

Action #11.4 Promote Off-site Construction and Similar Efficiency/Cost Improvements to Reduce Cost by 20%		
1.1	Key Element of CASA Compact	#11 Lower net cost of new construction
1.2	Brief Description <i>1-3 sentence summary of action or policy</i>	<p>CASA should convene a production efficiency/cost reduction working group to support the scaling of the off-site construction industry and other cost reduction/production efficiency improvements that will reduce overall construction costs and improve delivery. Review cost reduction/productivity enhancement in residential construction with the aim of expanding housing production. This work would include:</p> <p>Training Planning Staff/Commissions</p> <ul style="list-style-type: none"> • Cost problem for residential construction • Modular is a cost-effective high productivity means and method technique outside of their purview with specific physical requirements • If a project converts to modular need administrative waivers for de minimis increases in building height <p>Training Building Officials</p> <ul style="list-style-type: none"> • Building staff should visit modular factories • HCD reviews anything done within the factory, all site work, structural connections and building systems • If unit issues identified once the unit arrives on site, HCD should still remain the authorizing regulatory agency • Building staff cannot engage in 'scope creep' • Review/revise areas where building code conflicts exist <p>Finance</p> <ul style="list-style-type: none"> • Work with lenders and investors to educate them on procurement, timing of draws, inspection process, frontloaded payments • Increase the pool of lenders and investors willing to participate in modular projects • Change TCAC rules to incentivize modular <p>Insurance</p> <ul style="list-style-type: none"> • Work with insurance industry to increase the number of insurance companies willing to cover modular projects, and the number of products available • Address the current conflict where subguard insurance or P&P bonds that are called could not compensate for a loss of a modular subcontractor because of the lack of companies in the industry <p>Ongoing Issues</p> <ul style="list-style-type: none"> • Cyclical nature of real estate industry – how to manage the workforce • Education about controlling locally imposed non-safety cost adds locally (green building, water recycling) • Political challenges with building trades
1.3	Supports these CASA goals: <i>(check all that apply)</i>	<input type="checkbox"/> Protection <input type="checkbox"/> Preservation <input checked="" type="checkbox"/> Production

1.4	Desired Effect <i>What problem would this solve? Who would benefit? If applicable, identify any specific populations who will especially benefit.</i>	Reducing the hard cost of construction is critical to building more housing in the Bay Area at a price that the population can afford. A number of ongoing problems continue to suppress scaling up of modular that CASA/Bay Area Metro (BAM) can work to reduce so that this industry can make housing more viable for market rate and affordable housing producers. All new housing construction will benefit whether built by for profit or non-profit builders, market rate and affordable.
1.5	Key Questions and Points of Concern <i>What key questions or issues need to be resolved?</i> <i>What are the major sticking points and areas of negotiation?</i>	<ul style="list-style-type: none"> Funding for off-site/cost reduction working group
1.6	Resources Needed <i>What costs will be incurred and by whom? Note any funding sources that are readily available, if known.</i>	<ul style="list-style-type: none"> BAM must devote ½ FTE to working on organizing modular working group meetings, trainings for city planning and building staff, and identifying policies that can be pursued to advance this industry.
1.7	Scale of Impact <i>(as measured by Plan Bay Area goal alignment)</i>	<p>Protect: _____ tenant households annually</p> <p>Preserve: _____ net new units annually through long term affordability covenants or put into nonprofit ownership</p> <p>Produce: 820,000 net new units of housing by 2040</p> <p>Cost reductions required to build all of the housing types described below</p> <p>[] Above moderate housing (>120% ami): _____ units</p> <p>[] Middle market housing (81-120% ami): _____ units</p> <p>[] Affordable housing (<80% ami): _____ units</p>
1.8	Potential Vehicles for Implementation <i>Check all that apply</i>	<ul style="list-style-type: none"> <input type="checkbox"/> Legislation <input type="checkbox"/> Regional Funding <input type="checkbox"/> Statewide Funding <input type="checkbox"/> Regulatory Reform <input type="checkbox"/> Education and Advocacy <input type="checkbox"/> Pilots & Spreading Best Practices <input checked="" type="checkbox"/> Other BAM convening, may required all of the above to ultimately achieve these goals
1.9	Time Frame <i>Time needed for action to be approved and implemented.</i>	<p>Select one</p> <ul style="list-style-type: none"> <input type="checkbox"/> Short-Term (0-2 years) <input checked="" type="checkbox"/> Med-Term (3-5 years) <input checked="" type="checkbox"/> Long-Term (6-10 years)
1.10	Feasibility <i>Select one and describe your rationale for why this level of feasibility is anticipated.</i>	<p>Select one:: EASY TO AGREE, DIFFICULT TO ACCOMPLISH</p> <p><input type="checkbox"/></p>

References: <https://turnercenter.berkeley.edu/blog/modular-construction-in-the-bay-area-the-future-is-now>

<https://turnercenter.berkeley.edu/offsite-construction>