

Implementing an Affordable Housing Program for California School Districts

WORKSHOP | MARCH 26, 2026

**BRAILSFORD
DUNLAVEY**



DS&C
THINKING FORWARD

We will begin shortly

This is being recorded & distributed after the session

Agenda

- 01** Introductions
- 02** About Our Firms
- 03** Why Workforce Housing for Teachers and Staff
- 04** Terminology
- 05** Implementing and Affordable Housing Program
- 06** What Districts can and can not do
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- 08** Alternatives to the Surplus Property Process
- 09** Workforce Housing Case Study
- 10** Using COPs & GO Bonds to bridge the gap



01

Introductions

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Introductions

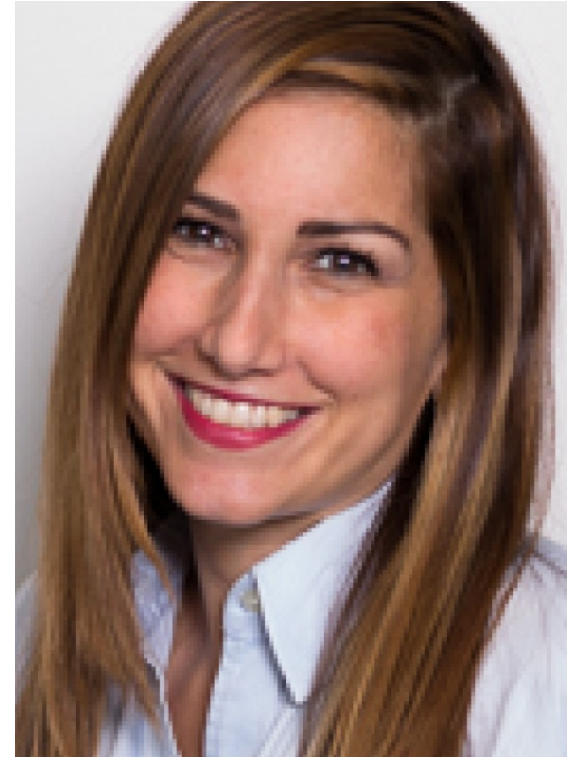
YOUR HOSTS



Al Grazioli
VICE PRESIDENT



Ty Taylor
DIRECTOR



Sarine Abrahamian
**ORBACH, HUFF &
HENDERSON**



Dale Scott
**DALE SCOTT &
COMPANY**

02

About B&D



About Brailsford & Dunlavey

BRAILSFORD & DUNLAVEY

Our purpose is to **inspire** and **empower** organizations to optimize the value of investments that **advance** them toward their targeted new reality.

Our mission is to make our clients the strongest owners possible.



Colleges & Universities



K-12 Schools



Government & Municipalities



Sports Venues

About Brailsford & Dunlavey

EXPERIENCE BY ASSET CLASS



Student Housing



Workforce Housing



Recreation



Unions & Cultural Centers



Health & Wellness



Food Service



Athletics



Venues



Academics & Research



Innovation Districts



Campus Edge



Energy & Sustainability



Hotel / Office



Retail



Parking



Management Advisory



PK-14 Facilities



Municipal Development



Parks & Recreation



Entertainment Districts



Communication & Public Engagement

About Our Firms

ORBACH, HUFF & HENDERSON

David Orbach and David Huff founded the firm in 1997, and Phil Henderson joined in 2009. Sarine Abrahamian has been with the firm since 2004 and is a Managing Partner. Since our inception, we have represented public agencies in the planning, implementation and finalization of modernization and ground-up construction projects. The success we achieved from this cornerstone of our practice has led to the firm's evolution to now representing over 140 public agencies throughout California in nearly every aspect of requested services, including public procurement real estate, business and construction transactions, governance, labor and employment, special education, student services, charter schools, and civil rights.

We maintain a conflict-free practice by only representing owners and routinely decline to work against the interests of our owner clients by representing contractors, designers and other consultants in construction matters.

We are not only transactional advisors, but a team of experienced jury trial lawyers with demonstrated success. This blend of real transactional and trial experience coupled with the decades of achievement for our clients positions our firm to provide precisely the type of services we are privileged to offer.

About Our Firms

DALE SCOTT & COMPANY

Dale Scott & Company is a financial advisory firm specializing in serving California K-14 school districts. We help clients address their funding problems with innovative and practical solutions focused on propelling schools and communities forward.

Corporate History

For three and a half decades, Dale Scott & Company has served California's school districts and community college districts. Today, it is one of the **top innovators** among California's independent financial advisory firms. DS&C is registered as a Municipal Advisor, both with the U.S. Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB).

Innovation. DS&C has built a statewide reputation for solid, practical advice combined with a history of client-driven innovations. DS&C's financing solutions and products have repeatedly become the standard for the state's public finance industry.

Experience. DS&C offers clients a broad array of financing techniques and products. Over the past 35 years, the firm has served as a financial advisor on hundreds of transactions in every corner of the state. Since 1994, DS&C has offered clients election advisory services for general obligation bonds. Today, we are among the leading election consultants in the state, having won over \$10 billion in successful bond elections.

Independence. During this time, we've built a reputation for developing financing solutions allowing clients to meet their goals while protecting taxpayers.

