California State Polytechnic University

LANTERMAN DEVELOPMENT CENTER

DUE DILIGENCE REPORT

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CAL POLY POMONA

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Due Diligence

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B1. Site Analysis

Context

Regional Context

The approximately 300-acre parcel of land formerly known as the Lanterman Development Center ("LDC" or "site") is located approximately one mile from the main campus of California State Polytechnic University, Pomona ("Cal Poly Pomona" or "CPP"). Formerly operating as a residential healthcare facility for the mentally disabled, the Lanterman Development Center site contains 131 buildings and structures, totaling over one million square feet. The Center ceased operation in 2015 and Cal Poly acquired Lanterman from the State of California.

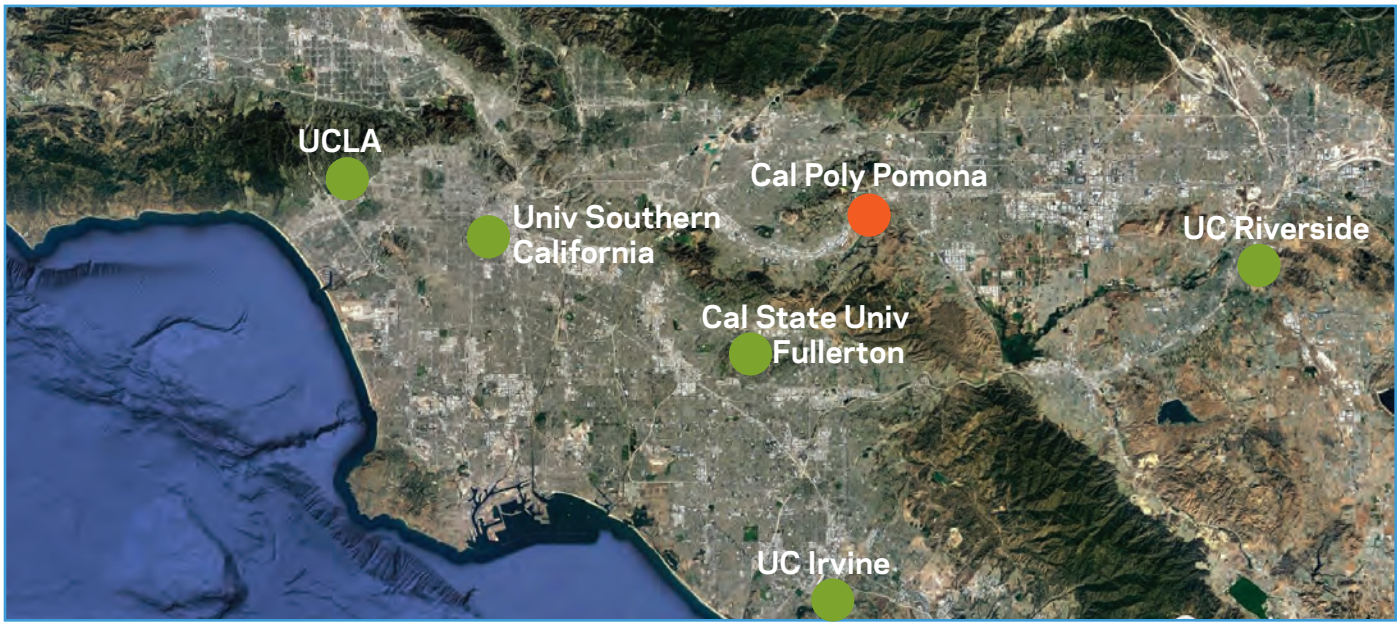
Cal Poly Pomona is affiliated with the California State University System and located within a regional context of neighboring colleges and universities (see "Figure 1.6 Regional Context" on page 6).

- Located 25 miles east of Los Angeles via Interstate 10
- Will be served by Metro's Gold Line Foothill Extension to the north and existing Metrolink service via the Pomona North and Downtown Pomona stations
- Ontario International Airport is 15 miles east, Los Angeles International Airport located 40 miles west, and Bob Hope Airport in Burbank
- The California State Fairplex Exposition Complex is located an additional 4 miles east, along Interstate 10
- Mt. San Antonio College is 1.5 miles west, University of California Riverside is 30 miles east, and California State University Fullerton is 15 miles south

Cal Poly Pomona Campus Connections

The Lanterman site, when revitalized, could become a meaningful resource to students within the Southern California University system and the faculty and alumni who serve them. The Lanterman site could also function as a resource to students of many higher education institutions within Southern California including nearby California State University, Fullerton; University of California, Riverside; and Mt. San Antonio College.

Figure 1.6 Regional Context



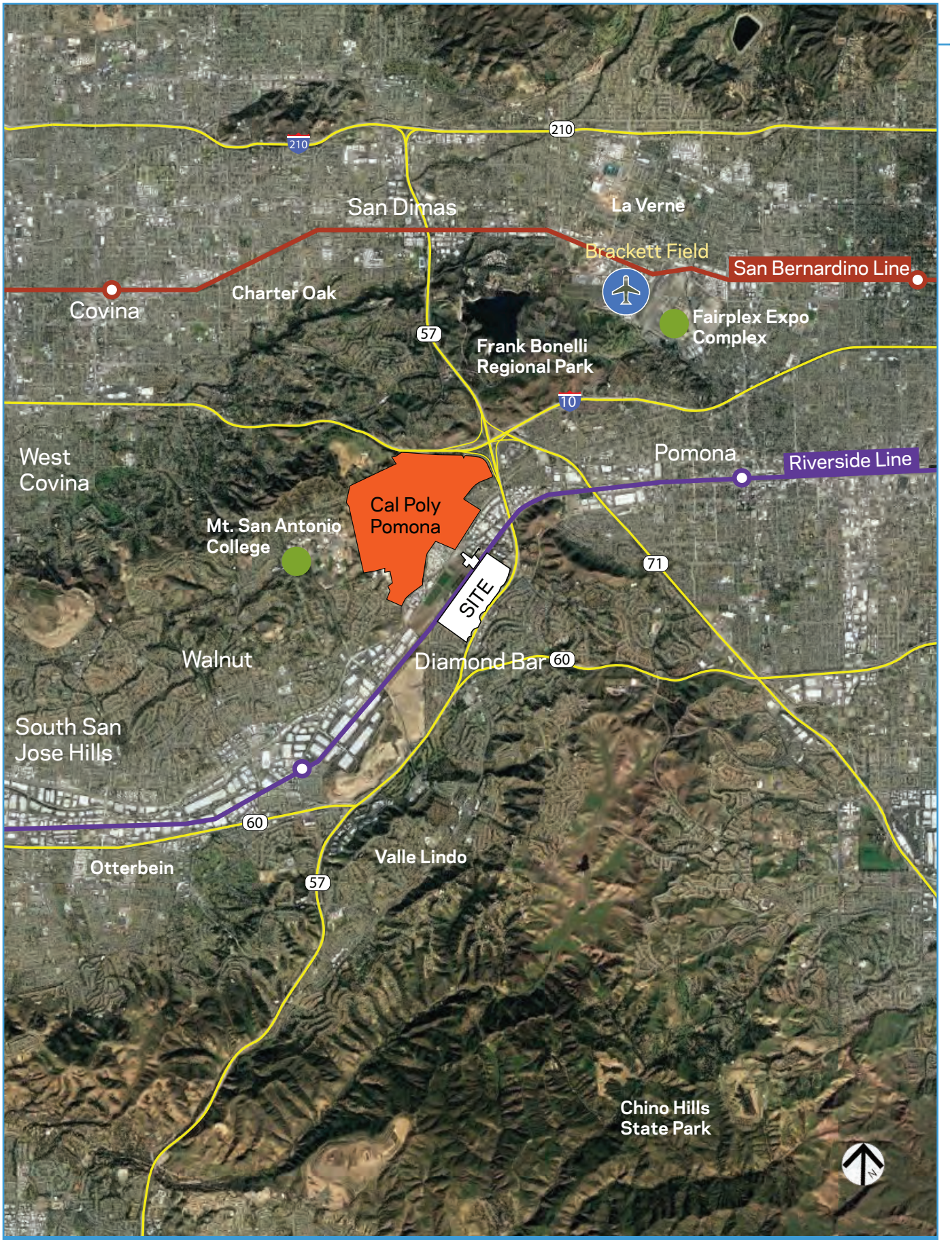


Figure 1.7 Cal Poly Pomona and Lanterman Development Center Location

B1. Site Analysis

Context

Surrounding Context

The Lanterman site is located between CA-57N, W Temple Ave, and Pomona Blvd in Pomona, California and generally bounded by an existing Union Pacific Rail Road ("UPRR") right of way, the single family neighborhood of Diamond Bar (Happy Hollow Road) to the south. Tucked behind a largely light industrial swath of land alongside both sides of Valley Boulevard, the site encompasses approximately 300-acres and retails a strong sense of time and place from the period between 1920 to 1961, when it was used as the Pacific Colony Hospital.

Surrounding Roads & Access Points

Access to the LDC site is currently provided via two main access points: the westerly State Street access point at Pomona Boulevard and the easterly State Street access point at Diamond Bar Boulevard. Pomona Boulevard also provides local access to the Spadra Farm. State Street is currently closed to through traffic, however, it will ultimately be opened for public travel with the potential redevelopment of the LDC site. From the Pomona Boulevard/State Street intersection, a broad median design provides separation of eastbound and westbound traffic flows and reflects a strong linear orientation. An undercrossing of the existing UPRR right-of-way/train tracks exists and the tracks serve as a formal separation between the Spadra Farm and LDC sites. This UPRR right-of-way currently provides Metrolink, Amtrak and freight rail service, but no train station is presently provided near the LDC site. Near the east end of State Street, just west of Diamond Bar Boulevard, the roadway transitions from a bridge structure above SR-57 to an at-grade intersection at its connection with Diamond Bar Boulevard (see"Figure 1.23 Existing Road Network" on page 29). Within the site, State Street serves as a connection to the internal curvilinear roadway system of the former mental health hospital site.

Transit & Proximity

Addressed at 3530 Pomona Boulevard, Pomona, CA, the site is 5 miles west of downtown Pomona, CA. The site is currently lightly served by several bus transit lines and a University shuttle system (free for students, faculty and staff). A proposed Metro Gold Line Foothill Extension is planned in North Pomona, CA. Further discussion of the existing transit system is found within the "Bus and Rail" on page 32.

Surrounding Neighborhoods and Land Uses

Neighborhoods and Uses:

- Spadra Farm, which is not addressed in this study, is an approximately 150-acre parcel to the west of the Metrolink rail line and the Lanterman site that serves as an educational resource for CPP Agriculture students. It is accessed largely by Pomona Boulevard.
- North of the site are two retail strip shopping centers and the Los Angeles County Fire Department Station 187 along W Temple Avenue.
- South of the site is a single family neighborhood with a small recreation ball field.
- East of the site is State Route 57 Orange Freeway
- The eastern site entry (currently closed) is accessed via Highland Valley Road through the commercial I retail district of the Diamond Bar neighborhood.
- The site's western entry off of Pomona Boulevard via State Street is bookended by a triangularly shaped parcel with a Transit Oriented District, Neighborhood designation, signifying the City of Pomona's interest in redevelopment of the surrounding parcels.

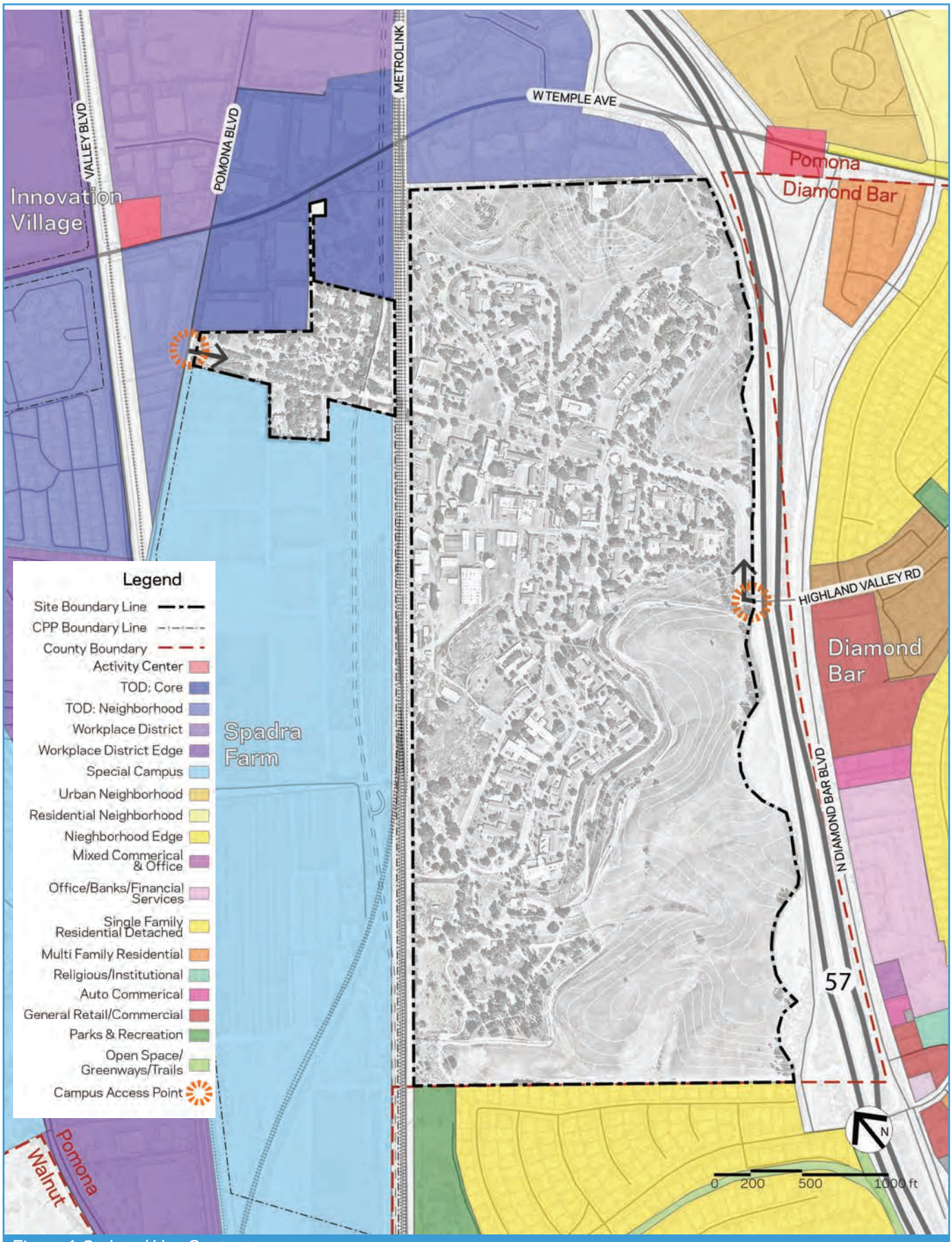


Figure 1.8 Land Use Context

Note: Source for parcels provided by City of Pomona GIS and the City of Diamond Bar's General Plan

B1. Site Analysis

Existing Site Conditions

Introduction

The following Existing Conditions Analysis for the LDC campus summarizes the existing available record data information for the surrounding areas:

- Parcel data
- Site Climate Information, including dry bulb temp, degree days, precipitation, wind and solar analysis
- Environmental Context, including topography, steep slopes, seismic activity, fault lines, liquefaction zones, flood hazards, natural areas, existing trees, native and naturalized plants, and sensitive species
- Existing Open Space including the naturalistic site plan, active recreational uses on campus and contributing resource landscapes
- Transportation including primary access roadways, the local road network, freeways, transit, and existing local bicycle routes, on-site parking, and traffic operations and level of service
- Building Assessment with an existing building inventory
- Pacific Colony Hospital Historic District analysis including existing regulatory requirements, legislative overlay and pending NEPA and further historic due diligence
- Net Developable Area analysis

This base site analysis information is interpreted and summarized in the "Opportunities and Constraints" section on page 54.

Parcel

The information provided for the site was based on data provided by Cal Poly Pomona University, local agency records, and the public GIS database for the Pomona region.

Site Definition

The Lanterman Development Center is approximately 300 acres of land just west of State Route 57 Orange Freeway, south of W Temple Ave, east of Pomona Blvd, and north of Happy Hollow Road (See "Figure 1.9 Parcel Map").

A title report for the property will need to be provided to identify all existing easements, deeds and other recorded information for the site.

Site Plan

A PDF site map for the Lanterman site was prepared in July 2012 by Juan Baires-Adair. It is included as an exhibit in the Appendix ("Figure E.1 General Site Plan" on page E2.03) .

An aerial image as underlay was pulled from Nearmap, Ltd at http://go.nearmap.com/ in January 2017.

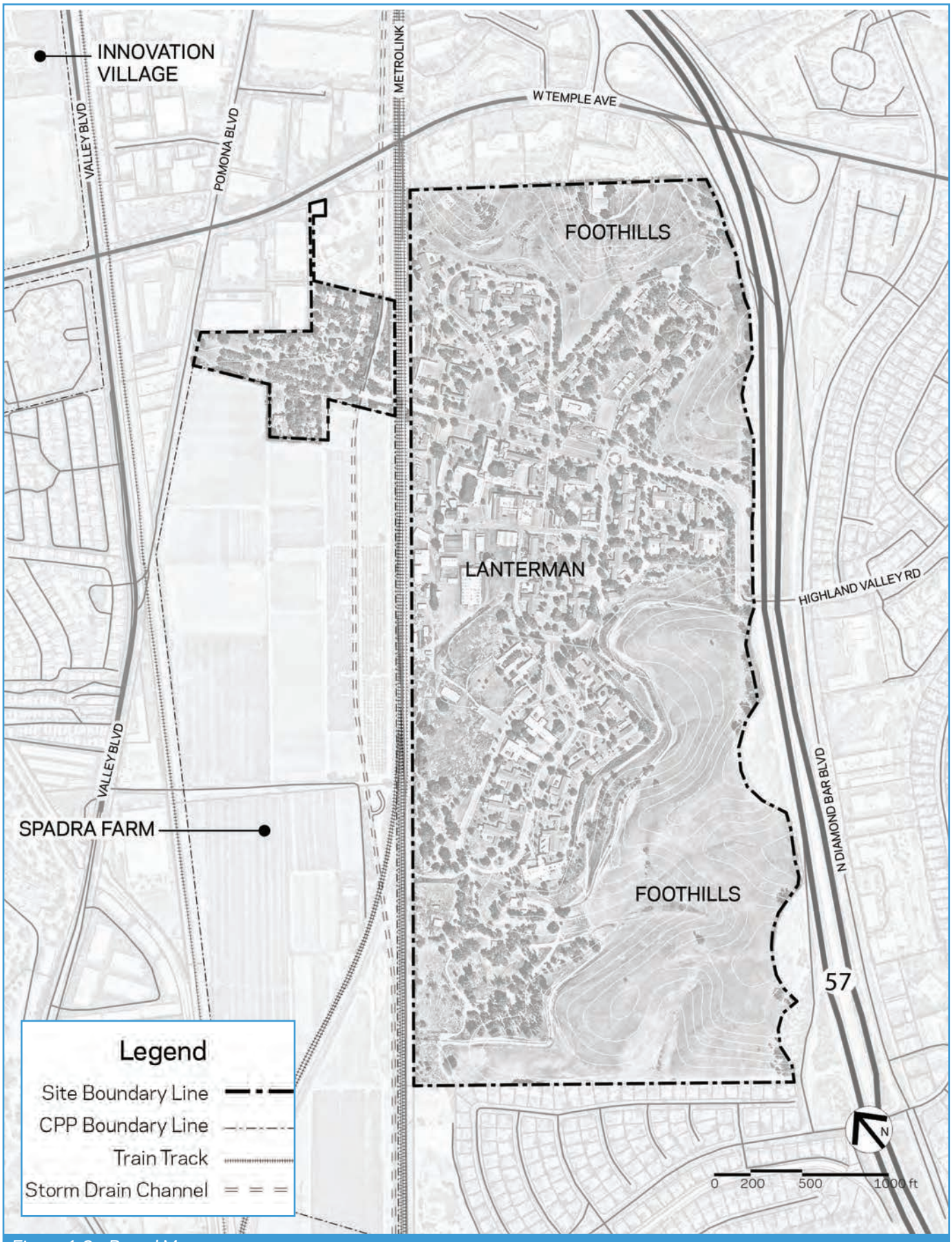


Figure 1.9 Parcel Map

Note: Source for parcels provided by City of Pomona GIS.

B1. Site Analysis

Climate Analysis

Site Climate Information

Responsive site design takes into consideration the path of the sun, the rush of the wind, and the flow of water across the campus. The following factors were taken into consideration during the climate analysis of the site.

Dry Bulb Temperatures

The site is located in the warm-dry climate zone characterized by hot temperatures the majority of the year, with desert cold temperatures possible at night and precipitation falling in cooler months. Average temperatures are in the low 70s Fahrenheit. (See "Figure 1.13 Dry Bulb Temperature" on page 15)

Degree Days

Degree days are designed to reflect the demand for energy needed to heat or cool a building. It is derived from a measurement of the outside temperature, per hour, which is subtracted from a mean temperature of 65 degrees Fahrenheit. The resulting positive or negative number reflects the number of heating or cooling days a building requires. Pomona, CA has significantly more cooling degree days (4,987) than heating degree days (1,441). As a result, buildings require cooling more often than heating. ("Figure 1.14 Degree Days" on page 15)

Solar Orientation

Optimum site orientation provides maximum winter solar collection as well as maximum summer solar protection, which helps to extend the typically moderate temperatures further into the day. The optimum solar orientation is 19 degrees from north toward the east. (See "Figure 1.11 LDC Optimal Solar Orientation" on page 13)

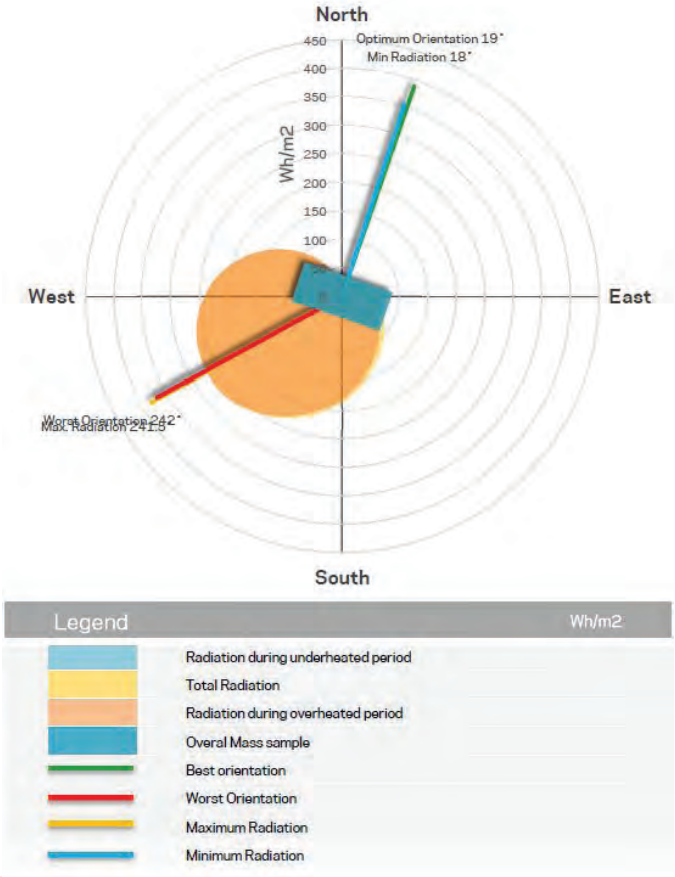
Wind

Summers are hot and dry, and infrequently stirred by gentle winds (4% of the time). Winters are more likely to have light winds, though this is only 13% of the time. These offshore winds bring some humidity, winds from the Santa Ana mountain range may bring unwanted heat and dust. (See "Figure 1.12 LDC Natural Ventilation (NV) Potential Wind Rose" on page 14)

Precipitation

Most rain falls during warm, mild winters. Pomona, CA receives little rainfall, and most of it occurs in January, February, and March. The summer months receive almost no rainfall, which can be particularly problematic during periods of drought. (See "Figure 1.16 Precipitation and Relative Humidity" on page 15)

Figure 1.10 Solar Orientation



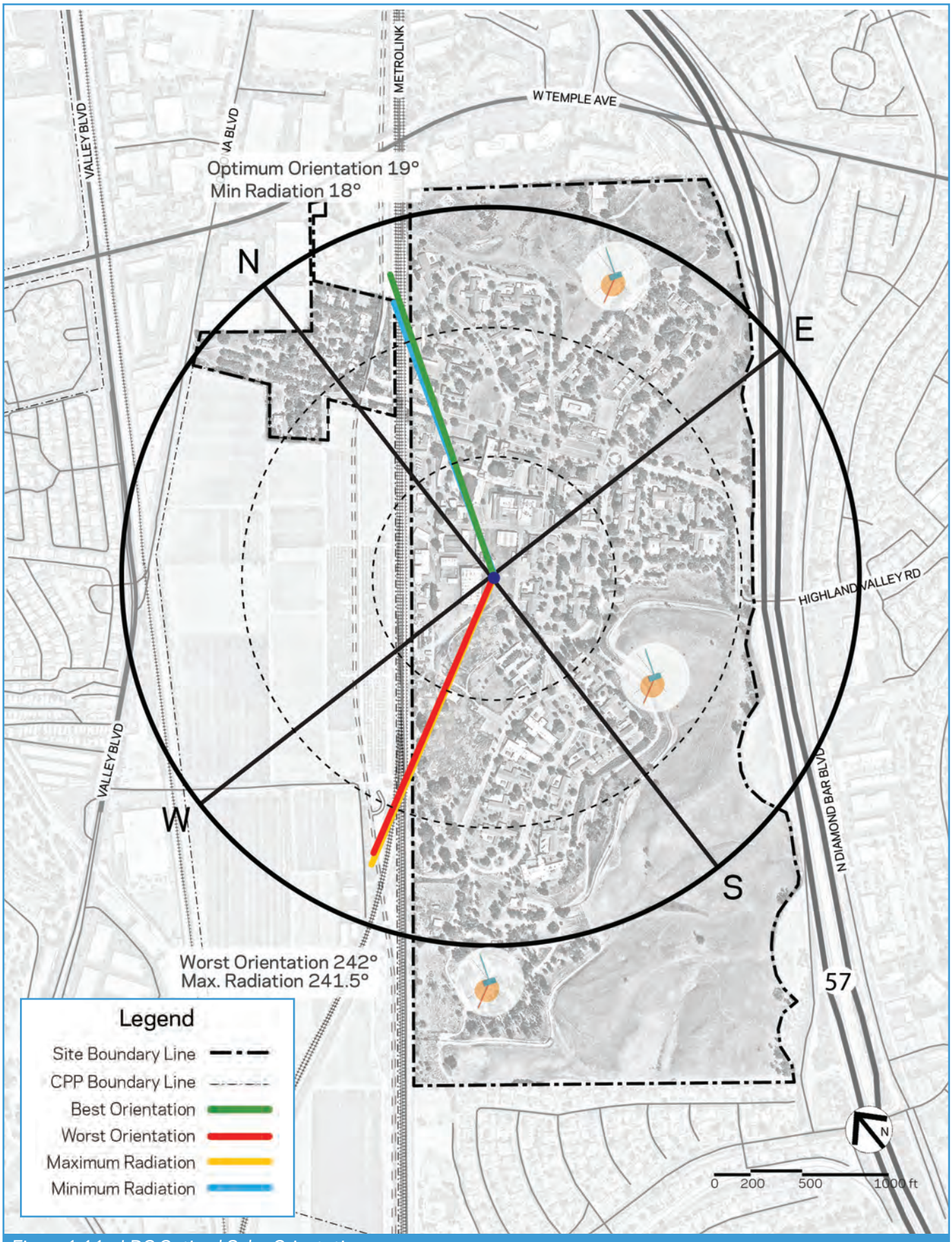


Figure 1.11 LDC Optimal Solar Orientation

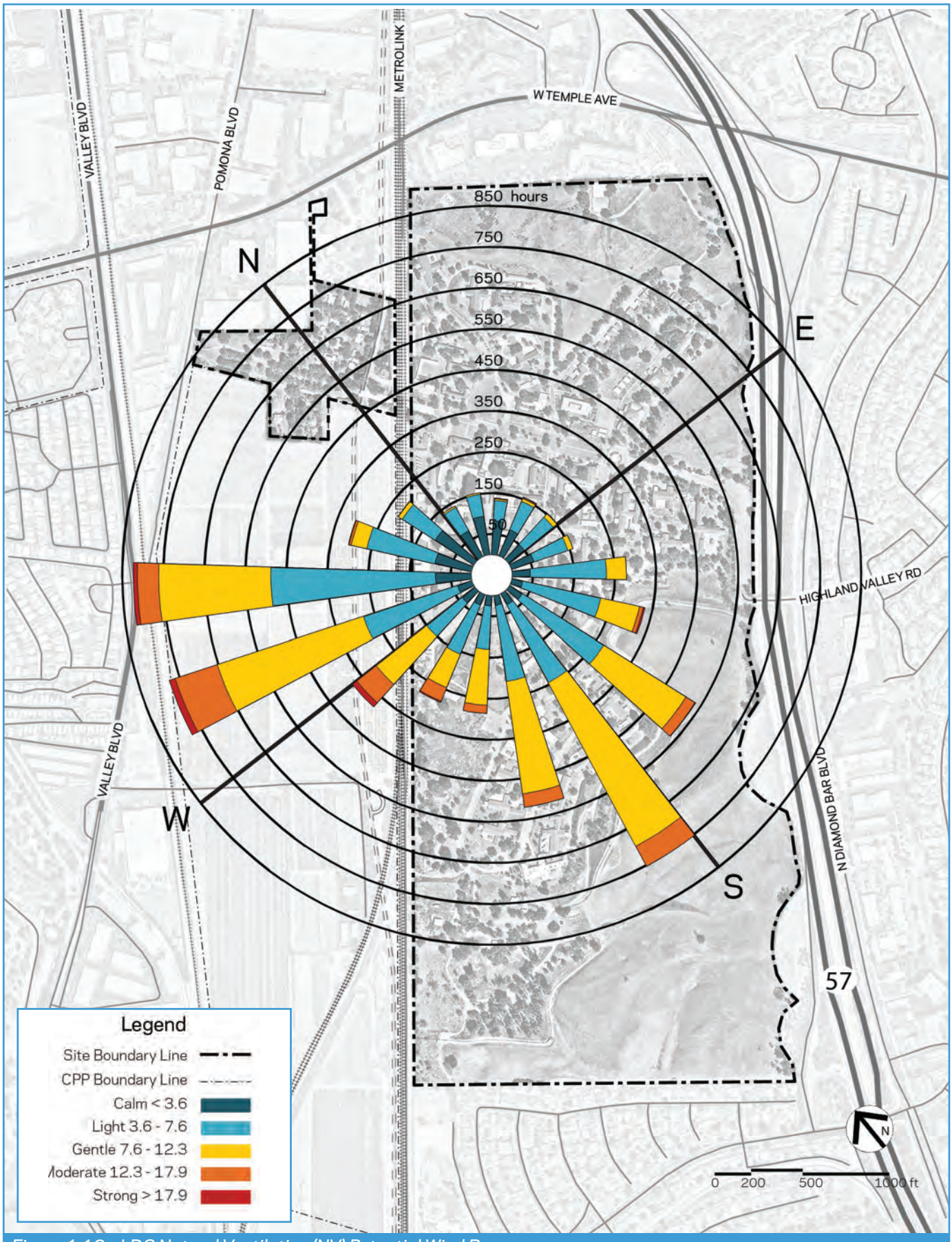


Figure 1.12 LDC Natural Ventilation (NV) Potential Wind Rose

B1. Site Analysis

Climate Analysis

Figure 1.13 Dry Bulb Temperature

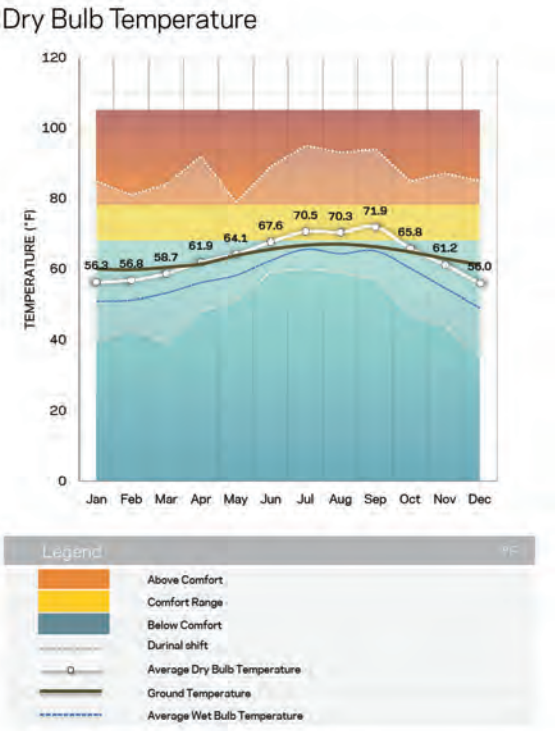


Figure 1.14 Degree Days

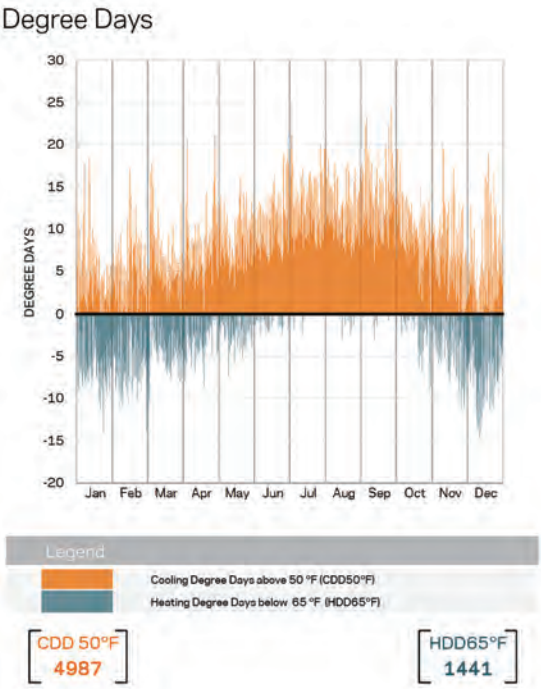
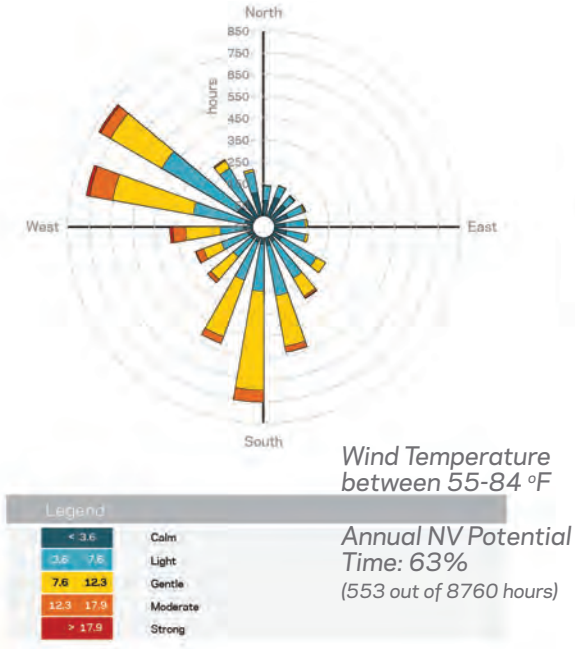


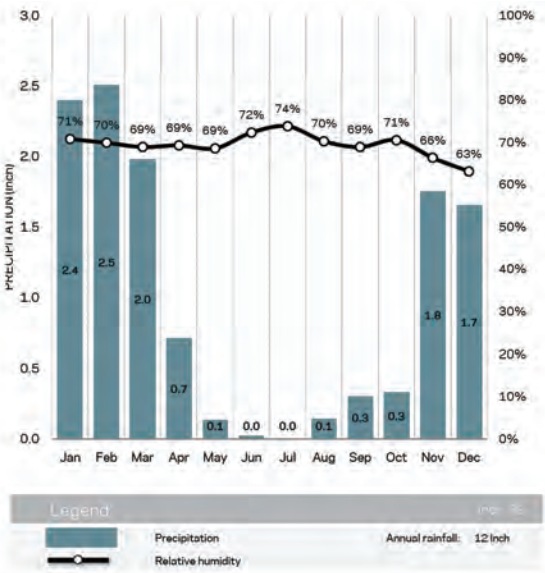
Figure 1.15 Natural Ventilation (NV) Potential Wind Rose



Wind Temperature between 55-84 °F

Annual NV Potential Time: 63%
(553 out of 8760 hours)

Figure 1.16 Precipitation and Relative Humidity



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B1. Site Analysis

Topography

Topography

The site is situated within the Peninsular Ranges Geomorphic Province in Southern California. Geologic structures within this Province trend mostly northwest, in contrast to the prevailing east-west trend in the neighboring Transverse Ranges Geomorphic Province to the north. The Peninsular Range Province extends into lower California, and is bounded by the Colorado Desert to the east, the Pacific Ocean to the west and the San Gabriel and San Bernardino mountains to the north. Surficial geologic units mapped at the site consists of Alluvium deposits of recent Quaternary age in the western and northern portions of the site. Surficial geologic units mapped at the site consists of marine deposits of Tertiary age in the eastern and southern portions of the site.

