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Grape Day Park – Fiscal Impact
September 2019

Prepared for:

The Escondido Creek Conservancy

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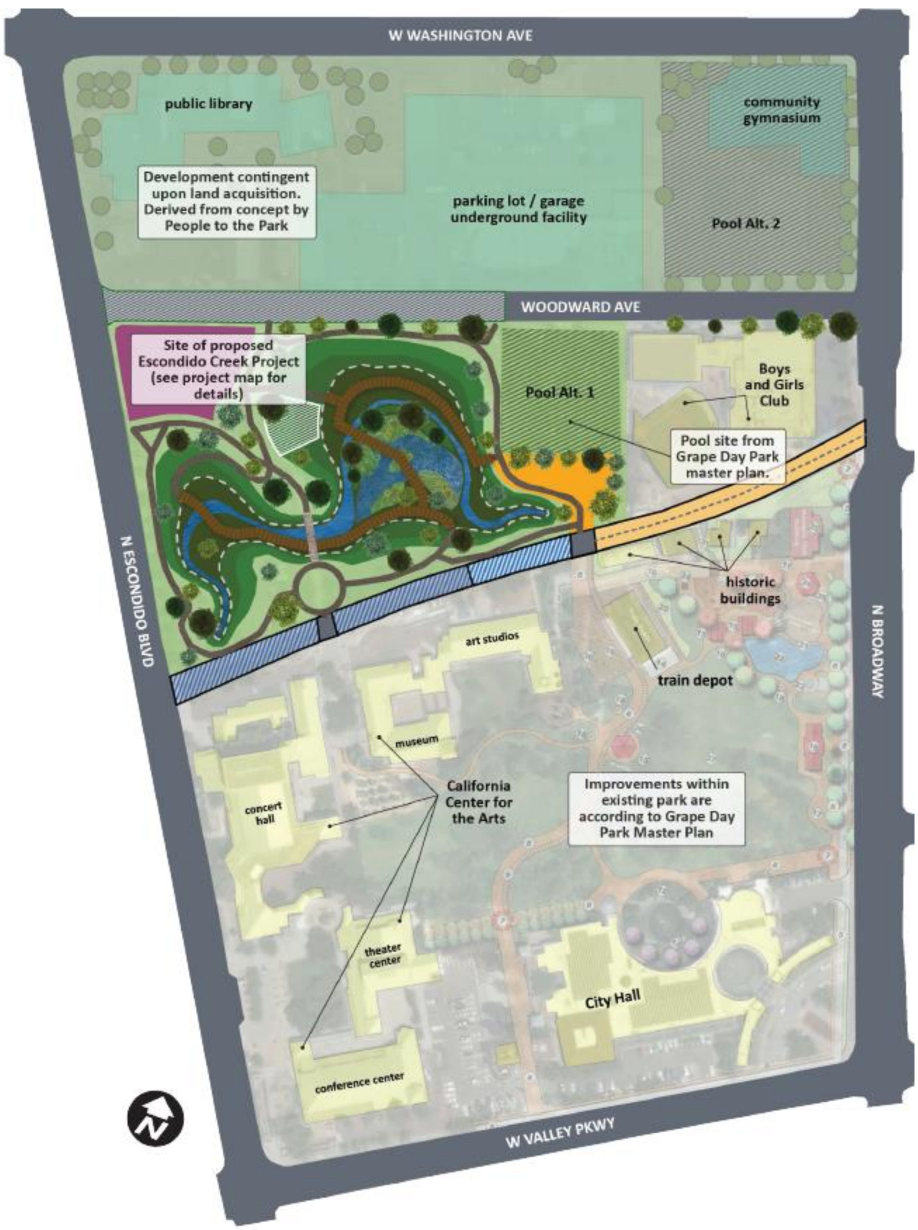
Introduction

The purpose of this report is to determine the economic and fiscal impacts of a proposed restoration of Escondido Creek in Grape Day Park. The project, proposed by The Escondido Creek Conservancy (Conservancy), is envisioned to create new water-focused parkland within Grape Day Park including recreational trails, wetlands accessible by a meandering boardwalk, an amphitheater which could also serving as a party/wedding venue and public gathering spaces. The project is designed to function as a treatment wetlands to improve storm water quality while also providing new park and recreation space for Escondido residents and visitors. The Conservancy's goal is that this project serves as a model to spark additional restoration of Escondido Creek to provide new park and recreation space, and improved water quality, along the entire six-plus mile Escondido Flood Control Channel. The following maps provide a visual representation of the restoration plan.




possible road closure and greenspace connection
decomposed granite trails
potential amphitheater
boardwalk
gentle hill slope
inundated floodplain
decorative iron fencing
WOODWARD AVE
open space alternatives site *
Boys and Girls Club
Pool Alt. 1
lid over channel with potential bike trail
entry plaza
N ESCONDIDO BLVD
historic buildings
existing pedestrian bridge
underground pump to side channel
entry plaza
diversion pool
Train Depot
wood arch bridge over channel/ boardwalk
flood control channel
playground and splash pond area
underground flow return
existing pedestrian bridge
California Center for the Arts
Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

The restoration project is designed to encourage development in the areas surrounding the park. The Conservancy's proposed restoration design was developed after consultation with the City of Escondido and park stakeholders, and after review of both the Grape Day Park Master Plan and the proposed People to the Park plan. Because the City of Escondido is considering an expansion of Grape Day Park north of Woodward Ave and south of Washington Ave, we have assumed throughout this report an Impacted Market Area including the expansion. The area highlighted in blue is the geographical boundary we identified as the "Impacted Market Area". For more information, see the Impacted Market Area section of this report.

Research for this project was completed in September 2019. Conclusions and recommendations are strictly those of London Moeder Advisors. Users of this information should recognize that assumptions and projections contained in this report *will* vary from the actual experience in the marketplace. Therefore, London Moeder Advisors is not responsible for the actions taken or any limitations, financial or otherwise, of property owners, investors, developers, lenders, public agencies, operators or tenants.

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Conclusions

London Moeder Advisors has completed a fiscal and economic impact analysis relating to the proposed restoration of Escondido Creek and Enhancement of Grape Day Park. The restoration project is anticipated to encourage development of the local area (see Impacted Market Area) and substantially impact the development and restoration of the area surrounding the park as well as the entire City of Escondido.

Waterway restoration projects have had positive effects on communities throughout the nation. These projects are catalysts for development, attracting new businesses and residents. This results in increased property values and municipal revenue and creates an overall healthier society. For more information regarding similar restoration projects and their benefits, see the Analogue Analysis section of this report.

Development and Fiscal Impacts

LMA completed an extensive market analysis of the parcels surrounding the park to determine the extent to which they represent candidate locations for development or redevelopment once the restoration project is completed. We also conducted market analyses to determine the probable rise in assessed value of the real estate surrounding the Impacted Market Area. This resulted in two buildout scenarios for the Impacted Market Area based on current city zoning (Scenario 1) or an expanding zoning for residential uses (Scenario 2). For more information, see the Development Scenarios section of this report.

To quantify the impacts, we analyzed the various fiscal and economic factors stemming from the redevelopment of the parcels in our Development Scenarios:

- Based on the current zoning (Scenario 1), we estimate annual recurring revenues from the redevelopment of the Impacted Market Area will range from \$1.9 million to \$3.8 million. The capitalized value, or bondable value, that is created ranges from \$20.7 million to \$41.3 million.

- Based on the assumption of expanding the zoning for residential uses (Scenario 2), we estimate annual recurring revenues from the redevelopment of the Impacted Market Area to range from \$3.5 million to \$7.0 million. The capitalized value, or bondable value, that is created ranges from \$37.9 million to \$75.7 million.

Public/Private Partnerships

The creek restoration is the first step to "create the place" and is expected to become an enhanced community amenity that will serve all residents. Developers will initially be interested in the area near/adjacent to the restored creek because the creek serves as an attractor.

However, transformational civic projects often require a public/private partnership to encourage development. Entrenched issues usually cannot be solved by increasing development fees (we address this in the following section). While the plan is to restore Escondido Creek, a more comprehensive plan is required that addresses broader public concerns while giving developers the incentives and tools to develop. The following are various elements that should be considered:

- As a result of the project, the California Center for the Arts will be losing parking spaces. We recommend that the City engage surrounding landowners to relocate the spaces. One strategy would be to involve Civic Center Plaza on the west side of Escondido Blvd. The 137,000 square-foot shopping center appears to have excess parking. A shared use of the spaces or construction of a parking garage should be explored. Another alternative to address the loss of parking would be for the City to create a downtown parking district using existing public lands and/or private lands.

- Civic Center Plaza retail center would be a prime candidate for redevelopment after completion of the creek restoration project. The City should meet with the owner (M.C. Strauss Company) and explore what type of future uses could be built at the property. The City would need to understand the constraints to development. This is not a matter of simply rezoning the property. While flexibility will be required to accommodate a broad mix of uses because there is an income stream and tenant leases in place, a specific plan or special zoning will likely be required so that redevelopment is economically viable.

- Because of the transformational nature of this project, the entire area should be inflected with a new vision. The creek restoration has the potential to increase the economic activity by adding cafes and shops, which will draw people towards this new community asset. Undoubtedly, new residents will gradually find it desirable to live here. Look to the City of San Diego neighborhoods of North Park and South Park to draw a comparison. Once an investment was made in the restoration along North Park's 30th Street (the main thoroughfare) public and private projects emerged, including the Observatory (local theater/music hall) as well as a multi-level parking garage. As a result, the area has blossomed with new restaurants, retail and residences.

- A parallel effort should also be undertaken to revisit the zoning surrounding the project area. Currently, much of the land is zoned for commercial (see map in Development Yield for Scenario 1). The commercial zoning is not adequate to cause change in the area because it needs to be activated with people and residents who live locally. Cities that have experienced renaissance are able to achieve results through the inclusion of residential housing as well as commercial, often by creating a "village" feel within an area. In the neighborhood surrounding Grape Day Park, however, these uses are segregated. Due to the lack of developable land in the San Diego region, residents are being drawn to areas that offer other amenities in lieu of space. Residents want to be able to walk to shop, dine or otherwise enjoy unique community amenities (such as a creek or park). By building residential mixed-use around the park, the neighborhood will become "activated" and residents will also take pride in its upkeep because, in essence, this is their backyard.

- To both encourage development and create revenue to pay for the creek restoration, the City should create an Alternative Compliance Program instead of implementing onsite structural BMPs (best management practices) related to stormwater. Creating a model that allows developers to purchase credits to fund the creek restoration will help reduce costs for projects because the credits are conceivably less expensive than onsite structural BMPs.

While not yet adopted, the City of San Diego is also anticipated to create a program for alternative compliance, which has the support of the Regional Water Quality Control Board (RWQCB).

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Executive Summary

The restoration of Escondido Creek and enhancement of Grape Day Park presents significant fiscal and economic benefits to the City of Escondido. The restoration project will spur development in the surrounding area leading to increased revenues to the city, new employment opportunities, increase housing availability and other intangible benefits. The following section highlights the results of our Fiscal and Economic Impact Analysis.

Fiscal & Economic Impacts

Scenario 1

Based on the current zoning and parking requirements of the City, the estimated maximum potential development includes 3,075 residential units, 382,840 square feet of commercial and 100 hotel rooms. The following bullet points highlight the fiscal and economic impacts, which are detailed in this report:

- We estimate a total resident population increase of 5,660 and a total employment gain of 1,102 jobs.

- The total estimated construction costs of $1.05 billion is anticipated to generate 8,781 FTE jobs for the City of Escondido as the land uses are built out over time.

- Based on the sales tax portion that Escondido receives of 1.0%, the purchases of construction materials are estimated to generate $789,701 in total sales tax revenue for the City of Escondido.

- At buildout, the value of the new development is estimated to be $1.4 billion resulting in estimated property tax revenue of $2.85 million annually. In addition, the new development is estimated to generate property transfer tax of $76,000 annually.

- The total annual sales tax revenue generated by the retail footprint is estimated to be $186,000 for the City of Escondido.

- We estimate the city will receive an estimated $8,000 in annual sales tax revenue from hotel visitor spending.

- The new residents in the local area are forecasted to generate $63.7 million in retail expenditures annually. The City's share of sales tax revenue from these new residents is estimated to be $319,000 annually.

- The City's share of sales tax revenue from office employee expenditures is estimated to be $14,000 annually.

- Future hotel development is estimated to generate annual TOT revenue of $356,000.

- The total tax revenue anticipated at buildout of Scenario 1 is estimated to range from $1.9 million to $3.8 million annually.

- The capitalized value, or bondable value, that is created from the development of the Impacted Market Area ranges from $20.6 million to $41.3 million.

