Index of attachments for Feasibility Study Resolution

A. Feasibility Report

B. Resolution with Survey Area Map as Attachment A

ATTACHMENT A

KEYSER MARSTON ASSOCIATES
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

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REAL ESTATE
REDEVELOPMENT
AFFORDABLE HOUSING
ECONOMIC DEVELOPMENT

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To: Ms. Diana Barnhart, Economic Development Manager
City of Milpitas

From: Paul Anderson

Date: July 28, 2009

Subject: Redevelopment Feasibility

I. INTRODUCTION

Keyser Marston Associates Inc., (KMA) was asked to provide the City of Milpitas (City) with a preliminary assessment of the feasibility of adding territory to Project Area No.1, (Project Area) or forming a new redevelopment project area. This memorandum summarizes the blight and urbanization findings for the proposed added area (Study Area). The Study Area includes three non-contiguous areas referred to as the Adams, Selwyn/Shirley and Town Center Subareas. **Map 1: "Study Area Boundaries"** shows the boundaries of the three Subareas.

II. CONCLUSION

Based on our preliminary findings, KMA believes there is sufficient blight in portions of the Study Area to pursue an amendment to the Redevelopment Plan for Project Area No. 1 to add territory. KMA recommends altering the boundary of the Selwyn/Shirley Subarea to exclude two large residential complexes south of Edsel Drive (Dry Creek apartments and Crossroad condominiums). These complexes have not been impacted by code violations and the properties appear to have had recent reinvestment. KMA also recommends excluding the Fleming Business Park on Montague Expressway just west of Interstate 680, the residential properties on Cameron Circle, and the industrial area between South Milpitas Boulevard in the east, Great Mall Drive in the west, Los Coches Street in the north and Gibraltar Drive in the south. The residential development on Cameron Circle is relatively new and sound. The Fleming Business Park and the other industrial uses recommended for exclusion are primarily sound most of which are

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research and development uses. The balance of the area is interspersed with heavy industrial uses which are impacted by obsolescence and are not competitive with the market area. No change is proposed for the Adams Subarea. **Map 2: "Recommended Added Area Boundaries,"** shows the areas recommended for possible inclusion in a project area. The benefit to adding territory to the Project Area rather than forming a new project area would be the ability to share revenues from the existing Project Area with the Study Area. Should the City Council/Agency wish to pursue the amendment to add territory, the next step in the process would be the adoption of a Survey Area that would incorporate the Study Area to formally begin the process to add territory.

III. SUMMARY OF FINDINGS

Staff identified the areas for study. The Study Area encompasses three non-contiguous areas including the 687-acre industrial/warehouse Town Center Business Park (Town Center Subarea), a small 13-acre residential area near the intersection of East Calaveras Boulevard and Temple Drive ("Adams Subarea"), and a second small 62-acre residential area with limited commercial generally along Interstate 680 between Calaveras Boulevard and Yosemite Drive ("Selwyn/Shirley Study Area"). Collectively, these areas which comprise the Study Area total 762 acres. **Map 1: "Study Area Boundaries"** shows the boundaries of the three Subareas. **Table 1: "Existing Property Uses"** indentifies the number of parcels and acres by land use within each Subarea. **Map 3: "Existing Property Uses"** shows the existing land uses as identified by the County Assessor as modified by field inspections.

Both residential Subareas are primarily developed with multiple-family residential rental buildings built in the mid – 1950's to the mid 1960's. The apartment complexes suffer from overcrowding and have been the site of gang activity. For some time, the two residential Subareas have been the focus of City code enforcement, proactive planning and police enforcement. The first coordinated corrective City effort resulted in the creation of a task force with representation from the various City departments to take proactive measures to improve conditions in the Adams and Selwyn/Shirley Subareas. The task force was in effect in 2002 continuing through 2003. Conditions improved after the task force efforts but the problems continued to re-occur and endure. To evaluate if these and other factors qualify as blight, KMA reviewed historic code violation data (2002-2009), crime incidents reported within the areas (2004-2008), property sales data over the past four years (2004-2008), current assessed values (2008-2009), and overcrowding (2000 Census data).

In total, there are 113 parcels in the residential Subareas of which 82 are under separate ownership. Of the 113 parcels, 84 or 74% were cited for code violations between 2002 and 2009. On a per square foot basis the residential properties in these areas are

assessed between 46% (Adams Subarea) and 29% (Selwyn/Shirley Subarea), below the Citywide average for similar density multiple-family properties. Between 2004 and 2008, the value of property sales in the Adams Subarea were 17% lower, and in the Selwyn/Shirley Subarea were 7% lower than Citywide averages for similar density multiple-family sales. Notably, the value of land was 10% lower in the Adams Subarea and 15% lower per square foot in Selwyn/Shirley Subarea. Overcrowding is a serious issue in these residential areas. Based on U.S. Census data for the blocks that encompass the residential areas, 54% of residents in the Selwyn Subarea and 37% of residents in the Adams Subarea live in overcrowded conditions compared to 22% Citywide. Based on the prevalence and long-term problems associated with these areas, they would appear to qualify for inclusion in a redevelopment project area. The possible exception would be the two large residential complexes at the south end of Selwyn/Shirley Subarea, which have not been impacted by code violations and there has been reinvestment in these properties.

Although the Town Center Subarea is notable for its research and development uses, there are a significant number of manufacturing and warehousing uses in this area. The City has been concerned about the growing number of vacancies in the Town Center and there is some perception that the increased vacancies is due in part to the aging industrial building stock which has become obsolete for contemporary users. To evaluate the competitiveness of the Town Center Subarea, the City engaged Sperry Van Ness (SV Advisors) which has been representing property sales and leasing in this area for over 20 years to inventory the building stock and provide their assessment of the competitiveness of the area. SV Advisors evaluated building conditions, constructed type ceiling height, column spacing, electrical power, loading capabilities, parking ratio, site utilization, and sprinkler systems to determine if the existing building stock met contemporary user needs. KMA reviewed the findings of SV Advisors in the context of the definitions of blight and also independently analyzed property sales as provided by Costar (national on-line sales data provider) over the four-year period between 2004 and 2008. Based on findings of the analysis, approximately one third of the area of the Town Center Subarea is developed with obsolete industrial buildings. The industrial vacancy rate is at 9% compared to 6% in the North San Jose Market Area (market area). More telling is the time properties remain vacant. Vacant industrial properties in the Town Center are on the market for an average of 12.2 months compared to 7.6 months in the market area. Industrial property sales data found that the industrial space sold for 45% less in the Town Center Subarea than comparable properties Citywide during the same period. The Research and Development properties in the Town Center had fewer indicators of obsolescence and were generally more competitive with the market area.

Based on the above findings, large portions of the Study Area would appear to qualify for inclusion in a redevelopment project area. KMA recommends excluding the two large residential projects (Dry Creek apartments and Crossroads condominiums) in the Selwyn/Shirley Subarea at the intersection of Yosemite Drive and Dempsey Road which are not impacted by re-occurring code violations. KMA also recommends excluding the residential housing development on Cameron Circle, which is new and sound. Finally, KMA recommends excluding the Fleming Business Park located on Montague Expressway west of Interstate 680 and the area between South Milpitas Boulevard on the east, Great Mall Drive on the south, Los Couches Street in the north and Gibraltar Drive in the south, which is primarily developed with Research and Development uses. Research and Development uses in general are not characterized by obsolete in the same manner as industrial properties. **Map 2: "Recommended Added Area Boundaries"** shows the areas that appear to be eligible for inclusion in a project area and those recommended for exclusion.

IV. CRL REQUIREMENTS

Adoption of a New Project Area or Addition of Territory

The CRL requires a three-part blight test to qualify an area for inclusion in a redevelopment project. The area must be: (1) predominately urbanized; (2) must be blighted; and (3) the blighting conditions cannot be alleviated by the private sector acting alone. The following outlines the basic requirements for each of the findings:

Predominately Urbanized

A redevelopment project area must be predominately urbanized. Predominately urbanized means that not less than 80% of the land in the project area:

1. Has been or is developed for urban uses; or

2. Is characterized by lots of irregular shape and inadequate size under multiple ownership; or

3. Is an integral part of one or more areas developed for urban uses, which are surrounded or substantially surrounded by parcels, which have been or are developed for urban uses.

Blight

The CRL requires that a project area have at least one physical and one economic blighting condition and that the combination of these conditions be prevalent and substantial.

Physical Blighting Conditions

1. Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious seismic or geologic hazards, and faulty or inadequate water or sewer utilities.

2. Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard design, defective or obsolete design or construction, given the present general plan, zoning or other development standards.

3. Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the Project Area.

4. The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.

Economic Blighting Conditions

1. Depreciated or stagnant property values.

2. Impaired property values, due in significant part, to hazardous wastes on property where the agency authority may be eligible to use its authority as specified in Article 12.5 (commencing with Section 33459).

3. Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.

4. A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.

5. Serious residential overcrowding that has resulted in significant public health and safety problems.

6. An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety or welfare problems.

7. A high crime rate that constitutes a serious threat to the public safety and welfare.

Private Sector

The third and final requirement for a redevelopment project is that the private sector cannot alleviate the blighting conditions without redevelopment. Specifically, the CRL requires that the combination of blighting conditions must be so prevalent and substantial that they cause a reduction or lack of proper utilization of an area to such an extent that constitutes a serious physical and economic burden on the community which could not be alleviated without redevelopment.

V. ANALYSIS

Study Area Boundary and Urbanization

To determine what percentage of the Study Area is urbanized, KMA, using Assessor data identified those parcels improved with buildings or other physical improvements and those that are vacant.

Based upon Assessor data, 100% of the Adams Subarea, 93% of the Selwyn/Shirley Subarea and 96% of the Town Center Subarea (public right-of-way included) are developed with urban uses. Therefore, the entire Study Area both individually by Subarea and in total are well within the 80% urbanized area criteria. Furthermore, because the Study Area has been developed for over 50 years, is part of the developed core of the City and is zoned for urban uses, it is considered an integral part of an urbanized area. **Map 3: "Existing Property Uses"** shows the existing land uses based on Assessor data within the Subareas including those properties identified by the County Assessor as vacant.

Blighting Conditions and Private Sector Ability to Alleviate Conditions

Introduction

Based upon KMA's field observations, data provided by City staff and on-line data sources including MetroScan (Assessor data), Loopnet and Costar (multiple-family residential, retail, office and industrial sales) and information provided by SV Advisors, the following blighting conditions were analyzed and found to impact the Study Area. These blighting factors are not necessarily the only blighting conditions impacting the Study Area, but were selected as blight indicators that would best assess remaining blighting conditions in these areas.

Physical Blight Analysis

1. Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious seismic or geologic hazards, and faulty or inadequate water or sewer utilities.

Code Violations

Overview

The City of Milpitas has been concerned about the deteriorating condition of Adams and Selwyn/Shirley Subareas for several years. Both areas are primarily developed with multiple-family housing built in the mid-1960's. Numerous and persistent code violations are one of the factors that have contributed to deteriorated conditions of these housing areas. Some of the violations such as "Building Structural Issues" and "Over Crowding" are obvious violations that result in unsafe conditions for persons to live. However, there are numerous other violations that are indicators of blight such as graffiti, which is related to the presence of gangs and many violations related to a lack of maintenance such as abandoned vehicles which contribute to declining appearance of the area. During 2002-2003, the City made a coordinated effort to eliminate blighting influences in these areas which included a proactive code violation survey and enforcement. Of the 113 properties, 47 were cited for one or more code violations. In total, 242 violations were cited for properties within the two Subareas over the two-year period. During this same period, the Police Department worked with the Code Enforcement to enforce any applicable codes or laws to eliminate the blighting influences. Police Department officers noted any deficiencies that could be corrected that would help to deter illegal

activity, such as broken street lamps, need for additional lighting and improvements that could be made to City-owned property.

The result of these task force efforts was the abatement of the code violations. However, in the six subsequent years Code Enforcement has continued to receive complaints regarding the same types of violations that were corrected during 2002-2003. Between 2004 and May 2009, the City cited 248 violations within these two residential areas or approximately 41 violations per year for the 113 properties. The most frequently cited violations include graffiti, junk/inoperable vehicles and illegal outdoor storage. As mentioned above, the persistence of graffiti is an indicator of the continued presence of gang activity in the area. Junk and inoperable vehicles is not only unsightly and nuisance but is an indicator of an on-going problem with illegal businesses. As noted by the Police Department, residents of the apartment buildings take home customer cars from auto repair businesses and use them until they are repaired. The cars are not street-legal and are often double-parked outside the carport. In addition, some residents are repairing cars in the carports as an illegal business. The outdoor storage is a violation because it is unsightly accumulation of materials that results in the attraction of vectors and is a fire hazard. **Table 2: "Code Violations: 2002-2009"** identifies code violations by type in the residential Subareas from 2002 through May 2009. **Appendix A: "Code Violation Types and Descriptions,"** provides a description of the different violations cited.