03

Why Workforce Housing for Teachers and Staff

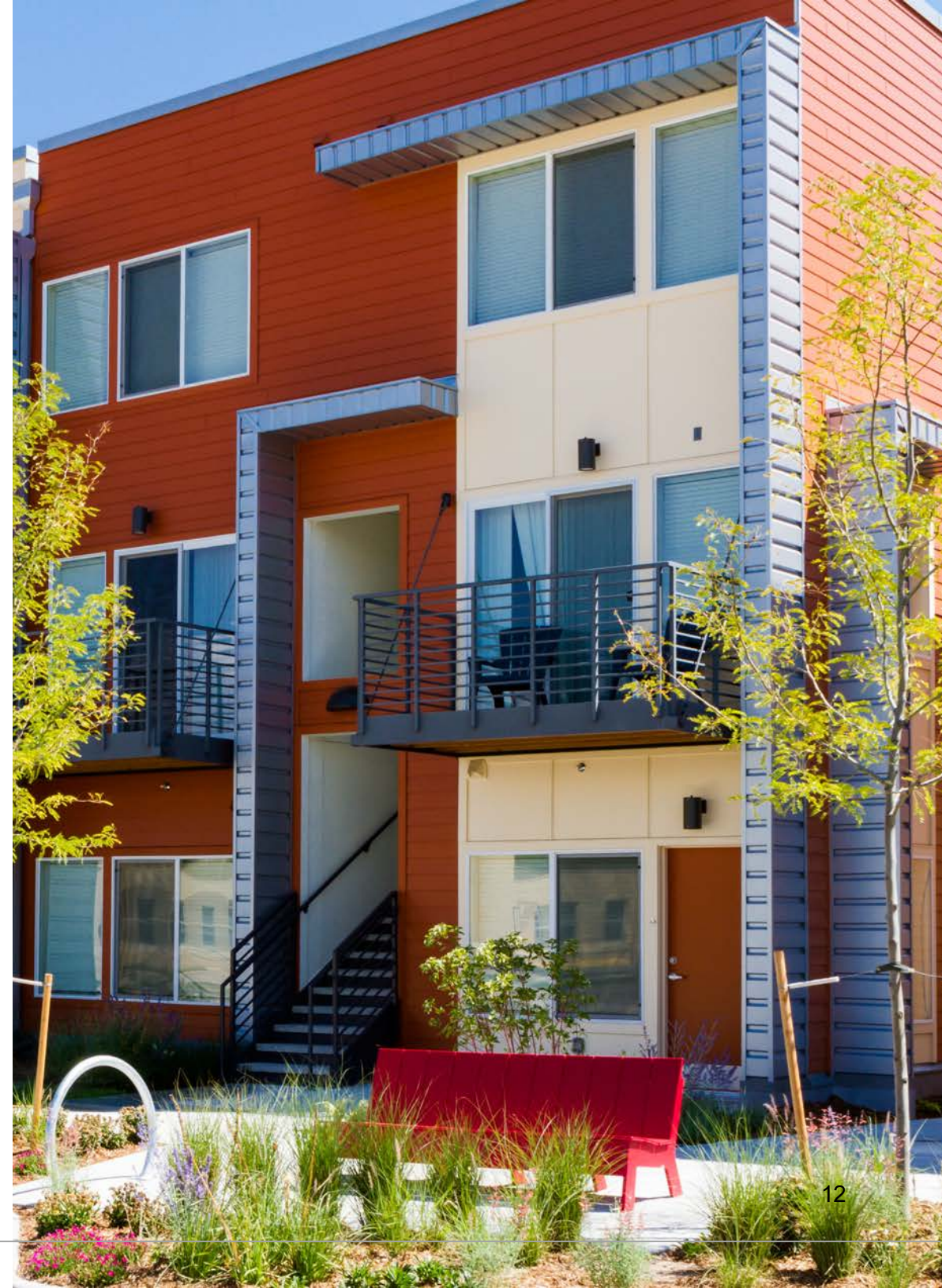
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Institutional challenges facing CA schools

- › Declining enrollment = reduction in funding and school closures
- › Lack of affordable housing
- › Insufficient funding for new facilities or to maintain aging facilities
- › Union demands for more pay and benefits
- › Budget shortfalls risk county or state takeover
- › Public perception that schools, and their leadership, are failing
- › Bond funds almost exclusively earmarked for educational facilities vs. support services
- › Recent legislation limiting districts flexibility to use underutilized or surplus property

School consolidations

- › In the past decade, California's public schools have **lost over 420,000 students** – nearly the population of Oakland
- › Nearly **700 schools** closed 2012 – 2022
- › Many sites have been closed and vacant for years
- › There will be **hundreds more** in the next 3–5 years
- › Typically, districts have no plan or strategy for closed sites, thus:
 - The sites then drain human and capital resources
 - Become a blight in the community
 - Resulting in more negative reaction from parents and neighbors