Impacted Market Area Buildout Scenarios
Scenario 1

	Impacted Market Area Buildout		
	50%	75%	100%
Property Tax	$1,425,496	$2,138,243	$2,850,991
Property Transfer Tax	$38,242	$57,364	$76,485
Sales and Use Tax	$263,434	$395,151	$526,868
Transient Occupancy Tax	$177,938	$266,906	$355,875
Total Annual Recurring Revenues to General Fund	$1,905,110	$2,857,665	$3,810,219

Scenario 2

This scenario offers an alternative zoning approach by expanding zoning to allow for residential development of up to 75 units per acre, and also eliminate the requirement of ground floor commercial in areas where it is not necessary. It is important to note, however, that the expanded residential is included in addition to the commercial space that is already existing. While the commercial might be reconfigured in a new project, our analysis assumes that there is no net-loss of commercial space in the area.

Scenario 2 results in a maximum potential development that would include 6,224 residential units, 483,130 square feet of commercial and 100 hotel rooms. The following bullet points highlight the fiscal and economic impacts, which are detailed in this report:

- We estimate a total resident population increase of 11,456 and a total employment gain of 1,375 jobs.

- The total estimated construction costs of $2.05 billion is anticipated to generate 17,135 FTE jobs for the City of Escondido as the land uses are built out over time.

- Based on the sales tax portion that Escondido receives of 1.0%, the purchases of construction materials are estimated to generate $1.5 million in total sales tax revenue for the City of Escondido.

- At buildout, the value of the new development is estimated to be $2.7 billion resulting in estimated property tax revenue of $5.6 million annually. In addition, the new development is estimated to generate property transfer tax of $150,000 annually.
- The total annual sales tax revenue generated by the retail footprint is estimated to be $235,000 for the City of Escondido.
- We estimate the city will receive an estimated $8,000 in annual sales tax revenue from hotel visitor spending.
- The new residents in the local area are forecasted to generate $129 million in retail expenditures annually. The City's share of sales tax revenue from these new residents is estimated to be $645,000 annually.
- The City's share of sales tax revenue from office employee expenditures is estimated to be $17,814 annually.
- Future hotel development is estimated to generate annual TOT revenue of $356,000.
- The total tax revenue anticipated at buildout of Scenario 2 is estimated to range from $3.5 million to $7 million annually.
- The capitalized value, or bondable value, that is created from the development of the Impacted Market Area ranges from $37.8 million to $75.7 million.

Impacted Market Area Buildout Scenarios
Scenario 2: Updated Zoning

	Impacted Market Area Buildout		
	50%	75%	100%
Property Tax	$2,785,808	$4,178,712	$5,571,616
Property Transfer Tax	$74,736	$112,104	$149,472
Sales and Use Tax	$452,785	$679,177	$905,570
Transient Occupancy Tax	$177,938	$266,906	$355,875
Total Annual Recurring Revenues to General Fund	**$3,491,267**	**$5,236,900**	**$6,982,533**

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Fiscal & Economic Impact Analysis

Impacted Market Area

This section details the fiscal and economic impacts generated by the restoration of Escondido Creek and the expansion of Grape Day Park. As with any enhancement to community amenities, there is a direct impact to surrounding land uses. The conservation project and expansion of Grape Day Park represents a new amenity for visitors, local businesses and nearby residents.

The purpose of this section is to detail the fiscal and economic benefits within Grape Day Park's sphere of influence. If developed and restored, the completion of the park is envisioned to catalyze redevelopment in the nearby neighborhoods.

The following map depicts the location of Grape Day Park and the surrounding neighborhood area that is considered within the park's sphere of influence ("Impacted Market Area"):

The impacted market area of Grape Day Park is comprised of four distinct planning districts outlined in the Escondido Downtown Specific Plan. Each of these planning districts has a unique zoning code. As it pertains to our analysis, the maximum residential density and requirement of ground floor commercial were to most impactful elements of the zoning districts. As the specific plan details, the four districts are envisioned are as follows:

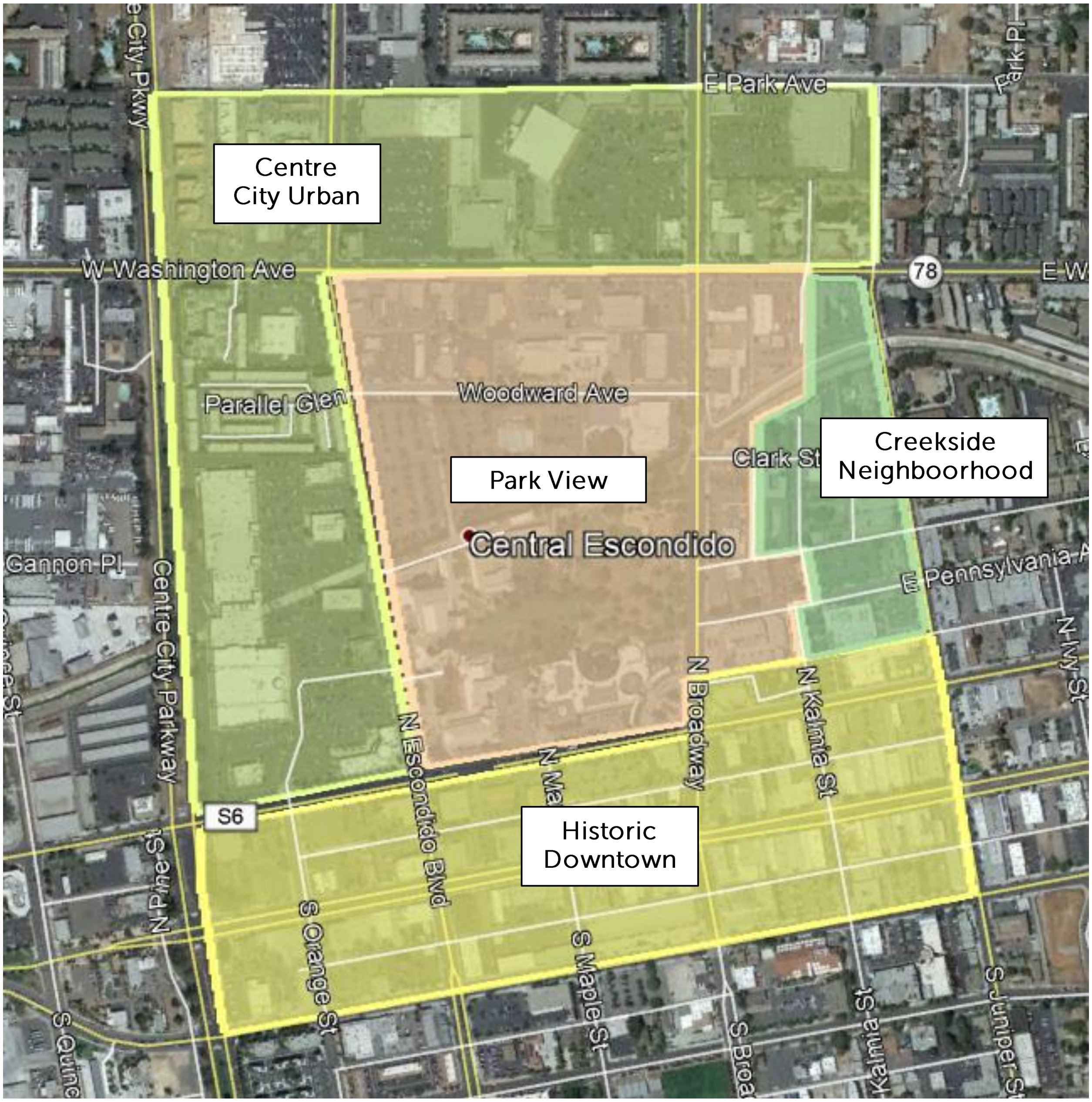
- Historic Downtown District: This district is envisioned to be a commercial hub with a focus on specialty retail shopping and office employment. The area should be safe, comfortable, attractive and pedestrian friendly. New development with higher density is encouraged so that residents can enjoy urban living in close proximity to entertainment, retail and professional offices.

- Parkview District: This district lends opportunity for a high-quality mix of office, general retail and upscale residential. The uses should complement one another and surrounding districts. In addition, the proximity of Grape Day Park should be taken advantage of with development making it a focal point.

- Centre City Urban District: This district provides opportunities for a high-quality mix of entertainment, retail, restaurants and upscale residential. Similar to the Parkview District, these uses should complement one another and the surrounding districts. The area should also serve as a catalyst as the pedestrian linkages to the California Center for the Arts, Escondido and Grape Day Park.

- Creekside Neighborhood District: This district is intended for high-density urban multifamily development alongside Escondido Creek and in close proximity to Downtown.

The following map and table highlight the four districts and their zoning per the Downtown Specific Plan:



Zoning Requirements

Downtown Specific Plan Area

	Residential Permitted?	Maximum Residential Density	Ground floor Commercial Required?
Centre City	Select Areas	100	Yes
Park View	Select Areas	100	Yes
Creekside	Yes	75	Select Areas
Historic Downtown	Select Areas	75	Yes

Development Scenarios

In the course of our research, we assessed each property in the Impacted Market Area to determine the potential developability or redevelopment of parcels. We then analyzed the use potential as well as the potential value of each property, which is based on our market analysis survey of various properties (see Market Analysis Tables in Appendix).

To calculate the estimated fiscal impacts to the City, we prepared two scenarios relating to the potential buildout of property in the Impacted Market Area:

- Scenario 1: Represents the potential buildout at current zoning as set forth in the City of Escondido Downtown Specific Plan.

- Scenario 2: Assumes a rezoning of the commercial parcels. Here, we extend the existing zoning for residential development of 75 dwelling units per acre and eliminate the requirement for ground floor commercial in certain districts.

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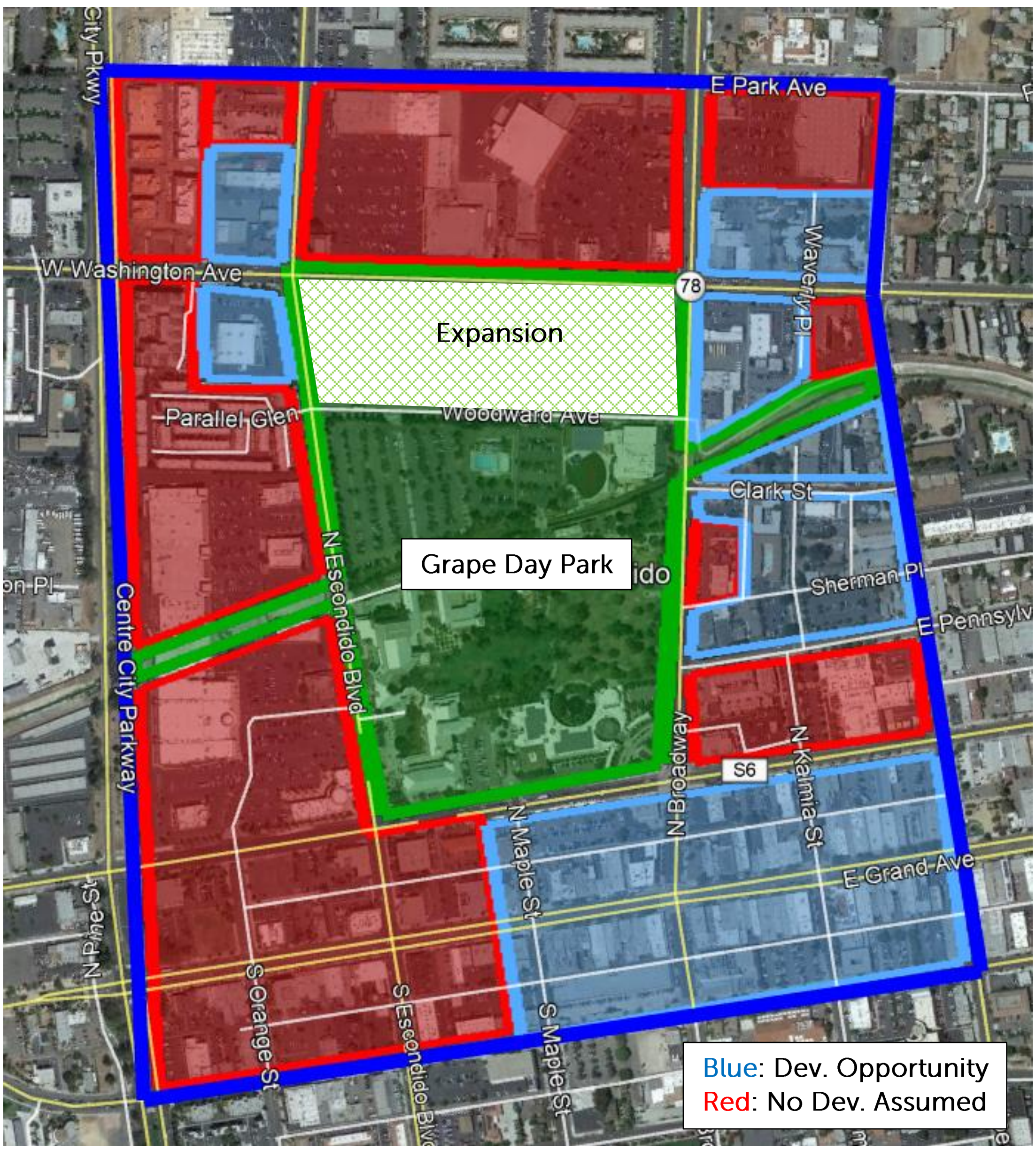
Scenario 1

Development Yield

The following map depicts the impacted market area surrounding Grape Day Park. The areas shaded in red represent properties that are not likely candidates for development projects. This is due to either the restrictive commercial zoning or the parcel appears to have notable development already existing. Specifically, the areas to the north and west of the park are not anticipated to experience any significant development.

