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June 29, 2018

Mr. Jeff Baier
Superintendent, Los Altos School District
201 Covington Road
Los Altos, CA 94024

Dear Mr. Baier:

I write to follow up on our discussions about the potential for developing teacher housing at 231 Grant Avenue in Palo Alto.

I'm glad to report that the County Board of Supervisors voted to set aside the Grant Avenue site, as well as \$6 million in affordable housing funds (to be clear, not a final commitment of funds), to ensure that there is both a 1.5 acre site and partial funding available to support the project if and when a project plan and formal contract is determined to be agreeable by final project partners.

I'm writing to you, other potential district partners, and the City of Palo Alto to request that you ask your board to similarly set aside, or identify sources for, funds which will be used to keep rents affordable for teachers at the 231 Grant Avenue site. I'm hoping that each district considering being a partner will set aside \$600,000, and that the City will set aside \$3 million in affordable housing funds. The funds would only be disbursed if and when a worthy plan is fully developed and determined to be agreeable by all partners.

Attached is a draft concept paper (not a proposal) to illustrate how such funds could be used.

Sincerely,

S. Joseph Simitian
President, Board of Supervisors

Simition draft Concept Paper for “teacher housing” (for discussion purposes only)

Proposal: Build 60± units of below-market-rate (BMR) housing for local teachers on 1.5 acres of County-owned land in Palo Alto (231 Grant Ave).

District Funds: Per the chart below, District funds would likely amount to a little more than 1% of project value, but would demonstrate the need for teacher housing and allow the District to participate as a project partner, helping to shape the design and program as appropriate.

Problem: Given Silicon Valley housing costs, teachers are frequently priced out of the area. As a result teachers often commute several hours to work, or leave the area entirely. Teachers are unable to be part of the community, build lives in the area, or stay late to coach teams or provide tutoring. The problem is particularly acute for new teachers. Teachers typically make too much to qualify for conventional “affordable housing” projects, but not enough to afford market rate housing (the so-called “missing middle”).

Solution: Provide BMR teacher housing on public land available in a location that would be desirable for teachers – near public transit and the services in the California Avenue area of Palo Alto.

Using the County-owned site, teacher housing in Palo Alto could be made available to a number of local districts. Mountain View Whisman School District, Los Altos School District, Palo Alto Unified School District, Mountain View-Los Altos School District, and Foothill-De Anza Community College District have all expressed preliminary interest at the Superintendent/Chancellor level.

Benefit: Schools will have the ability to attract and retain top quality teaching staff. Teachers will be able to be part of the fabric of the community, and understand community culture and concerns. Teachers will have greater availability before and after school to assist with/attend school events, or provide individualized pupil assistance. Preventing long commutes will free up time for lesson planning and reduce commute costs for teachers.

Financing Needs:

Land Value, 1.5 acres in Palo Alto	provided by the County
Grants to Subsidize Construction	\$12 million proposed: \$6 million in County funds, \$3 million in city funds, \$3 million over two to three years, split equally among five school/community college districts (\$600,000 each)
No-Interest/Low-Interest Mortgage	\$24 million no-interest/low-interest loan still needed for construction. Note: use of a no-interest loan rather than a 2% loan (for example) reduces rent by \$360± per month.

Progress at this stage:

The County Board of Supervisors has unanimously set aside the Grant Avenue site and authorized County staff to pursue a development partner to begin entitlements and construction plans. The County Board of Supervisors has also voted to set aside \$6 million in Stanford Affordable Housing funds for the project.

There have also been three “teacher housing town halls” in Palo Alto, Los Altos, and San Jose which brought over 200 local teachers teaching in districts in Palo Alto, Los Altos, Mountain View, San Jose, Campbell and their supporters to express the need for teacher housing. Additional town halls are currently being planned.

We are working collaboratively with Support Teacher Housing and Bay Area Forward on this specific project with the expectation that a successful effort could serve as a catalyst for other teacher housing projects in the future.

Disclaimer:

This is a draft document. This is a concept paper, not a proposal. All parties should understand and expect that a final project proposal, once identified, can and will look appreciably different. This document is designed to identify early partners whose input will ultimately shape the final project.

This document has been prepared by one Supervisor’s office only (Simitian). Formal County action will of course require the support of a majority of the Board of Supervisors.