The Lanterman site is located at the base of gently sloping foothills of the Chino Hills State Park. Topographically, the site slopes from high on the southwest and north east to low in the northwest, from CA-57N to the Metrolink rail line. Elevations range from approximately 860 - 820 feet above mean sea level (MSL) to approximately 700 - 680 ft MSL along the rail line. The 16-acre parcel to the northwest of the rail line is largely flat at elevation 700 ft MSL (see "Figure 1.17 Topography").

The site's historic resources largely fall onto the level terrain of the site, which include the loop roads, residential wards, elementary school, hospital and clinic buildings, recreation fields and rustic camp. This portion of the site also accommodates the majority of the campus infrastructure. The site area closest to the rail road tracks have the least amount of elevation change and is primarily industrial in its previous use.

Soils

Using the publicly available data, Terracon's proprietary database of soils information from projects near the proposed project, and their knowledge of general soil and bedrock conditions within the various geologic settings, they developed anticipated soil stratigraphy to a depth of 20 feet for the listed geologic settings at the project area. For the hilly areas of the project site, it is anticipated that dense to very dense materials may be encountered close to the surface.

These conditions in the currently developed portions of the site are expected to consist of the following general profile.

Depth (Feet BGS)	Layer Number	Layer Description (Consistency)	Comments[1]
0 to 2	I	Graded Topsoil	We anticipate the near surface soils have been disturbed when grading was performed on the site for the existing developments
2 to 20	II	Alluvium Soils comprised of sand with variable amounts of silt and clay (Loose to Medium Dense)	Alluvium deposits are in general highly variable.

Table footnote 1.The conditions described have been assigned a confidence level of moderate. See "Exhibit D Confidence Estimate" on page E1.7 for details related to our estimate of confidence.

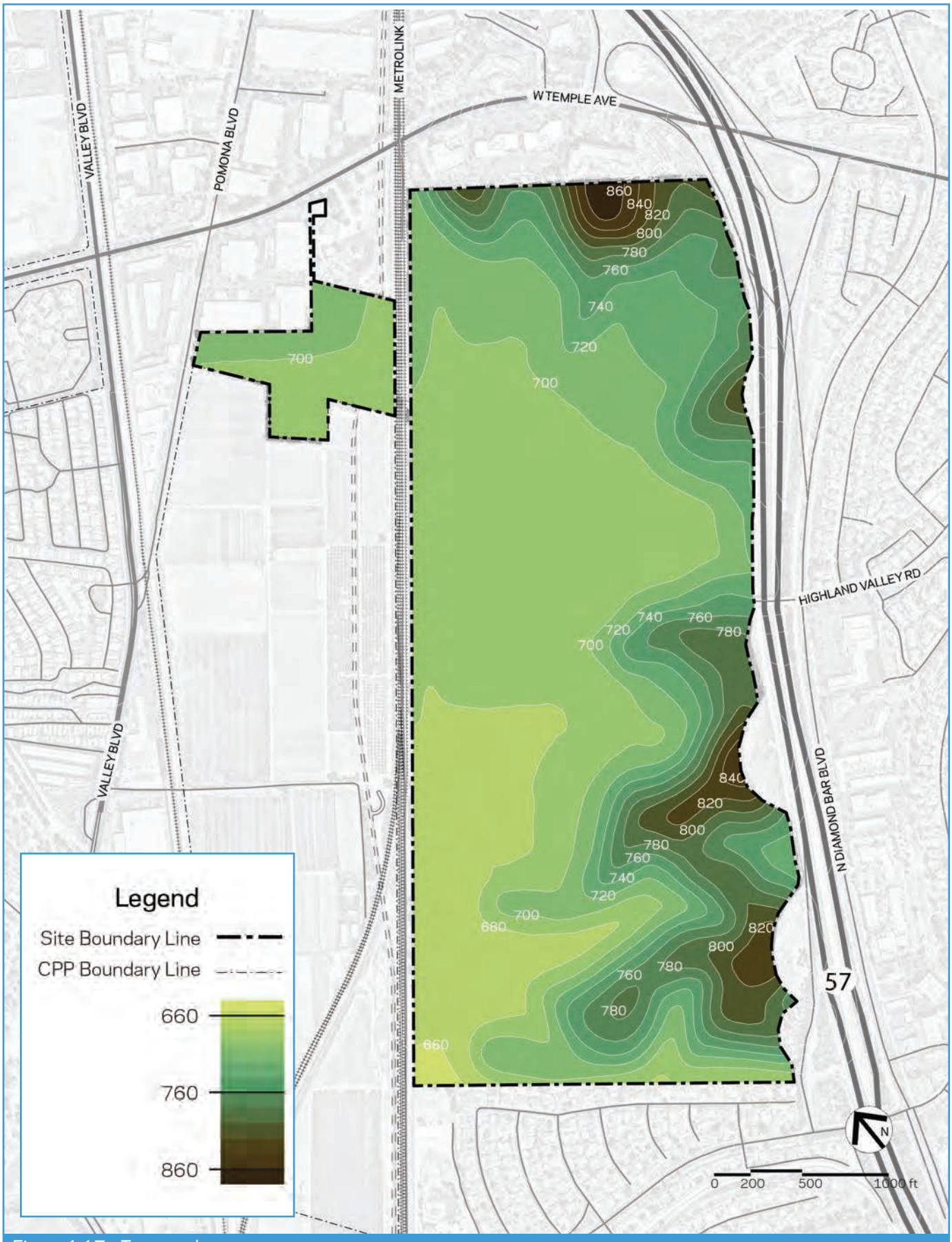

Figure 1.17 Topography

B1. Site Analysis

Topography

Steep Slopes

Steep slopes of up to approximately 120 feet in height descent from the southeastern and northeastern ridges of the foothills significantly impacting areas of potential development.

Zone Description

Zone 1

With hillsides of slopes up to 1:12, the slope is generally stable with minimal natural erosion. Stormwater will sheet flow with minimal velocity. These areas will be the least expensive on which to build.

Zone 2

With hillsides of slopes up to 1:6, these slopes are more susceptible to erosion. Design features such as walls, stepping foundations and ramps are utilized to increase usable area. These areas will be moderately more expensive to build upon.

Zone 3

With hillsides of slopes up to 1:3, these slopes are susceptible to severe erosion and require significant modification to build upon. Flat grading for pad sites is suggested. These areas will be the most expensive on which to grade and build.

This report includes recommendations for construction on slopes in the event that slopes are integrated into the project. Unless otherwise recommended by the geotechnical consultant and approved by regulating agencies, permanent cut-and-fill slopes should not be steeper than 2:1 (horizontal to vertical).

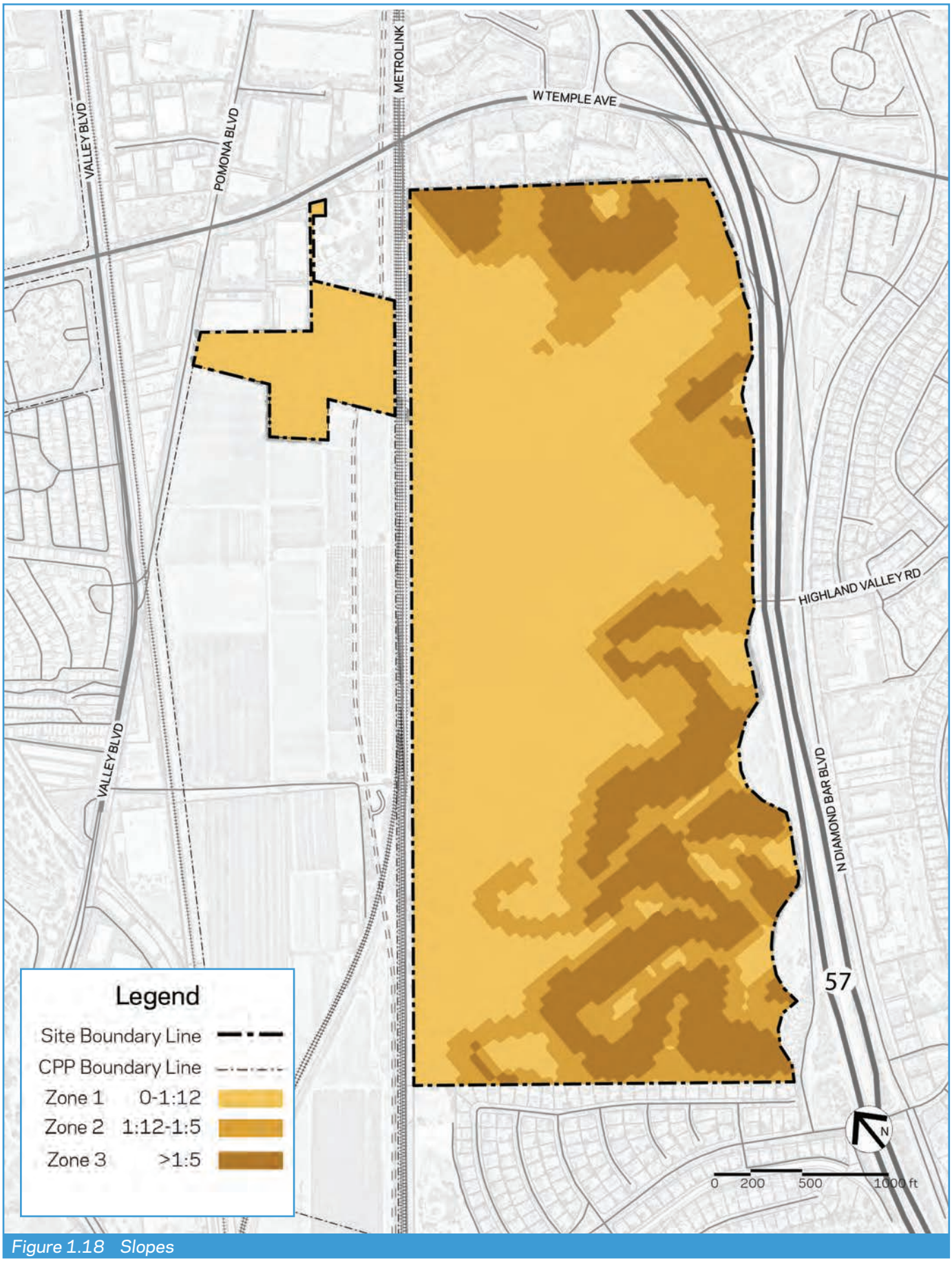

Figure 1.18 Slopes

B1. Site Analysis

Geotechnical Analysis

Expected Geologic Hazards

Slope Stability

The currently developed portions of the site is within a gentle slope area, geologic hazards associated with slope instability may be considered low. Areas of the site to the south and east in the rolling hill areas have 1:12 (8.33%) to 1:6 (16.67%) to 1:3 (33.3%) slopes. These areas have the potential for slope instability and should be considered and assessed during development. Based on aerial imagery there is slight evidence that small soil slips have occurred previously on-site in the hilly areas.

Rock Fall Hazards

Portions of the site are within moderately sloped area, rock fall hazards should be considered and assessed during development

Landslide Hazards

The California Geologic Survey (CGS) has designated certain areas within Southern California as potential landslide hazard zones. The site is not mapped by the CGS for landslide hazards therefore this hazard may be considered low.

Surface Fault Rupture

The site is not located within an Alquist-Priolo Special Study Zone there for surface fault rupture at the site may be considered low.

Fissures

The site is not within an Alquist-Priolo Special Study Zone. Therefore, the expectation of fissures occurring at the site is considered low.

Liquefaction Potential

Liquefaction is a mode of ground failure that results from the generation of high pore water pressures during earthquake ground shaking, causing loss of shear strength. Liquefaction is typically a hazard where loose sandy soils exist below groundwater. The CGS has designated certain areas within Southern California as potential liquefaction hazard zones. These are areas considered at a risk of liquefaction-related ground failure during a seismic event, based upon mapped surficial deposits and the presence of a relatively shallow water table. The project site is located within a liquefaction hazard zone as mapped by the CGS. Therefore liquefaction hazard potential at the site should be evaluated during subsequent geotechnical investigations.

Ground Shaking Potential

The site is not located with an Alquist-Priolo Fault Zone. However, with the active faults in the region, the site could be subjected to strong ground shaking that may result from earthquakes on local to distant sources during the life span of the project.

Seismic Settlement

Based on anticipated subsurface conditions, we anticipate seismic induced settlement of dry and saturated soils at the site should be assessed.

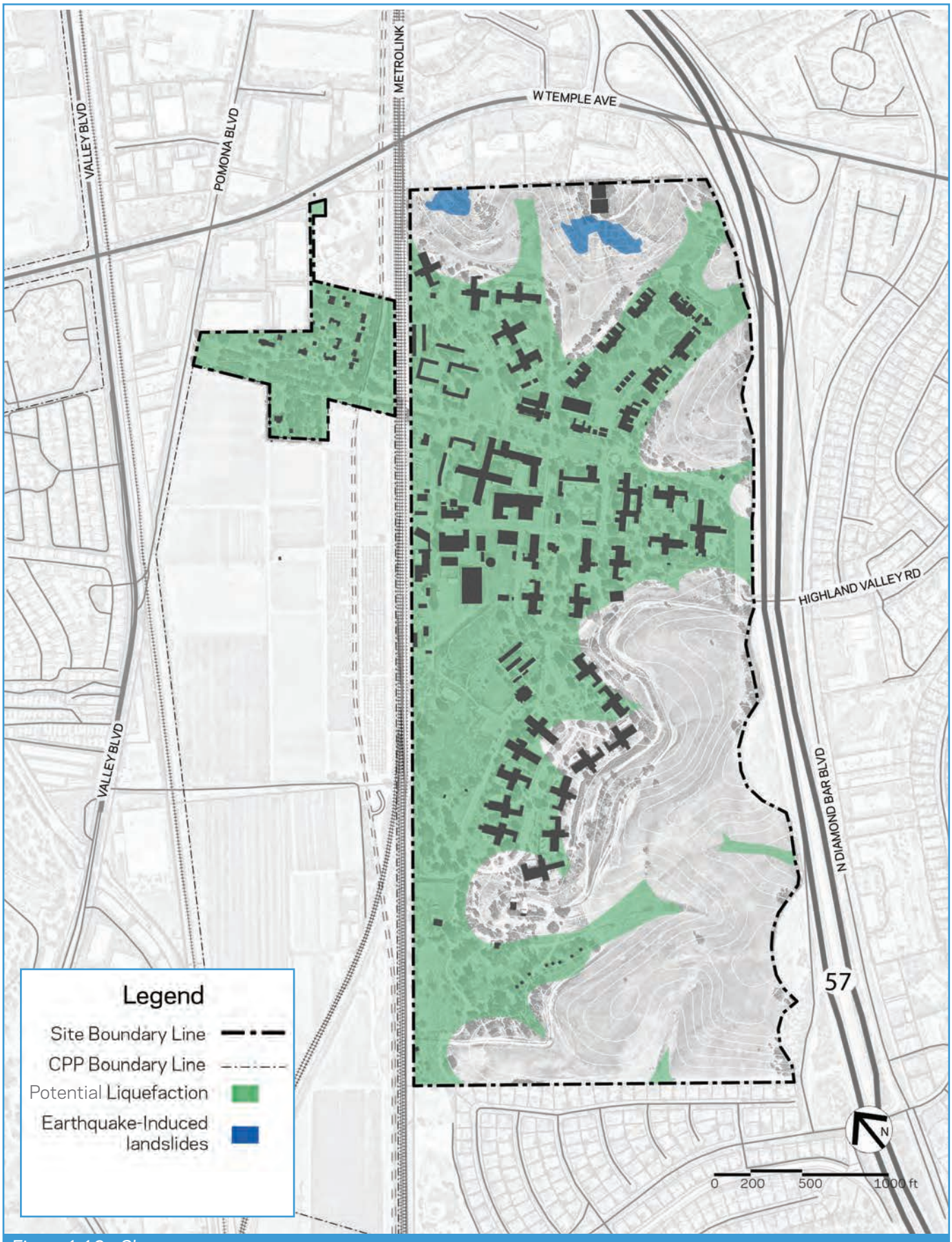

Figure 1.19 Slopes

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B1. Site Analysis

Geotechnical Analysis

Flood Zones

Historical high groundwater depths as published by the California Department of Conservation Division of Mines indicates the highest groundwater levels on site are on the order of 15 to 20 feet below grade. However based on nearby borings and water well information in the area groundwater is anticipated to be deeper than 75 feet.

The site falls in FEMA Flood Zone X, which is defined as an area of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods.

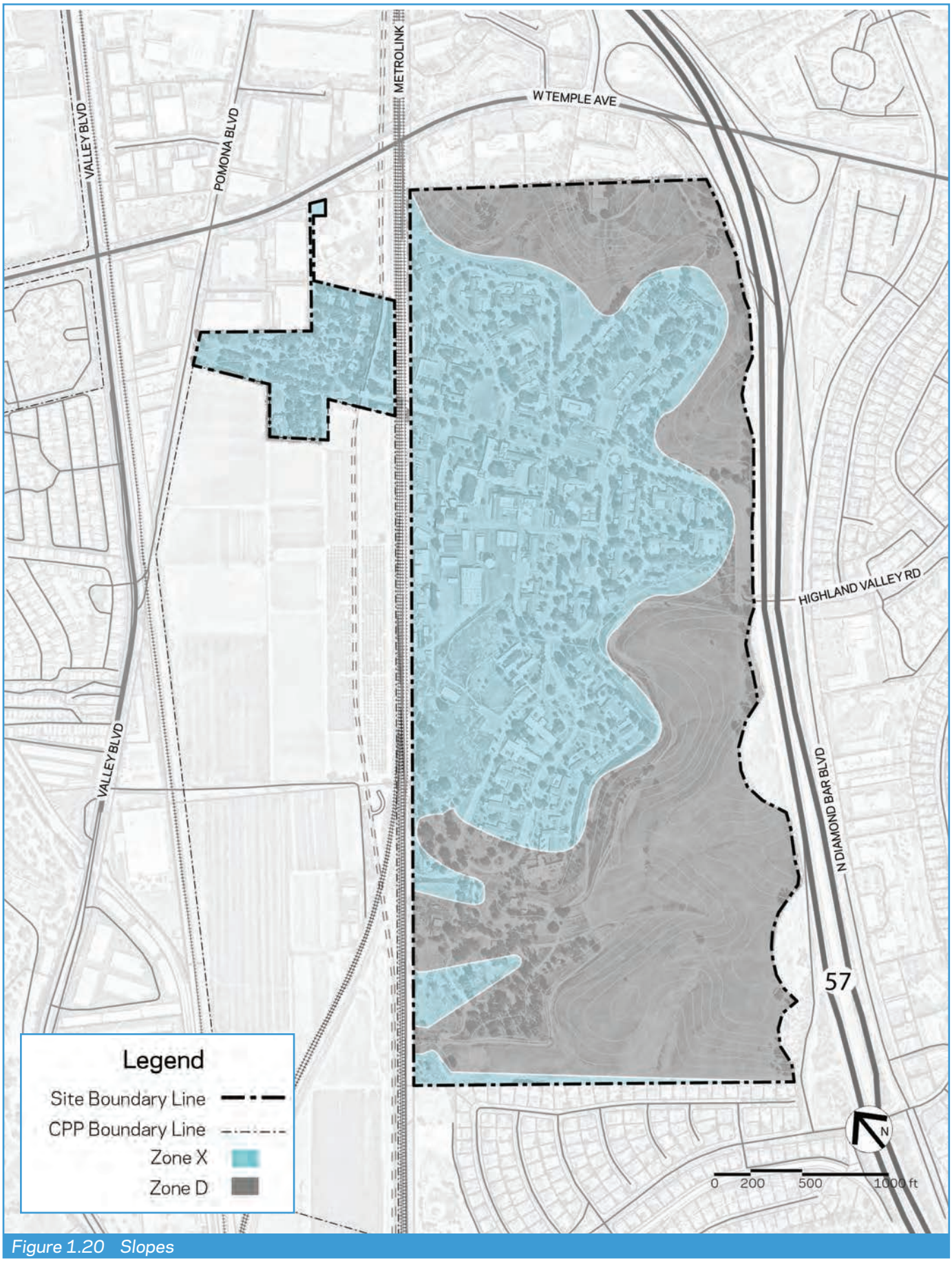

Figure 1.20 Slopes

B1. Site Analysis

Open Space

Environmental Context

The LDC is located on the eastern edge of the San Gabriel Valley, adjacent to CPP. Located in a microclimate identified by Sunset as Thermal Belts Around Southern California's Interior Valleys, this region lacks coastal influence and characterized with very warm summers, summer fog/overcast is common. Summer temperatures can creep into the 100's but are usually in the 80's and 90's. Winter temperatures drop to a chilly 27-30 °F.

Native Plant Materials

Dominated by soft chaparral, a mixture of very diverse soils, from acidic sand on hard pan (manzanita country) to alkaline clays (largely converted to annual weeds). The Coastal Sage Scrub plant community has wildlife and mini-wildlife activity for most of the year. The climate is so mild that there is something flowering every month of the year. The dormant period for the plants is summer through fall when there is no rainfall and the temperatures are higher.

Influenced by the activities of the Pacific Colony State Hospital and agriculture, native landscape remain at the edges of the property, the balance of the site is dominated with a variety of ornamental plant species with some native trees such as the Quercus agrifolia and Platanus racemosa. LDC had a long tradition of maintaining and operating a campground experience for residents. This area remains a rustic counterpoint to the rest if the campus.

Chinese Evergreen Elm line historic State Street

Existing Trees

Methodology

A visual review of the existing LDC Landscape was completed to determine overall aesthetic value of the landscape and if any of the individual trees on the site warrant consideration for preservation or relocation. The visual review of the trees and palms considered general condition, species and overall structure, based on this criteria, the trees were categorized into the following groups:

1. No unique characteristics or prominence warrant preservation
2. Character Defining Landscape Element
3. Trees of prominent stature or impact
4. Trees protected through Los Angeles County or California State Statue.

The locations and species have been reflected in "Figure 1.21 Existing Trees and Character Defining Landscape". The Character Defining Landscape were likely installed during the construction of the adjacent structures. These 'defining landscapes' features reinforce the historic Cottage Plan's open space and site street edge definition.

Protected Trees

There are a number of trees on the site of prominent stature or impact. These specimens will be reviewed during the subsequent phases with consideration in the development of infill development and adaptive reuse.

Additionally there are two tree species protected through Los Angeles County statue. These trees, Quercus agrifolia (Coast Live Oak) and Platanus racemosa (California Sycamore) have been identified on the site ("Figure 1.21 Existing Trees and Character Defining Landscape"). Extra consideration will be taken with these trees and sensitivity to the surrounding context should be considered.

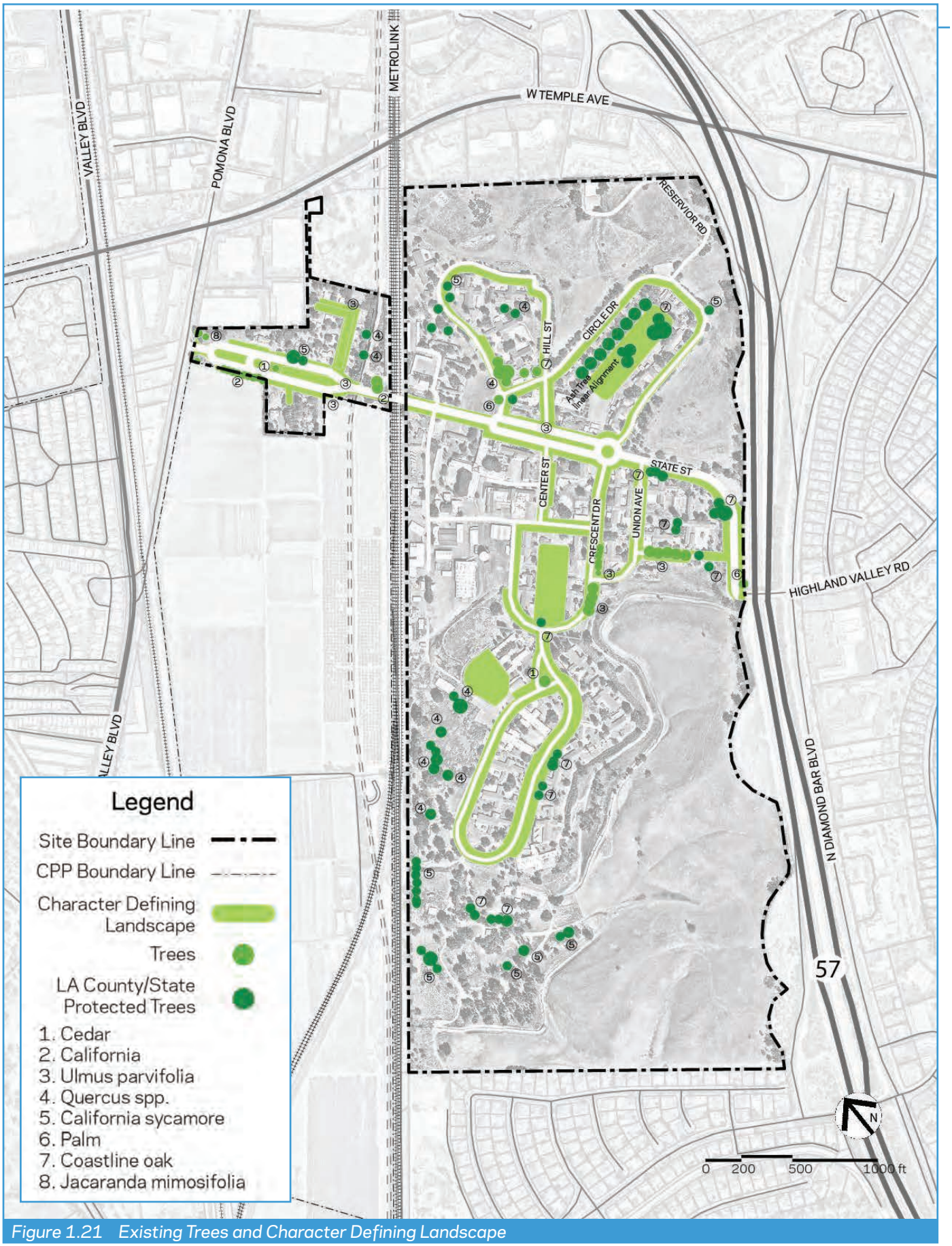

Figure 1.21 Existing Trees and Character Defining Landscape

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B1. Site Analysis

Open Space

Historic Open Space Design

The Pacific Colony State Hospital (Now Lanterman Developmental Center) site plan was inspired by the Cottage Plan Model based on an idea developed by internationally renowned landscape architect Frederick Law Olmsted in collaboration with Dr. John S. Butler. The plan was based on the belief that architecture and environment would remind the residents of home and family and would benefit in the reshaping of behavior.

Historic Cottage Plan

The Cottage Plan is characterized with a curvilinear organizational pattern and encourages social interaction by orienting the buildings around a functional community space.

Additional character-defining features of the cottage plan include multiple small and moderate-sized low-rise buildings dispersed throughout a designed landscape. Strong landscape features which reinforce the pedestrian and 'communal' character of the common space are evident throughout the site (see "Figure 1.22 Existing Open Space"). The buildings commonly respond to existing topography and are often placed in an apparently casual manner with variations in orientation and setback that diminish the sense of centralized control. Site plan avoids strict grids in favor of a "naturalistic" plan with curvilinear paths and streets. Plantings are abundant and may vary throughout the design to create further differentiation.

Architecture aims to be domestic in scale, an effect that can be accomplished, even with large buildings, by the use of horizontally oriented buildings with low-pitched roofs. Numerous wings, while providing fresh air and daylight to the interior spaces, create outdoor spaces such as courtyards and patios. Low-pitched roofs contribute to the overall domestic feel. Because of the ease of expansion, such plans are often developed in phases.

