

White Paper

Mountain House Jobs-Housing Balance Policy Review

The Economics of Land Use



Prepared for:
San Joaquin County

Prepared by:
Economic & Planning Systems, Inc.

*Economic & Planning Systems, Inc.
1330 Broadway
Suite 450
Oakland, CA 94612
510 841 9190 tel*

*Oakland
Sacramento
Denver
Los Angeles*

www.epsys.com

EPS #231001

January 25, 2024

Table of Contents

1.	Executive Summary	1
	Background	1
	Summary of Findings	2
	Recommendations	6
2.	Master Plan Background and Policy	8
	Original Master Plan and Jobs-Housing Policy	8
	Master Plan Amendments	13
3.	2019 Mountain House Jobs-Housing Review	16
	New Jobs and Development in Mountain House	18
4.	Existing Community Characteristics	19
	Employed Residents and Jobs	20
	Commute Patterns	23
5.	Kosmont Analysis and Recommendations	24
	2020 Commercial Land Use Analysis	24
	2022 Commercial Land Use Analysis and JHR Definition Changes	25
	Jobs-Housing Ratio Proposal	28
6.	Commercial and Industrial Land Demand Assessment	30
	Land Use Analysis	30
	Buildout Land Scenarios	34
7.	Commercial and Industrial Land Jobs Assessment	41
	Buildout Job Scenarios	42
8.	Work from Home Assessment	44
9.	Comparisons and Conclusions	46
	On-Site Jobs and JHR	46
	Recommendations	49

List of Tables

- Table 1. Original Master Plan and Amended Master Plan On-Site JHR at Buildout..... 3
- Table 2. Scenario Comparisons of On-Site JHR at Buildout..... 3
- Table 3. Scenario Comparisons of Total JHR Components at Buildout 5
- Table 4. Land Requirements from Amended Master Plan and EPS Scenarios 6
- Table 5. Original Master Plan Jobs-Housing Ratio Estimate..... 9
- Table 6. Original Master Plan Buildout Estimate..... 11
- Table 7. Original Master Plan Commercial and Industrial Job Density Assumptions 12
- Table 8. Original Master Plan (2019) and Amended Master Plan (2022) Buildout Estimates... 14
- Table 9. Original Master Plan (2019) and Amended Master Plan (2022) JBH Estimates..... 15
- Table 10. 2019 Review Jobs-Housing Ratio Base Case 16
- Table 11. 2019 Review Alternative Jobs-Housing Ratios 17
- Table 12. Cumulative New Jobs and Development in Mountain House (2003–2018) 18
- Table 13. Key Demographic and Economic Characteristics of Mountain House 19
- Table 14. Top 5 Industries of Employed Residents (2021) 20
- Table 15. Top 5 Occupations of Employed Residents (2021) 21
- Table 16. Top 5 Industries of Jobs in Mountain House (2020) 22
- Table 17. Home Destination of Workers with Jobs in Mountain House..... 23
- Table 18. Kosmont 2020 Commercial Development Scenarios (2020–Buildout) 24
- Table 19. Kosmont 2022 Base Scenario (2022–Buildout)..... 26
- Table 20. Kosmont Jobs-Housing Ratio Proposed Components 28
- Table 21. Land Acres of Existing and Proposed Non-Office Commercial Projects..... 31
- Table 22. Building Size of Existing and Proposed Non-Office Commercial Projects 31
- Table 23. Land Acres of Existing and Proposed Office Commercial Projects 33
- Table 24. Land Acres of Existing and Proposed Industrial Projects 34
- Table 25. Amended Master Plan and EPS Scenarios of Buildout Acreage 35
- Table 26. EPS Scenarios of Buildout Development Square Feet 42
- Table 27. EPS Scenarios of Buildout Jobs 43
- Table 28. Work from Home Research 44
- Table 29. Comparison of Commercial and Industrial Jobs at Buildout 47
- Table 30. Comparison of On-Site JHR for Commercial and Industrial Jobs at Buildout 48

Table 31. Comparison of Total JHR Estimates	49
Table 32. Comparison of Jobs/ Acre Density Assumptions.....	50

List of Figures

- Figure 1. Original Master Plan Jobs-Housing Ratio Formula 9
- Figure 2. Amended Master Plan 37
- Figure 3. Specific Plan I 38
- Figure 4. Specific Plan II 39
- Figure 5. Specific Plan III..... 40

1. Executive Summary

San Joaquin County (County) retained Economic & Planning Systems, Inc. (EPS) to review the reports prepared for the Mountain House Community Services District (MHCS D) by Kosmont and the associated job forecasts and recommended jobs-housing policy update. The County also asked EPS to consider the implications of updated job forecasts and the potential changes in the jobs-housing policy for Mountain House land use policies, and in particular, to explore the possibility of allowing for re-designations of land from commercial/ industrial to residential uses without constraining future economic development in the Community. The County and EPS recognize that the Mountain House community will be holding an incorporation vote in 2024. As a result, the conclusions and recommendations provided in this Report are intended to be incremental and cautious so as not to constrain the future decisions of the potential new jurisdiction.

Background

The goal of the Jobs-Housing Policy stems from the 1993 Mountain House Master Plan (Original Master Plan) which aimed “to establish a close balance between employment and housing ... to ensure that employment opportunities are available to working residents of the community.” Prompted by a desire to have a “numerical balance within the community between jobs and housing over time,” the Original Master Plan created a Jobs-Housing Program (Program) which set a jobs-to-housing ratio (JHR) goal of 0.99. Land was therefore set aside for non-residential uses and the development of jobs accommodating real estate development.

Further underlining the importance of this policy, the Mountain House Master Plan states that “Land use allocations and regulatory controls shall support a jobs/housing balance and land use changes or regulatory changes will not be made without giving consideration to the effects on a jobs/housing balance.” It also notes that, “non-residential land uses shall generally conform to the minimum job densities”. The Master Plan also indicates that “the jobs/housing program is intended to be market-driven rather than agency-controlled” and that “The County’s Board of Supervisors will, at each review, decide whether the community is achieving those goals and what to do if it is not.”

While the JHR goal of 0.99 at Community buildout, the Original Master Plan required a calculation and review of progress toward this goal after the completion of 4,000 housing units. In 2019, a review¹ conducted for San Joaquin County found that, depending on the metric used, the JHR was between 0.07 and 0.17, significantly below the Master Plan goal ratio. Subsequently, the MHCS D asked Kosmont to evaluate the Community’s potential of attracting new commercial/industrial development and their associated jobs, along with recommendations for

¹ This report was titled “*Mountain House Jobs-Housing Review*” and prepared by Mintier Harnish and Hansford Consulting. Its findings are summarized in Chapter 3 of this Report.

updates to the JHR definitions, calculations, and goals. The Kosmont analyses were documented in a 2020 study and a 2022 study.²

Summary of Findings

Commercial/Industrial Jobs

- The Original Master Plan envisioned capturing 18,500 jobs on 670 acres of commercial/ industrial designated lands. Plan amendments now suggest plan capacity for about 15,400 jobs on 580 acres.³
- EPS concurs with the Kosmont analysis that the Master Plan commercial/ industrial land use designations are substantially above likely land demand.
 - Mountain House development to date, planned developments, and assessment of trends and opportunities suggest that the Original Master Plan assumptions concerning attraction of industrial and commercial jobs were aggressive.
- EPS concurs with Kosmont that industrial/ commercial jobs will be less than forecasted.
 - Consistent with Kosmont, we conclude that market conditions are likely to allow for only a fraction of the Original Master Plan job estimates over the next 30 years at Mountain House due to: (1) lower demand for retail, services, and office space than originally assumed; (2) lower job densities among industrial uses than originally assumed.
- EPS forecasts a baseline buildout scenario (Baseline Scenario/ Scenario 1) of 3,200 commercial/ industrial jobs, similar to the 3,000 jobs forecasted by Kosmont in 2022.
- EPS also developed a second, more optimistic jobs forecast (Reserve Scenario/ Scenario 2), recognizing the uncertainty in market decisions over time. The Reserve Scenario estimates 4,700 jobs at buildout for commercial/industrial uses and looks to be consistent with Kosmont’s 2020 “High” development scenario.

Baseline JHR Calculations

- The original JHR ratio calculation, as is typical for most JHR calculations, includes only on-site jobs (i.e., commercial/industrial, education, public facilities, and open space jobs).
- As shown in **Table 1**, the Amended Master Plan indicates 18,400 on-site commercial/ industrial jobs and 1,900 on-site education/public facilities/open space jobs for a total of 20,300 jobs, resulting in a JHR of 0.92 (down from the 0.99 cited in the Original Master Plan).
- EPS concurs with Kosmont that the Master Plan estimates of on-site education/ public facilities/ open space jobs were reasonable based on the level of those jobs generated to

² These reports were titled “2020 Mountain House Commercial Land Use Analysis” and “2022 Land Use Revolution: Impact on Development & Jobs/Housing Balance”. Both reports were prepared by Kosmont. Their findings are summarized in Chapter 5 of this Report.

³ Excluding mixed-use.

support the existing Mountain House resident population, though Kosmont and EPS draw slightly different numbers from the Master Plan likely due to amendments.

- **Table 2** shows the revised JHR calculations under its current definition and formula for the Kosmont jobs estimates, the two EPS scenarios, and the Amended Master Plan. As shown, the Kosmont JHR estimate is about 0.21 for the Base Scenario and 0.31 for the High Scenario. In comparison, EPS estimates are 0.23 and 0.30, all well below the current 0.99 goal and the current 0.92 ratio implied by the amended Master Plan.

Table 1. Original Master Plan and Amended Master Plan On-Site JHR at Buildout

Item	Original Master Plan	Amended Master Plan
Commercial/ Industrial	20,652	18,398
Education/ Public Facilities/ Open Space	<u>1,273</u>	<u>1,902</u>
Total Jobs at Buildout	21,925	20,300
Jobs/ Housing Ratio	0.99	0.92

Sources: Mountain House Master Plan, September 1994; Mountain House Master Plan, Amended October 2022.

Table 2. Scenario Comparisons of On-Site JHR at Buildout

Item	Amended Master Plan	Kosmont		EPS Scenarios	
		Base	High	Scenario 1	Scenario 2
Total On-Site Jobs	20,300	4,688	6,744	5,100	6,615
Jobs-Housing Ratio (On-Site Component) [1]	0.92	0.21	0.31	0.23	0.30

[1] Applies Master Plan Jobs/Housing Formula, including assumptions of 1.44 employed residents per HH, 16,105 units at buildout and 5% vacancy rate.

Sources: Mountain House Commercial Land Use Analysis, June 2020; Mountain House Land Use Revolution: Impact on Development & Jobs / Housing Balance, February 2022; Mountain House Master Plan, Amended October 2022; EPS.

Expanded JHR Definition

- The Kosmont analysis notes that technology and the pandemic substantially accelerated the process of work-from-home patterns for many workers. Kosmont argues that these work-from-home (WFH) jobs or portions of jobs should be counted in the Mountain JHR calculation.
- EPS acknowledges that while WFH is not traditionally included in the JHR, this phenomenon is real and substantial. Only in circumstances where the JHR policy is specifically designed to focus on on-site jobs, perhaps as a proxy for commercial and industrial development, would its continued exclusion be appropriate.
- Following discussions with County and MHCS D staff, it is understood that incorporating work-from-home jobs into the JHR calculation aligns with the policy's initial intent. Therefore, EPS agrees with integrating this new component into the JHR calculation.
- Kosmont also argues that the rise of e-commerce has reduced the demand for retail space and on-site retail workers and recommends a process for converting estimated household online spending into a job equivalent. While EPS understands the logic, we do not recommend including Kosmont's "averted jobs" count in the JHR calculation. The effects of these shifts can be captured through actual job counts and the impacts of e-commerce can be captured by reducing the actual number of on-site retail jobs.
- MHCS D surveys have indicated a very high work-from-home propensity among Mountain House employed residents which, in turn, results in a very high work-from-home job count when employed residents are converted into full-time equivalent work-from-home jobs. EPS agrees that this direct survey data is the best data available, recognizing that the propensity to work from home is likely to be dynamic over time.
- **Table 3** shows the overall implications and conclusions for the estimate JHR when the Amended Master Plan is compared with a Kosmont scenario that includes work-from-home and averted retail jobs estimates (Base Scenario), and the two EPS scenarios that include the work-from-home estimates. The Kosmont Base Scenario, EPS Scenarios 1 and 2, all fall within a similar range, considerably below the JHR estimate in the Amended Master Plan.

