

ATTACHMENT A:
PDS DEVELOPMENT
FEASIBILITY ANALYSIS

Development Feasibility Analysis

Examining Constraints and Opportunities to Housing Development in
Four Unincorporated San Diego County Communities:
Buena Creek, Valle de Oro/Casa de Oro, Lakeside, and Spring Valley

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01. EXECUTIVE SUMMARY

In early 2022, the County of San Diego (County) initiated the “Development Feasibility Analysis” (DFA) as one of its many endeavors to respond to the region’s housing crisis. The DFA was directed by the County Board of Supervisors (Board) as a study to identify barriers to housing development and potential solutions to support more housing. The DFA served as a pilot study to identify and validate the barriers to housing development within four unincorporated communities so that the County could better support and facilitate housing near transit, jobs, essential services, and ample supportive infrastructure such as water and sewer utilities, sidewalks, and bike lanes.

A key goal of the DFA was to identify challenges and opportunities to support housing production in unincorporated parts of Buena Creek, Valle de Oro/Casa de Oro, Lakeside, and Spring Valley, collectively referred to as “DFA areas,” four vehicle miles travelled (VMT)-efficient and infill communities, each characterized as being close to neighboring incorporated cities and amenities essential to daily life, such as restaurants, grocery stores, and job centers.

Through the completion of the DFA technical analyses (e.g., financial, market, land use, and infrastructure) and stakeholder outreach, which are summarized in the body of this report, this executive summary identifies the key factors limiting housing development and strategies to remove housing barriers. The DFA includes recommendations that support healthy, balanced communities with access to community amenities such as libraries, parks, grocery stores, and supportive infrastructure. The study also included a parcel-level analysis to identify areas where housing capacity could be increased. However, stakeholder feedback emphasized the need to address key barriers before considering land use change. As a result, the final recommendations focus policy strategies and programmatic actions that were determined to have the greatest potential in addressing barriers to housing development.

The County engaged with community members, businesses, property owners, community organizations, and housing industry experts – including infill, market rate, and affordable housing developers as well as land use attorneys – to identify barriers to housing production. Through this effort, strategies were identified to address barriers to housing development and support the communities’ vision for revitalization such as more access to amenities, sidewalks, bike lanes, and jobs. Throughout the engagement efforts, the County sought to both inform the public and ground truth the technical analyses by involving residents, businesses, and a broader network of industry stakeholders interested in developing housing in the County of San Diego.

Extensive stakeholder outreach was conducted to discuss the initial DFA findings, including 60 outreach events with more than 900 participants, and distributing 679 mailers and 11,573 postcards. This outreach aimed to validate the results of the technical analyses and ensure we heard community voices. Recognizing the importance of inclusive communities, the team prioritized engagement by meeting

residents where they are to facilitate meaningful participation in the project. The technical analyses evaluated infrastructure availability and capacity, market conditions, financial feasibility of various housing typologies, and land use alternatives to identify opportunities for land use changes beyond existing conditions. Key findings from the technical analyses are outlined below.

A Water and Sewer Infrastructure Analysis (Exhibit B) evaluated the availability, location, and capacity of water and sewer services within the DFA areas. The analysis assessed existing pipeline infrastructure to determine its ability to support development under current land use designations. Findings indicate that water and sewer services are generally adequate to accommodate development under the current General Plan land use designations. The analysis focused on the DFA areas, and while capacity was found to be adequate overall, improvements may be needed for individual developments. If housing densities exceed the General Plan build out assumptions, additional water and sewer upgrades would be necessary. Additionally, water and sewer services within each of the DFA areas are provided by multiple agencies, requiring coordination with various entities if infrastructure upgrades are needed.

The County's Department of Public Works (DPW) prepared an Infrastructure Gap Analysis (IGA) for the DFA areas (Exhibit B) to evaluate roadway infrastructure and identify opportunities for improvement. The IGA identified key roadways and improvements that could enhance connectivity between specific parcels and important community amenities, open spaces, and public transit within the DFA areas. DPW found that roadway infrastructure is not a major constraint to housing development in Valle de Oro/Casa de Oro, Lakeside, or Spring Valley—although there are potential opportunities in these areas to enhance multimodal connectivity and transform key roadways into vibrant community spaces (such as bike lanes and sidewalks). In Buena Creek, however, the IGA determined that substantial investments in roadway infrastructure would likely be required to support General Plan densities. Roadways near the Buena Creek Sprinter Station are impacted by peak period congestion and stoppages related to rail service, but improvements are constrained by sensitive environmental resources along Buena Creek and the need to realign the roadway to its planned configuration. Infrastructure enhancements consistent with the Mobility Element could help support future housing growth in this community.

The Market Feasibility Assessment (Exhibit C) examined housing supply and demand, housing trends, and localized demographics within the DFA areas. This informed the Financial Feasibility Analysis (Exhibit D), which evaluated various housing typologies – including single family homes, townhomes, high density stacked-flat apartments, and garden style apartments – in terms of demand, cost factors, and potential returns on investment. The analyses estimated that by 2050, the combined DFA areas have the market demand for an additional 3,478 to 5,126 dwelling units (DU). While there is some variability across communities, the Financial Feasibility Analysis generally indicated that small-lot single family homes and townhomes are the most financially feasible housing types, whereas garden-style apartments are moderately feasible, and stacked-flat apartments are not financially feasible in most DFA areas within the next 10 years. Key factors impacting housing development include construction cost, infrastructure

requirements and cost, permitting process time and cost, and the trend for home prices and rents to rise beyond what most local households can afford. If any of these factors were to change, the market and financial feasibility would change as well.

A Land Use Analysis (Exhibit E) was prepared to evaluate potential DU yields, land conditions, land constraints pertaining to housing development, and potential land use changes to increase the allowable DUs on specific vacant and underutilized parcels. Several land use alternative scenarios were evaluated, each with the goal of assessing potential DU increases to support additional housing unit capacity. The analysis estimated that under current land use designations, parcels with high redevelopment potential (including both vacant and underutilized parcels) represent a potential of 6,258 DUs across the combined DFA areas. However, underutilized parcels (parcels containing some level of existing development) are more expensive to develop than vacant parcels, further reducing the likelihood of redevelopment based on current market conditions. Considering only vacant parcels within the DFA areas, the capacity for housing is reduced to only 560 DUs. Additionally, the land use analysis found that across the DFA areas, new housing development is typically occurring at densities below what is allowable by the General Plan. Although density increases could be supported on some parcels, land use changes to support additional density is not recommended in the near term as it could artificially raise land prices, further affecting financial feasibility for housing. However, land use changes are recommended to be evaluated comprehensively as part of future Specific Plans or as part of the Sustainable Land Use Framework (Framework).

These results of the DFA analysis revealed the following key barriers to development:

1. Market conditions do not currently support development or redevelopment, as supportable sales prices in DFA areas are substantially lower than current regional market values. Housing development projects, to support the local affordability, can only support land prices below current market values.
2. Developable land is limited.
3. Regulations are complicated and the discretionary process can be costly and time-consuming for developers. VMT mitigation and standards are confusing and unclear.
4. Current development regulations (e.g., zoning standards such as setbacks, minimum lot sizes, height and building types) can prevent General Plan densities from being achieved.
5. Housing that is attainable for current residents is a challenge.
6. Coordination with external utility service providers (e.g., water, sewer) can be complex, and stormwater compliance can add significant costs to housing development.
7. Amenities such as parks, sidewalks, bike lanes, and job centers are lacking, creating barriers to housing development and hindering economic development and placemaking.

DFA Recommendations

Through the evaluation of market, financial, land use, and infrastructure conditions and in-depth stakeholder engagement regarding barriers to housing within DFA areas, eight actionable recommendations were identified. These recommendations aim to address these key barriers to development and highlight strategic opportunities that support housing production in the near and long term. These recommendations align with and expand upon the County's existing Board-directed initiatives such as the Housing Element Implementation Plan, Removing Barriers to Housing program, and the County's ongoing work to develop the Framework.

Prioritize Infrastructure Investments to Support Housing within DFA Communities. Each DFA community has unique needs for infrastructure investments. Some investments—such as sidewalks, bike lanes, parks and libraries—while not required, would increase community desirability and over time, potentially incentivizing demand for housing. Other infrastructure needs to more directly contribute to developers' investments and could remove barriers to housing, such as funding for major roadway improvements or regional stormwater infrastructure. This recommendation would evaluate opportunities to prioritize Capital Improvement Plan (CIP) funding for sidewalks, bike lanes, and other mobility improvements such as landscaped parkways and trees that align with County's Climate Action Plan (CAP) goals. Within Buena Creek, evaluating and prioritizing transportation infrastructure constraints—specifically around the Sprinter Station, in coordination with the North County Transit District and surrounding cities could reduce developer costs associated with infrastructure investments ultimately needed to support housing. Addressing infrastructure constraints strategically and in alignment with demand for housing would ensure investments are focused in ways that support housing production over the long term. While upgrades to water and sewer infrastructure are not needed in the short term to serve planned densities, these investments may be needed if densities are increased. Identifying a prioritization strategy for CIP investments can be achieved in the near-term, while overall infrastructure investments will be a long-term effort.

Advance Community Revitalization Through Workforce Development. This recommendation calls for leveraging the County's Office of Economic Development and Government Affairs to encourage new employment opportunities to support economic vitality in DFA communities to attract more investments and improve market conditions for housing. Fostering job creation, supporting small businesses, and developing opportunities for workforce development would improve local economic conditions, increase purchasing power for local residents, and uplift DFA communities.

Expand Land Availability for Housing. This recommendation calls on expanding the availability of land suitable for housing development by exploring updates to the Zoning Ordinance or other policies to facilitate housing on educational, religious, and institutional sites, in addition to surplus county land. Increasing availability of land suitable for housing and providing added flexibility for housing development on surplus county land encourages more housing construction.

Amend County Regulations to Increase Certainty and Flexibility to Maximize Housing

Development. This near-term recommendation is to update zoning regulations to ensure the current General Plan's densities can be achieved. This could be done by providing more flexibility in housing regulations in areas such as setbacks, height, and housing typologies. This aligns with an existing Housing Element implementation action that would effectively reduce processing time and cost associated with a need for rezones or other discretionary actions to achieve planned densities. Ensuring development regulations allow for planned densities would provide developers with more clarity on an area's development potential. This action also recommends clarifying County VMT regulations to increase certainty for housing development.

Fast Track Housing Permitting and Boost Resources to Incentivize Housing.

This recommendation calls to implement streamlining efforts at all stages of County permitting to reduce developers' cost and time in obtaining housing entitlements. This includes exploring options to expand on existing self-certification programs and shifting more permits from discretionary to ministerial. This recommendation would also boost resources and assistance to local developers to encourage unincorporated area housing production. This recommendation includes near term actions including bringing forward solutions for more housing streamlining as part of the Grading Ordinance and By-Right Housing project by 2027.

Pursue Funding to Build More Affordable Housing. This recommendation calls to identify new funding streams to increase the number of deed restricted affordable housing units on the market, which is not viable for developers without public investments. In addition to increasing the overall supply of affordable housing, adopting a local Inclusionary Housing Ordinance for the unincorporated area would support home production at a variety of affordability levels, in addition to offering a new funding stream for overall deed-restricted units through in-lieu fees.

Advocate for Legislation that Supports Housing. This recommendation calls for the County to use its legislative program to advocate for housing supportive legislation, including support for housing streamlining opportunities, funding for affordable housing, and other actions supportive of addressing the housing crisis.

Explore Targeted Planning Efforts and Specific Plans in Buena Creek, Lakeside, and Spring

Valley. Through the DFA stakeholder outreach, several community specific recommendations and needs were identified. Through targeted planning efforts, such as Specific Plans, a more cohesive community vision can be defined to support community based placemaking and community identity. Targeted planning would also serve as a vehicle to explore funding mechanisms such as grants, EIFDs, CFDs, Special Assessments, LLMDs, or CDBGs to support community investments.

The technical analyses identified opportunities for infrastructure improvements and land use changes that could support growth in DFA areas, and findings from the infrastructure analysis would inform future planning efforts and investment prioritization. Similarly, potential land use changes, while not recommended in the near term, would be explored as part of future Specific Plans and/or the Framework. For more information, refer to the Recommendations section of the report.

To advance DFA recommendations, County staff submitted a Smart Growth Incentive Program (SGIP) Cycle 6 grant application in spring 2025 to pursue funding for the creation of a Buena Creek Specific Plan. This application builds on DFA findings by proposing a comprehensive vision for land use, mobility, equity, and housing production around the Sprinter station. In addition, to support funding for community revitalization and investments within the Casa de Oro Specific Plan, the County facilitated a Business Improvement District Survey to gauge the need and level of interest in pursuing financing and maintenance district options to support improvements along the Campo Road commercial corridor and surrounding community.

These initiatives illustrate how DFA recommendations are being implemented to advance community revitalization, prioritize infrastructure investments, and support housing production.

02. PROJECT OVERVIEW

Background Context

In early 2022, County of San Diego (County) staff initiated the Development Feasibility Analysis (DFA) study as part of a broader work program termed the Sustainable Land Use Framework (Framework). Engagement consisted of community and focus group meetings conducted between March 2022 and February 2023. These inputs led to the strategic selection of four areas (collectively referred to as "DFA areas") for focused analysis, depicted in Figure 1, to set the stage for actionable solutions to housing development challenges in the unincorporated areas of the County of San Diego. The DFA areas, Buena Creek, Valle de Oro/Casa de Oro, Lakeside, and Spring Valley represent locations characterized by:

- 1) Opportunities to streamline new housing productions
- 2) Proximity to transit
- 3) Funding opportunities for infrastructure investments
- 4) Alignment with other County initiatives, and
- 5) Environmental justice considerations.¹

Following the initial phase of outreach, County staff met with Community Planning and Sponsor Groups (CPSGs) in the fall of 2023 to introduce the DFA study scope and schedule. This outreach phase was coupled with preliminary technical analysis to identify portions of the DFA areas with significant physical constraints (e.g., steep slopes, wetlands.) to development. Phase 1 efforts provided valuable insights, identifying initial barriers to development and highlighting community needs. On December 6, 2023, (9) County staff returned to the Board with the results from Phase 1 of the DFA study. Phase 2 of the DFA commenced in winter of 2024 and is outlined in the project activities section below.

Figure 1. The four initial unincorporated DFA communities



¹ Lakeside and Spring Valley are both adjacent to Environmental Justice Communities per the County's General Plan EJ Element. Environmental Justice Communities are geographic areas that exhibit relatively high vulnerability related to pollution exposure, environmental threats, population sensitivity, and socioeconomic factors, amongst other considerations.

Project Activities

Engagement

Public engagement took place over three phases. This report focuses on the process and results of phases 2 and 3. Phase 1, which took place from summer to winter 2023, introduced the County team, provided an overview of the DFA, and gathered initial feedback on how community members would like to be engaged. Phase 2 reconnected with the public regarding the scope and purpose of the DFA project, set a shared understanding of the project context, and collected insight and information on the lived experiences of the residents, community members, and industry professionals in the DFA areas and unincorporated County. Phase 3 engagement reported technical findings, recaptured what was heard in Phase 2, and presented preliminary recommendations for feedback. Feedback from public engagement is included in Exhibit A.

Phase 2 and 3 engagement activities included:

- **Small Group Interviews** with developers, building industry professionals, community leaders, and relevant organizations.
- **Pop-Up Intercepts** reaching wide swathes of the public at existing community events, school events, and high-traffic commercial locations.
- **Listening Sessions and Focused Group Interviews** on topics of interest with specific groups and organizations, County working groups, property owners of select parcels of interest, and bordering jurisdictions.
- **Attendance at CPSG Meetings**, to provide presentations, project updates, and guided discussions at each of the four CPSGs representing DFA areas.
- **Virtual Workshops** including an Industry Workshop and a Public Workshop that involved presentations and guided discussions.
- **Meetings with Developers** included focused small group meetings and one on one interviews.

To advertise these activities, staff sent emails, provided DFA flyers in English and Spanish, coordinated with community based organizations (CBOs), County Parks, County Library, Live Well SD, utilized social media (e.g., Nextdoor, Facebook, Instagram, X)), and developed a website with a public question and answer section where the information could be accessed in various languages. Staff mailed invitations to 520 property owners of vacant and underutilized parcels within the DFA areas and sent 11,573 postcards in English and Spanish to properties within the DFA areas. Additionally, staff mailed invitation letters to 159 property owners where land use changes were being evaluated.

All engagement activities with dates and types of activity can be found in Table 3 below.

<i>Table 3. Engagement Activities Conducted as Part of the DFA Phase 2 and Phase 3 Project</i>		
No.	Completed Engagement Activity	Date of Activity
1	<i>Small Group Interview</i>	<i>March 06, 2024</i>
2	<i>Small Group Interview</i>	<i>March 06, 2024</i>
3	<i>Small Group Interview</i>	<i>March 13, 2024</i>
4	<i>Small Group Interview</i>	<i>March 14, 2024</i>
5	<i>Small Group Interview</i>	<i>March 14, 2024</i>
6	<i>Small Group Interview</i>	<i>March 25, 2024</i>
7	<i>Listening Session with the Environmental Coalition Working Group</i>	<i>April 10, 2024</i>
8	<i>Pop-Up at Casa de Oro’s “Feel Good Fest”</i>	<i>April 14, 2024</i>
9	<i>Listening Session with the Farm Bureau Working Group</i>	<i>April 16, 2024</i>
10	<i>Listening Session with the Land Development Technical Working Group</i>	<i>April 17, 2024</i>
11	<i>Listening Session with the Labor Union Working Group</i>	<i>April 18, 2024</i>
12	<i>Listening Session with the Building Industry Association Working Group</i>	<i>April 19, 2024</i>
13	<i>Pop-Up at Buena Creek Shopping Center</i>	<i>April 25, 2024</i>
14	<i>Pop-Up at Hannalei Elementary Open House</i>	<i>April 25, 2024</i>
15	<i>Pop-Up at Lakeside’s Western Day Parade</i>	<i>April 27, 2024</i>
16	<i>Pop-Up at Spring Valley Day</i>	<i>April 27, 2024</i>
17	<i>Presentation 1 at Lakeside CPG</i>	<i>May 01, 2024</i>
18	<i>Listening Session with Targeted Property Owners (invite only)</i>	<i>May 13, 2024</i>
19	<i>Listening Session with Targeted Property Owners (invite only)</i>	<i>May 15, 2024</i>
20	<i>Presentation 1 at Twin Oaks CSG</i>	<i>May 15, 2024</i>

<i>Table 3. Engagement Activities Conducted as Part of the DFA Phase 2 and Phase 3 Project</i>		
No.	Completed Engagement Activity	Date of Activity
21	<i>Listening Session with Targeted Property Owners (invite only)</i>	<i>May 17, 2024</i>
22	<i>Listening Session with City of San Marcos</i>	<i>May 28, 2024</i>
23	<i>Presentation 1 at Spring Valley CPG</i>	<i>May 28, 2024</i>
24	<i>Listening Session with City of Santee</i>	<i>May 30, 2024</i>
25	<i>Listening Session with the City of Vista</i>	<i>May 31, 2024</i>
26	<i>Listening Session with City of La Mesa</i>	<i>June 4, 2024</i>
27	<i>Listening Session with City of El Cajon</i>	<i>June 4, 2024</i>
28	<i>Presentation 2 at Valle de Oro CPG</i>	<i>July 09, 2024</i>
29	<i>Presentation 2 at Spring Valley CPG</i>	<i>July 09, 2024</i>
30	<i>Spring Valley Food Pantry Event at Spring Valley Library</i>	<i>July 11, 2024</i>
31	<i>Community Climate Conversations</i>	<i>July 15, 2024</i>
32	<i>Presentation 2 at Twin Oaks CSG</i>	<i>July 17, 2024</i>
33	<i>North County Food Bank Produce + Pantry Distribution at Vista Library</i>	<i>July 18, 2024</i>
34	<i>Community Climate Conversations</i>	<i>July 18, 2024</i>
35	<i>North County Food Bank – Vista Library</i>	<i>July 18, 2024</i>
36	<i>Listening Session with the Land Development Technical Working Group</i>	<i>July 18, 2024</i>
37	<i>Listening Session with the Building Industry Association</i>	<i>July 19, 2024</i>
38	<i>Listening Session with the Environmental Coalition</i>	<i>July 19, 2024</i>
39	<i>Adult Laser Tag at Lakeside Library</i>	<i>July 19, 2024</i>
40	<i>Bluegrass Concert at Casa de Oro Library</i>	<i>July 23, 2024</i>

<i>Table 3. Engagement Activities Conducted as Part of the DFA Phase 2 and Phase 3 Project</i>		
No.	Completed Engagement Activity	Date of Activity
41	<i>Fire Board of Directors</i>	<i>July 24, 2024</i>
42	<i>Joseph's Store Food Pantry at Spring Valley Church</i>	<i>July 25, 2024</i>
43	<i>Casa de Oro Food Pantry Event</i>	<i>July 25, 2024</i>
44	<i>Listening Session with the Labor Union</i>	<i>July 30, 2024</i>
45	<i>Casa de Oro Alliance Meeting</i>	<i>August 25, 2024</i>
46	<i>Listening Session with the Farm Bureau</i>	<i>September 3, 2024</i>
47	<i>Presentation 2 at Lakeside CPG</i>	<i>September 4, 2024</i>
48	<i>San Diego Regional Chamber of Commerce</i>	<i>September 17, 2024</i>
49	<i>Industry Workshop</i>	<i>September 17, 2024</i>
50	<i>Community Workshop</i>	<i>September 24, 2024</i>
51	<i>Casa de Oro Alliance Meeting</i>	<i>October 10, 2024</i>
52	<i>Community Based Transportation Community Workshop</i>	<i>October 15, 2024</i>
53	<i>Developer Meetings</i>	<i>December 5, 2024</i>
54	<i>Developer Meetings (2 sessions)</i>	<i>December 6, 2024</i>
55	<i>Developer Meeting</i>	<i>December 10, 2024</i>
56	<i>Land Development Technical Working Group</i>	<i>March 20, 2025</i>
57	<i>Building Industry Association</i>	<i>April 18, 2025</i>
58	<i>Farm Bureau</i>	<i>May 6, 2025</i>
59	<i>Environmental Coalition</i>	<i>May 16, 2025</i>

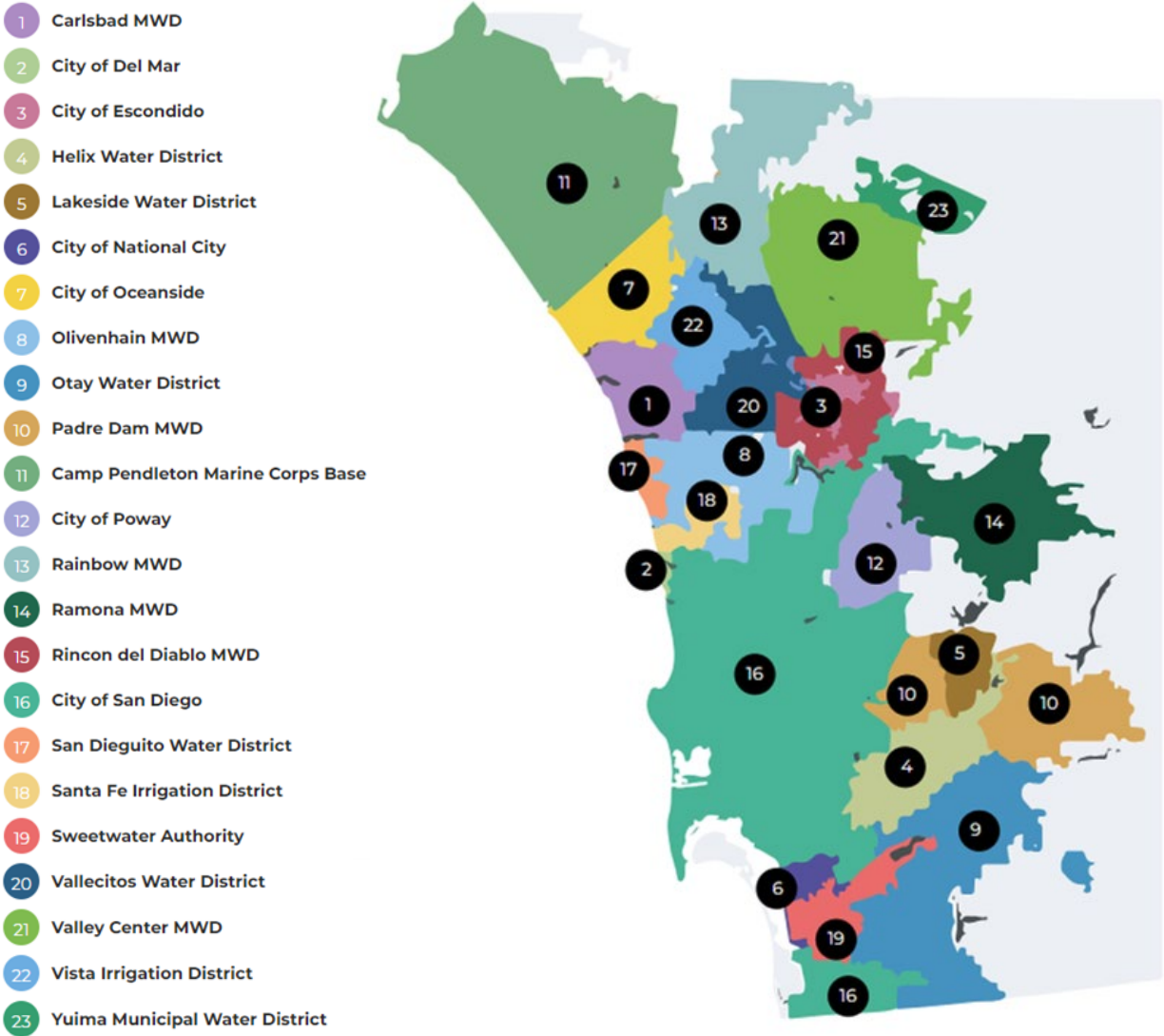
Overarching Findings

Infrastructure

Water Service Providers

The County is supplied water by the San Diego County Water Authority (SDCWA) and its member agencies, as well as independent special districts and private water systems. At the time the DFA was conducted, SDCWA had 23 member agencies (see Figure 2). As of 2024, following the completion of the DFA, the Fallbrook Public Utility District and Rainbow Municipal Water District are no longer members of the SDCWA and are now served by the Eastern Municipal Water District (EMWD). As of 2025, 22 SDCWA member agencies operated in the county, including six cities, five water districts, three irrigation districts, eight municipal water districts, and one federal agency (military base).

Figure 2. San Diego County Water Authority (SDCWA) Member Agencies as of 2023



County Water Authority (CWA) providers vary across the 4 DFA areas:

- Buena Creek is served by CWA Vista Irrigation District and CWA Vallecitos Water District.
- Valle de Oro/Casa de Oro is served by CWA Helix Water District.
- Lakeside is served by CWA Helix Water District and CWA Lakeside Water District.
- Spring Valley is served by CWA Helix Water District, CWA Otay Water District, and CWA Sweetwater Water District.

Water Service Coverage within the DFA Areas

Water infrastructure (e.g., pipelines and water mains) was found to be mostly sufficient within the DFA areas. The DFA areas are generally well supported by existing adjacent water infrastructure within public rights-of-way. See Exhibit B for more information.

Sewer Service Providers

The County of San Diego County Sanitation District provides sewer service within the majority of the DFA areas, including the communities of Spring Valley, Casa de Oro/Valle de Oro, and Lakeside. Within the Buena Creek DFA area, the Vista Sanitation District provides sewer service. See Exhibit B for more information.

Sewer Coverage within the DFA Areas

Sewer infrastructure (e.g., pipelines and sewer mains) was found to be mostly sufficient within the DFA areas. The DFA study areas are generally well supported by existing adjacent sewer infrastructure within public rights-of-way. See Exhibit B for more information.

Stormwater Infrastructure and Capacity within the DFA Areas

All new development is required to comply with stormwater management regulations. The County of San Diego Department of Public Works, Flood Control identifies planned flood control improvements in the 2023-2028 Capital Improvement Plan (CIP). The plan is updated on a rolling basis to address newly identified Public Works needs and funding sources. Funding sources may include, but are not limited to, Flood Control District funds, fees collected for Special Drainage Areas (SDAs), grants, and other sources such as the gas tax which generally supports road projects. The current CIP includes funded projects within the Lakeside and Spring Valley DFA areas².

Market and Financial Assessment

The following overarching findings regarding the housing development market were sourced from the Market Feasibility Assessment prepared in June 2024, as seen in Exhibit C.

² [Current Capital Improvement Projects](#)

The report evaluates the current and future interest in a specific property, type of property in a given location, or designated trade area. Market demand analyses provide an evaluation of current market conditions that may affect development potential for specific land uses, typically through evaluation of demographic, employment, and real estate market trends. These may include factors such as sales prices, market rents, annual absorption, vacancy rates, and planned inventory. Market studies typically present forecasts of anticipated demand for specific land uses and development typologies expressed in land area or other measurements of building area, such as square feet or units.

The following overarching findings are based on the Financial Feasibility Analysis prepared in June 2024. For more detail, including findings for specific DFA Areas, refer to the full reports included in Exhibit D.

Each residual land value model incorporated estimates of development costs, market rents/values, and target developer returns reflective of recent comparable projects and available market and industry data. Development prototypes that make financial sense generate positive residual land values which indicate that a developer or investor could acquire the site, construct the development, sell or lease the completed development, and receive at least industry standard target return on their investment.

Housing Typologies

The following housing typologies were evaluated as part of the proxy pro forma analyses for the DFA areas:

- | | |
|------------------|---|
| For-Sale Housing | <ul style="list-style-type: none">○ Large, Medium, and Small-Lot Single Family Housing○ Attached Townhomes |
| Rental Housing | <ul style="list-style-type: none">○ Stacked Flats with Surface and/or Tuck-Under Parking○ Stacked Flats with Ground Floor Commercial○ Garden Style Apartments |

Overall, townhomes make financial sense in all focus areas, and small-lot single-family housing development in Buena Creek and Lakeside. Garden style apartments make financial sense in Casa de Oro. Conversely, the study shows very weak current demand for stacked flat apartments in all areas. This may improve in the long term.

Projected Demand for Housing Units

Potential 2025-2050 housing demand is 3,478 to 5,126 dwelling units (DU) with the combined markets of all DFA areas.

Land Use

The Land Use Analysis (Exhibit E) looked at current General Plan land use designations and provided a calculation of residential DU yields based on expected construction under various land use scenarios. Parcels with high redevelopment potential (including both vacant and underutilized parcels) represent

a potential of 6,258 DUs under current land use. However, when accounting for constraints and the fact that it is less financially feasible to redevelop parcels with existing development, the potential for housing decreases. Although there is potential for units to be built, the ability to build is extremely limited. Only 560 DUs could be built under current conditions on unconstrained vacant parcels, which contrasts greatly with the anticipated market demand in the coming years. This gap between available land per the General Plan and vacant parcels and what market demand may call for can make development potential tight and bring a desire for redevelopment. However, the cost to redevelop is more expensive than it is to build on vacant land. Redevelopment must pencil out with the added expense of demolition which is unlikely in current market conditions.

Stakeholder Feedback

Over the course of the DFA, staff sought to understand the lived experience of residents, developers, building industry professionals, environmental and community-based organizations to understand housing needs, barriers and opportunities. It is important to note that community comments have not been individually verified and were collected in public forums with varying levels of detail. These comments may reflect lived experiences and professional experiences in unincorporated County areas beyond the DFA boundaries or may pertain to specific developer parcels or projects. Additionally, the County has embarked on many new initiatives aimed at expediting the development process; these new initiatives may not yet have impacted developers' experiences working in the County.

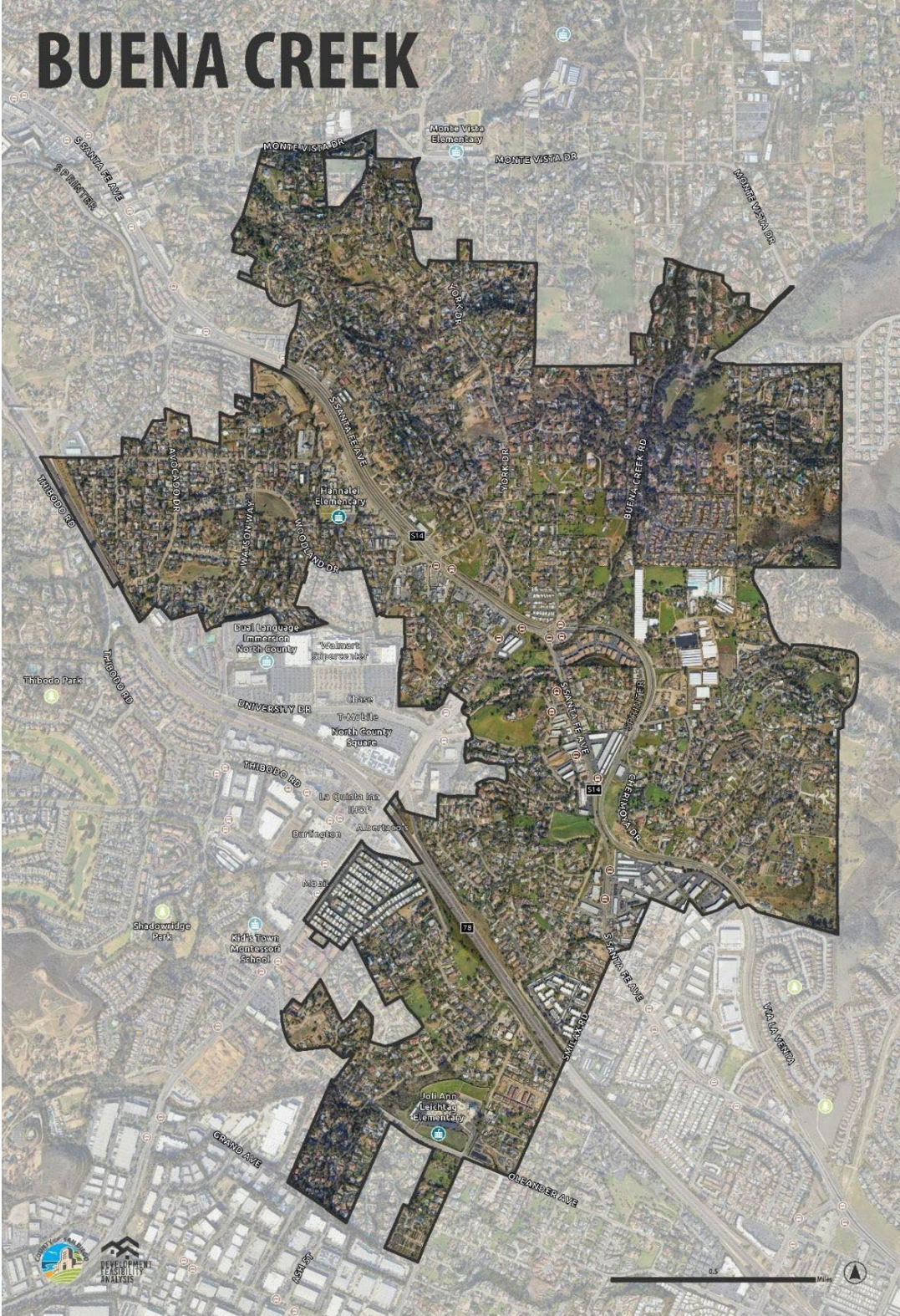
Input from the building industry focused on concerns about development costs, California Environmental Quality Act (CEQA) streamlining, and land use zoning. They advocated for higher housing density and suggested land assembly (combination of adjacent parcels into a larger site to make development, more feasible) and zoning strategies to facilitate townhome development. Community members expressed support for mixed-use development to foster homeownership, emphasizing the need for affordable housing that preserves the community's character. They also stressed the importance of safer, well-maintained neighborhoods, including improvements to roads with sidewalks and better transit access. Both the building industry and community members raised concerns about challenges related to homeowners and fire insurance and the capacity of essential utilities such as gas, electricity, sewer, water, and land availability. Community and Environmental organizations, underscored the need to create complete communities that address these issues in a holistic manner. A more detailed Public Engagement Summary report is attached as Exhibit A.



Buena Creek

03. BUENA CREEK

Map 1. Buena Creek DFA area



Introduction

The Buena Creek DFA area encompasses 2.52 square miles in North County San Diego, as seen in Map 1. It is adjacent to the City of Vista, has ready access to State Route 78 (SR 78), and is served by a Sprinter rail line that runs between Oceanside and Escondido, making it a unique opportunity to evaluate housing development feasibility.

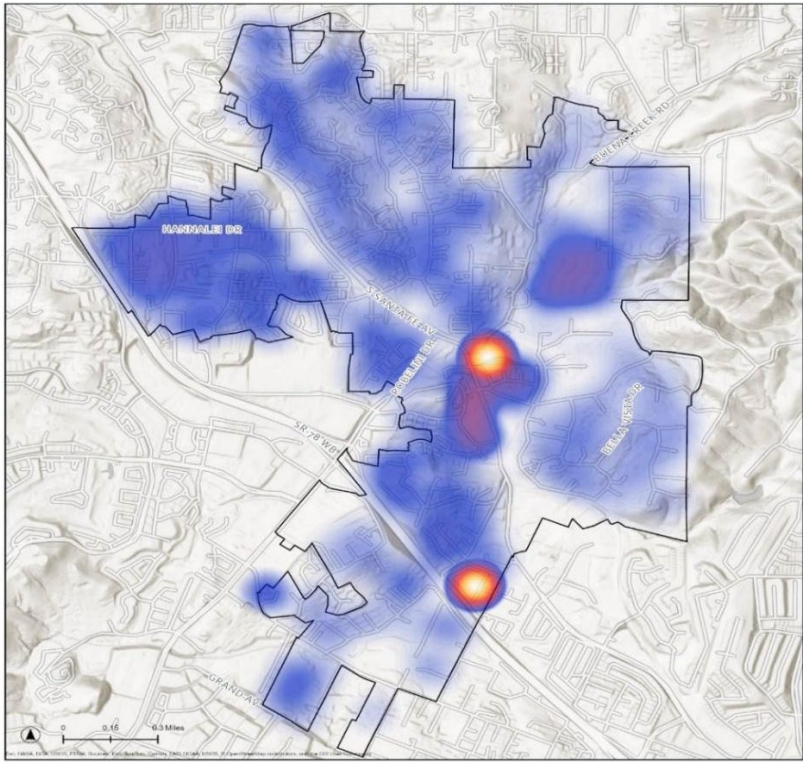
Additionally, the County has successfully arranged a Memorandum of Understanding (MOU) with the North County Transit District (NCTD) to formalize collaboration on identifying future improvement projects and related grants. This action supports more timely completion of transportation projects.

Community Demographics

Demographic Overview

The Buena Creek DFA area has an estimated population of 7,708 (2023), which represents a 4% increase since 2010. As seen in Table 4, the population is generally of working age, with most residents between 15 and 64 years old (working demographic). The population is fairly distributed as seen in Map 2, except for concentrations near the Sprinter Station and along the main arterial Santa Fe Avenue.

Map 2. Buena Creek Population Density



Buena Creek Population

- DFA Boundary
- Low
- High



Table 4. Buena Creek Demographic Overview with comparisons (2023)

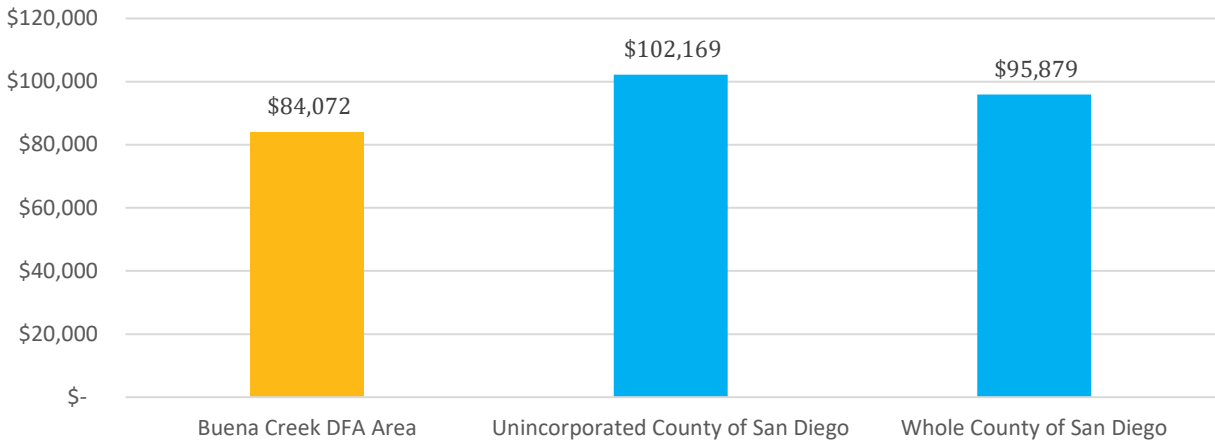
Demographics (2023)	Buena Creek DFA area	Unincorporated County of San Diego	Whole County of San Diego
Population	7,708	519,735	3,325,714
Median Age	35.6 years	38.7 years	36.7 years
Unemployment Rate	5.7%	5.2%	4.9%
Households	2,474	167,962	1,172,259
Average Household Size	3.08	2.92	2.74
Owner-Occupied Housing Units	49.2%	65.6%	51.5%
Renter-Occupied Housing Units	45.9%	27.8	42.5%
Vacant Housing Units	4.8%	6.6%	6.1%

Source: Esri Business Analyst Online, May 2024.

Household Income Distribution

The median household income in the Buena Creek DFA area is \$84,072 (2023), which is lower than the overall County of San Diego, estimated at \$95,879 (2023), as seen in Figure 3.

Figure 3. Median Household Income, Buena Creek comparisons (2023)



Compared to housing pricing, income levels in Buena Creek do not support the recommended 28% of pre-tax income spent on mortgage. Buena Creek homeowners spend on average 54.3% of their pre-tax income on mortgage payments.

Community Amenities

Community amenities represent the facilities, infrastructure, and spaces that contribute to residential quality of life. They include features like restaurants, grocery stores, schools, street trees, parks, and other elements of daily necessity. The presence of these amenities, or lack thereof, can influence the demand for residential development.

The Buena Creek area has a handful of schools that support its residents:

- Monte Vista Elementary School is within Vista Unified School District. This school is slightly beyond the DFA boundary.
- Hannalei Elementary School is part of Vista Unified School District.
- Dual Language Immersion North County is a tuition-free public charter school offering dual language instruction in both English and Spanish for grades TK–8. This school is slightly beyond the DFA boundary.
- Joli Ann Leichtag Elementary School is within the San Marcos Unified School District.
- Kid’s Town Montessori School serves children aged 12 months old to 6th grade. This school is slightly beyond the DFA boundary.

“SCHOOLS IN BUENA CREEK ARE FACING DECLINING ENROLLMENT, WHICH IMPACTS FUNDING AND OPERATIONS.”
– COMMUNITY FEEDBACK

Buena Creek does not have any public parks. While the area’s character is defined by natural landscapes, landscaped properties, and agricultural lands, the lack of dedicated park space could negatively impact residents’ quality of life, particularly in terms of public health, social gathering, and recreational opportunities for both youth and adults. However, the community benefits from a bike path that runs parallel to the train route.

The Buena Creek DFA area is the only DFA area with a train stop. The Buena Creek Sprinter Station, located in the center of the study area, is served by the Sprinter Rail Line connecting Oceanside, Vista, San Marcos, and Escondido. The area is also served by NCTD bus stops, primarily along South Santa Fe Avenue and Robelini Drive. However, community members have noted that ridership on the Sprinter Rail is low, and while public transit is needed in the area, the train destinations don’t fully serve residents’ needs.

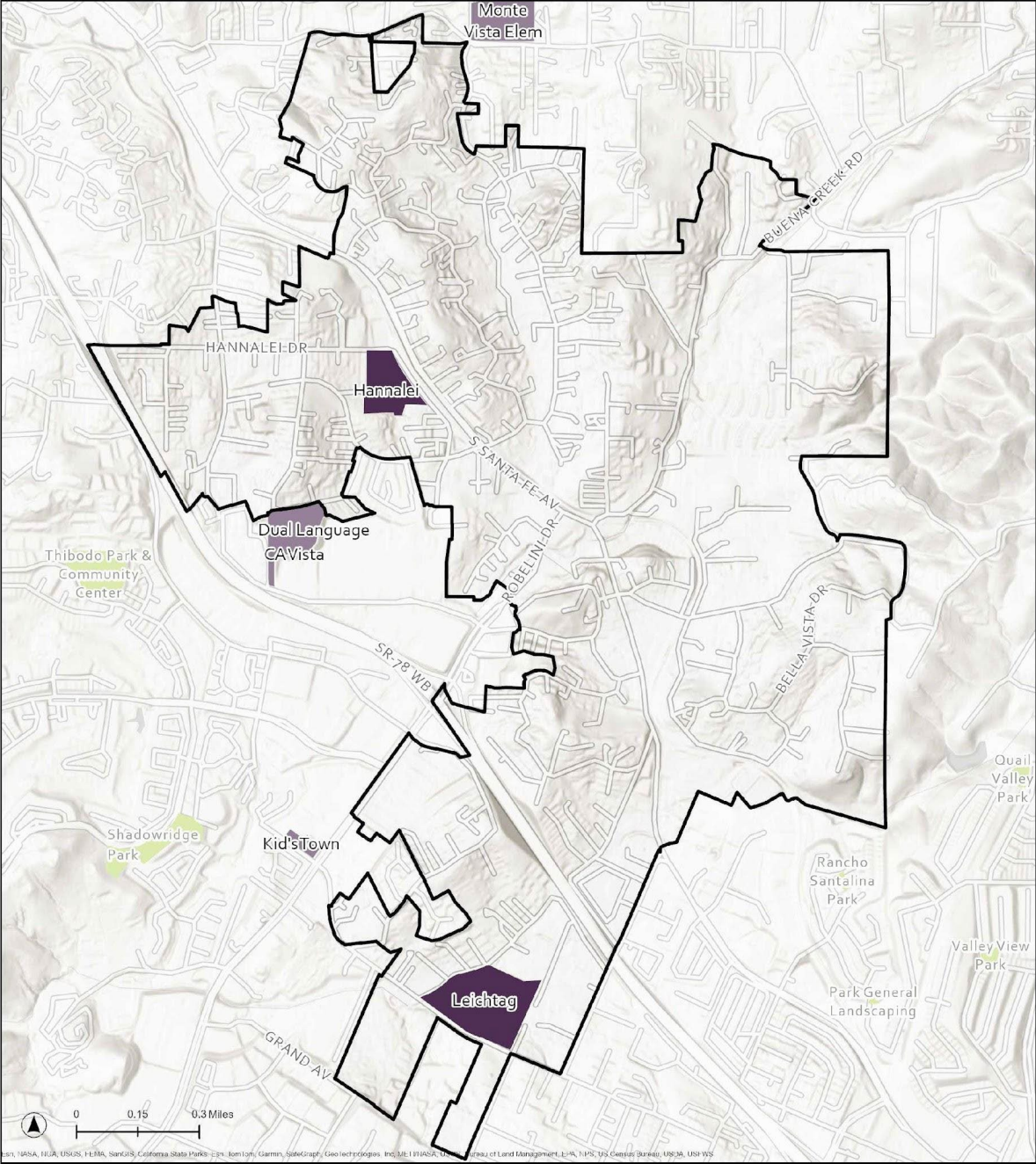
Additional neighborhood amenities were analyzed based on a three-mile trade ring from the center of the DFA area. The trade ring contains many schools/educational facilities, neighborhood parks/recreation, and grocery stores and pharmacies. Notably, the trade ring includes several NCTD bus stops and the Buena Creek Sprinter Station. The presence of these public transit amenities provides an

opportunity to increase transit ridership and provide additional public transit infrastructure. Although no hospitals exist within the trade ring, just beyond is the Tri City Medical Park. Additionally, the North County Square shopping center adjacent to the Buena Creek DFA area offers major retailers such as Target, Walmart, and Living Spaces. A full breakdown of amenities in the Buena Creek community can be found in Table 5 with accompanying Maps 3 and 4.

<i>Table 5. Buena Creek Neighborhood Amenities – Trade Ring (3-miles to center of DFA area)</i>	
Amenity Category	Amenity
Public Transit	<ul style="list-style-type: none"> ● Sprinter (Buena Creek Station) ● North County Transit District bus stops
Schools/Educational Facilities	<ul style="list-style-type: none"> ● Hannalei Elementary School ● Monte Vista Elementary School ● Beaumont Elementary School ● Vista Magnet Middle School ● Rancho Minerva Middle School ● San Marcos Middle School ● Rancho Buena High School ● Vista Adult School ● Palomar College
Hospital/Medical Centers	<ul style="list-style-type: none"> ● Kaiser Permanente Vista Medical Offices ● Vista Family Health Center
Neighborhood Parks/Recreation	<ul style="list-style-type: none"> ● Inland Rail Trail — Buena Creek ● Buena Vista Park ● Shadow Ridge Park ● Thibido Park ● Pala Vista Park ● Valley View Park ● Quail Valley Park
Grocery Stores and Pharmacies	<ul style="list-style-type: none"> ● Walmart Supercenter ● Target Grocery ● El Leon Market ● Mi Ranchito Produce ● Stater Bros. Markets

Source: Keyser Marston Associates (KMA)

Map 3. Buena Creek Community Amenities



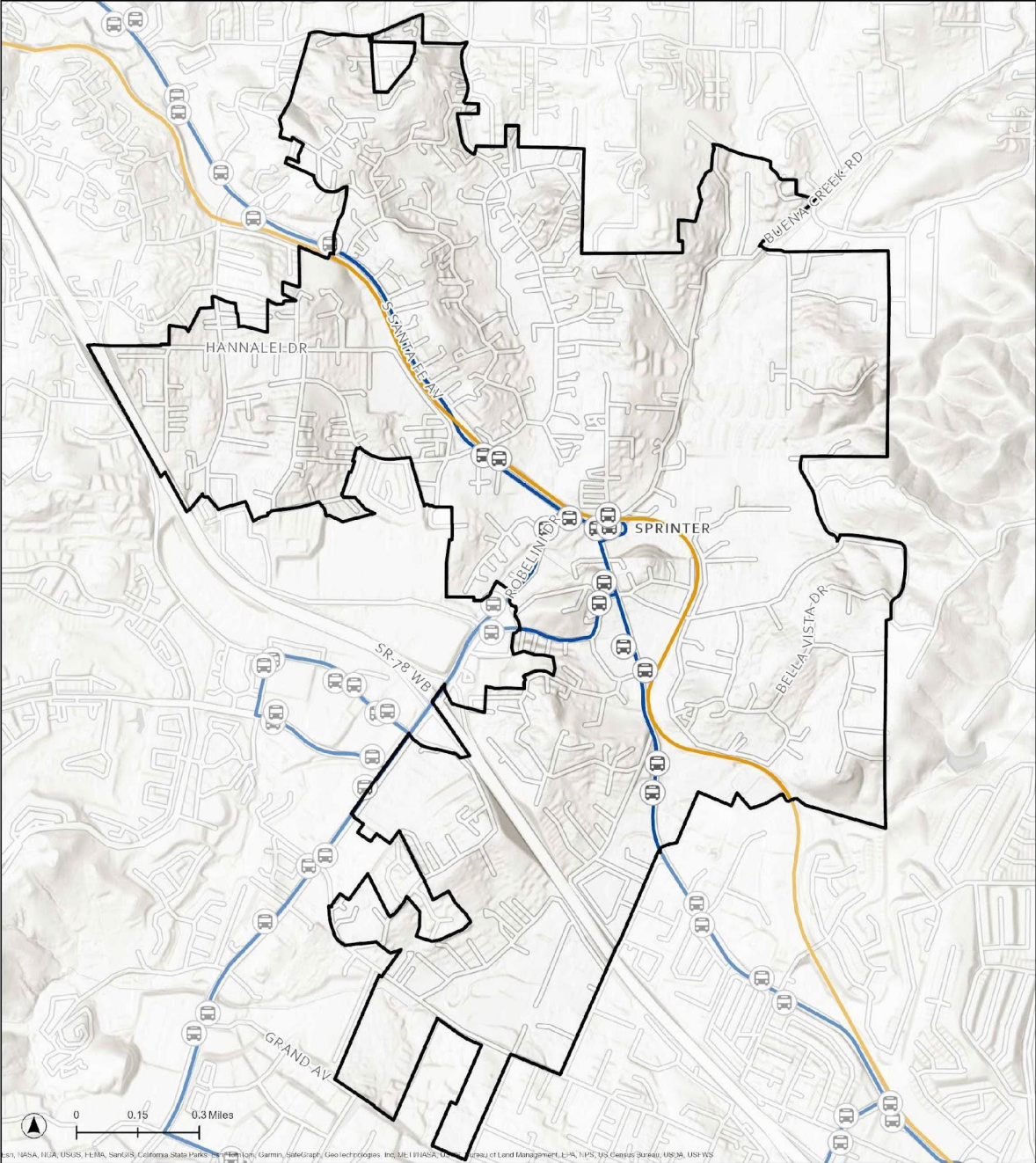
Data gathered from SanGIS in May 2024

Buena Creek Community Amenities

- DFA Boundary
- Parks
- Schools



Map 4. Buena Creek Transit



Data gathered from SanGIS in May 2024

Buena Creek Transit

- DFA Boundary
- Transit Stops
- Bus
- Tram, Streetcar, Light rail



Current Infrastructure

Buena Creek Roadways

The Buena Creek DFA area is served by both public and private roads, as well as the Sprinter train line and bike pathway. The main north–south road, South Santa Fe Avenue, is intersected by other main thoroughfares such as Robelini Drive, leading south to Hwy 78, and Buena Creek Road, leading north.

The Department of Public Works' (DPW) Infrastructure Gap Analysis Report (Exhibit B) identified roadways that provide connections to key points of interest within the Buena Creek community and provided recommendations for road corridor transformations to improve pedestrian and bicycle infrastructure for a more vibrant community space. Recommendations are preliminary and require further analysis and assessment of constraints. The following is a summary of the recommended roadway and improvement investments in Buena Creek from the Infrastructure Gap Analysis Report:

- **Watson Way**, from Yettford Road to Hannalei Drive: enhance walkability by providing sidewalks. Additional investments include a parkway, a buffer between parking and the travel lane, and increasing the right-of-way width to 52 feet.
- **Hannalei Drive**, from Watson Way to Woodland Drive: enhance bikeability by installing a Class II bike lane along Hannalei Drive from Watson Way, connecting to the existing Class I trail along South Santa Fe Avenue. Additional investments include a parkway, a buffer between parking and the travel lane, and increasing the right-of-way width to 60 feet.
- **Woodland Drive**, from Watson Way to York Drive: enhance walkability by providing sidewalks. Additional investments include a parkway and a buffer between parking and the travel lane.
- **S. Santa Fe Avenue**, from Woodland Drive to Palmyra Drive: enhance bikeability and walkability by providing sidewalks and Class II bike lanes. Additional investments include a 14-foot median and increasing the right-of-way width to 98 feet.
- **El Valle Pulento**, from Terminus to Robelini Drive: enhance walkability by providing sidewalks. Additional investments include adding a parkway.
- **Robelini Drive**, from El Valle Pulento to S. Santa Fe Avenue: enhance bikeability and walkability by providing sidewalks and Class II and Class III bike lanes. Additional investments include increasing the right-of-way width to 122 feet.
- **Primrose Avenue (N)**, from Robelini Drive to S. Santa Fe Avenue: enhance walkability by providing sidewalks. Additional investments include a parkway and increasing the right-of-way width to 52 feet.
- **Primrose Avenue (S)**, from Lavender Lane to S. Santa Fe Avenue: enhance walkability by providing sidewalks. Additional investments include a parkway and increasing the right-of-way width to 52 feet.
- **Buena Creek Road**, from S. Santa Fe Avenue to 1000 feet north – enhance bikeability and walkability by providing sidewalks and Class II bike lanes. Additional investments include increasing the right-of-way width to 64 feet.
- **Victory Drive**, from Estrelita Drive to Terminus: enhance walkability by providing sidewalks. Additional investments include increasing the right-of-way width to 48 feet.

- **Estrelita Drive**, from S. Santa Fe Avenue to Bella Vista Drive: enhance bikeability and walkability by adding sidewalks and a Class II bike lane. Additional investments include increasing the right-of-way width to 60 feet.

For more information on the changes identified, see the Water and Sewer Infrastructure Analysis (Exhibit B). For the existing roadways, see Map 5.

Roadway infrastructure in the Buena Creek community is a constraint to achieving the higher transit-supportive densities envisioned within the community. County staff and project consultants heard from developer interviews that undersized roadways around the transit station are one of the barriers to achieving higher density development. Existing deficiencies result in substantial and costly roadway improvement requirements being placed on private development as a condition of approval. The analysis prepared as part of this DFA study can only capture current status; a full traffic study would be part of any Specific Plan or zoning changes to ensure the roadways could support higher density.

Buena Creek Water Service

Water services within the Buena Creek DFA area are largely provided by the Vista Irrigation District. The Vallecitos County Water District jurisdictional boundaries overlap with the study area, providing service to only two developed parcels. Water service consists of backbone transmission mains, with distribution mains serving areas of potential development. See Exhibit B for more information and Map 6 for existing pipes. The following are recommended water investments for Buena Creek:

- Woodland Drive may benefit from upsizing approximately 780 linear feet of water main from the existing 6" pipe to 8" PVC pipe.
- The South Santa Fe Avenue corridor and Robelini Drive area may benefit from upsizing approximately 2,600 linear feet of water main from existing 6" and 8" pipes to 10" PVC pipe. This recommendation requires additional detailed project-specific study by the Vista Irrigation District.

Buena Creek Sewer Service

Sewer services within the Buena Creek DFA area are provided by the Buena Sanitation District. Areas of development potential are either served by existing sewer mains or adjacent trunk mains. Based on input from the Buena Sanitation District, the existing sewer system has capacity that supports the current General Plan designations (prior to 2017). Capacity-deficit projects included in the 2017 Sewer Master Plan have been mostly built.

The Buena Sanitation District is in the process of updating their Sewer Master Plan in conjunction with Vista's 2050 General Plan. This will include Buena Sanitation District analysis to incorporate General Plan Amendments adopted by the County since the 2017 Sewer Master Plan, along with the impact of accessory dwelling units and density bonuses for long-term capital planning. The Sewer Master Plan

update is anticipated to be complete by January 2025. See Exhibit B for more information and Map 7 for currently existing pipes.

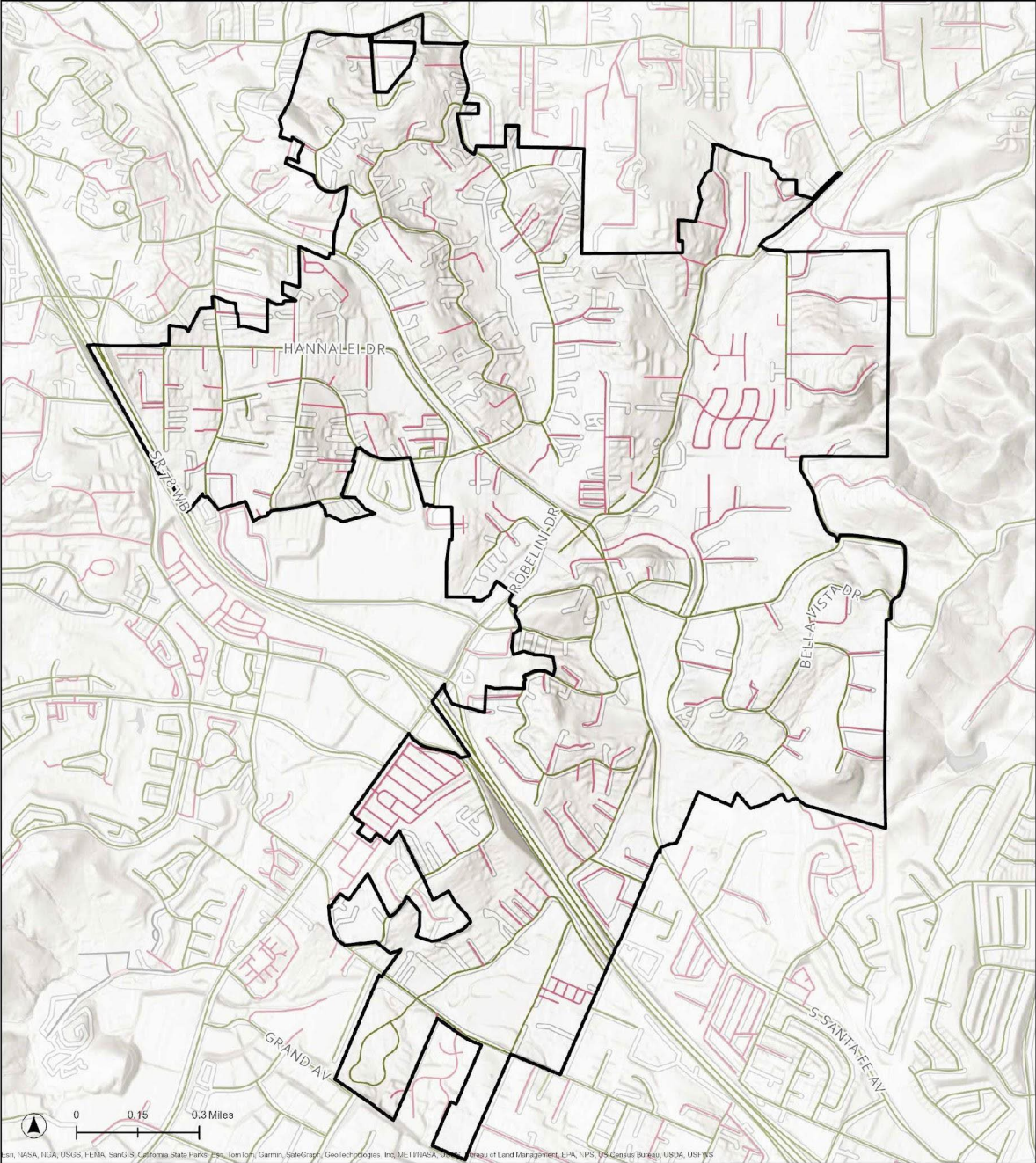
The following are recommended sewer investments for Buena Creek:

- The potential areas of land use change north of Estrelita Drive may require sewer main upsizing of approximately 4,700 linear feet of sewer main from existing 8" pipe to 12" PVC pipe. Timing would ideally match the adjacent potential development area (short-term), yet would require additional time to plan, process (crossing of existing NCTD rail), fund, and construct; and thus, would be classified as mid-to-long term. This recommendation requires additional detailed project-specific study by the Buena Sanitation District. Approximate construction cost is estimated at \$6,800,000.
- As communicated by Buena Sanitation District staff to County of San Diego staff, the existing downstream capacity supports existing County General Plan designations (prior to 2017). Thus, there is a need for additional study of sewer facilities along Sycamore Avenue to Shadowridge Drive (at and outside the DFA study area) to evaluate any increase of demand proposed by potential land use changes with density exceeding current County of San Diego General Plan zoning. This recommendation requires additional detailed project-specific study by the Buena Sanitation District.

Buena Creek Stormwater Infrastructure

The Buena Creek DFA area lies within Special Drainage Area 10 (SDA-10), the North County Metro SDA. No major flood control or stormwater management facilities are currently planned within the Buena Creek DFA area, as no major deficiencies have been identified. Individual development projects are required to comply with County requirements regarding retention of stormwater runoff onsite for both flood control and stormwater quality control purposes. Also, County Ordinance No. 7 (June 24, 1991) requires the payment of drainage fees as a condition for issuing any building permit.

Map 5. Buena Creek Roads



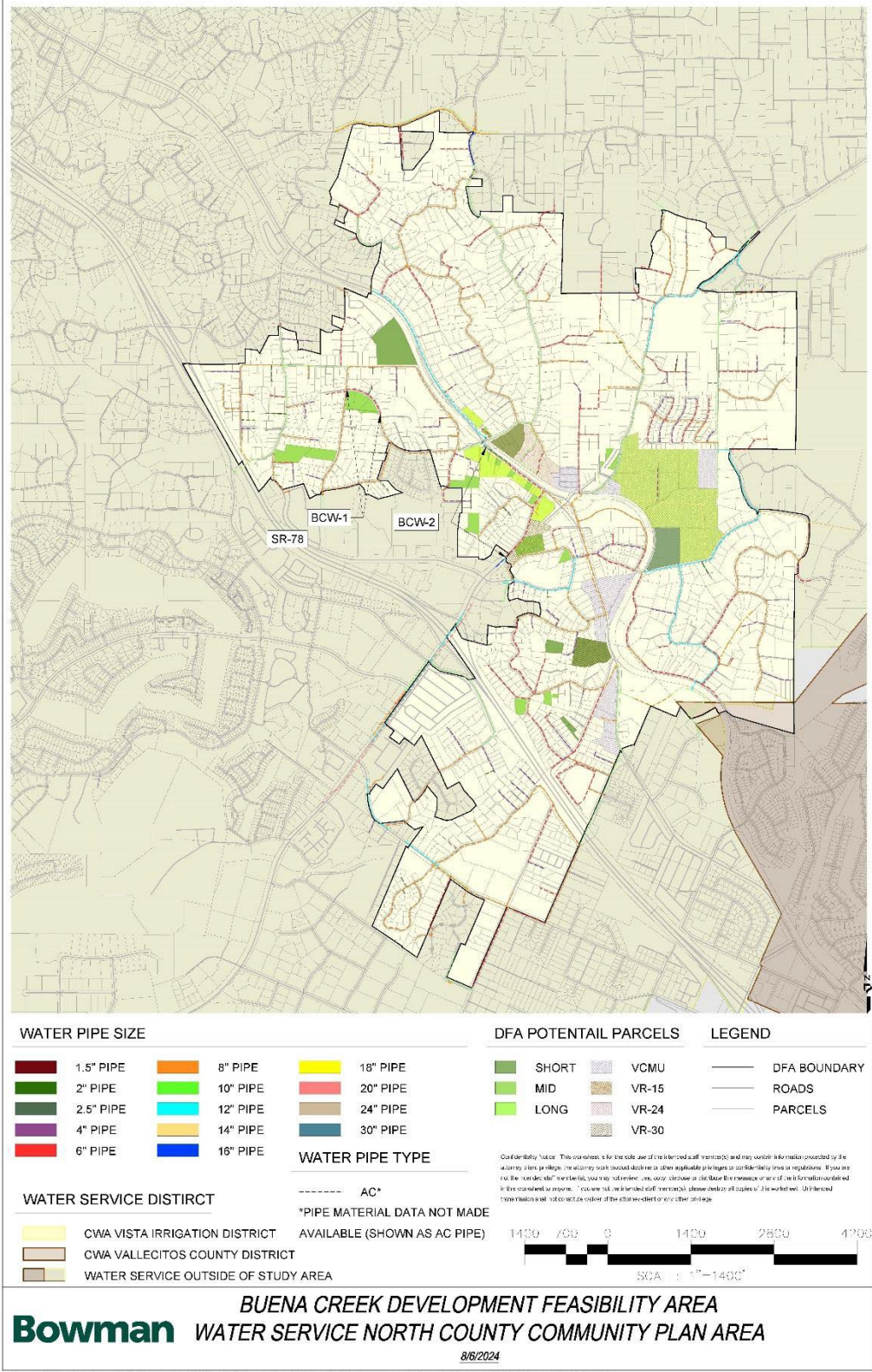
Data gathered from SanGIS in May 2024

Buena Creek Roads

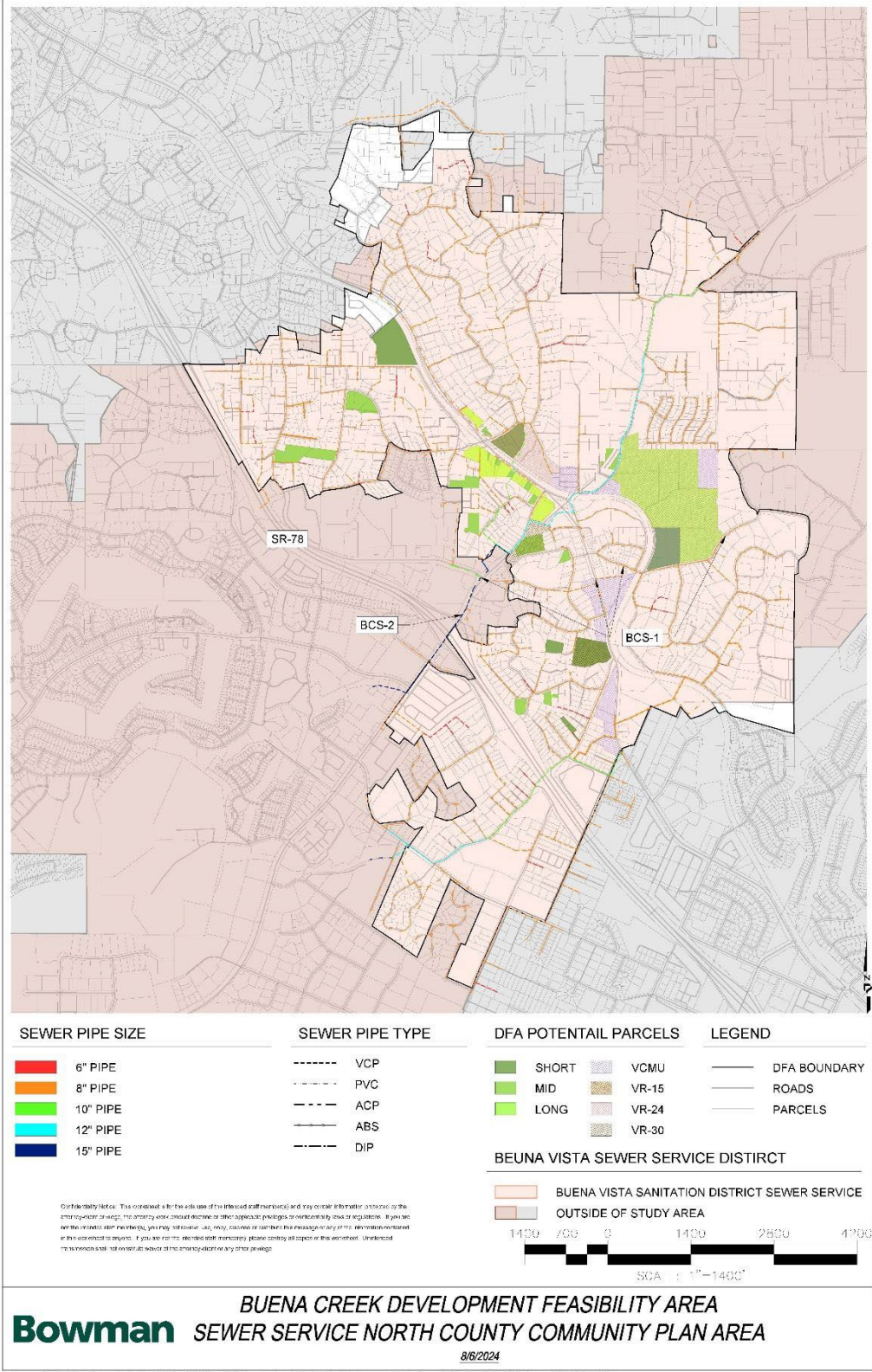
- DFA Boundary
- Dedicated
- Offer for dedication
- Private street
- Undedicated



Map 6. Buena Creek Water Service



Map 7. Buena Creek Sewer Service



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Housing Market Assessment

The following section provides a snapshot of opportunities, constraints, and the housing market analysis for the Buena Creek DFA area. Information for this section was sourced from the Market Feasibility Assessment prepared in June 2024 by Keyser Marston Associates (KMA). For more detailed information on residential market trends, see Exhibit C.

Existing Conditions

The Buena Creek DFA area can generally be characterized as containing primarily large-lot, single-family homes, with limited commercial and industrial uses. Existing General Plan Land Uses include General Commercial, Limited Impact Industrial, Neighborhood Commercial, Office Professional, Public/Semi-Public Facilities, Village Core Mixed Use, and Village Residential. Residential densities in the Village Residential areas range from 2 to 30 dwelling units (DU) per acre.

Residential Market Trends and Projected Demand in Housing Units

Capture rates (i.e., estimated number of housing units) are projected to exceed historic trends due to limited regional land supply and growing investment interest in infill development. As a result, Table 6 depicts the projected annual demand for housing units under a low-capture scenario (a conservative estimate of the area’s share of regional housing growth) and a high-capture scenario (a greater proportion of regional demand in scenarios of more favorable market conditions and redevelopment potential). Table 7 depicts the potential residential development typologies for the area. Supportable market demand is evaluated in the near-term (0 to 5 years), mid-term (5 to 10 years), and long-term (10 or more years). In addition, the following metrics were used as part of this evaluation: “strong” meaning highly likely to occur, “moderate” meaning likely to occur, and “weak” meaning unlikely to occur.

Table 6. Buena Creek Projected Housing Unit Demand (2025-2050)

Capture Level	Total Units	Units / Year
Low Capture	915 units	37 units / year
High Capture	1,373 units	55 units / year

Table 7. Buena Creek Market Support for Residential Typologies

Capture Level	Units / Year	Near-Term (0–5 years)	Mid-Term (5–10 years)	Long-Term (10+ Years)
For-Sale Residential Development Typologies				
Small Lot Single-Family	10 units / acre	Strong	Strong	Strong
Townhomes	15–20 units / acre	Strong	Strong	Strong
Rental Residential Development Typologies				
Stacked Flat with Tuck-Under Parking	30+ units / acre	Weak	Moderate	Strong
Garden Style Apartments	20–25 units / acre	Moderate	Strong	Strong

“THE NEW SINGLE-FAMILY HOUSING BEING BUILT IS TOO EXPENSIVE. I WOULD RATHER HAVE CONDOS OR APARTMENTS IF IT LOWERS THE PRICE.”

– BUENA CREEK RESIDENT

Housing Development Financial Feasibility

Market-Rate Housing Development Financial Feasibility

This section provides a snapshot of housing prototypes and feasibility based on residential land values for the Buena Creek DFA area. Information for this section was sourced from a Buena Creek Financial Feasibility Analysis created in June 2024 by Keyser Marston Associates (KMA). For more detailed information on housing development financing trends, see Exhibit D.

Each residual land value model incorporated estimates of development costs, market rents/values, and target developer returns reflective of recent comparable projects and available market and industry data. Development prototypes that make financial sense generate positive residual land values, which indicate that a developer or investor could acquire the site, construct the development, sell or lease the completed development, and receive at least an industry standard target return on their investment. A description of each housing typology evaluated in the Buena Creek DFA area can be found in Table 8.

As seen in Table 9, small-lot, single-family and attached townhomes make the most financial sense in Buena Creek. Note that due to proximity to transit, higher density apartments were evaluated and found not to make financial sense at present. However, some developments of smaller apartments, referred to as garden-style apartments, have been permitted in the Buena Creek area.

“WE NEED MORE AFFORDABLE HOUSING, WHICH MEANS MORE DENSITY TO ACCOMMODATE THAT.”

– BUENA CREEK RESIDENT

Table 8. Buena Creek Summary of Development Prototypes

Development Prototype	Illustrative Example	General Project Description
<p>A Large Lot Single-Family Detached Homes</p>		<ul style="list-style-type: none"> • 4.13-acre site • 2 units/ gross acre (Village Residential 2) • For-sale housing • 8 units • 1 to 2 stories • Attached garages • 3,688 SF average unit size
<p>B Small Lot Single-Family Detached Homes</p>		<ul style="list-style-type: none"> • 8.97-acre site • 7.3 units/gross acre (Village Residential 7.3) • For-sale housing • 65 units • 2 stories • Attached garages • 2,020 SF average unit size
<p>C Attached Townhomes</p>		<ul style="list-style-type: none"> • 1.29-acre site • 15 units/gross acre (Village Residential 15) • For-sale housing • 19 units • 2 stories • Attached garages • 1,645 SF average unit size
<p>D Attached Townhomes (In-fill Site)</p>		<ul style="list-style-type: none"> • 0.64-acre site • 15 units/gross acre (Village Residential 15) • For-sale housing • 9 units • 3 stories • Attached garages • 1,400 SF average unit size
<p>E Stacked Flat w/Surface and Tuck-Under Parking</p>		<ul style="list-style-type: none"> • 7.36-acre site • 30 units/gross acre (Village Residential 30) • Rental housing • 220 units • 3 stories • Surface and tuck-under parking • 850 SF average unit size

Table 9. Buena Creek Residual Land Values by Development Prototype

Product Type	A	B	C	D	E
	Large Lot Single-Family Detached Homes	Small Lot Single-Family Detached Homes	Attached Townhomes	Attached Townhomes (In-fill Site)	Stacked Flat w/Surface and Tuck-Under Parking
Tenure	For-Sale	For-Sale	For-Sale	For-Sale	Rental
Site Size (Gross)	4.13 Acres	8.97 Acres	1.29 Acres	0.64 Acres	7.36 Acres
Residual Land Value (2024 \$)	\$1,265,000 \$158,000/Unit \$7/SF Site ⁽¹⁾	\$7,508,000 \$116,000/Unit \$19/SF Site ⁽¹⁾	\$1,947,000 \$102,000/Unit \$35/SF Site ⁽¹⁾	\$755,000 \$84,000/Unit \$27/SF Site ⁽¹⁾	(\$13,978,000) (\$64,000)/Unit (\$44)/SF Site ⁽¹⁾
Financial Feasibility Outcome	Moderate Positive	Strong Positive	Strong Positive	Strong Positive	Negative
(1) Reflects residual land value per SF of gross site area.					

Land Use Analysis

Current Land Use Policy

The Buena Creek DFA area consists of 2,361 parcels, mostly developed with residential uses. Commercial, professional, and industrial land uses are limited, as are recreational and conserved open space lands.

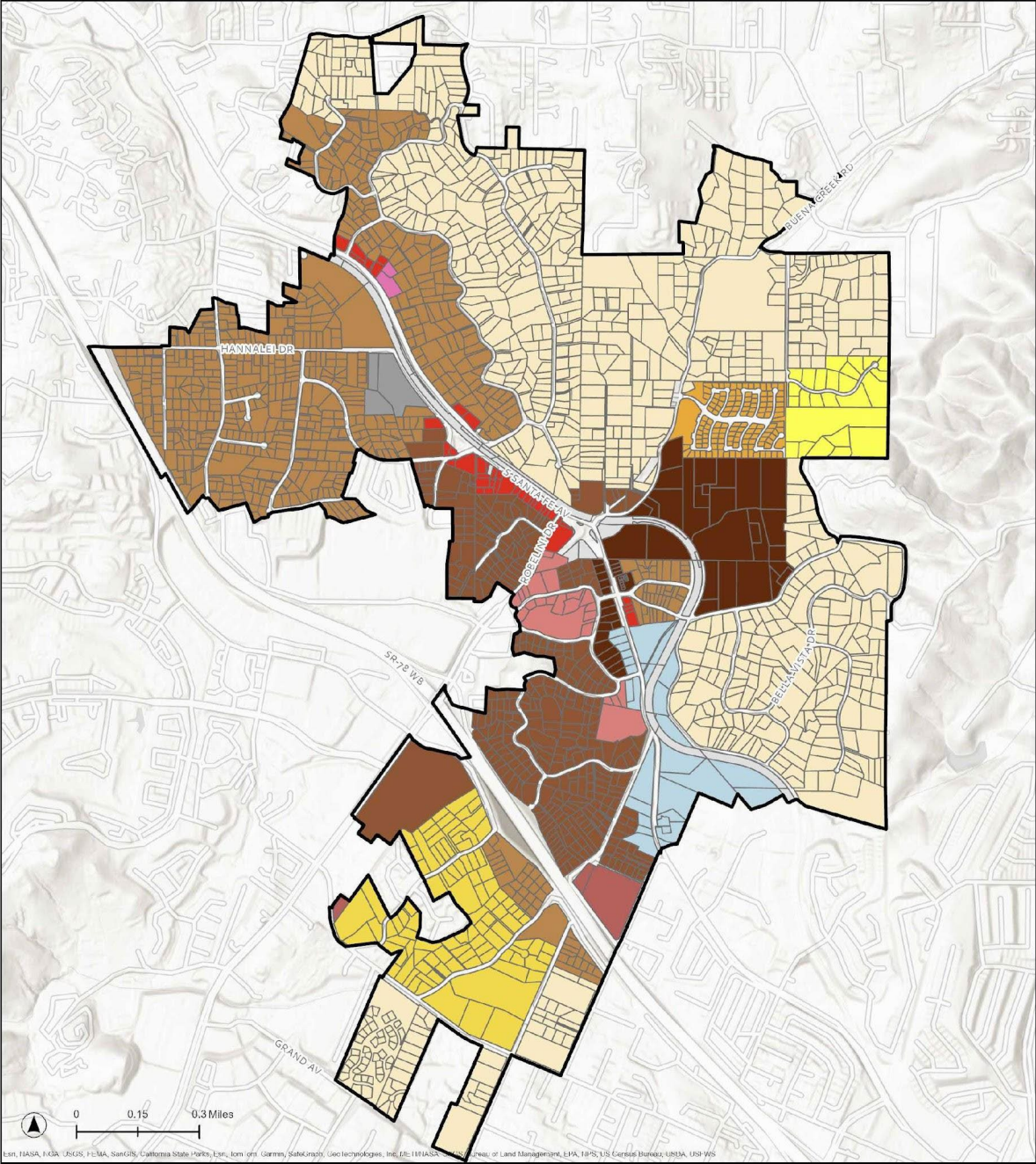
As with the other DFA areas, not all current actual uses align with land use designations, and in some cases, residential properties are located on commercially zoned lands or commercial properties are located on industrial zoned lands, etc. Table 10 shows a breakdown of the land use designations found in the Buena Creek DFA area and Map 8 demonstrates the distribution of those designations geographically.

Additionally, a notable portion of land within the Buena Creek DFA area has low building-to-land values. Building-to-Land Value (BLV) compares the assessed improvement value to the assessed land value. Land values that are higher than improvement values are generally seen as “underutilized lands,” which may be more amenable to redevelopment. As of 2024, 46% of Buena Creek parcels are underutilized (BLV <1.0) as seen in Map 9.

Table 10. Buena Creek Current Land Use Designations

Land Use Designation	Buena Creek Parcel Count	Percentage of Total
GENERAL COMMERCIAL	42	1.8%
NEIGHBORHOOD COMMERCIAL	-	0.0%
OFFICE PROFESSIONAL	2	0.1%
LIMITED IMPACT INDUSTRIAL	33	1.4%
MEDIUM IMPACT INDUSTRIAL	-	0.0%
OPEN SPACE (CONSERVATION)	-	0.0%
OPEN SPACE (RECREATION)	3	0.1%
PUBLIC AGENCY LANDS	-	0.0%
PUBLIC/SEMI-PUBLIC FACILITIES	27	1.1%
SEMI-RURAL RESIDENTIAL (SR-1)	33	1.4%
SEMI-RURAL RESIDENTIAL (SR-4)	-	0.0%
VILLAGE RESIDENTIAL (VR-2)	831	35.2%
VILLAGE RESIDENTIAL (VR-2.9)	118	5.0%
VILLAGE RESIDENTIAL (VR-4.3)	133	5.6%
VILLAGE RESIDENTIAL (VR-7.3)	698	29.6%
VILLAGE RESIDENTIAL (VR-10.9)	-	0.0%
VILLAGE RESIDENTIAL (VR-15)	357	15.1%
VILLAGE RESIDENTIAL (VR-20)	23	1.0%
VILLAGE RESIDENTIAL (VR-24)	3	0.1%
VILLAGE RESIDENTIAL (VR-30)	58	2.5%
VILLAGE CORE MIXED USE (VC-30)	-	0.0%
SPECIFIC PLAN AREA	-	0.0%
TOTAL	2,361	100%

Map 8. Buena Creek Land Use Designations (General Plan)



Data gathered from SanGIS in May 2024

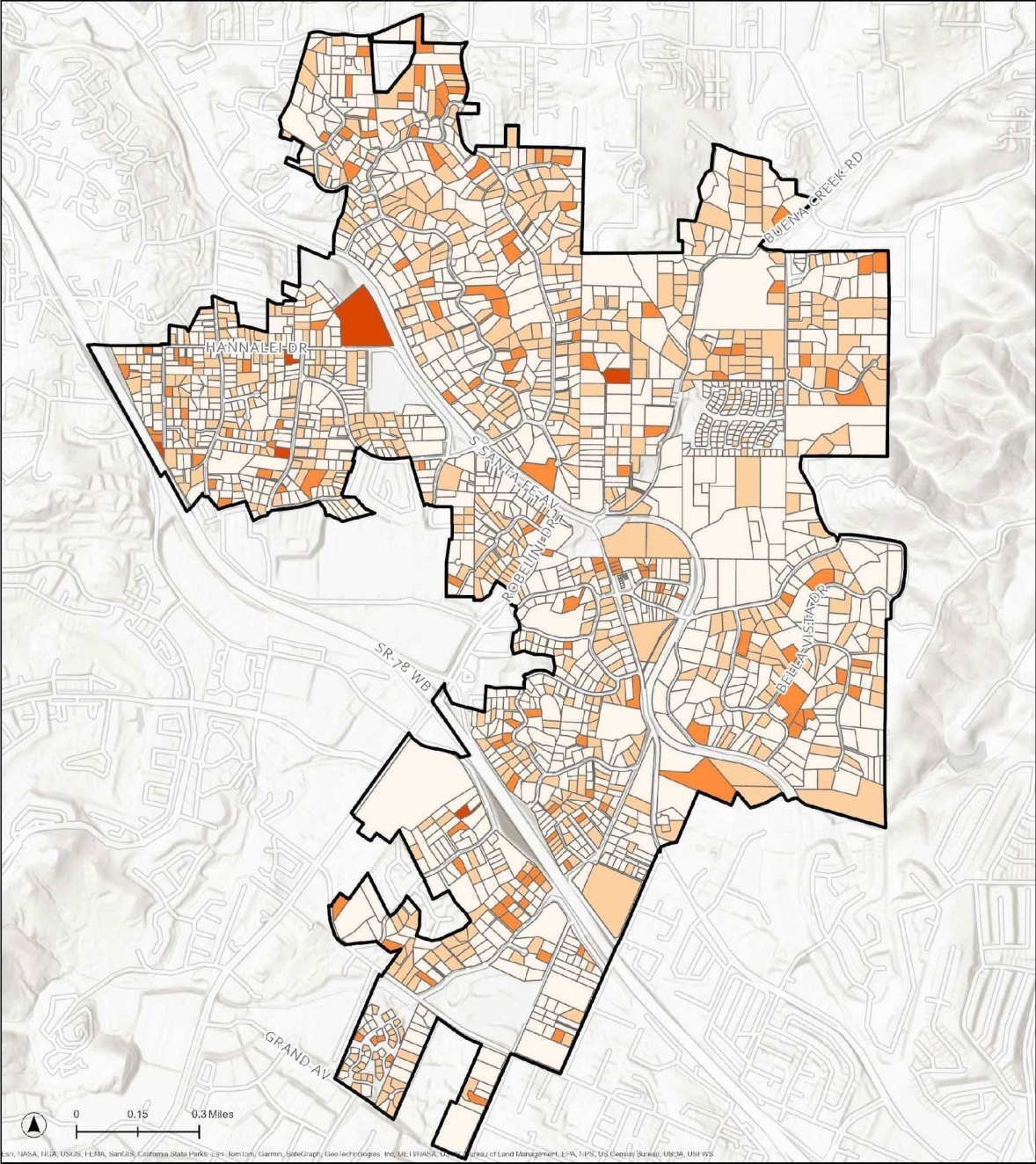
Buena Creek Land Use

General Plan Land Use

- NEIGHBORHOOD COMMERCIAL
- OFFICE PROFESSIONAL
- GENERAL COMMERCIAL
- LIMITED IMPACT INDUSTRIAL
- MEDIUM IMPACT INDUSTRIAL
- OPEN SPACE (CONSERVATION)
- OPEN SPACE (RECREATION)
- PUBLIC AGENCY LANDS
- PUBLIC/SEMI-PUBLIC FACILITIES
- SPECIFIC PLAN AREA
- VILLAGE CORE MIXED USE
- SEMI-RURAL RESIDENTIAL (SR-1)
- SEMI-RURAL RESIDENTIAL (SR-4)
- VILLAGE RESIDENTIAL (VR-2)
- VILLAGE RESIDENTIAL (VR-2.9)
- VILLAGE RESIDENTIAL (VR-4.3)
- VILLAGE RESIDENTIAL (VR-7.3)
- VILLAGE RESIDENTIAL (VR-10.9)
- VILLAGE RESIDENTIAL (VR-15)
- VILLAGE RESIDENTIAL (VR-20)
- VILLAGE RESIDENTIAL (VR-24)
- VILLAGE RESIDENTIAL (VR-30)



Map 9. Buena Creek Building-to-Land-Value (BLV)



Buena Creek BLV

- DFA Boundary
- 0 - 1
- 2 - 3
- 4 - 10
- 11 - 42
- 43 - 110

Building to Land Value is calculated by dividing the assessed improvement value by the assessed land value. Information was gathered from SanGIS Zoning information. Parcels that are empty did not have assessed value available.

Data gathered from SanGIS in May 2024



Housing Development

The housing density within Buena Creek is lower than what is permitted under current General Plan land use. As of 2024, there are 2,751 DUs within the Buena Creek DFA area, as can be seen in Map 10.¹ An objective of this study is to uncover ways to increase that number, while still providing high quality of life to current and future residents and addressing environmental constraints of the area.

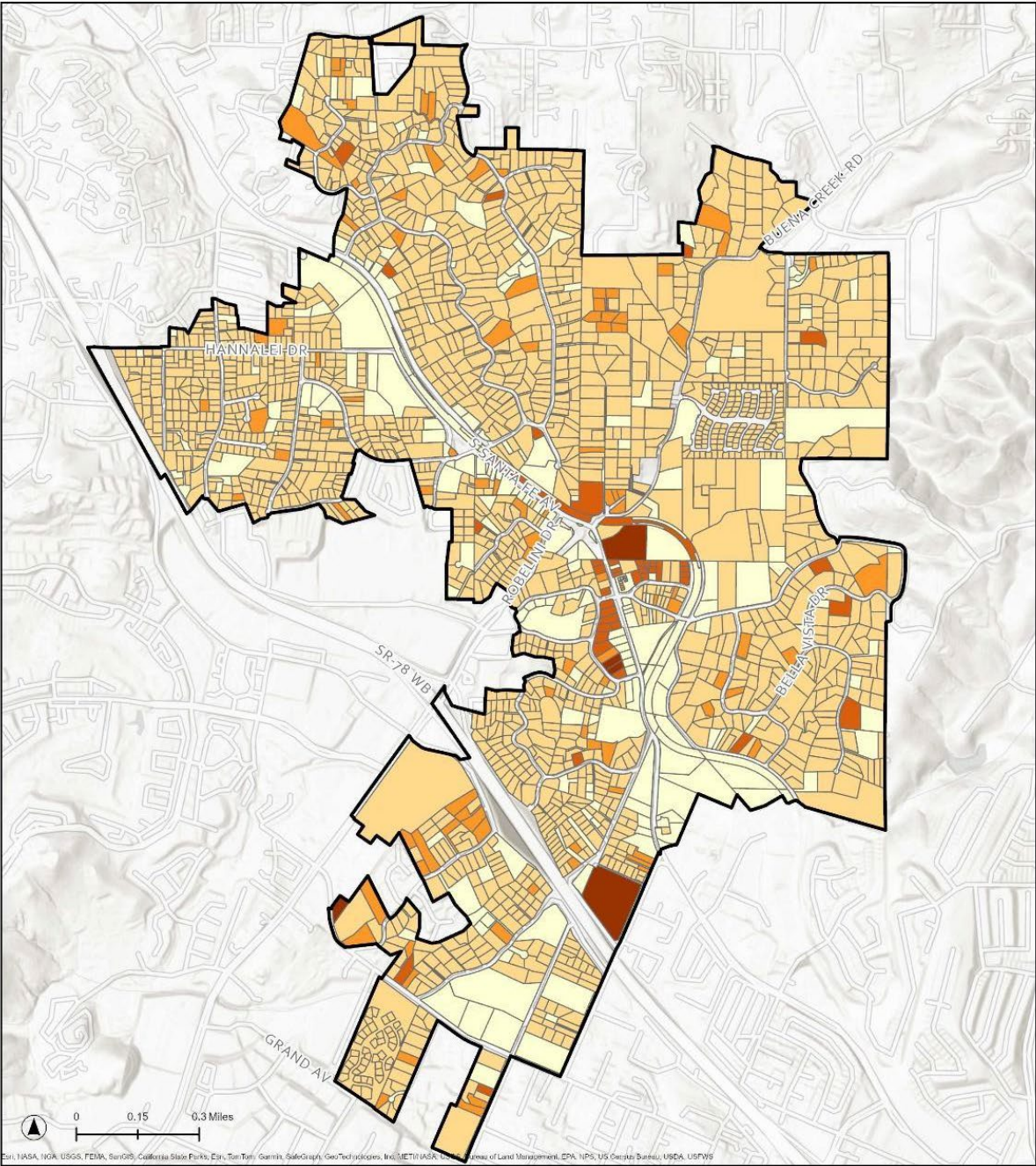
Environmental Constraints

Environmental conditions can have adverse effects on the housing market, including impacts to housing density or form, structural or infrastructural costs, additional studies for land preparation, time delays, capacity considerations, safety risk, insurance, loans, and more. This study evaluated earthquake fault zones, airport hazard zones, airport noise, floodplains, wetlands, forest conservation, habitat preserve, environmentally sensitive areas, pre-approved mitigation zones, publicly owned lands, and slope as constraining factors to housing development. Fire risk was not included as a constraining factor. While it is acknowledged that the county faces increasing fire risk, the mitigation efforts around fire risk for housing development demote this factor as an environmental constraint for analysis purposes.

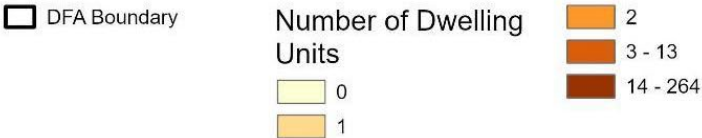
The main environmental constraints to housing development in Buena Creek are slopes and floodplains, covering 5% and 3% of the land, respectively. These constraints can be seen on Maps 11 and 12. These items can be mitigated to a reasonable degree for a cost. While risk and cost tolerance will vary depending on the developer, the buyer, and the market, it is the intention of this study to consider the most feasible options, i.e., the parcels that pose the lowest risk and the highest potential for development.

¹ Current dwelling unit data sourced from UrbanFootprint.

Map 10. Buena Creek Actual Existing DUs



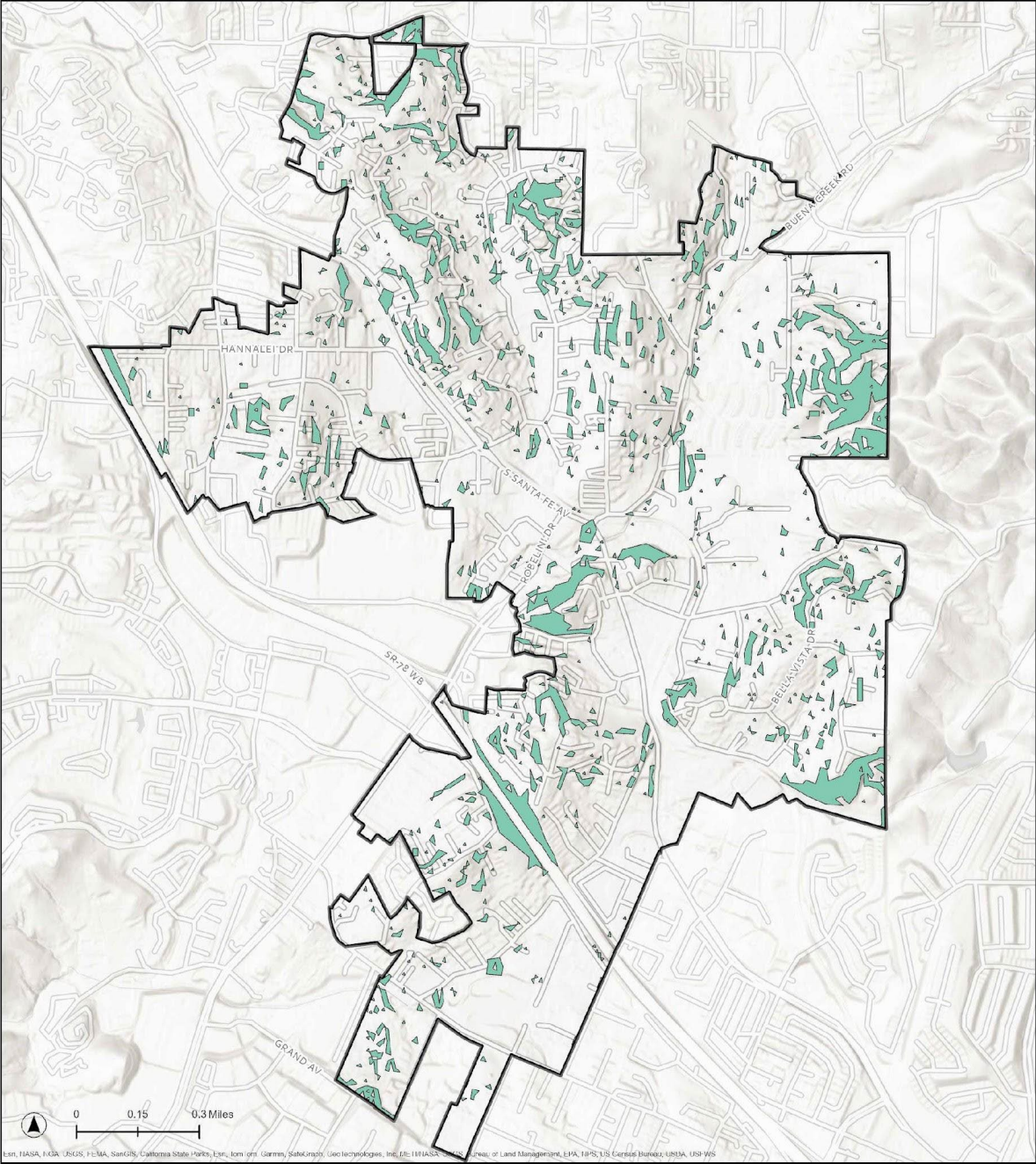
Buena Creek Dwelling Units



* Data gathered from Urban Footprint in 2024



Map 11. Buena Creek Topographic Slope



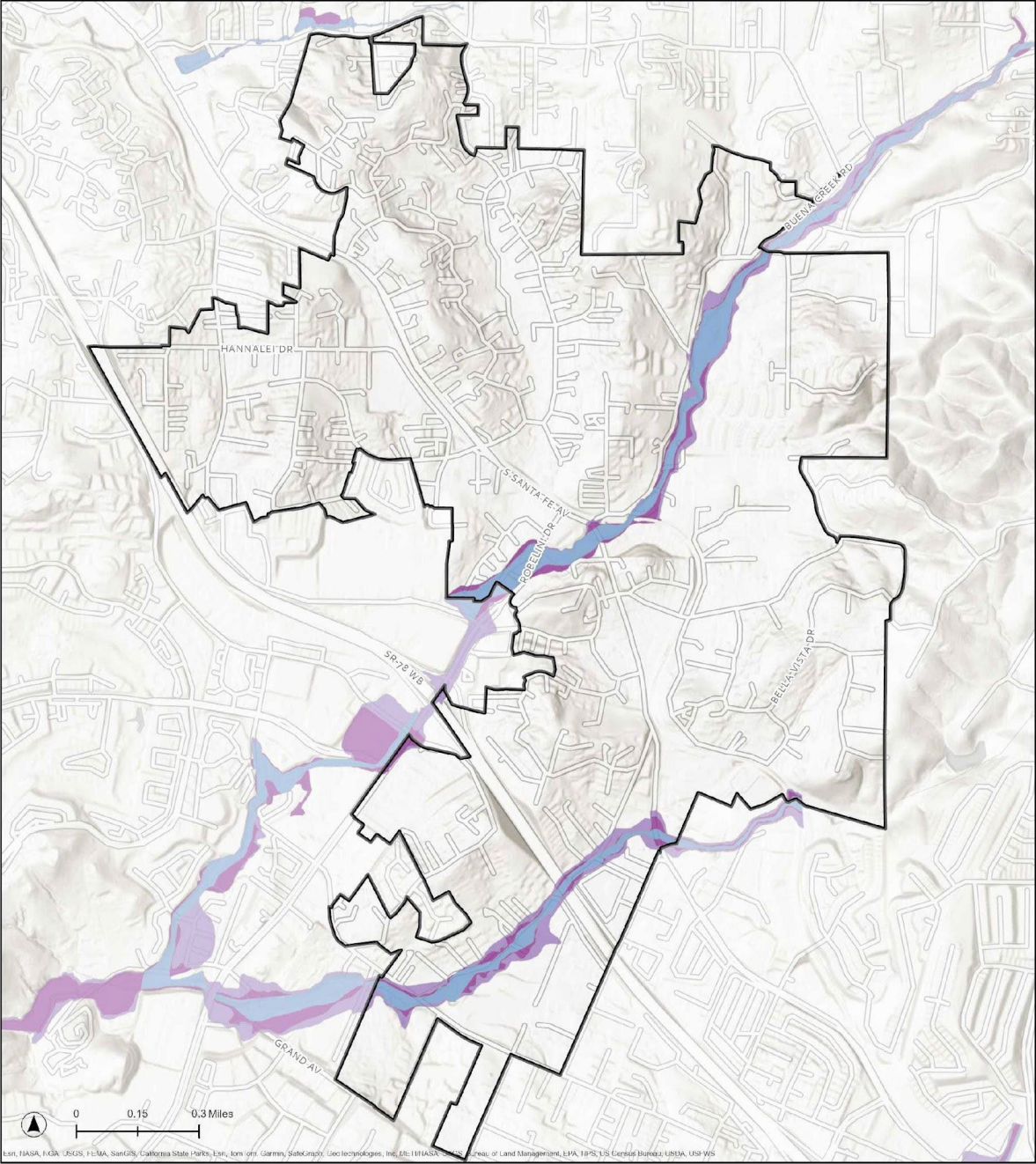
Buena Creek Slope

■ Areas of slope greater than 25%

Data gathered from SanGIS in May 2024



Map 12. Buena Creek Floodplains



Data gathered from Federal Emergency Management Agency

Buena Creek Flood Hazard

- 0.2% Annual Chance Flood Hazard
- 1% Annual Chance Flood Hazard
- Future Conditions 1% Annual Chance Flood Hazard
- Regulatory Floodway
- Area with Reduced Risk Due to Levee
- Special Floodway



Land Use Alternatives

To explore the impact of land use designations on housing development, three alternative scenarios of land use were prepared for each DFA area. This analysis is largely independent of the market analysis. The land use analysis revealed that the current General Plan land use designations are not being fully utilized, which means the area is already zoned for more housing than is currently built. As a result, increasing capacity alone would not necessarily lead to more housing development. In fact, allowing more density without addressing key issues, like infrastructure or building costs, can lead to higher land prices based on the assumption that more housing will be built, even if it’s not anticipated in the near-term. This can artificially drive up costs and make development less feasible. To ensure a balanced approach, any proposed land use amendments must be evaluated holistically. The findings from this analysis will be shared with the County’s Framework project to inform their review of land use designations. However, before any changes to land use are made, the key barriers identified in this report (see Chapter 7) must first be addressed.

Under each alternative scenario, a modification of allowable dwelling units (DU) is unlocked. Table 11 summarizes actual existing DUs that are already built out (2024 Actual), expected unit yield under current zoning with no changes (Alternative 0), and expected unit yield under three alternatives that vary in intensity of modifications (Alternatives 1, 2, and 3). The land use alternative options see a shift in allowable DUs. DU yields factor in land use designations, density allowances, unconstrained land acreage, yield factors, vacancy, and redevelopment potential. More information on methodology, parcel selection, and designation changes can be seen in Exhibit E.

Table 11. Buena Creek Dwelling Units (DU) per Alternative Scenario Summary

Dwelling Unit Yields	2024 Actual	Alternative 0	Alternative 1	Alternative 2	Alternative 3
Actual Existing DU (2024)	2,751				
DU Yield on All Unconstrained Land		5,708	5,521	5,609	5,752
DU Yield on Unconstrained Vacant Land Only		319	334	355	356
DU Yield on Unconstrained Underutilized Land only (non-vacant) ¹		2,661	2,492	2,539	2,597

1. Underutilized land refers to parcels that have a Building-to-Land Value (BLV) of less than 1. A low BLV indicates that the value of improvements is less than the value of the land, and therefore, offers a strong financial incentive to redevelop for better property value.

In the case of the Buena Creek DFA area, an intentional shift from VR-30 to Village Core Mixed Use (VC-30) offers the same housing density at 30 dwelling units per gross acre. However, Village Core Mixed Use supports a variety of commercial and residential uses to encourage a healthy local economy rather than only a bedroom community. While this may result in the sacrifice of some housing units for commercial uses, it supports Vehicle Miles Traveled (VMT) goals by promoting development close to infrastructure, transit, and amenities; enhancing walkability; and creating a diverse tax base. Table 12 demonstrates the changes under each scenario by land use. Maps 13, 14, 15, and 16 reflect the alternative scenarios geographically.

Table 12. Buena Creek Dwelling Units on All Unconstrained Land

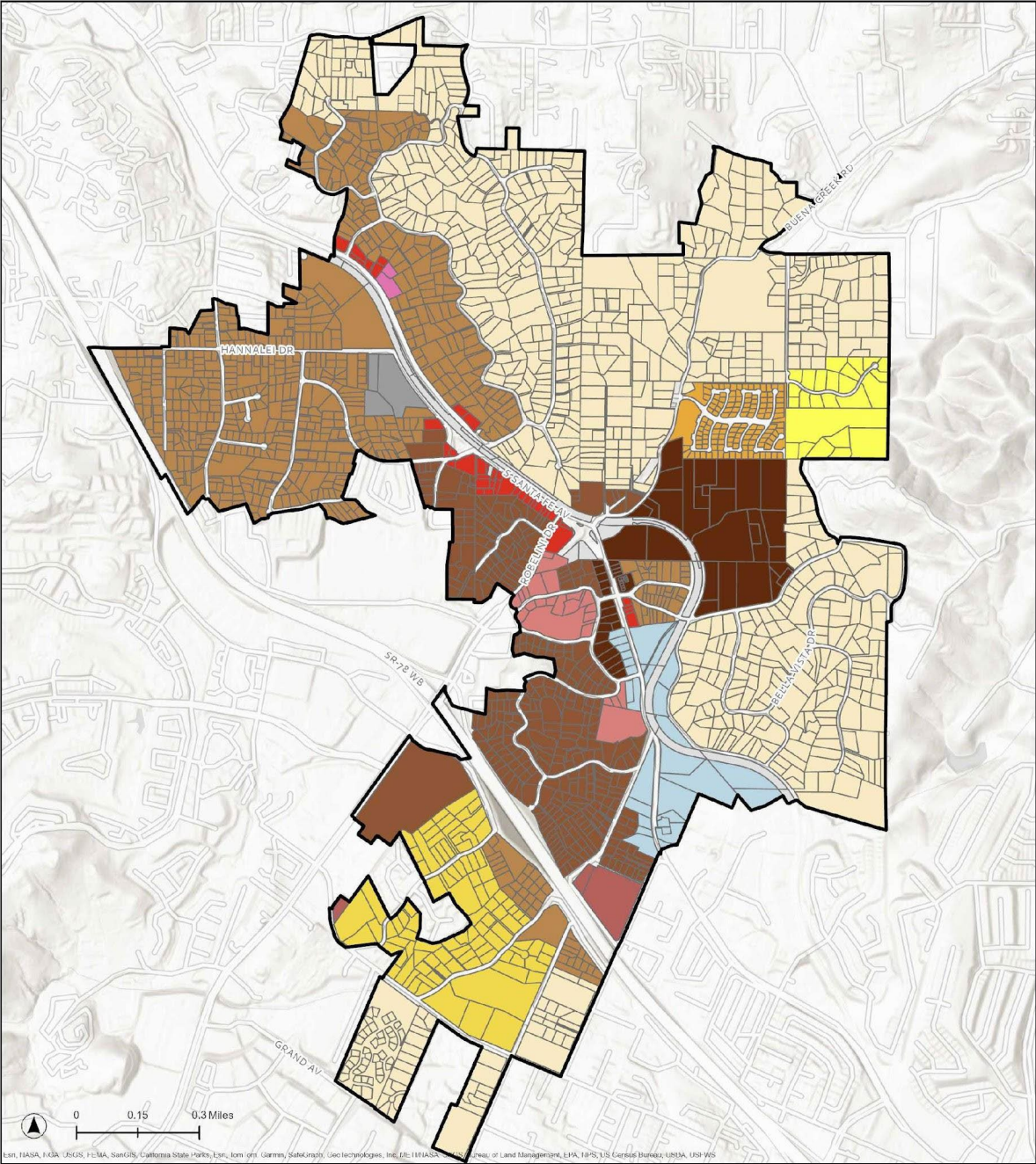
Residential Land Use Designation	DU Density	Yield Factor ¹	Actual Existing DU ²	DU Yield Alt 0	DU Yield Alt 1	DU Yield Alt 2	DU Yield Alt 3
GENERAL COMMERCIAL	n/a	-	14	-	-	-	-
LIMITED IMPACT INDUSTRIAL	n/a	-	1	-	-	-	-
MEDIUM IMPACT INDUSTRIAL	n/a	-	-	-	-	-	-
NEIGHBORHOOD COMMERCIAL	n/a	-	-	-	-	-	-
OFFICE PROFESSIONAL	n/a	-	5	-	-	-	-
OPEN SPACE (CONSERVATION)	n/a	-	-	-	-	-	-
OPEN SPACE (RECREATION)	n/a	-	-	-	-	-	-
PUBLIC AGENCY LANDS	n/a	-	-	-	-	-	-
PUBLIC/SEMI-PUBLIC FACILITIES	n/a	-	4	-	-	-	-
SPECIFIC PLAN AREA	40 DU / acre	70%	-	-	-	-	-
SEMI-RURAL RESIDENTIAL (SR-1)	1 DU / acre	70%	24	13	13	13	13
SEMI-RURAL RESIDENTIAL (SR-4)	1 DU / 4 acres	70%	-	-	-	-	-
VILLAGE RESIDENTIAL (VR-2)	2 DU / acre	70%	767	783	767	767	767
VILLAGE RESIDENTIAL (VR-2.9)	2.9 DU / acre	70%	102	127	127	127	127

VILLAGE RESIDENTIAL (VR-4.3)	4.3 DU / acre	70%	132	55	55	55	55
VILLAGE RESIDENTIAL (VR-7.3)	7.3 DU / acre	70%	682	1,401	1,401	1,401	1,401
VILLAGE RESIDENTIAL (VR-10.9)	10.9 DU / acre	70%	-	-	-	-	-
VILLAGE RESIDENTIAL (VR-15)	15 DU / acre	62%	338	1,287	1,254	1,254	1,254
VILLAGE RESIDENTIAL (VR-20)	20 DU / acre	73%	15	251	298	131	131
VILLAGE RESIDENTIAL (VR-24)	24 DU / acre	89%	286	202	377	446	446
VILLAGE RESIDENTIAL (VR-30)	30 DU / acre	76%	381	1,588	906	1,093	1,093
VILLAGE CORE MIXED USE	30 DU / acres	32%	-	-	322	322	464
TOTAL			2,751	5,708	5,521	5,609	5,752

1. DU calculations include yield factors, which is a percentage based on actual yield expectations. See Data Notes for more info.

2. Source: UrbanFootprint (accessed 2024).

Map 13. Buena Creek Current Land Use (Alternative 0)



Esri, HAAS, FCG, JSGS, FOMA, SanGIS, California State Parks, Esri, TomTom, Garmin, SafeKingpin, Geo technologies, Inc, ZTC, IRI GASS, Bureau of Land Management, EPA, FIPS, US Census Bureau, USDA, USFWS

Data gathered from SanGIS in May 2024

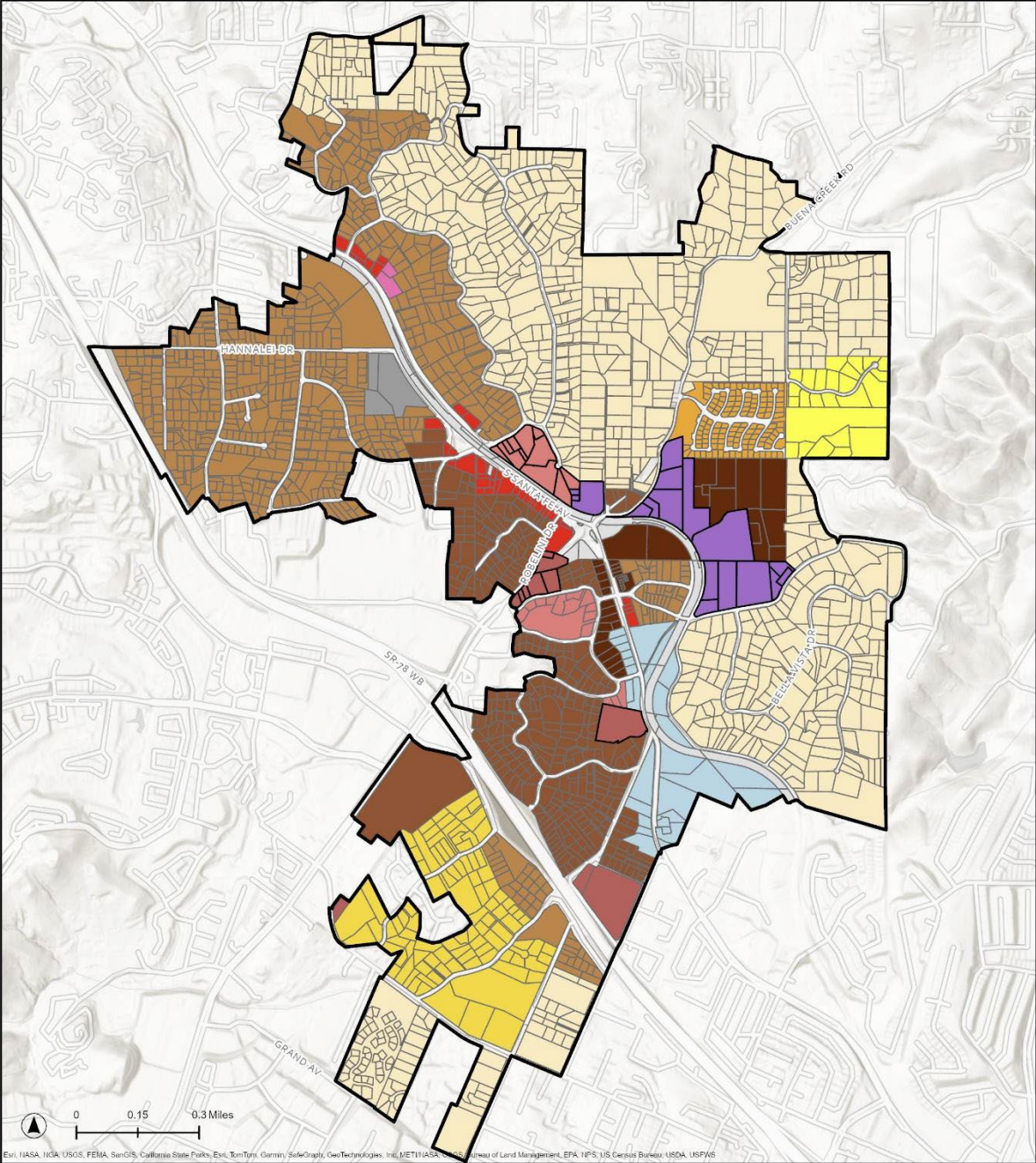
Buena Creek Land Use

General Plan Land Use

- NEIGHBORHOOD COMMERCIAL
- OFFICE PROFESSIONAL
- OPEN SPACE (CONSERVATION)
- OPEN SPACE (RECREATION)
- PUBLIC AGENCY LANDS
- PUBLIC/SEMI-PUBLIC FACILITIES
- SPECIFIC PLAN AREA
- VILLAGE CORE MIXED USE
- SEMI-RURAL RESIDENTIAL (SR-1)
- SEMI-RURAL RESIDENTIAL (SR-4)
- VILLAGE RESIDENTIAL (VR-2)
- VILLAGE RESIDENTIAL (VR-2.9)
- VILLAGE RESIDENTIAL (VR-4.3)
- VILLAGE RESIDENTIAL (VR-7.3)
- VILLAGE RESIDENTIAL (VR-10.9)
- VILLAGE RESIDENTIAL (VR-15)
- VILLAGE RESIDENTIAL (VR-20)
- VILLAGE RESIDENTIAL (VR-24)
- VILLAGE RESIDENTIAL (VR-30)



Map 14. Buena Creek Land Use Alternative 1



Data gathered from SanGIS in May 2024

Buena Creek Alternative 1

- Alternative 1**
- Village Core Mixed Use
 - Village Residential (VR-20)
 - Village Residential (VR-24)

General Plan Land Use

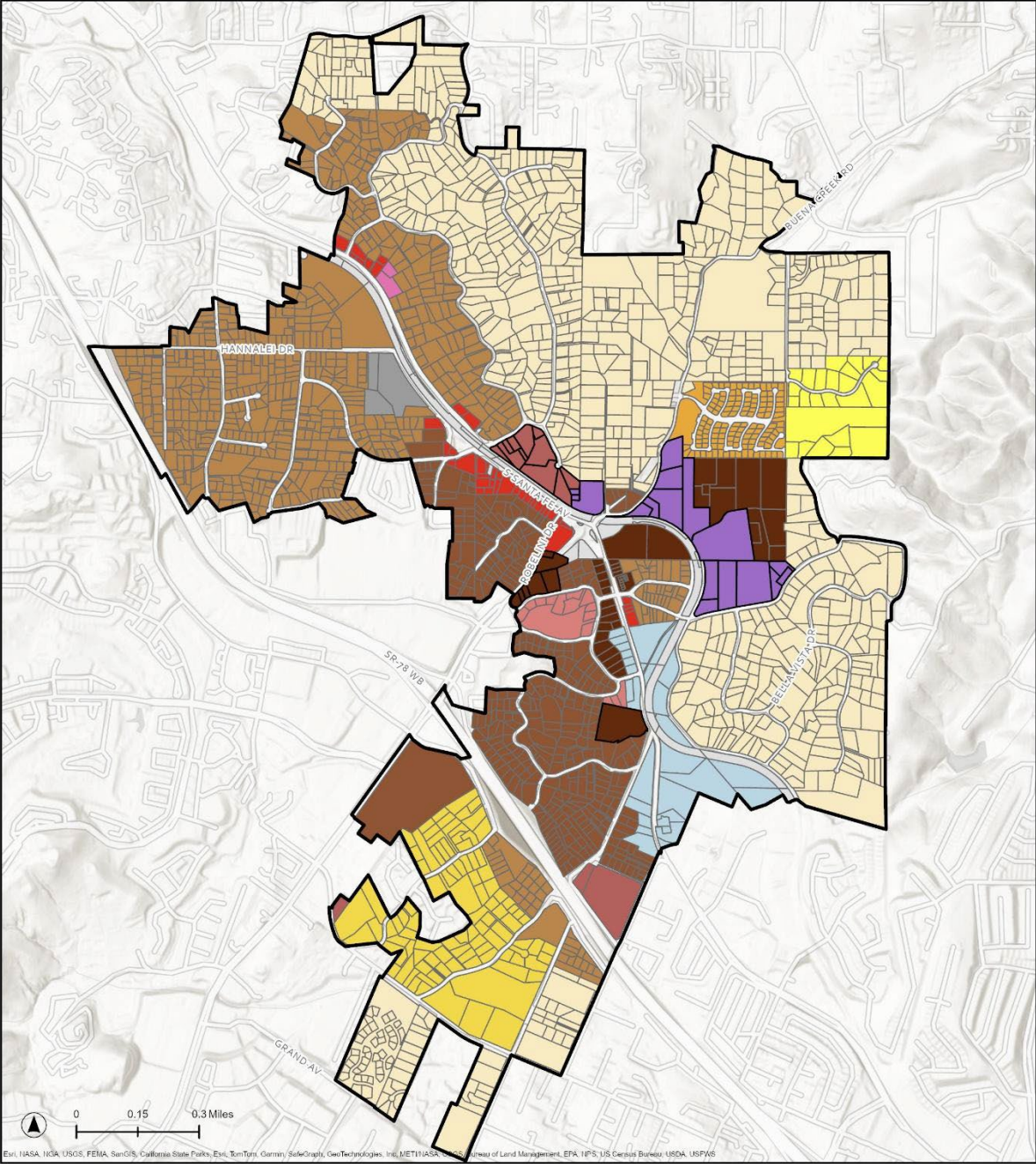
- GENERAL COMMERCIAL
- LIMITED IMPACT INDUSTRIAL
- MEDIUM IMPACT INDUSTRIAL
- NEIGHBORHOOD COMMERCIAL
- OFFICE PROFESSIONAL
- OPEN SPACE (CONSERVATION)

- OPEN SPACE (RECREATION)
- PUBLIC AGENCY LANDS
- PUBLIC/SEMI-PUBLIC FACILITIES
- SEMI-RURAL RESIDENTIAL (SR-1)
- SEMI-RURAL RESIDENTIAL (SR-4)
- SPECIFIC PLAN AREA
- VILLAGE CORE MIXED USE
- VILLAGE RESIDENTIAL (VR-2)

- VILLAGE RESIDENTIAL (VR-2.9)
- VILLAGE RESIDENTIAL (VR-4.3)
- VILLAGE RESIDENTIAL (VR-7.3)
- VILLAGE RESIDENTIAL (VR-10.9)
- VILLAGE RESIDENTIAL (VR-15)
- VILLAGE RESIDENTIAL (VR-20)
- VILLAGE RESIDENTIAL (VR-24)
- VILLAGE RESIDENTIAL (VR-30)



Map 15. Buena Creek Land Use Alternative 2



Data gathered from SanGIS in May 2024

Buena Creek Alternative 2

Alternative 2

- Village Core Mixed Use
- Village Residential (VR-15)
- Village Residential (VR-24)
- Village Residential (VR-30)

General Plan Land Use

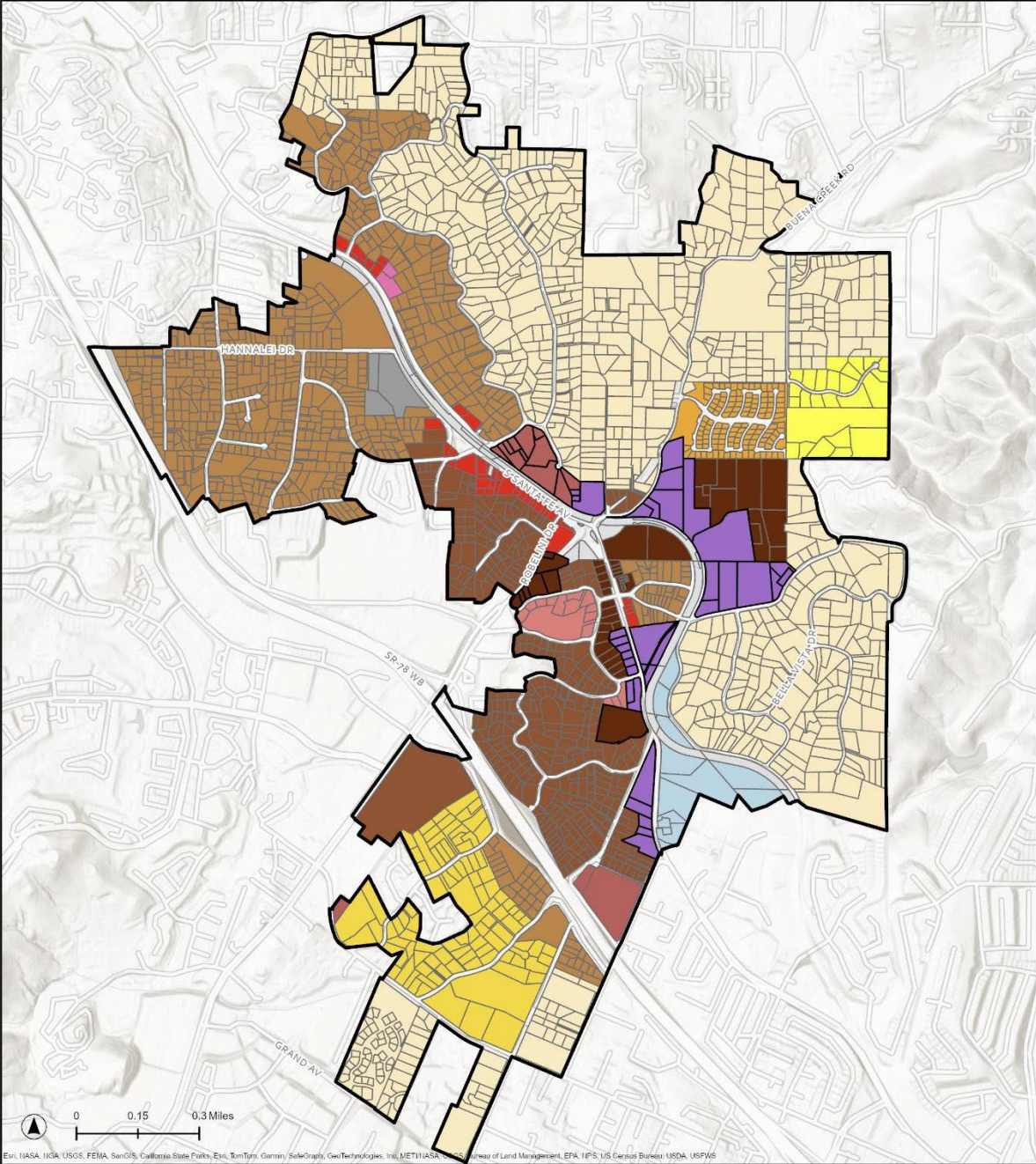
- GENERAL COMMERCIAL
- LIMITED IMPACT INDUSTRIAL
- MEDIUM IMPACT INDUSTRIAL
- NEIGHBORHOOD COMMERCIAL
- OFFICE PROFESSIONAL
- OPEN SPACE (CONSERVATION)

- OPEN SPACE (RECREATION)
- PUBLIC AGENCY LANDS
- PUBLIC/SEMI-PUBLIC FACILITIES
- SEMI-RURAL RESIDENTIAL (SR-1)
- SEMI-RURAL RESIDENTIAL (SR-4)
- SPECIFIC PLAN AREA
- VILLAGE CORE MIXED USE
- VILLAGE RESIDENTIAL (VR-2)

- VILLAGE RESIDENTIAL (VR-2.9)
- VILLAGE RESIDENTIAL (VR-4.3)
- VILLAGE RESIDENTIAL (VR-7.3)
- VILLAGE RESIDENTIAL (VR-10.9)
- VILLAGE RESIDENTIAL (VR-15)
- VILLAGE RESIDENTIAL (VR-20)
- VILLAGE RESIDENTIAL (VR-24)
- VILLAGE RESIDENTIAL (VR-30)



Map 16. Buena Creek Land Use Alternative 3



Data gathered from SanGIS in May 2024

Buena Creek Alternative 3

Alternative 3

- Village Core Mixed Use
- Village Residential (VR-15)
- Village Residential (VR-24)
- Village Residential (VR-30)

General Plan Land Use

- GENERAL COMMERCIAL
- LIMITED IMPACT INDUSTRIAL
- MEDIUM IMPACT INDUSTRIAL
- NEIGHBORHOOD COMMERCIAL
- OFFICE PROFESSIONAL
- OPEN SPACE (CONSERVATION)

- OPEN SPACE (RECREATION)
- PUBLIC AGENCY LANDS
- PUBLIC/SEMI-PUBLIC FACILITIES
- SEMI-RURAL RESIDENTIAL (SR-1)
- SEMI-RURAL RESIDENTIAL (SR-4)
- SPECIFIC PLAN AREA
- VILLAGE CORE MIXED USE
- VILLAGE RESIDENTIAL (VR-2)

- VILLAGE RESIDENTIAL (VR-2.9)
- VILLAGE RESIDENTIAL (VR-4.3)
- VILLAGE RESIDENTIAL (VR-7.3)
- VILLAGE RESIDENTIAL (VR-10.9)
- VILLAGE RESIDENTIAL (VR-15)
- VILLAGE RESIDENTIAL (VR-20)
- VILLAGE RESIDENTIAL (VR-24)
- VILLAGE RESIDENTIAL (VR-30)



Conclusion

The Buena Creek DFA area faces constraints that limit development identified through a combination of market, financial, infrastructure, and land use analyses. The market assessment determined that Buena Creek has a lower median household income than the surrounding region, making it less attractive to developers targeting higher income buyers. The financial feasibility analysis revealed that land values in Buena Creek are significantly lower than in neighboring areas such as the City of San Marcos and the City of Vista. This makes land assembly (i.e., combination of adjacent parcels into a larger site to make development more feasible) and redevelopment challenging, as property owners have little financial incentive to sell or redevelop. Many of the available parcels in Buena Creek are too small for large-scale development. The land use analysis found that land assembly would be necessary to create development sites that are financially and functionally viable. Environmental constraints such as steep slopes (5% of the DFA area) and floodplains (3% of the DFA area) present challenges to construction and infrastructure development. These constraints increase building costs and require additional engineering solutions. The infrastructure assessment indicated that sewer capacity studies and pipeline expansions are needed to accommodate higher-density residential development. Specific areas, such as along South Santa Fe Avenue, require water main replacements and sewer line upgrades before new residential projects can be supported.

