

Memorandum

To: West Contra Costa Unified School District - Board of Education

From: DCG Strategies, Inc.

Date: May 24, 2018

Subject: Initial Feasibility for Workforce Housing at District Sites

In March 2018, West Contra Costa Unified School District (“the District”) contracted with DCG Strategies with site planning and analysis from MADi Architecture to study the feasibility and to lead, under the direction of the District, the creation of teacher and staff housing. This will be a multi-year effort and we intend to work alongside the District as we bring your vision to fruition.

The strategy was to develop a phased approach to build in flexibility as we learn, synthesize and process data that ultimately will form decisions leading closer to implementation of your vision and is sensitive to the District’s educational, operational, personnel and budgetary needs.

Phase I was focused on learning and data collection to validate at a high level the feasibility of the vision. The scope included site visits by DCG and MADi experts and evaluations as well as an employee survey to assess interest/demand. The information collected can build a case to proceed forward or to consider alternative approaches.

In its April 2018 employee housing survey of District employees, the results show that over half of non-homeowners who work at the District pay more than 35% of their households’ gross income on housing costs. Financial experts and the U.S. Department of Housing and Urban Development (HUD) advise spending 30% or less of gross income on housing costs for financial wellbeing. There is a direct link to housing costs and recruiting and retaining employees. 70% of non-homeowners have considered leaving their job at the District due to the cost of housing. It can be deduced that our sample indicates a trend in which up to 1,100 employees could be interested in District owned rental housing. More information on the results of the survey can be found in Appendix A.

While the District owns multiple properties, they were evaluated based on best fit for a workforce housing project. The characteristics for a site well suited to workforce housing include:

- Minimum of 2 acres of developable land
- Flat and vacant or semi-vacant site
- Proximity to existing residential uses (particularly medium or high density)
- Proximity to transit systems (including buses and BART stations)

- Minimal environmental or geological constraints such as creeks or earthquake fault lines
- Ability and likelihood of conversion from public use to residential use (specifically entitlement via local government approval process)

Our initial study of four District-owned properties indicates that one of the four sites, Portola Middle School (the upper portion of the site only), is well suited to the development of teacher and staff housing. Based on our research, the other three sites do not have the characteristics appropriate to workforce housing development and may have the potential to be sold for market rate housing (or commercial use for the warehouse). Those sale proceeds could then be utilized to fund the construction of workforce housing at the Portola site thereby reducing the District's debt obligation and financial risk.

The material below provides an overview of each of the sites and a brief narrative on the suitability of each for teacher housing or some other prospective use. A preliminary summary of findings and potential next steps for each site is also provided.

SITE ANALYSIS

SITE A: PORTOLA MIDDLE SCHOOL



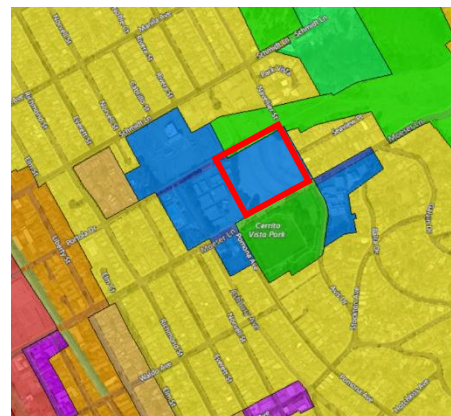
Address: 1021 Navellier Street, El Cerrito, CA
APN: 503-190-001-1, 503-181-001-2
Size: 272,686 SF (6.26 AC)
Zoning: PS (Public / Semi-public)
General Plan: Institutional / Utility

Summary of Findings:

The District should focus its resources on developing the majority of this site into a minimum of 50 workforce housing units in multi-family buildings configured similarly to existing developments in the area. As this will be the primary housing project for the District, an important element of the initial planning stage will also be to work with the City of El Cerrito staff to gauge flexibility in development requirements such as parking and density restrictions. Unlike the other sites studied, this location is within close proximity to 5 schools which could reduce traffic impacts as some teachers and staff could walk, bike or carpool to their place of employment.

DCG understands that the Portola site is presently being utilized as a transitional campus while other schools are modernized and will likely be converted to other usage in the future. Therefore this analysis focuses on the “upper” portion of the site which is vacant, approximately 6.26 acres, and was previously graded into pads to accommodate prior school development. The current site configuration will require geotechnical and civil engineering analysis to ascertain its density capacity. It is believed this upper portion of the site could be developed without impact on the remaining lower 4.68 acres of the site.

The upper portion of the site is Zoned PS and would need to be rezoned to Duplex Residential, which allows a density of up to 20 units per acre, or a total of approximately 125 units if full density were to be achieved. As indicated above, the carrying capacity of the upper site would be affected by geotechnical and engineering factors, but also by the political influences typically encountered in a re-zoning process.



Site Review:

The property is a full city block bound by Moeser Lane, Ashbury Avenue, Portola Drive and Navellier Street in the City of El Cerrito. The upper portion (outlined in red in the aerial image) has been vacant since the Portola Middle School buildings were demolished. The lower portion of the site houses a series of portables and acts as a transitional campus while upgrades are implemented at other facilities.