Serious Code Violations

As indicated in **Appendix A**, the violations that are grouped within the category of serious health and safety violations included "Structural Hazards", "Waste and Debris" and "Health and Safety Hazards." In total, there were 199 violations within these categories, which represent 46% of the total violations cited between 2002 and 2009. These violations were cited for 88% of the properties (parcels under common ownership) within the Adams Subarea and 55% within the Selwyn/Shirley Subarea.

Structural Hazards included four code violation types, "Building Exterior," "Building/ Structure," "Garage Enclosure Issues" and "Fences/Gates." As described in **Table 2,** these violations included deteriorated building components, which can compromise the structural integrity of the structures. These violations also include damaged and faulty construction methods that pose a threat to residents.

Waste and Debris violations included three violation types, "Solid Waste", "Outdoor Storage" and "Hazardous Material." These violations are related to the improper accumulation and disposal of discarded objects, hazardous materials and trash.

Citations for waste and debris indicate conditions that are not only unsightly but pose a threat for harboring vectors and potentially fire hazards.

The final serious code violation category is Health and Safety Hazards. This category represents miscellaneous violations including "Overcrowding", resident complaints of substandard conditions "Housing Code" and the lack of adequate fire extinguishers in multiple-family housing "Extinguisher Not Serviced" and "Fire Extinguisher Not Present." Overcrowding is a serious code violation because the higher unit occupancy exceed building utility design capacity and in some instances tenants subdivide the space which compromises ventilation and access. Tenant complaints are considered serious because they reflect substandard or unsafe living conditions. Finally, inadequate fire extinguishers are a serious issue because fire extinguishers are the first line of defense in case of a fire.

Other Factors Impacting Structural Integrity and Safety

As identified by the City's Building Department, most of the residential buildings are two-story apartments with detached carports and are approximately 45 years old. The buildings have stucco walls and flat roofs with roll-on roofing. Some have wood shingle siding. The City building officials evaluated the exterior of the conditions of the buildings in these Subareas. The stucco siding extends below the exterior grade level, which allows for moisture penetration under stucco and into the wall framing. The stucco also services as a seismic bracing of the walls. Due to the extensive moisture penetration, the stucco on many of the apartment buildings has extensive cracking and in several instances, completely separated from the building frame. Such cracking and separation can cause extensive moisture and termite damage to building framing and jeopardize the buildings ability to resist earthquakes. Most of the detached carports at Adams Subarea have very limited or no seismic bracing, which is a potential hazard for residents using the carports. Those braced walls, which do exist, do not have proper connections to the roof; many have broken or shifted and split sill plates with anchor bolts missing the nut on top. Many of the carports have suffered significant damage due to moisture, weathering and, possibly mechanical damaged from vehicles. Many of the same conditions are applicable to the detached carports for the apartments in the Selwyn/Shirley Subarea. The carports have open fronts with limited or no lateral bracing at side and back walls. Some carports have replaced and improperly placed posts. Many have moisture and mechanical damage to walls and roofs. Interior partitions and overhead storage were built in some carports without permits. At Selwyn Drive, a carport is laterally braced with the adjacent commercial property fence also without permits. **Appendix B: "Photographs of Deteriorated and Substandard Conditions"** includes photographs illustrating deteriorated and faulty building conditions in the Selwyn/Shirley and Adams Subarea.

2. Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard design, defective or obsolete design or construction, given the present general plan, zoning or other development standards.

As summarized above, Sperry Van Ness or SV Advisor surveyed and inventoried the conditions of 175 properties in the Town Center. Of the 175 properties surveyed, 106 were identified as industrial (warehouse and manufacturing) and 46 were identified as research and development. The remaining 23 properties were developed with retail and office uses (the Cameron Circle residential neighborhood was excluded). Industrial and research and development uses were the focus of SV Advisors analysis which represented 87% of the Town Center Subarea. The industrial and research and development properties were evaluated for functionality and competitiveness. Characteristics that were analyzed included but were not limited to:

- Construction materials
- Building age
- Electrical power
- Ceiling height
- Sprinklers
- Building size
- Parking availability
- Truck loading
- Parcel size
- Column spacing

SV Advisors determined that 27 industrial properties identified representing approximately one third of the Town Center Subarea were characterized or impacted by physical conditions that limited the viability of properties. This also included six vacant industrial sites. The research and development uses had fewer indicators of obsolescence or other factors that hindered the viability or use of the properties. The physical conditions that impacted the 27 industrial properties ranged from “moderate” to “severe” significant. These properties represent the land within the Town Center Subarea that has physical conditions that substantially hinder or prevent the viable use or capacity of buildings or lots and are therefore physically blighted. As discussed in the economic blight analysis, SV Advisors analysis of current and historic market statistics (high vacancy rate, low absorption of vacant property, and low lease rates) support the conclusion that the industrial properties are underperforming and impacted by the physical blighting conditions. Also, the six vacant sites further underscore the underutilization and lack of the private sector’s ability to reinvest and redevelop these properties. The report prepared by SV Advisors including a map showing the location of the 27 properties identified as obsolete, are provided in **Appendix C: “SV Advisors Town Center Study Area Obsolescence Report.”** The following is a summary of some of the key characteristics that were evaluated in determining the obsolescence,

substandard, defective or other property characteristics of the 27 industrial properties that are not suited to contemporary development.

Age

Of the 27 buildings identified as obsolescent, the majority were developed in the mid-1970's or are approximately 30 years old. Sperry Van Ness identified structures constructed and maintained within the post 25 years as functionally competitive. As described below, this means that the effective life of the buildings is approximately half over and unless there has been substantial upgrades, rehabilitation and replacement of systems can be expected. Depending on the type (quality) of construction, the typical industrial building life is between 35 and 60 years.[1] Older properties are less desirable because it is assumed that a major reinvestment is required. For example, heating, ventilating and air conditioning components generally last between 10 and 30 years depending on the type and quality of the components.[2] As indicated below, in addition to replacing aged and deteriorated systems the older buildings often do not have contemporary building characteristics that users are looking for such as tall ceiling heights, adequate parking, dock high loading doors, sprinklers and adequate electrical power.

Construction Materials

Two basic construction types were noted for industrial buildings in the Town Center Subarea, metal and masonry. Metal is less desirable because it is not as durable as masonry. As noted by Sperry Van Ness, nearly every Office, R&D, and Warehouse user, and most Manufacturing users are distinctly opposed to metal building construction for multiple reasons including: very low image, unacceptably low security-both perceived and actual, absence of dock high loading, deficient clear height, inability to support modern roof mounted HVAC mechanical systems, unsuitability to meet Title 24 government regulations for heating and cooling system insulation, etc. In classifying buildings by construction materials, Marshall Valuation Services, a service that provides cost data for determining replacement costs of buildings and other improvements, identifies industrial buildings in five classes, "A, B, C, D and S".[3] Class A represents the highest quality with Class S representing lower quality buildings. Generally, rigid steel frame and metal siding are considered lower quality buildings (Class D or Class S). Of the 15 buildings with construction type information available, six are made of metal.

[1] Marshall Valuation Service, Section 97, page 7, March 2009.
[2] Marshall Valuation Service, Section 97, page 12, March 2009.
[3] Marshall Valuation Service, Section 14, page 23, March 2009.

Building Size

The average building size of the 20 industrial buildings (identified as substandard) was 59,342 square feet. However, there were four properties that were over 100,000 square feet. Generally, 200,000 square feet is considered an average size for a warehouse with new mega-warehouses as large as one to two million square feet.[4] According to the ULI's Business Park and Industrial Development Handbook, a typical warehouse facility is 500 feet long by 300 feet wide (150,000 square feet). It is anticipated that the trend will be to narrow; longer buildings with dimensions that are more likely to be 1,000 feet long by 150 feet wide.[5] Using 150,000 square feet as the standard, three of the buildings had an area of 150,000 square feet or greater. A typical manufacturing/assembly requires a smaller space with a minimum building size of 25,000 square feet.[6] Approximately half (9) of the 20 buildings have 25,000 square feet or less of leasable area.

Parcel Size

Of the 27 industrial parcels, the average parcel size was approximately 4.5 acres with 13 under three acres. As mentioned above, the average size nationally for a manufacturing and distribution facility is 150,000 square feet, with a lot to building ratio of 3:1. (Sperry Van Ness identifies proper utilization for manufactures at 35 to 45%.) Based on these assumptions, the minimum desired lot size is approximately 10 acres. Three of the properties had a building size of 10 acres or greater. A typical manufacturing/assembly facility requires a building size of 25,000 square feet, which based upon a 3:1 land to building ratio, would require a parcel size of 75,000 square feet (1.7 acres). Seven of the 27 properties cited are less than 1.7 acres. The property in the Fleming Business Park was not included in this analysis, since it only occupies a small portion of a 56-acre parcel.

Electrical Power

Of the 20 buildings, 17 had electrical power information available. Of these, 10 had less than 1,200 amps of 480/277-volt, three-phase wire power which is the desired power. (Sperry Van Ness identifies from several hundred to several thousand amps as the request desired power levels.) "Power requirements have grown substantially and are still growing for all industrial uses. Warehousing and manufacturing are becoming more automated; as a result, more machinery and high-tech equipment are needed, entailing a greater need for electrical power ". …. To support today's power needs and ensure flexibility to adapt to tomorrow's requirements, a building should be designed to

[4] Business Park and Industrial Development Handbook, Second Edition, Urban Land Institute.
[5] Business Park and Industrial Development Handbook, Second Edition, Urban Land Institute, page 128.
[6] Business Park and Industrial Development Handbook, Second Edition, Urban Land Institute, page 134.

accommodate both warehouse and manufacturing functions, which typically means 1,200 amps of 480/277-volt, three-phase wire power."[7]

Sprinklers

Sperry Van Ness identifies .33 gpm/3,000 square feet as a minimum standard sprinkler output for an ordinary hazard fire suppression system. One building was identified as not having sprinklers and the other was identified as "wet". The single biggest change in life-safety systems is the introduction of early suppression, fast response (ESFR) equipment. While traditional fire sprinklers react to a fire that is already burning and are designed to contain the blaze until the fire department arrives and puts it out, ESFR can put the fire out. ESFR systems have one drawback: adding the system to an existing building is quite expensive. An ESFR retrofit typically costs $4 per square foot compared to $.50 to $1.50 per square foot when it is designed into the building as a part of construction.[8] Only half of the buildings were identified as having sprinklers and those do not necessarily have sprinklers that meet contemporary design standards.

Ceiling Height

Contemporary warehouse and distribution facilities provide a minimum clear height of 24 feet and standards are increasing to 30 feet and higher.[9] Sperry Van Ness cites a more conservative minimum height of 22 feet. It is not uncommon to see stacking or racking of five pallets high of goods or merchandise. Most industrial space is sold or leased by square footage not volume. If a building can show a 10 to 20% increase in storage capacity for the same square footage cost, it is more desirable for tenants and buyers. Of the 17 properties with ceiling height information available, 10 or more than half had ceiling heights of less than 24 feet. Nine of the buildings did not meet the more conservative standard of 22 feet.

Truck Loading

The depth of truck loading and maneuvering areas from the edge of the docks to the edge of the maneuvering areas can vary, depending on anticipated traffic. Successful warehousing operations can occur with as little as 85 feet deep for truck loading and maneuvering space, whereas the recommended terminal depth for larger trucks is as much as 129 feet.[10] Sperry Van Ness states 110 feet as a standard minimum depth for loading space. Truck docks should be four feet above the ground to accommodate

[7] Business Park and Industrial Development Handbook, Second Edition, Urban Land Institute, page 132.
[8] Business Park and Industrial Development Handbook, Second Edition, Urban Land Institute, page 133.
[9] Business Park and Industrial Development Handbook, Second Edition, Urban Land Institute, page 128.
[10] Business Park and Industrial Development Handbook, Second Edition, Urban Land Institute.

loading at truck bed height as opposed to at grade loading. According to Sperry Van Ness, there should be one dock door per 10,000 square feet. Of the 27 properties, 15 had loading dock information. Of these 15, 8 provided less than the desired number of dock doors.

Parking

Warehousing and distribution are frequently combined when discussing design standards, including parking requirements. These uses employ the fewest people and therefore require the smallest amount of parking. One to two spaces per 1,000 square feet is considered the rule of thumb for warehousing.[11] (Sperry Van Ness identified 1.5/1,000 square feet for warehouse uses and 2-3/1,000 for manufacturing uses.) Nationally, the average industrial building covers 33.17% of the site.[12] Of the 27 parcels surveyed, 22 had information on the number of available parking spaces from which parking ratios were calculated. A ratio of 2.0 is desired. In total, 14 or approximately half of the parcels surveyed did not provide adequate parking. Eight of the properties had a ratio lower than 1.0.

