



EDUCATION HOUSING PARTNERS

A THOMPSON | DORFMAN COMPANY

UPDATED SEPTEMBER 16, 2016

Agenda



- EHP background
- Survey findings
- Financial model and market comparison
- Potential site plans
- Traffic impact
- Previous Project Architecture

Faculty / Staff Housing



- Provides low-cost and high quality rental housing to teachers and staff
- Rents are typically under 50% of market
- Significant benefit for recruiting and retaining employees

District / Agency Role

- Provide Surplus Site / Land
- Capitalize Development
- Facilitate Relationship with City
- Champion Project



Capital Requirements



- No District general funds are required for development or operations
- 100% of pre-construction and construction costs are funded by financial instruments (e.g., COPs) or sale of assets (e.g., surplus land)
- Rents are set at levels that cover all operating costs, principal and interest and reserves
- Rents are low due to
 - No land costs (surplus site)
 - Lower operating costs and no property taxes (publicly owned)
 - Tax exempt financing
 - Limited municipal fees

Design / Build Contractor (DBC)



- District Retains DBC through Section 5956 of CA Government Code
- DBC handles all design, entitlement, permitting and construction related activities on a fixed-cost basis
- DBC works on a turn-key basis – no equity participation

Operations



- District creates "housing board" which hires 3rd party property manager responsible for maintenance, administration, operations, and leasing
- Apartments offered to qualifying district employees
- District owns land and all improvements

Project Features



- All Units
 - Individual private garages – most with direct access
 - Large floor plans with patios/terraces
 - E-Star appliances
 - Laundry rooms
 - Walk-in closets
- Project
 - Environmental sustainability goals
 - Recreation building
 - Well-landscaped courtyards and auto court buildings
 - ADA accessible units and amenities
 - Abundant visitor parking

Education Housing Partners, Inc.



- EHP is a California non-profit, public-benefit entity affiliated with Thompson | Dorfman Partners, LLC
- Thompson | Dorfman Partners, LLC is one of Northern California's oldest and largest luxury multi-family developers
- Numerous awards have been granted to EHP's developments including the Jack Kemp Model of Excellence Award for Casa del Maestro built for Santa Clara Unified School District

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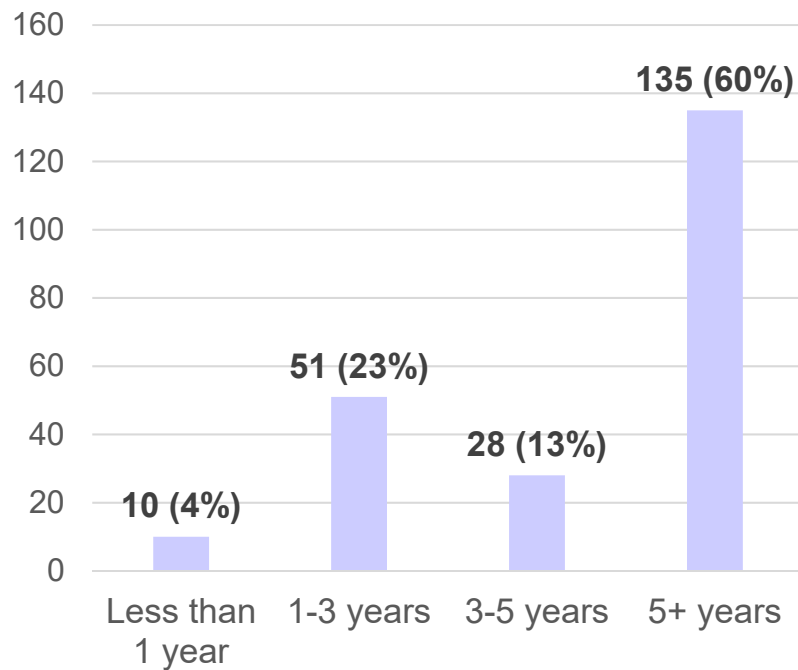


