# Berkeley Unified School District

## Governing Board Work Session

## Work Force Housing

February 6, 2019

# Work Force Housing

- August 23, 2017 – BUSD Board presented with opportunity sites

- December 6, 2017 – Teacher/Staff Survey (see next slide)

- October 10, 2018 – Measure O Presentation from the Mayor

- October 24, 2018 – BeHome Presentation

# Teacher/Staff Survey Results



**BUSD Educator Survey - Housing Security is a BIG Concern**

Experiencing financial pressures due to high housing costs
- 79% of Renters
- 45% of Owners

Have considered leaving BUSD because of high housing costs
- 54% of Renters
- 23% of Owners

High cost of housing negatively impacts their long-term ability to stay at BUSD
- 69% of Renters
- 27% of Owners
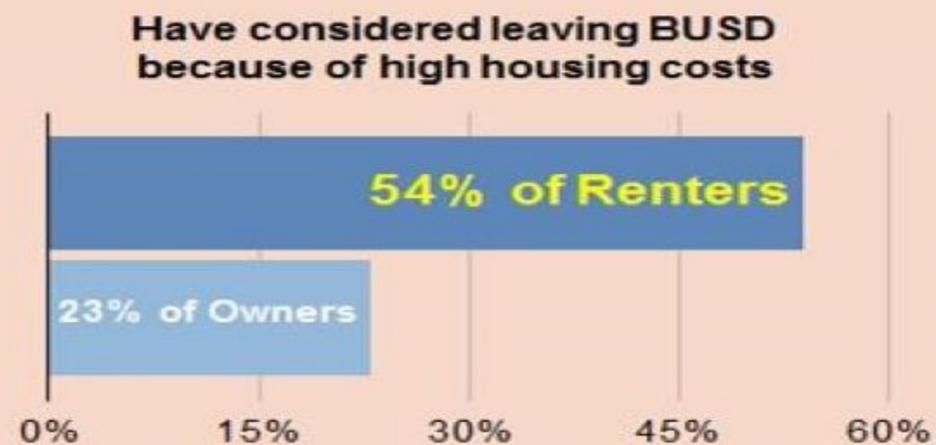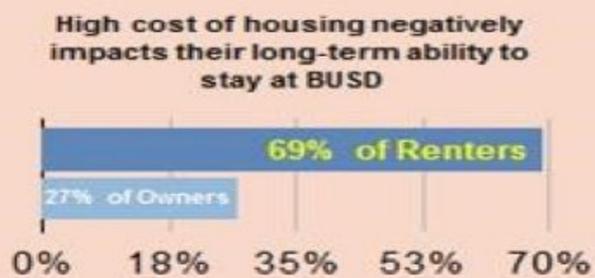
Source: UC Center for Cities + Schools Report on Q3 2017 BUSD Employee Housing Survey
Universe of respondents: All: N=774; Renter: N=449; Owner: N=324

**BeHOME**

4

BeHOME

# About BeHOME

- **Be**rkeley **H**ousing **O**pportunities for **M**unicipal **E**mployees

- Started in 2017

- In response to dramatic housing affordability pressures, changing community diversity, and an underlying belief in the value and importance of civil service work performed by people who live in the communities they serve

- Our members include business owners, BUSD parents, marketing executives, teachers, administrators, realtors – with relevant business and educational background

**BeHOME**

# We Believe

*Everyone benefits when our educators are woven into the social fabric of our community.*

**BeHOME**

# But, Our Community Is Unaffordable



## Percentage of Homes Affordable to Teachers in 31 California Counties

**Affordability**
- 0-10%
- 10-30%
- 30-60%

| # | County | % | | # | County | % |
|---|--------|-----|---|---|--------|-----|
| 1 | San Mateo | 0.0% | | 17 | Santa Barbara | 5.2% |
| 2 | Santa Clara | 0.0% | | 18 | Los Angeles | 7.1% |
| 3 | San Francisco | 0.2% | | 19 | El Dorado | 10.8% |
| 4 | Sonoma | 0.5% | | 20 | Solano | 11.7% |
| 5 | Santa Cruz | 0.7% | | 21 | Yolo | 13.7% |
| 6 | Alameda | 1.2% | | 22 | Riverside | 24.7% |
| 7 | Ventura | 1.4% | | 23 | San Joaquin | 25.6% |
| 8 | San Benito | 2.2% | | 24 | Sacramento | 31.7% |
| 9 | Napa | 2.2% | | 25 | Madera | 43.8% |
| 10 | Marin | 2.6% | | 26 | San Bernadino | 46.1% |
| 11 | San Luis Obispo | 2.6% | | 27 | Stanislaus | 51.6% |
| 12 | Orange | 3.2% | | 28 | Butte | 53.9% |
| 13 | San Diego | 3.6% | | 29 | Kern | 56.5% |
| 14 | Contra Costa | 4.2% | | 30 | Fresno | 59.4% |
| 15 | Monterey | 4.3% | | 31 | Merced | 60.0% |
| 16 | Placer | 4.3% | | | | |

