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Section 9212 Report for the Special City Council Meeting on September 5, 2018

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City of Santee

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Introduction

London Moeder Advisors ("LMA") has completed this analysis pursuant to Election Code Section 9212 ("9212 Report") related to an initiative measure that would amend the City of Santee General Plan. It would require voter approval for land use zoning changes if such changes would increase the density or otherwise intensify the use permitted by law, or change, alter or increase the General Plan Land Use categories.

Summary Conclusion

Based on our analysis of the Proposed Initiative, the Regional Growth Forecasts from the San Diego Association of Governments ("SANDAG") and the potential fiscal impacts to the City of Santee, we have determined that real estate development presents a substantial positive impact on the future City budget. The scenario that would allow real estate development to the maximum forecasted growth would achieve the most positive financial impact to the City. Alternative scenarios that do not include the full development of forecasted growth within the City will offer lower levels of financial support to the City budget.

Background

On April 12, 2018, the City Clerk of the City of Santee received a Notice of Intention to Circulate a Petition regarding the proposed measure. In accordance with the California Elections Code section 9203(a), the City Attorney prepared a summary and title for the proposed measure on April 27, 2018.

On June 26, 2018 a signed petition was filed with the City Clerk's Office. Pursuant to Elections Code section 9114, the City Clerk has thirty (30) business days from the date the petition was filed to verify that the signatures affixed to the petition were valid. The San Diego Registrar of Voters ("ROV") assisted the City on conducting the signature validation, and on August 8, 2018 (30 business days from June 26, 2018) the City was notified by the ROV that the petition included a sufficient number of valid signatures.

Also on August 8, 2018, the City Council accepted the Certificate of Sufficiency and, as provided by Elections Code section 9215(c), directed the City Manager to prepare a report consistent with Elections Code 9212 analyzing the fiscal and land use impacts of the measure. This report is to be presented at a special City Council meeting in the first week of September 2018. City staff selected LMA to prepare the report. The information contained in this report is responsive to the information requested by the City Council and is consistent with Election Code Section 9212.

Scope of Report

As stipulated in Section 9212 of the California Elections Code, a legislative body (in this case, the Santee City Council) may request a report related to a proposed initiative measure addressing any or all of the following topics:

1) Its fiscal impact.

2) Its effect on the internal consistency of the city's general and specific plans, including the housing element, the consistency between planning and zoning, and the limitations on city actions under Section 65008 of the Government Code and Chapters 4.2 (commencing with Section 65913) and 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.

3) Its effect on the use of land, the impact on the availability and location of housing, and the ability of the city to meet its regional housing needs.

4) Its impact on funding for infrastructure of all types, including, but not limited to, transportation, schools, parks, and open space. The report may also discuss whether the measure would be likely to result in increased infrastructure costs or savings, including the costs of infrastructure maintenance, to current residents and businesses.

5) Its impact on the community's ability to attract and retain business and employment.

6) Its impact on the uses of vacant parcels of land.

7) Its impact on agricultural lands, open space, traffic congestion, existing business districts, and developed areas designated for revitalization.

8) Any other matters the legislative body requests to be in the report.

Given the parameters of Section 9212 (as outlined above), this report focuses primarily on potential macro-level (i.e., citywide) impacts associated with the proposed measure. It does not directly evaluate potential economic or financial impacts to individual landowners whose properties may be affected by the proposed initiative.

As part of our responsibilities in the preparation of this report, we reached out to the initiative proponents to provide an opportunity for their input. They did share their perspective with us and the basis for the initiative, which we have included it in Appendix A, Table A-4. Our analysis considers their position in Scenario 1 and Scenario 3.

The crux of the analysis completed for this report can be framed in terms of the following broad questions, which is answered in our fiscal impact analysis and our matrix of conclusions (see Summary Conclusions on Section 9212 Topics):

- How would the Initiative potentially change future land use and development patterns in Santee compared to foreseeable trends under existing City policies?

- How would the potential change in future land use patterns affect the City's long-term fiscal health?

- How would the potential change in future land use patterns affect the long-term sustainability of the local economy (measured in terms of the community's ability to retain and attract business and development)?

Proposed Measure for Santee

The proposed initiative measure includes the following key elements:

- Prohibit the adoption of any General Plan amendment, Planned Development Area, or new Specific Planning Area which would (1) increase the residential density permitted by law; (2) change, alter, or increase the General Plan Residential Land Use Categories if the change intensifies use; or (3) change any residential designation to commercial or industrial designation on any property, or vice versa, if the change intensifies the use; unless and until such action is approved and adopted by the voters of the City.

- Prohibit any change to the slope criteria, minimum parcel sizes, and lot averaging provisions of the General Plan that would permit increased density or intensity of use, unless or until the change is approved by the voters.

- Provide that the voter approval requirement would not apply where the General Plan amendment is necessary to comply with state or federal law governing the provision of housing, including, but not limited to, affordable housing requirements.

    - This exception would apply only if the City Council were to make the following findings, based on substantial evidence: (1) that a specific provision of state or federal law requires the city to accommodate the housing proposed by the amendment; (2) the amendment permits no greater density than necessary to accommodate the required housing; and (3) and alternative site not subject to the measure is not available.

Conclusions

This section briefly summarizes the major findings that are detailed in this report.

Economic Context/Setting

The economic effects of land use policies are highly dependent on the context in which they are implemented. In the case of the proposed initiative, the following important elements of Santee's economic and land use setting are relevant to this report:

- The total land area of the City of Santee is 10,868 acres[1]. Of this total, residential zoning accounts for 4,955 acres, or approximately 45.6% of the total city acreage. Commercial zoning accounts for 271 total acres, or 2.5% of the city total. Industrial zoning accounts for 457 acres, or 4.2% of the city total. There are 2,866 acres of "Planned Development" (26.4%), 452 acres of land designated as "Town Center" (4.2%) (includes multiple land-use designations) and 1,369 acres of parks and open space (12.6%).

- According to annual estimates prepared by the California Department of Finance ("DOF"), Santee currently (as of January 2018) has a total of 20,689 dwelling units. Based on SANDAG forecasts, the number of dwelling units in the city is projected to reach 26,005 by 2050[2]. This projected growth translates to demand for approximately 5,316 housing units over the 32-year period from 2018 to 2050, or an average of 166 new housing units per year. This projected rate of growth is higher than recent historic trends. For the eight-year period from 2010 to 2018, the city added an average of 80 dwelling units per year, and between 2000 and 2018 the city added an average of 105 dwelling units per year.

- According to SANDAG's projections, Santee will not be able to accommodate the projected future residential or industrial demand on the remaining vacant land in the city. Thus, current zoning will require future zone changes or increased density to meet the future residential needs of the city. All other projected future nonresidential land uses can be met utilizing existing zoning.

- Traffic congestion will not be significantly changed with or without the passage of the proposed initiative. While development, particularly Fanita Ranch, offers a significant financial benefit for traffic impacts and mitigation, the current traffic issues within the City of Santee will still exist even at any level of future development.

[1] Total acreage allocations are provided by the City of Santee. A detailed breakdown can be found in Table A-1 of the Appendix

[2] Utilizing SANDAG's Series 14 Residential Forecast (Preliminary). The detail can be found in Table A-2 in the Appendix

Projected Development Trends in Santee

Commercial/Industrial Land Uses

LMA has analyzed the projected market demand through 2050[3] for the following land-use categories: retail, office, hotel[4] and industrial. The following table summarizes the projected demand for each land use[5] and compares that demand to the amount of available vacant and developable land in each category.

Comparison of Development Demand to Available Capacity 2018 - 2050

Land Use	Incremental Demand	Acres Required* (2050)	Vacant Developable Acres* (2018)	Excess Capacity
Retail	107,332 square feet	7 acres	38 acres	31 acres
Hotel*	240 rooms	6 acres	6 acres	0 acres
Office	740,520 square feet	20 acres	52 acres	32 acres
Industrial	1,078,110 square feet	55 acres	39 acres	-16 acres

*Based on SANDAG Series 13 data and adjusted based on CoStar data.
*Based on HVS report and provided by the City of Santee

Based on the above analysis, there is sufficient land zoned for the retail, hotel and office nonresidential land uses in Santee through 2050. Industrial demand will surpass the amount of vacant and developable land that is zoned for industrial use by approximately 16 acres.

As the following section will demonstrate, the residential sector indicates a forecasted shortage of approximately 1,820 units by 2050. To accommodate the residential and industrial shortfall, a rezone of acreage from a nonresidential use to a residential use will be required or a rezone of one category of nonresidential use (retail, hotel or office) to an industrial use. This could result in a reduction of nonresidential acreage that would change the outcome of the nonresidential capacity.

Residential Land Uses

LMA has analyzed the projected market demand through 2050[6] for residential development. We compared the projected number of housing units in 2050 to the number of existing units as of January 1, 2018. This analysis indicates that there will be 5,316 residential units demanded by 2050. However, the City of Santee indicates a residential capacity of 3,496 residential units. This would create a shortage of 1,820 housing units by 2050.

[3] Utilizing SANDAG's Series 13 Forecast
[4] Hotel demand was determined by examining an August 2018 report provided to the city by HVS Consulting and a consultation with City staff. There are currently 158 hotel rooms in the City of Santee.
[5] Actual land use may not be reflected in the uses shown. Churches and schools may currently occupy land that is zoned for a broader category of use but would be allowed.
[6] Utilizing SANDAG's Series 14 Residential Forecast (Preliminary)

Factors Used to Forecast Demand for New Housing
City of Santee

Factor	Estimate/Projection	Data Source
Projected Dwelling Units (2050)	26,005	SANDAG Series 14 Forecast
Existing Dwelling Units (2018)	20,689	California Department of Finance
Projected Dwelling Unit Demand	5,316	
Series 14 Unit Capacity (2017)	3,496	City of Santee
Unit Shortage	**1,820**	

This projected dwelling unit capacity includes the Fanita Ranch residential project. This project is currently pursuing entitlement for the development of 2,949 units. In the Santee General Plan and in the SANDAG estimates and forecasts, this project is currently allocated for the development of 1,395 units.

Development/Buildout Scenarios

The proposed initiative requires a vote of the people to make changes to density or zoning. Based on our analysis of the General Plan capacity and forecasted growth[7], we analyzed three possible buildout scenarios for the City of Santee. The following table summarizes the projected incremental growth under each scenario from 2018 to 2050. For additional detail on each of the scenarios see the Potential Alternative Development Scenarios for Santee section of this report and in Appendix C - Scenario 1, Appendix D – Scenario 2 and Appendix E – Scenario 3.

Summary of Scenarios
2018 - 2050 Growth

Land Use	Scenario 1: Existing Zoning	Scenario 2: Fanita Ranch & Expanded Ind./Res.	Scenario 3: No Fanita Ranch or Expanded Ind./Res.
Residential	3,496 units	5,316 units	2,101 units
Retail	7 acres 107,332 square feet	10 acres 157,332 square feet	7 acres 107,332 square feet
Hotel	6 acres 240 rooms	6 acres 240 rooms	6 acres 240 rooms
Office	20 acres 740,520 square feet	20 acres 750,520 square feet	20 acres 740,520 square feet
Industrial	39 acres 764,478 square feet	55 acres 1,078,110 square feet	39 acres 764,478 square feet

[7] London Moeder utilized SANDAG's Series 13 Forecast for nonresidential uses and Series 14 Forecast (Preliminary) for residential uses. Series 14 provides the most up-to-date information available for the residential forecast while the Series 13 is the most current for nonresidential uses and has been reconciled with CoStar data to estimate 2018 capacity.

