

**THE MARKET FOR RESIDENTIAL USES AT THE  
FRED C. NELLES YOUTH CORRECTIONAL FACILITY SITE**

A Report to

The State of California  
Department of General Services  
Real Estate Services Division  
Asset Planning and Enhancement Branch

From

**GRUEN GRUEN + ASSOCIATES**  
*Urban Economists, Market Strategists & Land Use/Public Policy Analysts*

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## CHAPTER 1

### INTRODUCTION AND CONCLUSIONS AND RECOMMENDATIONS

#### INTRODUCTION

This report summarizes the results of the research and analysis Gruen Gruen + Associates (“GG+A”) conducted to estimate the potential demand for housing uses at the Fred C. Nelles Youth Correctional Facility site (the “Nelles’ Site”). GG+A’s market assessment considered:

- the relationships between the potential demand for housing and the supply of housing in Los Angeles County and the City of Whittier;
- the relevant geographic areas from which households will be attracted and potential competing supply options;
- the types of consumers which can be expected to move to new housing at the Nelles’ Site; and
- pricing and absorption characteristics of the supply of housing in relevant and nearby market areas and the premium new housing products sell for over existing housing units.

Based on the market assessment, we estimated the type of housing units likely to be most market responsive and obtainable prices and absorption rates likely to apply to those products if developed at the Nelles’ Site.



## REPORT ORGANIZATION

The research and analysis on which we base the conclusions and recommendations outlined below is presented in the following chapters. Chapter II presents a review of the imbalance between housing demand and housing production and supply in Los Angeles County and the City of Whittier. This review includes an identification of the housing price appreciation in Whittier as the result of rising demand and constrained supply. Chapter III presents findings about the relevant primary market area and types of households likely to be attracted to housing developed at the Nelles' Site. It presents an estimate of the depth of the market for for-sale housing. Chapter III also presents estimates of obtainable pricing and absorption rates for the recommended housing products at the Nelles' Site for which most demand has been identified to exist. Chapter IV summarizes the analysis of supply of new and planned developments in relevant geographic areas and the analysis of the price premium range new product realize over existing housing units in the same locations. Appendix A presents a detailed review of the supply and pricing analysis summarized in Chapter IV.

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

- The Los Angeles County region of which Whittier is a part has experienced a persistent deficit in the production of housing supply relative to demand. This housing shortfall is likely to continue.
- Because of the negligible housing production in Whittier, rising demand, and constraints on supply additions, prices of existing single family and condominium units have rapidly appreciated since 2001.
- The geographic market area tends to be more extensive today, in particular for starter homes, than in the past because of the increase in the number of two-adult worker households in which the members may be employed in different communities and because of limited new housing products in mature communities. Our interviews, however, with knowledgeable residential developers and builders indicate that the primary market area for housing at the Nelles' Site is likely to approximate three miles of the Site. No significant sources of new supply are located in the primary market area.
- Buyers from the local area will include (1) older, empty-nester households seeking to trade-down from older, single-family homes; (2) trade-up households who have built-up equity in their homes, like living in the area but want a new product that is not currently available in the area; and (3) first-time buyer, younger households.
- The synthesis of the interviews with knowledgeable developers, builders, and



marketing agents and demand- and supply- analysis shows (1) substantial unmet demand; (2) limited existing or potential future supply competition; and (3) a parcel large enough to establish a unique and positive image in a new residential neighborhood.

- We recommend a residential development program based on (1) an identification of the depth of the market demand given consideration of local demographic and income factors; (2) identification of a persistent supply constraint in the local and wider area; and (3) estimated obtainable prices for housing products for which demand most exists based on primary and secondary research of product absorption and pricing within the likely primary market area and, because of limited new supply in the primary market, pricing of new types of housing in nearby areas.

Table I-1 summarizes the recommended development program and estimates of obtainable prices for the products in most demand.

<b>TABLE I-1</b>				
<b>Estimates of Obtainable Pricing and Absorption</b>				
<b>for Recommended For-Sale Housing Program at the Nelles' Site</b>				
<b>Product Types</b>	<b>Lot Sizes # Square Feet/ #Units Per Acre</b>	<b>Sizes of Structure # Square Feet</b>	<b>Sales Prices \$</b>	<b>Sales Prices Per Square Foot \$</b>
Single-Family Attached	12 – 15	1,300 – 1,900	429,000 – 570,000	310 – 330
Smaller Lot Detached, Single-Family	2,000 – 2,500 9 – 10	1,800 – 2,200	576,000 – 638,000	290 - 320

Source: Gruen Gruen + Associates

Based on an approximation of demand from households in the estimated primary market area and inferences drawn from an analysis of supply within the primary market area and nearby areas, we recommend an allocation of approximately 27 acres for about 400 attached single-family units and approximately 28 acres for approximately 280 detached, small lot single-family units, assuming 55-acres of land is available for residential uses.

If the recommended 680 housing units are absorbed within 24 to 30 months, this would equate to approximately 20 percent of estimated demand from the primary market area over this period.

We do not recommend including in the development program a large lot, larger-sized detached single-family product. The depth of demand for this product type is likely to be significantly smaller than the demand for the recommended products. From a marketing perspective, this product type is likely to be highly risky because the larger-sized high-income family household buyer is likely to prefer neighborhoods with similar households, and



because the location does not provide the kind of school reputation and other amenities that appeal to high-income family households. From an economic perspective, a large lot, larger-sized housing product would not be advisable because to attract such households would require offering the housing units at low prices. From a fiscal perspective, the product is not ideal because it is likely to generate more municipal and public service demands (service costs) than the recommended product types.



## CHAPTER II

### THE IMBALANCE BETWEEN HOUSING DEMAND AND HOUSING PRODUCTION AND SUPPLY

#### INTRODUCTION

This chapter summarizes housing characteristics in Los Angeles County and the City of Whittier and describes the imbalance between housing demand and housing production and supply in the County of which Whittier is a part and in Whittier itself. The analysis presented below indicates a significant shortfall in housing supply relative to demand for housing. This shortfall is likely to persist in the market of which Whittier is a part. Chapter II also reviews the housing price appreciation that has occurred in Whittier as the result of the identified housing shortfall in the face of rising demand.

#### Los Angeles County

According to the U.S. Census Bureau American Community Survey 2003 Data Profile, Los Angeles County contained approximately 3,312,000 housing units of which 4.3 percent were vacant. Of these, 49 percent were single-family detached and six percent are single-family attached units. About 41 percent of the units are multi-family units. Mobile home units made up about two percent of the totals housing units. Nine percent of the housing units were built since 1990. This compares to 12 percent built in the 1980s, 14 percent built in the 1970s, 16 percent built in the 1960s, and 24 percent built in the 1950s.

Forty-nine percent of the 3.2 million occupied units are owner-occupied, while 51 percent are renter-occupied. The median monthly costs for mortgaged owners was \$1,674, non-mortgaged owners \$324 and renters \$821. Forty-five percent of owners with mortgages, 14 percent of owners without mortgages, and 51 percent of renters in the County spend 30 percent or more of household income on housing.

According to the 2004 State of the Region report by the Southern California Association of Governments (“SCAG”), the share of households in Los Angeles County able to afford a median priced home, declined to 26 percent in 2003, from 31 percent in 2002. In Orange County, only about 20 percent of the households could afford a median-priced home. This is the lowest rate since 1990.

