



CITY OF OAKLAND

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17 APR 13 PM 4: 34

Agenda Memo

CITY HALL - ONE FRANK H. OGAWA PLAZA, 2ND FLOOR - OAKLAND - CALIFORNIA - 94612

FROM:

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TO: Rules and Legislation Committee

SUBJECT: Resolution in Support of AB 45 – School Employee Housing Assistance Program

DATE: April 13, 2017

Dear Members of the Rules and Legislation Committee,

We respectfully ask you to adopt the following resolution:

RESOLUTION IN SUPPORT OF ASSEMBLY BILL 45 (ASSEMBLYMEMBER THURMOND) THAT WILL PROVIDE A TOOL TO SCHOOL DISTRICTS TO INCREASE RECRUITMENT AND RETENTION BY CREATING A \$100 MILLION PROGRAM WHICH WILL PROVIDE FINANCIAL ASSISTANCE TO SCHOOL DISTRICTS TO HELP FUND THE PREDEVELOPMENT AND DEVELOPMENT OF HOUSING FOR SCHOOL EMPLOYEES, INCLUDING TEACHERS.

Thank you!

Respectfully submitted,

Councilmember Kalb

Vice Mayor Campbell Washington

17 APR 13 PM 4:35

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

INTRODUCED BY COUNCILMEMBERS KALB AND VICE MAYOR ANNIE
CAMPBELL WASHINGTON

RESOLUTION IN SUPPORT OF ASSEMBLY BILL 45 (THURMOND) THAT WILL PROVIDE A TOOL TO SCHOOL DISTRICTS TO INCREASE RECRUITMENT AND RETENTION BY CREATING A \$100 MILLION PROGRAM WHICH WILL PROVIDE FINANCIAL ASSISTANCE TO SCHOOL DISTRICTS TO HELP FUND THE PREDEVELOPMENT AND DEVELOPMENT OF HOUSING FOR SCHOOL EMPLOYEES, INCLUDING TEACHERS.

WHEREAS, Assembly Bill 45 (Thurmond) would require the California Housing Finance Agency to administer a program to provide financing assistance to qualified school districts and to qualified developers for the creation of affordable rental housing for school employees, including teachers; and

WHEREAS, AB 45 will provide financial assistance to school districts seeking to develop housing for school employees who (1) have land available for development (2) have a high percentage of teachers with intern credentials, permits, and waivers, as determined by the California Department of Education. School districts that have 60% of students participating in the Free and Reduced Lunch Program are prioritized. Predevelopment assistance, excluding costs for land acquisition, can be provided to developers who have partnered with qualified school districts. Development funds are provided to a developer partnered with a qualifying school district. Any development funded by this program must remain affordable for 55 years; and

WHEREAS, The League of California Cities supports your AB 45, recognizing that the declining supply of affordable units, particular in booming cities, factors into the alarming rates of teacher shortages. Many school employees are being priced out of the communities they serve, which is contributing to a great workforce imbalance. The League considers AB 45 a part of the solution in improving the affordability of workforce housing and providing a balance of jobs and housing that will support and strengthen our diverse communities; now, therefore, be it

RESOLVED: that the Oakland City Council supports Assembly Bill (AB) 45 (Thurmond) that will provide a tool to school districts to increase recruitment and retention by creating a \$100 million program which will provide financial assistance to school districts to help fund the predevelopment and development of housing for school employees, including teachers; and be it

FURTHER RESOLVED: that the City Administrator is directed to forward a copy of this enacted Resolution to state legislative elected officials representing Oakland, Governor Jerry Brown, and to the lobbyist for the City of Oakland to advocate for passage of AB 45.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLÉN, KALB, KAPLAN
AND PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council of the City
of Oakland, California

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AMENDED IN ASSEMBLY FEBRUARY 21, 2017

CALIFORNIA LEGISLATURE—2017—18 REGULAR SESSION

ASSEMBLY BILL

No. 45

Introduced by Assembly Member Thurmond

December 5, 2016

An act to add Chapter 12 (commencing with Section 51520) to Part 3 of Division 31 of the Health and Safety Code, relating to housing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 45, as amended, Thurmond. California School Employee Housing Assistance Grant Program.

Existing law requires the California Housing Finance Agency to administer various housing programs.