Despite these challenges, the report identifies several opportunities to support residential growth in the Buena Creek DFA area. Buena Creek is well-positioned to attract residents employed in the high-quality office markets along the SR 78 corridor, given its proximity to transit and major employment centers. Neighboring cities such as Vista and San Marcos have seen strong housing development, and Buena Creek can benefit from this momentum by positioning itself as a more affordable alternative. The land use analysis recommends focusing on higher-density multifamily developments near the Buena Creek Sprinter Station and South Santa Fe Avenue to support transit-oriented development and increase housing supply. The market assessment identified demand for townhomes and small lot single-family homes, making these ideal housing types for areas adjacent to existing residential communities and schools. Community feedback emphasized the need for more diverse housing options, including affordable units. The study suggests that adding medium-density housing could help address this demand while maintaining neighborhood character.

To capitalize on these opportunities while addressing constraints, it is recommended to develop a Specific Plan for the Sprinter Station area in Buena Creek, prioritizing grant funding for its creation. This plan should focus on placemaking initiatives such as wayfinding signage, transit enhancements, business improvement opportunities, and expanded access to open space. Additionally, addressing roadway congestion through targeted infrastructure improvements and exploring funding mechanisms like Community Facilities Districts (CFDs), Enhanced Infrastructure Financing Districts (EIFDs), Special Assessments, Landscaping and Lighting Maintenance Districts (LLMDs), or Community Development Block Grants (CDBGs) will ensure a comprehensive and well-funded revitalization strategy.



Valle de Oro / Casa de Oro

Introduction

The Valle de Oro/Casa de Oro DFA area is a 0.81-square-mile area located in East San Diego County as seen in Map 17. The area is adjacent to the cities of La Mesa, El Cajon, and Lemon Grove, and encompasses a portion of State Route 94 (SR 94) with nearby access to SR 125.

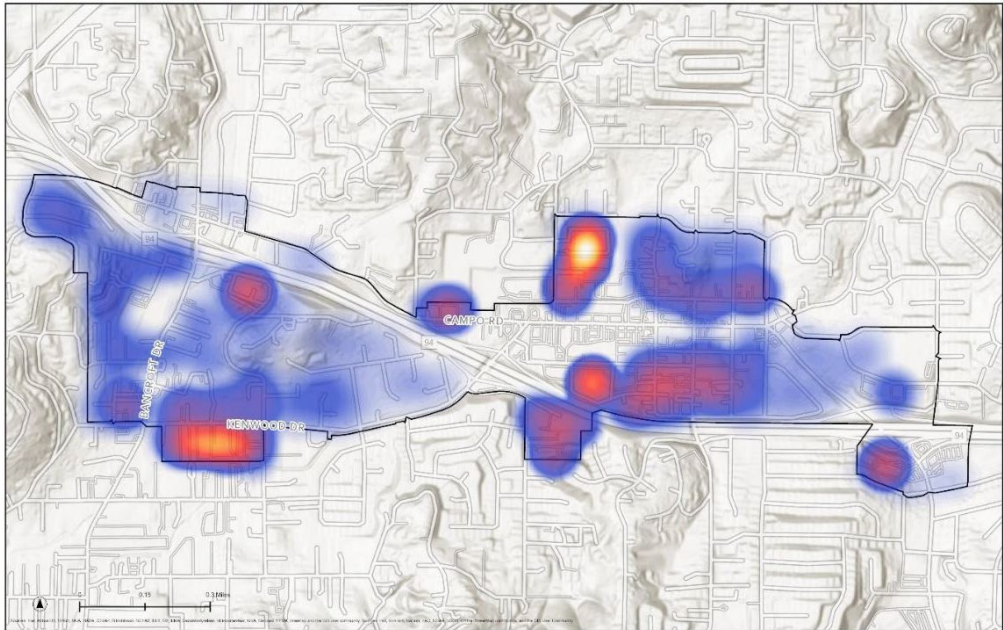
On January 11, 2023, the Campo Road Corridor Revitalization Specific Plan (Specific Plan) was adopted, which provides guidance for the future development of the Campo Road Commercial Corridor between Rogers Road and Granada Avenue. This corridor is envisioned to be a major commercial and civic heart of the area, with improvements to connectivity and transit, complementary tenant mixes, residential choices, adequate parking, art and expression, and more.

Community Demographics

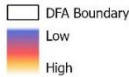
Demographic Overview

The Valle de Oro/Casa de Oro DFA area is estimated to have a population of 5,575 (2023). The population is concentrated near the commercial sections of Campo Road and in the southern portion of the DFA area, as seen in Map 18 below. The demographic information for Valley de Oro/Casa de Oro can also be seen in Table 13.

Map 18. Valle de Oro/Casa de Oro Population Density



Valle de Oro/Casa de Oro Population



Data gathered from Urban Footprint in 2024



Table 13. Valle de Oro/Casa de Oro Demographic Overview with comparisons (2023)

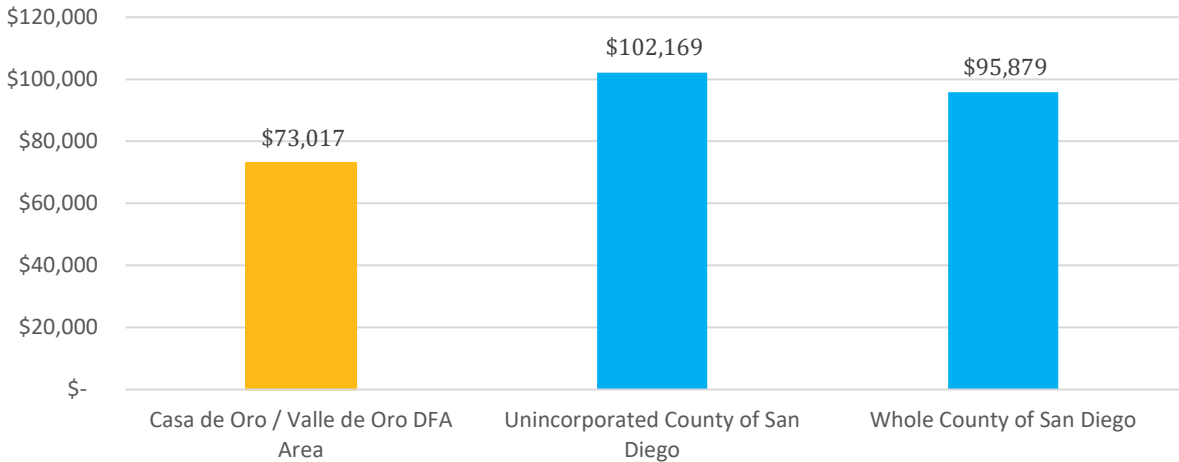
Demographics (2023)	Casa de Oro /Valle de Oro DFA area	Unincorporated County of San Diego	Entire County of San Diego
Population	5,575	519,735	3,325,714
Median Age	35.1 years	38.7 years	36.7 years
Unemployment Rate	6.2%	5.2%	4.9%
Households	1,954	167,962	1,172,259
Average Household Size	2.82	2.92	2.74
Owner-Occupied Housing Units	44.0%	65.6%	51.5%
Renter-Occupied Housing Units	51.8%	27.8	42.5%
Vacant Housing Units	4.2%	6.6%	6.1%

Source: Esri Business Analyst Online, May 2024.

Household Income Distribution

The median household income in the Valle de Oro/Casa de Oro DFA area is \$73,017 (2023), which is lower than the overall County of San Diego, estimated at \$95,879 (2023), as seen in Figure 4.

Figure 4. Median Household Income, Valle de Oro/Casa de Oro comparisons (2023)



Compared to housing pricing, income levels in Valle de Oro/Casa de Oro do not support the recommended 28% of pre-tax income spent on mortgage; Valle de Oro/Casa de Oro homeowners spend on average 60.9% on mortgage payments.

Community Amenities

Community amenities represent the facilities, infrastructure, and spaces that contribute to residential quality of life. They include features like schools, parks, libraries, street trees, grocery stores, and other elements of daily necessity. The presence of these amenities, or lack thereof, can be factors influencing the demand for residential development.

“I WANT TO SEE A MORE WALKABLE COMMUNITY WITH MORE GREEN SPACES.”
— VALLE DE ORO/CASA DE ORO RESIDENT

The Valle de Oro/Casa de Oro area is served by San Diego Metropolitan Transit System (MTS) bus stops, primarily along Campo Road and Bancroft Drive.

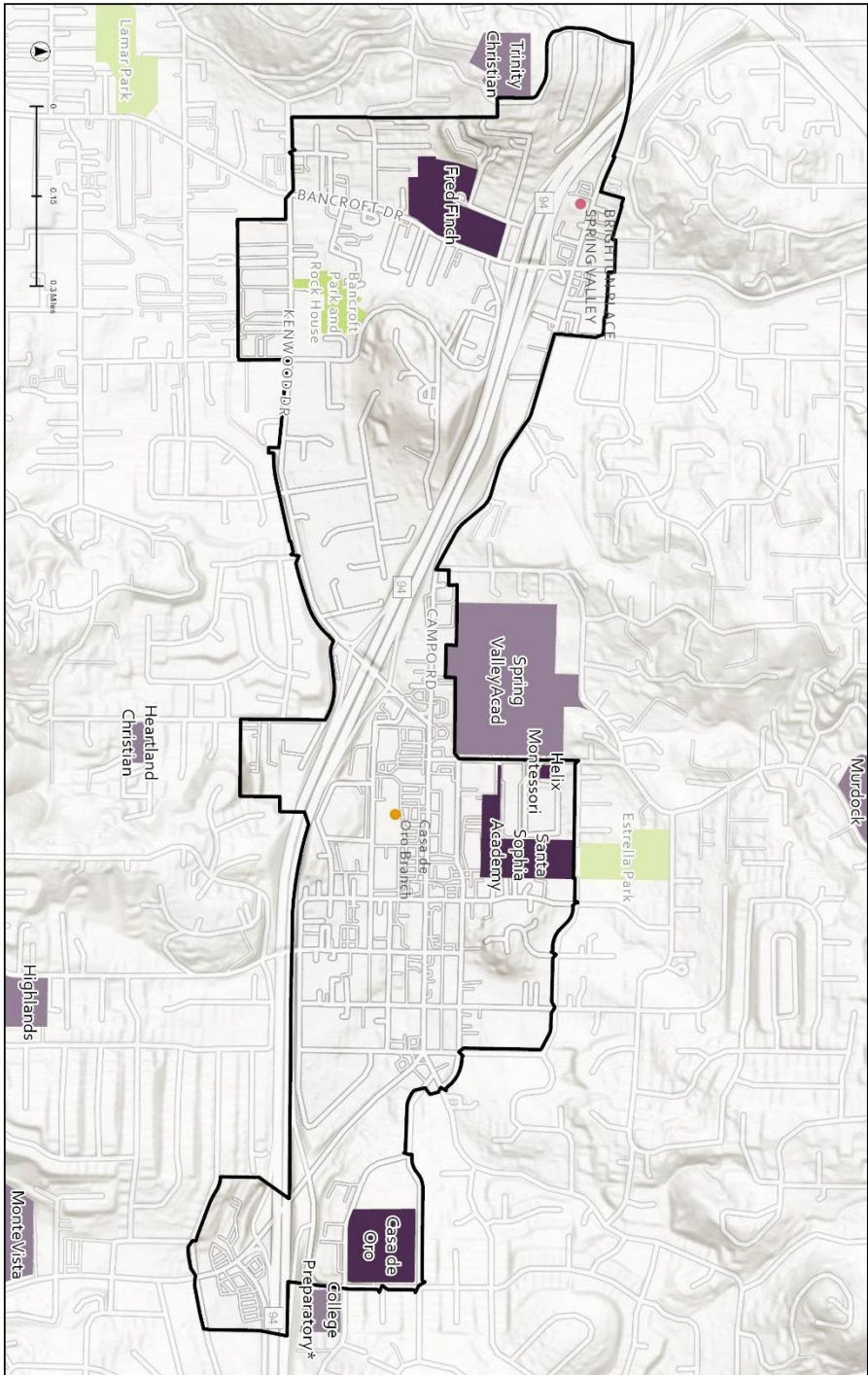
Additional neighborhood amenities were analyzed based on a three-mile trade ring from the center of the DFA area. The trade ring contains an ample number of schools/educational facilities, neighborhood parks/recreation, and grocery stores and pharmacies. Notably, the trade ring includes several MTS bus stops and the Spring Street Trolley Station. The presence of these public transit amenities provides an opportunity to increase transit ridership and provide additional public transit infrastructure. Sharp Grossmont Hospital, the largest hospital in East San Diego County, is also within the trade ring. Additionally, the Grossmont Center regional mall is located within the trade ring and contains retail anchors such as Target, Macy’s, Walmart, and Barnes & Noble. It is noted that many of the public transit and neighborhood amenities within the trade ring are concentrated west of the DFA area within the cities of Lemon Grove and La Mesa. A full list of communities can be found in Table 14 and are represented geographically in Maps 19 and 20.

<i>Table 14. Valle de Oro/Casa de Oro Community Amenities – Trade Ring (3-miles to center of DFA area)</i>	
Amenity Category	Amenity
Public Transit	<ul style="list-style-type: none"> ● MTS bus stops ● MTS Trolley Stations (Massachusetts Avenue Station, Lemon Grove Depot, Spring Street Station, La Mesa Trolley Station, Grossmont Trolley Station, and Amaya Trolley Station)
Schools/Educational Facilities	<ul style="list-style-type: none"> ● JCS Manzanita Elementary ● Lemon Grove Academy Elementary School ● Spring Valley Elementary School ● Avondale Elementary School ● Highlands Elementary School

Table 14. Valle de Oro/Casa de Oro Community Amenities – Trade Ring (3-miles to center of DFA area)	
Amenity Category	Amenity
	<ul style="list-style-type: none"> ● Loma Elementary School ● College Preparatory Middle School ● Helix Charter High School ● Mount Miguel High School ● Acton Academy San Diego East ● Trinity Christian School ● Perelandra College
Hospital/Medical Centers	<ul style="list-style-type: none"> ● Sharp Grossmont Hospital ● La Mesa Medical Plaza ● Chase Avenue Family Health Center ● Grossmont Spring Valley Family Health Center ● Lemon Grove Family Health Center
Neighborhood Parks/Recreation	<ul style="list-style-type: none"> ● Dictionary Hill County Preserve ● Mount Helix Park ● Eucalyptus Park ● Harry Griffen Park ● La Mesita Park ● Jackson Park ● Highwood Park ● Berry Street Park ● Lemon Grove Park ● Sweetwater Place County Park ● East County Community Center
Grocery Stores and Pharmacies	<ul style="list-style-type: none"> ● Albertsons ● Grocery Outlet ● Vons ● Sprouts ● Food4Less

Source: Keyser Marston Associates (KMA)

Map 19. Valle de Oro/Casa de Oro Community Amenities



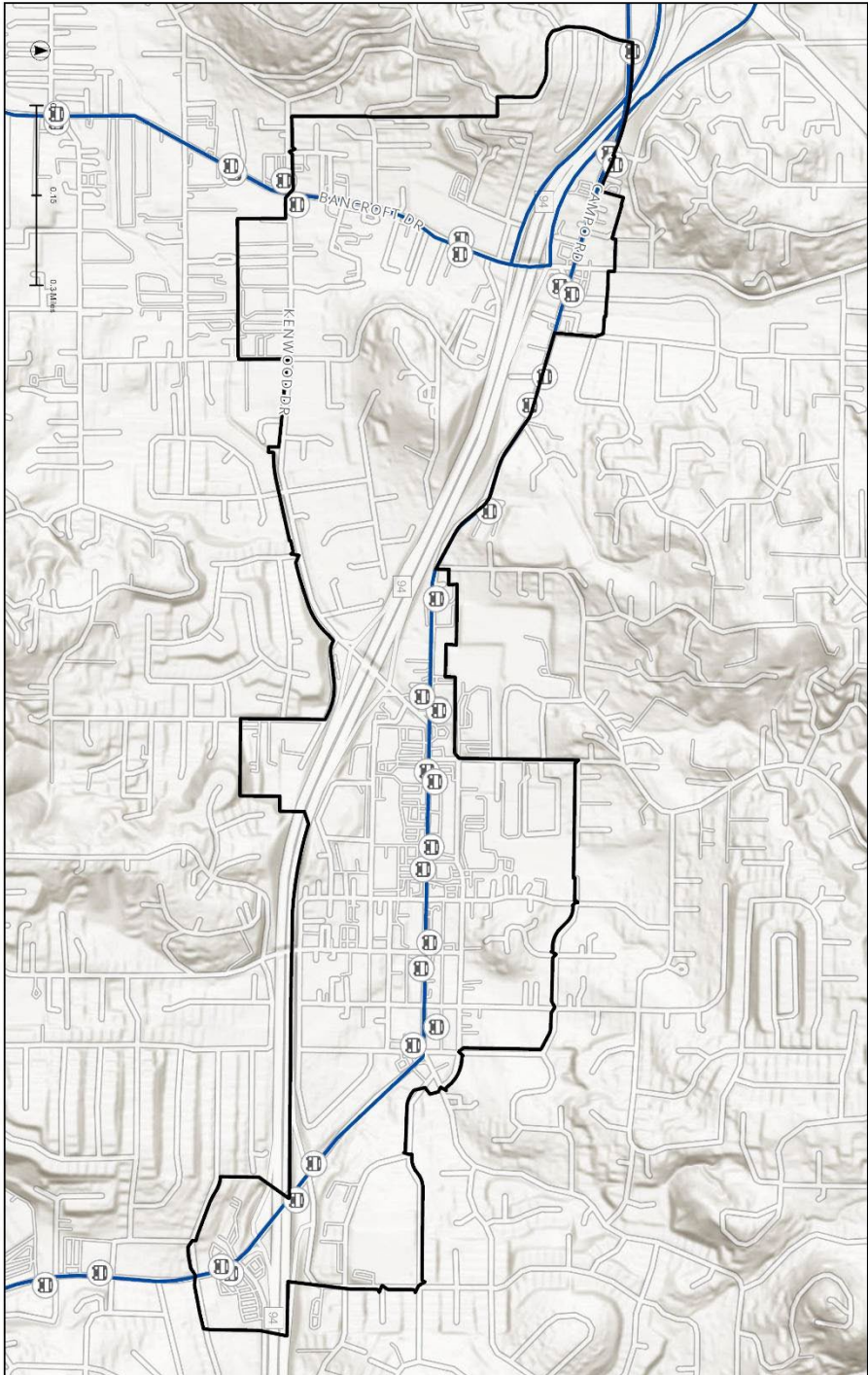
Valle de Oro/Casa de Oro Community Amenities

- DFA Boundary
- Parks
- Schools
- Library
- Healthcare Facilities



Data gathered from SARGIS in May 2024

Map 20. Valle de Oro/Casa de Oro Transit



Valle de Oro/Casa de Oro Transit

-  DFA Boundary
-  Transit Routes
-  Transit Stops
-  Bus

Data gathered from SmapGIS in May 2024



Current Infrastructure

Valle de Oro/Casa de Oro Roadways

The majority of this DFA area is served by public roads, with only a few minor private roads. Private roads can pose challenges to new development, as there may be inconsistent maintenance, varying road conditions, and unknown fees. Therefore, it is recommended for new development to occur along County-maintained public roads. Alternatively, public road access could be provided via easements or other means.

The Department of Public Works' (DPW) Infrastructure Gap Analysis Report (Exhibit B) identified roadways that provided connections to key points of interest within Valle de Oro/Casa de Oro and provided recommendations for road corridor transformations to improve pedestrian and bicycle infrastructure for a more vibrant community space. The recommendations listed below are preliminary and require further analysis and assessment of constraints. The following is a summary of the recommended roadways and improvement investments in Valle de Oro/Casa de Oro from the Infrastructure Gap Analysis Report:

- **Bancroft Drive**, from Campo Road to Kenwood Drive: enhance bikeability by adding a Class II bike lane including a buffer between travel lanes. Additional investments include adding a median, a parkway, and increasing the right-of-way width to 60–74 feet.
- **Campo Road**, from Bancroft Drive to Camino Paz: enhance walkability and bikeability by adding Class II bike lanes to both sides of the street, adding buffers between the bike lanes and the travel lane, and adding parkways and sidewalks. Additional investment includes increasing the right-of-way width to 84–98 feet.
- **Campo Road**, from Camino Paz to Rogers Road: enhance walkability and bikeability by adding Class II bike lanes to both sides of the street, adding buffers between the bike lanes and the travel lane, and adding parkways and sidewalks.
- **Campo Road**, from Rogers Road to Ramona Drive: enhance walkability and bikeability by adding Class III bike lanes to both sides of the street, adding buffers between the bike lanes and the parking, and adding parkways. Additional investment includes increasing the right-of-way width to 92–106 feet, adding a median, and adding angled parking.
- **Conrad Drive**, from Campo Road to Sierra Madre Road: enhance walkability by adding sidewalks and parkways.

For more information on the changes identified, see the Water and Sewer Infrastructure Analysis (Exhibit B). For the existing roadways, see Map 21.

Valle de Oro/Casa de Oro Water Service

Water services within the Valle de Oro/Casa de Oro DFA area are provided by the Helix Water District. Water service consists of backbone transmission mains with distribution mains serving areas of potential development. See Exhibit B for more information and Map 22 for existing pipes.

Valle de Oro/Casa de Oro Sewer Service

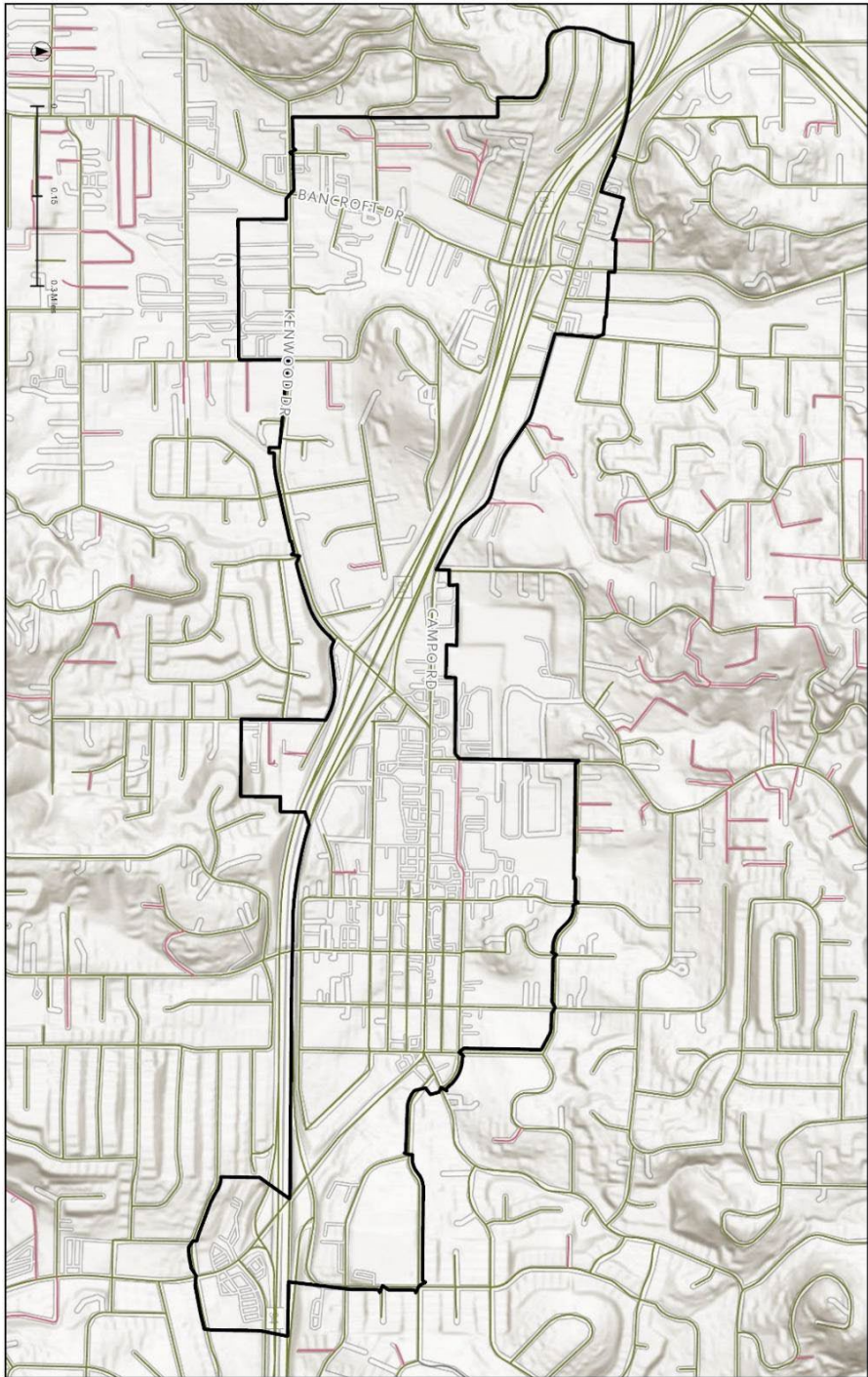
Sewer services within the Valle de Oro/Casa de Oro DFA area are provided by the County of San Diego Sanitation District. Areas of development potential are either served by existing sewer mains or adjacent trunk mains. See Exhibit B for more information and Map 23. The following are recommendations for sewer service in Valle de Oro/Casa de Oro:

- An “Existing Conditions Analysis for Campo Road Revitalization” report, dated February 2020, prepared by Michael Baker International, was reviewed as part of this study and notes a portion of sewer main along Campo Road as potentially at capacity, and due to age, in need of replacement and upsizing. This improvement project has not been completed to date and would be recommended to improve the Campo Drive sewer main. Timing would match the adjacent potential development area (short- to mid-term). The construction cost is estimated at \$3,360,000 per the Michael Baker report.

Valle de Oro/Casa de Oro Stormwater Infrastructure

The Valle de Oro/Casa de Oro DFA area lies within Special Drainage Area 2 (SDA-2), the Valle de Oro SDA. No major flood control or stormwater management facilities are currently planned within the DFA, as no major deficiencies have been identified. Individual development projects are required to comply with County requirements regarding retention of stormwater runoff onsite for both flood control and stormwater quality control purposes. Also, County Ordinance No. 7 (June 24, 1991) requires the payment of drainage fees as a condition for issuing any building permit.

Map 21. Valle de Oro/Casa de Oro Roads



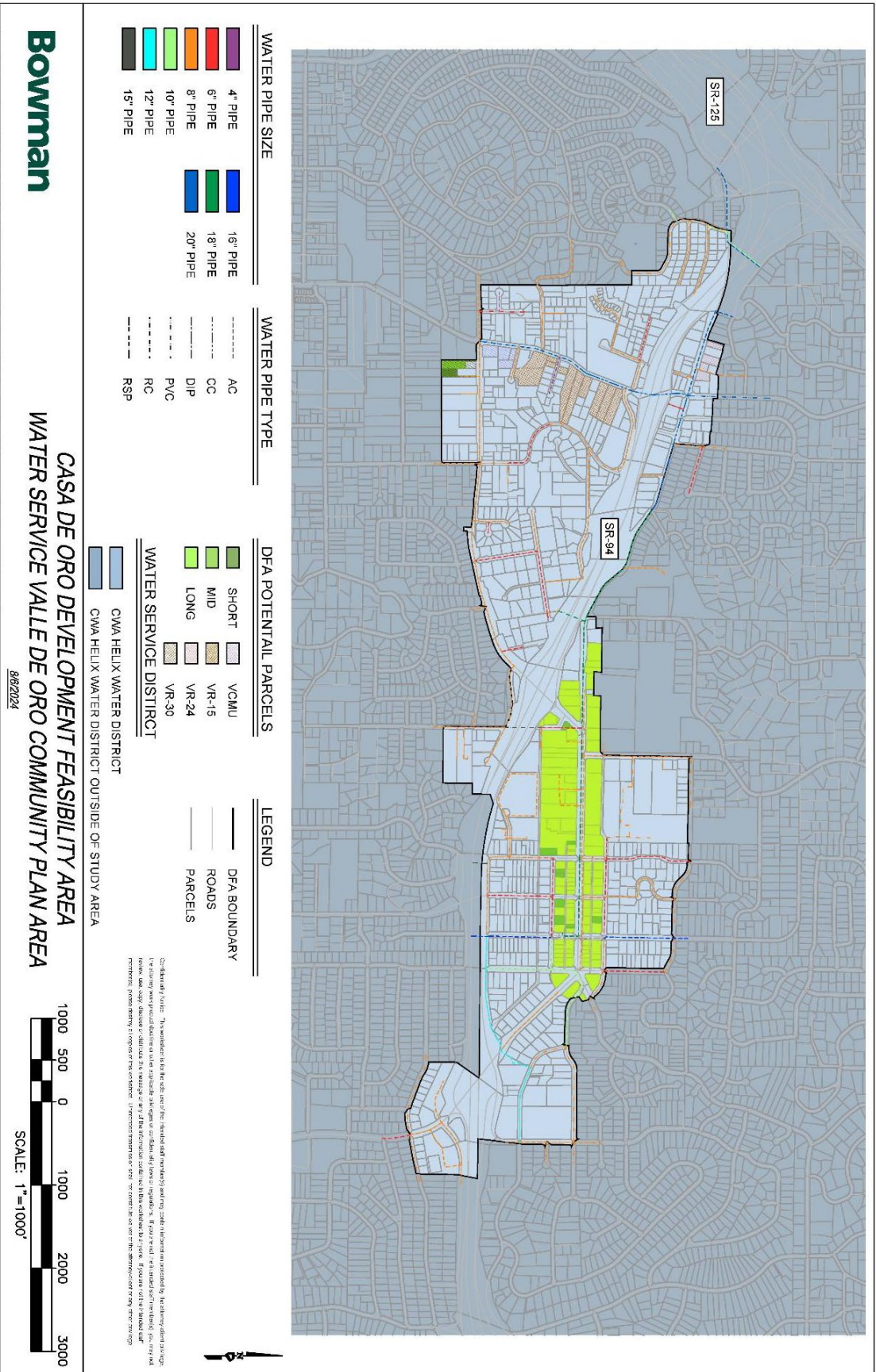
Data gathered from SmartGIS in May 2024

Valle de Oro/Casa de Oro Roads

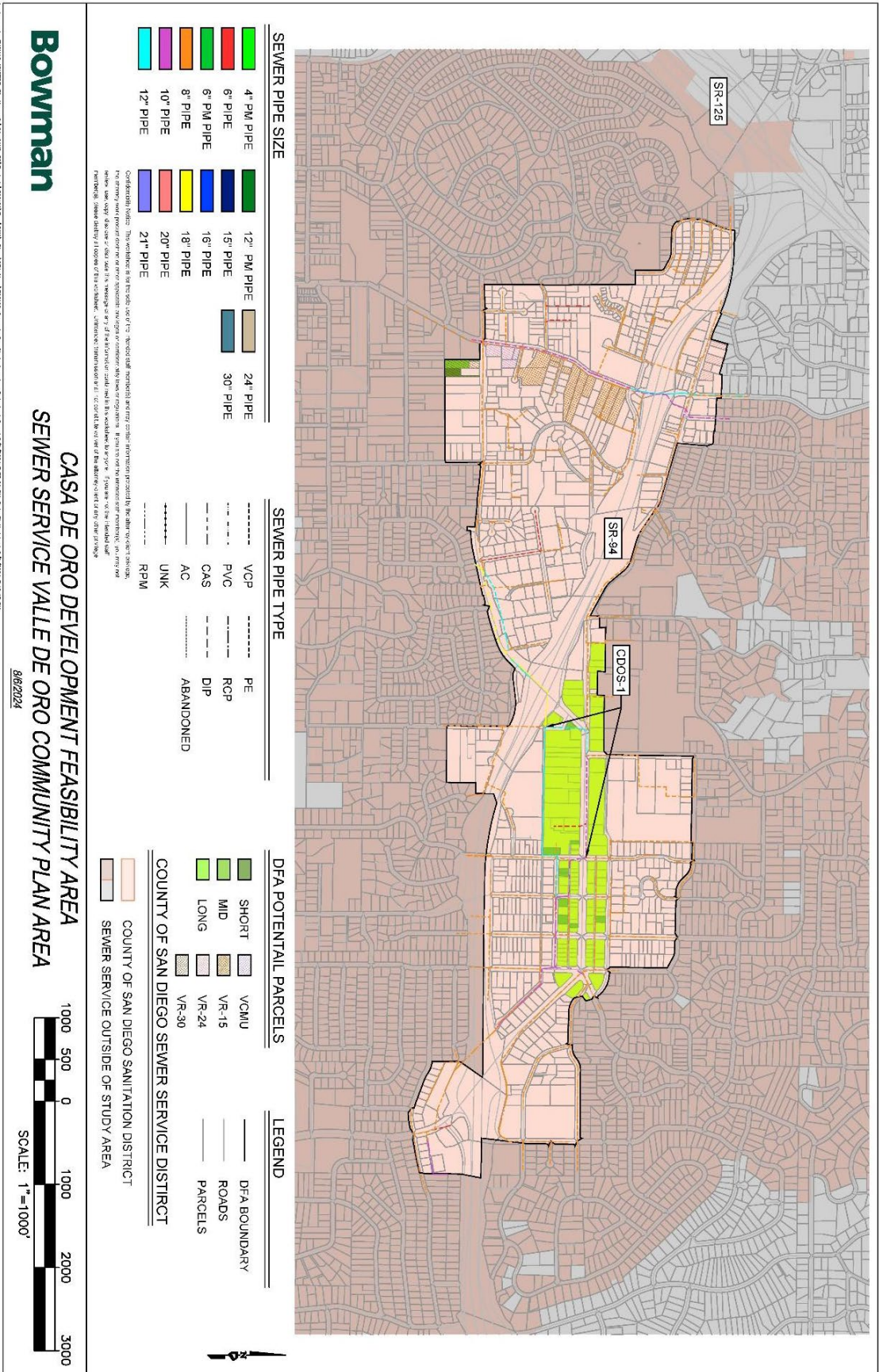
-  DFA Boundary
-  Dedicated
-  Private street
-  Undedicated



Map 22. Valle de Oro/Casa de Oro Water Service



Map 23. Valle de Oro/Casa de Oro Sewer Service



Housing Market Assessment

The following section provides a snapshot of opportunities, constraints, and the housing market analysis for Valle de Oro/Casa de Oro. Information for this section was sourced from the Market Feasibility Assessment created in June 2024 by Keyser Marston Associates (KMA). For more detailed information on residential market trends, see Exhibit C.

Existing Conditions

The DFA area can generally be characterized by its commercial corridor surrounded by urban and single-family residential. Existing General Plan land uses include General Commercial, Limited Impact Industrial, Neighborhood Commercial, Office Professional, Public/Semi-Public Facilities, Village Core Mixed Use, and Village Residential. Current zoning within the DFA area includes General Commercial (C36), Heavy Commercial (C37), Specific Plan (S88), Single-Family Residential (RS), Urban Residential (RU), Limited Industrial (M52), and Transportation and Utility Corridor (S94). Current allowable densities in the General Commercial and Heavy Commercial areas range from 7 to 40 DUs per acre.

The DFA area is also reflected within the Valle de Oro Community Plan and the Campo Road Corridor Revitalization Specific Plan (adopted in January 2023). The Specific Plan covers 60 acres centered on Campo Road between Rogers Road and Granada Avenue that serve as the commercial and civic center of the Calle de Oro/Casa de Oro community. The maximum allowable density for both residential and non-residential development is a 2.0 floor area ratio (FAR) for the Main Street District (parcels adjacent to the sidewalk north and south of Campo Road) and 1.0 for the Gateway District (parcels at the major entrances at the intersections of Campo Road with Kentwood Drive and Granada Avenue).

“I’D LIKE TO SEE GROWTH THAT IS HOLISTIC AND CONSIDERS THE CURRENT CHARACTERISTICS OF THE NEIGHBORHOOD.”

— VALLE DE ORO/CASA DE ORO RESIDENT

Residential Market Trends and Projected Demand in Housing Units

Tables 15 and 16 depict the projected housing unit demand, as well as the potential residential development typologies for the Valle de Oro/Casa de Oro DFA area. Supportable market demand is evaluated in the near-term (0 to 5 years), mid-term (5 to 10 years), and long-term (10 or more years). In addition, the following metrics were used as part of this evaluation: “strong” meaning highly likely to occur, “moderate” meaning likely to occur, and “weak” meaning unlikely to occur.

Table 15. Valle de Oro/Casa de Oro Projected Housing Unit Demand (2025–2050)

Capture Level	Total Units	Units / Year
Low Capture	1,373 units	55 units / year
High Capture	1,831 units	73 units / year

Table 16. Valle de Oro/Casa de Oro Market Support for Residential Typologies

Capture Level	Units / Year	Near-Term (0–5 years)	Mid-Term (5–10 years)	Long-Term (10+ Years)
For-Sale Residential Development Typologies				
Townhomes	15–20 units / acre	Moderate	Moderate	Strong
Rental Residential Development Typologies				
Stacked Flat with Tuck-Under Parking	30+ units / acre	Weak	Moderate	Strong
Garden-Style Apartments	20–25 units / acre	Moderate	Moderate	Strong

Housing Development Financial Feasibility

Market-Rate Housing Development Financial Feasibility

This section provides a snapshot of housing prototypes and feasibility based on residential land values and was sourced from the Valle de Oro/Casa de Oro Financial Feasibility Analysis created in June 2024 by Keyser Marston Associates (KMA). For more detailed information on housing development financing trends, see Exhibit D.

Each residual land value model incorporated estimates of development costs, market rents/values, and target developer returns reflective of recent comparable projects and available market and industry data. Development prototypes that make financial sense generate positive residual land values that indicate that a developer or investor could acquire the site, construct the development, sell or lease the completed development, and receive at least an industry standard target return on their investment. Table 17 depicts the housing types evaluated in Valle de Oro/Casa de Oro. As seen in Table 18, attached townhomes and garden-style apartments make the most financial sense.

Table 17. Valle de Oro/Casa de Oro Summary of Development Prototypes






Development Prototype	Illustrative Example	General Project Description
<p>A Attached Townhomes</p>		<ul style="list-style-type: none"> • 3.72-acre site • 20 units/gross acre • For-sale housing • 74 units • 2-3 stories • Attached garages • 1,399 SF average unit size
<p>B Attached Townhomes w/Ground Floor Commercial</p>		<ul style="list-style-type: none"> • 0.55-acre site • 24 units/gross acre (Village Core Mixed-Use) • For-sale housing • 13 units • 1,000 SF commercial SF • 3 stories • Surface and attached garages • 1,250 SF average unit size
<p>C Garden Apartments</p>		<ul style="list-style-type: none"> • 1.47-acre site • 20 units/gross acre (Village Residential 20) • Rental housing • 29 units • 2-3 stories • Surface, carports, and attached garages • 930 SF average unit size
<p>D Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking</p>		<ul style="list-style-type: none"> • 1.47-acre site • 35 units/gross acre (Village Core Mixed-Use)⁽¹⁾ • Rental housing • 51 units • 1,000 SF commercial space • 3-4 stories • Surface and tuck-under parking • 820 SF average unit size
<p>E Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking (Non-Contiguous Site)</p>		<ul style="list-style-type: none"> • 0.82-acre site • 40 units/gross acre (Village Core Mixed-Use)⁽¹⁾ • Rental housing • 32 units • 1,000 SF commercial space • 3-4 stories • Surface and tuck-under parking • 769 SF average unit size
<p>(1) Per the Campo Road Corridor Revitalization Specific Plan (Plan) dated January 2023, Main Street District development standards are as follows: maximum FAR of 2.0; maximum of 4 stories; and maximum building height of 62 feet. Therefore, KMA increased the density to maximize the housing unit count within the maximum 4 stories as permitted in the Plan.</p>		

Table 18. Valle de Oro/Casa de Oro Residual Land Values by Development Prototype

Product Type	A	B	C	D	E
	Attached Townhomes	Attached Townhomes w/Ground Floor Commercial	Garden Apartments	Stacked Flat w/Ground Floor Commercial and Surface/ Tuck-Under Parking	Stacked Flat w/Ground-Floor Commercial and Surface/ Tuck-Under Parking (Non-Contiguous Site)
Tenure	For-Sale	For-Sale	Rental	Rental	Rental
Site Size (Gross)	3.72 Acres	0.55 Acres	1.47 Acres	1.47 Acres	0.82 Acres
Residual Land Value (2024 \$)	\$4,936,000 \$67,000/Unit \$30/SF Site ⁽¹⁾	\$989,000 \$76,000/Unit \$41/SF Site ⁽¹⁾	\$1,278,000 \$44,000/Unit \$20/SF Site ⁽¹⁾	(\$2,188,000) (\$43,000)/Unit (\$34)/SF Site ⁽¹⁾	(\$1,900,000) (\$59,000)/Unit (\$53)/SF Site ⁽¹⁾
Financial Feasibility Outcome	Strong Positive	Strong Positive	Strong Positive	Negative	Negative
(1) Reflects residual land value per SF of gross site area.					

Land Use Analysis

Current Land Use Policy

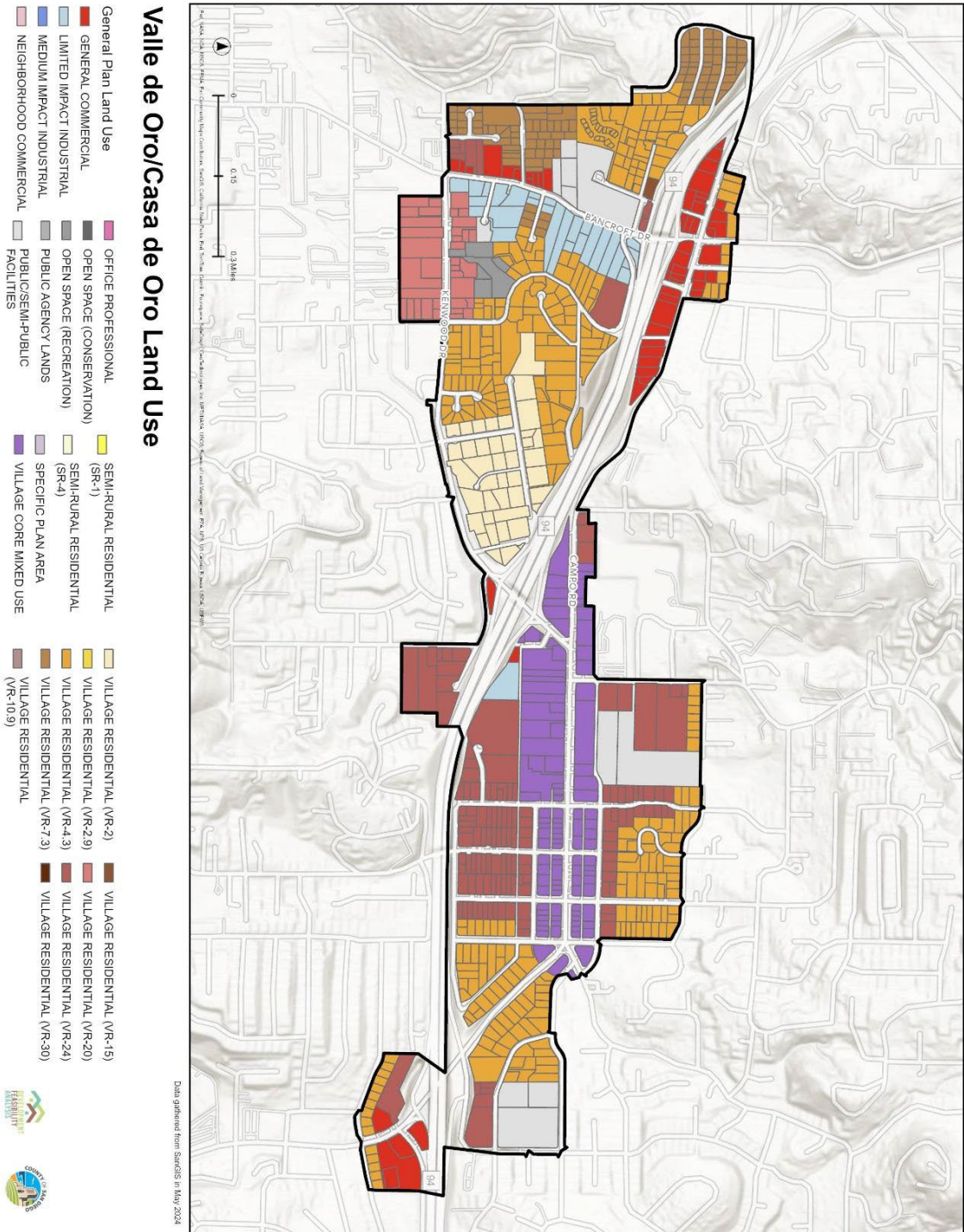
The Valle de Oro/Casa de Oro DFA area consists of 909 parcels, within a total of 518 acres, mostly developed with residential uses. Unique from other DFA areas, a Specific Plan (2023 Campo Road Corridor Revitalization Specific Plan) applies to a portion of Valle de Oro/Casa de Oro. The Specific Plan area is planned as Village Core Mixed Use (VC-30). A full list of current land use designations and distributions can be found in Table 19 and Map 24.

As shown on Map 25, Valle de Oro/Casa de Oro has fairly low utilization of its land, with 40% of parcels identified as having low Building-to-Land-Value (BLV) (ratio <1). BLV compares the assessed improvement value to the assessed land value. Land values that are higher than improvement values are generally seen as “underutilized lands,” which may be more amenable to redevelopment.

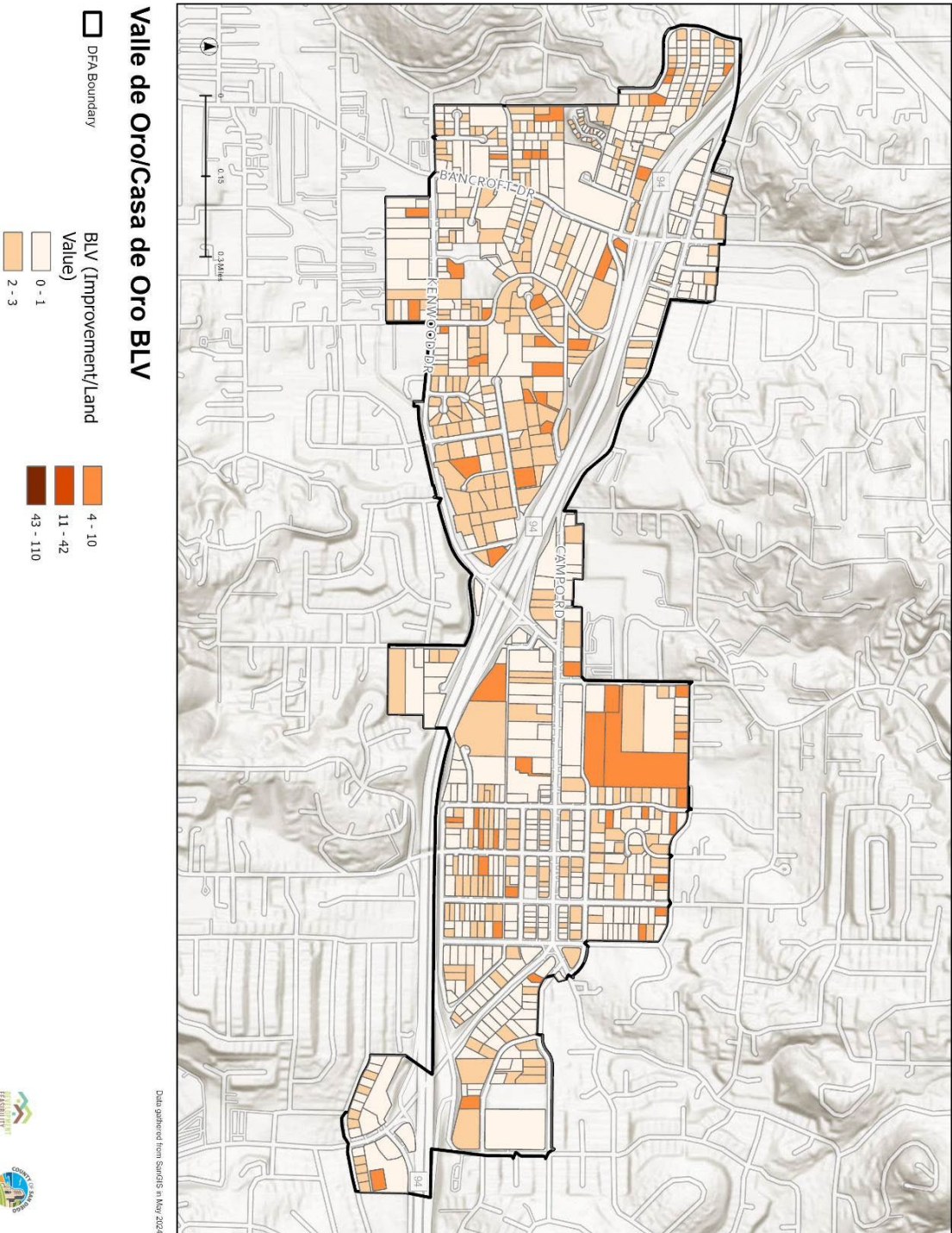
Table 19. Valle de Oro/Casa de Oro DFA area's Current Land Use Designations

Land Use Designation	Valle de Oro/Casa de Oro Parcel Count	Percentage of Total Parcels
GENERAL COMMERCIAL	54	5.9%
NEIGHBORHOOD COMMERCIAL	-	0.0%
OFFICE PROFESSIONAL	-	0.0%
LIMITED IMPACT INDUSTRIAL	30	3.3%
MEDIUM IMPACT INDUSTRIAL	-	0.0%
OPEN SPACE (CONSERVATION)	-	0.0%
OPEN SPACE (RECREATION)	6	0.7%
PUBLIC AGENCY LANDS	-	0.0%
PUBLIC/SEMI-PUBLIC FACILITIES	15	1.7%
SEMI-RURAL RESIDENTIAL (SR-1)	-	0.0%
SEMI-RURAL RESIDENTIAL (SR-4)	-	0.0%
VILLAGE RESIDENTIAL (VR-2)	41	4.5%
VILLAGE RESIDENTIAL (VR-2.9)	2	0.2%
VILLAGE RESIDENTIAL (VR-4.3)	373	41.0%
VILLAGE RESIDENTIAL (VR-7.3)	110	12.1%
VILLAGE RESIDENTIAL (VR-10.9)	-	0.0%
VILLAGE RESIDENTIAL (VR-15)	1	0.1%
VILLAGE RESIDENTIAL (VR-20)	35	3.9%
VILLAGE RESIDENTIAL (VR-24)	139	15.3%
VILLAGE RESIDENTIAL (VR-30)	-	0.0%
VILLAGE CORE MIXED USE (VC-30)	103	11.3%
SPECIFIC PLAN AREA	-	0.0%
TOTAL	909	100%

Map 24. Valle de Oro/Casa de Oro Land Use Designations (General Plan)



Map 25. Valle de Oro/Casa de Oro Building-to-Land-Value (BLV)



Housing Development

The housing density within Valle de Oro/Casa de Oro is lower than what is permitted under current General Plan land use. As of 2024, there are 2,174 DUs within the Valle de Oro/Casa de Oro DFA area.¹ Map 26 demonstrates the DU distribution. An objective of this study is to uncover ways to increase that number, while still providing high quality of life to current and future residents and addressing environmental constraints of the area.

Environmental Constraints

Environmental conditions can affect where housing can go. Certain environmental constraints can prevent development from occurring in certain areas, while other constraints are barriers that can be overcome. To account for the effect of environmental constraints on housing viability, certain constraining factors were considered. This study evaluated earthquake fault zones, airport hazard zones, airport noise, floodplains, wetlands, forest conservation, habitat preserve, environmentally sensitive areas, South County Multiple Species Conservation Program (MSCP) Pre-Approved Mitigation Areas, publicly owned lands, and slope as constraining factors to housing development. These constraints were considered in determining DU yield and in selecting parcels ideal for zoning modifications as part of future efforts.

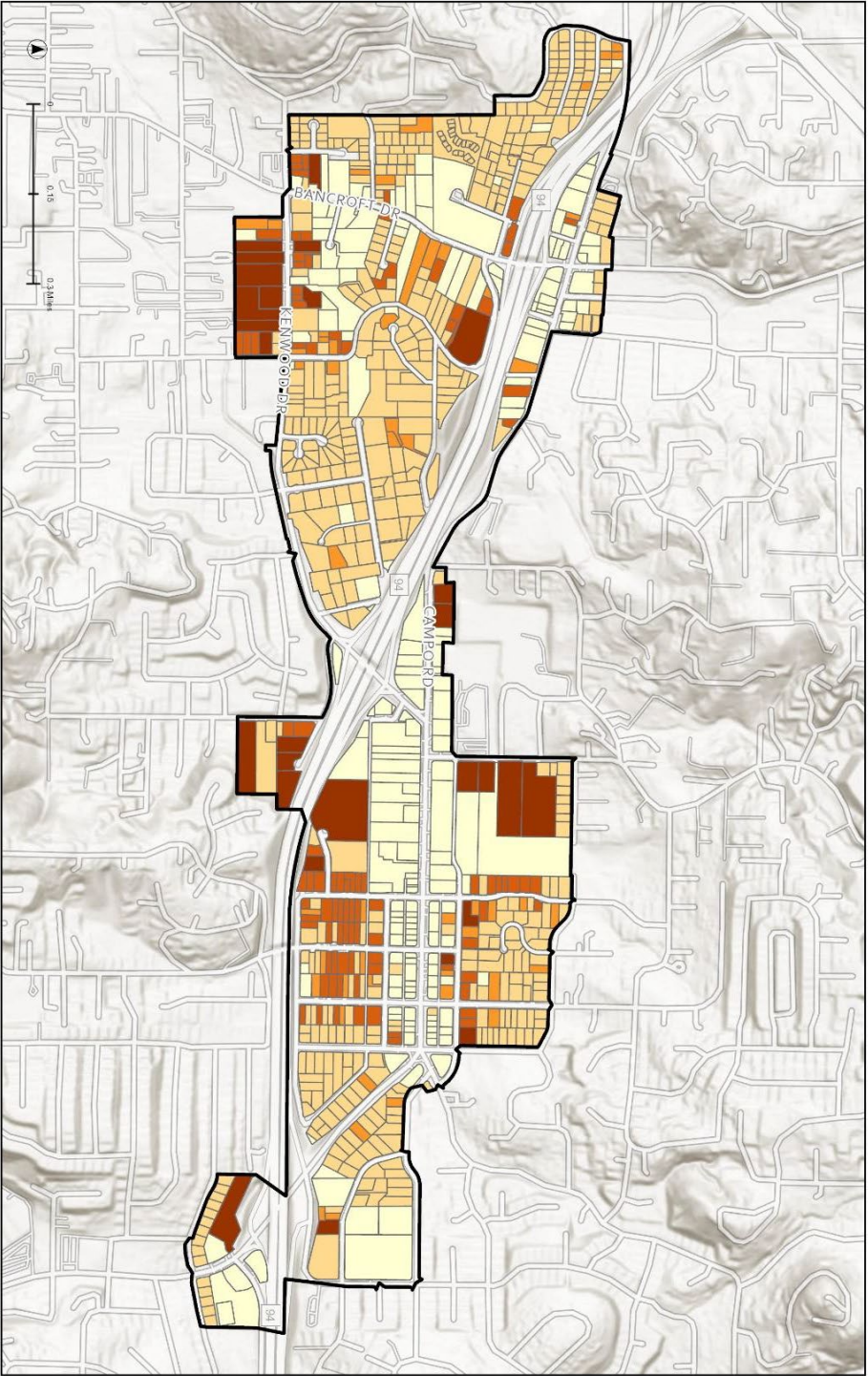
Fire risk was not included as a constraining factor, despite a large portion of the DFA area flagged by CalFire as “Very High” and “High” hazard severity zones. Acknowledging this current and growing risk, current County fire mitigation measures demote this factor as an environmental constraint for analysis purposes. Further efforts supporting wildfire planning and risk reduction are recommended to address increasing wildfire risk severity throughout the region.

The main environmental constraints to housing development in Valle de Oro/Casa de Oro are slope and floodplains, covering 5% and 4% of the DFA area, respectively. Maps 27 and 28 demonstrate these constraints geographically. These items can be mitigated to a reasonable degree for a cost. While risk and cost tolerance will vary depending on the developer, the buyer, and the market, it is the intention of this study to consider the most feasible options, i.e., the parcels that pose lowest risk and highest potential for development.

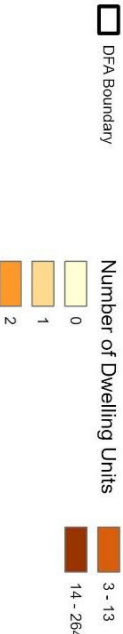
“FLOODING IS A GROWING ISSUE IN THIS NEIGHBORHOOD.”
– VALLE DE ORO/CASA DE ORO RESIDENT

¹ Current dwelling unit data sourced from UrbanFootprint.

Map 26. Valle de Oro/Casa de Oro Actual Existing DUs (n=2,174)



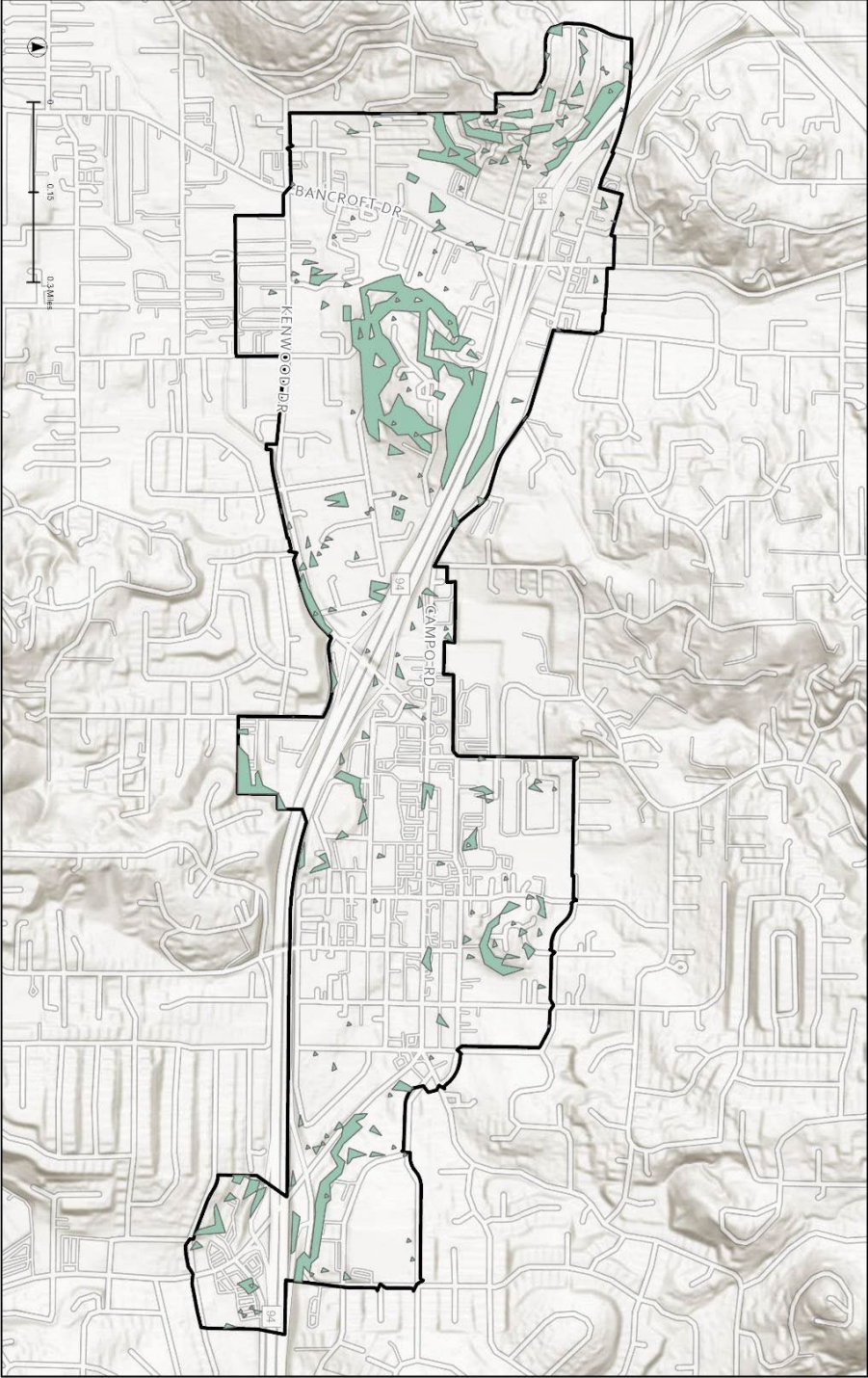
Valle de Oro/Casa de Oro Dwelling Units



Data prepared from User Footprint in 2024



Map 27. Valle de Oro/Casa de Oro Topographic Slope



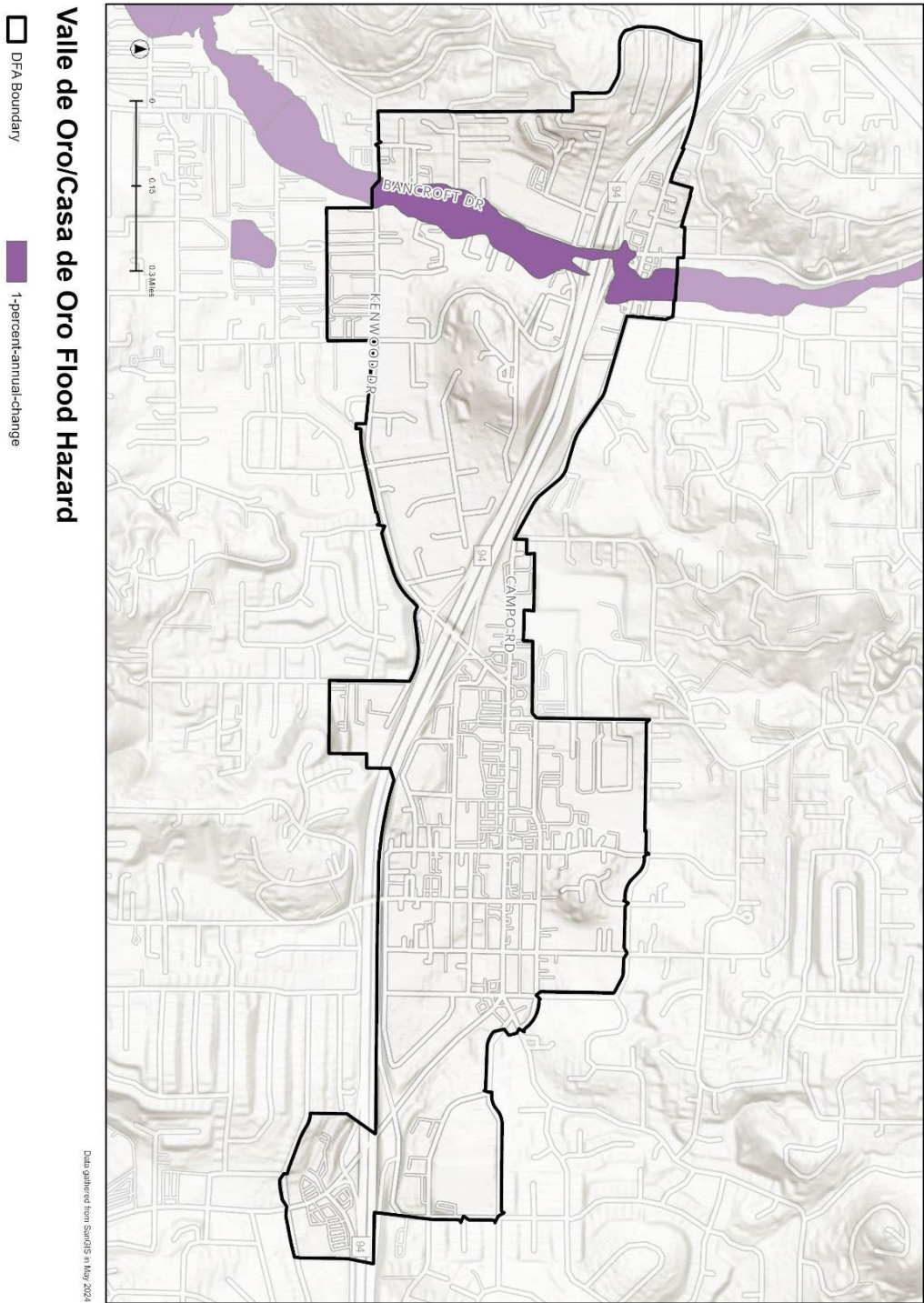
Valle de Oro/Casa de Oro Slope

Areas of slope greater than 25%



Data gathered from SanGIS in May 2024

Map 28. Valle de Oro/Casa de Oro Floodplains



Land Use Alternatives

To explore the impact of land use designations on housing development, three alternative scenarios of land use were prepared for each DFA area. This analysis is largely independent of the market analysis. The land use analysis revealed that current General Plan land use designations are not being fully utilized, meaning that increasing capacity alone would not necessarily lead to more housing development. Instead, it could artificially drive-up costs. To ensure a balanced approach, any proposed land use amendments must be evaluated holistically. The findings from this analysis will be shared with the County’s Framework project to inform their review of land use designations. However, before any changes to land use are made, the key barriers identified in this report (see Chapter 7) must first be addressed.

Under each alternative scenario, a modification of allowable dwelling units (DU) is unlocked. While this increase represents potential rather than actual, it is a strong supporter of housing development in unincorporated county areas if coupled with other improvements and incentives. Table 20 summarizes actual existing DUs that are already built out (2024 Actual), expected unit yield under current zoning with no changes (Alternative 0), and expected unit yield under three alternatives that vary in intensity of modifications (Alternatives 1, 2, and 3). The land use alternative options see a shift in allowable DUs. DU yields factor in land use designations, density allowances, unconstrained land acreage, yield factors, vacancy, and redevelopment potential. For more information on methodology, parcel selection, and designation changes, see Exhibit E.

<i>Table 20. Valle de Oro/Casa de Oro Dwelling Units (DU) per Alternative Scenario Summary</i>					
Dwelling Unit Yields	2024 Actual	Alternative 0	Alternative 1	Alternative 2	Alternative 3
Actual Existing DU (2024)	2,229				
DU Yield on All Unconstrained Land		2,453	2,482	2,494	2,519
DU Yield on Unconstrained Vacant Land Only		12	12	12	12
DU Yield on Unconstrained Underutilized Land only (non-vacant) ¹		830	858	870	895

1. Underutilized land refers to parcels that have a Building-to-Land Value (BLV) of less than 1. A low BLV indicates that the value of improvements is less than the value of the land, and therefore, offers a strong financial incentive to redevelop for better property value.

In the case of Valle de Oro/Casa de Oro, alternatives focused on the western portion of the area, in recognition that the west-central area has already been slated for changes under the new Campo Corridor Specific Plan. Table 21 shows scenarios by land use designation, and Maps 29, 30, 31, and 32 show the alternative scenarios geographically.

Table 21. Valle de Oro/Casa de Oro Dwelling Units on All Unconstrained Land

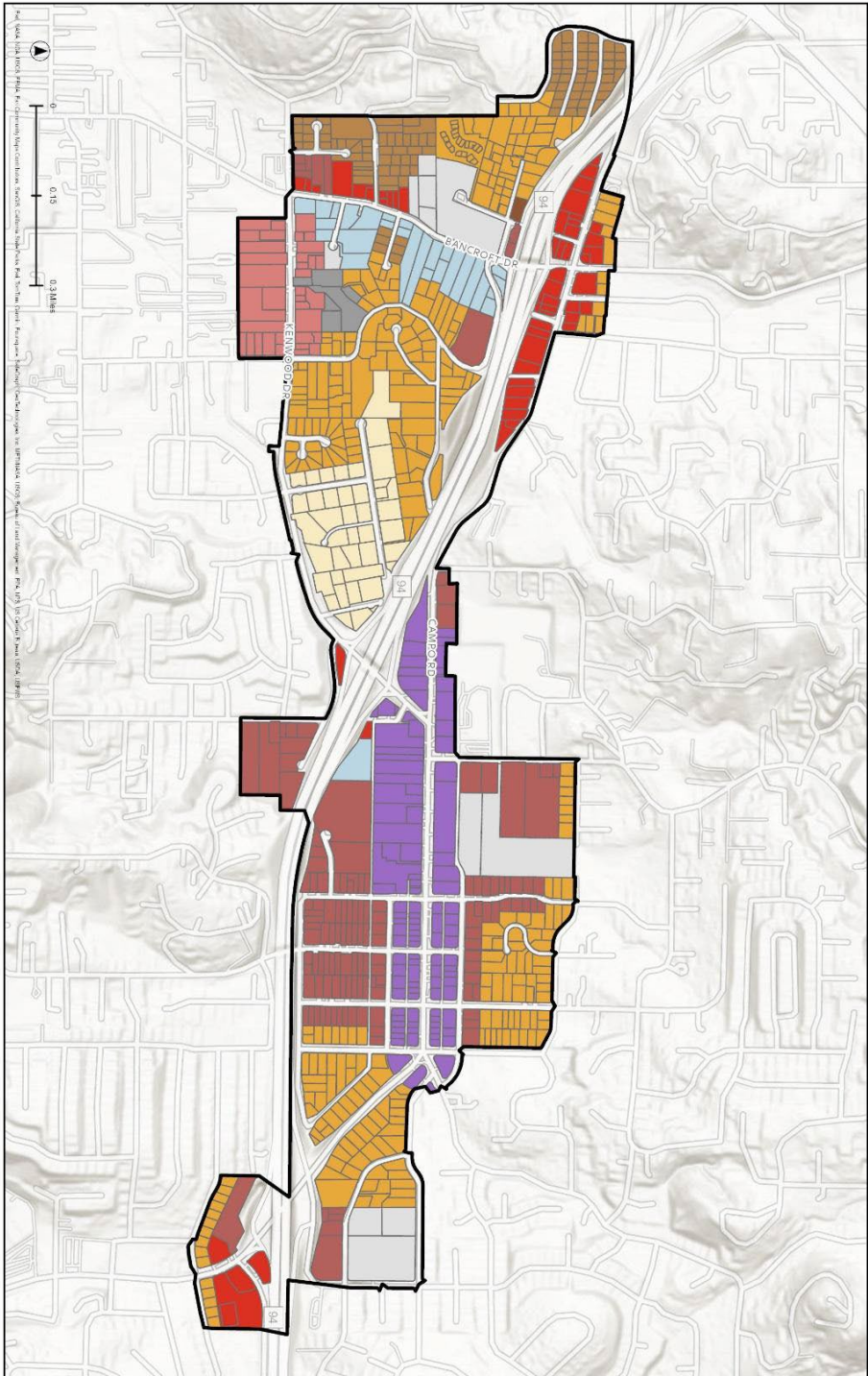
Residential Land Use Designation	DU Density	Yield Factor ¹	Actual Existing DU ²	DU Yield Alt 0	DU Yield Alt 1	DU Yield Alt 2	DU Yield Alt 3
GENERAL COMMERCIAL	n/a	-	26	-	-	-	-
LIMITED IMPACT INDUSTRIAL	n/a	-	28	-	-	-	-
MEDIUM IMPACT INDUSTRIAL	n/a	-	-	-	-	-	-
NEIGHBORHOOD COMMERCIAL	n/a	-	-	-	-	-	-
OFFICE PROFESSIONAL	n/a	-	-	-	-	-	-
OPEN SPACE (CONSERVATION)	n/a	-	-	-	-	-	-
OPEN SPACE (RECREATION)	n/a	-	1	-	-	-	-
PUBLIC AGENCY LANDS	n/a	-	-	-	-	-	-
PUBLIC/SEMI-PUBLIC FACILITIES	n/a	-	-	-	-	-	-
SPECIFIC PLAN AREA	40 DU / acre	70%	-	-	-	-	-
SEMI-RURAL RESIDENTIAL (SR-1)	1 DU / acre	70%	-	-	-	-	-
SEMI-RURAL RESIDENTIAL (SR-4)	1 DU / 4 acres	70%	-	-	-	-	-
VILLAGE RESIDENTIAL (VR-2)	2 DU / acre	70%	38	32	32	32	32
VILLAGE RESIDENTIAL (VR-2.9)	2.9 DU / acre	70%	-	0	0	0	0
VILLAGE RESIDENTIAL (VR-4.3)	4.3 DU / acre	70%	348	286	284	284	284
VILLAGE RESIDENTIAL (VR-7.3)	7.3 DU / acre	70%	108	102	102	102	102
VILLAGE RESIDENTIAL (VR-10.9)	10.9 DU / acre	70%	-	-	-	-	-

VILLAGE RESIDENTIAL (VR-15)	15 DU / acre	62%	6	4	4	4	28
VILLAGE RESIDENTIAL (VR-20)	20 DU / acre	73%	351	255	254	233	233
VILLAGE RESIDENTIAL (VR-24)	24 DU / acre	89%	1,285	1,374	1,405	1,405	1,405
VILLAGE RESIDENTIAL (VR-30)	30 DU / acre	76%	-	-	-	34	34
VILLAGE CORE MIXED USE	30 DU / acres	32%	38	400	400	400	401
TOTAL			2,229	2,453	2,482	2,494	2,519

1. DU calculations include yield factors, which is a percentage based on actual yield expectations. See Data Notes for more info.

2. Source: UrbanFootprint (accessed 2024).

Map 29. Valle de Oro/Casa de Oro Current Land Use (Alternative 0)



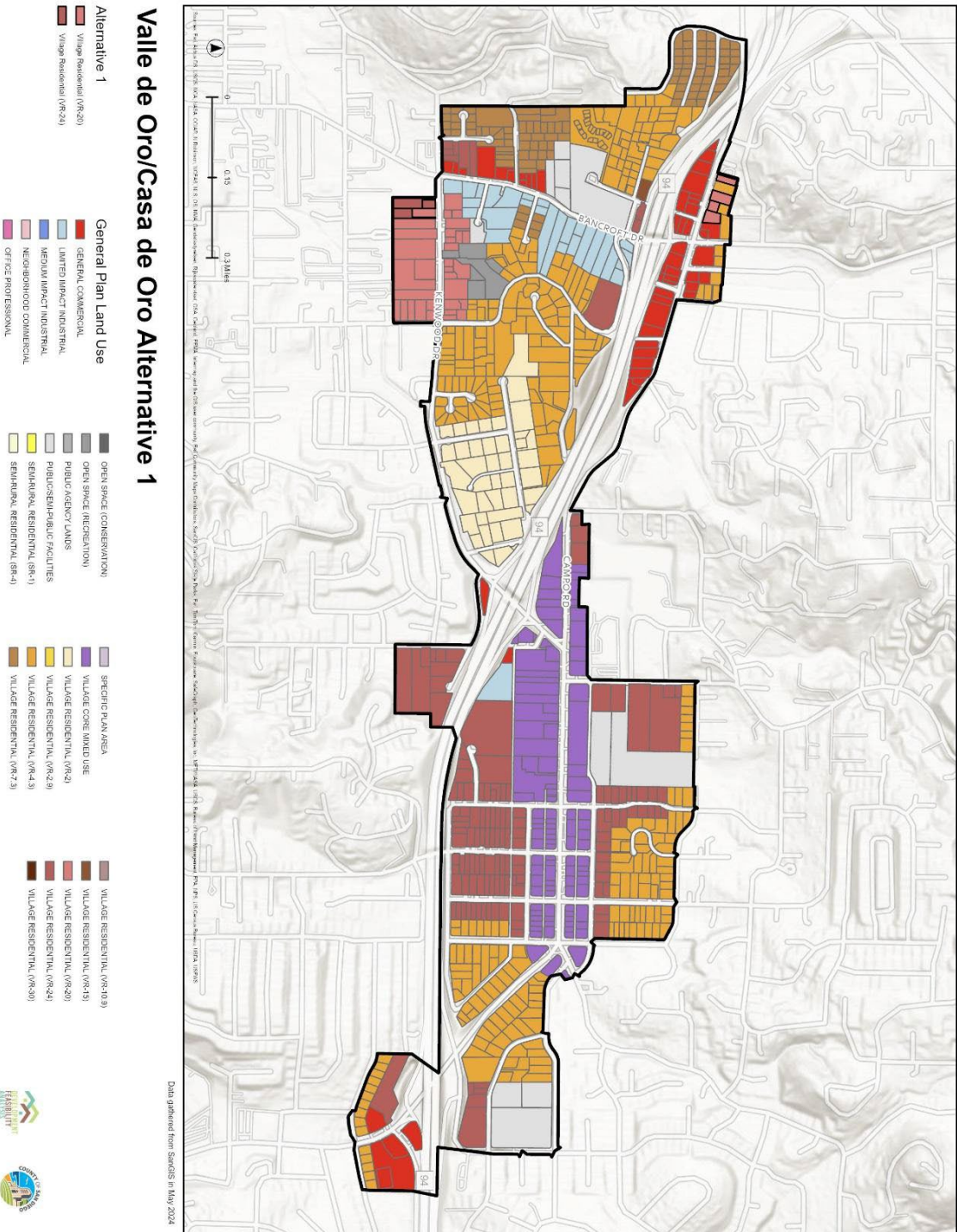
Valle de Oro/Casa de Oro Land Use

- | | | | |
|---------------------------|------------------------------|-------------------------------|-------------------------------|
| GENERAL COMMERCIAL | OFFICE PROFESSIONAL | SEMI-RURAL RESIDENTIAL (SR-1) | VILLAGE RESIDENTIAL (VR-2) |
| LIMITED IMPACT INDUSTRIAL | OPEN SPACE (CONSERVATION) | SEMI-RURAL RESIDENTIAL (SR-4) | VILLAGE RESIDENTIAL (VR-15) |
| MEDIUM IMPACT INDUSTRIAL | OPEN SPACE (RECREATION) | SPECIFIC PLAN AREA (SR-4) | VILLAGE RESIDENTIAL (VR-29) |
| NEIGHBORHOOD COMMERCIAL | PUBLIC AGENCY LANDS | VILLAGE CORE MIXED USE | VILLAGE RESIDENTIAL (VR-4-3) |
| | PUBLIC/SEMIPUBLIC FACILITIES | | VILLAGE RESIDENTIAL (VR-7-3) |
| | | | VILLAGE RESIDENTIAL (VR-10-9) |
| | | | VILLAGE RESIDENTIAL (VR-30) |
| | | | VILLAGE RESIDENTIAL (VR-20) |
| | | | VILLAGE RESIDENTIAL (VR-24) |
| | | | VILLAGE RESIDENTIAL (VR-2) |
| | | | VILLAGE RESIDENTIAL (VR-3) |

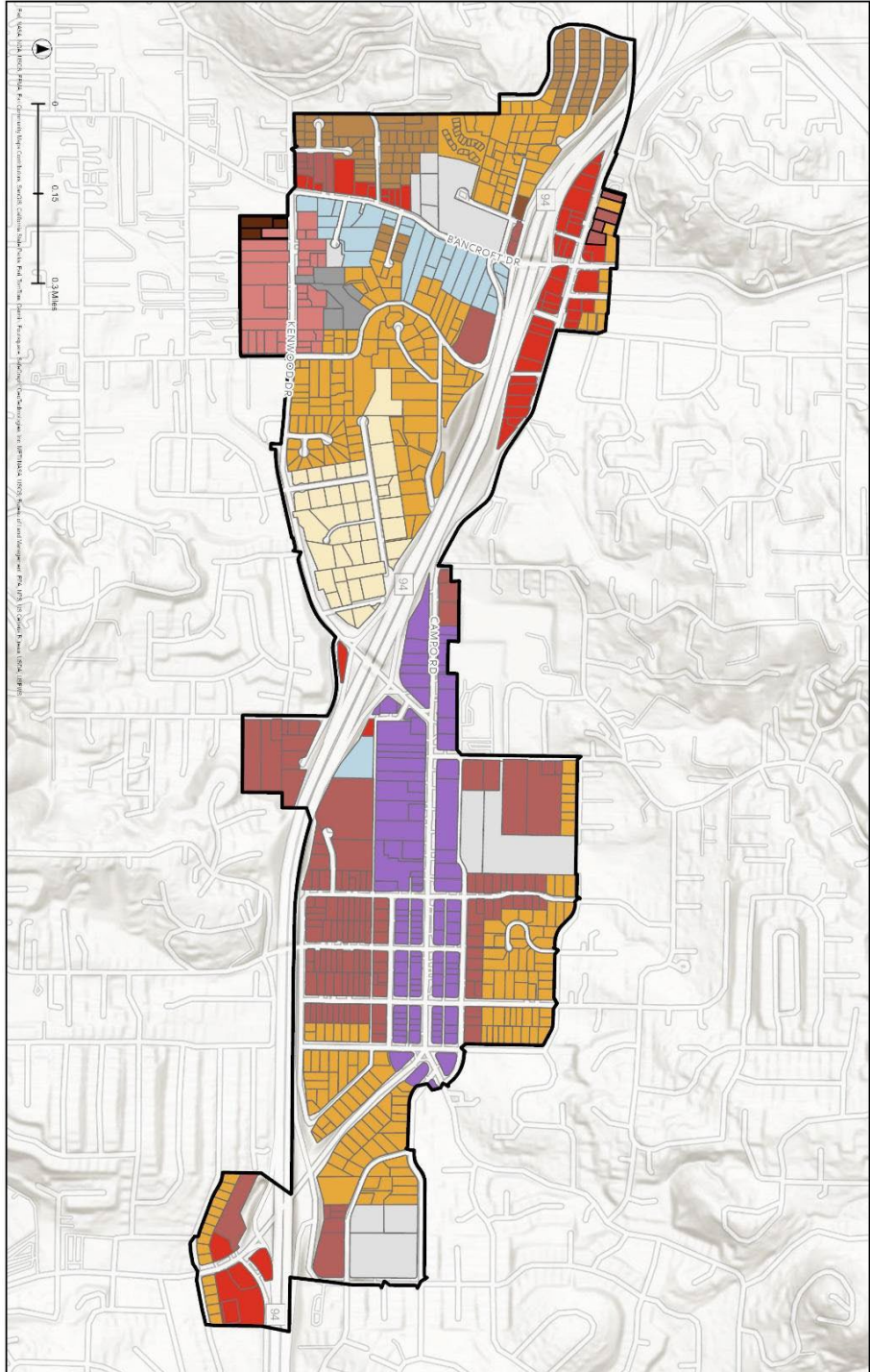


Data gathered from SamsGIS in May 2024

Map 30. Valle de Oro/Casa de Oro Land Use Alternative 1



Map 31. Valle de Oro/Casa de Oro Land Use Alternative 2

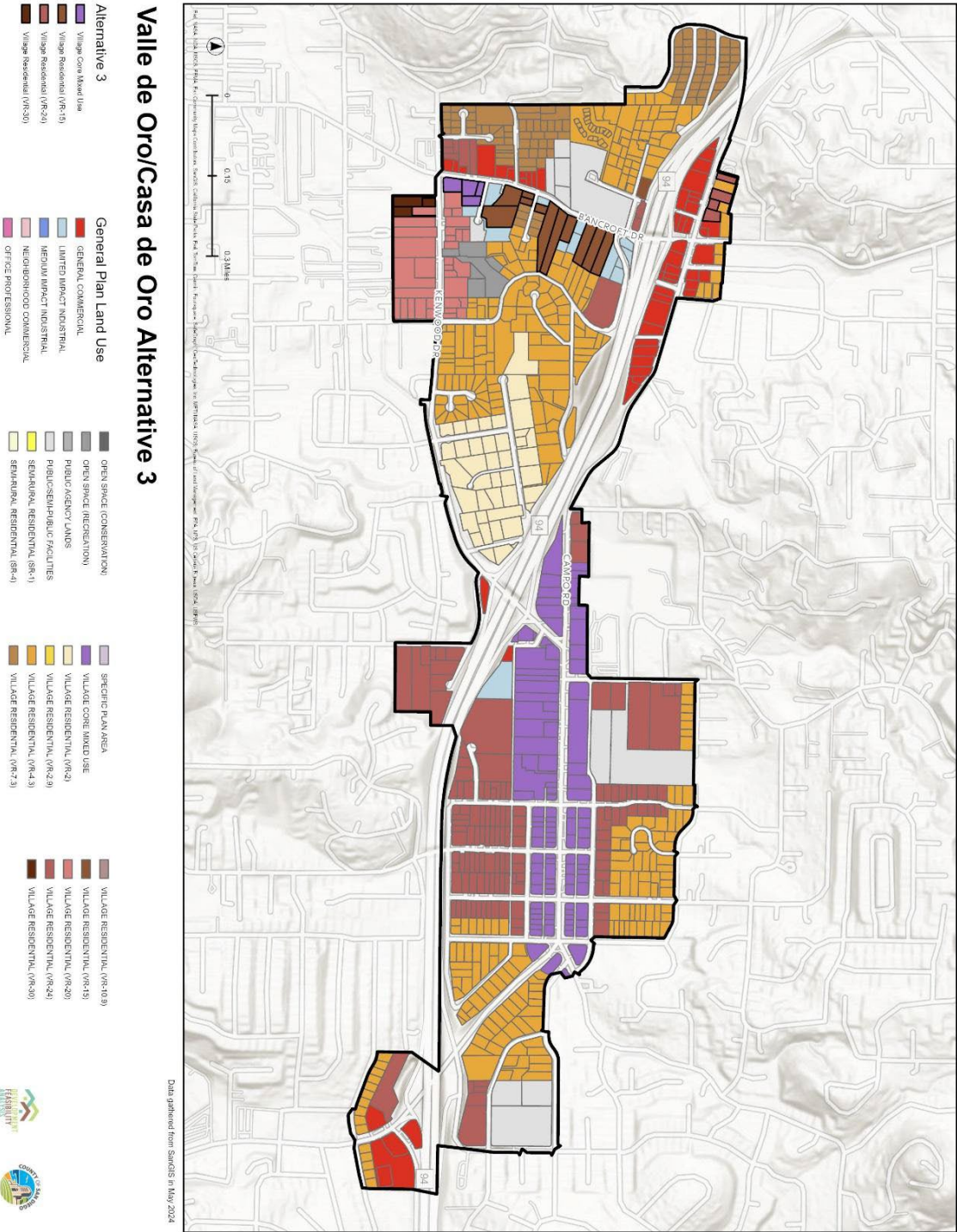


- | | |
|---|--|
| <p>Alternative 2</p> <ul style="list-style-type: none"> Village Core Mixed Use Village Residential (VR-15) Village Residential (VR-25) Village Residential (VR-30) | <p>General Plan Land Use</p> <ul style="list-style-type: none"> GENERAL COMMERCIAL LIMITED IMPACT INDUSTRIAL MEDIUM IMPACT INDUSTRIAL NEIGHBORHOOD COMMERCIAL OFFICE PROFESSIONAL OPEN SPACE (CONSERVATION) OPEN SPACE (RECREATION) PUBLIC AGENCY LANDS SEMI-RURAL RESIDENTIAL (SR-1) SEMI-RURAL RESIDENTIAL (SR-4) SPECIFIC PLAN AREA VILLAGE CORE MIXED USE VILLAGE RESIDENTIAL (VR-2) VILLAGE RESIDENTIAL (VR-2.9) VILLAGE RESIDENTIAL (VR-4.3) VILLAGE RESIDENTIAL (VR-7.3) VILLAGE RESIDENTIAL (VR-10.9) VILLAGE RESIDENTIAL (VR-15) VILLAGE RESIDENTIAL (VR-20) VILLAGE RESIDENTIAL (VR-24) VILLAGE RESIDENTIAL (VR-30) |
|---|--|



Data gathered from SARCIS in May 2024

Map 32. Valle de Oro/Casa de Oro Land Use Alternative 3



Conclusion

The Valle de Oro/Casa de Oro DFA area faces constraints that limit development identified through a combination of market, financial, infrastructure, and land use analyses. The market assessment revealed that the median household income in Valle de Oro/Casa de Oro is lower than the countywide average. This reduces the purchasing power of local residents, potentially limiting the market demand for higher-end residential projects. Economic data showed that the unemployment rate in Valle de Oro/Casa de Oro is higher than the county average, which may contribute to reduced housing demand and a weaker local economy. The land use analysis found that much of the available land consists of small parcels. Many potential residential development projects would require land assembly to create sites large enough for efficient construction. The area lacks robust transit options beyond automobile-focused roadways. This limits the feasibility of transit-oriented development and reduces accessibility for residents without personal vehicles. Environmental concerns included identified slope (5% of DFA area) and floodplains (4% of DFA area) as major physical constraints to development. These challenges increase construction costs and require additional mitigation efforts.

Despite these constraints, the Valle de Oro/Casa de Oro DFA area presents multiple opportunities for growth. The revitalization of Campo Road is expected to enhance commercial and residential appeal, making the area a stronger candidate for new development. The market analysis found that La Mesa has been experiencing strong residential growth. Valle de Oro/Casa de Oro, located nearby, can benefit from this trend by offering additional housing options. The Campo Road corridor has been identified as a prime location for high-density housing, particularly mixed-use developments that integrate residential, commercial, and retail components. The housing market assessment suggests that single-family and small-lot developments would be well-suited for these areas, aligning with existing neighborhood character. Community feedback and demographic analysis indicate a need for diverse housing options, including affordable units. A mix of townhomes, garden-style apartments, and high-density residential units can help address this need. Recent developments in La Mesa demonstrate strong demand for multifamily housing. Valle de Oro/Casa de Oro can capitalize on this momentum by positioning itself as an attractive alternative for developers and renters.

To support these efforts, it is recommended to explore funding opportunities for the implementation of the Campo Road Corridor Revitalization Specific Plan, ensuring a strategic and well-resourced approach to development.



Lakeside

05. LAKESIDE

Map 33. Lakeside DFA area



Introduction

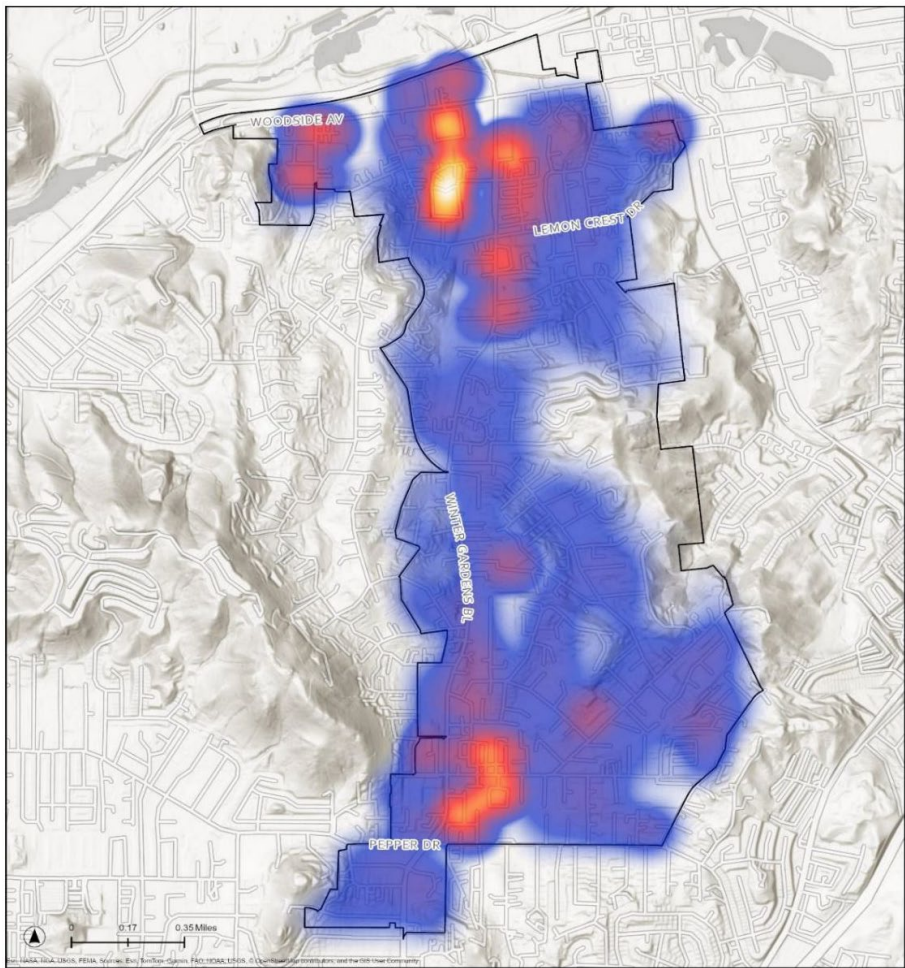
The Lakeside DFA area covers 2.44 square miles located in East County San Diego, as seen in Map 33. It is east of the City of Santee, north of the City of El Cajon, and is accessible via State Route 67 (SR 67) and Interstate 8 (I-8).

Community Demographics

Demographic Overview

The Lakeside DFA area is estimated to have a population of 14,557 (2023). The residential population is distributed with higher concentrations in the north and south portions near to the commercial areas, as shown in Map 34. The demographic information for Lakeside can be seen in Table 22.

Map 34. Lakeside Population Density



Lakeside Population

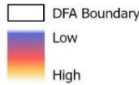


Table 22. Lakeside Demographic Overview with comparisons (2023)

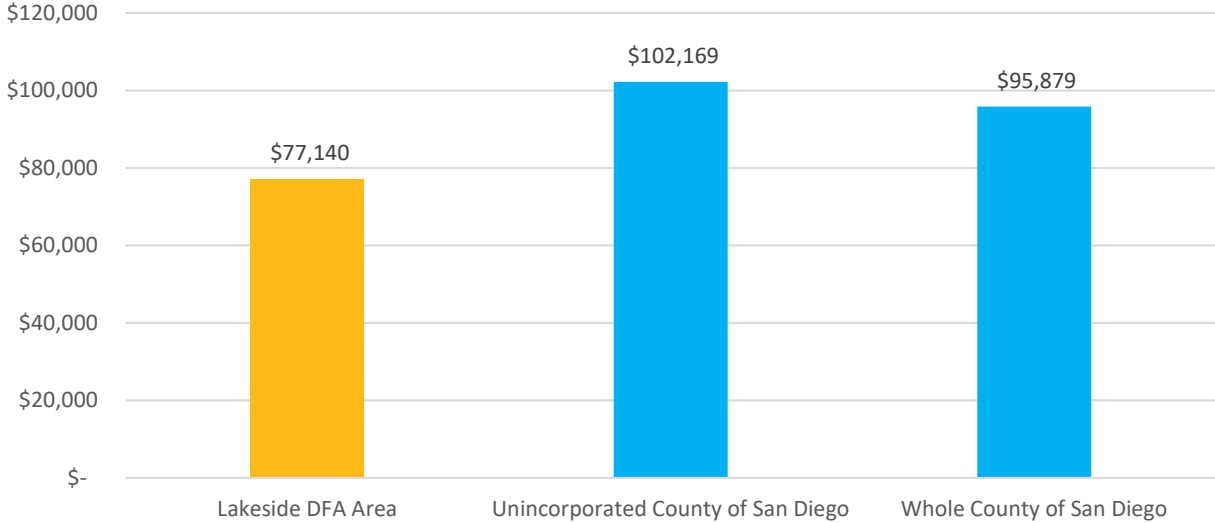
Demographics (2023)	Lakeside DFA area	Unincorporated County of San Diego	Entire County of San Diego
Population	14,557	519,735	3,325,714
Median Age	38.4	38.7 years	36.7 years
Unemployment Rate	3.7%	5.2%	4.9%
Households	5,261	167,962	1,172,259
Average Household Size	2.74	2.92	2.74
Owner-Occupied Housing Units	52.9%	65.6%	51.5%
Renter-Occupied Housing Units	43.8%	27.8	42.5%
Vacant Housing Units	3.2%	6.6%	6.1%

Source: Esri Business Analyst Online, May 2024.

Household Income Distribution

The median household income in Lakeside is \$77,140 (2023), which is lower than the overall County of San Diego, estimated at \$95,879 (2023), as seen in Figure 5.

Figure 5. Median Household Income, Lakeside comparisons (2023)



Compared to housing pricing, income levels in Lakeside do not support the recommended 28% of pre-tax income spent on mortgage. Lakeside homeowners spend 51.8% of their pre-tax income on mortgage payments on average.

Community Amenities

Community amenities represent the facilities, infrastructure, and spaces that contribute to residential quality of life. They include features like restaurants, grocery stores, schools, street trees, parks, and other elements of daily necessity. The presence of these amenities, or lack thereof, can influence the demand for residential development.

“LAKESIDE HAS BEAUTIFUL VIEWS OF NATURE AND MOUNTAINS, AND WE WANT TO KEEP THAT CHARACTER.” — LAKESIDE RESIDENT

With respect to public transit, the Lakeside DFA area is served by several San Diego Metropolitan Transit System (MTS) bus stops, primarily along Winter Gardens Boulevard.

Additional neighborhood amenities were analyzed based on a three-mile trade ring from the center of the DFA area. The trade ring contains an ample number of schools/educational facilities and neighborhood parks/recreation, as well as several MTS bus stops along Winter Gardens Boulevard, Pepper Drive, and Main Street. The trade ring contains a medical center and a skilled nursing facility hospital; however, it is distant from larger hospitals such as the Sharp Grossmont Hospital. The trade ring contains many grocery stores and pharmacies; three of which are located within the DFA area. A full breakdown of amenities in Lakeside can be found in Table 23 with accompanying Maps 35 and 36.

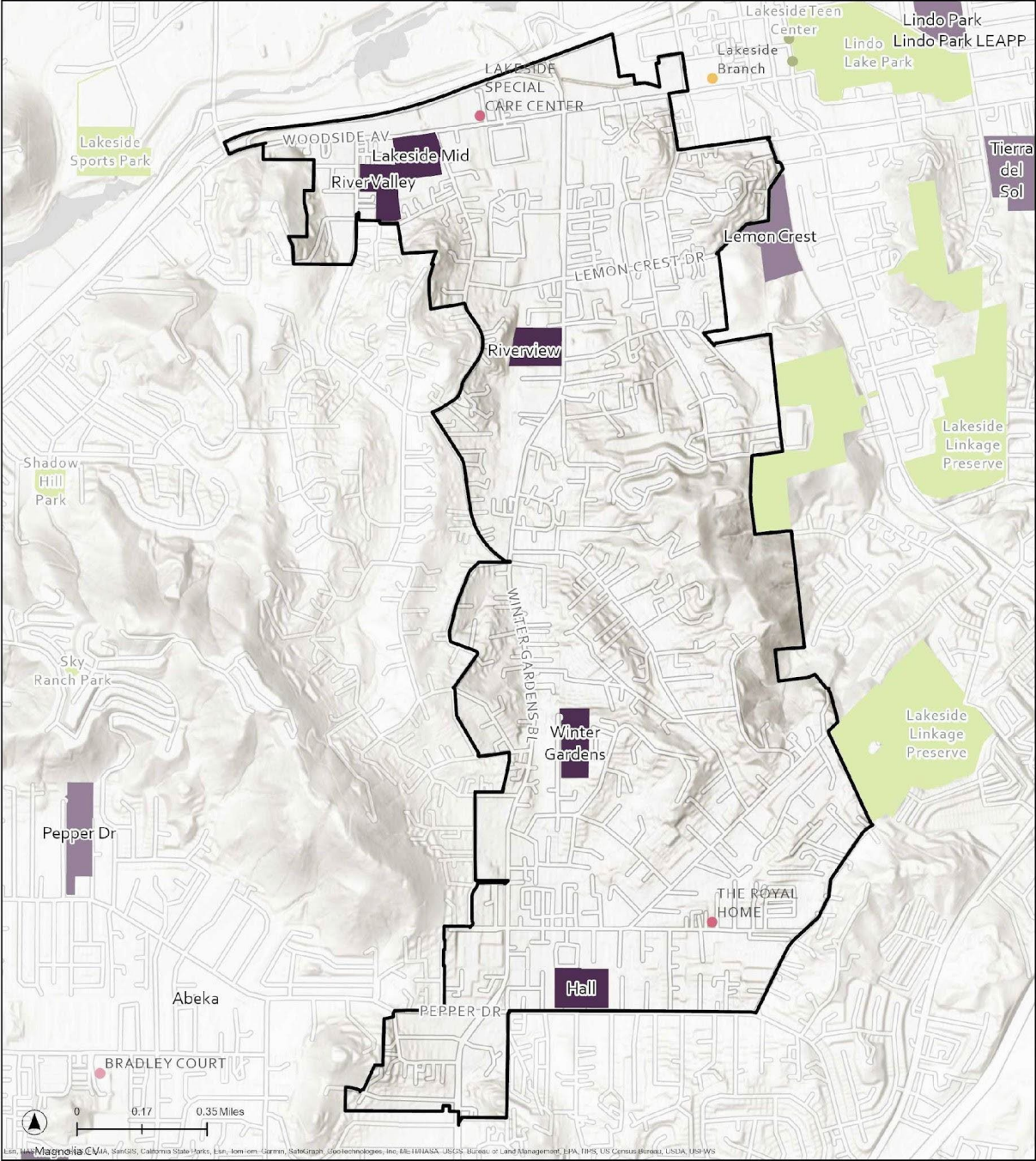
“TO IMPROVE ACCESS, WE WANT TO IMPROVE THE SIDEWALKS, ESPECIALLY AROUND SCHOOLS AND LIBRARIES, FOR THE SAFETY OF CHILDREN.” — LAKESIDE RESIDENT

<i>Table 23. Lakeside Community Amenities — Trade Ring (3-miles to center of DFA area)</i>	
Amenity Category	Amenity
Public Transit	<ul style="list-style-type: none"> ● MTS bus stops
Schools/Educational Facilities	<ul style="list-style-type: none"> ● Marilla Lakeside Early Advantage Pre-school ● Riverview Elementary ● Winter Gardens Elementary ● WD Hall Elementary ● Magnolia Elementary ● Lemon Crest Elementary ● Lakeview Elementary ● Lakeside Farms Elementary

<i>Table 23. Lakeside Community Amenities — Trade Ring (3-miles to center of DFA area)</i>	
Amenity Category	Amenity
	<ul style="list-style-type: none"> ● Pepper Drive Elementary ● Lindo Park Elementary ● Lakeside Middle School ● Tierra Del Sol Middle School ● Montgomery Middle School ● River Valley High School ● Granite Hills High School ● Learn4Life Lakeside High School ● El Capitan High School ● Santana High School ● EMSTA College ● San Diego Christian College
Hospital/Medical Centers	<ul style="list-style-type: none"> ● Edgemoor Hospital ● Broadway Medical Clinic
Neighborhood Parks/Recreation	<ul style="list-style-type: none"> ● Lakeside Linkage County Preserve ● Sky Ranch Park ● Rattlesnake Mountain Preserve ● Shadow Hill Park ● Lakeside Sports Park ● Pocket Park ● Lindo Lake County Park ● Cactus County Park ● Lakeside’s River Park Conservatory ● Magnolia Park ● Bostonia Park ● Albert Van Zanten Park ● Lake Jennings Country Park ● Lakeside Teen and Community Center ● FUNbelievable Kids Play Center
Grocery Stores and Pharmacies	<ul style="list-style-type: none"> ● Rite Aid ● Albertsons ● Grocery Outlet ● Walgreens ● Wintergarden’s Market ● Walmart Supercenter

Source: Keyser Marston Associates (KMA)

Map 35. Lakeside Community Amenities



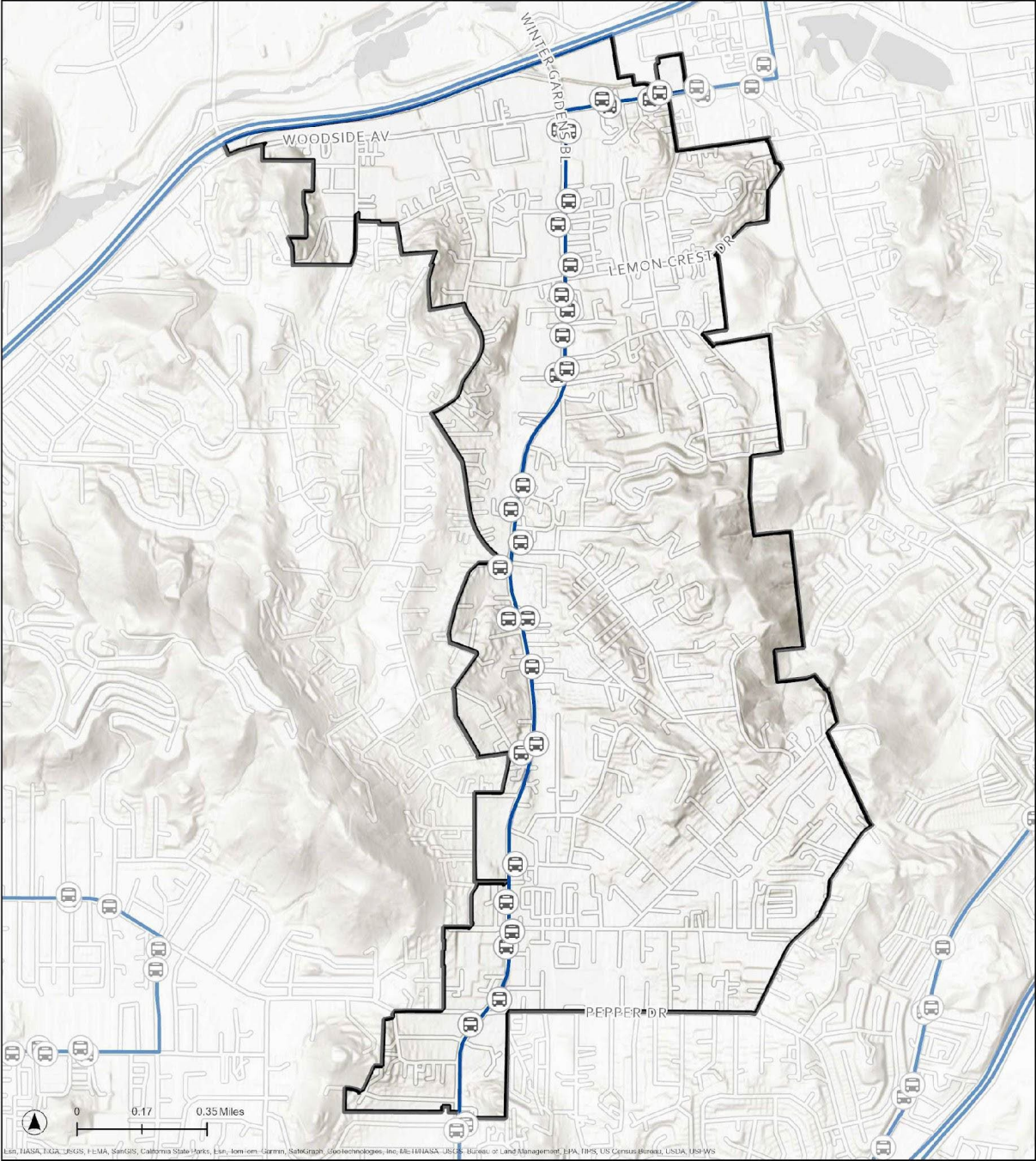
Lakeside Community Amenities

- DFA Boundary
- Library
- Parks
- Recreation Center
- Schools
- Healthcare Facilities

Data gathered from SanGIS in May 2024



Map 36. Lakeside Transit



Data gathered from SanGIS in May 2024

Lakeside Transit

- DFA Boundary
- Bus
- Transit Stops



Current Infrastructure

Lakeside Roadways

Lakeside is served by both public and private roads. Main roads such as Winter Gardens Boulevard act as major thoroughfares, but there are a significant portion of private roads leading to housing developments and private residences. Private roads can pose challenges to new development as there may be inconsistent maintenance, varying road conditions, and unknown fees. Therefore, it is recommended for new development to occur along County-maintained public roads. Alternatively, public road access could be provided via easements or other tools.

The Department of Public Works' (DPW) Infrastructure Gap Analysis Report (Exhibit B) identified a handful of recommendations for road corridor improvements. Recommendations are preliminary and require further analysis and assessment of constraints. The following is a summary of the recommended roadway and improvement investments in Lakeside from the Infrastructure Gap Analysis Report:

- **Woodside Avenue**, from Riverford Road to Chestnut Street: add sidewalks and Class II bike lanes, extend road width to 106 feet, and replace parallel parking with angled back-in parking.
- **Winter Gardens Boulevard**, from Woodside Avenue to Pepper Drive: extend right-of-way width to 106 feet and reduce vehicular lane to one lane on both sides; add back-in parking.

For more information on the changes identified, see Exhibit B. For the existing roadways, see Map 37 below.

Lakeside Water Service

Water services within the Lakeside DFA area are provided by the Lakeside Water District and Helix Water District. Water service consists of backbone transmission mains with distribution mains serving most areas of potential development. Some identified areas of potential development or land use change may require water service improvements outside of current public rights-of-way to serve specific parcels (laterals). See the Water and Sewer Infrastructure Analysis (Exhibit B) for more information and Map 38 for existing pipes.

Lakeside Sewer Service

Sewer services within the Lakeside DFA area are provided by the County of San Diego Sanitation District. Areas of development potential are either served by existing sewer mains or adjacent trunk mains. Some identified areas of potential development or land use change may require sewer service improvements outside of current public rights-of-way to serve specific parcels (laterals). Sewer capacity within the Winter Gardens area (southern portion of the study area) was noted as limited, at 89% utilization. See Exhibit B for more information and Map 39 for current existing pipes. The following are recommended sewer investments for Lakeside:

- The potential development area along Winter Gardens Boulevard, between Lemon Crest Drive and Woodside Avenue, may benefit from upsizing approximately 3,900 linear feet of existing 8"

VCP sewer with 12" PVC pipe. The primary consideration is the replacement of aging facility (VCP pipe) with a secondary consideration in pipe upsizing to meet long-term investment in future growth. Timing would match the anticipated market growth that could result in density increases, necessitating pipe upsizing. This recommendation would require additional detailed project-specific study by the County of San Diego Sanitation District. The construction costs are estimated at \$3,300,000.

- "Winter Gardens Sewer Service Area – Sewer Master Plan," dated January 2013, prepared by Atkins, recommended the WG-1 CIP project; it is recommended that approximately 3,900 linear feet of existing 8" to 12" VCP sewer main be replaced with 15" PVC pipe. The sewer main along Winter Gardens Boulevard runs roughly between Dawnridge Road to Short Street. Timing would match the anticipated market growth that could result in density increases, necessitating pipe upsizing. This recommendation would require additional detailed project-specific study by the County of San Diego Sanitation District. The construction costs are estimated at \$5,500,000.

Lakeside Stormwater Infrastructure

The Lakeside DFA area lies within County-managed Special Drainage Area 6 (SDA-6), the Lakeside SDA. Within SDA-6, targeted improvements are planned to address aging stormwater volume/flood control infrastructure as follows:

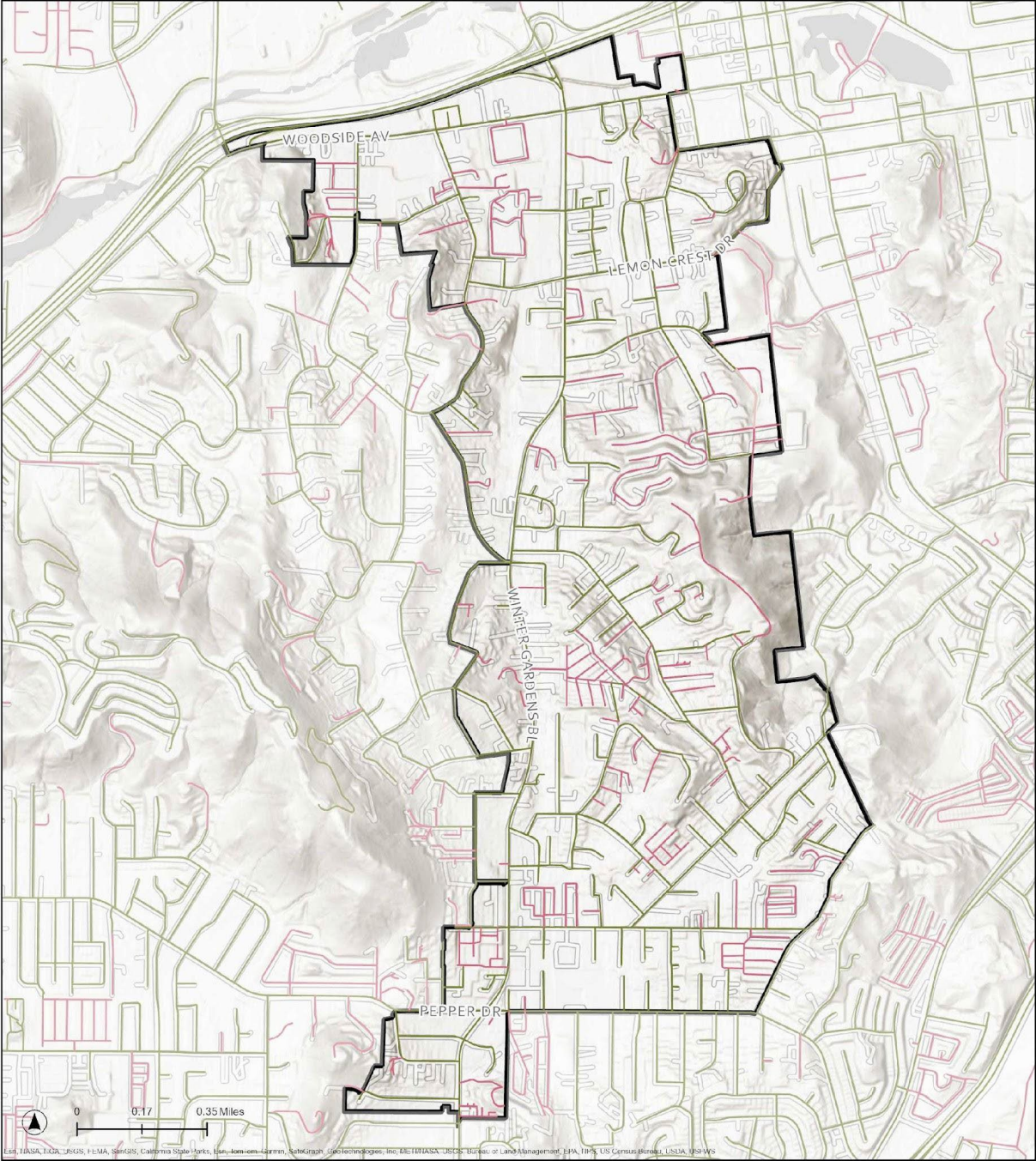
- 8301 Winter Gardens Blvd Storm Drain: Replace two 54-inch corrugated metal pipes.
- 8669 Winter Gardens Blvd Storm Drain: Repair 30-inch and 36-inch corrugated metal pipes.

In addition, the CIP identifies system modifications to improve stormwater quality, with the basin improvements described as having the parallel benefit of water retention to reduce flow volumes:

- Install underground trash/sediment capture devices and divert low flows to sanitary sewer
- Winter Gardens Regional BMP: Lakeside San Diego River design and construct 7-acre infiltration basin
- Woodside water-quality basin modifications

Individual development projects are required to comply with County requirements regarding retention of stormwater runoff onsite for both flood control and stormwater quality control purposes. Also, County Ordinance No. 7 (June 24, 1991) requires the payment of drainage fees as a condition for issuing any building permit.

Map 37. Lakeside Roads



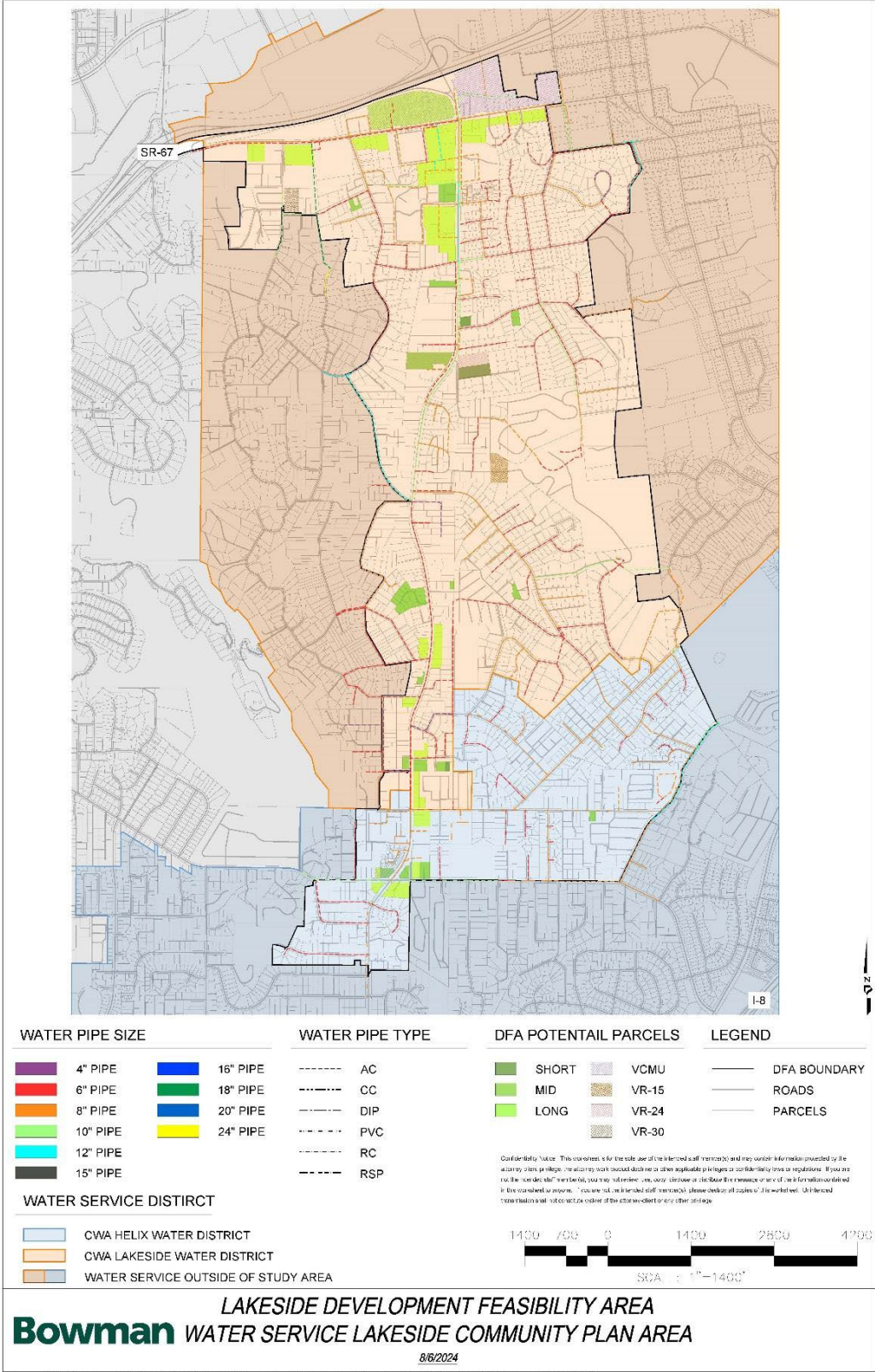
Data gathered from SanGIS in May 2024

Lakeside Roads

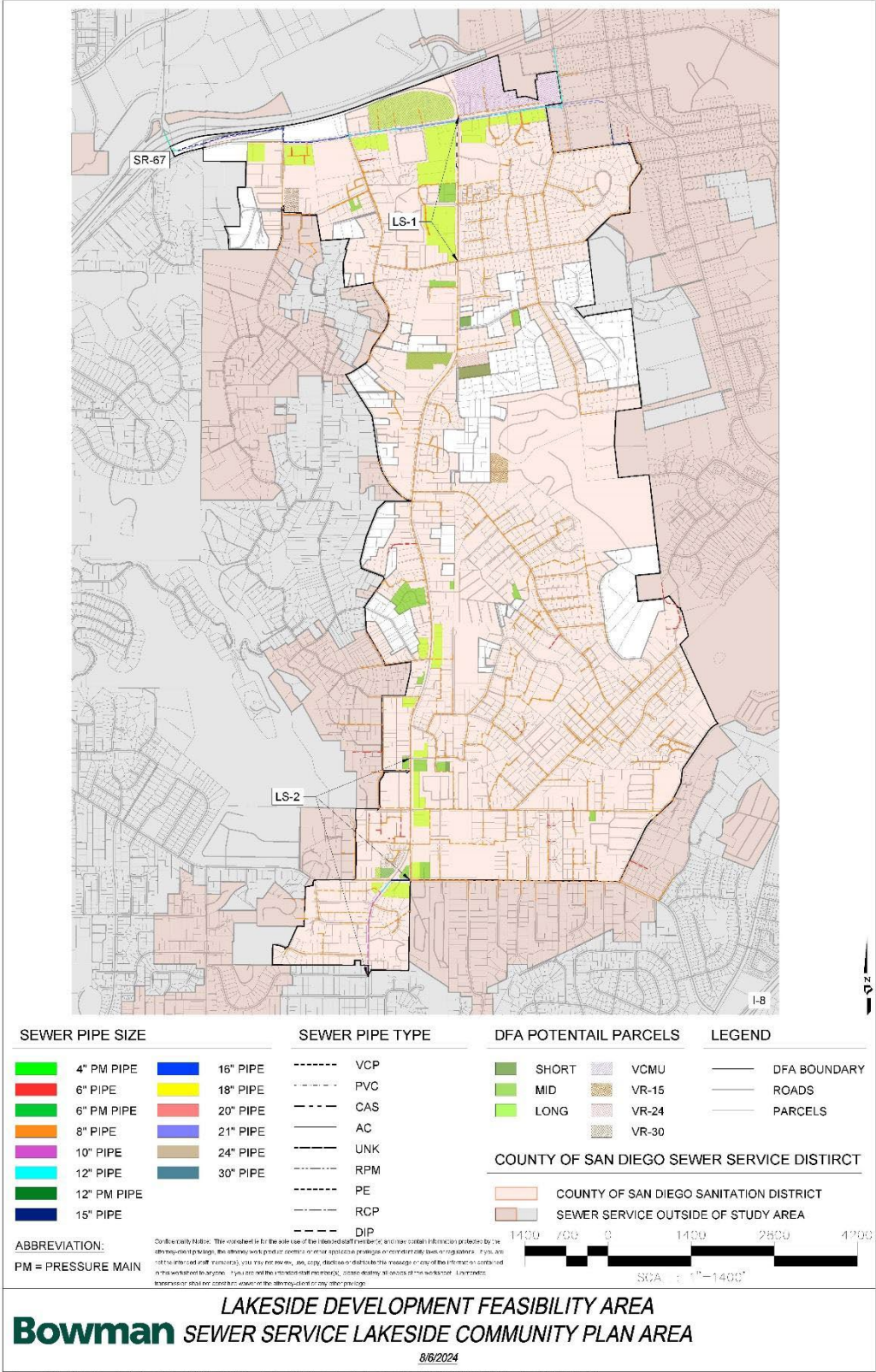
- DFA Boundary
- Abandoned or No Longer in Use
- Dedicated
- Private street
- Undedicated



Map 38. Lakeside Water Service



Map 39. Lakeside Sewer Service



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Housing Market Assessment

The following section provides a snapshot of opportunities, constraints, and the housing market analysis for Lakeside. Information for this section was sourced from the Market Feasibility Assessment created in June 2024 by Keyser Marston Associates (KMA). For more detailed information on residential market trends, see Exhibit C.

