County of San Diego
Valley Center Community Plan Update
Market Existing Conditions Report and Market Forecast

Final Report: May 14, 2021

Prepared for:

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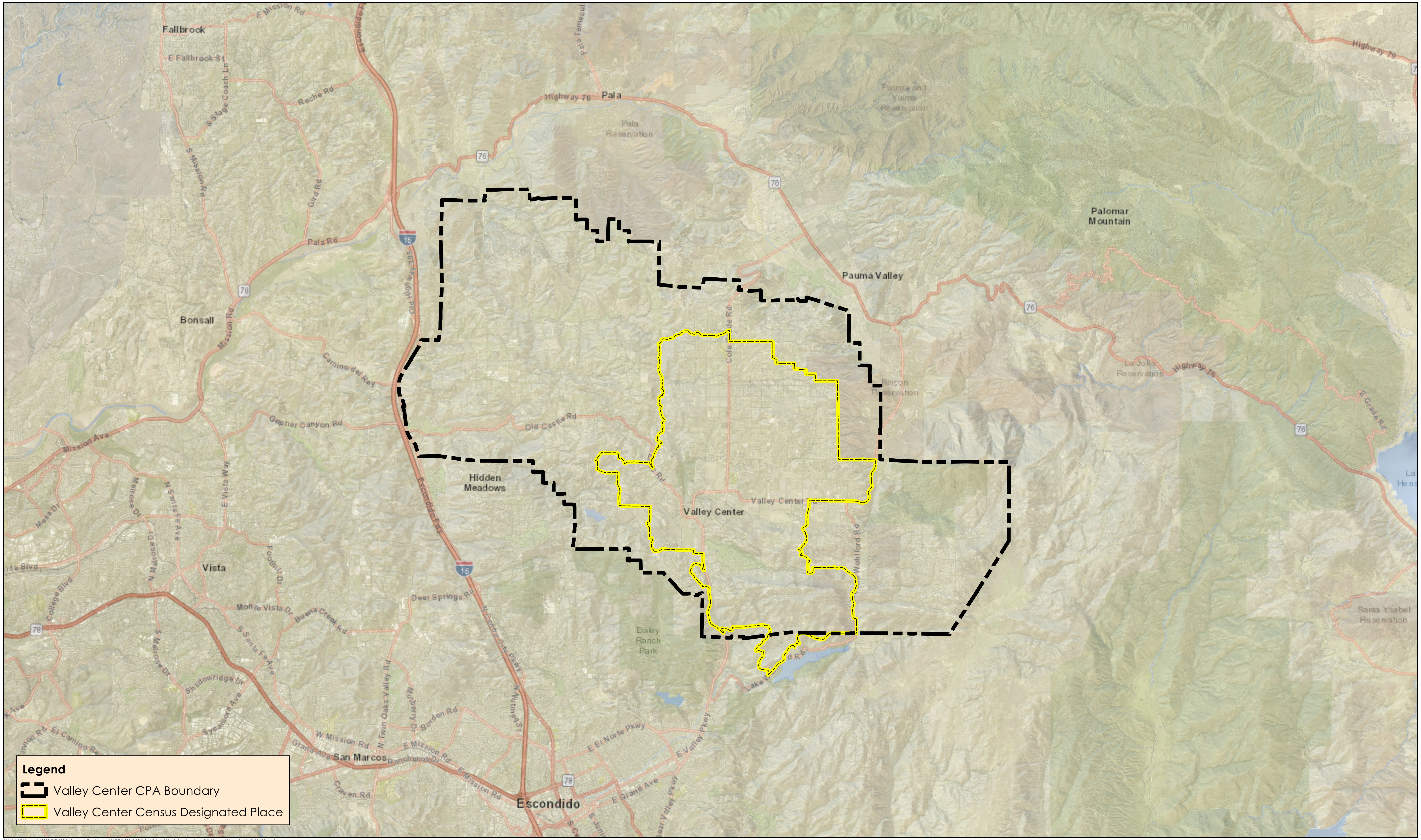
Introduction

Rick Community Planning (RICK) has completed a review of demographic and community trends in the Valley Center area and has utilized this data, along with additional market research, to compile this Market Study for the County of San Diego. The conclusions of this study will serve as a foundation of information to inform the creation of land use concepts and policy development to be considered as part of the Community Plan Update for Valley Center.

RICK has compiled information and reached conclusions outlined in this study based upon publicly available information from the U.S. Census and the County of San Diego. The consultant team has also gathered data from ESRI Business Solutions (ESRI), a national database of economic and market data derived from U.S. Census data, along with national database information concerning retail and consumer spending, living patterns, and related metrics. The team has also used data gleaned from periodical research, site research, and discussions with brokers and others in the real estate and development fields.

Together, the information presents a picture of where Valley Center is today and how it may evolve in terms of demographics, the market, and economic development, over the next two decades. While projections can and usually do change, the patterns identified in this study provide a foundation of information for the overall Community Plan Update.

The Valley Center Community Planning Area (CPA) is defined as the area denoted in Figure 1: Map of Valley Center CPA and Valley Center Census Designated Place. The CPA is located in the northern region of unincorporated San Diego County, to the east of Interstate 15, and between the Pauma Valley area and the northern edges of the City of Escondido. The Valley Center CPA includes a variety of housing and commercial uses along the main corridor extending through the CPA, Valley Center Road, as well as a mixture of agricultural, residential, and commercial uses in areas to the east and west of Valley Center Road. The following map includes the boundaries of the Valley Center Census Designated Place, as defined by the U.S. Census. The data provided in this report for overcrowding and commute patterns is reflective of the Valley Center Census Designated Place because this data is not available at the CPA scale. All other data in the report is reflective of the entire Valley Center CPA.



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RICK ENGINEERING COMPANY

Miles
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North

Date of Exhibit: 12/2/2020
Census data: 2017
SANGIS/SANDAG Aerial Imagery: 2017
ESRI World Street Map

Figure 1: Map of Valley Center CPA and Valley Center Census Designated Place

Demographic Profile

Population and Age

The Valley Center CPA experienced its most significant periods of population growth and development between 1970 and 2000, transitioning from its roots as a primarily agricultural region in north San Diego County into a semi-rural area with a mixture of residential subdivisions, small to mid-sized farms, and pockets of commercial shopping areas along the main road serving the area, Valley Center Road. According to ESRI estimates (which are derived from U.S. Census data) the Valley Center CPA has a population of around 21,700 residents in 2019[1]. Based upon regional trends, ESRI projects population growth of nearly 1,000 residents over the next five years, to a projected population of 22,684 in 2024. In contrast, projections provided by the San Diego Association of Governments (SANDAG) estimate a population for the Valley Center CPA of 22,778 by 2020. Therefore, the ESRI projections anticipate slower population growth in the Valley Center CPA compared to projections produced by SANDAG.

Table 1: Valley Center CPA: Population by Age

Age	2019 (Estimated)		2024 (Projected)		2019 - 2024 Change (Projected)	
	Number	Percentage	Number	Percentage	Number	Percentage
0 - 4	1,127	5.2%	1,184	5.2%	57	5.1%
5 - 9	1,256	5.8%	1,268	5.6%	12	1.0%
10 - 14	1,422	6.6%	1,436	6.3%	14	1.0%
15 - 19	1,353	6.2%	1,384	6.1%	31	2.3%
20 - 24	1,064	4.9%	982	4.3%	-82	-7.7%
25 - 34	2,441	11.3%	2,400	10.6%	-41	-1.7%
35 - 44	2,419	11.2%	2,854	12.6%	435	18.0%
45 - 54	2,861	13.2%	2,792	12.3%	-69	-2.4%
55 - 64	3,458	16.0%	3,328	14.7%	-130	-3.8%
65 - 74	2,565	11.8%	2,870	12.7%	305	11.9%
75 - 84	1,264	5.8%	1,647	7.3%	383	30.3%
85 +	436	2.0%	503	2.2%	67	15.4%
Total	**21,666**		**22,648**		**982**	**4.5%**
Median Age	43.9		44.4			
Source: ESRI						

Valley Center has an older population compared to San Diego County as a whole, with a median age in 2019 of 43.9 years, compared to the median age of 35.9 years for San Diego County. However, residents in their prime "parenting" years, between the ages of 25 and 44, account for nearly a quarter of the total population, and residents under the age of 20 account for nearly a quarter of the total. According to demographic projections from ESRI, residents between the age of 65 to 74 and 75 to 84 will exhibit significant population growth, as the members of the Baby Boomer generation (defined as individuals born between 1946 and 1964) continue to move into and through retirement. According to projections provided by ESRI, the number of residents in the Valley Center CPA age 65 or older will increase by a total

[1] ESRI Business Solutions data, accessed December 2019.

of over 750 residents in the next five years and demographers expect the trend of the population aging to continue throughout San Diego County over the next 20 years. ESRI projects that the number of residents in the Valley Center CPA age 35 to 44 will also increase by approximately 435 residents over the next five years, as residents of the Millennial generation (defined as individuals born between 1981 and 1996) continue to age through their prime parenting years. Meanwhile, the projections from ESRI anticipate the number of residents in the age 45 to 64 group in the Valley Center CPA will decline over the next five years, as the Baby Boomer generation continues to move into the traditional retirement age brackets (over age 65) and the oldest members of Generation X (defined as individuals born between 1964 and 1980) in the local area, a smaller demographic group (nationally) compared to the Baby Boomers, reach age 60. ESRI projects relatively minimal growth of the population age 0 to 19 in the Valley Center CPA over the next five years, and small decreases in population for persons age 20 to 34 in the Valley Center CPA.

Gender and Age

The patterns for population, in terms of gender and age, tend to reflect the overall demographic patterns for Valley Center. Estimates generated by ESRI project that the population of individuals age 65 and older will increase for both male and female categories between 2019 and 2024, as shown in Table 2. The populations of individuals age 45 to 64 and from 20 to 24 will decline for both genders over the next five years. Like most communities, females represent the majority of the population of residents age 85 and older. The populations of male versus female are generally in balance for most age groups in Valley Center, as of 2019. The projections for the 2019 through 2024 period anticipate more growth in the female population, for individuals age 65 and older, in Valley Center.

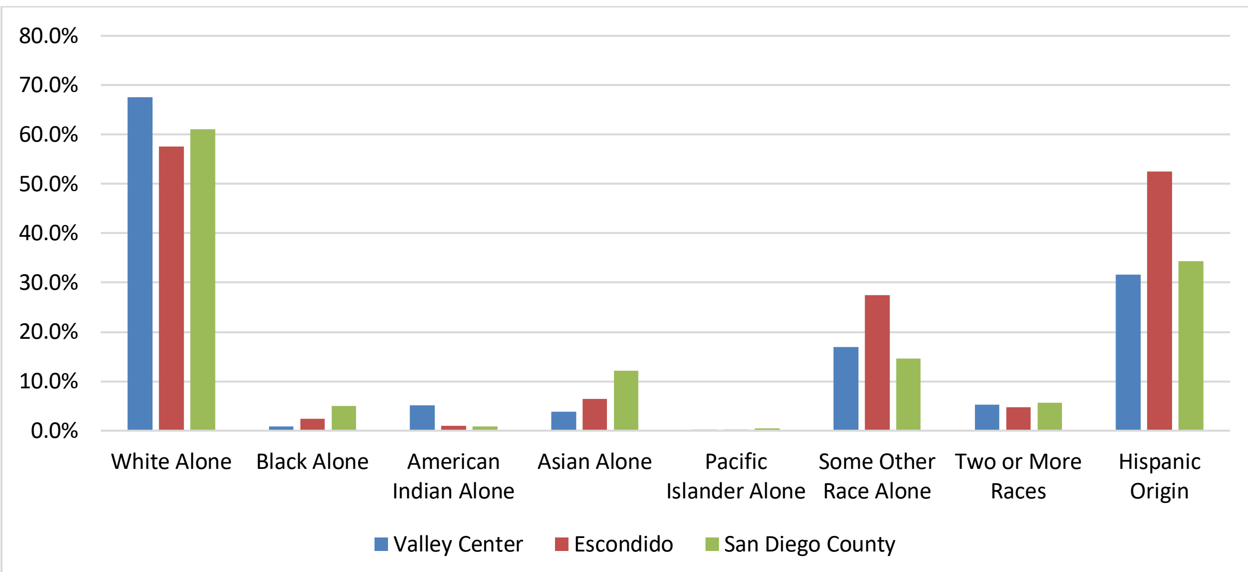
Table 2: Valley Center CPA Population by Age and Gender

Age	2019 (Estimated)		2024 (Projected)		2019 - 2024 Change (Projected)			
	Male	Female	Male	Female	Male		Female	
	Number	Number	Number	Number	Number	Percentage	Number	Percentage
0 - 4	554	574	584	601	*30*	5.4%	27	4.7%
5 - 9	626	630	627	641	1	0.2%	11	1.7%
10 - 14	721	700	709	727	-12	-1.7%	27	3.9%
15 - 19	694	659	710	674	16	2.3%	15	2.3%
20 - 24	559	504	526	456	-33	-5.9%	-48	-9.5%
25 - 34	1,240	1,200	1,221	1,181	-19	-1.5%	-19	-1.6%
35 - 44	1,208	1,211	1,429	1,425	221	18.3%	214	17.7%
45 - 54	1,410	1,450	1,384	1,407	-26	-1.8%	-43	-3.0%
55 - 64	1,732	1,727	1,677	1,652	-55	-3.2%	-75	-4.3%
65 - 74	1,259	1,306	1,400	1,470	141	11.2%	164	12.6%
75 - 84	640	624	819	830	179	28.0%	206	33.0%
85 +	206	230	235	268	29	14.1%	38	16.5%
Total	**10,849**	**10,815**	**11,321**	**11,332**	**472**	**4.4%**	**517**	**4.8%**
Median Age (Years)	43.9		44.4					
Source: ESRI								

Race and Ethnicity

Valley Center has traditionally experienced somewhat less ethnic and racial diversity than neighboring communities and San Diego County as a whole. Estimates from ESRI indicate that in 2019 around 32 percent of residents in Valley Center are of Hispanic origin. In comparison, over half of residents in Escondido are of Hispanic origin, and over 34 percent of residents in the County as a whole are of Hispanic origin. Valley Center, according to the 2019 population estimates, also has a sizeable American Indian population compared to San Diego County as a whole (5.2 percent of the total), and a sizeable share of residents who identify with two or more races, compared to San Diego County as a whole. The presence of two large tribal reservations that are mostly within the Valley Center CPA, the Rincon Band of Luiseño Indians and the San Pasqual Band of Mission Indians, contribute to the relatively sizeable American Indian population.

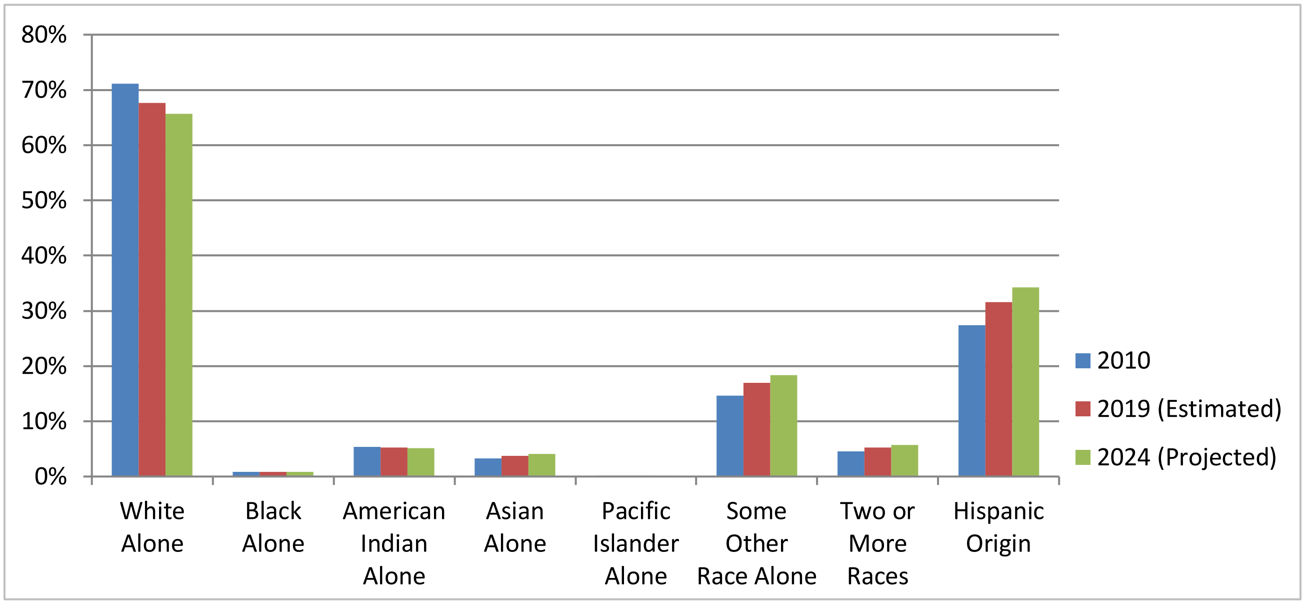
Figure 2: Population by Ethnicity: Valley Center Versus Escondido and San Diego County Race/Ethnicity - 2019 (Estimated)



Source: ESRI

Historical and projected population information indicates that the share of the population in Valley Center classified as Hispanic has grown since the last U.S. Census in 2010, and will continue to grow through 2024. The share of the Valley Center population identifying with two or more races, as Asian or Pacific Islander, or as another racial category (alone) has continued to increase since 2010 and is projected to continue to increase through 2024. Meanwhile, the share of the population identifying as American Indian is slowly decreasing, and projections from ESRI anticipate that this trend will continue over the next five years.

Figure 3: Historical and Projected Ethnic Breakdown, Valley Center



Source: ESRI

The breakdown of population and age information by race or ethnic group for Valley Center indicates that the Hispanic and American Indian populations are considerably younger than the populations identified as White or Black. Over 26 percent of Hispanic residents in Valley Center are of age 0 to 14 in 2019. An estimated 7.7 percent of the Hispanic population in Valley Center is age 65 or older, compared to 24.6 percent of the White population in Valley Center. Almost 26 percent of American Indian residents and 28.5 percent of residents in the multiple race or "other" categories are in the age 0 to 14-year-old category. Only 11.8 percent of residents in the American Indian category are age 65 or older in 2019, and only 6.9 percent of residents in the multiple race or "other" categories.