- **Scenario 1** – This scenario assumes that all current zoning, land-use designations and densities remain unchanged per the General Plan zoning. There is sufficient capacity in the general plan to accommodate the growth projected by SANDAG, except for residential and industrial uses. Each land use is assumed to be built out per the General Plan, assuming that the forecasted demand growth does not exceed capacity. According to SANDAG, a total of 5,316 units are required to accommodate growth from 2018 through 2050. However, the existing capacity in the city is 3,496 units, which includes Fanita Ranch at only 1,395 units. Therefore, there is an unreconciled shortage of 1,820 units in this scenario. Industrial uses will require approximately 1,078,110 square feet (55 acres) of space, but have a 2018 capacity of 764,478 square feet, or a shortage of approximately 7694,478 square feet (39 acres).

- **Scenario 2** – This scenario assumes that forecasted demand of 5,316 residential units is accommodated by the city. This is comprised of the existing capacity of (3,496 units), approving Fanita Ranch as currently proposed (2,949 units) and up-zoning additional property to accommodate the unreconciled shortage of 266 units[8]. Industrial space is also assumed to be accommodated at 1,078,110 square feet (55 acres). This is comprised of existing capacity (764,478 square feet (39 acres)) and up-zoning or rezoning other nonresidential acreage to accommodate the unreconciled shortage of 313,632 square feet (39 acres). Proposed retail and office development at Fanita Ranch are not included in the forecasted demand nor the capacity. This scenario assumes that the 80,000 square feet of commercial space is built, which includes 20,000 square feet of commercial agriculture, 50,000 square feet of retail and 10,000 square feet of office space.[9] Hotel uses are assumed to be constructed at the same level as in Scenario 1 since capacity currently exists for this use. For the residential and industrial uses, we assume zone changing occurs to accommodate the demand forecasted by SANDAG.

- Scenario 3 - This scenario assumes that Fanita Ranch is not developed and the total residential buildout of the city is 2,101 housing units, which results in an unreconciled shortage of 3,215 units. This is a probable scenario should the initiative pass and Fanita Ranch is ultimately not approved for additional density. Historically, development projects that require voter approval do not move forward. In addition, it is likely that Fanita Ranch, as approved, would not be financially feasible given the high cost of improvements and impact fees at a lower density. Despite being approved when the site was owned by Barratt American, the project has not been built. All nonresidential uses are assumed to be constructed at the same level as in Scenario 1, which represents buildout per the General Plan.

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[8] There are 3,171 residential units under review (including the 2,949 at Fanita) that would require a zone change or a General Plan Amendment. These units (222 units excluding Fanita) along with all projects seeking entitlement are detailed in Table A-3 in Appendix A.

[9] The Fanita Ranch plan (80,000 square feet of commercial) does not currently include a categorical breakdown of uses except for 20,000 square feet of commercial agriculture. The remaining 60,000 square feet are shown at an estimated allocation.

Potential Impacts of the Santee General Plan Protection Initiative

The following section summarizes the results of our fiscal impact analysis based on the three scenarios analyzed.

Net Fiscal Impact Analysis

We have estimated the incremental net fiscal impact for each of the three scenarios outlined in the previous section. It is important to note that this analysis does not take into account any claimed additional benefits generated by the Fanita Ranch development (see table on page 11). This analysis simply analyzes the incremental revenues and costs to the City of Santee. The annual incremental net fiscal impact for each scenario at buildout in 2050 is as follows:

- Scenario 1: An annual recurring surplus of $3.76 million
- Scenario 2: An annual recurring surplus of $5.08 million[10]
- Scenario 3: An annual recurring surplus of $2.96 million

The following table provides further detail regarding the incremental net fiscal impact for the three scenarios:

Summary of Incremental Annual Recurring Surplus/Deficit for Scenarios
At Buildout by 2050

	Scenario 1: Existing Zoning	Scenario 2: Fanita Ranch & Expanded Ind./Res.	Scenario 3: No Fanita Ranch or Expanded Ind./Res.
Annual Recurring Revenues			
Property Tax	$4,606,021	$6,718,648	$3,094,343
Property Tax in-lieu of VLF	$2,087,212	$3,044,546	$1,402,197
Sales and Use Tax	$1,419,950	$2,051,293	$1,082,126
Licenses and Permits	$216,413	$316,088	$144,580
Transient Occupancy Tax	$854,100	$854,100	$854,100
Intergovernmental	$41,809	$61,065	$27,932
Franchise Fees	$455,533	$665,342	$304,330
Fines and Forfeitures	$22,592	$32,998	$15,093
Property Transfer Tax	$121,421	$177,112	$81,571
Total Annual Revenues	**$9,825,049**	**$13,921,193**	**$7,006,272**
Annual Recurring Expenses			
Development Services	$623,524	$910,706	$416,561
Community Services	$650,784	$950,522	$434,772
Law Enforcement	$2,092,660	$3,040,765	$1,390,857
Fire and Life Safety	$1,920,910	$2,805,643	$1,283,312
General Government	$778,960	$1,137,733	$520,403
Total Annual Expenditures	**$6,066,838**	**$8,845,369**	**$4,045,905**
Annual Recurring Surplus/(Deficit)	$3,758,212	$5,075,824	$2,960,367

[10] This figure excludes the estimated $132.5 million of impact fees and improvements from the development of Fanita Ranch. For a detailed summary see Impact Fees and Improvements table in Table D-17 in Appendix D

Gross Revenue Analysis

To understand the complete fiscal picture for a City, future revenue impacts must be evaluated on a gross basis. Without development, the revenue generation for cities is restricted to what currently exists. As development occurs, cities receive increased revenue which in turn increases the planned spending in city budgets.

The following table demonstrates the forecasted increased spending for each of the main categories in the City of Santee's annual budget.

Summary of Gross Fiscal Impacts
City of Santee

		Scenario 1: Existing Zoning	Scenario 2: Fanita Ranch & Expanded Ind./Res.	Scenario 3: No Fanita Ranch or Expanded Ind./Res.
Total Revenue Available to Distribute		$9,825,049	$13,921,193	$7,006,272
General Fund Expenditure Category	Current Pro-Rata Distribution			
City Council	1.0%	$99,804	$141,414	$71,171
City Attorney	1.2%	$115,106	$163,095	$82,083
City Manager	2.1%	$208,694	$295,700	$148,820
Information Technology	1.0%	$94,277	$133,583	$67,230
Animal Control	1.0%	$101,312	$143,550	$72,246
City Clerk	0.9%	$88,869	$125,920	$63,373
Human Resources & Risk Management	2.3%	$228,325	$323,515	$162,819
Finance	2.8%	$279,876	$396,558	$199,580
Development Services	10.3%	$1,011,573	$1,433,306	$721,356
Community Services	10.7%	$1,055,798	$1,495,969	$752,893
Law Enforcement	34.4%	$3,377,549	$4,785,676	$2,408,540
Fire and Life Safety	31.7%	$3,116,386	$4,415,633	$2,222,304
Debt Service	0.5%	$47,480	$67,275	$33,858
Total		$9,825,049	$13,921,193	$7,006,272

Summary Conclusions on Section 9212 Topics

The following matrix summarizes LMA's conclusions relative to the major topics outlined in the scope of this Section 9212 report.

Summary Conclusions
Section 9212 Report for Proposed Santee General Plan Protection Initiative

Section 9212 Topic	Summary Conclusion
1) Fiscal Impact	Based on the fiscal impact analysis in this report, LMA has estimated the incremental net fiscal impact for each of the three scenarios outlined in this report. This analysis analyzes the incremental revenues and costs to the City of Santee. The annual incremental net fiscal impact for each scenario is as follows: Scenario 1: An annual recurring surplus of $3.76 million Scenario 2: An annual recurring surplus of $5.08 million Scenario 3: An annual recurring surplus of $2.96 million To understand the complete fiscal picture for a City, future revenue impacts must be evaluated on a gross basis. Without development, the revenue generation for cities is restricted to what currently exists. As development occurs, cities receive increased revenue which in turn increases the planned spending in city budgets. The forecasted increased spending available for the City of Santee is as follows: Scenario 1: $9,825,049 of annual revenue to distribute Scenario 2: $13,921,193 of annual revenue to distribute Scenario 3: $7,006,272 of annual revenue to distribute
2) Effect on the internal consistency of the city's general and specific plans, including the housing element, the consistency between planning and zoning, and the limitations on city actions under Section 65008 of the Government Code and Chapters 4.2 (commencing with Section 65913) and 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.	The proposed Santee General Plan Protection Initiative would amend the Land Use Element of the General Plan to require voter approval for any General Plan amendment, Planned Development Area, or new Specific Planning Area that would increase the residential density permitted by right, change, alter or increase the General Plan Residential Land Use categories if the change intensifies use, change any residential designation to commercial or industrial designation on any property, or vice versa, if the change intensifies the use. Slope criteria, minimum parcel sizes and lot averaging provisions that increase density must also be approved by voters. The voter approval requirement will not apply when a General Plan amendment is necessary to comply with state of federal law governing the provision of housing, including but not limited to affordable housing requirements. Thus, the referenced sections of the Government Code as they relate to various issues regarding affordable housing would not prohibit the City of Santee from meeting their affordable housing requirement.

Summary Conclusions
Section 9212 Report for Proposed Santee General Plan Protection Initiative

Section 9212 Topic	Summary Conclusion
3) Effect on the use of land, the impact on the availability and location of housing, and the ability of the city to meet its regional housing needs.	Based on our analysis in this report, there is projected to be a residential housing shortage of 1,820 units by 2050. This analysis utilized the SANDAG Series 14 (preliminary) Regional Growth Forecast of Housing, California Department of Finance data, and the City of Santee housing capacity (updated August 2017). To meet projected future demand, increased zoning density or zone changes must occur. Passage of the proposed Santee General Plan Protection Initiative would inhibit the city from meeting this need. Additionally, there is a projected shortfall of industrial zoned land, approximately 16 acres, requiring a change of zone to meet the projected demand by 2050.
4) Its impact on funding for infrastructure of all types, including, but not limited to, transportation, schools, parks, and open space. The report may also discuss whether the measure would be likely to result in increased infrastructure costs or savings, including the costs of infrastructure maintenance, to current residents and businesses.	The passing of the Proposed Initiative would decrease significantly the potential funding for infrastructure. Development plans for Fanita Ranch estimate a net total of more than $132 million in additional benefits for the City of Santee. All of the additional benefit would be realized in multiple infrastructure categories including parks, public facilities, traffic mitigation, schools and infrastructure improvements. These fees would not be available to the city should Fanita Ranch not be approved.
5) Impact on the community's ability to attract and retain business and employment.	The SANDAG forecast indicates that employment-oriented land uses are easily accommodated within the existing zoning allocations of vacant land within the city. Industrial zoned land is the exception to this forecast, however there is excess capacity within the commercial zones to accommodate the industrial use. It is important to note that as previously described, the inability of the city to meet the housing capacity needs as outlined by SANDAG's forecast would likley inhibit the ability of the city to attract new businesses and subsequent employment.
6) Impact on the uses of vacant parcels of land.	The impact of the Proposed Initiative on vacant parcels of land is addressed in topics 2-5 above.