This bill would require the California Housing Finance Agency to administer a program to provide financing assistance, as specified, to a qualified school district, as defined, and to a qualified developer, as defined, for the creation of affordable rental housing for school employees, including teachers. The bill would require the State Department of Education to certify that a school district seeking a grant meets the definition of qualified school ~~district~~ *district, as provided*. The bill would transfer \$100,000,000 from the General Fund to the California School Employee Housing Assistance Fund, which this bill would create, and would appropriate those moneys to the agency for the purposes described above and to reimburse the agency and the State Department of Education for costs incurred in the administration of the program. This bill would state that funds appropriated by this bill would not be applied toward the minimum funding requirements for school districts and community college districts imposed by Section 8 of Article

XVI of the California Constitution. The bill would require qualified school districts and qualified developers to apply for the financing assistance, as provided.

Vote: 2/3. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 12 (commencing with Section 51520)
2 is added to Part 3 of Division 31 of the Health and Safety Code,
3 to read:

4

5 CHAPTER 12. CALIFORNIA SCHOOL EMPLOYEE HOUSING
6 ASSISTANCE PROGRAM

7

8 51520. For purposes of this chapter, all of the following shall
9 apply:

10 (a) "Affordable rental housing" means housing that serves
11 persons and families of low or moderate income as defined by
12 Section ~~50093~~ of the Health and Safety Code. ~~50093~~.

13 (b) "Qualified developer" means a developer that has partnered
14 with a qualified school district to create affordable rental housing
15 for school district employees, including teachers.

16 (c) "Qualified school district" means a school district that
17 satisfies all of the following:

18 (1) Has acquired land that may be used to engage in a lease and
19 development agreement, including, but not limited to, a joint
20 occupancy agreement, for the purposes of design, construction,
21 financing, and long-term operation of a housing development and
22 amenities, from any of the following:

23 (A) A school district.

24 (B) A special district.

25 (C) A city.

26 (2) Has a high percentage, as determined by the State
27 Department of Education, of teachers with intern credentials,
28 permits, and waivers based upon the most recent report published
29 by the Commission on Teacher Credentialing at the time that the
30 school district has submitted an application pursuant to Section
31 51521.5.

1 (3) *Demonstrates to the State Department of Education that any*
2 *project funded through a predevelopment grant pursuant to this*
3 *chapter meets both of the following requirements:*

4 (A) *The project is subject to a project labor agreement, as*
5 *defined in paragraph (1) of subdivision (b) of Section 2500 of the*
6 *Public Contract Code.*

7 (B) *The project either is a public work for purposes of Article*
8 *2 (commencing with Section 1770) of Chapter 1 of Part 7 of*
9 *Division 2 of the Labor Code or is otherwise subject to a legally*
10 *binding requirement that prevailing wages be paid to all workers*
11 *employed on the project.*

12 51521. (a) The agency shall administer a program to provide
13 financing assistance for the creation of affordable rental housing
14 for school district employees, including teachers. The financing
15 assistance shall be in both of the following forms:

16 (1) Predevelopment grants to qualified school districts.

17 (2) Loans to qualified developers.

18 (b) The agency shall do all of the following:

19 (1) Be responsible for overseeing the program.

20 (2) Award predevelopment grants as follows:

21 (A) Grants shall be awarded to qualified school districts and
22 qualified developers in partnership.

23 (B) Grants shall be based on the accomplishment of
24 predevelopment milestones, as determined by the agency.

25 (C) The agency shall give priority to partnerships in which the
26 qualified school district has 60 percent or more of its students
27 participating in the National School Lunch Program.

28 (3) Make loans to qualified developers.

29 (4) Publish deadlines and written procedures for qualified school
30 districts and qualified developers to apply for financing assistance.

31 (5) Require the affordability of units built with financing
32 assistance pursuant to this chapter to be restricted for at least 55
33 years.

34 (c) A qualified school district seeking a grant shall do both of
35 the following:

36 (1) Apply for a predevelopment grant, in partnership with a
37 qualified developer, in the form and manner prescribed by the
38 agency.

39 (2) Submit the certification provided by the State Department
40 of Education pursuant to Section 51521.5 to the agency.

1 (d) A qualified developer seeking a loan shall apply for a loan
2 in the form and manner prescribed by the agency.

