

Memorandum

To: Dennis Martin
From: Development & Financial Advisory (“DFA”)
CC: Pat Sausedo
Date: 2/5/2019
Re: City of Santa Clara Housing Occupancy Analysis

Introduction

Development & Financial Advisory (“DFA”) has conducted an evaluation of housing occupancy information to provide tangible data associated with the number of “people per household” for higher density housing, namely multifamily units, including the recognition for differences among multifamily developments based on the mix of unit types. It is anticipated the findings of DFA’s evaluation will be utilized in conjunction with a review of the City of Santa Clara (“City”) park fee methodology as it pertains to occupancy and population impacts on park and recreation facilities.

Executive Summary

Empirical data supports the fact that a multifamily development more heavily weighted with studio apartments and one-bedroom units will house, on average, fewer people than multi bedroom units. Those development projects that house a smaller population have a lower impact on City parks and other public services. Therefore, a distinction should be made among developments, identifying the respective mix of unit types and quantifying the population on people per household factors.

According to the U.S. Census Bureau, American Community Survey 5-year estimates (Census Data), non-family households in the City have 1.46 people per household versus family households which have 3.19 people per household. Non-family households total 33% of households in the City and 91% of non-family households are 1-person and 2-person households. It is reasonable to conclude, many of these non-family households and 1-person or 2-person households are residents in multifamily housing developments. It is DFA’s opinion the City should implement a park fee schedule that considers the lower population impacts of multifamily housing developments.

Occupancy Data & Analysis

The Census Data conclusions are logical and should be used to develop a more accurate means for estimating population for a given development. For example, a similar approach is being applied in the City of San Jose (San Jose).

San Jose has established a “scaled” park fee schedule based on estimated number of persons per unit. Below is a table obtained from the San Jose park land fee schedule, as of March 2018.

EXHIBIT A 2017/2018 Parkland In-Lieu Fees									
PROPOSED FEE PER UNIT*									
MLS ZONE	AREA COVERED	100% OF COST/ SQUARE FOOT	SINGLE FAMILY DETACHED	SINGLE FAMILY ATTACHED	MULTI- FAMILY 2-4 UNITS	MULTI- FAMILY 5+	DOWNTOWN CORE AREA HIGHRISE (non-Incentive) 12+ Stories	SINGLE RESIDENCY OCCUPANCY UNIT (SRO)	SECONDARY RESIDENTIAL UNIT (Granny Unit) Maximum of 800 sq feet
Number of Persons Per Unit - 2010 Census Data; ACS; Survey			3.31	3.31	2.96	2.34	1.51	1.00	50% of SRO
Number of Dwelling Units to create 1 acre of Raw Parkland			100.7	100.7	112.6	142.5	220.8	333.3	n/a

Rates are effective March 1, 2018

The San Jose park fee schedule indicates a range of number of persons per unit from a low of 1.0 for Single Residency Occupancy (SRO) to a high of 3.31 for single family detached homes. Multifamily persons per unit are differentiated based on density and whether the development is within the downtown Core Area.

The City of San Jose findings for the downtown core area largely considered the results of a direct survey, of which actual data occupancy information was collected from local leasing companies. This approach is consistent with DFA’s recommendation, which is to evaluate actual occupancy data, along with census data, to derive a more accurate means of estimating population impacts, park needs and ultimately resulting fee levels.

As noted above in the Executive Summary, a distinction should be made to account for the different types and sizes of households and their impact on population. Below is a summary table of City household data which supports the methodology of estimating population impacts based on housing and household types.

	Santa Clara city, California	
	Estimate	Margin of Error
Total:	43,417	+/-655
Family households:	28,899	+/-657
2-person household	11,085	+/-714
3-person household	7,438	+/-545
4-person household	6,444	+/-511
5-person household	2,343	+/-300
6-person household	771	+/-173
7-or-more person household	818	+/-189
Nonfamily households:	14,518	+/-709
1-person household	10,365	+/-650
2-person household	2,778	+/-441
3-person household	655	+/-248
4-person household	441	+/-138
5-person household	177	+/-114
6-person household	37	+/-28
7-or-more person household	65	+/-52

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

Census Definition: A nonfamily household consists of a householder living alone (a one-person household) or where the householder shares the home exclusively with people to whom he/she is not related.

Occupant Data from Multifamily Projects

DFA evaluated “real world” data to compare to the Census Data. DFA obtained occupancy numbers on Thirty-six (36) multifamily development projects located in northern California, primarily Santa Clara County. The occupancy numbers from these development projects was used to test the empirical data gathered from the U.S. Census Bureau. The information is provided on the attached Exhibit A. Below is a summary of the ten (10) developments with the lowest reported occupants per unit.

