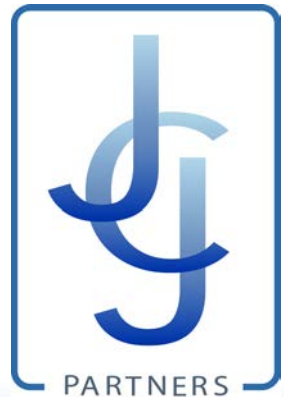


Opportunities & Challenges with Schools in Your Project



Prepared by:

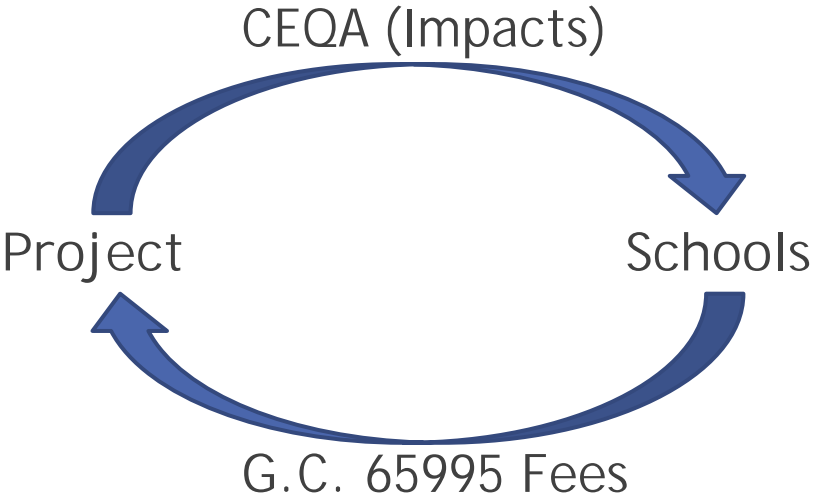
Olga Bevz

JCJ Partners, LLC

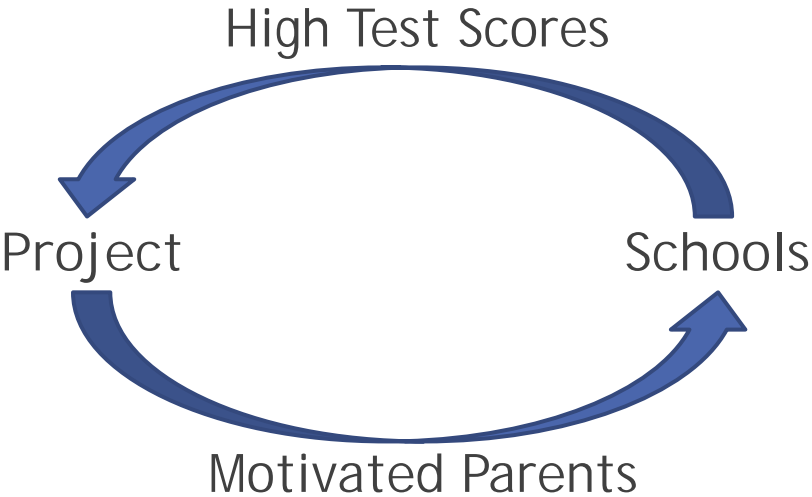
January 20, 2020

Why should the real estate industry
care about schools?

ENTITLEMENT



MARKETING



Overview

- ▶ School Districts in CA and
 - ▶ Enrollment Trends and Reasons
- ▶ School Fees
 - ▶ Levels and Lawsuits
- ▶ State Funding
 - ▶ What Happens if No Bond...

School Facts and Enrollment Trends

▶ School Facts

□ Schools in the CA today

- 1,000+ school districts
- Over 10,000 individual schools
- Jurisdictional boundaries do not follow City boundaries