Table 3. Scenario Comparisons of Total JHR Components at Buildout

JHR Components	Amended Master Plan	Kosmont (Base Scenario)	EPS Scenarios	
			Scenario 1	Scenario 2
On-Site	0.92	0.21	0.23	0.30
Work-From-Home	0.00	0.46	0.46	0.46
Averted Retail	<u>0.00</u>	<u>0.07</u>	<u>0.00</u>	<u>0.00</u>
Total JHR [1]	0.92	0.75	0.69	0.76

[1] Applies Master Plan Jobs/Housing Formula, including assumptions of 1.44 employed residents per HH, 16,105 units at buildout, and 5% vacancy rate.

Sources: *Mountain House Land Use Revolution: Impact on Development & Jobs / Housing Balance, February 2022;* *Mountain House Master Plan, Amended October 2022;* *EPS.*

Land Designated for Non-Residential Uses

The Original Master Plan directly tied the JHR policy to land use policies by making sure sufficient land was designated for commercial/ industrial uses to accommodate the jobs necessary to reach the goal. EPS reviews the differences between the commercial/ industrial jobs estimates for EPS's Baseline Scenario (consistent with Kosmont's 2022 Base scenario) and EPS's more optimistic Reserve Scenario.

Table 4 shows expected land requirement by major land use category (non-office commercial/ mixed-use/office/industrial) while factoring in different jobs forecasts and an updated set of jobs density assumptions. It is recognized that different development within each land use could bring different job counts per acre, so assumptions are intended to represent a reasonable average based on land developability, floor-area-ratio, and square feet per job. Demand for commercial/ mixed-use/ industrial land is not expected to reach the 650 acres set aside with a recommended total of between 370 and 460 acres.

- **Non-Office Commercial.** Total non-office commercial land demand of between 66 and 94 acres relative to the Amended Master Plan of 177 acres.
- **Office.** Total office land demand of 8 to 30 acres relative to the Amended Master Plan of 51 acres. For the purposes of land preservation, EPS recommends preserving 8 acres for both scenarios as the remaining 22 acres in Scenario 2 can be accommodated in mixed-use areas.
- **Industrial.** Total industrial land demand of between 222 and 261 acres relative to Amended Master Plan of 349 acres.
- **Mixed Use.** Mixed-use areas recommended to remain consistent to the Amended Master Plan of 70 acres as they can accommodate both commercial and residential uses.

Table 4. Land Requirements from Amended Master Plan and EPS Scenarios

Land Use	Amended Master Plan	EPS Scenarios	
		Scenario 1	Scenario 2
Non-Office Commercial	177	66	94
Office [1]	<u>51</u>	<u>8</u>	<u>8</u>
<i>Commercial/ Office Subtotal</i>	228	74	102
Industrial	<u>349</u>	<u>222</u>	<u>261</u>
<i>Commercial/ Office/ Industrial Subtotal</i>	577	296	362
Mixed-Use	<u>70</u>	<u>70</u>	<u>70</u>
Total Acres	647	366	433

[1] EPS estimates up to 30 acres of office demand in Scenario 2. For land use planning purposes, EPS recommends preserving 8 acres of office land for Scenario 2, with the remaining 22 acres office demand to be accommodated in mixed-use areas. EPS uses the estimated office demand of 30 acres from Scenario 2 to determine the number of office-oriented jobs at buildout.

Sources: Mountain House Master Plan, Amended October 2022; EPS

Any future changes to land use designations will need to consider location as well as total acreage counts. These decisions are for jurisdiction staff and policymakers, though our research has suggested the following potential guidelines:

- **Commercial.** The General/ Community Commercial categories are over-designated and could benefit from greater flexibility in future land use classifications. In contrast, the smaller neighborhood commercial nodes are attracting substantial interest from day-care and some retail uses.
- **Industrial.** The industrial areas north of Byron Road are experiencing the greatest level of industrial market interest and should generally be retained as industrial areas; the industrial areas to the south of Byron Road are of less interest to industrial developers and represent more logical sites for a future change in land use designation.

Recommendations

Short-Term

EPS recommends that the County take a more conservative and incremental approach to adjusting land use designations for two reasons:

- Mountain House may become a City in 2024 and it is important to leave flexibility for decision-making by this potential new jurisdiction.

- There is a stronger demand for residential development than commercial/ industrial development. Once land is designated from non-residential to residential uses, it is unlikely to revert.

EPS recommends adopting Scenario 2 (Reserve Scenario) rather than the Scenario 1 (Baseline Scenario) as it supports less land re-designation to residential. The Reserve Scenario provides a higher jobs-housing ratio and allows for consistency between land use policy and the jobs-housing policy.

Additionally, EPS recommends separating the JHR into two components including an on-site jobs component and a work-from-home component. If the jobs housing ratio policy remains in place, EPS advises monitoring these components separately, considering that policy responses for progress in each area might differ.

Overall, recommendations include:

- **Use Scenario 2 JHR with an on-site and WFH component.**
 - In Scenario 2, the JHR stands at 0.76, which includes 0.30 from on-site jobs and 0.46 from the work-from-home component.
- **Use Scenario 2 Commercial/ Industrial Land Estimates.**
 - EPS recommends reserving 102 acres for commercial retail and office land uses, which can also be accommodated in mixed-use areas. Additionally, EPS recommends reserving an additional 261 acres for industrial purposes.
- **Retain Master Plan Mixed-Use Estimate.**
 - EPS recommends retaining the existing 70 acres of mixed-use area designations. This designation offers flexibility for residential, commercial, or both, allowing developers to select and integrate commercial development where suitable and feasible.

Medium- to Long-Term

If incorporated, the new City would go through a planning process to develop a new General Plan and assess many issues, including land use designations. While considering the role of jobs-housing policy, two factors to consider could include:

- **Jobs-Housing Policy.** Many jurisdictions focus solely on land use designation, without a jobs-housing policy, to ensure that adequate land is preserved for employment-generating uses. The Mountain House jobs-housing ratio essentially serves a similar purpose, though it could be simplified. The Community could identify the necessary non-residential land and preserve it through land use policies and bypass the complexities of a jobs-housing ratio goal.
- **Jobs-Housing Ratio Formula and Calculations.** The current jobs-housing ratio formula applies factors established in 2004, including employed residents/ household, housing vacancy rate, and total housing development capacity. If the jobs-housing ratio is to be retained, these formula inputs could be updated.

2. Master Plan Background and Policy

In 1994, the County adopted the Mountain House Master Plan (Original Master Plan). One of its policy objectives was “to establish a close balance between employment and housing ... to ensure that employment opportunities are available to working residents of the community.” This objective resulted in the formation of the Jobs/Housing Program (Program), which set a jobs/housing ratio (JHR) goal of 0.99 (Policy) based on a desire to have a “numerical balance within the community between jobs and housing.”

The Original Master Plan designated land for nonresidential uses sized to offer sufficient development capacity for employment-generating uses to allow for the Community to meet its 0.99 JHR goal. It was anticipated that demand for nonresidential land from private and public employers combined with economic development policies would, over time, result in the development of this nonresidential land at job densities (jobs per acre) to achieve this goal. Like other JHR policies at the time (and predominantly to date), it focused on on-site jobs and did not include consideration of work-from-home jobs. The broader policy objective and specific JHR goal have influenced land use decisions and nonresidential development reviews to date.

Original Master Plan and Jobs-Housing Policy

Jobs-Housing Ratio Formula

The Original Master Plan provided a specific formula for the calculation of the jobs/housing ratio. While unique, the JHR formula is most similar to the set of JHR approaches that seek a 1:1 balance between the number of employed residents in a community and the number of available jobs. It is unique in that it translates jobs into required housing and housing into expected employed residents. This calculation includes specific assumptions for the number of employed residents per household and the expected housing vacancy rate. The Master Plan jobs-housing ratio formula (referred to in this study as the base JHR) is shown in **Figure 1**.

Figure 1. Original Master Plan Jobs-Housing Ratio Formula

**Required Housing: Number of Permanent Jobs /
(Employed Residents per HH x (1+Vacancy Rate))**

Divided by

Available Housing: Number of Housing Units Built and Available for Occupancy

To achieve the JHR buildout goal of 0.99, the Master Plan development would effectively need to provide as many permanent workplace jobs as there are workers living in the housing developed.

Definitions and assumptions are presented in the Master Plan as follows:

- **Jobs:** Number of permanent jobs at buildout.
- **Employed Residents per Household:** An average of 1.44 employed residents (full-time equivalents) per household is assumed.
- **Vacancy Rate:** An average vacancy rate of 5% is assumed.
- **Required Housing:** Number of housing units necessary to meet the needs of employees who fill permanent jobs in Mountain House. Factors of 1.44 employed persons per household and 5% vacancy are included in the calculation of required housing:

$$\text{Number of Permanent Jobs} / (\text{Employed Residents per HH} \times (1 + \text{Vacancy Rate}))$$
- **Available Housing:** Housing units at buildout.

JHR Goal and Original Master Plan Land Use Designations

To achieve the JHR goal of 0.99, it is important to allocate land to nonresidential uses to allow for the attraction of the necessary workspace development. The Master Plan determined that under a specific set of land use designations, it could provide capacity for the accommodation of 21,925 jobs in new nonresidential developments along with the development of 16,105 residential units. As shown in **Table 5**, this would meet the goal of a 0.99.

Table 5. Original Master Plan Jobs-Housing Ratio Estimate

Item	Formula	Original Master Plan
Jobs	a	21,925
Employed Residents/ HH	b	1.44
Vacancy Rate	c	5%
Required Housing	$d = (a / b) * (1 + c)$	15,987
Available Housing	e	16,105
Jobs/ Housing Ratio	$f = d / e$	0.99

Sources: Mountain House Master Plan, September 1994

To meet this balance, the Original Master Plan determined that by allocating 2,500 acres of land to residential uses and the remaining 2,200 acres towards nonresidential, public, and open

spaces uses, the Community could provide these 21,900 jobs along with 16,105 housing unit at buildout. More specifically, and as shown in **Table 6**, the Original Master Plan identified:

- **Commercial/Industrial Land.** About 720 acres of land was designated for commercial/ industrial uses which was assumed to have a job-generating capacity of about 20,700 jobs or an average of 30 jobs per acre.
- **Schools/ Public Facilities/ Open Space Land.** About 1,500 acres of land was designated for schools, public, and open space jobs which was assumed to provide an additional 1,200 jobs.
- **Residential Development.** Under the JHR formula, this level of job generation would translate into a “required housing level” of about 15,987 housing units ($21,925/1.44 * 1.05$), effectively allowing for the development of 16,105 housing units (available housing), when achieving the 0.99 JHR goal. This was the estimated housing capacity associated with the 2,500 acres of residentially designated land. Under the JHR formula, higher permanent job forecasts at buildout would have justified a greater number of housing units, while lower job forecast would have justified a lower number of housing units. As a result, the 1994 Mountain Master Plan enacted land use designations consistent with the achievement of the Plan’s JHR by buildout.

Table 6. Original Master Plan Buildout Estimate

Land Use	Acreage	Jobs
Residential	2,524	-
Commercial		
Neighborhood Commercial	25	600
Community Commercial	88	2,112
General Commercial	36	864
Freeway Service Commercial	27	648
Office Commercial	56	2,464
Mixed-Use	<u>43</u>	<u>2,193</u>
Subtotal	275	8,881
Industrial	441	11,771
Open Space [1]	760	132
Schools	285	713
Public	500	428
Total	4,784	21,925
Residential [2]	2,524	-
Commercial/ Industrial	716	20,652
Open Space, Schools, Public	1,544	1,273

[1] In the 1994 Original Master Plan, 'Commercial Recreation' uses were initially categorized under 'Open Space,' and were later relocated to the 'Commercial' category.

[2] Master Plan assumes 16,105 housing units with a population of 43,522 at buildout.

Sources: *Mountain House Master Plan, September 1994*

Job Generation by Land Use

In addition to the expectation that there would be sufficient interest in developing these different workspaces on nonresidential designated land, assumptions about the level of job generation per acre of developed land were a critical input to the original buildout JHR calculation. These original job density (jobs per acre) assumptions are shown below in **Table 7** for the commercial/ industrial land use designations.

Table 7. Original Master Plan Commercial and Industrial Job Density Assumptions

Land Use	Jobs/ Acre
Commercial	
Neighborhood Commercial	24
Community Commercial	24
General Commercial	24
Freeway Service Commercial	24
Office Commercial	44
Mixed-Use	51
Industrial [1]	27

[1] Blended average for Limited Industrial and General Industrial.

