

Education Workforce Housing Workshop

Innovative Housing Solutions to Live Near Work



Financing Education Workforce Housing

Financing Education Workforce Housing

- ▶ **DCG Strategies, Inc. (Dublin, CA)**
 - Lauren Jennings, President
 - Landis L. Graden, Chief Executive Officer
- ▶ **Jefferson Union High School District (Daly City, CA)**
 - Andrew Lie, JUHSD Board Member
 - Kalimah Salahuddin, JUHSD Board Member
 - Toni Presta, JUHSD Superintendent



FINANCING OPTIONS FOR DISTRICT OWNED EMPLOYEE HOUSING

A GUIDE BY THE EXPERTS AT DCG STRATEGIES



ABOUT US

DCG Strategies

Founded in 2005, DCG Strategies is a commercial real estate firm that specializes in serving the real estate needs of California's public schools and districts.

As the exclusive real estate partner and service provider for CSBA, DCG provides Property Planning Solutions to CSBA members and local educational agencies statewide.

CORPORATE OFFICE
7600 Dublin Blvd., Suite 275
Dublin, CA 94568
P: 925.479.1350

JOIN US ONLINE
dcgstrategies.com
   @dcgstrategies

Agenda



Certificates of
Participation



General Obligation
Bond Funds



Public Subsidies



Conventional Debt



Sale of Surplus
Property

OPTION A

Certificates of Participation

District issues Certificates of Participation (COPs) which are similar to tax free bonds. COPs are offered to investors on a long term basis with annual debt payments made by the District.

