

# The 2015 Carpinteria Valley Economic Profile

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Prepared for:



## City of Carpinteria

5775 Carpinteria Avenue  
Carpinteria, CA 93013  
(805) 684-5405

Prepared by:



## The California Economic Forecast

Mark Schniepp, Director  
5385 Hollister Avenue, Box 207  
Santa Barbara, California 93111  
(805) 692-2498  
[mark@californiaforecast.com](mailto:mark@californiaforecast.com)



## **Table of Contents**

|                                 |           |
|---------------------------------|-----------|
| <b>Executive Summary</b>        | <b>1</b>  |
| <b>Employment and Income</b>    | <b>6</b>  |
| <b>Retail Trade and Tourism</b> | <b>12</b> |
| <b>Residential Real Estate</b>  | <b>16</b> |
| <b>Commercial Real Estate</b>   | <b>20</b> |
| <b>New Development</b>          | <b>23</b> |
| <b>Quality of Life</b>          | <b>28</b> |
| <b>Demographics</b>             | <b>39</b> |

The Carpinteria Valley, home to just over 17,000 residents, is characterized by a diverse economy that includes a prolific cut flower industry, a strong industrial sector, and a thriving downtown shopping district epi-centered along Linden Avenue. Carpinteria’s small town atmosphere, rural environment, and long expansive beach makes it a principal visitor destination in Santa Barbara County.

The valley economy is a jobs center. The number of workers located in Carpinteria exceeds the number of residents in the valley’s labor force. Workers commute from Santa Barbara, Oxnard and Ventura. The agriculture sector employs more people than any other industry, followed by professional business services and manufacturing.

Approximately 230 jobs were created last year in the Carpinteria Valley, a large total for an economy of its size. Many of these jobs occurred in the leisure services industry, but the



wholesale, retail, and government sectors were also primary job creators.

In March 2015, the unemployment rate in the City of Carpinteria was clocked at 2.6 percent. The labor market by any standard is considered to be at the full employment level in the region.

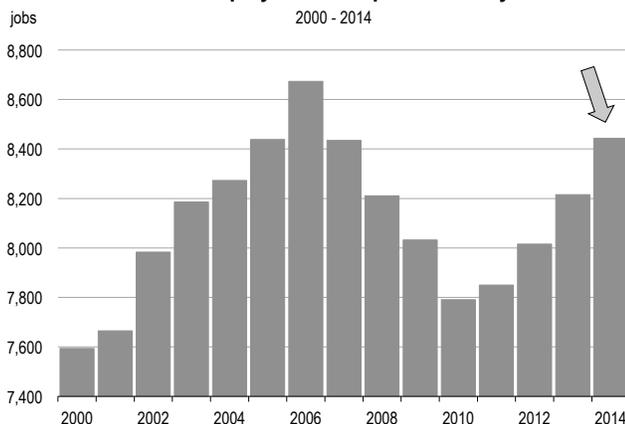
The largest employer in the Valley is NuSil Silicone Technology, followed by Dako Corporation and the Carpinteria Unified School District.

In 2014, the median household income in City of Carpinteria was \$74,764.

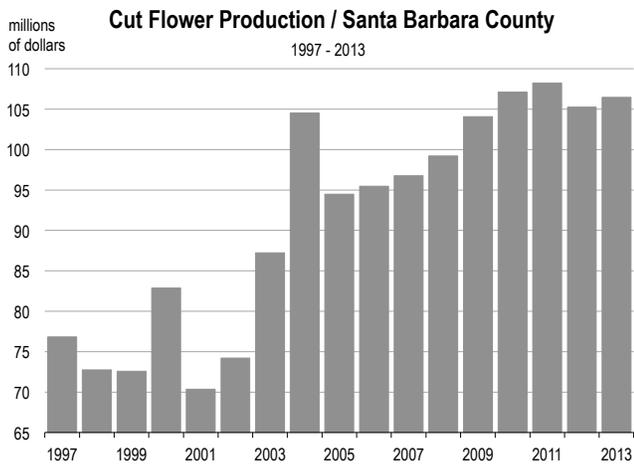
## Flowers

The Carpinteria Valley has been referred to as “California’s flower basket.” The region’s greenhouse industry is one of the largest in the state, producing millions of dollars in flower sales per year.

**Total Employment / Carpinteria Valley**



Over the last decade, the value of the Santa Barbara County flower crop has jumped by 22 percent, totaling more than \$106 million in 2013. An estimated half of this production originated in the Carpinteria Valley. The flower industry continues to employ over one thousand workers in the Valley, and employment has been rising in recent years.



## Tourism

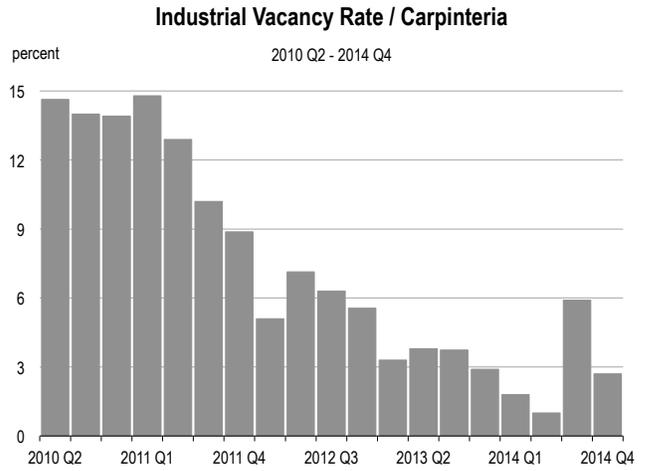
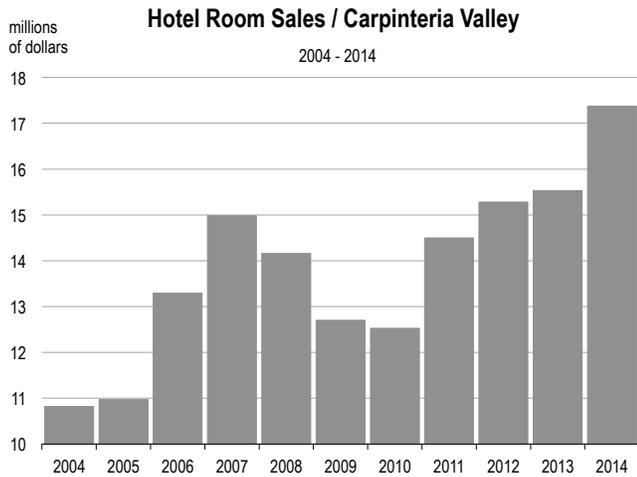
In the Carpinteria Valley, tourism is an important component of the local economy. It generates substantial revenues for the City’s general fund, supports a significant number of jobs, and adds to the customer base for local shops, restaurants, and recreational sites.

In general, the performance of the Carpinteria Valley’s tourism sector has been strong. There are six hotels with more than 600 rooms in the region. At these establishments, the occupancy rate averaged just under 72 percent during 2014. Annual room sales have now reached an all time high in the City, climbing to \$17.4 million in 2013.

In addition to these six hotels, Carpinteria has approximately 100 vacation rentals that are



A major tourist attraction in Carpinteria is the State Beach Park and the City Beach. The beaches attract an estimated 2,000,000 visitors a year who spend \$50 million annually in the City and greater South Coast region.



independently operated. During the last fiscal year, these establishments accounted for approximately 25 percent of the City’s transient occupancy tax revenues.

### Commercial Real Estate

With low vacancy rates, the industrial real estate market is very tight, as current demand for industrial space is high. Over the past three years, the vacancy rate has fallen from 14.8 percent to 2.7 percent, which is an unusually large improvement. The recent tightening is the result of strengthening business conditions which have lead firms to expand manufacturing and warehousing operations in the Carpinteria region.

In general, the Carpinteria Valley industrial sector has been a strong competitor with the neighboring areas of Santa Barbara, Goleta,

and Ventura. The manufacturing sector is an important component of the Carpinteria Valley economy, and a competitive industrial real estate market helps to support overall manufacturing activity.

In mid-2014, the vacancy rate nearly doubled in the office market, climbing to multi-year highs. The office market is small in comparison to the industrial market, and this causes measures of vacancy to be highly volatile from year to year. Despite a higher vacancy rate, lease rates rose significantly, and have returned to the highest levels since 2002.

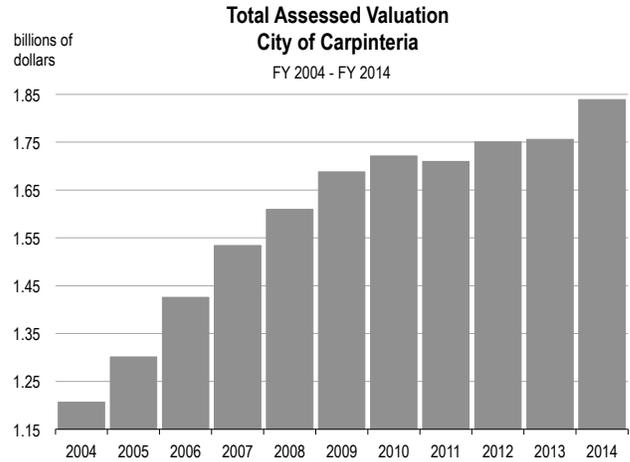
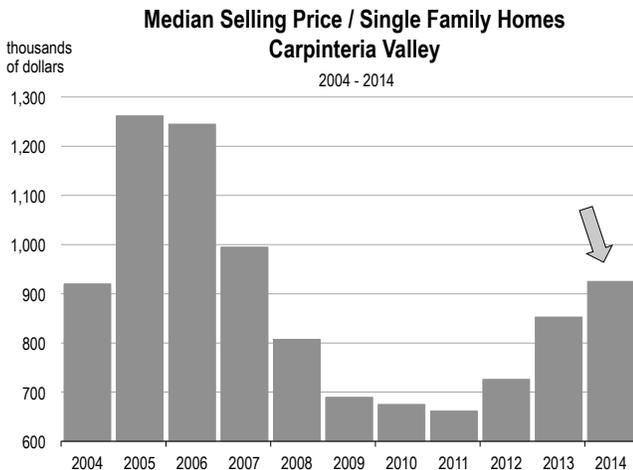
However, a large office building may soon be converted to a residential facility for seniors, shrinking the market base and lowering the vacancy rate.

## Residential Real Estate

It is estimated that in the City of Carpinteria, there are 2,200 single family detached homes, 424 attached homes, and 2,088 apartment units. There are also 848 mobile homes. The vacancy rate for all rental and ownership housing is 12.3 percent, largely because many homes are vacation homes and are not fully occupied throughout the year. The apartment vacancy rate in 2014 was a miniscule 0.29 percent.

After rapid increases in 2013, home prices rose moderately in 2014. Due in part to continued job creation across the South Coast, demand for homes has increased in the Carpinteria Valley. In addition, there are fewer homes on the market than any point in the last decade, forcing potential buyers to compete for a limited number of properties and propelling price appreciation.

Low levels of inventory and rising prices contributed to a fall in existing home sales over



the year. Throughout 2014, there were only 75 completed transactions, down from 105 in 2013.

During the 2014 fiscal year, total assessed valuation reached \$1.84 billion in the City of Carpinteria. This increase occurred because values rose for the housing and commercial real estate markets.

## New Housing Development

In recent years, housing construction has been depressed. This is true of many jurisdictions across the state. The relative lack of new housing units has helped to ensure that the region remains small, and prevents increasing levels of traffic and congestion, but also prevents the retail and business communities from expanding more quickly.

There are currently 83 residential units left to be built in projects that are approved by the City for development in Carpinteria. Of these,



49 units are in projects that are currently under construction. Additionally, there are 5 units in pending residential projects. Total units in the development pipeline sum to 88 as of July 2015.

### Quality of Life

Aside from traditional economic factors – such as job growth, consumer spending, and home prices – regional conditions can be influenced by a number of lifestyle factors. In general, the residents of the Carpinteria Valley enjoy a high standard of living. Crime is low, traffic congestion is better than in surrounding regions, and the public school system produces high caliber students.

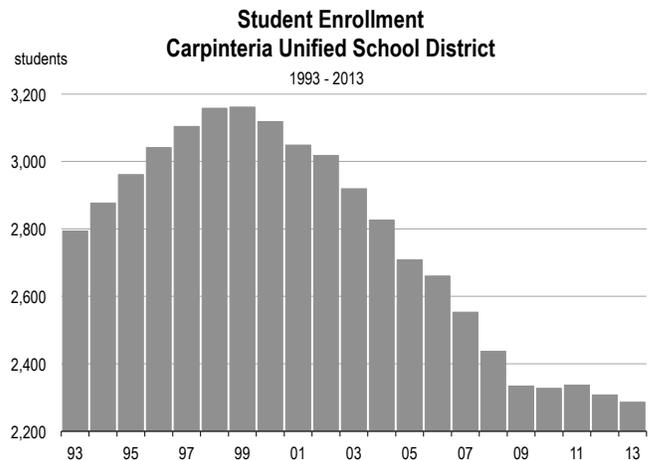
Crime rates in Carpinteria are lower than other parts of Santa Barbara County. Low crime rates can help to support property values, retain households with high levels of income, and ultimately support retail sales, tax revenues, tourism activity, and employment growth.

Traffic counts have declined in Carpinteria since 2003, leading to less congestion and better driving conditions. Traffic can be heavy during

rush hour, but a project to widen Highway 101 will allow cars to flow more freely during the busiest times.

In the Carpinteria Unified School district, student enrollments have been declining for more than a decade. In part, this decline tracks the general trend in the region’s broader population. Since the year 2000, the population has fallen by 5 percent in the City of Carpinteria.

Students at Carpinteria High tend to outperform their peers across the state in the SAT college entrance examination scores. This gap has widened in recent years, with Carpinteria High scores surpassing those across the state for most of the past decade.



