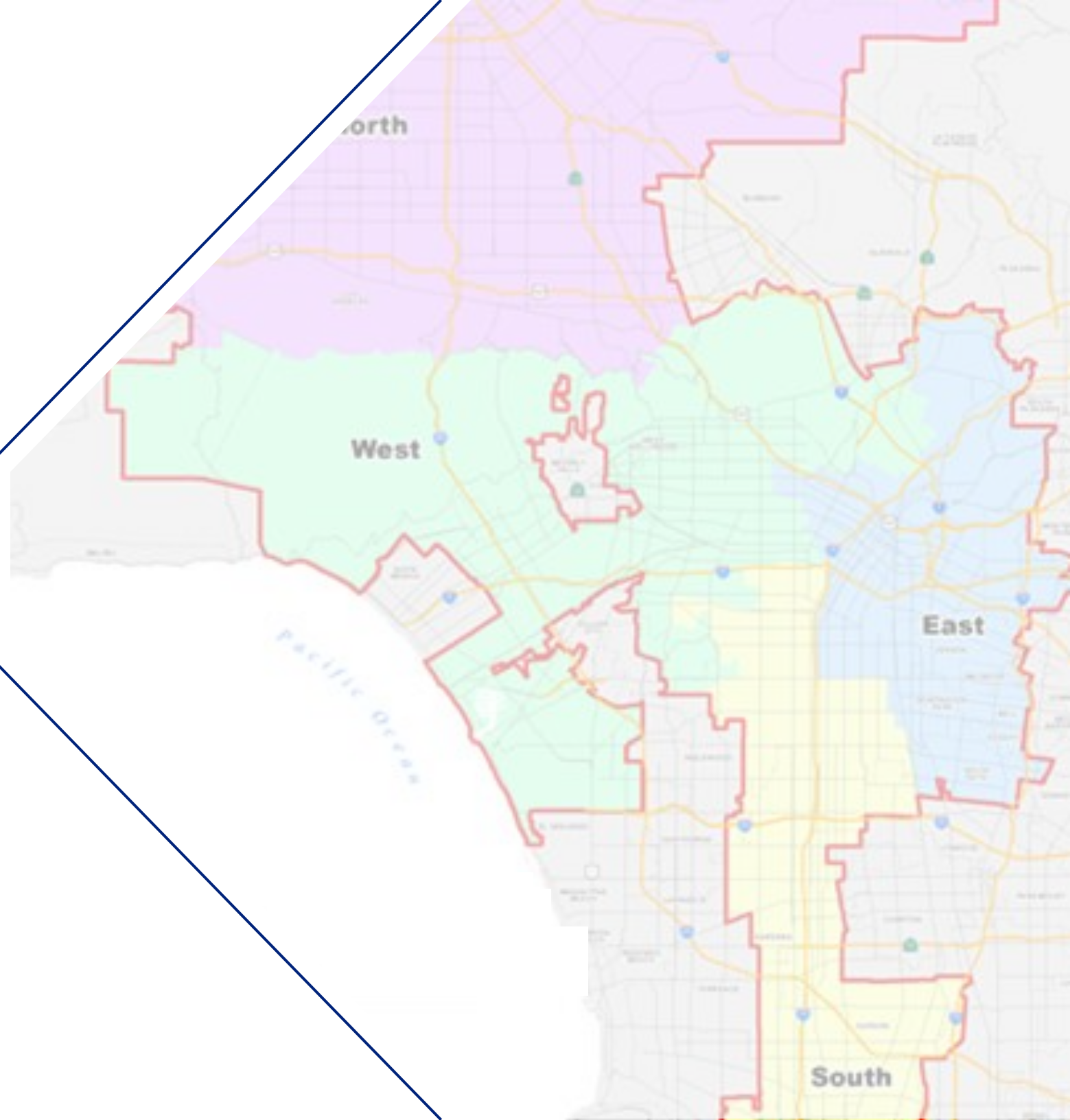


# District Housing Initiative Update

## FACILITIES AND PROCUREMENT COMMITTEE

April 22, 2025



# Previous & Current Phases

## PHASE I (2024)

In 2024, B&D completed a **Workforce and Family Housing Needs Assessment** with the following outcomes:

- **Increased understanding of current housing challenges** of LAUSD families and employees.
- **Quantified scale, type, and regionality of demand** for District housing.
- **Defined strategic outcomes and decision-making criteria** for District housing.

