

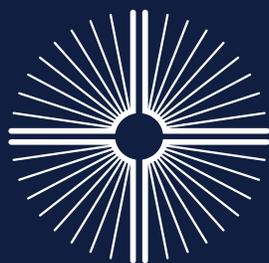


Affordability, Food, and Housing
Access Taskforce Report:
**ADDRESSING HOUSING
AFFORDABILITY ISSUES**

February 2021



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COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

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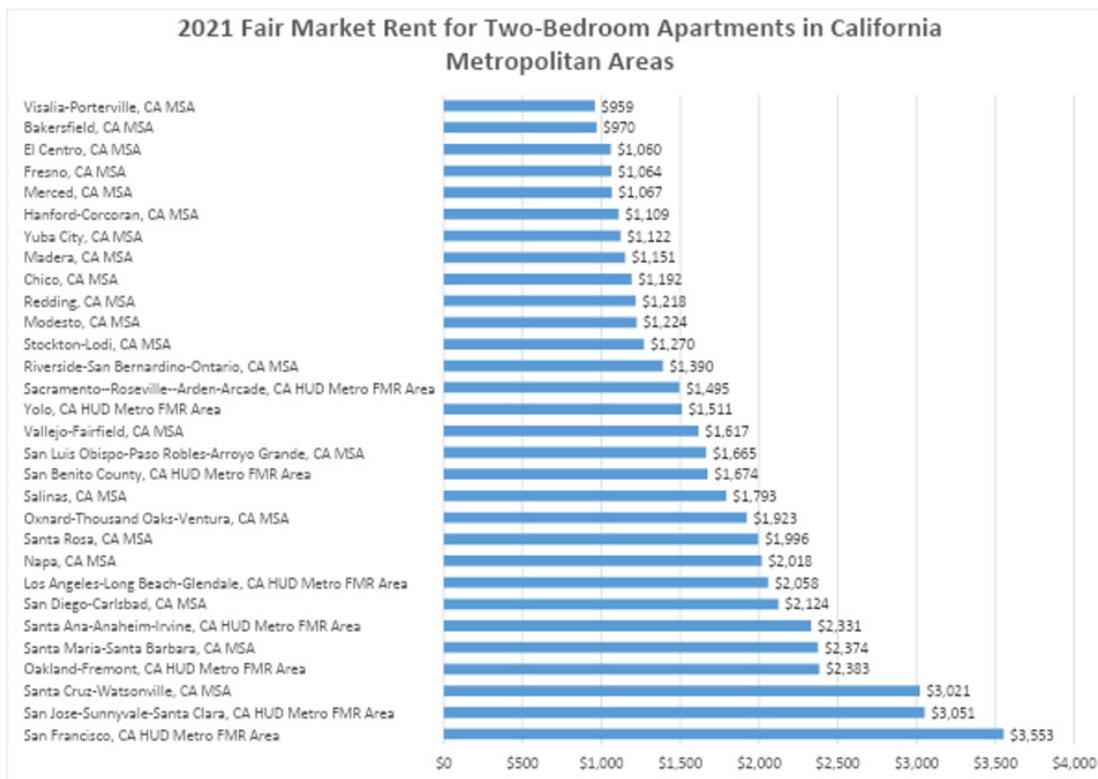
OVERVIEW

Students who face housing insecurity are less likely to engage seriously with their college experience and less likely to complete their course of study. In a survey of California Community Colleges (CCC) conducted last year, 65 percent of the system's colleges indicated they were collecting data on student housing and food insecurity. Large percentages indicated they were partnering with community resources that provide housing assistance and access to food distribution programs. Even so, only 16 percent of the colleges surveyed provided emergency housing assistance, and only 36 percent said they offered a place for students to store their belongings throughout the day¹.

The data implies that many CCC students face daily barriers that inhibit their success. Instead of focusing on their studies or engaging with college success efforts, students worry about keeping their belongings safe, where their next meal is coming from, and where they can find shelter at night. Consequently, stable housing is one of the most critical factors for student success and improves long-term economic standing.

If California Community Colleges are the engine for upward social mobility, we must address housing insecurity issues.