Existing Conditions

Lakeside can generally be characterized by a commercial corridor and multifamily residential along Woodside Avenue and Winter Gardens Boulevard, encompassed by single-family/mobile home residential.

Residential Market Trends and Projected Demand in Housing Units

Table 24 depicts the projected demand for housing and Table 25 depicts the potential residential development typologies for the Lakeside DFA area. Supportable market demand is evaluated in the near-term (0 to 5 years), mid-term (5 to 10 years), and long-term (10 or more years). In addition, the following metrics were used as part of this evaluation: “strong” meaning highly likely to occur, “moderate” meaning likely to occur, and “weak” meaning unlikely to occur.

Table 24. Lakeside Projected Housing Unit Demand (2025–2050)

Capture Level	Total Units	Units / Year
Low Capture	275 units	11 units / year
High Capture	549 units	22 units / year

Table 25. Lakeside Market Support for Residential Typologies

Capture Level	Units / Year	Near-Term (0–5 years)	Mid-Term (5–10 years)	Long-Term (10+ Years)
For-Sale Residential Development Typologies				
Medium Lot Single-Family	10 units / acre	Moderate	Strong	Strong
Townhomes	15–20 units / acre	Moderate	Moderate	Strong
Rental Residential Development Typologies				
Stacked Flat with Tuck-Under Parking	30+ units / acre	Weak	Weak	Moderate
Garden-Style Apartments	20-25 units / acre	Weak	Moderate	Moderate

Housing Development Financial Feasibility

Market-Rate Housing Development Financial Feasibility

This section provides a snapshot of housing prototypes and feasibility based on residential land values for Lakeside. Information for this section was sourced from a Lakeside Financial Feasibility Analysis created in June 2024 by Keyser Marston Associates (KMA). For more detailed information on housing development financing trends, see Exhibit D.

The financial feasibility analysis involved formulating development prototypes for five candidate sites and evaluating financial pro forma inputs and assumptions to measure the economic feasibility of each development prototype. Factors from the Market Feasibility Assessment (Exhibit C) were factors in the Financial Feasibility Analysis (Exhibit D). The financial analysis for each development prototype was evaluated to determine the supportable residential land value. Each residual land value model incorporated estimates of development costs, market rents/values, and target developer returns reflective of recent comparable projects and available market and industry data.

Development prototypes that make financial sense generate positive residual land values that indicate that a developer or investor could acquire the site, construct the development, sell or lease the completed development, and receive at least an industry standard target return on their investment. A description of each housing typology evaluated in Lakeside can be found in Table 26. As shown in Table 27, both medium-lot single-family and attached housing prototypes make financial sense, with the other housing prototypes showing a negative financial outcome.

Table 26. Lakeside Summary of Development Prototypes






Development Prototype	Illustrative Example	General Project Description
<p>A Medium Lot Single-Family Detached Homes</p>		<ul style="list-style-type: none"> • 2.37-acre site • 4.3 units/gross acre (Village Residential 4.3) • For-sale housing • 10 units • 1-2 stories • Attached garages • 2,620 SF average unit size
<p>B Attached Townhomes</p>		<ul style="list-style-type: none"> • 4.20-acre site • 20 units/gross acre (Village Residential 20) • For-sale housing • 84 units • 3 stories • Attached garages • 1,399 SF average unit size
<p>C Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking</p>		<ul style="list-style-type: none"> • 0.93-acre site • 30 units/gross acre • Rental housing • 27 units • 500 SF commercial space • 3 stories • Surface and tuck-under parking • 845 SF average unit size
<p>D Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking (Non-Contiguous Site)</p>		<ul style="list-style-type: none"> • 1.14-acre site • 30 units/gross acre • Rental housing • 34 units • 1,000 SF commercial space • 3 stories • Surface and tuck-under parking • 790 SF average unit size
<p>E Stacked Flat w/Surface and Tuck-Under Parking</p>		<ul style="list-style-type: none"> • 7.09-acre site • 40 units/gross acre⁽¹⁾ • Rental housing • 283 units • 4 stories • Surface and tuck-under parking • 866 SF average unit size
<p>(1) Per the RiverWay Specific Plan (Plan) dated December 2015, the maximum density is 40 units per acre.</p>		

Table 27. Lakeside Residual Land Values by Development Prototype

	A	B	C	D	E
Product Type	Medium Lot Single-Family Detached Homes	Attached Townhomes	Stacked Flat w/Ground Floor Commercial and Surface/ Tuck-Under Parking	Stacked Flat w/Ground Floor Commercial and Surface/ Tuck-Under Parking (Non-Contiguous Site)	Stacked Flat w/ Surface and Tuck-Under Parking
Tenure	For-Sale	For-Sale	Rental	Rental	Rental
Site Size (Gross)	2.37 Acres	4.20 Acres	0.93 Acres	1.14 Acres	7.09 Acres
Residual Land Value (2024 \$)	\$1,153,000 \$115,000/Unit \$11/SF Site ⁽¹⁾	\$7,199,000 \$86,000/Unit \$39/SF Site ⁽¹⁾	(\$2,363,000) (\$88,000)/Unit (\$58)/SF Site ⁽¹⁾	(\$2,748,000) (\$81,000)/Unit (\$55)/SF Site ⁽¹⁾	(\$4,512,000) (\$16,000)/Unit (\$15)/SF Site ⁽¹⁾
Financial Feasibility Outcome	Strong Positive	Strong Positive	Negative	Negative	Negative
(1) Reflects residual land value per SF of gross site area.					

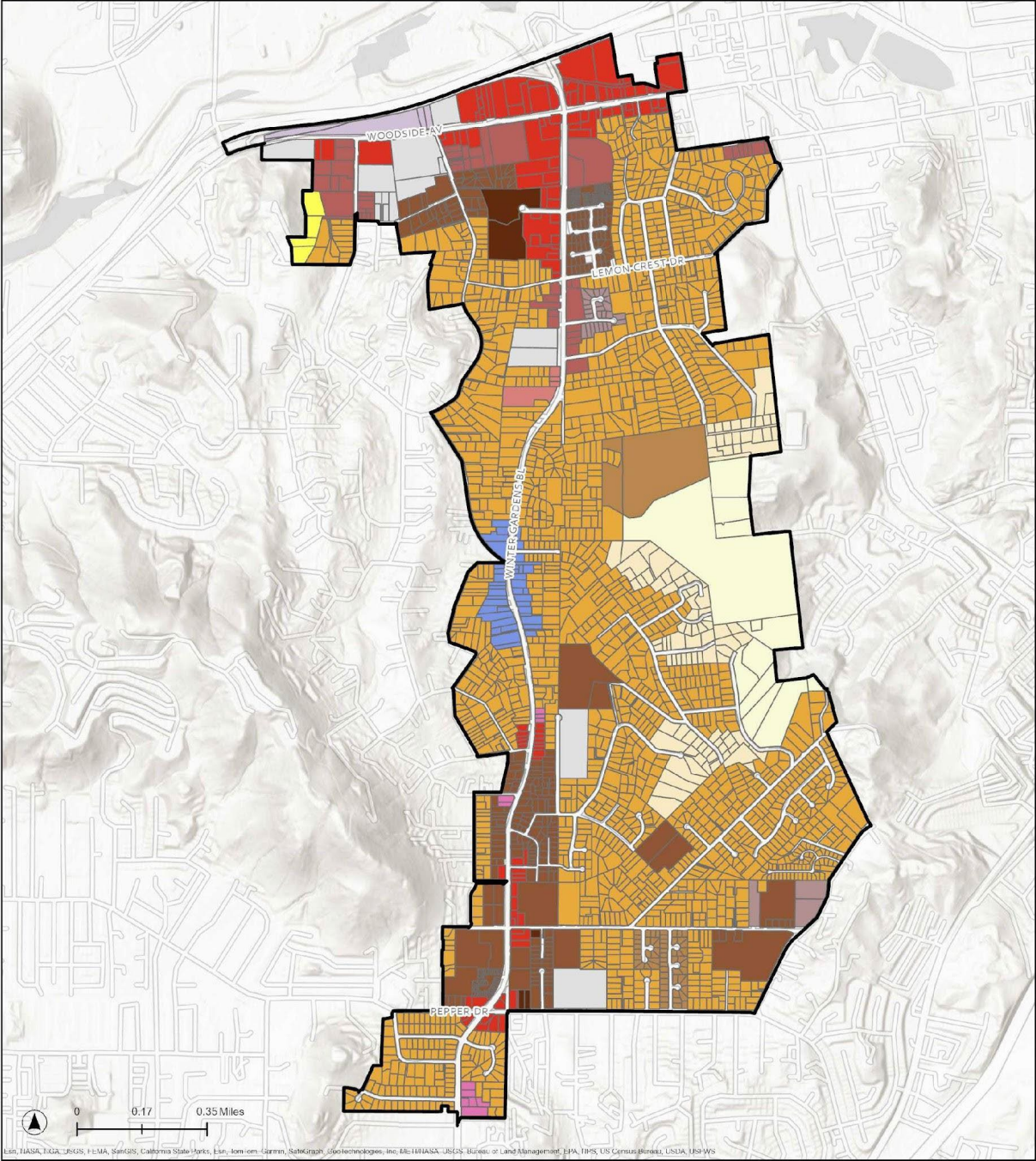
Land Use Analysis

Current Land Use Policy

The Lakeside DFA area consists of 2,654 parcels, mostly developed with residential uses. The area has very limited commercial, professional, and industrial land uses. As with the other DFA areas, not all current actual uses align with land use designations, and in some cases, residential uses are developed on commercial lands or commercial properties are located on industrial lands, etc. Table 28 shows a breakdown of the land use designations found in Lakeside and Map 40 demonstrates the distribution of the designations geographically. Relatively few parcels have low Building-to-Land-Value (BLV) in Lakeside. BLV compares the assessed improvement value to the assessed land value. Land values higher than improvement values are generally seen as “underutilized lands,” which are more likely to redevelop. As of 2024, 24% of Lakeside parcels are considered underutilized (BLV <1) as seen in Map 41.

Land Use Designation	Lakeside Parcel Count	Percentage of Total
GENERAL COMMERCIAL	115	4.3%
NEIGHBORHOOD COMMERCIAL	-	0.0%
OFFICE PROFESSIONAL	11	0.4%
LIMITED IMPACT INDUSTRIAL	-	0.0%
MEDIUM IMPACT INDUSTRIAL	39	1.5%
OPEN SPACE (CONSERVATION)	2	0.1%
OPEN SPACE (RECREATION)	-	0.0%
PUBLIC AGENCY LANDS	-	0.0%
PUBLIC/SEMI-PUBLIC FACILITIES	15	0.6%
SEMI-RURAL RESIDENTIAL (SR-1)	9	0.3%
SEMI-RURAL RESIDENTIAL (SR-4)	14	0.5%
VILLAGE RESIDENTIAL (VR-2)	106	4.0%
VILLAGE RESIDENTIAL (VR-2.9)	-	0.0%
VILLAGE RESIDENTIAL (VR-4.3)	1,833	69.1%
VILLAGE RESIDENTIAL (VR-7.3)	61	2.3%
VILLAGE RESIDENTIAL (VR-10.9)	28	1.1%
VILLAGE RESIDENTIAL (VR-15)	356	13.4%
VILLAGE RESIDENTIAL (VR-20)	4	0.2%
VILLAGE RESIDENTIAL (VR-24)	51	1.9%
VILLAGE RESIDENTIAL (VR-30)	5	0.2%
VILLAGE CORE MIXED USE (VC-30)	-	0.0%
SPECIFIC PLAN AREA	5	0.2%
TOTAL	2,654	100%

Map 40. Lakeside Land Use Designations (General Plan)



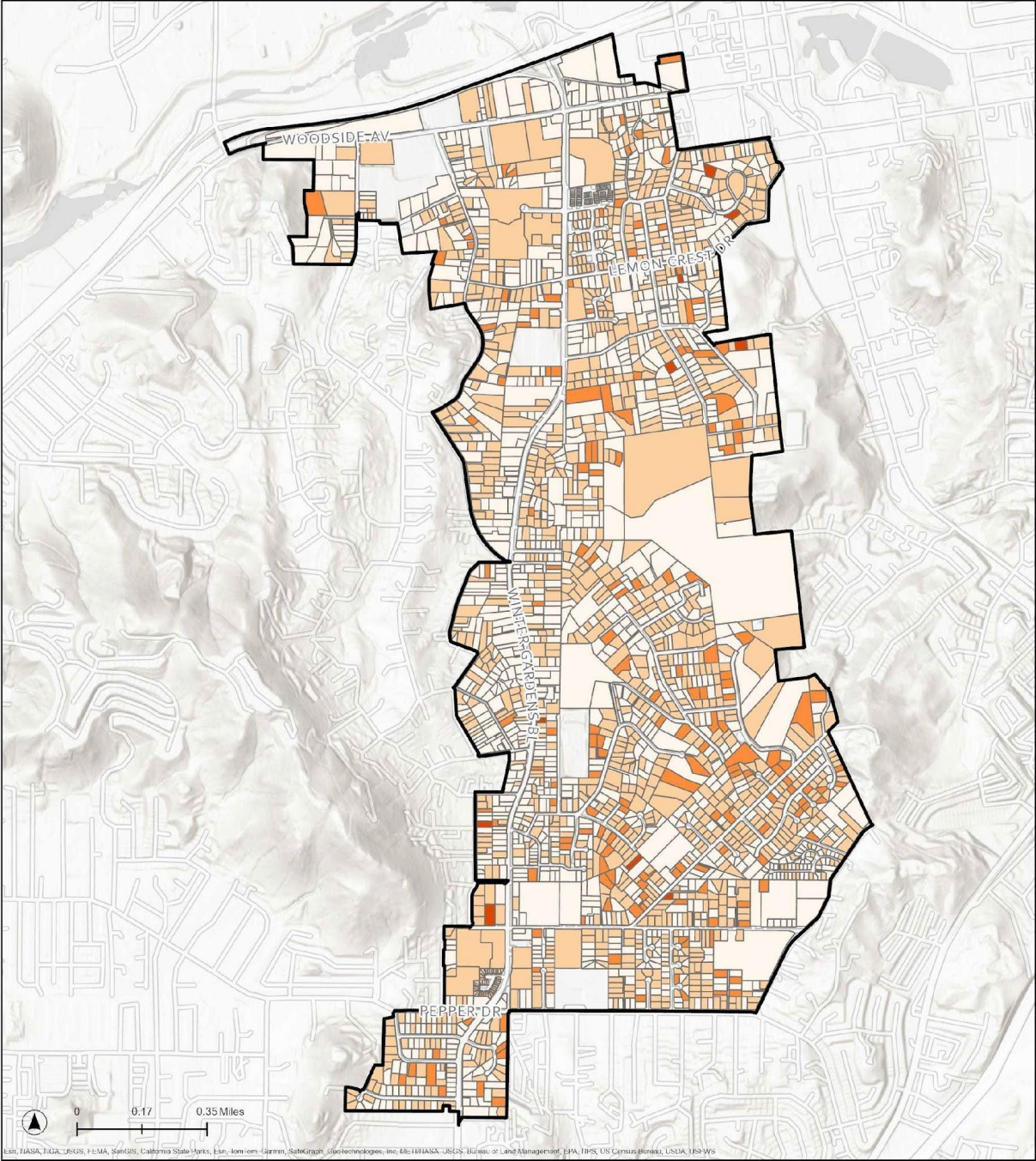
Lakeside Land Use

GENERAL COMMERCIAL	NEIGHBORHOOD COMMERCIAL	PUBLIC/SEMI-PUBLIC FACILITIES	VILLAGE RESIDENTIAL (VR-2)	VILLAGE RESIDENTIAL (VR-10.9)	VILLAGE RESIDENTIAL (VR-3C)
LIMITED IMPACT INDUSTRIAL	OFFICE PROFESSIONAL	SPECIFIC PLAN AREA	VILLAGE RESIDENTIAL (VR-2.9)	VILLAGE RESIDENTIAL (VR-15)	
MEDIUM IMPACT INDUSTRIAL	OPEN SPACE (CONSERVATION)	VILLAGE CORE MIXED USE	VILLAGE RESIDENTIAL (VR-4.3)	VILLAGE RESIDENTIAL (VR-20)	
	OPEN SPACE (RECREATION)	SEMI-RURAL RESIDENTIAL (SR-1)	VILLAGE RESIDENTIAL (VR-7.3)	VILLAGE RESIDENTIAL (VR-24)	
	PUBLIC AGENCY LANDS	SEMI-RURAL RESIDENTIAL (SR-4)			

Data gathered from SanGIS in May 2024



Map 41. Lakeside Building-to-Land-Value (BLV)



Lakeside BLV

- DFA Boundary
- 0 - 1
- 2 - 3
- 4 - 10
- 11 - 42
- 43 - 110

Building to Land Value is calculated by dividing the assessed improvement value by the assessed land value. Information was gathered from SanGIS Zoning information. Parcels that are empty did not have assessed value available.

Data gathered from SanGIS in May 2024



Housing Development

The housing density within Lakeside is lower than what is permitted under current General Plan land use. As of 2024, there are 5,031 DU within the Lakeside DFA area.¹ Map 42 displays the actual DUs in Lakeside. An objective of this study is to uncover ways to increase that number, while still providing high quality of life to current and future residents and addressing environmental constraints of the area.

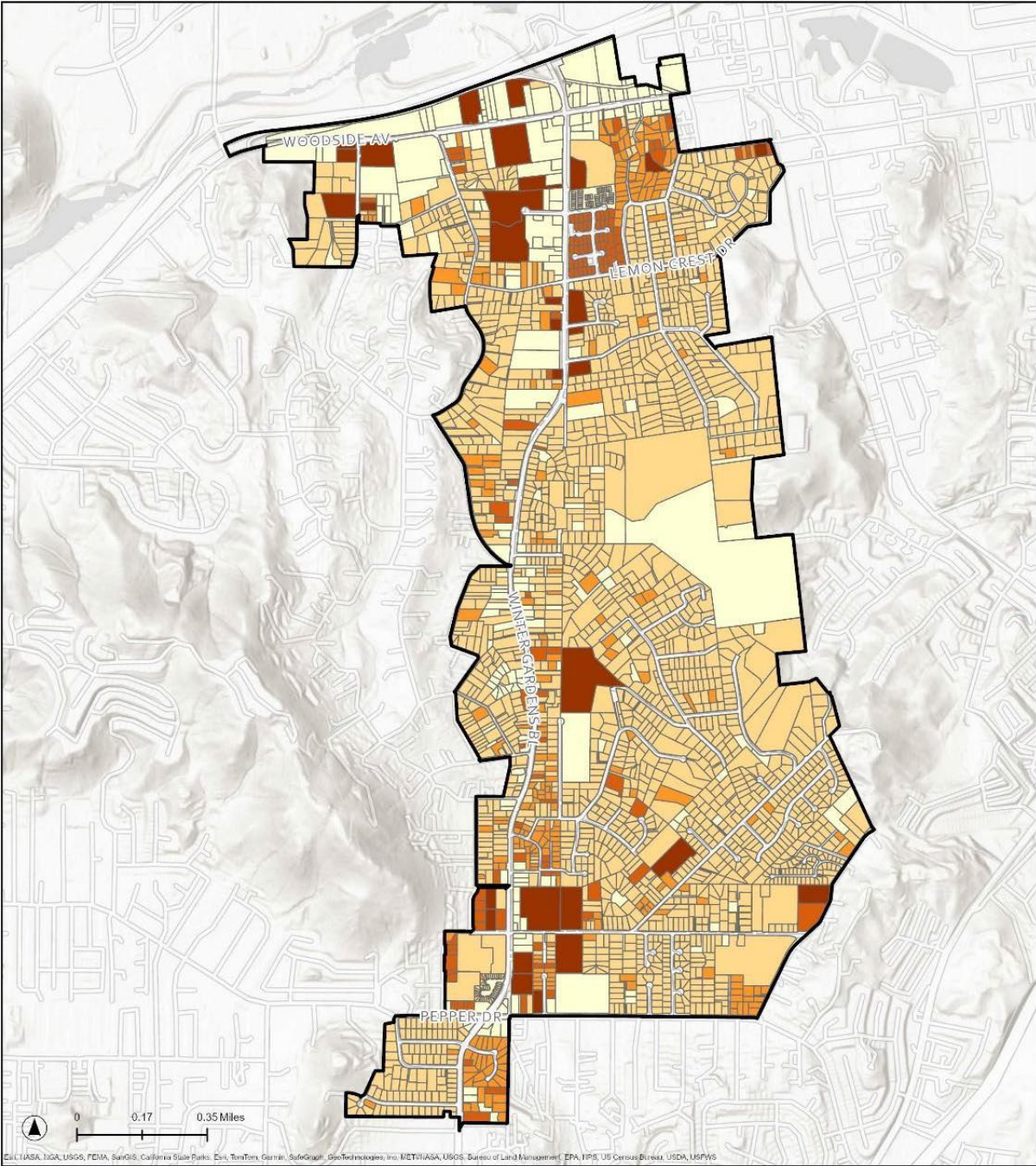
Environmental Constraints

Environmental conditions can have adverse effects on the housing market with impacts to housing density or form, structural or infrastructural costs, additional studies for land preparation, time delays, capacity considerations, safety risk, insurance, loans, and more. This study evaluated earthquake fault zones, airport hazard zones, airport noise, floodplains, wetlands, forest conservation, habitat preserve, environmentally sensitive areas, pre-approved mitigation zones, publicly owned lands, and slope as constraining factors to housing development. Fire risk was not included as a constraining factor. While it is acknowledged that the County faces increasing fire risk, the mitigation efforts around fire risk for housing development demote this factor as an environmental constraint for analysis purposes.

The main environmental constraints to housing development in Lakeside are pre-approved mitigation area (PAMA) habitat-sensitivity areas and slope, covering 22% and 12%, respectively. These constraints can be seen in Maps 43 and 44. While habitat sensitivity poses a strict challenge to development, slope can be mitigated to a reasonable degree for a cost. While risk and cost tolerance will vary depending on the developer, the buyer, and the market, it is the intention of this study to consider the most feasible options, i.e., the parcels that pose the lowest risk and have the highest potential for development.

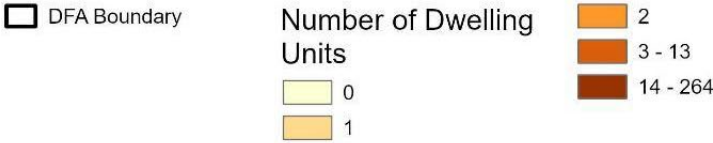
¹ Current dwelling unit data sourced from UrbanFootprint.

Map 42. Lakeside Actual Existing DUs

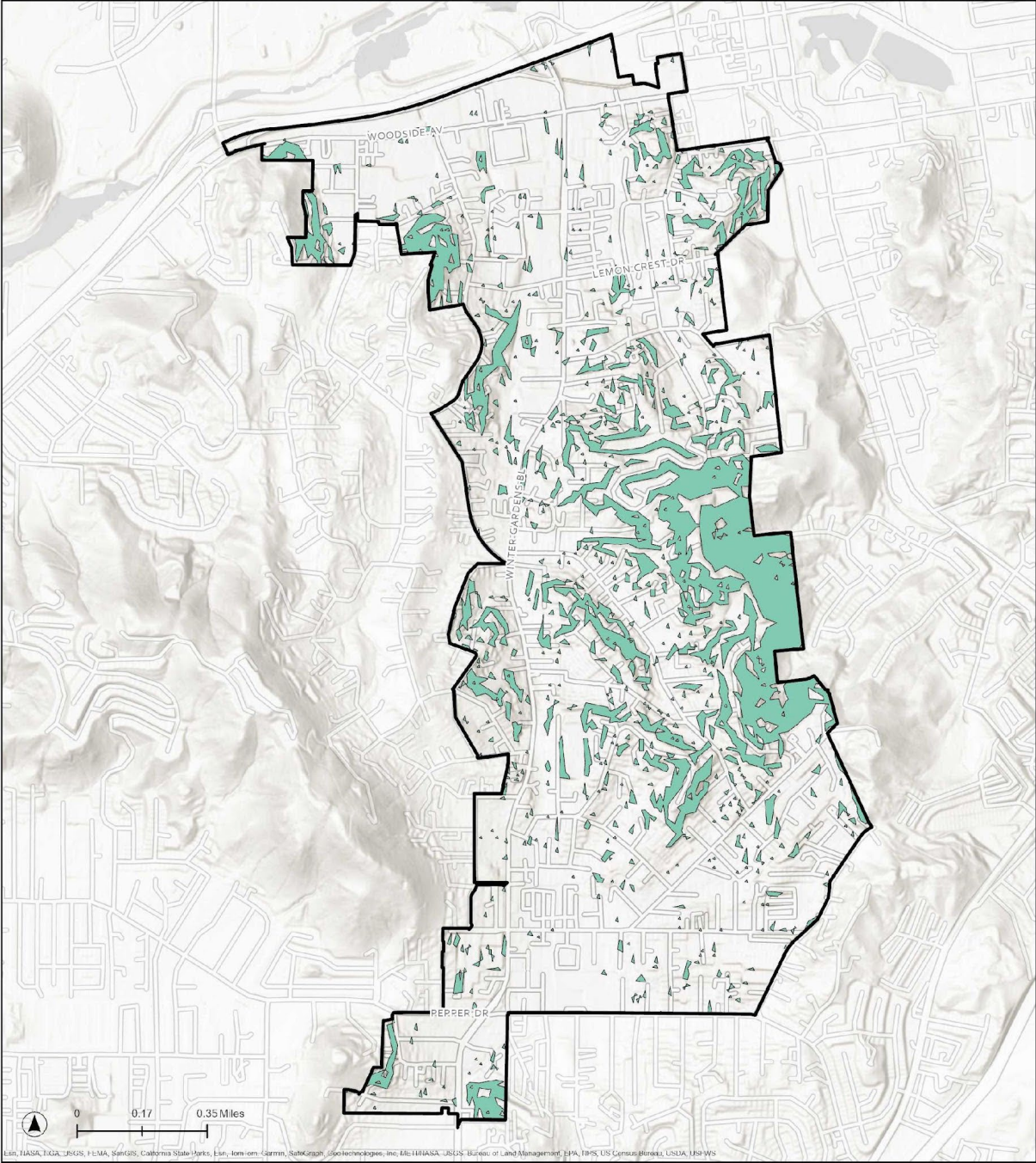


Data gathered from Urban Footprint in 2024

Lakeside Dwelling Units



Map 43. Lakeside Topographic Slope



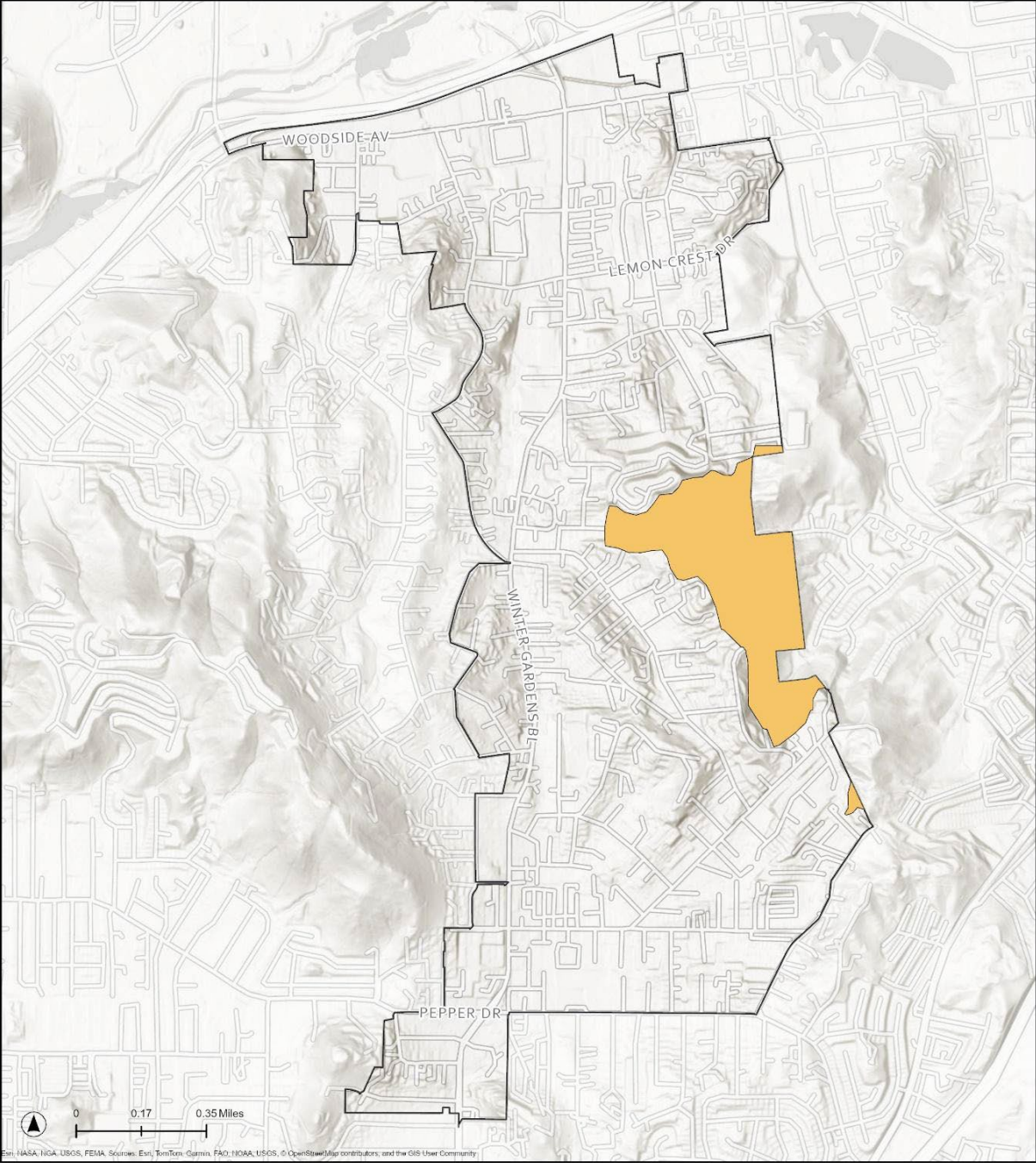
Data gathered from SanGIS in May 2024

Lakeside Slope

Areas of slope greater than 25%



Map 44. Lakeside Pre-Approved Mitigation Areas (PAMA)



Lakeside Pre-Approved Mitigation

Data gathered from SanGIS in May 2024

 Pre-Approved Mitigation



Land Use Alternatives

To explore the impact of land use designations on housing development, three alternative scenarios of land use were prepared for each DFA area. This analysis is largely independent of the market analysis. The land use analysis revealed that current General Plan land use designations are not being fully utilized, meaning that increasing capacity alone would not necessarily lead to more housing development. Instead, it could artificially drive up costs. To ensure a balanced approach, any proposed land use amendments must be evaluated holistically. The findings from this analysis will be shared with the County’s Framework project to inform their review of land use designations. However, before any changes to land use are made, the key barriers identified in this report (Chapter 7) must first be addressed.

Under each alternative scenario, a modification of allowable dwelling units (DU) is unlocked. Table 29 summarizes actual existing DUs that are already built out (2024 Actual), expected unit yield under current zoning with no changes (Alternative 0), and expected unit yield under three alternatives that vary in intensity of modifications (Alternatives 1, 2, and 3). The land use alternative options see a shift in allowable DU. DU yields factor in land use designations, density allowances, unconstrained land acreage, yield factors, vacancy, and redevelopment potential. More information on methodology, parcel selection, and designation changes can be seen in Exhibit E.

Table 30 demonstrates the changes under each scenario by land use. Maps 45, 46, 47, and 48 reflect the alternative scenarios geographically.

<i>Table 29. Lakeside Dwelling Units per Alternative Scenario Summary</i>					
Dwelling Unit Yields	2024 Actual	Alternative 0	Alternative 1	Alternative 2	Alternative 3
Actual Existing Dwelling Units (2024)	5,031				
DU Yield on All Unconstrained Land		5,305	5,354	5,410	5,653
DU Yield on Unconstrained Vacant Land Only		175	198	235	235
DU Yield on Unconstrained Underutilized Land only (non-vacant) ¹		1,121	1,121	1,123	1,201

1. Underutilized land refers to parcels that have a Building-to-Land Value (BLV) of less than 1. A low BLV indicates that the value of improvements is less than the value of the land, and therefore, offers a strong financial incentive to redevelop for better property value.

Table 30. Lakeside Dwelling Units on All Unconstrained Land

Residential Land Use Designation	DU Density	Yield Factor ¹	Actual Existing DU ²	DU Yield Alt 0	DU Yield Alt 1	DU Yield Alt 2	DU Yield Alt 3
GENERAL COMMERCIAL	n/a	-	302	-	-	-	-
LIMITED IMPACT INDUSTRIAL	n/a	-	-	-	-	-	-
MEDIUM IMPACT INDUSTRIAL	n/a	-	22	-	-	-	-
NEIGHBORHOOD COMMERCIAL	n/a	-	-	-	-	-	-
OFFICE PROFESSIONAL	n/a	-	12	-	-	-	-
OPEN SPACE (CONSERVATION)	n/a	-	-	-	-	-	-
OPEN SPACE (RECREATION)	n/a	-	-	-	-	-	-
PUBLIC AGENCY LANDS	n/a	-	-	-	-	-	-
PUBLIC/SEMI-PUBLIC FACILITIES	n/a	-	-	-	-	-	-
SPECIFIC PLAN AREA	40 DU / acre	70%	-	56	56	56	56
SEMI-RURAL RESIDENTIAL (SR-1)	1 DU / acre	70%	4	2	2	2	2
SEMI-RURAL RESIDENTIAL (SR-4)	1 DU / 4 acres	70%	9	0	0	0	0
VILLAGE RESIDENTIAL (VR-2)	2 DU / acre	70%	97	68	68	68	68
VILLAGE RESIDENTIAL (VR-2.9)	2.9 DU / acre	70%	-	-	-	-	-
VILLAGE RESIDENTIAL (VR-4.3)	4.3 DU / acre	70%	2,141	2,047	2,033	2,033	2,033
VILLAGE RESIDENTIAL (VR-7.3)	7.3 DU / acre	70%	60	171	171	171	171
VILLAGE RESIDENTIAL (VR-10.9)	10.9 DU / acre	70%	54	96	98	96	96
VILLAGE RESIDENTIAL (VR-15)	15 DU / acre	62%	1,109	1,344	1,344	1,346	1,346

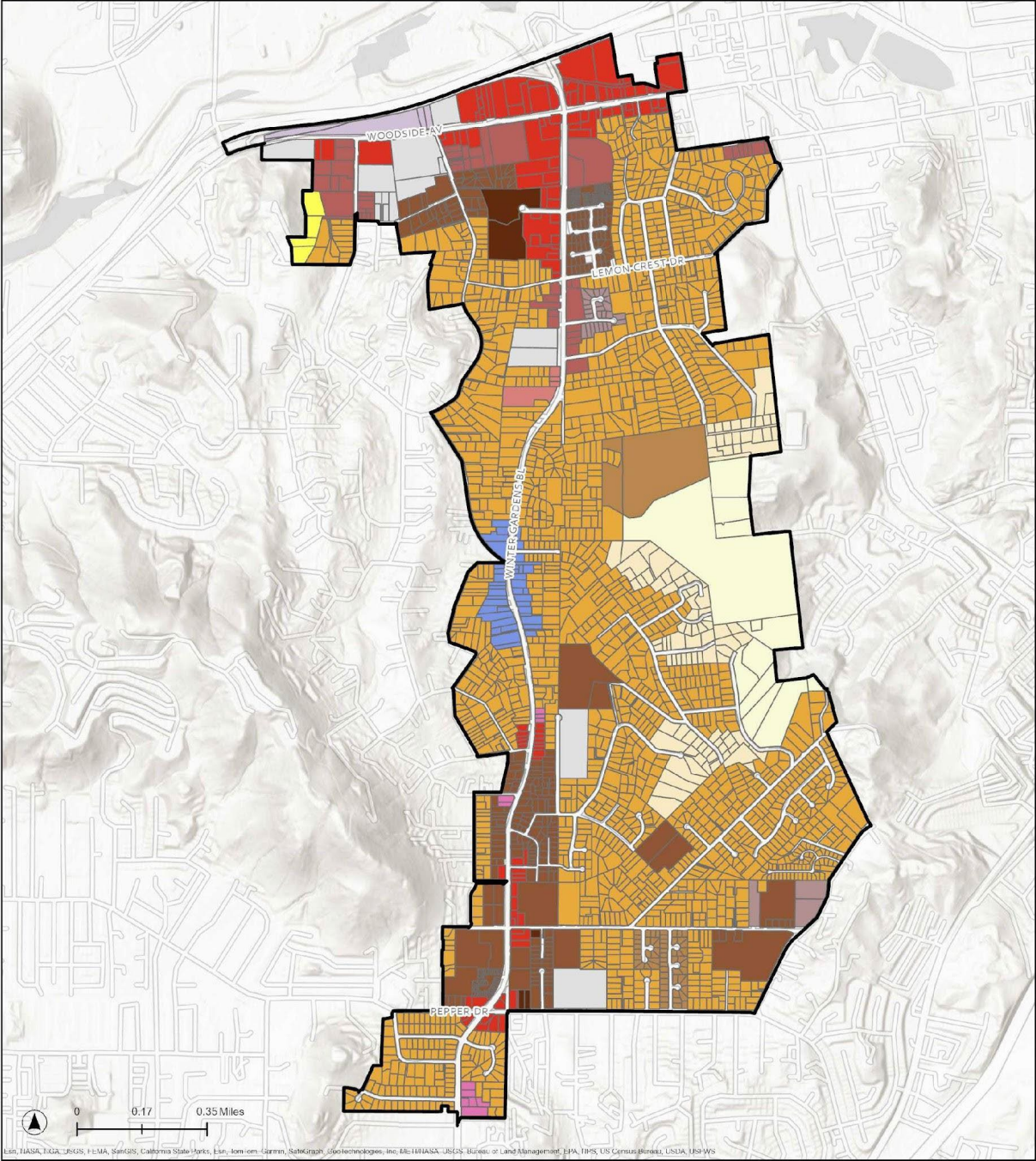
Table 30. Lakeside Dwelling Units on All Unconstrained Land

Residential Land Use Designation	DU Density	Yield Factor ¹	Actual Existing DU ²	DU Yield Alt 0	DU Yield Alt 1	DU Yield Alt 2	DU Yield Alt 3
VILLAGE RESIDENTIAL (VR-20)	20 DU / acre	73%	32	66	128	14	14
VILLAGE RESIDENTIAL (VR-24)	24 DU / acre	89%	830	1,108	1,108	1,225	1,225
VILLAGE RESIDENTIAL (VR-30)	30 DU / acre	76%	359	347	347	399	399
VILLAGE CORE MIXED USE	30 DU / acres	32%	-	-	-	-	242
TOTAL			5,031	5,305	5,354	5,410	5,653

1. DU calculations include yield factors, which is a percentage based on actual yield expectations. See Data Notes for more info.

2. Source: UrbanFootprint (accessed 2024).

Map 45. Lakeside Current Land Use Policy (Alternative 0)



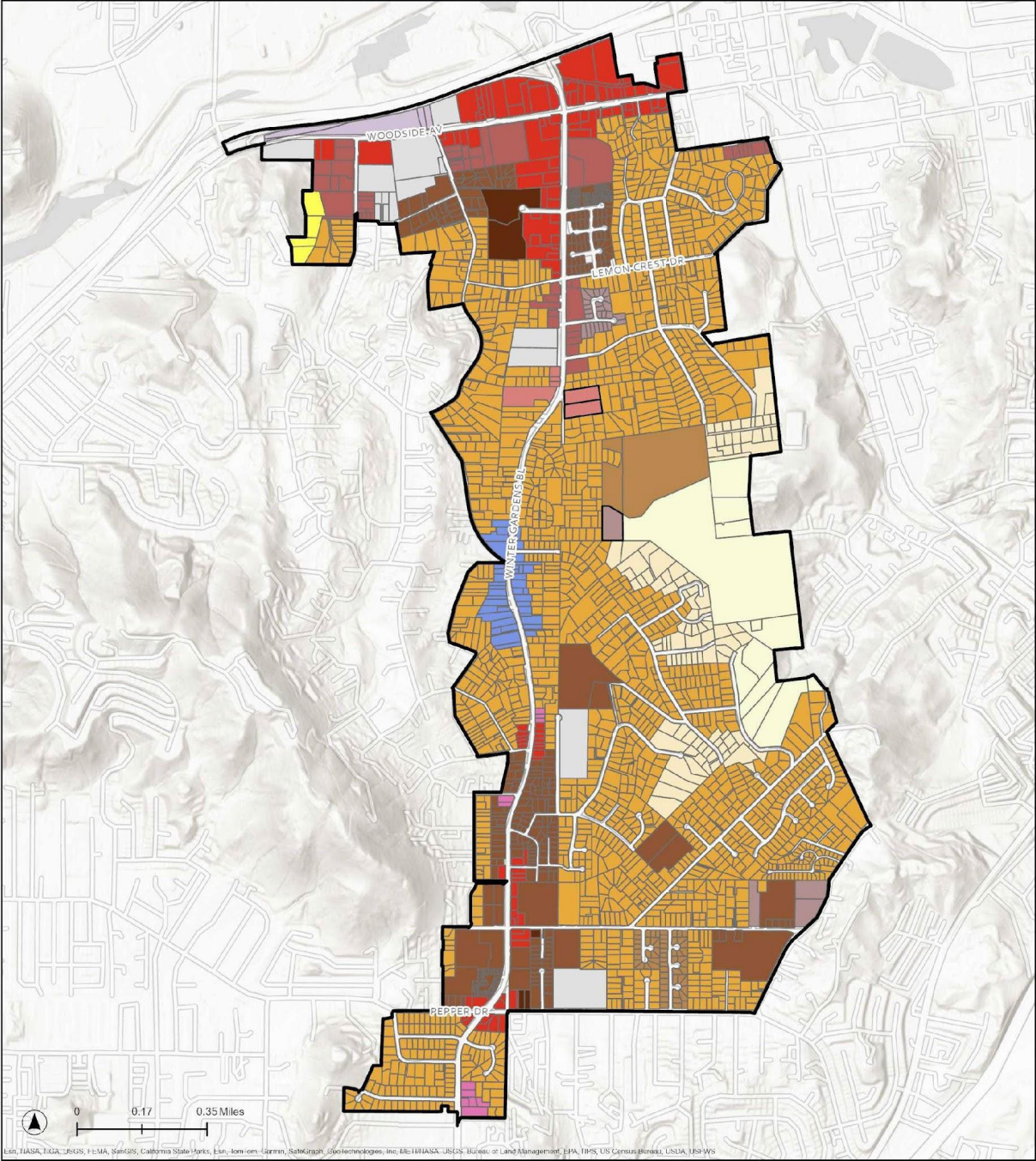
Data gathered from SanGIS in May 2024

Lakeside Land Use

General Plan Land Use	<ul style="list-style-type: none"> NEIGHBORHOOD COMMERCIAL OFFICE PROFESSIONAL OPEN SPACE (CONSERVATION) OPEN SPACE (RECREATION) PUBLIC AGENCY LANDS 	<ul style="list-style-type: none"> PUBLIC/SEMI-PUBLIC FACILITIES SPECIFIC PLAN AREA VILLAGE CORE MIXED USE SEMI-RURAL RESIDENTIAL (SR-1) SEMI-RURAL RESIDENTIAL (SR-4) 	<ul style="list-style-type: none"> VILLAGE RESIDENTIAL (VR-2) VILLAGE RESIDENTIAL (VR-2.9) VILLAGE RESIDENTIAL (VR-4.3) VILLAGE RESIDENTIAL (VR-7.3) 	<ul style="list-style-type: none"> VILLAGE RESIDENTIAL (VR-10.9) VILLAGE RESIDENTIAL (VR-15) VILLAGE RESIDENTIAL (VR-20) VILLAGE RESIDENTIAL (VR-24) 	<ul style="list-style-type: none"> VILLAGE RESIDENTIAL (VR-30)
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Map 46. Lakeside Land Use Alternative 1

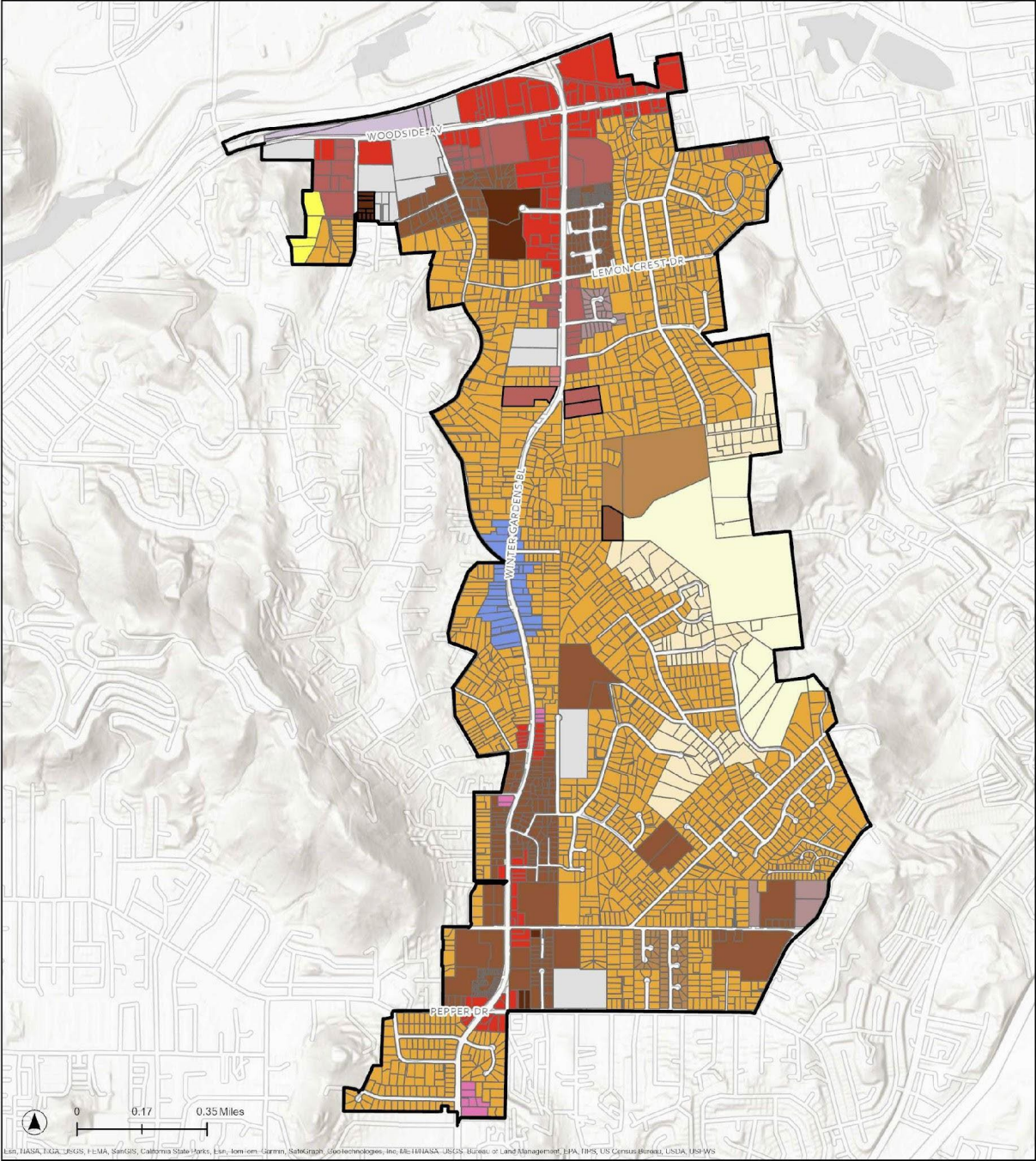


Data gathered from SanGIS in May 2024

Lakeside Alternative 1

<p>Alternative 1</p> <ul style="list-style-type: none"> Village Residential (VR-10.9) Village Residential (VR-20) 	<p>General Plan Land Use</p> <ul style="list-style-type: none"> GENERAL COMMERCIAL LIMITED IMPACT INDUSTRIAL MEDIUM IMPACT INDUSTRIAL NEIGHBORHOOD COMMERCIAL OFFICE PROFESSIONAL OPEN SPACE (CONSERVATION) OPEN SPACE (RECREATION) PUBLIC AGENCY LANDS PUBLIC/SEMI-PUBLIC FACILITIES SPECIFIC PLAN AREA 	<ul style="list-style-type: none"> VILLAGE CORE MIXED USE SEMI-RURAL RESIDENTIAL (SR-1) SEMI-RURAL RESIDENTIAL (SR-4) VILLAGE RESIDENTIAL (VR-2) VILLAGE RESIDENTIAL (VR-2.9) VILLAGE RESIDENTIAL (VR-4.3) 	<ul style="list-style-type: none"> VILLAGE RESIDENTIAL (VR-7.3) VILLAGE RESIDENTIAL (VR-10.9) VILLAGE RESIDENTIAL (VR-15) VILLAGE RESIDENTIAL (VR-20) VILLAGE RESIDENTIAL (VR-24) VILLAGE RESIDENTIAL (VR-30) 	
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Map 47. Lakeside Land Use Alternative 2



Data gathered from SanGIS in May 2024

Lakeside Alternative 2

- Alternative 2**
- Village Residential (VR-15)
 - Village Residential (VR-24)
 - Village Residential (VR-30)

General Plan Land Use

- GENERAL COMMERCIAL
- LIMITED IMPACT INDUSTRIAL
- MEDIUM IMPACT INDUSTRIAL
- NEIGHBORHOOD COMMERCIAL

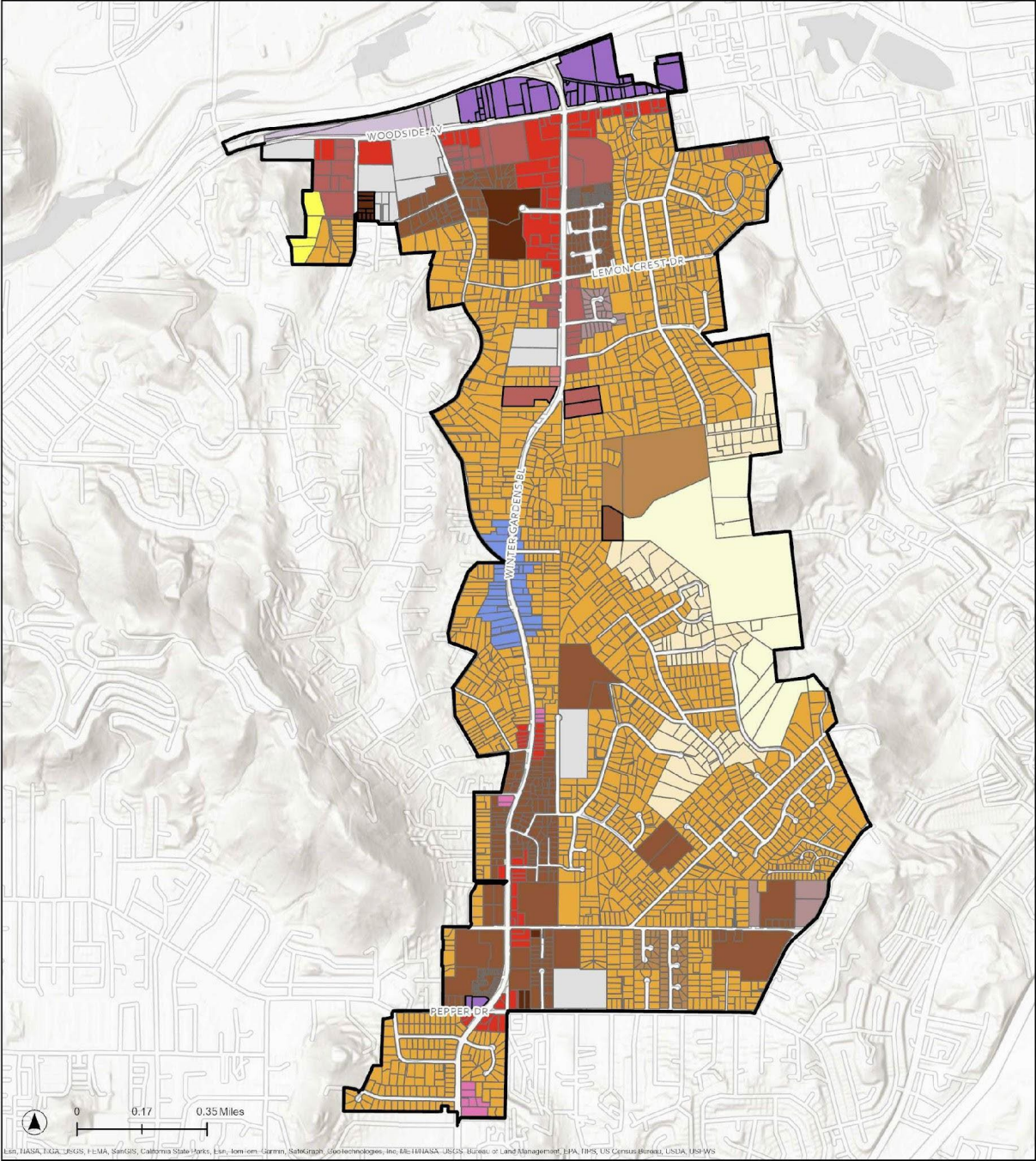
- OFFICE PROFESSIONAL
- OPEN SPACE (CONSERVATION)
- OPEN SPACE (RECREATION)
- PUBLIC AGENCY LANDS
- PUBLIC/SEMI-PUBLIC FACILITIES
- SPECIFIC PLAN AREA

- VILLAGE CORE MIXED USE
- SEMI-RURAL RESIDENTIAL (SR-1)
- SEMI-RURAL RESIDENTIAL (SR-4)
- VILLAGE RESIDENTIAL (VR-2)
- VILLAGE RESIDENTIAL (VR-2.9)
- VILLAGE RESIDENTIAL (VR-4.3)

- VILLAGE RESIDENTIAL (VR-7.3)
- VILLAGE RESIDENTIAL (VR-10.9)
- VILLAGE RESIDENTIAL (VR-15)
- VILLAGE RESIDENTIAL (VR-20)
- VILLAGE RESIDENTIAL (VR-24)
- VILLAGE RESIDENTIAL (VR-30)



Map 48. Lakeside Land Use Alternative 3



Data gathered from SanGIS in May 2024

Lakeside Alternative 3

<p>Alternative 3</p> <ul style="list-style-type: none"> Village Core Mixed Use Village Residential (VR-15) Village Residential (VR-24) Village Residential (VR-30) 	<p>General Plan Land Use</p> <ul style="list-style-type: none"> GENERAL COMMERCIAL LIMITED IMPACT INDUSTRIAL MEDIUM IMPACT INDUSTRIAL NEIGHBORHOOD COMMERCIAL OFFICE PROFESSIONAL OPEN SPACE (CONSERVATION) OPEN SPACE (RECREATION) PUBLIC AGENCY LANDS PUBLIC/SEMI-PUBLIC FACILITIES SPECIFIC PLAN AREA 	<ul style="list-style-type: none"> VILLAGE CORE MIXED USE SEMI-RURAL RESIDENTIAL (SR-1) SEMI-RURAL RESIDENTIAL (SR-4) VILLAGE RESIDENTIAL (VR-2) VILLAGE RESIDENTIAL (VR-2.9) VILLAGE RESIDENTIAL (VR-4.3) VILLAGE RESIDENTIAL (VR-7.3) VILLAGE RESIDENTIAL (VR-10.9) VILLAGE RESIDENTIAL (VR-15) VILLAGE RESIDENTIAL (VR-20) VILLAGE RESIDENTIAL (VR-24) VILLAGE RESIDENTIAL (VR-30) 	<div style="display: flex; align-items: center; justify-content: center;"> </div>
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Conclusion

The Lakeside DFA area faces constraints that limit development identified through a combination of market, financial, infrastructure, and land use analyses. The market analysis found that there are currently no major residential projects in planning or development within the DFA area. The absence of development momentum makes it difficult to attract investment. The financial feasibility analysis identified that residential land values in Lakeside are lower than those in surrounding areas. This makes it less attractive for developers, as land sales do not generate enough value to justify new construction. The market analysis highlighted that Lakeside has a lower median household income than the broader region. This limits the ability of residents to afford market-rate housing, reducing demand for higher-end residential projects. Environmental constraints, particularly slope, affect approximately 12% of the land in the Lakeside DFA area. These lands require costly engineering solutions to make development feasible, increasing overall project costs. Infrastructure assessments revealed that some parts of Lakeside lack adequate sewer and water capacity. In particular, sewer capacity in the Winter Gardens area is near its limit, at 89% utilization, which restricts new development unless upgrades are made. Stormwater infrastructure improvements are needed, including the replacement of aging drainage systems to prevent flooding in key residential areas.

Despite these challenges, the report outlines several opportunities for residential development in Lakeside. The City of Santee has experienced significant residential growth in recent years, and Lakeside is well-positioned to capitalize on this demand by offering more affordable housing options. The market study suggests that there is demand for medium-lot single-family homes and townhomes in existing residential zones, particularly along Winter Gardens Boulevard. The land use analysis identifies these areas as prime locations for multifamily housing due to their proximity to commercial amenities and transit routes.

To address these constraints and leverage opportunities, it is recommended to pursue grant funding for the development of a Specific Plan that prioritizes mixed-use housing, streetscape enhancements, and pedestrian safety, along with provisions for signage, landscaping, and improved access to open spaces. Additionally, exploring the designation of the area as an Old West cultural zone can help preserve and celebrate its heritage. Further, the feasibility of establishing Business Improvement Districts (BIDs) or utilizing Community Development Block Grants (CDBGs) should be investigated to support the successful implementation of the Specific Plan.



Spring Valley

06. SPRING VALLEY

Map 49. Spring Valley DFA area



Introduction

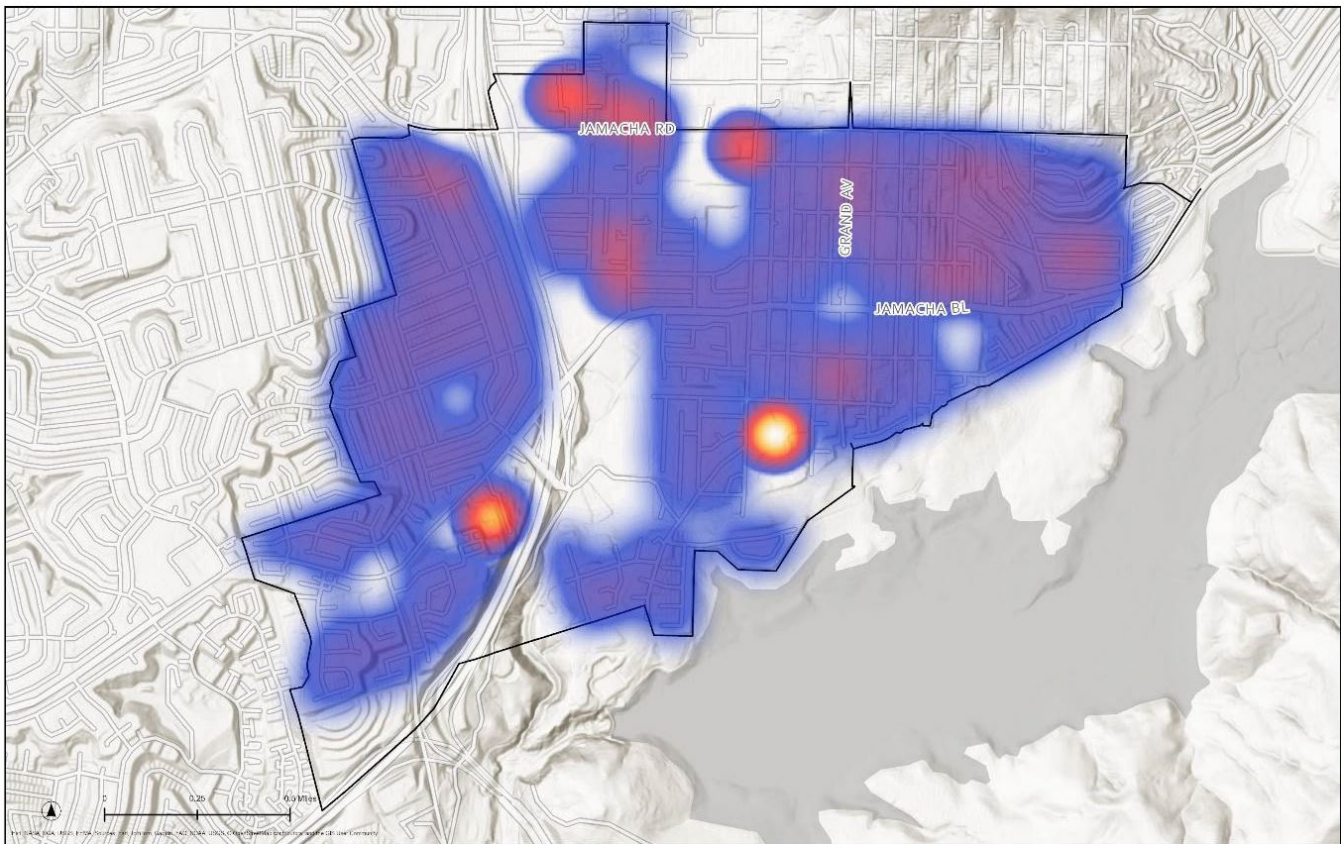
The Spring Valley DFA area covers 2.54 square miles in East San Diego County, just east of the City of Lemon Grove. As seen in Map 49, the area is bifurcated by State Route 125 (SR 125).

Community Demographics

Demographic Overview

The Spring Valley DFA area has an estimated population of 18,920 (2023). As seen in Table 31, the population is generally of working age, with most residents between 15 and 64 years old (working demographic). The population is fairly distributed around the area, except for notable gap areas occupied by the Spring Valley Swap Meet, big box retailers and shopping centers, church sites, and open land surrounding the Sweetwater Reservoir, as shown in Map 50.

Map 50. Spring Valley Population Density



Data gathered from: Urban Footprint in 202

Spring Valley Population

- DFA Boundary
- Low
- High



Table 31. Spring Valley Demographic Overview with comparisons (2023)

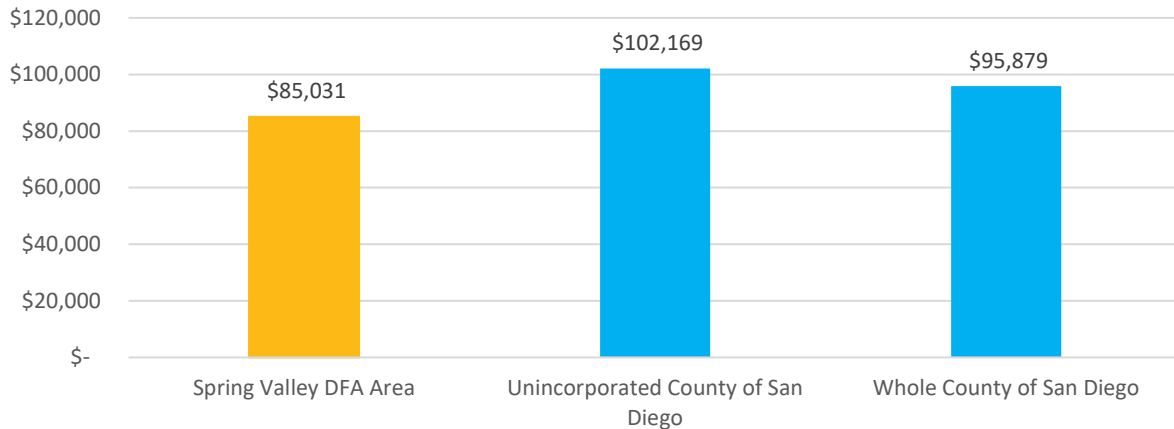
Demographics	Spring Valley DFA area	Unincorporated County of San Diego	Entire County of San Diego
Population	18,920	519,735	3,325,714
Median Age	34.6 years	38.7 years	36.7 years
Unemployment Rate	8.7%	5.2%	4.9%
Households	5,433	167,962	1,172,259
Average Household Size	3.45	2.92	2.74
Owner-Occupied Housing Units	61.7%	65.6%	51.5%
Renter-Occupied Housing Units	35.6%	27.8	42.5%
Vacant Housing Units	2.6%	6.6%	6.1%

Source: Esri Business Analyst Online, May 2024.

Household Income Distribution

The median household income in the Spring Valley DFA area is \$85,031 (2023), lower than the overall County of San Diego, estimated at \$95,879 (2023), as seen in Figure 6.

Figure 6. Median Household Income, Spring Valley comparisons (2023)



Compared to housing affordability, income levels in Spring Valley do not support the recommended 28% of pre-tax income spent on mortgage. Spring Valley homeowners spend on average 41.8% of household income on mortgage payments.

Community Amenities

Community amenities represent the facilities, infrastructure, and spaces that contribute to residential quality of life. They include features like restaurants, grocery stores, schools, street trees, parks, and other elements of daily necessity. The presence of these amenities, or lack thereof, can influence the demand for residential development.

**“WE NEED MORE TREES AND BETTER LANDSCAPING OF NEW BUILDINGS.”
– SPRING VALLEY RESIDENT**

Spring Valley has a healthy number of schools, parks and recreation facilities, and grocery retail stores. With respect to public transit, Spring Valley is serviced by several San Diego Metropolitan Transit System (MTS) bus stops, primarily along Sweetwater Road, Jamacha Road, and Jamacha Boulevard.

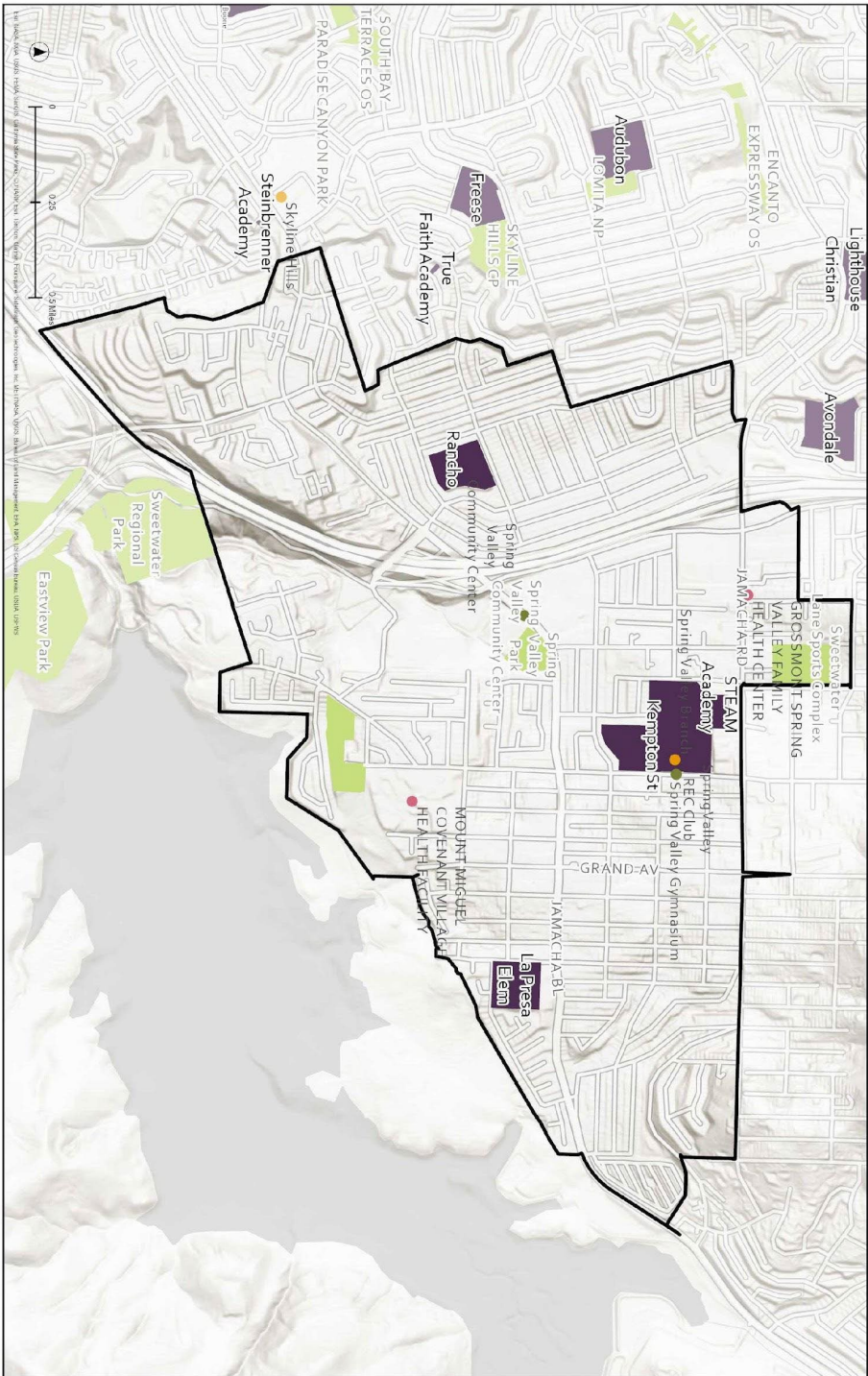
Additional neighborhood amenities were analyzed based on a three-mile trade ring from the center of the DFA area. The trade ring contains an ample number of schools/educational facilities and neighborhood parks/recreation. The trade ring contains several MTS bus stops, as well as access to the MTS Orange Line trolley, west of the DFA area in Lemon Grove. The trade ring contains two family health centers but is distant from larger medical centers/hospitals. The trade ring contains four grocery stores and pharmacies, two of which are located within the DFA area. A full breakdown of amenities in Spring Valley can be found in Table 39 with accompanying Maps 51 and 52.

<i>Table 39. Spring Valley Community Amenities — Trade Ring (3 miles to center of DFA area)</i>	
Amenity Category	Amenity
Public Transit	<ul style="list-style-type: none"> ● MTS bus stops ● MTS Green and Orange Line Stops
Schools/Educational Facilities	<ul style="list-style-type: none"> ● Spring Valley Elementary School ● Lemon Grove Academy Elementary School ● Mount Miguel High School ● Avondale Elementary School ● Audubon K-8 School ● Freese Elementary School ● Sunnyside Elementary School ● La Presa Elementary School ● Rancho Elementary School ● Bethune Elementary School ● Sweetwater Springs Community Elementary School ● Grossmont Secondary School

Table 39. Spring Valley Community Amenities — Trade Ring (3 miles to center of DFA area)	
Amenity Category	Amenity
	<ul style="list-style-type: none"> ● Bell Junior High School ● Lemon Grove Middle School ● Morse Senior High School ● Monte Vista High School ● STEAM Academy ● Kempton Street Elementary ● Quest Academy ● Highlands Elementary
Hospital/Medical Centers	<ul style="list-style-type: none"> ● Grossmont Spring Valley Family Health Center ● Lemon Grove Family Health Center
Neighborhood Parks/Recreation	<ul style="list-style-type: none"> ● Spring Valley County Park ● Lamar County Park ● Sweetwater Regional Park ● Sweetwater Reservoir ● Dictionary Hill County Preserve ● Boone Park ● Christopher Wilson Park ● Keiller Park ● Berry Street Park ● Skyline Hills Park ● Lemon Grove Park ● Treganza Heritage Park ● Lomita Park
Grocery Stores and Pharmacies	<ul style="list-style-type: none"> ● Albertsons Grocery Store and Pharmacy ● Rite Aid Pharmacy ● Sprouts ● Ralphs

Source: Keyser Marston Associates (KMA)

Map 51. Spring Valley Community Amenities

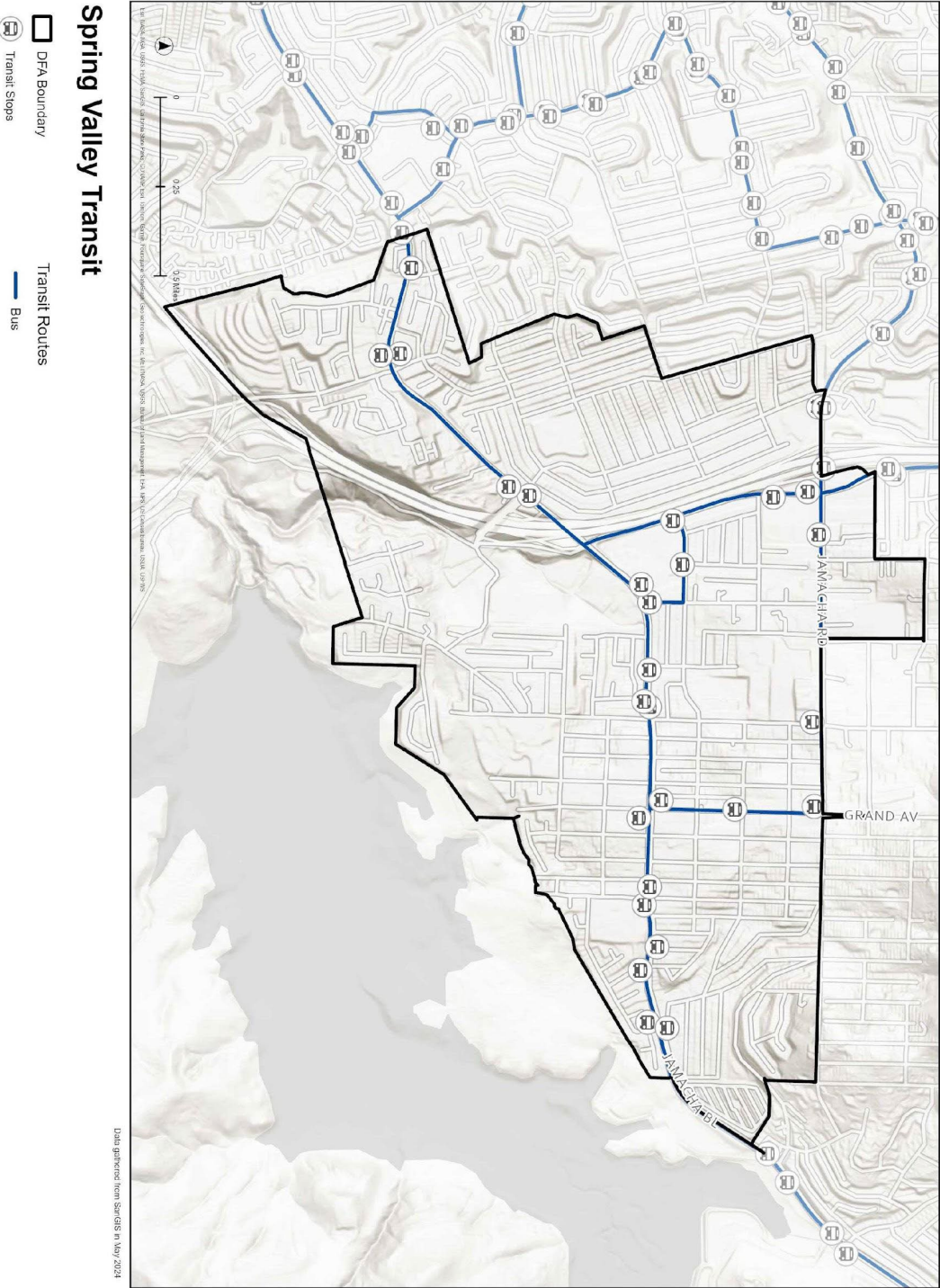


Spring Valley Community Amenities

- DFA Boundary
- Library
- Recreation Center
- Healthcare Facilities
- Parks
- Schools



Map 52. Spring Valley Transit



Current Infrastructure

Spring Valley Roadways

The majority of this DFA area is served by public roads, with only a few minor private roads. Private roads can pose challenges to new development, as there may be inconsistent maintenance, varying road conditions, and unknown fees. Therefore, it is recommended for new development to occur along County-maintained public roads. Alternatively, public road access could be provided via easements or other means.

The Department of Public Works' (DPW) Infrastructure Gap Analysis Report (Exhibit B) identified roadways that provided connections to key points of interest within Spring Valley and provided recommendations for road corridor transformations to improve pedestrian and bicycle infrastructure for a more vibrant community space. Recommendations are preliminary and require further analysis and assessment of constraints. The following is a summary of the recommended roadways for improvements such as widening of roadways, bike lanes, road buffers, or medians in Spring Valley, as indicated in the Infrastructure Gap Analysis Report:

- **Jamacha Boulevard**, from Sweetwater Road to San Diego Street: add a buffer between the bike lane and travel lane, add a median and parkways, and increase right-of-way width to 98 feet.
- **Kempton Street**, from Jamacha Boulevard to Piedmont Street: add sidewalks and parkways.
- **Grand Avenue**, from San Diego Street to Apple Street: enhance bicycle facilities by adding buffers between bike lanes and travel lanes, add a median and parkways, and increase right-of-way width to 88 feet.
- **Grand Avenue**, from Apple Street to Birch: add sidewalks and parkways.
- **Quarry Road**, from Paradise Valley Road to SR 125 NB Ramps: add buffers between bike lanes and travel lanes.
- **Quarry Road**, from SR 125 NB Ramps to Swapmeet Main Road: add Class II bike lanes and buffers between the bike lanes and travel lanes, add parkways, and increase the right-of-way width to 88 feet.
- **Quarry Road**, from Swapmeet Main Road to Lakeview Avenue: add sidewalks and parkways, and add parking on both sides of the road.

For more information on the changes identified, see Exhibit B. For the existing roadways, see Map 53.

Spring Valley Water Service

Water services within the Spring Valley DFA area are provided by the Otay Water District and Helix Water District. Water service consists of backbone transmission mains with distribution mains serving areas of potential development. See Exhibit B for more information and Map 54 for existing pipes. The following are recommended water investments for Spring Valley:

- The Grand Avenue corridor potential areas of land use change may benefit from upsizing approximately 3,300 linear feet of water main from the existing 6" AC pipe to 16" PVC pipe. The primary consideration is the replacement of aging facility (AC pipe) and a secondary consideration is in pipe upsizing to meet long-term investment in future growth. Timing would match the anticipated market growth that could result in density increases, necessitating pipe upsizing. Therefore, the project may be phased into north and south at Jamacha Boulevard. This recommendation requires additional detailed project-specific study by the Otay Water District. The construction costs are estimated at \$5,300,000.
- The Jamacha Boulevard corridor potential areas of land use change may benefit from upsizing approximately 2,100 linear feet of sewer main from the existing 10" AC pipe to a 12" PVC pipe. The primary consideration is the replacement of aging facility (AC pipe) and a secondary consideration is in pipe upsizing to meet long-term investment in future growth. Timing would match the anticipated market growth that could result in density increases, necessitating pipe upsizing. Therefore, the project may be phased into east and west at Grand Avenue after the SVW-1 project. This recommendation requires additional detailed project-specific study by the Otay Water District. The construction cost is estimated at \$2,700,000.

Spring Valley Sewer Service

Sewer services within the Spring Valley DFA area are provided by the County of San Diego Sanitation District. Areas of development potential are either served by existing sewer mains or adjacent trunk mains. See Exhibit B for more information and Map 55 for currently existing pipes. The following are recommended sewer investments for Spring Valley:

- The Grand Avenue corridor potential areas of land use change may benefit from upsizing approximately 3,300 linear feet of sewer main from the existing 8" VCP pipe to a 12" PVC pipe. The primary consideration is the replacement of aging facility (VCP pipe) and a secondary consideration is in pipe upsizing to meet long-term investment in future growth. Timing would match the anticipated market growth that could result in density increases, necessitating pipe upsizing. Therefore, the project may be phased into north and south of the 15" VCP sewer between Saint George Street and San Francisco Street. This recommendation requires additional detailed project-specific study by the County of San Diego Sanitation District. The construction cost is estimated at \$4,800,000.

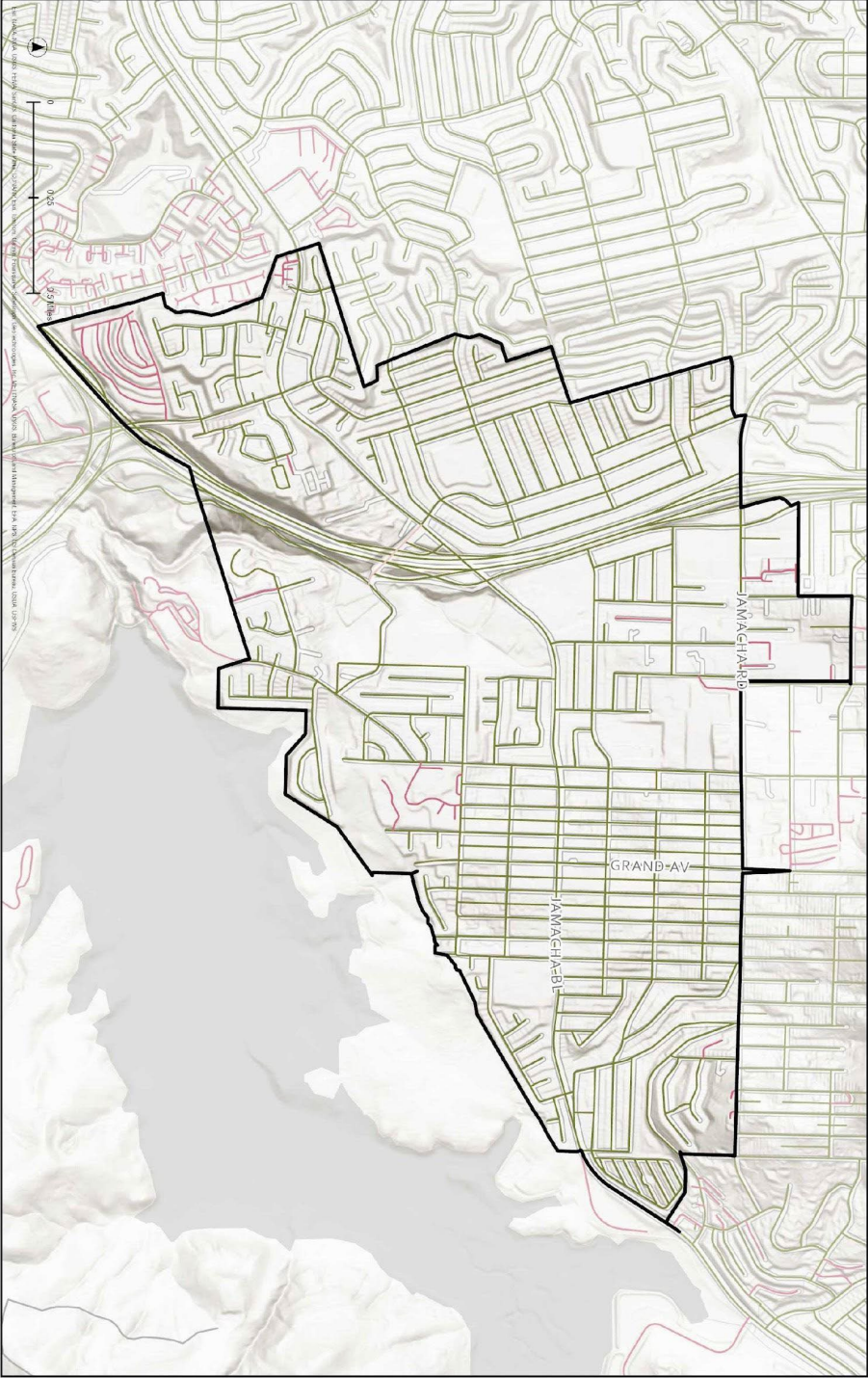
Spring Valley Stormwater Infrastructure

The Spring Valley DFA area lies within two County-managed Special Drainage Areas (SDA): SDA-1 (Spring Valley/Casa de Oro) and SDA-2 (Valle de Oro). Targeted improvements are planned to address aging stormwater volume/flood control infrastructure along Ashmore Avenue to address pipe conditions and to repair or replace 18" and 30" corrugated metal pipes and channel. In addition, the CIP identifies system improvements to improve stormwater quality, with the basin improvements described as having the parallel benefit of retention to reduce flow volumes:

- Multiple debris and access control grates
- Sweetwater Road Green Street Project: tree wells, trash capture

Individual development projects are required to comply with County requirements regarding retention of stormwater runoff onsite for both flood control and stormwater quality control purposes. Also, County Ordinance No. 7 (June 24, 1991) requires the payment of drainage fees as a condition for issuing any building permit.

Map 53. Spring Valley Roads



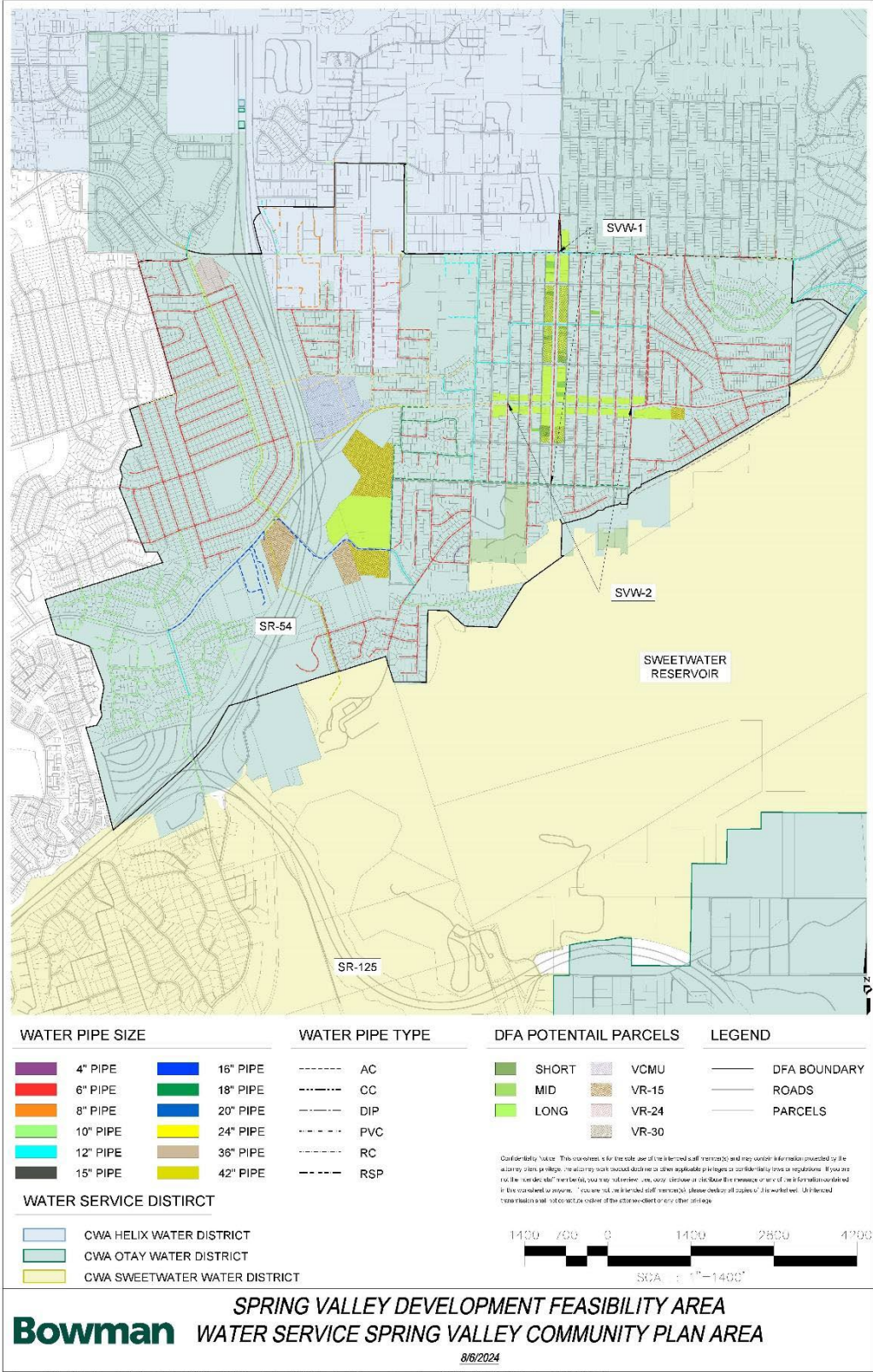
Spring Valley Roads

- DFA Boundary
- Dedicated
- Private street
- Undedicated



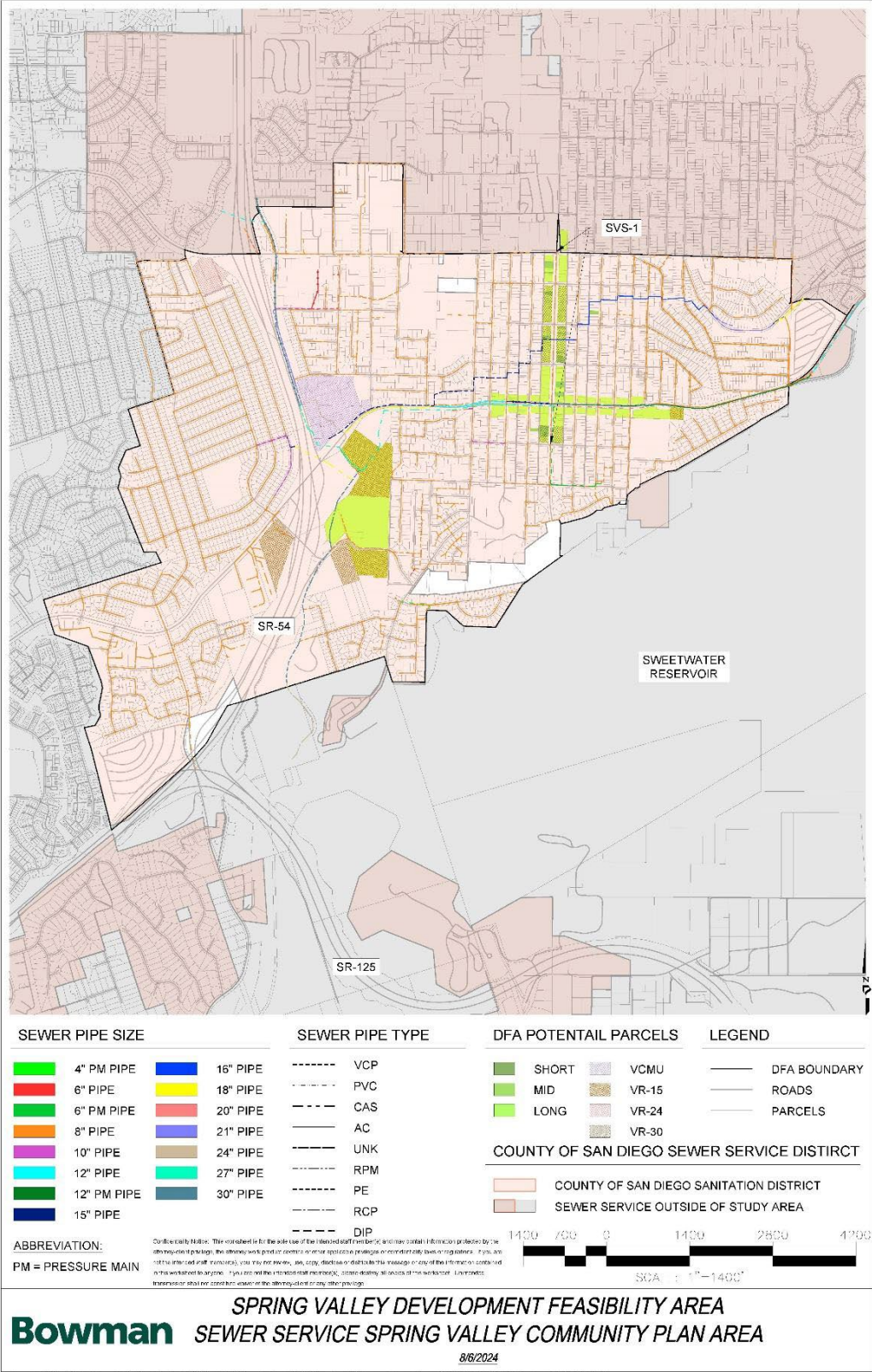
Data generated from SCSGIS on May 2024

Map 54. Spring Valley Water Service



Small text at the bottom of the map area, likely a project ID or version number.

Map 55. Spring Valley Sewer Service



Housing Market Assessment

The following section provides a snapshot of opportunities, constraints, and the housing market analysis for Spring Valley. Information for this section was sourced from the Market Feasibility Assessment report produced in June 2024 by Keyser Marston Associates (KMA). For more detailed information on residential market trends, see Exhibit C.

Existing Conditions

The DFA area can generally be characterized by its retail adjacent to SR 125, auto-oriented uses along Grand Avenue and Jamacha Boulevard, single-family residential subdivisions, and the Spring Valley Swap Meet site.

“THERE ARE WAITING LISTS FOR APARTMENTS BECAUSE THERE AREN’T ENOUGH OF THEM.”
— SPRING VALLEY RESIDENT

Residential Market Trends and Projected Demand in Housing Units

Table 32 depicts the projected demand for housing units and Table 33 depicts the potential residential development typologies for the Spring Valley DFA area. Supportable market demand is evaluated in the near-term (0 to 5 years), mid-term (5 to 10 years), and long-term (10 or more years). In addition, the following metrics were used as part of this evaluation: “strong” meaning highly likely to occur, “moderate” meaning likely to occur, and “weak” meaning unlikely to occur.

Table 32. Spring Valley Projected Housing Unit Demand (2025–2050)

Capture Level	Total Units	Units / Year
Low Capture	915 units	37 units / year
High Capture	1,373 units	55 units / year

Table 33. Spring Valley Market Support for Residential Typologies

Capture Level	Units / Year	Near-Term (0–5 years)	Mid-Term (5–10 years)	Long-Term (10+ Years)
For-Sale Residential Development Typologies				
Small Lot Single-Family	10 Units / acre	Weak	Weak	Weak
Townhomes	15–20 units / acre	Weak	Moderate	Moderate
Rental Residential Development Typologies				
Stacked Flat with Tuck-Under Parking	30+ units / acre	Weak	Weak	Moderate
Garden-Style Apartments	20–25 units / acre	Weak	Moderate	Moderate

Housing Development Financial Feasibility

Market-Rate Housing Development Financial Feasibility

This section provides a snapshot of housing prototypes and feasibility based on residential land values for Spring Valley. Information for this section was sourced from a Spring Valley Financial Feasibility Analysis produced in June 2024 by Keyser Marston Associates (KMA). For more detailed information on housing development financing trends, see Exhibit D.

The financial feasibility analysis involved formulating development prototypes for five candidate sites and evaluating financial pro forma inputs and assumptions to measure the economic feasibility of each development prototype. Factors from the Market Feasibility Assessment (Exhibit C) were factors in the Financial Feasibility Analysis (Exhibit D). The financial analysis for each development prototype was evaluated to determine the supportable residential land value. Each residual land value model incorporated estimates of development costs, market rents/values, and target developer returns reflective of recent comparable projects and available market and industry data.

Development prototypes that make financial sense generate positive residual land values that indicate that a developer or investor could acquire the site, construct the development, sell or lease the completed development, and receive at least an industry standard target return on their investment. A description of each housing typology evaluated in Spring Valley can be found in Table 34. As shown in Table 35, only the attached townhome prototype makes financial sense, with the other housing prototypes showing a negative financial outcome.

Table 34. Spring Valley Summary of Development Prototypes


Development Prototype	Illustrative Example	General Project Description
<p>A Attached Townhomes</p>		<ul style="list-style-type: none"> • 7.44-acre site • 15 units/gross acre • For-sale housing • 111 units • 3 stories • Attached garages • 1,621 SF average unit size
<p>B Attached Townhomes (In-fill Site)</p>		<ul style="list-style-type: none"> • 1.10-acre site • 24 units/gross acre • For-sale housing • 26 units • 3 stories • Attached garages • 1,323 SF average unit size
<p>C Garden Apartments (Non-Contiguous Site)</p>		<ul style="list-style-type: none"> • 0.71-acre site • 24 units/gross acre • Rental housing • 17 units • 2-3 stories • Surface/carports/attached garages • 930 SF average unit size
<p>D Stacked Flat w/Surface and Tuck-Under Parking</p>		<ul style="list-style-type: none"> • 0.50-acre site • 30 units/gross acre • Rental housing • 15 units • 3 stories • Surface and tuck-under parking • 795 SF average unit size
<p>E Stacked Flat w/Ground Floor Commercial and Surface/ Tuck-Under Parking</p>		<ul style="list-style-type: none"> • 1.23-acre site • 30 units/gross acre • Rental housing • 36 units • 1,000 SF commercial space • 3 stories • Surface and tuck-under parking • 800 SF average unit size

Table 35. Spring Valley Residual Land Values by Development Prototype

Product Type	A	B	C	D	E
	Attached Townhomes	Attached Townhomes (In-fill Site)	Garden Apartments (Non-Contiguous Site)	Stacked Flat w/Surface and Tuck-Under Parking	Stacked Flat w/Ground Floor Commercial and Surface/ Tuck-Under Parking
Tenure	For-Sale	For-Sale	Rental	Rental	Rental
Site Size (Gross)	7.44 Acres	1.10 Acres	0.71 Acres	0.50 Acres	1.23 Acres
Residual Land Value (2024 \$)	\$4,722,000 \$43,000/Unit \$15/SF Site ⁽¹⁾	\$2,172,000 \$84,000/Unit \$45/SF Site ⁽¹⁾	(\$934,000) (\$55,000)/Unit (\$30)/SF Site ⁽¹⁾	(\$1,854,000) (\$124,000)/Unit (\$85)/SF Site ⁽¹⁾	(\$4,498,000) (\$125,000)/Unit (\$84)/SF Site ⁽¹⁾
Financial Feasibility Outcome	Moderate Positive	Strong Positive	Negative	Negative	Negative
⁽¹⁾ Reflects residual land value per SF of gross site area.					

Land Use Analysis

Current Land Use Policy

The Spring Valley DFA area contains 4,594 parcels, largely supporting residential uses. Table 36 shows a breakdown of the land use designations found in Spring Valley and Map 56 demonstrates the distribution of the designations geographically.

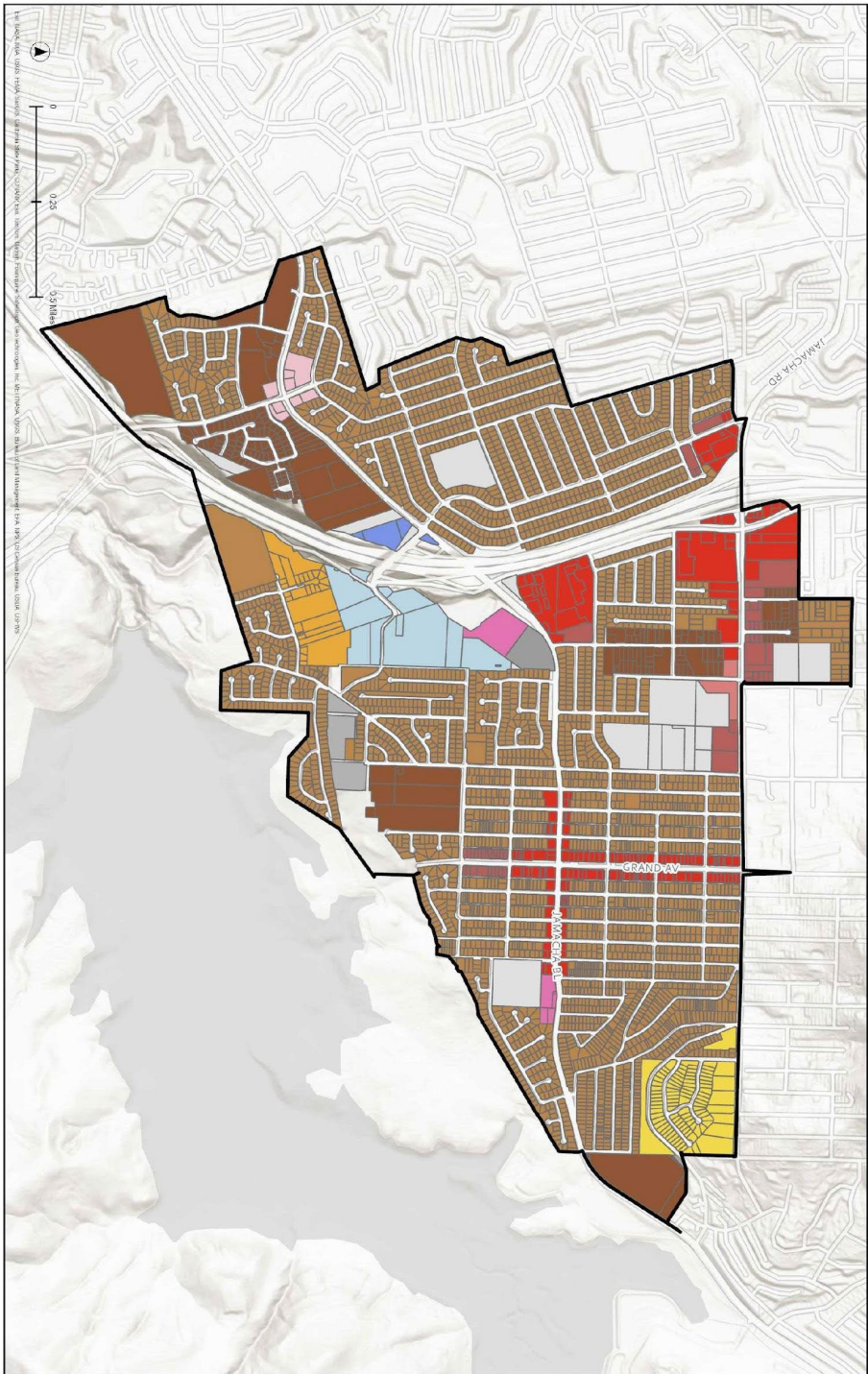
Within Spring Valley, properties generally have good utilization, with only 28% of parcels identified as having low Building-to-Land-Value (BLV) (ratio <1) as seen in Map 57. BLV compares the assessed improvement value to the assessed land value. Land values that are higher than improvement values are generally seen as “underutilized lands,” which are more likely to redevelop to optimize land values.

<i>Table 36. Spring Valley Current Land Use Designations</i>		
Land Use Designation	Spring Valley Parcel Count	Percentage of Total
GENERAL COMMERCIAL	183	4.0%
NEIGHBORHOOD COMMERCIAL	11	0.2%
OFFICE PROFESSIONAL	6	0.1%
LIMITED IMPACT INDUSTRIAL	15	0.3%
MEDIUM IMPACT INDUSTRIAL	4	0.1%
OPEN SPACE (CONSERVATION)	-	0.0%
OPEN SPACE (RECREATION)	1	0.0%
PUBLIC AGENCY LANDS	5	0.1%
PUBLIC/SEMI-PUBLIC FACILITIES	18	0.4%
SEMI-RURAL RESIDENTIAL (SR-1)	-	0.0%
SEMI-RURAL RESIDENTIAL (SR-4)	-	0.0%
VILLAGE RESIDENTIAL (VR-2)	-	0.0%
VILLAGE RESIDENTIAL (VR-2.9)	92	2.0%
VILLAGE RESIDENTIAL (VR-4.3)	35	0.8%
VILLAGE RESIDENTIAL (VR-7.3)	3,940	85.8%
VILLAGE RESIDENTIAL (VR-10.9)	-	0.0%
VILLAGE RESIDENTIAL (VR-15)	229	5.0%
VILLAGE RESIDENTIAL (VR-20)	2	0.0%
VILLAGE RESIDENTIAL (VR-24)	53	1.2%
VILLAGE RESIDENTIAL (VR-30)	-	0.0%

Table 36. Spring Valley Current Land Use Designations

Land Use Designation	Spring Valley Parcel Count	Percentage of Total
VILLAGE CORE MIXED USE (VC-30)	-	0.0%
SPECIFIC PLAN AREA	-	0.0%
TOTAL	4,594	100%

Map 56. Spring Valley Land Use Designations (General Plan)



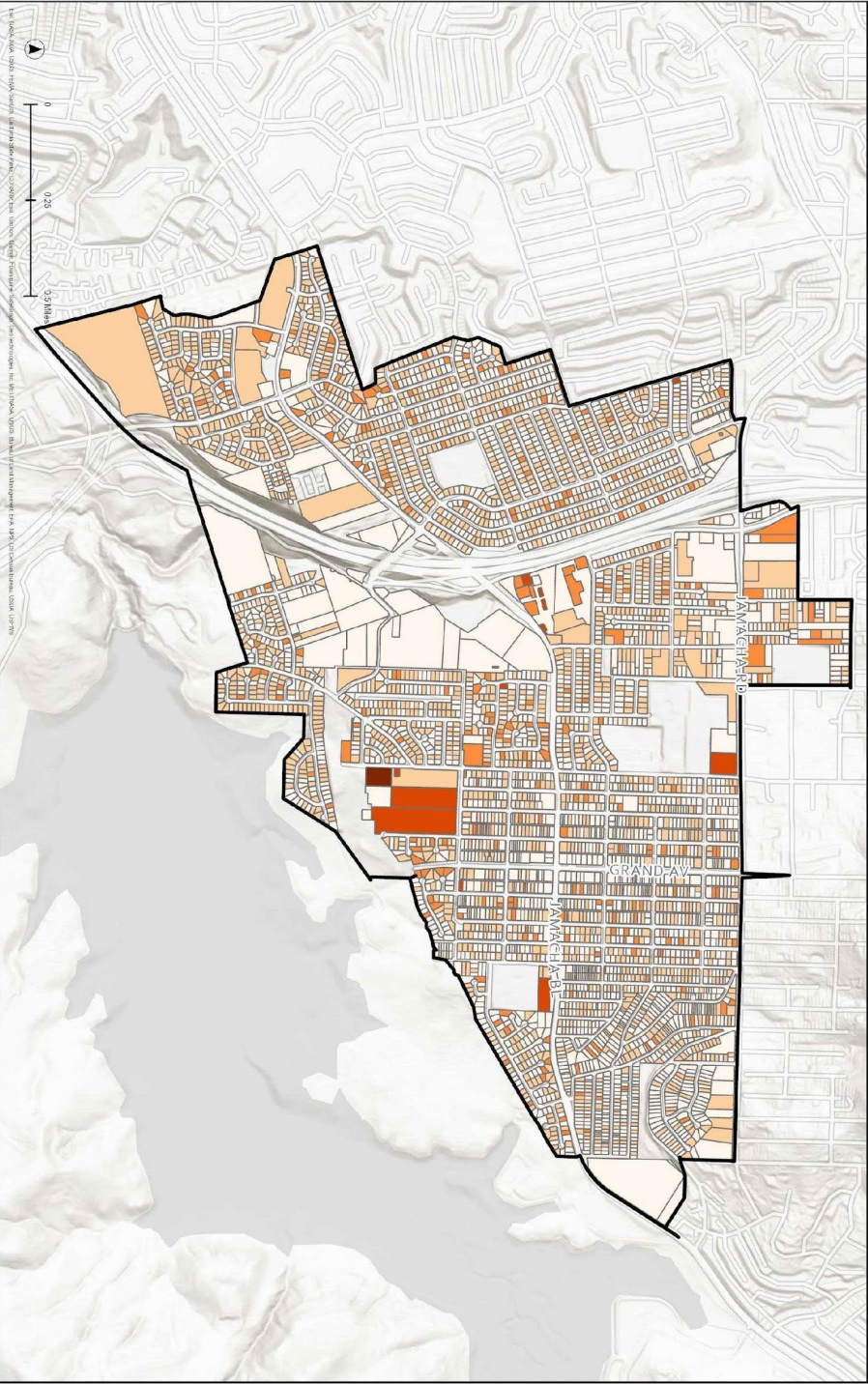
Spring Valley Land Use

- | | | | | | |
|---------------------------|------------------------------------|----------------------------------|---------------------------------|-------------------------------|-----------------------------|
| GENERAL PLAN LAND USE | NEIGHBORHOOD COMMERCIAL | PUBLIC AGENCY LANDS | SEMI-RURAL RESIDENTIAL (SR-4) | VILLAGE RESIDENTIAL (VR-7.3) | VILLAGE RESIDENTIAL (VR-20) |
| LIMITED IMPACT INDUSTRIAL | OFFICE PROFESSIONAL (CONSERVATION) | FACILITIES | VILLAGE RESIDENTIAL (VR-2) | VILLAGE RESIDENTIAL (VR-10.5) | VILLAGE RESIDENTIAL (VR-20) |
| MEDIUM IMPACT INDUSTRIAL | OPEN SPACE (RECREATION) | SPECIFIC PLAN AREA | VILLAGE CORE MIXED USE (VR-2.9) | VILLAGE RESIDENTIAL (VR-15) | VILLAGE RESIDENTIAL (VR-30) |
| | | VILLAGE RURAL RESIDENTIAL (SR-1) | VILLAGE RESIDENTIAL (VR-4.3) | VILLAGE RESIDENTIAL (VR-20) | |

Data generated from SCSGIS in May 2024



Map 57. Spring Valley Building-to-Land-Value (BLV)



Spring Valley BLV

- DFA Boundary
- BLV (Improvement/Land Value)
 - 0 - 1
 - 2 - 3
 - 4 - 10
 - 11 - 42
 - 43 - 110

Building to Land Value is calculated by dividing the assessed improvement value by the assessed land value. Information was gathered from: SARCIS Zoning information; Parcels that are empty did not have assessed value available.



Data gathered from SARCIS in May 2024

Housing Development

The housing density within Spring Valley is lower than what is permitted under current General Plan land use. As of 2024, there are 5,895 DU within the DFA area.¹ Map 58 displays the actual DU in Spring Valley. An objective of this study is to uncover ways to increase that number, while still providing high quality of life to current and future residents and addressing environmental constraints of the area.

“ONE WAY OR ANOTHER, HOUSING CAN BE BUILT.”

— SPRING VALLEY RESIDENT

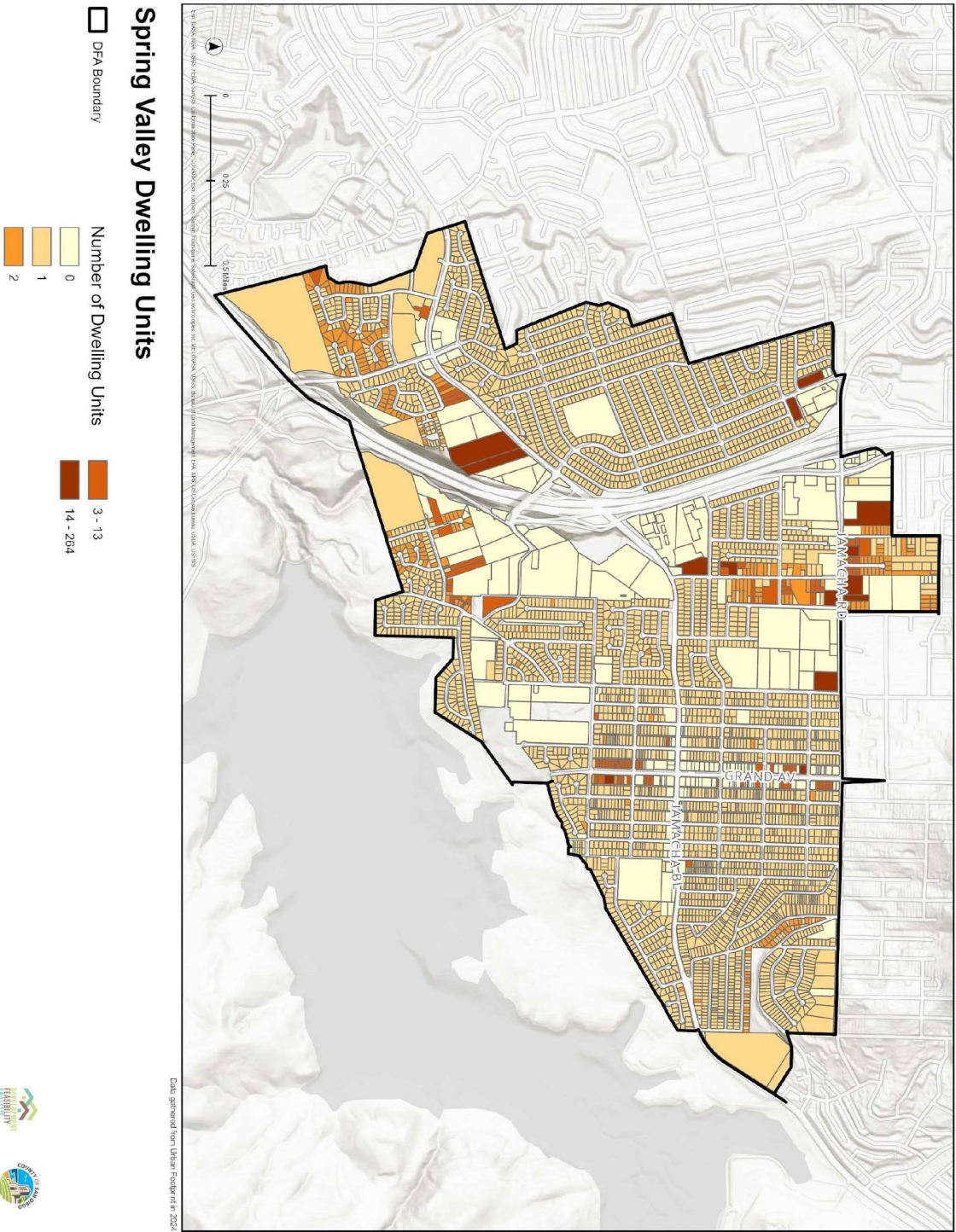
Environmental Constraints

Environmental conditions can have adverse effects on the housing market with impacts to housing density or form, structural or infrastructural costs, additional studies for land preparation, time delays, capacity considerations, safety risk, insurance, loans, and more. This study evaluated earthquake fault zones, airport hazard zones, airport noise, floodplains, wetlands, forest conservation, habitat preserve, environmentally sensitive areas, pre-approved mitigation zones, publicly owned lands, and slope as constraining factors to housing development. Fire risk was not included as a constraining factor. While it is acknowledged that the county faces increasing fire risk, the mitigation efforts around fire risk for housing development demote this factor as an environmental constraint for analysis purposes.

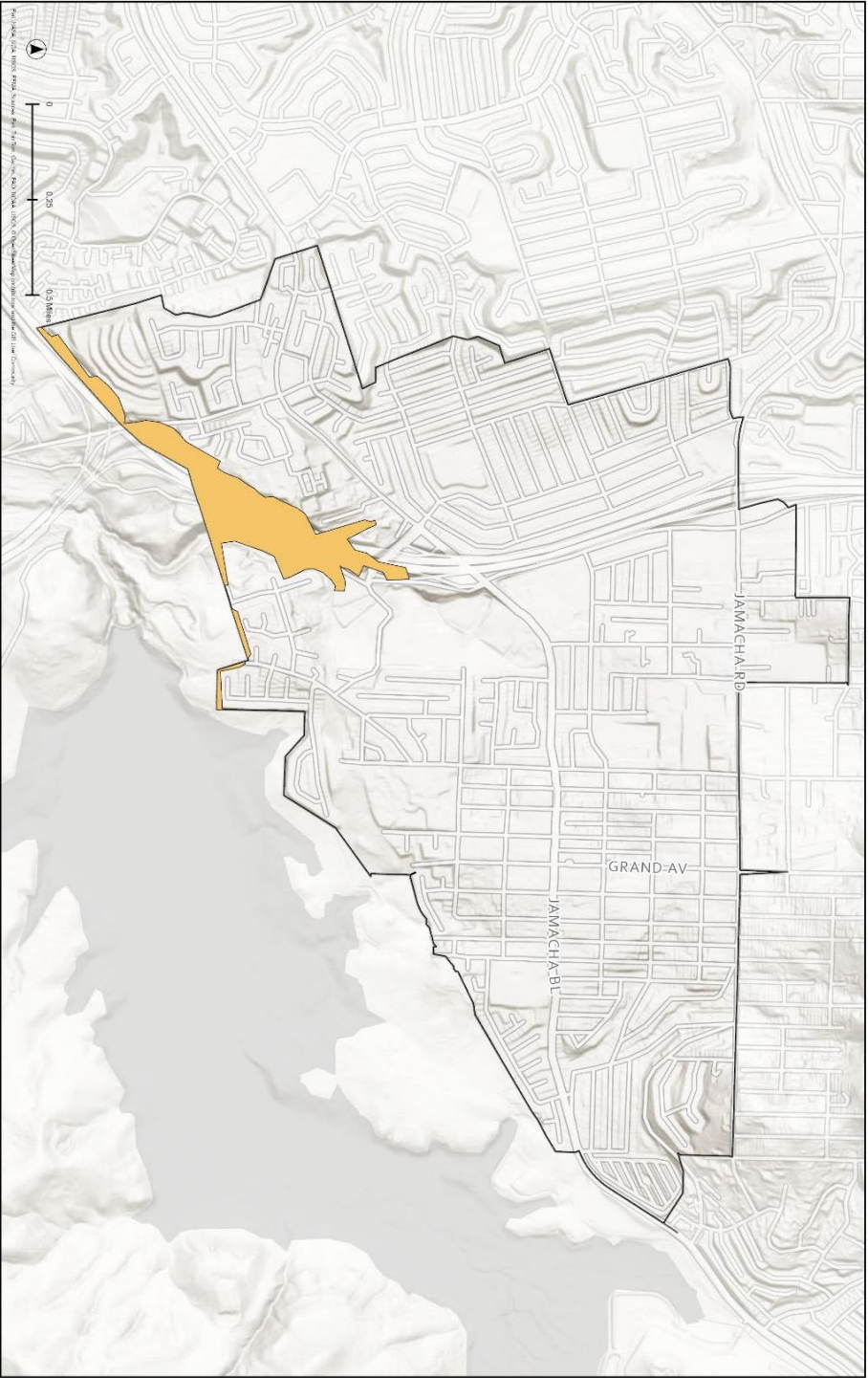
The main environmental constraints to housing development in Spring Valley are pre-approved mitigation area (PAMA) habitat-sensitivity areas, slope, and floodplains, covering 5%, 4%, and 2% of the land, respectively. These constraints can be seen in Maps 59, 60, and 61. While habitat sensitivity poses a strict challenge to development, steep slopes and floodplains can be mitigated to a reasonable degree for a cost. While risk and cost tolerance will vary depending on the developer, the buyer, and the market, it is the intention of this study to consider the most feasible options, i.e., the parcels that pose the lowest risk and have the highest potential for development.

¹ Current dwelling unit data sourced from UrbanFootprint.

Map 58. Spring Valley Actual Existing DUS



Map 59. Spring Valley Pre-Approved Mitigation Areas (PAMA)

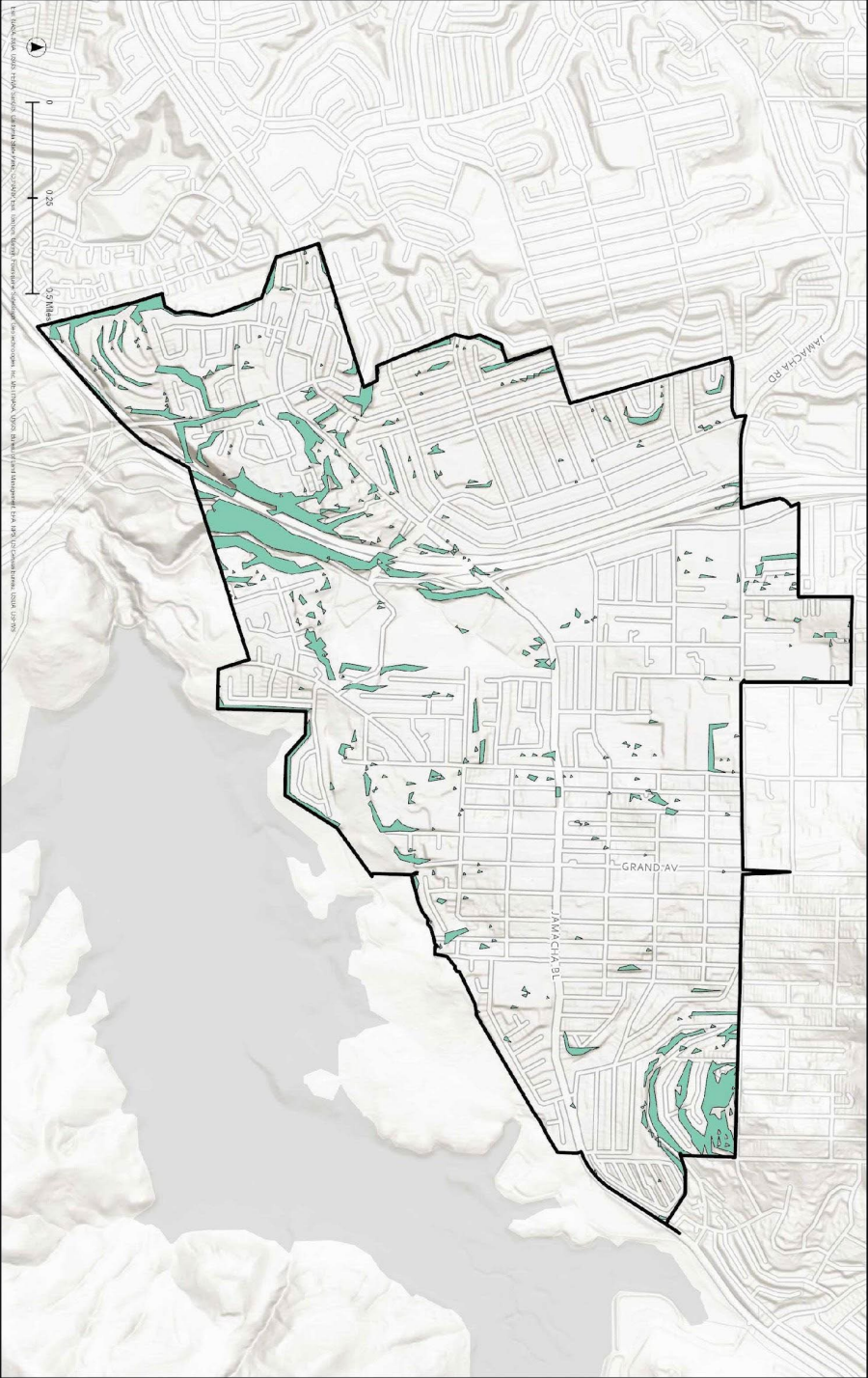


Spring Valley Pre-Approved Mitigation
 Pre-Approved Mitigation

Data gathered from SaviGIS in May 2024



Map 60. Spring Valley Topographic Slope



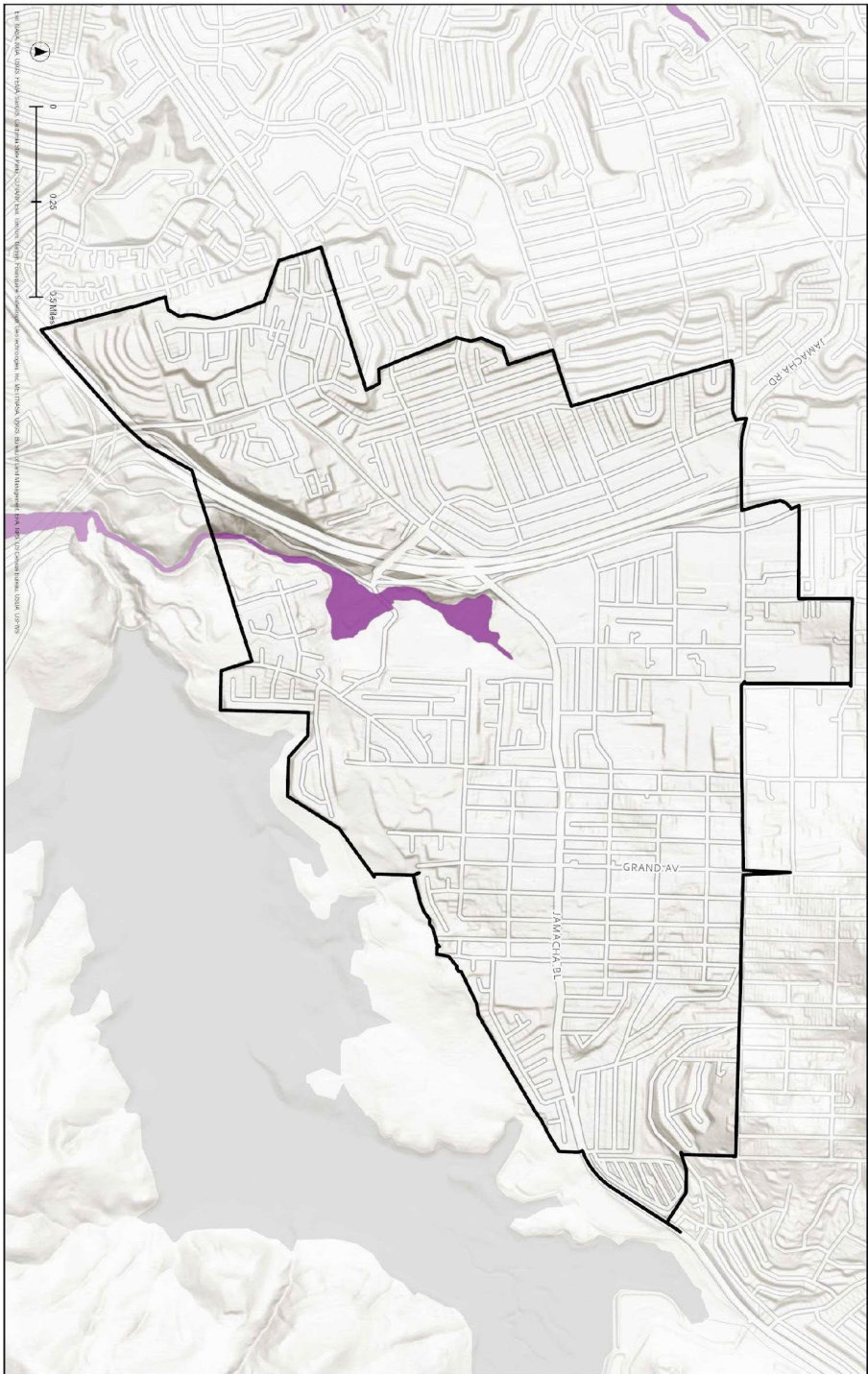
Spring Valley Slope

Areas of slope greater than 25%



Data generated from SLOPES in May 2024

Map 61. Spring Valley Floodplains



Spring Valley Flood Hazard

- 0.2% Annual Chance Flood Hazard
- 1% Annual Chance Flood Hazard
- Future Conditions 1% Annual Chance Flood Hazard
- Regulatory Floodway
- Area with Reduced Risk Due to Levee
- Special Floodway



Land Use Alternatives

To explore the impact of land use designations on housing development, three alternative land use scenarios were prepared for each DFA area (Exhibit E). This analysis is largely independent of the market analysis. The land use analysis revealed that current General Plan land use designations are not being fully utilized, meaning that increasing capacity alone would not necessarily lead to more housing development. Instead, it could artificially drive-up costs. To ensure a balanced approach, any proposed land use amendments must be evaluated holistically. The findings from this analysis will be shared with the County’s Framework project to inform their review of land use designations. However, before any changes to land use are made, the key barriers identified in this report (Chapter 7) must first be addressed.