## PHASE II (2025)

In Winter 2024, B&D studied the **viability of two District-identified sites** with the following goals:

- **Understand the scale and range of feasible concepts** for potential development opportunities.
- **High-level outline of programs for two sites** including unit counts, and potential amenity spaces.
- **Understand financial viability of development** on both sites and impacts of different target markets or affordability expectations.
- **Establish criteria** for District consideration of future development and if viability is present to continue.

# Phase II Key Findings

**There are significant challenges to developing employee-focused housing on LAUSD sites.**

- Proposed sites have **developmental potential** for housing but are challenged by factors including **development costs**, **limitations for potential revenue**, and **affordable housing requirements** of legislation.
- Both sites are most financially feasible as market-rate projects but would **not satisfy** the District's **strategic criteria and desired housing outcomes**.
- Affordable projects can potentially secure capital through LIHTC (Low Income Housing Tax Credit) funding, however, this **potentially complicates and slows down** the development process and **caps financial returns**.
- Average financial returns **do not meet the minimum requirements** of Public-Private Partnership ("P3") investors or for-profit developers in the current market

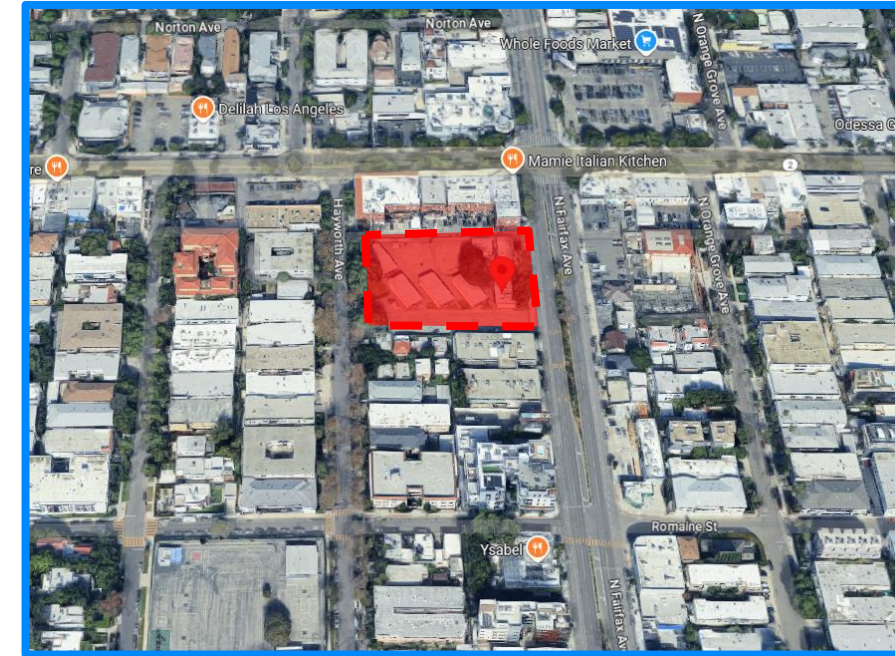


# Selected Sites & Considerations

**Site 1**  
**5717 N Rudnick Ave**  
**Woodland Hills**  
**“Collins”**  
**6.56 Acres**



**Site 2**  
**1049 N. Fairfax Ave**  
**West Hollywood**  
**“Fairfax”**  
**1.44 Acres**



B&D reviewed various criteria including:

- Current site zoning
- Zoning of nearby sites
- Lot size and access

# Pathways, Requirements, and Opportunities

## LEGISLATIVE PATHWAYS

**AB 2295** — Allows rental housing on District property that, if affordable requirements are met, can provide preference to District employees

*Other:*

**AB 3308** — Enables LIHTC funding for workforce housing on District land

**AB 2097** — Eases parking requirements

**SB 35** — Streamlines CEQA approval for projects in Cities that do not meet State housing goals

## AB 2295 HOUSING REQUIREMENTS

**Affordability Level** – Majority of units at Low or Moderate Income, with at least 30% of units at Low Income. Overall, 50% of units must be affordable

**Residency** – 100% rented by District employees unless insufficient demand

**Development Standards** – Subject to standard of nearest parcel meeting or exceeding housing's density and height

## POTENTIAL FUNDING

**LIHTC** — Low Income Housing Tax Credits

**Alternative Funding Strategies**

# Potential Barriers to Viability

## DEVELOPMENT BARRIERS



Existing Zoning &  
Site Conditions



Density  
Limitations



Amenity and  
Service Access



Local Community  
Concerns

## FINANCIAL BARRIERS



Risk of Securing  
Financing



Financial Return  
Requirements



Construction Costs

## OPERATIONS BARRIERS



Alignment of Offerings with  
Intended Audience



Affordability  
Requirements



# Affordability Considerations

B&D reviewed the viability of various housing delivery combinations to **understand the most viable scenarios** for development on the potential housing sites. Scenarios were grounded in three different affordability assumptions:

STRENGTHS

CHALLENGES

**100% OF UNITS AT AFFORDABLE RENTS (80% AMI and BELOW)**

- Maximizes benefit to LAUSD employees
- Less sensitive to financial returns due to funding sources
- 100% Density bonus eligible
- Property tax relief

- Lowest potential revenue of scenarios
- Requires LIHTC funding
- Only lower income LAUSD employees would benefit

**Potentially Eligible:**  
**B&G, Food Service, Instructional Support, Teachers**

**100% OF UNITS AT MARKET RENTS**

- Highest potential revenue compared to other scenarios

- Would not serve LAUSD employees and subject to FHA
- No property tax relief
- Project must be funded through private market equity and debt
- CUP or City led re-zoning is necessary for viability

**Potentially Eligible:**  
**None – market rate**

**AB 2295 MINIMUM RENTS (40% units at LOW 80% AMI, 11% units at MOD 80%-120% AMI)**

- Greater revenues than 100% affordable scenarios
- Ability to benefit wider range of LAUSD employees
- Some property tax relief

- Risk of not securing LIHTC funding
- Does not qualify for full LIHTC financing, so will require the remaining capital to be funded through private market

**Employees Served:**  
**Trades, B&G, Food Service, Student Support, Teachers, Counselors**



# Collins Programs - Summary

	Affordable Rents	Market Rents	AB 2295
Total Units	265	265	265
AMI Level Breakdown*	100% Low (80% AMI)	100% Market Rate	40% Low (80% AMI) 11% Moderate (120% AMI) 49% Market
Building GSF	407,600	407,600	407,600
Parking Count	385	385	385
Development Cost**	\$140M - \$150M	\$120M - \$130M	\$140M - \$150M
	0% Equity 91% LIHTC 9% Debt	32% Equity 0% LIHTC 68% Debt	20% Equity 36% LIHTC 44% Debt
Developer Return (Yield-on-Cost)	0.6% - 1.2%	6.0% - 7.4%	2.9% - 3.9%

**Affordable Rents** – 100% affordable project would have a positive Net Operating Income for affordable housing investors

**Market Rents** – Best returns but concerns regarding additional required costs and rezoning feasibility

**AB 2295** – Minimum requirement to meet AB2295 – would not meet required return thresholds for Public-Private Partnership (“P3”) investors

\*For Collins, site, unit breakdown is 35% 1BR, 40% 2BR, and 25% 3BR.

\*\*Budget based on January 2025 ROM cost estimate.



# Fairfax Programs - Summary

	Affordable Rents	Market Rents	AB 2295
Total Units	77	77	77
AMI Level Breakdown	100% Low (80% AMI)	20% Low (80% AMI) 80% Market Rate	40% Low (80% AMI) 11% Moderate (120% AMI) 49% Market Rate
Building GSF	83,600	83,600	83,600
Parking Count	100	100	100
Development Cost**	\$35M - \$40M	\$30M - \$40M	\$35M - \$40M
	6% Equity 91% LIHTC 3% Debt	41% Equity 0% LIHTC 59% Debt	15% Equity 55% LIHTC 30% Debt
Developer Return (Yield-on-Cost)	0.2% - 0.3%	4.6% - 5.6%	2.2% - 2.6%

**Affordable Rents-** 100% affordable project would have a positive Net Operating Income for affordable housing investors

**Market Rents** – Best returns but concerns regarding additional required costs. Still ***below feasibility standards*** in today's market.

**AB 2295**– Minimum requirement to meet AB2295 – would not meet required return thresholds for P3 investors

\*For Fairfax, site, unit breakdown is 20% Studio, 40% 1BR, and 40% 2BR.

\*\*Budget based on January 2025 ROM cost estimate.

# Conceptual Program Returns

Fairfax site has substantially **narrower margins** than the Collins site due to **less revenue generating units** and housing density which **reduces operating efficiency**.

All scenarios analyzed assume that the District's only contribution to the project is the land and there are no other capital contributions on behalf of LAUSD.

