

SUNBOW II, PHASE 3
Chula Vista General Plan Amendment
Justification Report

May 2021

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Attachment A: Sunbow II, Phase 3 Chula Vista General Plan Consistency Analysis

Attachment B: Sunbow II, Phase 3 Market and Financial Analysis of Industrial Use (HR&A 2021)

Attachment C: Sunbow II, Phase 3 Fiscal Impact Analysis (DPFG 2021)

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I. Introduction & Background

The City of Chula Vista authorized development of the 604.8 acre Sunbow Planned Community upon approval of the following:

- Sunbow II General Development Plan (GDP) approved by Resolution No. 15427 on December 5, 1989;
- Sunbow II Public Facilities Financing Plan (PFFP) approved by Resolution No. 15525 on January 24, 1990;
- Sunbow II Sectional Planning Area (SPA) Plan approved by Resolution No. 15524 on February 20, 1990;
- Sunbow II Planned Community District Regulations and Land Use District Map approved by Ordinance No. 2361 on February 27, 1990;
- Sunbow II Design Guidelines approved by Resolution No. 15640 on May 22, 1990;
- Sunbow II Tentative Subdivision Map (TSM 90-07) approved by Resolution No. 115640 on May 22, 1990; and
- Sunbow II Affordable Housing Agreement approved by Resolution No. 18662 on May 13, 1997.

In February 2003, the City of Chula Vista adopted the City of Chula Vista MSCP (Multi-Species Conservation Plan) Subarea Plan. At that time, development of the approved Sunbow Planned Community was underway. When the City adopted the MSCP Plan, Sunbow was not identified as a “covered project;” however, the MSCP Plan established a hardline MSCP Preserve Boundary adjacent to the Sunbow II, Phase 3 development area. Based upon the City’s MSCP Boundary data, the Applicant’s Engineer (Hunsaker & Associates) determined that within the 135.7-acre Sunbow II, Phase 3 Project Area, there are approximately 62.07 acres of land designated MSCP Preserve, the 3.9-acre Poggi Easement area and approximately 69.7 acres of development area.

In 2004, 2009 and most recently in 2019, the Applicant pursued a General Plan Amendment and rezone to convert the Sunbow II, Phase 3 Industrial Park from Limited Industrial to residential land uses. In response to this request, the Chula Vista City Council approved the Community Benefit Agreement on January 7, 2020 (Adopted by Resolution 2020-003) between the Applicant and the City which would allow the Applicant to process entitlements to convert the undeveloped Sunbow II, Phase 3 site from Limited Industrial to residential uses, open space and other associated land used described below. The Community Benefit Agreement would provide funding that can be utilized by the City to facilitate the construction of high value job producing land uses within the City. Refer to Section IV. Public Benefit Considerations for additional details.

On February 26, 2020, ACI Sunbow, LLC (Applicant) filed an application with the City of Chula Vista for the Sunbow II, Phase 3 Sectional Planning Area (SPA) Plan Amendment. The application included the discretionary actions necessary to implement a proposal to rezone the Sunbow II, Phase 3 Industrial Park to residential, Community Purpose Facility and other related land uses. The application also includes a proposed a minor MSCP Boundary Adjustment between the development

area and the adjacent Chula Vista MSCP Preserve area north and west of Planning Area 23, which would result in a 0.09 acre increase to MSCP Preserve Open Space within the 135.7-acre Project Area.

The Project includes the following:

- Chula Vista General Plan Amendment
- Sunbow II General Development Plan Amendment
- Chula Vista MSCP Subarea Plan Boundary Adjustment
- Sunbow II SPA Plan Amendment
- Rezone
- Tentative Map
- Development Agreement

The scope of the Project encompasses Sunbow II, Phase 3. Based upon a more precise level of engineering information currently available, including GIS mapping, the Sunbow II, Phase 3 development area acreage has been refined and encompasses 67.5 acres, which includes 44.2 acres of residential, a 0.9-acre Community Purpose Facility (CPF) site, 5.9 acres of public streets and 16.5 acres of manufactured open space slopes and basins. Approximately 4.3 acres of Poggi Creek Conservation Easement area, a 0.3-acre conserved wetland resource area and 63.6¹ acres of MSCP Preserve area are also within the 135.7-acre Project Area.

The City of Chula Vista contracted with HR&A Advisors, Inc. to assist the Development Services Department in understanding 1) the potential impact of the proposed industrial rezoning on Chula Vista's ability to meet the City's long-term employment goals; and 2) whether it is reasonable to expect the Sunbow property would develop as an industrial property rather than remain vacant, if it were to retain its current industrial zoning. The *Sunbow II, Phase 3 Market and Financial Analysis of Industrial Use* (HR&A 2021) is provided as Attachment B to this report.

The City also requested that the Applicant prepare the City's Net Fiscal Impact Model to estimate the fiscal impacts of the Project. The Applicant retained Development Planning & Financing Group (DPFG) to prepare the City's Net Fiscal Impact Model. The *Sunbow II, Phase 3 – Fiscal Impact Analysis* (DPFG 2021) is provided as Attachment C to this report.

II. Existing Site Conditions

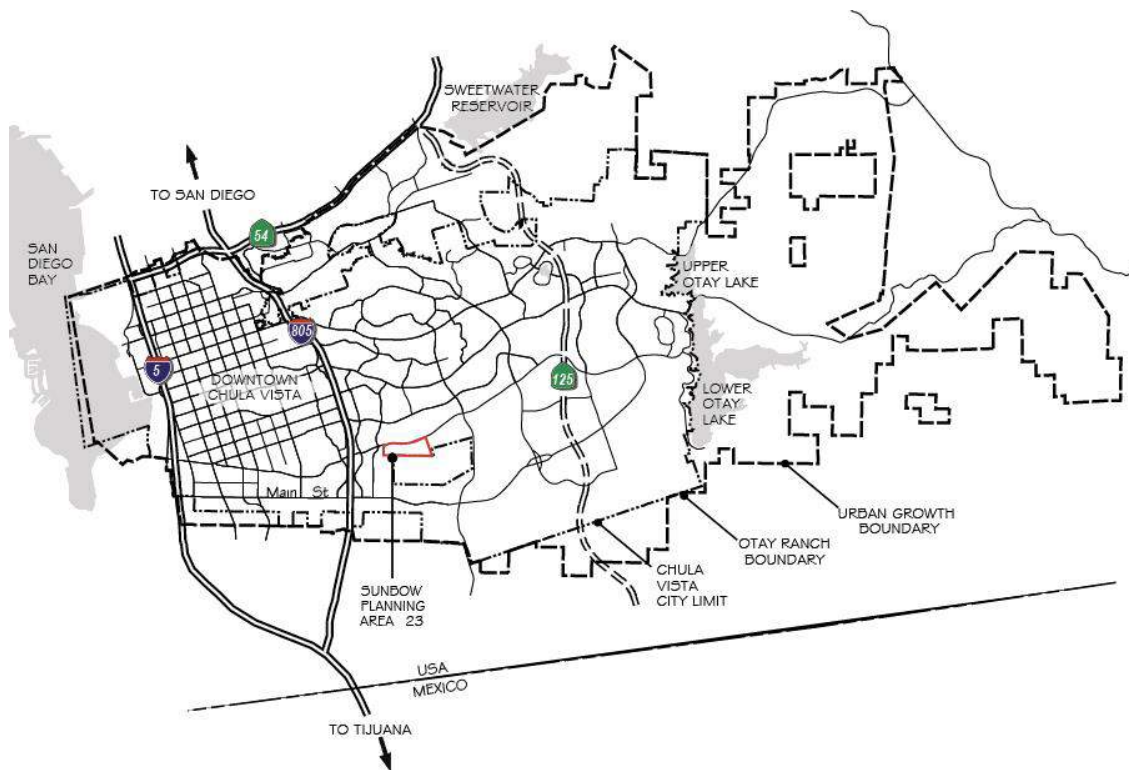
The 135.7-acre Project Area is within the municipal boundaries of the City of Chula Vista. The Project Area is located within the Chula Vista General Plan (CVGP), Master Planned Communities Subarea. The current CVGP designates Sunbow II, Phase 3 as Limited Industrial (46.0 acres) and the adjacent MSCP Preserve area is designated Open Space Preserve. The Project Area is currently governed by the Planned Community District Regulations approved with the 1990 Sunbow II SPA Plan. However,

¹ The proposed MSCP Preserve area also includes approximately 1.31 acres of "Mapping Correction area" and approximately 1.12 acres of MSCP Allowable Use (Basin – Future Facility).

Sunbow II, Phase 3 Planned Community Regulations specific to the Project are provided in the Sunbow II, Phase 3 SPA Plan Amendment, Chapter 14.0.

The Project Area is vacant and undeveloped. Surrounding land uses include existing Olympic Parkway and Sunbow single family homes to the north, the Otay Landfill to the south, future Otay Ranch Village 2 West to the east and existing single family homes to the west. The Project Area landform consists of undulating slopes south of existing Poggi Creek.

Access to the Project Area is provided directly from Olympic Parkway, an existing 6-Lane Prime Arterial roadway, via the extension of two public streets planned through the project site. Regional access is provided via I-805 to the west and SR-125 to the east. (See Vicinity Map below) Access, surrounding land use designations and adopted and proposed Sunbow II, Phase 3 land use designations are depicted on the “General Plan Land Use Diagram” provided below.



Vicinity Map

III. Proposed Amendments and Project Proposal

The Applicant proposes to amend the CVGP Land Use Diagram to change the land use designation from Limited Industrial to High Residential, Medium-High Residential and modify the limits of Open Space Preserve and Open Space land uses within the Project Area. The proposed amendments to CVGP are outlined below.

A. Proposed Amendments

This proposal includes amendments to the following CVGP diagrams and tables:

- General Plan Land Use Diagram (Figure 5-12, Page LUT-47) –
 - Modify the General Plan land use designations from Limited Industrial to High Residential, Medium High Residential, Open Space and Open Space Preserve
- General Plan Land Use Distribution in 2030 (Acreages), (Table 5-6, Page LUT-56)
 - Modify the land use acreages of Medium-High Residential, High Residential, Open Space Preserve and Open Space to reflect the Project
- General Plan Land Use in 2030 (Table 5-7, Page LUT-57)
 - Modify the residential dwelling units within the Medium-High and High residential land uses and acreage by land use designations to reflect the Project

See Attachment B, Chula Vista General Plan Amendment Consistency Analysis for an analysis demonstrating how the proposed project is consistent with applicable CVGP Objectives and Policies.

B. Project Proposal

The proposed Sunbow II, Phase 3 Site Utilization Plan includes 718 multi-family attached dwelling on 44.2 acres, 63.6 acres designated MSCP Preserve and 16.5 acres comprised of manufactured slopes and basins, 5.9 acres of public streets, a 0.9-acre Community Purpose Facility (private recreation facility), a 0.3-acre conserved wetland resource and 4.3 acres of Poggi Creek Conservation Easement areas.

Four distinct multi-family residential product types are proposed within the Project, including 2- and 3-story row townhomes and triplex homes served by private streets and drives. A Community Purpose Facility designed as a private recreation facility is conveniently located and is planned as a private swim club for homeowner use. The areas designated Open Space Preserve would become part of the City's permanent MSCP Preserve.

A comparison between the Sunbow II, Phase 3 land uses approved in the 2009 Sunbow II SPA Plan and the Proposed Sunbow II, Phase 3 SPA Amendment are depicted in Table 1 below:

Table 1 – Comparison of Land Uses: 1990 Sunbow II SPA Plan to 2020 Proposed Project¹

Land Use	Approved Land Uses		Proposed Project Land Uses		Approved vs. Proposed Land Uses	
	Acres	Units	Acres	Units	Acres	Units
Research & Limited Industrial	46.0				-46.0	
Residential Medium High			36.6	534	+36.6	+534
Residential High			7.6	184	+7.6	+184
Community Purpose Facility			0.9		+0.9	
Preserve Open Space	62.1		63.6 ²	0	+1.5	
Open Space/Other ³	27.6		21.1		-6.5	
Circulation			5.9		+5.9	
TOTAL	135.7		135.7	718	+0.0	+718

¹ Acreage reflects rounding of numbers to nearest 1/10th acre and may vary slightly from calculated total.

² Preserve Open Space includes 1.31 acres of “Mapping Correction Area.”

³ Includes manufactured slopes, basins, Poggi Creek Conservation Easement areas and conserved wetland resource area.

C. Development Schedule

The Project development schedule assumes entitlements are approved in mid-2021. Initial grading activities are planned to begin immediately after entitlement approvals, with build out anticipated by approximately 2028.

D. Fiscal Impact Analysis Update

The Applicant prepared an updated fiscal analysis for Sunbow II, Phase 3 utilizing the City’s fiscal model. The fiscal update assumes full build out 718 residential units. The results generated from the fiscal model meet the requirements of CVMC 19.09.040 and demonstrate that the Project will generate an annual fiscal surplus in Years 1 - 20 (\$46,461 - \$270,298) and a cumulative fiscal surplus over the first 20 years of approximately \$3,218,323. (See Attachment C, Sunbow II, Phase 3 Fiscal Impact Analysis, 2020).

E. Other Sunbow II, Phase 3 Entitlements

Along with this proposed CVGP Amendment, the Applicant is concurrently processing the following entitlements:

- Sunbow GDP Amendment;
- Chula Vista MSCP Boundary Adjustment;
- MSCP Minor Amendment (to address temporary off-site grading impacts);
- Sunbow SPA Plan Amendment (including required SPA Appendices);
- Rezone;
- Tentative Map (CVT # 20-0002); and
- Development Agreement

IV. Land Use Considerations

The Sunbow Industrial Park is the last remaining undeveloped portion of the Sunbow II SPA Plan. The Sunbow II, Phase 3 site was designated Limited Industrial (IL) and Open Space (OS) in the 1989 Chula Vista General Plan and the 2005 General Plan Update. In 2004 and again in 2019, the Applicant pursued revisions to the land use designation within the Sunbow II, Phase 3 area. 30 years after the Sunbow II SPA Plan was approved, and with no market interest to invest in public improvement and grading for the Sunbow Industrial Park over that same timeframe, the Applicant submitted a request to initiate a General Plan amendment and rezone to develop as a residential/commercial development. As part of the review of the GPA initiation request, the City raised questions regarding the viability of industrial uses planned for the site vs. development of office and residential land uses. In response to these issues, the Applicant prepared an Employment Analysis and Fiscal Impact Analysis. The employment analysis concluded that commercial office uses in general produce a higher number of jobs than light industrial uses. The fiscal analysis identified that a modest amount of commercial use would offset the fiscal impacts of a market rate housing development.

In order to encourage development of viable employment lands in eastern Chula Vista that will also serve as a catalyst for development of a university campus, the City asked the Applicant for alternative solutions to achieve the City's goals and address the contention that the industrial development market could not overcome the necessary construction costs of the Sunbow Industrial Business Park site. The Community Benefits Agreement provided the City and Applicant preferred solutions.

On January 7, 2020, the Chula Vista City Council approved the Community Benefit Agreement (CBA) between the City of Chula Vista and ACI Sunbow, LLC by Resolution No. 2020-003, which would allow the Applicant to process entitlements that would involve converting the undeveloped 46-acre site designated Limited Industrial to residential uses. For the City, the CBA would provide funding that can be utilized by the City to direct the construction of either a Class "A" office building that would facilitate high quality job enhancement uses along the SR-125 corridor on City or non-profit owned land or a commercial/academic building that can facilitate either an academic or private-sector market-rate project to advance the vision of the University Innovation District (such as enabling the development of an Institute for International Studies), or some other notable project at the City's discretion.

The City of Chula Vista contracted with HR&A Advisors, Inc. to assist the Development Services Department in understanding the potential economic implications of the proposed General Plan Amendment. HR&A Advisors Inc. prepared the *Sunbow II, Phase Market and Fiscal Analysis of Industrial Use* (2021). The analyses included the following conclusions:

"Chula Vista currently has enough developable land to accommodate projected industrial demand with a surplus of 190 to 311 acres of vacant developable industrial land remaining after 2050."

"With a FAR of approximately 0.38, tied to the blended average between standard industrial and flex spaces in the region, this analysis indicates that the city will need 118 and 239 acres to accommodate future industrial growth. Based on the city's current industrial land uses and

zoned capacity, Figure 15 shows that, after accounting for future industrial demand, the city would still have at least 190 acres of additional, undeveloped industrial lands. If rezoning of the Site is approved, between 147 and 268 net acres of land zoned for industrial use are likely to remain in Chula Vista.”

The HR&A analyses also resulted in the following conclusions regarding the viability of the Planning Area 23 site developing as an industrial use:

“Significant topographical variation on the site is a barrier to industrial development due to the expense and time associated with grading and site development preparation.”

“Based on an analysis of recent land sales and the lack of developer or end-use interest over the past 20 years, industrial development on the Site is unlikely to be financial feasible.”

Under the proposed land uses, Sunbow II, Phase 3 is designed to help satisfy the increasing demands for attainable work-force homes and move-up home buyers. The amended Sunbow II, Phase 3 land use plan provides four distinct multi-family product types with 15 unique floor plans. Connections to existing bicycle and pedestrian facilities, specifically the Chula Vista Regional Trail and dedicated bike lanes along Olympic Parkway, are also planned. The on-site pedestrian pathways connect a series of passive and active recreational areas and provide pleasant and convenient walking routes throughout the residential neighborhoods. A centrally located private recreation facility will provide a gathering area and meet the social and recreational needs of the residents.

The proposed land use plan is compatible with adjacent residential land uses within the existing Sunbow Planned Community and creates a unique theme and experience for its residents and visitors. The Project is designed as a residential enclave featuring contemporary architectural styles. Architecture will include a variety of distinct and unique combinations of elevations and colors. The landscape design compliments the contemporary architectural styling of the community while providing a series of open space amenities to serve the active and passive recreational needs of the community. The landscape evolves from a naturalized aesthetic at the edges to a drought tolerant gardenesque styling in the central streetscape and green spaces.

A buffer that serves as the fuel modification area is planned at the perimeter of the development area and along the development edge adjacent to the on-site MSCP Preserve areas. Walls and landscape materials will provide visual softening and screening from adjacent properties. Impacts to adjacent development are not anticipated.

V. Economic Considerations

The Applicant prepared an updated fiscal analysis for Sunbow II, Phase 3 utilizing the City’s fiscal model. The fiscal update assumes build out 718 residential units. The results generated from the fiscal model meet the requirements of CVMC 19.09.040 and demonstrate that the Project will generate an annual fiscal surplus in Years 1 - 20 (\$46,461 - \$270,298) and a cumulative fiscal surplus over the first 20 years of approximately \$3,218,323. (See Sunbow II, Phase 3 Fiscal Impact Analysis, 2021).

The Community Benefits Agreement provides the City with an opportunity to facilitate economic growth by the Applicant providing \$8.0 million (“Job Enhancement Funds”) in support funding for the development of a Class “A” office building within the SR-125 corridor. The construction of such office spaces would provide a catalyst for development that could generate high-quality jobs in locations currently suitable for construction. In addition to payment of the \$8.0 million Job Enhancement Funds, the City would also receive Park Benefit Fees (approximately \$11.06 million) for park and recreation amenities that can be used by the City to acquire and/or develop parkland, as the City determines appropriate and in the best interest of the City.

VI. Environmental Considerations

An Environmental Impact Report (EIR) was prepared for the Sunbow II, Phase 2 SPA Plan Amendment. The following technical reports were prepared for the EIR to determine potential environmental impacts associated with the Project and to evaluate potential impacts of the adjacent Otay Landfill on proposed residential development within Planning Area 23:. See Sunbow II, Phase 3 SPA Amendment EIR for additional details.

- Memorandum (Appendix B) and Health Risk Assessment (Dudek 2020)
- Sunbow II, Phase 3 – Noise Impact Analysis (Dudek 2020)
- Sunbow II, Phase 3 SPA Amendment – Biological Impact Analysis Report (Merkel 2021)
- Sunbow II, Phase 3 SPA Amendment - Functional Equivalency Analysis for MSCP Boundary Line Adjustment and Facility Siting Criteria Report (Merkel 2020)
- Habitat Restoration and Sensitive Species Mitigation Plan for the Sunbow II, Phase 2 SPA Plan Amendment (Merkel 2020)
- Sunbow II, Phase 3 Geotechnical Investigation (GEOCON, Inc. 2020)
- Priority Development Project (PDP) Storm Water Quality Management Plan for the Sunbow II, Phase 3 Tentative Map (Hunsaker 2020)
- Drainage Study for Sunbow II, Phase 3 (Hunsaker 2021)
- Traffic Impact Analysis for Sunbow II, Phase 3 (Linscott, Law & Greenspan 2021)
- Overview of Water Service for Sunbow II, Phase 3 (Dexter Wilson Engineering 2020)
- Sewer System Evaluation for Sunbow II, Phase 3 (Dexter Wilson Engineering 2020)
- Sunbow II, Phase 3 SPA Amendment Water Conservation Plan Updated (SPA Plan Appendix E) (Dexter Wilson Engineering 2020)
- Cultural and Paleontological Resources Report for Sunbow II, Phase 3 (Dudek 2020)
- Sunbow II, Phase 3 Fiscal Impact Analysis (DPFG 2021)
- Sunbow II, Phase 3 Market and Financial Analysis of Industrial Use (HR&A Advisors, Inc. 2021)

VII. Housing Development Considerations

Sunbow II, Phase 3 is designed to help satisfy the increasing demand for attainable work-force homes and move-up home buyers. The amended Sunbow II, Phase 3 land use plan provides four distinct multi-family product types with 15 unique floor plans. A centrally located private recreation facility will provide a gathering area and meet the social and recreational needs of the residents. The Sunbow

II, Phase 3 Project is subject to the City of Chula Vista Balanced Community Affordable Housing Policies. This obligation is addressed in the Sunbow II, Phase 3 Balanced Communities Affordable Housing Agreement and Development Agreement.

VIII. Infrastructure Considerations

The City approved the Sunbow II Public Facility Finance Plan (PFFP) by Resolution No. 15524 on February 20, 1990 that outlines the infrastructure, services and facilities needed to serve the Sunbow Planned Community, consistent with the City's Growth Management Program. The Supplemental PFFP (2021) addresses traffic, police, fire and emergency medical services, schools, libraries, parks, trails and open space, water, sewer, drainage, air quality, civic center corporation and other public facilities to ensure the Project provides the infrastructure necessary to serve Sunbow II, Phase 3.

IX. Public Benefit Consideration

The Community Benefits Agreement provides the City with the ability to facilitate development within the SR-125 corridor or the University Innovation District in the academic, high technology and innovation fields that produce opportunities for high paying jobs for the residents of Chula Vista. The Applicant's commitments to providing \$8.0 million in Job Enhancement Funds, will allow the City to realize significant economic, social, and other benefits. These public benefits will advance the interests and meet the needs of Chula Vista's residents and visitors to a significantly greater extent than the vacant land under the current entitlements and absent the Community Benefits Agreement. In addition to payment of the \$8.0 million Job Enhancement Funds, the City would also receive Park Benefit Fees (approximately \$11.03 million) for park and recreation amenities that can be used by the City to acquire and/or develop parkland, as the City determines appropriate and in the best interest of the City. The Applicant has also entered into a Development Agreement with the City of Chula Vista that memorializes the commitments in the Community Benefits Agreements and how the Community Purpose Facility and affordable housing obligations are satisfied, among other things.

X. Annexation

No annexations actions are planned for the Project.

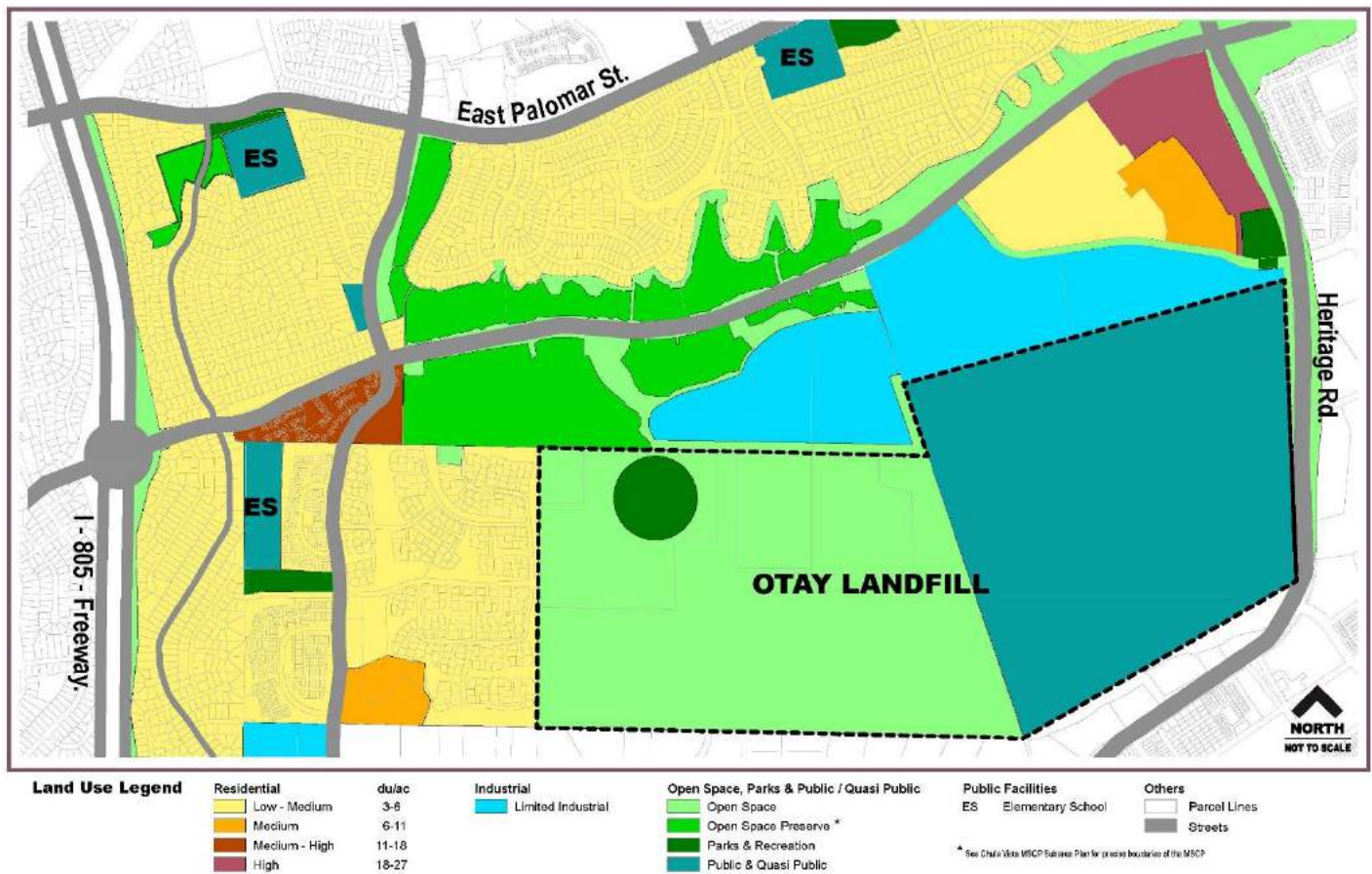
XI. List of Proposed General Plan Amendments

With the proposed amendments, the Project will remain consistent with the Chula Vista General Plan land use, transportation, economic development, housing, public facilities and services, environmental and growth management objectives and policies. This section provides a list of proposed amendments by CVGP page number. Proposed revisions to CVGP diagrams and tables are provided below.

