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# Workforce Housing Feasibility Report

Mountain View Whisman School District

PRESENTED TO MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

Dutra Cerro Graden

DCGrealestate.com
BRE# 01521674

January 11, 2018

Dr. Ayindé Rudolph
Superintendent
Mountain View Whisman School District
750 A San Pierre Way
Mountain View, CA 94043

Dr. Rudolph,

We appreciate the opportunity afforded us by you and the Board to evaluate the merits and feasibility of enhancing your efforts to recruit and retain high-quality teachers and staff by using the District's underutilized and real property assets to provide its teachers and staff with affordable housing options. Based on a recent survey of Mountain View Whisman School District ("the District") staff, there were a number of relevant findings including:

- Over 70% of teachers and staff live outside of Mountain View
- 79% of respondents pay more than 35% of their household income towards housing costs
- 43% do not own their own home
- Most significantly, for those planning on working at the District for three years or less, 69% attribute their inability to find affordable housing as a key factor in their decision.

These statistics are in contrast to those found during the District's recent site visit to the Canada Vista Faculty Housing Project that was built by San Mateo Community College District:

- Employees surveys in 2002 and 2007 confirmed the inability of employees to find affordable housing in the area was the primary challenge to recruiting and retaining quality faculty and staff
- This led to the College District building 104 units of affordable housing on two underutilized sites and they are currently building a third project as part of a private-public partnership
- Findings include:
  - 61% of residents walk to work
  - Residents collectively reduce their commutes by 92,000 miles annually
  - 43 residents have moved out and purchased their own home
  - After completing the first phase, the College District saw the attrition rate for recent hires fall to less than a third of that for those employees with similar tenure but not receiving this housing assistance

The San Mateo Community College District findings offer strong evidence that actively providing affordable housing in close proximity to schools leads to positive results vis-à-vis employee retention (in addition to other social and environmental benefits). The following study analyzes the feasibility and merits of the Mountain View Whisman School District pursuing a similar course of action to improve their recruiting and retention efforts.

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While multiple District identified properties were evaluated, our primary focus centered on its Eunice Avenue property. A development that incorporates 36 market rate single family homes and 82 workforce rental units meets the District's stated objectives while minimizing debt obligations and delivering rents below the current market rates. Alternatively, the District could develop some or all of the Whisman school site as a medium or high density site. In keeping with the surrounding zoning, if the whole Whisman site were to be developed the property would yield 246 units. While there would be a trade-off from the existing school lease revenue, a land lease on the property is an opportunity to develop workforce housing without selling any District property.

If the District chooses to move forward with either option, we can continue to revise unit count/type to align with the District's risk tolerance and desired density. We look forward to continuing working with you on this exciting endeavor. While there are costs associated with the development of workforce housing, given the importance of recruiting and retaining the best teachers and staff to educate Mountain View's youth, the Board of Trustees should be commended for taking this first step.

Thank you for your consideration in this matter.

Sincerely,

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## Introduction

School districts have always sought to recruit and retain the best and brightest to educate our children. However, over the past few decades, there has been a steady and alarming increase in the shortage of qualified teachers and staff available in the state. The supply of new teachers in California is at a 12-year low and enrollment in educator preparation programs has dropped by over 70% in the last decade. Exacerbating this shortage is a rise in teacher attrition, prompting many districts and lawmakers to rethink what they can do to attract and keep top quality employees. One constraint, the availability of affordable housing, has surfaced as a major issue. This is especially true of school districts residing in major metropolitan areas such as Silicon Valley and the greater San Francisco Bay Area, and there is little evidence that this is abating anytime in the near future. As a result, it is important for school districts, and other public entities, to be actively engaged in advocating for more affordable housing options for their employees and partner this with their own efforts to independently provide this housing using underutilized and/or surplus public land.

The issue of housing costs is of particular importance for public school districts with respect to recruiting and retaining high-quality teachers, administrators and other employees. California housing has become cost-prohibitive for most teachers and staff, especially those considering teaching as a profession and those that have been employed for less than 5 years. In 2016, the real estate website Redfin completed a survey of homes for sale and found that zero percent of the homes for sale in Silicon Valley (San Mateo and Santa Clara Counties) were affordable on the average teacher salary. In Mountain View in particular, the median home value is over $1,425,000, putting home ownership out of reach for all but a very select few, let alone public servants like educators with an entry annual salary of less than $65,000. The housing crisis is unlikely to markedly improve over the next few years either. In fact, it has worsened recently; according to the CA Association of Realtors the median single-family home price in Santa Clara County rose 17.6% between 2016 and 2017. Mountain View Whisman School District (“the District”) has learned this first hand. In its December 2017 survey, the District found that 79% of respondents pay more than 35% of their household income towards housing costs (even though financial experts and the U.S. Department of Housing and Urban Development agree on only spending 30% or less of his or her income on housing costs for financial wellbeing).

The District does have two key advantages in this effort to recruit and retain educators in the face of rising housing costs: forward thinking leadership and available property. The District’s leadership has recognized the importance of this issue in publically discussing it in numerous school board meetings and commissioning an employee survey for teachers and classified staff. Additionally, the District is unique in that it does have an underutilized property which can be re-purposed for the potential development of workforce housing. This report builds on the results of the employee survey, case study reviews of completed school district housing projects, a land use analysis and financial analysis of the Eunice Avenue site, site visit of complete faculty housing development and review of all underutilized District-owned properties. This feasibility study demonstrates that the District has a unique opportunity to:

- Deliver a significant number of workforce housing units to its employees at below market rents
- Create a recurring revenue source that can be applied to the District’s General Fund
- Repurpose an underutilized asset
- Develop workforce housing for its employees at minimal cost to the District if a for-sale element is incorporated

## Findings

Based on an analysis of the District's recruiting and retention needs, financial status, real estate portfolio of underutilized and surplus assets and desire not to expose their General Fund to an unacceptable level of financial risk; the MVWSD's workforce housing options are best categorized as follows:

- Not Feasible: Use 100% District financing to construct affordable housing on District-owned land
- Most Probable and Immediate Impact: Release District-owned land via a Request for Proposal ("RFP") requesting the financial qualifications and preliminary plans for constructing a mix of for-sale market-rate and rental affordable housing (with affordable housing being constructed by market-rate partner but retained by the District). This could also be accomplished as a ground lease (also called a land lease) on the entire site in which case the District would retain ownership of the entire property and control over workforce units but may not receive rental revenue.
- Ideal, but more Long-Term and potentially not Possible: Sell District-owned surplus land to finance the construction of affordable housing on a different parcel of land that would be gifted to the District and could accommodate a higher density residential project. Note: This option could also be explored via the aforementioned Request for Proposal (in case a developer had another parcel of land to construct the affordable housing option).

The District has two primarily development options based on property it already owns which present unique opportunities and constraints: Eunice Avenue (Cooper School) and Whisman School.

### EUNICE AVENUE

The District's 9.5-acre property at 333 Eunice Avenue, Mountain View, CA 94042 (the former Cooper School site) presents the most probable and immediate opportunity to re-purpose a physical asset to meet the current need to provide affordable housing for its teachers and staff. This will allow the District to recruit and retain high quality employees and thus secure the future ability of the District to retain its reputation for providing premier and innovative educational opportunities for its parents, students and other key stakeholders. The site plan below is conceptual and nature and may be improved upon via responses to the aforementioned Request for Proposal ("RFP"). With this said, this plan was developed to provide a basis for the planning and financial analysis contained herein and to demonstrate its ability to meet the following key objectives for the Eunice Avenue property:

- First, it provides over 80 workforce housing units at relatively minimal cost to the District and compliments the existing residential neighborhood and adjacent community park owned by the City of Mountain View.
- Second, it locates low-density housing to be constructed adjacent to existing single-family homes, thus minimizing any impacts on these homeowners.
- Third, the workforce housing will be constructed away from existing homes and facing the public park.
- Fourth, the combination of market-rate and workforce housing (a) reduces risk to the District General Fund and (b) will benefit the District due to the expertise and efficiency of a market-rate residential builder in terms of constructing the District's employee housing.
- Finally, the District will hire an independent and experienced residential property manager to provide professional management services for the workforce housing units.


The cost to construct 82 units would not be completely covered by the sale of 36 single family residential lots. Therefore, the District could either a) reduce the number of workforce housing units to reduce costs, b) increase the number of lots for sale or c) borrow funds to cover the financing gap based on the expected rental revenue from the workforce units. The table below assumes the District borrows the remaining construction costs via a Certificate of Participation (a 20-year loan at 3.844% interest) and the apartment complex maintains a 30% operating budget (to cover maintenance expense, property management fees and a reserve account).

| # of Units | Market Rate | 70% of Market Rate | Total Revenue | Monthly Debt Service | Monthly Operating Expense | Monthly Net |
|---|---|---|---|---|---|---|
| 24 (studios) | $1,900 | $1,330 | $31,920 | | | |
| 18 (1 bdrms) | $2,400 | $1,680 | $30,240 | | | |
| 40 (2 bdrms) | $3,501 | $2,451 | $98,028 | | | |
| **82** | | | **$160,188** | **($54,399)** | **($48,056)** | **$57,733** |

District's Annual Unrestricted Rental Revenue from Workforce Housing Units: **12 months * $57,733 = $692,796**

The precise number of workforce housing units can be increased or decreased based on District needs for additional units, reducing debt obligations or increasing revenue sources. This model of utilizing a portion of the site for market-rate single family units to subsidize the construction cost of the workforce units has been utilized by the San Mateo Community College District at its Skyline Community College site in San Bruno (see Appendix B for additional information). The District could also sell the entire site for single family residential development for approximately 50 lots for $47,000,000-$49,000,000 but it would require acquiring or developing all workforce units on a secondary site (such as Whisman School site). This has the advantage of locating higher density housing for teacher and staff together but may add complexity to end leases at other sites, costs to acquire a new site and extended timelines to acquire a developable property.

### COMPARISON OF DEVELOPMENT OPTIONS*

| | Eunice Avenue - Mixed Market Rate and Workforce on Same Site (Use of COPs, Annual Revenue) | Eunice Avenue - Mixed Market Rate and Workforce on Same Site (Cost Neutral) |
|---|---|---|
| Workforce Housing Units | 82 | 68 |
| Estimated Construction Cost | ($45,100,000) | ($37,400,000) |
| Single Family Lots | 36 | 38 |
| Value of Lots | $36,000,000 | $38,000,000 |
| Financing Gap (after single-family lot sale) | ($9,100,000) | $600,000 |
| Annual Unrestricted Revenue (after debt service and operating expenses) | $692,791 | $1,095,032 |

**Note: costs are dependent on number of units, when the process starts, entitlement approvals and Board action. Costs are based on purchase price and development costs but do not incorporate legal fees, title fees and brokerage commissions.*

### WHISMAN SCHOOL

The second viable option for the District is the Whisman School site, which is an opportunity to deliver workforce housing units without selling any District property. The rental rates, eligibility criteria and management would be relatively similar to the Eunice Avenue example but construction costs would be funded via a ground lease (also called a land lease). The location of this site lends itself to a higher density development including townhomes, walk-up apartments or even higher-density apartment projects. If the whole site were to be developed the property would yield 246 units (102 one bedroom and 144 two bedroom units).

The site is currently leased to two private schools so if the District choose to retain that use (and revenue source) and solely develop on the field space that would be an option. However, additional development constraints would have to be accounted for including but not limited to: in order to build a sufficient number of units the residential structure(s) would likely be significantly taller than the surrounding buildings (presumably at least four or five stories high) and the property only has one point of entry and currently the existing buildings are closest to it.

In this scenario as a ground lease, depending on the number of units and site plan, the District would retain the ownership of the property and control over a portion of the units. A market rate builder would construct the entire project in exchange for all or a portion of the rental income. Depending on the number of units and the market response, the District may not receive any revenue from the rental units or only a portion of said workforce housing revenue. At the conclusion of the ground lease, the entire asset would revert to the District. This type of development – in which there is a ground lease for units for different renter profiles – is best suited for larger projects (>200 units) but is worth analyzing for Whisman as an opportunity to delivery workforce housing units without selling real property assets. It is important to keep in mind however that there is a tradeoff between risk and control for the District when partnering with another entity like a market-rate builder.

## Recommendation

Based on a review of all District sites available, it is our professional opinion that the District can effectively deliver the highest number of workforce housing units at a reduced rental rate for the lowest cost to the District by first focusing on developing at Eunice Avenue and/or Whisman School.

Depending on the policy objectives for the Board regarding borrowing funds, disposition of property and the need to create a recurring revenue source, we recommend the Board focus its options for delivering workforce housing on one or more of the following:

1. Develop Eunice Avenue for a low and medium density residential project by selling a portion of the site as single family lots (similar to the surrounding neighborhood) in order to fund the on-site construction of medium-density workforce housing units
2. Sell the entire Eunice Avenue site for single family residential development in order to fund the development or acquisition of medium- or high-density housing at another site (such as Whisman School)
3. Ground lease some (such as the field space) or all of Whisman School for a medium- or high-density residential development of workforce and market rate units

## Next Steps:

Following an evaluation of the District's recruitment and retention needs and a discussion of risk tolerance and financial obligations, the Board should choose a development direction from the three noted above which best suit the District's current and future workforce housing needs. Should the District choose to pursue development at Eunice Avenue or Whisman School, the District should release a request for proposals which would outline its objectives including: reducing financial obligations to the District, creating the highest number of units for District employees and minimizing risk to the District's General Fund.

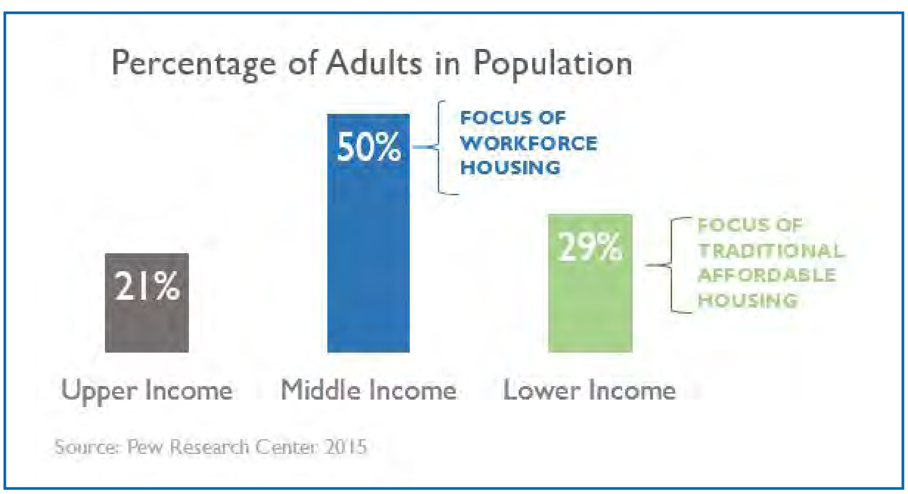
The goal for workforce housing should center on assisting employees to gain a permanent foothold in the community through long-term housing security (typically through home ownership). This effort is advanced by the subsidized short-term rental opportunities made available through workforce housing. Given the complexities and multiple years involved in the construction of housing in the Bay Area combined with the demonstrated need for workforce housing for District employees, it is important for the District to evaluate its opportunities outlined in this report and as prudently as possible take steps to address this housing crisis as it continues to impact the ability to recruit and retain the quality teachers, staff and administrators who make up Mountain View Whisman School District.

