



## AFFORDABLE HOUSING SOLUTIONS FOR EDUCATORS

**“Affordable Housing Solutions for Educators”**

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# Introduction



As housing prices increase in cities across the country, many teachers are finding it harder to afford to live in the districts in which they teach. Teacher salaries aren't keeping up with the rising cost of living. These challenges are contributing to widespread teacher turnover, which is known to have negative effects on students. Teachers are getting second jobs, moving in with many roommates, moving out of the districts where they teach to areas with lower housing costs, or leaving the profession altogether.<sup>1,2,3</sup> Some cities have begun to address these issues by providing affordable housing options for teachers. Already, some of these efforts have been shown to increase teacher retention rates.

Across the country, cities with high costs of living, as well as rural areas with low housing inventory, have taken steps to address the high cost of housing for educators. Several studies point to the effectiveness that these efforts have had on both teacher recruitment and retention. In Baltimore, a textile mill and a tin can factory were transformed into apartments with deep discounts for teachers, not only providing financial support, but also creating a supportive professional community among educators. In Santa Clara, CA, where the housing costs are often prohibitive for teachers, the district sees an average of 24% turnover annually, as compared to only 8% attrition for teachers who live in the subsidized apartments.<sup>4</sup>

This document is a brief look at the projects that are emerging to provide affordable teacher housing. Over the course of writing this document, we're certain that even more projects like these have begun; this is just a snapshot – one moment in time in the world of affordable educator housing. There are projects in urban areas as well as rural, in at least eleven states, ranging in size from ten apartments to two hundred. In general, they can be grouped into two buckets: those without direct involvement of a school district, and those with district involvement.

## 1. Developer-Driven

Developers with the desire to have positive social impact are taking initiative to help provide affordable housing for teachers without direct involvement of school districts.

<sup>1</sup>Park, Madison. "High-rent school districts build homes for teachers." *USA Today*, 21 March 2016. <https://www.usatoday.com/story/news/2016/03/21/school-districts-build-teacher-housing/81583792/>

<sup>2</sup>Knight, Heather and Palomino, Joaquin. "Teachers Priced Out." *San Francisco Chronicle*, 13 May 2016. <http://projects.sfchronicle.com/2016/teacher-pay/>

<sup>3</sup>Mongeau, Lillian. "Is Silicon Valley Driving Teachers Out?" *The Atlantic*, 21 July 2015. <https://www.theatlantic.com/education/archive/2015/07/silicon-valley-housing-tough-on-teachers/399071/>

<sup>4</sup>Chamberlain, Lisa. "Creating Housing for Teachers." *New York Times* 18 December 2005. [http://www.nytimes.com/2005/12/18/realestate/creating-housing-for-teachers.html?\\_r=0](http://www.nytimes.com/2005/12/18/realestate/creating-housing-for-teachers.html?_r=0)

## 2. District-Led

### A. Sale of District Property

In some situations, school districts with empty school buildings or unused space are selling property to developers with use restrictions in place requiring developments provide affordable housing for teachers.

### B. Use of Ground Lease

In other cases, school districts own land that can be used for an affordable educator housing development, but they're not interested in selling the land. Here, a district may use a ground lease to achieve their goals; the district continues to own the land (and get lease payments), but a developer can still build on the property.

### C. District-Run

Some affordable teacher housing efforts are led by school districts. In these cases, land and/or buildings owned by the school district are used for a teacher housing development. In these situations, either the district itself or a district-related foundation owns the land/building and the debt for construction. The apartments themselves are generally managed by an external property management company.

## Further Considerations

Aside from whether a project is district or developer-driven, there are other decisions these initiatives have approached differently:

- **FINANCING:** Many strategies have been employed to find ways to finance these projects such that they can be viable with below market rents. Some developers have found banks willing to offer very low or zero interest loans. Additionally, the low or marginal cost of property when provided by the district has allowed some developers to make below market rents feasible. Developers have also utilized a variety of tax credits, including:
  - **The New Markets Tax Credit (NMTC):** A tax credit meant to spur economic development in low income areas. Learn more at: [nmtccoalition.org/](http://nmtccoalition.org/)
  - **Historic Tax Credit (HTC):** The federal government, along with many states, offer tax credits for developments that renovate historically designated buildings. Learn more at: [savingplaces.org/historic-tax-credits](http://savingplaces.org/historic-tax-credits)
  - **Low Income Housing Tax Credit (LIHTC):** Tax credits used to encourage rental construction for low income residents. Learn more at: [huduser.gov/portal/datasets/lihtc.html](http://huduser.gov/portal/datasets/lihtc.html)

- **ELIGIBILITY CRITERIA:** It's critical to give deep consideration to who gets priority in these developments and for how long they remain eligible to live in these subsidized rentals. At Union Mill in Baltimore, a standard discount on rent is offered to any full-time teacher, independent of their tenure, salary, type of school (district, charter, private), etc., and teachers can live in subsidized units as long as they remain a teacher. At Casa del Maestro in Santa Clara, teachers may only live in a subsidized apartment for seven years. At Sage Park in Los Angeles, priority has been given to school district employees who work within a certain radius of the apartments.



## Implications for Denver

*NOTE: Due to the authors' being based in Denver, the housing challenges for teachers in Denver inspired the research documented here. We recognize that this report may have use as a resource far beyond Denver, but we believe Denver can illustrate the housing difficulties teachers face in many cities.*

As far as housing goes, nationally, Denver is the second least affordable city for teachers; only 1.1 percent of Denver homes are affordable for purchase to teachers.<sup>5</sup> One-bedroom apartments in Denver have a median rent of \$1,350.<sup>6</sup> For most DPS teachers, these rents far exceed the “affordability” standard of putting 30% of one’s salary toward housing. Given metro Denver’s median rent of \$1,350, a teacher would need to make \$54,000 to find that affordable. The average DPS teacher salary for the 2015-16 school year was just shy of \$50,250.<sup>7</sup> Both teaching assistants and teacher residents – the pipeline of future teachers – make considerably less, often in the \$20-\$30,000 range.

Denver is not the only city in Colorado facing these challenges, but Denver is in a prime position to act before the problem gets worse, and Denver Public Schools (DPS) can help make that possible.

### Potential Paths Forward

Given Denver’s dearth of not only affordable housing but also of empty lots ready to be developed, property will be a crucial part of solving the affordable educator housing equation. We believe DPS can learn from other districts who have found ways to sell or lease their land or buildings to developers ready to take on the construction of affordable rental units for teachers.

We do not believe that a district-run affordable educator housing initiative is the right path forward for DPS. Even in cases in which a property management company handles the day-to-day operation of the development, many decisions end up coming back to the district. We heard stories of districts who end up fielding parking complaints and pet policy inquiries, making decisions ranging from which brand of smoke detectors will be used to how and when rent will be raised. If the district owns the project debt and unexpected major repairs or expenses are incurred, the burden falls to the district. One district was frustrated to learn they had to go to public bid to find someone to repaint the exterior of their apartment building, instead of being able to simply negotiate with a contractor of its own choosing. The cost and managerial angst of a district-run development should be cause for pause and careful consideration.

**Given the property assets of DPS, we think the best path forward would be for the district to use the sale or ground lease of property to enable developers to construct affordable educator housing.** DPS is in the business of providing all students the opportunity to achieve

<sup>5</sup>Marino, Jeffrey. “Despite Declining Affordability, Homeownership Remains Within Reach for Teachers in Many Parts of the Country.” *Redfin*, 4 November 2016. <https://www.redfin.com/blog/2016/11/teacher-home-affordability.html>

<sup>6</sup>“Denver Rent Report.” Apartment List. <https://www.apartmentlist.com/co/denver#rental-price-monitor>

<sup>7</sup>“School/District Staff Statistics.” Colorado Department of Education. <http://www.cde.state.co.us/cdereval/staffcurrent>



the knowledge and skills necessary to become contributing citizens in our diverse society, and while we see educator housing as a goal that will contribute toward achieving this mission, the district's core competency is not in managing housing. The sweet spot for Denver Public Schools' involvement would be a position from which the district could help set out goals and specifics like the priority determination of tenants, but from which the district would not have to be involved in the ongoing upkeep or management of the development.

To achieve these goals, we believe it would be best for DPS to either sell a property to a developer with affordable educator housing in mind, or to use a ground lease to do so. While we do believe that DPS can play a central role in ensuring the possibility of affordable educator housing developments, DPS should remain focused on educating students, not managing apartments.

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*Denver is not the only city in Colorado facing these challenges, but Denver is in a prime position to act before the problem gets worse, and Denver Public Schools (DPS) can help make that possible.*

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# Case Studies

## Group One: Developer Driven



Photos courtesy of Seawall Development

### MILLER'S COURT (BALTIMORE, MD)

Thibault Manekin and his father Donald co-founded Seawall Development in 2007. They don't see themselves as developers, but as social entrepreneurs who happen to use the built environment to make neighborhoods great places.

About ten years ago, the Manekins got wind of an issue in Baltimore. They heard the school system was hiring 800-1,000 teachers a year, many through programs like Teach for America (TFA) and Baltimore City Teaching Residency. Those teachers had a quick turnaround from their arrival in Baltimore to the beginning of their jobs, and they had to figure out where to live, who to live with, where their school was, where to go to the gym, etc. They were making poor living decisions, and then getting thrown into a challenging new job, and they weren't persisting over time.<sup>8</sup> Teachers came to the Manekins and asked if there was any way someone could build them a well-located, affordable housing project that would put them all together under the same roof and provide amenities that would help them be successful teachers. Simultaneously, Seawall had been hearing from education-focused nonprofits in Baltimore. These nonprofits were struggling to afford rent and wishing they could more easily collaborate.