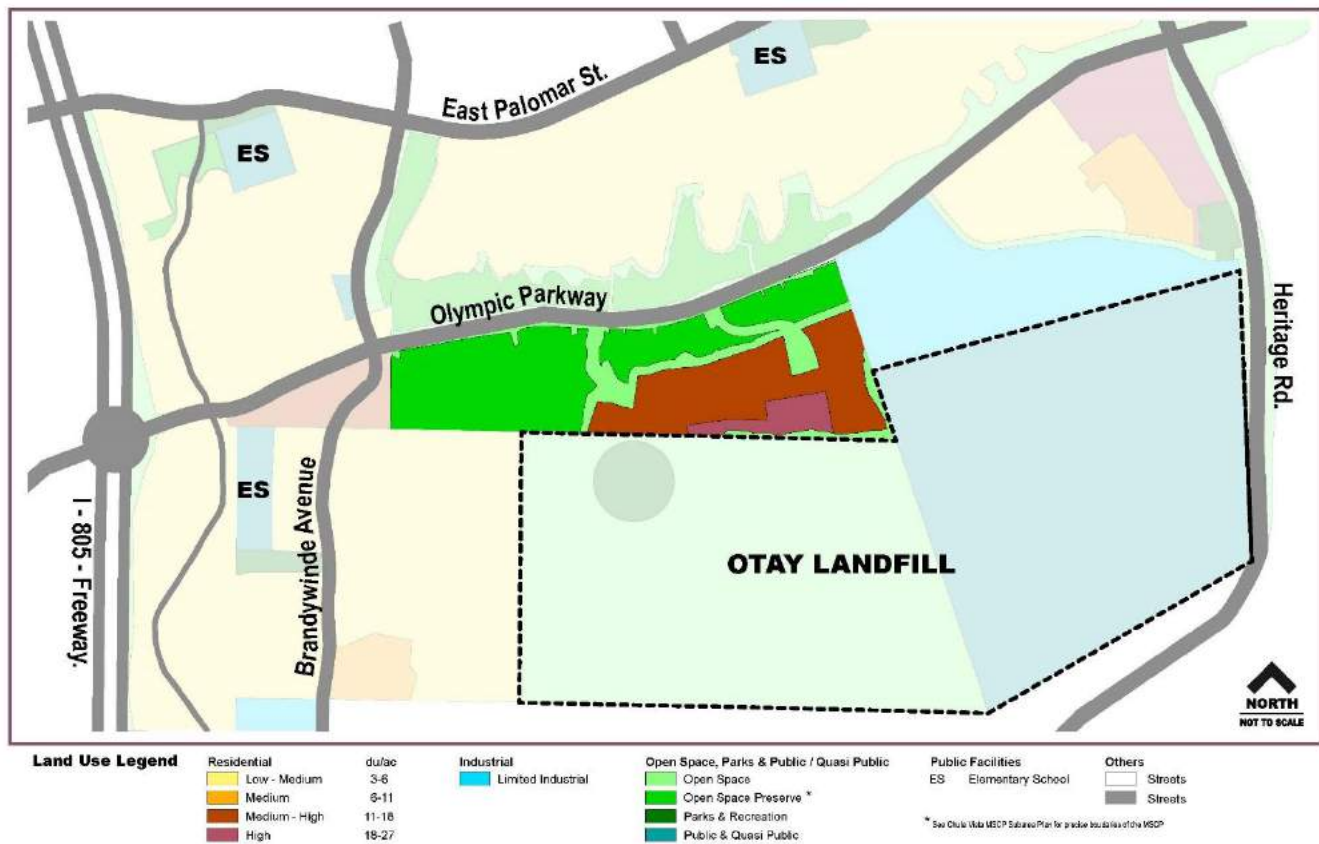
Chapter 5 – Land Use and Transportation Element

- General Plan Land Use Diagram (Figure 5-12, Page LUT-47) –
 - Modify the General Plan land use designation with Planning Area 23 from Limited Industrial to Medium High and High Residential

- Modify the limits of development for the Medium High and High Residential, Open Space and Open Space Preserve land use boundaries per the MSCP Boundary Adjustment
- General Plan Land Use Distribution in 2030 (Acreages), (Table 5-6, Page LUT-56)
 - Modify the Medium High, High, Limited Industrial and Open Space and Open Space Preserve acreages to reflect the Project
- General Plan Land Use in 2030 (Table 5-7, Page LUT-57)
 - Modify the residential dwelling units within the Medium High and High land use designations to reflect the project



ADOPTED - GENERAL PLAN LAND USE DIAGRAM, FIGURE 5-12 (PAGE LUT-47)



PROPOSED - REVISION TO - GENERAL PLAN LAND USE DIAGRAM, FIGURE 5-12
(PAGE LUT-47)

EXISTING TABLE 5-6: GENERAL PLAN LAND USE DISTRIBUTION IN 2030 (ACREAGES)

General Plan Land Use Designation	Total General Plan Area	Bayfront	Northwest	Southwest	East		
					East Chula Vista Subareas	Unincorporated Sweetwater Subareas	Unincorporated Otay Ranch Subareas
Residential							
Low	6,977	-	64	-	1,560	2,453	2,900
Low Medium	8,010	-	1,354	1,401	4,737	307	211
Medium	1,604	-	187	288	1,025	32	72
Medium High	665	-	143	113	312	-	97
High	525	-	124	253	148	-	-
Urban Core	84	-	84	-	-	-	-
Bayfront High	14	14	-	-	-	-	-
Commercial							
Retail	826	-	115	202	477	32	-
Visitor	148	135	11	2	-	-	-
Professional & Admin.	160	13	61	7	67	12	-
Mixed Use							
Mixed Use Residential	933	-	174	98	611	-	50
Mixed Use Commercial	135	25	37	58	15	-	-
Mixed Use Transit Focus Area	122	-	83	39	-	-	-
Industrial							
Limited Industrial	1,885	62	116	384	1,107	-	216
Regional Technology Park	85	-	-	-	85	-	-
General Industrial	175	175	-	-	-	-	-
Public, Quasi Public and Open Space							
Public, Quasi Public	2,901	55	225	321	1,880	381	39
Parks and Recreation	978	74	73	106	606	88	31
Open Space	7,305	100	215	617	3,578	1,101	1,694
Open Space Preserve	16,926	362	18	97	4,582	1,997	9,870
Open Space - Active Recreation	375	8	44	-	323	-	-
Water	2,672	1,498	-	-	-	9	1,165
Special Planning Area							
Eastern Urban Center	266	-	-	-	266	-	
Resort	230	-	-	-		-	230
Town Center	85	-	-	-	85	-	
Other ²	4,606	99	866	829	2,343	408	61
Total Acres	58,692	2,620	3,994	4,815	23,807	6,820	16,636

PROPOSED TABLE 5-6: GENERAL PLAN LAND USE DISTRIBUTION IN 2030 (ACREAGES) (Proposed changes shown in red)

General Plan Land Use Designation	Total General Plan Area	Bayfront	Northwest	Southwest	East		
					East Chula Vista Subareas	Unincorporated Sweetwater Subareas	Unincorporated Otay Ranch Subareas
Residential							
Low	6,977	-	64	-	1,560	2,453	2,900
Low Medium	8,010	-	1,354	1,401	4,737	307	211
Medium	1,604	-	187	288	1,025	32	72
Medium High	708	-	143	113	355	-	97
High	537	-	124	253	160	-	-
Urban Core	84	-	84	-	-	-	-
Bayfront High	14	14	-	-	-	-	-
Commercial							
Retail	826	-	115	202	477	32	-
Visitor	148	135	11	2	-	-	-
Professional & Admin.	160	13	61	7	67	12	-
Mixed Use							
Mixed Use Residential	933	-	174	98	611	-	50
Mixed Use Commercial	135	25	37	58	15	-	-
Mixed Use Transit Focus Area	122	-	83	39	-	-	-
Industrial							
Limited Industrial	1,839	62	116	384	1,061	-	216
Regional Technology Park	85	-	-	-	85	-	-
General Industrial	175	175	-	-	-	-	-
Public, Quasi Public and Open Space							
Public, Quasi Public	2,901	55	225	321	1,880	381	39
Parks and Recreation	978	74	73	106	606	88	31
Open Space	7,299	100	215	617	3,572	1,101	1,694
Open Space Preserve	16,927	362	18	97	4,583	1,997	9,870
Open Space - Active Recreation	375	8	44	-	323	-	-
Water	2,672	1,498	-	-	-	9	1,165
Special Planning Area							
Eastern Urban Center	266	-	-	-	266	-	
Resort	230	-	-	-		-	230
Town Center	85	-	-	-	85	-	
Other ²	4,606	99	866	829	2,343	408	61
Total Acres	58,696	2,620	3,994	4,815	23,811	6,820	16,636

EXISTING TABLE 5-7: GENERAL PLAN LAND USE IN 2030

General Plan Land Use Designation	2030 Acres	2030 Dwelling Units
RESIDENTIAL		
Low	6,977	8,232
Low Medium	8,010	41,286
Medium	1,604	16,159
Medium High	665	10,314
High	525	15,382
Urban Core	84	3,830
Bayfront High	14	1,500
COMMERCIAL		
Retail	826	
Visitor	148	
Professional & Office	160	
MIXED USE		
Mixed Use Residential	933	17,639
Mixed Use Commercial	135	
Mixed Use Transit Focus Area	122	3,782
INDUSTRIAL		
Limited Industrial	1,885	
Regional Technology Park	85	
General Industrial	175	
PUBLIC, QUASI PUBLIC AND OPEN SPACE		
Public/Quasi-Public	2,901	
Parks and Recreation	978	
Open Space	7,305	
Open Space Preserve	16,926	
Open Space - Active Recreation	375	
Water	2,672	
SPECIAL PLANNING AREA		
Eastern Urban Center	266	4,905
Resort	230	-
Town Center	85	1,929
OTHER*	4,606	
TOTAL	58,692	124,958

* Streets, freeways, utility rights-of-way

PROPOSED TABLE 5-7: GENERAL PLAN LAND USE IN 2030
(Proposed amendments shown in red)

General Plan Land Use Designation	2030 Acres	2030 Dwelling Units
RESIDENTIAL		
Low	6,977	8,232
Low Medium	8,010	41,286
Medium	1,604	16,159
Medium High	708	10,848
High	537	15,566
Urban Core	84	3,830
Bayfront High	14	1,500
COMMERCIAL		
Retail	826	
Visitor	148	
Professional & Office	160	
MIXED USE		
Mixed Use Residential	933	17,639
Mixed Use Commercial	135	
Mixed Use Transit Focus Area	122	3,782
INDUSTRIAL		
Limited Industrial	1,839	
Regional Technology Park	85	
General Industrial	175	
PUBLIC, QUASI PUBLIC AND OPEN SPACE		
Public/Quasi-Public	2,901	
Parks and Recreation	978	
Open Space	7,299	
Open Space Preserve	16,927	
Open Space - Active Recreation	375	
Water	2,672	
SPECIAL PLANNING AREA		
Eastern Urban Center	266	4,905
Resort	230	-
Town Center	85	1,929
OTHER*	4,606	
TOTAL	58,696	125,676

* Streets, freeways, utility rights-of-way

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ATTACHMENT A

SUNBOW II, PHASE 3 SPA PLAN AMENDMENT

CHULA VISTA GENERAL PLAN CONSISTENCY ANALYSIS

**Sunbow II, Phase 3 General Plan Consistency Analysis
Chula Vista General Plan Applicable Objectives/Policies**

The following is a consistency analysis of the applicable Chula Vista General Plan Objectives and Policies.

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
LAND USE AND TRANSPORTATION		
Objective – LUT 1: Provide a balance of residential and non-residential development throughout the City that achieves a vibrant development pattern, enhances the character of the City, and meets the present and future needs of all residents and businesses.		
LUT 1.1	Ensure that land uses develop in accordance with the Land Use Diagram and Zoning Code in an effort to attain land use compatibility.	<p>The Sunbow GDP and Chula Vista General Plan designate Sunbow II, Phase 3 as Limited Industrial and Open Space. Further, the Sunbow SPA Plan adopted in 1990 also designated Planning Area 23 as an Industrial Park. The Sunbow Planned Community is built-out, with the exception of Planning Area 23. The Applicant unsuccessfully marketed Planning Area 23 as an Industrial Park. In response to the Applicant’s request for a General Plan Amendment Authorization, the Applicant and the City entered into a Community Benefits Agreement on January 7, 2020 (Adopted by Resolution No. 2020-003) which provided economic benefits to the City and also allowed the Applicant to process an application to change the land use designation to High and Medium-High Residential. Upon approval of the Sunbow SPA Amendment and PC District Regulations and establishes zoning districts would be in accordance with the amended General Plan Land Use Diagram.</p> <p>The City of Chula Vista contracted with HR&A Advisors, Inc. to prepare the <i>Sunbow II Phase 3 Market and Financial Analysis of Industrial Use (March 26, 2021)</i> (HR&A Analysis), that analyzes the potential implications of rezoning Planning Area 23 from industrial to residential land uses (HR&A Analysis, provided as an attachment to the Fiscal Impact Analysis). The HR&A Analysis also analyzed the feasibility of developing Planning Area 23 portion of Sunbow II, Phase 3 as an Industrial Park. The HR&A Analysis concluded that the City would need approximately 118 to 239 acres of industrially zoned land to meet the calculated demand for 1.9 million to 3.8 million square feet of industrial space in Chula Vista by 2050. Given that the City’s inventory of industrially zoned land is estimated at approximately 428 acres, the HR&A Analysis concluded that, if the proposed project is approved, the City would have between 190 and 311 acres of vacant industrially zoned land remaining after 2050.</p>

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
		<p>The HR&A Analysis analyzed the feasibility of developing Planning Area 23 as a industrial site and concluded that, due to the high cost to develop Planning Area 23, industrial development is “unlikely to be financially feasible.”</p> <p>The current proposal for a residential enclave is compatible with the existing Sunbow residential development north of Olympic Parkway. (See Sunbow II, Phase 3 Land Use Context Exhibit).</p>
LUT 1.2	Coordinate planning and redevelopment activities and resources to balance land uses, amenities, and civic facilities in order to sustain or improve the quality of life.	The project will offer residential, a private recreation facility and shared passive open space areas designed to meet the daily recreational needs of residents.
LUT 1.4	Seek to achieve an improved balance between jobs and housing in Chula Vista.	The project provides housing in close proximity to the major employment centers in Chula Vista, Otay Mesa and downtown San Diego.
LUT 1.5	Endeavor to create a mixture of employment opportunities for citizens’ at all economic levels.	As provided for in the Community Benefits Agreement (CBA) and the Development Agreement (DA) between the Applicant and the City of Chula Vista the Applicant would deposit \$8M with the City “Job Enhancement Funds” to be utilized as seed funding for the construction of either: a Class “A” office building that would facilitate high quality job enhancement uses along the SR-125 corridor or a commercial/academic building that can facilitate either an academic or private-sector market-rate project to advance the vision of the University Innovation District Master Plan (such as enabling the development of an Institute for International Studies), or some other notable project at the City’s discretion which will create high value jobs for all income levels.
LUT 1.6	Attract and maintain land uses that generate revenue for the City of Chula Vista, while maintaining a balance of other community needs, such as housing, jobs, open space, and public facilities.	<p>The Sunbow II, Phase 3 Fiscal Impact Analysis prepared for the Project demonstrates that the Project complies with LUT 1.6 and CVMC Section 19.09.040.H.3 in that it produces net positive revenue to the City of Chula Vista over the 20-year timeframe. Revenues range from an annual fiscal surplus in Years 1 - 20 (\$46,461 - \$270,928) and a \$3,218,323 cumulative fiscal surplus over the first 20 years of approximately. The project provides a balance of residential development and the preservation of 63.6 acres of land designated as part of the City’s MSCP Preserve.</p> <p>The Community Benefits Agreement and the Development Agreement provides the City with an opportunity to facilitate economic growth by the Applicant providing \$8.0 million (“Job Enhancement Funds”) in support funding for the development of a Class “A” office building within the SR-125 corridor. The construction of such office spaces would provide a catalyst for development that could generate high-quality jobs in locations currently suitable for construction. In addition to payment of the \$8.0 million Job Enhancement Funds, the City would also receive Park Benefit Fees (approximately \$11.03 million) for park and recreation amenities that can be used by the City to acquire</p>

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
		<p>and/or develop parkland, as the City determines appropriate and in the best interest of the City.</p> <p>The Project includes an MSCP Boundary adjustment that would result in an increase of 0.09 acres of MSCP Open Space Preserve areas for a total of 63.6 acres of MSCP Open Space Preserve within the Project Area.</p> <p>Also see Response to LUT 1.1 above.</p>
LUT 1.7	Provide high-quality public facilities, services, and other amenities within close proximity to residents.	<p>The project proposes a community recreation area centrally located to serve Project residents. The facility includes a swimming pool, multi-use hardcourt area, level lawn area, outdoor gathering and dining space, a children’s play area and clubhouse. In addition, the Project distributes small active and passive recreation areas throughout the community conveniently located to serve the residents. The Project provides an enhanced pedestrian walkway along the on-site public streets to connect to the Chula Vista Regional Trail located along Olympic Parkway as well as the dedicated bike lanes along Olympic Parkway.</p> <p>The CBA provides for the payment of a Park Benefit Fee, equal to the PAD fees that would have otherwise been due pursuant to Chula Vista Municipal Code (CVMC) Chapter 17.10, of approximately \$11.03 million based on 2019 PAD fees (the final amount will be determined based on the number of residential units built and the PAD fee rates in effect as of the effective date of the Development Agreement) The Park Benefit Fee will satisfy the Owner’s park obligations for the project and may be utilized by the City to acquire or develop parkland, as the City determines appropriate and in the best interest of the overall City.</p>
LUT 1.8	Pursue higher density residential categories and retail demand that are not being met within the City.	<p>The Project’s residential land uses are in the “High” and “Medium-High” residential category consistent with this objective. The existing The Plaza at Sunbow commercial center includes a full-service grocery store, drug store, banks, a gas station, restaurants, and other commercial uses intended to serve the entire Sunbow Planned Community. There were no other retail uses anticipated in the Chula Vista General Plan, Sunbow GDP or the Sunbow SPA Plan.</p> <p>Though the Project does include retail land uses, it is planned to provide much needed housing and help meet the City’s housing demands identified in the SANDAG Housing Needs Assessment Report. In addition, through payment of the Job Enhancement Funds, the project provides economic stimulus funding per the CBA that benefits the entire City of Chula Vista.</p>
LUT 1.9	Provide opportunities for development of housing that respond to diverse community needs in terms of density, size, location, and cost.	The Project provides for-sale housing to meet the needs of a diverse community. Densities range from 13.3 to 24.1 units per acre and products provide a range of bedroom typologies for singles, couples, and families. Some homes will have private rear yards, while the highest density

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
		product type will have a private balcony. Product types are focused on providing attainable housing as well as meeting the need for move-up home buyers. Though the Project will not include any on-site affordable housing, it will include a Chula Vista Balanced Affordable Housing Agreement in conformance with the City's Balanced Community Affordable Housing policy.
LUT 1.10	Maintain an adequate supply of land designated and zoned for residential use at appropriate densities to meet housing needs, consistent with the objective of maintaining a balance of land uses.	The Project supports the creation of new housing as articulated in the Housing Element. The Project will provide 718 new housing units for the current and future residents of Chula Vista which, combined with the CBA Job Enhancement Funds financial stimulus, ensures a jobs/housing balance in the City of Chula Vista.
LUT 1.13	Maintain neighborhood and community shopping centers of sizes and at locations that offer both choice and convenience for shoppers and residents, while sustaining a strong retail base for the City.	Retail uses are provided within the Sunbow Planned Community and other proximate sites. The existing "Plaza at Sunbow" commercial/retail center includes a full-service grocery store, drug store, banks, a gas station, restaurants, and other commercial uses intended to serve the entire Sunbow Planned Community. There were no other retail uses anticipated in the Chula Vista General Plan, Sunbow GDP or the Sunbow SPA Plan for the Sunbow Planned Community. The project will not impact the availability or sustainability of existing retail shopping centers. In fact, the increased population resulting from the Project will increase use of the existing Plaza at Sunbow Shopping Center, thereby enhancing the viability of this existing neighborhood shopping center.
LUT 1.15	Allow office uses that are associated with complementary commercial service businesses in commercial service areas.	The Applicant's contribution of the \$8M Job Enhancement Fund financial stimulus will increase the ability of the City to assist and attract employers to grow their operations in the City of Chula Vista thus resulting in varied office and commercial uses and future job creation. These public benefits will advance the interests and meet the needs of Chula Vista's residents and visitors to a significantly greater extent than the vacant land under the current entitlements and absent the Community Benefits Agreement.
LUT 1.17	Encourage the development of cultural and performing arts nodes in different areas throughout the City, each with a specific non-competing focus, such as viewing performances or works of art, and learning about, creating, or purchasing art.	In conjunction with the CBA, the project will provide Park Benefit Fees which may be utilized by the City to support programming within the City's public park system to encourage a diversity of uses, which may include art shows and cultural festivals.
Objective – LUT 3: Direct the urban design and form of new development and redevelopment in a manner that blends with and enhances Chula Vista's character and qualities, both physical and social.		
LUT 3.1	Adopt urban design guidelines and/or other development regulations for all Districts or Focused Areas of Change as presented in Sections LUT 8.0 - 10.0 of the Land Use and Transportation Element, as necessary, to ensure that new development or redevelopment recognizes and enhances the character and	The Sunbow II, Phase 3 SPA Plan Amendment includes Planned Community District Regulations as well as Landscape and Design Guidelines to ensure new development recognizes and enhances the character and identity of adjacent areas. The architectural theme for the Project is a modern interpretation of the existing architecture within the Sunbow Planned Community. In

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
	identity of adjacent areas, consistent with this General Plan's Vision.	addition, the proposed Planned Community District Regulations are equal to or greater than the existing Sunbow SPA regulations design guidelines and will be appropriately implemented to ensure the proposed residential enclave has its own identity.
LUT 3.2	Any such urban design guidelines and/or other development regulations shall be consistent with other, related policies and provisions in this General Plan, including Sections 7.3 through 7.6.	The Sunbow SPA Plan Amendment includes Planned Community District Regulations as well as Landscape and Design Guidelines consistent with the policies and provisions of the General Plan.
Objective – LUT 5: Designate opportunities for mixed use areas with higher density housing that is near shopping, jobs, and transit in appropriate locations throughout the City.		
LUT 5.1	Promote mixed use development, where appropriate, to ensure a pedestrian-friendly environment that has opportunities for housing; jobs; childcare; shopping; entertainment; parks; and recreation in close proximity to one another.	Because of its location, the Project is not an appropriate location for mixed use development and is not designated for mixed use development in the General Plan. However, the existing Sunbow Planned Community provides a variety of land uses, including housing, child care, a school, public parks and shopping areas. See Figure 1, Aerial Context.
LUT 5.2	Encourage new development that is organized around compact, walkable, mixed use neighborhoods and districts in order to conserve open space resources, minimize infrastructure costs, and reduce reliance on the automobile.	<p>Based on the Project specific VMT analysis using a proxy site, the Project would exceed the VMT threshold. Several quantifiable Transportation Demand Management (TDM) strategies can be used to mitigate a project's VMT impacts. TDM strategies can be quantified using methodologies described in <i>Quantifying Green House Gas Mitigation Measures</i> published by the California Air Pollution Control Officers Association (CAPCOA) in 2010. While many of the CAPCOA Measures were considered applicable to the Project, the "Land Use / Location – Increased Density" measure was selected to reduce the Project's VMT impact. The calculations provided in the CAPCOA methodology for the recommended measure produces a VMT reduction based on the number of dwelling units per acre. Based on the Project's proposed density of 16.3 units per acre, the VMT reduction is 8.0%. This measure exceeds the Project's 1.4% VMT impact and is therefore considered sufficient to reduce the Project's VMT and avoid a significant impact. The following strategies are recommended to further reduce the number of automobile trips generated by residents of the Project and the distance that the residents drive:</p> <ul style="list-style-type: none"> • Provide Ride Share coordination services thru the Project's Home Owner's Association to match residents interested in carpooling. • Coordinate with near-by schools and / or the Project's Home Owner's Association to match residents interested in carpooling to / from schools. • Provide on-site transit opportunities information. • Encourage bicycling by providing on-site bicycle infrastructure such as bike racks.

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
LUT 5.3	Authorize and encourage mixed use development in focus areas, including high-density residential housing, neighborhood-serving commercial, and office uses.	<p>The CVGP did not identify Sunbow II, Phase 3 as an area that could support mixed use development. The project features high and medium-high density residential development; however, mixed-use development is not feasible in this location. The Sunbow Planned Community includes a mix of housing, neighborhood-serving commercial and office uses intended to serve the entire Sunbow Planned Community, including the Sunbow II, Phase 3 development area.</p> <p>The Applicant's contribution of the \$8M Job Enhancement Fund financial stimulus will increase the ability of the City to assist and attract employers to grow their operations in the City of Chula Vista thus resulting in varied office and commercial uses and future job creation. These public benefits will advance the interests and meet the needs of Chula Vista's residents and visitors to a significantly greater extent than the vacant land under the current entitlements and absent the Community Benefits Agreement</p>
LUT 5.4	Develop the following areas as mixed use centers: Urban Core; Palomar Trolley Station; EUC; and Otay Ranch Village Cores and Town Centers.	<p>The Sunbow II, Phase 3 project is not within the Urban Core, Palomar Trolley Station, EUC or Otay Ranch Village Cores and Town Centers identified in the General Plan for mixed use development and therefore is not subject to LUT 5.4.</p> <p>However, the Applicant entered into a CBA with the City which provides an opportunity to facilitate economic growth by providing \$8.0 million in funding for development of a Class "A" office building within the SR-125 corridor or the construction of facilities for academic, institutional, and innovation-related businesses within the University Innovation District. The City is interested in facilitating the creation of high-quality jobs and economic growth within the City by providing opportunities that target and attract industries and businesses that contribute to diversification and stabilization of the local economy. Facilitating such economic growth by encouraging the development of spaces that can be used by high technology and manufacturing businesses within the SR-125 corridor or academic, institutional, and innovation-related businesses within the University Innovation District is a potential solution. The construction of such spaces would provide a catalyst for development that could generate high-quality jobs in locations currently suitable for construction. Through implementation of the CBA, the office uses typically found in an urban mixed-use setting can be realized.</p>
LUT 5.11	Endeavor to reduce the number of peak hour automobile trips by supporting increased services near workplaces.	<p>The project includes Transportation Demand Management features including:</p> <ul style="list-style-type: none"> Provide Ride Share coordination services thru the Project's Home Owner's Association to match residents interested in carpooling.