The areas shaded in blue represent properties that are either underutilized or are potential development opportunities. In our analysis for Scenario 1, we assume that these candidate properties are developed per the current zoning, for which we calculate the fiscal and economic impacts.



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Based on the current zoning regulations in the Downtown Specific Plan, we have estimated the development potential of the Impacted Market Area. The following table estimates the total square footage of usable land. We have identified 37.0 acres (1.6 million square feet) of land that are likely candidates for development. Based on the current zoning and parking requirements, the maximum potential development would include 3,075 residential units, 382,840 square feet of commercial and 100 hotel rooms. The following table summarizes the development potential.

Development Potential
Scenario 1: Current Zoning

Inventory of Developable Land	Centre City	Park View (West)	Park View (East)	Creekside	Historic Downtown	Total
Total Usable Land (SF)	350,000	n/a	176,000	285,000	800,000	1,611,000
Acres	8.03	n/a	4.04	6.54	18.37	37.0

Development Yield	Centre City	Park View (West)	Park View (East)	Creekside	Historic Downtown	Total
Residential						
Dwelling Units per Acre	100	n/a	100	75	75	
Maximum Residential Units	**803**	**n/a**	**404**	**491**	**1,377**	3,075
Avg. Unit Size	850	n/a	850	850	850	850
Net Residential Area	**682,550**	**n/a**	**343,400**	**417,350**	**1,170,450**	**2,613,750**
Parking						
Parking Spaces Required @ 1 per unit	803	n/a	404	491	1,377	3,075
Required Parking SF @ 365 SF per Space	293,095	n/a	147,460	179,215	502,605	1,122,375
Commercial						
Ground Floor Commercial Required[1]	Yes	n/a	Yes	No	Yes	
Commercial SF	56,905	n/a	28,540	0	297,395	382,840
Hotel						
Hotel Rooms	100	n/a	0	0	0	100

[1] Land SF less Required Parking SF

Source: London Moeder Advisors, Escondido Downtown Specific Plan

For purposes of estimating the fiscal impacts of development, we have assumed that 75% of the multifamily units are rental (2,306 units) with the remaining 25% of units as for-sale (769 units). The commercial square footage is anticipated to be 50% retail and 50% office. The following table summarizes our assumptions for the types of residential and commercial uses.

Development Potential Types: Residential & Commercial
Scenario 1

Residential		%
Multifamily Units		
For Sale	769	25.0%
For Rent	2,306	75.0%
Total Residential	**3,075**	

Non Residential	Gross	Building Efficiency	Net Rentable	Vacancy %	Occupied	
Retail (SF)	191,420	90%	172,278	10%	155,050	
Office (SF)	191,420	85%	162,707	10%	146,436	
Hotel (Rooms)	100	---	---	---	---	
Total Non Residential					**301,487**	**Square Feet**
					100	**Hotel Rooms**

Source: London Moeder Advisors, Escondido Downtown Specific Plan

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Employment & Population Growth

The potential development of the Impacted Market Area will increase both the resident and employee populations. We have used data from the California Department of Finance to estimate the resident population and SANDAG data to estimate the total number of employees. Based on these data, we estimate a total resident population increase of 5,660 and a total employment gain of 1,102 jobs.

Estimated Increase in Employee and Resident Populations
Scenario 1

Residential	Units	Vacancy Factor	Persons/Unit[1]	Total Resident Population
Multifamily Units				
For Sale	769	5.0%	2.5	1,826
For Rent	2,306	5.0%	1.75	3,834
Total/Average	**3,075**	**5.0%**		**5,660**

Non Residential	Occupied SF/Rooms	Employment Factor[2]		Total Employees
Retail (SF)	155,050	1.0 per	500 SF	310
Office (SF)	146,436	1.0 per	200 SF	732
Hotel (SF)	100	0.6 per	Room	60
Total	**301,487**			**1,102**

[1]Per California DOF

[2]Per Building Area Per Employee by Business Type - ITE, USDOW, SANDAG, May 13,2008

Construction Impacts

During the various construction stages, development of the Impacted Market Area will generate revenue for the City from the purchase of construction materials in additional to the creation of construction jobs.

The estimated costs of construction in today's dollars ($2019) to build the 3,075 units is $961 million. The estimated costs of construction to build the commercial components of the plan is estimated to be $92 million. Therefore, the total development costs are estimated to be $1.05 billion as the land uses are built out over time. The following table summarizes our cost analysis for the development of the Impacted Market Area:

Estimated Costs of Construction
Scenario 1

Residential			
Multifamily Units	Units	Cost per Unit	Total Development Costs
For Sale	769	$350,000	$269,062,500
For Rent	2,306	$300,000	$691,875,000
Total Residential	**3,075**		**$960,937,500**

Non-Residential			
	Gross	Cost per SF/Key	Total Development Costs
Retail (SF)	191,420	$150	$28,713,000
Office (SF)	191,420	$200	$38,284,000
Hotel (Rooms)	100	$250,000	$25,000,000
Total Non Residential			**$91,997,000**

Total Development Costs	**$1,052,934,500**

Source: London Moeder Advisors

The estimated construction costs of $1.05 billion is anticipated to create construction jobs during development. Jobs are quoted on the basis of full-time annual equivalency ("FTE"), which represents the employment of one worker for one full year.

Construction job generation is estimated using a ratio of jobs per every $1 million of construction costs. The ratio for this project is estimated to be 8.34.[1] The total estimated construction costs of $1.05 billion is anticipated to generate 8,781 FTE jobs for the City of Escondido as the land uses are built out over time. The following chart details our analysis:

Direct Construction Job Generation
Scenario 1

Construction Costs	$1,052,934,500
Per Million Dollars	$1,052.93
Jobs Generated Per Million Dollars[1]	8.34
Total Jobs Generated (Full Time Equivalency)	**8,781**

[1]Multiplier used by IMPLAN for direct job creation
Source: London Moeder Advisors, IMPLAN

In addition to job generation, the construction phase will also generate sales tax revenue for the City of Escondido. Based on industry averages, the total cost of materials for commercial development is estimated to be approximately 50% of the development costs. This provides an estimated material cost of $526.5 million. The remaining 50% is attributed to labor which is not taxable.

We have assumed that 15% of all construction materials used in this project will be purchased in the City of Escondido. This is based on the cost and availability of materials in Escondido relative to the surrounding area. This is a conservative estimate, as the actual percentage may be higher due to builder preferences and materials availability. Multiplying the total materials cost of $526.5 million by 15% results in $79 million in materials purchased in the City of Escondido. Based on the sales tax portion that Escondido receives of 1.0%, the purchase of construction materials is estimated to generate $789,701 in total sales tax revenue for the City of Escondido, as detailed in the following table:

[1] Based on multiplier used by IMPLAN model - https://trimet.org/pdfs/pm/economicbenefits/PMLR_job_creation_estimate.pdf

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Sales Tax Revenue Generated by Construction Spending

Scenario 1

Total Costs	**$1,052,934,500**
Labor	$526,467,250
% of Total	50%
Materials	$526,467,250
% of Total	50%
% of Materials Purchased in Escondido	15%
Materials Purchased in Escondido	**$78,970,088**
Escondido Tax Rate Component	1.00%
Sales Tax Revenue to Escondido	**$789,701**

Source: London Moeder Advisors

Property & Transfer Tax

Developing the various properties in the Impacted Market Area will result in increased assessed values. To determine value, we analyzed recent sales in the Escondido market. Our sales analysis can be located in the appendix (see Market Analysis Tables). Based on these current values in 2019, we have estimated the assessed value of new development to be $1.4 billion. The following table summarizes our analysis.

Estimated Assessed Value of New Development (2019 Dollars)
Scenario 1

Residential	Units	Price/Units	Total Assessed Value
Multifamily Units			
For Sale[1]	769	$450,000	$345,937,500
For Rent[2]	2,306	$400,000	$922,500,000
Total Residential	**3,075**		**$1,268,437,500**

Non Residential	Gross SF/Rooms	Value /SF or Room	Total Assessed Value
Retail (SF)	191,420	$315	$60,297,300
Office (SF)	191,420	$245	$46,897,900
Hotel (SF)	100	$150,000	$15,000,000
Total Non Residential	**382,840 SF** **100 Rooms**		**$122,195,200**

Total Assessed Value	$1,390,632,700

[1]See Residenital For Sale Analysis in the Appendix

[2]300 S Escondido Blcd is a 56-unit multifamily project built in 2018. It is currently listed for $22.98 million ($392,500 per unit).

The development of the Impacted Market Area will increase the property tax revenue collected by the City of Escondido. Based on the assessed value of $1.4 billion and the property tax rate of 1.0%, the annual property tax payment is estimated to be $13.9 million. The portion of property tax revenue that is realized by the City of Escondido is 20.5%. This results in approximately $2.85 million of property tax revenue that will be generated by the redevelopment annually.

In addition to property tax, the city of Escondido collects a property transfer tax of $0.55 per $1,000 of property value each time the property is sold. Based on the assessed value of $1.4 billion, the city will receive an estimated $764,848 each time the properties are resold. For this analysis, we have assumed the properties are resold every 10 years generating an annualized property transfer tax of $76,485. The following table summarize our analysis.

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Estimate of Annual Recurring Revenues - Property Tax and Property Transfer Tax

Scenario 1

Property Tax		
Estimated Value		$1,390,632,700
Property Tax Rate	1.0%	$13,906,327
City Portion (includes VLF)[1]		20.50140%
Total Property Tax to City		**$2,850,991**

Property Transfer Tax	
A. Residential Property Value	$1,268,437,500
Transfer Tax (per $1,000)	$0.55
Total Transfer Tax	$697,641
Turnover Rate	10%
Net Transfer Tax	$69,764
B. Non Residential Property Value	$122,195,200
Transfer Tax (per $1,000)	$0.55
Total Transfer Tax	$67,207
Turnover Rate	10%
Net Transfer Tax	$6,721
Total Property Transfer Tax (Annualized)	**$76,485**

[1]City of Escondido

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Sales Tax – Retail Footprint & Hotel Visitors

The Impacted Market Area is anticipated to house occupied retail totaling 155,050 square feet. We have assumed a conservative annual sales volume of $400 per square foot. This is consistent with sales levels achieved at the type of retail businesses that will likely occupy the space. Assuming that 75% of the retail sales are taxable, the retail portion is expected to achieve a total of $46.5 million in total taxable sales annually. The City of Escondido receives 1% of the taxable sales revenue which generates an estimated $465,151 annually.

However, the transfers of sales already occurring in the City of Escondido must also be accounted for. For this analysis, we have assumed a 60% reduction factor for sales transfers. Therefore, the total net sales tax generated by the retail footprint is estimated to be $186,060 for the City of Escondido.

In addition to sales tax revenue generated from retail establishments, the City of Escondido will also receive sales tax stemming from the expenditures of hotel visitors. We estimate hotel visitors to spend a total of $1.2 million dollars on food and beverage during their stay (35% of estimated room revenue). The City of Escondido is estimated to capture 65% of these sales. Therefore, we estimate the city will receive an estimated $8,096 in annual sales tax from hotel visitor spending.