The site contains graded pads with, according to a prior geotechnical analysis of the site in 2011 by Alan Kropp & Associates, a 90-foot change in elevation across the property. This grade change represents an average site inclination of just over 6:1 (horizontal to vertical). The graded pads on the site have slopes as steep as 1.5:1.

The property benefits from having unobstructed views of the San Francisco Bay, Civic activities including the El Cerrito Swim Center and Contra Costa Civic Theatre, a bus line along Navellier Street as well as close proximity to San Pablo Avenue and two BART stations: El Cerrito Del Norte and El Cerrito Plaza.

The site is not without constraints however. The primary challenges with this property are:

- The grade change on the site will restrict its developable area. Additional geotechnical and civil engineering study will be required to assess the implications of the site's grades;
- There may be resistance from neighbors along Navellier Street around potential obstruction of views;
- To enable multi-family usage on the site, a re-zoning to medium density ("RD Duplex Residential") will be needed which will accommodate the development of 68 to 125 units on the site;
- The property is within a potential landslide zone and mitigation measures would need to be incorporated into any design and construction considerations;
- The City of El Cerrito has expressed interest in building a public library at the Portola site;
- The PG&E substation adjacent to the property may require specific planning and coordination during construction; and
- The timeline surrounding the need for the lower portion of the site to act as a transitional campus but simultaneous use and development is possible on the site.

Market Rate Housing Review:

If the District decides against utilization of the Portola Middle School Site for teacher and staff housing and decides instead to sell the property to raise funds for District purposes, the site has potential as a residential development site. Appendix C - Product Description provides a review of the site's product recommendation and pricing for market rate development as a point of reference.

ECONOMY	The unemployment rate in El Cerrito is 4.9% (U.S. average is 4.1%).
LIVABILITY	63
MEDIUM HOME PRICE	\$840,000
COST OF LIVING INDEX	173 in El Cerrito vs. 138 in California
POPULATION	25,400 (2017)
AVERAGE MARKET RENT	\$2,375
HOME OWNERSHIP RATE	59%

Potential Housing Product Approach

Although this site has a steep eastern slope, it tapers off toward the bottom and a grading solution could be utilized to develop the site. A topographical study of the site will need to be completed and engineering, soil, and geotechnical analyses will need to be prepared to assess unit yield on the property.

It is probable that a band of lower density units will be needed along Navellier Street to buffer the existing single family detached neighborhood from the remainder of the site. Lower density housing here would also help mitigate impacts on the views for the existing homes. On the rest of the site, a combination of townhomes and multi-family units would be appropriate. It is assumed that this site would be used solely for workforce housing without a for-sale component.

Nearby Densities:

- RS (Single-family Residential): 10 dwelling units per acre
- RD (Duplex Residential): 20 dwelling units per acre
- RM (Multi-family Residential): 21-35 dwelling units per acre

The table below makes note of the current median unit size and market rate rents in El Cerrito. An updated analysis of rents for workforce housing will be conducted once the project is ready to seek construction financing. However, the Overview of Financing and Rental Rates section of this memo provides addition details on how the El Cerrito average rents and unit sizes would be evaluated for a District workforce housing project.

El Cerrito Apartment Rent Analysis

Metro 510

510 El Cerrito Plaza (Brand New)

BD / BA	Unit Size	Monthly Rent	Rent/SF
1 / 1	800	\$2,865	\$3.58
2 / 2	1066	\$3,480	\$3.26
3 / 2	1412	\$4,495	\$3.18

SITE B: SEAVIEW ELEMENTARY SCHOOL



Address: 2000 Southwood Drive, San Pablo, CA 94806

APN: 403-482-043-3

Size: 198,634 SF (4.56 AC)

Zoning: R-6 (Residential) – Contra Costa County

General Plan: PS (Public / Semi-public) – Contra Costa County

(No housing permitted, would need to amend General Plan.)

Summary of Findings

The location and characteristics of this site do not favor development of teacher and staff housing. There are two active sets of railroad tracks adjacent to the property, as well as significant access limitations. As an alternative, the District could elect to sell the site subject to entitlements to a builder/developer and use the net proceeds towards the construction of housing at the Portola Middle School site. The entitlement process can vary from 12-24 months. In the event the District elects to move forward with the disposition of this site, DCG will endeavor to derive a for-sale value and timeline associated with disposing of the site.

Site Review

The property is the location of the former Seaview Elementary School. The site is currently vacant as a result of the demolition of the educational buildings. The site is comprised of one parcel situated in unincorporated Contra Costa County with one primary access road via Cypress Avenue within an established residential neighborhood. The District does own a second parcel of 2.67 acres south-west of the site on the other side of a drainage ditch and a 0.16 parcel on the other side of the dead-end access road. These areas are not considered part of the subject property due to environmental constraints and current usage. The 2.67 acre site is subject to stringent FEMA regulations. There is a small retail center on San Pablo Avenue as well as various industrial uses.