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
		<ul style="list-style-type: none"> Coordinate with near-by schools and / or the Project's Home Owner's Association to match residents interested in carpooling to / from schools. Provide on-site transit opportunities information. Encourage bicycling by providing on-site bicycle infrastructure such as bike racks.
LUT 5.13	Higher density residential and mixed use residential/commercial development should be designed to: create a pleasant walking environment to encourage pedestrian activity; maximize transit usage; provide opportunities for residents to conduct routine errands close to their residence; integrate with surrounding uses to become a part of the neighborhood rather than an isolated project; use architectural elements or themes from the surrounding neighborhood; and provide appropriate transition between land use designations to minimize neighbor compatibility conflicts	<p>The project is not identified in the General Plan for mixed use residential/commercial development. The architectural theme for the Project is a modern interpretation of the existing architecture within the Sunbow Planned Community. In addition, the proposed Planned Community District Regulations are equal to or greater than the existing Sunbow SPA regulations and design guidelines and will be appropriately implemented to ensure the proposed residential enclave has its own identity. The project is set back from Olympic Parkway approximately 500' and provides additional buffers to surrounding land uses at the project perimeter. Given the project is intended to provide housing at attainable levels for various employment sectors, the provision of a shuttle service by the project is not feasible.</p> <p>The project is designed to provide a pedestrian network of walkways connecting neighborhoods and the centrally located private recreation site. In addition, the project provides two direct connections to the existing Chula Vista Regional Trail and bike lanes along Olympic Parkway at two fully signalized intersections. The internal public streets (Streets A & B) are designed to include an enhanced 6' sidewalk along one side, with expanded landscaped parkways on both sides.</p>
Objective- LUT 6: Ensure adjacent land uses are compatible with one another.		
LUT 6.1	Ensure, through adherence to design guidelines and zoning standards, that the design review process guarantees excellence in design and that new construction and alterations to existing buildings are compatible with the best character elements of the area.	The Sunbow SPA Plan Amendment includes Planned Community District Regulations as well as Landscape and Residential Design Guidelines to ensure new development recognizes and enhances the character and identity of adjacent areas. All residential development is subject to the City's Design Review process.
LUT 6.2	Require that proposed development plans and projects consider and minimize project impacts upon surrounding neighborhoods.	The project includes PC District Regulations and Landscape and Residential Design Guidelines to ensure the project is compatible with surrounding residential development. The project is set back from Olympic Parkway approximately 500' and provides additional buffers between surrounding land uses.
LUT 6.3	Require that the design of new residential, commercial, or public developments is sensitive to the character of existing neighborhoods through consideration of access, compatible building design and massing, and building height transitions, while maintaining the goals and values set forth in the	The project is on an undeveloped site with no abutting residential development. The project includes PC District Regulations and Landscape and Residential Design Guidelines to ensure the project is compatible with future residential development planned east of the site. The project is set back from Olympic Parkway approximately 500' and provides additional buffers between surrounding

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
	General Plan. Within transit focus areas, design provisions should include requirements for a minimum building step back of 15 feet for every 35 feet in height, for edges abutting residential uses.	land uses. All homes will have a separation from the landfill. The landfill operation is significantly below the top of the slope on the southern project boundary. Fuel modification zones, slope landscaping and wall designs will ensure the homes closest to the landfill property are buffered sufficiently.
Objective LUT 7: Appropriate transitions should be provided between land uses.		
LUT 7.2	Require new or expanded uses to provide mitigation or buffers between existing uses where significant adverse impacts could occur.	The project is buffered from existing development on the west and north by over 63.6 acres of MSCP open space and Olympic Parkway and the east and south by a planned buffer/fuel modification area. In addition, home sites within Planning Areas 23 are 50-feet below the adjacent landfill. See above response to LUT 6.3.
LUT 7.4	Require landscape and/or open space buffers to maintain a naturalized or softer edge for proposed private development directly adjacent to natural and public open space areas.	The project includes a series of graded and revegetated slopes and water quality basins at the edge of development designed to buffer development from the adjacent MSCP Preserve areas, while maintaining a softer edge between the land uses.
Objective – LUT 8: Strengthen and sustain Chula Vista's image as a unique place by maintaining, enhancing, and creating physical features that distinguish Chula Vista's neighborhoods, communities, and public spaces, and enhance its image as a pedestrian-oriented and livable community.		
LUT 8.1	Develop a program to enhance the identity of special districts and neighborhoods to create variety and interest in the built environment, including such items as signage, monuments, landscaping, and street improvements.	Sunbow II, Phase 3 is a residential enclave featuring contemporary architectural styles. The community is planned to include four unique multi-family attached product types with 15 distinct floor plans. Architecture will include a variety of distinct and unique combinations of elevations and colors. The Sunbow SPA Plan Amendment includes Planned Community District Regulations as well as Landscape and Residential Design Guidelines which provide guidance for the development of high-quality architecture, landscape, and street improvements.
LUT 8.2	Emphasize certain land uses and activities, such as cultural arts; entertainment; specialty retail; or commercial recreation, to enhance or create the identity of specialized districts or Focus Areas in the City.	The project does not include the land uses identified in LUT 8.2; however, by providing the Park Benefit Fees, the project supports programming within the City's public park system to encourage a diversity of uses, which may include art shows and cultural festivals as well as commercial recreation opportunities.
LUT 8.3	Ensure that buildings are appropriate to their context and designed to be compatible with surrounding uses and enhance the desired character of their District.	The Sunbow SPA Amendment includes residential architectural guidelines and establishes an architectural theme to be implemented within Sunbow II, Phase 3. All residential development within the project is subject to the City's Design Review process.
LUT 8.4	Encourage and require, where feasible, the incorporation of publicly accessible urban open spaces, including: parks; courtyards; water features; gardens; passageways; paseos; and plazas, into public improvements and private projects.	The Community Benefit Agreement between the City and the Applicant includes a provision for the waiver of the Project PAD fees and the payment of a Park Benefit Fee, equal to the PAD fees that would otherwise have been due pursuant to Chula Vista Municipal Code (CVMC) Chapter 17.10. As of the writing of this report, the Park Benefit Fee is anticipated to total \$11.03 million. The final Park Benefit Fee amount will be determined based on the number of

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
		residential units constructed and the PAD fee rates in effect as of the effective date of the Development Agreement. The Park Benefit Fee will satisfy the Project's park obligations. The Park Benefit Fees may be utilized by the City to acquire and/or develop parkland, as the City determines appropriate and in the best interest of the City.
LUT 8.5	<p>Prepare urban design guidelines that help to create pedestrian-oriented development by providing:</p> <ul style="list-style-type: none"> • Varied and articulated building facades; • Visual (first floor clear glass windows) and physical access for pedestrians; • Pedestrian circulation among parcels; uses; transit stops; and public or publicly accessible spaces; • Human scale design elements; • Ground floor residential and commercial entries that face and engage the street; and • Pedestrian-oriented streetscape amenities. 	<p>The Sunbow II, Phase 3 SPA Amendment is not designed in an urban setting to warrant the preparation of "urban design guidelines;" however the SPA Plan amendment includes residential architectural and landscape guidelines and establishes an architectural theme to be implemented within Sunbow II, Phase 3.</p> <p>The project does not include mixed-use development and therefore several of the guidelines in LUT 8.5 are not applicable to the project.</p>
LUT 8.6	Develop a master plan for artwork in public places that would identify the types of art desired and establish appropriate settings for the display of art, including within public rights-of-way and landscape medians.	LUT 8.6 is a City-wide objective; however, by providing the Park Benefit Fees, the project supports programming within the City's public park which may include public art displays.
LUT 8.7	Ensure that vacant parcels and parcels with unsightly storage uses, such as auto salvage yards, are appropriately screened from the street to reduce their negative visual effects.	Because of its location and natural open spaces that buffer the project from Olympic Parkway, negative visual impacts are minimal. The EIR for the project includes a visual simulation that demonstrates the project is not be impacted by unsightly uses on adjacent parcels. The visual simulation clearly demonstrates the slope landscaping and walls adequately buffer the project from any negative visual effects.
Objective – LUT 10: Create attractive street environments that complement private and public properties, create attractive public rights-of-way, and provide visual interest for residents and visitors.		
LUT 10.2	Landscape designs and standards shall include a coordinated street furniture palette, including waste containers and benches, to be implemented throughout the community at appropriate locations.	The Sunbow II, Phase 3 SPA Plan Amendment includes Landscape Design Guidelines which will ensure implementation of a coordinated design for the community. The design and location of street furniture, if any, will be determined during preparation of the Landscape Master Plan and further refined during the Design Review Process, when the passive and active recreation designs are prepared. The Project does not propose sheltered seating; however, the TIA for the project includes TDM strategies to encourage ridesharing and carpooling amongst residents.
LUT 10.3	Provide well-designed, comfortable bus stops throughout the City.	See Figure 1, Aerial Context for the location of existing bus stops near the Project. The Applicant will work with the City and MTS to encourage the establishment of a local bus stop closer to the Project; however, the Applicant has no control over the location, timing or feasibility of adding a local bus stop. If bus stops are added, bus shelters would be

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
		designed consistent with MTS and City of Chula Vista standards.
LUT 10.4	Prior to the approval of projects that include walls that back onto roadways, the city shall require that the design achieves a uniform appearance from the street. The walls shall be uniform in height, use of materials, and color, but also incorporate elements, such as pilasters, that add visual interest.	A Fence and Wall Plan will be provided as part of the Project's Landscape Master Plan, consistent with City policies.
LUT 10.5	Require under grounding of utilities on private property and develop a priority based program of utility under grounding along public rights-of-way.	All new utilities will be undergrounded, consistent with this objective, except as required by utility providers. However, the Applicant will coordinate with the City and utility providers to place above-ground appurtenances in the least intrusive locations.
LUT 10.6	Study the locational requirements of utility, traffic control, and other cabinets and hardware located in the public rights-of-way to determine alternative locations for these items in less obtrusive areas of the street environment.	The location of utility facilities in the public realm is designed to minimize intrusion into the street environment and avoid conflicts with entry monuments and landscaping, to the greatest extent feasible. The Applicant is not proposing any entry monuments at this time. See response to LUT 10.5 regarding coordinating utility appurtenance locations.
Objective – LUT 11: Ensure that buildings and related site improvements for public and private development are well-designed and compatible with surrounding properties and districts.		
LUT 11.1	Promote development that creates and enhances positive spatial attributes of major public streets, open spaces, cityscape, mountain and bay sight lines, and important gateways into the City.	The project maintains and is sensitive to the design elements of Olympic Parkway and the East Orange Avenue Master Plan.
LUT 11.2	Promote and place a high priority on quality architecture, landscape, and site design to enhance the image of Chula Vista, and create a vital and attractive environment for businesses, residents, and visitors.	Sunbow II, Phase 3 is a residential enclave featuring contemporary architectural styles. Architecture will include a variety of distinct and unique combinations of elevations and colors. The Sunbow SPA Plan Amendment includes Planned Community District Regulations as well as Landscape and Residential Design Guidelines which provide guidance for the development of high-quality architecture, landscape, and street improvements.
LUT 11.4	Actively promote architectural and design excellence in buildings, open space, and urban design.	Sunbow II, Phase 3 is a residential enclave featuring contemporary architectural styles. Architecture will include a variety of distinct and unique combinations of elevations and colors designed by respected and creative architects and design professionals.
LUT 11.5	Require a design review process for all public and private discretionary projects (which includes architectural, site plan, landscape and signage design) to review and evaluate projects prior to issuance of building permits to determine their compliance with the objectives and specific requirements of the City's Design Manual, General Plan, and appropriate zone or Area Development Plans.	Design Review is required in the Sunbow II, Phase 3 SPA Plan Amendment.

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
Objective – LUT 16: Integrate land use and transportation planning and related facilities.		
LUT 16.1	Promote the development of well-planned communities that will tend to be self-supportive and, thus, reduce the length of vehicular trips, reduce dependency on the automobile, and encourage the use of other modes of travel.	<p>The project includes Transportation Demand Management features, including:</p> <ul style="list-style-type: none"> ▪ Provide Ride Share coordination services thru the Project's Home Owner's Association to match residents interested in carpooling. ▪ Coordinate with near-by schools and / or the Project's Home Owner's Association to match residents interested in carpooling to / from schools. ▪ Provide on-site transit opportunities information. ▪ Encourage bicycling by providing on-site bicycle infrastructure such as bike racks. <p>However, the TIA conservatively did not apply any VMT reductions with implementation of the TDM measures. The project also provides direct connections to the existing Chula Vista Regional Trail and bike lanes along Olympic Parkway.</p> <p>In addition to the TDM measures described above, the project will provide connections to the Chula Vista regional trail and bike lane.</p>
LUT 16.2	Ensure that new development and community activity centers have adequate transportation and pedestrian facilities.	<p>The project is designed to provide a pedestrian connection between neighborhoods and the centrally located private recreation site. The internal public streets (Streets A & B) are designed to include an enhanced 6' sidewalk along one side, with expanded landscaped parkways on both sides. In addition, the project provides direct connections to the existing Chula Vista Regional Trail and bike lanes along Olympic Parkway at two fully signalized intersections. The project will pay its fair share of the Eastern TDIF Fees as required to fund transportation and pedestrian facilities that are part of the TDIF program.</p>
LUT 16.3	Provide direct and convenient access to public transit stops within residential, commercial, and industrial areas.	<p>The project provides direct connections to the existing Chula Vista Regional Trail and bike lanes along Olympic Parkway as well as the MTS transit stop located at Olympic Parkway and Brandywine Avenue approximately ½ mile west of the project (Refer to Figure 1, Aerial Context).</p>
Objective – LUT 17: Plan and coordinate development to be compatible and supportive of planned transit.		
LUT 17.1	Designate sufficient land at appropriate densities to support planned transit and require that development be transit-oriented, as appropriate to its proximity to transit facilities.	<p>The project is not a transit-oriented development. However, the Traffic Impact Analysis prepared for the Project included several quantifiable Transportation Demand Management (TDM) strategies which can be used to mitigate a project's VMT impacts. TDM strategies can be quantified using methodologies described in <i>Quantifying Green House Gas Mitigation Measures</i> published by the California Air Pollution Control Officers Association (CAPCOA) in 2010, including increased density and a VMT Reduction Analysis. In addition, the following strategies are recommended to further reduce the number of</p>

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
		<p>automobile trips generated by residents of the Project and the distance that the residents drive:</p> <ul style="list-style-type: none"> ▪ Provide Ride Share coordination services thru the Project's Home Owner's Association to match residents interested in carpooling. ▪ Coordinate with near-by schools and / or the Project's Home Owner's Association to match residents interested in carpooling to / from schools. ▪ Provide on-site transit opportunities information. ▪ Encourage bicycling by providing on-site bicycle infrastructure such as bike racks. <p>The Applicant will work with the City and MTS to encourage the establishment of a local bus stop closer to the Project; however, the Applicant has no control over the location, timing, or feasibility of adding a local bus stop.</p>
LUT 17.4	Require developers to consult and coordinate with SANDAG and the City to ensure that development is compatible with and supports the planned implementation of public transit.	The Applicant will work with the City and MTS to encourage the establishment of a local bus stop closer to the Project and/or a future MTS transit shuttle; however, the Applicant has no control over the location, timing or feasibility of adding a local bus stop or providing an MTS shuttle to serve the Project.
Objective LUT 18: Reduce traffic demand through Transportation Demand Management (TDM) strategies, increased use of transit, bicycles, walking, and other trip reduction measures.		
LUT 18.1	Support and encourage the use of public transit.	<p>The project includes Transportation Demand Management measures to facilitate ride sharing, transit ridership, school carpooling to reduce reliance on the automobile and peak hour trips. See response to LUT 17.1 above.</p> <p>The project also provides direct connections to the existing Chula Vista Regional Trail along and bike lanes along Olympic Parkway at two fully signalized intersections</p>
LUT 18.2	Provide an efficient and effective paratransit service for elderly and handicapped persons unable to use conventional transit service.	This is the responsibility of MTS, the public transit service provider. See Figure 1, Aerial Context for the locations of MTS local bus stops.
LUT 18.3	Provide and enhance all feasible alternatives to the automobile, such as bicycling and walking, and encourage public transit ridership on existing and future transit routes.	<p>The project is located to take advantage of transit, walking and cycling to reduce vehicular trips. The internal public streets (Streets A & B) are designed to include an enhanced 6' sidewalk along one side, with expanded landscaped parkways on both sides. In addition, the project provides direct connections to the existing Chula Vista Regional Trail and bike lanes along Olympic Parkway at two fully signalized intersections.</p> <p>The MTS local bus stop is located at Olympic Parkway and Brandywine Avenue approximately ½ mile west of the project (Refer to Figure 1, Aerial Context).</p> <p>See response to LUT 17.1 above for TDM measures included in the Traffic Impact Analysis.</p>

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LUT 18.4	Use master planning techniques in new development and redevelopment projects to enable effective use of public transit.	The project includes Transportation Demand Management measures to facilitate ride sharing, transit ridership, school carpooling to reduce reliance on the automobile and peak hour trips. The project also provides direct connections to the existing Chula Vista Regional Trail along and bike lanes along Olympic Parkway at two fully signalized intersections. See response to LUT 17.1 above for TDM measures included in the Traffic Impact Analysis.
LUT 18.5	Implement TDM strategies, such as carpooling, vanpooling, and flexible work hours that encourage alternatives to driving alone during peak periods.	The Traffic Impact Analysis prepared for the Project included several quantifiable Transportation Demand Management (TDM) strategies which can be used to mitigate a project's VMT impacts. response to LUT 17.1 above for TDM measures included in the Traffic Impact Analysis.
LUT 18.6	Encourage employer-based TDM strategies, such as: employee transportation allowances; preferential parking for rideshare vehicles; workplace-based carpool programs; and shuttle services.	The Project does not include any employment land uses that would facilities implementation of the measures identified in LUT 18.6. However, the Traffic Impact Analysis prepared for the Project included several quantifiable Transportation Demand Management (TDM) strategies which can be used to mitigate a project's VMT impacts. response to LUT 17.1 above for TDM measures.
LUT 18.7	Support the location of private "telework" centers.	The Project includes a private club house as a part of the common recreation area for the residents use, as designated in the Sunbow II, Phase 3 SPA Plan Amendment. This facility could be utilized for a private telework center if the residents express an interest in such a facility. The feasibility and interest to be determined by the Homeowners Association.
LUT 18.8	Encourage establishment of park-and-ride facilities near or at transit stations, as appropriate to the area's character and surrounding land uses.	The Project is not "near" or "at transit stations," therefore, LUT 18.8 does not apply to the Project. However, the Traffic Impact Analysis prepared for the Project included several quantifiable Transportation Demand Management (TDM) strategies which can be used to mitigate a project's VMT impacts. response to LUT 17.1 above for TDM measures included in the Traffic Impact Analysis
Objective LUT 20: Make transit-friendly roads a top consideration in land use and development design.		
LUT 20.1	Incorporate transit-friendly and pedestrian-friendly elements into roadway design standards, such as signal priority for transit and adequate sidewalk widths for pedestrians.	The Project does not include any transit routes or roadways that accommodate transit. However, the project includes a network of sidewalks connecting residential neighborhoods to the existing Chula Vista Regional Trail located adjacent to Olympic Parkway and the MTS local bus stop located west of the project.
Objective LUT 23: Promote the use of non-polluting and renewable alternatives for mobility through a system of bicycle and pedestrian paths and trails that are safe, attractive and convenient forms of transportation.		
LUT 23.1	Encourage the use of bicycles and walking as alternatives to driving.	The project provides a system of pedestrian walkways and paseos connecting the residential neighborhoods to two connections to the existing Chula Vista Regional Trail and bike lanes along Olympic Parkway. See response to LUT-18.3 above.

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LUT 23.2	Foster the development of a system of inter-connecting bicycle routes throughout the City and region.	The project provides a system of pedestrian walkways and paseos connecting the residential neighborhoods to two connections to the existing Chula Vista Greenbelt Trail and bike lanes along Olympic Parkway, which connects to the City's network of bike lanes.
LUT 23.3	Preserve, restore, or provide the opportunity for a cyclist to ride a bicycle to virtually any chosen destination, in order to make the bicycle a viable transportation alternative.	The project provides a system of pedestrian walkways and paseos connecting the residential neighborhoods to two connections to the existing Chula Vista Regional Trail and bike lanes along Olympic Parkway, which connects to the City's network of bike lanes.
LUT 23.4	Link major residential areas with principal trip destinations, such as schools; parks; community centers; and shopping centers.	The project is part of the larger Sunbow Planned Community that provides parks, shopping, and an elementary school close to the project. Refer to Figure 1, Aerial Context, for the locations and travel times from the project to schools, shopping, and public parks in the vicinity of the Project.
LUT 23.5	Provide linkages between bicycle facilities that utilize circulation element alignments and open space corridors.	The project connects to the existing bike lanes along Olympic Parkway, designated a Scenic Corridor in the General Plan.
LUT 23.6	In addition to using open space corridors, off-street bicycle trails should use flood control and utility easements. The trails shall be designed to minimize interaction with automobile cross traffic.	The Project does not include any of the features described in LUT 23.6. However, the Project provides two points of access to the bike lanes along Olympic Parkway that are designated "Cycle Track (Class IV)" in the City's Active Transportation Plan. This Plan includes both on- and off-street trails.
LUT 23.7	Provide bicycle support facilities at all major bicycle usage locations.	The Project does not include a "major bicycle usage location;" however, the Project will include bicycle storage at the common recreation area. All homes within the Project will include 2-car garages which could also be utilized by homeowners for bicycle storage.
LUT 23.10	Promote the system of trails envisioned within the Chula Vista Greenbelt.	The project connects to the existing Chula Vista Regional Trail along Olympic Parkway which connects to the Chula Vista Greenbelt Trail system.
LUT 23.11	Implement recommendations of the City's Bikeway Master Plan and Greenbelt Master Plan.	See response to LUT 23.6 above regarding the City's Active Transportation Plan. The Project provides two pedestrian connections to the existing Chula Vista Regional Trail, as recommended by the City's Greenbelt Master Plan. These connections link the Project to the City-wide system of trails and bike facilities.
LUT 23.12	Provide opportunities for use of personal mobility devices.	The walkways and paseo planned within the Project area adequately sized to accommodate personal mobility devices.
LUT 23.13	New overpasses and interchanges should be designed to accommodate bicycles and pedestrians.	No new overpasses, interchanges or pedestrian bridges are planned for the Project. The Project will contribute its fair share through the payment of the Eastern TDIF to fund transportation facilities included in the TDIF program, which may include both pedestrian and bicycle facilities.
LUT 23.14	Require new development projects to provide internal bikeway systems with connections to the citywide bicycle networks.	Bicycles share the roadway with automobiles on the internal streets, which have very low traffic volumes. The Project is designed to provide connections to the existing bike lanes in Olympic Parkway at two signalized intersections. The internal streets (Streets A & B) are designed as Modified

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		Class III Collectors, which, per City standards, do not require dedicated bike lanes.
Objective LUT 61: Create balanced communities that can provide a high quality of life for residents.		
LUT 61.1	Adhere to the regulations established in existing GDPs and SPAs.	<p>The propose includes a proposal to amend the Sunbow GDP and Sunbow SPA Plan to address the proposed land use change for Planning Area 23. Therefore, the proposed project is not consistent with the regulations established in the existing GDPs and SPAs. The proposed amendments would establish regulations which would guide development of the Sunbow II, Phase 3 area and upon approval by the City Council, the Project would adhere to the amended regulations and meet the intent of LUT 61.1.</p> <p>The Applicant entered into a Community Benefit Agreement which provides the City with an opportunity to facilitate economic growth by the Applicant providing \$8.0 million (“Job Enhancement Funds”) in support funding for the development of a Class “A” office building within the SR-125 corridor. The construction of such office spaces may occur within the Eastern Urban Center or within the University Innovation District/Regional Technology Park and would provide a catalyst for development that could generate high-quality jobs in locations currently suitable for construction.</p>
LUT 61.2	Future SPAs shall focus on creating a vibrant sense of community, a vigorous economy, and a healthy environment.	<p>Sunbow II, Phase 3 is a residential enclave featuring contemporary architectural styles. The Sunbow II, Phase 3 SPA Plan Amendment includes Planned Community District Regulations as well as Landscape and Residential Design Guidelines which provide guidance for the development of a vibrant community with high-quality architecture, landscape, and street improvements. Streets are designed to encourage walking within the neighborhoods. Connections to the existing Chula Vista Regional Trail and bike lanes in Olympic Parkway are provided via two signalized intersections promote walking and biking. The Project is designed to promote health and wellness with a well-designed common recreation area designed to meet the active recreation needs of the residents, as it includes a pool, children’s playground, multi-use hard court facility, turf area for open play and areas for social gathering. In addition, active and passive recreation areas are distributed throughout the community to provide for casual play and gathering.</p> <p>The Fiscal Impact Analysis prepared by the project demonstrates that the project produces net positive revenue to the City of Chula Vista over the 20-year timeframe. Revenues range from an annual fiscal surplus in Years 1 - 20 (\$46,461 - \$270,928) and a cumulative fiscal surplus over the first 20 years of approximately \$3,218,323. This fiscal surplus supports ongoing funding for municipal services, ensuring a safe and healthy community. The</p>

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		<p>additional residents generated from the Project will support local business and invigorate the local economy.</p> <p>Also see Response to LUT 1.1 above.</p>
LUT 61.3	Require all future community identification signs and monuments to recognize communities as part of the City of Chula Vista.	The project does not currently include monument identification signs. However, if there is an opportunity to include a monument sign at the entrances to the Project, then the Applicant will include such a proposal on the Landscape Master Plan.
Objective LUT 62: Require development to consider and plan for careful use of natural and man-made resources and services, and maximize opportunities for conservation while minimizing waste.		
LUT 62.1	Require developments within the East Planning Area to provide resource management plans for water; air quality; recycling; solid waste management; and energy.	<p>The project is not within the General Plan East Planning Area; however, the project includes a Water Conservation Plan and Air Quality Improvement Plan, must comply with the City's Landscape Water Ordinance, and sets aside 63.6 acres in permanent open space within the project area. The project must also comply with all required recycling programs implemented in the City.</p> <p>The Project includes approximately 63.6 acres designated MSCP Open Space Preserve in the City's MSCP Plan. There are 19.2 acres of recorded and proposed unrecorded easements associated with Poggi Creek within the Project Area including the Recorded Conservation Easement (9.719 acres), the Proposed Unrecorded Conservation Easement (5.569 acres), the Proposed Unrecorded Poggi Creek Easement (4.338 acres). Of the 19.6 acres of recorded and proposed easements within the Project Area, approximately 12.53 acres are within the proposed Chula Vista MSCP boundary. The project will comply with all requirements in the air quality improvement plan, water conservation plan and energy conservation plan prepared for the Project. In addition, the project will comply with all City of Chula Vista conservation requirements.</p>
Objective LUT 63: Provide efficient multi-modal access and connections to and between activity centers.		
LUT 63.1	Provide roads, transit service, bike routes, and pedestrian pathways that connect activity centers to their surrounding neighborhoods, adjacent villages, and each other, such that access is safe and convenient for residents and visitors.	<p>The project provides connections to existing roads, bike lanes and trails. See Figure 1, Aerial Context for the distance to surrounding public parks, public schools, retail centers, bus stops and adjacent neighborhoods.</p> <p>An easement is provided on the Tentative Map, reserving the right-of-way for a future pedestrian connection to the adjacent Otay Ranch Village 2 West area.</p>
Objective LUT 69: Create and maintain unique, stable, and well-designed communities that are master planned to guide development activities		
LUT 69.1	The policies and regulations within GDP and SPA Plans that are specific to each community shall continue to guide the completion of development activities.	After marketing the project for over 30 years as an industrial park, the Applicant entered into a CBA with the City which provides an opportunity to facilitate economic growth by providing \$8.0 million in funding for development of a

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		<p>Class “A” office building within the SR-125 corridor or the construction of facilities for academic, institutional, and innovation-related businesses within the University Innovation District. The City is interested in facilitating the creation of high-quality jobs and economic growth within the City by providing opportunities that target and attract industries and businesses that contribute to diversification and stabilization of the local economy. Facilitating such economic growth by encouraging the development of spaces that can be used by high technology and manufacturing businesses within the SR-125 corridor or academic, institutional, and innovation-related businesses within the University Innovation District is a potential solution. The construction of such spaces would provide a catalyst for development that could generate high-quality jobs in locations currently suitable for construction.</p> <p>The proposed Sunbow II, Phase 3 SPA Amendment and Sunbow GDP amendment include policies and regulations to guide the development of the Sunbow II, Phase 3 project, through completion. The Sunbow II, Phase 3 area is connected to the larger Sunbow Planned Community along Olympic Parkway, which forms the northern boundary of the project site. Planned Community design guidelines specific to this community will guide development quality and character.</p>
Objective LUT 73: Promote alternative modes of transportation, which are intended to encourage a healthy lifestyle and reduce reliance on the automobile, and support the viability of transit through land use distribution and design.		
LUT 73.1	Provide for walking and biking on streets designed to link neighborhoods, activity centers, and community destinations.	<p>The project provides an internal network of pedestrian walkways and paseos and also connects to the existing Chula Vista Regional Trail system in Olympic Parkway. The internal public streets (Streets A & B) are designed to include an enhanced 6’ sidewalk along one side, with expanded parkways on both sides, creating a pleasant pedestrian experience.</p> <p>See Figure 1, Aerial Context for the relationships between the Project and surrounding neighborhoods, activity centers and destinations.</p> <p>An easement is provided on the Tentative Map, reserving the right-of-way for a future pedestrian connection to the adjacent Otay Ranch Village 2 West area.</p>
Objective – LUT 74: Accommodate land uses that diversify the economic base within Otay Ranch and the surrounding south San Diego County region.		
LUT 74.1	Provide sufficient land and infrastructure to accommodate commercial and industrial uses.	The University Innovation District/Regional Technology Park SPA Plan provides for development of approximately 10.1M square feet of university and regional technologies uses, while the Eastern Urban Center SPA Plan provides for

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		<p>development of approximately 3.8M sf of commercial/mixed use development on 75.9 acres.</p> <p>The City is interested in facilitating the creation of high-quality jobs and economic growth within the City by providing opportunities that target and attract industries and businesses that contribute to diversification and stabilization of the local economy. Facilitating such economic growth by encouraging the development of spaces that can be used by high technology and manufacturing businesses within the SR-125 corridor or academic, institutional, and innovation-related businesses within the University Innovation District is a potential solution. The construction of such spaces would provide a catalyst for development that could generate high-quality jobs in locations currently suitable for construction.</p> <p>The Applicant entered into a CBA with the City which provides an opportunity to facilitate economic growth by providing \$8.0 million in support funding for development of a Class “A” office building within the SR-125 corridor or the construction of facilities for academic, institutional, and innovation-related businesses within the University Innovation District.</p> <p>Also see Response to LUT 1.1 above.</p>
LUT 74.2	Promote additional business and higher paid employment opportunities for residents of Chula Vista.	<p>The Applicant entered into a CBA with the City which provides an opportunity to facilitate economic growth by providing \$8.0 million in support funding for development of a Class “A” office building within the SR-125 corridor or the construction of facilities for academic, institutional, and innovation-related businesses within the University Innovation District. The public benefits derived from implementation of the CBA will advance the interests and meet the needs of Chula Vista’s residents and visitors to a significantly greater extent than the vacant land under the current entitlements and absent the Community Benefits Agreement. Implementation of the CBA provisions will promote additional and higher paid employment opportunities for residents of Chula Vista, consistent with GP Objective LUT 74.2</p>
Objective - LUT 79: Establish appropriate land uses adjacent to the Otay Landfill and Wolf Canyon that reflect the unique land use and landform characteristics of these areas.		
LUT 79.5	Limit land uses adjacent to Otay Landfill to open space and limited industrial uses or business parks.	<p>The Applicant’s consultant, Dudek, prepared the “Air Quality and Greenhouse Gas Emissions Analysis Technical Report for the Sunbow II, Phase 3 Project,” which also includes a Landfill Health Risk Assessment (HRA). The HRA was performed to assess the potential health risks of the proximate Otay Landfill to future sensitive receptors (residents) of the Project. The HRA was performed to estimate the Maximum Individual Cancer Risk, the Chronic Hazard Index and the Acute Hazard Index for the residential</p>

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		<p>receptors as a result of emissions impacts from Otay Landfill operations. As required by the 2019 Title 24 Building Code and the 2019 California Green Building Standards Code standards, the Project would include installation of MERV 13-rated air filtration in all HVAC systems. The MERV 13-rated air filters remove 90% of particles and therefore would reduce the Maximum Individual Cancer Risk – Residential to 7.7 in 1 million, which would be less than the CEQA threshold of 10 in 1 million. These impact level would also be less than the SDAPCD significance threshold. Further, following closure of the Otay Landfill in 2030, the cancer risk impact for the Landfill would be reduced to 6.61 in 1 million and the chronic health risk and acute health risk would also be further reduced.</p> <p>A Nuisance Analysis was also prepared by Dudek for the Project to evaluate the potential impact of odors and fugitive dust emitted from the Otay Landfill on future residents of the Project. AERMOD was used to model odor and fugitive dust emissions from the landfill, with methodology consistent with the HRA. The nuisance analysis found that future residents of the Project would not experience odors in excess of odor detection thresholds and are not likely to be impacted by landfill operations. Similarly, the dust analysis showed that concentrations of dust from landfill operations would not exceed thresholds established by the California Occupational Health and Safety Administration. As such, impacts from odor and dust to future residents from landfill operations would be less than significant.</p> <p>Geosyntec prepared a technical memorandum summarizing the results of the “limited soil vapor investigation” conducted on the Project site. The limited soil vapor investigation included the collection and laboratory analysis of samples collected. The soil vapor investigation concluded methane was not detected at measurable concentrations during the investigation and there is no apparent unacceptable risk to future residential site occupants due to methane and/or VOC-impacted soil vapors.</p> <p>Also see Response to LUT 1.1 above.</p>
Objective LUT 92: Establish a high-quality business park that is oriented to accommodates high technology businesses conducting research and light industrial/manufacturing activities that provide job opportunities for residents of Otay Ranch, Chula Vista, and the greater south San Diego County region.		
LUT 92.1	Promote research and development uses associated with light manufacturing businesses by adopting GDP and SPA level policies and Planned Community District regulations that provide regulations and standards that	See Responses to LUT 1.1 and LUT-74.1 above.