## NEED FOR WORKFORCE HOUSING FOR DISTRICT AND OTHER ESSENTIAL WORKERS

School districts have always sought to recruit and retain the best and brightest to educate our children. But over the past few decades, there has been a steady and alarming increase in high quality teacher shortages across the state. The supply of new teachers in California is at a 12-year low and enrollment in educator preparation programs has dropped by over 70% over the last decade, according to the Learning Policy Institute. To bring student-teacher ratios back to pre-recession levels, California school districts would need to hire 60,000 new teachers beyond their other hiring needs. While there will always be attrition from retirement, non-retirement attrition typically accounts for two-thirds of active teachers and that rate is much higher for educator whose career has just begun.

In California, one of the biggest drivers of employee turnover is the increasing cost of housing. This problem is magnified in the Bay Area. In 2016, the real estate website Redfin completed a survey of homes for sale and found that zero percent of the homes for sale in Silicon Valley (San Mateo and Santa Clara Counties) were affordable on the average teacher salary. In Mountain View in particular, the median home value is over $1,425,000, putting home ownership out of reach for all but a very select few, let alone public servants like educators with an entry annual salary of ~$65,000. The housing crisis is unlikely to markedly improve over the next few years either. In fact it has worsened recently; according to the CA Association of Realtors the median single-family home price in Santa Clara County rose 17.6% between 2016 and 2017. The rental market is not better either in terms of affordability. The median one-bedroom apartment in Mountain View is currently $2,400 per month and a two-bedroom apartment is $3,600 per month. This lack of affordable housing is causing high-quality teachers and staff to leave school districts across the state, and if school employees can't find affordable housing, the entire community will suffer.

Workforce housing targets middle or working income families, that is, those who make between 60 and 120% of the area median income (AMI) in higher-cost metropolitan areas. Currently, most affordable housing programs are focused on low and very low income earners. Middle income earners, such as teachers and school administrators, don't always qualify for these programs (although some classified employees may qualify for affordable housing if their income is less than 60% of AMI). Typically these middle income earners become the "missing middle" in which they make too much money to qualify for affordable housing programs but too little to realistically afford to live in the community in which they work.



As the increasing cost of housing drives higher rates of employee turnover, there will continue to be negative emotional and developmental impacts on students, limits to the success and stability of schools, and immense — quantitative and qualitative — costs to school districts and communities.

## EMPLOYEE SURVEY

Mountain View Whisman School District has learned firsthand the connection between housing affordability and teacher and staff retention. A survey was distributed to District employees in November 2017 as a follow up to a survey distributed in March 2016 (Appendix A). The primary additions to the new survey centered on unit types/sizes, household size and monthly housing costs. Approximately half of District employees responded to the 2017 survey and there was a demonstrated concern amongst certificated, classified and administrative employees regarding housing affordability. The majority of employees commute to work alone by car and live either in Mountain View or Santa Clara County. Key takeaways include:

- Over 80% live in 2+ bedroom units
- Over 90% have 2-4 people in their household
- Only 36% own their housing
- Over ¼ of respondents have a commute of over 45 minutes each way
- 61% have considered leaving their job due to housing costs
- 40% indicated an interest in living in residential units if the District developed workforce housing
- Over 80% indicated an interest in 2 or 3 bedroom units
- The majority of respondents with an interest in workforce housing would not want to live in a 400-500 square foot studio or share a unit with another employee
- When given the option to choose between the two scenarios above 50% responded that they would prefer an individual studio

And the most important survey result, is that 79% pay more than 35% of their household income towards housing costs, even though financial experts suggest only paying 30% for financial wellbeing.

When taken as a whole the data confirms that there is a need and demand for workforce housing amongst District employees. If the District chooses to move forward it will be important to focus on the trade-offs between overall unit count and the unit sizes deemed acceptable by its employees. In terms of the development of workforce housing and the survey results, the District must also distinguish between existing employees (who have established local residencies) versus building new rental units as a recruitment tool for new employees or retaining recent hires. Based on the results of the survey, the site plans designed for the District's underutilized site at Eunice Avenue focus on achieving a high overall unit count and on a mix of studio, one and two bedroom units with the major of units as two-bedroom plans. The creation of workforce housing units near existing school sites may also assist with traffic issues in Mountain View overall and provide opportunities for teachers and staff to spend more time with students in the community instead of commuting. There must also be opportunities to convert renters to permanent residents via home ownership given the very few employees who own their own housing.

## HOUSING COSTS AND RESIDENTIAL DEVELOPMENT IN MOUNTAIN VIEW*

**Overview of the Santa Clara County Housing Market:**

- The Bay Area technology boom has unleased a hiring spree that has intensified the desire for homes near Santa Clara County, East Bay and San Francisco employment centers
- In August 2017, the median home price in Santa Clara County was $935,000 (up 13.3% year-over-year from $825,000 in August 2016)
- Approximately 54% of Baby Boomers and approximately 41% of millennials cannot afford Silicon Valley rents
- Between 2010 and 2015, Santa Clara County added approximately 171,000 jobs to its region, while adding only 28,600 housing units
- Santa Clara County inventory hit 1.5 months in July, which is a 42% decrease from the sale time last year
- Even with the average price of a home in Santa Clara County above $1,000,000, many sellers are reportedly receiving 20 offers shortly after putting a home on the market
- Days on the market in Santa Clara County is a mere 18 days

Median Home Prices

| Area | # Sold | Aug 2017 | Aug 2016 | % Change Yr-to-Yr |
|---|---|---|---|---|
| SANTA CLARA COUNTY | 1,860 | $935,000 | $825,000 | 13.3% |
| Mountain View | 70 | $1,425,000 | $1,200,000 | 18.8% |
| Palo Alto | 50 | $2,672,750 | $2,250,000 | 18.8% |
| Sunnyvale | 117 | $1,325,000 | $1,050,000 | 26.2% |

SOURCE: CoreLogic DataQuick

**Overview of the Waverly Park Neighborhood, Mountain View (Eunice Avenue location):**

- One of the most desirable areas in Silicon Valley
- Neighborhood resales average 2,928 sq. ft. for $2,930,429 ($1,028/sf)
- Median resale home price is $1,425,000 in Mountain view
- Average days on market is 11 (year-over-year 27 days)
- 17 total units of resale inventory
- Resales are selling for an impressive 107% of list price
- Multiple offers continue to be the norm

**Mountain View Rental Market**

- Average apartment rent in Mountain View is $3,221 per month, which is a 2.42% increase over last year
- Newer apartments command a much higher price point

# Workforce Housing Background

## Mountain View Apartment Rent Analysis

**Carmel The Village**
555 San Antonio Road

| BD | Unit Size | Monthly Rent | Rent/SF |
|---|---|---|---|
| S | 537 | $2,730 | $5.08 |
| 1 | 693 | $3,120 | $4.50 |
| 2 | 1054 | $3,835 | $3.64 |

**Verve**
1984 West El Camino Real

| BD | Unit Size | Monthly Rent | Rent/SF |
|---|---|---|---|
| 2 | 1089 | $4,575 | $4.20 |
| 2 | 1112 | $4,326 | $3.89 |
| 1 | 1157 | $4,980 | $4.30 |
| 2 | 1172 | $5,263 | $4.49 |
| 2 | 1444 | $6,026 | $4.17 |
| 2 | 1507 | $6,698 | $4.44 |

*Source: Anderson Marketing Group

# Property Overview: Cooper School

**Property Class:**
Education

**Location:**
333 Eunice Avenue, Mountain View CA 94042

**Current Use:**
Leased child care site

**Assessor's Parcel Number:**
197-32-001

**Total Size of Parcel:**
9.5 acres

**Zoning:**
Public Facility

**General Plan:**
Parks, Schools and City Facilities

**Surrounding Zoning:**
R1-10 (single-family residential) and R2 (one and two family residential)


## PROPERTY DESCRIPTION

Former Cooper School is a 9.5 acre parcel located on the south side of Mountain View, adjacent to a large city park. The site was originally built in 1962 with plans for future expansion; however, it was closed in 1976. The facility was reopened and leased to a private child care center, Action Day Primary Plus, in 1981 providing infant care, preschool and kindergarten programs. The site is a flat, rectangle-shaped parcel surrounded by single family homes on 7,500 and 10,000 square foot lots. The adjacent Cooper Park is accessed off of Chesley Avenue and is primarily open walking trails and tennis courts.

## ONSITE STRUCTURES

Three one-story buildings; play structures and mature trees.

# Summary of Property Zoning

## CITY OF MOUNTAIN VIEW ZONING MAP


## ZONING: PUBLIC FACILITY (PF)

To foster the orderly development of educational and public service uses in the community and of special approved uses on city land; to ensure their presence as a vital part of the neighborhood balance; and to prevent intrusion of uses which may overburden neighborhood facilities and resources.

## PERMITTED AND CONDITIONAL USES

PERMITTED USES:

| |
|---|
| City-owned facilities |
| Public parks and open space |
| County, state and federally owned facilities |
| Public schools intended to serve the immediately surrounding neighborhood |
| Child-care centers |

CONDITIONAL USES

| |
|---|
| Private schools and public schools intended to serve a broader population |
| Any other public and quasi-public buildings and the uses of a recreational, educational, religious, cultural or public service type |
| Temporary private and quasi-public office and studio uses of low-intensity, providing space for artists, dance, music, or theater and low-intensity private office use |

### SURROUNDING ZONING: R1-10 (SINGLE-FAMILY), R2 (ONE AND TWO FAMILY) AND R3 (MULTIPLE FAMILY)

To foster the orderly development of educational and public service uses in the community and of special approved uses on city land; to ensure their presence as a vital part of the neighborhood balance; and to prevent intrusion of uses which may overburden neighborhood facilities and resources.

Density guidelines for surrounding zoning: single-family homes (1 to 6 units per acre) and multiple family housing such as townhomes, apartments and condominiums (12 to 33 units per acre).

## Summary of General Plan

### CITY OF MOUNTAIN VIEW GENERAL PLAN MAP


### GENERAL PLAN DESIGNATION: PARKS, SCHOOLS AND CITY FACILITIES

### ENVIRONMENTAL CONSTRAINTS

No information on the environmental condition of the Property has been provided as of the date of this analysis. Environmental impacts, with regard to physical site constraints and/or costs to clean/mitigate potential contamination, could have serious implications for the feasibility of development as proposed herein. It is imperative that this Information be obtained and weighed against the development and financial assumptions included herein.

# Development Overview

## OPPORTUNITIES AND CONSTRAINTS

Eunice Avenue offers the District a unique development opportunity for workforce housing due to a number of factors. Opportunities and amenities at this site include: (1) its large size at 9.5 acres, (2) its nearby residential zoning, (3) flat and easily accessible parcel, (4) existing residential neighborhood, (5) the lack of current District-use of the site and (6) close proximity to other District sites including Bubb and Huff Elementary Schools.
Constraints on development however include (1) the need to rezone the site from public use to residential use, (2) concerns from the community regarding converting a former school site next to a park into a residential development (particularly one denser than the existing area), (3) the costs and timeline associated with residential development and (4) the need to relocate or end the lease for the existing childcare facility on-site.

## DEVELOPMENT REVIEW:

The below site plans take into consideration (1) the Board of Trustees' direction to explore affordable housing options which balance meeting housing needs of District employees and reducing debt liabilities and (2) the interest in designing a workforce housing development that is sensitive to the surrounding existing residential community. The site plan, which incorporates for-sale single family homes on 5,000 square foot lots and workforce housing rental units in four buildings, buffers the higher density section by locating the new single family homes by the existing single family homes. The new workforce housing buildings are also "hidden" away from the street and existing homes by locating it next to Cooper Park. The precise number of workforce housing units can be increased or decreased based on District needs for additional units, reducing debt obligations or increasing revenue sources. This model of utilizing a portion of the site for market-rate single family units to subsidize the construction cost of the workforce units and to buffer the medium density housing from the existing lower density housing has been utilized by the San Mateo Community College District at its Skyline Community College site in San Bruno (see Appendix B for additional information).

**Scenario A: Single Family Residential and Apartment Development**

The below site plan is for 118 units on 9.5 acres for an overall density of 12.4 dwelling units per acre. It incorporates 36 single family residential lots of 5,000 square feet on the street-facing side and existing-residential facing areas of the property. While these lots are smaller than the existing neighborhood, the lots are in keeping with new developments in Mountain View and buffer the existing homes from the proposed workforce rental units located in the middle of the site. The removal of a single family lot(s) could increase the size or number of workforce housing units also but would decrease the potential revenue from the sale of the lots which is used to cover the construction cost of the rental units (thereby increase the cost to the District).
The workforce housing units are in the form of four apartment buildings of three stories each on a total of 2.9 acres (as an R3 zoning). The site plan incorporates additional green space and centrally located surface parking for the apartment complex. The multi-family unit breakdown is as follows and could be reorganized based on District needs for either additional units overall, additional units of a specific type or larger unit sizes.

Studios (~530 sq. ft.): 24
One Bedrooms (~620 sq. ft.): 18
Two Bedrooms (~910 sq. ft.): 40
Total: 82 units


**Scenario B: All Single Family Residential**

The below site plan is for 50 units on 9.5 acres for an overall density of 5.3 dwelling units per acre. It incorporates all single family homes of 5,000 square foot lots which are slightly smaller than the surrounding neighborhood but in keeping with new residential developments approved and constructed currently in Mountain View.

This entire site could be sold for single family residential development in order to maximize potential sale revenue from the site and rather than co-locate higher density development (for workforce housing) with the existing lower density residential community. While this would allow for the most efficient site plan to incorporate the highest number of lots, there are numerous complexities in developing workforce housing on another site (District-owned or otherwise).

The goal for relocating workforce housing units would be to develop the same, if not more units, at a lower cost to the District and ideally in a location with other medium or high-density housing. The lower cost would need to take into consideration the potential need to acquire a new site given the unlikeliness of development at the District's alternative sites (see Section "Alternative District-Owned Sites"), the high cost of land in Mountain View and the potential increase in the timeline to find a suitable alternative site. The District may be able to acquire a suitable alternative property through the exchange or donation of a site from another public entity or majority private development in the area.

# Eunice Avenue


**DEVELOPMENT SUMMARY:**

| | |
|---|---|
| GROSS ACREAGE | +/- 9.5 ACRES |
| EXISTING ZONING:<br>EXISTING GP DESIGNATION: | PF (PUBLIC FACILITY)<br>PARKS, SCHOOLS AND CITY FACILITIES |
| UNITS:<br>DENSITY: | 50 UNITS<br>5.3 DU/AC |
| **UNIT BREAKDOWN**<br>50' X 100' (MIN) LOTS: | 50 LOTS |

SITE PLAN

EUNICE SITE, MOUNTAIN VIEW | CA

MOUNTAIN VIEW–WHISMAN SCHOOL DISTRICT

DAHLIN

JOB NO. 1133.009
DATE 12-07-2017
5865 Owens Drive
Pleasanton, CA 94588
925-251-7200

A.1

**Representative Imagery of Potential Development**

# Introduction and Methodology

## INTRODUCTION:

While Eunice Ave (Cooper School), presents the best available opportunity for the development of workforce housing, in order to holistically evaluate all District options this report also reviewed other underutilized District assets. The following is a detailed analysis to identify potential development opportunities on various school sites within the Mountain View Whisman School District. The goal of the analysis is to categorize various opportunities and constraints on six potential school sites. The school sites include:

- Benjamin Bubb Elementary School
- Frank L. Huff Elementary School
- Edith Landels Elementary School
- Monte Loma Elementary School
- Stevenson Elementary School/District Office
- Whisman School

The Cooper School Site at 333 Eunice Ave is not included in this analysis, as detailed studies have already been performed for this particular site.

For each of the sites, a potential study area was identified and a detailed analysis of each of these areas was completed. The analysis determined the actual development potential of each site and that is categorized as potential development area. The potential development area is an approximation of where potential development may occur, taking in to consideration all of the site constraints that may hinder potential development. The development area and suggested densities outlined in this analysis are a mere approximation based on visual and physical constraints and the where the team feels the best opportunity for future development should occur.

