

Fiscal Impact Analysis of Otay Ranch, Portion of Village Four Sectional Plan Area Development to the City of Chula Vista

Prepared for:
Otay Valley Quarry, LLC
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Executive Summary

Otay Valley Quarry, LLC has retained HR&A Advisors Inc. (“HR&A”) to estimate the net annual fiscal impacts of the residential development project (“Project”) at the Otay Ranch, Portion of Village Four Sectional Plan Area (“SPA”) on the City of Chula Vista’s (“City”) General Fund. The draft net fiscal impact of the Project was prepared using the City of Chula Vista’s new fiscal impact model and protocol developed July 2015 (“City Fiscal Impact Model”). The Project includes planned development for 350 homes, open space, open space preserve lots, and community purpose facilities. This report provides the results and supporting calculation details of the net fiscal impacts of the Project.

Summary of Net Fiscal Impacts to the City of Chula Vista

To calculate the net fiscal impact of the Project, HR&A developed and applied a series of inputs into the City Fiscal Impact Model. Otay Ranch Valley Quarry, LLC provided HR&A with certain Project information including the number of residential units, general sizing and typology of units, lane miles, number of community purpose facilities, amount of open space, and amount of preserve space. HR&A conducted a high-level market review of the Otay Ranch area’s single-family and multi-family sales prices, multi-family rental rates, rental/ownership residential distribution, and residential absorption. HR&A estimated the Project absorption based on California Department of Finance estimates of historical housing growth as well as City housing growth forecasts. To calculate single-family sale and multi-family value per unit, HR&A evaluated recent unit sales using RedFin.com, an independent real estate listing service. HR&A used data from CoStar and Zillow.com to estimate multi-family rents. HR&A assumed that the multi-family attached units would be rental units, while the multi-family detached and single-family units would be owner occupied.

By applying the City Fiscal Impact Model, in a manner detailed in the Appendix, HR&A evaluated the cost and revenue projections of the proposed Project across a multi-year period. Market based real estate pricing and absorption estimates were used to identify Project revenues, including property taxes, Motor Vehicle License Fee (“MVLFF”) In Lieu fees, property transfer taxes, sales, taxes, and licenses and permits. The difference between the Project’s total annual revenues and total annual City service costs yields the net annual fiscal impact of the Project, summarized in Table 1 for Years 1-5, with Year 1 signifying the first year that Project units are leased or sold.

The Project has a positive net fiscal impact in all five years of analysis, except for Year 1. In Year 5, the Project has an annual net fiscal impact of \$143,000. Across the analysis period, property tax and MVLFF-In Lieu fees are the largest sources of revenue generated by the Project. City service costs associated with the Police Department and Fire Department are the largest expenditures generated by the Project.

Table 1: Annual Net Fiscal Impact of the Project on the City of Chula Vista General Fund (Current Year Dollars)

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	\$139,276	\$329,366	\$399,291	\$438,002	\$480,573
Expenditures	\$172,450	\$300,630	\$337,298	\$337,298	\$337,298
Net Fiscal Impact Estimate	\$(33,174)	\$28,736	\$61,993	\$100,704	\$143,275

Source: City of Chula Vista, HR&A

Introduction

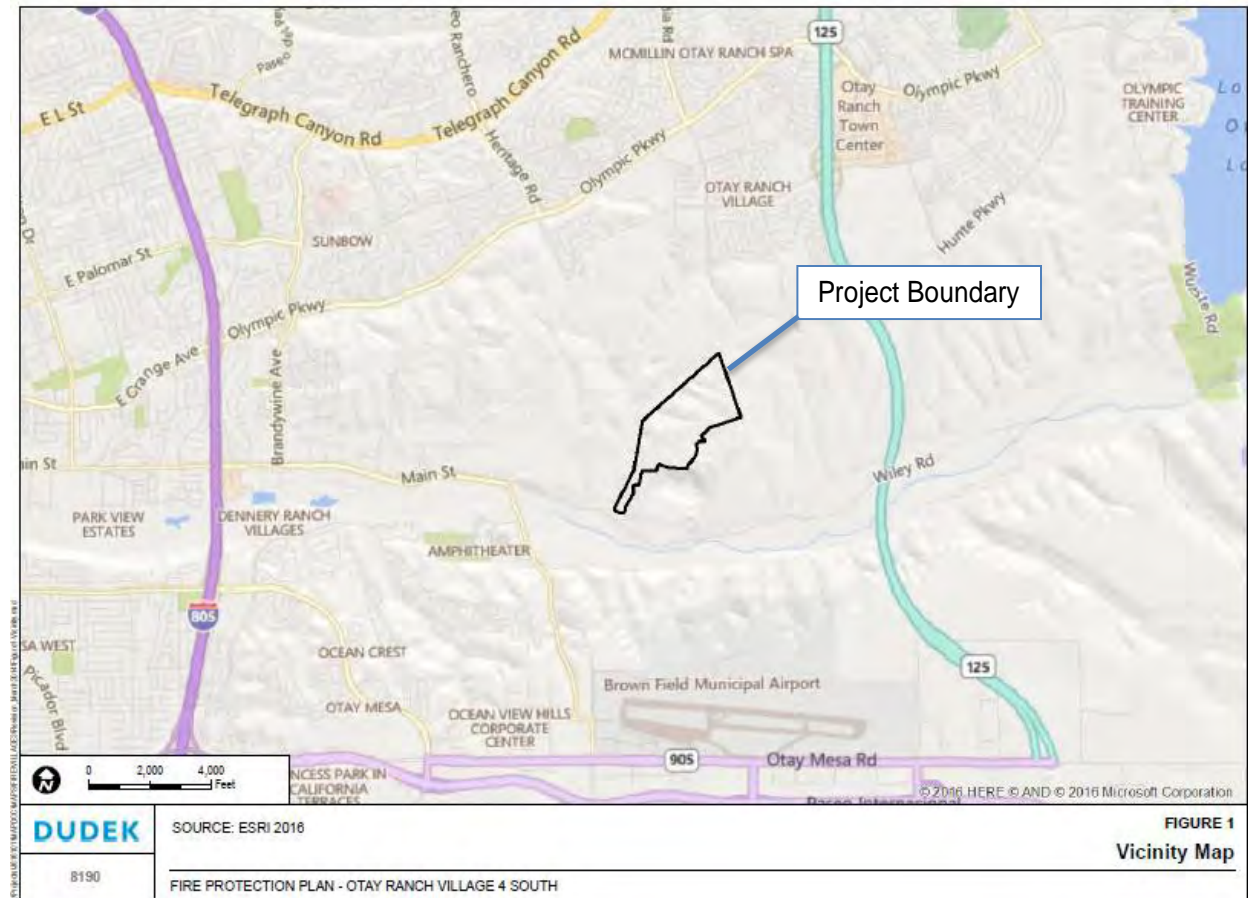
Otay Ranch is a master planned community in the City of Chula Vista, located at the southern border of the City. The Otay Ranch General Development Plan, established in 1993 sets a framework for the development of nine villages, from which additional village plan areas have been sub-divided.