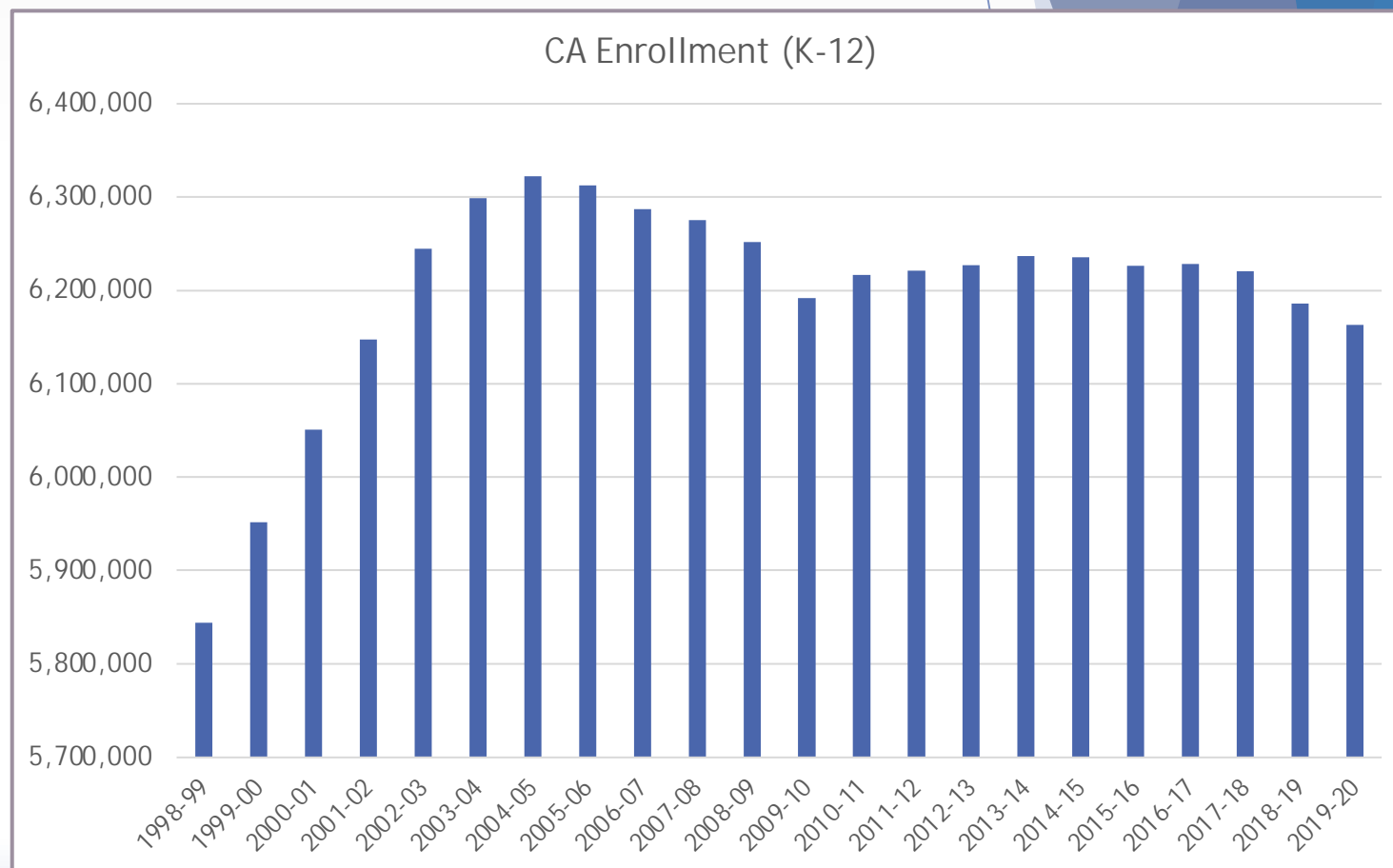
School Facts and Enrollment Trends

► School Facts

▣ California public schools

▪ CA enrollment

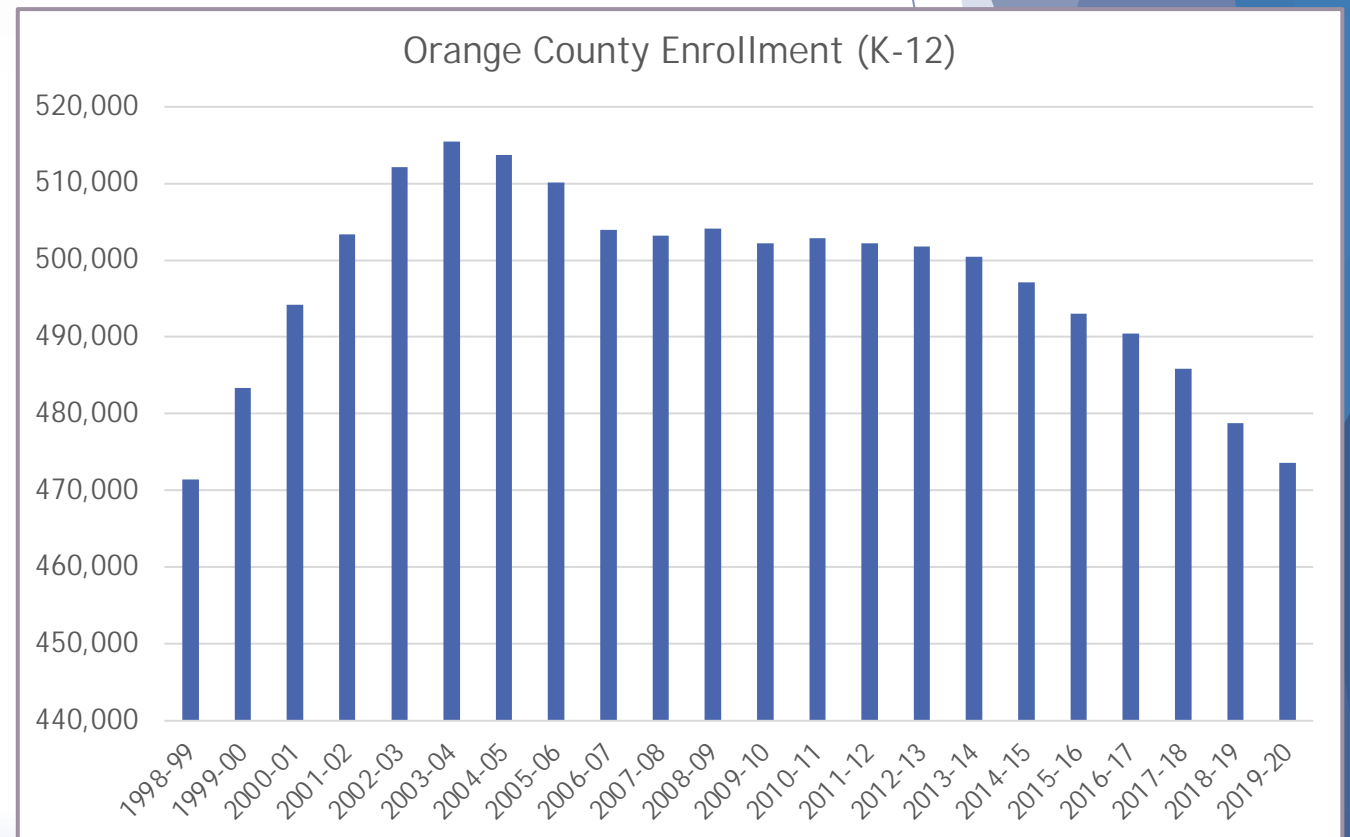
- ✓ 1998 - 5.84 Million students
- ✓ 2004 - 6.32 Million students
- ✓ 2010 - 6.22 Million students
- ✓ 2014 - 6.24 Million students
- ✓ 2019 - 6.16 Million students



School Facts and Enrollment Trends

► School Facts: Orange County

- School year 2019-2020
 - ✓ 473,612 students
 - ✓ 12 unified school districts
 - ✓ 12 elementary school districts
 - ✓ 3 high school districts
 - ✓ 8.1% decline since peak or 41,852 students



School Facts and Enrollment Trends

► School Facts:

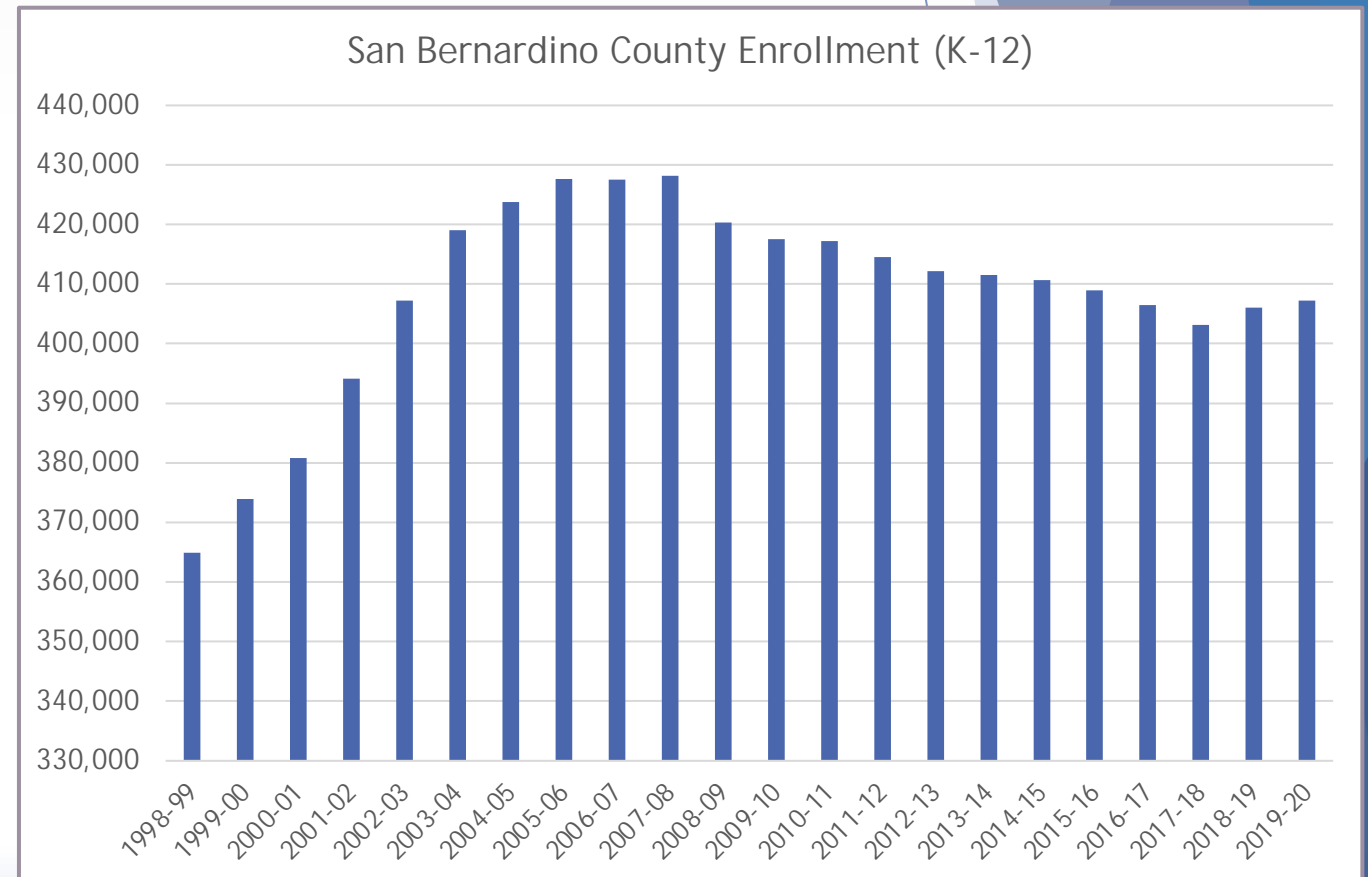
► Orange County: Top 3 Growing and Declining Districts

District Name	2019-20 Enrollment	10-YR # Change	10-YR % Change
Irvine Unified	36,177	9,355	+ 34.9%
Tustin Unified	23,521	1,067	+ 4.8%
Brea-Olinda Unified	6,085	135	+ 2.3%
Santa Ana Unified	50,124	-6,813	- 12.0%
Garden Grove Unified	41,423	-6,491	- 13.5%
Saddleback Valley Unified	26,304	-6,083	- 18.8%

School Facts and Enrollment Trends

► School Facts: Inland Empire

- San Bernardino County
 - ✓ 407,268 students
 - ✓ 20 unified school districts
 - ✓ 11 elementary school districts
 - ✓ 2 high school districts
 - ✓ 4.9% decline since peak or 20,874 students



