



KEYSER MARSTON ASSOCIATES™
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

ADVISORS IN:
REAL ESTATE
AFFORDABLE HOUSING
ECONOMIC DEVELOPMENT

To: Tara Lake, Associate Principal
Latitude 33 Planning & Engineering

From: KEYSER MARSTON ASSOCIATES, INC.

Date: October 7, 2016

Subject: Transit-Oriented Feasibility Study – Transit District Specific Plan
City of El Cajon

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I. INTRODUCTION

A. Objective

The City of El Cajon (City) engaged Latitude 33 Planning & Engineering to prepare a Transit-Supportive Land Use and Mobility Plan (Plan) for the El Cajon Transit Center Study Area. The Study Area is located in the western portion of the City of El Cajon, encompassing the El Cajon Transit Center and portions of El Cajon Boulevard and Main Street. It is bounded by Cypress Avenue to the north, Van Houten Avenue to the east, Chase Avenue to the south, and Interstate 8 (I-8) to the west. From the outset, the City identified as a key objective of the Plan the need to assess the feasibility of transit-oriented and smart growth in-fill development. The Latitude 33 team defined six (6) potential opportunity sites (Sites) within the Study Area for purposes of evaluating the physical, planning, market, and financial feasibility of potential new development concepts. As a member of the Latitude 33 team, Keyser Marston Associates, Inc. (KMA) was tasked with preparing financial feasibility analyses of ten (10) potential development concepts for two (2) of the six (6) Sites.

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B. Methodology

In completing this assignment, KMA undertook the following principal tasks:

1. Recommended potential development concepts in terms of land use, density, parking type, and other features
2. Researched current development cost and market value parameters for each land use/product type
3. Prepared financial feasibility models for a total of ten (10) development concepts on two (2) Sites
4. Surveyed comparable land sales in order to estimate order-of-magnitude acquisition costs for potential development sites

C. Report Organization

This memorandum report has been organized as follows:

- Following this Introduction, Section II summarizes the KMA key findings.
- Section III details the KMA approach to the financial feasibility analyses.
- Section IV presents limiting conditions pertaining to this assignment.
- Our detailed pro forma analyses are provided as attachments to this memorandum.

II. KEY FINDINGS

A. Development Prototypes

The purpose of the development prototypes is to serve as tangible examples of the types of development that are expected to occur in the Study Area in the future. The development prototypes were selected through a process which considered demographic trends, recent development patterns in comparable urban locations, and potential market demand for various types of housing and non-residential uses within the Study Area.

KMA evaluated a total of ten (10) development prototypes across two (2) Sites, as shown in Exhibit II-1 below.

| Exhibit II-1: Development Prototypes | | | |
|---|---------------------|----------------|---------------------------------|
| Prototypes | Parking Type | Density | Units/SF |
| Site #1 | | | |
| MTS Replacement Parking (1) | | | |
| MTS Replacement Parking | Structure | 2.27 FAR | 123,656 SF |
| Existing Zoning | | | |
| Stacked Flat Apartments | Surface/Tuck-Under | 30 Units/Acre | 58 Units |
| Commercial Only | Surface | 0.52 FAR | 44,500 SF |
| Proposed Zoning | | | |
| Stacked Flat Apartments | Podium/Subterranean | 70 Units/Acre | 136 Units / 4,000 SF Commercial |
| Stacked Flat Apartments | Wrap | 70 Units/Acre | 136 Units / 4,000 SF Commercial |
| Site #2 | | | |
| Existing Zoning | | | |
| Stacked Flat Apartments | Surface/Tuck-Under | 29 Units/Acre | 45 Units |
| Commercial Only | Surface | 0.53 FAR | 35,500 SF Commercial |
| Proposed Zoning | | | |
| Row Homes | Private Garages | 19 Units/Acre | 30 Units |
| Stacked Flats/Retail | Podium/Subterranean | 45 Units/Acre | 70 Units / 3,000 SF Commercial |
| Office/Retail | Surface | 0.73 FAR | 49,000 SF Commercial |

(1) Development of Site #1 would require replacement of the existing MTS surface parking with a parking structure.

More detailed project descriptions including gross building area (GBA), number of dwelling units, and parking spaces are presented in Tables A-1 and B-1 attached to this report.

B. Estimated Residual Land Values

KMA prepared financial feasibility analyses for each of the ten (10) development prototypes in order to determine the residual land value. The residual land value supported by a private development opportunity can be estimated as the difference between the total development costs, exclusive of land acquisition, and the total supportable debt and equity investment that can be attracted to the development. Exhibit II-2 illustrates the KMA estimate of residual land value for each development prototype.

| Exhibit II-2: Residual Land Value | | | |
|--|---------------------|----------------------------|--------------------|
| Prototypes | Parking Type | Residual Land Value | |
| | | Total | Per SF Land |
| Site #1 | | | |
| Existing Zoning | | | |
| Stacked Flat Apartments | Surface/Tuck-Under | (\$1,802,000) | (\$21) |
| Commercial Only | Surface | (\$148,000) | (\$2) |
| Proposed Zoning | | | |
| Stacked Flat Apartments | Podium/Subterranean | (\$272,000) | (\$3) |
| Stacked Flat Apartments | Wrap | \$2,818,000 | \$33 |
| Site #2 | | | |
| Existing Zoning | | | |
| Stacked Flat Apartments | Surface/Tuck-Under | (\$1,502,000) | (\$22) |
| Commercial Only | Surface | (\$248,000) | (\$4) |
| Proposed Zoning | | | |
| Row Homes | Private Garages | \$2,138,000 | \$32 |
| Stacked Flats/Retail | Podium/Subterranean | (\$889,000) | (\$13) |
| Office/Retail | Surface | \$1,553,000 | \$24 |

The summary table above demonstrates the following key findings with respect to the feasibility of the alternative scenarios:

- Existing Zoning development prototypes yielded negative residual land values in all cases. A negative residual land value indicates that the cost of developing and operating these uses in the near-term would be greater than the income generated from the proposed use.
- The outcomes for the Proposed Zoning development prototypes generated a mix of positive and negative residual land values. The residual land values are *negative* for two (2) of the Proposed Zoning scenarios, Stacked Flat Apartments with Podium/Subterranean and Stacked Flats/Retail with Podium/Subterranean Parking. This finding is not surprising, in that these development prototypes represent the most expensive construction type, inclusive of podium/subterranean parking. While these scenarios are currently generating negative residual land values, achievable rental rates and sales values for transit-oriented and in-fill development are expected to rise in the mid- to long-term, thereby supporting positive residual land values.
- On a per-square-foot basis, the Stacked Flat Apartments with Wrap Parking on Site #1, and the Row Homes with Private Garages on Site #2, yielded the highest land values (\$33 and \$32 per SF, respectively). A large determinant of residual land value is the type of parking associated with each development scenario, with surface, tuck-under, and above-grade wrap being less expensive than podium or subterranean.

Development of Site #1 would require replacement of the existing surface lot accommodating MTS commuter parking. KMA estimates total development costs for a 330-space above-grade parking structure of \$14.4 million. MTS may be able to identify alternative funding sources, including Federal and State grants and loans, that could be used to cover a portion of this cost.

C. Potential Property Acquisition Costs

It should be noted that the total development cost for all of the prototypes does not include land acquisition costs, possible relocation costs, and demolition costs. Adding these land assembly costs increases the total development costs and the economic gap. KMA cross-checked the residual land value models through surveys of property values for multi-family, office, and retail uses. Specifically, KMA evaluated potential property acquisition costs through three surveys of comparable property sales, as follows:

- Current multi-family land sales prices vary widely throughout San Diego County. The KMA survey found most values concentrated between \$15 and \$45 per SF land, with a median price of \$27 per SF. (Refer to Table C-1.)

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- Office/retail land sales in East County specifically have been generally concentrated in the \$15 to \$20 per SF land range, with a median price of \$16 per SF land. (Refer to Table C-2.)
- KMA also surveyed sales of older, non-residential buildings within the City of El Cajon as a measure of “teardown” land value. This survey provides an indicator of the potential acquisition costs for developers to purchase improved property, demolish the existing building(s), and develop the new use(s). The KMA survey found that these values were generally concentrated between \$30 to and \$60 per SF land, or a median price of \$43 per SF land. (Refer to Table C-3.) In other words, the cost to acquired improved property (older non-residential buildings) in El Cajon is still substantially higher than the supportable land costs being paid by developers of multi-family, office, and retail projects.

III. FINANCIAL FEASIBILITY ANALYSIS

The detailed KMA financial pro formas for the development prototypes are presented in Appendices A and B attached to this memorandum. The following discussion provides an overview of the pro forma tables contained in each appendix.