## METHODOLOGY:

**The analysis is organized into four categories:**

**Surrounding Context:** The analysis looks at the surrounding context to identify what type of residential and/or use exists along the perimeter of the study area. It is important to identify the types of housing that surround the project as it is key to have any future development blend in with the existing fabric and compliment the types of uses. The surrounding context also informs a limit on the development, as issues of privacy, transition, setbacks and development intensities become permanent.

**Access:** The analysis examines the best possible location for primary access nodes into the study area. If secondary access nodes are an option, the analysis states if those may occur within the site. Where a primary access node is not an option, a recommendation is given. Access is an important part of the analysis as traffic and life-safety are two important considerations for future development. Having access from a road with sufficient capacity may be important in dealing with potential development on the sites.

**Landscape/Tree Buffer:** It is important to identify areas where a buffer may be required where existing single-family residential may be affected by incorporating a potential development at a higher density. Existing trees may act as a natural buffer and provide an opportunity to screen future development from existing residential. In addition, if the side is bound by parks or open space, the development bay benefit from having those act as a future amenity. At the same time, large existing trees on the site limit development opportunities as development would need to be designed around those limitations.

**Site Analysis Summary:** A site analysis summary is provided for each of the six school sites taking into consideration the opportunities and constraints. Each summary provides an approximation of the potential development area. Based on the approximate size of the development area, a density of two product types are given: Townhomes and Walk-Up Apartments. Based on our understanding of housing types, cost of construction, and context, we feel that these two housing types would be the best fit for most sites.

At the end of this analysis, an overall ranking is provided based on the design team's recommendations. The ranking takes into consideration all of the site constraints and opportunities and are in order of highly suitable to least suitable development opportunities.

All the sites are currently zoned as Public Facility (PF) and would most likely require a General Plan Amendment and a rezone. This analysis does not take into consideration the regulatory framework for the transformation of the school sites, or a portion of, to residential. Should the school district decide to move forward with any of the sites for development, the team recommends collaborating with the City on the path moving forward.

## Benjamin Bubb Elementary School: 525 Hans Ave, Mountain View, CA 94040

**Surrounding Context:** The site is bound by existing single family residential to the east as well as the south. All existing residential face away from the development study area, which can act as a potential opportunity to ease the limitation of development types.

**Access:** The site frontage along Barbara Avenue provide easy access to future development. Future access to the site could tie to the existing intersection of Barbara Avenue and Leona Lane.

**Landscape/Tree Buffer:** There currently exists a natural buffer between the existing residential and the potential development area. The potential development area could expand into this area, but would result in trees that would have to be removed.

**Site Analysis Summary:** Based on an analysis of the development study area, the site is adequately buffered from the existing residential by mature trees/landscaping to the east. Access into the development area may be located along Barbara avenue to the south. The site constraints limit the development area to approximately +/- 0.9 acres. Due to the rectangular nature of the site, it has the potential to accommodate a variety of development types, including townhomes and walk-up apartments. The potential range in density, depending on the product type that may be achieved is:

- Townhomes (@ 18 du/ac): +/- 17 units
- Walk-Up Apartments (@ 28 du/ac): +/- 26 units


# Franklin L. Huff Elementary School: 253 Martens Ave, Mountain View, CA 94040

Surrounding Context: The site is currently bound by existing single family residential to the east, spanning the entire potential development area. A majority of the residences face the potential development area posing a possible issue with prospective development types and buffering.

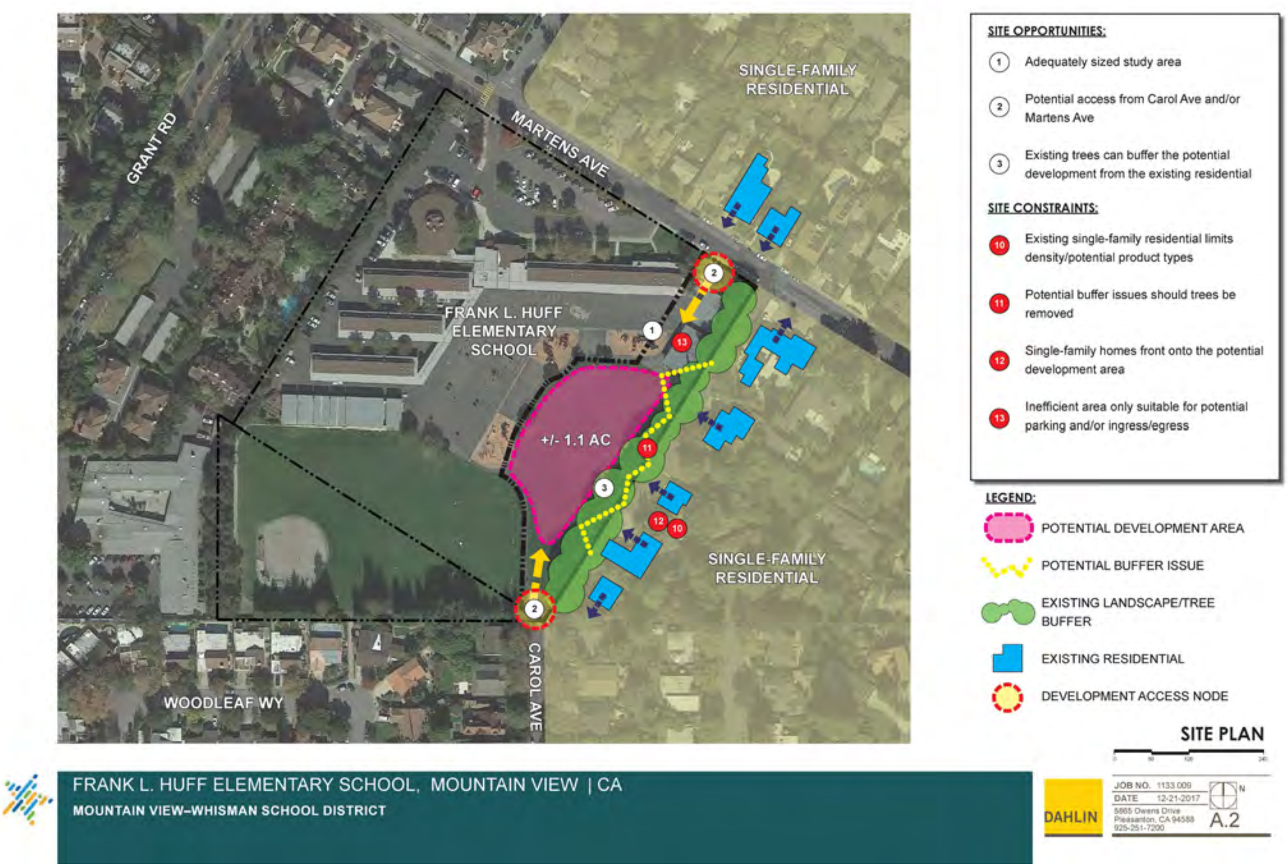
Access: The development study area has the potential to have up to two access points located on Martens Avenue and Carol Avenue, however both are very constricted. Due to the residential neighborhood character along Carol Avenue, access may be limited to emergency vehicles only. The primary development area access may be ideally located on Martens Avenue as it can handle more vehicular capacities.

In addition, due to the narrow nature of the study area along Martens Avenue, development on portions of the site may not be feasible. Those areas could be used for parking or other supporting uses.

Landscape/Tree Buffer: The study area is lined with mature trees along the east, which acts as a natural buffer to the existing residential. Since the existing residential currently face the study area, additional buffering may need to be provided depending on the development type.

Site Analysis Summary: Based on the analysis of the development study area, the site is currently buffered from the existing residential by a dense row of trees, but additional buffering may be required based on product types. Access into the development area may be located along Martens Avenue while emergency vehicular access may ideally be located along Carol Avenue. The site constraints limit the development area to approximately +/- 1.1 acres. Do to the fairly rectangular nature of the potential development area, the site has the potential to accommodate a variety of development types, including townhomes and walk-up apartments. Special consideration will have to be made to the existing residential to the eastern portion of the site. The potential range in density, depending on the product type that may be achieved is:

- Towhomes (@ 18 du/ac): +/- 20 units
- Walk-Up Apartments (@ 28 du/ac): +/- 30 units



# Edith Landels Elementary School: 115 W Dana St, Mountain View, CA 94041

**Surrounding Context:** The site is currently bound by an open space area to the east, spanning the entire length of the eastern portion of the site. Existing single-family residential is located to the south and West Dana Street to the North. Currently no residential face directly into the potential development area.

**Access:** Access into the study area is extremely limited due to the nature of West Dana Street being elevated directly north of the site. Access would have to occur from the school parking lot, but the location of the existing school buildings would be problematic. An option would be to reconfigure the study area to gain access from Frances Way where an existing access node is provided.

**Landscape/Tree Buffer:** An existing landscape/tree buffer is located along the entire eastern portion of the site. This area incorporates pedestrian trails which would be a potential amenity to the development area. Mature trees are located along the southern portion of the site which act as a natural buffer to the existing residential located along that side of the study area. The presence of the trees could also limit development opportunities.

**Site Analysis Summary:** Based on the analysis of the development study area, the site is bordered by an existing open space area to the east. This provides an opportunity to be a potential amenity to the development area. Access into the site is problematic as West Dana Street is elevated above the site where an ideal access node would be located, resulting in access having to be located in the existing school parking lot, which is not ideal. The site constraints limit the development area to approximately +/- 1.3 acres. Due to the narrow nature of the site, to achieve a desired density, walk-up apartments may be a more viable option. The potential range in density that may be achieved is:

- Towhomes (@ 18 du/ac): +/- 24 units

- Walk-Up Apartments (@ 28 du/ac): +/- 37 units


W DANA ST
MULTI-FAMILY
RESIDENTIAL
EDITH LANDELS
ELEMENTARY
SCHOOL
+/- 1.3 AC
MERCY ST
FRANCES WY
SINGLE-FAMILY
RESIDENTIAL
SITE OPPORTUNITIES:
1 Potential access from Frances Way
2 Existing trees can buffer the potential development from the existing residential
3 Potential to front onto open space and trail network
SITE CONSTRAINTS:
10 Existing single-family residential limits density/potential product types
11 Potential buffer issues should trees be removed
12 Access is limited to parking lot due to Dana Street being elevated
13 Narrow potential development area limits what can be developed
LEGEND:
POTENTIAL DEVELOPMENT AREA
POTENTIAL BUFFER ISSUE
EXISTING LANDSCAPE/TREE BUFFER
EXISTING RESIDENTIAL
DEVELOPMENT ACCESS NODE
SITE PLAN
EDITH LANDELS ELEMENTARY SCHOOL, MOUNTAIN VIEW | CA
MOUNTAIN VIEW–WHISMAN SCHOOL DISTRICT
DAHLIN
JOB NO. 1133.009
DATE 12-21-2017
5865 Owens Drive
Pleasanton, CA 94588
925-251-7200
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# Monte Loma Elementary School: 460 Thompson Ave, Mountain View, CA 94043

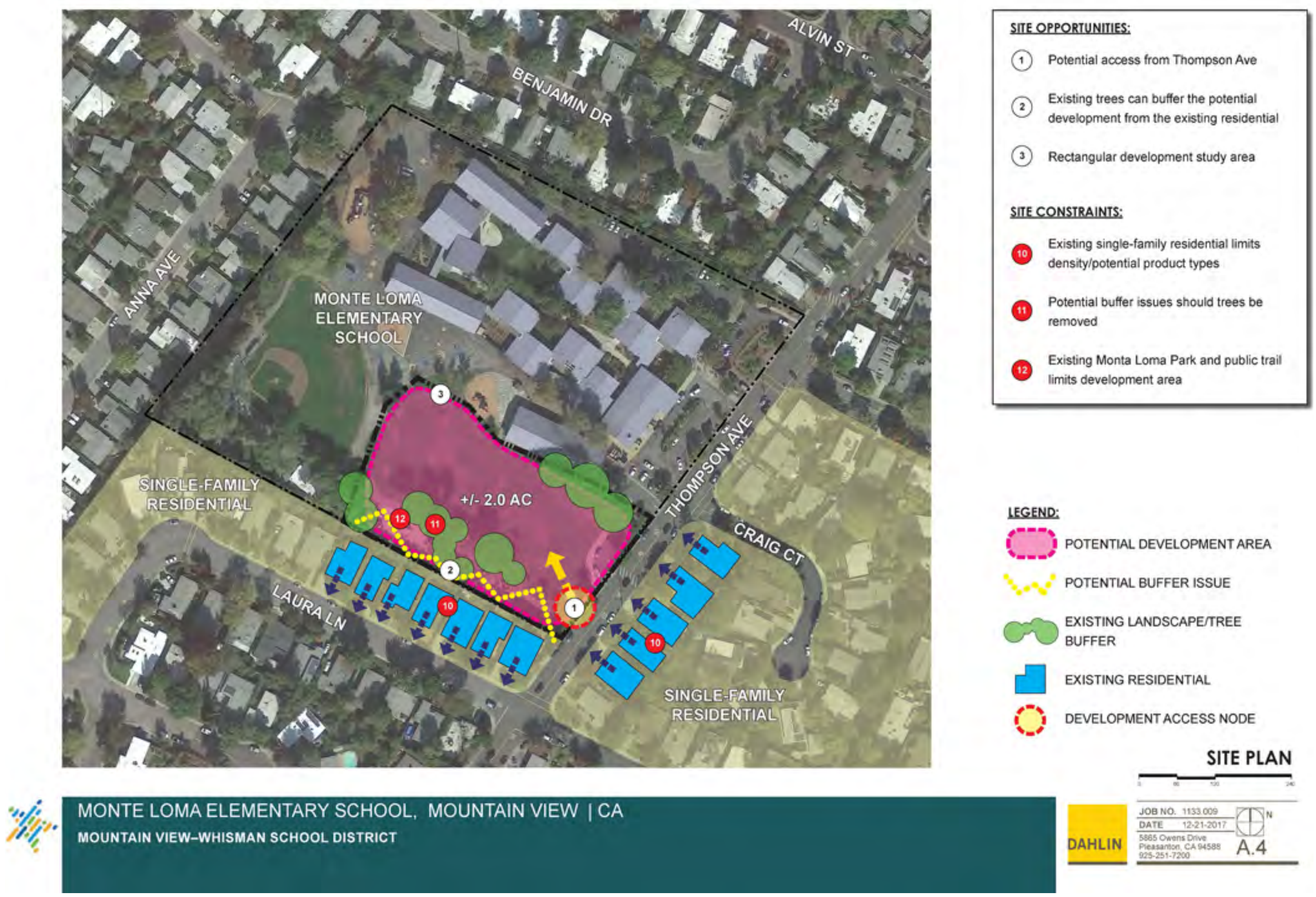
Surrounding Context: The site is currently bound by existing residential to the southwest and southeast. Currently Monta Loma Park is located in the development study area spanning the length of the existing residential along the southwest portion of the site.

Access: The development area fronts Thompson Avenue and has the potential to have an access node located along Thompson Avenue.

Landscape/Tree Buffer: Existing trees are located along the residential spanning the southwest portion of the study area. The study area encourages the removal of the Monta Loma Park and the existing pedestrian path. This could be a contentious neighborhood issue, while preserving the existing park and trail would severely limit the development potential.

