

# **Market Study for the Saticoy Community**

Project Report

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## Section I Economic Foundations

### Introduction

This section provides an overview of the existing economic conditions in Saticoy. This information is provided as context for ongoing land-use planning for the community. Key areas of analysis include land use, population, and income and employment characteristics within Saticoy.

### Land Use

Saticoy can be thought of as three separate functional areas from the perspective of land use and markets. Each area has distinctive characteristics from the point of view of the market and the ultimate function and disposition of land in the area. These functional areas can be defined as follows:

- *Old Town Saticoy*—This is the area west of Wells Rd. to Campanula Ave. to the parcels fronting both sides of Rosal Ln. on the south to the City of Ventura on the north. This is the historic center of Saticoy, and the community has many features common to areas built out along railroad lines at the beginning of the 20th century. Old Town includes a mix of residential and industrial land uses with community- and neighborhood-serving retail uses mixed in at a pedestrian scale. Old Town is the location of all of the population and residential land use within Saticoy.
- *Southeast Saticoy*—This is the area south of Rosal Ln. between Los Angeles Ave. and Campanula Ave. and the County boundary along the Santa Clara River flood plain. This area is characterized by large parcel sizes. It is the site of a County public works and operations yard as well as private industrial businesses.
- *West Saticoy*—This portion of the site area includes all of the County unincorporated land west of Los Angeles Ave. between the Santa Clara River and the railroad tracks. This area is industrial with various parcel sizes. Some institutional uses such as a group home facility are also present in this area.

Table I-1 summarizes the total distribution of land use within Saticoy in terms of the frequency and percentage occurrence for various land-use classifications. The industrial character of Saticoy can be seen from this data. Industrial land uses account for 104 acres or just under 53% of the total 197 acre plan area. These uses cover 55 parcels with an area 4.5 million sq. ft. that contains approximately 665,000 sq. ft. of improvements. This is the largest category of land-use program in the plan area.

Residential land uses comprise the second largest private category in the plan area. The 166 residential parcels cover 27 acres (3 acres fewer than the government institutional uses in Southeast Saticoy). This accounts for 13.8% of the total area of Saticoy. These uses are located in Old Town. The most common residential type is single-family detached housing, which occupies 105 parcels on 15.7 acres. This is equivalent to about 8% of the total plan area. In addition, there are 48 parcels with multifamily residential (R-2, which allows a maximum of two dwelling units per lot), 11 mobile home parcels, and two vacant residential lots.

Commercial land uses, which are found in all three sub-areas, account for 31 parcels covering 11 acres. This equates to a little under 6% of the total area of Saticoy. As noted, public uses are an important component of the land-use mix in Saticoy. At present, just under 51 acres, or approximately 25% of the total community plan area, is in public or utility use. Much of this is concentrated in large parcels in Southeast Saticoy.

The economic importance of the industrial uses in Saticoy becomes apparent in an analysis of the assessed valuation by land-use type. Currently, industrial land uses account for \$49.8 million in assessed valuation (AV) accounting for just under 60% of the total AV for Saticoy. Residential uses are assessed at \$25.7 million, which makes up approximately 30% of Saticoy's total AV. Commercial land uses accounting for an additional 9% were just over \$7.7 million in AV.

## Population

According to the 2011 American Community Survey (ACS) produced by the U.S. Census, 1,029 people lived in Saticoy occupying 262 households. This accounted for 0.12% of the total population of Ventura County and 0.10% of the County's total households. The majority of households were family households with one or more related persons living together. This accounted for 222 of the total number in Saticoy, which equated to 84% of the total. The average household size was 3.39 persons, which was considerably larger than the average household size experienced in the County as a whole of 3.04 persons. In terms of the median age, the population of the plan area is considerably younger than either Ventura County or the neighboring City of Ventura. Median age in Saticoy was 28.1 years compared to 36.2 and 38.9 in the County and City of Ventura, respectively.

The population of Saticoy is under significant economic stress. Reported median household incomes from the ACS for Saticoy were just under \$40,000. This is compared to the median household income of just over \$60,000 in the City of Ventura and the Countywide median of just over \$73,000.

Table I-1  
Land Use Distribution in Saticoy

Land Use	Number					Percent of Total				
	Parcels	Lot Size Sq. Ft.	Acres	Total Sq. Ft Improvements	Total Assessed Valuation	Parcels	Lot Size Sq. Ft.	Acres	Total Sq. Ft Improvements	Total Assessed Valuation
Vacant										
Vacant	8	188,001	4.3	-	506,534	2.9%	2.2%	2.2%	0.0%	0.6%
Residential										
Single Family	105	703,996	15.7	118,841	14,743,717	38.2%	8.2%	8.0%	13.1%	17.5%
Multi-Family Residential	48	415,963	9.4	3,450	8,421,554	17.5%	4.8%	4.8%	0.4%	10.0%
Mobile Home	11	75,027	1.7	10,752	2,225,922	4.0%	0.9%	0.9%	1.2%	2.6%
Residential Lots	2	15,000	0.3	-	364,912	0.7%	0.2%	0.2%	0.0%	0.4%
<i>Subtotal</i>	<i>166</i>	<i>1,209,986</i>	<i>27</i>	<i>133,043</i>	<i>25,756,105</i>	<i>60.4%</i>	<i>14.0%</i>	<i>13.8%</i>	<i>14.7%</i>	<i>30.6%</i>
Industrial										
Industrial	41	2,771,145	63.5	425,444	31,172,528	14.9%	32.1%	32.2%	46.9%	37.1%
Warehouse Storage	9	973,122	22.3	238,934	17,414,487	3.3%	11.3%	11.3%	26.3%	20.7%
Vacant Industrial	5	792,418	18.2	1,200	1,264,859	1.8%	9.2%	9.2%	0.1%	1.5%
<i>Subtotal</i>	<i>55</i>	<i>4,536,685</i>	<i>104</i>	<i>665,578</i>	<i>49,851,874</i>	<i>20.0%</i>	<i>52.5%</i>	<i>52.8%</i>	<i>73.4%</i>	<i>59.3%</i>
Utilities										
Utilities Total	5	915,283	21.0	1,142	138,508	1.8%	10.6%	10.6%	0.1%	0.2%
Commercial										
Retail and Commercial	21	322,302	7	63,666	5,233,221	7.6%	3.7%	3.7%	7.0%	6.2%
Medical /Dental or Rehabilitation	2	54,507	1	3,402	763,516	0.7%	0.6%	0.6%	0.4%	0.9%
Vacant and storage	8	113,984	3	40,499	1,790,490	2.9%	1.3%	1.3%	4.5%	2.1%
<i>Subtotal</i>	<i>31</i>	<i>490,793</i>	<i>11</i>	<i>107,567</i>	<i>7,787,227</i>	<i>11.3%</i>	<i>5.7%</i>	<i>5.7%</i>	<i>11.9%</i>	<i>9.3%</i>
Government and Institutional										
City	1	10,000	0.2	NA	NA	0.4%	0.1%	0.1%		
State	1	448	0.0	NA	NA	0.4%	0.0%	0.0%		
County	1	1,226,271	28.2	NA	NA	0.4%	14.2%	14.3%		
Institutional	7	56,100	1.2	NA	NA	2.5%	0.6%	0.6%		
<i>Subtotal</i>	<i>10</i>	<i>1,292,819</i>	<i>30</i>	<i>-</i>	<i>-</i>	<i>3.6%</i>	<i>15.0%</i>	<i>15.0%</i>	<i>NA</i>	<i>NA</i>
<b>TOTAL</b>										
<b>All Private</b>	<b>260</b>	<b>6,425,465</b>	<b>146.6</b>	<b>906,188</b>	<b>83,901,740</b>	<b>94.5%</b>	<b>74.4%</b>	<b>74.4%</b>	<b>99.9%</b>	<b>99.8%</b>
<b>All Public and Utilities</b>	<b>15</b>	<b>2,208,102</b>	<b>50.6</b>	<b>1,142</b>	<b>138,508</b>	<b>5.5%</b>	<b>25.6%</b>	<b>25.6%</b>	<b>0.1%</b>	<b>0.2%</b>
<b>Total All Uses</b>	<b>275</b>	<b>8,633,567</b>	<b>197.2</b>	<b>907,330</b>	<b>84,040,248</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Ventura County Assessor and MR+E

The majority of the population lives in renter-occupied housing units that account for just under 65% of the total number of occupied housing units in Saticoy.

More detail on the income structure of the population of Saticoy is displayed in table I-2. This table shows the distribution of income by range and compares the count of households in Saticoy to Ventura County as a whole. This information is presented as an index, in which values over 100 represent an overrepresentation of the category in Saticoy compared to Ventura County and values under 100 represent an underrepresentation. Interpreting this information shows that with 38 households in Saticoy reporting incomes of less than \$15,000 a year (accounting for 14.6% of the total) Saticoy has nearly twice as many of these very low income households on a proportional basis than Ventura County as a whole (resulting in a 202.8% index value). This data shows that households with incomes under \$50,000 are strongly present in Saticoy compared to the City of Ventura and the County. In particular, very low income households occur at a rate more than double that of the County as a whole.

The population of Saticoy is significantly younger than either the City of Ventura or the County. Table I-3 provides detailed information on the population by age range. As with the income data, an index is provided that compares Saticoy to the County. School-age children make up a significant proportion of Saticoy's population with persons aged 5 to 19 comprising just over 27% of the total plan area population. Children age 0–4 add an additional 9.14% resulting in a total of more than 36% of the total plan area population under age 19.

In terms of race and ethnicity, Saticoy is largely Hispanic. The 2011 ACS reported that just under 87% of the population of Saticoy identified themselves as being Hispanic. This compares to 31% and 40% for the City of Ventura and the County, respectively.

The ACS also reports data on educational attainment. This data is displayed in table I-4. The population 25 years and older in Saticoy shows a relatively low level of formal educational attainment. More than 37% of Saticoy's population reports having less than a ninth-grade education. This compares to 3.9% for the City of Ventura and 9.6% for the County as a whole. At the same time, the population with a bachelor's degree in Saticoy had roughly the same distribution (21.1%) as in the City of Ventura and the County.

Table I-2  
Household Income Patterns  
Saticoy

Number	Saticoy	Ventura City	Ventura County	Saticoy as percent of Ventura Co.
Population				
Population	1,029	106,433	823,318	0.12%
Households	262	40,438	266,920	0.10%
Families	222	25,996	197,178	0.11%
Average Household Size	3.93	2.57	3.04	129.3%
Owner Occupied Housing Units	94	22,600	174,168	0.05%
Renter Occupied Housing Units	168	17,838	92,752	0.18%
Median Age	28.1	38.9	36.2	77.62%
Incomes				
<\$15,000	38	3,700	19,207	0.20%
\$15,000 - \$24,999	39	3,591	19,026	0.21%
\$25,000 - \$34,999	34	3,622	20,296	0.17%
\$35,000 - \$49,999	47	5,103	30,533	0.15%
\$50,000 - \$74,999	41	8,040	46,736	0.09%
\$75,000 - \$99,999	21	5,135	36,994	0.06%
\$100,000 - \$149,999	21	6,446	50,413	0.04%
\$150,000 - \$199,000	7	2,760	23,045	0.03%
\$200,000+	12	2,040	20,670	0.06%
Median Household Income	39,884	60,567	73,258	54.44%
Average Household Income	61,698	80,765	93,681	65.86%
Per Capita Income	24,095	31,389	30,791	78.25%
Percent				
Percent	Saticoy	Ventura City	Ventura County	Saticoy Indexed to Ventura Co.
<\$15,000	14.6%	9.1%	7.2%	202.8%
\$15,000 - \$24,999	14.9%	8.9%	7.1%	209.7%
\$25,000 - \$34,999	13.2%	9.0%	7.6%	173.2%
\$35,000 - \$49,999	17.8%	12.6%	11.4%	155.6%
\$50,000 - \$74,999	15.7%	19.9%	17.5%	89.4%
\$75,000 - \$99,999	8.2%	12.7%	13.9%	59.1%
\$100,000 - \$149,999	8.2%	15.9%	18.9%	43.3%
\$150,000 - \$199,000	2.8%	6.8%	8.6%	33.0%
\$200,000+	4.6%	5.0%	7.7%	59.7%

Source: US Census ACS and MR+E

## Housing

According to the ACS, 26% of Saticoy's housing stock was built before 1939. In comparison, 1.2% of the housing units have been constructed since 2000. Forty percent of the dwelling units were reported to have three bedrooms. At the same time, 14.7% of the units were identified as being overcrowded with more than one occupant per room. This compares to 7.2% for the County and 4.3% for the City of Ventura, according to the ACS. Of the overcrowded units in Saticoy, 3%, or seven units, were identified as being severely overcrowded with more than 1.5 persons per available room. This compares to 2.3% for the County and 1.0% for the City. As noted, the majority of the available housing units in Saticoy are renter occupied.

The ACS found the median gross rent for renter-occupied units in Saticoy was \$1,054 per month. This is the average reported rent for all rental units in the community. The same data set showed that 82% of all rental households in Saticoy spend more than 30% of household income on rent.

In terms of for-sale housing, the currently reported median sales price for homes in the ZIP code 93004 (this includes Saticoy as well as portions of the City of Ventura) was \$441,000 in April 2013. This compares to a median of \$498,000 for Ventura County and \$352,000 for the State of California as a whole. Figure I-1 shows the median sales price for single-family houses for 93004, Ventura County, and California from April 2002 to April 2013. For the most part, Saticoy area housing prices changed at a similar rate to the Ventura County totals.

As noted, ZIP code 93004 covers a larger area than just Saticoy. It is possible to establish a more focused view of sales trends in the community based on a review of sales data recorded by the Ventura County Assessor. Since 2008, there have been 21 transactions involving the sale of single-family detached homes in Saticoy. The value of these sales are summarized below:



***Sales of Single-Family Dwelling Units in Saticoy 2008 to 2012***

Year	Units Sold	Median Sales Price	Price Per Sq. Ft
2012	6	\$187,000	\$166.28
2011	4	\$132,000	\$151.75
2010	7	\$183,600	\$194.57
2009	4	\$164,230	\$165.00
2008	0	NA	NA

Source: Ventura County Assessor's Office and MR+E

These 21 recorded transactions show that housing in Saticoy has a consistently lower cost than the average reported for the 93004 ZIP code area as a whole.

The housing market in 93004 peaked in mid-2006 and began to decline gradually until the onset of the national financial crisis and the beginning of the 2007 recession. From that point until early 2009, housing prices declined in the broader area and Ventura County. However, prices stabilized quicker than they did for the State as a whole, and the area experienced a recovery in housing prices beginning in 2012 that was steeper and more sustained than had been experienced in the State-wide market.

The production of new housing has slowed considerably since the financial crisis of 2008. The value and number of units of new housing in County unincorporated areas and for the County as a whole are shown in table I-5.

Table I-3  
Age Distribution  
Saticoy

Number	Saticoy	Ventura City	Ventura County	Saticoy as percent of Ventura Co.
Population				
Population	1,029	106,433	823,318	0.12%
Households	262	40,438	266,920	0.10%
Families	222	25,996	197,178	0.11%
Average Household Size	3.93	2.57	3.04	129.3%
Owner Occupied Housing Units	94	22,600	174,168	0.05%
Renter Occupied Housing Units	168	17,838	92,752	0.18%
Median Age	28.10	38.90	36.20	77.62%
Population By Age				
Age 0 - 4	94	6,162	55,336	0.17%
Age 5 - 9	87	6,354	56,970	0.15%
Age 10 - 14	86	6,928	60,390	0.14%
Age 15 - 19	106	7,378	64,407	0.16%
Age 20 - 24	91	6,677	56,183	0.16%
Age 25 - 34	138	14,248	105,460	0.13%
Age 35 - 44	159	14,566	111,083	0.14%
Age 45 - 54	102	16,769	123,704	0.08%
Age 55 - 64	75	13,188	93,476	0.08%
Age 65 - 74	49	6,902	51,396	0.10%
Age 75 - 84	25	4,799	30,870	0.08%
Age 85+	17	2,462	14,043	0.12%
Percent	Saticoy	Ventura City	Ventura County	Saticoy Indexed to Ventura Co.
Population By Age				
Age 0 - 4	9.14%	5.79%	6.72%	135.92%
Age 5 - 9	8.45%	5.97%	6.92%	122.19%
Age 10 - 14	8.36%	6.51%	7.33%	113.94%
Age 15 - 19	10.30%	6.93%	7.82%	131.68%
Age 20 - 24	8.84%	6.27%	6.82%	129.60%
Age 25 - 34	13.41%	13.39%	12.81%	104.70%
Age 35 - 44	15.45%	13.69%	13.49%	114.53%
Age 45 - 54	9.91%	15.76%	15.03%	65.97%
Age 55 - 64	7.29%	12.39%	11.35%	64.20%
Age 65 - 74	4.76%	6.48%	6.24%	76.28%
Age 75 - 84	2.43%	4.51%	3.75%	64.80%
Age 85+	1.65%	2.31%	1.71%	96.86%

Source: US Census ACS and MR+E

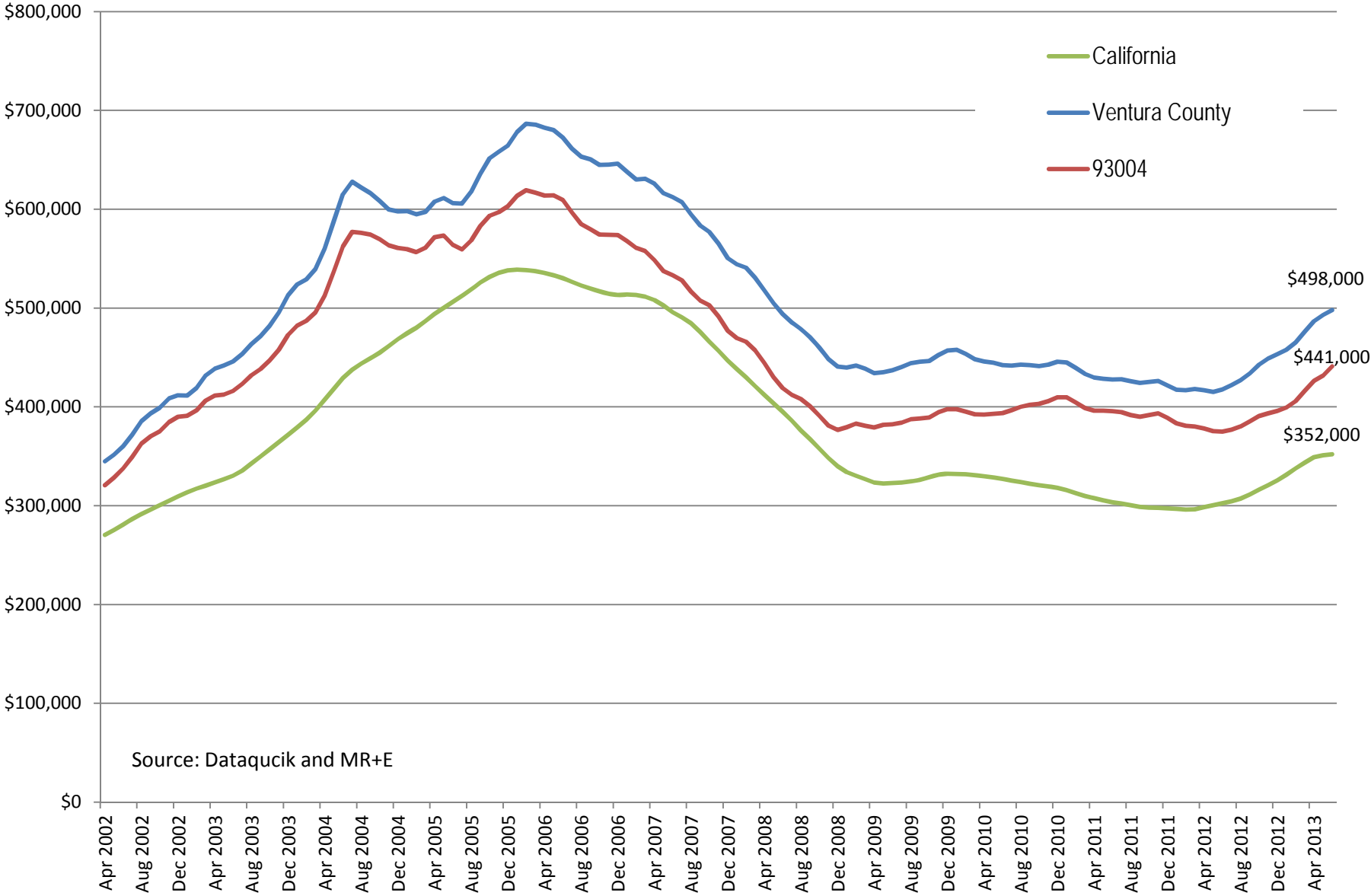
Table I-4  
Population by Educational Attainment  
Saticoy

