



Novato Unified School District

Education Workforce Housing Update

August 20, 2024

Introduction to Education Workforce Housing

- Education workforce housing helps school districts recruit and retain high-caliber professionals in teaching and support roles. Enhancing the quality of education in the community.
- Fosters a supportive culture focused on employee well-being. Maintains a motivated workforce, reduces staffing shortages, and lowers high turnover rates.
- Brings a sense of connection and belonging, ensuring stability and continuity in education.
- Reduces commute times and allows employees to live near the students they serve, fostering stronger community bonds.
- Attracts individuals from diverse backgrounds who might not have considered living here otherwise, which enriches the community with diverse perspectives and promotes an inclusive environment.

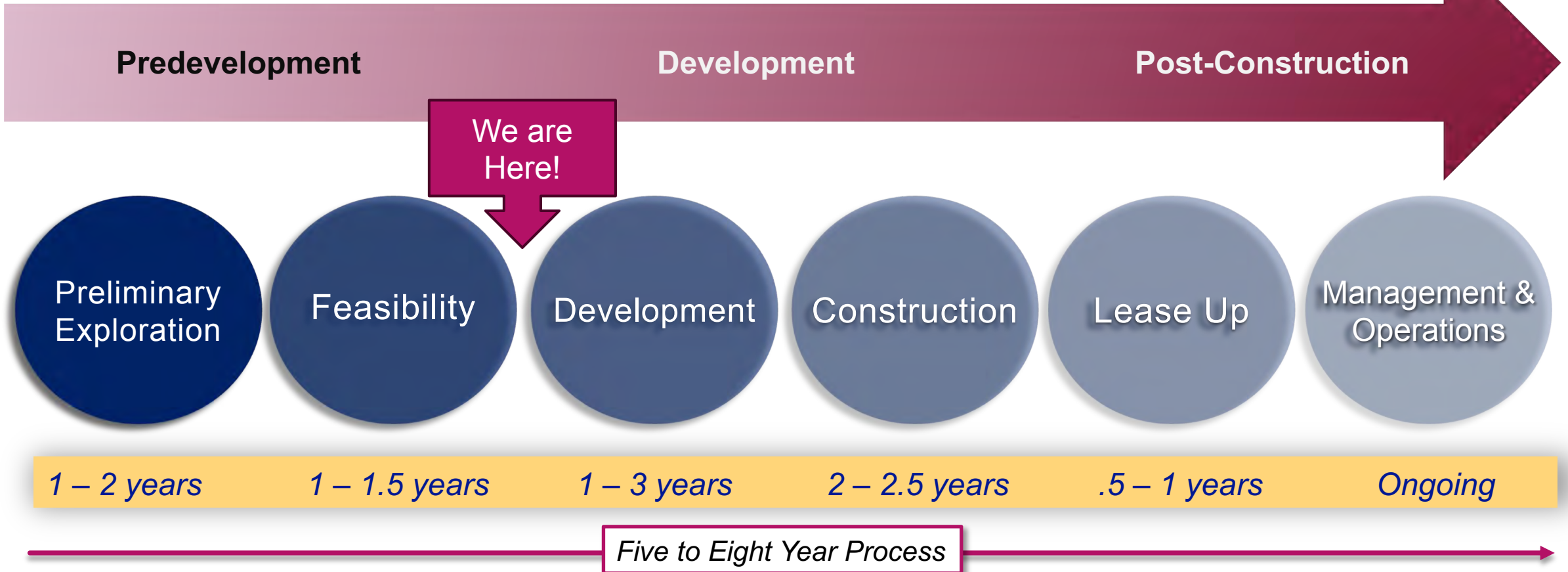
Meeting Objectives

- To accept the final Feasibility Study
 - Direct staff to analyze the report and return with recommendations on how to proceed.
- The conceptual fit plans are examples and for discussion purposes only
 - No properties will be chosen for development
 - No decisions will be made regarding the size or type of development to be built.
 - No decisions regarding project financing will be considered.

Multi-Year Process Where We Are Now

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California School Board Association (CSBA) EWF 2.0 Advance Training Stages



Update on Community Engagement

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September 23, 2024: Community Advisory Committee Meeting

Review Feasibility Study and Board direction for committee's input.

January 13, 2025: Community Advisory Committee Meeting

Update the committee on the planning progress.

Community Outreach Plan

- Presentations to community groups for the Fall 2024 - Spring 2025 (*Locations and Schedule TBD*)
- Ongoing updates to the District's Workforce Housing Webpage
- Distribution of a regular "NUSD Education Workforce Housing Update" newsletter through ParentSquare and emailed to others who have signed up to receive updates















Novato Unified School District

Education Workforce Housing Feasibility Study August 20, 2024

AGENDA

- **Timeline Update**
- **Recap: What We Heard Last Meeting**
- **Housing Market**
- **Financial Cost Analysis**
- **Financial Operational Analysis**
- **Discussion and Comments**

