in all California cities' Regional Housing Needs Allocation (RHNA) targets, affordable housing production has lagged by 84% during the past seven years. A recent estimate of projected need versus production of housing for families with both moderate and low incomes is summarized in the table below. The total supply gap is expected to be almost 9,000 units over the next ten years.



PROJECTED HOUSING SUPPLY/DEMAND ESTIMATES			
Moderate Income Families		Low Income Families	
Units Needed	4,000	Units Needed	7,080
Units Produced	1,180	Units Produced	1,150
SUPPLY GAP	2,820	SUPPLY GAP	5,930

The Living City Partners Strategy

Clearly there is a large market for below-market-rate housing that for-profit developers cannot or choose not to enter in San Mateo County. Living City Partners has a strategy for succeeding in this marketplace and is seeking seed funding and strategic partners to start its first permanently affordable housing development. A summary of our strategy follows:

- *Build multi-unit condominiums*
- *Develop on in-fill sites near transit*
- *Start small and innovate*
- *Work with key communities receptive to dense housing near transit*
- *Secure funding partners for land acquisition during the entitlement process*
- *Secure commercial funding for construction and first mortgages at sale*
- *Secure funding or land partners for silent second mortgages*
- *Use developer's fees to fund future projects*

We believe implementing these strategies will allow LCP and the communities in which we do business to reach the goal of constructing 1600 permanently affordable housing units in 10 years. For more details about our business plan, please contact us.

Keeping Living City Partners' Homes Within Reach

We have made detailed estimates for various construction types, densities and sizes of developments. We recognize that construction and permanent financing for each development will be unique. The following general example illustrates how permanent financing might work for a three bedroom condominium with a selling price of \$550,000. This financing structure assumes a 30-year fixed first mortgage at 6% and a silent second mortgage of \$158,000. The key to making these developments financially feasible will be partnerships to secure land and/or permanent financing from private and/or public sources.

• Down Payment (5%)	\$27,500
• 1 st Mortgage (70%)	\$ 2,350 monthly cost to owner
• 2 nd Mortgage (25%)	\$ 0 monthly cost to owner

Gaining Community Acceptance

For the San Mateo community to recognize and act on this opportunity to develop permanently affordable housing will require increased community understanding and acceptance. The conversation about more housing here is about what we value, the debate is about strategy. Some think maintaining "quality of life" requires no additional growth. This position also insures housing will continue to be "out of reach" for many families who work here or grew up here.

We believe we can up-level this community conversation. We propose to develop homes for families with the motto: "work here – live here." Creating a community that can house its children may be the key point around which we can work to shape general plans, housing elements and other land-use ordinances. As we grow, quality of life can include the values of vibrant economy, social equity and environmental stewardship. By adopting these values, we can find a shared vision for the future for San Mateo County. As a participant in that vision, Living City Partners will work to bring community outreach, design excellence and green technology to each development within the cities where we are invited to build.

Living City Partners – Start-up Phase

The idea of forming a company to address the gap in the housing market has been incubating for several years. A grant from Philanthropic Ventures, Oakland, California has allowed our formal organization and launch in the fall of 2006. We have achieved the following milestones in our start-up phase:

- Board of Directors formed and officers elected
- Articles of Incorporation filed with State of CA
- 501-c-3 Federal filing in process
- Tax ID# received
- Project financial pro-formas and operating budgets in place

Funding the Start-up

We are seeking funding to support our *start-up phase* during which we expect to:

- Employ a small professional staff
- Continue R&D with select cities and strategic partners
- Seek appropriate sites and partners for our first development project
- Find site specific development partners and funding
- Obtain site control
- Develop project concept, seek entitlements and gain community support
- Obtain construction permits

Once we have obtained entitlements and permits we expect to secure *construction financing* from commercial sources that will pay for building homes. New project development and administrative operations will continue without seeking additional seed funding. *Home sales and permanent financing* will allow us to continue the cycle of new project development, home construction and sales.

Living City Partners Board and Contact Information

Board of Directors:

Edmund A. Hayes, President
Mark V. Schoenstein, Vice-President/Treasurer
Karl J. Schmidt, Secretary

Advisor: Thomas A. Kelley

Staff: Mark B. Moulton, Executive Director

Contact: mark@livingcitypartners.org

Office:

Living City Partners
c/o Tincher Construction
1800 Broadway Street, Suite 1
Redwood City, CA 94063

Phone: 650.299.1296

Fax: 650.298.9746

Website: www.livingcitypartners.org