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	encourage the locating of high technology uses and industries.	
LUT 92.3	Allow ancillary professional office and limited service businesses as secondary uses where such uses are necessary to support the primary research and development and light manufacturing uses. These secondary uses should not compete with the EUC and adjoining areas that are intended as the preferred location for these support uses.	See Responses to LUT 1.1 and LUT-74.1 above.
Objective LUT 93: Provide opportunities to develop new research institutions, industries, and businesses that capitalize upon the intellectual capital and research activities of the university.		
LUT 93.1	Proactively attract the development of incubator industries and research institutions that may be induced by the presence of a university campus.	See Responses to LUT 1.1 and LUT-74 above.
ECONOMIC DEVELOPMENT		
Objective – ED 1: Provide a diverse economic base for the City of Chula Vista.		
ED 1.2	Provide sufficient tracts of land at a variety of sizes available for industrial and commercial uses in order to provide a stable economic base.	<p>After marketing the Project for over 30 years as an industrial park, the Applicant entered into a CBA with the City which provides an opportunity to facilitate economic growth by providing \$8.0 million in support funding for development of a Class “A” office building within the SR-125 corridor or the construction of facilities for academic, institutional, and innovation-related businesses within the University Innovation District. The University Innovation District/Regional Technology Park SPA Plan provides for development of approximately 10.1M square feet of university and regional technologies uses, while the Eastern Urban Center SPA Plan provides for development of approximately 3.8M sf of commercial/mixed use development on 75.9 acres. The City is interested in facilitating the creation of high-quality jobs and economic growth within the City by providing opportunities that target and attract industries and businesses that contribute to diversification and stabilization of the local economy. Facilitating such economic growth by encouraging the development of spaces that can be used by high technology and manufacturing businesses within the SR-125 corridor or academic, institutional, and innovation-related businesses within the University Innovation District is a potential solution. The construction of such spaces would provide a catalyst for development that could generate high-quality jobs in locations currently suitable for construction.</p> <p>The CBA also anticipated the conversion of the Planning Area 23 site to residential. The Fiscal Impact Analysis prepared by the project demonstrates that the project produces net positive revenue to the City of Chula Vista</p>

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		<p>over the 20-year timeframe. Revenues range from an annual fiscal surplus in Years 1 - 20 (\$46,461 - \$270,928) and a cumulative fiscal surplus over the first 20 years of approximately \$3,218,323, which supports stable economic base.</p> <p>Also see Response to LUT 1.1 above</p>
ED 1.3	Encourage the preservation and expansion of existing industrial uses in areas designated as industrial.	See Responses to LUT 1.1 and ED 1.2 above.
ED 1.4	Increase the supply of land for non-retail employment through the designation of land to accommodate a regional technology park; a future business park; industrial or business park space; and development of a university campus.	See Response to LUT 1.1 and ED 1.2 above.
ED 1.5	Consider fiscal impact implications of General Plan amendments that propose changes to industrial and commercial lands.	A fiscal impact analysis prepared for the project demonstrates that the project results in net positive revenue to the City's General Fund. See Responses to LUT 1.1 and ED 1.2 above.
Objective ED 2: Maintain a variety of job and housing opportunities to improve Chula Vista's jobs/housing balance.		
ED 2.2	Facilitate increased employment densities near transit stations and routes.	<p>The Project is not located near a transit station or route and does not include any employment generating land uses. However, the Applicant entered into a CBA with the City of Chula Vista which includes the payment of \$8M in Job Enhancement Funds. These funds will facilitate increase employment densities in either the Eastern Urban Center or University Innovation District, both served by transit stations and routes.</p> <p>Also see Response to LUT 1.1 above.</p>
ED 2.3	Pursue a diverse supply of housing types and costs, as well as a diverse supply of jobs with varying income potential, to balance local job and housing opportunities.	The project provides for-sale multi-family housing in a range of bedroom typologies for singles, couples and families and will comply with the City's Balanced Housing Policy by preserving off-site affordable housing units within the Sunbow Planned Community. The Project does not include low-income affordable housing. However, the Applicant must comply with the City's Balanced Community Affordable Housing Policy. The Applicant will enter into a Balanced Community Affordable Housing Agreement and City which will address how the Project meets its affordable housing obligation.
Objective ED 4: Become a center for applied technology innovation		
ED 4.1	Publicize the economic and social benefits of industry, emphasizing the health of the Chula Vista economy, the "high-tech" dimensions of industry, and the community value of well-paying, high-benefit industrial employment.	The responsibility to meet the intent of ED 4.1 lies with the City of Chula Vista. However, the Applicant entered into a CBA with the City of Chula Vista which includes the payment of \$8M in Job Enhancement Funds. The Job Enhancement Funds may be utilized by the City of Chula

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		Vista to meet the intent of ED 4.1. Also, see Responses to LUT 1.1 and ED 2.1 above.
ED 4.2	Maintain land sufficient for the long-term location of an approximately 85-acre Regional Technology Park in eastern Chula Vista.	The project does not impact the City's ability to maintain the land designated in the University Innovation District/Regional Technology Park (UID/RTP) SPA Plan. Through implementation of the CBA, the Applicant enhances the feasibility of constructing office uses within the UID/RTP. Also see Response to LUT 1.1 above.
ED 4.4	Continue to recruit and promote the establishment of a university campus, as well as research and development facilities that promote technology.	As the owner of the site identified for a future University, the City may continue to recruit and promote the establishment of a university campus and regional technology park. The payment of \$8M for the Job Enhancement Fund enhances the City's efforts. See response to ED 2.1 above.
Objective ED 7: Develop a strong land use and transportation link between the downtown urban core, bayfront, southwestern, and eastern areas of the City to support economic development throughout.		
ED 7.4	Develop activities in eastern Chula Vista that will attract residents citywide.	The Applicant entered into a CBA which provides for the payment of a Park Benefit Fee, equal to the PAD fees that would have otherwise been due pursuant to Chula Vista Municipal Code (CVMC) Chapter 17.10, of approximately \$11.03 million based on 2019 PAD fees (the final amount will be determined based on the number of residential units built and the PAD fee rates in effect as of the effective date of the Development Agreement). <u>The Park Benefit Fee will satisfy the Owner's park obligations for the project and may be utilized by the City to acquire or develop parkland, as the City determines appropriate and in the best interest of the overall City [emphasis added].</u> The City may utilize these fees to enhance public parks in eastern Chula Vista and attract park-users city-wide. The City has the opportunity to develop activities in eastern Chula Vista that will attract residents citywide through the Applicant's payment of the Park Benefit Fee.
ENVIRONMENTAL		
Objective E 1: Conserve Chula Vista's sensitive biological resources.		
E 1.1	Implement the Chula Vista MSCP Subarea Plan.	The project designates 63.6 acres of Preserve open space within the project site to be conveyed to the City for permanent preservation and maintenance, consistent with the City of Chula Vista MSCP Subarea Plan.
Objective E2: Protect and improve water quality within surface water bodies and groundwater resources within and downstream of Chula Vista.		
E 2.4	Ensure compliance with current federal and state water quality regulations, including the implementation of applicable NPDES requirements and the City's Pollution Prevention Policy.	The water quality studies prepared for the project comply with the respective City, federal and state regulations.

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E 2.5	Encourage and facilitate construction and land development techniques that minimize water quality impacts from urban development.	The project is designed with water quality/hydro-modification basins that mitigation impacts to water quality to be less than significant.
Objective E 3: Minimize the impacts of growth and development on water supply resources through the efficient use and conservation of water by residents, businesses, and City government.		
E 3.2	Promote the use of low water demand landscaping and drought tolerant plant materials in both existing and new development.	The project utilizes water conserving fixtures and low water/drought tolerant landscaping.
E 3.3;	Where safe and feasible, promote and facilitate the continued use of recycled water in new developments, and explore opportunities for the use of recycled water in redevelopment projects.	The Overview of Water Service for Sunbow II, Phase 2 analyzed the facilities required and the demand for recycled water needed to serve the Project. The report estimated that the Project would utilize approximately 24,510 gallon of recycled water per day to irrigate open space slope and recreation areas. The Project design incorporates the infrastructure to serve the Project with recycled water
Objective – E 6: Improve local air quality by minimizing the production and emission of air pollutants and toxic air contaminants and limit the exposure of people to such pollutants.		
E 6.1	Encourage compact development featuring a mix of uses that locate residential areas within reasonable walking distance to jobs, services, and transit.	The Project is designed to cluster residential land uses within the development area identified in the adopted Sunbow II SPA Plan and Sunbow GDP, meeting the intent of implementing compact development. Sunbow II, Phase 3 was not identified in the General Plan as a suitable location for mixed use development. The Project is located approximately ½ mile from an existing MTS local bus stop, approximately 1 mile from shopping and a public park and several miles from the closet employment center. See Figure 1, Aerial Context.
E 6.2	Promote and facilitate transit system improvements in order to increase transit use and reduce dependency on the automobile.	The Project does not include a transit stop or station. The Project includes the TDM measures described in the response to LUT 17.1 above. These TDM measures are designed to increase transit use and reduce dependency on the automobile
E 6.10	The siting of new sensitive receptors within 500 feet of highways resulting from development or redevelopment projects shall require the preparation of a health risk assessment as part of the CEQA review of the project. Attendant health risks identified in the Health Risk Assessment (HRA) shall be feasibly mitigated to the maximum extent practicable, in accordance with CEQA, in order to help ensure that applicable federal and state standards are not exceeded.	The Project is not within 500 feet of a highway; therefore, a health risk assessment is not needed to assess impacts associated with a highway. However, A Health Risk Assessment was prepared for the project based on proximity to the Otay Landfill. See response to LUT 79.5 above.
Objective E 7: Promote energy conservation through the efficient use of energy and through the development of local, non-fossil fuel-based renewable sources of energy.		
E 7.1	Promote development of regulations and building design standards that maximize energy efficiency through appropriate site and	The project will comply with the latest Title 24 Energy requirements.

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
	building design and through the use of energy-efficient materials, equipment, and appliances.	
Objective E 8: Minimize the amount of solid waste generated within the General Plan area that requires landfill disposal.		
E 8.1	Promote efforts to reduce waste, minimize the need for additional landfills, and provide economically and environmentally sound resource recovery, management, and disposal facilities.	The project will comply with all City of Chula Recycling requirements and recycling will be incorporated into all components of the project. As discussed in the Air Quality/Green House Gas Emission Analysis and associated HRA prepared for the Project, the Otay Landfill is anticipated to close in 2030. Beyond providing for the recycling of waste to reduce waste and minimize the need for additional landfills, the Applicant is not responsible for development of economically, environmental sound resource recovery, management, and disposal facilities. This is a regional issue to be addressed by multi jurisdictions and is beyond the Applicant's control
E 8.3	Implement source reduction strategies, including curbside recycling, use of small collection facilities for recycling, and composting	Recycling will be incorporated into all components of the project.
Objective E 10: Protect important paleontological resources and support and encourage public education and awareness of such resources.		
E 10.1	Continue to assess and mitigate the potential impacts of private development and public facilities and infrastructure to paleontological resources in accordance with the CEQA.	A Cultural/Paleontological Report was prepared for the project Environmental Impact Report which includes mitigation measures related to paleontological resources in accordance with the CEQA.
Objective E 14: Minimize the risk of injury, loss of life, and property damage associated with geologic hazards.		
E 14.1	To the maximum extent practicable, protect against injury, loss of life, and major property damage through engineering analyses of potential seismic hazards, appropriate engineering design, and the stringent enforcement of all applicable regulations and standards.	A Geotechnical Investigation Report was prepared for the project EIR. The project will be designed in compliance with the latest subdivision and building codes.
E 14.2	Prohibit the subdivision, grading, or development of lands subject to potential geologic hazards in the absence of adequate evidence demonstrating that such development would not be adversely affected by such hazards and would not adversely affect surrounding properties.	The Geotechnical Investigation for Sunbow II, Phase 3 was prepared by GEOCON, Inc. and determined that the Project is not located in an area of geological hazards and is suitable for development. See response to LUT 79.5 regarding the Soil Vapor Investigation prepared for the Project.
E 14.3	Require site-specific geotechnical investigations for proposals within areas subject to potential geologic hazards; and ensure implementation of all measures deemed necessary by the City Engineer and/or Building Official to avoid or adequately mitigate such hazards.	The Geotechnical Investigation for Sunbow II, Phase 3 was prepared by GEOCON, Inc. and determined that the Project is not located in an area of geological hazards and is suitable for development. See response to LUT 79.5 regarding the Soil Vapor Investigation prepared for the Project.
Objective E 15 - Minimize the risk of injury and property damage associated with flood hazards.		

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
E 15.1	Prohibit proposals to subdivide, grade, or develop lands that are subject to potential flood hazards, unless adequate evidence is provided that demonstrates that such proposals would not be adversely affected by potential flood hazards and that such proposals would not adversely affect surrounding properties. Require site-specific hydrological investigations for proposals within areas subject to potential flood hazards; and implement all measures deemed necessary by the City Engineer to avoid or adequately mitigate potential flood hazards.	The Drainage Study for Sunbow II, Phase 3 TM was prepared by Hunsaker & Associates. The study analyzed the pre- and post- development flows and demonstrates that runoff generated by the Project will not exceed pre-project peak flow rates, and runoff velocities will be dissipated by rock rip rap at storm drain outfalls. The Project has been designed to honor pre-project watershed basins and outfall locations. Considering the limitations which result from Subdivision layout and design, minor exchanges in watershed areas occur but are minimized to the maximum extent practicable. Since the project site is located outside any FEMA floodplain zones, there is no requirement for a Letter of Map Revision. The Study shows there is no adverse impact from the proposed development after the attenuation because there is reduction in flows.
Objective E19: Maintain the ability to establish hazardous waste storage, collection, treatment, disposal, and transfer facilities to serve the needs of Chula Vista industry and businesses within appropriate locations of the City, while ensuring adequate protection of the community.		
E19.1	<ul style="list-style-type: none"> • A Health Risk Assessment as described in the Chula Vista Zoning Code • All facilities shall be a minimum 1,000 feet from any residential zone; residence; school; hospital; hotel; motel; or other similar land use. 	See response to LUT 79.5 above.
Objective E 21: Protect people from excessive noise through careful land use planning and the incorporation of appropriate mitigation techniques.		
E 21.1	Apply the exterior land use-noise compatibility guidelines listed in Table 9-2 of this Environmental Element to new development, where applicable, and in light of project-specific considerations.	The Noise Technical Report for Sunbow II, Phase 3 was prepared as part of the EIR and the Project will implement the associated recommendations to ensure compliance with E 21.1.
E 21.2	Where applicable, the assessment and mitigation of interior noise levels shall adhere to the applicable requirements of the California Building Code with local amendments and other applicable established City standards.	The Project will comply with the requirements of the building code to reduce interior noise levels to 45db or lower.
E 21.3	Promote the use of available technologies in building construction to improve noise attenuation capacities.	The Project will comply with the requirements of the building code to reduce interior noise levels to 45db or lower.
Objective E 22: Protect the community from the effects of transportation noise.		
E 22.3	Employ traffic calming measures, where appropriate, such as narrow roadways and on-street parking, in commercial and mixed use districts.	Access to the project is provided at two fully signalized intersections with Olympic Parkway. two Modified Class III collectors provide internal access and intersect at a planned roundabout to slow traffic. On-street parking and parkway landscaping are planned to function as additional traffic calming measures.
E 22.4	Encourage walking; biking; carpooling; use of public transit; and other alternative modes of	The Project includes a TDM which includes ridesharing, carpooling and school carpooling strategies. In addition,

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
	transportation to minimize vehicular use and associated traffic noise.	the project includes two fully signalized intersections that connect to the existing bike lanes and Chula Vista Regional Trail along Olympic parkway. See responses to LUT 17.1 and 18.3 above.
E 22.5	Require projects to construct appropriate mitigation measures in order to attenuate existing and projected traffic noise levels, in accordance with applicable standards, including the exterior land use/noise compatibility guidelines listed in Table 9-2 of this Environmental Element.	The Noise Technical Report for Sunbow II, Phase 3 was prepared as part of the EIR and the Project will implement the associated recommendations to ensure compliance with E 22.5.
Objective E 23: Provide fair treatment for people of all races, cultures, and income levels with respect to development, adoption, implementation, and enforcement of environmental laws, regulations, and policies.		
E23.3	Do not site industrial facilities/uses that pose a significant hazard to human health & safety in proximity to schools or residential dwellings	The Project does not propose to site industrial facilities as part of the Project. However, due to the proximity to the Otay Landfill, the Project prepared an HRA and Nuisance Study. See response to LUT 79.5
E23.4	Build new schools and residential dwellings with sufficient separation and buffering from industrial facilities and uses that pose a significant hazard to human health and safety.	The Project is designed to provide sufficient separation between the Otay Landfill and future industrial land uses within Village 2 West through the use of manufactured slopes, perimeter walls, etc. See response to LUT 79.5 for additional information regarding the Health Risk Assessment and Nuisance Analysis prepared for the Project.
GROWTH MANAGEMENT		
Objective GM 1: Concurrent public facilities and services.		
GM 1.9	Require that all major development projects prepare a PFFP that articulates infrastructure and public facilities requirements and costs and funding mechanisms.	An addendum to the Sunbow PFFP has been prepared for the project.
Objective GM 2: Provide adequate and sustainable fiscal base.		
GM 2.1	Achieve and maintain a balance of land uses within the City that assures residential development is complemented by expanded local employment opportunities, retail and commercial services, and recreation and entertainment venues; and that the City-wide mix of land uses provides fiscal balance between those that produce revenues and those that require public expenditures.	A Fiscal Impact Analysis has been prepared which demonstrates a net positive benefit to the City's General Fund. See response to ED 1.2 that demonstrates compliance with GM 2.1.
GM 2.2	Require a fiscal impact analysis to be conducted for major development projects that documents the project's effects upon the City operating budget over time.	A Fiscal Impact Analysis has been prepared which demonstrates a net positive benefit to the City's General Fund. See response to ED 1.2 that demonstrates compliance with GM 2.2.
Objective GM 3: Create and preserve vital neighborhoods.		
GM 3.3	Assure that all new and infill development within existing urban areas pays its proportional share of the cost for urban	The project is subject to the City's Development Impact Fee Program and State requirements to fund educational facilities.

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
	infrastructure and public facilities required to maintain the Threshold Standards, as adopted for its area of impact.	
GM 3.8	Encourage the creation of vibrant and varied neighborhoods and a diversity of housing types, including, housing affordable to a range of income groups, consistent with housing element objectives.	The project provides for-sale housing in a range of bedroom typologies for singles, couples, and families. The Project does not include low-income affordable housing. However, the Applicant must comply with the City's Balanced Community Affordable Housing Policy. The Applicant will enter into a Balanced Community Affordable Housing Agreement with the City which will address how the Project meets its affordable housing obligation.
HOUSING ELEMENT		
Objective H 2: Promote efficient use of water and energy through adopted standards and incentive-based policies to conserve limited resources and reduce long-term operational costs of housing.		
H 2.1	Encourage the efficient use and conservation of water by residents.	The Project will be subject to the water conservation requirements of the California Building Code and City of Chula Vista ordinances.
H 2.2	Promote the efficient use of energy.	The Project will be subject to the energy conservation requirements of the California Building Code and City of Chula Vista ordinances.
Objective H 4: Minimize impacts on housing choice within each of the four geographic planning areas, especially to very low-and low-income residents, that result from conversion or demolition of rental housing units.		
H 4.1	Promote an equitable distribution of housing types (e.g., multi-family rental and owner occupied housing) based upon identified needs within the Northwest, Southwest, and East Planning Areas to provide a range of housing opportunities for all income levels.	The larger Sunbow Planned Community provides a wide range of housing types, including single family, multi-family and affordable housing. The project provides higher density for-sale housing in a range of bedroom typologies for singles, couples and families and will comply with the City's Balanced Communities Affordable Housing Policy. The Applicant will enter into a Balanced Community Affordable Housing Agreement with the City which will address how the Project meets its affordable housing obligation.
Objective H 5: Encourage the provision of a wide range of housing choices by location, type of unit, and price level, in particular the establishment of permanent affordable housing for low-and moderate-income households.		
H 5.1	Balanced Communities-Affordable Housing: Require newly constructed residential developments to provide a portion of their development affordable to low-and moderate-income households.	The project will comply with the City's Balanced Communities Affordable Housing Policy. The Applicant will enter into a Balanced Community Affordable Housing Agreement with the City which will address how the Project meets its affordable housing obligation.
H 5.2	Encourage the development of sufficient and suitable new rental housing opportunities within each of the City's four geographic Planning Areas, particularly for very low-and low-income households.	The project will comply with the City's Balanced Communities Affordable Housing Policy. The Applicant will enter into a Balanced Community Affordable Housing Agreement with the City which will address how the Project meets its affordable housing obligation.
Objective H 7: Facilitate the creation, maintenance, preservation and conservation of affordable housing for lower and moderate-income households through comprehensive planning documents and processes, and the provision of financial assistance and other incentives.		

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
H 7.1	Ensure Chula Vista's plans and policies addressing housing, such as the Zoning Ordinance, Sectional Planning Area Plans, and Specific Plans, encourage a variety of housing product that responds to variations in income level, the changing live/work patterns of residents and the needs of the City's diverse population.	The Project provides higher density for-sale housing in a range of bedroom typologies for singles, couples and families and will comply with the City's Balanced Communities Affordable Housing Policy. The Applicant will enter into a Balanced Community Affordable Housing Agreement with the City which will address how the Project meets its affordable housing obligation.
Objective H 8: Ensure the availability of housing opportunities to persons regardless of race, color, ancestry, national origin, religion, sex, disability, marital status, and familial status, source of income or sexual orientation.		
H 8.1	Ensure equal housing opportunities to prevent housing discrimination in the local housing market.	The Project is committed to equal opportunity in housing.
PUBLIC FACILITIES AND SERVICES		
Objective – PFS 1: Ensure adequate and reliable water, sewer, and drainage service and facilities.		
PFS 1.4	For new development, require on-site detention of storm water flows such that, where practical, existing downstream structures will not be overloaded. Slow runoff and maximize on-site infiltration of runoff.	The Project has prepared hydrology studies and will implement the recommendations of the analysis to protect downstream structures and properties.
Objective PFS 2: Increase efficiencies in water use, wastewater generation and its re-use, and handling of storm water runoff throughout the City through use of alternative technologies.		
PFS 2.2	As part of project construction and design, assure that drainage facilities in new development incorporate storm water runoff and sediment control, including state-of-the-art technologies, where appropriate.	The Project has prepared hydrology studies and will implement the recommendations of the analysis to control sediment and runoff.
PFS 2.3	In designing water, wastewater, and drainage facilities, limit the disruption of natural landforms and water bodies. Encourage the use of natural channels that simulate natural drainage ways while protecting property.	The Project has prepared hydrology studies and will implement the recommendations of the analysis to control sediment and runoff and has been designed to incorporate the existing Poggi Creek drainage channel.
Objective PFS 5: Maintain sufficient levels of fire protection, emergency medical service and police services to protect public safety and property.		
PFS 5.1	Continue to adequately equip and staff the Fire Department to ensure that established service standards for emergency calls are met.	The Project will contribute its fair share to the City Development Impact Fee Program.
PFS 5.6	Encourage crime watch programs in all neighborhoods.	The Project will coordinate with the Chula Vista Police Department to implement a crime watch program.
PFS 5.7	Prior to approval of any discretionary projects, ensure that construction is phased with provision of police and fire protection services such that services are provided prior to or concurrent with need.	The Project is subject to the City's Growth Management Ordinance to ensure adequate City services are available to serve the development. The Applicant prepared a Fire Protection Plan to evaluate fire protection services needed to serve the Project.
Objective PFS 6: Provide adequate fire and police protection services to newly developing and redeveloping areas of the City.		

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
PFS 6.1	Continue to require new development and redevelopment projects to demonstrate adequate access for fire and police vehicles.	The Project has been reviewed and complies with the access requirements for police and fire services.
PFS 6.2	Require new development and redevelopment projects to demonstrate adequate water pressure to new buildings.	A water supply study has been reviewed and approved by the Otay Water District demonstrating adequate supply and pressure for the proposed uses.
PFS 6.3	Encourage CPTED techniques in new development and redevelopment projects.	The Project includes physical design to for adequate lighting, signage, and defensible space.
Objective PFS 15: Provide new park and recreation facilities for residents of new development, City-wide.		
PFS 15.1	Continue to pursue a City-wide standard for the provision of developed parkland for new development projects of three acres per estimated one thousand new residents.	The Applicant entered into a CBA which provides for the payment of a Park Benefit Fee, equal to the PAD fees that would have otherwise been due pursuant to Chula Vista Municipal Code (CVMC) Chapter 17.10, of approximately \$11.03 million based on the 2019 PAD fees (the final amount will be determined based on the number of residential units built and the PAD fee rates in effect as of the effective date of the Development Agreement). The Park Benefit Fee will satisfy the Owner's park obligations for the Project and may be utilized by the City to acquire or develop parkland, as the City determines appropriate and in the best interest of the overall City.
Objective PFS 19: Provide art and culture programs, childcare facilities and health and human services that enhance the quality of life in Chula Vista.		
PFS 19.10	Continue to require community purpose facility acreage, in accordance with the Municipal Code, for the provision of childcare and other social service facilities.	<p>The SPA Plan includes an approximate 0.9-acre site designated CPF, planned as a private recreation facilities to be owned and managed by the Master Homeowners Association. Consistent with CVMC Section 19.48.040(B)(6), the site meets the minimum size and slope requirements, is compatible with the surrounding residential land uses and includes the following required amenities:</p> <ul style="list-style-type: none"> • Swimming Pool • Club House • Pool House • One multi-purpose hard court • Children play area • Community gathering place • An outdoor cooking facility • Level Lawn area <p>The proposed 0.9-acre CPF site is consistent with CVMC Section 19.48.404(b)(6), in that it does not comprise more than 35 percent of the overall CPF acreage required for the Project Area (3.2 acres x 35% = 1.1 acres), the CPF site meets the minimum one-half acre size requirement and satisfies the minimum development criteria outlined in CVMC 19.48.025(H).</p>

OBJECTIVE/ POLICY	OBJECTIVE/POLICY TEXT	CONSISTENCY ANALYSIS
		The Applicant has entered into a Development Agreement with the City, which addresses how the remaining 2.3 acre CPF obligation is satisfied.
Objective PFS 20: Develop a cultural arts center in Chula Vista.		
PFS 20.3	Encourage the installation of art pieces in publicly owned spaces and require developers to pay fees or provide art pieces that serve to enhance an individual project and contribute to the appearance and vitality of the development.	The Project does not include any publicly owned spaces. The City does not have a current fee to support the installation of public art. However, the intent of PFS-20.3 may be met by the City as they exercise their discretion to utilize the Park Benefit Fee, of approximately \$11.03 million based on 2019 PAD fees (the final amount will be determined based on the number of residential units built and the PAD fee rates in effect as of the effective date of the Development Agreement). The Park Benefit Fee will satisfy the Owner's park obligations for the project and may be utilized by the City to acquire and/or develop parkland, as the City determines appropriate and in the best interest of the overall City. The City may utilize these funds to provide opportunities for public art within public parks.