**Total for California: 17.4%**
Percentage of homes affordable by county, based on the average teacher's salary and MLS list prices as of September 6, 2016

**REDFIN**

**BeHOME**

# BeHOME Efforts To Date

## RESEARCH

- Other Affordable Housing projects
- Legislation
- Economics
- Laws
- Regulations

## COLLABORATION

- Affordable Housing Experts
- Educator Housing

## STAKEHOLDER ENGAGEMENT

- One-on-one Meetings
- BUSD Administration
- Board Members
- Employee Labor Representatives
- PTA
- Mayor's Office
- City Council

## WORKING SESSIONS

- BUSD Stakeholders
- Public Finance Companies
- City of Berkeley
- Affordable Housing Developers
- Community Experts

**BeHOME**

# Working Session Participants
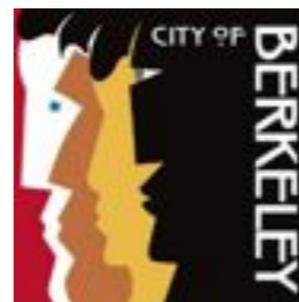
# Learnings - Common Interest

1. **Workforce housing, now!**

2. **Helps, but doesn't completely solve educator challenges.**

3. **Will assist in recruiting and retaining educators.**

**BeHOME**

# Learnings - Concerns

**Berkeley**
**PUBLIC SCHOOLS**
Berkeley Unified School District

1.  **Limited Board / administration resources**          **Working assumption**