A. Project Description

Tables A-1/B-1 present the general project description, including gross building area, residential unit mix, and parking type and count, for each development prototype.

B. Estimate of Development Costs

Tables A-2/B-2 present estimates of development costs for each scenario, including direct costs, indirect costs, and financing costs, as described below.

- Direct construction costs consist of such items as off- and on-site improvements, parking, shell construction, residential amenities, tenant improvements, and contingency. For all pro forma analyses, KMA has assumed no payment of prevailing wages. (However, it is assumed that the MTS replacement parking garage would be built with prevailing wages.) It should also be noted that the KMA residual land value analyses do not assume costs associated with site assembly, acquisition, demolition, or relocation, if applicable.

- Indirect costs consist of architecture, engineering, public permits and fees, inclusionary housing in-lieu fees, legal and accounting, taxes and insurance, developer fee, marketing/sales/lease-up, and contingency.
- Financing costs consist of such items as loan fees, interest during construction and sales, and homeowner association dues on unsold units.

C. Project Revenues

Stabilized net operating income or gross sales proceeds for the residential and commercial components of each development prototype are presented in Tables A-3 and A-4 for Site #1 and Tables B-3 to B-5 for Site #2. The KMA estimates of market prices and rental rates are based on an assessment of current market conditions and review of current market pricing for comparable developments in the trade area. No revenues have been assumed for the MTS replacement parking garage.

D. Estimated Residual Land Value

Tables A-5 and B-6 present the KMA detailed calculation of residual land value for each prototype. Residual land value is defined as the maximum land payment that a private developer could afford to pay for a specified development opportunity based on a comparison of market value upon completion against total development costs, inclusive of an industry standard developer return requirement.

IV. LIMITING CONDITIONS

1. The analysis contained in this document is based, in part, on data from secondary sources such as state and local government, planning agencies, real estate brokers, and other third parties. While KMA believes that these sources are reliable, we cannot guarantee their accuracy.
2. Revenue estimates are based on the assumption that sufficient market support exists for the proposed uses and that the development programs will achieve industry standard productivity levels.
3. 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.

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4. The current national and local real estate development and financing markets are experiencing unprecedented stress. The conclusions presented herein assume a long-term planning horizon of 20 years. It is assumed that local and national economic conditions will vary over the planning horizon.
5. 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.
6. The development concepts will not vary significantly from those identified in this analysis.
7. 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.

attachments

APPENDIX A

TRANSIT DISTRICT SPECIFIC PLAN CITY OF EL CAJON

**Development Prototypes
Site #1**

TABLE A-1

PROJECT DESCRIPTION
TRANSIT DISTRICT SPECIFIC PLAN
CITY OF EL CAJON

| | | SITE #1 | | | | | | | | | |
|-------|------------------------------------|--|------------|---------------------------------|-------------|-------------------------|------------|-------------------|------------|-----------------------|-----------|
| | | Existing Zoning | | | | Proposed Zoning | | | | | |
| | | Scenario 1 | | Scenario 2 | | Scenario 3 | | | | Scenario 4 | |
| | | Stacked Flat Apartments-Surface/Tuck-Under | | Commercial Only | | Stacked Flat Apartments | | | | MTS Parking Structure | |
| | | | | | | Podium/Subterranean | | Wrap | | | |
| I. | Site Area | 1.95 Acres | | 1.95 Acres | | 1.95 Acres | | 1.95 Acres | | 1.25 Acres | |
| II. | Gross Building Area (GBA) | | | | | | | | | | |
| | Net Residential | 52,200 SF | 85% | 0 SF | 0% | 122,400 SF | 83% | 122,400 SF | 83% | 0 SF | 0% |
| | Circulation / Lobby | <u>9,300 SF</u> | <u>15%</u> | <u>0 SF</u> | <u>0%</u> | <u>21,600 SF</u> | <u>15%</u> | <u>21,600 SF</u> | <u>15%</u> | <u>0 SF</u> | <u>0%</u> |
| | Subtotal Residential GBA | 61,500 SF | 100% | 0 SF | 0% | 144,000 SF | 97% | 144,000 SF | 97% | 0 SF | 0% |
| | Commercial Space | <u>0 SF</u> | <u>0%</u> | <u>44,500 SF</u> | <u>100%</u> | <u>4,000 SF</u> | <u>3%</u> | <u>4,000 SF</u> | <u>3%</u> | <u>0 SF</u> | <u>0%</u> |
| | Grand Total TGBA | 61,500 SF | 100% | 44,500 SF | 100% | 148,000 SF | 100% | 148,000 SF | 100% | 123,656 SF | 100% |
| III. | Approximate Floor Area Ratio (FAR) | 0.72 | | 0.52 | | 1.74 | | 1.74 | | 2.27 | |
| IV. | Number of Units | 58 Units | | 0 Units | | 136 Units | | 136 Units | | 0 Units | |
| | Average Unit Size | 900 SF | | 0 SF | | 900 SF | | 900 SF | | 0 SF | |
| V. | Density | 30 Units/Acre | | 0 Units/Acre | | 70 Units/Acre | | 70 Units/Acre | | 0 Units/Acre | |
| VI. | Number of Stories | 3 | | 2 | | 5 | | 5 | | 3 | |
| VII. | Construction Type | Type V | | Type V | | Type V - Elevator | | Type V - Elevator | | Type I | |
| VIII. | Parking | | | | | | | | | | |
| | Type | Surface/Tuck-Under | | Surface | | Podium/Subterranean | | Wrap | | Structure | |
| | Spaces | 131 Spaces | | 178 Spaces | | 218 Spaces | | 218 Spaces | | 330 Spaces | |
| | Ratio | 2.26 Spaces/Unit | | 4.00 Spaces/1,000 SF Commercial | | 1.60 Spaces/Unit | | 1.60 Spaces/Unit | | 375 SF/Space | |

Note: Items appearing in bold and italics reflect KMA changes to Architect's development scenarios.

TABLE A-2

DEVELOPMENT COSTS
TRANSIT DISTRICT SPECIFIC PLAN
CITY OF EL CAJON

| | SITE #1 | | | | | | | | | | | | | |
|---|--|------------------|-----------------------|---------------------|----------------------|---------------------|-------------------------|-----------------------|---------------------|------------------|-----------------------|------------------------------------|------------------------|--|
| | Existing Zoning | | | | | | Proposed Zoning | | | | | | | |
| | Scenario 1 | | | Scenario 2 | | | Scenario 3 | | | | Scenario 4 | | | |
| | Stacked Flat Apartments-Surface/Tuck-Under | | | Commercial Only | | | Stacked Flat Apartments | | | | MTS Parking Structure | | | |
| | Totals | Per Unit | Comments | Totals | Comments | Totals | Per Unit | Comments | Totals | Per Unit | Comments | Totals | Comments | |
| I. Direct Costs ⁽¹⁾ | | | | | | | | | | | | | | |
| Off-Site Improvements | \$425,000 | \$7,300 | \$5 /SF Site Area | \$425,000 | \$5 /SF Site Area | \$425,000 | \$3,100 | \$5 /SF Site Area | \$425,000 | \$3,100 | \$5 /SF Site Area | \$272,000 | \$5 /SF Site Area | |
| On-Site Improvements | \$1,274,000 | \$22,000 | \$15 /SF Site Area | \$849,000 | \$10 /SF Site Area | \$1,274,000 | \$9,400 | \$15 /SF Site Area | \$1,274,000 | \$9,400 | \$15 /SF Site Area | \$817,000 | \$15 /SF Site Area | |
| Parking | \$1,965,000 | \$33,900 | \$15,000 /Space | \$0 | Included Above | \$6,540,000 | \$48,100 | \$30,000 /Space | \$4,360,000 | \$32,100 | \$20,000 /Space | \$9,900,000 | \$30,000 /Space | |
| Shell Construction - Residential | \$9,225,000 | \$159,100 | \$150 /SF Residential | \$0 | \$0 /SF Residential | \$23,040,000 | \$169,400 | \$160 /SF Residential | \$23,040,000 | \$169,400 | \$160 /SF Residential | \$0 | \$0 /SF Residential | |
| Shell Construction - Commercial | \$0 | \$0 | \$0 /SF Commercial | \$5,785,000 | \$130 /SF Commercial | \$500,000 | \$3,700 | \$125 /SF Commercial | \$500,000 | \$3,700 | \$125 /SF Commercial | \$0 | \$0 /SF Commercial | |
| Tenant Improvements - Commercial | \$0 | \$0 | \$0 /SF Commercial | \$1,200,000 | \$30 /SF Commercial | \$108,000 | \$800 | \$30 /SF Commercial | \$108,000 | \$800 | \$30 /SF Commercial | \$0 | \$0 /SF Commercial | |
| FF&E/Amenities | \$116,000 | \$2,000 | Allowance | \$0 | Allowance | \$272,000 | \$2,000 | Allowance | \$272,000 | \$2,000 | Allowance | \$0 | Allowance | |
| Contingency | <u>\$650,000</u> | <u>\$11,200</u> | 5.0% of Directs | <u>\$413,000</u> | 5.0% of Directs | <u>\$1,608,000</u> | <u>\$11,800</u> | 5.0% of Directs | <u>\$1,499,000</u> | <u>\$11,000</u> | 5.0% of Directs | <u>\$549,000</u> | 5.0% of Directs | |
| Total Direct Costs | \$13,655,000 | \$235,400 | \$222 /SF GBA | \$8,672,000 | \$195 /SF GBA | \$33,767,000 | \$248,300 | \$228 /SF GBA | \$31,478,000 | \$231,500 | \$213 /SF GBA | \$11,538,000 | \$212 /SF Site Area | |
| II. Indirect Costs ⁽²⁾ | \$3,414,000 | \$58,900 | 25.0% of Directs | \$1,734,000 | 20.0% of Directs | \$8,442,000 | \$62,100 | 25.0% of Directs | \$7,870,000 | \$57,900 | 25.0% of Directs | \$1,731,000 | 15.0% of Directs | |
| III. Financing Costs | \$1,366,000 | \$23,600 | 10.0% of Directs | \$867,000 | 10.0% of Directs | \$3,377,000 | \$24,800 | 10.0% of Directs | \$3,148,000 | \$23,100 | 10.0% of Directs | \$1,154,000 | 10.0% of Directs | |
| IV. Total Development Costs excluding Land | \$18,435,000 | \$317,800 | \$300 /SF GBA | \$11,273,000 | \$253 /SF GBA | \$45,586,000 | \$335,200 | \$308 /SF GBA | \$42,496,000 | \$312,500 | \$287 /SF GBA | \$14,423,000 ⁽³⁾ | \$44,000 /Space | |