ATTACHMENT B

SUNBOW II, PHASE 3 SPA PLAN MARKET AND FINANCIAL
ANALYSIS OF INDUSTRIAL USE

(HR&A 2021)

Sunbow II Phase 3

Market and Financial Analysis of Industrial Use

PREPARED FOR:

**City of Chula Vista
Chula Vista, California**

SUBMITTED BY:

**HR&A Advisors, Inc.
March 26, 2021**



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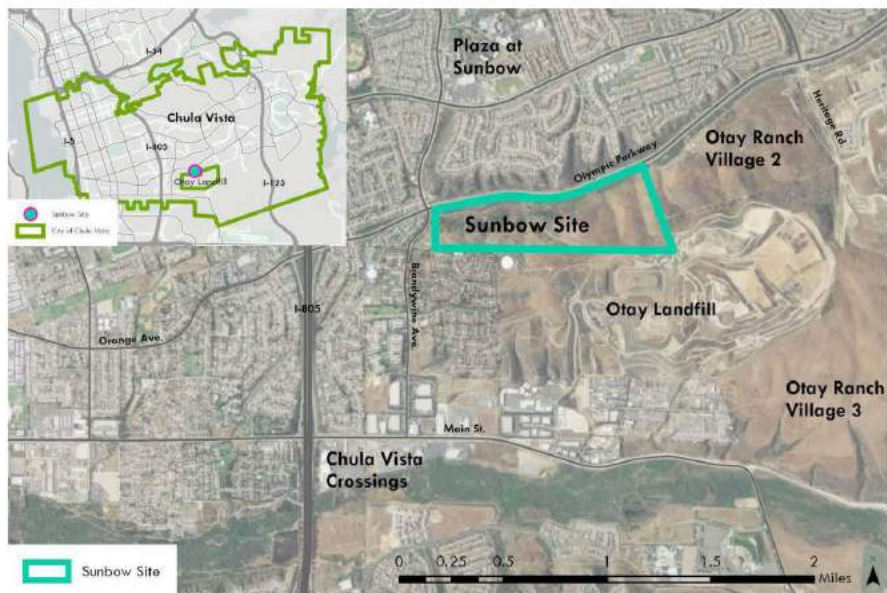
EXECUTIVE SUMMARY AND INTRODUCTION

Purpose

The City of Chula Vista (the "City") contracted with HR&A Advisors, Inc. to assist the Chula Vista Development Services Department in understanding the potential economic implications of the requested General Plan Amendment ("GPA") for the 137.5-acre Sunbow II, Phase 3 Site (the "Site"). This industrially-zoned site is located in the City of Chula Vista, north of the Otay Landfill, south of Olympic Parkway (see Figure 1). It is part of the Sunbow Sectional Planning Area, originally described in the 1989 Sunbow General Development Plan as a community of commercial, office, industrial, and residential uses, though mostly developed as single family homes and retail uses. Portions of the Site are topographically challenging, or designated as preserved open space, leaving approximately 42.5 acres of developable space¹ (see the Site Entitlements and Ownership subsection below). The owner, Ayres Land Company, has filed an application for a GPA to change the land use designation to allow for residential use, with plans to construct approximately 700 homes.

Before granting a GPA, the City would like to conduct due diligence to understand: 1) the impact of rezoning on the City's ability to meet its long-term employment goals; and 2) the suitability of the Site for industrial uses. This report will provide an economic evaluation of the Site and its surrounding market context to assess whether the Site is suitable and necessary for industrial use.

Figure 1: Sunbow II Phase 3 Local Context



Source: City of Chula Vista, HR&A

¹ Hunsaker & Associates, Inc.

Methodology

To support the City of Chula Vista's review of the proposed change in the Site's zoning from industrial to residential, HR&A pursued a two-part analysis: (1) an evaluation of the City's ability to meet its full potential for industrial employment if the Site is removed from the City's inventory of entitled industrial land; and (2) an analysis considering whether it is reasonable to expect that the Site would develop as an industrial property rather than remain vacant, if it were to retain its industrial zoning. HR&A considered the City's policies, City land use data, the Site's characteristics and context, and the dynamics of the local and regional market for industrial real estate.

There were four components to HR&A's economic analysis:

- **Industrial Land Policy Analysis:** HR&A reviewed existing reports, strategic plans, and policy documents pertaining to industrial land to determine whether the proposed redevelopment of the Site aligns with the City's long-term land use and economic development goals.
- **Site Analysis:** HR&A reviewed aspects of the Site conditions and location relevant to its potential use for industrial development, considering physical characteristics, infrastructure needs, access options, and surrounding land uses.
- **Market Analysis:** HR&A evaluated the Site in the context of its competitive position in the local and regional real estate markets by considering the composition of current industrial inventory as well as rent, vacancy, and absorption trends. An abbreviated analysis is presented in the main report with more detailed findings available in Appendix 2.
- **Residual Land Value Analysis:** HR&A developed a pro forma cash flow model to estimate residual land value of the Site under an industrial development scenario in accordance with its current entitlements. The focus of this analysis was to calculate a breakeven land sale price above which it may be economically viable for the owner to sell, compared with actual, recent, land sale transactions for industrial use.

Findings

HR&A's analyses resulted in the following conclusions that can inform the City's evaluation of the proposed General Plan Amendment:

- Regional job projections indicate demand for 1.9 million to 3.8 million square feet of new industrial space in Chula Vista by 2050, requiring approximately 118 to 239 acres of land.
- Chula Vista currently has enough developable land to accommodate the projected industrial demand with a surplus of 190 to 311 acres of vacant developable industrial land remaining after 2050.
- The Site represents approximately 10% of Chula Vista's remaining developable industrial land.
- The Site's freeway access would be attractive to potential industrial developers or users and market data suggest Chula Vista is more desirable for flex industrial properties relative to the South Bay submarket overall, but the Site is relatively distant, approximately 1 mile to 3 miles away, from the most immediate existing industrial clusters. It is worth noting that in cases where industrial is isolated from existing clusters industrial entitlement does not always guarantee industrial or job-intensive uses.
- Significant topographical variation on the site is a barrier to industrial development due to the expense and time associated with grading and site development preparation.
- Based on an analysis of recent land sales and the lack of developer or end-user interest over the past 20 years, industrial development on the Site is unlikely to be financially feasible.

INDUSTRIAL LAND POLICY

Chula Vista's General Plan, which was adopted in 2005, embraces the City's growing importance as an employment center in the region. In an effort to be more than a bedroom community, the General Plan calls for an increase in the jobs to housing ratio and attraction of revenue generating land uses (i.e., uses other than residential), which can diversify its economy and support fiscal sustainability.

Industrial land is central to Chula Vista's employment vision. As reported in a review of the Land Use and Economic Development elements of the General Plan, an Economic Research Associates study (2008) found several goals related to industrial employment. Key themes included:

- Preservation and expansion of industrial development capacity
- Diversification of employment and economic base
- Increasing jobs to housing ratios
- Expansion of the applied technology and high technology industry cluster
- Foster industries associated with cross-border trade
- Encourage fiscally sustainable growth

At the time of the General Plan's adoption, nearly 90 percent of industrial land was designated for limited industrial. This designation allows "light manufacturing; warehousing; certain public utilities; auto repair; auto salvage yards; and flexible-use" (i.e. "flex") projects.² The Economic Development Element of the General Plan specifically mentions increasing "light industrial intensity in appropriate areas to generate higher assessed value and property tax"³ and facilitating development "to accommodate research and production for the emerging high-technology and biotechnology sectors."⁴ Capturing these emerging industrial uses is seen as a means to attract high-paying jobs and increase household incomes.

To achieve its General Plan goals, the City requires sufficient land to accommodate future industrial development. To this end, Chula Vista prepared an inventory of industrially zoned land within the City as of 2020. As shown in Figure 2, there are 3,014 acres land in the City with at least some portion of industrial zoning, 46 percent (1,392 acres) of which remains undeveloped.⁵

This total, however, does not represent the remaining developable acres. City staff determined the net acres of industrial land in the City, discounting total industrial acreage to account for split-zoned parcels, physical development challenges, such as steep slopes and problematic site configurations, as well as open space requirements/set-asides. With this lens, total industrial acres decrease to 1,926 net acres. Significantly, vacant net acres decrease to 428 acres across 106 parcels, or 22 percent of the net industrial acres in the City. This difference suggests a majority of vacant industrial land in the City is not developable.

Figure 2: Chula Vista Industrial Land Inventory

Land Category	Total Acres	Share	Net Developable Acres	Share
Developed	1,622	54%	1,497	78%
Vacant	1,392	46%	428	22%
Total	3,014	100%	1,926	100%

Source: City of Chula Vista, HR&A

Prior to the City's 2019 industrial inventory, AECOM completed a similar study of industrial lands in 2013. Their study found that as of 2010 there were 664 net acres available for industrial development until buildout. This differential between the 428 net acres is likely due to a difference in methodology and

² Planning and Building Department, "Chapter 5: Land Use and Transportation Element" (City of Chula Vista, 2005).

³ Planning and Building Department, "Chapter 6: Economic Development Element" (City of Chula Vista, 2005), EDE-16.

⁴ Planning and Building Department, "Chapter 6: Economic Development Element" (City of Chula Vista, 2005), EDE-8.

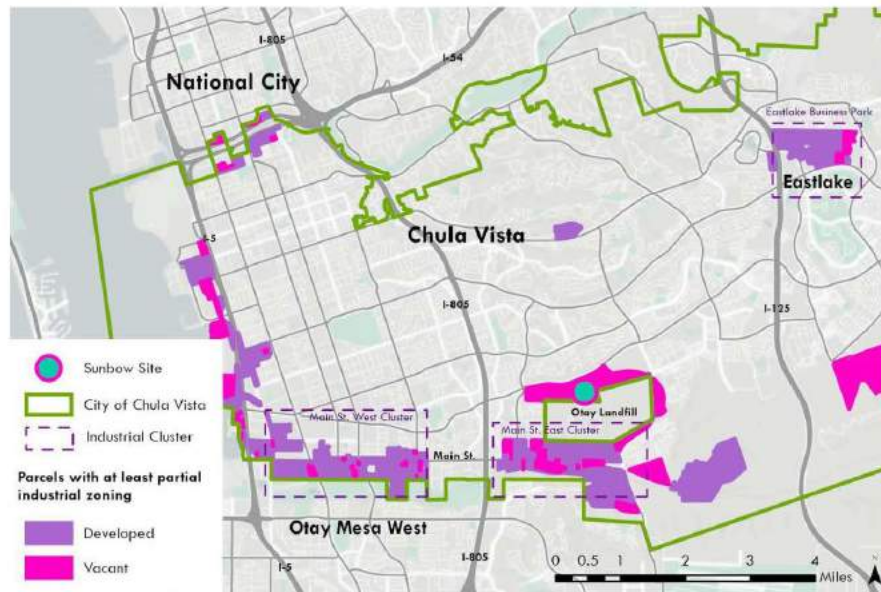
⁵ Information based on the most accurate City industrial lands inventory at the time of this analysis. With City staff consultation, HR&A recategorized two vacant parcels far in the entitlement process as developed. These parcels equal approximately 1.5 acres (total or net). Several parcels were also removed from the industrial inventory entirely due to their lack of suitability for any future development or planning efforts calling for uses other than industrial. These parcels total 105 acres or 22 net acres.

potentially due to the loss of some industrial land. Withstanding the difference, since 2010 only one industrial development has occurred, which is the 33.5 acres Otay River Business Park currently under construction (see the Market Context for more details).

Given the current industrial land inventory, the City can accommodate significant new industrial development. The Chula Vista General Plan cites a range of floor-area ratios (FAR) of 0.25 to 0.50 for industrial development; using an FAR of 0.4, which is the average density of industrial development in the City, Chula Vista could accommodate nearly 7.5 million square feet of new industrial development on the remaining 428 net acres. Although the density of employment in industrial spaces varies based on the type of space and type of business, an assumption of 750 to 1,500 square feet per employee suggests that Chula Vista's undeveloped industrial land could accommodate approximately 5,000 to 10,000 new jobs.

Figure 3 illustrates the location of industrial land in Chula Vista. Most of this land is concentrated in two areas: along Main Street, near the City's southern border with Otay Mesa West; and up the I-5 corridor along San Diego Bay. There is also a cluster in the Eastlake Business Park, which is in the northeast of the City. The 428 net acres of vacant land is scattered throughout these industrial areas with significant concentrations to the east of I-5, along Main Street south of the Otay Landfill, and in the Eastlake Business Park.

Figure 3: Geographic Distribution⁶ of Industrial Land within the City of Chula Vista



Source: City of Chula Vista, HR&A

While smaller parcels may still be suitable for end-users of industrial sites, and therefore should not be excluded from the inventory of industrial land, brokers indicate that 5 acres is the minimum necessary acreage to attract an industrial developer. The scale of development potential on these larger sites helps

⁶ This map displays parcels with at least partial industrial zoning. Some of the parcels contain areas in which industrial development is not permitted. Therefore, this map should be used to understand the relative locations of existing or potential industrial development, but not the amount of developable industrial land. The amount of developable industrial land—taking into account parcels with split zoning as well as other factors—is tabulated in Figure 2: Chula Vista Industrial Land Inventory.

reduce the development cost per square foot. Additionally, a larger variety of building types can be located on larger sites, allowing for more diverse tenants. The parcels that meet this 5-acre threshold total 349 net developable acres out of the 428 net developable acres, meaning that over 80 percent of the vacant industrial land in the City is potentially attractive to both industrial developers and end-users.

SITE LOCATION, CHARACTERISTICS, AND ENTITLEMENTS

Site Location

The 135.7-acre Sunbow II, Phase 3 site is located in the City of Chula Vista, within the South Bay region of San Diego County (see Figure 4). While the western, coastal area of Chula Vista is mostly built-out, the eastern, interior area where the Sunbow Sectional Planning Area is located, adjacent to Otay Ranch, is home to newer master-planned neighborhoods and most of the City's remaining undeveloped land. Most of the Sunbow planning area has been developed into single family homes and retail uses.

Figure 4: Regional Context



Source: San Diego Association of Governments, 2019⁷

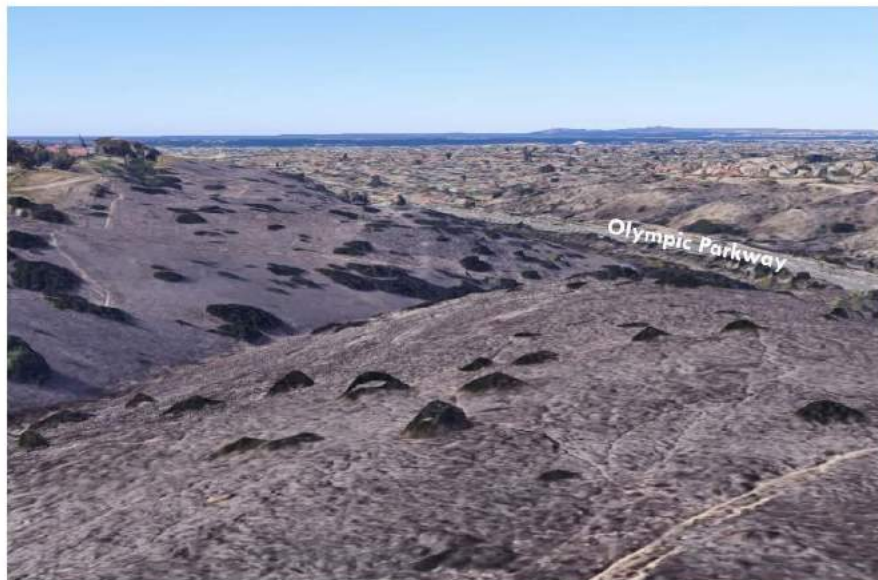
⁷ Heavy Industrial is defined as shipbuilding, airframe, and aircraft manufacturing and usually located close to transportation facilities and commercial areas. Heavy Industrial parcels are typically large: 20-50 acres. Industrial Park is defined as office/industrial uses clustered into a center, with industrial as the primary use. Industrial Park may include high percentages of other uses in service or retail activities. Industrial Under Construction are under-construction properties located near existing industrial or commercial developments. Light Industry – General is defined as all other industrial uses and manufacturing not included in the categories above. Light Industry – General properties are not located inside of parks but are usually along major streets or clustered in certain areas. This land use includes manufacturing uses such as lumber, furniture, paper, rubber, stone, clay, and glass; as well as light industrial uses such as auto repair services and recycling centers. Light Industrial – General also includes mixed commercial and office uses (if not large enough to be identified separately). General industrial areas are comprised of 75 percent or more of industrial uses (manufacturing, warehousing, and wholesale trade).

Site Entitlements, Ownership, and Topography

The Sunbow Sectional Planning Area was originally described in the Sunbow General Development Plan in 1989 as a self-contained community of commercial, office, industrial, and residential uses. The developable portion of the Sunbow Phase III site is currently zoned Limited Industrial (I-L). Despite having listed the site for sale through a CBRE industrial broker for over 20 years, the owner, Ayres Land Company, reports they have not received a sufficiently favorable purchase offer. Ayres now seeks to rezone the industrial park to residential. Current zoning permits limited industrial uses⁹ including light manufacturing, warehousing, flex space, auto repair or salvage yard, and public storage as identified in the 1990 Sunbow II Sectional Planning Area (SPA) Plan and the 2005 Chula Vista General Plan.⁹

Due to conserved open space and topographical challenges, only 31 percent of the Site is suitable for development. Sixty-three acres, or 46 percent of the Sunbow II, Phase 3 Site was designated by the Multiple Species Conservation Program (MSCP) as preserved open space in 2003. The site poses significant topographical challenges including an average gradient of 14 percent (see Figure 5).¹⁰ Accordingly, Ayres proposed 18 acres as manufactured slopes and basins. Four additional acres are proposed for the Poggi Creek Easement. Approximately 42.5 acres of developable space remains on the Site (see Figure 6).

Figure 5: Site Topography



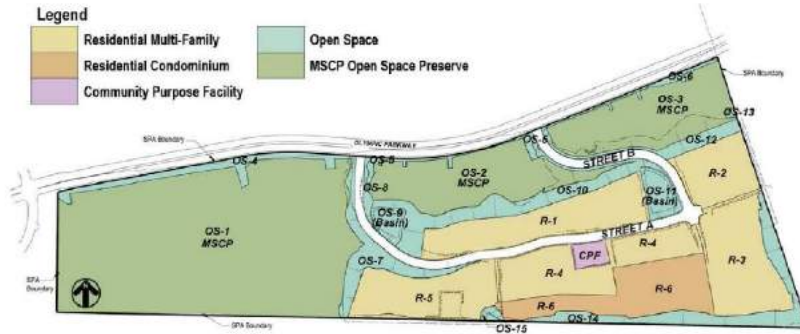
Source: Google 3-D Image from the Site looking West.

⁹ The 2005 Chula Vista General Plan intends Limited Industrial properties for the following uses: light manufacturing; warehousing; certain public utilities; auto repair; auto salvage yards; and flexible-use projects that combine these uses with associated office space. The FAR for this category ranges from 0.25 to 0.5. Permitted uses, according to the 1990 Sunbow II SPA, include: laboratories; manufacturing & assembly of electronic instruments, office computing and accounting, machines; electronic substations & gas regulator stations; light manufacturing, maintenance/storage yards; community facilities and public safety facilities; wholesale businesses, storage and warehousing; automotive repair; sales, rental and storage of all vehicles, trucks, trailers, recreational vehicles, boats and tractors; administrative office uses ancillary to and supportive of permitted principal uses.

⁹ Chula Vista General Plan Vision 2020. (December 2005). Chapter 5: Land Use and Transportation Element.

¹⁰ Economic Research Associates (May 2008). *Viability and Marketability of Potential Light Industrial Uses at the Sunbow Industrial Park Site*.

Figure 6: Proposed Site Land Use Plan



Source: Ayres Land Company Project Description

In 2020, Ayres sought a General Plan Amendment (GPA) for the Sunbow Site, which would change the underlying land use designation from Limited Industrial to Residential Medium High. On January 7, 2020, the Chula Vista City Council approved the Community Benefit Agreement (by Resolution No 2020-003) between the City of Chula Vista and ACI Sunbow, LLC (Ayres), which allows Ayres to process entitlements for converting 42.5 acres of the Site from industrial to residential uses. In exchange, Ayres would be required to provide funding for construction of commercial or academic space in the University Innovation District, in eastern Chula Vista. The City of Chula Vista will use this report to understand the potential implications of this rezoning for Chula Vista's employment goals.

Nearby Uses and Commercial Clusters

Other industrial corridors within a 15-minute drive of the Site include Main Street West between I-5 and I-805, Main Street East directly south of the Otay Landfill, Otay Mesa, National City, and Eastlake Business Park (see Figure 4). The Main Street West industrial corridor totals approximately 2.2 million square feet of industrial space, mostly comprised of light industrial-zoned storage facilities, small-scale manufacturing, and auto shops. The Otay Mesa Industrial cluster is made up of approximately 15.6 million square feet of larger distribution and manufacturing uses, with properties averaging approximately 60,000 square feet. The Eastlake Business Park is a smaller cluster of approximately 2.0 million square feet, of flex¹¹ and logistics uses, five miles northeast of the Site.

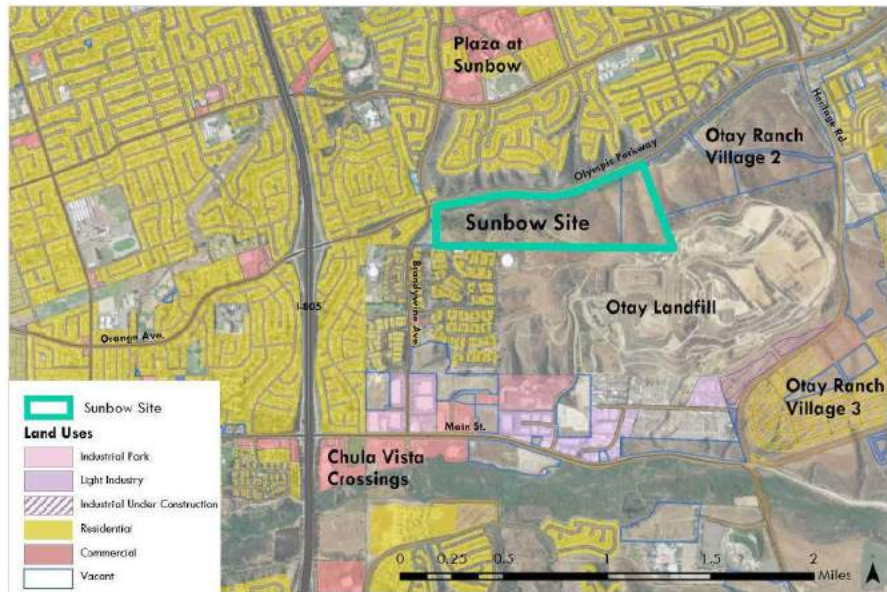
The Site is accessible to residential communities, retail centers, and nearby industrial clusters within a 15-minute drive, though there is no direct access to the site from Main Street. Located less than half a mile east of I-805, the Site is bounded by Olympic Parkway to the north, Brandywine Avenue to the west, the Otay Landfill to the south, and a 75-acre undeveloped light industrial-zoned site, part of Otay Ranch Village 2, to the east (see Figure 7). The Site is adjacent to single family residential neighborhoods to the west and southwest, and accessible to pockets of resident-serving retail centers such as the Plaza at Sunbow and Chula Vista Crossings to the north and southwest of the Site, respectively. The Site's northern edge is buffered by Olympic Parkway, a major six-lane arterial road with 50 mile per hour speed limits. Olympic Parkway continues west, intersecting I-805 where it is renamed Orange Avenue and then terminates at Palomar Street, to 2.2 million square feet cluster of industrial uses. The western edge of the site is only a 12-minute drive from I-5, the major north-south highway extending from the California-Mexico border to the Canadian border.¹² The only current potential entry points to the Site are from Olympic Parkway, meaning that the

¹¹ CoStar defines "Flex" as "buildings designed to be versatile, which may be used in combination with office, research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. At least 50% of the rentable area of the building must be used as office space." Flex floorplates are typically smaller than standard industrial buildings. This industrial category includes light distribution and light manufacturing, which are typically located in smaller facilities with at-grade-loading, and often have more space dedicated to office.

¹² Google Maps

most direct route from the site to other industrial uses along Main Street is via Brandywine Avenue, a mostly residential serving street (see Figure 7: Local Context and Land Use). Olympic Parkway is designated as a Scenic Highway and is currently the most direct route to the I-805 freeway from the site; it primarily serves existing residential communities, rather than logistics or other industrial uses and their associated truck traffic. Eventual development of the 91.4-acre Otay Ranch Village 2 industrial parcel immediately to the east of the Site could bring access to Heritage Road as an alternative entry point to the Site. Portions of the hilly site have views of the Otay Landfill to the south, the residential community to the north, and the ocean to the west. Under the current Site proposal, development pads of future homes would be 50 feet below the current elevation of the Otay Landfill, which slopes to the south, away from the Site.

Figure 7: Local Context and Land Use



Source: San Diego Association of Governments

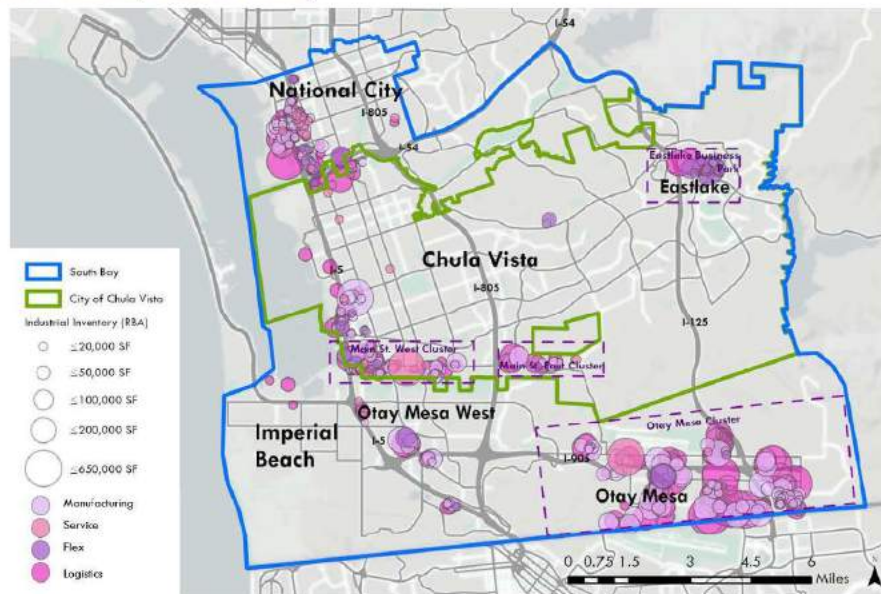
MARKET CONTEXT

Industrial Supply

The Site is situated in the South Bay industrial submarket, which is part of the greater San Diego County industrial market (Figure 8). The South Bay submarket and San Diego County market serve as benchmarks for Chula Vista's past performance and help in understanding potential for future industrial demand.

There are approximately 200 million square feet of industrial space in the County and 32 million square feet in the South Bay. Chula Vista's 10 million square feet of industrial space accounts for 5 and 31 percent of the industrial space in these geographies, respectively.

Figure 8: South Bay Industrial Inventory

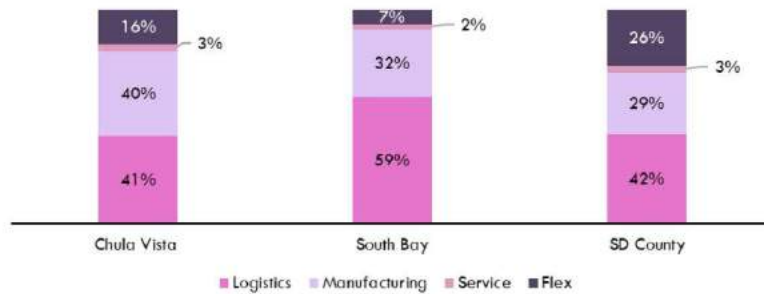


Source: CoStar Industrial Inventory

Chula Vista's industrial space composition differs from that of either San Diego County or the South Bay. Flex space¹³ comprises 26 percent of the County's industrial space and 16 percent of Chula Vista's, owing to the region's strong biotech ecosystem. Meanwhile, logistics space comprises 59 percent of the South Bay's industrial space but just 41 percent of Chula Vista's, with Otay Mesa serving as a major cluster for transnational goods movement between the United States and Mexico. Chula Vista's industrial space is primarily composed of smaller scale distribution and manufacturing needs within the South Bay.

¹³ CoStar defines "Flex" as "buildings designed to be versatile, which may be used in combination with office, research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. At least 50% of the rentable area area of the building must be used as office space." Flex floorplates are typically smaller than standard industrial buildings. This industrial category includes light distribution and light manufacturing, which are typically located in smaller facilities with at-grade-loading, and often have more space dedicated to office.