Table 3: Valley Center Population by Age and Ethnicity

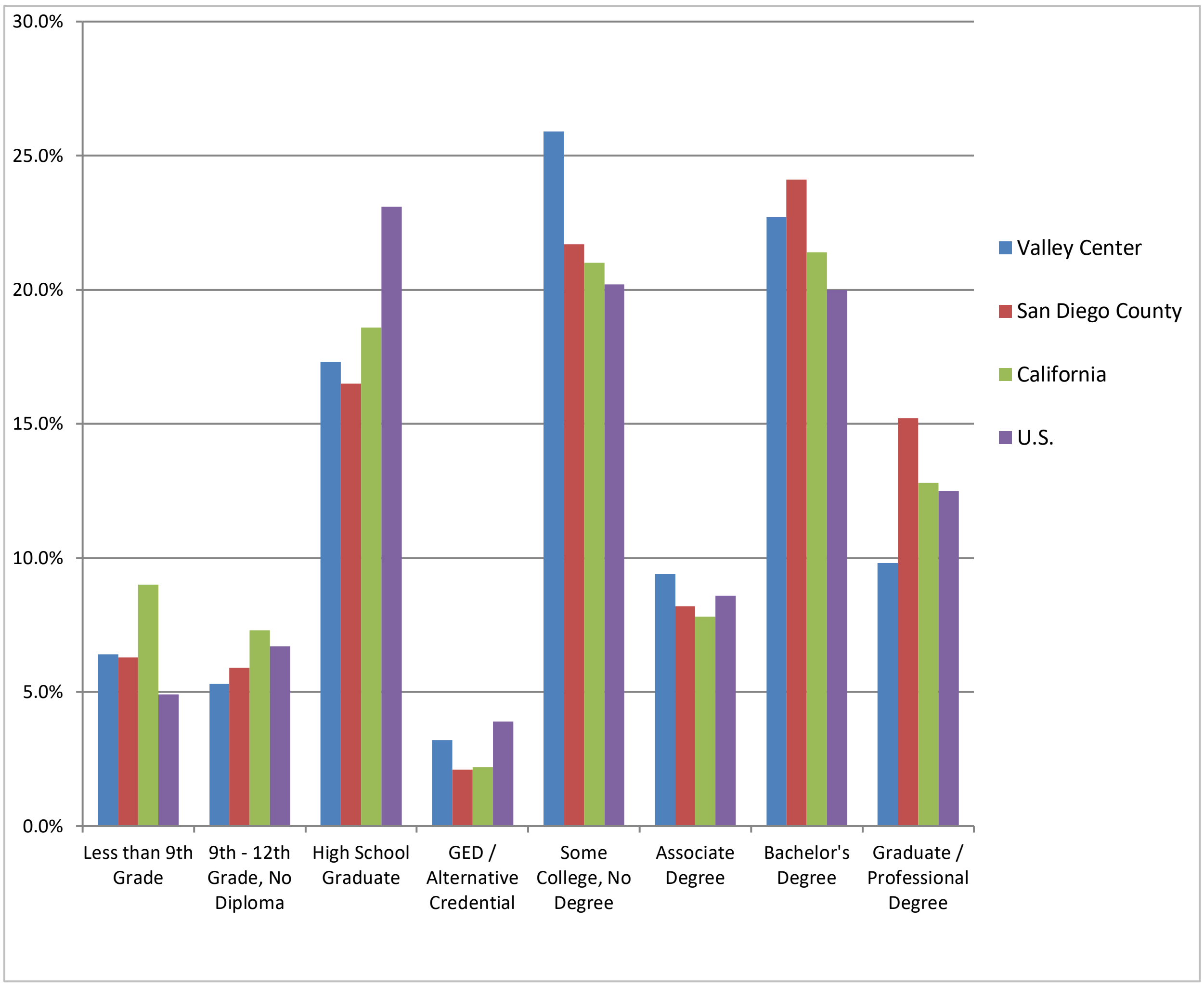
Age	Hispanic		White		Black		American Indian		Asian / Pacific Islander		Multiple Race / Other	
	Pop.	Percent	Pop.	Percent	Pop.	Percent	Pop.	Percent	Pop.	Percent	Pop.	Percent
0 - 14	1,800	26.3%	1,996	13.6%	33	18.0%	294	25.9%	104	12.1%	1,377	28.5%
15 - 24	1,059	15.4%	1,364	9.3%	25	13.7%	168	14.8%	74	8.6%	787	16.3%
25 - 34	1,101	16.1%	1,356	9.3%	22	12.0%	176	15.5%	116	13.5%	770	15.9%
35 - 44	1,008	14.7%	1,465	10.0%	25	13.7%	112	9.9%	116	13.5%	699	14.5%
45 - 54	743	10.8%	2,081	14.2%	29	15.8%	123	10.9%	121	14.0%	507	10.5%
55 - 64	614	9.0%	2,768	18.9%	31	16.9%	127	11.2%	168	19.5%	364	7.5%
65 - 74	346	5.0%	2,159	14.7%	14	7.7%	77	6.8%	106	12.3%	208	4.3%
75 - 84	150	2.2%	1,071	7.3%	3	1.6%	44	3.9%	45	5.2%	101	2.1%
85 +	34	0.5%	388	2.6%	1	0.5%	12	1.1%	12	1.4%	23	0.5%
Total	**6,855**		**14,648**		**183**		**1,133**		**862**		**4,836**	

Source: ESRI

Educational Attainment

The Valley Center area has a population with relatively similar levels of education compared to San Diego County, the State of California, and the nation. Over 32 percent of residents age 25 or older in Valley Center have a college degree or graduate/professional degree. Similarly, around a third of people in the U.S. over age 25 have a college degree. Nearly 12 percent of the adult population in Valley Center does not have a high school diploma or its equivalent, compared to 11.6 percent nationally, 16.3 percent in California, and 12.2 percent in San Diego County.

Figure 4: Adult Population (Age 25+) by Educational Attainment



Source: ESRI

The overall higher level of education in San Diego County, compared to California as a whole, makes the region a more attractive target for companies looking for skilled and educated workers. Efforts to increase the pool of educated workers in Valley Center would enhance the marketability of this part of the County.

Population Projections

SANDAG provides projections through 2050 for population, households, and employment for San Diego County for every Traffic Analysis Zone (TAZ) in the County, and provides summaries of its projections for the various municipalities and the unincorporated portions of the County as part of its reports to the public. A TAZ is the unit of geography most commonly used in conventional transportation planning models. The size of a TAZ may vary, but for most metropolitan planning agencies, a TAZ typically includes a group of 3,000 or fewer residents. The most recent SANDAG projections[2] were adopted in 2013. The following table summarizes the projections for Valley Center, representing a consolidation of projections for the various TAZs within the study area, as well as projections for surrounding municipalities in north San Diego County, the unincorporated portions of San Diego County (as a whole), and San Diego County (as a whole).

Table 4: SANDAG Population Projections, 2020-2050, by Geography

Region	Actual	Projected	Projected	Projected	Total Projected Change
	2010	2020	2035	2050	2020 - 2050
Valley Center	19,057	22,778	25,455	27,526	4,748
Escondido	143,951	165,051	172,890	173,253	8,202
San Marcos	83,781	98,940	108,470	112,323	13,383
Vista	93,719	96,973	112,175	126,508	29,535
Unincorporated San Diego County	486,564	543,471	625,809	662,195	118,724
San Diego County (All)	**3,095,313**	**3,435,713**	**3,853,698**	**4,068,759**	**633,046**
Source: SANDAG					

SANDAG projects relatively modest growth for Valley Center, Escondido, and San Marcos over the next 30 years. The agency anticipates that Valley Center will gain an additional 4,748 additional residents between 2020 and 2050. Most of the land in Valley Center is zoned for lower density residential or agricultural uses, and the County of San Diego anticipates notable growth only within a series of Villages in unincorporated portions of the County. SANDAG anticipates less robust population growth in the incorporated cities of San Marcos and Escondido. While SANDAG projects total population growth in the unincorporated portions of San Diego County to approach 120,000 new residents between 2020 and 2050, the agency expects this growth to occur largely in other parts of the County. The State of California's Department of Finance has produced projections for population at the County level through 2060. This department's most recent projections, as of May 2019, project that the population of San Diego County will reach 3,390,529 residents by 2020, 3,706,919 residents by 2035, and 3,966,643 residents by 2050.

Household Income

The Valley Center CPA has traditionally reported higher median household incomes than the rest of the region, and the latest estimates from ESRI reflect these trends. Valley Center had a median household

[2] SANDAG Series 13: 2050 Regional Growth Forecast

income in 2019 of over $99,000, far above the median household income of $61,000 in Escondido and just over $78,000 for San Diego County as a whole. Valley Center includes a significant number of empty nester households (including a parent or parents whose children have grown up and left home) that have reached their peak earning years, as well as individuals reporting higher incomes from a variety of age segments. However, nearly 18 percent of households in Valley Center report annual incomes of less than $35,000. While some of these households include residents who are retired, and therefore report less income, the information indicates that the affluence of the Valley Center area is not uniform, and pockets of lower income residents are located throughout the area.

Table 5: Breakdown of Households by Income (2019, Estimated)

Households by Income (2019, Estimated)	Valley Center	Escondido	San Diego County
	Percentage of Households		
Less than $15,000	6.8%	8.4%	7.2%
$15,000 - $24,999	5.9%	8.4%	6.5%
$25,000 - $34,999	5.5%	10.9%	7.4%
$35,000 - $49,999	7.6%	12.5%	10.3%
$50,000 - $74,999	11.8%	18.0%	16.3%
$75,000 - $99,999	12.7%	12.4%	13.0%
$100,000 - $149,999	22.8%	15.5%	18.3%
$150,000 - $199,999	14.4%	7.2%	9.4%
$200,000 - Plus	12.6%	6.6%	11.6%
Median Household Income	$99,441	$61,075	$78,492
Average Household Income	$119,433	$86,137	$108,186
Per Capita Income	$40,250	$26,832	$38,165
Source: ESRI			

Projections generated by ESRI anticipate that household incomes in Valley Center will continue to increase over the next five years, through 2024.

Table 6: Breakdown of Valley Center Households by Income (2019 – Estimated, Versus 2024 – Projected)

Income	2019 - Estimated		2024 - Projected	
	Number of Households	Percentage of Total	Number of Households	Percentage of Total
Less than $15,000	496	6.8%	391	5.2%
$15,000 - $24,999	426	5.9%	325	4.3%
$25,000 - $34,999	397	5.5%	319	4.2%
$35,000 - $49,999	548	7.6%	456	6.0%
$50,000 - $74,999	856	11.8%	771	10.2%
$75,000 - $99,999	920	12.7%	869	11.5%
$100,000 - $149,999	1,653	22.8%	1,776	23.5%
$150,000 - $199,999	1,045	14.4%	1,408	18.6%
$200,000 or More	913	12.6%	1,239	16.4%
Median Household Income	$99,441		$113,280	
Average Household Income	$119,433		$141,937	
Per Capita Income	$40,250		$47,616	
Source: ESRI				

ESRI projects that the median household income will increase to over $113,000 by 2024, and that households reporting incomes of greater than $75,000 will represent larger shares of the total number of households by 2024. The projections created by ESRI assume that national and regional trends of economic growth will continue over the next five years. Economic downturns and other shocks could alter these projections over the next few years. For example, SANDAG economists anticipate that the local economy will not recover to pre-COVID levels of economic activity until 2023 (under a best-case scenario) or by 2026 (under a worst-case scenario)[3].

Data from ESRI also provides a breakdown of estimated and projected household incomes for residents age 55 and older. The median household income for residents age 65 and older is less than the incomes for residents still in their prime working years (64 years and younger). Income for residents older than 65 often includes Social Security payments, income from investments, and various forms of fixed income. Around 40 percent of the households headed by someone over age 75 report household incomes of less than $35,000 per year. Projections for 2024 anticipate that household incomes for all groups will continue to grow, in line with the anticipated growth in incomes across this portion of San Diego County.

[3] SANDAG Joint Transportation, Regional Planning, and Borders Committees Meeting, July 17, 2020.

Table 7: 2019 Valley Center Households, Breakdown by Age of Householder (Age 55+) and Income (Estimated)

Income (Estimated)	Age 55 - 64	Percent	Age 65 - 74	Percent	Age 75 +	Percent	Total	Percent
Less than $15,000	113	6.3%	107	7.9%	126	12.7%	346	8.3%
$15,000 - $24,999	73	4.0%	100	7.4%	159	16.1%	332	8.0%
$25,000 - $34,999	77	4.3%	68	5.0%	116	11.7%	261	6.3%
$35,000 - $49,999	90	5.0%	87	6.4%	152	15.4%	329	7.9%
$50,000 - $74,999	186	10.3%	233	17.1%	155	15.7%	574	13.8%
$75,000 - $99,999	253	14.0%	169	12.4%	81	8.2%	503	12.1%
$100,000 - $149,999	484	26.8%	313	23.0%	117	11.8%	914	22.0%
$150,000 - $199,999	265	14.7%	123	9.1%	27	2.7%	415	10.0%
$200,000 - Plus	264	14.6%	159	11.7%	55	5.6%	478	11.5%
Total	**1,805**	**100.0%**	**1,359**	**100.0%**	**989**	**100.0%**	**4,153**	**100.0%**
Median Household Income	$107,475		$85,829		$42,976		$84,996	
Average Household Income	$129,871		$111,081		$69,851		$109,455	
Source: ESRI								

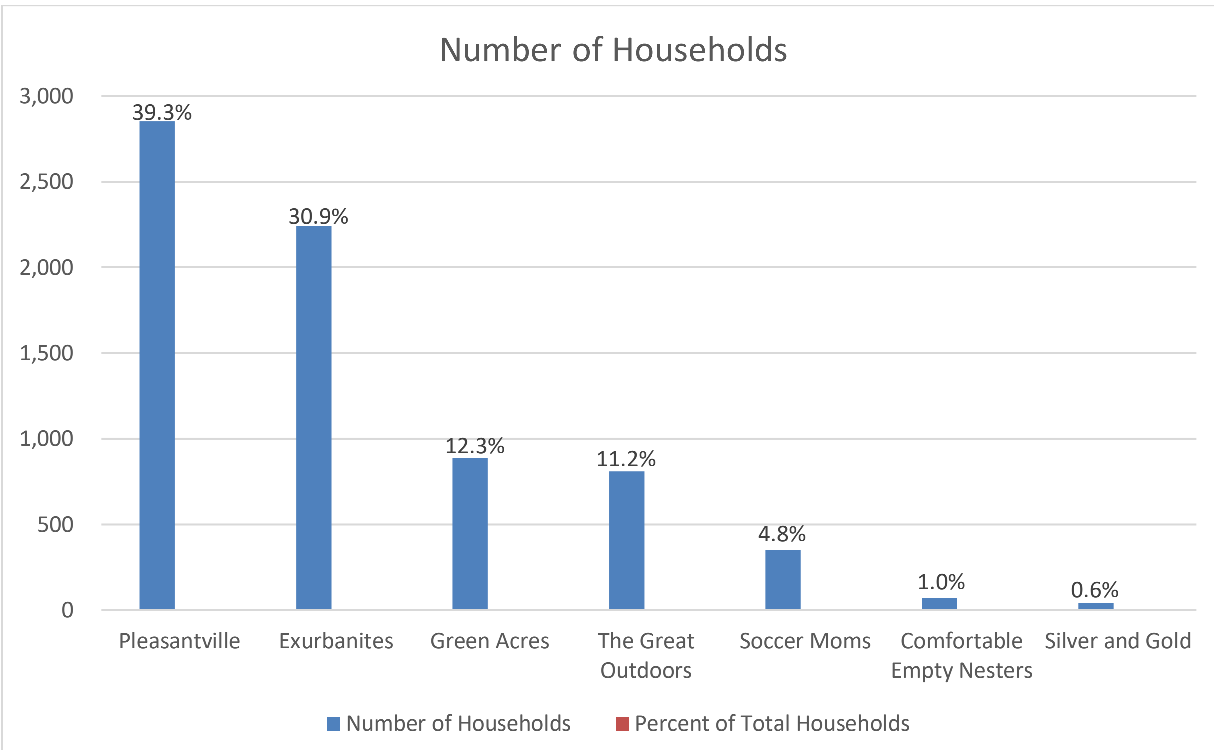
Table 8: 2024 Valley Center Households, Breakdown by Age of Householder (Age 55+) and Income (Projected)

Income (Projected)	Age 55 - 64	Percent	Age 65 - 74	Percent	Age 75 +	Percent	Total	Percent
Less than $15,000	72	4.2%	83	5.6%	130	10.7%	285	6.5%
$15,000 - $24,999	44	2.6%	69	4.7%	146	12.0%	259	5.9%
$25,000 - $34,999	48	2.8%	54	3.6%	122	10.0%	224	5.1%
$35,000 - $49,999	58	3.4%	72	4.9%	171	14.1%	301	6.9%
$50,000 - $74,999	138	8.1%	226	15.3%	189	15.5%	553	12.6%
$75,000 - $99,999	211	12.4%	175	11.8%	111	9.1%	497	11.3%
$100,000 - $149,999	463	27.3%	375	25.3%	185	15.2%	1,023	23.3%
$150,000 - $199,999	337	19.9%	188	12.7%	54	4.4%	579	13.2%
$200,000 - Plus	325	19.2%	238	16.1%	108	8.9%	671	15.3%
Total	**1,696**	**100.0%**	**1,481**	**100.0%**	**1,266**	**100.0%**	**4,393**	**100.0%**
Median Household Income	$124,126		$105,218		$53,785		$102,364	
Average Household Income	$155,848		$136,340		$90,114		$131,106	
Source: ESRI								

Psychographic Profile

Psychographic profiles provide information about the predominant trends of households concerning their buying habits, hobbies, lifestyles, and related key metrics, that begin to define segments of the population into distinct groups. The ESRI database has classified households across the country into a series of dozens of unique segments based on demographic and socioeconomic characteristics. The following outlines the psychographic groups present in Valley Center (as a percentage of households). The descriptions below provide greater detail concerning these tapestry groups. In general, a number of affluent psychographic groups dominate the Valley Center area, including a number of affluent empty nester household segments. However, a sizeable portion of Valley Center is populated by households with children. These households are busy balancing the demands of work and child-rearing and enduring relatively lengthy commutes to jobs closer to the heart of the metro area.

Figure 5: Number of Households by Psychographic Profile in Valley Center



Source: ESRI

The data articulated in the following descriptions reflects data (for income, household size, and other metrics) based upon the national database of households, in each of these categories. ESRI Business Solutions has grouped households into these categories based upon data concerning the spending habits and lifestyle patterns of households across the country. ESRI's analysis has identified common traits between groups of households and grouped households into these categories accordingly. While the trends and data for these particular household types in the Valley Center CPA and the San Diego market will follow the overall trends indicated by these metrics, the exact household data for these types of households in the Valley Center area may differ from national statistics.