Section 9212 Topic	Summary Conclusion
7) Impact on agricultural lands, open space, traffic congestion, existing business districts, and developed areas designated for revitalization.	Based on our analysis of the Proposed Initiative, we have made the following conclusions: **Agricultural lands** - The passage of the Proposed Initiative would have minimal impact on agricultural land within Santee as there is no land that is specifically zoned for agricultural use. Agricultural uses are permitted, under specific conditions, in land that is zoned as Park/Open Space. Passage of the Proposed Initiative would likely prohibit these zones from changing to more intensified uses, in particular residential use. **Open Space** - The Proposed Initiative would likely decrease the already low possibility that land zoned as park or open space would be converted to a more intensive use. **Traffic Congestion** - Since the Proposed Initiative would likely decrease the possibility that land would be rezoned or approved for more intensive uses, the city would likely not experience increased traffic congestion beyond with what is already in the General Plan. Any new development that is approved, most likely under current zoning restrictions, would be required to mitigate any traffic impacts that would occur as a result of development. It is important to note that the proposed Fanita Ranch development would assist with the significant upgrade to State Route 52. This is intended to improve traffic conditions in an already impacted area. Improvements of this scale cannot be achieved without approval of the Fanita Ranch as proposed, or without another alternative funding source. However, traffic congestion will still occur even with the approval of Fanita Ranch. **Existing business districts** - The Proposed Initiative would likely not affect the existing business districts in Santee. These districts largely depend on the local population as a customer base. The existing Town Center Specific Plan includes parcels of land that are zoned at up to 30 units per acre. Once developed, these residential units would increase the population in proximity to the Town Center business offering additional support and possibly facilitating the expansion of existing businesses or the attraction of new businesses. It is possible, however, that the increased density may not be sufficient to meet the future needs of the city and would eventually require additional density. **Areas designated for revitalization** - The entire Town Center Specific Plan and a significant number of parcels surrounding it are included in the City of Santee former Redevelopment Project Area (1,767 total acres). This former Redevelopment Project Area was initially adopted in 1982 with amendments through 2004. It is possible that the plan is outdated and will be insufficient to provide the amount of residential growth that is projected by SANDAG. It is highly likely that the Proposed Initiative would adversely affect the former Redevelopment Project Area by restricting growth and inhibiting the increased residential density needed.

Development/Buildout Scenarios for City of Santee

This section summarizes the methodology used to derive the three development scenarios analyzed in this report. The methodology includes three major components:

- Forecast market demand for new development by land use through 2050;
- Estimate remaining development capacity (i.e., vacant land by zoning/General Plan land use category); and
- Derive alternative development scenarios that reflect varying assumptions about the degree to which land might be rezoned or re-designated in the future to accommodate potential market demand.

Projected Development Demand through 2050

Residential Development

The following table summarizes the methodology used to produce the forecasted future housing demand in the City of Santee from 2018 through 2050.

Demand for New Housing
City of Santee

Factor	Estimate/Projection	Data Source
Projected Dwelling Units (2050)	26,005	SANDAG Series 14 Forecast (Preliminary)
Existing Dwelling Units (2018)	20,689	California Department of Finance
Projected Dwelling Unit Demand	5,316	
Dwelling Unit Allocation (projected)		
Single-family Growth (2018 - 2050)	2,274 Units	Based on historical growth between 2012
Multi-family Growth (for sale) (2018 - 2050)	1,137 Units	and 2018 utilizing California Department of
Multi-family Growth (for rent) (2018 - 2050)	1,905 Units	Finance data
	5,316 Units	
Series 14 Capacity (2017)	3,496 Units	City of Santee
Unit Shortage	**1,820 Units**	

As the table details, there is an anticipated shortage of 1,820 residential units that result from projected unit demand by 2050 (5,316 units) outpacing the residential development capacity of 3,496 residential units.

Based on the historical development trends when comparing DOF data in Santee between 2012 and 2018, future residential dwelling units are allocated at the following ratios: 43% single-family units, 21% multi-family for sale and 36% multi-family rental.

Nonresidential Development

The following table summarizes the methodology used to produce the forecasted future demand for nonresidential land uses in the City of Santee from 2018 through 2050.

Required Acres of Developable Land to Accommodate 2050 Demand

Land Use	Demand	Assumed FAR/Density	Land Demand (2018 - 2050)
Retail	107,332 square feet	0.35 FAR	7 acres
Hotel*	240 rooms	40 rooms/acre	6 acres
Office	740,520 square feet	0.85 FAR	20 acres
Industrial	1,078,110 square feet	0.45 FAR	55 acres

*Based on HVS report and provided by the City of Santee

This analysis utilizes SANDAG data, reconciled with CoStar data, to estimate the acreage required to accommodate the forecasted growth. The acreage was then converted to building square footage utilizing typical densities for each land use. Hotel demand was determined by examining an August 2018 report provided to the city by HVS Consulting and consulting with City staff.

We then compared the number of acres (and subsequent square footage) to the acreage capacity found in the SANDAG Series 13 Forecast[11]. The following table summarizes the results of this analysis.

Comparison of Development Demand to Available Capacity 2018 - 2050

Land Use	Incremental Demand	Acres Required* (2050)	Vacant Developable Acres* (2018)	Excess Capacity
Retail	107,332 square feet	7 acres	38 acres	31 acres
Hotel*	240 rooms	6 acres	6 acres	0 acres
Office	740,520 square feet	20 acres	52 acres	32 acres
Industrial	1,078,110 square feet	55 acres	39 acres	-16 acres

*Based on SANDAG Series 13 data and adjusted based on CoStar data.
*Based on HVS report and provided by the City of Santee

This analysis indicates that Industrial demand will exceed available acres by approximately 16 acres. All other nonresidential land uses are expected to be accommodated on the vacant land that is currently zoned for each respective category. The industrial shortage can be accommodated by changing the zoning on some of the excess capacity land within other commercial categories. In particular, as retail space is increasingly losing out to e-commerce, it is likely that there will

[11] SANDAG data was adjusted based on CoStar information

ultimately be less retail space demand. Thus, rezoning the excess retail acreage to industrial is expected, particularly those retail parcels that are least-desirable from a marketing perspective.

Potential Alternative Development Scenarios for Santee

The proposed initiative requires a vote of the people to make changes to density or zoning. Based on our analysis of the General Plan capacity and forecasted growth[12], we analyzed three possible buildout scenarios for the City of Santee. The following table summarizes the projected incremental growth under each scenario from 2018 to 2050.

Summary of Scenarios
2018 - 2050 Growth

Land Use	Scenario 1: Existing Zoning	Scenario 2: Fanita Ranch & Expanded Ind./Res.	Scenario 3: No Fanita Ranch or Expanded Ind./Res.
Residential	3,496 units	5,316 units	2,101 units
Retail	7 acres 107,332 square feet	10 acres 157,332 square feet	7 acres 107,332 square feet
Hotel	6 acres 240 rooms	6 acres 240 rooms	6 acres 240 rooms
Office	20 acres 740,520 square feet	20 acres 750,520 square feet	20 acres 740,520 square feet
Industrial	39 acres 764,478 square feet	55 acres 1,078,110 square feet	39 acres 764,478 square feet

- **Scenario 1** – This scenario assumes that all current zoning, land-use designations and densities remain unchanged per the General Plan zoning. There is sufficient capacity in the general plan to accommodate the growth projected by SANDAG, except for residential and industrial uses. Each land use is assumed to be built out per the General Plan, assuming that the forecasted demand growth does not exceed capacity. According to SANDAG, a total of 5,316 units are required to accommodate growth from 2018 through 2050. However, the existing capacity in the city is 3,496 units, which includes Fanita Ranch at only 1,395 units. Therefore, there is an unreconciled shortage of 1,820 units in this scenario. Industrial uses will require approximately 1,078,110 square feet (55 acres) of space, but have a 2018 capacity of 764,478 square feet, or a shortage of approximately 7694,478 square feet (39 acres).

- **Scenario 2** – This scenario assumes that forecasted demand of 5,316 residential units is accommodated by the city. This is comprised of the existing capacity of (3,496 units), approving Fanita Ranch as currently proposed (2,949 units) and up-zoning additional

[12] LMA utilized SANDAG's Series 13 Forecast for nonresidential uses and Series 14 Forecast (Preliminary) for residential uses. Series 14 provides the most up-to-date information available for the residential forecast while the Series 13 is the most current for nonresidential uses and has been reconciled with CoStar data to estimate 2018 capacity.

property to accommodate the unreconciled shortage of 265 units[13]. Industrial space is also assumed to be accommodated at 1,078,110 square feet (55 acres). This is comprised of existing capacity (764,478 square feet (39 acres)) and up-zoning or rezoning other nonresidential acreage to accommodate the unreconciled shortage of 313,632 square feet (39 acres). Proposed retail and office development at Fanita Ranch are not included in the forecasted demand nor the capacity. This scenario assumes that the 80,000 square feet of commercial space is built, which includes 20,000 square feet of commercial agriculture, 50,000 square feet of retail and 10,000 square feet of office space.[14] Hotel office uses are assumed to be constructed at the same level as in Scenario 1 since capacity currently exists for this use. For the residential and industrial uses, we assume zone changing occurs to accommodate the demand forecasted by SANDAG.

- Scenario 3 - This scenario assumes that Fanita Ranch is not developed and the total residential buildout of the city is 2,101 housing units, which results in an unreconciled shortage of 3,215 units. This is a probable scenario should the initiative pass and Fanita Ranch is ultimately not approved for additional density. Historically, development projects that require voter approval do not move forward. In addition, it is likely that Fanita Ranch, as approved, would not be financially feasible given the high cost of improvements and impact fees at a lower density. Despite being approved when the site was owned by Barratt American, the project has not been built. All nonresidential uses are assumed to be constructed at the same level as in Scenario 1, which represents buildout per the General Plan.

[13] There are 3,171 residential units under review (including the 2,949 at Fanita) that would require a zone change or a General Plan Amendment. These units (222 units excluding Fanita) along with all projects seeking entitlement are detailed in Table A-3 in Appendix A.

[14] The Fanita Ranch plan does not currently include a categorical breakdown of uses except for the 20,000 square feet of commercial agriculture. The remaining 60,000 square feet are shown at an estimated allocation.

