

NEW DEVELOPMENT

Residential Development



Residential Project Entitlements



Commercial and Industrial Development

Commercial and Industrial Entitlements



The Forecast



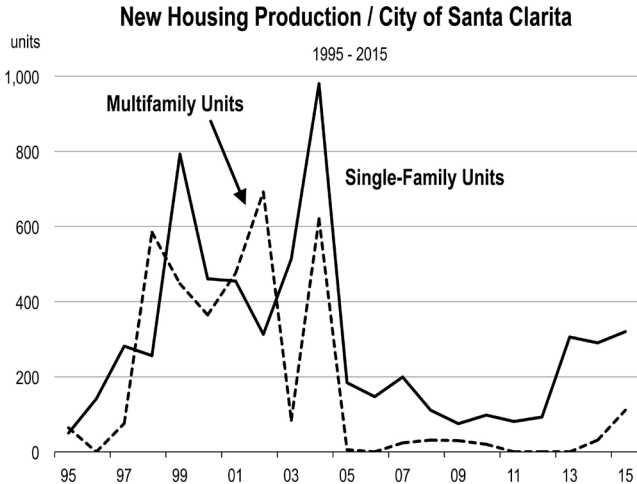
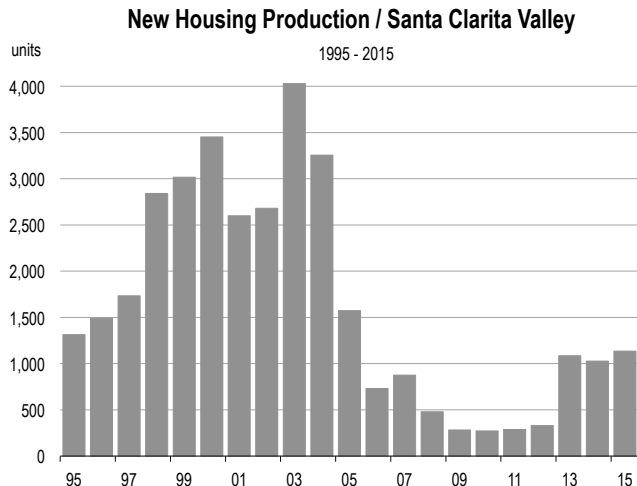
NEW DEVELOPMENT

Residential Development

Santa Clarita Valley

During 2015, an estimated 1,134 residential units were authorized through the permitting process in the Santa Clarita Valley. This represents a small increase over 2014, in which 1,028 units were authorized. The peak of home building occurred in 2003 when 4,029 units were permitted, and the trough occurred in 2010 with 272 units.

Housing production also increased within the city limits of Santa Clarita, with total production up by 34 percent. A total of 320 single-family homes were started in 2015, along with 111 multifamily units. Gain in multifamily activity has been especially strong – between 2005 and 2014, no more than 31 multifamily permits were issued in any given year.



San Fernando Valley

In the 2015 calendar year, 4,468 total residential permits were issued in the San Fernando Valley. This is an increase of 16 percent over 2014, and is more than triple the number of units permitted at the low point of the current cycle. The 2015 growth was due largely to gains in multi family housing, which increased by more than 500 units. Single-family permits increased slightly, up by 83 units over the year.

The Status of New Residential Project Entitlements

Santa Clarita Valley

Among the principal projects in the Santa Clarita Valley, there are nearly 2,000 units in developments that have started construction and 4,178 units in approved projects that have not yet begun construction. Moreover, there are approximately 31,000 units that are in larger conceptual or not yet approved projects.