The following table summarizes our direct sales tax analysis:

Estimate of Annual Recurring Revenues - Direct Sales and Use Tax
Scenario 1

Retail				
Retail (Occupied)			155,050	SF
Sales Production/SF[1]			$400	/SF
Taxable Sales	75%		$46,515,060	
City Portion of Sales Tax	**1.00%**		**$465,151**	**/Year**
Less: Reduction for Sales Transfer within City[1]	60%		($279,090)	/Year
City Portion of Sales Tax			**$186,060**	
Spending by Hotel Visitors				
Hotel Rooms			100	Rooms
Average Daily Rate			$130	
Occupancy			75%	
Room Revenue			$3,558,750	
Food & Beverage @	35%	of Room Rev	$1,245,563	
Taxable Sales Captured in City[1]			65%	
City Potion of Sales Tax	**1.00%**		**$8,096**	**/Year**
Total Direct Sales Tax			**$194,156**	**/Year**

[1]ULI Dollars & Cents of Shopping Centers
[1]Percentage is estimated based on the location and surrounding retail options

Sales Tax – Residents

Development of new residential units will result in a population increase for the City of Escondido. These new residents will engage in retail spending in the immediate area, boosting the retail sales and sales tax revenue collected. We have analyzed the retail spending habits to determine the extent of this increased revenue.

Assuming residents of the rental units will spend 40% of their gross income on rent, we have applied an average rental rate of $2,500 per month[2]. At 40% the monthly household income is estimated to be $6,250 or $75,000 annually. Based on the buildout of 2,306 residential units, the total aggregate household income created is estimated to be $164.3 million.

We have estimated the value of the for-sale residential units to be $450,000. With a 10% down payment, interest rate of 4.5% and 30-year amortization, the annual mortgage payment is estimated to be $24,625. Factoring in an HOA payment of $200 each month, $50 of monthly insurance and annual property taxes of $4,950, the annual housing cost for the for-sale residents is estimated to be $35,575. Assuming residents of the for-sale units will spend 35% of their gross income on housing costs, we estimate annual household income to be $93,000. Based on the buildout of 769 for-sale units, the total aggregate household income created is estimated to be $67.97 million. Therefore, total combined aggregate income for the new households is estimated to be $232.3 million.

According to Consumer Expenditures Survey 2008[3] from the BLS, about 60% of a household's income is used for consumption spending. This income was divided into spending categories, representing both taxable and non-taxable purchases. Local retail taxable expenditures represent one-half of consumption spending, or 27.43% of total household income. This translates into total taxable retail expenditures of $63.7 million annually from the new resident population.

However, it is inappropriate to assume that all of these expenditures will occur in the City of Escondido. To account for this, we have applied a retail expenditure capture rate of 50% for the City of Escondido. This results in approximately $31.85 million annually in total taxable retail expenditures in that occur in the City. The City of Escondido will collect 1.0% of these sales, which equates to an estimated $318,595 of sales tax revenue. The following table summarizes our analysis:

[2] Alcove, a new residential development in Escondido, rents units between $2,000 and $3,000 with an average of $2,500

[3] U.S. Census Retail Expenditure Propensities

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Estimate of Annual Recurring Revenues - Indirect Sales Tax (Spending by Residents)

Scenario 1

Estimate of Household Income		Multi-Family For Sale	Multi-Family Rental
Average Sales Price / Average Monthly Rent		$450,000	$2,500
Down Payment	10%	$45,000	
Loan Amount		$405,000	
Interest Rate		4.50%	
Terms (Years)		30	
Annual Mortgage Payment / Rent		$24,625	$30,000
HOA	$200 /month	$2,400	$0
Maintenance / Insurance	$50 /month	$600	$0
Property Taxes	1.10%	$4,950	$0
Total Annual Costs		$32,575	$30,000
% of Income Spent on Housing		35%	40%
Annual Income Required		$93,071	$75,000

Number of Households	Multi-Family For Sale	Multi-Family Rental
Total Number of Residential Units	769	2,306
Occupancy Rate	95.0%	95.0%
Total Number of Full-Time Equivalent Households	730	2,191

Aggregate Household Income	$67,971,032	$164,320,313
Total Aggregate Household Income	**$232,291,344**	

Annual Spending by Households	Allocation of Household Income to Taxable Spending	Estimated Annual Taxable Spending
General Merchandise	10.36%	$24,064,248
Apparel	2.84%	$6,603,689
Home Furnishings	3.15%	$7,306,868
Other Retail Stores	2.42%	$5,618,507
Misc. Retail Stores	0.28%	$649,368
Eating Drinking Establishments	5.57%	$12,943,572
Food Stores (Not Taxable)	----	----
Other Community-Oriented Stores	2.81%	$6,532,831
Total Taxable Retail Expenditures	**27.43%**	**$63,719,084**
Spending Captured by City of Escondido	50%	$31,859,542
City Portion of Sales Tax	1.00%	$318,595

Total Sales Tax - New Resident Expenditures	**$318,595**

Sales Tax – Office Employees

The office footprint of the Impacted Market Area is expected to add a total of 732 new employees in the City of Escondido. These employees will engage in daily spending in the City of Escondido. We have assumed that the office employees will spend on average of $10 each working day in the year (241 total working days). This equates to a total of $1.76 million retail expenditures. We assume that 80% of these expenditures are taxable. Therefore, the City's share of sales tax from office employee expenditures is estimated to be $14,116 annually. The following table summarizes our analysis:

Estimate of Annual Recurring Revenues - Office Employee Spending
Scenario 1

Estimate of New Office Space (Occupied)		146,436	
Estimate of New Office Employment			
SF per Office Worker		200	SF
Total New Office Workers		732	Workers
Expenditure per Worker per Day		$10	
Number of Working Days in Year[1]		241	
Total Annual Retail Expenditures by Office Workers		$1,764,557	
Taxable Sales @	80%	$1,411,646	
City Portion of Sales Tax @	1.00%	$14,116	
Total Indirect Sales Tax - Office Employee Spending		**$14,116**	

[1]US Census

Transient Occupancy Tax

The City of Escondido collects a Transient Occupancy Tax of 10% on hotel room revenue in the City. Based on the envisioned 100 room hotel with an average daily rate of $130 and occupancy of 75%, total hotel receipts are estimated to be $3.6 million. These assumptions are consistent with hotels in and around Escondido. Applying the City's TOT of 10% generates total estimated TOT revenue of $355,875 annually. The following table summarizes our analysis:

Incremental Transient Occupancy Tax
Scenario 1

Number of Rooms	100
Average Daily Rate	$130
Occupancy	75%
Total Hotel Receipts	$3,558,750
Transient Occupancy Tax Rate	10%
Total Transient Occupancy Tax	**$355,875**

Total City Revenues

In total, we estimate that a total of $3.8 million of annual tax revenue will be achieved at buildout of Scenario 1 within the Impacted Market Area. The following table summarizes these various revenues to the City.

Summary of Annual Recurring Revenues
Scenario 1

	Total	% of Total
Property Tax	$2,850,991	74.8%
Property Transfer Tax	$76,485	2.0%
Sales and Use Tax	$526,868	13.8%
Transient Occupancy Tax	$355,875	9.3%
Total Annual Recurring Revenues to General Fund	**$3,810,219**	**100.0%**

The analysis we have completed assumes the entirety of the Impacted Market Area is fully developed. While this is a possibility over time, it is more than likely that some of the selected properties could remain undeveloped. To account for this, we have created scenarios where only 50% and 75% of development occurs in the Impacted Market Area. The annual recurring revenue to the City of Escondido's general fund ranges from $1.9 million (50% buildout) to $2.9 million (75% buildout) at these lower scenarios. The following table summarizes the potential range of fiscal impacts:

Impacted Market Area Buildout Scenarios
Scenario 1

	Impacted Market Area Buildout		
	50%	75%	100%
Property Tax	$1,425,496	$2,138,243	$2,850,991
Property Transfer Tax	$38,242	$57,364	$76,485
Sales and Use Tax	$263,434	$395,151	$526,868
Transient Occupancy Tax	$177,938	$266,906	$355,875
Total Annual Recurring Revenues to General Fund	**$1,905,110**	**$2,857,665**	**$3,810,219**

Capitalized Value

Annual recurring revenue is one way of analyzing and estimating fiscal impacts. A second method is to analyze the capitalized value of the annual fiscal impacts. This is performed by valuing the annual income as if it were a bond issued by the city. This perspective is useful in that it can reconcile the capitalized value created (bondable amount) with community infrastructure costs or capital improvements.

Currently, 20-year AAA municipal bonds have a rate of 4.5%. In addition, a 1.2 debt coverage ratio is required to support the debt service. Under these assumptions the bondable value created stemming from the development of the Impacted Market Area ranges from $20.7 million to $41.3 million. The following table summarizes this analysis:

Capitalized Value Creation: Bondable Value of Tax Revenue
Scenario 1

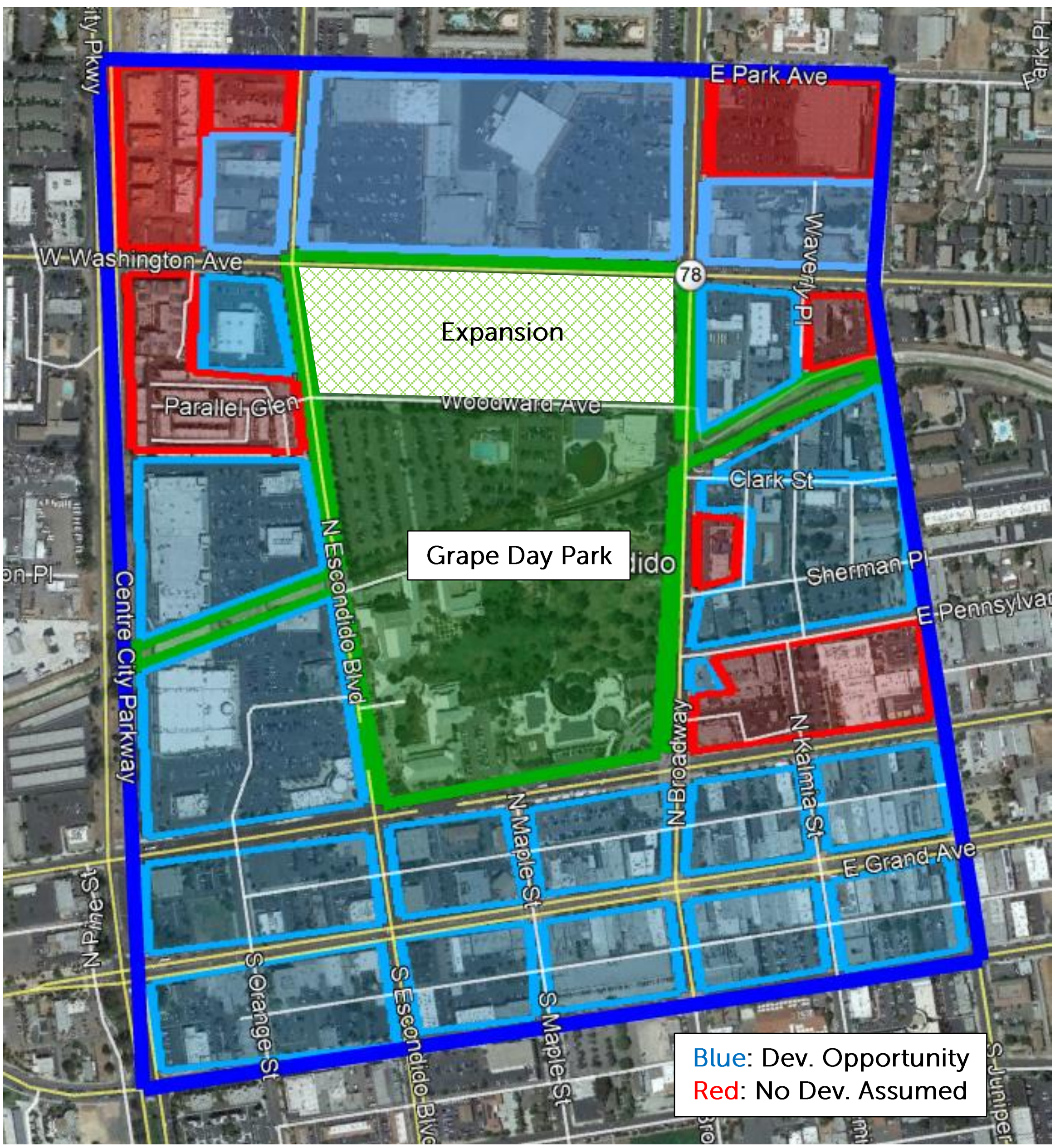
	Impacted Market Area Buildout		
	50%	75%	100%
Annual Recurring Revenue	$1,905,110	$2,857,665	$3,810,219
Debt Coverage Ratio	1.2	1.2	1.2
Bondable Income	$1,587,591	$2,381,387	$3,175,183
Bond Rate	4.50%	4.50%	4.50%
Maturity Length (Years)	20	20	20
Bond Value (Equitable Value)	**$20,651,288**	**$30,976,932**	**$41,302,576**

Scenario 2

Development Yield

The following map depicts the impacted market area surrounding Grape Day Park. The areas shaded in red represent properties that are not likely candidates for development projects. This is due to the parcels appear to have notable development already existing.