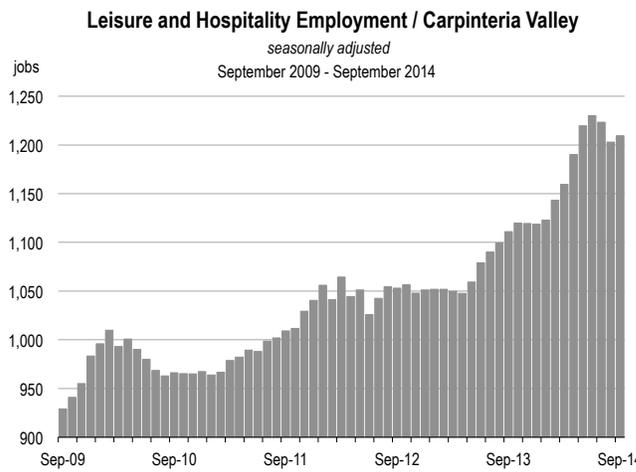
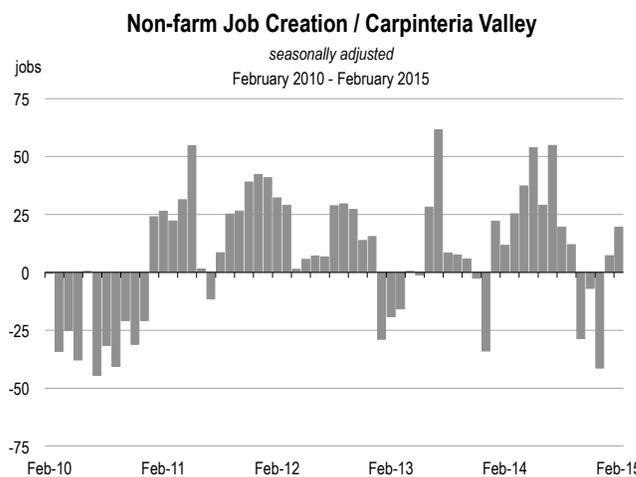
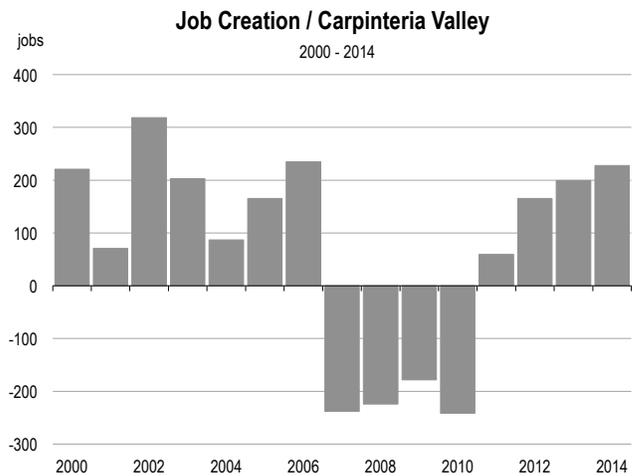
In the Carpinteria Valley, total employment has increased for four straight years. Last year (2014), the region gained 228 jobs, representing a growth rate of 3.3 percent. During the current economic cycle, 2014 has been the most expansive and broadbased for job creation.

## Employment by Sector

The local labor market is dominated by four industries: professional, business, and information services; manufacturing; leisure services; and agriculture. Together, these sectors account for 62 percent of total wage-and-salary jobs. In 2014, the leisure sector gained a large number of jobs, while agriculture increased moderately. The manufacturing and professional business sectors, however, were characterized by losses.

The leisure and hospitality industry, which is primarily comprised of restaurants and hotels, saw explosive growth in 2014. The economic expansion has now been in place for several years, and the unemployment rate is returning to normal, which has enabled consumers to spend more freely.

Furthermore, because of a large drop in gas prices, households have higher levels of disposable income, much of which has been spent on restaurant meals. The growth of this industry has been important for the statewide economy, which still has a large number of unemployed individuals that lack postsecondary training, and primarily work in service jobs.

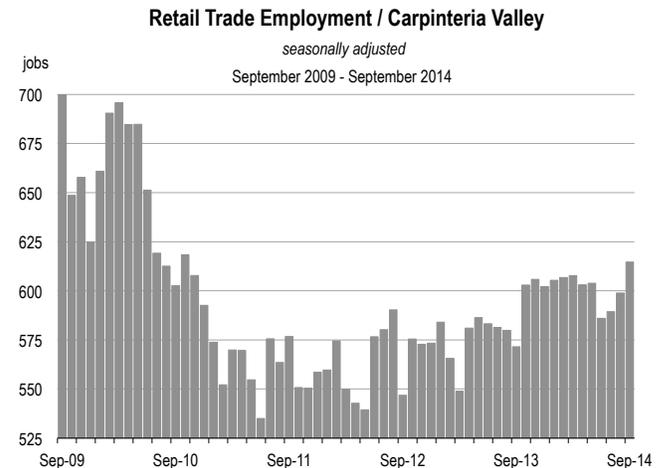
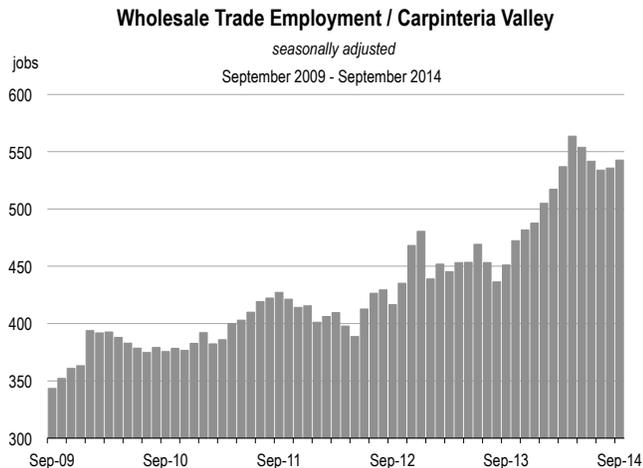


| Employment<br>Jobs Created in Last 12 Months   | Carpinteria Valley<br>Sept 2013 - Sept 2014 |              |              |                |
|--|---|--------------|--------------|----------------|
| Sector   | Sept 2013                                   | Sept 2014    | Job Creation | Percent Change |
|  | <i>– number of workers –</i>                |              |              |                |
| Leisure & Hospitality                          | 1,159                                       | 1,262        | 103          | 8.9            |
| Wholesale Trade                                | 455   | 547          | 92           | 20.2           |
| Government                                     | 599   | 657          | 58           | 9.7            |
| Retail Trade                                   | 591   | 635          | 44           | 7.4            |
| Education & Healthcare                         | 409   | 452          | 43           | 10.5           |
| Agriculture                                    | 1,421                                       | 1,451        | 30           | 2.1            |
| Construction                                   | 378   | 385          | 7            | 1.9            |
| Other Services                                 | 108   | 107          | -1           | -0.9           |
| Financial Activities                           | 407   | 404          | -3           | -0.7           |
| Transportation & Utilities                     | 45  | 40           | -5           | -11.1          |
| Minining                                       | 96  | 87           | -9           | -9.4           |
| Manufacturing                                  | 1,332                                       | 1,313        | -19          | -1.4           |
| Professional & Business Services & Information | 1,373                                       | 1,302        | -71          | -5.2           |
| <b>Total, All Industries</b>                   | <b>8,373</b>                                | <b>8,642</b> | <b>269</b>   | <b>3.2</b>     |
| <b>Total, Non-Farm</b>                         | <b>6,952</b>                                | <b>7,191</b> | <b>239</b>   | <b>3.4</b>     |

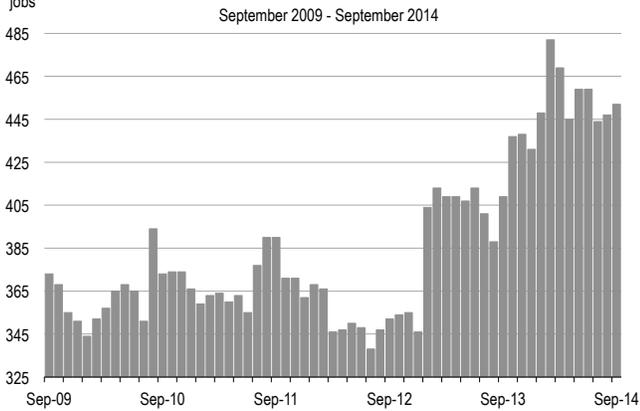
Source: Labor Market Information Division, State of California and California Economic Forecast

Between September 2013 and September 2014 (the latest month for which industry data are available), large gains were also observed in wholesale trade, government, and retail trade. The wholesale and retail sectors have benefitted from a general expansion of trade activity, and government agencies have used favorable budget conditions to expand their payrolls.

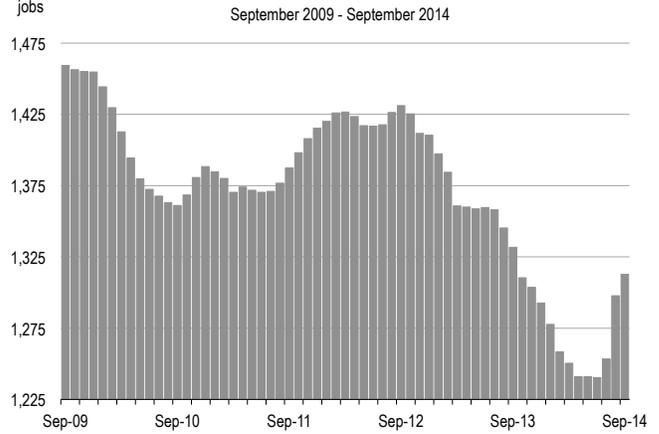
Sizeable gains were also observed in education and healthcare. Over the most recent 12-month period, this sector added 43 jobs. Like the rest of Santa Barbara County, demand for healthcare services continues to rise, partially as a result of the Affordable Care Act.



**Education and Healthcare Employment  
Carpinteria Valley**



**Manufacturing Employment / Carpinteria Valley**

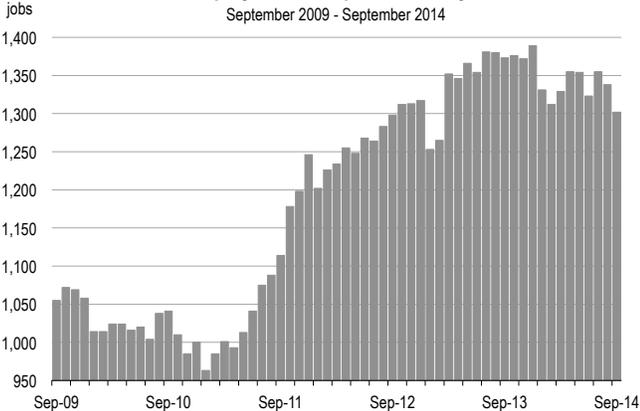


Over the past year, the largest losses were observed in professional and business services and information. This sector is comprised of a wide range of firms, including tech companies, consulting firms, accounting firms, law offices, administrative support companies, and the corporate headquarters of large multi-regional businesses.

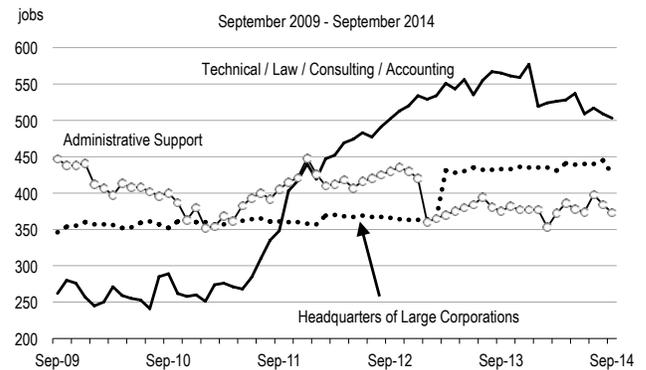
in the headquarters of large firms. But through the end of 2013, the subsector that comprises technical, law, accounting, and related firms had been growing significantly. These are typically high skill, high wage jobs, and growth among these companies was helping to raise the skill base of the Valley. But over the last year, this subsector was characterized by moderate declines, undoing some of the progress that had been made in recent years.

Employment has been relatively flat in the administrative support subsector, as well as

**Professional and Business Services and Information  
Employment / Carpinteria Valley**



**Employment in the Subsectors of the  
Professional / Business / Information Industry  
Carpinteria Valley**



## Unemployment

In February 2015, the unemployment rate in the City of Carpinteria was 2.6 percent on a seasonally-adjusted basis. This is very low, indicating that many Carpinteria residents are successfully employed. Improvements in the labor market have continued largely unabated, with the unemployment rate falling by more than half a percentage point over the past year.

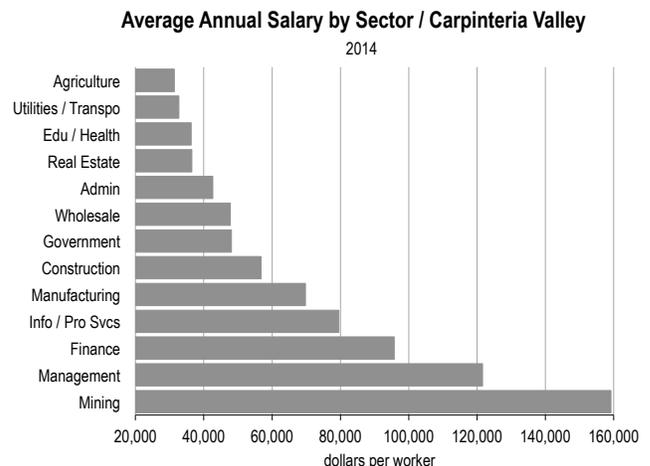
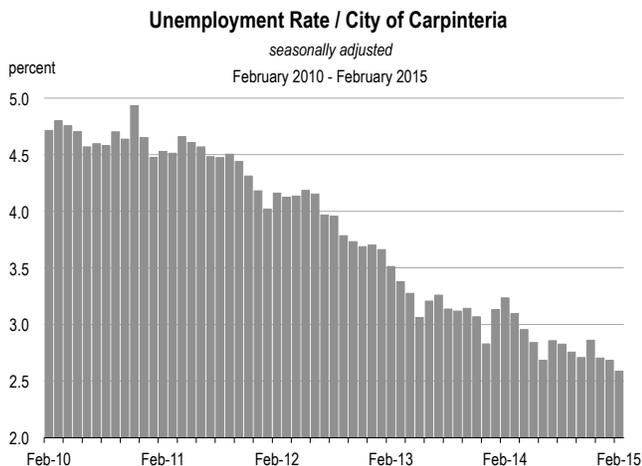
Across Santa Barbara County, the seasonally-adjusted unemployment rate was 5.4 percent in February 2015, substantially higher than the rate in Carpinteria. Across California, the rate was even higher, registering 6.7 percent in February.

## Average Salaries

In the Carpinteria Valley and across Southern Santa Barbara County, average salaries are high. When compared to compensation levels across the state, workers in the local economy earn significantly more.

This provides economic benefits for the region by supporting the retail and real estate markets, and attracting a highly-skilled workforce. However, it can pose challenges for the business community, as high salaries reduce the incentives for companies to establish themselves in the region.

- In 2014, average non-farm salaries fell by 7.9 percent in the Carpinteria Valley. When adjusted for inflation, salaries declined even further.
- Salaries declined for two primary reasons: large job creation in the leisure sector and job losses in the professional, business, and information sector. As the composition of the workforce shifted toward low-wage jobs in hotels and restaurants, the average wage for all workers fell.



- With an average salary of \$159,180, the mining sector paid the highest wages in 2014. In the Carpinteria Valley, this industry is primarily comprised of oil and gas companies.

| Average Annual Salary                    | Carpinteria Valley   |
|--|----------------------|
| Sector                                   | 2014 Average Salary* |
| Mining                                   | 159,180              |
| Management Of Companies                  | 121,585              |
| Finance / Insurance                      | 95,738               |
| Information / Professional Services      | 79,548               |
| Manufacturing                            | 69,753               |
| Construction                             | 56,743               |
| Government                               | 48,127               |
| Wholesale Trade                          | 47,772               |
| Administrative Support                   | 42,629               |
| Real Estate                              | 36,537               |
| Educational / Health / Social Assistance | 36,321               |
| Utilities / Transportation               | 32,716               |
| Agriculture                              | 31,341               |
| Retail Trade                             | 27,964               |
| Other Services                           | 27,894               |
| Arts / Entertainment / Recreation        | 21,079               |
| Accommodation / Food Services            | 19,146               |
| Total, All Industries                    | 49,117               |
| Total, Non-Farm                          | 52,746               |

\*dollars per worker

Source: Labor Market Information Division, State of California, and California Economic Forecast

- The management sector also commanded high wages with an average salary of \$121,585.
- The lowest paying sectors were leisure services and recreation services. These industries have large numbers of young workers with low levels of educational attainment. As a result, compensation is low.