Under each alternative scenario, a modification of allowable dwelling units (DU) is unlocked. While this increase represents potential rather than actual, it is a strong supporter of housing development in unincorporated County areas if coupled with other improvements and incentives. Table 37 summarizes actual existing DU that are already built out (2024 Actual), expected unit yield under current zoning with no changes (Alternative 0), and expected unit yield under three alternatives that vary in intensity of modifications (Alternatives 1, 2, and 3). The land use alternative options see a shift in allowable DU. DU yields factor in land use designations, density allowances, unconstrained land acreage, yield factors, vacancy, and redevelopment potential. More information on methodology, parcel selection, and designation changes can be seen in Exhibit E.

Table 37. Spring Valley Dwelling Units per Alternative Scenario Summary

Dwelling Unit Yields	2024 Actual	Alternative 0	Alternative 1	Alternative 2	Alternative 3
Actual Existing Dwelling Units (2024)	5,895				
DU Yield on All Unconstrained Land		5,438	5,438	5,438	6,189
DU Yield on Unconstrained Vacant Land Only		54	54	54	209
DU Yield on Unconstrained Underutilized Land only (non-vacant) ¹		1,086	1,086	1,086	1,477

1. Underutilized land refers to parcels that have a Building-to-Land Value (BLV) of less than 1. A low BLV indicates that the value of improvements is less than the value of the land, and therefore, offers a strong financial incentive to redevelop for better property value.

Table 38 demonstrates the changes under each scenario by land use. Maps 62 and 63 reflect the alternative scenarios geographically.²

Table 38. Spring Valley Dwelling Units on All Unconstrained Land

Residential Land Use Designation	DU Density	Yield Factor ¹	Actual Existing DU ²	DU Yield Alt 0	DU Yield Alt 1	DU Yield Alt 2	DU Yield Alt 3
GENERAL COMMERCIAL	n/a	-	138	-	-	-	-
LIMITED IMPACT INDUSTRIAL	n/a	-	-	-	-	-	-
MEDIUM IMPACT INDUSTRIAL	n/a	-	-	-	-	-	-
NEIGHBORHOOD COMMERCIAL	n/a	-	-	-	-	-	-
OFFICE PROFESSIONAL	n/a	-	-	-	-	-	-
OPEN SPACE (CONSERVATION)	n/a	-	-	-	-	-	-
OPEN SPACE (RECREATION)	n/a	-	-	-	-	-	-
PUBLIC AGENCY LANDS	n/a	-	-	-	-	-	-
PUBLIC/SEMI-PUBLIC FACILITIES	n/a	-	-	-	-	-	-
SPECIFIC PLAN AREA	40 DU / acre	70%	-	-	-	-	-
SEMI-RURAL RESIDENTIAL (SR-1)	1 DU / acre	70%	-	-	-	-	-
SEMI-RURAL RESIDENTIAL (SR-4)	1 DU / 4 acres	70%	-	-	-	-	-
VILLAGE RESIDENTIAL (VR-2)	2 DU / acre	70%	-	-	-	-	-
VILLAGE RESIDENTIAL (VR-2.9)	2.9 DU / acre	70%	89	40	40	40	40
VILLAGE RESIDENTIAL (VR-4.3)	4.3 DU / acre	70%	54	47	47	47	47

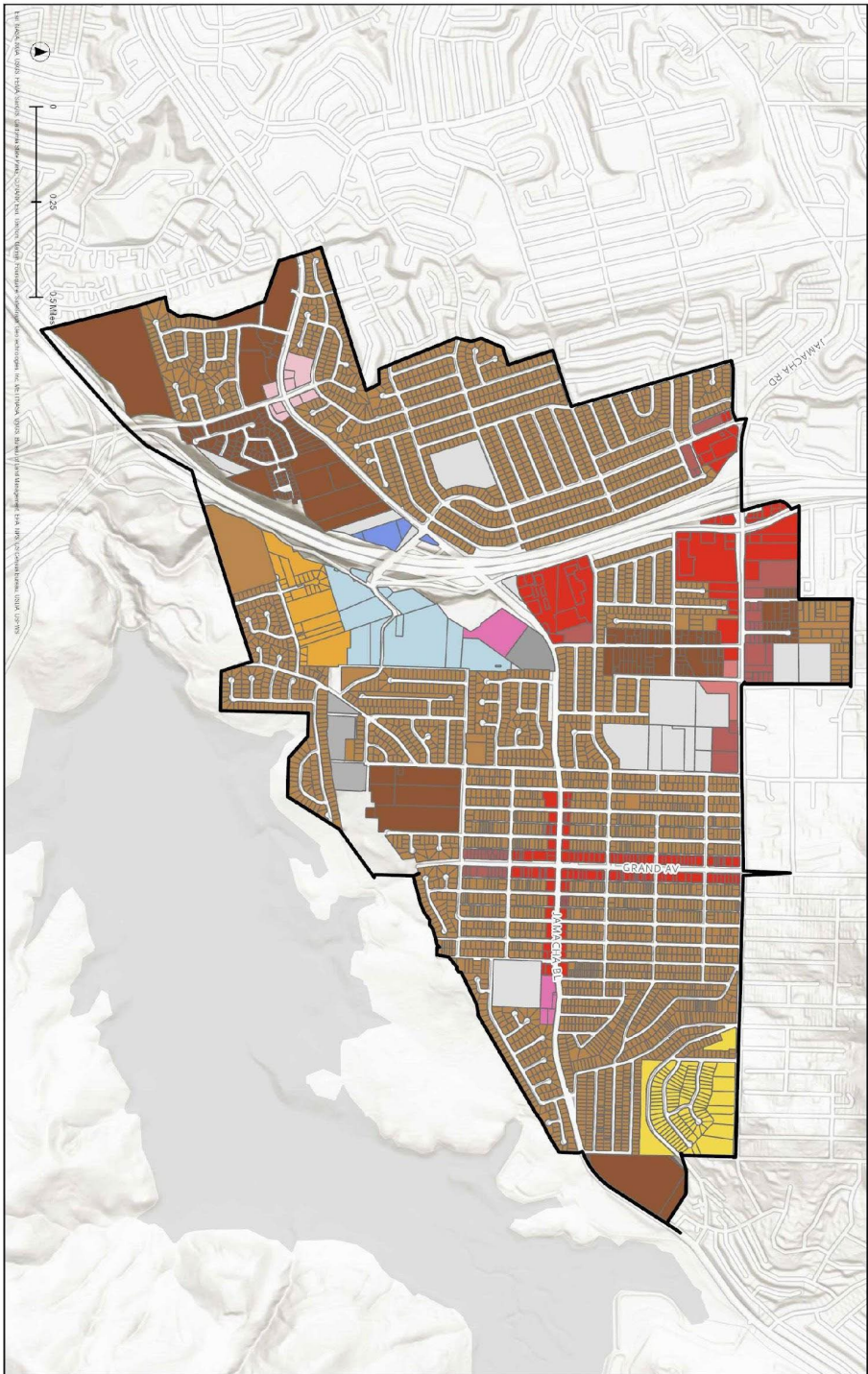
² Spring Valley is not recommended for any Land Use changes under Alternatives 1 and 2. Maps for these scenarios are not included.

VILLAGE RESIDENTIAL (VR-7.3)	7.3 DU / acre	70%	4,001	3,269	3,269	3,269	3,269
VILLAGE RESIDENTIAL (VR-10.9)	10.9 DU / acre	70%	-	-	-	-	-
VILLAGE RESIDENTIAL (VR-15)	15 DU / acre	62%	927	1,416	1,416	1,416	1,630
VILLAGE RESIDENTIAL (VR-20)	20 DU / acre	73%	32	58	58	58	58
VILLAGE RESIDENTIAL (VR-24)	24 DU / acre	89%	654	609	609	609	724
VILLAGE RESIDENTIAL (VR-30)	30 DU / acre	76%	-	-	-	-	226
VILLAGE CORE MIXED USE	30 DU / acres	32%	-	-	-	-	195
TOTAL			5,895	5,438	5,438	5,438	6,189

1. DU calculations include yield factors, which is a percentage based on actual yield expectations. See Data Notes for more info.

2. Source: UrbanFootprint (accessed 2024).

Map 62. Spring Valley Current Land Use (Alternative 0)



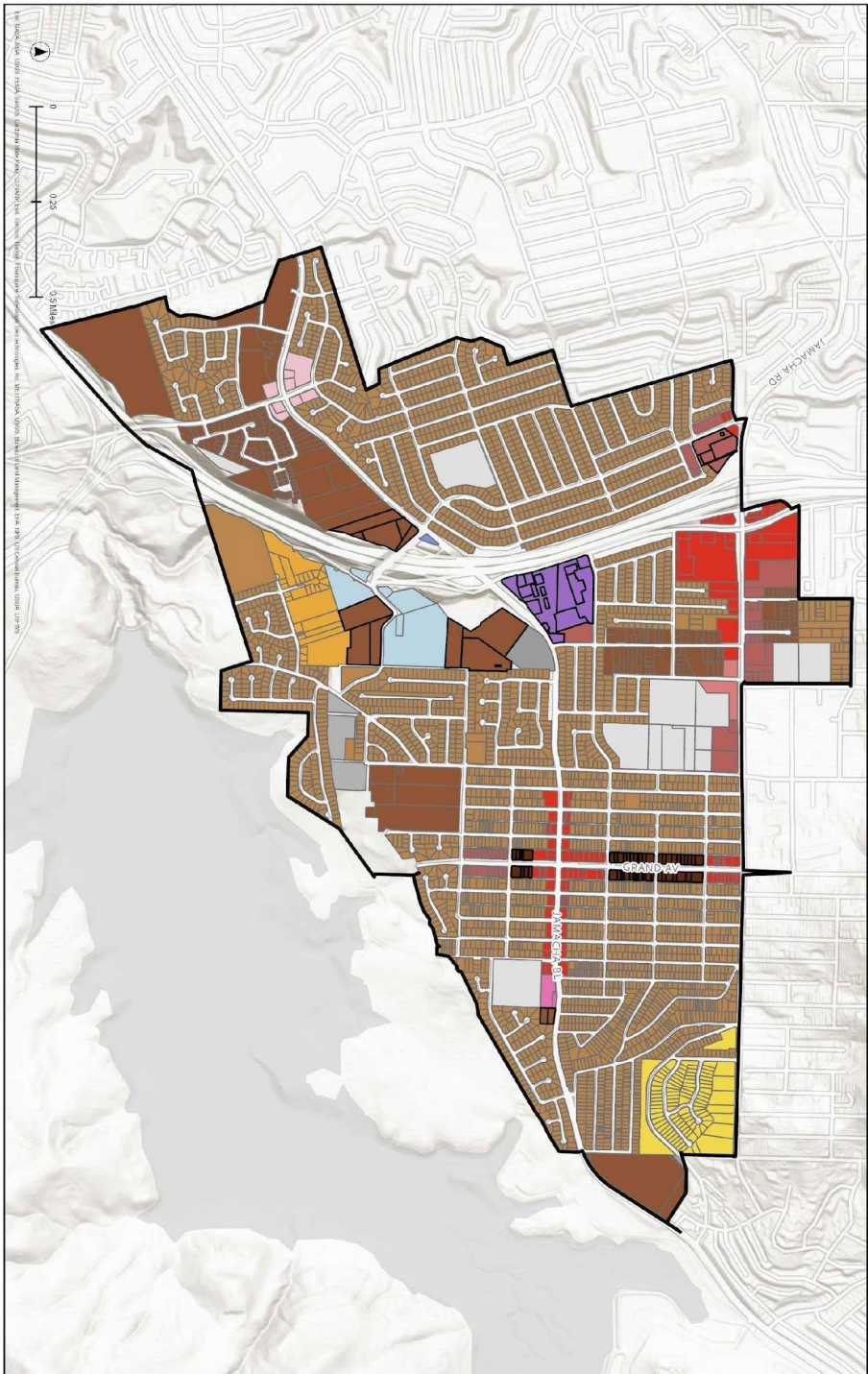
Spring Valley Land Use

- | | | | | | | | |
|---------------------------|---------------------------|---------------------------|--------------------------|----------------------------------|-------------------------------|--------------------------------|-----------------------------|
| GENERAL COMMERCIAL | NEIGHBORHOOD COMMERCIAL | LIMITED IMPACT INDUSTRIAL | MEDIUM IMPACT INDUSTRIAL | PUBLIC AGENCY LANDS | SEMI-RURAL RESIDENTIAL (SR-4) | VILLAGE RESIDENTIAL (VR-7, 2) | VILLAGE RESIDENTIAL (VR-20) |
| LIMITED IMPACT INDUSTRIAL | OFFICE PROFESSIONAL | INDUSTRIAL | MEDIUM IMPACT INDUSTRIAL | FACILITIES | VILLAGE RESIDENTIAL (VR-2) | VILLAGE RESIDENTIAL (VR-10, 5) | VILLAGE RESIDENTIAL (VR-20) |
| INDUSTRIAL | OPEN SPACE (CONSERVATION) | OPEN SPACE (RECREATION) | INDUSTRIAL | SPECIFIC PLAN AREA | VILLAGE CORE MIXED USE (VR-2) | VILLAGE RESIDENTIAL (VR-15) | VILLAGE RESIDENTIAL (VR-20) |
| MEDIUM IMPACT INDUSTRIAL | OPEN SPACE (RECREATION) | INDUSTRIAL | INDUSTRIAL | VILLAGE CORE MIXED USE (SR-1) | VILLAGE RESIDENTIAL (VR-2) | VILLAGE RESIDENTIAL (VR-15) | VILLAGE RESIDENTIAL (VR-20) |
| INDUSTRIAL | OPEN SPACE (RECREATION) | INDUSTRIAL | INDUSTRIAL | SEMI-RURAL RESIDENTIAL (SR-1) | VILLAGE RESIDENTIAL (VR-4, 3) | VILLAGE RESIDENTIAL (VR-15) | VILLAGE RESIDENTIAL (VR-20) |
| INDUSTRIAL | OPEN SPACE (RECREATION) | INDUSTRIAL | INDUSTRIAL | SEMI-RURAL RESIDENTIAL (VR-4, 3) | VILLAGE RESIDENTIAL (VR-4, 3) | VILLAGE RESIDENTIAL (VR-15) | VILLAGE RESIDENTIAL (VR-20) |

Data gathered from SanGIS in May 2024



Map 63. Spring Valley Land Use (Alternative 3)



Spring Valley Alternative 3

- Alternative 3**
 - Village Core Mixed Use
 - Village Residential (VR-15)
 - Village Residential (VR-24)
 - Village Residential (VR-30)
- General Plan Land Use**
 - OFFICE PROFESSIONAL
 - OPEN SPACE (CONSERVATION)
 - OPEN SPACE (RECREATION)
 - PUBLIC AGENCY LANDS
 - LIMITED IMPACT INDUSTRIAL
 - MEDIUM IMPACT INDUSTRIAL
 - NEIGHBORHOOD COMMERCIAL
 - SPECIFIC PLAN AREA
- Village Residential**
 - VILLAGE CORE MIXED USE
 - SEMI-RURAL RESIDENTIAL
 - SEMI-RURAL RESIDENTIAL (SR-4)
 - VILLAGE RESIDENTIAL (VR-2)
 - VILLAGE RESIDENTIAL (VR-25)
 - VILLAGE RESIDENTIAL (VR-26)
 - VILLAGE RESIDENTIAL (VR-29)
 - VILLAGE RESIDENTIAL (VR-30)
 - VILLAGE RESIDENTIAL (VR-31)
 - VILLAGE RESIDENTIAL (VR-32)
 - VILLAGE RESIDENTIAL (VR-35)
 - VILLAGE RESIDENTIAL (VR-20)
 - VILLAGE RESIDENTIAL (VR-24)
 - VILLAGE RESIDENTIAL (VR-30)

Data generated from SPT/SIS in May 2024



Conclusion

The technical analyses identified constraints in the Spring Valley DFA area that hinder residential development. The infrastructure analysis found if densities were to increase beyond the General Plan, then additional water and sewer upgrades would be necessary. The market analysis revealed that single-family homes in Spring Valley have lower values compared to regional averages, which discourages new investment and redevelopment. Demographic data showed that Spring Valley has an unemployment rate of 8.7%, which is higher than both the County and regional averages (5.2% and 4.9%, respectively). This weakens local purchasing power and reduces the attractiveness of the area for residential investment. The report highlights that access to large medical centers is limited, making the area less attractive to new residents, particularly those who require medical services nearby. The financial feasibility analysis indicated that rental rates for multifamily properties are below what is needed to make new development financially viable, leading to weak market support for apartment construction. The land use analysis found that much of Spring Valley's commercial development is designed for automobiles rather than walkability, limiting the potential for pedestrian-friendly, mixed-use residential growth.

Despite these challenges, the report highlights several key opportunities for housing growth. The infrastructure analysis identified improvements such as widening of roadways, bike lanes, road buffers, and medians, as well as water and sewer investments that were identified in Exhibit B. The market analysis shows that the nearby Eastern Chula Vista region has seen strong residential development trends, and Spring Valley can leverage this momentum by attracting developers and homebuyers looking for more affordable options. The land use analysis identified these corridors as ideal for mixed-use residential projects. Medium- to high-density multifamily and mixed-use development along Grand Avenue and Jamacha Boulevard could support local businesses while providing new housing options. The market analysis also found that there is moderate demand for townhomes and garden-style apartments, especially in areas where single-family homes are currently dominant. Encouraging lower-density growth in these areas can create a more gradual and feasible transition to higher-density housing over time.

To capitalize on these opportunities and address existing constraints, it is recommended that Spring Valley pursue grant funding to develop a Specific Plan that resolves residential and industrial land use conflicts through rezoning efforts. This plan should focus on retaining key General Commercial parcels along Grand Avenue to establish a vibrant and sustainable commercial corridor while also supporting local businesses through improved corridor design, area branding, and enhanced safety and amenities. Additionally, financing options such as Community Development Block Grants (CDBGs), Enhanced Infrastructure Financing Districts (EIFDs), and Infrastructure State Revolving Funds (ISRFs) should be explored to support the implementation of the Specific Plan.



Conclusion

07. Conclusion

The Development Feasibility Analysis (DFA) served as a pilot study to identify and validate barriers to housing development in four unincorporated communities: Buena Creek, Casa de Oro/Valle de Oro, Lakeside, and Spring Valley. These areas were selected for their proximity to transit, jobs, and essential services. A key question the DFA intended to answer was whether it is feasible to accommodate UA housing needs within these focused areas and what more can be done to encourage housing in these locations. Through parcel level analysis, the findings show that there is limited land availability within the DFA areas. On the vacant parcels, only 560 potential units could be accommodated. Underutilized parcels also offer development potential; however, the additional cost associated with demolition and redevelopment on parcels with existing structures substantially reduces the likelihood of housing being pursued on those lots. From an economic perspective, new housing development faces major barriers, with slim profit margins and financial barriers stemming from home values being lower than regional averages. While land use change (e.g., increasing density) is feasible in DFA areas, stakeholders emphasized the need to address other barriers before considering increasing densities. Despite existing barriers, a number of key recommendations were identified to address barriers to housing both broadly and specifically within DFA areas to support community revitalization and market improvements in the long term. The community conclusions, key barriers to housing development, and recommendations presented in this section are intended to inform strategic actions by the County to facilitate new housing development that aligns with community priorities.

Community Conclusions

While shared conditions were observed across the DFA areas, each community presents unique barriers and opportunities that influence development feasibility. The following summary begins with common findings, followed by distinct conclusions for each area, emphasizing the need for localized, tailored solutions.

Common conditions identified across the DFA areas include:

- Vacant land suitable for housing development is limited.
- Market conditions and home prices in the DFA areas are not currently attracting developer investments.
- Opportunities for infrastructure improvements (e.g., pedestrian and mobility amenities, roadway investments, and parks) were identified to support long-term market conditions.
- Profitable home sale values across both single family and attached housing types are not attainable for local income levels, driving a lack of new homes and a stagnant market.
- Townhomes, which support increased density over time, both make financial sense and are marketable.
- Recent development has not achieved maximum General Plan capacity, indicating density increases may not support additional development at this time given regulatory, market, and financial conditions.

Buena Creek DFA Area

Market Strength: The Buena Creek DFA area has potential for higher density development given its location near transit, such as the Buena Creek Sprinter Station.

Barriers: Constrained roadways and the potential requirement for costly roadway upgrades may be hindering new development. For example, congestion at the South Santa Fe Avenue and Buena Creek Road intersection requires substantial investments and agency coordination to improve.

Opportunities: The roadway condition at South Santa Fe Avenue and Buena Creek Road is being addressed through cooperative partnerships with the North County Transit District (NCTD) and County efforts to secure grant funding to support comprehensive planning in this area.

Lakeside DFA Area

Market Strength: Not applicable. The Lakeside DFA area showed limited demand and potential for new homes at the time of the analysis.

Barriers: Market challenges and limited amenities reduce the appeal for new development.

Opportunities: Expansion of amenities and job centers will be necessary to support and stimulate new housing development.

Spring Valley DFA Area

Market Strength: Not applicable. Spring Valley DFA area has some available land for development, but nearby incompatible land uses may be limiting market interest.

Barriers: Incompatible land uses, such as industrial facilities and auto repair shops near homes, limit the desirability to build and buy homes on available land.

Opportunities: Planning efforts to improve land use compatibility are needed to promote housing development.

Valle de Oro/Casa de Oro DFA Area

Market Strength: The Valle de Oro/Casa de Oro DFA area has a Specific Plan in place that supports connectivity, transit, diverse housing types, adequate parking, art, and entertainment.

Barriers: While garden style apartments were the only rental type to test financially positive in the Valle de Oro/Casa de Oro DFA area, other housing types may face challenges without additional flexibility across all of the DFA areas.

Opportunities: The Specific Plan includes customized development regulations that can be leveraged to support additional housing types, providing flexibility and encouraging growth.

Building on these community-level findings, the following key barriers section outlines how these localized conditions contribute to broader barriers hindering development. Understanding this connection provides a foundation for developing informed recommendations that directly address identified barriers, thereby creating a strategic pathway from community challenges to actionable solutions.

Key Barriers to Housing Development

Barriers to housing development were identified through quantitative technical analyses and qualitative stakeholder assessments of the DFA areas and the broader unincorporated County. The community conclusions section outlines localized conditions and observed development patterns in each community (e.g., market, infrastructure) that influence development feasibility. This section builds upon those conclusions to synthesize why housing development is not occurring and highlights broader systemic issues that limit housing production. While some barriers are derived directly from the DFA findings, others reflect conditions and challenges that exist throughout the unincorporated county. Together, they present a comprehensive picture of the development constraints and were instrumental in shaping the actionable recommendations described in the following section. The first four are broad, systemic barriers that impact the entire unincorporated county, while the final three barriers are specific to the DFA areas.

DFA Barriers



Barrier 1. Market conditions do not currently support development or redevelopment, as supportable sales prices in DFA areas are substantially lower than current regional market values. Housing development projects, to support the local affordability, can only support land prices below current market values.



Barrier 2. Developable land is limited.



Barrier 3. Regulations are complicated, and the discretionary process can be costly and time-consuming for developers. VMT mitigation and standards are confusing and unclear.



Barrier 4. Current development regulations (e.g., zoning standards such as setbacks, minimum lot sizes, height and building types) can prevent General Plan densities from being achieved.



Barrier 5. Housing that is attainable for current residents is a challenge.



Barrier 6. Coordination with external utility service providers (e.g., water, sewer) can be complex, and stormwater compliance can add significant costs to housing development.



Barrier 7. Amenities such as parks, sidewalks, bike lanes, and job centers are lacking, creating barriers to housing development and hindering economic development and placemaking.

These seven barriers provide the foundation for the recommendations described in the next section. While the Community Conclusions highlight specific challenges observed in each DFA area, the Key Barriers reflect the underlying causes such as regulatory complexity, financial feasibility, and

infrastructure limitations that prevent housing development. These recommendations have been crafted to directly address these barriers, building a path from observed challenges to actionable solutions for increasing housing production.

Additionally, each DFA area has unique barriers which require tailored solutions. The report recommends pursuing specific planning efforts within the DFA areas to address these unique needs and to support the development of thriving communities. These planning efforts, combined with changes to County policies and procedures intended to reduce the time and cost of the development process, may create more favorable financial and market conditions and support a variety of housing types beyond single family homes and townhomes. The full list of recommendations to create opportunities for more housing development in the DFA areas can be found in the Recommendations section below.

Recommendations

The recommendations outlined below are designed to establish the policy, regulatory, and infrastructure conditions necessary for the market to respond more effectively over time. While most of the recommended actions will be initiated in the near term, the full market impact, including increased housing production, is expected to occur over a longer timeframe.

The findings of the market, financial, infrastructure, and land use technical analyses and the input received from stakeholders regarding perceived barriers to housing production and sustainable development opportunities within the DFA areas informed recommendations.

The recommendations look to address the key barriers to development and to facilitate housing development within DFA areas. Over the course of meetings with industry stakeholders and community workshops, recommendations were identified and refined into the eight recommendations below to represent the critical actions that can be taken by the County to support housing development.

While the analysis focused within the DFA communities, several key recommendations would address housing barriers more broadly across the unincorporated county. These recommendations are intentionally crafted to respond directly to the identified barriers and community-level conditions, ensuring a coherent and strategic flow from understanding challenges to implementing solutions. Key recommendations align with and expand upon the County's existing work efforts through initiatives such as the Housing Element Implementation Plan, Removing Barriers to Housing, and the Framework, where possible to ensure seamless implementation.

The DFA findings validate the need to prioritize key Housing Element implementation items including updating the Zoning Ordinance to align with the General Plan and identifying opportunities for more housing streamlining including ministerial processing. The recommendations will be used to inform current and future planning and infrastructure efforts across the DFA areas and the unincorporated County. Key DFA recommendations are provided below.

Prioritize Infrastructure Investments to Support Housing within DFA Communities. Each DFA community has unique needs for infrastructure investments. Some investments—such as sidewalks, bike lanes, parks and libraries—while not required, would increase community desirability and over time, potentially incentivizing demand for housing. Other infrastructure needs to more directly contribute to developers' investments and could remove barriers to housing, such as funding for major roadway improvements or regional stormwater infrastructure. This recommendation would evaluate opportunities to prioritize Capital Improvement Plan (CIP) funding for sidewalks, bike lanes, and other mobility improvements such as landscaped parkways and trees that align with County's Climate Action Plan (CAP) goals. Within Buena Creek, evaluating and prioritizing transportation infrastructure constraints—specifically around the Sprinter Station, in coordination with the North County Transit District and surrounding cities could reduce developer costs associated with infrastructure investments ultimately needed to support housing. Addressing infrastructure constraints strategically and in alignment with demand for housing would ensure investments are

focused in ways that support housing production over the long term. While upgrades to water and sewer infrastructure are not needed in the short term to serve planned densities, these investments may be needed if densities are increased. Identifying a prioritization strategy for CIP investments can be achieved in the near-term, while overall infrastructure investments will be a long-term effort.

Advance Community Revitalization Through Workforce Development. This recommendation calls for leveraging the County's Office of Economic Development and Government Affairs to encourage new employment opportunities to support economic vitality in DFA communities to attract more investments and improve market conditions for housing. Fostering job creation, supporting small businesses, and developing opportunities for workforce development would improve local economic conditions, increase purchasing power for local residents, and uplift DFA communities.

Expand Land Availability for Housing. This recommendation calls on expanding the availability of land suitable for housing development by exploring updates to the Zoning Ordinance or other policies to facilitate housing on educational, religious, and institutional sites, in addition to surplus county land. Increasing availability of land suitable for housing and providing added flexibility for housing development on surplus county land encourages more housing construction.

Amend County Regulations to Increase Certainty and Flexibility to Maximize Housing Development. This near-term recommendation is to update zoning regulations to ensure the current General Plan's densities can be achieved. This could be done by providing more flexibility in housing regulations in areas such as setbacks, height, and housing typologies. This aligns with an existing Housing Element implementation action that would effectively reduce processing time and cost associated with a need for rezones or other discretionary actions to achieve planned densities. Ensuring development regulations allow for planned densities would provide developers with more clarity on an area's development potential. This action also recommends clarifying County VMT regulations to increase certainty for housing development.

Fast Track Housing Permitting and Boost Resources to Incentivize Housing. This recommendation calls to implement streamlining efforts at all stages of County permitting to reduce developers cost and time in obtaining housing entitlements. This includes exploring options to expand on existing self-certification programs and shifting more permits from discretionary to ministerial. This recommendation would also boost resources and assistance to local developers to encourage unincorporated area housing production. This recommendation includes near term actions including bringing forward solutions for more housing streamlining as part of the Grading Ordinance and By-Right Housing project by 2027.

Pursue Funding to Build More Affordable Housing. This recommendation calls to identify new funding streams to increase the number of deed restricted affordable housing units on the market, which is not viable for developers without public investments. In addition to increasing the overall supply of affordable housing, adopting a local Inclusionary Housing Ordinance for the unincorporated area would support home production at a variety of affordability levels, in addition to offering a new funding stream for overall deed-restricted units through in-lieu fees.

Advocate for Legislation that Supports Housing. This recommendation calls for the County to use its legislative program to advocate for housing supportive legislation, including support for housing streamlining opportunities, funding for affordable housing, and other actions supportive of addressing the housing crisis.

Explore Targeted Planning Efforts and Specific Plans in Buena Creek, Lakeside, and Spring Valley. Through the DFA stakeholder outreach, several community specific recommendations and needs were identified. Through targeted planning efforts, such as Specific Plans, a more cohesive community vision can be defined to support community based placemaking and community identity. Targeted planning would also serve as a vehicle to explore funding mechanisms such as grants, EIFDs, CFDs, Special Assessments, LLMDs, or CDBGs to support community investments.

Recommendations from the technical analyses and stakeholder input related to infrastructure and land use changes will be used to inform current and future planning and infrastructure efforts. Department of Public Works' (DPW) Infrastructure Gap Analysis (IGA) is part of a longer-term CIP that requires grant funding and implementation of local funding districts. It will inform County infrastructure projects in the DFA areas, the recommended Specific Plans, and prioritization of sidewalk and bike lane infrastructure through the County's CAP implementation. The Framework, a holistic policy approach that looks broadly at sustainable planning and development across the entire unincorporated area, will take the land use alternatives identified in the DFA's Land Use Analysis under consideration as an essential part of its efforts. The Infrastructure Analysis Report identifies water and sewer infrastructure that could need to be upsized if density increases beyond the General Plan were to occur.

Each DFA recommendation, the key barriers the recommendation addresses, along with anticipated outcomes and timeframes are provided in Table 39. The recommendations are actions that are within the control of or can be influenced by the County; however, it is recognized that the ultimate production of housing in DFA areas is dependent on many outside factors including but not limited to market conditions and construction costs. While this report intends to highlight barriers and opportunities for housing in the DFA areas and presents recommendations to support housing, it is recognized that improved market conditions in the DFA areas will take substantial investments and broader economic change.

To advance DFA recommendations, County staff submitted a Smart Growth Incentive Program (SGIP) Cycle 6 grant application in spring 2025 to pursue funding for the creation of a Buena Creek Specific Plan. This application builds on DFA findings by proposing a comprehensive vision for land use, mobility, equity, and housing production around the Sprinter station. In addition, to support funding for community revitalization and investments within the Casa de Oro Specific Plan, the County facilitated a Business Improvement District Survey to gauge the need and level of interest in pursuing financing and maintenance district options to support improvements along the Campo Road commercial corridor and surrounding community.

These initiatives illustrate how DFA recommendations are being implemented to advance community revitalization, prioritize infrastructure investments, and support housing production.

Table 39: Recommendations

Recommendation	Barrier	Outcome	Timeframe ¹
<p>Recommendation 1: Prioritize Infrastructure Investments to Support Housing within DFA Communities.</p> <p>Each DFA community has unique needs for infrastructure investments. Some investments—such as sidewalks, bike lanes, parks and libraries—while not required, would increase community desirability and over time, potentially incentivize demand for housing. Other infrastructure needs more directly contribute to developers’ investments and could remove barriers to housing, such as funding for major roadway improvements or regional stormwater infrastructure. This recommendation would evaluate opportunities to prioritize Capital Improvement Program (CIP) funding for sidewalks, bike lanes, and other mobility improvements such as landscaped parkways and trees that align with CAP goals. Within Buena Creek, evaluating and prioritizing transportation infrastructure constraints—specifically around the Sprinter Station, in coordination with the North County Transit District and surrounding Cities could reduce developer costs associated with infrastructure investments ultimately needed to support housing. Addressing infrastructure</p>	<p>Barrier 1: Market conditions do not currently support development or redevelopment, as supportable sales prices in DFA areas are substantially lower than current regional market values. Housing development projects, to support the local affordability, can only support land prices below current market values.</p> <p>Barrier 6: Coordination with external utility service providers (e.g., water, sewer) can be complex, and stormwater compliance can add significant costs to housing development.</p> <p>Barrier 7: Amenities such as parks, sidewalks, bike lanes, and job centers are lacking, creating barriers to housing development and hindering economic development and placemaking.</p>	<p>Improve and install new infrastructure to support more housing production.</p>	<p>Ongoing as funding becomes available</p>

¹ Timeframe and anticipated completion are dependent on successful RFPs, contracting, grant funding, and other factors outside of direct staff control. Therefore, the timelines provided here are estimates and are subject to change.

Table 39: Recommendations

Recommendation	Barrier	Outcome	Timeframe ¹
<p>constraints strategically and in alignment with demand for housing would ensure investments are focused in ways that support housing production over the long term. While upgrades to water and sewer infrastructure are not needed in the short term to serve planned densities, these investments may be needed if densities are increased. Identifying a prioritization strategy for CIP investments can be achieved in the near-term; while overall infrastructure investments will be a long-term effort.</p>			
<p>Recommendation 2: Advance Community Revitalization Through Workforce Development: This recommendation calls for leveraging the County's Office of Economic Development and Government Affairs to encourage new employment opportunities to support economic vitality in DFA communities to attract more investments and improve market conditions for housing. Fostering job creation, supporting small businesses, and developing opportunities for workforce development would improve local economic conditions, increase purchasing power for local residents, and uplift DFA communities.</p>	<p>Barrier 1: Market conditions do not currently support development or redevelopment, as supportive sales prices in DFA areas are substantially lower than current regional market values. Housing development projects, to support the local affordability, can only support below current market values. Barrier 7: Amenities such as parks, sidewalks, bike lanes, and job centers are lacking, creating barriers to housing development and hindering economic development and placemaking.</p>	<p>Revitalize local economies to support new employment opportunities and livable wages. Increase purchasing power of local residents.</p>	<p>Ongoing effort led by the County of Economic Development and Government Affairs (EDGA)</p>

Table 39: Recommendations

Recommendation	Barrier	Outcome	Timeframe ¹
<p>Recommendation 3: Expand Land Availability for Housing.</p> <p>This recommendation calls on expanding the availability of land suitable for housing development by exploring updates to the Zoning Ordinance or other policies to facilitate housing on educational, religious, and institutional sites, in addition to surplus county land. Increasing availability of land suitable for housing and providing added flexibility for housing development on surplus county land encourages more housing construction.</p>	<p>Barrier 1: Market conditions do not currently support development or redevelopment, as supportable sales prices in DFA areas are substantially lower than current regional market values. Housing development projects, to support the local affordability, can only support land prices below current market values.</p> <p>Barrier 2: Developable land is limited.</p>	<p>More low-cost available land for housing development, particularly affordable housing development</p>	<p>Anticipated Completion in 2027</p>

Table 39: Recommendations

Recommendation	Barrier	Outcome	Timeframe ¹
<p>Recommendation 4: Amend County Regulations to Increase Certainty and add Flexibility and Maximize Housing Development.</p> <p>This near-term recommendation is to update zoning regulations to ensure the current General Plan’s densities can be achieved. This could be done by providing more flexibility in housing regulations in areas such as setbacks, height, and housing typologies. This aligns with an existing Housing Element implementation action that would effectively reduce processing time and cost associated with a need for rezones or other discretionary actions to achieve planned densities. Ensuring development regulations allow for planned densities would provide developers with more clarity on an area’s development potential. This action also recommends clarifying County VMT regulations to increase certainty for housing development.</p>	<p>Barrier 3: Regulations are complicated, and the discretionary process can be costly and time-consuming for developers. VMT mitigation and standards are confusing and unclear.</p> <p>Barrier 4: Current development regulations (e.g., zoning standards such as setbacks, minimum lot sizes, height and building types) can prevent General Plan densities from being achieved.</p> <p>Barrier 5: Housing that is attainable for current residents is a challenge.</p>	<p>Increased potential to achieve General Plan densities. More flexible development regulations to allow housing to be responsive to changing market conditions. Increased certainty and transparency.</p>	<p>General Plan and Zoning alignments are a Housing Element implementation item that was initiated in 2025. Anticipated Completion in 2027.</p>

Table 39: Recommendations

Recommendation	Barrier	Outcome	Timeframe ¹
<p>Recommendation 5: Fast Track Housing Permitting and Boost Resources to Incentivize Housing. This recommendation calls to implement streamlining efforts at all stages of County permitting to reduce developers cost and time in obtaining housing entitlements. This includes exploring options to expand on existing self-certification programs and shifting more permits from discretionary to ministerial. This recommendation would also boost resources and assistance to local developers to encourage unincorporated area housing production. This recommendation includes near term actions including bringing forward solutions for more housing streamlining as part of the Grading Ordinance and By-Right Housing project by 2027.</p>	<p>Barrier 3: Regulations are complicated and the discretionary process can be costly and time-consuming for developers. VMT mitigation and standards are confusing and unclear.</p> <p>Barrier 4: Current development regulations (e.g., zoning standards such as setbacks, minimum lot sizes, height and building types) can prevent General Plan densities from being achieved.</p> <p>Barrier 5: Housing that is attainable for current residents is a challenge.</p>	<p>Updated regulations that provide increased certainty and transparency. More ministerial processing options for housing. Lower up-front and long-term cost of developing in the county.</p>	<p>Anticipated Completion - 2027</p>
<p>Recommendation 6: Pursue Funding to Build More Affordable Housing. This recommendation calls to identify new funding streams to increase the number of deed restricted affordable housing units on the market, which is not viable for developers without public investments. In addition to increasing the overall supply of affordable housing, adopting a local Inclusionary Housing Ordinance for the unincorporated area would support home production at a variety of affordability levels, in addition to offering a new funding stream for overall deed-restricted units through in-lieu fees.</p>	<p>Barrier 1: Market conditions do not currently support development or redevelopment, as supportable sales prices in DFA areas are substantially lower than current regional market values. Housing development projects, to support the local affordability, can only support land prices below current market values.</p> <p>Barrier 5: Housing that is attainable for current residents is a challenge.</p>	<p>Funding stream to support affordable housing development and increased development of affordable units</p>	<p>Anticipated Completion in 2027</p>

Table 39: Recommendations

Recommendation	Barrier	Outcome	Timeframe ¹
<p>Recommendation 7: Advocate for Legislation that Supports Housing.</p> <p>This recommendation calls for the County to use its legislative program to advocate for housing supportive legislation, including support for housing streamlining opportunities, funding for affordable housing, and other actions supportive of addressing the housing crisis.</p>	<p>Barrier 3: Regulations are complicated, and the discretionary process can be costly and time-consuming for developers. VMT mitigation and standards are confusing and unclear.</p> <p>Barrier 5: Housing that is attainable for current residents is a challenge.</p>	<p>Legislation supportive of housing streamlining, affordable, and inclusive housing.</p>	<p>Ongoing</p>
<p>Recommendation 8: Explore Targeted Planning Efforts and Specific Plans in Buena Creek, Lakeside, and Spring Valley.</p> <p>Through the DFA stakeholder outreach, several community specific recommendations and needs were identified. Through targeted planning efforts, such as Specific Plans, a more cohesive community vision can be defined to support community based placemaking and community identity. Targeted planning would also serve as a vehicle to explore funding mechanisms such as grants, EIFDs, CFDs, Special Assessments, LLMIDs, or CDBGs to support community investments</p>	<p>Barrier 1: Market conditions do not currently support development or redevelopment, as supportable sales prices in DFA areas are substantially lower than current regional market values. Housing development projects, to support the local affordability, can only support land prices below current market values.</p> <p>Barrier 6: Coordination with external utility service providers (e.g., water, sewer) can be complex, and stormwater</p>	<p>Community specific development regulations that support housing. Local planning to support community revitalization and exploration of funding mechanisms to support infrastructure and community investments.</p>	<p>A grant application for a Buena Creek Specific Plan was submitted to SANDAG in Spring 2025.</p> <p>Seek future grant funding for Specific Plans along Grant Avenue in Spring Valley in 1-2 yrs and along Woodside Drive in Lakeside in 2-4 yrs</p>

Table 39: Recommendations

Recommendation	Barrier	Outcome	Timeframe ¹
	<p>compliance can add significant costs to housing development.</p> <p>Barrier 7: Amenities such as parks, sidewalks, bike lanes, and job centers are lacking, creating barriers to housing development and hindering economic development and placemaking.</p>		



Exhibit A. Public Engagement Summary



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EXHIBIT A. Public Engagement Summary

Executive Summary

Between March and December 2024, the project team composed of County staff and a consultant team conducted Phase 2 and Phase 3¹ of outreach to engage residents, businesses, and community organizations to identify barriers to housing production and explore sustainable development opportunities within the four DFA areas. These efforts built upon the foundation established during Phase 1, which introduced the County staff, outlined the DFA effort, and sought input on engagement preferences and potential stakeholders. Feedback from Phase 1 emphasized the importance of a holistic approach, considering housing alongside access to services, and raised concerns about traffic, infrastructure capacity, affordability, and equitable outreach.

Over the course of these outreach phases, the project team, spoke with more than 900 community members and technical experts and heard a variety of experiences related to barriers to housing development and ideas to create opportunities for housing within Buena Creek, Valle de Oro/Casa de Oro, Lakeside, and Spring Valley.

Across meetings, focus groups, pop-ups events, and online engagement, staff heard different ideas, solutions, challenges, and considerations to address barriers to housing development for housing in the DFA areas. Community feedback from the outreach Phase 2 and Phase 3 informed the analyses and recommendations for the Development Feasibility Analysis (DFA). Key themes from outreach Phase 2 and Phase 3 are summarized below:

Phase 2 Outreach Findings

Barriers to Development:

Building and development experts cited lengthy entitlement processes, high risks (e.g., uncertain project feasibility, escalating construction costs), unclear regulations, and difficult permitting processes as barriers to housing development. To address some of these challenges, the County has initiated efforts to streamline administrative review processes and accelerating project timelines, as directed in the May 23, 2023 Removing Barriers Board Letter (12).

Community Sentiments:

Community members expressed various opinions on housing development. Some supported additional affordable housing, recognizing its benefits. Others opposed further development, often citing concerns about accommodating new residents and the availability of vacant land for construction. Many community members questioned where new housing could be built given the existing development in their communities.

¹ Phase 1 community engagement occurred prior to this Phase of the DFA Project, see the [December 6, 2023 Board Hearing](#). Outcomes of that earlier engagement informed the planning of development of Phase 2 and Phase 3 engagement.

Infrastructure Needs:

Community members and building and development experts alike highlighted the critical need for infrastructure improvements (e.g., roadway improvements, sidewalks, access for emergency vehicles), particularly in semi-rural areas like Lakeside and Buena Creek, to accommodate increased demand resulting from future development. Limited capacity and coordination challenges with water and sewer providers were seen as barriers to supporting development. Conversely, some viewed the lack of infrastructure as a way to limit unwanted growth.

Traffic and Transit:

The need for improved public transit and traffic management was a recurring theme. Participants expressed interest in creating more walkable spaces, while acknowledging the challenges of limited transit infrastructure.

Mixed-Use Development and Public Spaces:

Community members expressed interest in exploring opportunities for mixed-use developments (i.e., combination of different land uses like residential, commercial, and recreation within a single area) and public spaces, particularly in underutilized town centers. Participants emphasized the need to use infill space effectively and increase density in areas with access to transit, services, and infrastructure, while considering community preferences for low-density residential areas versus mixed-use development. The community also vocalized discontent with existing unsuitable commercial or industrial uses, which are perceived as hazardous to community health and undesirable to live near.

Phase 3 Outreach Findings**Housing Needs and Preferences:**

Participants emphasized a deficit in low- and very low-income housing, defined as housing affordable to households earning up to 80% and 50% of the area median income (AMI) respectively, within the county, underscoring the need for quality, higher-density housing to address this shortage. Developers favored General Plan land use designations that encourage townhouse developments with 10.5 to 15 units per acre. Additionally, mobile home parks were suggested by the building and development experts as a low-impact affordable housing solution.

Development and Density:

Community members and Environmental Coalition representatives noted that development in the DFA areas could offer benefits such as improved emergency service access and reduced urban sprawl. However, some participants, including representatives from fire services, raised concerns that increased density in these areas could also strain emergency response capabilities if not carefully planned. Locating housing within DFA areas is still generally preferred to reduce the negative impacts of sprawl (e.g., using existing infrastructure and preserving open space). Participants also emphasized incorporating greenbelts and pathways into development plans to accommodate wildlife movement and pedestrian connections.

Community and Infrastructure Improvements:

Community members, including Community Planning/Sponsor Groups (CPSG), and representatives from the building and development industry expressed the importance of developing communities that include sidewalks, parks, safe travel routes, and essential services, not just housing units (i.e., complete communities). They emphasized that public services, such as emergency services, transit, parks, and water/sewer services, should accompany densification. Infrastructure improvements, such as confirming sewer treatment capacity and addressing flooding issues, were identified as priorities.

Prioritize Development:

Developers emphasized aligning zoning with the General Plan and expanding ministerial processes to prioritize housing. To boost affordable housing, they recommended faster approvals, diverse funding, and streamlined regulations. They also stressed the need for collaboration, clear communication, and clear permitting guidelines.

Density and Feasibility:

Developers emphasized that simply increasing density is not realistic strategy in the DFA areas. They expressed support for aligning zoning with the General Plan but not for major zoning changes.

DFA area-Specific Feedback:

- Buena Creek: Recommendations included a comprehensive specific plan and support for mixed-use development around the Sprinter station.
- Valle de Oro/Casa de Oro: Residents sought immediate action for community revitalization, with opportunities for housing along Campo Road and support for increased density on one-acre lots
- Lakeside: Some community members noted that higher-density housing may be harder to introduce in Lakeside due to local preferences and market conditions.
- Spring Valley: Participants called for improved walkability, stricter code enforcement, and integrated mixed-use development on specific sites.

Introduction

The DFA was directed by the Board on February 9, 2022, to identify barriers and opportunities to develop housing in Buena Creek, Valle de Oro/Casa de Oro, Lakeside, and Spring Valley, and consists of three phases of outreach. The first Phase of outreach conducted between winter 2022 and winter 2023 introduced the County staff, outlined the DFA effort, explained its alignment with other projects, and sought feedback on community engagement preferences (e.g., format, language, in-person or virtual) and potential stakeholders beyond community members and developers (e.g., private water and sewer districts, electric companies). The feedback received during this Phase included interest in supporting communities with abundant and affordable housing with access to services such as schools, emergency response, grocery stores, parks and supportive

infrastructure like roads, sidewalks, bike lanes, and water and sewer access as well as reducing car-dependency and traffic.

This summary focuses on Phase 2 and Phase 3 of outreach. Some of the feedback received from technical stakeholders and community members extends beyond the immediate scope of this project and cannot be directly addressed within the DFA. Feedback that can't be addressed through this project is valuable and will be shared with applicable project managers to inform other initiatives and future planning efforts. This approach ensures that community concerns are considered and addressed in a comprehensive manner.

This report presents the key themes heard during phases two and three of the public engagement process, as well as detailed summaries from each activity. Ideas and phrases reported in the feedback sections reflect those of the participants with minor edits for clarity. *The feedback summarized in this report represents the discussions and comments made by the community and other stakeholders and may or may not align with the technical analyses conducted in this project.*

In Phase 2 (spring 2024), staff gathered input on barriers, opportunities, and potential solutions for housing development. In Phase 3 (summer – winter 2024), staff shared the results and validated the findings of the DFA with technical experts and received feedback to inform the context of the findings with community members.

During Phase 2, staff hosted six small group discussions with developers, building industry, and community-based organizations (CBOs); fourteen listening sessions with technical audiences (e.g., environmental groups, land development professionals, building industry professionals), property owners, and bordering jurisdictions; attended nine community events; and presented at three CPSG meetings. To advertise these outreach activities, staff sent emails, provided DFA flyers in both English and Spanish, coordinated with CBOs, County Parks, County Libraries, the LiveWell SD, utilized social media (e.g., Nextdoor, Facebook, X, Instagram), and developed a website with a public question and answer section where the information can be accessed through various languages. Staff also mailed invitation letters to 520 property owners of vacant and underutilized parcels within the DFA area boundaries and 11,573 post cards in English and Spanish to properties within the DFA areas.

During Phase 3, County staff attended four CPSG meetings; hosted five meetings with developers; participated in 11 community events, including two virtual workshops; and facilitated nine technical working group meetings with professionals such as Environmental Coalition and Building Industry Association representatives. These engagement activities provided opportunities to share the draft DFA findings and recommendations, gather feedback, and refine the analysis based on input from both technical experts and community members.

Community Engagement Approach

Housing development has the potential to change an area by altering its physical landscape, increasing quality of life, and influencing local economies. The DFA engagement strategy aimed to share information and collect input from people and groups who may be affected by changes. Throughout this process, the project team also met with technical stakeholders, including industry experts, developers, and other professionals to understand their experiences and solicit their analysis. It also supported relationship-building with the County, to support future outreach and collaboration efforts. The project team reached out to the community directly through various channels and collaborated with CBOs in the DFA areas to leverage their local connections and ensure the process was receptive to members of the DFA areas. Staff engaged with the following, herein referred to as "Participants":

- Residents, businesses, and visitors in Buena Creek, Spring Valley, Valle de Oro/Casa de Oro, and Lakeside
- Developers
- Civic and community groups
- Neighborhood associations
- Community Planning/Sponsor Groups
- Property owners
- Bordering jurisdictions
- The County's standard working groups (e.g., Building Industry Association, Environmental Coalition)

The project team conducted a series of engagement activities to learn about the perspectives, opinions, ideas, and experiences of different stakeholders. The project team implemented a variety of engagement techniques to capture stakeholder input and "meet people where they are."

Listening Sessions: These sessions were focused group conversations, specific to the topic of the group or organization. Participants included the County's standard working groups (e.g., Building Industry Association, Environmental Coalition), property owners of select parcels or interest, and representatives from bordering jurisdictions. These conversations were facilitated by the consultant team who prompted questions for participants to respond according to their own perspectives and expertise. The questions were designed to gather input on participants' priorities, concerns and ideas, as well as gain insight into the professional expertise of development, housing, land use, environmental, and labor professionals.

Small Group Interviews: Interviews were conducted with developers (e.g., market-rate, affordable), building industry professionals, and relevant organizations (e.g., Spring Valley Community Alliance, Casa de Oro Alliance). The purpose was to gain insights into the perspectives and experiences of participants. The interviewer asked a series of prepared questions and interviewees responded accordingly.

Community Planning/Sponsor Group Meetings: The project team presented at and hosted discussions at standing CPSG meetings. The CPSGs are groups of local residents and community leaders who work with the County of San Diego to understand plans for new projects or developments within a community, provide a public forum where community input is welcomed, weigh public testimony against proposed benefits, enhancements, and costs associated with a project, and make recommendations that reflect the community's position to County decision makers. There are four CPSGs that cover the DFA areas: Spring Valley Community Planning Group, Valle de Oro Community Planning Group, Lakeside Community Planning Group, and Twin Oaks Valley Community Sponsor Group, which includes the area of Buena Creek. The project team was not able to meet with the Valle de Oro CPG during Phase 2 due to the CPG canceling its meeting.

Community-based Events: The project team partnered with local community organizations in each of the DFA areas to identify opportunities to meet with the local community "where they are." The project team attended community-based events, hosted informational tables at local gathering spots, and facilitated virtual community meetings.

Community Meetings: Community meetings create the opportunity for members of the public to learn about and ask questions about the recommendations that have emerged from the final analysis.

Meetings with Developers: The project team hosted meetings with developers not only to review the updated industry-specific recommendations, but also to build relationships and establish a shared understanding of existing conditions. Participants also had the opportunity to review technical documents and ground-truth market and financial feasibility, ensuring the recommendations support housing development. These conversations ensured the recommendations were informed by direct development experience and aligned with local opportunities and constraints.

Project Website: The project team created a project website to serve as a central hub for information and engagement throughout the DFA process. The website provided background on the DFA, outlined the goals and timeline of the project, and offered easy access to documents, meeting materials, and recordings. It also included opportunities for community members to get involved, such as signing up for updates, attending virtual meetings, or providing comments and questions. The website was designed to be user-friendly and accessible, helping ensure that information was available to a wide range of participants across the DFA areas.

During Phase 2, the project team conducted the following engagement activities:

- Listening sessions (12)
- Small Group Interviews (6)
- CPSG Meetings (3)
- Community events (5)

During Phase 3, the project team conducted outreach activities to inform participants and solicit feedback on the DFA market, financial, land use technical findings as well as input on the recommendations. Activities included the following:

- CPSG Meetings (4)
- Professional stakeholder meetings (9)
- Community events and presentations (11)
- Virtual workshops (2)
- Developer Meetings (5)

Highlights from Phase 2 engagement activities include the following (additional detail is provided in the next section, "Detail Summaries"):

- Building and development experts expressed the need for the County to reform entitlement processes. Participants cited long waits, high risks (e.g., uncertain project feasibility, escalating construction costs), unclear and ambiguous regulations, and difficult permitting processes as barriers to development. Notably, the County has ongoing efforts to amend codified administrative review processes, as identified in the May 23, 2023 Removing Barriers Board Letter (12). The County has made substantial progress toward hiring staff to accelerate review time and has initiated code amendments to streamline administrative review processes.
- Sentiment from community members varied widely, with some supportive of additional housing development and others in opposition of additional development. Some participants explicitly stated they did not want, "more people with low incomes, people experiencing homelessness, or people from the City of San Diego" to move to their town. Many others thought that additional affordable housing was necessary and would benefit the community. One common thread among most participants was the question, "where would new housing be built given the lack of vacant land?" Participants expressed doubt that additional housing could fit into already developed areas.
- **Some participants suggested the County should create more opportunities for housing – especially affordable housing.** Many comments were made regarding the historic lack of housing and lower-income residents who could not afford new or renovated developments in multiple communities. Some participants commented that there is a demand for mobile homes and shared a perception that the County has stopped considering this type of development. Other participants commented on the need for better employee housing, specifically for farmworkers.
- **Infrastructure needs were top of mind, especially in Lakeside and Buena Creek.** Participants stated that the lack of infrastructure, including wastewater infrastructure, keeps some rural areas from supporting development. Community members suggested that the County and developers are only interested in developing in more urban areas. Some participants suggested that the lack of infrastructure was a good thing because it limited development and they did not want to see their town grow or change. Others noted that lack of infrastructure, such as sidewalks, limited the mobility of people with disabilities.

- **Many participants raised the issue of traffic and the need for improved public transit service.** Some participants liked the idea of European cities, with more walkable spaces. Other participants noted the lack of proper transit infrastructure serving Spring Valley, Lakeside, and Buena Creek and the lack of safety and emergency preparedness which would also be impacted by added traffic. Several participants expressed concern that improved transit service could attract too many new residents to areas like Spring Valley, Lakeside, and Buena Creek. They also noted that existing issues with safety and emergency preparedness could be worsened by increased traffic and population growth.
- **Participants expressed a need for more mixed-use developments and public spaces.** There was a discussion about the need to utilize infill space in underdeveloped town centers and increase density in these areas. Some participants commented on the need for more accurate maps to portray if seemingly vacant parcels are actually available or part of someone’s large single-family home site. Some participants were interested in keeping their towns as low-density residential areas, while others wanted to move toward mixed-use developments.
- **Some participants commented on habitat preservation.** A few participants believed that preservation efforts could completely halt and limit both development and economic growth of an area, noting that farmworkers are largely affected by policies on habitat preservation in areas like Buena Creek. Some participants stated that more safety and emergency preparedness was needed in their towns, especially those near protected habitats, which are susceptible to natural disasters like wildfires.

Community feedback from Phase 2 was summarized and integrated into the findings and recommendations that form the body of the DFA. In Phase 3, these findings and recommendations were shared out with the public and key stakeholders to keep them informed and solicit input.

During Phase 3, staff attended four CPSG meetings in the focus communities, five technical working group meetings, eleven community events, including two virtual workshops, and five meetings with developers to share and discuss the draft recommendations of the DFA. Input gathered during this Phase directly shaped and refined recommendations, particularly those related to streamlining permitting processes, aligning zoning with the General Plan, and continuing to implement affordable housing programs. Key themes from Phase 3 included the following (additional detail is provided in the next section, “Detail Summaries”):

- **Participants expressed the need for low and very low-income housing and discussed other preferences for housing types.** Participants highlighted a significant shortage of low- and very low-income housing in the county, stressing the importance of providing quality, higher-density housing to meet this demand. Some developers expressed a preference for General Plan land use designations that facilitate townhouse developments with 10.5 to 15 units per acre, which would encourage more construction of this type. Additionally, mobile home parks were suggested as a viable, low-impact solution for affordable housing, allowing residents to invest in their homes even if they do not own the land.

- **Development and Density.** Community members and Environmental Coalition representatives noted that development in the DFA areas could offer benefits such as improved emergency service access and reduced urban sprawl. However, some participants, including representatives from fire services, raised concerns that increased density in these areas could also strain emergency response capabilities if not carefully planned. Locating housing within DFA areas is still generally preferred to reduce the negative impacts of sprawl (e.g., using existing infrastructure and preserving open space). Participants also emphasized incorporating greenbelts and pathways into development plans to accommodate wildlife movement and pedestrian connections.
- **Developers outlined key action items to prioritize development.** Developers emphasized the need for alignment between zoning and the General Plan and expanding ministerial processes to prioritize housing development. To boost affordable housing production, they suggested key actions such as expediting approvals, securing diverse funding sources, and simplifying regulations. Additionally, developers highlighted the importance of collaboration, clear communication, and well-defined permitting guidelines.
- **Infrastructure improvements were still top of mind among participants.** There was a strong emphasis on the need to develop complete communities rather than just housing units. This includes providing sidewalks, parks, safe travel routes, and essential services. As areas become denser and affordable housing is added, it is crucial to ensure that accompanying public services are not only provided but also managed with long-term maintenance in mind. Infrastructure improvements, such as confirming sewage treatment capacity and addressing flooding issues before new housing is built, were also identified as priorities.
- **Across the different meetings, there was some area-specific feedback related to the different communities.** In Spring Valley, participants called for enhanced walkability and stricter code enforcement. They suggested that integrated mixed-use development and affordable housing could be supported on specific commercial and industrial sites. In Buena Creek, there was a recommendation for a comprehensive mini-General Plan, along with support for mixed-use development around the Sprinter station and the provision of housing for college students. Valle de Oro/Casa de Oro residents expressed a desire for immediate action to revitalize their community, with opportunities for housing development along Campo Road and support for increasing housing density on one-acre lots.
- **Participants highlighted additional considerations for the project team.** Development plans should consider constraints such as high fire hazards and coordinate with parallel County efforts to encourage housing development. There is also a need for local businesses that provide good jobs for residents and for affordable housing options that maintain the character of the community. Additionally, participants raised concerns about the high cost of housing, questioning how to enable households to spend less than the federal target of 28 percent of their income on housing expenses, as many currently exceed this benchmark.
- **Prioritize development.** Developers emphasized aligning zoning with the General Plan and expanding ministerial processes to prioritize housing. To boost affordable housing, they

recommended faster approvals, diverse funding, and streamlined regulations. They also stressed the need for collaboration, clear communication, and clear permitting guidelines.

- **Density and Feasibility.** Developers emphasized that simply increasing density is not realistic strategy in the DFA areas. They expressed support for aligning zoning with the General Plan but not for major zoning changes.

The following sections are going to detail the types of engagement and feedback received:

Phase 2: Detailed Summaries

Listening Sessions

This summary is intended as an overall capture of key topics highlighted during the Phase 2 listening sessions for the DFA. A series of listening sessions were held to gauge major barriers and opportunities to housing in the four DFA areas of Buena Creek, Valle de Oro/Casa de Oro, Spring Valley, and Lakeside.

Listening sessions were held on the following dates with the following groups. The session with the Labor Union did not receive any participants and was therefore canceled.

- April 10, 2024: Environmental Coalition
- April 16, 2024: Farm Bureau
- April 17, 2024: Land Development Technical Working Group
- April 18, 2024: Labor Union (canceled due to no participants)
- April 19, 2024: BIA
- May 13, 2024: Property owners
- May 15, 2024: Property owners
- May 17, 2024: Property owners
- May 28, 2024: City of San Marcos
- May 30, 2024: City of Santee
- May 31, 2024: City of Vista
- June 4, 2024: City of La Mesa
- June 4, 2024: City of El Cajon

Inputs

Statements and opinions below are representative of those expressed during the listening sessions. Colloquial language reflects language used by participants.

Development and Approval Processes

Obstacles/Pain Point

- The State has tight regulations that take away decision-making from local planning.

- Housing is very regulated and litigated. Jurisdictions view themselves as regulators. There is not a mindset that “we need housing.” The system has become regulation for the sake of regulation. It is also dramatically expensive.
- Mobile home parks still have a market in San Diego County but the requirement to have a Major Use Permit makes it difficult to establish new ones.

Opportunities/Suggestions

- Make the process flexible enough so that developers can respond to the market.
- What can the County do to shorten and simplify entitlement processes? What can the County do right now to build the housing that is needed? What can have an immediate impact?
- Sometimes less is more. The rules should not be overly complicated; make them simple to read, accessible. Recognizing the audience is greater than the development community for how things should be written and structured. Provide incentives for all kinds of products (housing types, housing sizes, etc.).
- It is very hard to find labor; new young people are not coming into the trades. Lack of labor means prices go up. Time is also deadly to developers. “You don’t buy an old fish.” Capital gets charged interest. The baseline time for permitting is five years, which is not good. The regulatory process could be much improved. It should be objective, not subjective.
- Deadlines are never met (by County agencies), and this is common in our industry. Another main issue is fire insurance. We have properties that are adjacent to open space, and this is a problem. VMT requirements are killing development opportunities in the county villages. Wildlife agencies have too much control in the process.

Time & Costs

Obstacles/Pain Points

- Time is money. Try to make it cheaper to put a package together; lower the requirements of what needs to be submitted for review. Make designated times of review.
- We spent approximately three years amending an EIR and have been in plan check for over 18 months and now have to request another extension from the County. Staff do not respond quickly and deadlines are not clear. There is turnover with staff, and new staff means new comments. There is also new fee increases with EPA regulations (regarding HVAC equipment).
- From the developers’ perspective, the community was accommodating; they did not encounter “NIMBYs” (i.e., “Not in my Backyard”).
- For-sale housing requires a tentative map, which is supposed to receive comments in 30 days. Another difficulty is the multiple rounds of comments that conflict, add new direction, or are non-substantive (nit-picky). According to one developer, the process is “excruciating.”

Land Use & Zoning

Many land use professionals identified a mismatch between the General Plan land use designations and densities (and correlating zoning) and what the market and infrastructure can support.

Obstacles/Pain Points

- The land use designations are misaligned to the market and to the infrastructure.
- In the General Plan, planning the 4.3 land use designation next to 24 does not make sense. It should be higher.
- A lot of the designations are too low or too high in the areas of the DFA study. The City of San Diego maximizes on floor area ratio (as opposed to density).

Opportunities/Suggestions

- There is a trend for rural-suburban-urban. There is a missing middle. Some communities in San Diego have more mixed-use density. The European model is a good reference. We need to also focus on small local businesses: restaurants, supermarkets, etc.
- The areas where there can be mixed use should be prioritized, especially for low-income developments.
- Increase the density allowance for areas that have sewers. You should let the infrastructure drive the land use designation.
- There may be more opportunities to convert commercial to housing land uses.
- Compare North Park versus Mission Valley. North Park has small plots with many developers. Mission Valley has large project sites. The owners of smaller properties need incentives to develop.

Housing Typologies & Density**Obstacles/Pain Points**

- Communities need to do better to accommodate density within villages; there is resistance within these communities to upzone, and a lot of new developments are under the density allowed in the villages.
- Obstacles include building something that looks decent. Low-income units should be built with every project (no in-lieu fees). In-lieu fees create an us-versus-them landscape.
- The ladder of growing up from a starter home is broken – we only have expensive houses or apartments. Create opportunities for starter homes.
- In for-sale single family detached developments, we are looking to build at 5 to 10 units per acre. With 2-story townhomes and duplexes, we are looking at 10 to 16 units per acre. With 3-story townhomes, about 20 to 22 per acre. For multi-family condos, we have walk-up 3-story buildings (30 units per acre, or 40 per acre if it is 4-story building). The denser products do not necessarily create more bedrooms than the townhomes; they just create more units for specific family types.
- Concern was expressed that the only product type that can be developed is infill development. That is what County land use policies push. It is also very difficult to get for-sale housing because it is infill. Single-family homes are desperately needed.

- In order to have more than 30 units per acre, that will need to be rental apartment. By having a minimum of 30 units per acre, you're disincentivizing for-sale housing.
- The rents need to justify a 30 units per acre development, which is expensive to build. The rents that can be asked in these communities out do not justify the high pricing of higher-density housing.

Opportunities/Suggestions

- A possible low-impact solution is through trailer parks. People in mobile homes do not own the land, they own the trailers. Could these areas be densified with green space added? This should be looked at as a creative solution.
- Participants in the Environmental Coalition expressed support for development in the proposed areas ("infill sites" that are already in areas with existing development) but opposed sprawl in the backcountry.
- It is important to look at the long-term and what direction the County is going. Make sure to keep the framework of County towns and villages and have growth within the villages.

Farm/Farm Housing²

Obstacles/Pain Points

- The Multi-Species Habitat Conservation Plan map raises the issue of showing agricultural land as valuable habitat land. If a farmer does not farm for three years, the land is considered habitat again but it has been "developed" and stopping agriculture does not return it to a high value habitat. There are infrastructure and opportunities if they are located close to sewer and infrastructure.
- Infrastructure and facilities also make an impact on housing development feasibility and unit realization.

Opportunities/Suggestions

- The concern of farmers is affordable housing for farm workers. One of the barriers to getting enough labor is proximity to work and affordable housing in rural areas is a big issue.
- The County Farm Worker Program allows you to add another home on the farm (if it meets septic requirement), but there are restrictions that the farmer needs to own the land and has to remove it if no one lives there. Creating stability by making it permanent or converting the use to non-farm worker use would be beneficial.
- If there were secure housing, there would be a strong working force.
- While septic will be the big limiting factor for farm worker housing, Colorado has an ordinance where you can be one house for every five acres of land, which would increase density in the back country without it being single houses.

² There are no farms within the DFA areas.

- There are issues that arise living near farms with housing, farms that use pesticides, that have livestock. They also see problems with people who live near farms and go to the farm and illegally pick fruit without thinking about the livelihood of the farmer that they are taking from.

Infrastructure

Gas and Electric

- SDGE is still weighing the new rules for refunds/allowances.
- In regards to the power grid, we need to discuss electric cars and the increased strain on the power grid this will cause. The recent Supreme Court decision regarding development fees will help developers.

Amenities

- Infrastructure is the largest barrier to developing housing in these communities, as well as industrial uses in residential land zoning.
- The spread of new housing development will also help the infrastructure impact. Distribute the density.
- Infrastructure questions are both “is it there?” and “is it good/sufficient?”.
- Densifying and adding affordable housing should be accompanied by public services. These services or public assets also must be managed; there can’t just be funding to put it in but also to take care of it.
- The impact that incorrect mapping can have on prospective properties is also relevant to amenities as well. Mapping issues is a barrier that they are facing.
- If you don’t have the infrastructure, you don’t get the development. The County needs to provide the infrastructure or get the funding together.

Emergency Response

- Emergency response (e.g., fire, floods): How to manage people in place. When thinking of those areas, it’s not just about the defensibility of the suburban areas but the planning for emergency response, evacuation, etc. for people.
- Emergency services and safety: The roads are also over capacity. Don’t expand the urban-wildland interface. This is where wildfire starts.

Environmental Concerns

- It is important to holistically look at development and development needs sidewalks, parks, safe travel, services, etc.
- Density needs to allow for habitat linkage and focus on those linkages during design. Consider “edge effects;” build soft edges. Also consider that people need open space, not only parks to play in, that need to be accessible but also manageable.

- The DFA areas are good places for additional development. In some developments like Buena Creek and Lakeside, there shouldn't be overarching development approaches. There are sensitive zones within these areas (e.g., hilltops, ecological corridors).
- There should be a management plan for these areas for protected land, undeveloped land, open space, etc.
- The planning process needs to look at access to those areas because of the topography; the issue of development is around infrastructure and fire.
- One developer has built in Malibu and noted that some of the more "ecologically sensitive houses" were the easiest to burn.
- If we continue on the same path, we will have half a billion climate refugees. We need to consider greenhouse gas emissions. We hear a lot about the housing crisis, but we also need to combine this with the climate crisis. We need a strong climate action plan.

Insurance

- Insurance is a major problem. When we build near open space, the homes are very fire hardened.

Area-Specific Feedback

General Comments

- Developers worry that community opposition is the largest barrier to developing housing in these communities. County Planning staff needs to demonstrate that there can be quality density that the community can be comfortable with. In terms of affordable housing, low-income and very low-income are in deficit in San Diego County.

Buena Creek

- Buena Creek needs to be developed with sensitivity. In terms of the General Plan, other factors could allow density increase, like SB10. In terms of infrastructure, the Buena Creek sewer system has limitations. Some of the identified infill areas currently lack utilities.
- In areas like Buena Creek where there is a big elevation change, it is important to take that into account when looking at the walkability of the site. There is concern about properties that are adjacent to properties set aside for open space. There is concern about properties that are adjacent to properties set aside for open space. There is concern about properties that are adjacent to properties set aside for open space.
- Community members were under the impression that there is no sewer infrastructure, which limits development opportunities. They also noted that Buena Creek Road is commonly used as a shortcut road for people going to Riverside and expressed concerns about traffic.
- Buena Creek has some opportunities on run-down commercial properties, as long as you have access to sewer.
- The area has a great large park in the north. Develop around that area, as there are schools there.

- On the nursery site in Buena Creek, the operations are profitable enough not to invite redevelopment. Also, the infrastructure isn't ideal for building, such as the train tracks. And the ownership is disjointed.

Spring Valley

- Spring Valley has a bit of everything; look at redeveloping underutilized parcels.
- The density of 15 units per acre in Spring Valley reflects development of the 1960s/70s, where density resulted in low-income, ugly apartments.
- The County is making a huge investment in Spring Valley (buying land for open space preservation, for parks, etc.).

Casa de Oro

- Casa de Oro areas need to be repurposed, such as the tennis facility that is converted to pickle ball (and wanted to be turned into a storage facility before that).

Lakeside

- The community is characterized by large, underutilized parcels and single-family homes on large lots. There is the opportunity to increase density and sewer already exists.
- You want a plan for downtown Lakeside for real density and walkable community.
- Several of the sites designated as suitable for affordable housing in Lakeside are small; there is a unit loss due to the land topography. It should be easier to transfer densities on a steep site.
- Lakeside may not have much sewer capacity remaining.

Bordering Jurisdictions Feedback

- Partnerships: Highlighted the need to build partnerships with organizations like North County Transit District, SDG&E, and business associations to achieve a whole-community perspective
- Regulatory Guidance: Emphasized the role of the Zoning Ordinance and other regulations in streamlining development, from simplifying permit processes to ensuring land use consistency.
- Development Priorities: Identified infrastructure and placemaking as top priorities to optimize development and create functional, appealing spaces.
- Funding mechanisms: Acknowledged that funding mechanisms are limited but noted that some areas utilize LLMDs, BIDs, or parking districts. Most jurisdictions rely on grants for planned improvements.

Community Events

Community based events to meet people where they are were held at locations within the DFA area communities during already-planned events. Activities were designed to engage residents quickly and gather their feedback on concerns and opportunities for increased development. Participants were asked to identify locations on a large map for potential housing development/redevelopment and to provide feedback related to their priorities and concerns. Project team staff recorded feedback using sticky notes and dots to place on the

engagement boards to keep a record of comments and discussions. Each dot represents the preferences/suggestions from a member of the community and notes were added to provide additional context. The most frequent comment from participants in the map activity was, “Where would you put it? It’s already full.” Participants were encouraged to think creatively and try to identify areas that were perhaps underutilized or could have a different use. Key takeaways from intercept events are listed below, by community.

<i>Table A-1. Phase 2 Community Events</i>			
Event	Date	Number of Attendees	Summary of Comments
Casa de Oro Alliance “Feel Good Fest”	4/14/2024	25	<ul style="list-style-type: none"> • Residents desired more walkability and green spaces and felt these amenities should be incorporated in new developments. • Some concern about construction impacts based on recent projects that have led to issues. • Concern about the quality of life impacts with increased density.
Buena Creek Shopping Center & Hannalei Elementary School Open House	4/25/2024	35	<ul style="list-style-type: none"> • High priority on increasing the supply of affordable housing. • Desire for children to have opportunities to afford homes and remain in the community. • Preserving the character of the town was equally as important as increasing affordable housing. • Traffic congestion was a top concern.
Spring Valley Day	4/27/2024	60	<ul style="list-style-type: none"> • Support for mixed-use developments and filling existing vacancies. • Traffic congestion and safety issues were top concerns. • Providing additional support for those facing homelessness
Lakeside Western Days Parade	4/27/2024	60	<ul style="list-style-type: none"> • Preserving the feel of the community was paramount. • Need for improved infrastructure such as sidewalks and ADA accessibility. • Ensuring open spaces and wildlands are preserved.

Buena Creek Intercept

Events: Buena Creek Shopping Center Pop-up & Hannalei Elementary School Open House.

*Buena Creek hosted two pop-up events: during the Hannalei Elementary School open house and next to the Target store.

Date: April 25, 2024; 3 – 4:45pm & 5:30 – 7pm

Attendance: approximately 35 people

Top priorities (each dot represents the preference expressed by a community member):

- Increasing affordable housing supply (10 dots)
- My children will be able to live here in the future (6 dots)
- Keeping the character of the town (10 dots)

Top concerns:

- Increased traffic (13 dots)
- Parking burdens (7 dots)

Input from Pop-Up:

- Need a grocery store in the area.
- Traffic is already bad, and you cannot widen the street. More development would increase the traffic.
- Use vacant properties (e.g., Walgreens) as opportunities for retail and housing.
- The SPRINTER is not heavily used because it does not go to the right places and where people need it to go.
- This area is used as a shortcut by drivers, another factor that contributes to traffic.
- Worry about emergency vehicles being able to reach certain places because of the road. Also worried about evacuation and fires, does not want to shelter in place but be able to evacuate.
- Event time and place should have been more accessible to people.
- The County has already gone through community engagement and brought developers to the table in 2020 – why are they changing what was agreed on then?
- Does not see this area as feasible for more development.

From Open House

- Need more affordable housing, which means more density.
- Feels that there is affordable housing but everyone they know is waiting 2 to 3 years on the waitlist. Why is that? What is the process of selection?
- Want their children to have the ability to buy here.
- Their son and his family have to live with them because housing prices are too high.
- Need more sidewalks, especially ADA sidewalks.
- The intersection in front of the school to access the SPRINTER is dangerous. The cars do not stop for pedestrians; need a sidewalk flashing light.

- Many participants cited traffic as a main concern.
- The new housing on the hill is “single family” so the price tag is higher, but they are so close to one another; would rather have condos that are a little cheaper.
- Discussion about magnet schools and school closing because the neighborhood population is getting older.
- Does not see where new development would be built.

Spring Valley Day

Event: Spring Valley Day

Date: April 27, 2024, from 10am-3pm

Attendance: approximately 60 people

Top priorities:

- Increasing affordable housing supply (9 dots)
- Keeping the character of the town (5 dots)
- My children will be able to live here in the future (4 dots)
- Housing for the homeless (3 dots)
- Increasing housing density (2 dots)
- Density is needed to support infrastructure. Put it near transit and shopping centers. (2 dots)

Top concerns:

- Increased traffic (11 dots)
- Not enough public transportation (7 dots)
- Parking burdens (3 dots)
- Water supply (3 dots)
- Changing the character of the town (3 dots)
- Overcrowded schools (1 dot)
- Quality of schools (1 dot)

Opportunities for housing:

- The plan for Cascade Oro housing next to the commercial center is nice.
- Spring Valley has a lot of potential.
- Use the swap meet site for townhomes and apartments, but flooding is a problem, plus swap meet is popular.
- Only build multi-story (3+ stories) in certain areas, like above retail.
- Rent control now!
- Incentive for homeowners to build up (add more stories), similar to the incentives to add ADUs.
- Spring Valley Elementary is closed. Use some of the excess property for multifamily housing.
- Reuse of strip malls, especially on Jamacha Road west of SR 125, adjacent to recycling center mixed use would work.

- Fill existing building vacancies rather than build new housing.
- PDS adds \$150- 200K per unit; need to make it easier for property owners to build.

Concerns for housing:

- Encampments and safety.
- High insurance costs (cancellations).
- Against tiny homes for the homeless; want to see affordable housing instead.
- If you're going to build more, please maintain our infrastructure better, i.e. clean debris from drain channels.
- Need housing but also need to support/incentivize business in these areas. Taxes can't only come from residents. Need business taxes, jobs, reasons to attract and retain young workers and business owners.
- Address homeless population as we do refugees. Find them a sponsor and help them reassimilate, preferably with their families.
- Need affordable housing for single people.
- We need student housing and housing for refugees.

Other comments:

- Increase the number of stable income jobs so people can afford homes.
- More Section 8 style housing.
- No space for new housing.
- Homeowners are skirting rules – building illegal units, including trailers, garage conversions.
- Not enough apartments; waiting lists now.
- Safety issues and crime in low-income complexes.
- Fire and disaster risk.
- Strain on emergency responder resources.
- Sewer trash.
- Flooding in the drainage ditch is dangerous.
- One way or another, housing can be built.
- Need for-sale housing, not apartments.
- Insurance is leaving the state.
- Improve enforcement of housing goals.
- Improve and increase mental health services.
- Need more trees! Better landscaping in new buildings.
- Appropriate locations for homeless shelters.
- Partner with local school districts (on housing).
- Restore the Elkelton bus line.
- Minibuses for better transportation.

- Reform PDS – no us vs. them; one plan checker per project, not different with every visit; eliminate special inspectors; give inspectors authority to approve plan amendments on-site; reduce fees; consolidate multiple plan check jurisdictions.

Casa de Oro Intercept

Event: Casa de Oro Alliance “Feel Good Fest”

Date: April 14, 2024; 12pm – 2pm

Attendance: around 25 people

Top priorities:

- Increasing affordable housing supply (10 dots)
- My children will be able to live here in the future (10 dots)
- Keeping the character of the town (10 dots)

Top concerns:

- Changing the character of the town (11 dots)
- Increased traffic (10 dots)
- Not enough public transportation (10 dots)

Opportunities for housing:

- Convert gas stations to mixed use.
- Interested in seeing more mixed use.
- A lot of lots are vacant or can't retain ownership, opportunity for townhomes
- Importance for creating generational wealth and the opportunity for children to stay in the areas and not be priced out.
- Currently there are a lot of individuals living in large houses, opportunities to increase the density.

Concerns for housing:

- Character of the town.
- This is where they grew up, they have been going to the same church, pharmacy, etc.; want to see those places stay.
- Sad that some businesses are closing (talking about Ranas that closed a week ago).
- Traffic/transportation.
- Bring the trolley to Casa de Oro.
- Include more frequent bus routes.
- Improve the quality of the roads.

Other comments:

- Want to see Casa de Oro be more walkable.

- New apartments built over open space took away any view of the lake; the small park that replaced it with has no view.
- Flooding is a big issue, is recent because new construction has reduced permeability and caused flooding in new areas (such as intersection of Campo Road and Kenwood Drive).
- Apartments around Fred Finch Youth Center not maintained.
- Issues surrounding traffic on Bancroft Drive and Martin Luther King Jr. freeway.
- A new library is coming in 2026; looking forward to it.
- Does not want to see more dense housing, is already surrounded by neighbors who do not maintain their properties. ADUs: if they are not too big (height) so that they look into other's yards, could be an avenue for increasing density.
- Too many massage parlors in a very short area.
- Lighting is an issue; lights are not directed down and illuminate too much.
- Want to see more green spaces/parks/open spaces.
- The population in Casa de Oro is aging.
- Want to see growth that is holistic and considers the current characteristics of the neighborhood.
- Schools: Some schools are overcrowded while others are not because people choose which school to send their children to.

Lakeside

Event: Western Days Parade

Date: April 27, 2024; 8am – 10am

Attendance: around 60 people

Top priorities:

- Increasing affordable housing supply.
- Preserve the views of the mountains and open space.

Top concerns:

- Need sidewalks and make sure that they are ADA accessible.
- Increase the infrastructure.
- Increased traffic.
- Home insurance and fire insurance.

Housing:

- Afraid of gentrification.
- Section 8 housing where there is space.
- Lakeside is already packed, does not know where you would put it.
- No more housing, too crowded.
- The politics and the costs associated with new housing make the homes unaffordable.

- Affordable housing is impossible.
- Does not want it to become Santee; no more housing.
- More affordable housing should be focused in North County.
- People are moving away and there are a lot of empty houses/apartments.
- Going up might be the only solution.
- No more housing; keep it small.
- Places on Main Street need to be addressed.
- No more development; keep open space.
- If people own property where the zone allows for more density and they want to build, they should be allowed without having to go through years of review.
- No more market-rate and housing.
- Taxes are too high and are passed on to the tenants, which makes housing pricing too high.
- Afraid of what affordable housing could also bring to the community.
- Does not want to see more apartments but rather more single-family housing or duplexes.
- Out of space in Lakeside.

Amenities:

- Like the new library.
- The road foundation is not being taken care of by the County, as a result the road to their house that they (residents) pay to upkeep always gets damaged due to water coming up from the creek. If there were better foundation and roads, could support more housing in certain areas.
- Preserve open space.
- Does not want the trolley unless it can be very reliant. It takes too long to commute to work with the current trolley and would not use it. Would also want to see it go to places like the airport.
- The Senior Center on the hill already has concerns about traffic, speeding, and the lack of sidewalk.
- Keep the view of the mountain.
- Want to retain this area as a small town.
- Stay off the mountains.
- Money should go to the dams.
- Need to address traffic around school, maybe a school drop-off shuttle.
- The new library does not have sidewalks and overall, it is hard to move around Lakeside if you are a wheelchair user; I have fallen multiple times.
- Parking is an issue for apartment complexes. Tenants have to park in the commercial parking lot.
- Schools are underfunded.
- The library is too small for the need of the community.

Tallys from the event:

- Increasing affordable housing supply (6 tallies)

- Increasing housing density (3 tallies)
- Keeping the character of the town
- My children will be able to live here in the future
- Other: Fire insurance
- Parking burdens (3 tallies)
- Increased traffic (4 tallies)
- Overcrowded schools (3 tallies)
- Water supply
- Changing the character of the town (4 tallies)
- Not enough public transportation
- Infrastructure (2 tallies)
- Sidewalk (5 tallies)

Small Group Interviews

Introduction

This summary is intended as an overall capture of key topics highlighted during interviews for the County of San Diego DFA Project. A series of interviews were held with building industry professionals, market rate housing developers, affordable housing developers, and other technical experts to gauge major barriers and opportunities to housing in the DFA areas of Buena Creek, Valle de Oro/Casa De Oro, Spring Valley, and Lakeside.

Interviews were attended by County staff and facilitated by the consultant team. Interviews consisted of small groups ranging from two to six attendees who received similar baseline questions for conversational continuity. Notes taken during the interviews have informed this summary. Statements and opinions below are representative of those expressed during the interviews. Colloquial language reflects language used by participants.

Summary of Feedback

Interviewees expressed the general sentiment that the County is overly cautious – with process, with studies, with approvals – which creates slowdowns in the development process. There is a lack of a “can do” attitude from the County, from the Local Agency Formation Commission (LAFCO), and from special districts and private utility providers that results in a positioning against developers, instead of aligning objectives and working together. Furthermore, there is the perception that County leaders seem inclined not to move things too quickly due to resident pushback against density and change.

Development and Approval Processes

The review and approval processes were highlighted repeatedly as major barriers for development in county areas. Specific pain points include long processing times which cost time and money, and complicated procedures which yield too much financial risk.

Most developers voiced discontent with the level of discretionary review for County housing projects. Some developers stated their refusal to work on sites that require a discretionary process and only proceed with by-right projects via ministerial review. However, it is important to note that all subdivision applications would be required to process a map, which triggers discretionary review under the Subdivision Map Act. This is important because many subdivision projects result in for-sale housing.

Obstacles/Pain Points

- Too much time is spent “corralling” County staff for answers or updates. The departments seem disconnected, and information can vary.
- Turnaround time is not consistent or reliable. One participant stated, “We believe the County is a no-go development zone. The approval process will be long and painful and will end in failure.”
- Design Guidelines seem to be led by local design groups, which have caused building defects.
- There are too many technical studies needed for County areas, which cost time and money. For example, it is not time-efficient for developers to be conducting sewage studies for individual projects.
- A discretionary process is not desired by many developers. It is considered too risky and time-consuming.

Opportunities/Suggestions

- Self-certification should be considered.
- Programmatic EIRs should be considered.
- The County should have a regular code review and updating process to target problems and inefficiencies.
- The process to change the provisions of a specific plan is confusing. A designated County staff should exist to clarify and facilitate the provisions of the specific plan.
- Ministerial procedures, like those in the City of San Diego, are well received and appreciated by developers.
- The County needs to make development easier for small- and medium-scale developers to get small-scale projects done. Almost everything requires discretionary approval, which is bad for small- and medium-scale developers.

Time and Costs

Overall Takeaway

- Key challenges are time, costs, and risk. Banks that offer capital financing for development projects want to see internal rate of returns (IRR), and if the return is not appealing, that capital will go elsewhere. The County is losing opportunity for development by having slow, inefficient systems.

Obstacles/Pain Points

- Fee structures are not transparent and make budgeting difficult.
- Development costs have skyrocketed because of increased fees.
- The time it takes to process building permits is too long. There have also been cases of overlooked components, which result in double permitting.
- The real estate market in the unincorporated county is tougher than coastal communities, and when fees rise, there is less budgetary flexibility for buyers/renters to absorb those costs.
- Participants presume in the county, we will be sued by the environmental groups, the NIMBYs (“Not-in-my-Backyard”), etc. This is a huge deterrent to non-California developers.
- Much of the litigation in the county is for people to make a profit off the development.
- Large developers have a rigorous capital approval process, with significant investment partners. Capital chases yield (including certainty and time). “Sooner is better than later, and later is dead.” Capital investors do not have to invest in these southern California projects that may be riskier – they can go to safer / more attractive projects anywhere in the world.
- State-level resources for achieving the Regional Housing Needs Assessment (RHNA) are becoming scarcer.

Opportunities/Suggestions

- The County should reference the City of San Diego’s expedited process.
- The County could consider hiring a third party to review the plans. Fees would still be paid to the County, but the process would be expedited.
- The City of San Diego appoints one person to each project, which has worked well. Developers would like to see that in the County. Currently, communication gets lost and muddled, which creates lengthy and challenging entitlement processes.
- Modular construction has been used to decrease risk and control costs, to a degree.

Land Use and Zoning

Overall Takeaway

- The current zoning code is outdated and needs revisions based on present-day need, context, and conditions. Many of these areas are no longer “rural” but are urban-adjacent and should therefore be treated differently for new housing development potential.

Obstacles/Pain Points

- The zoning regulations are very antiquated. Dictating the product type is an outdated approach.
- In the current code of some areas, the zoning and the product type don’t align with the adjacencies and the context. A lot of other jurisdictions do not regulate product types.
- The County’s zoning/land use designation system is overly prescriptive and too detailed. It does not allow for market forces to make decisions about what should go where (best and highest use).
- Developers feel they understand better the “best and highest use” but are being put in a box by County restrictions on land use and zoning.

- Parcel consolidation is difficult in the unincorporated communities.

Opportunities/Suggestions

- Regulations in the zoning code should be reviewed and updated to today's standards, context, and needs. The housing need is so great, and the unincorporated parts of county don't necessarily mean "rural." This view of certain county areas is creating barriers to development based on outdated and incorrect contextual realities.

Housing Typologies and Density

Overall Takeaway

- Developers find that density is too tightly controlled. Simultaneously, zoning does not allow developers to build to the optimal rate. Low unit density also does not yield enough buyers to spread across infrastructure costs, nor does it appeal to certain amenities that require many users (such as grocery stores and bus stops).
- In terms of building, some developers do not want areas upzoned because they are using State density bonuses to waive some of the requirements. These waivers are necessary for the projects to pencil. Projects that are too dense are too expensive for the value of what is being produced. The most affordable housing is a 2- to 3-story townhouse over parking with all wood (no steel) and no underground parking. It was suggested by one developer that 24 units/acre is a target that makes sense for most sites.
- Affordable housing presents a specific set of challenges and should have more support and communications on available grants, bonuses, etc.

Obstacles/Pain Points

- It is common to not reach zoned unit maximums due to factors like stormwater and flood channels, parking, usable/developable land, habitat, setbacks, etc.
- Requiring additional quality of life amenities (such as parks, libraries, etc.) results in more fees which are passed to the buyers/renters. We are so starved for housing that if housing is built in a decent location, people will buy it. Participants want ideal quality of life conditions but at the end of the day, people will prioritize safe/stable housing over other amenities.
- For-sale and rental units have different density appeals. RHNA sites that push 30 units/acre are not aligned with for-sale and will yield rental.
- Minimum densities are too restrictive and are not responsive to the market.
- The County is too focused on "units," but we should be focused on bedroom count or "how many people we want to house".
- There needs to be better County communication about what the density benefits are and how they can be leveraged to induce development. County staff does not appear to fully understand density bonus law.
- Density and floor area ratio (FAR) are key to creating affordable housing.

Opportunities/Suggestions

- Consider options for smaller units, shared spaces, co-living, and other alternate housing typologies. Houses do not need to follow the traditional large suburban lot model, especially for some demographics like seniors and young people.
- The County and developers need to think strategically about which population they are aiming to serve with new housing, including needs and desires, budgets, compromises, etc.
- Reframe what density can offer in terms of benefits. Communities in these areas may have an outdated view on density and the resulting problems.
- The City of San Diego is attempting to lobby to change the Subdivision Map Act. The County should reach out to the City to join them in this effort.
- Density is vital for projects to pencil.
- Density is also needed for certain grants, such as Infill Infrastructure Grant (IIG) funds.
- The City of San Diego's Complete Communities policy is a great model.
- Density is good for nearby businesses, which are not currently being supported enough because there are not enough patrons in the area.
- The County must figure out how to get market rate housing in these areas.

Affordable Housing

- To see more affordable housing, the County needs to help find or provide subsidy funding (e.g. notice of funding availability).
- The recent affordable housing project in Fallbrook represents a good example of County/nonprofit partnership.
- For affordable housing there are low-income housing tax credits, but these are not feasible for smaller projects. Off-site compliance may be an option.
- For affordable housing, it is imperative to be near amenities, especially schools.

Infrastructure

Overall Takeaway

- Infrastructure is a very expensive part of any project, possibly 30 to 40 percent, and will be higher in rural areas. Developers can connect to nearby infrastructure but cannot connect to distant infrastructure due to costs. By installing infrastructure, the County can signal to the public that change is coming, and for the good.

Infrastructure Costs and Financing

- The County should pay for and facilitate the infrastructure improvements with advanced work. The developer is not going to want to pay for the infrastructure for the entire region. Shared costs could be helpful.
- Unless there are more housing units where these costs can be distributed, one developer will not want to solve the entire infrastructure problem. We need a pathway to first provide the housing before any of the infrastructure/amenity costs start to make sense.

- Mid- to small-size projects are difficult because there is less scale and therefore more prohibitive. Infrastructure costs have fewer units to be spread across. And the “last developer in” is looked at to pay for infrastructure that is far beyond the reach of the project.
- The question about “infrastructure changes” should be rephrased for “infrastructure financing”. The “what” is easily calculated; the “how” is much more important to figure out. How are we going to build things off the property, and what’s the reasonable assurance? If the County is serious, then they need to provide assurances for legal and financing and give flexibility for FAR to build what the market is indicating.
- Public infrastructure financing would help.

Gas and Electric

- SDGE is very difficult to liaise with in terms of response time, communication protocols, etc.

Water and Sewer

- The different sewer and water districts cause complications.
- Water and sewer districts are their own entities, and some districts see themselves as growth-inhibitors. The water and sewer districts are important deciders in what happens in County land, so they should be asked if they are willing to “play ball.”

Environmental Concerns

- Fire is a real concern in the county.
- Flooding is a real concern to housing development. Businesses are challenged by flooding. Given the storm that hit Southern California in January, there is evidence that the infrastructure is in bad shape.
- Adjacency to habitat is a concern. This can cause major headache (time and cost) and unit loss to a developer. The County Multiple Species Conservation Plan (MSCP) program is in the south but not in the north and east, so every project is case by case if you have enlisted species, which costs a lot.

Parks

- There are parks, but people say there is not enough open space. Spring Valley has a reservoir, but it is entirely fenced off to the public. It took 37 years to make a trail just to go around the fence.

Stormwater

- Ten percent of the land on a project is going to be used for stormwater, and it is usable land because for a stormwater basin, the land has to be flat.
- It helps tremendously if you have off-site stormwater measures so you do not have to it all on your usable land.
- The County requires frontage on the project, and the developer must mitigate the water from that frontage. It is rudimentary to have to replace the frontage of the project if inadequate.

Consider frontage that can accommodate water supply treatment and the needed technology to do so. It does not make sense to have to replace existing hard surface with the same but additionally must treat the water; the technology is not there to make it work. Examples: Hydromodification in the City of San Diego, shared compliance systems in Lakeside.

Amenities

- Requiring amenities for development is a concern for building. It creates a chicken-and-egg situation in which you are not going to get more community amenities unless you have more people to access those services.
- Developers are only going to look at sites they think are marketable. The market will control for certain types of amenities (like good schools, nearby parks, etc.). Having more amenities is an added benefit but it is not the driving factor of whether you are going to proceed with a development or not proceed with a development. Those amenities are indicative overall of the vibrancy of the community.
- People would prefer lower mortgage payments rather than more public amenities. We have changed what we mean by amenities and quality of life. Amenities also require maintenance. We have this idea that we need tremendous amenities, but people just want a house.
- Amenities should also include better wrap-around services, such as computer access, healthcare, etc. It is not only the “physical stuff” that people need.
- The amenities that most impact property prices are the quality of the nearby school/school district and public transit access.

Public Transportation and Parking

- These county areas are too sparse to support certain nearby amenities/infrastructure like bus stops. This means everyone needs a car to get to work, get groceries, etc.
- At least 2 parking spaces need to be provided in for-sale housing; otherwise, it is not marketable.
- Vehicle charging stations are costly and may not be utilized in the county.
- County areas are often not flat lands, so even with nearby bus/trolley stops, people can’t always easily walk there, especially if they are elderly, disabled, carrying children or groceries, etc. In this way, transit amenities cannot only be seen as the stop location itself but the surrounding avenues to reach it.
- Even with existing transit stops, there is a lack of arrival frequency (especially on weekends).
- Public transit takes significantly longer than making the drive in a private vehicle. Transit is just an implausible option for most people.
- A more connected trolley system would be ideal, especially if it could have shops and housing as a transit-oriented development.
- Lack of transit is a huge deterrent. Many of the DFA communities have the closest the County can get and, as one participant put it, “it’s still pathetic.”

Traffic and Traffic Patterns

- Traffic can be considered, such as a traffic study. Information should be more readily available to the public.
- It is important to find sites that have easy freeway access so new residents and additional traffic don't clog up the local streets.
- Highway 52 has a lot of traffic.

Area-Specific Feedback

The comments below reflect feedback from the building industry.

General Comments

- These areas have more opportunity for vacant and underutilized land. The problem of no housing development is a created problem; it is a not a problem associated with lack of land.
- In DFA areas, the parcels are too small and too scattered to lend themselves to development.
- Do a specific plan for these 4 areas; this would provide the opportunity to re-write ministerial procedure plans for these specific areas.
- Now that the County is focusing on these areas, the prices are going up and pricing out certain people. Property values for homebuilders are going up due to the possibility of ministerial processes.

Buena Creek

- The infrastructure is disastrous.
- The area is very rural.
- Buena Creek is a good example of the high cost of developing in rural areas. Buena Creek has an RHNA allocation of 1,600 units, and many of the units on lots are under common ownership.
- Infrastructure is a main challenge. Buena Creek Road has to be realigned, straightened, and widened to four lanes, but that would affect the creek. The dead-end sewer line that leads to Vista needs to be extended and enlarged.
- Buena Creek (under City of Vista) has a major problem with sewers. When we have cross-divides, it is very difficult to make those project work.

Spring Valley

- It is unclear if the market in Spring Valley can support dense housing, partly due to community resistance. The community tends to want to keep this area semi-rural.
- This developer has experience providing more dense projects in Spring Valley: a small-lot subdivisions at 8 units/acre, also townhomes at 16 units/acre and 27 units/acre.
- In terms of infrastructure, parking is a huge problem. For-sale housing has a higher parking ratio than for-rent housing. Inflation and costs, including interest rates, are huge challenges.
- An asset of Spring Valley is the proximity to the freeway – but means you need a car.
- Vacant lots abound and it is not clear why these sit empty.

- The hilly topography makes it hard to develop and/or get emergency services to access certain areas.
- A lot of industrial areas could be rezoned for residential use. It would be nice to rezone this and not have them so close to homes.
- Affordability is a concern everywhere, not just in Spring Valley.
- More housing would mean more people, and the public transit is not sufficient. Some public transit does not run on the weekends. SANDAG does not want to build a trolley to Spring Valley; there are only buses. The new port of entry (at the border) via SR125 is causing more traffic and impacting the SR 94/SR 125 interchange in particular.
- To create more housing, there needs to be more/better public transit.
- For necessities, people have to drive a good distance. We are in a food desert/food swamp.
- Home purchase prices in Spring Valley are a major draw to the area.
- Spring Valley has always had flooding problems. They put in infrastructure in the 1980s, but there are still low-lying areas that accumulate water. There is good sewer, water, and electrical infrastructure but poor stormwater drainage infrastructure.
- 8868 Valencia Street is a new multi-unit development. This is being built right next to the storm drain. Garages are on the first floor, but residents may use the garage for living, for storage, etc. They are trying to cram too much in and maxing out the site with ADUs.

Casa de Oro

- Flooding is a big issue in Casa de Oro.
- There are a few halfway houses and transitional housing types, and the community sometimes has resistance against this.
- A recent project came before our community meeting to build a mixed-use structure with water infrastructure built in (boardwalk of sorts).

Lakeside

- It is unclear if the market here can support dense housing, partly due to community resistance.

Models/Examples

- The Eco-village in Los Angeles, where there are no cars but mobility hubs instead.
- The City of Del Mar, where operations are regarded as relatively smooth.
- The City of Chula Vista, where urban-adjacent areas are more lenient/accepting of density and change.
- Multiple participants mentioned the City of San Diego as a model, including for:
 - Streamlining: CPIOZ-A, B Community Plan Implementing Overlay Zone Area A, Area B. The County could use specific plans to the same effect.
 - The “complete communities” program has a 30-day review. This has streamlined the process for affordable housing projects, and the mayor is now expanding this expedited review timeline for more types of projects.

- ADU bonus program.
- Visibility and positive change: The City of San Diego is making noticeable improvements.

Community Planning/Sponsor Group Meetings

The project team met and presented at standing CPSGs on the following dates:

- Lakeside: May 1, 2024
- Twin Oaks: May 8, 2024
- Spring Valley: May 28, 2024

This summary is intended to provide an overall capture of key topics highlighted during the meetings.

Lakeside

Overall Takeaway

- Affordable housing options should be comparable in quality to the housing available in the area. There should be a focus on transportation infrastructure construction and maintenance.

Obstacles/Pain Points

- El Monte Basin provides 15 to 20% of local groundwater. Concern that too many people are on septic systems (on a particular property) that cannot be supported; this will compromise groundwater quality.
- Trolleys are empty and a waste of money.
- Provide affordable housing commensurate with salaries people earn.
- Concern that fire hazards are too intense to put more people in the area.
- The State has made it hard to build and manage rental properties.
- Communities are looking for housing consistent with housing that is here today.
- Affordability comes at scale.
- Sidewalks are not a priority. They hinder horses. Multi Use trails instead. (But one person said her neighborhood needs sidewalks.)
- Trolleys don't go directly to where people are located.

Opportunities and Suggestions

- The County needs to coordinate with adjacent cities, especially on infrastructure issues.
- There County should focus more on conducting analysis in North County, instead of Lakeside.
- How does the State mandate for electric vehicles jive with Vehicle Miles Traveled (VMT) reduction goals? Is it just about pollution?
- Dedicate resources to hiring planning staff.
- The state should restructure CEQA to limit lawsuits.

Twin Oaks

Overall Takeaway

- Better transportation and infrastructure for housing are needed to better the living situations of residents in the area.

Obstacles/Pain Points

- SPRINTER light rail is neither successful nor popular.
- Fire/evacuation are concerns.
- More development means more traffic.
- Buena Creek/Santa Fe intersection needs fixing. SPRINTER impacts the intersection.
- Concern about sewer impacts.
- Transit (train) doesn't go north-south.
- The County hasn't done any complete community planning. For example, build transit and amenities first.
- Infrastructure is always way behind. Need to meet the needs of current residents first.
- Will existing property owners be assessed for any infrastructure investments?

Opportunities and Suggestions

- Need green spaces to go with housing.
- Need mechanisms to force landlords to maintain their properties. Stop blight.
- Maybe inclusionary housing ordinance could have provisions for acquisition/rehabilitation of units as a way of creating affordable units.
- Having units for a mix of incomes is best.
- Maintain the character of the area.
- More communication to property owners and tenants.
- Use NextDoor to reach people.
- The County's pending Inclusionary ordinance and the proposed ability of developers to put affordable units off-site is of concern and could result in overconcentration of affordable housing. The Twin Oaks/Buena Creek area could be targeted negatively.

Spring Valley

Overall Takeaway

- The project team presented at the May 20, 2024 meeting of the Spring Valley CPG.
- Local residents and businesses are at risk of being displaced; the planning and permitting process makes it difficult to develop effectively; and improvements are needed to local infrastructure and amenities in order to support additional housing.

Obstacles/Pain Points

- Zoning is wacky and needs to be better planned and clearer.
 - There is a zoning map that is incorrect or unclear.
- Need to coordinate Design Guidelines of the CPG with PDS. There is no communication between the different parties (comment by Harriet Taylor, co-chair of Bonita CPG).

- Insurance and fire safety is a concern
 - However, there are other factors at play with fire safety. Fire stations make money from more residents, so they will support residential growth.
- Housing development in the County area is challenging
 - There is an “Us vs. Them” mentality with PDS.
 - The process is difficult and cost prohibitive.
 - There are things that PDS can do to make the landscape more amenable to developers and property owners-developers.
 - PDS can make internal changes to avoid repetition and overlap, and improve speed and efficiency.
- Parking is a concern, and is already bad especially near apartment buildings.

Opportunities and Suggestions

- Affordable housing needs to be truly affordable for the community members.
- Housing types should include for sale, rental, transitional, and variations of density.
- Local businesses are important and should not be pushed out.
 - These businesses also help pay area taxes; taxes shouldn’t only rest on property owners.
- We need a “vision” of Spring Valley, like they did for Casa de Oro Specific Plan.
 - It’s important to keep the character of the town.
- We should be reusing vacant or underused sites.
 - Can blighted commercial corridors be redeveloped and/or upzoned?
 - Code infractions are plentiful in the area, but no one enforces this.
 - May need a zoning inspector.
 - There are a lot of absentee landlords (property in trust or otherwise).
- We need more and better infrastructure
 - More trees.
 - More parks and rec amenities.
 - More bus lines.
 - More sidewalks.
 - More smart street development.
 - Better “last mile” transit options.
 - Broadband infrastructure is poor in many county areas (see CPUC Broadband Map for coverage information).
 - Traffic is bad and freeway onramps and offramps are inadequate and dangerous. The 94-125 interchange is a mess.
 - Connectivity is an issue in Spring Valley. We need more trails. Social trails are everywhere.

Phase 3: Detailed Summaries

During Phase 3, preliminary DFA findings and recommendations were presented at a series of regularly scheduled CPSGs and technical working group meetings, community pop-up events, online workshops, and meeting with developers. The CPSG and technical working group meetings, virtual workshops and developer meetings were held on these dates:

- July 9, 2024: Spring Valley Community Planning Group
- July 9, 2024: Valle de Oro Community Planning Group
- July 17, 2024: Twin Oaks Community Planning Group
- July 18, 2024: Land Development Technical Working Group
- July 19, 2024: BIA Technical Working Group
- July 19, 2024: Environmental Coalition Technical Working Group
- July 30, 2024: Labor Union Technical Working Group
- September 3, 2024: Farm Bureau Technical Working Group
- September 4, 2024: Lakeside Community Planning Group
- September 17, 2024: Virtual Industry Workshop
- September 24, 2024: Virtual Community Workshop
- December 5, 2024: Developer Meetings
- December 6, 2024: Developer Meetings
- December 10, 2024: Developer Meetings
- March 20, 2025: Land Development Technical Working Group
- April 18, 2025: BIA Technical Working Group
- May 6, 2025: Farm Bureau Technical Working Group
- May 16, 2025: Environmental Coalition Technical Working Group

Professional Stakeholder Meetings with Technical Working Groups

Each group was asked three specific questions:

1. Do the findings align with your experiences in our focus areas? Are we contextualizing them appropriately?
2. What community-serving and “placemaking” improvements would enhance specific DFA communities? (for example: new parks, park upgrades, improved transit service, sidewalks, streetscapes enhancements, public art or destination signage, etc.)
3. What are your thoughts on specific locations where new housing might be located, including on sites now developed with aging commercial or industrial uses?

Alignment of Findings with Experience

- Low- and very low-income housing are in deficit in the County. It is important to provide quality higher-density housing.
- Density in targeted areas is a good thing because emergency services can reach these places easier without having the sprawl of housing.

- Regarding townhouse developments, developers prefer a General Plan land use designation targeted at 10.5 to 15 units per acre. These designations would encourage more of this type of development.
- Sewer service capacity in Lakeside may need further study.

Needed Community-Serving and Placemaking Improvements

- It is important to build communities, not just roofs. Development needs sidewalks, parks, safe travel, services, etc.
- Densifying and adding affordable housing should be accompanied by public services. These services or public assets also must be managed. There can't just be funding to put it in, but to take care of it.

Ideas Regarding Housing and Housing Sites

- Putting housing in the DFA areas reduces sprawl, which is beneficial.
- One possible low-impact solution is additional mobile home parks in which residents can invest in their homes but not the land.

Other Comments

- Developments and development patterns need to accommodate wildlife movement. Include greenbelts and pathways for wildlife.
- Acknowledge in the report that high fire hazards are a constraint to development.
- The DFA effort should be coordinated with other parallel County efforts to encourage housing development.

Community Planning/Sponsor Groups

The project team met with the CPSGs on the following dates:

- Spring Valley on July 9, 2024
- Valle de Oro on July 9, 2024
- Twin Oaks, which covers the area of Buena Creek, on July 17, 2024
- Lakeside on September 4, 2024

Each group was asked four specific questions:

1. What community improvements would enhance your community?
2. Can you identify any infrastructure improvements that need addressing?
3. What are your thoughts on locations where new housing might be located, including on sites now developed with aging commercial or industrial uses?
4. What type of additional placemaking would you like to see in your community (for example: new parks, park upgrades, improved transit service, sidewalks, streetscapes enhancements, public art or destination signage, etc.)?

Needed Community Improvements

Spring Valley

- Do something to improve walkability.
- Be more rigorous about code enforcement.

Twin Oaks (Buena Creek)

- Do a specific plan for the area to plan it comprehensively.

Valle de Oro/Casa de Oro

- Residents would like to see real immediate action to revitalize the community after decades-long County promises.

Lakeside

- Affordable housing
- More effective public transit

Infrastructure Improvements

Spring Valley

- Please confirm that sewage treatment capacity is available for additional growth.
- Address flooding problems before building any new housing.

Twin Oaks (Buena Creek)

- Sewage collection and treatment capacity might not be able to support growth beyond that currently planned.
- Buena Creek Road is already crowded; additional traffic would impact the community and further discourage growth.
- Combine green open space with stormwater control.
- Provide sidewalks as part of a comprehensive effort; piecemeal doesn't work.

Valle de Oro/Casa de Oro

- The Agua Dulce/Sweetwater Springs intersection needs additional lanes.
- The Casa de Oro Specific Plan proposes narrowing Campo Road. How will it support more traffic?

Lakeside

- Improve public transit. However, if electric buses are used, the roads will be affected (e-buses tear up the roads).
- Improved stormwater management for better water quality

Ideas Regarding Housing and Housing Sites

Spring Valley

- Allow for integrated mixed-use development (rather than the patchwork of zoning that exists) that supports home ownership.

- The Spring Valley Center (commercial site) could support housing development.
- The following industrial and commercial sites could be converted to housing:
 - Both sides of Grand Avenue between Jamacha Road and Jamacha Boulevard
 - Spring Valley Swap Meet site
 - Spring Valley and Smart & Final Shopping Centers, plus the strip malls in the area
 - The heavy industrial blighted corridors along Jamacha Road and Jamacha Boulevard, in addition to pockets throughout the area, like Harness
 - Caltrans and government-owned sites
 - Existing self-storage sites and mobile home parks
- Affordable housing partners like the San Diego Housing Authority, MTS, and Wakeland Housing & Development Inc. need to be involved

Twin Oaks (Buena Creek)

- Allow mixed-use development around the Sprinter station.
- Provide college student housing around the Sprinter station to serve Cal State San Marcos and Palomar College.

Valle de Oro/Casa de Oro

- The greatest opportunities are along Campo Road.
- One acre lots now with one home could support up to 10 units.

Lakeside

- A big hurdle is how much it costs to build housing at the present time, and the County is limited in how much it can control.
- Consider the limitations of emergency vehicles ingress/resident egress for fire evacuation.

Placemaking Improvements

Spring Valley

- Zoning consistency.

Twin Oaks (Buena Creek)

- Make sure to provide/support businesses that provide good local jobs for people living in the area.

Valle de Oro/Casa de Oro

- None cited.

Lakeside

- None cited.

Other Comments

Spring Valley

- The County areas likely could not support densities of greater than 30 units per acre.
- What can be done to allow households to spend less than 41.8 percent of their income for housing (when 28 percent is considered a target in federal programs)?

Twin Oaks (Buena Creek)

- Make sure to provide/support businesses that provide good local jobs for people living in the area.

Valle de Oro/Casa de Oro

- Desire was expressed for affordable housing and home ownership opportunities that don't disrupt community character.

Lakeside

- The efficacy and objective of the study are questionable, including how it will be used/useful to developers, how much it cost to prepare this study, and how it aligns with other County housing projects/studies.
- Many residents don't want high density housing and don't want to be guinea pigs to new County initiatives.

Community Events

The project team attended eleven community-based events between July and September 2024 to share findings and recommendations from the DFA with community members and solicit additional feedback. These events included two virtual workshops, one with industry members and another with the general public. The table below details the events and comments received.

Event	Date	Number of Attendees	Summary of Comments
Spring Valley Food Pantry Event- Spring Valley Library	7/11/2024	60	<ul style="list-style-type: none"> • We heard that affordable housing is needed.
Community Climate Conversations	7/15/2024	35	<ul style="list-style-type: none"> • No comments were received. The project team provided DFA fact sheets and flyers at this event.
North County Food Bank- Vista Library	7/18/2024	200	<ul style="list-style-type: none"> • We heard comments about traffic issues in Buena Creek, the need for affordable housing, and how escrow taxes are

<i>Table A-2. Phase 3 Community Events</i>			
Event	Date	Number of Attendees	Summary of Comments
			preventing seniors from selling their properties.
Community Climate Conversations	7/18/2024	25	<ul style="list-style-type: none"> No comments were received. The project team provided DFA fact sheets and flyers at this event.
Adult Laser Tag-Lakeside Library	7/19/2024	33	<ul style="list-style-type: none"> Community members shared frustration with high home prices and that they're all being purchased by people outside of the community. Some felt this was due to developers being overly driven by profit and others felt it was due to expensive construction materials. Encouraged all to attend the workshop and eventually the board hearing.
Bluegrass Concert - Casa de Oro Library	7/23/2024	20	<ul style="list-style-type: none"> Community members recommended facade improvement programs, public realm spaces, revitalization efforts, and enacting the Specific Plan.
Fire Board of Directors (Spring Valley)	7/24/2024	25	<ul style="list-style-type: none"> Directors expressed interest in mixed-use, aligning disparate land uses, traffic calming measures, emergency apparatus vehicles, insurance, other County projects such as Community Based Transportation and the Sustainable Land Use Framework, and parking requirements
Joseph's Store Food Pantry (Spring Valley Church)	7/25/2024	7	<ul style="list-style-type: none"> No comments were received. The project team provided DFA fact sheets and flyers at this event.
Casa de Oro Food Pantry Event	7/25/2024	50	<ul style="list-style-type: none"> Attendees provided feedback on several issues, including flooding concerns, the need for affordable housing, improved street lighting, housing for the unhoused, poor cell phone service, and sewer problems on

<i>Table A-2. Phase 3 Community Events</i>			
Event	Date	Number of Attendees	Summary of Comments
			Montemar Drive in Spring Valley (outside the DFA boundary).
Casa de Oro Alliance Meeting	8/8/2024	10	<ul style="list-style-type: none"> No comments were received. The project team presented an overview of the DFA including preliminary results and recommendations.
San Diego Regional Chamber of Commerce	9/17/2024	35	<ul style="list-style-type: none"> The project team provided an overview of the DFA. Participants inquired whether the DFA was looking for feedback from other jurisdictions and if the impact of reducing minimum lot sizes as a tool to increase housing density was being considered.
Industry Workshop	9/17/2024	18	<ul style="list-style-type: none"> The technical findings generally align with developers' experiences. Building any housing, but especially high-density housing, is currently challenging due to labor and materials costs. The market and financial analyses may not capture the actual acreage of developable land and may therefore give a false impression of capacity potential. Infrastructure costs should not be placed entirely on the developers. It is too much risk and cost for them to take on.
Public Workshop	9/24/2024	33	<ul style="list-style-type: none"> Participants who lived in a DFA area felt the technical findings were mostly aligned with their experiences. Nearly half of the participants did not reside in a DFA community. Key concerns and barriers raised included transportation-related issues, housing affordability, and development costs. There was broad support for the immediate housing development recommendations and some support for the mid-term recommendations.

<i>Table A-2. Phase 3 Community Events</i>			
Event	Date	Number of Attendees	Summary of Comments
			<ul style="list-style-type: none"> • Suggestions for engaging property owners focused on financial incentives and further community outreach.

Public and Industry Meetings

The project team hosted two online workshops in the fall of 2024 to share technical analyses findings, present recommendations, and gather input to bring to the Board of Supervisors.

Promoting the events

The Industry Workshop was promoted via direct email to a database of development industry professionals, including members of relevant working groups and industry associations.

To promote the public workshop, staff sent emails, posted flyers throughout the DFA areas (see below), utilized social media (e.g., Nextdoor, County Parks, Libraries), and updated the project website. Additionally, staff mailed invitation letters to 159 property owners where the recommendations are being proposed.

A total of 26 community members participated in the workshop, including property owners, Community Based Organization representatives, industry members, and other. Buena Creek had the highest level of representation.

Key takeaways of the Industry Workshop

The objective of the Industry Workshop was to report out technical findings and recommendations, and to solicit input and feedback from the industry professionals. The feedback received informed prioritization of recommendations into Implementation Packages.

A question-and-answer (Q&A) session allowed participants to examine more closely some of the technical findings. Questions mainly revolved around the findings of the market and financial analyses, Climate Action Plan (CAP) direction and Vehicle Miles Traveled (VMT) requirements, inclusionary housing findings, environmental mitigation considerations, among other topics. The project team answered questions and provided a summary document for the workshop in the days following the meeting. Key questions to the participants included:

Do the technical findings of each DFA area align with your experience in these communities?

- Generally, yes. Costs are too high to build high-density, and this is impacting the ability to build housing at needed prices in county areas.
- Some of the infrastructure findings, as well as the financial analysis, don't align with developers' full experiences. For example, water/sewer districts may require developers to upsize or replace

pipes, which can be very costly. Also, the financial analysis may not take into consideration the major loss of developable lands due to on-site requirements and environmental restrictions.

Do the technical analyses and findings support development in these areas?

- Water: Water districts often require developers to upsize and extend piping. Information from private districts is not always clear or easy to access. Furthermore, flow rates of existing pipes may not satisfy density requirements.
- Sewer: At times, permits are needed to connect to existing sewer lines. This is another hurdle for developers.
- Market Assessment: The research is helpful but is fully dependent on the landowner to sell. Household incomes are too low in the area to support housing development.
- Financial Analysis: There are many uncontrollable costs (labor, materials, interest rates, etc.), as well as new requirements by local and state entities. The financial analysis doesn't account for undevelopable land due to infrastructure requirements, right-of-way, etc.
- Land Use: Current densities offered by the County do not match today's need. Minimum densities should be removed.

The DFA was meant to be replicable, are there other analyses or strategies the County should incorporate in the future?

- Improve overall processes, including permitting and applications, but also access to information such as the analyses shown in this study.

If these recommendations are implemented, would it be more feasible for you to develop in these areas? Why or why not?

- VMT has been, and continues to be, a damper on housing development.
- Mixed-used housing (VC-30) is not ideal for developers. Retail and office are hard to fill.
- Property owners have unrealistic expectations and knowledge of land costs.

Are there specific recommendations that would make it easier for you to develop in these areas?

- Waivers and the avoidance of discretionary approval processes.
- There is a need to modernize design-development standards. Current standards are outdated and don't support the variety of housing typologies needed for today's demographics (e.g., empty-nesters, step-down buyers, multi-generational families).

Is there anything else that would make you more interested in developing these areas?

- The County needs to realize the immense cost of infrastructure, and how the risk and funding of this infrastructure cannot rest entirely on developers. Consider having the County as a partner on housing developments of scale.
- Fire insurance is a significant barrier and may get worse. The cost and challenge of fire insurance has increased dramatically.

Key takeaways of the Public Workshop

The objective of the public workshop was to present the findings of the DFA and gather feedback from community members related to the barriers to development and recommendations. Project team members provided an overview of the project’s technical analysis and recommendations, followed by a Q&A discussion where participants were able to share their perspectives and ask questions related to the project. The feedback received from community stakeholders also informs Implementation Packages to prioritize recommendations to the Board. Key questions to participants included:

Do these findings align with your experience in your DFA area?

- 43% of respondents said the findings align with their experiences.
- 14% of respondents said the findings did not align with their experiences.
- 43% of respondents do not live within a DFA area.

What are some barriers to housing development that you have experienced or are aware of?

- Traffic, road infrastructure, sidewalks, poorly implemented train stations
- NIMBY and willing developers
- Restrictions on tiny homes, RV parks, and mobile home parks
- Affordability
- High cost
- Number of units and prices
- Building more units

Out of the recommendations, which do you consider the higher priority or most effective to promote housing development?

- 83% of respondents thought the immediate recommendations (e.g., amend land use designations to change and increase housing capacity, and to conduct outreach with property owners to encourage development of vacant land and assembly between parcels owned by the same person) should be prioritized.
- 17% of respondents thought the mid-term recommendations (e.g., makings of a Specific Plan) should be prioritized.

What specific strategies could be implemented to engage property owners effectively and encourage them to consider developing vacant land or assembling parcels?

- Financial analysis of feasibility
- Start with in-person conversations
- Waive pre-application fees for affordable housing
- Affordability
- Financial incentives, waive fees
- Moderate conversations with neighbors

Would you be interested in assisting in the development of a Specific Plan for your DFA area?

- 20% of respondents indicated they would be interested.
- 20% of respondents indicated they would not be interested.
- 60% respondents said they might be interested

Are there other infrastructure improvements needed in your DFA area to support housing development?

- There are missing links in sidewalks and bike lanes.
- New sidewalks and bike lanes
- Roundabouts
- Trains and busses

Are there any other recommendations we should consider to support housing development?

- Safe access to Sprinter station
- Financing
- Allow tiny homes and unrestricted RV parks
- Public safety

Do you have any additional questions or comments?

- Considering the number of homeless camping in the public streets, why are there not more incentives for tiny home communities?
- Would like a train/trolley line to go through Buena Creek to solve transportation

Developer Meetings

In early December, the project team hosted five online meetings with developers to review the updated industry-specific recommendations, ensuring they support housing development. Each developer was asked these two questions:

- 1) Do these recommendations make it more likely for you to develop in the unincorporated County or specifically in the DFA areas?
- 2) Is there anything else that we are missing?