(1) Does not assume the payment of prevailing wages.

(2) Includes Architecture & Engineering, Permits & Fees, Legal & Accounting, Taxes & Insurance, and Marketing/Lease-Up Costs.

(3) Includes the payment of prevailing wages.

TABLE A-3

NET OPERATING INCOME AND WARRANTED INVESTMENT - RESIDENTIAL
TRANSIT DISTRICT SPECIFIC PLAN
CITY OF EL CAJON

| | SITE #1 | | | | | | | | | | | | | | |
|---|--|--------|-------------------------|----------|---------------------|---------------------|--------|-------------------------|----------|---------------------|-------|--------|-------------------------|----------|---------------------|
| | Existing Zoning | | | | | Proposed Zoning | | | | | | | | | |
| | Scenario 1 | | | | | Scenario 3 | | | | | | | | | |
| | Stacked Flat Apartments-Surface/Tuck-Under | | | | | Podium/Subterranean | | | | | Wrap | | | | |
| | Units | SF | \$/SF | \$/Month | Annual | Units | SF | \$/SF | \$/Month | Annual | Units | SF | \$/SF | \$/Month | Annual |
| I. Gross Scheduled Income (GSI) | | | | | | | | | | | | | | | |
| Rental Income | 58 | 900 SF | \$2.25 | \$2,025 | \$1,409,000 | 136 | 900 SF | \$2.50 | \$2,250 | \$3,672,000 | 136 | 900 SF | \$2.50 | \$2,250 | \$3,672,000 |
| Add: Other Income | | | \$50 /Unit/Month | | <u>\$34,800</u> | | | \$50 /Unit/Month | | <u>\$82,000</u> | | | \$50 /Unit/Month | | <u>\$82,000</u> |
| Total Gross Scheduled Income (GSI) | | | | | \$1,443,800 | | | | | \$3,754,000 | | | | | \$3,754,000 |
| II. Effective Gross Income (EGI) | | | | | | | | | | | | | | | |
| (Less) Vacancy | | | 5.0% of GSI | | <u>(\$72,000)</u> | | | 5.0% of GSI | | <u>(\$188,000)</u> | | | 5.0% of GSI | | <u>(\$188,000)</u> |
| Total Effective Gross Income (EGI) | | | | | \$1,371,800 | | | | | \$3,566,000 | | | | | \$3,566,000 |
| III. Operating Expenses | | | | | | | | | | | | | | | |
| (Less) Operating Expenses | | | \$4,000 /Unit/Year | | (\$232,000) | | | \$4,000 /Unit/Year | | (\$544,000) | | | \$4,000 /Unit/Year | | (\$544,000) |
| (Less) Property Tax (1) | | | \$3,621 /Unit/Year | | (\$210,000) | | | \$4,110 /Unit/Year | | (\$559,000) | | | \$4,110 /Unit/Year | | (\$559,000) |
| (Less) Replacement Reserves | | | <u>\$250 /Unit/Year</u> | | <u>(\$15,000)</u> | | | <u>\$250 /Unit/Year</u> | | <u>(\$34,000)</u> | | | <u>\$250 /Unit/Year</u> | | <u>(\$34,000)</u> |
| Total Expenses | | | \$7,879 /Unit/Year | | (\$457,000) | | | \$8,360 /Unit/Year | | (\$1,137,000) | | | \$8,360 /Unit/Year | | (\$1,137,000) |
| IV. Net Operating Income | | | | | \$914,800 | | | | | \$2,429,000 | | | | | \$2,429,000 |
| V. Warranted Investment | | | | | | | | | | | | | | | |
| A. Net Operating Income | | | | | \$914,800 | | | | | \$2,429,000 | | | | | \$2,429,000 |
| B. Target Return on Investment (ROI) | | | | | <u>5.50%</u> | | | | | <u>5.50%</u> | | | | | <u>5.50%</u> |
| C. Maximum Warranted Investment | | | | | \$16,633,000 | | | | | \$44,164,000 | | | | | \$44,164,000 |
| Per Unit | | | | | \$287,000 | | | | | \$325,000 | | | | | \$325,000 |

(1) Based on capitalized income approach; assumes a 1.15% tax rate and 5.0% cap rate.

TABLE A-4

NET OPERATING INCOME AND WARRANTED INVESTMENT - COMMERCIAL
TRANSIT DISTRICT SPECIFIC PLAN
CITY OF EL CAJON

| SITE #1 | | | | | | | | | | | | |
|--|---------------|----------------------|----------------------|-------------------------|--------------|----------------------|----------------------|--------------------|--------------|----------------------|----------------------|--------------------|
| Existing Zoning | | | | Proposed Zoning | | | | | | | | |
| Scenario 2 | | | | Scenario 3 | | | | | | | | |
| Commercial Only | | | | Stacked Flat Apartments | | | | | | | | |
| | | | | Podium/Subterranean | | | Wrap | | | | | |
| | Net Leasable | | | Net Leasable | | | Net Leasable | | | | | |
| | SF @ 90% | Monthly Rent | Total Annual | SF @ 90% | Monthly Rent | Total Annual | SF @ 90% | Monthly Rent | Total Annual | | | |
| I. Gross Scheduled Income (GSI) | | | | | | | | | | | | |
| Retail | 8,000 | 20% | \$2.50 /SF/Month/NNN | \$240,000 | 3,600 | 100% | \$2.50 /SF/Month/NNN | \$108,000 | 3,600 | 100% | \$2.50 /SF/Month/NNN | \$108,000 |
| Office | <u>32,000</u> | <u>80%</u> | \$2.75 /SF/Month/FSG | <u>\$1,056,000</u> | <u>0</u> | <u>0%</u> | \$2.75 /SF/Month/FSG | <u>\$0</u> | <u>0</u> | <u>0%</u> | \$2.75 /SF/Month/FSG | <u>\$0</u> |
| Total Commercial GSI | 40,000 | 100% | | \$1,296,000 | 3,600 | 100% | | \$108,000 | 3,600 | 100% | | \$108,000 |
| II. Effective Gross Income (EGI) | | | | | | | | | | | | |
| (Less) Vacancy - Retail | | 10% of GSI - Retail | | (\$24,000) | | 10% of GSI - Retail | | (\$11,000) | | 10% of GSI - Retail | | (\$11,000) |
| (Less) Vacancy - Office | | 5% of GSI - Office | | <u>(\$53,000)</u> | | 5% of GSI - Office | | <u>\$0</u> | | 5% of GSI - Office | | <u>\$0</u> |
| Total Effective Gross Income | | | | \$1,219,000 | | | | \$97,000 | | | | \$97,000 |
| III. Operating Expenditures | | | | | | | | | | | | |
| (Less) Unreimbursed Operating Expenses - Retail | | 5.0% of EGI - Retail | | (\$9,000) | | 5.0% of EGI - Retail | | (\$5,000) | | 5.0% of EGI - Retail | | (\$5,000) |
| (Less) Operating Expenses - Office | | \$10 SF/Year | | <u>(\$320,000)</u> | | \$10 SF/Year | | <u>\$0</u> | | \$10 SF/Year | | <u>\$0</u> |
| Total Operating Expenses | | | | (\$329,000) | | | | (\$5,000) | | | | (\$5,000) |
| IV. Net Operating Income (NOI) - Commercial | | | | \$890,000 | | | | \$92,000 | | | | \$92,000 |
| V. Warranted Investment | | | | | | | | | | | | |
| A. Net Operating Income | | | | \$890,000 | | | | \$92,000 | | | | \$92,000 |
| B. Targeted Return on Investment (ROI) | | | | 8.0% | | | | 8.0% | | | | 8.0% |
| C. Maximum Warranted Investment | | | | \$11,125,000 | | | | \$1,150,000 | | | | \$1,150,000 |
| Per SF GBA | | | | \$250 | | | | \$288 | | | | \$288 |