## Largest Employers in the Carpinteria Valley

In the Carpinteria Valley, the California Economic Forecast identified 17 organizations that have sizeable employee headcounts. This information was obtained through phone surveys that were conducted by the City of Carpinteria in November 2014. Many of these organizations have locations in other counties, states, and nations, but the information that is presented in this section is limited to jobs that are located in the Carpinteria Valley.

- For the 17 organizations surveyed, employment totaled 2,718 workers in November 2014.
- In the Carpinteria Valley, the largest employer is NuSil Silicone Technology, a manufacturer of silicone products for the healthcare, aerospace, and electronics industries. In 2014,

it had 390 employees in its Carpinteria Office, which is largely unchanged from the previous year.

establishments, there are 2,371 employees, which represents 87 percent of all jobs among the largest employers.

- In the public sector, the largest employer is the Carpinteria Unified School District. With 350 employees, they are also larger than any private organization except for NuSil and DAKO Corporation, a medical diagnostics firm.
- In total, there are 12 organizations that employ more than 100 workers. At these establishments, there are 2,371 employees, which represents 87 percent of all jobs among the largest employers.
- Lynda.com, a relatively new firm, has been downsizing over the last few years. As of October 2012, the company had 350 workers in its Carpinteria office. However, by November 2014, their headcount had fallen to 305. According to company statements, this decline was the result of strategic business planning, and was not related to economic conditions.

| Largest Employers |                                     | Carpinteria Valley         | November 2014           |
|-------------------|-------------------------------------|----------------------------|-------------------------|
| Rank              | Company or Organization             | Industry                   | 2014 Employee Headcount |
| 1                 | Nusil Technology                    | Silicone Manufacturing     | 390                     |
| 2                 | DAKO Corporation                    | Medical Diagnostcs         | 343                     |
| 3                 | Carpinteria Unified School District | Public School District     | 335                     |
| 4                 | Lynda.com                           | Private Education Services | 305                     |
| 5                 | Procore                             | Software Services          | 161                     |
| 6                 | Helix Medical, Inc.                 | Medical Manufacturing      | 144                     |
| 7                 | AGIA, Inc.                          | Financial Services         | 134                     |
| 8                 | TE Connectivity                     | Electronics Manufacturing  | 130                     |
| 9                 | CKE (Carl Karcher Enterprises)      | Restaurant Management      | 112                     |
| 10                | Albertsons                          | Grocery Store              | 110                     |
| 11                | Plan Member Services                | Financial Services         | 107                     |
| 12                | Bega US                             | Industrial Manufacturing   | 100                     |
| 13                | Gigavac                             | Industrial Manufacturing   | 90                      |
| 14                | Vons Market                         | Grocery Store              | 72                      |
| 15                | Astro Aerospace                     | Aerospace Engineering      | 72                      |
| 16                | Forms & Surfaces                    | Architectural Services     | 61                      |
| 17                | Venoco                              | Oil and Natural Gas        | 52                      |
| <b>Total</b>      |                                     |                            | <b>2,718</b>            |

Source: California Economic Forecast

## Retail Sector

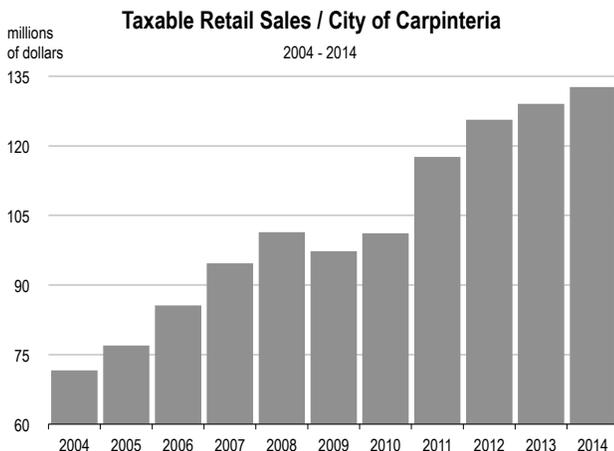
In 2014, retail sales reached an all time high in the City of Carpinteria. Over the course of the year, total sales increased by 2.8 percent, climbing to \$132.7 million. Growth was observed in restaurants and hotels, as well as food and drug stores. However, because of the steep decline in gas prices since June 2014, fuel stations were characterized by a lower dollar volume of sales.

In general, the performance of the Carpinteria retail sector has been similar to neighboring regions. Retail transactions have grown slightly more quickly in the City of Santa Barbara, but more slowly in the City of Goleta. However, because these areas fared worse during the recession, they have returned to peak-levels

only recently, whereas Carpinteria has been setting new highs for retail dollar volume for several years.

In addition, the number of retail establishments is increasing again in the City of Carpinteria. The number of stores fell to 320 by 2011, but had grown to 358 as of 2013.

Growing sales and a larger number of stores has lead to higher employment in the retail sector. This is a reversal of previous trends, in which businesses were able to accommodate more activity with fewer workers, and had begun to replace employees with automated systems, such as self-checkout. This is also good for the labor market, as it provides opportunities for workers without postsecondary training – a group that has struggled to recover from the recession.



## Tourism

In the Carpinteria Valley, tourism is an important component of the local economy. By bringing visitors into the region, it adds to the customer base for local shops, restaurants, and recreational activities. As a result, it generates substantial revenues for the City's general fund where it helps to pay for Citywide services, and supports a significant number of jobs.



© Chad Bastian

A principal attraction in Carpinteria is the State and City Beaches. Activities include swimming, camping, and exploring the tidepools. Harbor seals and other marine mammals can be seen in the area December through May. An estimated 2,000,000 people visit the beach annually.

There are six transient lodging facilities within the City of Carpinteria, totaling 607 rooms. Hotel/motel room sales reached a new high in 2014, exceeding \$17 million during the calendar year. The level of room sales that occurred in 2014 is more than \$1.8 million above the previous year, representing an impressive increase of 12 percent.

### **Transient Lodging / Carpinteria**

Best Western Plus  
Holiday In Express Hotel & Suites  
Motel 6 North Carpinteria  
Motel 6 South Carpinteria  
Sandyland Reef Inn  
Casa del Sol

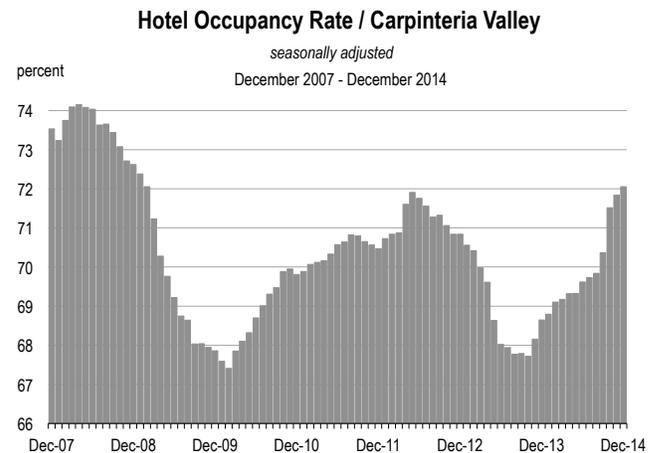
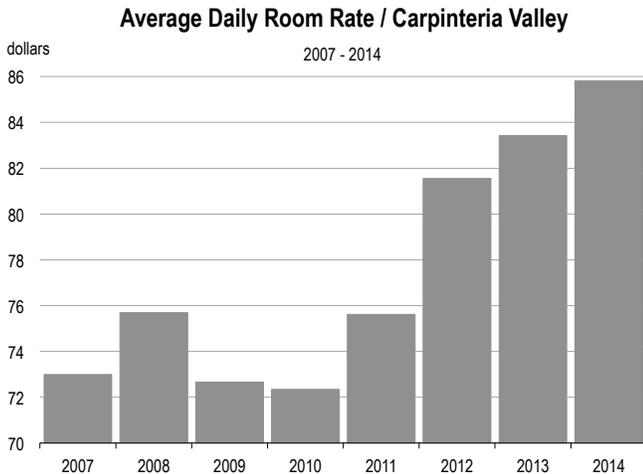
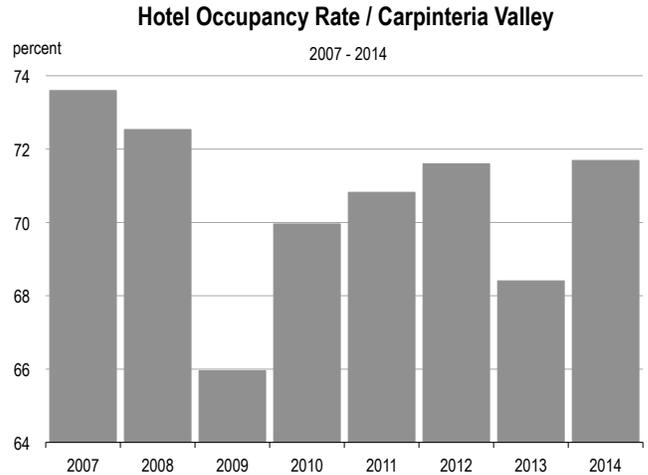
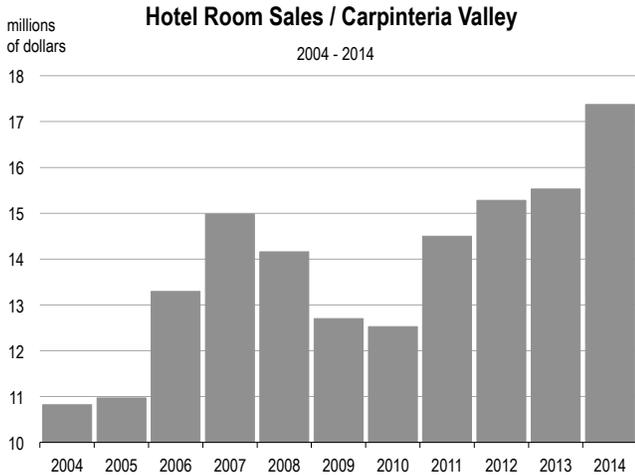
Similar rates of growth were observed in other parts of the South Coast, such as Montecito, Santa Barbara, and Goleta, indicative of stronger visitor activity across the region.

There are also approximately 100 additional vacation rental units that are operated individually. In 2014, approximately 25 percent of the City's total transient occupancy tax was generated from these additional vacation rental units. Because of the success of such ventures, the number of individual transient units continues to grow, adding to the region's economic base. The growth in the number of single family and multi-family homes used as vacation rentals is ex-

pected to contribute to pressure on the housing market and effect the availability of work force housing.

The daily room rate in Carpinteria averaged \$85.82 in 2014, a record high for the region. Room rates have shown moderate growth during the past few years, which has contributed to the gains in total sales.

Hotel occupancy rates dipped in 2013, averaging 68.4 percent for the year. But beginning in early 2014, rooms began to fill up again, and the average occupancy rate surpassed 72 percent by year's end.



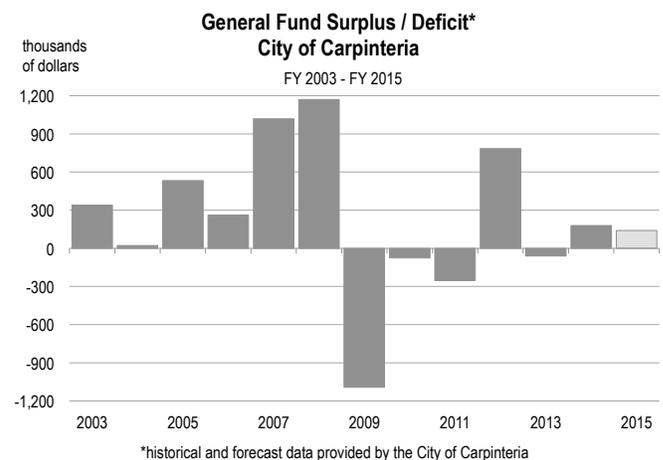
## Summary

As a result of the economic expansion, visitor and resident spending have increased, causing both hotel/motel room sales and general retail sales to move higher. As a consequence, finances for the City of Carpinteria have materially improved. Between the 2009 and 2011 fiscal years, the City incurred budget deficits that totaled \$1.4 million.

However, for the 2012 to 2015 fiscal years, the City has operated under a combined surplus of more than \$1 million. Total revenues increased by 7.8 percent in 2014, largely the result of record levels of retail sales activity and strong growth in transient occupancy tax revenues. According to officials within the City, revenues will increase by another 2.8 percent in fiscal year 2015, and the budget will operate under a small surplus.

It's important to note that as of 2014, the City had established fiscal reserves of almost \$8.0

million. Half of this total was intended for times of fiscal and economic uncertainty. This sum, which represents more than 50 percent of the City's general fund expenditures in the 2014 fiscal year, will provide a sizeable financial safety net in the event of another economic downturn.



In the Carpinteria Valley, home prices rose moderately in 2014. On an annual average basis, the median priced home sold for \$925,000.

In large part, 2014 price gains occurred during the summer months. During this time, homes frequently sold at values above \$1 million. Similar trends were observed across the South Coast, but by the end of the year, prices had again dropped to approximately \$900,000.

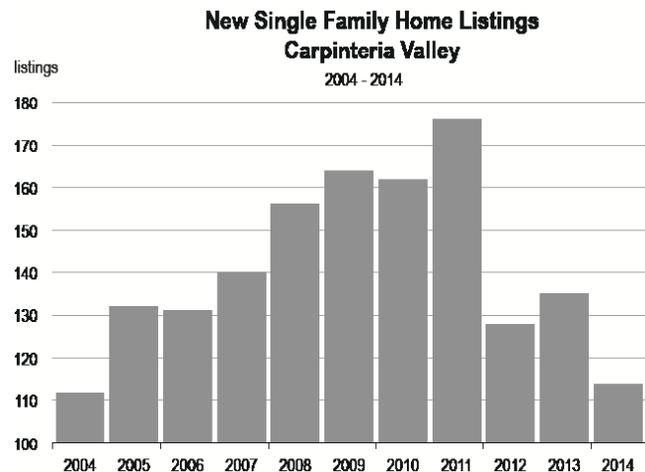
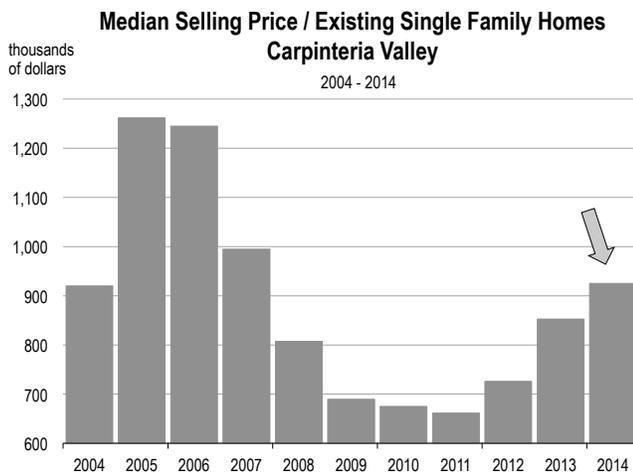
In general, price increases have been driven by two factors: increased demand for housing and low levels of inventory. As a result of greater job creation, low mortgage rates, and relatively high rental costs, homeownership has become an attractive option for many households.