Sources: *Mountain House Master Plan, September 1994*

Tracking the JHR Goal

The Original Master Plan set a goal for the JHR at community buildout under the formula shown in **Figure 1**, which for purposes of this report is referred to as the “base JHR”. The County recognized the importance of tracking progress towards the base JHR as the Community developed and recommended an approach to assessing progress. First, the County recommended that the JHR be reviewed by the Community after the development of the first 4,000 housing units.

Secondly, the Original Master Plan laid out three alternative JHR formulas that the Community could use to evaluate progress towards the JHR goal. The three alternative JHR formulas vary slightly from the base JHR formula:

- The first alternative JHR calculation excludes permanent jobs that are regional and only includes population serving jobs. Due to the lower number of jobs, this JHR is lower than the base JHR estimate.
- The second alternative JHR calculation includes temporary construction jobs. Due to the higher number of jobs, this JHR will be above the base JHR estimate.
- The third alternative JHR calculation uses current permanent jobs but allowed for a 3-year lag in the number of housing units. This resulted in a lower housing unit count (i.e., the housing count from 3 years prior) and thus a JHR that is above the base JHR estimate.

A detailed 2019 JHR review effort was conducted in 2019 by Mintier Harnish and Hansford Consulting. Their 2019 Mountain House Jobs-Housing Review study is described in a subsequent chapter of this report.

Master Plan Amendments

While the Original Master Plan land use designations have remained largely intact, multiple revisions have been adopted to accommodate land use changes within the General Plan and the Community's adopted Specific Plans.⁴ As shown in **Table 8**, the most recently amended Master Plan from 2022 ("Amended Master Plan") has several differences from the Original Master Plan, including:

- The gross acreage of development was reduced by about 470 net acres.
- The acreage allocated to commercial development increased modestly by 23 acres, while the industrial acreage reduced by 92 acres.
- The acreage allocated to schools increased by 45 acres, while the acreage allocated to open space reduced by 53 acres, and to other public uses by 374 acres.

The Amended Master Plan provided updated buildout job estimates totaling 20,300 jobs, a net decrease of 1,600 jobs from the Original Master Plan. More specifically, this included an increase in commercial jobs from 8,900 to 9,600 (primarily driven by an increase in jobs in mixed-use areas), a reduction of in industrial jobs from 11,800 to 8,800, and an increase in total open space/public/school jobs from 430 to 630.

⁴ For the purposes of this Study, EPS focuses on the 1994 Master Plan and the most recently amended Master Plan (October 2022).

Table 8. Original Master Plan (2019) and Amended Master Plan (2022) Buildout Estimates

Land Use	Original Master Plan		Amended Master Plan		Difference	
	Acreage	Jobs	Acreage	Jobs	Acreage	Jobs
Residential	2,524	-	2,508	-	-16	-
Commercial						
Neighborhood Commercial	25	600	13	307	-12	-293
Community Commercial	88	2,112	97	2,338	9	226
General Commercial	36	864	42	1,003	6	139
Freeway Service Commercial	27	648	25	595	-2	-53
Office Commercial	56	2,464	51	2,235	-5	-229
Mixed-Use	43	2,193	70	3,143	27	950
Subtotal	275	8,881	298	9,622	23	741
Industrial	441	11,771	349	8,777	-92	-2,995
Open Space [1]	760	132	706	188	-53	56
Schools	285	713	330	1,088	45	375
Public	500	428	125	626	-374	198
Total	4,784	21,925	4,317	20,300	-467	-1,625
Residential [2]	2,524	-	2,508	-	-16	-
Commercial/ Industrial	716	20,652	647	18,398	-69	-2,254
Open Space, Schools, Public	1,544	1,273	1,162	1,902	-382	629

[1] In the 1994 Original Master Plan, 'Commercial Recreation' uses were initially categorized under 'Open Space,' and were later relocated to the 'Commercial' category. For the purposes of this analysis, the 179 acres designated for 'Commercial Recreation' in Master Plan (Amended 2022) have been reassigned to the 'Open Space' category.

[2] Master Plan assumes 16,105 housing units with a population of 43,522 at buildout.

Sources: Mountain House Master Plan, September 1994; Mountain House Master Plan, Amended October 2022

With the number of residential units remaining consistent with the Original Master Plan, this reduction in job capacity effectively reduced the expected buildout JHR from 0.99 to 0.92 as shown in **Table 9**.

Table 9. Original Master Plan (2019) and Amended Master Plan (2022) JBH Estimates

Item	Formula	Original Master Plan	Amended Master Plan
Jobs	a	21,925	20,300
Employed Residents/ HH	b	1.44	1.44
Vacancy Rate	c	5%	5%
Required Housing	$d = (a / b) * (1 + c)$	15,987	14,802
Available Housing	e	16,105	16,105
Jobs/ Housing Ratio	$f = d / e$	0.99	0.92

Sources: Mountain House Master Plan, September 1994; Mountain House Master Plan, Amended October 2022

3. 2019 Mountain House Jobs-Housing Review

In 2019, Mintier Harnish and Hansford Consulting conducted the Mountain House Jobs-Housing Review study ("2019 Review") for the San Joaquin County Community Development Department. The study was conducted to meet the requirement of the Mountain House Master Plan for a jobs/housing review to be completed when more than 4,000 residential units are built. At the time the 2019 Review began, 5,932 residential units had been built in Mountain House.

Key findings of the 2019 Review that are pertinent to this Report are summarized below. Overall, the 2019 Review confirmed that the pace of workspace development and accommodation of new jobs was significantly behind the pace of residential development, resulting in a very low JHR.

Base Case Jobs-Housing Ratio and Alternative Calculations

As shown in **Table 10**, the 2019 Review found a base case jobs-housing ratio of 0.07 (Jobs to Employed Labor Force), far below the job to housing ratio goal of 0.99 by buildout. With only 605 on-site/workspace jobs estimated in 2019, the community had completed less than 3 percent of the estimated buildout jobs goal, while completing over 35 percent of the buildout housing capacity.

Table 10. 2019 Review Jobs-Housing Ratio Base Case

Item	Base Case Ratio
Jobs [1]	605
1993 Employed Residents/ Household	1.44
Households Associated with Jobs	420
Housing Units Required (1993 Vacancy) [2]	441
Forecast Buildout Housing Units	5,932
Jobs-Housing Ratio: Base Case	0.07

[1] Jobs count from OntheMap LEHD 2019 Census Data.

[2] Vacancy rate assumed to be 5 percent.

Sources: "Mountain Housing Jobs Housing Review" prepared by Mintier Harnish and Hansford Consulting for San Joaquin County, Final Report November 2019.

The 2019 Review also calculated additional jobs-housing ratios based on the three (3) alternative approaches outlined in the Mountain House Master Plan. The first “population serving only” alternative excludes regional jobs and only includes population serving jobs. A second alternative approach, the “minimum ratio” approach, allows for a 3-year lag in the residential unit count. A third alternative approach, the “best case ratio” approach, allows for the inclusion of construction jobs in addition to regional and population serving jobs.

Table 11 compares the three alternative approaches which result in jobs-housing ratios ranging from 0.06 to 0.17. Even under the Best Case Ratio, the jobs-housing ratio of 0.17 falls below the stated 0.99 jobs-housing ratio goal of the Mountain House Master Plan.

Table 11. 2019 Review Alternative Jobs-Housing Ratios

Item	Population Serving Only	Minimum Ratio	Best Case Ratio
Jobs [1]	525	605	1,397
1993 Employed Residents/ HH	1.44	1.44	1.44
Households associated with Jobs	365	420	970
Housing Units Required [2]	376	434	1,001
Forecast Buildout Housing Units	5,932	4,661	5,932
Jobs-Housing Ratio: Base Case	0.06	0.09	0.17

[1] San Joaquin County and HEC (2019).

[2] Vacancy rate assumed to be 3.2 percent based on 2017 ACS data.

Sources: “Mountain Housing Jobs Housing Review” prepared by Mintier Harnish and Hansford Consulting for San Joaquin County, Final Report November 2019.

New Jobs and Development in Mountain House

As part of the 2019 Review’s evaluation of jobs-housing ratios, the 2019 Review also reported the total number of housing units, amount of nonresidential building square feet, and jobs generated from 2003 to 2019. In this period, a total of 668,000 commercial and institutional building square feet were constructed, supporting 605 jobs in the Mountain House area, as shown in **Table 12**.

Table 12. Cumulative New Jobs and Development in Mountain House (2003–2018)

Units, Building Sq. Ft. and Jobs	Total
Jobs	
Population-Serving	525
Regional	<u>80</u>
Total Jobs	605
Number of Housing Units [1]	5,932
Estimated New Persons [2]	20,573
Non-Residential Building Square Feet	
Commercial	41,428
<i>Sq.Ft. per Resident</i>	2.0
Institutional	625,586
<i>Sq.Ft. per Resident</i>	30.4

[1] Includes single family homes, second units, and condominiums in neighborhoods A/B, C, D, E, F, G and H.

[2] Cumulative population is based on 2017 ACS factors of 3.58 persons per occupied unit and 96.8% occupancy.

Sources: San Joaquin County, Mintier Harnish and Hansford Consulting Mountain House Jobs Housing Review (November 2019).

4. Existing Community Characteristics

To inform this study, EPS gathered the most recent information on a set of Mountain House community characteristics from a variety of data sources including the U.S. Census American Community Survey and U.S. Census Longitudinal Employer-Household Dynamics program.

Table 13 lists key demographic and socioeconomic characteristics of Mountain House residents compared with characteristics of residents from the broader San Joaquin County. In Mountain House, there are currently about 5,900 households and 10,100 employed residents. Employed residents are individuals who live in Mountain House and work for an employer that is located in or outside of Mountain House. At 1.7 employed residents per household, Mountain House now has a higher ratio of employed residents to household as well as a higher ratio relative to the County average.

In terms of socioeconomic characteristics, the median household income in Mountain House of \$154,300 is over double the median household income for San Joaquin County. Similarly, the percentage of Mountain House residents with a Bachelor's degree or higher is 45.5 percent, over double the average percentage for the County. In terms of housing units, the U.S. Census estimated about 6,200 units in Mountain House with a vacancy rate of 3.7 percent.

Table 13. Key Demographic and Economic Characteristics of Mountain House

Item	Mountain House	San Joaquin County
<u>Households and Employed Residents</u>		
Total Number of Households	5,948	234,662
Employed Residents	10,104	327,491
Employed Residents per Household	1.70	1.39
<u>Socioeconomic Characteristics</u>		
Mountain House Median Income	\$154,357	\$74,962
Educational Attainment (Residents Over 25 Years with a Bachelor's Degree or Higher)	45.5%	19.5%
<u>Housing Stock and Vacancy</u>		
Number of Housing Units	6,176	249,018
Vacancy Rate	3.7%	5.8%

Sources: U.S. Census American Communities Survey 5-Year Estimates (2017-2021) Table DP03, S1101, S1501; Economic & Planning Systems, Inc.

Employed Residents and Jobs

Tables 14 through **16** provide additional details on employed residents and jobs in Mountain House. The first table, **Table 14**, lists the industries that employed residents work in and highlights the top five most common industries. Out of the 10,000 employed residents, 16 percent work in professional, scientific, and technical services, which is the most common industry. Another 15 percent of employed residents work in health care and social assistance. Another common industry, manufacturing, employs 8 percent of employed residents. An additional 8 percent of employed residents work in educational services. Lastly, the fifth most common industry is construction, where 7 percent of employed residents work.

Table 14. Top 5 Industries of Employed Residents (2021)

Industry	Employed Residents	% of Total
Professional, scientific, and technical services	1,625	16%
Health care and social assistance	1,561	15%
Manufacturing	818	8%
Educational services	816	8%
Construction	692	7%
Retail trade	635	6%
Accommodation and food services	543	5%
Finance and insurance	521	5%
Agriculture, forestry, fishing and hunting	506	5%
Other services, except public administration	498	5%
Public administration	422	4%
Arts, entertainment, and recreation	382	4%
Administrative and support and waste management services	345	3%
Real estate and rental and leasing	290	3%
Transportation and warehousing	284	3%
Information	105	1%
Wholesale trade	34	0.3%
Mining, quarrying, and oil and gas extraction	27	0.3%
Utilities	0	0.0%
Management of companies and enterprises	0	0.0%
Total Employed Residents	10,104	100%

Sources: U.S. Census American Communities Survey 5-Year Estimates (2017-2021) Table S2403

Table 15 lists the occupations of employed residents and highlights the top five most common occupations. Occupation describes the specific role that a worker has within an industry. For example, an employed resident could have a sales occupation within the health care industry or manufacturing industry. For employed residents in Mountain House, the top five most common occupations are management, computer and mathematics, office and administrative support, personal care and service, and construction and extraction.