The results indicate a range of 1.40 -1.62 occupants per unit. Consistent with census data, the weighted balance of multi-family unit size and type is correlated with occupancy levels.

The ten (10) projects with the **lowest** occupant per unit ratio are:

Development Name	Location	Occupants / Unit	% of Studio & 1-Bedroom	% of 3+ Bedroom
481 on Mathilda	Sunnyvale	1.40	68%	0%
Main Street Cupertino	Cupertino	1.45	100%	0%
Meridian	San Jose	1.52	61%	0%
360 Residences	San Jose	1.53	40%	6%
Century Towers	San Jose	1.54	63%	0%
Solstice	Sunnyvale	1.54	52%	0%
Museum Park	San Jose	1.55	60%	5%
One South Market	San Jose	1.56	73%	6%
Marquis	San Jose	1.58	58%	0%
Magnolia Square	Sunnyvale	1.62	71%	1%
AVERAGE		1.53	64%	2%

Additionally, DFA was provide data from local developers which included sixteen (16) multifamily development projects located in Southern California, Seattle and Oregon. The findings from those developments are consistent with the multifamily developments analyzed in this memorandum. In Seattle, seven (7) properties averaged 1.30 persons per household, with 82% of the units studio and 1-bedroom units. In Oregon, four (4) properties averaged 1.38 persons per household, with 84% of the units studio and 1-bedroom units. In Southern California, five (5) properties averaged 1.57 persons per household, with 73% of the units studio and 1-bedroom units.

Nexus Methodology

The Nexus methodology used to calculate park fees assumes all multifamily developments have a density of 2.4 occupants per household. **Only one (1) development, Foundry Commons in San Jose, reported occupant per unit ratios of 2.4 or higher. Foundry Commons is located near San Jose State and is reported to have a high number of occupants per unit comprising San Jose State students.**

*Nexus Table 2. Occupant Density, sources US Census Bureau, 2017 American Community Survey, Tables B25024 and B25033. Table B25033 provides the Total Population in Occupied Housing Units and B25024 provides the number of Housing Units. **These tables do not provide for the distinction between family households and non-family households, nor does it account for variation in floorplans/ # of bedrooms. As a result, developments with smaller populations are artificially inflated to an assumption of 2.4 residents per dwelling unit.***

Conclusions

Overall, data on thirty-six (36) bay area developments were compiled, comprising 9,568 apartment units. The findings illustrate the relevance of evaluating developments based on their respective apartment type and mix of apartment sizes (# of bedrooms), to more accurately assign population estimates to development projects. DFA suggests each development be evaluated based on the respective unit mix. As example, this can be accomplished by developing an estimated person per household factor based on unit type, establishing a factor assumption for # of people/persons per unit type (for example: 1 person per studio, etc.).

The establishment of a fee schedule based on the actual characteristics of the development, rather than assigning a blanket population assumption for all multifamily developments, will provide for a more accurate means of quantifying park impacts from new development.

According to census data, non-family households in the City have 1.46 people per household. Non-family households total 33% of households in the City and 91% of non-family households are 1-person and 2-person households. DFA concludes the City should establish a mechanism to more accurately measure the population differences among multifamily development projects, which comprise of different household types and unit sizes.

Park Fee Calculation Impacts: To illustrate, the below park fee calculations are presented based on data assumptions from the City Nexus study dated January 4, 2019. The “Park Fee Calculation Tables” below reflect the three zip code based fee calculations presented in the Nexus. The below calculations quantify the change in park fee levels based solely on an adjustment to the density factor assumption, from a density assumption of 2.4 to a density assumption of 1.6.

Park Fee Calculation Tables

Nexus Table 11a - Zip Code 95050									
MultiFamily									
Quimby	Cost	Density	Fee	Admin	Total	Adjusted Density	Fee	Admin	Total
Parkland	\$11,214	2.4	\$26,914	\$538	\$27,452	1.6	\$17,942	\$359	\$18,301
Improvements	\$3,454	2.4	\$8,290	\$166	\$8,455	1.6	\$5,526	\$111	\$5,637
Total					\$35,907				\$23,938
Mitigation Fee Act									
Parkland	\$9,607	2.4	\$23,057	\$461	\$23,518	1.6	\$15,371	\$307	\$15,679
Improvements	\$3,454	2.4	\$8,290	\$166	\$8,455	1.6	\$5,526	\$111	\$5,637
Total					\$31,973				\$21,316

Zip Code 95050: The fee amounts are reduced from \$35,907 per unit to \$23,938 per unit, on the Quimby fee. The Mitigation Fee Act fee is reduced from \$31,973 per unit to \$21,316 per unit.

