



STATUS REPORT No. 2

Hidden Valley and Tatum Feasibility Analysis

Prepared for the
Board of Education
Santa Barbara School District and
Santa Barbara High School District

Prepared by:
UniDev, LLC

January 24, 2006



PRESENTATION AGENDA

Introduction

Background

Feasibility Analysis Process

Results of Employee Survey

Results of Focus Groups

Additional Information Gathering

Land Use Analysis Process

Community Input

INTRODUCTION

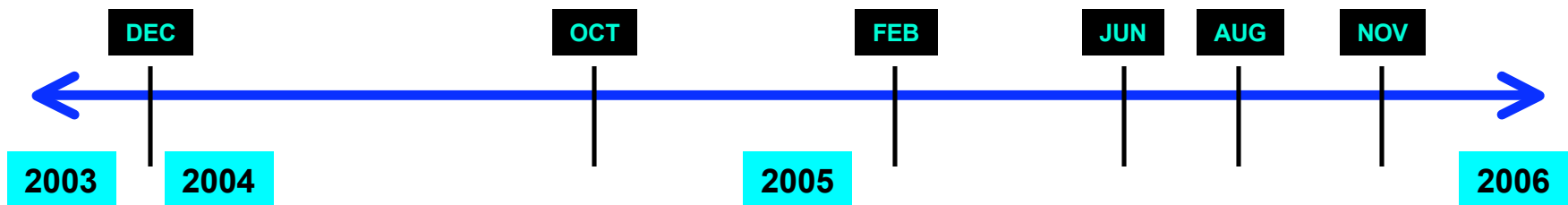
- **Report No. 3 on the Status of the Feasibility Analysis, 19 JAN. 06**
- **Monthly written status reports to the School Board**
- **Second in a series of oral reports to the School Board**
- **The next oral report will be tied to the Community Forums process**

UniDev Will Keep the School Board Informed of Progress of the Feasibility Analysis

BACKGROUND

Feasibility Analysis is merely one component in an ongoing process:

- The School Districts began looking at potentially excess sites in 2003
- Real Property District Advisory Committee formed late 2003
- District Advisory Committee broadly composed of community members
- School Board accepted preliminary recommendations October 2004
- School Board began public procurement process in February 2005
- Unanimous recommendation of preferred team made June 2005
- School Board approved Feasibility Analysis contract August 2005



Feasibility Analysis Should Be Viewed in the Larger Context of the Districts' process

BACKGROUND

The School Districts' Overarching Goals:

- provide **greater fiscal stability** to the School Districts by **supplementing existing revenue sources**, allowing the Districts to **continue and/or expand** high quality educational programs available to the student body
- **explore options** for providing **reasonably priced, high-quality housing** for the School Districts' staff, to assist with the **recruitment and retention** of the best-qualified employees available

The Hidden Valley and Tatum Sites Are Important Assets that Must Be Evaluated Fully

BACKGROUND

The School Districts' Asked UniDev to Evaluate Four Options:

- **“as is” disposition of each site**
- **“fully entitled” disposition of each site**
- **Development of each site as workforce housing for the Districts' staff**
- **Development and sale of market-rate homes on each site**

The School Districts Need the Flexibility to Solve the Systems' Fiscal and Staff Needs

BACKGROUND

- **The UniDev Team members and their primary roles are as follows:**

- **Brian Cearnal**, principal, Cearnal Andrulaitis, Local Architect;
- **David C. Fainer, Jr., Esquire**, Local Land Use Counsel;
- **Moore Iacofano Goltsman, Inc.**, Public Outreach Consultant;
- **Lim Chang Rohling & Associates, Inc.**, Design Architect;
- **Hamilton, Rabinovitz & Alschuler, Inc.**, Entitlements Consultant;
- **Robert Charles Lesser & Co., LLC**, Market Analyst;
- **Rincon Consultants, Inc.**, Environmental Impact Consultants;
- **Huitt-Zollars**, Civil Engineer;
- **CTG Energetics**, Sustainability Consultant;
- **Citigroup Global Markets**, Investment Banking and Public Finance Partner;
- **Fannie Mae**, Mortgage Financing Partner; and
- **Nordman Cormany Hair & Compton**, Real Estate and Transactional Counsel.

Multidisciplinary Team with Broad Real Estate, Local, and Coastal California Experience

BACKGROUND

What Is a “Feasibility Analysis?”