The areas shaded in blue represent properties that are either underutilized or are potential development opportunities. In our analysis for Scenario 2, we assume that these candidate properties are developed based on an updated zoning plan, for which we calculate the fiscal and economic impacts.



The expanded updated zoning would allow residential development of up to 75 units per acre and also eliminates the requirement of ground floor commercial in areas where it is not necessary. It is important to note, however, that the expanded residential is included in addition to the commercial space that is already existing. While the commercial might be reconfigured in a new project, our analysis assumes that there is no net-loss of commercial space in the area. The following table summarizes the proposed updated zoning plan for the four districts.

Zoning Requirements
Updated Zoning Plan

	Residential Permitted?	Maximum Residential Density	Ground floor Commercial Required?
Centre City	Yes	75	No
Park View	Yes	75	No
Creekside	Yes	75	No
Historic Downtown	Yes	75	Yes

Based on the updated zoning regulations, we have estimated the development potential of the Impacted Market Area. The following table estimates the total square footage of usable land. We have identified 83 acres (3.6 million square feet) of land that are likely candidates for development. Based on the updated zoning and parking requirements, the maximum potential development would include 6,224 residential units, 483,130 square feet of commercial and 100 hotel rooms. The following table summarizes the development potential.

Development Potential

Scenario 2: Updated Zoning

Inventory of Developable Land	Centre City	Park View (West)	Park View (East)	Creekside	Historic Downtown	Total
Total Usable Land (SF)	1,850,000	0	180,000	285,000	1,300,000	3,615,000
Acres	42.47	0.00	4.13	6.54	29.84	83.0

Development Yield	Centre City	Park View (West)	Park View (East)	Creekside	Historic Downtown	Total
Residential						
Dwelling Units per Acre	75	75	75	75	75	
Maximum Residential Units	**3,185**	**0**	**310**	**491**	**2,238**	**6,224**
Avg. Unit Size	850	850	850	850	850	850
Net Residential Area	**2,707,250**	**0**	**263,500**	**417,350**	**1,902,300**	**5,290,400**
Parking						
Parking Spaces Required @ 1 per unit	3,185	0	310	491	2,238	6,224
Required Parking SF @ 365 SF per Space	1,162,525	0	113,150	179,215	816,870	2,271,760
Commercial						
Ground Floor Commercial Required[1]	No	No	No	No	Yes	
Commercial SF	0	0	0	0	483,130	483,130
Hotel						
Hotel Rooms	100	0	0	0	0	100

[1] Land SF less Required Parking SF

Source: London Moeder Advisors, Escondido Downtown Specific Plan

For purposes of estimating the fiscal impacts of development, we have assumed that 75% of the multifamily units are rental (4,668 units) with the remaining 25% of units as for-sale (1,556 units). The commercial square footage is anticipated to be 50% retail and 50% office. The following table summarizes our assumptions for the types of residential and commercial uses.

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Development Potential Types: Residential & Commercial
Scenario 2: Updated Zoning

Residential		%
Multifamily Units		
For Sale	1,556	25.0%
For Rent	4,668	75.0%
Total Residential	**6,224**	

Non Residential	Gross	Building Efficiency	Net Rentable	Vacancy %	Occupied	
Retail (SF)	241,565	90%	217,409	10%	195,668	
Office (SF)	241,565	85%	205,330	10%	184,797	
Hotel (Rooms)	100	---	---	---	---	
Total Non Residential					**380,465**	**Square Feet**
					100	**Hotel Rooms**

Source: London Moeder Advisors, Escondido Downtown Specific Plan

Employment & Population Growth

The potential development of the Impacted Market Area will increase both the resident and employee populations. We have used data from the California Department of Finance to estimate the resident population and SANDAG data to estimate the total number of employees. Based on these data, we estimate a total resident population increase of 11,456 and a total employment gain of 1,375 jobs.

Estimated Increase in Employee and Resident Populations
Scenario 2: Updated Zoning

Residential	Units	Vacancy Factor	Persons/Unit[1]	Total Resident Population
Multifamily Units				
For Sale	1,556	5.0%	2.5	3,696
For Rent	4,668	5.0%	1.75	7,761
Total/Average	**6,224**	**5.0%**		**11,456**

Non Residential	Occupied SF/Rooms	Employment Factor[2]		Total Employees
Retail (SF)	195,668	1.0 per	500 SF	391
Office (SF)	184,797	1.0 per	200 SF	924
Hotel (SF)	100	0.6 per	Room	60
Total	**380,465**			**1,375**

[1]Per California DOF
[2]Per Building Area Per Employee by Business Type - ITE, USDOW, SANDAG, May 13,2008

Construction Impacts

During the various construction stages, development of the Impacted Market Area will generate revenue for the City from the purchase of construction materials in additional to the creation of construction jobs.

The estimated costs of construction in today's dollars ($2019) to build the 6,224 units is $1.9 billion. The estimated costs of construction to build the commercial components of the plan is estimated to be $109.5 million. Therefore, the total development costs are estimated to be $2.05 billion as the land uses are built out over time. The following table summarizes our cost analysis for the development of the Impacted Market Area:

Estimated Costs of Construction
Scenario 2: Updated Zoning

Residential			
Multifamily Units	Units	Cost per Unit	Total Development Costs
For Sale	1,556	$350,000	$544,600,000
For Rent	4,668	$300,000	$1,400,400,000
Total Residential	**6,224**		**$1,945,000,000**

Non-Residential	Gross	Cost per SF/Key	Total Development Costs
Retail (SF)	241,565	$150	$36,234,750
Office (SF)	241,565	$200	$48,313,000
Hotel (Rooms)	100	$250,000	$25,000,000
Total Non Residential			**$109,547,750**

Total Development Costs	**$2,054,547,750**

Source: London Moeder Advisors

The estimated construction costs of $2.05 billion is anticipated to create construction jobs during development. Jobs are quoted on the basis of full-time annual equivalency ("FTE"), which represents the employment of one worker for one full year.

Construction job generation is estimated using a ratio of jobs per every $1 million of construction costs. The ratio for this project is estimated to be 8.34.[4] The total estimated construction costs of $2.05 billion is anticipated to generate 17,135 FTE jobs for the City of Escondido as the land uses are built out over time. The following chart details our analysis:

Direct Construction Job Generation
Scenario 2: Updated Zoning

Construction Costs	$2,054,547,750
Per Million Dollars	$2,054.55
Jobs Generated Per Million Dollars[1]	8.34
Total Jobs Generated (Full Time Equivalency)	**17,135**

[1]Multiplier used by IMPLAN for direct job creation
Source: London Moeder Advisors, IMPLAN

In addition to job generation, the construction phase will also generate sales tax revenue for the City of Escondido. Based on industry averages, the total cost of materials for commercial development is estimated to be approximately 50% of the development costs. This provides an estimated material cost of $1.0 billion. The remaining 50% is attributed to labor which is not taxable.

We have assumed that 15% of all construction materials used in this project will be purchased in the City of Escondido. This is based on the cost and availability of materials in Escondido relative to the surrounding area. This is a conservative estimate, as the actual percentage may be higher due to builder preferences and materials availability. Multiplying the total materials cost of $1.0 billion by 15% results in $154.1 million in materials purchased in the City of Escondido. Based on the sales tax portion that Escondido receives of 1.0%, the purchase of construction materials is estimated to generate $1,540,911 in total sales tax revenue for the City of Escondido, as detailed in the following table:

[4] Based on multiplier used by IMPLAN model - https://trimet.org/pdfs/pm/economicbenefits/PMLR_job_creation_estimate.pdf

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Sales Tax Revenue Generated by Construction Spending

Scenario 2: Updated Zoning

Total Costs	**$2,054,547,750**
Labor	$1,027,273,875
% of Total	50%
Materials	$1,027,273,875
% of Total	50%
% of Materials Purchased in Escondido	15%
Materials Purchased in Escondido	**$154,091,081**
Escondido Tax Rate Component	1.00%
Sales Tax Revenue to Escondido	**$1,540,911**

Source: London Moeder Advisors

Property & Transfer Tax

Developing the various properties in the Impacted Market Area will result in increased assessed values. To determine value, we analyzed recent sales in the Escondido market. Our sales analysis can be located in the appendix (see Market Analysis Tables). Based on these current values in 2019, we have estimated the assessed value of new development to be $2.7 billion dollars. The following table summarizes our analysis.

Estimated Assessed Value of New Development (2019 Dollars)
Scenario 2: Updated Zoning

Residential	Units	Price/Units	Total Assessed Value
Multifamily Units			
For Sale[1]	1,556	$450,000	$700,200,000
For Rent[2]	4,668	$400,000	$1,867,200,000
Total Residential	**6,224**		**$2,567,400,000**

Non Residential	Gross SF/Rooms	Value /SF or Room	Total Assessed Value
Retail (SF)	241,565	$315	$76,092,975
Office (SF)	241,565	$245	$59,183,425
Hotel (SF)	100	$150,000	$15,000,000
Total Non Residential	**483,130 SF 100 Rooms**		**$150,276,400**

Total Assessed Value	$2,717,676,400

[1]See Residenital For Sale Analysis in the Appendix

[2]300 S Escondido Blcd is a 56-unit multifamily project built in 2018. It is currently listed for $22.98 million ($392,500 per unit).

The development of the Impacted Market Area will increase the property tax revenue collected by the City of Escondido. Based on the assessed value of $2.7 billion and the property tax rate of 1.0%, the annual property tax payment is estimated to be $27.2 million. The portion of property tax revenue that is realized by the City of Escondido is 20.5%. This results in approximately $5.57 million of property tax revenue that will be generated by the redevelopment annually.

In addition to property tax, the city of Escondido collects a property transfer tax of $0.55 per $1,000 of property value each time the property is sold. Based on the assessed value of 2.7 billion, the city will receive an estimated $1.5 million each time the properties are resold. For this analysis, we have assumed the properties are resold every 10 years generating an annualized property transfer tax of $149,472. The following table summarize our analysis.

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Estimate of Annual Recurring Revenues - Property Tax and Property Transfer Tax

Scenario 2: Updated Zoning

Property Tax		
Estimated Value		$2,717,676,400
Property Tax Rate	1.0%	$27,176,764
City Portion (includes VLF)[1]		20.50140%
Total Property Tax to City		**$5,571,616**

Property Transfer Tax	
A. Residential Property Value	$2,567,400,000
Transfer Tax (per $1,000)	$0.55
Total Transfer Tax	$1,412,070
Turnover Rate	10%
Net Transfer Tax	$141,207
B. Non Residential Property Value	$150,276,400
Transfer Tax (per $1,000)	$0.55
Total Transfer Tax	$82,652
Turnover Rate	10%
Net Transfer Tax	$8,265
Total Property Transfer Tax (Annualized)	**$149,472**

[1]City of Escondido

Sales Tax – Retail Footprint & Hotel Visitors

The Impacted Market Area is anticipated to house occupied retail totaling 195,668 square feet. We have assumed a conservative annual sales volume of $400 per square foot. This is consistent with sales levels achieved at the type of retail businesses that will likely occupy the space. Assuming that 75% of the retail sales are taxable, the retail portion is expected to achieve a total of $58.7 million in total taxable sales annually. The City of Escondido receives 1% of the taxable sales revenue which generates an estimated $587,003 annually.

However, the transfers of sales already occurring in the City of Escondido must also be accounted for. For this analysis, we have assumed a 60% reduction factor for sales transfers. Therefore, the total net sales tax generated by the retail footprint is estimated to be $234,801 for the City of Escondido.

In addition to sales tax revenue generated from retail establishments, the City of Escondido will also receive sales tax stemming from the expenditures of hotel visitors. We estimate hotel visitors to spend a total of $1.2 million dollars on food and beverage during their stay (35% of estimated room revenue). The City of Escondido is estimated to capture 65% of these sales. Therefore, we estimate the city will receive and estimate $8,096 in annual sales tax from hotel visitor spending.