Table 15. Top 5 Occupations of Employed Residents (2021)

Occupation	Employed Residents	% of Total
Management occupations	1,502	15%
Computer and mathematical occupations	908	9%
Office and administrative support occupations	883	9%
Personal care and service occupations	728	7%
Construction and extraction occupations	713	7%
Sales and related occupations	709	7%
Educational instruction, and library occupations	604	6%
Business and financial operations occupations	586	6%
Health diagnosing and treating practitioners and other technical occupations	559	6%
Food preparation and serving related occupations	546	5%
Healthcare support occupations	321	3%
Farming, fishing, and forestry occupations	283	3%
Material moving occupations	243	2%
Life, physical, and social science occupations	242	2%
Production occupations	188	2%
Architecture and engineering occupations	164	2%
Firefighting and prevention, and other protective service workers including supervisors	156	2%
Building and grounds cleaning and maintenance occupations	144	1%
Installation, maintenance, and repair occupations	142	1%
Transportation occupations	132	1%
Community and social service occupations	125	1%
Health technologists and technicians	115	1%
Arts, design, entertainment, sports, and media occupations	50	0.5%
Law enforcement workers including supervisors	35	0.3%
Legal occupations	26	0.3%
Total Employed Residents	10,104	100%

Sources: U.S. Census American Communities Survey 5-Year Estimates (2017-2021) Table S2401

In addition to employed residents who work in Mountain House or elsewhere, there are also employers located in Mountain House that currently provide about 900 jobs in the community.

Table 16 shows a breakdown of the 900 jobs by industry, with the top five industries highlighted. Most of the jobs are in the educational services industry. Other significant industries include health care and social assistance; administration and support (including waste management and remediation); professional, scientific, and technical services; and construction.

Table 16. Top 5 Industries of Jobs in Mountain House (2020)

Industry	Jobs	% of Total
Educational Services	565	61%
Health Care and Social Assistance	97	11%
Administration & Support, Waste Management and Remediation	53	6%
Professional, Scientific, and Technical Services	51	6%
Construction	45	5%
Transportation and Warehousing	33	4%
Retail Trade	31	3%
Arts, Entertainment, and Recreation	16	2%
Real Estate and Rental and Leasing	10	1%
Accommodation and Food Services	8	1%
Other Services (excluding Public Administration)	6	1%
Wholesale Trade	3	0%
Finance and Insurance	2	0%
Information	1	0%
Agriculture, Forestry, Fishing and Hunting	0	0%
Mining, Quarrying, and Oil and Gas Extraction	0	0%
Utilities	0	0%
Manufacturing	0	0%
Management of Companies and Enterprises	0	0%
Public Administration	0	0%
Total Jobs	921	100%

Sources: U.S. Census Bureau, OnTheMap Application and LEHD Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2020)

Commute Patterns

As was noted in the 2019 Jobs-Housing Review, the Mountain House has not achieved a balance between on-site jobs at workplaces and the number of employed residents. As in other communities, where jobs are available, they are often filled by workers from other communities. This commonly occurs because of the regional nature of job markets as well as frequent mismatches between the skills of employed residents and the skills required by the jobs provided. As shown below in **Table 17**, despite the relative abundance of employed residents, only 28 percent of on-site jobs in the Mountain House community are occupied by employed residents with the large majority commuting in from other communities including nearby cities such as Tracy, Stockton, and Livermore. For these reasons, even when communities do achieve a jobs-housing balance, levels of in- and out-commuting can remain high.

Table 17. Home Destination of Workers with Jobs in Mountain House

Home Destination	Workers	% of Total
Mountain House CDP, CA	237	28%
Tracy city, CA	146	17%
Stockton city, CA	42	5%
Livermore city, CA	38	5%
Brentwood city, CA	29	3%
Manteca city, CA	29	3%
Modesto city, CA	25	3%
Lathrop city, CA	17	2%
Oakley city, CA	15	2%
Pleasanton city, CA	14	2%
All Other Locations	<u>243</u>	<u>29%</u>
Total Workers	835	100%

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2020,

5. Kosmont Analysis and Recommendations

Following the 2019 Review, the Mountain House Community Services District (MHCS D) asked Kosmont to conduct a commercial land use analysis to determine the market potential for Mountain House to attract new nonresidential development and to inform the Incorporation Feasibility Study. Based on this analysis and other broader trends, the MHCS D then asked Kosmont to propose a new JHR. These studies were recorded in Kosmont’s 2020 *Mountain House Commercial Land Use Analysis* and the subsequent 2022 *Land Use Revolution: Impact on Development & Jobs/Housing Balance* study. EPS carefully reviewed both documents to understand Kosmont’s research, analysis, and conclusions.

Key assumptions and observations from these studies are provided in this Chapter.

2020 Commercial Land Use Analysis

The 2020 Commercial Land Use Analysis examined how recent demographic, economic, and market conditions would affect the Community’s potential capture of new commercial development/industrial development (i.e., retail, industrial, office, and hotel uses). Kosmont provided three forecasts for Mountain House commercial development capture from 2020 through buildout, including Low-, Medium-, to High- development estimates, as shown in **Table 18**.

Table 18. Kosmont 2020 Commercial Development Scenarios (2020–Buildout)

Land Use	Low	Medium	High
Retail (Sq.Ft.)	224,858	307,858	357,858
Office (Sq.Ft.)	353,000	478,000	553,000
Industrial (Sq.Ft.)	2,913,087	3,729,397	4,529,397
Hotel (Sq.Ft.) [1]	44,000	88,000	104,000
<i>Rooms</i>	110	220	260
Total Commercial Sq.Ft.	3,534,945	4,603,255	5,544,255

[1] Assumes 400 square feet per room.

Sources: *Mountain House Commercial Land Use Analysis, June 2020*

As shown, potential future development capture was forecast to include:

- Between about 225,000 and 360,000 building square feet for retail development.
- Between 350,000 and 550,000 for office development.
- Between 2.9 million and 4.5 million for industrial development.
- Between 110 and 260 hotel rooms or between 44,000 and 104,000 square feet assuming an average of 400 gross building square feet per hotel room.

Overall, this indicates between 3.5 million and 5.5 million square feet of commercial/industrial development with over 80 percent of the new building development associated with industrial development under all three scenarios.

Recognizing that only a modest amount of commercial/industrial development had occurred by 2020 at Mountain House, these building forecasts are substantially lower than those envisioned in the Original Master Plan.

2022 Commercial Land Use Analysis and JHR Definition Changes

In 2022, Kosmont conducted a follow-up study to further evaluate the impact of market trends, including the increasing rise of remote work and e-commerce, on the potential capture of commercial/industrial development and jobs as well as on the Mountain House's viable jobs/housing ratio goal.

The 2022 analysis, similar to other economic and real estate literature, highlighted a number of important trends that are likely to affect the future demand for office and retail development in particular. As noted by Kosmont, these trends are likely to further constrain the level of commercial/industrial development attracted. At the same time, Kosmont indicates that these trends and, in particular, the expansion of work-from-home should change the way in which the jobs-housing ratio is calculated. It would not only include jobs occurring at commercial/industrial sites/buildings, but also to include persons working from home.

The key trends and Mountain House conclusions noted in the 2022 report include:

- The Pandemic has substantially increased the proportion and propensity for work-at-home reducing the need for office space.
- The shift to work-from-home has reduced the demand for office space and made attraction of new campus/office development more difficult, especially to secondary/ tertiary markets like Mountain House.
- The acceleration of an ongoing shift towards e-commerce has reduced the demand for and need for commercial retail development.
- The e-commerce boom has created demand for industrial logistics/warehouse development, though there is strong competition for this and other nonresidential development provided by the City of Tracy and its inventory of available land.

Jobs at Commercial/Industrial Sites

In its 2020 study, Kosmont made some adjustments to its commercial development forecasts and provided a revised estimate of total jobs at commercial/industrial sites in Mountain House at buildout (Base Scenario). As shown in **Table 19**, assuming 400 square feet per hotel room, Kosmont forecasts an additional 3.3 million square feet of commercial/industrial development over-and-above existing Mountain House development.

Table 19. Kosmont 2022 Base Scenario (2022-Buildout)

Land Use	Base Scenario
Retail (Sq.Ft.)	230,000
Office (Sq.Ft.)	225,000
Industrial (Sq.Ft.)	2,750,000
Hotel (Sq.Ft.) [1]	88,000
Rooms	220
Total Commercial Sq.Ft.	3,293,000

[1] Assumes 400 square feet per room.

Sources: *Mountain House Land Use Revolution: Impact on Development & Jobs / Housing Balance, February 2022.*

At buildout, Kosmont estimates in their Base Scenario that Mountain House will capture **3,000 total jobs** at industrial and commercial job sites (both existing and forecast new development) as compared to the 18,400 jobs projected in the Amended Master Plan. While there are opportunities for new retail, commercial, and industrial development in select Mountain House locations, Kosmont notes that the current trends in remote work and e-commerce have decreased market demand. In order to provide an alternative higher jobs estimate for comparison purposes, EPS converted Kosmont’s 2020 high development estimate into a job count of **5,000 jobs** using the job density assumptions noted by Kosmont.

Jobs at School/Open Space/Public Jobs

Mountain House has already seen substantial employment at school/educational sites. Kosmont estimates a buildout capture of 1,690 on-site jobs for schools, open space, and public areas as compared to the 1,900 jobs projected by the Amended Master Plan. Though there is a slight discrepancy in the projected job figures at buildout, Kosmont has indicated that its expectations generally align with those of the Amended Master Plan.

Work-From-Home Jobs

The pandemic led to a notable surge in remote work along with longer term changes in commute and work locations patterns for many professions. In 2021, the MHCS D conducted a study of work-from-home and retail habits that received over 1,300 responses from community residents.

The survey found that:

- 18.0 percent of Mountain House workers surveyed planned to work from home full-time into the future;
- 48 percent expected to continue a hybrid work-from-home arrangement after the pandemic

Given these results and assuming consistent work-from-home trends, Kosmont calculated a weighted average indicating that 44 percent of Mountain House employed residents time will be spent working from home. The implication is (as an illustration) that for every 1,000 employed residents, a full-time-equivalent of 440 jobs should be considered as work-from-home jobs and that residential development is a job-generating land use.

Kosmont recommends adding the work-from-home job estimates as a new additional component to the traditional jobs/housing ratio calculation that historically has only considered jobs at work sites. Based on the estimated 1.44 workers per household and 16,100 households at buildout (for a total of 23,200 working residents), there are expected to be 10,200 full-time equivalent work from home jobs (44 percent).

Averted Retail Jobs

Kosmont also proposes that the shift or “aversion” of jobs from traditional brick-and mortar retailers to online shopping at home should also be incorporated within the jobs/housing ratio. In essence, the trend of shopping from home has diminished the need for retail space and associated jobs at traditional retail locations. With the surge in online shopping, Kosmont suggests that each home can be seen as a retail store (i.e., a job-generating land use). Kosmont assumes that 25 percent of retail transactions would originate from home. Using an average retail sales per square foot assumption of \$300, that translates to approximately 29 square feet of retail space per home. Assuming about one job per 300 square feet of retail space, Kosmont estimates these new retail spending patterns will decrease the demand for traditional brick-and-mortar retail jobs in Mountain House by 0.1 jobs per household and could be seen as relocating those jobs to homes. Based on this ratio, at a buildout of 16,100 households, there is a total of 1,600 “averted” retail jobs that Kosmont proposes should be accounted for in the jobs/housing ratio calculation.

Jobs-Housing Ratio Proposal

As shown in **Table 20**, Kosmont proposes a revised jobs/housing formula that incorporates two new categories to the original methodology: telecommuter (work-from-home) jobs and averted retail jobs. This expands the formula to encompass four job components:

- On-Site Education/ Public Facilities/ Open Space
- On-Site Commercial Jobs
- Telecommuter Jobs
- Averted Retail Jobs

Table 20. Kosmont Jobs-Housing Ratio Proposed Components⁵

Item	Amended Master Plan	Kosmont Base Scenario
<u>Job Categories</u>		
Education/ Public Facilities/ Open Space	1,902	1,688
Commercial Site Jobs (Industrial/ Retail)	18,398	3,000
Telecommuter Jobs	n/a	10,200
Averted Retail Jobs	<u>n/a</u>	<u>1,600</u>
Total Jobs	20,300	16,488
<u>Jobs/ Housing Ratio [1]</u>		
Schools, Open Space, Public Site Jobs	0.09	0.08
Commercial Site Jobs (Industrial/ Retail)	0.83	0.14
Telecommuter Jobs	n/a	0.46
Averted Retail Jobs	<u>n/a</u>	<u>0.07</u>
Total Jobs	0.92	0.75

[1] Applies Master Plan Jobs/Housing Formula, including assumptions of 1.44 employed residents per HH, 16,105 units at buildout, and 5% vacancy rate.