Timeline

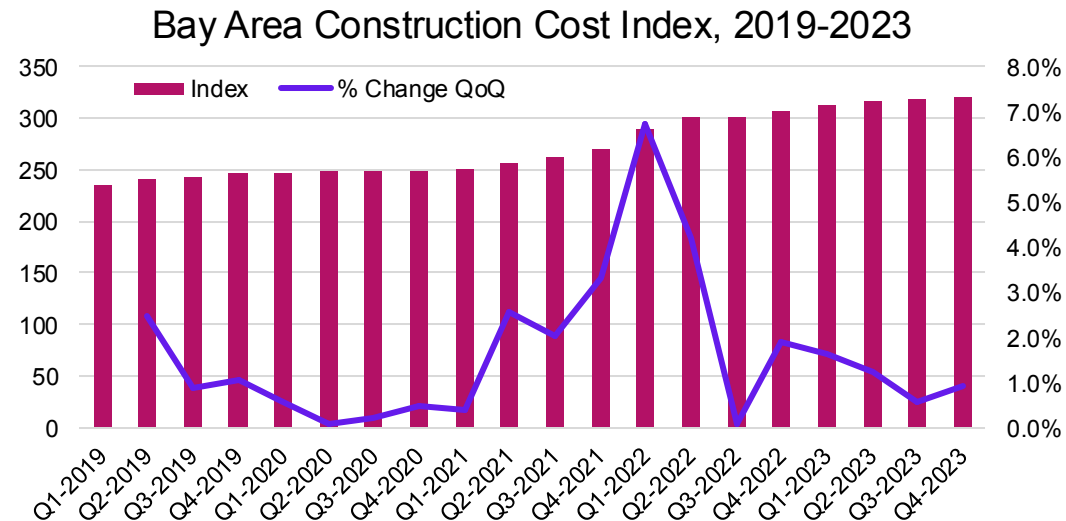
	March	April	May	June	July	August	September
Kick-off Meeting Initial Site Review & Due Diligence Review existing Due Diligence and Reports Review Feasibility Study Process with Leadership/Advisory-Committee			 EWF CAC 4/15				
Staff Survey & Employee Demographics Analysis Survey of Staff (Interest and Housing Types) Employee Survey Results Analysis Review/Update with Leadership/Advisory-Committee				 EWF CAC 5/13			
Preliminary Site Layout Unit Mix & Layout Site Access & Building Heights Presentation and discussion with NUSD Board Members						 Board 6/25	
Financial Analysis Housing Market & Construction Costs Board accepts the study						Board 8/20 	
Development Starting Plan Review/Update with Leadership/Advisory-Committee						EWF CAC 9/23 	

Recap: What We Heard

- Workforce housing needs are substantial and important to address
- Certain sites seem like stronger candidates than others, but all should remain on the table for discussion
- The District should maximize the value of its assets by entitling sites rather than selling them off “as-is”
- Board Trustees would like to consider increasing the target number of workforce units beyond 190-220 units
- The Board would like to better understand the costs associated with these projects, and the potential financing/sequencing options

Construction Cost Escalation

Inflation Dramatically Impacted Construction Costs in 2021-22



Inflation 2020 to 2023	Consumer Price	Construction
	Index	Costs
	19.2%	29.5%

Cost Comparison vs. JUHSD Workforce Housing

	Jefferson Union High School District	Novato Unified School District	Change
Project	705 Serramonte	Meadow Annex (Example B)	
Construction Start	2020	2027 (est.)	
Average Unit Size (sqft)	798	845	+ 47
Units	122	105	- 17
Total Project Cost	\$75.5M	\$90.4M	+ \$14.9M
Cost per Unit	\$619K	\$861K	+ \$242K
Adjusted for Unit Size	\$79.9M	\$90.4M	+ \$10.5M
Adjusted to 2027 Construction Start	\$111.9M	\$90.4M	- \$21.5M
Adjusted Per Unit	\$918K	\$861K	- \$57K (- 6%)