Park Fee Calculation Tables

Nexus Table 11b - Zip Code 95051									
MultiFamily									
Quimby	Cost	Density	Fee	Admin	Total	Adjusted Density	Fee	Admin	Total
Parkland	\$11,979	2.4	\$28,750	\$575	\$29,325	1.6	\$19,166	\$383	\$19,550
Improvements	\$3,454	2.4	\$8,290	\$166	\$8,455	1.6	\$5,526	\$111	\$5,637
Total					\$37,780				\$25,187
Mitigation Fee Act									
Parkland	\$10,262	2.4	\$24,629	\$493	\$25,121	1.6	\$16,419	\$328	\$16,748
Improvements	\$3,454	2.4	\$8,290	\$166	\$8,455	1.6	\$5,526	\$111	\$5,637
Total					\$33,577				\$22,385

Zip Code 95051: The fee amounts are reduced from \$37,780 per unit to \$25,187 per unit, on the Quimby fee. The Mitigation Fee Act fee is reduced from \$33,577 per unit to \$22,385 per unit.

Nexus Table 11c - Zip Code 95054									
MultiFamily									
Quimby	Cost	Density	Fee	Admin	Total	Adjusted Density	Fee	Admin	Total
Parkland	\$12,105	2.4	\$29,052	\$581	\$29,633	1.6	\$19,368	\$387	\$19,755
Improvements	\$3,454	2.4	\$8,290	\$166	\$8,455	1.6	\$5,526	\$111	\$5,637
Total					\$38,088				\$25,392
Mitigation Fee Act									
Parkland	\$10,370	2.4	\$24,888	\$498	\$25,386	1.6	\$16,592	\$332	\$16,924
Improvements	\$3,454	2.4	\$8,290	\$166	\$8,455	1.6	\$5,526	\$111	\$5,637
Total					\$33,841				\$22,561

Zip Code 95054: The fee amounts are reduced from \$38,088 per unit to \$25,392 per unit, on the Quimby fee. The Mitigation Fee Act fee is reduced from \$33,841 per unit to \$22,561 per unit.

EXHIBIT – A

Development Name	Location	Occupants / Unit
481 on Mathilda	Sunnyvale	1.40
<i>Studio %</i>	25%	
<i>One Bedroom %</i>	43%	
<i>Two Bedroom %</i>	32%	
Main Street Cupertino	Cupertino	1.45
<i>Studio %</i>	4%	
<i>One Bedroom Jr. %</i>	13%	
<i>One Bedroom %</i>	54%	
<i>One Bedroom Lofts %</i>	14%	
<i>One Bedroom Live/Work %</i>	14%	
Meridian	San Jose	1.52
<i>Studio %</i>	17%	
<i>One Bedroom %</i>	43%	
<i>Two Bedroom %</i>	39%	
<i>Three Bedroom %</i>	0%	
360 Residences	San Jose	1.53
<i>Studio %</i>	0%	
<i>One Bedroom %</i>	40%	
<i>Two Bedroom %</i>	54%	
<i>Three Bedroom %</i>	6%	
Century Towers	San Jose	1.54
<i>Studio %</i>	0%	
<i>One Bedroom %</i>	63%	
<i>Two Bedroom %</i>	37%	
<i>Three Bedroom %</i>	0%	
Solstice	Sunnyvale	1.54
<i>Studio %</i>	4%	
<i>One Bedroom %</i>	48%	
<i>Two Bedroom %</i>	48%	
<i>Three Bedroom %</i>	0%	
Museum Park	San Jose	1.55
<i>Studio %</i>	0%	
<i>One Bedroom %</i>	60%	
<i>Two Bedroom %</i>	35%	
<i>Three Bedroom %</i>	5%	

Note: Reflects # of Occupants per occupied unit.

Source: Property owner.

EXHIBIT – A

Development Name	Location	Occupants / Unit
One South Market	San Jose	1.56
<i>Studio %</i>	0%	
<i>One Bedroom %</i>	73%	
<i>Two Bedroom %</i>	21%	
<i>Three Bedroom %</i>	6%	
Marquis	San Jose	1.58
<i>Studio %</i>	20%	
<i>One Bedroom %</i>	38%	
<i>Two Bedroom %</i>	42%	
<i>Three Bedroom %</i>	0%	
Magnolia Square	Sunnyvale	1.62
<i>Studio %</i>	71%	
<i>One Bedroom %</i>	0%	
<i>Two Bedroom %</i>	29%	
<i>Three Bedroom %</i>	1%	
Aventino	Los Gatos	1.62
<i>Studio %</i>	7%	
<i>One Bedroom %</i>	50%	
<i>Two Bedroom %</i>	43%	
Bristol Commons	Sunnyvale	1.64
<i>Studio %</i>	0%	
<i>One Bedroom %</i>	49%	
<i>Two Bedroom %</i>	51%	
<i>Three Bedroom %</i>	0%	
Fountains at River Oaks	San Jose	1.64
<i>Studio %</i>	0%	
<i>One Bedroom %</i>	44%	
<i>Two Bedroom %</i>	56%	
<i>Three Bedroom %</i>	0%	
Windsor Ridge	Sunnyvale	1.65
<i>Studio %</i>	0%	
<i>One Bedroom %</i>	58%	
<i>Two Bedroom %</i>	42%	
<i>Three Bedroom %</i>	0%	