The following table summarizes our direct sales tax analysis:

Estimate of Annual Recurring Revenues - Direct Sales and Use Tax
Scenario 2: Updated Zoning

Retail				
Retail (Occupied)			195,668	SF
Sales Production/SF[1]			$400	/SF
Taxable Sales	75%		$58,700,295	
City Portion of Sales Tax	**1.00%**		**$587,003**	**/Year**
Less: Reduction for Sales Transfer within City[1]	60%		($352,202)	/Year
City Portion of Sales Tax			**$234,801**	
Spending by Hotel Visitors				
Hotel Rooms			100	Rooms
Average Daily Rate			$130	
Occupancy			75%	
Room Revenue			$3,558,750	
Food & Beverage @	35%	of Room Rev	$1,245,563	
Taxable Sales Captured in City[2]			65%	
City Potion of Sales Tax	**1.00%**		**$8,096**	**/Year**
Total Direct Sales Tax			**$242,897**	**/Year**

[1]ULI Dollars & Cents of Shopping Centers
[2]Percentage is estimated based on the location and surrounding retail options

Sales Tax – Residents

Development of new residential units will result in a population increase for the City of Escondido. These new residents will engage in retail spending in the immediate area, boosting the retail sales and sales tax revenue collected. We have analyzed the retail spending habits to determine the extent of this increased revenue.

Assuming residents of the rental units will spend 40% of their gross income on rent, we have applied an average rental rate of $2,500 per month[5]. At 40% the monthly household income is estimated to be $6,250 or $75,000 annually. Based on the buildout of 4,668 residential units, the total aggregate household income created is estimated to be $333 million.

We have estimated the value of the for-sale residential units to be $450,000. With a 10% down payment, interest rate of 6% and 30-year amortization, the annual mortgage payment is estimated to be $24,625. Factoring in an HOA payment of $200 each month, $50 of monthly insurance and annual property taxes of $4,950, the annual housing cost for the for-sale residents is estimated to be $35,575. Assuming residents of the for-sale units will spend 35% of their gross income on housing costs, we estimate annual household income to be $93,000. Based on the buildout of 1,556 for-sale units, the total aggregate household income created is estimated to be $138 million. Therefore, total combined aggregate income for the new households is estimated to be $470.2 million.

According to Consumer Expenditures Survey 2008[6] from the BLS, about 60% of a household's income is used for consumption spending. This income was divided into spending categories, representing both taxable and non-taxable purchases. Local retail taxable expenditures represent one-half of consumption spending, or 27.43% of total household income. This translates into total taxable retail expenditures of $129 million annually from the new resident population.

However, it is inappropriate to assume that all of these expenditures will occur in the City of Escondido. To account for this, we have applied a retail expenditure capture rate of 50% for the City of Escondido. This results in approximately $64.5 million annually in total taxable retail expenditures in that occur in the City. The City of Escondido will collect 1.0% of these sales, which equates to an estimated $644,858 of sales tax revenue. The following table summarizes our analysis:

[5] Alcove, a new residential development in Escondido, rents units between $2,000 and $3,000 with an average of $2,500

[6] U.S. Census Retail Expenditure Propensities

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Estimate of Annual Recurring Revenues - Indirect Sales Tax (Spending by Residents)

Scenario 2: Updated Zoning

Estimate of Household Income		Multi-Family For Sale	Multi-Family Rental
Average Sales Price / Average Monthly Rent		$450,000	$2,500
Down Payment	10%	$45,000	
Loan Amount		$405,000	
Interest Rate		4.50%	
Terms (Years)		30	
Annual Mortgage Payment / Rent		$24,625	$30,000
HOA	$200 /month	$2,400	$0
Maintenance / Insurance	$50 /month	$600	$0
Property Taxes	1.10%	$4,950	$0
Total Annual Costs		$32,575	$30,000
% of Income Spent on Housing		35%	40%
Annual Income Required		$93,071	$75,000
Number of Households			
Total Number of Residential Units		1,556	4,668
Occupancy Rate		95.0%	95.0%
Total Number of Full-Time Equivalent Households		1,478	4,435
Aggregate Household Income		$137,577,789	$332,595,000
Total Aggregate Household Income		$470,172,789	

Annual Spending by Households	Allocation of Household Income to Taxable Spending	Estimated Annual Taxable Spending
General Merchandise	10.36%	$48,707,603
Apparel	2.84%	$13,366,296
Home Furnishings	3.15%	$14,789,576
Other Retail Stores	2.42%	$11,372,223
Misc. Retail Stores	0.28%	$1,314,364
Eating Drinking Establishments	5.57%	$26,198,632
Food Stores (Not Taxable)	----	----
Other Community-Oriented Stores	2.81%	$13,222,876
Total Taxable Retail Expenditures	**27.43%**	**$128,971,570**
Spending Captured by City of Escondido	50%	$64,485,785
City Portion of Sales Tax	1.00%	$644,858
Total Sales Tax - New Resident Expenditures		$644,858

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Sales Tax – Office Employees

The office footprint of the Impacted Market Area is expected to add a total of 924 new employees in the City of Escondido. These employees will engage in daily spending in the City of Escondido. We have assumed that the office employees will spend on average of $10 each working day in the year (241 total working days). This equates to a total of $2.2 million retail expenditures. We assume that 80% of these expenditures are taxable. Therefore, the City's share of sales tax from office employee expenditures is estimated to be $17,814 annually. The following table summarizes our analysis:

Estimate of Annual Recurring Revenues - Office Employee Spending
Scenario 2: Updated Zoning

Estimate of New Office Space (Occupied)		184,797	
Estimate of New Office Employment			
SF per Office Worker		200	SF
Total New Office Workers		924	Workers
Expenditure per Worker per Day		$10	
Number of Working Days in Year[1]		241	
Total Annual Retail Expenditures by Office Workers		$2,226,807	
Taxable Sales @	80%	$1,781,445	
City Portion of Sales Tax @	1.00%	$17,814	
Total Indirect Sales Tax - Office Employee Spending		**$17,814**	

[1]US Census

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Transient Occupancy Tax

The City of Escondido collects a Transient Occupancy Tax of 10% on hotel room revenue in the City. Based on the envisioned 100 room hotel with an average daily rate of $130 and occupancy of 75%, total hotel receipts are estimated to be $3.6 million. These assumptions are consistent with hotels in and around Escondido. Applying the City's TOT of 10% generates total estimated TOT revenue of $355,875 annually. The following table summarizes our analysis:

Incremental Transient Occupancy Tax
Scenario 2: Updated Zoning

Number of Rooms	100
Average Daily Rate	$130
Occupancy	75%
Total Hotel Receipts	$3,558,750
Transient Occupancy Tax Rate	10%
Total Transient Occupancy Tax	$355,875

Total City Revenues

In total, we estimate that a total of $7 million of annual tax revenue will be achieved at buildout of Scenario 2 within the Impacted Market Area. The following table summarizes these various revenues to the City.

Summary of Annual Recurring Revenues
Scenario 2: Updated Zoning

	Total	% of Total
Property Tax	$5,571,616	79.8%
Property Transfer Tax	$149,472	2.1%
Sales and Use Tax	$905,570	13.0%
Transient Occupancy Tax	$355,875	5.1%
Total Annual Recurring Revenues to General Fund	$6,982,533	100.0%

The analysis we have completed assumes the entirety of the Impacted Market Area is fully developed. While this is a possibility over time, it is more than likely that some of the selected properties could remain undeveloped. To account for this, we have created scenarios where only 50% and 75% of development occurs in the Impacted Market Area. The annual recurring revenue to the City of Escondido's general fund ranges from $3.5 million (50% buildout) to $5.2 million (75% buildout) at these lower scenarios. The following table summarizes the potential range of fiscal impacts:

Impacted Market Area Buildout Scenarios
Scenario 2: Updated Zoning

	Impacted Market Area Buildout		
	50%	75%	100%
Property Tax	$2,785,808	$4,178,712	$5,571,616
Property Transfer Tax	$74,736	$112,104	$149,472
Sales and Use Tax	$452,785	$679,177	$905,570
Transient Occupancy Tax	$177,938	$266,906	$355,875
Total Annual Recurring Revenues to General Fund	$3,491,267	$5,236,900	$6,982,533

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Capitalized Value

Annual recurring revenue is one way of analyzing and estimating fiscal impacts. An additional method is to analyze the capitalized value of the annual fiscal impacts. This is performed by valuing the annual income as if it were a bond issued by the city. This perspective is useful in that it can equate the capitalized value created (bondable amount) with community infrastructure expenditures or capital improvements.

Currently, 20-year AAA municipal bonds have a rate of 4.5%. In addition, a 1.2 debt coverage ratio is required to support the debt service. Under these assumptions the bondable value created stemming from the development of the Impacted Market Area ranges from $37.8 million to $75.7 million. The following table summarizes this analysis:

Capitalized Value Creation: Bondable Value of Tax Revenue
Scenario 2: Updated Zoning

	Impacted Market Area Buildout		
	50%	**75%**	**100%**
Annual Recurring Revenue	$3,491,267	$5,236,900	$6,982,533
Debt Coverage Ratio	1.2	1.2	1.2
Bondable Income	$2,909,389	$4,364,083	$5,818,778
Bond Rate	4.50%	4.50%	4.50%
Maturity Length (Years)	20	20	20
Bond Value (Equitable Value)	**$37,845,144**	**$56,767,717**	**$75,690,289**

Analogue Analysis

The purpose of this section is to detail comparable projects or analogues as it relates to the restoration of creeks and waterways. The restoration and enhancement of urban waterways provides substantial economic impacts and benefits. These benefits include but are not limited to:

- Increased Property Values
- Catalyst for Nearby Development
- Increased Municipal Revenue
- New Business Growth
- Job Creation
- Increased Tourism
- Healthier Societies

These are just a few of the benefits stemming from urban waterway enhancement and restoration. We have identified several case studies in which waterway restoration provided a substantial positive economic impact on a community.

Chattanooga, Tennessee

One of the most successful waterway restorations is the enhancement of the Tennessee Riverfront in Chattanooga, Tennessee. The City of Chattanooga constructed a four-lane highway along the river's waterfront in the 1960s with the hope to increase industrial traffic and relieve congestion. However, when the City's manufacturing market declined throughout the late 1960s and 1970s, the highway was less traveled and became a physical barrier between the Downtown and waterfront.

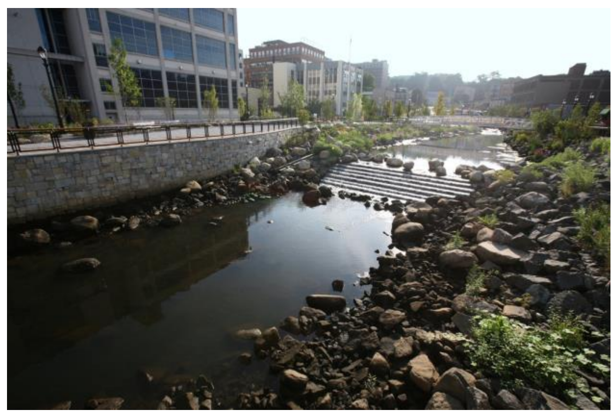
In the 1980s the area along the water became a center for crime and homelessness. It was debated over two decades as to what should be done to the area. In the early 2000s, the City agreed to replace the four-lane highway with a new pedestrian friendly and easily accessible boulevard. In addition, the area directly on the water was enhanced with the creation of a new park, a trail system and many other community serving features.

The park and restoration of the waterway has had tremendous economic benefits for the City. By 2012, property values in the vicinity of the waterfront had increased by more than $11 million (a

121.5% increase).[7] Along with increased property values came new businesses. Since completion of the restoration project, more than 100 new shops, hotels and restaurants have opened.[8]

Perhaps the most significant economic impact stemming from Chattanooga's waterfront restoration was the opening of a new Volkswagen manufacturing plant in the City. This translated to a $1 billion investment in the local region and, according to the company's president, was in direct correlation with the City's efforts in providing greenspace and enhancing its waterways.

Saw Mill River, Yonkers, New York



The Saw Mill River located in Yonkers, New York, was buried underground in the 1920s as a way of addressing sanitation and flooding issues. Local habitats and vegetation were devastated, and the community lost public space and the enjoyment of a flowing river.

In the early 2000s efforts were made to restore the river and bring it back to the surface. A commitment from a local realty group of $3.1 billion to build housing, offices and commercial space along the riverfront kickstarted the project. After the commitment from a local development company, a $34 million grant was approved to daylight[9] the river.[10] The first phase of the project was completed in 2012 and has had a significant impact on the Yonkers community since its completion. The daylighting has had such a strong economic impact that a fourth phase of the project has been undertaken as the daylighting continues to extend.

In addition to the initial $3.1 billion investment, several other developers have invested in the area along Saw Mill River. A $200 million project was undertaken to revitalize an abandoned power plant in addition to enhance over 4 acres

[7] American Planning Association. "How City Parks are used for Economic Development"
[8] https://www.tpl.org/magazine/green-way-grow%E2%80%94landpeople?print=t
[9] Daylighting is a process were a buried stream/river is brought back to the surface and restored.
[10] http://www.sawmillrivercoalition.org/whats-happening/daylighting-the-saw-mill-river-in-yonkers/

along the waterfront for conventions, exhibitions and public events. A mixed-used development estimated at $109 million also took advantage of the newly daylighted river.