In many parts of California, affordable housing for college students is an illusion. First, financial aid programs place community college students at a disadvantage because Cal Grants only cover tuition costs, not living expenses like rent, food, and transportation. Second, affordability is a significant concern in many major urban markets because housing and apartment rental rates in California are some of the highest in the country. A survey of fair market rents compiled by the Department of Housing and Urban Development indicates that three California markets—San Francisco, Silicon Valley, and Santa Cruz—are the three highest in the country for two-bedroom apartments, topping \$3,000 per month². Only rental rates in pockets of Honolulu come close to rivaling the rental costs in top California markets. Finally, many students are reluctant to seek help because they fear the stigma of seeking assistance.



Source: HUD Fair Market Rent Survey for 2021

¹ J. Luke Wood and Frank Harris, III, "A Helping Hand: How the California Community Colleges are Addressing Insecurity," San Diego: Community College Equity Assessment Lab (2020). Available online: <https://ccleague.org/advocacy/focus-areas/affordability-taskforce>.
² Department of Housing and Urban Development: Office of Policy Development and Research, "Fair Market Rents Survey for 2021." Washington, DC: HUD Office of Policy Development and Research. Available online: <https://www.huduser.gov/portal/datasets/fmr.html>.

One Solution to the Student Housing Crisis



One approach to relieving the housing cost pressure is for colleges to become actively involved in providing more housing options for students. At the time of this report, only 12 California Community Colleges have residence halls, one of the most conventional and affordable ways for colleges to address these issues. Many of the colleges with residence halls are in rural locations. One of the major barriers is securing the funds to build housing or negotiating the complexities of public-private partnerships (PPP) that can make a student housing project successful. The main issues that college leaders face in any of these projects include:

- Acquiring funding or the backing of developers;
- Hammering out legal agreements with partners; and,
- Securing necessary construction and design approvals (such as CEQA review and Division of State Architect approval).

California Community Colleges with Residence Halls

Cerro Coso Community College - Mammoth Campus

College of the Redwoods

College of the Siskiyous

Columbia College

Feather River College

Lassen College

Orange Coast College

Reedley College

Shasta College

Sierra College

Taft College

West Hills College Coalinga

RECENT EXAMPLES OF STUDENT HOUSING PROJECTS

Some community colleges have had success establishing residence halls or living spaces for students using PPP projects. For example, **Orange Coast College** turned to a PPP funding mechanism and The Scion Group, privately-held owner/operator of student housing communities in the United States, to operate its new 800-bed residence hall called The Harbour at Orange Coast College. Opened in the fall semester of 2020, The Harbour provided options for different apartment living types, and the college offered one-time financial assistance for eligible students at \$400/month reductions. A similar project is underway at **Santa Rosa Junior College**, with plans for a 400-bed residence hall on the college's main campus. The project is expected to break ground in June 2021 and be completed for fall 2023 occupancy. The Santa Rosa Project includes a partnership with the county housing authority to provide some subsidized housing to non-students.



The Harbour (Source: Orange Coast College)

College of the Siskiyous is also in the early stages of developing a new student residence hall. In the fall of 2019, the college partnered with Servitas, a nationwide student housing management and development firm, to construct a three-story dorm that will house almost 400 students adjacent to its original residence hall built-in 1968. The tentative completion date for the project is 2023. **College of the Redwoods** has also teamed with Servitas to develop a new student housing facility on its Eureka Campus that will house 250-300 students. The goal is to make the new facility modern but with a focus on affordability. The college has existing on-campus housing from the 1960s, and the cost to renovate the facilities is too high. The estimated completion date for the project is 2024.

Sierra College is developing plans to construct a student housing project, centrally located on its Rocklin Campus, that would accommodate 350-400 students. The college has operated dorms since the mid-1960s and currently maintains a 120-bed facility. By increasing its student housing program's size, Sierra College hopes to achieve economies of scale for operational costs. The college has plans to partner with the Sierra College Foundation to raise funds to subsidize housing costs for students in financial need.