Number	Saticoy	Ventura City	Ventura County	Saticoy as percent of Ventura Co.
Population 25 years and over	489	74,715	538,930	0.09%
Less than 9th grade	182	2,914	51,737	0.35%
9th to 12th grade, no diploma	32	5,230	39,881	0.08%
High school graduate (includes equivalency)	67	14,196	101,858	0.07%
Some college, no degree	61	19,650	129,343	0.05%
Associate's degree	44	7,023	47,426	0.09%
Bachelor's degree	103	15,541	106,708	0.10%
Graduate or professional degree	0	10,087	61,438	0.00%

Percent	Saticoy	Ventura City	Ventura County	Saticoy Indexed to Ventura Co.
Less than 9th grade	37.20%	3.90%	9.60%	387.50%
9th to 12th grade, no diploma	6.50%	7.00%	7.40%	87.84%
High school graduate (includes equivalency)	13.70%	19.00%	18.90%	72.49%
Some college, no degree	12.50%	26.30%	24.00%	52.08%
Associate's degree	9.00%	9.40%	8.80%	102.27%
Bachelor's degree	21.10%	20.80%	19.80%	106.57%
Graduate or professional degree	0.00%	13.50%	11.40%	0.00%

Source: US Census ACS and MR+E

Figure I-1  
 Median Sales Price, Single Family Homes

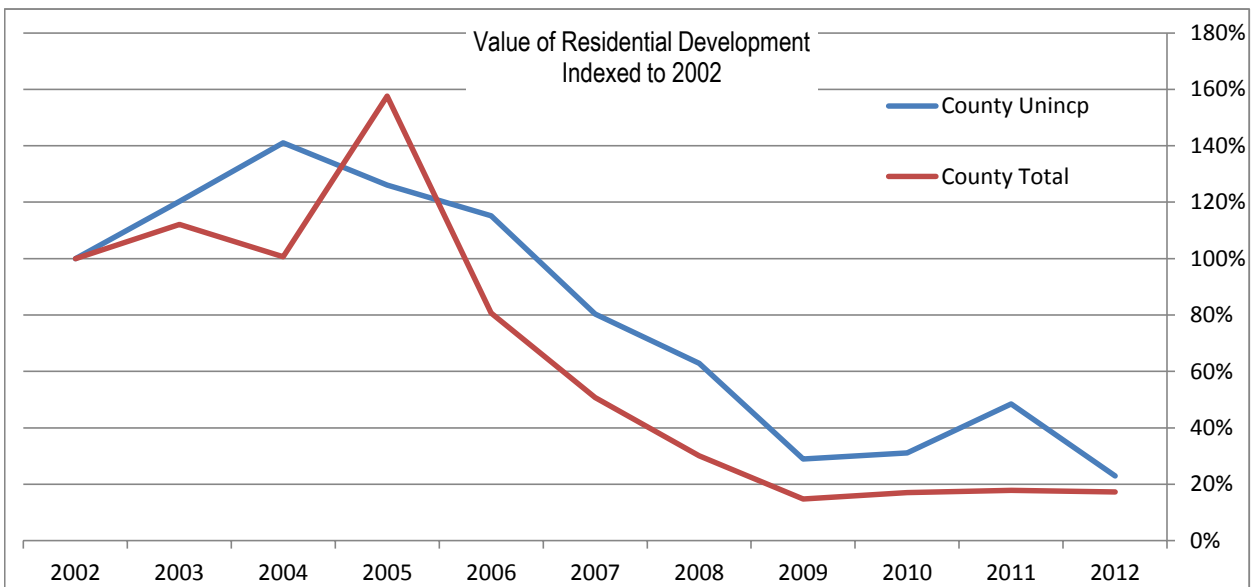


Source: Dataqucik and MR+E

Table I-5

Annual New Privately-Owned Residential Building Permits  
 Ventura County Unincorporated Areas Ventura County Total

	Buildings	Units	Construction cost		Buildings	Units	Construction cost
2012	28	28	13,669,217		309	566	112,704,284
2011	54	54	28,925,163		309	568	116,432,757
2010	31	31	18,567,952		252	590	110,971,058
2009	45	45	17,310,396		238	352	96,255,615
2008	97	97	37,548,039		439	893	195,667,279
2007	121	121	47,998,005		964	1,595	330,609,741
2006	161	161	68,793,269		1,540	2,244	525,309,547
2005	198	198	75,275,706		2,800	4,511	1,026,151,757
2004	213	213	84,268,494		1,831	2,617	655,269,070
2003	196	196	71,830,879		2,348	3,567	729,831,390
2002	190	193	59,730,714		2,281	2,525	651,052,238



Source: US Census Bureau and MR+E

## Employment

There are two dimensions to employment in Saticoy. First, there are the jobs held by the community's residents, and second, there are the jobs generated by the employers in the community. One of the issues that the broader area plan seeks to address is to find a match between local residents' skill sets and the types of jobs that employers within the community are able to provide. Anecdotally, a number of businesses in the area report hiring local residents, and many have become long-term employees. Hard data on this has not been established.

### ***Employment and occupations of Saticoy residents***

Table I-6 provides data on the industries and occupations of Saticoy residents and compares the data to the City and County. Thirty-five percent of Saticoy's employed population work in service occupations. These jobs provide a service for a person or company, rather than producing a product, for example, the job of a cleaner, salesperson, or lawyer. This compares to 16% for the City and County labor force who are employed in service occupations. Other leading classifications include construction occupations, which have an index value of 170% when compared to the County as a whole.

In terms of industries, categories that include health care and food service were strongly represented among plan area residents. On a percentage basis, these two industry groups led in terms of their index value when compared to the County. Other leading sectors of employment, in terms of representation within the local labor force, included transportation and warehousing, construction, and miscellaneous services.

### ***Employment in Saticoy businesses***

Current estimates based on credit and employment records indicate that 843 people work in 149 separate business establishments in Saticoy. Table I-7 shows this distribution by industrial classification. The leading employment sectors in the area include construction, retail trade, and equipment leasing. The retail employment tends to be industrial, including building supplies, landscaping materials, and automotive parts. Note that this measures only private employment. Ventura County maintains a significant presence in the plan area as well.

Table I-6  
Labor Force by Occupation  
Saticoy

Number	Saticoy	Ventura City	Ventura County	Saticoy as percent of Ventura Co.
Civilian employed population 16 years and over	291	53,015	390,271	0.07%
Occupation				
Management, business, science, and arts occupations	73	22,047	141,863	0.05%
Service occupations	103	8,584	63,752	0.16%
Sales and office occupations	33	14,010	102,509	0.03%
Natural resources, construction, and maintenance occupations	54	3,558	42,147	0.13%
Production, transportation, and material moving occupations	28	4,816	40,000	0.07%
Industry				
Agriculture, forestry, fishing and hunting, and mining	21	1,287	22,518	0.09%
Construction	26	2,948	22,414	0.12%
Manufacturing	24	3,885	40,645	0.06%
Wholesale trade	0	2,344	13,930	0.00%
Retail trade	19	7,289	45,414	0.04%
Transportation and warehousing, and utilities	37	1,972	13,078	0.28%
Information	0	1,407	11,316	0.00%
Finance and insurance, and real estate and rental and leasing	7	2,959	32,892	0.02%
Professional, scientific, and management, and administrative and waste management services	14	7,033	47,233	0.03%
Educational services, and health care and social assistance	70	10,644	70,711	0.10%
Arts, entertainment, and recreation, and accommodation and food services	52	4,713	32,510	0.16%
Other services, except public administration	21	2,276	18,378	0.11%
Public administration	0	4,258	19,232	0.00%

Percent	Saticoy	Ventura City	Ventura County	Saticoy Indexed to Ventura Co.
Occupation				
Management, business, science, and arts occupations	25.09%	41.59%	36.35%	69.01%
Service occupations	35.40%	16.19%	16.34%	216.68%
Sales and office occupations	11.34%	26.43%	26.27%	43.17%
Natural resources, construction, and maintenance occupations	18.56%	6.71%	10.80%	171.83%
Production, transportation, and material moving occupations	9.62%	9.08%	10.25%	93.88%
Industry				
Agriculture, forestry, fishing and hunting, and mining	7.22%	2.43%	5.77%	125.07%
Construction	8.93%	5.56%	5.74%	155.57%
Manufacturing	8.25%	7.33%	10.41%	79.19%
Wholesale trade	0.00%	4.42%	3.57%	0.00%
Retail trade	6.53%	13.75%	11.64%	56.11%
Transportation and warehousing, and utilities	12.71%	3.72%	3.35%	379.43%
Information	0.00%	2.65%	2.90%	0.00%
Finance and insurance, and real estate and rental and leasing	2.41%	5.58%	8.43%	28.54%
Professional, scientific, and management, and administrative and waste management services	4.81%	13.27%	12.10%	39.75%
Educational services, and health care and social assistance	24.05%	20.08%	18.12%	132.77%
Arts, entertainment, and recreation, and accommodation and food services	17.87%	8.89%	8.33%	214.52%
Other services, except public administration	7.22%	4.29%	4.71%	153.25%
Public administration	0.00%	8.03%	4.93%	0.00%

Source: US Census and MR+E

Table I-7  
Employment in Saticoy

Sector	Employees	Establishments	Employment Percent
NAICS 11 Agriculture	0	0	0.0%
NAICS 21 Mining	0	0	0.0%
NAICS 22 Utilities	1	1	0.1%
NAICS 23 Construction	189	23	22.4%
NAICS 31-33 Manufacturing	93	10	11.0%
NAICS 42 Wholesale trade	41	17	4.9%
NAICS 44-45 Retail trade	119	24	14.1%
NAICS 48-49 Transportation and warehousing	16	5	1.9%
NAICS 51 Information	5	3	0.6%
NAICS 52 Finance and insurance	18	3	2.1%
NAICS 53 Real estate and rental and equipment leasing	108	4	12.8%
NAICS 54 Professional and technical services	16	9	1.9%
NAICS 55 Management of companies and enterprises	0	0	0.0%
NAICS 56 Administrative and waste services	78	10	9.3%
NAICS 61 Educational services	3	1	0.4%
NAICS 62 Health care and social assistance	9	2	1.1%
NAICS 71 Arts, entertainment, and recreation	1	1	0.1%
NAICS 72 Accommodation and food services	45	6	5.3%
NAICS 81 Other services, except public administration	43	23	5.1%
NAICS 99 Unclassified	58	7	6.9%
Total	843	149	100.0%

Source: Info USA and MR+E 2013



For comparison purposes, table I-8 provides a breakdown of employment by industry for the County as a whole. Leading sectors include retail trade, manufacturing, and professional services. This is a very different industrial structure than what has been observed in Saticoy. The ratio of difference can be expressed as a location quotient (LQ).

Location quotients measure the relative concentration of a given industry in a given region compared to a larger area, such as the plan area compared to the County. The location quotient is the ratio of an industry's share of the local employment divided by its share of the larger geographic unit's share. This is a similar indexical measure to the population factors described above. Table I-9 provides the LQ measures for industries within Saticoy. Notably, construction, waste management, and equipment leasing have very strong LQ values within Saticoy.

## **Summary and Implications**

Saticoy is an industrial community. Industrial land uses make up the largest and most valuable category of land in the community in terms of assessed valuation. In addition, Saticoy is the site of more than 840 private sector jobs generated by nearly 150 businesses. At the same time, Saticoy is also a residential community. The Old Town area is home to more than 1,000 people in more than 260 households. However, the community is severely impacted by poverty and is primarily made up of older single-family detached homes occupied by renters. Although Saticoy is home to a large proportion of low and very low income households, the area also offers existing and potential employment for the resident labor force. Finding ways to strengthen the match between local skills and market demand for employment by businesses within the plan area could establish a mutually beneficial cycle in which Saticoy residents would have greater access to employment while local businesses could maximize their operating potential within the community. Identification of strategies that can enhance these connections will be investigated in the sections that follow.

Table I-8  
Employment by Major Sector  
Ventura County  
2012

Sector	Persons Employed	Percent
NAICS 11 Agriculture	26,877	10.2%
NAICS 21 Mining	1,269	0.5%
NAICS 22 Utilities	1,168	0.4%
NAICS 23 Construction	11,755	4.5%
NAICS 31-33 Manufacturing	29,787	11.3%
NAICS 42 Wholesale trade	12,516	4.7%
NAICS 44-45 Retail trade	37,416	14.2%
NAICS 48-49 Transportation and warehousing	15,661	5.9%
NAICS 51 Information	2,307	0.9%
NAICS 52 Finance and insurance	17,131	6.5%
NAICS 53 Real estate and rental and leasing	4,731	1.8%
NAICS 54 Professional and technical services	29,820	11.3%
NAICS 55 Management of companies and enterprises	4,501	1.7%
NAICS 56 Administrative and waste services	4,829	1.8%
NAICS 61 Educational services	15,396	5.8%
NAICS 62 Health care and social assistance	4,155	1.6%
NAICS 71 Arts, entertainment, and recreation	4,897	1.9%
NAICS 72 Accommodation and food services	28,094	10.6%
NAICS 81 Other services, except public administration	10,491	4.0%
NAICS 99 Unclassified	998	0.4%
<b>Total</b>	<b>263,799</b>	<b>100%</b>

Source: Cal EDD and MR+E

Table I-9

Location Quotient  
 Saticoy Within Ventura County  
 2012-13

Sector	Employment	Location Quotient
NAICS 11 Agriculture	0	-
NAICS 21 Mining	0	-
NAICS 22 Utilities	1	0.27
NAICS 23 Construction	189	5.03
NAICS 31-33 Manufacturing	93	0.98
NAICS 42 Wholesale trade	41	1.03
NAICS 44-45 Retail trade	119	1.00
NAICS 48-49 Transportation and warehousing	16	0.32
NAICS 51 Information	5	0.68
NAICS 52 Finance and insurance	18	0.33
NAICS 53 Real estate and rental and equipment leasing	108	7.14
NAICS 54 Professional and technical services	16	0.17
NAICS 55 Management of companies and enterprises	0	-
NAICS 56 Administrative and waste services	78	5.05
NAICS 61 Educational services	3	0.06
NAICS 62 Health care and social assistance	9	0.68
NAICS 71 Arts, entertainment, and recreation	1	0.06
NAICS 72 Accommodation and food services	45	0.50
NAICS 81 Other services, except public administration	43	1.28
NAICS 99 Unclassified	58	18.19
<b>Total</b>	<b>843</b>	<b>1.00</b>

Source: Info USA, EDD and MR+E



## Section II Economic Strategy

### Introduction

To establish land-use recommendations for Saticoy, it is useful to determine how the community functions as an economic system within western Ventura County. As was shown in the previous section, Saticoy contains a residential and an industrial component. This section will primarily examine the economic status of non-residential land uses with a focus on establishing a future direction for the development and disposition of property and identifying uses that would support economic development. The analysis provides a discussion of the economic base of Saticoy, leakages that are occurring in production and retail sales by community residents, and conditions in the local real estate market. This information will be used to inform absorption forecasts and recommendations for land-use allocations in land-use planning in the sections that follow.

### Economic Base

Economic base analysis is used to determine the components of the local economy that are competitive relative to the performance of a region and identifies which sectors are the most productive within the community's economy. Essentially, economic base analysis determines which categories of economic activity are driving growth and development within the community by identifying production that is being exported for use elsewhere. Exported goods and services comprise the so-called economic base or are referred to as "basic industries." Non-basic activities are goods and services that are consumed locally and are not seen as adding to net economic development. Along with location quotient, which was discussed in Section I, shift-share analysis is a methodological tool used to identify these leading sectors of economic strength.

#### ***Shift-share analysis***

Shift-share analysis can be used to track changes in employment in a region. This analysis provides useful information about the characteristics of growth and competitiveness of local industries compared to a reference area. The components help determine changes in employment in localities, identifying competitive industries in the local economy compared to those of the national or state economy.

The approach decomposes employment change in a region into three contributing factors:

**Share effect** –This represents the share of local employment growth that can be attributed to growth of the California economy. This component is based on the assumption that if the larger economy is experiencing

# MR+E

employment growth, it is reasonable to expect that this growth will positively influence employment growth in the target region. To calculate this component, the base year (beginning year) employment in each industrial sector of the locality is multiplied by the state average rate of growth for all sectors. The resulting values are summed to obtain the total state growth component.

*Share effect = (base year [beginning year] employment in each industrial sector of the region) × (the state average rate of growth for all sectors)*

**Industry mix**—This represents the effects that specific industry trends at the state level have had on the change in employment in the region. This component highlights the industries in the locality that are increasing statewide. A positive industry mix implies that employment in the locality grew above the overall state average, and a negative industrial mix indicates the opposite. It is determined as follows:

*Industrial mix = (base year employment in local industrial sector X) × (the national or state average growth rate for sector X – the national or state average growth rate for all sectors)*

**Industry competitive effect**—This shows how industrial sectors in the region performed relative to those groups at the state averages. It is based on the assumption that for the same industry groups, sometimes the region may not follow the change in statewide industries. This is due to the region having a comparative advantage. To calculate this component, base year employment in each local industrial sector is multiplied by the difference between the local sector growth rate and the state average growth rate for that sector. A positive competitive share component suggests that the region increased its share employment in that industry, and a negative competitive share component means the opposite.

*Competitive effect = (base year employment in local industrial sector X) × (the local growth rate for sector X – the state average growth rate for sector X)*

Table II-1 provides a shift-share analysis for Ventura County compared to California as a whole from 2002 to 2012. County-level data is provided to provide context for the economic forces that would affect Saticoy on a more micro-scale. This analysis suggests that the characteristics of the Ventura County economy, its industry competitive effect, have produced an increase in employment in agriculture, retail trade, professional and technical services, and manufacturing. These sectors can be seen as the sources of comparative advantages within the Ventura County economy, and can serve as the structural source of growth and economic development in the County. Within Saticoy, industrial uses that can accommodate manufacturing and services related to agriculture are likely to continue to be in demand by firms in the regional economy.

