



Novato Unified School District

# Education Workforce Housing Community Advisory Committee

September 23, 2024

# Welcome and Introductions

**The committee's goal is to gather community input, gain insight, and provide comments to the board of trustees on any proposed Education Workforce Housing Development**

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## **Committee representation includes the following groups:**

- Board Members
- Employees
  - Teachers
  - Support Staff
  - Administrators
- Parent Groups
- Nonprofit Organization
- Business Community

# Agenda

- Welcome and Introductions
- Approval of previous meeting minutes
- Public Comment on Non-Agenda Items
- Education Workforce Housing
- Where We Are
- Feasibility Study Review
- Development Staging Plan
- Questions and Discussion

# Approval of Minutes

Motion to approve the minutes of our last meeting

■ **May 13, 2024**

# **Public Comment on Non-Agenda Items**

# Introduction to Education Workforce Housing

- **Attracts and retains top teaching and support staff, improving education consistency and quality.**
- **Supports employee well-being and reduces high turnover and staffing shortages.**
- **Cuts commute times helping to build a sense of community, stability, and continuity.**
- **Encouraging diversity by attracting individuals who may not have considered living in the area, thus enriching the community with a variety of perspectives.**

# Multi-Year Process Where We Are Now

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



# Feasibility Study



# Timeline

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

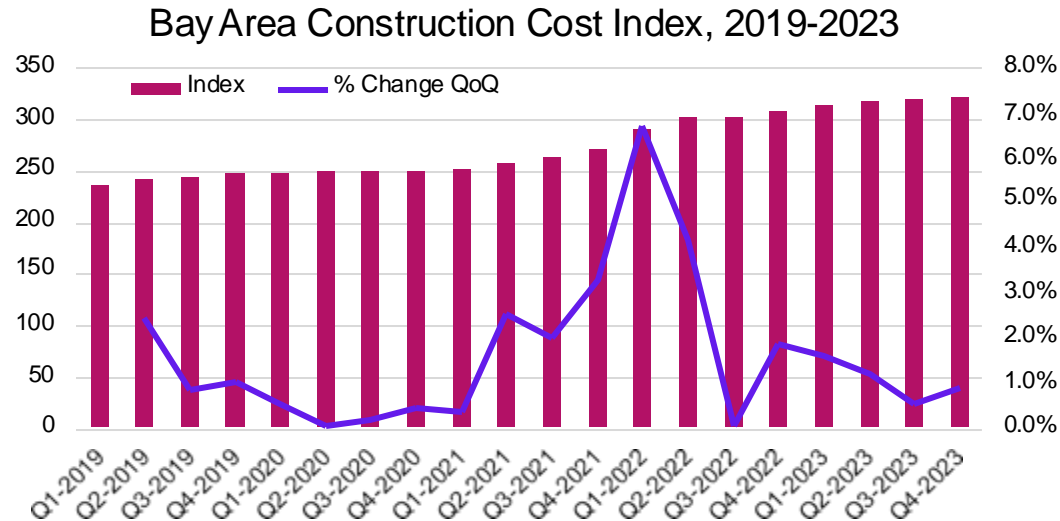
# Recap and Board Direction

- Workforce housing needs are substantial and important to address
- Specific 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”
- The Board of Trustees would like to consider increasing the target number of workforce units beyond 190 - 220 units.
- The Board would like to understand better the costs associated with these projects and the potential financing/sequencing options.

# Construction Cost Escalation

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## Inflation Dramatically Impacted Construction Costs in 2021-22



Inflation 2020 to 2023	Consumer Price Index	Construction 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%)