School Facts and Enrollment Trends

► School Facts: Inland Empire

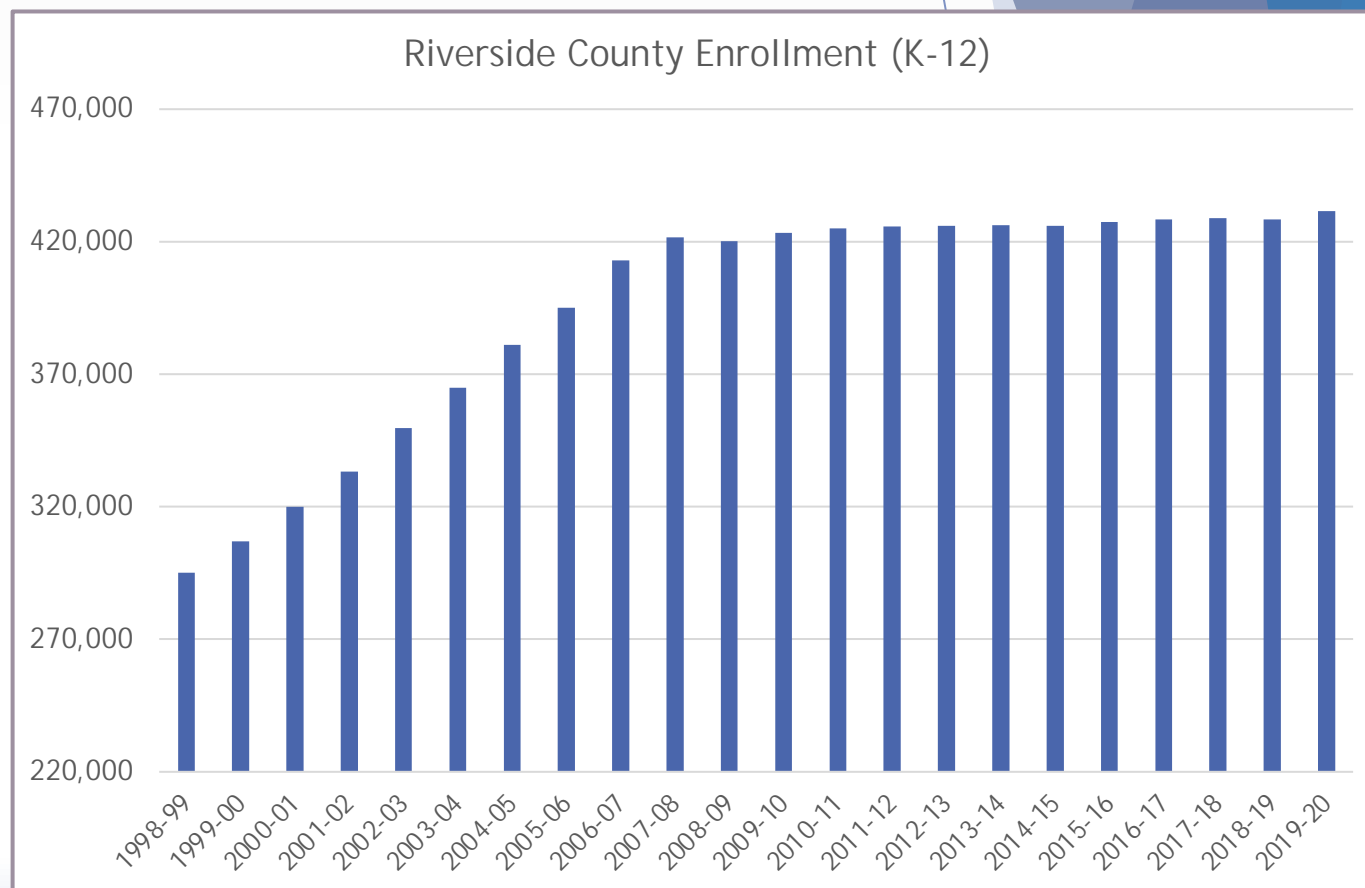
- San Bernardino County: Top 3 Growing and Declining Districts

District Name	2019-20 Enrollment	10-YR # Change	10-YR % Change
Helendale Elementary	5,810	5,156	+ 788.4%
Lucerne Valley Unified	9,313	6,940	+ 292.5%
Oro Grande	4,723	2,694	+ 132.8%
Fontana Unified	36,160	-4,844	- 11.8%
Chino Valley Unified	28,169	-3,823	- 11.9%
Upland Unified	10,580	-3,824	- 26.5%

School Facts and Enrollment Trends

► School Facts: Inland Empire

- Riverside County
 - ✓ 431,521 students
 - ✓ 18 unified school districts
 - ✓ 4 elementary school districts
 - ✓ 1 high school districts
 - ✓ Enrollment peaked in 2019-20