Table II-1  
Shift Share Analysis  
Ventura County

Shift Share	Ventura County				California				Absolute Change		
	Employment 2002	Employment 2012	Employment Growth 2002-2012	Employment Growth Rate 2002-2012	Employment 2002	Employment 2012	Employment Growth 2002-2012	Employment Growth Rate 2002-2012	Share Effect	Industry Mix	Industry Competitive Effect
Industry											
NAICS 11 Agriculture	19,212	26,877	7,665	0.40	376,138	399,411	23,273	0.06	340	848	6,476
NAICS 21 Mining	733	1,269	536	0.73	20,924	28,072	7,148	0.34	13	237	286
NAICS 22 Utilities	859	1,168	309	0.36	55,103	59,087	3,984	0.07	15	47	247
NAICS 23 Construction	15,526	11,755	-3,771	-0.24	768,732	586,458	-182,274	-0.24	275	-3,956	-90
NAICS 31-33 Manufacturing	37,566	29,787	-7,779	-0.21	1,633,157	1,245,938	-387,219	-0.24	665	-9,572	1,128
NAICS 42 Wholesale trade	11,534	12,516	982	0.09	645,715	673,715	28,000	0.04	204	296	482
NAICS 44-45 Retail trade	34,049	37,416	3,367	0.10	1,580,463	1,562,859	-17,604	-0.01	603	-982	3,746
NAICS 48-49 Transportation and warehousing	13,661	15,661	2,000	0.15	905,041	1,101,807	196,766	0.22	242	2,728	-970
NAICS 51 Information	3,336	2,307	-1,029	-0.31	274,058	202,406	-71,652	-0.26	59	-931	-157
NAICS 52 Finance and insurance	19,676	17,131	-2,545	-0.13	937,563	927,511	-10,052	-0.01	348	-559	-2,334
NAICS 53 Real estate and rental and leasing	2,686	4,731	2,045	0.76	218,820	307,058	88,238	0.40	48	1,036	962
NAICS 54 Professional and technical services	22,033	29,820	7,787	0.35	1,247,775	1,531,310	283,535	0.23	390	4,616	2,780
NAICS 55 Management of companies and enterprises	4,916	4,501	-415	-0.08	419,455	409,672	-9,783	-0.02	87	-202	-300
NAICS 56 Administrative and waste services	7,978	4,829	-3,149	-0.39	499,681	428,233	-71,448	-0.14	141	-1,282	-2,008
NAICS 61 Educational services	17,370	15,396	-1,974	-0.11	578,677	522,233	-56,444	-0.10	308	-2,002	-280
NAICS 62 Health care and social assistance	4,503	4,155	-348	-0.08	268,235	250,203	-18,032	-0.07	80	-382	-45
NAICS 71 Arts, entertainment, and recreation	4,182	4,897	715	0.17	228,228	255,085	26,857	0.12	74	418	223
NAICS 72 Accommodation and food services	24,107	28,094	3,987	0.17	1,145,735	1,333,695	187,960	0.16	427	3,528	32
NAICS 81 Other services, except public administration	9,339	10,491	1,152	0.12	611,517	804,341	192,824	0.32	165	2,779	-1,793
NAICS 99 Unclassified	55	998	943	17.15	46,932	53,547	6,615	0.14	1	7	935
Total	253,321	263,799	10,478	0.04	12,461,949	12,682,641	220,692	0.02	4,486	-3,329	9,320

Source: USBEA and MR+E

The findings of the shift-share analysis are further reinforced through a review of location quotient by industrial sector for Ventura County within California. Agriculture, mining (which includes oil and gas), manufacturing, and retail trade all have positive location quotients for the County. These represent sectors of competitive advantage for the local economy that are likely to support future growth and development. Table II-2 provides location quotient data for Ventura County for 2002 and 2012.

From an export base perspective, future land-use disposition within Saticoy should be able to accommodate future demands from these key sectors. In particular, Saticoy has a significant inventory of industrial zoned land. Thus, Saticoy will have an important role to play in being able to accommodate future demand for spaces that can be used in manufacturing and for services that support agriculture and serve as a reserve for employment-generating land uses within western Ventura County.

## **Leakages**

Leakages represent the value of goods and services demanded by businesses and residents in Saticoy that cannot be supplied locally. No economy, particularly one as small as Saticoy's, can supply 100% of the intermediate goods and services required for production, nor is any community able to meet all of the consumption demands of its residents. Leakage analysis has value in that it can demonstrate the particular categories of goods and services that are being brought in from outside Saticoy and can therefore be targeted as candidate uses that could effectively meet existing demand. This leakage analysis considers two distinct types of leakages: the intermediate inputs required for businesses located in the community to produce a unit of final demand and retail leakages that illustrate the categories of goods that Saticoy residents must leave the boundaries of the community plan area in order to obtain.

### ***Industrial leakages***

An examination of the intermediate inputs required by industries in Saticoy illustrates the potential for a clustering effect of related industries. Intermediate inputs are the requirements that a sector needs to produce a unit of final demand. In other words, a given industry must purchase goods and services in order to assemble them into the products and services for sale to the next user.



Table II-2  
 Location Quotient  
 Ventura County Within California  
 2012-13

Industry	2002	2012
NAICS 11 Agriculture, forestry, fishing and hunting	2.51	3.24
NAICS 21 Mining	1.72	2.17
NAICS 22 Utilities	0.77	0.95
NAICS 23 Construction	0.99	0.96
NAICS 31-33 Manufacturing	1.13	1.15
NAICS 42 Wholesale trade	0.88	0.89
NAICS 44-45 Retail trade	1.06	1.15
NAICS 48-49 Transportation and warehousing	0.74	0.68
NAICS 51 Information	0.60	0.55
NAICS 52 Finance and insurance	1.03	0.89
NAICS 53 Real estate and rental and leasing	0.60	0.74
NAICS 54 Professional and technical services	0.87	0.94
NAICS 55 Management of companies and enterprises	0.58	0.53
NAICS 56 Administrative and waste services	0.79	0.54
NAICS 61 Educational services	1.48	1.42
NAICS 62 Health care and social assistance	0.83	0.80
NAICS 71 Arts, entertainment, and recreation	0.90	0.92
NAICS 72 Accommodation and food services	1.04	1.01
NAICS 81 Other services, except public administration	0.75	0.63
NAICS 99 Unclassified	0.06	0.90
Total	1.00	1.00

Source: USBEA and MR+E

Industries with shared intermediate inputs or “production chains” tend to cluster together. This occurs because businesses can share suppliers and have access to common customers. Again, no community or industrial district can supply all of the intermediate inputs required for production in a given industry, but a review of the general requirements provides a list of candidate industries that could be sited as part of future initial development.

Table II-3 shows the top 10 private sector inputs for production per \$1,000 of final demand for the three industries in Saticoy with significant positive location quotients. The fact that the industry itself is listed first is an artifact of the methodology for determining the list of sectors, but very often industries tend to co-locate, as described. The dollar values represent the value of inputs from the listed industry that are required to produce \$1,000 of final demand. Rail transportation, oil and gas production, and related industries show up on these lists of intermediate inputs for construction and equipment rental. Other commonalities include paper products, metal products, and related activities.

### ***Retail leakages***

Table II-4 shows the imbalance between supply and demand for retail sales in Saticoy by major category. Every category of retail sales except for building materials and related supplies has a gap in the supply available in Saticoy compared to the demand generated by community residents. For several categories of retail activities, there are no outlets in Saticoy, and in those cases, 100% of community demand leaks out of Saticoy. For other categories, the gap between supply and demand is relatively modest, including for food and beverage sales (e.g., groceries) and for eating and drinking establishments (e.g., restaurants). Note that these measures between supply and demand are independent of any qualitative assumptions. That is to say, even if the total amount of supply and demand is in balance, that does not mean that community residents do not have to leave Saticoy to find particular goods that meet their needs. Likewise, not all of the retail sales that are shown as occurring in Saticoy are generated by community residents. Employees, residents of neighboring communities and consumers who pass by Saticoy all generate retail sales. Leakage analysis is not structured in such a way as to identify particular items or types of merchandise that would be desired in Saticoy but are not being supplied by local retailers; the analysis looks only at the aggregate dollar value of sales and compares it to the forecasted levels of expenditures based on household incomes in the community. This distinction is important because the leakage approach does not provide information about the quality of the retail goods and services and their desirability to the local community. For example, convenience groceries are present in Saticoy; however, community residents may need to cross over into the City of Ventura or travel to another location in order to purchase grocery

items that they require. Leakage analysis treats all dollar expenditures in the same category as equal without regard to quality.

The dollar values are translated into an approximate level of supportable square footage based on this internally generated demand. Again, noting that no community is able to meet all of its retail demand internally, this analysis is a tool that identifies the magnitude of retail leakages from Saticoy and can help to identify potential opportunities for new market entrants. For the most part, the square footage supportable by community residents is below the threshold that would support a market entrant in and of itself; however, the community and its households could supply an important market segment combined with neighboring communities, local employees, and travelers along the main arterials that border and pass through Saticoy to support future retail development.

The leakage analysis is also helpful in establishing the approximate scale of new retail demand that could be supported in the Old Town planning area. New retail operations located in the core of Saticoy are likely to receive most of their patronage and support from community residents due to Old Town's existing circulation patterns and established retail patterns within the larger Ventura County market. Saticoy historically has not been a region-serving destination, and likely, future investments will remain at the same community-serving scale as has been experienced historically. The leakage analysis suggests that the Old Town area would be able to support between approximately 5,000 and 7,000 square feet of new retail space based on existing community demand. Note this is not a measure of total retail market demand but only an estimate of what retail demand from the residents of Saticoy is unmet by businesses within the plan area. A review of the regional retail market is provided later in this section and will be addressed in the land-use recommendations that follow. Retail demand oriented toward a larger market beyond the population of Saticoy is more likely to locate along Los Angeles Ave. (SR-118), a major corridor with 35,000 vehicles in terms of Annual Average Daily Traffic (AADT).

## **Commercial Real Estate Markets**

Land development in Saticoy takes place in the context of the regional real estate market. In order for proposed uses to be absorbed by the market, the supply of land for identified categories of use should be aligned with market demand. It is important to recognize that Saticoy is just one location within a broader real estate market that effectively covers all of Ventura County, and in particular is tied to activities in the western half of the County. Future development opportunities in Saticoy will be directed and constrained by the conditions in the broader market environment. This section of the analysis provides information on the

state of commercial real estate markets that impact values in Saticoy and provides information on recent transactions and values within the community where they can be identified.

## **Office**

The Ventura County office market has experienced increases in vacancy rates in 2013. At present, County-wide vacancy rates are at 16.5%. Average rents have declined 1.5% since 2012 and are now at \$1.84 per gross sq. ft. Net absorption declined 42,000 sq. ft. during the second quarter of 2013. The overall economy continues to drive moderate growth levels across the County. In general, rents in the market are below replacement costs, which serves as a drag on new development. As vacancy rates begin to decline and rents begin to rise, opportunities to develop office projects without pre-leasing (or “spec” office) may return to the market. For now, only “build-to-suit” office projects are likely to be feasible. Job creation will remain the key to increased office demand. Non-farm employment grew in 2013, which should help to reduce office vacancy rates.

The investment and sales market for office buildings in Ventura County has begun to increase suggesting that investors anticipate an increasing level of demand in the future. The total square footage sold during the first half of 2013 increased 63% compared to the first half of 2012. As capital markets continue to strengthen and as interest rates remain low, these conditions can be expected to support increasing market demand in the County.

Overall vacancy rates (including sublease space) decreased during the first half of 2013, moving from 17.3% to 16.4%. Of the submarkets within the Ventura County market, the City of Ventura market had the lowest vacancy rate at 10.20%. The asking rents in the City of Ventura are the lowest at \$1.77 per sq. ft. At present, Simi Valley is recording the highest average asking rent at \$1.92 per sq. ft. on 11.7% vacancy.

There have been no sales of office space in Saticoy or nearby areas within a mile since 2008. This makes specific comparisons to the market-wide rates difficult to determine empirically. A review of rental rates undertaken for this research found small offices available in Saticoy and east Ventura. The advertised rents were around \$1.25 per sq. ft. All of the spaces listed were under 500 sq. ft.

Table II-3  
Intermediate input requirements  
Saticoy Industries

Rank	Construction	per \$1,000	Renting of machinery and equipment	per \$1,000	Waste Services	per \$1,000
1	Construction	\$1,008.18	Rental and leasing services	\$1,018.04	Waste management and remediation	\$1,116.35
2	Rail transportation	\$65.11	Rail transportation	\$78.68	Water transportation	\$17.69
3	Oil and gas extraction	\$57.66	Information and data processing	\$46.59	Accommodation	\$11.06
4	Petroleum and coal products	\$42.84	Oil and gas extraction	\$45.93	Primary metals	\$9.91
5	Pipeline transportation	\$38.64	Support activities for mining	\$41.48	Other transportation	\$8.97
6	Primary metals	\$23.40	Petroleum and coal products	\$33.92	Real estate	\$6.93
7	Accommodation	\$20.88	Air transportation	\$31.06	Support activities for mining	\$6.10
8	Utilities	\$19.94	Mining, except oil and gas	\$29.04	Paper products	\$5.57
9	Paper products	\$19.45	Management of companies	\$28.49	Educational services	\$5.44
10	Nonmetallic mineral products	\$19.17	Printing and related support activities	\$25.93	Fabricated metal products	\$4.94

Source: United States Bureau of Economic Analysis , MR+E

Table II-4  
Retail Leakages in Saticoy

Industry Group	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Approx.. Supportable Sq. Ft.
Motor Vehicle & Parts Dealers	441	\$1,238,869	\$1,211,008	\$27,861	109
Furniture & Home Furnishings Stores	442	\$146,440	\$0	\$146,440	574
Bldg Materials, Garden Equip. & Supply Stores	444	\$235,095	\$1,969,767	<b>-\$1,734,672</b>	<b>(6,803)</b>
Food & Beverage Stores	445	\$1,235,867	\$1,157,340	\$78,527	308
Health & Personal Care Stores	446,4461	\$659,275	\$0	\$659,275	2,585
Gasoline Stations	447,4471	\$659,017	\$0	\$659,017	2,584
Clothing & Clothing Accessories Stores	448	\$403,383	\$0	\$403,383	1,582
Sporting Goods, Hobby, Book & Music Stores	451	\$158,322	\$0	\$158,322	621
General Merchandise Stores	452	\$1,019,627	\$0	\$1,019,627	3,999
Miscellaneous Store Retailers	453	\$241,639	\$48,867	\$192,772	756
Food Services & Drinking Places	722	\$675,633	\$639,419	\$36,214	142

Note: Negative values in red indicate retail surplus

Source: ESRI and MR+E

## Ventura County Office Rental Market 2<sup>nd</sup> Quarter 2013

Submarkets	Total Inventory	Vacant Sq. Ft	Vacancy Rate	Asking Rate per sq. ft.	Change from Previous Quarter
Agoura Hills	1,633,600	397,800	24.40%	\$1.80	-0.30%
Camarillo	2,464,700	446,400	18.10%	\$1.65	-1.10%
Conejo Valley	6,699,800	1,282,100	19.10%	\$1.87	-3.20%
Oxnard	2,543,200	349,500	13.70%	\$1.89	1.00%
Simi Valley	1,574,800	183,600	11.70%	\$1.92	-3.30%
Ventura	3,382,100	346,500	10.20%	\$1.77	2.40%
Total	18,298,200	3,005,900	16.40%	\$1.84	-0.90%

Source: Lee and Associates

### Industrial

The Ventura County industrial market experienced an increase in vacancy rates during the second half of 2013. Vacancy rose from 7.5% at the beginning of the year to 7.8% by mid-year. Average asking rents remained unchanged since 2012, and were listed at \$0.63 per sq. ft. The market experienced positive gross absorption with 968,000 sq. ft. of new occupancy; however, total net absorption was negative with a loss of 226,000 sq. ft. of occupied space. As of 2013, no new large-scale (over 10,000 sq. ft.) projects were currently under way in Ventura County. This compares to 2012 when the market delivered 277,500 sq. ft.

Demand for industrial space will continue to be driven by domestic and global consumption levels. Overall industrial activity in the market is nearly equal when the first half of 2013 is compared to the first half of 2012, while total net absorption is in positive territory for the year. The Ventura County industrial market has seen fundamentals continue to improve gradually, as asking rents have stabilized and the market has recorded positive net absorption during the last three years. Activity in the investment and sale market for industrial real estate in Ventura County has continued to improve as the total number of sales during the first half of 2013 were reported at the highest level since 2007; however, prices have remained stable. As capital markets continue to strengthen, qualified borrowers will continue to benefit from interest rates remaining near all-time lows. Vacancy rates should begin moving lower again with positive net absorption. Under these conditions, the market should experience modest rent and sale price growth.

Overall vacancy rates for the County increased during the quarter, moving from 7.5% to 7.8%. Of the submarkets within the Ventura County market, the north Ventura County submarket, which includes Ojai



and the SR-33 corridor, ended the quarter with the lowest total vacancy of 1.9%, followed by the Ventura submarket at 4.9%, Conejo Valley at 6.4%, Oxnard/Port Hueneme at 7.6%, Camarillo at 10.2%, and Moorpark/Simi Valley finishing the quarter at 10.9%. Since the second quarter of 2012, overall vacancy rates have increased from 7.1% to 7.8%, and remain above the five-year average of 7.0%.

### **Industrial Vacancy Rates 2<sup>nd</sup> Quarter 2013**

SUBMARKETS	Total Inventory Square Footage	Direct Vacant Square Footage	Direct Vacancy Rate	Total Vacant with Sublet Square Footage	Vacancy with Sublet Rate
Camarillo	1,123,099	1,079,587	9.60%	1,148,222	10.20%
Conejo Valley-VC Only	8,570,794	436,450	5.10%	548,153	6.40%
North Ventura County	2,644,175	50,550	1.90%	50,550	1.90%
Oxnard/Port Hueneme	23,592,635	1,757,619	7.40%	1,800,191	7.60%
Moorpark/Simi Valley	12,204,172	1,268,241	10.40%	1,328,441	10.90%
Ventura	11,274,995	550,698	4.90%	552,162	4.90%

Source: DAUM Real Estate

Standard industrial rental rates were unchanged, year over year, remaining at \$0.63 per sq. ft. In terms of rental rates, the Conejo Valley submarket ended the quarter with the highest standard industrial rental rate of \$0.86, followed by Camarillo at \$0.68 per sq. ft. Average industrial asking rents increased from the start of 2013 moving from \$0.62 per sq. ft. to \$0.63 per sq. ft.

During the second quarter of 2013, gross absorption totaled 968,000 sq. ft., down 10% from the first quarter, and lower by 17% compared to a year ago. Overall, the market continues to experience modest growth that should be sustainable in the near term.

Looking at the sales recorded in the Saticoy plan area, 12 industrial properties have been sold since 2008. The median sales price recorded was \$11.57 per sq. ft.; this would equate to approximately \$0.75 per sq. ft. on a rental basis assuming a 6.5% capitalization rate.