2.  **Many competing financial priorities**          **Working assumption**

3.  **Limited available BUSD land**          **One parcel**

**BeHOME**

# Learnings - Concerns

1. Not in lieu of a salary increase

2. BUSD doesn't select residents

3. Not happening soon enough

Working assumption

Working assumption

Awareness of urgency

**BeHOME**

# Learnings - Concerns of Residents

1. **Neighbors will resist**                     **Awareness of need**

2. **Nothing will be done for 4 - 5 years**      **Awareness of**

                                                 **urgency**

3. **City isn't focused on the middle class**    **Awareness of action**

**BeHOME**

# Financing Modeling



**Money needed to build WF Housing**
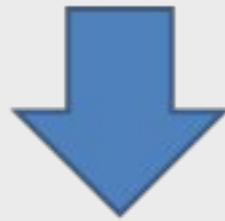
**Ways to generate money needed to build the building**
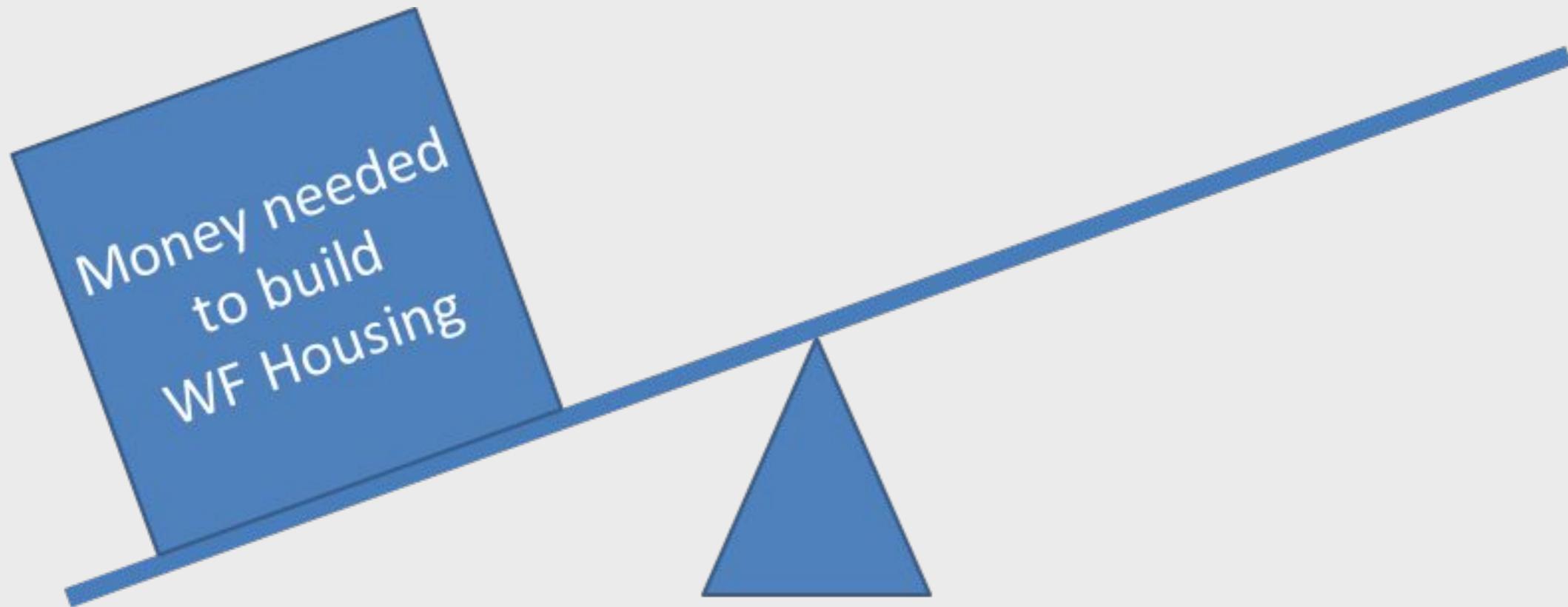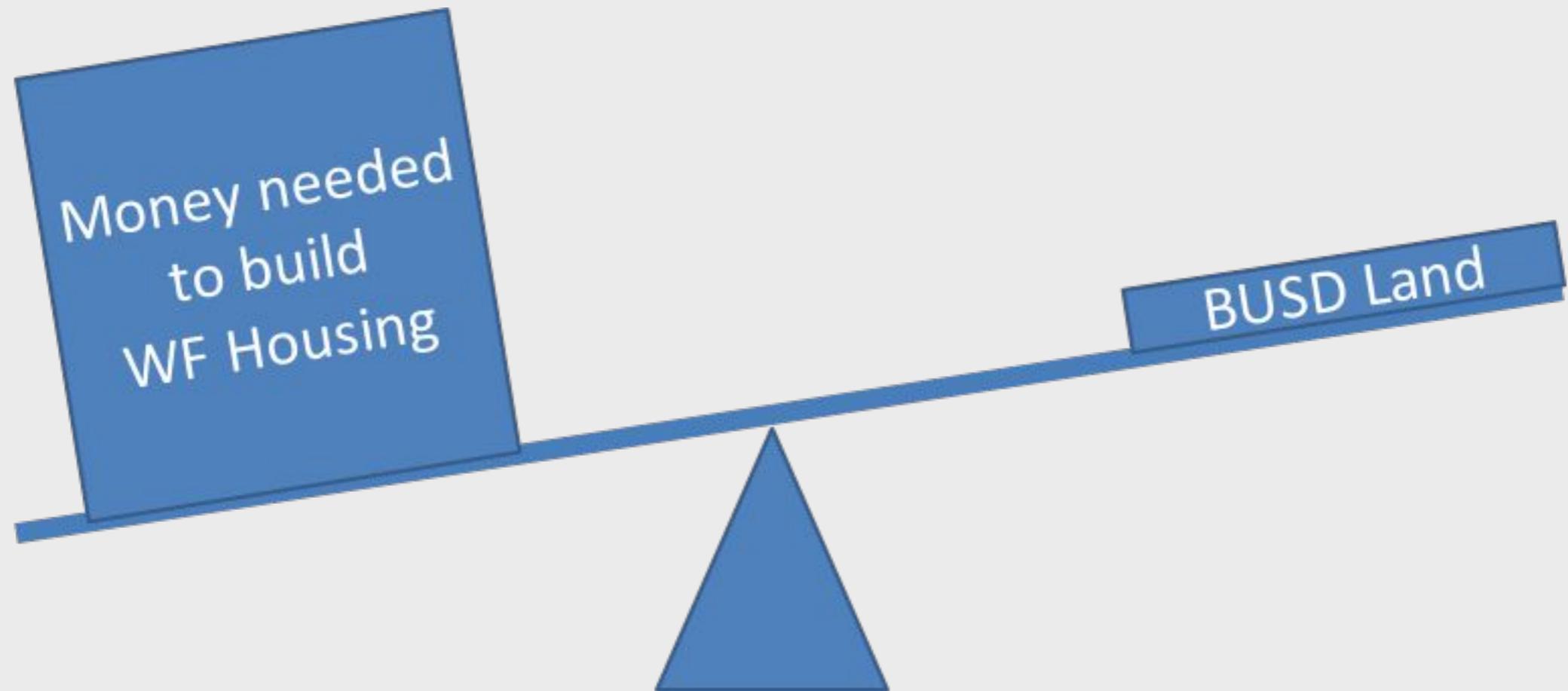
**BeHOME**

14

# Financing Modeling

**BeHOME**

# Financing Modeling



**BeHOME**

# Financing Modeling

# Financing Modeling

# Financing Modeling



- **Market Rate Units**
- **Facilities Bonds**
- **General Fund**
- **Foundations**
- **Measure O**
- **Other State $**