New Residential Units Permitted		Santa Clarita and San Fernando Valleys									2006 - 2015	
City	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
--- number of units permitted ---												
City of Santa Clarita												
Single-Family Units	147	199	111	75	98	81	93	306	290	320		
Multifamily Units	0	24	31	30	20	0	0	0	31	111		
Total Units	147	223	142	105	118	81	93	306	321	431		
Unincorporated Santa Clarita Valley												
Total Units	583	653	336	176	154	206	237	778	707	703		
Santa Clarita Valley												
Total Units	730	876	478	281	272	287	330	1,084	1,028	1,134		
City of Burbank												
Single-Family Units	66	40	47	9	15	8	7	7	22	5		
Multifamily Units	248	144	272	6	3	15	22	0	5	20		
Total Units	314	184	319	15	18	23	29	7	27	25		
City of Calabasas												
Single-Family Units	63	8	2	2	0	2	1	3	3	3		
Multifamily Units	0	0	0	0	75	0	65	0	12	20		
Total Units	63	8	2	2	75	2	66	3	15	23		
City of Glendale												
Single-Family Units	2	65	26	12	7	11	10	11	19	2		
Multifamily Units	157	576	230	125	92	227	80	214	81	105		
Total Units	159	641	256	137	99	238	90	225	100	107		
City of Hidden Hills												
Single-Family Units	3	5	3	1	3	2	4	3	7	7		
Multifamily Units	0	0	0	0	0	0	0	0	0	0		
Total Units	3	5	3	1	3	2	4	3	7	7		
City of San Fernando												
Single-Family Units	13	12	4	5	3	2	1	0	0	0		
Multifamily Units	0	37	0	0	0	0	20	10	6	0		
Total Units	13	49	4	5	3	2	23	10	10	0		
City of Los Angeles (portion in San Fernando Valley)												
Single-Family Units	728	532	246	157	204	159	269	340	513	613		
Multifamily Units	4,046	2,698	2,008	788	1,073	1,792	1,903	3,017	3,222	3,718		
Total Units	4,774	3,230	2,254	945	1,277	1,952	2,172	3,356	3,734	4,331		
San Fernando Valley												
Single-Family Units	1,300	828	328	186	232	184	285	357	542	625		
Multifamily Units	4,098	3,492	2,510	919	1,243	2,034	2,068	3,241	3,321	3,843		
Total Units	5,398	4,320	2,838	1,105	1,475	2,219	2,355	3,597	3,866	4,468		

Source: CHF/CIRB, California Economic Forecast

A total of 36,567 units are in various stages of the formal entitlement process. The majority of the units are in Newhall Ranch.

Newhall Ranch

Newhall Ranch is located west of the Magic Mountain amusement park with an approved Specific Plan. The community is being developed by Newhall Land. Newhall Ranch will be built within five distinct villages: Landmark, Mission, Homestead South, Homestead North and Potrero, each of which requires a separate EIR. Each village will have an array of detached and attached homes, commercial and business centers, schools, parks, public services and major open space. In total, the Newhall Ranch project is expected to produce almost 21,000 homes.

Several favorable lower and appellate court decisions were in place upholding the project's approval as well as approvals for the first two

villages within Newhall Ranch: Landmark and Mission, together totaling up to 5,499 homes and approximately 2.5 million square feet of commercial and retail space. However, the California Supreme Court ruled in November 2015 that portions of the project's programmatic EIR were not adequate. Newhall Land plans to address the court's concerns and move forward with the project.

In addition to the villages within the Newhall Ranch Specific Plan, three additional villages – Entrada South, Entrada North and Legacy (formerly Stevenson Ranch Phase 5) – will be developed by Newhall Land on the west side. These projects are expected to provide a combined total of 5,000 additional homes.

River Village

River Village (approximately 1,100 homes) is located east of Bouquet Canyon Road and north of the Santa Clara River in the City of

New Development Summary Santa Clarita Valley		Total Residential Units in Principal Projects			March 2016
	<u>Total Units</u>	<u>Units Approved in Projects not Under Construction</u>	<u>Units in Projects Currently Under Construction</u>	<u>Units in Planning but not yet Entitled</u>	
Santa Clarita Valley					
Newhall Ranch	20,885	0	0	20,885*	
Valencia/ Santa Clarita	6,615	2,911	1,172	2,532	
Saugus	813	30	524	259	
Castaic	5,414	0	0	5,414	
Canyon Country	2,703	1,100	137	1,466	
Newhall	137	137	0	0	
Sum	36,567	4,178	1,833	30,556	

*previously entitled but delayed due to incomplete EIR

Sources: The City of Santa Clarita and The California Economic Forecast

Santa Clarita. Additional areas of River Village are still yet to be developed and are currently planned for attached product on the north side of Newhall Ranch Road. Beazer Homes opened three neighborhoods for sale in the first quarter of 2015 comprised of Providence, Hartford and Kensington. Kensington offers 89 3-story townhomes, Hartford offers 63 2-story townhomes, and Providence offers 87 single family detached condominiums. One additional area within RiverVillage remains to be developed and is currently planned for 231 2-story Townhomes.

