

2375 N Tustin St., Residential Project Fiscal Impact Analysis City of Orange

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EXECUTIVE SUMMARY

This study evaluates the annually recurring fiscal impacts from the proposed Melia Homes for-sale single-family residential project on the City of Orange General Fund. The project is being proposed at 2375 N Tustin Street, which is currently occupied by a vacant Best Buy. The study estimates project-generated General Fund revenues, including taxes and fees, compared against General Fund costs for the provision of City services to project residents.

- As shown in **Figure 1**, the project site is sandwiched between residential uses to the north and south, and therefore, ideally suited for a continuation of these same uses.
- The current commercial property has been vacant for two years and has not been able to attract viable lessees despite persistent efforts. Limited street-front access on N Tustin Street, combined with a large presence of existing commercial in the vicinity, make the site unattractive for retail uses in an increasingly tough market for brick-and-mortar stores.
- The proposed redevelopment to residential use includes 71 single family units comprising 3- and 4-bedroom units in the size range of 2,000-2,100 square feet. The project will have a stabilizing effect on the neighborhood through community ties and economic development benefits from new household spending on goods and services captured within the City.

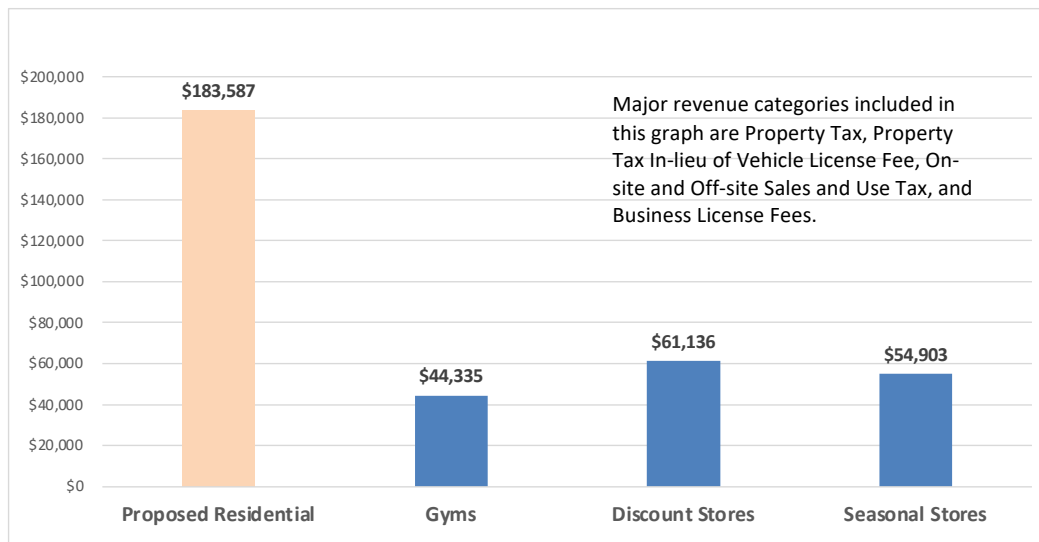
Figure 1
Project Site Location
2375 N Tustin Street Residential Project, City of Orange



Source: Melia Homes, LLC; Stanley R. Hoffman Associates, Inc.

- Overall, it is estimated that the proposed Melia Homes residential project will have a **net positive fiscal impact on the City General Fund of \$92,600** on an annually recurring basis in constant 2025 dollars, based on **\$203,400 generated in total gross revenues** and **\$110,800 in City operations and maintenance costs** (details in Section 3.1).
- The proposed project also generates a total of \$2,686,865 in one-time development impact fees, including **\$1,539,205 for City capital projects**, \$667,000 in school fees, and \$481,000 in County fees.
- The proposed project is compared with a ‘No Project’ scenario that assumes the continued use of the existing vacant building by viable commercial uses identified for the site, including sports and fitness uses, deep discount stores, and seasonal stores. To fully lease out the available 40,000 sf vacant space, a combination of these uses might be necessary.
- As shown in **Figure 2**, evaluated for major revenue categories, the limited viable commercial uses identified for the vacant property generate between \$44,300 and \$61,100 to City General Fund revenues (details in Section 3.3).
- This is significantly lower compared against around \$184,000 for the same major revenue categories, for like-to-like comparison, generated by the proposed residential project. In fact, even after backing out General Fund costs, the net fiscal surplus of the proposed residential project is higher compared against the gross revenues from the commercial uses.
- Overall, from the fiscal and economic perspectives, the proposed Melia Homes residential project is a better fit for the specific case of 2375 N Tustin Street site compared to the limited viable tenants for the existing vacant commercial property.

Figure 2
Comparison of Major Revenue Categories: Residential versus Commercial
2375 N Tustin Street Residential Project, City of Orange
 (in Constant 2025 Dollars)



Source: Stanley R. Hoffman Associates, Inc.

CHAPTER 1

INTRODUCTION

This report presents the fiscal impact analysis for the proposed 2375 N Tustin Street Residential Project. The fiscal impact analysis projects recurring public revenues and costs to the City of Orange General Fund assuming full development of the project. Major one-time development impact fees are also projected for full buildout of the project.

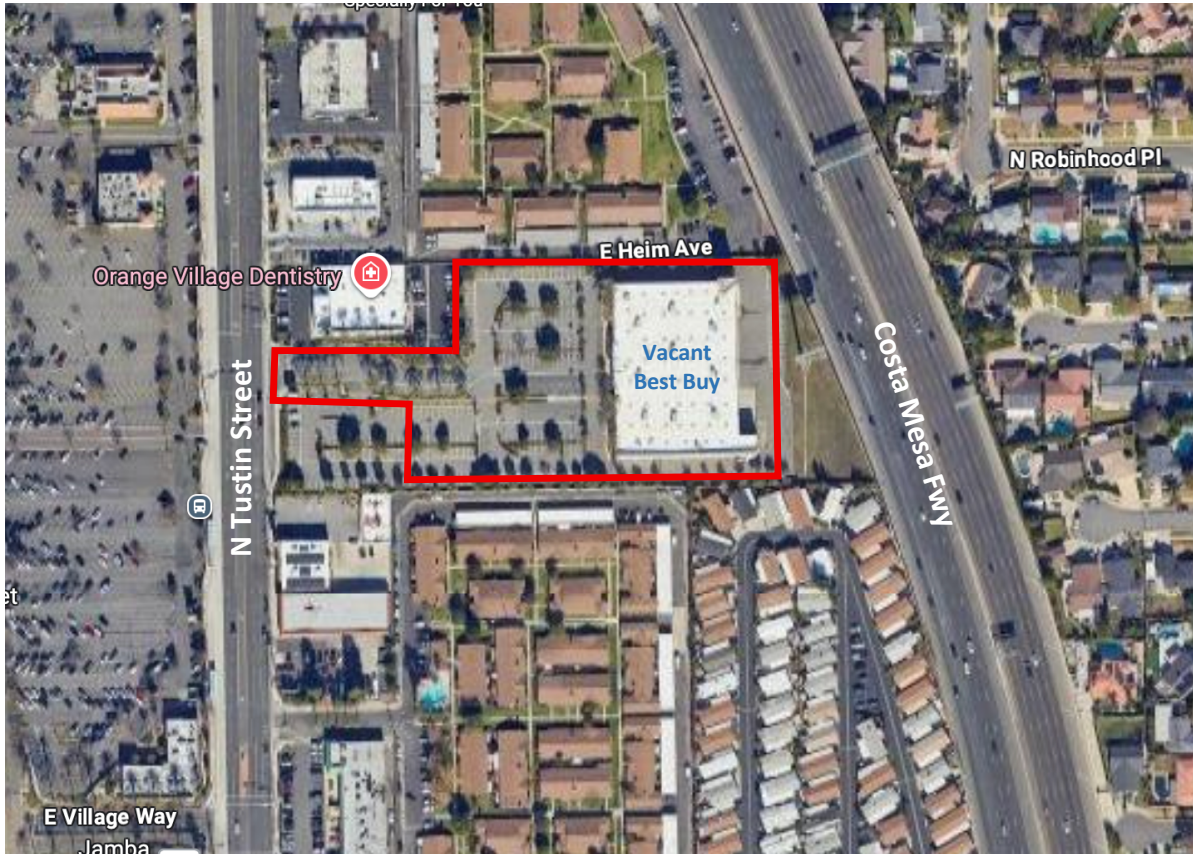
1.1 Background

The proposed project includes 71 single family residential units for-sale on a 4.23-acre site (184,259 square feet) (APN 372- 642- 31) located in the central portion of the City of Orange between the Costa Mesa Freeway (SR 55) and N Tustin Ave, as shown in Figure 1. Regional access to the project is provided by the Costa Mesa Freeway to the west and the SR-91 Freeway to the north of the City.

The project site currently includes a vacant commercial property, formerly occupied by Best Buy, and is zoned as 'Limited Business Tustin Redevelopment Project Area (C-TR)', as per an overlay update made by the City Council in 2021, which accommodates commercial development. The existing commercial property has been vacant for two years and has not been able to attract viable lessees despite persistent efforts. This proposed redevelopment project for the site is a new for-sale single family residential development, which will replace the existing vacant commercial, for a total of 71 units, including 3-bedroom units (Plans 1, 2, 4 and 5) and 4-bedroom units (Plan 3).