Cerritos College has adopted another smaller-scale approach. The Village is a seven-townhome development adjacent to its campus that the college purchased to house homeless students. The project hails as the first-ever community college project designed for homeless students operated in partnership with Jovenes Inc., a Los Angeles based nonprofit provider of housing services for displaced young adults and the homeless. Students pay rent at reduced prices or live rent-free, depending on their eligibility criteria.



The Village (Source: Cerritos Colleges)

Compton College is exploring a residential housing program that would use modular, pre-fabricated housing solutions to shorten the design and construction timeline for a residence hall. Their partnership with Gensler, a global design and architecture firm, aims to present an innovative approach to housing that could be adopted at multiple campuses once the Division of State Architect approves design elements.

Imperial Valley College has adopted another model that uses a “tiny home” concept. The college has partnered with the City of El Centro to use a \$3 million “Home Key” grant to build 13 tiny home duplexes that will serve 26 homeless young adults that attend the college. Wrap-around services will be a part of the effort to boost student success for students living in the houses. The project is under development and will become operational in 2021. The estimated rent for the Tiny Home project will be \$200.

Similarly, **Cabrillo College** is partnering with the County of Santa Cruz to provide transitional shelter in 12 recreational vehicles on its campus. Using CARES Act funding during the COVID-19 pandemic, the two public agencies provide space in one of the college's parking lots and a contract for wrap-around services, through a local nonprofit, to establish a temporary home for 15 to 25 homeless youth transitioning out of foster care. The program kicked off in December 2020, and half of the residents are Cabrillo College students enrolled in both face-to-face and online classes.

Tacoma Community College in Washington State includes the College Housing Assistance Program (CHAP) which is a partnership between the Tacoma Housing Authority and the college that helps homeless students get placed into apartments or homes with rent subsidies. While the houses are not owned or developed by the college, close ties with HUD-supported programs help students find stable living arrangements at lower-than-market rates.

The Los Angeles Community College District has established partnerships and a Memorandum of Understanding (MOU) with two nonprofit community-based organizations to provide emergency housing to needy students. End Homelessness California (operating as Shower of Hope) provides 12 housing slots to **East Los Angeles College** students. Similarly, the Los Angeles Room and Board program (LARNB) places 35 low-income homeless community college students in transitional housing at **Opportunity House** in Westwood, CA. Shower of Hope has agreed to waive the monthly rental fee if students volunteer at a local community-based organization. And both nonprofits have decided that students will not be removed for failure to pay. The estimated cost to house each student is approximately \$10,000 per academic year, including room, board, and wrap-around services and costs.



Opportunity House in Westwood, CA (Source: LACCD)

A Different Strategy

Another housing idea that districts might consider is establishing a master lease agreement with an apartment owner or developer that secures a certain number of apartments off-campus reserved for students from the college. The **California Community College system**, through a one-time allocation in the 2019 state budget, is funding a pilot program for 14 colleges to provide rapid re-housing solutions to students in various sectors of the state. Each college has received between \$500,000 and \$700,000 to partner with local agencies to get students into emergency housing in their communities. The colleges taking part in the program include Antelope Valley, Barstow, Butte, Cerritos, Fresno, Gavilan, Imperial Valley, Long Beach City, LA Southwest, Modesto Junior, Redwoods, Riverside City, San Diego City and Victor Valley. One challenge with this approach is that if students cannot pay rent, the college may not have robust mechanisms to ensure debt collection. Partnerships with a nonprofit agency or county housing authority can help circumvent this issue, allowing operation of the housing by those entities rather than the college. This model is evident in the Cerritos College example that utilizes Jovenes as the housing provider.



Getting Started

College staff looking to start discussions about homelessness and housing solutions can find excellent information and technical assistance from several sources.

- **The John Burton Advocates for Youth** has helped advance the cause of housing for foster youth and those transitioning into adulthood. Their website includes information on the continuum of care providers that operate in each of California's counties.
- Staff can find additional resources on the Community College League of California's website that highlights the **Affordability, Food, and Housing Taskforce's** work.
- Similarly, the **Foundation for California Community Colleges** has outreach efforts designed to strengthen the use of CalFresh food benefits by community college students.

