

To Ease Affordable Housing Crunch, Google Will Buy Modular Homes

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Google owner Alphabet Inc. is finalizing an order to buy 300 apartment units from Factory OS, a modular-home startup.

The Wall Street Journal is reporting that the tech titan – in an effort to alleviate soaring home prices in Silicon Valley – is likely to use the new dwellings to serve as short-term housing for Google employees.

The expected value of the deal is \$25 million to \$30 million, the Journal says.

Modular construction, in which a complete home or an addition is built in a climate-controlled factory and then delivered to the home site, has been around for decades. In recent years, the technology has been deployed to help alleviate housing shortages across the U.S., including Detroit, New York and Miami.

Silicon Valley has been grappling with a severe housing shortage for years and tech companies are increasingly becoming more active in trying to help solve that problem. Late last year Facebook announced that it will spend about \$20 million in Menlo Park and East Palo Alto, Calif., two cities that surround its campus, to create a fund to build new housing.

But easing the chronic affordable housing crunch is an uphill battle. Home prices in tech hubs such as San Jose, Palo Alto and Cupertino rank among the priciest in the country and jumped to record levels again in April.

Santa Clara, Alameda and San Mateo counties all posted all-time median price highs in April, CoreLogic reported. The price for the typical previously owned home was \$1,050,500 in Santa Clara County, which is steadily holding above the \$1 million level; \$805,000 in Alameda County; \$590,000 in Contra Costa County; and \$1.4 million in San Mateo County.

Google's move also comes as tech giants continue to expand their Silicon Valley presence.

Apple Inc. has already begun moving thousands of its employees into Apple Park, the company's new 2.8-million-square-foot circular building in Cupertino, Calif., that resembles a spaceship. Facebook Inc. and Alphabet Inc. have tapped top architects Frank Gehry and Bjarke Ingels for expansions. Salesforce.com Inc. paid to put its name on a new, 61-story tower that will be the tallest building in San Francisco.

[300 units @ \$25-30 million = \$83,500-\$100K/unit, buildings only, no land, installation, permits, impact fees, hookups, soft costs, etc.]