

APPENDIX U13

Newland Sierra Final EIR Market Analysis

Summary of Technical Report Text Changes

Section (Page)	Change
1	Date report was updated
4	Defined were data for original household income came from and the benchmark year for the forecast.
4	Included updated income information form the Census Bureau to reflect 2018 incomes since the update changed in interest rate from 4.0 to 4.5 percent.
5	Added information for incomes associated with all families and married couple families as opposed to just overall average household incomes as most buyers anticipated to be attracted to Newland Sierra will most likely by family households.
6-7	Provided summary of number of homes at Newland Sierra that would be attainable by workforce households earning up to 150 median incomes by household segments.
9-11	Detailed workforce housing attainability analyzes
35-39	Expanded analysis of summary changes on pages 4-7 in the conclusion section of the report.

~~August 18, 2016~~

April 27, 2018

Ms. Rita Brandin
Newland Communities
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Per your request, the staff of MarketPointe Realty Advisors is pleased to submit this analysis for the Newland Sierra subject site. The purpose of the study is to provide the necessary socioeconomic framework that will guide the proposed project in providing the needed housing for the existing and upcoming job market in the define sub-region identified as the Highway 78 Corridor which encompasses the communities of Escondido, San Marcos and Vista. In accordance to the goals of the County's General Plan, the provision of suitable housing for the existing and upcoming employment market will allow an overall reduction of automobile travel and promote a more sustainable community, which will contribute to the overall quality of life in the northern San Diego County. More specifically, the study:

- Shall identify the existing employment centers within the general area of the project site.
- Shall review appropriate housing opportunities (existing new and future housing supply) that could accommodate existing and future employees based upon income levels and the employee's proximity to the employment center.
- Determine if there is a jobs/housing balance or imbalance within the defined study area.
- Determine commute patterns for the study area and other submarkets within the effected study area.

METHODOLOGY

- A review of employment statistics within the defined H78 CMA utilizing employment numbers from the U.S. Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) unit to determine the extent of existing employment within the general area of the Newland Sierra project site.

- A review of labor force data within the H78 CMA versus the number of jobs within the CMA to determine the potential number of workers that are commuting into the CMA for work.
- An income analysis associated with jobs within the CMA to determine their purchasing power relative to housing.
- A review and evaluation of new and resale sale housing cost to determine the depth of housing within the CMA that would be affordable to workforce households.
- An evaluation of the geographical areas within proximity of the CMA in San Diego County that can provide workforce housing positioned under \$400,000.
- A determination of where outside of San Diego County workforce households can find workforce housing primarily priced under \$400,000.
- A review of proposed development activity within the CMA to determine quantities of units in the entitlement process and what percent of those units will be provided by the various jurisdictions. Determine if any proposed supply exits in the entitlement process that can provide workforce housing.

CONCLUSIONS

Based upon the analysis presented in this report, the staff of MarketPointe Realty Advisors has formulated the following conclusions:

- According to statistics generated through the Census Bureau's Longitudinal Employer-Household Dynamics unit, with a total of 124,251 jobs in the Highway 78 Corridor Competitive Market Area (CMA) and with only 46,278 of those jobs filled by persons residing in the CMA; 63 percent of the jobs filled in the CMA are filled by persons who are commuting into the CMA.
- Potential reasons for the identified jobs/housing imbalance in the CMA include a general lack of new construction in the CMA as well as a potential disconnect between incomes and housing prices.
- Housing growth was relatively robust during the early-to-mid-2000's in Highway 78 Corridor CMA. According to the California Department of Finance, in 2000 the H78 CMA was home to just under 94,000 housing units. Over the next five years, the CMA added an average of 1,945 new housing units per annum, with an average of 2,643 new housing units added in 2003 and 2004. Housing

production fell off dramatically between 2007 and 2012 to an average of as new housing additions average 453 units per annum.

- New housing production did pick up between 2013 and 2015 however since 2007 the CMA only produced 64 percent of its Fair Share of new housing production building 3,308 fewer homes than SANDAG estimates for the CMA.
- Of the 110,000 housing units located in the CMA in 2015, a search of the local resale market reveals an average sales price of \$321,000 in the attached sector and \$548,000 in the detached sector.
- The median family income for the Highway 78 Corridor CMA is \$62,832 with a slightly lower median seen in Vista, Escondido about on par with the CMA's median and San Marcos' median slightly higher. Assuming that 35 percent of that income is allocated to housing, workforce households, those earning between 80 and 120 percent of the median family income could afford a home priced between \$341,210 and \$511,815.

	H78 CMA	ESCONDIDO	SAN MARCOS	VISTA
MEDIAN HH INCOME	\$62,832	\$62,858	\$65,428	\$60,738
<80% MFI	\$341,210	\$341,348	\$355,306	\$329,838
80-100% MFI	\$426,513	\$426,684	\$444,133	\$412,297
100-120% MFI	\$511,815	\$512,021	\$532,959	\$494,756

Of the 755 existing homes available for sale in the CMA as of the middle of July most of the 132 attached housing units are affordable to workforce households earning up to 120% of the CMA's median family income, however many of those housing units are higher density condominiums and/or townhomes.

- In the detached sector a total of 623 homes are listed on the resale market with less than 25 percent of them deemed affordable to workforce households earning up to 120% of the CMA's median family income.
- New home inventory in the H78 CMA is extremely limited with only 741 units of supply available in the actively selling subdivisions.

Active Resale Listings	Condo/ Townhomes	Detached	Grand Total
<80% MFI	62	7	69
80-100% MFI	35	57	92
100-120% MFI	26	97	123
120%+ MFI	9	462	471
Grand Total	132	623	755

New Home Inventory	Condo/ Townhomes	Detached	Grand Total
<80% MFI	5		
80-100% MFI	62	66	5
100-120% MFI		608	127
120%+ MFI	67	674	608
Grand Total	674	741	741

- Due to notable supply constraints over the past several years, new home prices in the H78 CMA over the past five years have increased significantly climbing from an average under \$437,000 in 2011 to an average of \$632,286 in the first quarter of 2016.
- A new attached home in the CMA averaged just under \$480,000 in the first quarter of 2016. While the average priced new attached home was affordable to households earning between 100 and 120 percent of the median family household income, with an average price of \$655,502 a new detached home would require 137 percent MFI and thus would not be deemed affordable to a workforce household.
- A review of proposed development activity in the CMA reveals that while there are 12,189 units in the entitlement process which represents about eight years of supply assuming SANDAG's forecast for the addition of 1,495 new housing units in the CMA for the CMA to meet its Fair Share of housing growth, only 12 percent of the units in the entitlement process are fully approved. And while an additional 19 percent have tentative approval, 68 percent of the housing units in the entitlement process have no approvals and are thus suspect to ever making it to the marketplace.
- SANDAG in their Series 13 Forecast which used 2012 as the benchmark year estimated that median household income of the 124,251 households in the H78 CMA as of 2015 was \$62,832. A 2016 update from the U.S. Census Bureau's American Communities Survey estimates that the H78 CMA was home to 132,924 households with a median household income of \$63,462. Utilizing SANDAG's estimated .03 percent annual increase in incomes, the CMA's estimated 2018 median household income would be \$63,844.
- The following tables highlight base prices anticipated for the various product lines at Newland Sierra with those prices stated in today's dollars and subject to change based upon future market and economic conditions. The table also provides the incomes required to qualify for a mortgage for those product lines assuming the H78 CMA average median income of ~~\$65,428~~ \$63,844. From this analysis, we are able to determine the percentage of the 2,135 homes planned for the Newland Sierra, which would be ~~affordable~~ attainable by ~~to~~ workforce households.

- ~~For instance, assuming 4.0 percent interest rate, 10 percent down payment and a 35 percent of household income for housing, a household looking to buy the proposed family cluster product would be required to earn 65 to 68 percent of the median household income for the CMA.~~
- ~~Given this analysis, we would estimate that 146 of the homes proposed for Newland Sierra would be affordable to households earning less than 80 percent MFI. Approximately 55 percent of the home would be classified as workforce housing affordable to households earning between 80 and 120 percent MFI. An additional 42 percent of proposed homes would be affordable to households earning 120 to 150 percent MFI, while only 10 percent of the homes would require more than 150 percent MFI to purchase.~~
- For instance, assuming a 4.5 percent interest rate, 10 percent down and 35 percent of household income for housing, 3 percent of the townhomes planned for Newland Sierra would be attainable by households earning less than 80 percent of the median family household. Approximately 46 percent of the homes at Newland Sierra would be attainable by households earning 80 to 120 percent MFI and an addition 32 percent would be attainable by households earning 150 percent MFI.
- Total median household income span all household types from singles to shared households to single parent families to married couple families, thus the overall median household income is the skewed downward by singles and other more modest income households. Since Newland Sierra is anticipated to be mostly targeted towards workforce households, we calculated the percentage of homes which would be attainable by family and married couple families which tend to have higher household incomes. The definitions of the various family cohorts are on page 47.
- Focusing on family households and assuming their median household income of \$73,841, 26 percent of the 2,135 homes planned at Newland Sierra will be attainable by households earning less than 80 percent of the market region's median household income and 1,506 units (71%) will be attainable by workforce households earning between 80 and 150 of the median household income.
- A subset of the family households is the married couple family households. Assuming their median household income of \$95,671, 51 percent of the 2,135 homes planned at Newland Sierra will be attainable by workforce households earning between 80 and 150 of the median household income and 49 percent

will be attainable to married couple family households earning less than 80 percent of this cohort's median household income.

- Non family households have the lowest median household incomes in the Highway 78 Corridor. With their median income of \$36,282 this cohort will have difficulties qualifying for a home purchase. However, 299 homes planned for Newland Sierra will be attainable to these households earning 80 to 150 percent of the median household income.

Uses 2012-2016 5 Year Average Estimated Incomes Increased .03% Per Annum to Obtain the 2018 Estimate.		WORKFORCE HOUSING					
Household Type	Total Units	<80% MFI	80-100% MFI	101-120% MFI	121-150% MFI	Total 80-150% MFI	151%+ MFI
Total Households	2135	69	641	340	678	1659	407
\$63,844		3%	30%	16%	32%	78%	19%
Families	2135	556	383	637	486	1506	73
\$74,285		26%	18%	30%	23%	71%	3%
Married Couple Families	2135	1050	678	334	73	1085	0
\$95,671		49%	32%	16%	3%	51%	0%
Non Families	2135	0	0	0	299	299	1836
\$36,500		0%	0%	0%	14%	14%	86%

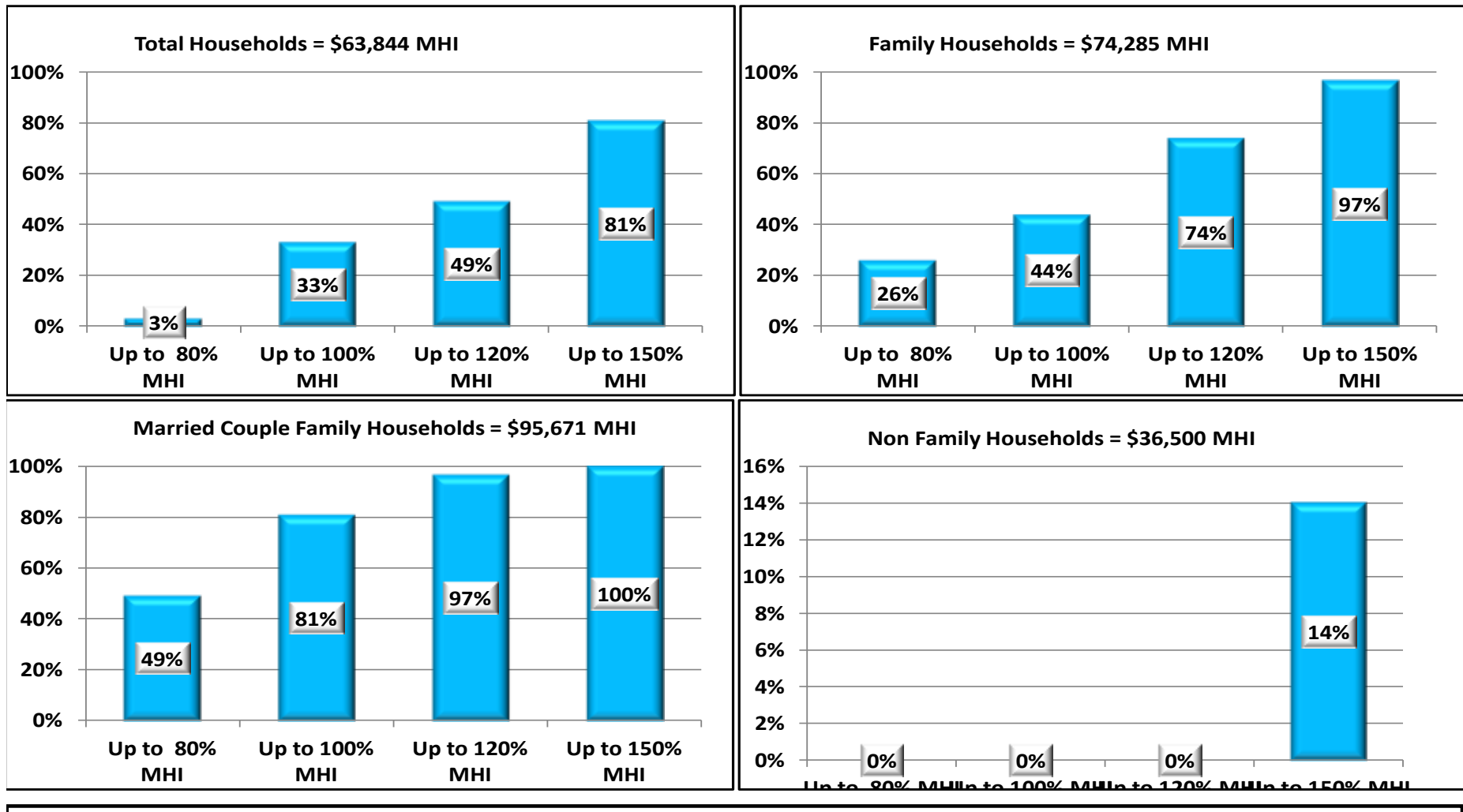
We appreciate the opportunity of preparing this report for your review and we remain available to further assist you as the need arises.

Sincerely
MARKETPOINTE REALTY ADVISORS



Russell T. Valone
President

Percentage of Homes at Newland Sierra Attainable by Workforce Households



**Newland Sierra
Product Mix Affordability Matrix**

PA	DESCRIPTION	UNIT SIZE - Low	UNIT SIZE - High	BASE PRICE - Low	BASE PRICE - High	UNITS	Low MFI	High MFI	<80% MFI	80- 100% MFI	101- 120% MFI	121-150% MFI	151%+ MFI
B-4	B-4 Family Clusters (5,500 sqft lots)	2600	3400	\$684,000	\$750,000	30	160%	156%					30
B-2	B-2 Family Lots (5,000 sqft lots)	2200	3200	\$624,000	\$720,000	88	146%	150%				88	
F-1	F-1 Townhomes/Grade Adaptive (2 & 3-story)	1300	1800	\$420,500	\$465,750	56	98%	97%		55			
F-3	F-3 Townhome Cluster 2 (3-story w/Tandem Garages)	1100	1350	\$343,000	\$364,000	138	80%	75%	69	69			
D-1a-b	D-1 Family Lots (4,800 sqft lots)	2200	3200	\$620,400	\$710,400	148	145%	148%				148	
E-1	E-1 Row Townhomes (2 & 3 story_16 dua)	1250	1550	\$371,000	\$392,000	155	86%	81%		155			
F-4	F-4 Townhome Cluster 2 (3-story w/Tandem Garages)	1250	1550	\$371,000	\$392,000	168	86%	81%		168			
A-2	A-2 Family Lots (6,000 sqft lots)	2500	3600	\$690,000	\$792,000	55	161%	165%					55
B-3a-b	B-3 Family Lots (4,800 sqft lots)	2200	3200	\$620,400	\$716,400	139	145%	149%				139	
C-1	C-1 Active Adult Lots (3,600 sqft lots)	1500	2100	\$532,800	\$586,800	51	124%	122%				51	
C-4	C-4 Active Adult Lots (6,000 sqft lots)	2000	2800	\$660,000	\$722,000	37	154%	152%					37
E-6	E-6 Small Lots (3,900 sqft lots)	1800	2400	\$538,200	\$598,200	86	126%	124%				86	
D-2a	D-2a Age Targeted Lots (4,500 sqft lots)	2000	2600	\$600,000	\$654,000	55	140%	136%				55	
C-5	C-5 Active Adult Lots (3,000 sqft lots)	1400	1900	\$497,500	\$556,250	82	116%	115%			82		
A-1a	A-1a Large Lots-Downslope (7,500 sqft lots)	2600	4200	\$752,000	\$897,000	14	176%	186%					14
C-3	C-3 Active Adult Lots (5,000 sqft lots)	1800	2400	\$606,000	\$660,000	47	142%	137%				47	
E-5b	E-5b Small Lots (4,000 sqft lots)	1800	2400	\$540,000	\$600,000	38	126%	125%				38	
B-1	B-1 Family Lots (4,500 sqft lots)	2000	2600	\$600,000	\$654,000	103	140%	136%				103	
C-D	C-D Active Adult Clusters (4,500 sqft avg.)	1800	2400	\$597,000	\$651,000	60	139%	135%				60	
D-2b	D-2b Age Targeted Lots (5,000 sqft lots)	2200	3200	\$624,000	\$720,000	38	146%	150%				38	
E-3	E-3 Paseo Clusters	1400	1900	\$459,375	\$520,625	95	107%	108%			95		
A-1b	A-1b Family Lots-Upslope (7,000 sqft lots)	2600	4200	\$744,000	\$888,000	32	174%	185%					32
E-5a	E-5a Small Lots (3,500 sqft lots)	1600	2000	\$513,000	\$552,000	71	120%	115%			71		
F-2	F-2 Townhome Cluster 1 (2 & 3-story)	1300	1800	\$406,000	\$448,500	96	95%	93%		96			
A-3	A-3 Luxury Clusters (9,000 sqft avg)	2800	4200	\$870,000	\$984,000	50	203%	205%					50
C-2	C-2 Active Adult Lots (4,000 sqft lots)	1500	2100	\$540,000	\$594,000	48	126%	123%				48	
E-2	E-2 Townhomes w/Carriage (2 & 3 story_14 dua)	1300	1800	\$426,300	\$470,925	60	99%	98%		60			
G-3	G-3 Row Townhomes (2 & 3 story)	1250	1550	\$397,500	\$420,000	95	93%	87%		95			
Prices are stated as base prices in today's dollars and are subject to change based on future economic and market conditions.						TOTAL	2,135		69	699	248	901	218
						AVERAGE			3%	33%	12%	42%	10%