Column Spacing

Space efficiency is important in warehousing and distribution businesses. The larger the clear span the better. Facilities are now being built with 50'x50' and larger column spacing.[13] Sperry Van Ness uses a standard minimum of 24' x 60' for warehouse uses. Only two of the properties included information on column spacing. One had 50'x200' bays and the other 48'x48' bays. Based on the information provided, it would appear that only those buildings with contemporary bay widths made this information available.

Summary

Of the 27 properties identified as obsolete, all had one or more characteristics of obsolescence. For those vacant properties identified in the SV Advisor report, these properties were included because these were underutilized space in highly urbanized area. The vacant and underutilized parcels are evidence that the private sector acting alone has not developed the industrial zoned properties.

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[11] Business Park and Industrial Development Handbook, Second Edition, Urban Land Institute, page 112.
[12] Warehouse/Distribution Property Characteristics in the United Kingdom and the United States, A Comparison, Bob Thompson, Roy T. Black and John T. Warden; published in Warehouse/Flex industrial Facilities, Selected References, InfoPacket No.379, Urban Land Institute.
[13] Buying Industrial Real Estate – Key Factors to Consider, by Jim Cummings. Accessed by internet on July 14, 2009, http://ezinearticles.com

Economic Blight Analysis

1. Depreciated or stagnant property values (All Subareas)

Two indicators of depreciated and stagnant property values were analyzed including current assessed values as reported by the County Assessor for 2008-09 tax roll and property sales for 2004 through 2008. Both indicators were examined by use type (multiple-family residential, industrial and office) for the Study Area as applicable and compared to the assessed values and property sales in the balance of the City.

Assessed values reflect long-term property investment through sales, major rehabilitation and new construction, all of which trigger an increase in assessed values. When assessed values lag (are depreciated) in one area verses another, it is an indication of lack of investment (stagnant values) in an area. Property sales reflect what the private sector is looking for in property characteristics and the current property value. Assessed values include properties that have not sold or have not been improved over an extended period of time and may include both quality and substandard properties. As a result, assessed values and property sales do not necessary reflect similar values. Although, representing different values, the assessed value and property sales analysis indicates that overall values in the Study Area both in total (assessed value) and current value as reflected in property sales, trail the balance of the City.

Assessed Values

Multiple-family assessed values are significantly lower in the Adams and Selwyn Subareas in comparisons to the balance of the City. This is true for both total value and value per square foot. The total assessed value of multiple-family dwellings in the Selwyn and Shirley Subareas is approximately half of that of multiple-family properties in the balance of the City. As shown on **Table 3: "Average Assessed Values in the Study Area and the City of Milpitas: Fiscal Year 2008/09,"** on a per square foot basis, multiple-family assessed values are 46% lower in the Adams and 29% lower in the Selwyn/ Shirley Subareas than the balance of the City. As discussed below, sales prices between 2004 and 2008 indicate that total sales prices also lag significantly in both residential Subareas. The price per square foot is 15% lower in the Adams Subarea than the balance of the City. The price per square foot is 5% higher in the Selwyn/ Shirley Subarea, but as discussed below, the higher price per square foot is the result of the skewing of values due to significantly smaller parcels in the Subarea compared to the balance of the City.

In the Town Center Subarea, office uses have a higher total assessed value however; this is due to the significantly larger parcel and building size with the value per square

foot trailing to the balance of the City. Both parcel and building sizes for office uses are approximately 33% larger in the Town Center Study Area than the balance of the City, which is roughly comparable to the difference in price (37% greater in the Town Center Subarea than the balance of the City). However, the price per square foot is less than half (55%) in the Town Center Subarea in comparison to the balance of the City. As discussed below, the trend in sales prices is the reverse. The average total sales price between 2004 and 2008 was 16% lower in the Town Center Subarea and per square foot was 21% greater than sales to the balance of the City. Based on the sales data, the office space that has sold in the past five years is on the average smaller than the balance of the City, even though on the average there are larger office parcels in the Town Center Subarea. Either the office space is too large for user needs or larger office space does not sell as often and what is on the market is the less desirable space.

Industrial uses in the Town Center area have a total assessed value that trails the City by 38% while having a comparable value per square foot. The comparable value per square foot is less an indicator of a comparable value between properties in this Subarea and the City and is more reflective of notably smaller building and parcel sizes (approximately 8% smaller for both parcel and building size). It is likely other factors such as building quality are affecting assessed value. In fact, the value of improvements is almost half that of the City while the building size is 8% smaller. These values are consistent with the SV Advisors report which concluded that the industrial uses were not competitive with the market areas. As discussed in more detail below, recent property sales indicate that both the total property value and value per square foot are lower in the Town Center Subarea compared to the balance of the City.

Property Sales

To determine depreciated or stagnant property values, KMA analyzed properties sales by use type in the Study Area and compared these transactions to sales in the balance of the City. Property sales were analyzed for the following uses and timeframes:*

- Multiple-Family – 2004-2008 (Adams & Selwyn/Shirley Subareas)
- Retail Commercial – 2004-2008 (Selwyn/Shirley Subarea)
- Office Sales – 2004-2008 (Town Center Subarea)
- Industrial Sales – 2004-2008 (Town Center Subarea)

The purpose of the analysis was to determine if the Study Area was performing competitively with the balance of the City. If sales prices are lower in the Study Area this

would indicate that values are stagnant and/or depressed. **Table 4: "Summary Comparison of Sales for the Study Area and City of Milpitas: 2004-2008,"** summarizes the averages for the property sales for the five-year period.

Findings

Multiple-Family Dwellings

All of the Adams and 54% of the Selwyn/Shirley Subareas (excluding public right-of-way) are developed with multiple-family dwellings. The majority of the apartments are two-story apartments averaging four units of which the majority are two-bedroom apartments. The main exceptions are two large multiple-family complexes, consisting of a 200-unit development at 350 Dempsey Road ("Crossroads Condominiums"), and the adjoining 137-unit apartment complex at 555 South Park Victoria Drive ("Dry Creek"). Generally, the complexes were built in the mid-1960's, built of wood frame construction with stucco siding. The complexes do not have garages but rather detached open-air carports.

There were eight multiple-family sales transactions in the Adams Subarea between 2004-2008. The buildings had an average area of 3,460 square feet with four units or approximately 800 square foot units, which based on the square footage, are assumed to be two-bedrooms. The total sales prices were 17% lower than the balance of the City and 12% lower per square foot. The building age and number of units were comparable to the balance of the City for comparable density multiple-family housing but the buildings and lot sizes were smaller (6% and 10% respectively). Given the comparable age and number of units, the notable difference in price per square foot (12% lower) would have to be attributed to factors such as building quality and location. **Table 5: "Multiple-Family Residential Sales Comparables in the Adams Subarea: 2004-2008**" and **Table 6: "Multiple-Family Residential Sales Comparables in the City of Milpitas: 2004-2008,**" list the property sales within these areas and **Table 5** includes the percent differences between the sales prices and property characteristics between the two areas.

There were 16 multiple-family sales in the Selwyn/Shirley Subarea during the five-year period between 2004 and 2008. Two of the sales were the Crossroads condominiums and Dry Creek apartments and were excluded from the analysis due to the lack of comparable properties. The building size and lot size were comparable to those sold in the Adams Subarea and the average building age was 10 years older (mid-1950's). Although generally comparable to those in the Adams Subarea, the buildings sold for 13% more and 16% more per square foot. However, compared to balance of the City the total sales prices were still 7% lower. Sales prices per square foot were 5% higher

than the balance of the City. However, the higher price per square foot is primarily attributed to smaller lot size. The average lot size sold in the balance of the City was 10,511 compared to 8,968 in the Selwyn Subarea or 17% smaller. **Table 7: "Multiple-Family Residential Sales Comparables within the Selwyn/Shirley Subarea: 2004/2008"** lists the property sales in this Subarea and the percentage difference between the Citywide average.

It can be concluded that the multiple-family properties in the Study Area are of the same age compared to the balance of the City and are generally built on smaller lots with smaller buildings. It can also be concluded that because the average number of units are similar (4 units) the units must also be smaller than the balance of the City. This does not mean there are necessarily fewer bedrooms but the units themselves are smaller. The apartments sell for substantially less than similar buildings in the balance of the City, which can be attributed to the building quality and location.

Commercial Retail

Overview

There are eight commercial properties in the Selwyn/Shirley Subarea. There are four shopping centers: "Park Victoria" is located at the southeast corner of S. Park Victoria Drive and Calaveras Boulevard and is anchored by Ocean Supermarket, "Park Victoria Place" is located at the southeast corner of Dempsey Road and S. Park Victoria Drive. "Fiesta Plaza" is located on Dempsey Road just south of the Executive Inn and is anchored by Savers discount store and the fourth shopping center is unnamed and is located at the southeast corner of Dempsey Way and Calaveras Boulevard. The shopping centers are a standard type neighborhood serving shopping centers with one story multiple tenant buildings. The shopping centers are generally leased, with the exception of the center on the corner of Dempsey Way and Calaveras Boulevard, which has four vacancies of nine total tenant spaces. Also within this area is the Executive Inn. The Executive Inn was built in 1983 and has 76 units. In the past, (2007) the Executive Inn was cited for narcotics and prostitution that was attributed to individuals that had been released from prison and were placed at the Executive Inn while they served probation/parole. Commercial retail uses total 13 acres or 20% of Selwyn/Shirley Subarea.

Commercial retail sales were analyzed for the five-year period between 2004 and 2008 for the Selwyn/Shirley Subarea and the balance of the City. During this period, there were two transactions in the Selwyn/Shirley Subarea and 15 in the balance of the City. The two commercial transactions in the Selwyn/Shirley Subarea included a general freestanding commercial building ("Savers" discount store adjacent to Fiesta Plaza)

located at 60 Dempsey Road built in 1964, and a 76 gas station located at 27 South Park Victoria Drive built in 1963. The 15 retail sales in the balance of the City during this period included five properties described as "general freestanding," one auto repair, one bank, one veterinarian/kennel, two restaurants, one-day care center and two that were not described. **Table 8: "Retail Sales Comparables for the Selwyn/Shirley Subarea and the City of Milpitas: 2004-2008,"** lists all of the property sales within the Selwyn/Shirley Subarea and the City of Milpitas and identifies percent differences between sales price and building and parcel sizes.

The average sales prices of the two commercial properties that sold in this Subarea were 72% lower than the 15 sales in the balance of the City. The closest comparable to the gas station sale was the auto repair use. The auto repair use sold for 25% more than the service station with an almost identical site size. The general freestanding building that sold in the Subarea sold for more than the other freestanding buildings Citywide. However, the parcel of land was more than twice the size of the other sales comparables and the building was five times the size of the average of the general freestanding buildings that sold. More relevant is the price per square foot of land. The general freestanding building that sold in the Subarea sold for $50 per square foot of land compared to an average of $83 per square foot or 40% less that similar use types in the balance of the City during the same period. Although, it is not possible to arrive at any conclusion based on two property sales, the sale data available would indicate that commercial properties are valued at significantly less in the Selwyn/Shirley Subarea than the balance of the City.

Office

Between 2004 and 2008, there were 15 office sales in the Town Center. All but one on Calaveras Boulevard were on the Montague Expressway. The office space were categorized as either "Medical" or "Telecom Hotel/Data Hosting." A telecom hotel is a building that houses a data center. Telecom hotels typically house hundreds or thousands of web servers for web hosting organization or businesses.

For purposes of sales and leasing commercial and industrial building, quality is rated by "Class." Class A represents an extremely desirable investment-grade property with the highest quality construction, systems, architectural features and amenities. Class B represents more utilitarian space with average finishes and adequate systems. Class C represents a no-frills, older building with basic space. Class C properties also have below-average maintenance and inferior mechanical and electrical systems. The last

classification is Class F which represents a functionally or economically obsolete building. The property may even be tagged as "condemned."[14]

The seven medical sales had a "C" building classification and all but one of the "Telecom Hotel/Data Hosting" (rated as "C") received a "B" rating. Almost all of the space that was sold was built in 2000. During the same period there were an almost equal number (18 sales) of office sales in the balance of the City. Only half of the City sales comparable included the type of office use. Of those that did identify the office use type, two were "Medical" and seven were "Telecom Hotel/ Data Hosting."[15] **Table 9: "Office Sales Comparables for the Town Center Subarea and the City of Milpitas: 2004-2008"** lists the various properties sales within the two areas and identifies the percent difference between sales prices and property characteristics. The Medical buildings were rated as "C" and "D" and all but one "Telecom Hotel/Data Housing" was rated as "B". The majority of properties that sold Citywide were rated as "Class B" space.

Although the office space in the balance of the City was on the average 15 years older that those sold in the Study Area, the average sales price was 16% lower in the Study Area. This is in part attributed to the smaller building and parcel size. The buildings in the Study Area were 22% smaller and the parcel sizes were 59% smaller than in the balance of the City. The smaller building area had an equalizing effect on the price per square foot, which was 21% greater than the balance of the City while the building area was 22% smaller. More telling was the overall price which was 66% less per square foot than the balance of the City. The smaller building and parcel size were consistent for all use types.

