



ATTACHMENT J

ECONOMIC IMPACT ANALYSIS



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ECONOMIC IMPACT STUDY

RESTAURANT ROW

PROPOSED SP22-004

SAN MARCOS, CALIFORNIA

OCTOBER 24, 2023

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ECONOMIC IMPACT REPORT RESTAURANT ROW

Prepared for:

City of San Marcos

1 Civic Center Drive

San Marcos, CA 92069

Attention: Sean Del Solar, Senior Planner

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I EXECUTIVE SUMMARY

A Purpose of the Study

The objective of this Economic Impact Study (the "Study") is to analyze the economic impacts to the City of San Marcos (the "City") from the zoning and land use change proposed for the development on the 10.5 acre property site (the "Project").

The project site consists of three parcels: The Northern Parcel (APN: 219-200-30-00) is a single 1.63 acre rear parcel changing from Light Industrial (LI) to Mixed Use (MU-1). Zoned Light Industrial (LI), the existing condition of this parcel is a vacant parking lot. There are two additional lower parcels (APN's: 219-200-31-00 & 219-200-45-00), these parcels are fronting West San Marcos Blvd totaling 8.89 acres, and currently zoned as Mixed Use (MU-1).

The City of San Marcos (the "City") requires a comparative analysis from an economic perspective for the approval of a change in General Plan use and zoning designations of the Subject Property currently comprised of three parcels (two zoned mixed-used (MU-1) and one zoned Light Industrial (L-I). The mixed-use parcels are developed with a non-conforming low-density single-story restaurant complex. The light industrial parcel is paved with parking spaces for the restaurant complex. The proposed redevelopment entails 202 residential condominium units (presumed to be for-sale). The purpose of the amendment and rezone is to provide more practical development standards for the project which will continue to conform substantially to the MU-1 development standards on the two parcels fronting W. San Marcos Blvd. which total 8.89 acres, while changing the rear 1.63-acre parcel from light industrial to mixed-use.

Based on the market analysis prepared by Zonda Advisory (the "Zonda Analysis"), under (the "Approved Plan") it has been assumed that the alternative scenario would include 10,400 square feet of inline commercial retail space, 28,436 square feet of office space and 133 parking spaces. This scenario would result in 29 fewer townhomes than the proposed plan presented in this study for a total count of 173 units.

The current zoning is consistent with the Proposed development scenario, but the existing or Original development as a low-density single-story restaurant complex does not conform with the zoning. The plan amendment and rezone would provide more practical development standards which conform substantially to the MU-1 development standards.

The proposed project (the "Proposed Plan") consists of 202 for-sale condominiums in Motor-Court, Green-Court, Street-Facing Rowhomes, and Townhomes over Commercial. The commercial is intended as higher-end inline retail and restaurant space totaling 10,400 square feet of commercial space, and a 1.5-acre park. The residential component is planned as a mix of two- and three story townhomes. Consequently, the Study estimates the economic impacts of the Approved Plan and Proposed Plan (collectively, the "Scenarios") and provides a side-by-side comparison of both Scenarios.

B Types of Economic Impacts Evaluated in the Study

The Study identifies the general economic impacts that would occur due to the Project and quantifies these impacts wherever possible. General economic impacts include additions to employment (number of average annual full- and part-time jobs) and economic output (e.g., gross receipts) in the City.

The Study also distinguishes between one-time impacts and permanent impacts. One-time impacts include benefits that occur on a non-recurring basis as a result of construction activity, while permanent impacts refer to benefits that occur on a continuing basis, year after year. Generally, first, there is a one-time impact from the construction of a facility. Then, after the construction phases are complete, firms have a recurring impact on the economy through their ongoing operations.

Economic impact studies also operate under the basic assumption that any increase in spending has three effects: direct, indirect, and induced. First, there is a direct effect caused by the additional output of goods or services. Second, there is a ripple of indirect effects on all of the industries whose outputs are used by various industries and by a firm's supply chain. Third, there are induced effects that arise when employment increases in the region and stimulates greater household spending.

C Economic Impact Conclusions

The economic impact of the Approved Plan and the Proposed Plan are analyzed separately within the Study. In order to quantify the findings, the Study has evaluated the following elements as the major indicators of the economic impact: (i) Permanent Employment – direct-on-site and indirect/induced (which supplies or supports direct employment), (ii) Permanent Output (Gross Receipts) – total direct output plus output produced by suppliers and employee spending, and (iii) One-Time Construction Impacts.

C.1 Recurring Impacts

As illustrated in **Tables ES-1** and **ES-2** below, both Permanent Employees and permanent Gross Receipts are higher under the Approved Plan. The number of direct employees listed in the Tables below; ninety one (91) for the Approved Plan and eleven (11) for the Proposed Plan refer solely to Direct Employment as opposed to the Employment totals presented in **Tables ES-3** and **ES-4**, which refer to both Direct and Indirect/Induced Total Employees.

**Table ES-1: Permanent (Recurring) Employment and Overall Economic Output
Approved Plan**

Recurring Impacts	Direct	Indirect / Induced	Total
Employees			
City of San Marcos	91	40	131
Overall Output			
City of San Marcos	\$14,421,998	\$7,003,477	\$21,425,475

**Table ES-2: Permanent (Recurring) Employment and Overall Economic Output
Proposed Plan**

Recurring Impacts	Direct	Indirect / Induced	Total
Employees			
City of San Marcos	9	2	11
Overall Output			
City of San Marcos	\$4,521,856	\$1,269,107	\$5,790,963

In addition, DTA has estimated that the direct and indirect/induced effects on the City total \$21,425,475 for the Approved Plan and \$5,790,963 for the Proposed Plan.

C.2 One-Time Impacts

The number of one-time construction employees is also somewhat higher under the Approved Plan than the Proposed Plan. In addition, the Gross receipts are also expected to be higher under the Proposed Plan. The tables presented in this section summarize the major conclusions related to the One-Time economic impacts of both the Approved Plan and the Proposed Plan.