Sources: *Mountain House Master Plan, September 1994; Mountain House Land Use Revolution: Impact on Development & Jobs / Housing Balance, February 2022.*

⁵ Ratios are rounded to the nearest hundredth and may result in a sum that differs from the actual total due to rounding discrepancies.

As shown, Kosmont's approach and job estimates are substantially different from the Amended Master Plan, with the exception of education/ public facilities/ open space jobs where the number of jobs and the associated JHR are expected to remain consistent. The major changes come from the other categories, including:

- **On-Site Jobs and Jobs-Housing Ratio.** Kosmont estimates an on-site commercial/ industrial job count of 3,000 jobs, less than 20 percent of the 18,400 jobs envisioned. Taken in combination with the education/ public jobs, the traditional jobs-housing ratio declines from the current 0.92 under the Amended Master Plan to 0.21.
- **Work from Home Jobs and Jobs-Housing Ratio.** Kosmont estimates that Mountain House employed residents spend a substantial amount of time working from home that could result in a current full-time equivalency of about 10,200 at home workers at buildout. If included in a new, more expansive definition of jobs counted under the Jobs-Housing Ratio, these jobs would alone represent a JHR of 0.46.
- **Averted Retail Jobs and additional JHR component.** Kosmont also calls for the inclusion of an additional new category in the JHR calculation, specifically averted retail jobs. Kosmont notes that ongoing increases in online shopping by residents has shifted spending away from retail stores and that this level of spending could be envisioned in terms of reduced demand for retail space and retail jobs. Based on typical household retail expenditures patterns and assumptions concerning the shift to online shopping, Kosmont estimates that the households in the 16,105 units at buildout, will avert about 1,600 retail jobs, which if included in the JHR calculation would represent a 0.07 JHR component.

Overall, Kosmont forecasts a buildout on-site (commercial/industrial, schools, open space, and public) job capture of 4,688 jobs relative to the 20,300 jobs expected under the Amended Master Plan, a reduction of over 75 percent in on-site jobs, and an implied reduction in traditional JHR from 0.92 to 0.21. However, with the inclusion of the estimated 10,200 work-from-home full time equivalent jobs and 1,600 in averted jobs, the achievable JHR increases from 0.21 to 0.75.

6. Commercial and Industrial Land Demand Assessment

Figure 2 shows the land use map under the Amended Master Plan, while **Figure 3**, **Figure 4**, and **Figure 5** show the refined land use designations under the three Specific Plans. These figures provided at the end of this Chapter offer a helpful overview of the distribution of land uses throughout the Amended Master Plan and the different locations and clusters of land designated for commercial, office, industrial, and mixed-use acres.

- EPS developed independent estimates of market demand for commercial/industrial land uses based on the following:
- Review of the Original and Amended Master Plans and the types and locations of nonresidential development envisioned.
- Review of County data on prior, recent, and proposed commercial/industrial development in Mountain House.
- Interviews real estate brokers, developers, and others involved with and/or familiar with the existing and proposed commercial/industrial development in Mountain House to date to understand the potential and challenges of attracting commercial/industrial development to Mountain House.
- Current and expected future trends in demand for office, retail, and industrial space both generally and in western San Joaquin County

The findings of this EPS assessment are summarized by land use in this Chapter.

Land Use Analysis

Commercial (Non-Office) Uses

The Master Plan currently designates about 177 acres as non-office commercial uses, apportioned into a range of land use designations, including neighborhood commercial, several general and community commercial areas, and freeway commercial. This acreage was expected to capture about 4,200 jobs under the Amended Master Plan. The Amended Master Plan also designates 70 acres for mixed-use areas and assumed that these areas would accommodate 3,100 jobs at buildout.

As shown in **Table 21**, about 13 acres of commercial land has been developed to date to serve the existing 5,900 households with approximately an additional 19 acres of proposed commercial development. Of the existing development, the 9.8-acre community commercial node is the largest with auto-oriented commercial developments representing the majority of the proposed commercial development. No commercial development has occurred in the mixed-use areas to date.

Table 22 shows the building square footage associated with these existing and proposed development. As shown if the proposed development are all completed, the existing 119,300 square feet of development will increase by about 138,000 square feet to a total of 257,400 square feet of retail development. Of that total, about one-third would be in neighborhood centers, one-third at a community commercial center, and one-third a new auto-oriented developments.

Table 21. Land Acres of Existing and Proposed Non-Office Commercial Projects

Land Use	Acreage		
	Existing	Proposed [1]	Total
Commercial			
Neighborhood Commercial	3.4	5.0	8.4
Retail	2.0	1.9	3.9
Daycare	1.4	3.1	4.5
General/ Community Commercial	9.8	0.0	9.8
Freeway Service	0.0	0.0	0.0
Auto Oriented	0.0	13.7	13.7
Mixed-Use Commercial	0.0	0.0	0.0
Total	13.2	18.7	31.9

[1] Includes pre-applications, application submittals, approved site-plans, and developments under construction.

Source: Mountain House Planning, Community Development Department.

Table 22. Building Size of Existing and Proposed Non-Office Commercial Projects

Land Use	Square Feet		
	Existing	Proposed [1]	Total
Commercial			
Neighborhood Commercial	35,797	46,324	82,121
Retail	23,237	19,412	42,649
Daycare	12,560	26,912	39,472
General/ Community Commercial	83,550	0	83,550
Freeway Service	0	0	0
Auto Oriented	0	91,733	91,733
Mixed-Use Commercial	0	0	0
Total	119,347	138,057	257,404

[1] Includes pre-applications, application submittals, approved site-plans, and developments under construction.

Source: Mountain House Planning, Community Development Department.

Neighborhood Commercial

The Mountain House Master Plan is divided into 12 neighborhoods, each featuring a small, designated Neighborhood Commercial use area. Of the 13 acres zoned for this purpose, 3 acres have been developed, and there are proposals to develop an additional 5 acres, indicating strong demand. Currently, there are 23,200 square feet of existing retail space and 12,600 square feet of childcare facilities with proposals for an additional 19,400 square feet of retail space and 27,000 square feet of childcare facilities. The existing and proposed development of these neighborhood spaces indicates their value and usefulness with interest expected to continue and grow as more residential neighborhoods are built out.

General and Community Commercial Uses

General and Community Commercial nodes are distributed throughout the Mountain House community with an original vision of having three community commercial centers. Despite the development of nearly 6,200 housing units, the development of general and community commercial areas has been limited to about 10 acres, out of the 139 Amended Master Plan designated acres. This development is associated with the Town Center Project completed in 2022. The project features Safeway as the anchor tenant, though real estate experts noted some challenges in attracting the grocery store. In a period of general contraction of retail, a robust supply of retail in Tracy and in other communities, the original scale of general and community commercial development is generally agreed to be too ambitious. While it will be prudent to retain some opportunities for additional retail development, including expansions to the Town Center development, the original expectations for general and community commercial uses are unlikely to be supported.

Auto-Oriented Uses

The Community has also seen market demand for auto-oriented commercial uses. None of these developments have been proposed on designated commercial land. For instance, Mustang Square, currently under construction, is situated on Light Industrial zoning, while another recent proposal aims to be developed on Commercial Office land. These developments indicate a demand for and interest in quick service food and services.

Freeway Service Commercial

The lands designated as Freeway Service in the Master Plan have remained undeveloped to date with the area lacking supporting infrastructure. With land in southeast Mountain House currently being considered for a Valley Link Rail station, it is highly likely that some of this land will be converted to a Transit Oriented Development (TOD) designation. It is also expected that some level of freeway commercial designation will remain in the area. The interest in auto-oriented uses and the freeway proximity/ frontage likely mean that some level of commercial development could be attracted to such sites if they were to remain and once the area is serviced by infrastructure.

Mixed-Use Commercial

The Master Plan includes three mixed-nodes, including 35.7 acres in the Town Center, 18.4 acres in the Old River area, and 16 acres near the I-205 freeway. To date, no development has occurred in these areas. From a planning and flexibility perspective, these lands provide opportunities for residential, office, and commercial uses, and/or mixes thereof. Developers will

ultimately determine their preferred uses for these sites, which given the relative market strengths and numerous other locations for retail uses could result in a preponderance of residential uses. The level of commercial development attracted to these sites is highly uncertain.

Office Uses

The Amended Master Plan designates 51 acres for office use, primarily along Mountain House Parkway and a small portion near West Grant Line Road. At buildout, this area was estimated to be able to attract about 2,200 jobs.

Only 2 acres have seen office development to date, featuring a 28,300 square foot project completed in 1998 near Town Center. Since then, there has been one proposal to integrate an 18,100 square foot medical office component into a larger development. However, the proposal has stalled and the land it is proposed on is zoned for Public Facilities. Local real estate professionals have also observed the limited office demand in Mountain House, citing that the existing workforce is not sufficiently large enough to attract companies. Additionally, work-from-home trends have further diminished office demand.

Table 23. Land Acres of Existing and Proposed Office Commercial Projects

Land Use	Master Plan (2022 Amended)	Existing	Proposed [1]
Office	51	1.95	1.64

[1] Includes pre-applications, application submittals, approved site-plans, and developments under construction.

Source: *Mountain House Planning, Community Development Department.*

Overall, the Amended Master Plan's land allocation to office development is substantially larger than is likely to occur given modern work habits and contractions in overall office demand. Locationally, it is expected that future office demand is most likely to locate in or the near the Town Center, close to other office development and retail amenities. It is also worth noting that office development could also be incorporated into non-office commercial land uses and potentially mixed-use areas.

Industrial Uses

The Amended Master Plan designates about 350 acres for industrial use, with about 105 acres to the north of Byron Road (88 acres of Limited Industrial and 107 acres of General Industrial) and 155 acres of Limited Industrial to the south of Byron Road. At buildout, this area was estimated to be able to attract about 8,800 jobs.

To date, about 28 acres south of Byron Road have been developed by Panattoni with a 513,100 square foot industrial warehouse project completed in 2020. However, leasing for this project has been challenging, and there have been no other development proposals for the other

industrial parcels along Mountain House Parkway south of Byron Road. General market conditions as well as site dimensions have been noted as limiting factors.

In contrast, there has been substantial market interest in the industrial lands north of Byron Road, although the infrastructure to support it has not yet been developed. Of the total 187 acres of industrial land, 142 acres have had proposals for various developments, including data centers, storage facilities, and other industrial warehousing uses. Despite the limited infrastructure and challenges with access, the northern area is a promising development location for large industrial developments as demonstrated by consistent developer interest. Access primarily relies on Mountain House Parkway, and it is understood that community residents may be opposed to logistics facilities with their substantial truck traffic.

Table 24. Land Acres of Existing and Proposed Industrial Projects

Land Use	Master Plan (2022 Amended)	Existing	Proposed [1]
North of Byron Road			
Limited Industrial	88	0	48
General Industrial	107	0	94
South of Byron Road			
Limited Industrial	155	28	0
General Industrial	0	0	0
Total	349	28	142

[1] Includes pre-applications, application submittals, approved site-plans, and developments under construction.

Source: Mountain House Planning, Community Development Department.

Overall, while the timing and precise nature of industrial development north of Byron Road area is uncertain, there are strong reasons to expect this land to be developed with industrial uses under its existing industrial land use designations. In contrast, the prospects for additional industrial development south of Byron Road are less promising given interest to date, site dimensions, and eventual proximity to residential and other land uses.

Buildout Land Scenarios

Based on Mountain House development trends, local real estate market insights, and broader economic trends, EPS developed two buildout scenarios for commercial and industrial land. *Scenario 1*, represents a baseline estimate of demand for commercial/industrial land in Mountain House through buildout. Recognizing the inherent uncertainties in forecasting future land development and the potential policy reasons to proceed incrementally, *Scenario 2* represents a more expansive scenario, providing additional commercial/industrial land in case unique opportunities arise and/or market demand is more robust than forecast under the baseline

scenario. As shown in **Table 25**, both of EPS’s scenarios fall well below the Master Plan allocations.