Newland Sierra

Product Mix Attainability Matrix

Down Payment

10%

Interest Rate

4.500%

Household Income/Type

\$63,844 Total Households

PA	DESCRIPTION	UNIT SIZE - Low	UNIT SIZE - High	BASE PRICE - Low	BASE PRICE - High	UNITS	Low MFI	High MFI	<80% MFI	80-100% MFI	101-120% MFI	121-150% MFI	151%+ MFI	LowUnits	HighUnits	Income Required to Purchase
B-4	B-4 Family Clusters (5,500 sqft lots)	2600	3400	\$684,000	\$750,000	30	151%	166%	0	0	0	0	30	15.0	15.0	\$66,000
B-2	B-2 Family Lots (5,000 sqft lots)	2200	3200	\$624,000	\$720,000	88	138%	159%	0	0	0	44	44	44.0	44.0	\$96,000
F-1	F-1 Townhomes/Grade Adaptive (2 & 3-story)	1300	1800	\$420,500	\$465,750	56	93%	103%	0	28	28	0	0	28.0	28.0	\$45,250
F-3	F-3 Townhome Cluster 2 (3-story w/Tandem Garages)	1100	1350	\$343,000	\$364,000	138	76%	80%	69	69	0	0	0	69.0	69.0	\$21,000
D-1a-b	D-1 Family Lots (4,800 sqft lots)	2200	3200	\$620,400	\$710,400	148	137%	157%	0	0	0	74	74	74.0	74.0	\$90,000
E-1	E-1 Row Townhomes (2 & 3 story_16 dua)	1250	1550	\$371,000	\$392,000	155	82%	86%	0	155	0	0	0	77.0	78.0	\$21,000
F-4	F-4 Townhome Cluster 2 (3-story w/Tandem Garages)	1250	1550	\$371,000	\$392,000	168	82%	86%	0	168	0	0	0	84.0	84.0	\$21,000
A-2	A-2 Family Lots (6,000 sqft lots)	2500	3600	\$690,000	\$792,000	55	152%	175%	0	0	0	0	55	27.0	28.0	\$102,000
B-3a-b	B-3 Family Lots (4,800 sqft lots)	2200	3200	\$620,400	\$716,400	139	137%	158%	0	0	0	69	70	69.0	70.0	\$96,000
C-1	C-1 Active Adult Lots (3,600 sqft lots)	1500	2100	\$532,800	\$586,800	51	118%	130%	0	0	25	26	0	25.0	26.0	\$54,000
C-4	C-4 Active Adult Lots (6,000 sqft lots)	2000	2800	\$660,000	\$732,000	37	146%	162%	0	0	0	18	19	18.0	19.0	\$72,000
E-6	E-6 Small Lots (3,900 sqft lots)	1800	2400	\$538,200	\$598,200	86	119%	132%	0	0	43	43	0	43.0	43.0	\$60,000
D-2a	D-2a Age Targeted Lots (4,500 sqft lots)	2000	2600	\$600,000	\$654,000	55	133%	145%	0	0	0	55	0	27.0	28.0	\$54,000
C-5	C-5 Active Adult Lots (3,000 sqft lots)	1400	1900	\$497,500	\$556,250	82	110%	123%	0	0	41	41	0	41.0	41.0	\$58,750
A-1a	A-1a Large Lots-Downslope (7,500 sqft lots)	2600	4200	\$753,000	\$897,000	14	166%	198%	0	0	0	0	14	7.0	7.0	\$144,000
C-3	C-3 Active Adult Lots (5,000 sqft lots)	1800	2400	\$606,000	\$660,000	47	134%	146%	0	0	0	47	0	23.0	24.0	\$54,000
E-5b	E-5b Small Lots (4,000 sqft lots)	1800	2400	\$540,000	\$600,000	38	119%	133%	0	0	19	19	0	19.0	19.0	\$60,000
B-1	B-1 Family Lots (4,500 sqft lots)	2000	2600	\$600,000	\$654,000	103	133%	145%	0	0	0	103	0	51.0	52.0	\$54,000
C-D	C-D Active Adult Clusters (4,500 sqft avg.)	1800	2400	\$597,000	\$651,000	60	132%	144%	0	0	0	60	0	30.0	30.0	\$54,000
D-2b	D-2b Age Targeted Lots (5,000 sqft lots)	2200	3200	\$624,000	\$720,000	38	138%	159%	0	0	0	19	19	19.0	19.0	\$96,000
E-3	E-3 Paseo Clusters	1400	1900	\$459,375	\$520,625	95	101%	115%	0	0	95	0	0	47.0	48.0	\$61,250
A-1b	A-1b Family Lots-Upslope (7,000 sqft lots)	2600	4200	\$744,000	\$888,000	32	164%	196%	0	0	0	0	32	16.0	16.0	\$144,000
E-5a	E-5a Small Lots (3,500 sqft lots)	1600	2000	\$513,000	\$552,000	71	113%	122%	0	0	35	36	0	35.0	36.0	\$39,000
F-2	F-2 Townhome Cluster 1 (2 & 3-story)	1300	1800	\$406,000	\$448,500	96	90%	99%	0	96	0	0	0	48.0	48.0	\$42,500
A-3	A-3 Luxury Clusters (9,000 sqft avg)	2800	4200	\$870,000	\$984,000	50	192%	218%	0	0	0	0	50	25.0	25.0	\$114,000
C-2	C-2 Active Adult Lots (4,000 sqft lots)	1500	2100	\$540,000	\$594,000	48	119%	131%	0	0	24	24	0	24.0	24.0	\$54,000
E-2	E-2 Townhomes w/Carriage (2 & 3 story_14 dua)	1300	1800	\$426,300	\$470,925	60	94%	104%	0	30	30	0	0	30.0	30.0	\$44,625
G-3	G-3 Row Townhomes (2 & 3 story)	1250	1550	\$397,500	\$420,000	95	88%	93%	0	95	0	0	0	47.0	48.0	\$22,500
Prices are stated as base prices in today's dollars and are subject to change based on future economic and market conditions.				TOTAL		2,135			69	641	340	678	407			
				AVERAGE					3%	30%	16%	32%	19%			

Newland Sierra

Product Mix Attainability Matrix

Down Payment

10%

Interest Rate

4.500%

Household Income/Type

\$95,671 Married Couple Families

PA	DESCRIPTION	UNIT SIZE - Low	UNIT SIZE - High	BASE PRICE - Low	BASE PRICE - High	UNITS	Low MFI	High MFI	<80% MFI	80-100% MFI	101- 120% MFI	121- 150% MFI	151%+ MFI	LowUnits	HighUnits
B-4	B-4 Family Clusters (5,500 sqft lots)	2600	3400	\$684,000	\$750,000	30	101%	110%	0	0	30	0	0	15.0	15.0
B-2	B-2 Family Lots (5,000 sqft lots)	2200	3200	\$624,000	\$720,000	88	92%	106%	0	44	44	0	0	44.0	44.0
F-1	F-1 Townhomes/Grade Adaptive (2 & 3-story)	1300	1800	\$420,500	\$465,750	56	62%	68%	56	0	0	0	0	28.0	28.0
F-3	F-3 Townhome Cluster 2 (3-story w/Tandem Garages)	1100	1350	\$343,000	\$364,000	138	50%	53%	138	0	0	0	0	69.0	69.0
D-1a-b	D-1 Family Lots (4,800 sqft lots)	2200	3200	\$620,400	\$710,400	148	91%	105%	0	74	74	0	0	74.0	74.0
E-1	E-1 Row Townhomes (2 & 3 story_16 dua)	1250	1550	\$371,000	\$392,000	155	54%	58%	155	0	0	0	0	77.0	78.0
F-4	F-4 Townhome Cluster 2 (3-story w/Tandem Garages)	1250	1550	\$371,000	\$392,000	168	54%	58%	168	0	0	0	0	84.0	84.0
A-2	A-2 Family Lots (6,000 sqft lots)	2500	3600	\$690,000	\$792,000	55	102%	117%	0	0	55	0	0	27.0	28.0
B-3a-b	B-3 Family Lots (4,800 sqft lots)	2200	3200	\$620,400	\$716,400	139	91%	106%	0	69	70	0	0	69.0	70.0
C-1	C-1 Active Adult Lots (3,600 sqft lots)	1500	2100	\$532,800	\$586,800	51	78%	86%	25	26	0	0	0	25.0	26.0
C-4	C-4 Active Adult Lots (6,000 sqft lots)	2000	2800	\$660,000	\$732,000	37	97%	108%	0	18	19	0	0	18.0	19.0
E-6	E-6 Small Lots (3,900 sqft lots)	1800	2400	\$538,200	\$598,200	86	79%	88%	43	43	0	0	0	43.0	43.0
D-2a	D-2a Age Targeted Lots (4,500 sqft lots)	2000	2600	\$600,000	\$654,000	55	88%	96%	0	55	0	0	0	27.0	28.0
C-5	C-5 Active Adult Lots (3,000 sqft lots)	1400	1900	\$497,500	\$556,250	82	73%	82%	41	41	0	0	0	41.0	41.0
A-1a	A-1a Large Lots-Downslope (7,500 sqft lots)	2600	4200	\$753,000	\$897,000	14	111%	132%	0	0	7	7	0	7.0	7.0
C-3	C-3 Active Adult Lots (5,000 sqft lots)	1800	2400	\$606,000	\$660,000	47	89%	97%	0	47	0	0	0	23.0	24.0
E-5b	E-5b Small Lots (4,000 sqft lots)	1800	2400	\$540,000	\$600,000	38	79%	88%	19	19	0	0	0	19.0	19.0
B-1	B-1 Family Lots (4,500 sqft lots)	2000	2600	\$600,000	\$654,000	103	88%	96%	0	103	0	0	0	51.0	52.0
C-D	C-D Active Adult Clusters (4,500 sqft avg.)	1800	2400	\$597,000	\$651,000	60	88%	96%	0	60	0	0	0	30.0	30.0
D-2b	D-2b Age Targeted Lots (5,000 sqft lots)	2200	3200	\$624,000	\$720,000	38	92%	106%	0	19	19	0	0	19.0	19.0
E-3	E-3 Paseo Clusters	1400	1900	\$459,375	\$520,625	95	67%	77%	95	0	0	0	0	47.0	48.0
A-1b	A-1b Family Lots-Upslope (7,000 sqft lots)	2600	4200	\$744,000	\$888,000	32	110%	131%	0	0	16	16	0	16.0	16.0
E-5a	E-5a Small Lots (3,500 sqft lots)	1600	2000	\$513,000	\$552,000	71	75%	81%	35	36	0	0	0	35.0	36.0
F-2	F-2 Townhome Cluster 1 (2 & 3-story)	1300	1800	\$406,000	\$448,500	96	60%	66%	96	0	0	0	0	48.0	48.0
A-3	A-3 Luxury Clusters (9,000 sqft avg)	2800	4200	\$870,000	\$984,000	50	128%	145%	0	0	0	50	0	25.0	25.0
C-2	C-2 Active Adult Lots (4,000 sqft lots)	1500	2100	\$540,000	\$594,000	48	79%	87%	24	24	0	0	0	24.0	24.0
E-2	E-2 Townhomes w/Carriage (2 & 3 story_14 dua)	1300	1800	\$426,300	\$470,925	60	63%	69%	60	0	0	0	0	30.0	30.0
G-3	G-3 Row Townhomes (2 & 3 story)	1250	1550	\$397,500	\$420,000	95	58%	62%	95	0	0	0	0	47.0	48.0
Prices are stated as base prices in today's dollars and are subject to change based on future economic and market conditions.						TOTAL	2,135			1050	678	334	73	0	
						AVERAGE				49%	32%	16%	3%	0%	

Newland Sierra

Product Mix Attainability Matrix

Down Payment

10%

Interest Rate

4.500%

Household Income/Type

\$36,500 Non Families

PA	DESCRIPTION	UNIT SIZE - Low	UNIT SIZE - High	BASE PRICE - Low	BASE PRICE - High	UNITS	Low MFI	High MFI	<80% MFI	80-100% MFI	101-120% MFI	121-150% MFI	151%+ MFI	LowUnits	HighUnits
B-4	B-4 Family Clusters (5,500 sqft lots)	2600	3400	\$684,000	\$750,000	30	265%	277%	0	0	0	0	30	15.0	15.0
B-2	B-2 Family Lots (5,000 sqft lots)	2200	3200	\$624,000	\$720,000	88	242%	277%	0	0	0	0	88	44.0	44.0
F-1	F-1 Townhomes/Grade Adaptive (2 & 3-story)	1300	1800	\$420,500	\$465,750	56	163%	180%	0	0	0	0	56	28.0	28.0
F-3	F-3 Townhome Cluster 2 (3-story w/Tandem Garages)	1100	1350	\$343,000	\$364,000	138	133%	141%	0	0	0	138	0	69.0	69.0
D-1a-b	D-1 Family Lots (4,800 sqft lots)	2200	3200	\$620,400	\$710,400	148	240%	275%	0	0	0	0	148	74.0	74.0
E-1	E-1 Row Townhomes (2 & 3 story_16 dua)	1250	1550	\$371,000	\$392,000	155	143%	152%	0	0	0	77	78	77.0	78.0
F-4	F-4 Townhome Cluster 2 (3-story w/Tandem Garages)	1250	1550	\$371,000	\$392,000	168	143%	152%	0	0	0	84	84	84.0	84.0
A-2	A-2 Family Lots (6,000 sqft lots)	2500	3600	\$690,000	\$792,000	55	267%	277%	0	0	0	0	55	27.0	28.0
B-3a-b	B-3 Family Lots (4,800 sqft lots)	2200	3200	\$620,400	\$716,400	139	240%	277%	0	0	0	0	139	69.0	70.0
C-1	C-1 Active Adult Lots (3,600 sqft lots)	1500	2100	\$532,800	\$586,800	51	206%	227%	0	0	0	0	51	25.0	26.0
C-4	C-4 Active Adult Lots (6,000 sqft lots)	2000	2800	\$660,000	\$732,000	37	255%	277%	0	0	0	0	37	18.0	19.0
E-6	E-6 Small Lots (3,900 sqft lots)	1800	2400	\$538,200	\$598,200	86	208%	232%	0	0	0	0	86	43.0	43.0
D-2a	D-2a Age Targeted Lots (4,500 sqft lots)	2000	2600	\$600,000	\$654,000	55	232%	253%	0	0	0	0	55	27.0	28.0
C-5	C-5 Active Adult Lots (3,000 sqft lots)	1400	1900	\$497,500	\$556,250	82	192%	215%	0	0	0	0	82	41.0	41.0
A-1a	A-1a Large Lots-Downslope (7,500 sqft lots)	2600	4200	\$753,000	\$897,000	14	277%	277%	0	0	0	0	14	7.0	7.0
C-3	C-3 Active Adult Lots (5,000 sqft lots)	1800	2400	\$606,000	\$660,000	47	235%	255%	0	0	0	0	47	23.0	24.0
E-5b	E-5b Small Lots (4,000 sqft lots)	1800	2400	\$540,000	\$600,000	38	209%	232%	0	0	0	0	38	19.0	19.0
B-1	B-1 Family Lots (4,500 sqft lots)	2000	2600	\$600,000	\$654,000	103	232%	253%	0	0	0	0	103	51.0	52.0
C-D	C-D Active Adult Clusters (4,500 sqft avg.)	1800	2400	\$597,000	\$651,000	60	231%	252%	0	0	0	0	60	30.0	30.0
D-2b	D-2b Age Targeted Lots (5,000 sqft lots)	2200	3200	\$624,000	\$720,000	38	242%	277%	0	0	0	0	38	19.0	19.0
E-3	E-3 Paseo Clusters	1400	1900	\$459,375	\$520,625	95	178%	201%	0	0	0	0	95	47.0	48.0
A-1b	A-1b Family Lots-Upslope (7,000 sqft lots)	2600	4200	\$744,000	\$888,000	32	277%	277%	0	0	0	0	32	16.0	16.0
E-5a	E-5a Small Lots (3,500 sqft lots)	1600	2000	\$513,000	\$552,000	71	198%	214%	0	0	0	0	71	35.0	36.0
F-2	F-2 Townhome Cluster 1 (2 & 3-story)	1300	1800	\$406,000	\$448,500	96	157%	173%	0	0	0	0	96	48.0	48.0
A-3	A-3 Luxury Clusters (9,000 sqft avg)	2800	4200	\$870,000	\$984,000	50	277%	277%	0	0	0	0	50	25.0	25.0
C-2	C-2 Active Adult Lots (4,000 sqft lots)	1500	2100	\$540,000	\$594,000	48	209%	230%	0	0	0	0	48	24.0	24.0
E-2	E-2 Townhomes w/Carriage (2 & 3 story_14 dua)	1300	1800	\$426,300	\$470,925	60	165%	182%	0	0	0	0	60	30.0	30.0
G-3	G-3 Row Townhomes (2 & 3 story)	1250	1550	\$397,500	\$420,000	95	154%	162%	0	0	0	0	95	47.0	48.0
Prices are stated as base prices in today's dollars and are subject to change based on future economic and market conditions.						TOTAL	2,135		0	0	0	299	1836		
						AVERAGE			0%	0%	0%	14%	86%		

Jobs/Housing Analysis

The Newland Sierra subject site is most impacted by socio-economic trends within the communities encompassed by the Highway 78 Corridor CMA. The H78 CMA includes the communities of San Marcos, Escondido and Vista. As the following discussion reveals, the jobs/housing imbalance will only be getting worse.

According to SANDAG estimates in 2012 there were 1,346,969 jobs in San Diego County and 1,165,818 housing units thus generating a jobs/housing ratio of 1.16 jobs per housing unit. The Highway 78 Corridor CMA's 131,938 jobs represent to approximately 9.8 percent of the County's job base. However with only 9.4 percent of the County's housing stock the H78 CMA had only 1.04 jobs per housing unit. Overall, the incorporated cities in the San Diego County had a 2012 job/housing ratio of 1.24 while the unincorporated County had only .683 jobs per housing unit.

In 2012, SANDAG estimated there were 131,938 jobs and 126,873 housing units in the Highway 78 CMA. That translates to an average of 1.04 jobs per housing units. While estimates through 2025 indicate an increase in the average jobs to housing ratio to 1.09 housing units per job, focusing on the increase we note that with 27,669 jobs forecast to be added to the CMA and with just 19,439 new housing units forecast to be added, the ratio for growth is 1.42 jobs per housing units added.

San Diego County Jobs/Housing Ratio Analysis as Forecast by SANDAG

Areas	2012	2025
Total Jobs	1,346,969	1,571,362
Incorporated Cities	1,230,702	1,436,006
Unincorporated County	116,267	135,356
Total Housing	1,165,818	1,301,870
Incorporated Cities	993,942	1,107,441
Unincorporated County	171,876	194,429
Countywide Job/Housing Ratio	1.16	1.21
Incorporated Cities	1.24	1.30
Unincorporated County	0.68	0.70

Highway 78 Corridor CMA Jobs/Housing Ratio Analysis as Forecast by SANDAG

Housing	2012	2025	Change
Incorporated Cities	107,097	122,687	15,590
ESCONDIDO	48,408	55,063	6,655
SAN MARCOS	27,810	34,721	6,911
VISTA	30,879	32,903	2,024
Unincorporated County	19,776	23,625	3,849
Total Housing	126,873	146,312	19,439

Jobs	2012	2025	Change
Incorporated Cities	123,350	149,392	26,042
ESCONDIDO	49,988	55,941	5,953
SAN MARCOS	37,520	50,181	12,661
VISTA	35,842	43,270	7,428
Unincorporated County	8,588	10,215	1,627
Total Jobs	131,938	159,607	27,669

Jobs/Housing Ratio	2012	2025	Change
Incorporated Cities	1.15	1.22	1.67
ESCONDIDO	1.03	1.02	0.89
SAN MARCOS	1.35	1.45	1.83
VISTA	1.16	1.32	3.67
Unincorporated County	0.43	0.43	0.42
H78 Overall Ratio	1.04	1.09	1.42

In order to meet SANDAG housing estimates for 2025; 19,439 units need to be pushed through the entitlement process through 2025. A review of MarketPointe Realty Advisors' LandTracker database, which tracks new housing in the entitlement process throughout Southern California, reveals that only 12,189 units are in the entitlement process in the Highway 78 Corridor CMA indicating a shortfall of 7,250 units. Add that potential shortfall, to the shortfall already experienced by the CHMA over the past decade and the housing shortage becomes even more critical.