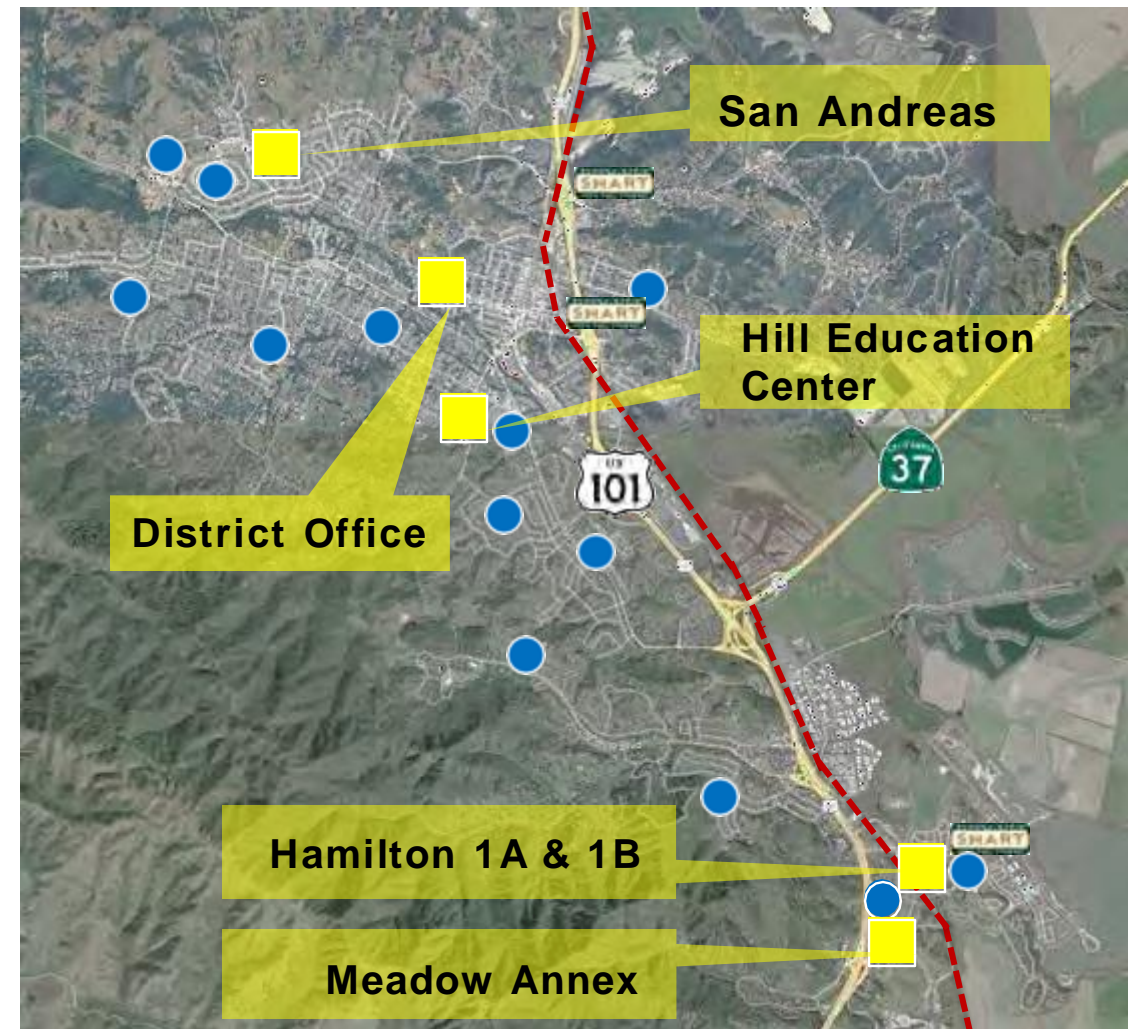
# Reminder: Sites Being Considered

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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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## Site Views



*View Looking North from Four Stories*



*View Looking South from Four Stories*

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)



# Meadow Annex Site Summary

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## Example A: Three Stories

## Example B: Four Stories

## Example C: Five-Stories

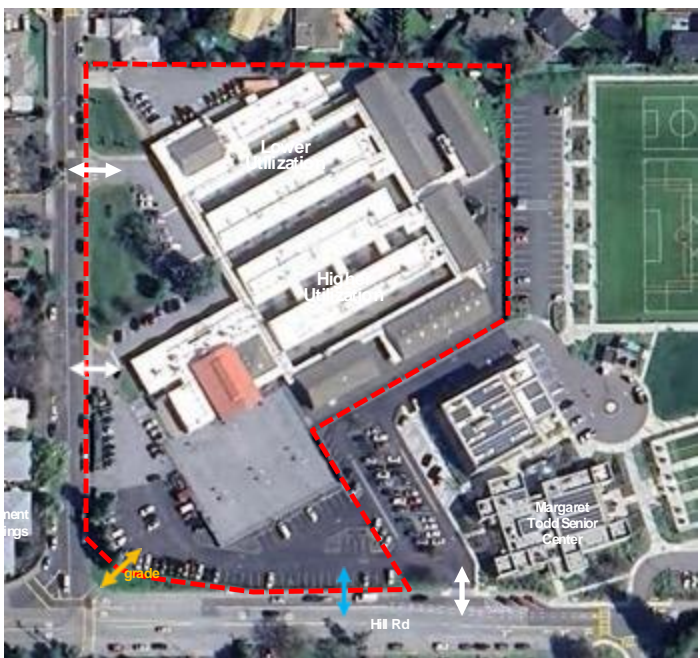
Units	62 apartment units	105 apartment units	130 apartment units
Total Cost	\$50.1M to \$55.4M (\$0.81M to \$0.89M per unit)	\$85.8M to \$94.9M (\$0.82M to \$0.90M)	\$106.0M to \$117.1M (\$0.82M to \$0.90M)