Buildings dispersed throughout a designed landscape

Horizontally oriented buildings with low-pitched roofs

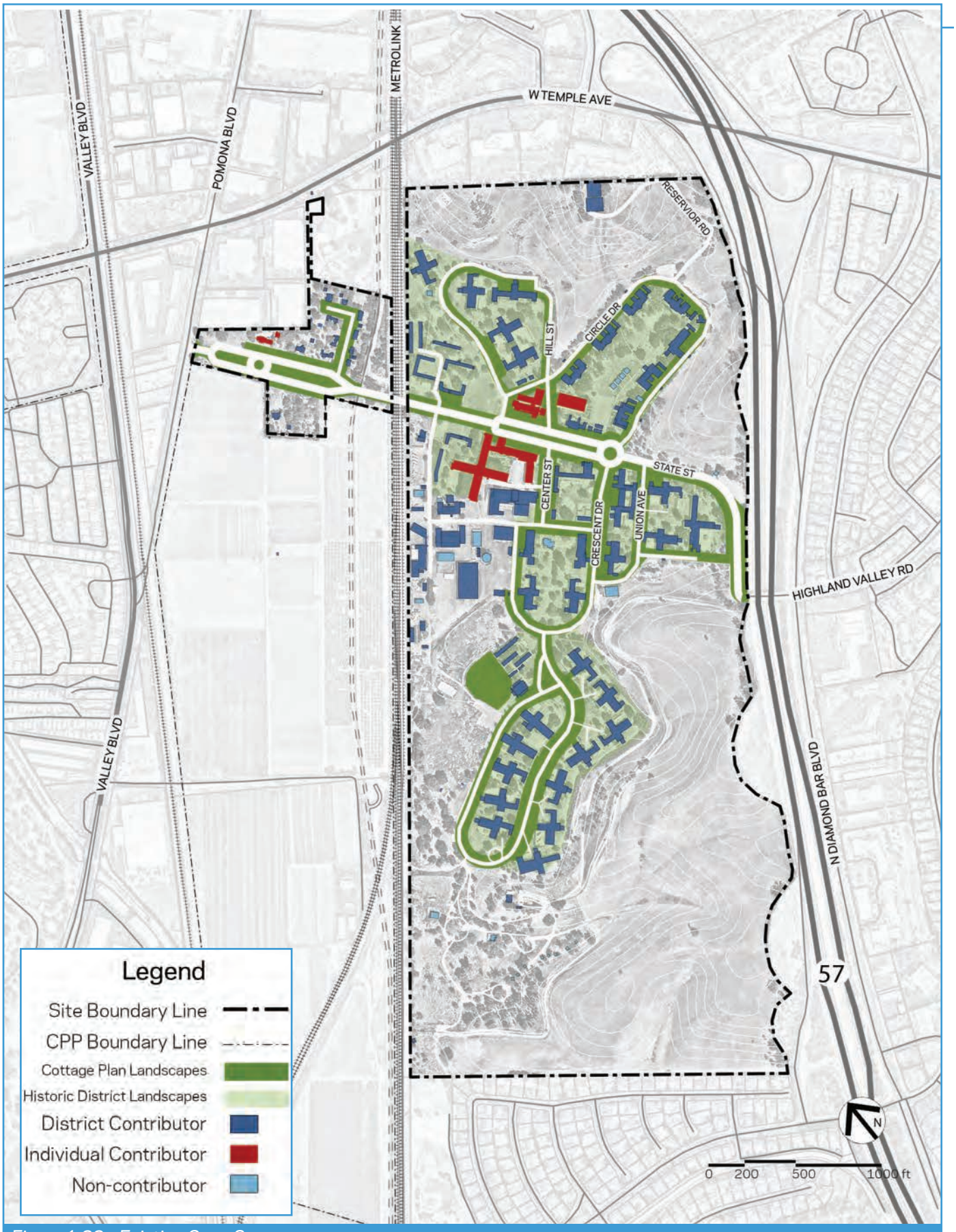

Figure 1.22 Existing Open Space

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B1. Site Analysis

Transportation and Circulation

Primary Roadways

Primary Access Roadways

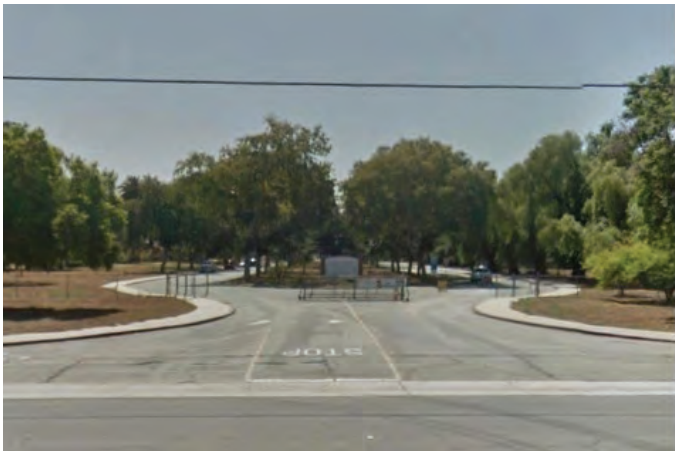
The roadway network surrounding the LDC site consists of a broad regional highway, subregional arterial and local roadway network. The LDC site is bordered by UPRR right-of-way to the west, foothills and existing development to the north and south, and State Route 57 (SR-57 Orange Freeway) to the east. Regional access is provided via Interstate 10 (I-10 San Bernardino Freeway) north of the site, State Route 71 (SR-71 Chino Valley Freeway) which generally runs in the north-south direction east of the site, and State Route 60 (SR-60 Pomona Freeway) which runs in a generally east-west direction in the vicinity. The arterial street system surrounding the site to the east and west generally provides two through travel lanes in each direction (See "Figure 1.23 Existing Road Network").

Existing Local Roadway Network

State Street is a two lane roadway that runs through the LDC site in an east-west direction. To the west, State Street intersects with Pomona Boulevard and to the east it intersects with Diamond Bar Boulevard. As described above, from the Pomona Boulevard/State Street intersection, a broad median design provides separation of eastbound and westbound traffic flows and reflects a strong linear orientation. An undercrossing of the existing UPRR right-of-way/train tracks exists and the tracks serve as a formal separation between the Spadra Farm and Lanterman sites. This UPRR right-of-way currently provides Metrolink, Amtrak and freight rail service, but no train station is presently provided near the LDC site. Near the east end of State Street, just west of Diamond Bar Boulevard, the roadway transitions from a bridge structure above SR-57 to an at-grade intersection at its connection with Diamond Bar Boulevard. Within the site, State Street serves as a connection to the internal curvilinear roadway system associated with the former mental health hospital site. State Street is generally between 20 and 25 miles per hour (MPH).

Pomona Boulevard is a four lane roadway that runs in the north-south direction directly west of the LDC site. This roadway connects Valley Boulevard to Temple Avenue and provides local access to the LDC site. There is generally no parking allowed on either side of the street within the vicinity and adequate roadway width exists to provide a formal southbound left-turn lane at its intersection with State Street. The posted speed

Pomona Boulevard / State Street site entry



Crossing under UPRR right of way / train tracks

Highland Valley Road site entry

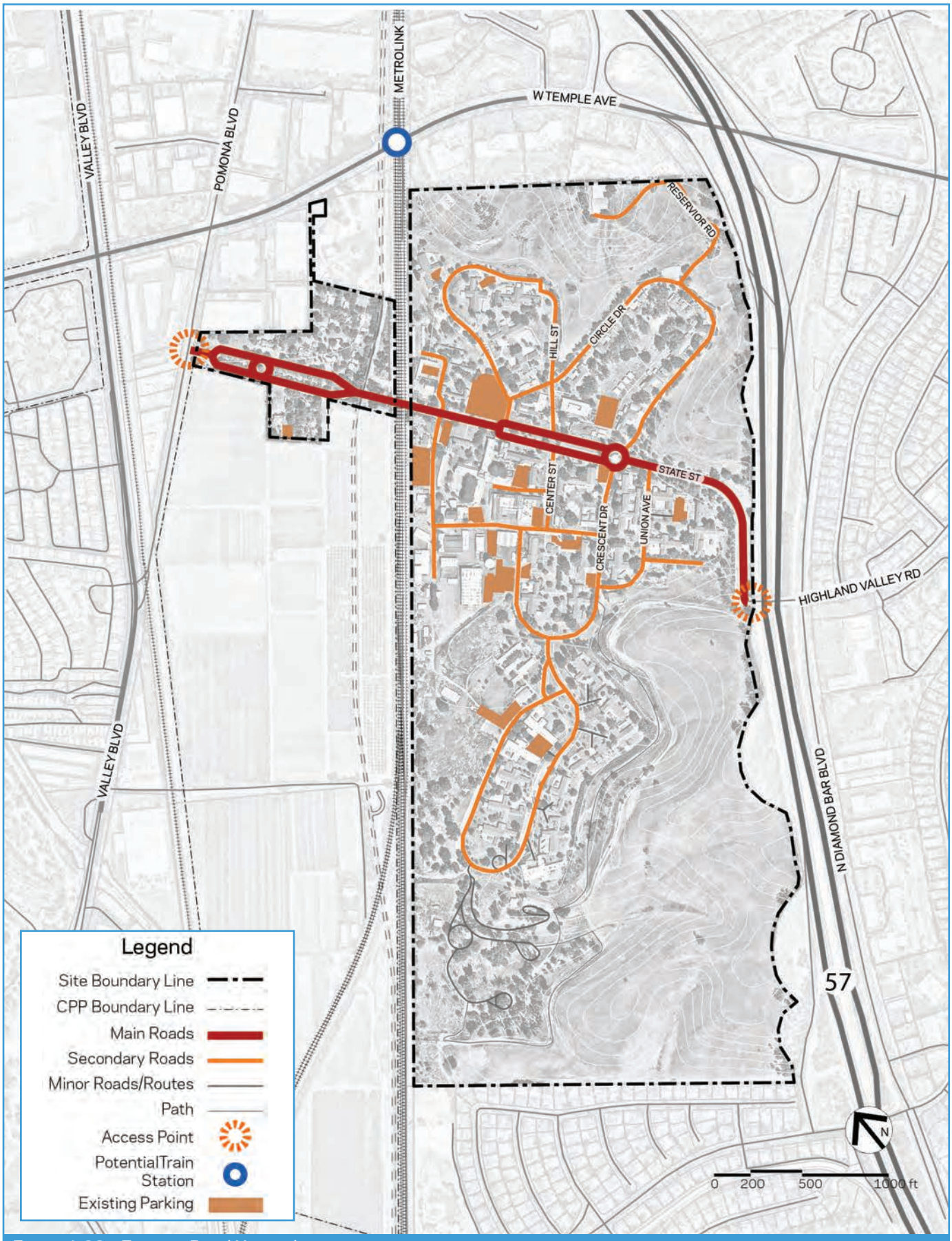


Figure 1.23 Existing Road Network

A
B
C
D
E

B1. Site Analysis

Transportation and Circulation

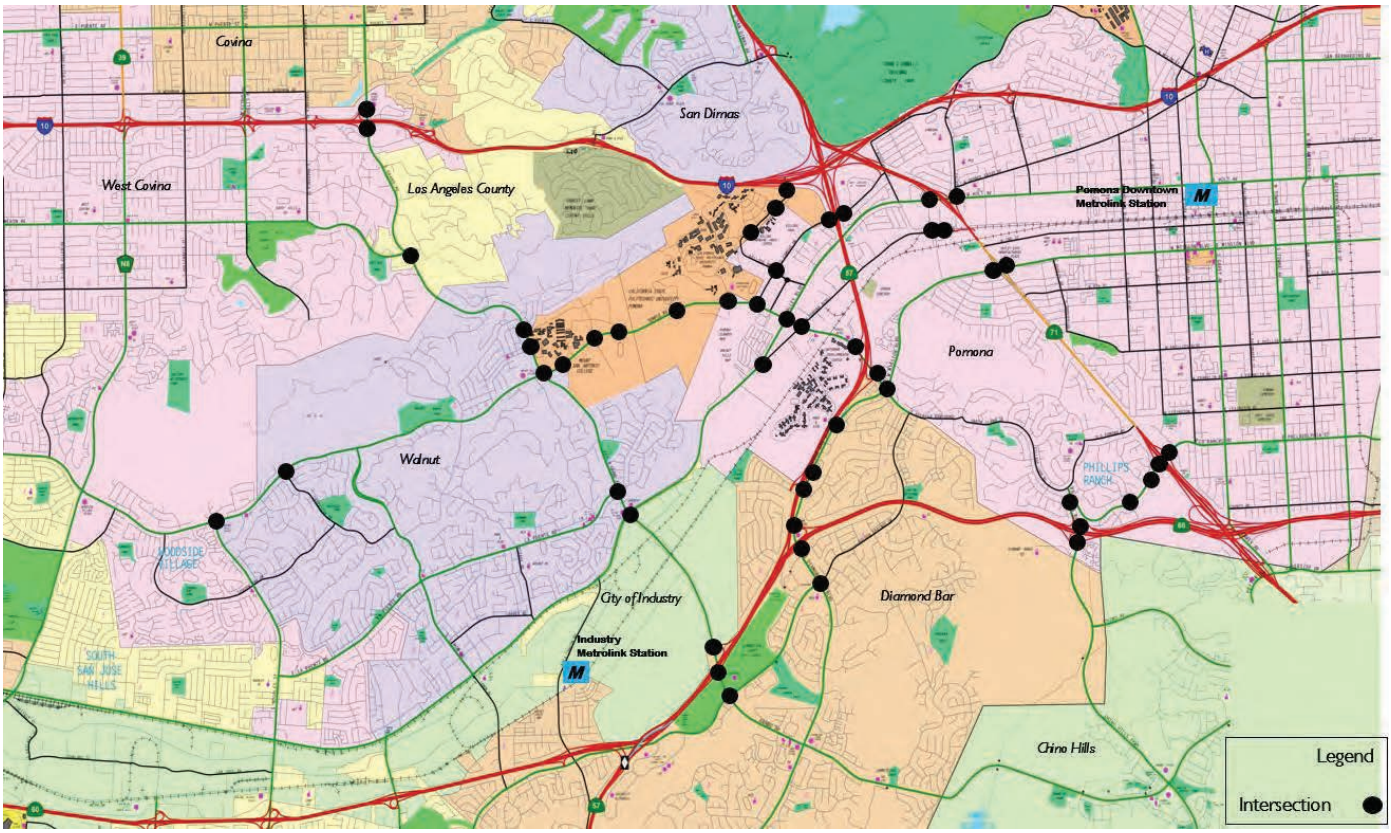


Figure 1.24 Available Traffic Data

limit on Pomona Boulevard in the project vicinity is 45 MPH.

Diamond Bar Boulevard is a four lane roadway that runs in the north-south direction and is located east of the LDC site. This roadway provides both local and regional access to the LDC site via the State Street/ Highland Valley Road intersection. On-street parking is generally not allowed on either side of the roadway within the vicinity. The posted speed limit on Diamond Bar Boulevard in the project vicinity is 40 MPH.

Temple Avenue is generally a six lane roadway that runs in the east-west direction and is located north of the LDC site. This roadway traverses through the Cal Poly Pomona campus and has major intersections with Pomona Boulevard, Valley Boulevard, South Campus Drive and University Avenue. On-street parking is generally not allowed on either side of the roadway within the vicinity. The posted speed limit on Temple Avenue in the project vicinity is 45 MPH.

Valley Boulevard Valley Boulevard is a four lane roadway that runs in the north-south direction and is located west of the LDC site. Valley Boulevard provides both local and regional access to the site via the Temple Avenue corridor. On-street parking was observed along both sides of Valley Boulevard in the vicinity of University Village. The posted speed limit on Valley Boulevard in the project vicinity is 45 MPH.

Grand Avenue Grand Avenue varies between a four and six lane roadway that runs in the east-west direction in the project vicinity and is located south of the LDC site. It provides both local and regional access to the project site via Valley Boulevard. On-street parking is generally not allowed on both sides of the street within the vicinity. The posted speed limit on Grand Avenue in the project vicinity is 50 MPH east of Valley Boulevard.

B1. Site Analysis

South Campus Drive South Campus Drive is a two lane roadway that connects Temple Avenue and East Campus Drive. Near the south end of the roadway at Temple Avenue, South Campus Drive widens in the vicinity of Innovation Village. On-street parking is generally not allowed on both sides of the street within the vicinity. The posted speed limit on South Campus Drive in the project vicinity is 45 MPH.

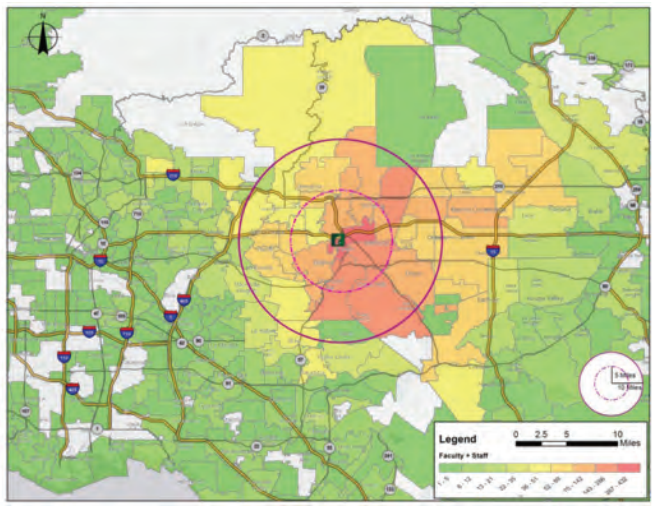
Freeways

State Route 57 Freeway (SR-57 Orange Freeway) is a north-south freeway located immediately to the east of the LDC site and east of the Cal Poly Pomona campus. The freeway generally provides three to four mixed-flow travel lanes in each direction in the project vicinity. The most direct access to/from the LDC site from SR-57 Freeway is provided via the on/off-ramps at Temple Avenue and via the ramps at Sunset Crossing Road.

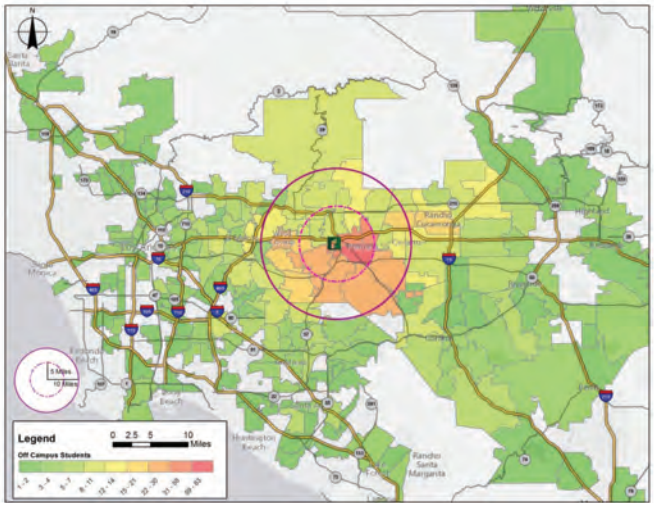
Interstate 10 Freeway (I-10 San Bernardino Freeway) is primarily an east-west freeway located just north of the Cal Poly Pomona campus. Direct access to the main campus is provided via an eastbound off-ramp at Kellogg Drive which provides access to the east side of the campus and indirectly via westbound ramps at Via Verde. The I-10 Freeway generally provides between four and five mixed-flow travel lanes. East of the SR-57 interchange, one High Occupancy Vehicle (HOV) lane is provided in each direction. Currently, High Occupancy Toll (HOT)/HOV lanes are being constructed in the immediate CPP campus vicinity.

State Route 71 Freeway (SR-71 Chino Valley Freeway) is a predominantly north-south freeway located east of the the site and SR-57. The freeway generally provides two mixed-flow travel lanes in each direction and is utilized to provide additional access to the site via the Valley Boulevard and Mission Boulevard corridors as well as the on/off-ramps located at Mission Boulevard.

State Route 60 Freeway (SR-60 Pomona Freeway) is an east-west freeway in the vicinity of the Cal Poly Pomona campus. The freeway can be accessed by traveling in a southeast direction along Temple Avenue to the SR-57 Freeway. The freeway generally provides four mixed-flow lanes and one HOV lane in each direction. The SR-60 and SR-57 Freeways converge less than two miles south of the LDC site.



Faculty / Staff Spatial Distribution



Student Spatial Distribution

A
B
C
D
E

B1. Site Analysis

Transportation and Circulation

Bus and Rail

Existing Transit System

Bus Transit Facilities

The site vicinity is served by bus lines operated by Foothill Transit and CPP Bronco Express campus shuttle system. The CPP Bronco Express campus shuttle system operates Routes A, B, and C which service most of the campus roadways including University Drive, Kellogg Drive, and Temple Avenue, as well as the main campus parking structures and lots. Route A provides service and stops near University Village and the main campus, Route B traverses Kellogg Drive to service building 89, and Route C generally traverses a route between the CPP athletic fields/Lot B near the South Campus Drive/Temple Avenue intersection and the Campus Center Marketplace off of Camphor Lane. The CPP Bronco Express shuttle system operates when school is in session, Monday through Friday, with headways of 10 to 15 minutes and hours of operation varying depending on the route.

Foothill Transit provides bus transit service within the vicinity and is available along the following roadways:

- Temple Avenue
- Valley Boulevard
- Diamond Bar Boulevard
- South Campus Drive
- Grand Avenue

The existing transit service in the vicinity is illustrated in the Existing Transit Routes graphic. Brief overviews of the Foothill Transit bus lines providing service in vicinity are provided in the following paragraphs.

Foothill Transit Line 190/194. Foothill Line 190/194 travels east-west along Temple Avenue in the vicinity of the LDC site. This line travels from El Monte to Cal Poly Pomona via Ramona Boulevard and Valley Boulevard.

Foothill Transit Line 195. Foothill Transit Line 195 travels north-south along South Campus Drive and east-west along Temple Avenue in the vicinity of the LDC site. This line travels from CPP to the Downtown Pomona TransCenter/Metrolink Station.

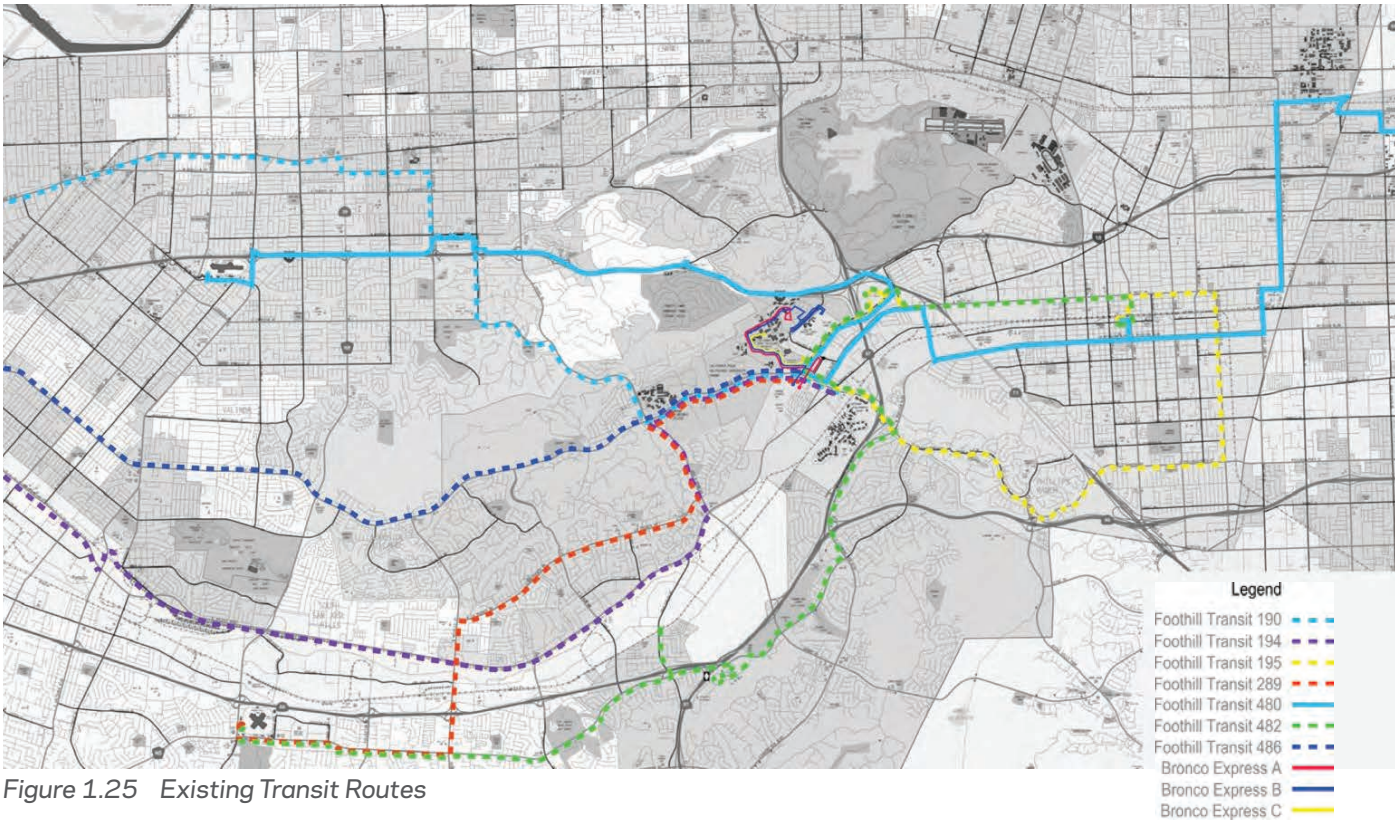


Figure 1.25 Existing Transit Routes

Foothill Transit Line 289. Foothill Transit Line 289 travels east-west on Temple Avenue in the vicinity of the LDC site and terminates at the Temple Avenue/South Campus Drive intersection. This line provides service between the Puente Hills Mall and Pomona via La Puente Road, Grand Avenue and Temple Avenue.

Foothill Transit Line 480. Foothill Transit Line 480 provides service between Montclair and West Covina with a stop near the CPP campus. This line travels north-south on South Campus Drive in the vicinity of the LDC site as well as along Temple Avenue and Valley Boulevard. This line also travels along Mission Boulevard.

Foothill Transit Line 482. Foothill Transit Line 482 provides service between Pomona and El Monte and also has a stop near the CPP campus. This line travels north-south on South Campus Drive and east-west along Temple Avenue in the vicinity of the LDC site. This line also traverses portions of Diamond Bar Boulevard near State Street.

Foothill Transit Line 486. Foothill Line 486 provides service between Pomona and Downtown Los Angeles. This line travels east-west on Temple Avenue in the vicinity of the LDC site and terminates at the Temple Avenue/South Campus Drive intersection.

Bus Transit Stop Amenities

Enhanced transit stop amenities have been provided by Cal Poly Pomona at several locations including benches, decorative shelters and trash receptacles. A real-time bus location and waiting time system is provided as part of the CPP Bronco Express shuttle system. The system is equipped with solar powered signs at stops and has shuttles equipped with GPS systems that alert riders of both occupancy and arrival data. A website compliments the bus stop amenities by displaying arrival times at all campus bus stops, including a map illustrating real-time bus locations and arrival times. The system is officially known by the acronym EDAPTS (Efficient Deployment of Advanced Public Transportation Systems).

Rail Transit

Amtrak (a national rail service provider) and Metrolink (a five-county Southern California regional transit service provider) provide rail transit service in the vicinity. The two Metrolink and two Amtrak lines providing service in the site vicinity are as follows:

Metrolink Riverside Line. This line provides weekday service between Union Station in Downtown Los Angeles and Riverside with a stop in Downtown Pomona and East Ontario. The Riverside line provides five trains from Pomona to Los Angeles in the morning and one train in the afternoon and six trains from Pomona to Riverside in the afternoon and evening.

Metrolink San Bernardino Line. This line provides weekday service between Downtown Los Angeles and San Bernardino with stops in North Pomona and Upland. The San Bernardino line provides 10 trains in the morning and seven trains in the afternoon from San Bernardino to Los Angeles. Two trains in the morning and 15 trains in the afternoon are provided from the North Pomona station to San Bernardino.

Amtrak Sunset Limited Line. This intercity rail service is provided several times per week between Los Angeles and New Orleans, Louisiana, with the closest stop at the Downtown Pomona station.

Amtrak Texas Eagle Line – This intercity rail service is provided several times per week between Los Angeles and Chicago, Illinois, with the closest stop at the Downtown Pomona station.

Proposed Rail Service Expansion

Metro's Gold Line Foothill Extension Project (Phase 2B) is expected to be completed by 2026 with service extending to Montclair. This extension also would include a stop at the North Pomona station.

Existing Rail Service Connections/Linkages to CPP

Cal Poly Pomona currently operates a shuttle service between the main campus and the North Pomona rail station. Local transit providers also provide bus service between the main campus and the Downtown Pomona station. Based on University feedback, the Cal Poly Pomona service is much faster than using the local bus transit lines since the shuttle does not stop between the transit station and Cal Poly Pomona. The shuttle service is free for students, faculty and staff with an established monthly reimbursement also available to faculty and staff who purchase Metrolink tickets. Full-time students are also eligible for discounted fare on select Metrolink tickets.

B1. Site Analysis

Transportation and Circulation

Bicycle and Pedestrian Facilities

Existing Bicycle Network

The Active Transportation Plan: Bicycle Master Plan and Pedestrian Master Plan prepared by Fehr & Peers, November 2012, provides an overview of the existing bicycle network in the vicinity of the LDC site. The existing bicycle network is limited with respect to bicycle lanes (Class II facilities) and bicycle routes (Class III facilities). Bicycle lanes are designated with roadway striping, separating vehicular traffic from bicycle traffic and result in a safer environment for both cyclists and motorists. Bicycle routes are identified as bicycle-friendly streets where motorists and cyclists share the roadway and no bike lane striping is provided. Bicycle routes are preferably located on collector and lower volume arterial streets. No bicycle facilities are provided within the LDC site. A summary of the bicycle facilities provided in the LDC site vicinity is provided below:

Bicycle Lanes (Class II Facilities)

- Diamond Bar Boulevard between Temple Avenue and SR-60 Ramps
- South Campus Drive between SR-57 and Kellogg Drive

Bicycle Routes (Class III Facilities)

- South Campus Drive north of SR-57 and south of Kellogg Drive

Existing Pedestrian Facilities

The walkability of existing facilities is based on the availability of pedestrian routes necessary to accomplish daily tasks without the use of an automobile. Based on a recent study commissioned by CPP, these attributes were quantified through WalkScore.com, which calculates the walkability of specific addresses by taking into account the ease of living in the neighborhood with a reduced reliance on automobile travel and assigns a score out of 100 points. A score of 48 of 100 was calculated based on existing pedestrian facilities and area attributes, which is defined as "car-dependent so most errands require a car."

While a network of pedestrian sidewalks and pathways are provided internal to the LDC site (i.e., along State Street and most of the internal curvilinear street system), pedestrian connectivity/access to and from the main westerly access point is lacking. As an example, while sidewalks are provided on State Street east of Pomona Boulevard, no sidewalks are provided on Pomona Boulevard between Temple Avenue and State Street. Based on field reviews, ADA access within the site needs to be improved and will need to be carefully considered as part of the development of conceptual plans for the site. Further, no pedestrian crosswalks are provided along Pomona Boulevard near its intersection with State Street. Thus, existing pedestrian connectivity is limited and likely unsafe between the CPP campus, surrounding community and the LDC site.

Issues with existing pedestrian and bicycle circulation and access:

- Lack of wayfinding and navigational signage.
- There are several areas on and around the campus where conflicts with vehicles are a safety hazard for pedestrians and cyclists including the site entry points of Pomona Boulevard and Highland Valley Rd.
- Pedestrian access is largely blocked at Pomona Boulevard through to the adjacent CPP campus by the development on the triangle parcel.
- Accessibility is compromised due to topography challenges, lack of curb cuts, sidewalk conditions and width, safety lighting, traffic calming, and signage.
- Cycling has an overwhelmingly positive benefit for individual and community health and has grown in popularity recently. Students living on campus could cycle to their daily errands if conditions on-campus and between Lanterman and campus were improved. However, current bike lanes do not connect through the campus. Nor is there a student-centric program to encourage bike share and cycling as a means to transverse the very long campus. The lack of clear, on-campus bike routes leads to potential confusion and conflicts.