The focus of the fiscal analysis is the ongoing operations and maintenance costs to the City of Orange as provided through the General Fund. General Fund revenues include property, sales and use taxes and other taxes; franchise fees; fines and forfeitures; licenses and permits; charges for current services; revenues from other agencies; use of money and property; and other miscellaneous revenues. The ongoing range of services that the City of Orange provides includes police and fire protection; planning; public works, including engineering, road maintenance and park maintenance; community services; library services; and general government. Also projected are special fund revenues, including the Gas Tax Fund, which receives revenues primarily from gasoline taxes collected by the Federal and State governments, and Prop 172 Public Safety and Measure M2 Transportation funds, which are 1/2 cent sales tax measures earmarked for public safety and transportation projects, respectively.

Figure 1-1
Project Vicinity
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange



Source: Stanley R. Hoffman Associates, Inc.

1.2 Approach

The fiscal analysis and the estimated major one-time development impact fees associated with the 2375 N Tustin Street Residential Project are based on data and assumptions from the following sources:

- City of Orange revenue and cost factors are estimated based on the *City of Orange, Fiscal Year 2025-26 Adopted Budget*.
- The fiscal methodology is based on previous fiscal analyses prepared by Stanley R. Hoffman Associates, as presented in Chapter 4.
- Project information was obtained from the project developer, Melia Homes LLC.
- Cost and revenue factors are projected In Constant 2025 dollars and are not adjusted for possible inflation.

1.3 Organization of the Report

Chapter 2 presents the detailed project description for the 2375 N Tustin Street Residential Project assuming full buildout. Chapter 3 consists of the detailed fiscal impacts from the project on the City's General Fund revenues and expenditures, and one-time development fees. Chapter 4 describes the assumptions for the fiscal analysis. Appendix A presents supporting fiscal assumption tables, and a list of project references appears in Appendix B.

CHAPTER 2 PROJECT DESCRIPTION

This chapter presents the detailed development description for the proposed 2375 N Tustin Street Residential Project assuming full buildout of the project.

2.1 Development Description after Buildout

The proposed redevelopment project for the site is a new for-sale single family residential development, which will replace the existing vacant commercial, for a total of 71 units, including 3-bedroom units (Plans 1, 2,4 and 5) and 4-bedroom units (Plan 3), as shown in Figure 2-1.

As shown in Table 2-1, the project includes 10 Plan 1 units of size 2,008 square feet, 16 Plan 2 units of size 2,014 square feet, 13 Plan 4 of size 2,086 square feet, and 18 Plan 5 units of size 2,117 square feet adding up to a total of 57 3-bedroom units, and 14 Plan 3 4-bedroom units of size 2,057 square feet. Total residential population for the proposed project is estimated at 202 persons, which is calculated by applying a ratio of 2.84 persons per household (PPH) for the City of Orange obtained from the California Department of Finance (DOF) for 2025, as shown in Table 2-1.

**Figure 2-1
Conceptual Site Plan
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange**



Source: Melia Homes, LLC

Table 2-1
Development Description after Buildout
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange
(In Constant 2025 dollars)

		Proposed Project Residential Buildout
A. GROSS ACRES		4.23
B. DEVELOPMENT		
<u>Residential</u>		
Units		
Plan 1 - 3 BR (2,008 sf)		10
Plan 2 - 3 BR (2,014 sf)		16
Plan 3 - 4 BR (2,026 sf)		14
Plan 4 - 3 BR (2,086 sf)		13
Plan 5 - 3 BR (2,117 sf)		<u>18</u>
Total Units		71
Estimated Residential Population ¹ (@2.84 PPH)		
Plan 1 - 3 BR (2,008 sf)		28
Plan 2 - 3 BR (2,014 sf)		45
Plan 3 - 4 BR (2,026 sf)		40
Plan 4 - 3 BR (2,086 sf)		37
Plan 5 - 3 BR (2,117 sf)		<u>51</u>
Total Residential Population		202
<u>Service Population ²</u>		202
		Average Price
C. ASSESSED VALUATION		<u>per Unit ³</u>
Plan 1 - 3 BR (2,008 sf)	\$1,139,000	\$11,390,000
Plan 2 - 3 BR (2,014 sf)	\$1,154,000	\$18,464,000
Plan 3 - 4 BR (2,026 sf)	\$1,154,000	\$16,156,000
Plan 4 - 3 BR (2,086 sf)	\$1,169,000	\$15,197,000
Plan 5 - 3 BR (2,117 sf)	\$1,169,000	<u>\$21,042,000</u>
Total Project Valuation ⁴		\$82,249,000
Less Existing Valuation ⁵		<u>\$22,327,825</u>
Net New Valuation		<u>\$59,921,175</u>
Projected Property Tax (incl. PTVLF) to City General Fund ⁶		<u>\$151,225</u>
D. PROJECTED OFF-SITE SALES AND USE TAX TO CITY ⁷		\$39,052

1. Based on city-wide household size obtained from California Department of Finance, 1/1/2025
2. Defined as 100 percent of the residential population, and 50% employment where applicable.
3. Average unit prices provided by Melia Homes are best estimates, including premiums and upgrades
4. Project valuation estimated based on unit price provided by Melia Homes LLC.
5. Obtained from the Orange County Assessor parcel information system for the project site.
6. Property tax calculation discussed in Section 2.2.
7. Off-site sales and use tax from project household spending discussed in Section 2.3.

Sources: Stanley R. Hoffman Associates, Inc.

Melia Homes LLC

California Department of Finance (DOF), E-5 City/County Population and Housing Estimates

Orange County Assessor, Parcel Information System, ParcelQuest

2.2 Assessed Valuation and Property Tax

Assessed Valuation

As shown in Table 2-1 and Table 2-2, total valuation for the Project is estimated at about \$82.25 million, based on information provided by the project proponent, Melia Homes, LLC.

As shown in the following Table 2-3 the existing valuation of the project site is \$22.33 million. When this existing value is subtracted from estimated total valuation, net new valuation for the proposed redevelopment is estimated at about \$59.92 million. While the total valuation at buildout of \$82.25 million projects the basic 1 percent annual property tax related revenues to the General Fund, the net new valuation of \$59.92 million is used to calculate the Property Tax In-Lieu of the Motor Vehicle License Fee (PTVLF) generated from the project at buildout.

Table 2-2
Assessed Valuation and Property Tax
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange
(In Constant 2025 dollars)

Category	Proposed Project
	Residential Buildout
A. ASSESSED VALUATION	
Total Project Valuation ¹	\$82,249,000
B. PROJECTED PROPERTY TAX	
<u>Annual 1 Percent Property Tax Levy</u> (@ 1% of Valuation)	\$822,490
<u>Annual General Fund Property Tax</u> ² (@ 13.6% of 1 Percent Levy)	\$111,677
C. PROJECTED PROPERTY TAX IN LIEU VLF	
<u>Net New Annual Valuation for Property Tax In Lieu VLF</u>	\$59,921,175
Projected Property Tax In Lieu VLF (@ \$660 per \$1,000,000 assessed valuation) ³	\$39,548
D. TOTAL PROJECTED PROPERTY TAXES INCL. PTVLF	\$151,225

1. Valuation is provided by Melia Homes, LLC.

2. The total City's share of the basic one percent property tax levy is 13.6 percent, as shown in Appendix A.

3. PTVLF factor of \$660 per million new valuation is calculated from historical data, as shown in Appendix A.

Sources: Stanley R. Hoffman Associates, Inc.
Melia Homes, LLC

Table 2-3
Estimated Existing Assessed Valuation
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange

Parcel Number	2025 Assessed Valuation					Tax Rate Area
	Land Value	Improvement Value	Personal Property	Real Estate Exemptions	Total ¹	
372-642-36 ²	16,597,293	5,730,532	0	0	\$22,327,825	008-124
Total	\$16,597,293	\$5,730,532	\$0	\$0	\$22,327,825	

1. The total assessed valuation was calculated by subtracting the total real estate exemptions from the sum of the land value, improvement value, and personal property.
2. The latest assessment data for the parcel site in the Orange County Assessor Parcel information system is listed under the previous parcel number prior to a recent tract map revision with minor changes to internal lot lines.

Sources: Stanley R. Hoffman Associates, Inc.
Orange County, Auditor-Controller/Treasure/Tax Collector, 2025 Roll Values

Projected Property Tax

The City General Fund will receive property tax at about 13.6 percent of the basic one percent property tax levy on assessed valuation for the Tax Rate Area 008-124, where the project parcel is located. As shown in Panel B of Table 2-2, for the proposed project, annual property tax to the City General Fund is projected at \$111,677 at buildout.

Projected Property Tax In lieu of Vehicle License Fees (PTVLF)

The City General Fund receives property tax in lieu of VLF (PTVLF) based on the increase in assessed valuation in the City. As shown in Appendix Table A-4, historical trend data indicates that the PTVLF in the City increases at about \$660 per million dollars of assessed valuation (AV). As shown in Panel C of Table 2-2, annual PTVLF after buildout of 2375 N Tustin Street Residential Project is projected at \$39,548, based on the estimated net new project valuation of \$59.92 million.

