



# **Exploring Options to Provide More Affordable Housing for District Employees**

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*Utilizing assets to better support students, schools, employees, and the neighborhoods we serve*

*Meeting of the Board of Education  
June 8, 2021*

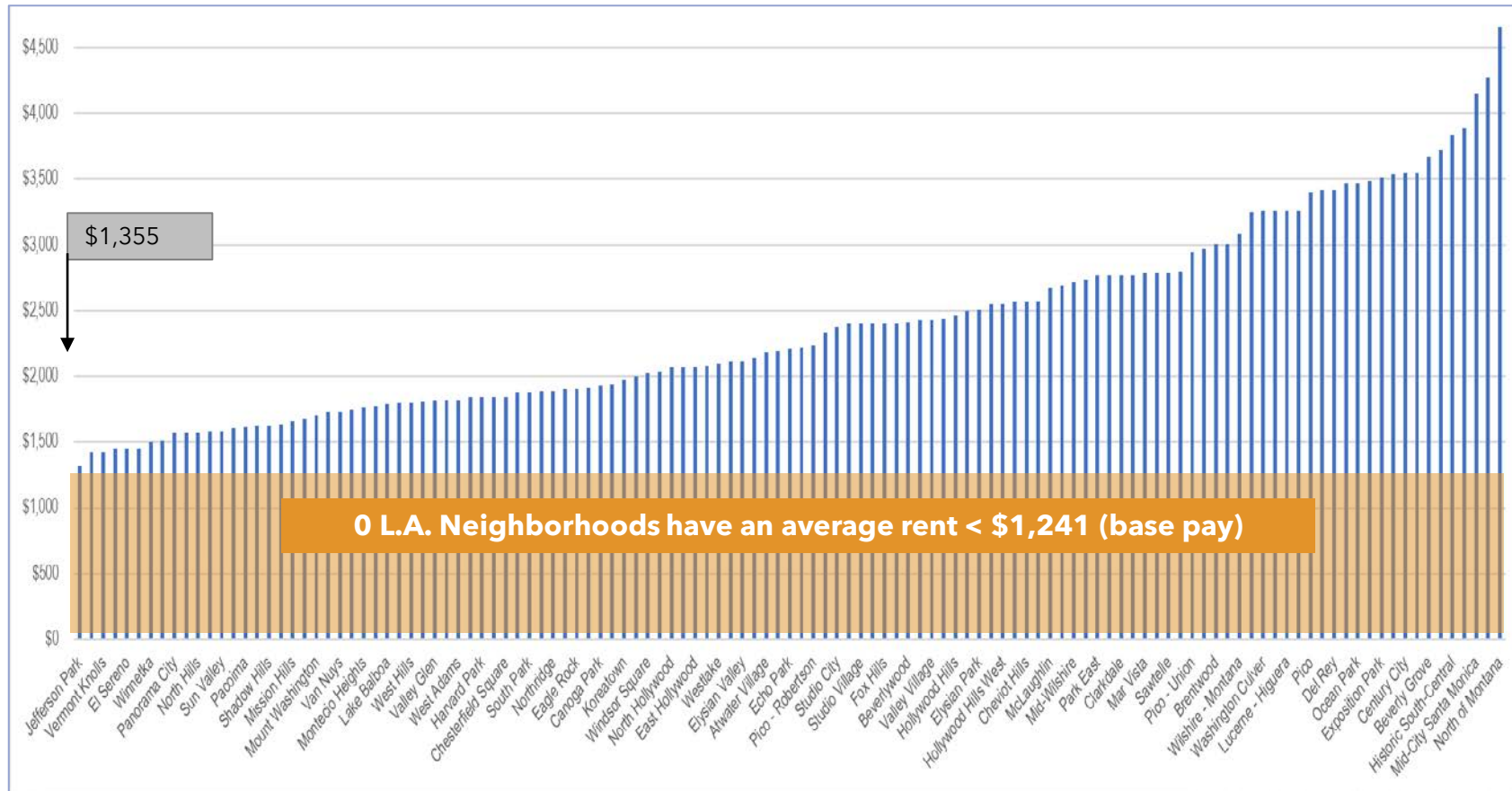
# Why Employee Rental Housing?