Housing as a component of a strategic asset plan

DELIVERING AN OPTIMIZED OUTCOME

Strategically leverage the district's resources to optimize student outcomes



Educational
Facilities



Workforce
Housing

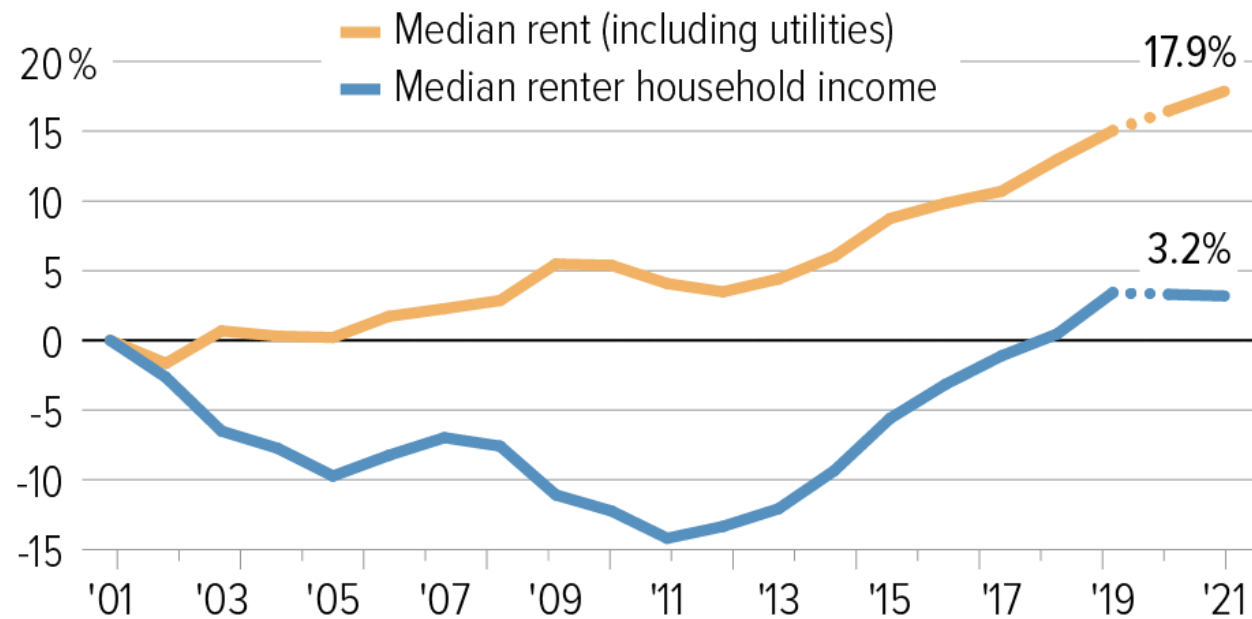


Other Strategic
Priorities

Why do we have a housing problem in America?

Housing Costs Climbed During Pandemic While Renters' Incomes Stagnated

Percent change since 2001, adjusted for inflation



Note: Dashed line indicates missing 2020 1-year ACS data due to pandemic-related data collection issues.

Source: CBPP tabulations of the Census Bureau's American Community Survey

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

- 1 Wages are not keeping up with the cost of housing
- 2 Lack of supply
- 3 Lag in production

Affordable housing for teachers and staff

HOUSING INCREASINGLY UNAFFORDABLE IN MOST DISTRICTS



STARTING TEACHER

\$71,000/year

Salary

\$1,775/mo.

*Affordable Rent**



CUSTODIAN

\$55,000/year

Salary

\$1,375/mo.

*Affordable Rent**



\$2,077/mo. Studio 542 SF

\$2,189/mo. 1 Br. 712 SF

\$2,697/mo. 2 Br. 995 SF

\$3,454/mo. 3 Br. 1,313 SF

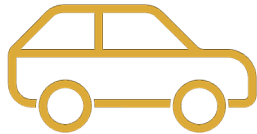
Benefits of affordable housing for teachers and staff



Attract & Retain Qualified Employees



Make Districts More Competitive – *Become an “Employer of Choice”*



Reduce Commute Times



Positive Impacts on the Environment



Provide Better Quality of Life, Reduce Stressors, Improve Mental & Physical Health