Below is a summary of the feedback we received:

Affordable Developers

- To boost affordable housing production in San Diego, key actions include expediting approvals, securing diverse funding, using surplus land efficiently, and simplifying regulations
- Collaboration, clear communication, and strategic investments in transit and infrastructure will further create a supportive environment for developers and ensure long-term success

Infill Developers

- To accelerate affordable housing development, please prioritize ministerial processing, align zoning with the General Plan, and address infrastructure challenges.
- Developers emphasized that simply increasing density is not realistic strategy in the DFA areas. They expressed support for aligning zoning with the General Plan but not for major zoning changes.
- Developers need predictable and flexible regulations, combined with financial incentives like density bonuses, gap financing, and public-private investment mechanisms.
- Collaboration, clear guidelines for specific plans, and strategic focus on medium-density projects will ensure both market viability and community needs are met.
- Improved local amenities and infrastructure will further enhance development appeal and financial feasibility.

Market Rate Developers

- To improve market-based housing development, aligning zoning with the General Plan, addressing VMT concerns, and expanding ministerial processes are essential.
- Infrastructure upgrades, flexible design guidelines, and mitigation of fire risk are critical to overcoming barriers.
- Developers also emphasize the need for realistic financial analyses, supportive state financing, and incentivized land use policies to boost feasibility. These measures will enable sustainable growth while maintaining the region’s housing needs.

Professional Stakeholder Meetings with Technical Working Groups

The project team met with the following technical working groups on the dates listed below:

- Land Development Technical Working Group on March 20, 2025
- BIA Technical Working Group on April 18, 2025
- Farm Bureau Technical Working Group on May 6, 2025
- Environmental Coalition Technical Working Group on May 16, 2025

At each meeting, the project team provided an update on the DFA and informed the technical working groups that the DFA report will be posted on the project website for public prior to being presented to the Board of Supervisors.



Exhibit B. Infrastructure Analysis Report



Planning and Development Services 5510 Overland Avenue
San Diego, CA 92123 sandiegocounty.gov

EXHIBIT B. Infrastructure Analysis Report

Department of Public Works Infrastructure Gap Analysis

Technical Memorandum

Subject: Roadway Gap Improvements for Development Feasibility Assessment (DFA) Parcels/VMT Efficient Areas/Infill Areas

Prepared by: Department of Public Works

Date: July 24, 2024

Introduction

A transportation assessment was conducted to identify roadways and improvements that would enhance connectivity between DFA parcels and points of interest that could be walkable and bikeable in the following four (4) communities within the County of San Diego.

- Buena Creek
- Valle De Oro / Casa De Oro
- Lakeside
- Spring Valley

Transportation Assessment

The transportation assessment was conducted in two phases:

- 1) Roadway Identification
- 2) Cross-Section Improvements. Below details the efforts conducted in both phases.

Phase 1: Roadway Identification

A GIS spatial analysis of the following elements for each community was conducted to assist with roadway selection:

- Existing/Planned Transit Stops
- Public Schools
- Parks
- Commercial Land Uses
- County Maintained Roadways
- Community Recreational Centers
- Health Centers
- Libraries
- Development Feasibility Assessment (DFA) Parcels

The final roadways identified and selected for Phase 2 were based on the roadways that provided connections between a majority of the DFA parcels and key points of interest. Based on this assessment

for Phase 1, a total of 20 roadways were identified. The total number of roadways for each community is indicated below in parentheses.

- Buena Creek (11)
- Valle de Oro / Casa De Oro (3)
- Lakeside (2)
- Spring Valley (4)

Phase 2: Cross-Section Improvements

For each study segment, a review of the following elements was conducted:

- Existing roadway geometrics (e.g., lane, surfacing width, etc.)
- Existing right of way (ROW) estimated used Parcel GIS data
- Mobility element classification and associated road design standards (e.g. number of lanes, surfacing width, parkway, design speed, etc.). It should be noted that although 20 segments were identified in Phase 1, some segments were further segmented based on their different mobility element classifications.
- 2035 average daily traffic (ADT) volumes

The existing conditions were utilized to understand the existing and missing roadway elements needed to enhance connectivity between the DFA parcels and key points of interest. The mobility element classification and associated road design standards were utilized to establish a maximum allowable for roadway improvements. The ADT volumes were utilized to gauge a segment's potential for road diet improvements.

The following goals were considered in the development of the cross-sections:

- Utilize the planned ROW to transform the road into a vibrant community space that integrates and enhances the community's character
- Provide pedestrian and bicycle connectivity
- Build the roadway to its mobility element/non-mobility element classification

Based on a review of the existing conditions, mobility element/non mobility element classification and goals for the roadway segment, improvements such as bike lanes, buffers, parking, sidewalks, landscaping, and medians were identified. It should be noted that these cross-sections represent a snapshot that is desired for the roadway and further assessment would be needed to understand its effect on transportation/roadway elements (e.g., constraints, stormwater/drainage, emergency access, ROW acquisition, environmental, level of service, etc.) that cannot be determined at a cross-section level. **Exhibit B1** contains the slide deck of the proposed cross-sections for each community.

Preliminary Planning Level Cost Estimates

The segment improvements can be grouped into one of the three categories: 1) Parkway Improvements 2) Bicycle Improvements, and 3) Widening. A preliminary planning level cost estimate was prepared for the design and construction of each segment.

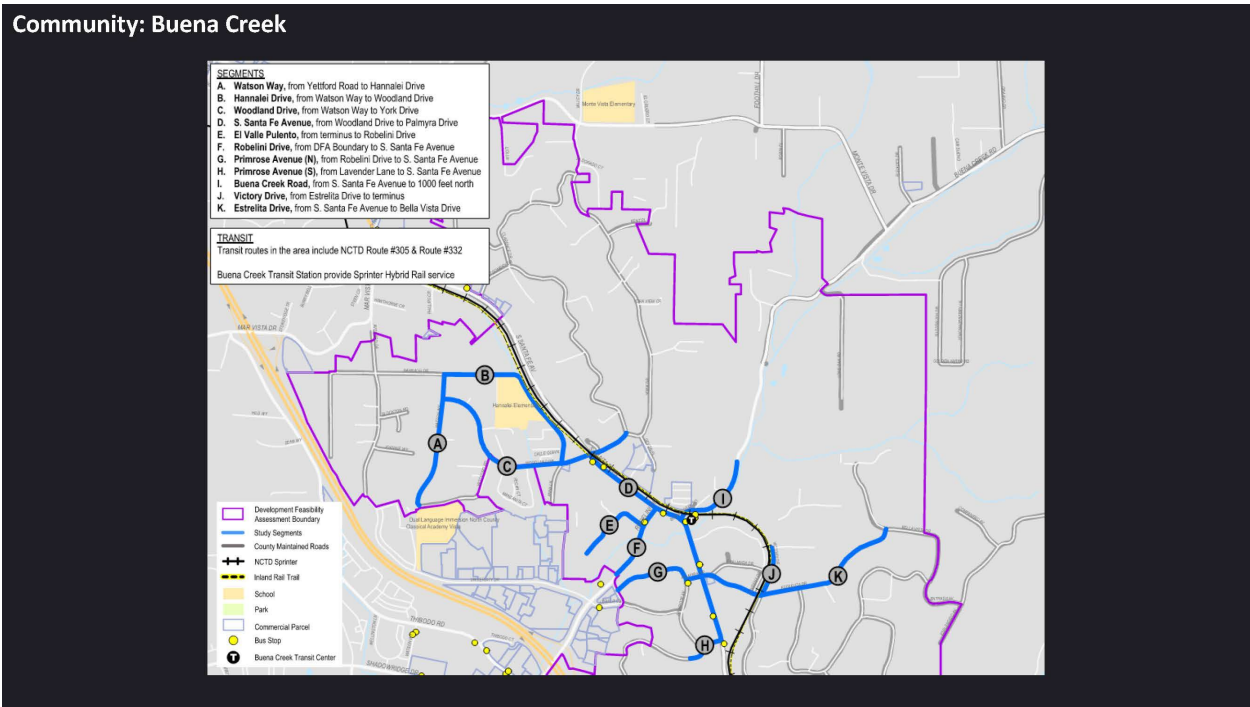
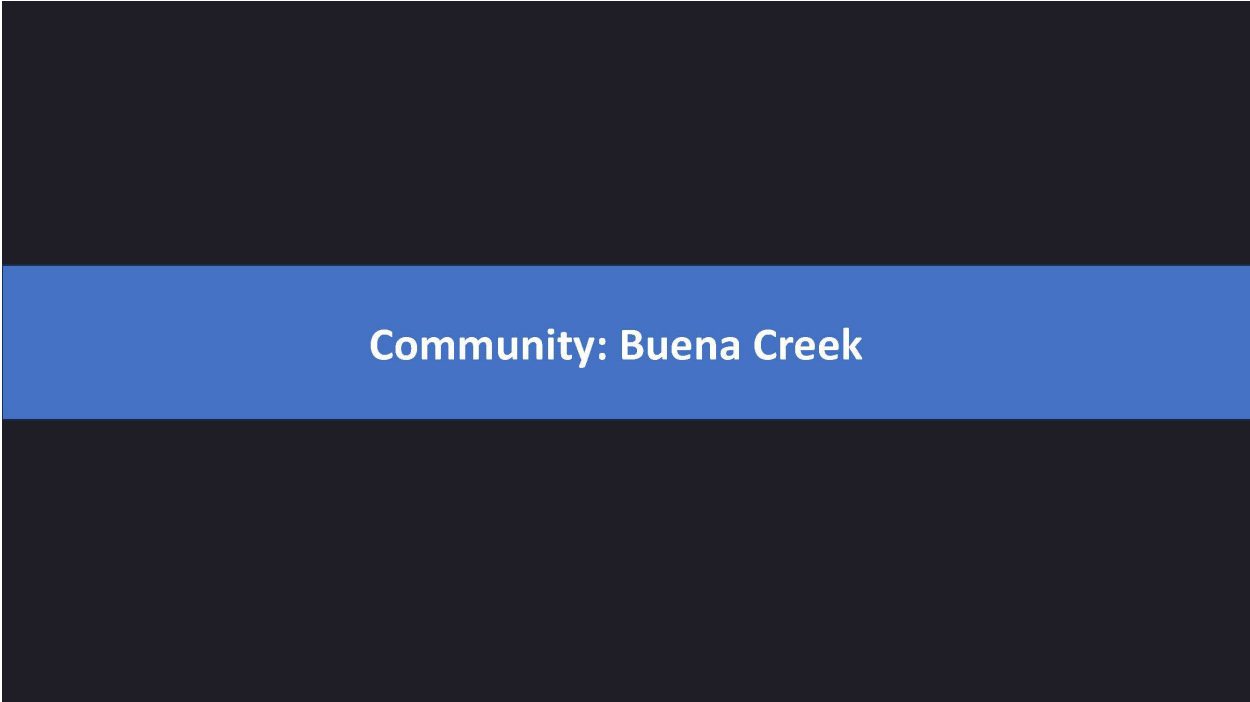
The County of San Diego 5 Year Capital Improvement Plan (CIP) (Fiscal Years 2023/24 to 2027/28 Fall 2023) was used to identify projects throughout the County that also fall into the three categories mentioned above. The project costs were then used to calculate cost per mile and cost per square foot. Using the calculated costs per mile and cost per square feet based on CIP data and a contingency factor to account for unforeseen project costs, a preliminary planning level cost estimate was prepared for each study segment. **Exhibit B2** contains the CIP data used to calculate per mile and per square foot cost. **Exhibit B3** contains a summary of the estimated total cost for each segment.

Conclusion

Based on the transportation assessment and goals for the Roadway Gap Improvement for DFA Parcels/VMT Efficient Areas/Infill Areas, the cross-sections illustrated in **Exhibit B1** are recommended.

EXHIBIT B1

Exhibit B1¹



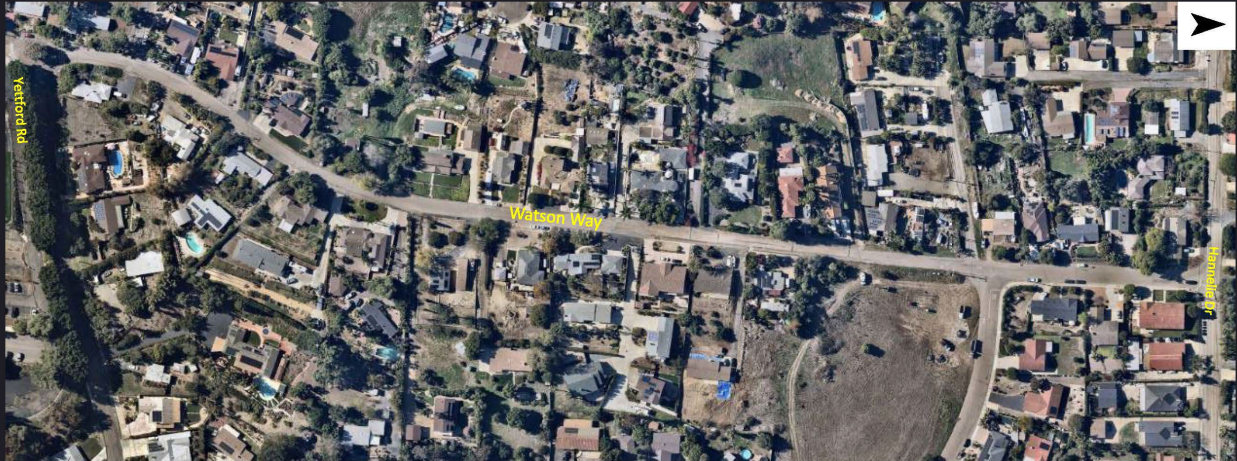
¹ This is termed Attachment A in the Dept of Public Works draft IGA Report.

Community: Buena Creek

Segment A: Watson Way, from Yettford Rd to Hannelei Dr

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Yettford Rd – Hannelei Dr	-	Residential Loop	2 12'	-	32'	52'	2 4'	10'	30	1.1
Existing			2 -	-	24'-30'	46'-58'				

Segment is not part of the LRSP Priority List
 Segment has no intersections on the LRSP Priority List



Community: Buena Creek

Segment A: Watson Way, from Yettford Rd to Hannelei Dr

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Yettford Rd – Hannelei Dr	-	Residential Loop	2 12'	-	32'	52'	2 4'	10'	30	1.1
Existing			2 11-12'	-	24'-30'	46'-58'				

Segment is not part of the LRSP Priority List
 Segment has no intersections on the LRSP Priority List



Investments to Segment A: Watson Way, from Yettford Road to Hannelei Drive enhance walkability by providing sidewalks. Additional investments include a parkway, a buffer between parking and the travel lane, and increasing the right-of-way width to 52-feet.

Community: Buena Creek

Segment B: Hannalei Drive, from Watson Way to Woodland Dr

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Watson Way - Woodland Dr	-	Residential Collector	2 12'	-	40'	60'	2 8'	10'	30	0.3-1.6
Existing			2 12'+	-	32'-38'	36'-70'				

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List

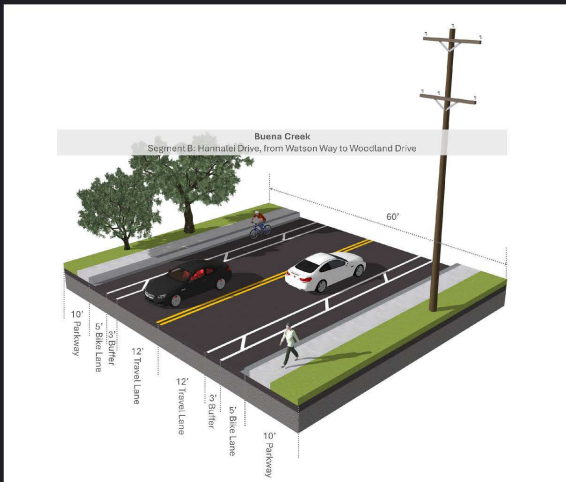


Community: Buena Creek

Segment B: Hannalei Drive, from Watson Way to Woodland Dr

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Watson Way - Woodland Dr	-	Residential Collector	2 12'	-	40'	60'	2 8'	10'	30	0.3-1.6
Existing			2 12'+	-	32'-38'	36'-70'				

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List

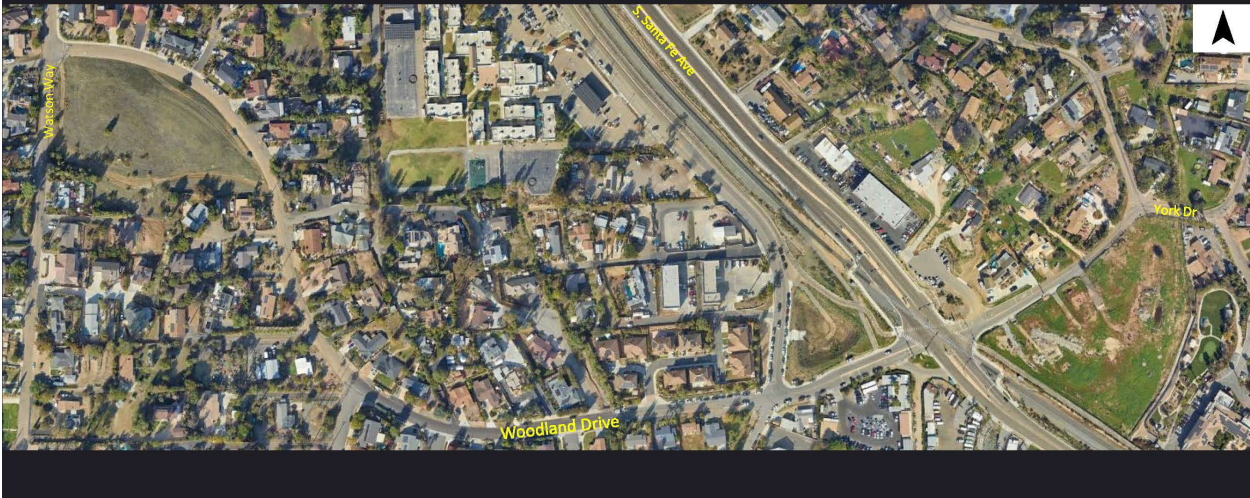


Investments to Segment B: Enhance bikeability by installing a Class II bike lane along Hannalei Drive from Watson Way, connecting to the existing Class I trail along South Santa Fe Avenue. Additional investments include a parkway, a buffer between parking and the travel lane, and increasing the right-of-way width to 60-feet.

Community: Buena Creek

Segment C: Woodland Drive, from Watson Way to York Dr

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)	Segment is not part of the LRSP Priority List Segment has no intersections on the LRSP Priority List
Watson Way - York Dr	-	Residential Road	2 12'	-	36'	56'	2 6'	10'	30	0.1-2	
Existing			2 -	-	35'-45'	56'-60'					



Community: Buena Creek

Segment C: Woodland Drive, from Watson Way to York Dr

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)	Segment is not part of the LRSP Priority List Segment has no intersections on the LRSP Priority List
Watson Way - York Dr	-	Residential Road	2 12'	-	36'	56'	2 6'	10'	30	0.1-2	
Existing			2 -	-	35'-45'	56'-60'					



Investments to Segment C: Woodland Drive, from Watson Way to York Drive enhance walkability by providing sidewalks. Additional investments include a parkway, and a buffer between parking and the travel lane.

Community: Buena Creek

Segment D: South Santa Fe Avenue, from Woodland Dr to Palmyra Dr

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Woodland Dr – Palmyra Dr	Major Road (4.1A)	-	4 12'	14	78'	98'	2 8'	10'	55	16.8-20.4
Existing			2-4	11'+	-	44'-72'	62'-80'			

Segment is a part of the LRSP Priority List (#11)
Segment has no intersections on the LRSP Priority List



Community: Buena Creek

Segment D: South Santa Fe Avenue, from Woodland Dr to Palmyra Dr

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Woodland Dr – Palmyra Dr	Major Road (4.1A)	-	4 12'	14	78'	98'	2 8'	10'	55	16.8-20.4
Existing			2-4	11'+	-	44'-72'	62'-80'			

Segment is a part of the LRSP Priority List (#11)
Segment has no intersections on the LRSP Priority List



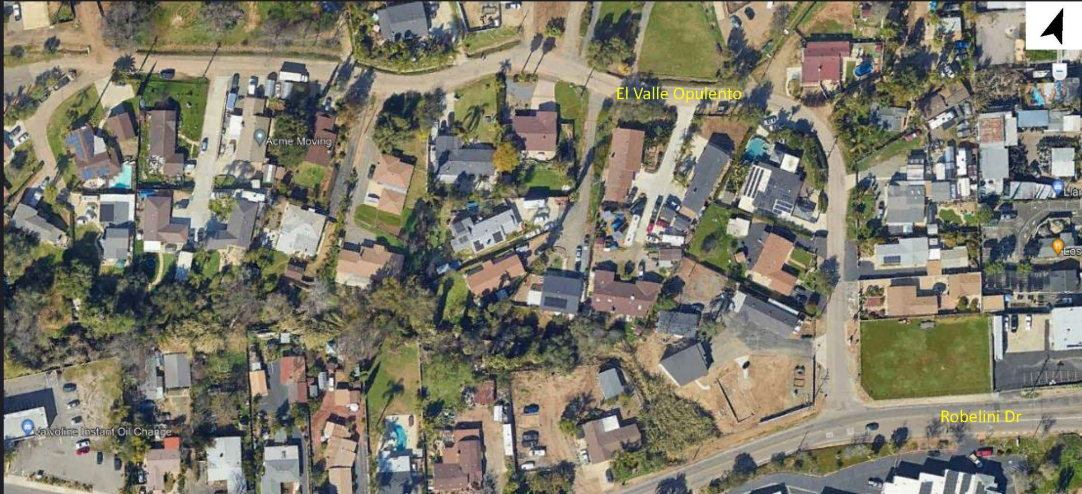
Investments to Segment D: South Santa Fe Avenue, from Woodland Drive to Palmyra Drive enhance bikeability and walkability by providing sidewalks and Class II bike lanes. Additional investments include 14-foot median and increasing the right-of-way width to 98-feet.

Community: Buena Creek

Segment E: El Valle Opulento, from Terminus to Robelini Dr

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Terminus – Robelini Dr	-	Residential Cul-de-sac	2 12'	-	32'	52'	2 4'	10'	30	Not Available
Existing			2 -	-	24'	52'				

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List

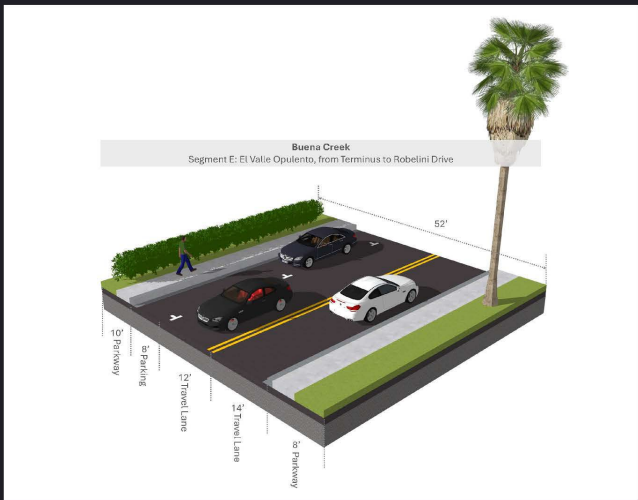


Community: Buena Creek

Segment E: El Valle Opulento, from Terminus to Robelini Dr

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Terminus – Robelini Dr	-	Residential Cul-de-sac	2 12'	-	32'	52'	2 4'	10'	30	Not Available
Existing			2 -	-	24'	52'				

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List



Investments to Segment E: El Valle Opulento, from Terminus to Robelini Drive enhance walkability by providing sidewalks. Additional investments include adding a parkway.

Community: Buena Creek

Segment F: Robelini Dr, from DFA Boundary to South Santa Fe Ave

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
DFA Boundary – South Santa Fe Ave	6.2 Prime Arterial	-	6 12'	14	102'	122'	2 8'	10'	65	25.9
Existing			2 12'+	-	32'-42'	52'				

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List



Community: Buena Creek

Segment F: Robelini Dr, from El Valle Oplento to South Santa Fe Ave

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
DFA Boundary – South Santa Fe Ave	6.2 Prime Arterial	-	6 12'	14	102'	122'	2 8'	10'	65	25.9
Existing			2 12'+	-	32'-42'	52'				

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List



Assumes no realignment of Robelini Drive opposite to Buena Creek. Specific design of entire road would be determined in final engineering.

Investments to Segment F: Robelini Drive from El Valle Oplento to South Sante Fe Drive enhance bikeability and walkability by providing sidewalks and Class II and Class III bike lanes. Additional investments include increasing the right-of-way width to 122-feet.

Community: Buena Creek

Segment G: Primrose Avenue (N), from Robelini Dr to South Santa Fe Ave

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Curve Radius	Min MPH	2035 ADTs (1000s)
Robelini Dr – South Santa Fe Ave	-	Residential Loop	2 12'	-	32'	52'	2 4'	10'	200'	30	Not Available
Existing			2	-	-	20'-24'	50'				

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List

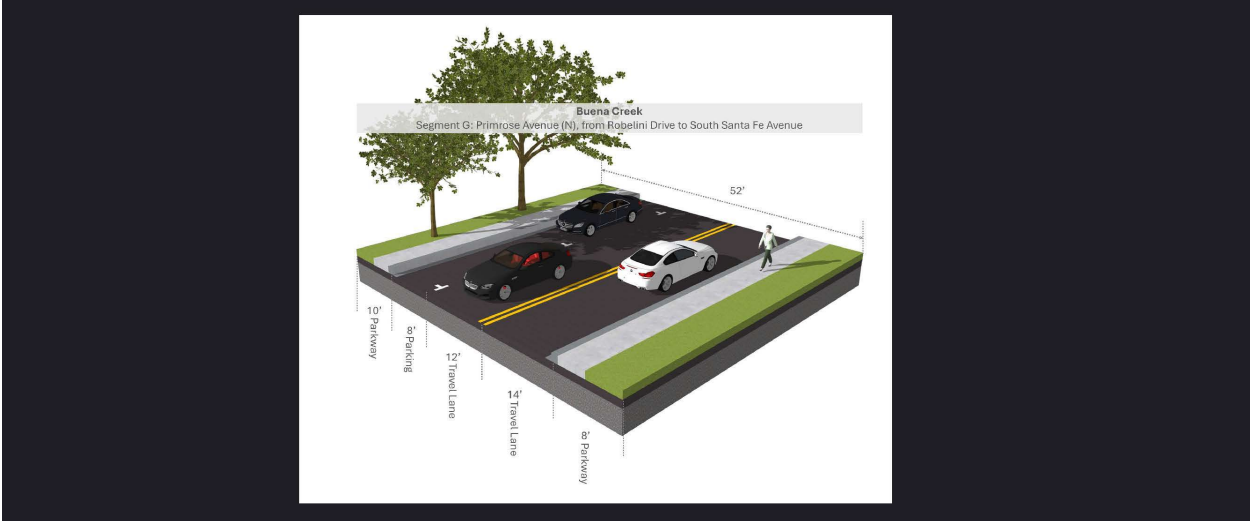


Community: Buena Creek

Segment G: Primrose Avenue (N), from Robelini Dr to South Santa Fe Ave

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Curve Radius	Min MPH	2035 ADTs (1000s)
Robelini Dr – South Santa Fe Ave	-	Residential Loop	2 12'	-	32'	52'	2 4'	10'	200'	30	Not Available
Existing			2	-	-	20'-24'	50'				

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List



Investments to Segment G: Primrose Avenue (N), from Robelini Drive to South Sante Fe Avenue enhance walkability by providing sidewalks. Additional investments include a parkway and increasing the right-of-way width to 52-feet.

Community: Buena Creek

Segment H: Primrose Avenue (S), from Lavender Lane to South Santa Fe Ave

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Curve Radius	Min MPH	2035 ADTs (1000s)
Lavender Lane – South Santa Fe Ave	-	Residential Loop	2 12'	-	32'	52'	2 4'	10'	200'	30	Not Available
Existing			2 12'	-	24'	50'					

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List

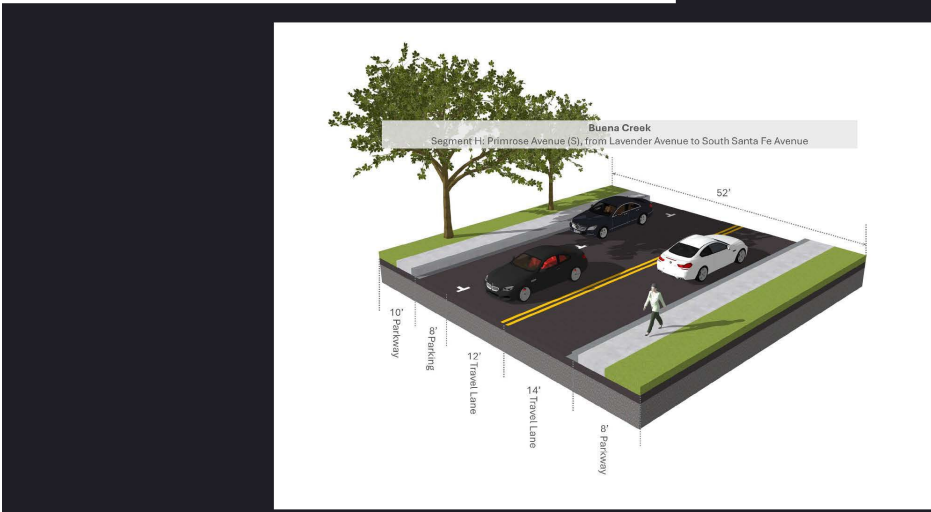


Community: Buena Creek

Segment H: Primrose Avenue (S), from Lavender Lane to South Santa Fe Ave

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Curve Radius	Min MPH	2035 ADTs (1000s)
Lavender Lane – South Santa Fe Ave	-	Residential Loop	2 12'	-	32'	52'	2 4'	10'	200'	30	Not Available
Existing			2 12'	-	24'	50'					

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List



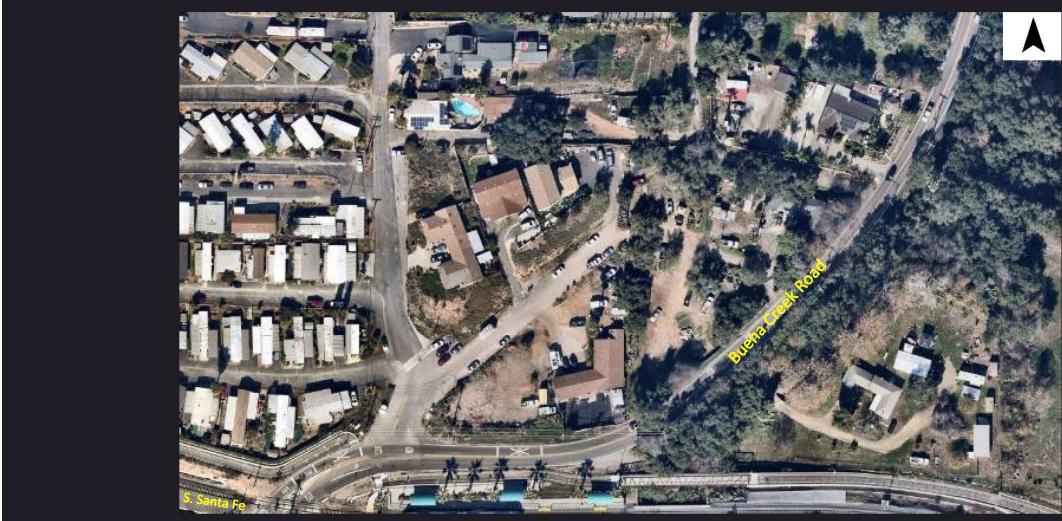
Investments to Segment H: Primrose Avenue (S), from Lavendar Lane to South Sante Fe Avenue enhance walkability by providing sidewalks. Additional investments include a parkway and increasing the right-of-way width to 52-feet.

Community: Buena Creek

Segment I: Buena Creek Road, from South Santa Fe Ave to 1000 ft North

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
South Santa Fe Ave – 1000 ft North	Major Road (4.1B)	-	4 12'	-	64'-78'	84'-98'	2 8'	10'	55	25.9
Existing			2 11'	-	22'-48'	40'-50'				

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List



Community: Buena Creek

Segment I: Buena Creek Road, from South Santa Fe Ave to 1000 ft North

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
South Santa Fe Ave – 1000 ft North	Major Road (4.1B)	-	4 12'	-	64'-78'	84'-98'	2 8'	10'	55	25.9
Existing			2 11'	-	22'-48'	40'-50'				

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List



Investments to Segment I: Buena Creek Road, from South Santa Fe Ave to 1000 ft North enhance bikeability and walkability by providing sidewalks and Class II bike lanes. Additional investments include increasing the right-of-way width to 64-feet.

Community: Buena Creek

Segment J: Victory Drive, from Estrelita Dr to Terminus

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Estrelita Dr - Terminus	-	Rural Residential Road	2 12'	-	28'	48'	2 2'	10'	30	Not Available
Existing			2	-	-	16'-22'	46'			

Segment is not part of the LRSP Priority List
 Segment has no intersections on the LRSP Priority List



Community: Buena Creek

Segment J: Victory Drive, from Estrelita Dr to Terminus

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Estrelita Dr - Terminus	-	Rural Residential Road	2 12'	-	28'	48'	2 2'	10'	30	Not Available
Existing			2	-	-	16'-22'	46'			

Segment is not part of the LRSP Priority List
 Segment has no intersections on the LRSP Priority List



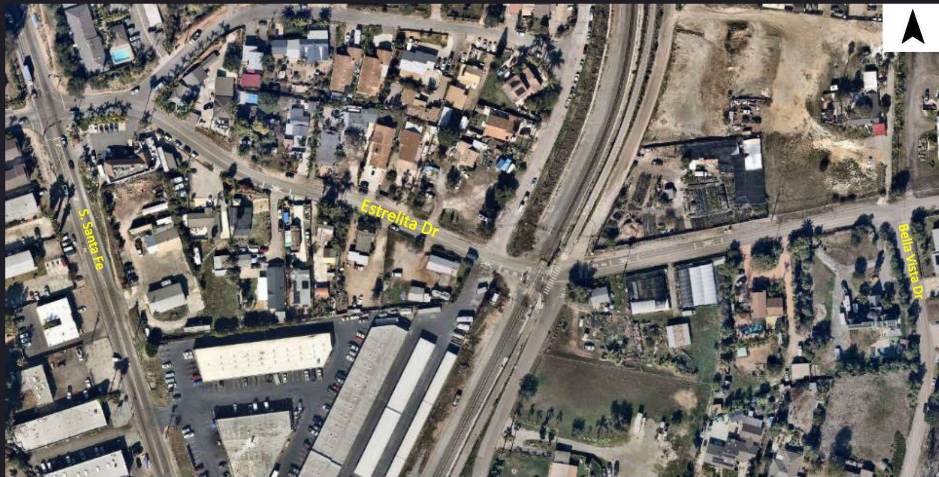
Investments to Segment J: Victory Drive, from Estrelita Dr to Terminus enhance walkability by providing sidewalks. Additional investments include increasing the right-of-way width to 48-feet.

Community: Buena Creek

Segment K: Estrelita Drive, from South Santa Fe Ave to Bella Vista Dr

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
South Santa Fe Ave – Bella Vista Dr	-	Residential Collector	2 12'	-	40'	60'	2 8'	10'	30	1.8
Existing			2 12'	-	24'-28'	46'-50'				

Segment is not part of the LRSP Priority List
Segment has intersection on the LRSP Priority List (#23)

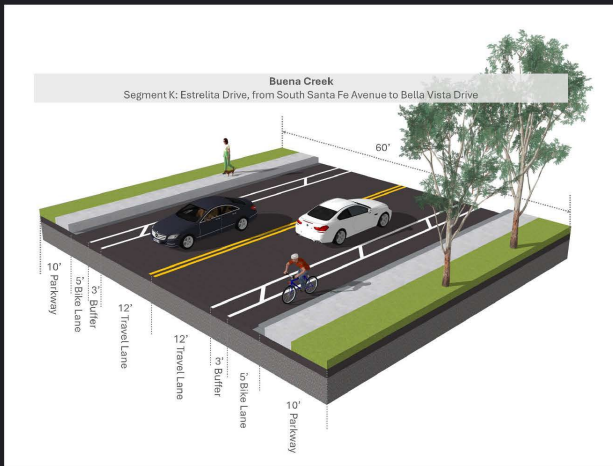


Community: Buena Creek

Segment K: Estrelita Drive, from South Santa Fe Ave to Bella Vista Dr

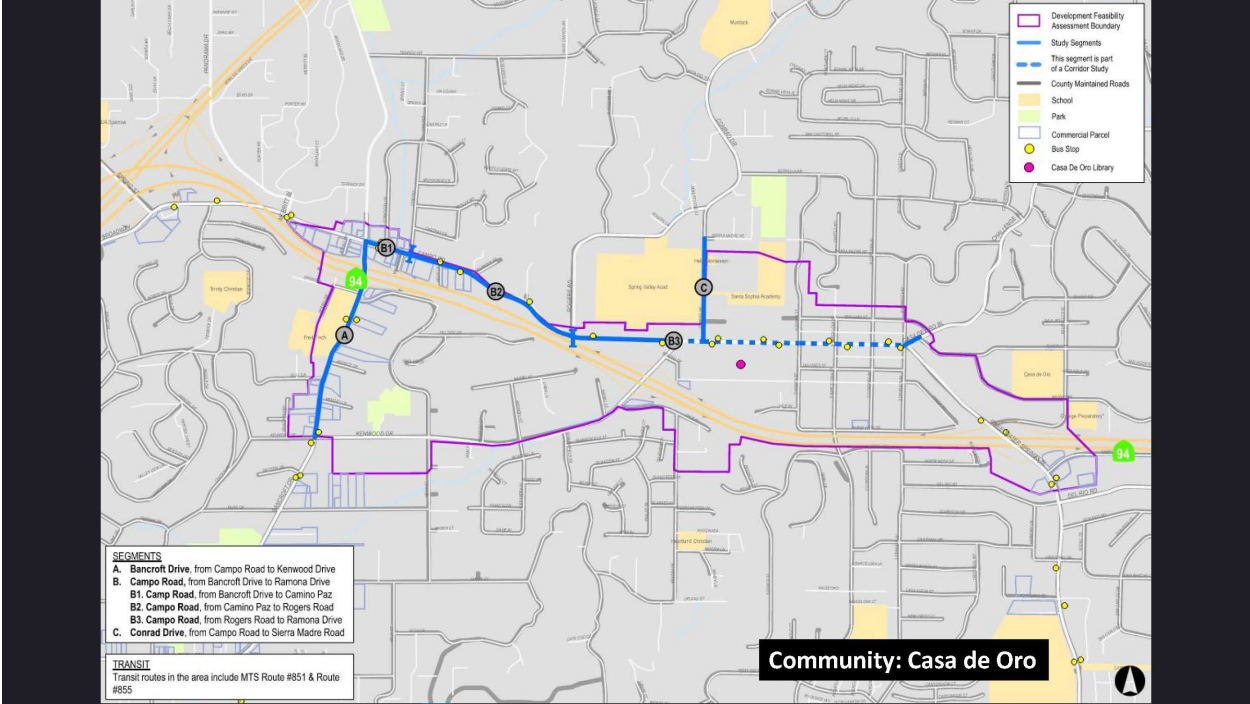
Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
South Santa Fe Ave – Bella Vista Dr	-	Residential Collector	2 12'	-	40'	60'	2 8'	10'	30	1.8
Existing			2 12'	-	24'-28'	46'-50'				

Segment is not part of the LRSP Priority List
Segment has intersection on the LRSP Priority List (#23)



Investments to Segment K: Estrelita Drive, from South Santa Fe Ave to Bella Vista Dr Drive enhance bikeability and walkability by adding a Class II bike lane and sidewalks. Additional investments include increasing the right-of-way width to 60-feet.

Community: Casa de Oro



[Note: This area is termed “Valle de Oro / Casa de Oro” in the DFA Report. The title “Casa de Oro” is kept, per the original IGA Report.]

Community: Casa de Oro

Segment A: Bancroft Drive, from Campo Road to Kenwood Drive

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)	
Campo Rd – Kenwood Dr	Community Collector (2.1C)	-	2	12'	-	40'-54'	60'-74'	2	8'	10'	45	11.5-17.2
Existing			2	11'	-	44'-52'	60'-68'					

Segment is not part of the LRSP Priority List
Segment has intersection on the LRSP Priority List (#56)



Community: Casa de Oro

Segment A: Bancroft Drive, from Campo Road to Kenwood Drive

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)	
Campo Rd – Kenwood Dr	Community Collector (2.1C)	-	2	12'	-	40'-54'	60'-74'	2	8'	10'	45	11.5-17.2
Existing			2	11'	-	44'-52'	60'-68'					

Segment is not part of the LRSP Priority List
Segment has intersection on the LRSP Priority List (#56)



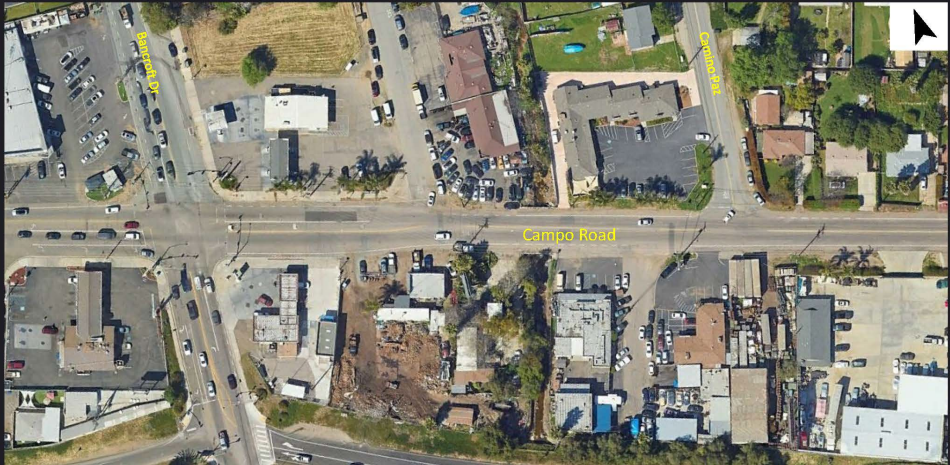
Investments to Segment A: Bancroft Drive, from Campo Road to Kenwood Drive enhance bikeability by adding a Class II bike lane to the side of the street where there is no existing bike lane and buffers between the bike lanes and the travel lane. Additional investments include adding a median, a parkway, and increasing the right-of-way width to 60'-74'.

Community: Casa de Oro

Segment B: Campo Road, from Bancroft Drive to Ramona Drive (1 of 3)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Bancroft Dr – Camino Paz	Major Road (4.1B)	-	4	12'	-	64'-78'	84'-98'	2	8'	10'	55	10.1
Existing			2	14'-18'	-	44'-62'	60'-78'					

Segment is a part of the LRSP Priority List (#6)
Segment has intersections on the LRSP Priority List (#56)



Community: Casa de Oro

Segment B: Campo Road, from Bancroft Drive to Ramona Drive (1 of 3)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Bancroft Dr – Camino Paz	Major Road (4.1B)	-	4	12'	-	64'-78'	84'-98'	2	8'	10'	55	10.1
Existing			2	14'-18'	-	44'-62'	60'-78'					

Segment is a part of the LRSP Priority List (#6)
Segment has intersections on the LRSP Priority List (#56)



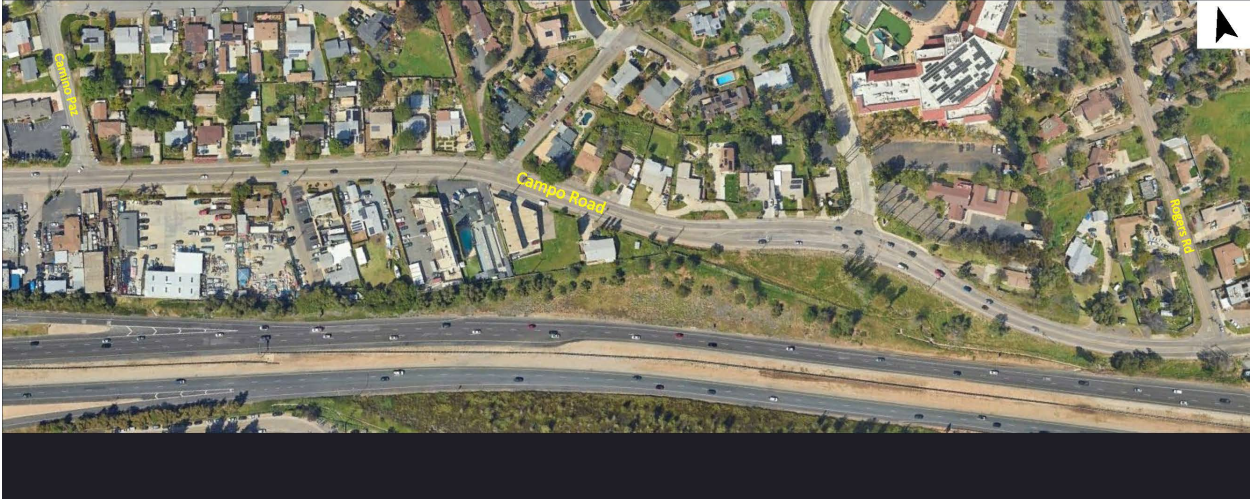
Investments to Segment B-1: Campo Road, from Bancroft Drive to Camino Paz enhance walkability and bikeability by adding Class II bike lanes to both sides of the street, buffers between the bike lanes and the travel lane, and adding parkways and sidewalks. Additional investment includes increasing the right-of-way width to 84'-98'.

Community: Casa de Oro

Segment B: Campo Road, from Bancroft Drive to Ramona Drive (2 of 3)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Camino Paz – Rogers Rd	Community Collector (2.1C)	-	2	12'	-	40'-54'	60'-74'	2	8'	10'	45	11.5-17.2
Existing			2	12'-14'	-	44'	60'-86'					

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List

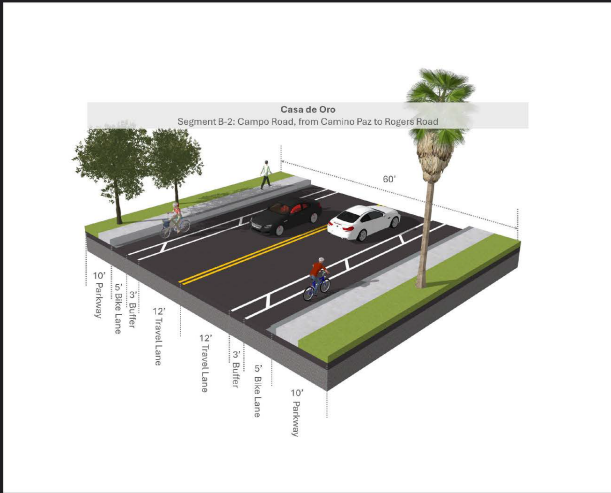


Community: Casa de Oro

Segment B: Campo Road, from Bancroft Drive to Ramona Drive (2 of 3)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Camino Paz – Rogers Rd	Community Collector (2.1C)	-	2	12'	-	40'-54'	60'-74'	2	8'	10'	45	11.5-17.2
Existing			2	12'-14'	-	44'	60'-86'					

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List



Investments to Segment B-2: Campo Road, from Camino Paz to Rogers Road enhance walkability and bikeability by adding Class II bike lanes to both sides of the street, buffers between the bike lanes and the travel lane, and adding parkways and sidewalks.

Community: Casa de Oro

Segment B: Campo Road, from Bancroft Drive to Ramona Drive (3 of 3)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Rogers Rd – Ramona Dr	Boulevard (4.2B)	-	4 12'	-	64'-78'	92'-106'	2 8'	14'	40	7.5-13.5
Existing			2-4 12'	-	36'-76'	60'-88'				

Segment is a part of the LRSP Priority List (#6)
Segment has intersections on the LRSP Priority List (#13 & #28)

← Rogers Rd approx. 0.5 miles

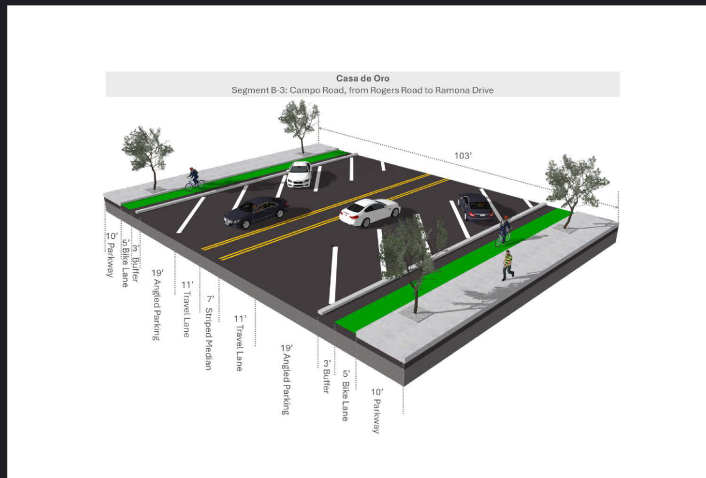


Community: Casa de Oro

Segment B: Campo Road, from Bancroft Drive to Ramona Drive (3 of 3)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Rogers Rd – Ramona Dr	Boulevard (4.2B)	-	4 12'	-	64'-78'	92'-106'	2 8'	14'	40	7.5-13.5
Existing			2-4 12'	-	36'-76'	60'-88'				

Segment is a part of the LRSP Priority List (#6)
Segment has intersections on the LRSP Priority List (#13 & #28)



Cross section is based on the Campo Revitalization Plan, except striped median.

Investments to Segment B-3: Campo Road, from Rogers Road to Ramona Drive enhance walkability and bikeability by adding Class III bike lanes to both sides of the street, buffers between the bike lanes and the parking, and adding parkways. Additional investment includes increasing the right-of-way width to 92'-106', adding a median, and angled parking.

Community: Casa de Oro

Segment C: Conrad Drive, from Campo Road to Sierra Madre Road

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Campo Rd – Sierra Madre Rd	Community Collector (2.2E)	-	2	12'	-	40'	64'	2	8'	12'	40	6.3-7.5
Existing			2-3	12'	-	34'-62'	72'-82'					

Segment is not part of the LRSP Priority List
 Segment has intersection on the LRSP Priority List (#13)

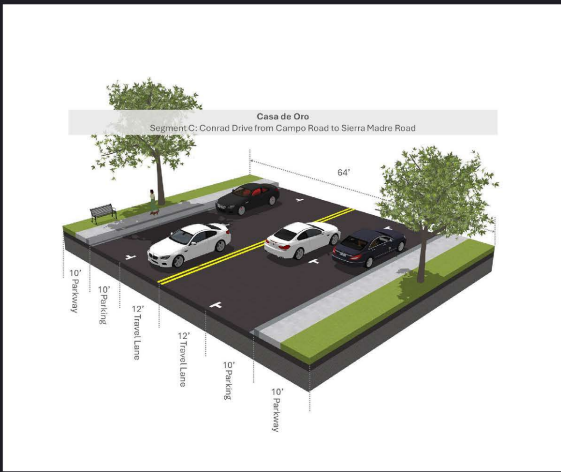


Community: Casa de Oro

Segment C: Conrad Drive, from Campo Road to Sierra Madre Road

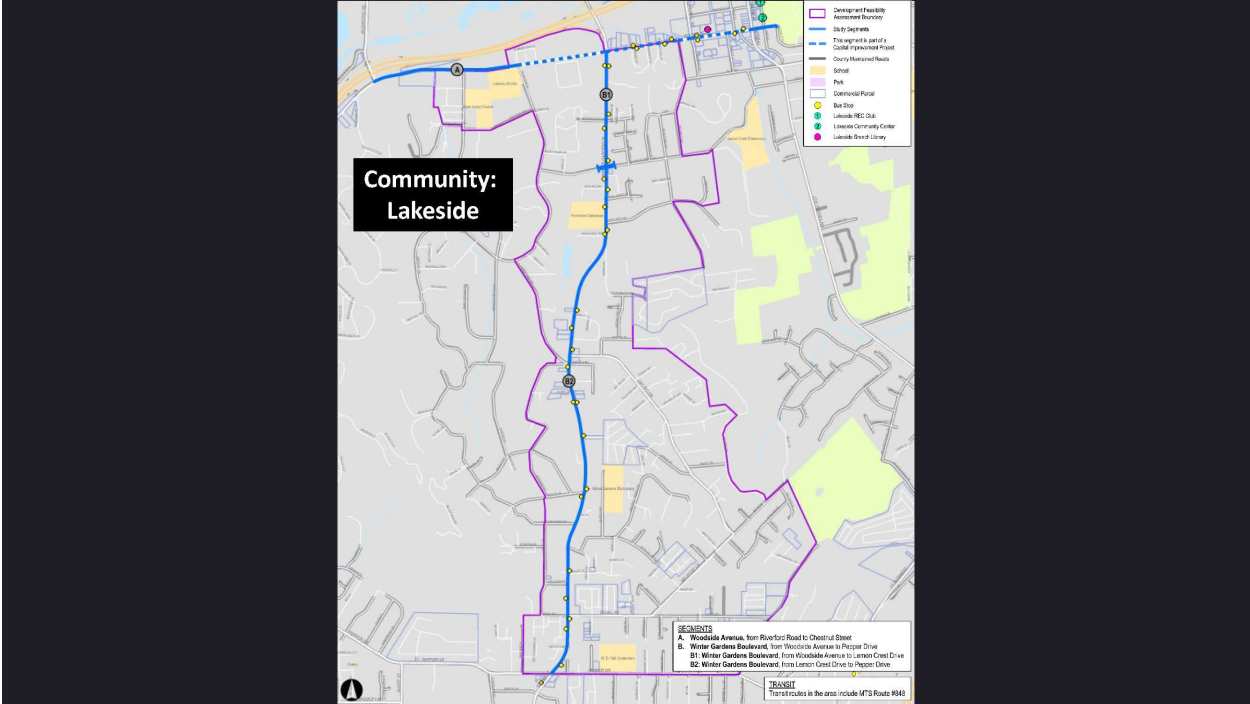
Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Campo Rd – Sierra Madre Rd	Community Collector (2.2E)	-	2	12'	-	40'	64'	2	8'	12'	40	6.3-7.5
Existing			2-3	12'	-	34'-62'	72'-82'					

Segment is not part of the LRSP Priority List
 Segment has intersection on the LRSP Priority List (#13)



Investments to Segment C: Conrad Drive, from Campo Road to Sierra Madre Road enhances walkability by adding sidewalks and parkways throughout this whole segment.

Community: Lakeside

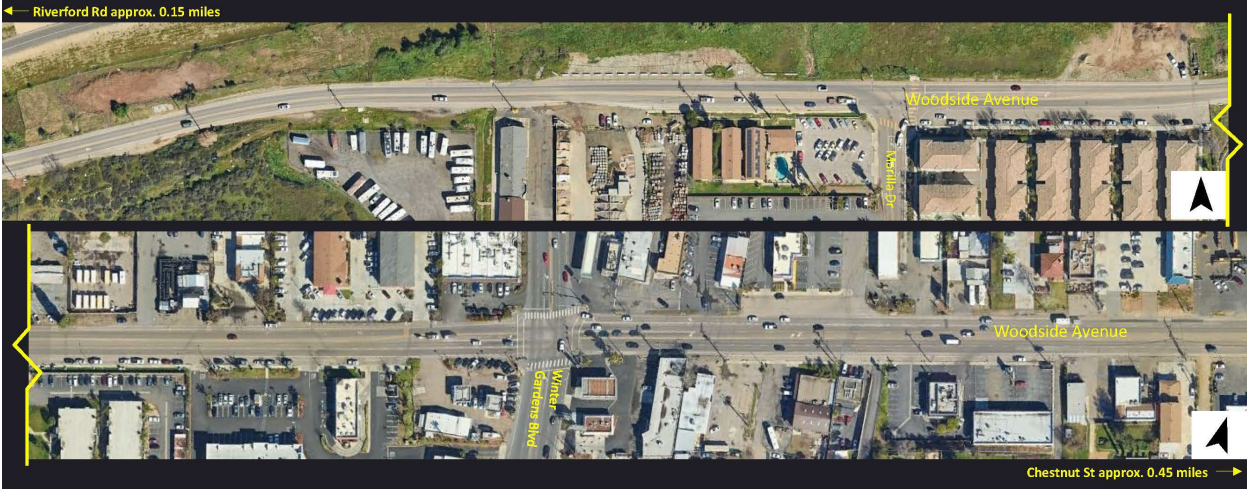


Community: Lakeside

Segment A: Woodside Avenue, from Riverford Road to Chestnut Street

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Riverford Rd – Chestnut Street	Boulevard (4.2A)	-	4 12'	14'	78'	106'	2 8'	14'	40	20.1-20.7
Existing			2-4	12'	13' TWLTL	36-104'	60'+			

Segment is a part of the LRSP Priority List (#1)
Segment has intersections on the LRSP Priority List (#17, #37)



Community: Lakeside

Segment A: Woodside Avenue, from Riverford Road to Chestnut Street

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Riverford Rd – Chestnut Street	Boulevard (4.2A)	-	4 12'	14'	78'	106'	2 8'	14'	40	20.1-20.7
Existing			2-4	12'	13' TWLTL	36-104'	60'+			

Segment is a part of the LRSP Priority List (#1)
Segment has intersections on the LRSP Priority List (#17, #37)



Investments to Segment A: Woodside Ave, from Riverford Rd to Chestnut Street enhance walkability by adding sidewalk to both sides and enhances bikeability by addition of Class II bike lane on both sides. Extends the width of the road to 106', extends the median to 14', Removes parallel parking replacing with angled back-in parking along street.

Community: Lakeside

Segment B: Winters Gardens Boulevard, from Woodside Avenue to Pepper Dr (1 of 2)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Woodside Ave – Lemon Crest Dr	Boulevard (4.2A)	-	4	12'	14'	78'	106'	2	8'	14'	40	14.8-17.0
Existing			4	11-15'	12-20'	64'-80'	78'-82'					

Segment is a part of the LRSP Priority List (#14)
 Segment has intersections on the LRSP Priority List (#19, #20, #40)

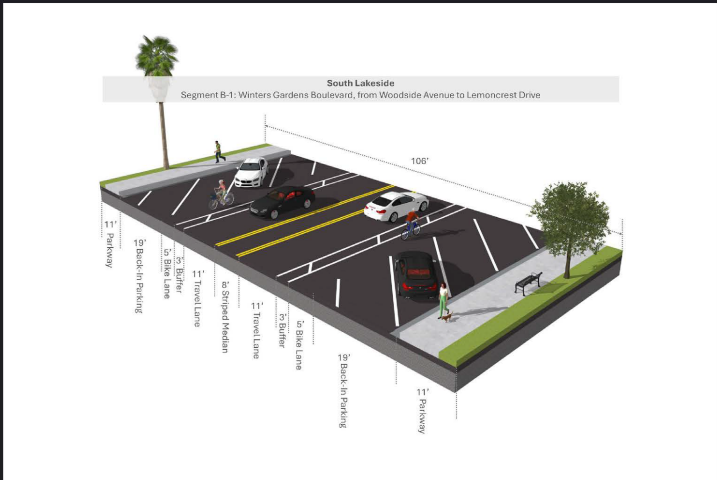


Community: Lakeside

Segment B: Winters Gardens Boulevard, from Woodside Avenue to Pepper Dr (1 of 2)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Woodside Ave – Lemon Crest Dr	Boulevard (4.2A)	-	4	12'	14'	78'	106'	2	8'	14'	40	14.8-17.0
Existing			4	11-15'	12-20'	64'-80'	78'-82'					

Segment is a part of the LRSP Priority List (#14)
 Segment has intersections on the LRSP Priority List (#19, #20, #40)



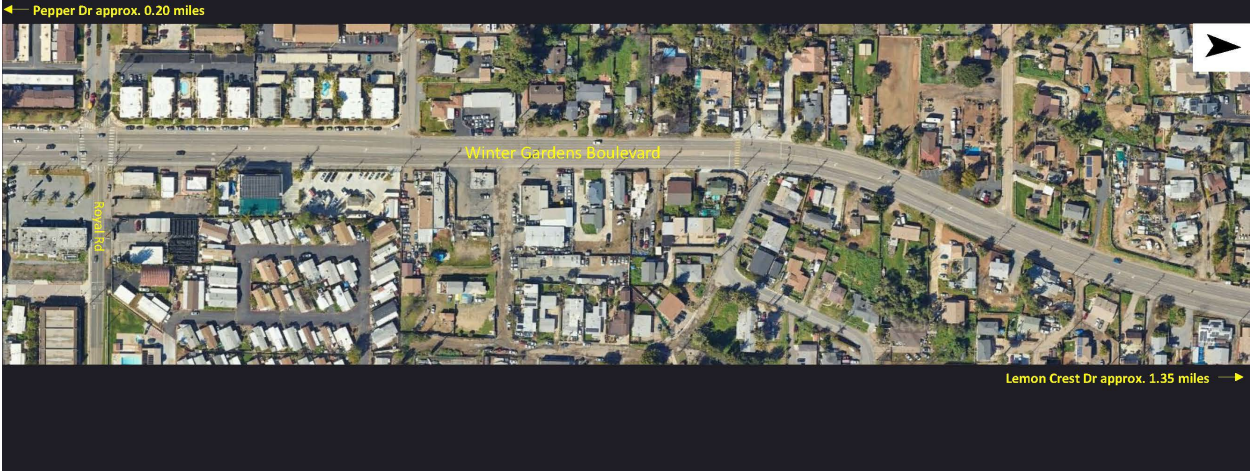
Investments to Segment B-1: Winters Gardens Boulevard, from Woodside Avenue to Pepper Dr, (Woodside Ave to Lemon Crest Dr) - Expands right-of-way width to 106', including reducing to 1 vehicular lane on both sides, width change to 12', with investments made towards providing back-in on-street parking. Class II bike lane exists, but is included in new plans.

Community: Lakeside

Segment B: Winters Gardens Boulevard, from Woodside Avenue to Pepper Dr (2 of 2)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Lemon Crest Dr – Pepper Dr	Major Road (4.1A)	-	4 12'	14'	78'	98'	2 8'	10'	55	17.8-31.0
Existing			4	10-11'	12'	64'-82'	82'-105'			

Segment is a part of the LRSP Priority List (#14)
Segment has intersections on the LRSP Priority List (#19, #20, #40)



Community: Lakeside

Segment B: Winters Gardens Boulevard, from Woodside Avenue to Pepper Dr (2 of 2)

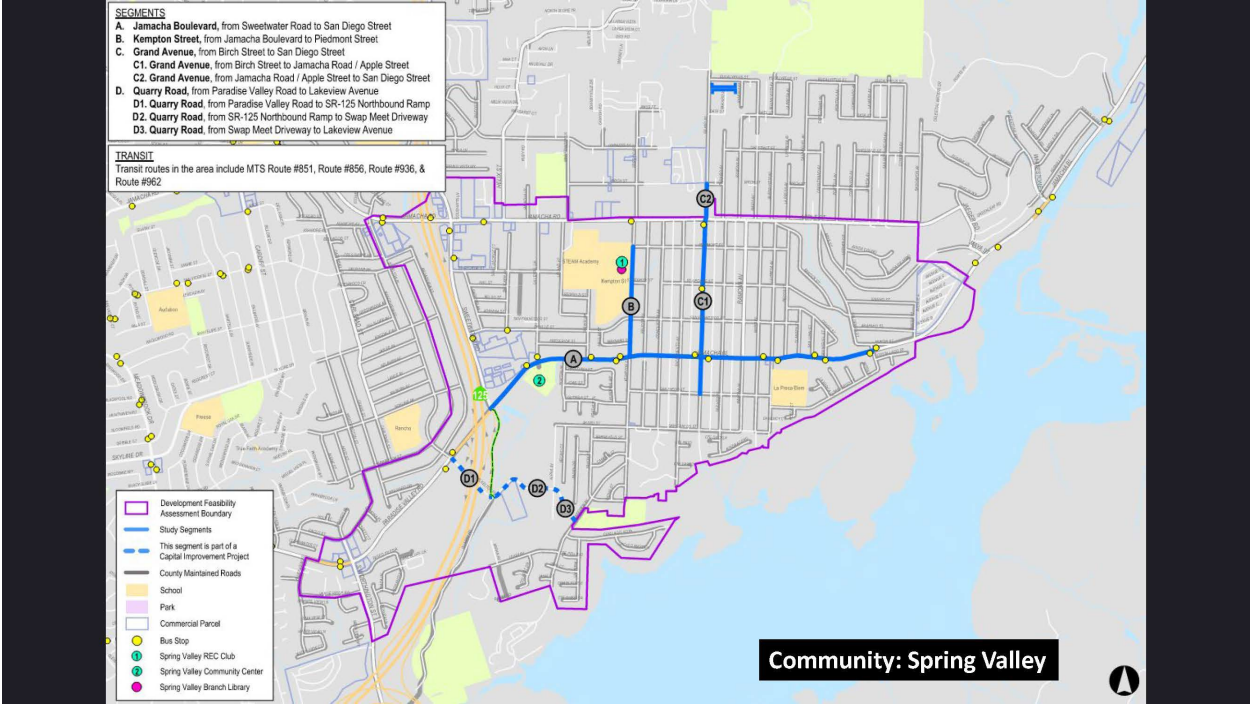
Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)	Median	Road Surfacing	ROW Width	Shoulder (#/Width)	Parkway	Min MPH	2035 ADTs (1000s)
Lemon Crest Dr – Pepper Dr	Major Road (4.1A)	-	4 12'	14'	78'	98'	2 8'	10'	55	17.8-31.0
Existing			4	10-11'	12'	64'-82'	82'-105'			

Segment is a part of the LRSP Priority List (#14)
Segment has intersections on the LRSP Priority List (#19, #20, #40)



Investments to Segment B-2: Winters Gardens Boulevard, from Woodside Avenue to Pepper Dr, (Lemon Crest Dr to Pepper Dr) - Investments made toward extending median to 14', right-of-way set to 98'. Class II bike lane exists, but addition of median restricts left/right hand turns off Winter Gardens Boulevard to enhance bikeability.

Community: Spring Valley

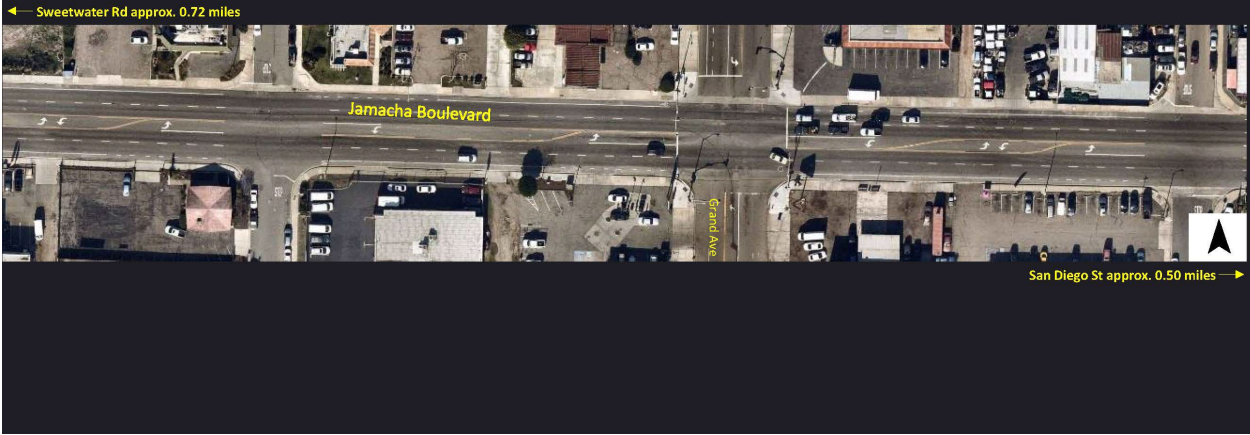


Community: Spring Valley

Segment A: Jamacha Boulevard, from Sweetwater Road to San Diego Street

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Sweetwater Rd – San Diego St	Major Road with Raised Median (4.1A)	-	4	12'	14'	78'	98'	2	8'	10'	55	19.9-31.2
Existing			4	11-12'	11'	62-72'	80-86'					

Segment is a part of the LRSP Priority List (#5)
Segment has intersections on the LRSP Priority List (#2 & #14)



Community: Spring Valley

Segment A: Jamacha Boulevard, from Sweetwater Road to San Diego Street

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Sweetwater Rd – San Diego St	Major Road with Raised Median (4.1A)	-	4	12'	14'	78'	98'	2	8'	10'	55	19.9-31.2
Existing			4	11-12'	11'	62-72'	80-86'					

Segment is a part of the LRSP Priority List (#5)
Segment has intersections on the LRSP Priority List (#2 & #14)



Investments to Segment A: Jamacha Boulevard, from Sweetwater Road to San Diego Street enhances safety by adding a buffer between the bike lane and travel lane. Additional investments made includes adding a median, parkways, and increasing the right-of-way width to 98'.

Community: Spring Valley

Segment B: Kempton Street, from Jamacha Boulevard to Piedmont Street

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Jamacha Blvd – Piedmont St	-	Residential Collector	2	12'	-	40'	60'	2	8'	10'	30	0.9-2.4
Existing			2	18'	-	36'	60'					

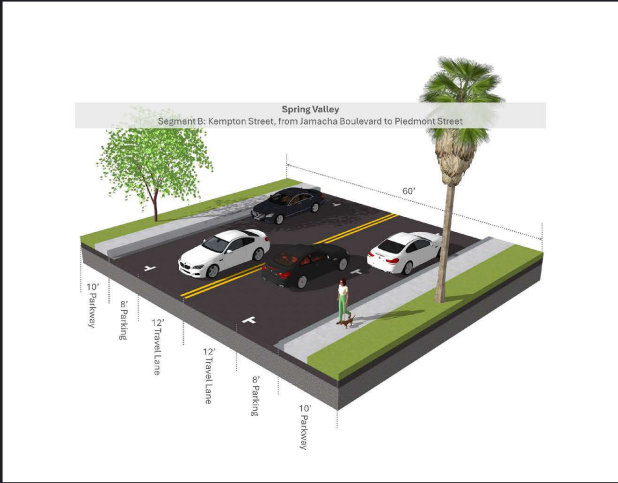
Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List



Community: Spring Valley

Segment B: Kempton Street, from Jamacha Boulevard to Piedmont Street

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Jamacha Blvd – Piedmont St	-	Residential Collector	2	12'	-	40'	60'	2	8'	10'	30	0.9-2.4
Existing			2	18'	-	36'	60'					



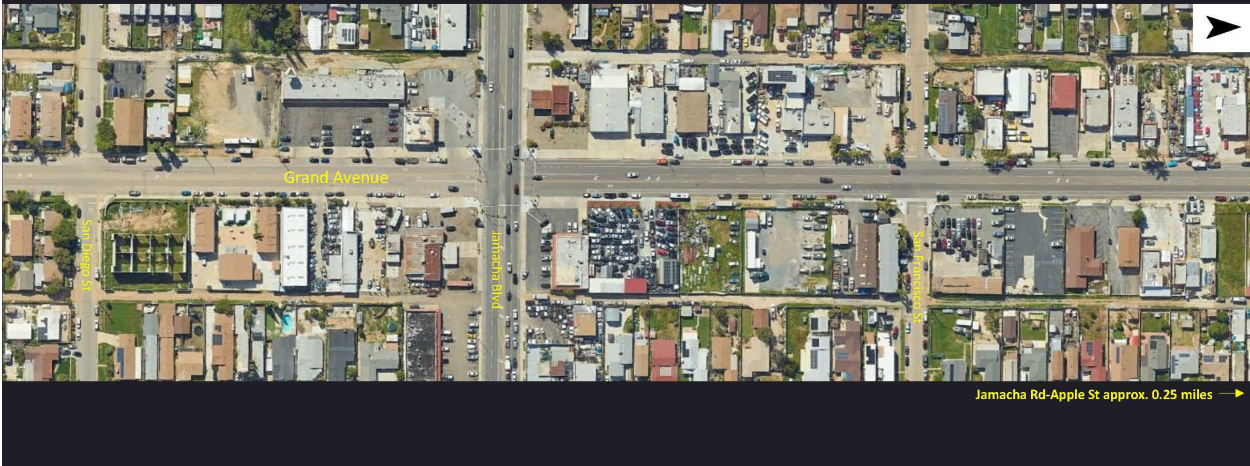
Investments to Segment B: Kempton Street, from Jamacha Boulevard to Piedmont Street enhances walkability by providing sidewalks and parkways.

Community: Spring Valley

Segment C: Grand Avenue, from San Diego Street to Birch Street (1 of 2)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
San Diego St – Jamacha Rd-Apple St	Light Collector (2.2D)	-	2	12'	-	40'-54'	88'	2	8'	17'-24'	40	1.9-4.1
Existing			2	13'	12	64'	82'					

Segment has intersection on the LRSP Priority List (#2)

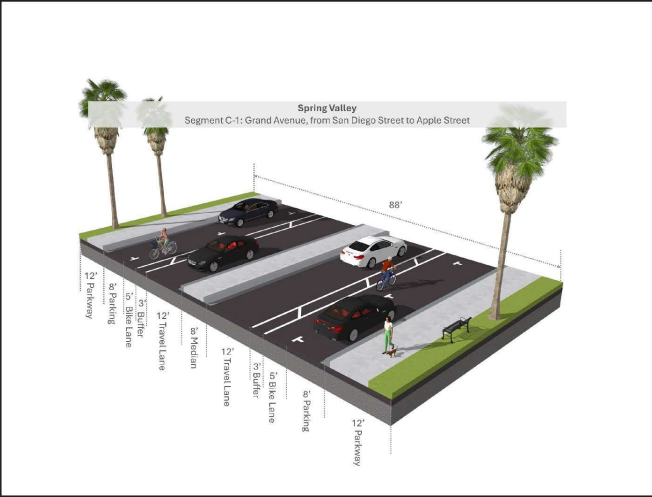


Community: Spring Valley

Segment C: Grand Avenue, from San Diego Street to Birch Street (1 of 2)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
San Diego St – Jamacha Rd-Apple St	Light Collector (2.2D)	-	2	12'	-	40'-54'	88'	2	8'	17'-24'	40	1.9-4.1
Existing			2	13'	12	64'	82'					

Segment has intersection on the LRSP Priority List (#2)



Investments to Segment C-1: Grand Avenue, from San Diego Street to Apple Street enhances bikeability by adding buffers in between the Class II bike lanes and the travel lanes. Additional investments made include the addition of a median, parkways throughout this segment, and increasing the right-of-way width to 88'.

Community: Spring Valley

Segment C: Grand Avenue, from San Diego Street to Birch Street (2 of 2)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Jamacha Rd-Apple St to Birch St	-	Residential Collector	2	12'	-	40'	60'	2	8'	10'	30	4.1
Existing			2	12-17'	12	29'	50'-100'					

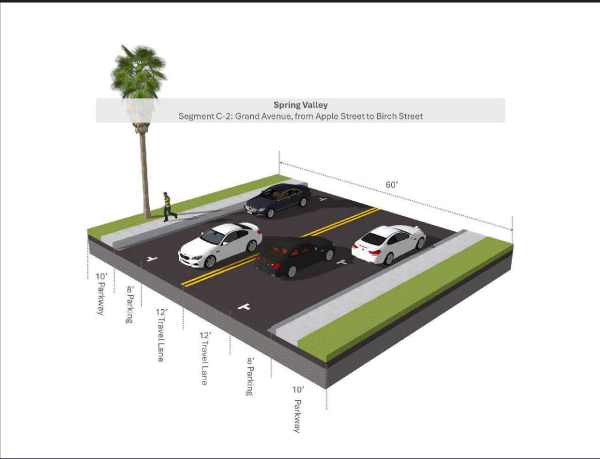
Segment is not part of the LRSP Priority List
 Segment has intersection on the LRSP Priority List (#2)



Community: Spring Valley

Segment C: Grand Avenue, from San Diego Street to Birch Street (2 of 2)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Jamacha Rd-Apple St to Birch St	-	Residential Collector	2	12'	-	40'	60'	2	8'	10'	30	4.1
Existing			2	12-17'	12	29'	50'-100'					



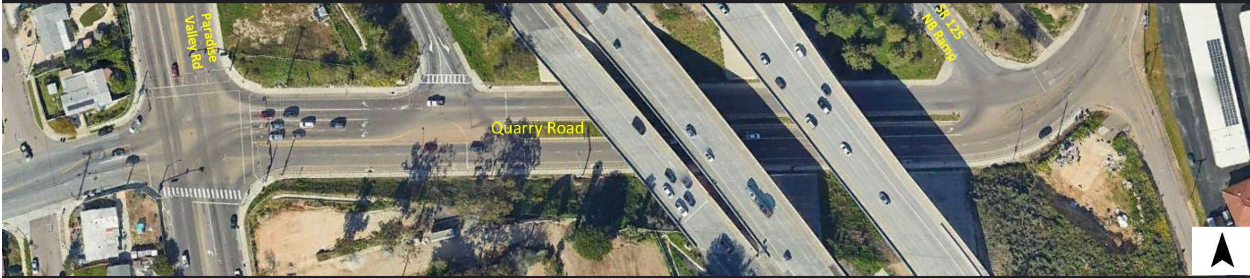
Investments to Segment C-2: Grand Avenue, from Apple Street to Birch Street enhances walkability by adding sidewalks and parkways.

Community: Spring Valley

Segment D: Quarry Road, from Paradise Valley Road to Lakeview Avenue (1 of 3)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Paradise Vly Rd – SR125 NB Ramp	2.2E Community Collector	-	2	12'	-	40'	60'	2	8'	10'	45	9.7-13.3
Existing			4	12'	28'	90'	74'-84'					

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List

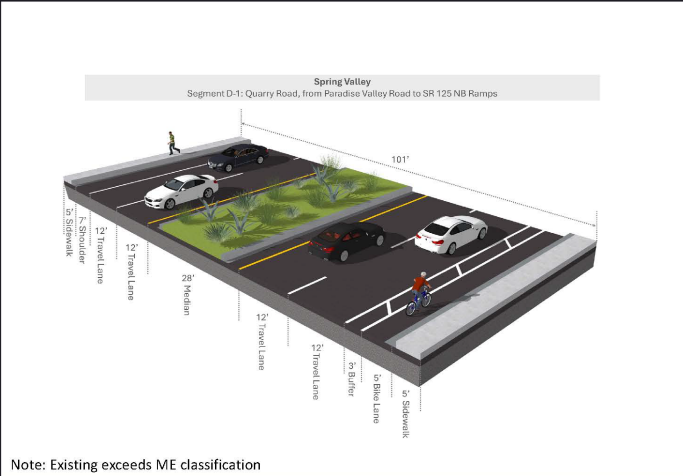


Community: Spring Valley

Segment D: Quarry Road, from Paradise Valley Road to Lakeview Avenue (1 of 3)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
Paradise Vly Rd – SR125 NB Ramp	2.2E Community Collector	-	2	12'	-	40'	60'	2	8'	10'	45	9.7-13.3
Existing			4	12'	28'	90'	74'-84'					

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List



Investments to Segment D-1: Quarry Road, from Paradise Valley Road to SR 125 NB Ramps enhances bikeability by adding a buffer between the Class II bike lane and the travel lane.

Community: Spring Valley

Segment D: Quarry Road, from Paradise Valley Road to Lakeview Avenue (2 of 3)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
SR125 NB Ramp – Swapmeet Main Drwy	-	Commercial Collector	4	12'	-	68'	88'	2	10'	10	30	8.6
Existing			4	11'	-	46-50'	74'-40'					

Segment is not part of the LRSP Priority List
 Segment has no intersections on the LRSP Priority List

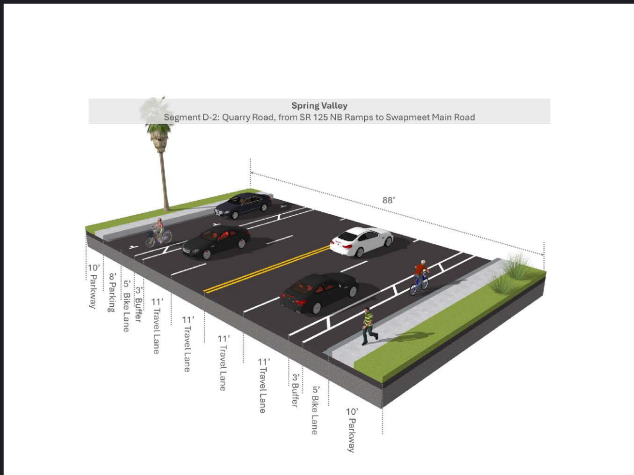


Community: Spring Valley

Segment D: Quarry Road, from Paradise Valley Road to Lakeview Avenue (2 of 3)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Min MPH	2035 ADTs (1000s)
SR125 NB Ramp – Swapmeet Main Drwy	-	Commercial Collector	4	12'	-	68'	88'	2	10'	10	30	8.6
Existing			4	11'	-	46-50'	74'-40'					

Segment is not part of the LRSP Priority List
 Segment has no intersections on the LRSP Priority List



Investments to Segment D-2: Quarry Road, from SR 125 NB Ramps to Swapmeet Main Road enhances bikeability by adding Class II bike lanes and buffers between the bike lanes and travel lanes. Additional investments include adding parkways and increasing the right-of-way width to 88’.

Community: Spring Valley

Segment D: Quarry Road, from Paradise Valley Road to Lakeview Avenue (3 of 3)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Curve Radius	Min MPH	2035 ADTs (1000s)
Swapmeet Main Drwy – Lakeview Ave	-	Residential Collector	2	12'	-	40'	60'	2	8'	14'	500'	40	7.3
Existing			2	19'	-	38'	40'-60'						

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List



Community: Spring Valley

Segment D: Quarry Road, from Paradise Valley Road to Lakeview Avenue (3 of 3)

Extents	ME Classification	Non-ME Functional Classification	Lanes (#/Width)		Median	Road Surfacing	ROW Width	Shoulder (#/Width)		Parkway	Curve Radius	Min MPH	2035 ADTs (1000s)
Swapmeet Main Drwy – Lakeview Ave	-	Residential Collector	2	12'	-	40'	60'	2	8'	14'	500'	40	7.3
Existing			2	19'	-	38'	40'-60'						

Segment is not part of the LRSP Priority List
Segment has no intersections on the LRSP Priority List



Investments to Segment D-3: Quarry Road, from Swapmeet Main Road to Lakeview Avenue enhances walkability by adding sidewalks and parkways. Additional investments include adding 8' Parking on both sides of the road.

EXHIBIT B2

Exhibit B2²

DRAFT

Parkways						
CIP Project	Phase	Length (Feet)	Length (Miles)	Spent	Cost / Mile	Outlier
Allen School Road Sidewalk	Construction	441	0.08	\$ 313,522.00	\$ 3,919,025.00	
Apple Street Sidewalk	Construction	550	0.1	\$ 320,000.00	\$ 3,200,000.00	
D Street Sidewalk	Design & Construction	420	0.08	\$ 420,000.00	\$ 5,250,000.00	
East 32nd Street	Design & Construction	580	0.11	\$ 400,000.00	\$ 3,636,363.64	
East Alvarado Street Sidewalks	Design & Construction	500	0.09	\$ 400,000.00	\$ 4,444,444.44	
Lyons Valley Road	Design & Construction	2250	0.43	\$ 1,573,000.00	\$ 3,658,139.53	
Presioca Street Sidewalk	Design & Construction	370	0.07	\$ 450,000.00	\$ 6,428,571.43	Y
San Marino Drive Sidewalk	Construction	400	0.08	\$ 76,000.00	\$ 950,000.00	
South Main Ave	Construction	190	0.04	\$ 216,500.00	\$ 5,412,500.00	
Sunset Road Sidewalk	Construction	1250	0.24	\$ 1,600,000.00	\$ 6,666,666.67	Y
	SUM	-	1.32	\$ 5,769,022.00	\$ 4,370,471.21	
	AVERAGE	-	0.132	\$ 576,902.20	\$ 4,356,571.07	
				ACTUAL USED	\$ 5,000,000.00	

Bike Lanes						
CIP Project	Phase	Length (Feet)	Length (Miles)	Spent	Cost / Mile	Outlier
Old Castle Road Bike Lanes	Design & Construction	1172	0.22	\$ 1,000,000.00	\$ 4,545,454.55	
				ACTUAL USED	\$ 5,000,000.00	

Widening						
CIP Project	Phase	Length (Feet)	Widening (Feet)	Spent	Cost / Sq. Ft.	Outlier
Stage Coach Lane Pathway	Design & Construction	10560	16	\$ 5,303,000.00	\$ 31.39	Y
2nd St Road Gap Improvements	Design & Construction	1168	12	\$ 1,489,000.00	\$ 106.24	
Ashwood St Corridor	Design & Construction	5280	44	\$ 27,038,000.00	\$ 116.38	
Cole Grade Road	Construction	14784	22	\$ 35,963,000.00	\$ 110.57	
Etcheverry Road Improvements	Design & Construction	3490	4	\$ 1,370,000.00	\$ 98.14	
Valley Center Road Improvements	Design & Construction	1640	6	\$ 7,600,000.00	\$ 772.36	Y
	SUM	36922	104	\$ 78,763,000.00	\$ 20.51	
	AVERAGE	-	-	\$ 13,127,166.67	\$ 205.85	
				ACTUAL USED	\$ 120.00	

Source

5 Year Capital Improvement Plan Fiscal Years 2023/24 to 2027/28 Fall 2023

General Notes

Regarding Widening: No widening data available so assumed widening to county mobility element goal roadway standards classification

² This is termed Attachment B in the Dept of Public Works draft IGA Report.

EXHIBIT B3

Exhibit B3³

DRAFT

Community	#	Roadway	Study Extents	Typ. Existing Roadway Width	Proposed Roadway Width	Length (Feet)	Length (Miles)	Parkway		Bike Lane		Widening			Contingency	Estimated Total Cost
								Assumed Cost / Mile ^A	Subtotal	Assumed Cost / Mile ^A	Subtotal	Typ. Widening Needed (Feet) ^B	Assumed Cost / Sq. Ft.	Subtotal		
Briars Creek	A	Watson Way	Yettford Rd - Hannalei Dr	24	32	2140	0.41	\$ 5,000,000	\$ 2,050,000	\$ -	\$ -	8	\$ 120.00	\$ 2,054,400	30%	\$5 Mil
	B	Hannalei Drive	Watson Way - Woodland Dr	32	40	2766	0.52	\$ 5,000,000	\$ 2,600,000	\$ 5,000,000	\$ 2,600,000	8	\$ 120.00	\$ 2,655,360	30%	\$10 Mil
	C	Woodland Drive	Watson Way - York Dr	35	36	2928	0.55	\$ 5,000,000	\$ 2,750,000	\$ 5,000,000	\$ 2,750,000	1	\$ 120.00	\$ 351,240	30%	\$8 Mil
	D	South Santa Fe Avenue	Woodland Dr - Palmyra Dr	44	78	2723	0.52	\$ 5,000,000	\$ 2,600,000	\$ 5,000,000	\$ 2,600,000	24	\$ 120.00	\$ 11,150,640	30%	\$23 Mil
	E	El Valle Opulento	Terminus - Robelini Dr	24	32	1477	0.28	\$ 5,000,000	\$ 1,400,000	\$ -	\$ -	8	\$ 120.00	\$ 1,417,920	30%	\$4 Mil
	F	Robelini Drive	El Valle Opulento - South Santa Fe Ave	26	44	352	0.07	\$ 5,000,000	\$ 350,000	\$ 5,000,000	\$ 350,000	18	\$ 120.00	\$ 760,320	30%	\$2 Mil
	G	Primrose Avenue (N)	Robelini Dr - South Santa Fe Ave	20	32	1550	0.29	\$ 5,000,000	\$ 1,450,000	\$ -	\$ -	12	\$ 120.00	\$ 2,232,000	30%	\$5 Mil
	H	Primrose Avenue (S)	Lavender Lane - South Santa Fe Ave	22	32	623	0.12	\$ 5,000,000	\$ 600,000	\$ -	\$ -	10	\$ 120.00	\$ 747,600	30%	\$2 Mil
	I	Briars Creek Road	South Santa Fe Avenue - 1000 R. north	22	40	1000	0.19	\$ 5,000,000	\$ 950,000	\$ 5,000,000	\$ 950,000	18	\$ 120.00	\$ 2,160,000	30%	\$5 Mil
	J	Victory Drive	Estrella Dr - Terminus	16	28	2463	0.47	\$ 5,000,000	\$ 2,350,000	\$ -	\$ -	12	\$ 120.00	\$ 3,546,720	30%	\$8 Mil
	K	Estrella Drive	South Santa Fe Avenue - Bella Vista Dr	24	40	1606	0.3	\$ 5,000,000	\$ 1,500,000	\$ 5,000,000	\$ 1,500,000	16	\$ 120.00	\$ 3,083,520	30%	\$8 Mil
Casa Del Oro	A	Bancroft Drive	Campo Rd - Kenwood Dr	44	52	2648	0.5	\$ 5,000,000	\$ 2,500,000	\$ 5,000,000	\$ 2,500,000	8	\$ 120.00	\$ 2,542,080	30%	\$10 Mil
	B	Campo Road	Bancroft Dr - Camino Paz	44	40	604	0.11	\$ 5,000,000	\$ 550,000	\$ 5,000,000	\$ 550,000	0	\$ 120.00	\$ -	30%	\$1 Mil
			Camino Paz - Rogers Road	44	40	2360	0.45	\$ 5,000,000	\$ 2,250,000	\$ 5,000,000	\$ 2,250,000	0	\$ 120.00	\$ -	30%	\$6 Mil
			Rogers Rd - Ramona Dr	64	82	4480	0.85	\$ 5,000,000	\$ 4,250,000	\$ 5,000,000	\$ 4,250,000	19	\$ 120.00	\$ 10,214,400	30%	\$24 Mil
C	Conrad Drive	Campo Rd - Sierra Madre Rd	34	44	1325	0.25	\$ 5,000,000	\$ 1,250,000	\$ -	\$ -	10	\$ 120.00	\$ 1,580,000	30%	\$4 Mil	
South Lakeside	A	Woodside Avenue	Riverford Rd - Chestnut St	64	84	8400	1.59	\$ 5,000,000	\$ 7,950,000	\$ 5,000,000	\$ 7,950,000	20	\$ 120.00	\$ 20,180,000	30%	\$47 Mil
	B	Winter Gardens Boulevard	Woodside Ave - Pepper Dr	64	84	2400	0.45	\$ 5,000,000	\$ 2,250,000	\$ 5,000,000	\$ 2,250,000	20	\$ 120.00	\$ 5,760,000	30%	\$13 Mil
				64	70	11100	2.1	\$ 5,000,000	\$ 10,500,000	\$ 5,000,000	\$ 10,500,000	6	\$ 120.00	\$ 7,892,000	30%	\$38 Mil
Spring Valley	A	Jamacha Boulevard	Sweetward Rd - San Diego St	64	78	7400	1.4	\$ 5,000,000	\$ 7,000,000	\$ 5,000,000	\$ 7,000,000	14	\$ 120.00	\$ 12,432,000	30%	\$34 Mil
	B	Kempton Street	Jamacha Blvd - Piedmon St	34	40	2954	0.59	\$ 5,000,000	\$ 1,950,000	\$ -	\$ -	8	\$ 120.00	\$ 1,478,880	30%	\$4 Mil
	C	Grand Avenue	San Diego St - Birch St	64	64	3915	0.74	\$ 5,000,000	\$ 3,700,000	\$ 5,000,000	\$ 3,700,000	0	\$ 120.00	\$ -	30%	\$10 Mil
	D	Quarry Road	Lakeview Ave - Elkton Pl	40	40	3140	0.59	\$ 5,000,000	\$ 2,950,000	\$ -	\$ -	0	\$ 120.00	\$ -	30%	\$4 Mil

General Notes:
 A. See CIP Cost Data Table in Exhibit B2.
 B. Widening width assumed as ultimate cross sectional roadway width minus the existing typical roadway width.

³ This is termed Attachment C in the Dept of Public Works draft IGA Report.

EXHIBIT B4

Bowman

County of San Diego DFA Water & Sewer Infrastructure Analysis

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1.0 Project Overview

This report follows the County of San Diego Board of Supervisors direction to staff, on February 8, 2022, for a Development Feasibility Analysis (DFA) to identify considerations and actions by which the County may facilitate development of housing in VMT Efficient and Infill areas. As part of a comprehensive approach, the underlying aim of the report is to identify infrastructure, water and sewer service, barriers and constraints to housing development in key sites and areas identified by the County of San Diego. Information generated as part of the report will be incorporated into multi-disciplined strategies, actions, and costs to remove and/or reduce the identified water and sewer service barriers and constraints to increasing housing development.

1.1 Study Areas

This report focuses on four study areas which were selected by The County of San Diego based on location, availability of vacant parcels, funding opportunities, leveraging other County efforts underway, and environmental justice considerations. The four focus communities' geographic areas are summarized below and shown in the following DFA Study Area Map (Figure 1).

- Spring Valley

The study area is 1,626 acres in size and lies along State Highway 125 and north of the Sweetwater reservoir.

- Valle de Oro/Casa de Oro

The study area is approximately 520 acres in size and lies along State Highway 94 and just east of State Highway 125.

- Lakeside

The study area is approximately 1,560 acres in size is bounded by State Highway 67 to the north, just west of Los Coches Road to the east, and just north of the City of El Cajon.

- Buena Creek

The study area is approximately 1,613 acres in size and lies along the North County Transit District (NCTD) Sprinter rail line and State Highway 78.

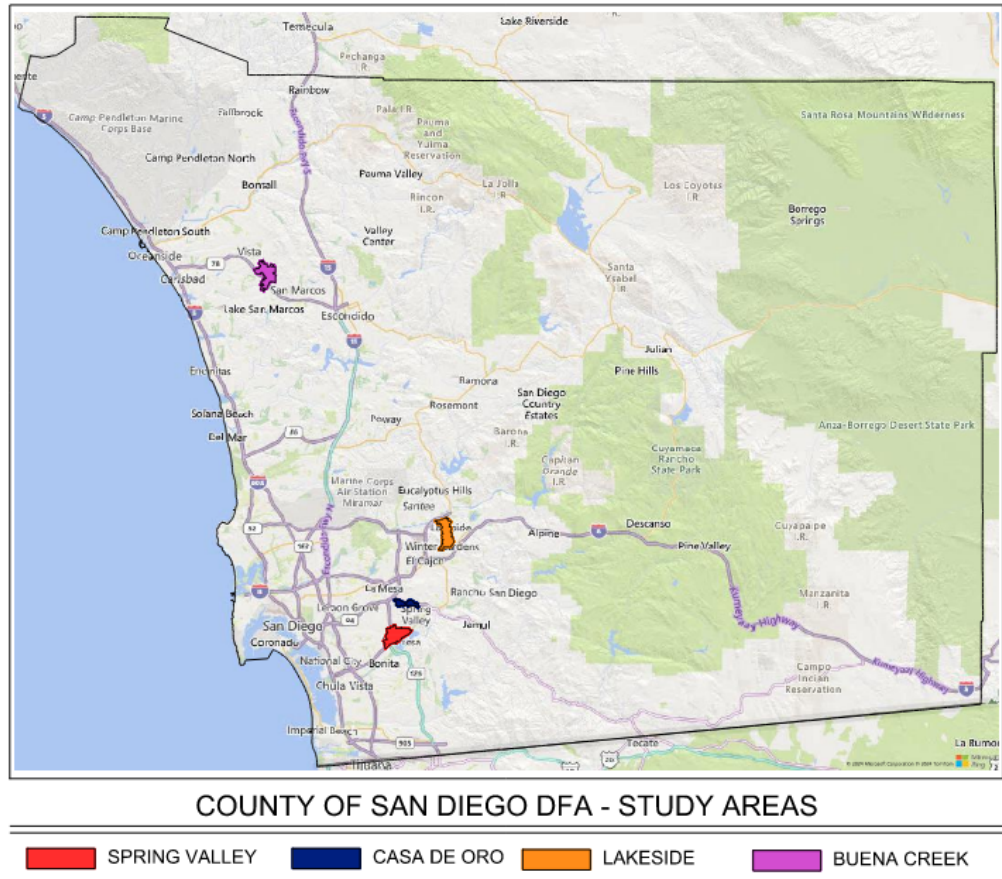


Figure 1 – DFA Study Areas Map

1.2 Previous Work & Scope Refinement

This report builds upon County of San Diego staff DFA Phase 1 efforts. In combination with County of San Diego Infrastructure Gap Analysis and DFA Phase 1 identification of areas of highest development opportunity within the four study areas, the scope of this report is further refined to provide infrastructure enhancements in alignment with and support of sparking interest in and reducing cost of housing development in the short, mid, and long term, with emphasis given to the most expeditious development opportunities.

2.0 Existing Conditions

The four study areas of this report span multiple water and sanitation districts. These independent agencies keep and distribute a variety of facilities, records available for use in the analysis of this report. In effort to provide consistency and clarity of existing facilities data provided from water and sewer agencies the various forms of data were consolidated into Service Maps, included in Appendix B4 and B5, and simplified to provide location, pipe size, and material within the boundaries of the four study areas.

2.1 Study Area Infrastructure Services

- Spring Valley
 - Water Services within the boundary of the study area are provided by the Otay Water District and Helix Water District. While the Sweetwater Water District jurisdictional boundaries lie within the study area for seven parcels, three previously developed and four undeveloped, no facilities are available (see Figure 2 – Spring Valley DFA Water Service Map). Water service consists of backbone transmission mains with distribution mains serving areas of potential development.
 - Sewer Services within the study area boundary provided by the County of San Diego Sanitation District. Areas of development potential are either served by existing sewer mains or adjacent to trunk mains. Note some potential development areas are bisected by existing sewer facilities and thus assumed encumbered by district easements (outside scope of project). The “Spring Valley Sewer Service Area – Sewer Master Plan”, dated January 2018, prepared by Atkins was reviewed as part of this study.
- Valle de Oro/Casa de Oro
 - Water Services within the boundary of the study area are provided by the Helix Water District. Water service consists of backbone transmission mains with distribution mains serving areas of potential development. Potential development areas bisected by existing water mains are minimal and while assumed encumbered by district easements (outside scope of project) may not pose a substantial impediment to development.
 - Sewer Services within the study area boundary are provided by the County of San Diego Sanitation District. Areas of development potential are either served by existing sewer mains or adjacent to trunk mains. Potential development areas bisected by existing sewer facilities are minimal and while assumed encumbered by district easements (outside scope of project) may not pose a substantial impediment to development. An “Existing Conditions Analysis for Campo Road Revitalization” report, dated February 2020, prepared by Michael Baker International was reviewed as part of this study and notes a portion of sewer main along Campo Road as potentially at capacity and due to age in need of replacement and upsizing.
- Lakeside
 - Water Services within the boundary of the study area are provided by the Lakeside Water District and Helix Water District. Water service consists of backbone transmission mains with distribution mains serving most areas of potential development. Some identified areas of potential development or land use change may require water service improvements outside of current public right-of-way.
 - Sewer Services within the study area boundary provided by the County of San Diego Sanitation District. Areas of development potential are either served by existing sewer mains or adjacent to trunk mains. Note some potential development areas are bisected by existing sewer facilities and thus assumed encumbered by district easements (outside scope of project). Some identified areas of potential development or land use change may require sewer service improvements outside of current public right-of-way. Sewer capacity of the Winter Gardens area (southern portion of the study area) was noted as limited (89%) in the San Diego LAFCO Municipal Service Review on the San Diego County Sanitation District Final Report dated August 2019. The “Winter Gardens Sewer Service Area – Sewer Master Plan”, dated January 2013, prepared by Atkins was reviewed as part of this study and notes a portion of sewer main along Winter Gardens Blvd (southern portion of DFA study area) in need of replacement due to age, material, and capacity.

- Buena Creek
 - Water Services within the boundary of the study area are provided by the Vista Irrigation District. While the Vallecitos County Water District jurisdictional boundaries lie within the study area for two parcels, previously developed, no facilities are available (see Figure 5 – Buena Creek DFA Water Service Map). Water service consists of backbone transmission mains with distribution mains serving areas of potential development. Potential development areas bisected by existing water mains are minimal and while assumed encumbered by district easements (outside scope of project) may not pose a substantial impediment upon development. A “Potable Water Master Plan” report, dated April 9, 2018, prepared by HDR was reviewed as part of this study.
 - Sewer Services within the study area boundary provided by the Buena Sanitation District. Areas of development potential are either served by existing sewer mains or adjacent to trunk mains. Note some potential development areas are bisected by existing sewer facilities and thus assumed encumbered by district easements (outside scope of project). Some identified areas of potential development or land use change will require sewer service improvements outside of current public right-of-way.
Based on input from the Buena Sanitation district the existing sewer system has capacity that supports the existing general plan designations (prior to 2017). Capacity deficit projects included in the 2017 Sewer Master Plan have been mostly built.
The Buena Sanitation District is in the process of updating their Sewer Master Plan in conjunction with Vista’s 2050 General Plan. This will include Buena Sanitation District analysis to incorporate General Plan Amendments adopted by the County since the 2017 Sewer Master Plan, along with the impact of accessory dwelling units and density bonuses for long-term capital planning. The Sewer master plan update is anticipated to be complete by January 2025.

2.2 Limitations & Assumptions

Existing condition in-depth review and analysis of sewer and water facilities capacities in this report were limited by time and scope. Use of past breadth and depth analysis for County of San Diego sanitation district capacity was drawn upon from the San Deigo LAFCO Municipal Service Review of the San Diego County Sanitation District Final Report dated August 2019. For the three out of four study areas serviced by the County of San Diego Sanitation District, Spring Valley, Valle de Oro/Casa de Oro, and Lakeside, the LAFCO study noted adequate and excess capacities apart from the Winter Gardens area (south Lakeside study area) being more limited at an average demand of 89% capacity. Additional past breadth and depth sewer capacity analysis reports reviewed were noted by DFA study area.

Water service capacity modeling is held by the independent public water districts serving the study areas, and modifications to these systems would be considered during specific project or parcel development. Thus, recommendations for water service made by this study are generalized and to be further analyzed for site specific projects by the applicable authority having jurisdiction. Private water and sewer services were not included in assessment of available infrastructure.

3.0 Outcomes and Recommendations

The data gathered in this report allowed for iterative review by the DFA multi-disciplinary team to identify areas of potential land use change and assessment of infrastructure needs in areas of housing developmental potential previously identified as short, mid, and long term. The Water and Sewer Service Maps generated note the existing infrastructure adjacent to these areas identified by the DFA team and County Staff Phase 1 efforts. The following outcomes and recommendations are provided as general and specific to each DFA study area. Several facilities within the DFA Study areas, due to age and materials, would benefit from replacement, and servicers' master plans indicate such for specific facilities. At the time such replacements occur, each service provider might consider upsizing the replacement lines to anticipate very long-term needs. The potential development areas presented in the DFA will provide water and sewer agencies additional clarity of projected growth. Detailed system analysis and modeling that accounts for existing conditions of the water and sewer infrastructure and projected uses present in the DFA are recommended to inform future infrastructure planning.

General (All DFA Study Areas)

- **No. 1 | Areas of Development Potential Supported by Existing Infrastructure**
 No major water or sewer infrastructure barriers to development were found to sub areas identified within each DFA study area, and most of the areas identified as potential areas of land use change. DFA study areas are generally "well" supported by existing adjacent water and sewer infrastructure within public right-of-way.
- **No. 2 | Water Service Inter-Agency Collaboration for Aging Infrastructure**
 Large areas of water service within all DFA study areas are provided by asbestos cement (AC) pipe. The independent "revenue neutral" public water districts serving the DFA areas replace these aging facilities by prioritizing work by age of the main, leak history, and pipe material, as well as other factors related to site conditions. Intra-agency coordination of planned projects may allow for replacement pipe projects to consider development potential as part of project prioritization.
- **No. 3 | Areas of Development Potential in Need of Water and/or Sewer Infrastructure**
 A small number of potential development parcels identified within the DFA study areas may benefit from increased water or sewer service, but due to lack of public right-of-way adjacent, would be encumbered by public agency improvements to provided expanded services not specific to a development project, thus hindering development potential of these parcels. These areas/parcels would require additional study based upon project/site specific development.

Spring Valley:

- **SVW-1 | Grand Avenue Water Main Replacement**
 The Grand Avenue corridor potential areas of land use change may benefit from upsizing approximately 3,300 linear feet of water main from existing 6" AC pipe to 16" PVC pipe. The primary consideration for replacement is the replacement of aging facility (AC pipe) and secondary consideration in pipe upsizing

to meet long-term investment in future growth. Timing would match the adjacent potential development area (short to mid-term), and project may be phased into north and south at Jamacha Boulevard. This recommendation would require additional detailed project specific study by the Otay Water District. Approximate construction cost of \$5,300,000.

- **SVW-2 | Jamacha Boulevard Water Main Replacement**

The Jamacha Boulevard corridor potential areas of land use change may benefit from upsizing approximately 2,100 linear feet of sewer main from existing 10" AC pipe to 12" PVC pipe. The primary consideration for replacement is the replacement of aging facility (AC pipe) and secondary consideration in pipe upsizing to meet long-term investment in future growth. Timing would match the adjacent potential development area (short to mid-term), and project may be phased into east and west at Grand Avenue subsequent to the SVW-1 project. This recommendation would require additional detailed project specific study by the Otay Water District. Approximate construction cost of \$2,700,000.

- **SVS-1 | Grand Avenue Sewer Main Replacement**

The Grand Avenue corridor potential areas of land use change may benefit from upsizing approximately 3,300 linear feet of sewer main from existing 8" VCP pipe to 12" PVC pipe. The primary consideration for replacement is the replacement of aging facility (VCP pipe) and secondary consideration in pipe upsizing to meet long-term investment in future growth. Timing would match the adjacent potential development area (short to mid-term), and project may be phased into north and south of the 15" VCP sewer between Saint George Street and San Francisco Street. This recommendation would require additional detailed project specific study by the County of San Diego Sanitation District. Approximate construction cost of \$4,800,000.

Valle de Oro/Casa de Oro:

- **CDOS-1 | Campo Drive Sewer Main Replacement**

An "Existing Conditions Analysis for Campo Road Revitalization" report, dated February 2020, prepared by Michael Baker International was reviewed as part of this study and notes a portion of sewer main along Campo Road as potentially at capacity and due to age, in need of replacement and upsizing. This improvement project has not been completed, to date, and would be recommended to improve the Campo Drive sewer main. Timing would match the adjacent potential development area (short to mid-term). Estimated construction cost \$3,360,000 per Michael Baker report.

Lakeside:

- **LS-1 | Winter Gardens Boulevard (North) Sewer Main Replacement**

The potential development area along Winter Gardens Boulevard, between Lemon Crest Drive and Woodside Avenue, may benefit from upsizing approximately 3,900 linear feet of existing 8" VCP sewer with 12" PVC pipe. The primary consideration for replacement is the replacement of aging facility (VCP pipe) and secondary consideration in pipe upsizing to meet long-term investment in future growth. Timing would match the adjacent potential development area (short to mid-term). This recommendation would require additional detailed project specific study by the County of San Diego Sanitation District. Approximate construction cost of \$3,300,000.

- **LS-2 | Winter Gardens Boulevard (South) Sewer Main Replacement**

"Winter Gardens Sewer Service Area – Sewer Master Plan", dated January 2013, prepared by Atkins recommended the WG-1 CIP project; it is recommended that approximately 3,900 linear feet of existing 8" to 12" VCP sewer main be replaced with 15" PVC pipe. The sewer main along Winter Gardens Boulevard roughly between Dawnridge Road to Short Street. Timing would match the adjacent potential development area (short to mid-term). This recommendation would require additional detailed project specific study by the County of San Diego Sanitation District. Approximate construction cost of \$5,500,000.

Buena Creek:

- **BCW-1 | Woodland Drive Water Main Replacement**

The potential development area along Woodland Drive may benefit from upsizing approximately 780 linear feet of water main from existing 6" pipe to 8" PVC pipe. Timing would match the adjacent potential development area (mid-term). This recommendation would require additional detailed project specific study by the Vista Irrigation District. Approximate construction cost of \$950,000.

- **BCW-2 | South Santa Fe Avenue & Robelini Drive Water Main Replacement**

The South Santa Fe Avenue corridor and Robelini Drive potential areas of land use change may benefit from upsizing approximately 2,600 linear feet of water main from existing 6" and 8" pipes to 10" PVC pipe. Timing would match the adjacent potential development area (mid-term). This recommendation would require additional detailed project specific study by the Vista Irrigation District. Approximate construction cost of \$3,000,000.

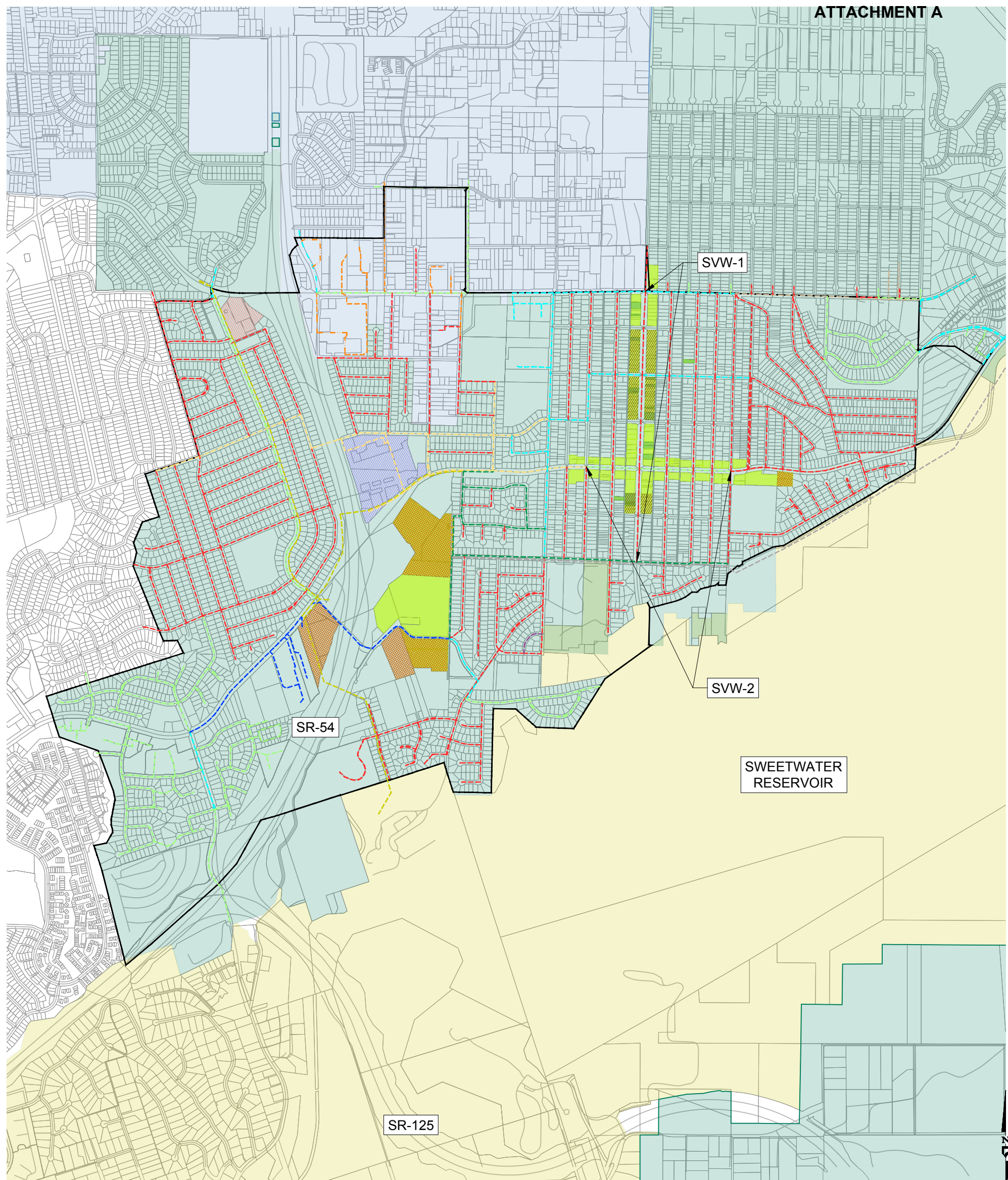
- **BCS-1 | Lobelia Drive-Primrose Avenue-Estrelita Drive Sewer Main Replacement**

The potential areas of land use change north of Estrelita Drive may require sewer main upsizing of approximately 4,700 linear feet of sewer main from existing 8" pipe to 12" PVC pipe. Timing would ideally match the adjacent potential development area (short-term), yet would require additional time to plan, process (crossing of existing NCTD rail), fund, and construct, thus would be classified as mid to long term. This recommendation would require additional detailed project specific study by the Buena Sanitation District. Approximate construction cost of \$6,800,000.

- **BCS-2 | Sycamore Avenue to Beyond DFA Study Area Sewer Main Capacity Study**

As communicated by Buena Sanitation District staff the existing downstream capacity supports existing County General Plan designations (prior to 2017). Thus, additional study of sewer facilities along Sycamore Avenue to Shadowridge Drive (at and outside of the DFA study area) to support the increase demand proposed by potential land use changes with density exceeding current County of San Diego General Plan zoning will be needed. This recommendation would require additional detailed project specific study by the Buena Sanitation District.