Site Analysis Summary: Based on the analysis of the development study area, the site has the potential to incorporate Monta Loma Park as a development amenity. If the park is incorporated into the study area, the potential development area is drastically reduced. The existing trees can adequately buffer the development from the existing residential. Efficient access into the development can be located along Thompson Avenue. For the purpose of this study, it is assumed that the park is removed to maximize the development potential. The site constraints limit the development area to approximately +/- 2.0 acres. Do to the rectangular nature of the potential development area, the site has the potential to accommodate a variety of development types, including townhomes and walk-up apartments. The potential range in density, depending on the product type that may be achieved is:

- Towhomes (@ 18 du/ac): +/- 35 units
- Walk-Up Apartments (@ 28 du/ac): +/- 55 units


SITE OPPORTUNITIES:
1 Potential access from Thompson Ave
2 Existing trees can buffer the potential development from the existing residential
3 Rectangular development study area
SITE CONSTRAINTS:
10 Existing single-family residential limits density/potential product types
11 Potential buffer issues should trees be removed
12 Existing Monta Loma Park and public trail limits development area
ALVIN ST
BENJAMIN DR
ANNA AVE
MONTE LOMA ELEMENTARY SCHOOL
+/- 2.0 AC
THOMPSON AVE
CRAIG CT
LAURA LN
SINGLE-FAMILY RESIDENTIAL
SINGLE-FAMILY RESIDENTIAL
LEGEND:
POTENTIAL DEVELOPMENT AREA
POTENTIAL BUFFER ISSUE
EXISTING LANDSCAPE/TREE BUFFER
EXISTING RESIDENTIAL
DEVELOPMENT ACCESS NODE
SITE PLAN
MONTE LOMA ELEMENTARY SCHOOL, MOUNTAIN VIEW | CA
MOUNTAIN VIEW–WHISMAN SCHOOL DISTRICT
DAHLIN
JOB NO. 1133.009
DATE 12-21-2017
5865 Owens Drive
Pleasanton, CA 94588
925-251-7200
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# Stevenson Elementary School: 1400 Montecito Ave, Mountain View, CA 94043

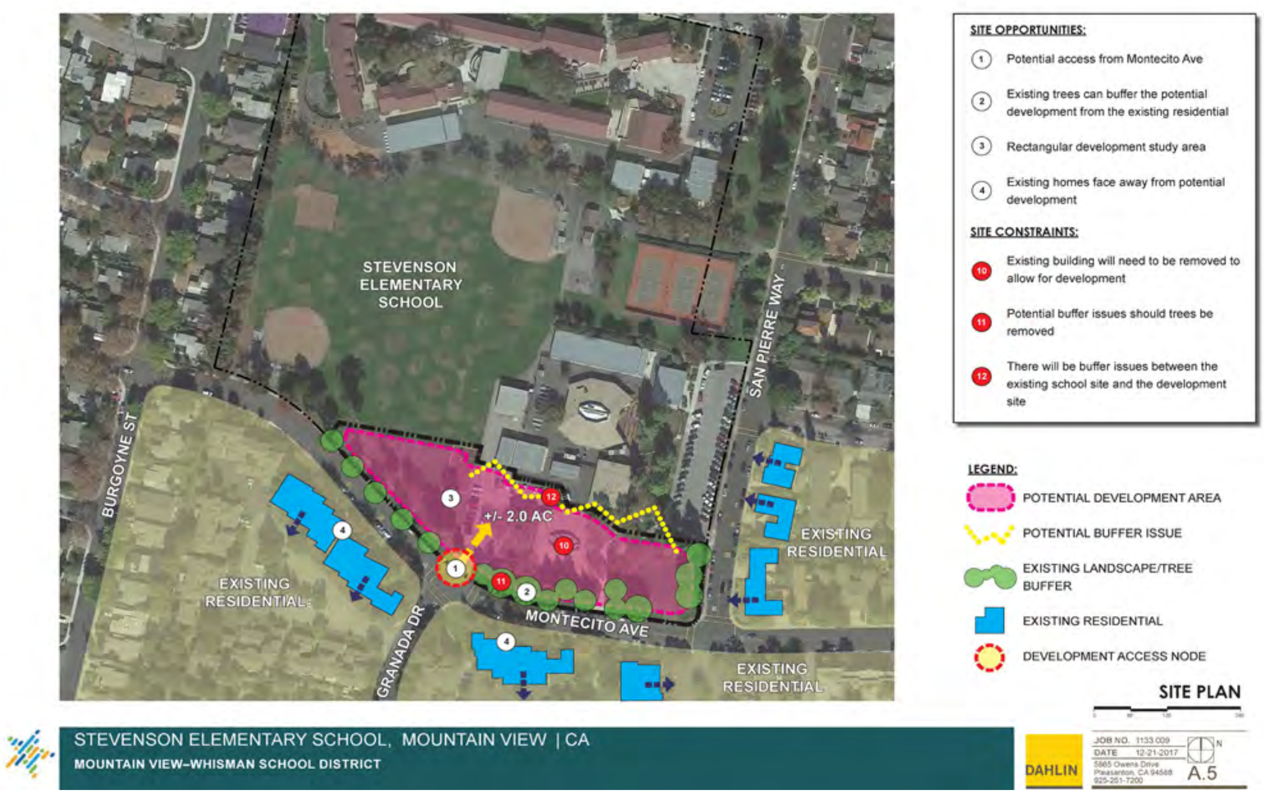
**Surrounding Context:** The study area is currently bordered by existing residential to the south and eastern portions of the site. The existing residential is comprised of higher density single family residential.

**Access:** The site frontage along Montecito Avenue provides easy access to future development. Future access to the site could tie to the existing intersection at Montecito Avenue and Granada Drive. Secondary access points may be located anywhere along Montecito Avenue or on San Pierre Way.

**Landscape/Tree Buffer:** Existing trees line Montecito Avenue, but are predominantly street trees that do not provide a strong buffer. Since the existing residential is comprised of a higher density and face away from the potential development area, a landscape buffer may not be required.

**Site Analysis Summary:** Based on the analysis of the development study area, the site is located adjacent to an existing neighborhood with single family residential at a higher density. No buffering should be required. The primary access node into the site is recommended to be located along Montecito Avenue across from Granada Drive. In addition, the site has plenty of viable options for secondary access nodes. The site constraints limit the development area to approximately +/- 2.0 acres. Due to the efficiency of the site, the potential development area has the potential to accommodate a variety of development types, including townhomes and walk-up apartments. The potential range in density, depending on the particular product type that may be achieved is:

- Towhomes (@ 18 du/ac): +/- 36 units
- Walk-Up Apartments (@ 28 du/ac): +/- 57 units



# Whisman School: 310 Easy St, Mountain View, CA 94043

**Surrounding Context:** The site is bound by Stevens Creek on the west, existing apartment homes on the south, Whisman Park to the east, and the Hetch Hetchy easement on the north. Stevens Creek may require an additional setback which will act as a possible constraint to the size of the potential development area.

**Access:** The site access will be from Easy Street. Due to the size of the site and the potential unit count, multiple access points will be required along Easy Street.

**Landscape/Tree Buffer:** The site is well buffered on the norther, western and eastern portions of the site. Whisman Park to the east will act as a potential development amenity whereas Stevens Creek and the Hetch Hetchy easement will act as a natural buffer to the site. Additional setbacks from the creek may be required.

**Site Analysis Summary:** Based on the analysis of the development study area, the site contains the location of the Yew Chung International School of Silicon Valley and the German International School. The site has been leased to German International School of Silicon Valley (GISSV) since 2000. The GISSV currently holds a 20 year lease expiring in 2024. Part of the site has also been subleased to Yew Chung International School. To provide a feasible development area, the school will have to be removed. The surrounding context provides ample opportunity for a community amenities such as Whisman Park to the East, and potential trails/open space to the north and west. Efficient access in to the site should be located along Easy Street. With the location of Stevens Creek on the west, the development area may be reduced based on the required creek setback.

Preliminary analysis of the whole site demonstrates a net development area to approximately +/- 9.25 acres. The location of this site lends itself to higher density development including townhomes, walk-up apartments or even higher-density apartment projects. If the whole site were to be developed the property would yield 246 units (102 one bedroom and 144 two bedroom units).

If we were to keep the existing buildings and develop solely on the field space a development would still work, however, additional development constraints would have to be accounted for including but not limited to: the property only has one point of entry and currently the existing buildings are closest to it. Any new buildings would have to accommodate access both for the residents, fire access and waste collection.

A denser development could be pursued which would yield a higher unit count. In order to do so the development would have to incorporate one or more levels of subterranean parking to accommodate the additional units. A cost-benefit analysis would be recommended prior to investing significant funds in a development that incorporates this type of parking solution.

Development considerations include:

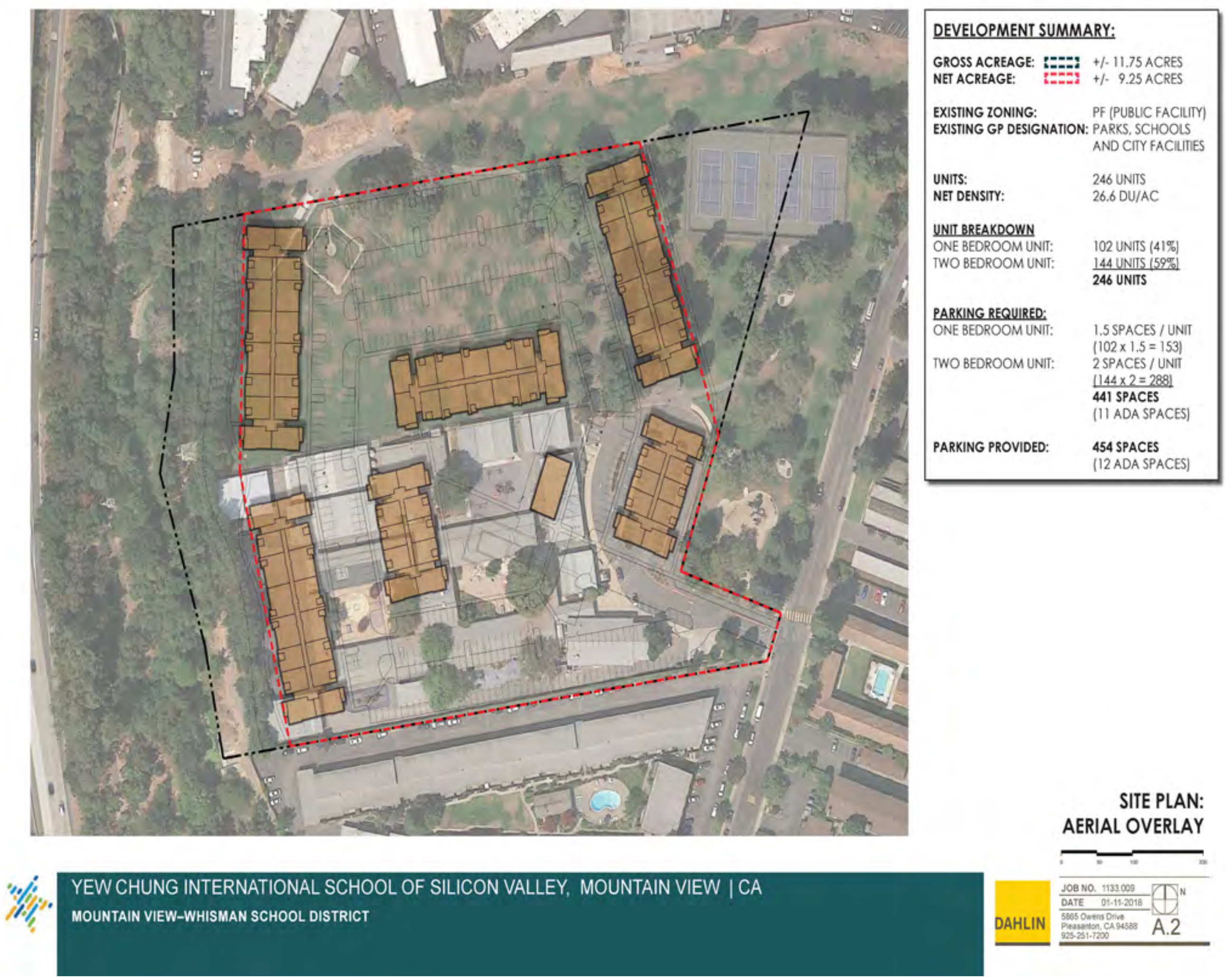
- Apartment projects provide an opportunity to the lease (not sale) of land, thereby providing a long-term stream of income without ever losing ownership of the land

- The surrounding context provides ample opportunity for community amenities such as Whisman Park to the

East, and potential trails/open space to the north and west

- There will still be a need for an infusion of capital in order to keep rental rates low for employees, but this could come from a sale of property for single-family/market rate development, other public sources or inclusion of market rate apartments within the development to subsidize the workforce rentals

- The site contains both the Yew Chung International School of Silicon Valley and the German International School. In the event the District wanted to develop the entire site, DCG would review those leases to determine if it is feasible to terminate these leases (e.g. the GISSV currently holds a 20 year lease expiring in 2024) and if the loss of this lease income would be justified.