# 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 apartments units
Total Coats	\$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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## Site Views



*Views Looking North from Three Stories*



*Views Looking East from Three Stories*

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)

# Hamilton Conceptual Plans

## 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

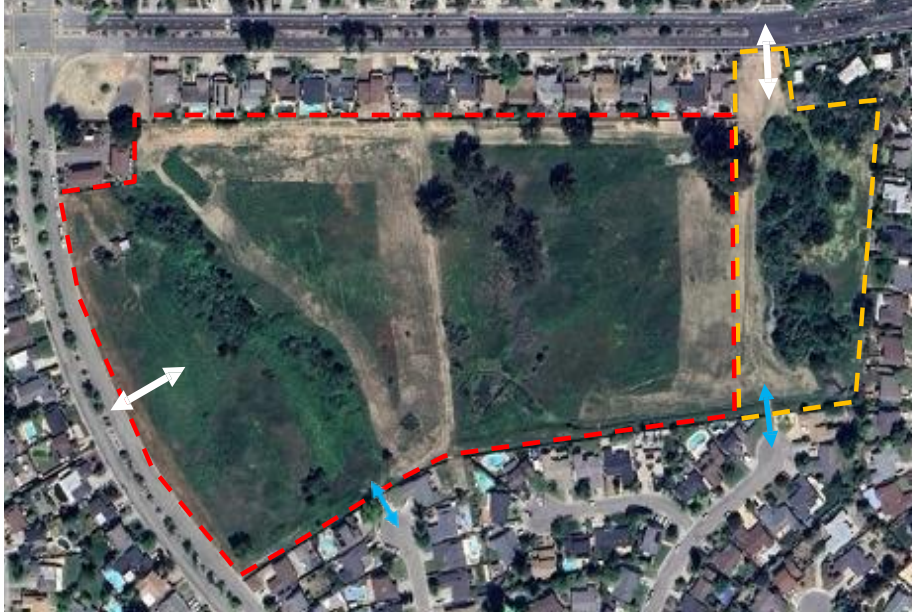
Units	200 apartment units
Total Cost	\$162.4M to \$179.5M (\$0.81M to \$0.90M)





# 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
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General Plan Designation:	Medium Density Detached Residential (Park for City)
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Zoning:	Planned Development (PD)
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Allowable Use:	4-7 Dwelling Units Per Acre
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# San Andreas Conceptual Plans

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## Example A: Multifamily + Townhomes

	Multifamily	Townhome	Total
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

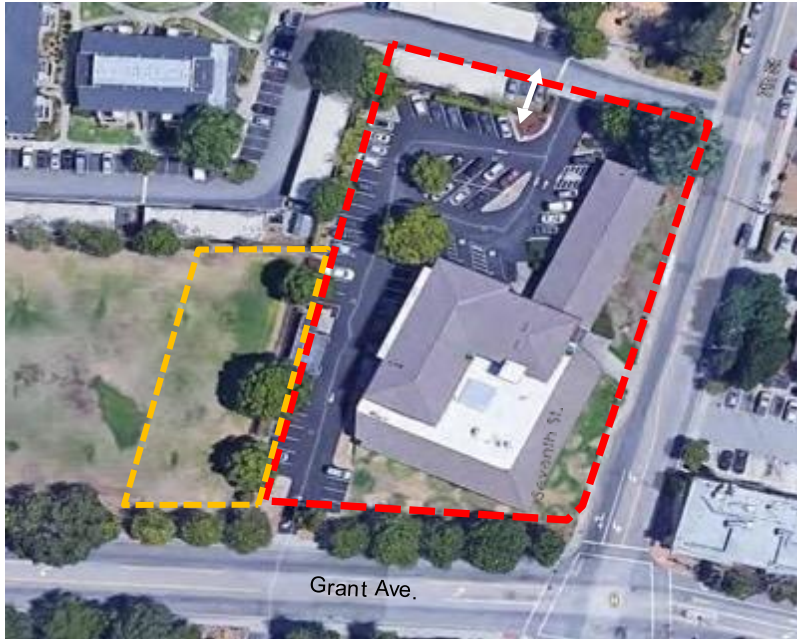
	Townhome
Units	45 townhomes
Total Cost	\$55.9M to \$61.7M (\$1.24M to \$1.37M)