Appendix A

Table A-1

2018 Zoning Allocations
City of Santee

ZONE	DESCRIPTION	AREA (ACRES)	PROPORTION (PERCENT)
P/OS	Park Open Space	1,369.37	12.60%
HL	Hillside Limited (0-1 du/ac)	384.93	45.59%
R1	Low Density Residential (1-2du/ac)	559.48	
R-1A	Low Density Residential (2-4du/ac)	147.23	
R2	Low Medium Density Residenitial (2-5du/ac)	3,054.61	
R7	Medium Density Residenital (7-14du/ac)	404.80	
R14	Medium High Density Residential (14-22du/ac)	138.79	
R22	High Density Residential (22-30du/ac)	54.31	
Weston	Medium to Medium High Residential Density	204.00	
R-B	Residential Business	6.55	
	Residential Subtotal	**4,954.71**	
PD	Planned Development	2,865.88	26.37%
NC/R7	Neighborhood Commercial/Medium Res Dual Zoı	4.54	2.50%
NC	Neighborhood Commercial	41.77	
OP	Office Professional	23.47	
GC	General Commercial	201.38	
	Commercial Subtotal	**271.16**	
TC	Town Center (Various Land Use Designations)	451.63	4.16%
IL/GC	Light Industrial/General Commercial Dual Zone	38.72	4.21%
IL	Light Industrial	305.36	
IG	General Industrial	113.36	
	Industrial Subtotal	**457.44**	
MISC ROADS	Unclassified, primarily highways and arterial roads	497.81	4.58%
TOTAL		10,868.00	100.00%

Table A-2

Preliminary 2018 Regional Growth Forecast

All Jurisdictions Summary

Housing

Jurisdiction	2016 Total	2016 Pct	2025 Total	2025 Pct	2035 Total	2035 Pct	2050 Total	2050 Pct	2016 to 2050 Change Numeric	2016 to 2050 Change Pct	Pct of All Growth
Carlsbad	46,356	3.9	48,415	3.7	51,345	3.5	53,941	3.3	7,585	16.4	1.7
Chula Vista	82,842	6.9	91,755	7.0	105,245	7.1	117,180	7.2	34,338	41.4	7.9
Coronado	9,576	0.8	9,725	0.7	9,935	0.7	10,122	0.6	546	5.7	0.1
Del Mar	2,611	0.2	2,676	0.2	2,776	0.2	2,864	0.2	253	9.7	0.1
El Cajon	36,012	3.0	37,838	2.9	40,808	2.8	43,440	2.7	7,428	20.6	1.7
Encinitas	26,053	2.2	26,830	2.1	28,040	1.9	29,109	1.8	3,056	11.7	0.7
Escondido	48,583	4.1	52,869	4.1	59,740	4.0	65,821	4.0	17,238	35.5	4.0
Imperial Beach	9,756	0.8	10,653	0.8	12,123	0.8	13,429	0.8	3,673	37.6	0.8
La Mesa	25,986	2.2	28,983	2.2	33,833	2.3	38,125	2.3	12,139	46.7	2.8
Lemon Grove	9,032	0.8	9,489	0.7	10,249	0.7	10,924	0.7	1,892	20.9	0.4
National City	16,625	1.4	18,839	1.4	22,349	1.5	25,459	1.6	8,834	53.1	2.0
Oceanside	66,200	5.6	68,708	5.3	72,488	4.9	75,830	4.7	9,630	14.5	2.2
Poway	16,606	1.4	17,223	1.3	18,243	1.2	19,142	1.2	2,536	15.3	0.6
San Diego	532,195	44.6	591,564	45.4	680,324	46.1	758,874	46.6	226,679	42.6	52.1
San Marcos	30,559	2.6	33,864	2.6	38,784	2.6	43,143	2.6	12,584	41.2	2.9
Santee	20,525	1.7	21,939	1.7	24,099	1.6	26,005	1.6	5,480	26.7	1.3
Solana Beach	6,497	0.5	6,703	0.5	7,043	0.5	7,344	0.5	847	13.0	0.2
Vista	32,233	2.7	34,389	2.6	37,869	2.6	40,946	2.5	8,713	27.0	2.0
Unincorporated	174,397	14.6	191,971	14.7	220,850	15.0	246,404	15.1	72,007	41.3	16.5
Total	1,192,644	100.0	1,304,433	100.0	1,476,143	100.0	1,628,102	100.0	435,458	36.5	100.0

Table A-3

Projects In Process (Pending Entitlement)
City Of Santee - August 2018

Date Received	Applicant	Project Location	Zone	Description Of Proposal	Change Required	Units Affected
Residential Projects (Zone Change Required)						
09/25/17	M. Grant Real Estate	Lantern Crest Ridge Part II	R-1A (Change to R-14)	50-Unit Memory Care Facility	GPA	50
07/08/16	M. Grant Real Estate Inc.	8600 Block of Prospect Ave.	R2	47 Unit Detached Condominium Subdivision. Rezone To R7.	ZC	47
06/22/17	Mark Steve, Steve Family Trust	Southern Terminus of Tyler St.	R-1/P/OS	16 Lot Subdivision	One lot would require a ZC. 15 Lots would not	1
08/29/17	Home Fed	Fanita Ranch	PD	Master Planned Development For Approximately 2,949 Residential Units (1,395 units have approval)	GPA/ZC	2,949
12/21/17	Lakeside Investment	SE of Eastern Terminus of Mast Blvd	IL (Change To R-7)	124-Unit Condominium Project	ZC	124
						3,171 Units
Residential Projects (No Zone Change Required)						
09/20/16	Balramkrishna Talwar	8842 Olive Lane	R14	8 Unit Condominium Subdivision of a 0.5 acre site	None	8
06/28/18	Jesse Leon (Agent For Owner)	8343 O'Connell Rd	HL	One New SFR on a previously graded lot	None	1
03/13/18	Cornerstone Communities	Christian College Apartment Site	TC	128 Unit Condomunium Project	None	128
07/02/18	Santee Mobile Estates	9459 Mission Gorge Road	R7	Add three additional mobile home spaces within existing mobile home park for a total of 135 spaces	None	3
						140 Units
Nonresidential Projects (No Zone Change Required)						
12/27/17	Tower Glass	9702 Prospect Ave.	IG	27,949 S.F Industrial Building with 6,450 S.F. Mezzanine	None	34,399
06/11/18	Jacor Construction/Roy Johnson (Architect)	10735 Prospect Avenue	IG	4,193 SF Office & Warehouse Addition to Existing Building	None	4,193
07/18/18	KDS Architect & Associates	10336 Lunar Lane	IL	7,401 SF Warehouse	None	7,401
06/19/18	Sequoia Deployment Services, Inc.	10900 Mast Blvd.	HL	Modify DR01-07 to add six new RRUs and 12 diplexers, relocate six antennas, and remove and replace three panel antennas, six RRUs, and three raycap boxes	None	0
03/06/17	Advantaged Asset Acquisitions I, LLC	8606 Graves Ave	CG	4,800 SF Convenience Store And Coffee Shop With Drive-Through Lane	None	4,800
05/03/17	Chris Salem	8617 Cuyamaca St	CG	8,669 SF Gas Station, Car Wash, And Convenience Market	None	8,669
03/27/18	Garmo Brothers	7757 Mission Gorge Rd.	GC	13,193 SF Gas Station, Restaurant, Convenience Store, Office, Car Wash	None	13,193
						72,655 S.F.

Table A-4

From: Save Fanita <savefanita@gmail.com>
Date: August 29, 2018 at 10:27:06 PM PDT
To: Gary London <glondon@londonmoeder.com>
Cc: "shoulahan@cityofsanteeca.gov" <shoulahan@cityofsanteeca.gov>, "Marlene D. Best" <mbest@CityofSanteeCa.gov>
Subject: Re: LMA Report 9212

Hi Gary,

With the report due on Monday, I suspect that it is near final now. If not, then I would request that you be more specific about content issues where our input may add value.

Without more specifics, I would say that 9212.1-7 are not applicable to our Initiative.

For example, Fiscal Impact (9212.1), I would emphasize that compliance with the law as embodied within the General Plan should not be considered a cost. How much money can some make while being exempted from the law and others lose because of the exemption? That is not really a productive discussion.

The General Plan Protection Initiative does not approve or disapprove any project. It merely provides people a greater voice if the General Plan is not going to be adhered to. So there really isn't anything to study other than the Santee General Plan. I suppose it is possible to do a study of the General Plan (9212.8 other), but I don't think we are interested in whether or not your firm considers our General Plan to be deficient.

If you have other thoughts, specific questions or requests for input, please put them in writing. That is the best way for us to efficiently respond considering our schedules and the deadline.

Thanks again for your inquiry,
Van

Appendix B – City of Santee Demographic Profile and General Fund Budget

Table B-1

Demographic Profile: City of Santee
2018 Estimates

Population	
Population	56,994
Average Household Size	2.8
Jobs	28,500
Housing Units	
Single-Family	13,260
Multifamily	5,093
Mobile Homes	2,336
Total	20,689
Occupied Units	19,964
Vacancy Percentage	3.50%

Source: California DOF, California EDD, London Moeder Advisors

london moeder
advisors

Table B-2

Summary of City of Santee General Fund Budget
Fiscal Year 2018-2019

Revenues		
Property Taxes	$18,334,100	43.4%
Sales and Uses Taxes	$11,585,500	27.4%
Transient Occupancy Tax	$536,000	1.3%
Franchise Fees	$3,171,700	7.5%
Special Assessments	$1,084,500	2.6%
Intergovernmental	$291,100	0.7%
Licenses and Permits	$1,506,800	3.6%
Fines and Forfeitures	$157,300	0.4%
Charges for Services	$5,106,300	12.1%
Use of Money and Property	$475,500	1.1%
Other Revenue	$10,700	0.0%
Other Financing Sources	$10,000	0.0%
Total	**$42,269,500**	**100.0%**

Expenditures		
Development Services	$4,341,360	10.3%
Community Services	$4,531,160	10.7%
Law Enforcement	$14,570,400	34.5%
Fire and Life Safety	$13,374,570	31.7%
General Government	$5,423,600	12.8%
Total	**$42,241,090**	**100.0%**

Total Surplus/(Deficit)	$28,410
Revenues to Expenditures Ratio	1.001

Appendix C – Scenario 1

Table C-1

Scenario 1 - Existing Zoning
2018 - 2050

Land Use	Demand	Capacity	Diff.
Residential	5,316 Units	3,496 Units	-1,820 Units

	Estimate/Projection	Data Source
Projected Dwelling Units (2050)	26,005	SANDAG Series 14 Forecast (Preliminary)
Existing Dwelling Units (2018)	(20,689)	California Department of Finance
Projected Dwelling Unit Demand*	5,316	
Series 14 Capacity (2017)*	(3,496)	City of Santee
Unit Shortage	1,820 Units	