However, even though prices have risen, supply has not. New listings have declined, falling from 135 to 114 over the year. This is the lowest level since 2004.

Housing supply has declined in many parts of the state and nation, as a substantial number of properties are still worth less than their loan values, making it difficult for households to sell. And because the foreclosure crisis is over, fewer households have been forced to leave their homes, reducing what was a large source of supply in recent years.

But there are some additional factors that are unique to the Carpinteria Valley and greater South Coast.

In the region, many homeowners have converted their properties to vacation rentals. Such conversions can aid the tourism industry and provide valuable tax revenues, but they also reduce the availability of long-term rentals or owner-occupied units, further restricting the supply of housing.



## Housing Affordability

In the Carpinteria Valley, housing costs increased in 2014. Monthly mortgage payments – as measured by the typical payment on the median-priced home – were near \$3,500, up from \$3,200 the previous year.

Despite lower mortgage rates, affordability has deteriorated because home prices have moved higher. The median mortgage payment now represents more than 50 percent of the Valley’s median household income. As homes become less affordable, it becomes more difficult for the local workforce to live in the region, leading many individuals to commute from other areas.

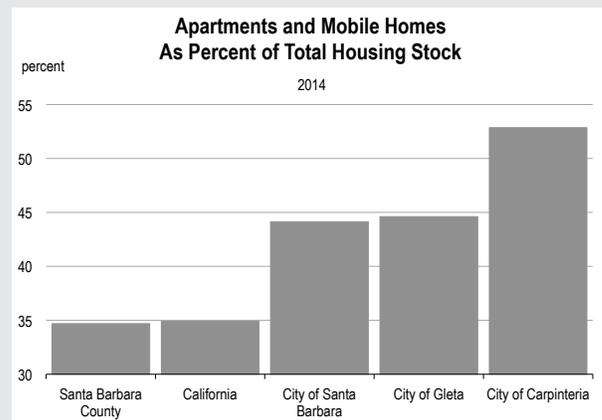
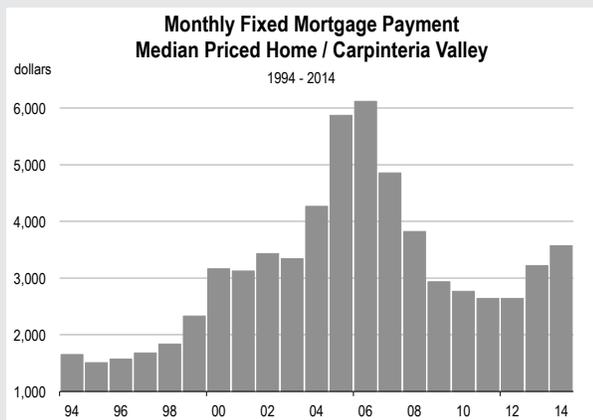
At the same time, the job market continues to heal and wages have moved higher. Despite rising home prices and mortgage obligations, these factors have made homeownership more accessible to a larger number of Carpinteria Valley residents.

In general, home prices in Carpinteria are similar to those of broader South Santa Barbara County. However, in the City of Carpinteria, 53 percent of the housing stock is comprised of apartments and

mobile homes, and 3 percent is comprised of income-restricted units. Together, these can provide affordable options for households that are unable to enter the traditional single-family homeownership market.

As of 2014, 38 percent of all housing units in the City of Carpinteria were apartments. This is typical of locations that act as employment centers, but rental rates in Carpinteria are typically lower than in other parts of South Santa Barbara County. This is a benefit to those who are employed in the Carpinteria Valley, and attracts individuals who work in Goleta or the City of Santa Barbara but cannot afford the higher cost of living in those locations.

Carpinteria also has a large number of mobile homes. Aside from rural regions, no other jurisdiction in California has a higher share of mobile homes than the City of Carpinteria. Across the entire state, mobile homes represent only four percent of all housing units, but account for 15 percent in the City of Carpinteria.

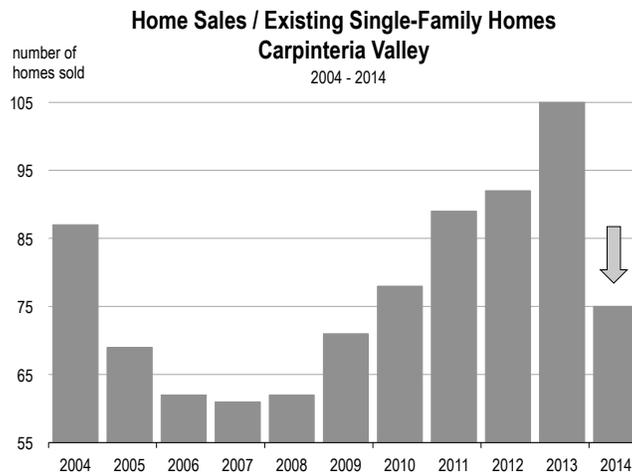


It's also true that the Carpinteria Valley is home to a large number of retired individuals. In many parts of California, people downsize to smaller homes during retirement, and frequently move to low-cost regions. In the Carpinteria Valley and across the South Coast, the retirement cohort has largely stayed in place, preventing these homes from hitting the market.

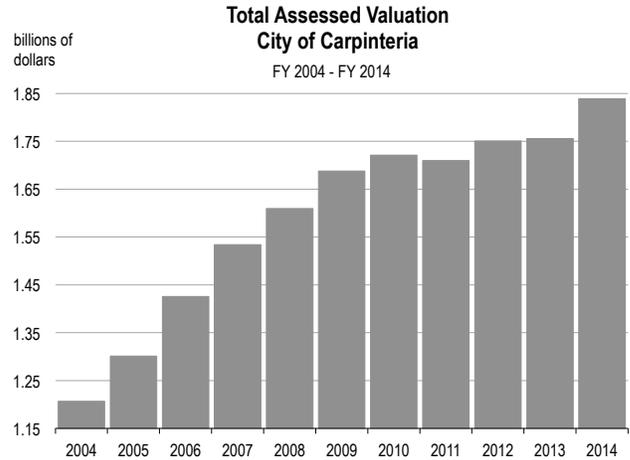
As a result of the various factors limiting housing supply, prospective buyers have been forced to compete for a limited number of properties, putting upward pressure on prices.

In the Carpinteria Valley, existing home sales fell sharply last year. Inventory declined, leaving fewer options for potential buyers. At the same time, affordability became stretched, pushing a number of households out of the market.

Sales began to recover in the latter half of the year, in tandem with the moderation of prices. In order for selling activity to return to recent levels, available inventory will have to expand, and affordability will need to remain within reasonable limits.



During the 2014 fiscal year, total assessed valuation reached \$1.84 billion in the City of Carpinteria. This was partially the result of an increase in home prices, but was also due to an increase in the value of several large commercial properties. As a result of this increase, the City collected an additional \$63 million in property taxes as compared to Fiscal Year 2013.



|                             | Carpinteria Valley Residential Real Estate |         | Single Family Homes |         |         |         |         | 2007-2014 |  |
|-----------------------------|--|---------|---------------------|---------|---------|---------|---------|-----------|--|
|                             | 2007                                       | 2008    | 2009                | 2010    | 2011    | 2012    | 2013    | 2014      |  |
| New Listings                | 140  | 156     | 164                 | 162     | 176     | 128     | 135     | 114       |  |
| percent change              | 6.9  | 11.4    | 5.1                 | -1.2    | 8.6     | -27.3   | 5.5     | -15.6     |  |
| Home Sales                  | 61   | 62      | 71                  | 78      | 89      | 92      | 105     | 75        |  |
| percent change              | -1.6                                       | 1.6     | 14.5                | 9.9     | 14.1    | 3.4     | 14.1    | -28.6     |  |
| <b>Median Selling Price</b> | <i>-- dollars --</i>                       |         |                     |         |         |         |         |           |  |
| Current Dollars             | 995,000                                    | 807,500 | 689,500             | 675,000 | 661,500 | 726,000 | 852,500 | 925,000   |  |
| percent change              | -20.1                                      | -18.8   | -14.6               | -2.1    | -2.0    | 9.8     | 17.4    | 8.5       |  |
| Constant 2014 Dollars       | 1,109,895                                  | 870,040 | 748,855             | 724,423 | 691,464 | 743,752 | 864,001 | 925,000   |  |
| percent change              | -22.6                                      | -21.6   | -13.9               | -3.3    | -4.5    | 7.6     | 16.2    | 7.1       |  |

Source: Santa Barbara Association of Realtors

In Carpinteria City, commercial real estate trends have been mixed over the last 18 months. Vacancy rates remain low in the industrial market, though they've weakened in recent quarters. Office vacancy rates moved up sharply, but lease rates have also risen.

## Industrial

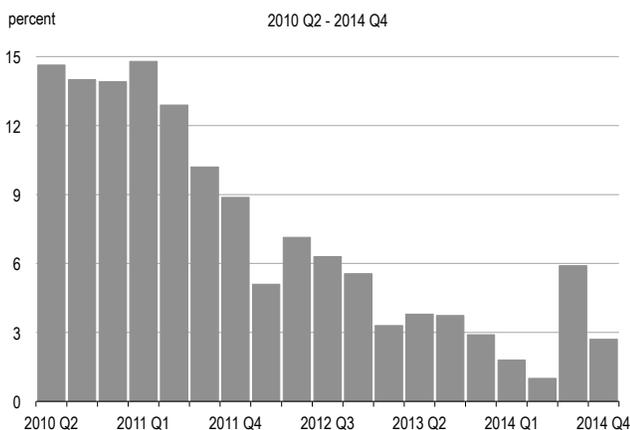
Over the past several years, there has been a pronounced tightening of industrial space in Carpinteria. In fact, Carpinteria's sustained drop is unlike any change in vacancy observed during the past 15 years, falling from 14.8 percent to 2.7 percent in just under three years. As of late 2014, there were 35,100 square feet of space available, on par with the levels that prevailed

in the late 1990s. With no major development projects on the horizon, vacancy should remain tight for the foreseeable future.

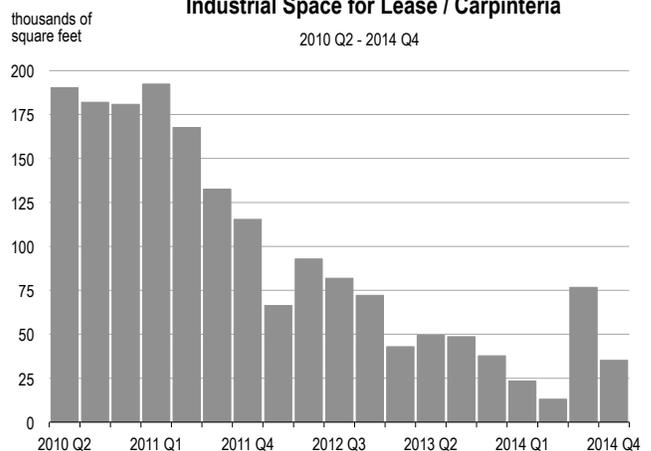
In part, this tightening is the result of competitive prices. One of the compelling factors for industrial tenants looking for space in Carpinteria remains the attractive lease rates. As of year-end 2014, Carpinteria prices were 32 percent lower than Goleta and 44 percent lower than Santa Barbara.

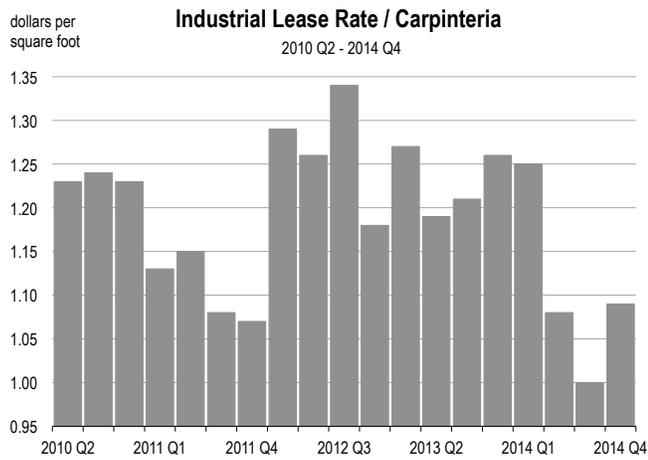
However, the vacancy rate rose abruptly in mid 2014, as Forms+Surfaces vacated a property of 65,000 square feet. This led to declines in the average lease rate, pushing it down to as low as \$1.00 per square foot.

**Industrial Vacancy Rate / Carpinteria**



**Industrial Space for Lease / Carpinteria**

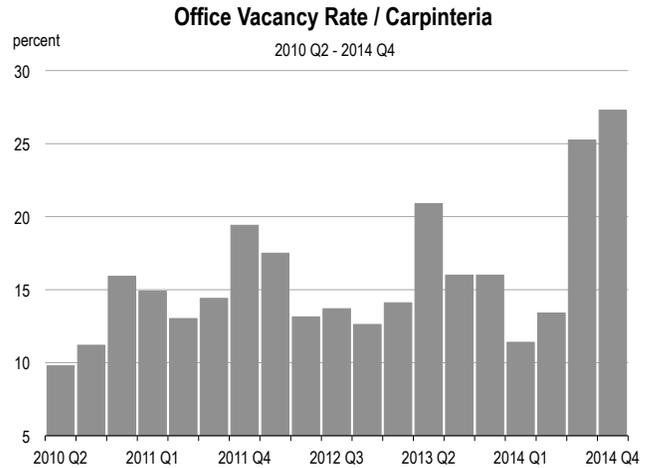




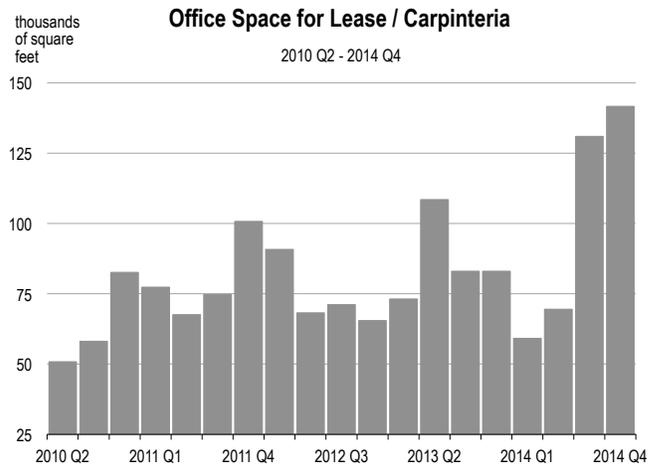
Nevertheless, only two properties are currently available for lease, with total available space under 50,000 square feet, leaving the market exceptionally tight.