#### Whittier

According to the U.S. Census Bureau 2000 Census, the City of Whittier contained 29,040 housing units of which two percent were vacant. About 66 percent were single-family detached units, while less than one percent was single-family attached. About 38 percent were multi-family, while less than one percent were mobile home units. Less than three



percent of the housing units have been constructed since 1990. Less than six percent of the housing units were built in the 1980s, while 10 percent of the stock was built in the 1970s. Nearly 64 percent of the housing units were built before 1960.

The median monthly costs for mortgaged owners was \$1,506, non-mortgaged owners \$269, and renters \$723. Over 31 percent of homeowners and over 38 percent of renters spend 30 percent or more of household income on housing.

## RESIDENTIAL BUILDING PERMITS

### Los Angeles County

Table II-1 presents new single family and multi-family building permits data for Los Angeles County.

TABLE II-1						
Los Angeles County Residential Building Permits: 2000-2003						
Year	Single-Family #	Single-Family %	Multi-Family #	Multi-Family %	Total Permits #	Total Permits %
2003	10,326	49.4	10,577	50.6	20,903	100
2002	8,280	50.3	8,174	49.7	16,454	100
2001	8,380	45.8	9,986	54.6	18,294	100.4
2000	8,372	49.3	8,596	50.7	16,968	100
Total	35,358	48.6	37,333	51.4	72,691	100
Source: U.S. Census Bureau New Privately-Owned Residential Building Permits; Gruen Gruen + Associates						

The numbers of permits are almost evenly divided between single-family and multi-family dwellings. While the number of units increased in 2003 compared to the prior three years, on average less than 9,000 permits per year were for single-family dwelling units. From 2000 through 2003, only approximately 9,300 multi-family units were pulled per year. In the decade of the 1990s, on average 10,750 housing units were constructed in Los Angeles County.

### A Sustained Large Deficit in Supply Relative to Demand

Between April 2000 and July 2004, the U.S. Census Bureau estimates that the population of Los Angeles County increased by 418,401, or 4.4 percent. The population and population growth is higher than reported because it does not count undocumented populations. Assuming an average household size of 3.05 from the 2000 Census, the reported population growth equates to 137,180 households. In the 2001 Regional Transportation Plan, the Southern California Association of Governments forecasts an additional 379,579 households between 2005 and 2015, or about 38,000 households per year. The Office of Transportation



Economics of the California Department of Transportation forecasts between now and 2008 average new job creation in Los Angeles County of 60,000 to 65,000 annually and about 50,000 jobs annually beginning in 2009. The forecast reduction is attributable to the expected housing shortfall serving to retard economic development and job growth.

The low vacancy rate (which is insufficient to permit housing mobility), increasing share of household income devoted to housing, rapidly rising rents and prices reflect a sustained deficit in the production of housing supply relative to demand. This housing shortfall is likely to continue for the foreseeable future in Los Angeles County.

### Whittier

Table II-2 presents new single family and multi-family building permits data for the City of Whittier.

<b>TABLE II-2</b>						
<b>City of Whittier Residential Building Permits:</b>						
	Single-Family #	Single-Family %	Multi-Family #	Multi-Family %	Total Permits #	Total Permits %
2003	3	100	0	0	3	100
2002	12	100	0	0	12	100
2001	12	100	0	0	12	100
2000	18	94.7	1	5.3	19	100
1999	11	100	0	0	11	100
1998	7	100	0	0	7	100
1997	22	95.7	1	4.3	23	100
1996	14	87.5	2	12.5	16	100
Total	99	96.1	4	3.9	103	100
Source: U.S. Census Bureau New Privately-Owned Residential Building Permits; Gruen Gruen + Associates.						

Only 103 total permits were pulled from 1996 through 2003. Single-family permits made up 96 percent of the total permits. The 139 total units associated with the 103 permits comprise less than one-half of one percent of Whittier's housing unit inventory in 2000.

### HOUSING PRICE APPRECIATION IN WHITTIER

Given the negligible housing production in Whittier, rising demand, and constraint on supply additions, it is not surprising that prices of existing single family and condominium units have rapidly appreciated in Whittier since 2001. Table II-3 presents the median price per square foot for single-family housing units by zip-code area in Whittier for 2002 and 2004 and the percentage price change since 2001. This data is drawn from DQ News, a



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leading provider of real property and land data drawn from assessor records.

**TABLE II-3**

**Median Per-Square-Foot Sales Prices of Whittier Single-Family Housing Units**

Zip Code	Median Sales Price Single Family: 2002 \$ per Square Foot	Median Sales Price Single Family: 2004 \$ per Square Foot	Price Change from 2001-2002 %	Price Change from 2003-2004 %	Price Change from 2001- 2004 %
90601	188	277	12.9	25.2	47.3
90602	201	313	11.1	31.7	55.7
90603	204	304	17.3	31.3	49.0
90604	193	292	15.2	32.1	51.3
90605	192	302	20.5	31.3	57.3
90606	191	293	20.0	32.1	53.4

Source: DQNews.Com *California Home Sale Activity by City 2002 and 2004*

The median sales per square foot for single-family homes in Whittier have increased between 47 percent and 57 percent from 2001 through 2004. Prices escalated faster between 2003 and 2004 at between 25 and 32 percent than the range of 11 percent to nearly 21 percent between 2001 and 2002. The median sales price for existing single family homes range from \$277 per square foot in the 90601 zip-code to \$313 per square foot in the 90602 zip-code. The number of transactions and median prices in 2002 and 2004 by zip-code area are presented in the following Table II-4.

**TABLE II-4**

**Transactions and Median Sales Prices of Single Family Homes in Whittier**

Zip-Code	Units Sold 2002 #	Median Sales Price \$	Units Sold 2004 #	Median Sales Price \$
90601	343	275,000	304	435,000
90602	185	250,000	204	399,000
90603	237	285,000	257	432,000
90604	406	250,000	441	395,000
90605	448	235,000	482	365,000
90606	354	222,000	368	350,000
Total	1,973	250,120	2,056	390,849

Source: DQNews.Com *California Home Sale Activity by City 2002 and 2004*

Compared to 2002, the number of transactions increased by four percent in 2004. Median sales prices increased in every zip-code area ranging from \$350,000 in zip-code area 90606 to \$435,000 for zip-code area 90601, the area in which the site is located. The weighted average median sales price increased from \$250,120 in 2002 to \$390,849 in 2004, a gain of over 56



percent.

Table II-5 shows the number of transactions and median sales prices for condominium units in Whittier.

<b>TABLE II-5</b>					
<b>Median Sales Prices of Condominium Units in Whittier</b>					
Zip-Code	Units Sold 2002 #	Median Sales Price \$	Units Sold 2004 #	Median Sales Price \$	Price Change from 2002 %
90601	110	165,000	86	260,000	57.6
90602	15	188,000	8	295,000	56.9
90603	2	249,000	1	385,000	54.6
90604	45	170,000	53	280,000	64.7
90605	12	178,000	17	250,000	40.5
90606	3	275,000	3	255,000	(7.3)
Total	187	171,500	168	267,600	56.0

Source: DQNews.Com *California Home Sale Activity by City 2002 and 2004*

Fewer condominium sale transactions occurred, but with the exception of zip-code area 90606 in which only three sales occurred each year, all zip-code areas experienced significant price appreciation. Prices increased in the zip-code area in which the site is located (90601) by nearly 58 percent to a median price of \$260,000. Zip-code area 90601 was also the location of the most sales. The weighted average median sales price increased from \$171,500 in 2002 to \$267,600 in 2004 for a gain of 56 percent.