While it has a public General Plan amendment, it is zoned for single family development (RS-6). The Covenants, Conditions and Restrictions (CC&Rs) restrict development to single family homes on a minimum lot size of 6,000 square feet. This would create a development similar to the existing residential community to the north.

The property is bifurcated by Garrity Creek and is connected only by a footbridge. Garrity Creek terminates at San Pablo Bay directly north of the property line. Along the north-west



edge of the property is an active AMTRAK line and an active Union Pacific freight train line along the south-east property line.

The primary challenges confronting development of this property are:

- It is located in unincorporated Contra Costa County. Entitlement processing may be more time intensive and complex from an approval standpoint;
- CC&Rs prohibit medium density housing (such as the type used for workforce housing);
- The San Pablo Bay setting means that the Bay Conservation & Development Commission will have input on any development plans thereby adding another layer of regulatory approvals;
- The setback from the train tracks could limit the potential number of units as well as increase the per unit cost due to noise abatement issues;
- Multiple utility and drainage easements serving other lands, rights of the railroad, rights of the public, etc. cross the property;
- The existing buildings (20,112 square feet of permanent structures) would need to be demolished prior to development (in addition to potential hazardous material clean-up);
- There may be resistance from neighbors to a relatively dense / newer residential addition to the area; and
- The potential setback requirements from the wetlands could have an impact on the number of units that could be achieved.

Market Rate Housing Review

If the District decides against development of the Seaview Elementary School site for teacher and staff housing and decides to sell the site to raise funds for District purposes, the site may have potential for residential development. The issues surrounding entitlement of the site are complex and will require a sale to a developer/builder competent to manage this process. The material below provides a summary of matters relevant to market rate development.

San Pablo Market Characteristics

ECONOMY	The unemployment rate in San Pablo is 7.5% (U.S. average is 4.1%).
LIVABILITY	53
MEDIUM HOME PRICE	\$405,000
COST OF LIVING INDEX	122 in San Pablo vs. 138 in California
POPULATION	30,536(2016)
AVERAGE MARKET RENT	\$2,010
HOME OWNERSHIP RATE	40.3%

Product Approach

The CC&R governing the site require 6,000 sqft single family homes so any attached or small lot development is very unlikely. The current market values and product characteristics relevant to this site are in Appendix C.

To enable housing to be developed on the property, a General Plan Amendment and Rezoning would be required to allow residential use. A change to R-6 (6,000 square foot lots) would enable a maximum density of 33 lots.



Address: 5000 Patterson Circle, Richmond, CA 94805
APN: 520-042-13, -050-01, -032-02, -070-04, -062-01
Size: 382,892 SF (8.7 AC)
Zoning: R-6 (Residential) – Contra Costa County
General Plan: PS (Public / Semi-public) – Contra Costa County
**No housing permitted, would need to amend General Plan.*

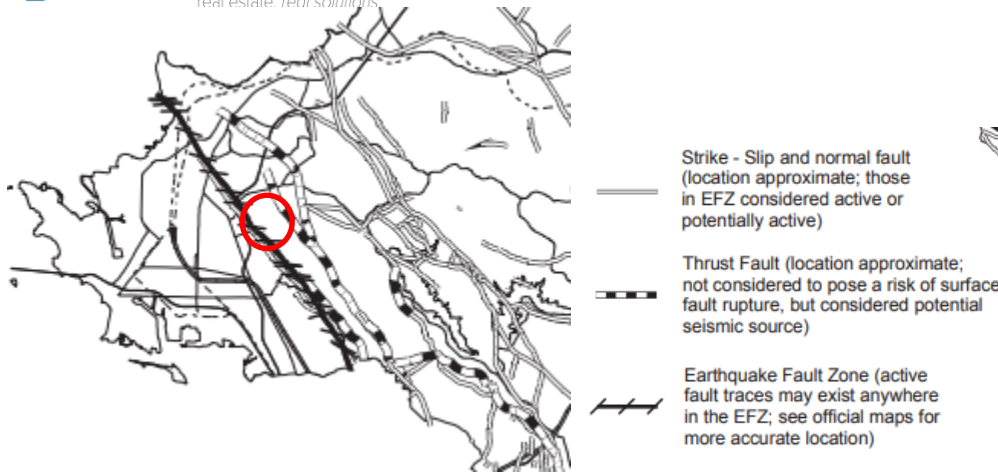
Summary of Findings:

The Hayward Fault runs across the Adams Middle School site and represents a significant limitation on the feasibility of the site for future development. Any development on the site would be subject to Alquist-Priolo Zone setbacks and density would likely be impaired. For this reason, the site may not be able to support sufficient unit count to make it desirable for teacher and staff housing.

Site Review:

The property is located along Arlington Boulevard behind the Crestmont School and is completely surrounded by single family detached housing. Patterson Circle, which provides ingress and egress via Arlington Boulevard, is supported by a retaining wall that is connected to the school's structural system. The sole active use of the property is a community garden located along the northeastern portion of the site. There are a number of easements relating to public utilities and CC&Rs on the site including: permanent "saloon/liquor restrictions" and an 18' height restriction on part of the property.