The proposed Project encompasses 166.02 acres, located immediately southwest of La Media Road, roughly one mile west of the South Bay Expressway (SR-125), three miles east of Interstate 805 (I-805), and on mile south of Olympic Parkway, as shown in Figure 1: Otay Ranch, Portion of Village Four SPA. The proposed Sectional Planning Area (“SPA”) consists of both single-family and multi-family homes, community purpose facilities, open space, and open space preserve land, as shown in Figure 2.

The development proposal for Otay Ranch, Portion of Village Four SPA, consists of 350 housing units (277 multi-family units and 73 single-family units), open space, open space preserve lots, and two community purpose facilities on a 166.02-acre site.

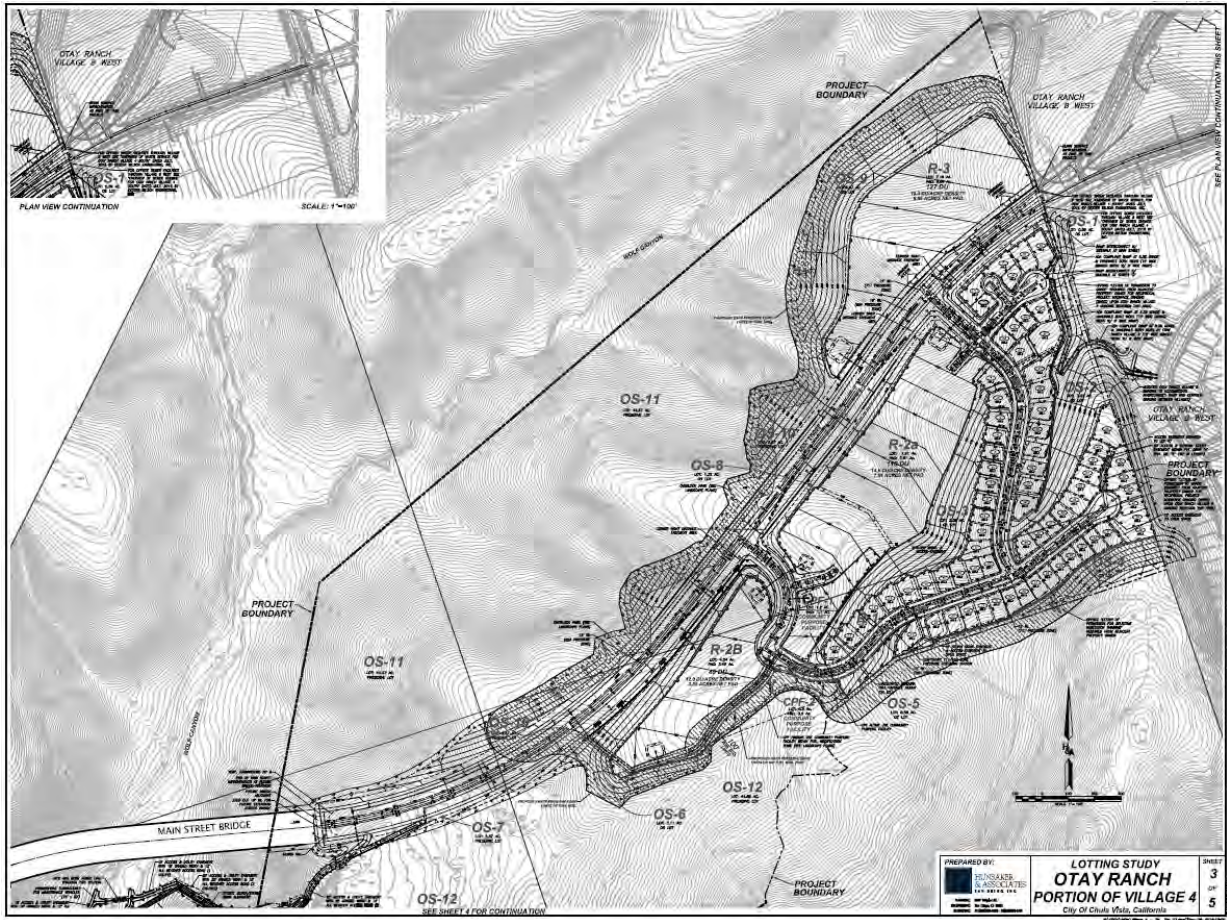
Otay Valley Quarry, LLC has retained HR&A Advisors (HR&A) to estimate the net annual fiscal impact of the development of the Project using the City’s Fiscal Impact Model.

Figure 1: Otay Ranch, Portion of Village Four SPA Location



Source: ESRI 2016, Otay Ranch, Portion of Village Four Fire Protection Plan

Figure 2: Otay Ranch, Portion of Village Four SPA Site Utilization Plan



Source: Otay Valley Quarry, LLC, Prepared by Hunsaker & Associates

Land Use Program

Table 2 presents the Project land uses by acres and units. There are 350 total residential units included in the Project. Of the 277 multi-family housing units, HR&A assumed the 127 multi-family attached product would be rented and the 150 multi-family attached product would be for-sale. In addition to residential uses, the land use program includes two community purpose facilities, 20.19 acres of open space, and 97.20 acres of open space preserve area.

Population and Employment

Table 2 also presents the estimated population of Otay Ranch, Portion of Village Four SPA. Population projections are based on the population per household estimate of 3.24, provided in the City Fiscal Impact Model, for both single-family and multi-family units.

Table 2: Otay Ranch, Portion of Village Four SPA Land Use Program

	Units	Acres
Single-Family Residential Units	73	15.18
Multi-Family Residential Units	277	19.31
<i>Multi-Family Units for Rent</i>	127	
<i>Multi-Family Units for Sale</i>	150	
Community Purpose Facility Areas		2.07
Total Residential Units/ Developed Acres	350	36.56
Open Spaces Areas		20.19
Open Space Preserve Areas		97.20
Other Acres (Circulation Acres)		12.06
Total Acres		166.02
<i>Population</i>		
Single-Family Persons/DU	3.24	237
Multi-Family Persons/DU	3.24	897
Total Estimated Population	1,134	

Source: Otay Valley Quarry, LLC, City Fiscal Impact Model, and HR&A

Projected Absorption Schedule

HR&A estimated Project absorption (shown in Table 4) using California Department of Finance estimates of historical housing growth (shown in Table 33) as well as Chula Vista forecasted housing growth, based on permit information (shown in Table 5). Between 2007 and 2016, an average of approximately 700 single-family and 395 multi-family units were added in Chula Vista each year. Based on City of Chula Vista permit data, an average of 406 single-family and 1,011 multi-family units are anticipated to be added each year between 2017-2021, primarily in the Otay Ranch area.

Given this historical absorption in the City of Chula Vista and growth projected in the Otay Ranch area, HR&A projected a two-year absorption period for single-family units and a three-year absorption period for multi-family units. The multi-family absorption estimate assumes one out of the three multi-family buildings proposed in the Project site plan is built each year, with the largest building built in Year 1 and smallest building in Year 3. The absorption estimate between the multi-family for-sale and rental product is based on the proportional split between the product types, as anticipated by the property owner. Table 5 presents

the market penetration (based on current permit data) required to achieve this absorption, which varies from 9 percent to 11 percent in Otay Ranch for the single-family homes and 3 to 10 percent for the multi-family homes. We believe this is reasonable among current Otay Ranch projects.