The sales data indicates that even though the buildings are new in the Study Area they are not rated higher or valued higher. This would indicate the smaller building and parcel size and potentially the location are negatively impacting property sales values.

Flex Space

Flex space is defined as space that can either be used for office or light industrial use such as manufacturing. In some instances, the only difference between office or general industrial space and flex space is in how the space is marketed. Between 2004 and 2008, a total of 15 properties advertised as flex space sold in the Town Center Subarea. One property was identified as Telecom Hotel/Data Hosting, one was identified as a

[14] CoStar Commercial Real Estate Definitions. See Appendix D for detailed descriptions.
[15] Costar defines Telcom Hotel/Data Center as a building designated as a centralized repository for the storage, management, and dissemination of data and information. The primary characteristic of these facilities is that they have very few, if any, offices, because they principally house electronic equipment. A data center is owned or leased to one company and a Telcom Hotel leased to numerous companies.

"Showroom"[16], five were light manufacturing, seven were defined as Research and Development (R&D), and one was not listed with a building type. The R&D buildings tended to be larger (28%) and on larger parcels (44%) in comparison to the light manufacturing properties. The R&D and light industrial space were valued comparably on a price per square foot basis.

In the balance of the City, there were 33 flex space sales between 2004-2008. The majority (63%) were R&D. **Table 10: "Flex Space Sales Comparables for the Town Center Subarea and the City of Milpitas: 2004-2008,"** lists the various properties sales within the two areas and identifies the percent difference between sales prices and property characteristics. In comparing total sales in the Town Center Subarea to the balance of the City, the average sale price in the Town Center Subarea was 8% lower, the average building size was 26% smaller, the average parcel size was 46% smaller and the price per square foot was 24% less. The sales data would indicate that the flex space in the Town Center is far less desirable than flex space in the balance of the City. A notable difference in the flex space in the balance of the City was that the spaces were either significantly larger or smaller. In contrast the size of the flex space in the Town Center was generally uniform. In the Town Center, the flex space is located within freestanding buildings of generally 32,000 square feet. In the balance of the City, the space is within significantly larger freestanding buildings averaging approximately 70,000 square feet or in much smaller industrial condominiums of approximately 13,000 square feet. The difference in the building size ranges combined with the lower sales value is further indication that the flex space in the Town Center is not meeting contemporary user needs.

Research and Development

There were eight research and development property sales in the Town Center Subarea between 2004 and 2008. During the same period, there were 21 research and development property sales in the balance of the City. Half of the sales in the balance of the City were office condominiums while there was only one office condominium sale in the Town Center. The research and development properties that sold in the Town Center were comparable in building age and classification. The buildings were generally built in the mid-1980's and had "B" classification. The major difference in the property sales in the Town Center and balance of the City was in size. The lot sizes were 39% smaller and the buildings were 10% smaller. The smaller property size may have been

[16] Costar defines a showroom as "A building area specifically designed for merchandise display. Examples would be furniture, or clothing and apparel."

the primary contributing factor to the lower sales prices that were achieved in the Town Center. On the average sales prices were 8% lower and the price per square foot was 38% lower in the Town Center than in the balance of the City. **Table 11: "R&D Sales Comparables for the Town Center Subarea and the City of Milpitas: 2004-2008"** provides a listing of the research and development sales in the City and the percent differences between the Town Center Subarea and the City in the property characteristics and sales values.

Industrial

Between 2004 and 2008 there were 10 industrial sales in the Town Center Subarea. During the same period there were 22 industrial sales comps in the balance of the City. Seven of the 10 industrial sales in the Town Center were for warehouse properties. In contrast only three of the 22 sales in the balance of the City were for warehouse, the majority (12) were manufacturing uses.

Nineteen of the 22 buildings that sold in the City were rated, seven of which were rated as class "B" and 12 were rated as class "C." The average year built 1982. In the Town Center Subarea nine of the properties were rated of which all but two rated as class "B" (the remaining two were class "C"). The average year built was also 1982. This would indicate that that the buildings in the Town Center Subarea are of comparable age to the balance of the City and a larger number have a higher class rating. The higher class rating was not reflected in the sales price. The average price of an industrial property that sold in the Town Center was 45% less than the balance of the City. On a square foot basis the properties sold for 7% less. The difference in sales prices appears to be attributed in part to smaller parcel and building sizes. The average building size was 19% smaller and the parcel size was 11% smaller than the balance of the City. **Table 12: "Industrial Sales Comparables in the Town Center Subarea and the City of Milpitas: 2004-2008"** compares property sales in the Town Center to the balance of the City.

When examining warehouse sales separately in the Town Center to the balance of the City, warehouse sales in the Town Center were 75% lower (roughly $9.2 million compared to $2.2 million). On a square foot basis properties sold for approximately the same value. The comparable price per square foot is reflective of the small size of the warehouse properties in the Town Center rather than higher class property. The average industrial building and parcel size that sold in the balance of the City was more than twice the size of what sold in the Town Center Subarea. In summary, during 2004-2008 warehouse properties in the Town Center sold for substantially less than warehouse properties in the balance of the City, which is attributed to substantially smaller properties both in terms of building and parcel size.

2. Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings. *(Town Center Subarea)*

The industrial buildings in the Town Center Subarea are being outperformed by the similar industrial building types in the North San Jose submarket, as well as by the County as whole. The vacancy rate in Town Center Subarea is at 9% (as of July 2009) compared to 6% in the North San Jose submarket and 7% in Santa Clara County. More telling than the percentage of vacancies is the time the industrial properties remain on the market before they are leased. The average time on the market for industrial space in the Town Center Subarea is 12.2 months, compared to 7.6 months in the North San Jose market area. Vacant industrial space Countywide stays on the market for a comparable period of time (13.3 months) but rents at $0.66 per square foot compared to $0.54 per square foot or 18% more. The lease rate in the North San Jose market for industrial space is comparable to the Town Center Subarea but as noted above the space remains vacant twice as long.

3. Serious residential overcrowding that has resulted in significant public health and safety problems. *(Adams and Selwyn/Shirley Subareas)*

The following analysis is based upon a review of overcrowding data available from the 2000 US Census (the latest information available) for two census block groups that encompass the Adams Subarea (5044.18.01) and the Selwyn/Shirley Subarea (5044.12.02) and are compared to overcrowding in the City and County. **Map 4: "Overcrowding Census Block Groups"** shows the census block groups used for this analysis.

The US Census reports overcrowding according to the basic unit standard used by ("HUD"), which is more than one person (1.01+) per room within a unit.[17] A room is defined by HUD as a habitable room within a dwelling unit and can be any room except the hallway, kitchen and the bathroom. More specifically, ideal housing is 1.00 persons per room or less, overcrowded housing is 1.01-1.50 persons per room, and severely overcrowded housing is 1.5+ persons per room. **Table 13: "Overcrowded Housing Units in the Adams and Selwyn/Shirley Subareas"** presents living conditions as defined by HUD for the Selwyn and Adams Subareas and for comparison purposes, the City and Santa Clara County. As shown in **Table 13,** 54% of the residents in the Selwyn

[17] The HUD definition of over grounding is based on the following citations from the Code of Federal Regulations (CFR): Citation 1) 24 CFR Subtitle A Section 91.5 Definitions. *Overcrowding*. For purposes of describing relative housing needs, a housing unit containing more than one person per room, as defined by the U.S. Census Bureau, for which data are made available by the Census Bureau. (See 24 CFR 791.402(b).) Citation 2) 24 CFR 791.402(b)(3) Housing Overcrowding. The number of renter-occupied housing units with an occupancy ratio of 1.01 or more persons per room.

area and 37% of the residents in the Adams areas live in overcrowded conditions compared to 22% in the City and 23% in the County.

As reported by the Fannie Mae Foundation in 2002, "To get a better sense of the living conditions implied by these two standards, it is helpful to consider them in relationship to the typical American home, which contains five rooms. For the typical house to be overcrowded, it would need to have a least six occupants. The typical home would need to have at least eight occupants for it to be classified as severely overcrowded."[18]

Based on property sale information from 2004-2008, the average size of a residential units in the Selwyn/Shirley and Adams Subareas is 800 square feet. This is assumed to be a two-bedroom apartment with three habitable rooms (two-bedrooms and a living room). Based on City inspections, it is estimated that the average family size in these areas is 3.99 in the Adams Subarea and 4.30 in the Selwyn/Shirley Subarea. In comparison, the average household size Citywide is 3.53 persons and in Santa Clara County is 2.98 persons.

In overcrowded units utilities are overloaded and can result in unsafe living conditions and accelerate building deterioration. This issue has been identified as a problem in the City for some time. The relationship between overcrowding, overburdened electrical systems and unsafe living conditions was cited by Fannie Mae. "Some overcrowded households have members living in basements or attics without adequate egress or are exposed to an increased fire risk because of overburdened home electrical systems." Furthermore, it was noted that "even if overcrowded households do not always suffer ill effects, their neighbors sometimes associate overcrowding with negative externalities such as increased traffic and noise, falling property values, and rising taxes. In addition, local public officials are becoming increasingly concerned about the impact of overcrowding on public infrastructure such as schools, roads, and water and sewer systems."[19]

4. A high crime rate that constitutes a serious threat to the public safety and welfare. (Adams and Selwyn/Shirley Subareas)

There is an estimated population of 640 persons in the Adams Subarea or less than one percent of the estimated 69,362 persons living in Milpitas. In the Selwyn/Shirley Subarea there is an estimated 2,182 persons living in the Subarea or 3% of the total population. Overall, the total number of crimes in the Adams Subarea is proportional to

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[18] Patterns and Trends in Overcrowded Housing: Early Results from Census 2002, Patrick A. Simmons, Fannie Mae Foundation.
[19] Patterns and Trends in Overcrowded Housing: Early Results from Census 2002, Patrick A. Simmons, Fannie Mae Foundation.

the number persons that live in this Subarea relative to the total number of crimes Citywide. In the Selwyn/Shirley Subarea the number of crimes are proportionally higher. However, more telling is the number of crimes per property. During the five-year period, there was an average of three crimes per property in Adams Subarea, six crimes per property in the Selwyn/Shirley Subarea compared to 0.8 crimes per property Citywide.

The largest number of crimes in these Subareas were assaults and auto thefts. In the five-year period, there were 30 assaults in the Adams Subarea and 178 in the Selwyn/ Shirley Subarea, which is roughly twice as many per property than Citywide. In terms of population, there were 46.9 assaults per 1,000 in the Adams Subarea, 81.6 assaults per 1,000 in the Selwyn Shirley Subarea compared to 39.0 assaults per 1,000 Citywide. This is consistent with the proportion of gang related crimes in theses Subareas. Although Adams has less than 1% of the population, it has 6% of the gang related crimes. In the Selwyn/Shirley Subarea the proportion of gang related crimes was even higher at 10% compared to 6% of the population. These crimes are consistent with City's on-going efforts to reduce crime and more specifically gang related crimes which has been the focus of task forces and current City efforts for the past 10 years. **Table 14: "Crime in the Adams and Selwyn/Shirley Subareas: 2004-2008"** summarizes the Part 1 Crimes in these areas and gang related incidents.

Summary

The following is a summary of the blighting conditions analyzed. The definition of blight is restated followed by summary of the key blighting factors.

Physical

- Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious seismic or geologic hazards, and faulty or inadequate water or sewer utilities. ***(Code violations in the Adams and Selwyn/Shirley Subareas were analyzed from 2002-2009. During 2002-2003 when the task force taking proactive actions cited 189 violations in these residential areas. In 2004 through 2009 code violation enforcement was primarily complaint based. During these six years, the number of violations varied greatly averaging 20 violations per year in the Adams Subarea or almost one violation for each of the 26 properties in this Subarea per year and 19 violations per year in the Selwyn/Shirley Subarea or .22 violations for each of the 87 properties in this residential area. Over the eight-year period, 25 properties in the Adams and 59 in the Selwyn/Shirley Subareas were cited***

for code violations. Of the total violations, 199 were serious health and safety violations, which impacted 63% of the parcels within these combined Subareas.)

- Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard design, defective or obsolete design or construction, given the present general plan, zoning or other development standards. ***(In the Town Center several factors impact industrial property usability including ceiling height, electrical power, truck loading capabilities, parking ratio, sprinkler systems and building size. In total, 27 industrial properties totaling approximately 1/3 land area of the Town Center Subarea are impacted by obsolete building and site conditions which hinder the viability of the industrial properties as indicated by abnormally high and long-term vacancies.)***

Economic

- Depreciated or stagnant property values. ***(Property sales were analyzed were analyzed for all three Subareas within the Study Area for the past four years 2004-2008. In the Adams Subarea apartments sold for 17% less and in the Selwyn/Shirley Subarea they sold for 7% less than comparable multiple-family properties in the City. In the Town Center office space sold for 16% less, flex space sold for 10% less, R&D space sold for 8% less, and general industrial sold for 45% less than comparable properties in the balance of the City.)***

- Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings. ***Industrial vacancy rates in the Town Center are at 9% compared to 6% in the North San Jose market area. The average time for space to remain on the market is 12.2 months in the Town Center compared to 7.6 months in the North San Jose market area.***

- Serious residential overcrowding that has resulted in significant public health and safety problems. ***(2000 Census data was analyzed for overcrowding for the two census block groups that encompass the Adams Subarea (5044.18.01) and the Selwyn/Shirley Subarea (5044.12.02) and compared to overcrowding in the City and County. 54% of the residents in the Selwyn/ Shirley Subarea and 37% of the residents in the Adams Subarea live in overcrowded conditions compared to 22% in the City and 23% in the County.)***

- A high crime rate that constitutes a serious threat to the public safety and welfare. ***(For over 10 years, there have been crimes related to gang activity (evidenced by graffiti), incidents of narcotics, prostitution and vehicle theft. For the residential areas, crime data was reviewed for five-year period between 2004 and 2008.) Assaults and gang related activities are disproportionately high in the Adams and Selwyn/Shirley Subareas. The number of assaults per 1,000 persons was 17% higher in the Adams Subarea and 52% higher in the Selwyn/Shirley Subarea. The Adams Subarea has less than 1% of the City's population but 8% of the gang related crimes. Similarly, the Selwyn/Shirley Subarea has 3% of the population and 10% of the gang related crimes.***

VI. OTHER FACTORS CONTRIBUTING TO BLIGHTING CONDITIONS

Although not a blighting condition, a blighted area may also be one that is characterized by the existence of inadequate public improvements, parking facilities or utilities. One common type of redevelopment assistance is the funding or partial funding of public improvements. For example, paying for a portion of the necessary road improvements often is the determining factor in making a development financially feasible. These improvements could also include drainage improvements to address flooding. A list of possible types of redevelopment assistance is provided as an attachment to this memorandum, (Exhibit 2, Forms of Agency Assistance).

VII. AMENDMENT PROCESS AND TIMELINE

An amendment to add territory typically takes approximately one year. It requires the preparation of a blight and financial feasibility analysis, community input, Planning Commission review and finding of consistency with the General Plan, preparation and circulation of a Program Environmental Impact Report, consultations with taxing agencies and culminates in a public hearing on the plan amendment adoption.

The first step in considering the addition of territory is the adoption of a Survey Area. This action defines the area to be studied. The ultimate project area if adopted, may be smaller but not larger than the Survey Area. After the initial determination of the Survey Area, the Planning Commission and Agency will formulate a Preliminary Plan. This document narrowly defines the proposed Project Area boundary and puts forth the general goals and objectives for the area. Following these actions, the major documents in the process are prepared, including the environmental review, the Preliminary Report (includes the blight and financial feasibility analysis), the draft Redevelopment Plan or amendment (describes in general the Agency's authorities and responsibilities), and

owner participation and preference rules which extend preferences to existing property owners and businesses participating in the redevelopment program. These documents are made available for public review, and the Preliminary Report and EIR are sent to the taxing agencies, Department of Finance and Department of Housing and Community Development. After consultation with the community, the Planning Commission and the taxing agencies, a final report on the Redevelopment Plan amendment is prepared for the Town/Agency's consideration. This document will include the contents of the Preliminary Report, incorporate the environmental review by reference and will summarize the various actions taken in the Redevelopment Plan amendment adoption process. The culmination of the process in a public hearing on the Redevelopment Plan amendment adoption. Attached to this memorandum is a typical schedule for a redevelopment plan amendment (Exhibit 3, Redevelopment Plan Amendment Timeline).

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TABLE 1
EXISTING PROPERTY USES
MILPITAS REDEVELOPMENT FEASIBILITY STUDY

Adams Subarea

Existing Land Use	Number of Parcels	Percent of Total	Number of Acres	Percent of Total
Multiple Family Residential	26	100%	9	76%
Public Right-of-Way	0	0%	3	24%
TOTAL	**26**	**100%**	**13**	**100%**

Selwyn/Shirley Subarea

Existing Land Use*	Number of Parcels	Percent of Total	Number of Acres	Percent of Total
Multiple Family Residential	59	68%	30	48%
Commercial Retail	8	9%	13	20%
Commercial Office	1	1%	1	1%
Industrial	1	1%	0.2	0%
Public/Quasi Public	7	8%	7	11%
Recreation/Open Space	1	1%	0.2	0.4%
Vacant Property	9	10%	5	7%
Public Right-of-Way	1	1%	7	12%
TOTAL	**87**	**100%**	**62**	**100%**

Town Center Subarea

Existing Land Use	Number of Parcels	Percent of Total	Number of Acres	Percent of Total
Single Family Residential	98	32%	9	1%
Commercial Retail	5	2%	6	1%
Commercial Office	17	6%	30	4%
Industrial	136	45%	475	69%
Public/Quasi Public	10	3%	33	5%
Recreation/Open Space	4	1.3%	1	0.2%
Vacant Property	11	4%	28	4%
Public Right-of-Way	22	7%	106	15%
TOTAL	**303**	**100%**	**687**	**100%**

* Individual condominium parcels were counted as one and associated associated with the dominant land use of the condominium complex. For example, if a group of condominiums is 80% occupied by Public/Quasi Public uses, then the complex is counted as one Public/Quasi Public parcel.

Source: Metroscan Assessor Data, 2009.

TABLE 2
CODE VIOLATIONS: 2002-2009
MILPITAS REDEVELOPMENT FEASIBILITY STUDY

LIFT Zone Study Area

	Serious Health and Safety Code Violations				Other Code Violations					
Year	**Structural Hazards**	**Waste and Debris Violations**	**Health and Safety Hazards**	**Total**	**Vehicle Violations**	**Pedestrian Hazards**	**Graffiti**	**Landscape Violations**	**Other Violations**	**Total**
2002/03	22	18		**40**	2	2	1	2		**7**
2004/05		11	3	**14**	27		6	4		**37**
2006/07		5		**5**	6		10			**16**
2008/09					7	6	11			**24**
Total	**22**	**34**	**3**	**59**	**42**	**8**	**28**	**6**	**0**	**84**

Number of Parcels Affected by Serious Health and Safety Code Violations: **23**
Percent of Parcels: **88%**

Number of Parcels Affected by Code Violations: **25**
Percent of Parcels: **96%**

Selwyn/Shirley Study Area

	Serious Health and Safety Code Violations									
Year	**Structural Hazards**	**Waste and Debris Violations**	**Health and Safety Hazards**	**Total**	**Vehicle Violations**	**Pedestrian Hazards**	**Graffiti**	**Landscape Violations**	**Other Violations**	**Total**
2002/03	47	46		**93**	21	3	23	2		**49**
2004/05	1	22	5	**28**	32	1	29		3	**65**
2006/07		14	5	**19**	20		17	1	1	**39**
2008/09					1					**1**
Total	**48**	**82**	**10**	**140**	**74**	**4**	**69**	**3**	**4**	**154**

Number of Parcels Affected by Serious Health and Safety Code Violations: **48**
Percent of Parcels: **55%**

Number of Parcels Affected by Code Violations: **59**
Percent of Parcels: **68%**

Structural Hazards include any substantial that comprimises the integrity of the building, missing or damaged structural components, and unpermitted construction. Also included are a variety of violations visible from the exterior including damaged or missing lighting, faulty electrical wiring, and deterioration of exterior building finishes including fencing.

Waste and Debris Violations include a variety of violations including the accumulation of trash and junk and may include unenclosed trash areas for multiple family buildings.

Health and Safety Hazards include tenant complaints regarding substandard conditions, lack of fire extinguisher citations, evidence of overcrowding (overflowing and numerous trashcans, vehicles in excess of permitted parking), and other miscellaneaous health and safety hazards.

Vehicle Violations include any inoperable vehicles which are a visual blight and may leak oil and other fluids that cause ground contamination. Also includes any vehicle parked on a lawn.

Pedestrian Hazards are primarily consisted of landscape obstructions encroaching on sidewalks that encourage or force pedestrians to walk in the street.

Graffiti violations are primarily gang-related violations.

Landscape Violations include unmaintained landscaping.

TABLE 3
AVERAGE ASSESSED VALUES IN THE STUDY AREA AND THE CITY OF MILPITAS: FISCAL YEAR 2008/09
MILPITAS REDEVELOPMENT AGENCY

Multiple Family Residential

	Number of Parcels	Average Land Value	Average Improvement Value	Average Total Assessed Value	Average Lot Size (Sq. Ft.)	Average Building Size (Sq. Ft.)	Average Total Assessed Value per Lot Sq. Ft.	% lower than City
City of Milpitas*	202	$679,708	$1,138,211	$1,822,526	39,371	39,371	$95.68	
Adams Study Area	26	$291,379	$452,952	$744,331	15,254	5,825	$51.61	-46%
Selwyn Shirley	59	$464,231	$592,101	$1,059,835	15,552	5,552	$67.84	-29%

*Does not include duplexes

Industrial

	Number of Parcels	Average Land Value	Average Improvement Value	Average Total Assessed Value	Average Lot Size (Sq. Ft.)	Average Building Size (Sq. Ft.)	Average Total Assessed Value per Lot Sq. Ft.	% lower than City
City of Milpitas	387	$2,671,162	$4,009,968	$6,883,734	158,739	158,739	$57.94	
Town Center Study Area	136	$1,738,755	$2,298,484	$4,298,577	146,179	146,179	$59.67	3%

Office

	Number of Parcels	Average Land Value	Average Improvement Value	Average Total Assessed Value	Average Lot Size (Sq. Ft.)	Average Building Size (Sq. Ft.)	Average Total Assessed Value per Lot Sq. Ft.	% lower than City
Balance of the City	88	$1,001,003	$1,450,583	$2,454,692	50,298	50,298	$113.48	
Town Center Study Area	17	$1,311,848	$2,594,088	$3,905,936	74,848	74,848	$50.89	-55%

Source: MetroScan - 2008/09 Secured Assessor Data
Prepared by: Keyser Marston Associates, Inc.
Filename: Assessed Values, TABLE; 7/21/2009; bm

TABLE 4
SUMMARY COMPARISON OF SALES FOR THE STUDY AREA AND THE CITY OF MILPITAS: 2004-2008
MILPITAS REDEVELOPMENT FEASIBILITY STUDY

LIFT Zone Study Area

	Number of Sales Comps	Percentage Difference Compared to Sales Comparable Averages for the Balance of the City*					
		Sales Price	Building Sq. Ft.	Land Sq. Ft.	Price per Sq. Ft.	Price per Sq. Ft. of Land	Price per Unit
Multiple Family Residential**	8	-17%	-6%	-10%	-15%	-12%	-1%

Selwyn/Shirley Study Area

	Number of Sales Comps	Percentage Difference Compared to Sales Comparable Averages for the Balance of the City*					
		Sales Price	Building Sq. Ft.	Land Sq. Ft.	Price per Sq. Ft.	Price per Sq. Ft. of Land	Price per Unit
Multiple Family Residential**	14**	-7%	-12%	-15%	5%	5%	-7%
Retail***	2	-72%	-73%	-68%	37%	-21%	

Town Center Study Area

	Number of Sales Comps	Percentage Difference Compared to Sales Comparable Averages for the Balance of the City*				
		Sales Price	Building Sq. Ft.	Land Sq. Ft.	Price per Sq. Ft.	Price per Sq. Ft. of Land
Office	15	-16%	-22%	N/A^	21%	N/A^
Flex Space	15	-8%	-26%	-46%	-24%	-4%
R&D	7	-8%	-10%	-39%	-38%	-28%
Industrial	11	-45%	-11%	-19%	-7%	-18%

* Balance of the City excludes all other Study Areas.

** Multiple Family averages exclude 32 duplexes in the balance of the City, as there were none in the Study Areas to compare with. The resulting average for the balance of the City is calculated from a total of 45 sales. The average for the Selwyn/Shirley Area excludes the 200 and 137 unit sales at 450 Dempsey Rd and 555 South Park Victoria Dr respectively because there were no comparable sales in the balance of the City.

***There are 9 properties in the Selwyn/Shirley Study Area identified as having existing retail uses; 2 (20%) of them were sold in between 2004 and 2008.

^ Since most of the Office Comps were condominiums, land sizes were not analyzed; however 5 Comps in the flex category and 11 in Comps in the R&D categoryin the balance of the City were condominiums and therefore did not contribute to land size averages

Source: Costar COMPS (www.costar.com) All sales are from January 2004 to December 2008.
Source for Multiple Family Residential Comps: Loopnet (www.loopnet.com) All sales are from January 2004 to December 2008.