Figure 9: Industrial Inventory Comparison (2019)

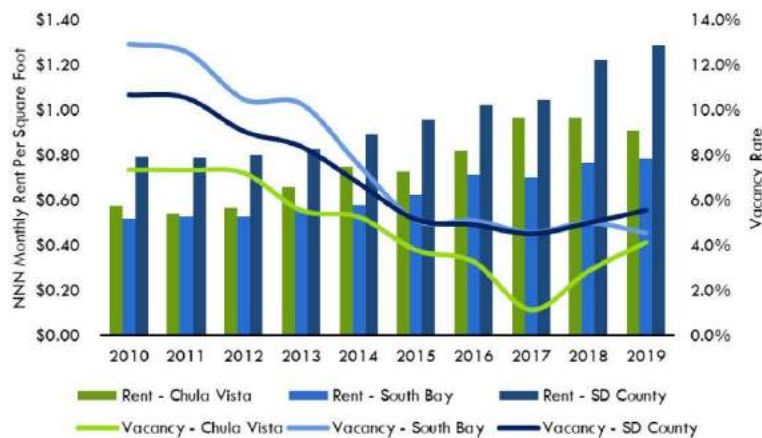


Source: CoStar

The San Diego industrial market has performed well since the end of the 2007-2009 Great Recession. Rents are 61 percent above 2010 levels while vacancy rates dropped from approximately 10 percent in 2010 to 5 percent in 2016 and have remained relatively stable since then.

Chula Vista's industrial inventory has historically had a lower and more stable vacancy rate than the County average. However, rents remain below the County average and similar to the South Bay due to a lower proportion of flex space, which yields more than \$1.00 more per square foot in rent than other industrial uses.

Figure 10: Comparative Rents and Vacancy Rates



Source: CoStar

Despite strong market fundamentals, there have been no major industrial deliveries since 2010 in Chula Vista. This contrasts with San Diego County and the South Bay submarket, which have respectively seen over 9 million and 850,000 square feet of industrial space developed over the same time period. Brokers have stated the lack of development is not due to a lack of demand, but rather that developers often struggle to find suitable land for industrial development.

Local Performance and Site Considerations

While industrial real estate in Chula Vista performs well in aggregate, it is important to understand the localized context around the Site.

To the northeast of the Site (approximately 7 miles by road) lies the Eastlake Business Park, which is home to 2.0 million square feet of primarily larger-format logistics and flex space. Brokers note that Eastlake Business Park consistently underperforms compared to industrial districts in the western half of the City, struggling to attract industrial tenants, in part due to its isolation from other industrial clusters. The Eastlake Business Park currently has a 13 percent vacancy rate, well above the citywide average of 4.2%. Additionally, non-industrial tenants, such as gyms and religious institutions, currently occupy approximately one-third of industrially zoned land in the business park (69 acres out of 217 acres).

Figure 11: Eastlake Business Park Profile

Area	210 acres
Industrial SF	2.0 million
Vacancy	13%
Tenant Profile	Mix of distribution, light manufacturing, flex/R&D, medical office, and other (e.g. gym, religious institution)

Source: CoStar, HR&A

The Site is closer than the Eastlake Business Park is to other industrial clusters in the City, making it less likely that the Site would face equal challenges to Eastlake in attracting industrial tenants.

The largest industrial cluster near the Site is along Main Street East, which lies south and southwest of the Site on the other side of the Otay Landfill. This cluster is approximately three miles driving distance from the Site. The Main Street East cluster is home to 1.1 million square feet of industrial, primarily smaller-scale manufacturing and warehousing uses. The area is performing strongly with only a 2.3 percent vacancy. Based on feedback from a local broker, easy access to the I-805 freeway is beneficial to tenants.

Figure 12: Main Street East Industrial Profile

Area	156 acres
Industrial SF	1.1 million
Vacancy	2.3%
Tenant Profile	Manufacturing and warehousing

Source: CoStar, HR&A

The only industrial project in the pipeline is on the western side of the 805-freeway, at 4th Avenue and Main Street. The Otay River Business Park is currently under construction and consists of 163,000 square feet of new industrial space across three buildings on a 33.5-acre site and will actively seek tenants focused on distribution uses.

From a market perspective, the Site could be attractive to industrial users for its similar accessibility to the 805-freeway and generally low availability of nearby industrial space. AECOM Report (2013) noted that tech firms and headquarters with Mexican operations would find sites near the Otay Landfill and in the Main Street Corridor most attractive while brokers noted that a focus on smaller-scale manufacturing and logistics (grade-level) would be most successful. Furthermore, if both the Sunbow and the adjacent approximately 91-acre Otay Ranch Village 2¹⁴ parcels were to develop as industrial, they would form a new cluster of

¹⁴ It should be noted that the two Village 2 sites east of Heritage Road allow for both industrial and commercial development.

industrial uses; the Village 2 parcel's access to the border via Heritage Road in addition to Olympic Parkway could be attractive to prospective industrial tenants.

An industrial developer is likely needed to catalyze development at the Site. Given the lack of immediately adjacent industrial uses and necessary grading at the Site, it is unlikely that individual plots would be sold to end-users. Brokers mentioned that industrial developers typically require development plots to be a minimum of 5 to 10 acres for an industrial park development, a threshold the Site meets.

Demand

SANDAG's estimate of 1.4 million San Diego County jobs in 2020 served as the foundation for HR&A's estimated demand for industrial square feet through 2050 for both the South Bay and Chula Vista. To present a low and high range for demand, HR&A applied two different annual job growth factors to project 2050 jobs. The low scenario uses SANDAG's projected growth rate between 2008 and 2050 from its 2013 San Diego County regional forecast, while the high scenario uses California Employment Development Department's ("CA EDD") projected growth rate between 2016 and 2026 from its 2019 San Diego County regional forecast.

HR&A then estimated the share of industrial-space-using employment. Since employment characteristics vary widely on the type of industrial user, projected industrial-space-using employment for each industrial sector is broken out into "standard" (non-flex) industrial and flex industrial space. Figure 8 illustrates how industrial employment is attributed to both standard industrial and flex space. Depending on the growth projection, between 6 and 10 percent of job growth through 2050 can be classified as standard industrial or flex using.

Figure 1.3: Industry Employment by Land Use

Industry Category	Share of Industry Employment by Land Use			
	Standard Industrial	Flex Industrial	Office	Other
Agriculture and Mining	-	-	-	100%
Construction	-	-	10%	90%
Manufacturing	80%	15%	5%	-
Wholesale Trade	80%	5%	-	15%
Retail Trade	-	-	10%	90%
Transportation, Warehousing, and Utilities	70%	10%	-	20%
Information Systems	-	-	85%	15%
Finance and Real Estate	-	-	95%	5%
Professional and Business Services	-	5%	65%	30%
Education and Healthcare	-	5%	30%	65%
Leisure and Hospitality	-	0%	5%	95%
Office Services	5%	5%	50%	40%
Government	-	-	10%	90%

Source: HR&A Advisors

HR&A expects the South Bay to capture a slightly larger proportion of new countywide industrial jobs in 2050 than it does today, mostly due to the strong growth in logistics employment. South Bay is projected to increase its share of industrial employment from 10.5 percent to 11.5 percent, representing a 22 percent capture of countywide growth between 2020 and 2050. Accounting for employment densities and structural vacancy for industrial uses, HR&A estimates there is demand for between 6.3 million and 12.4 million additional square feet of industrial space through 2050 in the South Bay. Total demand for industrial space in Chula Vista is estimated between 1.9 million and 3.8 million square feet through 2050.

Figure 14: Industrial Demand (Flex and Standard Industrial Combined)

Category	2020	2050		
		Low ¹	High ²	
Industrial Employment in San Diego County	178,750	195,500	233,000	Jobs
South Bay Share of Industrial Employment	10.5%	11.5%	11.5%	
Industrial Employment in the South Bay	18,750	22,500	26,750	Jobs
Required Industrial SF	25,987,500	31,185,000	36,892,500	SF
Vacancy Rate	4.5%	7.0%	7.0%	
Required Industrial with Vacancy Adjustment	27,221,500	33,532,250	39,669,250	SF
Increase in SF from 2020 Supply		6,310,750	12,447,750	SF
Chula Vista Capture		1,916,250	3,841,250	SF
Average FAR ³		Varies	Varies	
Chula Vista Acreage Need		118	239	Acres

¹ Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)

² High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)

³ FAR varies based on the mix of standard industrial and flex space. Typical FARs for standard industrial and flex space were used of 0.40 and 0.25 respectively.

Source: US Census LEHD Data, SANDAG Forecasts, CA EDD Forecasts, HR&A Advisors

With a FAR of approximately 0.38, tied to the blended average between standard industrial and flex spaces in the region, this analysis indicates that the City will need between 118 and 239 acres to accommodate future industrial growth. Based on the City's current industrial land usage and zoned capacity, Figure 15 shows that, after accounting for future industrial demand, the City would still have between 190 and 311 acres of additional, undeveloped industrial lands. If rezoning of the Site is approved, between 147 and 268 net acres of land zoned for industrial use are likely to remain in Chula Vista.

Figure 15: Industrial Land Capacity in Chula Vista

Category	2020	2050		
		Low ¹	High ²	
Net Industrial Acres ³	2,052	2,052	2,052	Acres
Net Industrial Acres in Use ⁴	1,512	1,512	1,512	Acres
Required Additional Net Acres		118	239	Acres
Required Total Net Acres		1,630	1,751	Acres
Surplus Net Acres		311	190	Acres
Remaining Surplus Net Acres if Rezoning Is Approved		268	147	Acres

¹ Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)

² High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)

³ City of Chula Vista

⁴ City of Chula Vista

Source: City of Chula Vista Industrial Lands Inventory, HR&A Advisors

RESIDUAL LAND VALUE ANALYSIS

The residual land value analysis evaluates the financial feasibility of selling the Site for development as an industrial property. The analysis estimates total costs incurred by the horizontal developer during grading and construction of infrastructure on the site, compared with total revenues generated each year from sale of the land. The net present value of the resulting cash flow represents the remaining value of the land. HR&A solved for the breakeven land sale value where the net present value would equal zero, or the minimum sale price required for the project to be financially viable, then compared the breakeven value to comparable recent transactions.

Assumptions

HR&A conducted market research and consulted planning documents to gather the following set of assumptions for the analysis:

- **The total developable area** of the Site is 42.5 acres (see Site Description section, above). Each year for six years starting in 2021, the owner prepares and sells 7.5 acres of land, with the remaining 6.0 acres sold in the seventh year.
- **Annual property tax payment** is based on payments made in 2019-2020, scaled according to the amount of remaining acreage as portions of the site are sold off.¹⁵
- **Inflation rate** for costs and revenues is three percent.¹⁶
- **Commissions on sale, closing, and marketing costs** are five percent of sale proceeds.¹⁷
- **Property tax escalation rate** is two percent.¹⁸
- **Developer's profit** is 12.5 percent of net sale proceeds.¹⁹

Grading and infrastructure costs, as well as **property maintenance costs**, were provided by the developer's consultants, Hunsaker & Associates, Inc. Total grading and infrastructure costs were estimated at approximately \$27 million, plus annual property maintenance costs of \$140,000. HR&A assumed that grading and infrastructure costs, including fees, are incurred evenly over the first 21 months and property maintenance costs are incurred annually on a per-acre basis.

Results

The breakeven sale price per square foot for industrial use on the property is approximately \$20.48 per square foot which, based on comparable sales, indicates that industrial use on the property is unlikely to be financially viable. Four- to 15-acre vacant properties sold for industrial development on at least a portion of the site in 2019-2020 have commanded between \$11.50 and \$18.00 per square foot (see Figure 16; see Appendix 1 for a full list of vacant land sales). The breakeven land value of \$20.48 is almost 20 percent greater than the industrial property at the highest end of this range and this development site includes hotel and retail uses in addition to industrial.

¹⁵ Hunsaker & Associates, Inc.

¹⁶ HR&A Assumption based on industry experience.

¹⁷ HR&A Assumption based on industry experience.

¹⁸ Proposition 13.

¹⁹ HR&A's analysis of developments in Southern California.

Figure 16: Comparable Land Sale Transactions for Industrial Development²⁰

Sale Date	Property Address	Property City	Land Area (Acres)	Sale Price	Price Per SF in 2020\$ ¹ Notes
10/10/2019	Otay Mesa Rd	San Diego	12.75	\$9,999,000	\$18.18 Part of future 5-acre corporate industrial Brown Field Technology Park in Otay Mesa, which includes hotel and retail.
5/16/2019	6700 Camino Maquiladora	San Diego	4.03	\$2,775,000	\$15.97 Industrial land near the Brown Field Municipal Airport in Otay Mesa.
3/4/2020	7980 Airway Rd	San Ysidro	7.80	\$5,215,500	\$15.35 Industrial land in Otay Mesa.
2/5/2020	Future Lane Star Rd	San Diego	4.60	\$2,805,264	\$14.00 Industrial lot, part of phase 1 Otay Crossings Commerce Park in Otay Mesa.
3/13/2019	9502-9586 Heinrich Hertz Dr	San Diego	7.41	\$4,000,000	\$12.51 Industrial land in Otay Mesa.
AVERAGE			7.32	\$4,958,953	\$15.20

¹ Inflated using U.S. Bureau of Labor and Statistics Consumer Price Index.

Source: CoStar Transactions

Figure 17: Industrial Residual Land Value Breakeven Analysis

Year	2020	2021	2022	2023	2024	2025	2026	2027
Inflation	100%	103%	106%	109%	113%	116%	119%	123%
Property Tax Escalation Rate	100%	102%	104%	106%	108%	110%	113%	115%
Finished Sites This Year (acres)		7.5 acres	7.5 acres	7.5 acres	7.5 acres	7.5 acres	5.0 acres	0.0 acres
Finished Sites This Year (SF)		326,700 SF	326,700 SF	326,700 SF	326,700 SF	326,700 SF	218,236 SF	0 SF
Finished Sites Total (SF)	0 SF	326,700 SF	653,400 SF	980,100 SF	1,306,800 SF	1,633,500 SF	1,851,736 SF	1,851,736 SF
Remaining Unsold Sites (SF)	1,851,736 SF	1,525,036 SF	1,198,336 SF	871,636 SF	544,936 SF	218,236 SF	0 SF	0 SF
Price/SF (Finished Sites)	\$16.30	\$16.79	\$17.29	\$17.81	\$18.34	\$18.89	\$19.46	\$20.04
Sales Proceeds	\$0	\$5,484,417	\$5,648,949	\$5,818,418	\$5,992,970	\$6,172,759	\$4,247,105	\$0
Less: Commissions/Closing/Marketing	\$0	(\$274,221)	(\$282,447)	(\$290,921)	(\$299,649)	(\$308,638)	(\$212,355)	\$0
Net Sales Proceeds	\$0	\$5,210,196	\$5,366,502	\$5,527,497	\$5,693,322	\$5,864,121	\$4,034,750	\$0
Less: G&A Property Maintenance	(\$139,176)	(\$118,060)	(\$95,552)	(\$71,587)	(\$46,098)	(\$19,015)	\$0	\$0
Less: Property Tax	(\$25,818)	(\$21,688)	(\$17,383)	(\$12,897)	(\$8,224)	(\$3,359)	\$0	\$0
Less: Grading and Infrastructure	(\$15,378,415)	(\$11,879,826)	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Flow	(\$15,543,409)	(\$6,809,378)	\$5,253,568	\$5,443,014	\$5,639,000	\$5,841,747	\$4,034,750	\$0
Less: Developer Profit @12.5%	\$0	(\$651,274)	(\$670,813)	(\$690,937)	(\$711,665)	(\$733,015)	(\$504,344)	\$0
Adjusted Cash Flow	(\$15,543,409)	(\$7,460,652)	\$4,582,755	\$4,752,077	\$4,927,335	\$5,108,732	\$3,530,406	\$0
2020 Breakeven Land Sale Price							\$20.18 per SF	
Net Present Value @ 10%							\$0	

²⁰ Table 1 includes vacant land sale transactions with the following criteria: sold within the last two years, between four and 15 acres in size, industrial use, located east of I-85 and south of Telegraph Canyon Road.

FINDINGS

A summary of HR&A's findings is provided below. These are separated into general land policy and site-specific findings.

Industrial Land Policy Findings

- **New industrial job growth will require newly developed space on industrial land.** Industrial properties outside of the Eastlake Business Park face historically low vacancies, and much of the development on industrial land within Eastlake has not been for industrial users.
- **Approximately 428 acres of Chula Vista's land with industrial zoning is developable.** Given a range of floor-area-ratios from 0.25 to 0.40, this land could accommodate 4.7 to 7.5 million SF of development.
- **Chula Vista currently has enough developable land to accommodate projected growth in industrial employment through 2050.** The City could see an increase in industrial employment of 1,475 to 3,125 new jobs, demanding 118 to 239 acres of industrial land through 2050. If that amount of land were developed, the City would still have 190 to 311 acres of surplus vacant developable industrial land.
- **Industrial entitlements do not guarantee either industrial uses or job-intensive uses.** For example, the Eastlake cluster of industrial zoned land currently contains 69 acres of non-industrial uses, including some such as gyms that have low employment densities.

Site-Specific Findings

- **The Site represents 10 percent of Chula Vista's remaining developable industrial land.** The site contains 42.5 developable acres, compared to 428 across the entire City.
- **The Site's location has both strengths and weaknesses with respect to marketability for industrial development.** Easy freeway access via Olympic Parkway to I-805 could be attractive to an industrial developer, although other vacant industrial properties have similar proximity to a freeway (e.g., Eastlake's access to SR 125). Compared with other properties, the Site is relatively distant from existing industrial clusters, with the nearest cluster—Main Street East—being a 3-mile drive from the Site.
- **The Site's size would be an advantage for an industrial developer.** The 42.5 developable acres could accommodate large floorplates and truck maneuverability and support economies of scale.
- **Topographical variation on the site is a barrier to industrial development due to the expense and time associated with grading and associated site development preparation.** The estimated cost for grading and infrastructure is approximately \$27 million.
- **Industrial development on the Site is unlikely to be financially feasible.** A land sale price above \$20.48 per SF may be sufficient to earn the landowner a reasonable return; however, of the five comparable land sales in the past 2 years, with a range from approximately \$11.50 to \$18.00 per square foot, none met this threshold. Additionally, more than two decades of marketing the Site for industrial use has not yielded any development.

APPENDIX 1: SOUTH BAY LAND SALE TRANSACTIONS

Vacant land sale transactions between January 2009 and September 2020 for properties between four and 50 acres, located east of I-805 and south of Telegraph Canyon Road in San Diego County.

Sale Date	Property Address	Property City	Property Name	Zoning	Land Area (Acres)	Sale Price	Sale Price per Acre	Sale Price per SF	Price Per SF in 2020\$
2/27/2020	Metro Ave	Chula Vista	Millenia Development Site	U	12.1	\$15,500,000	\$1,283,644	\$29.47	\$29.47
6/17/2013	Olympic Pky (Part of Multi-Property Sale)	Chula Vista	Multi-Property Sale	VC	7.4	\$9,299,989	\$1,249,999	\$28.70	\$31.86
6/17/2013	Olympic Pky (Part of Multi-Property Sale)	Chula Vista	Development Opportunity	PC-SPA-VC	5.0	\$6,200,011	\$1,250,002	\$28.70	\$31.86
3/16/2020	Airway Rd	San Diego	Airway Gardens	M	13.1	\$14,400,000	\$1,097,728	\$25.20	\$25.20
12/10/2015	10,03-Acres Solstice Ave	Chula Vista			10.0	\$10,350,000	\$1,031,904	\$23.69	\$25.82
6/9/2016	1644 Santa Alexia Ave	Chula Vista	Future site of the Saburo Muraoka Elem School		10.3	\$10,342,000	\$1,000,000	\$22.96	\$24.80
11/21/2018	Vista Santo Domingo	San Diego	Ocean View Village	RM-2-4	5.5	\$4,748,500	\$863,364	\$19.82	\$20.41
6/9/2011	Wueste Rd	Chula Vista	Olympic Parkway & Wueste Rd	PC	19.6	\$16,087,000	\$820,765	\$18.94	\$21.85
6/30/2015	1745 Eastlake Pky	Chula Vista	Residential Development Land		14.7	\$12,000,000	\$818,554	\$18.79	\$20.48
9/25/2019	Otay Mesa Rd	San Diego	Brown Field Technology Park	M	12.8	\$9,999,000	\$784,235	\$18.00	\$18.18
6/9/2017	Strata St	Chula Vista		U	4.5	\$3,510,000	\$780,000	\$17.91	\$18.98
12/19/2017	Millenia Ave	Chula Vista			11.9	\$9,200,000	\$775,063	\$17.79	\$18.86
2/3/2016	Santa Carolina Rd	Chula Vista		RM2	5.2	\$4,000,000	\$772,201	\$17.73	\$19.15
5/16/2019	6700 Camino Maquiladora	San Diego		M, San Diego	4.0	\$2,775,000	\$698,586	\$15.81	\$15.97
2/20/2020	7980 Airway Rd	San Ysidro		C	7.8	\$5,215,500	\$668,654	\$15.35	\$15.35
6/9/2017	Strata St	Chula Vista		U	11.0	\$7,265,000	\$659,855	\$15.15	\$16.06
12/26/2012	Olympic Pky	Chula Vista	Development Opportunity	PC-SPA-VC	5.0	\$3,155,835	\$636,257	\$14.61	\$16.51
6/12/2018	Border Pacific Dr	San Diego		M	10.8	\$6,653,000	\$614,880	\$14.12	\$14.54
2/5/2020	Future Lone Star Rd	San Diego	Lot 7	C	4.6	\$2,805,264	\$609,840	\$14.00	\$14.00
5/16/2012	Olympic Pky	Chula Vista		VC	7.4	\$4,300,000	\$577,957	\$13.27	\$13.00
2/28/2019	9502-9586 Hainrich Hertz Dr	San Diego		M	7.4	\$4,000,000	\$539,811	\$12.39	\$12.51
3/7/2019	Enrico Fenni Pl	San Diego	Parcel 4	IL	7.8	\$4,150,000	\$535,484	\$12.29	\$12.66
8/27/2013	Siempre Viva Rd	San Diego	Vacant land	OMDD-IND	8.9	\$4,700,000	\$530,474	\$12.18	\$13.52
4/28/2011	2660 Cactus Rd	San Diego	6.84 Acre Industrial Site	OMDD	6.8	\$3,620,000	\$529,240	\$12.15	\$14.09
4/20/2016	2490 Border Pacific Dr	San Diego			20.5	\$10,750,000	\$524,902	\$12.05	\$13.01
6/28/2011	Hunte Pky (Part of Multi-Property Sale)	Chula Vista	Substation Site		11.6	\$6,000,000	\$515,464	\$11.83	\$13.72
6/29/2010	SEC Olympic Pky	Chula Vista		R-1	13.6	\$7,000,000	\$513,196	\$11.78	\$14.02
2/20/2020	7980 Airway Rd	San Ysidro		C	7.8	\$4,000,000	\$512,821	\$11.77	\$11.77
5/26/2011	6655 Camino Maquiladora	San Diego		OMDD	5.3	\$2,682,000	\$510,857	\$11.73	\$13.61
8/9/2017	1477 Radar Rd	San Diego		IR-1-1	7.9	\$3,900,000	\$495,553	\$11.38	\$12.06
9/22/2016	Enrico Fenni Rd	San Diego	Otay Logistics Park		15.3	\$6,909,500	\$451,601	\$10.37	\$11.20
1/30/2009	765 Medical Center Ct	Chula Vista		COP, Chula Vista	10.0	\$4,504,000	\$450,400	\$10.34	\$12.51
11/16/2017	2651 Drucker Ln	San Diego	Frontera Business Park		9.2	\$4,150,000	\$449,621	\$10.32	\$10.94
8/17/2016	6700 Camino Maquiladora	San Diego		M, San Diego	4.0	\$1,774,500	\$440,323	\$10.11	\$10.92
8/30/2018	517 Shinohara Ln	Chula Vista	517 Shinohara Lane	LIP	9.7	\$4,200,000	\$432,099	\$9.92	\$10.22
4/11/2017	Millenia Ave	Chula Vista	Millenia Town Center	D1	12.7	\$5,460,000	\$428,908	\$9.85	\$10.44
12/10/2015	7311 Britannia Ct	San Diego	Lot 6	OMDD	9.3	\$3,710,724	\$398,574	\$9.15	\$9.97

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Sale Date	Property Address	Property City	Property Name	Zoning	Land Area (Acres)	Sale Price	Sale Price per Acre	Sale Price per SF	Price Per SF in 2020\$
8/27/2013	2613 Britannia Blvd	San Diego	Lot 3	OMDD	7.0	\$2,744,500	\$392,071	\$9.00	\$9.99
9/18/2009	6682 Gateway Park Dr	San Diego		OMDD-Industrial Sub-D	6.3	\$2,438,557	\$387,688	\$8.90	\$10.77
2/16/2016	Millenia Ave	Chula Vista	Lot 7		7.1	\$2,569,000	\$363,778	\$8.35	\$9.02
6/18/2015	Airway Ln	San Diego	Airway Business Center - 7.05 AC		7.1	\$2,543,000	\$360,709	\$8.28	\$9.03
9/13/2013	Airway Rd	San Diego	Airway Business Center	OMDD-INTL-SUBD	10.1	\$3,641,500	\$360,295	\$8.27	\$9.18
12/23/2009	10132 Airway Rd	San Diego			20.5	\$7,283,500	\$355,293	\$8.16	\$9.87
12/31/2019	Otay Mesa Rd	San Diego		M	41.6	\$14,750,000	\$354,227	\$8.13	\$8.21
8/10/2012	1609 Aliso Cr	San Diego	Southbay Distribution Land	Commercial Subdistrict	15.4	\$5,061,000	\$327,785	\$7.52	\$8.51
7/7/2020	8707 Otay Mesa Rd	San Diego		M	48.8	\$15,087,500	\$309,107	\$7.10	\$7.10
12/27/2013	6903 Cactus Ct	San Diego		OMJ, San Diego	7.5	\$2,250,000	\$300,000	\$6.89	\$7.65
1/28/2019	1938 Cactus Rd	San Diego		IM	15.0	\$4,350,000	\$290,000	\$6.66	\$6.73
3/31/2016	9020 Airway Rd	San Diego	U.S. Marshall Yard	OMDD-1	30.7	\$9,750,000	\$284,831	\$6.54	\$7.06
8/25/2010	Siempre Viva Rd	San Diego	Dart Otay Trade Yard	OMDD	40.0	\$11,000,000	\$274,748	\$6.31	\$7.51
2/6/2020	Gateway Park Dr	San Diego	Pacific Gateway Park	OMDD	6.5	\$1,742,500	\$268,077	\$6.15	\$6.15
11/21/2018	Harvest Rd	San Diego	Vacant Land	IBT-1-1 UGHT INDUSTRIAL	4.8	\$1,266,000	\$265,409	\$6.09	\$6.27
AVERAGE					11.9	\$6,246,036	\$579,554	\$13.30	\$14.32

*Shortlisted properties for Residual Land Value analysis.

Source: CoStar Transactions

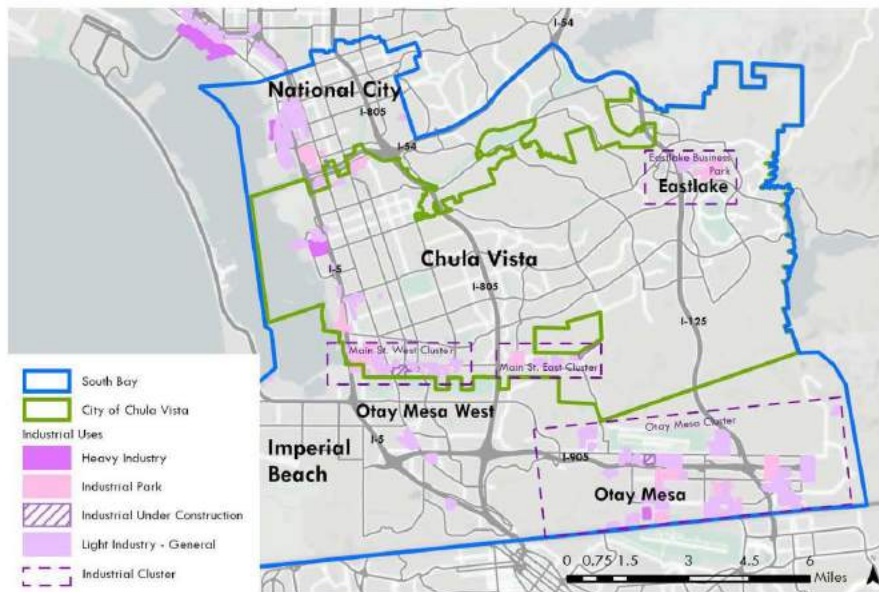
APPENDIX 2: INDUSTRIAL MARKET ANALYSIS

Introduction

This market analysis provides an overview of the industrial real estate market in the City of Chula Vista to inform an assessment of a proposed General Plan Amendment for the Sunbow II Phase 3 site. The analysis first considers the current supply of industrial properties as well as land with industrial entitlement. It then estimates future demand for industrial real estate in Chula Vista based on regional employment projections. In addition to the overall performance of industrial real estate, the analysis reviews the performance of four subsets of industrial: logistics, manufacturing, service (vehicle repair), and flex.²¹

Two geographies serve as benchmarks for Chula Vista's performance: San Diego County and its South Bay submarket. The South Bay, depicted in Figure 18, consists of the southeastern portion of San Diego County and is notable for its border shared with Mexico.

