



# Modular Construction Unlocks Affordable Housing

*Modular Construction has emerged as a crucial tool for housing developers...*

BOISE, ID, UNITED STATES, May 15, 2025 /EINPresswire.com/ -- When it comes to building affordable housing—the clock matters just as much as the budget. Especially when tax credits are involved, missing a deadline doesn't just delay opening — it can create devastating funding gaps that put the entire project at risk.

That's why modular construction has emerged as a crucial tool for housing developers. It's not just faster; it brings certainty to a process where controlling as many variables as possible is essential for success.

Take the Sherman Way project in Los Angeles. Part of the Mayor's Challenge — a \$40 million initiative to spur innovative affordable housing — Sherman Way is one of five modular projects pitched to the city by a team of three developers: LAFHBuils, Inc, Mercy Housing, and Abode Communities. All five projects share a common goal: accelerate delivery to meet urgent needs while maintaining quality and cost control.

LAFHBuils, Inc pivoted to Guerdon for the fifth and final project in the series. This shift underscores their confidence in partnering with a team whose proven track record and deep expertise ensure on-time, on-budget delivery and the highest quality outcomes.

"Today, our direction to go with modular is based on a couple assumptions being tested right now: cost-effectiveness, faster construction timelines, and less disruption to neighborhoods," said Gustavo Almarosa of LAFHBuils, Inc.

Sherman Way's timeline underscores why modular and tax credits align so well. LAFHBuils, Inc applied for tax credits in March 2024 and received approval in June. That triggered a crucial clock: under tax credit rules, they had 194 days — roughly six months — to start construction or risk forfeiting the credits and damaging their ability to compete for future funding.

With modular construction, sitework and factory building can happen simultaneously. Site work began in December, within the window needed, and Guerdon began manufacturing modules in January 2025. Just 10 weeks later, the last of 38 modules rolled off the line — staying well ahead of critical deadlines. Site installation is scheduled for June 2025 and occupancy is targeted for

early 2026, meaning Sherman Way is on track to meet all required milestones.

Beyond getting the doors open sooner, why does the timeline matter so much? In tax credit-financed projects, investors (often major banks) purchase credits to reduce their tax liability. They lock into schedules for when they can begin claiming those credits. If a project misses its occupancy date, penalties kick in: credits are lost, prices paid by investors drop, and developers face funding shortfalls.

As Gustavo explained, “Our investors can’t start collecting credits until the building is leased out. If we miss that milestone, they lose tax credits in that year — and we lose funding we can’t easily replace.”

For Sherman Way, an early bridge loan of \$1.3 million helped fund modular design costs and procurement — a new but necessary step given the front-loaded nature of modular builds. By aligning design, entitlements, procurement, and construction earlier, the project team turned potential risk into managed certainty.

“There is a positive pressure for the team to get the ball rolling early; to have the coordination with the design team and the factory” Ross Young, Director of Real Estate Development for LAFHBuils, Inc noted. “In a traditional project, that level of coordination might not even start until months later. Because of modular, we were all hands-on deck by August or September — and it allowed us to get ahead of challenges early.”

Modular construction isn’t perfect for every project. But for limited unit variations, studio-units and replicable designs like Sherman Way, it shines. As Ross put it: “Building indoors, building the same units over and over — there are obvious benefits. I’m particularly interested in the potential of it. It is something we are going to continue to explore.”

The real promise of modular isn’t just in theory. It’s happening right now — at Sherman Way, and in hundreds of other successful modular projects housing families, your neighbors, and perhaps even you—bringing the proven promise of modular home.

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