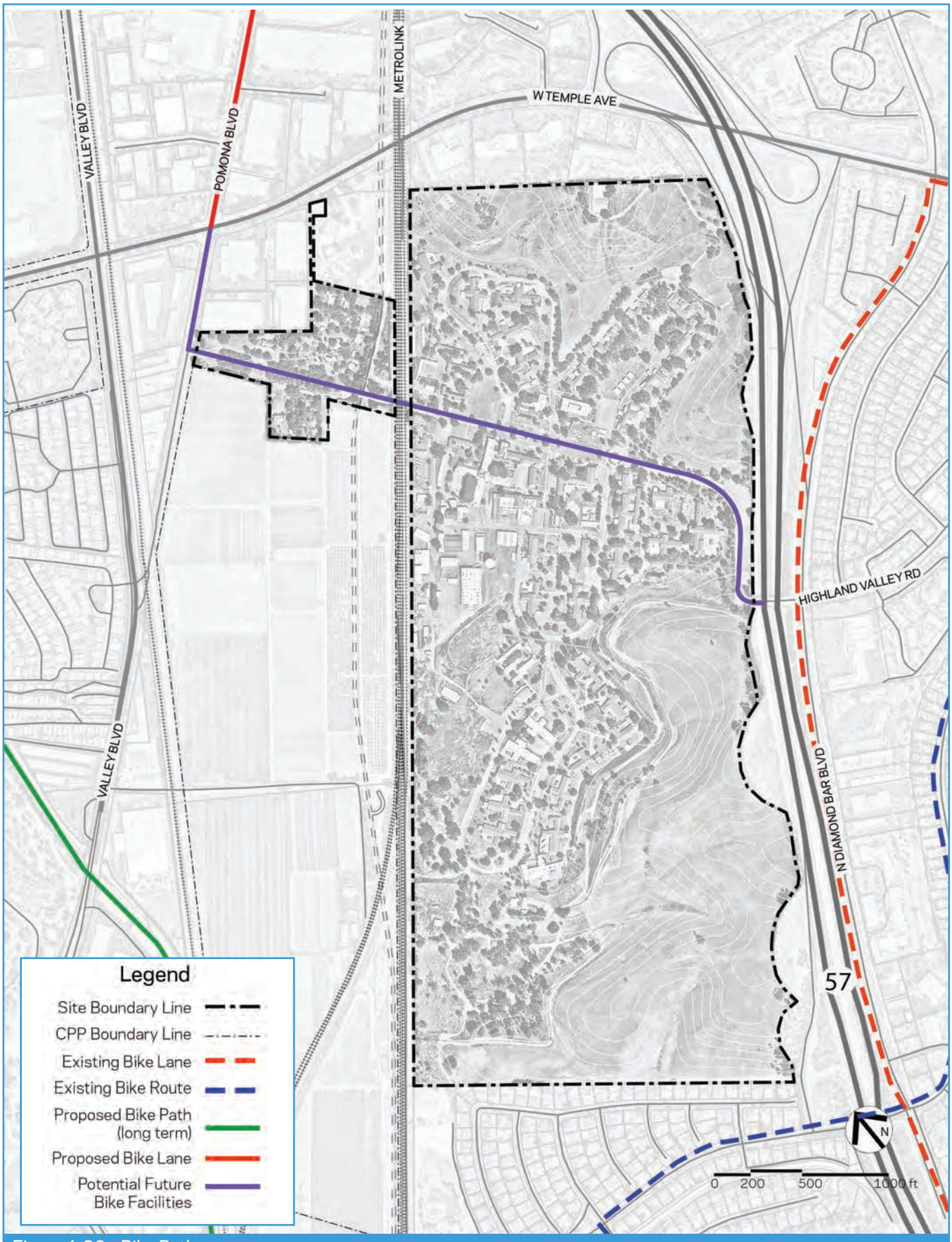


Figure 1.26 Bike Paths

Note: Source for bike routes provided by City of Pomona Active Transportation Plan, Nov 2012.

A B C D E

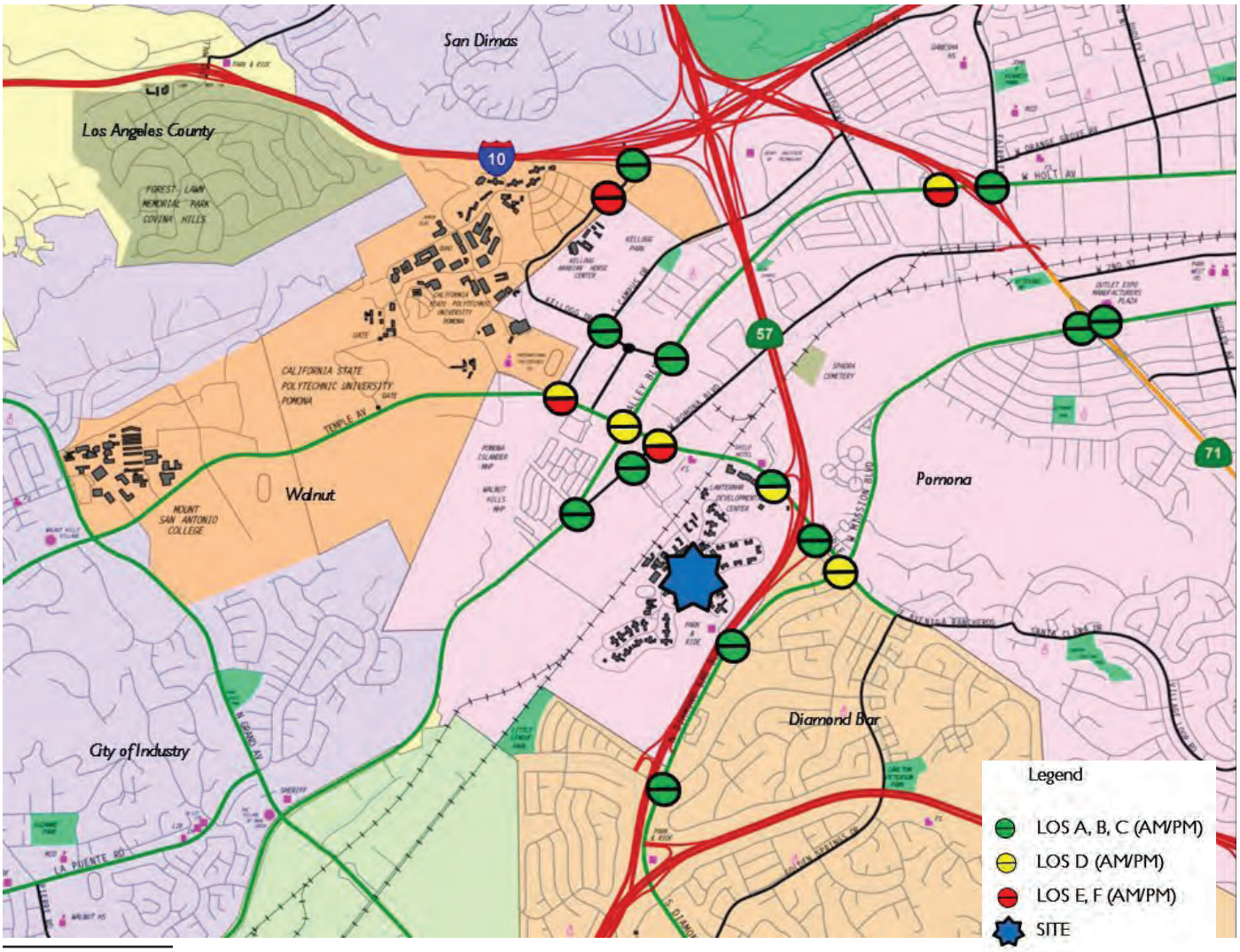
Onsite Parking

All of the parking at Lanterman occurs in surface-level lots or alongside the roads in perpendicular spaces. (See"Figure 1.28 Existing Parking")

Existing Traffic Operations / Level of Service

As part of the due diligence effort, available traffic studies were reviewed to obtain traffic volume data and existing intersection operations data. Most of the traffic data were obtained between the years of 2012 and 2015 when local schools were in session and during non-summer months (refer to the Available Traffic Data graphic). The existing weekday morning and afternoon peak hour operations (Levels of Service [LOS]) were researched for the surrounding intersections. As shown in the Existing Traffic Operations graphic, several intersections operate at LOS D or better during

Figure 1.27 Existing Level of Service[1]



1Source for level of service provided by Gibson Transportation Consulting Inc, March 2015 and Fehr & Peers, June 2013 on behalf of CPP

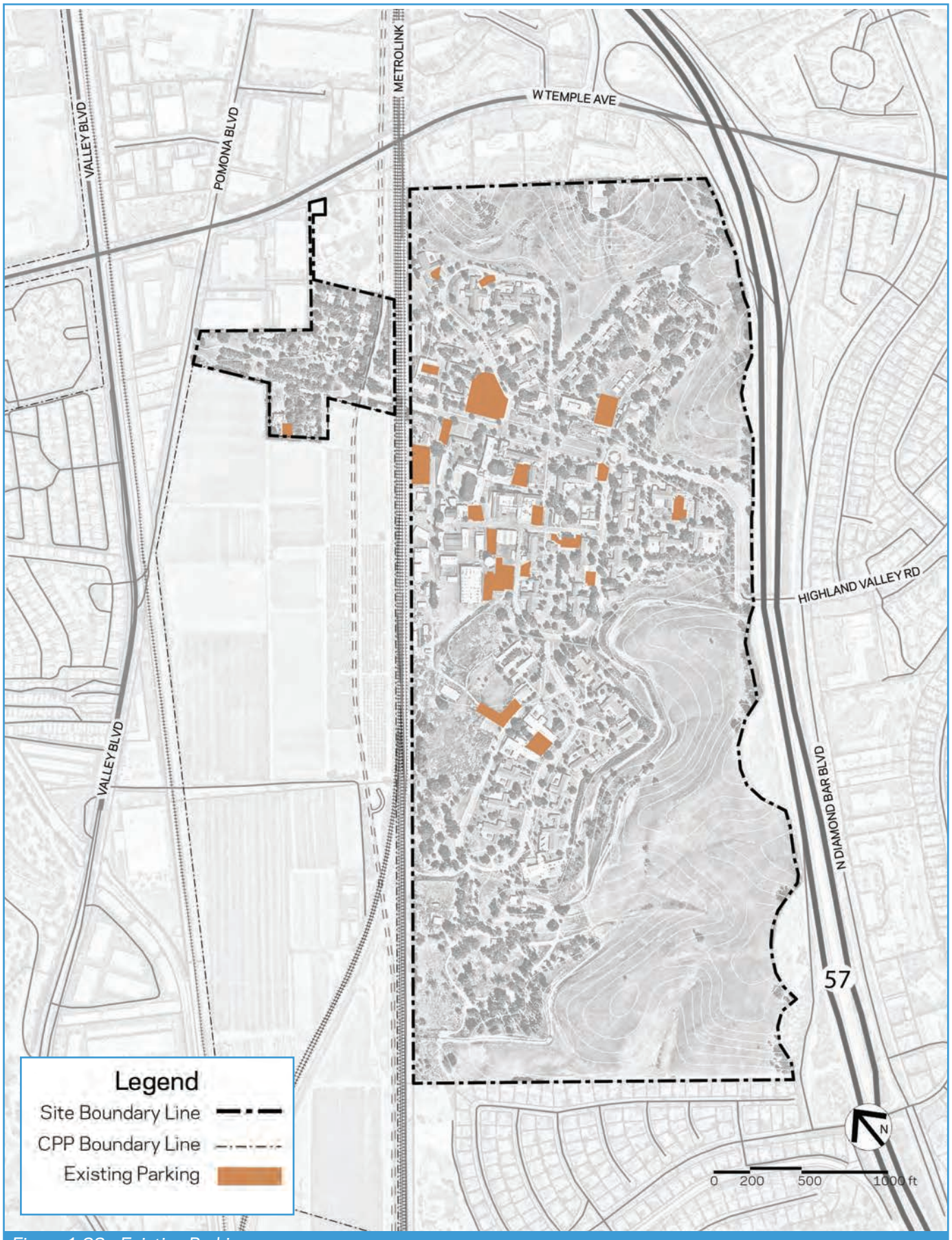


Figure 1.28 Existing Parking

both the morning and afternoon peak hours under existing conditions near the main campus while several intersections operate at LOS D, E, or F. In general, intersection LOS values reflect multiple capacity improvements made to the surrounding roadway network to address the high traffic volumes in the area. Mainline freeway operations during commuter peak hours are congested, particularly at the confluence of the SR-57 and SR-60 Freeways, south of the LDC site.

Key Findings

LDC Site Findings

Opportunities

- The LDC site is well-situated near regional freeway opportunities including SR-57 Freeway, SR-60 Freeway, I-10 Freeway and SR-71 Freeway.
- The LDC site presents an opportunity to create a vibrant transit-oriented district (TOD) community with an appropriate land use mix.
- There is strong potential synergy with the main CPP campus with mobility enhancements, including increased connectivity with existing and future planned bus/rail transit services.
- With the potential abandonment of the UPRR railroad right-of-way that currently runs along the east side of Valley Boulevard, there is a great opportunity as part of the on-going master planning process to consider a rails-to-trails conversion so as to provide greater connectivity with the surrounding community and the LDC/ Spadra Farm sites.

Challenges

- While the LDC is situated within easy access to/from regional freeways, these highways are frequently congested, particularly at the SR-57 Freeway/SR-60 Freeway interchange.
- The existing bicycle network is limited with respect to bicycle lanes (Class II facilities) and bicycle routes (Class III facilities).
- The LDC site is surrounded by highways and railroad right-of-way which creates physical barriers to active transportation and vehicular access to the site.
- Only two existing vehicular access points exist to/from the LDC site via State Street, however, improvements are available.
- No current rail transit directly serving either the LDC site or the main CPP campus.

B1. Site Analysis

Key Findings Culled from the Metro Foothill Gold Line and CPP Report

The future development concepts for the site, if ultimately pursued by CPP, are envisioned to include a housing component aimed at providing much needed housing for CPP faculty, staff and students. As such, listed below are key survey findings from The Foothill Gold Line and Cal Poly Pomona: Travel patterns, millennials' preferences, and transit advocacy report prepared by the CPP Department of Urban and Regional Planning in October, 2016, that relate to the existing campus population and travel characteristics.

- Average faculty/staff commuting distance is 16 miles.
- Average student commuting distance is 15.4 with 49.5% of students living within 10 miles and 27.3% of students living within 5 miles.
- The spatial distribution of both faculty/staff and student populations is primarily oriented to the south and east. Refer to the faculty/staff and student population spatial distribution graphics.
- Both faculty/staff and student populations show higher carpool, public transit and walking shares than national patterns.
- The Metro Gold Line, upon completion of the line to Montclair, can serve at least 20% of CPP faculty/staff and 10% of CPP students. Increased ridership of the Metro Gold Line extension will require enhanced connections between the closest station(s) and CPP via bus transit/shuttle services.
- Millennials are interested in car-free transportation options.

Key Recommendations

It is recommended that during the upcoming concept development phase associated with the feasibility review of the LDC site, measures aimed at reducing trip generation and parking demand need to be considered and integrated so as to decrease the reliance on personal automobiles and improve connectivity with the surrounding communities.

It is recommended that aggressive transportation and parking demand management strategies be incorporated into the conceptual development plan options for the LDC site and that the internal circulation system be designed to accommodate all transport modes (i.e., walking, bicycling, vehicular, and transit/shuttle service).

Further, as part of a larger overall master planning process for the CPP campus, it is recommended that CPP engage regional transit providers and transportation planning agencies to investigate options for providing greater transit connectivity near the campus and LDC site to supplement current CPP shuttle service in the vicinity.

Building Condition Assessment

Building Condition Assessment

EMG conducted a visual condition assessment of the buildings on the campus of Lanterman Development Center. Campus buildings were organized into various facility types based on their historic uses and representative samples within each group were selected on the basis of design and structure. Data was collected relative to key building elements and extrapolated across the building inventory identifying existing deficiencies and deferred maintenance issues to provide a cost base for returning the buildings to service and a budget for on-going maintenance.

This cost base for each building, when compared to building replacement values, will allow for the establishment of a Facility Condition Index (FCI) and create a priority matrix on which to base financial decisions.

Building A-1 Front Elevation

Building A-1 Mail Room

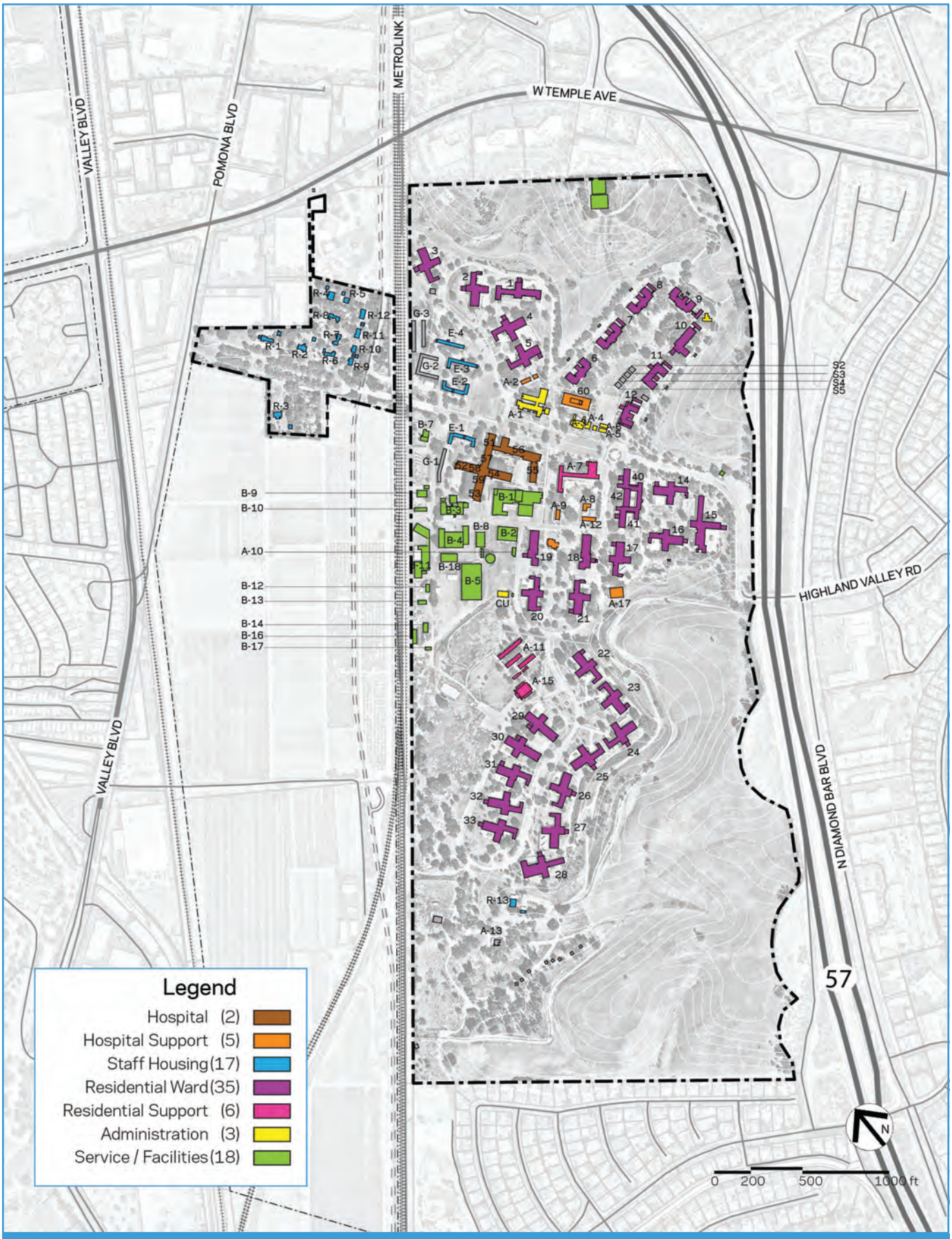


Figure 1.29 Existing Building Uses

B1. Site Analysis

Building Condition Assessment

Key Findings and Recommendations

Key Findings

In general, the building framework and envelopes are in sound condition. Quality materials and workmanship as well as previous maintenance practice has prolonged the useful life of the structures.

It is understood that the buildings have been vacant for at least the past four years. While the buildings appear to have been well maintained prior to becoming vacant, the mechanical and plumbing systems have deteriorated from age and disuse. Electrical systems are turned on during periodic inspections and film rental, but the equipment is aging and will require upgrade and replacement over the coming years.

The major issues observed were:

- Structural failure was observed at building A-7 Rehab Building (built in 1928), which has significant cracks in the walls and slabs due to settlement.
- Roof leaks were observed in the Acute Hospital building.
- Elevator 7 in the Acute Hospital building is not in service and requires renovation.
- Boilers in the Central Plant require major rehab or replacement.
- Suspected lead paint flaking from ceiling in B-4 Plant Operations Building.

Key Recommendations

- Major components of the mechanical system require replacement. Analyze long term benefit of central plant versus individual systems.
- Provide new building automation system throughout for digital control of mechanical system and energy management.
- Upgrade/replace electrical system components as required.
- Upgrade plumbing supply and waste system.
- Upgrade fire alarm system.
- Upgrade existing and install new fire sprinkler system as required.
- Lead paint and asbestos abatement required for any major renovations.
- Trim foliage back from roofs and remove debris to prolong roof life.

Building A-1 Main Lobby

Building A-1 Interior Office

B1. Site Analysis

Existing Building Inventory

Existing Building Inventory

Current programmatic uses have been identified and categorized into seven varying facility types that are presently distributed throughout the campus as a whole.

The facility types are as listed below:

- Administrative
- Hospital
- Hospital Support
- Resident Support
- Resident Wards
- Staff Housing
- Service/Facility

Facility types contain a number of building types based on their design and construction and representative samples of each were assessed within each facility in order to extrapolate the condition of the entire building inventory. In addition, the campus is considered a Historic District and buildings are designated as contributing and non-contributing.

Key data collected include observations of the following:

- Building foundation and structure
- Building envelope
- Roofing
- Doors and Windows
- Electrical systems
- Mechanical systems
- Plumbing systems
- Elevators
- Hazardous materials
- Interior finishes (designated historical)

Each building is identified by number on the map found on "Figure 1.29 Existing Building Uses" on page 41.

Administrative

a. Buildings
   1. A-1 Administration Building, 1931, (20,282 ft²)
   2. A-2 Trust Building, 1952, (2,321 ft²)
b. Square footage total - 22,603 ft²

Hospital

a. Buildings
   1. Acute Hospital, 51-54, 57-59, 1957 (93,033 ft²)
   2. Acute Hospital, 55-56, 1927/1957 (25,073 ft²)
   3. Acute Hospital, Unit 956, 1957 (8,987 ft²)
   4. A-16 Audiology Building, 2007 (2,940 ft²)
b. Square footage total - 130,033 ft²

Hospital Support

a. Buildings
   1. A-3 Foster Grandparent Office, 1940 (5,080 ft²)
   2. A-4 Clinical Offices, 1933 (807 ft²)
   3. A-5 Volunteer Services, 1973 (1,061 ft²)
   4. A-6 Volunteer Services, 1973 (1,081 ft²)
   5. A-8 Swimming Pool, 1960 (2,172 ft²)
   6. A-12 Swimming Pool Building, 1961 (2,154 ft²)
   7. Research Building 60, 1963 (26,708 ft²)

   Non contributor:
   8. S-2 Modular Classroom, 1971 (976 ft²)
   9. S-3 Modular Classroom, 1979 (982 ft²)
   10. S-4 Modular Classroom, 1979 (982 ft²)
   11. S-5 Modular Classroom, 1979 (982 ft²)
   12. A-17 Training Building, 1993 (4,800 ft²)
b. Square footage total - 47,785 ft²

Resident Support

a. Buildings
   1. A-7 Rehab Building, 1928 (14,885 ft²)
   2. A-11 School Complex, 1952 (11,796 ft²)
   3. A-15 School Multipurpose Building, 1955 (7,535 ft²)

   Non contributor:
   4. S-1 Modular Classroom, 1970 (976 ft²)
b. Square footage total - 35,172 ft²

B1. Site Analysis

Building Condition Assessment

Resident Wards

a. Buildings

1. Res. Bldg. 1 - Unit 901 ICF, 1939 (11,900 ft²)
2. Res. Bldg. 2 - Unit 202 (902) ICF, 1947 (11,676 ft²)
3. Res. Bldg. 3 - Unit 903 ICF Suspense, 1953 (17,016 ft²)
4. Res. Bldg. 4 - Unit 304 (904) ICF, 1953 (17,016 ft²)
5. Res. Bldg. 5 - Unit 905 ICF Suspense, 1953 (17,016 ft²)
6. Res. Bldg. 6, 1925 (11,257 ft²)
7. Res. Bldg. 7, 1925 (11,562 ft²)
8. Res. Bldg. 8, 1925 (11,491 ft²)
9. 9 - Unit 9, 1925 (11,676 ft²)
10. Res. Bldg. 10, 1932 (4,741 ft²)
11. Res. Bldg. 11, 1929 (12,837 ft²)
12. Res. Bldg. 12, 1929 (13,278 ft²)
13. Res. Bldg. 14 - Unit 914 NF Suspense, 1947 (15,255 ft²)
14. Res Bldg. 15 - Unit 315 ICF, 1939 (25,769 ft²)
15. Res. Bldg. 16 - Unit 916 ICF Suspense, 1939 (15,810 ft²)
16. Res. Bldg. 17 - Unit 917 ICF Suspense, 1939 (16,251 ft²)
17. Res. Bldg. 18 - Unit 918 ICF Suspense, 1932 (11,795 ft²)
18. Res. Bldg. 19, 1932 (12,910 ft²)
19. Res. Bldg. 20 - Unit 220 ICF, 1939 (16,355 ft²)
20. Res. Bldg. 21 - Unit 221 ICF, 1939 (16,025 ft²)
21. Res. Bldg. 22 - Unit 922 ICF Suspense, 1953 (17,016 ft²)
22. Res. Bldg. 23 - Unit 323 ICF Suspense, 1953 (17,016 ft²)
23. Res. Bldg. 24 - Unit 924 ICF Suspense, 1953 (17,016 ft²)
24. Res. Bldg. 25 - Unit 925 ICF Suspense, 1953 (17,016 ft²)
25. Res. Bldg. 26 - Unit 926 ICF Suspense, 1953 (17,016 ft²)
26. Res. Bldg. 27 - Unit 927 ICF Suspense, 1953 (17,016 ft²)
27. Res. Bldg. 28 - Unit 928 ICF Suspense, 1959 (17,016 ft²)
28. Res. Bldg. 29 - Unit 229 ICF, 1959 (19,570 ft²)
29. Res. Bldg. 30 - Unit 230 ICF, 1959 (19,570 ft²)
30. Res. Bldg. 31 - Unit 231 ICF, 1953 (17,016 ft²)
31. Res. Bldg. 32 - Unit 932 ICF Suspense, 1953 (17,016 ft²)
32. Res. Bldg. 33 - Unit 933 ICF, 1953 (17,016 ft²)
33. Bldg. 40 & 41 - Unit 940 & 41 Suspense, 1939 (35,798 ft²)

b. Square footage total - 544,495 ft²

Building A-1 Mail room

Building A-2 Southwest Elevation

B1. Site Analysis

Staff Housing

a. Buildings
   1. E-1 Employee Quarters, 1931 (9,171 ft²)
   2. E-2 Employee Quarters, 1931 (9,171 ft²)
   3. E-3 Employee Quarters, 1948 (8,918 ft²)
   4. E-4 Employee Quarters, 1948 (6,805 ft²)
   5. EQG 1 Employee, 1927 (3,876 ft²)
   6. EQG 2 Employee, 1931 (6,780 ft²)
   7. EQG 3 Employee, 1948 (7,394 ft²)
   8. R-1 Private Residence #1, 1927 (3,114 ft²)
   9. R-2 Private Residence #2, 1931 (1,707 ft²)
   10. R-3 Private Residence #3, 1951 (4,139 ft²)
   11. R-4 Private Residence #4, 1953 (1,609 ft²)
   12. R-5 Private Residence #5, 1953 (1,108 ft²)
   13. R-6 Private Residence #6, 1939 (1,432 ft²)
   14. R-7 Private Residence #7, 1939 (1,421 ft²)
   15. R-8 Private Residence #8, 1939 (1,421 ft²)
   16. R-9 Private Residence #9, 1940 (1,582 ft²)
   17. R-10 Private Residence #10, 1940 (1,242 ft²)
   18. R-11 Private Residence #11, 1947 (1,717 ft²)
   19. R-12 Private Residence #12, 1947 (1,717 ft²)
   20. R-13 Private Residence #13, 1905 (2,120 ft²)

b. Square footage total - 76,444 ft²

Service/Facility

a. Buildings
   1. A-9 Central Program Services, 1953 (1,587 ft²)
   2. B-1 Main Kitchen, 1928 (38,253 ft²)
   3. B-5 Laundry, 1957 (33,564 ft²)
   4. B-2 Warehouse, 1948 (9,600 ft²)
   5. B-3 Boiler Plant, 1927 (9,311 ft²)
   6. B-4 Plant Operations, 1949 (19,292 ft²)
   7. B-6 Diesel Storage Tank, Unknown (146 ft²)
   8. B-7 Fire House (Motor Pool), 1950 (2,706 ft²)
   9. B-8 Chiller Plant, 1974 (5,509 ft²)
   10. B-9 Grounds-Plant Operations, 1961 (2,592 ft²)
   11. B-10 Greenhouse, 1962 (1,788 ft²)
   12. B-11 Trades Building, 1938 (16,684 ft²)
   13. B-12 Storage, 1955 (994 ft²)
   14. B-14 Storage, 1945 (1,475 ft²)
   15. B-15 - Storage & Offices, 1939 (1,686 ft²)
   16. B-16 Mason Shop, 1945 (1,816 ft²)
   17. B-17 Flammable Building, 1945 (673 ft²)
   18. B-18 Maintenance Warehouse, 1986 (5,000 ft²)

   Non contributor:
   19. 10 (Unit 10) - Child Care, 1932 (8,028 ft²)
   20. A-10 Warehouse, 1949 (1,068 ft²)
   21. A-13 Rustic Camp, 1970 (1,320 ft²)
   22. A-14 Facility Police, 1972 (566 ft²)
   23. Booster Pump House, 1951 (340 ft²)
   24. Bus Stop, Unknown (162 ft²)
   25. Chlorinator-3, 1954 (80 ft²)
   26. Farm Well Building, 1965 (206 ft²)
   27. Lawn Mower Shop, 1925 (520 ft²)
   28. Old Well Building, 1962 (259 ft²)
   29. Recycling Centers, 1962 (3,582 ft²)
   30. Res. 59 Waste Building, 1957 (66 ft²)
   31. Reservoir-1, 1925 (8,470 ft²)
   32. Reservoir-2, 1925 (6,400 ft²)
   33. Richardson Park Restrooms, 1962 (220 ft²)
   34. Richardson Park Spring House, 1962 (1,200 ft²)
   35. Rose Garden Trailer, 1973 (520 ft²)
   36. Rustic Camp Barn, 1993 (1,913 ft²)
   37. Rustic Camp Bungalows, 1978 (2,048 ft²)
   38. Rustic Camp Founders Center, 1971 (200 ft²)
   39. Sewer Plant, Unknown (1,026 ft²)
   40. Shelters, Unknown (36,491 ft²)
   41. Storage, 1984 (1,200 ft²)
   42. Storage Buildings - 14, Unknown (2,848 ft²)
   43. Switch Gear Building, 1962 (472 ft²)
   44. Workshop Building #2, Unknown (984 ft²)

b. Square footage total - 232,865 ft²

B1. Site Analysis

Historic Preservation

The LDC is located on the eastern edge of Los Angeles County in the City of Pomona. The site consists of four separate parcels identified in the February 2016 Historic Resource Assessment Report prepared by Dudek. The LDC site was originally known as the Pacific Colony State Hospital, which was established in 1927 as an institution for the care and treatment of individuals with developmental disabilities and persons with mental illness.

The LDC was closed in 2015 and the property was transferred by the State of California to CPP.

Historical Summary

Pacific Colony Hospital was initially located in Walnut California, however due to the lack of available water, it was relocated to the current Pomona site originally known as the town of Spadra. The site, now determined to be eligible as the Pacific Colony State Hospital Historic District as defined by the Department of the Interior Secretary of the Interior's Standards, includes ninety-three eligible district contributors as well as four individually listed eligible buildings including the Acute Hospital, Administration Building, the Research Building and Supervisor's Residence. The district is eligible under Criteria A, B & C with the period of significance defined as 1927 – 1969.

The criteria (full descriptions contained within the Appendix "Criteria" on page E2.12) against which the site has been determined eligible includes

Criterion A – Associated with events that have made significant contributions to broad patterns of history: for its role in the California State Mental Health system.

Criteria B – Associated with the lives of persons of significance in the past: for its association with Dr. George Tarjan, an internationally influential doctor of developmental disabilities who was associated with the hospital from 1947-1965 as its clinical director.

Criteria C – Embodies significant characteristics of type, period, or method of construction, work of a master or of high artistic value: for the excellent representation of a state mental hospital facility in California and the application of Spanish Colonial Revival and Modern architecture to this specific property type constructed 1927-1969.