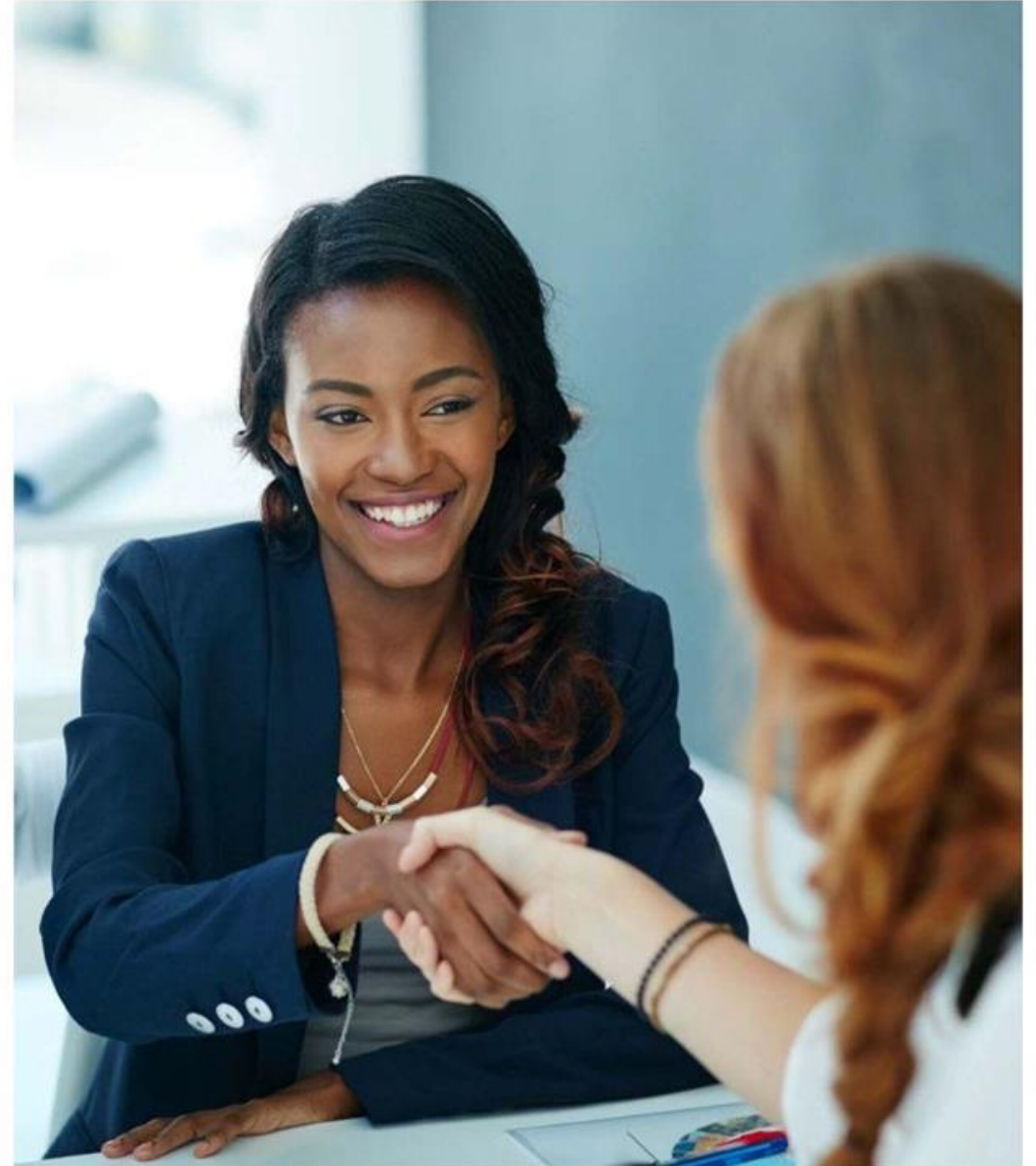
Pros

- Can be issued by approval of Board of Trustees and does not request a District wide vote
- Issuance can be sized based on the financing need

Cons

- A majority of annual lease revenue is, oftentimes, applied to the debt obligation
- Typically used in conjunction with another financing source

Case: San Mateo Community College District, Santa Clara USD



OPTION B

Conventional Debt

District applies for a construction loan and borrows money from a lender. If approved, the District starts drawing funds in conjunction with each phase of construction of the project.