4.0 Appendix B4 – Water Service Maps



WATER PIPE SIZE

	4" PIPE		16" PIPE
	6" PIPE		18" PIPE
	8" PIPE		20" PIPE
	10" PIPE		24" PIPE
	12" PIPE		36" PIPE
	15" PIPE		42" PIPE

WATER PIPE TYPE

	AC
	CC
	DIP
	PVC
	RC
	RSP

DFA POTENTIAL PARCELS

	SHORT		VCMU
	MID		VR-15
	LONG		VR-24
			VR-30

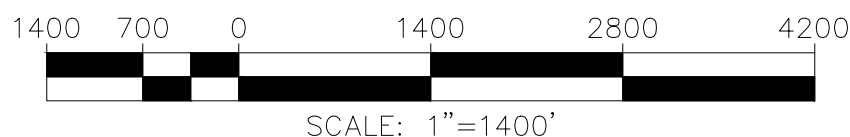
LEGEND

	DFA BOUNDARY
	ROADS
	PARCELS

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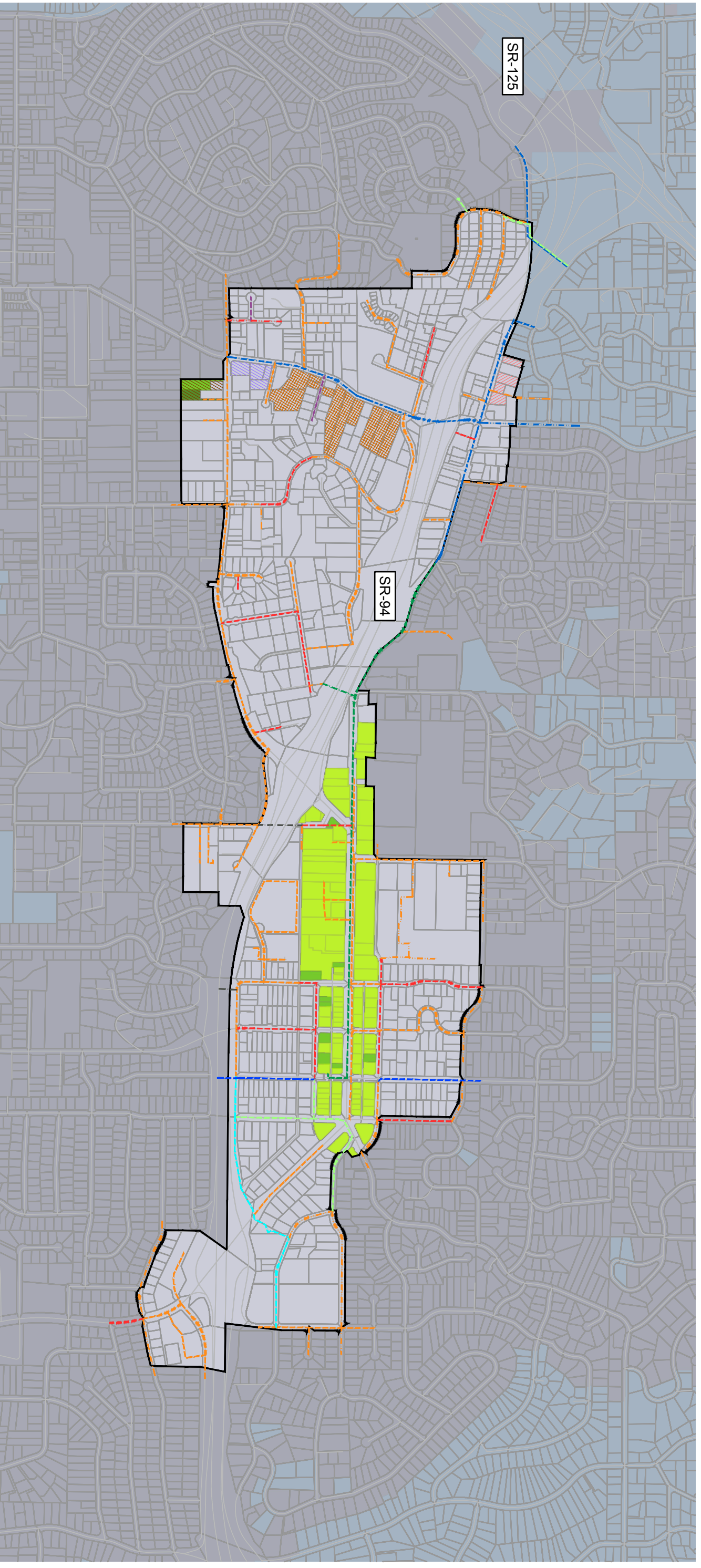
WATER SERVICE DISTRICT

	CWA HELIX WATER DISTRICT
	CWA OTAY WATER DISTRICT
	CWA SWEETWATER WATER DISTRICT



Bowman *SPRING VALLEY DEVELOPMENT FEASIBILITY AREA*
WATER SERVICE SPRING VALLEY COMMUNITY PLAN AREA

8/6/2024



WATER PIPE SIZE		WATER PIPE TYPE	
	4" PIPE		AC
	6" PIPE		CC
	8" PIPE		DIP
	10" PIPE		PVC
	12" PIPE		RC
	15" PIPE		RSP

DFA POTENTIAL PARCELS		LEGEND	
	SHORT		DFA BOUNDARY
	MID		ROADS
	LONG		PARCELS
	VR-30		
	VCMU		
	VR-15		
	VR-24		
	VR-30		

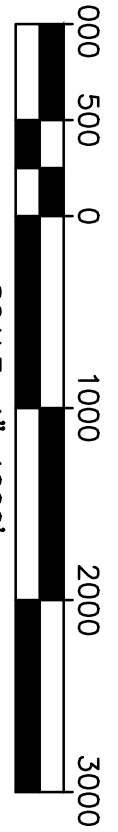
WATER SERVICE DISTRICT

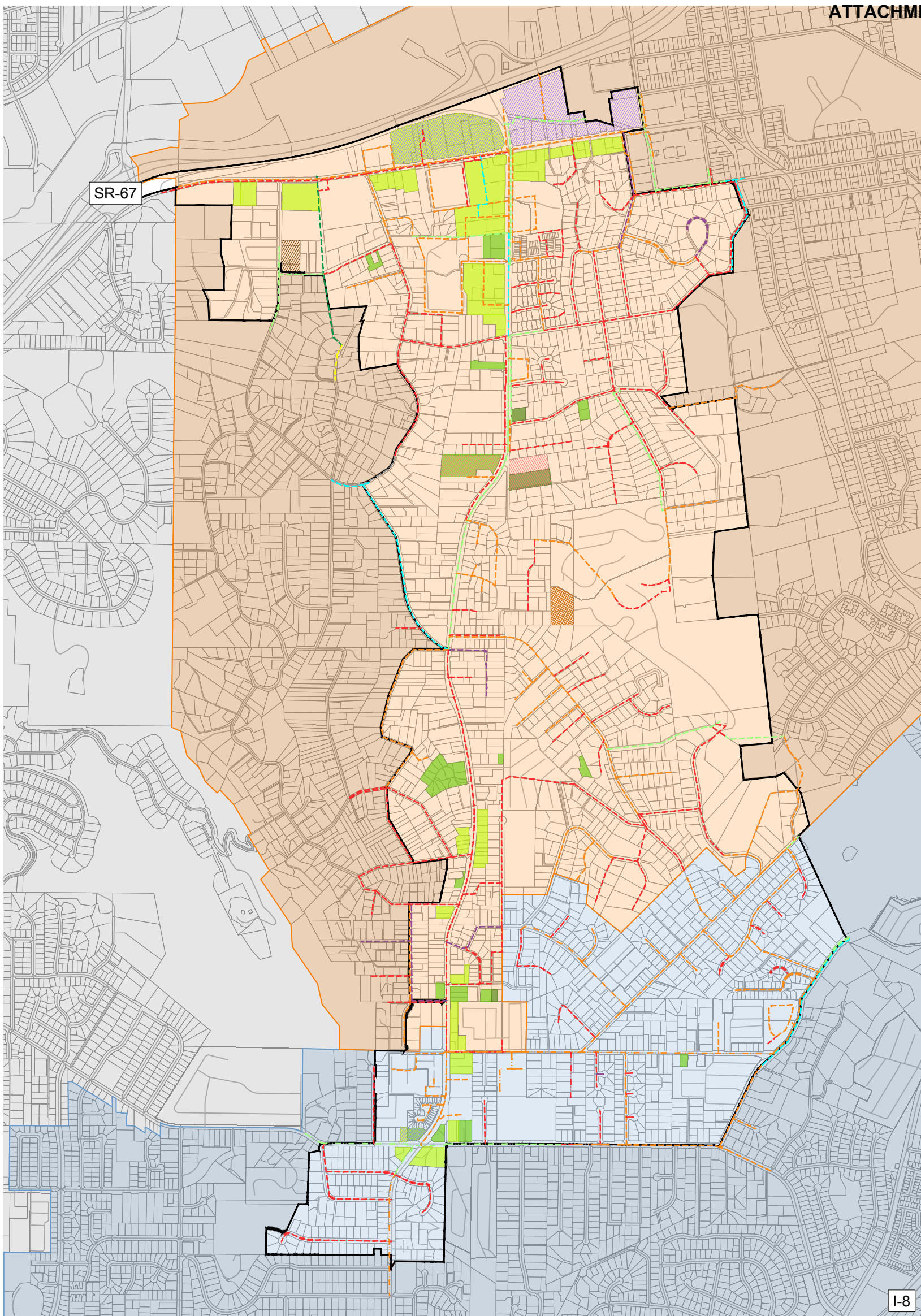
	CWA HELIX WATER DISTRICT
	CWA HELIX WATER DISTRICT OUTSIDE OF STUDY AREA

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VALLE DE ORO/CASA DE ORO DEVELOPMENT FEASIBILITY AREA
WATER SERVICE VALLE DE ORO COMMUNITY PLAN AREA





WATER PIPE SIZE

	4" PIPE		16" PIPE
	6" PIPE		18" PIPE
	8" PIPE		20" PIPE
	10" PIPE		24" PIPE
	12" PIPE		
	15" PIPE		

WATER PIPE TYPE

	AC
	CC
	DIP
	PVC
	RC
	RSP

DFA POTENTIAL PARCELS

	SHORT		VCMU
	MID		VR-15
	LONG		VR-24
			VR-30

LEGEND

	DFA BOUNDARY
	ROADS
	PARCELS

WATER SERVICE DISTRICT

	CWA HELIX WATER DISTRICT
	CWA LAKESIDE WATER DISTRICT
	WATER SERVICE OUTSIDE OF STUDY AREA

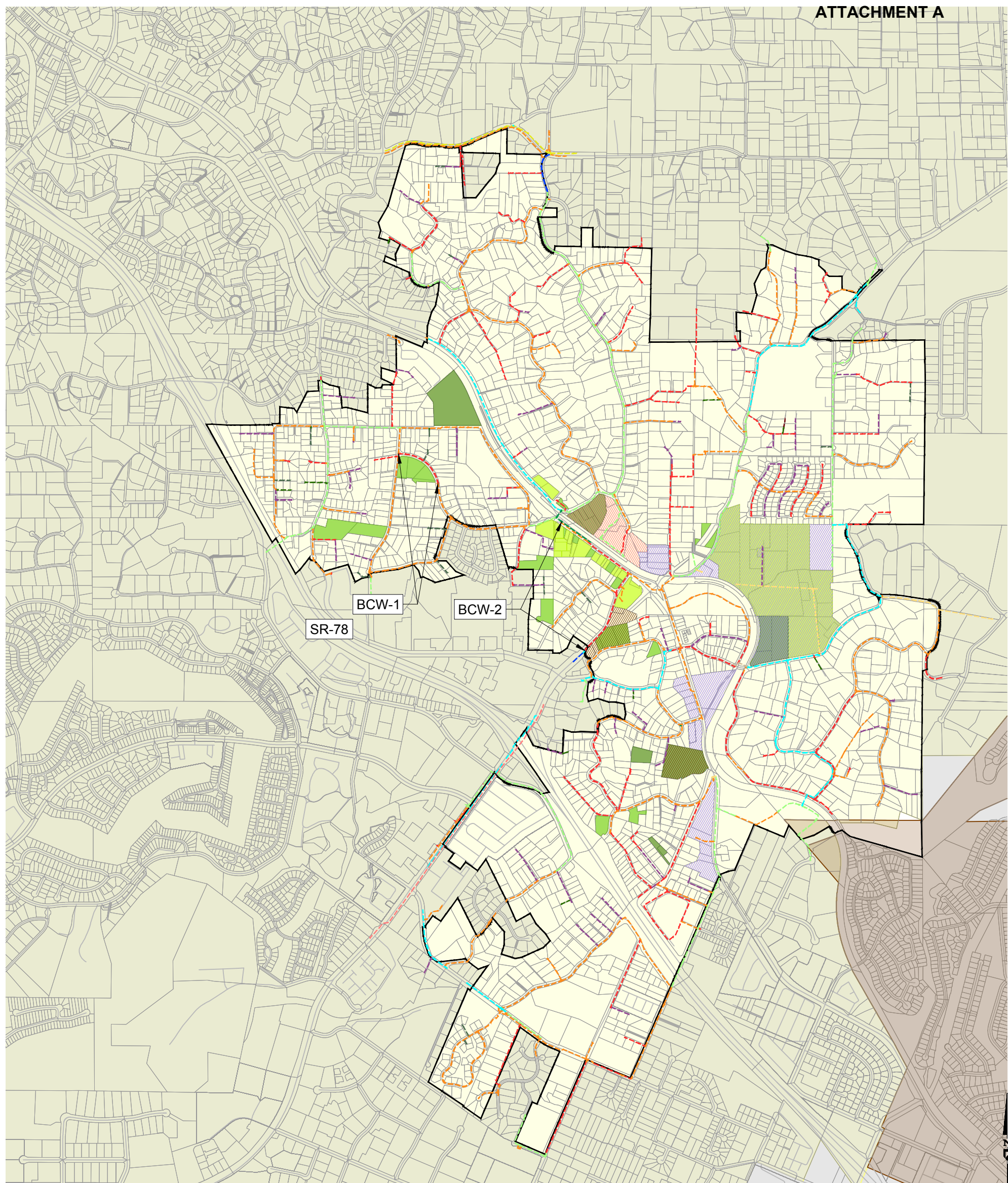
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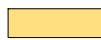



LAKESIDE DEVELOPMENT FEASIBILITY AREA

Bowman WATER SERVICE LAKESIDE COMMUNITY PLAN AREA

8/6/2024



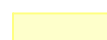


WATER PIPE SIZE

	1.5" PIPE		8" PIPE		18" PIPE
	2" PIPE		10" PIPE		20" PIPE
	2.5" PIPE		12" PIPE		24" PIPE
	4" PIPE		14" PIPE		30" PIPE
	6" PIPE		16" PIPE		

WATER PIPE TYPE

----- AC*
 *PIPE MATERIAL DATA NOT MADE AVAILABLE (SHOWN AS AC PIPE)

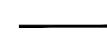


WATER SERVICE DISTRICT

	CWA VISTA IRRIGATION DISTRICT
	CWA VALLECITOS COUNTY DISTRICT
	WATER SERVICE OUTSIDE OF STUDY AREA

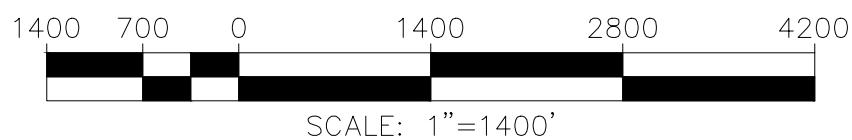
DFA POTENTIAL PARCELS

	SHORT		VCMU
	MID		VR-15
	LONG		VR-24
			VR-30

LEGEND

	DFA BOUNDARY
	ROADS
	PARCELS

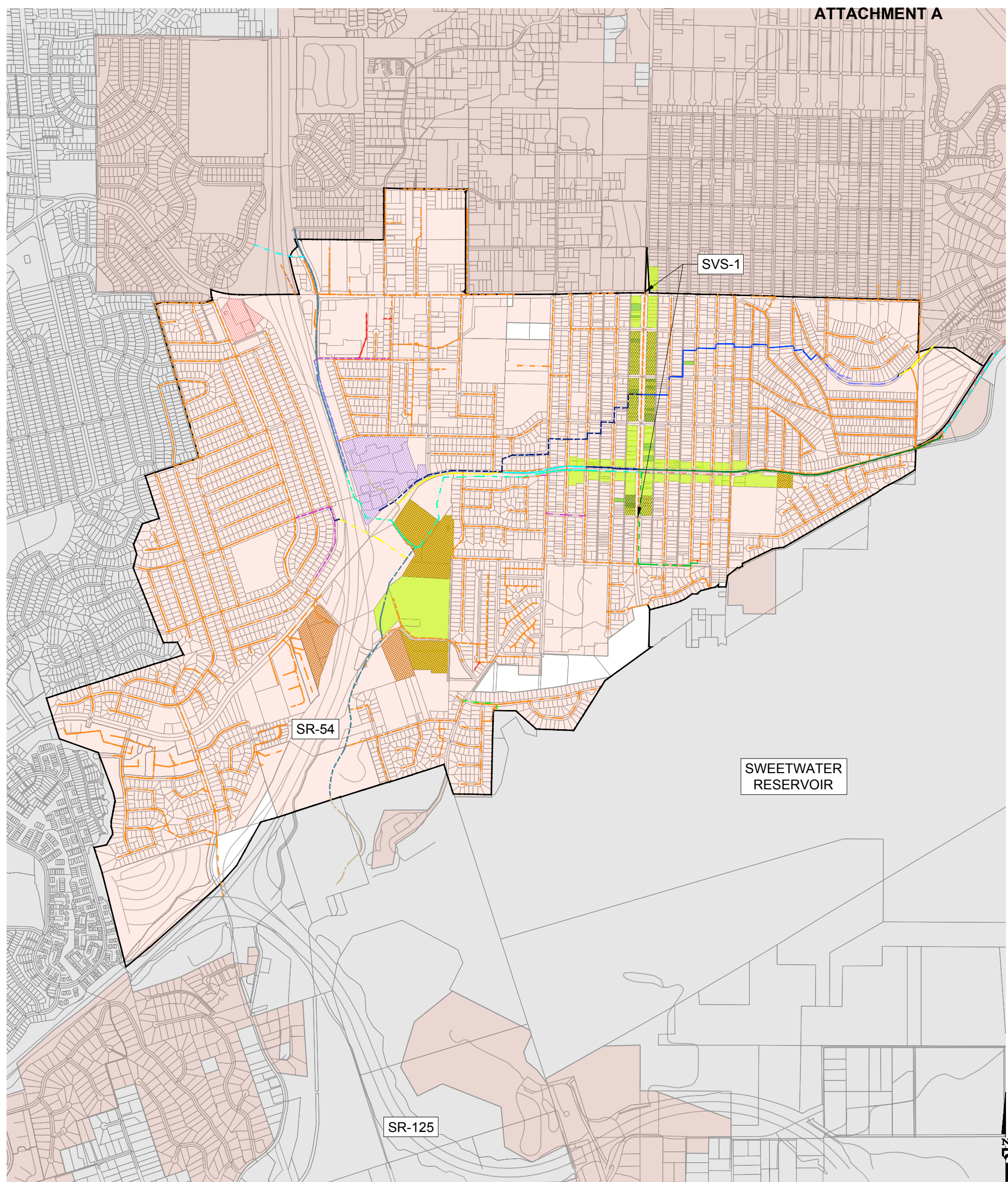
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Bowman BUENA CREEK DEVELOPMENT FEASIBILITY AREA
 WATER SERVICE NORTH COUNTY COMMUNITY PLAN AREA

8/6/2024

5.0 Appendix B5 – Sewer Service Maps



SEWER PIPE SIZE

	4" PM PIPE		16" PIPE
	6" PIPE		18" PIPE
	6" PM PIPE		20" PIPE
	8" PIPE		21" PIPE
	10" PIPE		24" PIPE
	12" PIPE		27" PIPE
	12" PM PIPE		30" PIPE
	15" PIPE		

SEWER PIPE TYPE

	VCP
	PVC
	CAS
	AC
	UNK
	RPM
	PE
	RCP
	DIP

DFA POTENTIAL PARCELS

	SHORT		VCMU
	MID		VR-15
	LONG		VR-24
			VR-30

LEGEND

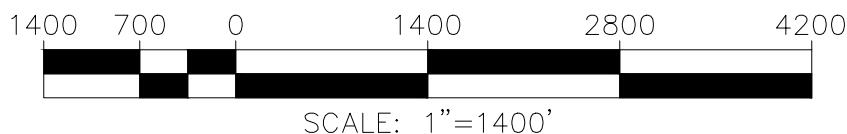
	DFA BOUNDARY
	ROADS
	PARCELS

COUNTY OF SAN DIEGO SEWER SERVICE DISTRICT

	COUNTY OF SAN DIEGO SANITATION DISTRICT
	SEWER SERVICE OUTSIDE OF STUDY AREA

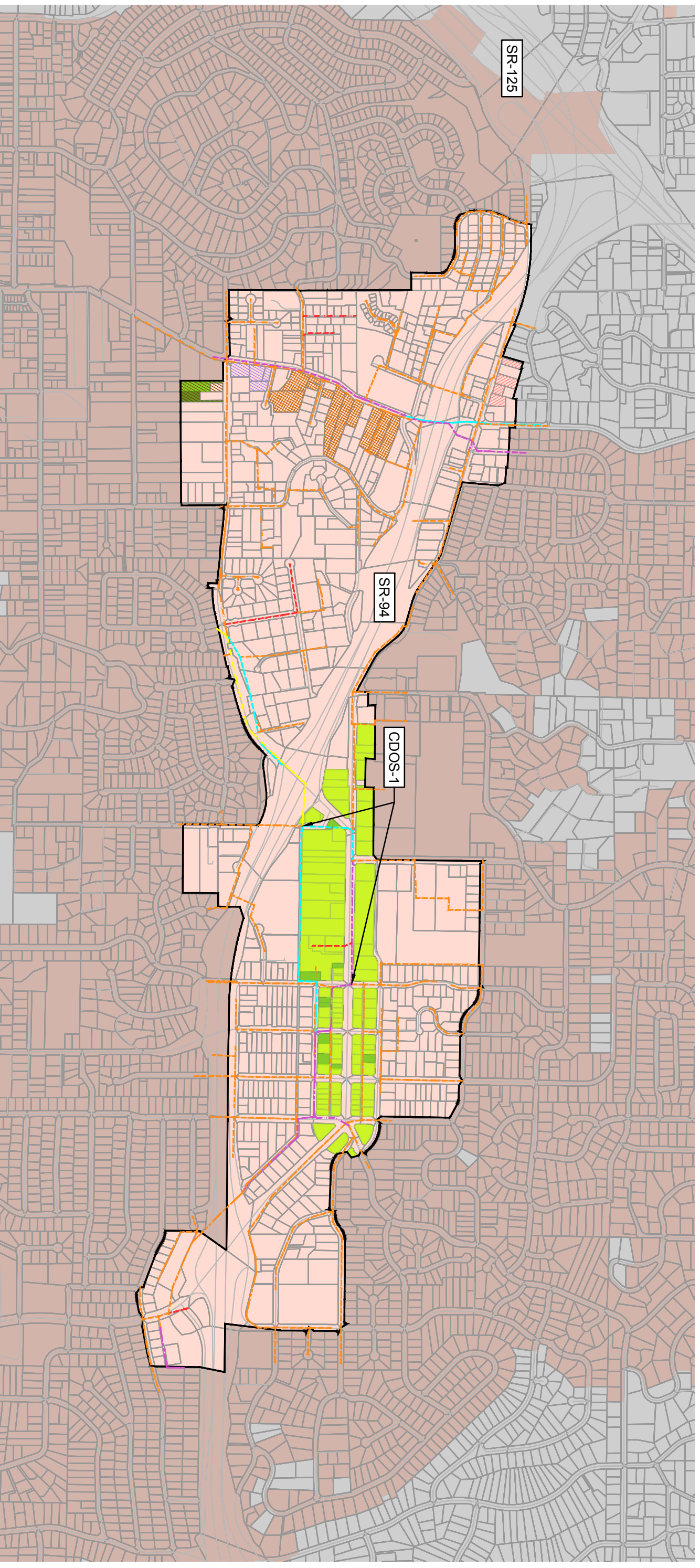
ABBREVIATION:
PM = PRESSURE MAIN

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Bowman *SPRING VALLEY DEVELOPMENT FEASIBILITY AREA*
SEWER SERVICE SPRING VALLEY COMMUNITY PLAN AREA

8/6/2024



SEWER PIPE SIZE

4" PM PIPE	12" PM PIPE	24" PIPE
6" PIPE	15" PIPE	30" PIPE
6" PM PIPE	16" PIPE	
8" PIPE	18" PIPE	
10" PIPE	20" PIPE	
12" PIPE	21" PIPE	

SEWER PIPE TYPE

VCP	PE
PVC	RCP
CAS	DIP
AC	ABANDONED
UNK	
RPM	

DFA POTENTIAL PARCELS

SHORT	VCMU
MID	VR-15
LONG	VR-24
	VR-30

COUNTY OF SAN DIEGO SEWER SERVICE DISTRICT

COUNTY OF SAN DIEGO SANITATION DISTRICT
SEWER SERVICE OUTSIDE OF STUDY AREA

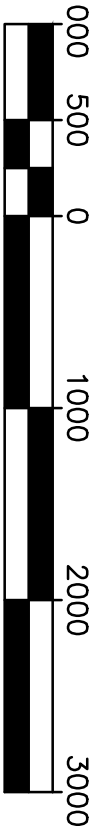
LEGEND

DFA BOUNDARY
ROADS
PARCELS

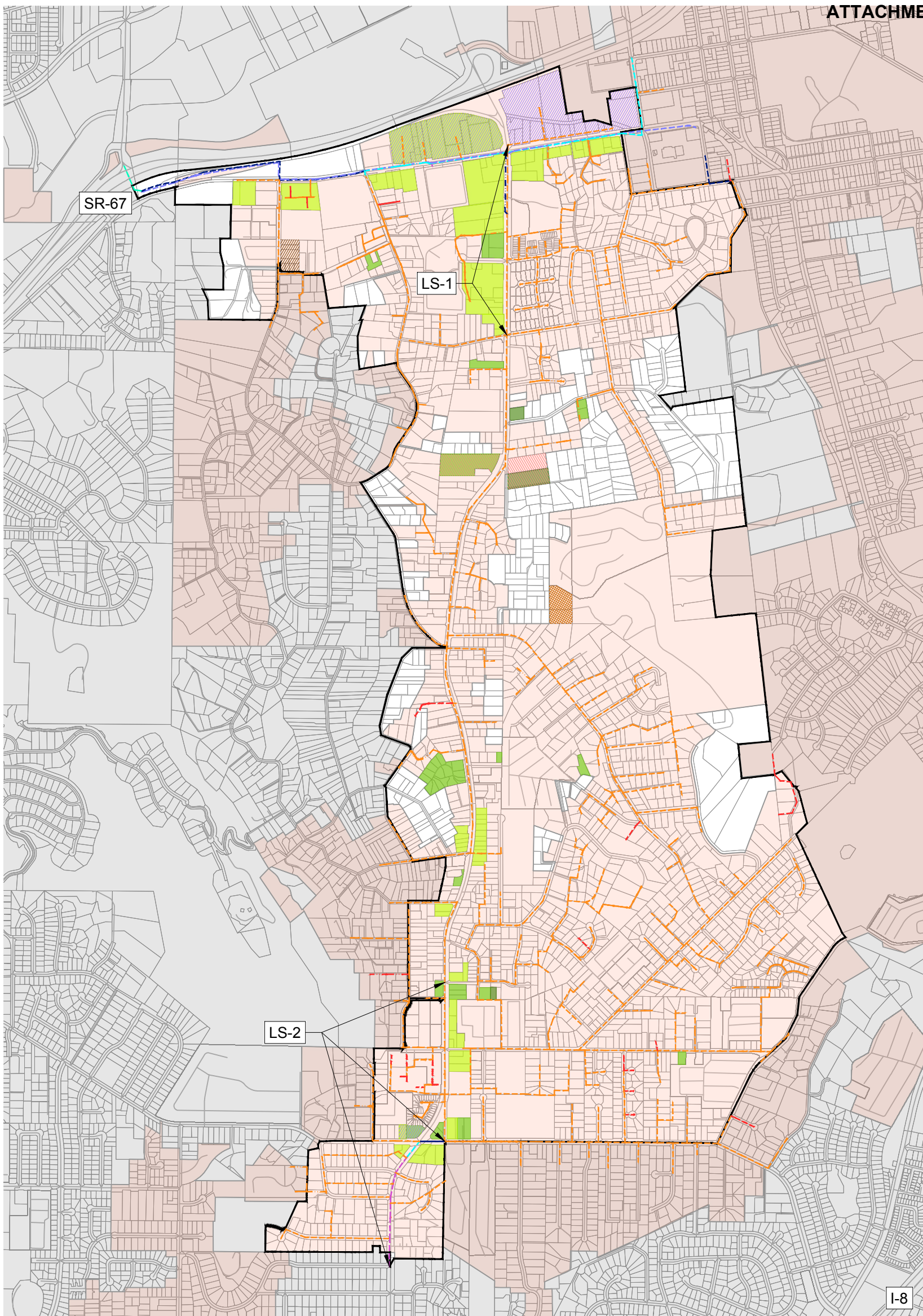
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**VALLE DE ORO/CASA DE ORO DEVELOPMENT FEASIBILITY AREA
SEWER SERVICE VALLE DE ORO COMMUNITY PLAN AREA**



8/15/2024



SEWER PIPE SIZE

	4" PM PIPE		16" PIPE
	6" PIPE		18" PIPE
	6" PM PIPE		20" PIPE
	8" PIPE		21" PIPE
	10" PIPE		24" PIPE
	12" PIPE		30" PIPE
	12" PM PIPE		
	15" PIPE		

SEWER PIPE TYPE

	VCP
	PVC
	CAS
	AC
	UNK
	RPM
	PE
	RCP
	DIP

DFA POTENTIAL PARCELS

	SHORT		VCMU
	MID		VR-15
	LONG		VR-24
			VR-30

LEGEND

	DFA BOUNDARY
	ROADS
	PARCELS

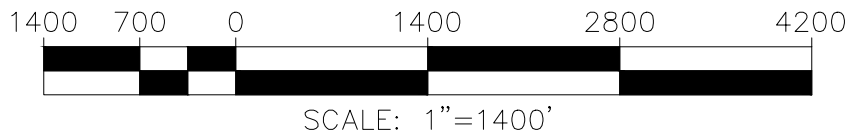
COUNTY OF SAN DIEGO SEWER SERVICE DISTRICT

	COUNTY OF SAN DIEGO SANITATION DISTRICT
	SEWER SERVICE OUTSIDE OF STUDY AREA

ABBREVIATION:

PM = PRESSURE MAIN

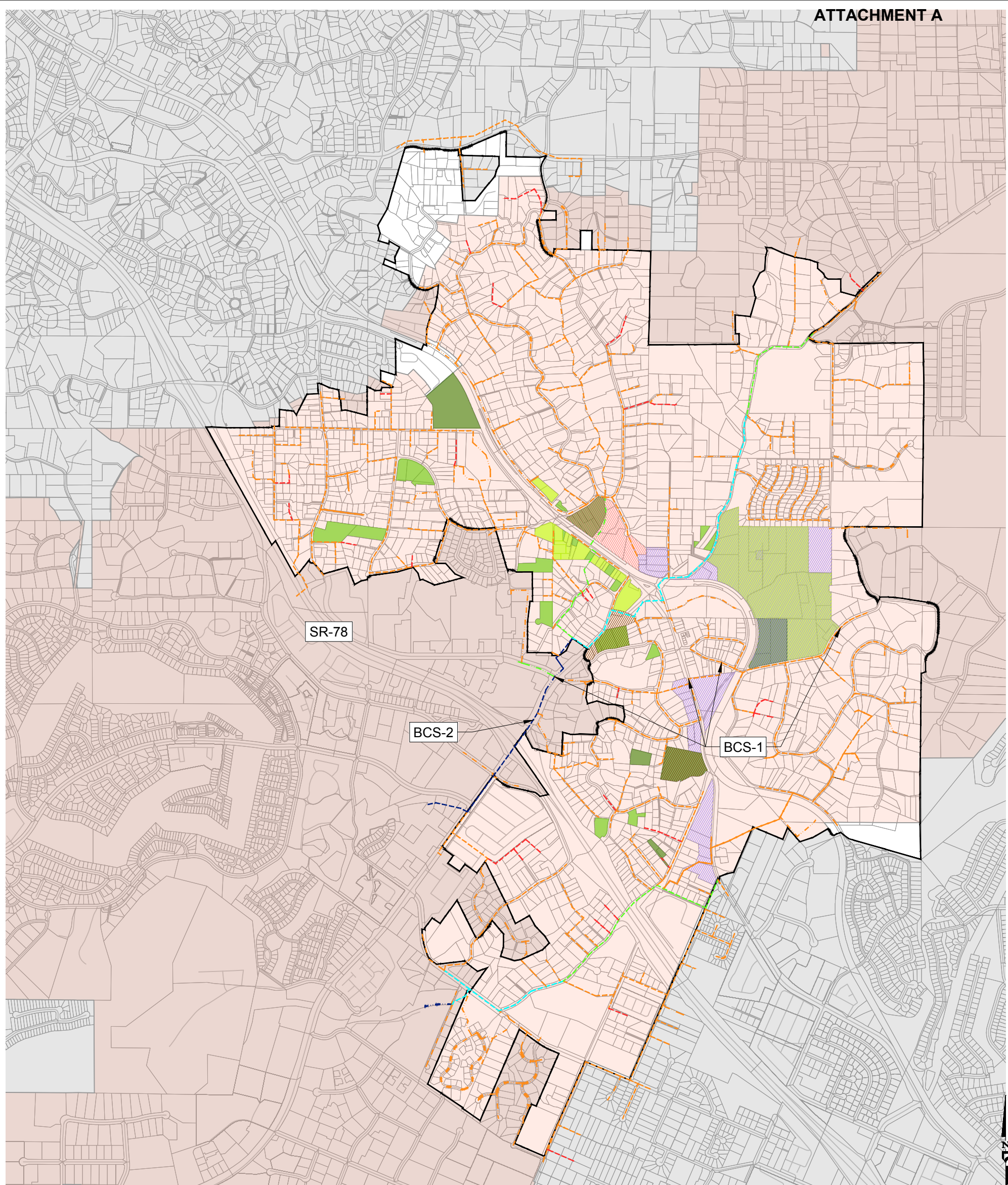
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LAKESIDE DEVELOPMENT FEASIBILITY AREA

Bowman SEWER SERVICE LAKESIDE COMMUNITY PLAN AREA

8/6/2024



SEWER PIPE SIZE

- 6" PIPE
- 8" PIPE
- 10" PIPE
- 12" PIPE
- 15" PIPE

SEWER PIPE TYPE

- VCP
- PVC
- ACP
- ABS
- DIP

DFA POTENTIAL PARCELS

- SHORT
- MID
- LONG
- VCMU
- VR-15
- VR-24
- VR-30

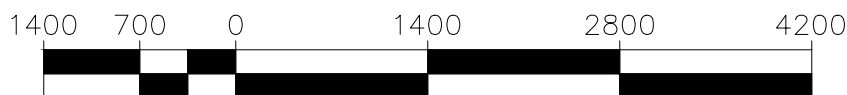
LEGEND

- DFA BOUNDARY
- ROADS
- PARCELS

BEUNA SANITATION DISTRICT

- BUENA SANITATION DISTRICT SEWER SERVICE
- OUTSIDE OF STUDY AREA

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SCALE: 1"=1400'

Bowman BUENA CREEK DEVELOPMENT FEASIBILITY AREA
SEWER SERVICE NORTH COUNTY COMMUNITY PLAN AREA

8/15/2024



Exhibit C. Market Feasibility Assessment



Planning and Development Services 5510 Overland Avenue
San Diego, CA 92123 sandiegocounty.gov

MEMORANDUM

To: Laura Stetson, AICP, Principal
Moore Iacofano Goltsman, Inc. (MIG)

From: KEYSER MARSTON ASSOCIATES, INC.

Date: August 6, 2024

Subject: County of San Diego – Development Feasibility Analysis
Buena Creek Focus Area – Market Assessment

I. INTRODUCTION

As part of a Development Feasibility Analysis (DFA), the County of San Diego (County) has requested that Keyser Marston Associates, Inc. (KMA) assess the development potential and feasibility of residential development on key sites in four (4) focus areas within the unincorporated area of the County. The focus areas identified by the County include the communities of Buena Creek, Valle de Oro/Casa de Oro, Lakeside, and Spring Valley. This assessment reflects the market support and development potential for residential development within the Buena Creek Focus Area (Focus Area).

In completing this assessment, KMA undertook the following principal work tasks for the Focus Area:

- (a) Reviewed other market feasibility studies and/or information from the County
- (b) Evaluated long-term residential market demand
- (c) Reviewed existing inventory and projects in the pipeline
- (d) Assessed potential improvements to existing infrastructure
- (e) Identified criteria for five (5) candidate sites for testing the feasibility of residential development

II. EXECUTIVE SUMMARY

This section presents a summary of the key findings from the KMA market assessment. Table II-1 below presents a summary fact sheet of the opportunities and constraints, evaluation of market demand, and criteria for five (5) candidate sites for the residential development feasibility analysis. Supportable market demand is evaluated in the near-term (0 to 5 years), mid-term (5 to 10 years), and long-term (10 or more years). In addition, the following metrics were used as part of this evaluation: “strong,” meaning highly likely to occur; “moderate,” meaning likely to occur; and “weak,” meaning unlikely to occur.

To complement the findings in the market assessment, KMA will produce, under a separate report, financial feasibility analyses of various residential development concepts on the selected candidate sites.

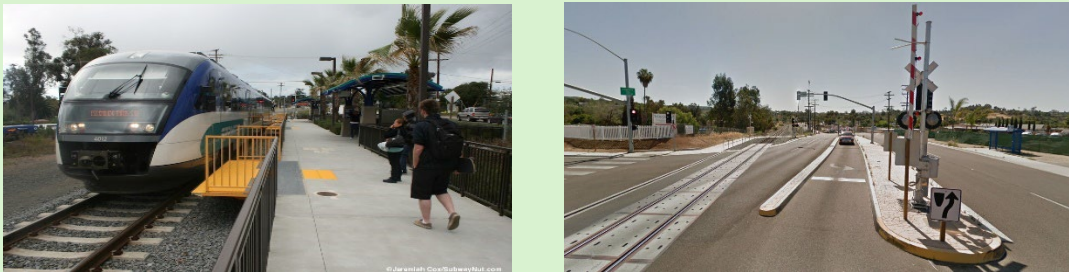
Table II-1: Fact Sheet – Buena Creek Focus Area	
	
<p>Key Market Opportunities and Constraints for Residential Development</p>	<p><i>Opportunities for Residential Development:</i></p> <ul style="list-style-type: none"> • Capture new residents that are employed within the high-quality office markets of North County/State Route 78 (SR 78) corridor • Supplement the existing/strong residential development trends in both Vista to the west and San Marcos to the southeast • Concentrate higher density multi-family development near the Buena Creek Sprinter Station and along South Santa Fe Avenue • Encourage low density residential at the northern and southern areas of the Focus Area near existing single-family development and schools • Increase the variety of housing options available to new and existing residents, including affordable housing <p><i>Constraints for Residential Development:</i></p> <ul style="list-style-type: none"> • Lower median household income than the County as a whole (Region) • Low residential land values when compared to other areas of the Region

Table II-1: Fact Sheet – Buena Creek Focus Area













	<ul style="list-style-type: none"> • Land assembly may be required to create appropriately sized and configured development sites • Certain properties are challenged by sloping topography • Lack of infrastructure improvements in certain areas 																				
<p>Projected Growth in Housing Units</p>	<table border="1"> <thead> <tr> <th colspan="3" data-bbox="773 531 1326 573">Projected Growth (2025-2050)</th> </tr> <tr> <th data-bbox="773 573 1089 615">Total Units</th> <th colspan="2" data-bbox="1089 573 1326 615">Units/Year</th> </tr> </thead> <tbody> <tr> <td data-bbox="524 615 773 657">Low Capture</td> <td data-bbox="773 615 1089 657">915 Units</td> <td data-bbox="1089 615 1326 657">37 Units/Year</td> </tr> <tr> <td data-bbox="524 657 773 699">High Capture</td> <td data-bbox="773 657 1089 699">1,373 Units</td> <td data-bbox="1089 657 1326 699">55 Units/Year</td> </tr> </tbody> </table>			Projected Growth (2025-2050)			Total Units	Units/Year		Low Capture	915 Units	37 Units/Year	High Capture	1,373 Units	55 Units/Year						
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Total Units	Units/Year																				
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High Capture	1,373 Units	55 Units/Year																			
<p>Potential Residential Development Typologies</p>	<table border="1"> <thead> <tr> <th colspan="3" data-bbox="451 743 1417 785">For-Sale Residential Development Typologies</th> </tr> </thead> <tbody> <tr> <td data-bbox="451 785 857 1014">  <p>Small Lot Single-Family</p> </td> <td data-bbox="857 785 1109 1014"> <p>Type V 2 Stories</p> </td> <td data-bbox="1109 785 1417 1014"> <p>10 Units/Acre</p> </td> </tr> <tr> <td data-bbox="451 1014 857 1243">  <p>Townhomes</p> </td> <td data-bbox="857 1014 1109 1243"> <p>Type V 2-3 Stories</p> </td> <td data-bbox="1109 1014 1417 1243"> <p>15 to 20 Units/Acre</p> </td> </tr> <tr> <th colspan="3" data-bbox="451 1243 1417 1285">Rental Residential Development Typologies</th> </tr> <tr> <td data-bbox="451 1285 857 1570">  <p>Stacked Flat with Tuck-Under Parking</p> </td> <td data-bbox="857 1285 1109 1570"> <p>Type V 3+ Stories</p> </td> <td data-bbox="1109 1285 1417 1570"> <p>30+ Units/Acre</p> </td> </tr> <tr> <td data-bbox="451 1570 857 1818">  <p>Garden Style Apartments</p> </td> <td data-bbox="857 1570 1109 1818"> <p>Type V 2-3 Stories</p> </td> <td data-bbox="1109 1570 1417 1818"> <p>20 to 25 Units/Acre</p> </td> </tr> </tbody> </table>			For-Sale Residential Development Typologies			 <p>Small Lot Single-Family</p>	<p>Type V 2 Stories</p>	<p>10 Units/Acre</p>	 <p>Townhomes</p>	<p>Type V 2-3 Stories</p>	<p>15 to 20 Units/Acre</p>	Rental Residential Development Typologies			 <p>Stacked Flat with Tuck-Under Parking</p>	<p>Type V 3+ Stories</p>	<p>30+ Units/Acre</p>	 <p>Garden Style Apartments</p>	<p>Type V 2-3 Stories</p>	<p>20 to 25 Units/Acre</p>
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Table II-1: Fact Sheet – Buena Creek Focus Area

<p>Evaluation of Market Demand</p>	<p>Market Demand for Residential Typologies</p>			
		<p>Near-Term (0-5 Years)</p>	<p>Mid-Term (5-10 Years)</p>	<p>Long-Term (10+ Years)</p>
	<p>For-Sale</p>			
	<p>Small-Lot Single-Family</p>	<p>Strong</p>	<p>Strong</p>	<p>Strong</p>
	<p>Townhomes</p>	<p>Strong</p>	<p>Strong</p>	<p>Strong</p>
	<p>Rental</p>			
	<p>Stacked Flat with Tuck-Under Parking</p>	<p>Weak</p>	<p>Moderate</p>	<p>Strong</p>
	<p>Garden Style Apartments</p>	<p>Moderate</p>	<p>Strong</p>	<p>Strong</p>
	<p>Criteria for Five (5) Candidate Sites for Potential Residential Development¹</p>	<ul style="list-style-type: none"> Parcel sizes ranging from 1/2 acre to 3+ acres Vacant or underutilized properties² Existing General Plan land use designations and/or zoning classifications with allowable densities ranging from 2 to 40 units per acre, with a focus on sites with allowances in the 15 to 30 units per acre range In-fill properties, particularly ones with the potential for land assemblage with adjacent properties 		

¹ Source: Criteria for Selecting Candidate Sites for Financial Feasibility Modeling Memorandum to County, MIG, May 2024.

² Underutilized properties can be considered that demonstrate either (1) existing improvements at a lower density level than the General Plan land use designation allows, and/or (2) low existing assessed values measured in terms of existing building value relative to land area.

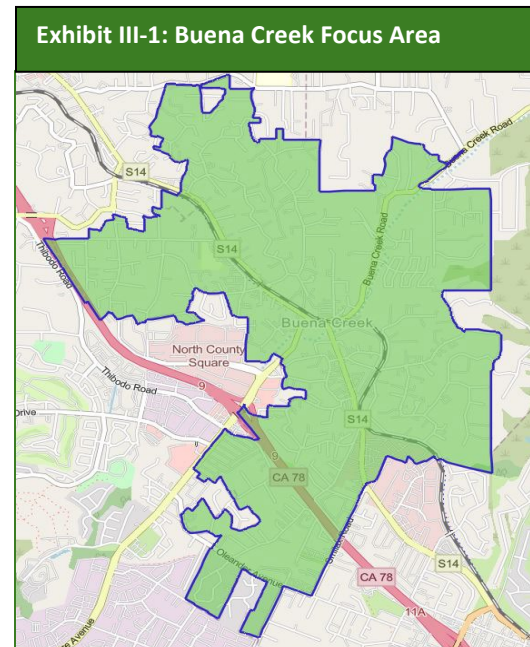
III. OVERVIEW OF FOCUS AREA

A. Description and Environs

The Focus Area consists of 2.52 square miles and is presented in Exhibit III-1. The Focus Area is well situated within North County and is bordered by the cities of San Marcos and Vista. The Focus Area has access to State Route 78 (SR 78) and the Buena Creek Sprinter Station, the only light rail station in the unincorporated County.

The Focus Area can generally be characterized as containing primarily large-lot single-family homes and agricultural uses, with limited commercial and industrial uses. Existing General Plan Land Uses include General Commercial, Limited Impact Industrial, Neighborhood Commercial, Office Professional, Public/Semi-Public Facilities, Village Core Mixed-Use, and Village Residential. Residential densities in the Village

Residential areas range from 2 to 30 dwelling units per acre. Current allowable zoning within the Focus Area includes General Commercial (C36), Mobile Home Residential (RMH), Urban Residential (RU), Limited Industrial (M52), Rural Residential (RR), Multi and Variable Residential Family Residential (RV), General Agriculture (A72), and Transportation and Utility Corridor (S94).



B. Demographic Overview

This section provides a comparative evaluation of demographic factors for the Focus Area relative to the County as a whole (Region). An overview is presented in Table III-1 below. As shown, the Buena Creek Focus Area population accounts for 7,708 out of the Region's 3.3 million total population. Households in the Focus Area are larger in size (3.1 persons per household) when compared to the Region at 2.7 persons per household. Unemployment rate in the Focus Area is higher at 5.7% versus the Region at 4.9%. Additionally, the Focus Area has slightly less ownership housing and slightly more rental housing when compared to the Region.

Table III-1: Demographic Overview, 2023 ⁽¹⁾		
	County of San Diego (Region)	Buena Creek Focus Area
Population	3,325,723	7,708
Households	1,172,264	2,474
Average Household Size	2.74	3.08
Median Age	36.7	35.6
Unemployment Rate	4.9%	5.7%
Owner Occupied Housing Units	51.5%	49.2%
Renter Occupied Housing Units	42.5%	45.9%

(1) Esri Business Analyst Online, May 2024.

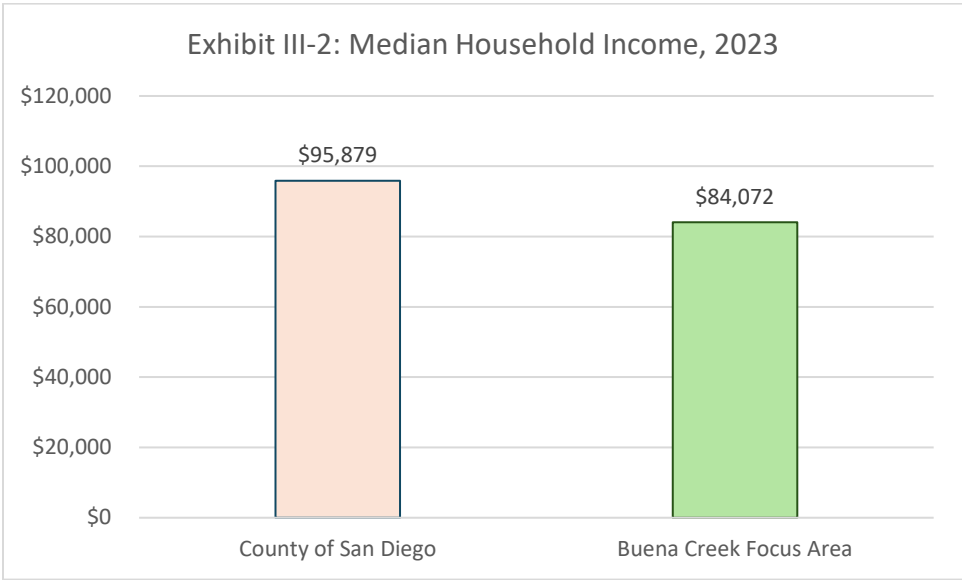
C. Household Income Distribution

The distribution of 2023 household income for the Focus Area vs. the Region is presented in Table III-2. As shown, the Focus Area is similar to the Region, with slightly more households earning less than \$75,000 per year. Similarly, the Region contains more households earning above \$150,000 per year when compared to the Focus Area.

Table III-2: Household Income Distribution, 2023 ⁽¹⁾				
Income Distribution	County of San Diego (Region)		Buena Creek Focus Area	
	Households	Percent	Households	Percent
< \$75K	466,548	40%	1,089	44%
\$75K - \$99K	137,923	12%	371	15%
\$100K - \$149K	234,349	20%	470	19%
\$150K+	333,420	28%	544	22%
Total	1,172,240	100%	2,474	100%

(1) Esri Business Analyst Online, May 2024.

With respect to median household income, Focus Area income is 12% lower than the Region. As shown in Exhibit III-2 below, the Focus Area's median household income is approximately \$84,000, whereas the Region income is approximately \$96,000.



Source: Esri Business Analyst Online, May 2024.

D. Public Transit and Neighborhood Amenities

KMA evaluated the public transit and neighborhood amenities in close proximity to the Focus Area. The presence of these amenities, or lack thereof, can be factors influencing the demand for residential development. With respect to public transit, the Focus Area is served by North County Transit District (NCTD) bus stops, primarily along South Santa Fe Avenue and Robelini Drive. The area is also served by NCTD’s Sprinter at the Buena Creek Station, providing east-west accessibility from Escondido to Oceanside, with connections to the Coaster commuter rail service.

KMA analyzed the neighborhood amenities available within a 3-mile radius of the center of the Focus Area (Trade Ring), as illustrated in Exhibit III-3 below.

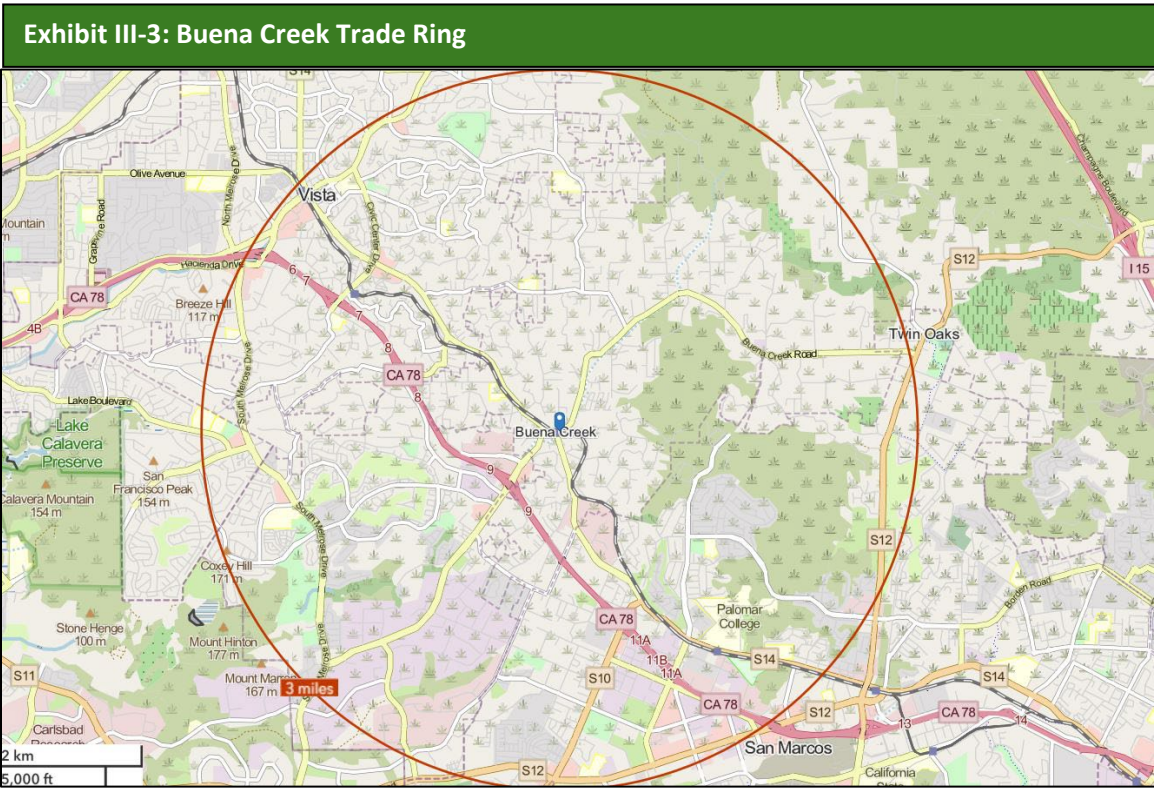


Table III-3 presents amenities within the Trade Ring that serve existing residents. As shown, the Trade Ring contains an ample number of schools/educational facilities, neighborhood parks/recreation, and grocery stores and pharmacies. Notably, the Trade Ring includes several North County Transit District (NCTD) bus stops and the Buena Creek Sprinter Station. The presence of these public transit amenities provides an opportunity to increase transit ridership and provide additional public transit infrastructure. Although there are no hospitals within the Trade Ring, just outside the Trade Ring is the Tri City Medical Park. Additionally, the North County Square shopping center adjacent to the Focus Area offers major retailers such as Target, Walmart, and Living Spaces.

Table III-3: Neighborhood Amenities – Trade Ring	
Public Transit	<ul style="list-style-type: none"> • Sprinter (Buena Creek Station) • North County Transit District bus stops
Schools/Educational Facilities	<ul style="list-style-type: none"> • Hannalei Elementary School • Monte Vista Elementary School • Beaumont Elementary School • Vista Magnet Middle School • Rancho Minerva Middle School • San Marcos Middle School • Rancho Buena High School • Vista Adult School • Palomar College
Hospital/Medical Centers	<ul style="list-style-type: none"> • Kaiser Permanente Vista Medical Offices • Vista Family Health Center
Neighborhood Parks/Recreation	<ul style="list-style-type: none"> • Inland Rail Trail – Buena Creek • Buena Vista Park • Shadow Ridge Park • Thibido Park • Pala Vista Park • Valley View Park • Quail Valley Park
Grocery Stores and Pharmacies	<ul style="list-style-type: none"> • Walmart Supercenter • Target Grocery • El Leon Market • Mi Ranchito Produce • Stater Bros. Markets

E. Residential Market Trends

Utilizing CoStar Group, Inc (CoStar), an industry leader in commercial real estate information, KMA conducted a survey of residential land sales from January 2021 to May 2024 for the Trade Ring. As shown in Table III-4, land values in the Trade Ring reflect a median of \$28 per square foot (SF) and an average of \$27 per SF. The KMA survey found that, although there have been sales in the Trade Ring, there have been no land sales within the Focus Area boundary for the period analyzed. Sales generating the highest land values (above \$30 per SF) are primarily located in the cities of San Marcos and Vista. These sales reflect entitled sites for the purpose of developing multi-family housing. By comparison, land sales for the development of single-family homes ranged between \$10 and \$20 per SF. The

difference in land value for multi-family versus single-family housing is an indicator of market demand and development potential for higher density multi-family product types.

Table III-4: Survey of Residential Land Sales, January 2021 to May 2024, Buena Creek Trade Ring ⁽¹⁾⁽²⁾				
Number of Land Sales	Minimum	Maximum	Median	Average
15	\$5/SF Land	\$63/SF Land	\$28/SF Land	\$27/SF Land
(1) Source: CoStar Group, Inc. (2) Reflects a 3-mile radius from the mid-point of the Buena Creek Focus Area (1923 Buena Creek Road, Vista).				

KMA also conducted a survey of apartment building sales in the Trade Ring from January 2021 to May 2024. As shown in Table III-5, apartment buildings sold at a median price of \$323,400 per unit and an average price of \$349,600 per unit. Two (2) sales in Vista and San Marcos exceeded \$500,000 per unit. Both sales were Class A apartment complexes built after 2014 within highly amenitized residential areas and in close proximity to a Sprinter Station. This indicates that there is demand for residential development within the Trade Ring, especially near key public transit locations.

Table III-5: Survey of Apartment Building Sales, January 2021 to May 2024, Buena Creek Trade Ring ⁽¹⁾⁽²⁾				
Number of Land Sales	Minimum	Maximum	Median	Average
12	\$222,200/Unit	\$575,400/Unit	\$323,400/Unit	\$349,600/Unit
(1) Source: CoStar Group, Inc. (2) Reflects a 3-mile radius from the mid-point of the Buena Creek Focus Area (1923 Buena Creek Road, Vista). Excludes apartment buildings with less than 25 units.				

With respect to apartment buildings in the Focus Area boundary, KMA found that no new apartments have been built in the last 20 years. There is currently an inventory of 11 apartment buildings over 10 units in size. These developments contain a total of 577 units, with an average unit size of 788 SF. As shown in Table III-6, monthly rent in the first quarter 2024 was \$2,170, or \$2.78 per SF. Since 2014, rents in the Focus Area have experienced a relatively high average annual increase of approximately 6.2%. Vacancy rates have also remained low over the past 10 years, averaging 3.1%. For comparison purposes, a healthy vacancy rate in the apartment industry averages 5.0%.

Table III-6: Apartment Rents, Buena Creek Focus Area ⁽¹⁾				
Year	Average Unit Size	Monthly Rent ⁽²⁾	Rent Per SF	Average Annual Growth Rate (2014-2024)
2024	788 SF	\$2,170	\$2.78	6.24%
2014	788 SF	\$1,185	\$1.51	
(1) Reflects apartment buildings with 10 units or more within the Buena Creek Focus Area. (2) Reflects effective rent defined as the actual rental rate achieved by the landlord after deducting the value of concessions from the base rental rates that are paid or given to the tenant.				

Using median household income, KMA estimated the supportable apartment rent for Focus Area households and compared this rent to supportable apartment rents in the neighboring cities of San Marcos, Vista, and the Region. As shown in Table III-7, Focus Area households can support apartment rents of \$2,330, lower than San Marcos, Vista, and Region households.

Table III-7: Supportable Apartment Rents by Area				
	Focus Area	City of San Marcos	City of Vista	County of San Diego (Region)
Median Household Income ⁽¹⁾	\$84,072	\$103,083	\$86,101	\$95,879
Income Allocation to Housing	35%	35%	35%	35%
Monthly Income Available for Housing	\$2,452	\$3,007	\$2,511	\$2,796
(Less) Utilities ⁽²⁾	(\$120)	(\$120)	(\$120)	(\$120)
Supportable Apartment Rent	\$2,330	\$2,890	\$2,390	\$2,680
(1) Source: Esri, Business Analyst Online. (2) Reflects utility allowance schedule per the County of San Diego, effective March 1, 2024. Assumes a two bedroom unit.				

KMA also analyzed for-sale housing trends for single-family and townhome/condominium units for the three (3) zip codes overlapping the Focus Area. As shown in Table III-8, the median sales price for single-family units in 2024 ranged from \$896,590 to \$994,000. By comparison, the median sales price for townhome/condominium units ranged from \$579,500 to \$648,720.

Table III-8: For-Sale Housing Trends by Zip Code, January 2024 to March 2024 ⁽¹⁾		
	Year to Date ⁽²⁾	
Type	Closed Sales	Median Sales Price
Single-Family		
Vista South - 92081	42	\$994,000
Vista West - 92083	35	\$896,590
Vista East - 92084	62	\$955,000
Townhome/Condominium		
Vista South - 92081	18	\$648,720
Vista West - 92083	16	\$579,500
Vista East - 92084	15	\$590,000
(1) Source: Greater San Diego Association of Realtors. Reflects 92081, 92083, 92084 zip codes. (2) Reflects January 2024 through March 2024 time period.		

Using median household income, KMA estimated the supportable sales price for Focus Area households and compared this sales price to supportable prices in the neighboring cities of San Marcos, Vista, and the Region. As shown in Table III-9, Focus Area households can support a for-sale unit price of \$397,000, lower than San Marcos, Vista, and the Region. It is important to note that supportable sales prices above are substantially below current market values. This is an indicator of the affordability housing crisis throughout the Region.

Table III-9: Supportable Sales Prices by Area				
	Focus Area	City of San Marcos	City of Vista	County of San Diego (Region)
Median Household Income ⁽¹⁾	\$84,072	\$103,083	\$86,101	\$95,879
Annual Income Available for Housing @ 35%	\$29,425	\$36,079	\$30,135	\$33,558
Income Available for Mortgage ⁽²⁾	\$20,825	\$26,379	\$21,435	\$24,258
Supportable Mortgage @ 4.6% Interest Rate ⁽³⁾	\$337,031	\$426,914	\$346,906	\$392,581
Add: Down Payment @ 15%	\$59,550	\$75,300	\$61,200	\$69,300
Supportable For-Sale Unit Price (Rounded)	\$397,000	\$502,000	\$408,000	\$462,000
<p>(1) Source: Esri, Business Analyst Online.</p> <p>(2) KMA estimate based on \$350/month HOA and 1.10% tax rate. Excludes costs related to maintenance and insurance.</p> <p>(3) Source: Bankrate.com. Reflects the national average 30-year fixed mortgage APR from 2019 through 2023.</p>				

F. Projects in Planning and Under Construction

According to CoStar, there are eight (8) residential projects either proposed or under construction within the Trade Ring. As shown in Table III-10, collectively, these projects will add an estimated 850 housing units to the residential inventory. Of the eight (8) projects, six (6) developments are rental apartments projects, with three (3) serving affordable households; two (2) of these will serve senior populations.

Table III-10: Projects in Planning/Under Construction				
Project Name	Address	Product Type	Number of Units	Current Status
Estrella	600 W. Richmar Avenue, San Marcos	Affordable rental apartments	96 units	Under construction
Harveston	1501 Wingwood Lane, Vista	For-sale single-family homes	45 units	Under construction
La Sabila	2357 South Santa Fe Avenue, Vista	Senior affordable rental apartments	85 units	Under construction

Table III-10: Projects in Planning/Under Construction				
Project Name	Address	Product Type	Number of Units	Current Status
Capalina Apartments	240 North Rancho Santa Fe Road, San Marcos	Rental apartments	119 units	Proposed
Kensho Residential	404 Lado de Loma Dr, Vista	Rental apartments	183 units	Proposed
Melrose Matagual	560 S Melrose Drive, Vista	For-sale single-family homes	34 units	Proposed
Park Avenue Apartments	165 Eucalyptus Avenue, Vista	Rental apartments	176 units	Proposed
Santa Fe Apartments	2357 South Santa Fe Avenue, Vista	Senior affordable rental apartments	112 units	Proposed
Total Units			850 units	

IV. RESIDENTIAL DEVELOPMENT POTENTIAL

A. Factors Impacting Development Potential

Demographic & Market Trends

When compared to the Region, the Focus Area contains larger household sizes, slightly lower median household income, higher unemployment rate, and a lower proportion of owner-occupied housing units. The Focus Area contains more households earning less than \$75,000 when compared to the Region. Additionally, existing rents for multi-family apartments are slightly lower than the Regional average. However, North County remains one of the highest housing cost areas when compared to other parts of the region due to its accessibility to employment centers, quality schools, and recreational amenities.

Neighborhood Amenities

As discussed in the prior section, the Trade Ring contains an ample amount of neighborhood amenities. The Trade Ring allows Focus Area residents to purchase goods in the apparel, general merchandise, home furnishings/appliances, and building/hardware retail categories. The proximity of a variety of public transit options provides an opportunity to concentrate new residential development near or around existing transit stops. Moreover, the Trade Ring contains high quality schools/education, medical centers, neighborhood parks, and grocery and pharmacy stores to serve existing and future residents. These amenities are crucial to attract new residential development to the Focus Area.

Housing Legislation

In recent years, the State of California (State) Legislature has passed several Senate Bills (SB) and Assembly Bills (AB) encouraging housing production. These bills may positively impact the production of residential development within the Focus Area. Key housing bills are summarized below.

- *SB 2 (2017)* – established a permanent source of funding intended to increase affordable housing. The revenue from SB 2 is dependent on real estate transactions and provides financial assistance to local governments for eligible housing-related projects and programs to assist in addressing the unmet housing needs of their local communities.
- *AB 1486 (2020)* – amends the Surplus Land Act (SLA), requiring public agencies interested in selling or leasing a property to go through a structured sale disposition process that first exposes the property to a State published list of affordable housing developers and other interested parties.
- *SB 743 (2020)* – requires the amount of driving and length of trips – as measured by vehicle miles traveled (VMT) – be used to assess transportation impacts on the environment for California Environmental Quality Act (CEQA) review. These impacts will be mitigated by options such as Transportation Demand Management (TDM), increasing transit services, or providing for active transportation such as walking and biking.
- *SB 9 (2022)* – streamlines the process for a homeowner to create a duplex or subdivide an existing lot.
- *SB 10 (2021)* – provides cities or counties with an easier path for upzoning residential neighborhoods close to job centers, public transit, and existing urban areas. Under SB 10, cities or counties can choose to authorize construction of up to ten units on a single parcel without requiring an environmental review (otherwise mandated under CEQA).
- *AB 976 (2023)* – permanently extends the ability of property owners to build affordable, rental accessory dwelling units (ADUs), also known as “granny flats,” by extending the rental unit provisions of AB 881 (2020), which would have expired in 2025. The provisions allow owners to build rental ADUs on the same property as their existing rentals.
- *AB 1287 (2023)* – modifies the State Density Bonus Law (SB 1818) to create additional density bonuses for developers who provide deed-restricted affordable units beyond the previous maximum percentages in the law. Under the new law, the additional 5% of units provided for very low-income

households would entitle the developer to an extra 20% density bonus. Stacked on top of the 35% bonus provided for the 15% set-aside under the original law, this results in a total bonus of 55%. The new additional bonuses provided under AB 1287 could allow for density bonuses of up to 100% of base density.

Construction Costs

Another factor impacting production of new residential development is the rising costs of construction. These costs are primarily governed by market supply and demand factors. Currently, demand for building materials is high, while supply is limited due to global shortages and disruptions, causing prices to rise. This increase is reflected in the Construction Cost Index (CCI), a measure of the average cost of construction based on prices of materials, labor, and equipment. CCI for the State experienced an annual growth rate during 2016 to 2020 ranging from 1.3% to 3.6%. By comparison, from 2021 to 2023 the annual growth ranged from 9.3% to 13.4%. On a national basis, from 2020 through 2023, costs for concrete have increased by 15%, lumber by 16%, and steel by 22%. Other factors contributing to this increase in cost include rising insurance premiums, high interest rates, and limited availability of labor. The continued rising costs of construction present residential development feasibility challenges, where many developers cannot deliver residential projects at entry level rents/prices.

Infrastructure Requirements

New residential development also requires enhancement of surrounding public facilities and infrastructure, including roads, water, sewer, sidewalks, and parks. New development in the Focus Area is also challenged due to the need to apply for and access adjacent water, sewer, and utility districts. Portions of the Focus Area lack the enhanced infrastructure needed to support competitive new market-rate residential development. The cost to upgrade infrastructure and facilities is continuing to rise, hindering demand and construction of new residential development.

B. Summary of Stakeholder Interviews

KMA participated in a series of interviews with key stakeholders, including developers, non-profit organizations, and industry associations. The objective of the stakeholder interviews was to better understand barriers, necessary amenities, potential infrastructure needs, and opportunities for residential development within the unincorporated areas of the County. Table IV-1 presents the overview of barriers and solutions mentioned by the key stakeholders that the County may consider to encourage the production of housing in each Focus Area.

Table IV-1: Summary of Stakeholder Interviews

<p>Current Barriers to Residential Development</p>	<p><u>Programs and Policies:</u></p> <ul style="list-style-type: none"> • Timing of permitting, entitlement, and review processes increase risk and uncertainty • County requires a larger number of technical studies as compared to other jurisdictions • Vehicle Miles Traveled (VMT) requirements are too restrictive in non-VMT efficient areas • Parking requirements do not align with current residential market trends • Low density residential zoning hinders developers’ ability to fully build out a site to its maximum potential after considering easements, sloping, and on-site stormwater mitigation measures <p><u>Financial Factors:</u></p> <ul style="list-style-type: none"> • Construction costs (labor and materials) are increasing at all-time highs • High interest rates increase developers’ borrowing costs • Proposed Statewide budget cuts will limit funding sources for affordable housing • Lack of infrastructure in rural communities causes extraordinary construction costs • High insurance costs may hinder developers from building in high-risk fire areas
<p>Potential Solutions to Encourage Residential Development</p>	<ul style="list-style-type: none"> • Provide a streamlined permitting, entitlement, and review process with single project manager to oversee a development application from A-Z • Enhance the ability for projects to undergo ministerial approval and eliminate the need for CEQA or public hearings • Establish Program EIRs for Community Plan Updates or Specific Plans • Increase density on existing low density residential zoned parcels, where appropriate • Enhance County’s ability to work in partnership with developers to invest in and develop infrastructure improvements (primarily water and sewer) • Provide methods for off-site stormwater mitigation • Establish an infrastructure financing district(s) in strategic areas • Consider acquiring and consolidating parcels to create catalyst development sites • Conduct regular (or annual) amendments to zoning regulations to align with changes in the housing market to ensure housing production can be achieved

Under the direction of the Board of Supervisors, the County has made several efforts to address the challenges that developers have faced when attempting to construct housing in the unincorporated areas of the County. These actions include:

1. The May 2023 adoption of Guaranteed Timelines for: (a) 100% affordable housing and emergency shelters; (b) VMT efficiency and in-fill area housing; and (c) work force housing. The Guaranteed Timelines will allow for expedited timelines for discretionary review, CEQA environmental studies, building permit plan check, and septic reviews.
2. The preparation of a Programmatic Environmental Impact Report (PEIR) for key areas, expected to be presented to the Board of Supervisors in October 2024.

C. Potential Residential Development Opportunities

Projected Demand in Housing Units

KMA reviewed historical housing inventory trends in the Focus Area, Trade Ring, and the Region. As shown in Table IV-2, the Trade Ring experienced a growth in housing units from 2000 to 2020 that accounted for 2.4% of Regional growth. By comparison, the Focus Area experienced a growth in housing units from 2000 to 2020 that represented 0.07% of Regional growth.

Table IV-2: Historic Annual Growth in Housing Units ⁽¹⁾	
	Annual Growth 2000-2020
San Diego County (Region)	9,416 Units/Year
Buena Creek Trade Ring	224 Units/Year
<i>Trade Ring as % of Region</i>	<i>2.4%</i>
Buena Creek Focus Area	7 Units/Year
<i>Focus Area as % of Region</i>	<i>0.07%</i>
<small>(1) Source: Esri.</small>	

Based on this historic growth and current County initiatives to promote residential development within this area, KMA anticipates that the Focus Area can capture a share of future Regional growth ranging from a low of 0.50% to a high of 0.75%. Capture rates within the Focus Area are expected to be higher than historic rates as there is limited supply of land within the Region and increased investment interest in in-fill communities. As a result, KMA projects that the Focus Area has the potential to add between 915 and 1,373 units between 2025 and 2050 as shown in Table IV-3.

Table IV-3: Projected Annual Growth in Housing Units – Focus Area		
	Projected Growth 2025-2050	
	Total Units	Units/Year
San Diego County (Region) ⁽¹⁾	183,079 Units	7,323 Units/Year
Buena Creek Focus Area		
Low Capture (0.50%)	915 Units	37 Units/Year
High Capture (0.75%)	1,373 Units	55 Units/Year
⁽¹⁾ Based on SANDAG Series 14 Growth Forecast.		

Comparable Residential Development Projects

KMA projects that the Focus Area can support a diverse range of ownership and rental housing product types. There is an opportunity to concentrate medium to high density multi-family development, including for-sale townhomes/rowhomes and stacked flat rental apartments, at the center of the Focus Area and along South Santa Fe Avenue. These areas benefit from access to transit services such as the NCTD Buena Creek Sprinter Station and bus routes along South Santa Fe Avenue and Robelini Drive. Low density residential development, such as small-lot and zero lot line (ZLL) single-family homes, should be encouraged in the northern and southern portions of the Focus Area.

Affordable housing development also presents an opportunity to increase demand for a range of housing types within the Focus Area. In many communities, development of affordable rental housing has demonstrated the potential to spur development of market-rate housing. Comparable experiences in Old Town Temecula, Vista Village, and Downtown Lemon Grove demonstrate that investments in affordable housing developments led to subsequent commercial revitalization and market-rate housing development. Within the Trade Ring, since 2020, three (3) affordable rental housing projects have been built, including The Grove (Wakeland Housing and Development Corporation), Alora Apartments (Affirmed Housing Group), and Paseo Artist Village (Community HousingWorks). In addition, La Sabila (Wakeland Housing and Development Corporation), an 85-unit senior affordable housing development is under construction at 2357 South Santa Fe Avenue in the Focus Area. Within the Trade Ring (south of the Focus Area), Estrella (Affirmed Housing Group) is under construction with a 96-unit garden-style affordable apartment project. The construction of affordable housing in the Trade Ring enhances the development potential of market-rate housing.

KMA identified potential residential development typologies that would be likely to occur within the Focus Area within the near- to long-term. These typologies reflect our experience with comparable projects in North County and similar communities elsewhere in the Region. Table IV-4 presents a brief project description for two (2) for-sale and two (2) rental residential development types that respond to

anticipated market conditions in the Focus Area. As shown, the likely construction types are all Type V low-rise wood-frame buildings.

Table IV-4: Potential Residential Development Typologies – Buena Creek Focus Area			
	Construction Type	Target Density (Units/Acre)	Typical Average Unit Size
For-Sale Residential Development Typologies			
 <p>Small Lot Single-Family</p>	Type V 2 Stories	10 Units/Acre	2,100 SF
 <p>Townhomes</p>	Type V 2-3 Stories	15 to 20 Units/Acre	1,350 SF
Rental Residential Development Typologies			
 <p>Stacked Flat with Tuck-Under Parking</p>	Type V 3+ Stories	30+ Units/Acre	800 SF
 <p>Garden Style Apartments</p>	Type V 2-3 Stories	20 to 25 Units/Acre	900 SF

Based on a review of the factors impacting residential development, potential residential development typologies, and current market conditions, KMA projected market support for each of the residential development typologies. This market demand is evaluated in the near term (0 to 5 years), mid-term (5 to 10 years), and long-term (10 or more years). In addition, the following metrics were used as part of this evaluation: “strong,” meaning highly likely to occur; “moderate,” meaning likely to occur; and

“weak,” meaning unlikely to occur. The factors that KMA relied on in determining “strong,” “moderate,” and “weak” market demand for the near-, mid-, and long-term include evaluations of demographic trends; availability of neighborhood amenities, public facilities and infrastructure, and transit services; proximity to high-quality employment; residential market factors, such as land and building values and rents; and the amount and type of recent and proposed development activity. Increases/decreases in market demand can be anticipated as changes occur with respect to one or more of these factors.

As shown in Table IV-5, KMA believes that market demand for for-sale housing will be strong in the near- to long-term. Conversely, market support for rental residential is anticipated to be weak/moderate in the near-term and grow to strong in the long-term. Examples of factors that could increase market demand for residential development in the mid- to long-term include improvements in neighborhood amenities, public facilities, and/or transit services; gains in high-quality employment in close commuting distance; and increases in market rents/sales values.

Table IV-5: Market Demand for Residential Typologies, Buena Creek Focus Area			
	Near-Term (0-5 Years)	Mid-Term (5-10 Years)	Long-Term (10+ Years)
FOR-SALE			
Small-Lot Single-Family	Strong	Strong	Strong
Townhomes	Strong	Strong	Strong
RENTAL			
Stacked Flat with Tuck-Under Parking	Weak	Moderate	Strong
Garden Style Apartments	Moderate	Strong	Strong

Under a separate report, KMA analyzed the financial feasibility of potential residential development prototypes for the Focus Area’s five (5) candidate sites. The analyses include estimates for development costs, value upon completion, targeted developer return, and/or potential funding sources. The outcome of the financial pro forma analyses illustrates the feasibility, in terms of residual land value or financing gap, of each development prototype. Residual land value is defined as the maximum land value supported by a proposed development. It is calculated by estimating the total project value upon completion and subtracting the estimated total development costs, inclusive of an industry standard target developer return, required to develop the project. The KMA financial feasibility report measures residual land values for each development prototype against recent comparable land sales to draw conclusions about financial feasibility.

V. LIMITING CONDITIONS

1. KMA has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties.
2. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured. No guarantee is made as to the possible effect on development of current or future Federal, State, or local legislation including environmental or ecological matters.
3. The analysis, opinions, recommendations, and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.
4. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity. If an unforeseen change occurs in the local or national economy, the analysis and conclusions contained herein may no longer be valid.
5. Any estimates of development costs, project income, and/or value in this evaluation are based on the best available project-specific data as well as the experiences of similar projects. They are not intended to be predictions of the future for the specific project. No warranty or representation is made that any of these estimates or projections will actually materialize.
6. It has been assumed that the value of the property will not be impacted by the presence of any soils, toxic, or hazardous conditions that require remediation to allow development. Additionally, it is assumed that perceived toxic conditions (if any) on surrounding properties will not affect the value of the property.
7. KMA is not advising or recommending any action be taken by the County with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues).
8. KMA is not acting as a Municipal Advisor to the County and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the County pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.
9. The County shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own Municipal Advisors, that it deems appropriate before acting on the information and material.

MEMORANDUM

To: Laura Stetson, AICP, Principal
Moore Iacofano Goltsman, Inc. (MIG)

From: KEYSER MARSTON ASSOCIATES, INC.

Date: August 6, 2024

Subject: County of San Diego – Development Feasibility Analysis
Valle de Oro/Casa de Oro – Market Assessment

I. INTRODUCTION

As part of a Development Feasibility Analysis (DFA), the County of San Diego (County) has requested that Keyser Marston Associates, Inc. (KMA) assess the development potential and feasibility of residential development on key sites in four (4) focus areas within the unincorporated area of the County. The focus areas identified by the County include the communities of Buena Creek, Valle de Oro/Casa de Oro, Lakeside, and Spring Valley. This assessment reflects the market support and development potential for residential development within the Valle de Oro/Casa de Oro Focus Area (Focus Area).

In completing this assessment, KMA undertook the following principal work tasks for the Focus Area:

- (a) Reviewed other market feasibility studies and/or information from the County
- (b) Evaluated long-term residential market demand
- (c) Reviewed existing inventory and projects in the pipeline
- (d) Assessed potential improvements to existing infrastructure
- (e) Identified criteria for five (5) candidate sites for testing the feasibility of residential development

II. EXECUTIVE SUMMARY

This section presents a summary of the key findings from the KMA market assessment. Table II-1 below presents a summary fact sheet of the opportunities and constraints, evaluation of market demand, and criteria for five (5) candidate sites for the residential development feasibility analysis. Supportable market demand is evaluated in the near-term (0 to 5 years), mid-term (5 to 10 years), and long-term (10 or more years). In addition, the following metrics were used as part of this evaluation: “strong,” meaning highly likely to occur; “moderate,” meaning likely to occur; and “weak,” meaning unlikely to occur.

To complement the findings in the market assessment, KMA will produce, under a separate report, financial feasibility analyses of various residential development concepts on the selected candidate sites.


Table II-1: Fact Sheet – Valle de Oro/Casa de Oro Focus Area	
	
<p>Key Market Opportunities and Constraints for Residential Development</p>	<p><i>Opportunities for Residential Development:</i></p> <ul style="list-style-type: none"> • Potential to capture Countywide residential demand through development initiatives such as the Campo Road Corridor Revitalization Specific Plan • Supplement the existing/strong residential development trends in La Mesa • Concentrate high density multi-family and mixed-use development along the Campo Road commercial corridor • Encourage low density residential and the western, northern, and southern areas of the Focus Area near existing single-family uses • Increase a variety of housing options available to new and existing residents, including affordable housing • Leverage existing multi-family residential development activity within the Focus Area, primarily in La Mesa <p><i>Constraints for Residential Development:</i></p> <ul style="list-style-type: none"> • Lower median household income than the County as a whole (Region)


Table II-1: Fact Sheet – Valle de Oro/Casa de Oro Focus Area		
	<ul style="list-style-type: none"> Higher unemployment rate than the Region Land assembly may be required to create appropriately sized and configured development sites Lack of diverse transit opportunities/infrastructure 	
Projected Annual Growth in Housing Units	Projected Growth 2025-2050	
	Total Units	Units/Year
	Low Capture	1,373 Units
	High Capture	1,831 Units
Potential Residential Development Typologies	For-Sale Residential Development Typologies	
	 <p>Townhomes</p>	Type V 2-3 Stories 15 to 20 Units/Acre
	Rental Residential Development Typologies	
	 <p>Stacked Flat with Tuck-Under Parking</p>	Type V 3+ Stories 30+ Units/Acre
	 <p>Garden Style Apartments</p>	Type V 2-3 Stories 20 to 25 Units/Acre

Table II-1: Fact Sheet – Valle de Oro/Casa de Oro Focus Area				
Evaluation of Market Demand	Market Demand for Residential Typologies			
		Near-Term (0-5 Years)	Mid-Term (5-10 Years)	Long-Term (10+ Years)
	For-Sale			
	Townhomes	Moderate	Moderate	Strong
	Rental			
	Stacked Flat with Tuck-Under Parking	Weak	Moderate	Strong
	Garden Style Apartments	Moderate	Moderate	Strong
Criteria for Five (5) Candidate Sites for Potential Residential Development¹	<ul style="list-style-type: none"> • Parcel sizes ranging from 1/2 acre to 3+ acres • Vacant or underutilized properties² • Existing General Plan land use designations and/or zoning classifications with allowable densities ranging from 2 to 40 units per acre, with a focus on sites with allowances in the 15 to 30 units per acre range • In-fill properties, particularly ones with the potential for land assemblage with adjacent properties 			

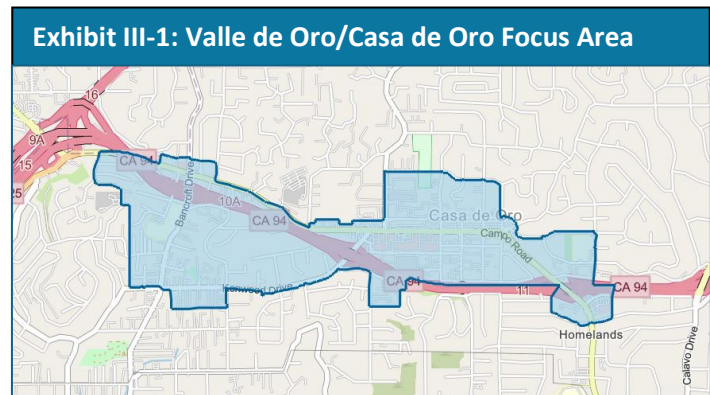
¹ Source: Criteria for Selecting Candidate Sites for Financial Feasibility Modeling Memorandum to County, MIG, May 2024.

² Underutilized properties can be considered that demonstrate either (1) existing improvements at a lower density level than the General Plan land use designation allows, and/or (2) low existing assessed values measured in terms of existing building value relative to land area.

III. OVERVIEW OF FOCUS AREA

A. Description and Environs

The Focus Area consists of 0.81 square miles and is presented in Exhibit III-1. The Focus Area is well situated within East County and is adjacent to the cities of La Mesa, El Cajon, Lemon Grove, and Rancho San Diego. The Focus Area encompasses a portion of State Route 94 (SR 94) and nearby access to SR 125.



The Focus Area can generally be characterized by its commercial corridor surrounded by urban and single-family residential. Existing General Plan Land Uses include General Commercial, Limited Impact Industrial, Neighborhood Commercial, Office Professional, Public/Semi-Public Facilities, Village Core Mixed-Use, and Village Residential. Current zoning within the Focus Area includes General Commercial (C36), Heavy Commercial (C37), Specific Plan (S88), Single-Family Residential (RS), Urban Residential (RU), Limited Industrial (M52), Transportation and Utility Corridor (S94). Current allowable densities in the General Commercial and Heavy Commercial areas range from 7 to 40 dwelling units per acre. The Focus Area is also within the Valle de Oro Community Plan and contains the Campo Road Corridor Revitalization Specific Plan (adopted in January 2023). The Specific Plan covers 60 acres centered on Campo Road between Rogers Road and Granada Avenue and serves as the commercial and civic center of the Casa de Oro community. The maximum allowable density for both residential and non-residential development is a 2.0 floor area ratio (FAR) for the Main Street District (parcels adjacent to sidewalk north and south of Campo Road) and 1.0 for the Gateway District (parcels at the major entrances at the intersections of Campo Road with Kentwood Drive and Granada Avenue).

B. Demographic Overview

This section provides a comparative evaluation of demographic factors for the Focus Area relative to the County as a whole (Region). An overview is presented in Table III-1 below. As shown, the Focus Area population accounts for 5,575 out of the Region's 3.3 million total population. Households in the Focus Area are slightly larger in size (2.8 persons per household) when compared to the Region at 2.7 persons per household. Unemployment rate in the Focus Area is higher at 6.2% versus the Region at 4.9%. Additionally, the Focus Area consists of less ownership housing and more rental housing when compared to the Region.

Table III-1: Demographic Overview ¹⁾		
	County of San Diego (Region)	Valle de Oro/ Casa de Oro Focus Area
Population	3,325,723	5,575
Households	1,172,264	1,954
Average Household Size	2.74	2.82
Median Age	36.7	35.1
Unemployment Rate	4.9%	6.2%
Owner Occupied Housing Units	51.5%	45.9%
Renter Occupied Housing Units	42.5%	54.1%

(1) Esri Business Analyst Online, May 2024.

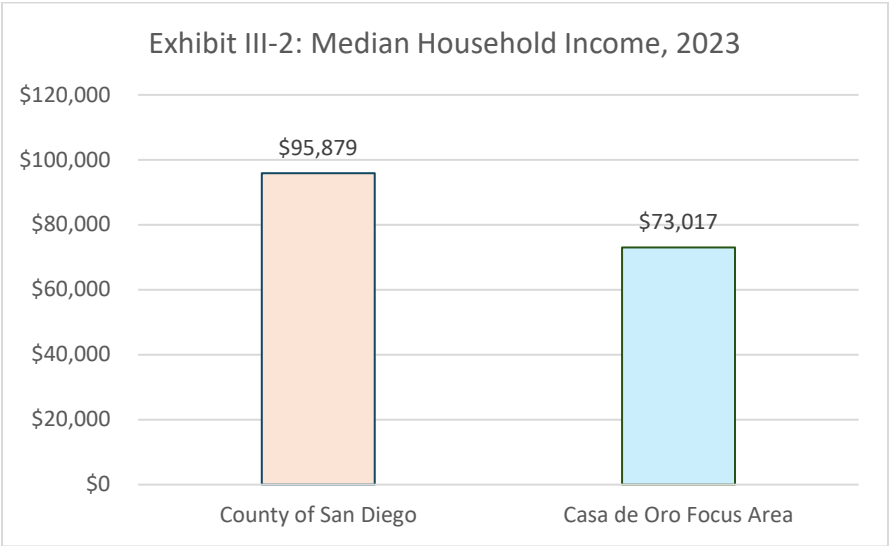
C. Household Income Distribution

The distribution of 2023 household income for the Focus Area vs. the Region is presented in Table III-2. As shown, the Focus Area is comprised of many more households earning less than \$75,000 per year when compared to the Region. Additionally, the Region contains more households earning above \$150,000 per year when compared to the Focus Area.

Table III-2: Household Income Distribution, 2023 ⁽¹⁾				
Income Distribution	County of San Diego (Region)		Valle de Oro/ Casa de Oro Focus Area	
	Households	Percent	Households	Percent
< \$75K	466,548	40%	998	51%
\$75K - \$99K	137,932	12%	176	9%
\$100K - \$149K	234,349	20%	360	18%
\$150K+	333,420	28%	420	22%
Total	1,172,240	100%	1,954	100%

(1) Esri Business Analyst Online, May 2024.

With respect to median household income, Focus Area income is 24% lower than the Region. As shown in Exhibit III-2 below, the Focus Area’s median household income is approximately \$73,000, whereas the Regional income is approximately \$96,000.



Source: Esri Business Analyst Online, May 2024.

D. Public Transit and Neighborhood Amenities

KMA evaluated the public transit and neighborhood amenities in close proximity to the Focus Area. The presence of these amenities, or lack thereof, can be factors influencing the demand for residential development. With respect to public transit, the Focus Area is serviced by several San Diego Metropolitan Transit System (MTS) bus stops along Campo Road and Bancroft Drive.

KMA analyzed the neighborhood amenities available within a 3-mile radius of the Focus Area (Trade Ring), as illustrated in Exhibit III-3 below.

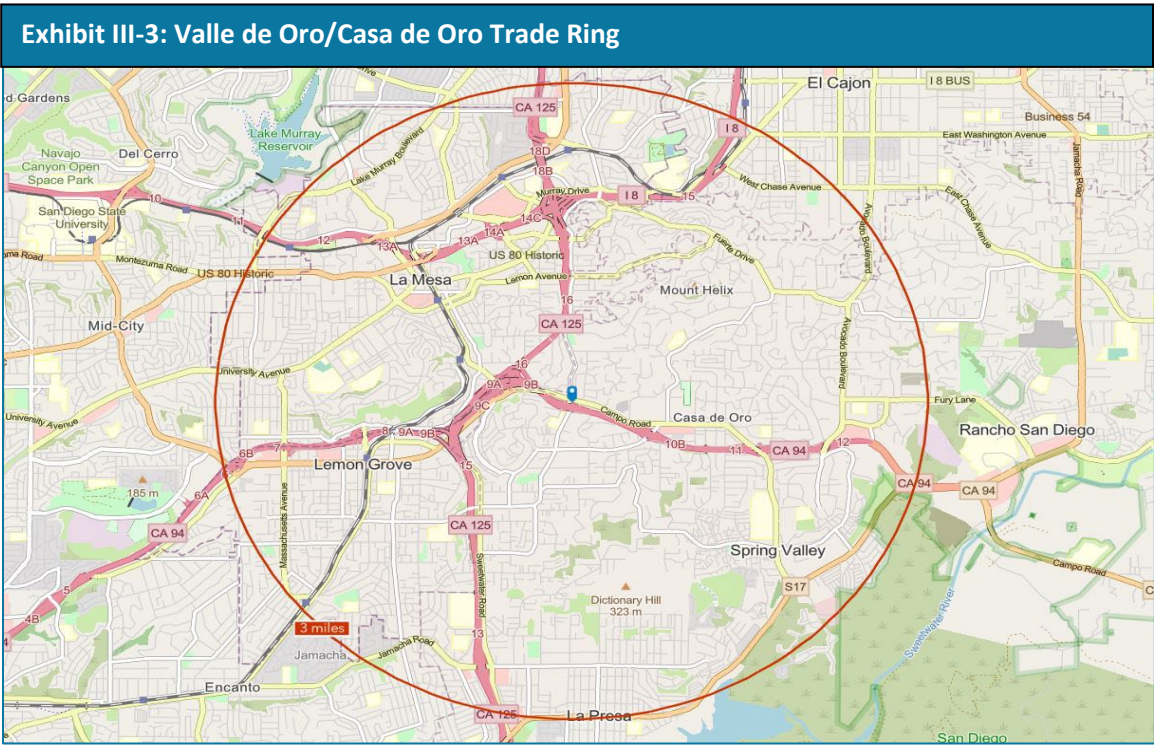


Table III-3 presents amenities within the Trade Ring that serve existing residents. As shown, the Trade Ring contains an ample number of schools/educational facilities, neighborhood parks/recreation, and grocery stores and pharmacies. Notably, the Trade Ring includes several MTS bus stops and the Spring Street Trolley Station. The presence of these public transit amenities provides an opportunity to increase transit ridership and provide additional public transit infrastructure. Sharp Grossmont Hospital, the largest hospital in East San Diego County, is also within the Trade Ring. Additionally, the Grossmont Center regional mall is located within the Trade Ring and contains retail anchors such as Target, Macy’s, Walmart, and Barnes & Noble. KMA notes that many of the public transit and neighborhood amenities within the Trade Ring are concentrated west of the Focus Area within the cities of Lemon Grove and La Mesa.

Table III-3: Public Transit Neighborhood Amenities, Trade Ring	
Public Transit	<ul style="list-style-type: none"> • MTS bus stops • MTS Trolley Stations (Massachusetts Avenue Station, Lemon Grove Depot, Spring Street Station, La Mesa Trolley Station, Grossmont Trolley Station, and Amaya Trolley Station)
Schools/Educational Facilities	<ul style="list-style-type: none"> • JCS Manzanita Elementary • Lemon Grove Academy Elementary School

Table III-3: Public Transit Neighborhood Amenities, Trade Ring	
	<ul style="list-style-type: none"> • Spring Valley Elementary School • Avondale Elementary School • Highlands Elementary School • Loma Elementary School • College Preparatory Middle School • Helix Charter High School • Mount Miguel High School • Acton Academy San Diego East • Trinity Christian School • Perelandra College
Hospital/Medical Centers	<ul style="list-style-type: none"> • Sharp Grossmont Hospital • La Mesa Medical Plaza • Chase Avenue Family Health Center • Grossmont Spring Valley Family Health Center • Lemon Grove Family Health Center
Neighborhood Parks/Recreation	<ul style="list-style-type: none"> • Dictionary Hill County Preserve • Mount Helix Park • Eucalyptus Park • Harry Griffen Park • La Mesita Park • Jackson Park • Highwood Park • Berry Street Park • Lemon Grove Park • Sweetwater Place County Park • East County Community Center
Grocery Stores and Pharmacies	<ul style="list-style-type: none"> • Albertsons • Grocery Outlet • Vons • Sprouts • Food4Less

E. Residential Market Trends

Utilizing CoStar Group, Inc (CoStar), an industry leader in commercial real estate information, KMA conducted a survey of residential land sales from January 2021 to May 2024 for the Trade Ring. As shown in Table III-4, land values in the Trade Ring reflect a median of \$46 per square foot (SF) and an average of \$47 per SF. The KMA survey found that, although there have been sales in the Trade Ring, there have been no land sales within the Focus Area boundary for the period analyzed. Sales generating the highest land values (above \$50 per SF) are primarily located in the cities of San Diego and La Mesa. These sales reflect entitled sites for the purpose of developing multi-family and Accessory Dwelling Unit (ADU) housing. By comparison, sales for townhomes and single-family homes ranged from \$6 to \$46 per SF land. The difference in land value for multi-family versus single-family/ADU housing is an indicator of more demand and higher development potential for higher density multi-family product types.

Table III-4: Survey of Residential Land Sales, January 2021 to May 2024, Trade Ring ⁽¹⁾⁽²⁾				
Number of Land Sales	Minimum	Maximum	Median	Average
9	\$5/SF Land	\$114/SF Land	\$46/SF Land	\$47/SF Land

(1) Source: CoStar Group, Inc.
 (2) Reflects sales within a 3-mile radius from the mid-point of the Valle de Oro/Casa de Oro Focus Area (9111 Campo Road).

KMA also conducted a survey of apartment building sales in the Trade Ring from January 2021 to May 2024. As shown in Table III-5, apartment buildings sold at a median price of \$253,150 per unit and an average price of \$248,377 per unit. One (1) sale in Lemon Grove exceeded \$400,000 per unit. The sale was a Class A apartment complex built in 2017 within a commercial corridor and in close proximity to the MTS Orange Line. This indicates that there is demand for residential development within the Trade Ring, especially near public transit.

Table III-5: Survey of Apartment Building Sales, January 2021 to May 2024, Trade Ring ⁽¹⁾⁽²⁾				
Number of Land Sales	Minimum	Maximum	Median	Average
22	\$94,300 /Unit	\$419,600 /Unit	\$253,150 /Unit	\$248,377 /Unit

(1) Source: CoStar Group, Inc.
 (2) Reflects sales within a 3-mile radius from the mid-point of the Casa de Oro Focus Area (9111 Campo Road). Excludes apartment buildings with less than 25 units.

With respect to apartment buildings in the Focus Area boundary, KMA found that no new apartments with more than 10 units have been built in the last 20 years. KMA notes that the 6-unit Casa de Oro

Townhomes were built in 2008. There is currently an inventory of 36 apartment buildings (with more than 10 units) containing a total of 1,235 units, with an average unit size of 880 SF. As shown in Table III-6, monthly rent in the first quarter 2024 was \$2,030, or \$2.32 per SF. Since 2014, rents in the Focus Area have experienced an average annual increase of approximately 5.3%. Vacancy rates have increased over the past 10 years from 5.0% to 5.9%. For comparison purposes, a healthy vacancy rate in the apartment industry averages 5.0%.

Year	Average Unit Size	Monthly Rent ⁽²⁾	Rent Per SF	Average Annual Growth Rate (2014-2024)
2024	880 SF	\$2,030	\$2.32	5.3%
2014	880 SF	\$1,206	\$1.36	

(1) Reflects apartment buildings with 10 units or more within the Valle de Oro/Casa de Oro Focus Area boundary.
 (2) Reflects effective rent defined as the actual rental rate achieved by the landlord after deducting the value of concessions from the base rental rates that are paid or given to the tenant.

Using median household income, KMA estimated the supportable apartment rent for the Focus Area and compared this rent to supportable apartment rents in the neighboring cities of El Cajon, La Mesa, as well as the Region. As shown in Table III-7, the Focus Area can support apartment rents of \$2,010, lower than La Mesa and the Region, but higher than El Cajon.

	Focus Area	City of El Cajon	City of La Mesa	County of San Diego (Region)
Median Household Income ⁽¹⁾	\$73,017	\$63,815	\$79,844	\$95,879
Income Allocation to Housing	35%	35%	35%	35%
Monthly Income Available for Housing	\$2,130	\$1,861	\$2,329	\$2,796
(Less) Utilities ⁽²⁾	(\$120)	(\$120)	(\$120)	(\$120)
Supportable Apartment Rent	\$2,010	\$1,740	\$2,210	\$2,680

(1) Source: Esri, Business Analyst Online.
 (2) Reflects utility allowance schedule per the County of San Diego, effective March 1, 2024. Assumes a two-bedroom unit.

KMA also analyzed for-sale housing trends for single-family and townhome/condominium units for the two (2) zip codes containing the Focus Area. As shown in Table III-8, the median sales price for single-

family units in 2024 ranged from \$760,000 to \$1,055,000. By comparison, the median sales price for townhome/condominium units ranged from \$556,000 to \$657,500.

Table III-8: For-Sale Housing Trends by Zip Code, January 2024 to March 2024 ⁽¹⁾		
Type	Year to Date ⁽²⁾	
	Closed Sales	Median Sales Price
Single-Family		
La Mesa/Mount Helix- 91941	49	\$1,055,000
Spring Valley - 91977	75	\$760,000
Townhome/Condo		
La Mesa/Mount Helix- 91941	6	\$556,000
Spring Valley - 91977	22	\$657,500
(1) Source: Greater San Diego Association of Realtors. Reflects 91941 and 91977 zip codes. (2) Reflects January 2024 through March 2024 time period.		

Using median household income, KMA estimated the supportable sales price for the Focus Area and compared this sales price to supportable apartment rents in the neighboring cities of El Cajon, La Mesa, as well as the Region. As shown in Table III-9, the Focus Area can support a for-sale unit price of \$336,000, lower than La Mesa and Region, but higher than El Cajon. It is important to note that supportable sales prices above are substantially below current market values. This is an indicator of the affordability housing crisis throughout the Region.

Table III-9: Supportable Sales Prices by Geography				
	Focus Area	City of El Cajon	City of La Mesa	County of San Diego (Region)
Median Household Income ⁽¹⁾	\$73,017	\$63,815	\$79,844	\$95,879
Annual Income Available for Housing @ 35%	\$25,556	\$22,335	\$27,945	\$33,558
Income Available for Mortgage ⁽²⁾	\$17,656	\$15,035	\$19,645	\$24,258
Supportable Mortgage @ 4.6% Interest Rate ⁽³⁾	\$285,741	\$243,328	\$317,937	\$392,581

Table III-9: Supportable Sales Prices by Geography				
	Focus Area	City of El Cajon	City of La Mesa	County of San Diego (Region)
Add: Down Payment @ 15%	\$50,400	\$42,900	\$56,100	\$69,300
Supportable For-Sale Unit Price (Rounded)	\$336,000	\$286,000	\$374,000	\$462,000
(1) Source: Esri, Business Analyst Online. (2) KMA estimate based on \$350/month HOA and 1.10% tax rate. (3) Source: Bankrate.com. Reflects the national average 30-year fixed mortgage APR from 2019 through 2023.				

F. Projects in Planning and Under Construction

According to CoStar, there are four (4) residential projects either proposed or under construction within the Trade Ring. As shown in Table III-10, collectively, these projects will add more than 219 housing units to the residential inventory. Of the four (4) projects, at least two (2) will contain affordable housing units.

Table III-10: Projects in Planning/Under Construction			
Address	Product Type	Number of Units	Current Status
5061 72 nd Street	Market-Rate/ Affordable	23 Units	Under Construction
8181 Allison Avenue	Affordable	147 Units	Under Construction
7617 El Cajon Boulevard	Market	TBD	Proposed
5220 Wilson Street	TBD	49 Units	Proposed
Total		219 Units	

IV. RESIDENTIAL DEVELOPMENT POTENTIAL

A. *Factors Impacting Development Potential*

Demographic and Market Trends

When compared to the Region, the Focus Area contains larger household sizes, much lower median household income, higher unemployment rate, and less owner occupied housing units. The Focus Area contains many more households earning less than \$75,000 when compared to the Region. Additionally, existing rents for multi-family apartments are slightly below the Regional average.

Neighborhood Amenities

The Focus Area boundary contains limited neighborhood amenities and residents within the Focus Area generally have to travel to adjacent communities within the Trade Ring to purchase goods in the apparel, general merchandise, home furnishings/appliances, and building/hardware retail categories. The proximity of a variety of public transit options provides an opportunity to concentrate new residential development near or around existing transit stops. Moreover, the Trade Ring contains high quality schools/education, medical centers, neighborhood parks, and grocery and pharmacy stores to serve existing and future residents. These amenities are crucial to attract new residential development to the Focus Area.

Housing Legislation

In recent years, the State of California (State) Legislature passed several Senate Bills (SB) and Assembly Bills (AB) encouraging housing production. These bills may positively impact the production of residential development within the Focus Area. Key housing bills are summarized below.

- *SB 2 (2017)* – established a permanent source of funding intended to increase affordable housing. The revenue from SB 2 is dependent on real estate transactions and provides financial assistance to local governments for eligible housing-related projects and programs to assist in addressing the unmet housing needs of their local communities.
- *AB 1486 (2020)* – amends the Surplus Land Act (SLA), requiring public agencies interested in selling or leasing a property to go through a structured sale disposition process that first exposes the property to a State published list of affordable housing developers and other interested parties.

- *SB 743 (2020)* – requires the amount of driving and length of trips – as measured by vehicle miles traveled (VMT) – be used to assess transportation impacts on the environment for California Environmental Quality Act (CEQA) review. These impacts will be mitigated by options such as Transportation Demand Management (TDM), increasing transit services, or providing for active transportation such as walking and biking.
- *SB 9 (2022)* – streamlines the process for a homeowner to create a duplex or subdivide an existing lot.
- *SB 10 (2021)* – provides cities or counties with an easier path for upzoning residential neighborhoods close to job centers, public transit, and existing urban areas. Under SB 10, cities or counties can choose to authorize construction of up to ten units on a single parcel without requiring an environmental review (otherwise mandated under CEQA).
- *AB 976 (2023)* – permanently extends the ability of property owners to build affordable, rental accessory dwelling units (ADUs), also known as “granny flats,” by extending the rental unit provisions of AB 881 (2020), which would have expired in 2025. The provisions allow owners to build rental ADUs on the same property as their existing rentals.
- *AB 1287 (2023)* – modifies the State Density Bonus Law (SB 1818) to create additional density bonuses for developers who provide deed-restricted affordable units beyond the previous maximum percentages in the law. Under the new law, the additional 5% of units provided for very low-income households would entitle the developer to an extra 20% density bonus. Stacked on top of the 35% bonus provided for the 15% set-aside under the original law, this results in a total bonus of 55%. The new additional bonuses provided under AB 1287 could allow for density bonuses of up to 100% of base density.

Construction Costs

Another factor impacting production of new residential development is the rising costs of construction. These costs are primarily governed by market supply and demand factors. Currently, demand for building materials is high, while supply is limited due to global shortages and disruptions, causing prices to rise. This increase is reflected in the Construction Cost Index (CCI), a measure of the average cost of construction based on prices of materials, labor, and equipment. CCI for the State experienced an annual growth rate during 2016 to 2020 ranging from 1.3% to 3.6%. By comparison, from 2021 to 2023 the annual growth ranged from 9.3% to 13.4%. On a national basis, from 2020 through 2023, costs for concrete have increased by 15%, lumber by 16%, and steel by 22%. Other factors contributing to this increase in cost include rising insurance premiums, high interest rates, and limited availability of labor.

The continued rising costs of construction present residential development feasibility challenges, where many developers cannot deliver residential projects at entry level rents/prices.

Infrastructure Requirements

New residential development also requires enhancement of surrounding public facilities and infrastructure, including roads, water, sewer, sidewalks, and parks. Depending on the increased user capacity of future development in the Focus Area, new developments may lack adequate water and sewer infrastructure. Portions of the Focus Area lack the enhanced infrastructure needed to support competitive new market-rate residential development. The cost to upgrade infrastructure and facilities is continuing to rise, hindering demand and construction of new residential development.

B. Summary of Stakeholder Interviews

KMA conducted a series of interviews with key stakeholders, including developers, non-profit organizations, and associations. The objective of the stakeholder interviews was to better understand barriers, necessary amenities, potential infrastructure needs, and opportunities for residential development within the unincorporated areas of the County. Table IV-1 presents the overview of barriers and solutions mentioned by the key stakeholders that the County may consider to encourage the production of housing in each focus area.

Table IV-1: Summary of Stakeholder Interviews	
Current Barriers to Residential Development	<p><u>Programs and Policies:</u></p> <ul style="list-style-type: none"> • Timing of permitting, entitlement, and review processes increase risk and uncertainty • County requires a larger number of technical studies as compared to other jurisdictions • Vehicle Miles Traveled (VMT) requirements are too restrictive in non-VMT efficient areas • Parking requirements do not align with current residential market trends • Low density residential zoning hinders developers’ ability to fully build out a site to its maximum potential after considering easements, sloping, and on-site stormwater mitigation measures <p><u>Financial Factors:</u></p> <ul style="list-style-type: none"> • Construction costs (labor and materials) are increasing at all-time highs • High interest rates increase developers’ borrowing costs

Table IV-1: Summary of Stakeholder Interviews	
	<ul style="list-style-type: none"> Proposed Statewide budget cuts will limit funding sources for affordable housing Lack of infrastructure in rural communities causes extraordinary construction costs High insurance costs may hinder developers from building in high-risk fire areas
Potential Solutions to Encourage Residential Development	<ul style="list-style-type: none"> Provide a streamlined permitting, entitlement, and review process with single project manager to oversee a development application from A-Z Enhance the ability for projects to undergo ministerial approval and eliminate the need for CEQA or public hearings Establish Program EIRs for Community Plan Updates or Specific Plans Increase density on existing low density residential zoned parcels, where appropriate Enhance County’s ability to work in partnership with developers to invest in and develop infrastructure improvements (primarily water and sewer) Provide methods for off-site stormwater mitigation Establish an infrastructure financing district(s) in strategic areas Consider acquiring and consolidating parcels to create catalyst development sites Conduct regular (or annual) amendments to zoning regulations to align with changes in the housing market to ensure housing production can be achieved

Under the direction of the Board of Supervisors, the County has made several efforts to address the challenges that developers have faced when attempting to construct housing in the unincorporated areas of the County. These actions include:

1. The May 2023 adoption of Guaranteed Timelines for: (i) 100% affordable housing and emergency shelters; (ii) VMT efficiency and in-fill area housing; and (iii) work force housing. The Guaranteed Timelines will allow for expedited timelines for discretionary review, CEQA environmental studies, building permit plan check, and septic reviews.
2. The preparation of a Programmatic Environmental Impact Report (PEIR) for key areas, expected to be presented to the Board of Supervisors in October 2024.

C. Potential Residential Development Opportunities

Projected Demand in Housing Units

KMA reviewed historical housing inventory trends in the Focus Area, Trade Ring, and the Region as a whole. As shown in Table IV-2, the Trade Ring experienced a growth in housing units from 2000 to 2020 that accounted for 1.7% of Regional growth. By comparison, the Focus Area experienced a growth in housing units from 2000 to 2020 that represented 0.02% of Regional growth.

Table IV-2: Historic Annual Growth in Housing Units⁽¹⁾	
	Annual Growth 2000-2020
San Diego County (Region)	9,416 Units/Year
Valle de Oro/Casa de Oro Trade Ring	160 Units/Year
<i>Trade Ring as % of Region</i>	<i>1.7%</i>
Valle de Oro/Casa de Oro Focus Area	2 Units/Year
<i>Focus Area as % of Region</i>	<i>0.02%</i>
(1) Source: Esri.	

Based on this historic growth and current County initiatives to promote residential development within this area, KMA anticipates that the Focus Area can capture a share of future Regional growth ranging from a low of 0.75% to a high of 1.00%. Capture rates within the Focus Area are expected to be higher than historic rates as there is limited supply of land within the Region and increased investment interest in in-fill communities. The Focus Area also contains an abundance of underutilized improved properties that could be redeveloped into residential uses. As a result, KMA projects that the Focus Area has the potential to add between 1,373 and 1,831 units between 2025 and 2050 as shown in Table IV-3.

Table IV-3: Projected Annual Growth in Housing Units, Valle de Oro/Casa de Oro Focus Area		
	Projected Growth 2025-2050	
	Total Units	Units/Year
San Diego County (1)	183,079 Units	7,323 Units/Year
Valle de Oro/Casa de Oro Focus Area		
Low Capture (0.75%)	1,373 Units	55 Units/Year
High Capture (1.00%)	1,831 Units	73 Units/Year
(1) Based on SANDAG Series 14 Growth Forecast.		

Comparable Residential Development Projects

KMA projects that the Focus Area can support a range of ownership and rental housing product types. Medium to high density multi-family development, including for-sale townhomes/rowhomes and stacked flat rental apartments, should be concentrated on the east side of the Focus Area along Campo Road. Low density residential development, such as small-lot and zero lot line (ZLL) single-family homes, should be encouraged in the western, northern, and southern portions of the Focus Area.

In many communities, development of affordable rental housing has demonstrated the potential to spur development of market-rate housing. Comparable experiences in Old Town Temecula, Vista Village, and Downtown Lemon Grove demonstrate that affordable housing developments did not impair the construction of commercial and market-rate residential development. Rather, initial investments in affordable housing in these districts have led to subsequent commercial revitalization and market-rate housing development. Since 2020, two (2) affordable rental housing projects have been built within the Trade Ring, in La Mesa, including the Trio Townhomes and 58-unit apartments at 7911 University Avenue. There have also been three (3) market-rate/affordable mixed-income projects built since 2020. In addition, 8181 Allison Avenue (USA Properties) a 147-unit mid-rise apartment project, is currently under construction within the Trade Ring. The denser affordable rental housing projects have been transit-oriented development in close proximity to the La Mesa Boulevard trolley station. The construction of affordable housing in the Trade Ring enhances the development potential of market-rate housing.

KMA identified potential residential development typologies that would be likely to occur within the Focus Area. These typologies reflect our experience with comparable projects in East County and similar communities elsewhere in the Region. Table IV-4 presents a brief project description and typical financial parameters associated with each two (2) for-sale and two (2) rental residential development types that respond to anticipated market conditions in the Focus Area. As shown, the likely construction types are Type V low-rise wood-frame buildings.

Table IV-4: Potential Residential Development Typologies - Valle de Oro/Casa de Oro Focus Area			
	Construction Type	Target Density (Units/Acre)	Typical Average Unit Size
For-Sale Residential Development Typologies			
 Townhomes	Type V 2-3 Stories	15 to 20 Units/Acre	1,350 SF
Rental Residential Development Typologies			
 Stacked Flat with Tuck-Under Parking	Type V 3+ Stories	30+ Units/Acre	750 SF
 Garden Style Apartments	Type V 2-3 Stories	20 to 25 Units/Acre	900 SF

Based on a review of the factors impacting residential development, potential residential development typologies, and current market conditions, KMA determined the near-, mid-, and long-term market support for each of the residential development typologies. This market demand is evaluated in the near term (0 to 5 years), mid-term (5 to 10 years), and long-term (10 or more years). In addition, the following metrics were used as part of this evaluation: “strong,” meaning highly likely to occur; “moderate,” meaning likely to occur; and “weak,” meaning unlikely to occur. The factors that KMA relied on in determining “strong,” “moderate,” and “weak” market demand for the near-, mid-, and long-term included evaluations of demographic trends; availability of neighborhood amenities, public facilities, infrastructure, and transit services; proximity to high-quality employment; residential market factors, such as land and building values and rents; and the amount and type of recent and proposed development activity. Increases/decreases in market demand can be anticipated as changes occur with respect to one or more of these factors.

As shown in Table IV-5 below, KMA believes that market demand for rental ranges from weak/moderate in the near-term to strong in the long-term. Conversely, market support for for-sale residential is

anticipated to remain moderate in the near-term and grow strong in the long-term. Examples of factors that could increase market demand for residential development in the mid- to long-term include improvements in neighborhood amenities, public facilities, and/or transit services; gains in high-quality employment in close commuting distance; and increases in market rents/sales values.

Table IV-5: Market Demand for Residential Typologies, Valle de Oro/Casa de Oro Focus Area			
	Near-Term (0-5 Years)	Mid-Term (5-10 Years)	Long-Term (10+ Years)
FOR-SALE			
Townhomes	Moderate	Moderate	Strong
RENTAL			
Stacked Flat with Tuck-Under Parking	Weak	Moderate	Strong
Garden Style Apartments	Moderate	Moderate	Strong

Under a separate report, KMA analyzed the financial feasibility of potential residential development prototypes for the Focus Area’s five (5) candidate sites. The analyses include estimates for development costs, value upon completion, targeted developer return, and/or potential funding sources. The outcome of the financial pro forma analyses illustrates the feasibility, in terms of residual land value or financing gap, of each development prototype. Residual land value is defined as the maximum land value supported by a proposed development. It is calculated by estimating the total project value upon completion and subtracting the estimated total development costs, inclusive of an industry standard target developer return, required to develop the project. The KMA financial feasibility report measures residual land values for each development prototype against recent comparable land sales to draw conclusions about financial feasibility.

V. LIMITING CONDITIONS

1. KMA has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties.
2. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured. No guarantee is made as to the possible effect on development of current or future Federal, State, or local legislation including environmental or ecological matters.
3. The analysis, opinions, recommendations, and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.
4. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity. If an unforeseen change occurs in the local or national economy, the analysis and conclusions contained herein may no longer be valid.
5. Any estimates of development costs, project income, and/or value in this evaluation are based on the best available project-specific data as well as the experiences of similar projects. They are not intended to be predictions of the future for the specific project. No warranty or representation is made that any of these estimates or projections will actually materialize.
6. It has been assumed that the value of the property will not be impacted by the presence of any soils, toxic, or hazardous conditions that require remediation to allow development. Additionally, it is assumed that perceived toxic conditions (if any) on surrounding properties will not affect the value of the property.
7. KMA is not advising or recommending any action be taken by the County with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues).
8. KMA is not acting as a Municipal Advisor to the County and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the County pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.
9. The County shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own Municipal Advisors, that it deems appropriate before acting on the information and material.

MEMORANDUM

To: Laura Stetson, AICP, Principal
Moore Iacofano Goltsman, Inc. (MIG)

From: KEYSER MARSTON ASSOCIATES, INC.

Date: August 6, 2024

Subject: County of San Diego – Development Feasibility Analysis
Lakeside – Market Assessment

I. INTRODUCTION

As part of a Development Feasibility Analysis (DFA), the County of San Diego (County) has requested that Keyser Marston Associates, Inc. (KMA) assess the development potential and feasibility of residential development on key sites in four (4) focus areas within the unincorporated area of the County. The focus areas identified by the County include the communities of Buena Creek, Valle de Oro/Casa de Oro, Lakeside, and Spring Valley. This assessment reflects the market support and development potential for residential development within the Lakeside Focus Area (Focus Area).

In completing this assessment, KMA undertook the following principal work tasks for the Focus Area:

- (a) Reviewed other market feasibility studies and/or information from the County
- (b) Evaluated long-term residential market demand
- (c) Reviewed existing inventory and projects in the pipeline
- (d) Assessed potential improvements to existing infrastructure
- (e) Identified criteria for five (5) candidate sites for testing the feasibility of residential development

II. EXECUTIVE SUMMARY

This section presents a summary of the key findings from the KMA market assessment. Table II-1 below presents a summary fact sheet of the opportunities and constraints, evaluation of market demand, and criteria for five (5) candidate sites for the residential development feasibility analysis. Supportable market demand is evaluated in the near-term (0 to 5 years), mid-term (5 to 10 years), and long-term (10 or more years). In addition, the following metrics were used as part of this evaluation: “strong,” meaning highly likely to occur; “moderate,” meaning likely to occur; and “weak,” meaning unlikely to occur.

To complement the findings in the market assessment, KMA will produce, under a separate report, financial feasibility analyses of various residential development concepts on the selected candidate sites.

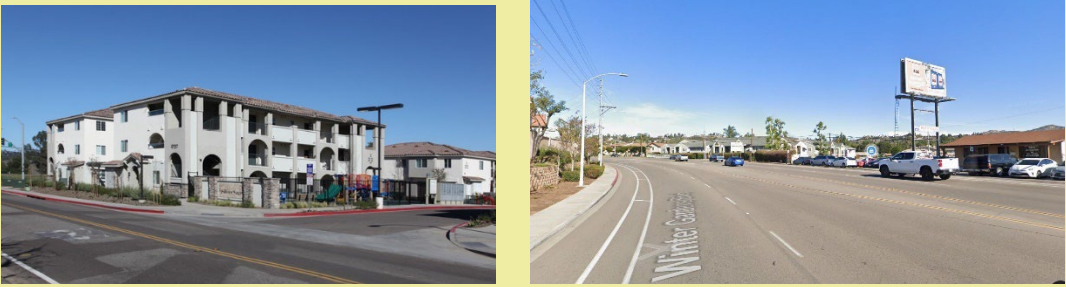
Table II-1: Fact Sheet –Lakeside Focus Area	
	
<p>Key Market Opportunities and Constraints for Residential Development</p>	<p><i>Opportunities for Residential Development:</i></p> <ul style="list-style-type: none"> • Supplement the existing/strong residential development trends in Santee • Encourage low density residential within existing single-family residential zones, primarily along Winter Gardens Boulevard • Concentrate high density multi-family development near Woodside Avenue to the north and Pepper Drive to the south <p><i>Constraints for Residential Development:</i></p> <ul style="list-style-type: none"> • No current projects in planning within the Focus Area and surrounding environs • Low residential land values when compared to other areas of the Region • Lower median household income than the Region • Certain properties are challenged by sloping topography • Lack of infrastructure improvements in certain areas

Table II-1: Fact Sheet –Lakeside Focus Area





Projected Annual Growth in Housing Units			Projected Growth 2025-2050	
			Total Units	Units/Year
	Low Capture		275 Units	11 Units/Year
	High Capture		549 Units	22 Units/Year
Potential Residential Development Typologies	For-Sale Residential Development Typologies			
		Type V 2 Stories	10 Units/Acre	
	Medium Lot Single-Family			
		Type V 2-3 Stories	15 to 20 Units/Acre	
	Townhomes			
	Rental Residential Development Typologies			
	Type V 3+ Stories	30+ Units/Acre		
Stacked Flat with Tuck-Under Parking				
	Type V 2-3 Stories	20 to 25 Units/Acre		
Garden Style Apartments				

Table II-1: Fact Sheet –Lakeside Focus Area				
Evaluation of Market Demand	Market Demand for Residential Typologies			
		Near-Term (0-5 Years)	Mid-Term (5-10 Years)	Long-Term (10+ Years)
	For-Sale			
	Medium Lot Single-Family	Moderate	Strong	Strong
	Townhomes	Moderate	Moderate	Strong
	Rental			
	Stacked Flat with Tuck-Under Parking	Weak	Weak	Moderate
	Garden Style Apartments	Weak	Moderate	Moderate
Criteria for Five (5) Candidate Sites for Potential Residential Development¹	<ul style="list-style-type: none"> • Parcel sizes ranging from 1/2 acre to 3+ acres • Vacant or underutilized properties² • Existing General Plan land use designations and/or zoning classifications with allowable densities ranging from 2 to 40 units per acre, with a focus on sites with allowances in the 15 to 30 units per acre range • In-fill properties, particularly ones with the potential for land assemblage with adjacent properties 			

¹ Source: Criteria for Selecting Candidate Sites for Financial Feasibility Modeling Memorandum to County, MIG, May 2024.

² Underutilized properties can be considered that demonstrate either (1) existing improvements at a lower density level than the General Plan land use designation allows, and/or (2) low existing assessed values measured in terms of existing building value relative to land area.

III. OVERVIEW OF FOCUS AREA

A. Description and Environs

The Focus Area consists of 2.44 square miles and is presented in Exhibit III-1. The Focus Area is situated within East County and is east of Santee and north of El Cajon. The Focus Area is accessible through State Route 67 (SR-67) and is just north of Interstate 8 (I-8)

The Focus Area can generally be characterized by a commercial corridor and multi-family residential along Woodside Avenue and Winter Gardens Boulevard, encompassed by single-family/mobile home residential. Existing General Plan Land Uses include General Commercial, Limited Impact Industrial, Neighborhood Commercial, Office Professional, Public/Semi-Public Facilities, and Village Residential. Current residential densities range from 2.5 to 40 units per acre.

Current zoning within the Focus Area includes Office Professional (C30), Residential-Office Professional (C31), General Commercial-Residential (C34), General Commercial (C36), Heavy Commercial (C37), Service Commercial (C38), General Impact Industrial (M54), Multi-Family Residential (RM), Mobile Home Residential (RMH, RMH10, RMH5, RMH7, RMH8, RMH9), Rural Residential (RR), Single-Family Residential (RS), Urban Residential (RU), Variable Family Residential (RV), and Specific Plan (S88).

B. Demographic Overview

This section provides a comparative evaluation of demographic factors for the Focus Area relative to the County as a whole (Region). An overview is presented in Table III-1 below. As shown, the Focus Area population accounts for 14,557 out of the Region's 3.3 million total population. Household size in the Focus Area are equal to the Region at 2.7 persons per household. Unemployment rate in the Focus Area is lower at 3.7% versus the Region at 4.9%. Additionally, the Focus Area is comprised of more ownership and rental housing when compared to the Region.

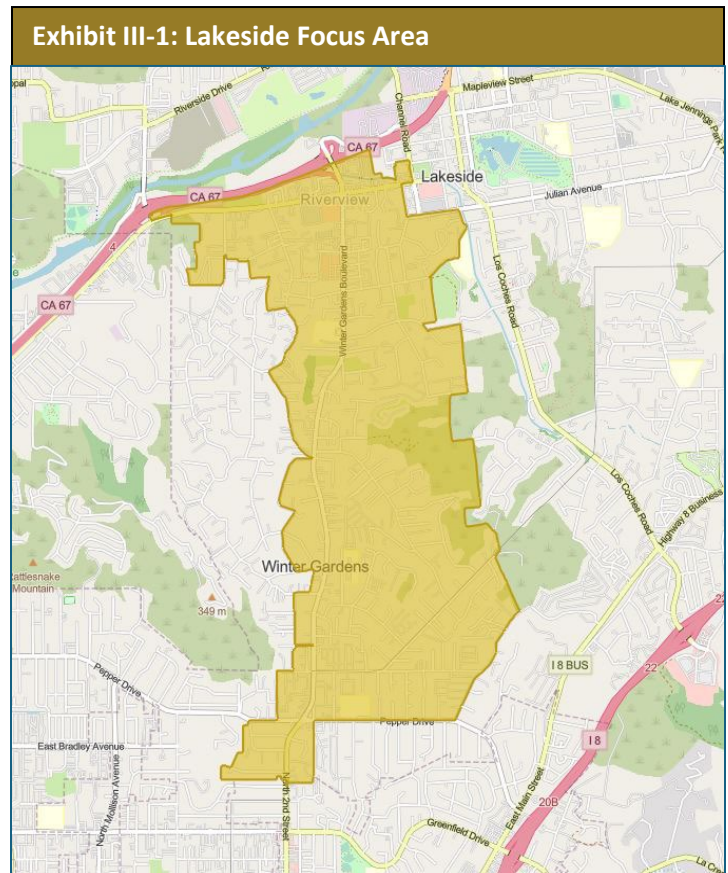


Table III-1: Demographic Overview, 2023 ⁽¹⁾		
	County of San Diego (Region)	Lakeside Focus Area
Population	3,325,723	14,557
Households	1,172,264	5,261
Average Household Size	2.74	2.74
Median Age	36.7	38.4
Unemployment Rate	4.9%	3.7%
Owner Occupied Housing Units	51.5%	54.7%
Renter Occupied Housing Units	42.5%	45.3%

(1) Esri Business Analyst Online, May 2024.

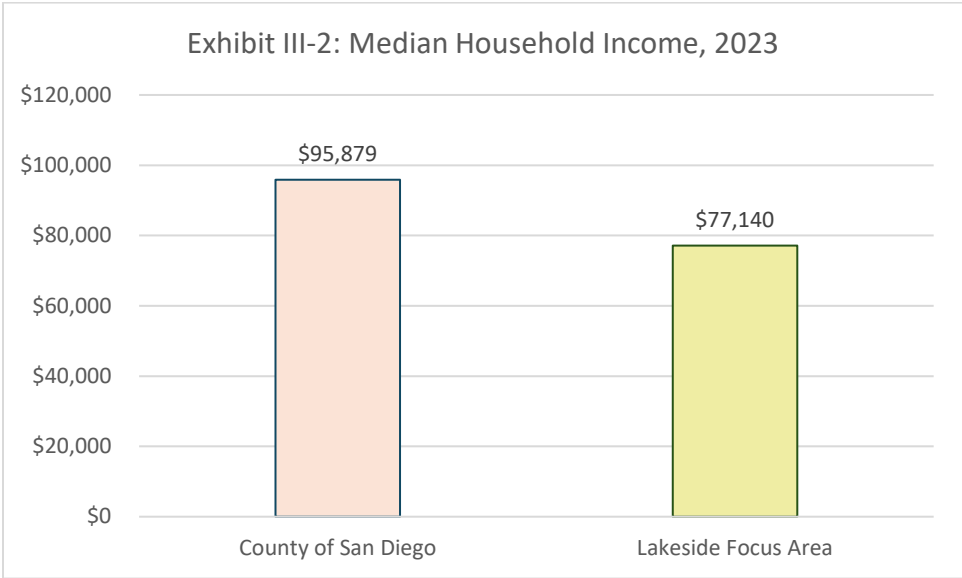
C. Household Income Distribution

The distribution of 2023 household income for the Focus Area vs. the Region is presented in Table III-2. As shown, the Focus Area is comprised of more households earning less than \$75,000 per year when compared to the Region. Moreover, the Region is comprised of more households earning above \$150,000 per year when compared to the Focus Area.

Table III-2: Household Income Distribution, 2023 ⁽¹⁾				
Income Distribution	County of San Diego (Region)		Lakeside Focus Area	
	Households	Percent	Households	Percent
< \$75K	466,548	40%	2,532	48%
\$75K - \$99K	137,932	12%	843	16%
\$100K - \$149K	234,349	20%	859	16%
\$150K+	333,420	28%	1,027	20%
Total	1,172,249	100%	5,261	100%

(1) Esri Business Analyst Online, May 2024.

With respect to median household income, Focus Area income is 20% lower than the Region. As shown in Exhibit III-2 below, the Focus Area's median household income is approximately \$77,000, whereas the Regional income is approximately \$96,000.



Source: Esri Business Analyst Online, May 2024.

D. Public Transit and Neighborhood Amenities

KMA evaluated the public transit and neighborhood amenities in close proximity to the Focus Area. The presence of these amenities, or lack thereof, can be factors influencing the demand for residential development. With respect to public transit, the Focus Area is served by several San Diego Metropolitan Transit System (MTS) bus stops, primarily along Winter Gardens Boulevard.

KMA analyzed the neighborhood amenities available within a 3-mile radius of the center of the Focus Area (Trade Ring), as illustrated in Exhibit III-3 below.

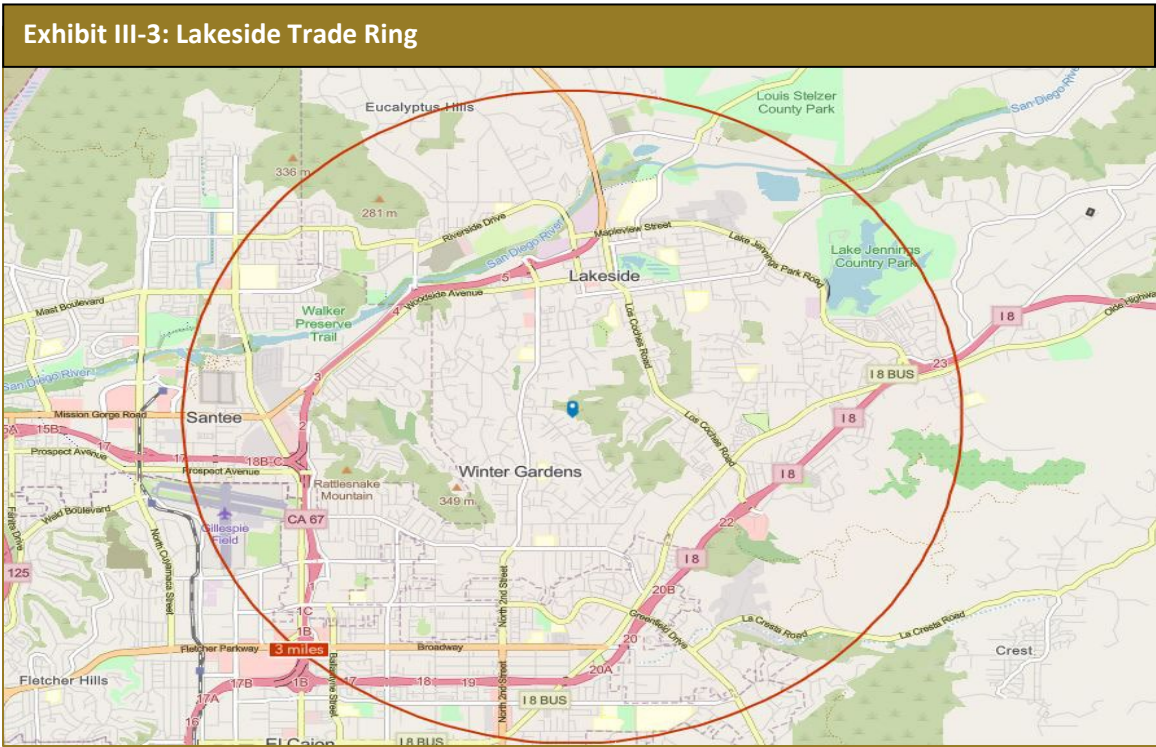


Table III-3 presents amenities within the Trade Ring that serve existing residents. As shown, the Trade Ring contains an ample number of schools/educational facilities and neighborhood parks/recreation. The Trade Ring contains several MTS bus stops along Winter Gardens Boulevard, Pepper Drive, and Main Street. The Trade Ring contains a medical center and a skilled nursing facility hospital; however, it is distant from larger hospitals such as the Sharp Grossmont Hospital. The Trade Ring contains many grocery stores and pharmacies, three (3) of which are located within the Focus Area.

Table III-3: Public Transit Neighborhood Amenities, Trade Ring	
Public Transit	<ul style="list-style-type: none"> • MTS bus stops
Schools/Educational Facilities	<ul style="list-style-type: none"> • Marilla Lakeside Early Advantage Pre school • Riverview Elementary • Winter Gardens Elementary • WD Hall Elementary • Magnolia Elementary • Lemon Crest Elementary • Lakeview Elementary • Lakeside Farms Elementary

Table III-3: Public Transit Neighborhood Amenities, Trade Ring	
	<ul style="list-style-type: none"> • Pepper Drive Elementary • Lindo Park Elementary • Lakeside Middle School • Tierra Del Sol Middle School • Montgomery Middle School • River Valley High School • Granite Hills High School • Learn4Life Lakeside High School • El Capitan High School • Santana High School • EMSTA College • San Diego Christian College
Hospital/Medical Centers	<ul style="list-style-type: none"> • Edgemoor Hospital • Broadway Medical Clinic
Neighborhood Parks/Recreation	<ul style="list-style-type: none"> • Lakeside Linkage County Preserve • Sky Ranch Park • Rattlesnake Mountain Preserve • Shadow Hill Park • Lakeside Sports Park • Pocket Park • Lindo Lake County Park • Cactus County Park • Lakeside's River Park Conservatory • Magnolia Park • Bostonia Park • Albert Van Zanten Park • Lake Jennings Country Park • Lakeside Teen and Community Center • FUNbelievable Kids Play Center
Grocery Stores and Pharmacies	<ul style="list-style-type: none"> • Rite Aid • Albertsons • Grocery Outlet • Walgreens • Wintergarden's Market • Walmart Supercenter

Table III-3: Public Transit Neighborhood Amenities, Trade Ring	
	<ul style="list-style-type: none"> • Smart & Final • Food 4 Less • Vons • Sprouts • Leo’s Lakeside Pharmacy • CVS

E. Residential Market Trends

Utilizing CoStar Group, Inc (CoStar), an industry leader in commercial real estate information, KMA conducted a survey of residential land sales from January 2021 to May 2024 for the Trade Ring. As shown in Table III-4, there were only three (3) sales reflecting land values with a median of \$28 per square foot (SF) and an average of \$26 per SF. KMA notes that no sales have occurred within the Focus Area for this time period.

Table III-4: Survey of Residential Land Sales, January 2021 to May 2024, Trade Ring ⁽¹⁾⁽²⁾				
Number of Land Sales	Minimum	Maximum	Median	Average
3	\$8 /SF Land	\$42 /SF Land	\$28 /SF Land	\$26 /SF Land
(1) Source: CoStar Group, Inc. (2) Reflects sales within a 3-mile radius from the mid-point of the Lakeside Focus Area (12079 Thistle Braes Terrace).				

KMA also conducted a survey of apartment building sales in the Trade Ring from January 2021 to May 2024. As shown in Table III-5, apartment buildings sold at a median price of \$251,350 per unit and an average price of \$260,969 per unit. Two (2) sales occurred within the Focus Area. One (1) sale in El Cajon exceeded \$400,000 per unit. The sale was a Class B apartment complex built in 1988 with pedestrian access to bus stops in a predominantly residential area.

Table III-5: Survey of Apartment Building Sales, January 2021 to May 2024, Trade Ring ⁽¹⁾⁽²⁾				
Number of Land Sales	Minimum	Maximum	Median	Average
16	\$151,100 /Unit	\$436,900 /Unit	\$251,350 /Unit	\$260,969 /Unit
(1) Source: CoStar Group, Inc. (2) Reflects sales within a 3-mile radius from the mid-point of the Lakeside Focus Area (12079 Thistle Braes Terrace). Excludes apartment buildings with less than 25 units.				

With respect to apartment buildings in the Focus Area boundary, KMA found that one (1) new apartment building with more than 10 units has been built in the last 20 years – the 80-unit Silver Sage Apartments built in 2011. There is currently an inventory of 55 apartment buildings (with more than 10 units) containing a total of 2,253 units, with an average unit size of 827 SF. As shown in Table III-6, monthly rent in the first quarter 2024 was \$1,891, or \$2.33 per SF. Since 2014, rents in the Focus Area have experienced an average annual increase of approximately 5.6%. Vacancy rates have remained low and have decreased over the past 10 years from 2.5% to 2.1%. For comparison purposes, a healthy vacancy rate in the apartment industry averages 5.0%.