3 51521.5. (a) A school district seeking a predevelopment grant
4 in partnership with a qualified developer shall apply to the State
5 Department of Education, in the form and manner prescribed by
6 the department, for certification as a qualified school district.

7 (b) ~~The~~(1) *Subject to paragraph (2), the State Department of*
8 *Education shall certify that a school district seeking a*
9 *predevelopment grant in partnership with a qualified developer*
10 *meets the definition of qualified school district as defined by*
11 *Section 51520 and provide the qualified school district with the*
12 *certification.*

13 (2) *The State Department of Education shall consult with the*
14 *agency in determining whether a school district has satisfied the*
15 *requirements of paragraph (3) of subdivision (c) of Section 51520.*

16 51522. (a) There is hereby transferred from the General Fund
17 to the California School Employee Housing Assistance Fund,
18 which is hereby created in the State Treasury, the sum of one
19 hundred million dollars (\$100,000,000).

20 (b) The moneys in the fund are hereby appropriated to the
21 agency for all of the following purposes:

22 (1) To reimburse the agency for any administrative costs
23 incurred in the administration of this chapter. This amount shall
24 not exceed 5 percent of the amount appropriated to the agency
25 pursuant to this section.

26 (2) To reimburse the State Department of Education for the
27 costs of certifying qualified school districts pursuant to Section
28 51521.5. This amount shall not exceed ___ percent of the amount
29 appropriated to the agency pursuant to this section.

30 (3) For making predevelopment grants to partnerships of
31 qualified school districts and qualified developers. This amount
32 shall not exceed 20 percent of the amount appropriated to the
33 agency pursuant to this section.

34 (4) For making loans to qualified developers.

35 (c) For purposes of making the computations required by Section
36 8 of Article XVI of the California Constitution, the appropriation
37 made by this section shall not be deemed to be "General Fund
38 revenues appropriated for school districts," as defined in
39 subdivision (c) of Section 41202 of the Education Code, for the
40 2017–18 fiscal year and annually thereafter, and shall not be

1 included within the “total allocations to school districts and
2 community college districts from General Fund proceeds of taxes
3 appropriated pursuant to Article XIII B,” as defined in subdivision
4 (e) of Section 41202 of the Education Code, for the 2016–17 fiscal
5 year and annually thereafter.

6 51523. (a) The agency shall make loans to qualified developers
7 using a project selection process established by the agency that
8 meets all of the following requirements:

9 (1) To the extent feasible, ensures a reasonable geographic
10 distribution of funds.

11 (2) Requires applications for projects to meet minimum
12 threshold requirements, including, but not limited to, all of the
13 following:

14 (A) The proposed project is located within reasonable proximity
15 to public transportation and services.

16 (B) Development costs for the proposed project are reasonable
17 compared to costs of comparable projects in the area.

18 (C) The proposed project is feasible.

19 (3) The proposed project leverages other funds where they are
20 available.

21 (b) (1) Loans made pursuant to this section shall be for a term
22 of not less than 55 years.

23 (2) Principal and accumulated interest is due and payable upon
24 completion of the term of the loan. The loan shall bear simple
25 interest at the rate of 3 percent per annum on the unpaid principal
26 balance.

27 (3) Any moneys that the agency receives in repayment of the
28 loans, including interest, shall be deposited in the School Employee
29 Housing Assistance Fund. These moneys shall be used for the
30 purposes of this chapter.

31 (c) Each project shall be eligible for a loan not to exceed ten
32 million dollars (\$10,000,000).



Assemblymember Tony Thurmond, 15th Assembly District

AB 45 – School Employee Housing Assistance Program

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IN BRIEF

AB 45 provides a tool to be used by school districts in order to increase recruitment and retention. Specifically, the bill creates a \$100 million program which will provide financial assistance to school districts to help fund the predevelopment and development of housing for school employees, including teachers.

BACKGROUND

Districts throughout California still struggle recruiting and retaining teachers. In fact, non-retirement attrition accounts for two-thirds of teachers who leave. Further, increases in student enrollment have left many districts scrambling to find and retain qualified teachers.

Recruiting and retaining teachers affects the classroom as the turnover of teachers feeds into the increasing achievement gap. According to the Center for Education Policy Analysis at Stanford University, teacher turnover has a significant and negative impact on the achievement of students in schools with large populations of low-performing and minority students. These schools, like most schools in California, have seen a rise in the number of temporary permits, waivers, and intern credentials issued by the California Commission on Teacher Credentialing. This means that more students are being taught by individuals who have not completed, or in some instances begun, teacher credentialing.