Land Use	Demand (2018-2050)	2018 Capacity	Shortage/Surplus
Retail Acres 2050	400 acres		
Retail Acres 2018	(393) acres		
Projected Retail Growth	7 acres	38 acres	31 acres
Density	x 0.35 FAR	x 0.35 FAR	x 0.35 FAR
Retail Growth Capacity	107,332 square feet	579,348 square feet	472,016 square feet
Hotel Rooms 2050	398 rooms		
Hotel Rooms 2018	(158) rooms		
Projected Hotel Growth	240 rooms	240 rooms	0 rooms
Density	40 rooms/acre	40 rooms/acre	40 rooms/acre
Hotel Growth Capacity	6 acres	6 acres	0 acres
Office Acres 2050	49 acres		
Office Acres 2018	(29) acres		
Projected Office Growth	20 acres	52 acres	32 acres
Density	x 0.85 FAR	x 0.85 FAR	x 0.85 FAR
Office Growth Capacity	740,520 square feet	1,925,352 square feet	1,184,832 square feet
Industrial Acres 2050	473 acres		
Industrial Acres 2018	(418) acres		
Projected Industrial Growth	55.0 acres	39 acres	-16 acres
Density	x 0.45 FAR	x 0.45 FAR	x 0.45 FAR
Industrial Growth Capacity	1,078,110 square feet	764,478 square feet	-313,632 square feet

*Both Projected Supply and Capacity include 1,395 units at Fanita Ranch

Table C-2

Summary of Development
Scenario 1

Residential		%
Single-Family Homes	1,496	42.8%
Multifamily Units		
For Sale	748	21.4%
For Rent	1,253	35.8%
Total	2,000	
Total Residential	**3,496**	

Non Residential	Gross	Building Efficiency	Net Rentable	Vacancy %[1]	Occupied	
Retail (SF)	107,332	90%	96,599	5%	91,769	
Office (SF)	740,520	85%	629,442	5%	597,970	
Hotel (Rooms)	240	---	---	---	---	
Industrial (SF)	764,478	100%	764,478	5%	726,254	
Total Non Residential					**1,415,993**	**Square Feet**
					240	**Rooms**

[1]Per CoStar vacancy rates are below 5% for office, retail and industrial. LMA is assuming a stabilized level of 5%

Table C-3

Estimated Assessed Value of Development
Scenario 1

Residential	Units	Price/Units	Total Assessed Value
Single-Family Homes	1,496	$650,000	$972,149,733
Multifamily Units			
For Sale	748	$500,000	$373,903,743
For Rent	1,253	$375,000	$469,716,578
Total Residential	**3,496**		**$1,815,770,053**

Non Residential	Gross SF/Rooms	Value /SF or Room	Total Assessed Value
Retail (SF)	107,332	$350	$37,566,144
Office (SF)	740,520	$275	$203,643,000
Hotel (SF)	240	$150,000	$36,000,000
Industrial (SF)	764,478	$150	$114,671,700
Total Non Residential	**1,612,330 SF**		**$391,880,844**
	240 Rooms		

Total Assessed Value	**$2,207,650,897**

Table C-4

Estimated Employee and Populations of Development
Scenario 1

Residential	Units	Vacancy Factor	Persons/Unit[1]	Total Resident Population
Single-Family Homes	1,496	3.5%	2.8	4,041
Multifamily Units				
For Sale	748	3.5%	2.5	1,804
For Rent	1,253	3.5%	1.75	2,115
Total/Average	**3,496**	**3.5%**		**7,960**

Non Residential	Occupied SF/Rooms	Employment Factor[2]	Total Employees
Retail (SF)	91,769	1.0 per 500 SF	184
Office (SF)	597,970	1.0 per 200 SF	2,990
Hotel (SF)	240	0.6 per Room	144
Industrial (SF)	726,254	1.0 per 500 SF	1,453
Total	**1,415,993**		**4,770**

Total Employees and Population	12,730

[1]Per California DOF

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

Table C-5

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

Scenario 1

I. Property Tax		
Estimated Value		$2,207,650,897
Property Tax Rate	1.0%	$22,076,509
City Portion (includes VLF)[1]		20.864%
Total Property Tax to City		**$4,606,021**

II. Motor Vehicle License Fees	
Estimated Value	$2,207,650,897
License Fee (per $1,000 in AV growth)	$0.9454
Total Property Tax in-lieu of VLF	$2,087,212
Total Property Tax in-lieu of VLF	**$2,087,212**

III. Property Transfer Tax	
A. Residential Property Value	$1,815,770,053
Transfer Tax (per $1,000)	$0.55
Total Transfer Tax	$998,674
Turnover Rate	10%
Net Transfer Tax	$99,867
B. Non Residential Property Value	$391,880,844
Transfer Tax (per $1,000)	$0.55
Total Transfer Tax	$215,534
Turnover Rate	10%
Net Transfer Tax	$21,553
Total Property Transfer Tax (Annualized)	**$121,421**

[1]City of Santee

Table C-6

Estimate of Annual Recurring Revenues - Direct Sales and Use Tax

Scenario 1

I. Retail				
Retail (Occupied)			91,769	SF
Sales Production/SF			$350	/SF
Taxable Sales	75%		$24,089,290	
City Portion of Sales Tax	**1.00%**		**$240,893**	**/Year**

II. Spending by Hotel Visitors				
Hotel Rooms			240	Rooms
Average Daily Rate			$130	
Occupancy			75%	
Room Revenue			$8,541,000	
Food & Beverage @	35%	of Room Rev	$2,989,350	
Taxable Sales Captured in City			100%	
City Potion of Sales Tax	**1.00%**		**$29,894**	**/Year**

III. Industrial				
Industrial (Occupied)			726,254	SF
Sales Productivity/SF			$25	/SF
Taxable Sales	80%		$14,525,082	
City Portion of Sales Tax	**1.00%**		**$145,251**	**/Year**

IV. Total Direct Sales Tax	$416,037	/Year

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advisors

Table C-7

Estimate of Annual Recurring Revenues - Indirect Sales Tax (Spending by Residents)
Scenario 1

I. Estimate of Household Income		Single-Family For Sale	Multi-Family For Sale	Multi-Family Rental
Average Sales Price / Average Monthly Rent		$650,000	$500,000	$2,250
Down Payment	10%	$65,000	$50,000	
Loan Amount		$585,000	$450,000	
Interest Rate		6.00%	6.00%	
Terms (Years)		30	30	
Annual Mortgage Payment / Rent		$42,088	$32,376	$27,000
HOA	$200 /month	$2,400	$2,400	$0
Maintenance / Insurance	$50 /month	$600	$600	$0
Property Taxes	1.10%	$7,150	$5,500	$0
Total Annual Costs		$52,238	$40,876	$27,000
% of Income Spent on Housing		35%	35%	30%
Annual Income Required		$149,253	$116,788	$90,000
II. Number of Households				
Total Number of Residential Units		1,496	748	1,253
Occupancy Rate		100.0%	100.0%	96.5%
Total Number of Full-Time Equivalent Households		1,443	748	1,209
III. Aggregate Household Income				$411,518,497

IV. Annual Spending by Households	Allocation of Household Income to Taxable Spending[1]	Estimated Annual Taxable Spending
General Merchandise	10.36%	$42,631,305
Apparel	2.84%	$11,698,844
Home Furnishings	3.15%	$12,944,569
Other Retail Stores	2.42%	$9,953,533
Misc. Retail Stores	0.28%	$1,150,396
Eating Drinking Establishments	5.57%	$22,930,339
Food Stores (Not Taxable)	----	----
Other Community-Oriented Stores	2.81%	$11,573,315
Total Taxable Retail Expenditures	**27.43%**	**$112,882,301**
Spending Captured by City of Santee	75%	$84,661,726
City Portion of Sales Tax	1.00%	$846,617
Total Sales Tax - New Resident Expenditures		**$846,617**

Table C-8

Estimate of Annual Recurring Revenues - Office Employee Spending

Scenario 1

I. Estimate of New Office Space (Occupied)		597,970	
Estimate of New Office Employment			
SF per Office Worker		200	SF
Total New Office Workers		2,990	Workers
Expenditure per Worker per Day		$20	
Number of Working Days in Year[1]		241	
II. Total Annual Retail Expenditures by Office Workers		$14,411,075	
III. Taxable Sales @	80%	$11,528,860	
IV. City Portion of Sales Tax @	1.00%	$115,289	
V. Total Indirect Sales Tax - Office Employee Spending		**$115,289**	

[1]US Census

Table C-9

Estimate of Annual Recurring Revenues - Industrial Employee Spending

Scenario 1

I. Estimate of Occupied New Industrial Space		726,254	
Estimate of New Industrial Employment			
SF per Industrial Worker		500	SF
Total New Industrial Workers		1,453	Workers
Expenditure per Worker per Day		$15	
Number of Working Days in Year[1]		241	
II. Total Annual Retail Expenditures by Industrial Workers		$5,250,817	
III. Taxable Sales @	80%	$4,200,654	
IV. City Portion of Sales Tax @	1.00%	$42,007	
V. Total Indirect Sales Tax - Industrial Employee Spending		**$42,007**	

[1]Based on data provided by ICSC Office Worker Retail Spending report, 2003. Adjusted to reflect 2018 dollars

Table C-10

Estimate of Annual Recurring Revenues - Total Sales and Use Tax

Scenario 1

I. Direct Sales Tax	
Retail	$240,893
Hotel	$29,894
Industrial	$145,251
Total Direct Sales Tax	$416,037
II. Add: Indirect Sales Tax - New Resident Spending	$846,617
III. Add: Indirect Sales Tax - Office Employee Spending	$115,289
IV. Add: Indirect Sales Tax - Industrial Employee Spending	$42,007
V. Total Sales and Use Tax	**$1,419,950**

Table C-11

Scenario 1

Number of Rooms	240
Average Daily Rate	$130
Occupancy	75%
Total Hotel Receipts	$8,541,000
Transient Occupancy Tax Rate	10%
V. Total Sales and Use Tax	**$854,100**

Table C-12

Estimate of Annual Recurring Revenues - Other Revenues

Scenario 1

	Total Population[1]	Total Emploment[2]	Total Population / Jobs	Total Resident Equivalents[3]
City of Santee	56,994	28,500	85,494	66,494
Prototype Employment	7,960	4,770	12,730	9,550

	City of Santee FY 2018-19 Budget	Total City Wide Resident Equivalents	Amount per Resident Equivalent	Prototype Development New Resident Equivalents	Total Revenues
Licenses and Permits	$1,506,800	66,494	$22.66	9,550	$216,413
Franchise Fees	$3,171,700	66,494	$47.70	9,550	$455,533
Fines and Forfeitures	$157,300	66,494	$2.37	9,550	$22,592
Intergovernmental	$291,100	66,494	$4.38	9,550	$41,809
Total Other Revenues					$736,346

[1]Per California Department of Finance

[2]Per California Employment Development Department

[3]LMA estimation that three employees have same impact as one resident

Table C-13

Summary of Annual Recurring Revenues at Buildout

Scenario 1

	Total	% of Total
Property Tax	$4,606,021	46.9%
Property Tax in-lieu of VLF	$2,087,212	21.2%
Sales and Use Tax	$1,419,950	14.5%
Licenses and Permits	$216,413	2.2%
Transient Occupancy Tax	$854,100	8.7%
Intergovernmental	$41,809	0.4%
Franchise Fees	$455,533	4.6%
Fines and Forfeitures	$22,592	0.2%
Property Transfer Tax	$121,421	1.2%
Total Annual Recurring Revenues to General Fund	$9,825,049	100.0%