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Survey – Data

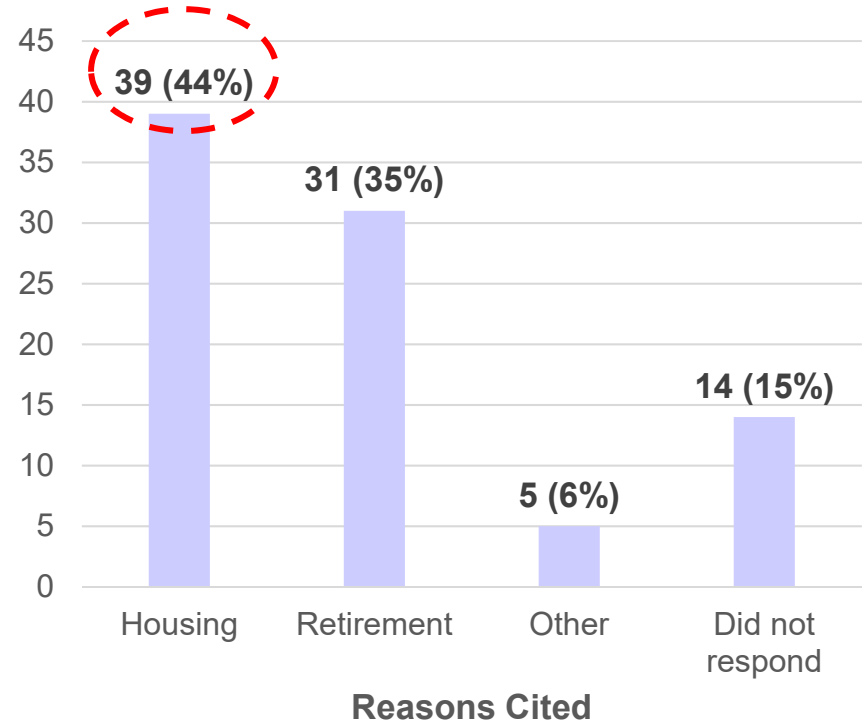
For how long do you anticipate continuing to work for PSD?

Responses
(N = 224)



If you answered less than 5 years, why?

Responses
(N = 89)



*Extrapolating to the broader ~300-person population, **housing concerns will drive out 52 teachers and staff from PSD in the next 5 years***

Survey – In their own words...

“I work 2 jobs in Pacifica and **both paychecks don't even cover my rent**, so I supplement my high rent and monthly expenses with my **dwindling savings.**”

“**If my rent is raised, I would leave** to work for a higher paying district to compensate the difference.”

“I don't know how long I'll be able to afford paying rent in Pacifica. **I'd work here longer if I could afford it.**”

“I want to be able to buy a house, and can't anywhere in this surrounding area due to the **current housing prices.**”

“I plan to stay but not if **I can no longer afford to live nearby.**”