### **Retail**

Trends in the retail real estate market are most closely tied to growth in household incomes and population growth. As has been discussed, the entire Ventura County market is in the process of recovering from a severe economic contraction, the effects of which are still being experienced. A review of aggregate



taxable retail sales in the Ventura County markets indexed to 2002 is shown in table II-5. After peaking in 2006, retail sales have been declining in California with a recovery beginning in 2009. Note that the graph in the table shows an indexed rate of change relative to 2002 sales and not the absolute value of retail sales. This information shows which communities are experiencing a faster recovery from the recession than others and their relative competitive performance normalized to a base year.

Although Ventura County as a whole has begun to experience this recovery, rates of retail sales in the City of Ventura and in nearby Santa Paula have been slower to recover. This gap in retail performance has been reflected in rents. As shown in table II-6, average rental rates in the City of Ventura are consistently lower than the levels experienced in the County. Much of this gap can be explained by two factors. First, incomes and population growth have been higher in the eastern portions of the County. In particular, the Conejo Valley and the US-101 corridor have seen higher levels of population growth and development than the western markets in the County. Second, the age of the retail building stock also has an important determinative effect. Newer development that can accommodate larger format retailers and newer retail concepts tends to perform better in terms of rent yield per sq. ft. The effect of age is shown in the following table, which provides data for median rental rates for non-anchor neighborhood retail in the City of Ventura and the Ventura West market.

Although no development is currently under way, there have been recent proposals to develop additional retail space on sites adjacent to the plan area, located within the City of Ventura. The principal new potential development includes the Ventura East Village located at Wells and Darling roads. To date, the site has received City planning approvals for a project that would include the following:

- 14,000 sq. ft. – market
- 15,500 sq. ft. – drugstore
- 2,900 sq. ft. – other retail.

**Non-Anchor Neighborhood Retail Rents by Age of Center, August 2013**

**Ventura West**

Year Built	Rent
Before 1970	\$20.94
1970-1979	\$22.18
1980-1989	\$24.23
1990-1999	\$34.15
2000-2009	\$30.82
After 2009	n/a
All	\$23.67

Source: REIS reports

Variance between retail rents in the Ventura West market and the County as a whole shows higher rental rates.

**Non-Anchor Neighborhood Retail Rents, August 2013**

	Low	25%	Mean	Median	75%	High
Ventura West	\$13.59	\$20.97	\$23.67	\$22.69	\$25.28	\$31.94
Ventura County Total	\$13.59	\$21.45	\$27.51	\$26.28	\$31.94	\$43.35

Source: REIS reports

None of the 21 retail properties within the plan area have been sold since 2008. Looking at a larger area that includes East Telephone Rd., Wells Rd., and Los Angeles Ave. from between Telephone Rd. and Rose Ave., four retail properties sold at an average of \$255 per sq. ft. This would yield a rent of approximately \$16 per sq. ft., placing it in the lowest quartile of market area rents. Current retail spaces available for lease in the area surrounding Saticoy are shown in table II-7.

## ***Hospitality***

Tourism and hospitality are important sectors in the Ventura County economy. However, the tourism and hospitality industries have very little direct impact in Saticoy. The nearest hotel cluster to Saticoy is along US-101 in the Montalvo area and then at the coast in Ventura Harbor. Along SR-126, there are two properties in Santa Paula: the Glenn Tavern Inn and the Ocean Gateway Inn. Average posted rates for hotels in the area range from \$75 to \$115 per night. Fifty-two persons in Saticoy report employment in the arts, entertainment, recreation, accommodation, and food services, which would include hospitality. Within Saticoy itself, six businesses provide food services and employ 45 persons. On the whole, the area's attractiveness for investment in hospitality is likely to be limited to food service, which would require retail real estate. The site location of the community would suggest limited future direct hospitality investment for motels and hotels. Any nearby opportunities would be likely to emerge at the freeway interchange of SR-126 and Wells Rd. in Ventura.

## ***Multifamily residential***

The rental housing market in the area surrounding Saticoy and the broader Ventura West submarket reported an overall rental vacancy rate of 3.3% through the first quarter of 2013. This is consistent with a long-term trend in which new demand for rental housing has been caused by foreclosure activity that occurred in the market tied to the financial crisis of 2008, which shifted homeowners into renters.

In the first quarter of 2013, average rents for new units in the submarket were \$1,100 for studio units, \$1,250 for one-bedroom units, \$1,400 for two-bedroom units, and \$2,000 for three-bedroom units. These rents have been high enough to trigger new development in this subsector of the market. Multifamily construction activity produced 1,170 new units in the western portion of Ventura County between 2012 and the first half of 2013. The U.S. Department of Housing and Urban Development's comprehensive regional housing market forecast estimates a demand for 920 new rental units from 2013 to 2015. At present, the 820 units currently under construction in the market are expected to satisfy a portion of the demand. Table II-8 summarizes these findings. Note that the ability to meet this demand for new multifamily housing is limited by available development sites, entitlements, and the infrastructure to support it. The specific conditions in Saticoy and its ability to absorb some of this regional demand will be discussed in the land-use recommendations that follow.

## ***Neighboring residential development***

The Saticoy plan area is surrounded by the City of Ventura on three sides. Numerous adjacent and nearby properties have residential entitlements or have moved forward with new residential projects.

Current projects include the following:

1. JenVen Village Specific Plan located at Wells Rd. and Darling Rd.
  - 51 condo units
2. Parklands Project located at Telegraph Rd. and Wells Rd.
  - 173 apartments
  - 216 detached homes
  - 110 attached homes
3. Hansen Trust Specific Plan located at Saticoy Rd. and Telegraph Rd.
  - 131 single-family units
  - 34 condos
  - 24 farmworker dwellings
4. East Village Residential at Snapdragon St. and Los Angeles Ave.
  - 50 low-income apartments

## **Summary and Implications**

Saticoy is well positioned to take advantage of the existing structure of the economy of Ventura County. The community's inventory of industrial uses fits well with the region's comparative advantages and should be able to capitalize on categories of existing demand. In terms of real estate markets, Saticoy represents a reserve of lower-cost commercial land. As the regional market begins to emerge from a prolonged economic recession, demand for industrial space is likely to increase.

Presently, rental rates for most classes of commercial real estate are below replacement costs, indicating that a significant inventory of vacant space must be absorbed in order to trigger new rounds of development. From the perspective of Saticoy, the first market likely to emerge for development interest will be for industrial land uses followed by multifamily residential. Existing regional market demand for various categories of land use can be summarized as follows:

# MR+E

- **Office**—Current rents are below replacement costs; the inventory of available space exceeds current demand as expressed in high vacancy rates. Although the vacancy rates are decreasing, the volume of available space in the market remains significant.
- **Industrial**—Current rents are below replacement costs. Positive absorption of space is reducing vacancy rates, suggesting that demand for new space will emerge as employment in industrial space—using activities begins to stabilize and grow. In key markets, vacancy rates decreasing to the point of sustained upward pressure on rents is likely to occur.
- **Retail**—The retail market influencing demand in Saticoy operates at two distinct levels. The first is demand generated by Saticoy residents who must leave their community to obtain the goods and services that they need, and the second is the regional market that supplies retail goods and services to the broader west Ventura County market. For local demand, Saticoy can support modest increases in retail space by capturing community demand that is being spent elsewhere. From a regional perspective, retail sales growth has been modest since the beginning of the economic recovery, and properties in the larger market area of Saticoy and the east side of the City of Ventura are underperforming the regional market as a whole.
- **Hospitality**—Although tourism and visitor services are important parts of the Ventura County economy, they are unlikely to play an important direct role in economic development in Saticoy.
- **Multifamily residential**—This category is currently the most active category of development in the regional market area. New development is proceeding throughout the County as low vacancy rates drive new investment in market-rate multifamily housing. A critical limiting factor is the location of suitable development sites.

An examination of how these land uses could be deployed on the ground in the community and the opportunities and constraints associated with available development opportunities will be discussed in the sections that follow.

Table II-5  
Sales tax trends  
Taxable Sales  
( in thousands )

Year	California	Ventura County	Ventura	Santa Paula
2002	301,612,306	9,803,513	1,746,076	154,259
2003	320,217,054	10,382,440	1,798,072	155,046
2004	350,172,688	11,176,821	1,944,290	163,484
2005	375,808,125	11,909,068	2,028,969	178,609
2006	389,066,572	12,316,912	2,088,774	189,258
2007	387,025,102	12,230,207	2,063,622	186,000
2008	357,318,427	11,322,410	1,877,036	180,993
2009	311,214,606	9,883,853	1,624,801	150,721
2010	326,777,717	10,225,488	1,347,565	122,886
2011	355,518,038	11,020,181	1,465,657	141,418

Taxable Sales Rates of Change  
Indexed to 2002

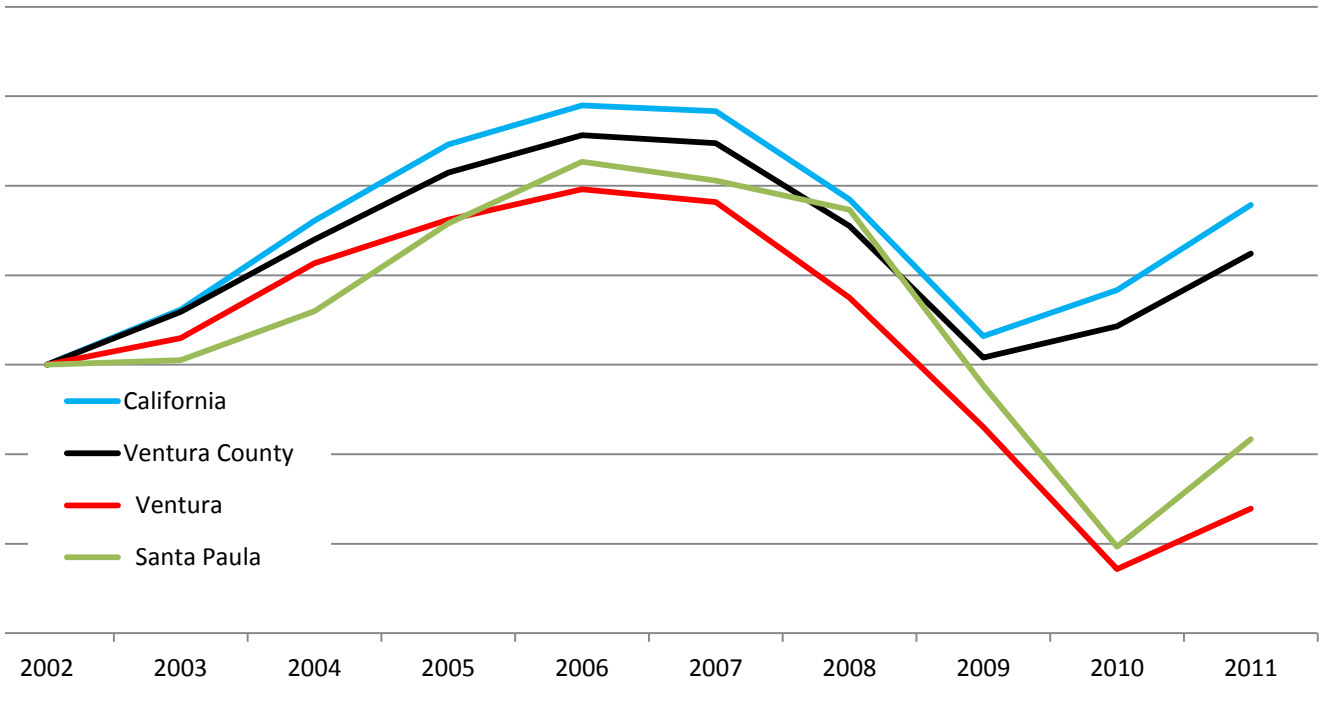
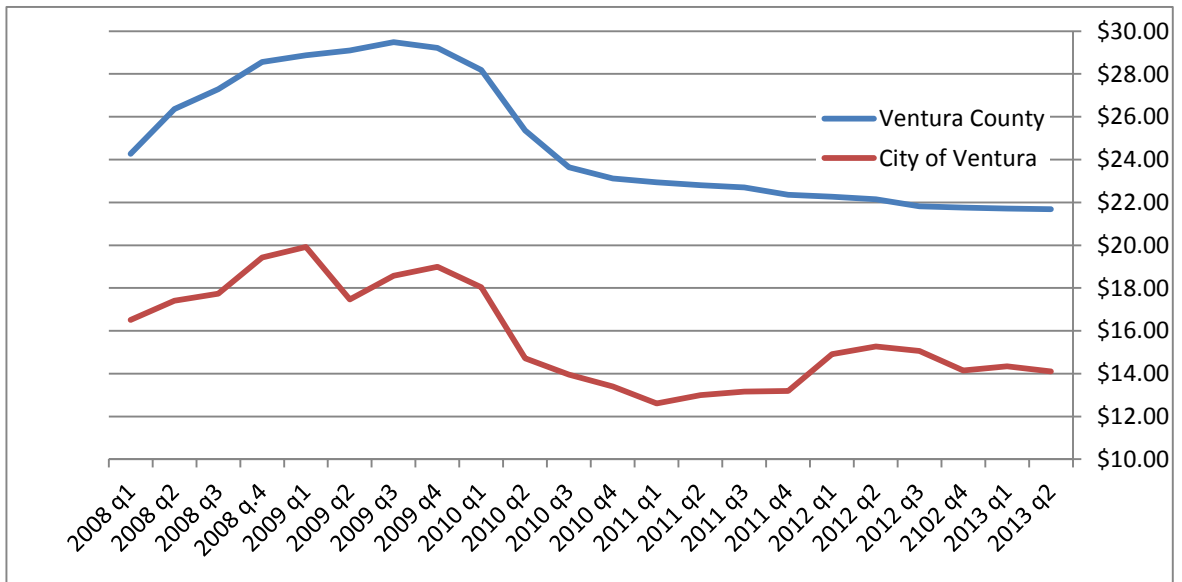


Table II-6  
Retail Rental Rates  
Average asking Rate per sq. ft. annual basis

	Ventura County	City of Ventura
2013 q2	\$21.69	\$14.10
2013 q1	\$21.72	\$14.34
2102 q4	\$21.77	\$14.15
2012 q3	\$21.83	\$15.06
2012 q2	\$22.14	\$15.28
2012 q1	\$22.26	\$14.91
2011 q4	\$22.35	\$13.19
2011 q3	\$22.70	\$13.16
2011 q2	\$22.80	\$13.00
2011 q1	\$22.94	\$12.61
2010 q4	\$23.12	\$13.41
2010 q3	\$23.64	\$13.95
2010 q2	\$25.37	\$14.71
2010 q1	\$28.19	\$18.04
2009 q4	\$29.22	\$18.99
2009 q3	\$29.49	\$18.58
2009 q2	\$29.10	\$17.46
2009 q1	\$28.88	\$19.92
2008 q.4	\$28.56	\$19.42
2008 q3	\$27.29	\$17.74
2008 q2	\$26.37	\$17.40
2008 q1	\$24.27	\$16.50



Source: LoopNet and MR+E

Table II-7  
Retail Property  
Ventura East Side  
2013

<b>Location</b>	<b>Size</b>	<b>Asking Rent *</b>
2850 Johnson Dr.	21,714	\$0.75
7 Darling Rd.	9,000	ND
1860 S.Victoria	4,278	\$0.19
	1,328	\$0.75
Telephone & Portola Rd	2,652	\$0.75
	35,562	\$0.75
Wells & Darling	9,000	\$0.55
5682-5688 Telephone	1,596	\$0.51
	5,500	\$0.51
9276 Telephone	900	\$0.95
	2,175	\$1.00
	1,450	\$1.20
9308 Telephone	3,000	\$1.00
	1,450	\$1.20
1155 Telephone	1,125	\$1.00
	3,200	\$0.75
	3,200	\$0.75
Ventura Road Plaza	23,255	\$0.80
	3,410	\$0.75
725 S. Victoria Ave.	6,040	\$0.55
Victoria & Telephone	4,138	\$0.75
	1,177	\$0.50
	2,903	\$0.50
Telephone & Main St	5,913	\$0.70
	6,000	\$0.70
<b>Total (Average)</b>	<b>159,966</b>	<b>\$0.74</b>

\*Per sq. ft. monthly triple net

Source: City of Ventura Retail Property Listings 2013 and MR+E



Table II-8  
 Estimated Demand for New Market-Rate Rental Housing in the West Ventura County  
 2013 to 2016

Zero Bedroms		One Bedroom		Two Bedroom		Three Bedroom	
Gross Monthly Rent (\$)	Units	Gross Monthly Rent (\$)	Units	Gross Monthly Rent (\$)	Units	Gross Monthly Rent (\$)	Units
1,100 or more	45	1,250 to 1,449	270	1,400 to 1,599	55	2,000 to 2,199	170
1,450 or more		1,600 to 1,799	140	1,600 to 1,799	190	2,200 or more	20
1,800 or more				1,800 or more	30		
Total	45	Total	410	Total	275		190

Source: US Dept. Housing and Urban Development--Comprehensive Housing Market Analysis, 2013



## Section III Review of Industrial Property

### Introduction

This section provides a focused review of the conditions of industrial property, based on zoning designation, within Saticoy. Each plan area will be discussed along with opportunities for industrial activities to connect with the labor force of Saticoy residents. Where appropriate, recommendations for infrastructure and related improvements will be provided.

### Physical Conditions

Industrial uses in Saticoy trace their origins to the arrival of the railroad in the early 20<sup>th</sup> century. As a result, some of the industrial structures and lots in the plan area were established to meet the demands of an earlier economic era. At the same time, Saticoy has been the site of ongoing investment that has improved and established new industrial activities in the community over the years, which has produced a complex mix of obsolete and functionally limited structures and uses alongside new, efficient modern buildings and users. This section will inventory key industrial assets within the plan area and provide information on their condition and suitability for modern industrial uses. At the same time, issues of infrastructure needs and deficits associated with each plan area will also be discussed as appropriate.

#### *Old Town*

According to the Ventura County Assessor's records, 12 properties currently have industrial zoning designations within the Old Town planning area. Of these, five are in utility or public ownership. These properties represent a combined total of more than 162,000 sq. ft. of gross floor area with an assessed valuation of \$6.4 million.

***Industrial Zoned Property in Old Town***

Use	Parcels	Lot	Building	Total
		Sq. Ft	Sq. Ft	Assessed Value
Industrial	9	262,446	164,878	\$6,455,395
Public and Utilities	4	310,298	-	\$0
Total	13	572,744	164,878	\$6,455,395

Source: Ventura County Assessor and MR+E

The largest industrial building in Old Town is at 11299 Nardo St., which is currently being used by California Classic Storage. This 88,284 sq. ft. building on 1.96 acres has an assessed valuation of \$2.5 million based on a 2006 sale. The properties between Azahar St. and Nardo St. represent the core of the industrial use in Old Town parallel to the rail tracks. These parcels have siding access that would be suitable for storing and receiving goods that require rail transportation. Buildings on the south side of the tracks are generally newer. According to the Assessor’s records, the building being used by California Classic Storage was constructed in 2008. North of the rail tracks, the structures are older (some dating back to the 1930s), and the parcels are generally characterized by low levels of site coverage by buildings with much of the lot available for outside storage. Over time, as industrial demand increases in Saticoy, these parcels may transition toward a higher level of site coverage in order to accommodate new industrial tenants. At the same time, the open nature of these properties will continue to be attractive to industrial users with significant outdoor storage requirements.

All of the industrial sites in Old Town are in leasable condition, and as noted, the larger buildings on the south side of the rail tracks have seen extensive investment in recent years. Industrial uses remain viable in Old Town, and the rail-adjacent sites represent a strategic asset for future development of industrial property in the planning area.