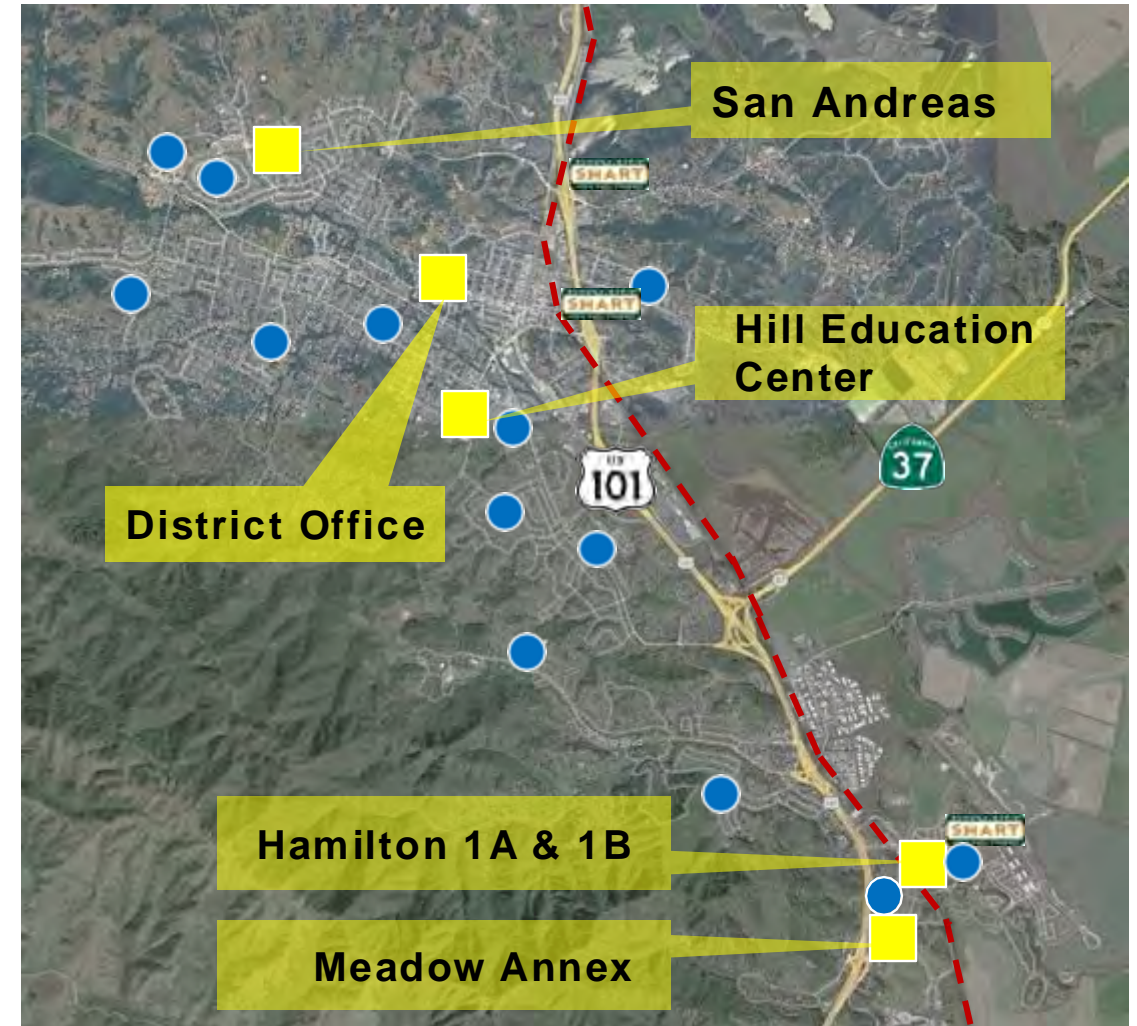
Reminder: Sites Being Considered

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NUSD properties under consideration*

- San Andreas Property
- Hill Education Center
- District Office
- Hamilton Property
- Meadow Annex

**FANS and Transportation Center removed*



Meadow Annex Site Summary

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Development Area Size:	3.7 Acres
General Plan Designation:	Community Facilities, Public Utilities & Civic Uses
Zoning:	Community Facilities (CF)
Allowable Use:	Residential Mixed-Use (Use Permit Required)

Site Views



View Looking North from Four Stories



View Looking South from Four Stories

Meadow Annex Conceptual Plans

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Example A: Three Stories

Units	62 apartment units
Total Cost	\$50.1M to \$55.4M (\$0.81M to \$0.89M per unit)



Example B: Four Stories

Units	105 apartment units
Total Cost	\$85.8M to \$94.9M (\$0.82M to \$0.90M)



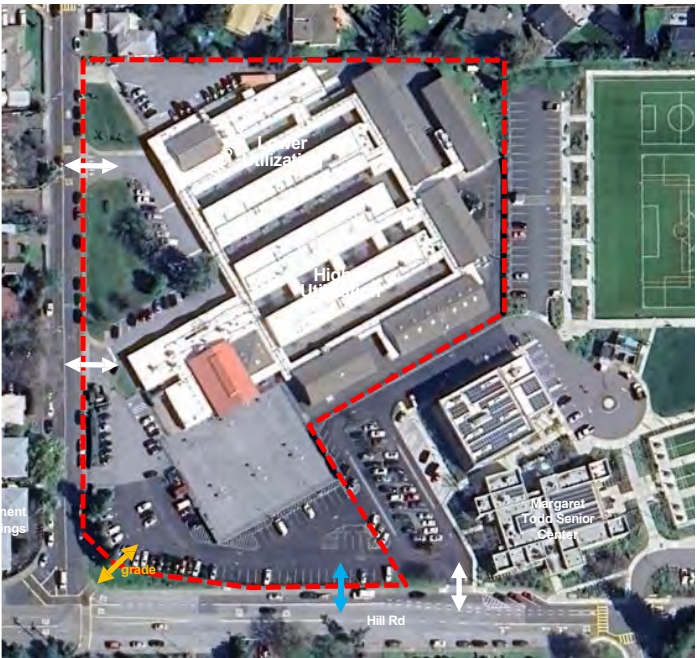
Example C: Five-Stories

Units	130 apartment units
Total Cost	\$106.0M to \$117.1M (\$0.82M to \$0.90M)



Hill Ed Site Summary

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Development Area Size:	5.6 Acres
General Plan Designation:	Community Facilities, Public Utilities & Civic Uses
Zoning:	Community Facilities (CF)
Allowable Use:	Residential Mixed-Use (Use Permit Required)

Site Views



Views Looking South from Three Stories



View Looking North from Three Stories

Hill Ed Conceptual Plans

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Example A: Three-Story Multifamily

Units	66 apartment units
Total Cost	\$55.8M to \$61.7M (\$0.85M to \$0.89M)