# District Office Site Summary

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## Site Views



*View Looking West from Five Stories*



*View Looking South from Five Stories*

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 & Commercial, no residential

# 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)



# Sample Estimated Total Development Cost Detail for Workforce Housing

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	Meadow Annex		Hill Ed		Hamilton		San Andreas	
Concept	Example A - 3 Story on Grade		Example B 3 Story + Townhomes		Example A - 3 Story on Grade		Example A 3-Story + Townhomes	
Multifamily Units	62		70		162		128	
Townhome Units	0		30		0		52	
<b>Total Units</b>	<b>62</b>		<b>100</b>		<b>162</b>		<b>180</b>	
<b>Cost (2027 Const. Start)</b>	<b>Range</b>	<b>Avg. %</b>	<b>Range</b>	<b>Avg. %</b>	<b>Range</b>	<b>Avg. %</b>	<b>Range</b>	<b>Avg. %</b>
Hard Costs and Offsites	\$35.4M to \$39.1M	74.4%	\$67.2M to \$74.3M	75.7%	\$90.7M to \$100.3M	75.1%	\$122.0M to \$134.8M	76.2%
Project Approvals	\$1.2M to \$1.3M	2.5%	\$1.4M to \$1.6M	1.6%	\$1.7M to \$1.8M	1.4%	\$1.5M to \$1.7M	1.0%
Design Fees	\$2.8M to \$3.0M	5.9%	\$5.2M to \$5.8M	5.9%	\$7.0M to \$7.8M	5.8%	\$9.5M to \$10.5M	5.9%
Financing Costs	\$0.3M to \$0.4M	0.7%	\$0.7M to \$0.8M	0.8%	\$0.9M to \$1.0M	0.7%	\$1.2M to \$1.4M	0.8%
Other Soft Costs	\$1.0M to \$1.1M	2.2%	\$2.0M to \$2.2M	2.2%	\$2.6M to \$2.9M	2.2%	\$3.6M to \$3.9M	2.2%
Impact Fees	\$3.2M to \$3.5M	6.7%	\$5.4M to \$5.9M	6.0%	\$8.4M to \$9.3M	7.0%	\$9.7M to \$10.7M	6.1%
Const. & Dev. Mgmt.	\$1.9M to \$2.1M	4.0%	\$3.6M to \$4.0M	4.1%	\$4.9M to \$5.4M	4.1%	\$6.5M to \$7.2M	4.1%
Project Contingency	\$4.2M to \$4.7M	8.9%	\$8.0M to \$8.8M	9.0%	\$10.9M to \$12.0M	9.0%	\$14.5M to \$16.0M	9.1%
<b>Total</b>	<b>\$50.1M to \$55.4M</b>	<b>52.7M</b>	<b>\$93.5M to \$103.3M</b>	<b>98.4M</b>	<b>\$127.1M to \$140.5M</b>	<b>133.8M</b>	<b>\$168.4M to \$186.1M</b>	<b>177.3M</b>
per Unit	\$0.81M to \$0.89M	0.85M	\$0.94M to \$1.03M	0.98M	\$0.78M to \$0.87M	0.83M	\$0.94M to \$1.03M	0.99M



# Land Value Forecast: Low-Density Multifamily Approach

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	Meadow Annex	Hill Ed	Hamilton	San Andreas
Concept	Example A 3 Story on Grade	Example B 3 Story + Townhomes	Example A 3 Story on Grade	Example A 3-Story + Townhomes
Multifamily Units	62	70	162	128
Townhome Units	0	30	0	52
<b>Total Units</b>	<b>62</b>	<b>100</b>	<b>162</b>	<b>180</b>
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
<b>Net District Value</b>	<b>\$2.9 M</b>	<b>\$6.9 M</b>	<b>\$5.6 M</b>	<b>\$10.8 M</b>
Less: Cost of Entitlements	-\$1.3 M	-\$1.5 M	-\$1.8 M	-\$1.8 M
<b>Net Reinvestable Proceeds</b>	<b>\$1.7 M</b>	<b>\$5.4 M</b>	<b>\$3.9 M</b>	<b>\$9.0 M</b>
per Unit	\$27 K	\$54 K	\$24 K	\$50 K
Net Untitled Forecasted Land Value	<b>\$1.5 M</b>	<b>\$3.4 M</b>	<b>\$2.8 M</b>	<b>\$5.4 M</b>
per Unit	\$24 K	\$34 K	\$17 K	\$30 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.