TABLE A-5

RESIDUAL LAND VALUE
TRANSIT DISTRICT SPECIFIC PLAN
CITY OF EL CAJON

| SITE #1 | | | | |
|--|----------------------|-------------------------|--------------------|--------------------|
| Existing Zoning | | Proposed Zoning | | |
| Scenario 1 | Scenario 2 | Scenario 3 | | |
| Stacked Flat Apartments-Surface/Tuck-Under | Commercial Only | Stacked Flat Apartments | | |
| | | Podium/Subterranean | Wrap | |
| I. Residual Land Value | | | | |
| A. Maximum Warranted Investment | | | | |
| Residential | \$16,633,000 | \$0 | \$44,164,000 | \$44,164,000 |
| Commercial | \$0 | \$11,125,000 | \$1,150,000 | \$1,150,000 |
| Total Maximum Warranted Investment | \$16,633,000 | \$11,125,000 | \$45,314,000 | \$45,314,000 |
| B. (Less) Total Development Costs | (\$18,435,000) | (\$11,273,000) | (\$45,586,000) | (\$42,496,000) |
| C. Residual Land Value | (\$1,802,000) | (\$148,000) | (\$272,000) | \$2,818,000 |
| Per Unit | (\$31,000) | N/A | (\$2,000) | \$21,000 |
| Per SF GBA | (\$29) | (\$3) | (\$2) | \$19 |
| Per SF Land | (\$21) | (\$2) | (\$3) | \$33 |

APPENDIX B

TRANSIT DISTRICT SPECIFIC PLAN CITY OF EL CAJON

Development Prototypes Site #2

TABLE B-1

PROJECT DESCRIPTION
TRANSIT DISTRICT SPECIFIC PLAN
CITY OF EL CAJON

| | | SITE #2 | | | | | | | | | |
|-------|------------------------------------|--|------------|---------------------------------|-------------|-----------------------------|-----------|--|------------|---------------------------------|-------------|
| | | Existing Zoning | | | | Proposed Zoning | | | | | |
| | | Scenario 1 | | Scenario 2 | | Scenario 3 | | Scenario 4 | | Scenario 5 | |
| | | Stacked Flat Apartments - Surface/Tuck-Under | | Commercial Only | | Row Homes - Private Garages | | Stacked Flats/Retail - Podium/Subterranean | | Office/Retail - Surface | |
| I. | Site Area | 1.55 Acres | | 1.55 Acres | | 1.55 Acres | | 1.55 Acres | | 1.55 Acres | |
| II. | Gross Building Area (GBA) | | | | | | | | | | |
| | Net Residential | 41,000 SF | 85% | 0 SF | 0% | 48,000 SF | 100% | 63,000 SF | 82% | 0 SF | 0% |
| | Circulation / Lobby | <i>7,000 SF</i> | <i>15%</i> | <i>0 SF</i> | <i>0%</i> | <i>0 SF</i> | <i>0%</i> | <i>11,000 SF</i> | <i>14%</i> | <i>0 SF</i> | <i>0%</i> |
| | Subtotal Residential GBA | 48,000 SF | 100% | 0 SF | 0% | 48,000 SF | 100% | 74,000 SF | 96% | 0 SF | 0% |
| | Commercial Space | <i>0 SF</i> | <i>0%</i> | <i>35,500 SF</i> | <i>100%</i> | <i>0 SF</i> | <i>0%</i> | <i>3,000 SF</i> | <i>4%</i> | <i>49,000 SF</i> | <i>100%</i> |
| | Grand Total TGBA | 48,000 SF | 100% | 35,500 SF | 100% | 48,000 SF | 100% | 77,000 SF | 100% | 49,000 SF | 100% |
| III. | Approximate Floor Area Ratio (FAR) | 0.71 | | 0.53 | | 0.71 | | 1.14 | | 0.73 | |
| IV. | Number of Units | 45 Units | | 0 Units | | 30 Units | | 70 Units | | 0 Units | |
| | Average Unit Size | <i>900 SF</i> | | 0 SF | | <i>1,600 SF</i> | | <i>900 SF</i> | | 0 SF | |
| V. | Density | 29 Units/Acre | | 0 Units/Acre | | 19 Units/Acre | | 45 Units/Acre | | 0 Units/Acre | |
| VI. | Number of Stories | 3 | | 2 | | 2 | | 3 | | 2 | |
| VII. | Construction Type | Type V | | Type V | | Type V | | Type V | | Type V | |
| VIII. | Parking | | | | | | | | | | |
| | Type | Surface/Tuck-Under | | Surface | | Private Garages | | Podium/Subterranean | | Surface | |
| | Spaces | 100 Spaces | | 142 Spaces | | 60 Spaces | | 112 Spaces | | 123 Spaces | |
| | Ratio | 2.22 Spaces/Unit | | 4.00 Spaces/1,000 SF Commercial | | 2.00 Spaces/Unit | | 1.60 Spaces/Unit | | 2.51 Spaces/1,000 SF Commercial | |

Note: Items appearing in bold and italics reflect KMA changes to Architect's development scenarios.