## CHAPTER III

### DEPTH OF POTENTIAL MARKET AREA DEMAND

#### INTRODUCTION

The Nelles' Site represents an opportunity to create a new residential neighborhood for an area in which limited new residential development has occurred because of supply constraints. In order to identify the product types likely to be most demand responsive and to estimate obtainable prices for those product types, we conducted interviews with knowledgeable residential developers, builders, and marketing agents and analyzed new or newer supply in nearby areas and considered the demographic and income make-up of the local population. This chapter presents findings about the primary market area likely to apply, the types of households to which residential development at the Nelles' Site is likely to appeal and the factors expected to influence their purchase decisions. This chapter also presents an estimate of the depth of demand for the recommended product types. Based on this demand estimate, and the synthesis of the supply research described in Chapter IV, this chapter also summarizes the recommended land acreage allocation for the recommended product types.

#### MARKET AREA

The geographic market area tends to be more extensive today, in particular for starter homes than in the past, because of the increase in the number of two-adult worker households in which the members may be employed in different communities and because of limited new housing products in mature communities. Our interviews, with knowledgeable residential developers and builders indicate that the primary market area for housing at the Nelles' Site is likely to approximate three miles around the Site.<sup>1</sup> Interviews with developers of other housing projects in Fullerton and Brea, one of whom has developed a housing project in Whittier, indicated that the primary market area for these projects tended to be within three miles of the sites. Infill project market areas tend to be relatively localized and attract households who prefer the particular area because of family ties and/or employment commute, but have difficulty obtaining housing products they prefer because of limited new

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<sup>1</sup> The primary market area is likely to be more circumscribed than suggested by The Concord Group in its report entitled "Strategic Market Input for the Greenleaf Redevelopment Community in Whittier, California." For example, The Concord Group mentions three Olson Company condominium projects (Gallery Walk, Plaza Walk and Studio Walk), now sold out in Fullerton, as within the primary market area and "competitive market area."<sup>1</sup> According to the developer, almost one-third of buyers originated from either Fullerton or Anaheim with a larger proportion coming from within Fullerton. Only two percent of buyers to these projects came from Whittier. The Radcliffe in Fullerton is another project cited as within the primary market area and "competitive market area." The Radcliffe attracted 60 percent of its buyers from within Fullerton; these households work either in Fullerton or north Orange County. Few, if any, buyers have come from Whittier. Similarly, the interviews suggest Yorba Linda (over ten miles to the east) is not likely to represent a major competing location or source of demand for housing units at the Nelles' Site.



housing products in substantially built-out, mature communities. No significant sources of new supply are located in the likely primary market area.

### **TYPES OF DEMANDERS AND FACTORS INFLUENCING PURCHASE DECISION**

The interviews and review of supply suggest that buyers from the primary market area will include older, empty-nester households (i.e., children have moved out of the household), seeking to trade-down from older, single-family homes they no longer wish to maintain or need, and who for lifestyle or social reasons desire to move from their existing single-family housing neighborhoods. Another likely major consumer market includes trade-up households who have built-up equity in their homes, prefer living in the area but want a new product that is not currently available in the area. A third market segment includes first-time buyer, younger (primarily in the 26-44 age groups), households with one or more employed members.

The interviews suggest that buyers of other new products in Fullerton, Brea, La Habra, and Whittier were attracted because of (1) the desirability of a new product in better neighborhoods from which they moved, (2) the desire to own rather than rent, and related to this second reason, (3) the desire to potentially benefit from the appreciation in the investment.<sup>2</sup>

### **DEPTH OF POTENTIAL MARKET DEMAND**

The information presented in Chapter II indicates a sustained housing shortfall relative to demand. Given the extremely limited amount of competing entitled land supply, and the magnitude of demand, a waiting list for units is likely to develop as is the case with other currently active projects in the region, including the Radclife project in Fullerton.<sup>3</sup>

To obtain a sense of the depth of the potential target markets in the likely primary market area and to identify the numbers and proportions of local households with the ability to purchase housing units at estimated obtainable prices inferred from the interviews and supply analysis reviewed in Chapter IV, we use for simplicity, given the time constraints, demographic and income data from our retail market research. The postulated market area

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<sup>2</sup> The Fullerton projects cited in The Concord Group report attracted a high proportion of Asian buyers who found the proximity of the high-quality Sunny Hills High School a key selling point. Asian households also tend to especially value new products and will pay higher premiums than other groups for new housing.

<sup>3</sup> Exhibit VII-1 of The Concord Group report entitled "SUMMARY OF ANNUAL DEMAND POTENTIAL FOR NEW HOME PRODUCT BY INCOME AND PRICE RANGE PRIMARY MARKET AREA" estimates annual demand for new housing units attributable to new households of 601 and demand attributable to existing households of 8,682 for total demand for new housing of 9,283. If for example, the Nelles' Site included 650 housing units, using the demand estimate prepared by The Concord Group, it would need to capture only seven percent of the annual demand.



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for this analysis is the same trade area we described in the report on the demand for retail space at the Nelles' Site.<sup>4</sup>

The primary market area is bounded by Santa Gertrudes Avenue (at which the Whittwood Town Center is located) about four miles to the east; Acacia Boulevard in Pico Rivera about three miles to the west; Telegraph Road and Carmenita Street about 2.5 miles to the south in Santa Fe Springs; and Rosemead and Washington in Pico Rivera, about three miles southwest of the site with a northern boundary encompassing about 1.5 miles north of the site to the San Gabriel Foothills. This definition does not capture households located in the northern Whittier and the Hillside neighborhood or other areas from which buyers could originate, and therefore understates demand potential.

Table III-1 presents estimates of households by income category within this market area definition.

<b>TABLE III-1</b>			
<b>Number of Market Area Households by Income Category: 2004 and 2009</b>			
Income Group	Estimated Sales Price Households in Income Groups Could Afford to Pay \$	Estimated Number of Households # 2004	Estimated Number of Additional Households # 2009
\$50,000 to \$74,999	Could potentially afford up to \$430,000	8,594	252
\$75,000 to \$99,999	Could potentially afford up to \$574,000	5,297	155
\$100,000 to \$149,999	Could potentially afford up to \$860,000	4,151	122
\$150,000 to \$249,999	Could potentially afford up to \$1,435,000	1,492	44
\$250,000 to \$499,999		329	10
\$500,000 and above		105	3
<sup>1</sup> Households are assumed to spend one third of their income on mortgage payments. Assumptions include a loan term of 30 years at an interest rate of 5.75 percent with 20 percent down payment.			
Sources: Claritas Inc. "Demographic Snapshot Report"; 2003 American Community Survey; Gruen Gruen + Associates			

In 2004, within the postulated market area, 8,600 households are estimated to have incomes between \$50,000 and \$74,999, 5,300 households with incomes between \$75,000 and \$99,999, 4,150 households with income between \$100,000 and \$149,999, 1,500 households with incomes between \$150,000 and \$249,999, 330 households with incomes between \$250,000 and \$500,000, and 105 households with incomes of \$500,000 or larger.