**Table ES-3: Construction (One-Time) Employment and Overall Economic Output
Approved Plan**

One-Time Impact	Direct	Indirect / Induced	Total
Employees			
City of San Marcos	244	141	385
Overall Output			
City of San Marcos	\$41,336,220	\$19,003,741	\$60,339,961

**Table ES-4: Construction (One-Time) Employment and Overall Economic Output
Proposed Plan**

One-Time Impact	Direct	Indirect/Induced	Total
Employees			
City of San Marcos	224	139	364
Overall Output			
City of San Marcos	\$39,160,040	\$18,491,268	\$57,651,308

D Market Considerations

The redevelopment of Restaurant Row is designed to activate W. San Marcos Blvd. through the inclusion of outdoor dining, street-facing homes to encourage walkability, social gathering spots, public art, and other elements that improve this highly visible public space. The change is being requested to allow for the construction of between 173 and 202 residential units, including a mix of Green Court homes, Motor Court homes, Street-Facing Rowhomes, and Townhomes over 10,400 of Commercial Retail, with a 1.5-acre public park across the center of the site. The Original scenario entails a 28,436 square foot office building on the Northern parcel with 133 parking spaces (identical to the existing development at 338 Via Vera Cruz). Zonda therefore modeled potential tenancy, estimated lease rates and sales pricing based on both the list of allowed uses in the light industrial zone shown in SMMC Sec. 20.230.040, and also the list of active business licenses at 338 Via Vera Cruz.

The main advantages of the Proposed Use rezone and land use designation are: (1) The planned Residential Mixed-Use development will bring new attainably priced for-sale product to an area that is undersupplied Townhomes provide a more affordable solution to single-family homes, especially in the face of rising interest rates, (2) The development will be more cohesive without having to split off the Northern parcel for a different use which is inconsistent with the two Lower parcels, (3) The current zoning of the Northern parcel as Light Industrial is inconsistent with the surrounding Commercial retail and Office uses, and does not complement residential development, (4) The two Lower Parcels are currently developed as a non-conforming low-density single-story restaurant complex which does not take advantage of the busy commercial corridor of W. San Marcos Blvd. The proposed Mixed-Use development will activate the retail street scene, creating lucrative spaces for businesses to flourish and (5) Residential Mixed Use anchored by retail creates a walkable community and the central 1.5-acre park creates a "green lung" connection for residents and retail patrons alike. Overall, Mixed-Use development at the Subject inclusive of the Northern Parcel achieves a higher estimated value than the bifurcated Original scenario development, making the Proposed use a more viable development alternative.

II INTRODUCTION

The objective of this Economic Impact Study (the “Study”) is to analyze the economic impacts to the City of San Marcos (the “City”) from the zoning and land use change proposed for the development on the 10.5 acre property site (the “Project”).

The project site consists of three parcels: The Northern Parcel (APN: 219-200-30-00) is a single 1.63 acre rear parcel changing from Light Industrial (LI) to Mixed Use (MU-1). Zoned Light Industrial (LI), the existing condition of this parcel is a vacant parking lot. There are two additional lower parcels (APN’s: 219-200-31-00 & 219-200-45-00), these parcels are fronting West San Marcos Blvd totaling 8.89 acres, and currently zoned as Mixed Use (MU-1).

The City of San Marcos (the “City”) requires a comparative analysis from a economic perspective for the approval of a change in General Plan use and zoning designations of the Subject Property currently comprised of three parcels (two zoned mixed-used (MU-1) and one zoned Light Industrial (L-I). The mixed-use parcels are developed with a non-conforming low-density single-story restaurant complex. The light industrial parcel is paved with parking spaces for the restaurant complex. The proposed redevelopment entails 202 residential condominium units (presumed to be for-sale). The purpose of the amendment and rezone is to provide more practical development standards for the project which will continue to conform substantially to the MU-1 development standards on the two parcels fronting W. San Marcos Blvd. which total 8.89 acres, while changing the rear 1.63-acre parcel from light industrial to mixed-use.

Based on the market analysis prepared by Zonda Advisory (the “Zonda Analysis”), under (the “Approved Plan”) it has been assumed that the alternative scenario would include 10,400 square feet of inline commercial retail space, 28,436 square feet of office space and 133 parking spaces. This scenario would result in 29 fewer townhomes than the proposed plan presented in this study for a total count of 173 units.

The current zoning is consistent with the Proposed development scenario, but the existing or Original development as a low-density single-story restaurant complex does not conform with the zoning. The plan amendment and rezone would provide more practical development standards which conform substantially to the MU-1 development standards.

The proposed project (the “Proposed Plan”) consists of 202 for-sale condominiums in Motor-Court, Green-Court, Street-Facing Rowhomes, and Townhomes over Commercial. The commercial is intended as higher-end inline retail and restaurant space totaling 10,400 square feet of commercial space, and a 1.5-acre park. The residential component is planned as a mix of two- and three story townhomes. Consequently, the Study estimates the economic impacts of the Approved Plan and Proposed Plan (collectively, the “Scenarios”) and provides a side-by-side comparison of both Scenarios.

A Scope and Methodology

A.1 Approach

The Study identifies the general economic impacts that would occur with the development of the Approved Plan and the Proposed Plan individually and quantifies these impacts wherever possible. General economic impacts include additions to employment (number of average annual full- and part-time jobs), and economic output (e.g., gross receipts). The Study also distinguishes between one-time economic impacts and permanent economic impacts. One-time impacts include benefits to the community that occur on a non-recurring basis as a result of construction and development activity, while permanent, recurring impacts refer to benefits that occur on a continuing basis, year after year. Additionally, for purposes of the Study, all economic impacts are stated in constant (un-inflated) 2023 dollars, based on the assumption that the relative impacts of inflation in future years may be difficult to gauge.

Furthermore, in evaluating economic impacts, the Study quantifies both direct and indirect/induced economic impacts on the City. Direct economic impacts reflect the initial or first-round increases in jobs and output, all of which occur directly on-site. Indirect/induced economic impacts are the secondary and other additional rounds of economic activity that occur as a consequence of the direct impacts and can occur elsewhere within the City. The indirect impacts represent the economic activity – buying and selling of goods and services – of suppliers to the land use types analyzed. In this Study, suppliers to the Proposed Plan would likely include maintenance and repair professionals, utilities' providers, wholesale trade companies, commercial and business support services; while suppliers to the Approved Plan may include construction supply firms, computer and other technology firms, accounting and bookkeeping professionals, and utilities' providers. Additionally, the suppliers representing the indirect one-time impacts would likely include heavy industrial and construction suppliers for the actual development of buildings and facilities. Finally, the induced impacts represent the economic activity that results from household spending by employees of all companies directly and indirectly affected by the construction and operation of the land uses analyzed in the Study.