The property is primarily constrained by the likelihood that the Hayward fault line runs through the site, which place it in the Alquist-Priolo Zone (see map below – subject area outlined in red). Any development would be subjected to various setbacks depending upon proximity to the fault. The Alquist-Priolo Earthquake Fault Zoning Act was enacted in December 1972, after the construction of the school. The location of the fault will most probably affect the developable area of the site and will require geotechnical and civil engineering analysis in order to confirm its impact on safety and the cost of building on the site. Section 10.2 of Contra Costa County's General Plan Safety Element "Prohibit[s] construction of structures for human occupancy, and structures whose loss would affect the public safety or the provision of needed services, over the trace of an active fault."



While there are challenges to the site, the current housing crisis in California might induce a builder to consider this atypical site for development. The primary challenges confronting development of this property are:

- Proximity to active fault line;
- There may be resistance from neighbors regarding perceived traffic or safety impact;
- Constraints caused by multiple utility easements, and two sets of Covenants, Conditions & Restrictions which limit potential uses and restrict portions of the site from development;
- The existing buildings would need to be demolished prior to development;
- The potential setback / buffer zone requirements due to the fault line could have an impact on the number of units and price points that could be achieved.

If the District decides against development of the Adams Middle School site for teacher and staff housing and decides to sell the site to raise funds for District purposes, the site may have potential for private residential development but it would be largely dependent on the ability to work within the CC&Rs and geotechnical constraints. The material below provides a summary of matters relevant to market-rate development.

Richmond Market Characteristics

ECONOMY	The unemployment rate in Richmond is 3.6% (U.S. average is 4.1%).
LIVABILITY	51
MEDIUM HOME PRICE	\$445,000
COST OF LIVING INDEX	146 in Richmond vs. 138 in California
POPULATION	109,813 (2016)
AVERAGE MARKET RENT	\$2,440
HOME OWNERSHIP RATE	49%

Product Approach

Given that the surrounding development is entirely single family detached, it is likely that the path of least resistance for a builder would be to seek residential entitlement for the site. The site is steep and will require a grading solution providing pads on either single or double loaded streets. Site topography, civil engineering, soil and geology analyses will be critical to the planning of the site.

Two potential product and pricing scenarios (single family detached housing on different slopes) are displayed in Appendix C.

Nearby Density:

RL2 (Single Family Low Density): 15 dwelling units per acre maximum

RM-1 (Medium Density Multi-Family): 10–26 dwelling units per acre

RM-3 (Medium-High Density Multi-Family): 15–40 dwelling units per acre

To enable the development of housing on the property, a General Plan Amendment and Rezoning would be required to secure entitlement. A change to RL2 (maximum 15 units per acre) would result a maximum of 130 units whereas developing under the current density approximately 47 single family detached units on 6,000 SF lots. The site also may have potential options for a park or religious / community use at site which would not require demolishing all of the structures or a General Plan amendment. These community users may have limited acquisition and improvement funds however.

In the event the District elects to move forward with the disposition of this site, DCG recommends the District first complete updated geotechnical and soil tests on the site. With those results, DCG will then endeavor to derive a for-sale value and timeline associated with disposing of the site. Please note that a price reduction will be applied to the valuation of the site due to the presence of the Hayward fault line.

OVERVIEW OF FINANCING AND RENTAL RATES

While each project must be evaluated based on its unique site characteristics and is informed by a district's housing affordability objectives, there are a few general parameters for workforce housing projects. Due to escalating construction costs, projected development costs (inclusive of entitlement and construction costs) can range from \$420,000 - \$550,000 per unit. Districts generally try to keep rental rates at 70% of market rate without income restrictions for the tenants (although government affordable housing funding has income restrictions which may limit teachers' ability to live there).

If the District was to self-fund the project it would be able to set rents at a level appropriate for incoming or newer employees just starting out their careers. The reduced rents would therefore give the employee a chance to stay in the area and hopefully save up for a down payment. A new teacher with WCCUSD typically makes approximately \$44,000 gross annual salary so 30% of gross income devoted to housing would be: \$1,100 per month. While classified employees may make less than this amount and more experienced employees would be at a higher salary, this provides a benchmark of how much employees are recommended to pay for housing (using the HUD recommended percentage for housing). A two bedroom would most likely be a dual income household or more experienced teacher hence the rent still potentially feasible above the \$1,110 a month amount. In the employee survey, 89% of respondents interested in workforce housing thought that under \$1,400 was an acceptable rent rate for a one bedroom workforce housing unit. Below is an example of potential rent rates which can be modified based on project costs and District needs.