- **Objective analysis of costs and benefits** of particular development program
- **Generally accepted approach** within real estate development industry
- Our Feasibility Analysis will identify **preferred approach for each option**
- Our Feasibility Analysis **will NOT recommend any one option** among the four
- **School Board may consider other options** outside the Feasibility Analysis
- **Only the School Board** can make final decision among available options

The School Board Will Have the Final Say on the Hidden Valley and Tatum properties

FEASIBILITY ANALYSIS PROCESS

The School Districts' and the UniDev Team's Progress since November:

- **Conducted randomly selected Focus Groups of SBSD employees**
- **Developed and tested a written census survey instrument**
- **Administered survey of 100% of SBSD employees**
- **Collected and analyzed 452 completed surveys**
- **Evaluated merits of employee outreach and additional data gathering**
- **Re-engaged leadership of the two employees' unions as part of outreach process**
- **Reprogrammed land use planning to emphasize environmental considerations**
- **Commenced land use analysis process to track timing of demand analysis**
- **Commenced market analysis**
- **Commenced planning process for Community Forums in mid-to-late March**

Internal Demand Analysis Substantially Completed; Other Tasks Well Underway

RESULTS OF THE EMPLOYEE SURVEY

Significant Conclusions from the Survey Report include:

- Employees **Want to Own** Their Own Homes
- Monthly and Up-Front Housing Costs Are Significant Concerns
- Living on the **South Coast** is **Extremely Desirable**
- Finding a **Suitable Affordable Residence** Is **Extremely Difficult**
- Making Workforce Housing Available Will Positively Affect Retention
- Workforce Housing in another District May Negatively Affect Retention
- Employees Are **Willing to Accept Trade-Offs** to Buy Affordable Housing
- **Workforce Housing is the Most-Desirable Employment Benefit**

For-Sale Workforce Housing on the South Coast Can Be an Effective Retention Tool

RESULTS OF THE EMPLOYEE SURVEY

Employees **Want to Own** Their Own Residence

- 96% of Respondents **Would Like to Own** Their Next Residence
- Just over Half (55%) of Respondents **Currently Own** Their Own Home
- On a 1 – 5 Scale, Purchase of Affordable, South Coast Home Rated 4.53
- Likelihood to Purchase Affordable, South Coast Home Rated 4.14 (1 – 5 Scale)

Nearly 96% of All Respondents Would Like to Own Their Next Residence

RESULTS OF THE EMPLOYEE SURVEY

Monthly and Up-Front Housing Costs Are Significant Concerns

- “Ability to afford monthly housing costs” ranked as Number 1 concern
- “Ability to afford down payment and closing costs” ranked Number 2
- “Ability to find suitable housing that’s affordable” ranked Number 3
- “Ability to find suitable housing within reasonable commute” ranked Number 4
- “Long-term financial commitment” ranked as Number 5
- “Responsibility of maintaining residence” ranked Number 6

Among 6 Common Concerns Among Home Buyers, These Ranked First and Second

RESULTS OF THE EMPLOYEE SURVEY

Living on the South Coast Is Extremely Desirable

- Nearly 95% of Respondents would choose to live on the South Coast
- 70% of Respondents would pay more to live on the South Coast
- 88% of Respondents currently live on the South Coast
- **BUT** only 55% of Respondents currently own their own home

Nearly 95% of All Respondents Would Choose to Live on the South Coast if They Could

RESULTS OF THE EMPLOYEE SURVEY

Finding a Suitable, Affordable Residence Is Extremely Difficult

- On a 1 – 5 scale, difficulty finding affordable, suitable housing averaged 4.31
- If this difficulty remains the same, likelihood to leave < 5 years averaged 3.23
- If this difficulty remains the same, likelihood to leave < 2 years averaged 2.77

On a 1- 5 Scale—5 Being the Most Difficult—Finding Affordable Housing Averaged 4.31

RESULTS OF THE EMPLOYEE SURVEY

Making Workforce Housing Available Will **Positively Affect Retention**

- **Three-quarters** of Respondents (**75%**) say they are **more likely to stay** at their current job if the School Districts offer **housing assistance that is desirable** to their household.
- Respondents **ranked the desirability of different types of housing assistance as follows (on a 1 – 5 scale, with 5 being the most desirable)**:
 - Opportunity to buy a new, market-quality home on South Coast: 4.53
 - Opportunity to rent a new market-quality home on South Coast: 2.61
 - Down payment and closing cost assistance: 4.01
 - Assistance paying security deposit on a new rental unit: 2.23
 - Assistance with payment monthly housing costs (own or rent): 3.69