**Highway 78 Corridor CHMA
Proposed Development Activity by Status**

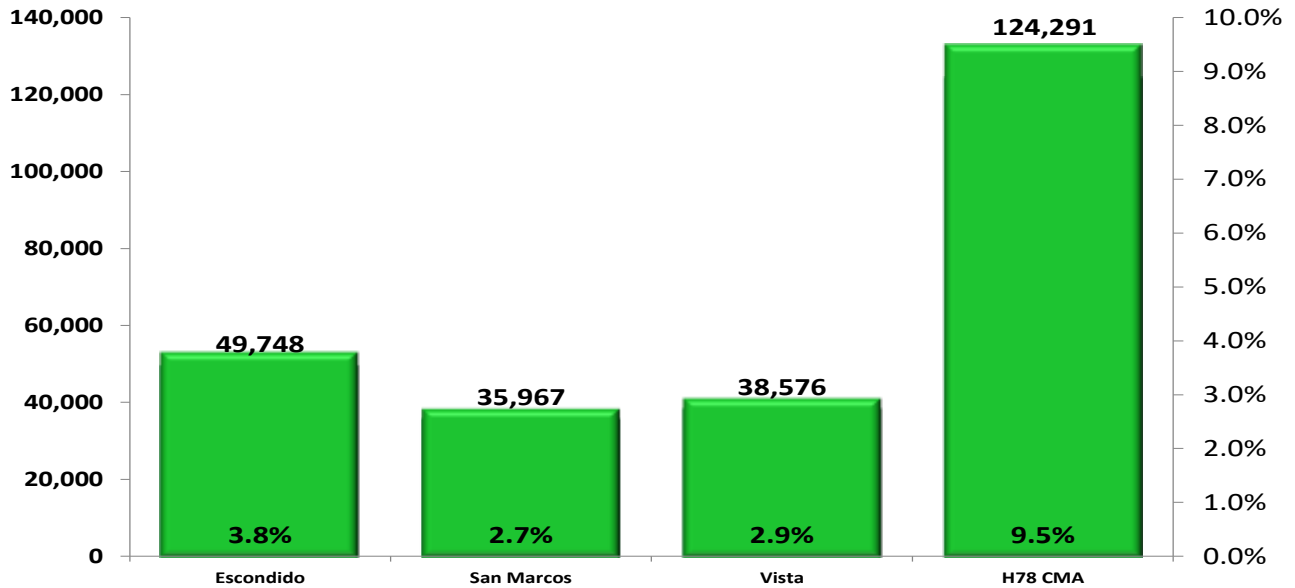
Sum of units	status				
city	FINAL MAP	FINAL APPROVAL	TENTATIVE APPROVAL	NO APPROVALS	Grand Total
ESCONDIDO	95	470	1,172	1,382	3,119
SAN MARCOS	14	652	444	6,348	7,458
VISTA	100	190	740	582	1,612
Grand Total	209	1,312	2,356	8,312	12,189

Furthermore, only 1,521 of the 12,189 units in the entitlement process are fully approved with final approval or final maps. Another 2,356 units have tentative approval, while the majority, 8,312 units are in the planning stages with no approvals to date. Assuming that some if not many of the units with less than final approval do not make it through the process the housing shortfall will become even worse.

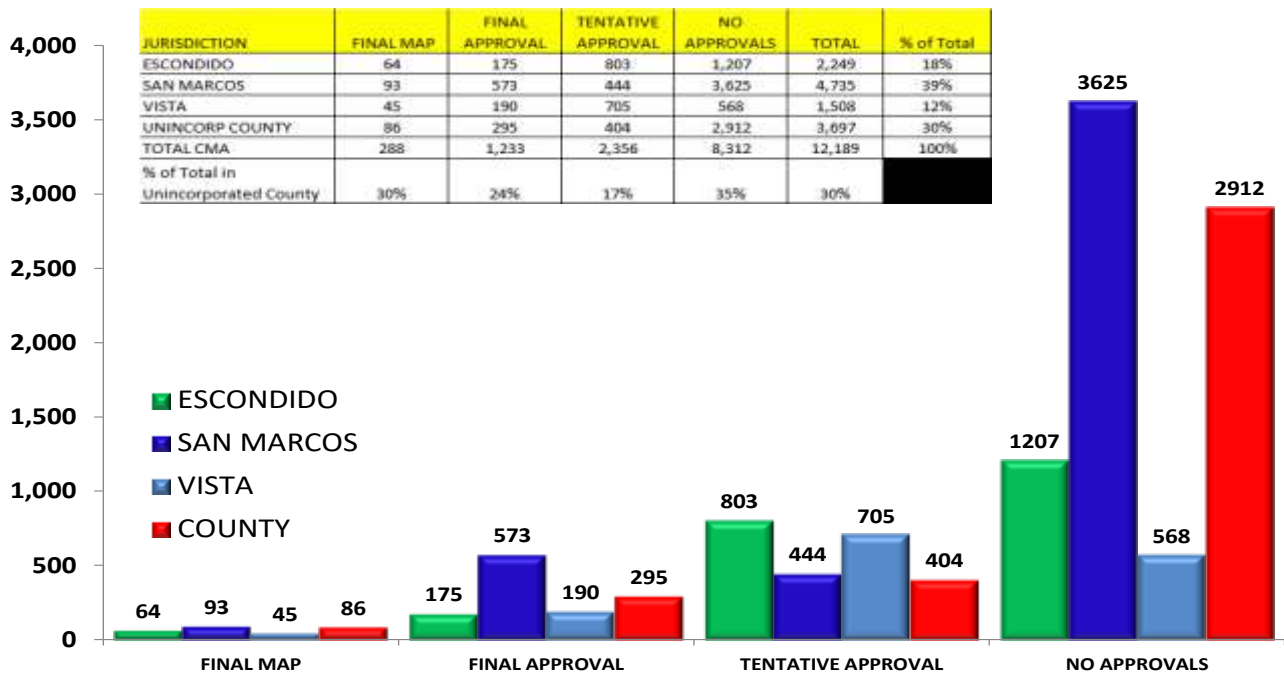
Later in this report, we discuss SANDAG's housing demand forecast for the Highway 78 Corridor CMA which estimates a need for the CMA to add an average of 1,495 new housing units per annum. Assuming this forecast, the 12,189 units in the entitlement process represents just over eight years of supply. However an analysis of proposed units by status reveals that very few of the units are fully approved with final approval or final maps. The 1,521 fully approved units represent about 12 months of supply while unit with tentative approval add an additional 19 months of supply. Most of the units in the entitlement process are in the planning stages and have no approvals and thus are suspect of ever making it to the market.

Most of the units in the entitlement process in the Highway 78 Corridor CMA are being planned within the three municipalities that make up the CMA. Over 68 percent of the housing units in the entitlement process are in the unincorporated County and have no approvals and thus are suspect of ever coming to the market given the difficulty and time it takes to get new housing developments approved in the County.

The H78 CMA Accounts for 9.5% of Countywide Jobs



Highway 78 Corridor CMA Proposed Units by Jurisdiction



Another way of focusing on the jobs/housing imbalance in the CMA is to determine the percentage of jobs held within the CMA by persons residing in the CMA. In order to

meet recently mandated Green House Gas (GHG) emissions reduction standards by the State it is going to become critical that homes are built within closer proximity of employment and retail centers.

According to Longitudinal Employer-Household Dynamics (LEHD) statistics compile by the U.S. Census Bureau for 2014 there are 124,251 jobs in the Highway 78 Corridor CMA. While 37 percent of those jobs (46,278) are filled by persons that both live and work in the CMA, nearly two-thirds of the jobs are held by workers commuting into the CMA from other community in San Diego County, in Riverside County or other locations.

Where Workers in the Highway 78 CMA Live

Where Workers Commute From	2002	2014	% of 2014
HIGHWAY 78 CMA	45,865	46,278	37.2%
H78 ESCONDIDO	22,786	22,776	18.3%
H78 SAN MARCOS	8,789	10,379	8.4%
H78 VISTA	14,290	13,123	10.6%
NORTH COUNTY COASTAL	20,919	20,534	16.5%
RIVERSIDE COUNTY	7,811	10,360	8.3%
LOS ANGELES COUNTY	6,750	7,344	5.9%
CENTRAL SAN DIEGO	6,550	5,683	4.6%
RANCHO BERNARDO/SCRIPPS	5,129	5,084	4.1%
ORANGE COUNTY	4,134	4,931	4.0%
EAST COUNTY	4,042	4,891	3.9%
NORTH COUNTY	3,783	4,660	3.8%
SOUTH COUNTY	3,566	3,635	2.9%
SAN BERNARDINO COUNTY	2,742	3,537	2.8%
NORCAL	616	2,685	2.2%
NORTHEAST COUNTY	1,115	1,402	1.1%
OUT OF STATE	55	965	0.8%
CENTRAL VALLEY	271	728	0.6%
VENTURA COUNTY	347	680	0.5%
IMPERIAL COUNTY	317	563	0.5%
CENTRAL COAST	50	238	0.2%
OTHER LOCATIONS	283	53	0.0%
Grand Total	114,345	124,251	100.0%

Source: US Census Longitudinal Employer-Household Dynamics

Where Workers in Designated Communities Within the Highway 78 Corridor Competitive Market Area Live

SAN MARCOS				ESCONDIDO				VISTA			
Where Workers Commute From	2002	2014	% of 2014	Where Workers Commute From	2002	2014	% of 2014	Where Workers Commute From	2002	2014	% of 2014
NORTH COUNTY COASTAL	6,057	6,440	21.5%	ESCONDIDO	15,953	14,463	29.1%	NORTH COUNTY COASTAL	9,530	8,810	22.8%
ESCONDIDO	4,139	4,986	14.7%	NORTH COUNTY COASTAL	5,332	5,284	10.6%	VISTA	8,383	7,621	19.8%
SAN MARCOS	4,009	4,983	14.2%	RIVERSIDE COUNTY	3,916	4,416	8.9%	ESCONDIDO	2,694	3,327	8.6%
VISTA	3,390	3,201	12.0%	LOS ANGELES COUNTY	3,087	3,070	6.2%	RIVERSIDE COUNTY	2,156	3,127	8.1%
RIVERSIDE COUNTY	1,736	2,817	6.2%	SAN MARCOS	2,705	2,716	5.5%	SAN MARCOS	2,075	2,680	6.9%
LOS ANGELES COUNTY	1,535	1,908	5.4%	RANCHO BERNARDO/SCRIPPS	2,993	2,672	5.4%	LOS ANGELES COUNTY	2,109	2,366	6.1%
CENTRAL SAN DIEGO	1,562	1,833	5.5%	CENTRAL SAN DIEGO	3,388	2,550	5.1%	ORANGE COUNTY	1,288	1,552	4.0%
RANCHO BERNARDO/SCRIPPS	1,183	1,500	4.2%	EAST COUNTY	2,245	2,320	4.7%	NORTH COUNTY	1,017	1,396	3.6%
EAST COUNTY	884	1,459	3.1%	VISTA	2,517	2,301	4.6%	CENTRAL SAN DIEGO	1,599	1,300	3.4%
ORANGE COUNTY	906	1,444	3.2%	NORTH COUNTY	1,962	2,018	4.1%	EAST COUNTY	911	1,112	2.9%
NORTH COUNTY	804	1,246	2.8%	ORANGE COUNTY	1,932	1,935	3.9%	SAN BERNARDINO COUNTY	839	1,041	2.7%
SOUTH COUNTY	828	1,018	2.9%	SOUTH COUNTY	1,899	1,579	3.2%	SOUTH COUNTY	839	1,038	2.7%
SAN BERNARDINO COUNTY	533	972	1.9%	SAN BERNARDINO COUNTY	1,368	1,524	3.1%	NORCAL	186	1,033	2.7%
NORCAL	166	858	0.6%	NORTHEAST COUNTY	771	855	1.7%	RANCHO BERNARDO/SCRIPPS	953	912	2.4%
NORTHEAST COUNTY	191	345	0.7%	NORCAL	195	794	1.6%	OUT OF STATE	8	361	0.9%
OUT OF STATE	3	311	0.0%	OUT OF STATE	9	333	0.7%	VENTURA COUNTY	78	226	0.6%
CENTRAL VALLEY	31	222	0.1%	CENTRAL VALLEY	129	304	0.6%	CENTRAL VALLEY	97	202	0.5%
VENTURA COUNTY	74	190	0.3%	IMPERIAL COUNTY	236	278	0.6%	NORTHEAST COUNTY	153	202	0.5%
IMPERIAL COUNTY	50	150	0.2%	VENTURA COUNTY	194	264	0.5%	IMPERIAL COUNTY	25	135	0.3%
CENTRAL COAST	31	70	0.1%	CENTRAL COAST	2	54	0.1%	CENTRAL COAST	13	114	0.3%
OTHER LOCATIONS	101	14	0.4%	OTHER LOCATIONS	213	18	0.0%	OTHER LOCATIONS	133	21	0.1%
Grand Total	28,213	35,967	100.0%	Grand Total	51,046	49,748	100.0%	Grand Total	35,086	38,576	100.0%

A breakdown of these above statistics by community reveals that:

- There are 35,967 jobs in the City of San Marcos, most of which are filled by persons commuting into the City. With only 4,983 of the jobs in the City of San Marcos filled by persons residing in the City, 86 percent or 30,984 jobs in the City of San Marcos are filled by persons commuting into the City from other communities.
- Like the City of San Marcos the vast majority of the workers in the City of Vista commute into the City from other locations. Of the 38,576 jobs in the City of Vista nearly 80 percent are filled by persons commuting into the City. With 7,621 of the jobs in the City of Vista filled by persons residing in the City 30,955 jobs in the City of Vista are filled by persons commuting into the City from other communities.
- Unlike neighboring San Marcos and Vista, many of the 49,748 jobs in Escondido are filled by persons living in the City. With 14,463 of the jobs in the City of Escondido filled by persons residing in the City just over 70 percent of the jobs (35,285) in Escondido are filled by persons commuting into the City from other communities.

**NUMBER OF HIGHWAY 78 CORRIDOR CMA WORKERS
THAT LIVE AND WORK IN THE CMA**

CITY	2002	2014	# CHANGE	% CHANGE
ESCONDIDO	15,953	14,463	(1,490)	-9.3%
VISTA	8,383	7,621	(762)	-9.1%
SAN MARCOS	4,009	4,983	974	24.3%
HIGWAY 78 CMA TOTAL	28,345	27,067	(1,278)	-4.5%

**NUMBER OF HIGHWAY 78 CORRIDOR CMA WORKERS
THAT WORK IN THE CMA BUT LIVE OUTSIDE THE CMA**

CITY	2002	2014	# CHANGE	% CHANGE
ESCONDIDO	12,260	21,504	9,244	75.4%
VISTA	26,703	30,955	4,252	15.9%
SAN MARCOS	24,204	30,984	6,780	28.0%
HIGWAY 78 CMA TOTAL	63,167	83,443	20,276	32.1%

Over the past 12 years, the number of workers employed and living in the H78 CMA has barely increased at all edging up from 45,865 in 2002 to 46,278 in 2014, a net increase of just 413 as an ever increasing number of workers in the H78 CMA are forced to commute out of the CMA in order to satisfy their housing needs.

- Unlike San Marcos which saw the number of workers living and working increase from 4,009 in 2002 to 4,983 in 2014, Escondido and Vista saw the number of workers living and working in those cities declines likely due to the limited amount of housing production seen in those Cities over the past decade.
- In Escondido the number of workers residing in the City fell from 15,953 in 2002 to 14,463 in 2014.
- In Vista, the number of workers residing in the City fell from 8,383 in 2002 to 7,621 in 2014.

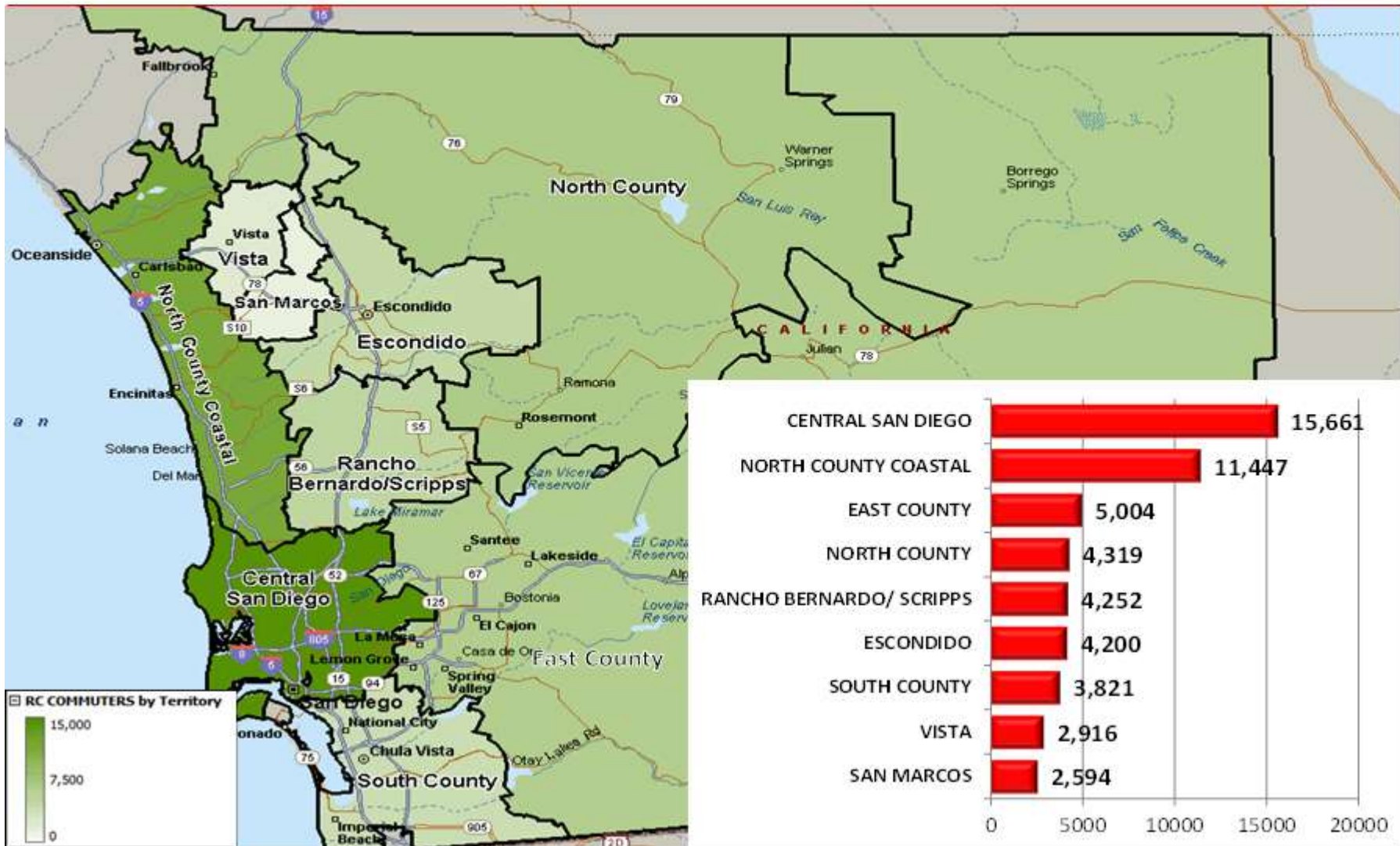
So where do workers employed in the Highway 78 CMA live and commute from to fulfill their housing needs. According to LEHD as of 2014; 54,214 workers living in Riverside County commuted to jobs in San Diego County. 8.3 percent or 10,360 of the workers employed in the H78 CMA commute to those jobs from homes in Riverside County.