Table C-14

Estimate of Annual Recurring Expenditures

Scenario 1

	Total Population[1]	Total Emploment[2]	Total Population / Jobs	Total Resident Equivalents[3]
City of Santee	56,994	28,500	85,494	66,494
Prototype Employment	7,960	4,770	12,730	9,550

	City of Santee FY 2018-19 Budget	Total City Wide Resident Equivalents	Amount per Resident Equivalent	Prototype Development New Resident Equivalents	Total Expenditures
Development Services	$4,341,360	66,494	$65.29	9,550	$623,524
Community Services	$4,531,160	66,494	$68.14	9,550	$650,784
Law Enforcement	$14,570,400	66,494	$219.12	9,550	$2,092,660
Fire and Life Safety	$13,374,570	66,494	$201.14	9,550	$1,920,910
General Government	$5,423,600	66,494	$81.57	9,550	$778,960
Total Annual Expenditures					$6,066,838

Table C-15

Summary of Annual Recurring Expenditures

Scenario 1

	Total	% of Total
Development Services	$623,524	10.3%
Community Services	$650,784	10.7%
Law Enforcement	$2,092,660	34.5%
Fire and Life Safety	$1,920,910	31.7%
General Government	$778,960	12.8%
Total Annual Recurring Expenditures	$6,066,838	100.0%

Table C-16

Estimate of Stabilized Fiscal Impact of New Development Through Build-Out

Scenario 1

City of Santee - General Fund	Totals	% of Total
I. Annual Recurring Revenues		
Property Tax	$4,606,021	46.9%
Property Tax in-lieu of VLF	$2,087,212	21.2%
Sales and Use Tax	$1,419,950	14.5%
Licenses and Permits	$216,413	2.2%
Transient Occupancy Tax	$854,100	8.7%
Intergovernmental	$41,809	0.4%
Franchise Fees	$455,533	4.6%
Fines and Forfeitures	$22,592	0.2%
Property Transfer Tax	$121,421	1.2%
Total Annual Revenues	**$9,825,049**	**100.0%**
II. Annual Recurring Expenditures		
Development Services	$623,524	10.3%
Community Services	$650,784	10.7%
Law Enforcement	$2,092,660	34.5%
Fire and Life Safety	$1,920,910	31.7%
General Government	$778,960	12.8%
Total Annual Expenditures	**$6,066,838**	**100.0%**
III. Annual Recurring Surplus/(Deficit)	**$3,758,212**	

Appendix D – Scenario 2

Table D-1

Scenario 2 - Fanita Ranch & Expanded Ind./Res.
2018 - 2050

Land Use	Demand	Capacity	Diff.
Residential	5,316 Units	3,496 Units	-1,820 Units

	Estimate/Projection	Data Source
Projected Dwelling Units (2050)	26,005	SANDAG Series 14 Forecast (Preliminary)
Existing Dwelling Units (2018)	(20,689)	California Department of Finance
Projected Dwelling Unit Demand	5,316	
Additional Units in Process[1]	(1,554)	
Series 14 Capacity (2017)	(3,496)	City of Santee
Unit Shortage	266 Units	

Land Use	Demand	2018 Capacity	Shortage/Surplus
Retail Acres 2050	400 acres		
Retail Acres 2018	(393) acres		
Projected Retail Growth	7 acres	38 acres	31 acres
Density	x 0.35 FAR	x 0.35 FAR	x 0.35 FAR
Retail Growth Capacity (2050)	107,332 square feet	579,348 square feet	472,016 square feet
Add: Fanita Retail	50,000 square feet	50,000 square feet	0 square feet
Full Retail Growth	157,332 square feet	629,348 square feet	472,016 square feet
Hotel Rooms 2050	398 rooms		
Hotel Rooms 2018	(158) rooms		
Projected Hotel Growth	240 rooms	240 rooms	0 rooms
Density	x 40 rooms/acre	x 40 rooms/acre	x 40 rooms/acre
Hotel Growth Capacity (2050)	6 acres	6 acres	0 acres
Office Acres 2050	49 acres		
Office Acres 2018	(29) acres		
Projected Office Growth	20 acres	52 acres	32 acres
Density	x 0.85 FAR	x 0.85 FAR	x 0.85 FAR
Office Growth Capacity (2050)	740,520 square feet	1,925,352 square feet	1,184,832 square feet
Add: Fanita Office	10,000 square feet	10,000 square feet	0 square feet
Full Office Growth	750,520 square feet	1,935,352 square feet	1,184,832 square feet
Industrial Acres 2050	473 acres		
Industrial Acres 2018	(418) acres		
Projected Industrial Growth	55.0 acres	39 acres	-16 acres
Density	x 0.45 FAR	x 0.45 FAR	x 0.45 FAR
Industrial Growth Capacity (2050)	1,078,110 square feet	764,478 square feet	-313,632 square feet

[1]Fanita Ranch is processing an additional 1,554 units above the 1,395 units allocated for a total of 2,949 units.

Table D-2

Summary of Development
Scenario 2

Residential		%
Single-Family Homes	2,274	42.8%
Multifamily Units		
For Sale	1,137	21.4%
For Rent	1,905	35.8%
Total	3,042	
Total Residential	5,316	

Non Residential	Gross	Building Efficiency	Net Rentable	Vacancy %[1]	Occupied	
Retail (SF)	157,332	90%	141,599	5%	134,519	
Office (SF)	750,520	85%	637,942	5%	606,045	
Hotel (Rooms)	240	---	---	---	---	
Industrial (SF)	1,078,110	100%	1,078,110	5%	1,024,205	
Total Non Residential					1,764,768	Square Feet
					240	Rooms

[1]Per CoStar vacancy rates are below 5% for office, retail and industrial. LMA is assuming a stabilized level of 5%

2Includes 50,000 SF of retail and 10,000 SF of office at Fanita Ranch (excludes 20,000 SF of commercial agriculture)

Table D-3

Estimated Assessed Value of Development
Scenario 2

Residential	Units	Price/Units	Total Assessed Value
Single-Family Homes	2,274	$650,000	$1,478,245,989
Multifamily Units			
For Sale	1,137	$500,000	$568,556,150
For Rent	1,905	$375,000	$714,248,663
Total Residential	5,316		$2,761,050,802

Non Residential	Gross SF/Rooms	Value /SF or Room	Total Assessed Value
Retail (SF)	157,332	$350	$55,066,144
Office (SF)	750,520	$275	$206,393,000
Hotel (SF)	240	$150,000	$36,000,000
Industrial (SF)	1,078,110	$150	$161,716,500
Total Non Residential	1,985,962 SF 240 Rooms		$459,175,644

Total Assessed Value	$3,220,226,446

Table D-4

Estimated Employee and Populations of Development
Scenario 2

Residential	Units	Vacancy Factor	Persons/Unit[1]	Total Resident Population
Single-Family Homes	2,274	3.5%	2.8	6,145
Multifamily Units				
For Sale	1,137	3.5%	2.5	2,743
For Rent	1,905	3.5%	1.75	3,216
Total/Average	**5,316**	**3.5%**		**12,104**

Non Residential	Occupied SF/Rooms	Employment Factor[2]	Total Employees
Retail (SF)	134,519	1.0 per 500 SF	269
Office (SF)	606,045	1.0 per 200 SF	3,030
Hotel (SF)	240	0.6 per Room	144
Industrial (SF)	1,024,205	1.0 per 500 SF	2,048
Total	**1,764,768**		**5,492**

Total Employees and Population	17,596

[1]Per California DOF

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

Table D-5

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

Scenario 2

I. Property Tax		
Estimated Value		$3,220,226,446
Property Tax Rate	1.0%	$32,202,264
City Portion[1]		20.864%
Total Property Tax to City		**$6,718,648**
II. Motor Vehicle License Fees		
Estimated Value		$3,220,226,446
License Fee (per $1,000 in AV growth)		$0.9454
Total Property Tax in-lieu of VLF		$3,044,546
Total Property Tax in-lieu of VLF		**$3,044,546**
III. Property Transfer Tax		
A. Residential Property Value		$2,761,050,802
Transfer Tax (per $1,000)		$0.55
Total Transfer Tax		$1,518,578
Turnover Rate		10%
Net Transfer Tax		$151,858
B. Non Residential Property Value		$459,175,644
Transfer Tax (per $1,000)		$0.55
Total Transfer Tax		$252,547
Turnover Rate		10%
Net Transfer Tax		$25,255
Total Property Transfer Tax (Annualized)		**$177,112**

[1]City of Santee

Table D-6

Estimate of Annual Recurring Revenues - Direct Sales and Use Tax

Scenario 2

I. Retail				
Retail (Occupied)			134,519	SF
Sales Production/SF			$350	/SF
Taxable Sales	75%		$35,311,165	
City Portion of Sales Tax	**1.00%**		**$353,112**	**/Year**

II. Spending by Hotel Visitors				
Hotel Rooms			240	Rooms
Average Daily Rate			$130	
Occupancy			75%	
Room Revenue			$8,541,000	
Food & Beverage @	35%	of Room Rev	$2,989,350	
Taxable Sales Captured in City			100%	
City Potion of Sales Tax	**1.00%**		**$29,894**	**/Year**

III. Industrial				
Industrial (Occupied)			1,024,205	SF
Sales Productivity/SF			$25	/SF
Taxable Sales	80%		$20,484,090	
City Portion of Sales Tax	**1.00%**		**$204,841**	**/Year**

IV. Total Direct Sales Tax	$587,846	/Year

Table D-7

Estimate of Annual Recurring Revenues - Indirect Sales Tax (Spending by Residents)
Scenario 2

I. Estimate of Household Income		Single-Family For Sale	Multi-Family For Sale	Multi-Family Rental
Average Sales Price / Average Monthly Rent		$650,000	$500,000	$2,250
Down Payment	10%	$65,000	$50,000	
Loan Amount		$585,000	$450,000	
Interest Rate		6.00%	6.00%	
Terms (Years)		30	30	
Annual Mortgage Payment / Rent		$42,088	$32,376	$27,000
HOA	$200 /month	$2,400	$2,400	$0
Maintenance / Insurance	$50 /month	$600	$600	$0
Property Taxes	1.10%	$7,150	$5,500	$0
Total Annual Costs		$52,238	$40,876	$27,000
% of Income Spent on Housing		35%	35%	30%
Annual Income Required		$149,253	$116,788	$90,000
II. Number of Households				
Total Number of Residential Units		2,274	1,137	1,905
Occupancy Rate		100.0%	100.0%	96.5%
Total Number of Full-Time Equivalent Households		2,195	1,137	1,838
III. Aggregate Household Income				$625,752,954

IV. Annual Spending by Households	Allocation of Household Income to Taxable Spending[1]	Estimated Annual Taxable Spending
General Merchandise	10.36%	$64,824,947
Apparel	2.84%	$17,789,204
Home Furnishings	3.15%	$19,683,446
Other Retail Stores	2.42%	$15,135,292
Misc. Retail Stores	0.28%	$1,749,286
Eating Drinking Establishments	5.57%	$34,867,759
Food Stores (Not Taxable)	----	----
Other Community-Oriented Stores	2.81%	$17,598,325
Total Taxable Retail Expenditures	**27.43%**	**$171,648,259**
Spending Captured by City of Santee	75%	$128,736,194
City Portion of Sales Tax	1.00%	$1,287,362
Total Sales Tax - New Resident Expenditures		**$1,287,362**

