

Senior Homeowner Lot-Split ADU Pilot

A city partnership to expand moderate-income housing supply, generate fiscal returns, and support long-tenure senior homeowners age in place and access/preserve equity.

At a glance

~23,000

Estimated eligible sr.
homeowner households

\$2M

Phase 1 MA1 capital for
up to 15 projects

\$8.7–15.4K

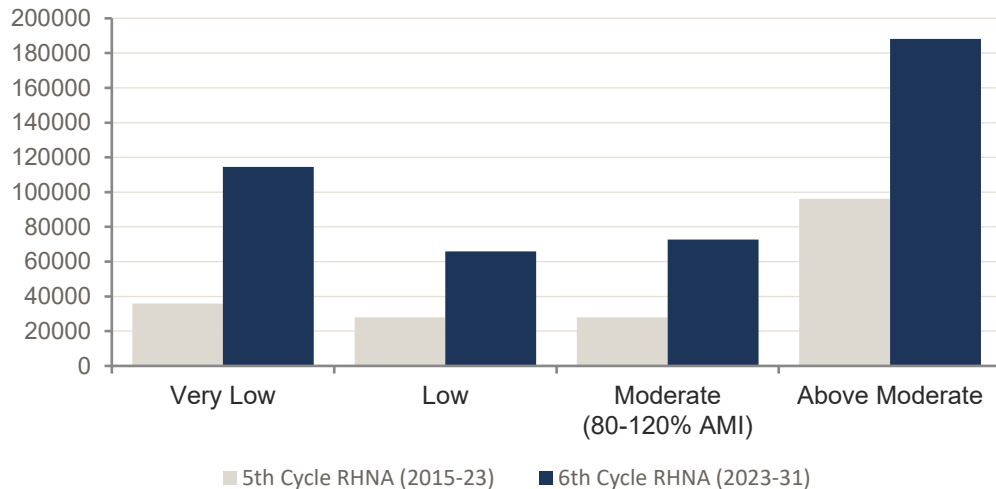
New annual property tax
revenue per transaction

~\$125K

Target shared appreciation
loan per transaction

RHNA Context: Moderate Income Is as Challenging as Lower Income Categories

BAY AREA RHNA: 5TH CYCLE (2015-23) VS. 6TH CYCLE (2023-31)



135% increase in total RHNA · 160% increase in moderate-income allocation

Source: ABAG RHNA Plans 2013, 2021. Bay Area 6th cycle income breakdown: Very Low 25.9%; Low 14.9%; Moderate 16.5%; Above Moderate 42.6%.

5TH CYCLE:

116%

Total units permitted vs. RHNA target

~39%

Moderate-income units permitted vs. targeted last cycle

>180%

Above-moderate units permitted vs. targeted last cycle

This program directly targets moderate-income production (80-120% AMI) through a replicable lot-split model: the category with the largest persistent gap and a sharp increase in 6th cycle targets.

Program Design: How Each Transaction Works

1

Lot Split

Senior splits lot under SB 9. Original parcel (~60% land + structure) to be sold. New ADU parcel (~40% land) retained by senior.

2

ADU Built

Fully accessible 2BR ADU constructed on new parcel. Funded by CDFI bridge (first lien) and County MA1 Innovation Fund (second lien).

3

Relocation

Senior relocates into ADU prior to sale. Original home listed at market rate.

4

Sale & Waterfall

Proceeds repay CDFI in full, then partially repay MA1. Remaining MA1 balance converts to shared appreciation loan (SAL). Surplus accrues to senior.