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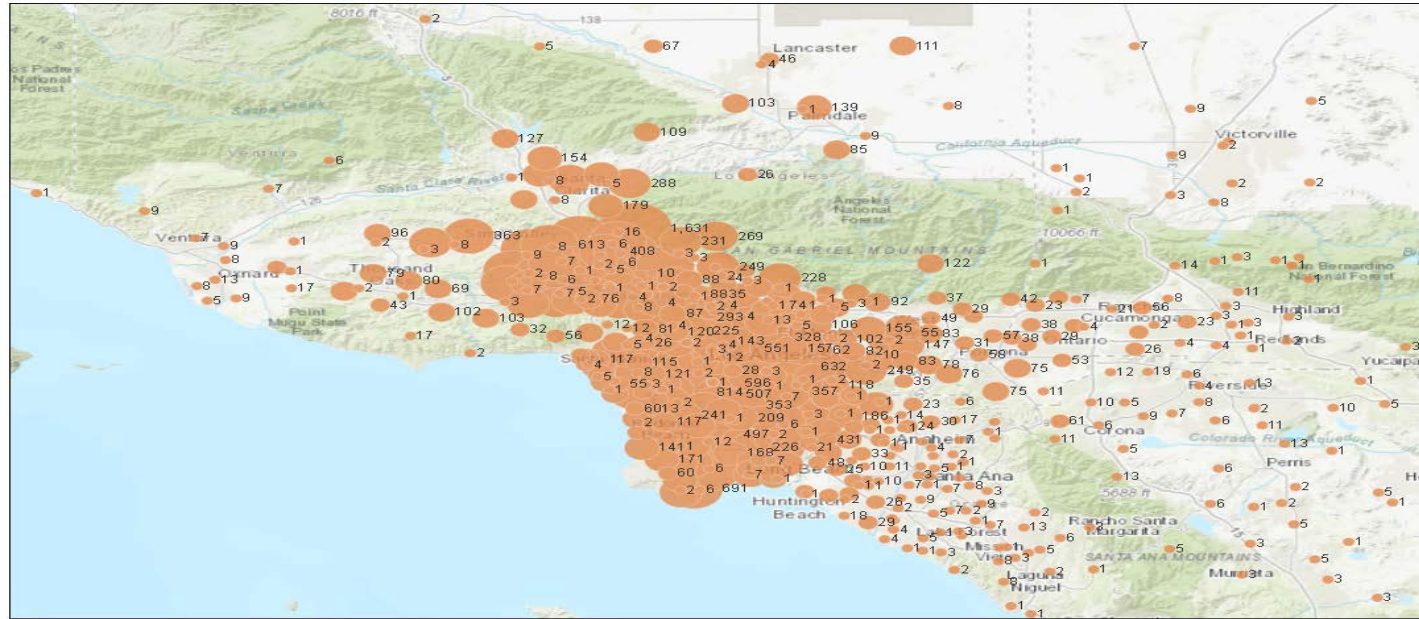
- To support and invest in our employees -- they are our most valuable asset
- The high cost of living in Los Angeles is a challenge for all who work in our schools
- Critical need for access to housing that is more affordable
- Many employees are experiencing long commutes
- Developing housing for our teachers and employees will allow them to live in the community alongside those they serve, fostering a stronger bond with communities
- Housing costs and commutes may impact employees' ability to stay with Los Angeles Unified for the long-term
- We have land -- Los Angeles Unified is one of the regions largest landowners
- Our properties have the potential to be better utilized to support our employees

# New Teachers Priced Out of All LA Neighborhoods

- Teacher Starting Salary = \$51,440
- Affordability Threshold for Monthly Rent & Utilities (30% of Gross Income) = \$1,286
- Affordability Threshold for Monthly Rent Only: \$1,241



# Where Employees Live and How Far They Commute



	HOME		WORK		COMMUTE	
Employee	Zip	City	Zip	City	Miles	One Way
School Admin. Asst.	92570	Perris	90044	Los Angeles	70	2.5 Hrs.
Window/Wall Washer	92503	Riverside	90248	Gardena	55	2.5 Hrs.
Teacher	91739	Etiwanda	90280	South Gate	53	2 Hrs.
Teacher	91711	Claremont	91401	Valley Glen	50	2 Hrs.
Teacher	91355	Santa Clarita	90017	Los Angeles	40	1.5 Hrs.
Teacher	93536	Del Sur	91340	San Fernando	58	1.5 Hrs.