Figure 18: Map of Industrial Markets



Source: San Diego Association of Governments

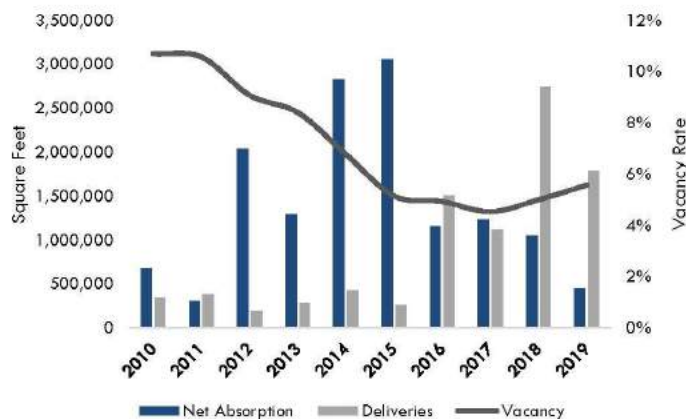
²¹ CoStar defines "Flex" as "buildings designed to be versatile, which may be used in combination with office, research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. At least 50% of the rentable area of the building must be used as office space." Flex floorplates are typically smaller than standard industrial buildings. This industrial category includes light distribution and light manufacturing, which are typically located in smaller facilities with at-grade-loading, and often have more space dedicated to office.

Supply Analysis

San Diego County Market Overview

The almost 200 million square foot San Diego County industrial market has performed well since the end of the 2007-2009 Great Recession. As illustrated in Figure 19, vacancy rates have dropped from approximately 10 percent in 2010 to 5 percent in 2019, while delivery of new industrial space has exceeded one million square feet annually since 2016. With absorption keeping pace, vacancy rates have remained relatively stable since 2016 despite over 7 million square feet of new space coming online since then.

Figure 19: Net Absorption, Deliveries, and Vacancy in San Diego County



Source: CoStar

Flex and logistics property types have led the County's inventory growth, accounting for 81 percent of all deliveries since 2010. The existing biotech ecosystem, highly skilled labor supply, and proximity to the University of California, San Diego, have driven demand for flex space, which demands higher rents than traditional industrial space, while warehouse construction has responded to the continued growth of e-commerce.

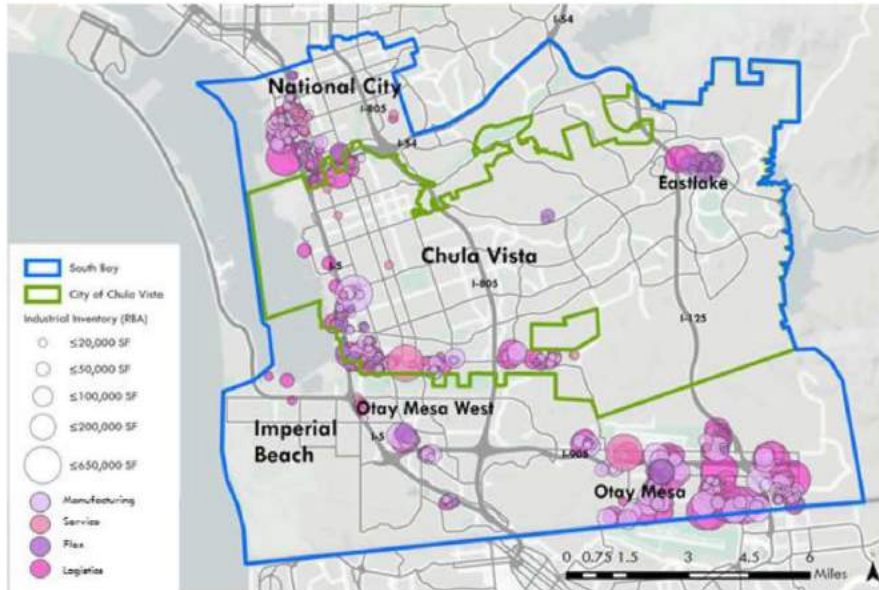
The South Bay and Chula Vista Markets Overview

The South Bay submarket comprises 32 million square feet of industrial space, accounting for 16 percent of the County's inventory. The Otay Mesa industrial cluster dominates the submarket (southeast corner of Figure 8) and is comprised primarily of logistics space catering to truck traffic; the Otay Mesa Land Port of Entry between the US and Mexico is the busiest border crossing in California for commercial trucks.²² The South Bay has been a driver of logistics growth in the County. While it accounts for 23 percent of current logistics

²² Eleanor Lamb, "GSA to Expand California's Busiest Truck Checkpoint," Transport Topics, May 29, 2020, <https://www.ttnews.com/articles/gsa-expand-californias-busiest-truck-checkpoint>.

space across the County, 38 percent of logistics space absorbed²³ in new and existing buildings since 2010 has been in the South Bay.

Figure 20: South Bay Industrial Inventory

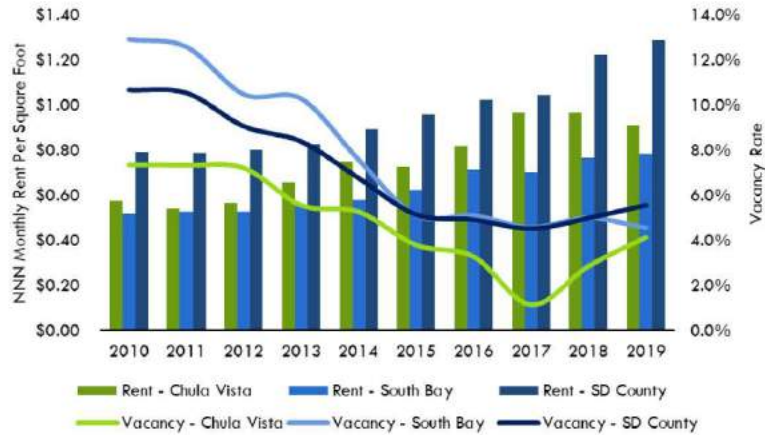


Source: CoStar

Chula Vista's 10 million square feet of industrial space represents 5 percent of the County's inventory, and almost one-third of the South Bay's inventory. Chula Vista's industrial inventory has historically had a lower and more stable vacancy rate than the County average. However, low vacancies have not been sufficient to raise Chula Vista rents, which are similar to the South Bay, as high as County average rents.

²³ "Absorption refers to the change in occupancy over a given time period. Lease renewals are not factored into absorption unless the renewal includes the occupancy of additional space. (In that case, the additional space would be counted in absorption.) Pre-leasing of space in non-existing buildings (e.g., Proposed, Under Construction, Under Renovation) is not counted in absorption until the actual move-in date." Source: CoStar

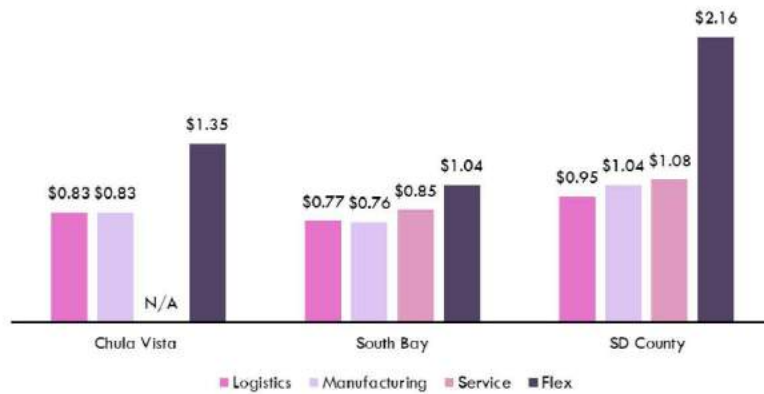
Figure 21: Comparative Rents and Vacancy Rates



Source: CoStar

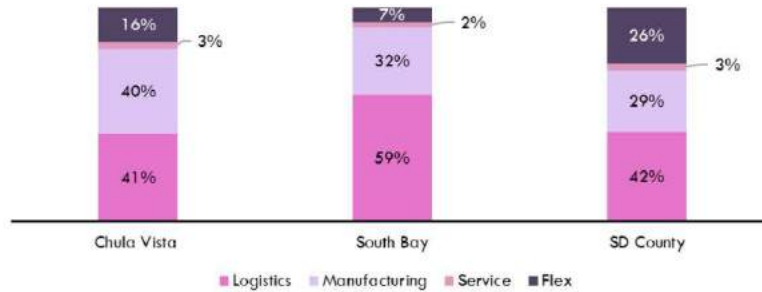
The difference in industrial rents between Chula Vista and the County is due to both the higher proportion of flex space across the whole County compared to Chula Vista, as well as the greater desirability of flex space elsewhere in the County. As shown in Figure 22, flex space typically garners higher rents than other industrial uses. Over a quarter of all San Diego County industrial space is classified as flex or R&D space (Figure 9), whereas only 16 percent in Chula Vista is classified similarly.

Figure 22: Industrial NNN Rent Comparison (2019)



Source: CoStar

Figure 23: Industrial Inventory Comparison (2019)



Source: CoStar

Chula Vista's industrial composition does however differ from other industrial centers in the submarket. Within the South Bay submarket, logistics, manufacturing and service, occupy 93 percent of industrial space. Chula Vista meanwhile serves the industrial submarket's smaller scale distribution and manufacturing needs, with proportionally less logistics space and more flex space. This difference is evidenced in the average floorplate of industrial space in Chula Vista of 37,200 square feet, housing smaller operations, versus 59,200 square feet in the South Bay as a whole. Brokers confirmed the unique industrial positioning of Chula Vista in the South Bay and cited it as a reason for the strong performance of small floorplate industrial space in the City. For instance, industrial space less than 20,000 square feet has a vacancy rate of just 2.9 percent, compared to the citywide average of 4.2 percent.

Chula Vista Industrial Clusters

The character of industrial real estate is not uniform across Chula Vista. Figure 8 shows that industrial space is mainly concentrated along Main Street, near the City's southern border with Otay Mesa West, and up the I-5 corridor along San Diego Bay. In these areas there is a mix of small-scale logistics, manufacturing, and flex space. Additionally, west of I-5 there is a notable defense-related manufacturing presence, the largest being a 1.8 million square foot BF Goodrich facility. The Eastlake Business Park is distant (approximately 7 miles by road) from the other industrial cluster in the northeast area of the City, with 2.0 million square feet of industrial space across 217 acres. Unlike the rest of City, industrial space here consists of mostly larger-format logistics and flex space. This space is also newer, with an average year built of 2002, compared to 1984 for industrial citywide.

These differences translate into fundamentally different performance between Eastlake Business Park and the City overall. The Eastlake Business Park currently has a 13 percent vacancy rate, well above the citywide average of 4.2%. Additionally, non-industrial tenants currently occupy approximately one-third of industrially zoned land in the business park (69 acres out of 217 acres). Non-industrial tenants include multiple religious institutions, medical offices, and gyms, and a childcare facility. Brokers noted that Eastlake has consistently struggled to attract industrial tenants, in part due to its isolation from other industrial clusters.

Despite limited availability of industrial space outside of Eastlake, there have been no new industrial projects completed in the City since 2010. While Chula Vista is an attractive industrial market, brokers stated that developers have difficulty finding suitable industrial sites. For example, the Otay River Business Park, which is currently under construction in southwestern Chula Vista, will mark the first major industrial park development with over 163,000 square feet of new industrial space. A broker familiar with the project stated that it took the developer 10 years to realize the project due to a long site identification and entitlement process.

Industrial Land Supply

While challenges exist in site identification, the City still has significant undeveloped industrially zoned land. Figure 24 shows that Chula Vista has 3,014 acres of land in the City with at least some portion of industrial zoning. When discounting undevelopable acreage²⁴, the City estimates there is 1,926 acres of developable industrial land. Of this acreage, the City estimates there is 428 undeveloped acres which represents 22 percent of the total usable industrially zoned land.

Figure 24: Chula Vista Industrial Land Inventory

Land Category	Total Acres	Share	Net Developable Acres	Share
Developed	1,622	54%	1,497	78%
Vacant	1,392	46%	428	22%
Total	3,014	100%	1,926	100%

Source: City of Chula Vista Industrial Lands Inventory, HR&A Advisors

Demand Analysis

SANDAG's estimate of San Diego County jobs in 2020 of 1.4 million jobs served as the foundation for HR&A's estimated demand for industrial square feet through 2050 for both the South Bay and Chula Vista. To present a low and high range for demand, HR&A applied two different annual job growth factors to project 2050 jobs. The low scenario uses an annual growth rate based on SANDAG's projected compound annual growth rate between 2008 and 2050 from its 2013 San Diego County regional forecast, while the high scenario uses an annual growth rate based on California Employment Development Department's ("CA EDD") projected compound annual growth rate between 2016 and 2026 from its 2019 San Diego County regional forecast.

HR&A supplemented SANDAG's employment projections with more recent and detailed Census Bureau data on current employment in the county to estimate industrial-space-using employment. Using this data, HR&A estimates the South Bay will capture 9 percent of all new jobs countywide. This assumes that all industrial sectors in the South Bay will grow proportionally with overall SANDAG projected County growth apart from Transportation, Warehousing, and Utilities. As shown in Figure 25, the Transportation, Warehousing, and Utilities industrial sector's share of county jobs has gone from just 8 percent in 2002 to 19 percent in 2017. Given the strength of logistics in the South Bay submarket, HR&A assumes this share will continue to increase, reaching 44 percent by 2050.

²⁴ The City of Chula Vista discounted total industrial acreage to account for split-zoned parcels, physical development challenges, such as steep slopes and problematic site configurations, as well as open space requirements/set-asides.

Figure 25: South Bay Job Share Composition of San Diego County

Industry Category	2002	2010	2017
Agriculture and Mining	2%	2%	2%
Construction	5%	5%	5%
Manufacturing	9%	9%	9%
Wholesale Trade	11%	12%	10%
Retail Trade	12%	15%	16%
Transportation, Warehousing, and Utilities	8%	15%	19%
Information Systems	3%	4%	4%
Finance and Real Estate	6%	7%	7%
Professional and Business Services	3%	4%	4%
Education and Healthcare	11%	10%	11%
Leisure and Hospitality	7%	8%	8%
Office Services	8%	13%	9%
Government	5%	11%	10%

Source: U.S. Census Bureau Longitudinal Employer-Household Dynamics Survey (LEHD)

HR&A then estimated the share of industrial-space-using employment. Since employment characteristics vary widely on the type of industrial user, projected industrial-space-using employment for each industrial sector is broken out into "standard" (non-flex) industrial and flex industrial space. Figure 13 illustrates how industrial employment is attributed to both standard industrial and flex space. Depending on the growth projection, between 6 and 10 percent of job growth through 2050 can be classified as standard industrial or flex using.

Figure 26: Industry Employment by Land Use

Industry Category	Share of Industry Employment by Land Use			
	Standard Industrial	Flex Industrial	Office	Other
Agriculture and Mining	-	-	-	100%
Construction	-	-	10%	90%
Manufacturing	80%	15%	5%	-
Wholesale Trade	80%	5%	-	15%
Retail Trade	-	-	10%	90%
Transportation, Warehousing, and Utilities	70%	10%	-	20%
Information Systems	-	-	85%	15%
Finance and Real Estate	-	-	95%	5%
Professional and Business Services	-	5%	65%	30%
Education and Healthcare	-	5%	30%	65%
Leisure and Hospitality	-	0%	5%	95%
Office Services	5%	5%	50%	40%
Government	-	-	10%	90%

Source: HR&A Advisors

To estimate future market supportable standard industrial square footage in the South Bay, HR&A used the South Bay current average of 1,630 square feet per worker. Next, supportable demand was adjusted for the South Bay vacancy rate. Then, Chula Vista's standard industrial demand was estimated as a percent capture of the larger South Bay submarket. Using this methodology, the analysis estimates total standard industrial demand in Chula Vista to be 1.7 million to 3.3 million square feet through 2050. Using an FAR of 0.40, which is typical of standard industrial spaces in the City and aligns with the City's General Plan, this translates into 97 to 189 acres of land needed to accommodate the standard industrial demand.

Figure 27: Standard Industrial Demand¹

Category	2020	2035		2050		
		Low ²	High ³	Low ²	High ³	
Standard Industrial Employment in San Diego County	136,500	142,250	155,500	147,500	174,250	Jobs
South Bay Share of Standard Industrial Employment	11.0%	11.6%	11.6%	12.2%	12.2%	
Standard Industrial Employment in the South Bay	15,000	16,500	18,000	18,000	21,250	Jobs
Required Industrial SF	24,450,000	26,895,000	29,340,000	29,340,000	34,637,500	SF
Vacancy Rate ⁴	4.3%	7.0%	7.0%	7.0%	7.0%	
Required Standard Industrial with Vacancy Adjustment	25,548,500	28,919,250	31,548,500	31,548,500	37,244,500	SF
Increase in SF from 2020 Supply		3,370,750	6,000,000	6,000,000	11,696,000	SF
Chula Vista Capture ⁵		950,000	1,691,250	1,691,250	3,296,750	SF
Average FAR ⁶		0.40	0.40	0.40	0.40	
Chula Vista Acreage Need		55	97	97	189	Acres

¹ Standard industrial refers to industrial property types other than flex: manufacturing, logistics, and service.

² Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)

³ High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)

⁴ Assumes a structural vacancy of 7%

⁵ Capture is based on a fair share capture benchmarked to the proportion of current inventory in Chula Vista as a part of the South Bay.

⁶ Typical FAR for logistics space

Source: US Census LEHD Data, SANDAG Forecasts, CA EDD Forecasts, HR&A Advisors

To estimate future market supportable flex square footage in the South Bay, HR&A used the South Bay current average of 410 square feet per worker. Next, supportable demand was adjusted for the South Bay vacancy rate. Then, Chula Vista's flex industrial demand was estimated as a percent capture of the larger South Bay submarket. Using this methodology, the analysis estimates total flex demand in Chula Vista to be 225,000 to 544,500 square feet through 2050. Using an FAR of 0.25, which is typical of flex spaces in the City and aligns with the City's General Plan, this translates into 21 to 50 acres of land needed to accommodate the flex demand.

Figure 28: Flex Demand

Category	2020	2035		2050		
		Low ¹	High ²	Low ¹	High ²	
Flex Employment in San Diego County	42,250	45,500	50,500	48,000	58,750	Jobs
South Bay Share of Flex Employment	8.9%	8.8%	8.8%	9.4%	9.4%	
Flex Employment in the South Bay	3,750	4,000	4,500	4,500	5,500	Jobs
Required Flex SF	1,537,500	1,640,000	1,845,000	1,845,000	2,255,000	SF
Vacancy Rate ³	8.1%	7.0%	7.0%	7.0%	7.0%	
Required Flex with Vacancy Adjustment	1,673,000	1,763,500	1,983,750	1,983,750	2,424,750	SF
Increase in SF from 2020 Supply		90,500	310,750	310,750	751,750	SF
Chula Vista Capture ⁴		65,500	225,000	225,000	544,500	SF
Average FAR ⁵		0.25	0.25	0.25	0.25	
Chula Vista Acreage Need		6	21	21	50	Acres

¹ Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)

² High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)

³ Assumes a structural vacancy of 7%

⁴ Capture is based on a fair share capture benchmarked to the proportion of current inventory in Chula Vista as a part of the South Bay.

⁵ Typical FAR for flex space

Source: US Census LEHD Data, SANDAG Forecasts, CA EDD Forecasts, HR&A Advisors

Altogether, total demand for industrial space in Chula Vista is estimated between 1.9 million and 3.8 million square feet through 2050. This means the City will need between 118 and 239 acres to accommodate future industrial growth.

Figure 29: Total Industrial Demand (Standard and Flex)

Category	2020	2035		2050		
		Low ¹	High ²	Low ¹	High ²	
Industrial Employment in San Diego County	178,750	187,750	206,000	195,500	233,000	Jobs
South Bay Share of Industrial Employment	10.5%	10.9%	10.9%	11.5%	11.5%	
Industrial Employment in the South Bay	18,750	20,500	22,500	22,500	26,750	Jobs
Required Industrial SF	25,987,500	28,535,000	31,185,000	31,185,000	36,892,500	SF
Vacancy Rate	4.5%	7.0%	7.0%	7.0%	7.0%	
Required Industrial with Vacancy Adjustment	27,221,500	30,682,750	33,532,250	33,532,250	39,669,250	SF
Increase in SF from 2020 Supply		3,461,250	6,310,750	6,310,750	12,447,750	SF
Chula Vista Capture		1,015,500	1,916,250	1,916,250	3,841,250	SF
Average FAR ³		Varies	Varies	Varies	Varies	
Chula Vista Low Acreage Need		61	118	118	239	Acres

¹ Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)

² High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)

³ FAR varies based on the mix of standard industrial and flex space. Typical FARs for standard industrial and flex space were used of 0.40 and 0.25 respectively.

Source: US Census LEHD Data, SANDAG Forecasts, CA EDD Forecasts, HR&A Advisors

Chula Vista currently has sufficient industrially zoned land to meet projected industrial demand. As shown in Figure 30, should the City realize its projected 2050 demand, Chula Vista will have between 190 and 311 remaining acres for future industrial development.

Figure 30: Industrial Land Capacity in Chula Vista

Category	2020	2035		2050		
		Low ¹	High ²	Low ¹	High ²	
Net Industrial Acres ³	1,926	1,926	1,926	1,926	1,926	Acres
Net Industrial Acres in Use ⁴	1,497	1,497	1,497	1,497	1,497	Acres
Required Additional Acres		61	118	118	239	Acres
Required Total Acres		1,558	1,615	1,615	1,736	Acres
Surplus Acres		368	311	311	190	Acres

¹ Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)

² High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)

³ City of Chula Vista

⁴ City of Chula Vista

Source: City of Chula Vista Industrial Lands Inventory, HR&A Advisors

APPENDIX 3: GENERAL AND LIMITING CONDITIONS

1. Any person who relies on or otherwise uses this Study is required to have first read, understood and accepted the following disclosures, limitations and disclaimers, and will, by reason of such reliance or other use, be deemed to have read, understood and accepted the same.
2. HR&A Advisors, Inc. (HR&A) has been engaged and compensated by the City of Chula Vista to prepare this Study. In preparing this Study HR&A has used its independent professional judgment and skills in good faith, subject to the limitations, disclosures and disclaimers herein.
3. This Study is based on estimates, assumptions and other information developed by HR&A, other third party consultants, and City officials. Every reasonable effort has been made to ensure that the data contained in this Study are accurate as of the date of this Study; however, factors exist that are outside the control of HR&A and that may affect the estimates and/or projections noted herein. HR&A neither guarantees any results nor takes responsibility for their actual achievement or continuing applicability, as actual outcomes will depend on future events and circumstances beyond HR&A's control.
4. HR&A reviewed the information and projections provided by third parties using its independent professional judgment and skills in good faith, but assumes no liability resulting from errors, omissions or any other inaccuracies with respect to the information provided by such third parties referenced in this Study.
5. HR&A also relied on data provided by or purchased from the U.S. Census, San Diego Council of Governments, California Employment Development Department, CoStar Group, and discussions with City staff, Ayres Land Company, and brokers familiar with the area. HR&A assumes no liability resulting from errors, omissions or any other inaccuracies with respect to the information provided by these parties.
6. In addition to relying on data, information, projections and forecasts of others as referred to above, HR&A has included in this Study estimates and assumptions made by HR&A that HR&A believes are appropriate, but HR&A makes no representation that there will be no variances between actual outcomes and such estimates and assumptions.
7. No summary or abstract of this Study, and no excerpts from this Study, may be made for any purpose without HR&A's prior written consent.
8. HR&A has provided an analysis of residual land value to determine the value of the site for industrial use. The analysis is based on HR&A's experience and familiarity with national best practices for value assessments of income-producing properties. HR&A is not a licensed real estate appraiser and makes no further representations regarding such estimates.
9. No opinion is intended to be expressed and no responsibility is assumed for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate consultant.
10. Many of the figures presented in this report will be rounded. HR&A disclaims any and all liability relating to rounding errors.
11. This Study may be relied on and otherwise used only by persons who receive this Study from HR&A or with HR&A's prior written consent and only for the purpose stated in writing in conjunction with such receipt or consent. No reliance on or other use of this Study by any person or for any purpose other than as stated in the previous sentence is permitted. HR&A disclaims all responsibility in the case of any reliance on or other use of this Study in conflict with the above portions of this paragraph.
12. If the Study is referred to or included in any offering material or prospectus, the Study shall be deemed to have been included for informational purposes only and its use shall be subject to these General and Limiting Conditions. HR&A, its directors, officers and employees have no liability to recipients of any such offering material or prospectus. HR&A disclaims any and all liability to any party.
13. This Study is qualified in its entirety by, and should be considered in light of these General and Limiting Conditions. By use of this Study, each party that uses this Study agrees to be bound by all of the General and Limiting Conditions stated herein.

ATTACHMENT C

SUNBOW II, PHASE 3 FISCAL IMPACT ANALYSIS
(DPFG 2021)

Memorandum

To: Tiffany Allen, Assistant Director, Chula Vista Development Services Dept.

Cc: Bill Hamlin, ACI Sunbow, LLC; David Shepherd, Lennar

From: Sunit Patel, Principal

Date: January 25, 2021

Re: Sunbow II, Phase 3 - Fiscal Impact Analysis

At the request of the project applicant, ACI Sunbow LLC ("Applicant"), DPG has prepared a fiscal impact analysis using the City of Chula Vista's fiscal impact analysis model ("City Model") to estimate the fiscal impact of the proposed Sunbow II, Phase 3 project (the "Project") on the City of Chula Vista ("City") General Fund.

Proposed Residential Project (zoning change)

The proposed Project is a residential development planned for a total of 718 residential units expected to consist of four unique for-sale attached residential product types with 15 unique floor plans, ranging in square footage from approximately 1,100 to 2,050 square feet in two- and three-story units. Each home includes a two-car garage and two to four bedrooms. The following Project assumptions were used in the City Model per information provided by the Developer.

FIA Land Use Classification	Units	Avg. Home Size	Est. Base Price	Absorption (Home Closings)						Total
				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
High Density - "Multifamily"	184	1,422	\$ 421,487	48	48	48	40	0	0	184
Med-High Density - "Single Family"	534	1,659	\$ 490,585	120	120	120	84	79	11	534
Total / Wtd. Avg.	718	1,598	\$ 472,878	168	168	168	124	79	11	718

Note: See Exhibit D for additional detail on residential product and pricing assumptions.

Fiscal Impact Analysis – Methodology and Results

As you are aware, the City Model (see Exhibit B) does not currently have the ability to account for the turnover (resale) of residential units over time. Accounting for property turnover is important because it triggers a reassessment of the property's assessed value and affects the amount of property tax revenue generated for the City. Using methodology previously approved by the City, we have separately calculated the additional property tax revenue generated from residential property turnover and adjusted the results of the City Model accordingly. The adjustment is based on the following assumptions:

- An increase in the assessed value of residential property due to turnover (resale) was estimated using an annual escalation factor of 3.5% which is consistent with the historical average of several recognized indices, including Case Shiller, California Association of Realtors, Federal Reserve and Zillow. Average turnover (resale) of eight (8) years was assumed for all residential units for



purposes of adjusting the assessed values to calculate property taxes. In addition to typical turnover, in order to reflect similar assessed value increases over the six-year buildout of the Project, the initial (year 1) home price assumption is increased by 3.5% until the initial year of sale for each unit which is then assumed to be the initial base year value. Over the next 7 years the initial base year value escalates by 2% over the prior year, consistent with California Constitution Article XIII A Section 2(b). In year eight, the initial base year value is reset (second base year value) assuming a reset of the assessed value based on an annual escalation factor of 3.5% for 8 years applied to the initial base year value. This process of resetting the base year value repeats every eight years. Please refer to Exhibits C-1, C-2, and C-3 attached hereto for the supporting analysis.

The results generated by the City Model, with the adjustments outlined above, indicate that the Project will generate a fiscal surplus annually ranging from \$46,461 in Year 1 to \$270,928 in Year 20. The total cumulative fiscal surplus over 20 years is estimated to be approximately \$3,200,000. Please refer to Exhibit A for the supporting analysis.