## Office

The smaller office market in Carpinteria has 519,000 square feet of total space. As a result, vacancy rates and lease rates can fluctuate significantly over short periods of time. Because this may provide false signals about the health of the market, it is important to evaluate these measures in the context of longer term trends.

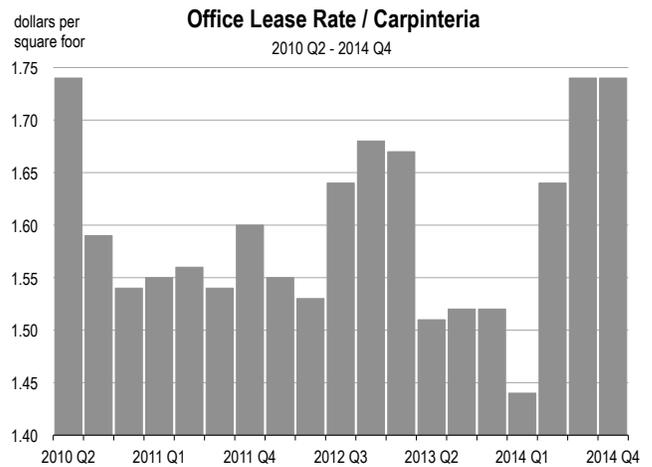


The office market vacancy in the City moved significantly higher in 2014, rising to 27.3 percent, when approximately 72,000 square feet of space was vacated. The vacancy rate is now at its highest level for the current market cycle.



However, in 2015, a 52,000 square foot office building may be converted to a residential facility for seniors, further shrinking the market base and lowering the vacancy rate.

Despite the higher office vacancy rate, lease rates rose significantly, and have returned to the highest levels since 2002. This is generally the result of the types of properties that are available rather than an overall increase in Valley-wide lease rates.



| Commercial Real Estate |  | Carpinteria |         |         |         |         |         |         |         |         |
|------------------------|--|-------------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2010 Q2 - 2014 Q4      |  | 2010 Q4     | 2011 Q2 | 2011 Q4 | 2012 Q2 | 2012 Q4 | 2013 Q2 | 2013 Q4 | 2014 Q2 | 2014 Q4 |
| <b>Office</b>          |  |             |         |         |         |         |         |         |         |         |
| Price (\$)             |  | 1.54        | 1.56    | 1.60    | 1.53    | 1.68    | 1.51    | 1.52    | 1.64    | 1.74    |
| Vacancy (TSF)          |  | 82.6        | 67.6    | 100.7   | 68.2    | 65.5    | 108.5   | 83.0    | 69.5    | 141.7   |
| Total Supply (TSF)     |  | 519         | 519     | 519     | 519     | 519     | 519     | 519     | 519     | 519     |
| Vacancy Rate (%)       |  | 15.9        | 13.0    | 19.4    | 13.1    | 12.6    | 20.9    | 16.0    | 13.4    | 27.3    |
| <b>Industrial</b>      |  |             |         |         |         |         |         |         |         |         |
| Price (\$)             |  | 1.23        | 1.15    | 1.07    | 1.26    | 1.18    | 1.19    | 1.26    | 1.08    | 1.09    |
| Vacancy (TSF)          |  | 180.9       | 167.6   | 115.4   | 92.8    | 72.2    | 49.4    | 37.7    | 13      | 35.1    |
| Total Supply (TSF)     |  | 1,300       | 1,300   | 1,300   | 1,300   | 1,300   | 1,300   | 1,300   | 1,300   | 1300    |
| Vacancy Rate (%)       |  | 13.9        | 12.9    | 8.9     | 7.1     | 5.6     | 3.8     | 2.9     | 1.0     | 2.7     |

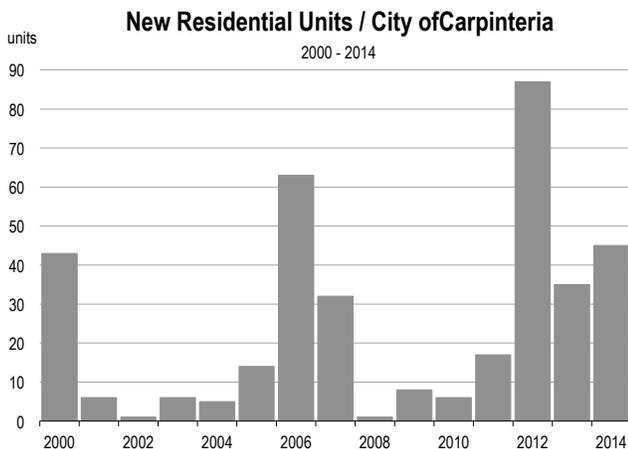
Source: The Radius Group

## New Residential Development

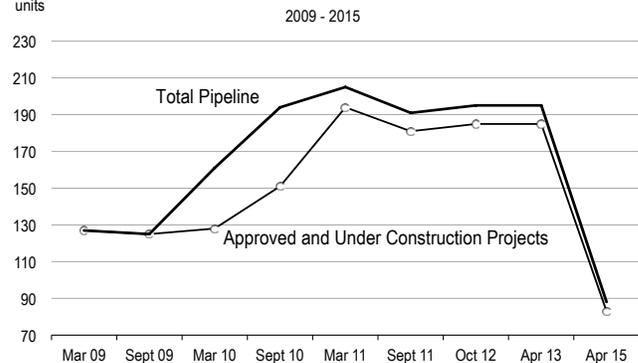
Residential permitting has been rising for several years. After a sharp increase in 2012, residential permitting was lower but still strong in 2013 and 2014. In 2014, 45 single-family units received development approval, compared to an average of 46 over the prior three year period.

## Residential Entitlements

There are currently 83 residential units left to be built in projects that are approved in Carpinteria. Approximately 49 units are in projects that are currently under construction. Additionally, there are 5 units in pending residential projects. Total units in the development pipeline sum to 88. Of the units in the development pipeline, 43 will be classified as affordable, low income, or very low-income units.



Residential Units in the Entitlement Pipeline  
Carpinteria



### Lagunitas

The largest residential project in recent years is Lagunitas Homes, which was completed in 2014 and provided 73 units (11 of which were sold as affordable units in the above-moderate income category). The project includes 37 detached single family residences and 36 condominiums in 12 tri-plex buildings. There is also an approved office building component that totals 84,550 square feet and that remains undeveloped.

### Casas De Las Flores

Peoples' Self-Help Housing Corporation is constructing a 43 unit affordable rental housing project for low and very-low income households. 47 defunct travel trailers at the site, several accessory structures and an adjacent single family dwelling were removed to make way for the project. Seven apartment buildings are being built in a variety of two-story

configurations, including seven one-bedroom, 14 two-bedroom, 12 three-bedroom flats and 10 three-bedroom townhomes on 2.68 acres. A 4,200 square foot community center will serve the residents along with administration offices, an assembly room and kitchen, classroom and computer lab, exam and reception rooms for health screening and laundry facilities.

The Mediterranean-style buildings are arranged around garden courts and play areas to foster a sense of community and to shelter the outdoor areas from highway noise. Ground floor units and townhouses are provided with additional private outdoor space. A landscaped stormwater treatment basin at the front of the site would provide additional noise and visual buffering from Highway 101. A driveway and 79 uncovered parking spaces circle the perimeter of the site. A six-foot concrete block wall located along the northern property boundary provide a buffer from adjacent agricultural uses. Building permits were approved in March of 2014 and the project is expected to be completed and occupied by fall of 2015.

***Ellinwood/Green Heron Spring***

Architect Scott Ellinwood's 31-unit Green Heron Spring condominium project proposes to dismantle an existing residence, barn and storage shed, remodel one residence and construct 30 new residential units. Two of these will be affordable units. Twenty of the new

residences are proposed to be three-bedroom townhomes, and 10 are proposed to be one-bedroom flats. In all, 11 structures totaling 61,990 square feet of floor area is proposed. Grading is estimated at 1,270 cubic yards of cut and 3,200 cubic yards of fill. Permits expired in early March although it is anticipated that the applicant will resubmit at a later date.

***Rincon Bluff Resort (Bluffs III Hotel Project)***

City Staff have met with a development team regarding a concept plan for a 162-room hotel on 26 acres of bluff-top property. The hotel would be located on the western portion of the Bluffs III parcel, and could feature a restaurant, pool, spa, and 10,000 square feet of conference facilities. Formal applications have not been submitted. Development on the site would also include links to the Coastal Vista Trail, and the future Rincon Trail connecting the City with Rincon County Beach Park.

Discussions also have occurred regarding a second hotel on the eastern portion of Bluffs III. This project would encompass four acres of property, but there is currently no set schedule to submit an application for the second hotel. This property is under separate ownership.

## Total Investment in Residential and Non-Residential Structures

Total investment in commercial and non-commercial structures has decreased in each of the past two years, after rising sharply in 2011 and 2012. Total investment in all buildings – including commercial, industrial, and residential – was roughly 4.3 million dollars in 2014, compared to 7.8 million in 2013 and 27.2 million in 2012. The shortfall was the result of falling investment in residential structures, both single-family and multifamily. Investment in non-residential structures has slightly increased, due partially to an increase in renovation activity.

In recent years, renovation activity has been the dominant form of non-residential investment. Available land zoned for non-residential building is limited, and new development permits require planning and review. Consequently, commercial and industrial renovations have become the most significant form of non-residential development activity in the City of Carpinteria.

## Commercial and Industrial Entitlements

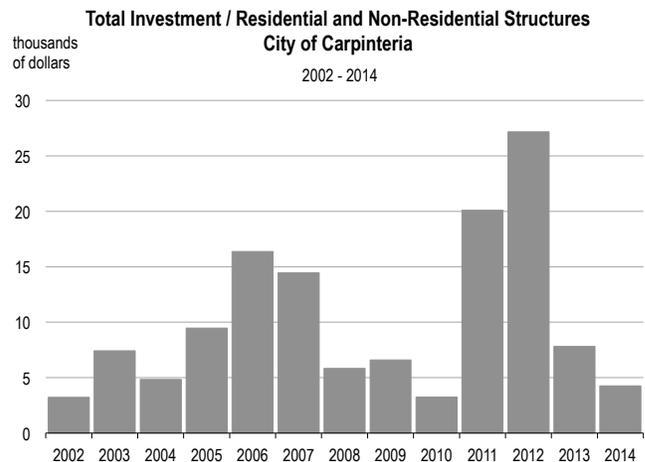
There are approximately 98,949 square feet of non-residential projects approved in Carpinteria. This total arises from three commercial projects, none of which have begun construction. If the

community center at Casas De Las Flores is included, total square footage rises to 103,295.

### *Carpinteria Valley Arts Center*

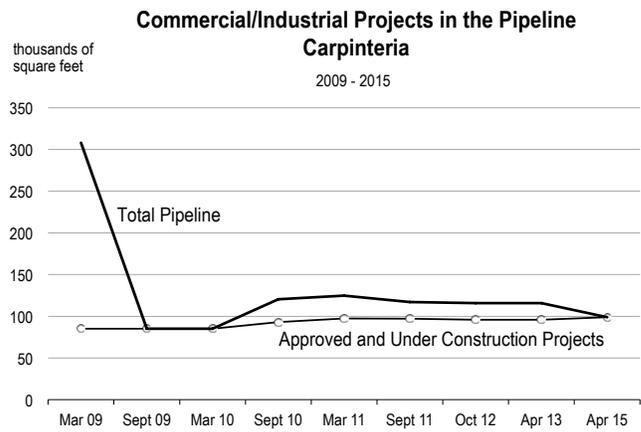
The Carpinteria Valley Arts Council proposes to demolish the existing 720 square foot gallery/ office building and all associated structures and construct and operate a new two-story 7,911 square foot community arts center.

The new building would include a variety of spaces/amenities available for different uses. The ground floor of the building, which would total 4,063 square feet, would be organized around a 931 square foot central courtyard open to the sky. The first floor would comprise a 1,433 square foot gallery/multi-use space and a 416 square foot community gallery. The remainder of the ground floor would be devoted



to miscellaneous support services, including an entry lobby, kitchen, restrooms and storage, and would total 2,214 square feet. The second floor of the building would comprise three large art studios, totaling 2,219 square feet, two offices comprising 305 square feet and various support uses, including a lounge and restrooms, totaling 1,324 square feet.

The Arts Council is also proposing a contrasting, stamped concrete sidewalk along the Linden Avenue frontage, the removal and replacement of an existing curb cut and driveway apron with new curb, gutter and sidewalk and the installation of new custom bicycle racks on the public sidewalk.



| Residential and Non-Residential Permit Summary                 | City of Carpinteria 2007-2014     |      |      |      |      |      |      |      |
|--|-----------------------------------|------|------|------|------|------|------|------|
|  | 2007                              | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|  | --- number of units permitted --- |      |      |      |      |      |      |      |
| Residential Permits  | 32                                | 1    | 8    | 6    | 17   | 87   | 35   | 45   |
|  | --- millions of dollars ---       |      |      |      |      |      |      |      |
| Total Investment in Residential and Non-Residential Structures | 14.5                              | 5.8  | 6.6  | 3.2  | 20.1 | 27.2 | 7.8  | 8.5  |

Source: City of Carpinteria

| Residential Projects in Carpinteria |           |  | July 2015          |
|-------------------------------------|-----------|--|--------------------|
| Project Name/Developer              | Units     | Description                              | Status             |
| Casas De Las Flores                 | 43        | Apartments                               | Under Construction |
| Green Heron Spring                  | 29        | Demolish 1 unit, construct 30 new condos | Approved           |
| Sanctuary Beach Condominiums        | 4         | Residential Condominiums                 | Proposed           |
| Dorance Way Group SFDs              | 3         | Construct 3 new units                    | Under Construction |
| Gonzales Condominiums               | 3         | Demolish 1 unit, construct 4 new condos  | Approved           |
| MTI Capital, Inc.                   | 2         | New SFD                                  | Under Construction |
| M3 Multifamily, LLC                 | 2         | Apartments                               | Approved           |
| Schildknecht                        | 1         | New SFD                                  | Proposed           |
| Olverd                              | 1         | New SFD and Garage                       | Under Construction |
| Steadfast                           | 0         | Assisted Living Facility With 76 Beds    | Proposed           |
| <b>Total</b>                        | <b>88</b> |  |                    |

| Commercial Projects in Carpinteria |                |                      | July 2015                                 |
|------------------------------------|----------------|----------------------|---|
| Project Name/Developer             | Square Feet    | Description          | Status                                    |
| Lagunitas                          | 84,550         | Office building      | Approved                                  |
| Rincon Bluff Resort                | TBD            | 162-Room Resort      | Proposed-Incomplete App-Reviewing Habitat |
| Carpinteria Valley Arts Center     | 7,911          | Community Art Center | Approved                                  |
| M3 Multifamily, LLC                | 6,488          | Commercial Building  | Approved                                  |
| Casas De Las Flores                | 4,346          | Community Center     | Approved                                  |
| <b>Total</b>                       | <b>103,295</b> |                      |   |

Source: City of Carpinteria

The social environment of the Carpinteria Valley directly affects local business progress and performance. Furthermore, quality of life indicators impact the desirability of real estate assets in the region. Public safety, traffic and transportation, and the enrichment of youth potential are important features of this environment. These quality of life indicators are examined by referencing published information on local crime, traffic volumes, commute times, road conditions, and public education.