Building A-1 - Administration Building[1]

Building R-1 - Superintendent's Residence[1]

Building 60 - Research Center[1]

Building 51-59 - Acute Hospital[1]

1 Photo source provided by Petra Resource Management and ASM Affiliates, Davis, Shannon, Sarah Stringer-Bowsher, Marilyn Novell, and Jennifer Gorman. Final Historic Resource Assessment Report for Lanterman Developmental Center, Pomona, Los Angeles County, California. PDF. Prepared for Department of Developmental Services Under contract to Dudek

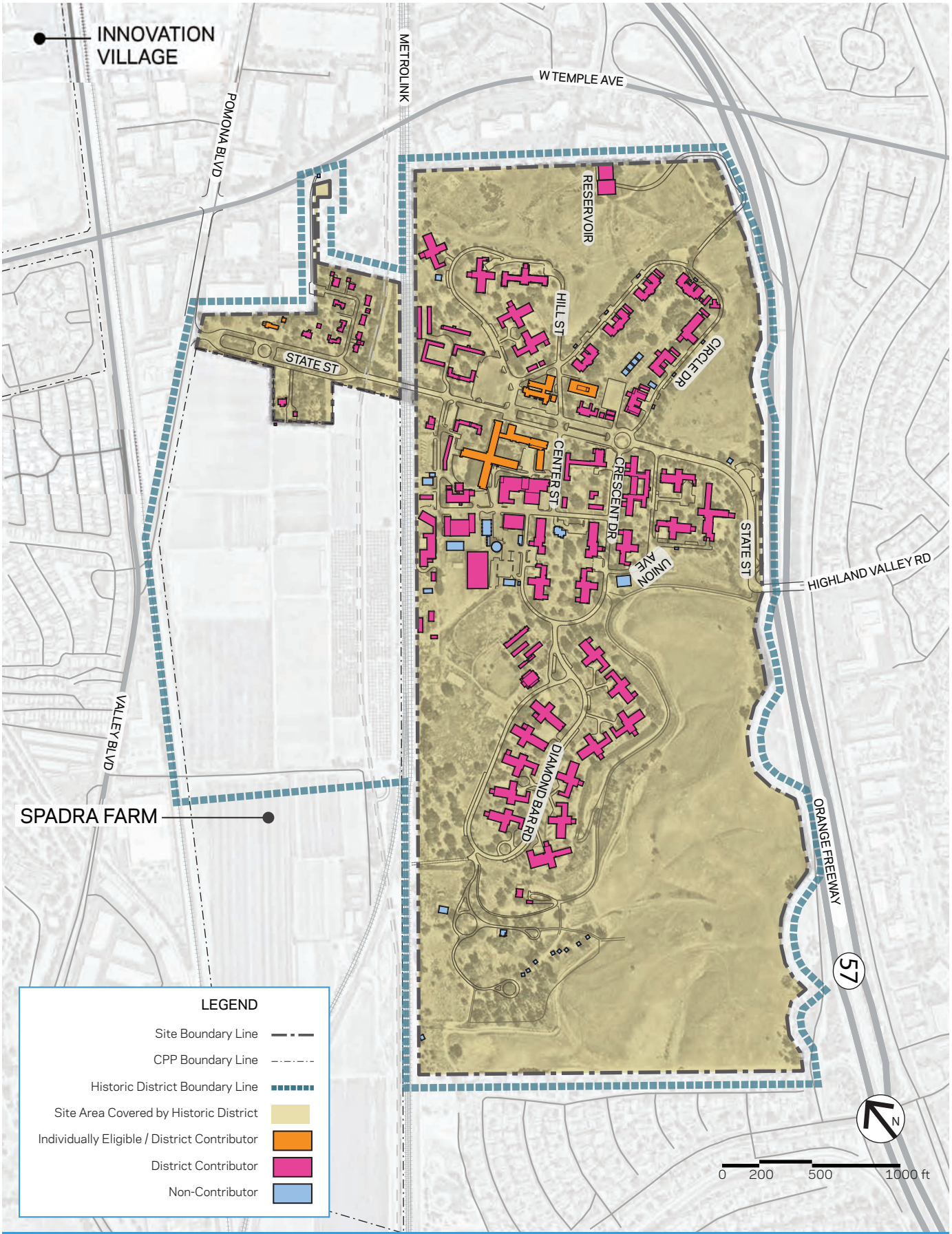


Figure 1.30 Historic Lanterman Site, Contributing and Non-Contributing Buildings

A B C D E

B1. Site Analysis

Historic Preservation

The Architectural significance of the LDC site is also noted by the integrity of the architecture from the period of significance from 1927 – 1969 as demonstrated by the 46 Spanish Colonial revival buildings, the 12 Modern and 4 Craftsman residential buildings. A Minimal Traditional Architectural designation is identified for the service and storage buildings.

The Historic District includes Spadra Farm land, which is not included in this study. The original site planning is also significant as an example of the Cottage Plan that was conceived by internationally known landscape architect Fredrick Law Olmstead and Dr. John Butler. The characteristics of the plan include residential curvilinear streets that provide service access to each patient ward and primary access to each building from the landscaped open spaces. The intent of the cottage plan was to create a more democratic and less intimidating environment. The buildings are domestic in scale and resemble a village plan. The Cottage plan concept was a departure from the prior thought that mental hospital design should be organized by grids and orthogonal street patterns.

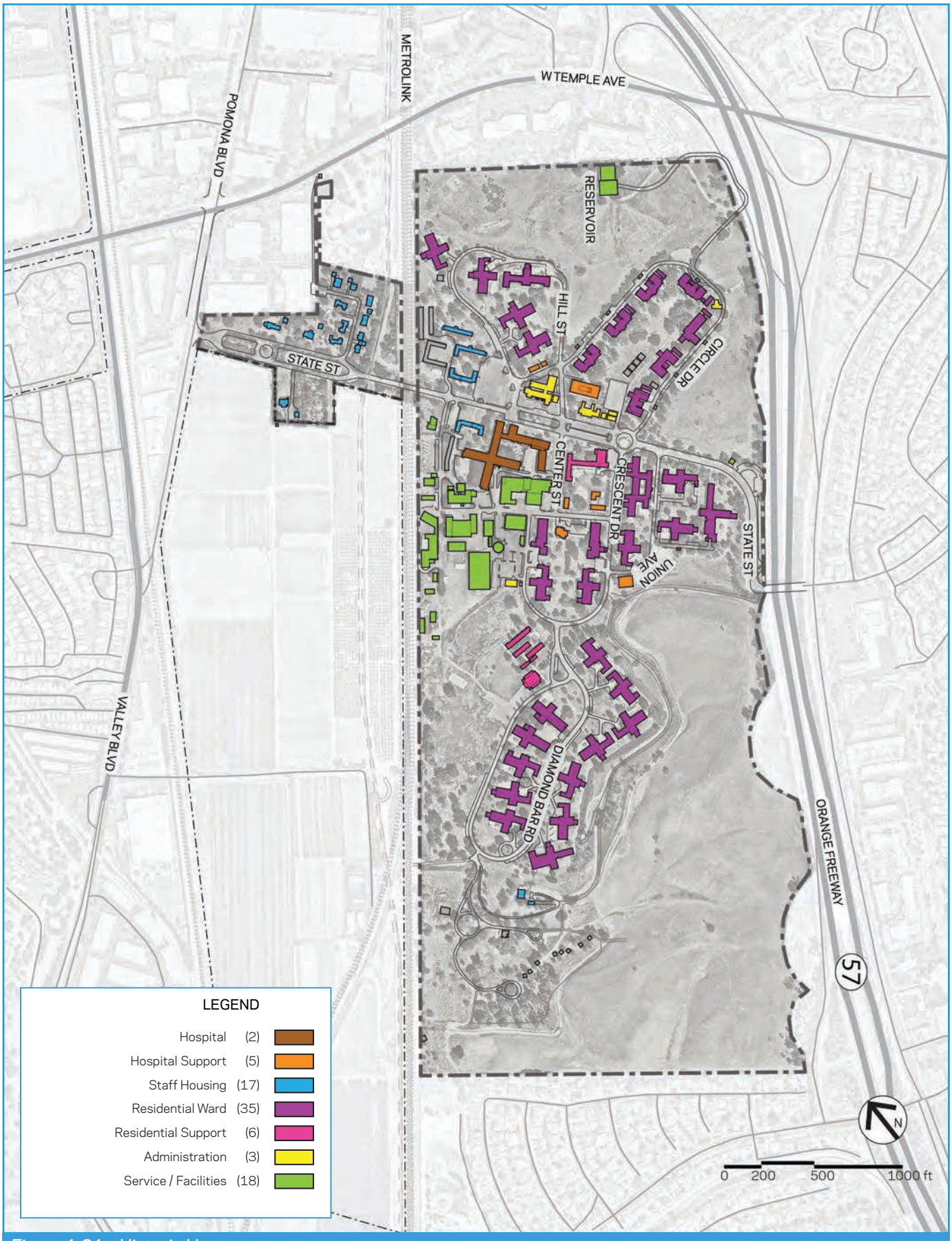


Figure 1.31 Historic Uses

A
B
C
D
E

B1. Site Analysis

Historic Preservation

Key Findings and Recommendations

Regulatory Impacts

Based on the eligibility of the Pacific Colony State Hospital Historic District as presented in the February 2016 Dudek Report, the site requires compliance with the protection of historic resources. The Secretary of the Interior's Standards for Treatment of Historic Properties includes guidelines and approaches for preserving, maintaining, repairing, and replacing historical materials and features, as well as the design of additions to historic resources or making alterations. The National Park Service also provides guidance for new construction adjacent to historic properties in order to ensure that adverse impacts to the integrity through a change in setting are avoided.

Methodology

Relying on the February 2016 Dudek Report, the Historic Resource Assessment Report (HRAR) found that the project area of the Lanterman Developmental Center is deemed eligible for listing in National Registrar of Historic Places (NRHP) as well as the California Register of Historical Resources (CRHR) as both a Historic District and four eligible individually listed properties. Levin & Associates Architects reviewed several historic documentation reports and performed two site visits to visually observe the conditions of the determined eligible contributors and individually listed buildings as defined in the Dudek Historic Assessment report.

Key Findings

The LDC site and existing buildings from the Pacific Colony State Hospital Historic District period of significance are intact and retain the Cottage Plan Site planning principles and village quality of domestic scale architecture. The facilities and grounds appear to have been well maintained.

Key Recommendations

The Pacific Colony State Hospital Historic District is a unique site with intact buildings and original site planning. The opportunities for reuse of the existing buildings, discrete additions and compatible new construction are all within acceptable guidelines for the evolution of the property.

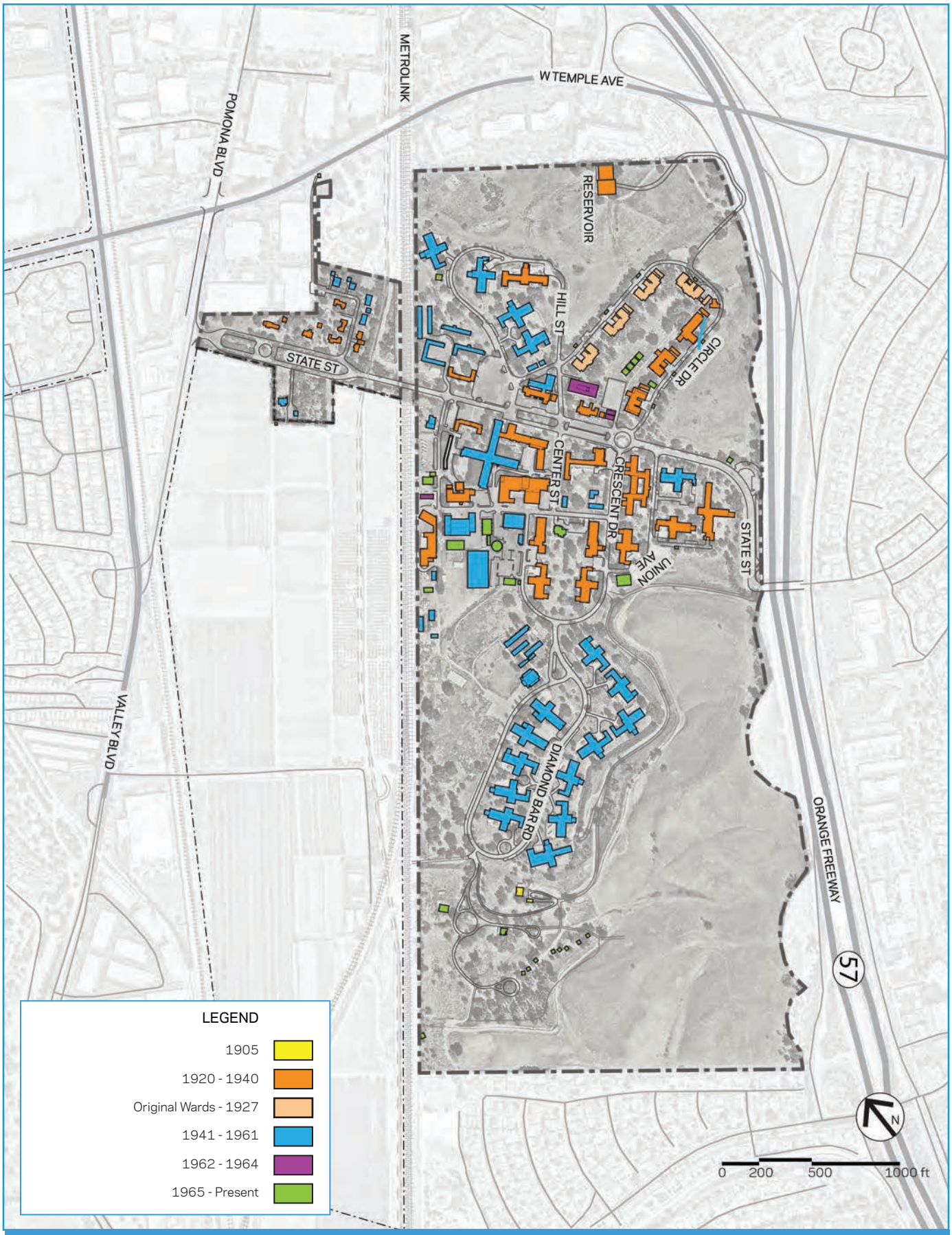


Figure 1.32 Dates of Construction

B1. Site Analysis

Developable Zones

Developable Zones

Methodology

The analysis of net developable areas within the Lanterman Development Center included:

- Contributing resources of historic significance, including buildings, structures and landscapes
- Steep slopes of greater grade change than 1:3
- LA County and State protected trees
- FEMA Flood zones
- Liquefaction zones

Results

The analysis results in two types of future potential developable zones: Zone 1 is closest to core infrastructure and transportation, will likely the least expensive to build upon and therefore the first phase to develop. Zone 2 is furthest away from existing infrastructure and transportation and combined with highest construction costs will have more challenges in developing.

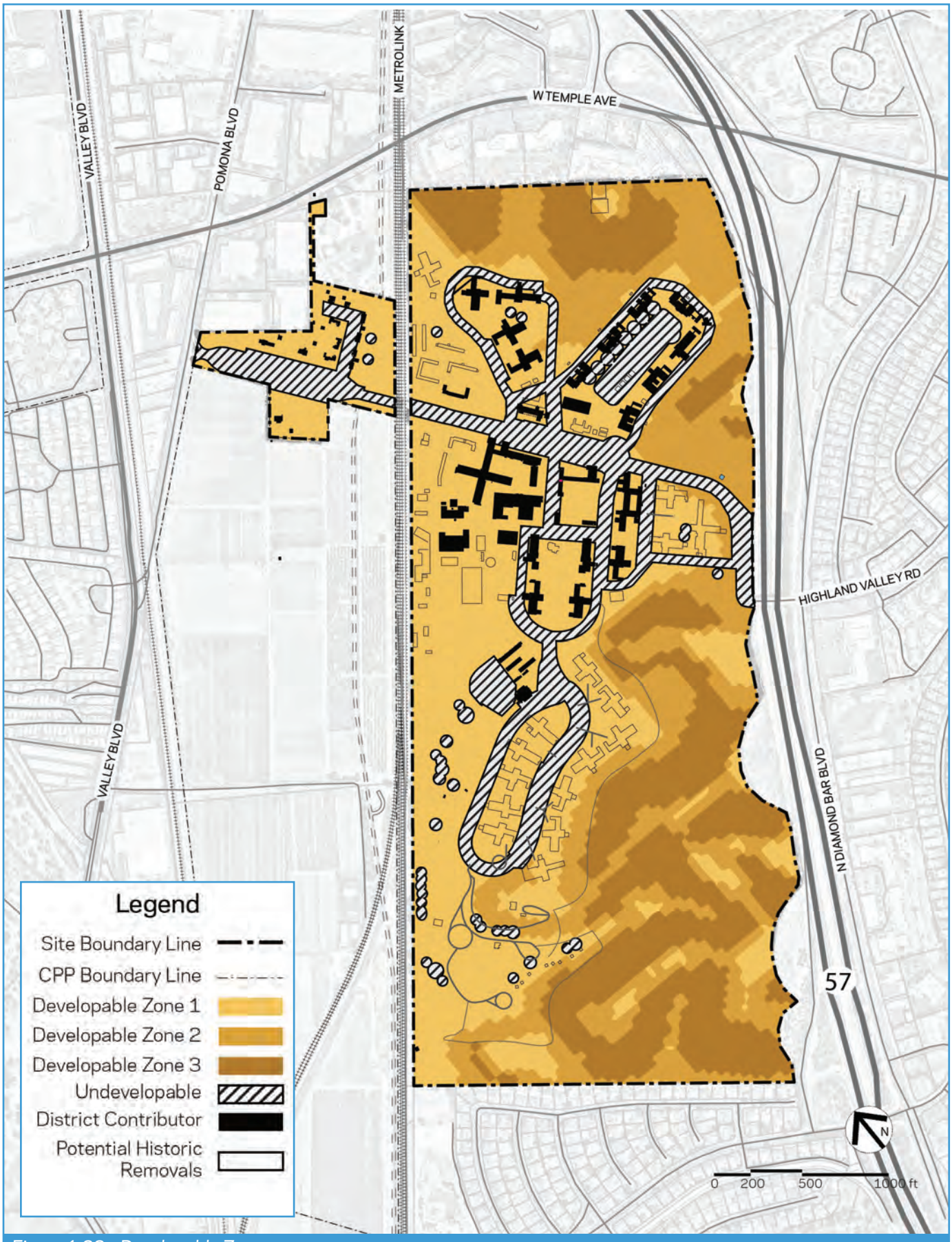


Figure 1.33 Developable Zones

B1. Site Analysis

Site Planning Opportunities and Challenges

Key Findings and Recommendations

The Lanterman Development Center site exists in a natural and built environment that offers both opportunities and constraints to development. The site's natural features (topography, plant materials, microclimate) and built features (historic districts, historic buildings and landscapes, existing roads) all influence the design decisions that are intended to enhance human comfort and conserve energy and resources while providing mission supporting development opportunities for Cal Poly Pomona.

Key Findings

- Very large, contiguous area of land, approximately 300-acres.
- Character defining historic setting.
- Mature landscape providing established stable landscape character.
- Accessible by a number of public transportation routes and proximate to Cal Poly Pomona main campus.
- Proximity to neighboring educational opportunities and partnerships.
- Site situated near regional freeway opportunities and an international airport at Ontario.
- Potential for Metrolink Station and opportunity for vibrant TOD community with appropriate future investment .
- Topography provides excellent views and a vista from which to view Cal Poly Pomona main campus.
- Pleasant, year-round climate conditions encourage use of outdoor spaces.

Challenges

- LDC has suffered from deferred maintenance which has contributed to the overall decline of the site.
- On-site wayfinding is complicated by a lack of a clear signage system and well-landscaped gateways, leading to confusion with navigation.
- Only two existing vehicular access points exist to/ from the LDC site via State Street.
- Topography of the site slopes downward from southeast to northwest. While the downward slope is generally gentle, steep slopes over 1:3 (of up to 120 ft) exist throughout the foothills on the site.
- The historic 'Cottage Plan' looped pattern of roadways results in a large average block size (appx. 500' x 1,000 - 1,200') on-site that creates inefficient in the transportation system for pedestrians, transit users, and vehicle drivers.
- Though the on-site has an abundance of open space, many opportunities exist to better design the site to support human comfort, relaxation, socializing or active and passive recreation.
- The site has a very low building density, which can be attributed to historic development patterns. All of the buildings are vacant, sans the occasional film crew. The addition of new development, in a manner that respects the site's heritage, will infuse much-needed energy to revitalize the site.
- Due to topography, freeways and limited access points the site is isolated from the rest of Cal Poly Pomona campus and greater Pomona.
- The existing infrastructure supports a scattered and auto-dependent site layout that may need multi-modal enhancements to support growth of university mission supporting development uses.
- The low density nature of the Historic District will influence future development. Many easily available building sites have already been built out by the contributors of the Historic District.

B1. Site Analysis

Opportunities

- Revitalizing the site through the rehabilitation of existing development program elements, the addition of new housing and other program will provide an opportunity to use this land to its highest potential in supporting Cal Poly Pomona's academic mission and increasing the opportunities for collaboration between future occupiers at LDC, Cal Poly Pomona main campus and its neighbors.
- LDC has the potential for revitalization to include university related housing in a way that complements and is consistent with the local community. Integrating the LDC site into its context, breaking down the institutional qualities, and making the site a part of the larger community, will support highest and best utilization while improving connections to the broader community.
- Preserving the site's historic structures and using them as a foundation for a new community and to establish the appropriate scale of new development, can enhance the sense of place at Cal Poly Pomona, anchor the site in its prominent place in California history and bridge the needs of students and the community at large.
- The ability to achieve these opportunities will depend on the Cal Poly Pomona's ability to come together behind a compelling shared vision to frame the larger opportunity and support coordinated action.

B2
Market Overview

B2. Market Overview

Introduction

The due diligence process for the Lanterman site begins with both physical site analysis as well as a regional market scan. At the nexus of these efforts, a perspective will emerge regarding highest and best use of the land. In other words, the intersection of the site's development potential and the University's needs will in large part be shaped by the physical limitations of the site and the vitality of the marketplace. Further refinement for the highest and best use will be derived by factoring the 'mission supporting' mandate for land development - a limiting factor when compared to pure speculative development approaches.

Additional challenges that emanate from the site's existing condition -- and indeed its past uses as a State of California Development Center, are the significant age and dilapidated condition of its built assets including above grade and subterranean infrastructure. By anyone's measure, the costs associated with overcoming and restoring these systems to a performance level required by today's development standards, will come at a very high cost. These costs must be weighed against the University's goals and requirements for creating 'sustainable revenue streams' from the development of the property. Therefore, the site's physical analysis must ultimately define the 'net' developable area and the fiscal analysis must identify the highest and best uses which when established, may create a net positive economic benefit against the fiscal cost impacts of site remediation.

Innovation Village Research Park at Cal Poly Pomona[1]

1 Source for Innovation Village Research Park at Cal Poly Pomona provided by Innovation Village Research Park at Cal Poly Pomona, Pomona, Los Angeles County, California

B2. Market Overview

Applicable Project Examples

As California State funding continues to wane, the pressures for CPP to self-fund the development of the Lanterman site will increase. Up-front capital for badly needed infrastructure improvements and the creation of 'pad ready' sites are anticipated to be a significant burden unless offset by innovative delivery and financing approaches. Public private partnerships will be considered for this reason. Significant successes have been achieved by universities, cities, counties and states by employing a DBFM or DBOFM (Design Build Finance Maintain or Design Build Finance Operate Maintain) approach. The University's current third party ground lease arrangement with Southern California Edison (SCE) at Innovation Village serves as another type of creative delivery and financing that should be considered for all or portions of the site. Additional projects are discussed within the "Detailed Project Descriptions" on page 102

Phasing and development strategy must align if cash flows, investments and revenue streams are to become manageable. This most certainly applies to the reclamation and remediation of the site's infrastructure and historic assets. An approach that paves the path toward a fully realized visionary build out of the site, such as the careful balance of phased development, which concentrates development and associated densities, should ultimately be undertaken at a pace and level of investment palatable for CPP and for third party co-developers.

San Diego Innovative Cultural and Education Hub[1]

Hospitality Learning Center, Metropolitan State University Of Denver

1 Photos sourced from: http://ucsdnews.ucsd.edu

A B C D E

B2. Market Overview

Introduction

B2. Market Overview Section Outline

Within this Phase 1 Market Overview section of the report, we begin to evaluate several commercial and residential land uses for the Lanterman sites. We then highlight relevant marketplace precedents of innovative delivery and financing techniques which may be considered to help make the Lanterman project feasible.

As this study evolves in Phase 2, various development and delivery concepts will be further refined, analyzed and measured against the University's financial feasibility metrics.

Within this section of the report, four commercial land uses, all of which are potentially mission supporting to CPP, have been identified and profiled based on marketplace research. The four uses include Office, Retail, Flex and Hospitality.

Market Delineation

Lanterman is physically located within the San Gabriel Valley submarket and is expected to primarily compete within the property submarket. The site, however, benefits from linkages to Cal Poly Pomona and primary demand indicators considered in the market analysis include local, national as well as international demand.

This initial Market Overview was performed in advance of any highest and best use analysis, and intended to provide directional guidance on the potential market demand for the four land uses.

Office

Office uses include traditional Class A, B and C mid- to high-rise buildings. Office use is characterized by significant tenant buildout including office partitions and finishes associated with law and accounting firms.

Retail

Retail space includes both strip center retail that is characterized by retail storefronts with parking in front, as well as stand-alone retail uses associated with downtown or village locations.

B2. Market Overview

Flex

Flex has both the characteristics of office and R&D. These type of buildings that are differentiated from mid- or high-rise office and industrial warehouse. Further, the Flex/R&D designation includes the spectrum from Class A space which is typically built out as office or laboratory, as well as B and C space which is more industrial/workshop in nature.

The San Gabriel Valley (SGV) flex market has shown stability over the last several years, with low vacancy, increasing rents, and positive absorption. This stable growth is tied to the strong overall performance of the SGV industrial market in general, which is in the midst of record low vacancy rates and high rents. Good highway access at the site allows for the possibility of more of an industrial flex use, while flex R&D uses will likely be dependent on CPP's ability to attract public-private research, or use as educational research space. However, the additional phases expected to be 410,000 SF at Innovation Village in the Class A category, will likely require new development to differentiate itself in terms of use characteristics.

Hospitality

Hospitality includes both full- and limited- service properties. Full-service properties are characterized by onsite food and beverage offerings as well as other amenities while limited- and select- service properties typically have fewer amenities.

University of California Merced Campus Expansion[1]

1 Photos sourced from: http://merced2020.ucmerced.edu/

B2. Market Overview

SWOT Analysis

Market Overview

Within this section of the report, four commercial land uses, all of which are potentially mission supporting to CPP, have been identified and profiled based on marketplace research.

The four uses include Office, Retail, Flex and Hospitality.

This initial Market Overview was performed in advance of any highest and best use analysis, and intended to provide directional guidance on the potential market demand for the four land uses.

Four Potential Commercial Land Uses for Lanterman

High Level SWOT Analysis

Office: Demand Minimal in Near-Term

While gross rents have shown stable growth over the last several years, increasing vacancy coupled with low inventory and no new construction in the submarket presents a weak case for office investment. However, there is still potential for CPP to develop office space, especially if low-cost conversions or construction of office space is possible.

Retail: Demand Good in Near-Term

The key indicators for the retail market are all positive, including a steady decrease in (already low) vacancy, increase in rents, and additional supply coming on line in the last several years. The low vacancy and large inventory of retail space in the market point to a stronger ability for space to be absorbed. When paired with the likely residential development component at the site, demand for some retail and entertainment uses is likely.

Flex: Demand Minimal in Near-Term

The San Gabriel Valley (SGV) flex market has shown stability over the last several years, with low vacancy, increasing rents, and positive absorption. This stable growth is tied to the strong overall performance of the SGV industrial market in general, which is in the midst of record low vacancy rates and high rents. Good highway access at the site allows for the possibility of more of an industrial flex use, while flex R&D uses will likely be dependent on CPP's ability to attract public-private research, or use as educational research space. However, the proposed 410,000 SF addition to Innovation Village will likely make further development of R&D space in the area troublesome in the near term.

B2. Market Overview

Hospitality: Demand Fair in Near-Term

The combination of strengthening hotel market indicators and the good highway access of the site provide support for limited-service hotel development. However, there are currently 490 rooms under construction in the Pomona area, and since the prior downturn and subsequent recovery in the hospitality market, supply has caught up with and in some cases surpassed demand for rooms. On a national basis, research indicates that occupancy will decline slightly and ADR growth will increase modestly in the 3% to 4% range. The large new supply coming on line in the immediate area is of concern when considering hotel development at the site; however, the close proximity to the CPP campus provides a possible opportunity.

Selected Key Market Indicators

A B C D E

B2. Market Overview

Office Market

Eastern San Gabriel Valley Office Market

The East San Gabriel Valley office submarket is comprised by the Cities of Pomona, Azusa, Baldwin Park, Industry, Claremont, Covina, Diamond Bar, Glendora, Hacienda Heights, Irwindale, La Puente, La Verne, Rowland Heights, San Dimas, Walnut, and West Covina. The submarket had an inventory of 100 office buildings totaling approximately 6.6M square feet as of year-end 2016. The submarket has seen vacancy levels increase over the previous year from approximately 13.6% in Q4 2015 to approximately 16.3% in Q4 2016. Despite this increase in vacancy, as well as negative year-end net absorption of approximately 349,800 square feet in the submarket, rents have been on the rise for 15 straight quarters.

Asking rents in the submarket were approximately $25.32 per square foot for class B office space, and $19.20 per square foot for class C office space, on a full service gross expense structure. Finally, there were no new deliveries or construction of office space in the submarket in 2016.[1]

The San Gabriel Valley office market is largely occupied by tenants in the information, finance, and professional services sectors. The office space in the market is made up of approximately 80% low-rise buildings and 20% mid-rise buildings, with a lack of class A space.1 The average 2016 sale price was $193.15 per square foot for class B office, and $200.50 per square foot for class C office.[2]

Total Office Market Indicators Year-End 2016 (All Classes)

Vacancy Rate[1]	Net Absorption[1]	Under Const.[1]	Rental Rate FSG[1]	Avg. 2016 Price[2]
16.3% ▲	-349,800 SF ▼	0 SF ►	$26.76 psf ▲	$211.43 psf ▲

1 Colliers International Q4 2016 Market Snapshot – San Gabriel Office

2 CoStar Market Analytics

B2. Market Overview

East San Gabriel Valley Office Market

Class B Office	
Inventory[1]	• 51 Buildings • 3,086,800 SF
Vacancy[1]	• 20.9% • 645,141 SF
Net Absorption YTD[1]	• (339,800) SF
Deliveries YTD[1]	• 0 SF
Currently Under Construction[1]	• 0 SF
Quoted Rent[1]	• $25.32 psf/year Full Service Gross
Average Transaction Price (psf)[2]	• 2016: $193.15 psf • 2015: $196.28 psf
Average Capitalization Rate[2]	• 2016: 6.01% • 2015: 5.76%
Key Transactions[2]	• 18725 E Gale Ave (12/28/16): 45,950 SF, $6.92M ($229.60 psf) • 16839 E Gale Ave (11/10/16): 34,900 SF, $7.1M ($203.63 psf)

Class C Office	
Inventory[1]	• 9 Buildings • 340,900 SF
Vacancy[1]	• 2.2% • 7,500 SF
Net Absorption YTD[1]	• (500) SF
Deliveries YTD[1]	• 0 SF
Currently Under Construction[1]	• 0 SF
Quoted Rent[1]	• $19.20 psf/year Full Service Gross
Average Transaction Price (psf)[2]	• 2016: $200.50 psf • 2015: $189.13 psf
Average Capitalization Rate[2]	• 2016: 5.70% • 2015: 6.60%
Key Transactions[2]	• 2079 Bonita Ave (2/1/17): 10,166 SF, $2.1M ($206.57 psf) • 1111 Grand Ave (9/30/16): 25,050 SF, $7.0M ($279.44 psf)

B2. Market Overview

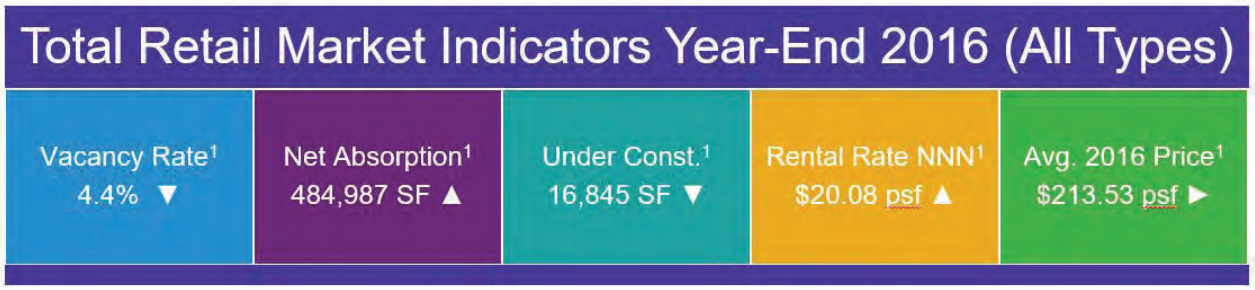
Retail Market

Eastern San Gabriel Valley Retail Market

The East San Gabriel Valley retail submarket, defined with the same boundaries as the office submarket, had an inventory of 3,386 office buildings totaling approximately 41.7M square feet as of year-end 2016. The submarket has seen vacancy levels decrease slightly over the previous year from approximately 5.6% in Q4 2015 to approximately 4.4% in Q4 2016. Additionally, the submarket has shown positive year-end net absorption of approximately 484,987 square feet, and sustained rent growth over the trailing three year period.