# Example Operating Cash Flow

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Concept	Meadow Annex A	Hill Ed B	Hamilton A	San Andreas A
<b>Total Units</b>	<b>62</b>	<b>100</b>	<b>162</b>	<b>180</b>
<b>Income</b>				
Annual Gross Potential Rent	\$1,654,061	\$3,184,188	\$4,321,901	\$5,697,115
Other Income	\$194,015	\$312,927	\$506,942	\$563,269
Total Income	\$1,848,076	\$3,497,115	\$4,828,843	\$6,260,384
Less: Vacancy	-\$92,404	-\$174,856	-\$241,442	-\$313,019
<b>Effective Gross Income</b>	<b>\$1,755,672</b>	<b>\$3,322,259</b>	<b>\$4,587,401</b>	<b>\$5,947,365</b>
<b>Expenses</b>				
Third Party Property Mgmt	-\$244,667	-\$394,624	-\$639,290	-\$710,323
Repairs & Maintenance	-\$81,763	-\$131,875	-\$213,638	-\$237,375
Utilities	-\$172,947	-\$278,946	-\$451,893	-\$502,104
Insurance	-\$88,745	-\$143,137	-\$231,882	-\$257,647
EHC Admin	-\$8,404	-\$13,555	-\$21,960	-\$24,400
Reserves	-\$82,026	-\$132,300	-\$214,326	-\$238,140
Contingency	-\$53,856	-\$111,391	-\$140,721	-\$198,869
<b>Cash Flow Available for Debt Service</b>	<b>\$1,023,264</b>	<b>\$2,116,430</b>	<b>\$2,673,691</b>	<b>\$3,778,508</b>
Supportable Loan Amount	\$23.7 M	\$48.9 M	\$61.8 M	\$87.4 M
Less: Total Development Costs (Average)	-\$52.7 M	-\$98.4 M	-\$133.8 M	-\$177.3 M
<b>Funding Gap</b>	<b>-\$29.1 M</b>	<b>-\$49.5 M</b>	<b>-\$72.0 M</b>	<b>-\$89.9 M</b>

All estimates, values, scenarios, and renderings are presented for demonstration purposes only and are subject to change. See the complete 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 Multifamily Entitlement Strategy

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

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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.

# Development Staging Plan

# Steps

- 1. Authorize engagement with neighboring organizations to establish an information-sharing process to explore potential involvement in NUSD EWH Projects.**
- 2. Formation of EWH Development Projects Team and Subcommittees.**
  - Pursue entitlement options
  - Exploration of alternative funding sources
- 3. Establish a 7-11 Committee to formally identify surplus properties and begin the application process for state-required waivers.**
- 4. Develop a schedule to provide regular updates to the Board and community.**

# Authorize Engagement

**Meet with neighboring organizations to establish an information-sharing process to explore involvement in NUSD housing developments, including capital contributions, planning, or relocation.**

Examples of the types and sequence of agreements

## **1. Letter of Intent (LOI):**

Summarizes the preliminary understanding between parties before the formal agreement is finalized. It's often used in negotiations to set the groundwork for future detailed contracts.

## **2. Memorandum of Understanding (MOU):**

A non-binding agreement outlines the preliminary intentions and understandings between parties to document shared goals, responsibilities, and proposed actions. It is used in the early stages of negotiations to establish a mutual framework before drafting a binding agreement.