<sup>4</sup> "The Market For Retail Uses at the Fred C. Nelles Youth Correctional Facility Site," April, 2005.

To estimate the number of households whose income could support the ability to pay for housing in the amounts shown in Table III-1, we assume that households spend one third of their income to support mortgage payments. This estimate is based on the assumption of a loan term of 30 years at an annual interest rate of 5.75 percent (approximate Fannie Mae rate), with a down payment of 20 percent. In 2004, 8,600 households in the \$50,000 to \$74,999 income group and higher-income households are estimated to be able to afford housing units priced up to \$430,000. The approximately 5,300 households in the \$75,000 to \$99,000 income bracket and higher-income households are estimated to be able to afford housing units priced up to \$574,000. The 5,650 households in the income brackets between \$100,000 and \$250,000 are estimated to be able to afford housing units priced at \$860,000 and up to \$1,435,000. Table III-1 also shows the estimate by Claritas, Inc. of the additional households in 2009.

To estimate the proportion of such households potentially attracted to housing units at the estimated obtainable price ranges, we assume that households with incomes between \$75,000 and \$99,999 would have primary interest in the attached single-family product. We assume that households with incomes between \$100,000 and \$149,999 and between \$150,000 and \$250,000 would have primary interest in the small lot, detached single-family product. As Table III-2 shows, these assumptions result in estimates of 48 percent or 5,500 households with potential demand for the attached single-family product; and 52 percent, or 5,800 households (including 4,300 households with incomes between \$100,000 and \$149,000) with potential demand for the small lot, detached single-family product. To be conservative, we assume that households with incomes greater than \$250,000 will choose alternative locations to meet their housing needs.

Income Category	Housing Product Obtainable Prices by Income Category	Number of Households #	Proportion of Households %
\$75,000 - \$99,000	\$429,000 - \$570,000	5,452	48
\$100,000 - \$149,000	\$576,000 - \$638,000	4,273	38
\$149,000 - \$250,000	\$576,000 - \$638,000	1,536	14
Total		11,261	100

Sources: Claritas, Inc. "Demographic Snapshot Report"; Gruen Gruen + Associates

According to the 2003 American Community Survey, approximately 12 percent of householders in Los Angeles County change residences every year. This is a net estimate of turnover reflecting the move out of the County by some documented residents and the move in to the County from documented populations formerly outside the County. Therefore to estimate the demand attributable to existing households within the postulated primary market area, we assume that only 12 percent of households in the income categories



move in a given year. This is likely an undercounting of movement because the low vacancy rates and limited supply of new product constrain housing mobility. Table III-3 presents an estimate of new for-sale housing demand based on applying the assumed turnover rate of 12 percent to the number of households in the income categories identified in Table III-2 to have potential demand.

<b>TABLE III-3</b>		
<b>Estimated Annual Potential Demand from Existing Households in the Primary Market Area: 2004- 2009</b>		
Number of Households By Obtainable Price Category #	Annual Turnover Rate %	Potential Households That May Move to New Housing Annually #
\$429,000 – \$570,000: 5,452	12	654
\$576,000 - \$638,000: 4,273	12	513
\$576,000 - \$638,000: 1,536	12	184
Total		1,351

Sources: U.S. Census Bureau, *American Community Survey*; Gruen Gruen + Associates

Approximately 1,350 households within the postulated market area may move annually to new housing within the area. Given the limited competing supply options, it is reasonable to expect the Nelles' Site will capture a high proportion of the potential demand for new for-sale housing. The analysis of the demography and income of market area households suggests sufficient demand from within and nearby Whittier exists to support the scale and pricing of housing products recommended for the Nelles' Site.

This approximation of demand from households in the primary market area suggest as shown on Table III-4 an allocation of product type of approximately 48 percent attached, single-family units and 52 percent small lot, detached, single-family units. Assuming a net residential land area of approximately 55 acres, the recommended housing program consists of approximately 27 acres for attached, single-family units, (55 acres x 0.48 percent of attached product); and 28 acres for small lot, single-family units (55 acres x 0.52 percent of small lot units). Based on density estimates of up to 15 units for attached single-family units, we assume approximately 400 attached units. Based on density estimates of up to 10 units per acre for detached single-family units, we assume 280 units of this product type.

<b>TABLE III-4</b>		
<b>Planned Residential Program</b>		
Product Type	Acres #	Units #
Attached, Single-Family Units	27	400
Detached, Small Lot Single-Family Units	28	280
Total	55	680

Source: Gruen Gruen + Associates



## CHAPTER IV

### ESTIMATES OF OBTAINABLE PRICES AND ABSORPTION DRAWN FROM ANALYSIS OF RESIDENTIAL SUPPLY AND PRICING TRENDS

#### INTRODUCTION

As previously indicated, in order to identify the most market responsive product types and to estimate the obtainable prices and absorption rates for these product types at the Nelles' Site, we also interviewed knowledgeable residential developers, builders, and marketing agents and reviewed secondary data on housing price trends in Whittier and characteristics and performance of new housing developments in nearby communities in which new supply has been created. Given the absence of significant recent housing development in the postulated primary market area, and therefore limited availability of "comparables" in the immediate area, we drew on findings about developments in nearby communities and the wider market area in order to make inferences about obtainable prices for housing products built at the Nelles' site. As previously indicated, the estimates of obtainable prices and identification of most market responsive products are also informed by our analysis of the demographic make-up and income of local area households, estimates of the depth of potential demand, and identification of a persistent housing shortfall. The estimates of pricing for the products most in demand also reflects the unique advantage of a large enough site to create a desirable new neighborhood carefully planned and designed to appeal to the target households.

This chapter presents a summary of the results of the supply and pricing research and analysis on which the estimates of obtainable prices were also made. Appendix A presents a detailed review of the research and analysis.

#### SUMMARY OF FINDINGS

##### San Gabriel Valley New Housing Developments

A consultant with Meyers Group/Hanley Wood, LLC, a residential supply information vendor and real estate consulting firm indicated that a relevant wider market area for drawing inferences about obtainable prices for product at the Nelles' site is the San Gabriel Valley. A review of data on 20 projects developed and built between 2001 and February 2005 totaling nearly 1,300 detached, single-family units shows only three units of standing inventory. Of the 20 projects, the sales prices for housing units in 19 of the projects are as high or higher than the prices estimated for detached single-family housing units at the Nelles' Site. The estimated price per square foot range of the detached, single-family units at the Nelles' Site is within the range found in seven of the 12 communities in which the 20 projects are located. These projects opened at the beginning of the period in late 2001 and sold out in 2002.



In the San Gabriel Valley, 16 for-sale attached, single-family or multi-family projects with 953 units have been developed and sold out between 2001 and February 2005. No standing inventory is available in these developments. The estimated pricing for attached-single-family product at the Nelles' Site is within the range of pricing found in 15 of the 16 projects and lower than the average per square foot prices of \$356 to \$372 per square foot in the projects overall.

### **Premium New Products Sell for Over Existing Housing Units**

As presented in detail in Appendix A, we also studied the pricing for housing in new projects in Brea, Fullerton, and LaHabra and compared the pricing obtained to pricing for the resale of existing housing units near each of the new developments. We made these comparisons to identify the premium that new product sells for over existing housing units. We then obtained data on resales of existing housing units in Whittier and considered the range of pricing premiums to obtain a sense of potential obtainable prices based on resales prices for existing housing stock in Whittier.