5

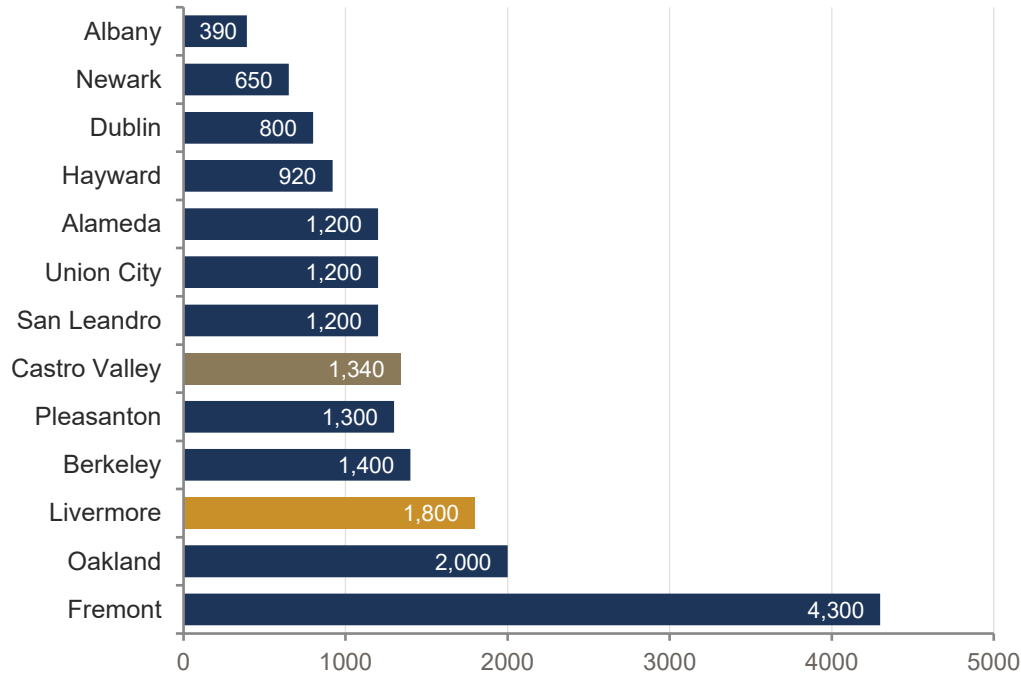
Outcomes

Senior holds ADU home equity (land + structure) plus sale surplus. No new tax burden via Prop 19 base year transfer. SAL secured on ADU parcel.

Eligibility: Senior aged 65+ · Ownership since 2010 or earlier · 80-120% AMI (1.8-person basis) · Home equity \$550K or above · Lot sufficient for SB 9 split

The Population: Who Is Eligible in Your City?

ESTIMATED ELIGIBLE SENIOR HOMEOWNER HOUSEHOLDS BY CITY



Source: ACS 2019-23 5-yr (B25007), derived. MOE ±10-30%. Gold = priority volume cities.

2010 VS. 2025 HOME VALUES AND EQUITY POSITION

City	2010 value (ACS est.)	2025 value (market)	Med. net home equity
Oakland	\$278K	\$769K	\$729K
Fremont	\$456K	\$1,636K	\$1,583K
Hayward	\$305K	\$872K	\$831K
San Leandro	\$323K	\$858K	\$819K
Berkeley	\$556K	\$1,508K	\$1,447K
Pleasanton	\$546K	\$1,645K	\$1,595K
Castro Vly	\$395K	\$1,177K	\$1,134K
Piedmont	\$966K	\$2,395K	\$2,325K

2010: ACS 2006-10 5-yr (B25077), self-reported. 2025: ATTOM/Zillow market estimates. Net home equity modeled on mortgage-free basis (ACS B25027 pattern, ~65% of long-tenure senior owners).

Participant Outcome: Home Equity Preserved

WHERE DOES THE HOME EQUITY GO? (FREMONT)

Before transaction

Home equity: ~\$1,583K (2025 market value, mortgage-free senior)

After transaction

ADU equity
~\$592K

Cash to senior
~\$978K

Dev.
costs

90% preservation target = ~\$1,425K

Total post-tx: ~\$1,570K (99% preserved)

ADU land value contributed by senior at zero cash cost. The 40% of the original lot becomes the new parcel, carrying the Prop 19 base year assessment.

Remaining MA1 balance converts to shared appreciation loan (SAL) on ADU parcel. No current interest accrual; SAL mirrors county DPA program structure.

Senior retains fee-simple ownership of ADU parcel. CDFI bridge fully repaid at close. No new property tax burden via Prop 19.

Senior's new two-bedroom home is brand new, with no deferred maintenance needs and no significant infrastructure impact

OUTCOMES BY CITY AND SCENARIO

City	Pre-tx home equity	Post-tx total	vs. 90% target	County SAL est.
Oakland	\$769K	\$804K	+16%	~\$88K
Fremont	\$1,636K	\$1,605K	+9%	~\$67K
Berkeley	\$1,508K	\$1,490K	+10%	~\$67K
Hayward	\$872K	\$899K	+15%	~\$86K
Pleasanton	\$1,645K	\$1,613K	+9%	~\$68K
San Leandro	\$858K	\$886K	+15%	~\$86K
Piedmont	\$2,395K	\$2,308K	+7%	~\$48K
Castro Valley	\$1,177K	\$1,181K	+13%	~\$78K

Post-tx total = senior cash (after CDFI) + ADU home equity (land + structure). SAL = estimated portion of MA1 converting to shared appreciation loan. Both scenarios meet 90% preservation target in all cities.

County as Local Lender: Phase 1 Deal Structure

CDFI bridge: first lien

Covers hard construction cost. Fully repaid at close from original parcel sale proceeds. Full repayment is a condition of program participation with no exceptions.

County MA1: second lien

Covers soft costs and contingency. Partially repaid from remaining sale proceeds. Unpaid balance converts to a shared appreciation loan (SAL) secured on the ADU parcel, mirroring the county DPA program structure.

Shared appreciation loan (SAL)

Residual MA1 balance carries no current interest. County participates in future ADU parcel appreciation at resale or transfer. SAL is the county's at-risk capital position per transaction.

Phase 1 Capital Summary

\$2M

Total MA1 capital committed for Phase 1

Up to 15

Transactions targeted in Phase 1

~\$125K

Target shared appreciation loan per transaction

**80-120%
AMI**

Phase 1 income target (moderate-income focus)

\$550K+

Minimum home equity for Phase 1 participants

Phase 1 targets highest home-equity, best-sited transactions to maximize probability of full MA1 recovery and establish proof of concept. Phase 2 will expand eligibility to lower home-equity households where greater SAL conversion is anticipated. Hello Housing is proposed program administrator; SHIFT RFQ process establishes the qualified ADU developer pool.

