



Office of the Mayor

CONSENT CALENDAR  
May 2, 2017

To: Honorable Members of the City Council

From: Mayor Jesse Arreguín  
Councilmember Bartlett  
Councilmember Maio  
Councilmember Hahn

Subject: Support of AB 45, California School Employee Housing Assistance Program

RECOMMENDATION

Adopt a Resolution supporting AB 45, which would provide financial assistance to school districts to help fund developments for teacher and staff housing. Send a copy of the Resolution to Governor Jerry Brown, State Senator Nancy Skinner, and Assemblymember Tony Thurmond.

BACKGROUND

Berkeley and the Bay Area are experiencing an unprecedented housing crisis. According to the Resources for Community Development, the median rent for a two bedroom apartment in Berkeley has increased by 37% between 2012 and 2015, with the average two bedroom unit now costing \$3,500. This would require an annual household income of at least \$140,000 to be considered affordable. A starting K-12 teacher has a salary of approximately \$50,000, and a late career K-12 teacher receives approximately \$83,000. The discrepancies between salaries and the cost of living makes it difficult for teachers and staff to be able to live in the communities they serve.

Last year, SB 1413, introduced by State Senator Mark Leno, was approved. This law enables school districts to use affordable housing financing to create affordable housing for school district staff on district-owned land.

AB 45, introduced by Assemblymember Tony Thurmond, will create a \$100 million program that provides financial assistance to school districts to help fund predevelopment and development of housing for school district employees. Similar models have proven to be successful in recruiting and retaining teachers in the states of North Carolina and West Virginia. The passing of this bill could contribute to the development of workforce housing for the Berkeley Unified School District, which has been discussed at the 2X2 Committee.

FINANCIAL IMPLICATIONS

None

ENVIRONMENTAL SUSTAINABILITY

No adverse effects to the environment.

CONTACT PERSON

Mayor Jesse Arreguín      510-981-7100

Attachments:

1: Resolution

2: Text of AB 45

RESOLUTION NO. ##,###-N.S.

IN SUPPORT OF AB 45, CALIFORNIA SCHOOL EMPLOYEE HOUSING ASSISTANCE PROGRAM

WHEREAS, Berkeley and the Bay Area are experiencing an unprecedented housing crisis; and

WHEREAS, the median rent for a two bedroom apartment in Berkeley has increased by 37% between 2012 and 2015, with the average two bedroom unit now costing \$3,500; and

WHEREAS, in order for the rent of the average two bedroom apartment to be considered affordable, the an annual household income would need to be at least \$140,000; and

WHEREAS, a starting K-12 teacher has a salary of approximately \$50,000, and a late career K-12 teacher receives approximately \$83,000; and

WHEREAS, the discrepancies between salaries and the cost of living makes it difficult for teachers and staff to be able to live in the communities they serve; and

WHEREAS, in 2016, SB 1413, introduced by State Senator Mark Leno, was adopted, which enables school districts to use affordable housing financing to create affordable housing for school district staff on district-owned land; and

WHEREAS, AB 45, introduced by Assemblymember Tony Thurmond, will create a \$100 million program that provides financial assistance to school districts to help fund predevelopment and development of housing for school district employees; and

WHEREAS, similar models have proven to be successful in recruiting and retaining teachers in the states of North Carolina and West Virginia; and

WHEREAS, the creation of teacher housing for the Berkeley Unified School District has been discussed at the 2X2 Committee.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it hereby supports AB 45, the California School Employee Housing Assistance Program.

BE IT FURTHER RESOLVED that copies of the Resolution be sent to Governor Jerry Brown, State Senator Nancy Skinner, and Assemblymember Tony Thurmond.

AMENDED IN ASSEMBLY APRIL 6, 2017

AMENDED IN ASSEMBLY FEBRUARY 21, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 45**

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**Introduced by Assembly Member Thurmond**

December 5, 2016

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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, 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.

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

1 school district has submitted an application pursuant to Section  
2 51521.5.

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

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

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

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

18 (1) Predevelopment grants to qualified school districts.

19 (2) Loans to qualified developers.

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

21 (1) Be responsible for overseeing the program.

22 (2) Award predevelopment grants as follows:

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

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

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

30 (3) Make loans to qualified developers.

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

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

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

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

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

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

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

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

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

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

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

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

28 (2) To reimburse the State Department of Education for the  
29 costs of certifying qualified school districts pursuant to Section  
30 51521.5. This amount shall not exceed \_\_\_\_ percent of the amount  
31 appropriated to the agency pursuant to this section.

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

36 (4) For making loans to qualified developers.

37 (c) For purposes of making the computations required by Section  
38 8 of Article XVI of the California Constitution, the appropriation  
39 made by this section shall not be deemed to be "General Fund  
40 revenues appropriated for school districts," as defined in

1 subdivision (c) of Section 41202 of the Education Code, for the  
2 2017–18 fiscal year and annually thereafter, and shall not be  
3 included within the “total allocations to school districts and  
4 community college districts from General Fund proceeds of taxes  
5 appropriated pursuant to Article XIII B,” as defined in subdivision  
6 (e) of Section 41202 of the Education Code, for the 2016–17 fiscal  
7 year and annually thereafter.

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

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

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

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

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

20 (C) The proposed project is feasible.

21 (3) The proposed project leverages other funds where they are  
22 available.

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

25 (2) Principal and accumulated interest is due and payable upon  
26 completion of the term of the loan. The loan shall bear simple  
27 interest at the rate of 3 percent per annum on the unpaid principal  
28 balance. *The agency shall require annual loan payments in a*  
29 *minimum amount necessary to cover the costs of project*  
30 *monitoring. For the first 30 years of the loan term, the amount of*  
31 *the required loan payments shall not exceed 0.42 percent per*  
32 *annum.*

33 (3) Any moneys that the agency receives in repayment of the  
34 loans, including interest, shall be deposited in the *California* School  
35 Employee Housing Assistance Fund. These moneys shall be used  
36 for the purposes of this chapter.

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

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**AB 45 – School Employee Housing Assistance Program**
**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**

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## **FOR MORE INFORMATION**

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