In total sales dollars, new single-family housing product in Brea sold for between 25 percent and 80 percent above the sales of existing units near the new developments. Because on average new single-family housing units are about 50 percent larger than existing housing units, but are located on lots about 60 percent smaller than existing units, the per square foot sales prices are not a useful comparison. New single-family products in Fullerton sold for a premium ranging from 17 percent to 60 percent over the sales prices of existing single-family units located near the new developments. The sales prices of new single-family homes in the project with the size of new units closest to those of existing units sold for a premium of 25 to 105 percent on a per square foot basis.

New attached single-family, and multi-family condominium units in Fullerton sold for a price per square foot premium of five percent to 45 percent relative to existing units. The analysis of supply suggests that the premium for new housing units tends to be larger, the greater the age disparity between the new product and existing housing units. The existing attached single-family and multi-family housing units in Fullerton were built in 1979, compared to the much older detached, single-family stock in Brea and Fullerton built in 1967 and 1968. New condominium units in La Habra sold for a premium of 44 percent to 103 percent on a per square foot basis and a 78 percent to 155 percent premium on a total dollars basis over existing condominium units in La Habra.

Four of the six new (built and marketed in 2002 – 2004) single-family home developments in Brea and Fullerton sold units for prices equivalent or higher than the per square foot prices estimated obtainable for the detached, single-family units recommended for the Nelles' Site. The two projects with lower per square foot prices had much higher total sales prices than the estimated obtainable total sales prices for the units at the Nelles' Site. This reflects the larger lot size and square footage of the housing units at these two Fullerton projects.



Similarly, five of the six attached townhouse or condominium unit projects (ranging in size from about 1,300 square feet to 1,700 square feet) had nearly equivalent or higher per square foot sales prices than those estimated obtainable for attached, single-family product at the Nelles' Site.

### **Active or Planned Attached Single-Family Developments**

The current phase of the attached, single-family development by MBK Homes in Fullerton that had lower sales prices than those estimated to apply to the Nelles' Site currently is selling units with base prices of approximately \$490,000 to \$548,500 or \$303 to \$308 per square foot. According to the sales representative for this project, unit prices have increased every phase from \$7,000 to \$10,000. Two additional phases of 23 attached single-family units each are planned with a large waiting list of buyers for these units.

MBK Homes also plans to build 114 attached single-family units near the Whittwood Town Center in Whittier. According to MBK's marketing coordinator, the project will not start for another year. Units will be attached townhomes with 1,607 square feet to 1,881 square feet. Prices are currently estimated to be less than for MBK's Radcliffe project in Fullerton. Prices are expected to range from \$450,000 to \$550,000 or \$280 to \$292 per square foot. These prices, however, are preliminary and are likely to be low given that construction is not planned for another year and that micro-market research has not yet been completed.

### **Resale Prices of Existing Housing Units in Whittier**

Within one-half mile of the Nelles' site, 183 sales transactions have occurred since January 1, 2003. The average sales price per building square foot is \$281 for an average sales price of nearly \$319,000. The average size of housing units sold within one-half mile of the Nelles' site is nearly 1,200 square feet. The average lot size is approximately 6,000 square feet. The homes sold were mainly built in the 1930s and 1940s.

Within the "Hillside" neighborhood, 167 sales transactions have occurred since January 1, 2003. The units sold average 2,100 square feet of space on 11,000-square-foot lots. The average price per square foot is \$251 with an average sales price of \$516,000.

Given the price premiums found to apply to new stock in Brea, Fullerton, and La Habra, the estimates of obtainable pricing for the recommended products at the Nelles' Site appear conservative, especially given a period of rising prices due to unmet demand and supply constraints.



## APPENDIX A

### ANALYSIS OF NEW AND PLANNED RESIDENTIAL SUPPLY AND RESALE PRICING OF EXISTING HOUSING UNITS NEAR NEW SUPPLY

Appendix A presents a review of pricing for new housing supply in San Gabriel Valley. It also reviews pricing and relevant project characteristics of new developments in Brea, Fullerton, and La Habra and presents an analysis of the premiums found to apply to new product in these communities compared to existing nearby housing unit sales prices. It also reviews pricing for one active and one planned attached, single family development as well as resale price trends for housing stock in Whittier.

#### **SAN GABRIEL VALLEY DETACHED RESIDENTIAL PROJECTS (2001 TO 2005)**

In the absence of new housing developments in Whittier, Table A-1 presents data from the Meyers Group for newer residential projects located in the San Gabriel Valley area for the last four years. An interview with a consultant with the Meyers Group, a residential consulting and information vendor indicated that the San Gabriel Valley was the most relevant area for which to obtain project sales and related data in order to make inferences about obtainable prices of new housing in Whittier. The data in Table A-1 is for active detached housing products in the San Gabriel Valley organized by community.



The Market For Residential Uses at the Fred C. Nelles Youth  
Correctional Facility Site

**TABLE A-1**

**San Gabriel Valley Active Single-Family Detached Developments,  
by Community, from 2001 Through February, 2005**

Community	Projects #	Units #	Typical Lot Size Sq. Ft. #	Standing Inventory #	Sales Price		Size of Housing Unit Square Feet		Price Per Square Foot	
					Low \$	High \$	Low #	High #	Low Priced \$	High Priced \$
Arcadia	1	31	23,000	0	1,040,000	2,200,000	4,935	5,905	211	373
Azusa	4	359	6,093	0	489,990	789,000	2,477	3,051	198	259
Burbank	1	23	20,000	0	1,236,284	2,395,000	4,572	6,204	270	386
Covina	1	29	2,400	3	599,990	604,990	1,939	2,100	309	288
Claremont	1	125	21,000	0	1,242,364	1,312,000	4,133	4,552	301	288
Glendora	2	84	10,339	0	781,000	1,075,000	3,293	4,187	237	257
Monrovia	1	16	5,000	0	660,000	685,000	2,224	2,440	297	281
Monterey Park	1	48	4,000	0	894,000	1,058,000	2,953	4,544	303	233
Pasadena	1	91	6,500	0	799,900	859,900	2,284	2,673	350	322
Pomona	4	292	4,363	0	343,990	576,000	1,798	2,614	191	220
Walnut	1	64	6,500	0	416,990	457,990	1,665	2,168	250	211
West Covina	2	125	5,000	0	550,000	720,000	2,131	2,673	258	269
<b>Total</b>	<b>20</b>	<b>1,287</b>	<b>7,849</b>	<b>3</b>	<b>619,289</b>	<b>859,269</b>	<b>2,549</b>	<b>3,216</b>	<b>243</b>	<b>267</b>

Sources: Meyers Group/Hanley Wood, LLC Survey February 28, 2005; Gruen Gruen + Associates.

The San Gabriel Valley contained 20 detached projects with a total of 1,287 single-family units. Four of the projects with 28 percent of the units are located in Azusa. An additional four projects with another 23 percent of the units are located in Pomona. Lot sizes range from a low of 2,400 square feet to a high of 23,000 square feet with a weighted lot size average of 7,850 square feet. As of February 2005, only three units remained available. Home sizes range from a low of 1,665 square feet to a high of 6,200 square feet and a weighted average of between 2,550 and 3,200 square feet. Sales prices vary from a low of \$344,000 or \$191 per square foot to a high of \$2.4 million or \$386 per square foot. On average, prices tend to range from a low of \$620,000 or \$243 per square foot to a high of \$860,000 or \$267 per square foot.