Table III-6: Apartment Rents –Lakeside Focus Area ⁽¹⁾				
Year	Average Unit Size	Monthly Rent ⁽²⁾	Rent Per SF	Average Annual Growth Rate (2014-2024)
2024	827 SF	\$1,891	\$2.33	5.6%
2014	827 SF	\$1,099	\$1.35	
<p>(1) Reflects apartment buildings with 10 units or more within the Lakeside Focus Area boundary. (2) Reflects effective rent defined as the actual rental rate achieved by the landlord after deducting the value of concessions from the base rental rates that are paid or given to the tenant.</p>				

Using median household income, KMA estimated the supportable apartment rent for the Focus Area and compared this rent to supportable apartment rents in the neighboring cities of El Cajon, La Mesa, as well as the Region. As shown in Table III-7, the Focus Area can support apartment rents of \$2,130, lower than La Mesa and Region, but higher than El Cajon.

Table III-7: Supportable Apartment Rents by Geography				
	Focus Area	City of El Cajon	City of La Mesa	County of San Diego (Region)
Median Household Income ⁽¹⁾	\$77,140	\$63,815	\$79,844	\$95,879
Income Allocation to Housing	35%	35%	35%	35%
Monthly Income Available for Housing	\$2,250	\$1,861	\$2,329	\$2,796
(Less) Utilities ⁽²⁾	(\$120)	(\$120)	(\$120)	(\$120)
Supportable Apartment Rent	\$2,130	\$1,740	\$2,210	\$2,680
<p>(1) Source: Esri, Business Analyst Online. (2) Reflects utility allowance schedule per the County of San Diego, effective March 1, 2024. Assumes a two bedroom unit.</p>				

KMA also analyzed for-sale housing trends for single-family and townhome/condominium units for the zip code containing the Focus Area. As shown in Table III-8, the median sales price for single-family units in 2024 was \$827,000. By comparison, the median sales price for townhome/condominium units was \$450,500.

Table III-8: For-Sale Housing Trends by Zip Code, January 2024 to March 2024 ⁽¹⁾		
	Year to Date ⁽²⁾	
Type	Closed Sales	Median Sales Price
Single-Family		
Lakeside (92040)	57	\$827,000
Townhome/Condo		
Lakeside (92040)	20	\$450,000
(1) Source: Greater San Diego Association of Realtors. Reflects 92040 zip code. (2) Reflects January 2024 through March 2024 time period.		

Using median household income, KMA estimated the supportable sales price for the Focus Area and compared this sales price to supportable apartment rents in the neighboring cities of El Cajon, La Mesa, as well as the Region. As shown in Table III-9, the Focus Area can support a for-sale unit price of \$358,000, lower than La Mesa and the Region, but higher than El Cajon. It is important to note that supportable sales prices above are substantially below current market values. This is an indicator of the affordability housing crisis throughout the Region.

Table III-9: Supportable Sales Prices by Geography				
	Focus Area	City of El Cajon	City of La Mesa	County of San Diego (Region)
Median Household Income ⁽¹⁾	\$77,140	\$63,815	\$79,844	\$95,879
Annual Income Available for Housing @ 35%	\$26,999	\$22,335	\$27,945	\$33,558
Income Available for Mortgage ⁽²⁾	\$18,799	\$15,035	\$19,645	\$24,258
Supportable Mortgage @ 4.6% Interest Rate ⁽³⁾	\$304,239	\$243,328	\$317,937	\$392,581

Table III-9: Supportable Sales Prices by Geography				
	Focus Area	City of El Cajon	City of La Mesa	County of San Diego (Region)
Add: Down Payment @ 15%	\$54,000	\$42,900	\$56,100	\$69,300
Supportable For-Sale Unit Price (Rounded)	\$358,000	\$286,000	\$374,000	\$462,000
(1) Source: Esri, Business Analyst Online. (2) KMA estimate based on \$350/month HOA and 1.10% tax rate. Excludes costs related to maintenance and insurance. (3) Source: Bankrate.com. Bankrate.com. Reflects the national average 30-year fixed mortgage APR from 2019 through 2023.				

F. Projects in Planning and Under Construction

According to CoStar, there are no multi-family apartment projects under construction or proposed within the Trade Ring.

IV. RESIDENTIAL DEVELOPMENT POTENTIAL

A. Factors Impacting Development Potential

Demographic and Market Trends

When compared to the Region, the Focus Area contains similar household sizes, lower median household income, lower unemployment rate, and higher owner occupied housing units. The Focus Area contains more households earning less than \$75,000 when compared to the Region. Additionally, existing rents for multi-family apartments are lower than the Regional average.

Neighborhood Amenities

The Focus Area boundary contains limited neighborhood amenities such as grocery stores and pharmacies. However, residents within the Focus Area generally must travel within the Trade Ring to adjacent communities to purchase goods in the apparel, general merchandise, home furnishings/appliances, and building/hardware retail categories. The proximity of a variety of public transit options provides an opportunity to concentrate new residential development near or around existing transit stops. The Trade Ring contains high quality schools/education, medical centers,

neighborhood parks, and grocery and pharmacy stores to serve existing and future residents. These amenities are crucial to attract new residential development to the area.

Housing Legislation

In recent years, the State of California (State) Legislature passed several Senate Bills (SB) and Assembly Bills (AB) encouraging housing production. These bills may positively impact the production of residential development within the Focus Area. Key housing bills are summarized below.

- *SB 2 (2017)* – established a permanent source of funding intended to increase affordable housing. The revenue from SB 2 is dependent on real estate transactions and provides financial assistance to local governments for eligible housing-related projects and programs to assist in addressing the unmet housing needs of their local communities.
- *AB 1486 (2020)* – amends the Surplus Land Act (SLA), requiring public agencies interested in selling or leasing a property to go through a structured sale disposition process that first exposes the property to a State published list of affordable housing developers and other interested parties.
- *SB 743 (2020)* – requires the amount of driving and length of trips – as measured by vehicle miles traveled (VMT) – be used to assess transportation impacts on the environment for California Environmental Quality Act (CEQA) review. These impacts will be mitigated by options such as Transportation Demand Management (TDM), increasing transit services, or providing for active transportation such as walking and biking.
- *SB 9 (2022)* – streamlines the process for a homeowner to create a duplex or subdivide an existing lot.
- *SB 10 (2021)* – provides cities or counties with an easier path for upzoning residential neighborhoods close to job centers, public transit, and existing urban areas. Under SB 10, cities or counties can choose to authorize construction of up to ten units on a single parcel without requiring an environmental review (otherwise mandated under CEQA).
- *AB 976 (2023)* – permanently extends the ability of property owners to build affordable, rental accessory dwelling units (ADUs), also known as “granny flats,” by extending the rental unit provisions of AB 881 (2020), which would have expired in 2025. The provisions allow owners to build rental ADUs on the same property as their existing rentals.

- *AB 1287 (2023)* – modifies the State Density Bonus Law (SB 1818) to create additional density bonuses for developers who provide deed-restricted affordable units beyond the previous maximum percentages in the law. Under the new law, the additional 5% of units provided for very low-income households would entitle the developer to an extra 20% density bonus. Stacked on top of the 35% bonus provided for the 15% set-aside under the original law, this results in a total bonus of 55%. The new additional bonuses provided under AB 1287 could allow for density bonuses of up to 100% of base density.

Construction Costs

Another factor impacting production of new residential development is the rising costs of construction. These costs are primarily governed by market supply and demand factors. Currently, demand for building materials is high, while supply is limited due to global shortages and disruptions, causing prices to rise. This increase is reflected in the Construction Cost Index (CCI), a measure of the average cost of construction based on prices of materials, labor, and equipment. CCI for the State experienced an annual growth rate during 2016 to 2020 ranging from 1.3% to 3.6%. By comparison, from 2021 to 2023 the annual growth ranged from 9.3% to 13.4%. On a national basis, from 2020 through 2023, costs for concrete have increased by 15%, lumber by 16%, and steel by 22%. Other factors contributing to this increase in cost include rising insurance premiums, high interest rates, and limited availability of labor. The continued rising costs of construction present residential development feasibility challenges, where many developers cannot deliver residential projects at entry level rents/prices.

Infrastructure Requirements

New residential development also requires enhancement of surrounding public facilities and infrastructure, including roads, water, sewer, sidewalks, and parks. Depending on the increased user capacity of future development in the Focus Area, new developments may lack adequate water and sewer infrastructure. Portions of the Focus Area lack the enhanced infrastructure needed to support competitive new market-rate residential development. The cost to upgrade infrastructure and facilities is continuing to rise, hindering demand and construction of new residential development.

B. Summary of Stakeholder Interviews

KMA conducted a series of interviews with key stakeholders, including developers, non-profit organizations, and associations. The objective of the stakeholder interviews was to better understand barriers, necessary amenities, potential infrastructure needs, and opportunities for residential development within the unincorporated areas of the County. Table IV-1 presents the overview of barriers and solutions mentioned by the key stakeholders that the County may consider to encourage the production of housing in each focus area.

Table IV-1: Summary of Stakeholder Interviews	
<p>Current Barriers to Residential Development</p>	<p><u>Programs and Policies:</u></p> <ul style="list-style-type: none"> • Timing of permitting, entitlement, and review processes increase risk and uncertainty • County requires a larger number of technical studies as compared to other jurisdictions • Vehicle Miles Traveled (VMT) requirements are too restrictive in non-VMT efficient areas • Parking requirements do not align with current residential market trends • Low density residential zoning hinders developers’ ability to fully build out a site to its maximum potential after considering easements, sloping, and on-site stormwater mitigation measures <p><u>Financial Factors:</u></p> <ul style="list-style-type: none"> • Construction costs (labor and materials) are increasing at all-time highs • High interest rates increase developers’ borrowing costs • Proposed Statewide budget cuts will limit funding sources for affordable housing • Lack of infrastructure in rural communities causes extraordinary construction costs • High insurance costs may hinder developers from building in high-risk fire areas
<p>Potential Solutions to Encourage Residential Development</p>	<ul style="list-style-type: none"> • Provide a streamlined permitting, entitlement, and review process with single project manager to oversee a development application from A-Z • Enhance the ability for projects to undergo ministerial approval and eliminate the need for CEQA or public hearings • Establish Program EIRs for Community Plan Updates or Specific Plans • Increase density on existing low density residential zoned parcels, where appropriate • Enhance County’s ability to work in partnership with developers to invest in and develop infrastructure improvements (primarily water and sewer) • Provide methods for off-site stormwater mitigation • Establish an infrastructure financing district(s) in strategic areas • Consider acquiring and consolidating parcels to create catalyst development sites

Table IV-1: Summary of Stakeholder Interviews	
	<ul style="list-style-type: none"> Conduct regular (or annual) amendments to zoning regulations to align with changes in the housing market to ensure housing production can be achieved

Under the direction of the Board of Supervisors, the County has made several efforts to address the challenges that developers have faced when attempting to construct housing in the unincorporated areas of the County. These actions include:

1. The May 2023 adoption of Guaranteed Timelines for: (i) 100% affordable housing and emergency shelters; (ii) VMT efficiency and in-fill area housing; and (iii) work force housing. The Guaranteed Timelines will allow for expedited timelines for discretionary review, CEQA environmental studies, building permit plan check, and septic reviews.
2. The preparation of a Programmatic Environmental Impact Report (PEIR) for key areas, expected to be presented to the Board of Supervisors in October 2024.

C. *Potential Residential Development Opportunities*

Projected Demand in Housing Units

KMA reviewed historical housing inventory trends in the Focus Area, Trade Ring, and the Region. As shown in Table IV-2, the Trade Ring experienced a growth in housing units from 2000 to 2020 that accounted for 1.6% of Regional growth. By comparison, the Focus Area experienced a growth in housing units from 2000 to 2020 that represented 0.20% of Regional growth.

Table IV-2: Historic Annual Growth in Housing Units ⁽¹⁾	
	Annual Growth 2000-2020
San Diego County (Region)	9,416 Units/Year
Lakeside Trade Ring	152 Units/Year
<i>Trade Ring as % of Region</i>	<i>1.6%</i>
Lakeside Focus Area	19 Units/Year
<i>Focus Area as % of Region</i>	<i>0.20%</i>
(1) Source: Esri.	

Based on this historic growth and current County initiatives to promote residential development within this area, KMA anticipates that the Focus Area can capture a share of Regional growth ranging from a low of 0.15% to a high of 0.30%. As shown in Table IV-3, KMA projects that the Focus Area has the potential to add between 275 and 549 units between 2025 and 2050.

Table IV-3: Projected Annual Growth in Housing Units, Lakeside Focus Area		
	Projected Growth 2025-2050	
	Units	Units/Year
San Diego County (1)	183,079 Units	7,323 Units/Year
Lakeside Focus Area		
Low Capture (0.15%)	275 Units	11 Units/Year
High Capture (0.30%)	549 Units	22 Units/Year
(1) Based on SANDAG Series 14 Growth Forecast.		

Comparable Residential Development Projects

KMA projects that the Focus Area can support a range of ownership and rental housing product types. Low density residential development, such as medium-lot, small-lot, and zero lot line (ZLL) single-family homes, should be encouraged within existing single-family residential zones, primarily along Winter Gardens Boulevard. Medium to high density multi-family development, including for-sale townhomes/rowhomes and stacked flat rental apartments, should be concentrated to the north of the Focus Area along Woodside Avenue and to the south near Pepper Drive.

KMA identified potential residential development typologies that would be likely to occur within the Focus Area. These typologies reflect our experience with comparable projects in North County and similar communities elsewhere in the Region. Table IV-4 presents a brief project description and typical financial parameters associated with each two (2) for-sale and two (2) rental residential development types that respond to anticipated market conditions in the Focus Area. As shown, the likely construction types are Type V low-rise wood-frame buildings.

Table IV-4: Potential Residential Development Typologies –Lakeside Focus Area			
	Construction Type	Target Density (Units/Acre)	Typical Average Unit Size
For-Sale Residential Development Typologies			
 <p>Medium Lot Single-Family</p>	Type V 2 Stories	10 Units/Acre	2,700 SF
 <p>Townhomes</p>	Type V 2-3 Stories	15 to 20 Units/Acre	1,350 SF
Rental Residential Development Typologies			
 <p>Stacked Flat with Tuck-Under Parking</p>	Type V 3+ Stories	30+ Units/Acre	800 SF
 <p>Garden Style Apartments</p>	Type V 2-3 Stories	20 to 25 Units/Acre	900 SF

Based on a review of the factors impacting residential development, potential residential development typologies, and current market conditions, KMA determined the near-, mid-, and long-term market support for each of the residential development typologies. This market demand is evaluated in the near term (0 to 5 years), mid-term (5 to 10 years), and long-term (10 or more years). In addition, the following metrics were used as part of this evaluation: “strong,” meaning highly likely to occur; “moderate,” meaning likely to occur; and “weak,” meaning unlikely to occur. The factors that KMA relied on in determining “strong,” “moderate,” and “weak” market demand for the near-, mid-, and long-term include evaluations of demographic trends; availability of neighborhood amenities, public facilities, infrastructure, and transit services; proximity to high-quality employment; residential market

factors, such as land and building values and rents; and the amount and type of recent and proposed development activity. Increases/decreases in market demand can be anticipated as changes occur with respect to one or more of these factors.

As shown in Table IV-5 below, KMA believes that market demand for for-sale residential ranges from moderate in the near-term to strong in the long-term. Conversely, market support for rental residential is anticipated to be weak in the near-term and grow to moderate in the long-term. Examples of factors that could increase market demand for residential development in the mid- to long-term include improvements in neighborhood amenities, public facilities, and/or transit services; gains in high-quality employment in close commuting distance; and increases in market rents/sales values.

Table IV-5: Market Demand for Residential Typologies, Lakeside Focus Area			
	Near-Term (0-5 Years)	Mid-Term (5-10 Years)	Long-Term (10+ Years)
FOR-SALE			
Medium Lot Single-Family	Moderate	Strong	Strong
Townhomes	Moderate	Moderate	Strong
RENTAL			
Stacked Flat with Tuck-Under Parking	Weak	Weak	Moderate
Garden Style Apartments	Weak	Moderate	Moderate

Under a separate report, KMA analyzed the financial feasibility of potential residential development prototypes for the Focus Area’s five (5) candidate sites. The analyses include estimates for development costs, value upon completion, targeted developer return, and/or potential funding sources. The outcome of the financial pro forma analyses illustrates the feasibility, in terms of residual land value or financing gap, of each development prototype. Residual land value is defined as the maximum land value supported by a proposed development. It is calculated by estimating the total project value upon completion and subtracting the estimated total development costs, inclusive of an industry standard target developer return, required to develop the project. The KMA financial feasibility report measures residual land values for each development prototype against recent comparable land sales to draw conclusions about financial feasibility.

V. LIMITING CONDITIONS

1. KMA has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties.
2. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured. No guarantee is made as to the possible effect on development of current or future Federal, State, or local legislation including environmental or ecological matters.
3. The analysis, opinions, recommendations, and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.
4. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity. If an unforeseen change occurs in the local or national economy, the analysis and conclusions contained herein may no longer be valid.
5. Any estimates of development costs, project income, and/or value in this evaluation are based on the best available project-specific data as well as the experiences of similar projects. They are not intended to be predictions of the future for the specific project. No warranty or representation is made that any of these estimates or projections will actually materialize.
6. It has been assumed that the value of the property will not be impacted by the presence of any soils, toxic, or hazardous conditions that require remediation to allow development. Additionally, it is assumed that perceived toxic conditions (if any) on surrounding properties will not affect the value of the property.
7. KMA is not advising or recommending any action be taken by the County with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues).
8. KMA is not acting as a Municipal Advisor to the County and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the County pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.
9. The County shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own Municipal Advisors, that it deems appropriate before acting on the information and material.

MEMORANDUM

To: Laura Stetson, AICP, Principal
Moore Iacofano Goltsman, Inc. (MIG)

From: KEYSER MARSTON ASSOCIATES, INC.

Date: August 6, 2024

Subject: County of San Diego – Development Feasibility Analysis
Spring Valley – Market Assessment

I. INTRODUCTION

As part of a Development Feasibility Analysis (DFA), the County of San Diego (County) has requested that Keyser Marston Associates, Inc. (KMA) assess the development potential and feasibility of residential development on key sites in four (4) focus areas within the unincorporated area of the County. The focus areas identified by the County include the communities of Buena Creek, Valle de Oro/Casa de Oro, Lakeside, and Spring Valley. This assessment reflects the market support and development potential for residential development within the Spring Valley Focus Area (Focus Area).

In completing this assessment, KMA undertook the following principal work tasks for the Focus Area:

- (a) Reviewed other market feasibility studies and/or information from the County
- (b) Evaluated long-term residential market demand
- (c) Reviewed existing inventory and projects in the pipeline
- (d) Assessed potential improvements to existing infrastructure
- (e) Identified criteria for five (5) candidate sites for testing the feasibility of residential development

II. EXECUTIVE SUMMARY

This section presents a summary of the key findings from the KMA market assessment. Table II-1 below presents a summary fact sheet of the opportunities and constraints, evaluation of market demand, and criteria for five (5) candidate sites for the residential development feasibility analysis. Supportable market demand is evaluated in the near-term (0 to 5 years), mid-term (5 to 10 years), and long-term (10 or more years). In addition, the following metrics were used as part of this evaluation: “strong,” meaning highly likely to occur; “moderate,” meaning likely to occur; and “weak,” meaning unlikely to occur.

To complement the findings in the market assessment, KMA will produce, under a separate report, financial feasibility analyses of various residential development concepts on the selected candidate sites.



Table II-1: Fact Sheet – Spring Valley Focus Area	
	 
<p>Key Market Opportunities and Constraints for Residential Development</p>	<p><i>Opportunities for Residential Development:</i></p> <ul style="list-style-type: none"> • Supplement the existing/strong residential development trends in Eastern Chula Vista • Concentrate medium to high density multi-family and mixed-use development along Grand Avenue and Jamacha Boulevard • Encourage lower density residential in and adjacent to existing low density residential zones, primarily along Jamacha Boulevard <p><i>Constraints for Residential Development:</i></p> <ul style="list-style-type: none"> • No current projects in planning within the Focus Area and surrounding environs • Low single-family home values • Low multi-family residential apartment rents • Higher unemployment rate when compared to the County as a whole (Region) • Distant from larger medical centers • Current commercial corridor is primarily auto-oriented





Table II-1: Fact Sheet – Spring Valley Focus Area		
Projected Growth in Housing Units	Projected Growth 2025-2050	
	Total Units	Units/Year
	Low Capture	915 Units / 37 Units/Year
	High Capture	1,373 Units / 55 Units/Year
Potential Residential Development Typologies	For-Sale Residential Development Typologies	
	 Small Lot Single-Family	Type V 2 Stories 10 Units/Acre
	 Townhomes	Type V 2-3 Stories 15 to 20 Units/Acre
	Rental Residential Development Typologies	
	 Stacked Flat with Tuck-Under Parking	Type V 3+ Stories 30+ Units/Acre
	 Garden Style Apartments	Type V 2-3 Stories 20 to 25 Units/Acre

Table II-1: Fact Sheet – Spring Valley Focus Area				
Evaluation of Market Demand	Market Demand for Residential Typologies			
		Near-Term (0-5 Years)	Mid-Term (5-10 Years)	Long-Term (10+ Years)
	For-Sale			
	Small-Lot Single-Family	Weak	Weak	Weak
	Townhomes	Weak	Moderate	Moderate
	Rental			
	Stacked Flat with Tuck-Under Parking	Weak	Weak	Moderate
	Garden Style Apartments	Weak	Moderate	Moderate
	Criteria for Five (5) Candidate Sites for Potential Residential Development¹	<ul style="list-style-type: none"> • Parcel sizes ranging from 1/2 acre to 3+ acres • Vacant or underutilized properties² • Existing General Plan land use designations and/or zoning classifications with allowable densities ranging from 2 to 40 units per acre, with a focus on sites with allowances in the 15 to 30 units per acre range • In-fill properties, particularly ones with the potential for land assemblage with adjacent properties 		

¹ Source: Criteria for Selecting Candidate Sites for Financial Feasibility Modeling Memorandum to County, MIG, May 2024.

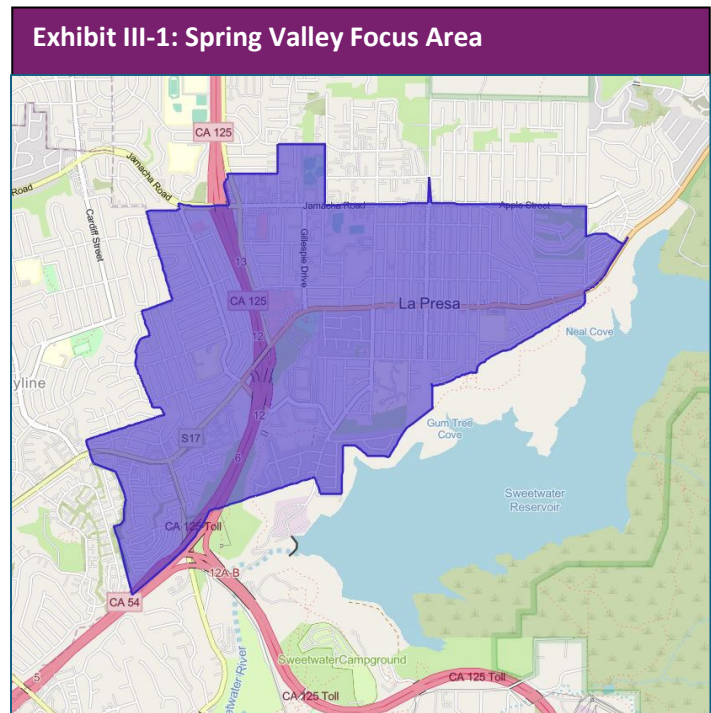
² Underutilized properties can be considered that demonstrate either (1) existing improvements at a lower density level than the General Plan land use designation allows, and/or (2) low existing assessed values measured in terms of existing building value relative to land area.

III. OVERVIEW OF FOCUS AREA

A. Description and Environs

The Focus Area consists of 2.54 square miles and is presented in Exhibit III-1. The Focus Area is situated within East County and is east of San Diego and Lemon Grove. The Focus Area is bifurcated by State Route 125 (SR 125).

The Focus Area can generally be characterized by its retail adjacent to SR 126, auto-oriented uses along Grand Avenue and Jamacha, single-family residential, and the Spring Valley Swap Meet. Existing General Plan Land Uses include General Commercial, Limited Impact Industrial, Neighborhood Commercial, Office Professional, Public/Semi-Public Facilities, and Village Residential. Current zoning within the Focus Area includes Limited Agriculture (A70), Office Professional (C30), Residential-Office Professional (C31), Convenience Commercial (C32), General Commercial (C36), Heavy Commercial (C37), Limited Industrial (M52), General Impact Industrial (M54), Multi-Family Residential (RM,) Mobile Home Residential (RMH12), Rural Residential (RR), Single-Family Residential (RS), Urban Residential (RU), Variable Family Residential (RV), Open Space (S80), Transportation and Utility Corridor (S94).



B. Demographic Overview

This section provides a comparative evaluation of demographic factors for the Focus Area relative to the County as a whole (Region). An overview is presented in Table III-1 below. As shown, the Focus Area population accounts for 18,920 out of the Region's 3.3 million total population. Households in the Focus Area are larger in size (3.4 persons per household) when compared to the Region at 2.7 persons per household. Unemployment rate in the Focus Area is higher at 8.7% versus the Region at 4.9%. Additionally, the Focus Area contains much more ownership housing and less rental housing when compared to the Region.

Table III-1: Demographic Overview, 2023 ⁽¹⁾		
	County of San Diego (Region)	Spring Valley Focus Area
Population	3,325,723	18,920
Households	1,172,264	5,433
Average Household Size	2.74	3.45
Median Age	36.7	34.6
Unemployment Rate	4.9%	8.7%
Owner Occupied Housing Units	51.5%	63.4%
Renter Occupied Housing Units	42.5%	36.6%

(1) Esri Business Analyst Online, May 2024.

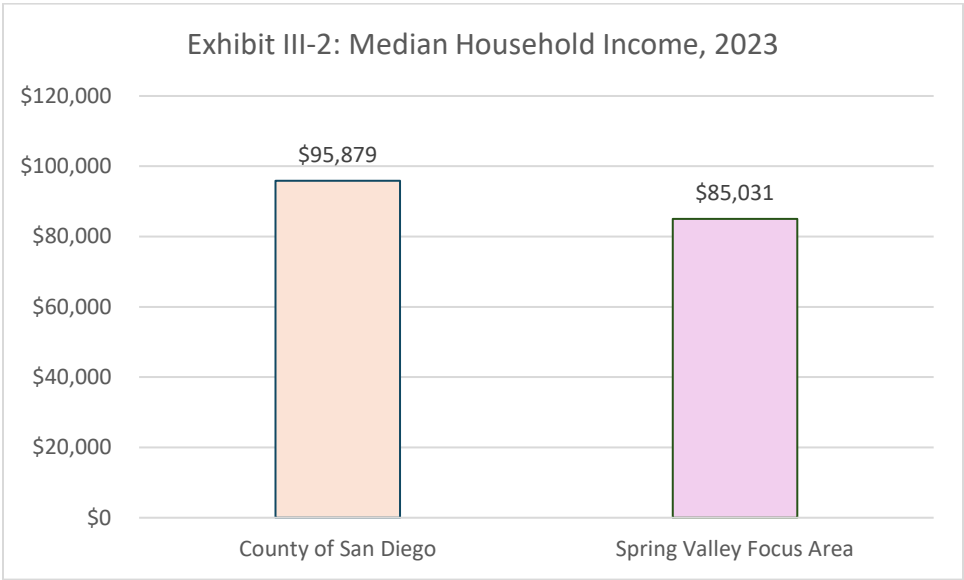
C. Household Income Distribution

The distribution of 2023 household income for the Focus Area vs. the Region is presented in Table III-2. As shown, the Focus Area is comprised of slightly more households earning less than \$75,000 per year when compared to the Region. Moreover, the Region is comprised of more households earning above \$150,000 per year when compared to the Focus Area.

Table III-2: Household Income Distribution, 2023 ⁽¹⁾				
Income Distribution	County of San Diego (Region)		Spring Valley Focus Area	
	Households	Percent	Households	Percent
< \$75K	466,548	40%	2,396	44%
\$75K - \$99K	137,932	12%	690	13%
\$100K - \$149K	234,349	20%	1,271	23%
\$150K+	333,420	28%	1,076	20%
Total	1,172,249	100%	5,433	100%

(1) Esri Business Analyst Online, May 2024.

With respect to median household income, Focus Area income is 11% lower than the Region. As shown in Exhibit III-2 below, the Focus Area's median household income is approximately \$85,000, whereas the Region income is approximately \$96,000.



Source: Esri Business Analyst Online, May 2024.

D. Public Transit and Neighborhood Amenities

KMA evaluated the public transit and neighborhood amenities in close proximity to the Focus Area. The presence of these amenities, or lack thereof, can be factors influencing the demand for residential development. With respect to public transit, the Focus Area is serviced by several San Diego Metropolitan Transit System (MTS) bus stops, primarily along Sweetwater Road, Jamacha Road, and Jamacha Boulevard.

KMA analyzed the neighborhood amenities available within a 3-mile radius of the center of the Focus Area (Trade Ring), as illustrated in Exhibit III-3 below.

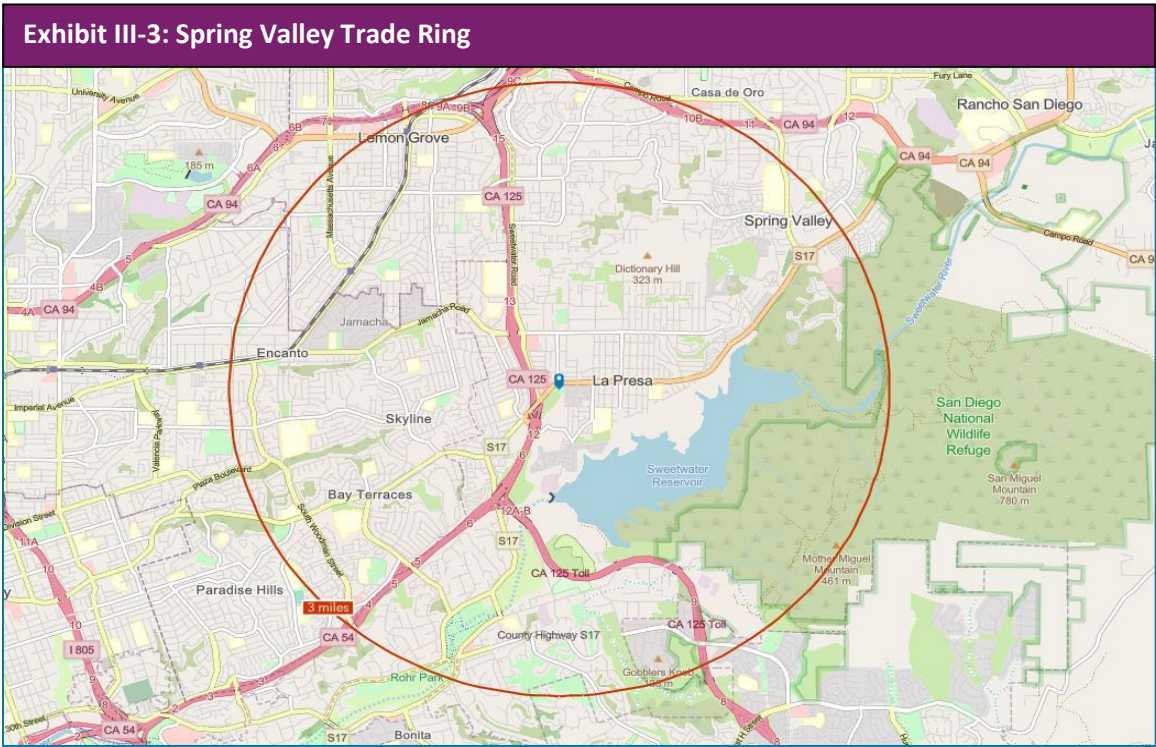


Table III-3 presents amenities within the Trade Ring that serve existing residents. As shown, the Trade Ring contains an ample number of schools/educational facilities and neighborhood parks/recreation. The Trade Ring contains several MTS bus stops as well as access to the MTS Orange Line trolley, west of the Focus Area in Lemon Grove. The Trade Ring contains two (2) family health centers but is distant from larger medical centers/hospitals. The Trade Ring contains four (4) grocery stores and pharmacies, two (2) of which are located within the Focus Area.

Table III-3: Public Transit Neighborhood Amenities, Trade Ring	
Public Transit	<ul style="list-style-type: none"> • MTS bus stops • MTS Green and Orange Line Stops
Schools/Educational Facilities	<ul style="list-style-type: none"> • Spring Valley Elementary School • Lemon Grove Academy Elementary School • Mount Miguel High School • Avondale Elementary School • Audubon K-8 School • Freese Elementary School • Sunnyside Elementary School • La Presa Elementary School

Table III-3: Public Transit Neighborhood Amenities, Trade Ring	
	<ul style="list-style-type: none"> • Rancho Elementary School • Bethune Elementary School • Sweetwater Springs Community Elementary School • Grossmont Secondary School • Bell Junior High School • Lemon Grove Middle School • Morse Senior High School • Monte Vista High School • STEAM Academy • Kempton Street Elementary • Quest Academy • Highlands Elementary
Hospital/Medical Centers	<ul style="list-style-type: none"> • Grossmont Spring Valley Family Health Center • Lemon Grove Family Health Center
Neighborhood Parks/Recreation	<ul style="list-style-type: none"> • Spring Valley County Park • Lamar County Park • Sweetwater Regional Park • Sweetwater Reservoir • Dictionary Hill County Preserve • Boone Park • Christopher Wilson Park • Keiller Park • Berry Street Park • Skyline Hills Park • Lemon Grove Park • Treganza Heritage Park • Lomita Park
Grocery Stores and Pharmacies	<ul style="list-style-type: none"> • Albertsons Grocery Store and Pharmacy • Rite Aid Pharmacy • Sprouts • Ralphs

E. Residential Market Trends

Utilizing CoStar Group, Inc (CoStar), an industry leader in commercial real estate information, KMA conducted a survey of residential land sales from January 2021 to May 2024 for the Trade Ring. As shown in Table III-4, land values in the Trade Ring reflect a median of \$6 per square foot (SF) and an average of \$12 per SF. The KMA survey found that the lowest sale (\$1 per SF) occurred within the Focus Area. The sale generating the highest land value (at \$46 per SF) was in Lemon Grove and proposed for the development of townhomes.

Table III-4: Survey of Residential Land Sales, January 2021 to May 2024, Trade Ring ⁽¹⁾⁽²⁾				
Number of Land Sales	Minimum	Maximum	Median	Average
6	\$1 /SF Land	\$46 /SF Land	\$6 /SF Land	\$12 /SF Land
(1) Source: CoStar Group, Inc. (2) Reflects sales within a 3-mile radius from the mid-point of the Spring Valley Focus Area (8735 Jamacha Boulevard).				

KMA also conducted a survey of apartment building sales in the Trade Ring from January 2021 to May 2024. As shown in Table III-5, apartment buildings sold at a median price of \$218,250 per unit and an average price of \$201,490 per unit. One (1) sale in Lemon Grove exceeded \$400,000 per unit. The sale was a Class A apartment complex built in 2017 within a commercial corridor and in close proximity to the MTS Orange Line. This indicates that there is demand for residential development within the Trade Ring, especially near public transit.

Table III-5: Survey of Apartment Building Sales, January 2021 to May 2024, Trade Ring ⁽¹⁾⁽²⁾				
Number of Land Sales	Minimum	Maximum	Median	Average
10	\$86,600 /Unit	\$419,600/Unit	\$218,250 /Unit	\$201,490 /Unit
(1) Source: CoStar Group, Inc. (2) Reflects sales within a 3-mile radius from the mid-point of the Spring Valley Focus Area (8735 Jamacha Boulevard). Excludes apartment buildings with less than 25 units.				

With respect to apartment buildings in the Focus Area boundary, KMA found that one (1) new apartment building with more than 10 units has been built in the last 20 years – the 16-unit Jamacha Villas built in 2009. There is currently an inventory of 26 apartment buildings (with more than 10 units) containing a total of 1,115 units, with an average unit size of 833 SF. As shown in Table III-6, monthly rent in the first quarter 2024 was \$1,588, or \$1.95 per SF. Since 2014, rents in the Focus Area have experienced an average annual increase of approximately 4.4%. Vacancy rates have remained low and

have decreased over the past 10 years from 3.8% to 3.1%. For comparison purposes, a healthy vacancy rate in the apartment industry averages 5.0%.

Table III-6: Apartment Rents, Spring Valley Focus Area ⁽¹⁾				
Year	Average Unit Size	Monthly Rent ⁽²⁾	Rent Per SF	Average Annual Growth Rate (2014-2024)
2024	833 SF	\$1,588	\$1.95	4.4%
2014	833 SF	\$1,034	\$1.27	
(1) Reflects apartment buildings with 10 units or more within the Spring Valley Focus Area boundary. (2) Reflects effective rent defined as the actual rental rate achieved by the landlord after deducting the value of concessions from the base rental rates that are paid or given to the tenant.				

Using median household income, KMA estimated the supportable apartment rent for the Focus Area and compared this rent to supportable apartment rents in the neighboring cities of La Mesa, Lemon Grove, as well as the Region. As shown in Table III-7, the Focus Area can support apartment rents of \$2,360, higher than La Mesa and Lemon Grove, but lower than the Region.

Table III-7: Supportable Apartment Rents by Geography				
	Focus Area	City of La Mesa	City of Lemon Grove	County of San Diego (Region)
Median Household Income ⁽¹⁾	\$85,031	\$79,844	\$75,487	\$95,879
Income Allocation to Housing	35%	35%	35%	35%
Monthly Income Available for Housing	\$2,480	\$2,329	\$2,202	\$2,796
(Less) Utilities ⁽²⁾	(\$120)	(\$120)	(\$120)	(\$120)
Supportable Apartment Rent	\$2,360	\$2,210	\$2,080	\$2,680
(1) Source: Esri, Business Analyst Online. (2) Reflects utility allowance schedule per the County of San Diego, effective March 1, 2024. Assumes a two bedroom unit.				

KMA also analyzed for-sale housing trends for single-family and townhome/condominium units for the zip code containing the Focus Area. As shown in Table III-8, the median sales price for single-family units in 2024 was \$760,000. By comparison, the median sales price for townhome/condominium units was \$657,500.

Table III-8: For-Sale Housing Trends by Zip Code, January 2024 to March 2024 ⁽¹⁾		
	Year to Date ⁽²⁾	
Type	Closed Sales	Median Sales Price
Single-Family		
Spring Valley (91977)	75	\$760,000
Townhome/Condo		
Spring Valley (91977)	22	\$657,500
(1) Source: Greater San Diego Association of Realtors. Reflects 91977 zip code. (2) Reflects January 2024 through March 2024 time period.		

Using median household income, KMA estimated the supportable sales price for the Focus Area and compared this sales price to supportable apartment rents in the neighboring cities of La Mesa, Lemon Grove, as well as the Region. As shown in Table III-9, the Focus Area can support a for-sale unit price of \$403,000, higher than La Mesa and Lemon Grove, but lower than the Region. It is important to note that supportable sales prices above are substantially below current market values. This is an indicator of the affordability housing crisis throughout the Region.

Table III-9: Supportable Sales Prices by Geography				
	Focus Area	City of La Mesa	City of Lemon Grove	County of San Diego (Region)
Median Household Income ⁽¹⁾	\$85,031	\$79,844	\$75,487	\$95,879
Annual Income Available for Housing @ 35%	\$29,761	\$27,945	\$26,420	\$33,558
Income Available for Mortgage ⁽²⁾	\$21,161	\$19,645	\$18,320	\$24,259
Supportable Mortgage @ 4.6% Interest Rate ⁽³⁾	\$342,463	\$317,937	\$296,495	\$392,581
Add: Down Payment @ 15%	\$60,450	\$56,100	\$52,500	\$69,300
Supportable For-Sale Unit Price (Rounded)	\$403,000	\$374,000	\$349,000	\$462,000
<p>(1) Source: Esri, Business Analyst Online.</p> <p>(2) KMA estimate based on \$350/month HOA and 1.10% tax rate. Excludes costs related to maintenance and insurance.</p> <p>(3) Source: Bankrate.com. Reflects the national average 30-year fixed mortgage APR from 2019 through 2023.</p>				

F. Projects in Planning and Under Construction

According to CoStar, there are no multi-family apartment projects under construction or proposed within the Trade Ring.

IV. RESIDENTIAL DEVELOPMENT POTENTIAL

A. Factors Impacting Development Potential

Demographic and Market Trends

When compared to the Region, the Focus Area contains much larger household sizes, slightly lower median household income, much higher unemployment rate, and many more owner-occupied housing

units. The Focus Area contains more households earning less than \$75,000 when compared to the Region. Additionally, existing rents for multi-family apartments are much lower than the Region average.

Neighborhood Amenities

The Focus Area boundary contains limited neighborhood amenities and residents within the Focus Area generally have to travel to adjacent communities within the Trade Ring to purchase goods in the apparel, general merchandise, home furnishings/appliances, and building/hardware retail categories. The proximity of a variety of public transit options provides an opportunity to concentrate new residential development near or around existing transit stops. Moreover, the Trade Ring contains high quality schools/education, medical centers, neighborhood parks, and grocery and pharmacy stores to serve existing and future residents. These amenities are crucial to attract new residential development to the area.

Housing Legislation

In recent years, the State of California (State) Legislature passed several Senate Bills (SB) and Assembly Bills (AB) encouraging housing production. These bills may positively impact the production of residential development within the Focus Area. Key housing bills are summarized below.

- *SB 2 (2017)* – established a permanent source of funding intended to increase affordable housing. The revenue from SB 2 is dependent on real estate transactions and provides financial assistance to local governments for eligible housing-related projects and programs to assist in addressing the unmet housing needs of their local communities.
- *AB 1486 (2020)* – amends the Surplus Land Act (SLA), requiring public agencies interested in selling or leasing a property to go through a structured sale disposition process that first exposes the property to a State published list of affordable housing developers and other interested parties.
- *SB 743 (2020)* – requires the amount of driving and length of trips – as measured by vehicle miles traveled (VMT) – be used to assess transportation impacts on the environment for California Environmental Quality Act (CEQA) review. These impacts will be mitigated by options such as Transportation Demand Management (TDM), increasing transit services, or providing for active transportation such as walking and biking.
- *SB 9 (2022)* – streamlines the process for a homeowner to create a duplex or subdivide an existing lot.

- *SB 10 (2021)* – provides cities or counties with an easier path for upzoning residential neighborhoods close to job centers, public transit, and existing urban areas. Under SB 10, cities or counties can choose to authorize construction of up to ten units on a single parcel without requiring an environmental review (otherwise mandated under CEQA).
- *AB 976 (2023)* – permanently extends the ability of property owners to build affordable, rental accessory dwelling units (ADUs), also known as “granny flats,” by extending the rental unit provisions of AB 881 (2020), which would have expired in 2025. The provisions allow owners to build rental ADUs on the same property as their existing rentals.
- *AB 1287 (2023)* – modifies the State Density Bonus Law (SB 1818) to create additional density bonuses for developers who provide deed-restricted affordable units beyond the previous maximum percentages in the law. Under the new law, the additional 5% of units provided for very low-income households would entitle the developer to an extra 20% density bonus. Stacked on top of the 35% bonus provided for the 15% set-aside under the original law, this results in a total bonus of 55%. The new additional bonuses provided under AB 1287 could allow for density bonuses of up to 100% of base density.

Construction Costs

Another factor impacting production of new residential development is the rising costs of construction. These costs are primarily governed by market supply and demand factors. Currently, demand for building materials is high, while supply is limited due to global shortages and disruptions, causing prices to rise. This increase is reflected in the Construction Cost Index (CCI), a measure of the average cost of construction based on prices of materials, labor, and equipment. CCI for the State experienced an annual growth rate during 2016 to 2020 ranging from 1.3% to 3.6%. By comparison, from 2021 to 2023 the annual growth ranged from 9.3% to 13.4%. On a national basis, from 2020 through 2023, costs for concrete have increased by 15%, lumber by 16%, and steel by 22%. Other factors contributing to this increase in cost include rising insurance premiums, high interest rates, and limited availability of labor. The continued rising costs of construction present residential development feasibility challenges, where many developers cannot deliver residential projects at entry level rents/prices.

Infrastructure Requirements

New residential development also requires enhancement of surrounding public facilities and infrastructure, including roads, water, sewer, sidewalks, and parks. Portions of the Focus Area lack the enhanced infrastructure needed to support competitive new market-rate residential development. Depending on the increased user capacity of future development in the Focus Area, new developments

may lack adequate water and sewer infrastructure. The cost to upgrade infrastructure and facilities is continuing to rise, hindering demand and construction of new residential development.

B. Summary of Stakeholder Interviews

KMA conducted a series of interviews with key stakeholders, including developers, non-profit organizations, and associations. The objective of the stakeholder interviews was to better understand barriers, necessary amenities, potential infrastructure needs, and opportunities for residential development within the unincorporated areas of the County. Table IV-1 presents the overview of barriers and solutions mentioned by the key stakeholders that the County may consider to encourage the production of housing in each focus area.

Table IV-1: Summary of Stakeholder Interviews	
Current Barriers to Residential Development	<p><u>Programs and Policies:</u></p> <ul style="list-style-type: none"> • Timing of permitting, entitlement, and review processes increase risk and uncertainty • County requires a larger number of technical studies as compared to other jurisdictions • Vehicle Miles Traveled (VMT) requirements are too restrictive in non-VMT efficient areas • Parking requirements do not align with current residential market trends • Low density residential zoning hinders developers’ ability to fully build out a site to its maximum potential after considering easements, sloping, and on-site stormwater mitigation measures <p><u>Financial Factors:</u></p> <ul style="list-style-type: none"> • Construction costs (labor and materials) are increasing at all-time highs • High interest rates increase developers’ borrowing costs • Proposed Statewide budget cuts will limit funding sources for affordable housing • Lack of infrastructure in rural communities causes extraordinary construction costs • High insurance costs may hinder developers from building in high-risk fire areas
Potential Solutions to Encourage Residential Development	<ul style="list-style-type: none"> • Provide a streamlined permitting, entitlement, and review process with single project manager to oversee a development application from A-Z • Enhance the ability for projects to undergo ministerial approval and eliminate the need for CEQA or public hearings

Table IV-1: Summary of Stakeholder Interviews	
	<ul style="list-style-type: none"> • Establish Program EIRs for Community Plan Updates or Specific Plans • Increase density on existing low density residential zoned parcels, where appropriate • Enhance County’s ability to work in partnership with developers to invest in and develop infrastructure improvements (primarily water and sewer) • Provide methods for off-site stormwater mitigation • Establish an infrastructure financing district(s) in strategic areas • Consider acquiring and consolidating parcels to create catalyst development sites • Conduct regular (or annual) amendments to zoning regulations to align with changes in the housing market to ensure housing production can be achieved

Under the direction of the Board of Supervisors, the County has made several efforts to address the challenges that developers have faced when attempting to construct housing in the unincorporated areas of the County. These actions include:

1. The May 2023 adoption of Guaranteed Timelines for: (i) 100% affordable housing and emergency shelters; (ii) VMT efficiency and in-fill area housing; and (iii) work force housing. The Guaranteed Timelines will allow for expedited timelines for discretionary review, CEQA environmental studies, building permit plan check, and septic reviews.
2. The preparation of a Programmatic Environmental Impact Report (PEIR) for key areas, expected to be presented to the Board of Supervisors in October 2024.

C. Potential Residential Development Opportunities

Projected Demand in Housing Units

KMA reviewed historical housing inventory trends in the Focus Area, Trade Ring, and the Region. As shown in Table IV-2, the Trade Ring experienced a growth in housing units from 2000 to 2020 that accounted for 1.4% of Regional growth. By comparison, the Focus Area experienced a growth in housing units from 2000 to 2020 that represented 0.08% of Regional growth.

	Annual Growth 2000-2020
San Diego County (Region)	9,416 Units/Year
Spring Valley Trade Ring	134 Units/Year
<i>Trade Ring as % of Region</i>	<i>1.4%</i>
Spring Valley Focus Area	7 Units/Year
<i>Focus Area as % of Region</i>	<i>0.08%</i>

(1) Source: Esri.

Based on this historic growth and current County initiatives to promote residential development within this area, KMA anticipates that the Focus Area can capture a share of future Regional growth ranging from a low of 0.50% to a high of 0.75%. Capture rates within the Focus Area are expected to be higher than historic rates as there is limited supply of land within the Region and increased investment interest in in-fill communities. The Focus Area also contains an abundance of underutilized improved properties that could be redeveloped into residential uses. As a result, KMA projects that the Focus Area has the potential to add between 915 and 1,373 units between 2025 and 2050 as shown in Table IV-3.

	Projected Growth 2025-2050	
	Units	Units/Year
San Diego County (Region) ⁽¹⁾	183,079 Units	7,323 Units/Year
Spring Valley Focus Area		
Low Capture (0.50%)	915 Units	37 Units/Year
High Capture (0.75%)	1,373 Units	55 Units/Year

(1) Based on SANDAG Series 14 Growth Forecast.

Comparable Residential Development Projects

KMA projects that the Focus Area can support a range of ownership and rental housing product types. Medium to high density multi-family development, including for-sale townhomes/rowhomes, garden apartments, and stacked flat rental apartments either standalone or within a mixed-use configuration, should be concentrated along both Grand Avenue and Jamacha Boulevard. Lower density residential development, such as small-lot and zero lot line (ZLL) single-family homes, should be encouraged in existing low density residential zones, primarily along Jamacha Boulevard to complement existing single-family uses.

In many communities, development of affordable rental housing has demonstrated the potential to spur development of market-rate housing. Comparable experiences in Old Town Temecula, Vista Village, and Downtown Lemon Grove demonstrate that affordable housing developments did not impair the construction of commercial and market-rate residential development. Rather, initial investments in affordable housing in these districts have led to subsequent commercial revitalization and market-rate housing development. It should be noted, however, that no affordable housing projects have been built in the Trade Ring since 2001 (San Martin De Porres Apartments at 9119 Jamacha Road).

KMA identified potential residential development typologies that would be likely to occur within the Focus Area. These typologies reflect our experience with comparable projects in North County and similar communities elsewhere in the County. Table IV-4 presents a brief project description and typical financial parameters associated with each two (2) for-sale and two (2) rental residential development types that respond to anticipated market conditions in the Focus Area. As shown, the likely construction types are Type V low-rise wood-frame buildings.





Table IV-4: Potential Residential Development Typologies – Spring Valley Focus Area			
	Construction Type	Target Density (Units/Acre)	Typical Average Unit Size
For-Sale Residential Development Typologies			
 Small Lot Single-Family	Type V 2 Stories	10 Units/Acre	2,100 SF
 Townhomes	Type V 2-3 Stories	15 to 20 Units/Acre	1,350 SF
Rental Residential Development Typologies			
 Stacked Flat with Tuck-Under Parking	Type V 3+ Stories	30+ Units/Acre	800 SF

Table IV-4: Potential Residential Development Typologies – Spring Valley Focus Area			
	Construction Type	Target Density (Units/Acre)	Typical Average Unit Size
 <p>Garden Style Apartments</p>	Type V 2-3 Stories	20 to 25 Units/Acre	900 SF

Based on a review of the factors impacting residential development, potential residential development typologies, and current market conditions, KMA determined the near-, mid-, and long-term market support for each of the residential development typologies. This market demand is evaluated in the near term (0 to 5 years), mid-term (5 to 10 years), and long-term (10 or more years). In addition, the following metrics were used as part of this evaluation: “strong,” meaning highly likely to occur; “moderate,” meaning likely to occur; and “weak,” meaning unlikely to occur. The factors that KMA relied on in determining “strong,” “moderate,” and “weak” market demand for the near-, mid-, and long-term include evaluations of demographic trends; availability of neighborhood amenities, public facilities, infrastructure, and transit services; proximity to high-quality employment; residential market factors, such as land and building values and rents; and the amount and type of recent and proposed development activity. Increases/decreases in market demand can be anticipated as changes occur with respect to one or more of these factors.

As shown in Table IV-5 below, KMA believes that market demand for rental is weak in the near term and will grow to moderate in the long term. Conversely, market demand for for-sale residential is anticipated to be weak in the near-term and grow to weak/moderate in the long-term, depending on product type. Examples of factors that could increase market demand for residential development in the mid- to long-term include improvements in neighborhood amenities, public facilities, and/or transit services; gains in high quality employment in close commuting distance; and increases in market rents/sales values.

Table IV-5: Market Demand for Residential Typologies, Spring Valley Focus Area			
	Near-Term (0-5 Years)	Mid-Term (5-10 Years)	Long-Term (10+ Years)
FOR-SALE			
Small-Lot Single-Family	Weak	Weak	Weak
Townhomes	Weak	Moderate	Moderate
RENTAL			
Stacked Flat with Tuck-Under Parking	Weak	Weak	Moderate
Garden Style Apartments	Weak	Moderate	Moderate

Under a separate report, KMA analyzed the financial feasibility of potential residential development prototypes for the Focus Area’s five (5) candidate sites. The analyses include estimates for development costs, value upon completion, targeted developer return, and/or potential funding sources. The outcome of the financial pro forma analyses illustrates the feasibility, in terms of residual land value or financing gap, of each development prototype. Residual land value is defined as the maximum land value supported by a proposed development. It is calculated by estimating the total project value upon completion and subtracting the estimated total development costs, inclusive of an industry standard target developer return, required to develop the project. The KMA financial feasibility report measures residual land values for each development prototype against recent comparable land sales to draw conclusions about financial feasibility.

V. LIMITING CONDITIONS

1. KMA has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties.
2. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured. No guarantee is made as to the possible effect on development of current or future Federal, State, or local legislation including environmental or ecological matters.
3. The analysis, opinions, recommendations, and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.
4. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity. If an unforeseen change occurs in the local or national economy, the analysis and conclusions contained herein may no longer be valid.
5. Any estimates of development costs, project income, and/or value in this evaluation are based on the best available project-specific data as well as the experiences of similar projects. They are not intended to be predictions of the future for the specific project. No warranty or representation is made that any of these estimates or projections will actually materialize.
6. It has been assumed that the value of the property will not be impacted by the presence of any soils, toxic, or hazardous conditions that require remediation to allow development. Additionally, it is assumed that perceived toxic conditions (if any) on surrounding properties will not affect the value of the property.
7. KMA is not advising or recommending any action be taken by the County with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues).
8. KMA is not acting as a Municipal Advisor to the County and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the County pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.
9. The County shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own Municipal Advisors, that it deems appropriate before acting on the information and material.



Exhibit D. Financial Feasibility Analysis



Planning and Development Services 5510 Overland Avenue
San Diego, CA 92123 sandiegocounty.gov

MEMORANDUM

To: Laura Stetson, AICP, Principal
Moore Iacofano Goltsman, Inc. (MIG)

From: KEYSER MARSTON ASSOCIATES, INC.

Date: August 6, 2024

Subject: County of San Diego – Development Feasibility Analysis
Buena Creek Focus Area – Financial Feasibility Analysis

I. INTRODUCTION

As part of a Development Feasibility Analysis (DFA), the County of San Diego (County) has requested that Keyser Marston Associates, Inc. (KMA) assess the development potential and feasibility of residential development on key sites in four (4) Focus Areas within the unincorporated area of the County. The Focus Areas identified by the County include the communities of Buena Creek, Valle de Oro/Casa de Oro, Lakeside, and Spring Valley. To address the economic viability of residential development in the Buena Creek Focus Area (Focus Area), KMA evaluated the feasibility of a range of residential development prototypes on five (5) candidate sites.

KMA's financial feasibility analysis involved the following key steps:

1. Formulated development prototypes for five (5) candidate sites. The development prototypes are generally consistent with existing zoning conditions and/or the County's General Plan.
2. Collected and evaluated financial pro forma inputs and assumptions based on a review of multi-family apartment rents and other financial factors, as well as KMA experience with projects of comparable development type.

3. Prepared financial pro forma models (residual land value analyses) to measure the economic feasibility of each development prototype.
4. Evaluated land sales activity in the surrounding area to compare against the residual land value outcomes.

As a part of the DFA work effort, KMA also prepared an independent market assessment for residential development within the Focus Area. Select market factors identified in the market assessment were used as inputs in the financial feasibility analyses.

II. KEY FINDINGS

A. Potential Development Sites

KMA identified five (5) representative sites that could be potential candidates for development of new housing within the Focus Area. The site selection criteria were outlined in the May 28, 2024 MIG memorandum to the County and are detailed in Section III of this report. This criteria generally included some or all of the following characteristics:

- Parcel sizes ranging from 1/2 acre to 3+ acres
- Vacant or underutilized properties⁽¹⁾
- Existing General Plan land use designations and/or zoning classifications with allowable densities ranging from 2 to 40 units per acre, with a focus on sites with allowances in the 15 to 30 units per acre range
- In-fill properties, particularly ones with the potential for land assemblage

Candidate sites were also prioritized based on the availability of water, sewer, and road infrastructure; properties that have been designated as Regional Housing Needs Assessment (RHNA) sites in the County's Housing Element; and properties that are publicly owned or owned by a single entity.

B. Development Prototypes

KMA prepared financial pro forma models to evaluate the feasibility of residential development prototypes on each of the five (5) selected candidate sites. Financial pro forma models are a standard tool utilized by developers and investors to analyze the feasibility of new residential development. Table II-1 presents a summary of the development prototypes analyzed for this study.

(1) Underutilized properties can be considered that demonstrate either (1) existing improvements at a lower density level than the General Plan land use designation allows, and/or (2) low existing assessed values measured in terms of existing building value relative to land area.

Table II-1: Summary of Development Prototypes		
Development Prototype	Illustrative Example	General Project Description
A Large Lot Single-Family Detached Homes		<ul style="list-style-type: none"> • 4.13-acre site • 2 units/ gross acre (Village Residential 2) • For-sale housing • 8 units • 1 to 2 stories • Attached garages • 3,688 SF average unit size
B Small Lot Single-Family Detached Homes		<ul style="list-style-type: none"> • 8.97-acre site • 7.3 units/gross acre (Village Residential 7.3) • For-sale housing • 65 units • 2 stories • Attached garages • 2,020 SF average unit size
C Attached Townhomes		<ul style="list-style-type: none"> • 1.29-acre site • 15 units/gross acre (Village Residential 15) • For-sale housing • 19 units • 2 stories • Attached garages • 1,645 SF average unit size
D Attached Townhomes (In-fill Site)		<ul style="list-style-type: none"> • 0.64-acre site • 15 units/gross acre (Village Residential 15) • For-sale housing • 9 units • 3 stories • Attached garages • 1,400 SF average unit size
E Stacked Flat w/Surface and Tuck-Under Parking		<ul style="list-style-type: none"> • 7.36-acre site • 30 units/gross acre (Village Residential 30) • Rental housing • 220 units • 3 stories • Surface and tuck-under parking • 850 SF average unit size

The housing typologies assumed in the development prototypes were selected based on a variety of factors, including: (1) the maximum density allowed under the General Plan; (2) assimilation of the new development within the character of the community; and (3) the types of residential development that demonstrated the strongest market demand in the KMA market assessment. For example, stacked flat for-sale housing, with or without ground floor commercial space, was not analyzed due to the lack of demonstrated demand for this product type in the surrounding area. In addition, this product type is challenging due to construction defect litigation which has contributed to developer and investor reluctance in such projects as compared to rental housing developments. Stacked flat typologies tend to be more susceptible to construction defect litigation because these projects are more complex to construct. State law protects homebuyers from bearing the cost of fixing construction defects in new construction homes for 10 years, whereas rental housing is subject to construction defect liability for four (4) years. According to the July 2024 Terner Center for Housing Innovation UC Berkeley report on construction defect liability in California, developers have indicated that construction defect liability law is a key factor in their decision to pursue rental instead of for-sale multi-family development.

C. Financial Pro Forma Methodology

KMA prepared financial pro forma analyses for each of the development prototypes to determine the supportable residual land value. The pro forma analyses include estimates for development costs, value upon completion, and targeted developer return. The outcome of the financial pro forma analyses illustrate the feasibility, in terms of residual land value, of each development prototype. Residual land value is defined as the maximum land value supported by a proposed development. It is calculated by estimating the total project value upon completion and subtracting the estimated total development costs, inclusive of an industry standard target developer return, required to develop the project. Residual land values are then measured against recent comparable land sales to draw conclusions about financial feasibility. The residual land value outcomes in the KMA feasibility analysis represent the amount that a developer can afford to pay for the combination of land acquisition and off-site infrastructure improvements.

The assumptions utilized in the financial feasibility analyses reflect 2024 dollars and are representative of today's current market conditions, i.e., present day development costs, sales values/market rents, operating expenses, and developer return targets. Any significant increases or decreases in these key market and industry factors will impact the financial pro forma outcomes and conclusions regarding project feasibility by prototype.

Both rents and for-sale prices utilized within each financial pro forma were based on the existing market conditions within the Focus Area or surrounding area. Typically, households choosing to rent apartments are more likely to seek locations closer to transit and employment than households that are buying their home. Therefore, KMA estimated multi-family market-rate rent inputs for the pro formas by analyzing current market rents in the surrounding area, as well as a premium to account for new construction.

For-sale housing typically draws from a wider trade area than rental housing. As such, for-sale prices were based on comparable sales within the surrounding area.

D. Survey of Comparable Land Sales

KMA surveyed land sales within the surrounding trade area, defined as a 3-mile radius from the center of the Focus Area (Trade Ring). While there have been no land sales in the Focus Area boundary since 2021, KMA found that land sold in the Trade Ring sold at a median price of \$28 per SF and an average of \$27 per SF. Sales generating the highest land values (above \$30 per SF) are primarily located in the cities of San Marcos and Vista. These sales reflect entitled sites for the purpose of developing multi-family housing. By comparison, land sales for the development of single-family homes ranged between \$10 and \$20 per SF. Table II-2 presents the findings of this survey, which suggests that new development occurring in the Focus Area needs to support minimum land values in these ranges in order to be financially feasible.

Table II-2: Survey of Residential Land Sales, January 2021 to May 2024, Buena Creek Trade Ring⁽¹⁾⁽²⁾				
Number of Land Sales	Minimum	Maximum	Median	Average
15	\$5/SF Land	\$63/SF Land	\$28/SF Land	\$27/SF Land
(1) Source: CoStar Group, Inc. (2) Reflects a 3-mile radius from the mid-point of the Buena Creek Focus Area (1923 Buena Creek Road, Vista).				

E. Residual Land Value Outcomes

Development prototypes that are financially feasible generate positive land values, which indicates that a developer or investor could acquire the site, construct the development, sell or lease the completed development, and receive at least an industry standard target return on their investment. A negative residual land value indicates that the development would not be feasible unless free land was contributed and/or some form of cash contribution was provided to the project.

Table II-3 on the following page presents a summary of the residual land value outcomes for each site/prototype.

Table II-3: Residual Land Values by Development Prototype					
Product Type	A	B	C	D	E
	Large Lot Single-Family Detached Homes	Small Lot Single-Family Detached Homes	Attached Townhomes	Attached Townhomes (In-fill Site)	Stacked Flat w/Surface and Tuck-Under Parking
Tenure	For-Sale	For-Sale	For-Sale	For-Sale	Rental
Site Size (Gross)	4.13 Acres	8.97 Acres	1.29 Acres	0.64 Acres	7.36 Acres
Residual Land Value (2024 \$)	\$1,265,000 \$158,000/Unit \$7/SF Site ⁽¹⁾	\$7,508,000 \$116,000/Unit \$19/SF Site ⁽¹⁾	\$1,947,000 \$102,000/Unit \$35/SF Site ⁽¹⁾	\$755,000 \$84,000/Unit \$27/SF Site ⁽¹⁾	(\$13,978,000) (\$64,000)/Unit (\$44)/SF Site ⁽¹⁾
Financial Feasibility Outcome	Moderate Positive	Strong Positive	Strong Positive	Strong Positive	Negative
(1) Reflects residual land value per SF of gross site area.					

As shown above, KMA finds that all for-sale development prototypes generate positive land values and demonstrate moderate to strong financial feasibility under current market conditions. In order to determine which projects are financially feasible, the land value outcomes are measured against the land values found in the Trade Ring.

Small-lot single-family (Prototype B) and townhome (Prototypes C and D) development demonstrate greater feasibility than large lot single-family development (Prototype A). As compared to the survey of land sales for the development of single-family homes, which ranged between \$10 and \$20 per SF land, Prototype B yields a strong positive residual land value. Prototype A generates a positive residual land value; however, the per-SF land value reflects a value lower than the Trade Ring comparable sales, indicating that this product type is only moderately positive.

The land survey also found that multi-family housing in the Trade Ring exhibited land values of \$30 and greater. Therefore, the townhome development prototypes (Prototypes C and D) also yield strong positive residual land values. The only rental development prototype, Prototype E, is not feasible under current market conditions. KMA finds that current market rate rents are not sufficient to offset the higher construction costs associated with the higher-density construction type and inclusion of tuck-under parking. This finding indicates that higher-density (30 units per acre) and/or mixed-use development are not likely to be feasible in the near- to mid-term (0 to 10 years). However, as market rents rise over time and the Focus Area attracts new development, it is reasonable to anticipate that higher-density development with structured parking will become more feasible over the long term (10+ years).

Examples of factors that could increase feasibility of residential development include: lower development costs; increases in market rents/sales values; implementation or assistance with infrastructure requirements; improvements to public transit; upzoning and/or Program Environmental Impact Reports (PEIRs); and incentives/efficiencies with the entitlement process.

III. IDENTIFICATION OF CANDIDATE SITES

In collaboration with MIG, KMA identified five (5) representative sites that could be potential candidates for development of new housing within the Focus Area. The selection criteria were outlined in the May 28, 2024 MIG memorandum to the County and included some or all of the following characteristics:

- Parcel sizes ranging from 1/2 acre to 3+ acres
- Vacant or underutilized properties⁽¹⁾
- Existing General Plan land use designations and/or zoning classifications with allowable densities ranging from 2 to 40 units per acre, with a focus on sites with allowances in the 15 to 30 units per acre range
- In-fill properties, particularly ones with the potential for land assemblage

To the extent possible, candidate sites were also prioritized based on the following conditions:

- Infrastructure availability – sites with ready access to water, sewer, and road infrastructure
- Housing Element sites – sites identified in the Housing Element to meet the County’s RHNA goals
- Ownership – sites that are publicly owned or owned by a single entity

It should be noted that the candidate site assessments contained within this report have been conducted at a high level. KMA did not conduct detailed inspections or assessments for the individual sites, but rather relied on readily available third-party material. Numerous factors, such as planning, regulatory, environmental, topographical, geological, hydrological, utility capacity, off-site improvement requirements, and other key issues, are not addressed at this level of analysis. The following summaries profile each of the candidate sites.

(1) Underutilized properties can be considered that demonstrate either (1) existing improvements at a lower density level than the General Plan land use designation allows, and/or (2) low existing assessed values measured in terms of existing building value relative to land area.

Candidate Site 1	
Development Prototype A	
Large Lot Single-Family Detached Homes	
Assessor's Parcel Number(s)	184-040-04, 184-040-18, 184-040-19, 184-040-20, 184-040-21, and 184-040-22
Number of Owners	One (1) owner
Gross Acres	4.13 acres
General Plan Land Use Designation	Village Residential 2.0 (VR-2)
Maximum Residential Density	2.0 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Vacant land
Infrastructure Accessibility	<ul style="list-style-type: none"> • Site has access to water and sewer lines • Requires in-tract roadways, sidewalks, and utilities
RHNA Designation	<ul style="list-style-type: none"> • Site is not a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Does not require General Plan Amendment • Proposed product type is consistent with adjacent single-family land uses • Does not require land assembly • Does not require demolition • Construction costs are relatively low compared to higher density development • High demand for for-sale housing • Located approximately ½ mile from an elementary school • Proximity to State Route 78 and approximately ½ mile from Buena Creek Sprinter Station
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Density is low, yielding a low housing unit count relative to site area

Candidate Site 2	
Development Prototype B	
Small Lot Single-Family Detached Homes	
Assessor's Parcel Number(s)	183-06-084
Number of Owners	One (1) owner
Gross Acres	8.97 acres
General Plan Land Use Designation	Village Residential 7.3 (VR-7.3)
Maximum Residential Density	7.3 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Religious facility with surface parking • Baseball fields

Candidate Site 2 Development Prototype B Small Lot Single-Family Detached Homes	
Infrastructure Accessibility	<ul style="list-style-type: none"> • Site has access to water and sewer lines • Requires in-tract roadways, sidewalks, and utilities
RHNA Designation	<ul style="list-style-type: none"> • Site is not a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Does not require General Plan Amendment • Proposed product type is consistent with adjacent single-family land uses • Does not require land assembly • Construction costs are relatively low compared to higher density development • High demand for for-sale housing • Located adjacent to an elementary school • Proximity to State Route 78 and approximately 1 mile from Buena Creek Sprinter Station
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Density is low, yielding a low housing unit count relative to site area • Requires demolition of existing improvements

Candidate Site 3 Development Prototype C Attached Townhomes	
Assessor's Parcel Number(s)	217-081-24
Number of Owners	One (1) owner
Gross Acres	1.29 acres
General Plan Land Use Designation	Village Residential 15 (VR-15)
Maximum Residential Density	15.0 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Vacant land
Infrastructure Accessibility	<ul style="list-style-type: none"> • Requires in-tract roadways, sidewalks, and utilities
RHNA Designation	<ul style="list-style-type: none"> • Site is a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Does not require General Plan Amendment • Proposed product type complements adjacent single-family land uses • Does not require land assembly • Does not require demolition

Candidate Site 3 Development Prototype C Attached Townhomes	
Factors Supporting Residential Development on Candidate Site (cont'd.)	<ul style="list-style-type: none"> • Construction costs are relatively low compared to higher density development • High demand for for-sale housing • Proximity to State Route 78 and approximately ½ mile from Buena Creek Sprinter Station
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • May require undetermined level of investment in new on- and off-site infrastructure

Candidate Site 4 Development Prototype D Attached Townhomes (In-fill Site)	
Assessor's Parcel Number(s)	184-111-24 and 184-111-25
Number of Owners	Two (2) owners
Gross Acres	0.64 acres
General Plan Land Use Designation	Village Residential 15 (VR-15) and General Commercial
Maximum Residential Density	15.0 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Vacant land • Commercial structure
Infrastructure Accessibility	<ul style="list-style-type: none"> • Site has access to water and sewer lines • Requires in-tract roadways, sidewalks, and utilities
RHNA Designation	<ul style="list-style-type: none"> • Site is not a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Does not require General Plan Amendment • Proposed product type complements adjacent single-family land uses • Construction costs are relatively low compared to higher density development • High demand for for-sale housing • Located approximately ½ mile from an elementary school • Property fronts South Santa Fe Avenue (main corridor), with proximity to State Route 78 and approximately 3 minute walk to Buena Creek Sprinter Station
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Requires change in land use designation for one (1) parcel • Requires land assembly • Requires demolition of existing improvement

Candidate Site 5 Development Prototype E Stacked Flat Apartments w/Surface and Tuck-Under Parking	
Assessor’s Parcel Number(s)	184-162-02, 184-162-03, 184-162-04, and 184-162-05
Number of Owners	Three (3) owners
Gross Acres	7.36 acres
General Plan Land Use Designation	Village Residential 30 (VR-30)
Maximum Residential Density	30.0 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Vacant land • One (1) single-family home
Infrastructure Accessibility	<ul style="list-style-type: none"> • Site has access to water and sewer lines
RHNA Designation	<ul style="list-style-type: none"> • Site is a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Does not require General Plan Amendment • Proposed product type complements neighboring rental apartments • Allowable density maximizes housing unit count, producing a high number of units in a single development • Property fronts South Santa Fe Avenue and Buena Creek Road (main corridors) • Proximity to State Route 78 and adjacent to Buena Creek Sprinter Station
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Requires land assembly • Requires demolition of existing improvement • Product type results in higher construction costs than single-family/townhome developments • Current multi-family market rents in the Trade Ring do not support the cost of new construction

IV. FINANCIAL PRO FORMA MODELS

The KMA financial pro forma models test the financial feasibility of the five (5) development prototypes. The models reflect hypothetical sites and are not specific to any property within the Focus Area. For each of the financial pro formas models, KMA estimated:

- Development costs, consisting of direct construction costs, indirects, and financing costs
- Projected gross sales revenue, including developer profit/cost of sale (Prototypes A, B, C, and D)
- Projected income and operating expenses (Prototype E)
- Estimates of residual land value

The pro forma models yield an estimate of the residual land value for each respective development prototype. The residual land value outcomes represent the amount that a developer can afford to pay for the combination of land acquisition and off-site infrastructure improvements. The full residual land value models are attached to this report as Appendices A (for-sale development prototypes) and B (rental development prototypes).

A. Project Descriptions

Within each Appendix, KMA presents a physical description of the respective development prototype, including site area, density, residential unit mix, number of stories, parking type, and other physical attributes.

B. Estimated Development Costs

KMA also estimated development costs for each development prototype. These estimates are based on our recent experience with comparable developments in Southern California and industry data sources. These estimates include the following components:

- Direct construction costs, such as on-site improvements, parking, shell construction, amenities/furniture, fixtures, and equipment (FF&E), and contingency. KMA has not included a budget for off-site improvement costs such as sidewalks/curb and gutter, right-of-way improvements, utilities, or stormwater mitigation as specific estimates cannot be formulated at this time. The KMA estimates of direct construction costs also do not assume prevailing wages or costs associated with demolition, relocation, or environmental remediation, if applicable.
- Indirect costs, such as architecture and engineering, permits and fees, legal and accounting, taxes and insurance, developer fee, marketing and lease-up/sales, and contingency. The development prototypes are generally consistent with existing zoning conditions and/or the County's General Plan. For sites that are not currently zoned for residential development, KMA assumed that the County implemented any potential changes to zoning or design guidelines to allow these developments to be constructed. Therefore, indirect costs do not account for delays resulting from a General Plan Amendment or other lengthy entitlement processes.
- Financing costs, such as loan fees and interest during construction/lease-up.

C. Gross Sales Proceeds and Residual Land Value – For-Sale Prototypes

KMA prepared estimates of for-sale pricing/gross sales proceeds, target developer profit/cost of sale, and residual land value estimates.

D. Net Operating Income – Rental Prototypes

KMA calculated net operating income (NOI) for each rental residential development prototype. NOI is estimated by taking into account market rate rents that vary by bedroom type/size, other income, and an estimate of operating expenses, including property taxes/special assessments and replacement reserves.

E. Residual Land Values – Rental Prototypes

The detailed calculation of residual land value for the rental prototype (Prototype E) includes an estimate of capitalization rate, cost of sale, and target developer profit.

V. LIMITING CONDITIONS

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2. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured. No guarantee is made as to the possible effect on development of current or future Federal, State, or local legislation including environmental or ecological matters.
3. The analysis, opinions, recommendations, and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.
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5. Any estimates of development costs, project income, and/or value in this evaluation are based on the best available project-specific data as well as the experiences of similar projects. They are not intended to be predictions of the future for the specific project. No warranty or representation is made that any of these estimates or projections will actually materialize.
6. It has been assumed that the value of the property will not be impacted by the presence of any soils, toxic, or hazardous conditions that require remediation to allow development. Additionally, it is assumed that perceived toxic conditions (if any) on surrounding properties will not affect the value of the property.
7. KMA is not advising or recommending any action be taken by the County with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues).
8. KMA is not acting as a Municipal Advisor to the County and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the County pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.
9. The County shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own Municipal Advisors, that it deems appropriate before acting on the information and material.

APPENDIX A

**For-Sale Development Prototypes
Buena Creek Focus Area**

**Development Feasibility Analysis
County of San Diego**

TABLE A-1

ATTACHMENT A
PROJECT DESCRIPTIONS
BUENA CREEK FOCUS AREA
DEVELOPMENT FEASIBILITY ANALYSIS
COUNTY OF SAN DIEGO

	A	B	C	D
I. Tenure	For-Sale	For-Sale	For-Sale	For-Sale
II. Site Area	Single-Family Detached Large Lot Village Residential 2 (VR-2)	Single-Family Detached Small-Lot Village Residential 7.3 (VR7.3)	Attached Townhomes Village Residential 15 (VR-15)	Attached Townhomes Village Residential 15 (VR-15) (In-fill Site)
Gross Acres	4.13 Acres	8.97 Acres	1.29 Acres	0.64 Acres
(Less) Open Space/Environmental Easements	0.00 Acres	0.00 Acres	0.00 Acres	0.00 Acres
(Less) Circulation/Amenities	<u>(0.83)</u> Acres	<u>(2.69)</u> Acres	<u>(0.19)</u> Acres	<u>(0.10)</u> Acres
Net Acres	3.30 Acres	6.28 Acres	1.10 Acres	0.54 Acres
III. Gross Building Area (GBA)				
Net Residential	29,500 SF	131,300 SF	31,250 SF	12,600 SF
Community/Recreation	0 SF	1,500 SF	0 SF	0 SF
Circulation/Lobby	<u>0</u> SF	<u>0</u> SF	<u>0</u> SF	<u>0</u> SF
Total GBA	29,500 SF	132,800 SF	31,250 SF	12,600 SF
IV. Unit Mix				
Two Bedroom	0	0	8	4
Three Bedroom	5	39	11	5
Four Bedroom	3	26	0	0
Total Units/Average	8	65	19	9
V. Number of Units	8 Units	65 Units	19 Units	9 Units
VI. Density (Units/Acre)	2.0 Units/Gross Acre 2.4 Units/Net Acre	7.3 Units/Gross Acre 10.4 Units/Net Acre	15.0 Units/Gross Acre 17.3 Units/Net Acre	15.0 Units/Gross Acre 16.5 Units/Net Acre
VII. Approximate Lot Size (Net)	18,000 SF/Lot	4,000 SF/Lot	N/A	N/A
VIII. Floor Area Ratio (FAR)	0.20	0.49	0.65	0.53
IX. Construction Type	Type V - Wood-Frame	Type V - Wood-Frame	Type V - Wood-Frame	Type V - Wood-Frame
X. Stories	1-2 Stories	2 Stories	2 Stories	3 Stories
XI. Maximum Building Height	Up to 25 Feet	25 Feet	25 Feet	35 Feet
XII. Parking				
Type	Attached Garages	Attached Garages	Attached Garages	Attached Garages
Parking Spaces	15 Spaces	124 Spaces	29 Spaces	14 Spaces
Parking Ratio	1.88 Spaces/Unit	1.90 Spaces/Unit	1.50 Spaces/Unit	1.50 Spaces/Unit

Prepared by: Keyser Marston Associates, Inc.
 Filename: SD County_DFA-Buena Creek_Development Prototypes_v2;8/6/2024;ema

TABLE A-2

ESTIMATED DEVELOPMENT COSTS AND RESIDUAL LAND VALUE
 BUENA CREEK FOCUS AREA
 DEVELOPMENT FEASIBILITY ANALYSIS
 COUNTY OF SAN DIEGO

	A Single-Family Detached Large Lot Village Residential 2 (VR-2)				B Single-Family Detached Small Lot Village Residential 4.3 (VR-4.3)				C Attached Townhomes Village Residential 15 (VR-15)				D Attached Townhomes Village Residential 15 (VR-15)			
	Total	Per Unit	Comments		Total	Per Unit	Comments		Total	Per Unit	Comments	Total	Per Unit	Comments		
I. Development Costs																
A. Direct Costs ⁽¹⁾																
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 /SF Site - Gross	\$0	\$0	\$0 /SF Site - Gross	\$0	\$0 /SF Site - Gross	\$0	\$0	\$0 /SF Site - Gross	\$0	\$0	\$0 /SF Site - Gross		
On-Site Improvements/Landscaping	\$1,799,000	\$224,900	\$10 /SF Site - Gross	\$5,861,000	\$90,200	\$15 /SF Site - Gross	Included below	\$1,124,000	\$59,200	\$20 /SF Site - Gross	Included below	\$697,000	\$77,400	\$25 /SF Site - Gross		
Parking	\$0	\$0	Included below	\$0	\$0	Included below	\$0	\$0	\$0	Included below	\$0	\$0	\$0	Included below		
Shell Construction	\$4,130,000	\$516,300	\$140 /SF GBA	\$23,904,000	\$367,800	\$180 /SF GBA	Allowance	\$6,250,000	\$328,900	\$200 /SF GBA	Allowance	\$2,520,000	\$280,000	\$200 /SF GBA		
Amenities/FF&E	\$0	\$0	Allowance	\$553,000	\$8,500	Allowance	\$0	\$0	\$0	Allowance	\$0	\$0	\$0	Allowance		
Contingency	\$296,000	\$37,000	5.0% of Directs	\$1,516,000	\$23,300	5.0% of Directs	\$369,000	\$19,400	\$5,000	5.0% of Directs	\$161,000	\$17,900	\$5,000	5.0% of Directs		
Total Direct Costs	\$6,225,000	\$778,100	\$211 /SF GBA	\$31,834,000	\$489,800	\$240 /SF GBA	\$7,743,000	\$407,500	\$248 /SF GBA	\$3,378,000	\$375,300	\$268 /SF GBA	\$3,378,000	\$375,300		
B. Indirect Costs																
Architecture & Engineering	\$374,000	\$46,800	6.0% of Directs	\$1,910,000	\$29,400	6.0% of Directs	\$465,000	\$24,500	6.0% of Directs	\$203,000	\$22,600	6.0% of Directs	\$203,000	\$22,600		
Permits & Fees ⁽²⁾	\$590,000	\$73,800	\$20 /SF GBA	\$2,656,000	\$40,900	\$20 /SF GBA	\$781,000	\$41,100	\$25 /SF GBA	\$315,000	\$35,000	\$25 /SF GBA	\$315,000	\$35,000		
Legal & Accounting	\$93,000	\$11,600	1.5% of Directs	\$478,000	\$7,400	1.5% of Directs	\$116,000	\$6,100	1.5% of Directs	\$51,000	\$5,700	1.5% of Directs	\$51,000	\$5,700		
Taxes & Insurance	\$347,000	\$43,400	3.0% of Value	\$1,798,000	\$27,700	3.0% of Value	\$454,000	\$23,900	3.0% of Value	\$194,000	\$21,600	3.0% of Value	\$194,000	\$21,600		
Developer Fee	\$249,000	\$31,100	4.0% of Directs	\$1,273,000	\$19,600	4.0% of Directs	\$310,000	\$16,300	4.0% of Directs	\$135,000	\$15,000	4.0% of Directs	\$135,000	\$15,000		
Marketing/Sales	\$347,000	\$5,000	3.0% of Value	\$1,798,000	\$5,000	3.0% of Value	\$454,000	\$3,900	3.0% of Value	\$194,000	\$1,600	3.0% of Value	\$194,000	\$1,600		
Contingency	\$100,000	\$12,500	5.0% of Indirects	\$496,000	\$7,600	5.0% of Indirects	\$129,000	\$6,800	5.0% of Indirects	\$55,000	\$6,100	5.0% of Indirects	\$55,000	\$6,100		
Total Indirect Costs	\$2,100,000	\$262,500	33.7% of Directs	\$10,409,000	\$160,100	32.7% of Directs	\$2,709,000	\$142,600	35.0% of Directs	\$1,147,000	\$127,400	34.0% of Directs	\$1,147,000	\$127,400		
C. Financing Costs	\$467,000	\$58,400	7.5% of Directs	\$2,388,000	\$36,700	7.5% of Directs	\$774,000	\$40,700	10.0% of Directs	\$338,000	\$37,600	10.0% of Directs	\$338,000	\$37,600		
D. Total Development Costs ⁽³⁾	\$8,792,000	\$1,099,000	\$298 /SF GBA	\$44,631,000	\$686,600	\$336 /SF GBA	\$11,226,000	\$590,800	\$359 /SF GBA	\$4,863,000	\$540,300	\$386 /SF GBA	\$4,863,000	\$540,300		
II. Residual Land Value																
A. Gross Sales Proceeds																
Two Bedroom	0	---	---	0	---	---	---	8	\$750,000	\$500	\$6,000,000	4	\$669,000	\$535	\$2,408,000	
Three Bedroom	5	\$1,400,000	\$400	\$7,000,000	39	\$884,000	\$465	\$34,476,000	11	\$831,000	\$475	\$9,141,000	5	\$750,000	\$500	\$4,050,000
Four Bedroom	3	\$1,520,000	\$380	\$4,560,000	26	\$879,000	\$445	\$25,454,000	0	---	---	---	0	---	---	---
Total/Average	8	\$1,445,000	\$392	\$11,560,000	65	\$922,000	\$456	\$59,930,000	19	\$796,900	\$485	\$15,141,000	9	\$717,600	\$513	\$6,458,000
(Less) Cost of Sale																
(Less) Developer Profit																
B. Net Sales Proceeds																
C. (Less) Development Costs ⁽³⁾																
D. Residual Land Value																
Per Unit																
Per Gross SF Land	\$1,265,000	\$158,000	\$7	\$7,508,000	\$116,000	\$19	\$1,947,000	\$102,000	\$35	\$84,000	\$27	\$75,000	\$84,000	\$27		
Per Net SF Land	\$9	\$9	\$9	\$27	\$27	\$27	\$41	\$41	\$41	\$41	\$41	\$32	\$32	\$32		

(1) Does not include the payment of prevailing wages.
 (2) Estimate, not verified by KMA or County.
 (3) Excludes acquisition costs.

APPENDIX B

**Rental Development Prototypes
Buena Creek Focus Area**

**Development Feasibility Analysis
County of San Diego**

TABLE B-1

PROJECT DESCRIPTIONS
BUENA CREEK FOCUS AREA
DEVELOPMENT FEASIBILITY ANALYSIS
COUNTY OF SAN DIEGO

	E	
	Stacked Flat w/Surface and Tuck-Under Parking Village Residential 30 (VR-30)	
I. Tenure	Rental	
II. Site Area		
Gross Acres	7.36 Acres	90%
(Less) Open Space/Environmental Easements	0.00 Acres	0%
(Less) Circulation/Amenities	<u>(0.74)</u> Acres	<u>10%</u>
Net Acres	6.62 Acres	100%
III. Gross Building Area (GBA)		
Net Residential	187,000 SF	89%
Community/Recreation	2,000 SF	1%
Circulation/Lobby	<u>21,000</u> SF	<u>10%</u>
Total GBA	210,000 SF	100%
IV. Unit Mix	<u>Number of Units</u>	<u>Unit Size</u>
One Bedroom	88 40%	700 SF
Two Bedroom	99 45%	900 SF
Three Bedroom	<u>33</u> <u>15%</u>	<u>1,100</u> SF
Total Units/Average	220 100%	850 SF
V. Number of Units	220 Units	
VI. Density (Units/Acre)	30.0 Units/Gross Acre 33.2 Units/Net Acre	
VII. Floor Area Ratio (FAR)	0.73	
VIII. Construction Type	Type V - Wood-Frame	
IX. Stories	3 Stories	
X. Maximum Building Height	35 Feet	
XI. Parking		
Type	Surface/Tuck-Under	
Parking Spaces	286 Spaces	
Parking Ratio	1.30 Spaces/Unit	

Prepared by: Keyser Marston Associates, Inc.
 Filename: SD County_DFA-Buena Creek_Development Prototypes_v2;8/6/2024;ema

TABLE B-2

**ESTIMATED DEVELOPMENT COSTS
BUENA CREEK FOCUS AREA
DEVELOPMENT FEASIBILITY ANALYSIS
COUNTY OF SAN DIEGO**

	E		
	Stacked Flat w/Surface and Tuck-Under Parking Village Residential 30 (VR-30)		
	<u>Total</u>	<u>Per Unit</u>	<u>Comments</u>
I. Direct Costs ⁽¹⁾			
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 /SF Site - Gross
On-Site Improvements/Landscaping ⁽²⁾	\$9,618,000	\$43,700	\$30 /SF Site - Gross
Parking	\$0	\$0	Included above
Shell Construction	\$63,000,000	\$286,400	\$300 /SF GBA
Amenities/FF&E	\$1,100,000	\$5,000	Allowance
Contingency	<u>\$3,686,000</u>	<u>\$16,800</u>	5.0% of Directs
Total Direct Costs	\$77,404,000	\$351,800	\$369 /SF GBA
II. Indirect Costs			
Architecture & Engineering	\$5,805,000	\$26,400	7.5% of Directs
Permits & Fees ⁽²⁾	\$5,250,000	\$23,900	\$25 /SF GBA
Legal & Accounting	\$1,161,000	\$5,300	1.5% of Directs
Taxes & Insurance	\$1,161,000	\$5,300	1.5% of Directs
Developer Fee	\$3,096,000	\$14,100	4.0% of Directs
Marketing/Lease-Up	\$550,000	\$2,500	Allowance
Contingency	<u>\$851,000</u>	<u>\$3,900</u>	5.0% of Indirects
Total Indirect Costs	\$17,874,000	\$81,200	23.1% of Directs
III. Financing Costs	\$7,740,000	\$35,200	10.0% of Directs
IV. Development Costs ⁽³⁾	\$103,018,000	\$468,300	\$491 /SF GBA

(1) Excludes the payment of prevailing wages.

(2) Estimate; not verified by KMA or County.

(3) Excludes acquisition costs.

TABLE B-3

**NET OPERATING INCOME
BUENA CREEK FOCUS AREA
DEVELOPMENT FEASIBILITY ANALYSIS
COUNTY OF SAN DIEGO**

E						
Stacked Flat w/Surface and Tuck-Under Parking Village Residential 30 (VR-30)						
Monthly						
	<u>Unit Size</u>	<u># Units</u>	<u>\$/SF</u>	<u>Rent</u>	<u>Total Annual</u>	
I. Gross Scheduled Income (GSI)						
One Bedroom @	700 SF	88	\$3.50	\$2,450	\$2,587,000	
Two Bedroom @	900 SF	99	\$3.00	\$2,700	\$3,208,000	
Three Bedroom @	<u>1,100</u> SF	<u>33</u>	<u>\$2.75</u>	<u>\$3,030</u>	<u>\$1,200,000</u>	
Total/Average	850 SF	220	\$3.12	\$2,650	\$6,995,000	
Add: Other Income			\$50 /Unit/Month		<u>\$132,000</u>	
Total Gross Scheduled Income (GSI)					\$7,127,000	
(Less) Vacancy		5.0% of GSI			<u>(\$356,000)</u>	
Effective Gross Income (EGI)					\$6,771,000	
II. Operating Expense						
(Less) Operating Expenses			\$5,000 /Unit/Year		(\$1,100,000)	
(Less) Property Taxes ⁽¹⁾			\$5,241 /Unit/Year		(\$1,152,000)	
(Less) Replacement Reserves			<u>\$300</u> /Unit/Year		<u>(\$66,000)</u>	
Total Expenses			\$10,541 /Unit/Year 34.2% of EGI		(\$2,318,000)	
III. Net Operating Income (NOI)					\$4,453,000	

(1) Based on capitalized income approach; assumes a 1.1% tax rate and 4.25% cap rate as shown in Table B-4.

TABLE B-4

RESIDUAL LAND VALUE
 BUENA CREEK FOCUS AREA
 DEVELOPMENT FEASIBILITY ANALYSIS
 COUNTY OF SAN DIEGO

		E
		Stacked Flat w/Surface and Tuck-Under Parking Village Residential 30 (VR-30)
I. Capitalized Value of NOI		
Stabilized Net Operating Income		\$4,453,000
Capitalization Rate @		4.25%
Capitalized Value Upon Completion		\$104,776,000
(Less) Cost of Sale	3.0% of Value	(\$3,143,000)
(Less) Developer Profit	12.0% of Value	(\$12,573,000)
II. Net Sales Proceeds		\$89,060,000
(Less) Development Costs ⁽¹⁾		(\$103,018,000)
III. Residual Land Value		(\$13,958,000)
Per Unit		(\$63,000)
Per Gross SF Land		(\$44)
Per Net SF Land		(\$48)

(1) Excludes acquisition costs.

MEMORANDUM

To: Laura Stetson, AICP, Principal
Moore Iacofano Goltsman, Inc. (MIG)

From: KEYSER MARSTON ASSOCIATES, INC.

Date: August 6, 2024

Subject: County of San Diego – Development Feasibility Analysis
Valle de Oro/Casa de Oro Focus Area – Financial Feasibility Analysis

I. INTRODUCTION

As part of a Development Feasibility Analysis (DFA), the County of San Diego (County) has requested that Keyser Marston Associates, Inc. (KMA) assess the development potential and feasibility of residential development on key sites in four (4) Focus Areas within the unincorporated area of the County. The Focus Areas identified by the County include the communities of Buena Creek, Valle de Oro/Casa de Oro, Lakeside, and Spring Valley. To address the economic viability of residential development in the Valle de Oro/Casa de Oro Focus Area (Focus Area), KMA evaluated the feasibility of a range of residential development prototypes on five (5) candidate sites.

KMA's financial feasibility analysis involved the following key steps:

1. Formulated development prototypes for five (5) candidate sites. The development prototypes are generally consistent with existing zoning conditions and/or the County's General Plan.
2. Collected and evaluated financial pro forma inputs and assumptions based on a review of multi-family apartment rents and other financial factors, as well as KMA experience with projects of comparable development type.

3. Prepared financial pro forma models (residual land value analyses) to measure the economic feasibility of each development prototype.
4. Evaluated land sales activity in the surrounding area to compare against the residual land value outcomes.

As a part of the DFA work effort, KMA also prepared an independent market assessment for residential development within the Focus Area. Select market factors identified in the market assessment were used as inputs in the financial feasibility analyses.

II. KEY FINDINGS

A. Potential Development Sites

KMA identified five (5) representative sites that could be potential candidates for development of new housing within the Focus Area. The site selection criteria were outlined in the May 28, 2024 MIG memorandum to the County and are detailed in Section III of this report. This criteria generally included some or all of the following characteristics:

- Parcel sizes ranging from 1/2 acre to 3+ acres
- Vacant or underutilized properties⁽¹⁾
- Existing General Plan land use designations and/or zoning classifications with allowable densities ranging from 2 to 40 units per acre, with a focus on sites with allowances in the 15 to 30 units per acre range
- In-fill properties, particularly ones with the potential for land assemblage

Candidate sites were also prioritized based on the availability of water, sewer, and road infrastructure; properties that have been designated as Regional Housing Needs Assessment (RHNA) sites in the County's Housing Element; and properties that are publicly owned or owned by a single entity.

B. Development Prototypes

KMA prepared financial pro forma models to evaluate the feasibility of residential development prototypes on each of the five (5) selected candidate sites. Financial pro forma models are a standard tool utilized by developers and investors to analyze the feasibility of new residential development. Table II-1 presents a summary of the development prototypes analyzed for this study.

(1) Underutilized properties can be considered that demonstrate either (1) existing improvements at a lower density level than the General Plan land use designation allows, and/or (2) low existing assessed values measured in terms of existing building value relative to land area.






Table II-1: Summary of Development Prototypes		
Development Prototype	Illustrative Example	General Project Description
<p>A Attached Townhomes</p>		<ul style="list-style-type: none"> • 3.72-acre site • 20 units/gross acre • For-sale housing • 74 units • 2-3 stories • Attached garages • 1,399 SF average unit size
<p>B Attached Townhomes w/Ground Floor Commercial</p>		<ul style="list-style-type: none"> • 0.55-acre site • 24 units/gross acre (Village Core Mixed-Use) • For-sale housing • 13 units • 1,000 SF commercial SF • 3 stories • Surface and attached garages • 1,250 SF average unit size
<p>C Garden Apartments</p>		<ul style="list-style-type: none"> • 1.47-acre site • 20 units/gross acre (Village Residential 20) • Rental housing • 29 units • 2-3 stories • Surface, carports, and attached garages • 930 SF average unit size
<p>D Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking</p>		<ul style="list-style-type: none"> • 1.47-acre site • 35 units/gross acre (Village Core Mixed-Use)⁽¹⁾ • Rental housing • 51 units • 1,000 SF commercial space • 3-4 stories • Surface and tuck-under parking • 820 SF average unit size

Table II-1: Summary of Development Prototypes		
Development Prototype	Illustrative Example	General Project Description
<p style="text-align: center;">E Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking (Non-Contiguous Site)</p>		<ul style="list-style-type: none"> • 0.82-acre site • 40 units/gross acre (Village Core Mixed-Use)⁽¹⁾ • Rental housing • 32 units • 1,000 SF commercial space • 3-4 stories • Surface and tuck-under parking • 769 SF average unit size
<p>(1) Per the Campo Road Corridor Revitalization Specific Plan (Plan) dated January 2023, Main Street District development standards are as follows: maximum FAR of 2.0; maximum of 4 stories; and maximum building height of 62 feet. Therefore, KMA increased the density to maximize the housing unit count within the maximum 4 stories as permitted in the Plan.</p>		

The housing typologies assumed in the development prototypes were selected based on a variety of factors, including: (1) the maximum density allowed under the General Plan; (2) assimilation of the new development within the character of the community; and (3) the types of residential development that demonstrated the strongest market demand in the KMA market assessment. For example, stacked flat for-sale housing, with or without ground floor commercial space, was not analyzed due to the lack of demonstrated demand for this product type in the surrounding area. In addition, this product type is challenging due to construction defect litigation which has contributed to developer and investor reluctance in such projects as compared to rental housing developments. Stacked flat typologies tend to be more susceptible to construction defect litigation because these projects are more complex to construct. State law protects homebuyers from bearing the cost of fixing construction defects in new construction homes for 10 years, whereas rental housing is subject to construction defect liability for four (4) years. According to the July 2024 Turner Center for Housing Innovation UC Berkeley report on construction defect liability in California, developers have indicated that construction defect liability law is a key factor in their decision to pursue rental instead of for-sale multi-family development.

C. Financial Pro Forma Methodology

KMA prepared financial pro forma analyses for each of the development prototypes to determine the supportable residual land value. The pro forma analyses include estimates for development costs, value upon completion, and targeted developer return. The outcome of the financial pro forma analyses illustrate the feasibility, in terms of residual land value, of each development prototype. Residual land value is defined as the maximum land value supported by a proposed development. It is calculated by estimating the total project value upon completion and subtracting the estimated total development costs, inclusive of an industry standard target developer return, required to develop the project. Residual land values are then measured against recent comparable land sales to draw conclusions about

financial feasibility. The residual land value outcomes in the KMA feasibility analysis represent the amount that a developer can afford to pay for the combination of land acquisition and off-site infrastructure improvements.

The assumptions utilized in the financial feasibility analyses reflect 2024 dollars and are representative of today’s current market conditions, i.e., present day development costs, sales values/market rents, operating expenses, and developer return targets. Any significant increases or decreases in these key market and industry factors will impact the financial pro forma outcomes and conclusions regarding project feasibility by prototype.

Both rents and for-sale prices utilized within each financial pro forma were based on the existing market conditions within the Focus Area or surrounding area. Typically, households choosing to rent apartments are more likely to seek locations closer to transit and employment than households that are buying their home. Therefore, KMA estimated multi-family market-rate rent inputs for the pro formas by analyzing current market rents in the surrounding area, as well as a premium to account for new construction. For-sale housing typically draws from a wider area than rental housing. As such, for-sale prices were based on comparable sales within the surrounding area.

D. Survey of Comparable Land Sales

KMA surveyed land sales within the surrounding trade area, defined as a 3-mile radius from the center of the Focus Area (Trade Ring). While there have been no land sales in the Focus Area boundary since 2021, KMA found that land sold in the Trade Ring sold at a median price of \$46 per SF and an average of \$47 per SF. Sales generating the highest land values (above \$50 per SF) are primarily located in the cities of La Mesa and San Diego. These sales reflect entitled sites for the purpose of developing multi-family and Accessory Dwelling Unit (ADU) housing. By comparison, sales for townhomes and single-family homes ranged from \$6 to \$46 per SF land. The difference in land value for multi-family versus single-family/ADU housing is an indicator of more demand and higher development potential for higher density multi-family product types. Table II-2 presents the findings of this survey, which suggests that new development occurring in the Focus Area needs to support minimum land values in these ranges in order to be financially feasible.

Table II-2: Survey of Residential Land Sales, January 2021 to May 2024, Trade Ring ⁽¹⁾⁽²⁾				
Number of Land Sales	Minimum	Maximum	Median	Average
9	\$5/SF Land	\$114/SF Land	\$46/SF Land	\$47/SF Land
(1) Source: CoStar Group, Inc. (2) Reflects sales within a 3-mile radius from the mid-point of the Valle de Oro/Casa de Oro Focus Area (9111 Campo Road).				

E. Residual Land Value Outcomes

Development prototypes that are financially feasible generate positive land values, which indicates that a developer or investor could acquire the site, construct the development, sell or lease the completed development, and receive at least an industry standard target return on their investment. A negative residual land value indicates that the development would not be feasible unless free land was contributed and/or some form of cash contribution was provided to the project. Table II-3 presents a summary of the residual land value outcomes for each site/prototype.

Table II-3: Residual Land Values by Development Prototype					
Product Type	A	B	C	D	E
	Attached Townhomes	Attached Townhomes w/Ground Floor Commercial	Garden Apartments	Stacked Flat w/Ground Floor Commercial and Surface/ Tuck-Under Parking	Stacked Flat w/Ground-Floor Commercial and Surface/ Tuck-Under Parking (Non-Contiguous Site)
Tenure	For-Sale	For-Sale	Rental	Rental	Rental
Site Size (Gross)	3.72 Acres	0.55 Acres	1.47 Acres	1.47 Acres	0.82 Acres
Residual Land Value (2024 \$)	\$4,936,000	\$989,000	\$1,278,000	(\$2,188,000)	(\$1,900,000)
	\$67,000/Unit	\$76,000/Unit	\$44,000/Unit	(\$43,000)/Unit	(\$59,000)/Unit
	\$30/SF Site ⁽¹⁾	\$41/SF Site ⁽¹⁾	\$20/SF Site ⁽¹⁾	(\$34)/SF Site ⁽¹⁾	(\$53)/SF Site ⁽¹⁾
Financial Feasibility Outcome	Strong Positive	Strong Positive	Strong Positive	Negative	Negative
(1) Reflects residual land value per SF of gross site area.					

As shown in Table II-3, KMA finds that all for-sale development prototypes generate positive land values and demonstrate strong financial feasibility under current market conditions. In order to determine which projects are financially feasible, the land value outcomes are measured against the land values found in the Trade Ring.

Prototypes A (townhomes) and B (townhomes with ground floor commercial) demonstrate strong positive land values when compared to land sales in the Trade Ring. Similarly, Prototype C (garden apartments) generates a strong positive residual land value.

Prototypes D and E (stacked flat with tuck-under parking) are not feasible under current market conditions. KMA finds that current market rate rents are not sufficient to offset the higher construction

costs associated with higher density housing and tuck-under parking. This finding indicates multi-family (35 to 40 units per acre) and/or mixed-use development are not likely to be feasible in the near- to mid-term (0 to 10 years). However, as market rate rents rise over time and the Focus Area attracts new development, it is reasonable to anticipate that multi-family rental housing with structured parking will become more feasible over the long term (10+ years).

Examples of factors that could increase feasibility of residential development include: lower development costs; increases in market rents/sales values; implementation or assistance with infrastructure requirements; improvements to public transit; upzoning and/or Program Environmental Impact Reports (PEIRs); and incentives/efficiencies with the entitlement process.

III. IDENTIFICATION OF CANDIDATE SITES

In collaboration with MIG, KMA identified five (5) representative sites that could be potential candidates for development of new housing within the Focus Area. The selection criteria were outlined in the May 28, 2024 MIG memorandum to the County and included some or all of the following characteristics:

- Parcel sizes ranging from 1/2 acre to 3+ acres
- Vacant or underutilized properties⁽¹⁾
- Existing General Plan land use designations and/or zoning classifications with allowable densities ranging from 2 to 40 units per acre, with a focus on sites with allowances in the 15 to 30 units per acre range
- In-fill properties, particularly ones with the potential for land assemblage

To the extent possible, candidate sites were also prioritized based on the following conditions:

- Infrastructure availability – sites with ready access to water, sewer, and road infrastructure
- Housing Element sites – sites identified in the Housing Element to meet the County’s RHNA goals
- Ownership – sites that are publicly owned or owned by a single entity

It should be noted that the candidate site assessments contained within this report have been conducted at a high level. KMA did not conduct detailed inspections or assessments for the individual sites but rather relied on readily available third-party material. Numerous factors, such as planning, regulatory, environmental, topographical, geological, hydrological, utility capacity, off-site improvement requirements, and other key issues, are not addressed at this level of analysis. The following summaries profile each of the candidate sites.

(1) Underutilized properties can be considered that demonstrate either (1) existing improvements at a lower density level than the General Plan land use designation allows, and/or (2) low existing assessed values measured in terms of existing building value relative to land area.

Candidate Site 1 Development Prototype A Attached Townhomes	
Assessor’s Parcel Number(s)	501-261-04 and 501-261-06
Number of Owners	One (1) owner
Gross Acres	3.72 acres
General Plan Land Use Designation	Public
Maximum Residential Density	Assumes density of 24.0 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Vacant land
Infrastructure Accessibility	<ul style="list-style-type: none"> • Site has access to water and sewer lines • Requires in-tract roadways, sidewalks, and utilities
RHNA Designation	<ul style="list-style-type: none"> • Site is not a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Publicly owned • Proposed product type complements adjacent single-family uses • Does not require land assembly • Does not require demolition • Construction costs are relatively low compared to higher density development • High demand for for-sale housing • Located adjacent to an elementary school • Easily accessible from State Route 94
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Requires General Plan Amendment • Requires negotiation to purchase property from public entity

Candidate Site 2 Development Prototype B Attached Townhomes with Ground Floor Commercial	
Assessor’s Parcel Number(s)	501-255-01
Number of Owners	One (1) owner
Gross Acres	0.55 acres
General Plan Land Use Designation	Village Core Mixed-Use
Maximum Residential Density	30.0 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Convenience store
Infrastructure Accessibility	<ul style="list-style-type: none"> • Site has access to water and sewer lines • Requires in-tract roadways, sidewalks, and utilities
RHNA Designation	<ul style="list-style-type: none"> • Site is not a RHNA designated site

Candidate Site 2 Development Prototype B Attached Townhomes with Ground Floor Commercial	
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Proposed product type complements adjacent single-family uses • Does not require General Plan Amendment • Does not require land assembly • Construction costs are relatively low compared to higher density development • High demand for for-sale housing • Located in close proximity to an elementary school • Property fronts Campo Road (main corridor), with easy access to State Route 94
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Existing use may be costly to acquire (national credit retailer) • Requires demolition of existing improvement • Site is triangular shaped which may pose design challenges

Candidate Site 3 Development Prototype C Garden Apartments	
Assessor’s Parcel Number(s)	501-011-05, 504-011-24, and 504-011-25
Number of Owners	Two (2) owners
Gross Acres	1.47 acres
General Plan Land Use Designation	Village Residential 20 (VR-20)
Maximum Residential Density	20.0 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Auto body and paint • Storage lot • One (1) single-family residence
Infrastructure Accessibility	<ul style="list-style-type: none"> • Site has access to water and sewer lines
RHNA Designation	<ul style="list-style-type: none"> • Site is a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Proposed product type is consistent with adjacent rental apartments • Does not require General Plan Amendment • Easily accessible from State Route 94

Candidate Site 3 Development Prototype C Garden Apartments	
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Requires land assembly • Requires demolition of existing improvements • May require assessment of environmental remediation needs due to existing auto body use • Existing industrial and auto-oriented uses surrounding the site • Current multi-family market rents in the Trade Ring do not support the cost of new construction

Candidate Site 4 Development Prototype D Stacked Flat w/Ground Floor Commercial and Surface/ Tuck-Under Parking	
Assessor’s Parcel Number(s)	500-191-17 and 500-191-18
Number of Owners	One (1) owner
Gross Acres	1.47 acres
General Plan Land Use Designation	Village Core Mixed-Use
Maximum Residential Density	35.0 units per gross acre ⁽¹⁾
Existing Improvements	<ul style="list-style-type: none"> • Commercial/office strip center
Infrastructure Accessibility	<ul style="list-style-type: none"> • Site has access to water and sewer lines
RHNA Designation	<ul style="list-style-type: none"> • Site is not a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Does not require General Plan Amendment⁽¹⁾ • Does not require land assembly • Located in close proximity to a middle school • Property fronts Campo Road (main corridor), with easy access to State Route 94
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Requires demolition of existing improvements • Existing multi-tenant uses may be costly to terminate existing leases and/or relocate • Current multi-family market rents in the Trade Ring do not support the cost of new construction
(1) Per the Campo Road Corridor Revitalization Specific Plan (Plan) dated January 2023, Main Street District development standards are as follows: maximum FAR of 2.0; maximum of 4 stories; and maximum building height of 62 feet. Therefore, KMA increased the density to maximize the housing unit count within the maximum 4 stories as permitted in the Plan.	

Candidate Site 5 Development Prototype E Stacked Flat w/Ground-Floor Commercial and Surface/Tuck-Under Parking (Non-Contiguous Site)	
Assessor’s Parcel Number(s)	501-243-05, 501-243-06, 501-243-11, and 501-243-12
Number of Owners	Three (3) owners
Gross Acres	0.82 acres
General Plan Land Use Designation	Village Core Mixed-Use
Maximum Residential Density	40.0 units per gross acre ⁽¹⁾
Existing Improvements	<ul style="list-style-type: none"> • Auto-oriented commercial uses • Vacant land
Infrastructure Accessibility	<ul style="list-style-type: none"> • Site has access to water and sewer lines
RHNA Designation	<ul style="list-style-type: none"> • Site is not a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Partially publicly owned • Does not require General Plan Amendment⁽¹⁾ • Located in close proximity to an elementary and middle school • Property partially fronts Campo Road (main corridor), with easy access to State Route 94
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Requires negotiation to purchase parcel from public entity and determine whether existing water district apparatus can be relocated/repositioned • Requires land assembly • Requires demolition of existing improvements • Site is non-contiguous (separated by alley) which may pose design challenges • Current multi-family market rents in the Trade Ring do not support the cost of new construction
<p>(1) Per the Campo Road Corridor Revitalization Specific Plan (Plan) dated January 2023, Main Street District development standards are as follows: maximum FAR of 2.0; maximum of 4 stories; and maximum building height of 62 feet. Therefore, KMA increased the density to maximize the housing unit count within the maximum 4 stories as permitted in the Plan.</p>	

IV. FINANCIAL PRO FORMA MODELS

The KMA financial pro forma models test the financial feasibility of the five (5) development prototypes. The models reflect hypothetical sites and are not specific to any property within the Focus Area. For each of the financial pro formas models, KMA estimated:

- Development costs, consisting of direct construction costs, indirects, and financing costs
- Projected gross sales revenue, including developer profit/cost of sale (Prototypes A and B)
- Projected income and operating expenses (Prototypes C, D, and E)
- Estimates of residual land value

The pro forma models yield an estimate of the residual land value for each respective development prototype. The residual land value outcomes represent the amount that a developer can afford to pay for the combination of land acquisition and off-site infrastructure improvements. The full residual land value models are attached to this report as Appendices A (for-sale development prototypes) and B (rental development prototypes).

A. Project Descriptions

Within each Appendix, KMA presents a physical description of the respective development prototype, including site area, density, residential unit mix, number of stories, commercial SF (if applicable), parking type, and other physical attributes.

B. Estimated Development Costs

KMA also estimated development costs for each development prototype. These estimates are based on our recent experience with comparable developments in Southern California and industry data sources. These estimates include the following components:

- Direct construction costs, such as on-site improvements, parking, shell construction, amenities/furniture, fixtures, and equipment (FF&E), and contingency. KMA has not included a budget for off-site improvement costs such as sidewalks/curb and gutter, right-of-way improvements, utilities, or stormwater mitigation as specific estimates cannot be formulated at this time. The KMA estimates of direct construction costs also do not assume prevailing wages or costs associated with demolition, relocation, or environmental remediation, if applicable.
- Indirect costs, such as architecture and engineering, permits and fees, legal and accounting, taxes and insurance, developer fee, marketing and lease-up/sales, and contingency. The development prototypes are generally consistent with existing zoning conditions and/or the County's General Plan. For sites that are not currently zoned for residential development, KMA assumed that the County

implemented any potential changes to zoning or design guidelines to allow these developments to be constructed. Therefore, indirect costs do not account for delays resulting from a General Plan Amendment or other lengthy entitlement processes.

- Financing costs, such as loan fees and interest during construction/lease-up.

C. Gross Sales Proceeds and Residual Land Value – For-Sale Prototypes

KMA prepared estimates of for-sale pricing/gross sales proceeds, target developer profit/cost of sale, and residual land value estimates.

For Prototype C (townhomes with ground floor commercial), KMA calculated NOI for the commercial component. The commercial NOI takes into account an achievable monthly rent, a vacancy factor, and an estimate of unreimbursed operating expenses. The commercial component also includes an estimate of capitalization rate, cost of sale, and target developer profit.

D. Net Operating Income – Rental Prototypes

KMA calculated net operating income (NOI) for each rental residential development prototype. NOI is estimated by taking into account market rate rents that vary by bedroom type/size, other income, and an estimate of operating expenses, including property taxes/special assessments and replacement reserves. For Prototypes D and E, KMA calculated NOI for the commercial component. The commercial NOI takes into account an achievable monthly rent, a vacancy factor, and an estimate of unreimbursed operating expenses.

E. Residual Land Values – Rental Prototypes

The detailed calculation of residual land value for the rental prototypes includes an estimate of capitalization rate, cost of sale, and target developer profit.

V. LIMITING CONDITIONS

1. KMA has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties.
2. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured. No guarantee is made as to the possible effect on development of current or future Federal, State, or local legislation including environmental or ecological matters.
3. The analysis, opinions, recommendations, and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.
4. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity. If an unforeseen change occurs in the local or national economy, the analysis and conclusions contained herein may no longer be valid.
5. Any estimates of development costs, project income, and/or value in this evaluation are based on the best available project-specific data as well as the experiences of similar projects. They are not intended to be predictions of the future for the specific project. No warranty or representation is made that any of these estimates or projections will actually materialize.
6. It has been assumed that the value of the property will not be impacted by the presence of any soils, toxic, or hazardous conditions that require remediation to allow development. Additionally, it is assumed that perceived toxic conditions (if any) on surrounding properties will not affect the value of the property.
7. KMA is not advising or recommending any action be taken by the County with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues).
8. KMA is not acting as a Municipal Advisor to the County and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the County pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.
9. The County shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own Municipal Advisors, that it deems appropriate before acting on the information and material.

APPENDIX A

**For-Sale Development Prototypes
Valle de Oro/Casa de Oro Focus Area**

**Development Feasibility Analysis
County of San Diego**

TABLE A-1

PROJECT DESCRIPTIONS
 VALLE DE ORO/CASA DE ORO FOCUS AREA
 DEVELOPMENT FEASIBILITY ANALYSIS
 COUNTY OF SAN DIEGO

	A			B		
	Attached Townhomes			Attached Townhomes w/Ground Floor Commercial Village Core Mixed-Use		
I. Tenure	For-Sale			For-Sale		
II. Site Area						
Gross Acres	3.72	Acres	85%	0.55	Acres	85%
(Less) Open Space/Environmental Easements	0.00	Acres	0%	0.00	Acres	0%
(Less) Circulation/Amenities	<u>(0.56)</u>	Acres	<u>15%</u>	<u>(0.08)</u>	Acres	<u>15%</u>
Net Acres	3.16	Acres	100%	0.47	Acres	100%
III. Gross Building Area (GBA)						
<u>Residential</u>						
Net Residential	103,500	SF	99%	16,250	SF	100%
Community/Recreation	1,000	SF	1%	0	SF	0%
Circulation/Lobby	<u>0</u>	SF	<u>0%</u>	<u>0</u>	SF	<u>0%</u>
Total GBA - Residential	104,500	SF	100%	16,250	SF	100%
Add: Commercial	<u>0</u>	SF		<u>1,000</u>	SF	
Total GBA	104,500	SF		17,250	SF	
IV. Unit Mix	<u>Number of Units</u>		<u>Unit Size</u>	<u>Number of Units</u>		<u>Unit Size</u>
Two Bedroom	30	40%	1,250 SF	5	40%	1,100 SF
Three Bedroom	<u>44</u>	<u>60%</u>	<u>1,500</u> SF	<u>8</u>	<u>60%</u>	<u>1,350</u> SF
Total Units/Average	74	100%	1,399 SF	13	100%	1,250 SF
V. Number of Units	74 Units			13 Units		
VI. Density (Units/Acre)	20.0 Units/Gross Acre 23.4 Units/Net Acre			24.0 Units/Gross Acre 27.8 Units/Net Acre		
VII. Floor Area Ratio (FAR)	0.76			0.85 ⁽¹⁾		
VIII. Construction Type	Type V - Wood-Frame			Type V - Wood-Frame		
IX. Stories	2-3 Stories			3 Stories ⁽¹⁾		
X. Maximum Building Height	25-35 Feet			35 Feet ⁽¹⁾		
XI. Parking	Attached Garages			Surface/Attached Garages		
<u>Residential</u>						
Parking Spaces	111	Spaces		19.5	Spaces	
Parking Ratio	1.50	Spaces/Unit		1.50	Spaces/Unit	
<u>Commercial</u>						
Parking Spaces	0	Spaces		4	Spaces	
Parking Ratio	0.00	Spaces/1,000 SF		4.00	Spaces/1,000 SF	

(1) Per Campo Road Corridor Revitalization Specific Plan (dated January 2023), Gateway District development standards are as follows: maximum FAR of 1.0; maximum of 3 stories; and maximum building height of 48 feet.

TABLE A-2

ESTIMATED DEVELOPMENT COSTS AND RESIDUAL LAND VALUE
 VALLE DE ORO/CASA DE ORO FOCUS AREA
 DEVELOPMENT FEASIBILITY ANALYSIS
 COUNTY OF SAN DIEGO

	C				D			
	Attached Townhomes				Attached Townhomes w/Ground Floor Commercial Village Core Mixed-Use			
I. Development Costs	Total	Per Unit	Comments		Total	Per Unit	Comments	
A. Direct Costs ⁽¹⁾								
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 /SF Site - Gross		\$0	\$0	\$0 /SF Site - Gross	
On-Site Improvements/Landscaping	\$3,241,000	\$43,800	\$20 /SF Site - Gross		\$599,000	\$46,100	\$25 /SF Site - Gross	
Parking	\$0	\$0	Included below		\$0	\$0	Included below	
Shell Construction - Residential	\$20,900,000	\$282,400	\$200 /SF GBA - Res.		\$3,250,000	\$250,000	\$200 /SF GBA - Res.	
Shell Construction - Commercial	\$0	\$0	\$0 /SF GBA - Comm.		\$150,000	\$11,500	\$150 /SF GBA - Comm.	
Tenant Improvements	\$0	\$0	\$0 /SF GBA - Comm.		\$40,000	\$3,100	\$40 /SF GBA - Comm.	
Amenities/FF&E	\$370,000	\$5,000	Allowance		\$0	\$0	Allowance	
Contingency	<u>\$1,226,000</u>	<u>\$16,600</u>	5.0% of Directs		<u>\$202,000</u>	<u>\$15,500</u>	5.0% of Directs	
Total Direct Costs	\$25,737,000	\$347,800	\$246 /SF GBA		\$4,241,000	\$326,200	\$261 /SF GBA	
B. Indirect Costs								
Architecture & Engineering	\$1,544,000	\$20,900	6.0% of Directs		\$318,000	\$24,500	7.5% of Directs	
Permits & Fees ⁽²⁾	\$2,613,000	\$35,300	\$25 /SF GBA		\$406,000	\$31,200	\$25 /SF GBA	
Legal & Accounting	\$386,000	\$5,200	1.5% of Directs		\$64,000	\$4,900	1.5% of Directs	
Taxes & Insurance	\$1,454,000	\$19,600	3.0% of Value		\$233,000	\$17,900	3.0% of Value	
Developer Fee	\$1,029,000	\$13,900	4.0% of Directs		\$170,000	\$13,100	4.0% of Directs	
Marketing/Sales	\$1,454,000	\$19,600	3.0% of Value		\$233,000	\$17,900	3.0% of Value	
Contingency	<u>\$424,000</u>	<u>\$5,700</u>	5.0% of Indirects		<u>\$71,000</u>	<u>\$5,500</u>	5.0% of Indirects	
Total Indirect Costs	\$8,904,000	\$120,300	34.6% of Directs		\$1,495,000	\$115,000	35.3% of Directs	
C. Financing Costs	<u>\$2,574,000</u>	<u>\$34,800</u>	10.0% of Directs		<u>\$424,000</u>	<u>\$32,600</u>	10.0% of Directs	
D. Total Development Costs ⁽³⁾	\$37,215,000	\$502,900	\$356 /SF GBA		\$6,160,000	\$473,800	\$379 /SF GBA	
II. Commercial Space								
A. Commercial Net Operating Income								
Rentable SF				0 SF				1,000 SF
Total Annual Revenue @	\$0.00 /SF/month			\$0	\$2.00 /SF/month			\$24,000
(Less) Vacancy @	0.0% of Annual Revenue			\$0	5.0% of Annual Revenue			(\$1,000)
(Less) Unreimbursed Operating Expenses @	0.0% of Annual Revenue			<u>\$0</u>	5.0% of Annual Revenue			<u>(\$1,000)</u>
Total Net Operating Income				\$0				\$22,000
B. Capitalized Value Upon Completion @	0.0%			\$0	5.5%			\$400,000
III. Residual Land Value								
A. Gross Sales Proceeds	<u># Units</u>	<u>Price/Unit</u>	<u>\$/SF</u>	<u>Total</u>	<u># Units</u>	<u>Price/Unit</u>	<u>\$/SF</u>	<u>Total</u>
Two Bedroom	30	\$625,000	\$500	\$18,750,000	5	\$550,000	\$500	\$2,860,000
Three Bedroom	44	\$675,000	\$450	\$29,700,000	8	\$628,000	\$465	\$4,898,000
Four Bedroom	<u>0</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>0</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total/Average	74	\$654,700	\$468	\$48,450,000	13	\$596,800	\$477	\$7,758,000
(Less) Cost of Sale		3.0% of Value		(\$1,454,000)		3.0% of Value		(\$233,000)
(Less) Developer Profit		10.0% of Value		<u>(\$4,845,000)</u>		10.0% of Value		<u>(\$776,000)</u>
B. Net Sales Proceeds				\$42,151,000				\$6,749,000
C. Add: Capitalized Value of Commercial NOI				\$0				\$400,000
D. (Less) Development Costs ⁽³⁾				<u>(\$37,215,000)</u>				<u>(\$6,160,000)</u>
E. Residual Land Value				\$4,936,000				\$989,000
Per Unit				\$67,000				\$76,000
Per Gross SF Land				\$30				\$41
Per Net SF Land				\$36				\$49

(1) Excludes the payment of prevailing wages.

(2) Estimate; not verified by KMA or County.

(3) Excludes acquisition costs.

APPENDIX B

**Rental Development Prototypes
Valle de Oro/Casa de Oro Focus Area**

**Development Feasibility Analysis
County of San Diego**

PROJECT DESCRIPTIONS
VALLE DE ORO/CASA DE ORO FOCUS AREA
DEVELOPMENT FEASIBILITY ANALYSIS
COUNTY OF SAN DIEGO

	C	D	E
	Garden Apartments Village Residential 20 (VR-20)	Stacked Flat w/Ground Floor Commercial and Surface/Tuck- Under Parking Village Core Mixed-Use	Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking (Non-Contiguous Site) Village Core Mixed-Use
I. Tenure	Rental	Rental	Rental
II. Site Area			
Gross Acres	1.47 Acres	1.47 Acres	0.82 Acres
(Less) Open Space/Environmental Easements	0.00 Acres	0.00 Acres	0.00 Acres
(Less) Circulation/Amenities	<u>(0.02)</u> Acres	<u>(0.02)</u> Acres	<u>(0.02)</u> Acres
Net Acres	1.40 Acres	1.40 Acres	0.75 Acres
	100%	100%	100%
III. Gross Building Area (GBA)			
Residential			
Net Residential	26,970 SF	41,820 SF	24,600 SF
Community/Recreation	0 SF	750 SF	0 SF
Circulation/Lobby	0 SF	<u>4,730</u> SF	<u>2,730</u> SF
Total GBA - Residential	26,970 SF	47,300 SF	27,330 SF
Add: Commercial Space	0 SF	<u>1,000</u> SF	<u>1,000</u> SF
Total GBA	26,970 SF	48,300 SF	28,330 SF
	100%	88%	90%
IV. Unit Mix			
One Bedroom	9	23	13
Two Bedroom	15	26	19
Three Bedroom	6	3	0
Total Units/Average	29	51	32
	100%	100%	100%
V. Number of Units	29 Units	51 Units	32 Units
VI. Density (Units/Acre)	20.0 Units/Gross Acre 20.8 Units/Net Acre	35.0 Units/Gross Acre 36.5 Units/Net Acre	40.0 Units/Gross Acre 42.9 Units/Net Acre
VII. Floor Area Ratio (FAR)	0.44	0.79 ⁽¹⁾	0.87 ⁽¹⁾
VIII. Construction Type	Type V - Wood-Frame	Type V - Wood-Frame	Type V - Wood-Frame
IX. Stories	2-3 Stories	3-4 Stories ⁽¹⁾	4 Stories ⁽¹⁾
X. Maximum Building Height	25-35 Feet	35-45 Feet ⁽¹⁾	45 Feet ⁽¹⁾
XI. Parking			
Residential	Surface/Carports/Attached Garages	Surface/Tuck-Under	Surface/Tuck-Under
Parking Spaces	39 Spaces	65 Spaces	42 Spaces
Parking Ratio	1.35 Spaces/Unit	1.28 Spaces/Unit	1.30 Spaces/Unit
Commercial	0 Spaces	4 Spaces	4 Spaces
Parking Spaces	0.00 Spaces/1,000 SF	4.00 Spaces/1,000 SF	4.00 Spaces/1,000 SF
Parking Ratio	0.00 Spaces/1,000 SF	4.00 Spaces/1,000 SF	4.00 Spaces/1,000 SF

⁽¹⁾ Per Campo Road Corridor Revitalization Specific Plan (dated January 2023), Main Street District development standards are as follows: maximum FAR of 2.0; maximum of 4 stories; and maximum building height of 62 feet.