- 8.9 percent (4,416) of the jobs in Escondido are held by persons commuting to Escondido to work from homes in Riverside County
- 7.8 percent (2,817) of the workers employed in San Marcos commute to those jobs from homes in Riverside County while
- 8.1 percent (3,327) of the jobs in Vista are held by persons commuting to Vista from homes in Riverside County.

**NUMBER OF HIGHWAY 78 CORRIDOR CMA WORKERS
COMMUTING TO RIVERSIDE COUNTY FOR HOUSING**

CITY	2002	2014	% of Workers Commuting to Riverside County	Change 2002 - 2014	% Change
ESCONDIDO	3,916	4,416	8.9%	500	12.8%
VISTA	2,156	3,127	8.1%	971	45.0%
SAN MARCOS	1,736	2,817	7.8%	1,081	62.3%
HIGWAY 78 CMA TOTAL	7,808	10,360	8.3%	2,552	32.7%

Where Riverside County Commuters Work in San Diego County



The number of workers employed in the H78 CMA and living in Riverside County increased dramatically between 2002 and 2014 climbing from 7,811 to 10,360; a 32.6 percent increase.

- Escondido worker commuting to Riverside County to fulfill their housing need as its total rose from 3,916 in 2002 to 4,416 in 2014; a 12.8 percent increase.
- In Vista the number of workers commuting to Riverside County to fulfill their housing need as its total rose from 3,916 in 2002 to 4,416 in 2014; a 45 percent increase.
- The number of workers employed in San Marcos and living in Riverside County increased the most of the various cities in the H78 CMA climbing from 1,736 to 2,817; a 62.3 percent increase.
- Of the estimated 755,000 workers residing in Riverside County in 2014, 7.2 percent (54,214) commuted into San Diego County for employment.
- With approximately 77% of the Riverside County commuters working south of the Newland Sierra CMA, the Newland Sierra subject site has the potential to intercept many of those households, providing them housing locally, which would reduce GHG emissions and provide increased tax revenues locally through property taxes and gasoline taxes.
- The largest percent of San Diego workers commuting to Riverside County for housing are employed in Central San Diego region, followed by the North County Coastal region, the Newland Sierra CMA and then the Rancho Bernardo/Scripps job base centers.

The migration of workers employed in the H78 CMA commuting into Riverside County to satisfy their housing needs is problematic for a number of reasons.

- Commuting greater distances from employment centers increases GHG emissions which the State has mandated needs to be reduced.
- If San Diego County is unable to increase its housing supply it is highly likely that an increasing percent of employers may start opting to expand their operations in Riverside County where housing is more abundant as employers are also required to take steps to reduce GHG emissions.
- San Diego County based workers who commute to Riverside County for housing take with them millions in property tax revenues.
- With fuel cost generally lower in Riverside County many if not most of those commuters to Riverside County for housing spend their gas revenue tax dollars in Riverside County and thereby generally don't support the roadways that are taking them to and from work.

Of the various larger scale residential developments planned for the Highway 78 Corridor CMA and the North County, the Newland Sierra subject site is the closest-in major development parcel located along the northern Interstate 15 Corridor a minimum of 10 to 15 miles closer-in and at least 25 miles closer-in than any planned detached housing alternative in south Riverside County, however most areas of south Riverside County where there is significant housing development are at least 30 to 35 miles north of the Newland Sierra site.

Newland Sierra is at Least 10 Miles Closer to Major Employment Centers Than Other Large Master Plans in Northeast San Diego County



While not commuting as far as those workers who commute to Riverside County to fulfill their housing needs many workers in the H78 CMA commute to communities in the North County which encompass the communities of Fallbrook, Bonsall, Pala, Pauma Valley and Valley Center.

- In total, 4,660 workers in the H78 CMA commute to San Diego’s North County communities to live, a 23 percent increase in 12 years.
- Although Escondido has the most workers commuting to North County communities for housing, it has seen the slowest rate of increase as only 2.9 percent more workers commute to the North County than 12 years ago.
- Vista has the second highest number of workers commuting to the North County to satisfy their housing need with 1,396 workers commuting, 37 percent more than in 2002.
- The number of workers employed in San Marcos and living in San Diego’s North County submarket has increased the most since 2002, climbing from 804 to 1,246 in 2014; a 55 percent increase.

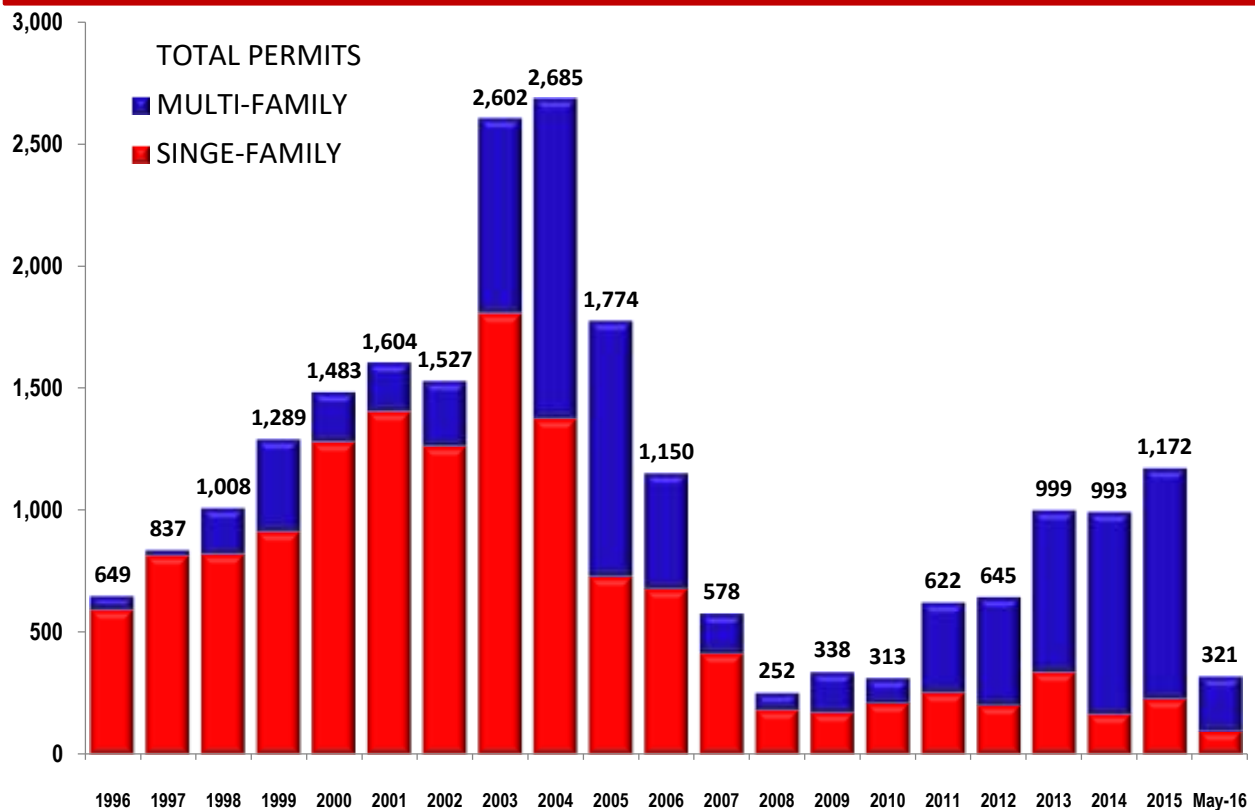
**NUMBER OF HIGHWAY 78 CORRIDOR CMA WORKERS
COMMUTING TO NORTH SAN DIEGO COUNTY FOR HOUSING**

CITY	2002	2014	# CHANGE	% CHANGE
ESCONDIDO	1,962	2,018	56	2.9%
VISTA	1,017	1,396	379	37.3%
SAN MARCOS	804	1,246	442	55.0%
HIGWAY 78 CMA TOTAL	3,783	4,660	877	23.2%

The Housing Shortfall

A key element that may be causing such a great number of workers within the Highway 78 Corridor CMA to commute outside of the CMA to fulfill their housing need may be the lack of new housing development within the CMA. While the H78 CMA did realize a surge in housing development during the early-2000's, over the past decade, housing production in the CMA has been quite restricted with much of the housing added to the CMA being multi-family rentals and/or condominiums/townhomes. Just 27 percent of the housing units added to the City since 2011 were single-family detached homes.

The H78 CMA's Housing Production Levels Far Below Those Seen in Late-1990's Through Mid-2000's, With Most of the Recent Activity in the Multi-Family Sector



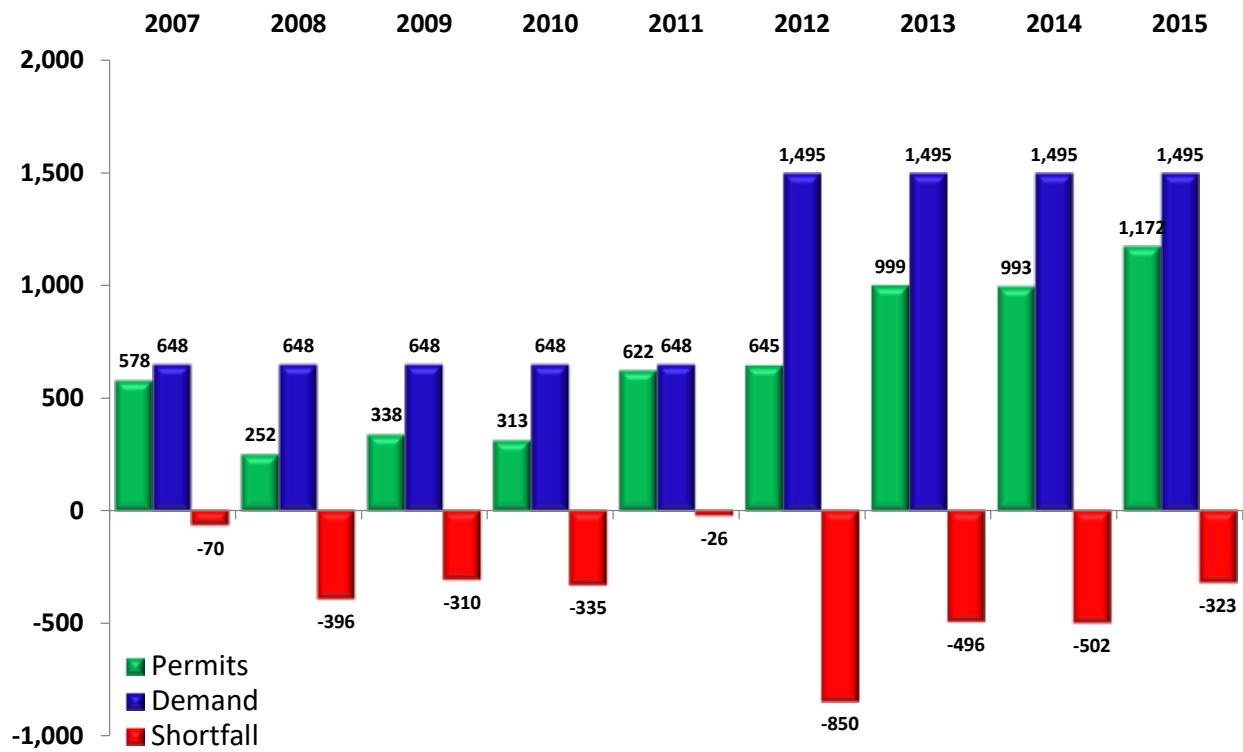
Sandag, in their Series 12 Forecast, estimated demand for 648 housing units per annum in the H78 Corridor CMA between 2008 and 2015. The Series 13 Forecast update estimated annual demand for 1,495 housing units per annum between 2012 and 2025. Applying these forecast against actual permit authorizations H78 CMA built 3,308 fewer homes over the past nine years than forecast creating, a notable shortfall.

**Highway 78 Corridor CMA
SANDAG Housing Demand Forecast**

Series 12	CITY	Escondido	San Marcos	Vista	Grand Total
YEAR					
2008 Base Year		57,551	29,965	36,979	124,495
2015 Forecast		59,721	31,565	37,747	129,033
Annual Demand		310	229	110	648

Series 13	city	ESCONDIDO	SAN MARCOS	VISTA	Grand Total
YEAR					
2012 Base Year		58,780	30,796	37,297	126,873
2025 Forecast		68,083	37,783	40,446	146,312
		716	537	242	1,495

Since 2007 the Highway 78 Corridor CMA Has Built 3,308 Fewer New Housing Units Than The Annualized Demand Estimated by SANDAG



According to SANDAG forecast the unincorporated County’s Fair Share of new housing production over the past nine year would require the unincorporated County to provide 9,220 new housing units. However the unincorporated regions provided only 5,912 housing units creating a shortfall of 3,308 units.

Focusing once again on future supply potential countywide we note that:

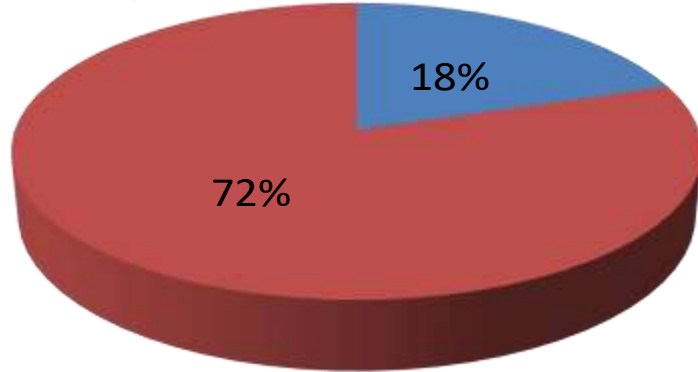
- The unincorporated County accounts for less than 18 percent of the total units in the entitlement process.
- While 29 percent of the total housing units in the entitlement process are detached approximately half of those detached homes are located in the unincorporated County as land limitations in the incorporated cities are causing them evolve into more urban in-fill markets with greater concentrations of attached and rental units.
- The Highway 78 Corridor CMA is home to nearly 65 percent of the unincorporated County’s overall detached supply in the entitlement process. Of the total 12,787 detached units planned within the CMA, over 75 percent are located in the unincorporated regions of the CMA.

**San Diego County
Proposed Development Activity by Jurisdiction and Style**

Sum of units		style				
jurisdiction	submarket	AFFORDABLE APARTMENTS	ATTACHED	DETACHED	Grand Total	
COUNTY OF SAN DIEGO	EAST COUNTY		471	3,421	3,892	
	HIGHWAY 78 CORRIDOR	270	2,449	9,685	12,404	
	INTERSTATE 15 CORRIDOR		45	735	780	
	NORTH COUNTY COASTAL		6	384	390	
	SOUTH COUNTY			702	702	
COUNTY OF SAN DIEGO Total		270	2,971	14,927	18,168	
INCORPORATED CITIES	EAST COUNTY	112	380	1,523	2,139	4,154
	HIGHWAY 78 CORRIDOR	1,224	479	7,648	3,102	12,453
	INTERSTATE 15 CORRIDOR	77	262	6,575	472	7,386
	NORTH COUNTY COASTAL	468	730	4,197	2,123	7,518
	SAN DIEGO CENTRAL	1,003	4,511	18,872	215	24,601
	SOUTH COUNTY	374	3,186	16,704	6,828	27,092
INCORPORATED CITIES Total		3,258	9,548	55,519	14,879	83,204
Grand Total		3,258	9,818	58,490	29,806	101,372

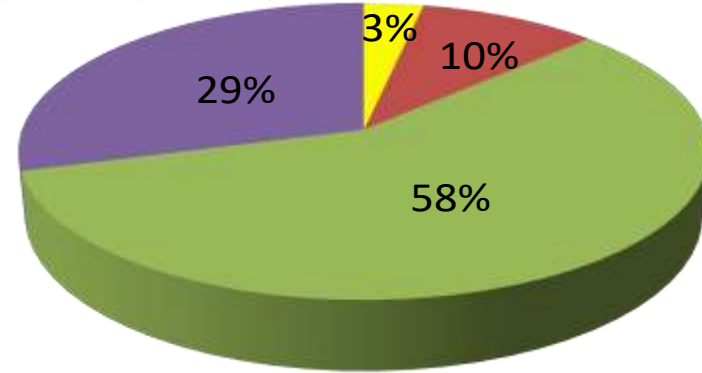
Proposed Housing Distributions

Countywide By Jurisdiction



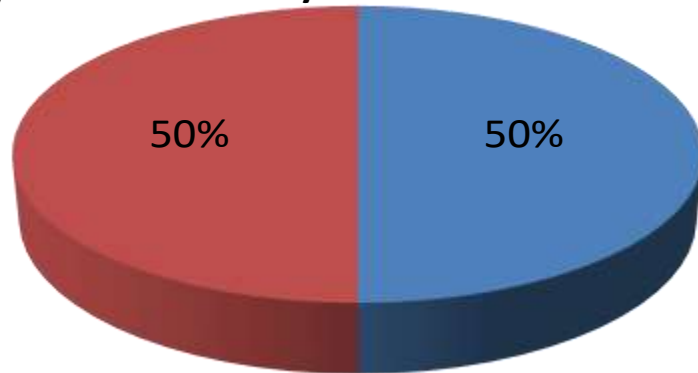
■ Unincorporated County ■ Incorporated Cities

Countywide by Concept



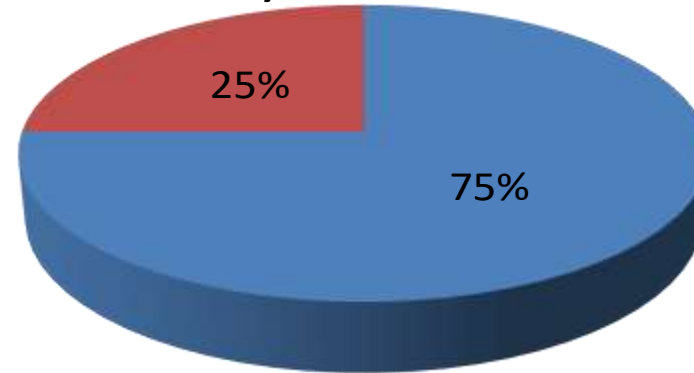
■ AFFORDABLE ■ APARTMENTS
■ ATTACHED ■ DETACHED

Countywide Detached By Jurisdiction



■ Unincorporated County ■ Incorporated Cities

H78 CMA Detached By Jurisdiction



■ Unincorporated County ■ Incorporated Cities

Housing Cost

Another factor possibly influencing the number of employees commuting out of the Highway 78 Corridor CMA to residences in Riverside County could be housing cost.