# MR+E

The most advantageous feature for industrial uses in the Old Town planning area is the railroad access. This feature is potentially valuable for uses that depend on bulk shipments and commodity processors and producers. There are two principal impediments to industrial expansion in the plan area. The first is land-use conflicts with residential users. These conflicts can arise from operational requirements and land-use incompatibilities that need to be mitigated or managed before expansion. The other issue is the economics of site redevelopment and reuse. The industrially zoned parcels in Old Town have been developed. Future users would need to either modify existing structures and adapt them for modern use or clear and rebuild on-site. Both approaches would increase capital costs for industrial users in the future.

## ***Southeast Saticoy***

Ventura County is the largest user of industrial land in Southeast Saticoy. Ventura County Public Works and the County General Services Agency occupy a 24 acre site that accounts for 46% of the total Southeast plan area. According to Assessor records, the County facilities were built in 2006 and contribute to the overall pattern of recent industrial development in Southeast Saticoy. Other users in the area include Rolls High Reach in a facility built in 2008, Saticoy Self Storage in facilities built in 1999, and the multi-tenant industrial building facing Los Angeles Ave. built in 2009.

The disposition of industrial uses in the Southeast plan area is summarized in the following table.

## ***Industrial Zoned Property in Southeast Saticoy***

Use	Parcels	Lot	Building	Total
		Sq. Ft	Sq. Ft	Assessed Value
Industrial	9	1,197,333	166,918	\$18,330,213
Public and Utilities	2	1,047,045	74,737	\$0
Total	11	2,244,378	241,655	\$18,330,213

Source: Ventura County Assessor and MR+E

Although the Southeast plan area is largely built out, some opportunities for expansion remain. The north portion of the Rolls facility could accommodate future industrial development as long as incompatible uses are not put in place on the vacant parcels in Old Town south of Rosal Ln. The 6.6 acre parcel between Riverbank Dr. and Los Angeles Ave. (APN# 090011028, no site address) could be developed for industrial use in the future; however, the slope of the parcel and potential for flooding must be addressed before any future use.

## ***West Saticoy***

The West Saticoy plan area contains 63% of the total number of industrial parcels accounting for more than 55% of the lot area of industrial land in all of Saticoy. At the same time, the inventory of building square footage in West Saticoy accounts for only 26% of the total built industrial space within the total plan area boundaries. West Saticoy's low-density level of development is expressed in large lots used for outdoor storage and processing activities. The area has seen limited new development with the Assessor reporting the most recent new construction was the Standard Industries recycling facility at 1905 Lirio Ave., which was built in 1990. Most of the other structures in the plan area date from the 1970s, with some structures dating back to the 1950s.

Major uses in the area include waste management, recycling, and vehicle storage. This represents a lower level of intensity and use than other industrial land elsewhere in Saticoy. The lack of recent investment is reflected in aging infrastructure and lower-value industrial uses. A summary of the industrial stock in the area is summarized below.

***Industrial Zoned Property in West Saticoy***

Use	Parcels	Lot Sq. Ft	Building Sq. Ft	Total Assessed Value
Industrial	37	3,076,906	333,782	\$25,066,266
Public and Utilities	5	384,112	20,445	\$0
Total	42	3,461,018	354,227	\$25,066,266

Source: Ventura County Assessor and MR+E

The lack of recent investment in West Saticoy and the relative low level of utilization can be traced back to a key infrastructure deficit. At present, there is only one access into the west side along Liro Ave. The lack of sufficient road infrastructure has prevented intensification of development in the plan area due to restricted access for fire safety and general circulation. A private road exists at Jacinto Way, but at present, it does not connect through to Liro Ave. A second possibility for a street connection to Liro Ave. would be an extension of Liro Ct. to Los Angeles Ave. Completion of improved road access should be considered a priority project that once completed will lead to intensified industrial uses in West Saticoy.

***Summary***

In summary, Saticoy is the site of more than 665,000 sq. ft. of private industrial space covering 4.3 million sq. ft. of lot area. This yields an average density of approximately 14%, which is less than half of the typical development density of 30% to 35% site coverage for new industrial projects. One important reason that there is such low density is the insufficient road infrastructure in West Saticoy. The west side of the plan area (West Saticoy) has an aggregate site coverage ratio of just under 11%. This compares to 13% in Southeast Saticoy and 62% in Old Town.

## **Total Industrial Property in Saticoy**

Use	Parcels	Lot	Building	Total
		Sq. Ft	Sq. Ft	Assessed Value
Industrial	55	4,536,685	665,578	\$49,851,874
Public and Utilities	11	1,741,455	95,182	\$0
<b>Total</b>	<b>66</b>	<b>6,278,140</b>	<b>760,760</b>	<b>\$49,851,874</b>

Source: Ventura County Assessor and MR+E

From a land-use perspective, there are opportunities to intensify industrial development in Saticoy and for the community to attract additional investment in industrial properties, as long as the infrastructure is in place to accommodate it. This is particularly true of the West Saticoy plan area. From a market perspective, oncoming demand for new industrial space is anticipated in Ventura County, and given the relatively tight inventory of available industrial space, the market is likely to target Saticoy for new development as long as the infrastructure is in place to accommodate it.

## **Labor Force**

Although the characteristics of the labor market and the occupational profile of Saticoy residents were discussed in Section I of this report, it is useful to consider the contribution of industrial land use to the economic well-being of the community and its residents. This can be understood in terms of the Spatial Mismatch Hypothesis, which has been widely examined since the mid-1970s. The hypothesis suggests there is a spatial mismatch between low-income populations and employment opportunities that reinforces poverty. This occurs when there is a surplus of workers relative to the number of available jobs in the areas where low-income and minority populations are concentrated and a shortage of resident labor relative to the number of jobs outside these areas.

The hypothesis suggests that the migration of industrial jobs out of the central city to lower-cost suburban areas has isolated low-income populations from employment opportunities as the populations have



## MR+E

remained resident in older core communities. This mismatch between the location of employment and low-income populations is further exacerbated in the theory by low-density urban development that creates obstacles for moving a transit-dependent population to employment centers. This so-called job sprawl creates a disconnect between low-income communities and employment opportunities.

Saticoy represents an opportunity to address the potential effects of a mismatch between employment opportunities and residential location. Presently, a number of businesses operating in Saticoy report that they employ community residents. Table III-1 provides forecasts of employment growth by occupational category for Ventura County. The occupations identified are the sorts of activities associated with the industrial uses in Saticoy.

Table III-1  
Occupational Outlook for Selected  
Salicoy Area Industrial Activities

SOC Code*	Occupational Title	Employment		Employment Change		Job Openings			Wages [5]		Education and Training Levels [7]		
		2010	2020	Numerical [1]	Percent	New Jobs [2]	Replacement Needs [3]	Total Jobs [4]	Median Hourly	Median Annual	Entry Level Education	Work Experience	On-the-Job Training
53-7062	Laborers and Freight, Stock, and Material	3,380	4,040	660	19.5	66	108	174	\$11.41	\$23,731	8	None	ST OJT
53-7064	Packers and Packagers, Hand	1,890	2,170	280	14.8	28	54	82	\$9.37	\$19,494	8	None	ST OJT
53-7051	Industrial Truck and Tractor Operators	1,430	1,710	280	19.6	28	40	68	\$13.98	\$29,075	8	<1 year	ST OJT
47-2141	Painters, Construction and Maintenance	1,250	1,500	250	20.0	26	27	53	\$17.04	\$35,434	8	None	MT OJT
53-7061	Cleaners of Vehicles and Equipment	1,000	1,220	220	22.0	22	30	52	\$9.44	\$19,633	8	None	ST OJT
41-2021	Counter and Rental Clerks	1,220	1,430	210	17.2	21	28	49	\$12.69	\$26,395	8	None	ST OJT
45-2041	Graders and Sorters, Agricultural Products	970	1,170	200	20.6	20	23	43	\$9.11	\$18,955	8	None	ST OJT
47-2051	Cement Masons and Concrete Finishers	630	830	200	31.7	20	10	30	\$24.19	\$50,307	8	None	MT OJT
53-3033	Light Truck or Delivery Services Drivers	1,750	2,070	320	18.3	32	35	67	\$15.71	\$32,667	7	None	ST OJT
43-5071	Shipping, Receiving, and Traffic Clerks	2,070	2,160	90	4.3	9	53	62	\$14.13	\$29,393	7	None	ST OJT
51-9061	Inspectors, Testers, Sorters, Samplers, and Weighers	1,540	1,660	120	7.8	12	33	45	\$16.38	\$34,066	7	None	MT OJT
51-2099	Assemblers and Fabricators, All Other	1,050	1,180	130	12.4	12	21	33	\$13.91	\$28,925	7	None	MT OJT
51-4041	Machinists	800	880	80	10.0	8	15	23	\$20.21	\$42,041	7	None	LT OJT
51-4121	Welders, Cutters, Solderers, and Brazers	490	590	100	20.4	10	13	23	\$16.77	\$34,893	7	<1 year	MT OJT
51-9399*	Production Workers, All Other	580	650	70	12.1	8	15	23	\$15.64	\$32,544	7	None	MT OJT
53-1021	First-Line Supervisors of Helpers, Laborers, and Material Movers, Hand	420	560	140	33.3	14	9	23	\$22.51	\$46,833	7	1-5 years	None
51-9195	Molders, Shapers, and Casters, Except Metal and Plastic	130	150	20	15.4	2	5	7	\$13.55	\$28,199	7	None	LT OJT
49-3031	Bus and Truck Mechanics and Diesel Engine Specialists	250	280	30	12.0	3	5	8	\$19.54	\$40,637	7	None	LT OJT
47-4799*	Construction and Related Workers, All Other	120	140	20	16.7	3	4	7	\$14.33	\$29,806	7	None	MT OJT
49-9799*	Installation, Maintenance, and Repair Workers, All Other	190	220	30	15.8	3	4	7	\$19.25	\$40,042	7	None	MT OJT
51-4011	Computer-Controlled Machine Tool Operators, Metal and Plastic	180	210	30	16.7	3	4	7	\$17.18	\$35,729	7	None	MT OJT
49-9043	Maintenance Workers, Machinery	160	180	20	12.5	2	3	5	\$21.73	\$45,192	7	None	MT OJT
51-4081	Multiple Machine Tool Setters, Operators, and Tenders, Metal and Plastic	270	270	0	0.0	0	5	5	\$14.31	\$29,769	7	None	MT OJT
51-7011	Cabinetmakers and Bench Carpenters	190	190	0	0.0	0	5	5	\$15.54	\$32,324	7	None	MT OJT
51-4193	Plating and Coating Machine Setters, Operators, and Tenders, Metal and Plastic	90	90	0	0.0	1	2	3	\$14.10	\$29,324	7	None	MT OJT
51-6093	Upholsterers	80	90	10	12.5	1	2	3	N/A	N/A	7	None	MT OJT
51-7099	Woodworkers, All Other	130	90	-40	-30.8	0	3	3	\$26.09	\$54,270	7	None	MT OJT

Notes:

- [1] Numerical employment change is the net difference between the base and projected year employment and reflects job growth or decline. The base and projected year employment are independently rounded to 10. Therefore, numerical change may not equal new jobs.
- [2] New jobs are only openings due to growth and do not include job declines. If an occupation's employment change is negative, there is no job growth and new jobs are set to zero. New jobs may not equal numerical change.
- [3] Replacement Needs estimate the number of job openings created when workers retire or permanently leave an occupation and need to be replaced.
- [4] Total jobs are the sum of new jobs and replacement needs.
- [5] Median hourly and annual wages are the estimated 50th percentile of the distribution of wages; 50 percent of workers in an occupation earn wages below, and 50 percent earn wages above the median wage. The wages are from 2012 first quarter and do not include self-employed or unpaid family workers.
- [6] In occupations where workers do not work full-time all year-round, it is not possible to calculate an hourly wage.
- [7] The Bureau of Labor Statistics develops and assigns education and training categories to each occupation. For more information on these categories, please see [http://www.bls.gov/emp/ep\\_education\\_training\\_system.htm](http://www.bls.gov/emp/ep_education_training_system.htm)

Entry Level Education
1- Doctoral or professional degree
2- Master's degree
3- Bachelor's degree
4- Associate's degree
5- Postsecondary non-degree award
6- Some college, no degree
7- High school diploma or equivalent
8- Less than high school

Work Experience in a Related Occupation
>5 years More than 5 years experience in a related occupation or field is common.
1-5 years Between 1 and 5 years experience in a related occupation or field is common.
<1 year Less than 1 year experience in a related occupation or field is common.
None No work experience is typically required.

On-the-Job Training
I/R Internship/Residency
APP Apprenticeship
LT OJT Long-term on-the-job training
MT OJT Moderate-term on-the-job training
ST OJT Short-term on-the-job training
None None

Source: California Employment Development Department Labor Market Information Division

## Summary and Implications

Industrial uses comprise 52% of the total land area of Saticoy. At the same time, these uses account for just under 60% of the community's total assessed valuation. The existing industrial uses play an important role in the overall economic structure of Ventura County, and employment in Saticoy supplies job opportunities for community residents. Promoting and preserving Saticoy as an employment center for industrial activities has value for the neighbors in Saticoy and for the County as a whole. At the same time, the level of industrial development in the community is below the level of intensity expected within a modern industrial district. As these infrastructure deficits are addressed, notably the creation of a more robust street network within West Saticoy, oncoming demand for industrial space can be accommodated within the community.



## Section IV Land-Use Recommendations

### Introduction

Since Saticoy is a largely built-out and mature community, new development opportunities in Saticoy will mostly be based on increasing density within the context of existing land uses. As this research has discussed, Saticoy plays an important role as an employment center in western Ventura County and as a reserve of industrially zoned land where larger-scale production and storage functions can occur. At the same time, this economic potential has been limited by the low-density development pattern that has characterized industrial land uses in the community. In terms of residential uses, Saticoy also plays an important role. The community contains attainably priced housing in the context of an increasingly tight real estate market. Finally, Saticoy's accessibility to a larger regional market, facilitated by the community's frontage on SR-118 (and by extension, connections to regional freeways) is an asset that can be further leveraged to provide an identity to the community while at the same time supporting new capital investment in Saticoy.

Although Saticoy is largely built out, the parcels along Rosal Ln. in Old Town represent a significant character-defining development opportunity. Essentially, these parcels are the last largely open sites available for new development in Saticoy. These combined parcels, which are about 8 acres in total, are large enough to support a significant scale of development that potentially could affect neighboring land uses and the overall character of Saticoy into the future. Because of the prominence of this potential development site, a focused financial analysis looking at three possible development scenarios has been provided as part of the land-use recommendations.

In terms of implementing change in Saticoy, most of the process will be led by private investment responding to market conditions. However, there are two areas where public actions can have an important role in facilitating private investment in the community. The first area where public actions can spur private investment is with infrastructure improvements. Key infrastructure needs are identified in this section along with land-use recommendations that will support development in Saticoy. The second area where the planning process can encourage development is with entitlements. This section provides a framework for considering changes to existing land-use entitlements so that future rounds of investment can be stimulated and planned in a manner that contributes to the economic well-being of Saticoy for all of the community's stakeholders.

Land-use and infrastructure recommendations are provided below for each of the three planning subareas of Saticoy.

## Old Town

Within Old Town, there are three opportunity sites in which new development or redevelopment could potentially occur. The areas of interest are as follows:

**Telephone Rd., Gateway site**—The parcels facing Wells Rd. at the termination of Telephone Rd. south of Astor St. can serve as a strategic gateway to Saticoy. This site can be seen as an opportunity to establish a region-serving retail development project. Ideally, a development project at this location should range in size from about 15,000 to 20,000 sq. ft. and should include a community retail anchor such as a drugstore or grocery store. This use should be accompanied by an additional 10,000 to 20,000 sq. ft. of in-line retail with uses such as food and beverage or personal services like a hair salon or dry cleaning. This site offers the opportunity to address the problematic alignment of Astor St. and its connection to Wells Rd. without impacting the scale and character of the residential uses within Old Town. A set of carefully considered site planning and development standards can be used to create an urban environment that would serve as a gateway for Saticoy and would take advantage of SR-118's role as a regional connector.

**Old Town retail**—There is an opportunity for Saticoy to support a limited number of additional retail uses that would be primarily patronized by community residents. These uses could include personal services such as a laundry or local-serving retail, including convenience grocery or limited-service food and beverage. Market demand for this type of use would range from 5,000 to 10,000 sq. ft. and ideally should be located along Violeta St. between Wells Rd. and Alelia St. This would create a “village center” function and would reinforce Violeta St.'s role as the main street for Saticoy.

**Rosal Ln. parcels**—Three large parcels fronting Rosal Ln. between Los Angeles Ave. and Campanula Ave. represent the most significant development opportunities in Saticoy. In preparing land-use recommendations, MR+E has developed three pro forma cash flow analyses to determine the most financially feasible disposition of the site under three options:

- Market-rate residential
- Industrial
- A blended scenario with residential development west of County Dr. with industrial development between County and Campanula streets

The anticipated financial performance associated with each development scenario is described as follows:

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**Market-rate residential**—The market-rate residential scenario would produce 165 dwelling units assuming an average density of 20 dwelling unit (DU) per acre. Table IV-1 (all tables for this section are in Appendix A, which follows this section) shows the assumed unit mix and achieved rents, which are based on existing market conditions in the east Ventura market. Building out the full 8.27 acres along Rosal Ln. as apartments would produce more than \$2.8 million in annual rents at an average rental rate of \$1.55 per sq. ft.

Table IV-2 applies a vacancy factor and operations expenses for the possible apartment project in order to arrive at a net operating income estimate. The estimated values are shown as operational totals and per-dwelling unit costs. Table IV-3 provides the development cost assumptions. The land is valued at \$375,000 per acre, which is held constant across all three scenarios, or \$20.20 per sq. ft. An average hard cost of \$130,000 per dwelling unit was derived based on a \$130 per sq. ft. cost. The development costs include a proposed City of Ventura water in lieu fee. This fee is in the proposal stage and may take a different form or may not be adopted. Under the formulation currently under consideration, each dwelling unit would be assessed as a one-time fee of \$4,350. This would add an additional 2.8% to the total development cost. The all-market-rate residential project would have \$25.8 million total development costs. Financing assumptions are shown in table IV-4. The 10-year cash flow pro forma for the project is shown in table IV-5. Under the assumptions in this scenario, the market-rate apartment scenario would return an annual pretax return on equity of between 7.0% and 9.6% return on equity. These cash flows produce a leveraged internal rate of return (IRR) of 11.4%, which would make the project financeable under the stated assumptions.

**Industrial**—The industrial scenario would produce 126,000 sq. ft. of industrial space assuming a 35% site coverage ratio for all of the Rosal Ln. parcels. Table IV-6 shows the 10-year operating cash flow based on a \$9.00 per sq. ft. rental rate. Table IV-7 shows the development costs for the industrial scenario with a total cost of \$14.3 million, including a \$193,000 water in lieu fee. Table IV-8 shows the financing assumptions using factors comparable to those used in the other scenarios. Table IV-9 shows the 10-year cash flow, producing an IRR of 10.1% after financing.