Potential Industrial Scenario (no zoning change)

The Applicant prepared the Sunbow II, Phase 3 SPA Amendment Chula Vista General Plan Amendment (GPA) Justification Report which demonstrates Project consistency with applicable Chula Vista General Plan objectives and policies. The City contracted with HR&A Advisors, Inc. to assist the Development Services Department in understanding 1) the potential impact of the proposed industrial rezoning on Chula Vista's ability to meet the City's long-term employment goals; and 2) whether it is reasonable to expect the Sunbow property would develop as an industrial property rather than remain vacant, if it were to retain its current industrial zoning. The *Sunbow II, Phase 3 Market and Financial Analysis of Industrial Use* (HR&A 2021) found that:

- “Significant topographical variation on the site is a barrier to industrial development due to the expense and time associated with grading and site development preparation.”
- “Based on an analysis of recent land sales and the lack of developer or end-user interest in sites over the past 20 years, industrial development on the Site is unlikely to be financially feasible.”

As a result of these findings, no fiscal analysis of the current zoning has been prepared. See *Sunbow II, Phase 3 Market and Financial Analysis of Industrial Use* (HR&A 2021), provided as GPA Justification Report, Attachment B, for additional details. This *Sunbow II, Phase 3 – Fiscal Impact Analysis* (DPFG 2021) is also provided as GPA Justification Report, Attachment C.

Exhibits:

- Exhibit A: Summary of Adjustment to Chula Vista Fiscal Impact Analysis Model
- Exhibit B: City of Chula Vista Fiscal Impact Analysis Model
- Exhibit C-1: Total Assessed Value after Turnover
- Exhibit C-2: Assessed Value and Reassessment Year - Breakdown by Absorption Year
- Exhibit C-3: Initial Home Value by Year
- Exhibit D: Product and Pricing Assumptions (un-escalated)

ORANGE COUNTY, CA
AUSTIN, TX

SACRAMENTO, CA
TAMPA, FL

LAS VEGAS, NV
ORANGE COUNTY, FL

BOISE, ID
RESEARCH TRIANGLE, NC

PHOENIX, AZ



EXHIBIT A

Summary of Adjustment to Chula Vista Fiscal Impact Analysis Model

EXHIBIT A

Sunbow II, Phase 3

Summary of Adjustment to CV Fiscal Impact Analysis Model

Total Project Net Revenue (Turnover based on DPEG Turnover Model - Assumes 3.5% Escalation in new Home Pricing)

January 25, 2021

Year	1	2	3	4	5	6	7	8	9	10
Cumulative Residential AV - Inflated per CV Model	\$79,101,576	\$161,267,215	\$246,891,839	\$313,452,260	\$361,672,385	\$374,864,137	\$382,361,419	\$390,098,648	\$397,808,821	\$405,761,997
Revised Inflation Assuming 8 year Turnover (a)	79,101,576	162,553,739	240,540,390	319,931,924	370,805,231	384,630,607	392,323,210	413,468,507	435,502,160	458,458,235
Difference in Assessed Value	\$0	\$1,186,124	\$1,648,560	\$6,480,364	\$9,132,645	\$9,766,471	\$9,961,800	\$23,450,860	\$17,693,339	\$32,691,238
Total Property Tax Increase Due to City	[1]	\$0	\$1,495	\$4,597	\$8,165	\$11,507	\$12,305	\$12,552	\$29,559	\$47,494
Total Projected Net Revenue Before Turnover Adj.	[2]	\$46,461	\$79,765	\$103,738	\$116,347	\$125,364	\$112,101	\$93,050	\$76,260	\$81,471
Total Projected Net Revenue After Turnover Adj.	= [1] + [2]	\$46,461	\$81,260	\$110,335	\$124,512	\$137,071	\$124,407	\$106,502	\$105,820	\$128,965
Cumulative Adjusted Net Revenues		\$46,461	\$127,721	\$238,057	\$362,569	\$499,639	\$624,046	\$750,549	\$856,368	\$965,333

Footnotes:

(a) Assumes 6 year turnover with 2.00% annual escalation and 3.50% escalation when re-assessed.

EXHIBIT A

Sunbow II, Phase 3

Summary of Adjustment to CV Fiscal Impact Analysis Model

Total Project Net Revenue (Turnover based on DPEG Turnover Model - Assumes 3.5% Escalation in new Home Pricing)

January 25, 2021

Year	11	12	13	14	15	16	17	18	19	20
Cumulative Residential AV - Inflated per CV Model	\$413,880,297	\$422,157,903	\$430,601,061	\$439,213,082	\$447,997,344	\$456,957,291	\$466,096,437	\$475,418,365	\$484,926,733	\$494,625,267
Revised Inflation Assuming 8 year Turnover (a)	478,451,471	495,497,560	506,481,060	516,614,761	526,947,056	532,605,028	539,305,325	607,087,315	631,534,621	652,663,756
Difference in Assessed Value	\$64,571,174	\$73,339,657	\$75,883,999	\$77,401,679	\$78,949,712	\$95,647,737	\$113,208,888	\$131,668,940	\$146,607,888	\$158,040,489
Total Property Tax Increase Due to City	[1]	\$81,360	\$92,408	\$95,614	\$97,526	\$99,477	\$120,516	\$142,643	\$165,903	\$184,726
Total Projected Net Revenue Before Turnover Adj.	[2]	\$87,408	\$87,443	\$87,249	\$85,975	\$84,406	\$82,554	\$80,389	\$77,887	\$75,030
Total Projected Net Revenue After Turnover Adj.	= [1] + [2]	\$169,767	\$179,851	\$182,863	\$183,501	\$183,882	\$203,070	\$223,032	\$243,790	\$259,756
Cumulative Adjusted Net Revenues		\$1,287,649	\$1,467,501	\$1,650,364	\$1,833,865	\$2,017,747	\$2,220,817	\$2,443,849	\$2,687,639	\$2,947,394

Footnotes:

(a) Assumes 6 year turnover with 2.00% annual escalation and 3.50% escalation when re-assessed.

EXHIBIT B

City of Chula Vista Fiscal Impact Analysis Model

ORANGE COUNTY, CA
AUSTIN, TX

SACRAMENTO, CA
TAMPA, FL

LAS VEGAS, NV
ORANGE COUNTY, FL

BOISE, ID
RESEARCH TRIANGLE, NC

PHOENIX, AZ





Year:	1	2	3	4	5	6	7	8
Population								
Single Family Residential	336	672	1,008	1,243	1,464	1,495	1,495	1,495
Multi-Family Residential	134	269	403	515	515	515	515	515
Total (Per Capita Base)	470	941	1,411	1,758	1,980	2,010	2,010	2,010
Employment Population 5 1/2 Res Pop	24	47	71	88	99	101	101	101
Non-Residential	-	-	-	-	-	-	-	-
Totals	494	988	1,482	1,846	2,079	2,111	2,111	2,111
Number of Homes								
Single Family Residential	120	240	360	449	523	529	534	534
Multi-Family Residential	48	96	144	184	184	184	184	184
Totals	168	336	504	628	707	718	718	718

General Fund Revenues

Year:	1	2	3	4	5	6	7	8
Tax Revenues								
Property Tax	AV	\$ 99,668	\$ 203,323	\$ 311,899	\$ 394,950	\$ 455,787	\$ 472,329	\$ 481,775
Sales and Use Tax	Per Capita	\$9,051	114,097	170,640	212,132	238,021	240,940	240,940
<i>Sales and Use Tax - Project Specific</i>	<i>Project Specific</i>	-	-	-	-	-	-	-
Transient Occupancy Tax	Per Capita	7,260	13,988	21,822	26,302	29,728	30,306	30,418
Motor Vehicle In-Lieu of VLP	AV	63,159	120,242	199,982	254,259	293,579	304,338	310,450
Franchise Fees	Per Capita	20,332	41,013	62,148	78,195	89,856	91,115	91,900
Other Taxes	Per Capita	14,196	29,062	43,279	51,670	60,210	60,877	60,618
Subtotal Tax Revenues		263,667	539,725	808,155	1,019,509	1,166,101	1,199,502	1,215,341
Other Revenues	Per Capita	1,192	3,940	6,392	8,547	10,256	11,386	11,948
Licenses and Permits	Per Capita	2,685	5,386	8,105	10,133	11,450	11,474	11,723
Fines, forfeitures, penalties	Per Capita	2,111	4,225	6,373	7,968	9,003	9,173	9,253
Use of Money & Property	Per Capita	5,106	10,242	15,412	19,269	21,774	22,280	22,392
Charges for Services	No Forecast	-	-	-	-	-	-	-
Intergovernmental	Per Capita	3,638	7,239	10,981	13,730	15,514	15,818	15,855
Subtotal Other Revenues		14,734	38,107	47,267	59,647	67,998	69,911	70,505
Total General Fund Revenues		\$ 278,401	\$ 562,823	\$ 855,417	\$ 1,079,155	\$ 1,234,099	\$ 1,269,814	\$ 1,285,846

General Fund Expenditures

General Government	Per Capita	\$ 4,765	\$ 9,651	\$ 14,664	\$ 18,515	\$ 21,126	\$ 21,751	\$ 22,057
Community Development (20%)	Per Capita	1,069	2,165	3,290	4,153	4,739	4,879	5,018
Public Works/Engineering (20%)	Per Capita	1,710	3,534	5,357	6,739	7,646	7,833	7,917
PC/ENR Base								
Drainage Management System	\$ 25.50	12,684	25,368	38,052	47,414	53,379	54,209	54,209
Building Management System	9.10	1,980	3,920	5,881	7,327	8,249	8,378	8,378
Parks Management System	15.66	7,502	15,007	22,510	28,048	31,576	32,068	32,068
Open Space Management System	6.72	3,216	6,431	9,647	12,021	13,533	13,743	13,743
Fleet Management System	7.78	1,786	3,573	5,359	6,678	7,518	7,635	7,635
Pavement Annual (PMP)	18.18	6,789	13,577	20,366	25,377	28,569	29,014	29,014
General Govt Management System	0.63	313	625	938	1,169	1,316	1,336	1,336
Urban Forestry Management System	6.72	3,216	6,431	9,647	12,021	13,532	13,743	13,743
\$ 78.18		37,467	74,934	112,400	140,054	157,673	160,126	160,126
Community Services	Per Capita	6,455	13,074	19,865	25,082	28,619	29,466	29,880
New Library	Project Specific	-	-	-	-	-	-	-
New Facilities	Project Specific	-	-	-	-	-	-	-
Public Safety:								
Police Services	DO/Ann	112,849	228,775	373,219	485,723	561,965	593,140	617,645
Fire Services	DO/Ann	62,823	131,201	206,103	263,882	305,472	318,589	335,141
Animal Control Services	Per Capita	4,802	9,727	14,780	18,661	21,282	21,923	22,548
Total Public Safety		180,474	379,702	594,102	768,265	893,720	923,652	966,299
Total General Fund Expenditures		\$ 231,939	\$ 483,060	\$ 749,679	\$ 962,808	\$ 1,109,535	\$ 1,157,713	\$ 1,191,896
Projected Net Revenues/(Shortfall)		\$16,461	\$79,763	\$105,738	\$116,347	\$125,564	\$112,101	\$93,950



Year	9	10	11	12	13	14	15	16	17
Population									
Single Family Residential	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,495
Multi-Family Residential	515	515	515	515	515	515	515	515	515
Total (Per Capita Base)	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010
Employment Population 54% Pop	101	101	101	101	101	101	101	101	101
Non-Residential	-	-	-	-	-	-	-	-	-
Totals	2,111	2,111	2,111	2,111	2,111	2,111	2,111	2,111	2,111
Number of Homes									
Single Family Residential	534	534	534	534	534	534	534	534	534
Multi-Family Residential	184	184	184	184	184	184	184	184	184
Totals	718	718	718	718	718	718	718	718	718

General Fund Revenues

Tax Revenues									
Property Tax	AV	\$ 501,229	\$ 511,264	\$ 521,489	\$ 531,919	\$ 542,557	\$ 553,408	\$ 564,477	\$ 575,766
Sales and Use Tax	Per Capita	246,626	254,025	261,646	269,495	277,580	285,908	294,485	303,319
Sales and Use Tax - Project Specific	Project Specific	-	-	-	-	-	-	-	-
Transient Occupancy Tax	Per Capita	31,508	32,453	33,427	34,430	35,462	36,526	37,622	38,751
Motor Vehicle In Lieu of VLF	AV	223,046	229,534	236,151	242,901	249,786	256,809	263,972	271,278
Franchise Fees	Per Capita	95,506	98,272	101,323	104,562	107,993	111,618	115,440	119,461
Other Taxes	Per Capita	61,461	63,305	65,204	67,160	69,175	71,251	73,388	75,590
Subtotal Tax Revenues		1,259,397	1,288,953	1,319,240	1,350,569	1,382,655	1,414,449	1,447,993	1,482,165
Other Revenues	Per Capita	12,204	12,570	12,947	13,336	13,736	14,148	14,572	15,009
Licenses and Permits	Per Capita	12,129	12,493	12,869	13,254	13,651	14,061	14,483	14,917
Fines, forfeitures, penalties	Per Capita	9,537	9,822	10,118	10,421	10,734	11,056	11,387	11,729
Use of Money & Property	Per Capita	23,064	23,756	24,463	25,203	25,959	26,738	27,540	28,366
Charges for Services	No Forecast	-	-	-	-	-	-	-	-
Intergovernmental	Per Capita	16,434	16,927	17,435	17,958	18,497	19,051	19,622	20,212
Subtotal Other Revenues		73,368	75,569	77,876	80,171	82,576	85,053	87,625	90,233
Total General Fund Revenues		\$ 1,332,755	\$ 1,364,522	\$ 1,397,076	\$ 1,430,439	\$ 1,464,631	\$ 1,499,473	\$ 1,535,588	\$ 1,572,398

General Fund Expenditures

General Government	Per Capita	\$ 22,697	\$ 23,032	\$ 23,377	\$ 23,732	\$ 24,098	\$ 24,467	\$ 24,839	\$ 25,219
Community Development (20%)	Per Capita	5,091	5,167	5,244	5,324	5,406	5,489	5,574	5,661
Public Works/Engineering (20%)	Per Capita	8,052	8,116	8,238	8,363	8,492	8,700	8,914	9,134
PC/ENR Base									
Drainage Management System	\$ 25.58	54,209	54,209	54,209	54,209	54,209	54,209	54,209	54,209
Building Management System	8.10	8,378	8,378	8,378	8,378	8,378	8,378	8,378	8,378
Parks Management System	25.66	22,068	22,068	22,068	22,068	22,068	22,068	22,068	22,068
Open Space Management System	6.73	13,743	13,743	13,743	13,743	13,743	13,743	13,743	13,743
Fleet Management System	7.635	7,635	7,635	7,635	7,635	7,635	7,635	7,635	7,635
Pavement Annual (PMP)	29.014	29,014	29,014	29,014	29,014	29,014	29,014	29,014	29,014
General Govt Management System	1.336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336
Urban Forestry Management System	6.72	12,743	12,743	12,743	12,743	12,743	12,743	12,743	12,743
\$ 70.18		160,126	160,126	160,126	160,126	160,126	160,126	160,126	160,126
Community Services	Per Capita	30,747	31,201	31,668	32,150	32,645	33,142	33,668	34,211
New Library	Project Specific	-	-	-	-	-	-	-	-
New Facilities	Project Specific	-	-	-	-	-	-	-	-
Public Safety									
Police Services	DO/Agree	658,057	674,508	691,371	708,655	726,371	744,531	763,144	782,222
Fire Services	DO/Agree	343,638	352,003	366,893	380,726	395,955	411,794	428,265	445,396
Animal Control Services	Per Capita	22,876	23,214	23,561	23,919	24,288	24,661	25,039	25,422
Total Public Safety		1,024,570	1,049,724	1,081,815	1,113,301	1,146,615	1,181,206	1,216,994	1,253,791
Total General Fund Expenditures		\$ 1,251,284	\$ 1,277,366	\$ 1,309,668	\$ 1,342,996	\$ 1,377,381	\$ 1,413,698	\$ 1,451,182	\$ 1,489,844
Projected Net Revenues/(Shortfall)		\$81,471	\$87,155	\$87,408	\$87,443	\$87,249	\$85,975	\$84,406	\$82,554



	Year	18	19	20
Population				
Single Family Residential		1,495	1,495	1,495
Multi-Family Residential		515	515	515
Total (Per Capita Base)		2,010	2,010	2,010
Employment Population 54% Non-Residential		101	101	101
		-	-	-
Totals		2,111	2,111	2,111

Number of Homes				
Single Family Residential		534	534	534
Multi-Family Residential		184	184	184
Totals		718	718	718

General Fund Revenues

	Year	18	19	20
Tax Revenues				
Property Tax	AV	\$ 399,027	\$ 611,008	\$ 623,228
Sales and Use Tax	Per Capita	321,792	331,445	341,389
Sales and Use Tax - Project Specific	Project Specific	-	-	-
Transient Occupancy Tax	Per Capita	41,111	42,344	43,614
Motor Vehicle In-Lieu of VLF	AV	386,332	394,086	401,994
Franchise Fees	Per Capita	124,614	128,353	132,263
Other Taxes	Per Capita	89,193	93,599	95,677
Subtotal Tax Revenues		1,353,069	1,399,934	1,427,506
Other Revenues	Per Capita	15,923	16,401	16,693
Licenses and Permits	Per Capita	15,825	16,300	16,789
Fines, forfeitures, penalties	Per Capita	12,443	12,817	13,201
Use of Money & Property	Per Capita	30,094	30,596	31,926
Charges for Services	No Forecast	-	-	-
Intergovernmental	Per Capita	21,443	22,086	22,748
Subtotal Other Revenues		95,728	98,600	101,338
Total General Fund Revenues		\$ 1,648,797	\$ 1,688,434	\$ 1,729,063

General Fund Expenditures

General Government	Per Capita	\$ 27,219	\$ 27,899	\$ 28,600
Community Development (20%)	Per Capita	6,106	6,258	6,415
Public Works/Engineering (20%)	Per Capita	9,592	9,831	10,078
	PC/ENR Base			
Drainage Management System	\$ 205.50	54,209	54,209	54,209
Building Management System	8.10	8,378	8,378	8,378
Parks Management System	25.06	23,068	23,068	23,068
Open Space Management System	6.73	13,743	13,743	13,743
Fleet Management System	7.73	7,635	7,635	7,635
Pavement Annual (PMP)	18.18	29,014	29,014	29,014
General Govt Management System	0.63	1,336	1,336	1,336
Urban Forestry Management System	6.72	13,743	13,743	13,743
	\$ 70.18	160,126	160,126	160,126
Community Services	Per Capita	36,872	37,794	38,743
New Library	Project Specific	-	-	-
New Facilities	Project Specific	-	-	-
Public Safety				
Police Services	DO/Acre	821,822	842,368	862,427
Fire Services	DO/Acre	481,740	501,010	521,050
Animal Control Services	Per Capita	27,433	28,119	28,825
Total Public Safety		1,329,996	1,371,497	1,412,303
Total General Fund Expenditures		\$ 1,570,910	\$ 1,613,404	\$ 1,657,266
Projected Net Revenues/(Shortfall)		\$ 77,887	\$ 75,030	\$ 71,797

EXHIBIT C-1

Total Assessed Value after Turnover

ORANGE COUNTY, CA
AUSTIN, TX

SACRAMENTO, CA
TAMPA, FL

LAS VEGAS, NV
ORANGE COUNTY, FL

BOISE, ID
RESEARCH TRIANGLE, NC

PHOENIX, AZ



EXHIBIT C-1
Sunbow II, Phase 3
Total Assessed Value After Turnover
January 25, 2021

Year	Total High Density (MF) Assessed Value After Turnover	Total Med-High Density (SF) Assessed Value After Turnover	Total Assessed Value
1	\$ 20,231,376	\$ 58,870,200	\$ 79,101,576
2	41,575,478	120,978,261	162,553,739
3	64,079,343	186,461,056	250,540,399
4	84,053,337	235,879,587	319,932,924
5	85,734,403	285,070,827	370,805,231
6	87,449,091	297,181,516	384,630,607
7	89,198,073	303,125,146	392,323,219
8	94,383,402	319,085,105	413,468,507
9	99,791,485	335,710,675	435,502,160
10	105,430,944	353,027,291	458,458,235
11	110,682,193	367,769,278	478,451,471
12	112,895,837	382,601,723	495,497,560
13	115,153,754	391,331,306	506,485,060
14	117,456,829	399,157,932	516,614,761
15	119,805,966	407,141,090	526,947,056
16	126,068,996	426,536,031	552,605,028
17	132,592,630	446,712,695	579,305,325
18	139,386,815	467,700,500	607,087,315
19	145,747,312	485,787,308	631,534,621
20	148,662,259	504,003,498	652,665,756

EXHIBIT C-2

AV and Reassessment Year - Breakdown by Absorption Year

ORANGE COUNTY, CA
AUSTIN, TX

SACRAMENTO, CA
TAMPA, FL

LAS VEGAS, NV
ORANGE COUNTY, FL

BOISE, ID
RESEARCH TRIANGLE, NC

PHOENIX, AZ



EXHIBIT C-2
Subrow II, Phase 3
Assessed Value and Reassessment Year - Breakdown by Absorption Year
January 25, 2021

HIGH DENSITY (MULTIFAMILY UNITS)										
Current Year	Year 1 Units (48 Units)		Year 2 Units (48 Units)		Year 3 Units (48 Units)		Year 4 Units (40 Units)		Total MF Assessed Value After Turnover	
	Reassessment Year	Final Assessed Value	Reassessment Year	Final Assessed Value	Reassessment Year	Final Assessed Value	Reassessment Year	Final Assessed Value		
1		\$ 20,231,376		\$ -		\$ -		\$ -	\$	20,231,376
2		20,636,004		20,939,474		-		-		41,575,478
3		21,048,724		21,358,264		21,672,356		-		64,079,343
4		21,469,698		21,785,429		22,105,803		18,692,407		84,053,337
5		21,899,092		22,221,137		22,547,919		19,066,255		85,734,403
6		22,337,074		22,665,560		22,998,877		19,447,580		87,449,091
7		22,783,815		23,118,871		23,458,855		19,836,532		89,198,073
8	Assess	26,640,899		23,581,249		23,928,032		20,213,262		94,383,002
9		27,173,676	Assess	27,573,289		24,406,593		20,637,928		99,791,485
10		27,717,149		28,124,755	Assess	28,538,354		21,050,686		105,430,944
11		28,271,492		28,687,250		29,109,121	Assess	24,614,330		110,682,193
12		28,836,922		29,260,995		29,691,303		25,106,617		112,895,837
13		29,413,661		29,846,215		30,285,129		25,608,740		115,152,754
14		30,001,934		30,443,139		30,890,832		26,120,924		117,456,829
15		30,601,973		31,052,002		31,508,649		26,643,243		119,805,566
16	Assess	35,080,924		31,673,042		32,138,822		27,176,210		126,068,996
17		35,782,542	Assess	36,308,756		32,781,598		27,719,734		132,592,630
18		36,498,193		37,034,931	Assess	37,579,562		28,274,128		139,386,815
19		37,228,157		37,775,630		38,331,154	Assess	32,412,373		145,747,312
20		37,972,729		38,531,142		39,097,777		33,060,620		148,662,259

MED-HIGH DENSITY (SINGLE FAMILY UNITS)													
Current Year	Year 1 Units (120 Units)		Year 2 Units (120 Units)		Year 3 Units (120 Units)		Year 4 Units (84 Units)		Year 5 Units (79 Units)		Year 6 Units (11 Units)		Total SF Assessed Value After Turnover
	Reassessment Year	Final Assessed Value	Reassessment Year	Final Assessed Value	Reassessment Year	Final Assessed Value	Reassessment Year	Final Assessed Value	Reassessment Year	Final Assessed Value	Reassessment Year	Final Assessed Value	
1		\$ 58,870,200		\$ -		\$ -		\$ -		\$ -		\$ -	\$ 58,870,200
2		60,047,604		60,930,657		-		-		-		-	120,978,261
3		61,248,556		62,149,270		63,063,230		-		-		-	186,461,056
4		62,473,527		63,392,256		64,324,495		45,689,310		-		-	235,879,587
5		63,722,098		64,660,101		65,610,904		46,603,096		44,473,648		-	285,070,927
6		64,997,458		65,953,303		66,923,204		47,535,158		45,363,121		6,409,272	297,181,516
7		66,297,407		67,272,369		68,261,668		48,485,861		46,270,384		6,537,457	303,123,146
8	Assess	77,520,811		68,617,816		69,626,902		49,455,579		47,195,791		6,668,207	319,085,105
9		79,071,228	Assess	80,234,040		71,019,440		50,444,690		48,139,707		6,801,571	335,710,675
10		80,652,652		81,838,721	Assess	83,042,231		51,453,581		49,102,501		6,997,602	353,027,291
11		82,265,705		83,475,495		84,703,076	Assess	60,164,096		50,084,551		7,076,354	367,769,278
12		83,911,019		85,145,905		86,397,137		61,267,378	Assess	58,563,302		7,217,881	382,601,723
13		85,589,240		86,847,905		88,125,080		62,394,726		59,734,568	Assess	8,439,787	391,331,306
14		87,301,024		88,584,803		89,887,582		63,846,620		60,929,259		8,608,539	399,157,932
15		89,047,045		90,356,500		91,685,333		65,123,553		62,147,844		8,790,755	407,141,090
16	Assess	102,080,105		92,163,692		93,519,040		66,426,024		63,390,801		8,996,370	426,536,031
17		104,121,707	Assess	105,652,909		95,389,421		67,754,544		64,658,617		9,135,497	446,712,695
18		106,204,141		107,765,967	Assess	109,356,760		69,109,635		65,951,790		9,318,207	467,700,500
19		108,328,224		109,921,286		111,537,776	Assess	79,224,626		67,270,825		9,504,571	485,787,308
20		110,494,789		112,119,712		113,768,531		80,809,119	Assess	77,116,685		9,694,603	504,003,498

Footnotes:
(a) Turnover calculations based on 3.50% escalation and turnover occurring every 8 years. Assumes 2.00% escalation when no turnover event occurs.

EXHIBIT C-3

Initial Home Value by Year

ORANGE COUNTY, CA
AUSTIN, TX

SACRAMENTO, CA
TAMPA, FL

LAS VEGAS, NV
ORANGE COUNTY, FL

BOISE, ID
RESEARCH TRIANGLE, NC

PHOENIX, AZ



EXHIBIT C-3
Sunbow II, Phase 3
Initial Home Value by Year
Assumes 3.50% Annual Appreciation
January 25, 2021

Year	1	2	3	4	5	6	7	8	9	10
High Density (Multifamily)										
MF Unit Absorption	48	48	48	40	-	-	-	-	-	-
MF AV of Single unit	\$ 421,487	\$ 436,239	\$ 451,507	\$ 467,310	\$ 483,666	\$ 500,594	\$ 518,115	\$ 536,249	\$ 555,018	\$ 574,444
Med-High Density (Single Family)										
SF Unit Absorption	120	120	120	84	79	11	-	-	-	-
SF AV of Single Unit	\$ 490,585	\$ 507,755	\$ 525,527	\$ 543,920	\$ 562,958	\$ 582,661	\$ 603,054	\$ 624,161	\$ 646,007	\$ 668,617

EXHIBIT D

Product and Pricing Assumptions (un-escalated)

ORANGE COUNTY, CA	SACRAMENTO, CA	LAS VEGAS, NV	BOISE, ID	PHOENIX, AZ
AUSTIN, TX	TAMPA, FL	ORANGE COUNTY, FL	RESEARCH TRIANGLE, NC	



EXHIBIT D
Sunbow II, Phase 3
Product and Pricing Assumptions (un-escalated)
January 25, 2021

PRODUCT AND PRICING BREAKDOWN:

Product	Units	Avg. Home Size	Est. Base Price (Year 1)	Est. Total Assessed Value *
HIGH DENSITY (18-45/AC)				
Product A (3-Story Attached)	184	1,422	\$ 421,487	\$ 77,553,694
MED-HIGH DENSITY (11-18/AC)				
Product B (2-Story Row Townhome)	235	1,466	\$ 456,511	\$ 107,280,129
Product C (3-Story Row Townhome)	191	1,860	\$ 521,927	\$ 99,688,099
Product D (Triplex)	108	1,725	\$ 509,300	\$ 55,004,400
Subtotal/Wtd. Avg. - Med-High Density	534	1,659	\$ 490,585	\$ 261,972,628
Total / Wtd. Avg.	718	1,598	472,878	339,526,322

SUMMARY BY DENSITY CATEGORY:

FIA Land Use Classification	Units	Avg. Home Size	Est. Base Price (Year 1)	Est. Total Assessed Value *
High Density - "Multifamily"	184	1,422	\$ 421,487	\$ 77,553,694
Med-High Density - "Single family"	534	1,659	\$ 490,585	\$ 261,972,628
Total / Wtd. Avg.	718	1,598	\$ 472,878	\$ 339,526,322

* Represents the estimated total assessed value using "Year 1" base price with no adjustment for price appreciation over time.