Absorption was fastest for the smaller lot projects. Absorption for the less than 6,000 square foot lot projects ranged from 2.2 units per month to over 15 units per month for an average of 5.3. Absorption for the 6,000-10,000 square foot lot projects ranged from 2.9 to 4.5 units per month. For the large lot (i.e., over 11,000 square feet) projects absorption was much



slower, ranging from 0.5 to 2.6 units per month.

**SAN GABRIEL VALLEY ATTACHED  
RESIDENTIAL PROJECTS (2001 TO 2005)**

Table A-2 shows data for the last four years from the Meyers Group for active and sold out active attached housing product projects located in the San Gabriel Valley area.

<b>TABLE A-2</b>									
<b>San Gabriel Valley Active Attached Single-Family and Multi-Family Developments, by Community, from 2001 Through February, 2005</b>									
Community	Projects #	Units #	Standing Inventory	Sales Price		Square Feet		Price Per Square Foot	
				Low \$	High \$	Low #	High #	Low Priced \$	High Priced \$
Arcadia	1	50	0	692,000	731,000	1,938	2,066	357	354
Burbank	3	192	0	569,990	709,900	1,370	2,211	416	321
Claremont	1	135	0	465,990	498,990	1,394	1,659	334	301
El Monte	1	46	0	376,000	395,000	1,640	1,457	229	271
Pasadena	8	437	0	157,990	1,032,264	455	2,187	347	472
Pomona	1	26	0	229,500	249,500	1,108	780	207	320
South Pasadena	1	67	0	334,500	850,000	763	4,250	438	200
<b>Total</b>	<b>16</b>	<b>953</b>	<b>0</b>	<b>337,527</b>	<b>811,040</b>	<b>947</b>	<b>2,182</b>	<b>356</b>	<b>372</b>
Sources: Meyers Group/Hanley Wood, LLC Survey February 28, 2005; Gruen Gruen + Associates									

The San Gabriel Valley contained 16 attached, single-family or multi-family condominium projects with a total of 953 units. Eight of the projects with 46 percent of the units are located in Pasadena. An additional three projects with another 20 percent of the units are located in Burbank. Attached home sizes range from a low of 455 square feet to a high of 4,250 square feet and a weighted home size average of between 947 and 2,182 square feet. As of February 2005, no standing inventory remained available. Sales prices range from a low of \$158,000 or \$207 per square foot to a high of \$1 million or \$472 per square foot. The weighted average of sales prices range from a low of \$337,500 or \$356 per square foot to a high of \$811,000 or \$372 per square foot. The sales per square foot obtained for attached, single-family or multi-family housing is higher than that for detached housing.

Table A-3 shows the supply data for San Gabriel Valley active attached developments organized by housing unit size.



**TABLE A-3**

**San Gabriel Valley Active Attached, Single-Family and Multi-Family  
Condominium Developments, by Unit Size, from 2001 Through February, 2005**

Unit Size (square feet)	Projects #	Units #	Sales Price			Price Per Square Foot		
			Low \$	High \$	Average \$	Low \$	High \$	Average \$
0-999 square feet	5	113	157,990	365,000	284,059	300	439	366
1,000 to 1,399 square feet	9	210	229,500	587,168	444,037	207	473	363
1,400 to 1,999 square feet	9	299	376,000	764,168	561,180	229	473	350
2,000 to 2,499 square feet	4	55	609,900	1,032,264	802,539	300	472	385
Total	16 <sup>1</sup>	677	337,527	811,040	498,196	356	372	359

<sup>1</sup> Some projects include units of multiple sizes.

Sources: Meyers Group/Hanley Wood, LLC Survey February 28, 2005; Gruen Gruen + Associates

Table A-3 shows that most units were in the 1,000 to 2,000 square foot range. The 210 units between 1,000 and 1,400 square feet in nine projects sold for an average of \$363 per square foot of building area. For the 299 units between 1,400 square feet and 2,000 square feet, the average sales price was \$350 per square foot. For units smaller than 1,000 square feet, the price per square foot ranges from \$300 per square foot to \$439 per square foot of building space. Prices for housing units between 1,000 and 1,399 square feet ranged from \$207 to \$473 per square foot. Prices for housing units between 1,400 and 1,999 square feet ranged from \$229 to \$473 per square foot. Prices for units between 2,000 and 2,499 square feet ranged from \$300 to \$472 per square foot.

Related to the type of unit, absorption was slowest for the townhome units. The average absorption for a townhome project was 3.5 units per month; average absorption for condominium units was 5.2 units per month; and the average absorption for plex units was 5.4 units per month.



**SUPPLY PRICING CHARACTERISTICS AND RELATIONSHIPS  
BETWEEN NEW HOUSING PRODUCTS AND EXISTING HOUSING UNITS**

Presented below is an analysis of pricing characteristics of existing housing units and an identification of the premium new housing in recent developments have sold for over sales prices of existing housing units in the same locations.

**Single-Family Comparison**

Table A-4 compares the pricing reported for new single-family detached and attached developments at Central Avenue and Berry Street in Brea and Malvern and Gilbert in Fullerton and Idaho Street and Imperial Highway in La Habra with resale prices of existing housing units near these developments.



The Market For Residential Uses at the Fred C. Nelles Youth Correctional Facility Site

**TABLE A-4**  
**Comparison of Sales Prices for New Housing Projects in Brea, Fullerton,**  
**and La Habra with Sales Prices of Existing Nearby Housing Units**

Site	Resale Single-Family Detached Units					New Single-Family Units					Sales Premium	
	Average Year Built	Average Home Size # of square feet	Average Lot Size # of square feet	Average Price \$	Average Price Per Square Foot \$	Year Built	Average Home Size # of square feet	Average Lot Size # of square feet	Average Price \$	Average Price Per Square Foot \$	Absolute Premium for New Product %	Square Foot Premium for New Product %
Holly House in Brea	1967	1,641	7,973	461,176	285	2003-2004	2,287	3,150	675,990-712,990	290-325	46.6-54.6	1.8-14.0
Shutters in Brea	1967	1,641	7,973	461,176	285	2003-2004	2,158	2,500	578,400-732,990	281-334	25.4-58.9	(1.4)-17.2
Walcott in Brea	1967	1,641	7,973	461,176	285	2003-2004	3,037	4,100	641,988-829,188	233-326	39.2-79.8	(18.3)-14.4
Benchley Hill in Fullerton	1968	1,909	7,101	529,851	275	2002-2004	3,504	5,750	819,600-847,200	221-259	54.7-59.9	(19.6)-(5.8)
Silverleaf in Fullerton	1968	1,909	7,101	529,851	275	2003-2004	2,931	5,750	718,788-777,588	244-272	35.7-46.8	(11.3)-(1.1)
Stoneybrook in Fullerton	1968	1,909	7,101	529,851	275	2002-2004	1,649	2,750	622,788-709,188	345-568	17.5-33.9	25.5-106.6
Attached	Resale Attached Units					New Attached Units						
Gallery Walk in Fullerton	1979	1,244	NA	358,461	280	2002-2004	1,297	NA	374,388-473,988	314-343	4.4-32.2	12.1-22.5
Plaza Walk in Fullerton	1979	1,244	NA	358,461	280	2002-2004	1,553	NA	470,388-513,588	313-323	31.2-43.3	11.8-15.4
Radcliffe in Fullerton	1979	1,244	NA	358,461	280	2004	1,658	NA	445,990-492,990	277-289	24.4-37.5	(1.1)-3.2
Studio Walk in Fullerton	1979	1,244	NA	358,461	280	2002-2004	1,722	NA	475,188-494,388	257-310	32.6-37.9	(8.2)-10.7
La Habra Knolls	1974	991	NA	252,353	209	2004	1,574	NA	450,146-646,990	300-424	78.4-156.4	43.5-102.9