Table 25. Amended Master Plan and EPS Scenarios of Buildout Acreage

Land Use	Amended Master Plan	EPS Scenarios	
		Scenario 1	Scenario 2
Commercial			
Neighborhood Commercial	13	13	13
General/ Community Commercial	139	39	56
Freeway Service	<u>25</u>	<u>15</u>	<u>25</u>
Subtotal	177	66	94
Office [1]	<u>51</u>	<u>8</u>	<u>8</u>
Commercial/ Office Subtotal	228	74	102
Industrial			
N. of Byron			
Limited Industrial	88	88	88
General Industrial	107	107	107
S. of Byron			
Limited Industrial	<u>155</u>	<u>28</u>	<u>66</u>
Subtotal	349	222	261
Commercial/ Office/ Industrial Subtotal	577	296	362
Mixed-Use			
I-205	16	16	16
Town Center	36	36	36
Old River	<u>18</u>	<u>18</u>	<u>18</u>
Subtotal	70	70	70
Total Acres	647	366	433

[1] EPS estimates up to 30 acres of office demand in Scenario 2. For land use planning purposes, EPS recommends preserving 8 acres of office land, with the remaining 22 acres office demand to be accommodated in mixed-use areas. EPS uses the estimated office demand of 30 acres from Scenario 2 to determine the number of office-oriented jobs at buildout.

Sources: *Mountain House Master Plan, Amended October 2022; EPS*

Commercial (Non-Office) Uses

Market demand for general/community commercial uses are expected to be substantially less than under the Amended Master Plan. Taking account of the existing and proposed commercial development as well as expected future population growth, Scenario 1 indicates a buildout demand for 39 acres of general/community commercial land, while Scenario 2 provides more flexibility in terms of scale and locations of commercial development with a 56-acre buildout allocation. Demand for the small neighborhood commercial nodes looks to be consistent with

existing land use designations. Demand for freeway service commercial is expected, though there is uncertainty around land availability given the potential Valley Link Rail Station.

Office Uses

Given the modest existing office uses at Mountain House, it might be possible to accommodate office demand through buildout on 8 acres. At the same time, given uncertainty over demand, it would be prudent to retain additional opportunities for office development. Both Scenario 1 and Scenario 2 propose retaining a specific 8-acre office designated area. At the same time, the retention of the Mixed-Use Areas provides significant opportunities to accommodate additional office demand if it emerges..

Industrial Uses

Industrial demand exists for the substantial area of land designated as industrial north of Byron with all of it retained as industrial under Scenario 1. Scenario 1 envisions no new industrial development south of Byron above the existing 28 acres of industrial development. Scenario 2 reserves additional industrial acreage south of Byron in case new interest emerges for industrial development in this area.

Mixed-Use Areas

Unlike the other areas, the mixed-use areas are flexible in their use type. As such, they are not restrictive designations and could allow residential, commercial, and office uses. As such, no changes to land use designations are required based on commercial/industrial demand factors.

To summarize, the EPS scenarios suggest the following potential changes to the Amended Master Plan land use designations:

- Commercial (non-office) from 177 acres to between 66 and 94 acres.
- Office from 51 acres to 8 acres with potential additional office demand being accommodated by mixed-use areas.
- Industrial from 349 acres to between 222 and 261 acres.
- Mixed-use areas to remain consistent to the Amended Master Plan at 70 acres.
- Overall, the total commercial/industrial acres would decrease from 647 acres to between 366 and 433 acres, a reduction in commercial/industrial land use designations of between 214 and 281 acres.