A.2 North American Industry Classification

Indirect and induced impacts can occur throughout all industries of the economy and have been categorized using the North American Industry Classification System ("NAICS"). Adopted by the Office of Management and Budget ("OMB") in 1997 to replace the Standard Industrial Classification System ("SIC"), NAICS is a widely-used system to classify business establishments for the collection, analysis, and publication of statistical data in Canada, Mexico, and the United States. NAICS industries are identified using a 6-digit coding system to classify all economic

activity into twenty broad sectors, five of which are mainly goods-producing sectors and fifteen of which are services-providing sectors. This 6-digit hierarchical structure allows for the identification of nearly 1,170 industries. The broad NAICS sectors include the Retail/Commercial, Business Park, Industrial/Warehousing, and Construction, which are the focal NAICS categories analyzed within this Study to determine the indirect and induced economic impacts generated under both Scenarios.

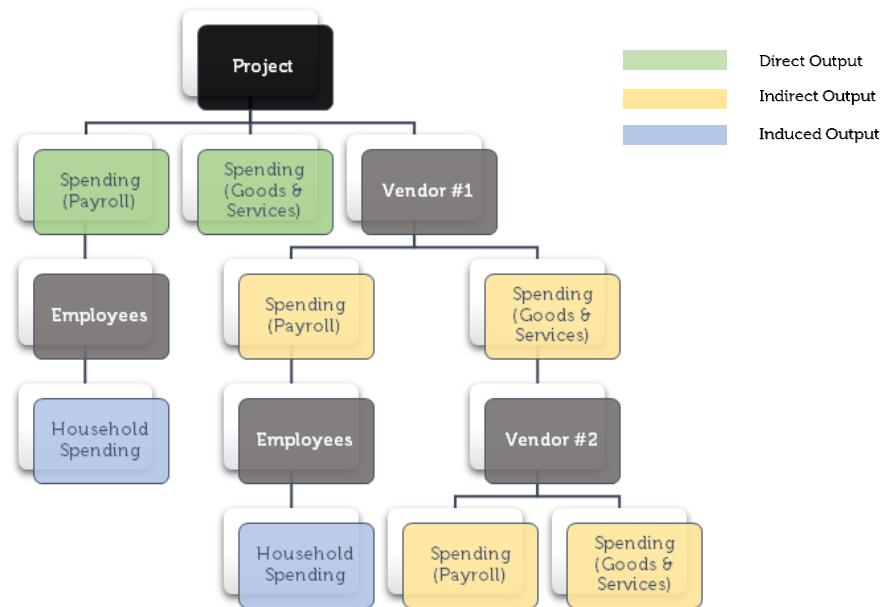
A.3 IMPLAN Multiplier Method

Although there is a consensus among economists that indirect and induced, or “multiplier” effects exist, most economists also agree that such effects are difficult to measure. Patterns on spending and employment among suppliers and employee households often vary over time and from one region to another. Nevertheless, there are certain input-output models that can be used to estimate indirect and induced effects.

In quantifying the indirect and induced economic impacts for the Study, DTA utilized the Impact Analysis for Planning (“IMPLAN”) Input/output Modeling System, a type of quantitative economic model that provides an approximate measure of the “multiplier effect” of a firm’s spending on payroll and the purchasing of goods and services. In this study, DTA used Version 3 of the IMPLAN economic modeling system.

Like similar econometric models, IMPLAN helps to calculate the flow of payments for goods and services across different industry sectors, and between households and industries. The IMPLAN model can be envisioned simply as a large spreadsheet with hundreds of industries (plus the household sector) arrayed across the top as producers, and the same industries and households listed down the side as consumers. Each million dollars (output) in spending by any one consumer (i.e., within the Approved Plan or the Proposed Plan) is allocated across the producing industries from which that consumer buys goods and services. These producing industries, in turn, spend money buying goods and services from their own distinct sets of suppliers. Thus, the IMPLAN multiplier model allows one to gauge the effect on each dollar an industry spends as it diffuses through a regional economy. Furthermore, it allows one to translate the overall regional impact of spending into jobs and employee compensation. Please refer to the example presented in **Figure 1** for a graphical representation of the multiplier effect in development.

Figure 1: Example of the Multiplier Effect (Direct, Indirect and Induced Output)



Source: DTA, 2019

B Limitations – Accuracy of Information

The economic models presented in this Study contain analysis of revenues and impacts resulting from the Approved Plan and the Proposed Plan. These models are based on both (i) information provided to DTA by the City and its consultants, Applicant of the Proposed Plan, and (ii) certain DTA assumptions taken from DTA's proprietary databases, as compiled by DTA from previous studies prepared by the firm. The sources of information and basis of the estimates calculated in the Study are stated herein. While DTA is confident that the sources of information are reliable, DTA does not express an opinion or any other form of assurance on the accuracy of such information. The analysis of economic impacts contained in the Study is not considered to be a "financial forecast" or a "financial projection" as technically defined by the American Institute of Certified Public Accountants. The word "projection" used within the Study relates to broad expectations of future events or market conditions. Since the analyses contained herein are based on estimates and assumptions that are inherently subject to uncertainty and variation depending on evolving events, DTA cannot represent that such estimates will definitely be achieved. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore, the actual results achieved may vary from these projections stated throughout the Study.

III ECONOMIC IMPACTS

The Study identifies the general economic impacts that would occur under the Approved Plan and compares them to the impacts under the Proposed Plan, quantifying the impacts of each Scenario wherever possible. General economic impacts include additions to employment (number of average annual full- and part-time jobs) and economic output (e.g., gross receipts). The Study also distinguishes between one-time economic impacts and permanent economic impacts. One-time impacts include benefits to the community that occur on a non-recurring time basis as a result of construction and development activity, while permanent, recurring impacts refer to benefits that occur on a continuing basis, year after year.

A Recurring Economic Impacts

A.1 Assumptions

Information provided to DTA indicates that the Approved Plan is anticipated to include 10,400 square feet of inline commercial retail space, 28,436 square feet of office space and 133 parking spaces. This scenario would result in 29 fewer townhomes than the proposed plan presented in this study for a total count of 173 units. The current zoning is consistent with the Proposed development scenario, but the existing or Original development as a low-density single-story restaurant complex does not conform with the zoning. The plan amendment and rezone would provide more practical development standards which conform substantially to the MU-1 development standards. Under the Proposed plan, the Project would consist of 202 for-sale condominiums in Motor-Court, Green-Court, Street-Facing Rowhomes, and Townhomes over Commercial. The commercial is intended as higher-end inline retail and restaurant space totaling 10,400 square feet of commercial space, and a 1.5-acre park. The residential component is planned as a mix of two- and three story townhomes.