Table 3: Historical City of Chula Vista Housing Units and Change in Units

Year	Housing Units			Change in Housing Units		
	Single-Family	Multi-Family	Total	Single-Family	Multi-Family	Total
2000	35,671	19,975	55,646			
2001	37,215	20,441	57,656	1,544	466	2,010
2002	39,286	21,305	60,591	2,071	864	2,935
2003	40,969	22,545	63,514	1,683	1,240	2,923
2004	42,986	23,235	66,221	2,017	690	2,707
2005	45,163	24,066	69,229	2,177	831	3,008
2006	46,446	25,308	71,754	1,283	1,242	2,525
2007	47,133	26,067	73,200	687	759	1,446
2008	47,614	26,417	74,031	481	350	831
2009	47,817	26,722	74,539	203	305	508
2010	51,938	27,478	79,416	4,121	756	4,877
2011	52,155	27,625	79,780	217	147	364
2012	52,522	27,886	80,408	367	261	628
2013	52,912	28,339	81,251	390	453	843
2014	53,251	28,775	82,026	339	436	775
2015	53,405	29,094	82,499	154	319	473
2016	53,449	29,262	82,711	44	168	212
10-year Avg. Absorption				700	395	1,096

Source: California Department of Finance E-5 and HR&A

Table 4: HR&A Estimated Otay Ranch Village Four SPA Absorption

	Year 1	Year 2	Year 3
Single-Family	37	36	0
Multi-Family	125	110	42
<i>Detached - For-Sale</i>	67	60	23
<i>Attached - Rental</i>	58	50	19
Total Otay Ranch Village 4 Residential Annual Absorption	162	146	42
<i>Cumulative Absorption</i>		308	350

Source: Otay Valley Quarry, LLC and HR&A

Table 5: Anticipated Chula Vista Residential Growth and Estimated Project Penetration

<u>Chula Vista Forecasted Growth (Based on Permits)*</u>					
	Year 1	Year 2	Year 3	Year 4	Year 5
<u>Otay Ranch</u>					
Single-Family	351	415	407	517	340
Multi-Family	1,697	1,127	1,286	500	446
<u>Remainder of Chula Vista</u>					
Single-Family	40	34	4	4	4
Multi-Family	522	735	-	-	-
<u>Total Chula Vista</u>					
Single-Family	391	449	411	521	344
Multi-Family	2,219	1,862	1,286	500	446
<u>Required Market Penetration based on HR&A Absorption Estimate**</u>					
Single-Family	37	36			
<i>Required Otay Ranch Market Penetration Rate</i>	<i>11%</i>	<i>9%</i>			
<i>Total Chula Vista Penetration</i>	<i>9%</i>	<i>8%</i>			
Multi-Family	125	110	42		
<i>Required Otay Ranch Market Penetration Rate</i>	<i>7%</i>	<i>10%</i>	<i>3%</i>		
<i>Total Chula Vista Penetration</i>	<i>6%</i>	<i>6%</i>	<i>3%</i>		

*City of Chula Vista Annual Residential Growth Forecast

**HR&A Estimate

Source: City of Chula Vista 2016 Annual Residential Growth Forecast and HR&A

Methodology

This report evaluates the annual net fiscal impacts to the City of Chula Vista from the development of Otay Ranch, Portion of Village Four SPA. Net fiscal impacts represent total annual fiscal revenues to the City of Chula Vista less annual fiscal costs. To calculate the net fiscal impact of the Project, HR&A developed and applied a series of inputs into the City of Chula Vista Fiscal Impact Model. Otay Ranch Valley Quarry, LLC provided HR&A with key Project information including the number of residential units, lane miles, number of community purpose facilities, amount of open space, and amount of preserve space.

By applying the City Fiscal Impact Model in a manner that is detailed in the Appendix, HR&A evaluated the cost and revenue estimates of the Project across a multi-year period. Market based real estate pricing and absorption estimates were used to estimate Project revenues, including property taxes, MVLf-In Lieu fees, property transfer taxes sales taxes, and licenses and permits. The City Fiscal Impact Model was also used to estimate fiscal expenditures generated by the Project.

Assessed Values and Property Taxes

The incremental assessed value attributable to Otay Ranch, Portion of Village Four SPA is used to estimate property taxes, property transfer taxes, and MVLf in-lieu fees. As described below, HR&A reviewed current market data for residential uses and reviewed the assessed value of comparable projects to determine appropriate assessed values to be applied in this analysis.

Current Property's Assessed Value

The property's current assessed value of \$1,970,000 is based on the Notification of 2016 Taxable Value prepared by the County of San Diego Assessor's Office and Recorder/County Clerk's Office.

Single-Family Residential Assessed Value

Otay Ranch, Portion of Village Four SPA will include 73 single-family homes. HR&A used RedFin.com to review sale prices for single-family homes, between 1,600 and 2,000 square feet, sold between January 2016 and June 2017 in Chula Vista. Housing units built before 2014 were excluded as the sale prices were not reflective of new development pricing. The search yielded 30 single-family sales, however, 17 of the sales located in zip code 91911 were removed because the surrounding area was denser and more urban than Otay Ranch. The remaining sales are all located in zip codes 91913 and 91915. Details on these sales are shown in Table 6. The average sales price of these single-family homes, \$506,000, was assumed to be the assessed value for single-family homes in the project.

Multi-Family Residential Assessed Value

A large proportion of the Project's residential units will be multi-family, both for-sale and rental. HR&A conducted a similar analysis to the single-family residential value analysis to derive the assessed value of for-sale multi-family units. The average sales price was based on sales data for condominium and townhomes units, between 1,400 and 1,800 square feet, built 2014 or later, sold from January 2016 to June 2017. HR&A found 30 sales within the constraints, all were located in zip codes 91913 and 91915. Detail on these sales is presented in Table 7. The average sales price of these multi-family home sales, \$411,000, was assumed to be the assessed value for multi-family homes in the Project.

The multi-family rental unit assessed value is based on a market capitalization approach. The multi-family rental rate was derived by estimating a weighted average rent of \$2.02 per square foot and an average multi-family unit size of 1,084 square feet, based on review of apartment and townhouse rental listings on Zillow.com and rental estimates from Costar, as shown in Table 8. The total annual multi-family rental revenue was estimated assuming a 5 percent vacancy rates (based on typical operating assumptions and a market scan of multi-family real estate in Otay Ranch using CoStar data). An operating expense estimate

of 35 percent, consistent with the City Fiscal Impact Model assumption, was applied to the anticipated annual revenue from occupied multi-family units. Based on estimates for the San Diego market area by the Situs RERC Real Estate Report, a capitalization rate of 4.9 percent was then used to derive assessed value per unit. Based on these inputs, the City Fiscal Impact Model estimates an assessed value of \$330,000 for rental units.

Property Tax Rate

Otay Ranch, Portion of Village Four SPA falls in San Diego County Tax Rate Area 01298. The City of Chula Vista captures 10.636 percent of the 1 percent property tax.

