

August 9, 2007

Roger Barnes
Santa Clara Unified School District
1889 Lawrence Road
Santa Clara, CA 95051

Subject: North San Jose Student Generation Report

Dear Mr. Barnes:

The purpose of this letter is to provide a response to the District's study of the potential student generation related to the projected residential development in North San Jose. Our analysis reviewed all of the assumptions and data in the report and compared that data with both past studies and through consultation with officials in other school districts.

Our findings have concluded that the estimates prepared by School Site Services (SS Study) do not correlate with data assembled by the city. We feel that our data is so substantially different from the analysis prepared by School Site Services that its conclusions cannot be justified. In fact the report will have to be substantially revised to be of any use to the staff and the City Council.

A. Key Discrepancies

The SS Study used either erroneous assumptions or misleading data to reach its conclusion is illustrated by the following facts:

1. Densities and Affordability in North San Jose - It is unclear from examining the SS Study data whether the study took into account the densities proposed in North San Jose. To compensate for this difference, City staff completed its own survey and identified projects that have densities consistent with the densities that are allowed in North San Jose. The North San Jose Vision Policy specifies a minimum density of 55 dwelling units per acre. Therefore, given the fact that these types of developments tend to accommodate different family types and sizes than lower density product, it makes sense to study projects with these like densities.

The SS Study broke out the unit types by “Higher End,” “Upper Middle,” and “Affordable Units.” However, under the “Affordable Units,” one of the projects used to determine student generation rates (SGR) is a transitional housing development for homeless families and would, by its nature, have more children per unit than other more typical affordable housing developments. The City staff has concerns that this does not truly represent the densities or type of all affordable housing built in North San Jose. Therefore, the City chose more appropriate, high density 100% affordable units in its own internal study. These units represent a good cross section of 1, 2, 3, and 4 bedroom units.

This represented the most significant area of discrepancy between the SS Study and the City’s own analysis. The SS Study identified three affordable projects and projected 1.070 students per unit. This number was identified on the Study’s Table 1. This table does not specify the density of these projects and we have no way to determine if these projects are comparable to the type and density (minimum 55 du/ac) that will be required in North San Jose. To make a comparison, City staff identified projects in San Jose that had either 20% of the units affordable or 100% affordable units. Most of these projects have been developed above the 55 du/ac minimum required density. Our analysis of these high density projects yielded dramatically different figures. Using 100% affordable project only, the SGR rate is 0.268, nearly one fourth of what the SS Study estimates.

Our figures are probably much more realistic and also be very conservative. The reason the 0.268 number is conservative is because:

- We anticipate that the vast majority of projects will meet their affordability requirements on site and yield much lower SGRs.
- Typical affordable units in an 80-20 affordable project tend to be the smaller units with a smaller number of bedrooms than the rest of the project.
- The smaller number of bedrooms in the affordable units will further reduce the number of students.
- Changing demographics show a significant growth in the next 5-10 years in the elderly adult population. Over time, we anticipate more demand and development of affordable housing units for senior and special needs households, which will have little or no SGR. Therefore, while our analysis assumes all affordable units will be family, this is not likely realistic.

The City has now received applications for up to 7,619 units within the Santa Clara Unified School District area, representing approximately 150 acres, more than half of the total potential new residential acreage located within the District’s boundaries. Based upon these projects on file, City staff estimate that at most the new residential overlay is likely to generate 12,000 units of housing within the District, of which 1,500 would be

contributed from the portion of the Industrial Core area located within Santa Clara Unifier's boundaries. If one assumes that those 1500 units would be temporary worker housing as envisioned in the policy, the student yield would be reduced by an additional 150 students.

On the whole, our data comparing like densities yielded SGRs generally much lower than the SS Study. Since the data came from four districts verses two districts in the SS Study, we feel our study results more accurately reflect future demand for school facilities. Attachment A provides the details for our estimates

The conclusion of our data combining yields from both all market rate projects and marked rate plus 20% affordable projects yields a SGR rate of 0.013. This rate based on 12,000 units yields only 124 students. If 100% affordable projects were added to the mix and one assumed that at least 15% of all projects would be built as 100% affordable, the yield could increase up to a high range of 1200 new students for the portion of North San Jose within the Santa Clara Unified School District Boundaries.