Table 1: Assumptions – Approved Plan vs. Proposed Plan

Assumptions	Approved Plan	Proposed Plan
Residential Land Use	Units	Units
Townhomes	173	202
Residential Land Use	Sq. Ft.	Sq. Ft.
Townhomes	270,100	317,950
Residential Land Use	Residents	Residents
Townhomes	426	497
Non-Residential Land Use	Sq. Ft.	Sq. Ft.
In Line Commercial Retail	10,400	10,400
Office	28,436	NA
Employment	Direct Employees	Direct Employees
Commercial Retail	9	9
Office	82	NA

A.2 Job Creation

As indicated in the Table below, full development and build-out of the Approved Plan is expected to be significant, resulting in one hundred and thirty one (131) new jobs, while the Proposed Plan is expected to result in eleven (11) recurring jobs in the City. This total includes combined direct and indirect/induced employment. Although the specific location of the additional indirect jobs created cannot be identified in this Study, most of these jobs will likely be support service jobs in retail, transportation, and similar areas.

Table 2: Approved Plan – Recurring Employment

Recurring Impacts	Direct	Indirect / Induced	Total
Total Output			
City of San Marcos	91	40	131

Tables 2 and 3 presented, as well as Exhibit 1 of Appendices A and B, summarize the direct and indirect/induced recurring employment impacts of the Approved Plan and the Proposed Plan.

Table 3: Proposed Plan – Recurring Employment

Recurring Impacts	Direct	Indirect / Induced	Total
Total Output			
City of San Marcos	9	2	11

Since the analyses contained herein are based on estimates and assumptions that are inherently subject to uncertainty and variation depending on evolving events, DTA cannot represent that such estimates will definitely be achieved. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore, the actual results achieved may vary from these projections stated throughout the Study.

A.3 Overall Economic Output

In addition to the Employment projections presented in the previous section, Total Output (i.e., total expenditures including sales or gross receipts, or other operating income) within the City will also increase under both development Scenarios. However, as indicated below in **Tables 4 and 5** total output projections under the Approved Plan exceed those of the Proposed Plan. Total output is estimated and based on the different types of development projected to occur. As stated in Section I, this Study analyzes direct and indirect/induced impacts. Regarding gross receipts, the direct impact reflects the initial or first-round increases in output (total spending/gross receipts, including payroll), all of which occur directly on the either the Approved Plan site or the Proposed Plan site.

Table 4: Approved Plan – Recurring Total Output

Recurring Impacts	Direct	Indirect / Induced	Total
Overall Output			
City of San Marcos	\$14,421,998	\$7,003,477	\$21,425,475

Table 5: Proposed Plan – Recurring Total Output

Recurring Impacts	Direct	Indirect / Induced	Total
Overall Output			
City of San Marcos	\$4,521,856	\$1,269,107	\$5,790,963

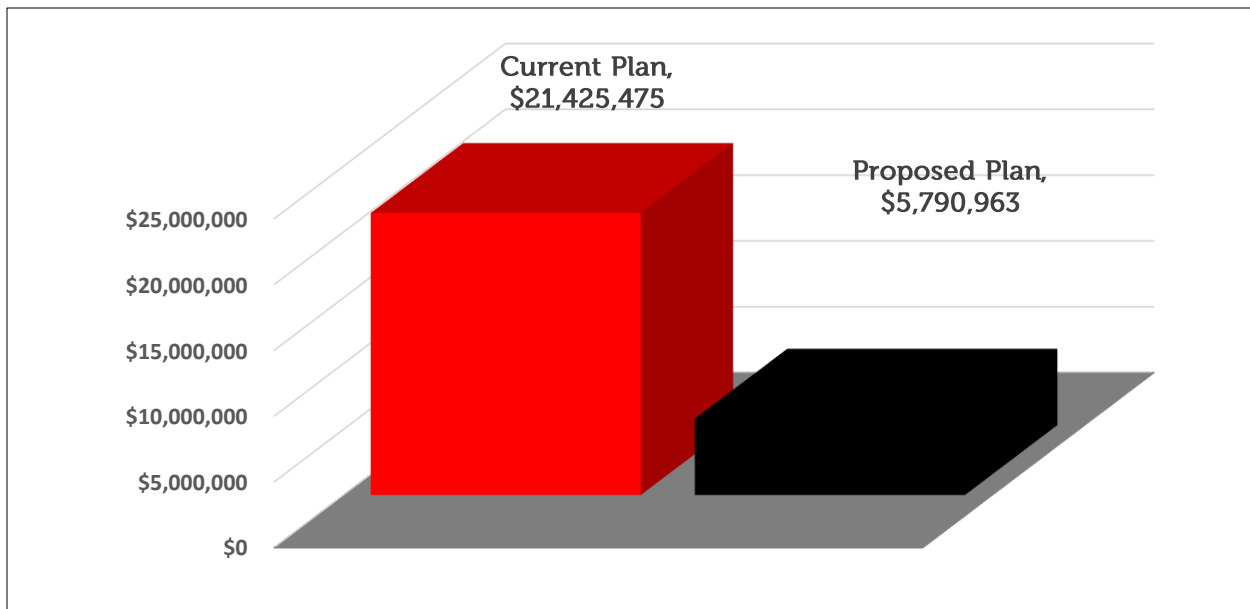
Indirect/induced economic impacts are the secondary effects, and other additional rounds of economic activity that occur as a consequence of the direct output impacts can occur outside of the Approved Plan and the Proposed Plan. The indirect impacts represent the economic activity – buying and selling of goods and services – of suppliers and/or supporting businesses. The induced impacts represent the

economic activity that results from household spending by employees of all companies directly and indirectly affected by the Project.

Based again on IMPLAN Version 3 multipliers and other assumptions utilized in the Study, DTA has estimated that the direct and indirect/induced effects on the City to total \$21,425,475 for the Approved Plan and \$5,790,963 for the Proposed Plan as indicated in **Tables 4 and 5**.