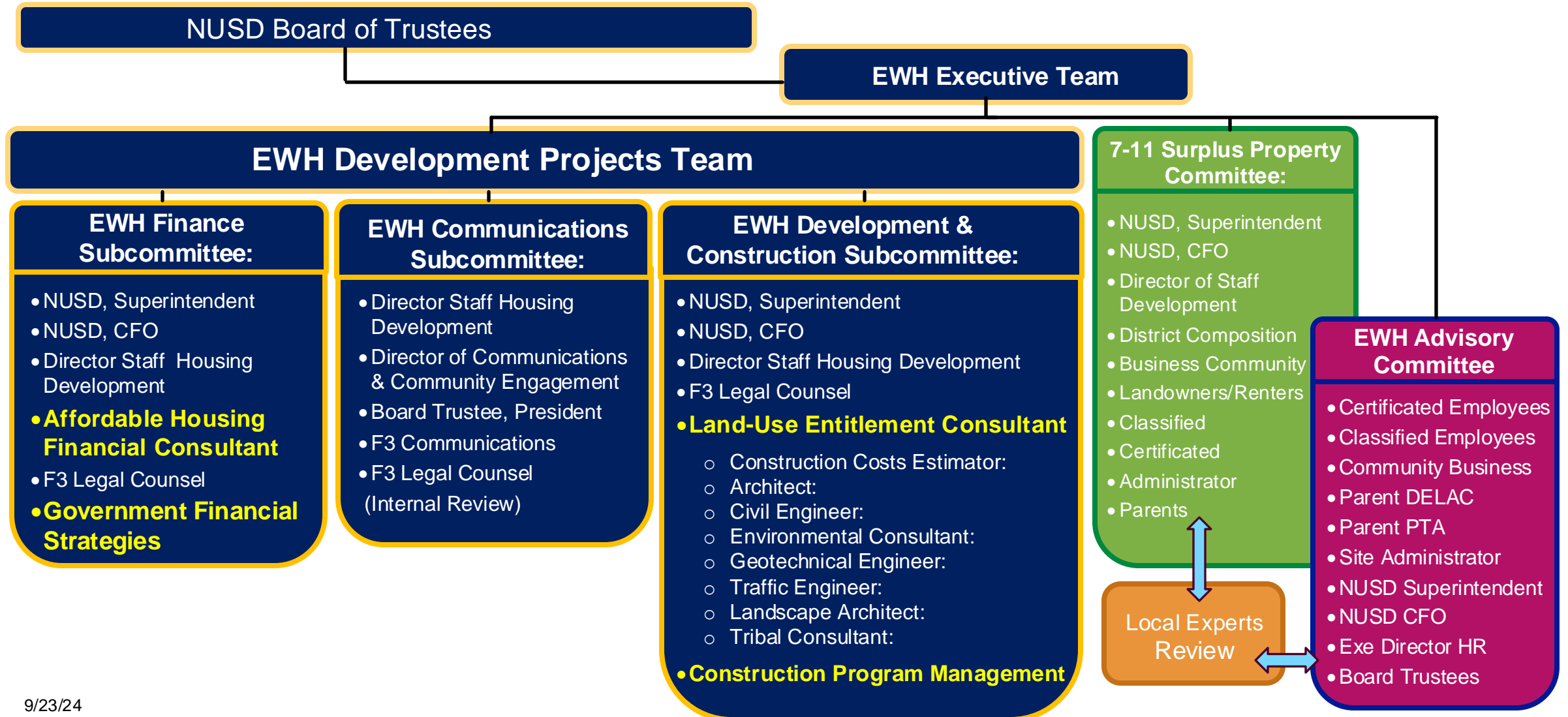
## **3. Exclusive Negotiating Agreement (ENA):**

Gives one party exclusive rights to negotiate with another for a specified time and prevents them from negotiating with third parties.

*Each type of agreement is utilized for laying the groundwork for more formal and future binding contracts.*

# EWH Development Team

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# Formation of 7-11 Committee

**The Feasibility Study recommends using proceeds from the sale of surplus property to help fund Education Workforce Housing projects.**

- Per Education Code Section 17388, school districts must complete the 7-11 surplus property process before they can sell or lease surplus property.
- The committee reviews the staff's analysis of the Feasibility Study findings.
- Considers community input on the use or disposition of surplus school properties.
- Recommends the best course of action for school buildings, spaces, or other properties no longer needed for school purposes.

Staff will present the full report on committee process and membership at future Board meeting.

# Communications

## 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





# Upcoming Dates

## **October 22, 2024: Board Meeting**

Staff Report (Update the board on the Development plan progress)

## **December 3, 2024: Board Meeting**

Approval of the formation of the 7-11 Committee.

## **January 27, 2025: Community Advisory Committee Meeting**

Update the Committee on the Development plan progress.

## **February 11, 2025: Board Meeting**

Staff Report (Update the board on the Development plan progress)



Novato Unified School District

# Questions and Discussion