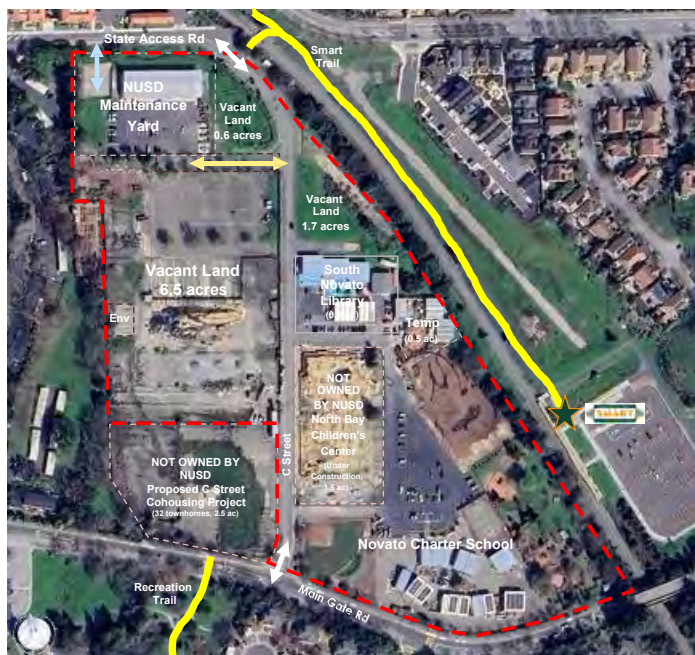
Example B: Townhome + Multifamily

<u>Townhome</u>	<u>Multifamily</u>	<u>Total</u>
30 townhome units	70 apartment units	100 total units
\$32.6M to \$36.0M (\$1.09M to \$1.20M)	\$60.9M to \$67.3M (\$0.87M to \$0.96M)	\$93.5M to \$103.3M (\$0.93M to \$1.03M)



Hamilton Site Summary

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Development Area Size:	8.8 total acres (6.5, 1.7, & 0.6 acres)
General Plan Designation:	Community Facilities, Public Utilities & Civic Uses
Zoning:	Planned Development (PD)

Site Views



Views Looking North from Three Stories



Views Looking East from Three Stories

Hamilton Conceptual Plans

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Example A: Three Stories Current Library As-Is

Units	162 apartment units
Total Cost	\$127.1M to \$140.5M (\$0.78M to \$0.87M)



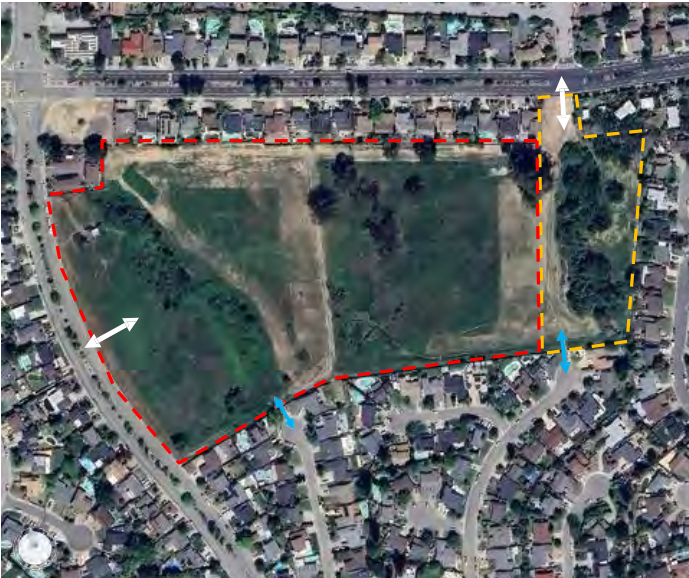
Example B: Three and Five Stories Reconfigured Library

Units	200 apartment units
Total Cost	\$162.4M to \$179.5M (\$0.81M to \$0.90M)



San Andreas Site Summary

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Site Views

View Looking South from Three Stories



View Looking West from Three Stories



Development Area Size:	21.6 & 4.4 Acres (26 total) District & City-Owned Parcels
General Plan Designation:	Medium Density Detached Residential (Park for City)
Zoning:	Planned Development (PD)

San Andreas Conceptual Plans

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Example A: Multifamily + Townhomes

	<u>Multifamily</u>	<u>Townhome</u>	<u>Total</u>
Units	128 apartments	52 townhomes	180 units
Total Cost	\$107.1M to \$118.4M (\$0.84M to \$0.92M)	\$61.3M to \$67.7M (\$1.18M to \$1.30M)	\$168.4M to \$186.1M (\$0.94M to \$1.03M)



Example B: Townhomes

<u>Townhome</u>
45 townhomes
\$55.9M to \$61.7M (\$1.24M to \$1.37M)



District Office Site Summary

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Development Area Size:	1.6 & 0.4 Acres (2.0 total) District & City-Owned Parcels
General Plan Designation:	Business & Professional Office (BPO)
Zoning:	Business & Professional Office (BPO)
Allowable Use:	Office and Commercial, no residential

Site Views



View Looking West from Five Stories



View Looking South from Five Stories

District Office Conceptual Plans

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Example A: Five-Story Multifamily

Units	94 apartments
Total Cost	\$77.3M to \$85.4M (\$0.82M to \$0.91M)



Estimated Total Development Cost Detail for Workforce Housing (1 of 2)