**Money needed to build WF Housing**

**Tax Credits**

**?**

**Rents**

**BUSD Land**

**BeHOME**

# Financing Modeling



**BeHOME**
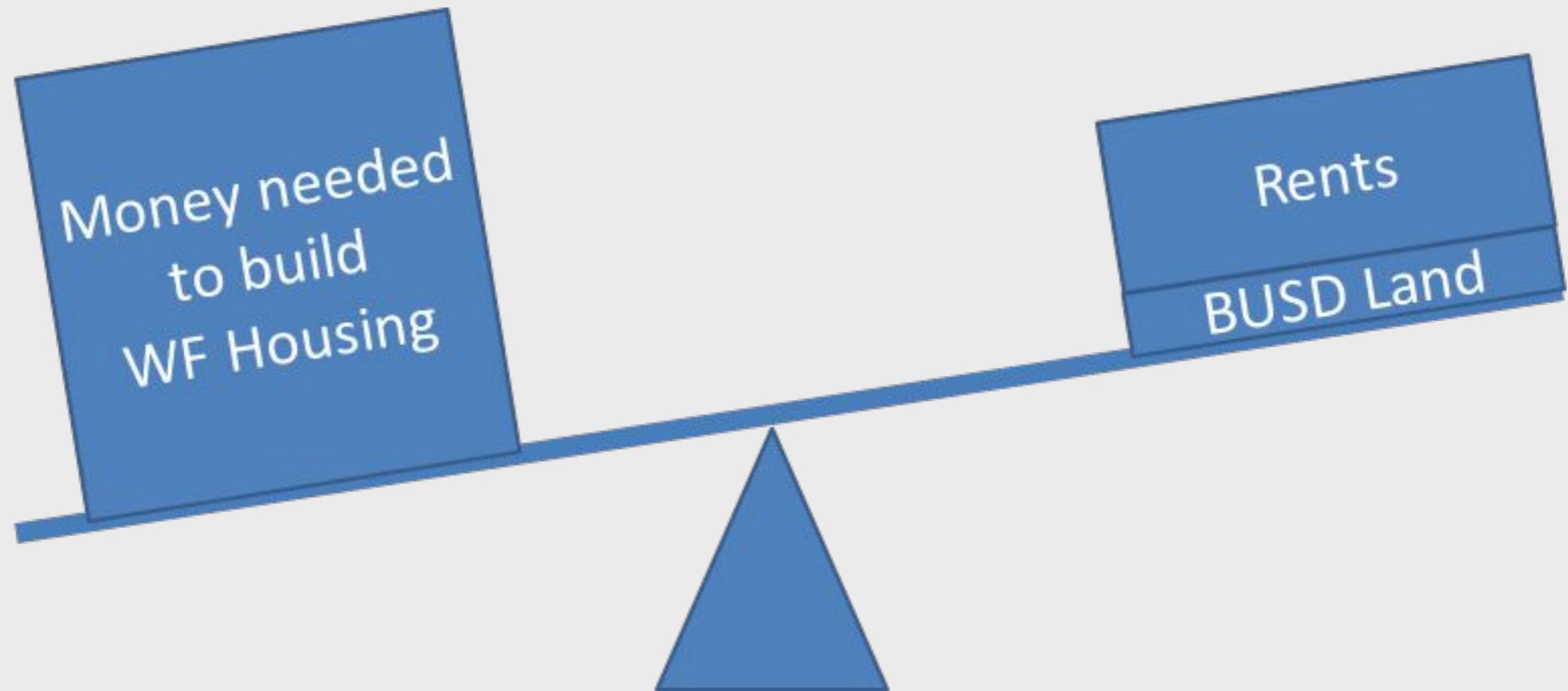