TABLE B-2

DEVELOPMENT COSTS
TRANSIT DISTRICT SPECIFIC PLAN
CITY OF EL CAJON

| | SITE #2 | | | | | | | | | | | | | |
|---|--|------------------|-------------------------|--------------------|-------------------------|--------------------|-----------------------------|-------------------------|---------------------|--|-------------------------|---------------------|-------------------------|--|
| | Existing Zoning | | | | | | Proposed Zoning | | | | | | | |
| | Scenario 1 | | | Scenario 2 | | | Scenario 3 | | | Scenario 4 | | | Scenario 5 | |
| | Stacked Flat Apartments - Surface/Tuck-Under | | | Commercial Only | | | Row Homes - Private Garages | | | Stacked Flats/Retail - Podium/Subterranean | | | Office/Retail - Surface | |
| | Totals | Per Unit | Comments | Totals | Comments | Totals | Per Unit | Comments | Totals | Per Unit | Comments | Totals | Comments | |
| I. Direct Costs (1) | | | | | | | | | | | | | | |
| Off-Site Improvements | \$338,000 | \$7,500 | \$5 /SF Site Area | \$338,000 | \$5 /SF Site Area | \$338,000 | \$11,300 | \$5 /SF Site Area | \$338,000 | \$4,800 | \$5 /SF Site Area | \$338,000 | \$5 /SF Site Area | |
| On-Site Improvements | \$1,013,000 | \$22,500 | \$15 /SF Site Area | \$675,000 | \$10 /SF Site Area | \$675,000 | \$22,500 | \$10 /SF Site Area | \$1,013,000 | \$14,500 | \$15 /SF Site Area | \$675,000 | \$10 /SF Site Area | |
| Parking | \$1,500,000 | \$33,300 | \$15,000 /Space | \$0 | \$0 /Space | \$0 | \$0 | \$0 /Space | \$3,360,000 | \$48,000 | \$30,000 /Space | \$0 | \$0 /Space | |
| Shell Construction - Residential | \$7,200,000 | \$160,000 | \$150 /SF Residential | \$0 | \$0 /SF Residential | \$5,520,000 | \$184,000 | \$115 /SF Residential | \$11,840,000 | \$169,100 | \$160 /SF Residential | \$0 | \$0 /SF Residential | |
| Shell Construction - Commercial | \$0 | \$0 | \$150 /SF Commercial | \$4,615,000 | \$130 /SF Commercial | \$0 | \$0 | \$0 /SF Commercial | \$450,000 | \$6,400 | \$150 /SF Commercial | \$6,370,000 | \$130 /SF Commercial | |
| Tenant Improvements - Commercial | \$0 | \$0 | \$30 /SF Commercial | \$1,065,000 | \$30 /SF Commercial | \$0 | \$0 | \$0 /SF Commercial | \$90,000 | \$1,300 | \$30 /SF Commercial | \$1,470,000 | \$30 /SF Commercial | |
| FF&E/Amenities | \$90,000 | \$2,000 | Allowance | \$0 | Allowance | \$60,000 | \$2,000 | Allowance | \$140,000 | \$2,000 | Allowance | \$0 | Allowance | |
| Contingency | \$507,000 | \$11,300 | 5.0% of Directs | \$335,000 | 5.0% of Directs | \$330,000 | \$11,000 | 5.0% of Directs | \$862,000 | \$12,300 | 5.0% of Directs | \$443,000 | 5.0% of Directs | |
| Total Direct Costs | \$10,648,000 | \$236,600 | \$222 /SF GBA | \$7,028,000 | \$198 /SF GBA | \$6,923,000 | \$230,800 | \$144 /SF GBA | \$18,093,000 | \$258,500 | \$235 /SF GBA | \$9,296,000 | \$190 /SF GBA | |
| II. Indirect Costs (2) | \$2,662,000 | \$59,200 | 25.0% of Directs | \$1,405,600 | 20.0% of Directs | \$1,731,000 | \$57,700 | 25.0% of Directs | \$4,523,000 | \$64,600 | 25.0% of Directs | \$1,859,000 | 20.0% of Directs | |
| III. Financing Costs | \$1,065,000 | \$23,700 | 10.0% of Directs | \$703,000 | 10.0% of Directs | \$692,000 | \$23,100 | 10.0% of Directs | \$1,809,000 | \$25,800 | 10.0% of Directs | \$930,000 | 10.0% of Directs | |
| IV. Total Development Costs excluding Land | \$14,375,000 | \$319,400 | \$299 /SF GBA | \$9,136,600 | \$257 /SF GBA | \$9,346,000 | \$311,500 | \$195 /SF GBA | \$24,425,000 | \$348,900 | \$317 /SF GBA | \$12,085,000 | \$247 /SF GBA | |

(1) Does not assume the payment of prevailing wages.

(2) Includes Architecture & Engineering, Permits & Fees, Legal & Accounting, Taxes & Insurance, and Marketing/Lease-Up Costs.

TABLE B-3

NET OPERATING INCOME AND WARRANTED INVESTMENT - RESIDENTIAL - RENTAL
 TRANSIT DISTRICT SPECIFIC PLAN
 CITY OF EL CAJON

| | | SITE #2 | | | | | | | | | |
|-------------|--------------------------------------|--|--------|--------------------|----------|---------------------|--|--------|--------------------|----------|---------------------|
| | | Existing Zoning | | | | | Proposed Zoning | | | | |
| | | Scenario 1 | | | | | Scenario 4 | | | | |
| | | Stacked Flat Apartments - Surface/Tuck-Under | | | | | Stacked Flats/Retail - Podium/Subterranean | | | | |
| | | Units | SF | \$/SF | \$/Month | Annual | Units | SF | \$/SF | \$/Month | Annual |
| I. | Gross Scheduled Income (GSI) | | | | | | | | | | |
| | Rental Income | 45 | 900 SF | \$2.25 | \$2,025 | \$1,094,000 | 70 | 900 SF | \$2.50 | \$2,250 | \$1,890,000 |
| | Add: Other Income | | | \$50 /Unit/Month | | \$27,000 | | | \$50 /Unit/Month | | \$42,000 |
| | Total Gross Scheduled Income (GSI) | | | | | \$1,121,000 | | | | | \$1,932,000 |
| II. | Effective Gross Income (EGI) | | | | | | | | | | |
| | (Less) Vacancy | | | 5.0% of GSI | | (\$56,000) | | | 5.0% of GSI | | (\$97,000) |
| | Total Effective Gross Income (EGI) | | | | | \$1,065,000 | | | | | \$1,835,000 |
| III. | Operating Expenses | | | | | | | | | | |
| | (Less) Operating Expenses | | | \$4,000 /Unit/Year | | (\$180,000) | | | \$4,000 /Unit/Year | | (\$280,000) |
| | (Less) Property Tax (1) | | | \$3,622 /Unit/Year | | (\$163,000) | | | \$4,100 /Unit/Year | | (\$287,000) |
| | (Less) Replacement Reserves | | | \$300 /Unit/Year | | (\$14,000) | | | \$300 /Unit/Year | | (\$21,000) |
| | Total Expenses | | | \$7,933 /Unit/Year | | (\$357,000) | | | \$8,400 /Unit/Year | | (\$588,000) |
| IV. | Net Operating Income | | | | | \$708,000 | | | | | \$1,247,000 |
| V. | Warranted Investment | | | | | | | | | | |
| | A. Net Operating Income | | | | | \$708,000 | | | | | \$1,247,000 |
| | B. Target Return on Investment (ROI) | | | | | 5.50% | | | | | 5.50% |
| C. | Maximum Warranted Investment | | | | | \$12,873,000 | | | | | \$22,673,000 |
| | Per Unit | | | | | \$286,000 | | | | | \$324,000 |

(1) Based on capitalized income approach; assumes a 1.15% tax rate and 5.0% cap rate.

TABLE B-4

**NET OPERATING INCOME AND WARRANTED INVESTMENT - RESIDENTIAL - FOR-SALE
TRANSIT DISTRICT SPECIFIC PLAN
CITY OF EL CAJON**

| |
|------------------------------------|
| SITE #2 |
| Proposed |
| Scenario 3 |
| Row Homes - Private Garages |

| | <u>Units</u> | <u>SF</u> | <u>Sales Price</u> | | <u>Annual</u> |
|---|--------------|-----------|-------------------------------|----------------|----------------------|
| | | | <u>(\$/SF)</u> | <u>\$/Unit</u> | |
| I. Gross Sales Proceeds - For-Sale | | | | | |
| Gross Sales Proceeds | 30 | 1,600 SF | \$275 | \$440,000 | \$13,200,000 |
| II. Net Sales Proceeds/Maximum Warranted Investment | | | | | |
| (Less) Cost of Sale @ | | | 3.0% of Gross Sales Proceeds | | (\$396,000) |
| (Less) Target Developer Profit @ | | | 10.0% of Gross Sales Proceeds | | <u>(\$1,320,000)</u> |
| Net Sales Proceeds/Maximum Warranted Investment - Residential - For-Sale | | | | | \$11,484,000 |