Then Seawall became aware of a former tin can manufacturing factory which had been empty for thirty years, and they saw an opportunity. They started having focus groups with teachers, asking what they would want in an apartment complex. They let the teachers have a say in amenities and their rents. They brought the teachers to the property to do walkthroughs. They did the same with the nonprofits they had been talking to, and they met repeatedly with people who had long lived in the neighborhood to make sure their voices were heard as well.

#### MILLER'S COURT DETAILS:

- **Opened:** 2009
- **Land Owner/Developer/Property Manager:** Seawall Development
- **Financial Structure:** Historic Tax Credits, New Markets Tax Credit
- **Cost:** \$21.1 million
- **Tenant Eligibility Requirements:** Must be a full-time K-12 classroom teacher in the Baltimore area. Discount is not limited just to teachers at Baltimore City and County schools.
- **Limit in Tenure:** None
- **Priority Determination:** First come, first served
- **Average Length of Stay:** 50% turnover each year
- **Rent:** Teachers get \$300-600 discount on monthly rent
- **Units:** 40
- **Amenities:** Courtyard, fitness center, free on-site parking, resource center with copy machines, Charmington's Café (coffee shop), lounge, mail room, club room

<sup>8</sup> Manekin, Thibault. "The Most Powerful Thing in the World: Turning an Idea into a Movement by Using Affordable Educator Housing to Transform Communities." Hot Lunch, Denver, CO, February 10, 2017.

## Case Studies

### Group One: Developer Driven

#### MILLER'S COURT (BALTIMORE, MD)

Seawall Development decided to buy the building and turn it into a LEED Gold Certified 'Center for Educational Excellence' with apartments, amenities, and 35,000 square feet of office space for nonprofit organizations that serve education, health, and human service needs.

The project cost about \$21.1 million, and Seawall used federal and state historic tax credits and New Markets Tax Credit to make below market rent feasible.<sup>9</sup> By the time they began construction, the building, which provides 40 apartments, was fully leased with over 200 teachers on the waiting list.

According to Seawall, they didn't have to do much in the way of marketing; because of the teachers that had been involved in the planning process, the units leased up through word of mouth. Currently, there's a waiting list of between 400-500 teachers. The nonprofit space was also fully leased by the time Miller's Court opened.

The tenants of Miller's Court tend to be first time teachers, generally ranging in age from 21-25. Seawall has worked closely with both TFA and the Baltimore City Teaching Residency, so many of their tenants come from those organizations. TFA was also the lead tenant in the nonprofit space in Miller's Court. The office space is rented at close to market rate, but the organizations are getting more for their money since the building comes with free conference rooms, training rooms, and a common area/kitchen to share, so they're able to rent less square footage than they otherwise might have to.

In terms of housing tenants, Miller's Court is open to anyone, but teachers get a \$300-600 monthly discount on rent.<sup>10</sup> According to the Miller's Court website, to be eligible for the teacher discount, "You must be a full-time K-12 classroom teacher in the Baltimore area. This discount is not limited just to teachers at Baltimore City and County schools." There is no limit for how long teachers can live in Miller's Court. Seawall says they have about 50 percent turnover each year though. They have seen many teachers who lived in the apartments stay in teaching and buy houses in the neighborhood after they leave the development.<sup>11</sup>

Seawall made a conscious choice not to use Low Income Housing Tax Credit (LIHTC) money because it would have limited their salary cap at 60 percent of the Area Median Income (AMI) and the teacher salaries in Baltimore would fall above that limit. The financing model Seawall used is based on using historic buildings to qualify for historic tax credits, both state specific and federal. They also only use buildings in a qualified census track for New Markets Tax Credit (NMTC). To qualify for NMTC, a federal program that encourages commercial investment in

<sup>9</sup> Lubenau, Anne-Marie. "A Baltimore Tin Can Plant Transformed into a Community Hub." *Metropolis*, 27 March 2015. <http://www.metropolismag.com/ideas/preservation/site-visit-a-baltimore-tin-can-plant-transformed-into-a-community-hub/>

<sup>10</sup> Ibid.

<sup>11</sup> "Housing to Transform Communities." Hot Lunch, Denver, CO, February 10, 2017.

## Case Studies

### Group One: Developer Driven

#### MILLER'S COURT (BALTIMORE, MD)

low income census tracts, the income the building generates must be at least 20 percent from the commercial side. NMTC equity provided 27 percent of the needed financing for the redevelopment of Miller's Court.

In terms of management of the property, initially, Seawall was interviewing existing property management companies, but eventually they decided to do the property management themselves. Seawall believes property management is one of the most important things they do and they take it very seriously. They want the community to feel like a family.

The apartments have been very successful. A study completed by Enterprise Communities (one of the funding partners in the project) concluded that, "Miller's Court has brought new life and economic activity to a distressed neighborhood, while providing resources and a collaborative environment to strengthen the work of teachers and related nonprofits."<sup>12</sup> Since opening, they've been fully rented with a waitlist.

<sup>12</sup> "Impact Case Study: Miller's Court, Baltimore", Enterprise Community. March 2015. <https://www.enterprisecommunity.org/download?fid=9845&nid=13269>

# Case Studies

## Group One: Developer Driven



Photos courtesy of Seawall Development

### UNION MILL (BALTIMORE, MD)

Shortly after completing Miller's Court, Seawall Development decided to create a second Baltimore development designed to provide affordable housing for educators. The Union Mill project took an empty, run-down cotton duck mill building and transformed it into reduced-rent apartments for teachers. In 2010, after the building had been empty for three years, Seawall Development bought it for \$2.3 million.

Union Mill was developed by Seawall Development with Hamel Builders, Marks, Thomas Architects, and the Reznick Group. Like Miller's Court, Union Mill has a copy center, a courtyard, common spaces and a fitness center. Along with the 56 apartment units, there's also a 75-seat restaurant and 25,000 square feet of nonprofit office space. The project was also the first to meet Baltimore's Green Building Standards.

Union Mill's property is 3.69 acres. The rehabilitation of the building cost \$20 million and received nearly \$3 million in historic tax credits from the Maryland Historical Trust, which required that the buildings retain much of their original woodwork, columns, and stonework.<sup>13</sup> In addition to historic tax credits, Union Mill benefited from the use of New Markets Tax Credit, which helps allow for the below market rents to teachers.

Like Miller's Court, the apartments are open to anyone, but teachers get a discount of \$300-600/month. The one and two bedroom apartments range in size from 600-900 square feet. The apartments are fully rented with a waitlist.

#### UNION MILL DETAILS:

- **Opened:** 2012
- **Land Owner/Developer/  
Property Manager:**  
Seawall Development
- **Financial Structure:**  
Historic tax credits,  
New Market Tax Credit
- **Cost:** \$23 million
- **Tenant Eligibility  
Requirements:** Building is open to all, but to qualify for teacher discount, one must be a full-time K-12 classroom teacher in the Baltimore area. This discount is not limited to teachers at Baltimore City and County schools.
- **Limit in Tenure:** None
- **Priority Determination:**  
First come, first served
- **Average Length of Stay:**  
50% turnover each year
- **Rent:** Teachers get \$300-600 discount on monthly rent
- **Units:** 56
- **Amenities:** Resource center with copy machines, fitness center, free on-site parking, courtyard, apartment and nonprofit lounges, coffee shop

<sup>13</sup> Berger, Chris. "Baltimore Factory Goes From Textile Mill to Teacher Housing", *Curbed*. 8 January 2013. <http://www.curbed.com/2013/1/8/10287364/baltimore-factory-goes-from-textile-mill-to-teacher-housing>

# Case Studies

## Group One: Developer Driven



Photos courtesy of Seawall Development

### OXFORD MILLS (PHILADELPHIA, PA)

Oxford Mills hopes to make teaching in Philadelphia public schools more attractive and to reduce the risk of teacher burnout.<sup>14</sup> Two buildings in South Kensington, Philadelphia, a former dye factory which went out of business in 2000, were purchased in 2012 by D3 Real Estate development. They've since been converted into apartments intended for teachers and offices for education-focused nonprofit organizations.

Sixty percent of the 114 apartments will be reserved for teachers at a 25 percent discount on market rent. The remaining 40 percent of the apartments will be open to the public at market rate.

Twenty-five percent of the 160,000-square foot space will be offices for education-related nonprofits. TFA uses 10,000 square feet for their regional headquarters. The retail located in Oxford Mills also includes Artwell, Education Plus, Interfaith Center for Greater Philadelphia, Grace and Glory Yoga, and Gryphon Coffee Company, which are available to the residents as well as the neighborhood. The building also has conference rooms, a health club, and copy center.

Oxford Mills' financial structure was based off that of Union Mill and Miller's Court. The development is made possible through the use of the New Markets Tax Credit (NMTC) program and qualifies for federal historic rehabilitation credits. Enterprise Community Partners provided \$10 million in NMTC allocation to the project, Philadelphia Industrial Development Corporation (PIDC) provided \$15 million, and the National Trust Community Investment Corporation provided \$9 million. TD Bank was the equity investor for the full NMTC allocation and provided the majority of the remaining financing, including \$17.8 million in term debt and \$6.3 million in historic tax credit equity.