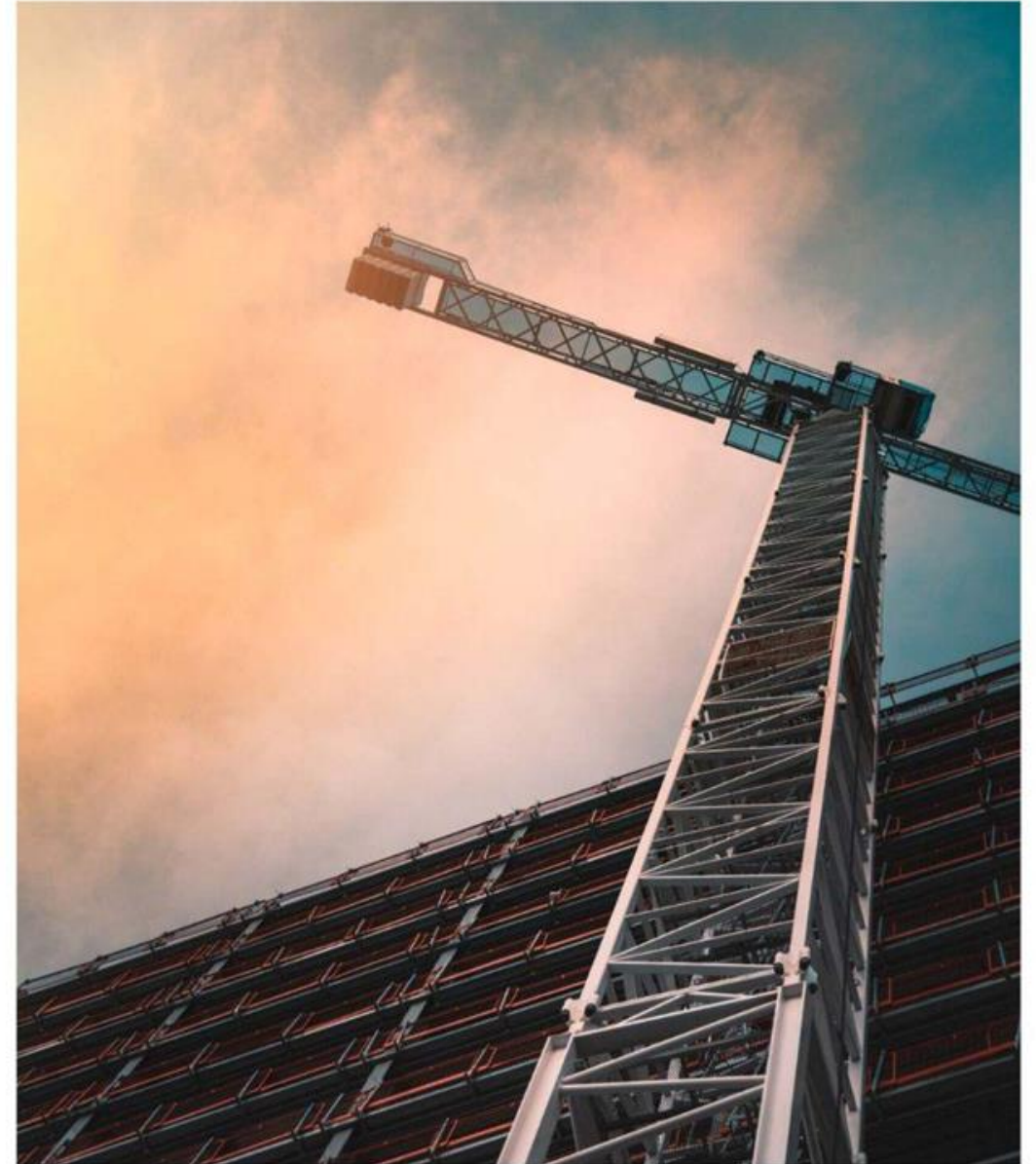
Pros

- Conventional Construction lending and permanent or “take out” funding from major lending institutions is a common funding mechanism for construction
- Could be used early on in the development project and paid off by other funding sources

Cons

- Short term funding solution compared to other options
- Typically used as a secondary source of financing in tandem with other funding sources
- Funds are typically distributed in stages, as opposed to lump-sum payments

Case: Los Angeles USD



OPTION C

General Obligation Bond Funds

District passes a General Obligation Bond (GO Bond), that is approved by voters and typically funded through increase in property taxes or other tax revenues.