Unit*	Market Rate Monthly Rent (based on price per sqft)	Subsidized Rent Rate (70% of market)	Very Subsidized Rent Rate (50% of market)
Studio (540 sqft)	\$1,971	\$1,380	\$986
One bedroom (620 sqft)	\$2,220	\$1,554	\$1,110
Two bedroom (900 sqft)	\$2,934	\$2,054	\$1,467

**Note these units are slightly smaller than the average El Cerrito unit but are intended to be more efficiently designed and space saving than existing units.*

Rents could also be grouped by salary steps in order to cover project costs but still provide a significant savings to those most impacted by recruitment and retention issues. The amount of the rental subsidy will impact the overall debt service on the project because Certificates of Participation are based on the rental revenue. Therefore the Board will need to consider all the funding impacts of various rental rates (which would be part of a deeper analysis on financial implications).

NEXT STEPS AND RECOMMENDATIONS

While the District does own multiple sites that could be developable for multi-family housing and the affordability crisis in Contra Costa County is escalating, we recommend the District shift resources to a deeper analysis of the Portola Middle School site. This would include geotechnical analysis into the impacts of the slope on development and then civil engineering study to determine the remaining developable land based on the easements and the geotechnical analysis. Once the developable land is determined, if it is of sufficient size to build a workforce housing project (at least two acres), then we would begin preliminary site planning by MADI (a licensed architecture firm) to produce a specific unit count and site plan. That yield count would inform a basic financial feasibility analysis to determine the estimated construction costs and whether Certificates of Participation are a viable source of funds to pay for a large portion of costs based on the likely rent rates to make this an affordable project for teachers and staff. However, in order to close the funding gap for the construction, the District may also consider the sale of one or more sites among other funding mechanisms. As part of the sale process, it is recommended that the District begin the surplus property process for the disposition of property as soon as possible, including forming a 7-11 District Advisory Committee with members of the community.

Examples of completed workforce housing projects in California are enclosed in Appendix B as an example for the Board of Education. Based on feedback from District staff, we will pause our work on this project upon submitting this memorandum until we receive further direction from the Board regarding completing the original scope of work, the above recommended path, or an alternative direction.

SITE D: WAREHOUSE ON OHIO AVENUE



Property Class: Industrial Warehouse
Owner: West Contra Costa Unified School District
Current Use: Warehouse for storage
Address: 600 Ohio Avenue, Richmond, CA 94804
APN: 550-212-002-4
Size: 17,581 SF (0.4 AC)
Zoning: CM-4 (Commercial Mixed-Use, Gateway/Node)
General Plan: Business/Light Industrial

Onsite Structures: Warehouse

County Assessor's Value: Improvement Value (\$112,142) plus Land Value (\$40,616)

Building Size: 17,500sf

Summary of Findings:

This site is not suitable for the development of teacher and staff housing. The site is less than one half acre and has a functional warehouse building on it. If the District elects to sell the site as a means of generating funding for the proposed teacher and staff housing on the Portola Middle School Site, the following analysis offers a guide to the property's characteristics and potential value.

Based on DCG's review of similar industrial properties in the Richmond market and analysis of the 7 selected comparable properties in the chart below, the Broker's Opinion of Estimated Market Value of the Subject Property is between One Million Six Hundred Fifty Thousand Dollars (\$1,650,000) and One Million Nine Hundred Fifty Thousand Dollars (\$1,950,000). If it were to be sold, the District would need to relocate its current uses off-site.

Site Review:

Zoning: Commercial Mixed-Use, Gateway/Node (CM-4).

This zoning is intended for mid-rise, mixed-use development at key community nodes and gateways with commercial uses at street-level and offices or residential uses on upper floors. Commercial development must have a pedestrian-oriented building design with setbacks allowing for public amenities and parking located behind buildings.



DCG Strategies is providing a Broker's Opinion of Estimated Market Value (EMV) for the Subject Property. EMV is defined as the most probable price which the Subject Property should command in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this would be the

consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are both motivated;
2. Both parties are well informed or well advised, and acting in a manner that considers their own best interests;
3. A reasonable time is allowed for exposure of the Subject Property on the open market through active real estate marketing portals and services;
4. Seller has absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat;
5. Payment is made in terms of U.S. dollars; and
6. The price represents the normal consideration for the Subject Property absent any special or creative financing or sales concessions granted by either party.

DCG Strategies' valuation method for this property is the Sales Comparison Approach. The Sales Comparison Approach compares the sales of properties that would be considered similar to the Subject Property. The Sales Comparison Approach is typically a reliable indicator of value for industrial properties as this is the valuation method utilized by most Buyers when looking to acquire a property. Criteria included in the analysis may include but not necessarily be limited to: building size, building type, land size, location, parking spaces, zoning, alternative land uses, building condition, floor area ratio and how recent the property sold. Industrial property sales are less frequent than other commercial real estate properties so there is occasionally less readily available and accessible public information on each transaction. As a result, DCG Strategies' process of correlation and analysis of the various properties and information gathered will provide an expected value range rather than a single value.