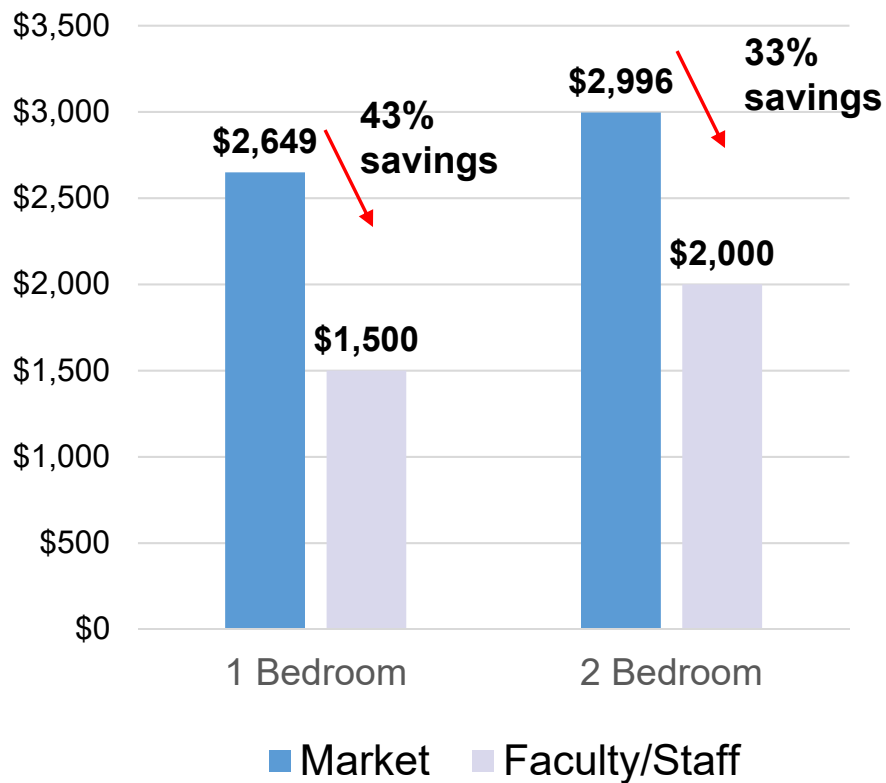
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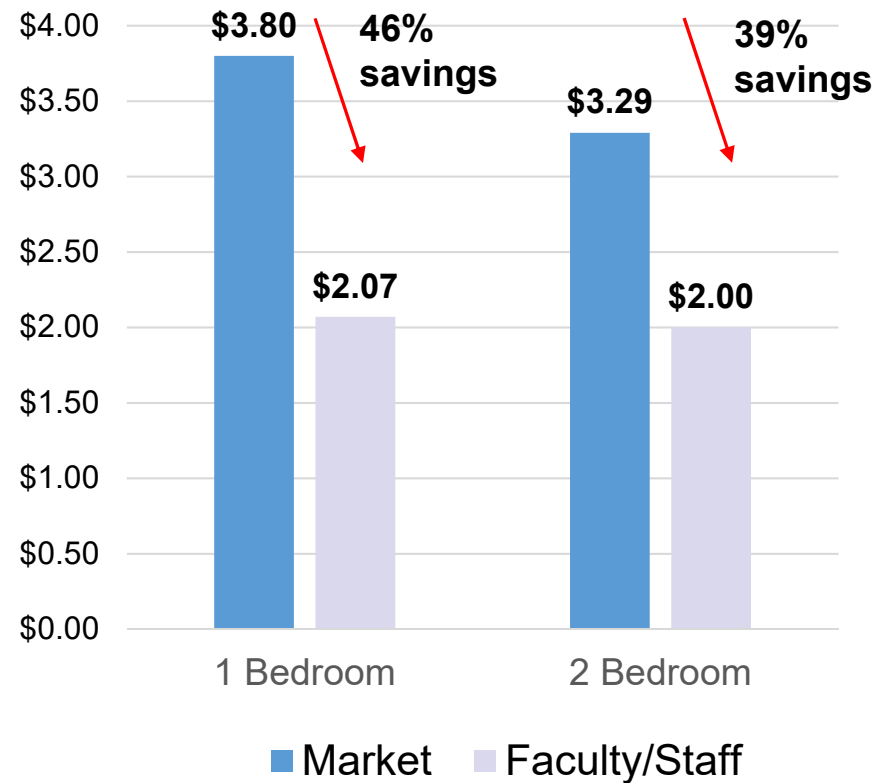
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Market Rent Comparison

**\$ Rent /
Unit**



**\$ Rent/
Sq. Ft.**



Total Development Cost Estimate

	<u>Total Cost</u>	<u>Cost/Unit</u>
Land (psf - land area)	\$ -	\$ -
Hard Costs (1)	\$ 9,340,000	\$ 207,625
General Conditions (2)	\$ 1,050,000	\$ 23,333
GC / CM Fees	\$ 520,000	\$ 11,548
A & E Fees	\$ 1,250,000	\$ 27,682
Municipal Fees	\$ 300,000	\$ 6,667
BMR In-Lieu Fee	\$ -	\$ -
Legal, Insurance, Closing, Taxes, Misc. (3)	\$ 50,000	\$ 1,111
Prelease/Marketing	\$ -	\$ -
Contingency	\$ 1,250,000	\$ 27,797
Offsite Overhead	\$ 500,000	\$ 11,111
Construction Interest (4)	\$ 500,000	\$ 11,111
Total Development Cost	\$ 14,759,000	\$ 327,985

(1) Assumes 45 Units; Includes demolition

(2) Assumes 14 months General Conditions

(3) Insurance not included

(4) If required

Financial Pro-Forma

Unit Mix & Prices								
<u>Unit Type</u>	<u>Qty</u>	<u>%</u>	<u>Net Rentable Rentable Area</u>	<u>Total Area</u>	<u>Projected Rent</u>	<u>Projected Rent/NSF</u>	<u>Monthly Rent</u>	<u>Annual Rent</u>
1BR / 1BA	19	42%	725	13,775	\$1,500	\$2.07	\$28,500	\$342,000
2BR/ 2BA	19	42%	1,000	19,000	\$2,000	\$2.00	\$38,000	\$456,000
3BR/ 2BA	7	16%	1,250	8,750	\$2,600	\$2.08	\$18,200	\$218,400
Total	45	100%	923	41,525	\$1,882	\$2.04	\$84,700	\$1,016,400