Pleasantville (39.3 percent of households in Valley Center)

Pleasantville includes very settled and prosperous households of older residents who move less than any other psychographic group identified by ESRI. Many of these households have transitioned to empty-nester status but many are still home to adult children. Residents in this group tend to own older, single-family homes and maintain their standard of living with dual incomes. These consumers have higher incomes and home values and much higher net worth than national averages. This group prioritizes home improvement projects, preferably completed by outside contractors. Residents of the Pleasantville group spend their free time participating in a variety of sports or watching movies. This market, nationally, is a bit older, with a median age of 42.6 years. Residents in this segment tend to be employed in white collar occupations, in finance, information / technology, education, or management. More than 66 percent of residents in this segment have a bachelor's degree or higher. More than 83 percent of households in the Pleasantville segment own their own homes.

Other Key Metrics of Average Households in this Group:

- Residents in this segment tend to not be cost-conscious, and are more willing to spend more for quality and brands that they like. They prefer fashion that is classic and timeless as opposed to trendy.
- Pleasantville households tend to drive imported SUVs and invest in conservative securities.
- Common hobbies or pastimes of this group include outdoor gardening, going to the beach, visiting theme parks, frequenting museums, and attending rock concerts.
- This group tends to work on home improvement and remodeling projects, but also hire contractors.
- This segment prefers bundled services (including TV, Internet, and phone), use the Internet extensively for business and pleasure, and subscribe to premium TV channels.

Median Household Income:	$92,900
Average Household Size:	2.88
Median Age:	42.6
Typical Housing:	Single Family
Home Ownership Rate:	83.1%

Takeaways for Valley Center: The Pleasantville psychographic group represents almost 40 percent of households in Valley Center. The prevalence of this affluent group within Valley Center reflects the general levels of affluence in many parts of Valley Center.

Exurbanites (30.9 percent of households in Valley Center)

Residents of the Exurbanites segment are higher income, highly educated, and largely empty nester earners who are approaching retirement but are not slowing down in their careers. Members of this group are active in their communities, generous in their donations, and seasoned travelers. They take advantage of their proximity to the amenities of a metropolitan area, including the arts and other pursuits, but prefer to live in more expansive homes located in less crowded neighborhoods. More than half of this group has a bachelor's degree or higher and nearly 81 percent (nationally) have completed some level of college education. Residents of the Exurbanites segment are well connected to technology, and work hard to maintain their homes and to remain physically fit.

Other Key Metrics of Average Households in this Group:

- Members of this group tend to prefer late model luxury cars or SUVs.

- This group supports the arts and public television and radio at relatively high rates.
- This group prefers natural or organic products.
- Gardening and home improvement are priorities for Exurbanite households, but they also use a number of services, from home care and maintenance to personal care.
- This group is financially active with wide-ranging investments and relies on financial planners, extensive reading, and the Internet to handle their money.

Median Household Income:	$103,400
Average Household Size:	2.50
Median Age:	51.0
Typical Housing:	Single Family
Home Ownership Rate:	84.9%

Takeaways for Valley Center: The Exurbanites psychographic group represents over 30 percent of households in Valley Center. The prevalence of this affluent group within Valley Center reflects the general levels of affluence in many parts of Valley Center.

Green Acres (12.3 percent of households in Valley Center)

Households in the Green Acres segment enjoy country living and self-reliance. Members of this group enjoy gardening and a variety of do-it-yourself jobs around the house. Green Acres households enjoy a variety of outdoor sports, including hunting and fishing, motorcycling, hiking and camping, and golf. More than 60 percent of this group is college educated, and includes an older market of primarily married couples, most with no children living at home. Green Acres households tend to live in rural enclaves on the edges of metropolitan areas, in primarily older homes with acreage. The group tends to include politically conservative individuals who have a pessimistic economic outlook.

Other Key Metrics of Average Households in this Group:

- This group tends to purchase vehicles that reflect a country lifestyle, including a range of vehicles from trucks and SUVs to ATVs and motorcycles
- Green Acres residents pursue physical fitness vigorously, from working out on home exercise equipment to playing a variety of sports.
- Residents of the Green Acres segment tend to be active in their communities and a variety of social organizations, from charitable to veterans' clubs.

Median Household Income:	$76,800
Average Household Size:	2.70
Median Age:	43.9
Typical Housing:	Single Family
Home Ownership Rate:	86.1%

Takeaways for Valley Center: The Green Acres psychographic segment reflects the presence of a subset of households in Valley Center that live in the area in order to pursue more of a country lifestyle.

The Great Outdoors (11.2 percent of households in Valley Center)

The "Great Outdoors" segment includes college educated empty nesters living active but modest lifestyles in pastoral settings around the United States. They are active gardeners and favor homegrown and homecooked meals. In terms of investments, this group tends to favor real estate investments and vacation homes over stock investments. Although retirement is on the horizon for members of this group, most of these residents still work, with incomes slightly above averages nationally. This group tends to complete projects on their own at home, are relatively cost conscious, and prefer domestic travel to trips taken abroad.

Other Key Metrics of Average Households in this Group:

- Residents of the Great Outdoors segment tend to be members of AARP and veterans' clubs and support various civic causes.
- This group enjoys outdoor activities such as hiking, hunting, fishing, and boating.
- Most households in this group have pets, including dogs or cats.
- Technology is not central to the lives of this group, although residents use the Internet somewhat for shopping and entertainment.
- Residents in this group tend to have multiple vehicles and various equipment commonly used in rural settings, including riding lawn mowers.

Median Household Income:	$43,700
Average Household Size:	2.44
Median Age:	47.4
Typical Housing:	Single Family Homes
Home Ownership Rate:	77.5%

Takeaways for Valley Center: The presence of a relatively small group of households in this segment indicates that a portion of households in Valley Center live in the area in order to pursue pastoral lifestyles, focused on the outdoors.

Soccer Moms (4.8 percent of households in Valley Center)

Soccer Moms is an affluent, family-oriented market with residents who favor new housing located away from the bustle of metropolitan areas but close enough to commute to professional job centers. These hectic suburban families favor time-saving devices, such as banking online and housekeeping services, and also enjoy family-oriented pursuits. Most households in this segment are married couples with children. This segment tends to have multiple vehicles in order to make lengthy commutes to employment, and it tends to have higher levels of debt, including first and second mortgages and auto loans.

Other Key Metrics of Average Households in this Group:

- Family-oriented purchases and activities dominate the daily lives of these households, including movie purchases, children's apparel and toys, and visits to theme parks and zoos.
- Households in this segment tend to enjoy outdoor activities and sports, including bicycling, jogging, golfing, and boating.

Median Household Income:	$90,500
Average Household Size:	2.97
Median Age:	37.0
Typical Housing:	Single Family Homes
Home Ownership Rate:	84.9%

Takeaways for Valley Center: Soccer Moms represent a very small portion of households in the Valley Center area.

Comfortable Empty Nesters (1.0 percent of households in Valley Center)

As the name indicates, members of this group include Baby Boomers who are earning a comfortable living and benefitting from years of prudent investing and saving. Many households in this segment are enjoying the transition from child rearing to retirement. Most people in this segment are professionals working in government, health care, or manufacturing. Most residents prefer eating at home to dining out and value home maintenance more than average.

Other Key Metrics of Average Households in this Group:

- This segment is physically active and enjoys playing golf, skiing, riding bicycles, and working out regularly.
- Residents of this segment tend to enjoy listening to sports radio or watching sports on television.
- This segment tends to have balanced investment portfolios including stocks, certificates of deposit, mutual funds, and real estate.

Median Household Income:	$75,000
Average Household Size:	2.52
Median Age:	48.0
Typical Housing:	Single Family Homes
Home Ownership Rate:	86.9%

Takeaways for Valley Center: Comfortable Empty Nesters represent a very small portion of households in the Valley Center area.

Silver and Gold (0.6 percent of households in Valley Center)

This is one of the oldest senior markets in the country and among the most affluent. Located primarily in exclusive communities and vacation homes across the Sunbelt, consumers in this group have the free time, stamina, and resources to enjoy the good life. This is a very well educated group of seniors, with 47 percent having a college degree, and the segment primarily includes older married couples with no children at home. The group is primarily retired, although a significant portion (around 40 percent) are still active in the work force. Residents of Silver and Gold prefer a semi-rural setting, but with access to the amenities of metropolitan cities.

Other Key Metrics of Average Households in this Group:

- This segment tends to favor luxury cars or SUVs.
- This is an active group of seniors that maintain a regular exercise regimen and pay attention to healthier eating habits.
- This group pursues the luxuries that well-funded retirement affords, including an active social life, travel, hobbies, and sports.
- This group tends to include avid readers of newspapers, magazines, and books.
- This group tends to include generous supporters of charitable organizations.

Median Household Income:	$72,100
Average Household Size:	2.03
Median Age:	63.2
Typical Housing:	Single Family Homes or Seasonal Homes

Home Ownership Rate: 83.2%

Takeaways for Valley Center: Silver and Gold represent a very small portion of households in the Valley Center area.

Employment Profile

The following table outlines the estimated number of jobs in Valley Center, Escondido, and San Diego County as a whole, and the corresponding "jobs to housing" ratio (defined as total employment divided by the number of occupied housing units) for each jurisdiction. Communities throughout the nation generally aim to have a jobs-to-housing ratio of 1.0 or higher. A jobs-to-housing ratio below 1.0 indicates that a community is more of a "bedroom" community, and a higher jobs-to-housing balance, above 1.0, indicates that a given community serves as a jobs center for a particular geographic area. In the case of Valley Center, the planning area's jobs-to-housing ratio of 0.79 reflects the significant number of people who live in Valley Center and commute to nearby communities, such as Escondido and other areas in the San Diego region, for employment. Escondido serves as a jobs center for this portion of San Diego County as well, with a-jobs-to-housing ratio of 1.40. The overall jobs-to-housing ratio in San Diego County is 1.39, reflecting the fact that a significant number of people commute into the County (from Temecula and areas to the north, Orange County, and other areas).

Table 9: Jobs to Housing Ratios

Area	Total Employment	Occupied Housing Units	Jobs to Housing Ratio
Valley Center	5,238	6,653	0.79
Escondido	63,470	45,175	1.40
San Diego County	1,510,380	1,086,865	1.39
Source: ESRI			

The following table provides a breakdown of estimated employment in the Valley Center CPA, according to estimates provided by ESRI. Around 39 percent of employees in Valley Center are in the Motion Pictures and Amusements sector, reflecting employment at Valley View Casino, the San Pasqual Casino Development Group, and golf courses within the CPA. Employees in the Legal Services sector account for 8 percent of the total number of employees, employees in the Construction sector account for 7.6 percent of the total number of employees, and employees in the Agriculture and Mining sector account for 5.1 percent of the total number of employees. Employees in the Other Services sector represent just under 11 percent of the total number of employees in the Valley Center CPA.

Table 10: Estimated Breakdown of 2020 Employment in Valley Center

Industry	Number of Employees (Valley Center CPA)	Percentage of Employees (Valley Center CPA)	Percentage of Employees (Escondido)	Percentage of Employees (San Diego County)
Agriculture & Mining	268	5.1%	2.0%	1.2%
Construction	397	7.6%	7.9%	4.1%
Manufacturing	164	3.1%	4.0%	6.3%
Transportation	29	0.6%	1.1%	1.9%
Communication	14	0.3%	0.3%	1.0%
Utility	75	1.4%	0.5%	0.7%
Wholesale Trade	150	2.9%	2.5%	3.4%
Retail Trade				
Home Improvement	93	1.8%	2.2%	1.1%
General Merchandise Stores	8	0.2%	3.3%	1.7%
Food Stores	61	1.2%	3.2%	2.2%
Auto Dealers, Gas Stations	37	0.7%	4.8%	1.7%
Apparel & Accessory Stores	4	0.1%	1.4%	0.9%
Furniture & Home Furnishings	44	0.8%	0.8%	1.2%
Eating & Drinking Places	92	1.8%	8.2%	7.5%
Miscellaneous Retail	90	1.7%	3.1%	2.8%
Finance, Insurance, Real Estate				
Banks, Savings & Lending Institutions	38	0.7%	1.6%	1.4%
Securities Brokers	14	0.3%	0.5%	0.9%
Insurance Carriers & Agents	42	0.8%	0.8%	1.0%
Real Estate, Holding, Other Investment Offices	80	1.5%	2.1%	2.9%
Services				
Hotels & Lodging	38	0.7%	0.3%	2.6%
Automotive Services	24	0.5%	2.3%	1.4%
Motion Pictures & Amusements	2,054	39.2%	1.1%	4.1%
Health Services	57	1.1%	13.8%	8.8%
Legal Services	430	8.2%	0.5%	1.3%
Education Institutions & Libraries	77	1.5%	9.6%	11.8%
Other Services	561	10.7%	18.5%	18.3%
Government	297	5.7%	3.4%	6.8%
Unclassified Establishments	0	0.0%	0.4%	0.8%
Total	**5,238**			

Source: ESRI

The following table breaks down the businesses based in Valley Center, versus the City of Escondido and San Diego County as a whole.

Table 11: Breakdown of Businesses by Industry

Industry	Number of Businesses (Valley Center CPA)	Percentage of Businesses (Valley Center CPA)	Percentage of Businesses (Escondido)	Percentage of Businesses (San Diego County)
Agriculture & Mining	71	9.9%	1.9%	1.7%
Construction	106	14.8%	8.9%	5.8%
Manufacturing	22	3.1%	3.6%	3.0%
Transportation	10	1.4%	1.4%	2.1%
Communication	3	0.4%	0.7%	0.8%
Utility	2	0.3%	0.2%	0.2%
Wholesale Trade	26	3.6%	3.0%	2.9%
Retail Trade				
Home Improvement	15	2.1%	1.4%	1.0%
General Merchandise Stores	4	0.6%	0.8%	0.6%
Food Stores	12	1.7%	2.2%	1.9%
Auto Dealers, Gas Stations	9	1.3%	3.0%	1.8%
Apparel & Accessory Stores	2	0.3%	1.7%	1.3%
Furniture & Home Furnishings	10	1.4%	1.3%	1.3%
Eating & Drinking Places	14	1.9%	5.7%	6.1%
Miscellaneous Retail	28	3.9%	5.3%	4.6%
Finance, Insurance, Real Estate				
Banks, Savings & Lending Institutions	16	2.2%	1.7%	1.7%
Securities Brokers	4	0.6%	0.9%	1.5%
Insurance Carriers & Agents	8	1.1%	1.7%	1.5%
Real Estate, Holding, Other Investment Offices	19	2.6%	5.0%	5.5%
Services				
Hotels & Lodging	4	0.6%	0.3%	0.7%
Automotive Services	8	1.1%	4.9%	2.7%
Motion Pictures & Amusements	22	3.1%	1.8%	2.7%
Health Services	14	1.9%	5.6%	5.1%
Legal Services	10	1.4%	1.3%	2.2%
Education Institutions & Libraries	8	1.1%	2.1%	1.8%
Other Services	145	20.2%	20.8%	22.5%
Government	25	3.5%	0.9%	0.9%
Unclassified Establishments	101	14.1%	11.8%	16.2%
Total	**718**			
Source: ESRI				

The area has a significant number of construction companies (almost 15 percent of the total number of businesses), and agricultural or mining related enterprises account for almost 10 percent of businesses. Significant groups of businesses are classified in the "other services" and "unclassified" categories, at 20.2 and 14.1 percent, respectively. The data concerning businesses in the Valley Center CPA reflects the presence of a large number of small businesses, including various enterprises in the agricultural sector, the construction sector, and in various "services." This trend is reflected in the presence of various small businesses such as farm stands, horse boarders, and other "mom and pop" enterprises in the Valley Center area.

The largest employers in Valley Center include the Valley View Casino, with approximately 1,000 employees, and the San Pasqual Casino Development Group, with approximately 750 employees.

The U.S. Bureau of Labor Statistics compiles information concerning the incomes and employment numbers for a full range of job categories for the various metropolitan statistical areas (MSAs) around the country. The San Diego-Carlsbad MSA includes the Valley Center area. The following table provides additional data concerning the number of positions, and average hourly and annual incomes, for casino-related workers in the San Diego-Carlsbad MSA.

Table 12: Average Wages, Casino-Related Positions, San Diego-Carlsbad MSA, 2018

Job Category	Number of Positions in MSA	Average Hourly Income	Average Annual Income
Food Service Managers	3,550	$32.87	$68,380
Gaming Managers	130	$45.09	$93,790
Lodging Managers	580	$38.11	$79,270
Cooks, Restaurant	17,850	$14.49	$30,130
Food Preparation Workers	10,810	$13.26	$27,570
Bartenders	7,620	$14.83	$30,850
Waiters and Waitresses	30,980	$15.22	$31,660
Dishwashers	8,340	$12.14	$25,240
Gaming Dealers	2,010	$12.83	$26,690
Gaming Change Persons and Booth Cashiers	760	$13.65	$28,400
Gaming Cage Workers	460	$15.96	$33,200
Gaming Service Workers, All Other	130	$17.47	$36,330
Total	**83,220**		
Source: Bureau of Labor Statistics, 2018			

While positions as gaming managers, lodging managers, and food service managers pay relatively well in the San Diego area (at salaries from around $70,000 to nearly $100,000 annually), these positions represent a very small portion of the employment positions in the metropolitan area. Most employees at the area casinos work as cooks, bartenders, waiters, or dishwashers. Many also work as gaming dealers, gaming change persons and booth cashiers, gaming change workers, and various types of gaming service workers. These various service positions offer pay rates from $12 to $17 per hour, with salaries generally around $25,000 to $35,000 annually. Given the cost of living and housing in the area, only a very small portion of employees at the area casinos could afford to live in Valley Center.

While employees in Valley Center in the Agriculture and Mining classification account for less than three percent of all employees working in Valley Center, these workers are more visible in the Valley Center area, given the presence of various agricultural operations such as farm stands, horse stables, and related enterprises.

The following table provides additional data from the U.S. Bureau of Labor Statistics concerning the number of positions, and average hourly and annual incomes, for agriculture-related workers in the San Diego-Carlsbad metropolitan statistical area (MSA).

Table 13: Average Wages, Agriculture-Related Positions, San Diego-Carlsbad MSA, 2018

Job Category	Number of Positions in MSA	Average Hourly Income	Average Annual Income
First-Line Supervisors of Farming, Fishing, and Forestry Workers	180	$34.11	$70,950
Agricultural Inspectors	430	$25.85	$53,770
Graders and Sorters, Agricultural Products	380	$11.97	$24,890
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	2,900	$13.18	$27,420
Farmworkers, Farm, Ranch, and Aquacultural Animals	370	$15.68	$32,610
Agricultural Workers, All Other	420	$17.61	$36,620
Total	**4,680**		
Source: Bureau of Labor Statistics, 2018			

While positions as agricultural supervisors and agricultural inspectors pay relatively well in the San Diego area (at salaries from around $54,000 to around $71,000 annually), this data indicates that these positions represent a very small portion of the employment positions in the metropolitan area. Most employees at local farm operations work as farmworkers or laborers, in nurseries, greenhouses, farm fields, or with animals. Some also work as graders or sorters. These various service positions provide pay rates from $12 to $17 per hour, with salaries generally around $25,000 to $35,000 annually. Given the cost of living and housing in the area, only a very small portion of employees at agricultural operations in the local area could afford to live in Valley Center.