TABLE B-5

NET OPERATING INCOME AND WARRANTED INVESTMENT - COMMERCIAL
TRANSIT DISTRICT SPECIFIC PLAN
CITY OF EL CAJON

| SITE #2 | | | | | | | | | | |
|---|--------------|----------------------|----------------------|--|----------------------|----------------------|-------------------------|----------------------|----------------------|---------------------|
| Existing Zoning | | | | Proposed Zoning | | | | | | |
| Scenario 2 | | | | Scenario 4 | | | Scenario 5 | | | |
| Commercial Only | | | | Stacked Flats/Retail - Podium/Subterranean | | | Office/Retail - Surface | | | |
| | Net Leasable | | | Net Leasable | | | Net Leasable | | | |
| | SF @ 90% | | Monthly Rent | SF @ 90% | | Monthly Rent | SF | | Monthly Rent | Total Annual |
| | | | Total Annual | | | Total Annual | | | Total Annual | |
| I. Gross Scheduled Income (GSI) | | | | | | | | | | |
| Retail | 6,390 | 20% | \$2.50 /SF/Month/NNN | 2,700 | 100% | \$2.50 /SF/Month/NNN | 9,800 | 20% | \$2.50 /SF/Month/NNN | \$294,000 |
| Office | 25,560 | 80% | \$2.75 /SF/Month/FSG | 0 | 0% | \$2.75 /SF/Month/FSG | 39,200 | 80% | \$2.75 /SF/Month/FSG | \$1,294,000 |
| Total Commercial GSI | 31,950 | 100% | | 2,700 | 100% | | 49,000 | 100% | | \$1,588,000 |
| | | | \$191,700 | | | \$81,000 | | | | |
| | | | \$843,000 | | | \$0 | | | | |
| | | | \$1,034,700 | | | \$81,000 | | | | |
| II. Effective Gross Income (EGI) | | | | | | | | | | |
| (Less) Vacancy - Retail | | 10% of GSI - Retail | (\$19,000) | | 10% of GSI - Retail | (\$8,000) | | 10% of GSI - Retail | | (\$29,000) |
| (Less) Vacancy - Office | | 5% of GSI - Office | <u>(\$42,000)</u> | | 5% of GSI - Office | <u>\$0</u> | | 5% of GSI - Office | | <u>(\$65,000)</u> |
| Total Effective Gross Income | | | \$973,700 | | | \$73,000 | | | | \$1,494,000 |
| III. Operating Expenditures | | | | | | | | | | |
| (Less) Unreimbursed Operating Expenses - Retail | | 5.0% of EGI - Retail | (\$7,000) | | 5.0% of EGI - Retail | (\$4,000) | | 5.0% of EGI - Retail | | (\$11,000) |
| (Less) Operating Expenses - Office | | \$10 SF/Year | <u>(\$255,600)</u> | | \$10 SF/Year | <u>\$0</u> | | \$10 SF/Year | | <u>(\$392,000)</u> |
| Total Operating Expenses | | | (\$262,600) | | | (\$4,000) | | | | (\$403,000) |
| IV. Net Operating Income (NOI) | | | | | | | | | | |
| NOI - Commercial | | | \$711,100 | | | \$69,000 | | | | \$1,091,000 |
| V. Warranted Investment | | | | | | | | | | |
| A. Net Operating Income | | | \$711,100 | | | \$69,000 | | | | \$1,091,000 |
| B. Targeted Return on Investment (ROI) | | | 8.0% | | | 8.0% | | | | 8.0% |
| C. Maximum Warranted Investment | | | \$8,889,000 | | | \$863,000 | | | | \$13,638,000 |
| | | | \$278 | | | \$320 | | | | \$278 |

TABLE B-6

RESIDUAL LAND VALUE
TRANSIT DISTRICT SPECIFIC PLAN
CITY OF EL CAJON

| SITE #2 | | | | | |
|--|-----------------|-----------------------------|--|-------------------------|----------------|
| Existing Zoning | | | Proposed Zoning | | |
| Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 | Scenario 5 | |
| Stacked Flat Apartments - Surface/Tuck-Under | Commercial Only | Row Homes - Private Garages | Stacked Flats/Retail - Podium/Subterranean | Office/Retail - Surface | |
| I. Residual Land Value | | | | | |
| A. Maximum Warranted Investment | | | | | |
| Residential | \$12,873,000 | \$0 | \$11,484,000 | \$22,673,000 | \$0 |
| Commercial | \$0 | \$8,889,000 | \$0 | \$863,000 | \$13,638,000 |
| Total Maximum Warranted Investment | \$12,873,000 | \$8,889,000 | \$11,484,000 | \$23,536,000 | \$13,638,000 |
| B. (Less) Total Development Costs | | | | | |
| | (\$14,375,000) | (\$9,136,600) | (\$9,346,000) | (\$24,425,000) | (\$12,085,000) |
| C. Residual Land Value | | | | | |
| | (\$1,502,000) | (\$247,600) | \$2,138,000 | (\$889,000) | \$1,553,000 |
| Per Unit | (\$33,000) | N/A | \$71,000 | (\$13,000) | N/A |
| Per SF GBA | (\$31) | (\$7) | \$45 | (\$12) | \$32 |
| Per SF Land | (\$22) | (\$4) | \$32 | (\$13) | \$24 |

APPENDIX C

TRANSIT DISTRICT SPECIFIC PLAN CITY OF EL CAJON

Comparable Land and Building Sales

TABLE C-1

MULTI-FAMILY RESIDENTIAL LAND SALES COMPARABLES, JANUARY 2013 TO PRESENT (1)
TRANSIT DISTRICT SPECIFIC PLAN
CITY OF EL CAJON

| <u>Sale Date</u> | <u>Address</u> | <u>City</u> | <u>Sale Price</u> | <u>Acres</u> | <u>\$/SF</u> | <u># of Units</u> | <u>Density (DU/AC)</u> | <u>\$/Unit</u> |
|------------------|--------------------------|---------------|-------------------|--------------|--------------|-------------------|------------------------|----------------|
| 09/17/15 | 2850 6th Avenue | San Diego | \$12,550,000 | 0.83 | \$347 | 60 | 72 | \$209,167 |
| 10/02/15 | 2363 Front Street | San Diego | \$1,000,000 | 0.11 | \$200 | 8 | 70 | \$125,000 |
| 05/13/16 | 3921-3935 Normal St | San Diego | \$3,560,000 | 0.56 | \$146 | 40 (2) | 71 | \$89,000 |
| 09/16/14 | 20th Street | San Diego | \$1,225,000 | 0.31 | \$91 | 8 (2) | 26 | \$153,125 |
| 07/01/16 | 300-330 S Escondido Blvd | Escondido | \$2,600,000 | 0.80 | \$75 | 65 | 81 | \$40,000 |
| 04/17/13 | 4329 Idaho St | San Diego | \$1,000,000 | 0.32 | \$72 | 9 | 28 | \$111,111 |
| 03/14/16 | 2731 B St | San Diego | \$1,550,000 | 0.50 | \$71 | 14 | 28 | \$110,714 |
| 01/16/15 | Via Alta | San Diego | \$9,000,000 | 3.15 | \$66 | 66 | 21 | \$136,364 |
| 08/13/15 | 1105 National City Blvd | National City | \$3,500,000 | 1.33 | \$60 | 166 | 125 | \$21,084 |
| 05/09/14 | 1770 W Washington St | San Diego | \$525,000 | 0.20 | \$60 | 6 (2) | 29 | \$89,990 |
| 06/10/13 | Dwight St & Nile St | San Diego | \$325,000 | 0.13 | \$58 | 2 (2) | 15 | \$175,423 |
| 02/26/15 | 2440 Grand Avenue | San Diego | \$2,850,000 | 1.22 | \$54 | 10 | 8 | \$285,000 |
| 10/09/14 | 6244 El Cajon Blvd | San Diego | \$3,500,000 | 1.80 | \$45 | 130 | 72 | \$26,923 |
| 02/26/16 | 3075 Broadway | San Diego | \$350,000 | 0.18 | \$45 | 10 | 56 | \$35,000 |
| 06/06/14 | 222 Church Ave | Chula Vista | \$450,000 | 0.24 | \$43 | 15 | 63 | \$30,000 |
| 06/26/13 | 2930 Barnard St | San Diego | \$16,500,000 | 9.37 | \$40 | 136 (2) | 15 | \$121,277 |
| 12/20/13 | 11911 Carmel Creek | San Diego | \$8,907,534 | 5.21 | \$39 | 108 | 21 | \$82,477 |
| 09/16/13 | 7808 El Cajon Blvd | La Mesa | \$1,932,000 | 1.40 | \$32 | 56 | 40 | \$34,500 |
| 06/01/15 | 745-765 Dorothy St | Chula Vista | \$2,400,000 | 1.80 | \$31 | 39 | 22 | \$61,538 |
| 11/04/14 | Pointe Pky | Spring Valley | \$6,250,000 | 5.08 | \$28 | 88 | 17 | \$71,023 |
| 02/26/13 | 353 Roosevelt St | Chula Vista | \$412,000 | 0.34 | \$27 | 8 (2) | 23 | \$51,500 |
| 03/10/14 | 6736 Mission Gorge Rd | San Diego | \$500,000 | 0.42 | \$27 | 18 (2) | 44 | \$27,137 |
| 05/09/14 | 172 4th Ave | Chula Vista | \$200,000 | 0.17 | \$27 | 4 (2) | 26 | \$45,915 |
| 05/31/16 | 701 D St | Chula Vista | \$4,700,000 | 4.35 | \$25 | 72 (2) | 17 | \$65,278 |
| 03/12/14 | 1455 Sheryl Ln | National City | \$1,750,000 | 1.89 | \$21 | 70 (2) | 37 | \$25,000 |
| 04/30/13 | Town Center Pkwy Pky | Santee | \$5,647,976 | 6.82 | \$19 | 172 | 25 | \$32,837 |
| 05/28/14 | 426-444 W Washington Ave | Escondido | \$2,600,000 | 3.18 | \$19 | 112 (2) | 35 | \$23,214 |
| 07/18/14 | 1140 N Santa Fe Ave | Vista | \$460,000 | 0.57 | \$18 | 40 (2) | 70 | \$11,500 |
| 10/02/15 | 2501 E 18th St | National City | \$270,000 | 0.34 | \$18 | 14 (2) | 41 | \$19,286 |
| 02/03/16 | Santa Carolina Road | Chula Vista | \$4,000,000 | 5.18 | \$18 | 96 | 19 | \$41,667 |
| 09/10/13 | 1225 N Santa Fe Rd | Vista | \$865,000 | 1.19 | \$17 | 48 (2) | 40 | \$18,021 |
| 07/16/13 | Melrose Dr N | Vista | \$2,250,000 | 3.47 | \$15 | 71 | 21 | \$31,690 |
| 10/31/14 | 8465 Broadway | Lemon Grove | \$325,000 | 0.51 | \$15 | 29 | 57 | \$11,207 |
| 05/15/15 | 8850 Olive St | Santee | \$585,000 | 1.00 | \$13 | 16 | 16 | \$36,563 |
| 04/01/15 | 664 N Fig Street | Escondido | \$335,000 | 0.62 | \$12 | 10 | 16 | \$33,500 |
| 04/02/15 | 35th St @ J Street | San Diego | \$450,000 | 0.92 | \$11 | 18 | 20 | \$25,000 |
| 04/07/16 | Woodward St | San Marcos | \$1,400,000 | 3.38 | \$10 | 50 | 15 | \$28,000 |
| 04/10/14 | Smythe Ave | San Diego | \$465,000 | 1.25 | \$9 | 50 | 40 | \$9,300 |
| 07/17/14 | 255 Grapevine Rd | Vista | \$3,000,000 | 9.25 | \$7 | 194 (2) | 21 | \$15,464 |
| 06/24/15 | 76 Walnut Dr | Chula Vista | \$75,000 | 0.25 | \$7 | 2 (2) | 7 | \$42,857 |
| 05/17/13 | 1225 N Fig Street | Escondido | \$355,000 | 1.45 | \$6 | 9 (2) | 6 | \$39,343 |
| | | Minimum | \$75,000 | 0.11 | \$6 | 2 | 6 | \$9,300 |
| | | Maximum | \$16,500,000 | 9 | \$347 | 194 | 125 | \$285,000 |
| | | Median | \$1,400,000 | 1.00 | \$27 | 40 | 26 | \$39,343 |
| | | Average | \$2,698,037 | 1.98 | \$47 | 52 | 36 | \$64,463 |