As shown in the tables above, DTA estimates that the direct and indirect/induced effects on the City resulting from the Approved Plan (including employees and residents) are greater than those under the Proposed Plan. The side-by-side comparison of recurring Total Output can be seen in the graphical representation of presented in **Figure A** below.

Figure A: Approved Plan vs. Proposed Plan – Recurring Total Output



B One-Time Employment and Output Impacts (Construction)

According to IMPLAN, development of the Approved Plan area is projected to create approximately three hundred and eighty five (385) one-time construction jobs in the City of San Marcos. This total includes combined direct and indirect/induced employment. For the Proposed Plan, three hundred and sixty four (364) one-time construction jobs are expected to be created. Again, one-time construction and development costs will also have multiplier effects on the economy, generating one-time increases in output from construction of the non-residential buildings and all related site improvements. **Tables 6 and 7** below summarize the projected increases in employment resulting from construction activities, under each Scenario.

Table 6: Approved Plan – One-Time Employment

One-Time Impacts	Direct	Indirect / Induced	Total
Employees			
City of San Marcos	244	141	385

Table 7: Proposed Plan – One-Time Employment

One-Time Impacts	Direct	Indirect / Induced	Total
Employees			
City of San Marcos	224	139	364

As with recurring economic impacts, experience and modeling indicate that a large percentage of these jobs will be support service and construction jobs in industries currently occupying the Approved area. These jobs are likely to be located close to either the Approved Plan or the Proposed Plan. The tables presented above summarize the projected increases in employment to be generated directly from construction of the Project land uses, based on DTA construction cost assumptions.

Table 8: Approved Plan – One-time Total Output

One-Time Impacts	Direct	Indirect / Induced	Total
Output			
City of San Marcos	\$41,336,220	\$19,003,741	\$60,339,961

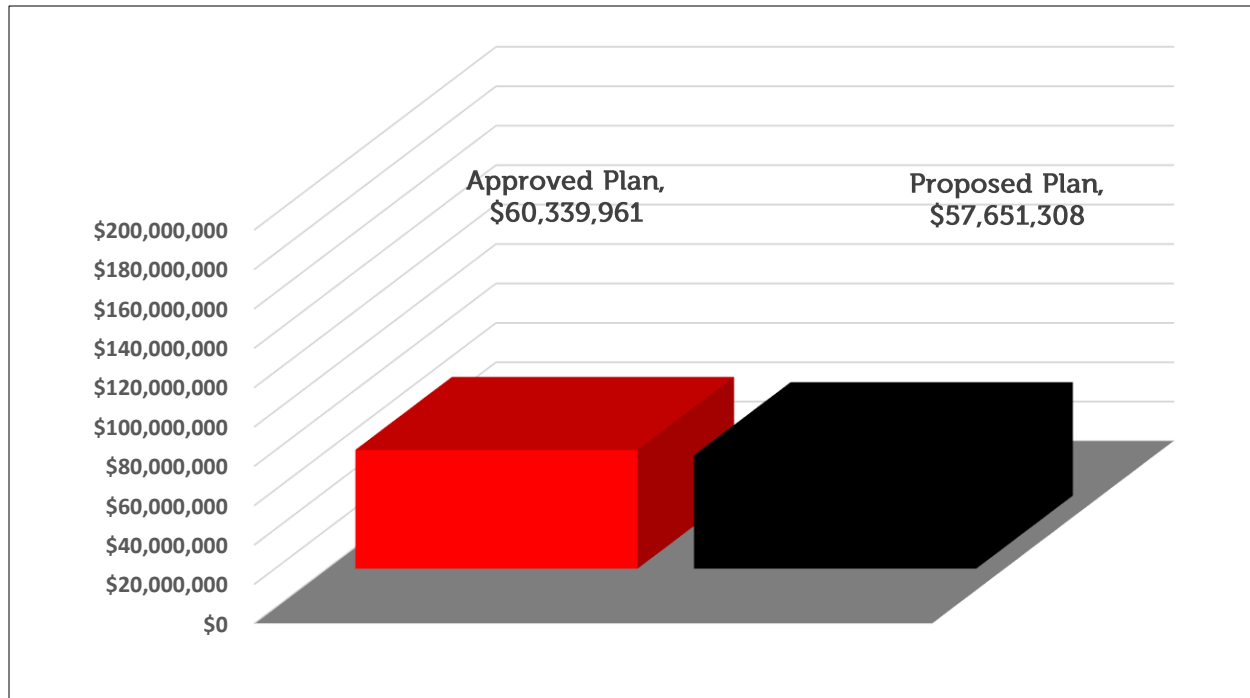
Table 9: Proposed Plan – One-time Total Output

One-Time Impacts	Direct	Indirect / Induced	Total
Output			
City of San Marcos	\$39,160,040	\$18,491,268	\$57,651,308

Notably, projected one-time Total Output is expected to increase considerably under both the Approved and Proposed scenarios, as illustrated in Tables 8 and 9 above. DTA estimates that the direct and indirect/induced effects on the City total \$60,339,961 in one-time total

output for the Approved Plan and \$57,651,308 for the Proposed Plan. A side-by-side comparison of both Scenarios can be seen graphically in **Figure B** presented below.

Figure B: Approved Plan vs. Proposed Plan – One-Time Total Output



C Market Considerations

The redevelopment of Restaurant Row is designed to activate W. San Marcos Blvd. through the inclusion of outdoor dining, street-facing homes to encourage walkability, social gathering spots, public art, and other elements that improve this highly visible public space. The change is being requested to allow for the construction of between 173 and 202 residential units, including a mix of Green Court homes, Motor Court homes, Street-Facing Rowhomes, and Townhomes over 10,400 of Commercial Retail, with a 1.5-acre public park across the center of the site. The Original scenario entails a 28,436 square foot office building on the Northern parcel with 133 parking spaces (identical to the existing development at 338 Via Vera Cruz). Zonda therefore modeled potential tenancy, estimated lease rates and sales pricing based on both the list of allowed uses in the light industrial zone shown in SMMC Sec. 20.230.040, and also the list of active business licenses at 338 Via Vera Cruz.