Taken together, the City share of the basic 1 percent property tax levy on the overall new valuation for the project and the PTVLF from net new valuation (increment) for the project, results in \$151,225 in overall annually recurring property taxes accruing to the City General Fund, as shown in Panel D of Table 2-2.

2.3 Projected Off-Site Retail Sales and Use Tax

The City General Fund will also receive retail sales and use tax generated by the off-site spending activities associated with project households for an estimated total of \$32,362, as shown in Table 2-4. The total sales and use tax accruing to the City General Fund are calculated from an estimated total of \$2.73 million in taxable sales in off-site spending of project households at a 50 percent capture rate within the City. This generates \$27,264 in annual retail sales tax at 1 percent of taxable sales (Bradley-Burns sales tax), which when factored for use tax factor for the City at 18.7 percent of sales tax results in total annual sales and use tax of \$32,362 accruing to the City General Fund. Household expenditures are based on an estimated average household income of \$240,000 for single-family ownership households in Orange County residing in units constructed since 2020, obtained from the American Community Survey, 2019-2023 5-year estimates, as shown in Appendix Table A-5.

Over and above the Bradley-Burns 1 percent sales and use tax accruing to the City’s General Fund, taxable sales associated with project household spending within the City will also result in revenues accruing to the City’s special funds, including the Prop 172 Public Safety ½ cent sales tax and the Measure M2 ½ cent sales tax, as discussed in Chapter 3.

**Table 2-4
Off-Site Taxable Retail Sales Tax
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange**

Category	Proposed Project
	Residential Buildout
<u>Annual Off-Site Residential Retail Taxable Sales</u>	
Estimated Average Household Income of Project Households ¹	\$240,000
Total Project Household Income (71 Units)	\$17,040,000
Retail Taxable Sales (@ 32% of total household income) ²	\$5,452,800
Projected Off-Site Retail Taxable Sales Captured in City at 50% Share	\$2,726,400
<u>Total Annual On-Site and Off-Site Taxable Sales</u>	
Sales Tax (@ 1% of taxable sales)	\$27,264
Use Tax (@ 18.7% of sales tax) ³	<u>5,098</u>
Projected Residential Sales and Use Tax Captured in Orange	\$32,362

1. Project average household income estimated from data obtained from the American Community Survey for ownership households residing in 3 and 4 bedroom single-family units built after the year 2020 in Orange County, as shown in Appendix A.

2. Residential taxable purchases are estimated at 32 percent of household income, based on Consumer Expenditure Survey data. The fiscal analysis assumes the City will capture 50 percent of the taxable retail purchases from new households.

3. The calculation of the use tax factor is included in Appendix A.

Sources: Stanley R. Hoffman Associates, Inc.

American Community Survey, 2023 5-yr Estimates, Public Use Microdata Sample (PUMS)

Bureau of Labor Statistics, *Consumer Expenditure Survey*

2.4 Major One-Time Development Impact Fees

Development fees are one-time fees paid by the developer to offset the additional off-site public capital costs of new development, and are estimated based on the *City of Orange, Development Fees, Updated July 1, 2025*. Processing fees, such as project permits and plan check fees that are charged to offset public processing costs are not estimated in this analysis.

As shown in Table 2-5, the total major one-time fees collected from the Project towards City public capital expenditures, including parks, library, fire, police and transportation facilities are projected at \$1.54 million. An additional \$666 thousand are collected for school facilities, combining to a total of \$2.21 million in City fees. Including \$481 thousand charged by the Orange County Sanitation District, total one-time fees from the project are projected at \$2.69 million. These one-time fees are provided here for information only and subject to final evaluations and agreement between the project proponent and the City.

Table 2-5
Summary of Estimated One-Time City Development Impact Fees
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange
(In Constant 2025 dollars)

FEE CATEGORIES	Basis	Proposed Development	Estimated Amount
City of Orange, One-time Fees			
Park Dedication and In Lieu Fees (Quimby)	\$16,615.69 per DU	71 DUs	\$1,179,714
Library Facilities DIF	\$1,370.44 per DU	71 DUs	\$97,301
Fire Protection Facility Fee	\$1,467.00 per DU	71 DUs	\$104,157
Police Facility Fee	\$727.04 per DU	71 DUs	\$51,620
Transportation System Improvement Program (TSIP)	<u>\$1,498.78 per DU</u>	<u>71 DUs</u>	<u>\$106,413</u>
	City One-Time Fees less School Subtotal		\$1,539,205
School Development Fee	\$4.57 per SF	145,892 SF	\$666,726
	City Collected One-Time Fees Total		\$2,205,932
County, One-time Fees			
Orange County Sanitation District Fee			
4 Bedroom Units	\$7,770.00 per DU	14 DUs	\$108,780
3 Bedroom Units	\$6,529.00 per DU	57 DUs	<u>\$372,153</u>
	<i>OC Sanitation District Subtotal</i>		\$480,933
	County One-Time Fees Total		\$480,933
	Total One-Time Fees		\$2,686,865

Sources: Stanley R. Hoffman Associates, Inc.
Community Development Department, Building Division, 2025

CHAPTER 3 FISCAL IMPACTS

This chapter presents the fiscal impact analysis details for the 2375 N Tustin Street Residential Project on the City General Fund after buildout for operations and maintenance. Fiscal impacts are shown in constant 2025 dollars with no adjustment for possible future inflation. The fiscal assumptions for the analysis are presented in Chapter 4.

As shown in summary Table 3-1, a recurring annual surplus of \$92,602 is projected to the City General Fund from the proposed residential project at a revenue-to-cost ratio of 1.84. Major one-time fees are estimated at about \$2.69 million for the proposed project.

Table 3-1
Summary of Projected Annual Fiscal Impacts after Buildout
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange
(In Constant 2025 dollars)

Category	Proposed Project
	Residential Buildout
<u>A. GENERAL FUND IMPACTS (FUND 100)</u>	
Annual Recurring Revenues	\$203,372
Annual Recurring Costs	<u>\$110,770</u>
Annual Recurring Surplus	\$92,602
Revenue/Cost Ratio	1.84
<u>B. PROJECTED SPECIAL FUND REVENUES</u>	
Fund 270: Gas Tax	\$6,135
Fund 120: Proposition 172 - Public Safety - 1/2 Cent Sales Tax	\$1,013
Fund 263: Measure M2 - Transportation - 1/2 Cent Sales Tax	\$2,842
<u>C. ESTIMATED MAJOR ONE-TIME FEES</u>	
	\$2,686,865

Sources: Stanley R. Hoffman Associates, Inc.

3.1 Proposed Residential General Fund Impacts

Detailed projected annually recurring fiscal impacts to the City General Fund after buildout of the project are included in Table 3-2. Based on projected annually recurring revenues of \$203,372 and projected annually recurring costs of \$110,770, an annually recurring surplus of \$92,602 is projected to the City General Fund after buildout.

Table 3-2
Detailed General Fund Annual Recurring Impacts: Proposed Project
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange
(In Constant 2025 dollars)

City of Orange General Fund (Fund 100)	Proposed Project	
	Residential Buildout	Percent of Buildout
<u>Recurring Revenues</u> ^{1,3}		
Property tax (General Fund)	\$111,677	54.9%
Property Transfer Tax	1,357	0.7%
Off-site retail sales and use tax	32,362	15.9%
In lieu property tax (VLF)	39,548	19.4% ¹
Franchise Fees: Gas and Electric	2,093	1.0%
Franchise Fees: Cable	1,424	0.7%
Franchise Fees: Other	174	0.1%
Fines and forfeitures	2,731	1.3%
Recreation and Current Services	5,044	2.5%
Other revenues	287	0.1%
Transfers in	4,052	2.0%
Interest on invested revenues	<u>2,624</u>	<u>1.3%</u>
Total Projected Revenues	\$203,372	100.0%
<u>Recurring Costs</u> ^{2,3}		
Police Protection	\$47,060	42.5%
Fire Protection	\$30,836	27.8%
Animal Control Services (County Contract)	2,007	1.8%
Library	5,902	5.3%
Public Works	2,975	2.7%
Community Development	922	0.8%
Citywide Community Services - Rec, Park, Human	10,482	9.5%
General Government (Overhead)	<u>5,310</u>	<u>4.8%</u>
Subtotal Recurring Costs	\$105,495	95.2%
Contingency/reserves (@ 5% of recurring costs)	<u>\$5,275</u>	<u>4.8%</u>
Total Recurring Costs	\$110,770	100.0%
<u>Annual Net Recurring Surplus</u>	\$92,602	
<u>Revenue/Cost Ratio</u>	1.84	
<u>PROJECTED SPECIAL FUND REVENUES</u> ⁴		
Fund 270: Gas Tax - Street Maintenance	\$6,135	
Fund 120: Proposition 172 - Public Safety - 1/2 Cent Sales Tax	\$1,013	
Fund 263: Measure M2 - Transportation - 1/2 Cent Sales Tax	\$2,842	

1. Recurring project-related General Fund revenues are based on revenue projection factors shown in Table 4-2.

2. Recurring project-related General Fund costs are based on expenditure projection factors shown in Table 4-3.

3. Revenue and cost factors are applied to project development quantities shown in Table 2.1.

4. Special fund revenues are not part of the General Fund, and have been projected here based on factors shown in Table 4-2. These funds are earmarked for specific uses.