Golden Valley Ranch

The Golden Valley project is now being developed by Tripointe Homes on Golden Valley Road, south of the Antelope Valley Freeway. The project is separated into five single-family detached neighborhoods and a senior restricted neighborhood, totaling 499 units.

Of the 499 units, 95 will be detached single family, condo and senior units, while the remaining 404 will be traditional single-family homes. No significant activity has taken place since grading was completed in 2007. Pardee, the former developer, was acquired by Tripointe Homes, which caused a delay of the project.

Fair Oaks Ranch

Fair Oaks Ranch is a Pardee and TRIPointe development, consisting of six primary neighborhoods: Mayfair, Woodglen, Hearthstone, Fairmont, Oak Crest, and Laurel Park. These six neighborhoods total 1,062 homes. As of Late 2015, this project was complete and occupied.

West Creek/West Hills

West Creek and West Hills, a 2,300 home community, is located on the west side of San Francisquito Creek and north of Decoro Drive. All homes previously selling in West Hills by Lennar and D.R. Horton have been completed and sold. Lennar anticipates opening the final 79 single family home neighborhood in West Hills in April 2016.

Lennar is also currently selling two neighborhoods in West Creek, Claridad and Aria, which offer two-Story townhomes and a single family detached condominium neighborhood. This will leave just two remaining attached neighborhoods still left to be developed. Sonrisa, anticipated to be comprised of 197 3-story townhomes, and Arte, anticipated to be comprised of 79 duplexes.

Five Knolls

Formerly known as Keystone, Five Knolls is a 653-unit project located at the future intersection of Newhall Ranch Road and Golden Valley Road. Its primary developer is Brookfield Homes, while additional builders include Christopher Homes, TRI Pointe Homes, Meritage Homes, and KB Homes. The original project consisted of 380 single family detached condos and 119 single family fee lots, with a 5-acre city park and YMCA. In 2015, a revision to the project was approved to include 154 age-restricted, single-family detached condominiums, along with a new Senior Center. The first homes were occupied in late 2015.

Vista Canyon

The 185-acre approved project is located west of the intersection of Sand Canyon Road and State Route 14 in the City of Santa Clarita.

The land use plan includes four primary components: a town center, a corporate office campus, a transit station, and surrounding residential neighborhoods. The “town center oriented project” will be comprised of retail shops, restaurants, entertainment, parks, trails, and residential neighborhoods.

The project has been approved for a mixed-use/transit-oriented development consisting of up to 1,100 residential units and up to 950,000 square feet of commercial, retail, theater, and hotel uses within three planning areas. Land development at Vista Canyon is almost complete and for-sale homes are expected to begin construction this year.

Whittaker Bernite

In May 1995, the Santa Clarita City Council approved the Porta Bella Specific Plan, and approved a tentative tract map and development agreement which vested land use entitlements. However, that development agreement and tentative tract map will expire in March of 2016. Development of the site will require additional public infrastructure investment (roads, parks, schools, etc.).

The site is currently being remediated in coordination with the Whittaker Corporation and the Department of Toxic Substances Control. It is estimated that all soil remediation for the entire property will be completed by the end of 2016 or the first quarter of 2017. Cleanup of

the contaminated groundwater beneath the site will be an ongoing, long-term pump and treat process which will potentially require 20-40 years to fully complete.