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Concept	Meadow Annex			Hill Ed	
	Example A	Example B	Example C	Example A	Example B
	3 Story on Grade	4 Story plus Car Barn	4-over-1	3 Story on Grade	3 Story + Townhomes
<u>Units</u>					
Multifamily	62	105	130	66	70
Townhome	-	-	-	-	30
Total	62	105	130	66	100
Development Costs (2027 Const. Start)					
Hard Costs and Offsites	\$35.4M to \$39.1M	\$61.3M to \$67.7M	\$75.8M to \$83.8M	\$39.7M to \$43.9M	\$67.2M to \$74.3M
Project Approvals	\$1.2M to \$1.3M	\$1.4M to \$1.6M	\$1.4M to \$1.6M	\$1.2M to \$1.3M	\$1.4M to \$1.6M
Design Fees	\$2.8M to \$3.0M	\$4.8M to \$5.3M	\$5.9M to \$6.5M	\$3.1M to \$3.4M	\$5.2M to \$5.8M
Financing Costs	\$0.3M to \$0.4M	\$0.6M to \$0.6M	\$0.7M to \$0.8M	\$0.4M to \$0.4M	\$0.7M to \$0.8M
Other Soft Costs	\$1.0M to \$1.1M	\$1.8M to \$2.0M	\$2.2M to \$2.4M	\$1.2M to \$1.3M	\$2.0M to \$2.2M
Impact Fees	\$3.2M to \$3.5M	\$5.4M to \$6.0M	\$6.7M to \$7.4M	\$3.4M to \$3.8M	\$5.4M to \$5.9M
Const. & Dev. Mgmt.	\$1.9M to \$2.1M	\$3.3M to \$3.6M	\$4.1M to \$4.5M	\$2.1M to \$2.4M	\$3.6M to \$4.0M
Project Contingency	\$4.2M to \$4.7M	\$7.3M to \$8.1M	\$9.1M to \$10.0M	\$4.7M to \$5.2M	\$8.0M to \$8.8M
Total	\$50.1M to \$55.4M	\$85.8M to \$94.9M	\$106.0M to \$117.1M	\$55.8M to \$61.7M	\$93.5M to \$103.3M
per Unit	\$0.81M to \$0.89M	\$0.82M to \$0.90M	\$0.82M to \$0.90M	\$0.85M to \$0.93M	\$0.93M to \$1.03M

Estimated Total Development Cost Detail for Workforce Housing (2 of 2)

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Concept	Hamilton		San Andreas		District Office
	Example A	Example B	Example A	Example B	Example A
	3 Story on Grade	3 Story + 5-Story East Parcel	Multifamily + Townhomes	Townhomes	4-over-1
<u>Units</u>					
Multifamily	162	200	128	-	94
Townhome	-	-	52	45	-
Total	162	200	180	45	94
<u>Development Costs (2027 Const. Start)</u>					
Hard Costs and Offsites	\$90.7M to \$100.3M	\$116.6M to \$128.9M	\$122.0M to \$134.8M	\$40.7M to \$45.0M	\$54.8M to \$60.6M
Project Approvals	\$1.7M to \$1.8M	\$1.7M to \$1.8M	\$1.5M to \$1.7M	\$0.8M to \$0.8M	\$1.7M to \$1.8M
Design Fees	\$7.0M to \$7.8M	\$9.1M to \$10.0M	\$9.5M to \$10.5M	\$3.2M to \$3.5M	\$4.3M to \$4.7M
Financing Costs	\$0.9M to \$1.0M	\$1.1M to \$1.2M	\$1.2M to \$1.4M	\$0.5M to \$0.5M	\$0.5M to \$0.6M
Other Soft Costs	\$2.6M to \$2.9M	\$3.4M to \$3.8M	\$3.6M to \$3.9M	\$1.2M to \$1.3M	\$1.6M to \$1.8M
Impact Fees	\$8.4M to \$9.3M	\$10.4M to \$11.4M	\$9.7M to \$10.7M	\$2.6M to \$2.9M	\$4.9M to \$5.4M
Const. & Dev. Mgmt.	\$4.9M to \$5.4M	\$6.3M to \$6.9M	\$6.5M to \$7.2M	\$2.1M to \$2.4M	\$3.0M to \$3.3M
Project Contingency	\$10.9M to \$12.0M	\$13.9M to \$15.4M	\$14.5M to \$16.0M	\$4.8M to \$5.3M	\$6.6M to \$7.2M
Total	\$127.1M to \$140.5M	\$162.4M to \$179.5M	\$168.4M to \$186.1M	\$55.9M to \$61.7M	\$77.3M to \$85.4M
per Unit	\$0.78M to \$0.87M	\$0.81M to \$0.90M	\$0.94M to \$1.03M	\$1.24M to \$1.37M	\$0.82M to \$0.91M

Land Value Forecast: Low-Density Multifamily Approach

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	Meadow Annex	Hill Ed	Hamilton	San Andreas
Concept	Example A	Example B	Example A	Example A
	3 Story on Grade	3 Story + Townhomes	3 Story on Grade	3-Story + Townhomes + Duplexes
<u>Units: MF Approach</u>				
Multifamily	62	70	162	128
Townhome	-	30	-	52
Single Family	-	-	-	-
Duplex	-	-	-	17
Total	62	100	162	197
<u>Forecasted Land Value</u>				
<u>Entitled</u>				
Forecasted Land Value	\$3.1 M	\$7.3 M	\$8.1 M	\$15.9 M
Less: Federal Use Abrogation	-	-	-\$2.2 M	-
Less: Infrastructure Improvements	-	-	-	-\$2.2 M
Less: City-Owned Land	-	-	-	-\$2.3 M
Less: Transaction Costs	-\$0.2 M	-\$0.4 M	-\$0.3 M	-\$0.6 M
Net District Value	\$2.9 M	\$6.9 M	\$5.6 M	\$10.8 M
Less: Cost of Entitlements	-\$1.3 M	-\$1.5 M	-\$1.8 M	-\$1.8 M
Net Reinvestable Proceeds	\$1.7 M	\$5.4 M	\$3.9 M	\$9.0 M
per Unit	\$27 K	\$54 K	\$24 K	\$46 K
Net Unentitled Forecasted Land Value	\$1.5 M	\$3.4 M	\$2.8 M	\$5.4 M
per Unit	\$24 K	\$34 K	\$17 K	\$27 K

Low-Density Multifamily Approach

- Entitle sites for market-rate development based on lowest density conceptual fit plans (primarily multifamily rental housing)
- Land value forecasts are speculative, assumes market stabilization and recovery, and are subject to review by an appraiser.