ANALYSIS CHART

	Subject Property 600 Ohio Avenue	Comparable #1 4800 Bissell Avenue		Comparable #2 26 20th Street		Comparable #3 1356 S 50th Street	
Sale Date	N/A	Active (90 days)	=	3/29/2018	=	10/31/2017	=
Sale Price (\$/sf)	N/A	Asking \$1,350,000 (\$135/sf)		\$1,650,000 (\$193.09/sf)		\$1,800,000 (\$133.33/sf)	
City	Richmond	Richmond	=	Richmond	=	Richmond	=
Property Type	Industrial Warehouse	Industrial Warehouse	=	Industrial Warehouse	=	Industrial Warehouse	=
Building Size	~ 17,500sf	10,000sf	-	9,840sf	-	13,500sf	=
Office Space	~1,000sf	1,500sf	+	1,400sf	=	Finished Office	+
Lot Size	17,581sf	14,598sf	=	16,988sf	=	12,501sf	-
Parking	7 - 10 unstriped spaces	4,500sf adjacent paved lot	+	12 - 15 unstriped spaces	=	9 unstriped spaces	=
Year Built	1945	1949	=	1965	+	1971	+
Condition	Below Average	Average	+	Average	+	Average	+
Zoning	CM-4	CM-4	=	RM2(IS1)	+	SP2	+
Floor Area Ratio	1	0.69	+	0.58	+	1	=
Sale Conditions	N/A	1031 Exchange	+	N/A	=	N/A	=

* Information is estimated based on visual review as information was not available in search of various public record

- = In the category referenced the Comparable property is similar to the Subject Property
- In the category referenced the Comparable property is inferior to the Subject Property
- + In the category referenced the Comparable property is superior to the Subject Property

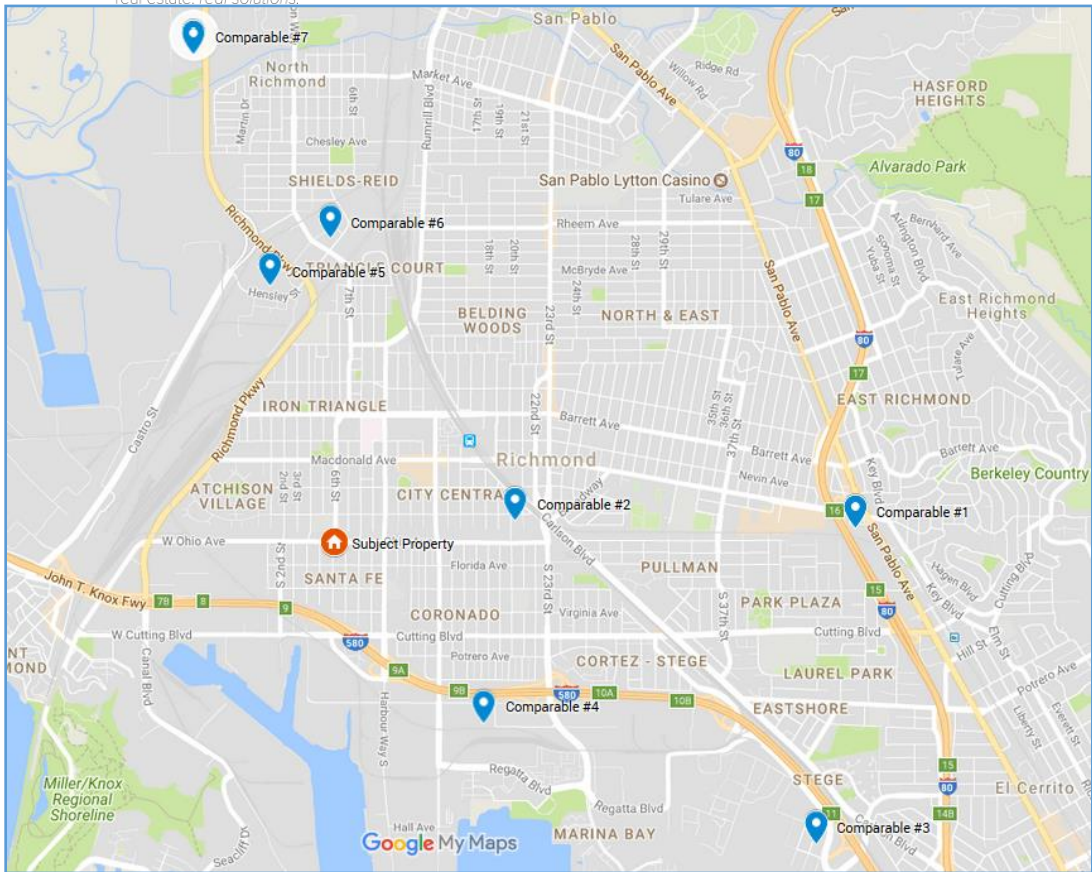
	Subject Property 600 Ohio Avenue	Comparable #4 867 S 19th Street		Comparable #5 953 - 955 Hensley Street		Comparable #6 1111 Hensley Street		Comparable #7 525 De Carlo Avenue	
Sale Date	N/A	3/8/2017	-	8/19/2016	-	3/9/2018	=	12/29/2017	=
Sale Price (\$/sf)	N/A	\$1,480,000 (\$134.55/sf)		\$1,808,000 (\$104.47)		\$2,375,000 (\$169.64/sf)		\$2,600,000 (\$130/sf)	
City	Richmond	Richmond	=	Richmond	=	Richmond	=	Richmond	=
Property Type	Industrial Warehouse	Industrial Warehouse	=	Industrial Warehouse	=	Industrial Warehouse	=	Industrial Warehouse	=
Building Size	~ 17,500sf	11,000sf	-	17,307sf	=	14,000sf	=	20,000sf	=
Office Space	~1,000sf	2,200sf	+	~3,000sf	+	945sf	=	1,500sf	=
Lot Size	17,581sf	21,880sf	=	30,056sf	+	39,204sf	+	90,799	+
Parking	6 - 10 unstriped spaces	6 unstriped spaces	=	25 unstriped spaces	+	40+ unstriped spaces	+	40+ unstriped spaces	+
Year Built	1945	1957	=	1978	+	1985	+	1970	+
Condition	Below Average	Average	+	Average	+	Average	+	Average	=
Zoning	CM-4	SP-2	+	IG	+	IL	+	P-1 (County)	-
Floor Area Ratio	1	0.5	+	0.58	+	0.36	+	0.22	+
Sales Conditions	N/A	N/A	=	N/A	=	N/A	=	Investment 4% CAP Rate	+