PROMISING PRACTICES AND POSSIBLE POLICY SOLUTIONS

Recent discussions among colleges, lawmakers, state officials, and other stakeholders have focused on several potential policy solutions, including grants or loans to bridge funding gaps, reducing project financing costs, and enhancing flexibility to reduce construction costs. Besides supporting community college students, student housing projects serve as a significant economic stimulus and job creation tool during this time of uncertainty. Reducing project financing, construction, and operating costs could decrease overall project costs, making it more feasible to initiate and complete a project.

Potential Funding Opportunities

Funding for Feasibility Studies and Technical Assistance – These studies provide a regional market analysis and assess a potential student housing project’s viability. The state could provide one-time grant funding to complete the studies, which cost as much as \$100,000 per study. In 2020, California Assemblymember Kevin McCarty introduced AB 2353 to create a competitive grant program for community college housing project planning purposes and technical assistance. Authorized uses for the grant dollars included feasibility studies, engineering studies, environmental impact studies, legal services, architectural plans, and more. The California School Finance Authority would offer technical assistance. The bill was tabled during the 2020 legislative session and may be reintroduced in 2021.

Some colleges struggle to bridge the gap between available resources and project construction costs, thus making it especially difficult for projects that seek to provide affordable rental rates below market value. Potential funding opportunities and ideas to reduce the costs of financing, construction, operation, and future renovation are identified below.

Revolving Loan Fund Program – The state could use an initial one-time infusion of state funds to provide low-interest loan financing to provide seed money to bridge construction funding gaps for student housing projects. Loan repayments could serve as a reserve and security source for principal and interest payment on future revenue bonds, allowing new projects to receive loan funding in subsequent cycles. Loans could be limited to a specified percentage of project financing costs (ex: up to 20% of project financing) to fund a broader applicant pool. Benefits to borrowers could include reduced interest rates and low costs of issuance.

Lease Revenue Bond Program – The state could establish a lease revenue bond program by creating a building ownership authority to provide funding to construct student housing projects, repayable over time by rental income (an amount sufficient to pay principal and interest). The ownership authority would be the official owner of any project and can issue lease revenue bonds. This program would not require an initial infusion of cash from the state but could lower financing costs for the college by spreading risk across several financed projects. If additional one-time money became available, the state could subsidize a college's repayment. Lease revenue bonds do not require voter approval and do not contribute to general obligation bond debt. The ownership authority would have a lien on the building during the construction and repayment periods or own the building outright.

Reducing Project Financing Costs – Attracting investors while making affordable housing projects pencil out can be challenging. The state could assist by providing tools that reduce borrowing costs and lower interest rates. Examples include credit enhancement assistance grants, a debt service reserve program ensuring repayment, or a county-level intercept pledging state revenues for repayment.

Construction Costs – Projects are often subject to requirements that contribute to the high cost of constructing public works projects or education facilities. Exemptions to the California Environmental Quality Act (CEQA) or Division of the State Architect review would limit costs and speed project implementation. Projects would still abide by local and state building standards, providing safe living environments for community college students.

Operating Costs – Student housing facilities are expensive to maintain due to utilization at all times of the day. The state could authorize the use of discretionary scheduled maintenance funding for student housing facilities (current regulations prevent this spending). While these funds are stretched thin, and amounts fluctuate annually, additional flexibility would help districts prioritize their scarce resources. Additionally, in robust budget years, the state could provide additional one-time funds to assist with operating these facilities.