**Blended scenario**—This scenario proposes market-rate residential development on the Rosal Ln. properties west of County Dr. and industrial development on the parcel to the east. The blended scenario would generate 91 dwelling units and 56,000 sq. ft. of industrial space with the same density assumptions as the first two scenarios. The structure and program of this scenario are shown in tables IV-10 and IV-11. Tables IV-12, IV-13, and IV-14 show the blended development costs and financing assumptions that have been carried over from the first two scenarios. Note that assumptions have been held constant across the

scenarios in order to allow for a consistent evaluation. As with the other two scenarios, the project is resolved into a 10-year cash flow that produces an 11.5% IRR after accounting for the cost of financing. The cash flow analysis is shown in table IV-15.

### **Implications**

A financial review of potential development scenarios for the Rosal Ln. parcels does not indicate a clearly superior alternative. Of the three scenarios examined, each would result in a project that would be financeable and attract sufficient returns on investment. The development costs and associated returns for each scenario are shown below:

### **Summary of Financial Performance, Rosal Ln. Parcels**

	Scenario		
	Residential	Industrial	Blended
Land Cost (in millions \$)	\$3.19	\$3.19	\$3.19
Development Cost (in millions \$)	\$25.80	\$14.30	\$20.60
Leveraged IRR (year 10)	11.4%	10.1%	11.5%

Source: MR+E

Beyond the financial performance of each approach, market risks and opportunities are associated with each approach. Ultimately, the land-use classification and disposition of these sites will be influenced by community planning objectives and the investment interest of property owners and their partners. The critical factors affecting each approach are discussed below.

### **Market-rate residential scenario**

#### Opportunity Factors

- Market demand for apartments is currently strong. The east Ventura market is experiencing increasing rents and decreasing vacancies.
- There is long-term demand for more housing in Ventura County as a whole, and new rental units must be produced to accommodate forecasted population growth.
- The forecasted returns on investment are sufficient to attract development, provided market rates can be achieved on this site.



## Risk Factors

- Market acceptance of Rosal Ln. as a site for market-rate residential development is untested. The surrounding uses and the site location may be less competitive than other nearby locations in the City of Ventura.
- Land-use incompatibilities with adjacent industrial uses may inhibit or conflict with intensification of industrial uses.
- The presence of industrial uses may negatively impact the quality of residential uses over time.

## ***Industrial scenario***

### Opportunity Factors

- Additional industrial development could reinforce Saticoy's role as an employment center in Ventura County.
- Industrial uses would be broadly compatible with neighboring land uses. The existing residential along Nardo St. is already adjacent to industrial uses, and this currently influences the value of the units.
- Industrial development would require lower levels of capital investment in order to achieve a financeable rate of return.

## Risk Factors

- Market demand is not currently sufficient to trigger industrial development on the site. Vacancy rates and rents for industrial space in west Ventura County must improve before a project at this site could be developed.
- For the project to be feasible, it must attract tenants able to pay \$9.00 per sq. ft., a rate that has been experienced before the financial crises but is not currently supported by the market.
- It is likely that industrial use on these sites could not proceed until a build-to-suit user has been identified.

## ***Blended scenario***

### Opportunity Factors

- Industrial development east of County Dr. would be compatible with existing industrial uses in the Southeast Saticoy planning area.
- Return on investment is highest of the three scenarios illustrated in the plan.

- Mix of uses allows for phased development.

## Risk Factors

- Potential land-use conflicts could arise from combining industrial and residential uses.
- The structure of the development in terms of financing arrangements and development companies or owners is likely to be more complex than a single-use scenario.

In summary, the financial performance of the three scenarios shows that each approach would be feasible under a common set of assumptions regarding land cost financing and absorption. Not only would each scenario produce a developable project, but also the returns on investment are roughly equivalent, with the market-rate residential and blended scenarios performing a little bit better than the industrial scenario.

Since all approaches are economically feasible and acceptable under either current or emerging market conditions, the question on how to proceed hinges on questions of community character, urban design, and the community's economic development goals. There is a meaningful case to be made for preserving employment-generating land uses within Ventura County, and the report provides information demonstrating long-term demand for industrial space in the market. At the same time, in response to the restructuring of for-sale housing market that occurred after the 2008 financial crisis, there is demand for rental housing. Ultimately, the decision on how to proceed with developing these parcels should consider the long-term implications for economic growth and employment opportunities within the market area and for the community of Saticoy itself, while at the same time this need should be balanced against the ongoing imperative to produce more housing to accommodate the growing population of Ventura County.

## **Southeast Saticoy**

The Southeast portion of the plan area is largely built out with the County's public works complex serving as the largest single use within the area. Grade changes on parcels to the west of Riverbank Dr. will make development there difficult. However, an expansion of industrial uses between Los Angeles Ave. and Riverbank Dr. or their disposition as a commercial development should be allowed assuming the technical challenges of developing on-site can be overcome in an economically feasible and environmentally sound manner. Ongoing intensification of industrial land uses on the privately owned parcels within the plan area should also be encouraged through the land-use entitlement process.

## West Saticoy

West Saticoy is characterized by low-density industrial development. The area plays an important role as a job generator for Saticoy and as a reserve of industrial land within Ventura County. Currently, the industrial development presence is characterized by low levels of site coverage, and in general, the area has not seen significant new capital investments or improvements in recent years. The current site coverage ratio is about 11%, compared to a typical new industrial park that would have site coverage of approximately 35%. This shows that there is opportunity to intensify and upgrade industrial uses in West Saticoy as the market for industrial uses grows and intensifies over time.

The critical inhibiting factor preventing investment and development in West Saticoy is the lack of a second roadway access connecting to Lirio Ave. If the County is able to establish a second access to Los Angeles Ave. either through Jacinto St. or another parallel alignment, it is likely that industrial property owners will be able to make upgrades and investments that will increase the assessed valuation and the employment density of the plan area. In terms of infrastructure investments that can be made in Saticoy, establishing this second access through West Saticoy should be the highest priority of any competing public investments or capital improvements slated for the Saticoy area plan as a whole.

If these infrastructure deficits are addressed, notably the creation of a more robust street network within West Saticoy, oncoming demand for industrial space can be accommodated within the community.

## Land-Use Options

Parallel to the market study and economic analysis in this report, the County has prepared three potential land-use options that offer different spatial arrangements for the future development of the community plan area. These options have been formulated in order to meet key urban design goals and objectives aligned with the expressed preferences provided by the community and plan area stakeholders.

The principal variations among the three options involve different potential land-use configurations that could eventually be deployed within the Old Town plan area. The Southeast and West Saticoy subareas are held constant in each option.

The three land-use options have been reviewed with an eye toward articulating the economic development implications of each proposed land-use configuration for the Old Town plan area.

### ***Land-use option 1***

This approach envisions the establishment of a town center land-use classification along Wells Rd., south of Telephone Rd. and north of the railroad right-of-way. The area south of the railroad tracks would be designated as residential mixed-use land-use category between Wells Rd. and Alelia Ave.

## **Opportunities**

- Land-use option 1 would allow for site assembly of a large enough parcel to attract the scale of retail development identified in the market study as feasible over the long term.
- Frontage along Wells Rd. at Telephone Rd. would be attractive to future retail developers.
- Industrial development could occur on the Rosal Ln. parcels east of Alelia Ave.
- The residential mixed-use designation would allow multifamily housing to be developed on the westernmost portion of the Rosal Ln. properties.

## **Constraints**

- Siting the town center south of Telephone Rd. complicates the ability to improve the alignment between Telephone Rd., Aster St., and the interior of Old Town.
- Existing residential property north of Rosal Ln. would be re-entitled, with the potential effect of creating land-use incompatibilities with future industrial development and nonconforming uses that would inhibit reinvestment within the expanded M1 designated parcels.

## ***Land-use option 2***

This approach envisions the creation of Los Angeles Ave. as an interior commercial street within Old Town. This approach would have the net effect of moving commercial development opportunities into the interior of Saticoy with a double frontage along Wells Rd. and Los Angeles Ave. Residential mixed-use development would be located primarily north of Violeta St. and west of Aleila Ave.

## **Opportunities**

- This configuration preserves the Rosal Ln. properties primarily for industrial development. This along with multifamily residential are likely to be the most viable land-use categories in the near and intermediate term.
- Double-loaded commercial development between Wells Rd. and Los Angeles Ave. offers the opportunity for a pedestrian-oriented commercial center in Saticoy with connections to SR-118 and the interior of the community along Azahar St.
- Residential mixed-use development may allow for the opportunity to address the extension of Telephone Rd. into Old Town given appropriate site planning and design.

## **Constraints**

- Wells Rd. and SR-118 frontage would be the most valuable to future retail developers. Double-loading the access to commercial development is likely to increase capital costs beyond the level

that can be justified based on the market opportunities associated with better connections into Old Town.

- From the perspective of the commercial or retail developer, the intersection of Telephone Rd. and Wells Rd. would be the most valuable and promising location. Under this scenario, those parcels are likely to develop with the residential character.
- The majority of residential uses north of Rosal Ln. would become nonconforming uses.

### ***Land-use option 3***

This approach concentrates town center development north of the railroad right-of-way with frontage along Wells Rd. south of Telephone Rd. The Rosal Ln. parcels would be designated for industrial development, and the housing between Nardo St. and Rosal Ln. would remain as conforming uses.

#### **Opportunities**

- This approach would allow industrial development on the remaining vacant parcels in Old Town.
- The town center would be developed with frontage along Wells Rd.
- Existing housing north of Rosal Ln. would remain as conforming use and could potentially be the site of reinvestment by existing property owners.

#### **Constraints**

- This land-use option would produce the fewest opportunities for multifamily residential development.
- Existing residential north of Rosal Ln. would continue to be hemmed in by industrial development unless the north side of Nardo St. were redeveloped. This would result in a loss of viable employment-generating land uses within Saticoy.
- This approach for Old Town most closely matches the status quo and as a result is unlikely to produce structural change in the community's land-use patterns.

### **Recommended Actions**

In addition to the land-use recommendations described, the community planning process for Saticoy should consider the following actions in order to facilitate economic development in the plan area. These recommendations are presented in rough order of priority and can serve as the basis of an implementation program once a comprehensive land-use plan for the area is in place and new development can move forward in Saticoy.

- 1) **Confirm entitlements for Rosal Ln. parcels**—Essentially the final disposition of the Rosal Ln. parcels is a question of community character and vision. Economically, developing these parcels as market-rate housing, or industrial uses, or some mix of the two is equivalent from the perspective of feasibility. Long-term policy must be established that either reinforces the industrial character of Saticoy or begins to extend Old Town’s residential neighborhoods south of Azahar St. The interaction between residential and industrial uses is difficult to sustain over the long term. The eventual disposition of these properties will establish the conditions that will influence the long-term character of Old Town and affect adjacent properties. It is difficult to definitively identify one land-use type over another for these sites; however, the need to produce housing for Ventura County’s growing population must be balanced by the long-term need for employment-generating land uses in the County. Ultimately, this vision and policy question must be discussed and evaluated by the community as a whole in concert with property owners, and businesses in the context of the overall development objectives in the County.
  
- 2) **Establish second access route to Lirio Ave.**—Intensification of development has been impeded by the lack of a second access into the West Saticoy subarea. Right now, the density of development is significantly lower than typical industrial site coverage. The ability to develop and intensify use in West Saticoy can be addressed by establishing a connection to Los Angeles Ave. that will allow for emergency services access. Improved circulation would serve as an incentive for new investment in industrial buildings and activities within West Saticoy.
  
- 3) **Coordinate economic development efforts on the east side of Telephone and Wells roads**—The end of redevelopment authority leaves the County with few options to proactively create a development proposal for a strategic site like Telephone and Wells roads. However, the County can engage property owners and stakeholders in more detailed examinations of site planning and the physical layout of a potential gateway retail and commercial development at this location.
  
- 4) **Allow property owners along Los Angeles Ave. and Wells Rd. to opportunistically pursue retail and commercial development**—The County should have clear development standards in place so that design and performance standards are met for new commercial development along SR-118. Careful consideration could be given to community identity and opportunities to serve a gateway function for Saticoy from commercial development along the corridor.

- 5) **Recruit small business to Old Town**—Coordinated efforts with local chambers of commerce, economic development corporations, and community-based organizations should be aware of small business opportunities within Old Town. The County, working with property owners and potential investors, an informal coordinating function could emerge that supports and encourages small-scale entrepreneurialism within Old Town’s core.

Taken together, these steps will lay the foundation for ongoing economic growth and development within Saticoy. In terms of public capital investment, the main priority should be establishing a second connection into West Saticoy. The other recommendations are largely programmatic and policy based and can be pursued via ongoing community development efforts.





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**Appendix A**

Cash flow analysis

Table IV-2

**Saticoy Apartments****Saticoy, Rosal Ln****SCENARIO: Market Rate Apartments****RESIDENTIAL PROFORMA**

	Proforma	
	\$	\$/unit
<b>Income</b>		
Total Projected Market Rents	\$ 2,856,000	\$ 17,309
Total Rents	\$ 2,856,000	\$ 17,309
Vacancy/Bad Debt	\$ (142,800)	\$ (865)
Effective Net Rental Income	\$ 2,713,200	\$ 16,444
Late, Legal, Security Forfeit	\$ 13,566	\$ 82
Laundry	\$ 21,706	\$ 132
Interest Income	\$ 10,853	\$ 66
Total Other Income	\$ 46,124	\$ 280
<b>Total Income</b>	\$ 2,759,324	\$ 16,723
<b>Operating Expenses</b>		
Contract Services	\$ 55,186	\$ 334
Repairs & Maintenance	\$ 82,780	\$ 502
Supplies & Equipment	\$ 13,797	\$ 84
Payroll & Benefits	\$ 175,000	\$ 1,061
Utilities	\$ 115,125	\$ 698
Advertising/Leasing Commissions	\$ 2,500	\$ 15
Management	\$ 82,780	\$ 502
Real Estate Taxes	\$ 258,589	\$ 1,567
Insurance	\$ 17,325	\$ 105
Total Administrative	\$ 361,194	\$ 2,189
<b>Total Operating Expenses</b>	\$ 803,082	\$ 4,867
<b>Net Operating Income</b>	\$ 1,956,242	\$ 11,856
Replacement Reserves	\$ 45,495	\$ 276
<b>Cash Flow</b>	\$ 1,910,747	\$ 11,580

Table IV-3

**Saticoy Apartments**

Saticoy, Rosal Ln

SCENARIO: Market Rate Apartments

**ACQUISITION & DEVELOPMENT COSTS**

Item	Unit of Measure	Unit Cost	Total Cost	PSF Cost
<b>Acquisition</b>				
		8.27 acres		
Land Cost	Per Acre	\$ 375,000	\$ 3,101,250	\$ 20.20
Brokers Commission	% of purchase price	3.0%	\$ 93,038	\$ 0.61
Total Acquisition Costs			\$ 3,194,288	\$ 20.81
<b>Hard Costs (Construction)</b>				
Apartments	\$/sf of Apt Bldg	\$ 130.00	\$ 19,955,000	\$ 130.00
Contingency	% of Hard Costs	3.0%	\$ 598,650	\$ 3.90
Total Hard Costs			\$ 20,553,650	\$ 133.90
<b>Soft Costs (Construction)</b>				
Tenant Allowance	from Rent Schedule	N/A	\$ -	\$ -
Architectural/MEP Fees	% of Shell Cost (SC only)	5.0%	\$ 1,027,683	\$ 6.70
Engineering Consultant Fees	N/A	N/A	\$ 70,000	\$ 0.46
Legal - Construction	N/A	N/A	\$ 15,000	\$ 0.10
Legal - Leasing	N/A	N/A	\$ 10,000	\$ 0.07
Legal - Land Use	N/A	N/A	\$ 10,000	\$ 0.07
Contingency	% of Soft Costs	8.0%	\$ 90,615	\$ 0.59
Total Soft Costs			\$ 1,223,297	\$ 7.97
<b>Site Costs</b>				
		8.27		
Improvements	Per DU	\$ 1,000	\$ 165,000	\$ 1.07
Contingency	% of Site Costs	3.0%	\$ 4,950	\$ 0.03
Total Site Costs			\$ 169,950	\$ 1.11
<b>Financing Costs</b>				
Appraisal	N/A	N/A	\$ 8,000	\$ 0.05
Legal - Loan	N/A	N/A	\$ 8,000	\$ 0.05
Interest on Construction Loan	from Financing Schedule	N/A	\$ 1,260,623	\$ 8.21
Contingency	% of Financing Costs	2.0%	\$ 25,532	\$ 0.17
Total Financing Costs			\$ 1,302,156	\$ 8.48
<b>Water fee in lieu</b>	<b>Per Du</b>	<b>\$4,350</b>	<b>\$ 717,750</b>	<b>\$ 4.68</b>
<b>**Total Acquisition &amp; Development Costs**</b>			<b>\$ 25,858,935</b>	<b>\$ 168.46</b>

2.8%

Table IV-4

**Saticoy Apartments**

Saticoy, Rosal Ln

SCENARIO: Market Rate Apartments

**FINANCING ASSUMPTIONS**

Construction Loan	
Rate	6.50%
Points (%)	0.00%
Term (mo)	18
Equity (%)	30.0%
Loan Amount	\$ 25,858,935
Points (\$)	\$ -
Total Interest	\$ 1,260,623
Seller Financing	
Rate	0.00%
Points (%)	0.00%
Term (yr)	-
Monthly Payment	\$ -
Points (\$)	\$ -
Permanent Loan	
Rate	5.00%
Points (%)	0.00%
Term (yr)	20
Equity (%)	60.0%
Monthly Payment	\$ 68,263
Points (\$)	\$ -

**Amortization Schedule of Permanent Loan**

Acquisition Costs	\$ 3,194,288
Development Costs	\$ 22,664,647
Total Project Costs	\$ 25,858,935
Less: Equity	\$ (15,515,361)
Less: Seller Financing	\$ -
Loan Amount	\$ 10,343,574

Year	Principal	Interest	Payment	Balance
1	\$ 308,995	\$ 510,161	\$ 819,156	\$ 10,034,579
2	\$ 324,804	\$ 494,353	\$ 819,156	\$ 9,709,776
3	\$ 341,421	\$ 477,735	\$ 819,156	\$ 9,368,354
4	\$ 358,889	\$ 460,267	\$ 819,156	\$ 9,009,466
5	\$ 377,250	\$ 441,906	\$ 819,156	\$ 8,632,215
6	\$ 396,551	\$ 422,605	\$ 819,156	\$ 8,235,664
7	\$ 416,839	\$ 402,317	\$ 819,156	\$ 7,818,825
8	\$ 438,166	\$ 380,990	\$ 819,156	\$ 7,380,659
9	\$ 460,583	\$ 358,573	\$ 819,156	\$ 6,920,076
10	\$ 484,147	\$ 335,009	\$ 819,156	\$ 6,435,929

**Assumption on Sale of Property in Year 10**

Cap Rate of Year 11 Pretax Cash Flow	7.5%
Transaction Costs (as a % of Sales Price)	4.0%

Table IV-5  
**Saticoy Apartments**  
**Saticoy, Rosal Ln**  
**SCENARIO: Market Rate Apartments**