Pro Forma						
	<u>2016</u>	<u>Trending</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Cash Flow Analysis						
Rental Income	\$ 1,016,400	3%	\$1,046,892	\$1,078,299	\$1,110,648	\$1,143,967
Other Income	\$ 5,000	3%	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628
Total Income	\$ 1,021,400		\$1,052,042	\$1,083,603	\$1,116,111	\$1,149,595
less Vacancy	5% \$ 51,070		\$ 52,602	\$ 54,180	\$ 55,806	\$ 57,480
Gross Income	\$ 970,330		\$ 999,440	\$1,029,423	\$1,060,306	\$1,092,115
less Expenses (1)	\$ 4,000	3%	\$ 185,400	\$ 190,962	\$ 196,691	\$ 202,592
Net Operating Income	\$ 790,330		\$ 814,040	\$ 838,461	\$ 863,615	\$ 889,523
Yield on Cost	5.35%					

(1) Typical annual expenses/ unit for other EHP projects

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Traffic – Preliminary Analysis

*“The Oddstad Housing proposed development would generate **fewer than 30 trips during the AM and PM peak hours.** The number of added trips to Oddstad Boulevard would be minimal and unlikely to be noticed by existing residents. **The added project trips would not create a noticeable change in intersection operations at the nearby intersections.**”*

Source: Hexagon Transportation Consultants, “Traffic Analysis for the Oddstad Housing in Pacifica, California,” June 20, 2016.

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Casa Del Maestro
Santa Clara, CA





CAÑADA VISTA

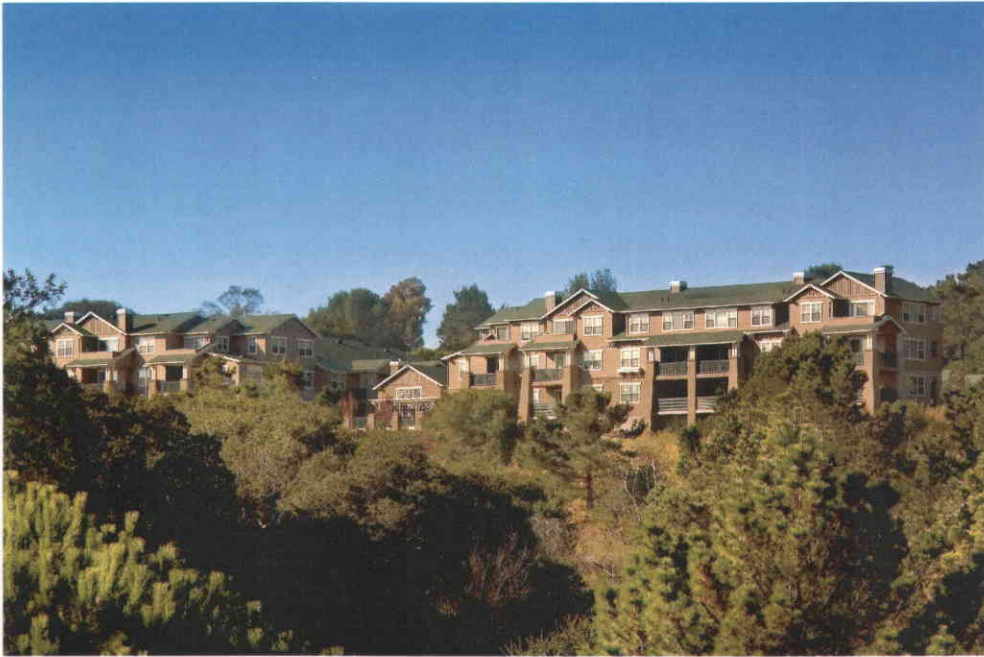
REDWOOD CITY, CA





CAÑADA VISTA CLUBHOUSE





COLLEGE VISTA
SAN MATEO, CA



COLLEGE VISTA
SAN MATEO, CA