Figure 2. Amended Master Plan

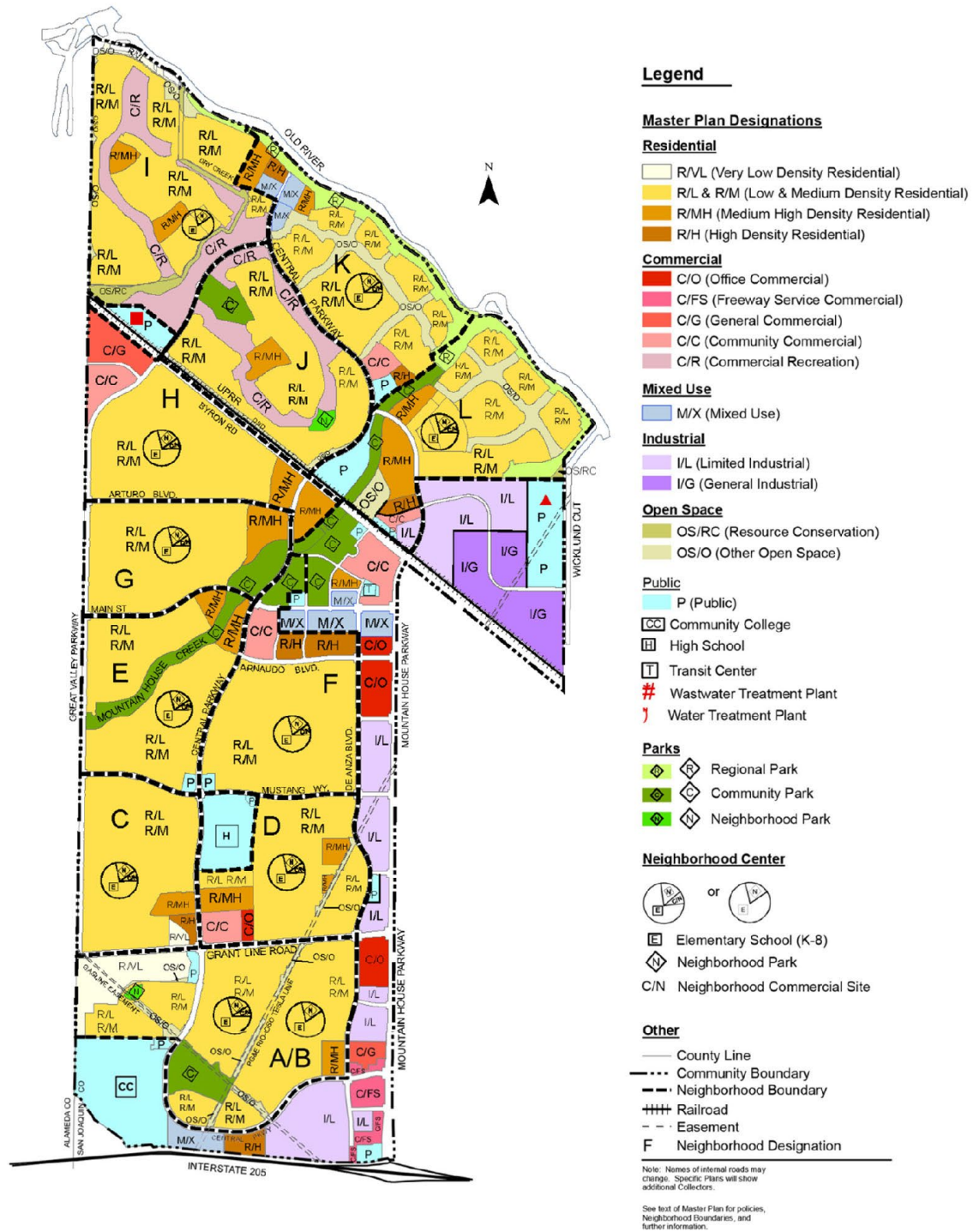


Figure 3. Specific Plan I

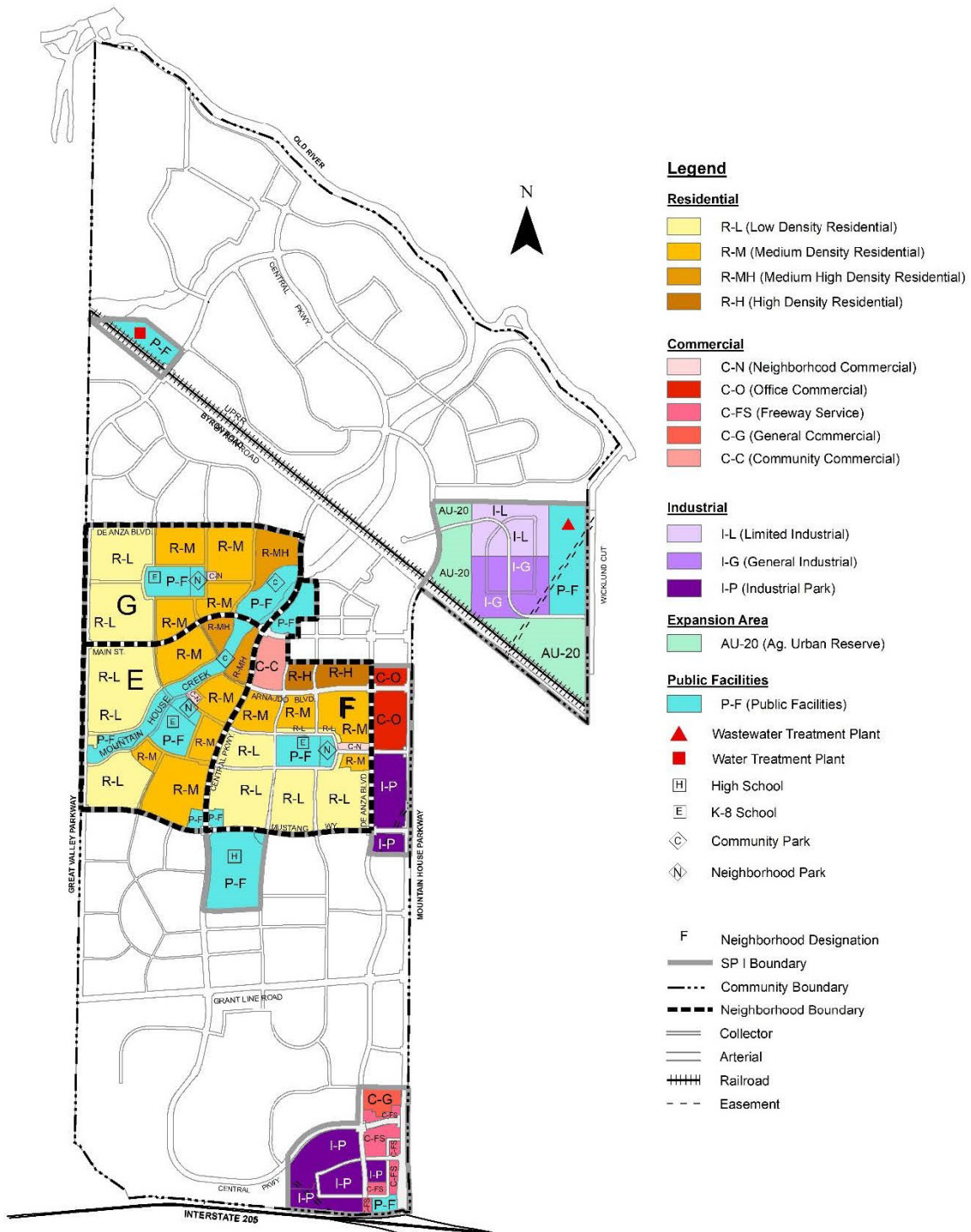


Figure 4. Specific Plan II

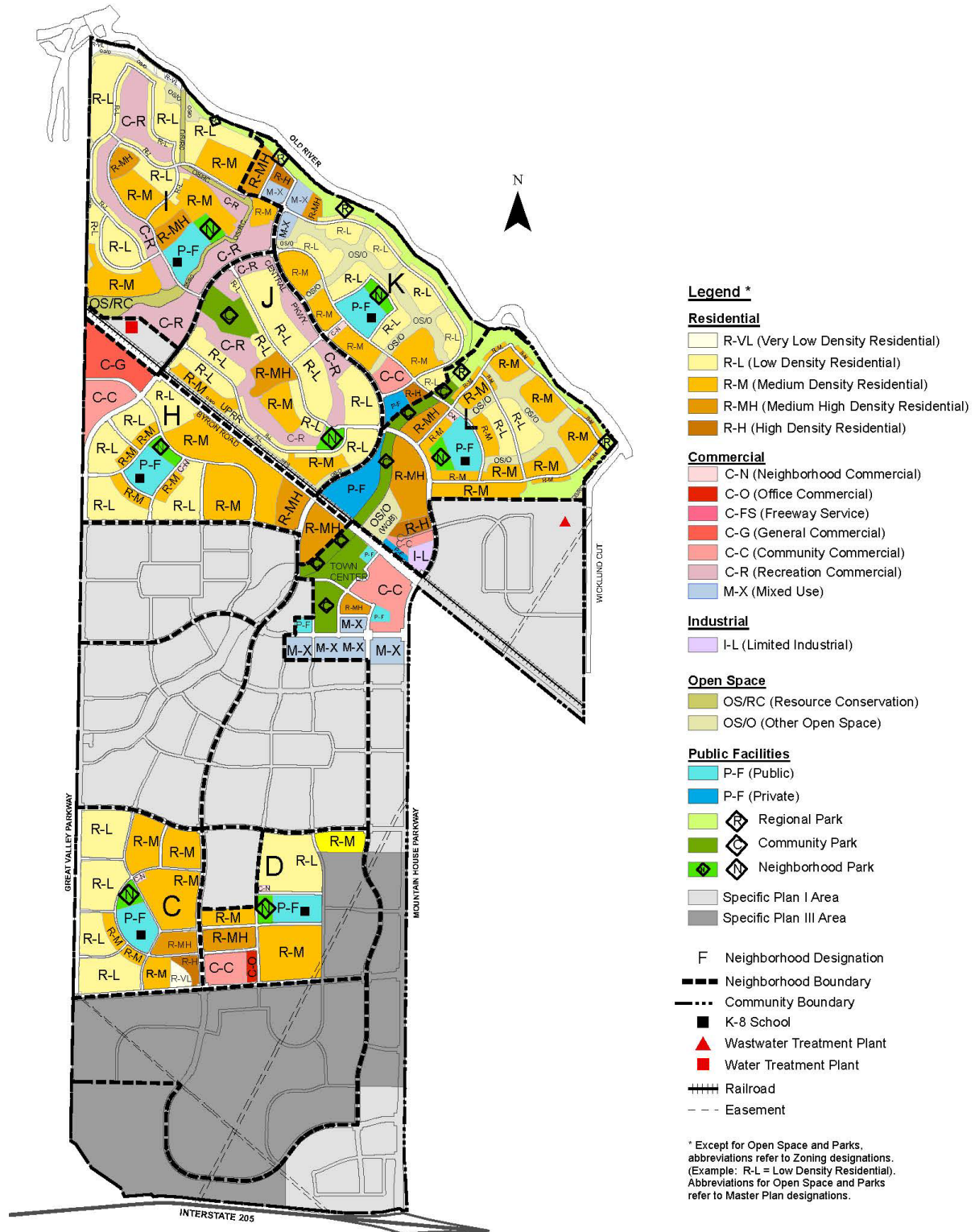
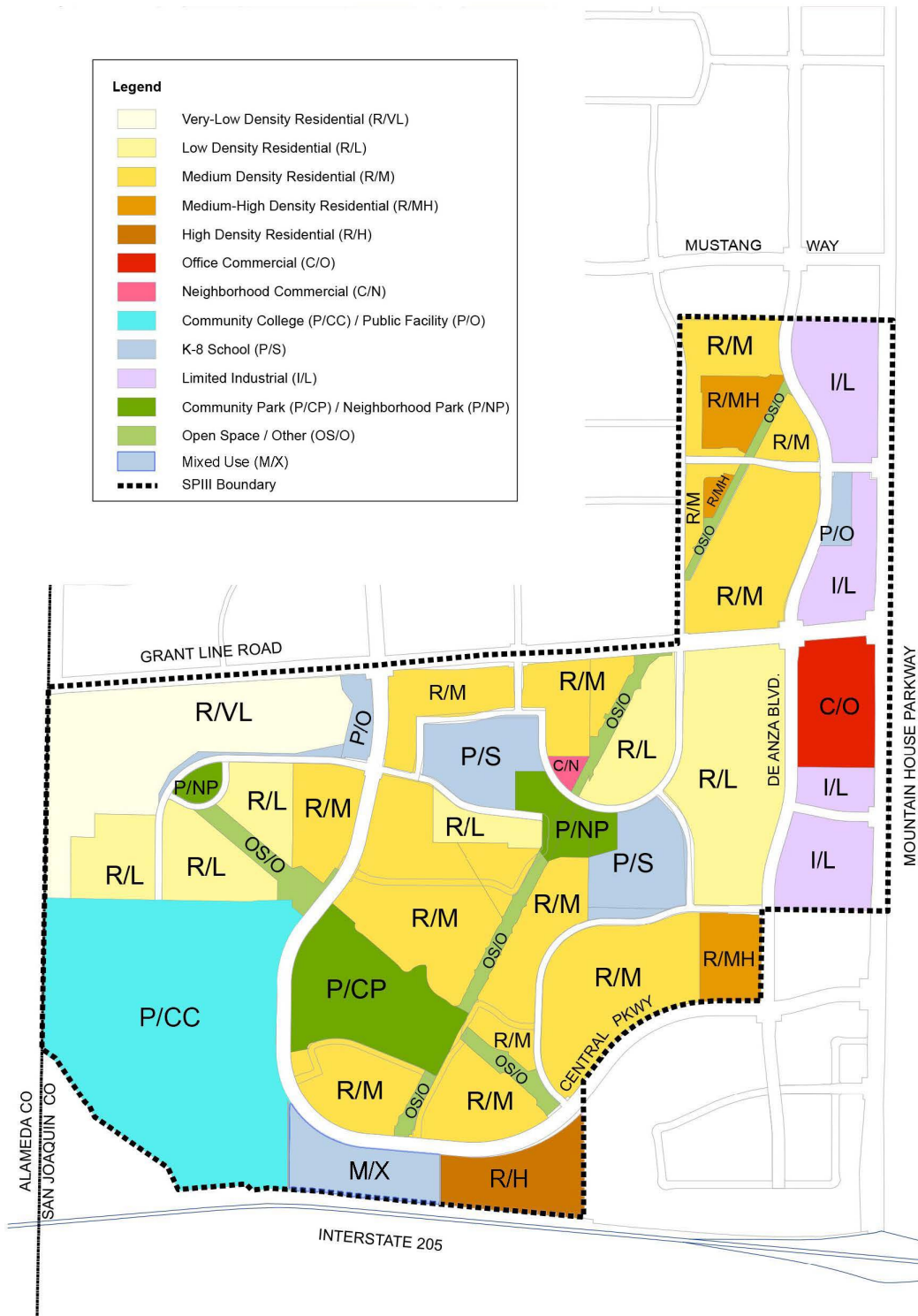


Figure 5. Specific Plan III



7. Commercial and Industrial Land Jobs Assessment

The EPS land demand scenarios described in the prior chapter were converted into estimated job counts associated with the development of commercial/industrial land at buildout. This process involved converting the total land acreage into developable land, into potential building square feet, and then estimating the estimated number of jobs that would be accommodated in the new development. As mixed-use areas accommodate both residential and nonresidential development, jobs directly associated with mixed-use are not separately assessed. It is assumed that jobs generated from commercial retail or office land use could occur within the mixed-use areas.⁶

As shown on **Table 26**, EPS converts gross acres to developable acres based on the assumption that about 5 percent of the designated land areas will be required for additional public infrastructure, leaving 95 percent available for development.⁷ These yields 281 acres of developable land for Scenario 1 and 366 acres of developable land for Scenario 2. EPS then applied an average floor area ratio of 0.25 to the developable acres to calculate building space by land use. This is on the conservatively low end of the potential floor-area-ratio spectrum, which is preferred so as not to overestimate the expected development and jobs.

As shown, buildout development capacity under Scenarios 1 and 2 range from **3.0 million to 4.0 million building square feet** and includes:

- Between 686,600 and 973,000 square feet of non-office commercial development.
- Between 80,000 and 313,400 square feet of office development that may take place in office or mixed-use designated land.
- Between 2.3 and 2.7 million square feet of industrial development.

As previously mentioned, commercial and office development could also be accommodated in the mixed-uses, though in aggregate a net increase in development square feet from the amounts shown above is not expected.

⁶ EPS uses the 30-acre office demand estimate from Scenario 2 to determine the number of office oriented jobs at buildout for job estimation purposes. Office land preservation estimates remain at 8 acres as the remaining 22 acres can be accommodated in mixed-use areas.

⁷ Assumption used in 2019 Mountain House Jobs-Housing Review, November 2018, Mintier Harnish and Hansford Consulting.

Table 26. EPS Scenarios of Buildout Development Square Feet

Land Use	Gross Acres		Developable Acres [1]		Building Sq.Ft. [2]	
	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2
Commercial						
Neighborhood Commercial	13	13	12	12	132,422	132,422
General/ Community Commercial	39	56	37	54	400,267	584,003
Freeway Service	<u>15</u>	<u>25</u>	<u>14</u>	<u>24</u>	<u>153,941</u>	<u>256,568</u>
Subtotal	66	94	63	89	686,631	972,994
Office Commercial [3]	<u>8</u>	<u>30</u>	<u>7</u>	<u>29</u>	<u>79,557</u>	<u>313,365</u>
Commercial/ Office Subtotal	74	124	70	118	766,188	1,286,359
Industrial						
N. of Byron						
Limited Industrial	88	88	83	83	906,266	906,266
General Industrial	107	107	101	101	1,102,830	1,102,830
S. of Byron						
Limited Industrial	<u>28</u>	<u>66</u>	<u>26</u>	<u>63</u>	<u>286,881</u>	<u>687,769</u>
Industrial Subtotal	222	261	211	248	2,295,977	2,696,865
Total [4]	296	385	281	366	3,062,165	3,983,224

[1] Reflects 2019 Jobs Housing Review assumption that commercial and industrial building square footage is multiplied by multiplying 95 percent of gross acreage to determine net developable acres.

[2] EPS assumes an FAR of 0.25.

[3] EPS estimates up to 30 acres of office demand in Scenario 2. For land use planning purposes, EPS recommends preserving 8 acres of office land, with the remaining 22 acres office demand to be accommodated in mixed-use areas. EPS uses the estimated office demand of 30 acres from Scenario 2 to determine the number of office-oriented jobs at buildout.

[4] Mixed-use areas are excluded as they can accommodate both residential and non-residential land uses. Development from commercial retail or office uses may occur in mixed-use areas.

Sources: EPS

Buildout Job Scenarios

As shown in **Table 27**, EPS then applied job density assumptions (expected building square feet per job) to estimate the potential on-site commercial, office, and industrial jobs buildout. Job densities were based on a review of commonly used job density assumptions for the types of development expected to be attracted to Mountain House. From this analysis, EPS estimates a total of 3,200 jobs at the buildout of Scenario 1, and 4,700 jobs at the buildout of Scenario 2.

As shown, jobs at buildout of the commercial/development lands identified under Scenarios 1 and 2 range from **3,200 to 4,700 jobs**, including:

- Between 1,400 and 2,000 jobs at commercial developments sites.
- Between 200 and 900 jobs at office development sites which can take place in both office and mixed-use areas.

- Between 1,500 and 1,800 jobs at industrial development sites.

Table 27. EPS Scenarios of Buildout Jobs

Land Use	Building Sq.Ft.		Job Assumptions [1]	Jobs at Buildout	
	Scenario 1	Scenario 2		Scenario 1	Scenario 2
Commercial					
Neighborhood Commercial	132,422	132,422	450 Sq.Ft per Job	294	294
General/ Community Commercial	400,267	584,003	450 Sq.Ft per Job	889	1,298
Freeway Service	<u>153,941</u>	<u>256,568</u>	600 Sq.Ft per Job	<u>257</u>	<u>428</u>
Subtotal	686,631	972,994		1,440	2,020
Office Commercial [2]	<u>79,557</u>	<u>313,365</u>	350 Sq.Ft per Job	227	895
Commercial/ Office Subtotal	766,188	1,286,359			
Industrial					
N. of Byron					
Limited Industrial	906,266	906,266	1,500 Sq.Ft per Job	604	604
General Industrial	1,102,830	1,102,830	1,500 Sq.Ft per Job	735	735
S. of Byron					
Limited Industrial	<u>286,881</u>	<u>687,769</u>	1,500 Sq.Ft per Job	<u>191</u>	<u>459</u>
Industrial Subtotal	2,295,977	2,696,865		1,531	1,798
Total [3]	3,062,165	3,983,224		3,198	4,713

[1] EPS assumptions

multiplying 95 percent of gross acreage to determine net developable acres.

[2] EPS estimates up to 30 acres of office demand in Scenario 2. For land use planning purposes, EPS recommends preserving 8 acres of office land, with the remaining 22 acres office demand to be accommodated in mixed-use areas. EPS uses the estimated office demand of 30 acres from Scenario 2 to determine the number of office-oriented jobs at buildout.

[3] Mixed-use areas are excluded as they can accommodate both residential and non-residential land uses. Development from commercial retail or office uses may occur in mixed-use areas.

Sources: EPS

8. Work from Home Assessment

Surveys of work-from-home practices conducted for specific communities provide direct data on community specific practices. Kosmont used one of these recent surveys to estimate work-from-home jobs at buildout in Mountain House.