Sources: The Concord Group; DataQuick; Gruen, Gruen + Associates



The new projects for the comparison include three single-family developments in Brea, three single-family developments in Fullerton, four multi-family developments in Fullerton and one multi-family development in La Habra. Data from the previously cited Concord Group was drawn on, supplemented by interviews with a sample of projects. As directed, we did not interview representatives of firms that were short-listed by the City of Whittier for the Nelles' Site project.

### **Brea**

Holly House is a 92 unit single-family development located at the intersection of Central Avenue and Berry Street in Brea, built by Centex. All the houses contain three bedrooms, and sold between \$675,000 to \$713,000 or \$290 to \$325 per square feet. The housing units range in size from 2,000 to 2,500 square feet with a typical lot size of 3,150 square feet.

Shutters is another Centex Homes development of 63 single-family homes located at the intersection of Central Avenue and Berry Street in Brea. The three bedroom units average 1,800 square feet of space and sold for between \$575,000 and \$600,000 and the four bedroom units contain between 2,200 and 2,600 square feet of space and sold for between \$720,000 and \$733,000. This equates to a sales price per square foot of building area of \$281-\$334. Lot sizes average 2,500 square feet.

Walcott is also a Centex Homes development of 76 single-family homes located at the intersection of Central Avenue and Berry Street in Brea. The two bedroom units contain about 2,000 square feet of space each and sold for about \$640,000; the three bedroom units range from 2,500 to 3,000 square feet of space and sold for between \$740,000 and \$805,000; and the four bedroom units contain about 3,500 square feet of space and sold for between \$805,000 and \$830,000. For the development, the sales price per square foot ranges between \$233 and \$326. Lot sizes average 4,100 square feet.

We obtained from DataQuick resale data for homes within three-quarters of one-mile from the intersection of Central Avenue and Berry Street in Brea. Since January 1, 2003, 315 sales transactions have occurred, with an average sale price of roughly \$461,000 or \$285 per square foot. The average size of housing unit sold totaled about 1,650 square feet with an average lot size of almost 8,000 square feet. On average, the existing houses resold were built in 1967. The smaller housing unit size and higher lot size of existing housing units relative to the large housing unit size and smaller lot size of new products account for the lack of a price premium for new homes on a per square foot basis. In absolute sales dollars, however, the new larger product sold for a price between \$580,000 and \$830,000, or a premium of between 25 percent and 80 percent above the sales prices for existing housing units. On average, the new housing products have about 50 percent more square footage than the existing homes and are located on lots 60 percent smaller than the size of lots for existing housing units.



## Fullerton

### Single-Family Unit Comparison

Benchley Hill is a Pardee Homes development of 81 single-family units located at the intersection of Gilbert Street and Malvern Avenue in Fullerton. The three bedroom units contain about 3,150 square feet of space and sold for \$820,000; the four bedroom units contain about 3,500 square feet of space and sold for over \$825,000; and the five bedroom units contain over 3,800 square feet of space and sold for over \$845,000. This equates to a sales price per square foot of between \$221 and \$259. Lot sizes average 5,750 square feet.

Silverleaf is a KB Homes development of 91 single-family units located at the intersection of Gilbert Street and Malvern Avenue in Fullerton. The three bedroom units range in size from 2,600 square feet to 3,200 square feet and sold for between \$720,000 and \$780,000. This amounts to a sales price per square foot of between \$244 and \$272. Lot sizes average 5,750 square feet.

Stoneybrook is a KB Homes development of 85 single-family units located at the intersection of Gilbert Street and Malvern Avenue in Fullerton. The three bedroom units range in size from 1,100 square feet to 2,000 square feet and sold for between \$622,000 and \$710,000. This equates to a sales price per square foot of \$345 to \$568. The average lot size for Stoneybrook is 2,750 square feet.

The KB Home Silverleaf and Stoneybrook projects completed in the new community of Amerige Heights in Fullerton in 2004 also attracted households within two to three miles of the site, with most households relocating from within Fullerton. Asian households were the predominant buyers. The adjacency to Sunny Hills High School and proximity to a new shopping center were selling points. The availability of new product particularly appealed to Asian households. Empty-nesters and move-up buyers trading on their built-up equity in older homes, often smaller-sized homes, also were important sources of demand.

We obtained from DataQuick resale data for homes within three-quarters of one-mile from the intersection of Gilbert Street and Malvern Avenue in Fullerton. Since January 1, 2003, 405 sales transactions have occurred, with an average sale price of about \$530,000 or \$275 per square foot. The average size of housing unit sold totaled over 1,900 square feet of space with an average lot size of over 7,100 square feet. The smaller housing unit size accounts for the lack of a price premium for new homes on a per square foot basis. Of the new developments, Stoneybrook has an average home size closest to those of the resale homes. On a per square foot basis, the new Stoneybrook development obtained a price premium of between 25 percent and 105 percent. In absolute sales dollars, the new product sold for a price between \$622,000 and \$850,000 for a premium of between 17 percent and 60 percent. On average, the new housing products have about 40 percent more square footage than the existing homes and are located on lots ten percent smaller than the lot size of the older homes.



Attached/Condominium Unit Comparison

Gallery Walk is a 103-unit condominium development built by The Olson Company located at the intersection of Gilbert and Malvern in Fullerton. The two bedroom units contain about 1,120 square feet of space each and sold for between \$374,000 and \$384,000, the three bedroom units contain about 1,500 square feet of space each and sold for between \$470,000 and \$475,000. This translates to a per square foot sales price range of \$314 to \$343.

Plaza Walk is an 80-unit condominium development also built by The Olson Company located at the intersection of Gilbert and Malvern in Fullerton. The three bedroom units contain between 1,450 and 1,650 square feet of space and sold for between \$470,000 and \$515,000. This equates to a sales price per square foot of between \$313 and \$323.

Studio Walk is a 94-unit condominium development built by The Olson Company. Units average 1,700 square feet of space and sold for \$485,000. This equates to a sales price per square foot of \$257 to \$310.

The three Olson Company condominium projects, now sold out in Fullerton, sold at about four to five units per month so by mid-2004 all three projects were sold out, at or less than two years from opening date. According to the representative of the developer with whom we spoke, almost one-third of buyers came from either Fullerton or Anaheim with a larger proportion coming from within Fullerton. Only two percent of buyers came from Whittier indicating that Whittier was not in the primary market area.

Radcliffe is a 173-unit townhome development built by MBK homes and is described further below in the section on active development.