Source: Stanley R. Hoffman Associates, Inc.

Proposed Project: Major Recurring City General Fund Revenues and Costs

Projected Recurring Revenues. As shown in Table 3-2, the major recurring revenues for the General Fund after buildout of the proposed 2375 N Tustin Street Residential Project are property tax, property tax in lieu of vehicle license fees (PTVLF), and total retail sales and use tax. These three revenues represent about 90 percent of total recurring revenues after project buildout. Revenue factors are discussed in Table 4-2.

Projected Recurring Costs. As shown in Table 3-2, major City General Fund recurring costs after buildout are Police and Fire services. These two recurring costs represent about 70 percent of all recurring costs after buildout. Other major cost categories include Community Services and Library, which taken together constitute a share of about 15 percent of total General Fund expenditures. Cost factors are reported in Table 4-3.

3.2 Proposed Residential Other City Funds Impacts

Also projected are revenues to certain special funds that are associated directly with project population and project off-site taxable sales. These special fund revenues are over and above the General Fund revenues and are dedicated toward specific earmarked uses as described below.

Gas Tax Revenues (Fund 270). As shown in Table 3-2, projected Gas Tax revenues associated with population growth from the development is estimated at \$6,135. These funds are dedicated toward street and roadways maintenance and projects identified by the City.

Proposition 172 (Fund 120) – Public Protection 1/2 Cent Sales Tax. As shown in Table 3-2, projected Prop 172 Public Projection revenues associated with off-site taxable sales growth from project households is estimated at \$1,013. These funds are dedicated toward public safety, including police, fire and emergency needs.

Measure M2 (Fund 263) – Transportation 1/2 Cent Sales Tax. As shown in Table 3-2, projected Measure M2 revenues associated with off-site taxable sales growth from project households is estimated at \$2,842. M2 funds are earmarked for City transportation-related projects in coordination with the Orange County Transportation Authority (OCTA).

3.3 No-Project Scenario: Major Revenues Analysis

A 'No Project' scenario is evaluated for major City revenue categories for purposes of comparison against the proposed residential project, including property tax, PTVLF, sales and use tax, and business license tax. The 'No project' scenario assumes continued use of the existing vacant building with potential new tenants for the estimated 40,000 square feet of commercial space. This comparison is strictly a public revenue analysis and not a comprehensive fiscal impact analysis, which would also include public costs.

As noted, the building was previously occupied by Best Buy, which failed at this location and is not a viable option any longer, according to the property owner of 2375 N Tustin Street. Furthermore, it was indicated that interest from alternative tenants for the current property is minimal, despite persistent attempts to identify and recruit, due to its location and lack of street-front access on N Tustin Street. Tenants likely to occupy this space, with a medium level of confidence include sports and fitness uses, and seasonal or deep discount retail stores (dollar stores). To fully lease out the available vacant space, a combination of these uses might be necessary. Major revenues to the City General Fund generated for each operation (business) is summarized in Table 3-3. Details are provided in Appendix Table A-7. The assumptions made here represent best case scenarios, and likely outcomes might be significantly lower.

As shown in Table 3-3, an evaluation of major City revenue categories indicates that the limited viable commercial uses identified for the vacant property generate between \$44,300 and \$61,100 to City General Fund revenues.

This is significantly lower compared against \$184,000 from the proposed Melia Homes residential project for the same revenue categories, shown previously in Table 3-2. In fact, even after backing out General Fund costs, the net fiscal surplus for the proposed project (\$92,602) is higher compared against the gross revenues generated by the evaluated 'No-Project' commercial uses.

Table 3-3
Comparative Major Revenues from Hypothetical Uses: No Project Scenario
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange
(In Constant 2025 dollars)

	Gyms	Discount Stores	Seasonal Stores (Annualized)
Property Reuse Assumption	Renovation	Minimal Change	Minimal Change
Floor Size (sf) Assumption	40,000	10,000	10,000
New Total Assesed Valuation	\$27,127,825	\$22,577,825	\$22,427,825
<u>Operations</u>			
Gross Revenues	\$3,000,000	\$2,500,000	\$2,000,000
Taxable Retail Sales	\$300,000	\$2,500,000	\$2,000,000
Number of Employees	10	22	17
<u>Major Public Revenues</u>			
Property Tax City Share: 13.6% of 1%	\$36,894	\$30,706	\$30,502
Property Tax In-Lieu of VLF	\$3,168	\$165	\$66
Sales and Use Tax Total	\$3,558	\$29,650	\$23,720
Business License Fees	<u>\$715</u>	<u>\$615</u>	<u>\$615</u>
TOTAL ESTIMATED MAJOR REVENUES	\$44,335	\$61,136	\$54,903

Source: Stanley R. Hoffman Associates, Inc.

CHAPTER 4

CITY OF ORANGE FISCAL ASSUMPTIONS

This chapter presents the revenue and cost assumptions for the fiscal analysis of the proposed 2375 N Tustin Street Residential Project to Orange. Fiscal impacts are projected for the City’s operating General Fund. All projections are In Constant 2025 dollars with no adjustment for future inflation.

The general City demographic and economic assumptions used for calculating fiscal factors are first presented. The assumptions for projecting recurring revenues are then presented followed by the assumptions for projecting recurring costs. The City’s revenues and costs as presented in the *City of Orange, Fiscal Year 2025/26 Adopted Budget* and additional budget details provided by City staff are the sources for calculating fiscal factors.

4.1 City General Assumptions

Fiscal impacts that are not based on valuation and taxable sales are generally projected based on a per capita, per employee, or per service population basis at City average rates. Some fiscal impacts are projected based on other factors, such as per developed acre. General fund revenue and cost factors are estimated by dividing the Fiscal Year (FY) 2025/26 Adopted budget categories by the City’s resident population, employment, total service population or developed acre, as appropriate. Table 4-1 provides the City’s general assumptions for this fiscal analysis.

Population

City of Orange’s total population of 139,724 is based on the California Department of Finance (DOF) estimate as of January 1, 2025. The City population estimate is used for developing factors that project certain revenues and costs on a per capita basis.

Employment

The City employment estimate of 128,889 for the year 2025 represents an interpolation of the years 2019 and 2035 forecasts for Orange City from the Southern California Association of Governments (SCAG) *Adopted 2024 Regional Transportation Plan Growth Forecast*. As shown in Appendix Table A-1 according to the latest Bureau of Census Longitudinal Employer-Household Survey for 2022, about 93 percent of workers employed in the City (or 119,697 of the 2025 jobs) commute from outside the City. A share of 50 percent of this non-resident employment is used for estimating the City’s service population for certain revenues and costs, as explained next.

Table 4-1
City Population, Housing and Employment Assumptions, 2025
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange

Assumption	Description
	<u>2025 Population and Housing</u> ¹
132,804	Household Population
<u>6,920</u>	<u>Group Quarters Population</u>
139,724	Total Population
48,301	Total Housing Units
46,745	Occupied Housing Units (Households)
2.84	Persons per Household
	<u>2025 Employment</u> ²
128,889	Estimated Total Workers Employed in City
93%	Estimated Share of Workers from Outside the City ³
<i>times</i>	
<i>equals</i>	
119,697	Estimated Workers from Outside the City ³
	<u>2025 Service Population</u>
139,724	Total Population
<i>plus</i>	
59,849	50% Share of Workers from Outside City ⁴
<i>equals</i>	
199,573	Estimated Total Service Population
	<u>City Developed Acres</u>
10,315	Estimated total City developed acres ⁵

1. Population and housing estimates are from the California Department of Finance (DOF) for January 1, 2025.
2. The total employment estimate is for 2025 based on an interpolation of the 2019 and 2035 estimates from the Southern California Association of Governments (SCAG), *RTP Adopted 2024 Growth Forecast*.
3. To avoid double-counting of individuals, the 2025 total estimated City employment is factored by 93 percent based on the Census Bureau's LEHD Survey estimates of the share of employed workers who live outside the City.
4. Reflects the reduced impact on City services from workers due to their less than around the clock presence in the City
5. Estimated developed acres in the City are provided by City GIS staff.

Sources: Stanley R. Hoffman Associates, Inc.

State of California, Department of Finance, *E-5 Population and Housing Estimates for Cities, Counties and the State, January 1, 2020-2025*, Sacramento, California, May 2025.

Southern California Association of Governments (SCAG), *Adopted Regional Transportation Plan (RTP), 2024*

U.S. Census Bureau, Longitudinal Employer-Household Dynamics (LEHD) Program, *OnTheMap 2022*

City of Orange, Community Development Department

Service Population

Fiscal factors that are impacted by population and employment are estimated by allocating total budgeted revenues or costs to the estimated service population. Service population includes the City's resident population (139,724) plus 50 percent share of the estimated employment commuting-in to the City (59,849). As shown in Table 4-1, the service population for the City is estimated at 199,573, which is used for certain revenue and cost categories, as discussed in the following sections.

Estimated Total City Developed Acres

Some costs, such as public works and community development, are projected on a per-developed acre basis. As shown in Table 4-1, developed acres within the City are estimated at 10,315 acres, as provided by City Geographic Information System staff.