Table 6: Single-Family Home Sales

Address	Type	Sale Date	Year Built	Bedrooms	Bathrooms	SF	Lot Size	Sale Price	Price/SF
1552 Franceschi Dr	Single-Family	December-20-2016	2016	3	3	1,609		\$530,000	\$329
1485 Franceschi Dr	Single-Family	January-6-2017	2015	3	3	1,609	2,875	\$485,000	\$301
1283 Cathedral Oaks Rd	Single-Family	March-23-2017	2015	3	3	1,609		\$520,900	\$324
2212 Antonio Dr	Single-Family	April-12-2017	2014	3	3	1,718		\$475,000	\$276
1564 Bath Ave	Single-Family	August-26-2016	2014	4	3	1,790	2,830	\$510,000	\$285
1549 Bath	Single-Family	July-21-2016	2014	4	3	1,790	4,066	\$495,000	\$277
1537 Bath	Single-Family	November-10-2016	2014	4	3	1,790	3,151	\$526,000	\$294
1811 Harvest Orange St	Single-Family	May-27-2016	2014	3	4	1,822		\$452,000	\$248
1507 Franceschi Dr	Single-Family	October-24-2016	2016	3	3	1,896		\$490,000	\$258
1493 Carpinteria St	Single-Family	May-13-2016	2014	5	3	1,936		\$515,000	\$266
1584 Bath Ave	Single-Family	February-29-2016	2014	4	3	1,940		\$505,000	\$260
1560 Bath	Single-Family	March-16-2017	2014	4	3	1,940	2,752	\$532,000	\$274
1553 Bath	Single-Family	November-10-2016	2014	5	3	1,940	3,145	\$539,876	\$278
Average						1,799	3,137	\$505,829	\$281

Source: RedFin.com and HR&A

Representative Single-Family Sales Photos:



1493 Carpinteria St



1552 Franceschi Dr



1485 Franceschi Dr



1584 Bath Ave

Table 7: Condominium and Townhome Sales

Address	Type	Sale Date	Year Built	Bedrooms	Bathrooms	SF	Sale Price	Price/SF
2837 Athens Rd Unit 1	Condo/Co-op	January-27-2017	2015	4	2	1,430	\$410,000	\$287
1515 Crown Ln #1	Townhouse	August-31-2016	2015	4	2	1,430	\$395,000	\$276
2837 Athens #3	Townhouse	September-30-2016	2015	3	2	1,437	\$415,000	\$289
2181 Caminito Novara #2	Townhouse	October-3-2016	2014	3	3	1,460	\$415,000	\$284
1814 Magenta #2	Condo/Co-op	August-31-2016	2014	3	3	1,479	\$379,000	\$256
2145 Caminito Leonzio #6	Condo/Co-op	June-6-2016	2014	3	3	1,515	\$365,000	\$241
1672 Toledo Way #2	Townhouse	April-25-2016	2014	3	3	1,588	\$395,000	\$249
1546 Valverde #2	Condo/Co-op	December-30-2016	2014	3	3	1,588	\$410,000	\$258
1555 Tomillo Ln #2	Condo/Co-op	September-15-2016	2014	3	3	1,588	\$377,000	\$237
1673 Casa Mila Dr #2	Townhouse	July-12-2016	2014	3	3	1,588	\$404,000	\$254
1693 Casa Mila #2	Condo/Co-op	May-13-2016	2014	3	3	1,588	\$387,000	\$244
1815 Magenta Ct #6	Condo/Co-op	October-24-2016	2014	3	4	1,604	\$419,000	\$261
1815 Magenta #4	Condo/Co-op	May-9-2017	2014	3	4	1,604	\$410,000	\$256
1875 Champagne Ct #6	Townhouse	March-27-2017	2014	3	4	1,605	\$415,000	\$259
1711 San Ignacio Ct #3	Condo/Co-op	March-4-2016	2014	3	3	1,621	\$390,000	\$241
1665 Toledo Way #3	Townhouse	June-13-2017	2014	3	3	1,621	\$415,000	\$256
1547 Valverde #3	Condo/Co-op	July-21-2016	2014	3	3	1,621	\$399,000	\$246
2710 Sparta Rd #7	Condo/Co-op	October-25-2016	2016	4	4	1,652	\$413,990	\$251
2860 Athens Rd #10	Condo/Co-op	November-4-2016	2015	4	4	1,652	\$422,000	\$255
2860 Athens Rd #5	Condo/Co-op	April-18-2017	2015	4	4	1,652	\$450,000	\$272
2730 Sparta St #7	Condo/Co-op	April-13-2017	2016	4	4	1,652	\$435,000	\$263
2840 Athens Rd #3	Townhouse	June-7-2017	2015	4	4	1,652	\$435,000	\$263
2790 Sparta Rd #14	Condo/Co-op	November-15-2016	2016	4	4	1,652	\$406,990	\$246
2840 Athens Rd #10	Condo/Co-op	January-31-2017	2016	4	4	1,652	\$444,500	\$269
2770 Sparta Rd #12	Condo/Co-op	June-29-2016	2016	4	4	1,652	\$409,990	\$248
1342 Caminito Agostino #3	Condo/Co-op	June-16-2016	2014	3	3	1,656	\$410,000	\$248
1356 Caminito Veranza #3	Townhouse	January-13-2017	2014	4	3	1,656	\$435,000	\$263
1339 Caminito Agostino #3	Condo/Co-op	June-30-2016	2014	3	3	1,656	\$430,000	\$260
1876 ChampagneCt #6	Condo/Co-op	February-22-2016	2014	3	4	1,738	\$390,000	\$224
1615 Osprey Ave #2	Townhouse	March-23-2017	2015	4	4	1,778	\$445,000	\$250
Average						1,602	\$410,916	\$256

Source: RedFin.com and HR&A

Representative Multi-Family Sales Photos:



1515 Crown Ln #1



1546 Valverde #2



1815 Magenta #4



2770 Sparta #12

Table 8: Listings for Apartment and Townhouse Rentals in Otay Ranch, December 2016

Building Address	Type	Year Built	Bedrooms	SF	Rent	Rent/SF
1465-1467 Santa Victoria Rd	Apartment	2014	1	732	\$1,891	\$2.58
1551 Summerland St	Apartment	2012	1	670	\$1,719	\$2.57
1551 Summerland St	Apartment	2012	2	929	\$2,053	\$2.21
1551 Summerland St	Apartment	2012	3	1,278	\$2,341	\$1.83
2816 Cielo Circulo	Apartment	2013	1	808	\$1,800	\$2.23
2816 Cielo Circulo	Apartment	2013	2	1,170	\$2,450	\$2.09
2816 Cielo Circulo	Apartment	2013	3	1,387	\$2,657	\$1.92
2043 Artisan Way	Apartment	2015	1	790	\$1,739	\$2.20
2043 Artisan Way	Apartment	2015	2	1,102	\$2,319	\$2.10
2043 Artisan Way	Apartment	2015	3	1,371	\$2,571	\$1.88
1924 E Palomar St.	Apartment	2016	2	1,250	\$2,093	\$1.67
1924 E Palomar St.	Apartment	2016	3	1,393	\$2,500	\$1.79
1510 Santa Diana Rd.	Apartment	2014	1	732	\$1,828	\$2.50
1510 Santa Diana Rd.	Apartment	2014	2	1,215	\$1,887	\$1.55
1510 Santa Diana Rd.	Apartment	2014	3	1,436	\$2,953	\$2.06
Average				1,084	\$2,187	\$2.02

*Apartment rents for each building are averaged based on number of bedrooms

**Rent/SF is weighted based on apartment square feet

Source: Zillow.com, CoStar and HR&A

Sales Tax

The Project is estimated to generate net new sales tax revenue as a result of the retail spending of incremental population. HR&A used the City Fiscal Impact Model to estimate these sales tax revenues.