Although the data from the U.S. Bureau of Labor Statistics indicates a total of around 4,700 agricultural workers in the San Diego-Carlsbad metro area (which encompasses San Diego County), other organizations estimate that the number of agricultural workers in the County is much higher. A report in 2015 indicated that the number of farm workers in the County was difficult to pinpoint exactly, but that estimates ranged from 8,500 workers to 17,800 workers[4], with around one quarter of farm workers located in unincorporated areas of the County. The transient and temporary nature of agricultural workers in the region has made it difficult to identify a specific number of agricultural workers in San Diego County.

Agricultural employment in San Diego County tends to follow seasonal harvest patterns, with temporary workers moving from operation to operation as the harvest calendar changes. The following table outlines the top 10 crops in San Diego County by dollar value, based upon the most recent year of data (for 2018).

Table 14: Top 10 Crops Produced in San Diego County by Dollar Volume

Crop	2018 Value ($Millions), San Diego County	Harvest Season
Ornamental Trees & Shrubs	$442.8	Year Round
Indoor Flowering & Foliage Plants	$329.5	Year Round
Bedding Plants, Color, & Herbaceous Perennials	$259.7	Year Round
Avocados	$121.0	March - November
Cacti & Succulents	$104.0	Year Round
Lemons	$70.1	Year Round
Tomatoes	$61.0	May - December
Oranges	$43.1	November - April
Other Cut Flowers & Bulbs	$39.1	Year Round
Eggs, Chicken Market	$33.4	Year Round
Sources: 2018 Crop Statistics Report, County of San Diego		

The work associated with nurseries, including trees, flowering plants, and cut flowers, tends to extend throughout the year, resulting in less seasonality for farm workers. Lemons, eggs, and chicken may be harvested throughout the year, as well. However, the harvest season for other crops follows seasonal patterns in San Diego County. The avocado harvest extends from March through November, the tomato harvest from May through December, and the orange harvest from April through September[5].

Agricultural employees at year-round operations, including nurseries and other businesses that harvest or tend to particular crops year round, tend to be more likely to afford an apartment or similar, more permanent housing in the local area. However, the seasonal nature of various key crops in North San Diego County, such as avocadoes, means that many farm workers in the area live in temporary housing or are more likely to lack housing entirely. Data from 2010 indicate that more than half of the unsheltered individuals in North San Diego County, living in encampments on hillsides, in canyons, or in vehicles, were farm workers or day laborers[6]. The Farm Worker CARE Coalition has indicated that, of around 28,000 migrant workers living in North San Diego County, as many as 15,000 may be classified as homeless[7]. Other reports indicate that farm workers comprise more than half of the homeless population in San

[4] San Diego County Regional Analysis of Impediments to Fair Housing Choice, May 2015.
[5] Farm Bureau of San Diego County website: www.sdfarmbureau.org
[6] San Diego County Regional Homeless Profile, 2010.
[7] Farm Worker CARE Coalition

Diego County. For farm workers that do have housing, overcrowding is a significant issue[8]. A significant portion of farm workers in the County live in substandard housing, including garages, converted garages, apartments, trailers, and other makeshift structures.

Overall, the relatively low incomes and the seasonal and transient nature of farm work in the region, including in North San Diego County, has resulted in significant housing issues, including homelessness and overcrowding.

Employment Projections

Projections for employment are typically created at the regional planning level, taking into account the overall predictions for economic growth in the region, the supplies of available land in different geographies, and anticipated long term trends for different industries and professions.

As illustrated in Table 15, SANDAG anticipates that the Valley Center CPA will report around 4,800 employees in various capacities in the year 2020. As shown in Tables 9 and 10 of this report, the ESRI estimates for 2020 employment are slightly higher. SANDAG projections are provided here for comparison of forecast years because future year employment projections are not available through ESRI.

Table 15: Employment Projections, 2020 – 2050

Employment Projections	Actual	Projected	Projected	Projected	Projected Growth, 2020 - 2050	Percentage Growth, 2020 - 2050
	2010	2020	2035	2050		
Valley Center	N/A	4,849	5,841	6,779	1,930	39.8%
Escondido	47,869	53,495	57,479	59,061	5,566	10.4%
San Marcos	36,857	45,793	55,207	64,282	18,489	40.4%
Vista	35,124	40,971	48,007	48,812	7,841	19.1%
Unincorporated SD County	157,385	175,832	188,201	208,148	32,316	18.4%
San Diego County (All)	1,421,941	1,624,124	1,769,938	1,911,405	287,281	17.7%
Source: SANDAG, 2013						

SANDAG anticipates relatively significant growth of the employment sector over the next thirty years. The agency predicts that Valley Center will have a total of nearly 6,800 employees by 2050, an increase of over 1,900 positions, or an increase of nearly 40 percent. As outlined in the table, SANDAG anticipated employment growth in Valley Center, in particular, in the Finance and Real Estate, Professional and Business Services, Leisure and Hospitality, Education and Health Services, and Government sectors, between 2020 and 2050.

[8] "In Their Own Words: Farmworker Access to Health Care in Four California Regions," California Institute of Rural Studies.

Table 16: Valley Center – Projected Employment by Job Type

Job Type	2020		2050		Total Growth (Number of Employees), 2020 - 2050
	Employees	% of Total	Employees	% of Total	
Agricultural	548	11.3%	463	6.8%	-85
Construction	388	8.0%	388	5.7%	0
Manufacturing	35	0.7%	17	0.3%	-18
Wholesale	121	2.5%	121	1.8%	0
Retail	136	2.8%	276	4.1%	140
Transportation & Warehousing	10	0.2%	10	0.1%	0
Finance and Real Estate	83	1.7%	298	4.4%	215
Information	23	0.5%	23	0.3%	0
Professional & Business Services	436	9.0%	1,342	19.8%	906
Leisure & Hospitality	191	3.9%	423	6.2%	232
Other Services	62	1.3%	62	0.9%	0
Education & Health Services	268	5.5%	530	7.8%	262
Government	1,947	40.2%	2,164	31.9%	217
Self-Employment	601	12.4%	662	9.8%	61
Total	**4,849**		**6,779**		**1,930**
Source: SANDAG, 2013 Projections					

Local Real Estate Market Profiles

The following profiles provide information about the current and recent conditions in real estate markets for various property types in Valley Center relative to the broader San Diego County market and to national real estate trends.

Retail

Retail data for the various municipalities in the local area indicate that the retailers in Valley Center generate much less in the way of retail sales on an annual basis, and per capita, compared to other geographic areas including Pauma Valley, Escondido, and San Marcos.

Table 17: Retail Pull Factors of Different Geographies

Region	Overall Pull Factor	Total Annual Retail Sales (Millions) - Estimated, 2017	Annual Retail Sales per Capita - Estimated, 2017	Annual Household Spending Potential (Millions) - Estimated, 2017	Annual Retail Spending per Capita - Estimated, 2017
Valley Center	0.2	$65	$2,996	$377	$12,164
Pauma Valley	0.4	$39	$4,900	$103	$1,410
Escondido	1.8	$3,025	$19,572	$1,721	$81,158
San Marcos	1.2	$1,460	$15,119	$1,213	$46,317
Source: ESRI					

Retail "pull factors" are used to estimate the extent to which a particular retail sector in a given geography (a city, county, etc.) draws customers from outside its boundaries. A retail pull factor of greater than 1.0 indicates that a community draws in more retail spending on a given category than the demand generated by the residents in the community, for that same retail spending category. As outlined in the table, Valley Center does not have a retail pull factor above 1.0 for any of the primary retail spending categories, which means that it does not generally draw in customers from other geographies. It has particularly weak retail pull factors for the categories of Drinking Places (0.00); Restaurants (0.13); Grocery (0.13); General Merchandise (0.02) and Furniture (0.01). These retail pull factors, importantly, do not account for the completion of the variety of retail developments that are in the development pipeline in the Valley Center area. As discussed in a later section, these developments could significantly alter the retail pull factors in the area.

Table 18: Retail Pull Factors Across Retail Industry Categories

Retail Category	Valley Center	Pauma Valley	Escondido	San Marcos
Furniture & Home Furnishings Stores	0.01	0.00	1.19	2.50
Electronics & Appliance Stores	0.45	0.00	1.47	3.06
Building Materials, Garden Equipment & Supply Stores	0.61	3.40	2.43	1.62
Grocery	0.13	0.28	1.64	1.30
Specialty Food Stores	0.91	0.69	1.79	0.42
Beer, Wine & Liquor Stores	0.27	0.76	0.96	0.54
Health & Personal Care Stores	0.07	0.00	0.93	0.55
Gasoline Stations	0.40	0.33	0.97	0.73
Clothing & Accessories Stores	0.05	0.21	1.31	0.19
Sporting Goods, Hobby, Book & Music Stores	0.23	0.00	1.17	1.11
General Merchandise Stores	0.02	0.00	1.25	2.05
Drinking Places	0.00	0.00	0.21	0.58
Restaurants / Other Eating Places	0.13	0.14	1.44	1.26
Source: ESRI				

As compared to surrounding geographies, Valley Center's overall retail pull factor is very low, at 0.2, compared to 0.4 for Pauma Valley, 1.8 for Escondido, and 1.2 for San Marcos. Given its pivotal location at the intersection of major freeways and as a job center, Escondido is likely to remain very strong in retail for the foreseeable future. However, the retail pull factors in outlying areas such as Pauma Valley and Valley Center can improve over time, as these areas capture more of the spending that residents are currently directing to other communities such as Escondido. Capturing a greater share of grocery and restaurant spending, for example, would provide a more balanced retail environment in Valley Center. Pauma Valley has an especially high retail pull factor of 3.40 in the Building Equipment and Garden Supply category given the presence of various nurseries in that part of the County.

The Valley Center retail market is relatively small, at a total of 208,000 square feet as of fourth quarter 2019, although CoStar data indicates that just under 12,000 square feet of retail space is currently under construction. The average market rent per square foot is $1.58, and CoStar data indicate a zero vacancy rate. However, site visits to the Valley Center area revealed a number of vacancies in various retail centers, indicating that the actual vacancy level for retail in Valley Center is above zero.

Local serving shops, convenience stores, a handful of restaurants, and smaller retail outlets comprise the majority of the inventory of retail spaces in the Valley Center CPA. The area currently has a few smaller grocery stores, a local deli, some coffee shops, and other smaller scale retail, but lacks a traditional supermarket grocer like ones found in most California communities, such as a Ralphs or a Vons. In order to complete larger shopping trips, residents in Valley Center must travel into Escondido or other larger communities in the northern portion of San Diego County. This pattern of retail is typical of semi-rural communities located very close to a larger urban center (such as Escondido, and the larger metro region). However, some of the developments currently in the planning stages in Valley Center will provide additional shopping options. The Liberty Bell Plaza development along Valley Center Road is anticipated to include a grocery store and other smaller retailers, and a Rite Aid pharmacy was recently opened at the intersection of Valley Center Road and Cole Grade Road.

Casino-Related Retail

The inventory of retail in the Valley Center CPA includes an area of specialized retail within the Valley View Casino complex. Specifically, the Valley View Casino and hotel contains the following retail concepts:

- Patties and Pints (bar and grill)
- Black and Blue Steakhouse Lounge (a higher end steak restaurant)
- Stix (a quick casual noodles shop)
- Snax (a snack shop / convenience retail outlet)
- The Buffet (a traditional casino-oriented buffet)
- The Café (a sit down café)
- Casino Bar (adjacent to tables area)
- The hotel and events center
- The Emporium (gift and sundries shop)
- Bazaar (clothing and apparel shop)

The Valley View Casino does not have information available concerning the number of people that visit the casino on a monthly or yearly basis. However, a representative of the casino indicated that every room of the 106-room hotel is normally occupied, every day of the year, with a wait list[9]. Assuming an average of 1.5 people per hotel room, this would translate into at least 58,000 visitors to the hotel each year. The number of people visiting the casino for a few hours or part of a day is considerable, and day trips do drive traffic through the Valley Center area.

Harrah's Southern California casino, at the Rincon reservation just to the north and east of Valley Center, also does not have information about numbers of visitors available. However, the Harrah's casino is much larger than Valley View, with a total of 1,065 hotel rooms. If the hotel were to achieve a 60 percent average occupancy (which would be fairly average in the hotel industry), and using an average of 1.5 persons per hotel room, this would translate into an estimated 580,000 visitors each year. The Harrah's casino also offers a full range of restaurants, bars, and convenience retail. Harrah's also opened a 7-Eleven convenience store and gas station, as well as a brewery, over the last few years as part of an expansion of its operations.

[9] Conversation with Valley View Casino, December 2019.

Discussions with brokers in the Valley Center area[10] indicate that they believe the casinos do not serve as a source of significant or meaningful demand for retail space in the Valley Center area. While some people may stop for gas or a quick bite to eat, most people, from their observations, are traveling through Valley Center to get to one of the four casinos in this portion of north San Diego County. The casinos are viewed in the local marketplace as a destination. The casinos are offering more shuttles to transport visitors directly from San Diego and other communities in the region directly to the casinos, and these types of shuttles do not stop along the way to the casinos. The brokers explained that, since the casinos already offer a variety of traditional sports bar, steakhouse, and other restaurants, retail areas along Valley Center Road may best compete or attract casino or pass-through traffic by offering something unique, that they can't find in other areas of the County as readily. In order to attract more business from people traveling to the casinos, developments in the Valley Center area have to give people a good reason to stop. For example, Fat Ivors on Valley Center Road is known as a destination for barbecue in northern San Diego County and attracts business from a broader area. However, a Burger King along Valley Center Road probably wouldn't draw someone who was on the way to the casino. Restaurants and shops that offer unique products may attract additional demand from casino traffic.

Brokers also indicated that while casino traffic helps support a fraction of retail demand in Valley Center, their observations over the years are that the Valley Center area is even better known as a pass-through route for people traveling to the high desert regions from the San Diego metropolitan area. These individuals are traveling through the area on the way to a variety of resort and adventure oriented activities. Much like highways and towns that people pass through on the way to mountains around the West, this phenomenon would translate into demand for supplies, gas, and other convenience retail. In addition, of course, unique restaurants and gift stores have the potential to attract business from people passing through, en route to the high desert for vacations or related outings.

Agricultural Retail Market

Despite Valley Center's image as a semi-rural portion of San Diego County, the area appears to have less of a concentration of agricultural businesses catering to retail customers, compared to some other areas in San Diego County. The following is a list of the agricultural-oriented businesses.

<u>Bates Nut Farm:</u> This is by far the largest agri-tourism enterprise in the Valley Center area. Bates has a 5,000 square foot retail store with a variety of nuts, candies, dried fruits, chocolates, and other treats. It also has a retail space (Farmer's Daughter Boutique) that sells home and garden accessories, kitchen items, baby items, stationery, collectibles, candles, personal care items, jewelry, books, greeting cards, and seasonal items. The "farm zoo" at Bates is open daily and the 100-acre ranch offers picnic areas for visitors. Bates farm also runs a full calendar of events, including a pumpkin patch, arts and crafts fairs, antiques, collectibles and craft markets, fine arts fairs, and car shows. Bates offers educational tours, including animal feedings, hayrides, and education about how a nut farm works. Bates Farm also offers venue space for weddings at a rate of approximately $5,500 per event, according to information accessed in December 2019.

<u>Stehly Farms Organics:</u> This organic farm shop offers avocados, citrus, vegetables, berries, and other produce and farm goods. The Valley Center-based farm supplies two Stehly Farm brick and mortar markets located in the City of San Diego as well as a weekly produce box program. It also offers seasonal "picking" events (for strawberries, pumpkins, blackberries, etc.), a petting zoo, and picnic areas around the farm.

[10] Conversations with local brokers conducted in December, 2019.

Keys Creek Lavender Farm: This is the only lavender farm in San Diego County. It offers a soap making class and sells to the public via a gift store and an online store. The lavender farm also hosts private events and sacred ceremonies, yoga and healing retreats, educational bloom season tours, and high tea sessions to the public.

Mountain Oaks Ranch: Llama breeding farm that provides llamas to customers.

Farm on Wilkes Road: A sustainable family farm offering fresh produce delivered to homes. The farm specializes in avocados, limes, lemons, oranges, and pomegranates.

Caspian Stables: This farm breeds horses for sale.

Creek Point Farms: This six acre farm provides boarding and breeding services for alpacas. It offers natural fleece products, yarns, blankets, felts, spinning classes, consultations, and retreats.

While the Valley Center area features a number of agricultural businesses, it appears that the agricultural sector provides for a very limited number of jobs and contributes a relatively small portion of retail sales in the Valley Center area. However, the presence of these agricultural businesses does enhance the marketability of Valley Center from a tourism perspective.

Table 19: Valley Center Retail Market Metrics

Valley Center – Retail Market Metrics	
Current Inventory (SF)	208,000
Under Construction (SF)	11,900
Average Market Rent / SF	$1.58
Current Vacancy	0.0%
Source: CoStar, December 2019	

A retail gap or leakage analysis helps identify strengths and opportunities in the retail market. The difference between supply (retail potential) and demand (retail sales) represents the retail gap. If retail demand in a given area is greater than retail supply, a leakage occurs. Conversely, if retail supply is greater than retail demand, a retail surplus is evident in a given geographic area. The table that follows outlines the actual retail sales in Valley Center for 2017, compared to the theoretical "retail potential" that would be generated by the households present in Valley Center. Valley Center exhibits retail "leakage" across all categories of retail. The data for retail "gaps" correlate with the data for retail pull factors. The categories that have the lowest retail pull factors in turn have the greatest level of retail leakage to surrounding areas. The leakage factor represents the significance of the retail leakage in a given geography, on a scale of 1 to 100, with 100 representing total leakage of retail spending. Given the limited development activity in this sector, absorption information is not available from CoStar.