#### OXFORD MILLS DETAILS:

- **Opened:** 2014
- **Land Owner:** D3 Real Estate Development
- **Developer:** D3 Real Estate Development & Seawall Development
- **Property Manager:** D3 Real Estate
- **Financial Partners:** Enterprise Community Partners, Philadelphia Industrial Development Corporation, National Trust Community Investment Corporation, TD Bank
- **Eligibility Requirements:** Full time K-12 teacher (not limited to Philadelphia public schools)
- **Financial Structure:** Historic tax credits, New Markets Tax Credit
- **Cost:** \$36 million
- **Rent:** 40% at market rate, 60% reserved for teachers at 25% discount on market rate
- **Units:** 114 total; 68 reserved for teachers, 46 market rate
- **Amenities:** Courtyard, fitness center, business resource rooms with copiers, resident lounges, on-site parking, café, yoga studio, bike parking, on-site car share, electric car charging stations

<sup>14</sup> Hurdle, Jon. "With an Old Factory, Philadelphia Is Hoping to Draw New Teachers". *New York Times*, 4 May 2014. p. A22. [http://www.nytimes.com/2013/05/05/education/philadelphia-renovating-apartments-to-lure-teachers.html?\\_r=0](http://www.nytimes.com/2013/05/05/education/philadelphia-renovating-apartments-to-lure-teachers.html?_r=0)

## Case Studies

### Group One: Developer Driven

#### OXFORD MILLS (PHILADELPHIA, PA)

D3 Real Estate Development led the \$36 million project and Seawall Development was a partner. Seventy-two percent of residents identify as racial minorities and close to seventy percent are educators: of those, forty-four percent are in Americorps or Tutor Corps. Thirty-eight percent of residents are charter school teachers, and eighteen percent are district teachers.

# Case Studies

## Group One: Developer Driven



Photos courtesy of Building Hope

### ST. PAUL ON FOURTH STREET (WASHINGTON, DC)

A 1914 building, part of St. Paul’s College (a residence of Paulist priests and seminarians attending Catholic University) is being transformed into space for two charter schools and ten low-rent residential units for teachers.

This privately-owned building in Brookland, Washington, DC, is offering subsidized housing almost exclusively to city teachers, regardless of the school where they teach. St. Paul on Fourth Street, the nonprofit leading the project, is managed by Charter School Incubator Initiative, who works with new charter schools to help them find space. The charter schools in the building are Lee Montessori Public Charter School and Washington Leadership Academy. The ten residential units (studio, one and two bedrooms) will be ready for move-in in 2017, after \$2.5 million in renovations. Nine of the units will be for teachers, one will be reserved for a local law enforcement officer.

St. Paul on Fourth Street purchased the five-acre property for \$14.7 million with a loan from Building Hope, Reinvestment Fund, Low Income Investment Fund, and Capital Impact Partners.<sup>15</sup> Building Hope is a charter school facilities fund that supports charter growth with financing, development, and incubator space. They surveyed nearly 200 charter school teachers to gauge interest in living atop two charter schools, and found that 60 percent would be interested in housing and that 61 percent make \$70,000 or less.<sup>16</sup> All city teachers are eligible to live in the apartments.

Rental rates have yet to be determined, but the apartments will probably range 20-40 percent below market rates. Rental rates will vary depending on an occupant’s income.

#### ST. PAUL ON FOURTH DETAILS:

- **Opened:** Expected to be move-in ready in 2017
- **Building Owner:** St. Paul on Fourth Street
- **Developer/Property Manager:** Building Hope
- **Eligibility Requirements:** All city teachers are eligible
- **Financial Structure:** St. Paul on Fourth Street purchased the property with a loan from Building Hope, Reinvestment Fund, Low Income Investment Fund, and Capital Impact Partners
- **Cost:** \$17.2 million
- **Rent:** 20-40% below market rent, will depend on tenant’s income
- **Units:** 10 (nine for teachers, one for a local law enforcement officer)

<sup>15</sup> Clabaugh, Jeff. “New DC Charter School Building to Include Apartments for Teachers.” *wtop*, 29 July 2016. <http://wtop.com/business-finance/2016/07/new-dc-charter-school-building-to-include-apartments-for-teachers/>

<sup>16</sup> Stein, Perry. “City Living is Difficult on a Teacher’s Salary. Could this New Building Change that?” *The Washington Post*, 27 July, 2016. [https://www.washingtonpost.com/local/education/city-living-is-difficult-on-a-teachers-salary-could-this-new-building-change-that/2016/07/27/0502cae4-5354-11e6-88eb-7dda4e2f2aec\\_story.html?utm\\_term=.710b70635de8](https://www.washingtonpost.com/local/education/city-living-is-difficult-on-a-teachers-salary-could-this-new-building-change-that/2016/07/27/0502cae4-5354-11e6-88eb-7dda4e2f2aec_story.html?utm_term=.710b70635de8)

# Case Studies

## Group One: Developer Driven



Photos courtesy of RBH Group

### TEACHERS VILLAGE (NEWARK, NJ)

Former parking lots in downtown Newark have been transformed into “Teachers Village,” a mixed-use effort to revitalize downtown Newark and, simultaneously, help teachers. Ron Beit of the RBH Group joined with Newark’s Mayor at the time, Cory Booker, to rebuild the “distressed, crime-ridden downtown” of Newark with a new development consisting of three charter schools, a daycare facility, just over 200 units of rental housing marketed to teachers, and 65,000 square feet of retail space.<sup>17</sup> The hope is to create a community of teachers who will bring energy to the area. They’ll live in the apartments, shop at the stores, teach at nearby schools, etc.

The development, comprised of eight buildings in total, will have three new charter schools and 204 inexpensive residential apartments – marketed specifically to teachers. The project also includes retail space. There will be twenty-eight shops, and the hope is that many will be storefronts for Newark businesses.

The project was designed by Richard Meier, Mikesell & Associates, and KSS Architects. The charter schools in the complex include the two established charter schools Team Academy and Discovery Charter School, and one new school – Green Oaks Charter School. The residences have been marketed toward Newark educators in charter, traditional public, and private schools. As of the beginning of this project, only 17 percent of teachers in the Newark school district were living in Newark. Technically, the residences are open to non-teachers as well, but Beit expects that they’ll have no trouble filling the units with teachers.

With investors and tax credits, the mayor and developers were able to get the village constructed for about \$150 million. Billionaire Nich-

#### TEACHERS VILLAGE DETAILS:

- **Opened:** First two buildings opened in 2013
- **Developer:** RBH Group
- **Property Manager:** Calello Agency
- **Architect:** Richard Meier
- **Financial Partners:** Berggruen Holdings, Newark, the Brick City Development Corporation, Casino Reinvestment Development Authority, Goldman Sachs
- **Eligibility Requirements:** Newark teachers at charter, district, and independent schools
- **Financial Structure:** New Markets Tax Credit, Qualified School Construction Bonds, Redevelopment Area Bonds, New Jersey Urban Transit Hub Tax Credits, Private Investments
- **Cost:** \$150 million
- **Rent:** \$700 to \$1,400
- **Units:** 204
- **Amenities:** Communal spaces, fitness center, parking

<sup>17</sup> Isaacson, Betsy. “Teachers Village’ Developers Have Big Dreams for Downtown Newark”. *The Huffington Post*, 30 September 2013. [http://www.huffingtonpost.com/2013/09/25/teachers-village-newark\\_n\\_3991678.html](http://www.huffingtonpost.com/2013/09/25/teachers-village-newark_n_3991678.html)

## Case Studies

### Group One: Developer Driven

#### TEACHERS VILLAGE (NEWARK, NJ)

Thomas Berggruen was the project's largest single investor, and, reportedly, his influence got Meier involved. Many subsidies were received for the project, including \$22.7 million in Qualified School Construction Bonds, \$5.3 million in Redevelopment Area Bonds, \$38 million Federal New Market Tax Credit, and \$39 million New Jersey Urban Transit Hub Tax Credits. The project also received \$12 million in loans from Newark, the Brick City Development Corporation, and the Casino Reinvestment Development Authority. The subsidies allowed for below market rents for the apartments: \$700 for a studio, \$1,000-1,100 for a one-bedroom, \$1,400 for a two-bedroom.

As of October of 2016, the three open residential buildings were fully leased, a total of 123 apartments. Over 70 percent of the residents are educators.<sup>18</sup>

<sup>18</sup> "A Community of Teachers Helps Revitalize Newark, New Jersey". PD&R EDGE Online Magazine. <https://www.huduser.gov/portal/pdredge/pdr-edge-inpractice-040416.html>

# Case Studies

## Group One: Developer Driven



Photos Courtesy of The SilverBrick Group

### SILVERBRICK LOFTS (SPRINGFIELD, MA)

In Springfield, MA (a city of just over 150,000, about 1.5 hours west of Boston) Silverbrick Lofts offers Springfield Public School teachers discounted housing. For teachers, the studio, one- and two-bedroom apartments are offered at a 10-20 percent discount on market rate. The building also has a fitness center, club lounge, outdoor BBQ space, and parking. The four-building apartment complex is in downtown Springfield, formerly the Morgan Square apartments.