* Information is estimated based on visual review as information was not available in search of various public record

= In the category referenced the Comparable property is similar to the Subject Property

- In the category referenced the Comparable property is inferior to the Subject Property

+ In the category referenced the Comparable property is superior to the Subject Property



APPENDIX B: EMPLOYEE SURVEY – SUMMARY

West Contra Costa Unified School District has learned firsthand the connection between housing affordability and teacher and staff retention. A survey was issued to all District employees in April 2018 to explore how housing affordability impacts employees and if a District-owned rental housing project is a viable response to this crisis. The questions primarily focused on non-homeowners (those who rent, live with parents or experience another housing situation) as they are the most likely targets for a workforce housing project and are most vulnerable to escalating housing costs and retention programs. With almost a 25% response (792 employees), this information can guide a wider understanding of how housing costs and potential responses affect all employees.

Key takeaways include:

WHO are the Respondents?

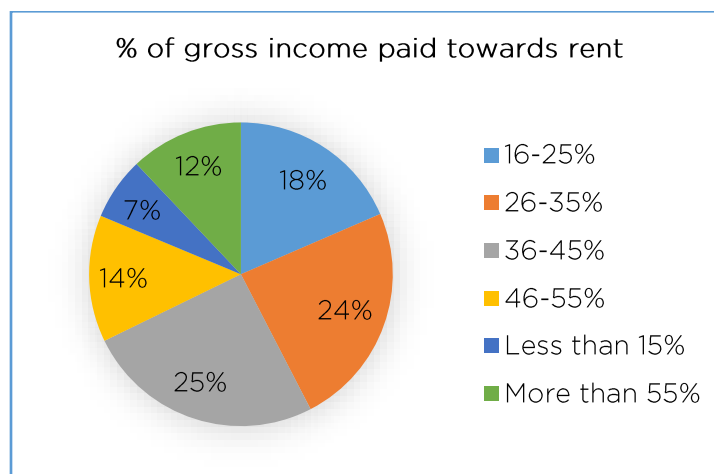
33% of respondents are classified as administrative employees. This is notable because it is important that a future housing project take into consideration the needs of non-teaching staff who still make up a key element of the District. Over half of respondents rent (52%) but another 10% live with parents or another housing option other than renting or owning a residence.

WHERE are they?

27% live outside of Contra Costa County and 12% spend more than 45 minutes commuting to work and the vast majority of all employees drive alone to work (89%). Aside from traffic and environmental concerns, employees are spending valuable time in the car to and from work instead of being able to stay later to get mentoring from senior staff, help with homework, meet with parents, etc.

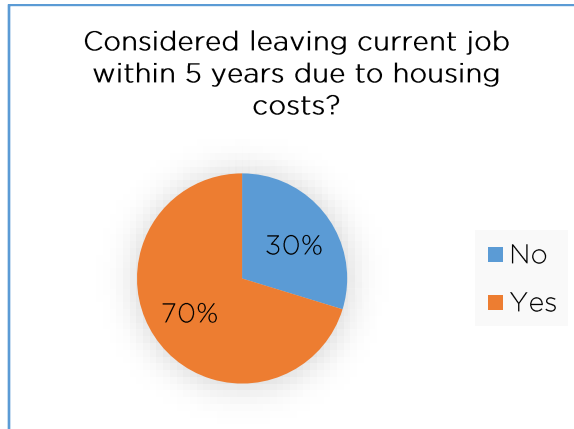
HOW MUCH do they pay?

For those that don't own their residence, 51% pay over 35% of their household's gross income towards rent (12% of non-owners are paying over 55% of their income on rent!).