Fiscal Impacts

The following section describes the estimated fiscal impacts generated by development of Otay Ranch, Portion of Village Four SPA (detailed in the Appendix). It should be noted that the City Fiscal Impact Model spreads the residential property tax for single-family and multi-family units across a five-year period. Results are, thus, reported for a five-year period.

The annual net fiscal impact associated with the Project over the five-year period is summarized in Table 9, below. The Project is expected to generate a positive annual net fiscal revenue to the City of Chula in Year 5 of \$143,000.

Project expenditures over the five-year period are detailed in Table E of the Appendix. Annual projected expenditures associated with the Project increase each year from Years 1-3. There is a significant increase in expenditures between Year 1 and 2, primarily attributed to Police and Fire expenditures as all the new residential units are absorbed. Thereafter, projected expenditures remain constant at \$337,000, because the Project is expected to be built out as of Year 3. The largest sources of expenditures throughout the five-year period are from the Police Department (\$122,000 in Year 5) and the Fire Department (\$85,000 in Year 5).

Project revenues over the five-year period are detailed in Table D of the Appendix. Annual projected revenues associated with the Project increase each year over the five-year period; the largest increase occurs between Years 1-2 (\$139,000 to \$329,000), mostly attributed to the addition of the current secured property taxes in Year 2 from the absorption of multi-family residential units upfront. Revenues continue to grow as the balance of the residential assessed value absorbs based on the City Fiscal Impact Model's absorption for residential units. The largest sources of revenues throughout the five-year period are from property taxes (\$153,000 in Year 5) and MVLF-in lieu fees (\$113,000 in Year 5), which make up 57 percent of total revenues.

Table 9: Annual Net Fiscal Impact of the Project on the City of Chula Vista General Fund (Current Year Dollars)

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	\$139,276	\$329,366	\$399,291	\$438,002	\$480,573
Expenditures	\$172,450	\$300,630	\$337,298	\$337,298	\$337,298
Net Fiscal Impact Estimate	\$(33,174)	\$28,736	\$61,993	\$100,704	\$143,275

Source: City of Chula Vista, HR&A

Key Considerations

As mentioned above, the City Fiscal Impact Model was recently developed, July 2015. HR&A identified several items in the new City Fiscal Impact Model that are worth noting as the results are evaluated. These items include:

- Lane Miles: The model protocol does not describe whether the lane miles input refers to public or private lane miles. We have included only public lane miles for this evaluation of the Project.
- Inflation Factor: The model was created based on the City of Chula Vista Fiscal Year 2012 budget. However, the year the dollars are measured in is unclear.
- Residential (For-Sale) Assessed Value (impacting Property Tax, Property Transfer Tax, and MVLFTabs): It should be noted that, using the City Fiscal Impact Model, the residential assessed value, shown in the Residential Property Tax table (Table in the Appendix), i.e. for for-sale single-family and multi-family units, is spread across a five-year period rather than the period of Project absorption (three years). Commercial assessed value is in line with the three-year Project period as inputted in the Development Absorption table of the City Fiscal Impact Model.
- Appreciation Rate (impacting Residential Property Tax, Commercial Property Tax, and Property Transfer Tax): It should be noted that the City Fiscal Impact Model assumes a Real Appreciation Rate of 0 percent for Residential Property Tax, Commercial Property Tax, and Property Transfer Tax). In the past, HR&A has used a 2 percent appreciation rate in Chula Vista.

Appendix- Proposed Project Net Fiscal Impacts

Table A

City EDU	2011
Household Population	244,408
Occupied Dwelling Units	75,865
Persons Per Occupied Dwelling Unit (ODU)	3.22
Employees (Non Resident)	37,218
Employment Resident Equivalent	0.35
Employment Resident Equivalents	13,026
Employment Resident Equivalents/ Persons Per ODU	4,043
Equivalent Dwelling Units	79,908

Source: OnTheMap (US Census); Department of Finance; City of Chula Vista

Table B

Program EDU	Total
Household Population	1,113
Occupied Dwelling Units	344
Persons Per Occupied Dwelling Unit (ODU)	3.2
Employees (Non Resident)	0
Employment Resident Equivalent	0.35
Employment Resident Equivalents	0
Employment Resident Equivalents/ Persons Per ODU 1	0
Induced ODU from Employment (New Residents)	0
Equivalent Dwelling Units	344

¹Based on City Person Per ODU

Source: OnTheMap (US Census); Development Program; City of Chula Vista

Table C

Inflation Factor	2008	2009	2010	2011	2012
Population 1	235,767	239,369	243,916	245,987	248,185
Household Population 2			242,180	244,408	246,503
Households 1	74,745	75,172	75,515	75,865	76,458
City Staff 2	1,249	1,110	1,005	1,005	925
Revenues (Actuals) 2	\$ 153,938,093	\$ 140,502,938	\$ 130,776,152	\$ 128,744,252	\$ 121,696,701
Expenditures (Actuals) 2	\$ 155,021,736	\$ 140,365,277	\$ 131,241,917	\$ 127,891,293	\$ 127,027,748
Revenues /Capita	\$ 652.92	\$ 586.97	\$ 536.15	\$ 523.38	\$ 490.35
Expenditure/Capita	\$ 657.52	\$ 586.40	\$ 538.06	\$ 519.91	\$ 511.83
CPI (San Diego Area)	242.3	242.3	245.5	252.9	257.0
2012 CPI Adjustment Factor	1.06	1.06	1.05	1.02	1.00
Rev./Cap \$2012	\$ 877.49	\$ 788.85	\$ 720.56	\$ 703.39	\$ 659.00
Exp./Cap \$2012	\$ 883.67	\$ 788.08	\$ 723.12	\$ 698.73	\$ 687.86
(Relative to 2012 Level)					
Expenditure Adjustment Factor	133%	120%	109%	107%	100%
Revenue Adjustment Factor	128%	115%	105%	102%	100%
5-Year Average					
Expenditure Adjustment Factor	119%				
Revenue Adjustment Factor	115%				

¹ For non-Census years, January 1st of year presented (California Department of Finance E-8 and E-5 estimates); 2010 Census as of 4/1/2010

² City of Chula Vista Annual Budget (Actual Fiscal Year)

Source: City of Chula Vista, California Dept. of Finance, Bureau of Labor Statistics