Manhattan-based SilverBrick Group LLC bought Morgan Square, an existing apartment building in foreclosure, for \$9 million and put \$6 million into renovation. They worked together with DevelopSpringfield, a private nonprofit organization leading efforts to revitalize downtown Springfield. Twenty-five of the 265 studio, one- and two-bedroom apartments will be offered to teachers at a discounted rate. The city “wants to attract good teachers and retain them,” according to Jay Minkarah of DevelopSpringfield.<sup>19</sup> DevelopSpringfield agreed to master lease that block of 25 units to offer to teachers, and in part, this master lease acted as a subsidy to SilverBrick.

Superintendent of Springfield schools Daniel Warwick expects the district’s work with Teach for America will result in some new tenants for Silverbrick Lofts.<sup>20</sup>

#### SILVERBRICK LOFTS DETAILS:

- **Opened:** 2015
- **Developer:** SilverBrick Group, LLC
- **Property Manager:** Silverbrick Rentals
- **Financial Partners:** DevelopSpringfield
- **Eligibility Requirements:** Must teach for Springfield Public Schools
- **Financial Structure:** DevelopSpringfield master leased a block of units to reserve for teachers
- **Cost:** \$15 million (\$9 million for the building, \$6 million for renovation)
- **Rent:** 10-20% discount on market rate
- **Units:** 25 of 265 units available for teachers
- **Amenities:** Fitness club, club lounge, outdoor BBQ space, and parking

<sup>19</sup> Robbins, Carolyn. “Teachers’ Special: New Silverbrick Lofts in Downtown Springfield Offer Rental Discount to Educators.” *MassLive*, 2 July 2015. [http://www.masslive.com/news/index.ssf/2015/07/new\\_silverbrick\\_lofts\\_apartmen.html](http://www.masslive.com/news/index.ssf/2015/07/new_silverbrick_lofts_apartmen.html)

<sup>20</sup> Ibid.

# Case Studies

## Group One: Developer Driven



Photos Courtesy of Joseph Putrelo, WVNS-TV; West Virginia Public Broadcasting - Ashton Marra; Kristopher A. Mallory

### RENAISSANCE VILLAGE (MCDOWELL COUNTY, WV)

Historically, rural McDowell County, one of the poorest counties in West Virginia, has had trouble retaining teachers. Partly due to a lack of modern housing in McDowell, teachers often commute to work from their homes in surrounding communities. When jobs open in the communities in which they live, teachers leave McDowell.<sup>21</sup>

As an effort to help retain teachers, two buildings in Welch, West Virginia will be demolished and replaced with Renaissance Village, a multi-story mixed-use development intended to serve primarily as housing for McDowell County teachers. The building is expected to have 30 units aimed at teachers, a workspace to encourage teacher collaboration, a coffee shop, and possibly a deli or other retail.

The governing board for Reconnecting McDowell, a public-private partnership aimed at strengthening the local school system while meeting the needs of the McDowell County community, voted to demolish two buildings in Welch to make way for new affordable housing for teachers and young professionals. State Board of Education president Gayle Manchin chairs the project's board and The American Federation of Teachers is also a leader in the project.

The total project is estimated to cost \$6 million, \$4 million of which has already been paid through federal and state grants.<sup>22</sup> The project also intends to utilize money from federal low-interest loans, the state, and from the private sector.

As of November 2016, the site for Renaissance Village had been cleared and construction bids were pending. The hope is to have the project completed by the beginning of the 2017-2018 school year.

#### RENAISSANCE VILLAGE DETAILS:

- **Opened:** Aiming for beginning of 2017-2018 school year
- **Land Owner:** Reconnecting McDowell
- **Eligibility Requirements:** TBD
- **Financial Structure:** Federal and state low interest loans, private sector grants
- **Rent:** TBD
- **Units:** 30 units aimed at teachers
- **Amenities:** Common area, street-level retail, coffee shop

<sup>21</sup> Jordan, Greg. "Building demolition in McDowell will make way for Renaissance Village." Bluefield Daily Telegraph, 7 June 2016. [http://www.bdtonline.com/news/building-demolition-in-mcdowell-will-make-way-for-renaissance-village/article\\_ec358e08-2c5b-11e6-a9d3-43e840d1a528.html](http://www.bdtonline.com/news/building-demolition-in-mcdowell-will-make-way-for-renaissance-village/article_ec358e08-2c5b-11e6-a9d3-43e840d1a528.html)

<sup>22</sup> Putrelo, Joe. "Reconnecting McDowell Begins Renaissance Village Project." WeAreWVProud.com, 18 August 2016. <http://www.wearewvproud.com/story/32189047/reconnecting-mcdowell-begins-renaissance-village-project>

# Case Studies

## Group Two: District-Led – Sale of District Property



Photos Courtesy of DNaInfo/Mina Bloom

### TEACHERS SQUARE (CHICAGO, IL)

In 2013 Chicago Public Schools closed fifty schools, including Von Humboldt Elementary in the Humboldt Park neighborhood. In July of 2015, the school was purchased by nonprofit organization IFF for \$3 million. With their purchase, as per the use requirements laid out in the Request for Proposals from Chicago Public Schools, IFF agreed to include one or more of the following: daycare programming, housing for current and retired public school teachers, office space, and a café.

IFF and the Newark, NJ based RBH Group are proposing a plan to transform the elementary school into a mixed-use community. The project is loosely based on Teachers Village, another RBH Group development in downtown Newark, NJ. Teachers Village is a mixed-use development geared toward teachers.

The Von Humboldt community will include 84 apartments, 34 for-sale residential units, a parking garage, classroom space for community classes, a plaza with a green space, a 15,000-square-foot market with communal seating, and 5,000 square feet of additional retail space.

Of the apartments, 20 percent will be reserved as affordable, 30 percent as middle-income, and 50 percent as market rate.<sup>23</sup> The apartments will be specifically marketed to teachers in the area, especially the affordable and middle income units. To finance the project in such a way that affordable units are possible, IFF will utilize New Markets Tax Credit. The team realized early on that using Low Income Housing Tax Credits would render some teachers ineligible since they make more than 60 percent of the area median income.

Teachers Square intends to use affirmative marketing to teachers and the offer of a teacher discount to attract teachers. District, charter, private, and retired public school teachers will be eligible for the discount.

#### TEACHERS SQUARE DETAILS:

- **Land Owner:** IFF
- **Developer:** RBH Group
- **Eligibility Requirements:** Affordable, Mixed, and Market Rate rents, preferential marketing toward teachers in the area
- **Financial Structure:** New Markets Tax Credits
- **Rent:** TBD
- **Units:** 84 apartments, 34 for-sale residential units

<sup>23</sup> Bloom, Mina. "Teachers Village" Development Proposed For Former Von Humboldt Elementary." *DNaInfo*, 4 November 2016. <https://www.dnainfo.com/chicago/20161104/humboldt-park/von-humboldt-elementary-redevelopment-teachers-village-rbh-group>

## Case Studies

### Group Two: District-Led – Sale of District Property

#### TEACHERS SQUARE (CHICAGO, IL)

At a community meeting discussing the development, some neighbors expressed concern over the market rate units, referring to challenges of raising rents in the neighborhood displacing longtime residents. Others argued that, for a prime piece of real estate like Von Humboldt's, a mixed-use development with affordable and middle-income housing is a better option for the neighborhood than a market-rate condo building.

The development team intends to break ground by the summer of 2017.

# Case Studies

## Group Two: District-Led – Sale of District Property



Photos Courtesy of SLPS Building Revitalization Collaborative; Google Maps; Robert Powers

### WILKINSON SCHOOL (ST. LOUIS, MO)

St. Louis Public Schools' current student population is less than a quarter of what it once was. St. Louis' population peaked in 1904 and began declining rapidly in the 1970s. As a result, the St. Louis public school system has many empty schools. School buildings have been redeveloped as residential communities for people over the age of 55, artist housing and studio space, condos, and office space. Even with those transformations, there are still 22 schools for sale.

The Wilkinson School, which closed in 2008 after 80 years of use, is slated to become affordable teacher housing with the intent of keeping city teachers from moving to the suburbs. The superintendent of St. Louis Public Schools (SLPS) raised the idea with Walker Gaffney, SLPS's Real Estate Director. While the cost of living isn't nearly as high in St. Louis as it is elsewhere across the country, SLPS pays teachers less than the county surrounding the city, and their teacher turnover rate is higher than most districts in the area. Even though the housing costs aren't prohibitive in St. Louis, the hope is that below market rate teacher housing will help attract and retain good teachers. Another explicit goal is to create a communal atmosphere; the intent is not just to create housing that teachers can afford but also housing with a collegial community atmosphere and amenities that directly relate to their work.

In July of 2016, Saint Louis Public Schools released an RFP for developers who wanted to turn the Wilkinson School into affordable housing that would prioritize Saint Louis teachers and deliver below market rent. Smith NMTC Associates, LLC won the bid and plan to purchase Wilkinson School for \$602,000. SLPS chose to sell the building because they don't want to be burdened with landlord like responsibilities and are taking a very hands off approach to the project.<sup>24</sup>

#### WILKINSON SCHOOL DETAILS:

- **Opened:** N/A
- **Land Owner:** Smith NMTC Associates LLC
- **Developer/Property Manager:** Smith NMTC Associates LLC
- **Eligibility Requirements:** Open to all teachers in St. Louis City, probably first-come first-served
- **Financial Structure:** Likely Historic Tax Credits and New Markets Tax Credit
- **Limit in Tenure:** Likely none
- **Rent:** Likely 20% below market rate
- **Units:** 44

<sup>24</sup> Gaffney, Walker. Personal Interview. 3 January 2017.

