

# Strengthening Our Schools and Communities through Workforce Housing



DCG STRATEGIES  
*real estate. real solutions.*

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# Our Team - DCG & MADI

## **About DCG Strategies – Dominic Dutra**

A registered Benefit Corporation which specializes in mission-based organizations like K-12 School districts

Helps districts more effectively use their real property resources to:

- Improve fiscal sustainability
- Repurpose assets in support of district initiatives like developing workforce housing for teachers, administrators and staff

## **About MADI – Ralph LeRoux**

- A San Francisco Bay Area design firm with educational and residential experience

# Why Now for Workforce Housing?



- Housing prices are unaffordable for educators
- In CA's most populous counties, only 17% of homes are affordable on the average teacher salary
- Median rent for a 1 bdrm in Contra Costa County is +\$2,100 / month



- Teachers make “too much” to qualify for traditional affordable housing
- Having essential workers living locally strengthens community ties, reduces traffic congestion and helps retention efforts



- Recent legislation to help district convert property into teacher/staff housing (SB 1413, AB 1157 and proposed AB 2788)
- Construction costs increasing
- 75% of CA schools reported a teacher shortage last year

(\*Source: Learning Policy Institute)

# Employee Survey on Housing

~25% of employees filled out the April 2018 survey to help understand links between housing affordability and teacher and staff retention



## Key findings:

- **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%)
- For those that don't own their residence, **51% pay over 35% of their household's gross income towards rent** (12% of non-owners pay over 55% of their income on rent!)
- **70%** of those that don't already own a home **have considered leaving** his or her current job **due to housing costs**
- **62% of non-homeowners** are somewhat or very **interested in a District-owned rental housing** complex with below market rate rents (i.e. 42% very interested)

# General Principles of Workforce Housing

- Goal of improving employee recruitment and retention while minimizing financial risk to the District
- Transitional rental housing (~5 years occupancy)
- Target rents at ~70% of market rate
- District/COE hires 3<sup>rd</sup> party operator to manage the units (doesn't act as the landlord)
- Projected development costs (entitlement and construction costs) can range from \$400,000 - \$540,000 per unit
- Funding sources can include: Certificates of Participation plus school bonds, sale of surplus property, City/County affordable housing funds or joint use projects (with for-profit builder)



# Characteristics of a Workforce Housing Site

- Minimum of 2 acres of developable land
- Flat and vacant or semi-vacant site
- Proximity to existing residential uses
- 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



# Seaview Elementary School – Not Recommended



**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

**Current Use:** Vacant

## REPORT RECOMMENDATION:

Determine yield count and value for single-family residential and then use funds from sale of the site to fund workforce housing at alternative site

## Major Constraints for Workforce Housing:

- Adjacent active railroad tracks
- Proximity to Garrity Creek and San Pablo Bay
- Multiple utility and drainage easements serving other lands, rights of the railroad, rights of the public, etc. cross the property
- CC&R restrict development to 6,000 sqft single family lots

# Adams Middle School – Not Recommended



**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

**Current Use:** vacant except for a small community garden

**REPORT RECOMMENDATION:**  
Determine yield count and value for alternative use and then use funds from sale of the site to fund workforce housing at alternative site.

## Major Constraints for Workforce Housing:

- Hayward fault line runs through the site which requires significant setbacks for new development and geotechnical review
- CC&Rs have an 18 foot height restriction on portions of the site (which is too low for workforce housing)
- Existing buildings need to be demolished

# Ohio St. Warehouse – Not Recommended



**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

**Lot Size:** 17,581 SF (0.4 AC)

**Building Size:** 17,500sf

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

**General Plan:** Business/Light Industrial

## REPORT RECOMMENDATION:

Determine if District needs and if not, put on the market and then use funds from sale of the site to fund workforce housing at alternative site.

## Major Constraints for Workforce Housing:

- Too small for housing and in a commercial corridor
- Limited parking
- Existing buildings need to be demolished or updated
- **Given size of the property, it could be sold (after surplus) for +\$1,600,000.**

# Former Portola Middle School – Recommended



**Address:** 1021 Navellier Street, El Cerrito, CA

**APN:** 503-190-001-1, 503-181-001-2

**Size:** 272,686 SF (6.26 AC) (entire site is 10.94 acres)

**Zoning:** PS (Public / Semi-public)

**General Plan:** Institutional / Utility

**Current Use:** vacant (portable buildings on lower portion of the campus)

## Major Constraints for Workforce Housing:

- Major slope requires additional geotechnical and civil engineering review to determine actual development area
- Potential landslide zone so mitigation measures must be incorporated
- Site must be re-zoned for medium density residential (68-125 units / acre)
- Potential concerns from existing neighbors regarding development

# Former Portola Middle School – Recommended



## Major Opportunities:

- Sufficient space for medium density development
- Ability to build into the slope to reduce visual impacts on surrounding neighborhood
- Proximity to public transit (near two BART stations)
- Ability to reserve the lower portion of the campus for current/future use
- Close proximity to 5 schools
- Ability to develop +50 units (after re-zoning)

**RECOMMENDATION:** Focus on this site for workforce housing and authorize staff to begin site planning (including updated geotech/civil engineering studies) and financial feasibility

# Overview of Financing & Rent Rates (Part 1 of 2)

- Development costs (entitlement & construction): \$450,000-\$550,000 per unit
- District can utilize property sales for workforce housing (like Seaview and Adams) in addition to other external funding sources
- Majority of costs would be covered by Certificates of Participation but will not likely cover all costs so a secondary source is needed to close the “gap”
- A new teacher with WCCUSD typically makes approximately \$47,000 gross annual salary so 30% of gross income devoted to housing would be: \$1,100 per month which is feasible for this project if District can sell underutilized sites



# Overview of Financing & Rent Rates (Part 2 of 2)

## EXAMPLE OF POTENTIAL RENT RATES FOR PORTOLA SITE:

UNIT*	MARKET RATE MONTHLY RENT (based on price per sqft)	SUBSIDIZED RENT RATE (70% of market)	VERY SUBSIDIZED RENT (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

*Reminder: potentially unit mix and pricing would be detailed in Phase II*

# Recommendation & Next Steps

- District should focus on the “upper” area of Portola site for workforce housing
- District should consider selling Seaview and Adams Middle Schools to fund construction (including starting the 7-11 process if required)

## NEXT STEPS SUBJECT TO BOARD INPUT:

1. Begin geotechnical and civil engineering review of Portola to determine developable area and impacts on cost
2. Begin site planning and valuation on Seaview and Adams for single-family residential as a funding source for workforce housing
3. Begin site planning for most efficient design at Portola to determine # of WH units
4. Complete financial feasibility assessment to determine costs and funding options



Questions?

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