



Office of the Mayor

CONSENT CALENDAR

April 30, 2019

To: Honorable Mayor and Members of the City Council

From: Mayor Jesse Arreguín and Councilmembers Sophie Hahn, Lori Droste, and Kate Harrison

Subject: Allocation of \$150,000 to the Berkeley Unified School District for Planning/Pre-Development for Employee Housing

RECOMMENDATION

Approve the allocation of \$150,000 of General Fund revenues from Measure U1 receipts to the Berkeley Unified School District for a planning and pre-development grant for teacher/workforce housing.

BACKGROUND

In November 2016, Berkeley voters overwhelmingly voted to approve Measure U1, raising the gross receipts tax on landlords of 5 or more units from 1.081% to 2.880%. The estimated \$3.5 million raised annually would be used for funding and programs to increase affordable housing and homeless prevention.

In October 2017, BUSD conducted a housing survey which received 800 responses, or over 60% of BUSD's workforce. Only 30% of employees live in Berkeley, with 20% having commutes of 40 minutes or more each direction. 78% of renters said that the high cost of housing has resulted in financial pressures, with 54% stating they have considered leaving BUSD as a result. 69% believe that the cost of housing negatively impacts their long-term ability to stay at BUSD. 31% have moved residences while working for the District due to increased housing costs.

On February 26, 2019, Superintendent Donald Evans and School Board Director Julie Sinai sent a letter to the City Council with an update on their efforts to create workforce housing (Attachment 1). They have conducted a preliminary inquiry which identified four sites owned by the District that could be used as a potential site. However, to move forward on planning and a public input process, planning and pre-development funding is needed. Once that phase is completed the School Board will be able to narrow down the site and begin with design and financing strategies. The BUSD seeks to partner with the City on this development with the end goal of creating 100 units or more units of affordable educator workforce housing by Spring 2022.

With 74% of BUSD employees expressing interest in living in BUSD-owned employee housing and 86% of renters saying such housing would increase the District's ability to recruit employees, there is clear momentum in moving forward with this idea.

The Housing Advisory Commission voted on April 4, 2019 to recommend to Council the allocation of \$150,000 to the Berkeley Unified School District from Measure U1 tax receipts for pre-development and planning for employee housing.

RATIONALE FOR RECOMMENDATION

The need for affordable housing has been identified as a top priority for Berkeley residents. Giving teachers and BUSD employees the opportunity to live in the city they work in improves health and wellness and creates stronger community bonds and allows teachers to engage more with students due to shorter commute times.

FINANCIAL IMPLICATIONS

\$150,000 from the General Fund from Measure U1 tax receipts.

ENVIRONMENTAL SUSTAINABILITY

Developing teacher housing will reduce long commutes and is consistent with the goals of the Climate Action Plan.

CONTACT PERSON

Mayor Jesse Arreguín      510-981-7100

Attachments:

1: Letter from BUSD



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Donald Evans, Ed. D.  
Superintendent

February 26, 2019

*Dear Mayor Arreguín and Honorable Members of the Berkeley City Council:*

*On behalf of the Berkeley Unified School District ("BUSD"), with more than 1,200 employees, and almost 10,000 students, the Berkeley School Board would like to thank you for your unanimous decision to place Measure O on the November 2018 ballot. That measure—which passed with over 77% of the vote—enables the City "to issue \$135 million in bonds to create and preserve affordable housing for low-income households, working families, and individuals including teachers."*

*The success of Measure O was due in no small part to its explicit inclusion of funding affordable housing for teachers. The explicit support of housing for teachers was in part why the Berkeley School Board unanimously supported Measure O, and it was why the Berkeley Federation of Teachers supported and actively campaigned for Measure O.*

*To address this housing crisis, the Board held its third Work Session on February 6<sup>th</sup>, which focused on Educator Workforce Housing on District property. I am pleased to report to you that the Berkeley School Board unanimously voted to move forward. We specifically decided the following:*

- Designate Director Julie Sinai and Superintendent Evans (or designee) to establish communication with the City, and to investigate sites, financing models and timelines and report back to the Board at its April 10, 2019 meeting.*
- Submit a letter to the Mayor and Council requesting Measure O support for educator workforce housing, as articulated in the measure, by expanding income eligibility to include up to 120% AMI.*
- Design a process to narrow the BUSD opportunity sites.*
- Engage the City in exploring a partnership to develop workforce housing for district staff - including but not limited to, financing from Measure O, timelines, and planning for site selection.*