School Facts and Enrollment Trends

► School Facts: Inland Empire

- Riverside County: Top 3 Growing and Top Declining Districts

District Name	2019-20 Enrollment	10-YR # Change	10-YR % Change
Beaumont Unified	14,739	6,433	+ 77.5%
Menifee Union Elementary	12,372	2,938	+ 31.1%
San Jacinto Unified	11,617	1,960	+ 20.3%
Palm Springs Unified	22,439	-1,504	- 6.3%
Alvord Unified	18,170	-1,856	- 9.3%
Moreno Valley Unified	32,299	-4,510	- 12.3%

Enrollment Trends & New Development

- ▶ Growing School Districts:
 - ▶ Expand existing facilities and construct new schools
 - ▶ New schools sell homes
- ▶ Irvine, Brea, Corona-Norco

Enrollment Trends & New Development

- ▶ Growing School Districts:
 - ▶ Portola High School - Irvine Unified School District



Enrollment Trends & New Development

- ▶ School Districts with Declining Enrollment and Pockets of Growth
 - ▶ Politically challenging for school districts
 - ▶ Entitlement and marketing challenges for developers
- ▶ Santa Paula ESD

Enrollment Trends & New Development

- ▶ School Districts with Declining Enrollment and Pockets of Growth
 - ▶ Esencia K-8 Capistrano Unified School Districts



Enrollment Trends & New Development

- ▶ School Districts with Declining Enrollment and Pockets of Growth
 - ▶ INDA Charter School: Santa Ana Charter School

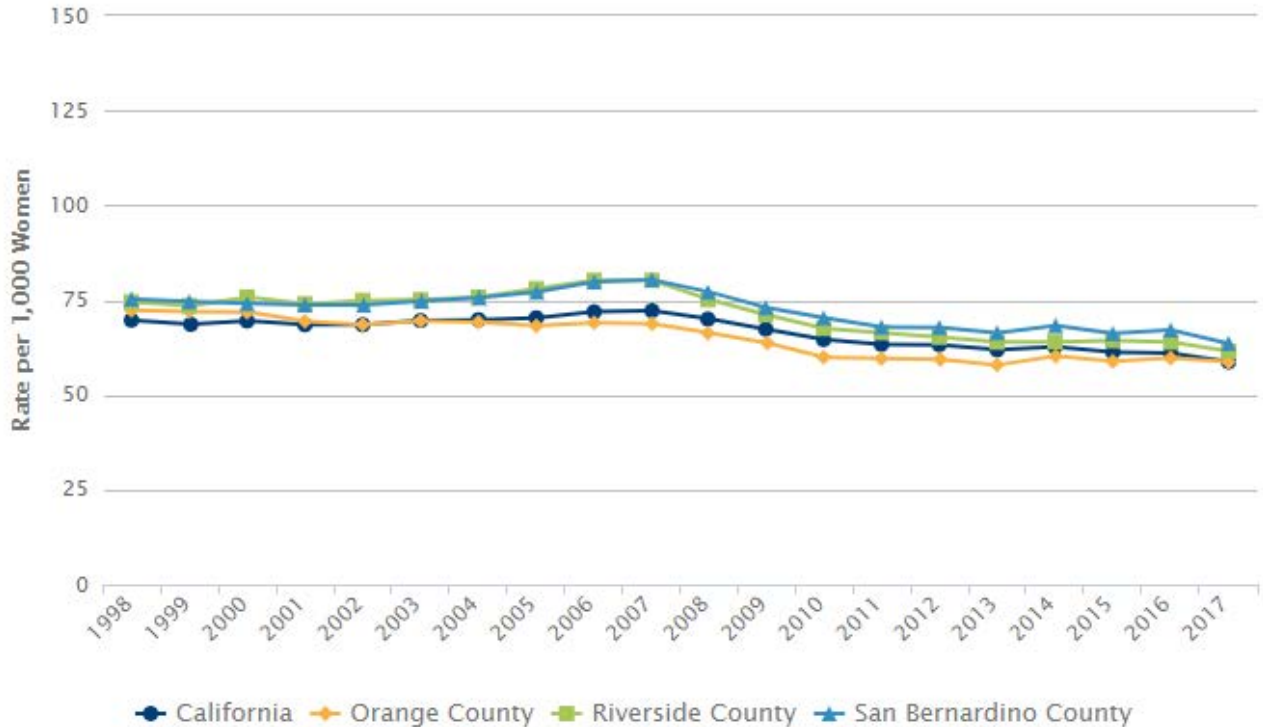


Enrollment Trends & New Development

- ▶ School Districts with Declining Enrollment
 - ▶ Close/consolidate/relocate campuses
 - ▶ Fountain Valley and Huntington Beach
 - ▶ Opportunities for infill residential development