	COLLINS			FAIRFAX		
	C1	C2	C3	F1	F2	F3
	100% Affordable	100% Market Rate	AB 2295 Minimum	100% Affordable	20% Affordable	AB 2295 Minimum
Net Operating Income	\$1.7 M	\$8.8 M	\$5.4 M	\$0.09 M	\$1.5 M	\$1.0 M
Cash Flow After Debt Service	\$0.9 M	\$2.5 M	\$0.7 M	\$0.01 M	\$0.2 M	\$0.1 M
Developer Return (Yield-on-Cost)	0.6% - 1.2%	6.0% - 7.4%	2.9% - 3.9%	0.2% - 0.3%	4.6% - 5.6%	2.2% - 2.6%
Minimum Return Expectations	N/A	6.5% - 7.0%	5.5% - 6.0%	N/A	6.5% - 7.0%	5.5% - 6.0%

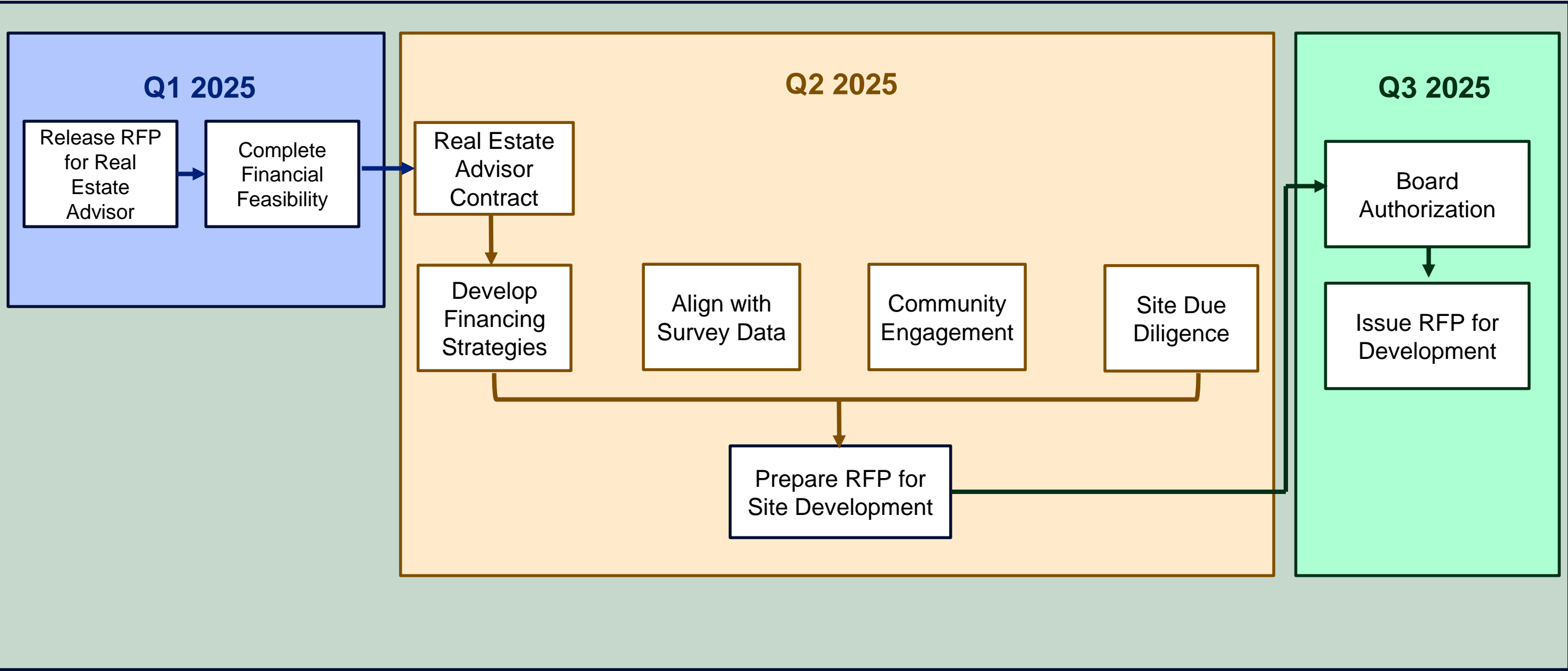
\*Financial Analysis assumes 3% annual increases to revenues and expenses.  
\*\*Expenses include property taxes when relevant, management fee (8%), and annual R&R reserve contributions.  
\*\*\*All sites and scenarios assume 95% stabilized occupancy.  
\*\*\*\*Budget based on January 2025 ROM cost estimates

# Conclusions

**There are still significant variables to developing employee-focused housing on LAUSD sites:**

- LIHTC funding market is competitive and there is uncertainty on what level of funding will persist with HUD.
- Average financial returns needed are lower than what is currently required by the market for Public-Private Partnership investors or for-profit developers.
- Construction cost pressures will continue to rise due to challenges in commodities and labor markets.

# Next Steps and Timeline



# Questions and Discussion