4.2 City Revenue Assumptions

City General Fund

The General Fund revenue factors for projecting annually recurring revenues in the fiscal analysis are summarized in Table 4-2. These revenue factors are based on the City's FY 2025/26 budget revenues detailed in Appendix Table A-2 and the City's population, employment, housing unit, and service population estimates that are presented in Table 4-1.

As shown in Table 4-2, projected General Fund revenues include property tax; property transfer tax; property tax in lieu of vehicle license fees (VLF); sales and use tax; franchise fees; fines and forfeitures; interest on investments; charges for services; other revenue; transfers to the General Fund; and recreation and other fees and charges. Because there is no commercial development being proposed for the new project, revenues generated only by employment/business growth are not projected, such as the business license tax.

Property Tax. Property tax revenues are projected based on the City's share of the one percent property tax levy on the estimated assessed valuation for the 2375 N Tustin Street Residential Project proposed development. The current allocation rates of the one percent property tax for tax rate area (TRA) 008-124 in which the project is located are presented in Appendix Table A-3. The City's total allocation of the one percent property tax levy is 13.6 percent.

Table 4-2
Recurring General Fund Revenue Factors
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange
(In Constant 2025 dollars)

Revenue Source	Fiscal Year 2025-26 Adopted Budget	Projection Basis ¹	Projection Factor ¹
GENERAL FUND (Fund 100) ²			
<u>Tax Revenue</u>			
General Fund Property Tax ³	\$39,648,536	Case Study: Project Valuation	13.58% City general share of 1% levy
Property Transfer Tax	\$552,567	Property Turnover and Valuation Assumptions	3.0% Residential turnover rate \$0.55 per \$1,000 assessed valuation
Property Tax In Lieu Vehicle License Fees ³	\$19,016,506	Case Study	\$660 per \$1,000,000 assessed valuation
Sales and Use Tax ⁴	\$50,113,960	Project HH Off-Site Taxable Exp.	1% of taxable sales
Use Tax Factor		Use Tax as Percent of Sales Tax	18.7% of sales tax
Franchise Fees:			
Gas and Electric	\$2,067,500	Service Population = 199,573	\$10.36 per service population
Cable	\$968,500	Housing Units = 48,301	\$20.05 per unit
Other	\$171,364	Service Population = 199,573	\$0.86 per service population
<u>Fines and Forfeitures</u>	\$2,697,576	Service Population = 199,573	\$13.52 per service population
<u>Interest on Investments</u>	\$1,607,697	Percent of Projected Recurring Revenues of \$123,012,395	1.31% of projected General Fund recurring non-interest revenues
<u>Charges for Current Services</u>			
Recreation and Other Current Services ⁵	\$3,489,059	Population = 139,724	\$24.97 per capita
<u>Other Revenue</u>	\$282,847	Service Population = 199,573	\$1.42 per service population
<u>Transfers In</u>	\$4,003,980	Service Population = 199,573	\$20.06 per service population
General Fund Total (Projected)	\$124,620,092		
SPECIAL FUNDS ⁶			
<u>Gas Tax Fund (Fund 270)</u>	\$4,243,665	Population = 139,724	\$30.37 per capita
<u>Proposition 172 - 1/2 Cent Sales Tax (Fund 120)</u>	\$1,568,381	Per \$1,000 of Sales and Use Tax	\$31.30 per \$1,000 sales and use tax
<u>Measure M2 - 1/2 Cent Sales Tax (Fund 263)</u>	\$4,400,436	Per \$1,000 of Sales and Use Tax	\$87.81 per \$1,000 sales and use tax

1. For fiscal factors that are based on population and employment, an estimated service population factor is applied, which represents the total population plus estimated employment that commutes into the City.
2. Detailed General Fund revenues are included in the Appendix section.
3. Property tax and property tax in lieu of vehicle license fee (PTVLF) based on project-specific valuation assumptions, as discussed in Chapter 2.
4. Sales and use tax based on specific project-based estimations on household income and spending, as discussed in Chapter 2.
5. Recreation and Other current service changes are for background City resident services, and do not include development-related one time fees and charges, as shown Appendix Table A-2.
6. Special fund factors are based on total gross revenue amounts by fund reported in the City budget, and do not net out any fund specific activity costs.

Sources: Stanley R. Hoffman Associates, Inc.
City of Orange, Fiscal Year 2025/26 Adopted Budget
State of California, Department of Finance, E-5 Population and Housing Estimates for Cities,
Counties and the State, January 1, 2020-2025, Sacramento, California, May 2025.
Southern California Association of Governments (SCAG), *Adopted Regional Transportation Plan (RTP), 2024.*

Property Tax In Lieu Vehicle License Fees (PTVLF). Cities and counties began receiving additional property tax revenue to replace vehicle license fee (PTVLF) revenue that was lowered when the state reduced the vehicle license tax in 2004. This property tax in lieu of VLF is projected to grow with the change in the citywide gross assessed valuation (AV) of taxable property from the prior year. Property tax in lieu of VLF revenue is allocated in addition to other property tax apportionments. Property tax in lieu of VLF in the City is projected to increase at an average of \$660 per million dollars of AV (see Appendix Table A-4). This factor is based on the relationship between City AV and the PTVLF received by the City over the last 5 years.

Sales and Use Tax. As part of the total sales tax levied by the State, all cities and counties in the State generally receive a basic one percent (1.0 percent) Bradley-Burns sales tax and have the option to levy additional sales taxes under certain circumstances. In addition to sales tax revenue, the City receives revenues from use tax, which is levied on shipments into the state and on construction materials for new residential and non-residential development not allocated to a situs location. Use tax is allocated by the California Department of Taxation and Fee Administration (CDTFA) to counties and cities based on each jurisdiction's proportion of countywide and statewide direct (point-of-sales) taxable sales.

Use tax revenues to the City of Orange are estimated at an additional 18.7 percent of point-of-sale sales tax, as shown in Appendix Table A-6. Calendar Year 2024 sales tax data obtained from the CDTFA estimates that \$9.09 million of the total sales and use tax revenues were made from levies designated as use tax and the remaining \$48.57 million of the sales and use tax was point-of-sale sales tax. Therefore, use tax revenues to the City of Orange are estimated at an additional 18.7 percent of point-of-sale sales tax. Sales and use tax are projected for off-site retail spending of project households.

Franchise Fees. The City receives franchise fees from gas and electric; cable and other services.

Gas and Electric Franchise Fees. As shown in Table 4-2, gas and electric franchise fees are projected at \$10.36 per service population based on the City budget revenues of \$2,067,500 and the City service population estimate of 199,573.

Cable Franchise Fees. Projected at \$20.05 per unit based on \$968,500 of revenues and 48,301 residential units in the City.

Other Franchise Fees. Projected at \$0.86 per unit based on \$171,364 of revenues and 199,573 service population in the City. These are shown in the City budget to include waste remediation activities.

Fines and Forfeitures. Fines and forfeitures are projected at \$13.52 per service population, based on total revenues of \$2,697,576 and the City service population estimate of 199,573 as shown in Table 4-2. Revenues in this category include vehicle code fines, parking citations, vehicle release fees, citation fees and other general ordinance fines.

Interest on Investments. These revenues are projected at 1.31 percent of projected recurring revenues based on budget interest on investments of \$1,607,697 as a share of projected recurring non-interest revenues of \$123.01 million

Charges for Current Services. This category includes charges and fees for a variety of background population-based services such as charges for recreation, processing fees etc. which increase based on population growth. These do not include one-time processing fees associated with development activities. These revenues are estimated at \$24.97 per capita resident.

Other Revenue. As shown in Table 4-2, these revenues are projected at \$1.42 per service population based on contributions, reimbursement and other revenues of \$282,847 and the City's estimated service population of 199,573.

Transfers In. Transfers to the City General Fund from all other funds, excluding General Obligation funds, are projected at \$20.06 per service population based on City budget revenues of \$4.0 million and the City's estimated service population estimate of 199,573.

Special Fund Revenues

Special funds are also projected here to identify revenue impacts over and above the General Fund, which however might be earmarked for specific uses. Special fund factors here are based on total gross revenue amounts by fund reported in the City budget, and do not net out any fund specific activity costs.

State Gasoline Tax. State Gasoline tax accrues to the Gas Tax Fund based on population growth. Gas tax revenue factor of \$30.37 per capita is based on \$4.24 million for FY 2025/26 and city population of 139,274. These revenues are earmarked for street and roadways projects.

Proposition 172 (Half Cent Sales Tax). These revenues are projected at \$31.30 per \$1,000 of sales and use tax based on City estimated FY 2025/26 Proposition 172 revenues of \$1.57 million and the City's total sales and use tax estimate of \$50.11 million, and are earmarked for public safety needs including police, fire and emergency.

Measure M2 (Half Cent Sales Tax). As shown in Table 4-2, these revenues are projected at \$87.81 per \$1,000 of sales and use tax City estimated FY 2025/26 Proposition 172 revenues of \$1,568,381 and the City's total sales and use tax estimate of \$50.11 million earmarked for transportation projects.

4.3 City Cost Assumptions

The cost factors that are used in preparing the fiscal analysis for the 2375 N Tustin Street Residential Project are presented in Table 4-3. These factors are based on the adopted expenditures in the City’s FY 2025-26 Adopted Budget and the City’s population, service population and developed acres estimates that are presented in Table 4-1.