75% of Respondents Would Be “More Likely to Stay” if Housing Assistance Offered

RESULTS OF THE EMPLOYEE SURVEY

Workforce Housing in another District May **Negatively Affect Retention**

- **71%** of Respondents say they are **more likely to accept an offer** of employment for the same position **at another School District** if that offer included **housing assistance that is desirable** to their household.

71% of Respondents Would Be “More Likely to Leave” if Housing Assistance Offered

RESULTS OF THE EMPLOYEE SURVEY

Employees Are **Willing to Accept Trade-Offs** to Buy Affordable Housing

- 31% of Respondents willing to accept ground leased land if housing affordable
- On 1 – 5 scale, Respondents ranked acceptability of restrictions (5= most desirable)
 - Must be purchaser's principal residence: 3.9
 - If purchaser dies, heirs must occupy or sell residence: 3.2
 - Limitation on Seller's resale price: 2.8
 - Proscription against ownership/rental of another residence: 2.8

Almost 1/3 of Respondents Would Accept Restrictions in Exchange for Ownership

RESULTS OF THE EMPLOYEE SURVEY

Workforce Housing for Purchase Is the Most-Desirable Housing Benefit

- On 1 – 5 scale, opportunity to buy South Coast home ranked 4.5 (5= most desirable)
- On 1 – 5 scale, down-payment assistance ranked 4.0 (5= most desirable)
- On 1 – 5 scale, assistance with monthly housing costs ranked 3.7 (5= most desirable)

Purchase of Affordable, High-Quality Home Is Most-Desirable Housing Benefit

RESULTS OF THE FOCUS GROUPS

Significant Conclusions from the Focus Group Report include:

- Santa Barbara Is **Desirable** but Housing Affordability Is a **Significant Concern**
- Housing Issues Have **Negative Impacts on Employees & Families**
- Housing Issues Have **Negative Impacts on Employment**
- **Employers Should Assist Their Employees** with Housing Costs
- Employees Are **Willing to Accept Trade-Offs** to Buy Affordable Housing
- **Employees Are Interested in Workforce Housing**

When Engaged in Facilitated Discussions, Employees Show Interest & Flexibility

ADDITIONAL INFORMATION GATHERING

Next Steps in Completing the Demand Analysis:

- **Re-engage Leadership of the Employees' Unions as part of an Outreach Process**
- **Provide Information to SBSD Employees about Workforce Characteristics Housing**
- **Offer SBSD Employees Opportunities for Additional Facilitated Discussions**
 - Tuesday, February 7th, 3:30 p.m., San Marcos High School
 - Wednesday, February 9th, 3:30 p.m., (location to be confirmed)
 - Thursday, February 9th, 3:00 p.m., SBSD Management Meeting, Central Administration
- **Conduct Randomly Selected Sampling Survey of Programmatic Questions**

UniDev Will Gather Additional Qualitative Information; More Focused Quantitative Data

LAND USE ANALYSIS PROCESS

- **Environmental Inventory of each Site**
- **Mapping of CEQA Compliance**
- **Opportunities and Constraints Analysis of each Site**
- **Engagement of Neighborhood & Community Stakeholders RE: Their Concerns**
- **Identification and Preliminary Assessment of Infrastructure Issues**
- **Identification and Preliminary Assessment of Entitlements Issues**
- **Preparation of a Land Use Map for Use in Programming each Site**

The Land Use Analysis Process Has Commenced and Tracks with Community Forums

COMMUNITY INPUT

- **Planning for the Community Forums Is Already Underway**
- **Three, Facilitated Community Forums Will Be Held at Three Separate Locations**
- **Tentatively Scheduled for Mid-to-Late March**
- **To Be Used to Test Preliminary Development Concepts & Elicit Community Input**
- **Important Predicate to Preparing Financial Analysis and Draft Report**
- **Feasibility Analysis Draft Report Expected to Be Delivered Late April / Early May**
- **Additional Community Input Process Recommended upon Delivery to Board**

The Community Input Process Is an Important & Valuable Component of our Study