## Crime

In the City of Carpinteria, crime rates have declined dramatically since the 1990s. They are among the lowest levels observed in Santa Barbara County, and are significantly lower than those that prevail across the state. Over the last decade, crime rates have been slowly increasing, but this is due to the fact that the population has declined, and does not signify an uptick in the number of crimes committed. In 2013, a total of 282 crimes were reported, compared to an average of 251 per year for the last decade.

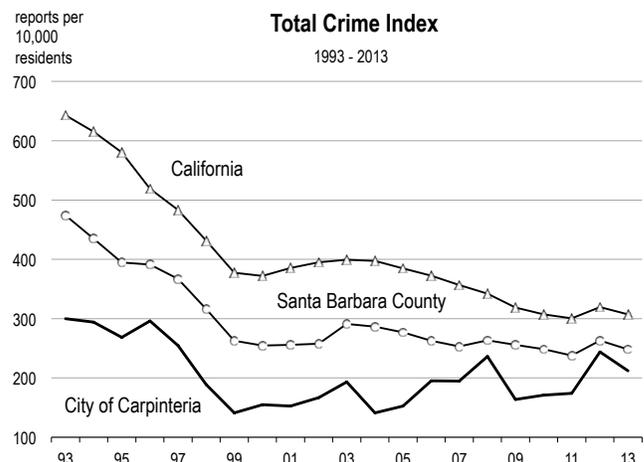
The broadest measure of crime, the Total Crime Index, is the sum of the following crime categories: willful homicide, forcible rape, robbery, aggravated assault, burglary, motor vehicle theft, larceny and arson.

As of 2013 (the most recent year for which data is available), a total of 212 crimes were

reported for every 10,000 residents in the City of Carpinteria. This represents a slight improvement over the previous year, but is higher than most points in the past decade. Because the region’s population began to decline in the early 2000s, and has only partially recovered, crime rates per capita have slowly moved higher.

When compared to Santa Barbara County and California, crime is substantially lower in Carpinteria.

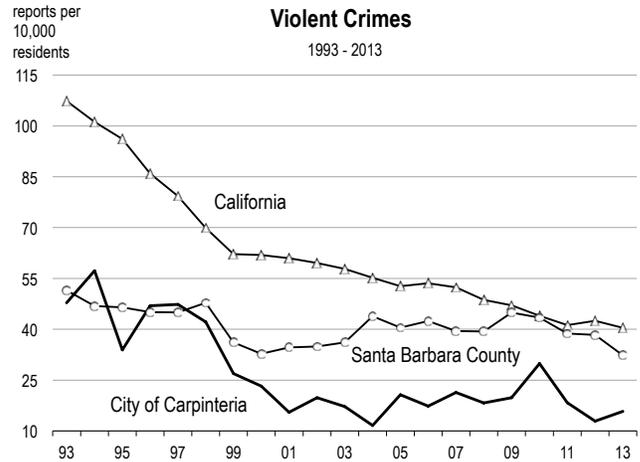
In addition, crimes rates in Carpinteria are comparatively low when measured against other cities in Santa Barbara County. In 2013, the City of Santa Barbara had the highest crime rate with 338 reports per 10,000 residents, while Santa Maria had the second highest at 341. The only cities with lower rates were Solvang, Buellton, and Goleta, which all had crime rates between 142 and 165 reports per 10,000 residents.



In Carpinteria City, property crime rates have risen slightly in recent years, with 90 reports for every 10,000 residents in 2013.

By comparison, Santa Barbara County had a rate of 118 property crimes for each 10,000 residents, and California had a rate of 159 per 10,000 residents. As with the total crime index, Carpinteria has a lower rate of property crime than Santa Barbara City or Santa Maria, but a higher rate than Goleta, Lompoc, or Buellton.

Violent crime rates are near record lows in Carpinteria. With 16 reports per 10,000 residents, 2013 was the fourth lowest year on record. There were no homicides in 2013, and aggravated assault has fallen substantially.



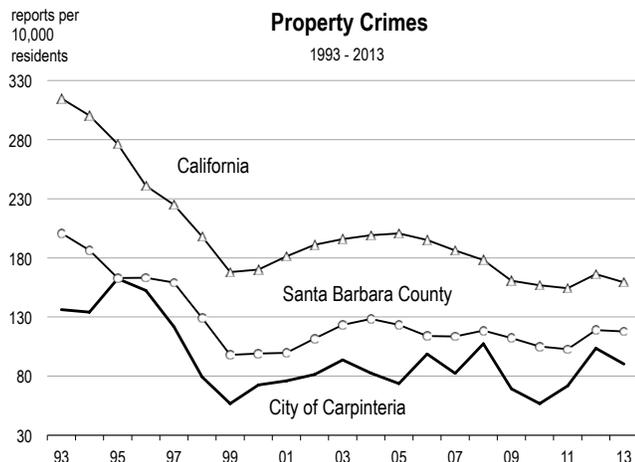
The rate of violent crime in Carpinteria remained well below that of Santa Barbara County and California. Among cities in Santa Barbara County, the highest of incidence of violent crime was observed in Santa Maria, where there were 49 reports for every 10,000 residents. Carpinteria was similar to the lowest cities in the county, where there were 13 or 14 reports for every 10,000 residents.

## Traffic and Commuting

### Traffic Counts

Traffic counts reveal information about road usage, and can provide insight into economic, demographic, and lifestyle trends.

Since the recession of 2007-2009, traffic counts have declined dramatically across the nation, state, and county. The breadth and depth of the decline has been unprecedented in modern history.



In general, traffic counts decline during periods of economic weakness, and grow during periods of strength. This occurs for several reasons, including the increased transportation of goods, a larger number of individuals driving to work, and a willingness of households to expend resources on cars and gasoline.

During the current cycle, the low levels of road usage were indicative of the modest pace of economic recovery. However, the economy is now expanding at an accelerated pace and can no longer be blamed for low traffic counts. Some additional factors are likely at play, including the state’s changing demographic makeup – older individuals have lower workforce participation rates – and an increased incidence of telecommuting. Young people are also choosing to live closer to their jobs, reducing freeway traffic in the region. All of these factors lead to fewer or shorter daily commutes, and lower overall traffic counts.

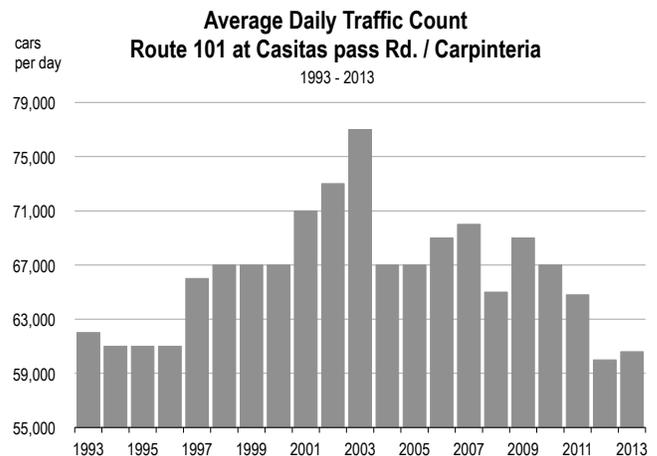
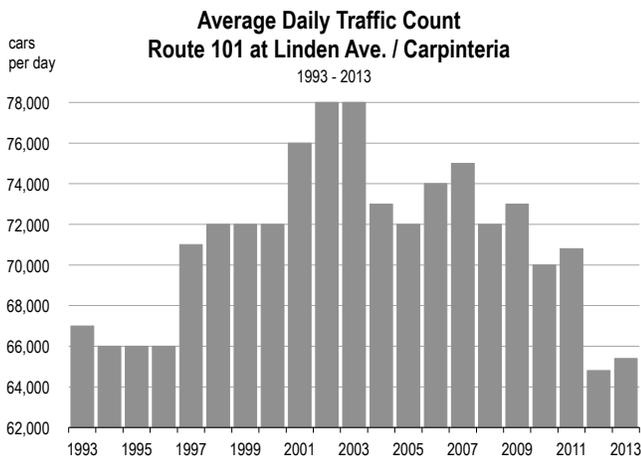
Traffic levels can also affect the living standards of a community. High levels of traffic can cause congestion, leading to longer commute times

and lower resident satisfaction. By contrast, low traffic volumes can lead to improved living standards. As a general rule, Carpinteria tends to have much lower levels of road usage than surrounding regions, leading to less congestion.

During peak travel times – immediately before and after the typical workday – traffic volumes increase in the Valley, slowing the flow of vehicles through the region. But plans to widen Highway 101 are in progress, which should alleviate some of this burden in the coming years.

Transportation (Cal Trans) estimates traffic counts for state highways, including interstates and routes. Annual average daily traffic is the total traffic volume for the year divided by 365. The traffic count year is from October 1 to September 30.

In Carpinteria, two of the most active points are the intersections of Highway 101 at Linden Avenue and Casitas Pass Road. At both of these intersections, traffic peaked in 2003 and has declined over time.



At Highway 101 and Linden Avenue, average daily traffic totaled 78,000 cars in 2002 and 2003. By 2013, that figure had fallen to 65,400. At Casitas Pass Road, traffic counts declined from 77,000 in 2003 to 60,600 in 2013.

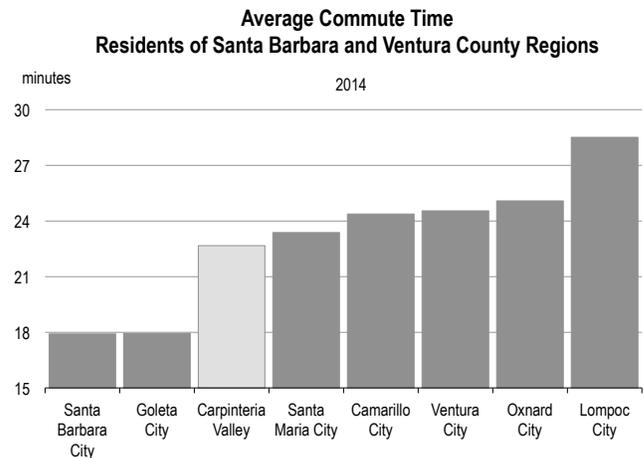
In neighboring regions, traffic levels are considerably higher. In the City of Santa Barbara, for example, a daily average of 133,000 cars passed through the intersection of Highway 101 and Mission Street in 2013. Highway 101 and Turnpike Road had to accommodate 115,000 cars per day.

In Ventura County, traffic is heavier still. In 2013, a daily total of 174,000 cars passed through the intersection of Highway 101 and Route 23. In Oxnard, 149,000 cars passed the junction of Highway 101 and Route 1.

Both of these regions are subject to high levels of traffic congestion, particularly during typical commuting times. The lower levels of congestion in Carpinteria have likely attracted residents to the region, and may have prevented others from leaving.

### Average Commute Time

For resident of the Carpinteria Valley, commute times are typically lower than for residents of neighboring regions. In 2014, workers who lived in the Carpinteria Valley had an average

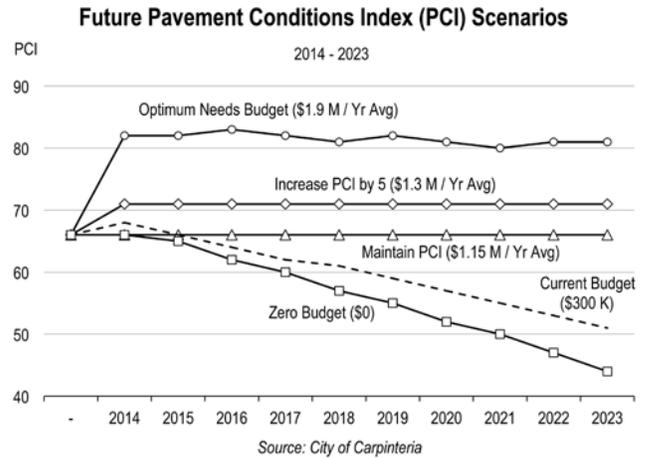
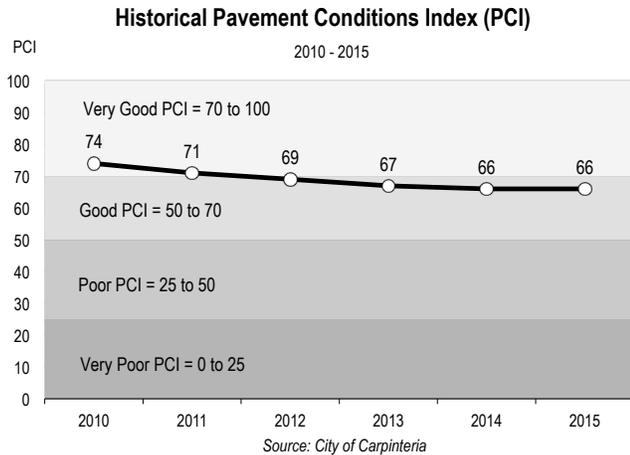


commute time of 22.7 minutes. By comparison, those who lived in nearby regions of Ventura County spent somewhat more time traveling to work.

In Santa Barbara County, commute times were shorter for people who lived in Goleta City and Santa Barbara City, but this statistic is somewhat misleading. A large number of Carpinteria residents commute into Santa Barbara and Goleta, but the reverse is less prevalent. For residents who both live and work in Carpinteria, travel times are likely very short.

### Condition of the Roads

The City of Carpinteria owns and maintains approximately 28 miles of roadway. Arterials, collectors and residential streets serve a wide variety of residential, commercial and industrial



land uses, including many for beach going and tourism.

The Department of Public Works maintains a computer based condition tracking system for the roadway pavements, and in 2015 the overall pavement condition was considered good with a score of 66 on scale from 0 to one 100. Five years ago the overall system condition was very good with a score of 74.

To maintain the current reading of 66, the City estimates that approximately \$1.3 million will need to be invested per year, which is significantly higher than the current average of approximately \$300,000 per year. If funding is not increased soon, the road conditions will worsen, and annual maintenance needs will reach \$12.8 million by 2020. That number will rise to \$18.9 million by 2025.

In 2015, the Public Works Department plans to work with the community and the City Council to develop a strategy for addressing unfunded pavement and other infrastructure maintenance needs.

## Quality of Education

### Enrollments

In the Carpinteria Unified School district, student enrollments have been declining for more than a decade. In part, this decline mirrors trends in the region’s broader population. Since the year 2000, the population has fallen by 5.3 percent in the City of Carpinteria.