The main advantages of the Proposed Use rezone and land use designation are: (1) The planned Residential Mixed-Use development will bring new attainably priced for-sale

product to an area that is undersupplied Townhomes provide a more affordable solution to single-family homes, especially in the face of rising interest rates, (2) The development will be more cohesive without having to split off the Northern parcel for a different use which is inconsistent with the two Lower parcels, (3) The current zoning of the Northern parcel as Light Industrial is inconsistent with the surrounding Commercial retail and Office uses, and does not complement residential development, (4) The two Lower Parcels are currently developed as a non-conforming low-density single-story restaurant complex which does not take advantage of the busy commercial corridor of W. San Marcos Blvd. The proposed Mixed-Use development will activate the retail street scene, creating lucrative spaces for businesses to flourish and (5) Residential Mixed Use anchored by retail creates a walkable community and the central 1.5-acre park creates a "green lung" connection for residents and retail patrons alike. Overall, Mixed-Use development at the Subject inclusive of the Northern Parcel achieves a higher estimated value than the bifurcated Original scenario development, making the Proposed use a more viable development alternative.

APPENDIX A

City of San Marcos
Marcos Specific Plan
Economic Impact Study



**ECONOMIC IMPACT
MODEL, APPROVED PLAN**

**CITY OF SAN MARCOS
RESTAURANT ROW
ECONOMIC IMPACT ANALYSIS - (APPROVED PLAN)**

RECURRING JOBS

RECURRING IMPACTS

ONE-TIME JOBS

ONE TIME IMPACTS

JOB HOUSING BALANCE

SUMMARY

EXHIBIT 1A
RESTAURANT ROW
RECURRING EMPLOYMENT - APPROVED PLAN

ASSUMPTIONS

I. RESIDENTIAL LAND USE ASSUMPTIONS

LAND USE CATEGORY	UNITS
TOWNHOMES	173

II. NON-RESIDENTIAL LAND USE ASSUMPTIONS

LAND USE CATEGORY ¹	EMPLOYEES/1,000 SQ. FT. ²	SQ. FT. ¹
IN LINE COMMERCIAL RETAIL	0.82	10,400
OFFICE AND PARKING	2.88	28,436

38,836

RECURRING EMPLOYMENT

III. CITY

	DIRECT EMPLOYEES ³	INDIRECT EMPLOYEES ⁴	INDUCED EMPLOYEES ⁴	TOTAL EMPLOYEES
IN LINE COMMERCIAL RETAIL	9	1	1	11
OFFICE AND PARKING	82	20	18	120
TOWNHOMES	0	0	0	0
TOTAL RECURRING EMPLOYMENT	91	21	19	131

NOTES:

¹ Source: City of San Marcos.

² Commercial Buildings Energy Consumption Survey (CBECS), 2018.

³ Based on multiplying Category SF by Employees/1,000 SF metric.

⁴ Source: San Marcos City IMPLAN multipliers.

* ***All figures subject to rounding***

EXHIBIT 2A
RESTAURANT ROW
RECURRING ECONOMIC IMPACTS - APPROVED PLAN

ASSUMPTIONS

I. RESIDENTIAL SPENDING ASSUMPTIONS	HOUSEHOLD INCOME	% INCOME SPENT IN CITY	TOTAL RESIDENT SPENDING / YR.
TOWNHOMES	\$138,573	28.07%	\$3,364,985
II. NON-RESIDENTIAL OUTPUT ASSUMPTIONS	AVERAGE OUTPUT / EMPLOYEE¹	OUTPUT / YR.¹	
IN LINE COMMERCIAL RETAIL		\$67,385	\$606,469
OFFICE AND PARKING		\$127,446	\$10,450,544

RECURRING OUTPUT

III. CITY

	<u>DIRECT OUTPUT</u>	<u>INDIRECT OUTPUT¹</u>	<u>INDUCED OUTPUT¹</u>	<u>TOTAL OUTPUT</u>
IN LINE COMMERCIAL RETAIL	\$606,469	\$112,844	\$163,361	\$882,674
OFFICE AND PARKING	\$10,450,544	\$2,248,759	\$2,839,983	\$15,539,285
TOWNHOMES	\$3,364,985	\$724,081	\$914,450	\$5,003,516
TOTAL RECURRING OUTPUT	\$14,421,998	\$3,085,683	\$3,917,793	\$21,425,475

NOTES:

¹ Source: San Marcos City IMPLAN multipliers.

* All figures subject to rounding

EXHIBIT 3A
RESTAURANT ROW
ONE-TIME EMPLOYMENT -APPROVED PLAN

ASSUMPTIONS

I. RESIDENTIAL LAND ASSUMPTIONS	UNITS
TOWNHOMES	173

II. NON-RESIDENTIAL LAND USE ASSUMPTIONS	SQ. FT.
IN LINE COMMERCIAL RETAIL	10,400
OFFICE AND PARKING	28,436

III. PUBLIC FACILITIES	TOTAL COST
PROJECT INFRASTRUCTURE	NA

ONE-TIME EMPLOYMENT

IV. CITY	DIRECT EMPLOYEES ¹	INDIRECT EMPLOYEES ¹	INDUCED EMPLOYEES ¹	TOTAL EMPLOYEES
IN LINE COMMERCIAL RETAIL	26	4	6	36
OFFICE AND PARKING	48	8	12	68
TOWNHOMES	170	63	47	281
TOTAL ONE-TIME EMPLOYEES	244	75	66	385

NOTES:

¹ Source: San Marcos City IMPLAN multipliers (IMPLAN Sector 58: Construction of new non-residential structures).

* *All figures subject to rounding*

**EXHIBIT 4A
RESTAURANT ROW
ONE-TIME IMPACTS - APPROVED PLAN**

ASSUMPTIONS

		UNITS	ESTIMATED COST PER SQ. FT.	COST PER UNIT
I. RESIDENTIAL CONSTRUCTION COST ASSUMPTIONS				
	TOWNHOMES	173	1012 to 1721	\$175,000
II. NON-RESIDENTIAL CONSTRUCTION COST ASSUMPTIONS			IMPROVEMENT VALUE¹	CONSTRUCTION COST PER SQ. FT.
	IN LINE COMMERCIAL RETAIL		\$3,810,040	\$366
	OFFICE AND PARKING		\$7,251,180	\$255
III. PUBLIC FACILITIES				TOTAL COST
	PROJECT INFRASTRUCTURE			NA

ONE-TIME OUTPUT

IV. CITY	DIRECT OUTPUT	INDIRECT OUTPUT ²	INDUCED OUTPUT ²	TOTAL OUTPUT
IN LINE COMMERCIAL RETAIL	\$3,810,040	\$657,707	\$848,515	\$5,316,263
OFFICE AND PARKING	\$7,251,180	\$1,359,853	\$1,591,067	\$10,202,100
TOWNHOMES	\$30,275,000	\$8,148,097	\$6,398,502	\$44,821,598
TOTAL ONE-TIME OUTPUT	\$41,336,220	\$10,165,657	\$8,838,085	\$60,339,961

NOTES:

¹ Assumes that improvement value is approximately 85% of total valuation.