DEVELOPMENT SUMMARY:
GROSS ACREAGE: +/- 11.75 ACRES
NET ACREAGE: +/- 9.25 ACRES
EXISTING ZONING: PF (PUBLIC FACILITY)
EXISTING GP DESIGNATION: PARKS, SCHOOLS AND CITY FACILITIES
UNITS: 246 UNITS
NET DENSITY: 26.6 DU/AC
UNIT BREAKDOWN
ONE BEDROOM UNIT: 102 UNITS (41%)
TWO BEDROOM UNIT: 144 UNITS (59%)
246 UNITS
PARKING REQUIRED:
ONE BEDROOM UNIT: 1.5 SPACES / UNIT (102 x 1.5 = 153)
TWO BEDROOM UNIT: 2 SPACES / UNIT (144 x 2 = 288)
441 SPACES
(11 ADA SPACES)
PARKING PROVIDED: 454 SPACES
(12 ADA SPACES)
SITE PLAN:
AERIAL OVERLAY
YEW CHUNG INTERNATIONAL SCHOOL OF SILICON VALLEY, MOUNTAIN VIEW | CA
MOUNTAIN VIEW–WHISMAN SCHOOL DISTRICT
DAHLIN
JOB NO. 1133.009
DATE 01-11-2018
5865 Owens Drive
Pleasanton, CA 94588
925-251-7200
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SITE OPPORTUNITIES:
1 Potential access from Easy St
2 Existing trees can buffer the potential development fromStevens Creek Freeway
3 Rectangular development study area
4 Existing homes face away from potential development
5 Creek easement provides a natural buffer
6 Surrounding residential density allows for a higher density product type
SITE CONSTRAINTS:
10 Existing building will need to be removed to allow for development
11 Potential setback issues with creek easement
LEGEND:
POTENTIAL DEVELOPMENT AREA
POTENTIAL BUFFER ISSUE
EXISTING LANDSCAPE/TREE BUFFER
EXISTING RESIDENTIAL
DEVELOPMENT ACCESS NODE
SITE PLAN:
OPPORTUNITIES & CONSTRAINTS
YEW CHUNG INTERNATIONAL SCHOOL OF SILICON VALLEY
+/- 9.25AC
+/- 630'
+/- 650'
EASY ST
STEVENS CREEK FWY
MONTECITO AVE
EXISTING RESIDENTIAL
EXISTING RESIDENTIAL
YEW CHUNG INTERNATIONAL SCHOOL OF SILICON VALLEY, MOUNTAIN VIEW | CA
MOUNTAIN VIEW–WHISMAN SCHOOL DISTRICT
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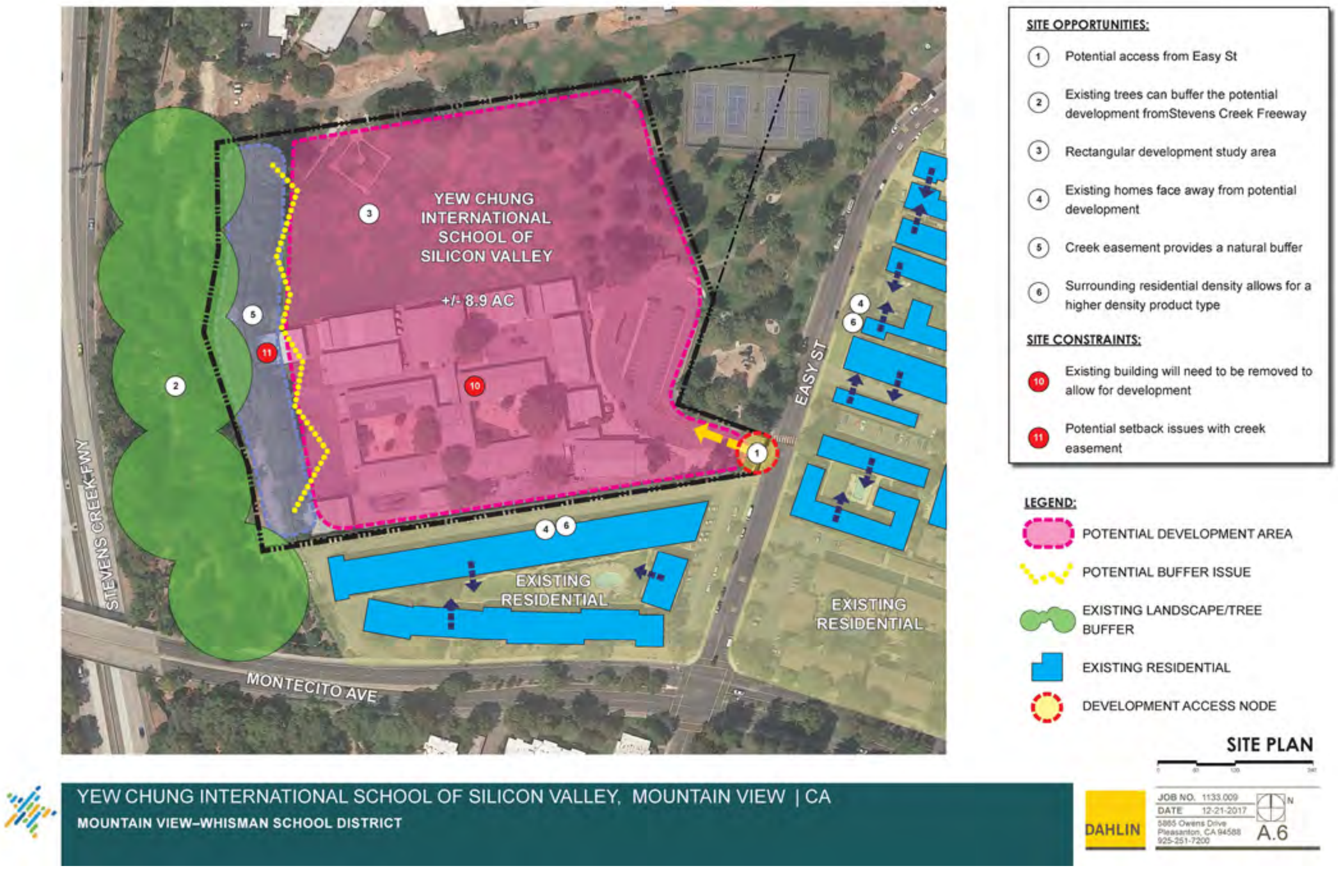


# Conclusion

Due to the large size of the site the development intensity for individual building typologies have been slightly adjusted to accommodate ancillary uses within the site such as community room, tot lots, plat areas, etc.

Overall Ranking: The following is a ranking of potential development opportunities in order of highly probable to least probably development opportunities. The ranking is based on detailed analysis performed on each individual site and takes into consideration the potential achieved density, limits on development types and site constraints. The recommended ranking of potential development opportunities are outlined below:

1. Whisman School
2. Benjamin Bubb Elementary School
3. District Office / Stevenson Elementary School
4. Monte Loma Elementary School
5. Frank L. Huff Elementary School
6. Edith Landels Elementary School

## Rental Rates for workforce housing units

Financial advisors recommend individuals spend no more than 30% of their gross monthly income on housing costs. For the purposes of this report, it is assumed that the District's goal is to keep rents within that range (although some employees may have a spouse/partner or additional income source that contributes to the household income). Based on the District's 2017-2018 Certificated Salary schedule, starting teacher salaries are approximately $60,933 - $71,838 so the gross monthly income (30%) to allocate for housing costs is approximately $1,523 - $1,796.

The District may chose to peg rents to market rates. In this model, rents would be 60-80% of market monthly rental rates. While rental rates would be part of a more in-depth process dependent on final unit type and costs, for example purposes a table of potential rental rates for workforce housing is below.

| | Studio | One Bedroom | Two Bedroom |
|---|---|---|---|
| Market Monthly Rental Rate | $1,900 | $2,400 | $3,501 |
| Workforce Rental Rate | $1,330 | $1,680 | $2,451 |
| Monthly Savings | $570 | $720 | $1,050 |
| Market Monthly Rental Rate - 1 bdrm | $2,134 | $2,134 | $2,134 |

In the above table, a first year teacher making approximately $67,308 in annual salary would have a monthly savings of $720 on a one-bedroom rental, paying $1,680 each month (which is approximately 30% of his/her gross monthly income).

## Financial Overview of Costs and Revenue

The goal in development is to give the highest number of units and the flexibility to respond to potential community concerns over the project, reduce financial risk and remain in control of an asset over the long-term. There is also flexibility in the number and type of units made available which gives the District options in response to projected employee housing needs and final development costs. The development scenario designed for Eunice Avenue incorporating a for-sale single family residential development and a rental workforce housing complex can be shifted to either add in additional workforce housing units (which would make additional units available for employees but increase the development cost) or increase the number of for sale lots (in order to increase potential revenue). While the exact yield mix can be determined based on District needs and risk tolerance, the general premise remains the same that the for sale element reduces the debt obligation to cover the cost of constructing the workforce housing units.

**Construction Cost of Workforce Housing:**

| Units | Price per Unit* | Total Cost |
|---|---|---|
| 82 | $550,000 | ($45,100,000) |

**The price per unit assumes an increase in construction costs over the next two to three years plus contingency costs.*

**Value of Single Family Residential Lots**

| 5,000 Sq. Ft. Lots | Price per Lot | Total Cost |
|---|---|---|
| 36 | $1,000,000 | $36,000,000 |

**Workforce Housing Financing Gap:**

$45,100,000 - 36,000,000 = $9,100,000

The cost to construct 82 units would not be completely covered by the sale of 36 single family residential lots. Therefore the District could either a) reduce the number of workforce housing units to reduce costs, b) increase the number of lots for sale or c) borrow funds to cover the financing gap based on the expected rental revenue from the workforce units. The table below assumes the District borrows the remaining construction costs via a Certificate of Participation (a 20 year loan at 3.844% interest) and the apartment complex maintains a 30% operating budget (to cover maintenance expense, property management fees and a reserve account).

| # of Units | Market Rate | 70% of Market Rate | Total Revenue | Monthly Debt Service | Monthly Operating Expense | Monthly Net |
|---|---|---|---|---|---|---|
| 24 (studios) | $1,900 | $1,330 | $31,920 | | | |
| 18 (1 bdrms) | $2,400 | $1,680 | $30,240 | | | |
| 40 (2 bdrms) | $3,501 | $2,451 | $98,028 | | | |
| **82** | | | **$160,188** | **($54,399)** | **($48,056)** | **$57,733** |

District's Annual Unrestricted Rental Revenue from Workforce Housing Units:

**12 months * $57,733 = $692,791**

The District could cover its construction debt obligations and monthly operating expenses through the sale of a portion of the site for single family residential homes and the rental revenue from the workforce housing units. Even after covering these expenses, the District would still have almost $700,000 of unrestricted annual revenue.

It is important to note that lease revenues can be applied to District's General Fund. Once construction debt has been paid off, the District would begin receiving unrestricted recurring revenue. The timing for receiving that revenue would depend on the amount borrowed, rental rates and interest rates but could occur within 15-20 years. Additionally the District could use a bond to cover its debt obligations and then all rental revenue would be unrestricted income for the District.

The District could also sell the entire site for 50 single-family residential lots for approximately $47,000,000 - $49,000,000 and then utilize those funds to acquire a secondary site to develop as all workforce housing units.

# Financial Options and Strategies

All of the strategies and options outlined herein have been successfully used by other School Districts and other Public Agencies to develop properties and provides a potential template for the District's sites. In addition, the options and strategies are not individually exclusive. Given the scale of the project, it is likely that two or more strategies and options may be employed by Mountain View Whisman School District with the goal to provide workforce housing with minimal cost to the District General Fund.

In the case of development, the first and foremost step is to provide below market workforce housing to teachers and staff is to make available no or low cost land plus retain the existing public agency property tax waiver. The State Board of Equalization has already taken the position that Districts that choose to use the housing for their employees can retain its property tax waiver.

The Districts' goal regarding targeted residents of workforce housing will also have an impact on financing a residential development project. The City of Mountain View has an inclusionary ("affordable") fee requirement and fee for the development of attached and detached housing and non-residential development (office, high-tech, industrial, hotel, retail, commercial or entertainment development).

The City has three types of affordable housing fees:

- Below-Market-Rate (BMR) In-Lieu fees on new ownership housing development, which are 3 percent of the contract sales price for each new market rate home.
- Rental Housing Impact Fees on new apartment development, which is $10.26 per habitable square foot.
- Housing Impact fees on new nonresidential development, which range from $5.13 to $10.26 per square foot for office, high-tech or industrial development and $1.30 to $2.60 for hotel, retail, commercial or entertainment development.

Classified employees typically fall under the low and very low income requirements, therefore, the likely employee categories for the development of a new project would be 80% teachers and 20% classified staff. The goals of the Districts and the use of affordable housing tax credits will impact those percentages. The District may request a waiver from the affordable housing fee given the nature of the project and it should work with the City to request funds from the existing affordable housing impact fee fund for the construction of those low-income units.

The 2016 passage of Senate Bill 1413, School Districts have the right to develop surplus property for Teacher and Employee Housing. Below are some financing opportunities to meet this gap and lower financing costs to the Districts.

- **Bond Funds:** Districts that have approved bond measures and have provisions for the funding of workforce housing development can apply funds for that purpose. Mountain View Whisman School District has the option to organize another voter approved measure to fund the development but this must also be considered in light of other educational needs.
- **Certificates of Participation:** Districts have the option to issue Certificates of Participation (COP) to fund the costs of workforce housing. COPs are similar to tax free bonds in that the

COPs are offered by the District to investors on a long term basis (i.e. 20-30 years) with an annual debt payments made by the borrower or in this case the District. This funding vehicle has several features that may be of interest. First COPs can be issued by approval of the Board of Trustees and do not require a District wide vote. Second the COP issuance can be sized just to address the costs of the housing project alone. Four Bay Area workforce projects for San Mateo Community College District and Santa Clara Unified School District have been funded using COPs. In each of the built projects the residents pay a below market rent that is intended to cover the annual debt obligations, property management costs and maintenance reserves.

- **Conventional Debt:** Conventional Construction lending and Permanent or "Take Out" funding from major lending institutions may be available depending on the project ownership structure and whether the District wants to pledge other real estate assets if necessary. For example, construction debt which offers very competitive interest rates could be used initially then paid off by other funding such as COPs, Tax Credit Financing and Permanent Financing. These funds have been usually used in tandem with Tax Credit Financing. This formula of using Tax Credits and conventional debt has been used to develop three classified employee housing projects for Los Angeles Unified School District.

- **Tax Credit Financing:** The State of California manages a national tax program which provides Tax Credits for projects meeting certain affordable and design criteria. The awarded Tax Credits can be sold to investors looking to shelter income from Federal Income Taxes. The two major programs are commonly referred to 4% and 9% programs and represent the percentage of a project's total cost that will receive tax credits. The 9% program which offers the highest amount targets Very Low, Low and Extremely Low Incomes and has requirements regarding bedroom counts, qualifying incomes for rental homes and allows the State to regulate rent increases. The 9% program, has been successfully used by Los Angeles Unified School District to provide housing for classified employees. The 4% program offers tax credits for projects that set aside 20% of the project's units for Very Low Income. While tax credits have been effectively used in prior projects, they come with additional reporting and use requirements in addition to increased competition from traditional affordable housing builders.

- **Local Government:** Local County and City governments potentially offer funds for workforce housing that ranges from Extremely Low Income to Moderate Income households. The District should work with the City for consideration of city assistance and other incentives to build affordable housing for low and moderate income households. There may also be the opportunity to partner with other school districts in the area, the City of Mountain View and the County of Santa Clara.

- **Philanthropic Funding - Local:** With reduced funding opportunities and loss of redevelopment funding, private resources and public-private partnerships play a significant role in the production and improvement of affordable housing.

- **Philanthropic Funding - National:** Several national philanthropic funds have supported Bay Area workforce housing for many years. Specifically, the Ford Foundation and the John D. and Catherine T. MacArthur Foundation. Both Foundations and others would also be candidates for potential funding of workforce housing. Major local corporations like Google may also be approached for consideration.

- **Incorporation of Market Rate Housing:** A strategy considered for larger sites (i.e. 5 acres and larger) is to incorporate a complimentary real estate property that can be sold off generating funds for the workforce housing proposal. The sales revenues from the single-family portion could then be used to finance the overall project as well as limit the amount of financing needed making below market rents easier to achieve. This could also be accomplished through the sale of a different site for market-rate housing in order to fund below-market rate rental housing on a District site. This is a particularly viable option for Eunice Avenue.

## LONG-TERM GROUND LEASE

Given the District's interest in a long-term recurring revenue source, it may consider entering into a long-term lease of the subject property as opposed to a sale.

Advantages include:

- A ground lease provides a stable income stream typically from a creditworthy tenant, while still allowing the landlord to retain ownership of land.
- Monthly rent payments may be higher than potential monthly mortgage and interest payments.
- Usually ground leases have built in escalation clauses and eviction rights, which give the land owner adequate rent increases over the term of the lease, as well as, further downside protection in the event of a default
- Ground leases normally have a reversionary clause, which transfers ownership of the improvements to the landlord at the end of the lease. For example, if the lessee constructs an apartment building on the land, if agreed, at the end of the lease period both the land and the apartment building may revert back to the lessor.

In order to keep a professional separation between the management of the units and the District and tenants, a private company should be hired to manage the units.

A ground lease, also called a land lease, is typically for a term of 50 to 99 years. Ground leases are simply a lease of the land only where the lessee would be responsible for constructing buildings and facilities on the land. In most cases, the lessee pays all expenses of the real property such as property taxes, insurance, maintenance and financing costs. Operating and related maintenance expenses are often called "pass-throughs" because they are costs that pass through from the owner to the tenant. As a result, the owner-lessor receives payment subject to no deductions. An advantage of the ground lease is that the lessee does not have to come up with the up-front cash required to purchase the land in a deal. This lowers the up-front equity required in an investment, freeing up cash for other uses, and also improving the yield. The lessee may also negotiate a rent abatement provision in the agreement that would suspend the requirement of rent payments during the construction period of the project.

### GROUND LEASE VALUATION

Ground lease valuation is not unlike the valuation of any other lease or cash flow stream. Since there is a clearly defined lease term, lease rate, escalation schedule and terminal value, a projection of these cash flows can be created and then discounted to determine a present value. The selection of the discount rate would largely depend on how risky these future cash flows are. The risk profile of a ground lease is influenced by subordination, credit quality of the tenant, future attractiveness of the location, quality and value of the improvements, and any other relevant terms of the lease. These lease terms can then be used to complete a discounted cash flow analysis, in which the present value of this analysis should equate to the value of the apartment land. This discount rate could be lower based on the credit worthiness of the lessee and whether or not the ground lease would need to be subordinated to a construction/ permanent loan for the cost of the associated improvements.