Prepared by: Keyser Marston Associates, Inc.
Filename: Comps, all uses; 7/21/2009; bm

TABLE 5
MULTIPLE FAMILY SALES COMPARABLES WITHIN THE ADAMS SUBAREA; 2004-2008
MILPITAS REDEVELOPMENT FEASIBILITY STUDY

Address	Date Sold	Price	Building Sq. Ft.	Land Sq. Ft.	Number of Units	Price per Unit	Price per Sq. Ft.	Price per Sq. Ft. of Land	Year Built
47 N Temple Dr	2/1/2005	$890,000	3,560	8,610	4	$222,500	$250	$103.37	1973
1666 Adams Ave	11/1/2004	$867,500	3,328	10,890	4	$216,875	$261	$79.66	1962
71 N Temple Dr	2/1/2007	$850,000	3,560	7,841	3	$283,333	$239	$108.41	1973
95 N Temple Dr	11/1/2007	$775,000	3,560	7,841	3	$258,333	$218	$98.84	1973
1610 Adams Ave	3/1/2007	$775,000	3,325	10,890	4	$193,750	$233	$71.17	1962
71 N Temple Dr	9/1/2004	$735,000	3,560	7,841	3	$245,000	$206	$93.74	1973
1649 E Calaveras	1/1/2006	$700,000	3,328	10,890	4	$175,000	$210	$64.28	1962
1610 Adams Ave	3/12/2007	$775,000	3,455	10,890	4	$193,750	$224	$71	1962
AVERAGE	3/26/2006	$795,938	3,460	9,462	3.6	$223,568	$230	$86	1968
Percent Difference Between City and Study Area Average:		**-17%**	**-6%**	**-10%**	**-18%**	**-1%**	**-15%**	**-12%**	

Prepared by: Keyser Marston Associates, Inc.
Filename: Comps, MFR; 7/21/2009; bm

TABLE 6
MULTIPLE-FAMILY SALES COMPARABLES WITHIN THE CITY OF MILPITAS; 2004-2008
MILPITAS REDEVELOPMENT FEASIBILITY STUDY

Address	Date Sold	Price	Building Sq. Ft.	Land Sq. Ft.	Number of Units	Price per Unit	Price per Sq. Ft.	Price per Sq. Ft. of Land	Year Built
1416-1430 Calle Oriente	2/17/2006	$2,250,000	8,832	34,800	12	$187,500	$255	$65	1963
1226 Daniel Ct	10/1/2005	$1,300,000	4,895	9,583	4	$325,000	$266	$136	1979
322 Laguna Dr	3/22/2004	$1,129,000	6,902	12,196	8	$141,125	$164	$93	1958
236 Marylinn Dr	11/1/2006	$1,100,000	3,574	14,375	4	$275,000	$308	$77	1962
224 Marylinn Dr	11/1/2005	$1,100,000	3,574	14,375	4	$275,000	$308	$77	1962
513 Penitencia St	1/1/2006	$1,050,000	3,699	10,019	4	$262,500	$284	$105	1972
322 Marylinn Ave	11/16/2005	$1,030,000	4,500	12,022	5	$206,000	$229	$86	1972
1226 Daniel Ct	9/1/2004	$960,000	4,895	9,583	4	$240,000	$196	$100	1979
1383 Calle Oriente	8/1/2006	$940,000	2,944	10,454	4	$235,000	$319	$90	1963
571 N Abel St	11/1/2007	$938,500	2,992	9,148	4	$234,625	$314	$103	1962
1188 Edsel Dr	5/1/2007	$930,000	2,992	7,405	4	$232,500	$311	$126	1963
1162 Edsel Dr	12/1/2006	$930,000	2,992	7,405	4	$232,500	$311	$126	1963
513 Penitencia St	4/1/2005	$930,000	3,699	10,019	4	$232,500	$251	$93	1972
236 Marylinn Dr	10/1/2004	$923,000	3,574	14,375	4	$230,750	$258	$64	1962
700 Dempsey Rd	11/16/2007	$900,000	3,574	7,840	3	$300,000	$252	$115	1977
1200 Edsel Dr	3/1/2006	$900,000	2,992	7,841	4	$225,000	$301	$115	1963
1425 Calle Oriente	2/1/2006	$900,000	2,944	11,761	4	$225,000	$306	$77	1963
1407 Calle Oriente	2/1/2006	$900,000	2,944	10,454	4	$225,000	$306	$86	1963
1188 Edsel Dr	6/1/2005	$880,000	2,992	7,405	4	$220,000	$294	$119	1963
1717 Clear Lake Dr	4/1/2005	$870,000	2,776	7,841	2	$435,000	$313	$111	1979
1096 Courtland Ave	6/1/2008	$850,000	3,234	8,712	2	$425,000	$263	$98	1979
1176 Edsel Dr	9/1/2004	$845,000	2,992	7,405	4	$211,250	$282	$114	1963
323 Fanyon St	2/1/2007	$835,000	2,219	7,841	2	$417,500	$376	$106	1971
1730 Clear Lake Ave	6/1/2005	$830,000	2,472	7,841	2	$415,000	$336	$106	1979
393 Fanyon St	8/1/2007	$825,000	2,219	7,841	2	$412,500	$372	$105	1971
409 Fanyon St	8/1/2006	$820,000	2,219	7,841	2	$410,000	$370	$105	1971
154 Fanyon St	8/1/2006	$800,000	1,848	7,841	2	$400,000	$433	$102	1960
1716 Clear Lake Ave	1/1/2005	$800,000	2,776	7,841	2	$400,000	$288	$102	1979
170 Berrendo Dr	2/1/2005	$795,000	4,223	6,098	6	$132,500	$188	$130	1962
1031 S Park Victoria	3/1/2007	$790,000	2,103	9,148	2	$395,000	$376	$86	1968
1301 Calle Oriente	11/1/2004	$775,000	2,944	7,841	4	$193,750	$263	$99	1963
1203 Calle Oriente	2/1/2004	$774,000	2,944	7,405	4	$193,500	$263	$105	1963
887 S Park Victoria	11/1/2006	$760,000	2,103	9,148	2	$380,000	$361	$83	1968
323 Fanyon St	11/1/2005	$760,000	2,219	7,841	2	$380,000	$342	$97	1971
95 Fanyon St	10/1/2005	$760,000	1,848	7,841	2	$380,000	$411	$97	1960
1718 Clear Lake Ave	8/1/2008	$755,000	2,776	7,841	2	$377,500	$272	$96	1979
706 N Abel St	8/1/2005	$750,000	1,860	8,276	2	$375,000	$403	$91	1961
249 Spence Ave	6/1/2005	$750,000	3,150	6,534	4	$187,500	$238	$115	1961
1709 Clear Lake Ave	10/1/2004	$750,000	2,472	7,841	2	$375,000	$303	$96	1379
1730 Clear Lake Ave	1/1/2005	$749,000	2,472	7,841	2	$374,500	$303	$96	1979
199 Fanyon St	7/1/2005	$735,000	2,328	7,841	2	$367,500	$316	$94	1960
564 Penitencia Ct	3/1/2005	$735,000	2,484	9,583	3	$245,000	$296	$77	1972
528 Penitencia St	1/1/2005	$731,000	2,484	8,276	3	$243,667	$294	$88	1972
679 N Abel St	1/1/2006	$730,000	2,190	8,276	2	$365,000	$333	$88	1962
1043 S Park Victoria Dr	5/1/2008	$730,000	2,103	9,300	2	$365,000	$347	$78	
337 Fanyon St	11/1/2004	$725,000	1,688	7,841	2	$362,500	$430	$92	1971
213 Fanyon St	5/1/2005	$705,000	1,848	7,841	2	$352,500	$381	$90	1960
548 Wool Dr	7/1/2005	$700,000	1,692	8,276	2	$350,000	$414	$85	1972
149 Marylinn Dr	6/1/2006	$695,000	1,664	9,583	2	$347,500	$418	$73	1960
109 Fanyon St	11/1/2004	$677,500	1,848	7,841	2	$338,750	$367	$86	1960
83 Fanyon St	12/1/2004	$665,000	1,848	7,841	2	$332,500	$360	$85	1960
248 Fanyon St	1/1/2005	$650,000	2,219	7,841	2	$325,000	$293	$83	1971
742 N Abel St	8/1/2004	$650,000	1,684	7,841	2	$325,000	$386	$83	1962
691 N Abel St	7/1/2007	$626,000	1,684	8,276	2	$313,000	$372	$76	1962
945 S Park Victoria Dr	4/1/2004	$580,000	2,141	9,148	2	$290,000	$271	$63	1968
564 Penitencia Ct	7/1/2004	$560,000	2,484	9,583	3	$186,667	$225	$58	1972
901 S Park Victoria Dr	6/1/2004	$515,000	1,998	8,712	2	$257,500	$258	$59	1968
189 Marylinn Dr	4/1/2004	$285,000	1,664	8,276	2	$142,500	$171	$34	1960
790 N Abel St	4/1/2004	$285,000	1,860	9,148	2	$142,500	$153	$31	1961
AVERAGE	10/16/2005	$823,949	2,835	9,272	3	$295,383	$306	$92	1957
Without Duplexes	9/19/2005	$961,315	3,675	10,511	4	$225,883	$270	$98	1966

Prepared by: Keyser Marston Associates, Inc.
Filename: Comps, MFR; 7/21/2009; bm

TABLE 7
MULTIPLE-FAMILY SALES COMPARABLES WITHIN THE SELWYN/SHIRLEY SUBAREA; 2004-2008
MILPITAS REDEVELOPMENT FEASIBILITY STUDY

Address	Date Sold	Price	Building Sq. Ft.	Land Sq. Ft.	Number of Units	Price per Unit	Price per Sq. Ft.	Price per Sq. Ft. of Land	Year Built
450-496 Dempsey Rd	2/22/2006	$41,200,000	159,690	444,747	200	$206,000	$258	$93	1977
555 S Park Victoria Dr	4/2/2008	$27,500,000	116,450	296,208	137	$200,730	$236	$93	1973
236-238 Selwyn Dr	6/16/2006	$1,030,000	3,952	10,558	5	$206,000	$261	$98	1899
230 Selwyn Dr	12/1/2007	$1,010,000	3,795	10,454	6	$168,333	$266	$97	
238 Selwyn Dr	6/1/2006	$1,000,000	3,795	10,454	6	$166,667	$264	$96	1899
196 Selwyn Dr	9/1/2006	$951,000	4,520	10,019	5	$190,200	$210	$95	1963
1127 Shirley Dr	6/1/2007	$940,000	2,992	7,405	4	$235,000	$314	$127	1963
1188 Shirley Dr	9/1/2006	$910,000	2,992	8,712	4	$227,500	$304	$104	1963
1119 Shirley Dr	12/1/2006	$900,000	2,992	7,405	4	$225,000	$301	$122	1963
1143 Shirley Dr	3/1/2006	$892,000	2,992	9,583	4	$223,000	$298	$93	1963
700 Dempsey rd	11/1/2007	$886,500	3,574	7,841	3	$295,500	$248	$113	1977
1127 Shirley Dr	6/1/2006	$870,000	2,992	7,405	4	$217,500	$291	$117	1963
1135 Shirley Dr	5/1/2006	$845,000	2,990	7,405	4	$211,250	$283	$114	1963
1109 Shirley Dr	11/1/2004	$800,000	2,992	7,405	4	$200,000	$267	$108	1963
180 Selwyn Dr	2/1/2007	$765,000	2,448	10,454	4	$191,250	$313	$73	1960
172 Selwyn Ave	2/1/2007	$755,000	2,248	10,454	4	$188,750	$336	$72	1960
AVERAGE	9/23/2006	$896,750	3,234	8,968	4.4	$210,425	$283	$102	1954
Percent Difference Between City and Study Area Average:*		**-7%**	**-12%**	**-15%**	**-1%**	**-7%**	**5%**	**5%**	

* Average does not include the 200 and 137 unit properties at 450 Dempsey and 555 South Park Victoria.