Note: Reflects # of Occupants per occupied unit.

Source: Property owner.

EXHIBIT – A

Development Name	Location	Occupants / Unit
Summerhill Park	Sunnyvale	1.69
Studio %	0%	
One Bedroom %	40%	
Two Bedroom %	60%	
Three Bedroom %	0%	
Epic I/II/III	San Jose	1.69
Studio %	0%	
One Bedroom %	58%	
Two Bedroom %	39%	
Three Bedroom %	3%	
Villa Granada	Santa Clara	1.71
Studio %	0%	
One Bedroom %	61%	
Two Bedroom %	39%	
Three Bedroom %	0%	
Anton 1101	Sunnyvale	1.71
Studio %	9%	
One Bedroom %	49%	
Two Bedroom %	42%	
Mio	San Jose	1.73
Studio %	0%	
One Bedroom %	44%	
Two Bedroom %	56%	
Three Bedroom %	0%	
Enso	San Jose	1.73
Studio %	11%	
One Bedroom %	40%	
Two Bedroom %	49%	
Three Bedroom %	0%	
Villas on the Boulevard	Santa Clara	1.75
One Bedroom %	60%	
Two Bedroom %	40%	
Lawrence Station	Sunnyvale	1.76
Studio %	0%	
One Bedroom %	64%	
Two Bedroom %	36%	
Three Bedroom %	0%	

Note: Reflects # of Occupants per occupied unit.

Source: Property owner.

EXHIBIT – A

Development Name	Location	Occupants / Unit
Waterford Place	San Jose	1.81
Studio %	0%	
One Bedroom %	50%	
Two Bedroom %	45%	
Three Bedroom %	5%	
Via	Sunnyvale	1.81
Studio %	0%	
One Bedroom %	59%	
Two Bedroom %	41%	
Three Bedroom %	0%	
Esplanade	San Jose	1.83
Studio %	0%	
One Bedroom %	52%	
Two Bedroom %	44%	
Three Bedroom %	5%	
Avana Skyway	San Jose	1.83
Studio %	12%	
One Bedroom %	40%	
Two Bedroom %	48%	
Willow Lake	San Jose	1.92
Studio %	0%	
One Bedroom %	45%	
Two Bedroom %	49%	
Three Bedroom %	6%	
101 San Fernando	San Jose	2.02
Studio %	11%	
One Bedroom %	56%	
Two Bedroom %	32%	
Three Bedroom %	1%	
Apex	Milpitas	2.17
Studio %	6%	
One Bedroom %	41%	
Two Bedroom %	34%	
Three Bedroom %	19%	

Note: Reflects # of Occupants per occupied unit.
Source: Property owner.

EXHIBIT – A

Development Name	Location	Occupants / Unit
Bella Villagio	San Jose	2.19
Studio %	0%	
One Bedroom %	34%	
Two Bedroom %	56%	
Three Bedroom %	10%	
Palm Valley-Santa Palmia & Village of Marineo	San Jose	2.20
Studio %	0%	
One Bedroom %	46%	
Two Bedroom %	48%	
Three Bedroom %	6%	
Carlyle	San Jose	2.20
Studio %	0%	
One Bedroom %	36%	
Two Bedroom %	36%	
Three Bedroom %	27%	
Summerwood	Santa Clara	2.23
One Bedroom %	40%	
Two Bedroom/1BA %	21%	
Two Bedroom/2BA %	40%	
Palm Valley-Palma Sorrento	San Jose	2.26
Studio %	0%	
One Bedroom %	32%	
Two Bedroom %	56%	
Three Bedroom %	12%	
Palm Valley-Villa Veneto	San Jose	2.35
Studio %	0%	
One Bedroom %	22%	
Two Bedroom %	68%	
Three Bedroom %	11%	
Foundry Commons	San Jose	3.45
Studio %	8%	
One Bedroom %	46%	
Two Bedroom %	46%	

Note: Reflects # of Occupants per occupied unit.

Source: Property owner.