## Case Studies

### Group Two: District-Led – Sale of District Property

#### WILKINSON SCHOOL (ST. LOUIS, MO)

This process is in the early stages, but it's expected that Smith NMTC Associates will use both state and federal historic tax credits, and perhaps also New Markets Tax Credits, to keep rents about 20 percent below market rate.

Despite this project being in its very earliest stages, SLPS is already getting calls from teachers interested in moving into the new apartments.

# Case Studies

## Group Three: District-Led – Use of Ground Lease



Photos Courtesy of ?

### SAGE PARK APARTMENTS (LOS ANGELES, CA)

The Los Angeles Unified School District (LAUSD) recognized they had a housing crisis for their employees, and knew they needed to do something. LAUSD and the nonprofit developer BRIDGE Housing Corporation came together to build the Sage Park Apartments to offer affordable housing to LAUSD employees.

The Sage Park apartments are built on underutilized school property on the Gardena High School Campus. LAUSD provided a long-term ground lease for the 3.5-acre property, and the building provides 89 one-, two-, and three-bedroom units. The lease payment to LAUSD is \$25,000/year.

The development serves residents earning 30-60 percent of the area median income. Monthly rents range from \$425 to \$1,222 depending on factors such as income, household and apartment size. Also, through an amendment to the city's Consolidated Plan, the property gives preference to LAUSD employees working within a three-mile radius and district employees outside of the area.<sup>25</sup>

There are currently two affordable apartment complexes intended for LAUSD teachers, Sage Park and Selma Community Housing, and a third, as of October 2016, is under construction. The 156 completed units are fully occupied, but there aren't any teachers living in them. LAUSD teachers, even the newest hires, make too much to qualify for the units.<sup>26</sup> Instead, 121 of the units are occupied by LA Unified service workers – cafeteria workers, bus drivers, and special education assistants that make less than teachers.

There was no lack of interest in the apartments. Over 7,200 people applied for the 89 apartments in the Sage Park complex. Applicants were entered into a lottery, which gave preference to school district

#### SAGE PARK DETAILS:

- **Opened:** Spring 2015
- **Public Partner and Land Owner:** LAUSD, in 99-year ground lease with BRIDGE Housing
- **Developer:** BRIDGE Housing
- **Property Manager:** The John Stewart Company
- **Financial Partners:** Los Angeles Unified School District, Los Angeles Housing and Community Investment Department, California Tax Credit Allocation Committee, Bank of America Merrill Lynch, California Community Reinvestment Corporation, New Generation Fund, Federal Home Loan Bank of Atlanta
- **Eligibility Requirements:** 30-60% AMI. Applicants enter a lottery, which gives preference to LAUSD employees
- **Financial Structure:** Low Income Housing Tax Credits
- **Cost:** \$28 million
- **Rent:** \$425 to \$1,222 depending on factors such as income, household and apartment size

<sup>25</sup> Kimura, Donna. "Sage Park Helps Meet the Housing Needs of L.A. School Employees." *Affordable Housing Finance*. 13 July 2015. [http://www.housingfinance.com/developments/sage-park-helps-meet-the-housing-needs-of-la-school-employees\\_o](http://www.housingfinance.com/developments/sage-park-helps-meet-the-housing-needs-of-la-school-employees_o)

<sup>26</sup> Phillips, Anna M. "LAUSD teachers earn too much to live in the affordable housing apartments built for them." *Los Angeles Times*. 19 October 2016. <http://www.latimes.com/local/education/la-me-edu-teacher-housing-20161019-snap-story.html>

## Case Studies

### Group Three: District-Led – Use of Ground Lease

#### SAGE PARK APARTMENTS (LOS ANGELES, CA)

employees, to determine who got the chance to live in Sage Park. At Sage Park, all but the ADA units were leased to LAUSD staff.

Amenities on an adjacent parcel include a joint-use facility of almost 4,000 square feet of indoor meeting space, 16,000 square feet of outdoor patio and garden areas, and a community room available by use for local groups. Other amenities include a fitness room and laundry facilities.

The \$28 million development was financed by several funding sources, including nine percent low-income housing tax credits that raised about \$20 million in equity from Bank of America Merrill Lynch. The building also makes use of energy credits, as it is built to LEED Silver standards.

# Case Studies

## Group Three: District-Led – Use of Ground Lease



Photos Courtesy of Abode Communities.  
Jim Simmons Photography

### SELMA COMMUNITY HOUSING (LOS ANGELES, CA)

Los Angeles Unified School District collaborated with Abode Communities as a joint-use developer in co-locating affordable housing on a .65-acre site next to Selma Elementary School in Hollywood.<sup>27</sup> The building is only a short walk to the Hollywood and Highland Metro Red Line station.

In an effort to increase employee retention within LAUSD, 50 percent of the units will have priority for LAUSD employees. The development is offering housing affordability for individuals and families earning between 30-60 percent of Area Median Income.

The building has 66 units ranging from one to three bedrooms. Overall, the space is split into approximately 79,000 square feet of residential and 1,100 square feet of common area space. Among the amenities are a resident resource center, computer lab, laundry facilities, central courtyard with a tot lot, and a landscaped rooftop terrace. There are 177 parking spaces, shared between residents and LAUSD staff. Among the services provided at Selma are a “Learning and Leadership” youth after-school program, adult capacity building, community development and engagement, health and green living workshops, and housing retention support.

The cost of the project was \$32.9 million. Financing was achieved through: Abode Communities Housing Fund, California Community Foundation, California Department of Housing and Community Development TOD Housing Program, Dignity Health, Los Angeles Housing and Community Investment Department, Federal Home Loan Bank of San Francisco Affordable Housing Program, Union Bank.

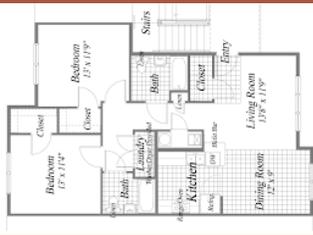
#### SELMA COMMUNITY HOUSING DETAILS:

- **Opened:** Summer 2016
- **Public Partner and Land Owner:** LAUSD, in a 66-year Ground Lease with Abode Communities
- **Developer/Property Manager:** Abode Communities
- **Financial Partners:** Los Angeles Unified School District, Los Angeles Housing and Community Investment Department, California Tax Credit Allocation Committee, Bank of America Merrill Lynch, California Community Reinvestment Corporation, New Generation Fund, Federal Home Loan Bank of Atlanta
- **Eligibility Requirements:** 30-60% AMI; Employees of LAUSD will have priority in 50% of units
- **Financial Structure:** LIHTC
- **Cost:** \$32.9 million
- **Units:** 66

<sup>27</sup> Sharp, Steven. “Affordable Housing for LAUSD Employees Rises in Hollywood.” *UrbanizeLA*, 10 November 2015. <http://urbanize.la/post/affordable-housing-laUSD-employees-rises-hollywood>

# Case Studies

## Group Three: District-Led – Use of Ground Lease



Photos Courtesy of Hoke County Schools Human Resources

### ECHO RIDGE (RAEFORD, NC)

The Echo Ridge Apartments were designed as a strategy to provide new and current Hoke County School District teachers with an affordable, safe, and convenient housing option.<sup>28</sup>

The land Echo Ridge is built upon is owned by the Hoke County School District and is leased to the Partners Foundation for a nominal yearly payment.

The State Employees Credit Union (SECU) Foundation provided a 15-year interest-free loan for Echo Ridge to the Partners for Hoke County Public Schools Education Foundation (Partners Foundation); this project was the fourth teacher housing complex SECU has supported in North Carolina. The interest free loan supported construction of a 24-unit apartment complex, comprised entirely of two-bedroom, two-bathroom apartments. One unit is reserved for a local law enforcement officer. If the units were not all filled, Echo Ridge could rent up to five units to non-school employees, but since opening it has been full with a waitlist. Rent in the Echo Ridge Apartments is about \$700/month, about \$100 less than the median rent in Hoke County.

To help keep costs low and make low-rents possible, the local school system provides labor for maintenance issues in Echo Ridge at no cost. The Partners Foundation is responsible for the cost of parts.<sup>29</sup>

The \$2.4 million construction loan will be repaid through rental income, and the SECU Foundation intends to use the repaid assets for future projects across North Carolina.

#### ECHO RIDGE DETAILS:

- **Opened:** 2013
- **Land Owner:** Hoke County School District (long term, nominal payment ground lease to Partners for Hoke County Public Schools Education Foundation)
- **Developer:** Partners for Hoke County Public Schools Foundation
- **Financial Partners:** State Employees Credit Union, Partners for Hoke County Public Schools Education Foundation
- **Eligibility Requirements:** Available to all Hoke County School employees
- **Priority Determination:** First come first served, with a waitlist

<sup>28</sup> "New Echo Ridge Teacher Housing Complex Set to Open in Raeford, NC." CU Insight, 7 June 2013. <https://www.cuinsight.com/press-release/new-echo-ridge-teacher-housing-complex-set-to-open-in-raeford-nc>

<sup>29</sup> "SECU Assists with Teacher Housing Complex." Credit Union National Association News, 7 December 2012. [http://news.cuna.org/articles/SECU\\_assists\\_with\\_teacher\\_housing\\_complex](http://news.cuna.org/articles/SECU_assists_with_teacher_housing_complex)

# Case Studies

## Group Three: District-Led – District-Run



Photos Courtesy of Thompson | Dorfman

### CASA DEL MAESTRO (SANTA CLARA, CA)

“Casa del Maestro,” or “House of the Teacher” is an apartment complex in the city of Santa Clara for Santa Clara Unified School District (SCUSD) teachers. In 2000, the district decided to use 3.5 acres of school district land on the corner of a former middle school property to construct housing for teachers. Seventy one- and two-bedroom units were built and rented to Santa Clara public-school teachers at reduced prices for a maximum period of seven years.