- Based upon overall housing values for the H78 CMA as provided by Redfin Real Estates Services, average price of a home sold in the CMA edged up through the mid-to-high-\$100,000's throughout the 1990's. The average was focused in the low-to-mid-\$200,000's in 1999. By 2001 the average price of a home in the CMA was approaching \$300,000.
- The development of numerous new communities in the mid-2000's pushed the average home price in CMA into the \$500,000's and by 2006 an all-time high of \$604,997 was achieved.
- The market did re-align over the next several years, falling to an average price of \$332,020 in 2009 before heading back up to nearly \$495,000 this year.
- Following pretty much the same trend, San Marcos has been the most expensive community in the CMA with housing values in 2016 approaching \$537,000 compared to \$466,000 in Vista and \$484,000 in Escondido.
- Focusing on new home prices only as reported through MarketPointe's **Residential Trends** new home database, we observe noticeably higher values generated. In 2006, the overall housing value averaged \$603,997 whereas new detached homes in the H78 CMA averaged achieved their all-time highs a year earlier with an average price of \$733,612. Consistent with overall housing values, the average price of a new home in H78 declined during the late 2000 and into the early 2010's before rebounding to an average of \$716,465 in 2014. The sale of smaller more affordable homes pushed the average back into the mid-\$660,000's in 2015 and 2016.
- Last year the overall average price of a home sold in the Temecula/Murrieta submarket was just under \$390,000; \$85,000 less than the H78 CMA's overall average and hundreds of thousands of dollars less than new detached homes sold in the CMA.

Highway 78 Corridor CMA
Overall Housing Pricing Trends by Community and Style

			YearSold																
CITY	STYLE	Data	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Escondido	ATTACHED	PRICE	\$145,155	\$177,278	\$194,299	\$258,755	\$315,482	\$383,157	\$367,109	\$334,037	\$168,230	\$134,543	\$188,773	\$182,222	\$226,100	\$194,614	\$240,896	\$248,225	\$270,123
		SQFT	1,239	1,305	1,331	1,291	1,255	1,375	1,248	1,341	1,199	1,131	1,244	1,330	1,376	1,132	1,245	1,228	1,228
		\$/SQFT	\$117.58	\$135.97	\$147.99	\$201.73	\$253.34	\$283.17	\$298.99	\$255.43	\$137.73	\$116.38	\$151.61	\$130.11	\$160.00	\$166.65	\$189.15	\$202.34	\$220.80
		Sales	58	53	40	47	55	35	32	27	37	46	22	9	10	381	411	449	204
	DETACHED	PRICE	\$281,879	\$315,856	\$355,072	\$411,923	\$547,330	\$607,855	\$619,183	\$555,861	\$378,810	\$332,429	\$380,245	\$362,735	\$372,401	\$440,835	\$471,719	\$497,262	\$533,092
SQFT	2,055	2,044	2,042	2,029	2,219	2,157	2,203	2,209	1,976	1,938	2,024	1,998	2,061	2,082	2,025	2,042	2,090		
\$/SQFT	\$140.59	\$158.38	\$182.26	\$213.27	\$261.38	\$301.09	\$296.38	\$265.10	\$172.40	\$192.77	\$185.89	\$184.81	\$219.81	\$241.34	\$253.72	\$267.98			
Sales	1,116	1,032	1,228	1,393	1,369	941	716	756	1,459	1,658	1,353	1,382	1,689	1,752	1,903	2,007	879		
Escondido	PRICE		\$275,124	\$309,087	\$350,001	\$406,924	\$538,375	\$599,797	\$608,399	\$548,212	\$373,602	\$327,087	\$377,182	\$361,567	\$371,540	\$396,855	\$430,721	\$451,734	\$483,558
Escondido	SQFT		2,014	2,008	2,020	2,005	2,182	2,129	2,162	2,179	1,957	1,916	2,012	1,994	2,057	1,916	1,887	1,893	1,928
Escondido	\$/SQFT		\$139.45	\$157.28	\$181.17	\$212.89	\$261.07	\$300.45	\$296.50	\$264.77	\$193.20	\$170.89	\$192.11	\$185.53	\$184.67	\$210.54	\$232.16	\$244.34	\$259.09
Escondido	Sales		1,174	1,085	1,268	1,440	1,424	976	748	783	1,496	1,704	1,375	1,391	1,699	2,133	2,314	2,456	1,083
San Marcos	ATTACHED	PRICE	\$150,190	\$175,476	\$219,808	\$284,524	\$372,433	\$399,431	\$413,744	\$387,428	\$243,261	\$214,154	\$224,608	\$218,207	\$243,598	\$297,721	\$335,080	\$364,168	\$374,750
		SQFT	1,198	1,156	1,229	1,252	1,300	1,226	1,365	1,356	1,167	1,195	1,190	1,236	1,245	1,322	1,295	1,335	1,335
		\$/SQFT	\$125.08	\$151.38	\$181.65	\$228.42	\$292.76	\$329.08	\$307.14	\$285.80	\$203.53	\$174.80	\$181.85	\$172.36	\$189.74	\$223.40	\$255.23	\$270.92	\$279.66
		Sales	70	66	112	111	255	298	140	125	189	234	257	238	311	355	310	409	257
	DETACHED	PRICE	\$271,824	\$328,511	\$383,201	\$441,774	\$575,447	\$659,263	\$682,579	\$609,796	\$452,139	\$432,530	\$427,111	\$420,390	\$462,948	\$544,594	\$587,581	\$604,796	\$626,982
SQFT	2,020	2,231	2,272	2,203	2,306	2,508	2,465	2,485	2,223	2,290	2,189	2,225	2,361	2,390	2,344	2,290	2,321		
\$/SQFT	\$137.83	\$153.04	\$176.69	\$212.08	\$260.51	\$275.97	\$289.70	\$258.61	\$211.05	\$193.73	\$202.14	\$192.13	\$199.12	\$235.16	\$259.37	\$271.58	\$280.82		
Sales	469	650	634	687	732	726	454	465	553	640	635	688	799	908	861	934	460		
San Marcos	PRICE		\$256,027	\$314,404	\$358,670	\$419,901	\$522,997	\$583,648	\$619,217	\$562,684	\$398,934	\$374,063	\$368,767	\$368,425	\$401,490	\$475,203	\$520,737	\$531,515	\$536,572
San Marcos	SQFT		1,913	2,132	2,115	2,071	2,046	2,145	2,205	2,245	1,954	1,997	1,900	1,967	2,054	2,090	2,064	1,995	1,964
San Marcos	\$/SQFT		\$136.17	\$152.89	\$177.44	\$214.35	\$268.86	\$291.02	\$293.81	\$264.38	\$209.14	\$188.66	\$196.29	\$186.98	\$196.54	\$231.86	\$258.27	\$271.38	\$280.40
San Marcos	Sales		539	716	746	798	987	1,024	594	590	742	874	892	926	1,110	1,263	1,171	1,343	717
Vista	ATTACHED	PRICE	\$143,268	\$163,568	\$197,473	\$242,315	\$305,354	\$350,228	\$337,987	\$296,944	\$180,817	\$167,027	\$173,668	\$187,461	\$181,009	\$226,739	\$254,017	\$281,027	\$315,794
		SQFT	1,141	1,120	1,136	1,163	1,132	1,142	1,191	1,135	1,126	1,177	1,196	1,206	1,165	1,144	1,157	1,168	1,304
		\$/SQFT	\$126.31	\$150.24	\$177.72	\$217.55	\$277.34	\$312.65	\$298.87	\$261.90	\$160.41	\$141.72	\$146.71	\$154.45	\$154.15	\$199.08	\$223.39	\$243.46	\$249.92
		Sales	108	75	91	108	103	77	38	71	134	134	151	132	132	152	137	208	124
	DETACHED	PRICE	\$256,603	\$281,906	\$324,673	\$384,696	\$506,723	\$566,728	\$596,887	\$542,190	\$375,524	\$323,644	\$343,131	\$340,142	\$357,472	\$426,604	\$461,450	\$491,833	\$503,316
SQFT	2,006	1,917	1,956	1,916	1,944	1,914	2,038	2,053	1,904	1,840	1,833	1,909	1,969	1,932	1,921	1,957	1,973		
\$/SQFT	\$133.43	\$156.47	\$175.54	\$213.99	\$275.53	\$316.28	\$312.49	\$281.40	\$201.72	\$179.97	\$196.15	\$184.62	\$188.68	\$231.80	\$251.02	\$265.37	\$270.93		
Sales	614	550	658	662	636	483	313	339	574	744	612	590	796	819	798	922	493		
Vista	PRICE		\$239,650	\$267,706	\$309,218	\$364,726	\$478,657	\$536,959	\$568,858	\$499,720	\$338,673	\$299,741	\$309,594	\$312,228	\$332,372	\$395,317	\$431,056	\$453,030	\$465,629
Vista	SQFT		1,877	1,821	1,856	1,810	1,831	1,808	1,949	1,901	1,757	1,739	1,707	1,781	1,854	1,808	1,809	1,811	1,839
Vista	\$/SQFT		\$132.36	\$155.73	\$175.80	\$214.49	\$275.79	\$315.78	\$311.05	\$278.18	\$193.90	\$174.13	\$186.36	\$179.14	\$183.77	\$226.67	\$246.96	\$261.34	\$266.73
Vista	Sales		722	625	749	770	739	560	351	410	708	878	763	722	928	971	935	1,130	617
Total	PRICE		\$260,379	\$299,995	\$341,286	\$399,565	\$519,546	\$579,591	\$603,997	\$541,850	\$371,588	\$332,020	\$357,685	\$351,935	\$370,710	\$419,172	\$454,640	\$473,769	\$494,708
Total	SQFT		1,951	1,996	2,001	1,973	2,057	2,065	2,133	2,138	1,908	1,891	1,902	1,935	2,006	1,942	1,918	1,902	1,916
Total	\$/SQFT		\$136.62	\$155.59	\$178.71	\$213.69	\$266.96	\$300.07	\$298.56	\$267.70	\$197.38	\$176.21	\$191.89	\$184.44	\$187.92	\$220.32	\$242.21	\$255.54	\$267.33
Total	Sales		2,435	2,426	2,763	3,008	3,150	2,560	1,693	1,783	2,946	3,456	3,030	3,039	3,737	4,367	4,420	4,929	2,417

SOURCE: REDFIN REAL ESTATE SERVICES

Highway 78 Corridor CMA
Overall Housing Pricing Trends by Style and Community

			YearSold																	
STYLE	CITY	Data	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
ATTACHED	Escondido	PRICE	\$145,155	\$177,278	\$194,299	\$258,755	\$315,482	\$383,157	\$367,109	\$334,037	\$168,230	\$134,543	\$188,773	\$182,222	\$226,100	\$194,614	\$240,896	\$248,225	\$270,123	
		SQFT	1,239	1,305	1,331	1,291	1,255	1,375	1,248	1,341	1,199	1,131	1,244	1,330	1,376	1,132	1,245	1,228	1,228	
		\$/SQFT	\$117.58	\$135.97	\$147.99	\$201.73	\$253.34	\$283.17	\$298.99	\$255.43	\$137.73	\$116.38	\$151.61	\$130.11	\$160.00	\$166.65	\$189.15	\$202.34	\$220.80	
		Sales	58	53	40	47	55	35	32	27	37	46	22	9	10	381	411	449	204	
	San Marcos	PRICE	\$150,190	\$175,476	\$219,808	\$284,524	\$372,433	\$399,431	\$413,744	\$387,428	\$243,261	\$214,154	\$224,608	\$218,207	\$243,598	\$297,721	\$335,080	\$364,168	\$374,750	
		SQFT	1,198	1,156	1,229	1,252	1,300	1,226	1,365	1,356	1,167	1,195	1,190	1,236	1,245	1,322	1,295	1,335	1,335	
		\$/SQFT	\$125.08	\$151.38	\$181.65	\$228.42	\$292.76	\$329.08	\$307.14	\$285.80	\$203.53	\$174.80	\$181.85	\$172.36	\$189.74	\$223.40	\$255.23	\$270.92	\$279.66	
		Sales	70	66	112	111	255	298	140	125	189	234	257	238	311	355	310	409	257	
	Vista	PRICE	\$143,268	\$163,568	\$197,473	\$242,315	\$305,354	\$350,228	\$337,987	\$296,944	\$180,817	\$167,027	\$173,668	\$187,461	\$181,009	\$226,739	\$254,017	\$281,027	\$315,794	
		SQFT	1,141	1,120	1,136	1,163	1,132	1,142	1,191	1,135	1,126	1,177	1,196	1,206	1,165	1,144	1,157	1,168	1,304	
		\$/SQFT	\$126.31	\$150.24	\$177.72	\$217.55	\$277.34	\$312.65	\$298.87	\$261.90	\$160.41	\$141.72	\$146.71	\$154.45	\$154.15	\$199.08	\$223.39	\$243.46	\$249.92	
		Sales	108	75	91	108	103	77	38	71	134	134	151	132	132	152	137	208	124	
ATTACHED PRICE			\$145,785	\$171,365	\$207,245	\$262,833	\$348,119	\$388,801	\$392,929	\$352,155	\$212,306	\$190,055	\$204,886	\$206,644	\$224,974	\$241,332	\$277,020	\$299,110	\$325,768	
ATTACHED SQFT			1,182	1,183	1,211	1,223	1,252	1,223	1,316	1,286	1,155	1,182	1,195	1,228	1,224	1,211	1,249	1,257	1,291	
ATTACHED \$/SQFT			\$123.80	\$146.73	\$174.64	\$219.26	\$283.67	\$321.88	\$304.43	\$274.74	\$180.72	\$157.60	\$167.96	\$165.12	\$178.41	\$195.24	\$218.70	\$236.71	\$252.83	
ATTACHED Sales			236	194	243	266	413	410	210	223	360	414	430	379	453	888	858	1,066	585	
DETACHED	Escondido	PRICE	\$281,879	\$315,856	\$355,072	\$411,923	\$547,330	\$607,855	\$619,183	\$555,861	\$378,810	\$332,429	\$380,245	\$362,735	\$372,401	\$440,835	\$471,719	\$497,262	\$533,092	
		SQFT	2,055	2,044	2,042	2,029	2,219	2,157	2,203	2,209	1,976	1,938	2,024	1,998	2,061	2,082	2,025	2,042	2,090	
		\$/SQFT	\$140.59	\$158.38	\$182.26	\$213.27	\$261.38	\$301.09	\$296.38	\$265.10	\$194.61	\$172.40	\$192.77	\$185.89	\$184.81	\$219.81	\$241.34	\$253.72	\$267.98	
		Sales	1,116	1,032	1,228	1,393	1,369	941	716	756	1,459	1,658	1,353	1,382	1,689	1,752	1,903	2,007	879	
	San Marcos	PRICE	\$271,824	\$328,511	\$383,201	\$441,774	\$575,447	\$659,263	\$682,579	\$609,796	\$452,139	\$432,530	\$427,111	\$420,390	\$462,948	\$544,594	\$587,581	\$604,796	\$626,982	
		SQFT	2,020	2,231	2,272	2,203	2,306	2,508	2,465	2,485	2,223	2,290	2,189	2,225	2,361	2,390	2,344	2,290	2,321	
		\$/SQFT	\$137.83	\$153.04	\$176.69	\$212.08	\$260.51	\$275.97	\$289.70	\$258.61	\$211.05	\$193.73	\$202.14	\$192.13	\$199.12	\$235.16	\$259.37	\$271.58	\$280.82	
		Sales	469	650	634	687	732	726	454	465	553	640	635	688	799	908	861	934	460	
	Vista	PRICE	\$256,603	\$281,906	\$324,673	\$384,696	\$506,723	\$566,728	\$596,887	\$542,190	\$375,524	\$323,644	\$343,131	\$340,142	\$357,472	\$426,604	\$461,450	\$491,833	\$503,316	
		SQFT	2,006	1,917	1,956	1,916	1,944	1,914	2,038	2,053	1,904	1,840	1,833	1,909	1,969	1,932	1,921	1,957	1,973	
		\$/SQFT	\$133.43	\$156.47	\$175.54	\$213.99	\$275.53	\$316.28	\$312.49	\$281.40	\$201.72	\$179.97	\$196.15	\$184.62	\$188.68	\$231.80	\$251.02	\$265.37	\$270.93	
		Sales	614	550	658	662	636	483	313	339	574	744	612	590	796	819	798	922	493	
DETACHED PRICE			\$272,677	\$311,176	\$354,211	\$412,829	\$545,414	\$615,975	\$633,885	\$568,967	\$393,762	\$351,341	\$382,955	\$372,636	\$390,813	\$464,565	\$497,424	\$521,966	\$548,654	
DETACHED SQFT			2,034	2,067	2,078	2,045	2,178	2,221	2,248	2,257	2,013	1,988	2,019	2,036	2,111	2,127	2,078	2,080	2,116	
DETACHED \$/SQFT			\$138.00	\$156.36	\$179.10	\$213.15	\$264.44	\$296.02	\$297.74	\$266.70	\$199.70	\$178.74	\$195.85	\$187.19	\$189.20	\$226.64	\$247.85	\$260.76	\$271.96	
DETACHED Sales			2,199	2,232	2,520	2,742	2,737	2,150	1,483	1,560	2,586	3,042	2,600	2,660	3,284	3,479	3,562	3,863	1,832	
Total PRICE			\$260,379	\$299,995	\$341,286	\$399,565	\$519,546	\$579,591	\$603,997	\$541,850	\$371,588	\$332,020	\$357,685	\$351,935	\$370,710	\$419,172	\$454,640	\$473,769	\$494,708	
Total SQFT			1,951	1,996	2,001	1,973	2,057	2,065	2,133	2,138	1,908	1,891	1,902	1,935	2,006	1,942	1,918	1,902	1,916	
Total \$/SQFT			\$136.62	\$155.59	\$178.71	\$213.69	\$266.96	\$300.07	\$298.56	\$267.70	\$197.38	\$176.21	\$191.89	\$184.44	\$187.92	\$220.32	\$242.21	\$255.54	\$267.33	
Total Sales			2,435	2,426	2,763	3,008	3,150	2,560	1,693	1,783	2,946	3,456	3,030	3,039	3,737	4,367	4,420	4,929	2,417	

