***Employee Housing for Community College and School District Employees in California***

July 26, 2019

Prepared for PNW Enterprise by Margaret M. Mahoney, Consultant

Background:

A number of community colleges and local school districts in California have developed or are in the process of developing housing for employees as one approach to improving staff retention. The cost of housing, particularly in California’s Bay Area, is far out of reach for teachers and other school employees. And the cost of nearby housing contributes to long commutes and high turnover.

A recent report by Sean Doocy entitled “To Live in the Community You Serve: School District Housing in California” was published by the Center for Cities and Schools at the University of California at Berkeley. The author worked with the Berkeley Unified School District to study housing possibilities for their teachers, but he also cites the struggles of other local school districts to recruit and retain qualified teachers due to the increasingly high cost of housing in the coastal areas of California, especially in the San Francisco Bay Area.

Researching local news feeds in the Bay Area also revealed other school districts and community colleges that have built or are in the process of developing employee housing.

Housing Assistance – down Payment and closing costs:

Two situations have given rise to school districts or community colleges offering housing assistance to teachers or other school employees: 1) the difficulty of attracting teachers to some rural areas; and 2) the rising cost of housing which prices teachers out of the school district area. Local rural districts in the south and southeastern parts of the country have found a need for offer housing incentive to attract teachers. School districts in California have found that the rising cost of housing is a disincentive for teacher applicants, and many younger teachers end up leaving their jobs to locate to lower cost areas.

The types of housing assistance that have been offered by some districts include:

* Down payment and closing cost assistance: federal and local
* Direct rental and owner housing
  + District provided [with partners]
  + Developer driven
  + One example of home sales: Cal State Monterey Bay

The federal Good Neighbor Next Door Program offers HUD owned single-family (one-unit) homes to [eligible participants](https://www.hud.gov/program_offices/housing/sfh/reo/goodn/particip) at a 50% discount. Law enforcement officers, teachers and firefighters/emergency medical technicians who meet all other requirements of the program are [eligible](https://www.hud.gov/program_offices/housing/sfh/reo/goodn/particip) to purchase an available home. These homes can be financed with FHA, VA, conventional loans or cash.

The City of San Francisco has a Teacher Next Door program offers loans of up to $40,000 to San Francisco Unified School District educators to buy their first home in San Francisco. The loan is typically layered on top of other city loan programs, such as, if additional funding is needed. The loan is forgiven after 10 years, if all program requirements are met. There is no interest, and no shared appreciation.

The State of California offers assistance for down payments as well as special mortgage programs, including the Extra Credit Teacher Home Purchase Program and Cal HERO Teacher Home Loan. The Teacher Home Loan mortgage offers discounted interest rates, lower lender fees, no income limits and down payments as low as 3.5%.

Local governments and school districts in the Bay Area have also offered down payment assistance to employees. San Mateo County and the City of Mountain View have offered loans up to $100,000. The Mountain View program offered the loans to city employees whose income is less than 120% of the area median. The City Council recently increased the loan amount to $250,000 since the average house price in Mountain View is $2.3 million.

The San Mateo county employee loan program offers loans of up to $100,000, deferred for five years, at 3% interest, 30-year amortization after five years, with lender fees deferred. Since 2016 the loan program has closed 22 loans assisting 27 employees.

Landed is a company, founded in 2015, to assist teachers in the San Francisco Bay Area to purchase homes close to their schools. It offers down payment assistance, up to $100,000, and take a share of equity in the home. The company enters into partnerships with local school districts, community and public colleges. It now is operating in California, Colorado, Washington, and Hawaii. Bellevue College recently became a partner with Landed.

Coastal Housing Partners is a nonprofit organization serving the public and private employers in Santa Barbara and Ventura counties. They offer member employers a benefit program for employees that includes homebuyer education, savings in fees on home purchases and refinancing, and limited rental assistance.

School or Partner Owned Rental Housing:

A number of school districts and community colleges in California have built affordable rental housing to attract and retain teachers and other school personnel. The earliest example in Northern California is Casa del Maestro; a multi-family community developed for **Santa Clara Unified School District** by Thompson/Dorfman Partners affiliate Education Housing Partners in 2002. The 70-unit project was built in two phases on school district owned land for a cost of approximately $12M. SCUSD used their municipal financing power to issue certificates of participation to provide long term financing. The COP debt, as well as operating expenses and capital reserve, are paid from rents collected from the teachers.

The units are only available to teachers who have been employed with the district for fewer than three years. To encourage turnover and homeownership the teachers can live at Casa del maestro for five years at which time they can use the district’s mortgage assistance program to purchase a home.

The LA Unified School District has partnered with two nonprofit entities {BRIDGE Housing and ABODE] as well as one for profit developer {Thomas Safran & Associates] to develop three housing communities for employees: Sage Park [90 units], Selma Community Housing [66 units], and Norwood Learning Village [29 units]. These properties were built in surplus district owned land, using LIHTC financing. Unfortunately the LIHTC income limits exclude many teachers, but the communities do serve other district employees.