2. The Study also fails to analyze the significant number of both approved and on-file residential developments with regard to the type of projects, their density and their potential for generating students. Currently, there are eight residential projects either approved or on file representing a potential of 7,129 dwelling units that could be built within the Santa Clara Unified School District boundaries. The applications on file constitute approximately 60% of the total number of new residential area dwelling units that will be allowed in the Santa Clara Unified School District. These projects are being designed for a specific market, have a defined number of bedrooms, a specific number of affordable units and will develop more or less during a specific time period. That data provides a highly accurate model to project the number of students, their age group and the number of classrooms required. Rather than speculate, the district should use these projects to more accurately determine the students generated.

B. Editorial and Factual Statements without Supporting Data

The SS Study added a number of editorial or policy comments related to the type and quantity of North San Jose housing. The Study then used those editorial comments to justify a higher student generation rates. Some of these comments make supposed factual statement without any documentation. For example:

- One page 1, SS Study states that the units being planned for the area are “probably suitable for only a minority of those employed locally”. However, there is no documentation to justify this statement. Additionally there is no linkage made and how that editorial statement is related to the projection of student enrollment.

- One page 1, the SS Study states that based on the SS Study projections, North San Jose will not generate the same number of students compared to the countywide average and therefore an additional 6,000 students must be housed elsewhere including the City of Santa Clara.

We do not understand how one could come to this conclusion. What logic and what data support this statement? Put to the logical conclusion, families in other locations will now have to have more children to meet the “countywide average”.

- On page 7, the SS Study suggests that as projects age, there will be an increase in the number of students as couples divorce and one adult takes over custody or where condo owners decide to rent out their units. Again, there is no data to support the conclusion or that even if true would add any meaningful additions to the SGR. It could also be argued that the same scenario could actually result in a reduction in the number of children as single parents move to more affordable parts of the county to raise their children.

- One page 7, SS study states that somehow the market will collapse for the “small upper end adult oriented units”. It cites an example in the city of San Diego. However, the study ignores that fact that San Jose has not experienced anything similar to the oversupply of downtown residential units built in San Diego. During the same time period other west coast cities undergoing major redevelopment including San Francisco, Portland and Seattle also failed to show any significant decline in the demand for housing. It is also inaccurate to characterize the existing market rate housing currently underway as unusual given that all 8,000 units on file as part of the 1st phase of housing in North San Jose essentially follow the same format.

- One page 8, SS Study again states that somehow just to achieve a countywide average, families will be having more children to make up for a theoretical lack of children in North San Jose. Please provide us with documentation where this has ever occurred in a clearly identified development and how you estimate where these children will reside?

C. Final Statements and Conclusions

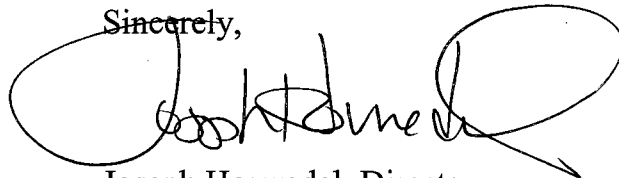
The SS Study also overestimated the number of residential units that will actually generate students. The North San Jose Vision Policy projects 6000 units of worker housing. This housing will be specifically designed for temporary housing for workers coming from out of the area for short term employment. Some of this housing may even be designed as dormitory housing. Presently, none of this housing is being proposed and none is anticipated in the immediate future. This housing type is not anticipated to even house couples. Although we have shown some student generation from this housing, we feel that no students will result from this housing construction.

Additionally, the SS Study did not recognize the overall decline in enrollment occurring in the Santa Clara Unified School District and the impact that decline would have on SGRs.

Finally, the SS Study may also be ignoring the realities of how the demographics change as major cities such as San Jose undergo greater densification and urbanization, where there are larger numbers of single adults and families with smaller numbers of children. One only has to look at other very high density areas of major American cities to validate that the demographics of the past can no longer be used to project student generation.

Thank you for the opportunity to review and comment on the draft study. We would like to review our comments with the District and its consultants and come to a mutually agreeable SGR conclusion for the future of North San Jose.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph Horwedel", with a large, stylized flourish on the right side.

Joseph Horwedel, Director
Planning Building and Code Enforcement