Table 20: Valley Center Retail Gap Analysis

Retail Category	Retail Potential (Based upon Population) 2017 Data	Retail Sales - 2017 Data	Leakage or Surplus	Leakage/ Surplus Factor
Motor Vehicle & Parts Dealers	$70,651,504	$4,333,322	Leakage	88.4
Furniture & Home Furnishings Stores	$12,879,009	$154,140	Leakage	97.6
Electronics & Appliance Stores	$12,731,221	$5,777,255	Leakage	37.6
Building Materials, Garden Equipment & Supply Stores	$22,714,242	$13,762,068	Leakage	24.5
Food & Beverage Stores	$53,919,368	$10,531,364	Leakage	67.3
Health & Personal Care Stores	$23,999,872	$1,735,656	Leakage	86.5
Gasoline Stations	$29,082,772	$11,693,801	Leakage	42.6
Clothing & Clothing Accessories Stores	$24,537,652	$1,237,876	Leakage	90.4
Sporting Goods, Hobby, Book & Music Stores	$10,721,769	$2,501,198	Leakage	62.2
General Merchandise Stores	$55,919,810	$1,034,684	Leakage	96.4
Miscellaneous Store Retailers	$12,811,136	$2,286,725	Leakage	69.7
Nonstore Retailers	$10,505,663	$5,295,912	Leakage	33.0
Food Services & Drinking Places	$36,791,273	$4,524,784	Leakage	78.1
Source: ESRI				

Retail Trend: Building for Flexibility in Development

Real estate developers are increasingly looking for various property types with construction that may be easily modified as uses and tastes change[11]. Many real estate operators across the nation are noting that the potential use for a building could change dramatically, even within five years, given the speed of change in local markets. Developers are looking to create more buildings that can be easily converted to different types of office space, retail space, and other uses, without massive modifications. As development projects move forward in the Valley Center CPA, the Community Plan has the potential to provide the flexibility needed for developers to change land uses as market conditions change.

Retail Trend: Retail is Changing, not Ending

Despite media coverage of the “retail apocalypse” associated with the closing of larger and mid-sized retailers across the country in recent years, brick and mortar retail continues. Success in the retail arena has returned to the basic question, “why would someone want to shop here?”, rather than a focus on commoditization and massive floor plans. Real estate experts and urban designers indicate that success in retail is focusing more on creating great experiences for customers[12]. Shopping areas that feature great gathering places, arts and culture, and entertainment, for example, are viewed as having a better chance for long term success, compared to areas that offer only basic experiences for the consumer. The forms of retail are changing. “Pop up” retail, for example, is an emerging trend, and real estate observers note

[11] 2019 Emerging Trends in Real Estate Report, Urban Land Institute

[12] “The Survival Strategy for Retail is Experience”, *Forbes*, April 8, 2019

that tastes and fads in tenants and retail formats are constantly changing. This trend relates to the previously mentioned trend that developers are seeking out buildings that can better transform from one use to another over time. In fact, in some markets, real estate operators view longer term leases with tenants (which were traditionally viewed as advantageous, compared to shorter lease terms) to be less favorable. The risk in locking in a longer term lease with a retailer is that the retailer's pitch and offerings could quickly become stale over a five year term, compared to a lease term of one or two years. Shorter lease terms in some cases are advantageous to landlords, as they allow operators to find a hot new concept more quickly.

While the media has focused on the storyline of a "retail apocalypse," the U.S. is observing a recalibration of the amount of total retail space needed in various communities. The amount of retail space per capita in the United States, for several decades, has exceeded the same metric for other industrialized countries by a factor of two or three times. Many older communities, for example, have observed over the last two decades that they in fact are "over retailed" and have too much space allocated for retail uses that in many cases remain dark. Many communities across the U.S. are eyeing retail and commercial spaces as areas that could be repurposed to provide needed residential units, or as areas for employment. The Valley Center CPA may have too much retail space planned for development. Planning for future land uses should consider the potential conversion of retail spaces to residential and other uses. The COVID-19 pandemic may be accelerating the trends toward less retail space in the local market. SANDAG has noted that the tourism and retail sectors in San Diego County have been particularly hard hit by the pandemic, with sales for general retail decreasing around 35 percent during the first half of 2020, and food and beverage revenues decreasing from 25 to 45 percent[13].

Office

The Valley Center area has a very small inventory of office space, according to data from CoStar, which collects data across various geographies in the region. Valley Center currently has less than 50,000 square feet of office space, mainly developed as small offices for professionals such as doctors, lawyers, insurance agents and for various smaller companies in the area. Most of the office space is located along and very near to the Valley Center Road corridor and is more concentrated around the main areas of retail activity, near the intersections of Cole Grade Road, Lilac Road, and Woods Valley Road. A total of 7,700 square feet of office space is under construction in the Valley Center area as of December, 2019. The data from CoStar indicates that the average market rent per square foot is just under $1.98 per square foot. CoStar indicates that the area has virtually zero vacancy, which may indicate that some amount of demand for office space is not being satisfied in the market. However, CoStar data may not include small vacancies in spaces controlled by private owners who do not report data to CoStar researchers.

[13] SANDAG Joint Transportation, Regional Planning, and Borders Committees Meeting, July 17, 2020

Table 21: Valley Center Office Market Metrics

Valley Center - Office Market Metrics	
Current Inventory (SF)	49,300
Under Construction (SF)	7,700
Average Market Rent / SF	$1.98
Current Vacancy	0.0%
Source: CoStar, December 2019	

Outside of the casino sector, the Valley Center area tends to serve as a bedroom community for the various job centers in San Diego County, in nearby Escondido and elsewhere. Given its location away from the major population centers of the County and, with the exception of some frontage along I-15, its distance from the region's major transportation routes, the Valley Center CPA does not represent a likely location for significant employment centers. Most of the office space in the Valley Center area is local-serving, for small companies and for local professionals, as mentioned. Given the limited development activity in this sector, absorption information is not available from CoStar.

Industrial

Similar to the office market, Valley Center has a very limited inventory of industrial space, less than 100,000 square feet, mainly comprised of various warehouse and company operations spaces, scattered around the valley. There is, according to CoStar and discussions with brokers, no industrial space currently under development in Valley Center. As shown in Table 22, the area has an average market rent of $1.15 per square foot. The data from the market indicate that there is little to no vacancy in developed industrial space in the area as well. However, there is vacant land in Valley Center currently zoned for industrial. Again, similar to the office market, given the generally greater distances from most areas of Valley Center to the region's major transportation routes, the Valley Center area is unlikely to emerge as a popular market for industrial operations. Industrial uses are very limited and are likely to remain very small, for localized companies, in the future. Given the limited development activity in this sector, absorption information is not available from CoStar.

Table 22: Valley Center Industrial Market Metrics

Valley Center - Industrial Market Metrics	
Current Inventory (SF)	97,200
Under Construction (SF)	0
Average Market Rent / SF	$1.15
Current Vacancy	0.0%
Source: CoStar, December 2019	

Housing

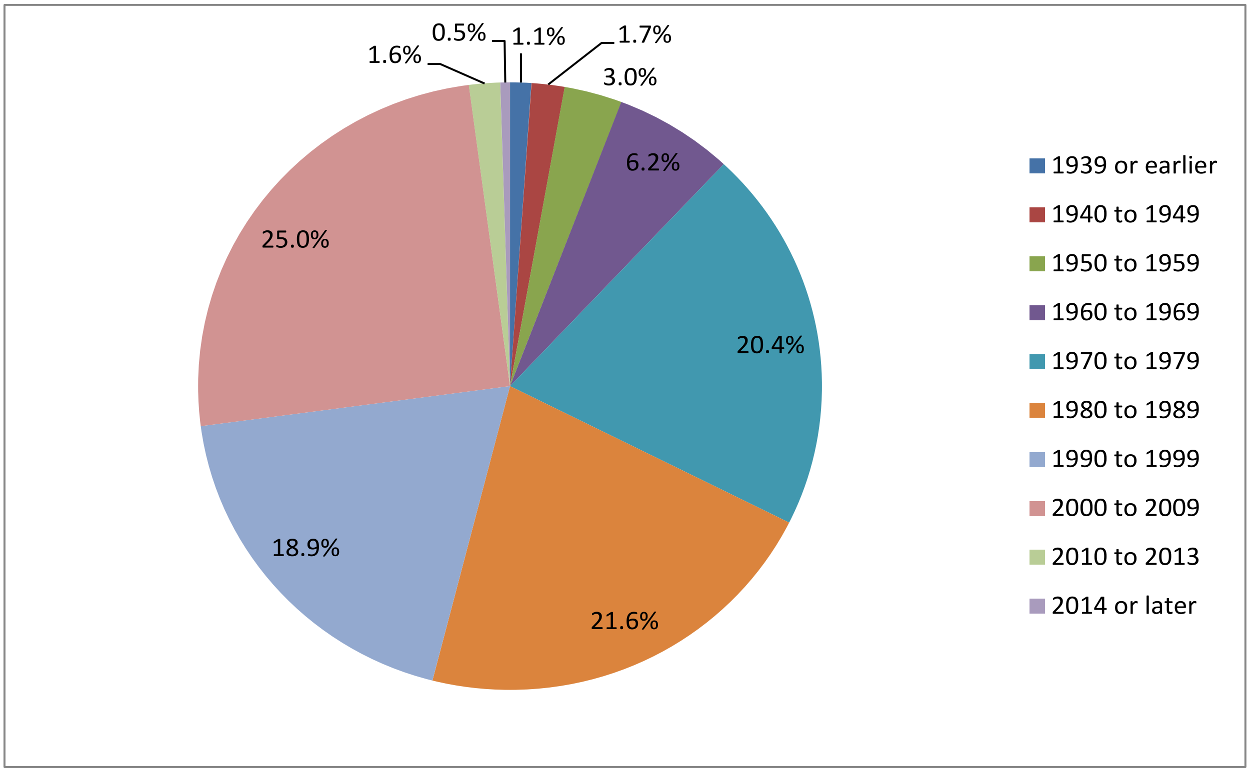
Traditional, single family detached homes represent the vast majority of housing in Valley Center, at approximately 80 percent of all units in the area, according to ESRI data. In comparison, single family detached housing represents only 49 percent of all housing units in Escondido and 51 percent of all units in San Diego County as a whole. Various forms of single family attached housing products (such as townhomes or condominiums) account for 14 percent of all units in Escondido and around 16 percent County-wide. According to ESRI data, Valley Center has very few multi-family or single family attached units. However, mobile home units account for around 15 percent of all housing units in Valley Center, reflecting the presence of mobile home parks or clusters of mobile homes in the community.

Table 23: Housing Units by Number of Units in Structure

Housing Type	Valley Center		Escondido		San Diego County	
	Number of Units	**Percentage of Total**	**Number of Units**	**Percentage of Total**	**Number of Units**	**Percentage of Total**
Single Family Detached	5,562	79.4%	23,436	49.6%	613,113	51.3%
Single Family, Attached, up to 4 Units	296	4.2%	6,637	14.1%	194,901	16.3%
Multi-Family, 5 to 19 Units	49	0.7%	7,622	16.1%	173,664	14.5%
Multi-Family, 20 to 49 Units		0.0%	2,690	5.7%	64,083	5.4%
Multi-Family, 50 or More Units	10	0.1%	3,582	7.6%	106,074	8.9%
Mobile Home	1,048	15.0%	3,246	6.9%	42,614	3.6%
Boat, RV, Van, etc.	41	0.6%	-	0.0%	1,419	0.1%
Total	**7,006**		**47,213**		**1,195,868**	
Source: ESRI						

Data concerning the age of homes in Valley Center reflect the history of the community. Around 20 percent of homes in Valley Center were constructed between 1970 and 1979, 22 percent between 1980 and 1989, 19 percent between 1990 and 1999, and 25 percent between 2000 and 2009. Only around two percent of housing units in Valley Center have been constructed since 2010. Reflecting Valley Center's heritage as a primarily agricultural area prior to the suburban growth of the San Diego region, only 77 housing units in the area date to before 1940.

Figure 6: Housing Units by Year Built, Valley Center



Source: ESRI

ESRI estimates provide a breakdown of reported home values for owner-occupied units in Valley Center, for 2019 and projected for 2024. The average value of all owner-occupied units was around $652,000 in 2019 and will increase to almost $700,000 by 2024. Fewer than five percent of owner-occupied units in the area are valued at less than $300,000, and nearly 20 percent are valued at over $750,000. The share of homes valued below $300,000 will continue to decrease over the next five years. Only four percent of all homes in Valley Center are valued below $300,000 and only 34 percent are valued below $500,000. In line with trends across the San Diego region, the rapidly increasing value of homes has become an issue of affordability for potential homebuyers in Valley Center and the North County area.

An average home today in Valley Center, of roughly $650,000, would require an annual household income of approximately $112,000, assuming a 20 percent down payment and prevailing interest rates. While the average household income in Valley Center is nearly $120,000, a significant portion of households currently living in Valley Center would not be able to afford the prevailing costs of housing in the area. According to ESRI, 50.4 percent of households currently living in the Valley Center CPA report household incomes of less than $100,000 and therefore would not be able to afford the average price of a home in Valley Center, which is approximately $650,000.

Housing age is typically used as an indicator of housing condition. In general, residential structures over 30 years of age tend to require minor repairs and modernization improvements, while units over 50 years of age are likely to require major rehabilitation such as roofing, plumbing, and electrical system repairs. As outlined in Figure 6, approximately 42 percent of housing units in Valley Center are between 30 and 50 years of age (built between 1970 and 1989) and approximately 12 percent are more than 50 years of age (built in 1969 or earlier). The data indicate that a significant portion of the housing stock in Valley Center is likely to require minor repairs over the near term, and a small portion of the housing stock may require significant repairs. According to the American Community Survey (ACS), approximately 42.4 percent of all housing units in all of San Diego County (including both unincorporated and incorporated areas) were built between 1970 and 1989. A much larger share of all housing units in the County (approximately 31 percent) were built in 1969 or earlier, indicating that the risk of substandard housing is greater at the overall County level, compared to in the Valley Center CPA.

As discussed in the San Diego County General Plan, overcrowding is typically a combined effect of high housing costs, low incomes, and insufficient supply of adequately sized units at affordable rates. According to the U.S. Census, overcrowding is defined as a housing unit occupied by more than one person per room (including bedrooms, living rooms, dining rooms, but excluding bathrooms, kitchens, porches, and hallways). The U.S. Census defines severe overcrowding as a housing unit occupied by more than 1.5 persons per room.

Overall, 6.4 percent of households in the Valley Center Census Designated Place (see Figure 1: Map of Valley Center CPA and Valley Center Census Designated Place) were considered overcrowded, according to the 2013 – 2017 ACS. Overcrowding tends to affect renter-households disproportionately, with a total of 16.5 percent of renter-households, compared to 6.3 percent of owner-households in the Valley Center Census Designated Place being overcrowded. Overcrowding was more prevalent among owner-households in the Valley Center Census Designated Place compared to San Diego County as a whole, for both owner-households and renter-households. Data concerning the overcrowding of households is provided by the U.S. Census for Census Designated Places, and data for overcrowding was unavailable for the Valley Center CPA. The Valley Center Census Designated Place includes just over 3,200 housing units, compared to a total of nearly 7,200 housing units in the Valley Center CPA. Therefore, the overcrowding data reflects conditions for only part of the Valley Center CPA. The overall levels of overcrowding may differ for the more expansive Valley Center CPA.

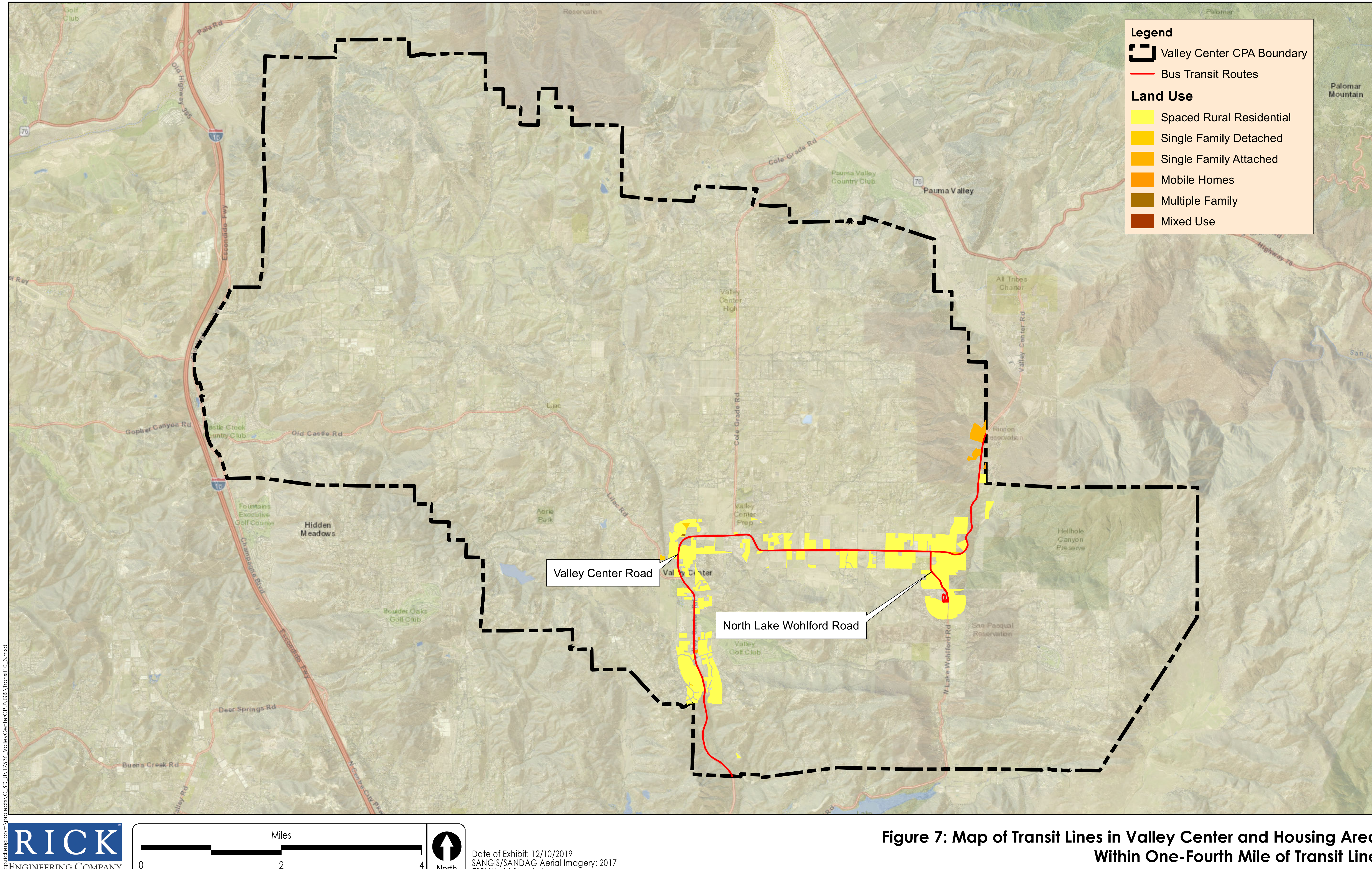
Table 24: Housing Overcrowding Data, Valley Center Census Designated Place Versus San Diego County

Overcrowding: 2017	**Valley Center (Census Designated Place)**	**San Diego County**
% Owner Occupied Overcrowded	5.6%	2.8%
% Owner Occupied Severely Overcrowded	0.7%	0.7%
% Renter Occupied Overcrowded	9.8%	10.8%
% Renter Occupied Severely Overcrowded	6.7%	3.7%

Source: 2013 - 2017 American Community Survey Table B25014: Tenure by Occupants Per Room, 2010 Census

Note: The US Census Bureau considers a house overcrowded when there is more than one person per room, excluding bathrooms and kitchens, and severely overcrowded when there are more than 1.5 occupants per room.