Prepared by: Keyser Marston Associates, Inc.
Filename: Comps, MFR; 7/21/2009; bm

TABLE 8
RETAIL SALES COMPARABLES FOR THE SELWYN/SHIRLEY SUBAREA AND THE CITY OF MILPITAS; 2004-2008
MILPITAS REDEVELOPMENT FEASIBILITY STUDY

Address	Date Sold	Sale Price	Building Sq. Ft.	Land Sq. Ft.	Price per Sq. Ft.	Price per Sq. Ft. of Land	Store Type	Year Built
1541-1547 California Cir	9/11/2007	$2,200,000	3,840	48,787	$573	$45	General Freestanding	1995
1905 N Main St	5/15/2007	$1,500,000	3,363	13,939	$446	$108	General Freestanding	1966
1620 S Main St	6/30/2005	$1,471,000	4,410	16,635	$334	$88	Auto Repair	1976
1785 Landess Ave	8/13/2008	$1,470,000	4,428	26,297	$332	$56	Bank	1979
174-176 S Main St	4/6/2007	$1,199,000	1,600	9,583	$749	$125	General Freestanding	1948
420 S Main St	4/29/2004	$1,125,000	4,156		$271			1982
123 Corning Ave	6/20/2008	$1,076,500	3,721	13,068	$289	$82	Day Care Center	1980
209 S Main St	5/12/2007	$875,000	1,288	14,810	$679	$59	Restaurant	1967
78 Serra Way	1/7/2004	$570,000	1,158	9,661	$492	$59	General Freestanding	1963
1393 S Park Victoria Dr	10/31/2008	$525,000	2,340	15,002	$224	$35	Veterinarian/Kennel	1972
1213-1291 E Calaveras Blvd	9/30/2005	$16,580,000	55,882	188,614	$297	$88		1980
1181 E Calaveras Blvd	2/23/2007	$1,700,000	7,500	30,056	$227	$57	Restaurant	
15-351 Ranch Dr	6/8/2006	$63,000,000	347,662	1,093,356	$181	$58		1994
84 Ranch Dr	4/7/2006	$4,375,000	5,465	44,431	$801	$98	Restaurant	1995
1293 S Park Victoria Dr	6/3/2005	$2,050,000	6,728	25,800	$305	$79	General Freestanding	1978
AVERAGE	9/11/2006	$6,647,767	30,236	110,717	$413	$74		1977
Selwyn/Shirley Study Area								
60 Dempsey Rd	5/13/2005	$2,675,000	15,193	53,805	$176	$50	General Freestanding	1964
27 S Park Victoria Dr	12/13/2007	$1,100,000	1,154	16,199	$953	$68	Service Station	1963
AVERAGE	8/28/2006	$1,887,500	8,174	35,002	$565	$59		1964
Percent Difference Between City and Study Area Average:		**-72%**	**-73%**	**-68%**	**37%**	**-21%**		

Prepared by: Keyser Marston Associates, Inc.
Filename: Comps, RET; 7/21/2009; bm

TABLE 9
OFFICE SALES COMPARABLES FOR THE TOWN CENTER SUBAREA AND THE CITY OF MILPITAS; 2004-2008
MILPITAS REDEVELOPMENT FEASIBILITY STUDY

Address	Date Sold	Sale Price	Building Sq. Ft.	Land Sq. Ft.	Price per Sq. Ft.	Price per Sq. Ft. of Land	Year Built	Building Class	Office Type
1851 McCarthy Blvd	4/12/2005	$5,947,500	46,159	118,047	$129	$50	1984	B	
25 Corning Ave	5/20/2008	$5,175,000	30,001	65,427	$172	$79	1985	C	
1551 McCarthy Blvd	11/10/2005	$3,725,000	48,926	94,089	$76	$40	1984	C	Telecom Hotel/Data Hosting
1750-1798 Clear Lake Ave	6/3/2004	$3,180,000	18,670	24,358	$170	$131	1980	C	Medical
529 S Main St	7/12/2006	$2,475,000	6,005	24,663	$412	$100	1970	C	
1289 S Park Victoria Dr	11/7/2006	$2,330,000	9,696	22,520	$240	$103	1982	B	Telecom Hotel/Data Hosting
59 Marylinn Dr	3/26/2007	$1,650,000	3,266	12,632	$505	$131	1993	C	
59 Marylinn Dr	12/12/2005	$1,400,000	3,266	12,632	$429	$111	1993	C	
1172-1176 Cadillac Ct	5/16/2008	$1,295,000	5,127	521,848	$253	$2	1988	B	Medical
1180-1182 Cadillac Ct	12/18/2007	$1,249,900	4,030	521,848	$310	$2	1988	B	
1 N Main St	8/3/2006	$1,200,000	7,500	20,473	$160	$59	1977	C	
1144-1158 Cadillac Ct, 1152/1st Floor	4/10/2007	$535,900	12,638	510,009	$320	$1	2007	B	
354-372 Fairview Way, 368/1st Floor	12/19/2007	$509,900	125,280	521,848	$310	$1	1988	B	Telecom Hotel/Data Hosting
354-372 Fairview Way, 366/1st Floor	11/15/2007	$472,900	125,280	521,848	$310	$1	1988	B	Telecom Hotel/Data Hosting
354-372 Fairview Way, 370/1st Floor	4/10/2007	$472,900	125,280	521,848	$310	$1	1988	B	Telecom Hotel/Data Hosting
1144-1158 Cadillac Ct, 1148/1st Floor	4/10/2007	$443,900	12,638	510,009	$310	$1	2007	B	
354-372 Fairview Way, 354/1st Floor	4/10/2007	$288,900	125,280	521,848	$330	$1	1988	B	Telecom Hotel/Data Hosting
354-372 Fairview Way, 356/1st Floor	4/10/2007	$243,900	125,280	521,848	$300	$0	1988	B	Telecom Hotel/Data Hosting
AVERAGE	12/23/2006	$1,810,872	46,351	281,544	$280	$45	1988	B	
Town Center Study Area									
500 E Calaveras Blvd	6/22/2007	$9,000,000	50,237	91,040	$179	$99	1985	C	Telecom Hotel/Data Hosting
991 Montague Expy	4/29/2005	$4,500,000	45,100	116,697	$100	$39	2000	C	Medical
991 Montague Expy	4/16/2008	$1,319,000	6,690		$197			C	Medical
995 Montague Expy, 119/1st Floor	8/15/2006	$1,172,500	35,602	117,481	$995	$10	2000	B	Telecom Hotel/Data Hosting
995 Montague Expy	1/30/2008	$1,006,000	3,293		$306			B	Telecom Hotel/Data Hosting
995 Montague Expy, 120/1st Floor	4/18/2007	$753,000	35,602	117,481	$451	$6	2000	B	Telecom Hotel/Data Hosting
995 Montague Expy, 210/2nd Floor	11/30/2007	$679,500	35,602	117,481	$452	$6	2000	B	Telecom Hotel/Data Hosting
995 Montague Expy, 116/1st Floor	12/18/2007	$646,500	35,602	117,481	$374	$6	2000	B	Telecom Hotel/Data Hosting
995 Montague Expy, 110/1st Floor	12/29/2006	$637,000	35,602	117,481	$419	$5	2000	B	Telecom Hotel/Data Hosting
991 Montague Expy	12/27/2005	$634,000	45,100	116,697	$267	$5	2000	C	Medical
991 Montague Expy, 206/2nd Floor	6/15/2007	$609,675	45,100	116,697	$275	$5	2000	C	Medical
991 Montague Expy, 109/1st Floor	3/16/2007	$580,000	45,100	116,697	$258	$5	2000	C	Medical
991 Montague Expy, 110/1st Floor	6/14/2007	$496,770	45,100	116,697	$290	$4	2000	C	Medical
991 Montague Expy, 203/2nd Floor	6/15/2007	$471,075	45,100	116,697	$275	$4	2000	C	Medical
995 Montague Expy, 219/2nd Floor	10/24/2008	$330,000	35,602	117,481	$270	$3	2000	B	Telecom Hotel/Data Hosting
AVERAGE	5/9/2007	$1,522,335	36,295	115,085	$340	$15	1999	C	
Percent Difference Between City and Study Area Average:		**-16%**	**-22%**	**-59%**	**21%**	**-66%**			

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TABLE 10
FLEX SPACE SALES COMPARABLES FOR THE TOWN CENTER SUBAREA AND THE CITY OF MILPITAS; 2004-2008
MILPITAS REDEVELOPMENT FEASIBILITY STUDY

Address	Date Sold	Sale Price	Building Sq. Ft.	Land Sq. Ft.	Price per Sq. Ft.	Price per Sq. Ft. of Land	Year Built	Building Class	Building Type
Balance of the City									
1545 Barber Ln	10/15/2004	$14,650,000	85,040	196,020	$172	$75	1982	C	Light Manufacturing
1331 California Cir	6/28/2007	$10,995,000	100,041	281,645	$110	$39	1985	C	Light Manufacturing
380 Fairview Way	3/18/2005	$7,672,320	106,560		$72		1987		
1201 Cadillac Ct	4/27/2005	$6,920,640	51,264	152,460	$135	$45	1986	C	Light Manufacturing
720 Montague Expy	4/13/2007	$6,600,000	39,976	102,366	$165	$64	1983	B	Telecom Hotel/Data Hosting
1625-1655 McCarthy Blvd	5/24/2005	$5,450,000	48,531	146,361	$112	$37	1987	B	Light Manufacturing
231 Houret Dr	8/12/2005	$2,250,000	19,455	74,487	$116	$30	1979	C	Light Manufacturing
1128-1140 Cadillac Ct, 1134/1st Floor	4/10/2007	$603,900	12,819		$245			B	Telecom Hotel/Data Hosting
1128-1140 Cadillac Ct, 1136/1st Floor	12/4/2006	$578,900	12,819		$245			B	Telecom Hotel/Data Hosting
1128-1140 Cadillac Ct, 1132/1st Floor	11/9/2007	$556,900	12,819		$245			B	Telecom Hotel/Data Hosting
1128-1140 Cadillac Ct, 1140/1st Floor	4/10/2007	$297,900	12,819		$330			B	Telecom Hotel/Data Hosting
1128-1140 Cadillac Ct, 1128/1st Floor	10/29/2007	$297,900	12,819		$330			B	Telecom Hotel/Data Hosting
AVERAGE	7/9/2006	$4,739,455	42,914	158,890	$190	$49	1984	B	
Town Center Study Area									
611-631 S Milpitas Blvd	7/8/2004	$15,150,000	59,262	164,656	$256	$92	1984	B	Telecom Hotel/Data Hosting
525 Los Coches St	1/25/2005	$4,250,000	39,083	106,504	$109	$40	1988	B	Light Manufacturing
775-779 Montague Expy	7/26/2007	$4,050,000	24,656	69,696	$164	$58	1986	C	Showroom
356-378 S Milpitas Blvd	9/1/2006	$3,033,697	29,237	77,536	$104	$39	1981	C	Light Manufacturing
215 Topaz St	2/11/2005	$3,000,000	38,658	65,984	$78	$45	1982		Light Manufacturing
736-744 S Hillview Dr	6/12/2007	$2,875,000	21,600	43,560	$133	$66	1984		Light Manufacturing
881 Yosemite Way	5/6/2004	$1,390,000	24,133	69,260	$117	$20	2001	B	Light Manufacturing
467-491 Sinclair Frontage Rd	7/22/2005	$1,000,000	18,483	91,476	$189	$11	1980		
AVERAGE	10/13/2005	$4,343,587	31,889	86,084	$144	$46	1986	B	
Percent Difference Between City and Study Area Average:		**-8%**	**-26%**	**-46%**	**-24%**	**-4%**			

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TABLE 11
R&D SALES COMPARABLES FOR THE TOWN CENTER SUBAREA AND THE CITY OF MILPITAS; 2004-2008
MILPITAS REDEVELOPMENT FEASIBILITY STUDY

Address	Date Sold	Sale Price	Building Sq. Ft.	Land Sq. Ft.	Price per Sq. Ft.	Price per Sq. Ft. of Land	Year Built	Building Class
Balance of the City								
1351-1355 California Cir	2/23/2007	$33,257,000	91,474	291,416	$364	$114	1986	C
1621 Barber Ln	11/4/2004	$18,500,000	181,812	419,918	$102	$44	1981	B
1430 California Cir	5/9/2005	$11,200,000	158,356	442,134	$71	$25	1987	B
450 Montague Expy	6/26/2008	$10,000,000	29,304	158,558	$341	$63	1968	B
1590 Buckeye Dr	8/2/2007	$7,500,000	52,703	147,232	$142	$51	2000	B
1525 McCarthy Blvd	10/30/2006	$7,065,620	76,284	182,952	$93	$39	1983	B
1751 McCarthy Blvd	12/6/2007	$5,761,280	41,152	118,047	$140	$49	1983	C
580 Cottonwood Dr	1/30/2004	$5,000,000	48,384	106,286	$103	$47	1981	C
1600 California Cir	11/23/2005	$4,999,000	44,820	144,619	$112	$35	1997	C
550-576 Sycamore Dr	5/26/2005	$3,575,000	43,255	118,047	$83	$30	1978	C
505-517 Fairview Way, 517/1st Floor	2/21/2008	$1,405,000	30,993		$173		1984	B
355-379 Fairview Way, 371/1st Floor	8/8/2007	$838,500	25,320		$185		1985	B
355-379 Fairview Way, 375/1st Floor	10/11/2007	$775,000	25,320		$226		1985	B
355-379 Fairview Way, 363/1st Floor	8/8/2007	$764,000	25,320		$190		1985	B
355-379 Fairview Way, 355/1st Floor	9/7/2007	$668,000	25,320		$221		1985	B
1112-1124 Cadillac Ct, 1118/1st Floor	9/24/2007	$628,900	12,819		$255		1985	B
1112-1124 Cadillac Ct, 1120/1st Floor	6/25/2008	$620,000	12,819		$262		1985	B
1112-1124 Cadillac Ct, 1116/1st Floor	11/21/2007	$549,900	12,819		$242		1985	B
355-379 Fairview Way, 379/1st Floor	10/11/2007	$425,000	25,320		$181		1985	B
1112-1124 Cadillac Ct, 1112/1st Floor	12/14/2007	$320,900	12,819		$355		1985	B
1112-1124 Cadillac Ct, 1124/1st Floor	9/24/2007	$297,900	12,819		$330		1985	B
AVERAGE	2/20/2007	$5,435,762	47,106	212,921	$199	$50	1985	B
Town Center Study Area								
233 S Hillview Dr	3/9/2006	$13,450,000	60,482	256,568	$222	$52	1999	B
628-658 Gibraltar Ct	9/24/2007	$5,295,680	39,520	107,593	$134	$49	1985	B
790-796 Yosemite Way	7/17/2007	$4,555,635	42,378		$108		2001	B
628-658 Gibraltar Ct	1/4/2007	$3,883,700	39,520	107,593	$98	$36	1985	B
372-374 Turquoise St	10/12/2005	$3,534,000	32,119	97,574	$110	$36	1985	B
628-658 Gibraltar Ct	7/29/2005	$2,707,120	39,520	107,593	$69	$25	1985	B
796-800 Yosemite Way	4/30/2004	$1,505,196	42,378	106,286	$123	$14		B
AVERAGE	4/22/2006	$4,990,190	42,274	130,535	$123	$36	1990	B
Percent Difference Between City and Study Area Average:		**-8%**	**-10%**	**-39%**	**-38%**	**-28%**		