(1) Selected sales transactions for residential land in San Diego County less than 10 acres; excludes Downtown San Diego and coastal properties.

(2) KMA estimate based on Internet research and maximum allowable density as stated in each city's municipal code.

Source: CoStar Group, Inc.

Prepared by: Keyser Marston Associates, Inc.

Filename: i:\El Cajon_TDSP_Market Data_10-07-16;10/7/2016;mdt

TABLE C-2

RETAIL/OFFICE LAND COMPARABLES, JANUARY 2012 TO PRESENT (1)
TRANSIT DISTRICT SPECIFIC PLAN
CITY OF EL CAJON

| <u>Sale Date</u> | <u>Address</u> | <u>City</u> | <u>Sale Price</u> | <u>Acres</u> | <u>\$/SF Land</u> | <u>Proposed Use</u> |
|------------------|--------------------------------|-------------|-------------------|--------------|-----------------------|---------------------|
| 09/24/14 | 7590 Pacific Ave | Lemon Grove | \$775,000 | 0.29 | \$61 | General Commercial |
| 05/09/16 | Cuyamaca St @ Mission Creek Dr | Santee | \$725,000 | 0.37 | \$46 | Retail |
| 03/22/13 | 7901 Navajo Rd | San Diego | \$550,000 | 0.63 | \$20 | General Commercial |
| 04/29/16 | 5900 Severin Dr | La Mesa | \$400,000 | 0.46 | \$20 | General Commercial |
| 08/28/14 | 1338 E Main St | El Cajon | \$1,020,000 | 1.31 | \$18 | Office |
| 09/03/14 | 9851 Buena Vista Ave | Santee | \$3,600,000 | 5.06 | \$16 | General Commercial |
| 11/04/14 | 8606 Graves Ave | Santee | \$700,000 | 1.09 | \$15 | General Commercial |
| 05/29/15 | 9509 Chocolate Summit Dr | El Cajon | \$750,000 | 1.18 | \$15 | General Commercial |
| 08/07/12 | 1338 E Main St | El Cajon | \$825,000 | 1.31 | \$14 | Auto Dealership |
| 07/21/15 | 230-260 El Cajon Blvd | El Cajon | \$500,000 | 0.80 | \$14 | Auto Dealership |
| 01/26/16 | Town Center Pky | Santee | \$5,428,500 | 10.13 | \$12 | Retail/Restaurant |
| 05/04/12 | 8249 Broadway | Lemon Grove | \$425,000 | 1.06 | \$9 | Auto Dealership |
| | | Minimum | \$400,000 | 0.29 | \$9 | |
| | | Maximum | \$5,428,500 | 10.13 | \$61 | |
| | | Median | \$737,500 | 1.07 | \$16 | |
| | | Average | \$1,308,208 | 1.97 | \$22 | |

(1) Selected sales transactions for retail and office land in East San Diego County.

Source: CoStar Group, Inc.

Prepared by: Keyser Marston Associates, Inc.