The Federal Government and financial experts advise families to allocate 30% of household income towards housing costs but over a quarter of all respondents are paying over the advised amount on housing; making saving for a house, building up an emergency fund, paying down student loans, etc. increasingly difficult.

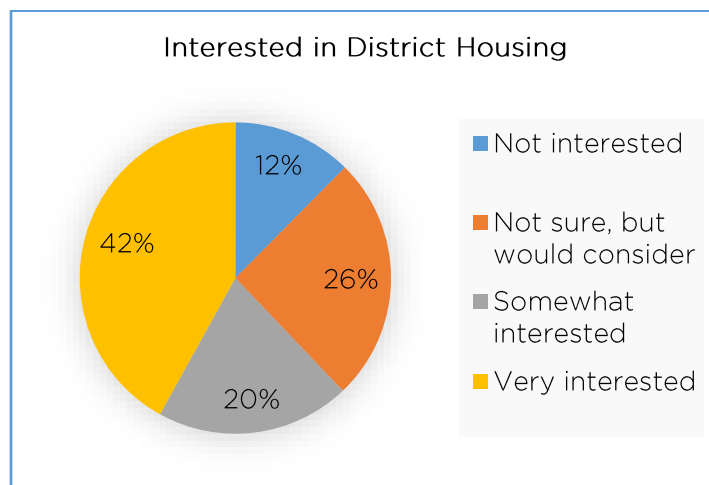
70% of those that don't already own a home have considered leaving his or her current job due to housing costs.



WHAT IS a possible response to the housing market?

62% of non-homeowners are somewhat or very interested in a District-owned rental housing complex with below market rate rents.

While only about a quarter of total employees responded to the survey, if these results were extrapolated out to the larger employee base, 38% of all employees (over 1,100 employees) are interested in a District-owned rental housing project.



35% of those interested would be willing to live in a very small unit (400-500 square foot studio, for example) should the rent reflect this smaller area. Similarly, 88% of those interested would be willing to share an apartment in a suite-style set up. Micro-units and shared suites allow the District to efficiently utilize space in

order to maximize the total number of employees who can join a workforce housing project.

One of the concerns with workforce housing projects is if employees are willing to live with the same people they work with, however given the size of the district there is a large number of potential schools and facilities that residents might come from. Also, 92% of respondents interested in the housing said they would prefer a larger shared suite-style apartment over a small studio.

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. The creation of workforce housing units near existing school sites may also assist with traffic issues in Contra Costa County 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 (such as the District's partnership with the company Landed). When taken as a whole, the data confirms there is a need and demand for workforce housing amongst District employees.

While there is no one solution that will be a complete solution to the affordable housing crisis for teachers, administrators and staff, and workforce housing is still a relatively new idea for school districts, there have been a few districts that have seen success in this field. Below are examples.

SAN MATEO COMMUNITY COLLEGE DISTRICT



The Community College District officials elected to move forward with building housing for employees in 2000 and have completed two faculty and staff housing projects. Cañada Vista is a 60-unit multi-family housing development of two three-story residential buildings for District faculty and staff located on a 3.3-acre site at Cañada College. Cañada Vista opened in August 2010 and had a total development budget of \$14,590,000. College Vista is a 44-unit development of two and three-story buildings that was constructed on an unused 2-acre parking lot. It opened in December 2005 and has been fully occupied ever since. The College District is currently pursuing a third development at Skyline College where it has sold six acres of an unused hillside to a residential developer to build market rate single family homes and it will then build 30 workforce housing rental units on the remaining two acres.



Rents range between \$875 to \$1,100 per month for single-bedroom units, about \$1,200 to \$1,350 for two-bedroom units and \$1,700 per month for a few three-bedroom units with two bathrooms. The projects were built on District property and primarily funded with Certificates of Participation (COPs). The District expected the building cost of the College Vista project to take 25 years to pay off but, due in large part to the popularity of the program, officials anticipated paying it off seven years earlier. The COPs were later paid off completely using bond financing allowing the College District to receive over \$1 million annually in unrestricted revenue. Eligibility for the housing is for first time homebuyers (there is no income restriction) and tenants can stay up to seven years. They also have a second loan program to assist their renters transition to home ownership. In addition there have been major traffic impacts: 61% of residents walk to work and collectively residents save 920,000 commute miles annually.



The District built 70 units of rental units in two phases beginning in 2002 and has remained fully leased with a long waiting list. The District partnered with a developer to build all-district owned housing on 3.5 acres. All units are one or two bedrooms. They used Certificates of Participation and funds from the then-Santa Clara Redevelopment Agency to finance the project. Phase II of the project to complete the final 30 units took

approximately one year. Total development costs for both phases were approximately \$12,500,000. Units are restricted to teachers who have been with the District fewer than three years and residents can stay up to five years. To encourage turnover in the units and home-ownership in the area, the District also has had a mortgage assistance program. The project has been fully occupied since it opened. In 2015 due increasing operating costs, increase market rate rents, flat rental rates and future principal debt service payments for the workforce housing units, the District started the process of raising rents to better match the market (rents set at 80% of current market rental rates) and refinanced their COPs.