Demographers also commonly evaluate the housing stock in a particular geography in terms of proximity to transit, typically measured in terms of a distance of up to one-fourth of a mile from a transit line. The 388 bus line, part of the North County Transit District, connects from Escondido through Valley Center to the Pauma Valley area, following Valley Center Road, along with a stop along the line for Valley View Casino. The map below highlights the 388 transit line in the Valley Center CPA and the housing areas located within one-fourth mile of this transit line.



Date of Exhibit: 12/10/2019
SANGIS/SANDAG Aerial Imagery: 2017
ESRI World Street Map

Figure 7: Map of Transit Lines in Valley Center and Housing Areas Within One-Fourth Mile of Transit Lines

Data from ESRI indicate that an approximate total of 309 housing units are located within one-fourth mile of the transit line as shown, including 247 single family detached units, six attached or multiple unit housing units, and 56 mobile home units.

Table 25: Valley Center Owner-Occupied Homes by Value

Home Value	2019 (Estimated)		2024 (Projected)	
	Number	Percentage	Number	Percentage
Less than $50,000	50	0.9%	15	0.3%
$50,000 - $99,999	23	0.4%	5	0.1%
$100,000 - $149,999	14	0.2%	2	0.0%
$150,000 - $199,999	14	0.2%	2	0.0%
$200,000 - $249,999	31	0.5%	11	0.2%
$250,000 - $299,999	106	1.9%	41	0.7%
$300,000 - $399,999	428	7.5%	231	3.9%
$400,000 - $499,999	1,285	22.5%	1,130	18.9%
$500,000 - $749,999	2,631	46.1%	3,020	50.4%
$750,000 - $999,999	680	11.9%	1,030	17.2%
$1,000,000 - $1,499,999	245	4.3%	282	4.7%
$1,500,000 - $1,999,999	88	1.5%	104	1.7%
$2,000,000 or greater	113	2.0%	116	1.9%
Median Value	$585,804		$628,932	
Average Value	$652,632		$699,399	
Source: ESRI				

While the values of homes have increased considerably over the last five to seven years, many residents in Valley Center moved into their units more than ten years ago. A total of 63 percent of all occupied units are occupied by people who moved into these units prior to 2010. As outlined in the table that follows, a total of 54.9 percent of all occupied housing units in Valley Center are occupied by residents who own their own homes, and moved into their unit prior to 2010. Only 5.4 percent of homeowners and 3.1 percent of renters in Valley Center moved into their current unit in 2015 or later.

Table 26: Valley Center: Occupied Housing by Year Householder Moved Into Unit

Owner Occupied	Number	% of All Occupied Units
Moved in 2015 or later	351	5.4%
Moved in 2010 to 2014	1,139	17.6%
Moved in 2000 to 2009	1,780	27.6%
Moved in 1990 to 1999	1,081	16.7%
Moved in 1980 to 1989	433	6.7%
Moved in 1979 or earlier	255	3.9%
Renter Occupied	**Number**	**% of All Occupied Units**
Moved in 2015 or later	199	3.1%
Moved in 2010 to 2014	689	10.7%
Moved in 2000 to 2009	471	7.3%
Moved in 1990 to 1999	40	0.6%
Moved in 1980 to 1989	14	0.2%
Moved in 1979 or earlier	8	0.1%
Source: ESRI		

Overall, owner occupied units represent 77.9 percent of all occupied units in the Valley Center CPA. This rate of homeownership greatly exceeds the national averages, which have generally varied between 60 and 65 percent over many years. The Valley Center area is dominated by single family, owner occupied residences.

Data derived from the ACS provide a snapshot of the level of financial burden homeownership is placing on budgets for homeowners in Valley Center. As outlined in the table that follows, around 38 percent of households that own their own home have owner costs that exceed 30 percent of their household income. Housing experts typically advise homeowners to avoid paying more than 30 percent of their income for housing costs, relative to other items in most household budgets. The percentage of households paying more than 30 percent of their income for housing has become a key metric to evaluate the degree to which a housing market is “unaffordable.” The rising cost of housing in San Diego County has emerged as a major issue for all communities, and a sizeable share of households who own their home in Valley Center face financial stress tied to the cost of housing.

Table 27: Valley Center Homeowner Costs as a Percentage of Income

With a mortgage: Monthly owner costs as a percentage of household income in the past 12 months		
2013-2017 ACS Estimate, Valley Center		**Percentage of Total Owner-Occupied Units**
Less than 10.0 percent	153	3.0%
10.0 to 14.9 percent	235	4.7%
15.0 to 19.9 percent	526	10.4%
20.0 to 24.9 percent	516	10.2%
25.0 to 29.9 percent	518	10.3%
30.0 to 34.9 percent	351	7.0%
35.0 to 39.9 percent	247	4.9%
40.0 to 49.9 percent	191	3.8%
50 percent or more	782	15.5%
Source: ESRI		
Without a mortgage: Monthly owner costs as a percentage of household income in the past 12 months		
2013-2017 ACS Estimate, Valley Center		**Percentage of Total Owner-Occupied Units**
Less than 10.0 percent	527	10.5%
10.0 to 14.9 percent	119	2.4%
15.0 to 19.9 percent	173	3.4%
20.0 to 24.9 percent	38	0.8%
25.0 to 29.9 percent	102	2.0%
30.0 to 34.9 percent	66	1.3%
35.0 to 39.9 percent	42	0.8%
40.0 to 49.9 percent	67	1.3%
50 percent or more	156	3.1%
Source: ESRI		

Estimates from the ACS also provide a breakdown of rents paid for housing in Valley Center, as outlined in the table.

Table 28: Renter-Occupied Housing Units by Contract Rent

Rent Contract Amount	Number of Households	Percentage of Total Households
Less than $800	361	28.8%
$800 to $899	62	4.9%
$900 to $999	52	4.2%
$1,000 to $1,249	120	9.6%
$1,250 to $1,499	160	12.8%
$1,500 to $1,999	259	20.7%
$2,000 to $2,499	165	13.2%
$2,500 to $2,999	60	4.8%
$3,000 to $3,499	14	1.1%
$3,500 or more	0	0.0%
Total	**1,253**	
Source: ESRI		

Around 43 percent of renter-households in Valley Center pay monthly rent of between $1,000 and $2,000, and around 19 percent pay in excess of $2,000 per month. However, the data provided by the U.S. Census may not reflect current rents in the local area, as rents have been increasing in the local market over the last five years.

Multi-Family

The multi-family market is very limited in Valley Center. Fewer than 125 multi-family units exist in Valley Center and no units were under construction at the time of the data collection for this report. As mentioned in an earlier section of this report, Valley Center is characterized by mostly single family, owner-occupied detached homes. There are very few housing options for individuals seeking to rent, particularly for apartment space, condos, or similar types of housing. Most rental units in Valley Center are comprised of smaller buildings around the area. Unlike a larger community in the metro area, Valley Center does not have any larger apartment complexes, comprising 200 to 400 units or more. Given the limited development activity in this sector, absorption information is not available from CoStar. At the regional level, the San Diego region is expected to absorb a total of around 7,500 new multi-family residential units in the market on an annual basis, over the next three years[14].

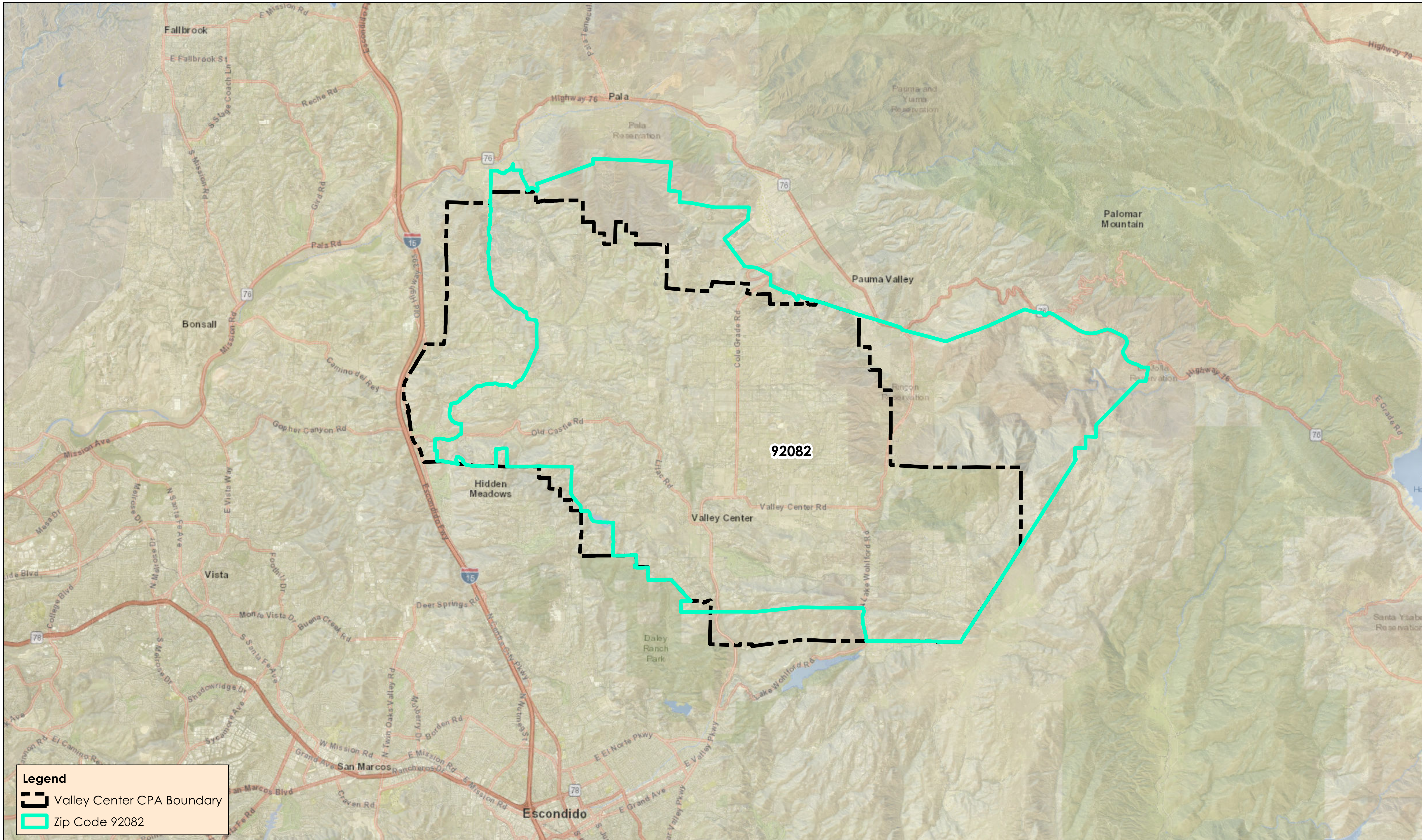
[14] 2020 Multifamily Market Outlook: San Diego. Integra Realty Resources.

Table 29: Valley Center – Multi-Family Market Metrics, as of December 2019

Valley Center – Multi-Family Market Metrics	
Current Inventory (Units)	121
Under Construction (Units)	0
Average Market Rent /SF	N/A
Current Vacancy	5.5%
Source: CoStar, December 2019	

For-Sale Housing Market

Similar to the overall pattern across San Diego, Valley Center and the surrounding housing markets witnessed very strong appreciation in housing prices for all product types between 2014 and 2018. The rise in home prices appears to have leveled off over the last year, as prices have reached levels that make ownership less desirable or not possible for a larger share of the potential buying population. Average sales prices have declined slightly over the last ten months throughout this portion of the San Diego region. The for-sale housing market data for Valley Center is based upon data collected by the San Diego Association of Realtors for the Valley Center zip code, 92082. The following map outlines the boundaries of the 92082 zip code in comparison to the boundaries of the Valley Center CPA.



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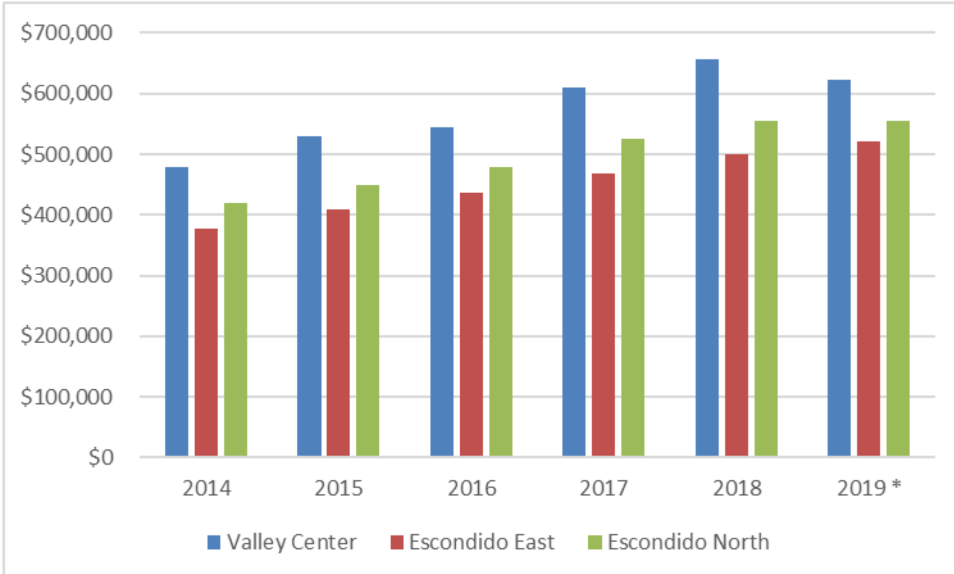
Date of Exhibit: 7/29/2020
SANGIS/SANDAG Aerial Imagery: 2017
SANGIS Zip Codes
ESRI World Street Map

Figure 8: Map of Valley Center Zip Code 92082

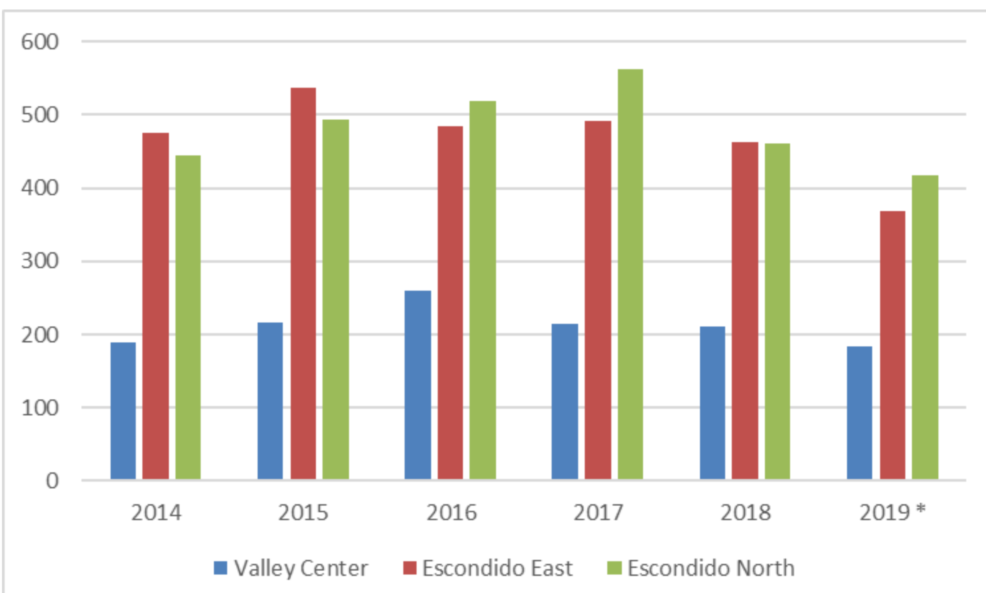
Figure 9: Median Sales Prices for Single Family Homes



* Data through October 31, 2019
Source: ESRI

The number of closed sales reported in the local market has also declined, as owners of homes have elected to remain in their residences for longer periods of time and buyers have been discouraged by the elevated prices for various types of homes.

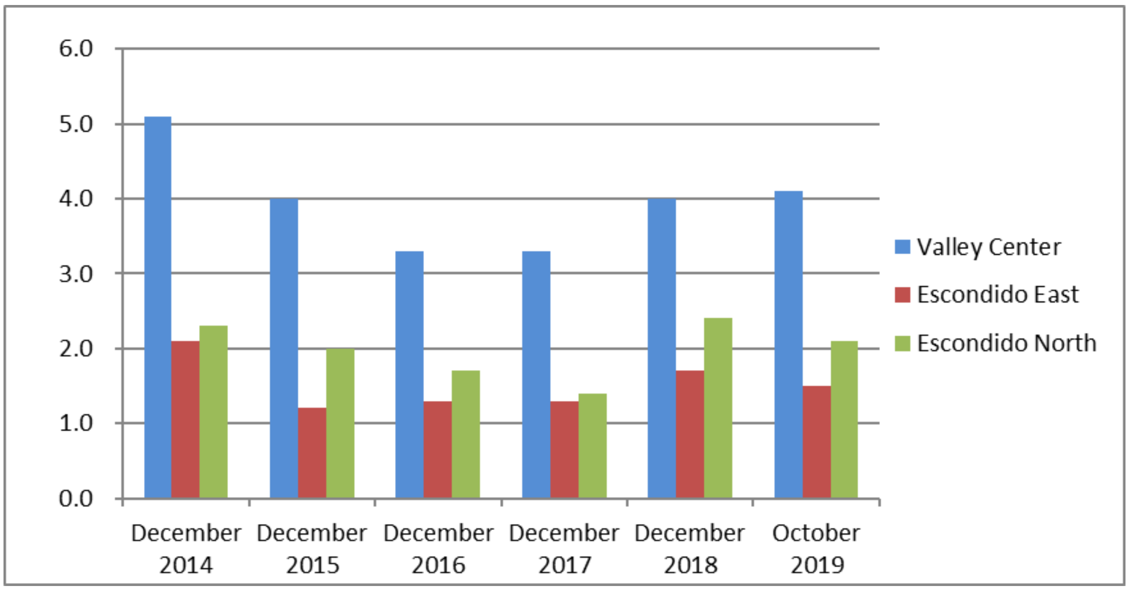
Figure 10: Number of Closed Sales for Single Family Residential



*Data through October 31, 2019
Source: ESRI

The Valley Center for-sale housing market encompasses the 92082 zip code, as shown in Figure 8: Map of Valley Center Zip Code 92082. It reported declines in the supply of homes on the market between 2014 and 2017, but the supply of homes on the market has increased slightly in Valley Center over the last year to year and a half. The term “months of inventory” is a measure of how fast all of the existing homes on the market in a given area would sell, assuming that no additional houses are listed on the market and that the rate at which homes sell is a constant figure, based upon the average of the last 12 months of home sales in the given market. The Valley Center market area (the boundaries of which differ slightly from those of the Valley Center CPA) currently has an inventory of around four months of supply available, as of the end of October 2019. Markets with supplies of inventory less than six months are generally considered to be “sellers markets,” whereas markets with supplies greater than six months are considered to be “buyers markets.” The Valley Center market has consistently reported greater levels of residential, for-sale supply than surrounding markets in Escondido.