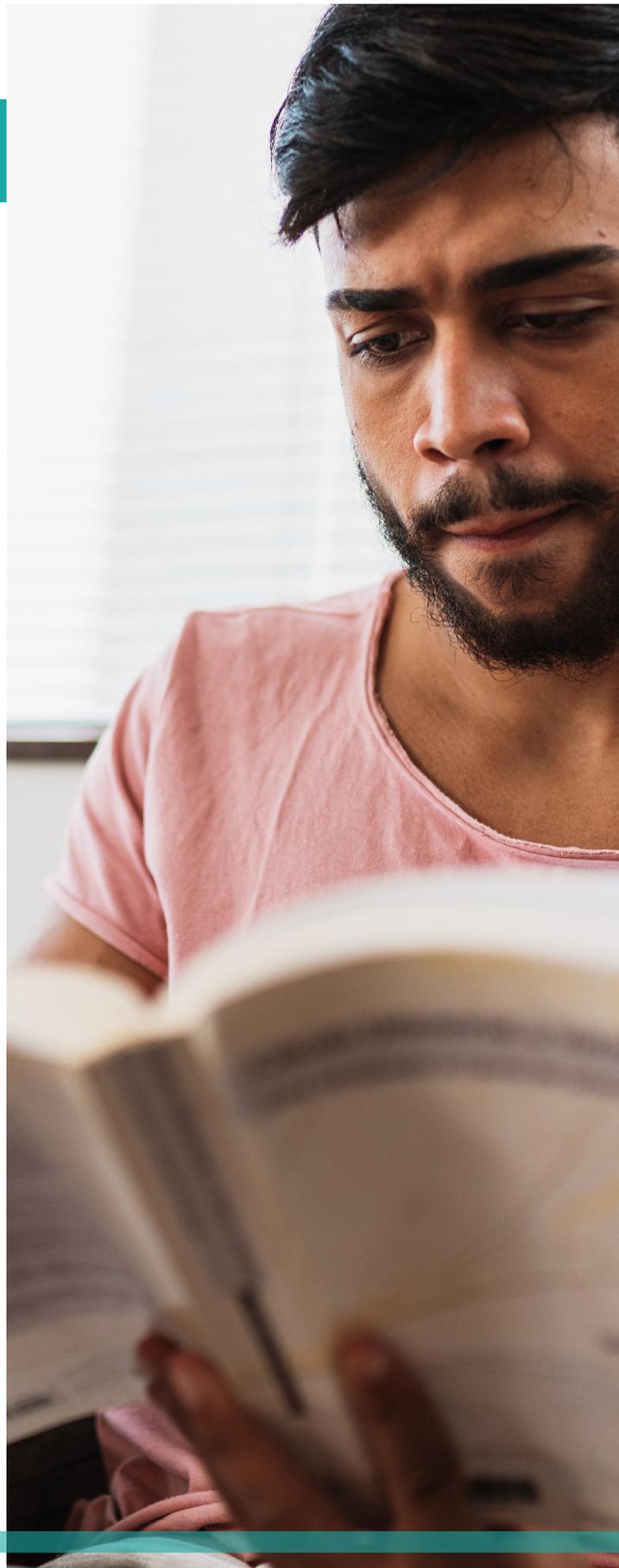


CONCLUSION

Housing affordability may well be the most critical issue in California. In its January 2020 statewide survey, PPIC found that homelessness and housing were the two most-often identified issues that worried Californians³. The two items together registered higher than the next three issues combined: jobs, the environment, and immigration. The lack of affordable housing is particularly acute for community college students that are more likely than their peers at four-year universities to come from low-income, first-generation college households.

California Community Colleges have the power and will to address students' housing needs if given the proper tools. These tools may require the direct investment of state dollars, more flexibility in construction and property acquisition, or new financing streams to generate capital for new projects. Community colleges are the state's most efficient engine for economic growth and career readiness training. As such, an aggressive and expansive approach to housing could have the dual impact of partially addressing the state's housing crisis while also building a stronger, financially secure, and more educated workforce.

³ Public Policy Institute of California, "PPIC Statewide Survey: Californians & Their Government." Sacramento: Public Policy Institute of California (2021). Available online: <https://www.ppic.org/wp-content/uploads/ppic-statewide-survey-californians-and-their-government-january-2020.pdf>.



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Established in the spring of 2018 by the Chief Executive Officers of the California Community Colleges (CEOCCC), the **Affordability, Food & Housing Access Taskforce** provides system-wide recommendations to address the prevalence of food and housing and lack of affordable access experienced by our students. The Taskforce aims to proactively engage in discussions and make recommendations for interventions and solutions based on research and input from leading scholars, practitioners, and students regarding housing and hunger challenges.

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