*With the above direction, we respectfully recommend the Berkeley City Council consider the following:*

- 1. Amend the Housing Trust Fund and other relevant City of Berkeley housing policies to foster workforce housing for educators by expanding income eligibility to include up to 120% AMI.*
- 2. Support BUSD with an allocation of \$150,000 from Measure U1 or other appropriate sources for a planning and pre-development grant to conduct planning and pre-development work, including site analysis and selection, design and engage in a transparent public process, and to refine a timeline for project development.*
- 3. Work with the District to identify possible financing opportunities for capital development, including but not limited to, U1, Measure O, Developer Fees, and/or County or State sources.*

*Background:*

*The need for teacher housing, as well as housing for our classified employees, is urgent and is well documented. BUSD recently contracted with the Center for City and Schools at UC Berkeley to help conduct a housing survey of all district employees, certificated and classified employees. Over 800 employees responded, which corresponds to over 60% of all district employees. The survey results*

*make clear that the current affordability crisis is creating significant housing security pressures on BUSD employees. In fact, over half of the households for District employees who rent are “cost burdened” (i.e., they spend more than 30% of their family income on rent) and 20% are “severely cost burdened” (i.e., they spend more than 50% of their family income on rent). Additionally, 78% of District employees who are not homeowners experience financial pressures due to high housing costs, which impacts their ability to stay with BUSD long-term. Combined with the financial burden, the survey showed social and physical health issues related to a significant number of BUSD employees driving long distances to get to Berkeley. These long commutes are resulting in increased health and wellness burdens, and reduced student and community engagement. One of the key statistics that the School Board and District Administration are grappling with is the fact that of District employees who don’t own their own homes, 78% indicated that housing insecurity is impacting their ability to stay with BUSD long-term. Not surprisingly, then, there is significant interest among District employees in workforce housing.*

*Income Eligibility:*

*We recognize that for Measure O to fund housing for teachers, as described in the Measure, it must expand income-eligibility from household income of 60% of AMI or below to up to 120% of AMI for Workforce Housing. The income level for the vast majority of District teachers is higher than 60% of AMI; yet, as the results from the survey show, they still cannot afford to live in or near the community in which they teach.*

*The Berkeley School Board respectfully requests that the City Council explicitly allow the use of Measure O funds to finance affordable housing for District educators (teachers and classified staff) through income-eligible units at up to 120% AMI.*

*Financing:*

*At our work session, we discussed the financial building blocks needed to actualize educator workforce housing. With the contribution of land by BUSD, the ability to attract tax credits due to favorable State of California Laws (the Leno Law), and the fact that educators are working middle class and can pay rent, the core elements of financing are in sight. However, there will be a missing funding gap that must be filled in order to ensure that our educator housing is available to all levels of BUSD educators today and into the future.*

*Site Selection:*

*In 2016-2017, the District commissioned a study to identify District owned opportunity sites that could accommodate housing. While the initial study identified four potential sites, it was only a preliminary inquiry and did not provide the Board with the information needed to narrow the sites. To conduct the necessary planning and public input process, the District needs Planning and Pre-development funds as soon as possible.*

*Timing:*

*At this time, the District’s capital budget does not include housing development as an allowable use of funds, and the Board is in the process of making \$2 million in reductions of our General Fund due to inadequate State funding for public education and increasing costs. Once we get the planning stage complete, the Board can narrow the sites and select a transparent process to move forward with design and financing strategies.*

*We are seeking a partnership with the City. With the possibility of District land combined with feasible financing, together, we have the opportunity to provide 100 or more units of affordable educator workforce housing. We hope that the Council will seek avenues to secure funding in the first phase of Measure O bonds and/or other appropriate funding source such as U1, to support planning, predevelopment and development of educator housing.*

*Once the Board approves the site selection, we intend to move quickly to prepare a proposal for funding with the intention of completing a meaningfully educator (teachers and staff) workforce housing development by Spring 2022. Given the scale of our intended project, and the funding that can be secured outside of the City, providing the "gap" funding will allow the City to leverage the public financing tool available while meeting the ballot commitment in an efficient way. We look forward to partnering with you to make this a reality.*

*Sincerely,*



*Donald Evans, Ed.D  
Superintendent*



*Julie Sinai  
School Board Director*

*CC: Dee Williams, City Manager*