Asking rents were approximately $19.72 per square foot for general retail space, and $20.86 per square foot for shopping center space, on a triple-net expense structure. Finally, there was approximately 110,097 square feet of newly delivered space and 16,845 square feet under construction for retail space in the submarket in 2016.[1]

The average 2016 sale price was $219.10 per square foot for freestanding and restaurant retail, and $217.47 per square foot for shopping center retail.1



1 CoStar Year-End 2016 Los Angeles Retail Market Report and CoStar Market Analytics

B2. Market Overview

East San Gabriel Valley Retail Market

General Retail	
Inventory[1]	• 2,135 Buildings • 14,325,876 SF
Vacancy[1]	• 2.7% • 389,957 SF
Net Absorption YTD[1]	• 256,851 SF
Deliveries YTD[1]	• 60,779 SF
Currently Under Construction[1]	• 6,745 SF
Quoted Rent[1]	• $19.72 psf/year NNN
Average Transaction Price (psf)[1]	• 2016: $219.10 psf • 2015: $205.70 psf
Average Capitalization Rate[1]	• 2016: 5.16% • 2015: 6.44%
Key Transactions[1]	• 537 S Glendora Ave (1/10/17): 15,050 SF, $3.8M ($252.49 psf), 7.02% • 896 E Mission Blvd (7/22/16): 3,667 SF, $770,000 ($209.98 psf)

Shopping Center	
Inventory[1]	• 442 Buildings • 21,849,098 SF
Vacancy[1]	• 6.2% • 1,347,265 SF
Net Absorption YTD[1]	• 193,714 SF
Deliveries YTD[1]	• 13,894 SF
Currently Under Construction[1]	• 57,178 SF
Quoted Rent[1]	• $20.86 psf/year NNN
Average Transaction Price (psf)[1]	• 2016: $217.47 psf • 2015: $194.78 psf
Average Capitalization Rate[1]	• 2016: 4.47% • 2015: 7.00%
Key Transactions[1]	• 3103-3191 N Garey Ave (11/15/16): 49,243 SF, $8.19M ($166.32 psf), 6.43% • 2317-2371 Foothill Blvd (7/27/16): 64,000 SF, $14.0M ($218.75 SF)

B2. Market Overview

Flex Market

Eastern San Gabriel Valley Flex Market

As the East San Gabriel Valley submarket had limited data on flex properties, the market overview was expanded to the San Gabriel Valley flex submarket as a whole, which in addition to the previously defined cities, also includes the cities of Alhambra, Arcadia, Duarte, El Monte, Monrovia, Montebello, Monterey Park, Rosemead, San Gabriel, San Marino, South El Monte, South Pasadena, and Temple City. The submarket had an inventory of 208 buildings totaling approximately 4.4M square feet as of year-end 2016. The submarket has seen vacancy levels decrease over the previous year from approximately 4.8% in Q4 2015 to approximately 3.1% in Q4 2016. Additionally, the submarket has shown positive year-end net absorption of approximately 11,631 square feet, and sustained rent growth over the trailing three year period.

Asking rents were approximately $15.66 per square foot for class B flex space, and $14.46 per square foot for class C flex space, on an industrial gross expense structure. Finally, there were no new deliveries and one 400,000 square foot class A flex building under construction in La Verne in 2016.[1]

The average 2016 sale price was $123.37 per square foot for class B and C flex properties in the submarket.

1 CoStar Market Analytics

B2. Market Overview

East San Gabriel Valley Flex Market

Class B Flex	
Inventory[1]	• 79 Buildings • 2,023,928 SF
Vacancy[1]	• 3.9% • 78,262 SF
Net Absorption YTD[1]	• 6,464 SF
Deliveries YTD[1]	• 0 SF
Currently Under Construction[1]	• 0 SF
Quoted Rent[1]	• $15.66 psf/year Industrial Gross
Average Transaction Price (psf)[1]	• 2016: $123.37 psf (Class B&C) • 2015: $186.84 psf (Class B&C)
Average Capitalization Rate[1]	• 2016: 6.05% (Class B&C)
Key Transactions[1]	• 440 E Route 66 (12/30/15): 10,224 SF, $1.2M ($117.37 psf) • 1815 Wright Ave (8/27/15): 10,244 SF, $1.795M ($175.22 psf)

Class C Flex	
Inventory[1]	• 129 Buildings • 2,389,536 SF
Vacancy[1]	• 1.9% • 45,399 SF
Net Absorption YTD[1]	• 16,745 SF
Deliveries YTD[1]	• 0 SF
Currently Under Construction[1]	• 0 SF
Quoted Rent[1]	• $14.46 psf/year Industrial Gross
Average Transaction Price (psf)[1]	• 2016: $123.37 psf (Class B&C) • 2015: $186.84 psf (Class B&C)
Average Capitalization Rate[1]	• 2016: 6.05% (Class B&C)
Key Transactions[1]	• 2100 Reservoir St (1/29/16): 12,240 SF, $1.64M ($134.03 psf) • 2771 N Garey Ave (3/25/14): 134,500 SF, $16.5M ($122.68 psf), 6.75%

B2. Market Overview

Hospitality Market

Eastern San Gabriel Valley Hospitality Market

The San Gabriel Valley hospitality submarket has seen a solid recovery in hotel indicators since the most recent downturn, with occupancy and average daily rate growing for five straight years. The average hotel occupancy in the submarket (excluding Pasadena, Arcadia and Monrovia, which have stronger hospitality indicators) was 73.0% in 2015, with ADR of $122.12 and RevPAR of $89.14, an increase of 7.8% from 2014.[1]

Besides the immediate hotel demand from visitors and users of CPP, large numbers of foreign tourists are attracted to the San Gabriel Valley, due to the large immigrant populations that have settled in the region.[2]

The local hospitality market has four properties under development including a full-service Hyatt (170 rooms), two select-service Hampton Inn flagged properties (100 rooms each) and an additional development of 120 rooms. Overall, 490 rooms are under development in the area.[3] Of the 490 new rooms, 100 are within three miles, 370 are within five miles, and all are within 10 miles. The competitive set hotels are located in Pomona, Diamond Bar, West Covina, Chino Hills, and San Dimas. While there is significant hotel development planned in the submarket, there is still possible opportunity to capture parent and university user demand for hotel rooms, due to the nearby location of the site.[4]

1 Los Angeles County Economic Development Corp. Economic Forecast and Regional Overview – San Gabriel Valley 2016

2 Data provided by Deputy City Manager for Pomona, Kirk Pelser

3 CoStar Market Analytics

4 Smith Travel Accomodations HOST Almanac 2016

B2. Market Overview

East San Gabriel Valley Hospitality Market

Midscale Hotel	
Temporary Competitive Set	• Temporary 6 Properties: La Quinta, Best Western, Fairfield Inn & Suites, Best Western Plus, Hampton Inn, Holiday Inn Express
Occupancy[1,4]	• STR Limited-Service Pacific Region: 78.5% • STR Total U.S. Midscale/Economy: 72.1% • LAEDC San Gabriel Valley: 73.0%
Deliveries YTD	• 0 rooms
Approved Construction[2]	• 490 new rooms in four hotels
ADR[1,4]	• STR Limited-Service Pacific Region: $133.15 • STR Total U.S. Mid/Econ: $70.64 • Temp. Competitive Set: $129.72 • LAEDC San Gabriel Valley: $122.12
Average Transaction Price (per key)[1,3,4]	• Comps: $50,385 - $96,550 per key • STR Midscale National Avg.: $64,000
RevPAR[1,4]	• STR Limited-Service Pacific Region: $104.52 • STR Total U.S. Midscale/Economy: $50.93 • LAEDC San Gabriel Valley: $89.14

Upscale Hotel	
Temporary Competitive Set	• Temporary 6 Properties: La Quinta, Best Western, Fairfield Inn & Suites, Best Western Plus, Hampton Inn, Holiday Inn Express
Occupancy[1,4]	• STR Full-Service Pacific Region: 79.5% • STR Total U.S. Upscale: 73.1% • LAEDC San Gabriel Valley: 73.0%
Deliveries YTD	• 0 rooms
Approved Construction[2]	• 490 new rooms in four hotels
ADR[1,4]	• STR Full-Service Pacific Region: $218.28 • STR Total U.S. Upscale: $143.81 • Temp. Competitive Set: $129.72 • LAEDC San Gabriel Valley: $122.12
Average Transaction Price (per key)[1,3,4]	• Comps: $50,385 - $96,550 per key • STR Upscale National Avg.: $166,000
RevPAR[1,4]	• STR Full-Service Pacific Region: $173.53 • STR Total U.S. Upscale: $105.13 • LAEDC San Gabriel Valley: $89.14

B2. Market Overview

Residential Market Demand

Introduction

This memorandum analyzes existing conditions and real estate market trends for residential uses near Cal Poly Pomona (CPP) and the Lanterman Developmental Center (Lanterman). The analysis is designed as part of the due diligence to gauge the feasibility of CPP's potential retention of the site for future development, and will feed into a larger feasibility analysis that considers other uses such as academic, commercial retail, R&D flex office, hospitality, and financing structures for Lanterman's development and operation. Part I of this residential market analysis focuses on the existing demographic conditions and both current and projected future demand for new housing development in the region.

The following Part II of the analysis will focus on opportunities for residential uses at Lanterman that are more specifically oriented to serve populations associated with the University, including students, faculty, staff, visiting lecturers, and others. The Part II analysis will quantify existing and project future demand, and look at affordability and potential residential product types to serve these populations.

Methodology

Phase I of this study is analysis of the market for residential uses in the market area surrounding CPP and Lanterman in Eastern Los Angeles County, at the edge of the City of Pomona. This analysis is grounded on a survey of existing conditions that includes demographics as well as residential real estate conditions, and projections for future changes in the residential market.

Demographic Overview

The demographic information presented here uses two geographies. The first, called the "Cal Poly Pomona Region" or "CPP Region" is comprised of an aggregation of census tracts in an irregular shape within 2 to 2.5 miles surrounding the CPP campus. The CPP Region is built out with an uncommonly diverse mix of uses, including institutional, infrastructure, agricultural, industrial, open space, commercial, and residential. The significant amount of institutional uses includes both CPP and Lanterman, and also the nearby Mount San Antonio College. The industrial and logistics uses are arrayed along transportation infrastructure facilities including the Interstate 10 and State Route 57 Freeways. Large tracts of agricultural land are a legacy of the area's historic economy and are expected to remain under CPP's operation. Large tracts of undeveloped open space are located in the surrounding hills, and include Frank G. Bonelli Regional Park. Some commercial retail and office uses are located along Temple between CPP and the 57 Freeway. Within the residential category there are an array of uses, include single-family master-planned communities in the hills, on-campus housing facilities, student-focused apartments, and a large mobile home park near campus. The CPP Region geography is meant to capture the areas nearest the campus and within the sphere of its influence. The CPP Region is shaded and outlined in a brown dashed line in Figure 1.34, which also includes the CPP campus shaded in green, and the Lanterman site shaded in red.

The larger geography used for the demographic analysis is the Eastern San Gabriel Valley, a Census-Designated subdivision of Los Angeles County. This larger area, outlined in Figure 1.34 in a red dashed line, contains the entire Cal Poly Pomona Region as well as the cities and unincorporated communities of Los Angeles County between the San Gabriel River and the border with Riverside County, south of the San Gabriel Mountains and north of the Orange County border. Cities and communities include Pomona, Diamond Bar, Rowland Heights, Hacienda Heights, Avocado Heights Baldwin Park, Industry, Irwindale, Covina, Azusa, Citrus, Covina, Glendora, San Dimas, La Verne, and Claremont, among others. Throughout the demographic analysis, the larger area is used as a benchmark to help highlight trends and differences within the Cal Poly Pomona region.

Data for the demographic analysis is pulled from United States Census data, including both the 2000 Census and 2011-2015 American Community Survey. Data characterizing Cal Poly Pomona's current and future operation are sourced from the school's online information and historical reports, and with conversations with campus housing officials and the Cal Poly Pomona Foundation.

B2. Market Overview

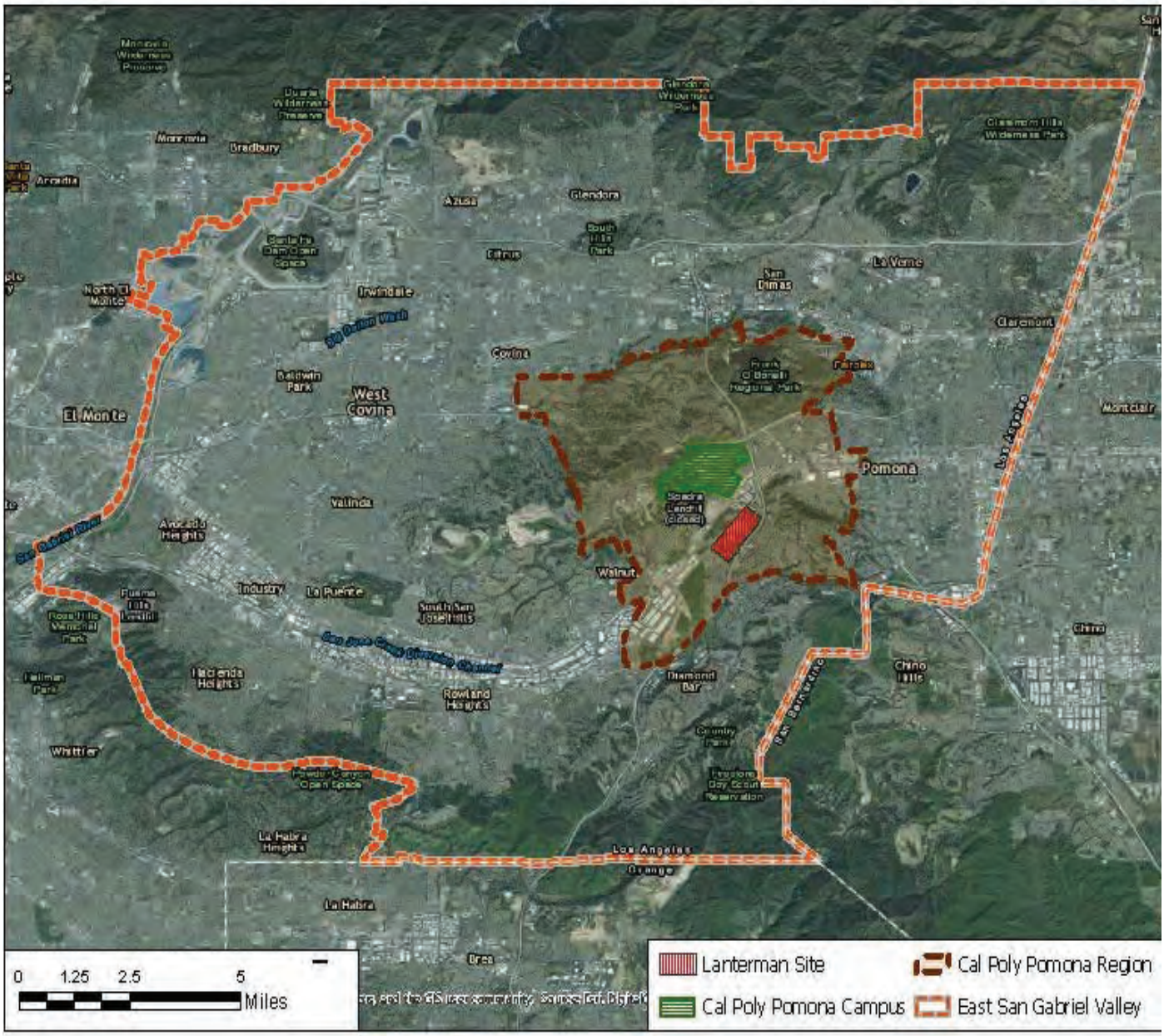


Figure 1.34 Market Analysis Geographies

B2. Market Overview

Residential Market Demand

Regional Housing Demand Analysis

The Housing Demand Analysis uses a geography labeled as the CPP Housing Demand Study Area, which is composed of the jurisdictions including and surrounding Pomona within a roughly 5-mile radius: Chino, Claremont, Covina, Diamond Bar, La Verne, Montclair, Pomona, San Dimas, Walnut, and West Covina. Growth projections for these cities from the Southern California Association of Governments (SCAG) 2016 Growth Forecast are used to project future demand for housing units in the area. Although this methodology has the drawback that it does not capture housing data for unincorporated areas, of which there are some near CPP, SCAG's growth projections for geographies smaller than city or the county are not available within the scope and time frame of this study.

Demographic Analysis

Population and Households

The Cal Poly Pomona Region in 2015 had a population of 66,053 residents and 18,594 households. This reflects a modest increase of 943 residents since the 2000 Census, a 0.1 percent annual growth rate. This modest rate of growth is largely explained by the built-out nature of the area - there are very few opportunities for new development to accommodate new households. The number of households has decreased by 412 households, a negative 0.17 percent annual growth rate through 2015. Average household size has increased somewhat from 3.25 members per household to 3.3 members.

The larger Eastern San Gabriel Valley area has a much larger population, with 957,556 residents and 264,681 households, but a similar growth trajectory of around 0.2 percent population growth per year since 2000. Household size is higher in the Eastern San Gabriel Valley, at around 3.54 members per household, and has also increased from the average household size of 3.47 in 2000.

The percentage of households that are families has remained at approximately 80 percent in both geographies since 2000. The rate of homeownership has declined somewhat in both geographies, from 77.5 percent to 76.2 percent in Cal Poly Pomona Region, and from 68.6 percent to 66.0 percent in the larger Eastern San Gabriel Valley area. This decline in homeownership is not surprising given the ongoing effects of the Great Recession. Homeownership rates are higher in the Cal Poly Pomona region, which is composed of a higher percentage of single family homes than the larger Eastern San Gabriel Valley, as will be seen in "Table 1-4 Units in Structure, 2000 And 2011-2015" on page 78.

B2. Market Overview

Table 1-1 Population and Household Characteristics, 2000 and 2011-2015

Characteristic	2000	2011-2015	Avg. Annual Change (a)
Cal Poly Pomona Region (b)			
Population	**65,109**	**66,043**	**0.1%**
Households	**19,006**	**18,594**	**-0.2%**
Avg. Household Size	**3.25**	**3.30**	
Household Type			
Family Households	79.7%	79.7%	
Non-Family Households	20.3%	20.3%	
Household Tenure			
Owner Households	77.5%	76.3%	
Renter Households	22.5%	23.7%	
East San Gabriel Valley (c)			
Population	**933,557**	**957,556**	**0.2%**
Households	**263,338**	**264,681**	**0.0%**
Avg. Household Size	**3.47**	**3.54**	
Household Type			
Family Households	80.7%	79.5%	
Non-Family Households	19.3%	20.5%	
Household Tenure			
Owner Households	68.6%	66.0%	
Renter Households	31.4%	34.0%	

Notes:
(a) Average annual change calculation uses 2013 as the midpoint of the 2011-2015 5-Year Estimate to calculate the growth rate.
(b) The Cal Poly Pomona Region is defined using Census Tracts. For a complete listing of the tracts, please see Appendix A.
(c) East San Gabriel Valley is a Census-Designated Subdivision of Los Angeles County, generally corresponding to the northeastern portion of the County.

Sources: U.S. Census Bureau, 2000 Census, 2017; U.S. Census Bureau, 2011-2015 American Community Survey, 2017; BAE, 2017.

B2. Market Overview

Residential Market Demand

Age Distribution

As might be expected in the Cal Poly Pomona Region, home to two large institutions of higher education, the population is somewhat skewed toward college-age residents. When compared with the larger Eastern San Gabriel Valley population, the CPP Region has less children under 18 (20.7 percent compared to 23.3 percent) and more college students of a traditional age (15 percent compared to 11.9 percent).

The biggest shift in age distribution has been in the older demographic cohorts, as the baby boomer generation ages in place. Between 2000 and 2015, there have been 4.5 percent and 4.0 percent annual increases in the number of Cal Poly Pomona Region residents aged 55-65 and 65-74 years of age, respectively. The same age groups have also increased in the Eastern San Gabriel Valley area, by annual average rates of 3.7 percent and 2.9 percent. Given that overall population has increased on an average annual rate of 0.1 percent and 0.2 percent for these geographies, this growth is significant in these age groups.

Table 1-2 Age Distribution, 2000 and 2011-2015

	2000		2011-2015		Avg. Annual
Age	Number	Percent	Number	Percent	**Change** (a)
Cal Poly Pomona Region (b)					
Under 18	17,850	27.4%	13,672	20.7%	-2.0%
18-24	8,536	13.1%	9,878	15.0%	1.1%
25-34	8,097	12.4%	8,335	12.6%	0.2%
35-44	10,579	16.2%	7,189	10.9%	-2.9%
45-54	9,492	14.6%	8,945	13.5%	-0.5%
55-64	5,247	8.1%	9,301	14.1%	4.5%
65-74	3,076	4.7%	5,129	7.8%	4.0%
75-84	1,698	2.6%	2,383	3.6%	2.6%
85 years & over	534	0.8%	1,211	1.8%	6.5%
Total, All Ages	**65,109**	**100%**	**66,043**	**100%**	**0.1%**
Median Age (c)	**31.9**		**36.4**		
East San Gabriel Valley (d)					
Under 18	279,115	29.9%	223,236	23.3%	-1.7%
18-24	103,382	11.1%	113,886	11.9%	0.7%
25-34	133,637	14.3%	131,325	13.7%	-0.1%
35-44	143,670	15.4%	122,500	12.8%	-1.2%
45-54	118,788	12.7%	130,437	13.6%	0.7%
55-64	71,554	7.7%	115,371	12.0%	3.7%
65-74	47,382	5.1%	69,034	7.2%	2.9%
75-84	27,732	3.0%	35,594	3.7%	1.9%
85 years & over	8,297	0.9%	16,173	1.7%	5.3%
Total, All Ages	**933,557**	**100%**	**957,556**	**100%**	**0.2%**
Median Age	**31.3**		**35.8**		

Notes:
(a) Average annual change calculation uses 2013 as the midpoint of the 2011-2015 5-Year Estimate to calculate the growth rate.
(b) The Cal Poly Pomona Region is defined using Census Tracts. For a complete listing of the tracts, please see Appendix A.
(c) The median age figure for the Cal Poly Pomona Region was extrapolated based on detailed age distribution data.
(d) East San Gabriel Valley is a Census-Designated Subdivision of Los Angeles County, generally corresponding to the northeastern portion of the County.

Sources: U.S. Census Bureau, 2000 Census, 2017; U.S. Census Bureau, 2011-2015 American Community Survey, 2017; BAE, 2017.

B2. Market Overview

Household Income

The median household income in the Cal Poly Pomona Region in 2015 is $78,141, an increase of 20.8 percent over the 1999 median household income on $64,690. Average annual incomes for the Eastern San Gabriel Valley households are lower, at $65,477 in 2015 compared to $51,877 in 1999.

In the CPP Region, 37.9 percent of households have annual incomes over $100,000, and 32.5 percent of households earn less than $50,000. The distribution in the larger Eastern San Gabriel Valley is skewed lower, with 29.5 percent of all households earning more than $100,000 per year, and 37.8 earning less than $50,000. In both geographies, the biggest shifts between 1999 and 2015 have been the increase in the number of households earning over $150,000 (annual average change of 5.0 percent and 6.7 percent, respectively), and in households earning less than $14,999 (average annual decrease of 4.3 percent and 2.5 percent).

Table 1-3 Household Income, 1999 and 2011-2015

	1999		2011-2015		Avg. Annual	
Household Income	Number (a)	Percent	Number	Percent	**Change** (b)	
Cal Poly Pomona Region (c)						
Less than $14,999	1,698	8.9%	965	5.2%	-4.3%	
$15,000 to $24,999	1,467	7.7%	1,238	6.7%	-1.3%	
$25,000 to $34,999	1,603	8.4%	1,774	9.5%	0.8%	
$35,000 to $49,999	2,518	13.3%	2,060	11.1%	-1.5%	
$50,000 to $74,999	3,771	19.8%	2,938	15.8%	-1.9%	
$75,000 to $99,999	3,153	16.6%	2,563	13.8%	-1.6%	
$100,000 to $149,999	3,114	16.4%	3,879	20.9%	1.7%	
$150,000 and above	1,680	8.8%	3,177	17.1%	5.0%	
Total, All Households	**19,006**	**100%**	**18,594**	**100%**	**-0.2%**	
Median Household Income (d)	**$64,690**		**$78,141**			20.8%
Adjusted Median Income (e)	**$93,076**		**$78,141**			
East San Gabriel Valley (f)						
Less than $14,999	29,200	11.1%	21,074	8.0%	-2.5%	
$15,000 to $24,999	26,979	10.2%	22,170	8.4%	-1.5%	
$25,000 to $34,999	28,702	10.9%	22,938	8.7%	-1.7%	
$35,000 to $49,999	41,065	15.6%	33,780	12.8%	-1.5%	
$50,000 to $74,999	58,011	22.0%	49,492	18.7%	-1.2%	
$75,000 to $99,999	35,455	13.5%	37,259	14.1%	0.4%	
$100,000 to $149,999	29,809	11.3%	44,738	16.9%	3.2%	
$150,000 and above	14,283	5.4%	33,230	12.6%	6.7%	
Total, All Households	**263,504**	**100%**	**264,681**	**100%**	**0.0%**	
Median Household Income	**$51,877**		**$65,477**			26.2%
Adjusted Median Income (e)	**$74,641**		**$65,477**			

Notes:
(a) The percent distribution of annual household income is from Census 2000, Summary File 3, while the total household estimate is from Census 2000 Summary File 1.
(b) Average annual change calculation uses 2013 as the midpoint of the 2011-2015 5-Year Estimate to calculate the growth rate.
(c) The Cal Poly Pomona Region is defined using Census Tracts. For a complete listing of the tracts, please see Appendix A.
(d) The median household income figure was extrapolated based on detailed household income distribution data.
(e) Census 2000 median household income estimates are adjusted to 2015 dollars based on the Consumer Price Index (CPI) for All Urban Consumers in the Western Region of 1.439.
(f) East San Gabriel Valley is a Census-Designated Subdivision of Los Angeles County, generally corresponding to the northeastern portion of the County.

Sources: U.S. Census Bureau, 2000 Census, 2017; U.S. Census Bureau, 2011-2015 American Community Survey, 2017; BAE, 2017.

B2. Market Overview

Residential Market Demand

Types of Housing Units

The inventory of housing units in the Cal Poly Pomona Region is dominated by single-family detached homes, which constitute 73.9 percent of housing units. Counter to what one might expect in an area with large educational institutions, multifamily units in structures with more than 4 units account for only 16 percent of all units. The housing inventory for the larger Eastern San Gabriel Valley is somewhat less skewed toward single-family detached homes, which represent 69.9 percent of total units, and with a slightly higher percentage of units in multifamily structures.

Table 1-4 Units in Structure, 2000 And 2011-2015

	2000 (a)		2011-2015		Avg. Annual
Units in Structure	Number	Percent	Number	Percent	Change (b)
Cal Poly Pomona Region (c)					
Detached Single-Family	14,201	72.4%	14,540	73.9%	0.2%
Attached Single-Family	1,441	7.3%	1,576	8.0%	0.7%
2 to 4 Units	556	2.8%	410	2.1%	-2.3%
5 to 19 Units	766	3.9%	931	4.7%	1.5%
20 to 49 Units	612	3.1%	587	3.0%	-0.3%
50 Units or More	1,195	6.1%	836	4.2%	-2.7%
Mobile Homes	793	4.0%	759	3.9%	-0.3%
Boats, RV's, Vans, Other	55	0.3%	34	0.2%	-3.6%
Total, All Units	**19,619**	**100%**	**19,673**	**100%**	**0.0%**
East San Gabriel Valley (d)					
Detached Single-Family	185,028	68.5%	194,357	69.9%	0.4%
Attached Single-Family	22,164	8.2%	21,923	7.9%	-0.1%
2 to 4 Units	13,338	4.9%	13,480	4.8%	0.1%
5 to 19 Units	14,390	5.3%	16,319	5.9%	1.0%
20 to 49 Units	7,610	2.8%	7,103	2.6%	-0.5%
50 Units or More	17,628	6.5%	15,192	5.5%	-1.1%
Mobile Homes	9,851	3.6%	9,549	3.4%	-0.2%
Boats, RV's, Vans, Other	231	0.1%	161	0.1%	-2.7%
Total, All Units	**270,240**	**100%**	**278,084**	**100%**	**0.2%**

Notes:
(a) The percent distribution of units in structure is from Census 2000, Summary File 3, while the total housing unit estimate is from Census 2000, Summary File 1.
(b) Average annual change calculation uses 2013 as the midpoint of the 2011-2015 5-Year Estimate to calculate the growth rate.
(c) The Cal Poly Pomona Region is defined using Census Tracts. For a complete listing of the tracts, please see Appendix A.
(d) East San Gabriel Valley is a Census-Designated Subdivision of Los Angeles County, generally corresponding to the northeastern portion of the County.

Sources: U.S. Census Bureau, 2000 Census, 2017; U.S. Census Bureau, 2011-2015 American Community Survey, 2017; BAE, 2017.

B2. Market Overview

Commuting Patterns

Census data for commuting patterns reflect a high degree of mobility for workers and residents in the Cal Poly Pomona region. Of workers employed within the region, 95.3 percent live outside the region and commute in from elsewhere. For residents who live within the region, 94.2 percent work outside of the region and therefore commute to their places of employment.

Table 1-5 Commute Flows, Cal Poly Pomona Region, 2004 And 2014 (A)

	2004		2014		Percent
	Number	Percent	Number	Percent	Change
Employed in Region	**24,712**	**100%**	**31,574**	**100%**	**27.8%**
Live Outside Region/In-Commuters	23,486	95.0%	30,088	95.3%	28.1%
Live Within Region	1,226	5.0%	1,486	4.7%	21.2%
Living in Region	**24,953**	**100%**	**25,727**	**100%**	**3.1%**
Work Outside Region/Out-Commuters	23,727	95.1%	24,241	94.2%	2.2%
Work Within Region	1,226	4.9%	1,486	5.8%	21.2%
Net Inflow/Outflow	**-241**		**5,847**		

	2004		2014	
Home Location of Workers	Number	Percent	Number	Percent
Pomona city, CA	2,013	8.1%	2,144	6.8%
Los Angeles city, CA	1,314	5.3%	1,658	5.3%
Ontario city, CA	949	3.8%	1,174	3.7%
West Covina city, CA	917	3.7%	1,020	3.2%
Diamond Bar city, CA	726	2.9%	962	3.0%
Rancho Cucamonga city, CA	744	3.0%	943	3.0%
Chino Hills city, CA	640	2.6%	750	2.4%
Fontana city, CA	502	2.0%	673	2.1%
Upland city, CA	543	2.2%	657	2.1%
Walnut city, CA	515	2.1%	611	1.9%
Covina city, CA	405	1.6%	610	1.9%
Chino city, CA	460	1.9%	577	1.8%
All Other Locations	14,984	60.6%	19,795	62.7%
Total, All Employees	**24,712**	**100%**	**31,574**	**100%**

Note:
(a) The Cal Poly Pomona Region is defined using Census Tracts. For a complete listing of the tracts, please see Appendix A.

Sources: U.S. Census Bureau, LEHD Origin-Destination Employment Statistics, 2017; BAE, 2017.

B2. Market Overview

Residential Market Demand

Age of Housing Units

As in many Southern California communities, the Eastern San Gabriel Valley experienced the majority of housing growth in the decades after World War II – 80 percent of existing housing units were built between 1950 and 1989. For the Cal Poly Pomona region, that time period also accounts for 81.1 percent of all existing units. Nearly a third – 32.9 percent – of all housing units in the Cal Poly Pomona region were constructed in the 1980s.

Homes Sales

As across Southern California, the cost of housing in the CPP Region is relatively high, as depicted in Table 1-7. Of all single-family homes sold in the period from October 2016 to January 2017, 60.8 percent sold for over $500,000. Most homes sold – 83.1 percent – are larger homes with three to four bedrooms, with an average size ranging from 1,600 square feet for three-bedroom homes, and 2,065 square feet for four-bedroom homes. Costs per square foot across all size of homes is generally around $330 per square foot of built livable space.

Current costs per square foot for condominium units in the CPP Region are somewhat lower, averaging just under $280 per square foot. Of the 148 condominium units sold between October 2016 to January 2017, 56.8 percent were two-bedroom units measuring g an average of 1,203 square feet. Other 31.8 percent of units sold were three bedroom units with an average unit size of 1,484 square feet.

Table 1-6 Housing Units By Year Built, 2011-2015

	Cal Poly Pomona Region (a)		East San Gabriel Valley (b)	
Year Built	Number	Percent	Number	Percent
Built 1939 or earlier	233	1.2%	14,120	5.1%
Built 1940 to 1949	746	3.8%	11,874	4.3%
Built 1950 to 1959	2,747	14.0%	73,922	26.6%
Built 1960 to 1969	3,711	18.9%	50,472	18.1%
Built 1970 to 1979	3,603	18.3%	51,767	18.6%
Built 1980 to 1989	6,477	32.9%	46,538	16.7%
Built 1990 to 1999	1,332	6.8%	16,360	5.9%
Built 2000 to 2009	780	4.0%	11,938	4.3%
Built 2010 or later	44	0.2%	1,093	0.4%
Total, All Units	**19,673**	**100%**	**278,084**	**100%**
Median Year Built (c)	**1976**		**1968**	

Notes:
(a) The Cal Poly Pomona Region is defined using Census Tracts. For a complete listing of the tracts, please see Appendix A.
(b) East San Gabriel Valley is a Census-Designated Subdivision of Los Angeles County, generally corresponding to the northeastern portion of the County.
(c) The median year built figure was extrapolated based on detailed distribution data.