TABLE B-2
ESTIMATED DEVELOPMENT COSTS
VALLE DE ORO/CASA DE ORO FOCUS AREA
DEVELOPMENT FEASIBILITY ANALYSIS
COUNTY OF SAN DIEGO

	C			D			E		
	Total	Per Unit	Comments	Total	Per Unit	Comments	Total	Per Unit	Comments
I. Direct Costs ⁽¹⁾									
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 Per SF Site - Gross	\$0	\$0	\$0 Per SF Site - Gross	\$0	\$0	\$0 Per SF Site - Gross
On-Site Improvements/Landscaping	\$1,281,000	\$44,200	\$20 Per SF Site - Gross	\$1,281,000	\$25,100	\$20 Per SF Site - Gross	\$893,000	\$27,900	\$25 Per SF Site - Gross
Parking	\$0	\$0	Included above	\$0	\$0	Included below	\$0	\$0	Included below
Shell Construction - Residential	\$6,743,000	\$232,500	\$250 Per SF GBA - Res.	\$14,900,000	\$292,200	\$315 Per SF GBA - Res.	\$8,882,000	\$277,600	\$325 Per SF GBA - Res.
Shell Construction - Commercial	\$0	\$0	\$0 Per SF GBA - Comm.	\$150,000	\$2,900	\$150 Per SF GBA - Comm.	\$150,000	\$4,700	\$150 Per SF GBA - Comm.
Tenant Improvements	\$0	\$0	\$0 Per SF GBA - Comm.	\$40,000	\$800	\$40 Per SF GBA - Comm.	\$40,000	\$1,300	\$40 Per SF GBA - Comm.
Amenities/FF&E	\$0	\$0	Allowance	\$128,000	\$2,500	Allowance	\$0	\$0	Allowance
Contingency	\$401,000	\$13,800	5.0% of Directs	\$825,000	\$16,200	5.0% of Directs	\$498,000	\$15,600	5.0% of Directs
Total Direct Costs	\$8,425,000	\$290,500	\$312 Per SF GBA	\$17,324,000	\$339,700	\$359 Per SF GBA	\$10,463,000	\$327,000	\$369 Per SF GBA
II. Indirect Costs									
Architecture & Engineering	\$506,000	\$17,400	6.0% of Directs	\$1,386,000	\$27,200	8.0% of Directs	\$889,000	\$27,800	8.5% of Directs
Permits & Fees ⁽²⁾	\$674,000	\$23,200	\$25 Per SF GBA	\$1,208,000	\$23,700	\$25 Per SF GBA	\$708,000	\$22,100	\$25 Per SF GBA
Legal & Accounting	\$126,000	\$4,300	1.5% of Directs	\$260,000	\$5,100	1.5% of Directs	\$157,000	\$4,900	1.5% of Directs
Taxes & Insurance	\$126,000	\$4,300	1.5% of Directs	\$260,000	\$5,100	1.5% of Directs	\$157,000	\$4,900	1.5% of Directs
Developer Fee	\$337,000	\$11,600	4.0% of Directs	\$693,000	\$13,600	4.0% of Directs	\$419,000	\$13,100	4.0% of Directs
Marketing/Lease-Up	\$73,000	\$2,500	Allowance	\$128,000	\$2,500	Allowance	\$80,000	\$2,500	Allowance
Contingency	\$92,000	\$3,200	5.0% of Indirects	\$197,000	\$3,900	5.0% of Indirects	\$121,000	\$3,800	5.0% of Indirects
Total Indirect Costs	\$1,934,000	\$66,700	23.0% of Directs	\$4,132,000	\$81,000	23.9% of Directs	\$2,531,000	\$79,100	24.2% of Directs
III. Financing Costs	\$843,000	\$29,100	10.0% of Directs	\$1,732,000	\$34,000	10.0% of Directs	\$1,046,000	\$32,700	10.0% of Directs
IV. Development Costs ⁽³⁾	\$11,202,000	\$386,300	\$415 Per SF GBA	\$23,188,000	\$454,700	\$480 Per SF GBA	\$14,040,000	\$438,800	\$496 Per SF GBA

(1) Excludes the payment of prevailing wages.
 (2) Estimate; not verified by KWA or County.
 (3) Excludes acquisition costs.

TABLE B-3

ATTACHMENT A
NET OPERATING INCOME
VALLE DE ORO/CASA DE ORO FOCUS AREA
DEVELOPMENT FEASIBILITY ANALYSIS
COUNTY OF SAN DIEGO

	C					D					E				
	Unit Size	# Units	\$/SF	Monthly Rent	Total Annual	Unit Size	# Units	\$/SF	Monthly Rent	Total Annual	Unit Size	# Units	\$/SF	Monthly Rent	Total Annual
I. Residential Net Operating Income															
A. Gross Scheduled Income (GSI)															
One Bedroom @	750 SF	9	\$3.25	\$2,440	\$255,000	700 SF	23	\$3.40	\$2,380	\$655,000	650 SF	13	\$3.35	\$2,180	\$340,000
Two Bedroom @	950 SF	15	\$3.00	\$2,850	\$496,000	900 SF	26	\$3.15	\$2,840	\$869,000	850 SF	19	\$3.10	\$2,640	\$602,000
Three Bedroom @	1,150 SF	6	\$2.75	\$3,160	\$220,000	1,100 SF	3	\$2.90	\$3,190	\$98,000	--- SF	0	\$0.00	\$0	\$0
Total/Average	930 SF	29	\$3.00	\$2,790	\$971,000	820 SF	51	\$3.23	\$2,650	\$1,622,000	769 SF	32	\$3.19	\$2,453	\$942,000
Add: Other Income															
Total Gross Scheduled Income (GSI)															
(Less) Vacancy															
Effective Gross Income (EGI)															
B. Operating Expense															
(Less) Operating Expenses															
(Less) Property Taxes ⁽¹⁾															
(Less) Replacement Reserves															
Total Expenses															
C. Total NOI - Residential	\$624,000					\$1,033,000					\$590,000				
D. Capitalized Value Upon Completion @	4.25% Cap Rate					4.25% Cap Rate					4.25% Cap Rate				
	\$14,682,000					\$24,306,000					\$13,882,000				
II. Commercial Net Operating Income															
A. Gross Scheduled Income (GSI)	Rentable SF	Monthly Rent	Total Annual		Rentable SF	Monthly Rent	Total Annual		Rentable SF	Monthly Rent	Total Annual				
(Less) Vacancy	0 SF	\$0.00 /SF/Month NNN	\$0		1,000 SF	\$2.00 /SF/Month NNN	\$24,000		1,000 SF	\$2.00 /SF/Month NNN	\$24,000				
Effective Gross Income (EGI)		0.0% of GSI	\$0			5.0% of GSI	(\$1,000)			5.0% of GSI	(\$1,000)				
B. Uninreimbursed Operating Expenses															
(Less) Retail/Restaurant Operating Expenses															
C. Total NOI - Commercial	\$0					(\$1,000)					(\$1,000)				
D. Capitalized Value Upon Completion @	0.0% Cap Rate					5.5% Cap Rate					5.5% Cap Rate				
	---					\$400,000					\$400,000				

Garden Apartments
Village Residential 20 (VR-20)

Stacked Flat w/Ground Floor Commercial and Surface/Truck-Under Parking
Village Core Mixed-Use

Stacked Flat w/Ground Floor Commercial and Surface/Truck-Under Parking (Non-Contiguous Site)
Village Core Mixed-Use

(1) Based on capitalized income approach, assumes a 1.1% tax rate and 4.5% cap rate as shown in Table B-4.

TABLE B-4
 RESIDUAL LAND VALUE
 VALLE DE ORO/CASA DE ORO FOCUS AREA
 DEVELOPMENT FEASIBILITY ANALYSIS
 COUNTY OF SAN DIEGO

	C Garden Apartments Village Residential 20 (VR-20)	D Stacked Flat w/Ground Floor Commercial and Surface/Tuck- Under Parking Village Core Mixed-Use	E Stacked Flat w/Ground Floor Commercial and Surface/Tuck- Under Parking (Non-Contiguous Site) Village Core Mixed-Use
I. Capitalized Value of NOI			
Residential	\$14,682,000	\$24,306,000	\$13,882,000
Commercial	<u>\$0</u>	<u>\$400,000</u>	<u>\$400,000</u>
Total Capitalized Value Upon Completion	\$14,682,000	\$24,706,000	\$14,282,000
(Less) Cost of Sale	3.0% of Value (\$440,000)	3.0% of Value (\$741,000)	3.0% of Value (\$428,000)
(Less) Developer Profit	12.0% of Value <u>(\$1,762,000)</u>	12.0% of Value <u>(\$2,965,000)</u>	12.0% of Value <u>(\$1,714,000)</u>
II. Net Sales Proceeds	\$12,480,000	\$21,000,000	\$12,140,000
(Less) Development Costs ⁽¹⁾	<u>(\$11,202,000)</u>	<u>(\$23,188,000)</u>	<u>(\$14,040,000)</u>
III. Residual Land Value	\$1,278,000	(\$2,188,000)	(\$1,900,000)
Per Unit	\$44,000	(\$43,000)	(\$59,000)
Per Gross SF Land	\$20	(\$34)	(\$53)
Per Net SF Land	\$21	(\$36)	(\$58)

(1) Excludes acquisition costs.

Prepared by: Keyser Marston Associates, Inc.

Filename: SD County_DFA-Valle de Oro-Casa de Oro_Development Prototypes_v2:8/6/2024; emn

MEMORANDUM

To: Laura Stetson, AICP, Principal
Moore Iacofano Goltsman, Inc. (MIG)

From: KEYSER MARSTON ASSOCIATES, INC.

Date: August 6, 2024

Subject: County of San Diego – Development Feasibility Analysis
Lakeside Focus Area – Financial Feasibility Analysis

I. INTRODUCTION

As part of a Development Feasibility Analysis (DFA), the County of San Diego (County) has requested that Keyser Marston Associates, Inc. (KMA) assess the development potential and feasibility of residential development on key sites in four (4) Focus Areas within the unincorporated area of the County. The Focus Areas identified by the County include the communities of Buena Creek, Valle de Oro/Casa de Oro, Lakeside, and Spring Valley. To address the economic viability of residential development in the Lakeside Focus Area (Focus Area), KMA evaluated the feasibility of a range of residential development prototypes on five (5) candidate sites.

KMA's financial feasibility analysis involved the following key steps:

1. Formulated development prototypes for five (5) candidate sites. The development prototypes are generally consistent with existing zoning conditions and/or the County's General Plan.
2. Collected and evaluated financial pro forma inputs and assumptions based on a review of multi-family apartment rents and other financial factors, as well as KMA experience with projects of comparable development type.

3. Prepared financial pro forma models (residual land value analyses) to measure the economic feasibility of each development prototype.
4. Evaluated land sales activity in the surrounding area to compare against the residual land value outcomes.

As a part of the DFA work effort, KMA also prepared an independent market assessment for residential development within the Focus Area. Select market factors identified in the market assessment were used as inputs in the financial feasibility analyses.

II. KEY FINDINGS

A. Potential Development Sites

KMA identified five (5) representative sites that could be potential candidates for development of new housing within the Focus Area. The site selection criteria were outlined in the May 28, 2024 MIG memorandum to the County and are detailed in Section III of this report. This criteria generally included some or all of the following characteristics:






- Parcel sizes ranging from 1/2 acre to 3+ acres
- Vacant or underutilized properties⁽¹⁾
- Existing General Plan land use designations and/or zoning classifications with allowable densities ranging from 2 to 40 units per acre, with a focus on sites with allowances in the 15 to 30 units per acre range
- In-fill properties, particularly ones with the potential for land assemblage

Candidate sites were also prioritized based on the availability of water, sewer, and road infrastructure; properties that have been designated as Regional Housing Needs Assessment (RHNA) sites in the County's Housing Element; and properties that are publicly owned or owned by a single entity.

B. Development Prototypes

KMA prepared financial pro forma models to evaluate the feasibility of residential development prototypes on each of the five (5) selected candidate sites. Financial pro forma models are a standard tool utilized by developers and investors to analyze the feasibility of new residential development. Table II-1 presents a summary of the development prototypes analyzed for this study.

(1) Underutilized properties can be considered that demonstrate either (1) existing improvements at a lower density level than the General Plan land use designation allows, and/or (2) low existing assessed values measured in terms of existing building value relative to land area.

Table II-1: Summary of Development Prototypes		
Development Prototype	Illustrative Example	General Project Description
A Medium Lot Single-Family Detached Homes		<ul style="list-style-type: none"> • 2.37-acre site • 4.3 units/gross acre (Village Residential 4.3) • For-sale housing • 10 units • 1-2 stories • Attached garages • 2,620 SF average unit size
B Attached Townhomes		<ul style="list-style-type: none"> • 4.20-acre site • 20 units/gross acre (Village Residential 20) • For-sale housing • 84 units • 3 stories • Attached garages • 1,399 SF average unit size
C Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking		<ul style="list-style-type: none"> • 0.93-acre site • 30 units/gross acre • Rental housing • 27 units • 500 SF commercial space • 3 stories • Surface and tuck-under parking • 845 SF average unit size
D Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking (Non-Contiguous Site)		<ul style="list-style-type: none"> • 1.14-acre site • 30 units/gross acre • Rental housing • 34 units • 1,000 SF commercial space • 3 stories • Surface and tuck-under parking • 790 SF average unit size
E Stacked Flat w/Surface and Tuck-Under Parking		<ul style="list-style-type: none"> • 7.09-acre site • 40 units/gross acre⁽¹⁾ • Rental housing • 283 units • 4 stories • Surface and tuck-under parking • 866 SF average unit size

(1) Per the RiverWay Specific Plan (Plan) dated December 2015, the maximum density is 40 units per acre.

The housing typologies assumed in the development prototypes were selected based on a variety of factors, including: (1) the maximum density allowed under the General Plan; (2) assimilation of the new development within the character of the community; and (3) the types of residential development that demonstrated the strongest market demand in the KMA market assessment. For example, stacked flat for-sale housing, with or without ground floor commercial space, was not analyzed due to the lack of demonstrated demand for this product type in the surrounding area. In addition, this product type is challenging due to construction defect litigation which has contributed to developer and investor reluctance in such projects as compared to rental housing developments. Stacked flat typologies tend to be more susceptible to construction defect litigation because these projects are more complex to construct. State law protects homebuyers from bearing the cost of fixing construction defects in new construction homes for 10 years, whereas rental housing is subject to construction defect liability for four (4) years. According to the July 2024 Turner Center for Housing Innovation UC Berkeley report on construction defect liability in California, developers have indicated that construction defect liability law is a key factor in their decision to pursue rental instead of for-sale multi-family development.

C. Financial Pro Forma Methodology

KMA prepared financial pro forma analyses for each of the development prototypes to determine the supportable residual land value. The pro forma analyses include estimates for development costs, value upon completion, and targeted developer return. The outcome of the financial pro forma analyses illustrate the feasibility, in terms of residual land value, of each development prototype. Residual land value is defined as the maximum land value supported by a proposed development. It is calculated by estimating the total project value upon completion and subtracting the estimated total development costs, inclusive of an industry standard target developer return, required to develop the project. Residual land values are then measured against recent comparable land sales to draw conclusions about financial feasibility. The residual land value outcomes in the KMA feasibility analysis represent the amount that a developer can afford to pay for the combination of land acquisition and off-site infrastructure improvements.

The assumptions utilized in the financial feasibility analyses reflect 2024 dollars and are representative of today's current market conditions, i.e., present day development costs, sales values/market rents, operating expenses, and developer return targets. Any significant increases or decreases in these key market and industry factors will impact the financial pro forma outcomes and conclusions regarding project feasibility by prototype.

Both rents and for-sale prices utilized within each financial pro forma were based on the existing market conditions within the Focus Area or surrounding area. Typically, households choosing to rent apartments are more likely to seek locations closer to transit and employment than households that are buying their home. Therefore, KMA estimated multi-family market-rate rent inputs for the pro formas by analyzing current market rents in the surrounding area, as well as a premium to account for new construction.

For-sale housing typically draws from a wider area than rental housing. As such, for-sale prices were based on comparable sales within the surrounding area.

D. Survey of Comparable Land Sales

KMA surveyed land sales within the surrounding trade area, defined as a 3-mile radius from the center of the Focus Area (Trade Ring). Since January 2021, there have only been three (3) land sales transactions, which often indicates there is either (1) a lack of vacant land available or (2) there is minimal interest from the development community. While there have been no land sales in the Focus Area boundary since 2021, KMA found that land sold in the Trade Ring sold at a median price of \$28 per SF and an average of \$26 per SF. Sales generating the highest land values (\$28 and \$42 per SF land) are primarily located in the City of El Cajon. These sales were purchased for the purpose of developing small-scale multi-family apartments ranging between 14 and 21 units per acre, without the need for structured parking. This is likely an indicator that the market is not ready for higher density multi-family housing in the Focus Area.

Table II-2 presents the findings of this survey, which suggests that new development occurring in the Focus Area needs to support minimum land values in these ranges in order to be financially feasible.

Table II-2: Survey of Residential Land Sales, January 2021 to May 2024, Trade Ring ⁽¹⁾⁽²⁾				
Number of Land Sales	Minimum	Maximum	Median	Average
3	\$8/SF Land	\$42/SF Land	\$28/SF Land	\$26/SF Land
(1) Source: CoStar Group, Inc. (2) Reflects sales within a 3-mile radius from the mid-point of the Lakeside Focus Area (12079 Thistle Braes Terrace).				

E. Residual Land Value Outcomes

Development prototypes that are financially feasible generate positive land values, which indicates that a developer or investor could acquire the site, construct the development, sell or lease the completed development, and receive at least an industry standard target return on their investment. A negative residual land value indicates that the development would not be feasible unless free land was contributed and/or some form of cash contribution was provided to the project.

Table II-3 on the following page presents a summary of the residual land value outcomes for each site/prototype.

Table II-3: Residual Land Values by Development Prototype					
Product Type	A	B	C	D	E
	Medium Lot Single-Family Detached Homes	Attached Townhomes	Stacked Flat w/Ground Floor Commercial and Surface/ Tuck-Under Parking	Stacked Flat w/Ground Floor Commercial and Surface/ Tuck-Under Parking (Non-Contiguous Site)	Stacked Flat w/ Surface and Tuck-Under Parking
Tenure	For-Sale	For-Sale	Rental	Rental	Rental
Site Size (Gross)	2.37 Acres	4.20 Acres	0.93 Acres	1.14 Acres	7.09 Acres
Residual Land Value (2024 \$)	\$1,153,000 \$115,000/Unit \$11/SF Site ⁽¹⁾	\$7,199,000 \$86,000/Unit \$39/SF Site ⁽¹⁾	(\$2,363,000) (\$88,000)/Unit (\$58)/SF Site ⁽¹⁾	(\$2,748,000) (\$81,000)/Unit (\$55)/SF Site ⁽¹⁾	(\$4,512,000) (\$16,000)/Unit (\$15)/SF Site ⁽¹⁾
Financial Feasibility Outcome	Strong Positive	Strong Positive	Negative	Negative	Negative

(1) Reflects residual land value per SF of gross site area.

As shown above, KMA finds that all for-sale development prototypes generate positive land values and demonstrate strong financial feasibility under current market conditions. In order to determine which projects are financially feasible, the land value outcomes are measured against the land values found in the Trade Ring. Prototypes A (medium lot single-family detached homes) and B (townhomes) demonstrate strong positive land values when compared to land sales in the Trade Ring.

Prototypes C, D, and E (stacked flat with tuck-under parking) are not feasible under current market conditions. KMA finds that current market rate rents are not sufficient to offset the higher construction costs associated with higher density housing and tuck-under parking. This finding indicates multi-family (30 to 40 units per acre) and/or mixed-use development are not likely to be feasible in the near- to mid-term (0 to 10 years). However, as market rate rents rise over time and the Focus Area attracts new development, it is reasonable to anticipate that multi-family rental housing with structured parking will become more feasible over the long term (10+ years).

Examples of factors that could increase feasibility of residential development include: lower development costs; increases in market rents/sales values; implementation or assistance with infrastructure requirements; improvements to public transit; upzoning and/or Program Environmental Impact Reports (PEIRs); and incentives/efficiencies with the entitlement process.

III. IDENTIFICATION OF CANDIDATE SITES

In collaboration with MIG, KMA identified five (5) representative sites that could be potential candidates for development of new housing within the Focus Area. The selection criteria were outlined in the May 28, 2024 MIG memorandum to the County and included some or all of the following characteristics:

- Parcel sizes ranging from 1/2 acre to 3+ acres
- Vacant or underutilized properties⁽¹⁾
- Existing General Plan land use designations and/or zoning classifications with allowable densities ranging from 2 to 40 units per acre, with a focus on sites with allowances in the 15 to 30 units per acre range
- In-fill properties, particularly ones with the potential for land assemblage

To the extent possible, candidate sites were also prioritized based on the following conditions:

- Infrastructure availability – sites with ready access to water, sewer, and road infrastructure
- Housing Element sites – sites identified in the Housing Element to meet the County’s RHNA goals
- Ownership – sites that are publicly owned or owned by a single entity

It should be noted that the candidate site assessments contained within this report have been conducted at a high level. KMA did not conduct detailed inspections or assessments for the individual sites but rather relied on readily available third-party material. Numerous factors, such as planning, regulatory, environmental, topographical, geological, hydrological, utility capacity, off-site improvement requirements, and other key issues, are not addressed at this level of analysis.

The following summaries profile each of the candidate sites.

(1) Underutilized properties can be considered that demonstrate either (1) existing improvements at a lower density level than the General Plan land use designation allows, and/or (2) low existing assessed values measured in terms of existing building value relative to land area.

Candidate Site 1 Development Prototype A Medium Lot Single-Family Detached Homes	
Assessor’s Parcel Number(s)	394-370-10
Number of Owners	One (1) owner
Gross Acres	2.37 acres
General Plan Land Use Designation	Village Residential 4.3 (VR-4.3)
Maximum Residential Density	4.3 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Vacant land
Infrastructure Accessibility	<ul style="list-style-type: none"> • Requires in-tract roadways, sidewalks, and utilities
RHNA Designation	<ul style="list-style-type: none"> • Site is not a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Proposed product type is consistent with adjacent single-family uses • Does not require land assembly • Does not require demolition • Construction costs are relatively low compared to higher density development • High demand for for-sale housing • Located in close proximity to an elementary school • Located in close proximity to State Route 67
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Site is sloped which may pose design challenge • May require undetermined level of investment in new on- and off-site infrastructure

Candidate Site 2 Development Prototype B Attached Townhomes	
Assessor’s Parcel Number(s)	382-191-56
Number of Owners	One (1) owner
Gross Acres	4.20 acres
General Plan Land Use Designation	Village Residential 20 (VR-20)
Maximum Residential Density	20 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Vacant land
Infrastructure Accessibility	<ul style="list-style-type: none"> • Requires in-tract roadways, sidewalks, and utilities
RHNA Designation	<ul style="list-style-type: none"> • Site is a RHNA designated site

Candidate Site 2 Development Prototype B Attached Townhomes	
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Proposed product type complements adjacent single-family uses • Does not require land assembly • Does not require demolition • Located in close proximity to an elementary school • Located in close proximity to State Route 67 • Construction costs are relatively low compared to higher density development • High demand for for-sale housing
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • May require undetermined level of investment in new on- and off-site infrastructure

Candidate Site 3 Development Prototype C Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking	
Assessor’s Parcel Number(s)	388-552-17, 388-552-18, and 388-552-19
Number of Owners	Two (2) owners
Gross Acres	0.93 acres
General Plan Land Use Designation	General Commercial
Maximum Residential Density	Assumes density of 30 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Commercial structures
Infrastructure Accessibility	<ul style="list-style-type: none"> • No
RHNA Designation	<ul style="list-style-type: none"> • Site is a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Proposed product type is consistent with neighboring rental apartments • Located in close proximity to an elementary school • Property fronts Winter Gardens Boulevard (main corridor)
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Requires General Plan Amendment • Requires land assembly • Requires demolition of existing improvements • May require undetermined level of investment in new on- and off-site infrastructure

Candidate Site 3 Development Prototype C Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking	
Constraints Affecting Residential Development on Candidate Site (cont'd.)	<ul style="list-style-type: none"> • Product type results in higher construction costs than single-family/townhome developments • Current multi-family market rents in the Trade Ring do not support the cost of new construction

Candidate Site 4 Development Prototype D Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking (Non-Contiguous Site)	
Assessor's Parcel Number(s)	388-250-15 and 388-250-27
Number of Owners	Two (2) owners
Gross Acres	1.14 acres
General Plan Land Use Designation	General Commercial
Maximum Residential Density	Assumes density of 30 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • One (1) single-family home • Gas station
Infrastructure Accessibility	<ul style="list-style-type: none"> • Site has access to water and sewer lines
RHNA Designation	<ul style="list-style-type: none"> • APN 388-250-15 is a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Located in close proximity to an elementary school • Property fronts Winter Gardens Boulevard (main corridor)
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Requires General Plan Amendment • Requires land assembly • Requires demolition of existing improvements • New development may require assessment of environmental remediation needs due to existing gas station use • Product type results in higher construction costs than single-family/townhome developments • Current multi-family market rents in the Trade Rrea do not support the cost of new construction

Candidate Site 5 Development Prototype E Stacked Flat w/Surface and Tuck-Under Parking	
Assessor’s Parcel Number(s)	382-260-16
Number of Owners	One (1) owner
Gross Acres	7.09 acres
General Plan Land Use Designation	Public
Maximum Residential Density	40 units per gross acre ⁽¹⁾
Existing Improvements	<ul style="list-style-type: none"> • Vacant land
Infrastructure Accessibility	<ul style="list-style-type: none"> • No
RHNA Designation	<ul style="list-style-type: none"> • Site is not a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Publicly owned • Proposed product type is consistent with neighboring rental apartments • Does not require General Plan Amendment ⁽¹⁾ • Does not require land assembly • Does not require demolition • Located in close proximity to middle and high schools • Easily accessible from State Route 67
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Requires negotiation to purchase site from public entity • May require undetermined level of investment in new on- and off-site infrastructure • Product type results in higher construction costs than single-family/townhome developments • Current multi-family market rents in the Trade Ring do not support the cost of new construction
<p>(1) Per the RiverWay Specific Plan (Plan) dated December 2015, the maximum density is 40 units per acre.</p>	

IV. FINANCIAL PRO FORMA MODELS

The KMA financial pro forma models test the financial feasibility of the five (5) development prototypes. The models reflect hypothetical sites and are not specific to any property within the Focus Area. For each of the financial pro formas models, KMA estimated:

- Development costs, consisting of direct construction costs, indirects, and financing costs
- Projected gross sales revenue, including developer profit/cost of sale (Prototypes A and B)
- Projected income and operating expenses (Prototypes C, D, and E)
- Estimates of residual land value

The pro forma models yield an estimate of the residual land value for each respective development prototype. The residual land value outcomes represent the amount that a developer can afford to pay for the combination of land acquisition and off-site infrastructure improvements. The full residual land value models are attached to this report as Appendices A (for-sale development prototypes) and B (rental development prototypes).

A. Project Descriptions

Within each Appendix, KMA presents a physical description of the respective development prototype, including site area, density, residential unit mix, number of stories, commercial SF (if applicable), parking type, and other physical attributes.

B. Estimated Development Costs

KMA also estimated development costs for each development prototype. These estimates are based on our recent experience with comparable developments in Southern California and industry data sources. These estimates include the following components:

- Direct construction costs, such as on-site improvements, parking, shell construction, amenities/furniture, fixtures, and equipment (FF&E), and contingency. KMA has not included a budget for off-site improvement costs such as sidewalks/curb and gutter, right-of-way improvements, utilities, or stormwater mitigation as specific estimates cannot be formulated at this time. The KMA estimates of direct construction costs also do not assume prevailing wages or costs associated with demolition, relocation, or environmental remediation, if applicable.
- Indirect costs, such as architecture and engineering, permits and fees, legal and accounting, taxes and insurance, developer fee, marketing and lease-up/sales, and contingency. The development prototypes are generally consistent with existing zoning conditions and/or the County's General Plan. For sites that are not currently zoned for residential development, KMA assumed that the County implemented any potential changes to zoning or design guidelines to allow these developments to be constructed. Therefore, indirect costs do not account for delays resulting from a General Plan Amendment or other lengthy entitlement processes.
- Financing costs, such as loan fees and interest during construction/lease-up.

C. Gross Sales Proceeds and Residual Land Value – For-Sale Prototypes

KMA prepared estimates of for-sale pricing/gross sales proceeds, target developer profit/cost of sale, and residual land value estimates.

D. Net Operating Income – Rental Prototypes

KMA calculated net operating income (NOI) for each rental residential development prototype. NOI is estimated by taking into account market rate rents that vary by bedroom type/size, other income, and an estimate of operating expenses, including property taxes/special assessments and replacement reserves. For Prototypes C and D, KMA calculated NOI for the commercial component. The commercial NOI takes into account an achievable monthly rent, a vacancy factor, and an estimate of unreimbursed operating expenses.

E. Residual Land Values – Rental Prototypes

The detailed calculation of residual land value for the rental prototypes includes an estimate of capitalization rate, cost of sale, and target developer profit.

V. LIMITING CONDITIONS

1. KMA has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties.
2. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured. No guarantee is made as to the possible effect on development of current or future Federal, State, or local legislation including environmental or ecological matters.
3. The analysis, opinions, recommendations, and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.
4. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity. If an unforeseen change occurs in the local or national economy, the analysis and conclusions contained herein may no longer be valid.
5. Any estimates of development costs, project income, and/or value in this evaluation are based on the best available project-specific data as well as the experiences of similar projects. They are not intended to be predictions of the future for the specific project. No warranty or representation is made that any of these estimates or projections will actually materialize.
6. It has been assumed that the value of the property will not be impacted by the presence of any soils, toxic, or hazardous conditions that require remediation to allow development. Additionally, it is assumed that perceived toxic conditions (if any) on surrounding properties will not affect the value of the property.
7. KMA is not advising or recommending any action be taken by the County with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues).
8. KMA is not acting as a Municipal Advisor to the County and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the County pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.
9. The County shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own Municipal Advisors, that it deems appropriate before acting on the information and material.

APPENDIX A

**For-Sale Development Prototypes
Lakeside Focus Area**

**Development Feasibility Analysis
County of San Diego**

TABLE A-1

PROJECT DESCRIPTIONS
 LAKESIDE FOCUS AREA
 DEVELOPMENT FEASIBILITY ANALYSIS
 COUNTY OF SAN DIEGO

	A			B		
	Single-Family Detached Medium Lot Village Residential 4.3 (VR-4.3)			Attached Townhomes Village Residential 20 (VR-20)		
I. Tenure	For-Sale			For-Sale		
II. Site Area						
Gross Acres	2.37	Acres	75%	4.20	Acres	85%
(Less) Open Space/Environmental Easements	0.00	Acres	0%	0.00	Acres	0%
(Less) Circulation/Amenities	<u>(0.59)</u>	Acres	<u>25%</u>	<u>(0.63)</u>	Acres	<u>15%</u>
Net Acres	1.78	Acres	100%	3.57	Acres	100%
III. Gross Building Area (GBA)						
Net Residential	26,200	SF	100%	117,500	SF	99%
Community/Recreation	0	SF	0%	1,000	SF	1%
Circulation/Lobby	<u>0</u>	SF	<u>0%</u>	<u>0</u>	SF	<u>0%</u>
Total GBA	26,200	SF	100%	118,500	SF	100%
IV. Unit Mix						
		<u>Number of Units</u>	<u>Unit Size</u>		<u>Number of Units</u>	<u>Unit Size</u>
Two Bedroom	0	0%	--- SF	34	40%	1,250 SF
Three Bedroom	6	60%	2,500 SF	50	60%	1,500 SF
Four Bedroom	<u>4</u>	<u>40%</u>	<u>2,800</u> SF	<u>0</u>	<u>0%</u>	<u>---</u> SF
Total Units/Average	10	100%	2,620 SF	84	100%	1,399 SF
V. Number of Units	10 Units			84 Units		
VI. Density (Units/Acre)	4.3 Units/Gross Acre 5.6 Units/Net Acre			20.0 Units/Gross Acre 23.5 Units/Net Acre		
VII. Approximate Lot Size (Net)	8,000 SF/Lot			N/A		
VIII. Floor Area Ratio (FAR)	0.34			0.76		
IX. Construction Type	Type V - Wood-Frame			Type V - Wood-Frame		
X. Stories	1-2 Stories			3 Stories		
XI. Maximum Building Height	25 Feet			35 Feet		
XII. Parking						
Type	Attached Garages			Attached Garages		
Parking Spaces	22 Spaces			168 Spaces		
Parking Ratio	2.20 Spaces/Unit			2.00 Spaces/Unit		

TABLE A-2

ESTIMATED DEVELOPMENT COSTS AND RESIDUAL LAND VALUE
 LAKESIDE FOCUS AREA
 DEVELOPMENT FEASIBILITY ANALYSIS
 COUNTY OF SAN DIEGO

	A			B				
	Single-Family Detached Medium Lot Village Residential 4.3 (VR-4.3)			Attached Townhomes Village Residential 20 (VR-20)				
I. Development Costs	Total	Per Unit	Comments	Total	Per Unit	Comments		
A. Direct Costs ⁽¹⁾								
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 /SF Site - Gross	\$0	\$0	\$0 /SF Site - Gross		
On-Site Improvements/Landscaping	\$2,581,000	\$258,100	\$25 /SF Site - Gross	\$3,659,000	\$43,600	\$20 /SF Site - Gross		
Parking	\$0	\$0	Included below	\$0	\$0	Included below		
Shell Construction	\$4,192,000	\$419,200	\$160 /SF GBA	\$23,700,000	\$282,100	\$200 /SF GBA		
Amenities/FF&E	\$0	\$0	Allowance	\$420,000	\$5,000	Allowance		
Contingency	<u>\$339,000</u>	<u>\$33,900</u>	5.0% of Directs	<u>\$1,389,000</u>	<u>\$16,500</u>	5.0% of Directs		
Total Direct Costs	\$7,112,000	\$711,200	\$271 /SF GBA	\$29,168,000	\$347,200	\$246 /SF GBA		
B. Indirect Costs								
Architecture & Engineering	\$427,000	\$42,700	6.0% of Directs	\$1,750,000	\$20,800	6.0% of Directs		
Permits & Fees ⁽²⁾	\$655,000	\$65,500	\$25 /SF GBA	\$2,963,000	\$35,300	\$25 /SF GBA		
Legal & Accounting	\$107,000	\$10,700	1.5% of Directs	\$438,000	\$5,200	1.5% of Directs		
Taxes & Insurance	\$385,000	\$38,500	3.0% of Value	\$1,707,000	\$20,300	3.0% of Value		
Developer Fee	\$284,000	\$28,400	4.0% of Directs	\$1,167,000	\$13,900	4.0% of Directs		
Marketing/Sales	\$385,000	\$5,000	3.0% of Value	\$1,707,000	\$3,500	3.0% of Value		
Contingency	<u>\$112,000</u>	<u>\$11,200</u>	5.0% of Indirects	<u>\$487,000</u>	<u>\$5,800</u>	5.0% of Indirects		
Total Indirect Costs	\$2,355,000	\$235,500	33.1% of Directs	\$10,219,000	\$121,700	35.0% of Directs		
C. Financing Costs	<u>\$533,000</u>	<u>\$53,300</u>	7.5% of Directs	<u>\$2,917,000</u>	<u>\$34,700</u>	10.0% of Directs		
D. Total Development Costs ⁽³⁾	\$10,000,000	\$1,000,000	\$382 /SF GBA	\$42,304,000	\$503,600	\$357 /SF GBA		
II. Residual Land Value								
A. Gross Sales Proceeds	# Units	Price/Unit	\$/SF	Total	# Units	Price/Unit	\$/SF	Total
Two Bedroom	0	\$0	\$0	\$0	34	\$625,000	\$500	\$21,250,000
Three Bedroom	6	\$1,250,000	\$500	\$7,500,000	50	\$713,000	\$475	\$35,650,000
Four Bedroom	4	<u>\$1,330,000</u>	<u>\$475</u>	<u>\$5,320,000</u>	0	---	---	---
Total/Average	10	\$1,282,000	\$489	\$12,820,000	84	\$677,400	\$484	\$56,900,000
(Less) Cost of Sale	3.0% of Value			(\$385,000)	3.0% of Value			(\$1,707,000)
(Less) Developer Profit	10.0% of Value			<u>(\$1,282,000)</u>	10.0% of Value			<u>(\$5,690,000)</u>
B. Net Sales Proceeds				\$11,153,000				\$49,503,000
C. (Less) Development Costs ⁽³⁾				<u>(\$10,000,000)</u>				<u>(\$42,304,000)</u>
D. Residual Land Value				\$1,153,000				\$7,199,000
Per Unit				\$115,000				\$86,000
Per Gross SF Land				\$11				\$39
Per Net SF Land				\$15				\$46

(1) Does not include the payment of prevailing wages.
 (2) Estimate; not verified by KMA or County.
 (3) Excludes acquisition costs.

APPENDIX B

**Rental Development Prototypes
Lakeside Focus Area**

**Development Feasibility Analysis
County of San Diego**

TABLE B-1

PROJECT DESCRIPTIONS
 LAKESIDE FOCUS AREA
 DEVELOPMENT FEASIBILITY ANALYSIS
 COUNTY OF SAN DIEGO

	C		D		E	
	Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking		Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking (Non-Contiguous Site)		Stacked Flats w/Surface and Tuck-Under Parking	
	Rental	Rental	Rental	Rental	Rental	Rental
I. Tenure						
II. Site Area						
Gross Acres	0.93 Acres	1.14 Acres	95%	7.09 Acres	80%	
(Less) Open Space/Environmental Easements	0.00 Acres	0.00 Acres	0%	(0.71) Acres	10%	
(Less) Circulation/Amenities	<u>(0.05) Acres</u>	<u>(0.05) Acres</u>	5%	<u>(0.71) Acres</u>	<u>10%</u>	
Net Acres	0.88 Acres	1.09 Acres	100%	5.67 Acres	100%	
III. Gross Building Area (GBA)						
<u>Residential</u>						
Net Residential	22,815 SF	26,850 SF	88%	245,149 SF	99%	
Community/Recreation	0 SF	500 SF	2%	2,000 SF	1%	
Circulation/Lobby	<u>2,530 SF</u>	<u>3,040 SF</u>	<u>10%</u>	<u>0 SF</u>	<u>0%</u>	
Total GBA - Residential	25,345 SF	30,390 SF	100%	247,149 SF	100%	
Add: Commercial Space	500 SF	1,000 SF		0 SF		
Total GBA	25,845 SF	31,390 SF		247,149 SF		
IV. Unit Mix	<u>Number of Units</u>	<u>Unit Size</u>	<u>Number of Units</u>	<u>Unit Size</u>	<u>Number of Units</u>	<u>Unit Size</u>
One Bedroom	11	40% 700 SF	14	40% 650 SF	99	35% 750 SF
Two Bedroom	14	50% 900 SF	17	50% 850 SF	127	45% 875 SF
Three Bedroom	3	<u>10%</u> 1,150 SF	3	<u>10%</u> 1,100 SF	<u>57</u>	<u>20%</u> 1,050 SF
Total Units/Average	27	100% 845 SF	34	100% 790 SF	283	100% 866 SF
V. Number of Units	27 Units	34 Units	283 Units			
VI. Density (Units/Acre)	30.0 Units/Gross Acre 30.6 Units/Net Acre	30.0 Units/Gross Acre 31.1 Units/Net Acre	40.0 Units/Gross Acre 49.9 Units/Net Acre			
VII. Floor Area Ratio (FAR)	0.67	0.66	1.00			
VIII. Construction Type	Type V - Wood-Frame	Type V - Wood-Frame	Type V - Wood-Frame			
IX. Stories	3 Stories	3 Stories	4 Stories			
X. Maximum Building Height	35 Feet	35 Feet	45 Feet			
XI. Parking						
Type	Surface/Tuck-Under	Surface/Tuck-Under	Surface/Tuck-Under			
Parking Spaces	43 Spaces	54 Spaces	467 Spaces			
Parking Ratio	1.60 Spaces/Unit	1.59 Spaces/Unit	1.65 Spaces/Unit			

Prepared by: Keyser Marston Associates, Inc.
 Filename: SD County_DFA-lakeside_Development Prototypes_v2:8/6/2024.ema

TABLE B-2
 ESTIMATED DEVELOPMENT COSTS
 LAKESIDE FOCUS AREA
 DEVELOPMENT FEASIBILITY ANALYSIS
 COUNTY OF SAN DIEGO

	C				D				E			
	Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking				Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking (Non-Contiguous Site)				Stacked Flats w/Surface and Tuck-Under Parking			
	Total	Per Unit	Comments		Total	Per Unit	Comments		Total	Per Unit	Comments	
I. Direct Costs ⁽¹⁾												
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 Per SF Site - Gross	\$0	\$0	\$0	\$0 Per SF Site - Gross	\$0	\$0	\$0	\$0 Per SF Site - Gross	
On-Site Improvements/Landscaping	\$1,215,000	\$45,000	\$30 Per SF Site - Gross	\$1,241,000	\$36,500	\$25 Per SF Site - Gross	\$9,265,000	\$32,700	\$30	\$30 Per SF Site - Gross		
Parking	\$0	\$0	Included below	\$0	\$0	Included below	\$0	\$0	\$0	Included above		
Shell Construction - Residential	\$9,110,000	\$300,400	\$320 Per SF GBA - Res.	\$9,877,000	\$290,500	\$325 Per SF GBA - Res.	\$74,145,000	\$262,000	\$300	\$300 Per SF GBA - Res.		
Shell Construction - Commercial	\$75,000	\$2,800	\$150 Per SF GBA - Comm.	\$150,000	\$4,400	\$150 Per SF GBA - Comm.	\$0	\$0	\$0	\$0 Per SF GBA - Comm.		
Tenant Improvements	\$20,000	\$700	\$40 Per SF GBA - Comm.	\$40,000	\$1,200	\$40 Per SF GBA - Comm.	\$0	\$0	\$0	\$0 Per SF GBA - Comm.		
Amenities/FF&E	\$0	\$0	Allowance	\$119,000	\$3,500	Allowance	\$1,415,000	\$5,000	\$5,000	Allowance		
Contingency	<u>\$471,000</u>	<u>\$17,400</u>	5.0% of Directs	<u>\$571,000</u>	<u>\$16,800</u>	5.0% of Directs	<u>\$4,241,000</u>	<u>\$15,000</u>	<u>\$15,000</u>	5.0% of Directs		
Total Direct Costs	\$9,891,000	\$366,300	\$383 Per SF GBA	\$11,998,000	\$352,900	\$382 Per SF GBA	\$89,066,000	\$314,700	\$360	\$360 Per SF GBA		
II. Indirect Costs												
Architecture & Engineering	\$791,000	\$29,300	8.0% of Directs	\$960,000	\$28,200	8.0% of Directs	\$7,125,000	\$25,200	8.0% of Directs			
Permits & Fees ⁽²⁾	\$646,000	\$23,900	\$25 Per SF GBA	\$785,000	\$23,100	\$25 Per SF GBA	\$6,179,000	\$21,800	\$25 Per SF GBA			
Legal & Accounting	\$148,000	\$5,500	1.5% of Directs	\$180,000	\$5,300	1.5% of Directs	\$1,336,000	\$4,700	1.5% of Directs			
Taxes & Insurance	\$148,000	\$5,500	1.5% of Directs	\$180,000	\$5,300	1.5% of Directs	\$1,336,000	\$4,700	1.5% of Directs			
Developer Fee	\$396,000	\$14,700	4.0% of Directs	\$480,000	\$14,100	4.0% of Directs	\$3,563,000	\$12,600	4.0% of Directs			
Marketing/Lease-Up	\$68,000	\$2,500	Allowance	\$85,000	\$2,500	Allowance	\$708,000	\$2,500	Allowance			
Contingency	<u>\$110,000</u>	<u>\$4,100</u>	5.0% of Directs	<u>\$134,000</u>	<u>\$3,900</u>	5.0% of Directs	<u>\$1,012,000</u>	<u>\$3,600</u>	<u>\$3,600</u>	5.0% of Directs		
Total Indirect Costs	\$2,307,000	\$85,400	23.3% of Directs	\$2,804,000	\$82,500	23.4% of Directs	\$21,259,000	\$75,100	23.9% of Directs			
III. Financing Costs	<u>\$989,000</u>	<u>\$36,600</u>	10.0% of Directs	<u>\$1,200,000</u>	<u>\$35,300</u>	10.0% of Directs	<u>\$8,907,000</u>	<u>\$31,500</u>	10.0% of Directs			
IV. Development Costs ⁽³⁾	\$13,187,000	\$488,400	\$510 Per SF GBA	\$16,002,000	\$470,600	\$510 Per SF GBA	\$119,232,000	\$421,300	\$482 Per SF GBA			

(1) Excludes the payment of prevailing wages.
 (2) Estimate; not verified by KMA or County.
 (3) Excludes acquisition costs.

ATTACHMENT A

TABLE B-3

**NET OPERATING INCOME
LAKESIDE FOCUS AREA
DEVELOPMENT FEASIBILITY ANALYSIS
COUNTY OF SAN DIEGO**

	C					D					E				
	Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking					Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking (Non-Contiguous Site)					Stacked Flats w/Surface and Tuck-Under Parking				
	Unit Size	# Units	\$/SF	Rent	Total Annual	Unit Size	# Units	\$/SF	Rent	Total Annual	Unit Size	# Units	\$/SF	Rent	Total Annual
I. Residential Net Operating Income				Monthly					Monthly					Monthly	
A. Gross Scheduled Income (GSI)															
One Bedroom @	700 SF	11	\$3.30	\$2,310	\$299,000	650 SF	14	\$3.40	\$2,210	\$371,000	750 SF	99	\$3.25	\$2,440	\$2,900,000
Two Bedroom @	900 SF	14	\$3.00	\$2,700	\$437,000	850 SF	17	\$3.10	\$2,640	\$539,000	875 SF	127	\$3.00	\$2,630	\$4,019,000
Three Bedroom @	1,150 SF	3	\$2.75	\$3,160	\$102,000	1,100 SF	3	\$2.85	\$3,140	\$113,000	1,050 SF	52	\$2.85	\$2,990	\$2,031,000
Total/Average	845 SF	27	\$3.06	\$2,586	\$838,000	790 SF	34	\$3.18	\$2,507	\$1,023,000	866 SF	283	\$3.04	\$2,635	\$8,950,000
Add: Other Income			\$50 /Unit/Month		\$16,000			\$50 /Unit/Month		\$20,000			\$50 /Unit/Month		\$170,000
Total Gross Scheduled Income (GSI)					\$854,000					\$1,043,000					\$9,120,000
(Less) Vacancy			5.0% of GSI		(\$43,000)			5.0% of GSI		(\$52,000)			5.0% of GSI		(\$456,000)
Effective Gross Income (EGI)					\$811,000					\$991,000					\$8,664,000
B. Operating Expense															
(Less) Operating Expenses			\$5,000 /Unit/Year		(\$135,000)			\$5,000 /Unit/Year		(\$170,000)			\$4,800 /Unit/Year		(\$1,358,000)
(Less) Property Taxes ⁽¹⁾			\$5,074 /Unit/Year		(\$137,000)			\$4,912 /Unit/Year		(\$167,000)			\$5,247 /Unit/Year		(\$1,485,000)
(Less) Replacement Reserves			\$300 /Unit/Year		(\$8,000)			\$300 /Unit/Year		(\$10,000)			\$300 /Unit/Year		(\$85,000)
Total Expenses			\$10,370 /Unit/Year		(\$280,000)			\$10,206 /Unit/Year		(\$347,000)			\$10,346 /Unit/Year		(\$2,928,000)
			34.5% of EGI					35.0% of EGI					33.8% of EGI		
C. Total NOI - Residential					\$531,000					\$644,000					\$5,736,000
D. Capitalized Value Upon Completion @			4.25% Cap Rate		\$12,494,000			4.25% Cap Rate		\$15,153,000			4.25% Cap Rate		\$134,965,000
II. Commercial Net Operating Income															
A. Gross Scheduled Income (GSI)	500 SF		\$2.25 /SF/Month NNN		\$14,000	1,000 SF		\$2.00 /SF/Month NNN		\$24,000	0 SF		\$0.00 /SF/Month NNN		\$0
(Less) Vacancy			5.0% of GSI		(\$1,000)			5.0% of GSI		(\$1,000)			0.0% of GSI		\$0
Effective Gross Income (EGI)					\$13,000					\$23,000					\$0
B. Unreimbursed Operating Expenses															
(Less) Retail/Restaurant Operating Expenses			5.0% of GSI		(\$1,000)			5.0% of GSI		(\$1,000)			0.0% of GSI		\$0
C. Total NOI - Commercial					\$12,000					\$22,000					\$0
D. Capitalized Value Upon Completion @			5.0% Cap Rate		\$240,000			5.0% Cap Rate		\$440,000			0.0% Cap Rate		---

(1) Based on capitalized income approach, assumes a 1.1% tax rate and 4.25% cap rate as shown in Table B-4.

TABLE B-4
 RESIDUAL LAND VALUE
 LAKESIDE FOCUS AREA
 DEVELOPMENT FEASIBILITY ANALYSIS
 COUNTY OF SAN DIEGO

	C	D	E
	Stacked Flat w/ Ground Floor Commercial and Surface/Tuck- Under Parking	Stacked Flat w/ Ground Floor Commercial and Surface/Tuck-Under Parking (Non-Contiguous Site)	Stacked Flats w/ Surface and Tuck-Under Parking
I. Capitalized Value of NOI			
Residential	\$12,494,000	\$15,153,000	\$134,965,000
Commercial	<u>\$240,000</u>	<u>\$440,000</u>	<u>\$0</u>
Total Capitalized Value Upon Completion	\$12,734,000	\$15,593,000	\$134,965,000
(Less) Cost of Sale	3.0% of Value (\$382,000)	3.0% of Value (\$468,000)	3.0% of Value (\$4,049,000)
(Less) Developer Profit	12.0% of Value <u>(\$1,528,000)</u>	12.0% of Value <u>(\$1,871,000)</u>	12.0% of Value <u>(\$16,196,000)</u>
II. Net Sales Proceeds	\$10,824,000	\$13,254,000	\$114,720,000
(Less) Development Costs ⁽¹⁾	<u>(\$13,187,000)</u>	<u>(\$16,002,000)</u>	<u>(\$119,232,000)</u>
III. Residual Land Value	(\$2,363,000)	(\$2,748,000)	(\$4,512,000)
Per Unit	(\$88,000)	(\$81,000)	(\$16,000)
Per Gross SF Land	(\$58)	(\$55)	(\$15)
Per Net SF Land	(\$61)	(\$58)	(\$18)

(1) Excludes acquisition costs.

MEMORANDUM

To: Laura Stetson, AICP, Principal
Moore Iacofano Goltsman, Inc. (MIG)

From: KEYSER MARSTON ASSOCIATES, INC.

Date: August 6, 2024

Subject: County of San Diego – Development Feasibility Analysis
Spring Valley Focus Area – Financial Feasibility Analysis

I. INTRODUCTION

As part of a Development Feasibility Analysis (DFA), the County of San Diego (County) has requested that Keyser Marston Associates, Inc. (KMA) assess the development potential and feasibility of residential development on key sites in four (4) Focus Areas within the unincorporated area of the County. The Focus Areas identified by the County include the communities of Buena Creek, Valle de Oro/Casa de Oro, Lakeside, and Spring Valley. To address the economic viability of residential development in the Spring Valley Focus Area (Focus Area), KMA evaluated the feasibility of a range of residential development prototypes on five (5) candidate sites.

KMA's financial feasibility analysis involved the following key steps:

1. Formulated development prototypes for five (5) candidate sites. The development prototypes are generally consistent with existing zoning conditions and/or the County's General Plan.
2. Collected and evaluated financial pro forma inputs and assumptions based on a review of multi-family apartment rents and other financial factors, as well as KMA experience with projects of comparable development type.

3. Prepared financial pro forma models (residual land value analyses) to measure the economic feasibility of each development prototype.
4. Evaluated land sales activity in the surrounding area to compare against the residual land value outcomes.

As a part of the DFA work effort, KMA also prepared an independent market assessment for residential development within the Focus Area. Select market factors identified in the market assessment were used as inputs in the financial feasibility analyses.

II. KEY FINDINGS

A. *Potential Development Sites*

KMA identified five (5) representative sites that could be potential candidates for development of new housing within the Focus Area. The site selection criteria were outlined in the May 28, 2024 MIG memorandum to the County and are detailed in Section III of this report. This criteria generally included some or all of the following characteristics:

- Parcel sizes ranging from 1/2 acre to 3+ acres
- Vacant or underutilized properties⁽¹⁾
- Existing General Plan land use designations and/or zoning classifications with allowable densities ranging from 2 to 40 units per acre, with a focus on sites with allowances in the 15 to 30 units per acre range
- In-fill properties, particularly ones with the potential for land assemblage

Candidate sites were also prioritized based on the availability of water, sewer, and road infrastructure; properties that have been designated as Regional Housing Needs Assessment (RHNA) sites in the County's Housing Element; and properties that are publicly owned or owned by a single entity.

B. *Development Prototypes*

KMA prepared financial pro forma models to evaluate the feasibility of residential development prototypes on each of the five (5) selected candidate sites. Financial pro forma models are a standard tool utilized by developers and investors to analyze the feasibility of new residential development. Table II-1 presents a summary of the development prototypes analyzed for this study.

(1) Underutilized properties can be considered that demonstrate either (1) existing improvements at a lower density level than the General Plan land use designation allows, and/or (2) low existing assessed values measured in terms of existing building value relative to land area.

Table II-1: Summary of Development Prototypes		
Development Prototype	Illustrative Example	General Project Description
A Attached Townhomes		<ul style="list-style-type: none"> • 7.44-acre site • 15 units/gross acre • For-sale housing • 111 units • 3 stories • Attached garages • 1,621 SF average unit size
B Attached Townhomes (In-fill Site)		<ul style="list-style-type: none"> • 1.10-acre site • 24 units/gross acre • For-sale housing • 26 units • 3 stories • Attached garages • 1,323 SF average unit size
C Garden Apartments (Non-Contiguous Site)		<ul style="list-style-type: none"> • 0.71-acre site • 24 units/gross acre • Rental housing • 17 units • 2-3 stories • Surface/carports/attached garages • 930 SF average unit size
D Stacked Flat w/Surface and Tuck-Under Parking		<ul style="list-style-type: none"> • 0.50-acre site • 30 units/gross acre • Rental housing • 15 units • 3 stories • Surface and tuck-under parking • 795 SF average unit size
E Stacked Flat w/Ground Floor Commercial and Surface/ Tuck-Under Parking		<ul style="list-style-type: none"> • 1.23-acre site • 30 units/gross acre • Rental housing • 36 units • 1,000 SF commercial space • 3 stories • Surface and tuck-under parking • 800 SF average unit size

The housing typologies assumed in the development prototypes were selected based on a variety of factors, including: (1) the maximum density allowed under the General Plan; (2) assimilation of the new development within the character of the community; and (3) the types of residential development that demonstrated the strongest market demand in the KMA market assessment. For example, stacked flat for-sale housing, with or without ground floor commercial space, was not analyzed due to the lack of demonstrated demand for this product type in the surrounding area. In addition, this product type is challenging due to construction defect litigation which has contributed to developer and investor reluctance in such projects as compared to rental housing developments. Stacked flat typologies tend to be more susceptible to construction defect litigation because these projects are more complex to construct. State law protects homebuyers from bearing the cost of fixing construction defects in new construction homes for 10 years, whereas rental housing is subject to construction defect liability for four (4) years. According to the July 2024 Turner Center for Housing Innovation UC Berkeley report on construction defect liability in California, developers have indicated that construction defect liability law is a key factor in their decision to pursue rental instead of for-sale multi-family development.

C. Financial Pro Forma Methodology

KMA prepared financial pro forma analyses for each of the development prototypes to determine the supportable residual land value. The pro forma analyses include estimates for development costs, value upon completion, and targeted developer return. The outcome of the financial pro forma analyses illustrate the feasibility, in terms of residual land value, of each development prototype. Residual land value is defined as the maximum land value supported by a proposed development. It is calculated by estimating the total project value upon completion and subtracting the estimated total development costs, inclusive of an industry standard target developer return, required to develop the project. Residual land values are then measured against recent comparable land sales to draw conclusions about financial feasibility. The residual land value outcomes in the KMA feasibility analysis represent the amount that a developer can afford to pay for the combination of land acquisition and off-site infrastructure improvements.

The assumptions utilized in the financial feasibility analyses reflect 2024 dollars and are representative of today's current market conditions, i.e., present day development costs, sales values/market rents, operating expenses, and developer return targets. Any significant increases or decreases in these key market and industry factors will impact the financial pro forma outcomes and conclusions regarding project feasibility by prototype.

Both rents and for-sale prices utilized within each financial pro forma were based on the existing market conditions within the Focus Area or surrounding area. Typically, households choosing to rent apartments are more likely to seek locations closer to transit and employment than households that are buying their home. Therefore, KMA estimated multi-family market-rate rent inputs for the pro formas by analyzing current market rents in the surrounding area, as well as a premium to account for new construction.

For-sale housing typically draws from a wider area than rental housing. As such, for-sale prices were based on comparable sales within the surrounding area.

D. Survey of Comparable Land Sales

KMA surveyed land sales within the surrounding trade area, defined as a 3-mile radius from the center of the Focus Area (Trade Ring). Since January 2021, there have only been six (6) land sales transactions, which often indicates there is either (1) a lack of vacant land available or (2) there is minimal interest from the development community. Land values in the Trade Ring reflect a median of \$6 per SF and an average of \$12 per SF. The KMA survey found that the lowest sale (\$1 per SF) occurred within the Focus Area. The sale generating the highest land value (at \$46 per SF) was located in Lemon Grove and proposed for the development of townhomes. In recent years, the City of Lemon Grove has experienced an influx of interest from the development community for construction of affordable and market-rate housing. These developments are primarily concentrated near the Lemon Grove Depot trolley station. Therefore, values at \$46 per SF represent the upper echelon of land values in the Trade Ring.

Table II-2 presents the findings of this survey, which suggests that new development occurring in the Focus Area needs to support minimum land values in these ranges in order to be financially feasible.

Table II-2: Survey of Residential Land Sales, January 2021 to May 2024, Trade Ring ⁽¹⁾⁽²⁾				
Number of Land Sales	Minimum	Maximum	Median	Average
6	\$1/SF Land	\$46/SF Land	\$6/SF Land	\$12/SF Land
(1) Source: CoStar Group, Inc. (2) Reflects sales within a 3-mile radius from the mid-point of the Spring Valley Focus Area (8735 Jamacha Boulevard).				

E. Residual Land Value Outcomes

Development prototypes that are financially feasible generate positive land values which indicates that a developer or investor could acquire the site, construct the development, sell or lease the completed development, and receive at least an industry standard target return on their investment. A negative residual land value indicates that the development would not be feasible unless free land was contributed and/or some form of cash contribution was provided to the project.

Table II-3 on the following page presents a summary of the residual land value outcomes for each site/prototype.

Table II-3: Residual Land Values by Development Prototype					
Product Type	A	B	C	D	E
	Attached Townhomes	Attached Townhomes (In-fill Site)	Garden Apartments (Non-Contiguous Site)	Stacked Flat w/Surface and Tuck-Under Parking	Stacked Flat w/Ground Floor Commercial and Surface/ Tuck-Under Parking
Tenure	For-Sale	For-Sale	Rental	Rental	Rental
Site Size (Gross)	7.44 Acres	1.10 Acres	0.71 Acres	0.50 Acres	1.23 Acres
Residual Land Value (2024 \$)	\$4,722,000	\$2,172,000	(\$934,000)	(\$1,854,000)	(\$4,498,000)
	\$43,000/Unit	\$84,000/Unit	(\$55,000)/Unit	(\$124,000)/Unit	(\$125,000)/Unit
	\$15/SF Site ⁽¹⁾	\$45/SF Site ⁽¹⁾	(\$30)/SF Site ⁽¹⁾	(\$85)/SF Site ⁽¹⁾	(\$84)/SF Site ⁽¹⁾
Financial Feasibility Outcome	Moderate Positive	Strong Positive	Negative	Negative	Negative
(1) Reflects residual land value per SF of gross site area.					

As shown above, KMA finds that all for-sale development prototypes generate positive land values and demonstrate strong financial feasibility under current market conditions. In order to determine which projects are financially feasible, the land value outcomes are measured against the land values found in the Trade Ring.

Prototype B (townhomes at 24 units per acre) demonstrates greater feasibility than Prototype A (townhomes at 15 units per acre). While Prototype A generates a positive residual land value, the land value results in approximately half of the value of Prototype B, indicating that this product type is only moderately positive.

The rental development prototypes (Prototypes C, D, and E) are not feasible under current market conditions. KMA finds that current market rate rents are not sufficient to offset the higher construction costs associated with multi-family rental housing and/or inclusion of tuck-under parking. This finding indicates multi-family (24 to 30 units per acre) and/or mixed-use development are not likely to be feasible in the near- to mid-term (0 to 10 years). However, as market rate rents rise over time and the Focus Area attracts new development, it is reasonable to anticipate that multi-family rental housing with/without structured parking will become more feasible over the long term (10+ years).

Examples of factors that could increase feasibility of residential development include: lower development costs; increases in market rents/sales values; implementation or assistance with

infrastructure requirements; improvements to public transit; upzoning and/or Program Environmental Impact Reports (PEIRs); and incentives/efficiencies with the entitlement process.

III. IDENTIFICATION OF CANDIDATE SITES

In collaboration with MIG, KMA identified five (5) representative sites that could be potential candidates for development of new housing within the Focus Area. The selection criteria were outlined in the May 28, 2024 MIG memorandum to the County and included some or all of the following characteristics:

- Parcel sizes ranging from 1/2 acre to 3+ acres
- Vacant or underutilized properties⁽¹⁾
- Existing General Plan land use designations and/or zoning classifications with allowable densities ranging from 2 to 40 units per acre, with a focus on sites with allowances in the 15 to 30 units per acre range
- In-fill properties, particularly ones with the potential for land assemblage

To the extent possible, candidate sites were also prioritized based on the following conditions:

- Infrastructure availability – sites with ready access to water, sewer, and road infrastructure
- Housing Element sites – sites identified in the Housing Element to meet the County’s RHNA goals
- Ownership – sites that are publicly owned or owned by a single entity

It should be noted that the candidate site assessments contained within this report have been conducted at a high level. KMA did not conduct detailed inspections or assessments for the individual sites but rather relied on readily available third-party material. Numerous factors, such as planning, regulatory, environmental, topographical, geological, hydrological, utility capacity, off-site improvement requirements, and other key issues, are not addressed at this level of analysis. The following summaries profile each of the candidate sites.

(1) Underutilized properties can be considered that demonstrate either (1) existing improvements at a lower density level than the General Plan land use designation allows, and/or (2) low existing assessed values measured in terms of existing building value relative to land area.

Candidate Site 1 Development Prototype A Attached Townhomes	
Assessor’s Parcel Number(s)	584-160-44
Number of Owners	One (1) owner
Gross Acres	7.44 acres
General Plan Land Use Designation	Office Professional
Maximum Residential Density	Assumes density of 15.0 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Vacant land
Infrastructure Accessibility	<ul style="list-style-type: none"> • Site has access to water and sewer lines • Requires in-tract roadways, sidewalks, and utilities
RHNA Designation	<ul style="list-style-type: none"> • Site is not a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Proposed product type complements adjacent single-family uses • Does not require land assembly • Does not require demolition • Construction costs are relatively low compared to higher density development • High demand for for-sale housing • Easily accessible from State Routes 54 and 125
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Requires General Plan Amendment

Candidate Site 2 Development Prototype B Attached Townhomes (In-Fill Site)	
Assessor’s Parcel Number(s)	579-300-32 and 579-300-33
Number of Owners	One (1) owner
Gross Acres	1.10 acres
General Plan Land Use Designation	Office Professional
Maximum Residential Density	Assumes density of 15.0 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Vacant land
Infrastructure Accessibility	<ul style="list-style-type: none"> • Site has access to water and sewer lines • Requires in-tract roadways, sidewalks, and utilities
RHNA Designation	<ul style="list-style-type: none"> • Site is not a RHNA designated site

Candidate Site 2 Development Prototype B Attached Townhomes (In-Fill Site)	
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Proposed product type complements adjacent single-family uses • Does not require land assembly • Does not require demolition • Construction costs are relatively low compared to higher density development • High demand for for-sale housing • Located adjacent to elementary school
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Requires General Plan Amendment

Candidate Site 3 Development Prototype C Garden Apartments (Non-Contiguous Site)	
Assessor’s Parcel Number(s)	584-400-10, 584-400-11, 584-400-50, and 584-400-53
Number of Owners	Two (2) owners
Gross Acres	0.71 acres
General Plan Land Use Designation	General Commercial
Maximum Residential Density	Assumes density of 24.0 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Former restaurant • Vacant land
Infrastructure Accessibility	<ul style="list-style-type: none"> • Site has access to water and sewer lines
RHNA Designation	<ul style="list-style-type: none"> • Site is not a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Property fronts Jamacha Boulevard (main corridor) • Construction costs are relatively low compared to higher density development • Located approximately ½ mile from an elementary school • Proximity to State Route 125
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Requires General Plan Amendment • Requires land assembly • Requires demolition of existing improvement • Site is non-contiguous (separated by alley) which may pose design challenges • Current multi-family market rents in the Trade Ring do not support the cost of new construction

Candidate Site 4 Development Prototype D Stacked Flat w/Surface and Tuck-Under Parking	
Assessor’s Parcel Number(s)	584-330-50
Number of Owners	One (1) owner
Gross Acres	0.50 acres
General Plan Land Use Designation	General Commercial
Maximum Residential Density	Assumes density of 30.0 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Vacant land
Infrastructure Accessibility	<ul style="list-style-type: none"> • Site has access to water and sewer lines
RHNA Designation	<ul style="list-style-type: none"> • Site is not a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Proposed product type is consistent with adjacent rental apartments • Does not require land assembly • Does not require demolition • Located approximately ½ mile from an elementary school • Property fronts Grand Avenue (main corridor) • Proximity to State Route 125
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Requires General Plan Amendment • Current multi-family market rents in the Trade Ring do not support the cost of new construction

Candidate Site 5 Development Prototype E Stacked Flat w/Ground Floor Commercial and Surface/ Tuck-Under Parking	
Assessor’s Parcel Number(s)	584-450-35, 584-450-36, 584-450-47, and 584-450-60
Number of Owners	Two (2) owners
Gross Acres	1.23 acres
General Plan Land Use Designation	General Commercial
Maximum Residential Density	Assumes density of 30.0 units per gross acre
Existing Improvements	<ul style="list-style-type: none"> • Commercial strip center • Vacant land
Infrastructure Accessibility	<ul style="list-style-type: none"> • Site has access to water and sewer lines
RHNA Designation	<ul style="list-style-type: none"> • Site is not a RHNA designated site
Factors Supporting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Proposed product type is consistent with adjacent rental apartments • Located in close proximity to two (2) elementary schools • Property fronts Grand Avenue (main corridor) • Proximity to State Route 125
Constraints Affecting Residential Development on Candidate Site	<ul style="list-style-type: none"> • Requires General Plan Amendment • Requires land assembly • Requires demolition of existing improvements • Multi-tenant uses may be costly to terminate existing leases and/or relocate • Current multi-family market rents in the Trade Ring do not support the cost of new construction

IV. FINANCIAL PRO FORMA MODELS

The KMA financial pro forma models test the financial feasibility of the five (5) development prototypes. The models reflect hypothetical sites and are not specific to any property within the Focus Area. For each of the financial pro formas models, KMA estimated:

- Development costs, consisting of direct construction costs, indirects, and financing costs
- Projected gross sales revenue, including developer profit/cost of sale (Prototypes A and B)
- Projected income and operating expenses (Prototypes C, D, and E)
- Estimates of residual land value

The pro forma models yield an estimate of the residual land value for each respective development prototype. The residual land value outcomes represent the amount that a developer can afford to pay for the combination of land acquisition and off-site infrastructure improvements. The full residual land

value models are attached to this report as Appendices A (for-sale development prototypes) and B (rental development prototypes).

A. Project Descriptions

Within each Appendix, KMA presents a physical description of the respective development prototype, including site area, density, residential unit mix, number of stories, commercial SF (if applicable), parking type, and other physical attributes.

B. Estimated Development Costs

KMA also estimated development costs for each development prototype. These estimates are based on our recent experience with comparable developments in Southern California and industry data sources. These estimates include the following components:

- Direct construction costs, such as on-site improvements, parking, shell construction, amenities/furniture, fixtures, and equipment (FF&E), and contingency. KMA has not included a budget for off-site improvement costs such as sidewalks/curb and gutter, right-of-way improvements, utilities, or stormwater mitigation as specific estimates cannot be formulated at this time. The KMA estimates of direct construction costs also do not assume prevailing wages or costs associated with demolition, relocation, or environmental remediation, if applicable.
- Indirect costs, such as architecture and engineering, permits and fees, legal and accounting, taxes and insurance, developer fee, marketing and lease-up/sales, and contingency. The development prototypes are generally consistent with existing zoning conditions and/or the County's General Plan. For sites that are not currently zoned for residential development, KMA assumed that the County implemented any potential changes to zoning or design guidelines to allow these developments to be constructed. Therefore, indirect costs do not account for delays resulting from a General Plan Amendment or other lengthy entitlement processes.
- Financing costs, such as loan fees and interest during construction/lease-up.

C. Gross Sales Proceeds and Residual Land Value – For-Sale Prototypes

KMA prepared estimates of for-sale pricing/gross sales proceeds, target developer profit/cost of sale, and residual land value estimates.

D. Net Operating Income – Rental Prototypes

KMA calculated net operating income (NOI) for each rental residential development prototype. NOI is estimated by taking into account market rate rents that vary by bedroom type/size, other income, and an estimate of operating expenses, including property taxes/special assessments and replacement reserves. For Prototype E, KMA calculated NOI for the commercial component. The commercial NOI takes into account an achievable monthly rent, a vacancy factor, and an estimate of unreimbursed operating expenses.

E. Residual Land Values – Rental Prototypes

The detailed calculation of residual land value for the rental prototypes includes an estimate of capitalization rate, cost of sale, and target developer profit.

V. LIMITING CONDITIONS

1. KMA has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties.
2. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured. No guarantee is made as to the possible effect on development of current or future Federal, State, or local legislation including environmental or ecological matters.
3. The analysis, opinions, recommendations, and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.
4. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity. If an unforeseen change occurs in the local or national economy, the analysis and conclusions contained herein may no longer be valid.
5. Any estimates of development costs, project income, and/or value in this evaluation are based on the best available project-specific data as well as the experiences of similar projects. They are not intended to be predictions of the future for the specific project. No warranty or representation is made that any of these estimates or projections will actually materialize.
6. It has been assumed that the value of the property will not be impacted by the presence of any soils, toxic, or hazardous conditions that require remediation to allow development. Additionally, it is assumed that perceived toxic conditions (if any) on surrounding properties will not affect the value of the property.
7. KMA is not advising or recommending any action be taken by the County with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues).
8. KMA is not acting as a Municipal Advisor to the County and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the County pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.
9. The County shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own Municipal Advisors, that it deems appropriate before acting on the information and material.

APPENDIX A

**For-Sale Development Prototypes
Spring Valley Focus Area**

**Development Feasibility Analysis
County of San Diego**

TABLE A-1

PROJECT DESCRIPTIONS
 SPRING VALLEY FOCUS AREA
 DEVELOPMENT FEASIBILITY ANALYSIS
 COUNTY OF SAN DIEGO

	A			B		
	Attached Townhomes			Attached Townhomes (In-fill Site)		
I. Tenure	For-Sale			For-Sale		
II. Site Area						
Gross Acres	7.44	Acres	85%	1.10	Acres	85%
(Less) Open Space/Environmental Easements	0.00	Acres	0%	0.00	Acres	0%
(Less) Circulation/Amenities	<u>(1.12)</u>	Acres	<u>15%</u>	<u>(0.17)</u>	Acres	<u>15%</u>
Net Acres	6.32	Acres	100%	0.94	Acres	100%
III. Gross Building Area (GBA)						
Net Residential	179,900	SF	99%	34,400	SF	100%
Community/Recreation	1,500	SF	1%	0	SF	0%
Circulation/Lobby	<u>0</u>	SF	<u>0%</u>	<u>0</u>	SF	<u>0%</u>
Total GBA	181,400	SF	100%	34,400	SF	100%
IV. Unit Mix	<u>Number of Units</u>		<u>Unit Size</u>	<u>Number of Units</u>		<u>Unit Size</u>
Two Bedroom	0	0%	--- SF	10	40%	1,200 SF
Three Bedroom	44	40%	1,500 SF	16	60%	1,400 SF
Four Bedroom	<u>67</u>	<u>60%</u>	<u>1,700</u> SF	<u>0</u>	<u>0%</u>	<u>---</u> SF
Total Units/Average	111	100%	1,621 SF	26	100%	1,323 SF
V. Number of Units	111 Units			26 Units		
VI. Density (Units/Acre)	15.0 Units/Gross Acre 17.6 Units/Net Acre			24.0 Units/Gross Acre 27.8 Units/Net Acre		
VII. Floor Area Ratio (FAR)	0.66			0.84		
VIII. Construction Type	Type V - Wood-Frame			Type V - Wood-Frame		
IX. Stories	3 Stories			3 Stories		
X. Maximum Building Height	35 Feet			35 Feet		
XI. Parking	Attached Garages			Attached Garages		
Type	Attached Garages			Attached Garages		
Parking Spaces	256 Spaces			52 Spaces		
Parking Ratio	2.30 Spaces/Unit			2.00 Spaces/Unit		

TABLE A-2

ESTIMATED DEVELOPMENT COSTS AND RESIDUAL LAND VALUE
 SPRING VALLEY FOCUS AREA
 DEVELOPMENT FEASIBILITY ANALYSIS
 COUNTY OF SAN DIEGO

	A			B				
	Attached Townhomes			Attached Townhomes (In-fill Site)				
I. Development Costs	Total	Per Unit	Comments	Total	Per Unit	Comments		
A. Direct Costs ⁽¹⁾								
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 /SF Site - Gross	\$0	\$0	\$0 /SF Site - Gross		
On-Site Improvements/Landscaping ⁽²⁾	\$6,482,000	\$58,400	\$20 /SF Site - Gross	\$1,198,000	\$46,100	\$25 /SF Site - Gross		
Parking	\$0	\$0	Included below	\$0	\$0	Included below		
Shell Construction	\$36,280,000	\$326,800	\$200 /SF GBA	\$6,880,000	\$264,600	\$200 /SF GBA		
Amenities/FF&E	\$389,000	\$3,500	Allowance	\$0	\$0	Allowance		
Contingency	<u>\$2,158,000</u>	<u>\$19,400</u>	5.0% of Directs	<u>\$404,000</u>	<u>\$15,500</u>	5.0% of Directs		
Total Direct Costs	\$45,309,000	\$408,200	\$250 /SF GBA	\$8,482,000	\$326,200	\$247 /SF GBA		
B. Indirect Costs								
Architecture & Engineering	\$2,719,000	\$24,500	6.0% of Directs	\$509,000	\$19,600	6.0% of Directs		
Permits & Fees ⁽²⁾	\$4,535,000	\$40,900	\$25 /SF GBA	\$860,000	\$33,100	\$25 /SF GBA		
Legal & Accounting	\$680,000	\$6,100	1.5% of Directs	\$127,000	\$4,900	1.5% of Directs		
Taxes & Insurance	\$2,409,000	\$21,700	3.0% of Value	\$499,000	\$19,200	3.0% of Value		
Developer Fee	\$1,812,000	\$16,300	4.0% of Directs	\$339,000	\$13,000	4.0% of Directs		
Marketing/Sales	\$2,409,000	\$21,700	3.0% of Value	\$499,000	\$19,200	3.0% of Value		
Contingency	<u>\$728,000</u>	<u>\$6,600</u>	5.0% of Indirects	<u>\$142,000</u>	<u>\$5,500</u>	5.0% of Indirects		
Total Indirect Costs	\$15,292,000	\$137,800	33.8% of Directs	\$2,975,000	\$114,400	35.1% of Directs		
C. Financing Costs	<u>\$4,531,000</u>	<u>\$40,800</u>	10.0% of Directs	<u>\$848,000</u>	<u>\$32,600</u>	10.0% of Directs		
D. Total Development Costs ⁽³⁾	\$65,132,000	\$586,800	\$359 /SF GBA	\$12,305,000	\$473,300	\$358 /SF GBA		
II. Residual Land Value								
A. Gross Sales Proceeds	# Units	Price/Unit	\$/SF	Total	# Units	Price/Unit	\$/SF	Total
Two Bedroom	0	\$0	\$0	\$0	10	\$600,000	\$500	\$6,000,000
Three Bedroom	44	\$698,000	\$465	\$30,712,000	16	\$665,000	\$475	\$10,640,000
Four Bedroom	<u>67</u>	<u>\$740,000</u>	<u>\$435</u>	<u>\$49,580,000</u>	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total/Average	111	\$723,400	\$446	\$80,292,000	26	\$640,000	\$484	\$16,640,000
(Less) Cost of Sale		3.0% of Value		(\$2,409,000)		3.0% of Value		(\$499,000)
(Less) Developer Profit		10.0% of Value		<u>(\$8,029,000)</u>		10.0% of Value		<u>(\$1,664,000)</u>
B. Net Sales Proceeds				\$69,854,000				\$14,477,000
C. (Less) Development Costs ⁽³⁾				<u>(\$65,132,000)</u>				<u>(\$12,305,000)</u>
D. Residual Land Value				\$4,722,000				\$2,172,000
Per Unit				\$43,000				\$84,000
Per Gross SF Land				\$15				\$45
Per Net SF Land				\$17				\$53

(1) Excludes the payment of prevailing wages.
 (2) Estimate; not verified by KMA or County.
 (3) Excludes acquisition costs.

APPENDIX B

**Rental Development Prototypes
Spring Valley Focus Area**

**Development Feasibility Analysis
County of San Diego**

TABLE B-1

PROJECT DESCRIPTIONS
SPRING VALLEY FOCUS AREA
DEVELOPMENT FEASIBILITY ANALYSIS
COUNTY OF SAN DIEGO

	C Garden Apartments (Non-Contiguous Site)	D Stacked Flat w/Surface and Tuck- Under Parking	E Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking
I. Tenure	Rental	Rental	Rental
II. Site Area	Gross Acres 0.71 Acres (less) Open Space/Environmental Easements 0.00 Acres (less) Circulation/Amenities (0.04) Acres Net Acres 0.67 Acres	Gross Acres 0.50 Acres 0.00 Acres (0.03) Acres 0.48 Acres	Gross Acres 1.23 Acres 0.00 Acres (0.06) Acres 1.17 Acres
	95%	95%	95%
	0%	0%	0%
	5%	5%	5%
	100%	100%	100%
III. Gross Building Area (GBA)			
<u>Residential</u>			
Net Residential	15,810 SF	11,925 SF	28,800 SF
Community/Recreation	250 SF	0 SF	500 SF
Circulation/Lobby	0 SF	1,330 SF	3,260 SF
Total GBA - Residential	16,060 SF	13,255 SF	32,560 SF
Add: Commercial Space	0 SF	0 SF	1,000 SF
Total GBA	16,060 SF	13,255 SF	33,560 SF
IV. Unit Mix			
One Bedroom	6	6	14
Two Bedroom	8	8	18
Three Bedroom	3	2	4
Total Units/Average	17	15	36
	100%	100%	100%
	930 SF	795 SF	800 SF
V. Number of Units	17 Units	15 Units	36 Units
VI. Density (Units/Acre)	24.0 Units/Gross Acre 25.2 Units/Net Acre	30.0 Units/Gross Acre 31.6 Units/Net Acre	30.0 Units/Gross Acre 30.8 Units/Net Acre
VII. Floor Area Ratio (FAR)	0.55	0.64	0.66
VIII. Construction Type	Type V	Type V	Type V
IX. Stories	2-3 Stories	3 Stories	3 Stories
X. Maximum Building Height	25-35 Feet	35 Feet	35 Feet
XI. Parking	Surface/Carports/Attached Garages	Surface/Tuck-Under	Surface/Tuck-Under
<u>Residential</u>			
Parking Spaces	28 Spaces	24 Spaces	58 Spaces
Parking Ratio	1.65 Spaces/Unit	1.60 Spaces/Unit	1.61 Spaces/Unit
<u>Commercial</u>			
Parking Spaces	0 Spaces	0 Spaces	4 Spaces
Parking Ratio	0.00 Spaces/1,000 SF	0.00 Spaces/1,000 SF	4.00 Spaces/1,000 SF

Prepared by: Keyser Marston Associates, Inc.
 Filename: SD County_DFA-Spring Valley_Development Prototypes_v3:8/6/2024;ema

TABLE B-2
 ESTIMATED DEVELOPMENT COSTS
 SPRING VALLEY FOCUS AREA
 DEVELOPMENT FEASIBILITY ANALYSIS
 COUNTY OF SAN DIEGO

	C Garden Apartments (Non-Contiguous Site)				D Stacked Flat w/Surface and Tuck-Under Parking				E Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking			
	Total	Per Unit	Comments		Total	Per Unit	Comments		Total	Per Unit	Comments	
I. Direct Costs ⁽¹⁾												
Off-Site Improvements ⁽²⁾	\$0	\$0	\$0 Per SF Site - Gross		\$0	\$0	\$0 Per SF Site - Gross		\$0	\$0	\$0 Per SF Site - Gross	
On-Site Improvements/Landscaping	\$619,000	\$36,400	\$20 Per SF Site - Gross		\$653,000	\$43,500	\$30 Per SF Site - Gross		\$1,072,000	\$29,800	\$20 Per SF Site - Gross	
Parking	\$0	\$0	Included above		\$0	\$0	Included above		\$0	\$0	Included above	
Shell Construction - Residential	\$4,015,000	\$236,200	\$250 Per SF GBA - Res.		\$3,977,000	\$265,100	\$300 Per SF GBA - Res.		\$10,256,000	\$284,900	\$315 Per SF GBA - Res.	
Shell Construction - Commercial	\$0	\$0	\$0 Per SF GBA - Comm.		\$0	\$0	\$0 Per SF GBA - Comm.		\$150,000	\$4,200	\$150 Per SF GBA - Comm.	
Tenant Improvements	\$0	\$0	\$0 Per SF GBA - Comm.		\$0	\$0	\$0 Per SF GBA - Comm.		\$40,000	\$1,100	\$40 Per SF GBA - Comm.	
Amenities/FF&E	\$60,000	\$3,500	Allowance		\$0	\$0	Allowance		\$126,000	\$3,500	Allowance	
Contingency	\$235,000	\$13,800	5.0% of Directs		\$232,000	\$15,500	5.0% of Directs		\$582,000	\$16,200	5.0% of Directs	
Total Direct Costs	\$4,929,000	\$289,900	\$307 Per SF GBA		\$4,862,000	\$324,100	\$367 Per SF GBA		\$12,226,000	\$339,600	\$375 Per SF GBA	
II. Indirect Costs												
Architecture & Engineering	\$296,000	\$17,400	6.0% of Directs		\$389,000	\$25,900	8.0% of Directs		\$978,000	\$27,200	8.0% of Directs	
Permits & Fees ⁽²⁾	\$402,000	\$23,600	\$25 Per SF GBA		\$331,000	\$22,100	\$25 Per SF GBA		\$814,000	\$22,600	\$25 Per SF GBA	
Legal & Accounting	\$74,000	\$4,400	1.5% of Directs		\$73,000	\$4,900	1.5% of Directs		\$183,000	\$5,100	1.5% of Directs	
Taxes & Insurance	\$74,000	\$4,400	1.5% of Directs		\$73,000	\$4,900	1.5% of Directs		\$183,000	\$5,100	1.5% of Directs	
Developer Fee	\$197,000	\$11,600	4.0% of Directs		\$194,000	\$12,900	4.0% of Directs		\$489,000	\$13,600	4.0% of Directs	
Marketing/Lease-Up	\$43,000	\$2,500	Allowance		\$38,000	\$2,500	Allowance		\$90,000	\$2,500	Allowance	
Contingency	\$54,000	\$3,200	5.0% of Indirects		\$55,000	\$3,700	5.0% of Indirects		\$137,000	\$3,800	5.0% of Indirects	
Total Indirect Costs	\$1,140,000	\$67,100	23.1% of Directs		\$1,153,000	\$76,900	23.7% of Directs		\$2,874,000	\$79,800	23.5% of Directs	
III. Financing Costs	\$493,000	\$29,000	10.0% of Directs		\$486,000	\$32,400	10.0% of Directs		\$1,223,000	\$34,000	10.0% of Directs	
IV. Development Costs ⁽³⁾	\$6,562,000	\$386,000	\$409 Per SF GBA		\$6,501,000	\$433,400	\$490 Per SF GBA		\$16,323,000	\$453,400	\$501 Per SF GBA	

(1) Excludes the payment of prevailing wages.
 (2) Estimate, not verified by KWA or County.
 (3) Excludes acquisition costs.

ATTACHMENT A
NET OPERATING INCOME
SPRING VALLEY FOCUS AREA
DEVELOPMENT FEASIBILITY ANALYSIS
COUNTY OF SAN DIEGO

		C Garden Apartments (Non-Contiguous Site)				D Stacked Flat w/Surface and Tuck-Under Parking				E Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking								
		Monthly		Monthly		Monthly		Monthly		Monthly		Monthly						
		Unit Size	# Units	\$/SF	Rent	Total Annual	Unit Size	# Units	\$/SF	Rent	Total Annual	Unit Size	# Units	\$/SF	Rent	Total Annual		
I. Residential Net Operating Income																		
A. Gross Scheduled Income (GSI)																		
One Bedroom @		750 SF	6	\$2.75	\$2,060	\$147,000	650 SF	6	\$3.10	\$2,020	\$145,000	650 SF	14	\$3.15	\$2,050	\$344,000		
Two Bedroom @		950 SF	8	\$2.50	\$2,380	\$218,000	850 SF	8	\$2.70	\$2,300	\$207,000	850 SF	18	\$2.75	\$2,340	\$505,000		
Three Bedroom @		1,200 SF	3	\$2.25	\$2,700	\$110,000	1,100 SF	2	\$2.40	\$2,640	\$48,000	1,100 SF	4	\$2.45	\$2,700	\$130,000		
Total/Average		930 SF	17	\$2.50	\$2,328	\$475,000	795 SF	15	\$2.80	\$2,222	\$400,000	800 SF	36	\$2.83	\$2,266	\$979,000		
Add: Other Income				\$25 /Unit/Month		\$5,000			\$50 /Unit/Month		\$9,000			\$50 /Unit/Month		\$22,000		
Total GSI						\$480,000					\$409,000					\$1,001,000		
(Less) Vacancy				5.0% of GSI		(\$24,000)			5.0% of GSI		(\$20,000)			5.0% of GSI		(\$50,000)		
Effective Gross Income (EGI)						\$456,000					\$389,000					\$951,000		
B. Operating Expense																		
(Less) Operating Expenses						(\$81,000)					(\$78,000)					(\$180,000)		
(Less) Property Taxes ⁽¹⁾						(\$73,000)					(\$60,000)					(\$149,000)		
(Less) Replacement Reserves						(\$4,000)					(\$300 /Unit/Year					(\$11,000)		
Total Expenses						(\$158,000)					(\$143,000)					(\$340,000)		
						34.6% of EGI					36.8% of EGI					35.8% of EGI		
C. Total NOI - Residential						\$298,000					\$246,000					\$611,000		
D. Capitalized Value Upon Completion @																		
				4.5% Cap Rate		\$6,622,000			4.5% Cap Rate		\$5,467,000			4.5% Cap Rate		\$13,578,000		
II. Commercial Net Operating Income																		
		Rentable SF	Monthly Rent		Total Annual		Rentable SF		Monthly Rent		Total Annual		Rentable SF		Monthly Rent		Total Annual	
A. Gross Scheduled Income (GSI)		0 SF		\$0.00 /SF/Month NNN		\$0		0 SF		\$0.00 /SF/Month NNN		\$0		1,000 SF		\$1.85 /SF/Month NNN		\$22,000
(Less) Vacancy				0.0% of GSI		\$0				0.0% of GSI		\$0				5.0% of GSI		(\$1,000)
Effective Gross Income (EGI)						\$0					\$0							\$21,000
B. Unincurred Operating Expenses																		
(Less) Retail/Restaurant Operating Expenses				0.0% of GSI		\$0			0.0% of GSI		\$0					5.0% of GSI		(\$1,000)
C. Total NOI - Commercial						\$0					\$0							\$20,000
D. Capitalized Value Upon Completion @																		
				0.0% Cap Rate		---			0.0% Cap Rate		---			6.0% Cap Rate				\$333,000

(1) Based on capitalized income approach; assumes a 1.1% tax rate and 4.5% cap rate as shown in Table B-4.

TABLE B-4
 RESIDUAL LAND VALUE
 SPRING VALLEY FOCUS AREA
 DEVELOPMENT FEASIBILITY ANALYSIS
 COUNTY OF SAN DIEGO

	C Garden Apartments (Non-Contiguous Site)	D Stacked Flat w/Surface and Tuck- Under Parking	E Stacked Flat w/Ground Floor Commercial and Surface/Tuck-Under Parking
I. Capitalized Value of NOI			
Residential	\$6,622,000	\$5,467,000	\$13,578,000
Commercial	<u>\$0</u>	<u>\$0</u>	<u>\$333,000</u>
Total Capitalized Value Upon Completion	\$6,622,000	\$5,467,000	\$13,911,000
(Less) Cost of Sale	3.0% of Value (\$199,000)	3.0% of Value (\$164,000)	3.0% of Value (\$417,000)
(Less) Developer Profit	12.0% of Value <u>(\$795,000)</u>	12.0% of Value <u>(\$656,000)</u>	12.0% of Value <u>(\$1,669,000)</u>
II. Net Sales Proceeds	\$5,628,000	\$4,647,000	\$11,825,000
(Less) Development Costs ⁽¹⁾	<u>(\$6,562,000)</u>	<u>(\$6,501,000)</u>	<u>(\$16,323,000)</u>
III. Residual Land Value	(\$934,000)	(\$1,854,000)	(\$4,498,000)
Per Unit	(\$55,000)	(\$124,000)	(\$125,000)
Per Gross SF Land	(\$30)	(\$85)	(\$84)
Per Net SF Land	(\$32)	(\$90)	(\$88)

(1) Excludes acquisition costs.



Exhibit E. Land Use Analysis



Planning and Development Services 5510 Overland Avenue
San Diego, CA 92123 sandiegocounty.gov

EXHIBIT E. LAND USE ANALYSIS

Land Use Alternatives

As part of the Development Feasibility Analysis (DFA) project, a calculation of residential dwelling unit yields was based on expected construction under various land use scenarios.

Starting with current existing land use designations (Alternative 0), a series of three land use alternative scenarios were prepared to show an increase of potential dwelling units based on strategic housing development that included increasing density and/or converting existing non-residential uses to residential. To support complete communities with commercial activities, some parcels were also recommended to convert to Village Core Mixed Use (VC-30), which allows both commercial and residential up to 30 dwelling units per acre. While this designation may yield less housing than purely residential uses, the project believes in a healthy mix of uses at key intersections and town center areas.

Table E-1. Land Use Alternative Tiers

Land Use Alternative	Description
Alternative 0: No Change to Current Land Use Policy	This no-change scenario maintains existing Land Use designations, and incentivizes housing development through capital improvements (e.g., infrastructure upgrades, road widening, bike lanes, new parks), and programmatic improvements (e.g., facilitated reviews, faster permitting process, transparency of fees/requirements).
Alternative 1: Mild Density Increase	This scenario envisions a very limited density increase on select residential parcels.
Alternative 2: Moderate Density Increase	This scenario envisions a moderate density increase on select residential parcels.
Alternative 3: Moderate-Diverse Density Increase	This scenario envisions a moderate density increase on select residential parcels, together with the rezoning of select commercial, industrial, and public facility parcels to allow residential use.

Land Constraints

To calculate dwelling unit yields under various land use scenarios, it is important to temper the calculations to reflect present-day conditions as best possible. To do this, a series of land constraints were reviewed and applied to restrict the developable acreage to best represent actual conditions.

Land constraints are shown in the below table. Each constraint was considered fully-constraining, with any amount of overlap removed from the parcel's developable acreage. This approach is conservative, with potential to mitigate certain constraints with engineering and other strategies which would increase land for development. Conversely, there may be additional development restrictions on certain layers, such as a buffer zone around a wetland habitat, that may further reduce developable acreage. Thus, treating all constraints as fully-constraining was seen as the best approach for calculation.

Table E-2. Land Constraints used for Dwelling Unit Calculations

Constraint	Year of Data	Source of Data (All downloaded from SanGIS)	Notes
Geological Fault Lines	1996	Geological Active Fault CN	No zones affect DFA areas.
Airport Hazard Zones	2022	Air Safety Zones CN	No zones affect DFA areas.
Airport Noise Zones	2021	Air Noise Contours	No zones affect DFA areas.
FEMA Floodplains	2024	Flood Plain	FIRM is the basis for floodplain management, mitigation, and insurance activities for the National Flood Insurance Program (NFIP). The database present the flood risk information depicted on the FIRM. FIRM is published by FEMA. Zones affecting DFA areas include Zone A & Zone AE, representing 1-percent-annual chance floodplain.
MSCP Habitat Preserve	2023	MSCP CN	The dataset represents the South County Subregional Plan, which does not include Buena Creek. Buena Creek is under the North County Multiple Species Conservation Program and falls under “outside open space network”.
Wetlands	2023	Wetlands	
Forest Conservation	N/A	Forest Conservation Initiative	No zones affect DFA areas.
Environmentally Sensitive Areas	2022	Environmentally Sensitive Areas	
Pre-approved Mitigation Areas (PAMA)	2023	MCSP CN	The dataset represents the South County Subregional Plan, which does not include Buena Creek. Buena Creek is under the North County Multiple Species Conservation Program and falls under “outside open space network”.
Publicly-owned Lands	2023	Land Ownership 2023	
Slope of 25-50%	2005	Slope CN	The dataset was built from a 10 meter GRID derived from 2002 IfSAR elevation surface of the County.
Slope more than 50%	2005	Slope CN	The dataset was built from a 10 meter GRID derived from 2002 IfSAR elevation surface of the County.



Additional factors may affect dwelling unit development but are too localized to be considered at this scale of calculation. These factors may include:

- Zoning setbacks
- Septic tank requirements
- Well setback requirements
- Limited access to the property
- Williamson Act contract lands
- Purchase of Agricultural Conservation Easement (PACE) program
- Land acquisition by non-governmental organizations for land conservation
- Expansion of tribal lands
- Legal lot status
- Dead-end road length restrictions

Dwelling Unit Calculations

As a baseline comparison, the 2024 actual dwelling unit counts are also presented.¹ Subsequently, potential dwelling unit yields were calculated for all alternative scenarios. For all dwelling unit yield calculations, a yield factor was applied. This yield factor has been sourced from the 2021 County of San Diego Housing Element Update, which set percentages based on a review of multi-family development constructed in the County since 2011. For single-family or other uses, the average 70% yield factor was applied.

Table E-3. Yield Factors applied for Dwelling Unit Calculations

Designation	Yield Factor
SPECIFIC PLAN AREA	70%
SEMI-RURAL RESIDENTIAL (SR-1)	70%
SEMI-RURAL RESIDENTIAL (SR-4)	70%
VILLAGE RESIDENTIAL (VR-2)	70%
VILLAGE RESIDENTIAL (VR-2.9)	70%
VILLAGE RESIDENTIAL (VR-4.3)	70%
VILLAGE RESIDENTIAL (VR-7.3)	70%
VILLAGE RESIDENTIAL (VR-10.9)	70%
VILLAGE RESIDENTIAL (VR-15)	62%
VILLAGE RESIDENTIAL (VR-20)	73%
VILLAGE RESIDENTIAL (VR-24)	89%
VILLAGE RESIDENTIAL (VR-30)	76%
VILLAGE CORE MIXED USE	32%

¹ Current dwelling unit counts are sourced from Urban Footprint 2024.



The following table summarizes actual existing dwelling unit counts compared with expected dwelling unit yields under current land use policy conditions (Alternative 0) and Alternatives 1 through 3.

$$(\text{Land Use Residential Density} * \text{Yield Factor}) * \text{Parcel Unconstrained Acreage}$$

The table also shows dwelling unit yield on only vacant land, and on only underutilized land. This subset of dwelling unit yield shows a potentially more realistic number of potential dwelling units, given the likelihood of development and redevelopment based on current conditions.

Table E-4. Dwelling Unit Yields for across all DFA Areas per Alternative Scenario

Dwelling Unit Yields	2024 Actual	Alternative 0	Alternative 1	Alternative 2	Alternative 3
Actual Existing Dwelling Units (2024)	15,906				
DU Yield on All Unconstrained Land		18,903	18,795	18,951	20,112
DU Yield on Unconstrained Vacant Land		560	598	656	813
DU Yield on Unconstrained Underutilized Land only (non-vacant) ²		5,698	5,557	5,618	6,171

² Underutilized refers to parcels with a Building-to-Land-Value (BLV) of less than 1. A low BLV indicates that the value of improvements is less than the value of the land, and therefore offers a financial incentive to redevelop for better property value.

Land Use Alternatives

Considerations for Land Use Modifications

A set of conditions informed the selection of parcels for potential General Plan land use amendments. While these conditions informed parcel selection, they were not strict criteria for parcel inclusion or omission. The methodology also incorporated qualitative factors such as knowledge of the area, community feedback, current as-built conditions, and neighborhood character.

Considerations for Market and Development Potential:

- **The parcel is currently vacant.** Vacant parcels are easier to modify, as they require no demolition, have no existing residents, and may have potential for increased value, etc. Parcel vacancy data was sourced from Esri.
- **The parcel is currently underutilized.** Similar to vacant land, underutilized parcels are easier to modify, as they offer financial incentive to owners to increase lot value through improvements and higher use of the land. Underutilization was determined as having a low (>1.00) Building-to-Land-Value (BLV), calculated as the ratio of Assessed Improvement Value to Assessed Land Value. BLV values were sourced from Esri.
- **The parcel is on a public road.** Unlike cities, the unincorporated areas are heavily served by private roads. These roads are not maintained by the County, rather by a private entity such as a homeowners’ association. Prioritizing new housing developments on public roads allows for



more control for traffic improvements and road maintenance. Road data was sourced from SanGIS.

- **The parcel has access to water and sewer infrastructure.** High-level infrastructure studies conducted for this project indicate the DFA areas are generally well served by water and sewer lines and supporting infrastructure. In select areas, existing lines would benefit from upgrades due to age and to better accommodate planned levels of growth. In this case, additional capital will be needed to increase the capacity of the water or sewer lines. Water and sewer data was sourced from the County as well as respective water districts.

Considerations for Residential Quality of Life:

- **The parcel is within 0.5 miles of a transit stop.** As the County moves towards Vehicles Miles Traveled (VMT) as a metric of future development potential, new development should prioritize areas with accessible transit. This action leverages existing infrastructure, encourages smart green growth, and supports households that lack consistent access to private vehicles. Transit data were sourced from SanGIS and analyzed via Esri Network Analyst.
- **The parcel is within 1 mile of a park or recreational facility.** Housing development is not just about building dwelling units. Critically important and inherent in the County's goals is to grow communities in a way that supports the economic, social, cultural, and physical well-being of their members. While the service area standard for a neighborhood park typically is 0.5 miles, unincorporated county areas typically have more open space, natural areas, large private lot sizes, and other non-urban traits that merit consideration of a larger service area of 1 mile. However, unincorporated areas may have challenges such as steep slopes, lack of sidewalks, long stretches of road, poor or absent streetlights, etc. that may hinder convenient access to parks. Park and recreational facility data was sourced from SanGIS and analyzed via Esri Network Analyst.
- **The parcel is within an established neighborhood.** Established neighborhoods that are already built out are not likely to be redeveloped. This is especially the case with interior neighborhoods that may have narrow access roads, long-term residents, and established neighborhood cohesion. Land use data were sourced from SanGIS and visually assessed via satellite imagery and site visits for neighborhood build-out.
- **The parcel has different surrounding uses.** Parcels that are on the "edge" of designation clusters are easier to change and become transition zones. Transitions and appropriate uses were emphasized in land use alternatives. Land use data was sourced from SanGIS.
- **The parcel location supports mixed land uses.** Select areas along main thoroughfares in DFA areas have existing commercial or industrial uses. While housing is proposed to increase via the land use alternatives, a healthy balance of commercial, industrial, and office uses are vital to a successful community with low VMT. Land use data was sourced from SanGIS.

Considerations for Environmental Constraints:

- **The parcel has a minimal slope.** Building on a higher slope poses challenges that inflate costs and typically reduce unit yield. Slope data were sourced from SanGIS.



- **The parcel is not in a flood risk zone.** Densification can exacerbate flood risk through land formation change, concretizing of natural areas, etc. Also, acquiring flood insurance increases homeowners' costs. Housing development should consider areas with minimal flood hazards. Flood risk in this project is not considered a criterion for full parcel omission, as it is acknowledged that flooding can be mitigated through infrastructure improvements. Flood risk information was sourced from the Federal Emergency Management Agency (FEMA).
- **The parcel is within a low fire hazard zone.** New housing development should consider high fire zones as a factor for limiting development, particularly in light of State laws regarding building in high fire hazard areas. These zones may also incur insurance challenges. Fire risk in this project is not considered a criterion for full parcel omission, but development projects in moderate or high fire zones do require fire safety and evacuation studies, including discussions with local fire agencies. Fire risk data reflect the CAL-FIRE Fire Hazard Severity Zones.

Table E-5. Parcels selected for Land Use Alternatives

Areas of Focus	Total Parcels	Parcels Recommended for Land Use Alternatives
All DFA Areas	10,518	209
Buena Creek	2,361	53
Valle de Oro/Casa de Oro	909	22
Lakeside	2,654	47
Spring Valley	4,594	87

Vacant and Underutilized Parcels

Land Use Alternatives, and resulting dwelling unit yields, were reviewed for the entirety of the DFA areas. However, the project recognizes that many parcels in these areas are already built out with single or multi-family homes, commercial businesses, industrial uses, etc. Many of these sites are well-established, generate good income for the property owner, and are unlikely to redevelop in the near future. With this in mind, the project emphasizes vacant parcels, which are the most feasible to develop, and underutilized parcels, which are more feasible to be redeveloped.

Each DFA area is host to an array of vacant and underutilized parcels, both of which offer higher feasibility for housing development.

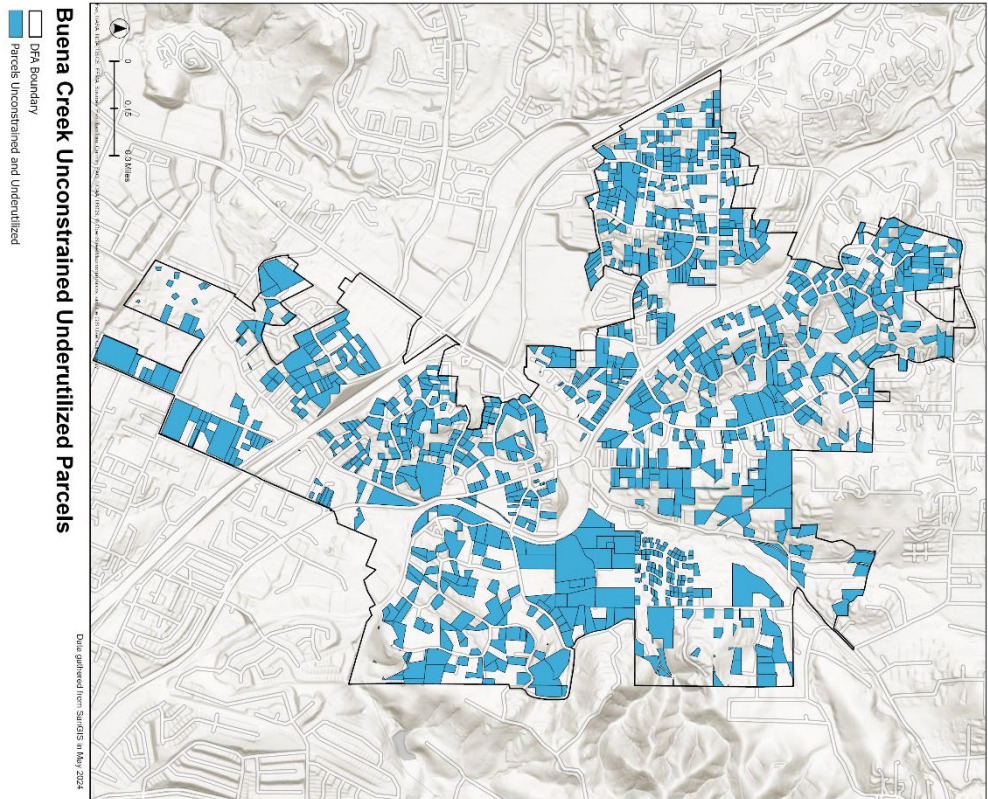
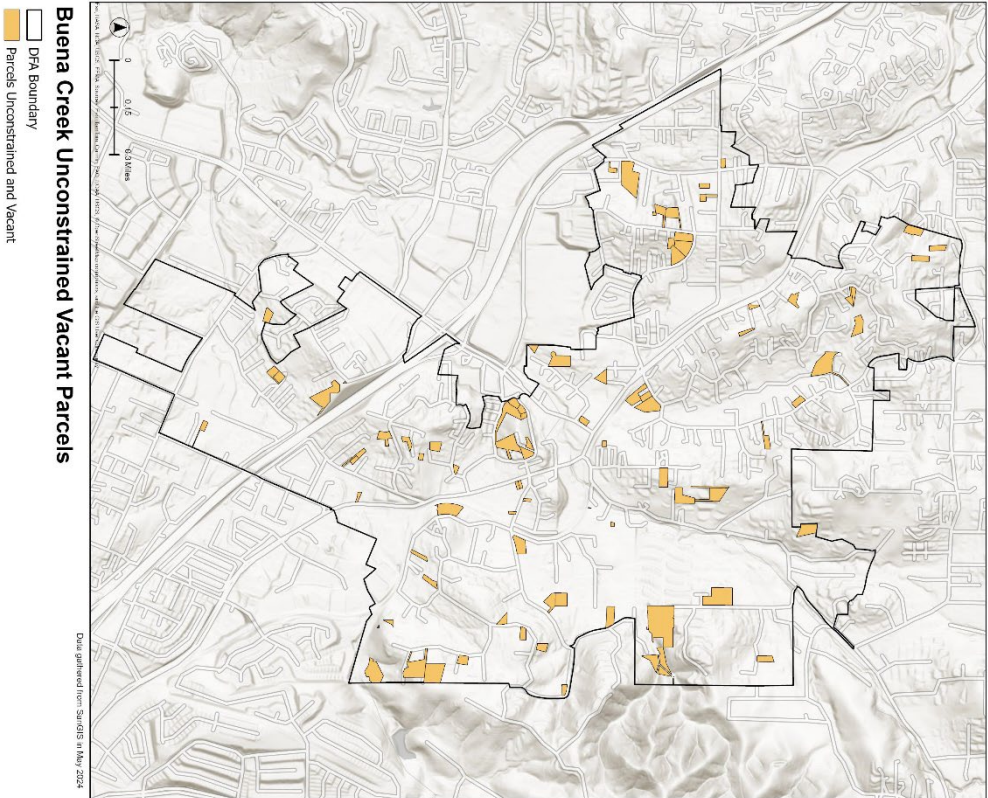
Table E-6. Vacant and Underutilized Parcels

Areas of Focus	Total Parcels	Vacant Parcels	Underutilized Parcels (non-vacant) ¹
All DFA Areas	10,518	248	3,123
Buena Creek	2,361	96	1,005
Valle de Oro/Casa de Oro	909	15	339
Lakeside	2,654	64	574
Spring Valley	4,594	73	1,205

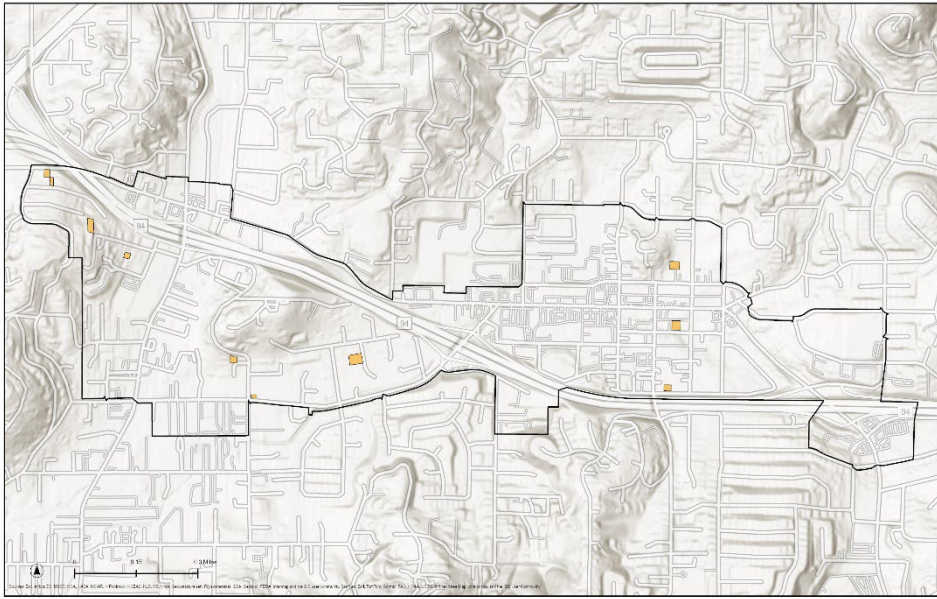
1. Underutilized refers to parcels with a Building-to-Land-Value (BLV) of less than 1. A low BLV indicates that the value of improvements is less than the value of the land, and therefore offers a strong financial incentive to redevelop for better property value. All vacant parcels are technically underutilized, but these have been removed from counts in this column to avoid redundancy.

It should be noted that not all lands are suitable for housing development. Environmental constraints such as steep slopes, wetlands, environmental habitat, floodplains, etc. act to reduce developable acreage across the DFA areas. The following section on dwelling unit calculations presents the calculated yields only on unconstrained lands, having removed acreage that is restricted by environmental constraints.

Map E-1. Unconstrained Vacant Parcels in Buena Creek
Map E-2. Unconstrained Underutilized Parcels in Buena Creek



Map E-3. Unconstrained Vacant Parcels in Valle de Oro/Casa de Oro

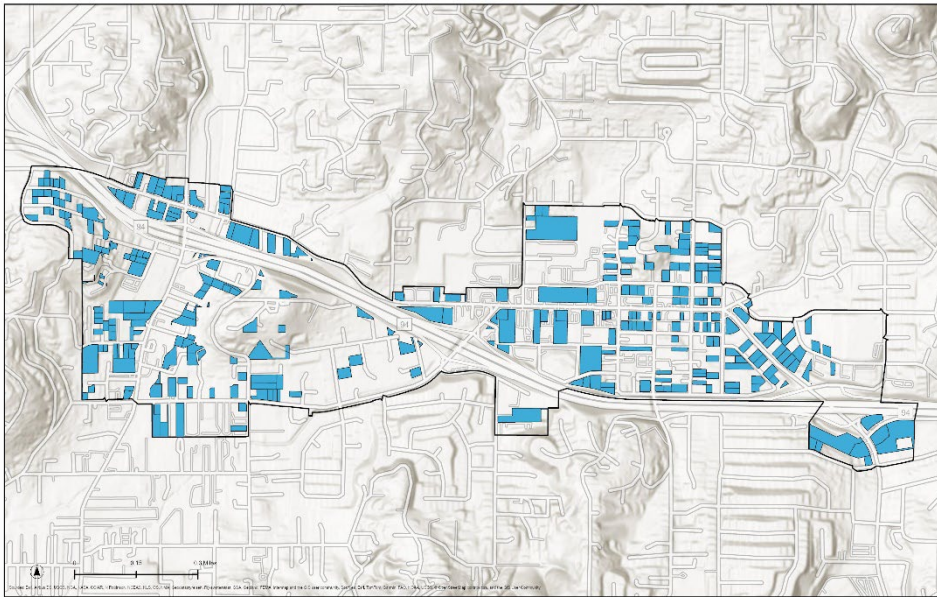


Valle de Oro/Casa de Oro Unconstrained Vacant Parcels

- DFA Boundary
- Parcels Unconstrained and Vacant



Map E-4. Unconstrained Underutilized Parcels in Valle de Oro/Casa de Oro

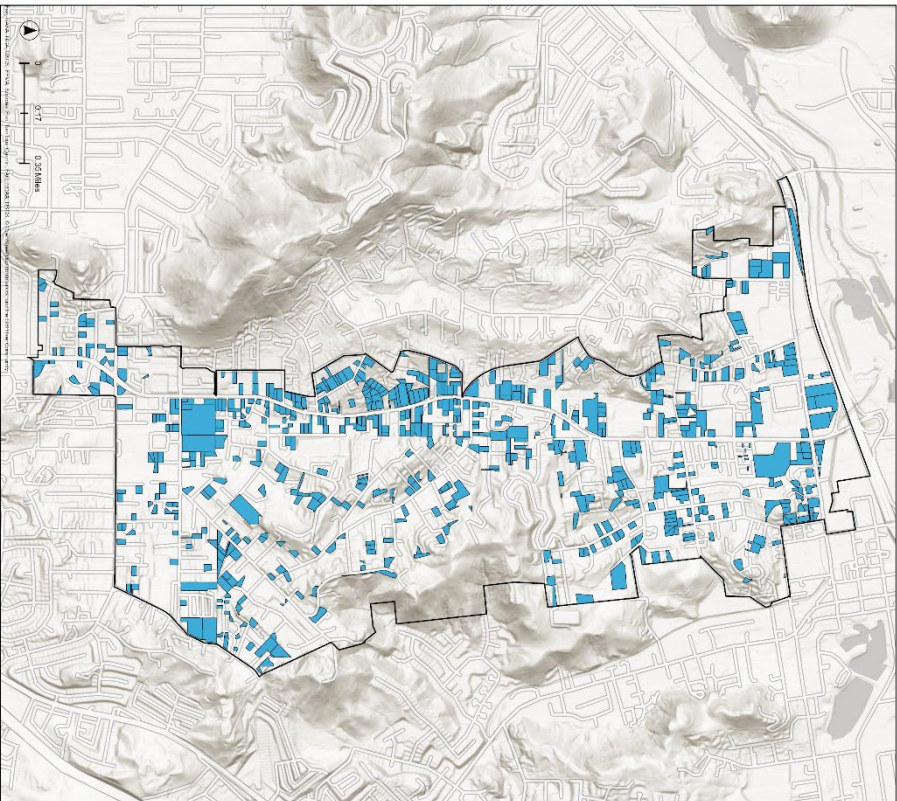
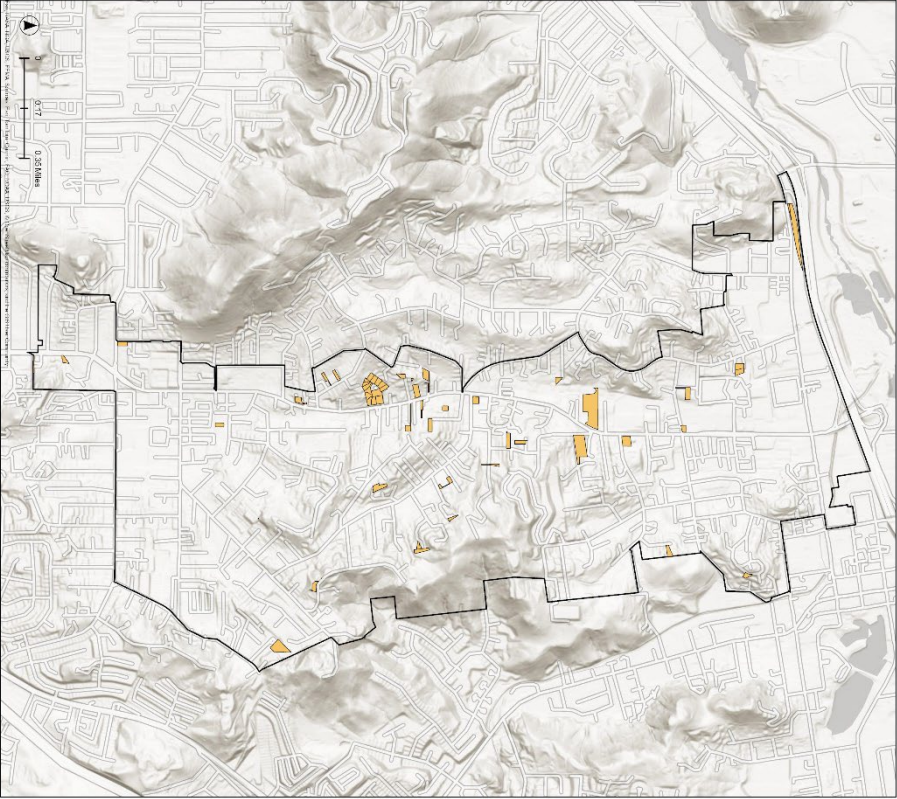


Valle de Oro/Casa de Oro Unconstrained Underutilized Parcels

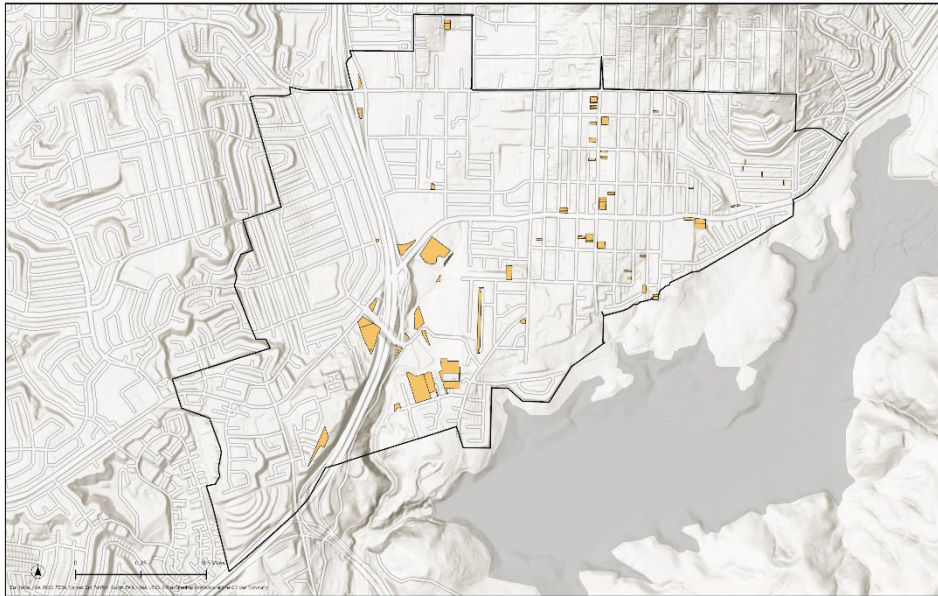
- DFA Boundary
- Parcels Unconstrained and Underutilized



Map E-5. Unconstrained Vacant Parcels in Lakeside
Map E-6. Unconstrained Underutilized Parcels in Lakeside



Map E-7. Unconstrained Vacant Parcels in Spring Valley



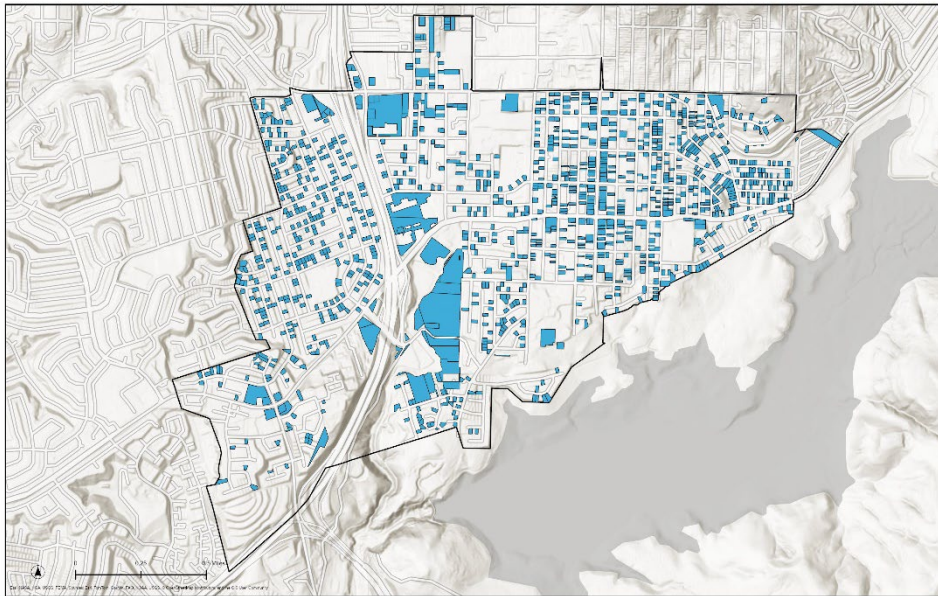
Spring Valley Unconstrained Vacant Parcels

- DFA Boundary
- Parcels Unconstrained and Vacant

Data gathered from SattO 8 in May 2020



Map E-8. Unconstrained Underutilized Parcels in Spring Valley



Spring Valley Unconstrained Underutilized Parcels

- DFA Boundary
- Parcels Unconstrained and Underutilized

Data gathered from SattO 8 in May 2020



Land Use Alternatives and Dwelling Unit Yields

While this study has established that Land Use designations are not the only potential barrier to housing development, three alternative Land Use scenarios are presented to support further housing in each DFA area. These alternatives represent variations to intensify residential density in targeted areas and under certain conditions.

Table E-7. Land Use Alternative Tiers

Land Use Alternative	Description
Alternative 0: No Change to Current Land Use Policy	This no-change scenario maintains existing Land Use designations, and incentivizes housing development through capital improvements (e.g., infrastructure upgrades, road widening, bike lanes, new parks), and programmatic improvements (e.g., facilitated reviews, faster permitting process, transparency of fees/requirements).
Alternative 1: Mild Density Increase	This scenario envisions a very limited density increase allowed on select residential parcels.
Alternative 2: Moderate Density Increase	This scenario envisions a moderate density increase on select residential parcels.
Alternative 3: Moderate-Diverse Density Increase	This scenario envisions a moderate density increase on select residential parcels, together with the rezoning of select commercial, industrial, and public facility parcels to allow residential use.

Under each alternative scenario, an increase of allowable dwelling units is unlocked. While this increase represents potential rather than actual, if coupled with other improvements and incentives, it is a supporter of housing development in unincorporated County areas. For maps and breakdowns per each DFA Area, please see the relevant section of this report.

The following table summarizes actual existing dwelling unit counts (2023) compared with expected dwelling unit yields under current land use policy conditions (Alternative 0) and Alternatives 1 through 3. Some key notes in the calculation of dwelling unit yields:

- Dwelling unit yield counts in Alternatives 1-3 represent potential, rather than actual, yields.
- Potential is based on [parcel acreage] x [parcel density] x [yield factor].
- Parcel acreage has been adjusted based on a series of constraints, which effectively render portions of parcel land undevelopable. Constraints include factors such as sensitive habitat areas, high flood areas, wetlands, steep slopes, etc.
- Constraints used reflect a conservative approach to housing development, and it is acknowledged that certain constraints may be mitigated with strategies (engineering, environmental, financial, and other). A series of mitigation strategies are included in the recommendations.



Table E-8. Dwelling Unit Yields for across all DFA Areas per Alternative Scenario

Dwelling Unit Yields	2024 Actual	Alternative 0	Alternative 1	Alternative 2	Alternative 3
Actual Existing Dwelling Units (2024)	15,906				
DU Yield on All Unconstrained Land		18,903	18,795	18,951	20,112
DU Yield on Unconstrained Vacant Land		560	598	656	813
DU Yield on Unconstrained Underutilized Land only (non-vacant) ¹		5,698	5,557	5,618	6,171

1. Underutilized refers to parcels with a Building-to-Land-Value (BLV) of less than 1. A low BLV indicates that the value of improvements is less than the value of the land, and therefore offers a strong financial incentive to redevelop for better property value.