**CASH FLOW ANALYSIS**

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Transaction Costs</b>											
Acquisition Costs	\$ (3,194,288)										
Hard/Soft Costs	\$ (22,664,647)										
Sales Price in Yr 10											\$ 31,847,248
Less: Transaction costs in Yr 10											\$ (1,273,890)
<b>Total Transaction Costs</b>	<b>\$ (25,858,935)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,573,358</b>
<b>Gross Rental Income</b>											
<b>Total Gross Rental Income</b>		\$ 2,856,000	\$ 2,913,120	\$ 2,971,382	\$ 3,030,810	\$ 3,091,426	\$ 3,153,255	\$ 3,216,320	\$ 3,280,646	\$ 3,346,259	\$ 3,413,184
<b>Less: Adjustments to GRI</b>											
Apartment - Vacancy/Bad Debt		\$ (142,800)	\$ (145,656)	\$ (148,569)	\$ (151,541)	\$ (154,571)	\$ (157,663)	\$ (160,816)	\$ (164,032)	\$ (167,313)	\$ (170,659)
<b>Net Rental Income</b>		\$ 2,713,200	\$ 2,767,464	\$ 2,822,813	\$ 2,879,270	\$ 2,936,855	\$ 2,995,592	\$ 3,055,504	\$ 3,116,614	\$ 3,178,946	\$ 3,242,525
Apartment Other Income		\$ 46,124	\$ 46,586	\$ 47,052	\$ 47,522	\$ 47,997	\$ 48,477	\$ 48,962	\$ 49,452	\$ 49,946	\$ 50,446
<b>Total Income</b>		\$ 2,759,324	\$ 2,814,050	\$ 2,869,865	\$ 2,926,792	\$ 2,984,852	\$ 3,044,069	\$ 3,104,466	\$ 3,166,066	\$ 3,228,892	\$ 3,292,971
<b>Total Operating Expenses</b>		\$ 803,082	\$ 811,113	\$ 819,224	\$ 827,416	\$ 835,690	\$ 844,047	\$ 852,488	\$ 861,013	\$ 869,623	\$ 878,319
<b>Net Operating Income</b>		\$ 1,956,242	\$ 2,002,937	\$ 2,050,641	\$ 2,099,375	\$ 2,149,162	\$ 2,200,022	\$ 2,251,978	\$ 2,305,053	\$ 2,359,270	\$ 2,414,652
<b>Total Reserves</b>		\$ 45,495	\$ 45,950	\$ 46,409	\$ 46,874	\$ 47,342	\$ 47,816	\$ 48,294	\$ 48,777	\$ 49,265	\$ 49,757
<b>Pretax Cash Flow Before Financing</b>	<b>\$ (25,858,935)</b>	<b>\$ 1,910,747</b>	<b>\$ 1,956,987</b>	<b>\$ 2,004,231</b>	<b>\$ 2,052,502</b>	<b>\$ 2,101,820</b>	<b>\$ 2,152,206</b>	<b>\$ 2,203,684</b>	<b>\$ 2,256,276</b>	<b>\$ 2,310,005</b>	<b>\$ 32,938,253</b>
Return on Investment		7.4%	7.6%	7.8%	7.9%	8.1%	8.3%	8.5%	8.7%	8.9%	127.4%
Internal Rate of Return (IRR)		9.3%									
<b>NPV Calculations</b>											
@ Following Rates -->		6.0%	7.0%	8.0%							
Net Present Value	\$ 6,342,250	\$ 4,165,263	\$ 2,214,496								
<b>Financing</b>											
Proceeds from Permanent Loan	\$ 10,343,574										
Permanent Loan Debt Service		\$ (819,156)	\$ (819,156)	\$ (819,156)	\$ (819,156)	\$ (819,156)	\$ (819,156)	\$ (819,156)	\$ (819,156)	\$ (819,156)	\$ (819,156)
Loan Balance in Yr 10											\$ (6,435,929)
<b>Pretax Cash Flow After Financing</b>	<b>\$ (15,515,361)</b>	<b>\$ 1,091,591</b>	<b>\$ 1,137,831</b>	<b>\$ 1,185,075</b>	<b>\$ 1,233,346</b>	<b>\$ 1,282,664</b>	<b>\$ 1,333,050</b>	<b>\$ 1,384,528</b>	<b>\$ 1,437,120</b>	<b>\$ 1,490,849</b>	<b>\$ 25,683,168</b>
Return on Equity		7.0%	7.3%	7.6%	7.9%	8.3%	8.6%	8.9%	9.3%	9.6%	165.5%
Leveraged IRR		11.4%									
Loan-to-Value Ratio (LTV; permanent loan only)		40.0%									
Loan-to-Value Ratio (LTV; all loans)		40.0%									
Debt Coverage Ratio (DCR)		2.33	2.39	2.45	2.51	2.57	2.63	2.69	2.75	2.82	40.21

Table IV-6  
**Saticoy Industrial**  
 Rosal Ln, Saticoy  
 SCENARIO: Industrial

**COMMERCIAL TENANT PROFORMA**

Rogers parcel	2.09 acres	91,040 sq. ft
Rolls parcel	3.7 acres	161,172 sq. ft
Sunner	2.48 acres	108,029 sq. ft

Coverage Ratio	35.0%	Proforma	
		Base Rent	
Tenant	sf	psf	Annual
Rogers parcel	31,864	\$ 9.00	\$ 286,777
Rolls parcel	56,410	\$ 9.00	\$ 507,692
Sunner	37,810	\$ 9.00	\$ 340,291
<b>Totals</b>	<b>126,084</b>		<b>\$ 1,134,760</b>

ASSUMPTIONS	
CAM (psf)	\$ 0.05
Management Fee (% of Gross Income)	5.0%
Inflation Rate	1.0%
Reserves	
Repairs/Replacement Reserves (psf)	\$ 0.03
Future Leasing Commission/TA/TI (psf)	\$ 0.01

Tenant	sf	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rogers parcel	31,864	\$ 286,777	\$ 295,381	\$ 304,242	\$ 313,369	\$ 322,770	\$ 332,453	\$ 342,427	\$ 352,700	\$ 363,281	\$ 374,179
Rolls parcel	56,410	\$ 507,692	\$ 522,923	\$ 538,610	\$ 554,769	\$ 571,412	\$ 588,554	\$ 606,211	\$ 624,397	\$ 643,129	\$ 662,423
Sunner	37,810	\$ 340,291	\$ 350,499	\$ 361,014	\$ 371,845	\$ 383,000	\$ 394,490	\$ 406,325	\$ 418,515	\$ 431,070	\$ 444,002
<b>Total Rent</b>	<b>126,084</b>	<b>\$ 1,134,760</b>	<b>\$ 1,168,803</b>	<b>\$ 1,203,867</b>	<b>\$ 1,239,983</b>	<b>\$ 1,277,182</b>	<b>\$ 1,315,498</b>	<b>\$ 1,354,963</b>	<b>\$ 1,395,611</b>	<b>\$ 1,437,480</b>	<b>\$ 1,480,604</b>
<b>Total Income</b>		<b>\$ 1,134,760</b>	<b>\$ 1,168,803</b>	<b>\$ 1,203,867</b>	<b>\$ 1,239,983</b>	<b>\$ 1,277,182</b>	<b>\$ 1,315,498</b>	<b>\$ 1,354,963</b>	<b>\$ 1,395,611</b>	<b>\$ 1,437,480</b>	<b>\$ 1,480,604</b>
<b>Operating Expenses</b>											
CAM		\$ 6,304	\$ 6,367	\$ 6,431	\$ 6,495	\$ 6,560	\$ 6,626	\$ 6,692	\$ 6,759	\$ 6,827	\$ 6,895
Management Expenses		\$ 56,738	\$ 58,440	\$ 60,193	\$ 61,999	\$ 63,859	\$ 65,775	\$ 67,748	\$ 69,781	\$ 71,874	\$ 74,030
<b>Total Operating Expenses</b>		<b>\$ 63,042</b>	<b>\$ 64,807</b>	<b>\$ 66,624</b>	<b>\$ 68,494</b>	<b>\$ 70,419</b>	<b>\$ 72,401</b>	<b>\$ 74,440</b>	<b>\$ 76,540</b>	<b>\$ 78,701</b>	<b>\$ 80,925</b>
<b>Net Operating Income</b>		<b>\$ 1,071,718</b>	<b>\$ 1,103,995</b>	<b>\$ 1,137,242</b>	<b>\$ 1,171,488</b>	<b>\$ 1,206,763</b>	<b>\$ 1,243,097</b>	<b>\$ 1,280,522</b>	<b>\$ 1,319,072</b>	<b>\$ 1,358,779</b>	<b>\$ 1,399,679</b>
<b>Reserves</b>											
Repair/Replacement Reserves		\$ 3,783	\$ 3,820	\$ 3,859	\$ 3,897	\$ 3,936	\$ 3,975	\$ 4,015	\$ 4,055	\$ 4,096	\$ 4,137
Future Leasing Commissions/TA/TI		\$ 1,261	\$ 1,273	\$ 1,286	\$ 1,299	\$ 1,312	\$ 1,325	\$ 1,338	\$ 1,352	\$ 1,365	\$ 1,379
<b>Total Reserves</b>		<b>\$ 5,043</b>	<b>\$ 5,094</b>	<b>\$ 5,145</b>	<b>\$ 5,196</b>	<b>\$ 5,248</b>	<b>\$ 5,301</b>	<b>\$ 5,354</b>	<b>\$ 5,407</b>	<b>\$ 5,461</b>	<b>\$ 5,516</b>
<b>Pretax Cash Flow Before Financing</b>		<b>\$ 1,066,674</b>	<b>\$ 1,098,901</b>	<b>\$ 1,132,098</b>	<b>\$ 1,166,292</b>	<b>\$ 1,201,515</b>	<b>\$ 1,237,796</b>	<b>\$ 1,275,169</b>	<b>\$ 1,313,665</b>	<b>\$ 1,353,318</b>	<b>\$ 1,394,163</b>

Table IV-7  
**Saticoy Industrial**  
**Rosal Ln, Saticoy**  
**SCENARIO: Industrial**

**ACQUISITION & DEVELOPMENT COSTS**

Item	Unit of Measure	Unit Cost	Total Cost	PSF Cost
<b>Acquisition</b>				
		8.2 acres		
Land Cost	Per Acre	\$ 375,000	\$ 3,075,000	\$ 24.39
Brokers Commission	% of purchase price	3.0%	\$ 92,250	\$ 0.73
Total Acquisition Costs			\$ 3,167,250	\$ 25.12
<b>Hard Costs (Construction)</b>				
Shell Bldg of Industrial	\$/sf of SC	\$ 80.00	\$ 10,086,754	\$ 80.00
Contingency	% of Hard Costs	3.0%	\$ 302,603	\$ 2.40
Total Hard Costs			\$ 10,389,356	\$ 82.40
<b>Soft Costs (Construction)</b>				
Tenant Allowance	from Rent Schedule	N/A	\$ -	\$ -
Architectural/MEP Fees	% of Shell Cost (SC only)	5.0%	\$ 519,468	\$ 4.12
Engineering Consultant Fees	N/A	N/A	\$ 5,000	\$ 0.04
Legal - Construction	N/A	N/A	\$ 5,000	\$ 0.04
Legal - Leasing	N/A	N/A	\$ 5,000	\$ 0.04
Legal - Land Use	N/A	N/A	\$ 5,000	\$ 0.04
Contingency	% of Soft Costs	8.0%	\$ 43,157	\$ 0.34
Total Soft Costs			\$ 582,625	\$ 4.62
<b>Site Costs</b>				
Acres		8.2		\$ -
Improvements	Per Sq. Ft.	\$ 0.75	\$ 94,563	\$ 0.75
Contingency	% of Site Costs	3.0%	\$ 2,837	\$ 0.02
<b>Financing Costs</b>				
Appraisal	N/A	N/A	\$ 8,000	\$ 0.06
Legal - Loan	N/A	N/A	\$ 8,000	\$ 0.06
Interest on Construction Loan	from Financing Schedule	N/A	\$ -	\$ -
Points (construction loan)	from Financing Schedule	N/A	\$ -	\$ -
Points (seller financing/permanent loan)	from Financing Schedule	N/A	\$ -	\$ -
Contingency	% of Financing Costs	2.0%	\$ 320	\$ 0.00
Total Financing Costs			\$ 16,320	\$ 0.13
<b>Water fee in lieu</b>	<b>Per KSF</b>	<b>1,537</b>	<b>\$ 193,792</b>	<b>\$ 1.54</b>
<b>**Total Acquisition &amp; Development Costs**</b>			<b>\$ 14,352,180</b>	<b>\$ 113.83</b>

1.4%

Table IV-8

**Saticoy Industrial**

Rosal Ln, Saticoy

SCENARIO: Industrial

**FINANCING ASSUMPTIONS**

Construction Loan	
Rate	6.50%
Points (%)	0.00%
Term (mo)	18
Equity (%)	30.0%
Loan Amount	\$ 5,740,744
Points (\$)	\$ -
Total Interest	\$ 279,861
Seller Financing	
Rate	0.00%
Points (%)	0.00%
Term (yr)	-
Monthly Payment	\$ -
Points (\$)	\$ -
Permanent Loan	
Rate	5.00%
Points (%)	0.00%
Term (yr)	20
Equity (%)	60.0%
Monthly Payment	\$ 37,887
Points (\$)	\$ -

**Amortization Schedule of Permanent Loan**

Acquisition Costs	\$ 3,167,250
Development Costs	\$ 11,184,930
Total Project Costs	\$ 14,352,180
Less: Equity	\$ (8,611,308)
Less: Seller Financing	\$ -
Loan Amount	\$ 5,740,872

Year	Principal	Interest	Payment	Balance
1	\$ 171,498	\$ 283,149	\$ 454,647	\$ 5,569,374
2	\$ 180,272	\$ 274,375	\$ 454,647	\$ 5,389,102
3	\$ 189,495	\$ 265,152	\$ 454,647	\$ 5,199,608
4	\$ 199,190	\$ 255,457	\$ 454,647	\$ 5,000,418
5	\$ 209,381	\$ 245,266	\$ 454,647	\$ 4,791,037
6	\$ 220,093	\$ 234,553	\$ 454,647	\$ 4,570,944
7	\$ 231,353	\$ 223,293	\$ 454,647	\$ 4,339,590
8	\$ 243,190	\$ 211,457	\$ 454,647	\$ 4,096,400
9	\$ 255,632	\$ 199,015	\$ 454,647	\$ 3,840,768
10	\$ 268,711	\$ 185,936	\$ 454,647	\$ 3,572,058

**Assumption on Sale of Property in Year 10**

Cap Rate of Year 11 Pretax Cash Flow	9.5%
Transaction Costs (as a % of Sales Price)	4.0%



Table IV-9

**Saticoy Industrial**

Rosal Ln, Saticoy

SCENARIO: Industrial

**CASH FLOW ANALYSIS**

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Transaction Costs</b>											
Acquisition Costs	\$ (3,167,250)										
Hard/Soft Costs	\$ (11,184,930)										
Sales Price in Yr 10											\$ 14,822,156
Less: Transaction costs in Yr 10											\$ (592,886)
<b>Total Transaction Costs</b>	<b>\$ (14,352,180)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,229,270</b>
<b>Gross Rental Income</b>											
Industrial		\$ 1,134,760	\$ 1,168,803	\$ 1,203,867	\$ 1,239,983	\$ 1,277,182	\$ 1,315,498	\$ 1,354,963	\$ 1,395,611	\$ 1,437,480	\$ 1,480,604
<b>Total Gross Rental Income</b>	<b>\$ 1,134,760</b>	<b>\$ 1,168,803</b>	<b>\$ 1,203,867</b>	<b>\$ 1,239,983</b>	<b>\$ 1,277,182</b>	<b>\$ 1,315,498</b>	<b>\$ 1,354,963</b>	<b>\$ 1,395,611</b>	<b>\$ 1,437,480</b>	<b>\$ 1,480,604</b>	
<b>Net Rental Income</b>	<b>\$ 1,134,760</b>	<b>\$ 1,168,803</b>	<b>\$ 1,203,867</b>	<b>\$ 1,239,983</b>	<b>\$ 1,277,182</b>	<b>\$ 1,315,498</b>	<b>\$ 1,354,963</b>	<b>\$ 1,395,611</b>	<b>\$ 1,437,480</b>	<b>\$ 1,480,604</b>	
<b>Total Income</b>	<b>\$ 1,134,760</b>	<b>\$ 1,168,803</b>	<b>\$ 1,203,867</b>	<b>\$ 1,239,983</b>	<b>\$ 1,277,182</b>	<b>\$ 1,315,498</b>	<b>\$ 1,354,963</b>	<b>\$ 1,395,611</b>	<b>\$ 1,437,480</b>	<b>\$ 1,480,604</b>	
<b>Total Operating Expenses</b>	<b>\$ 63,042</b>	<b>\$ 64,807</b>	<b>\$ 66,624</b>	<b>\$ 68,494</b>	<b>\$ 70,419</b>	<b>\$ 72,401</b>	<b>\$ 74,440</b>	<b>\$ 76,540</b>	<b>\$ 78,701</b>	<b>\$ 80,925</b>	
<b>Net Operating Income</b>	<b>\$ 1,071,718</b>	<b>\$ 1,103,995</b>	<b>\$ 1,137,242</b>	<b>\$ 1,171,488</b>	<b>\$ 1,206,763</b>	<b>\$ 1,243,097</b>	<b>\$ 1,280,522</b>	<b>\$ 1,319,072</b>	<b>\$ 1,358,779</b>	<b>\$ 1,399,679</b>	
<b>Reserves</b>											
Total Reserves	\$ 5,043	\$ 5,094	\$ 5,145	\$ 5,196	\$ 5,248	\$ 5,301	\$ 5,354	\$ 5,407	\$ 5,461	\$ 5,516	
<b>Pretax Cash Flow Before Financing</b>	<b>\$ (14,352,180)</b>	<b>\$ 1,066,674</b>	<b>\$ 1,098,901</b>	<b>\$ 1,132,098</b>	<b>\$ 1,166,292</b>	<b>\$ 1,201,515</b>	<b>\$ 1,237,796</b>	<b>\$ 1,275,169</b>	<b>\$ 1,313,665</b>	<b>\$ 1,353,318</b>	<b>\$ 15,623,433</b>
Return on Investment		7.4%	7.7%	7.9%	8.1%	8.4%	8.6%	8.9%	9.2%	9.4%	108.9%
Internal Rate of Return (IRR)	8.3%										
<b>NPV Calculations</b>											
@ Following Rates ->>	6.0%	7.0%	8.0%								
Net Present Value	\$ 2,334,205	\$ 1,249,377	\$ 276,638								
<b>Financing</b>											
Proceeds from Seller Financing	\$ -										
Proceeds from Permanent Loan	\$ 5,740,872										
Seller Financing Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permanent Loan Debt Service	\$ (454,647)	\$ (454,647)	\$ (454,647)	\$ (454,647)	\$ (454,647)	\$ (454,647)	\$ (454,647)	\$ (454,647)	\$ (454,647)	\$ (454,647)	\$ (454,647)
Loan Balance in Yr 10											\$ (3,572,058)
<b>Pretax Cash Flow After Financing</b>	<b>\$ (8,611,308)</b>	<b>\$ 612,028</b>	<b>\$ 644,255</b>	<b>\$ 677,451</b>	<b>\$ 711,646</b>	<b>\$ 746,868</b>	<b>\$ 783,150</b>	<b>\$ 820,522</b>	<b>\$ 859,018</b>	<b>\$ 898,671</b>	<b>\$ 11,596,729</b>
Return on Equity		7.1%	7.5%	7.9%	8.3%	8.7%	9.1%	9.5%	10.0%	10.4%	134.7%
Leveraged IRR	10.1%										
Loan-to-Value Ratio (LTV; permanent loan only)	40.0%										
Loan-to-Value Ratio (LTV; all loans)	40.0%										
Debt Coverage Ratio (DCR)		2.35	2.42	2.49	2.57	2.64	2.72	2.80	2.89	2.98	34.36