Table D

Revenue Estimate Account Category	Allocation	Base Year Rate						
			Year 1	Year 2	Year 3	Year 4	Year 5	
Charges for Services	Zero Forecast - Expenditures							
Development Impact Fees								
Fines, Forfeitures, Penalties	EDU	\$19.51 Per EDU	\$ 3,104	\$ 5,903	\$ 6,703	\$ 6,703	\$ 6,703	\$ 6,703
Licenses and Permits	EDU	\$17.59 Per EDU	\$ 2,799	\$ 5,324	\$ 6,046	\$ 6,046	\$ 6,046	\$ 6,046
Other Local Taxes								
Business License Tax	Employee	\$24.98 Per Employee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise Fees	EDU	\$120.86 Per EDU	\$ 19,229	\$ 36,572	\$ 41,534	\$ 41,534	\$ 41,534	\$ 41,534
Real Property Transfer Tax	Special Model		\$ 21,372	\$ 21,530	\$ 17,440	\$ 15,247	\$ 16,332	\$ 16,332
Sales Tax	Special Model		\$ 28,379	\$ 54,206	\$ 60,994	\$ 60,994	\$ 60,994	\$ 60,994
Transient Occupancy Tax	Special Model		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Taxes	EDU	\$49.86 Per EDU	\$ 7,932	\$ 15,086	\$ 17,133	\$ 17,133	\$ 17,133	\$ 17,133
Other Revenue	EDU (Percent Variable)	\$108.37 Per EDU	\$ 17,241	\$ 32,792	\$ 37,240	\$ 37,240	\$ 37,240	\$ 37,240
Property Taxes								
Current Taxes Secured	Special Model		\$ -	\$ 78,479	\$ 107,506	\$ 130,285	\$ 153,329	\$ 153,329
Current Taxes Unsecured	EDU	\$11.77 Per EDU	\$ 1,872	\$ 3,561	\$ 4,045	\$ 4,045	\$ 4,045	\$ 4,045
Delinquent Taxes	EDU	\$1.08 Per EDU	\$ 171	\$ 326	\$ 370	\$ 370	\$ 370	\$ 370
Prop Tax in Lieu	EDU	\$0.20 Per EDU	\$ 32	\$ 61	\$ 69	\$ 69	\$ 69	\$ 69
State Secured Unitary	EDU	\$11.95 Per EDU	\$ 1,901	\$ 3,615	\$ 4,105	\$ 4,105	\$ 4,105	\$ 4,105
Revenue from Other Agencies								
MLVF	Special Model		\$ 29,136	\$ 58,278	\$ 79,833	\$ 96,748	\$ 113,861	\$ 113,861
Sales Tax	Household Population	\$3.41 Per HH Population	\$ 1,756	\$ 3,340	\$ 3,793	\$ 3,793	\$ 3,793	\$ 3,793
Transfers In	Zero Forecast							
Use of Money & Property	Zero Forecast							
Total			\$ 134,923	\$ 319,072	\$ 386,812	\$ 424,313	\$ 465,554	\$ 465,554

NA = Not Applicable
Source: City of Chula Vista

Table E

Expenditures Estimate		Base Year					
Department	Allocation	Rate	Year 1	Year 2	Year 3	Year 4	Year 5
Administration	EDU	\$16.40 Per EDU	\$2,610	\$4,964	\$5,637	\$5,637	\$5,637
Boards and Commissions	EDU	\$0.00 Per EDU	\$0	\$0	\$0	\$0	\$0
City Attorney	EDU	\$28.02 Per EDU	\$4,458	\$8,480	\$9,630	\$9,630	\$9,630
City Clerk	EDU	\$6.24 Per EDU	\$993	\$1,888	\$2,144	\$2,144	\$2,144
City Council	EDU	\$10.64 Per EDU	\$1,694	\$3,221	\$3,658	\$3,658	\$3,658
Community Development	EDU	\$0.00 Per EDU	\$0	\$0	\$0	\$0	\$0
Engineering	EDU	\$0.00 Per EDU	\$0	\$0	\$0	\$0	\$0
Finance	EDU	\$42.30 Per EDU	\$6,729	\$12,799	\$14,535	\$14,535	\$14,535
Fire	Special Model		\$39,365	\$74,870	\$85,027	\$85,027	\$85,027
General Services	EDU	\$17.40 Per EDU	\$2,769	\$5,267	\$5,981	\$5,981	\$5,981
Human Resources	EDU	\$18.37 Per EDU	\$2,923	\$5,559	\$6,313	\$6,313	\$6,313
Information Technology Svcs	EDU	\$29.48 Per EDU	\$4,690	\$8,920	\$10,130	\$10,130	\$10,130
Library	HH Population	\$12.94 Per HH Pop	\$6,668	\$12,683	\$14,404	\$14,404	\$14,404
Nature Center	EDU	\$0.00 Per EDU	\$0	\$0	\$0	\$0	\$0
Non-Departmental	EDU	\$0.00 Per EDU	\$0	\$0	\$0	\$0	\$0
Planning & Building Services	EDU	\$31.39 Per EDU	\$4,994	\$9,498	\$10,787	\$10,787	\$10,787
Police	Special Model		\$56,680	\$107,803	\$122,428	\$122,428	\$122,428
Public Works	Lane Mile	\$18,028.65 Per Lane Mile	\$29,387	\$29,387	\$29,387	\$29,387	\$29,387
Recreation	EDU	\$19.49 Per EDU	\$3,100	\$5,897	\$6,696	\$6,696	\$6,696
Total			\$167,060	\$291,235	\$326,756	\$326,756	\$326,756

Source: City of Chula Vista

Table F

Net Fiscal Impact					
General Fund (Current Year Dollars)	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	\$ 139,276	\$ 329,366	\$ 399,291	\$ 438,002	\$ 480,573
Expenditures	\$ 172,450	\$ 300,630	\$ 337,298	\$ 337,298	\$ 337,298
Net Fiscal Impact Estimate	\$ (33,174)	\$ 28,736	\$ 61,993	\$ 100,704	\$ 143,275

Source: City of Chula Vista; BLS

Table G

Current Property Tax

		Year 1	Year 2	Year 3	Year 4	Year 5
Proposition 13 AV Limitation less Inflation of 2%	2%	100%	102.0%	104.0%	106.1%	108.2%
CURRENT ASSESSED VALUE	\$ 1,970,000	1,970,000	2,009,400	2,049,588	2,090,580	2,132,391
TOTAL PROPERTY TAXES COLLECTED ¹ @	1.00%		20,094	20,496	20,906	21,324
ANNUAL INCREMENTAL PROPERTY TAXES TO THE CITY						
Potential Share to Chula Vista Gen. Fund @	10.64%		2,137	2,180	2,224	2,268