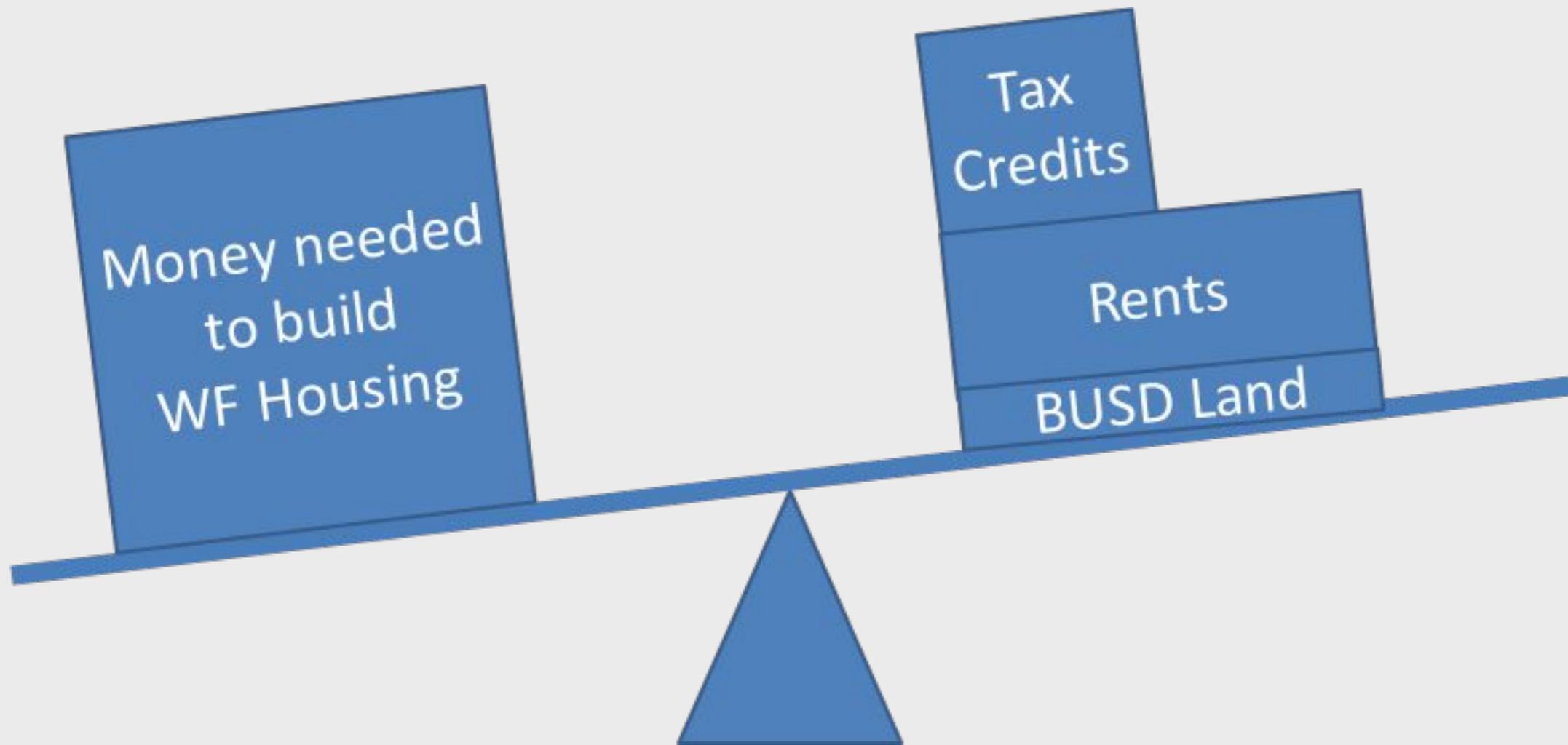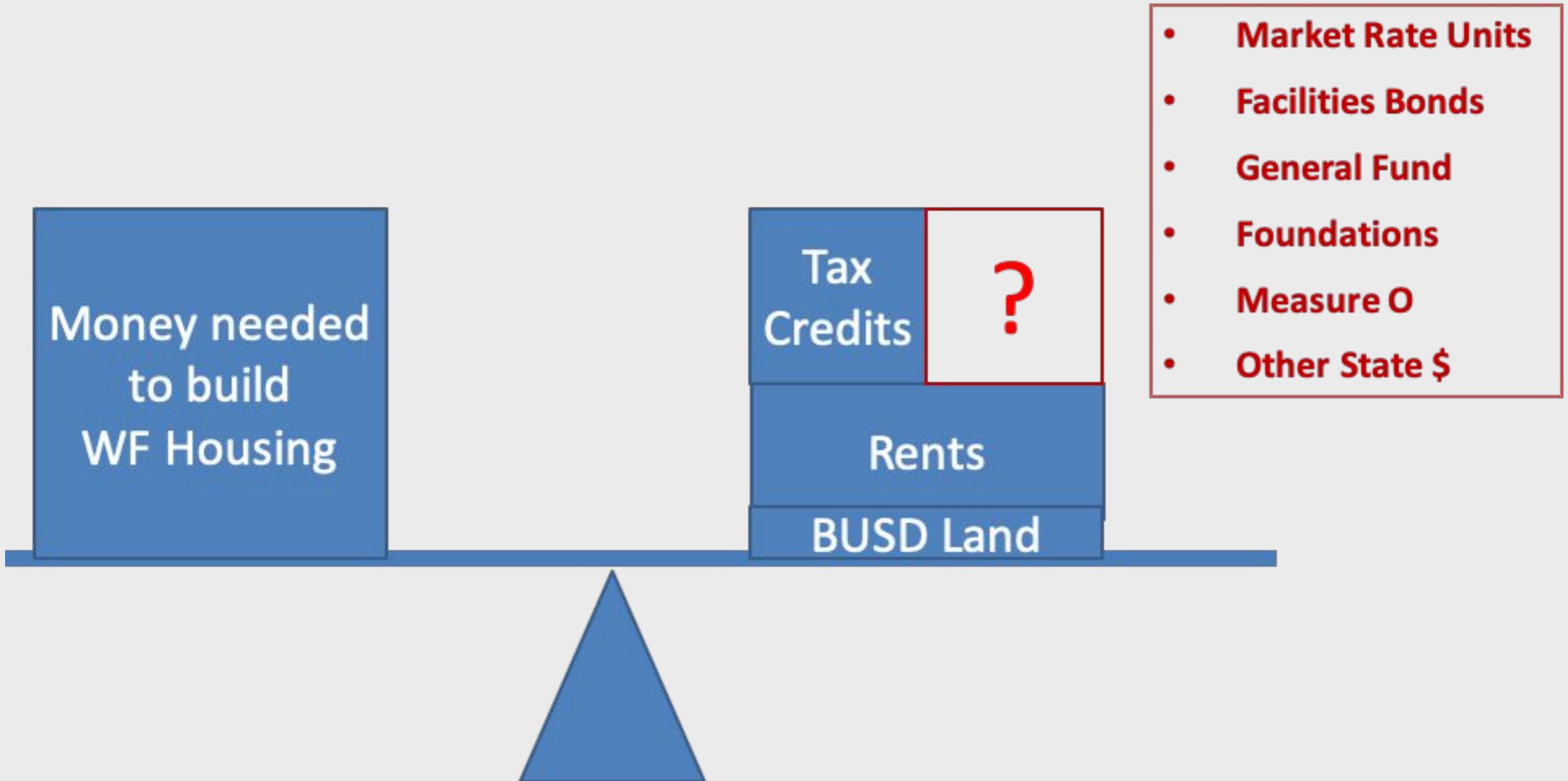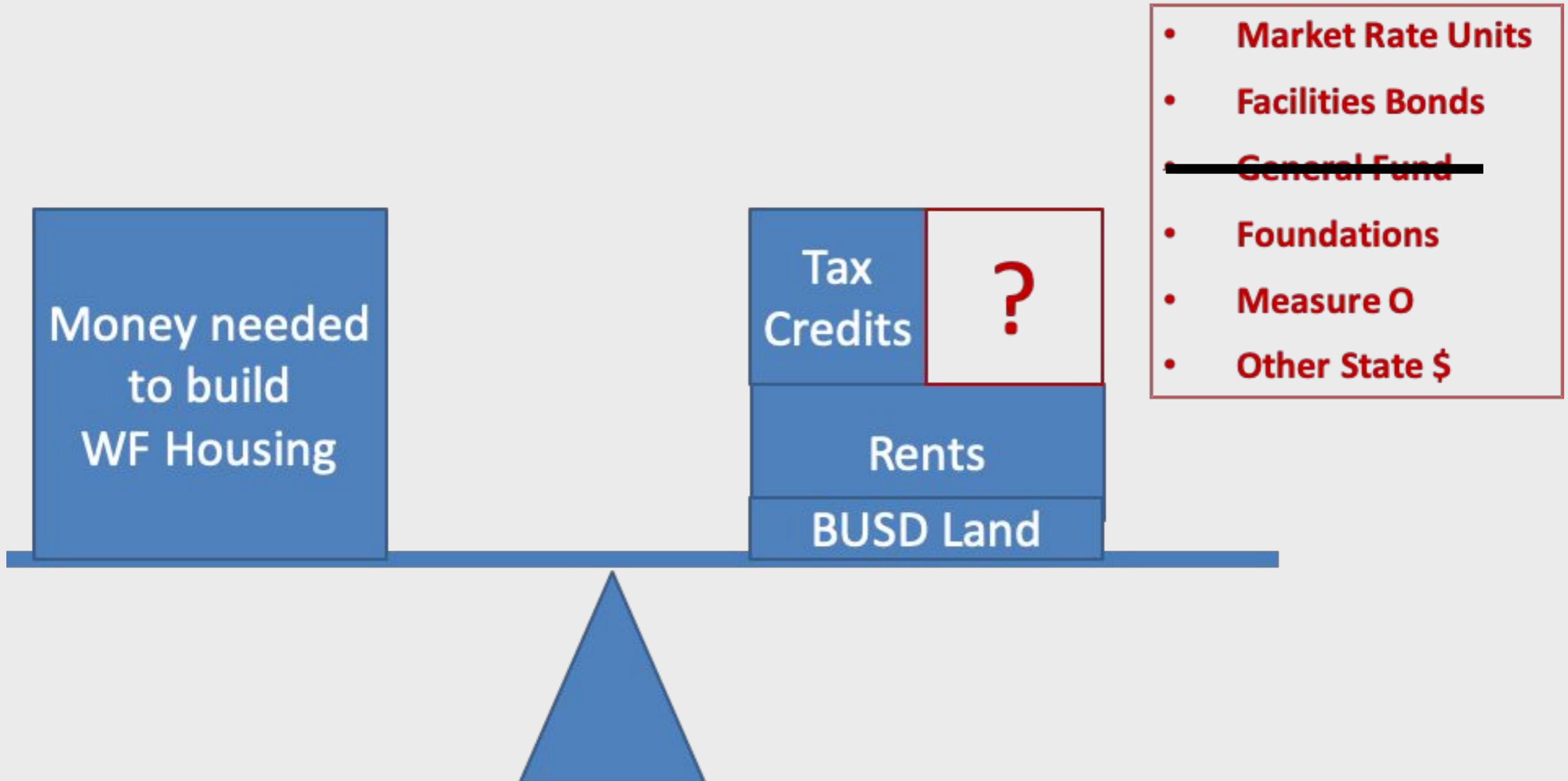