To establish a reference point, EPS conducted a review of research on national work-from-home trends recently published by the Stanford Institute for Economic Policy. According to the study, 12 percent of workers in the nation work from home full time, 30 percent follow a hybrid model, and nearly 60 percent never work from home. These national averages contrast with the Mountain House Community survey responses from 2021, which indicated that nearly 19 percent of individuals work from home full time, 48 percent engage in a hybrid work arrangement, and only 33 percent never work from home. These results are shown in **Table 28**.

Table 28. Work from Home Research

Work From Home Schedule	MHCSD Survey (2021) [1]	Stanford WFH Research (2023)
Full-Time	18.6%	12.2%
Hybrid	48.0%	29.3%
Never	33.4%	58.5%
Total	100.0%	100.0%
Weighted Average (% of Week WFH) [2]	42.9%	27.0%

[1] 2021 survey results reflect 'Plans for Post-Covid.'

[2] EPS analysis assumes 5 working days a week (full-time is equivalent to WFH 5 days/ week, hybrid work assumes an average of 2.5 WFH days/ week, and never WFH equates to 0 days of WFH/ week.

Sources: MHCSD Retail Survey Results, March 10, 2021; Stanford Institute for Economic Policy Research: *The Evolution of Working From Home*, Published July 2023.

Accounting for a five-day work week, the Mountain House Community exhibits a work-from-home rate averaging 43 percent, which closely aligns with the 44 percent average calculated by Kosmont. In contrast, the national average stands at 27.0 percent.

The number of persons working from home is closely tied to community characteristics and the Stanford study notes that there is a strong positive correlation between work from home and educational attainment. Those with higher educational attainment are likely to hold occupations that are heavily computer based, and easily performed remotely. In that vein, the Mountain House Community residents have a high level of educational attainment rate with 46 percent of its residents over the age of 25 holding a Bachelors degree or higher. This contrasts to the County average of 20 percent and the national average of 35 percent. Additionally, the study shows that work from home is most prevalent in the information industry, which includes tech,

finance and insurance industries, and professional and business services industries. Many Mountain House employed residents are employed in these industries.

While work-from-home jobs have not previously been included in WFH ratios, the increasing proportion of workers spending time working from home suggests that it would be appropriate and perhaps important to include in future JHR calculations. Its inclusion may partly tie to the specific purpose of the JHR measure and its role, if any, in policy decisions. To the extent, the JHR is intended to provide an estimate of the number of workers who are present in a community during the day and/or an indication of commute patterns associated with jobs and housing, its inclusion seems appropriate. In some cases, where the JHR is more specifically focused on nonresidential development, whether for fiscal impact, economic development, or other reasons, it may still be appropriate to exclude it.

In the case of Mountain House, it is our understanding that the JHR is intended to be an encompassing view of all jobs at Mountain House, making Kosmont's proposed to include it reasonable.

9. Comparisons and Conclusions

On-Site Jobs and JHR

Commercial/ Industrial Jobs

The amended Master Plan envisioned about 18,400 on-site jobs on commercial/ industrial designated land to help support a JHR of over 0.9. Three sources of alternative job forecasts are described below and shown in **Table 29**:

- **Kosmont.** The 2022 Kosmont study provides a Base Scenario estimate totaling 3,000 on-site commercial/ industrial jobs at the buildout of Mountain House. This scenario would require about 3.3 million square feet of office, retail, hotel, and industrial workspace. The Kosmont 2020 study provided a high scenario (High Scenario) of 5.5 million square feet which would be expected to accommodate about 5,100 jobs. However, it is the 3,000-job estimate Kosmont recommends for use in its updated JHR approach. Note that the distribution of Kosmont jobs estimates by land use category should be considered illustrative as they were derived by EPS using job density factors provided in the Kosmont studies.
- **EPS.** EPS Scenario 1 (Baseline Scenario) estimates a total of 3,200 on-site commercial/ industrial jobs could be captured at Mountain House, a similar estimate to Kosmont's. EPS also developed a more optimistic and flexible Reserve Scenario (Scenario 2) that estimates a total of 4,700 on-site commercial/ industrial jobs.
- **University of Pacific (UOP).** UOP provides forecasts of jobs for all San Joaquin County jurisdictions as well as the unincorporated Mountain House community. UOP forecasts about 2,000 jobs at Mountain House (excluding school and public jobs) in 2050.

Based on these forecasts, EPS concurs with the Kosmont analysis that the Master Plan forecasts are not realistic. For policy scenario development purposes, EPS focuses on the Kosmont scenarios as well as EPS Scenario 1 and Scenario 2, recognizing the similarities between the Kosmont Base Scenario and EPS's Baseline Scenario 1.

Table 29. Comparison of Commercial and Industrial Jobs at Buildout

Land Use	Amended MP October 2022	Kosmont		UOP	EPS Scenarios	
		Base	High		Scenario 1	Scenario 2
<u>Commercial</u>						
Commercial [1]	4,243	1,115	1,485	419	1,440	2,020
Office	2,235	831	1,924	648	227	895
Mixed-Use [2]	<u>3,143</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Subtotal	9,622	1,946	3,409	1,067	1,668	2,915
Industrial	<u>8,777</u>	<u>1,054</u>	<u>1,647</u>	<u>955</u>	<u>1,531</u>	<u>1,798</u>
Total Jobs [3]	18,398	3,000	5,056	2,022	3,198	4,713

[1] Includes hotel employment.

[2] Mixed-use included in commercial land use for Kosmont, UOP, and EPS scenarios.

[3] Includes 921 existing jobs.

Sources: Mountain House Commercial Land Use Analysis, June 2020; Mountain House Land Use Revolution: Impact on Development & Jobs / Housing Balance, February 2022; San Joaquin County Demographic and Employment Forecast, University of Pacific, September 2020; Mountain House Master Plan, Amended October 2022; EPS

On-Site Education/ Public Facilities/ Open Space Jobs

The Master Plan assumes a total of 1,800 jobs associated with Education, Public Facilities, Open Space, and a total of about 1,900 jobs when including Commercial Recreational uses⁸. Currently, the Community has nearly 6,000 households and about 600 jobs associated with education and public service jobs.⁹ Assuming education and public-serving jobs continue to grow as the number of residents grow, EPS concludes that the Master Plan's job projection is appropriate. This conclusion is in line with the findings of the Kosmont analysis though the job counts used are modestly different.

Jobs-Housing Ratio Implications

Under the Mountain House JHR formula and traditional components (i.e., inclusion of only on-site jobs), the jobs-housing ratios of alternative forecasts are substantially lower than that of the Amended Master Plan as shown in **Table 30**. The Amended Master Plan envisions 20,300 on-site

⁸ In the 1994 Original Master Plan, 'Commercial Recreation' uses were initially categorized under 'Open Space,' and was later relocated to the 'Commercial' category. For the purposes of this analysis, the 179 acres designated for 'Commercial Recreation' in the Amended Master Plan have been reassigned to the 'Open Space' category.

⁹ U.S. Census American Communities Survey 5-Year Estimates (2017-2021).

jobs to support a 0.92 JHR at buildout. Under the Kosmont analysis, the estimated 4,700 on-site jobs under the Base Scenario supports an updated traditional JHR of 0.21, while the EPS Scenario 1 estimate of 5,100 jobs indicates a similar JHR ratio of 0.23. The more optimistic EPS Scenario 2 indicates a JHR ratio of 0.30 with about 6,600 jobs which is similar to Kosmont’s High Scenario when building square feet were converted into a jobs estimate.

Table 30. Comparison of On-Site JHR for Commercial and Industrial Jobs at Buildout

Item	Amended Master Plan	Kosmont		EPS Scenarios	
		Base	High	Scenario 1	Scenario 2
<u>On-Site Jobs</u>					
Commercial/ Industrial Jobs	18,398	3,000	5,056	3,198	4,713
Education/ Public Facilities/ Open Space	<u>1,902</u>	<u>1,688</u>	<u>1,688</u>	<u>1,902</u>	<u>1,902</u>
Total On-Site Jobs	20,300	4,688	6,744	5,100	6,615
Jobs-Housing Ratio (On-Site Component) [1]	0.92	0.21	0.31	0.23	0.30

[1] Applies Master Plan Jobs/Housing Formula, including assumptions of 1.44 employed residents per HH, 16,105 units at buildout and 5% vacancy rate.

Sources: Mountain House Commercial Land Use Analysis, June 2020; Mountain House Land Use Revolution: Impact on Development & Jobs / Housing Balance, February 2022; Mountain House Master Plan, Amended October 2022; EPS.

Updated and Expanded Jobs-Housing Ratio

Based on discussions with County staff about the goals of the Master Plan, EPS agrees with the Kosmont proposal to incorporate work-from-home job equivalents as a new component of the Master Plan. EPS also agrees that the use of the direct surveys by MHCSO is a good source of information to determine the typical new at-home jobs per household. While EPS understands the intent behind the calculation and inclusion of averted retail jobs due to the rise of e-commerce, EPS does not recommend including this concept in a jobs-housing ratio and instead suggests focusing on actual jobs.

Table 31 shows the estimated JHR by component under the Original Master Plan, the Amended Master Plan, the Kosmont 2022 recommendations and EPS Scenarios 1 and 2.

Key observations include:

- Master Plan adjustments have reduced jobs capacity and JHR from 0.99 to 0.92, though this remains very high.
- Kosmont recommends an expanded definition of JHR that results in a 0.75 JHR that includes 0.21 in on-site jobs, 0.46 in telecommuters/ work-from-home equivalents, and 0.07 in averted retail jobs.

- The EPS scenario shows a total JHR of between 0.69 and 0.76, with both including the 0.46 work-from-home component and an on-site JHR of 0.23 to 0.3.

Table 31. Comparison of Total JHR Estimates

JHR Components	Original Master Plan	Amended Master Plan	Kosmont (Base Scenario)	EPS Scenarios	
				Scenario 1	Scenario 2
On-Site	0.99	0.92	0.21	0.23	0.30
Work-From-Home	0.00	0.00	0.46	0.46	0.46
Averted Retail	<u>0.00</u>	<u>0.00</u>	<u>0.07</u>	<u>0.00</u>	<u>0.00</u>
Total JHR [1]	0.99	0.92	0.75	0.69	0.76

[1] Applies Master Plan Jobs/Housing Formula, including assumptions of 1.44 employed residents per HH, 16,105 units at buildout, and 5% vacancy rate.

Sources: *Mountain House Land Use Revolution: Impact on Development & Jobs / Housing Balance, February 2022*; *Mountain House Master Plan, September 1994*; *Mountain House Master Plan, Amended October 2022*; *EPS*.

Recommendations

EPS recommends taking a more incremental and conservative approach to land use policy and associated work-from-home adjustments to provide flexibility to future policymakers and their decisions. As a result, EPS suggests using EPS Scenario 2 (Reserve Scenario) which recognizes the lower demand for commercial/ industrial land, but at a more modest level than under Scenario 1 (Baseline Scenario).

- Non-office commercial land could be reduced from 177 acres to 94 acres under Scenario 2, rather than 66 acres under Scenario 1.
- Office land could be reduced from 51 acres to 8 acres under Scenario 2, assuming that additional demand would be accommodated in mixed-use areas.
- Industrial land could be reduced from 349 acres to 261 acres under Scenario 2, rather than 222 acres under Scenario 1.
- Mixed-Use areas are recommended to remain as-is with a total of 70 acres.
- In total, all commercial, office, industrial, and mixed-use could decrease from 647 acres to 455 acres under Scenario 2, rather than 366 acres under Scenario 1.
- Based on these updated job estimates and reduced acreage from Scenario 2, jobs per acre density assumptions have also shifted from the Original Master Plan. As shown in **Table 32**, the jobs/acre densities have generally reduced, particularly for industrial uses which reduced from 27 jobs/ acre to 7 jobs/ acre.

Table 32. Comparison of Jobs/ Acre Density Assumptions

Land Use	Amended Master Plan	EPS Scenario 2
Commercial		
Neighborhood Commercial	24	23
Community Commercial	24	23
General Commercial	24	17
Freeway Service Commercial	24	21
Office Commercial [1]	44	n/a
Industrial [2]	27	

[1] Density is not estimated as office-oriented jobs could take place in mixed-use areas.

[2] Blended average for Limited Industrial and General Industrial.

Sources: *Mountain House Master Plan, September 1994*

To be consistent with Scenario 2, EPS then recommends the following adjustments to the JHR:

- Overall revised and expanded JHR (now including work-from-home jobs) of 0.76.
- An on-site jobs component of 0.3 JHR and a work-from-home component of 0.46.
- EPS recommends that these two components are tracked and considered separately and divergence from these goals over time likely has different policy implications.