Paul Perotti, the SCUSD superintendent at the time, saw housing becoming a big issue in the valley. His response was, “Let’s either do something or stop talking about it.”<sup>30</sup>

The project is a public private partnership between the district and Education Housing Partners, a nonprofit corporation and affiliate of Mill Valley-based developer Thompson | Dorfman Partners, LLC. The school board gave Perotti permission to hire developer Thompson | Dorfman Partners. “It’s a great opportunity to give something back to the community. We started a nonprofit (Education Housing Partners) to do this kind of work for school districts because we realized the importance of the public education system in the areas in which we’re developing,” said Bruce Dorfman, co-founder and principal with Thompson | Dorfman.<sup>31</sup>

The district financed the cost of construction through Certificates of Participation (COPs) and retains ownership through the Santa Clara Teacher Housing Foundation. They own the land, the building, and the debt. Both Phase I and Phase II of Casa del Maestro were financed using COPs and neither infringed upon the General Fund for interest payments. The COPs will be repaid through the rental revenues from the apartments. Teacher rents, as of 2013, were about 50 percent of

#### CASA DEL MAESTRO DETAILS:

- **Opened:** Phase I – 2002, Phase II – 2009
- **Public Partner:** Santa Clara Unified School District
- **Land Owner:** Santa Clara Teacher Housing Foundation
- **Developer:** Thompson | Dorfman Partners, Education Housing Partners
- **Property Manager:** Gillmor Real Estate
- **Eligibility Requirements:** Employed by SCUSD for less than 10 years, in a teaching position, household income under \$136,000
- **Priority Determination:** First come, first served
- **Financial Structure:** SCUSD financed the project through COPs
- **Limit in Tenure:** Seven years (most teachers stay for the full term)
- **Rent:** About 60% market rent
- **Units:** 70
- **Amenities:** Clubhouse

<sup>30</sup> Chamberlain, Lisa. “Creating Housing for Teachers.” *The New York Times*, 18 December 2005. [http://www.nytimes.com/2005/12/18/realestate/creating-housing-for-teachers.html?\\_r=0](http://www.nytimes.com/2005/12/18/realestate/creating-housing-for-teachers.html?_r=0)

<sup>31</sup> Aliak, Cara. “Casa Del Maestro – Getting Schooled.” *RE Business Online*, 18 July 2008. <http://thompsondorfman.com/casa-del-maestro-getting-schooled/>

## Case Studies

### Group Three: District-Led – District-Run

#### CASA DEL MAESTRO (SANTA CLARA, CA)

market rents in the area, but are sufficient to cover interest-only debt service (COPs) and ongoing operating expenses. The day-to-day operation of the property is managed by a third-party property management vendor.

To maximize affordability of units, the district came up with an “innovative tax-exempt financing instrument,” so the project could be built and operated at no cost to taxpayers.<sup>32</sup> Using land that the school district owned and agreeing to a small development fee and no profit margin, Thompson | Dorfman built the 40 apartments of Phase I for around \$6 million. The complex would have cost more than \$12 million with normal land costs and profit margins, the company said.

According to Bruce Dorfman, “Because of the financing structure, no district funds were used for the improvements and the rents cover operating costs, reserves and debt service. Even with a softening residential market, home prices and rental rates are still well beyond what most starting teachers can afford in metropolitan areas in California, so this type of workforce housing is as vital as ever.”<sup>33</sup>

Since the completion of the \$6 million, 40-unit first phase of Casa del Maestro in 2002, the attrition rate for young teachers living in the community has been less than one-third of that for the district’s teachers with similar tenure not receiving this benefit.<sup>27</sup> Additionally, it’s been shown that, due to the significantly reduced rental rates, Casa del Maestro residents have been able to save for down payments and purchase houses in the area with the aid of the district’s Teacher Mortgage Assistance Program (TMAP). As of 2009, about one quarter of residents of the first phase of Casa del Maestro went on to buy a home in the district through the TMAP program.<sup>35</sup> (The TMAP program is not actively functioning at this point.)

The Santa Clara Unified School District decided to go forward with Phase II of the project after finding that Phase I’s affordable housing had reduced the number of teachers leaving the district for more affordable communities. Phase II consisted of 30 more units at about \$6.5 million in development costs.

“It’s been wildly successful,” Mr. Perotti said. “You need three things -- the land to build on, a willingness to borrow the money, and a passion for getting it done.” However, there have been some challenges with the “landlord” duties that still end up at the desks of district staff—issues like questions about the pet policy or conflicts about parking. Other challenges include the occasional cumbersome side effects of the Housing Foundation being subject to the same rules as the school district. For example, when repainting the exterior of Casa del Maestro, the Foundation was required to put the project out to public bid.

<sup>32</sup> Ibid.

<sup>33</sup> “Casa del Maestro – Second Phase of Affordable Housing for Teachers Opens in Santa Clara.” California Construction, 9 April 2009. <http://thompsondorfman.com/casa-del-maestro-second-phase-of-affordable-housing-for-teachers-opens-in-santa-clara/>

<sup>34</sup> Chamberlain, Lisa. “Creating Housing for Teachers.” The New York Times, 18 December 2005. [http://www.nytimes.com/2005/12/18/realestate/creating-housing-for-teachers.html?\\_r=0](http://www.nytimes.com/2005/12/18/realestate/creating-housing-for-teachers.html?_r=0)

<sup>35</sup> “Casa del Maestro – Second Phase of Affordable Housing for Teachers Opens in Santa Clara.” California Construction, 9 April 2009. <http://thompsondorfman.com/casa-del-maestro-second-phase-of-affordable-housing-for-teachers-opens-in-santa-clara/>

# Case Studies

## Group Three: District-Led – District-Run



Photos Courtesy of San Mateo County Community College District

### COLLEGE VISTA (SAN MATEO, CA)

College Vista is a 44-unit apartment building for the community college faculty and staff at San Mateo Community College. The project was built by Thompson | Dorfman Partners.

Barbara Christensen, the head of community and government affairs at San Mateo Community College, undertook a teacher-housing project after confirming what she already suspected to be true: housing prices were causing a high attrition rate. She sent out a survey to 1,500 faculty and staff members asking about their future with the college. Eighteen percent said they planned to leave within three years and 58 percent of them said it was because of housing. She discovered people were commuting from as far as Sacramento and Gilroy, both more than a 90-minute drive each way. Not only were housing costs causing high attrition rates among faculty, they were also making recruiting a challenge.<sup>36</sup>

Initially, the district, as an effort to recruit and retain more faculty, began offering low-cost mortgages of up to \$75,000 to help their staff buy homes in the area. Unfortunately, it didn't help much. The teachers couldn't save the three percent down payment required by the loan program. So, charging below-market rents was a way to overcome that obstacle.<sup>37</sup>

San Mateo Community College brought in Thompson | Dorfman Partners (the same developers responsible for Casa del Maestro) to build 44 units on a 2.5-acre parking lot. San Mateo paid a small development fee and there was no profit margin. College Vista opened in 2005 and has been fully occupied since.

#### COLLEGE VISTA DETAILS:

- **Opened:** 2005
- **Land Owner:** San Mateo County Community College District
- **Developer:** Education Housing Partners, LLC, an affiliate of Thompson | Dorfman
- **Property Manager:** Kenny Realty
- **Eligibility Requirements:** Of the 104 units at College Vista and Cañada Vista, 45% of units are set aside for faculty and 55% are set aside for classified staff
- **Priority Determination:** First Priority: full-time faculty and full-time staff of SMCCCD who qualify as first time home buyers; Second Priority: Adjunct faculty of SMCCCD who have taught 60% of a full-time load for SMCCCD Colleges in six semesters during the past four years and who continue to teach 60% of a full-time assignment each semester and who qualify as first time home buyers.
- **Financial Structure:** Certificates of Participation

<sup>36</sup> Chamberlain, Lisa. "Creating Housing for Teachers." *The New York Times*, 18 December 2005. [http://www.nytimes.com/2005/12/18/realestate/creating-housing-for-teachers.html?\\_r=0](http://www.nytimes.com/2005/12/18/realestate/creating-housing-for-teachers.html?_r=0)

<sup>37</sup> Richter, Judy. "College Vista | Affordable Campus Faculty Housing." *The Chronicle*, 11 October 2011. <http://thompsondorfman.com/college-vista-has-housing-on-campus-that-faculty-can-afford/>

## Case Studies

### Group Three: District-Led – District-Run

#### COLLEGE VISTA (SAN MATEO, CA)

Rents at College Vista are kept below market but since they're also used to pay off the construction debt, provide maintenance and operations, and build up a capital reserve fund for major repairs, these costs play a role in determining them as well. The construction/development costs were financed with low-interest, tax-exempt Certificates of Participation, which were sold to investors and repaid with rental income.

The San Mateo County Colleges Educational Housing Corporation was formed in 2004 to support the oversight, management, and operations of the employee housing program (both College Vista and Cañada Vista). It is a recognized 501(c)(3) legal entity. There is an arm's length relationship between the Housing Corporation and the San Mateo County Community College District. The Housing Corporation has a separate board of directors, all appointed by the District, two of whom are sitting members of the District's board of trustees.