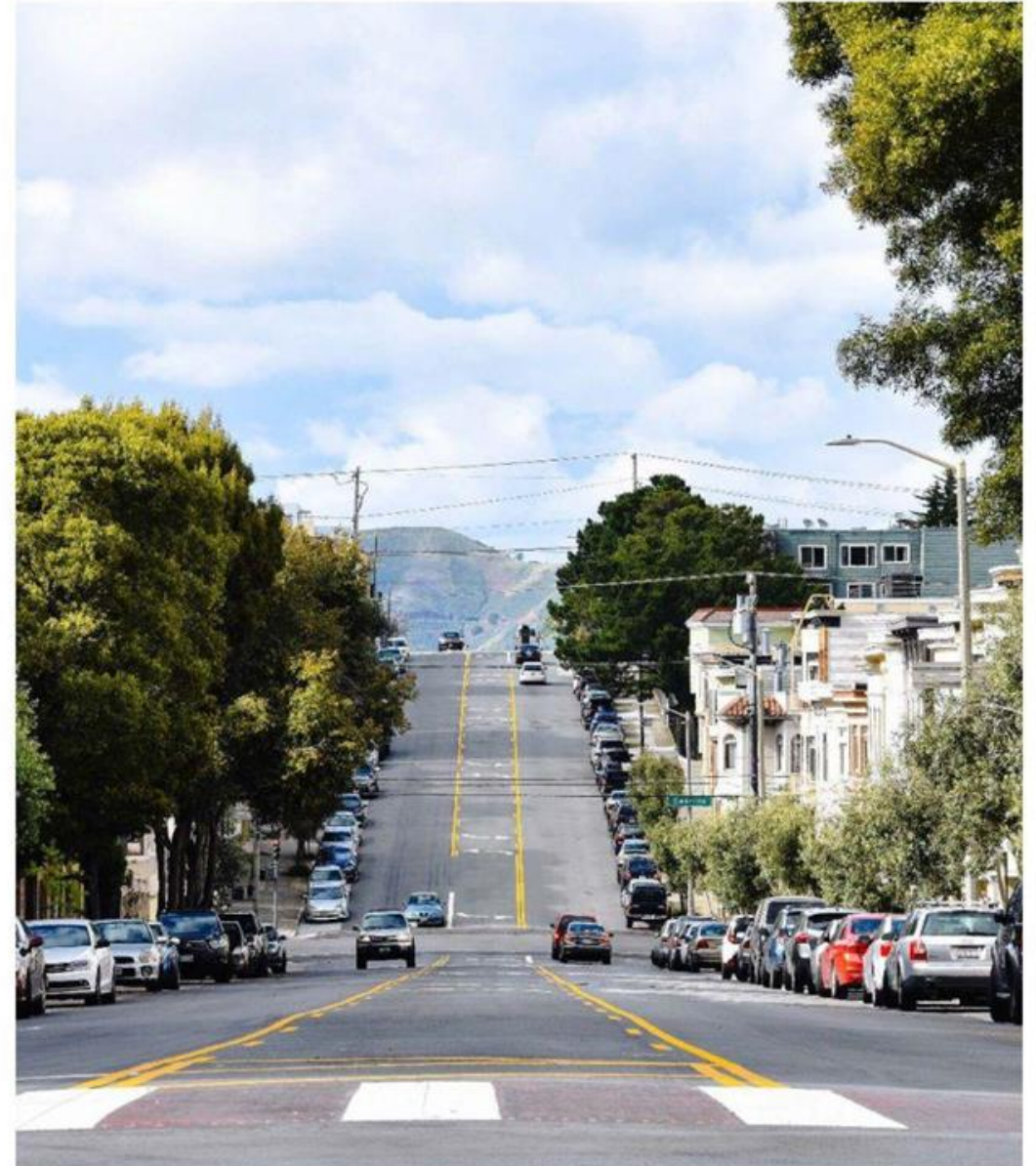
Pros

- GO bonds are not backed by collateral, but instead are backed by the state or local government's ability to tax, and to raise taxes if necessary, in order to pay bondholders.
- Funds received are not required to be paid back on the basis of income generated from funded projects
- Can be used as a sole source of financing

Cons

- As a voter approved measure, requires organization and majority approval

Case: Jefferson Union HSD, Soledad USD



OPTION D

Sale of Surplus Property

District sells surplus and/or underutilized property. The revenue from the sale is used to fund construction.

Pros

- Depending on property values, this could serve as the sole financing source
- Typically used as a secondary source of financing in tandem with other funding sources

Cons

- Could not be feasible based upon property values, size of District and number of properties available

Case: San Mateo Union HSD



OPTION E

Public Subsidies

The State of California manages a national tax program which provides Tax Credits for projects meeting certain affordable and design criteria. The awarded Tax Credits can be sold to investors looking to shelter income from Federal income Taxes. District applies for subsidies and, if awarded, receive a percentage of the project's total cost.

Pros

- Targets low incomes and allows the State to regulate rent increases

Cons

- Tax credits are typically not a viable option to fund the majority of housing intended for district employees due to their associated income restrictions
- Public subsidies are very competitive

Case: Los Angeles USD



Thank you



California School Boards Association
3251 Beacon Boulevard, West Sacramento, CA 95691
www.csba.org | 800 266.3382