

Continuing studies will be necessary to define the timing of building availability, the necessary tenant improvements to make the buildings suitable for civilian occupancy, other costs associated with reuse (i.e., costs for ongoing building maintenance and repair), achievable rents for interim or permanent uses, and other aspects of building reuse. Appendix C provides an inventory of the City's initial assessment of larger buildings. The Plan has made only limited assumptions concerning building demolition (see Footnote 19 of Table 3-2).

1.3 MARKET DEMAND ANALYSIS

A Market Demand Analysis was prepared as a background document to guide further definition of the Plan for the reuse of the base. The document is a "classic" approach to determining future market demand for different types of real estate products. It also recognized the rapidly evolving Southern California and Orange County marketplace where substantial numbers of industries and business types were in rapid transition as a result of the recessionary influences of the time. The following is a brief summary of the conclusions of this report.

1.3.1 Sociodemographic Changes

Population growth in the County of Orange was projected to proceed during the remainder of the 1990s and into the next decade. Adjusted figures for overall Orange County growth suggested an increase of some 240,000 new residents by the year 2000. The five cities which surround MCAS Tustin, composed of Tustin, Santa Ana, Orange, Irvine and Costa Mesa, are expected to experience approximately 25,000 new residents during the same time frame. ERA, the market demand consultant, projected that it was more likely that roughly double that number, or 50,000 new residents, would live in the five-city area by the year 2000. Growth rates for population in the period 2000 to 2010 were defined at much higher rates, with an estimated 457,000 for Orange County and nearly 97,000 for the five-city area. Rates of housing growth were anticipated at approximately 24,000 additional units by the year 2000 in the five-city area, with roughly 12,000 units in the period 2000 to 2010. Basically, the projections for housing strongly suggest the further growth in the number of persons per household for this portion of central and central coast Orange County. That conclusion was based upon a basic extension of sociodemographic trends that occurred during the 1980s, which were largely led by the City of Santa Ana and its immediately surrounding neighborhoods.

Within the entire county, some 151,000 additional employees were expected during the current decade, of which roughly 38,000 were

expected to find jobs in the five cities. In the period 2000 to 2010, it was estimated that roughly 250,000 additional employees would arrive in Orange County, with roughly 87,000 finding locations in the five-city area. These sociodemographics and employment forecasts strongly suggest the type of markets for real estate product demand that would arise in and around the MCAS Tustin site.

1.3.2 Residential Demand

Several residential product types are likely to be attractive, including single-family detached and attached units, attached townhomes/condominiums, and rental apartments. Depending upon the allocation of land and the phasing of buildout, the site should be able to absorb roughly 100 to 125 units per product type per year. This equates to 300 to 375 total units per year once development has commenced and occupancies are available.

There are opportunities for reuse of the existing military family housing at MCAS Tustin, depending upon their condition and other issues.

1.3.3 Commercial Office Demand

Roughly 2 percent of total Orange County demand for new commercial office space was to be absorbed by the site. This converts to an absorption rate of roughly 100,000 to 150,000 square feet of office space annually after 1997. This presumes a phased construction program over a number of years, at least a decade, with top-end density approaching ranges of 3 million to 5 million square feet. This will extend total buildout well beyond the year 2010.

1.3.4 Industrial/R&D Space Demand

The changing manufacturing base in the county is expected to continue its evolution. Orange County industrial space is in the process of reutilization for a number of flexible uses not previously planned. It was projected that more research and development space demand would occur over time and that such demand will recycle existing industrial space as well as demand construction of new space. A relatively modest industrial/R&D development demand is projected for the subject site in the range of 75,000 to 125,000 square feet annually. Overall competitive factors, including the closure and release for civilian use of portions of MCAS El Toro, may drive down these initial forecasts. There were at least 200,000 square feet of potentially reusable structures at MCAS Tustin which might be recycled for interim or long-term industrial and R&D use, as compared to the nearly 2 million square feet of all floor space which exists at the base.

1.3.5 Retail/Visitor Accommodations Demand

Orange County and central/central coast Orange County retail development is experiencing considerable pressure. The dilution of retail floor space types, which has been marked by the arrival of new high-volume large-scale warehouse type operations, has also dramatically reconstituted the market. The principal source of demand for retail uses at the MCAS Tustin site will likely be based upon immediate area local residential growth.

Visitor accommodations were also confronted at mid-decade by a very slow economy which was burdened by continuing business and recreational travel cost cuts by all sectors of the travel industry market populations. A working range for hotel accommodations at the site for the period 1997 to the year 2000 was estimated to be 200 to 400 hotel rooms, linked carefully to the development of a very strong business, education, or medical service facility which would draw substantial numbers of clientele who would require immediate adjacency for their overnight accommodations. A golf course use, coupled with flood protection detention capabilities, may also be an appropriate public purpose benefit.

1.3.6 Market Areas

There are multiple market areas available for the outreach marketing of MCAS Tustin. The immediate district of five cities forms a first focus for community-serving uses. The entire Orange County scale represents a second regional locational perspective which is largely positive. The State of California is a marketing target frame of reference for very large institutions and major corporations. The southwestern region of the United States, including its growing function as a primary region on the Pacific Rim, represents the fourth scale for marketing outreach. This latter large region also represents the context within which the base might be marketed for new offshore tenants, developers and investors.

There are a series of "emerging" and unique market niches which may be available to the reuse demand for the base. Many revolve around the extraordinary and very rapid explosion of data management, data interpretation, and decision making based upon the evolution of technology to manage the extraordinary arrays of information which are evolving.

The economic consultant for the project perceived the oncoming development of an "Orange County Triangle." This involved a concentration of business locations and educational activities within a triangle roughly bounded by the John Wayne Airport, MCAS Tustin, and MCAS El Toro locations. All of these locations taken together described an area of between 6 and 8 miles in size and would appear to be the

dominant direction for an evolving series of locations and higher densities of economic activity for the next 15 to 20 years.

1.4 THE REUSE PLANNING PROCESS

1.4.1 Background

The reuse planning process was initiated by the City of Tustin immediately after the closure of MCAS Tustin was announced in 1991. The base reuse planning process involved broad-based participation by affected public and private interests. The City of Tustin formed the City of Tustin Base Closure Task Force to guide the preparation of the Specific Plan/Reuse Plan. The nineteen member advisory group was comprised of representatives from the cities of Irvine, Santa Ana, and Tustin; the County of Orange; the City of Tustin Chamber of Commerce; local Homeowner's Associations; the Marine Corps; and the community-at-large. The broad-based representation ensured that issues and concerns of the local community and neighboring areas were addressed during the reuse planning process. The participation of Task Force members was instrumental in building a community-wide consensus for the Plan.

The reuse planning process involved many of the same steps taken in more traditional large-scale development plans. The process included establishing a vision for the site that would guide development of the Plan and its future implementation. An Environmental Setting Report was prepared that provided an inventory of the existing physical and environmental characteristics of the base and surrounding setting. An extensive issues identification process and opportunities and constraints analysis was conducted to begin formulating development strategies and land use alternatives.

The local planning process was conducted simultaneously with the federal base closure and disposal process. A key component of the base closure and disposal process was the "screening" of federal, state, and local agency interests and homeless representatives for their interest in the use of buildings or property on the base. Sections 2.3 and 2.4 of the MCAS Tustin Specific Plan/Reuse Plan discusses this screening process. A recommended disposal strategy is included which identifies:

- Parcels recommended for transfer to other federal agencies and the intended uses of the parcels;
- Parcels recommended for state and local public benefit purposes and the intended uses of the parcels;
- The Plan's proposed Homeless Assistance Program; and