### SUBORDINATED VERSUS UNSUBORDINATED GROUND LEASES

Subordination refers to the priority of claims or ownership interest in an asset. When a construction loan or a permanent loan is used to finance improvements, the senior lender will require a "first position" in the hierarchy of claims on the asset, which is collateral for the loan. As such, a senior or "first" lender, will require any other lenders or claims on the real estate to be subordinated to its first interest, including the District as it relates to its ground lease payments. This is a typically requirement for financing these improvements, but nonetheless makes the transaction more risky. Essentially, the landowner is pledging the land as collateral for the loan on the improvements, effectively becoming a second or junior lender on the project. This enhanced risk should allow the District to negotiate higher lease payments or otherwise more favorable terms.

On the other hand, an unsubordinated ground lease is a ground lease where the landowner maintains its first position in the hierarchy of claims on the asset. In this case, a lender would not have the right to take back the land in the case of a default by the tenant. This unsuborninated position is considered much safer for the landowner (superior even to the mortgage) and as such this usually comes with a lower lease rate. Under an unsubordinated ground lease, lenders will be more reluctant to lend, but will usually just take into account the lease payments during loan underwriting when determining the maximum loan amount on the property.

The opinion of the lender is so important that, if possible, the lender should participate in the lease negotiation process or approve the form of the lease before it is executed.

### LONG-TERM GROUND LEASE AND WORKFORCE HOUSING

A long-term ground lease may be an option for the development of a medium or high-density housing project on District property like at Whisman. In this scenario, depending on the number of units and site plan, the District would retain the ownership of the property and control over a portion of the units. A market rate builder would construct the entire project in exchange for all or a portion of the rental income. Depending on the number of units and the market response, the District may not receive any revenue from the rental units or only a portion of said workforce housing revenue. At the conclusion of the ground lease, the entire asset would revert to the District. This type of development – in which there is a ground lease for units for different renter profiles – is best suited for larger projects (>200 units) but is worth analyzing for Whisman as an opportunity to delivery workforce housing units without selling real property assets. It is important to keep in mind however that there is a tradeoff between risk and control for the District when partnering with another entity like a market-rate builder.

Given the scale of the affordable housing crisis in the Bay Area and the focus on District-owned residential developments for renters, the District should also consider supplemental programs aimed at helping employees become home owners in the communities in which they serve. Some of the most common strategies to promote housing for employees beyond providing rental units are the following:

- Homebuyer education: workshops and discussions to improve education and planning for homeownership. Topics could including: home affordability, federal/state/local programs for first-time homebuyers, mortgage applications and credit issues.
- Counseling: Certified counselors can help employees understand options, budgeting and credit issues. Districts can bring counselors to worksites or reimburse for counselor appointment fees.
- Matched savings: Similar to retirement savings programs, employer in a pre-determined ratio can match employee funds to help purchase a home. San Mateo Community College District has a second loan down payment assistance program.
- Financial assistance: Districts can provide loans or grants to assist with down payment or closing costs. Districts can also provide these for moving costs or security deposits on rental units.

***Disclaimer, the below programs and companies should not be considered an endorsement by DCG or the District. These are intended as a sample, not an exhaustive list of all potential programs and criteria for district employees.***

## Educator Mortgage Program

The Educator Mortgage Program provides private Home Buying, Home Selling, Mortgage Refinancing and FHA Home Loan assistance. This assistance is available to teachers, faculty, coaches, librarians, nurses, secretaries, custodial/facilities staff, school/district leadership, professors, adjunct faculty, counselors and related employees.

The Home Buying and FHA Home Loan Programs offer discounted closing costs of up to $800, discounted real estate agent fees of up to $800, priority loan processing and a donation to the individual's school of up to $400. A minimum credit score of 620 is needed to qualify for a home loan. At least 3.5% cash down is required as well. The Home Selling Program offers discounted real estate agent fees of up to $800 and a donation to the individual's school of up to $200. The Mortgage Refinancing Program offers discounted closing costs of up to $800, priority loan processing and a donation to the individual's school of up to $200. The Educators Mortgage can be used for a second home or investment property.

More Information: http://www.educatormortgage.com/

## Extra Credit Teacher Home Purchase Program (ECTP)

ECTP is a home-buying loan program from the State of California for teachers, administrators, school district employees and staff members working for any California K-12 public school, which includes charter schools and county/continuation schools, buying his or her first home.

ECTP junior loans range from $7,500 to $15,000 depending on the area in which the home is being purchased, and can only be combined with an eligible California Housing Finance Agency (CalHFA) first mortgage loan. ECTP subordinate loans can only be used for down payment assistance and/or closing costs. Applicants must have a minimum credit score of 640 and must occupy the property as a primary residence. Those making more than $91,000 per year are excluded from the program and the home sales price cannot exceed $400,000 - 600,000 (depending on the county). Alameda County, Contra Costa County and Santa Clara County are among those considered High Cost Areas by CalHFA.

More information: http://www.calhfa.ca.gov/homebuyer/programs/ectp.htm

### Heroes Home Advantage

Heroes Home Advantage is a real estate rebate program and network aimed to help with buying, selling and refinancing a home. The program is available to military personnel, law enforcement officers, firefighters, health care professionals, emergency personnel and teachers. It is a network of Realtors, lenders, inspectors, title companies and related companies who help pair targeted personnel like teachers with a discount network. The program can help clients save an average of $2,150 through its lender credit, attorney fee credit, title fee rates and other cost saving services.

More Information: http://www.heroeshomeadvantage.com/

### Landed

Landed is a down-payment assistance startup which organizes community-based, private capital into funds that cover half of a standard 20% down payment for local home buying educators. This down payment support helps allows the homebuyer to keep their monthly payments low. The educator doesn't make any payments on the support, but rather pays for it with a portion (typically 25%) of the home's appreciation when it is sold or refinanced. The program is aimed at first-time teacher and staff homeowners. Typically the Landed investment is made for a 10-year term.

More information: https://landed.com/

### Teacher Next Door

Teacher Next Door provides access to a variety of programs and aims to match the individual with the program that best suits their needs. Teacher Next Door is available to teachers, police officers, firefighters, medical professionals, government workers and other public service professionals. Programs include the Housing and Urban Development (HUD) Good Neighbor Next Door Program, the State Housing Initiative Program, Keystone Challenge Fund, USDA Rural Program and other specific programs available through other federal and local agencies. Private money grants are also offered by Teacher Next Door in some cases.

The HUD Good Neighbor Next Door Program is a home discount program that offers a substantial incentives to purchase a home in a targeted community revitalization area. In certain revitalization areas, a home can be purchased for a 50% discount off the list price. Eligible single family homes are available for only seven days online exclusively. Applicants must first apply for the program, then submit his or her interest in a specific home found on the list. A selection will be made by random lottery for homes with multiple interest. Individuals able to qualify for the HUD Good Neighbor Next Door Program must commit to live in the property as their sole residence for 36 months.

More Information: http://www.teachernextdoor.us/

# Findings

California School Districts are faced with an important but exciting challenge to improve their recruitment and retention efforts for teachers and staff. Workforce housing, and supplemental programs also aimed at making housing more affordable, is one area of great need. While individual districts will need to evaluate their own needs, financial situation, risk tolerance and real estate portfolio; MVWSD's workforce housing options are best categorized as:

1. Develop all workforce housing on underutilized District-owned property
2. Sell a portion of underutilized District-owned property for market-rate housing to fund rental workforce housing on the same site
3. Sell the an entire underutilized District-owned property for market-rate housing to fund rental workforce housing on a secondary site (either another District-owned property or acquire another site)

While different Districts have different targets and expectations, existing workforce housing projects tend to focus on first-to-third year teachers and classified employees. Tenancy at workforce housing projects vary three to seven years depending on need, expectations and regional housing costs.

San Mateo Community College which has successfully completed two projects and is completing a third project (which is similar to the proposed mixed market rate and workforce rental units at Eunice Avenue). While addition information on these faculty and staff housing development is available in Appendix B, the College District's eligibility is focused on first time homebuyers (not income categories). Employees can live in units for up to seven years while saving up for a down-payment and the College District also offers a low interest, 10-year second loan for purchasing a home. Property management, including rent collection and application review, is through a separate organization in order to separate employer from landlord. Should MVWSD develop its own housing, it should also create a separate ownership structure similar to a Joint Powers Authority in order to delineate between the District as the housing owner and the employer and in order to protect the separate the District's financial assets.

One notable exemption from the surplus property process is the development of teacher and staff housing. In October 2017, AB 1157 was signed into law, providing an exemption for the sale or lease of district real property as it relates to the development of teacher and staff housing on district-owned properties. SB 1413 also allows school districts to restrict occupancy of housing units built on district property to its own employees without violating Fair Housing laws. Subject to review by the District's legal counsel, it may be possible to sell or lease a portion of a site such as at Eunice Ave. and use these funds to create teacher workforce housing without a prior 7-11 Committee finding, thus significantly decreasing the time necessary to realize revenue from the property and meeting a potential policy goal to recruit and retain high-caliber employees.

This bill also specifies that the property tax "exemption for school, college, or university property applies to an interest in property, including a possessory interest, belonging to the state, a county, a city, a school district, a community college district, or any combination thereof, that is used to provide rental housing for employees of one or more public school or community college districts." The District should consult a tax attorney to determine its specific needs and circumstance depending on how it ultimately decides to develop employee housing.

It will be important for Mountain View Whisman School District to work collaboratively with other public entities and community stakeholders to reach a mutually beneficial solution. This process would also include input and outreach with the School Board, teachers associations, union representatives, City officials, affordable housing non-profit organizations, community members, neighbors and other nearby school districts like Mountain View-Los Altos Union High School District. Those efforts should also be conducted for the acquisition of an existing development. Board leadership, realistic housing expectations and community support are essential to the success of a workforce housing project. This is especially important given that the District-owned sites will require trade offs between workforce housing and existing or proposed other uses of the sites.

Districts and affordable housing partners may consider also how to best support efforts at the State Legislature and County-level that impact workforce housing potential.

### COMPARISON OF DEVELOPMENT OPTIONS*

| | Eunice Avenue - Mixed Market Rate and Workforce on Same Site<br><br>(Use of COPs, Annual Revenue) | Eunice Avenue - Mixed Market Rate and Workforce on Same Site<br><br>(Cost Neutral) |
|---|---|---|
| Workforce Housing Units | 82 | 68 |
| Estimated Construction Cost | ($45,100,000) | ($37,400,000) |
| Single Family Lots | 36 | 38 |
| Value of Lots | $36,000,000 | $38,000,000 |
| Financing Gap (after single-family lot sale) | ($9,100,000) | $600,000 |
| Annual Unrestricted Revenue (after debt service and operating expenses) | $692,791 | $1,095,032 |

**Note: costs are dependent on number of units, when the process starts, entitlement approvals and Board action. Costs are based on purchase price and development costs but do no incorporate legal fees, title fees and brokerage commissions.*

## Recommendation:

Based on a review of all District sites available, it is our professional opinion that the District can effectively deliver the highest number of workforce housing units at a reduced rental rate for the lowest cost to the District by first focusing on developing at Eunice Avenue. The site is large enough to support both workforce housing units *and* single family residential homes, which can help reduce the construction costs to build the rental units. The remaining financial gap can be covered by Certificated of Participation (or other financing mechanisms) funded by the projected below market rate rental revenues. The District could also develop units at the site without borrowing any funds and instead solely use the proceeds from the sale of the single family residential lots. However, the District may not be able to develop ~80 units and it may require a trade-off between unit count and cost. In this way, the District may be able to provide 50 - 60 units with no cost to the District in exchange for selling approximately 7.5 acres of the Eunice Avenue site for residential development similar to the existing community. All rental revenues from the workforce housing units would all be unrestricted revenue for the District as there would be no debt obligation for the District. Alternatively the District could develop more than 80 workforce housing units and rather than sell all 36 lots, it could borrow additional funds to build more units (such as build 102 units and sell 31 lots which would cover costs without additional revenue anticipated).

Should the District chose to pursue a development at Eunice Avenue, the District should release a Request for Proposals which outlines its objectives including reducing financial obligations to the District and the potential to sell the entire site in exchange for developing all workforce units at a secondary site which could supplied by the selected builder. The other secondary site option could be provided by the City of Mountain View or as part of a larger development agreement (such as with Google as part of their proposed housing development). The only other District-owned underutilized property beyond Eunice Avenue which has development option is the Whisman School. However this site is leased to the German International School of Silicon Valley and to the Yew Chung International School. To provide a feasible development area, the school will have to be removed. The site constraints limit the development area to approximately +/- 8.9 acres which has the potential to accommodate a variety of development types, including townhomes (+/- 143 units) and walk-up apartments (+/- 223 units). However, given the two active leases on site and the water access easement this site is has more complexities than Eunice Avenue so it should be considered a secondary option.

Regardless of the selected site, the District should develop a Stakeholder Task Force to lead the effort, disseminate information and represent various constituents such as a district staff member, certificated and classified employee representatives, city or county housing staff member, neighborhood association member and affordable housing advocate. This group will act as a public champion of the project who can successfully address concerns and obstacles to the project.

The goal for workforce housing should center on assisting employees to gain a permanent foothold in the community through long-term housing security (typically through home ownership). This effort is advanced by the subsidized short-term rental opportunities made available through workforce housing.

## Next Steps:

### SUMMARY PROCESS FOR DEVELOPMENT OF A MULTI-FAMILY DEVELOPMENT

**Select site:** Should Mountain View Whisman School District wish to convert any of its property into workforce housing, the Board must also chose a development direction based on the site and subsequent due diligence and financial analysis. The primary options for workforce housing, and the associated advantages/disadvantages, include;

1) Use Certificates of Participation to provide for 100% of the cost of the workforce housing units. Advantages are full control over the residential units. Disadvantages include the risk of the debt service that the District would inherit and the likelihood of a significant "gap" in funding that would need to be paid for by the District in some other manner (sale of surplus land, etc.).

2) Include workforce housing as part of a Market-Rate Project (on the same site or through the sale of another site). The advantage would be the ability to sell the market-rate portion of the land and use this capital to "buy-down" the amount of financing needed via Certificates of Participation such that the subsidized rents could pay the full debt service on the loan. The disadvantage is that there would be fewer workforce housing units as some of the site would be set aside for market-rate units. The District would continue to own the workforce housing property but would sell a portion of the site for market-rate housing. The market-rate portion (potentially single family lots like the existing neighborhood design) can also help buffer the denser workforce housing units from the surrounding lower density homes.

3) Lease the land to a market rate builder with a requirement to set aside a percentage of the units for workforce housing. The advantage is that the District would not be financing the creation of the workforce housing units. The disadvantage would be a much smaller production of units versus the other options and a limited ability to manage them as part of the larger project.

4) Use Affordable Housing Funds. The advantage is there is no need to finance units but a ground lease will likely be negligible due to affordable housing requirement. The primary disadvantage is the risk that teachers may not qualify for these units and the District may not be able to limit the number of years of tenancy. Los Angeles Unified School District is an example of this type of project.

**Begin Due Diligence:** As this report is a preliminary assessment of feasibility, the District should begin a more thorough due diligence process to finalize the number of lots/units and costs to prepare for the entitlement of the site for residential development. These studies would include but not be limited to: Phase I Environmental Review, preliminary utilities capacity review, record boundary and topography survey, site planning by a licensed architect and traffic study. While a developer for the project will also engage in these activities once selected, the more independent information that the District has in advance, the more confidence in that data and control over the process the District can have. The reimbursement of third party studies such as environmental review and civil engineering would be incorporated into the eventual request for proposals for the buyer/lessor to pay back to the District. Most sites would likely need to be re-zoned or receive a General Plan amendment from the City to convert use from "Public" to "Residential."