Employees Can Live In, and Become a Part of, the Communities They Serve



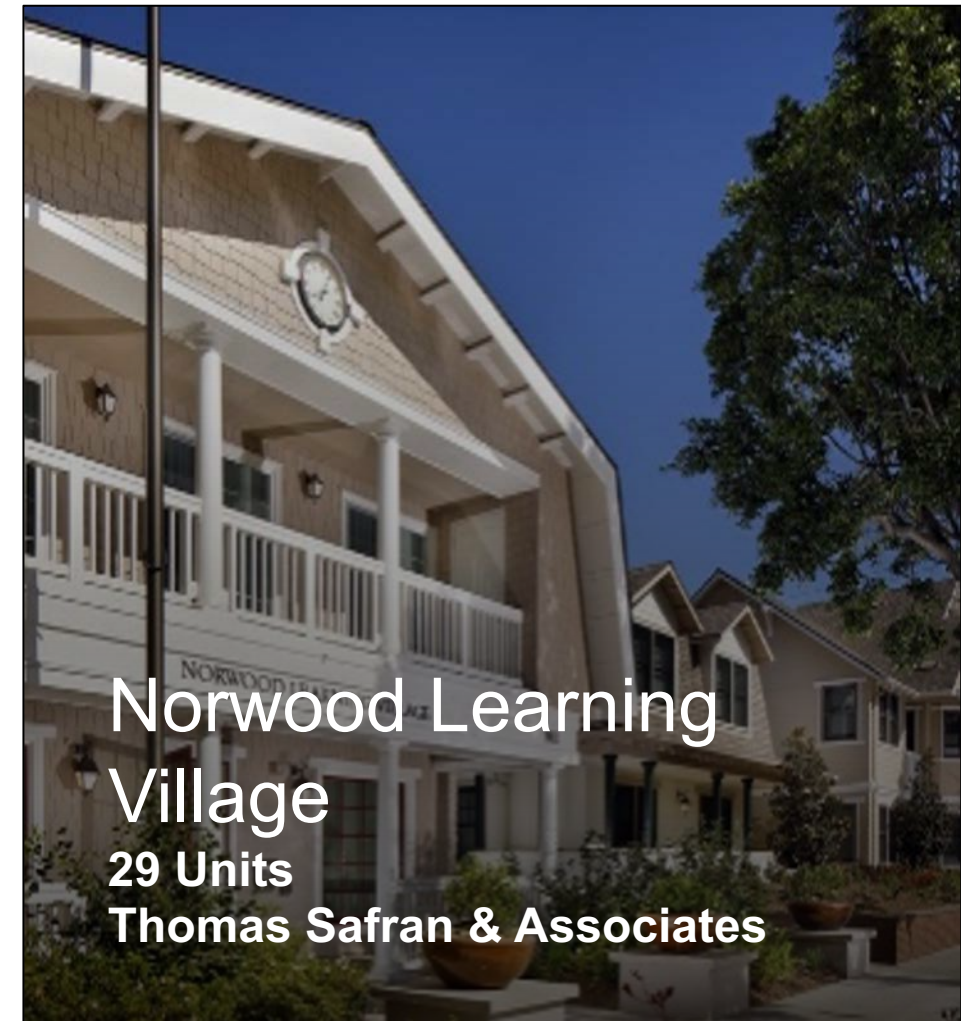
Proper Stewardship of Assets



Promote Positive Educational Outcomes

Affordable workforce housing examples

PUBLIC-PRIVATE DEVELOPMENTS FOR OTHER PUBLIC AGENCIES



Affordable Housing Lessons Learned



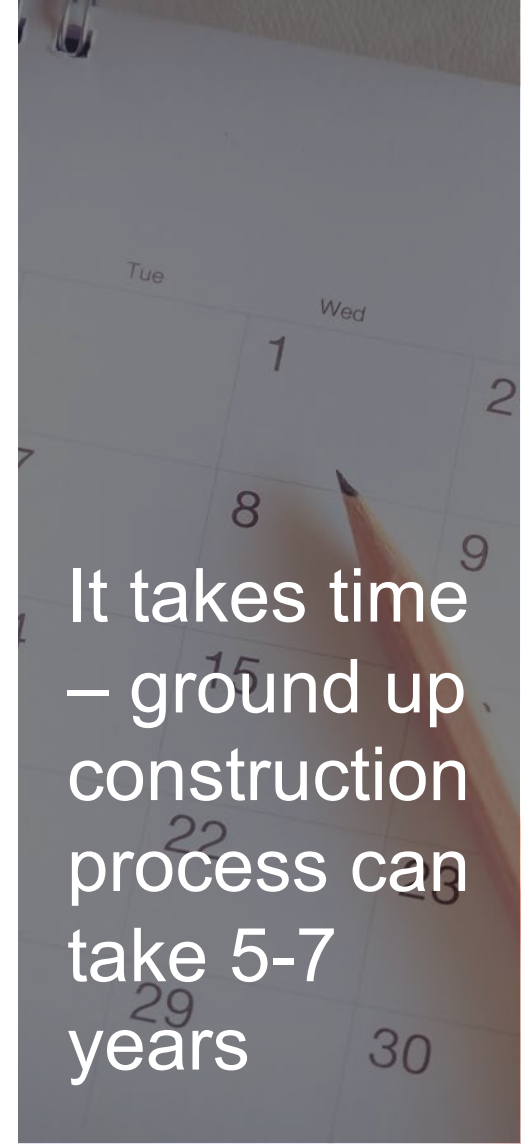
Affordable housing projects require low cost of land, construction, and financing



Mission driven, little material revenue generation



Type and form of financing can affect control of tenancy



It takes time – ground up construction process can take 5-7 years



Increased cost of construction and financing continues to be a challenge

04

Common Terms and Acronyms

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List of Common Terms and Acronyms

- › **Affordable housing:** Rental or ownership, cost is no more than 30% of household gross income
- › **Cost Burdened:** Household pays 30% or more of income on housing cost
- › **Severely Cost Burdened:** Household pays 50% or more of income on housing cost
- › **Housing Insecure:** Those who have stable housing but are worried about losing it in the future.
- › **Houseless:** Do not currently have a stable place to live (temporarily staying with others due to loss of housing or economic hardship, in a hotel or shelter, RV, park, etc.).
- › **AMI:** Area Median Income or the midpoint of a regions income distribution
 - Extremely Low Income: 0% - 30% of AMI
 - Very Low Income: 30% - 50% of AMI
 - Low Income: 50% - 80% AMI
 - Moderate Income 80% - 120% of AMI
- › **Workforce Housing:** Housing for middle income households, workers earning 60% - 120% AMI
 - Often referring to "essential workers" or the "missing middle", teachers, firefighters, police, medical personnel
- › **Master Leasing:** A guarantee to lease a specific number of units in another development

AMI levels can vary greatly from county to county and city to city

Area	One Person	Family of 4
Oxnard	\$91,900	\$131,000
Santa Clara	\$136,650	\$195,200
Las Virgenes	\$98,200	\$106,600
Imperial County	\$65,750	\$93,900
San Mateo	\$130,600	\$186,600

05

Implementing an Affordable Housing Program

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Implementing an affordable housing program

- › Identify a champion!
- › Adopt a housing resolution(s), form an advisory committee
- › Retain a team of experts
- › Strategic visioning session
- › Conduct due diligence. Gather data – entry and exit interviews
- › Communications plan and community engagement, early and often
- › Do a market study, demand analysis, employee survey
- › Identify your market segment(s) and income ranges
- › Decide on control of tenancy
- › Identify potential sites for conversion/use
- › Understand options for monetizing assets
- › Identify options to accelerate the pace of delivery units
- › Determine financing options
- › Requests for proposals (RFI, RFQ, RFP) and Public-Private Partnerships (P3s)

Community engagement is key

- › Communicate the **why, what, and how** of your housing program
- › Start engagement early and often
- › Educate to overcome bias and resistance to affordable housing
- › Link employee housing to positive educational outcomes
- › Identify community advocates to balance, offset the NIMBYs
- › Building support for potential bond measures
- › Anticipate concerns about expedited entitlement process
- › Have a plan and stop handing out sticks!



Conducting a proper survey

- › A 20 question Google poll at the beginning of the Fall semester is NOT a survey
- › Survey must be customized to each districts needs and employees
- › If you have potential housing sites, indicate on the survey and get employee priority of sites
- › Survey conducted online (qualtrix) over a two-to-three-week period
- › Survey should be conducted in the Spring or Fall (before holiday and summer breaks)
- › Responses analyzed and presented to leadership
- › Also conduct stakeholder interviews (classified and certificated staff, union reps)
- › The demand could be greater than the development potential of your sites.