Land Value Forecast: Mid-Density Multifamily Approach

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	Meadow Annex	Hill Ed	Hamilton	San Andreas
Concept	Example B	Example B	Example B	Example A
	4-Story plus Car Barn	3-Story + Townhomes	3 Story + 5-Story East Parcel	3-Story + Townhomes + Duplexes
<u>Units: MF Approach</u>				
Multifamily	105	70	200	128
Townhome	-	30	-	52
Single Family	-	-	-	-
Duplex	-	-	-	17
Total	105	100	200	197
<u>Forecasted Land Value</u>				
<u>Entitled</u>				
Forecasted Land Value	\$5.3 M	\$7.3 M	\$10.0 M	\$15.9 M
Less: Federal Use Abrogation	-	-	-\$2.7 M	-
Less: Infrastructure Improvements	-	-	-	-\$2.2 M
Less: City-Owned Land	-	-	-	-\$2.3 M
Less: Transaction Costs	-\$0.3 M	-\$0.4 M	-\$0.4 M	-\$0.6 M
Net District Value	\$5.0 M	\$6.9 M	\$7.0 M	\$10.8 M
Less: Cost of Entitlements	-\$1.5 M	-\$1.5 M	-\$1.8 M	-\$1.8 M
Net Reinvestable Proceeds	\$3.5 M	\$5.4 M	\$5.2 M	\$9.0 M
per Unit	\$33 K	\$54 K	\$26 K	\$46 K
Net Unentitled Forecasted Land Value	\$2.5 M	\$3.4 M	\$3.5 M	\$5.4 M
per Unit	\$24 K	\$34 K	\$17 K	\$27 K

Mid-Density Multifamily Approach

- Entitle sites for market-rate development based on medium density conceptual fit plans (primarily multifamily rental housing)
- Land value forecasts are speculative, assumes market stabilization and recovery, and are subject to review by an appraiser.

Land Value Forecast: Townhome Approach

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	Meadow Annex	Hill Ed	Hamilton	San Andreas
<u>Units: Potential TH Approach</u>				
Townhomes (and Similar Alternatives)	53	81	127	224
<u>Forecasted Land Value</u>				
<u>Entitled</u>				
Total Land Value	\$6.4 M	\$9.7 M	\$15.2 M	\$22.4 M
Less: Abrogation	-	-	-\$4.1 M	-
Less: Infrastructure Improvements	-	-	-	-\$2.2 M
Less: City-Owned	-	-	-	-\$3.4 M
Less: Transaction Costs	<u>-\$0.3 M</u>	<u>-\$0.5 M</u>	<u>-\$0.6 M</u>	<u>-\$0.8 M</u>
Net District Value	\$6.1 M	\$9.2 M	\$10.6 M	\$15.9 M
Less: Cost of Entitlements	<u>-\$1.5 M</u>	<u>-\$1.5 M</u>	<u>-\$1.5 M</u>	<u>-\$1.5 M</u>
Net Reinvestable Proceeds	\$4.6 M	\$7.7 M	\$9.1 M	\$14.4 M
per Unit	\$86 K	\$95 K	\$72 K	\$64 K
<u>Net Unentitled</u>				
per Unit	\$3.0 M	\$4.6 M	\$5.3 M	\$8.0 M
	\$57 K	\$57 K	\$42 K	\$36 K

Potential Townhome Approach

- Increase land value by entitling sites for for-sale townhomes or other similar product types *(note: requires market validation)*
- Land value forecasts are speculative, assumes market stabilization and recovery, and are subject to review by an appraiser.