Table IV-10

**Saticoy Blended**

Rosal Ln, Saticoy

**SCENARIO: Blended**

**Residential Rent Assumptions**

Type	# of Units	% of Complex	Size	Proforma Rents		
				Monthly Rent/Unit	Annual Rent	p.s.f.
One Bedroom	10	11.0%	700	\$ 1,000	\$ 120,000	\$ 1.43
Two Bedroom	64	70.3%	900	\$ 1,400	\$ 1,075,200	\$ 1.56
Three Bedroom	17	18.7%	1,200	\$ 1,900	\$ 387,600	\$ 1.58
<b>Totals</b>	91	100.0%	934	\$ 1,449	\$ 1,582,800	\$ 1.55

Other Assumptions:

Vacancy Factor	5.0%
Annual Rent Growth	2.0%
Inflation	1.0%

NOTES

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4.57 Acres

20 DU / Acre

Table IV-11

**Saticoy Blended****Saticoy****Blended****RESIDENTIAL PROFORMA**

	Proforma	
	\$	\$/unit
<b>Income</b>		
Total Projected Market Rents	\$ 1,582,800	\$ 17,393
Below Market Rent Leases	\$ -	\$ -
Total Rents	\$ 1,582,800	\$ 17,393
Vacancy/Bad Debt	\$ (79,140)	\$ (869.67)
Effective Net Rental Income	\$ 1,503,660	\$ 16,524
Late, Legal, Security Forfeit	\$ 7,518	\$ 82.62
Laundry	\$ 12,029	\$ 132.19
Interest Income	\$ 6,015	\$ 66.09
Total Other Income	\$ 25,562	\$ 280.90
<b>Total Income</b>	\$ 1,529,222	\$ 16,805
<b>Operating Expenses</b>		
Contract Services	\$ 30,584	\$ 336.09
Repairs & Maintenance	\$ 45,877	\$ 504.14
Supplies & Equipment	\$ 7,646	\$ 84.02
Payroll & Benefits	\$ 175,000	\$ 1,923.08
Utilities	\$ 63,750	\$ 700.55
Advertising/Leasing Commissions	\$ 2,500	\$ 27.47
Management	\$ 45,877	\$ 504.14
Real Estate Taxes	\$ 110,500	\$ 1,214.29
Insurance	\$ 9,555	\$ 105
Other Administrative	\$ -	\$ -
Total Administrative	\$ 168,432	\$ 1,850.90
<b>Total Operating Expenses</b>	\$ 491,289	\$ 5,398.78
<b>Net Operating Income</b>	\$ 1,037,933	\$ 11,406
Replacement Reserves	\$ 26,921	\$ 295.84
<b>Cash Flow</b>	\$ 1,011,012	\$ 11,110

Table IV-12  
**Saticoy Blended**  
**Rosal Ln, Saticoy**  
**SCENARIO: Blended**

**COMMERCIAL TENANT PROFORMA**

Rogers parcel	2.09 acres	91,040 sq. ft
Rolls parcel	3.7 acres	161,172 sq. ft
Sunner	2.48 acres	108,029 sq. ft

Coverage Ratio	35.0%	Proforma	
		Base Rent	
Tenant	sf	psf	Annual
<b>Rolls parcel</b>	56,410	\$ 9.00	\$ 507,692
<b>Totals</b>	56,410		\$ 507,692

ASSUMPTIONS	
CAM (psf)	\$ 0.05
Management Fee (% of Gross Income)	5.0%
Inflation Rate	1.0%
Reserves	
Repairs/Replacement Reserves (psf)	\$ 0.03
Future Leasing Commission/TA/TI (psf)	\$ 0.01

Tenant	sf	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rolls parcel	56,410	\$ 507,692	\$ 522,923	\$ 538,610	\$ 554,769	\$ 571,412	\$ 588,554	\$ 606,211	\$ 624,397	\$ 643,129	\$ 662,423
<b>Total Rent</b>	56,410	\$ 507,692	\$ 522,923	\$ 538,610	\$ 554,769	\$ 571,412	\$ 588,554	\$ 606,211	\$ 624,397	\$ 643,129	\$ 662,423
<b>Total Income</b>		\$ 507,692	\$ 522,923	\$ 538,610	\$ 554,769	\$ 571,412	\$ 588,554	\$ 606,211	\$ 624,397	\$ 643,129	\$ 662,423
<b>Operating Expenses</b>											
CAM		\$ 2,821	\$ 2,849	\$ 2,877	\$ 2,906	\$ 2,935	\$ 2,964	\$ 2,994	\$ 3,024	\$ 3,054	\$ 3,085
Management Expenses		\$ 25,385	\$ 26,146	\$ 26,931	\$ 27,738	\$ 28,571	\$ 29,428	\$ 30,311	\$ 31,220	\$ 32,156	\$ 33,121
<b>Total Operating Expenses</b>		\$ 28,205	\$ 28,995	\$ 29,808	\$ 30,644	\$ 31,506	\$ 32,392	\$ 33,305	\$ 34,244	\$ 35,211	\$ 36,206
<b>Net Operating Income</b>		\$ 479,487	\$ 493,928	\$ 508,803	\$ 524,124	\$ 539,906	\$ 556,162	\$ 572,906	\$ 590,153	\$ 607,918	\$ 626,217
<b>Reserves</b>											
Repair/Replacement Reserves		\$ 1,692	\$ 1,709	\$ 1,726	\$ 1,744	\$ 1,761	\$ 1,779	\$ 1,796	\$ 1,814	\$ 1,833	\$ 1,851
Future Leasing Commissions/TA/TI		\$ 564	\$ 570	\$ 575	\$ 581	\$ 587	\$ 593	\$ 599	\$ 605	\$ 611	\$ 617
<b>Total Reserves</b>		\$ 2,256	\$ 2,279	\$ 2,302	\$ 2,325	\$ 2,348	\$ 2,372	\$ 2,395	\$ 2,419	\$ 2,443	\$ 2,468
<b>Pretax Cash Flow Before Financing</b>		\$ 477,230	\$ 491,649	\$ 506,501	\$ 521,799	\$ 537,558	\$ 553,790	\$ 570,511	\$ 587,734	\$ 605,475	\$ 623,749

Table IV-13  
**Saticoy Blended**  
**Rosal Ln, Saticoy**  
**SCENARIO: Blended**

**ACQUISITION & DEVELOPMENT COSTS**

Item	Unit of Measure	Unit Cost	Total Cost	PSF Cost
<b>Acquisition</b>				
		8.2 acres		
Land Cost	Per Acre	\$ 375,000	\$ 3,075,000	\$ 21.75
Brokers Commission	% of purchase price	3.0%	\$ 92,250	\$ 0.65
Total Acquisition Costs			\$ 3,167,250	\$ 22.40
<b>Hard Costs (Construction)</b>				
Apartments	\$/sf of Apt Bldg	\$ 130.00	\$ 11,050,000	\$ 78.14
Shell Bldg of Industrial	\$/sf of SC	\$ 80.00	\$ 4,512,816	\$ 31.91
Contingency	% of Hard Costs	3.0%	\$ 466,884	\$ 3.30
Total Hard Costs			\$ 16,029,700	\$ 113.36
<b>Soft Costs (Construction)</b>				
Tenant Allowance	from Rent Schedule	N/A	\$ -	\$ -
Architectural/MEP Fees	% of Shell Cost	5.0%	\$ 801,485	\$ 5.67
Engineering Consultant Fees	N/A	N/A	\$ 70,000	\$ 0.50
Legal - Construction	N/A	N/A	\$ 15,000	\$ 0.11
Legal - Leasing	N/A	N/A	\$ 10,000	\$ 0.07
Legal - Land Use	N/A	N/A	\$ 10,000	\$ 0.07
Contingency	% of Soft Costs	8.0%	\$ 72,519	\$ 0.51
Total Soft Costs			\$ 979,004	\$ 6.92
<b>Site Costs</b>				
Acres		8.2		\$ -
Land	Per Acre		\$ -	\$ -
Improvements (Apt)	Per DU	\$ 1,000	\$ 91,000	
Improvements	Per Sq. Ft.	\$ 1.25	\$ 70,513	\$ 0.50
Contingency	% of Site Costs	3.0%	\$ 4,845	\$ 0.03
<b>Financing Costs</b>				
Appraisal	N/A	N/A	\$ 8,000	\$ 0.06
Legal - Loan	N/A	N/A	\$ 8,000	\$ 0.06
Contingency	% of Financing Costs	2.0%	\$ 320	\$ 0.00
Total Financing Costs			\$ 16,320	\$ 0.12
<b>Water fee in lieu</b>	<b>Per KSF</b>	<b>1,537</b>	<b>\$ 86,702</b>	<b>\$ 0.61</b>
<b>Water fee in lieu</b>	<b>Per Du</b>	<b>\$4,350</b>	<b>\$ 395,850</b>	<b>\$ 2.58</b>
<b>**Total Acquisition &amp; Development Costs**</b>			<b>\$ 20,679,672</b>	<b>\$ 146.24</b>

0.4%

Table IV-14

**Saticoy Blended**

Rosal Ln, Saticoy

SCENARIO: Blended

**FINANCING ASSUMPTIONS**

Construction Loan	
Rate	6.50%
Points (%)	0.00%
Term (mo)	18
Equity (%)	30.0%
Loan Amount	\$ 8,113,401
Points (\$)	\$ -
Total Interest	\$ 395,528
Seller Financing	
Rate	0.00%
Points (%)	0.00%
Term (yr)	-
Monthly Payment	\$ -
Points (\$)	\$ -
Permanent Loan	
Rate	5.00%
Points (%)	0.00%
Term (yr)	20
Equity (%)	60.0%
Monthly Payment	\$ 62,952
Points (\$)	\$ -

**Amortization Schedule of Permanent Loan**

Acquisition Costs	\$ 3,167,250
Development Costs	\$ 20,679,672
Total Project Costs	\$ 23,846,922
Less: Equity	\$ (14,308,153)
Less: Seller Financing	\$ -
Loan Amount	\$ 9,538,769

Year	Principal	Interest	Payment	Balance
1	\$ 284,953	\$ 470,467	\$ 755,420	\$ 9,253,816
2	\$ 299,531	\$ 455,888	\$ 755,420	\$ 8,954,285
3	\$ 314,856	\$ 440,564	\$ 755,420	\$ 8,639,429
4	\$ 330,965	\$ 424,455	\$ 755,420	\$ 8,308,464
5	\$ 347,897	\$ 407,522	\$ 755,420	\$ 7,960,567
6	\$ 365,697	\$ 389,723	\$ 755,420	\$ 7,594,870
7	\$ 384,406	\$ 371,014	\$ 755,420	\$ 7,210,464
8	\$ 404,073	\$ 351,347	\$ 755,420	\$ 6,806,390
9	\$ 424,746	\$ 330,673	\$ 755,420	\$ 6,381,644
10	\$ 446,477	\$ 308,943	\$ 755,420	\$ 5,935,167

**Assumption on Sale of Property in Year 10**

Cap Rate of Year 11 Pretax Cash Flow	9.5%
Transaction Costs (as a % of Sales Price)	4.0%

Table IV-15  
**Saticoy Blended**  
 Rosal Ln, Saticoy  
 SCENARIO: Blended

**CASH FLOW ANALYSIS**

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Transaction Costs</b>											
Acquisition Costs	\$ (3,167,250)										
Hard/Soft Costs	\$ (20,679,672)										
Sales Price in Yr 10											\$ 26,095,555
Less: Transaction costs in Yr 10											\$ (1,043,822)
<b>Total Transaction Costs</b>	<b>\$ (23,846,922)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,051,732</b>
<b>Gross Rental Income</b>											
Apartments	\$ 1,503,660	\$ 1,533,733	\$ 1,564,408	\$ 1,595,696	\$ 1,627,610	\$ 1,660,162	\$ 1,693,365	\$ 1,727,233	\$ 1,761,777	\$ 1,797,013	
Industrial	\$ 507,692	\$ 522,923	\$ 538,610	\$ 554,769	\$ 571,412	\$ 588,554	\$ 606,211	\$ 624,397	\$ 643,129	\$ 662,423	
<b>Total Gross Rental Income</b>	<b>\$ 2,011,352</b>	<b>\$ 2,056,656</b>	<b>\$ 2,103,018</b>	<b>\$ 2,150,465</b>	<b>\$ 2,199,022</b>	<b>\$ 2,248,716</b>	<b>\$ 2,299,576</b>	<b>\$ 2,351,630</b>	<b>\$ 2,404,906</b>	<b>\$ 2,459,436</b>	
<b>Less: Adjustments to GRI</b>											
Apartment - Vacancy/Bad Debt	\$ (75,183)	\$ (76,687)	\$ (78,220)	\$ (79,785)	\$ (81,380)	\$ (83,008)	\$ (84,668)	\$ (86,362)	\$ (88,089)	\$ (89,851)	
<b>Total Adjustments to GRI</b>	<b>\$ (75,183)</b>	<b>\$ (76,687)</b>	<b>\$ (78,220)</b>	<b>\$ (79,785)</b>	<b>\$ (81,380)</b>	<b>\$ (83,008)</b>	<b>\$ (84,668)</b>	<b>\$ (86,362)</b>	<b>\$ (88,089)</b>	<b>\$ (89,851)</b>	
<b>Net Rental Income</b>	<b>\$ 1,936,169</b>	<b>\$ 1,979,969</b>	<b>\$ 2,024,798</b>	<b>\$ 2,070,680</b>	<b>\$ 2,117,641</b>	<b>\$ 2,165,708</b>	<b>\$ 2,214,908</b>	<b>\$ 2,265,268</b>	<b>\$ 2,316,817</b>	<b>\$ 2,369,585</b>	
Apartment Other Income	\$ 25,562	\$ 25,818	\$ 26,076	\$ 26,337	\$ 26,600	\$ 26,866	\$ 27,135	\$ 27,406	\$ 27,680	\$ 27,957	
<b>Total Industrial Income:</b>	<b>\$ 507,692</b>	<b>\$ 522,923</b>	<b>\$ 538,610</b>	<b>\$ 554,769</b>	<b>\$ 571,412</b>	<b>\$ 588,554</b>	<b>\$ 606,211</b>	<b>\$ 624,397</b>	<b>\$ 643,129</b>	<b>\$ 662,423</b>	
<b>Total Income</b>	<b>\$ 2,469,423</b>	<b>\$ 2,528,709</b>	<b>\$ 2,589,484</b>	<b>\$ 2,651,785</b>	<b>\$ 2,715,653</b>	<b>\$ 2,781,128</b>	<b>\$ 2,848,253</b>	<b>\$ 2,917,071</b>	<b>\$ 2,987,626</b>	<b>\$ 3,059,965</b>	
<b>Operating Expenses</b>											
Apartment Operating Expenses	\$ 491,289	\$ 496,202	\$ 501,164	\$ 506,175	\$ 511,237	\$ 516,350	\$ 521,513	\$ 526,728	\$ 531,995	\$ 537,315	
Industrial Operating Expenses	\$ 28,205	\$ 28,995	\$ 29,808	\$ 30,644	\$ 31,506	\$ 32,392	\$ 33,305	\$ 34,244	\$ 35,211	\$ 36,206	
<b>Total Operating Expenses</b>	<b>\$ 519,494</b>	<b>\$ 525,197</b>	<b>\$ 530,972</b>	<b>\$ 536,820</b>	<b>\$ 542,743</b>	<b>\$ 548,742</b>	<b>\$ 554,818</b>	<b>\$ 560,972</b>	<b>\$ 567,206</b>	<b>\$ 573,521</b>	
<b>Net Operating Income</b>	<b>\$ 1,949,929</b>	<b>\$ 2,003,513</b>	<b>\$ 2,058,512</b>	<b>\$ 2,114,965</b>	<b>\$ 2,172,910</b>	<b>\$ 2,232,386</b>	<b>\$ 2,293,435</b>	<b>\$ 2,356,099</b>	<b>\$ 2,420,420</b>	<b>\$ 2,486,443</b>	
<b>Reserves</b>											
Apartment Reserves	\$ 26,921	\$ 27,190	\$ 27,462	\$ 27,737	\$ 28,014	\$ 28,294	\$ 28,577	\$ 28,863	\$ 29,152	\$ 29,443	
Retail/Office Reserves	\$ 2,256	\$ 2,279	\$ 2,302	\$ 2,325	\$ 2,348	\$ 2,372	\$ 2,395	\$ 2,419	\$ 2,443	\$ 2,468	
<b>Total Reserves</b>	<b>\$ 29,177</b>	<b>\$ 29,469</b>	<b>\$ 29,764</b>	<b>\$ 30,062</b>	<b>\$ 30,362</b>	<b>\$ 30,666</b>	<b>\$ 30,972</b>	<b>\$ 31,282</b>	<b>\$ 31,595</b>	<b>\$ 31,911</b>	
<b>Pretax Cash Flow Before Financing</b>	<b>\$ (23,846,922)</b>	<b>\$ 1,920,751</b>	<b>\$ 1,974,044</b>	<b>\$ 2,028,749</b>	<b>\$ 2,084,904</b>	<b>\$ 2,142,548</b>	<b>\$ 2,201,721</b>	<b>\$ 2,262,463</b>	<b>\$ 2,324,817</b>	<b>\$ 2,388,825</b>	<b>\$ 27,506,265</b>
Return on Investment		8.1%	8.3%	8.5%	8.7%	9.0%	9.2%	9.5%	9.7%	10.0%	115.3%
Internal Rate of Return (IRR)	9.3%										
<b>NPV Calculations</b>											
@ Following Rates ->>	6.0%	7.0%	8.0%								
<b>Net Present Value</b>	<b>\$ 5,628,830</b>	<b>\$ 3,698,951</b>	<b>\$ 1,967,083</b>								
<b>Financing</b>											
Proceeds from Seller Financing	\$ -										
Proceeds from Permanent Loan	\$ 9,538,769										
Seller Financing Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permanent Loan Debt Service	\$ (755,420)	\$ (755,420)	\$ (755,420)	\$ (755,420)	\$ (755,420)	\$ (755,420)	\$ (755,420)	\$ (755,420)	\$ (755,420)	\$ (755,420)	\$ (755,420)
Loan Balance in Yr 10											\$ (5,935,167)
<b>Pretax Cash Flow After Financing</b>	<b>\$ (14,308,153)</b>	<b>\$ 1,165,332</b>	<b>\$ 1,218,624</b>	<b>\$ 1,273,329</b>	<b>\$ 1,329,484</b>	<b>\$ 1,387,128</b>	<b>\$ 1,446,301</b>	<b>\$ 1,507,043</b>	<b>\$ 1,569,397</b>	<b>\$ 1,633,405</b>	<b>\$ 20,815,678</b>
Return on Equity		8.1%	8.5%	8.9%	9.3%	9.7%	10.1%	10.5%	11.0%	11.4%	145.5%
Leveraged IRR	11.5%										
Loan-to-Value Ratio (LTV; permanent loan only)	40.0%										
Loan-to-Value Ratio (LTV; all loans)	40.0%										
Debt Coverage Ratio (DCR)		2.54	2.61	2.69	2.76	2.84	2.91	2.99	3.08	3.16	36.41