Villa Metro

Formerly known as “Soledad Townhomes,” this project was acquired by the New Home Company in 2012 and retitled to Villa Metro. Located near Prima Way and Soledad Canyon, this project is adjacent to the Santa Clarita Metrolink station. There are a total of 315 units, most of which have been completed. The remaining 13 units remaining are expected to be completed by March 2016.

Castaic

Northlake

The Northlake project, which was being developed by TRIPointe, is located just north of Valencia in the unincorporated Castaic region. It is situated on approximately 1,330 acres and is approved for up to 3,623 homes and a new jobs/employment center with 170,000 sq. ft. of commercial office and community-serving retail.

Northlake was approved by the Castaic Area Town Council and the LA County Board of Supervisors in 1992. The approved Specific Plan for Northlake was included in the 2012 One Valley, One Vision General Plan update for the greater Santa Clarita Valley. Northlake Associates, LLC has acquired the property and intends to build Northlake as approved by the County of Los Angeles.

The project, along with Ritter Ranch, was involved in litigation connected to the Lehman

Brothers bankruptcy in 2008. It was sold as part of the bankruptcy deal to the Lehman Brothers Estate. No further development has taken place since.

Los Valles

Los Valles is located on a 430 acre parcel just north of Hasley Canyon Road, east of its intersection with Del Valle Road. Los Valles is planned to be an upscale residential community consisting of 497 single family homes with

approximately five miles of pedestrian trails, over 200 acres of open space, and a large park that will be open to the public.

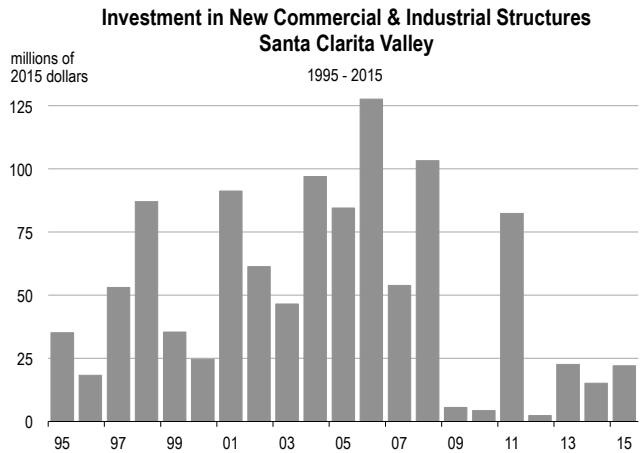
A large portion of the property was graded between 2006 and 2008 pursuant to the existing approvals for a golf course development, and it remains in this partially developed condition today. The Castaic Area Town Council has approved the revised entitlement plans by owners iStar Financial, and the draft EIR is nearly ready for public circulation.

Principal Residential Projects in the Santa Clarita Valley by Area			March 2016
Project Name	Units to be built	Type	Project Status
<u>Saugus</u>			
Plum Ranch	179	Single family homes	Under construction
Habitat for Heroes	78	Residential units	Under construction
Echo Ridge	71	Single family homes	Under construction
Phantom Trail	30	Single family homes	Under construction
<u>Newhall</u>			
Old Town Newhall	46	Multifamily units	Approved
<u>Valencia</u>			
Whittaker Bermite	2,911	Mixed development	Continuation of DTSC clean ip
West Creek/West Hills	579	Single family, multi-family, and apartments	Under construction
River Village	580	Multi-family and single family	Under construction
Villa Metro	13	Townhomes	Under construction
<u>West of Stevenson Ranch</u>			
Aidlin Hills	102	2 acre minimum lot size	In draft EIRs
<u>Canyon Country</u>			
Vista Canyon	1,100	Residential units	Grading nearly complete
Five Knolls	499	319 single family, 180 multi-family	Grading delayed
Golden Valley	499	404-Single family, 95 detached condos	Infrastructure complete
Penlon/ Trestles	137	Single family detached condos	Under construction
<u>Newhall Ranch</u>			
Newhall Ranch	20,885	Master planned community	Construction on hold
<u>Castaic</u>			
Northlake	3,900	Single family homes	Pending approval
Los Valles	497	Single family homes	Draft EIR nearly ready
Tapia Ranch	405	Single family homes	Currently in holding pattern, pending water supply and access verification.
Project 1	236	1 and 2 bedroom apartments	EIR process pending
Project 2	274	1 and 2 bedroom apartments	EIR process pending