Example Operating Cash Flow

	Meadow				
	Annex	Hill Ed	Hamilton	San Andreas	District Office
Concept	Example A	Example B	Example A	Example A	Option A
Units	62	100	162	180	94
Income					
Annual Gross Potential Rent	\$1,654,061	\$3,184,188	\$4,321,901	\$5,697,115	\$2,507,770
Other Income	<u>\$194,015</u>	<u>\$312,927</u>	<u>\$506,942</u>	<u>\$563,269</u>	<u>\$294,152</u>
Total Income	\$1,848,076	\$3,497,115	\$4,828,843	\$6,260,384	\$2,801,921
Less: Vacancy	<u>-\$92,404</u>	<u>-\$174,856</u>	<u>-\$241,442</u>	<u>-\$313,019</u>	<u>-\$140,096</u>
Effective Gross Income	\$1,755,672	\$3,322,259	\$4,587,401	\$5,947,365	\$2,661,825
Expenses					
Third Party Property Mgmt	-\$244,667	-\$394,624	-\$639,290	-\$710,323	-\$370,946
Repairs & Maintenance	-\$81,763	-\$131,875	-\$213,638	-\$237,375	-\$123,963
Utilities	-\$172,947	-\$278,946	-\$451,893	-\$502,104	-\$262,210
Insurance	-\$88,745	-\$143,137	-\$231,882	-\$257,647	-\$134,549
EHC Admin	-\$8,404	-\$13,555	-\$21,960	-\$24,400	-\$12,742
Reserves	-\$82,026	-\$132,300	-\$214,326	-\$238,140	-\$124,362
Contingency	<u>-\$53,856</u>	<u>-\$111,391</u>	<u>-\$140,721</u>	<u>-\$198,869</u>	<u>-\$81,653</u>
Cash Flow Available for Debt Service	\$1,023,264	\$2,116,430	\$2,673,691	\$3,778,508	\$1,551,401
Supportable Loan Amount	\$23.7 M	\$48.9 M	\$61.8 M	\$87.4 M	\$35.9 M
Less: Total Development Costs (Average)	<u>-\$52.7 M</u>	<u>-\$98.4 M</u>	<u>-\$133.8 M</u>	<u>-\$177.2 M</u>	<u>-\$81.3 M</u>
Funding Gap	-\$29.1 M	-\$49.5 M	-\$72.0 M	-\$89.9 M	-\$45.4 M

All estimates, values, scenarios, and renderings are presented for demonstration purposes only and are subject to change. See the full Feasibility Study for details. Note: Other school districts have used Certificates of Participation (COPs) to finance workforce housing development, NUSD should consult with its financial advisor to determine the feasibility and specifics of this option.

Financing Examples: Low-Density MF Entitlement Strategy

22

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Description	Build as many units as possible using only as-is land sales proceeds and loans	Build as many units as possible using only entitled land sales proceeds and loans	Secure additional funds to enable ~150 units	Secure additional funds to enable ~300 units
<u>Property Uses</u>				
Meadow Annex (Option A)	Sell As-Is	Entitle/Sell	Entitle/Sell	Build
Hill Ed (Option B)	Sell As-Is	Entitle/Sell	Entitle/Sell	Build
Hamilton (Option A)	Entitle & Build +/-25 units; Sell remaining	Entitle & Build +/-43 units; Sell remaining	Build	Entitle & Build 140 units; Sell remaining
San Andreas (Option A)	Sell As-Is	Entitle/Sell	Entitle/Sell	Entitle/Sell
District Office	Hold As-Is	Hold As-Is	Hold As-Is	Hold As-Is
<u>Workforce Housing Project</u>				
Multifamily	+/- 25	+/- 43	+/- 162	+/- 272
Townhome	+/- 0	+/- 0	+/- 0	+/- 30
Total Units	+/- 25	+/- 43	+/- 162	+/- 302
Total Development Cost (2027)	\$20M to \$22M	\$34M to \$38M	\$125M to \$138M	\$248M to \$274M
Funding Gap	\$0M	\$0M	\$51M to \$56M	\$119M to \$131M
Funding Gap per Unit	\$0M	\$0M	\$0.31M to \$0.34M	\$0.39M to \$0.43M

All estimates, values, scenarios, and renderings are presented for demonstration purposes only and are subject to change. See the full Feasibility Study for details. Note: Other school districts have used Certificates of Participation (COPs) to finance workforce housing development, NUSD should consult with its financial advisor to determine the feasibility and specifics of this option.

Financing Examples: Mid-Density MF Entitlement Strategy

23

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Description	Build as many units as possible using only as-is land sales proceeds and loans	Build as many units as possible using only entitled land sales proceeds and loans	Secure additional funds to enable ~150 units	Secure additional funds to enable ~300 units
<u>Property Uses</u>				
Meadow Annex (Option B)	Sell As-Is	Entitle/Sell	Entitle/Sell	Build
Hill Ed (Option B)	Sell As-Is	Entitle/Sell	Entitle/Sell	Build
Hamilton (Option B)	Entitle & Build +/-27 units; Sell remaining	Entitle & Build +/-50 units; Sell remaining	Build	Entitle & Build 140 units; Sell remaining
San Andreas (Option A)	Sell As-Is	Entitle/Sell	Entitle/Sell	Entitle/Sell
District Office	Hold As-Is	Hold As-Is	Hold As-Is	Hold As-Is
<u>Workforce Housing Project</u>				
Multifamily	+/- 27	+/- 50	+/- 140	+/- 272
Townhome	+/- 0	+/- 0	+/- 0	+/- 30
Total Units	+/- 27	+/- 50	+/- 140	+/- 302
Total Development Cost (2027)	\$21M to \$23M	\$39M to \$43M	\$108M to \$119M	\$248M to \$274M
Funding Gap	\$0M	\$0M	\$38M to \$42M	\$118M to \$130M
Funding Gap per Unit	\$0M	\$0M	\$0.27M to \$0.30M	\$0.39M to \$0.43M

All estimates, values, scenarios, and renderings are presented for demonstration purposes only and are subject to change. See the full Feasibility Study for details. Note: Other school districts have used Certificates of Participation (COPs) to finance workforce housing development, NUSD should consult with its financial advisor to determine the feasibility and specifics of this option.