General Fund

Projected General Fund expenditures include general government, or overhead functions, and the following non-general government services of police and fire services, library, public works, community development, and community and recreation services. Animal services, while included in the City budget under general government as a contract with Orange County Animal Care, is treated as non-general departmental cost item. Also shown are contingency costs built into the overall cost projections, based on prior studies. In discussion with the City, a marginal rate of 75 percent has been applied across all cost categories, except for General Government, which is projected at a 60 percent marginal rate.

Table 4-3
General Fund Recurring Cost Factors
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange
(In Constant 2025 dollars)

Cost Category	FY 2025/26 Adopted Budget		Citywide Projection Basis ¹	Cost Factor ¹
	Total	Adjusted		
A. GENERAL FUND (Fund 100)				
General Government (less Animal Contract) ²	\$12,237,400	\$7,342,440	Percent of General Fund Costs	5.3% of direct department costs,
Police Protection	\$61,993,891	\$61,993,891	Service Population = 199,573	\$232.97 per service population
Fire Protection	\$40,621,032	\$40,621,032	Service Population = 199,573	\$152.66 per service population
Animal Control Services (County Contract)	\$1,850,840	\$1,850,840	Population = 139,724	\$9.94 per capita
Library	\$5,443,573	\$5,443,573	Population = 139,724	\$29.22 per capita
Public Works ³	\$10,423,942	\$9,674,486	Developed Acres = 10,315	\$703.40 per developed acre
Community Development ³	\$6,396,669	\$2,997,669	Developed Acres = 10,315	\$217.95 per developed acre
Citywide Community Services - Rec, Park, Human ³	\$10,318,531	\$9,666,872	Population = 139,724	\$51.89 per capita
Contingency	n/a	n/a	Case Study	5.0% of total recurring costs

1. For fiscal factors that are based on population and employment, an estimated service population factor is applied, which represents the total population plus 50% share of estimated employment that commutes into the City. General Government Costs are assumed at a 60% marginal rate, while all other costs are assumed at a 75% marginal rate.
2. General government includes contract with the Orange County Animal Care services, which has been netted out for the purposes of General Fund overhead operational costs.
3. Public Works, Community Development and Community Services overall costs have been adjusted to exclude one-time revenues, such license, permits and processing fees associated with development activity, as shown in Appendix A.

Sources: Stanley R. Hoffman Associates, Inc.
City of Orange, Fiscal Year 2025/26 Adopted Budget
State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State,
January 1, 2020-2025, Sacramento, California, May 2025.

Table 4-4
Calculation of City General Government Overhead Rate
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange
(In Constant 2025 dollars)

General Fund Expenditures	Fiscal Year 2025/26 Adopted Budget		
	Total	General Government	Non-General Government
General Government			
Non Departmental (less Animal Control County Contract)	\$497,991	\$497,991	
City Council	74,196	74,196	
City Manager	1,792,043	1,792,043	
City Attorney	1,768,050	1,768,050	
City Clerk	1,031,892	1,031,892	
City Treasurer	94,758	94,758	
Finance Department	4,146,107	4,146,107	
Human Resources	\$2,832,364	\$2,832,364	
Non-General Government			
Animal Control County Contract	\$1,850,840		\$1,850,840
Library	5,443,573		5,443,573
Fire	40,621,032		40,621,032
Police	\$61,993,891		\$61,993,891
Public Works:			
Public Works Administration	\$1,925,919		\$1,925,919
Engineering	1,409,832		1,409,832
Development Services	753,813		753,813
Street Maintenance	1,243,479		1,243,479
Refuse and Sanitation Services	129,085		129,085
Tree Maintenance	916,570		916,570
Facility Maintenance	1,449,132		1,449,132
Transportation Planning	866,132		866,132
Traffic Operations	236,705		236,705
Roadway Maintenance	125,400		125,400
Transportation Services	<u>1,367,875</u>		<u>1,367,875</u>
<i>Public Works Subtotal</i>	\$10,423,942		\$10,423,942
Community Development:			
Planning and Development Administration	\$2,032,867		\$2,032,867
Advance Planning	685,753		685,753
Current Planning	938,170		938,170
Building Inspection	641,106		641,106
Code Enforcement	971,943		971,943
Permit Services	<u>1,126,831</u>		<u>1,126,831</u>
<i>Community Development Subtotal</i>	\$6,396,669		\$6,396,669
Community Services:			
Community Services Administration	\$2,004,131		\$2,004,131
Leisure Services	2,060,482		2,060,482
Recreation Athletics	552,494		552,494
Environmental Services	5,354,027		5,354,027
Senior Services	<u>347,397</u>		<u>347,397</u>
<i>Community Services Subtotal</i>	10,318,531		10,318,531
Other - Redevelopment and Water Maintenance	319,006		319,006
GRAND TOTAL GENERAL FUND	\$149,604,884	\$12,237,400	\$137,367,484
Current General Government Overhead Rate			
General Government Expenditures			\$12,237,400
Direct General Fund Expenditures		<i>divided by</i>	\$137,367,484
Current General Government Overhead Rate		<i>equals</i>	8.9%
Marginal Factor		<i>times</i>	60.0%
Overhead Rate at 60 Percent Marginal Rate		<i>equals</i>	5.3%
Sources: Stanley R. Hoffman Associates, Inc. City of Orange, Fiscal Year 2025/26 Adopted Budget			

General Government. General government costs include administration and support of non-general government departmental line costs such as police, fire, library, public works etc. These costs are usually viewed as citywide overhead and are projected using an overhead rate applied to departmental line costs.

As shown in Table 4-4, General Government includes Non-Departmental, City Council, City Management, City Attorney, City Clerk, City Finance, City Treasurer, and Human Resources. As mentioned, while Animal Services contract with the OC Animal Care is shown under General Government in the City budget, this is not an overhead function as described above and is therefore netted out for the cost overhead calculation.

As also shown in Table 4-4, FY 2025/26 general government adjusted costs (net Animal Services contract) of \$12.24 million represent about 8.9 percent of direct line costs of \$137.37 million. However, overhead costs are not assumed to increase on a one-to-one basis for new development. Based on previous fiscal analyses, general government costs are projected at a marginal rate of 60 percent, or at 5.3 percent of direct costs.

Further, all other General Fund cost factors are discussed below at a 75 percent marginal rate:

Police Protection. As shown in Table 4-3, Police costs are projected based on the citywide cost factor of \$232.97 per service population, based on the adopted budget expenditures.

Fire Protection. As shown in Table 4-3, fire costs are projected based on the citywide cost factor of \$152.66 per service population, based on the adopted budget expenditures.

Animal Control and Services Contract. These services are projected on city resident population basis at \$9.94 per capita, based on the Orange County contract amount and city population, as shown in Table 4-3.

Library. As shown in Table 4-3, library costs are projected on a city resident population basis at a citywide cost factor of \$29.22 per capita, based on the adopted budget expenditures

Public Works. Public Works includes several divisions including Engineering, Development Services, Transportation Planning and Engineering, Traffic Operation, Street, Tree and Facilities Maintenance, and Public Refuse and Sanitation Services. The cost factor for Public Works has been developed on a per developed acre basis based on net Public Works costs (less one-time fees, permits and revenues) and the amount of developed land in the City of 10,315 acres. Net Public Work cost calculations adjust the total Public Works costs to back out one-time revenues, as shown in Appendix Table A-7, which are specific to one-time ad-hoc development activities in the City and are not annually recurring citywide activities. Net Public Works costs are estimated at \$703.40 per developed acre, at a 75 percent marginal rate.

Community Development. Community Development includes several divisions including Planning, Building Safety Inspection, Code Enforcement and Permit Services. The cost factor for Community Development, as shown in Table 4-3, has been developed on a per developed acre basis based on net Community Development costs (less one-time fees, permits and revenues) and the amount of developed land in the City of 10,315 acres. Net Community Development cost calculations adjust the total costs to back out one-time revenues, as shown in Appendix Table A-7, which are specific to one-time ad-hoc development activities in the City and are not annually recurring citywide activities. Net Community Development costs are estimated at \$217.95 per developed acre, at a 75 percent marginal rate.

Community Services. Community Services includes several divisions including Leisure Services, Recreational and Athletics, Environmental Services (incl. parks and rec facilities maintenance), and Senior Services. The cost factor for Community Services, as shown in Table 4-3, has been developed on a per capita basis based on net Community Services costs (less one-time fees, permits and revenues) and the resident City population of 139,724. Net Community Services cost calculations adjust the total costs to back out one-time revenues, as shown in Appendix Table A-7, which are specific to one-time ad-hoc events in the City and are not annually recurring citywide activities. Net Community Services costs are estimated at \$51.89 per capita, at a 75 percent marginal rate.

Contingency Costs. City General Fund contingency costs of 5 percent are applied to projected costs to account for budget and economic uncertainties based on experience from prior fiscal studies.