Surveys capture critical data on district employees

- › General housing needs
- › Quality of life
- › Employee retention
- › Employee focus groups
- › Stakeholder interviews

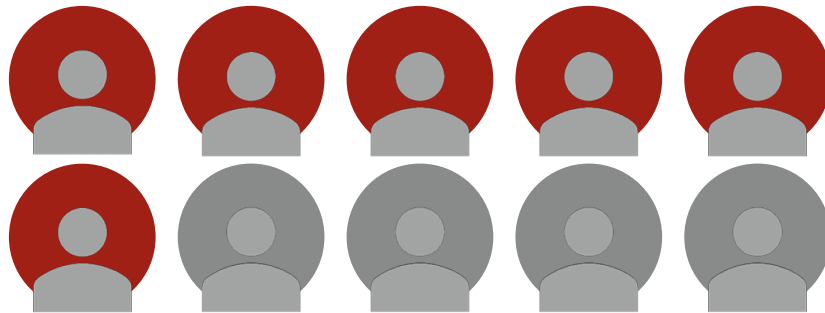


Employee Housing Needs



› According to survey data, more than half of teachers who rent that reported housing costs are cost burdened.

Housing
Cost
Burdened
Teachers

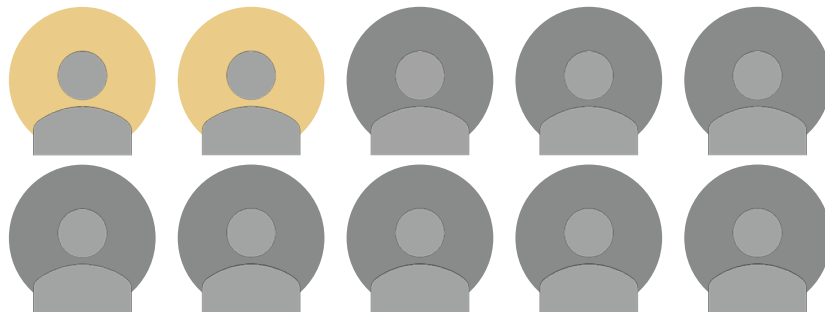


Just over 60% of teachers that rent and reported their housing costs spend **over 30%** of their monthly gross household income on rent (n = 994)

Extrapolating to the broader employee population, this could represent:

~6,200 teachers that rent that are housing cost burdened.

Severely
Housing Cost
Burdened
Teachers



Almost 20% of teachers that rent and reported housing costs spend **over 50%** of their monthly gross household income on rent (n = 311)

of these teachers, ~2,000 that are **severely** housing cost burdened.

Excludes employees who reported they are houseless.

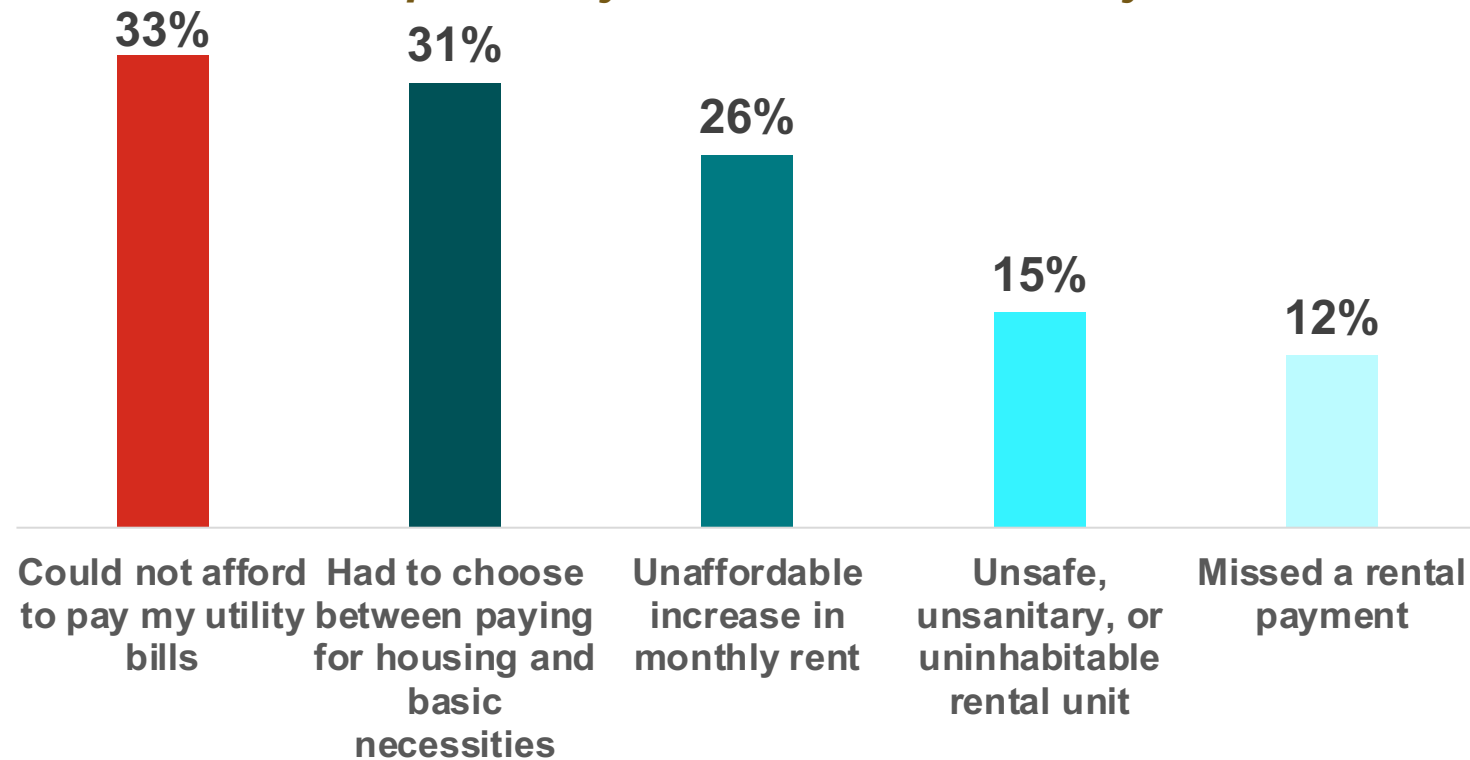
Rent burden was calculated by taking monthly rental costs as a percent of monthly household income. Excluded from this analysis were those paying more than \$8,000 in monthly rent, those with an annual income of \$150,000 or more, those that reported "I don't know", "N/A", "Prefer not to answer", "\$0 in housing costs, and "no income".