DataQuick reports that 141 transactions for attached, multi-family for-sale units have occurred within three-quarters of a one-mile radius from Gilbert and Malvern. The average sales price was almost \$360,000 or \$280 per square foot. The average size of attached, multi-family housing unit sold was approximately 1,250 square feet of space. New attached townhouse/condominium projects sold for between a five percent and 45 percent price premium on a per square foot basis. In total dollars, the new condominium product sold for a premium up to 23 percent.

**La Habra**

La Habra Knolls is a 48-unit condominium development located at the intersection of Idaho Street and Imperial in La Habra. The two bedroom units average 1,500 square feet of space and sold for \$585,000 and the three bedroom units average 1,500 square feet of space with a price between \$450,000 and \$645,000. This equates to a sales price per square foot of \$300 to \$424.

We obtained from DataQuick resale data for units within three-quarters of one-mile from



the intersection of Idaho Street and Imperial. Since January 1, 2003, 19 sales transactions have occurred, with an average sale price of about \$250,000 or \$209 per square foot. The average size of housing unit sold totaled nearly 1,000 square feet. In absolute terms, the new condominium project sold for between 78 percent and 155 percent price premiums. On a per square foot basis, the new product sold for premiums of between 44 percent and 103 percent.

**CHARACTERISTICS OF ACTIVE AND  
PLANNED HOUSING DEVELOPMENTS**

As indicated above, the region and market area contain a limited supply of new, active housing developments. Table A-5 summarizes information on one project cited in the Concord Group report which we toured as well as information on a planned project in Whittier.

<b>TABLE A-5</b>						
<b>Current and Planned Residential Developments</b>						
Name of Project/Location	Status	Type of Project # of Units	Type of Units	Sale Price	Sale Price Per Square Foot \$	Absorption Rate # Per month
Radcliffe Fullerton	Active	Attached Townhomes 173 total	2 Br/2.5 Ba.- 1,617-s.f.	\$489,990	\$303	8 per month
			3 Br/2.5 Ba.- 1,654-s.f.	\$509,990	\$308	
			3 Br/2.5 Ba.- 1,779-s.f.	\$548,490	\$308	
MBK Homes Project Whittier	Planned	Attached Townhomes 114 Total	1,607	\$450,000	\$280	4.75 per month estimated
			1,881	\$550,000	\$292	

Sources: MBK Homes; Gruen Gruen + Associates.

The Radcliffe project by MBK Homes in the new community of Amerige Heights in Fullerton is currently in its fourth phase. The project is planned to include a total of 173 attached townhouse units at build-out. Seventy homes have been sold since June 2004 at a rate of approximately eight units per month. Three unit types ranging in size from 1,617 square feet to 1,779 square feet of space are offered at \$489,990 to \$548,490, respectively. This equates to \$303 to \$308 per square foot. According to the sales representative, prices for the units have increased between \$7,000 and \$10,000 per phase or about two percent. Two additional phases are planned of 23 townhomes each. MBK currently has a large waiting list for these 23 planned units. Approximately 60 percent of the buyers come from within Fullerton and work either in Fullerton or north Orange County. Few, if any, buyers have come from Whittier. The project has attracted trade-down buyers from within Fullerton as well as households moving from apartments and households employed by



Raytheon or other area businesses. The School District is a major selling point. The project has attracted Asian households who want to be located within the Fullerton Union High School District and who prefer buying new housing units.

MBK Homes is also developing a 114-unit townhouse project near the Whittwood Town Center in Whittier. According to MBK's marketing coordinator, the project will not start for another year. Units will be attached townhomes with 1,607 square feet to 1,881 square feet of space. Prices are currently estimated to be less than for MBK's Radcliffe project in Fullerton. Prices are expected to range from \$450,000 to \$550,000 or \$280 to \$292 per square foot. These prices, however, are preliminary and are likely to be low given that construction is not planned for another year and that micro-market research has not yet been completed. Including construction time, the project is anticipated to sell out in two years and equates to sales of 4.75 units per month.

### **RESALE PRICE CHARACTERISTICS OF WHITTIER HOUSING UNITS**

Table A-6 presents information on the resale of existing Whittier housing units.



The Market For Residential Uses at the Fred C. Nelles Youth  
Correctional Facility Site

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**TABLE A-6**  
**Sales Data of Nearby Single-Family and**  
**Multi-Family Units in Whittier: from January 1, 2003 to April 2005**

Lot Size	Number of Single-Family Units #	Year Built	Average Home Size # Square Feet	Average Lot Size # Square Feet	Average Sales Price \$	Average Price Per Building Square Foot \$
<b>All Sales Within ½ Mile of Nelles' Site</b>	183	1940	1,192	6,041	318,753	281
0 to 3,999 square feet	10	1923	787	3,130	257,500	342
4,000 to 5,999 square feet	63	1944	1,145	5,342	309,413	289
6,000 to 7,999	100	1937	1,230	6,622	329,660	276
8,000 + square feet	5	1958	1,643	9,063	316,250	190
<b>Hillside</b>						
<b>All Sales Within ¾ Mile of Hillside Address</b>	167	1964	2,115	11,203	516,025	251
Under 1,999 square feet	11	1968	1,643	1,652	287,600	174
2,000 to 5,999 square feet	7	1950	1,423	4,123	314,667	224
6,000 to 7,999 square feet	44	1961	1,834	7,054	496,273	280
8,000 to 9,999 square feet	43	1966	2,205	8,832	549,803	256
10,000 + square feet	62	1966	2,414	18,285	563,584	245
Number of Condominiums						
<b>Nelles' Site</b>	3	1994	1,703	6,244	310,000	182
<b>Hillside</b>	129	1981	1,047	2,695	239,419	233

Sources: DataQuick; Gruen Gruen + Associates

We obtained from DataQuick resale data for homes within one-half of one-mile from the Nelles' Site. Since January 1, 2003, 183 single-family sales transactions have occurred, with an average sale price of about \$320,000 or \$281 per square foot. The average size of housing unit was relatively small at just 1,200 square feet of space with an average lot size of 6,000 square feet. Almost all of the recently sold units in Whittier are over 40 years old. Based on the finding above of a greater premium the greater the age disparity, a high premium can be expected to apply to new housing units at the Nelles' Site.

We also show DataQuick results for 167 single-family homes from the "Hillside" neighborhood. Homes in Hillside tend to be larger (over 2,100 square feet of space on average) than those located near the Nelles' Site and are located on much bigger lots



averaging over 11,000 square feet. Because the homes are larger and the lots are bigger, homes in the Hillside neighborhood sell for an average of \$515,000 (\$251 per square foot) or 60 percent higher than homes located near the Nelles' Site.

DataQuick reports that since January 1, 2003, 129 multi-family units have been sold in the Hillside neighborhood. These units average 1,050 square feet of space with an average price of \$240,000 or \$233 per square foot. The new MBK Homes Whittier project is planned to be priced at a premium of 20 percent to 25 percent above the current resale prices for multi-family units.



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San Francisco:  
(415) 433-7598  
E-mail: [sf@ggassoc.com](mailto:sf@ggassoc.com)

Deerfield:  
(847) 317-0634  
E-mail: [midwest@ggassoc.com](mailto:midwest@ggassoc.com)

[www.ggassoc.com](http://www.ggassoc.com)

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