This dynamic of teacher recruitment and retention has been exacerbated by many factors, including housing. Teachers and school employees, like other civil servants, are paid based on available state funding and not on market pressures. School teacher housing provides a creative tool that school districts can use in order to attract and retain new, qualified teachers.

In high housing cost areas, the issue of teacher retention rests largely on the insufficiency of salaries' capacity to cover housing costs. This year alone, the average rental price in Oakland has risen 13.7 percent to \$2,806 per month. In the City of Richmond, exit interviews have pointed to housing as the number one reason for teachers leaving their post.

For small school districts, especially those in rural areas, compensation tends to be low while housing is too expensive and in many instances unavailable. For other hard-to-staff rural school districts, recruiting teachers to live in remote districts has proved difficult. Teacher housing models have been used successfully in such rural school districts throughout the United States in order to recruit and retain new teachers, including North Carolina and West Virginia.

The long commute faced by such teachers and other classified employees in both high-cost areas is a detriment to children and their communities. When educators are forced to live outside of the community they serve, they are unable to truly become a member of that community. Research shows that teachers living in the communities where they work were more likely to develop the multicultural awareness and sensitivity that is presumably needed by teachers who commit to and continue teaching in the school. Without living in the community, they are unable to spend as much time before or after class with students nor can they provide the individualized teaching that is grounded in the culture of the community they serve. Ultimately, these school employees endure long commutes home and sometimes are forced to leave the profession entirely—leading to the very turnover that perpetuates the achievement gap.

In California, school districts have begun to increase teacher retention by providing housing to teachers. School districts in Los Angeles and Santa Clara, with San Francisco considering such a plan, have teachers in district-sponsored housing. However, for financially-strapped districts who cannot levy a bond to fund such a proven solution is not an option. For school districts in high-cost areas, current public housing subsidies is not a viable funding source due to the cap on income for qualified residents that are placed below the beginning wages for teachers.

SOLUTION

Provide financial assistance to school districts seeking to develop housing for school employees who (1) have land available for development (2) has a high percentage of teachers with intern credentials, permits, and waivers, as determined by the California Department of Education. School districts who have

60% of students participating in the Free and Reduced Lunch Program are prioritized. Predevelopment assistance, excluding costs for land acquisition, are provided to developers who have partnered with qualified school districts. Development funds are provided to a developer partnered with a qualifying school district. Any development funded by this program must remain affordable for 55 years.

SUPPORT

California Federation of Teachers (co-sponsor)
California Teachers Association (co-sponsor)
State Building Trades and Construction Council (co-sponsor)
California School Employees
Non-Profit Housing Association of Northern California

FOR MORE INFORMATION

Rodolfo E. Rivera Aquino, Office of Asm. Tony Thurmond
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March 20, 2017

The Honorable Tony Thurmond
California State Assembly
State Capitol Building, 4005
Sacramento, CA 95814

RE: AB 45 (Thurmond). California School Employee Housing Assistance Grant Program
Notice of Support

Dear Assembly Member Thurmond:

The League of California Cities supports your AB 45 (Thurmond), which establishes a program to financially assist the creation of affordable rental housing for school employees, including teachers.

The League recognizes that the declining supply of affordable units, particular in booming cities, factors into the alarming rates of teacher shortages. Many school employees are being priced out of the communities they serve which is contributing to a great workforce imbalance. We now see school employees making longer commutes or simply finding work closer to home.

The League has made it a priority to improve the affordability of workforce housing. That is why we are proactively supporting proposals which provide additional funds for affordable housing. AB 45 is part of the solution and, in accordance with standing League policy, works to provide a balance of jobs and housing that will support and strengthen our diverse communities.

For these reasons, we are pleased to support your AB 45. If you have any questions regarding the League's position on this bill, please do not hesitate to contact me at (916) 658-8264.

Sincerely,

Jason Rhine
Legislative Representative

cc: Members, Assembly Committee on Housing and Community Development
Lisa Engel, Chief Consultant, Assembly Committee on Housing and Community Development
William Weber, Consultant, Assembly Republican Caucus