Table D-8

Estimate of Annual Recurring Revenues - Office Employee Spending

Scenario 2

I. Estimate of New Office Space (Occupied)		606,045	
Estimate of New Office Employment			
SF per Office Worker		200	SF
Total New Office Workers		3,030	Workers
Expenditure per Worker per Day		$20	
Number of Working Days in Year[1]		241	
II. Total Annual Retail Expenditures by Office Workers		$14,605,682	
III. Taxable Sales @	80%	$11,684,546	
IV. City Portion of Sales Tax @	1.00%	$116,845	
V. Total Indirect Sales Tax - Office Employee Spending		**$116,845**	

[1]US Census

Table D-9

Estimate of Annual Recurring Revenues - Industrial Employee Spending

Scenario 2

I. Estimate of Occupied New Industrial Space		1,024,205	
Estimate of New Industrial Employment			
SF per Industrial Worker		500	SF
Total New Industrial Workers		2,048	Workers
Expenditure per Worker per Day		$15	
Number of Working Days in Year[1]		241	
II. Total Annual Retail Expenditures by Industrial Workers		$7,404,999	
III. Taxable Sales @	80%	$5,923,999	
IV. City Portion of Sales Tax @	1.00%	$59,240	
V. Total Indirect Sales Tax - Industrial Employee Spending		**$59,240**	

[1]Based on data provided by ICSC Office Worker Retail Spending report, 2003. Adjusted to reflect 2018 dollars

Table D-10

Estimate of Annual Recurring Revenues - Total Sales and Use Tax

Scenario 2

I. Direct Sales Tax	
Retail	$353,112
Hotel	$29,894
Industrial	$204,841
Total Direct Sales Tax	$587,846
II. Add: Indirect Sales Tax - New Resident Spending	$1,287,362
III. Add: Indirect Sales Tax - Office Employee Spending	$116,845
IV. Add: Indirect Sales Tax - Industrial Employee Spending	$59,240
V. Total Sales and Use Tax	**$2,051,293**

Table D-11

Incremental Transient Occupancy Tax

Scenario 2

Number of Rooms	240
Average Daily Rate	$130
Occupancy	75%
Total Hotel Receipts	$8,541,000
Transient Occupancy Tax Rate	10%
V. Total Sales and Use Tax	**$854,100**

Table D-12

Estimate of Annual Recurring Revenues - Other Revenues

Scenario 2

	Total Population[1]	Total Emploment[2]	Total Population / Jobs	Total Resident Equivalents[3]
City of Santee	56,994	28,300	85,294	66,427
Prototype Employment	12,104	5,492	17,596	13,935

	City of Santee FY 2018-19 Budget	Total City Wide Resident Equivalents	Amount per Resident Equivalent	Prototype Development New Resident Equivalents	Total Revenues
Licenses and Permits	$1,506,800	66,427	$22.68	13,935	$316,088
Franchise Fees	$3,171,700	66,427	$47.75	13,935	$665,342
Fines and Forfeitures	$157,300	66,427	$2.37	13,935	$32,998
Intergovernmental	$291,100	66,427	$4.38	13,935	$61,065
Total Other Revenues					$1,075,493

[1]Per California Department of Finance

[2]Per California Employment Development Department

[3]LMA estimation that three employees have same impact as one resident

Table D-13

Summary of Annual Recurring Revenues at Buildout

Scenario 2

	Total	% of Total
Property Tax	$6,718,648	48.3%
Property Tax in-lieu of VLF	$3,044,546	21.9%
Sales and Use Tax	$2,051,293	14.7%
Licenses and Permits	$316,088	2.3%
Transient Occupancy Tax	$854,100	6.1%
Intergovernmental	$61,065	0.4%
Franchise Fees	$665,342	4.8%
Fines and Forfeitures	$32,998	0.2%
Property Transfer Tax	$177,112	1.3%
Total Annual Recurring Revenues to General Fund	$13,921,193	100.0%

Table D-14

Estimate of Annual Recurring Expenditures
Scenario 2

	Total Population[1]	Total Emploment[2]	Total Population / Jobs	Total Resident Equivalents[3]
City of Santee	56,994	28,300	85,294	66,427
Prototype Employment	12,104	5,492	17,596	13,935

	City of Santee FY 2018-19 Budget	Total City Wide Resident Equivalents	Amount per Resident Equivalent	Prototype Development New Resident Equivalents	Total Expenditures
Development Services	$4,341,360	66,427	$65.36	13,935	$910,706
Community Services	$4,531,160	66,427	$68.21	13,935	$950,522
Law Enforcement	$14,495,400	66,427	$218.21	13,935	$3,040,765
Fire and Life Safety	$13,374,570	66,427	$201.34	13,935	$2,805,643
General Government	$5,423,600	66,427	$81.65	13,935	$1,137,733
Total Annual Expenditures					$8,845,369

Table D-15

Summar of Annual Recurring Expenditures
Scenario 2

	Total	% of Total
Development Services	$910,706	10.3%
Community Services	$950,522	10.7%
Law Enforcement	$3,040,765	34.4%
Fire and Life Safety	$2,805,643	31.7%
General Government	$1,137,733	12.9%
Total Annual Recurring Expenditures	$8,845,369	100.0%

Table D-16

Estimate of Stabalized Fiscal Impact of New Development Through Build-Out

Scenario 2

City of Santee - General Fund	Totals	% of Total
I. Annual Reccuring Revenues		
Property Tax	$6,718,648	48.3%
Property Tax in-lieu of VLF	$3,044,546	21.9%
Sales and Use Tax	$2,051,293	14.7%
Licenses and Permits	$316,088	2.3%
Transient Occupancy Tax	$854,100	6.1%
Intergovernmental	$61,065	0.4%
Franchise Fees	$665,342	4.8%
Fines and Forfeitures	$32,998	0.2%
Property Transfer Tax	$177,112	1.3%
Total Annual Revenues	**$13,921,193**	**100.0%**
II. Annual Reccuring Expenditures		
Development Services	$910,706	10.3%
Community Services	$950,522	10.7%
Law Enforcement	$3,040,765	34.4%
Fire and Life Safety	$2,805,643	31.7%
General Government	$1,137,733	12.9%
Total Annual Expenditures	**$8,845,369**	**100.0%**
III. Annual Recurring Surplus/(Deficit)	**$5,075,824**	

Table D-17

Impact Fees and Improvements

Fanita Ranch Full Buildout

I. Impact Fees and Improvements	Total
Park in Lieu Fee	$21,700,000
Public Facilities	$17,800,164
Drainage	$9,200,000
Traffic Mitigation	$8,800,000
Traffic Signal	$884,700
Reg. Transportation Congestion Improvement Program	$7,089,396
School Fees (K-8) - Community	$15,334,800
School Fees (High School) - Community	$7,372,500
Sewer Capacity - Community	$17,578,989
Water Capacity - Community	$26,688,450
Total Value of Community Benefits	$132,448,999
II. Total Community Benefits Realized by City of Santee	**$132,448,999**

Source: London Moeder Advisors, City of Santee, CalTrans

Appendix E – Scenario 3

Table E-1

Scenario 3 - No Fanita Ranch or Expanded Ind./Res.
2018 - 2050

Land Use	Demand	Capacity	Diff.
Residential	5,316 Units	2,101 Units	-3,215 Units

	Estimate/Projection	Data Source
Projected Dwelling Units (2050)	26,005	SANDAG Series 14 Forecast (Preliminary)
Existing Dwelling Units (2018)	(20,689)	California Department of Finance
Projected Dwelling Unit Demand	5,316	
Series 14 Capacity (2017)[1]	3,496	City of Santee
Minus Additional Units in Process	(1,395)	
Remaining Capacity	2,101	
Unit Shortage	3,215 Units	

Land Use	Demand	Capacity	Diff.
Retail Acres 2050	400 acres		
Retail Acres 2018	(393) acres		
Projected Retail Growth	7 acres	38 acres	31 acres
Density	x 0.35 FAR	x 0.35 FAR	x 0.35 FAR
Retail Growth Capacity (2050)	107,332 square feet	579,348 square feet	472,016 square feet
Hotel Rooms 2050	398 rooms		
Hotel Rooms 2018	(158) rooms		
Projected Hotel Growth	240 rooms	240 rooms	0 rooms
Density	x 40 rooms/acre	x 40 rooms/acre	x 40 rooms/acre
Hotel Growth Capacity (2050)	6 acres	6 acres	0 acres
Office Acres 2050	49 acres		
Office Acres 2018	(29) acres		
Projected Office Growth	20 acres	52 acres	32 acres
Density	x 0.85 FAR	x 0.85 FAR	x 0.85 FAR
Office Growth Capacity (2050)	740,520 square feet	1,925,352 square feet	1,184,832 square feet
Industrial Acres 2050	473 acres		
Industrial Acres 2018	(418) acres		
Projected Industrial Growth	55.0 acres	39 acres	-16 acres
Density	x 0.45 FAR	x 0.45 FAR	x 0.45 FAR
Industrial Growth Capacity (2050)	1,078,110 square feet	764,478 square feet	-313,632 square feet

[1]Includes 1,395 units at Fanita Ranch

Table E-2

Summary of Development
Scenario 3

Residential		%
Single-Family Homes	899	42.8%
Multifamily Units		
For Sale	449	21.4%
For Rent	753	35.8%
Total	1,202	
Total Residential	2,101	

Non Residential	Gross	Building Efficiency	Net Rentable	Vacancy %[1]	Occupied	
Retail (SF)	107,332	90%	96,599	5%	91,769	
Office (SF)	740,520	85%	629,442	5%	597,970	
Hotel (Rooms)	240	---	---	---	---	
Industrial (SF)	764,478	100%	764,478	5%	726,254	
Total Non Residential					1,415,993	Square Feet
					240	Rooms

[1]Per CoStar vacancy rates are below 5% for office, retail and industrial. LMA is assuming a stabilized level of 5%

Table E-3

Estimated Assessed Value of Development
Scenario 3

Residential	Units	Price/Units	Total Assessed Value
Single-Family Homes	899	$650,000	$584,235,294
Multifamily Units			
For Sale	449	$500,000	$224,705,882
For Rent	753	$375,000	$282,286,765
Total Residential	2,101		$1,091,227,941

Non Residential	Gross SF/Rooms	Value /SF or Room	Total Assessed Value
Retail (SF)	107,332	$350	$37,566,144
Office (SF)	740,520	$275	$203,643,000
Hotel (SF)	240	$150,000	$36,000,000
Industrial (SF)	764,478	$150	$114,671,700
Total Non Residential	1,612,330 SF 240 Rooms		$391,880,844

Total Assessed Value	$1,483,108,785

Table E-4

Estimated Employee and Populations of Development
Scenario 3

Residential	Units	Vacancy Factor	Persons/Unit[1]	Total Resident Population
Single-Family Homes	899	3.5%	2.8	2,429
Multifamily Units				
For Sale	449	3.5%	2.5	1,084
For Rent	753	3.5%	1.75	1,271
Total/Average	**2,101**	**3.5%**		**4,784**