#### COLLEGE VISTA DETAILS

(CONTINUED):

- **Cost:** Development costs totaled \$9.3 million
- **Limit in Tenure:** Seven years
- **Rent:** \$800-1,200 (as of 2011)
- **Units:** 44
- **Amenities:** Clubhouse (can be rented for parties or events, but also is available for district and faculty meetings)

# Case Studies

## Group Three: District-Led – District-Run



Photos Courtesy of San Mateo County Community College District

### CAÑADA VISTA (REDWOOD CITY, CA)

Following the success of College Vista, the district elected to build a 60-unit complex on 2.75 acres of underused parking lot at Cañada College in Redwood City. This multi-family housing development for District faculty and staff consists of two three-story residential buildings. The development offers one-, two-, and three-bedroom units. There are 102 parking spaces on site – 60 individual garages and 42 open spaces. Additionally, the complex has a 2,400 square foot community/recreation building.

The total cost of the project was about \$14 million, meaning each unit cost about \$233,000. According to developer Bruce Dorfman, the project could have easily cost \$50,000 to \$100,000 more per unit if there were land costs and additional soft costs.<sup>38</sup>

#### CAÑADA VISTA DETAILS:

- **Opened:** 2010
- **Land Owner:** San Mateo County Community College District
- **Developer:** Education Housing Partners, LLC, an affiliate of Thompson | Dorfman;
- **Property Manager:** Kenny Realty
- **Eligibility Requirements:** Of the 104 units at College Vista and Cañada Vista, 45% of units are set aside for faculty and 55% are set aside for classified staff
- **Priority Determination:** First Priority: full-time faculty and full-time staff of SMCCCD who qualify as first time home buyers; Second Priority: Adjunct faculty of SMCCCD who have taught 60% of a full-time load for SMC-CCD Colleges in six semesters during the past four years and who continue to teach 60% of a full-time assignment each semester and who qualify as first time home buyers.
- **Financial Structure:** Certificates of Participation

<sup>38</sup> Torres, Blanca. "Cañada Vista – Cities, School Districts Step into Housing" *San Francisco Business Times*, 29 August 2011. <http://thompsondorfman.com/canada-vista-cities-school-districts-step-into-housing/>

# Case Studies

## Group Three: District-Led – District-Run



Photos Courtesy of Elise Thatcher

### ROARING FORK, CO

The Roaring Fork School District in western Colorado is working to create and provide affordable rental housing for teachers. In fall of 2015, officials in the Roaring Fork School District secured \$15 million for subsidized teacher rental housing in a \$122 million school construction bond.

With that money, the district is working to acquire 15 to 20 apartments in each of the three towns (and is expected to spend \$5 million in each), Carbondale, Basalt, and Glenwood Springs, enough to house at least 10 percent of its 450 teachers.

The average home in Roaring Fork sells for \$630,000 while the average teacher makes \$47,000, so housing costs are “without a doubt the number one reason we lose teachers and it’s the number one reason people turn down jobs,” according to Shannon Pelland, Assistant Superintendent.

“Our typical pattern with teachers is they come to the valley, it’s an absolutely beautiful place, it’s a great lifestyle with wonderful recreational opportunities, and they are willing to live with roommates and do whatever they have to do to make it work for four or five years,” she said. “And right at that 5-year mark we see a lot of them saying, ‘This is great for a while, but I’ll never be able to afford a home here or make it work here, I’m moving on.’”<sup>39</sup>

As of fall 2016, Roaring Fork had finalized plans to buy 23 housing units for about \$6.5 million as part of their new teacher housing program. Seventeen of those units are at the Willits development in Basalt and six units are at the Ironbridge subdivision south of Glenwood Springs: both should be completed and ready by August of 2017.

The district hasn’t yet landed on specific housing program guidelines to set rents and determine who qualifies for the housing.

#### ROARING FORK DETAILS:

- **Opened:** Summer/Fall 2017
- **Public Partner and Land Owner:** Roaring Fork School District
- **Property Manager:** Likely a third-party property management company
- **Eligibility Requirements:** TBD
- **Financial Structure:** \$15 million in bond dollars
- **Limit in Tenure:** TBD
- **Rent:** TBD
- **Units:** 45-60

<sup>39</sup> Leff, Lisa. “To stem teacher shortages, school districts and cities think about becoming landlords.” Associated Press, 2 January 2016. <https://www.usnews.com/news/us/articles/2016-01-02/cities-look-at-subsidized-housing-to-stem-teacher-shortages>

# Case Studies

## Group Three: District-Led – District-Run



Photo courtesy of SECU Foundation, Jess Clark, WUNC

### HERTFORD POINTE (AHOSSKIE, NC)

Hertford Pointe is an apartment complex built in Ahoskie, NC to house teachers in Hertford County, a rural area in northeastern North Carolina. Before Hertford Pointe was built, a study was done which found that there were only 15 apartments in Hertford County that teachers could afford. Many schools in eastern North Carolina face challenges recruiting qualified teachers and retaining them once they have a few years of experience.<sup>40</sup>

To make Hertford Pointe possible, a local foundation called Partners for Hertford County Schools Foundation took out a \$2.2 million, 15-year, interest-free loan from the State Employees Credit Union (SECU). Rent paid by tenants will eventually pay that loan back. All units at Hertford Pointe are two-bedroom, two-bath units and cost \$625/month. Apartments are available to first and second year teachers for a three-year lease.

Hertford Pointe cost \$2 million for construction and an estimated \$300,000 for development costs, architectural fees, water/sewer installation, and legal fees. The 10-acre site was donated by the school district to the Partners Foundation and the Town of Ahoskie agreed to fund \$146,000 of water and sewer infrastructure needed for the development. Additionally, Hertford County worked to exempt the development from property taxes. Property management and maintenance are provided by the local community through the Partners Foundation.

#### HERTFORD POINTE DETAILS:

- **Opened:** 2007
- **Land Owner:** Partners for Hertford County Schools Foundation
- **Property Manager:** Partners for Hertford County Schools Foundation
- **Financial Partners:** SECU Foundation, local businesses, Hertford County Commissioners, Town of Ahoskie
- **Eligibility Requirements:** Apartments are available to first and second year teachers for a three-year lease
- **Financial Structure:** \$2.2 million, 15-year, interest-free loan from SECU Foundation
- **Cost:** \$2.25 million
- **Rent:** \$625/mo.
- **Units:** 24

<sup>40</sup> Clark, Jess. "If You Build Affordable Housing for Teachers, Will They Come?" All Things Considered, 8 December 2015. <http://www.npr.org/sections/ed/2015/12/08/457994876/if-you-build-affordable-housing-for-teachers-will-they-come>

# Case Studies

## Group Three: District-Led – District-Run



*Photos courtesy of SECU Foundation*

### RUN HILL RIDGE & HATTERAS ISLAND (DARE COUNTY, NC)

Living costs in Dare County, North Carolina, a popular tourist area located on the Outer Banks, are extremely high compared to many neighboring counties, and, as a result, the Dare County Public Schools have faced challenges recruiting and retaining teachers in the past. The SECU Foundation partnered with Dare County Public Schools and the Dare Education Foundation to replicate Hertford Pointe. They've completed two affordable teacher housing developments - Run Hill Ridge and Hatteras Island.

The North Carolina SECU Foundation issued interest-free loans to facilitate the construction of this project. Each unit has two bedrooms and two bathrooms. The Run Hill Ridge development is located next to the First Flight Schools campus in Kill Devil Hills. Hatteras Teacher Housing is located next to a soccer field and former Coast Guard station.

The teacher housing provided in Dare County has been touted a great success. It has not only provided housing within reach for new teachers who otherwise could not afford Dare County, it has also assisted in recruiting teachers for positions that have been especially hard to staff - foreign language, advanced math, technology, and special needs. Additionally, it's been noted that these complexes have provided an opportunity for graduates of the Dare County schools to move back to or stay in Dare County and afford to live independently.<sup>41</sup>

#### RUN HILL RIDGE DETAILS:

- **Opened:** 2008
- **Public Partner and Land Owner:** Dare County Public Schools/ Dare Education Foundation
- **Financial Partners:** Dare Education Foundation, SECU
- **Eligibility Requirements:** Must teach in Dare County Public Schools
- **Financial Structure:** Zero-interest loan from SECU
- **Limit in Tenure:** 4 years
- **Rent:** \$750/month
- **Units:** 24

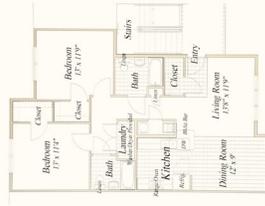
#### HATTERAS ISLAND DETAILS:

- **Opened:** 2011
- **Public Partner and Land Owner:** Dare County Public Schools/ Dare Education Foundation
- **Financial Partners:** Dare Education Foundation, SECU
- **Eligibility Requirements:** Must teach in Dare County Public Schools
- **Financial Structure:** Zero-interest loan from SECU
- **Limit in Tenure:** 4 years
- **Rent:** \$750/month
- **Units:** 12

<sup>41</sup> "Affordable Teacher Housing." Dare Education Foundation. <http://www.dareeducationfoundation.org/teacher-housing.html>

# Case Studies

## Group Three: District-Led – District-Run



Photos Courtesy of Buncombe County Schools and Eblen Charities

### WILLIAMS-BALDWIN TEACHER CAMPUS (ASHEVILLE, NC)

Asheville City and Buncombe County school officials are on their way to alleviating some of the challenges their teachers face in attempting to find places they could afford to rent. According to a 2014 housing needs analysis presented to the Asheville City Council, the area's apartment vacancy rate was just one percent, and the lack of affordable housing in Asheville has been well documented.<sup>42</sup>

In October of 2015, Buncombe County Schools Superintendent Tony Baldwin brought the idea to the Buncombe County Board of Commissioners meeting. He introduced a resolution to transfer a Buncombe County property to Asheville Buncombe Educational Housing, LLC.<sup>43</sup> The SECU had approached Buncombe County with the idea, following their success with creating affordable teacher housing in Hertford County, Hatteras Island, and Dare County. The Board approved the teacher housing project unanimously.