Sources: U.S. Census Bureau, 2011-2015 American Community Survey, 2017; BAE, 2017.

B2. Market Overview

Table 1-7 Single-Family Home Sales Prices, CPP Region, October 2016 to January 2017

	Number of Units Sold (a)					
Sale Price Range	2 Bdrm	3 Bdrm	4 Bdrm	5+ Bdrm	**Total**	**% of Total**
Less than $300,000	14	12	1	0	27	5.9%
$300,000-$399,999	17	36	6	0	59	13.0%
$400,000-$499,999	10	54	27	1	92	20.3%
$500,000-$599,999	2	66	34	3	105	23.1%
$600,000-$699,999	1	28	31	4	64	14.1%
$700,000-$799,999	1	9	20	5	35	7.7%
$800,000-$899,999	0	11	14	5	30	6.6%
$900,000-$999,999	0	2	12	5	19	4.2%
$1,000,000 or more	0	3	11	9	23	5.1%
Total	**45**	**221**	**156**	**32**	**454**	**100%**
% of Total	9.9%	48.7%	34.4%	7.0%	**100%**	
Median Sale Price	$328,000	$515,000	$627,000	$855,000	$551,000	
Average Sale Price	$363,022	$524,677	$672,519	$1,003,472	$593,202	
Average Size (sf)	1,128	1,604	2,065	3,122	1,822	
Average Price/sf	$329	$330	$334	$320	$331	

Note:
(a) Consists of all sales of single-family residences between October 1, 2016 and January 1, 2017 within a 5-mile radius of the Cal Poly Pomona Campus.

Sources: ListSource, 2017; BAE, 2017.

Table 1-8 Condominium Sales Prices, CPP Region, October 2016 to January 2017

	Number of Units Sold (a)					
Sale Price Range	1 Bdrm	2 Bdrm	3 Bdrm	4+ Bdrm	**Total**	**% of Total**
Less than $200,000	5	2	1	0	8	5.4%
$200,000-$299,999	7	32	2	0	41	27.7%
$300,000-$399,999	0	40	25	1	66	44.6%
$400,000-$499,999	0	5	12	1	18	12.2%
$500,000-$599,999	0	4	6	2	12	8.1%
$600,000 or more	0	1	1	1	3	2.0%
Total	**12**	**84**	**47**	**5**	**148**	**100%**
% of Total	8.1%	56.8%	31.8%	3.4%	**100%**	
Median Sale Price	$211,500	$310,000	$385,000	$547,500	$330,000	
Average Sale Price	$203,833	$326,452	$405,468	$520,200	$348,149	
Average Size (sf)	767	1,103	1,484	1,923	1,224	
Average Price/sf	$269	$298	$275	$269	$287	

Note:
(a) Consists of all sales of condominiums between October 1, 2016 and January 1, 2017 within a 5-mile radius of the Cal Poly Pomona Campus.

Sources: ListSource, 2017; BAE, 2017.

B2. Market Overview

Residential Market Demand

Overview of the Rental Market

The rental market in the area around Cal Poly Pomona has seen recent trends in declining vacancy and increased rental rates within the last 3 years, after years of relative stability since 2008. As summarized in Table 1-9, the area's rental product is dominated by one- and two-bedroom units, which together constitute 88 percent of the area's 6,459 units. One bedroom units have an average size of 722 square feet and an average rent per square foot of $2.06, with a monthly rental rate of $1,481. Two bedroom units, which by themselves account for 56 percent of all rental units, measure on average 949 square feet and rent for $1,706 per month, or $1.80 per square foot.

As vacancy has trended generally downwards, rental rates have increased 14 percent from $1,406 in 2013 to 1,597 in 2016.

B2. Market Overview

Table 1-9 Rental Housing Market Overview, Cal Poly Pomona Region Q3 2016 (A)

Current Market Overview (Q3 2016)

Unit Type	Number of Units	Average Size (Sq. Ft.)	Average Rent	Average Rent/Sq. Ft.
Studio	369	520	$1,330	$2.57
1 Bdrm	2,092	722	$1,481	$2.06
2 Bdrm	3,617	949	$1,706	$1.80
3 Bdrm	363	1,161	$1,931	$1.67
4 Bdrm	18	1,327	$2,031	$1.53
Total, All Unit Types	**6,459**	**864**	**$1,625**	**$1.88**

Average Vacancy Rate, 2006 to Present

Year	Average Vacancy
2016, YTD	4.2%
2015	5.0%
2014	4.0%
2013	5.0%
2012	5.5%
2011	4.6%
2010	4.6%
2009	5.3%
2008	5.0%
2007	3.6%
2006	4.8%

Note:
(a) Includes data for housing complexes with 50 units or more located within a 5-mile radius of the Cal Poly Pomona Campus.

Sources: RealAnswers, 2017; BAE, 2017.

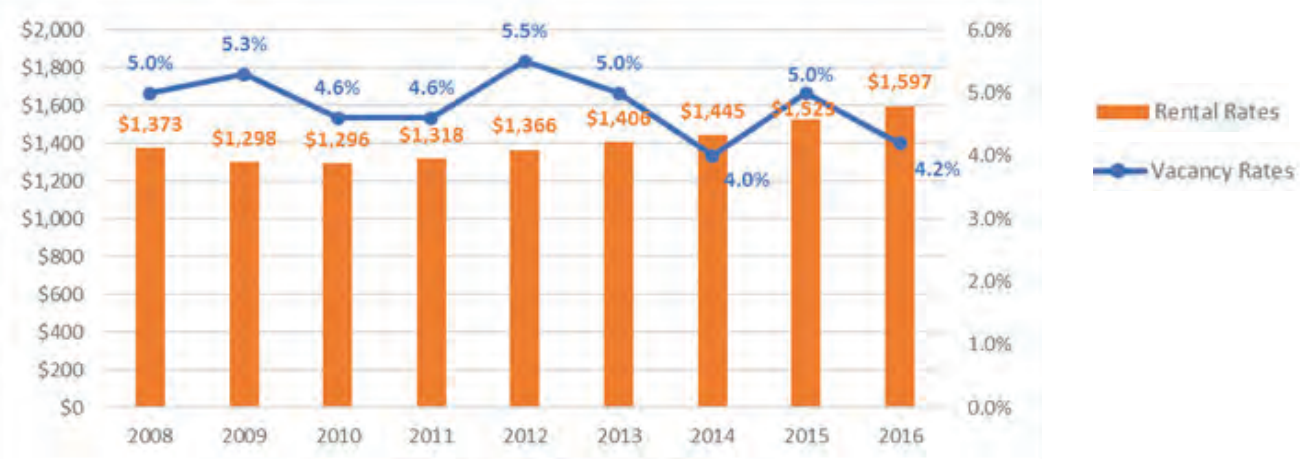


Figure 1.35 Historic Rental And Vacancy Rates, Cal Poly Pomona Region, 2008 To 2016 Q3

B2. Market Overview

Residential Market Demand

Regional Housing Demand Analysis

For the purposes of determining whether there may be demand for new housing units at the site of the Lanterman Developmental Center, this portion of the analysis estimates the current demand for housing units in the 10 cities of the CPP Housing Demand Study Area, projects household growth through 2030, and accounts for known pipeline projects to estimate future unmet demand for new housing units.

Current Housing Supply and Demand

Table 1-10 below describes the current inventory of housing units in the cities of the CPP Housing Demand Study Area, as well as the number of vacant units and the related vacancy rate. Vacant units include rental properties that are currently vacant, unoccupied homes for sale, units rented or solid but not yet occupied, units for seasonal use, units for migrant workers, among other categories of vacancy. A certain level of vacancy – at least 5 percent – is healthy for a residential market at equilibrium, as it indicates opportunities for relocation and investment in improvements. A residential market with a vacancy rate higher than 5 percent has a supply of units in excess of the demand at equilibrium. A market with a vacancy rate lower than 5 percent will have pent-up demand for additional housing units.

The existing over (or under) supply of housing units in the CPP Housing Demand Study Area cities is the difference between the number of existing vacant units and the number of units each city would have at a stabilized market with a vacancy of 5 percent. Across the 10-city area, the current undersupply is 1,626 units.

Projections for Household Growth

SCAG growth projections for the CPP Housing Demand Study Area cities are shown in Table 1-11. SCAG's projections are for growth between 2012 and 2040. The average annual growth rate across the 10 cities is 0.7 percent, identical to that of Los Angeles County, and very close to the 0.8 percent average annual household growth rate in the larger SCAG region that includes Los Angeles, San Bernardino, Riverside, Orange, Imperial and Ventura Counties. Within the CPP Housing Demand Study Area, half of the cities have growth rates at 0.5 percent per year or lower. The City of Chino is the outlier, with an average annual household growth rate of 1.7.

Using the SCAG average annual rate of growth, Table 1-12 estimates the number of households in the CPP Housing Demand Study Area cities for the year 2030.

Table 1-10 Current Housing Supply, CPP Housing Demand Study Area, 2016

Jurisdiction	Existing Units	Occupied	Existing Vacant Units	Existing Vacancy Rate	Equilibirum Vacant Units (a)	Existing Over/(Under) Supply
Chino	23,808	23,084	724	3.0%	1190	(466)
Claremont	12,379	11,718	661	5.3%	619	42
Covina	16,641	15,989	652	3.9%	832	(180)
Diamond Bar	18,642	17,964	678	3.6%	932	(254)
La Verne	12,073	11,629	444	3.7%	604	(160)
Montclair	10,388	9,850	538	5.2%	519	19
Pomona	40,940	39,354	1,586	3.9%	2047	(461)
San Dimas	12,779	12,037	742	5.8%	639	103
Walnut	8,925	8,623	302	3.4%	446	(144)
West Covina	32,930	31,408	1,522	4.6%	1647	(125)
Total, Study Area	**189,505**	**181,656**	**7,849**		**9475**	**(1,626)**

Notes
(a) At Equilibirum Vacancy Rate of 5%

Sources: CA Department of Finance, City/County Population and Housing Estimates, 2016; BAE, 2017.

B2. Market Overview

Planned and Proposed Projects

In addition to projecting growth in future housing demand, including existing pent-up demand and demand from projected household growth, we also must account for expected additions to the housing supply. The following table (Table 1-13) identifies all the planned and proposed housing projects in each of the cities in the CPP Housing Demand Study Area.

Note that the housing units currently in the pipeline are a departure from the existing inventory of housing units. Whereas 73.9 percent of the existing housing stock in the Cal Poly Pomona Region is single-family detached homes, only 42 percent of planned and proposed housing units are single-family detached units. For the purposes of this analysis, the most salient detail is the total number of planned and proposed units in the CPP Housing Demand Study Area, totaling 8,065 units.

Table 1-11 Population and Household Projections, CPP Housing Demand Area, 2012-2040

	Population		Avg. Annual Change	Households		Avg. Annual Change	Net Change (2012-2040)	
Jurisdiction	2012	2040	(2012-2040)	2012	2040	(2012-2040)	Population	Households
Chino	79,400	120,400	1.5%	21,000	34,000	1.7%	41,000	13,000
Claremont	35,500	39,400	0.4%	11,700	13,200	0.4%	3,900	1,500
Covina	48,200	51,600	0.2%	15,900	17,200	0.3%	3,400	1,300
Diamond Bar	56,000	63,900	0.5%	17,900	21,200	0.6%	7,900	3,300
La Verne	31,800	32,900	0.1%	11,400	12,100	0.2%	1,100	700
Montclair	37,200	42,700	0.5%	9,600	11,600	0.7%	5,500	2,000
Pomona	150,500	190,400	0.8%	38,600	51,100	1.0%	39,900	12,500
San Dimas	33,600	34,500	0.1%	12,000	12,400	0.1%	900	400
Walnut	29,800	33,800	0.5%	8,700	10,400	0.6%	4,000	1,700
West Covina	107,000	116,700	0.3%	31,700	35,000	0.4%	9,700	3,300
Total, Study Area	**609,000**	**726,300**	**0.6%**	**178,500**	**218,200**	**0.7%**	**117,300**	**39,700**
Los Angeles County	**9,922,600**	**11,514,800**	**0.5%**	**3,257,600**	**3,946,600**	**0.7%**		
SCAG Region (a)	**18,322,300**	**22,138,800**	**0.7%**	**5,885,500**	**7,412,300**	**0.8%**		

Notes:
(a) The Southern California Association of Government (SCAG) region includes the following counties: Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura.

Sources: SCAG, Growth Forecast, 2016; BAE, 2017.

Table 1-12 Estimate of CPP Housing Demand Area Households, 2030

Jurisdiction	Households 2012	Households 2030	Net Change
Chino	21,000	28,625	7,625
Claremont	11,700	12,643	943
Covina	15,900	16,724	824
Diamond Bar	17,900	19,957	2,057
La Verne	11,400	11,845	445
Montclair	9,600	10,842	1,242
Pomona	38,600	46,228	7,628
San Dimas	12,000	12,256	256
Walnut	8,700	9,758	1,058
West Covina	31,700	33,784	2,084
Total, Study Area	**178,500**	**202,662**	**24,162**

Sources: SCAG, Growth Forecast, 2016; BAE, 2017.

B2. Market Overview

Residential Market Demand

Project Name	Address	Units		Status
City of Chino				
Cypress Villas	Cypress Ave & Riverside Dr	59	SF-Detached	Under Construction
Cedar Point	Benson Ave & Highway 60	84	SF-Detached	Under Construction
Berkshire	Eucalyptus Ave & Fern Ave	56	SF-Detached	Under Construction
Hampshire	Mountain Ave & Satterfield Way	67	SF-Detached	Under Construction
Hampshire II	Mountain Ave & Merrimack St	39	SF-Detached	Under Construction
Brookhaven	Edison Ave & Mountain Ave	93	SF-Detached	Under Construction
Cornell	Edison Ave & Cypress Channel	34	SF-Detached	Under Construction
Sonata	Bickmore Ave & Mill Creek Ave	65	SF-Detached	Under Construction
Palisades	Bickmore Ave & Mill Creek Ave	79	SF-Detached	Under Construction
Stark	Kimball Ave & Rincon Meadows Ave	110	SF-Detached	Under Construction
Harvest	Pine Ave & Hellman Ave	600	SF-Detached	Construction anticipated 2017
Falloncrest	Pine Ave & East Preserve Loop	205	SF-Detached	Approved
The Village at Central	Central Ave & Francis Ave	92	SF-Detached	Approved
Stonebrook	Shaefer Ave & Euclid Ave	122	SF-Detached	Approved
Richland Communities	Bickmore Ave & Mayhew Ave	185	SF-Detached	Seeking Entitlements
Montecito	Francis Ave & Central Ave	113	SF-Detached	Plan Check
The Oaks	12956 Oaks Ave	23	SF-Detached	Plan Check
Rancho Miramonte	Chico Corona Rd & Cucamonga Ave	823	SF-Detached	Planning Phase
Bridge House	Satterfield Way & Notre Dame Ave	200	MFR	Under Construction
Homecoming - Phase I, II, III	Pine Ave & East Preserve Loop	799	MFR	Phase I & II Complete
Homecoming Phase IV	Pine Ave & East Preserve Loop	454	MFR	Seeking Entitlements
Subtotal, City of Chino Single-Family Detached		**2,849**		
Subtotal, City of Chino Single-Family Attached		**0**		
Subtotal, City of Chino Multifamily		**1,453**		
Total, City of Chino		**4,302**		
City of Claremont				
D.R. Horton Serrano	Baseline Rd and Mountain Ave	93	SF-Attached	Under Construction
Meadow Park	Baseline Rd & Towne Blvd	95	SF-Attached	Under Construction
TTM82814	365 San Jose Ave	13	SF-Attached	Under Construction
Village Lofts	127 Oberline Ave	74	MFR	Under Construction
Old School House Sp. Plan	Foothill Blvd. and Indian Hill Blvd	126	SF-Attached	Proposed
Gable Crossing	560 & 618 W. Base Line	60	SF-Attached	Proposed
Foothill East	Foothill Blvd and Monte Vista Ave	25	SF-Attached	Proposed
		78	MFR	Proposed
Subtotal, City of Claremont Single-Family Detached		**0**		
Subtotal, City of Claremont Single-Family Attached		**412**		
Subtotal, City of Claremont Multifamily		**152**		
Total City of Claremont		**564**		

B2. Market Overview

Project Name	Address	Units		Status
City of Covina				
Covina TOD Mixed-Use	1162 North Citrus Ave	120	SF-Attached	Under Review
One Charter Oak	800 North Barranca Ave	63	SF-Detached	Approved
City Ventures	400 Block North Citrus Ave.	52	SF-Attached	Anticipated Construction 2017
		16	MFR	
Subtotal, City of Covina Single-Family Detached		**63**		
Subtotal, City of Covina Single-Family Attached		**172**		
Subtotal, City of Covina Multifamily		**16**		
Total, City of Covina		**251**		
City of Diamond Bar				
South Pointe	Larkstone Dr and Dab Ct	99	SF-Detached	Under Construction
Crooked Creek	Crooked Creek Dr & S. Diamond Bar Blvd	14	SF-Detached	Plan Check
Foremost	888 N. Diamond Bar Blvd	148	MFR	Application Received
Subtotal, City of Diamond Bar Single-Family Detached		**113**		
Subtotal, City of Diamond Bar Single-Family Attached		**0**		
Subtotal, City of Diamond Bar Multifamily		**148**		
Total, City Diamond Bar		**261**		
City of La Verne				
Creekside	N. San Dimas Cnyn Rd. & Caballo Ranch Rd	22	SF-Detached	Under Construction
Emerald Collection	2006 Baseline Rd	19	SF-Detached	Under Construction
Sage Canyon	1977 Golden Hills Rd	14	SF-Detached	Application Approved
Puddingstone Hill	Puddingstone Dr & S. Walnut Ave	15	SF-Detached	Application Approved
Cedar Springs	1351 Palomares Ave.	36	MFR	Application Approved
First Street Apartment	2363 1st Street	38	MFR	Application Under Review
Subtotal, City of La Verne Single-Family Detached		**70**		
Subtotal, City of La Verne Single-Family Attached		**0**		
Subtotal, City of La Verne Multifamily		**74**		
Total, City of LaVerne		**144**		
City of Montclair				
Anzio	5165 Mission Blvd	31	MFR	Under Construction
11119 Monte Vista Ave	11119 Monte Vista Ave	18	SF-Detached	Under Construction
Arrow Station	4952-4974 Arrow Highway	99	MFR	Under Construction
		30	SF-Detached	Under Construction
4975 Mission Blvd	4975 Mission Blvd	22	MFR	Under Construction
		9	SF-Detached	Under Construction
10998 Central Ave	10998 Central Ave	13	MFR	Plan Check
8949 Monte Vista Ave	8949 Monte Vista Ave	23	MFR	Approved
Subtotal, City of Montclair Single-Family Detached		**57**		
Subtotal, City of Montclair Single-Family Attached		**0**		
Subtotal, City of Montclair Multifamily		**188**		
Total, City of Montclair		**245**		

B2. Market Overview

Residential Market Demand

Project Name	Address	Units	Status
City of Pomona			
Western Paradise	1300 W. Mission Blvd	33 MFR	Approved
Yen and Yen Investment	521 N. Erie Street	29 SF-Attached	Approved
Moshe Levey Property	1833 North Garey Ave	35 MFR	Approved
1940 S. Garey Ave	1940 S. Garey Ave	10 SF-Attached	Proposed
990 Weber Street	990 Weber Street	11 SF-Attached	Proposed
1533 Via Estrella	1533 Via Estrella	10 SF-Attached	Proposed
636 E. Grand Ave	636 E. Grand Ave	6 SF-Attached	Proposed
1198 S. San Antonio Ave.	1198 S. San Antonio Ave.	14 SF-Attached	Proposed
675 E Mission Blvd	675 E Mission Blvd	36 MFR	Proposed
1535 S. Reservoir Street	1535 S. Reservoir Street	9 MFR	Proposed
2145 N. Garey Ave	2145 N. Garey Ave	22 MFR	Proposed
2771 N. Garey Ave	2771 N. Garey Ave	650 MFR	Proposed
1368 W. Mission Blvd	1368 W. Mission Blvd	36 MFR	Proposed
1932 S. Garey Ave	1932 S. Garey Ave	17 MFR	Proposed
295 W. Second Street	295 W. Second Street	366 MFR	Proposed
1982 S. Garey Ave	1982 S. Garey Ave	20 MFR	Proposed
737 Lewis Street	737 Lewis Street	12 MFR	Proposed
1452 S. White Ave	1452 S. White Ave	12 MFR	Proposed
1347 S. Towne Ave	1347 S. Towne Ave	34 MFR	Proposed
203 N. Myrtle Ave	203 N. Myrtle Ave	36 MFR	Proposed
427 N Hamilton Blvd	427 N Hamilton	16 MFR	Proposed
Subtotal, City of Pomona Single-Family Detached		**0**	
Subtotal, City of Pomona Single-Family Attached		**80**	
Subtotal, City of Pomona Multifamily		**1,334**	
Total, City of Pomona		**1,414**	
City of San Dimas			
299 E. Foothill	299 E. Foothill	21 SF-Detached	Application Under Review
Oak Valley Subdivision	741 N. San Dimas Ave	28 SF-Detached	Application Received
Moore Place	300 N. Walnut Ave	12 SF-Detached	Application Anticipated
Subtotal, City of San Dimas Single-Family Detached		**61**	
Subtotal, City of San Dimas Single-Family Attached		**0**	
Subtotal, City of San Dimas Multifamily		**0**	
Total, City of San Dimas		**61**	
City of Walnut			
Brookside Equestrian Center	800 Meadowpass Road	28 SF-Detached	Application Received
San Jose Hills	20650 San Jose Hills Road	22 SF-Detached	Application Received
Lot 269	Lemon Ave & Walnut Vista Way	18 SF-Detached	Application Received
Shea Homes	Valley Blvd & Pierre Rd	37 SF-Detached	Anticipated Completion 2017
		61 SF-Attached	
Subtotal, City of Walnut Single-Family Detached		**105**	
Subtotal, City of Walnut Single-Family Attached		**61**	
Subtotal, City of Walnut Multifamily		**0**	
Total, City of Walnut		**166**	

B2. Market Overview

Table 1-13 Planned And Proposed Projects, CPP Housing Demand Study Area, 2016

Project Name	Address	Units		Status
City of West Covina				
City Ventures	424 S. Lark Allen Ave	22	SF-Detached	Under Construction
Taylor Morrison Homes	Rolling Hills Road & Majestic St	51	SF-Detached	Under Construction
Brandywine	3228 E. Holt Ave	48	SF-Attached	Under Construction
Baldwin Parks Homes	1611 San Bernardino Road	86	SF-Attached	Seeking Entitlements
Colony at The Lakes	301 S. Glendora Ave	450	MFR	Under Construction
Subtotal, City of West Covina Single-Family Detached		**73**		
Subtotal, City of West Covina Single-Family Attached		**134**		
Subtotal, City of West Covina Multifamily		**450**		
Total, City of West Covina		**657**		
Total, All Cities				
Total, All Single-Family Detached		**3,391**		
Total, All Single-Family Attached		**859**		
Total, All Multifamily		**3,815**		
Total, All Planned and Proposed Units		**8,065**		

Sources: Respective City Planning Departments, 2017; BAE, 2017.

A
B
C
D
E

Residential Market Demand

Final Estimate of Future Unmet Housing Demand

The final "Table 1-14 Estimate of Unmet Housing Demand, 2030" synthesizes the previous tables to estimate the future demand for housing units in 2030 that will not be absorbed by new housing units currently in the development pipeline. The calculation starts with the number of net new households projected in the 10 cities by the year 2030, totaling 13,157 households. The analysis then factors any shortfalls in the existing housing supply required to serve current demand. The last step nets out the planned and proposed units that are expected to absorb some portion of the demand projected by 2030, resulting in an estimate that there is demand by 2030 for 6,718 new housing units in the CPP Housing Demand Study Area that will not be met by current, planned, or proposed residential units. Some portion of demand for these units could be met by new housing on the Lanterman Site.

Table 1-14 Estimate of Unmet Housing Demand, 2030

Jurisdiction	Current Households 2016 (a)	Projected Households 2030 (b)	Net New Households	Existing Over/(Under) Supply (c)	Planned and Proposed Units (d)	Excess Demand, 2030 (e)
Chino	23,808	28,625	4,817	(466)	4,302	981
Claremont	12,379	12,643	264	42	564	(342)
Covina	16,641	16,724	83	(180)	251	12
Diamond Bar	18,642	19,957	1,315	(254)	261	1,308
La Verne	12,073	11,845	(228)	(160)	144	(212)
Montclair	10,388	10,842	454	19	245	190
Pomona	40,940	46,228	5,288	(461)	1,414	4,335
San Dimas	12,779	12,256	(523)	103	61	(687)
Walnut	8,925	9,758	833	(144)	166	811
West Covina	32,930	33,784	854	(125)	657	321
Total, Study Area	189,505	202,662	13,157	(1,626)	8,065	6,718

Notes:
(a) CA Department of Finance, City/County Population and Housing Estimates, 2016.
(b) Estimated using average annual growth between 2012 and 2040, SCAG Growth Forecast, 2016.
(c) Includes net amount of supply needed for long term economic equilibrium.
(d) Includes planned/pipeline projects from CPP Housing Study Area, including the identified jurisdictions but omitting unincorporated County land.
(e) Equals Future Demand plus Over/(Under) Supply minus Planned and Proposed Units.
Sources: SCAG, Growth Forecast, 2016; CA Department of Finance, City/County Population and Housing Estimates, 2016; BAE, 2017.

B2. Market Overview

Qualitative Assessment: Competing For Future Housing Demand

The analysis to this point estimates that there is significantly more demand for housing units by 2030 than there are planned and proposed housing units, indicating that there is demand for over 6,700 additional units at that time. To absorb any part of that demand, LDC will be competing with other potential new housing developments within the CPP Housing Study Area. In its current state, the Lanterman site is not particularly well suited to attract future residents with respect to other locations. New housing developments currently planned in the CPP Housing Demand Study Area tend to be characterized by either suburban-style master-planned communities or urban infill communities. Master-planned developments targeted to families emphasize single-family homes served by secured amenities such as community pools, parks, and clubhouses, and the quality of the local school district. Infill developments located in existing urbanized areas target young professionals and empty-nesters with single-family attached or multifamily products, with an emphasis or proximity to transit and commercial services such as shopping and entertainment.

Table 1-15 is a selection of currently planned housing developments in the CPP Housing Study Area, including a summary of the package of amenities and characteristics each is using to market housing units to new buyers. Because the Lanterman site is relatively separated from commercial services and other amenities, the scope of development for Lanterman will need to consider how to provide amenities appropriate to potential residents and improve access to existing amenities and services. Significant investment in infrastructure, amenities, and access would be required to position Lanterman to absorb regional housing demand, and other infill and greenfield sites in the region have lower hurdles to attract households to new units.

Table 1-15 Characteristics of New For-Sale Residential Developments

Project	City	Miles From Campus	Units	Square Feet		Base Sale Price		Amenities
				Min	Max	Min	Max	
The Avenue	Pomona	3	24 SF-Attached	1,826	1,908	$489,900	$499,990	Proximity to Metrolink, Parks,
			9 SF-Detached	2,238	2,238	$463,900	$463,900	Shopping, Entertainment
Bonita Village	Pomona	4	143 SF-Attached	1,231	2,226	$388,270	$499,990	Proximity to Downtown & Metrolink/Communal Areas
Cornerstone	Walnut	5	61 SF-Attached	1,873	1,983	$701,940	$738,500	Modern Features
			37 SF-Detached	2,072	2,339	$923,070	$989,900	
Anzio	Montclair	6	31 SF-Detached	1,690	2,111	$419,990	$461,990	Gated Community/Community Pool/Centrally Located
Arrow Station	Montclair	6	99 MFR	1,166	1,413	$331,990	$375,990	Proximity to Metrolink
			30 SF-Detached	1,883	1,883	$485,990	$485,990	Community Park & Clubhouse
Cypress Villas	Chino	7	59 SF-Detached	2,178	2,432	$513,990	$571,490	Proximity to Shopping/ Quality Schools

Sources: Respective Communities Websites, 2017; BAE, 2017.

B2. Market Overview

Residential Market Demand

Demand Analysis for Campus-Oriented Residential Uses

This section of the report supplements the preceding regional housing demand analysis with an analysis of demand for housing developed on the Lanterman site specifically for households associated with campus-oriented activities; namely, students, faculty, and staff. Whereas the Lanterman site has certain challenges to overcome and significant investments would be necessary to absorb regional demand, households associated with CPP are expected to be more inclined to find the site's location near campus as an attractive asset. Additionally, because the Lanterman site will be designed specifically for the purposes of aligning with and enhancing CPP activities, these populations can be expected to be a primary source of demand.

Methodology for Student Demand Projections

To evaluate demand for student housing, BAE reviewed Brailsford and Dunlavey's (B&D's) 2016 Housing Demand Analysis Update, evaluating existing demand for on-campus housing by the various enrollment classifications (freshman, sophomore, junior, senior, and graduate), cross tabulated by type of preferred room and occupancy type. Table 1-16 includes B&D's original estimate for demand by classification for various room types.

In discussions with CPP housing services managers, the consultant team was advised of the First-Year Student Residential Requirement, which has been adopted to encourage out-of-classroom learning and engagement by locating residential facilities for first-year students on campus in proximity to university facilities, services and other students. Lanterman is therefore likely more appropriate as a potential site for more mature, upper classifications and graduate students. Additionally, CPP's plan to develop new on-campus residential facilities for over 1,500 first-year students in two phases over the next five years is expected to address current and much future demand for underclassmen. Going forward, this analysis omits freshman and sophomore students from demand projections and focuses on juniors, seniors, and graduate students, as seen in Table 1-17, a summary of occupancy preferences by classification derived from the B&D study.

Table 1-16 Housing Demand Analysis with Unit Type, 2015-2016

Enrollment Classification	Enrolled Population	Max. Potential Demand (a)	Traditional Single	Traditional Double	Traditional Triple	Full Suite Single	Full Suite Double	2-Bedroom Apartment Single	4-Bedroom Apartment Single
Freshman	4,075	704	55	80	223	118	229	0	0
Sophomore	3,355	766	0	0	0	0	59	135	572
Junior	5,021	502	0	0	0	0	75	192	235
Senior/Other	9,698	2,249	0	0	0	0	389	619	1241
Graduate/Other	1,568	363	0	0	0	0	64	7	292
TOTAL	**23,717**	**4,585**	55	80	223	118	816	953	2340
Existing Bed Count		2,291	0	884	399	926	82	0	0
Net Demand/Surplus		**(2294)**	**(55)**	**804**	**176**	**808**	**(734)**	**(953)**	**(2340)**

Notes:
(a) Estimate of Maximum Potential Demand based on available unit type and expressed occupancy preferences.
Source: Demand analysis prepared by Brailsford and Dunlavey, September 2016.

Table 1-17 Occupancy Preference by Enrollment Classification

Enrollment Classification	Full Suite Double	2-Bedroom Apartment Single	Bedroom Apartment Single
Junior	14.9%	38.2%	46.8%
Senior/Other	17.3%	27.5%	55.2%
Graduate/Other	17.6%	1.9%	80.4%

Sources: Brailsford and Dunlavey, 2016; BAE 2017.

B2. Market Overview

The analysis projects future demand growth based on an average annual rate of growth of 2.25 percent, the average rate from 2005 and 2016, and consistent with CPP Master Plan. Table 1-18 portrays growth from 2015-2016 enrollment levels through 2030, showing both net new enrollment, and using the projected capture rate from the B&D study to project net demand for beds by new students.

Using the Occupancy Preferences from Table 1-17, the following Table 19 distributes Net Projected New Demand to split demand into the various occupancy types.

In addition to net demand from enrollment growth, we must also include the existing levels of potential demand found in the B&D study, as summarized below in Table 1-20.

Table 1-18 Projected Growth in Enrollment and Student Demand, 2015-2030

Enrollment Classification	Enrolled Population (2015-2016)	Projected Enrollment (2030) (a)	Net New Enrollment	Capture Rate (b)	Net Projected New Demand
Junior	5,021	6,856	1,835	10%	184
Senior/Other	9,698	13,242	3,544	23%	815
Graduate/Other	1,568	2,141	573	23%	132
TOTAL	**23,717**	**32,385**	**8,668**		1,131

Notes:
(a) Enrollment projections use 2.25% annual growth rate, the average annual rate from 2005 and 2016.
(b) Capture Rate from B&D Demand Based Programming Table.
Sources: Brailsford and Dunlavey, 2016; Cal Poly Pomona website, BAE 2017.