Sources: City of Santa Clarita and The California Economic Forecast

Tapia Ranch

Tapia Ranch, owned by DACA Castaic LLC and represented by JMP Development LLC, is located just east of Interstate-5 in Tapia Canyon. This project is planned to consist of 405 units with an average lot size is 8,665 SF. The community will also contain many miles of trails and outdoor public space. The project is currently in a holding pattern for the next tentative tract map submittal. Tapia Ranch is currently pending water supply and access verification, among other considerations. The developers plan to begin construction by the summer of 2017.



Commercial and Industrial Development

Santa Clarita Valley

In 2015, a total of \$22.2 million was invested in new commercial and industrial structures, a significant increase from the \$15.2 million invested in 2014.

There was a total of \$33 million invested in the renovation of existing structures in 2015, which is largely unchanged from the previous year.

When investment in new structures is combined with renovations of existing structures, total nonresidential permit valuations reached \$55.1 million during calendar 2015 – a 19 percent jump from 2014.

Real New Commercial & Industrial Investment	City of Santa Clarita							
	2008	2009	2010	2011	2012	2013	2014	2015
-- thousands of current dollars --								
Santa Clarita								
Commercial Investment	71,700	5,000	3,053	7,877	1,519	16,891	7,767	2,082
Industrial Investment	8,628	0	0	7,500	0	1,210	0	0
Other Investment*	15,457	145	988	63,443	737	4,237	7,421	20,166
Total New Investment	95,785	5,145	4,040	78,819	2,256	22,338	15,188	22,248
Renovations	53,586	34,123	35,484	29,218	22,834	50,030	31,020	32,873
Total Commercial & Industrial	149,371	39,268	39,524	108,038	25,090	72,368	46,208	55,120

Source: CHF/CIRB

**Other Investment* includes private, educational, religious, agricultural and other categories

Commercial and Industrial Entitlements

Santa Clarita Valley

Currently, there are 10.1 million square feet of approved commercial and industrial projects in the Santa Clarita Valley. Approximately 489,000 square feet are under construction, 9.6 million square feet have been approved but are not yet under construction, and 138,000 square feet are awaiting approval.

Henry Mayo Newhall Memorial Hospital Expansion

Henry Mayo Newhall Hospital is adding a new patient tower with a helipad, as well as an underground parking structure to its Valencia campus location. The \$151 million, 6-story patient tower is expected to broke ground in October 2015 and will increase bed capacity from 238 to 350, adding about 160,000 square feet. The project is planned to be completed

by May 2018, and open for the public’s use in September 2018.

A four-level, \$11 million underground parking structure has ben completed, adding 350 parking stalls and about 116,000 square feet. Construction on a medical office building, which houses a new Education Center and administrative offices, was completed in May 2014. The expansion is all a part of the hospital’s 15-year master plan that was approved by the City of Santa Clarita.

Mann Biomedical Park

The existing campus, located off of Rye Canyon loop in Valencia, CA, contains 612,000 square feet of current medical offices and buildings. There is 900,000 square feet of potential development space remaining in the lot. In November of 2014, CBRE brokered the deal for buyers Dale Donohue of Intertex Companies and Investment Firm Oaktree Capital Management. Of the approximately 900,000 remaining square

New Commercial and Industrial Development Summary March 2016

Total Approved Industrial & Commercial Square Feet in Principal Projects

	— square feet —		
	Pending	Approved	Total
Commercial	137,878	3,685,930	3,823,808
Industrial	0	6,437,875	6,437,875
Total	137,878	10,123,805	10,261,683

Summary Status of Commercial and Industrial Development

	— square feet —
Under construction	488,838
Approved/not under construction	9,634,967
In planning (not yet approved)	137,878

Source: The City of Santa Clarita, California Economic Forecast



Mann Biomedical Park

Source: <http://www.scvedc.org/clientuploads/SCV%20Business%20Parks/Mann%20Biomedical%20Park%20-%20Overall%20Brochure.pdf>

feet, Donohue estimates that about 612,000 of that will be developed. Applications have been submitted to the planning department.