Employee Quality of Life



- › At least 3 in 10 renters reported being unable to afford their utility bills or having to choose between paying for housing and basic necessities.

**Top 5 Housing Challenges in the Last 12 Months
Reported by Renters on the Survey**



Extrapolating to the broader employee population, this could represent:

~11,400 employees unable to pay their utility bills.

~10,700 employees choosing between housing costs and basic necessities.

~8,900 employees having an unaffordable increase in their rent.

~5,300 employees choosing living in an unsafe or unsanitary unit.

~4,000 employees missing a rental payment.



More than 4 out of 10

employees reported on the survey that they have **considered leaving their job** at the District **because of the high cost of housing.** 44%; n = 5,063

Summary of Findings

EXISTING CONDITIONS SURVEY ANALYSIS

› **There is a need for more affordable housing among employees.**

- 43% of all respondents are worried about losing their housing and can be classified as housing insecure.
- 65% of renters reported spending more than 30% of their income towards rent. Per federal guidelines, nearly two thirds of employees who rent are burdened with housing costs.

› **High housing costs impact employees' overall quality of life.**

- 78% of housing insecure respondents have faced some form of housing challenge in the last 12 months, such as being unable to pay utility bills or having to choose between basic necessities and housing payments.
- Approximately 50% of employee renters are unsatisfied with their proximity to childcare, quality of housing, neighborhood safety, and commute to work.

› **High housing costs impact employee retention.**

- Almost half (46%) of employee respondents have considered leaving their job at the District due to high housing costs.
- 17% of employee respondents reported they are likely to relocate outside of the region in the next three years, with their current housing payment being too expensive given as the top reason.

Multiple options, programs, and solutions to provide affordable housing

- › Long-term ground lease
- › Joint occupancy
- › Exchange
- › Master leasing
- › Partnerships and coalitions with other entities with similar programs and needs
 - Nearby districts, city, county, state
 - Local colleges and universities
 - Hospitals and healthcare providers
 - Employers
- › Tax Exempt and General Obligation (GO) Bonds



06

What Districts can and can not do

Sarine Abrahamian



What can you do?

- › School site disposition/surplussing
- › Alternatives to surplussing / Joint occupancy ground lease projects
- › Employee Housing
- › AB 130 – Recent Changes in the law



What school districts can (and cannot) do

- › **A District Cannot just “Lease” Out Its Property**
 - There is no statutory authority for a school district to lease its property for longer than 30 days, unless the District finds the property surplus and formally bids a lease to the highest bidder or an alternative to surplus applies.
 - Surprises Most People. Yes, this fact is surprising to many school districts who have leased out public property to private users for years without a defensible legal structure.
- › **Surplussing Property / the “7-11” Process.** If the District wants to sell property or enter into a long-term (up to 99 year) lease of its property under the surplus statutes, it must declare that property “surplus” to the District’s uses.
- › **Alternatives to the “Surplus” Process.** There are alternative options the District can pursue to procure Employee Housing projects and short term and long-term leases.



What school districts can (and cannot) do

- › Engage specialized consultants (e.g., real estate, financial, planning) to support initial site evaluation and feasibility:
 - Highest and best use
 - Market conditions and demand
 - Preliminary revenue potential
 - Site constraints and development considerations
- › Maintaining Confidentiality & Strategic Positioning
 - Premature market signaling
 - Speculative interest or pricing distortion
 - Community concern before a defined strategy is developed
- › Structure consultant agreements to:
 - Preserve confidentiality of District objectives and data
 - Clearly define scope as advisory/feasibility



07

School Site Disposition & Surplus Land Act

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School Site Disposition – 7-11 Committee

- › Purpose (Ed. Code §§ 17387, 17388)
 - **Advise the Board** regarding use or disposition of property.
 - Made up of between 7-11 members.
- › Duties (Ed. Code § 17390)
 - Review the projected school enrollment;
 - Establish a priority list;
 - Hold hearing(s) for community input;
 - Make a final determination of limits of tolerance of use; and
 - Provide a written recommendation to the Board.

Surplus Property Disposition Process: Post Committee Recommendation

- › **Surplus.** District declares property surplus by adoption of resolution
- › **Public Offerings/Notice.** Properties are offered to public entities as follows:
 - To local and state entities, UC Regents, CSU, etc.
 - By Newspaper publication of resolution for three (3) successive weeks
 - By direct, mailed notice
 - Notice to local Planning Agency
 - The Naylor Act applies when the property has been used entirely or partially for school playgrounds, playing fields, or other outdoor recreational uses.
 - Depending on which agency, has 40 or 60 days to respond
 - (Ed. Code §§ 17485 et seq.; Ed. Code § 33050; Ed. Code § 17464; Gov. Code § 65402)

Surplus Property Disposition Process, cont'd

- › If no offers are received by public entities or no agreement is reached with a public entity, then move to public bidding. (Ed. Code § 17464)
- › **Formal Bidding.** Steps for formal bidding for highest price.
 - District adopts resolution of intent to lease or sell which must include property description, minimum price, terms and conditions of sale or lease, and date bids will be considered. (Ed. Code § 17466)
 - District must provide notice to previous owner (Ed. Code § 17470)
 - District must post and publish notice of bid (Ed. Code § 17469)
 - Bid opening – Occurs on day and time set forth in the resolution (Ed. Code § 17473)
 - Open session bid opening
 - Oral bids also considered



Surplus Property Disposition Process: Waiver

- › **(Optional) Request a Waiver.** The District may, after a public hearing and other specified procedures, request that the State Board of Education (SBE) waive the surplus steps outlined in the prior slides, the public offering steps and/or the formal bidding steps. (Ed. Code § 33050.)
- › If waiver of public offering and/or formal bidding requirements granted, options may include listing property for sale or lease or disposing of property through a Request for Proposal (RFP) process.