However, over the same time frame, public school enrollment has decreased by 24.3 percent, while enrollment at Carpinteria High School has declined by 25.5 percent. And even

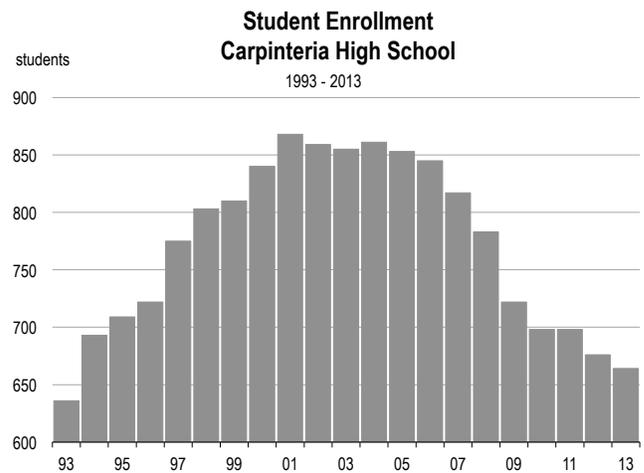
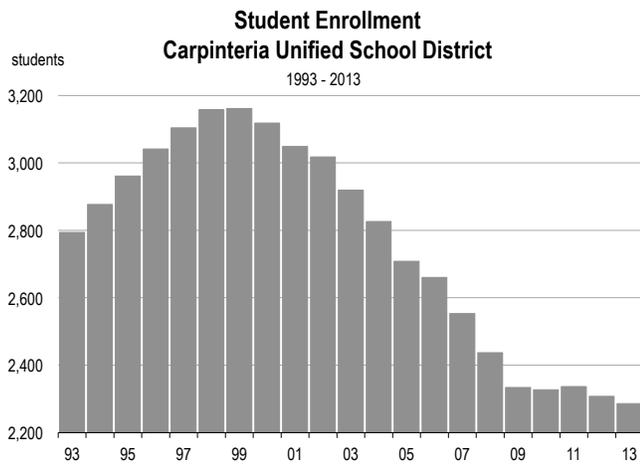
though the population is growing again, school counts continue to decline unabated.

Like other parts of the South Coast, the demographic makeup of Carpinteria continues to change, with older individuals accounting for a much larger share of the population, and young people accounting for a much lower share. Because of high home prices in Carpinteria and the rest of South Santa Barbara County, families with children have been pushed into other areas, such as Ventura County and the Santa Maria Valley. As a result, school enrollments remain under pressure.

### Academic Performance

Standardized testing has become an important measure of a school's academic performance. At schools with strong test scores, students are likely to be more prepared for the future, and may fare better in college and the job market.

Test scores can also have economic consequences. In general, home prices are higher in regions with strong test scores, as are household income levels. This can benefit a local economy by generating higher property tax revenues, which can then be reinvested in local amenities, including schools.



| Public School Enrollment            | Carpinteria         |       |       |       |       |       |       |
|-------------------------------------|---------------------|-------|-------|-------|-------|-------|-------|
|                                     | Fall 2007-Fall 2013 |       |       |       |       |       |       |
|                                     | - school year -     |       |       |       |       |       |       |
|                                     | 07-08               | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
| Carpinteria High School             | 817                 | 783   | 722   | 698   | 698   | 676   | 664   |
| Carpinteria Unified School District | 2,553               | 2,437 | 2,334 | 2,327 | 2,337 | 2,308 | 2,286 |

Source: California Department of Education

Standardized testing starts at the elementary school level where all students take the California Standard Test (or CST). It continues through high school where college and university bound students take the SAT.

In addition, California schools can be compared by their scores on the Academic Performance Index. This is the broadest measure of school performance, incorporating the results from a number of standardized tests.

**Academic Performance Index**

The Academic Performance Index (API) has been used to compare the academic results of schools and school districts. It was based on standardized tests that were administered throughout the state, and evaluated students at all grade levels. In the API system, scores ranged from a low of 200 to a high of 1,000.

Beginning in 2014, California moved to alternate testing methods, but because results are not yet available, API scores are presented as the most recent measure of school performance.

In general, students in the Carpinteria Valley outperformed their peers across the state. In 2006, for example, the Carpinteria Unified School District was awarded an API score of 731. This compares favorably to the statewide average of 720.

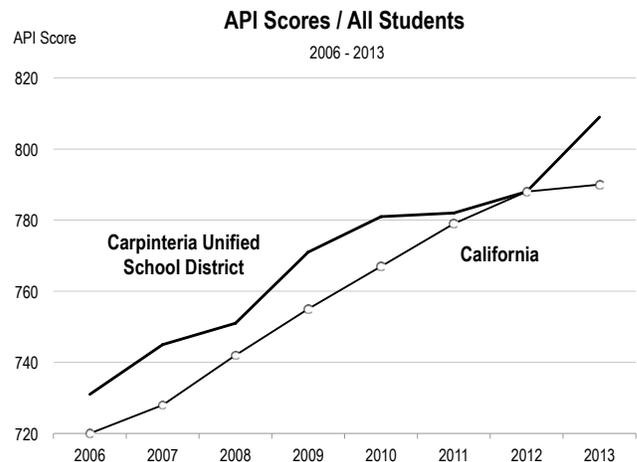
For several years, however, the performance gap began to narrow. By 2012, Carpinteria Unified was awarded a score of 788, indicating that it had improved substantially over time. Across

the state, the average API score was also 788, indicating that students in the Carpinteria Unified district performed similarly to their peers statewide.

In 2013, the gap began to widen again, and Carpinteria Unified surpassed 800 for the first time, reaching a total of 809. This is a significant milestone, and shows the continued progress of the district. By contrast, the statewide API was 790 – only a minor improvement over the previous year.

Carpinteria Unified also outperformed many of its neighboring districts. In 2013, it surpassed the scores of Santa Barbara Unified, Ojai Unified, and Lompoc Unified. Ventura Unified, however, received an API score of 809, which was equivalent to that of Carpinteria.

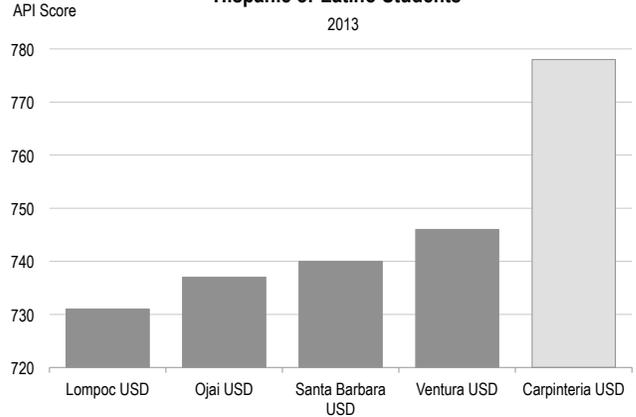
In addition, students in Carpinteria performed better than their peers in a number of subgroups. In particular, the achievement gap – the disparity between high- and low-performing groups – is much smaller in Carpinteria than it is in adjacent jurisdictions.



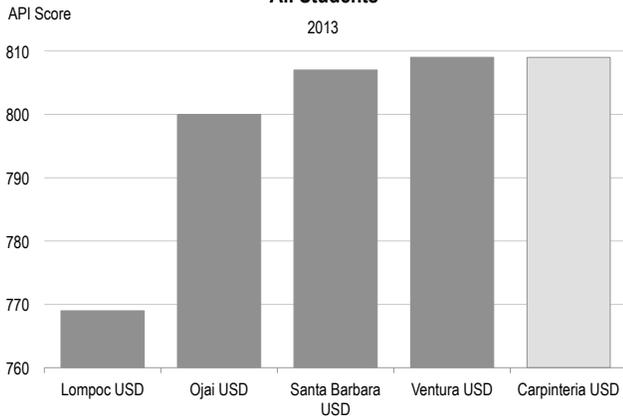
**California Standard Test**

For the past decade, all California elementary school students were required to take the California Standard Test (CST). Beginning in 2014, the state moved to alternate testing methods, but because results are not yet available, CST scores are presented as the most recent measure of school performance. In this chapter, CST results are shown (arbitrarily) for grades three and seven as representative of elementary and middle school scores.

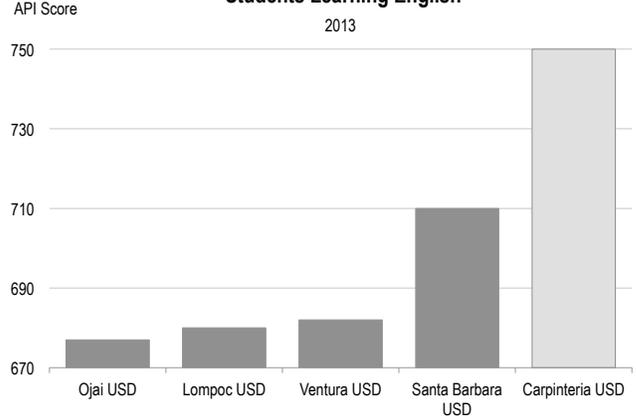
**API Scores by District  
Hispanic or Latino Students**



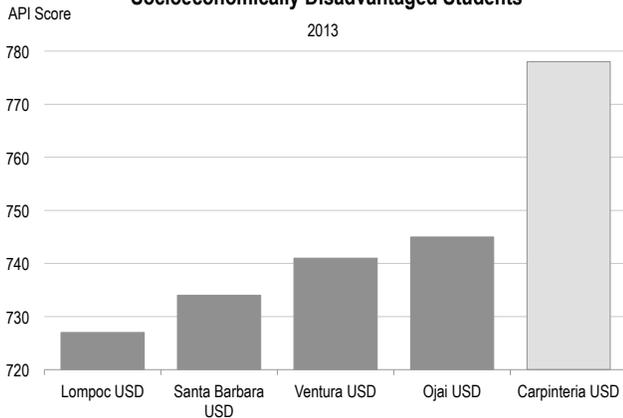
**API Scores by District  
All Students**



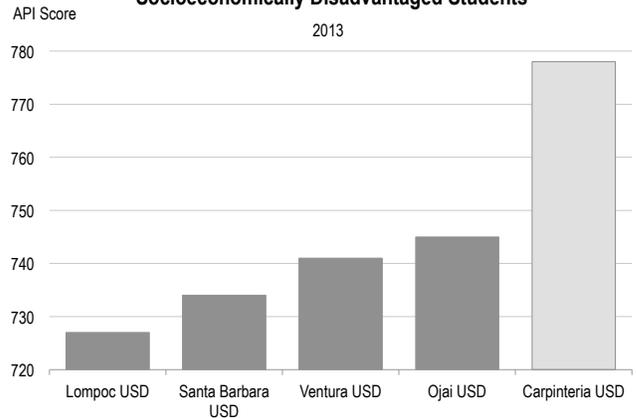
**API Scores by District  
Students Learning English**



**API Scores by District  
Socioeconomically Disadvantaged Students**



**API Scores by District  
Socioeconomically Disadvantaged Students**



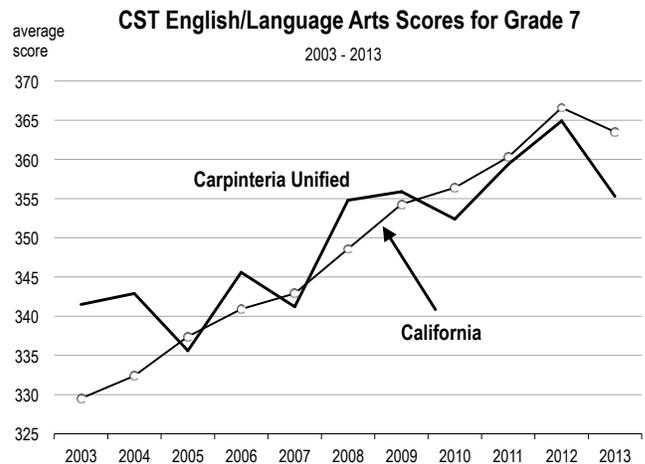
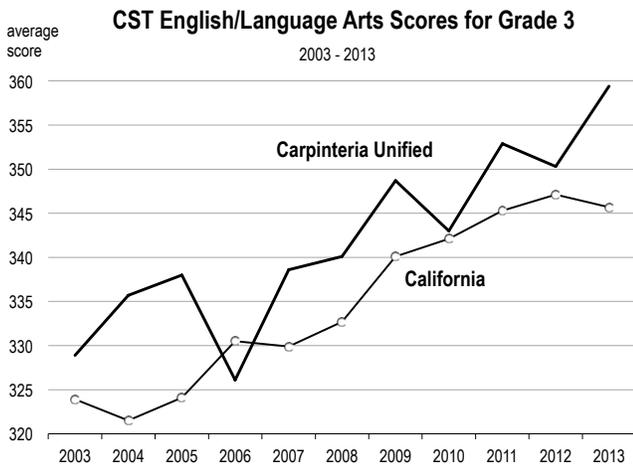
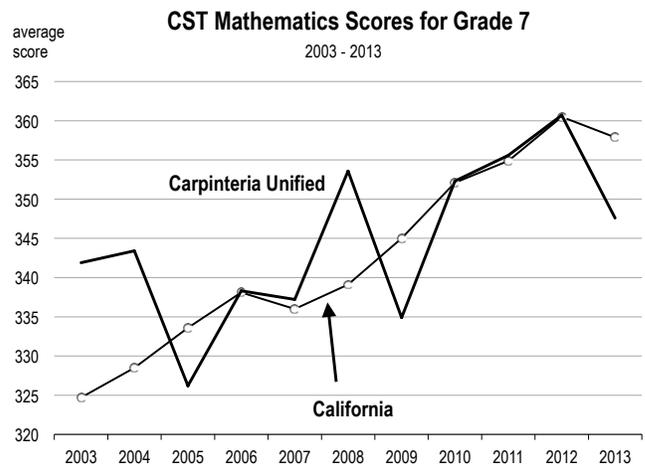
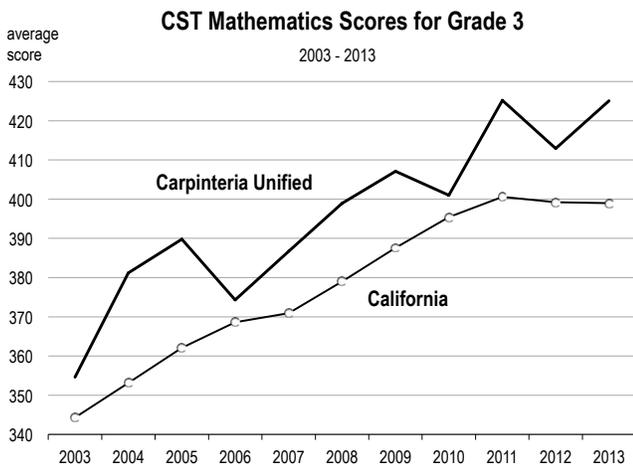
At the third grade level, students in the Carpinteria Unified School District consistently outperformed their peers across the state. In 2013, the average score for Carpinteria Unified students was 425 in Math and 359 in English and Language Arts. Throughout the state, the average scores were 399 and 346, respectively.

At the seventh grade level, scores at Carpinteria Unified tended to be similar to those across the state. In both subjects, scores fell below the state average in 2013. But because Carpinteria is a small region with few students, scores can be volatile. The recent underperformance was

not indicative of any fundamental change in Carpinteria student outcomes.