Gateway V

Gateway V is an industrial, technology and office business center located near the Valencia Commerce Center. This project contains close to 650,000 square feet of potential development. As part of the Valencia Gateway master plan, this project is part of the largest industrial center in Los Angeles County. This project has four buildings for sale, ranging from 60,000 SF to 254,000 SF. It also has 6 parcels that have yet to be developed, ranging in size from 24,000 SF to 194,000 SF.

IAC Commerce Center

IAC Commerce Center, formerly Sterling Gateway, is a planned 75-acre business park consisting of 36 lots. Phase 1 will consist of 3 buildings of 93,660 SF, 116,740 SF, and 187,880

SF, respectively. Current plans call for up to 1.3 million square feet of new industrial space.

The business park will be located at the terminus of Witherspoon Parkway. The project is situated one mile west of Interstate 5 at Hasley Canyon Exit and 1.5 miles north of Highway 126 at Commerce Center Drive Exit.

Tentative tract maps have been approved. In October 2014, it was announced that ground had broken on this project. Grading has now been completed, and construction of Phase 1 (400,000 SF) will begin in early 2016 and should be completed by the third quarter of 2016. CBRE is currently marketing the property during land development and construction.

Needham Ranch (Gates King Project)

Needham Ranch is a subdivision of a 508-acre project site located in southern Newhall. It is divided into 106 lots that changed the land use designations in several areas of the site.



Source: <http://www.sterlinggateway.com/pages/Sterlinghome.html>

These changes eliminated the residential and commercial designations from the site, and increased the area designated as industrial from 187.8 acres to 215.8 acres.

Sixty-eight of the approved lots are for industrial/business park use. Three lots, which comprise about 12.2 acres, would accommodate three water tanks to serve site development, while 2.1 acres would accommodate the helipad site. 33.2 acres would consist of City dedicated trail and natural slope lots and 174.4 acres would be dedicated to the City as a wilderness park and permanent open

space. The remainder of the site would consist of public streets (19.1 acres), the MTA (14.0 acres) and SCE (19.3 acres) rights of way, and additional space (49.8 acres) to be owned and maintained by the POA.

The project’s industrial acreage would accommodate up to 4.2 million square feet of space. The project is under a 15-year development agreement that was approved on July 15, 2009.

Needham Ranch is fully entitled and all permits have been approved, and the applicants are

Principal Commercial & Industrial Projects in the Santa Clarita Valley March 2016

Project Name/Developer	Square Feet	Type	Project Status
Industrial			
Gates King	4,100,000	Industrial center	Tract map recorded/ proposed changes
IAC Commerce Center	1,300,000	Industrial phased	Grading completed
Disney ABC Studios at the Ranch	510,000	Movie studio	Approved, anticipate construction
Oak Ridge Industrial	300,000	Commercial & industrial business park	Pending
Rent-A-Bin	60,000	Recycling facility	Approved
Commercial			
Vista Canyon	950,000	Commercial center	Approved, construction in 2016
Mann Biomedical Park	600,000	Medical and office	Application submitted
Henry Mayo Newhall Hospital	327,363	Hospital master plan	Under construction
TMC Master Plan	240,000	Campus extension	Approved
Soledad Medical	100,000	Medical office building	Built, not finalled
LNR Entrada Gateway Center II	96,115	Multi-tenant office	Approved, for sale
Chinquetera	91,000	Commercial	Pending
Tourney Place	51,000	Office	Approved
VTC Square	49,000	Commercial Sspace	Approved no action
Audi Car Dealership	31,450	Auto use	Approved by PC, in construction
Old Town Newhall Mixed Use Project	20,240	retail space & parking structures	Approved
Laemmle Theatre Project	19,981	theater space and retail	Approved