Financing Examples: For-Sale Townhome Entitlement Strategy

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	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Description	Build as many units as possible using only as-is land sales proceeds and loans	Build as many units as possible using only entitled land sales proceeds and loans	Secure additional funds to enable ~150 units	Secure additional funds to enable ~300 units
<u>Property Uses</u>				
Meadow Annex (Option A)	Sell As-Is	Entitle/Sell	Entitle/Sell	Build
Hill Ed (Option B)	Sell As-Is	Entitle/Sell	Entitle/Sell	Build
Hamilton (Option A)	Entitle & Build +/-41 units; Sell remaining	Entitle & Build +/-72 units; Sell remaining	Build	Entitle & Build 140 units; Sell remaining
San Andreas (Option A)	Sell As-Is	Entitle/Sell	Entitle/Sell	Entitle/Sell
District Office	Hold As-Is	Hold As-Is	Hold As-Is	Hold As-Is
<u>Workforce Housing Project</u>				
Multifamily	+/- 41	+/- 72	+/- 162	+/- 272
Townhome	+/- 0	+/- 0	+/- 0	+/- 30
Total Units	+/- 41	+/- 72	+/- 162	+/- 302
Total Development Cost (2027)	\$32M to \$36M	\$57M to \$63M	\$125M to \$138M	\$248M to \$274M
Funding Gap	\$0M	\$0M	\$40M to \$45M	\$112M to \$124M
Funding Gap per Unit	\$0M	\$0M	\$0.25M to \$0.28M	\$0.37M to \$0.41M

All estimates, values, scenarios, and renderings are presented for demonstration purposes only and are subject to change. See the full Feasibility Study for details. Note: Other school districts have used Certificates of Participation (COPs) to finance workforce housing development, NUSD should consult with its financial advisor to determine the feasibility and specifics of this option.

Possible Rent Savings for District Employees

Discounted rent could save faculty and staff ~\$87-116k over 7 years

Unit Type	Unit Mix	Unit Size	Market Rent	30% Discount		40% Discount	
				Monthly Rent	Monthly Savings	Monthly Rent	Monthly Savings
One Bedroom / One Bath	15%	630	\$2,600	\$1,820	\$780	\$1,560	\$1,040
One Bedroom Plus / One Bath	35%	720	\$2,860	\$2,002	\$858	\$1,716	\$1,144
Two Bedroom / Two Bath	35%	900	\$3,300	\$2,310	\$990	\$1,980	\$1,320
Three Bedroom / Two Bath	15%	1,220	\$4,200	\$2,940	\$1,260	\$2,520	\$1,680
Weighted Average	100%	845	\$3,176	\$2,223	\$953	\$1,906	\$1,270
Average Savings Over 7 Years					\$87,610		\$116,813

Unit sizes and mix are 10-15% larger than typical affordable housing to provide high-quality housing for District employees

Finance Options

General Obligation Bonds

The District passes a General Obligation Bond (GO Bond), approved by voters and funded through increased property taxes or other tax revenues.

Pros:

- Funds are not required to be repaid using income generated from the funded project.

Cons:

- As a voter-approved measure, requires organization and 55% majority approval.

Sale of Surplus Property

The District sells surplus and/or underutilized property. The revenue from the sale is used to fund development on other site(s).

Pros:

- Funds are not required to be repaid using income generated from the funded project.

Cons:

- The District needs to evaluate property values based on sale As-is or pay upfront costs to entitle properties to a higher sale value.
- Required to follow the Sale of Surplus Properties process established by the State or apply for an exemption.

Certificates of Participation (COPs)

The District issues Certificates of Participation to investors on a long-term basis, and the district makes debt payments.

Pros:

- Can be issued by approval of Board of Trustees; does not require District-wide vote.

Cons:

- The annual revenue from the project must be high enough to cover the debt obligation.

Low-Income Housing Tax Credits (LIHTC)

Federal program that provides tax credits to investors in qualifying projects.

Pros:

- Funding that does not need to be repaid
- Has the potential to extend the District's funding further and increase the number of educator workforce housing units
- The District's investment of net land sale proceeds into tax credit building could boost application competitiveness.

Cons:

- The portion of units funded with tax credits must be occupied by lower-income households, which would disqualify employees with higher household incomes.
- To increase application competitiveness, smaller unit sizes, a unit mix skewed towards fewer bedroom counts, and amenities may be required.
- Competition for tax credit awards is very high relative to available funds; reapplying for several years is not uncommon, introducing uncertainty to overall execution.
- NUSD properties are not located in designated "High" or "Highest Resource" areas, reducing competitiveness

Other Local / State / Federal Loans and Grants

Other public subsidy programs provided for affordable and workforce housing.

Pros:

- Funds might not need to be repaid, if it is in the form of a grant or "soft loan".

Cons:

- Additional funding sources add complexity and come with further restrictions.
- Funding is scarce and highly competitive; 2024 state budget cut funds for housing programs and anticipated BAHFA bond has been removed from November ballot.

Example Development Project Schedule

PRE-DEVELOPMENT

- Due Diligence, Engineering and Traffic Review
- Community and Neighborhood Engagement
- Project Conceptual Design
- Pre-Application Submittal and City Review

.5 to 1 years

ENTITLEMENTS PLANNING APPROVAL

- Preparation and Submittal of Planning Application
- CEQA: Initial Study and EIR & Board Certification
- City Review of Planning Application and Team Response
- Planning Commission and City Council Approvals

1 to 2 years

IMPLEMENTATION AND CONSTRUCTION

- Design Development
- Construction Documents
- Permitting and Bidding
- Construction and Start to Lease Up

3 to 3.5 years

Four-and-a-Half to Six-and-a-Half-Year Process

Thank You!

**Discussion
and
Comments**