The daylighting of the Saw Mill River was also met with an updated zoning plan allowing for higher density residential and office development. The President of Scenic Hudson claims the Saw Mill River is "no longer a resource people want to hide. Not only is it a catalyst for revitalization of the downtown, but now it will become the centerpiece of the city."[11]

Arcadia Creek, Kalamazoo, Michigan

Arcadia Creek located in Kalamazoo, Michigan, ran underground from more than 100 years. However, due to increased flooding issues from population growth in the area, the Creek needed to be revitalized. The cost of replacing the culvert was more significant than daylighting the creek and placing it in a canal. Daylighting the creek was a perfect solution to address the flooding issues as well as the urban decline surrounding the creek.

The daylighting of Arcadia Creek was part of a major downtown redevelopment project. The project was completed in 1995 with a total daylighted creek length of 1,550 feet (five city blocks). Three of the five blocks are concreted walls with the remaining two blocks giving way to a stormwater pond. In addition to the daylighting of the creek, a park was also developed with a large amphitheater and other supporting amenities.

The park is now home to several major summer festivals. These festivals generate an estimated $12 million in annual revenues. The area surrounding the creek sparked developer interest with developers who reported ten-fold returns on their projects.[12] As a result, property tax revenues near the creek have increased from $60,000 to $400,000 annually (an increase of 566%).[13]

[11] https://www.nytimes.com/2012/08/12/realestate/westchester-in-the-region-restored-river-a-boon-to-yonkers.html?_r=2&ref=realestate&
[12] http://greatecology.com/watershed-era-urban-river-restoration/
[13] http://projectgroundwork.org/downloads/lickrun/Lick_Run_Case_Studies.pdf

San Antonio River, Texas

The San Antonio River has always been a vital asset to the City of San Antonio, Texas, and in fact was the key factor in the city's formation. The San Antonio Riverwalk attraction - the portion of the river which runs through San Antonio's downtown core - was first developed in 1929 and has been one of San Antonio's most popular tourist attractions with over 11.5 million yearly visitors.[14] By the 1950's the city of San Antonio hired engineers from Disneyland to begin the Riverwalk's first revitalization since its inception. This project was the first-time ground level shops were included along the river's waterfront, which led to the development of the first hotel along the river in 1962. In 1998, a combination of local, regional, and federal entities began the planning and implementation of the $384.1 million San Antonio River Improvement Project ("SARIP").

Investment into maintaining and revitalizing the San Antonio River have dramatically paid off for the city's economy. Studies completed in 2014 concluded that visitors to the city's Riverwalk contribute an overall $3 billion annually to the local economy and directly generates over 21,000 local jobs.[15] In addition, revitalization of the river has spurred real estate development up and down the river front along improved sections from SARIP.

The revitalized recreational opportunities along the river have improved the living and working environment, which has increased property values in the surrounding area.[16] For example, the $72 million public investment in the northern segment known as the Museum Reach Urban Segment, has resulted in nearly $2 billion in construction investment. This 1.35-mile stretch river experienced land value increases of 270% since 2009 with the addition of 3,500 housing units and 2.1 million square feet of office and retail space.

According to assistant city manager and former director of the Center City Development and Operations Department, Lori Houston, economic benefits from river improvements benefit all in the community. The catalyzation of market rate residential development introduces new disposable income to the area and affordable housing has now been able to be developed in the same areas. "It is a great example of if you invest in public infrastructure, you can catalyze development." [17]

[14] https://www.sapage.com/riverwalk.htm
[15] http://media.visitsanantonio.com/News/English/Study-Reveals-River-Walk%E2%80%99s-Importance-to-San-Anton
[16] https://www.sanantonioriver.org/proj_benefits/benefits.php
[17] https://therivardreport.com/public-private-venture-sparks-2-billion-boom-along-museum-reach/

Some of the city's largest developments and attractions attribute their success directly to improvements made to the river. One of the most significant of these has been The Pearl- a redeveloped brewery featuring 20 restaurants and bars, a variety of retail, office space, a 146-room luxury hotel, 400 residential units, and two office towers with over 1,000 office workers. As explained by The Pearls developer Bill Shown, "I'm not sure we would have done the Pearl without that...the incredible job on the [river] turnaround was absolutely critical to our success. I can't say enough about how catalytic the project has been."[18]

Napa River, California

The Napa River in Downtown Napa, California, has historically been the cause of millions of dollars in damages from recurring floods that would drain into the streets and buildings of downtown. Directly related to the possibility of flooding, properties along the river waterfront have also historically been burdened with high flood insurance costs. Instead of river front access being an asset to the city and its businesses, the river was more of a liability. By the early 1990's, riverfront properties were neglected and underused due to the constant threat of flooding. Only businesses that could financially withstand flooding, or required little improvements if flooding did occur, located in the area.[19]

In 1998 the city passed Measure A which funded the Napa River Flood Protection Project with a "Living River" solution to flood risks. A more natural approach to flood control was taken rather than deepening the river and lining its walls with concrete. The estimated cost of the project was a total of $550 million; however, floods consistently result in approximately $26 million of property damage annually. The city estimated that the project would pay for itself in just over 21 years.[20] The Napa River improvements are an example of how restoration of urban rivers can be a worthwhile investment.

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[18] https://therivardreport.com/public-private-venture-sparks-2-billion-boom-along-museum-reach/
[19] https://www.cacities.org/Top/News/News-Articles/2015/February/California-City-Solutions-Napa-Transforms-Economic
[20] https://www.landscapeperformance.org/case-study-briefs/napa-river-flood-protection#/lessons-learned

The Napa River improvements have also resulted in economic benefits for the area. According to Robin Klingbeil of Napa's Economic Development Division, between 1999 and 2017 there was $550 million in private investment in downtown Napa along with $248 million in public spending and a four-fold increase in hotel tax revenue to $18 million annually.[21] The project itself generated approximately 1,373 temporary construction jobs and 1,248 permanent retail and administrative jobs at buildings that would not have been developed without new flood protection.[22] Projects along the improved riverfront, such as the Napa River Promenade, now use the riverfront as a selling point for wine tasting rooms, a boutique luxury hotel, rooftop gardens, high end loft living, and retail and office space.[23] In addition to new visitors and a revitalized tourism industry, locals now use the open space for recreation and events such as the city's Earth Day festival.

Los Angeles River, California

Prior to the 1930's the Los Angeles River was one of the city's primary sources of water and an important transportation corridor utilized by growing industries. Due to development over the river's flood plains, deadly and costly flooding forced the river to be channelized and cemented over in the late 1930's and 1940's. However, the U.S. Army Corp of Engineers, together with the City and County of Los Angeles, now have plans for a $1 billion dollar revitalization of the river which will bring much of the river back to a natural state while adding walkways, terraces, parks, recreational activities like kayaking and fishing, and thousands of units of new housing.[24] The adoption of the Los Angeles River Revitalization Master Plan in 2007 signified that the city began to view the L.A. River as an asset and not just as flood control infrastructure.

The master plan covers 52 miles of river and will expand the natural habitat for

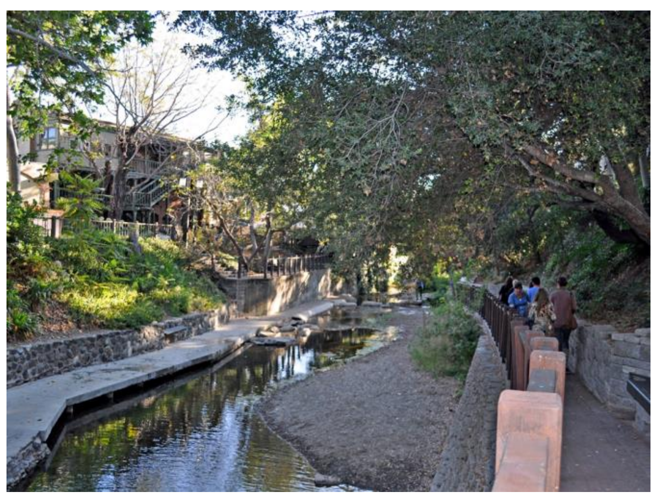
[21] https://www.sfchronicle.com/politics/article/Living-river-rejuvenates-Napa-brings-11109403.php
[22] https://www.landscapeperformance.org/case-study-briefs/napa-river-flood-protection#/cost-comparison
[23] http://www.vandertoolen.com/projects-high-density-napa-river-promenade.html
[24] https://www.kcet.org/shows/earth-focus/the-bigger-picture-competing-visions-of-the-los-angeles-rivers-future

local wildlife as well as generate economic and health benefits to the surrounding communities, many of which are historically disadvantaged. The plan predicts economic growth through employment, rise in property values, and income tax revenues.[25] For example, the community of "Frogtown" also known as Elysian Village, which is adjacent to one of the rivers main improvement projects, experienced an 85% increase in listing home values in just one year between 2012 and 2013 according to Zillow.com.[26]

In the long term, city officials predict that the $1 billion investment in the revitalization of the river will produce benefits that will far outweigh the cost. Project officials estimate that the project will attract over $5 billion in investment over the next 10 to 15 years and generate up to 18,000 new jobs.[27] The new job creation is estimated to result in $4.68 billion in labor income.[28] This increase in investment and development is anticipated to result in a long-term tax revenue increase ranging from $47 million to $81 million annually.[29]

San Luis Obispo Creek Walk, California

The San Luis Obispo Creek's section running through downtown San Luis Obispo had been mostly ignored and left to deteriorate prior to 1949 when a group of students at a local community college created ideas for beautifying downtown San Luis Obispo. Students proposed the closure of Monterey Street in front of the Mission San Luis Obispo de Tolosa and the creation of a creekside public plaza. However, there was not enough public interest in the creek nor its revitalization at the time and plans were not pursued by the city. Prior to any revitalization the creek was essentially a "dump" running along the rear end of shops and restaurants in downtown San Luis Obispo where vacancy was a problem.[30]



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25 https://www.cityprojectca.org/blog/wp-content/uploads/2016/05/USC-LA-River-FINAL-TCP-20160510.pdf
26 http://j469.ascjclass.org/2014/12/04/los-angeles-river-revitalization-balloons-home-prices/
27 https://www.latimes.com/science/la-me-la-river-approval-20140529-story.html
28 http://www.acec-la.org/pdf/111313_%20LABOE_presentation.pdf
29 http://civitasinc.com/topos682009.pdf
30 http://www.berkeleydailyplanet.com/issue/2004-05-25/article/18931?headline=Berkeley-Studies-S.L.-Obispo-s-Downtown-Creek##18931

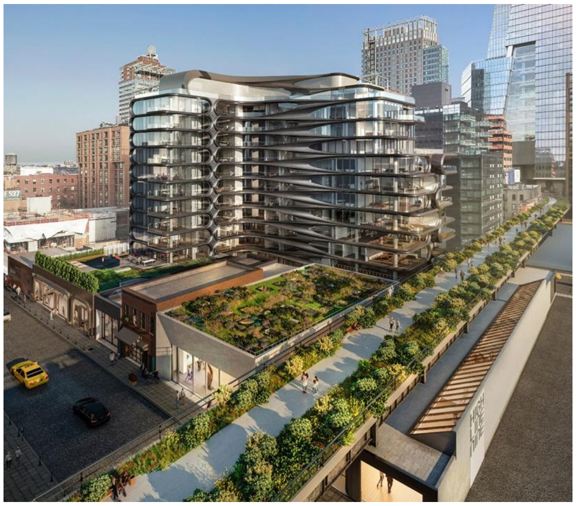
In 1963, an increase in downtown development led to a feasibility study of potential economic and social benefits the creek held for the city which brought the creek back into public conversation. The project was finally taken into consideration in the 1970's after downtown San Luis Obispo suffered major flooding in 1969 and in 1973. The flooding occurred because of increased development and the long history of dumping in the creek while the city neglected to clear or widen the waterway. The first phase of construction began in 1970 and the project's total cost was $100,000.[31]

Since the creek's restoration, the city, its citizens, and business community now see the creek as an asset. For example, businesses along the creek now have greenway frontage along the creek that generates constant pedestrian activity and a sense of destination. The former San Luis Obispo Chamber of Commerce President Dave Garth says, "We have no vacancies downtown now … thirty years ago we had a 60 percent vacancy rate…".[32]

The Mission Plaza at the center of the restored creek is considered the centerpiece of the tourism draw to downtown San Luis Obispo. In addition, Mission Plaza benefits the local community by hosting several community concerts, festivals, and farmers markets.[33]

[31] http://npshistory.com/publications/rtca/nri/daylighting.pdf
[32] http://www.berkeleydailyplanet.com/issue/2004-05-25/article/18931?headline=Berkeley-Studies-S.L.-Obispo-s-Downtown-Creek##18931
[33] http://default.sfplanning.org/Citywide/Glen_Park/PUC_Daylighting_FAQ_and_Case_Studies.pdf

New York Parks and Highline, New York



Unlike the urban waterways from the previous examples, the Highline in New York, New York, is not a restored river but a restored elevated train line that runs through urban Manhattan. This project, and other parks in New York, are an example of how restoration of urban infrastructure can be used as an asset for the city's economy and serve as a catalyst for development through placemaking.