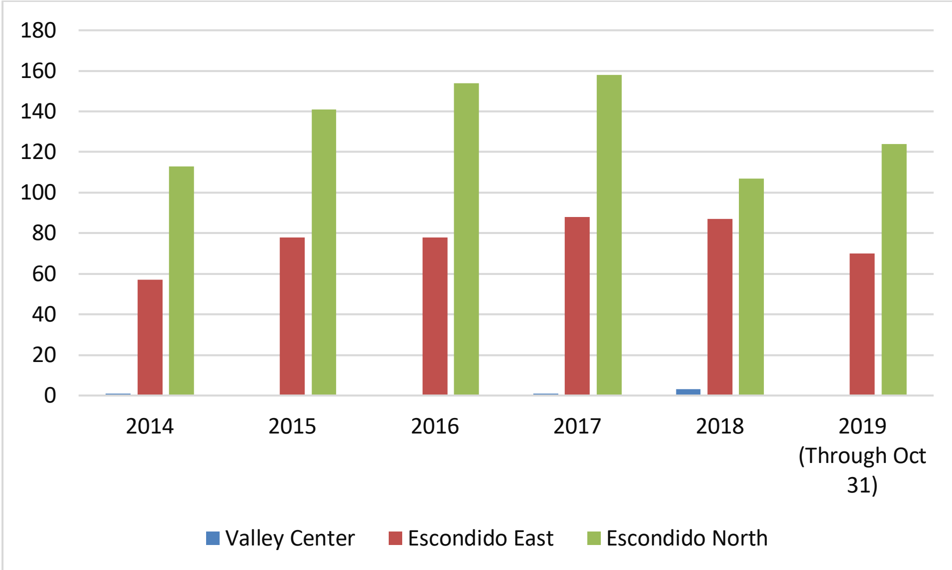
Figure 11: Single Family Residential: Months of Inventory



Source: ESRI

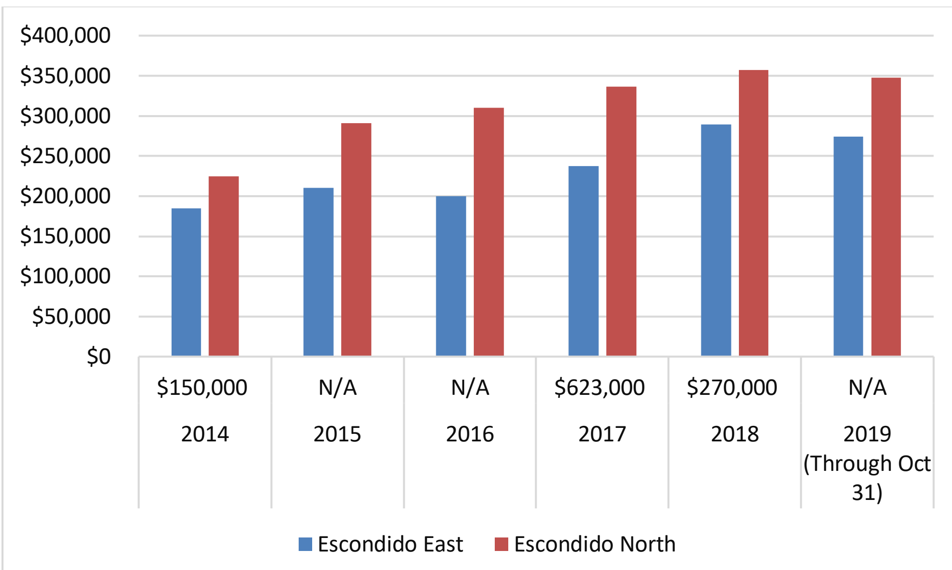
The market for townhomes and condominiums in Valley Center is very limited, with the market traditionally reporting only a few sales per year as reflected in the following tables. The values for townhomes and condominiums have cooled over the last one to two years in surrounding markets as the overall housing market has begun to cool.

Figure 12: Historical Closed Sales for Townhomes and Condos



Source: ESRI

Figure 13: Townhomes & Condos: Median Sales Price



Source: ESRI

Housing Trend: Continued Downsizing of Baby Boomers and Demand for Senior Housing

Demand for senior housing remains very strong, as the Baby Boomers continue to move into retirement. However, the oldest members of the Boomer generation are in their early to mid-70s, and in most cases are still around a decade away from needing formal senior housing services, including assisted living, nursing care, and related services. Boomers continue to downsize their housing units and are moving closer to their children and relatives as they retire. Developers continue to innovate and explore different types of senior housing developments, ranging from apartment or townhome communities that offer great amenities for active adults, to "continuum of care" senior communities that offer the full range of senior housing options, from independent living through nursing care. San Diego County is considered one of the top markets in the country for senior housing. Data from the National Investment Center for Seniors Housing and Care indicates that the occupancy rate for senior housing communities in the County was 92.2 percent in 2018, the second highest occupancy of 31 metro areas tracked by the organization nationwide. The report also indicated that demand for senior housing should continue to grow in San Diego County for the next several years[15]. Given the presence of a significant number of Baby Boomer residents in the Valley Center CPA, developers may be successful in the near future in developing a range of senior housing units.

Housing Trend: Enhanced Amenities in Residential Development

As outlined in the Urban Land Institute (ULI)'s "Emerging Trends in Real Estate" report for 2019, real estate operators note that residential users (particularly for multi-family developments) are demanding increasing levels of amenities. Apartment complexes continue to offer more amenities that respond to changing tastes, including dog-friendly facilities, space for yoga and pilates, entertainment centers, and community gardens. Office users are also expecting more amenities, including nearby retail services, enhancements to package delivery areas, exercise facilities, bike storage, and more. The most successful developments have offered new or innovative pairings or arrangements of amenities, and remain nimble and able to modify amenities as tastes change. Nationally, new developments in exurban areas similar to Valley Center have integrated a range of these amenities in order to increase their marketability to potential residents. As various development projects move forward in the Valley Center CPA, the integration of a wide range of amenities would result in greater absorption of residential units and office space in the local market.

Housing Trend: The Value of Parks

The value of parks, open space and related amenities has become accepted across the country as a key driver of real estate value and community value[16]. Developers are implementing more creative ways to provide the right mix of parks and open space amenities that serve the needs of residents and visitors and maximize real estate value. Communities across the country, including in Southern California, have realized how the strength of their local parks and open spaces can enhance their marketability and attractiveness, to lure companies and new residents. New developments in the Valley Center CPA would enjoy greater levels of absorption with the integration of well-designed parks, open spaces, and related amenities.

Housing Trend: Housing Affordability is an Issue Nationally

The U.S. has experienced an undersupply of home construction in the years since the Great Recession, except in the luxury or very high end segments of the residential market, that generate higher profit margins compared to housing geared to the middle class. The pace of home construction continues to lag demand in most areas of the country, and home affordability, as described by the ULI, has begun to exact significant public costs. The lack of affordability has fueled a homelessness crisis in many metropolitan areas, including San Diego[17], and limited the ability of some communities to attract new companies and new talent. In economics, supply normally balances to meet demand. The issue of providing affordable housing, not just for people with lower incomes but also for the middle class, has become perhaps the most challenging planning issue nationwide. Solutions to the affordability crisis vary, but in the end the

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[15] "Senior Housing is in Demand", *San Diego Business Journal,* May 5, 2019.

[16] Crompton, John L. " Impact of Parks and Open Space on Property Values and the Property Tax Base" A study commissioned by the National Recreation and Park Association 2001

[17] "Annual count found 6 percent drop in homelessness countywide", *San Diego Union-Tribune*, April 29, 2020.

question is how communities will provide a greater supply of housing to meet demand. The ULI notes that public-private partnerships are increasingly becoming the model to provide affordable housing, and the organization believes that a collaborative approach, involving players from a range of fields in the public and private sectors, will more effectively address the problem than regulatory mandates from local or regional governments. As the community considers options for how to provide for affordable housing in the Valley Center CPA, it should consider a wide range of strategies that would assist in making affordable housing development viable.

Housing Trend: Continued Demand for Urban Amenities in Suburban Environments

The Millennial generation, whose oldest members are now approaching 40 years of age, led a significant migration of residents back to the urban core of cities, in San Diego and across the country, over the last 20 years. Various urban districts in cities and inner ring suburbs across the country benefited from this trend over the last two decades. Now, while marriage and fertility rates continue to decline nationwide, the Millennials who choose to marry and start families are beginning to do so, according to national trends. Many Millennials are now moving to suburban and exurban locations. While the desire for good quality schools and more affordable housing is driving this trend, the Millennials are bringing the generation's desire for urban-like amenities to new locations. Real estate observers note that communities in outlying areas of metropolitan areas that have enjoyed the most success in recent years have included many urban-like ingredients, including having vibrant, 18-hour downtown or similar districts that offer opportunities for work, living, and play, and access to mass transit linkages. Employers are selecting locations that offer a range of amenities as well, flocking to districts in suburban or outlying communities that enhance their abilities to attract and retain talent. Demand for mixed-use environments continues to rise, across suburban communities and in some smaller towns as well. Millennials are seeking out smaller homes compared to their predecessors, given the escalated cost of housing on a per-square foot basis, and the smaller sizes of families today. Consumers are also seeking environments that provide walkability and multi-modal connectivity to amenities and workplaces. This trend indicates that future development projects in the Valley Center CPA could gain greater acceptance in the local market and be more successful if they explore the integration of various amenities typically found in many urban districts, including the creation of gathering places, parks, and related amenities, and the creation of streets and public spaces that make it easier for people to walk, bike, and take transit.

An example of a community in Southern California on the edge of a suburban area that exhibits some of the current trends is the Miralon community outside Palm Springs. Miralon centered around the conversion of an 18-hole golf course into a 70 acre olive tree grove and the installation of a range of amenities including dog parks, exercise stations, fire pits, and several miles of hiking trails within the 300 acre community[18].

Housing Trend: Expansion of Inclusionary Housing Programs

As housing affordability has emerged as a significant issue nationwide, and especially in states with the fastest growing housing markets, local jurisdictions are increasingly implementing inclusionary housing programs, including various ordinances and incentives, to encourage the construction of housing units that are affordable for lower- and middle-income residents. In general, inclusionary housing programs establish a goal or requirement that a specific percentage of new housing be reserved for, and affordable to, lower and moderate-income households. Most inclusionary housing programs are mandatory, and

[18] "Rich Millennials Are Ditching the Golf Communities of Their Parents for a New Kind of Neighborhood", *Business Insider*, October 30, 2017.

specified in local codes, and require a certain number of units in a project be constructed to remain affordable for households within certain income ranges. As an alternative, mandatory inclusionary housing programs can allow developers to pay fees, in lieu of constructing affordable housing units, and funds from the program can be used by the jurisdiction to construct affordable units. Several cities in San Diego County have inclusionary zoning programs, often specifying that 10 to 20 percent of all units within a particular Specific Plan or project remain restricted to affordable units[19].

Affordable housing advocates often cite the following as potential opportunities or benefits provided by inclusionary zoning programs[20]:

- Businesses can find it easier to hire and retain employees who are able to live within a reasonable commuting distance.
- Municipal governments, school districts, and fire and police departments benefit from having employees live in the communities they serve, because these employees are more invested in its future.
- Senior citizens can have the choice to remain in the community in which they raised their children.
- Younger parents and single parent families can find homes in communities with good schools, parks, and services.
- In gentrifying communities, the affordable units created through an inclusionary program help offset the displacement of residents from new development.
- In new and growing suburban communities, the inclusionary units can broadly disperse the affordable housing needed by area job holders.

A study by the Urban Institute in 2019 indicated that a total of at least 819 jurisdictions nationwide had instituted some form of inclusionary housing policy[21]. The same study indicated that various inclusionary zoning programs provided incentives to developers to provide more affordable housing, in the form of density bonuses, zoning variances (for various aspects of zoning requirements), and reductions in development fees. The Urban Institute study found that inclusionary housing programs tended to benefit middle income households, as opposed to very low income households that normally rely on housing generated through public housing programs, the low income housing tax credit program, or housing vouchers. The study found that inclusionary housing programs were easier to implement in very strong housing markets, and more difficult to implement in weaker housing markets that provided thinner profit margins for developers.

Another study, by the Lincoln Institute of Land Policy, found that inclusionary zoning programs did not stop development, and that the programs did not result in developers and homebuilders passing on higher prices to buyers of market-rate housing units. Instead, in some situations, the underlying land prices in communities with inclusionary programs decreased, or the profit margins realized by developers decreased. Another study by UCLA revealed that inclusionary housing programs do not have any impact on the overall rate of production in a given community. The Lincoln Institute of Land Policy study also

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[19] "San Diego County: Regional Analysis of Impediments to Fair Housing Choice", May 2015, San Diego Regional Alliance for Fair Housing.

[20] "Is Inclusionary Housing the New Normal in High-Cost Places?", March 5, 2015, Urban Institute.

[21] "Inclusionary Zoning: What Does the Research Tell Us about the Effectiveness of Local Action?", Urban Institute, January 2019.

found that the stronger a local housing market, the greater the impact of inclusionary zoning programs in providing affordable housing units for local households[22].

Based upon the research of inclusionary housing programs around the country, the strength of the local housing market in Valley Center and the surrounding areas means that the area has the potential to successfully implement inclusionary housing programs as part of new development. Projects within Valley Center could be mandated to provide a particular percentage of new housing units as affordable units, in order to help provide housing for employees in the Valley Center area, including providers of local services (fire fighters, teachers, etc.) as well as workers within the key industries in Valley Center, including agriculture and the local casino.

Housing Trend: Increased Cost of Construction; Limited Availability of Land

The tight supply of labor for residential construction, including a number of trades or skilled positions, has contributed to rising costs for construction for residential units in San Diego and across the nation. As of the first quarter of 2020, the cost per square foot for medium quality, single family residential construction in the San Diego market ranged from $139 to $246 per square foot, and the cost per square foot for mid-rise apartment or condominium units ranged from $273 to $503 per square foot[23]. Across the San Diego region, the lack of land available for residential development stems from geographic barriers (the ocean and the mountains) and political opposition to new development, across a wide range of communities. The lack of land available for residential development has increased the cost of developable land, which contributes to the overall higher prices of homes across the San Diego region.

Impacts of COVID-19

The partial closures of the local and national economies began in March 2020, and while many sectors of the local economy have reopened at the time of this report, the challenges to economic activity associated with COVID-19 remain at the local and national levels. Local economists indicate that it is too early to determine the total economic impacts of the coronavirus pandemic on the local economy. However, various economic data is beginning to outline the impacts to the local economy at this point from COVID-19.

Economists at SANDAG indicate that the regional San Diego economy, as reflected by the Gross Regional Product (GRP), grew by 4.1 percent in 2018 and 2.6 percent in 2019. As a result of the economic recession spurred by COVID-19, the regional economy is forecast to decline by 7.1 percent for all of 2020, essentially wiping out all of the economic gains in the regional economy from 2018 and 2019[24]. SANDAG anticipates that the regional economy will begin to recover in 2021, with an annual increase in GRP of 4.7 percent.

SANDAG indicates that regional taxable sales, which normally average around $1.2 billion per month, were down 25 percent in March 2020, 45 percent in April 2020, and 35 percent down in May 2020. In contrast, total taxable sales only declined by around 9 percent during the worst part of the Great Recession in 2009. Taxable sales in the general retail category have decreased 35 percent during the pandemic, sales in the transportation sector have decreased 35 to 40 percent, and sales in food and beverage have decreased

[22] "Inclusionary Housing: Creating and Maintaining Equitable Communities", Lincoln Institute of Land Policy, 2015.
[23] Cumming Insights report, 1st Quarter, 2020
[24] SANDAG Joint Transportation, Regional Planning, and Borders Committees Meeting, July 17, 2020.

25 to 45 percent. Sales in the construction materials sector, however, have increased by 10 to 15 percent, as more people are working on home improvement projects, instead of eating out or taking trips[25].

SANDAG reports that around 95 percent of businesses in San Diego County are categorized as small businesses, and that 82 percent of small businesses in the region have reported a “moderate to high” impact from the COVID-19 recession.

In terms of employment, since January 2020 San Diego County has lost significant jobs across various sectors, and total employment has now fallen to levels not seen since 2006. The unemployment rate in the San Diego County region increased from 3.3 percent in March to 25 percent in May, and fell to 14.3 percent by the end of June. The total number of unemployed persons in the San Diego region averaged between 50,000 and 55,000 people before the onset of COVID-19, but the total number of unemployed now exceeds 243,000 people. The highest unemployment impacts have been felt in the tourism, retail, and transportation sectors. The healthcare, education, government, and manufacturing sectors have experienced moderate impact from the COVID-19 recession. The sectors that have experienced the least impact from the current recession include the innovation, military, finance, insurance, real estate, and construction sectors. So far, the COVID-19 recession is hitting many sectors (such as tourism and transportation) that were less impacted by the Great Recession, and having less impact on the sectors that were hardest hit during the Great Recession (such as finance, insurance, real estate, and construction).

Overall, the SANDAG economists anticipate that the local economy will not recover to pre-COVID levels of economic activity until 2023 (under a best case scenario) or by 2026 (under a worst case scenario). SANDAG has also noted that the coronavirus pandemic has led to more people biking and walking in the region, and it notes that the impacts of the coronavirus, both medically and economically, are being felt stronger in Black and Latinx communities across the region.

The ongoing COVID-19 pandemic is likely to accelerate trends in retail and commercial real estate and may impact the long term uses of commercial lands in the Valley Center CPA. Online retail commerce has increased 18 percent nationally so far in 2020, as a result of a shift to online spending during the pandemic, while offline retail sales (in brick and mortar facilities) has decreased 14 percent nationally during the first half of 2020, according to data from the retail publication *EMarketer*. Total retail sales in the United States are anticipated to decrease by 10 percent in 2020, as the pandemic-induced recession impacts consumer spending. This decrease is anticipated to be much larger than the 8.2 percent drop in retail sales in the U.S. experienced in 2009, at the height of the Great Recession[26].