¹Reflects 1-year lag in Property Tax receipts

Source: City of Chula Vista

Table H

Residential Property Tax

	Year 1	Year 2	Year 3	Year 4	Year 5	
Annual For Sale Products AV Increment (\$Millions)						
Single-Family	7,385,103	7,385,103	7,385,103	7,385,103	7,385,103	
Multi-Family	12,327,480	12,327,480	12,327,480	12,327,480	12,327,480	
For Sale Products NewAV (\$Millions)	19,712,583	19,712,583	19,712,583	19,712,583	19,712,583	
APPRECIATION FACTOR:						
Year After Property First Sold	<i>Annual Rate</i>					
Real Appreciation Rate	0.0%	100%	100.0%	100.0%	100.0%	
Inflation Rate	0.0%	1.00	1.00	1.00	1.00	
Proposition 13 AV Limitation less Inflation of 2%	2.0%	2.0%	2.0%	2.0%	2.0%	
For-Sale Products Annual Turnover Rate	10.0%	10.0%	10.0%	10.0%	10.0%	
For Sale Products						
YEAR PROPERTY FIRST SOLD:						
	Year 1	19,712,583	20,067,410	20,393,141	20,692,161	20,966,663
	Year 2		19,712,583	20,067,410	20,393,141	20,692,161
	Year 3			19,712,583	20,067,410	20,393,141
	Year 4				19,712,583	20,067,410
	Year 5					19,712,583
FOR SALE PRODUCTS ASSESSED VALUE	19,712,583	39,779,993	60,173,134	80,865,295	101,831,958	
TOTAL PROPERTY TAXES COLLECTED ¹ @	1.00%	397,800	601,731	808,653	1,018,320	
ANNUAL INCREMENTAL PROPERTY TAXES TO THE CITY						
Potential Share to Chula Vista Gen. Fund @	10.64%	42,311	64,002	86,011	108,312	

¹Reflects 1-year lag in Property Tax receipts

Source: City of Chula Vista

Table I

Commercial Property Tax

	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Income Producing Products AV (\$Millions)					
Multi-Family (Rental)					
Hotel	19,145,078	16,504,378	6,271,664	0	0
Office	0	0	0	0	0
Retail	0	0	0	0	0
Neighborhood	0	0	0	0	0
Community	0	0	0	0	0
Regional	0	0	0	0	0
Other	0	0	0	0	0
Industrial	0	0	0	0	0
Income Producing Products New AV (\$Millions)	0	0	0	0	0
	19145078	16504378	6271663.6	0	0
APPRECIATION FACTOR:					
Year After Property First Sold	<i>AnnualRate</i>				
Real Appreciation Rate	0.0%	100%	100%	100%	100%
Inflation Rate	0.0%	1.00	1.00	1.00	1.00
Proposition 13 AV Limitation less Inflation of 2%	2.0%	2.0%	2.0%	2.0%	2.0%
Income Products Annual Turnover Rate	5.0%	5.0%	5.0%	5.0%	5.0%
Income Products					
YEAR PROPERTY FIRST SOLD:					
Year 1	19,145,078	19,508,835	19,861,315	20,202,868	20,533,833
Year 2		16,504,378	16,817,961	17,121,823	17,416,265
Year 3			6,271,664	6,390,825	6,506,293
Year 4				0	0
Year 5					0
INCOME PRODUCTS ASSESSED VALUE	19,145,078	36,013,213	42,950,939	43,715,516	44,456,391
TOTAL PROPERTY TAXES COLLECTED ¹ @	1.00%	360,132	429,509	437,155	444,564
ANNUAL INCREMENTAL PROPERTY TAXES TO THE CITY					
Potential Share to Chula Vista Gen. Fund @	10.64%	38,305	45,684	46,497	47,285

¹Reflects 1-year lag in Property Tax receipts

Source: City of Chula Vista

Table J

Property Transfer Tax

		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
FOR SALE PRODUCTS ASSESSED VALUE (\$000s)		19,713	19,713	19,713	19,713	19,713
INCOME PRODUCTS ASSESSED VALUE (\$000s)		<u>19,145</u>	<u>16,504</u>	<u>6,272</u>	0	0
		38,858	36,217	25,984	19,713	19,713
APPRECIATION FACTOR:						
Year After Property First Sold	<i>Annual Rate</i>					
Real Appreciation Rate	0.0%	100%	100%	100%	100%	100%
For-Sale Products Annual Turnover Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Commercial Products Annual Turnover Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
For Sale Products						
YEAR PROPERTY FIRST SOLD:						
	Year 1	10,842	1,084	1,084	1,084	1,084
	Year 2		10,842	1,084	1,084	1,084
	Year 3			10,842	1,084	1,084
	Year 4				10,842	1,084
	Year 5					10,842
FOR SALE PRODUCTS PROPERTY TRANSFER TAX (0.55)		10,842	11,926	13,010	14,094	15,179
Commercial Products						
YEAR PROPERTY FIRST SOLD:						
	Year 1	10,530	526	526	526	526
	Year 2		9,077	454	454	454
	Year 3			3,449	172	172
	Year 4				0	0
	Year 5					0
COMMERCIAL PRODUCTS PROPERTY TRANSFER TAX	\$ 0.55	10,530	9,604	4,430	1,153	1,153
<u>ANNUAL INCREMENTAL PROPERTY TRANSFER TAXES TO THE CITY</u>						
	Total	21,372	21,530	17,440	15,247	16,332
<u>5-YEAR CUMULATIVE INCREMENTAL PROPERTY TRANSFER TAXES TO THE CITY</u>						
	Total					91,921
<u>CUMULATIVE INCREMENTAL PROPERTY TRANSFER TAXES TO THE CITY</u>						
	Total	21,372	42,902	60,342	75,589	91,921

¹Reflects 1-year lag in Property Tax receipts

Source: City of Chula Vista

Table K

MVLF Tax

Motor Vehicle In Lieu Fees (MVLF) Adjustment							
Base Year (2012) Assessed Valuation of the City (\$000)=	\$	20,622,228					
Base Year (2012) Motor Vehicle In Lieu Fees Adjustment (MVLF) (\$000)=	\$	16,288					
			Year 1	Year 2	Year 3	Year 4	Year 5
Cumulative AV of New Developments (\$000s)			38,858	75,793	103,124	124,581	146,288
AV Adjustment for Base Value (\$000)			1,970	2,009	2,050	2,091	2,132
Adjusted AV of Development(\$000)			36,888	73,784	101,074	122,490	144,156
Cumulative Citywide AV Growth (\$000s)			20,659,116	20,696,012	20,723,302	20,744,718	20,766,384
Percent Increase in AV			0.18%	0.18%	0.13%	0.10%	0.10%
Cumulative Citywide MVLF ¹ (\$000s)			16,318	16,347	16,368	16,385	16,402
Annual MVLF Adjustment Attributed (\$000s)			29.1	58.3	79.8	96.7	113.9
TOTAL ANNUAL VLF REVENUES			29,136	58,278	79,833	96,748	113,861

¹Applying the Citywide AV Growth Rate (includes AV growth due to each scenario) to Current MVLF