San Mateo Community College has developed 104 rental units at two of its campuses: the College of San Mateo and Canada College sites. These properties (44 units at College Vista and 60 units at Canada Vista) were developed in partnership with Thompson/Dorfman’s Education Housing Partners. SMCC is now developing a third property at Skyline College and is considering additions to the housing at the San Mateo and Canada campuses.

Napa Valley College and Foothill- De Anza Community College are both in the planning phase of housing for employees. Napa Valley College has been studying how to provide both student and employee housing as a part of its overall strategic planning. A feasibility study is to be completed in August 2019.

Foothill-De Anza has joined a consortium with Santa Clara County, Palo Alto Unified School District, Mountain View Whisman SD, Mountain View-Los Altos SD, and Los Altos District -- all of which are being asked to contribute the same amount for a share of the units. The group is investigating the construction of apartments on a surplus site owned by Santa Clara County.

Cal State University at Monterey Bay has the unique advantage of being located on a former army base [Fort Ord] that included both single family and multi-family housing (1,220 housing units). The single-family homes are offered to faculty and staff through a ground-lease plan and the multi-family apartments are rented at below market rates.

Legal Issues:

Two issues have arisen during the early consideration of school employee housing: 1) how to provide housing for district teachers without incurring liability under Fair Housing laws, and 2) using land acquired for school facilities for housing. In the 2016 California legislative session SB 1413 [Teacher Housing Act of 2016] was passed. This bill provides that school districts may “establish and implement programs that address the housing needs of teachers and school district employees who face challenges in securing affordable housing. To the extent feasible, the school district may establish and implement programs that, among other things, do the following:

1. Leverage federal, state and local public, private and nonprofit programs and fiscal resources available to housing developers;
2. Promote public and private partnerships.
3. Foster innovate financing opportunities.”

SB 1413 also allows “…school districts and developers in receipt of local or state funds or tax credits designated for affordable rental housing to restrict occupancy to teachers and school district employees on land owned by school districts, so long as that housing does not violate any other laws.”

AB 1157, passed in the 2017 legislative session, addressed the existing lengthy process required of school districts in the use or disposition of school district buildings and land no longer needed for school purposes.

In California, school boards are typically required to appoint a district advisory committee to use or dispose of any surplus school property or buildings not needed for school purposes. AB 1157 provided a waiver for that requirement in the case of “the sale, lease, or rental of excess real property to be used for teacher or school district employee housing”. It also authorizes districts to invest funds from surplus property into the development of district workforce housing, and grants a property tax exemption for any school district property that is used to provide rental housing for employees.

With the passage of these two bills many school districts are looking at employee housing. EDSource estimates that in 47 school districts in the greater San Francisco Bay Area the highest paid teachers only earn enough to afford a one-bedroom apartment. In addition to the school districts and community colleges already mentioned a number of North Bay and east bay school employers are starting to look at developing employee housing.

Financing Employee Housing:

School districts and community colleges in California have used three primary sources of funding to build employee housing: general obligation bonds, certificates of participation [COP], and Low Income Housing Tax Credits {LIHTC]. Some projects on the east coast have also used Historic Tax Credits and New Market Tax credits [NMTC]. As noted above the use of LIHTCs imposed income limits that may exclude teachers. SFUSD and LAUSD in California have used LIHTCs.

LAUSD also used funds from the California Housing Finance Agency and the Los Angeles Housing and Community Investment Department. San Francisco Unified School District is using LIHTC equity for 40% of the units for low income Para-educators [60% AMI] and $44 M from the City of San Francisco for 605 of the units designated for middle-income teachers [60% to 130% AMI].

Many other entities have favor COPs, including the Santa Clara Unified School District, College of San Mateo, Napa Valley College, and the consortium in Santa Clara County. Jefferson Unified High School District [Daly City] and Pacifica School District [south of San Francisco] have passed general obligation bonds in 2018 to develop new school facilities as well as employee housing.

JUHSD will build 122 apartments with $33M from the general obligation bond and $22M from a loan. The project will be built on a surplus school site. The School District has formed a Housing Board to oversee construction and management of the project.

The Pacifica School District is working with BRIDGE Housing to finalize plans for a 45 unit project [Phase 1] on a former school site.

Web Links:

<http://citiesandschools.berkeley.edu/uploads/Doocy_2018_School_District_Housing_final.pdf>

<https://www.landed.com/>

<https://www.juhsd.net/cms/lib/CA01902464/Centricity/Domain/363/RFQ%20JUHSD%20Serramonte%20del%20Rey%20FandS%20Housing%20Project.pdf>

<https://edsource.org/2019/in-need-of-teacher-housing-more-california-school-districts-building-their-own/611220>

<https://www.pacificasd.org/District/2042-Oddstad-Property.html>

<https://www.smccd.edu/orientation/district-housing.php>