National retail observers indicate that the pandemic is accelerating the move toward online retail spending by at least three or four years. While online spending had previously impacted discretionary retail categories such as Apparel and Clothing the most significantly in recent years, the move to online spending for essential items has accelerated tremendously with the pandemic. Grocery sales only represented 4 percent of online sales in 2019 nationally, but this percentage is expected to increase significantly in 2020. As the current recession unfolds, retail observers note that online sales for non-essential items such as clothing and gifts are actually declining, as consumers cut back on spending, but

[25] “Why Home Improvement Has Surged And How It’s Changing America”, National Public Radio, September 11, 2020.

[26] “U.S. e-commerce sales to jump 18% in 2020, but not enough to offset retail’s decline”, *TechCrunch*, June 8, 2020.

online sales for the full range of essential goods, such as groceries, has accelerated. Retail observers believe that a smaller group of larger, stronger retailers (such as Walmart and Target) will emerge from the pandemic stronger than ever, while smaller specialty retailers and locally based retailers face significant struggles to survive in the current environment. Many retail observers note that what they have observed in the U.S. retail landscape over the last few months parallels retail trends that occurred in China during and following the 2003 SARS outbreak. While many observers are unable to provide detailed quantitative projections of the growth of online retail over the next several years, given the fluidity of the pandemic situation, there is broad agreement that the pandemic will strongly accelerate the move toward online retail sales[27].

These trends toward online retail sales will likely impact future land uses and the retail environment in the Valley Center CPA. Larger box stores in the local area that have benefited from the pandemic will likely continue to thrive. Meanwhile, smaller specialty retailers and in-line retailers in various shopping centers may fail in the coming years. These trends may translate into the need for less overall retail space in the Valley Center CPA, as more spending moves to online platforms.

The COVID-19 pandemic has also shifted a good deal of work previously performed in centralized or satellite offices to "work from home" arrangements. Given that a portion of Valley Center residents have commuted to jobs in the San Diego region in the past, a potential long-term shift to working more from home may impact the Valley Center area. Economists at McKinsey & Company, an international business consultancy, estimate that, following the pandemic, the percentage of time worked in the United States in central offices will decline by 12 percent, and that the percentage of time worked from home will increase to 27 percent of all time worked, from around 20 percent[28]. The shift to working from home may benefit the Valley Center CPA in the future; as the "daytime population" increases due to more people performing their day jobs at home. This trend may, in turn, lead to greater sales for retailers and restaurants in Valley Center, as residents spend more of their money on lunch and various daily needs closer to home, rather than at retail or shopping areas elsewhere in the San Diego region. Conversely, the shift to working from home may further decrease demand for office space in Valley Center and other areas in North San Diego County.

Development Pipeline in Valley Center

The following table outlines the development projects that are in the pipeline in the Valley Center area, including projects that are working through the approval process with the County of San Diego.

[27] "The Impact of COVID-19 on U.S. Brands and Retailers", *Forbes*, March 29, 2020.

[28] "Reimagining the Office and Work Life After COVID-19", McKinsey & Company, June 2020

Table 30: Development Projects in Approval Process, Valley Center CPA, as of November 2020

Project	Status	Location	Acres	Commercial SF	Residential Units	Additional Information
Valley Center ARCO	In Discretionary Review	SW Corner of Valley Center Rd & Cole Grade Rd	N/A	3,028	N/A	
Valley Center Village Station	In Discretionary Review	SW of Valley Center Rd & Indian Creed Rd	N/A	51,000	N/A	General retail and service retail uses
Liberty Bell Plaza	Condition Satisfaction	27555 Valley Center Rd, in South Village area	8.49	81,884	N/A	Commercial center including 51K for a grocery, a gas station and mini mart, a bank with drive through, and four additional retail spaces of either 3K or 10K square feet
Weston Towne Center	In Discretionary Review	On Valley Center Rd, one-quarter mile west of Cole Grade Rd	11.56	108,653	N/A	Includes a public park / village green. May include professional offices, drive through restaurants, bank, or specialty retail shops
Park Circle	Final Map / Condition Satisfaction	Mirar De Valle Rd & Valley Center Rd	74	N/A	332	Project received discretionary approval in 2017 and multiple final maps are going to the Board in Fall 2019
Rite Aid	Condition Satisfaction	Valley Center Rd & Cole Grade Rd	N/A	11,900	N/A	
Miller Road Plaza	Condition Satisfaction	Northwest corner of Miller Road and Valley Center Road	6.7	15,000	N/A	
Other Residential Projects in Valley Center	N/A	N/A	N/A	N/A	1,906	According to data from the County of San Diego, the Valley Center CPA includes 452 residential units that have been approved, but not yet built, and 1,833 residential units under discretionary review, as of June 2020. The total of "other residential projects in Valley Center" accounts for residential units in these categories, that are not captured in the information pertaining to the various projects listed in this table.
Total			**100.75**	**271,465**	**2,238**	

Source: County of San Diego, November 2020

Demand Projections

Projecting land use demands for a twenty-year time horizon involves analyzing historic and projected trends in population, employment, and lifestyle patterns, and creating logical assumptions that form the basis for projections. Forecasts of demand for residential units derive from anticipated projections of growth or change of population and households in a given community, combined with information concerning anticipated trends in how people live. These trends concern the style of housing, and the anticipated needs of various types of households in a community. Projections for office and industrial land uses derive from the economic base of the community and the surrounding region, along with projections for employment growth in the area. Retail demand derives from the number of residents in a given trade area, the ability of a particular jurisdiction or study area to draw residents from other areas to shop, dine, or use services, and the base of employment, which drives demand for daily purchases (such as food during the day), dry cleaning, and related services.

Projections for demand for a given community often involve outlining a series of two or three potential scenarios that may unfold, depending on how demographic and economic forces proceed in the future. The projections for Valley Center outline a series of scenarios that provide a range for the anticipated demand, over the next two decades.

Scenarios for Population Growth in Valley Center

As outlined earlier in the report, SANDAG anticipates that Valley Center will grow over the next 20 years, from a population of roughly 22,000 in 2019 to nearly 28,000 residents by 2050[29]. While SANDAG currently anticipates that more of the anticipated growth in population in unincorporated portions of San Diego County will occur in other areas in the County, the Valley Center area remains a desirable place to live and enjoys relative proximity to Interstate 15 and to the rest of the metropolitan region. While none of the communities in the area can expect unlimited population growth, the issue before Valley Center concerns how much growth the community would like to see. In addition, the Valley Center area has land available for development, especially along main corridors, that could be developed in order to increase the population of the CPA over time.

The two scenarios for population growth, outlined below, anticipate different potential outcomes for population growth in the Valley Center CPA. Scenario 1 reflects the build-out of the current list of development projects in various stages of approval at the County. If fully developed, the current pipeline of development projects would result in population growth of over 6,800 residents in Valley Center, using the current estimate for the number of persons per household in Valley Center (3.0 persons per household). Scenario 2 reflects population growth, as anticipated by SANDAG's population projections. SANDAG's projections anticipate a total population growth of 5,862 residents in the Valley Center CPA through 2050.

[29] Series 13: 2050 Regional Growth Forecast, SANDAG.

Table 31: Valley Center Population Projections

Valley Center Population Projections	Scenario 1 (Assume No Growth Beyond Current Projects in Entitlement Process)	Scenario 2 (Assume Population Growth Matches SANDAG Projections)
	Population	Population
2019 (ESRI Estimate)	21,664	21,664
2030 (Projected)	23,949	23,618
2040 (Projected)	26,234	25,572
2050 (Projected)	28,519	27,526
Total Projected Population Growth, 2019 – 2050	6,855	5,862
Assumed Number of Persons per Household	3.0	3.0
Source: County of San Diego, SANDAG		

Summary of Demand by Land Use

The table below outlines the anticipated demand for additional space, or units, in Valley Center between 2019 and 2040. The analysis provides two different scenarios for projected demand that tie with the scenarios for population growth in the Valley Center CPA through 2040.

Table 32: Valley Center: Projected Demand by Land Category, 2019 – 2040 (Net Additional Demand)

Land Category	Existing Inventory (2019)	Scenario 1 (Assume No Population Growth Beyond Current Projects in Entitlement Process)	Scenario 2 (Assume Population Growth Matches SANDAG Projections)
Office (Square Feet)	49,300	153,233	131,342
Light Industrial (Square Feet)	97,200	109,452	93,816
Retail (Square Feet)	208,000	105,769	90,091
Single Family Detached Residential (Units)	5,562	969	826
Single Family Attached Residential (Units)	296	298	254
Multi Family Residential (Units)	121	224	191
Source: ESRI, Costar, Rick Community Planning			

The following outlines some of the key assumptions underlying these projections by scenario.

- The projections for office and light industrial space assume that Valley Center would gain additional employment as the population potentially expands, tied to the population projections for Scenarios 1 and 2. The analysis furthermore assumes that employment associated with office land uses will account for 40 percent of the total employment growth in Valley Center, that industrial land uses will account for around 10 percent of the projected employment growth in the area, and that retail uses will account for 50 percent of total employment growth in Valley Center. These assumptions are based upon land use patterns and employment trends exhibited in other suburban and exurban communities around the country.

- The projections for growth in the quantity of retail square footage in Valley Center assume that the planning area would be able to increase its overall retail pull factor to between 0.3 and 0.35, and thus capture a larger share of the retail demand generated by residents in the area, as well as residents in nearby communities. Scenario 1 results in slightly higher projections of growth for the retail sector, given that these Scenarios tie to the projections for higher population growth.

- The projections for residential units in the community tie to the projections for numbers of households in Valley Center. The household projections tie to the population projections for the community. The projections assume Valley Center will continue with the same household size over the next twenty years as it has in 2019 (an assumption of around 3.0 people per housing unit). While an aging population in the Valley Center CPA may result in a greater share of households with two or fewer residents, the rising cost of housing in the region may result in the formation of larger households (between different adults), in an effort to share on living costs. The projections assume that, given the lack of significant new areas of lands available for larger lot residential development in Valley Center and the high cost of land in this part of San Diego County, residential development in the area will become more balanced than historic trends, with regard to the mixture of single family detached versus single family attached and multi-family units. The projections assume a mixture of 65 percent single family detached, 20 percent single family attached, and 15 percent multi-family units in Valley Center, going forward. This ratio of different residential unit types is more typical of the average community in the United States, as opposed to the pattern of residential development that occurred in Valley Center over the last 30 to 40 years. Whereas Valley Center had a great deal of larger land holdings available for subdividing into almost entirely single family detached homes 30 or 40 years ago, today the most likely areas for development or redevelopment are smaller parcels, located closer to the main corridors in the Valley Center CPA, including Valley Center Road and other arterial roads. The need in the local market to provide different types of housing for residents in the area and to serve changing needs may lead to a greater focus on single family attached and multi-family housing development in Valley Center. As residents in the Baby Boomer generation continue to age, their demand for single-story, lower maintenance homes, often found in single family attached neighborhoods (including townhomes or similar types of homes) will increase. Similarly, as the market attempts to provide more affordable housing units to serve residents in Valley Center and the surrounding area, demand for smaller, and therefore more affordable, attached housing units should increase. Demand for multi-family units will also increase as residents seek more affordable housing options.

Overall Conclusions: Forecasts for Demand

While the projects currently in the various stages of approval in Valley Center would, at full build-out, result in over 300,000 square feet of additional retail space in Valley Center over the next 20 years, the projections outlined for Scenarios 1, 2, and 3 reflect potential demand of much less space, ranging from 90,000 to 105,000 square feet. Even with additional residential growth, the Valley Center area appears to potentially have too much retail approved for development. Despite the known leakage of retail spending to outside areas, the area may be planned for an excess of retail. This conclusion aligns with discussions with local developers, who indicate that the only way that the Valley Center area could significantly increase the demand for retail space would be to add even higher levels of residential development in the area. Most of the projects in various stages of approval, along Valley Center Road, comprise commercial space only, and do not integrate residential uses within their development programs. An increase in the number of residential units in Valley Center would result in demands for additional retail uses. Trade areas with larger populations are more likely to attract various national retailers, for example, that have varying metrics regarding the thresholds for population that each store requires. It appears, for example, that Valley Center could support a full-service grocery store in the near future. The Liberty Bell Plaza project, if constructed, would include a new Von's grocery store and would likely absorb the demand for large grocery stores in Valley Center over the next two decades, considering the existing smaller grocery options. Supporting more than one large grocery store may require more significant residential growth and associated population growth than may be realistic in Valley Center over the next 20 years.

The projections for demand, for both Scenarios, anticipate noticeable growth in commercial space for non-retail uses, including various types of office and light industrial space, due to the overall projection of increased employment in Valley Center over the next 20 years. The analysis projects that various smaller companies and operations could locate or expand operations in Valley Center, given its relative proximity to Escondido and the rest of the northern portion of the San Diego metropolitan area.

As mentioned previously, the demand analysis assumes that a greater portion of residential development may occur in single family attached and multi-family units, as opposed to single family detached units. The various attached and multi-family units could be developed as part of mixed-use developments, combining commercial and residential uses, in the Valley Center area.

Potential Development Concepts

Given the orientation of the Valley Center CPA and the projected growth in various demographic factors, the following represent potentially viable development concepts that could tie with the overall projected demand by land use type in Valley Center over the next 20 years.

Mixed Use Village Development

The potential exists to develop a mixture of residential land uses (including attached products and apartment units, primarily, as well as smaller lot detached product) with neighborhood serving retail, including convenience retail, up to perhaps two large groceries, and support retail (such as pharmacies, banks, etc.) in the Valley Center area. A good deal of the demand in the area has already been approved or is under discretionary review as part of projects identified in the table earlier in the report. However, in order to generate the greatest retail and business potential, it may make sense to re-designate underperforming properties with the Village Core Mixed Use designation, integrating more residential units along with various commercial units. In addition, creating mixed use villages would align with the overarching vision in San Diego County to create a series of villages in the unincorporated portions of the County.

Agri-Tourism Development

Given the passage of travelers to the casinos and to the high desert through the Valley Center area, potential exists to further develop the agri-tourism element of development in Valley Center. A mixed use development, for instance, could integrate a food hall or farmers market with other land uses to more prominently market the goods and services of agricultural-related businesses in the valley. This kind of development would bring the agricultural heritage of Valley Center into focus and help market the agri-tourism element as part of something new and exciting, where more people gather, as opposed to the traditional practice of operating numerous roadside stands. The agri-tourism elements would also serve as amenities potentially for mixed use developments in the Valley Center area. As mentioned previously, the key in this development strategy is to offer experiences and goods that are unique, that people cannot obtain in other parts of San Diego County. If the Valley Center area offers fairly standard offerings in the agri-tourism sector, people are more likely to pass the Valley Center area by, on the way to the casinos or the desert. However, adding more unique agri-tourism offerings can create more of a "critical mass" of agri-business that would attract more pass-through traffic. The Gilroy area in Northern California is an example of an area with a critical mass of farm stands and related businesses that leverage the area's agricultural heritage to attract agricultural tourism from around the state. Furthermore, mixed use development in the Valley Center could adopt agriculture as a key theme or organizing principle, as has been demonstrated in a series of "agri-hoods" across the country in recent years.

The I-15 Corridor

While the majority of activity and demand for various types of real estate logically orients along the main route through the area (Valley Center Road), the Valley Center area does have a limited frontage along I-15 to the west, to the north of the Lawrence Welk community. The frontages along I-15 would normally represent good locations for additional residential development (including smaller lot or apartment units), or for tourism or agri-tourism related businesses, rather than for the self storage units that currently occupy this area. Given the significant traffic along I-15 and the commute patterns along I-15 between San Diego and Temecula, the corridor would logically support additional businesses and residential development. However, the current zoning of the areas along I-15 reflects the high prevalence of significant constraints to development, including steep slopes, floodplains, and sensitive habitats. Given the presence of these constraints, the areas along I-15 do not provide notable areas for new development in the Valley Center CPA.

A Focus on Residential Development

As mentioned previously, the Valley Center area appears that it would be "over retailed" if all of the projects on the drawing board that contain commercial space were to come to fruition. The area simply needs more residences in order to support retail demand, and cannot rely solely on tourism traffic as the basis for retail development and viability. While retail analyses may integrate demand assumptions tied to pass-through traffic or spending by visitors to an area, the addition of more households to the Valley Center would have a notable impact on retail demand in the CPA. Residential development in Valley Center could focus in the following areas:

Affordable Housing – A number of brokers noted the need for affordable or attainable housing for people who work in Valley Center and surrounding areas, such as Pauma Valley, in this part of San Diego County. Most casino workers currently commute from Escondido and other towns in San Diego County. Developing affordable housing units in Valley Center could help provide housing for employees in the agricultural and entertainment sectors, in particular, and could help alleviate the housing crisis in this part of the County. Given the regional projections for growth in Escondido and this portion of the County, the need and demand for affordable housing clearly exists. Many developers in the Valley Center area have noted that the very high costs of construction in San Diego County make it very difficult to feasibly construct affordable housing. Incentives, subsidies, and other strategies should be explored to help provide more affordable housing units in the Valley Center CPA and throughout the unincorporated areas of San Diego County.

Senior Housing – The leading edge of the Baby Boomer generation is now approaching age 75, and observers nationally have noted that more seniors are tending to "age in place" as much as they can. This phenomenon is partially the result of the housing market in recent years, which has been so strong in San Diego and many other markets in California that people have been hesitant to sell their homes, since the supply of available homes, especially housing geared to seniors, is relatively limited. Demand for homes geared to seniors should continue to rise as the large Boomer demographic group ages toward 80 and beyond. As Baby Boomers continue to face more issues with mobility, demand for single level living will continue to increase. Demand for single level and smaller townhomes or patio homes would do very well in Valley Center. The area could also support other elements of senior housing, including assisted living and related services.

Smaller Lot Attached or Detached Housing – Given the cost of land and the need to deliver more units that have somewhat lower price points, residential demand in the Valley Center area would be strongest for units that had somewhat smaller lots, perhaps as part of mixed use developments in the Valley Center area. Demand will remain strong for larger lot homes in the Valley Center area, but from an absorption perspective, smaller lot housing would gain faster acceptance in the local market.

Apartments – Demand for multi-family units will continue to grow as the need for more attainable housing continues to grow, for younger families and employees in the area. A portion of apartments could be marketed as part of affordable housing initiatives and goals. Developers in the area have noted[30] that while demand for apartments does exist in the Valley Center area, the significant costs of development make it more difficult to deliver market-rate apartment units to the market, geared to middle income households. In many cases, subsidies or incentives would be needed to make apartment development viable in the market.

[30] Discussions with developers in the Valley Center area in December 2019.

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