**APPENDIX A
SUPPORTING FISCAL TABLES**

**Table A-1
Inflow-Outflow Patterns of Workers Employed in the City
City of Orange**

Category	2022	
	Count ¹	Share
<u>Selection Area Labor Market Size (Primary Jobs)</u>		
Employed in the Selection Area	105,164	100%
Living in the Selection Area	59,621	97%
Net Job Inflow (+) or Outflow (-)	45,543	
<u>In-Area Employment Efficiency (Primary Jobs)</u>		
Employed in the Selection Area	105,164	100%
Employed and Living in the Selection Area	7,500	7%
Employed in the Selection Area but Living Outside	97,664	93%

1. Total employment (workers) based on the survey count does not represent the total employment estimated for the City of Orange, and is used to derive inflow-outflow relationships.

Sources: Stanley R. Hoffman Associates, Inc.

U.S. Census Bureau, OnTheMap Application and Longitudinal Employer-Household Dynamics (LEHD) Origin-Destination Employment Statistics, Orange, California, 2022

Table A-2 (page 1 of 2)
General Fund Recurring Revenues
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange
(In Constant 2025 dollars)

Revenue Category	Fiscal Year 2025/26 Adopted Budget	One-Time Development Processing Revenue ¹	Revenues Not Projected in Fiscal Analysis ²	Revenues Projected in Fiscal Analysis
<u>Taxes and Fees</u>				
Property Taxes	\$39,648,536	\$0	\$0	\$39,648,536
Property Transfer Tax	552,567	0	0	552,567
Property Tax In-Lieu of Vehicle License Fees (VLF)	19,016,506	0	0	19,016,506
Sales and Use Tax	50,113,960	0	0	50,113,960
Proposition 172 - Half Cent Sales Tax				
Transient Occupancy Tax	6,334,000	0	6,334,000	0
Franchise- ATT Cable	93,400	0	0	93,400
Franchise-Other	171,364	0	0	171,364
Franchise - Southern California Edison	1,329,200	0	0	1,329,200
Franchise - The Gas Company	738,300	0	0	738,300
Franchise - Time Warner Cable	<u>875,100</u>	<u>0</u>	<u>0</u>	<u>875,100</u>
Subtotal Taxes and Fees	118,872,933	0	6,334,000	112,538,933
<u>Licenses and Permits</u>				
Business Licenses and Renewal	\$4,095,000	\$0	\$4,095,000	\$0
Building Permits + SMIP	1,520,000	1,520,000	0	0
Bldg -Electr, Grade, Mech, Plumb & Swr Cnctn Permits	1,038,000	1,038,000	0	0
Plan Check Permits	370,000	370,000	0	0
Annual Fire Permit Fees	200,000	200,000	0	0
Transportation Permits	35,756	35,756	0	0
Encroachment Permits	120,000	120,000	0	0
Parking Permits	7,000	7,000	0	0
Other Licenses and Permits	<u>51,350</u>	<u>0</u>	<u>51,350</u>	<u>0</u>
Subtotal Licenses and Permits	\$7,437,106	\$3,290,756	\$4,146,350	\$0
<u>Fines and Penalties</u>				
Vehicle Code Fines	\$380,000	\$0	\$0	\$380,000
General Ordinance Fines	2,206,300	0	0	2,206,300
Delinquent Penalty	100,000	0	0	100,000
Library Fines	<u>11,276</u>	<u>0</u>	<u>0</u>	<u>11,276</u>
Subtotal Fines and Forfeitures	\$2,697,576	\$0	\$0	\$2,697,576
<u>Use of Money & Property</u>				
Interest Earnings	\$1,607,697	\$0	\$0	\$1,607,697
All Rental /Lease Income	<u>1,274,030</u>	<u>0</u>	<u>1,274,030</u>	<u>0</u>
Subtotal Use of Money & Property	\$2,881,727	\$0	\$1,274,030	\$1,607,697
<u>Charges For Services</u>				
Plan Check Fees	\$485,000	\$485,000	\$0	\$0
Zoning Clearance Fees	\$90,000	90,000	0	\$0
Engineering Fees (Development Services)	\$246,000	246,000	0	\$0
Encorachment Fee Plan Check	\$250,000	250,000	0	\$0
ADU Development Related Services	100,000	100,000	0	0
Application Fees for Waste Management Plan	130,000	130,000	0	0
Hazardous Materials Disclosure	300,000	300,000	0	0
IGT Reimb for Transport Fees	500,000	500,000	0	0
Adult & Youth Sports	158,959	0	0	158,959
Aquatics	54,000	0	0	54,000
Citation Validation	4,000	0	0	4,000
Civil Subpeona	1,400	0	0	1,400
Digital Media Copies	4,000	0	0	4,000
EMT Charges	0	0	0	0
EV Charge Station Revenue	30,000	0	0	30,000
Evidence Digital Media (Redacted)	5,000	0	0	5,000
False Alarms	150,000	0	0	150,000
Filing & Certification Fees	0	0	0	0
Fingerprints/Livescan	1,000	0	0	1,000
Fire Investigations (Restitution)	0	0	0	0
Firearms Inspections	1,500	0	0	1,500
Immigration Clearance Letter	800	0	0	800
Inspection Supplemental	12,500	0	0	12,500
Library Local History Fees	1,000	0	0	1,000

Note: 1 Development-related one-time processing fee revenues are deducted from projected departmental costs for Public Works, Community Development and Community Services.
2. Revenues not impacted by the project and certain revenues, such as fixed payments and grants, are not projected in the fiscal analysis.

Sources: Stanley R. Hoffman Associates, Inc.
City of Orange, Fiscal Year 2025/26 Adopted Budget

Table Continued...

Table A-2 (page 2 of 2)
General Fund Recurring Revenues
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange
(In Constant 2025 dollars)

Revenue Category	Fiscal Year 2025/26 Adopted Budget	One-Time Development Processing Revenue ¹	Revenues Not Projected in Fiscal Analysis ²	Revenues Projected in Fiscal Analysis
<u>Charges For Services (continued..)</u>				
Lobbyist Registration Fees	0	0	0	0
Lot Line Adj and Certificates	12,000	0	0	12,000
Massage Processing Fee	2,000	0	0	2,000
Medical Supplies Charges	230,000	0	0	230,000
Mills Act Fees	4,000	0	0	4,000
New Processing Fee	175,000	0	0	175,000
Non-Compliance Fee	13,000	0	0	13,000
Non-Deposit Based Application Fees	4,500	0	0	4,500
OMC/CVC Tow Release	130,000	0	0	130,000
OPM/3rd Party Background Checks	1,500	0	0	1,500
Other Charges For Serv-Citation Copies	49,500	0	0	49,500
Other Fire Services	5,000	0	0	5,000
Paramedic commission contra rev FY21	0	0	0	0
Paramedic Direct Fees	2,000,000	0	0	2,000,000
Paramedic Enrollment	275,000	0	0	275,000
Passport Photo Fee	10,000	0	0	10,000
Passport Processing Fee	30,000	0	0	30,000
Private Property Impound Fees	35,000	0	0	35,000
Purge/Notification Letter	1,200	0	0	1,200
Recreation Classes	52,000	0	0	52,000
Report Fees	10,000	0	0	10,000
Reports - Basic	5,000	0	0	5,000
Safety/Hazard Permits	6,500	0	0	6,500
SB9 Applications	4,000	0	0	4,000
Special event application/permit	4,000	0	0	4,000
Summer Playground - Recreation Activity	0	0	0	0
Tow Truck Drive ID Fee	1,000	0	0	1,000
Tow Truck Driver ID Fee-Renewal	200	0	0	200
Vehicle ID Verification	1,500	0	0	1,500
Vehicle Repossession	3,000	0	0	3,000
Witness Fees	0	0	0	0
Subtotal Charges for Current Services	\$5,590,059	\$2,101,000	\$0	\$3,489,059
<u>Intergovernmental</u>				
County Waste Disposal Agr	\$400,000	\$0	\$400,000	\$0
Other Grant Revenue	218,000	0	218,000	0
Revenue from Chapman University	542,800	0	542,800	0
State Grant Funds	90,000	0	90,000	0
State Reimb-Mandated Costs	100,000	0	100,000	0
Homeowners Property Tax Relief	60,283	0	60,283	0
Subtotal Intergovernmental	\$1,411,083	\$0	\$1,411,083	\$0
<u>Other Revenue</u>				
CalOES reimbursement-sexual assault exam	\$18,000	\$0	\$0	\$18,000
Donations	67,416	0	0	67,416
Expense Reimbursements	154,931	0	0	154,931
Library Prepaid Card	14,000	0	0	14,000
Other Miscellaneous Revenue	26,500	0	0	26,500
Reimbursement-DOJ Live Scan Fee	2,000	0	0	2,000
Subtotal Other Revenue	\$282,847	\$0	\$0	\$282,847
<u>Transfers In</u>				
G & A Admin - G.O. Funds	\$3,794,969	\$0	\$3,794,969	\$0
Transfers From Other Funds-All Funds	4,003,980	0	0	4,003,980
Subtotal Transfers In	\$7,798,949	\$0	\$3,794,969	\$4,003,980
General Fund Total	\$146,972,280	\$5,391,756	\$16,960,432	\$124,620,092

Note: 1 Development-related one-time processing fee revenues are deducted from projected departmental costs for Public Works, Community Development and Community Services.
2. Revenues not impacted by the project and certain revenues, such as fixed payments and grants, are not projected in the fiscal analysis.

