Appendix 2 –
Forecast Economic Benefits Methodology

To measure the indirect benefits of the proposed Anaheim Streetcar line, the economic and development consulting firm E.D. Hovee & Company, LLC (EDH) has applied a tested six step process previously used in Portland and a number of other communities planning streetcar projects including Boise, Reno, Santa Ana, San Antonio and Oklahoma City. Key steps and information sources applied with this memorandum are summarized as follows.

1) Parcel Based Study Area Inventories. At the outset, EDH worked in coordination with the City of Anaheim and Orange County to compile a parcel-based data file covering the properties accessed within approximately 1/4 mile of the planned Anaheim streetcar alignment. Parcel-specific data covers such items as ownership, zoning, land area, building square footage, year built, and valuation of land and improvements. In addition, more detailed information regarding Anaheim Resort Specific Plan and the Platinum Triangle Mixed Use (PT) Master Land Use Plan has also been provided by the City.

Because of the fairly wide spacing (up to 1/2 mile or more) between planned streetcar stops, potentially benefitted properties were classified as: Zone A – within about a 1/8 mile radius of a stop; or Zone B – for properties between a 1/8 to 1/4 mile distance from each stop. Based on comparable experience, the more immediate proximity of Zone A properties is anticipated to provide a greater degree of economic development impetus that for Zone B.

Review of the County and City databases provided revealed some gaps in the datasets, primarily related to parcels for which there is:

- Substantial improvements valuation but no building square footage
  (affecting less than 10% of study area site area, notably with lodging)
- Identified building square footage but no improvements valuation (affecting a more substantial nearly 40% share of the building inventory – especially with residential new construction)

- Absence of information as to year built
  (affecting 8% of properties with identified building square footage)

EDH was able to *back-fill* much of the missing parcel-specific data with steps that included: a) cross-referencing current Orange County tax statements for properties with missing assessor's valuation information; b) using a combination of Anaheim Resort Specific Plan/City project listing, private property web site, and visual survey techniques to estimate building square footage and year built (pre/post-2000) information.

The focus of these revisions was on commercial retail/office, lodging and residential properties. Adjustments were not made to institutional and theme park properties, as no specific development forecasts have been made for these properties. The effect of these revisions was to reduce the proportion of commercial, lodging and residential properties with missing data from an estimated 10% to 1% of affected land area. This has also resulted in an amended composite GIS dataset covering the study area encompassing much of The Anaheim Resort and Platinum Triangle.

2) Local Economic Development Forecast. Using the information resources noted above plus the ARC Alternatives Analysis, an economic development forecast modeling process was formulated as a means to distinguish between development that might be anticipated under base conditions (without streetcar) versus with streetcar.

As noted above, forecast potentials were estimated for uses including commercial retail/office, lodging, and residential – including distinction between taxable and tax-exempt properties. No specific forecast was made for theme park or institutional uses – though long-term build-out potentials are as currently indicated with City-adopted Specific Plan and Master Plan documents.

No added development is anticipated for existing single-family (including mobile home) uses that are zoned for continued single-family use. The time period of the detailed forecast scenarios is 10 years from date of streetcar opening (2018-28).

3) Base Case Development Scenario. Based on a review of recent development patterns since 1999 coupled with planned project information, the next step has been to prepare a base case scenario projecting development that could reasonably be anticipated in the absence of streetcar investment. Outputs of this 10-year scenario have included:

- Study area/corridor development activity anticipated by type of use (e.g., square footage by type of use)
- Extent to which the potential vacant/redevelopment sites might be utilized (over the 10-year forecast period after streetcar opening)

With this analysis, a low to high range of baseline forecast options is indicated. The *low range* is predicated on straight-line extrapolation of development as experienced from 2000-12. *Note:* Low range estimates of base case development have been adjusted up from estimates made on a preliminary basis for an OCTA presentation to reflect back-filling of the property dataset as outlined with Step 1 of this iterative forecast analysis process.

The *high range* reflects expectations associated with The Anaheim Resort and Platinum Triangle planned projects within the 1/4 mile benefit area, pro-rated for current planned years of completion (as applicable) within the 2018-28 portion of this time frame as applicable for the *with streetcar* comparison.

4) With Streetcar Development Scenario. A similar parallel assessment has been made of added development activity anticipated with streetcar. This assessment draws on results of pre- and post-streetcar development experience in Portland, Tampa and Seattle. Outputs are similar to those evaluated and quantified with sub-task 3 as noted above – with both low and high range estimates included.

Key differences between the base case and with streetcar scenarios relate to pace of development, mix of uses, and density of development. The annual rate of development with streetcar is anticipated to be as much as 2.5 times the without streetcar rate for Zone A properties most proximate to streetcar stops and 1.25 times the base case rate for more removed Zone B properties.

No added development is indicated for theme parks above and beyond what is indicated by applicable Specific Plans. No specific timing for theme park and institutional uses is included with either the base case or with streetcar development scenarios. These developments should be considered as *additions to* the forecasts provided in this report for commercial, lodging and multi-family residential uses.

5) Incremental Property Value Analysis. Outputs of the sub-tasks 3 and 4 (with and without streetcar) as measured in terms of development square footage are translated to metrics covering:

- Anticipated improvements value of new development (in 2013 dollars) – as consistent with Orange County assessor's data for properties developed since 1999, including added per square foot values as are typically associated with higher density patterns of urban development (and reflecting Prop 13 limitations on prior year development).
- Increased property tax revenue – based on current property tax rates specific to The Anaheim Resort and Platinum Triangle areas (with valuation increases capped at 2% per year assuming no change in ownership in the up to 10-year period post-development). This analysis utilizes the Anaheim specific 1.01719% tax rate effective as 2012-13 and a 3% non-payment rate reflecting average experience from FY 2006/07 to FY 2010/11.
- Comparison of base case versus with streetcar development (as indicative of the *streetcar premium*),

6) Economic Development Analysis Documentation. The main body of this report documents results of the sub-tasks noted above in summary form. Also described are recommended *next steps* for refinement of this indirect benefits analysis to address questions and comments received. Tabular forecast results are provided as Appendix 4 to this report.