Non Residential	Occupied SF/Rooms	Employment Factor[2]	Total Employees
Retail (SF)	91,769	1.0 per 500 SF	184
Office (SF)	597,970	1.0 per 200 SF	2,990
Hotel (SF)	240	0.6 per Room	144
Industrial (SF)	726,254	1.0 per 500 SF	1,453
Total	**1,415,993**		**4,770**

Total Employees and Population	9,554

[1]Per California DOF

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

london moeder
advisors

Table E-5

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

Scenario 3

I. Property Tax		
Estimated Value		$1,483,108,785
Property Tax Rate	1.0%	$14,831,088
City Portion (includes VLF)[1]		20.864%
Total Property Tax to City		**$3,094,343**

II. Motor Vehicle License Fees	
Estimated Value	$1,483,108,785
License Fee (per $1,000 in AV growth)	$0.9454
Total Property Tax in-lieu of VLF	$1,402,197
Total Property Tax in-lieu of VLF	**$1,402,197**

II. Property Transfer Tax	
A. Residential Property Value	$1,091,227,941
Transfer Tax (per $1,000)	$0.55
Total Transfer Tax	$600,175
Turnover Rate	10%
Net Transfer Tax	$60,018
B. Non Residential Property Value	$391,880,844
Transfer Tax (per $1,000)	$0.55
Total Transfer Tax	$215,534
Turnover Rate	10%
Net Transfer Tax	$21,553
Total Property Transfer Tax (Annualized)	**$81,571**

[1]City of Santee

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Table E-6

Estimate of Annual Recurring Revenues - Direct Sales and Use Tax

Scenario 3

I. Retail				
Retail (Occupied)			91,769	SF
Sales Production/SF			$350	/SF
Taxable Sales	75%		$24,089,290	
City Portion of Sales Tax	**1.00%**		**$240,893**	**/Year**

II. Spending by Hotel Visitors				
Hotel Rooms			240	Rooms
Average Daily Rate			$130	
Occupancy			75%	
Room Revenue			$8,541,000	
Food & Beverage @	35%	of Room Rev	$2,989,350	
Taxable Sales Captured in City			100%	
City Potion of Sales Tax	**1.00%**		**$29,894**	**/Year**

III. Industrial				
Industrial (Occupied)			726,254	SF
Sales Productivity/SF			$25	/SF
Taxable Sales	80%		$14,525,082	
City Portion of Sales Tax	**1.00%**		**$145,251**	**/Year**

IV. Total Direct Sales Tax	$386,144	/Year

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Table E-7

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

Scenario 3

I. Estimate of Household Income		Single-Family For Sale	Multi-Family For Sale	Multi-Family Rental
Average Sales Price / Average Monthly Rent		$650,000	$500,000	$2,250
Down Payment	10%	$65,000	$50,000	
Loan Amount		$585,000	$450,000	
Interest Rate		6.00%	6.00%	
Terms (Years)		30	30	
Annual Mortgage Payment / Rent		$42,088	$32,376	$27,000
HOA	$200 /month	$2,400	$2,400	$0
Maintenance / Insurance	$50 /month	$600	$600	$0
Property Taxes	1.10%	$7,150	$5,500	$0
Total Annual Costs		$52,238	$40,876	$27,000
% of Income Spent on Housing		35%	35%	30%
Annual Income Required		$149,253	$116,788	$90,000
II. Number of Households				
Total Number of Residential Units		899	449	753
Occupancy Rate		100.0%	100.0%	96.5%
Total Number of Full-Time Equivalent Households		867	449	726
III. Aggregate Household Income				$247,311,316

IV. Annual Spending by Households	Allocation of Household Income to Taxable Spending[1]	Estimated Annual Taxable Spending
General Merchandise	10.36%	$25,620,243
Apparel	2.84%	$7,030,684
Home Furnishings	3.15%	$7,779,330
Other Retail Stores	2.42%	$5,981,800
Misc. Retail Stores	0.28%	$691,356
Eating Drinking Establishments	5.57%	$13,780,504
Food Stores (Not Taxable)	----	----
Other Community-Oriented Stores	2.81%	$6,955,245
Total Taxable Retail Expenditures	**27.43%**	**$67,839,163**
Spending Captured by City of Santee	75%	$50,879,372
City Portion of Sales Tax	1.00%	$508,794
Total Sales Tax - New Resident Expenditures		**$508,794**

Table E-8

Estimate of Annual Recurring Revenues - Office Employee Spending

Scenario 3

I. Estimate of New Office Space (Occupied)		597,970	
Estimate of New Office Employment			
SF per Office Worker		200	SF
Total New Office Workers		2,990	Workers
Expenditure per Worker per Day		$20	
Number of Working Days in Year[1]		241	
II. Total Annual Retail Expenditures by Office Workers		$14,411,075	
III. Taxable Sales @	80%	$11,528,860	
IV. City Portion of Sales Tax @	1.00%	$115,289	
V. Total Indirect Sales Tax - Office Employee Spending		**$115,289**	

[1]US Census

Table E-9

Estimate of Annual Recurring Revenues - Industrial Employee Spending

Scenario 3

I. Estimate of Occupied New Industrial Space		726,254	
Estimate of New Industrial Employment			
SF per Industrial Worker		500	SF
Total New Industrial Workers		1,453	Workers
Expenditure per Worker per Day		$15	
Number of Working Days in Year[1]		241	
II. Total Annual Retail Expenditures by Industrial Workers		$5,250,817	
III. Taxable Sales @	80%	$4,200,654	
IV. City Portion of Sales Tax @	1.00%	$42,007	
V. Total Indirect Sales Tax - Industrial Employee Spending		**$42,007**	

[1]Based on data provided by ICSC Office Worker Retail Spending report, 2003. Adjusted to reflect 2018 dollars

Table E-10

Estimate of Annual Recurring Revenues - Total Sales and Use Tax

Scenario 3

I. Direct Sales Tax	
Retail	$240,893
Hotel	$29,894
Industrial	$145,251
Total Direct Sales Tax	$416,037
II. Add: Indirect Sales Tax - New Resident Spending	$508,794
III. Add: Indirect Sales Tax - Office Employee Spending	$115,289
IV. Add: Indirect Sales Tax - Industrial Employee Spending	$42,007
V. Total Sales and Use Tax	**$1,082,126**

Table E-11

Incremental Transient Occupancy Tax

Scenario 2

Number of Rooms	240
Average Daily Rate	$130
Occupancy	75%
Total Hotel Receipts	$8,541,000
Transient Occupancy Tax Rate	10%
V. Total Sales and Use Tax	**$854,100**

Table E-12

Estimate of Annual Recurring Revenues - Other Revenues

Scenario 3

	Total Population[1]	Total Emploment[2]	Total Population / Jobs	Total Resident Equivalents[3]
City of Santee	56,994	28,300	85,294	66,427
Prototype Employment	4,784	4,770	9,554	6,374

	City of Santee FY 2018-19 Budget	Total City Wide Resident Equivalents	Amount per Resident Equivalent	Prototype Development New Resident Equivalents	Total Revenues
Licenses and Permits	$1,506,800	66,427	$22.68	6,374	$144,580
Franchise Fees	$3,171,700	66,427	$47.75	6,374	$304,330
Fines and Forfeitures	$157,300	66,427	$2.37	6,374	$15,093
Intergovernmental	$291,100	66,427	$4.38	6,374	$27,932
Total Other Revenues					$491,934

[1]Per California Department of Finance

[2]Per California Employment Development Department

[3]LMA estimation that three employees have same impact as one resident

Table E-13

Summary of Annual Recurring Revenues at Buildout

Scenario 3

	Total	% of Total
Property Tax	$3,094,343	44.2%
Property Tax in-lieu of VLF	$1,402,197	20.0%
Sales and Use Tax	$1,082,126	15.4%
Licenses and Permits	$144,580	2.1%
Transient Occupancy Tax	$854,100	12.2%
Intergovernmental	$27,932	0.4%
Franchise Fees	$304,330	4.3%
Fines and Forfeitures	$15,093	0.2%
Property Transfer Tax	$81,571	1.2%
Total Annual Recurring Revenues to General Fund	$7,006,272	100.0%

Table E-14

Estimate of Annual Recurring Expenditures
Scenario 3

	Total Population[1]	Total Emplomment[2]	Total Population / Jobs	Total Resident Equivalents[3]
City of Santee	56,994	28,300	85,294	66,427
Prototype Employment	4,784	4,770	9,554	6,374

	City of Santee FY 2018-19 Budget	Total City Wide Resident Equivalents	Amount per Resident Equivalent	Prototype Development New Resident Equivalents	Total Expenditures
Development Services	$4,341,360	66,427	$65.36	6,374	$416,561
Community Services	$4,531,160	66,427	$68.21	6,374	$434,772
Law Enforcement	$14,495,400	66,427	$218.21	6,374	$1,390,857
Fire and Life Safety	$13,374,570	66,427	$201.34	6,374	$1,283,312
General Government	$5,423,600	66,427	$81.65	6,374	$520,403
Total Annual Expenditures					$4,045,905

Table E-15

Summary of Annual Recurring Expenditures
Scenario 3

	Total	% of Total
Development Services	$416,561	10.3%
Community Services	$434,772	10.7%
Law Enforcement	$1,390,857	34.4%
Fire and Life Safety	$1,283,312	31.7%
General Government	$520,403	12.9%
Total Annual Recurring Expenditures	$4,045,905	100.0%

Table E-16

Estimate of Stabilized Fiscal Impact of New Development Through Build-Out

Scenario 3

City of Santee - General Fund	Totals	% of Total
I. Annual Recurring Revenues		
Property Tax	$3,094,343	44.2%
Property Tax in-lieu of VLF	$1,402,197	20.0%
Sales and Use Tax	$1,082,126	15.4%
Licenses and Permits	$144,580	2.1%
Transient Occupancy Tax	$854,100	12.2%
Intergovernmental	$27,932	0.4%
Franchise Fees	$304,330	4.3%
Fines and Forfeitures	$15,093	0.2%
Property Transfer Tax	$81,571	1.2%
Total Annual Revenues	**$7,006,272**	**100.0%**
II. Annual Recurring Expenditures		
Development Services	$416,561	10.3%
Community Services	$434,772	10.7%
Law Enforcement	$1,390,857	34.4%
Fire and Life Safety	$1,283,312	31.7%
General Government	$520,403	12.9%
Total Annual Expenditures	**$4,045,905**	**100.0%**
III. Annual Recurring Surplus/(Deficit)	**$2,960,367**	

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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.

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Contact Information

This analysis was prepared by London Moeder Advisors and commissioned by the City of Santee.

Research for this project was completed in September 2018. 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. **Robert Martinez, Senior** Analyst, conducted analysis and prepared the exhibits in this report. **Michael McFadden**, Analyst, conducted analysis and prepared exhibits in this report. **Gary London,** Senior Principal, provided strategic consultation and recommendations. For further information or questions contact us at:

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