# Educator Housing - Menlo Park
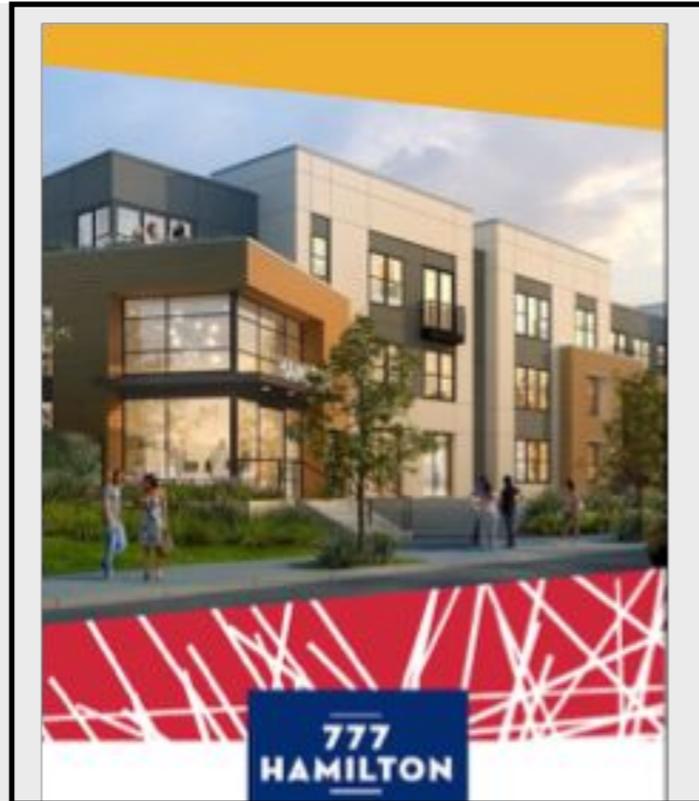