The Fiscal Case: Prop 13 Reassessment and What Your City Gains

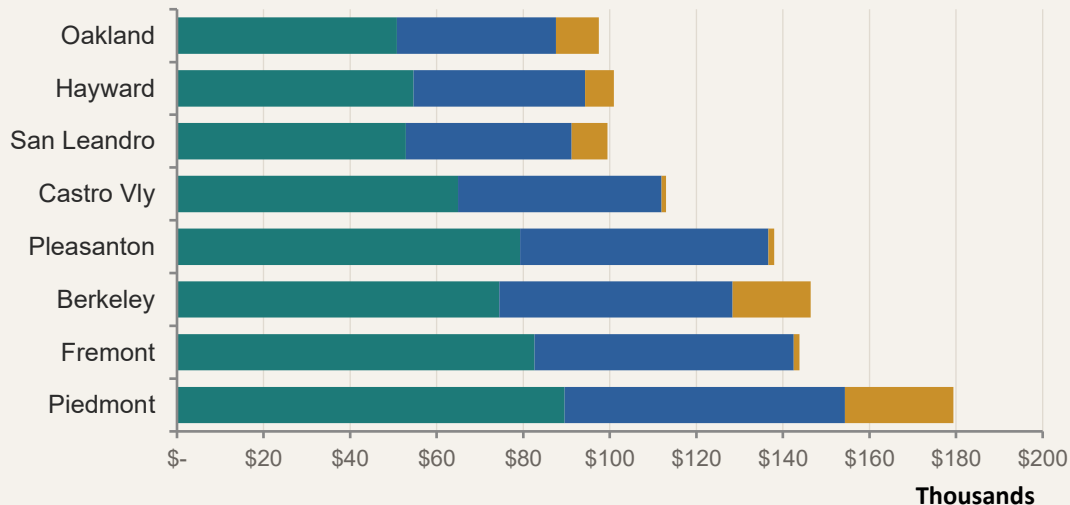
THE PROP 13 DIVIDEND: REASSESSMENT AT SALE



One-time transfer tax also collected at sale. Rates: \$1.1K (Fremont) to \$25K (Berkeley/Piedmont).

New ADU assessed at construction cost adds ~\$4,400/yr independently.

10-YEAR FISCAL VALUE PER TRANSACTION BY JURISDICTION



■ Schools — ERAF K-12 + Community College (58% of annual uplift)

■ Local govt — City + County + Special Districts (42%)

■ One-time documentary transfer tax

Schools receive 58% of ad valorem uplift via ERAF (Alameda County FY24-25 confirmed ERAF shift: \$694M). Local government (city + county + special districts) receives 42%.

Fiscal Return vs. Program Soft Debt

SOFT DEBT BREAK-EVEN BY CITY — CONSERVATIVE

Piedmont 3.1 yr break-even SAL ~\$48K	Fremont 4.7 yr break-even SAL ~\$67K	Pleasanton 5.0 yr break-even SAL ~\$68K	Berkeley 5.2 yr break-even SAL ~\$67K
Castro Vly 7.0 yr break-even SAL ~\$78K	Hayward 9.1 yr break-even SAL ~\$86K	San Leandro 9.4 yr break-even SAL ~\$86K	Oakland 10.1 yr break-even SAL ~\$88K

SUMMARY: 10-YEAR FISCAL RETURN VS. COUNTY EXPOSURE PER TRANSACTION

City	Annual tax uplift	10-yr total fiscal	County SAL (est.)	10-yr fiscal to SAL ratio
Oakland	\$8,756	\$97.4K	~\$88K	1.1x
Fremont	\$14,245	\$143.8K	~\$67K	2.1x
Berkeley	\$12,837	\$146.4K	~\$67K	2.2x
Hayward	\$9,427	\$101.0K	~\$86K	1.2x
Pleasanton	\$13,662	\$138.0K	~\$68K	2.0x
San Leandro	\$9,119	\$99.5K	~\$86K	1.2x
Piedmont	\$15,433	\$179.4K	~\$48K	3.7x
Castro Valley	\$11,198	\$113.0K	~\$78K	1.4x

HOW CITIES CAN PARTICIPATE

Co-invest in the loan pool

Cities may contribute to the MA1 capital pool alongside county funds, expanding Phase 1 capacity beyond 15 transactions and accelerating the proof-of-concept timeline.

Contribute local incentives

Cities with pre-approved ADU plans, reduced permit fees, or streamlined SB 9 review can lower per-transaction costs, improving participant outcomes and program economics.

Support participant outreach

City staff, senior services programs, and housing counselors are well-positioned to identify eligible homeowners and refer them into the program through Hello Housing.

Every participating city breaks even within one housing cycle. In the favorable scenario (D=5%, SHIFT pre-approved plans), the full MA1 is recovered from sale proceeds and county soft debt is marginal.