**Determine Financing:** Depending on the development model chosen, the District should engage a financial consultant to work with district staff and real estate experts to secure financing and insurance for the project.

**Set Up Separate Nonprofit Owner:** This nonprofit entity will oversee the project and create an important separation for the District Board between employer and landlord. San Mateo Community College District for example has the nonprofit "Educational Housing Board" which is composed of College Board members, classified and academic staff representatives, property managers, a real estate attorney and an accountant. This separate entity (potentially a Joint Powers Association or Housing Trust) will own and operate the project while protecting the individual General Funds of the District(s).

**Meet with City Regarding Development Fees:** The District's development consultant should be charged with meeting with the City to request waiving or re-directing required residential development fees including school impact fees, park fees and affordable ("inclusionary") housing fees given the nature of the project to provide workforce housing to public entities on school district-owned property. Waiving these fees will decrease the costs associated with development.

**RFP for Developer/Builder:** Depending on the development model chosen, the District would release a Request for Proposals (RFP) to develop the site. The District may want to review Government Code 5956 regarding public projects being built under design/build methodology to retain a developer based not just on price but also on qualifications to effectively and efficiency develop housing. The RFP will clearly identify District priorities and requirements in terms of number and layout of units desired, timeframe and financial expectations. All studies completed under due diligence would be made available to the developer who would be required to reimburse the District for said studies according to the RFP. This developer will be the partner to the District in this endeavor so this is a key decision point. For a mixed market rate and workforce housing development, the District may chose to release an RFP for the same builder for both projects which would simplify construction and create a uniform design.

**Development and Construction Phase:** District representatives would work with the selected developer to obtain necessary residential entitlements from the City. Stakeholder community meetings during this period will be critical to project approvals (including CEQA) and excitement on this project. While some meetings will be required by the City for entitlement approvals, the District should take a proactive approach to share information and receive feedback on the project from employee groups, such as the Teachers Association, neighborhood associations, parent-teacher groups, affordable housing advocates and other members of the community. The District (through the new nonprofit entity) should finalize the tenant program during this phase including determining qualification parameters (such as a focus on creating first-time homeowners), pre-qualifying tenants and marketing the future units. A third-party property manager should also be hired at this stage.

**Post-Construction:** Once tenants move in the focus will shift to management of the property. This will include holding regular meetings of the Board of the owning entity to receive updates, adjust the budget, review operational costs, review rental rate and occupancy rates. The new entity should also establish a survey and metrics for evaluating the impacts on each of the districts' efforts to recruit, retain and maintain positive employee morale with those living in these units.

An estimated timeline is below:


While there are costs associated with the construction or acquisition of workforce housing, given the importance of recruiting and retaining the best teachers and staff to educate Mountain View's students, Mountain View Whisman School District should be commended for taking this first step to evaluate the potential for meeting the housing needs of their employees in order to strengthen long-term educational success in the District.

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# APPENDICES

## APPENDIX A: SURVEY

## APPENDIX B: SAN MATEO COMMUNITY COLLEGE DISTRICT FACULTY AND STAFF HOUSING EXAMPLE

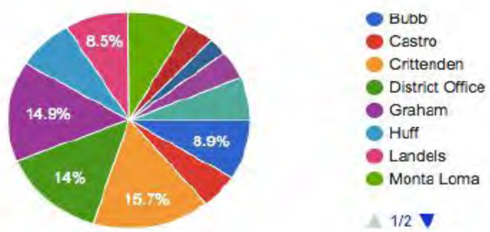
# MVWSD EMPLOYEE HOUSING SURVEY

236 responses

Publish analytics

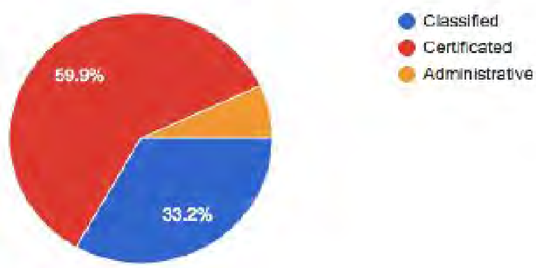
## Where do you work?

235 responses



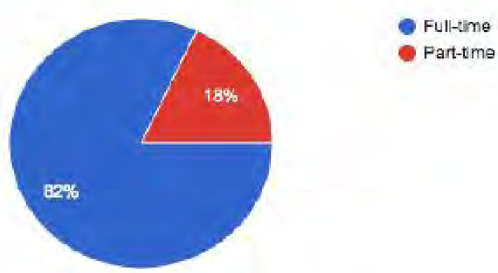

## Are you?

232 responses



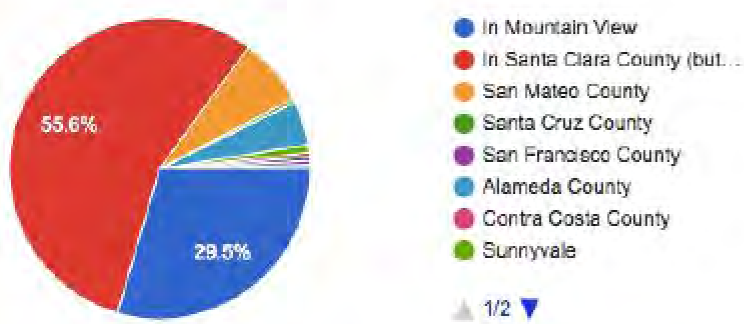

## Are you?

233 responses



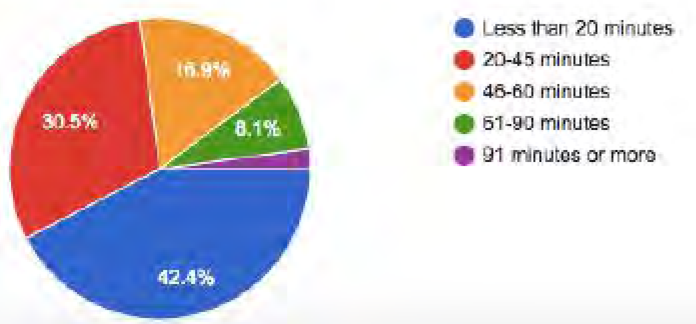
## Where do you live?

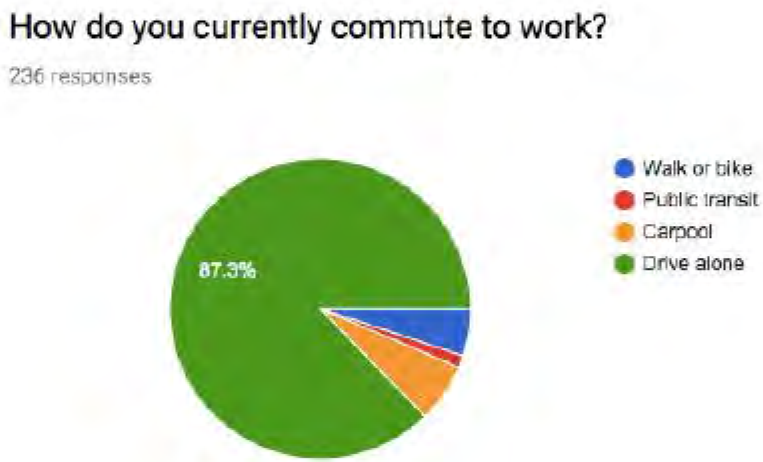
234 responses

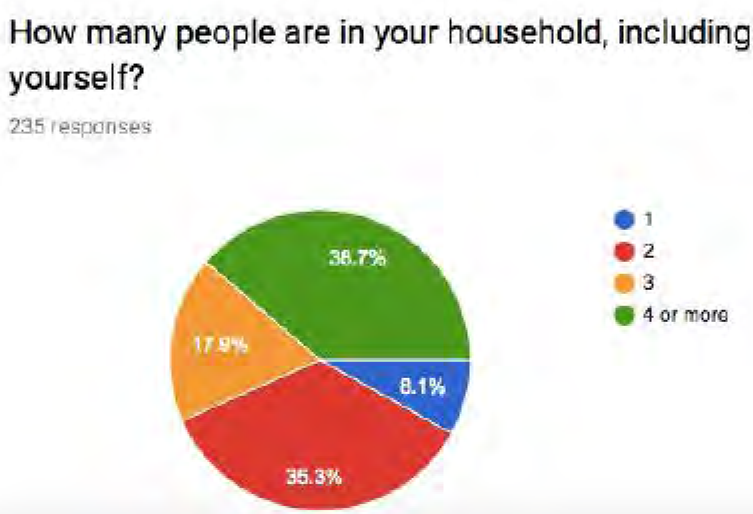



## How many minutes is your commute * one way * on an average day?

236 responses

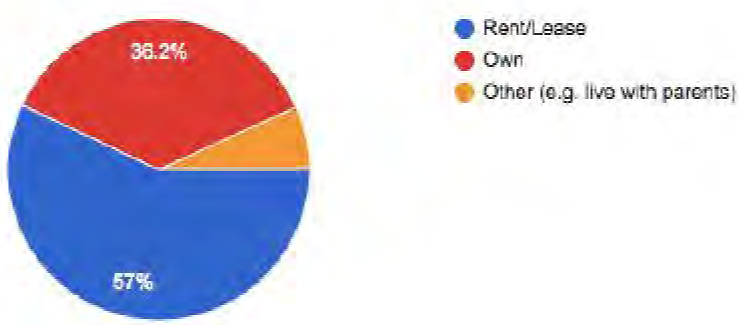



How do you currently commute to work?
236 responses
87.3%
Walk or bike
Public transit
Carpool
Drive alone


How many people are in your household, including yourself?
235 responses
38.7%
17.9%
8.1%
35.3%
1
2
3
4 or more

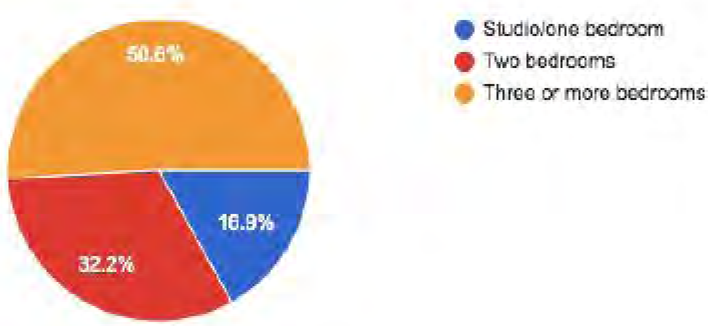
## Do you rent or own your current dwelling?

235 responses



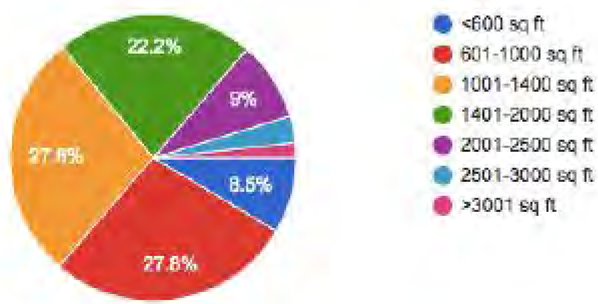

## What unit type do you currently live in?

236 responses



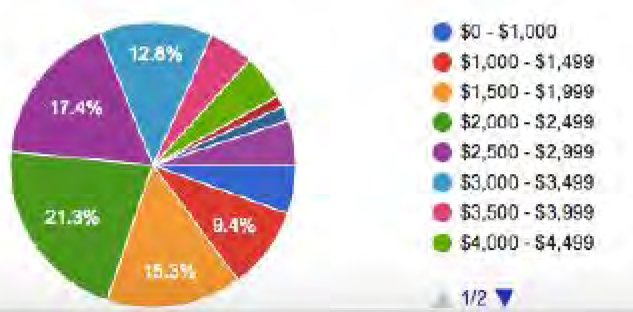
Approximately how many square feet is your current residence?

234 responses



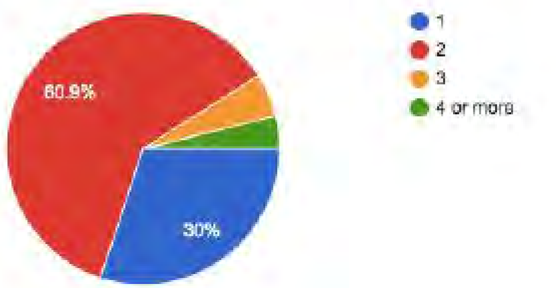

What is your estimated monthly rent/mortgage (excluding utilities, insurance, taxes, etc.)?

235 responses



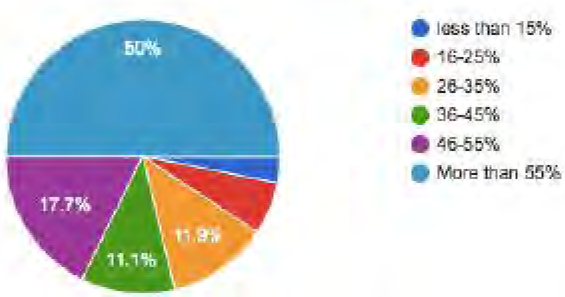
How many people contribute to paying for these household costs (counting you)?

233 responses



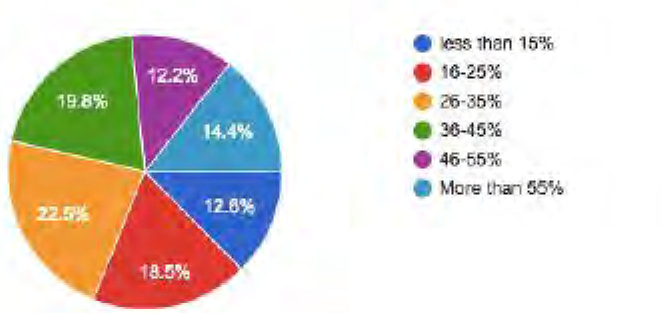

If you had to pay for these household costs on your own, what percentage of your gross income would be required to make these rent/mortgage payments (excluding tases, insurance, utilities, etc.)?

226 responses



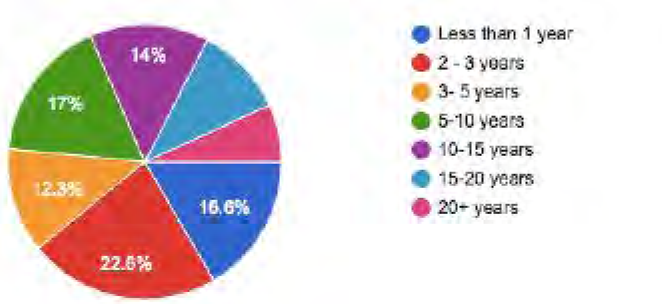
Now factoring in the additional income that others earn and contribute toward these housing costs, what percentage of your gross income would be required to make these rent/mortgage payments (excluding taxes, insurance, utilities, etc.)?