Enrollment Trends & New Development

Births per 1,000 Women



Years: 1998 to 2017; Data Type: Rate per 1,000 Women.

Enrollment Trends & New Development

- ▶ Student Generation Rates

- ▶ High Density Housing

- ▶ For Sale and Rental Housing with Density of 50+ DU/acre
 - ▶ 6 elementary students / 100 homes

Enrollment Trends & New Development

► Regional Housing Needs Assessment (RHNA)

ALLOCATION BY COUNTY					
	Total	Very-low income	Low income	Moderate income	Above moderate income
Imperial	15,953	4,652	2,349	2,192	6,760
Los Angeles	813,071	217,492	123,141	131,523	340,916
Orange	183,425	46,264	29,166	32,476	75,519
Riverside	167,191	41,922	26,443	29,146	69,681
San Bernardino	137,796	35,556	21,849	24,089	56,302
Ventura	24,398	5,751	3,799	4,516	10,332
TOTAL	1,341,834	351,637	206,747	223,941	559,509

School Fees

- ▶ Established by SB 50 in 1998
- ▶ 50/50 State Local Program
- ▶ Government Code 65995 (h)

School Fees: Level 1

YEAR	INCREASE	LEVEL 1 SCHOOL FEE INFLATION HISTORY	
		RESIDENTIAL	COMMERCIAL/ INDUSTRIAL
2020	7.64%	\$4.08	\$0.66
2018	8.78%	\$3.79	\$0.61
2016	3.59%	\$3.48	\$0.56
2014	4.93%	\$3.36	\$0.54
2012	8.21%	\$3.20	\$0.51
2010	0.00%	\$2.97	\$0.47
2008	12.79%	\$2.97	\$0.47
2006	17.24%	\$2.63	\$0.42
2004	4.90%	\$2.24	\$0.36
2002	4.38%	\$2.14	\$0.34
2000	6.20%	\$2.05	\$0.33

School Fees: Level 2

- ❑ Bar for entry is higher than Level 1:
 - Show state funding eligibility - projected unhoused students
 - Satisfy two of the four statutory requirements
 - Publish School Facility Needs Analysis
 - Maximize local resources
- ❑ NO maximum
 - Fontana USD May 2020 Proposal

School Fees: Level 3

- ❑ Double Level 2
 - ❑ The same requirements of Level 2 fees
PLUS
 - ❑ State runs out of money - NOW?

Law Suits that Impact School Fees

- ▶ Summerhill Winchester, LLC vs. Campbell Union School District (2018)
- ▶ BIA and builder lawsuits

History of State Bonds

▶ 28 Years of Voter Support

▶ SB 50: Prop. 1A (1998), 47(2002), 55(2004), 1D (2006), 51 (2016)

▣ Authorized By Voters: \$42.5 Billion

▣ Dedicated to New Construction : \$20.8 Billion

▣ Only 2 bonds out of 28 on the ballot failed

History of State Bonds

- ▶ Proposition 13 Failed (2020)
 - ▶ \$15 Billion
 - ▶ \$9 Billion K-12 (\$2.1 Billion for New Construction)
 - ▶ \$6 Billion for UC, State and Community Colleges
 - ▶ 4.3 Million 47% Yes votes/4.8 Million 53% No votes

AB 75 and SB 22

- ▶ Proposed Statewide Bond (June or November 2022)
 - \$15 Billion?
 - \$? Billion New Construction
 - Existing program (SB 50)
 - Allows school districts to increase local GO bond limit from 2.5-4%
- ▶ Current Unfunded List
 - Approximately \$2.1 Billion (New Construction & Modernization)
 - \$896 Million in New Construction Project Applications

What Happens if No Bond...

- ▶ CEQA
- ▶ Local Bonds
- ▶ Level 3 Fees

Takeaways...