Source: San Diego County Assessor's Office; City of Chula Vista

Table L

Fire Department Costs

Land use	Calls for Service	% of Total Calls	Cost Allocation	Factor Method	Expenditure Adjustment		Year 1	Year 2	Year 3	Year 4	Year 5
					Factor	Factor					
Residential (All)	23,860	64%	\$ 13,795,777.64	75,865 Occupied Units	119%	\$ 215.55	\$ 34,294	\$ 65,226	\$ 74,074	\$ 74,074	\$ 74,074
Commercial	6,786	18%	\$ 3,923,644.05								
Hotel		4%	\$ 174,037	1,521 Hotel Rooms	119%	\$ 135.63	\$ -	\$ -	\$ -	\$ -	\$ -
Office		28%	\$ 1,102,621	2,648,611 Occupied SF	119%	\$ 0.49	\$ -	\$ -	\$ -	\$ -	\$ -
Retail		67%	\$ 2,646,985	9,605,283 Occupied SF	119%	\$ 0.33	\$ -	\$ -	\$ -	\$ -	\$ -
Industrial	467	1%	\$ 270,018	7,514,731 Occupied SF	119%	\$ 0.04	\$ -	\$ -	\$ -	\$ -	\$ -
Other (Variable)	3,716	10%	\$ 2,148,580	79,908 City EDU	119%	\$ 31.87	\$ 5,071	\$ 9,644	\$ 10,953	\$ 10,953	\$ 10,953
Other (Fixed)	2,725	7%	\$ -								
Total	37,554	100%	\$ 20,138,019				\$ 39,365	\$ 74,870	\$ 85,027	\$ 85,027	\$ 85,027

Source: City of Chula Vista

Table M

Police Department Costs

Variable Cost Allocation	Calls for Service	% of Total Calls	Cost Allocation	Factor Method	Expenditure Adjustment		Year 1	Year 2	Year 3	Year 4	Year 5
					Factor	Factor					
Residential (All)	28,847	46%	\$ 16,610,257.80	75,865 Occupied Units	119%	\$ 259.53	\$ 41,290.54	\$ 78,532.48	\$ 89,186.01	\$ 89,186.01	\$ 89,186.01
Commercial	18,241	29%	\$ 10,503,266								
Hotel		0.2%	\$ 23,032	1,521 Hotel Rooms	119%	\$ 17.95	\$ -	\$ -	\$ -	\$ -	\$ -
Office		18.7%	\$ 1,965,800	2,648,611 Occupied SF	119%	\$ 0.88	\$ -	\$ -	\$ -	\$ -	\$ -
Retail		81.1%	\$ 8,514,434	9,605,283 Occupied SF	119%	\$ 1.05	\$ -	\$ -	\$ -	\$ -	\$ -
Industrial	1,640	3%	\$ 944,321	7,514,731 Occupied SF	119%	\$ 0.15	\$ -	\$ -	\$ -	\$ -	\$ -
Other (Variable)	11,325	18%	\$ 6,520,996	79,908 City EDU	119%	\$ 96.73	\$ 15,389.95	\$ 29,270.89	\$ 33,241.70	\$ 33,241.70	\$ 33,241.70
Other (Fixed)	3,044	5%	\$ -								
Total	63,097	100%	\$ 34,578,840				\$ 56,680.49	\$ 107,803.36	\$ 122,427.71	\$ 122,427.71	\$ 122,427.71

Source: City of Chula Vista

Table N

Library (Special Model)			
Expenses	YTD	Percent of Total	
Capital	\$ 34,779		1%
CIP Project Expenditures	\$ -		0%
Non-CIP Project Expenditures	\$ -		0%
Other Expenses	\$ 360		0%
Personnel Services	\$ 2,670,000		78%
Supplies and Services	\$ 375,100		11%
Transfers Out	\$ -		0%
Utilities	\$ 355,085		10%
(blank)	\$ -		0%
Total	\$ 3,435,324		100%

Net City Cost	YTD	Fixed	Variable
Capital	\$ 27,576.40	100.0%	0%
CIP Project Expenditures	\$ -	100.0%	0%
Non-CIP Project Expenditures	\$ -	0.0%	100%
Other Expenses	\$ 285	0.0%	100%
Personnel Services	\$ 2,117,053.05	0.0%	100%
Supplies and Services	\$ 297,418	5.0%	95%
Transfers Out	\$ -	100.0%	0%
Utilities	\$ 281,548	5.0%	95%
(blank)	\$ -	<u>0.0%</u>	<u>100%</u>
Total	\$ 2,723,881	\$ 56,525	\$ 2,667,357

Variable Cost Allocation	Cost Allocation	City HH Pop Factor	Expenditure Adjustment Factor	Cost per HH Pop
Population	\$ 2,667,357	244,408	119%	\$ 12.94

Source: City of Chula Vista

Table O

Recreation (Special Model)			
Expenses	YTD	Percent of Total	
Capital	\$ -	-	0%
CIP Project Expenditures	\$ -	-	0%
Non-CIP Project Expenditures	\$ -	-	0%
Other Expenses	\$ 10,513	-	0%
Personnel Services	\$ 2,495,405	-	77%
Supplies and Services	\$ 395,517	-	12%
Transfers Out	\$ -	-	0%
Utilities	\$ 342,850	-	11%
(blank)	\$ -	-	0%
Total	\$ 3,244,285		100%

Net City Cost	YTD	Fixed	Variable
Capital	\$ -	100%	0%
CIP Project Expenditures	\$ -	100%	0%
Non-CIP Project Expenditures	\$ -	0%	100%
Other Expenses	\$ 5,203	100%	0%
Personnel Services	\$ 1,235,094	5%	95%
Supplies and Services	\$ 195,760	50%	50%
Transfers Out	\$ -	100%	0%
Utilities	\$ 169,693	75%	25%
(blank)	\$ -	0%	100%
Total	\$ 1,605,750	\$ 292,108	\$ 1,313,642.05

Variable Cost Allocation	Cost Allocation	City EDU	Expenditure Adjustment Factor	Cost per EDU
Population	\$ 1,313,642	79,908	119%	\$ 19.49

Source: City of Chula Vista

Table P

Public Works (Special Model)			
Expenses	YTD	Percent of Total	
Capital	\$ 64,579		0%
CIP Project Expenditures	\$ -		0%
Non-CIP Project Expenditures	\$ -		0%
Other Expenses	\$ 111,824		0%
Personnel Services	\$ 16,311,246		71%
Supplies and Services	\$ 3,339,977		15%
Transfers Out	\$ -		0%
Utilities	\$ 3,141,377		14%
(blank)	\$ -		0%
Total	\$ 22,969,003		100%

Net City Cost	YTD	Fixed	Variable
Capital	\$ 58,884	100%	0%
CIP Project Expenditures	\$ -	100%	0%
Non-CIP Project Expenditures	\$ -	0%	100%
Other Expenses	\$ 101,962	0%	100%
Personnel Services	\$ 14,872,762	5%	95%
Supplies and Services	\$ 3,045,425	25%	75%
Transfers Out	\$ -	100%	0%
Utilities	\$ 2,864,340	50%	50%
(blank)	\$ -	0%	100%
Total	\$ 20,943,373	\$ 2,996,048	\$ 17,947,325

Variable Cost Allocation	Cost Allocation	Factor	Expenditure Adjustment Factor	Cost per Factor
	\$ 17,947,325	\$1,180.00 Lane Miles	119%	\$ 18,028.65

Source: City of Chula Vista