Source: City of Santa Clarita Planning Department, California Economic Forecast

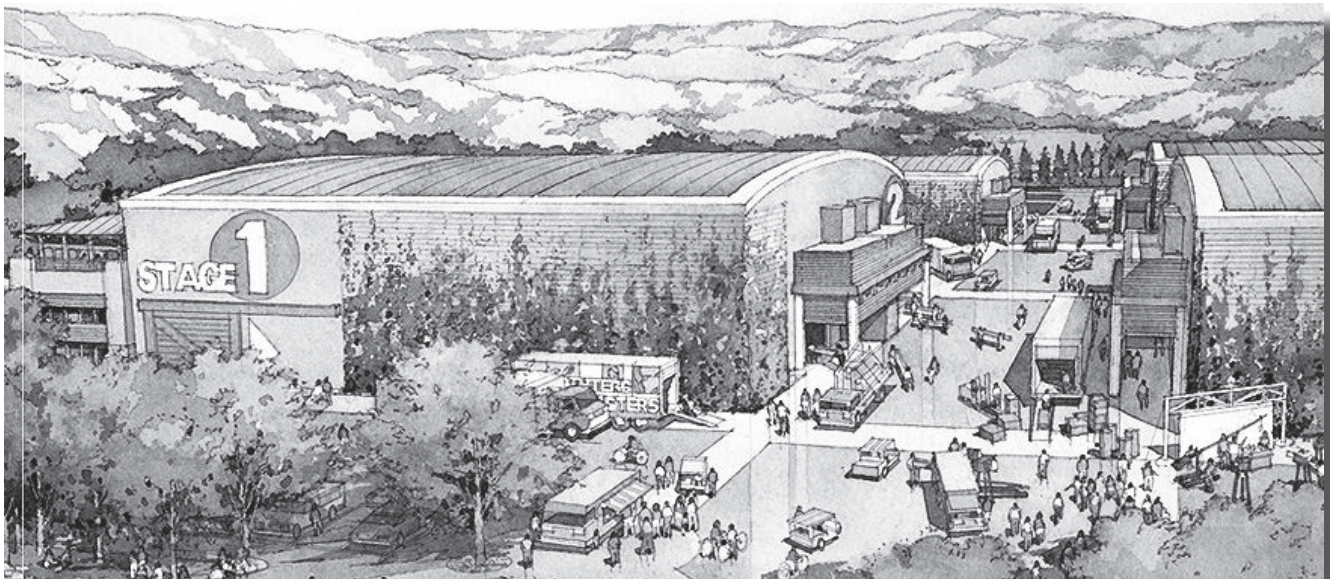
currently in discussions with potential users and developers to begin the development process. There were negotiations with a potential developer and purchaser of the project throughout 2014. It is now anticipated that this deal will be completed soon and construction may begin by a new developer in 2016.

Disney | ABC Studios at the Ranch

Disney | ABC Studios at the Ranch will be constructed on a 56-acre portion of the 890-acre Golden Oak Ranch property. The project would provide development of state-of-the-art studio uses and associated film and television production facilities on the westernmost portion of the Ranch.

Developers plan to construct 6 pairs of sound stages. However, dependent on market conditions, this may be reduced to 4 pairs of sound stages and 100,000 fewer square feet of studio office space than originally planned.

The draft EIR was released in May 2013, and the County Board of Supervisors granted tentative approval for the two different versions of the project in August 2013. An approval by the Los Angeles County Board of Supervisors in January of 2014 granted permission for the construction of either plan. Further action is still dependent on market conditions.



Disney | ABC Studios at the Ranch, 510,000 square feet

Source: <http://www.studiosattheranch.com/tour>

The Forecast

While the forecast presents a year-by-year distribution of new housing units (permits), it is not practical to forecast housing units by year with any accuracy. There are too many non-market influences that produce great variability in the distribution of housing units at the regional level.

These influences include the uncertain entitlement process that requires an environmental impact report, public review and comment, mitigation methods of environmental impacts, architecture review, and final tract map reviews by local decision makers – who exercise significant discretion into the process. The sum of housing units over the next 5 years is more

important than the year-by-year allocation of units.