SOURCE: REDFIN REAL ESTATE SERVICES

**Highway 78 Corridor CMA
New Home Pricing Trends by Concept**

			Year <input type="text" value=""/>																	
Style <input type="text" value=""/>	City <input type="text" value=""/>	Data <input type="text" value=""/>	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
SFA	ESCONDIDO	Weighted Avg Price	\$0	\$0	\$206,729	\$190,554	\$256,755	\$318,317	\$315,864	\$303,223	\$316,178	\$0	\$0	\$0	\$0	\$298,247	\$342,906	\$426,896	\$460,990	
		Weighted Avg Sqft	0	0	1,106	951	1,011	1,067	1,039	983	1,154	0	0	0	0	1,369	1,396	1,809	1,918	
		Weighted Avg \$/Sqft	\$0.00	\$0.00	\$186.93	\$200.44	\$253.86	\$298.43	\$304.03	\$308.49	\$274.04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$217.82	\$245.58	\$235.97	\$240.35
		CurQtrSold			41	230	106	148	275	130	-17	0				34	53	32	1	
	SAN MARCOS	Weighted Avg Price	\$0	\$0	\$229,302	\$337,582	\$377,606	\$387,488	\$414,895	\$388,543	\$377,340	\$511,333	\$391,761	\$321,956	\$326,654	\$339,694	\$364,438	\$459,826	\$480,815	
		Weighted Avg Sqft	0	0	1,289	1,409	1,246	1,226	1,348	1,330	1,212	2,002	1,696	1,422	1,466	1,442	1,395	1,900	2,049	
		Weighted Avg \$/Sqft	\$0.00	\$0.00	\$177.87	\$239.51	\$302.98	\$316.04	\$307.69	\$292.11	\$311.34	\$255.41	\$230.98	\$226.39	\$222.81	\$235.52	\$261.17	\$242.07	\$234.67	
		CurQtrSold			243	515	722	510	108	65	32	6	11	63	231	97	105	21	14	
	VISTA	Weighted Avg Price	\$127,932	\$84,900	\$287,261	\$298,190	\$307,043	\$0	\$407,372	\$390,363	\$379,996	\$0	\$262,300	\$261,285	\$273,329	\$0	\$0	\$0	\$0	
		Weighted Avg Sqft	1,106	920	1,510	1,500	1,100	0	1,390	1,339	1,507	0	1,327	1,306	1,325	0	0	0	0	
		Weighted Avg \$/Sqft	\$115.64	\$92.28	\$190.29	\$198.85	\$279.13	\$0.00	\$293.12	\$291.50	\$252.22	\$0.00	\$197.61	\$200.08	\$206.25	\$0.00	\$0.00	\$0.00	\$0.00	
		CurQtrSold	50	3	59	5	28		37	36	5		15	13	14					
SFA Weighted Avg Price			\$127,932	\$84,900	\$236,574	\$292,231	\$360,917	\$372,385	\$348,321	\$333,050	\$359,127	\$511,333	\$322,407	\$311,578	\$323,619	\$328,937	\$357,215	\$439,944	\$479,493	
SFA Weighted Avg Sqft			1,106	920	1,305	1,269	1,214	1,191	1,146	1,104	1,222	2,002	1,499	1,402	1,458	1,423	1,396	1,845	2,040	
SFA Weighted Avg \$/Sqft			\$115.64	\$92.28	\$181.26	\$230.21	\$297.40	\$312.60	\$304.00	\$301.54	\$293.84	\$255.41	\$215.15	\$222.20	\$221.95	\$231.10	\$255.94	\$238.46	\$235.03	
SFA CurQtrSold			50	3	343	750	856	658	420	231	20	6	26	76	245	131	158	53	15	
SFD	ESCONDIDO	Weighted Avg Price	\$382,216	\$387,365	\$410,627	\$498,270	\$676,866	\$748,659	\$645,666	\$591,933	\$495,809	\$460,590	\$463,964	\$599,526	\$653,600	\$0	\$475,704	\$634,633	\$676,417	
		Weighted Avg Sqft	2,663	2,614	2,602	2,714	2,992	3,050	2,708	2,949	2,928	3,048	2,844	3,485	3,398	0	2,129	2,321	2,652	
		Weighted Avg \$/Sqft	\$143.53	\$148.19	\$157.80	\$183.60	\$226.25	\$245.44	\$238.45	\$200.74	\$169.31	\$151.10	\$163.16	\$172.04	\$192.37	\$0.00	\$223.44	\$273.45	\$255.04	
		CurQtrSold	349	279	376	459	347	186	187	170	191	133	82	9	3		7	28	17	
	SAN MARCOS	Weighted Avg Price	\$310,611	\$382,700	\$436,202	\$509,596	\$644,731	\$721,501	\$736,838	\$667,590	\$610,837	\$582,887	\$595,489	\$487,225	\$582,752	\$599,566	\$804,413	\$763,154	\$797,521	
		Weighted Avg Sqft	2,499	2,779	2,772	2,776	2,738	2,928	3,051	3,052	3,159	3,030	2,919	2,533	2,692	2,677	3,284	3,134	3,115	
		Weighted Avg \$/Sqft	\$124.30	\$137.71	\$157.35	\$183.57	\$235.46	\$246.45	\$241.51	\$218.71	\$193.39	\$192.38	\$204.03	\$192.36	\$216.50	\$223.96	\$244.97	\$243.49	\$256.02	
		CurQtrSold	811	833	846	620	917	540	218	253	83	92	62	142	157	245	129	70	18	
	VISTA	Weighted Avg Price	\$272,818	\$380,224	\$381,211	\$404,259	\$853,723	\$850,090	\$790,829	\$800,429	\$574,691	\$477,858	\$432,305	\$431,604	\$413,530	\$386,637	\$552,736	\$564,875	\$587,538	
		Weighted Avg Sqft	2,456	2,844	2,343	2,312	3,257	3,277	3,013	3,112	2,826	2,989	2,813	2,532	2,523	1,993	2,818	2,797	2,789	
		Weighted Avg \$/Sqft	\$111.09	\$133.68	\$162.69	\$174.87	\$262.09	\$259.42	\$262.47	\$257.24	\$203.35	\$159.88	\$153.66	\$170.48	\$163.93	\$193.99	\$196.17	\$201.99	\$210.68	
		CurQtrSold	89	124	269	78	46	27	22	15	35	12	35	37	76	17	59	58	33	
SFD Weighted Avg Price			\$328,041	\$383,505	\$419,858	\$498,011	\$660,815	\$733,612	\$705,005	\$644,222	\$537,013	\$509,255	\$504,607	\$484,240	\$528,640	\$585,750	\$716,465	\$663,469	\$665,502	
SFD Weighted Avg Sqft			2,542	2,748	2,652	2,720	2,824	2,972	2,918	3,015	2,984	3,038	2,864	2,599	2,646	2,633	3,101	2,854	2,838	
SFD Weighted Avg \$/Sqft			\$129.05	\$139.54	\$158.31	\$183.08	\$234.02	\$246.81	\$241.61	\$213.64	\$179.99	\$167.62	\$176.16	\$186.30	\$199.83	\$222.49	\$231.02	\$232.44	\$234.47	
SFD CurQtrSold			1,249	1,236	1,491	1,157	1,310	753	427	438	309	237	179	188	236	262	195	156	68	
Total Weighted Avg Price			\$318,821	\$382,798	\$385,654	\$417,123	\$541,341	\$563,521	\$539,375	\$515,553	\$512,714	\$509,305	\$480,988	\$436,695	\$424,864	\$500,145	\$555,668	\$608,367	\$632,286	
Total Weighted Avg Sqft			2,476	2,744	2,401	2,150	2,182	2,134	2,095	2,225	2,743	3,013	2,687	2,270	2,044	2,230	2,338	2,606	2,696	
Total Weighted Avg \$/Sqft			\$128.77	\$139.50	\$160.64	\$194.02	\$248.06	\$264.11	\$257.46	\$231.68	\$186.92	\$169.02	\$178.98	\$192.41	\$207.81	\$224.32	\$237.68	\$233.49	\$234.55	
Total CurQtrSold			1,299	1,239	1,834	1,907	2,166	1,411	847	669	329	243	205	264	481	393	353	209	83	

**Highway 78 Corridor CMA
New Home Pricing Trends**

			Year		Data																
City	Style		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
ESCONDIDO	SFA	Weighted Avg Price	\$0	\$0	\$206,729	\$190,554	\$256,755	\$318,317	\$315,864	\$303,223	\$316,178	\$0	\$0	\$0	\$0	\$298,247	\$342,906	\$426,896	\$460,990		
		Weighted Avg Sqft	0	0	1,106	951	1,011	1,067	1,039	983	1,154	0	0	0	0	1,369	1,396	1,809	1,918		
		Weighted Avg \$/Sqft	\$0.00	\$0.00	\$186.93	\$200.44	\$253.86	\$298.43	\$304.03	\$308.49	\$274.04	\$0.00	\$0.00	\$0.00	\$0.00	\$217.82	\$245.58	\$235.97	\$240.35		
		CurQtrSold			41	230	106	148	275	130	-17	0				34	53	32	1		
	SFD	Weighted Avg Price	\$382,216	\$387,365	\$410,627	\$498,270	\$676,866	\$748,659	\$645,666	\$591,933	\$495,809	\$460,590	\$463,964	\$599,526	\$653,600	\$0	\$475,704	\$634,633	\$676,417		
	Weighted Avg Sqft	2,663	2,614	2,602	2,714	2,992	3,050	2,708	2,949	2,928	3,048	2,844	3,485	3,398	0	2,129	2,321	2,652			
	Weighted Avg \$/Sqft	\$143.53	\$148.19	\$157.80	\$183.60	\$226.25	\$245.44	\$238.45	\$200.74	\$169.31	\$151.10	\$163.16	\$172.04	\$192.37	\$0.00	\$223.44	\$273.45	\$255.04			
	CurQtrSold	349	279	376	459	347	186	187	170	191	133	82	9	3	7	28	17				
ESCONDIDO Weighted Avg Price			\$382,216	\$387,365	\$390,628	\$395,549	\$579,423	\$557,679	\$447,112	\$433,539	\$482,745	\$460,590	\$463,964	\$599,526	\$653,600	\$298,247	\$358,400	\$527,414	\$665,078		
ESCONDIDO Weighted Avg Sqft			2,663	2,614	2,455	2,125	2,532	2,170	1,703	1,870	2,799	3,048	2,844	3,485	3,398	1,369	1,482	2,057	2,614		
ESCONDIDO Weighted Avg \$/Sqft			\$143.53	\$148.19	\$159.08	\$186.11	\$228.81	\$257.00	\$262.54	\$231.81	\$172.45	\$151.10	\$163.16	\$172.04	\$192.37	\$217.82	\$241.87	\$256.43	\$254.48		
ESCONDIDO CurQtrSold			349	279	417	689	453	334	462	300	174	133	82	9	3	34	60	60	18		
SAN MARCOS	SFA	Weighted Avg Price	\$0	\$0	\$229,302	\$337,582	\$377,606	\$387,488	\$414,895	\$388,543	\$377,340	\$511,333	\$391,761	\$321,956	\$326,654	\$339,694	\$364,438	\$459,826	\$480,815		
		Weighted Avg Sqft	0	0	1,289	1,409	1,246	1,226	1,348	1,330	1,212	2,002	1,696	1,422	1,466	1,442	1,395	1,900	2,049		
		Weighted Avg \$/Sqft	\$0.00	\$0.00	\$177.87	\$239.51	\$302.98	\$316.04	\$307.69	\$292.11	\$311.34	\$255.41	\$230.98	\$226.39	\$222.81	\$235.52	\$261.17	\$242.07	\$234.67		
		CurQtrSold			243	515	722	510	108	65	32	6	11	63	231	105	21	13	14		
	SFD	Weighted Avg Price	\$310,611	\$382,700	\$436,202	\$509,596	\$644,731	\$721,501	\$736,838	\$667,590	\$610,837	\$582,887	\$595,489	\$487,225	\$582,752	\$599,566	\$804,413	\$763,154	\$797,521		
	Weighted Avg Sqft	2,499	2,779	2,772	2,776	2,738	2,928	3,051	3,052	3,159	3,030	2,919	2,533	2,692	2,677	3,284	3,134	3,115			
	Weighted Avg \$/Sqft	\$124.30	\$137.71	\$157.35	\$183.57	\$235.46	\$246.45	\$241.51	\$218.71	\$193.39	\$192.38	\$204.03	\$192.36	\$216.50	\$223.96	\$244.97	\$243.49	\$256.02			
	CurQtrSold	811	833	846	620	917	540	218	253	83	92	62	142	157	245	129	70	18			
SAN MARCOS Weighted Avg Price			\$310,611	\$382,700	\$390,161	\$431,614	\$525,868	\$556,644	\$647,275	\$605,840	\$552,462	\$578,637	\$562,384	\$437,644	\$430,796	\$525,859	\$606,988	\$693,155	\$658,962		
SAN MARCOS Weighted Avg Sqft			2,499	2,779	2,442	2,157	2,074	2,088	2,577	2,671	2,672	2,969	2,720	2,200	1,964	2,327	2,436	2,849	2,649		
SAN MARCOS Weighted Avg \$/Sqft			\$124.30	\$137.71	\$159.76	\$200.14	\$253.51	\$266.62	\$251.14	\$226.80	\$206.77	\$194.91	\$206.76	\$198.96	\$219.30	\$225.99	\$249.13	\$243.27	\$248.79		
SAN MARCOS CurQtrSold			811	833	1,089	1,135	1,639	1,050	326	318	115	98	73	205	388	342	234	91	32		
VISTA	SFA	Weighted Avg Price	\$127,932	\$84,900	\$287,261	\$298,190	\$307,043	\$0	\$407,372	\$390,363	\$379,996	\$0	\$262,300	\$261,285	\$273,329	\$0	\$0	\$0	\$0		
		Weighted Avg Sqft	1,106	920	1,510	1,500	1,100	0	1,390	1,339	1,507	0	1,327	1,306	1,325	0	0	0	0		
		Weighted Avg \$/Sqft	\$115.64	\$92.28	\$190.29	\$198.85	\$279.13	\$0.00	\$293.12	\$291.50	\$252.22	\$0.00	\$197.61	\$200.08	\$206.25	\$0.00	\$0.00	\$0.00	\$0.00		
		CurQtrSold	50	3	59	5	28		37	36	5		15	13	14						
	SFD	Weighted Avg Price	\$272,818	\$380,224	\$381,211	\$404,259	\$853,723	\$850,090	\$790,829	\$800,429	\$574,691	\$477,858	\$432,305	\$431,604	\$413,530	\$386,637	\$552,736	\$564,875	\$587,538		
	Weighted Avg Sqft	2,456	2,844	2,343	2,312	3,257	3,277	3,013	3,112	2,826	2,989	2,813	2,532	2,523	1,993	2,818	2,797	2,789			
	Weighted Avg \$/Sqft	\$111.09	\$133.68	\$162.69	\$174.87	\$262.09	\$259.42	\$262.47	\$257.24	\$203.35	\$159.88	\$153.66	\$170.48	\$163.93	\$193.99	\$196.17	\$201.99	\$210.68			
	CurQtrSold	89	124	269	78	46	27	22	15	35	12	35	37	76	17	59	58	33			
VISTA Weighted Avg Price			\$215,053	\$373,356	\$364,312	\$397,869	\$654,931	\$850,090	\$572,554	\$527,052	\$550,355	\$477,858	\$383,265	\$389,024	\$392,195	\$386,637	\$552,736	\$564,875	\$587,538		
VISTA Weighted Avg Sqft			1,918	2,799	2,193	2,263	2,473	3,277	2,089	1,930	2,661	2,989	2,385	2,225	2,340	1,993	2,818	2,797	2,789		
VISTA Weighted Avg \$/Sqft			\$112.14	\$133.37	\$166.11	\$175.83	\$264.85	\$259.42	\$274.08	\$273.09	\$206.81	\$159.88	\$160.72	\$174.82	\$167.58	\$193.99	\$196.17	\$201.99	\$210.68		
VISTA CurQtrSold			139	127	328	83	74	27	59	51	40	12	50	50	90	17	59	58	33		
Total Weighted Avg Price			\$318,821	\$382,798	\$385,654	\$417,123	\$541,341	\$563,521	\$539,375	\$515,553	\$512,714	\$509,305	\$480,988	\$436,695	\$424,864	\$500,145	\$555,668	\$608,367	\$632,286		
Total Weighted Avg Sqft			2,476	2,744	2,401	2,150	2,182	2,134	2,095	2,225	2,743	3,013	2,687	2,270	2,044	2,230	2,338	2,606	2,696		
Total Weighted Avg \$/Sqft			\$128.77	\$139.50	\$160.64	\$194.02	\$248.06	\$264.11	\$257.46	\$231.68	\$186.92	\$169.02	\$178.98	\$192.41	\$207.81	\$224.32	\$237.68	\$233.49	\$234.55		
Total CurQtrSold			1,299	1,239	1,834	1,907	2,166	1,411	847	669	329	243	205	264	481	393	353	209	83		

SOURCE: MARKETPOINTE REALTY ADVISORS/RESIDENTIAL TRENDS NEW HOME DATABASE

Temecula/Murrieta
Overall Pricing Averages by Community & Year

		YearSold																
CITY	Data	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Murrieta	PRICE	\$225,928	\$251,594	\$280,292	\$339,158	\$441,617	\$475,807	\$494,499	\$446,283	\$301,589	\$251,001	\$258,014	\$258,048	\$275,165	\$333,847	\$358,280	\$363,711	\$377,050
	SQFT	2,388	2,478	2,477	2,533	2,520	2,502	2,458	2,436	2,564	2,480	2,373	2,405	2,491	2,437	2,387	2,352	2,357
	\$/SQFT	\$97.92	\$104.55	\$120.13	\$140.37	\$185.52	\$200.12	\$210.13	\$188.63	\$122.51	\$103.08	\$110.11	\$108.72	\$112.88	\$140.12	\$155.14	\$160.39	\$167.16
	Count of	804	1227	1760	1797	1448	1880	954	736	2155	2243	2158	1941	2249	2422	2152	2514	742
Temecula	PRICE	\$220,998	\$240,484	\$286,173	\$348,027	\$440,808	\$509,101	\$535,415	\$473,193	\$337,897	\$283,416	\$296,491	\$294,695	\$314,016	\$382,127	\$403,955	\$418,618	\$418,727
	SQFT	2,272	2,215	2,312	2,337	2,458	2,418	2,506	2,527	2,447	2,339	2,363	2,362	2,411	2,408	2,299	2,330	2,225
	\$/SQFT	\$102.22	\$113.36	\$130.14	\$157.30	\$191.38	\$220.57	\$221.88	\$193.61	\$141.72	\$122.45	\$127.44	\$127.17	\$132.19	\$162.58	\$180.67	\$186.36	\$193.17
	Count of	958	1198	1212	1292	1444	1287	972	981	1654	1782	1864	1878	2095	2076	2144	2102	217
Total PRICE	\$223,248	\$246,105	\$282,690	\$342,867	\$441,213	\$489,337	\$515,148	\$461,658	\$317,355	\$265,352	\$275,846	\$276,069	\$293,902	\$356,130	\$381,075	\$388,714	\$386,481	
Total SQFT	2,325	2,348	2,410	2,450	2,489	2,468	2,482	2,488	2,513	2,418	2,369	2,384	2,453	2,423	2,343	2,342	2,328	
Total \$/SQFT	\$100.26	\$108.91	\$124.22	\$147.55	\$188.49	\$208.43	\$216.06	\$191.48	\$130.86	\$111.64	\$118.11	\$117.78	\$122.16	\$150.46	\$167.74	\$172.09	\$173.01	
Total Count of SaleTyp	1762	2425	2972	3089	2892	3167	1926	1717	3809	4025	4022	3819	4344	4498	4296	4616	959	

Income Analysis and Percent of Newland Sierra Homes Attainable by Various Income Segments 2018

The following exhibit focuses on incomes within the Highway 78 Corridor CMA.