Sources: Stanley R. Hoffman Associates, Inc.
City of Orange, Fiscal Year 2025/26 Adopted Budget

Table A-3
Current Tax Rate Area (TRA) Allocations
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange

Agency Code	Agency ¹	TRA 008-124
001C	Orange Co Gen. Fund	0.062615037
710A	O C Flood Control District	0.020088732
713A	O C Parks Csa 26	0.015527978
001C	Educational Revenue Augmentation Fund	0.103866006
058B	Educational Revenue Augmentation Fund	0.036014851
703A	Educational Revenue Augmentation Fund	0.000743519
708A	Educational Revenue Augmentation Fund	0.001900578
710A	Educational Revenue Augmentation Fund	0.008252694
713A	Educational Revenue Augmentation Fund	0.002970467
744A	Educational Revenue Augmentation Fund	0.000928959
916A	Educational Revenue Augmentation Fund	0.000272872
703A	Orange Co Cemetery Fund-General	0.000505004
058B	Orange City	0.135778929
744A	Orange Co Vector Control Dist	0.001134350
960A	Orange County Water District	0.008236874
961A	Orange Co. Water Dist-Water Reserve	0.000123664
708A	Orange County Transit Authority	0.002850867
916A	Oc Sanitation #2 Gen Fund	0.031998315
420B	Orange Unified General Fund	0.470464152
400B	Rancho Santiago Comm Coll Gen Fund	0.077567540
600A	O C Dept Of Education-Gen Fund	0.018158611
	TOTAL	1.000000000

Sources: Stanley R. Hoffman Associates, Inc.
Orange County Auditor-Controller, Property Tax Accounting, *Property Tax Allocation*,
SECTION 99 FACTOR RPT BY TRA, 2024-25.

Table A-4
Property Tax In Lieu Vehicle License Fees (VLF) Estimated Citywide Factor
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange
(In Constant 2025 dollars)

Fiscal Year	Property Tax In-Lieu of VLF ¹	Assessed Valuation (AV) ²	VLF per \$1,000,000 AV ³
2021 - 2022	14,932,479	22,844,350,739	\$650
2022 - 2023	15,701,602	23,645,989,631	\$660
2023 - 2024	16,845,175	24,783,277,745	\$680
2024 - 2025	17,271,109	26,631,838,417	\$650
2025 - 2026	18,340,648	27,264,292,435	\$670
Average			\$660

1. The property tax in lieu VLF amounts are from the City budget documents cited below.
2. Assessed valuation amounts are from the County Assessor Office assessment rolls, as cited below.
3. Estimated VLF per \$1,000,000 AV is rounded to the nearest tens.

Sources: Stanley R. Hoffman Associates, Inc.
City of Orange, Fiscal Year Adopted Budgets, FY 2021 through 2025
Orange County, Office of Assessor, 2021 - 2025 Assessment Rolls, City of Orange

Table A-5
Estimated Average Household Income
Single Family Ownership Households
Orange County

Year Unit Built	3-Bedroom		4-Bedroom		Aggregate Household Income All Units
	Avg. HH Inc. ¹	No. of Households ¹	Avg. HH Inc. ¹	No. of Households ¹	
2020	\$214,091	615	\$246,360	401	\$230,456,204
2021	\$231,773	204	\$239,776	289	\$116,577,009
2022	<u>\$387,181</u>	<u>148</u>	<u>\$208,108</u>	<u>97</u>	<u>\$77,489,300</u>
		967		787	\$424,522,513
	Total Households				1,754
	Average Household Inc.				\$242,031

1. Data from the ACS 5-year estimates, 2019-2023, Public Use Microdata Sample for Orange County obtained from IPUMS USA, University of Minnesota.

Source: Stanley R. Hoffman Associates, Inc.
 American Community Survey (ACS), 5-year Estimates, 2019-2023.

Table A-6
Calculation of Use Tax Factor
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange

City of Orange	Annual 2024 Amount
<u>Use Tax¹</u>	
County Pool	\$9,057,746
State Pool	<u>27,406</u>
Total Use Tax	\$9,085,151
	<i>divided by</i>
<u>Point-of-Sale Sales Tax¹</u>	\$48,569,029
	<i>equals</i>
Use Tax Rate²	18.7%

1. Annual 2024 data as reported by the CDTFA.

2. The use tax rate is the County Pool plus the State Pool divided by Point-of-Sale Taxable Sales Tax.

Sources: Stanley R. Hoffman Associates, Inc.
 California Department of Tax and Fee Administration (CDTFA), 2025

Table A-7
Net Cost Factors: Public Works, Community Development and Community Services
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange
(In Constant 2025 dollars)

Category	Adopted FY 2025-26 Amount
A. PUBLIC WORKS NET COSTS	
Total Public Works Costs	\$10,423,942
<i>minus</i>	
Charge for Services	550,000
Licenses and Permits	169,256
Other Revenue (incl. Use of Money and Property)	<u>30,200</u>
Total One-Time Fees	\$749,456
<i>equals</i>	
Net Recurring Public Works Costs	\$9,674,486
<i>divided by</i>	
City Developed Acres ¹	10,315
<i>equals</i>	
Net Public Works Cost Factor per Developed Acres	\$937.86
B. COMMUNITY DEVELOPMENT NET COSTS	
Total Community Development Costs	\$6,396,669
<i>minus</i>	
Charge for Services	501,500
Licenses and Permits	2,867,500
Fines and Penalties	<u>30,000</u>
Total One-Time Fees	\$3,399,000
<i>equals</i>	
Net Recurring Community Development Costs	\$2,997,669
<i>divided by</i>	
City Developed Acres ¹	10,315
<i>equals</i>	
Net Community Development Cost Factor per Developed Acres	\$290.60
C. COMMUNITY SERVICES	
Total Community Services Costs	\$10,318,531.27
Charge for Services	\$264,959.00
Other Revenue (incl. Use of Money and Property)	<u>\$386,700.00</u>
Total One-Time Fees	\$651,659.00
<i>equals</i>	
Net Recurring Community Development Costs	\$9,666,872
<i>divided by</i>	
City Population ¹	139,724
<i>equals</i>	
Net Community Services Cost Factor per Capita	\$69.19

1. Developed Acres in the City of Orange based on information provided by City GIS staff.

Sources: Stanley R. Hoffman Associates, Inc.
City of Orange, *Adopted Budget, Fiscal Year 2025-26.*

Table A-8
Details of Comparative Revenue Performance Evaluation of Non-Residential Uses
2375 N Tustin Street Residential Project Fiscal Impact Analysis
City of Orange
(In Constant 2025 dollars)

	Gyms	Discount Stores	Seasonal Stores (Annualized)
Property Reuse Assumption	Renovation	Minimal Change	Minimal Change
Floor Size (sf) Assumption	40,000	10,000	10,000
Refurb Costs per SF ¹	\$120	\$25	\$10
Existing Property Valuation	\$22,327,825	\$22,327,825	\$22,327,825
New Improvement Value (Refurb Cost)	\$4,800,000	\$250,000	\$100,000
New Total Assesed Valuation	\$27,127,825	\$22,577,825	\$22,427,825
<u>Operations ²</u>			
Average Gross Revenues	\$3,000,000	\$2,500,000	\$2,000,000
Assumed Taxable Sales Share	10%	100%	100%
Average Retail Sales per SF ³	n/a	\$250	\$200
Taxable Retail Sales	\$300,000	\$2,500,000	\$2,000,000
Number of Employees	10	22	17
<u>Major Public Revenues</u>			
Overall Property Tax (1%)	\$271,278	\$225,778	\$224,278
Property Tax City Share: 13.6% of 1%	\$36,894	\$30,706	\$30,502
Property Tax In-Lieu of VLF ⁴	\$3,168	\$165	\$66
Sales and Use Tax			
Sales Tax (1% Taxable Sales)	\$3,000	\$25,000	\$20,000
Use Tax (18.6% of Sales Tax)	<u>\$558</u>	<u>\$4,650</u>	<u>\$3,720</u>
Sales and Use Tax Total	\$3,558	\$29,650	\$23,720
Business License Fees ⁵	<u>\$715</u>	<u>\$615</u>	<u>\$615</u>
TOTAL ESTIMATED MAJOR REVENUES	\$44,335	\$61,136	\$54,903

1. Renovation cost estimation obtained from RS Means for Orange County. Gyms are assumed to undertake extensive renovations, while discount and seasonal stores are assumed to undertake cosmetic renovations.
2. Average annual revenues per gym franchise obtained from franchise disclosure documents. Seasonal stores have been annualized based on a 3-month activity period.
3. Based on data presented in the report "California Retail Analytics, 2025" prepared by HdL Companies.
4. PTVLF calculated at \$660 per million net new valuation.
5. Based on the City of Orange Business License Fee schedule, calculated by gross revenue brackets.

Source: Stanley R. Hoffman Associates, Inc.
RSMeanOnline - Estimation Software.
HdL Companies.

APPENDIX B PROJECT REFERENCES

CITY OF ORANGE

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Trang Nguyen, Finance Director
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DJ Delzer, CEO
Gavin Reid, Vice President of Land Acquisitions
Chad Brown, Vice President of Planning & Development

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Newport Beach, CA 92660
(949) 992-2400
Steve Thorpe, Partner

HdL COMPANIES

Taxable Sales Information
hdlcompanies.com