² Source: San Marcos City IMPLAN multipliers (IMPLAN Sector 58: Construction of new non-residential structures).

* All figures subject to rounding

EXHIBIT 5A
RESTAURANT ROW
JOBS-HOUSING BALANCE - APPROVED PLAN

ASSUMPTIONS

I. EXISTING DEMOGRAPHICS

CITY OF SAN MARCOS

HOUSING UNITS ¹	32,000
EMPLOYEES ²	41,400

II. JOB IMPACTS ³

CITY OF SAN MARCOS

DIRECT IMPACT	91
ADDITIONAL INDIRECT	21
ADDITIONAL INDUCED	19
TOTAL	131

III. CUMULATIVE PROJECT DEMOGRAPHICS

EXISTING HOUSING UNITS PLUS PROJECT - CITY OF SAN MARCOS	32,173
<i>PERCENTAGE INCREASE</i>	<i>0.54%</i>
EXISTING EMPLOYEES PLUS PROJECT - CITY OF SAN MARCOS	41,531
<i>PERCENTAGE INCREASE</i>	<i>0.32%</i>

JOBS-HOUSING BALANCE

IV. JOBS-HOUSING BALANCE

CITY OF SAN MARCOS

EXISTING	1.29
EXISTING WITH PROJECT	1.29
<i>PERCENTAGE INCREASE</i>	-0.22%

NOTES:

¹ Source: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State (2022).

² Source: California Employment Development Department ("EDD") - Labor Market Information Division.

³ Please see Exhibit B-1: Recurring Jobs.

* ***All figures subject to rounding***

**EXHIBIT 6A
RESTAURANT ROW
SUMMARY - APPROVED PLAN**

ASSUMPTIONS

I. <u>RESIDENTIAL LAND USE ASSUMPTIONS</u>		UNITS
TOWNHOMES		173
II. <u>NON-RESIDENTIAL LAND USE ASSUMPTIONS</u>	<u>EMPLOYEES/1,000 SQ. FT.</u>	<u>SQ. FT.</u>
IN LINE COMMERCIAL RETAIL	0.82	10,400
OFFICE AND PARKING	2.88	28,436

ECONOMIC IMPACTS CONCLUSIONS

RECURRING IMPACTS

III. <u>JOB CREATION</u>	DIRECT	INDIRECT/INDUCED	TOTAL
CITYWIDE	91	40	131
IV. <u>TOTAL OUTPUT</u>	DIRECT	INDIRECT/INDUCED	TOTAL
CITYWIDE	\$14,421,998	\$7,003,477	\$21,425,475

ONE-TIME IMPACTS

V. <u>CONSTRUCTION JOBS</u>	DIRECT	INDIRECT/INDUCED	TOTAL
CITYWIDE	244	141	385
VI. <u>CONSTRUCTION OUTPUT</u>	DIRECT	INDIRECT/INDUCED	TOTAL
CITYWIDE	\$41,336,220	\$19,003,741	\$60,339,961

OTHER IMPACTS

VII. <u>JOBS-HOUSING BALANCE</u>	BALANCE EXISTING	BALANCE WITH PROJECT	% INCREASE/ (DECREASE)
CITYWIDE	1.29375	1.29087	-0.22%

APPENDIX B

City of San Marcos
Marcos Specific Plan
Economic Impact Study



**ECONOMIC IMPACT
MODEL, PROPOSED PLAN**

**CITY OF SAN MARCOS
RESTAURANT ROW
ECONOMIC IMPACT ANALYSIS - (PROPOSED PLAN)**

RECURRING JOBS

RECURRING IMPACTS

ONE-TIME JOBS

ONE TIME IMPACTS

JOB HOUSING BALANCE

SUMMARY

EXHIBIT 1b
RESTAURANT ROW
RECURRING EMPLOYMENT - PROPOSED PLAN

ASSUMPTIONS

I. RESIDENTIAL LAND USE ASSUMPTIONS

<u>LAND USE CATEGORY</u>	<u>UNITS</u>
TOWNHOMES	202

II. NON-RESIDENTIAL LAND USE ASSUMPTIONS

<u>LAND USE CATEGORY</u> ¹	<u>EMPLOYEES/1,000 SQ. FT.</u> ²	<u>SQ. FT.</u> ¹
IN LINE COMMERCIAL RETAIL	0.82	10,400

10,400

RECURRING EMPLOYMENT

III. CITY

	<u>DIRECT EMPLOYEES</u> ³	<u>INDIRECT EMPLOYEES</u> ⁴	<u>INDUCED EMPLOYEES</u> ⁴	<u>TOTAL EMPLOYEES</u>
TOWNHOMES	0	0	0	0
IN LINE COMMERCIAL RETAIL	9	1	1	11
TOTAL RECURRING EMPLOYMENT	9	1	1	11

NOTES:

¹ Source: City of San Marcos.

² Commercial Buildings Energy Consumption Survey (CBECS), 2018.

³ Based on multiplying Category SF by Employees/1,000 SF metric.

⁴ Source: San Marcos City IMPLAN multipliers.

* ***All figures subject to rounding***

**EXHIBIT 2b
RESTAURANT ROW
RECURRING ECONOMIC IMPACTS - PROPOSED PLAN**

ASSUMPTIONS

		% INCOME SPENT	TOTAL RESIDENT
I. RESIDENTIAL SPENDING ASSUMPTIONS	HOUSEHOLD INCOME	IN CITY	SPENDING / YR.
TOWNHOMES	\$138,092	28.07%	\$3,915,387
II. NON-RESIDENTIAL OUTPUT ASSUMPTIONS	AVERAGE OUTPUT / EMPLOYEE¹		OUTPUT / YR.¹
IN LINE COMMERCIAL RETAIL	\$67,385		\$606,469

RECURRING OUTPUT

III. CITY

	<u>DIRECT OUTPUT</u>	<u>INDIRECT OUTPUT¹</u>	<u>INDUCED OUTPUT¹</u>	<u>TOTAL OUTPUT</u>
TOWNHOMES	\$3,915,387	\$852,618	\$140,284	\$4,908,289
IN LINE COMMERCIAL RETAIL	\$606,469	\$112,844	\$163,361	\$882,674
TOTAL RECURRING OUTPUT	\$4,521,856	\$965,462	\$303,645	\$5,790,963

NOTES:

¹ Source: San Marcos City IMPLAN multipliers.