The following analysis focuses on the percentage of homes that will be attainable by workforce households in the Highway 78 Corridor CMA updated to reflect interest rates and incomes as of 2018.

SANDAG estimates a total of 124,251 households in the H78 CMA as of 2015. The 2015 median income in the CMA was \$62,832. Neighborhoods located in the unincorporated County within the CMA tend to feature larger homes on larger rural lots compared to more traditional 4,000 to 8,000 square foot lots found in the CMA's incorporated cities. The incorporated cities are also home to most if not all of the CMA's condominiums, townhomes and rental units. Unincorporated County households have a median household income that is approximately 23 percent higher (\$74,916) than their counterpart households in the incorporated cities where the median income is \$60,772 per year.

SANDAG in their Series 13 Forecast which used 2012 as the benchmark year estimated a total of 124,251 households in the H78 CMA as of 2015. Updates from the U.S. Census Bureau's American Communities Survey for 2016, estimates that the H78 CMA was home to 132,924 households. The Series 13 Forecast 2015 median income in the CMA was \$62,832. Updated income information for 2016 from the American Communities Survey estimates that the overall median household income for the H78 CMA was \$63,653. Utilizing SANDAG's estimated .03 percent annual increase in incomes, the CMA's estimated 2018 median household income would be \$63,844.

Neighborhoods located in the unincorporated County within the CMA tend to feature larger homes on larger rural lots compared to more traditional 4,000 to 8,000 square foot lots found in the CMA's incorporated cities. The incorporated cities are also home to most if not all of the CMA's condominiums, townhomes and rental units. Unincorporated County households have a median household income that is approximately 23 percent higher (\$74,916) than their counterpart households in the incorporated cities where the median income is \$60,772 per year.

In the past, workforce housing was defined as housing attainable by households earning 80 to 120 percent of the median household income. In recent years, following the lead of the City of San Diego, many jurisdictions have been expanding the definition of workforce housing in the San Diego region to encompass households earning up to 150 percent MFI.

Focusing on total households and assuming a median household income of \$63,844 for the Highway 78 Corridor market region 3 percent of the 2,135 homes planned at Newland Sierra will be attainable by households earning less than 80 percent of the market region’s median household income, while 78 percent of the housing will be attainable by workforce households earning between 80 and 150 percent of the H78 Corridor’s median household income.

Household Type	Total Units	<80% MFI	WORKFORCE HOUSING				151%+ MFI
			80-100% MFI	101-120% MFI	121-150% MFI	Total 80-150% MFI	
Total Households	2135	69	641	340	678	1659	407
\$63,844		3%	30%	16%	32%	78%	19%
Families	2135	556	383	637	486	1506	73
\$74,285		26%	18%	30%	23%	71%	3%
Married Couple Families	2135	1050	678	334	73	1085	0
\$95,671		49%	32%	16%	3%	51%	0%
Non Families	2135	0	0	0	299	299	1836
\$36,500		0%	0%	0%	14%	14%	86%

Given the diversity of housing proposed for the Newland Sierra project, this update focuses on an analysis for families, married couple families and non-family households in addition to overall aggregated households. The definitions of the various family cohorts are on page 47.

- Focusing on family households and assuming their median household income of \$73,841, 26 percent of the 2,135 homes planned at Newland Sierra will be attainable by households earning less than 80 percent of the market region’s median household income and 1,506 units (71%) will be attainable by workforce households earning between 80 and 150 of the median household income.
- A subset of the family households is the married couple family households. Assuming their median household income of \$95,100, 51 percent of the 2,135 homes planned at Newland Sierra will be attainable by workforce households earning between 80 and 150 of the median household income and 49 percent will be attainable to married couple family households earning less than 80 percent of this cohort’s median household income.

- Non family households have the lowest median household incomes in the Highway 78 Corridor. With their median income of \$36,282 this cohort will have difficulties qualifying for a home purchase. However, 299 homes planned for Newland Sierra will be attainable to these households earning 80 to 150 percent of the median household income.

Working under the following assumptions, we have formulated purchasing power within the H78 CMA for households earning 80 percent, 100 percent, 120 and 150 percent MFI.

Assumptions:

- A ~~4.0~~ 4.5 percent interest rate
- 10 percent down payment
- 35 percent of income going towards housing

A household in the H78 CMA earning 80 percent of the estimated 2018 median household income of ~~\$62,832~~ \$63,844 could afford ~~\$341,000~~ to purchase a home with a mortgage of \$324,723. A household earning 100 percent of the median household income could purchase a home with a \$405,903 mortgage ~~\$426,513~~ home, while a household earning 120 of the median household income could purchase a home with a ~~\$487,084~~ mortgage. ~~\$511,815~~ home. Assuming this expanded definition of workforce housing a household earning 150 percent MFI could afford a mortgage of \$608,855.

Highway 78 Corridor CMA

2015 Income Distributions & Median Household Incomes

income categories	H78 CMA	incorp	unincorp	% HH in H78	Cumulative %
Less than \$10,000	6,954	6,050	904	6%	6%
\$10,000 to \$14,999	2,694	2,417	277	2%	8%
\$15,000 to \$19,999	4,107	3,636	471	3%	11%
\$20,000 to \$24,999	5,988	5,297	691	5%	16%
\$25,000 to \$29,999	6,251	5,499	752	5%	21%
\$30,000 to \$34,999	6,832	5,917	915	5%	26%
\$35,000 to \$39,999	5,442	4,773	669	4%	31%
\$40,000 to \$44,999	5,357	4,671	686	4%	35%
\$45,000 to \$49,999	5,551	4,832	719	4%	40%
\$50,000 to \$59,999	10,415	9,048	1,367	8%	48%
\$60,000 to \$74,999	13,421	11,467	1,954	11%	59%
\$75,000 to \$99,999	16,665	14,119	2,546	13%	72%
\$100,000 to \$124,999	11,117	9,255	1,862	9%	81%
\$125,000 to \$149,999	7,340	6,015	1,325	6%	87%
\$150,000 to \$199,999	8,165	6,463	1,702	7%	94%
\$200,000 or more	7,952	6,002	1,950	6%	100%
TOTAL	124,251	105,461	18,790	100%	
Median HH Income	\$62,832	\$60,772	\$74,916		
Purchasing Power at % MFI					
80%	\$341,210	\$330,023	\$406,827		
100%	\$426,513	\$412,529	\$508,534		
120%	\$511,815	\$495,034	\$610,241		

Escondido

2015 Income Distributions & Median Household Incomes

income categories	H78 CMA	incorp	unincorp	% HH	Cumulative %
Less than \$10,000	3,200	2,816	384	6%	6%
\$10,000 to \$14,999	1,632	1,501	131	3%	9%
\$15,000 to \$19,999	1,917	1,758	159	3%	12%
\$20,000 to \$24,999	2,673	2,422	251	5%	17%
\$25,000 to \$29,999	2,794	2,512	282	5%	22%
\$30,000 to \$34,999	3,161	2,783	378	6%	27%
\$35,000 to \$39,999	2,242	1,981	261	4%	31%
\$40,000 to \$44,999	2,338	2,012	326	4%	36%
\$45,000 to \$49,999	2,537	2,189	348	5%	40%
\$50,000 to \$59,999	4,428	3,827	601	8%	48%
\$60,000 to \$74,999	5,883	4,947	936	10%	58%
\$75,000 to \$99,999	7,397	6,051	1,346	13%	72%
\$100,000 to \$124,999	5,002	3,919	1,083	9%	81%
\$125,000 to \$149,999	3,346	2,540	806	6%	87%
\$150,000 to \$199,999	3,787	2,704	1,083	7%	93%
\$200,000 or more	3,749	2,339	1,410	7%	100%
TOTAL	56,086	46,301	9,785	100%	
Median HH Income	\$62,858	\$58,298	\$90,507		
Purchasing Power at % MFI					
80%	\$341,348	\$316,586	\$491,494		
100%	\$426,684	\$395,733	\$614,368		
120%	\$512,021	\$474,879	\$737,242		

San Marcos

2015 Income Distributions & Median Household Incomes

income categories	H78 CMA	incorp	unincorp	% HH	Cumulative %
Less than \$10,000	1,902	1,733	169	6%	6%
\$10,000 to \$14,999	577	528	49	2%	8%
\$15,000 to \$19,999	1,093	970	123	3%	11%
\$20,000 to \$24,999	1,598	1,443	155	5%	16%
\$25,000 to \$29,999	1,452	1,313	139	4%	20%
\$30,000 to \$34,999	1,403	1,244	159	4%	25%
\$35,000 to \$39,999	1,650	1,483	167	5%	30%
\$40,000 to \$44,999	1,332	1,221	111	4%	34%
\$45,000 to \$49,999	1,404	1,271	133	4%	38%
\$50,000 to \$59,999	2,553	2,317	236	8%	46%
\$60,000 to \$74,999	3,333	2,989	344	10%	57%
\$75,000 to \$99,999	4,192	3,833	359	13%	70%
\$100,000 to \$124,999	2,902	2,681	221	9%	79%
\$125,000 to \$149,999	1,966	1,850	116	6%	85%
\$150,000 to \$199,999	2,340	2,152	188	7%	92%
\$200,000 or more	2,644	2,541	103	8%	100%
TOTAL	32,341	29,569	2,772	100%	
Median HH Income	\$65,428	\$66,329	\$57,637		
Purchasing Power at % MFI					
80%	\$355,306	\$360,196	\$312,997		
100%	\$444,133	\$450,245	\$391,246		
120%	\$532,959	\$540,294	\$469,496		

Vista

2015 Income Distributions & Median Household Incomes

income categories	H78 CMA	incorp	unincorp	% HH	Cumulative %
Less than \$10,000	1,852	1,501	351	5%	5%
\$10,000 to \$14,999	485	388	97	1%	7%
\$15,000 to \$19,999	1,097	908	189	3%	10%
\$20,000 to \$24,999	1,717	1,432	285	5%	14%
\$25,000 to \$29,999	2,005	1,674	331	6%	20%
\$30,000 to \$34,999	2,268	1,890	378	6%	26%
\$35,000 to \$39,999	1,550	1,309	241	4%	31%
\$40,000 to \$44,999	1,687	1,438	249	5%	35%
\$45,000 to \$49,999	1,610	1,372	238	4%	40%
\$50,000 to \$59,999	3,434	2,904	530	10%	49%
\$60,000 to \$74,999	4,205	3,531	674	12%	61%
\$75,000 to \$99,999	5,076	4,235	841	14%	75%
\$100,000 to \$124,999	3,213	2,655	558	9%	84%
\$125,000 to \$149,999	2,028	1,625	403	6%	90%
\$150,000 to \$199,999	2,038	1,607	431	6%	96%
\$200,000 or more	1,559	1,122	437	4%	100%
TOTAL	35,824	29,591	6,233	100%	
Median HH Income	\$60,738	\$59,926	\$65,056		
Purchasing Power at % MFI					
80%	\$329,838	\$325,427	\$353,283		
100%	\$412,297	\$406,783	\$441,603		
120%	\$494,756	\$488,140	\$529,924		

Highway 78 Corridor CMA
2018 Median Income & Housing Attainability Analysis
by Family Sector

	<u>Non Families</u>	<u>Families</u>	<u>Married Couple Families</u>	<u>Total Households</u>
<u>American Communities Survey</u>				
<u>Estimated 2016 Median Income</u>	<u>\$36,282</u>	<u>\$73,841</u>	<u>\$95,100</u>	<u>\$63,462</u>
<u>2017 estimate</u>	<u>\$36,391</u>	<u>\$74,063</u>	<u>\$95,385</u>	<u>\$63,653</u>
<u>2018 estimate</u>	<u>\$36,500</u>	<u>\$74,285</u>	<u>\$95,671</u>	<u>\$63,844</u>

*2017 & 2018 Estimates Assume .03 percent increase in incomes annually.

<u>INTEREST RATE</u>	<u>4.5%</u>	<u>4.5%</u>	<u>4.5%</u>	<u>4.5%</u>
<u>DOWN PAYMENT</u>	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>
<u>Percent of MFI</u>	<u>Purchasing Power at % MFI</u>	<u>Purchasing Power at % MFI</u>	<u>Purchasing Power at % MFI</u>	<u>Purchasing Power at % MFI</u>
<u>80.0%</u>	<u>\$185,647</u>	<u>\$377,827</u>	<u>\$486,604</u>	<u>\$324,723</u>
<u>100.0%</u>	<u>\$232,059</u>	<u>\$472,284</u>	<u>\$608,255</u>	<u>\$405,903</u>
<u>120.0%</u>	<u>\$278,470</u>	<u>\$566,741</u>	<u>\$729,906</u>	<u>\$487,084</u>
<u>150.0%</u>	<u>\$348,088</u>	<u>\$708,426</u>	<u>\$912,382</u>	<u>\$608,855</u>

Household in the H78 CMA living in the incorporated cities within the CMA have a median household income approximately \$2,000 below the CMA average. Households earning between 80 and 120 percent MFI can afford a home priced between \$330,023 and \$495,034. Households living in the unincorporated County in the CMA have a median household family income that is \$14,143 higher than the MFI of their counterpart living in the incorporated cities and thus have notably more purchasing power able to afford homes priced between \$406,827 and \$610,241 or 80 to 120 percent MFI.

Workforce Housing Incomes vs Housing Cost 2016

Workforce housing is defined as housing affordable to households earning between 80 and 120 percent of median family household income (MFI).

- The median family household income in 2015 for the Highway 78 Corridor CMA was estimated at \$62,832. The average in Escondido was approximately the same at \$62,858 while the median in Vista was lower at \$60,738. San Marcos features a median that was four percent higher than the overall CMA or \$65,428.
- An analysis of median family household incomes for the Highway 78 Corridor CMA residents assuming a 20 percent down payment, a four percent interest rate and with 35 percent of the household income going towards housing indicates that housing affordable to workforce households within the overall CMA would have to range between \$383,862 and \$575,792. Assuming however that many workforce households would be hard pressed to come up with 20 percent down and we assume a 10 percent down payment instead we see that their purchasing power takes a notable decline to between \$341,210 and \$511,815.
- While the average price of a resale attached home in the H78 CMA would be affordable to households earning 76 percent of median family income assuming 10 percent down, the average resale detached home assuming 10 percent down would require 129 percent MFI, nine percentage points higher than the upper end of the workforce housing income spectrum.
- Based upon today's new housing prices which we feel our being pushed upwards due to significant supply constraints, households wanting to purchase a new detached home at \$665,502 would be required to earn 157 percent of the CMA's median household income assuming a four percent interest rate and 10 percent down. For households able to put 20 percent down, they would be required to earn 139 percent of the median family household income.

**Highway 78 Corridor CMA
Workforce Housing Purchasing Power
Based on 2015 Median Household Income**

MEDIAN HH INCOME	\$62,832	\$62,858	\$65,428	\$60,738
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	H78 CMA	ESCONDIDO	SAN MARCOS	VISTA
INTEREST RATE	4.0%	4.0%	4.0%	4.0%
DOWN PAYMENT	20.0%	20.0%	20.0%	20.0%
Percent of MFI	Purchasing Power at 35% MFI	Purchasing Power at 35% MFI	Purchasing Power at 35% MFI	Purchasing Power at 35% MFI
80.0%	\$383,862	\$384,016	\$399,719	\$371,067
100.0%	\$479,827	\$480,020	\$499,649	\$463,834
120.0%	\$575,792	\$576,024	\$599,579	\$556,601

	H78 CMA	ESCONDIDO	SAN MARCOS	VISTA
INTEREST RATE	4.0%	4.0%	4.0%	4.0%
DOWN PAYMENT	10.0%	10.0%	10.0%	10.0%
Percent of MFI	Purchasing Power at 35% MFI	Purchasing Power at 35% MFI	Purchasing Power at 35% MFI	Purchasing Power at 35% MFI
80.0%	\$341,210	\$341,348	\$355,306	\$329,838
100.0%	\$426,513	\$426,684	\$444,133	\$412,297
120.0%	\$511,815	\$512,021	\$532,959	\$494,756

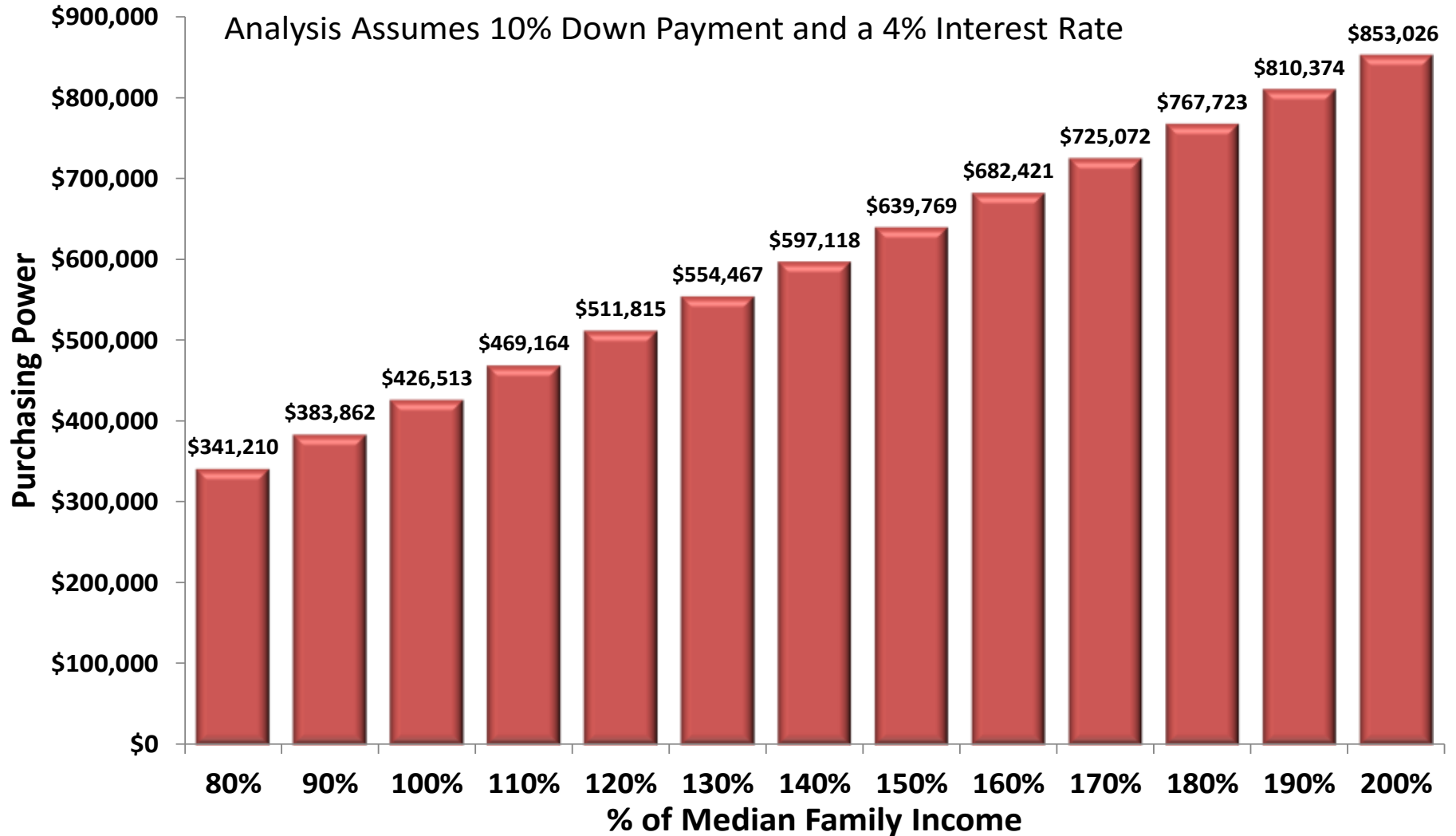
Resale Attached \$	\$321,051	\$260,117	\$371,821	\$312,742
% MFI @ 20% Down	67%	55%	75%	68%
% MFI @ 10% Down	76%	61%	84%	76%

Resales Detached \$	\$547,611	\$532,215	\$625,777	\$502,152
% MFI @ 20% Down	115%	111%	126%	109%
% MFI @ 10% Down	129%	125%	141%	122%

New Attached Home \$	\$479,493	\$460,990	\$480,815	\$0
% MFI @ 20% Down	100%	97%	97%	
% MFI @ 10% Down	113%	109%	109%	

New Detached Home \$	\$665,502	\$676,417	\$797,521	\$587,538
% MFI @ 20% Down	139%	141%	160%	127%
% MFI @ 10% Down	157%	159%	180%	143%

Purchasing Power Based Upon Percentage of Median Family Income



The following exhibit depicts resale market sales and listing as provided by Redfin and new home sales and inventory as tracked by MarketPointe via our **Residential Trends** database. The analysis focuses on homes sold in the various prices affordable to households based upon the median family income.