*Housing costs and commutes may impact employees' ability to stay with Los Angeles Unified for the long-term*

# Los Angeles Unified Real Estate Assets

- 1,413 schools and centers
- 21,000 buildings totaling more than 78 million square feet
  - Downtown LA office market - 68 million square feet
  - Downtown San Francisco office market - 76 million square feet
- 6,400+ acres of land equivalent to 10 square miles
  - Total area of Downtown, Westlake and Koreatown combined
  - Newhall Ranch - 6,000 acres
  - City of Santa Monica - 8.3 square miles
- Spans 710 square miles of Los Angeles and 26 adjacent municipalities
- Properties are first and foremost utilized to further the primary mission to educate Los Angeles area public school students
- Some properties, or portions thereof, are underutilized



# Guiding Principles for Use of Real Estate

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- Enhance supports to the educational mission - students at the center of everything we do
- Support and invest in all our employees and their wellbeing - they are our most valuable asset
- Support communities Los Angeles Unified serves
- Use space and funding efficiently
- Realize significant funding from the sale, exchange or redeployment of underutilized real estate
- Create potential savings and more efficient operations and/or lower occupancy costs
- Align resources, people and assets with the Communities of Schools

# Existing Workforce Housing Projects



Site	Authorization to Issue RFQ/P	Selection of Preferred Proposer and Authorization to Enter into Development Agreement	Completed	Developer	Total Units	Initial Staff Occupancy	Current Staff Occupancy
Sage Park Apartments on underutilized land at Gardena HS	June 2008	March 2009	2015	Bridge Housing	90	92%	66%
Selma Community Housing on parking lot adjacent to Selma ES	September 2008	June 2009	2016	Abode Housing	66	68%	47%
Norwood Learning Village on parking lot near Norwood ES	April 2009	December 2009	2018	Thomas Safran & Associates	29	79%	69%

**Avg. 82%**

**Avg. 59%**

Income range: 30% - 60% Area Medium Income (AMI)

# Lessons Learned from Previous Projects

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- Traditional “affordable” housing projects need:
  - Low land cost
  - Low cost of construction
  - Low cost of financing (e.g. grants, subsidies, tax credits)
- Mission driven, little substantive revenue generation
- High employee demand - waitlists for all developments
- The type and form of financing can restrict flexibility
  - At 30% - 60% Average Median Income (AMI) teachers do not qualify
  - Occupancy can be restricted to affordable rates for 40+ years
  - Supply is limited, highly competitive and requires submittals that may not align with project timing
- Long lead times - ground-up development can take 5 - 7 years
- Projects fully occupied, but occupancy by District employees declining (District does not control occupancy)



# Considerations

- Pursuant to recent amendments to the Teacher Housing Act of 2016, school districts retain the right to prioritize school district employees over local public employees or other members of the public to occupy housing -- this change in legislation will help address past occupancy issues
- Requires meaningful community engagement and a multistep administrative and regulatory process
- On average, it takes from five to seven years to complete a project
- Securing typical financing for affordable housing is a competitive and arduous process for developer
- Future employee housing efforts should seek sources of financing that will allow Los Angeles Unified to provide an occupancy preference for its employees



## **Authorize due diligence activities, and \$1,500,000 in General Funds, to identify options to provide housing that is more affordable for employees**

- Needs assessment focused on employee engagement, including employee surveys to identify rental housing needs and preferences, and informational interviews with key leaders of the Los Angeles Unified School District (Los Angeles Unified and/or District) such as those responsible for human resources and talent acquisition
- Issuance of an Request for Proposals (RFP), as necessary, to solicit a real estate/housing expert(s) to conduct engagement activities with (a) communities, (b) stakeholders, (c) housing, real estate, and financial professionals and organizations, and (d) City and County officials
- Assessments, including, but not limited to, site surveys, and appraisals of underutilized properties such as vacant parcels, parking lots, closed sites, and portions of sites with excess acreage

# Proposal Overview

- Step one of a multistep process to implement options to provide housing that is more affordable for employees.
- Due diligence activities will help ensure future employee housing plans are data driven, thoughtful, and based on to-be-established guiding principles, positioning the initiative for long-term success
- Staff shall return to the Board at a later date to share the outcomes of the due diligence activities and propose next steps, including recommending guiding principles for providing employee housing, which will drive the work moving forward
- Does not authorize the solicitation or consideration of proposals for the development, joint occupancy and/or exchange of property owned by the Los Angeles Unified for the purpose of providing housing that is more affordable for employees



## Anticipated Schedule and/or Immediate Next Steps

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- Q3 / Q4 2021 - Conduct employee surveys and identify options for providing housing that is more affordable for employees
- Q4 2021 - Conduct stakeholder and community engagement
- Q1 2022 - Return to Board to present findings and recommend guiding principles and options to pursue

**QUESTIONS?**