Surplus Land Act Exemptions / AB 130

- › The Surplus Land Act (SLA) does not “apply to **the disposal of exempt surplus land** as defined in Section 54221 by an agency of the state or any local agency.” (Gov. Code § 54222.3.)
- › Two of the exemptions that apply to school districts when disposing of surplus property, are for (Gov. Code § 54221):
- › Ed. Code section 17388 and 17536
- › New AB 130 – deleted these exemptions
- › Why it matters – could delay or complicate school district property disposition transactions

School Site Disposition – Use of Proceeds

- › **Lease:** Proceeds may be used in any way the Board directs.
- › **Lease with option to purchase:** “[M]ay be deposited into a restricted fund for the routine repair of district facilities, as defined by the State Allocation Board, for up to a five-year period.” (Ed. Code §17462.)
- › **Sale:**
 - “[S]hall be used for capital outlay or for costs of maintenance of school district property that the governing board of the school district determines will not recur within a five-year period.” (Ed. Code §17462.)
 - a “one-time” use, if the District can comply with certain provisions and abide by certain restrictions. (Ed. Code §17463.7.) (Sunsetted; continuing to monitor as may be reenacted)

08

Alternatives to the Surplus Property Process

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School Site Disposition: Alternatives to Surplus Property Process

Other options for a vacated site (no need to surplus):

- › Joint Occupancy (Ed. Code § 17515, et seq.)
- › Joint Use (Ed. Code § 17527, et seq.)
- › Exchange (Ed. Code § 17536, et seq.)
- › Fee-producing infrastructure facilities (Gov. Code § 5956, et seq.)
- › Community Recreation Act (Ed Code § 10900, et seq.)
- › Employee Housing Projects (Ed. Code § 17391(b))

Long Term Ground Lease Structure

JOINT OCCUPANCY – STEPS

- › Board Approves Resolution of Intention (“ROI”)
- › District staff posts notice of ROI via newspaper publication
- › Issue RFP to development partners
- › District receives proposals in response to RFP
- › Developer selection by Board at Board meeting
- › Enter Agreement(s) with Developer
- › Developer conducts due diligence and seeks/obtains entitlements for proposed project
- › If approved, parties enter into ground lease
- › Developer constructs project

Workforce Housing

STATUTORY ASSISTANCE

- › Generally, school district construction if not for “nonclassroom facilities” is exempt from local zoning codes and building codes (Gov. Code §53090, et seq.; [confusing phrasing...])
 - Employee housing is a nonclassroom facility, so it is not exempt from local zoning.
- › Legislation over the past few years has helped, but just a little:
 - Teacher Housing Act of 2016 (H&S Code §53570, et seq.)
 - Established a state policy for districts to facilitate affordable housing for employees
 - **AB 1157** (2017) removed the need to “surplus” land through the 7-11 disposition process prior to using land for employee housing in Education Code §17387, et seq.
- › **SB 35 (2017) and AB 2295 (2022; effective Jan. 1, 2024)** Deems a housing development project an allowable use on any real property owned by a local educational agency and shortcuts the entitlement and CEQA review process.
- › More information will be provided regarding the above during case study review in further slides.

09

Workforce Housing Case Study

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PUSD Case Study

WORKFORCE HOUSING PROJECT OVERVIEW

- › **Purpose:** Provide affordable housing for dedicated District employees; recruitment and retention; funded through local bond funds (Measure R)
- › **Location:** Former Roosevelt ES; Appr. 5 acres
- › **Units:** Appr. 110 apartment and townhome units (Mix of 1, 2, 3 and 4 bedroom); Amenities will include community building, dog run, play area, landscaped common areas
- › **Affordability:** All units offered at below-market rates (60-120% AMI)
 - 50% of units reserved for lower income employees to meet statutory requirements



PUSD Workforce Housing Project Entitlement Process

› **AB 2295 Authorized Use**

- Authorizes District to develop workforce housing without requiring rezoning or a General Plan amendment, if certain conditions are met. (Gov. Code § 65914.7(a).)

› **SB 330 Preliminary Application**

- Locks in applicable planning, zoning, and development standards at the time the SB 330 application is submitted. (Id., § 65589.5(o)(1).)
- Limits the number of discretionary hearings to five (Id., § 65905.5(a)), expedites processing of permits (Id., § 65943(a)), and prohibits downzoning (Id. § 66300(i)(1)).

› **SB 35 Master Application**

- Provides ministerial approval and CEQA streamlining. (Id. § 65913.4(a).)
- Mandates affordability and compliance with objective design standards. (Id. § 65913.4(a)(4)(B).)