**College Entrance Exam Performance**

The (SAT) is a standardized test taken by juniors and seniors in high school that has become a requirement for students desiring to attend four-year colleges and universities. The highest attainable score on the new SAT is 2400. The previous SAT did not incorporate a writing section and was graded on a scale of 1600 points. In addition to the new writing section, which includes an essay and multiple-



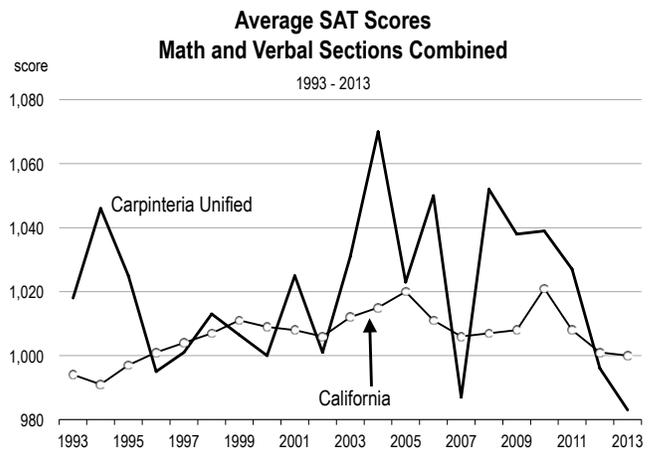
choice questions, changes were made to the math section (adding higher-level math and eliminating quantitative comparisons) and verbal section (eliminating analogies).

At Carpinteria High School, scores tend to fluctuate from year to year. This occurs because a relatively small number of students take the exam each year. In 2013 there were 78 students that sat for the exam, and over the past 10 years there have been an average of 65. This represents 37 percent of all seniors at Carpinteria High School, which is slightly lower than the 40 percent of seniors who took the exam across California.

In general, students at Carpinteria High tend to outperform their peers across the state. This gap was prevalent from 2003 to 2011, but closed in recent years. In 2013, Carpinteria students underperformed the state average, a rare occurrence for the region.

In 2013, the average score for students at Carpinteria High was 983 for the Math and

Verbal sections combined, and 1462 when the Writing section is included. Across California, the averages were 1000 for the Math and Verbal sections, and 1489 with the Writing section.



| Academic Performance                       | Carpinteria             |       |       |       |       |       |       |       |
|--|-------------------------|-------|-------|-------|-------|-------|-------|-------|
|  | Fall 2005-Fall 2013     |       |       |       |       |       |       |       |
|  | - school year -         |       |       |       |       |       |       |       |
|  | 05-06                   | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 |
| <b>Carpinteria Unified School District</b> | <b>-- CST Scores --</b> |       |       |       |       |       |       |       |
| Math Grade 3                               | 374                     | 387   | 399   | 407   | 401   | 425   | 413   | 425   |
| English Grade 3                            | 326                     | 339   | 340   | 349   | 343   | 353   | 350   | 359   |
| Math Grade 7                               | 338                     | 337   | 354   | 335   | 352   | 356   | 361   | 348   |
| English Grade 7                            | 346                     | 341   | 355   | 356   | 352   | 359   | 365   | 355   |
| <b>California</b>                          |                         |       |       |       |       |       |       |       |
| Math Grade 3                               | 369                     | 371   | 379   | 388   | 395   | 401   | 399   | 399   |
| English Grade 3                            | 331                     | 330   | 333   | 340   | 342   | 345   | 347   | 346   |
| Math Grade 7                               | 338                     | 336   | 339   | 345   | 352   | 355   | 361   | 358   |
| English Grade 7                            | 341                     | 343   | 349   | 354   | 356   | 360   | 367   | 364   |
| <b>Carpinteria Unified School District</b> | <b>-- SAT Scores --</b> |       |       |       |       |       |       |       |
| Verbal                                     | 520                     | 485   | 525   | 507   | 515   | 501   | 493   | 487   |
| Math                                       | 530                     | 502   | 527   | 531   | 524   | 526   | 503   | 496   |
| Math + Verbal                              | 1050                    | 987   | 1052  | 1038  | 1039  | 1027  | 996   | 983   |
| Writing                                    | 517                     | 479   | 513   | 498   | 502   | 489   | 488   | 479   |
| Total                                      | 1567                    | 1466  | 1565  | 1536  | 1541  | 1516  | 1484  | 1462  |
| <b>California</b>                          |                         |       |       |       |       |       |       |       |
| Verbal                                     | 495                     | 493   | 494   | 495   | 501   | 495   | 491   | 492   |
| Math                                       | 516                     | 513   | 513   | 513   | 520   | 513   | 510   | 508   |
| Math + Verbal                              | 1011                    | 1006  | 1007  | 1008  | 1021  | 1008  | 1001  | 1000  |
| Writing                                    | 495                     | 491   | 493   | 494   | 500   | 494   | 491   | 489   |
| Total                                      | 1506                    | 1497  | 1500  | 1502  | 1521  | 1502  | 1492  | 1489  |

Source: California Department of Education

note: The SAT writing section was first implimented in 2005-2006.

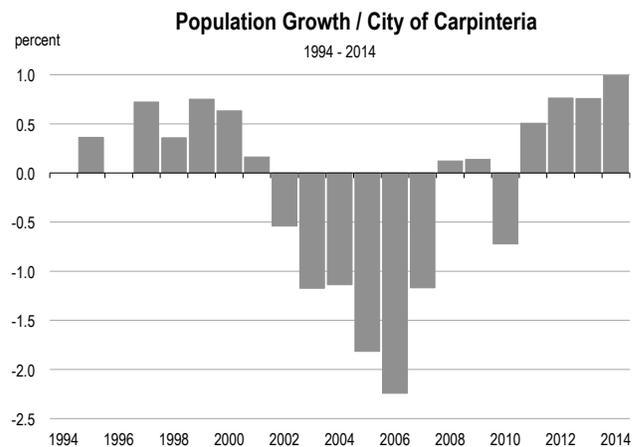
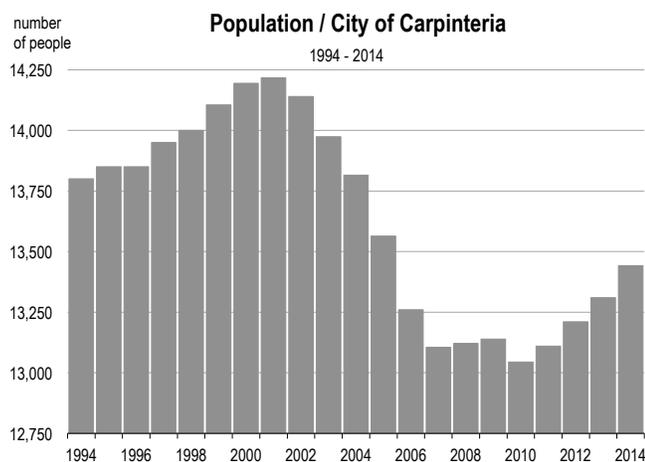
Demographic trends can exhibit large influences on a regional economy. Population growth is an important driver of economic activity, as it typically results in a larger income pool and greater consumer spending, and brings new customers to local businesses. It also creates demand for housing, which can spur the construction industry and lead to gains in property tax revenue.

Household incomes are indicative of living standards, and higher incomes can benefit a local community. In addition, incomes are strongly related to educational attainment. Regions with a highly trained workforce are often more prosperous.

## Population Growth

Since 2011, modest population growth has returned to the Carpinteria Valley and, following several years of decline, the job market has rebounded, several new housing projects have come on line, and real estate values are recovering.

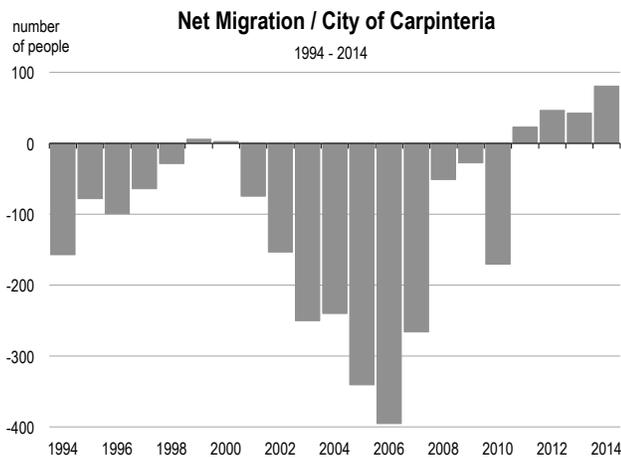
- As of January 1, 2014 (the latest period for which data are available), the City of Carpinteria had a total population of 13,442.
- Over the last four years, the City has gained 398 residents. In 2014 alone, the population grew by approximately 130 individuals.
- Across the entire Carpinteria Valley (defined as ZIP codes 93013 and 93067), there were 17,226 residents in 2014.
- For most of the last two decades, net migration was negative in the City of Carpinteria, as families left the region for places with less expensive housing and new residents were generally older with fewer or no children.
- Since 2011, net migration has reversed itself, contributing to the recent population growth.



- Over the past few years, the region has added dozens of new housing units, allowing new residents to enter the region. And as the job market has expanded in the greater Santa Barbara area, people have been locating in Carpinteria for its myriad lifestyle advantages.

### Household Income

- In 2014, the median household income in the City of Carpinteria was \$74,764.
- This value is higher than the medians for Santa Barbara County and the State of California, which were \$64,571 and \$60,244, respectively.
- Carpinteria households are more prosperous at all points of the income spectrum.
- In the City of Carpinteria, 28 percent of households earned between \$35,000 and \$74,999 per year. Slightly more than 26 percent earned between \$75,000 and \$124,999. Almost 24 percent made more than \$125,000, and approximately 22 percent made less than \$35,000.

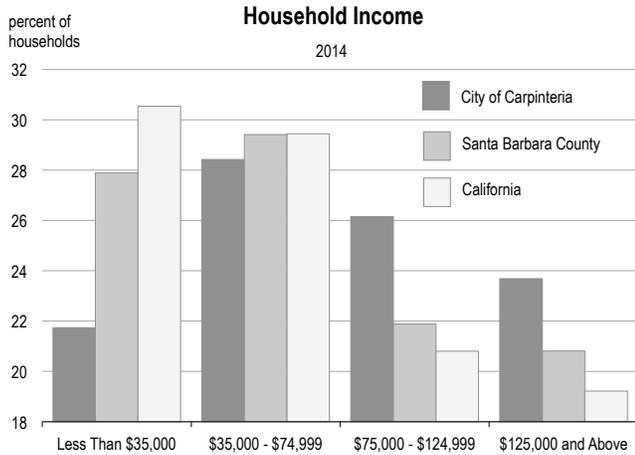


### Demographic Snapshot Carpinteria Valley 2014

|                      | Population | Percent Change in Population Since 2000 | Percent of Population in Labor Force | Percent with 4-Year Degree or Higher | Median Household Income | Percent of Population Hispanic |
|----------------------|------------|---|--------------------------------------|--------------------------------------|-------------------------|--------------------------------|
|                      |            |   |                                      |                                      | --dollars--             |                                |
| City of Carpinteria  | 13,442     | -5.3                                    | 68.6                                 | 31.3                                 | 74,764                  | 49.9                           |
| Santa Barbara County | 436,516    | 9.2                                     | 62.2                                 | 30.5                                 | 64,571                  | 44.8                           |
| California           | 38,499,378 | 13.2                                    | 62.2                                 | 30.7                                 | 60,244                  | 38.9                           |

### Working Age Population

|                      | School Age (5 - 17) | Percentage of Population | Early Working Age (18 - 44) | Percentage of Population | Later Working Age (45 - 64) | Percentage of Population |
|----------------------|---------------------|--------------------------|-----------------------------|--------------------------|-----------------------------|--------------------------|
| Carpinteria          | 2,050               | 15.3                     | 4,748                       | 35.3                     | 3,704                       | 27.6                     |
| Santa Barbara County | 72,018              | 16.5                     | 174,524                     | 40.0                     | 101,241                     | 23.2                     |
| California           | 6,690,636           | 17.4                     | 14,583,058                  | 37.9                     | 9,749,484                   | 25.3                     |



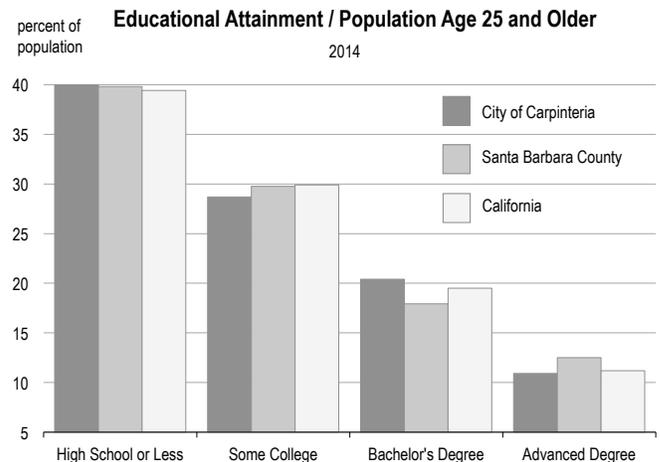
- Across Santa Barbara County and the broader state, typical household incomes are generally much lower. This indicates the relative affluence of the Carpinteria region.

**Education**

In the City of Carpinteria, education levels are similar to those across the county and state. This is in sharp contrast to the makeup of the Carpinteria labor market, which is dominated by high-skilled industries, and is generally the result of Carpinteria’s commuter culture. Of the individuals that work in high-skilled positions in Carpinteria, many reside in other locations and commute into the region.

- In the City, slightly more than 31 percent of the population aged 25 and older has obtained bachelor’s degree or higher.
- For Santa Barbara County and the State of California, just under 30 percent of the population has obtained at least a four-year degree.

- In Carpinteria, 11 percent has earned an advanced degree, such as a master’s, doctoral, or professional degree.
- By comparison, 13 percent of Santa Barbara County residents have earned an advanced degree. Across the state, this figure is 11 percent.
- Almost 29 percent of Carpinteria residents have attended some college classes or earned an associate’s degree, while 40 percent has a high school diploma or less.
- In Santa Barbara County, 30 percent of individuals have attended some college classes or earned an associates degree, while 40 percent have a high school diploma or less. In California, comparable shares are 30 and 39 percent.



# Acknowledgements

This publication was prepared for the City of Carpinteria between March and April of 2015. The Profile is intended to provide annually updated economic, demographic, and quality of life information about the Carpinteria Valley.

## California Economic Forecast

**Ben Wright, M.A.**

Author, Industry Analysis

**Nick Kreitman**

General Database, Layout, New Development

**Daniel Wise**

General Database, New Development

**Mark Schniepp, Ph.D.**

Principal Author & Editor

## Databank Contributors

California Board of Equalization

California Department of Education

California Department of Finance

California Department of Transportation

California Employment Development Department

City of Carpinteria

Kevin Silk, Assistant to the City Manager

Shanna Farley, Assistant Planner

Claritas

CHFICIRB

Federal Bureau of Investigation

Radius Group

Santa Barbara Conference and Visitors Bureau  
and Film Commission

Santa Barbara Multiple Listing Service