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Standard Communities and Faring Form \$2B Housing JV

The joint venture will develop middle-income housing in California over the next 18 to 24 months.

By **Kelsi Maree Borland**

Standard Communities and Faring have formed a \$2 billion joint venture to develop middle-income housing in California over the next 18 to 24 months. The joint venture will operate as Standard-Faring Essential Housing and will develop both ground-up apartments and the acquisition and conversion of existing apartments.

Standard-Faring Essential Housing has already created 650 units of middle income housing, representing total capitalization of more than \$400 million. To create middle-income housing, the partnership is using California's public-private partnership structure.

The recent transactions all used tax-exempt bond financing provided by CSCDA Community Improvement Authority, which worked with Standard-Faring Essential Housing as project administrator. As a result, the joint venture was able to immediately lower rents on the units to make the property available to renters making 80% to 120% of the median area income.

California is suffering from a housing shortage in the middle-income market. The state's affordable housing program provides housing for renters making less than 80% of the median area income, leaving a middle-market gap for many renters. "California is in the midst of a severe housing shortage, and Standard-Faring Essential Housing's public-private partnerships fill a crucial need for middle-income families," said Chris Cruz, managing director of essential housing at Standard Communities in a statement.

It isn't only the middle-income market in California that is struggling. Overall, there is a shortage of affordable housing. Housing affordability has [fallen](#) to its lowest level in a decade, says the National Association of Home Builders. NAHB asserts that rising building material costs, high demand and low inventory have added tens of thousands of dollars to the price of a new home.

The share of new and existing homes affordable to families making the US median income of \$79,900 dropped to 56.6% in the second quarter from 63.1% in the first, according to the NAHB/Wells Fargo Housing Opportunity Index. At the same time, average mortgage rates increased by 13 basis points in the second quarter to 3.09% from the rate of 2.96% in the first quarter.