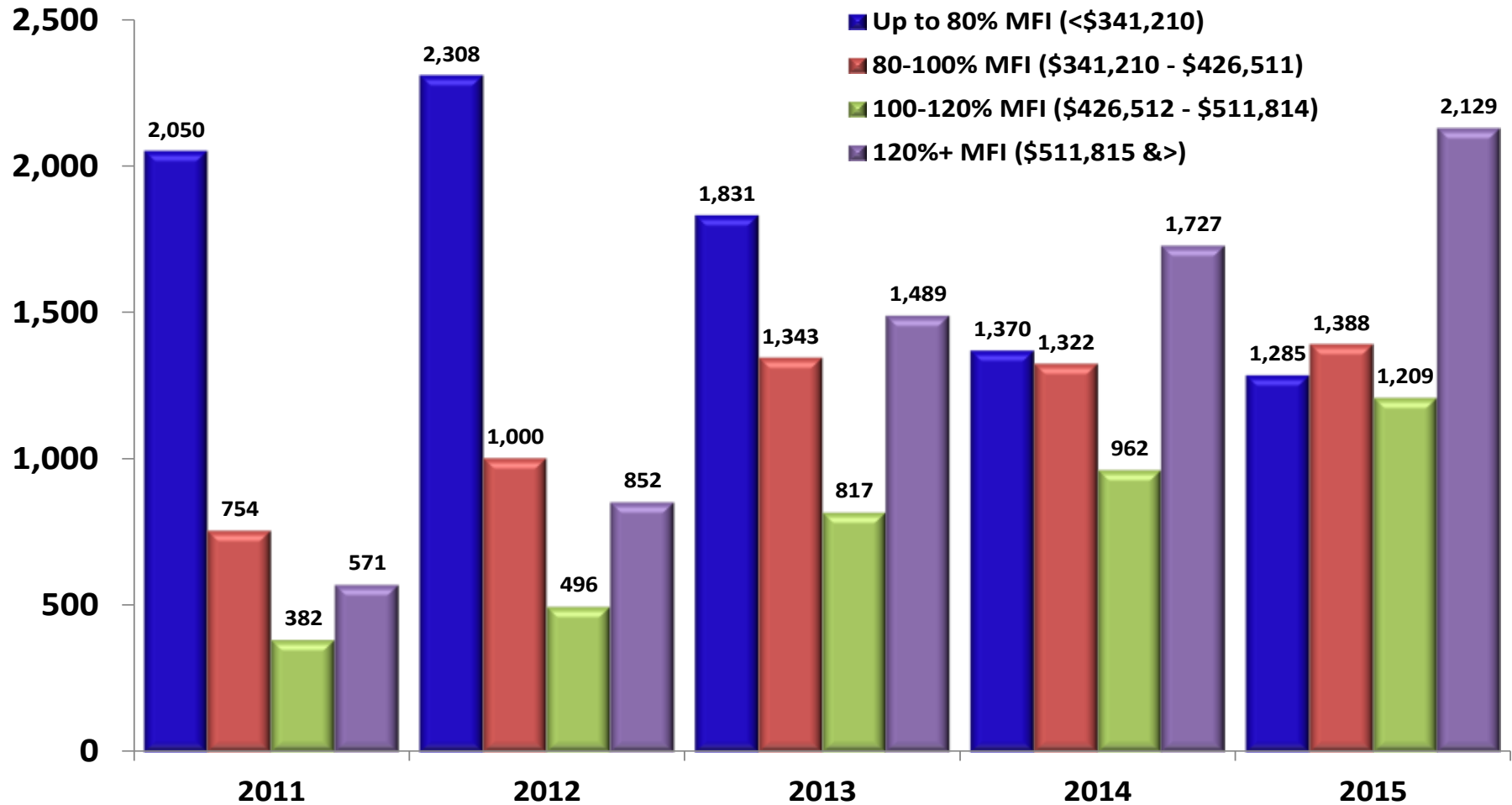
Back in 2011 the vast majority of the resales posted in the Highway 78 Corridor CMA were affordable to household earning up to 80 percent MFI. Although 2012 saw a majority of the resales homes still affordable to households earning up to 80 percent MFI, much of the increase in market activity was in the upper income ranges. Since then, fewer resale homes sold were affordable to households earning less than 80 percent MFI while an increasing percentage of the homes sold were not affordable to workforce households as they required more than 120 percent MFI.

Back in 2011, the majority of the new homes sold in the Highway 78 Corridor CMA were priced so that they were affordable to households earning 80 to 100 percent MFI. A surge in new attached product offerings in 2012 significantly increased sales volumes among homes affordable to households earning under 80 percent MFI. Homes selling in the range affordable to households earning 80 to 100 percent MFI the low end of homes affordable to workforce households generated the second most levels of activity. Since then, fewer new homes have sold at prices affordable to workforce households while increasing sales were posted at prices requiring more than 120 percent MFI.

The above analysis of sales in the H78 CMA as it relates to units affordable to workforce households earning between 80 and 120 median family income, assumes a four percent interest rate and 10 percent down.

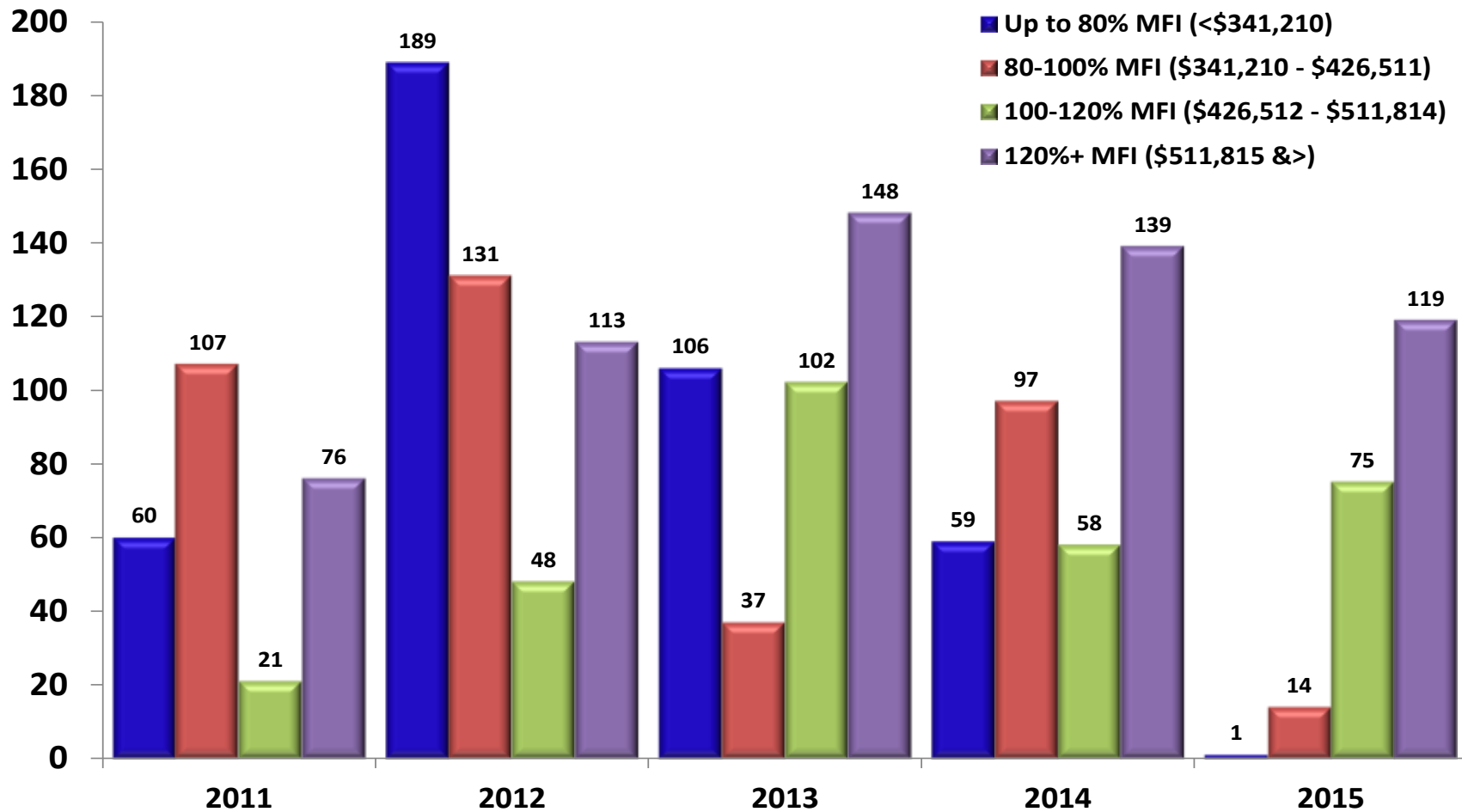
Looking at supply in the actively selling subdivisions as the end of the first quarter 2016, we note zero inventories available under \$341,210, homes affordable to households earning up to 80 percent MFI. Workforce housing defined as homes available to households earning 80 to 120 percent MFI represents about 18 percent of the total inventory in the H78 CMA while inventory above \$511,815 which would require more than 120 percent MFI accounts for 82 percent of the immediately available supply in the CMA.

Most of The Increased Resales Market Activity Seen in the Highway 78 Corridor CMA Has Taken Place Among Homes Requiring More Than 120% MFI



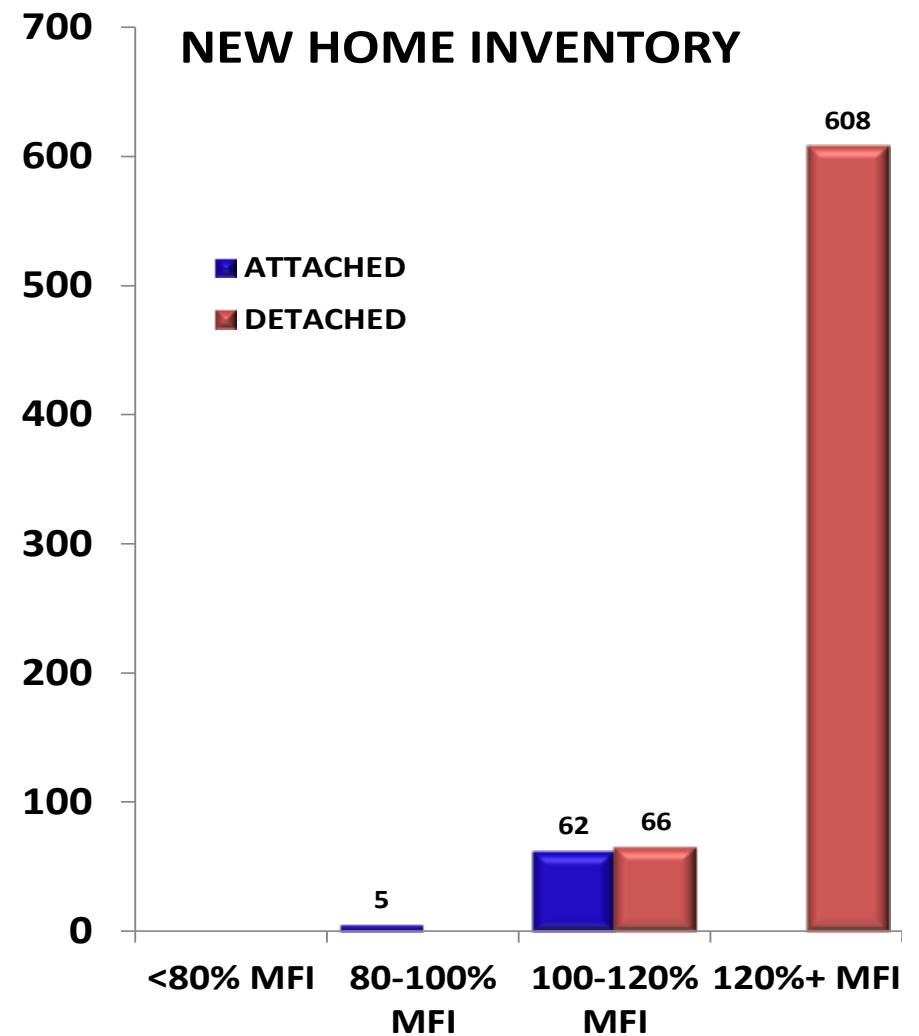
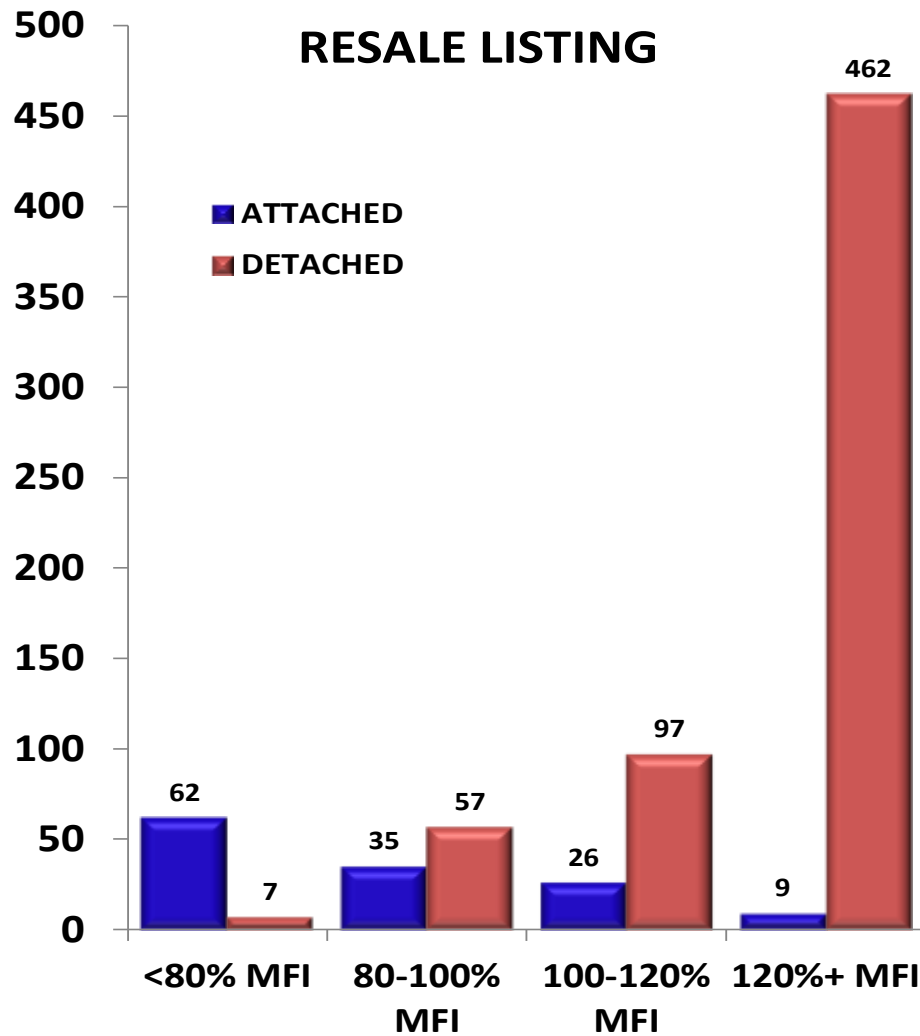
Analysis Assumes 10% Down Payment and a 4% Interest Rate

New Homes Sold in the Highway 78 Corridor CMA Affordable to Workforce Households (80-120% MFI) Have Been Declining



Analysis Assumes 10% Down Payment and a 4% Interest Rate

There is Very Little Inventory in the H78 CMA Affordable to Workforce Households Earning 80 to 120 Percent MFI



The U.S. Census defines family households as:

A family consists of a householder and one or more other people living in the same household who are related to the householder by birth, marriage, or adoption. All people in a household who are related to the householder are regarded as members of his or her family. A family household may contain people not related to the householder, but those people are not included as part of the householder's family in tabulations. Thus, the number of family households is equal to the number of families, but family households may include more members than do families. A household can contain only one family for purposes of tabulations. Not all households contain families since a household may be comprised of a group of unrelated people or of one person living alone – these are called nonfamily households. Families are classified by type as either a "married-couple family" or "other family" according to the sex of the householder and the presence of relatives. The data on family type are based on answers to questions on sex and relationship that were asked of all people.

Married-Couple Family – A family in which the householder and his or her spouse are listed as members of the same household.

Nonfamily Household – A householder living alone or with nonrelatives only. Unmarried couple households, whether opposite-sex or same-sex, with no relatives of the householder present are tabulated in nonfamily households.