Table 1-19 Net Projected New Demand by Occupancy Type, 2030

Enrollment Classification	Net Projected New Demand	Full Suite Double	2-Bedroom Apartment Single	4-Bedroom Apartment Single
Junior	184	27	70	86
Senior/Other	815	141	224	450
Graduate/Other	132	23	3	106
TOTAL	**1,131**	**192**	**297**	**642**

Sources: Brailsford and Dunlavey, 2016; Cal Poly Pomona website, BAE 2017.

Table 1-20 Current Maximum Potential Demand by Occupancy Type, 2016

Enrollment Classification	Existing Max. Potential Demand	Full Suite Double	2-Bedroom Apartment Single	4-Bedroom Apartment Single
Junior	502	75	192	235
Senior/Other	2,249	389	619	1,241
Graduate/Other	363	64	7	292
TOTAL	**3,114**	**528**	**818**	**1,768**

Sources: Brailsford and Dunlavey, 2016; Cal Poly Pomona website, BAE 2017.

B2. Market Overview

Residential Market Demand

Table 1-21 combines existing potential demand and projected new demand through 2030, providing the total projected demand by 2030.

The projections up to this point has used a single resident (or bed) as the unit of measure, even though each of the housing types evaluated here have multiple occupants. The full suite double and 4-Bedroom single residential units would house four residents, and the 2-Bedroom single units would house two residents. Table 1-22 addresses this multiple occupancy, resulting in an estimate of the total number of units of each unit type.

For the purposes of future financial feasibility modeling, Table 1-23includes summary characteristics and rents for the residential units evaluated in this study.

Table 1-21 Total Demand by Occupancy Type, 2030

Enrollment Classification	Total Net Demand, 2030	Full Suite Double	2-Bedroom Apartment Single	4-Bedroom Apartment Single
Junior	686	102	262	321
Senior/Other	3,064	530	843	1,691
Graduate/Other	495	87	10	398
TOTAL	**4,245**	**720**	**1,115**	**2,410**

Sources: Brailsford and Dunlavey, 2016; Cal Poly Pomona website, BAE 2017.

Table 1-22 Total Demand for Residential Units, 2030

Unit Demand, 2030	Number Units
Full Suite Double (a)	180
2-Bedroom Apartment	558
4-Bedroom Apartment	602
TOTAL	**1,340**

Notes:
(a) Assumes four occupants per unit per current unit standards
Sources: Brailsford and Dunlavey, 2016; Cal Poly Pomona website, BAE 2017.

Table 1-23 Summary Characteristics of Residential Units, 2016

Unit Type	Average Size (SF)	Average Rent ($)	Average Rent ($/SF)
Full Suite Double (a)	937	TBD	TBD
2-Bedroom (b)	949	1706	$1.80
4-Bedroom	1327	2031	$1.53

Notes:
(a) Suites contain both double-occupancy rooms and single-occupancy bedrooms.
(b) Size and rents for 2- and 4-Bedroom apartments in Cal Poly Pomona Region.
Sources: RealAnswers, BAE, Cal Poly Pomona Website, 2017.

B2. Market Overview

Methodology for Faculty and Staff Demand Projections

Much like that for students, the methodology for projecting demand for faculty and staff is similarly based on a measure of existing estimated demand for housing from CPP employees, plus a projection of the amount of new demand through 2030. In contrast to the student housing analysis, which has the benefit of the recent B&D study of occupancy preferences and current demand for student housing, the consultant team is not aware of any recent study of needs for faculty and staff housing or employee housing preferences for CPP. However, a few sources described here are indicators of the magnitude of potential demand for faculty and staff housing.

The first is a Housing Assessment conducted for CPP and multiple other campuses in the CSU system, prepared by BAE in 2001. The study interviewed recently-hired faculty, administrative, and managerial employees to determine to what degree the quality and availability of housing was an issue for CPP employees. Key findings include:

- 67 percent of recently-hired faculty relocated to accept the position at CPP
- 41 percent of recently-hired and 44 percent of staff rent their housing
- 40 percent of recently-hired faculty and 30 percent of staff are dissatisfied with their current housing
- 42 percent of recently-hired faculty have considered leaving CSU because of housing issues
- Over 30 percent of recently-hired faculty and staff have financial barriers to homeownership

Although the study is dated, the dynamics of the Southern California housing market and relative increases in salaries and housing costs since that time have only exacerbated these issues, and it is expected and understood that many CPP employees face the same issues today. Anecdotal evidence from conversations with the Cal Poly Pomona Foundation, which manages a small inventory of 54 townhomes and condominiums reserved for purchase by faculty and staff, suggests that there is significantly more demand than their existing supply. Table 1-24 corroborates that conclusion with an affordability analysis of what households with CPP employees at various affordability levels can afford to pay for a home, based on a calculation of income, the amount available per month for a mortgage payment, and assuming a traditional down payment, current interest rates and standard loan terms for a 30-year fixed rate mortgage. The analysis shows that approximately 66 percent of CPP employee households cannot afford to purchase the average single family home sold in the area. Condominium units are similarly unaffordable for approximately 39 percent of CPP households.

Table 1-24 Affordability of Housing For CPP Employee Households, 2016

	Total CPP Households		Affordable Home Price		Affordability of Average Sales Prices		Impacted Households	
Household Income	Number	Percent	Min	Max	Single Fam. (b) $593,000	Condo (c) $378,000	Single Fam. #	Condo #
Less than $50,000	510	16.8%	-	$219,000	No	No	510	510
$50,000 to $99,999	940	30.9%	$219,000	$438,000	No	Some (27%)	940	686
$100,000 to $149,999	796	26.2%	$438,000	$657,000	Some (29%)	Yes	565	0
$150,000 to $199,999	439	14.4%	$657,000	$876,000	Yes	Yes	0	0
$200,000 to $249,999	188	6.2%	$876,000	$1,095,000	Yes	Yes	0	0
$250,000 or more	167	5.5%	$1,095,000	-	Yes	Yes	0	0
Total	3,040	100.0%					2,015	1196
Percent							**66%**	**39%**

Notes:
(a) Based on a detailed analysis of the Public Use Microdata Sample (PUMS) published by the U.S. Census Bureau applied to the total university employee count.
(b) Consists of all sales of single-family residences between October 1, 2016 and January 1, 2017 within a 5-mile radius of the Cal Poly Pomona Campus.
(c) Consists of all sales of condominiums between October 1, 2016 and January 1, 2017 within a 5-mile radius of the Cal Poly Pomona Campus.

Sources: ListSource, 2017; BAE, 2017.

B2. Market Overview

Residential Market Demand

Table 1-25 Affordability of Housing for Cpp Employee Households, 2016

	Current (2016-17)	Projected (2030)	Net New Employees
Faculty	1,821	2,386	565
Staff	1,219	1,577	358
TOTAL	**3,040**	**3,963**	**923**

Notes:
(a) Projections assuming average annual growth rate of 2.1 percent
(b) Projections assuming average annual growth rate of 2.0 percent
Sources: https://www.cpp.edu/~aboutcpp/calpolypomona-overview/facts-and-figures.shtml; BAE, 2017.

Table 1-26 Potential Demand from Existing Employees, 2016

	Current (2016-17)	Potential Capture Rate (a)	Potential Capture Households
Faculty	1,821	8%	146
Staff	1,219	5%	61
TOTAL	**3,040**		**207**

Notes:
(a) Order-of-magnitude factor based on BAE 2001 study of faculty housing preferences, assuming actual capture rate is 20 percent of stated interest.
Sources: BAE 2001; CPP website Facts and Figures, 2017; BAE, 2017.

Table 1-27 Demand from New Employees Through 2030

	Turnover Replacement (-2030) (a)	Net New Employees (-2030)	Total	Potential Capture Rate (b)	Potential Capture Households
Faculty	1,464	565	2,029	16%	325
Staff	974	358	1,332	10%	133
TOTAL	**2,438**	**923**	**3,361**		**458**

Notes:
(a) Annual turnover rate of 5 percent estimated from CSU Committee on University and Faculty Personnel report, 2015.
(a) Order-of-magnitude factor based on BAE 2001 study of faculty housing preferences, assuming actual capture rate is 40 percent of stated interest.
Sources: BAE 2001; CPP website Facts and Figures, 2017; CSU University Faculty and Personnel Committee report, 2015; BAE, 2017.

Table 1-28 Total Demand for Employee Housing, 2030

	Existing Employee Households	New Employee Households	
Faculty	146	325	
Staff	61	133	
TOTAL	207	458	**665**

Sources: BAE 2001; CPP website Facts and Figures, 2017; BAE, 2017.

B2. Market Overview

Beginning with current levels of faculty and staff in the 2016-2017 academic year, the analysis projects the number of new employees that will be added to the CPP through 2030, using an average annual growth rate from the 2000 Campus Master Plan which tracks with historic employee growth on campus.

To project future demand for faculty and staff housing, this analysis looks at two different cohorts. The first cohort is composed of the faculty and staff that are currently employed at CPP. The prior study discussed above shows that around 40 percent of recently-hired employees were dissatisfied with available housing options, and the current analysis shows that shows that a large majority of 2016 CPP households are priced out of the market for single family home ownership, and a significant portion are also priced out of the condo market. However, there is a difference between an expressed level of dissatisfaction and the actual likelihood of taking advantage of employee housing, both because of the power of inertia (currently employees are already housed) and housing preference (a majority of Southern California households prefer a detached single-family unit that is not likely to be offered at Lanterman). Accordingly, this analysis assumes that a relatively modest share of current housing-dissatisfied employees – 20 percent – would avail themselves of campus-oriented housing at Lanterman. The resulting capture rates from all existing employees used in Table 1-26 are 8 percent for faculty, and 5 percent for staff, who have cited lower levels of dissatisfaction with housing options.

The second cohort of faculty and staff are those who are not yet employed by CPP. This group includes the future occupants of net new positions through 2030, as well as employees that will be hired in the future to replace positions that are vacated by departing employees. Using the number of net new employees from Table 1-25, and an annual turnover rate of 5 percent, modified from the figure of 5.6 percent cited in 2015 report from the CSU Faculty and Personnel Committee, yields a total of 3,361 new CPP employees through 2030 as a potential source of housing demand. Because this cohort does not face the hurdle of inertia, and many will be relocating to work on campus, this analysis uses a higher rate of capture for dissatisfied CPP households of 40 percent. The resulting capture rates for all future employees used in Table 1-27 are 16 percent for faculty and 10 percent for staff.

This analysis projects a total household demand for 665 faculty and staff residential units by 2030.

Additional Considerations

The consultant team's discussions with CPP stakeholders have identified several issues related to future housing on the Lanterman site to be considered in ongoing planning efforts.

Affordability of Faculty and Staff Housing. Given the high number of CPP households with constrained ability to purchase market-rate housing in the area, any methods to bring the cost of housing down would be an important benefit to employees and the entire CPP community. On the Lanterman site, affordability could be addressed through development of unit types with lower land and construction types, such as townhomes or condominiums. The University could also extend the Foundation's employee housing program, which provides ownership opportunities on a ground-lease basis that reduces the impact of land costs on the purchase price.

Tiered priority. Other employee housing programs developed in the CSU system and elsewhere have incorporated a tiered system of priority for faculty and staff units. Especially if units are offered with some form of subsidy, the program should define a prioritized list of potential purchasers, starting with CPP faculty and staff, then extending to employees of other nearby educational institutions, then to "workforce" households such as public employees, police, teachers, and nurses, and finally with the general population as the final tier.

Partnering with Other Institutions. The housing affordability issues experienced at CPP are not unique within the region. Partnerships with nearby educational institutions such as Mount San Antonio College, the Claremont Colleges, and CSU Fullerton may open up a broader source of demand for Lanterman units, and provide opportunities for collaboration among complementary institutions.

B2. Market Overview

Residential Market Demand

Key Findings and Recommendations

Key Findings

Strong Regional Demand for Residential Units

The regional demand analysis shows that there is current pent-up demand for additional housing units in the area. In addition, future demand from household growth is expected to surpass the number of housing units currently planned for construction, resulting in a projection of approximately 6,700 additional housing units needed by 2030.

Competing for Future Demand

In order for Lanterman to successfully compete for a portion of that future household demand, comprehensive planning and investment will be required to attract the broader regional residential market to Lanterman. At a minimum, planning for a residential community at Lanterman will need to consider access improvements, as well as provision of amenities and services. For example, new greenfield subdivisions such as those in nearby Chino compete for households with an emphasis on single-family homes served by secured amenities such as community pools, parks, and clubhouses, and the quality of the local school district. By contrast, new urban-infill developments in the housing study area are targeting young professionals and empty-nesters with single-family attached or multifamily units, with an emphasis or proximity to transit and commercial services such as shopping and entertainment.

Demand for Housing Among CPP Employees and Students

Lanterman may have a competitive advantage to attract future households from the subset of the regional market, composed of faculty, staff, and students. Given the relative dearth of housing options near campus and Southern California's ongoing housing affordability crisis, it is expected that a sizable portion of CPP employees and students would be interested in taking advantage of new housing options designed for this purpose.

Other models for University Housing

Other educational institutions in California and beyond have implemented programs similar to that which CPP is considering for Lanterman. The Irvine Campus Housing Authority (ICHA) is a good model as a mature program that has gradually developed a wide variety of housing types for faculty of the University of California, Irvine, on a ground-lease model that has shifted some responsibility and risk from the University to private development partners. In addition to developing units for employees, programs like ICHA and the Stanford Faculty Staff Housing Department also provide services to faculty, ranging from in-house real estate services to buy or sell units, to financial assistance including mortgage and down-payment assistance. Closer to home, the Cal Poly Pomona foundation has expertise (and potentially resources) that could prove vital to developing an employee housing program at Lanterman.

B2. Market Overview

Key Recommendations

Determine Whether Student Housing Is Desirable on Lanterman

Given CPPs First-Year Student Residential Requirement policy and plans to develop additional housing and services on campus for first year and younger students, campus housing administrators have advised that any student housing on the Lanterman site should focus on older student and graduate students. CPP housing administrators also advise that a minimum of 1,000 students should be considered the baseline size of a student residential community to achieve a critical mass that yields a sense of community and justify provision of services. Within these parameters, CPP should consider to what degree rental housing at the Lanterman site should focus on students rather that the regional market.

Further Exploration of Faculty and Staff Needs

Brailsford and Dunlavey's ongoing services have provided CPP with a deep understanding of the needs and demand for housing the student population. CPP does not have the same comprehensive understanding of the needs and desires of faculty and staff. A survey of faculty and staff, with a focus on those hired within the last few years, would collect specific information on desired housing types, location and amenities, household incomes, number of CPP workers per household, current commute patterns, and other information pertinent to site planning and program development, to better evaluate the need for and character of faculty and staff housing. Survey questions could also request information about the most desired types of commercial uses onsite (e.g., R&D/Incubator space) to inform the site's non-residential development.

Partner with Other Educational Institutions

The availability and affordability of housing is a challenge for many educational institutions across the state, including several in CPP's general vicinity, including Mount San Antonio College, CSU Fullerton, and the Claremont Colleges. Given the magnitude of the opportunity for new for-sale housing on the Lanterman site, CPP could establish relationships to provide additional resources and mitigate risk of developing on Lanterman. Such relationships could range from a simple marketing agreement that proactively markets housing opportunities to employees of the various institutions, to a more robust relationship through which other institutions can invest in the development of Lanterman.

B2. Market Overview

Funding and Feasibility Discussion

Cal Poly Pomona's (CPP) objectives for the Lanterman Project include the consideration of delivery options which self-support for development, operations and potential revenue streams to CPP. It is also understood that no funding from CPP is available for the project and that creative solutions and partnerships should be explored to support successful project delivery.

On this basis, financial feasibility may potentially be defined as a cash flow neutral or positive outcome to CPP and delivery requiring limited to no direct capital being provided by CPP. As such, any capital used to fund or finance development will need to be supported by available project cash flows and other available, non-CPP sources. A financially feasible outcome will also need to consider the appetite of relevant market participants. Evaluation of a set of delivery alternatives, commenting on strengths and weaknesses will be undertaken in Phase 2.

This section aims to assist CPP to consider available delivery and funding solutions by outlining a range of precedent transactions that make use of varying commercial structures and funding/financing mechanisms. These developments include a variety of land uses such as office space, training and research facilities, residential, event space, parking buildings, commercial and retail development.

Many of these transactions make use of alternative and public-private delivery solutions to minimize up-front financial commitments, maximize project cash flows and optimize risk transfer outcomes. These examples also use a range of funding/financing sources such as Federal and State funding, private equity and debt, tax-free and taxable bond issuances, commercial revenues, student fees and others.

B2. Market Overview

Project Name	Land uses	Delivery Model	Funding/Financing
Cal Poly Pomona Innovation Village (Mature operation stage, further development planned)	• Office space, training, research and tech facilities, additional development space	• Public-private delivery • Private developer partner develops and sells to tenants • Long term ground sub-lease arrangements	• Combination of private capital, EDA funding, Cal Poly Foundation and other
University of California San Diego Innovative Cultural and Education Hub (Construction to start 2017)	• Residential apartments, event space, restaurant, outdoor amphitheater	• Private developer purchased property from City to develop site • UCSD pays developer to construct office building and tenant improvements	• No state funding • Combination of program underwriting, contracts and grants, fees for services and lease revenues
MIT East Cambridge Kendall Square Initiative (Planning phase)	• Residential, retail, research and development buildings, open spaces	• MIT won bid to design and construct new federal facility and own balance of property which it will develop.	• May fund project construction through a combination of equity, debt, construction financing, infrastructure financing, and joint venture capital. • MIT intends to fund the construction costs on a phase-by-phase basis
University of California Merced Campus Expansion (Planning phase)	• Academic and research space, residential, parking space, competition pool, conference center, wellness center, soccer/athletic field, dining facility	• Availability-payment concession Public Private Partnership • Single private development team designs, builds, operates and maintains major building systems and partially finances the entire project under a single contract	• Combination of UC Board of Regents-issued revenue bonds, developer funds and UC Merced's own funds.
University of Kansas Central District Development (Construction completion expected 2018)	• Science building, residential hall and dining facility, apartment style housing, student union facility, parking space and a central utility plant	• Public Private Partnership - Design-Build-Operate and Maintain	• Combination of savings realized through Changing for Excellence – the university's cost-savings initiative,, student fees, support from alumni and friends, and business and revenue-generating aspects such as parking and student housing.
Wayne State University Campus Upgrade (Planning phase)	• Construction of new and upgrading existing on-campus student residential facilities	• Public Private delivery to design, build, finance, and possibly operate and maintain	• The initial financing comprises $300 million private placement bond • The proceeds of the bond will be used for the new construction as well as to pay off the university's existing debt.
LSU Nicholson Gateway Student Housing Project (In construction)	• Drive corridor, residential hall, retail space, and garage parking	• Public Private Partnership to design, build, finance, operate and maintain	• Combination of tax-exempt and taxable bonds issued by conduit issuer - Louisiana Public Facilities Authority
Metropolitan State University Of Denver Hospitality Learning Center (construction completed)	• Classrooms, Laboratory, Commercial hotel and a conference center	• Public Private Partnership Delivery	• Metropolitan State University of Denver Roadrunner Recovery and Reinvestment Finance Authority issued bonds to be paid with hotel revenues and private donations.

B2. Market Overview

Detailed Project Descriptions

Cal Poly Pomona Innovation Village[1]

Cal Poly Pomona's existing Innovation Village was originally approved for development in 1999 and currently includes 7 buildings, 13 companies and 1,900 employees over 38 acres. The fifth phase of development has just been completed and the village is now 65% complete. The project has been delivered through Public-Private delivery with long-term ground sub-leases aimed to ensure the development is self-supporting and will return economic benefits in future years.

The first project was a 52,000 square foot Center for Training Technology and Incubation (CTTi) which opened in 2001 and was financed in a partnership consisting of NASA, the Economic Development Administration, the California Technology, Trade and Commerce Agency, the College of Extended University, and the Cal Poly Pomona Foundation.

The second project was approved in 2003 and is a 201,000 square foot blood processing facility and was financed entirely by the American Red Cross.

Phase 3 involved a development partnership with Trammell Crow Company in May 2005 and is a 123,000 square foot class A commercial office and research building entirely financed by Trammell Crow Company and subsequently purchased and occupied by the Southern California Edison Company for its Transmission and Distribution Business Unit. It completed its tenant improvements and occupied the building in early 2010.

Phase 4, approved in 2006, is an additional 123,000 square foot office and research building again entirely financed by Trammell Crow. Southern California Edison assumed Trammell Crow's ground lease and built their second building in the Innovation Village. In July 2016, the third Southern California Edison building was opened and was developed in association with Cal Poly Pomona Foundation and Trammel Crow Company.

University of California San Diego Innovative Cultural and Education Hub

The UC San Diego Innovation Village is a $42 million, 66,000-square-foot downtown outpost that is planned to be part of a larger development. Construction is expected to begin in 2017 with completion by late 2020 or early-2021. The planned development includes 426 apartments, including 85 for low-income renters, an outdoor amphitheater and event space, and the Remmen House, a historic property that is to be restored for restaurant, retail or another use.

The building would be part of Holland Partner Group's $275 million proposed Park & Market project. Holland would pay the city $12.3 million for the property with the proceeds going back into the city's affordable housing fund. The university anticipates paying Holland approximately $36.2 million for the office building depending on the actual construction cost, and around $6 million in tenant improvements.

No state funds will be used to finance the construction of the project and ongoing financing for the facility will come from a combination of program underwriting, contracts, grants, fees for services and lease revenues, all of which the UC San Diego Extension will manage.[2] [3]

1 https://www.foundation.cpp.edu/

2 http://ucsdnews.ucsd.edu/feature/making_a_mark_in_downtown

3 http://www.sandiegouniontribune.com/business/growth-development/sd-fi-parkmarket-20161213-story.html

B2. Market Overview

MIT East Cambridge Kendall Square Initiative

The Kendall Square Initiative includes six new buildings as well as a variety of new open spaces and retail venues. The new buildings will provide a mix of approximately 290 affordable and market-rate housing units, 250 net new graduate-student residential units, research and development buildings, more than 100,000 square feet of new and repositioned retail space, and other open spaces. Construction will take place over the course of the next 10 years.

In January 2017, MIT signed a $750 million deal with the General Services Administration to buy the 14-acre site and build a new federal transportation research facility on approximately 4 acres, which will replace approximately 375,000 square feet now scattered across six buildings. It will then have the rights to build on the rest of the site which is planned to include a mix of commercial innovation space, residential, retail facilities and open space.

MIT's investments would fund the purchase rather than the operating budget. MIT's purchase of the Volpe Center property is being administered by the Institute's investment arm, the MIT Investment Management Company (MITIMCo), which manages the assets that comprise MIT's endowment, its employee pension program, and its real estate portfolio.[4] [5] [6]

University of California Merced (UC Merced 2020) Campus Expansion

The planned expansion of the UC Merced campus is intended to support projected growth in student enrollment from 6,200 to 10,000 by 2020. It would be located on 219 acres, including the current 104-acre campus, and will involve up to 1.85m square feet (42 acres) of new facilities. The total value of the project is $1,200m.

Proceeds will be used for the redevelopment of University of California's Merced campus. The total capital cost of the deal is estimated at $1.30 billion. The project will be procured on a PPP basis and entails the design, build, finance, operation and maintenance of new academic, research and student accommodation facilities at the University of California's Merced campus. The new facilities will be built within a 219-acre site that supports the existing campus and its 6,700 students. The concession for the project has a 39-year contract term.

The financing for the project will include a combination of an all-bonds debt package, sponsor equity and university funds. The total private sector financing amounts to approximately $738 million, featuring an estimated $663 million private placement issue and $75 million in equity. About five institutional investors have committed to the private placement which is being underwritten by Goldman Sachs and TD securities. The University of California, Merced, will make a $600 million contribution towards the project which will be made in the form of regents-issued tax-exempt revenue bonds as progress payments. These will be made pro-rata once the consortium has completed $150 million worth of ground work.

On 15 June 2016, The University of California, Merced, named Plenary Properties Merced (PPM) as preferred bidder on the deal. The consortium comprises: Plenary Group (equity provider and financial arranger), Webcor Builders (lead contractor), Johnson Controls (operations, maintenance and renewal services provider), and Skidmore Owings & Merrill (lead campus planner).[7] [8] [9]

4 http://news.mit.edu/2016/mit-presents-updated-kendall-square-initiative-plan-city-cambridge-0107

5 http://news.mit.edu/2017/agreement-redevelop-volpe-center-kendall-square-0118

6 https://kendallsquare.mit.edu/sites/default/files/documents/2015_0727_NoMa_PUDSpecialPermit.pdf

7 https://ijglobal.com/data/transaction/30091/university-of-california-merced-campus-redevelopment-ppp

8 https://www.infra-deals.com/deals/1358772/university-of-california-merced-uc-merced-2020-campus-expansion-p3.html

9 http://merced2020.ucmerced.edu/financestructure

B2. Market Overview

Detailed Project Descriptions

University of Kansas Central District Development

The University of Kansas' Central District Development will include a new academic science facility and an adjoining student union, a power plant, student accommodation and parking facilities. The 40-acre project is expected to encompass 285,000 square feet of academic science facilities, a 50,000 square foot student union, 2,000 parking spaces, a central utility plant and two housing facilities with a total of 1,200 student beds. The project is procured on a PPP basis. The University of Kansas is the awarding authority on the designing, building, financing and potentially operating and maintaining concession. They named a preferred bidder in July 2015 - Edgemoor Development.

The University proposed to enter into a ground lease with the KY Campus Development Corporation (KUCDC) for 40 years for the land upon which the facilities will be constructed. The lease will provide KUCDC the ability to obtain bonds for the projects with sublease serving as the bond guarantee with the Public Finance Authority. Upon construction completion, the newly constructed facilities will be subleased back to the University. The sublease payment will be wholly funded by housing revenues, parking revenues, student fees and tuition funds.

On 21 January 2015, the deal reached financial close for a $326.9 million bond issue. The bonds have an all-in-cost of 3.76% and coupon of 5%, and are due 2046. The bonds will be issued through the Public Finance Authority in Wisconsin. JP Morgan was the lead bookrunner on the issue, while Barclays, Bank of America Merrill Lynch, Wells Fargo and George K. Baum were part of the underwriting syndicate. Moody's has assigned an Aa2 ratings to the bonds. The bonds will also pay for the cost of issuance and fund capitalized interest during construction of the new facility.

PFM is financial adviser to the university while Pillsbury Winthrop Shaw Pittman is its legal counsel. Kutak Rock was disclosure counsel. PFAL was financial adviser to Edgemoor, Orrick was bond counsel while Chapman and Cutler was underwriters' counsel.[10] [11] [12]

10 https://ijglobal.com/data/transaction/32420/university-of-kansas-central-district-development-ppp

11 https://news.ku.edu/2015/12/18/ku-finalizes-contract-developer-central-district-project

12 http://kslegislature.org/li_2016/b2015_16/committees/ctte_leg_budget_1/documents/testimony/20151109_01.pdf

Wayne State University Campus Upgrade

The Wayne State University, Detroit Campus Upgrade project involves upgrading existing and building new student residential facilities. The design, build, finance, operate and maintain project is estimated to cost $1.4 billion over its 40-year term. Wayne State's targeted future inventory is 3,750 student beds, 60 of which will be delivered by the University in the second half of 2017 through the renovation of the existing Thompson Home. Phase one of construction will begin in spring 2017. The university will start moving residents in to phase one apartments in fall 2018. All of the capital projects are scheduled to be completed by 2021.

Once phase two of the project is completed in August 2019, the Anthony Wayne Apartments will house 842 students in a mix of studio, one-bedroom, two-bedroom and four-bedroom apartments with upscale finishes and residential grade kitchens. In addition to residential units, the new building will include 18,000 square feet for retail space and 9,000 square feet for a new student health services center.

Corvias is the sponsor and developer of the project. The initial financing comprises $300 million private placement bond issued by Corvias. Goldman Sachs is the bookrunner for the private placement which Corvias plans to launch to prospective investors in February 2017 during a roadshow. The bonds are expected to price in March and settle in April at financial close. Corvias is not investing any equity in the transaction. The proceeds of the bond will be used for the new construction as well as to pay off the university's existing debt.[13]

13 https://ijglobal.com/data/transaction/35701/wayne-state-university-campus-upgrade-ppp

B2. Market Overview

Louisiana State University Nicholson Gateway Student Housing Project

The Nicholson Gateway housing will include about 1,260 apartment-style beds and 410 suite-style beds with associated residential support spaces, such as lounge spaces, study areas, community gathering places and retail food service. The facility is also expected to include 30,000 to 50,000 square feet of new retail space to primarily serve residents, the university and visitors.

The transaction is for the development of new student residence halls for the Louisiana State University. The facility will be located on a 28-acre site of the Nicholson Drive Corridor, between West Chimes Street and Skip Bertman Drive, Louisiana, US. The project will involve a design-build-finance-operate-maintain concession. The project is expected to be funded mostly through bond issuances with the Louisiana Public Facilities Authority acting as conduit issuer of the debt.

Louisiana State University is the awarding authority on the PPP. The Louisiana State University Property Foundation, an affiliate of the university, is facilitating the project. In February 2016, the Louisiana State University Property Foundation on behalf of the university has selected a RISE Real Estate-led consortium as preferred bidder for the PPP. The team comprises RISE Real Estate, Remson Haley Herpin, The Lemoine Company, Niles Bolton Associates, Stantec, and RBC Capital Markets.[14] [15] [16]

Metropolitan State University of Denver Hospitality Learning Center

The Hospitality Learning Center, a P3 between MSU and Spring Hill Suites, consists of a 150-key fully-functioning hotel, a 10,000 sf conference center, academic building and learning laboratory, a restaurant, and a culinary demonstration theater.

The university created a wholly owned, not-for-profit corporation to own the hotel. No taxpayer funding went into hotel construction. A Public-Private Partnership between MSU Denver and Sage, known as the Metropolitan State University of Denver Roadrunner Recovery and Reinvestment Finance Authority, issued bonds that will be repaid with hotel revenues and private donations. Revenues from patrons paid for the hotel and the attached academic learning center, and net profits flowed to the university foundation to support scholarships.

Partners included Denver-based Sage Hospitality, Marriot Hotels' SpringHill Suites, Tivoli Brewing Company and MSU Denver's Regency Athletic Complex.[17] [18]

14 https://www.infra-deals.com/deals/1566336/lsu-nicholson-gateway-project.html

15 https://ijglobal.com/data/transaction/34920/nicholson-gateway-student-housing-ppp

16 http://www.nicholsongateway.com/

17 http://www.springhillsuitesdenver.com/denver-meetings-events/hospitality-learning-center/

18 http://www.bizjournals.com/denver/news/2012/08/08/metro-state-opens-on-campus-hotel.html

B2. Market Overview

Market Overview

Key Findings and Recommendations

Key Findings

Opportunities

- Various potential commercial land uses have been identified and evaluated at the site including office, retail, flex and hospitality. Overall, we view the strongest potential demand for retail uses, followed by hospitality uses.
- Market-based indicators are pointing towards retail and hospitality uses, we will evaluate potential linkages with CPP mission supporting developments and the associated excess demand as this study progresses.
- Market precedent transactions such as the existing CPP Innovation Village, University of California Merced expansion or the Wayne State University Campus Upgrade have all explored partnerships with the private sector and a range of innovative delivery models intended to partly alleviate funding constraints and improve financial feasibility.
- There is significant demand for market-rate residential units in the local region, as well as for housing targeted to the CPP community of students, faculty, staff, and guests.

Challenges

- While demand may be strong for flex space as a whole, we find that the significant supply associated with Innovation Village will require product differentiation at Lanterman, potentially in terms of Class B or C space or phased development after the additional Innovation Village phases come online.
- We find that the demand for traditional office is low, with high vacancies in the market.
- Although regional demand for residential units is relatively strong, the current conditions of the property and location away from most services disadvantage the site for new housing units in a market with other attractive greenfield and infill options.
- Accordingly, Phase II will further explore the opportunities focused on University-related residential uses. For these uses, the distance from campus is a potential constraint.
- It is understood that CPP's objectives for the site include the consideration of delivery options which self-support for development, operations and potential revenue streams to CPP. It is also understood that limited funding from CPP may be available for the project and that creative solutions and partnerships should be explored to support successful project delivery.
- On this basis, the financial feasibility constraints could potentially be considered to be a cash flow neutral or positive outcome to CPP and delivery requiring limited direct capital being raised or provided by CPP. As such, any capital used to fund or finance development will likely need to be supported predominantly by available project cash flows. A financially feasible outcome will also need to consider the appetite of relevant market participants. Evaluation of a set of delivery alternatives, commenting on strengths and weaknesses will be undertaken in Phase 2.

B2. Market Overview

Key Recommendation

Proceed with Next Stage of Analysis with Select Land Uses

Given the Due Diligence report's Market Overview has shown minimal demand for office space in the near-term, the recommendation is to proceed on into Phase 2, which is analysis of retail, flex and hotel uses. We recommend that traditional office should be removed from consideration. Analysis contained within report C Concept Development will further explore and quantify these uses within a Highest and Best Use framework.