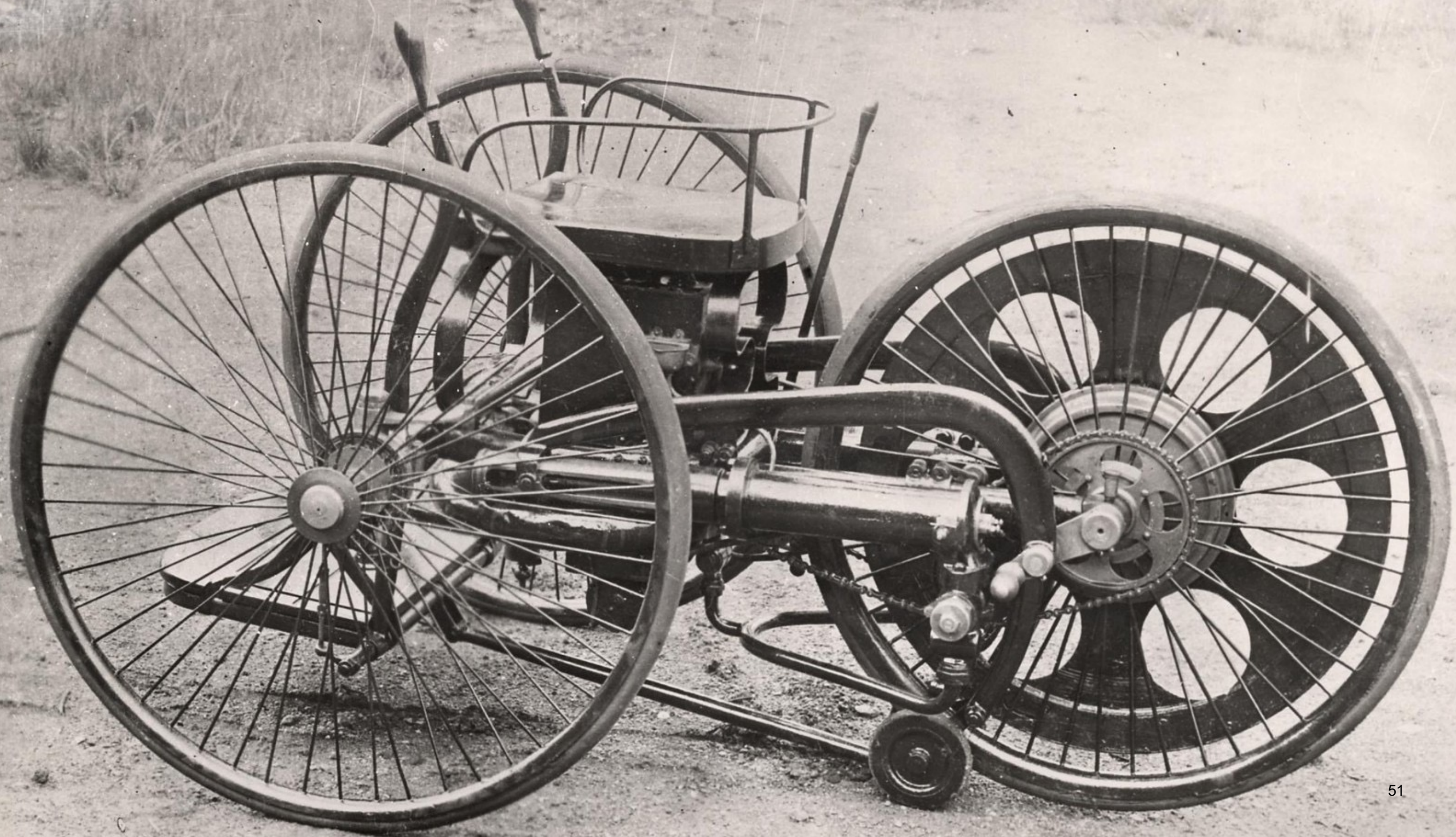
› Ongoing coordination with the City for site review, objective design compliance, etc.

10

Using COPs & GO Bonds to bridge the gap

Dale Scott





Teacher/Staff Housing: Assumptions

	COPs	GO Bonds	Hybrid
1. Number of Units	50	50	50
2. Cost/Unit	\$650,000	\$650,000	\$650,000
3. Current Rental Rate for 1 Bedroom	\$2,300	\$2,300	\$2,300
4. % of Market Rents	65%	65%	65%
5. Annual Rent Increase	3%	3%	3%
6. O & M per Unit	\$400/month	\$400/month	\$400/month
7. Annual Increase	3%	3%	3%
8. Interest Rate	4.5%	4.0%	4.5%/4.0%
9. Amortization	30	30	30
10. Capitalized Interest	Yes	No	Yes/No
11. COI	\$500,000	\$500,000	\$1 million

Teacher/Staff Housing: Cashflow (30 Years)

	COPs	GO Bonds	Hybrid
1. Gross Revenue (Rent)	\$36.5 million	\$36.5 million	\$36.5 million
2. Operational Costs	\$9.8 million	\$9.8 million	\$9.8 million
3. Financing Costs (p + i)	\$71.2 million	\$62.4 million	\$25.9 million (COPs) + \$40.6 million (GO) \$66.5 million
4. Third-Party Funding	\$0	\$62.4 million	\$40.6 million
5. Net Income/Loss	\$44.5 million	\$26.7 million	\$0.8 million



The future of education depends on dedicated staff

HOUSING FOSTERS POSITIVE STUDENT OUTCOMES



It's all about the kids!

Questions

Please *'raise your hand'* to be promoted as a speaker or enter your question in the chat.

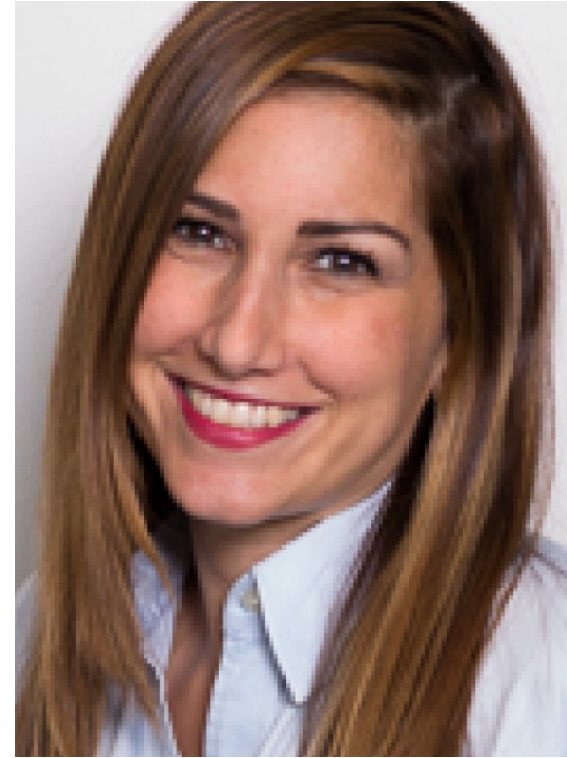
Thank you!



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DIRECTOR
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