Filename: i:/El Cajon_TDSP_Market Data_10-07-16;10/7/2016;mdt

TABLE C-3

NON-RESIDENTIAL BUILDING SALES, JANUARY 2012 TO PRESENT ⁽¹⁾
TRANSIT DISTRICT SPECIFIC PLAN
CITY OF EL CAJON

| <u>Sale Date</u> | <u>Address</u> | <u>Sale Price</u> | <u>Land Area (Acres)</u> | <u>Building Area (SF)</u> | <u>Floor Area Ratio (FAR)</u> | <u>\$/SF Building Area</u> | <u>\$/SF Land</u> | <u>Year Built</u> |
|------------------|------------------------|-------------------|------------------------------|-------------------------------|-----------------------------------|--------------------------------|-----------------------|-----------------------|
| 07/31/15 | 560 El Cajon Blvd | \$475,000 | 0.11 | 4,366 | 0.88 | \$109 | \$95 | 1953 |
| 05/06/14 | 511 N 2nd St | \$2,850,000 | 0.70 | 8,000 | 0.26 | \$356 | \$93 | 1978 |
| 08/01/14 | 2315-2325 Fletcher Pky | \$2,175,000 | 0.55 | 11,319 | 0.47 | \$192 | \$91 | 1956 |
| 10/21/13 | 1685 E Main St | \$2,360,000 | 0.62 | 12,354 | 0.46 | \$191 | \$88 | 1983 |
| 01/16/15 | 1000 Graves Ave | \$4,511,000 | 1.31 | 10,300 | 0.18 | \$438 | \$79 | 1974 |
| 04/20/16 | 413 S Magnolia Ave | \$511,000 | 0.15 | 1,458 | 0.22 | \$350 | \$78 | 1966 |
| 04/01/14 | 1025 Fletcher Pkwy | \$2,650,000 | 0.78 | 7,500 | 0.22 | \$353 | \$78 | 1981 |
| 06/30/14 | 2340 Tampa Ave | \$950,000 | 0.28 | 7,286 | 0.60 | \$130 | \$78 | 1976 |
| 05/29/15 | 435 W Main St | \$529,500 | 0.17 | 3,185 | 0.44 | \$166 | \$73 | 1958 |
| 06/10/13 | 500 N 2nd St | \$1,100,000 | 0.35 | 1,700 | 0.11 | \$647 | \$72 | 1965 |
| 11/06/15 | 127 E Lexington Ave | \$475,000 | 0.16 | 3,600 | 0.52 | \$132 | \$68 | 1974 |
| 06/27/14 | 306-312 Ballantyne St | \$500,000 | 0.17 | 1,648 | 0.22 | \$303 | \$68 | 1965 |
| 09/18/12 | 393 E Chase Ave | \$1,400,000 | 0.50 | 2,800 | 0.13 | \$500 | \$64 | 1978 |
| 02/17/16 | 1240-1246 Vernon Way | \$2,250,000 | 0.81 | 17,892 | 0.51 | \$126 | \$64 | 1973 |
| 07/19/16 | 444 El Cajon Blvd | \$610,000 | 0.22 | 2,352 | 0.25 | \$259 | \$64 | 1958 |
| 09/21/12 | 368 Broadway | \$1,500,000 | 0.57 | 5,673 | 0.23 | \$264 | \$60 | 1980 |
| 05/10/13 | 593 N Mollison Ave | \$1,100,000 | 0.42 | 1,655 | 0.09 | \$665 | \$60 | 1982 |
| 01/21/16 | 321-329 Van Houten Ave | \$1,100,000 | 0.44 | 6,412 | 0.33 | \$172 | \$57 | 1960 |
| 06/01/16 | 244 Millar Ave | \$950,000 | 0.39 | 10,048 | 0.60 | \$95 | \$57 | 1970 |
| 06/19/15 | 231 W Main St | \$1,600,000 | 0.65 | 10,851 | 0.38 | \$147 | \$57 | 1973 |
| 09/22/15 | 1130 Broadway | \$595,000 | 0.25 | 1,400 | 0.13 | \$425 | \$54 | 1981 |
| 06/12/15 | 905 W Main St | \$779,000 | 0.33 | 5,750 | 0.40 | \$135 | \$54 | 1978 |
| 01/12/15 | 531-569 Magnolia Ave | \$1,000,000 | 0.43 | 9,639 | 0.51 | \$104 | \$53 | 1982 |
| 07/30/15 | 525 E Main St | \$4,950,000 | 2.15 | 25,200 | 0.27 | \$196 | \$53 | 1951 |
| 12/02/15 | 581-583 El Cajon Blvd | \$365,000 | 0.16 | 693 | 0.10 | \$527 | \$52 | 1983 |
| 07/10/14 | 175 W Lexington Ave | \$540,000 | 0.24 | 4,000 | 0.38 | \$135 | \$52 | 1973 |
| 12/17/15 | 480 N Magnolia Ave | \$875,000 | 0.41 | 8,564 | 0.48 | \$102 | \$49 | 1963 |
| 12/07/15 | 997 Broadway | \$710,000 | 0.34 | 3,880 | 0.26 | \$183 | \$48 | 1979 |
| 06/16/14 | 1149 Broadway | \$890,000 | 0.44 | 3,000 | 0.16 | \$297 | \$47 | 1974 |
| 02/24/14 | 240 S Magnolia Ave | \$644,000 | 0.32 | 5,574 | 0.40 | \$116 | \$46 | 1956 |
| 03/18/15 | 669-681 S Mollison Ave | \$920,000 | 0.47 | 8,262 | 0.40 | \$111 | \$45 | 1975 |
| 08/23/13 | 1240-1246 Vernon Way | \$1,580,000 | 0.81 | 17,892 | 0.51 | \$88 | \$45 | 1973 |
| 05/29/14 | 690 N 2nd St | \$3,300,000 | 1.75 | 21,000 | 0.28 | \$157 | \$43 | 1974 |
| 02/21/14 | 231 W Main St | \$1,185,000 | 0.65 | 10,851 | 0.38 | \$109 | \$42 | 1973 |
| 10/07/15 | 289 Vernon Way | \$1,450,000 | 0.80 | 9,660 | 0.28 | \$150 | \$42 | 1984 |
| 01/15/14 | 221 N Johnson Ave | \$552,000 | 0.32 | 5,520 | 0.40 | \$100 | \$40 | 1960 |
| 10/26/15 | 1256 N 1st St | \$350,000 | 0.21 | 880 | 0.10 | \$398 | \$39 | 1952 |
| 02/02/16 | 237 Avocado Ave | \$555,000 | 0.33 | 3,552 | 0.25 | \$156 | \$39 | 1978 |
| 12/16/13 | 8131 Wing Ave | \$1,130,000 | 0.70 | 11,200 | 0.37 | \$101 | \$37 | 1969 |
| 12/03/15 | 1250-1294 Fayette St | \$1,625,000 | 1.03 | 21,875 | 0.49 | \$74 | \$36 | 1973 |
| 01/21/15 | 463-467 N Magnolia Ave | \$617,000 | 0.40 | 5,040 | 0.29 | \$122 | \$35 | 1959 |
| 01/11/12 | 971 Industrial Pl | \$506,250 | 0.33 | 5,625 | 0.39 | \$90 | \$35 | 1957 |
| 10/29/14 | 1452-1548 Fayette St | \$3,200,000 | 2.12 | 34,600 | 0.37 | \$92 | \$35 | 1974 |
| 09/26/14 | 256 Witherspoon Way | \$1,050,000 | 0.75 | 10,088 | 0.31 | \$104 | \$32 | 1975 |
| 06/26/13 | 333 W Lexington Ave | \$390,000 | 0.28 | 2,242 | 0.18 | \$174 | \$32 | 1971 |
| 04/25/13 | 1111 Pioneer Way | \$6,000,000 | 4.42 | 109,367 | 0.57 | \$55 | \$31 | 1977 |

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TABLE C-3

NON-RESIDENTIAL BUILDING SALES, JANUARY 2012 TO PRESENT ⁽¹⁾
TRANSIT DISTRICT SPECIFIC PLAN
CITY OF EL CAJON

| <u>Sale Date</u> | <u>Address</u> | <u>Sale Price</u> | <u>Land Area (Acres)</u> | <u>Building Area (SF)</u> | <u>Floor Area Ratio (FAR)</u> | <u>\$/SF Building Area</u> | <u>\$/SF Land</u> | <u>Year Built</u> |
|------------------|-------------------------|-------------------|--------------------------|---------------------------|-------------------------------|----------------------------|-------------------|-------------------|
| 06/06/16 | 777-795 Gable Way | \$2,700,000 | 2.00 | 28,000 | 0.32 | \$96 | \$31 | 1961 |
| 05/29/14 | 400 N Johnson Ave | \$2,250,000 | 1.67 | 10,000 | 0.14 | \$225 | \$31 | 1977 |
| 04/10/12 | 164-168 W Park Ave | \$425,000 | 0.32 | 2,910 | 0.21 | \$146 | \$30 | 1971 |
| 03/21/14 | 1215 N Cuyamaca St | \$485,000 | 0.37 | 5,325 | 0.33 | \$91 | \$30 | 1975 |
| 12/12/14 | 1360 N Magnolia Ave | \$2,000,000 | 1.53 | 17,000 | 0.26 | \$118 | \$30 | 1982 |
| 01/29/16 | 566 Hosmer St | \$325,000 | 0.25 | 1,000 | 0.09 | \$325 | \$30 | 1953 |
| 04/05/13 | 310 N Johnson Ave | \$2,847,500 | 2.20 | 18,685 | 0.19 | \$152 | \$30 | 1969 |
| 05/31/13 | 237 Avocado Ave | \$410,000 | 0.33 | 3,552 | 0.25 | \$115 | \$29 | 1978 |
| 05/31/13 | 1297 W Main St | \$475,000 | 0.38 | 3,599 | 0.22 | \$132 | \$29 | 1973 |
| 05/20/14 | 8157-8159 W Wing Ave | \$1,875,000 | 1.50 | 15,000 | 0.23 | \$125 | \$29 | 1965 |
| 02/29/12 | 185 W Madison Ave | \$500,000 | 0.41 | 4,600 | 0.26 | \$109 | \$28 | 1971 |
| 10/13/14 | 287 Vernon Way | \$1,314,000 | 1.12 | 16,000 | 0.33 | \$82 | \$27 | 1970 |
| 06/08/12 | 684 S Mollison Ave | \$1,600,000 | 1.60 | 12,685 | 0.18 | \$126 | \$23 | 1977 |
| 10/17/12 | 340 E Bradley Ave | \$800,000 | 0.81 | 3,975 | 0.11 | \$201 | \$23 | 1962 |
| 09/20/13 | 1450 E Main St | \$320,000 | 0.37 | 2,226 | 0.14 | \$144 | \$20 | 1972 |
| 05/02/16 | 1105 N Marshall Ave | \$2,050,000 | 2.39 | 15,000 | 0.14 | \$137 | \$20 | 1965 |
| 09/26/12 | 350 Cypress Ln | \$1,900,000 | 3.00 | 29,040 | 0.22 | \$65 | \$15 | 1971 |
| 05/02/12 | 1850 John Towers Ave | \$600,000 | 1.22 | 17,235 | 0.32 | \$35 | \$11 | 1980 |
| 10/19/15 | 1551-1591 N Cuyamaca St | \$367,000 | 1.04 | 15,500 | 0.34 | \$24 | \$8 | 1978 |
| | Minimum | \$320,000 | 0.11 | 693 | 0.09 | \$24 | \$8 | |
| | Maximum | \$6,000,000 | 4.42 | 109,367 | 0.88 | \$665 | \$95 | |
| | Median | \$950,000 | 0.44 | 7,286 | 0.28 | \$135 | \$43 | |
| | Average | \$1,363,050 | 0.80 | 10,724 | 0.31 | \$190 | \$47 | |

(1) Reflects all non-residential building sales in the City of El Cajon built before 1985.

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