**777
HAMILTON**
**Started in 2017**
Developer: Alliance
Property Manager: Hello Housing

| Workforce Units | Rent | Development Cost | Funding Sources |
|---|---|---|---|
| 22 | 30% of income | $37m | ~$15.5m Rents<br>~$6.5m Other Loans<br>~$6m Facebook Remediation |

**BeHOME**

# Educator Housing - SFUSD
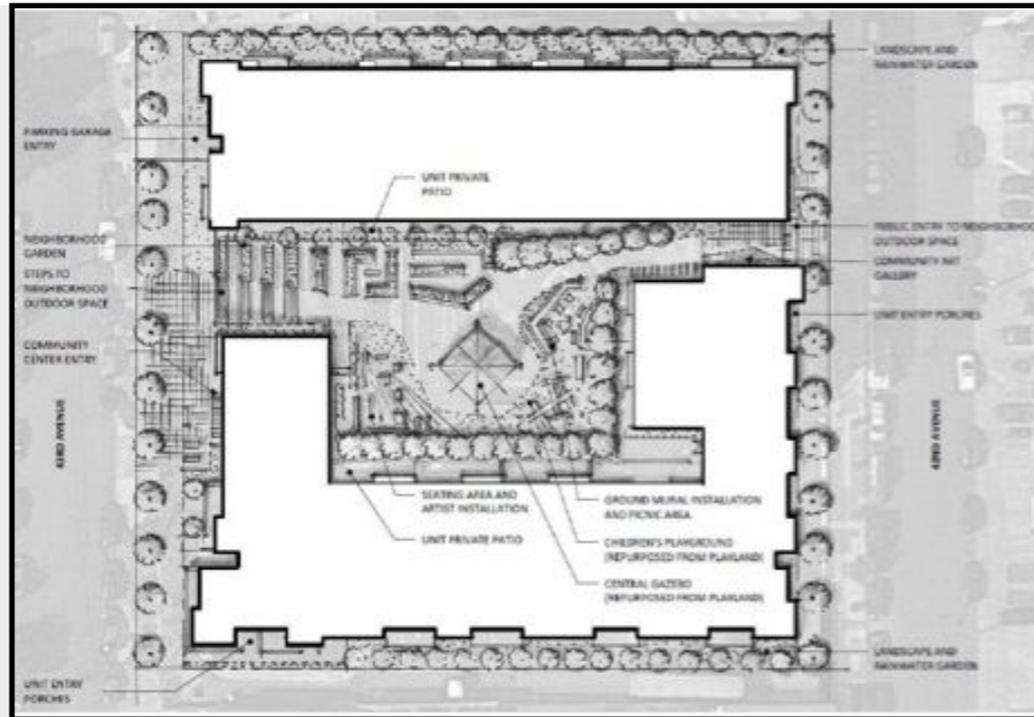


**FRANCIS SCOTT KEY ACADEMIC VILLAGE**

**Started in 2018**
Property Manager: Hello Housing

## Land from SFUSD

| Workforce Units | Unit AMI | Rent | Development Cost | Funding Sources |
|---|---|---|---|---|
| 101 | 50% to 120% | 30% of income | $52m | ~$13.2m City Loan |
| 1 bdrm | | | | ~$26.2m Other Loans |
| 2 bdrm | | | | ~$9m Tax Credits |
| 3 bdrm | | | | ~$2.7 Developer Invest |
| | | | | ~$.5 Misc. Sources |

**BeHOME**

# Learnings - Potential Models

## BUSD PROVIDES THE LAND

**#1. 100% Rental**

| Workforce Units | Unit AMI | Development Cost | Funding Sources | Funding Gap |
|---|---|---|---|---|
| 100 | 40 @ 60% | $37m | ~$15.5m Rents | ~$13m |
| 16 Studio | 30 @ 80% | | ~$6.5m Tax Credit | |
| 34 1 bdrm | 30 @ 100% | | ~$1.8m GP Equity | |
| 34 2 bdrm | | | | |
| 16 3 bdrm | | | | |

**BeHOME**

# Learnings - Potential Models

## BUSD PROVIDES THE LAND

### #1. 100% Rental

| Workforce Units | Unit AMI | Development Cost | Funding Sources | Funding Gap |
|---|---|---|---|---|
| 100 | 40 @ 60% | $37m | ~$15.5m Rents | ~$13m |
| 16 Studio | 30 @ 80% | | ~$6.5m Tax Credit | |
| 34 1 bdrm | 30 @ 100% | | ~$1.8m GP Equity | |
| 34 2 bdrm | | | | |
| 16 3 bdrm | | | | |

### #2. 70% Rental + 30% Condo

| Workforce Units | Unit AMI | Development Cost | Funding Sources | Funding Gap |
|---|---|---|---|---|
| 100 | 40 @ 60% | $37m | ~$13.5m Condo Sales | ~$6m |
| 16 Studio | 30 @ 80% | | ~$11.2m Condo Sales | |
| 20 1 bdrm | 30 @ 100% | | ~$4.8m Tax Credit | |
| 18 2 bdrm | | | ~$1.2m GP Equity | |
| 16 3 bdrm | | | | |
| 30 Condos | | | | |

**BeHOME**

# Learnings - Potential Models

## BUSD PROVIDES THE LAND

### #1. 100% Rental

| Workforce Units | Unit AMI | Development Cost | Funding Sources | Funding Gap |
|---|---|---|---|---|
| 100 | 40 @ 60% | $37m | ~$15.5m Rents | ~$13m |
| 16 Studio | 30 @ 80% | | ~$6.5m Tax Credit | |
| 34 1 bdrm | 30 @ 100% | | ~$1.8m GP Equity | |
| 34 2 bdrm | | | | |
| 16 3 bdrm | | | | |

### #2. 70% Rental + 30% Condo

| Workforce Units | Unit AMI | Development Cost | Funding Sources | Funding Gap |
|---|---|---|---|---|
| 100 | 40 @ 60% | $37m | ~$13.5m Condo Sales | ~$6m |
| 16 Studio | 30 @ 80% | | ~$11.2m Condo Sales | |
| 20 1 bdrm | 30 @ 100% | | ~$4.8m Tax Credit | |
| 18 2 bdrm | | | ~$1.2m GP Equity | |
| 16 3 bdrm | | | | |
| 30 Condos | | | | |

**BeHOME**

# BeHOME

Educator Workforce Housing In Berkeley, Now!

behomeberkeley.org

# Discussion & Next Steps

- Designate Board Representative and Superintendent (or designee) to;

    - Establish Communication with the City

    - Investigate Potential Sites

    - Investigate Financing Models

    - Develop Timelines and report to the Board

- Submit letter to Mayor and City Council requesting Measure O Support for District Workforce Housing initiative and set AMI up to 120%

- Design a process to consider BUSD opportunity sites

- Engage the City in exploring a financing partnership