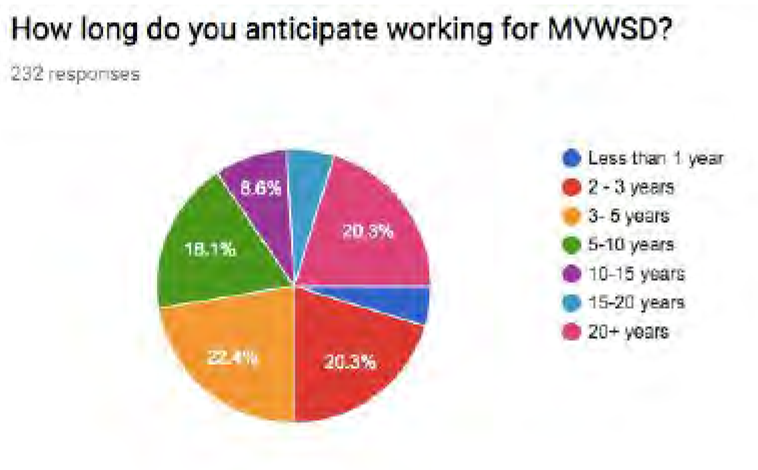
222 responses

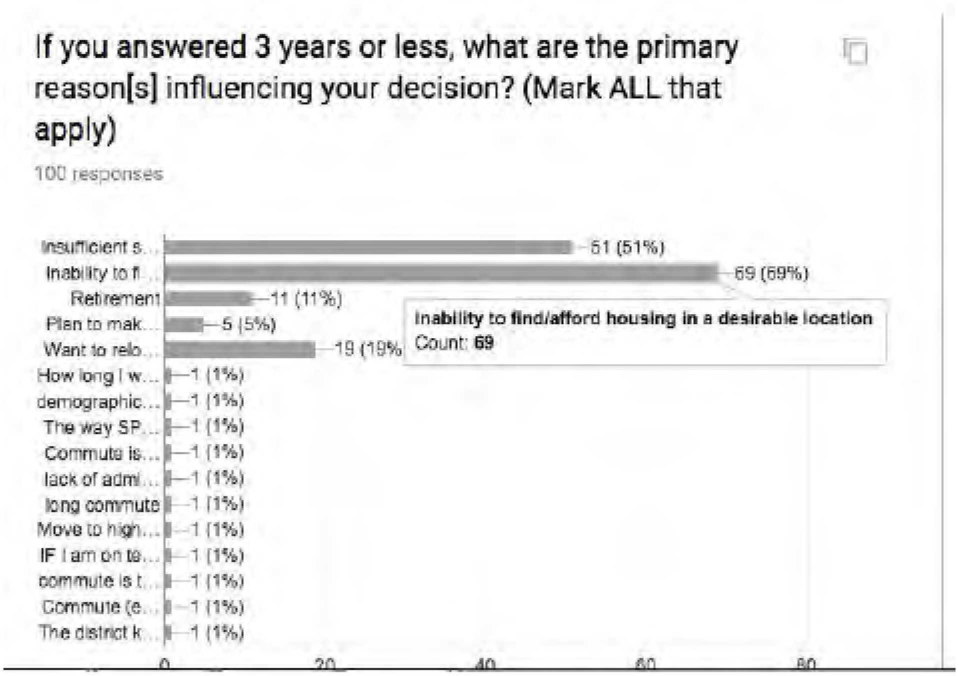



How many years have you been employed with MVWSD?

235 responses

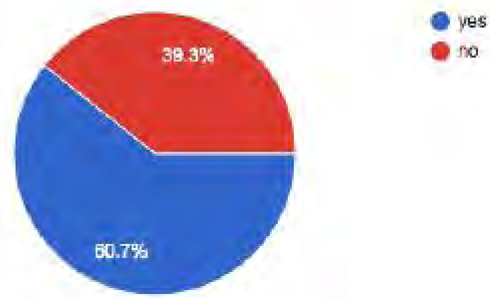



How long do you anticipate working for MVWSD?
232 responses
Less than 1 year
2 - 3 years
3- 5 years
5-10 years
10-15 years
15-20 years
20+ years
8.6%
20.3%
18.1%
22.4%
20.3%


If you answered 3 years or less, what are the primary reason[s] influencing your decision? (Mark ALL that apply)
100 responses
Insufficient s...
Inability to fi...
Retirement
Plan to mak...
Want to relo...
How long I w...
demographic...
The way SP...
Commute is...
lack of admi...
long commute
Move to high...
IF I am on te...
commute is t...
Commute (e...
The district k...
51 (51%)
69 (69%)
11 (11%)
5 (5%)
19 (19%
1 (1%)
Inability to find/afford housing in a desirable location
Count: 69
0
20
40
60
80

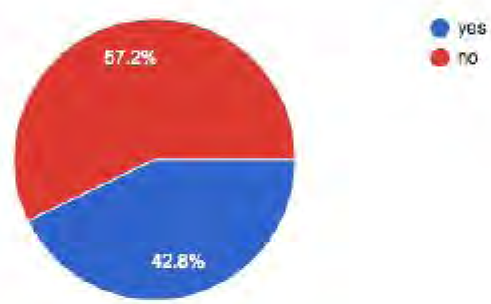
Have you considered leaving your current job within the next five years due to housing costs?

234 responses



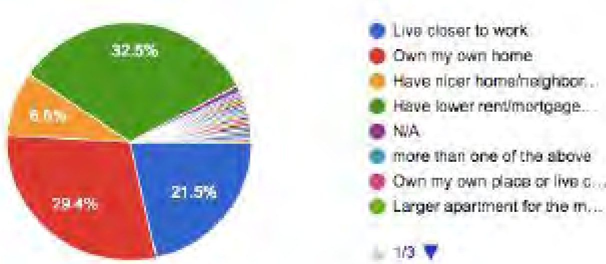

Are you satisfied with your current housing situation?

236 responses



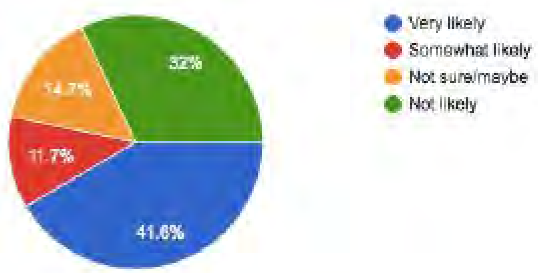

What is the top item that would make your current housing arrangement more satisfactory?

228 responses



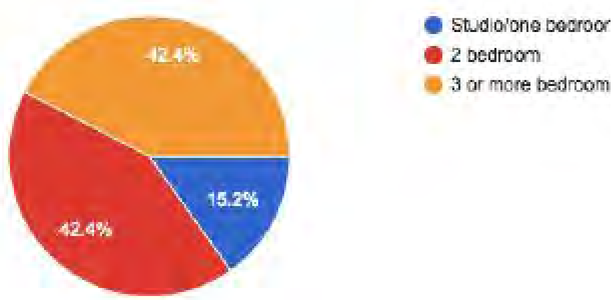
If your District were to develop rental workforce housing at rents below market rate in Mountain View, how likely would it be that you would actually relocate to this housing? (see examples of townhome style units below)

231 responses



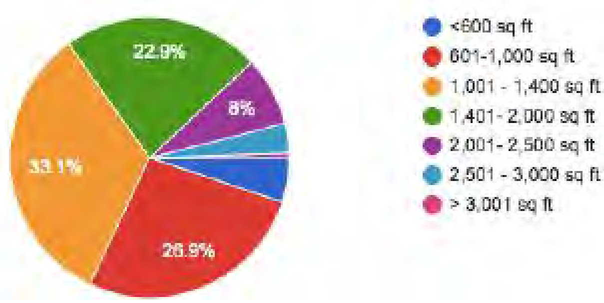

If you answered in the question above that you might have interest in a District work-force housing project), what type of unit would you prefer?

165 responses



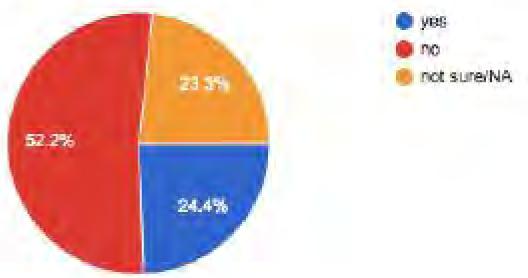

Approximately how many square feet would you think you'd need to accommodate your housing needs?

175 responses



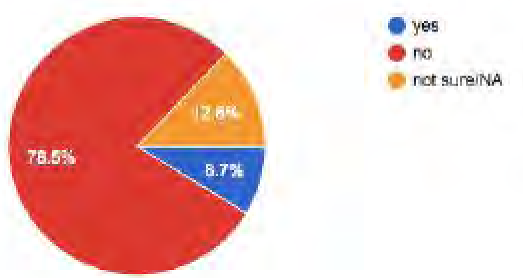
Would you be willing to live in a smaller rental unit (such as 400-500 square foot studio) if it was well designed and had a lower rental rate reflecting the smaller size? (See examples below)

180 responses



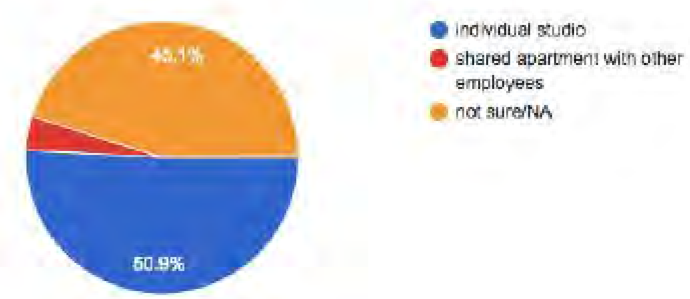

Would you be willing to live with other employees in a shared suite-style apartment if you had your own bedroom and has a lower rental rate reflecting the shared space? (See example below)

172 responses



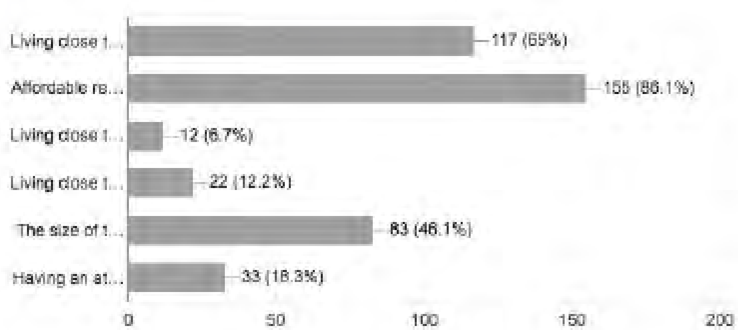
If you were to participate in a District housing program and had the choice between a small studio and a larger shared apartment (with one or two employees), which would be your preference?

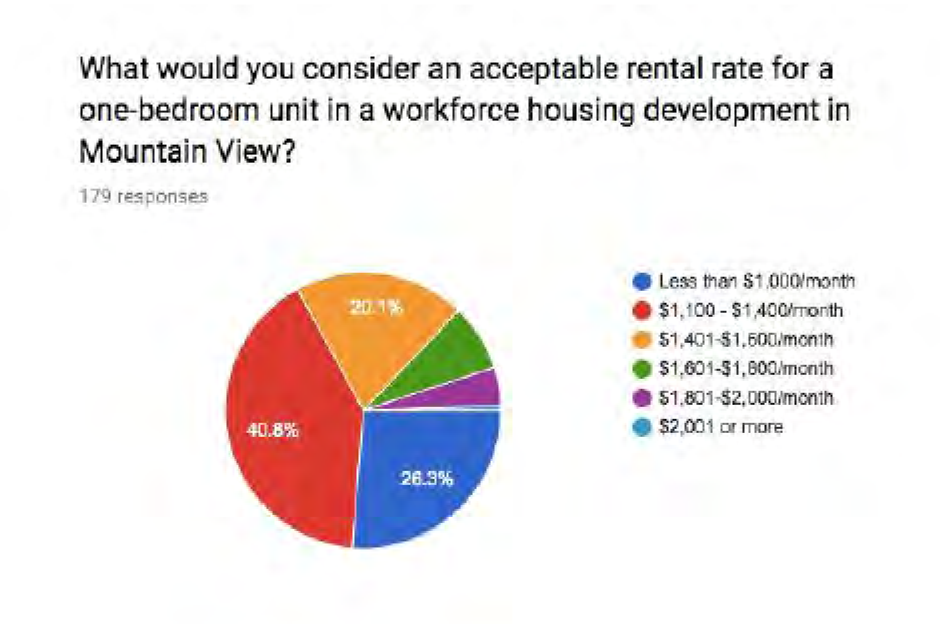
175 responses

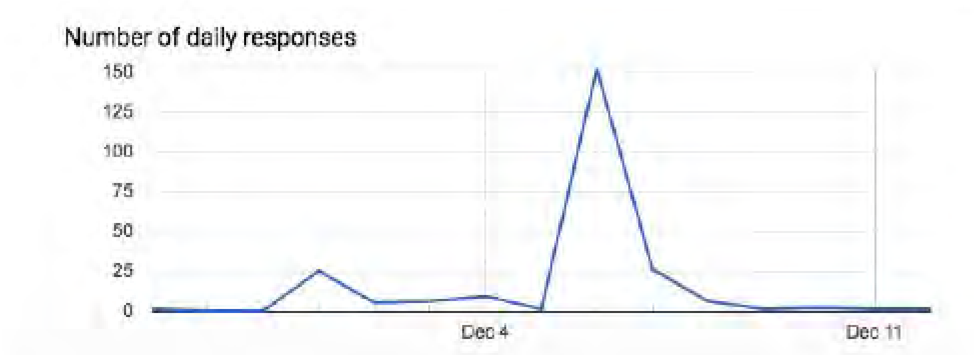



What would be most important to you in a workforce housing project? (select up to three):

180 responses




What would you consider an acceptable rental rate for a one-bedroom unit in a workforce housing development in Mountain View?
179 responses
Less than $1,000/month
$1,100 - $1,400/month
$1,401-$1,600/month
$1,601-$1,800/month
$1,801-$2,000/month
$2,001 or more
20.1%
40.8%
26.3%


Number of daily responses
150
125
100
75
50
25
0
Dec 4
Dec 11

# San Mateo Community College District - Faculty and Staff Housing

# San Mateo Community College District

- Employee surveys in 2002 & 2007 confirmed that & inability of employees “to find/afford desirable housing in the area” was the main cause of the recruitment & retention problems
- Built 104 units affordable on two campuses & doing a public-private partnership on 3rd campus
- Funded via COPs then repaid via bond but would have paid back early (within 17 years)
- Eligibility: for “first-time homebuyers” but no income restrictions & can stay up to 7 years
- District also offers a $150,000, 10 yr second loan for purchase of a home
- 61% of residents walk to work

# SMCCD - Cañada Vista (opened in 2011)

- High quality, eco-friendly Craftsman-inspired apartment community on a former parking lot
- Units: 60
- Density: 22 du/ac
- Site Area: 2.75 ac
- Unit Plan Sizes: 740-1,270 sq. ft.
- Rent for 1 bdrm: $918, 3 bdrm: $1,718
- Cost to Build: $14,600,000
- Price per Unit: $243,333
- Fully occupied since it opened

# SMCCD – College Vista (opened in 2005)

- Two, 3-story apartment buildings plus garden & clubhouse
- Units: 44
- Density: 22 du/ac
- Site Area: 2.25 ac
- Unit Plan Sizes: 735-1,218 sq. ft.
- Rent for 1 bdrm: $918, 3 bdrm: $1,718
- Cost to Build: $9,300,000
- Price per Unit: $211,363
- Fully occupied since it opened

# SMCCD – College Vista

# San Mateo Community College District

- College District is pursuing a different model at its Skyline College site in San Bruno
- Unused 8 acre hillside will become a single family for-sale, market rate community and a rental apartment complex for faculty/staff
- District is selling 6 acres to SummerHill Homes to build SFR and releasing RFP for workforce housing (SummerHill may build it also)
- Planning Commission approved entire project in November 2017

# SMCCD – Skyline College

- 40 single family homes (SummerHill)
- 30 rental units in two buildings (SMCCD)
- Two parks, trail connections, etc.
- Sale of the 6 acres will pay for the construction of the workforce housing
- District would have done more rental units but there are topography issues
- Existing single family neighborhood is buffered from apartment buildings by homes and landscaping

# SMCCD – Skyline College

# SMCCD – Skyline College