* All figures subject to rounding

EXHIBIT 3b
RESTAURANT ROW
ONE-TIME EMPLOYMENT - PROPOSED PLAN

ASSUMPTIONS

I. <u>RESIDENTIAL LAND ASSUMPTIONS</u>	<u>UNITS</u>
TOWNHOMES	202

II. <u>NON-RESIDENTIAL LAND USE ASSUMPTIONS</u>	<u>SQ. FT.</u>
IN LINE COMMERCIAL RETAIL	10,400

III. <u>PUBLIC FACILITIES</u>	<u>TOTAL COST</u>
PROJECT INFRASTRUCTURE	NA

ONE-TIME EMPLOYMENT

IV. <u>CITY</u>	<u>DIRECT EMPLOYEES</u> ¹	<u>INDIRECT EMPLOYEES</u> ¹	<u>INDUCED EMPLOYEES</u> ¹	<u>TOTAL EMPLOYEES</u>
TOWNHOMES	198	74	55	328
IN LINE COMMERCIAL RETAIL	26	4	6	36
TOTAL ONE-TIME EMPLOYEES	224	78	62	364

NOTES:

¹ Source: San Marcos City IMPLAN multipliers (IMPLAN Sector 58: Construction of new non-residential structures).

* *All figures subject to rounding*

EXHIBIT 4b
RESTAURANT ROW
ONE-TIME IMPACTS - PROPOSED PLAN

ASSUMPTIONS

I. RESIDENTIAL CONSTRUCTION COST ASSUMPTIONS	UNITS	ESTIMATED SQ. FT. PER DWELLING UNIT	COST PER UNIT
TOWNHOMES	202	1012 to 1721	\$175,000

II. NON-RESIDENTIAL CONSTRUCTION COST ASSUMPTIONS	IMPROVEMENT VALUE¹	CONSTRUCTION COST PER SQ. FT.
IN LINE COMMERCIAL RETAIL	\$3,810,040	\$366

III. PUBLIC FACILITIES	TOTAL COST
PROJECT INFRASTRUCTURE	NA

ONE-TIME OUTPUT

IV. CITY	DIRECT OUTPUT	INDIRECT OUTPUT²	INDUCED OUTPUT²	TOTAL OUTPUT
TOWNHOMES	\$35,350,000	\$9,513,962	\$7,471,083	\$52,335,046
IN LINE COMMERCIAL RETAIL	\$3,810,040	\$657,707	\$848,515	\$5,316,263
TOTAL ONE-TIME OUTPUT	\$39,160,040	\$10,171,670	\$8,319,598	\$57,651,308

NOTES:

¹ Assumes that improvement value is approximately 85% of total valuation.

² Source: San Marcos City IMPLAN multipliers (IMPLAN Sector 58: Construction of new non-residential structures).

* All figures subject to rounding

EXHIBIT 5b
RESTAURANT ROW
JOBS-HOUSING BALANCE - PROPOSED PLAN

ASSUMPTIONS

I. EXISTING DEMOGRAPHICS

CITY OF SAN MARCOS	
HOUSING UNITS ¹	32,000
EMPLOYEES ²	41,400

II. JOB IMPACTS³

CITY OF SAN MARCOS	
DIRECT IMPACT	9
ADDITIONAL INDIRECT	1
ADDITIONAL INDUCED	1
TOTAL	11

III. CUMULATIVE PROJECT DEMOGRAPHICS

EXISTING HOUSING UNITS PLUS PROJECT - CITY OF SAN MARCOS	32,202
PERCENTAGE INCREASE	0.63%
EXISTING EMPLOYEES PLUS PROJECT - CITY OF SAN MARCOS	41,411
PERCENTAGE INCREASE	0.03%

JOBS-HOUSING BALANCE

IV. JOBS-HOUSING BALANCE

CITY OF SAN MARCOS	
EXISTING	1.29
EXISTING WITH PROJECT	1.29
PERCENTAGE INCREASE	-0.60%

NOTES:

¹ Source: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State (2022).

² Source: California Employment Development Department ("EDD") - Labor Market Information Division.

³ Please see Exhibit B-1: Recurring Jobs.

* ***All figures subject to rounding***

**EXHIBIT 6B
RESTAURANT ROW
SUMMARY - PROPOSED PLAN**

ASSUMPTIONS

I. <u>RESIDENTIAL LAND USE ASSUMPTIONS</u>	UNITS
TOWNHOMES	202

II. <u>NON-RESIDENTIAL LAND USE ASSUMPTIONS</u>	EMPLOYEES/1,000 SQ. FT.	SQ. FT.
IN LINE COMMERCIAL RETAIL	0.82	10,400

ECONOMIC IMPACTS CONCLUSIONS

RECURRING IMPACTS

III. <u>JOB CREATION</u>	DIRECT	INDIRECT/INDUCED	TOTAL
CITYWIDE	9	2	11

IV. <u>TOTAL OUTPUT</u>	DIRECT	INDIRECT/INDUCED	TOTAL
CITYWIDE	\$4,521,856	\$1,269,107	\$5,790,963

ONE-TIME IMPACTS

V. <u>CONSTRUCTION JOBS</u>	DIRECT	INDIRECT/INDUCED	TOTAL
CITYWIDE	224	139	364

VI. <u>CONSTRUCTION OUTPUT</u>	DIRECT	INDIRECT/INDUCED	TOTAL
CITYWIDE	\$39,160,040	\$18,491,268	\$57,651,308

OTHER IMPACTS

VII. <u>JOBS-HOUSING BALANCE</u>	BALANCE EXISTING	BALANCE WITH PROJECT	% INCREASE/ (DECREASE)
CITYWIDE	1.294	1.286	-0.60%



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