The Highline first began operation in 1934 as a solution to dangerous train lines that previously ran at ground level and delivered goods throughout the west side of Manhattan. By the 1980's operations had ended because of the rise in trucking and the line began to deteriorate.[34] In 2006, strong support from the Ney York city council and mayor at the time, Michael Bloomberg, a special zoning area named The West Chelsea Special District was created to facilitate the revitalization of the Highline into a public park. The rezoning allowed for 15 new residential towers that added 2,000 new units, which was a 50% addition to the existing housing stock in West Chelsea at the time.[35] A combination of the Highline and the changes in zoning created a new relationship between the new linear park and the surrounding neighborhood which resulted in increased investment, property values, and development. The Highline project was split into three phases opening in 2009, 2011, and 2014, respectively, at a total cost of $153 million.[36]

Effects of the project have exceeded expected returns and far outweigh the investment. The park itself has become one of the city's main tourist attractions with 20 million visitors by 2014 - twice that of the Statue of Liberty. Economic Development Corporation President Seth Pinsky stated, "…that in just five years since it opened it already catalyzed a remarkable transformation of this great and storied neighborhood [West Chelsea]."[37] Overall, by 2014 the city estimated tax revenues attributed to the Highline to be approximately $900 million and with an additional $2 billion in new economic activity.[38]

Much of the economic benefits of the Highline can be attributed to the rise in property values that is directly corelated to distance from parks inside of the city. For example, according to studies done by the New York Economic Development Corporation, "On the east side of Central park, median values for properties between a 5 and 10-minute walk were 11 percent lower than those within 5 minutes from the park. A similar trend was observed on the west and south sides of Central

[34] https://www.thehighline.org/history/
[35] https://streeteasy.com/blog/changing-grid-high-line/
[36] https://www.zdnet.com/article/high-line-park-attracts-2-billion-in-new-developments-other-cities-follow/
[37] https://streeteasy.com/blog/changing-grid-high-line/
[38] https://www.greenplayllc.com/wp-content/uploads/2014/11/Highline.pdf

Park, Prospect Park, and the Highline." Specifically for the Highline, before construction in 2003 property values surrounding the Highline were 8% lower than the overall medium for Manhattan, but values increased beyond the Manhattan median by 2011.[39]

In another study conducted by StreetEasy comparing property adjacent to the Highline to an area just one block east of it, real estate prices in phase 1 and phase 2 had increased by 50.6% and 48.2%, respectively, between 2011 and 2016. However, properties in the comparison area had only risen by 31.4%. In addition, when looking at sale prices within new buildings in the year prior to the report in 2016, phase 1 and phase 2 experienced a 130% and 214% premium when compared to the comparison area.[40]

[39] https://www.nycedc.com/sites/default/files/files/economic-snapshot/EconomicSnapshotAugust2011_0.pdf
[40] https://streeteasy.com/blog/changing-grid-high-line/

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Appendix

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Market Analysis Tables

Office Market Analysis

Office Market Analysis: For Sale Properties
City of Escondido

Address	Year Built	Square Feet	Asking Price	Asking Price per SF
1761 S Escondido Blvd	1979	3,428	$1,100,000	$321
935 E. Penn Ave	1979	2,536	$665,000	$262
312 S Jupiter St	1973	8,004	$1,700,000	$212
254 E Grand Ave	1955	8,500	$1,800,000	$212
240 S Hickory	1978	19,277	$2,900,000	$150
641 E Penn Ave	1970	10,240	$1,750,000	$171
305 E 2nd Ave	1957	3,104	$615,000	$198
704 E Grand Ave	1973	8,844	$2,950,000	$334
910 E Ohio Ave	1978	13,990	$2,675,000	$191
200 E Washington Ave	1988	15,088	$2,800,000	$186
Total/Average	1973	**9,301**	**$18,955,000**	**$204**

New Construction Premium @ 20%	$245

Source: London Moeder Advisors, LoopNet

Office Market Analysis: Sold Properties

City of Escondido

Address	Age	Sale Date	Square Feet	Sale Price	Sale Price per SF
125 W Mission Ave	45	08/1/2019	15,320	$1,845,000	$120
200 E Washington Ave	31	07/15/2019	15,088	$2,660,000	$176
535 W Grand Ave	44	05/1/2019	1,756	$435,000	$248
940 Canterbury Pl	17	03/1/2019	8,429	$2,575,000	$305
1282 Pacific Oaks Pl	12	12/27/2018	16,004	$3,887,500	$243
136 W 3rd Ave	112	10/18/2018	4,350	$985,000	$226
157 E Valley Pky	39	08/27/2018	9,153	$2,700,000	$295
201 W Grand Ave	56	08/21/2018	19,600	$3,000,000	$153
1760 S Escondido Blvd	34	07/10/2018	3,300	$800,000	$242
140 N Escondido Blvd	51	03/28/2018	10,310	$1,700,000	$165
Total/Average	**44.1**		**10,331**	**$20,587,500**	**$199**

New Construction Premium @ 20%	**$239**

Source: London Moeder Advisors, CoStar

Retail Market Analysis

Retail Market Analysis: For Sale Properties
City of Escondido

Address	Use	Year Built	Square Feet	Asking Price	Asking Price per SF
425 N Ash St	99cents Store	2005	14,000	$4,300,000	$307
227 E Grand Ave	Antique Store	1943	2,408	$649,999	$270
1510 W Valley Pky	Wells Fargo Branch	1995	3,275	$6,250,000	$1,908
562 W Grand Ave	Vacant	1945	3,686	$2,500,000	$678
700 N Centre City Pky	Yoshinoya & Vet	2018	5,404	$5,524,000	$1,022
100 N Rancho Santa Fe Rd	Strip Center	1985	49,177	$7,998,000	$163
1516 E Valley Pky	Grocery Outlet	1990	21,433	$4,450,000	$208
San Marcos Village	Strip Center	1974	96,606	$20,951,000	$217
Trafalgar Square	Strip Center	2016	38,591	$8,181,000	$212
Total/Average		**1986**	**26,064**	**$60,803,999**	**$259**

New Construction Premium @ 20%	$311

Source: London Moeder Advisors, LoopNet

Retail Market Analysis: Sold Properties
City of Escondido

Address	Use	Sale Date	Year Built	Square Feet	Sale Price	Sale Price per SF
815 E Valley Pky	Bakery	07/29/2019	1975	5,750	$990,000	$172
2608 S Escondido Blvd	Vacant	07/26/2019	n/a	2,800	$2,600,000	$929
113 E Grand Ave	Restaurant	07/24/2019	1950	3,500	$820,000	$234
1330 E Valley Pky	Aldi	06/24/2019	2016	20,000	$3,807,031	$190
1340 E Valley Pky	I-HOP	06/24/2019	n/a	4,410	$965,750	$219
231 E Grand Ave	Vacant	04/26/2019	1975	2,875	$810,000	$282
719 E Valley Pky	Pet Store	03/15/2019	1958	1,360	$300,000	$221
719 E Valley Pky	Groomer	03/15/2019	1958	1,360	$300,000	$221
1346 W Valley Pky	Escondido Valley Center	03/1/2019	1988	92,169	$24,930,000	$270
825 N Andreasen Dr	Escondido Auto Service Center	02/26/2019	1985	23,110	$5,100,000	$221
750 N Escondido Blvd	Escondido Wash & Mart	02/21/2019	1990	18,477	$4,213,496	$228
750 N Escondido Blvd	Carwash	02/21/2019	n/a	6,235	$2,085,476	$334
750 N Escondido Blvd	Gas Station	02/21/2019	1990	2,400	$1,001,028	$417
703 E Valley Pky	Liquor Store	02/14/2019	n/a	1,914	$650,000	$340
Total/Average			1979	13,311	$48,572,781	$261

New Construction Premium @ 20%	$313

Source: London Moeder Advisors, CoStar

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For Sale Housing Analysis

Residential For Sale Analysis

City of Escondido: New Construction Sold in Past Six Months

Address	Property Type	Sale Date	Year Built	Beds	Baths	S.F.
313 S Orange St #206	Townhouse	May-4-2018	2013	3	3	1,451
2532 S Escondido Blvd #202	Townhouse	February-22-2019	2018	2	2.5	1,155
2564 Escondido Blvd S #510	Townhouse	March-27-2019	2019	3	3.5	1,408
214 Antoni Gln #702	Townhouse	April-25-2019	2014	2	2.5	1,185
2556 S Escondido Blvd #402	Townhouse	May-8-2019	2019	2	2.5	1,155
2564 S Escondido Blvd S #508	Townhouse	May-8-2019	2019	3	2.5	1,564
2564 S Escondido Blvd S #908	Townhouse	June-7-2019	2019	3	2.5	1,564
329 Antoni Gln #1406	Townhouse	December-9-2018	2014	2	2.5	1,185
211 S Orange St #112	Townhouse	May-31-2018	2013	3	3	1,604

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Corporate Profile

London Moeder Advisors

REPRESENTATIVE SERVICES

Market and Feasibility Studies	Development Services	Litigation Consulting
Financial Structuring	Fiscal Impact	Workout Projects
Asset Disposition	Strategic Planning	MAI Valuation
Government Processing	Capital Access	Economic Analysis

London Moeder Advisors (formerly The London Group) was formed in 1991 to provide real estate advisory services to a broad range of clientele. The firm principals, Gary London and Nathan Moeder, combine for over 60 years of experience. We have analyzed, packaged and achieved capital for a wide variety of real estate projects. Clients who are actively pursuing, developing and investing in projects have regularly sought our advice and financial analysis capabilities. Our experience ranges from large scale, master planned communities to urban redevelopment projects, spanning all land uses and development issues of all sizes and types. These engagements have been undertaken principally throughout North America and Mexico.

A snapshot of a few of the services we render for both the residential and commercial sectors:

- **Market Analysis** for mixed use, urban and suburban properties. Studies concentrate on market depth for specific products, detailed recommendations for product type, absorption and future competition. It also includes economic overviews and forecasts of the relevant communities.

- **Financial Feasibility Studies** for new projects of multiple types, including condominium, apartment, office, and master-planned communities. Studies incorporate debt and equity needs, sensitivity analyses, rates of return and land valuations.

- **Litigation support/expert witness services** for real estate and financial related issues, including economic damages/losses, valuations, historic market conditions and due diligence. We have extensive deposition, trial, mediation and arbitration experience.

- **Investment studies for firms acquiring or disposing of real estate.** Studies include valuation, repositioning projects and portfolios, economic/real estate forecasts and valuation of partnerships. Often, the commercial studies include the valuation of businesses.

- **Estate Planning services** including valuation of portfolios, development of strategies for disposition or repositioning portfolios, succession planning and advisory services for high net worth individuals. We have also been involved in numerous marriage dissolution assignments where real estate is involved.

- **Fiscal Impact, Job Generation and Economic Multiplier Effect Reports**, traditionally prepared for larger commercial projects and in support of Environmental Impact Reports. We have been retained by both developers and municipalities for these reports. The studies typically relate to the tax revenues and employment impacts of new projects.

The London Group also draws upon the experience of professional relationships in the development, legal services, financial placement fields as well as its own staff. Clients who are actively investigating and investing in apartment projects, retail centers, commercial projects, mixed use developments and large master plans have regularly sought our advice and financial analysis capabilities.

San Diego: 825 10th Ave | San Diego, CA 92101 | (619) 269-4010
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Contact Information

This analysis was prepared by London Moeder Advisors commissioned by the Escondido Creek Conservancy.

Research for this project was completed in September 2019. Conclusions and recommendations are strictly those of London Moeder Advisors. Users of this information should recognize that assumptions and projections contained in this report *will* vary from the actual experience in the marketplace. Therefore, London Moeder Advisors is not responsible for the actions taken or any limitations, financial or otherwise, of property owners, investors, developers, lenders, public agencies, operators or tenants.

This assignment was completed by the staff of London Moeder Advisors. **Nathan Moeder**, Principal, served as project director. **Michael McFadden**, Analyst, conducted analysis and prepared exhibits in this report. **Gary London,** Senior Principal, provided strategic consultation, editing and recommendations. For further information or questions contact us at:

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