Over the past three years, new housing development has materially improved. There have been more detached homes started, and more multifamily permits have been issued than any point in the last decade. Because of the low levels of production during the housing bust, new units will need to be developed at a rather rapid pace to accommodate expected population growth.

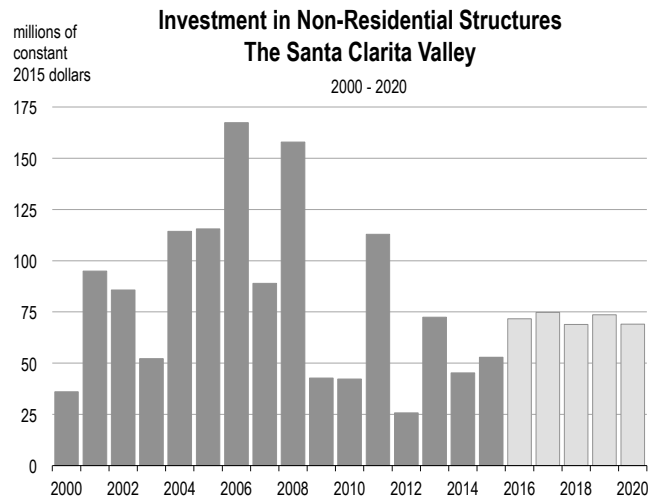
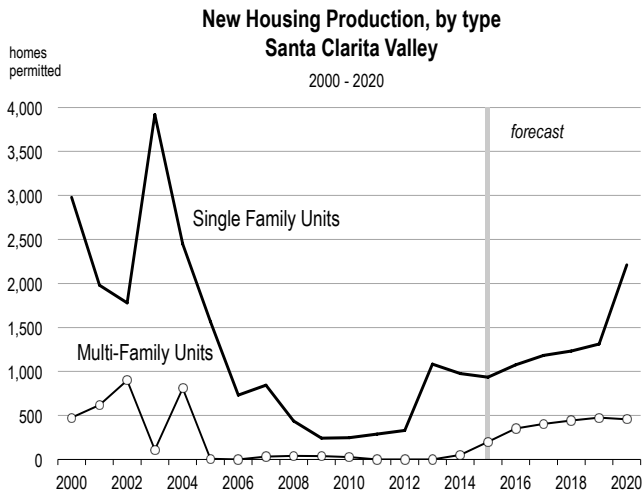
The Newhall Ranch project was on pace to begin construction in 2018, but recent court rulings have pushed this activity probably into 2020.

New Development Forecast	Santa Clarita Valley			History 2011-2015	
	2011	2012	2013	2014	2015
New Residential Development					
<u>City of Santa Clarita</u>					
	<i>--number of units permitted--</i>				
Single Family Units	81	93	306	290	320
Multiple Family Units	0	0	0	31	111
Total Units	81	93	306	321	431
<u>Santa Clarita Valley</u>					
Total units	287	330	1,084	1,028	1,134
Commercial and Industrial Investment					
	<i>--millions of constant 2015 dollars--</i>				
City of Santa Clarita	112.9	25.7	72.4	45.3	52.9

Source: California Economic Forecast, March 2016

Our forecast calls for approximately 9,100 new housing starts in the Santa Clarita Valley between 2016 and 2020. Investment in non-

residential structures will be in the range of \$70 million to \$80 million annually, totaling more than \$358 million for the 5-year span.



New Development Forecast	Santa Clarita Valley				
	Forecast 2016-2020				
	2016	2017	2018	2019	2020
New Residential Development					
City of Santa Clarita	--number of units permitted--				
Single Family Units	406	423	415	432	420
Multiple Family Units	155	165	161	171	164
Total Units	561	588	576	604	584
Santa Clarita Valley					
Total units	1,425	1,587	1,676	1,787	2,668
Commercial and Industrial Investment	--millions of constant 2015 dollars--				
City of Santa Clarita	71.6	74.8	68.9	73.6	69.2

Source: California Economic Forecast, March 2016

Data sources for this chapter includes: CHFICIRB, The City of Santa Clarita, and the California Economic Forecast