The apartment complex, which is expected to open by summer 2017, is a \$2.5 million project and a partnership between Asheville City Schools and Buncombe County Schools, as well as the Eblen Center for Social Enterprise, Buncombe County and the State Employees' Credit Union (SECU) Foundation. The SECU Foundation is providing a no-interest loan for the development. Asheville Buncombe Educational Housing LLC, part of Eblen Charities, will manage the apartments and is overseeing the project. Once the loan is paid off, the apartments will provide a source of revenue for Eblen to put toward more programs that benefit area schools, teachers, and students.<sup>44</sup>

It's expected there will be 24 units, all of which will be two-bedroom, two-bath apartments. Eighteen of them will be available to Buncombe County teachers, and the other six will be available for Asheville City teachers.

#### WILLIAMS-BALDWIN DETAILS:

- **Opened:** Summer 2017
- **Land Owner:** Asheville Buncombe Educational Housing, LLC
- **Developer/Property Manager:** Asheville Buncombe Educational Housing LLC
- **Financial Partners:** SECU Foundation
- **Eligibility Requirements:** Eighteen of the units will be available to Buncombe County teachers and six will be available for Asheville City teachers
- **Financial Structure:** No interest loan from SECU
- **Cost:** \$2.5 million
- **Rent:** \$915 for two-bedroom two-bath apartments
- **Units:** 24 two-bedroom, two-bath apartments

<sup>42</sup> Cronin, Mike. "Is there a way out of Asheville's housing crisis?" *Citizen-Times*, 2017. <http://www.citizen-times.com/story/news/local/2015/10/31/affordable-housing-asheville-buncombe-county-bowen-report-esther-manheimer-david-gantt-gordon-smith-census-bureau/74265462/>

<sup>43</sup> Benton, Hayley. "Commissioners approve teacher housing, A-B Tech renovation cost." *Mountain Xpress*, 6 October 2015. <https://mountainx.com/news/commissioners-approve-teacher-housing-a-b-tech-renaovation-cost/>

<sup>44</sup> "Williams-Baldwin Teacher Campus Announces Unique Partnership." *Eblen Charities*, 5 July 2015. <https://www.eblencharities.org/2015/07/williams-baldwin-teacher-campus-announces-unique-partnership/>

## Case Studies

### Unsuccessful Attempts

#### TEACHTOWN MKE (MILWAUKEE, WI)

In 2014, plans were approved to redevelop the empty Dover Street School in Milwaukee, WI into housing for teachers. About a year prior, Milwaukee Public Schools identified the former Dover School site in Bay View as the best school to transform into teacher housing. MPS worked together with the Department of City Development (DCD) to issue a request for proposals from developers. The RFP made clear that MPS wanted the school to be converted by a private developer to residential use that would provide teachers with quality and affordable housing and foster an environment for collaboration and mentoring.<sup>45</sup>

The asking price for the building was \$350,000, plus a commitment to redevelop the property according to MPS' goals and design criteria. The RFP also specified that, despite Dover being built in 1890, it was unlikely that historic designation (and therefore historic tax credits) could be guaranteed because of the number of historically designated schools in Milwaukee. The RFP also forbade use of the building for, among other things, retail or office use for rent to third parties.

The chosen bid was a joint effort between CommonBond Communities and Maures Development Group, LLC. CommonBond is the largest nonprofit housing developer in the upper Midwest and Maures is a Milwaukee-based real estate development firm.

The Dover School site plan changed in numerous ways following community meetings. Originally, the development would have included three new buildings on the site (along with renovation of the school) and a total of 110 apartments. In its final iteration though (the version that finally gained support of the local alderman) the plan included renovating the existing school building to create 43 apartments and building a series of two-story townhouses instead of adding a three-story new apartment building alongside the existing structure. The initial plan was not supported by the neighbors of the property, who argued the project was too big.

Although the proposal was approved in 2014, the project was apparently held up due to “bureaucratic hurdles for the school’s historical designation” (according to a Facebook post by Alderman Zielinski on February 20, 2015). Alderman Zielinski indicated that the earliest that the development would break ground would be fall of 2015. Then, on December 8, 2016, Zielinski reported that “The Milwaukee School Board voted to begin the process of turning Dover Street School into a Montessori School to handle the overflow from Howard Avenue Montessori,” a nearby Montessori School. He also reported that the city and MPS had recently been informed by the development team that they would not pursue plans to redevelop Dover School for its proposed TeachTown project.

<sup>45</sup> “Request for Proposal Redevelopment Opportunity Dover Elementary School Teacher Housing” Milwaukee Public Schools. <http://city.milwaukee.gov/ImageLibrary/Groups/cityDCD/realestate/MPSDocuments/Dover/DoverRFP.pdf>

## Case Studies

### Unsuccessful Attempts

#### CUPERTINO, CA

In May of 2016, the Cupertino Union School District Board of Trustees voted unanimously to discontinue plans to build housing for teachers and district employees. The plan, originally announced by the district in December of 2015, had been to build housing units at the former Luther School site in Santa Clara, but the district reported that the project was creating tension among employees, parents, and community members that was distracting the district from its mission of providing all Cupertino Union School District students with quality education.<sup>46</sup>

At least some of the community opposition stemmed from concerns about long-term growth in the district, overcapacity, and use of the site for other projects in the future.

Although the district is still very interested in finding ways to retain good teachers, they will not be looking for another site for the project.

<sup>46</sup> "Cupertino Union cancels teacher housing project." Mercury News, 9 June 2016. <http://www.mercurynews.com/2016/06/09/cupertino-union-cancels-teacher-housing-project/>

## Conclusion

There are many possible benefits of providing affordable housing for educators. Not only are there benefits to the education of children through lowered teacher turnover rates, but teachers who are not stressed financially don't have to take second jobs, live with many roommates, or commute long distances to school. A less stressed teacher is a better teacher. Providing affordable housing options is worthwhile not just for the educational benefits to students, but it also improves the lives of teachers - a worthwhile goal in and of itself.

Many approaches have been taken in finding ways to finance these projects. Consider the use of tax credits to subsidize development costs and allow for below-market rent. New Market Tax Credit can be helpful if the property is in a qualified census tract and if there's intended commercial space in the development. Historic tax credits exist on a federal level and most states also have a state historic tax credit. These can be bundled to significantly reduce cost if the development is in a historic structure. On the other hand, if the building isn't historic and won't house any commercial enterprises, there are other strategies available. The North Carolina State Employees Credit Union Foundation provided no-interest loans for five separate teacher housing developments. The Roaring Fork School District in Colorado got a \$15 million portion of their \$122 million voter-approved bond issue set aside for teacher housing.

These initiatives can take place at any scale. Teachers Village in Newark, NJ is a multi-block development, complete with schools, shops, restaurants, and well over 100 rental units. But these projects don't necessarily have to be that large. Consider Washington, DC, where a repurposed building now houses two charter schools and 10 subsidized rental units. Or Springfield, MA where 25 of 256 apartments are being rented to teachers at a discounted rate.

There have also been creative solutions as to where to put affordable housing for educators. If your city isn't teeming with cheap land or old buildings to be repurposed, consider parking lots. The San Mateo County Community College District built 44 units on 2.5 acres of parking lot and 60 units on 3.3 acres. Unused corners of school property are also a promising option. Selma Community Housing, Sage Park Apartments and Casa del Maestro were constructed on underutilized areas of elementary school, high school, and middle school properties. The Roaring Fork School District has purchased apartments in existing developments to rent to their teachers at below market rate.

Finally, it's crucial to be thoughtful in how you go about making decisions about these kinds of developments. Engage the communities that will be affected. When Seawall Development in Baltimore set out to build affordable apartments for teachers, the first thing they did was talk to teachers. They involved them in planning and decision-making about the property; what amenities did teachers need and want? Seawall also talked with nonprofits who wanted space in the building. They asked what the nonprofits needed and wanted and what they would be

## Conclusion

willing to compromise on. Finally, Seawall went to the property's neighbors and asked what the neighborhood wanted. Through their many conversations, Seawall learned that, among other things, the teachers wanted a copy room, the nonprofits wanted conference room space, and the neighbors wanted a coffee shop. Seawall delivered on all these hopes, hopes they only knew about because they took the time to ask and to listen.

This report will be outdated by the time you read it. Even over the course of our research, more projects like these are popping up. But the lessons to be learned from the cases presented still stand. There are districts and developers working creatively and tirelessly to ease the burden that housing puts on teachers, and there are as many approaches as there are initiatives. There is no one formula for how to build subsidized teacher housing.