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Filename: Comps, R&D; 7/21/2009; bm

TABLE 12
INDUSTRIAL SALES COMPARABLES FOR THE TOWN CENTER SUBAREA AND THE CITY OF MILPITAS; 2004-2008
MILPITAS REDEVELOPMENT FEASIBILITY STUDY

Address	Date Sold	Sale Price	Buildinq Sq. Ft.	Land Sq. Ft.	Price per Sq. Ft.	Price Per Sq. Ft. of Land	Year Built	Ceiling Height	Building Class	Use Type
Balance of the City										
224-227 Curtis Ave	1/21/2004	$30,000,000	216,200	320,601	$139	$94	1980			
1501 McCarthy Blvd	5/1/2004	$13,810,000	135,648	410,335	$102	$34	1983			Warehouse
901-941 Cadillac Ct	9/29/2004	$9,804,780	120,600	358,063	$81	$27	1992	24'0"-30'0"	B	Warehouse
743-765 Montague Expy	1/21/2005	$8,118,320	45,480	209,088	$179	$39	1971	17'0"	C	Service
765 Sycamore Dr	8/19/2004	$6,810,000	67,760	197,762	$101	$34	1983	18'0"-20'0"		Manufacturing
1 Hanson Ct	4/27/2007	$6,025,000	19,836	186,001	$304	$32	1996		C	Cement/Gravel Plant
901-943 Hanson Ct	12/30/2005	$6,000,000	24,141	108,900	$249	$55	1984	16'0"-24'0"	C	Warehouse
675 Sycamore Dr	6/29/2006	$5,985,000	87,146	260,053	$69	$23	1983	18'0"-20'0"	C	Warehouse
1452-1474 S Main St	9/15/2005	$3,950,000	26,400	71,874	$150	$55	1975		C	Service
1992-1998 Tarob Ct	8/31/2006	$3,900,000	39,500	99,316	$99	$39	1984	16'0"-21'0"	B	Manufacturing
620 S Main St	8/3/2005	$3,350,000	29,520	71,874	$113	$47	1985	17'0"-20'0"	B	Manufacturing
328 Sango Ct	12/28/2005	$2,200,000	14,800	30,491	$149	$72	1980		C	Manufacturing
1603 Watson Ct	3/17/2005	$1,975,500	12,950	17,424	$153	$113	1980	16'0"		Manufacturing
1490 Gladding Ct	7/24/2007	$1,590,000	9,942	34,848	$160	$46	1982	16'0"	C	Manufacturing
27-31 Winsor St	4/13/2005	$1,125,000	6,950	11,761	$162	$96		20'0"	C	Manufacturing
309 Sango Ct	10/12/2006	$912,000	6,009	21,780	$152	$42	1979		C	Manufacturing
1650 Watson Ct	10/29/2004	$877,000	4,400	11,329	$199	$77	1982		B	
1811-1829 Houret Ct, 1813/1st Floor	1/8/2008	$591,120	29,520	69,696	$180	$8	1985	16'0"	B	Manufacturing
1811-1829 Houret Ct, 1811/1st Floor	10/10/2007	$525,000	29,520	69,696	$167	$8	1985	16'0"	B	Manufacturing
1811-1829 Houret Ct, 1817/1st Floor	3/11/2004	$459,500	29,520	69,696	$140	$7	1985	16'0"	B	Manufacturing
1656 McCarthy Blvd	12/6/2006		80,060	226,076			1983	13'6"	C	Telecom Hotel/Data Hosting
1666 S Main St	4/18/2007		12,000	87,120			1962		C	Warehouse
801 Buckeye Ct	11/30/2005		30,968	98,010			1985		C	Manufacturing
AVERAGE	12/5/2005	$5,400,411	46,907	132,252	$152	$47	1982	N/A	C	
Town Center Study Area										
1000-1210 Ames Ave	5/10/2007	$10,200,000	176,066	347,608	$58	$29	1965	16'0"-22'0"	B	Manufacturing
186-188 Topaz St	1/26/2007	$4,859,400	32,396	91,476	$150	$53	1984		B	Telecom Hotel/Data Hosting
310-340 S Milpitas Blvd	1/16/2008	$3,730,000	35,520	96,267	$105	$39	1981	16'0"-18'0"	C	Warehouse
756 Yosemite Way	3/23/2007	$2,969,824	23,909	65,340	$124	$45	2001	22'0"	B	Warehouse
193-199 Topaz St	4/4/2005	$2,700,000	16,250	63,588	$166	$42	1983	18'0"-20'0"	B	Warehouse
1126 Yosemite Dr	3/28/2008	$1,975,000	12,048	37,461	$164	$53	1981		B	Warehouse
1126 Yosemite Dr	8/10/2004	$1,600,000	12,048	37,461	$133	$43	1981		B	Warehouse
605-645 Vista Way	10/28/2005	$1,512,500	120,320	265,280	$94	$6	1982	23'0"-25'0"	B	Warehouse
615 Vista Way	11/3/2006	$1,500,000	16,062	36,590	$93	$41	1982		C	
451 Los Coches St	8/31/2004	$1,200,000	10,800	31,363	$111	$38	1981	14'0"		Warehouse
991 Montague Expy	12/9/2005	$610,000	1,700		$359					
AVERAGE	6/17/2006	$2,986,975	41,556	107,243	$142	$39	1982	N/A	B	
Percent Difference Between City and Study Area Average:		**-45%**	**-11%**	**-19%**	**-7%**	**-18%**				

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Filename: Comps, IND; 7/21/2009; bm

TABLE 13
OVERCROWDED HOUSING UNITS IN THE ADAMS AND SELWN/SHIRLEY SUBAREAS
MILPITAS REDEVELOPMENT FEASIBILITY STUDY

2000

Persons Per Room		Selwyn Study Area [1]	% of Total	LIFT Zone Study Area [2]	% of Total	City of Milpitas	% of Total	Santa Clara County	% of Total
1.00 or Less	(Ideal)	380	46%	251	63%	13,803	77%	484,959	77%
1.01 - 1.50	(Overcrowded)	180	22%	53	13%	1,824	7%	34,640	8%
1.51 or more	(Severely Overcrowded)	259	32%	95	24%	1,510	15%	46,264	15%
	Total	**819**		**399**		**17,137**		**565,863**	
Total Percentage of Units with Overcrowded or Severely Overcrowded Units:			**54%**		**37%**		**22%**		**23%**

Source: US Census Bureau, Census 2000 Census Block Data

[1] The Selwyn Study Area is defined as census block group number 5044.18.01; of which the Study Area occupies most of the area.
[2] The LIFT Zone Study Area is defined as census block group number 5044.12.02; of which the Study Area occupies most of the area.

TABLE 14
CRIMES IN THE ADAMS AND SELWYN/SHIRLE SUBAREAS: 2004-2008
MILPITAS REDEVELOPMENT FEASIBILITY

Total Part I Crimes: 2004-2008

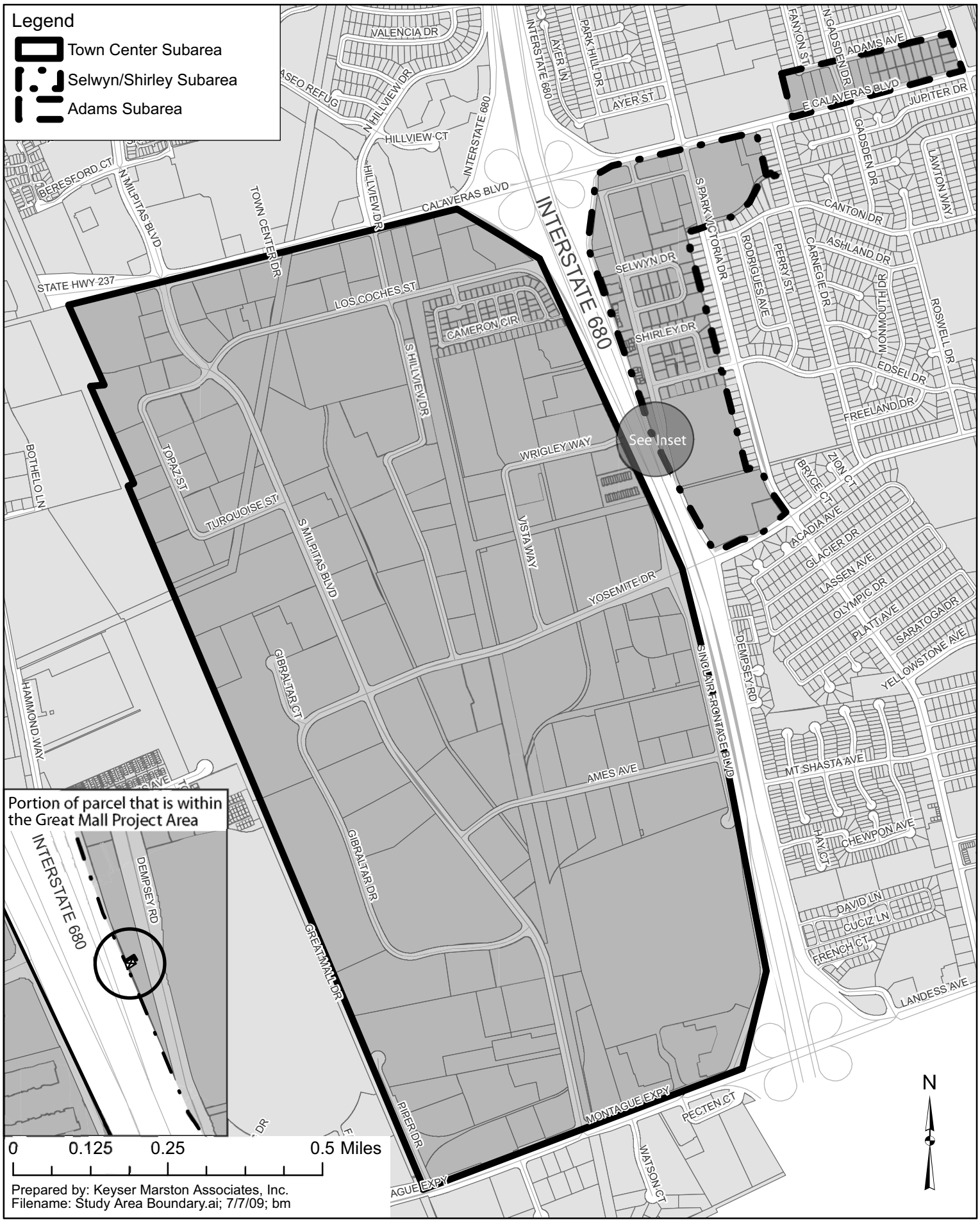
Crime Type	Adams Study Area	Selwyn/Shirley Study Area	City of Milpitas	Adams Study Area as a % of the Balance of the City	Selwyn/Shirley Study Area as a % of the Balance of the City
Murder	0	1	11	0%	9%
Rape	1	8	73	1.4%	11%
Robbery	1	9	278	0.4%	3%
Assault	30	178	2,592	1.2%	7%
Burglary	2	45	1,769	0.1%	3%
Theft	17	200	7,277	0.2%	3%
Auto Theft	27	77	1,382	2.0%	6%
Arson	0	0	69	0%	0%
TOTAL	**78**	**518**	**13,451**	**0.6%**	**4%**
Population*:	**640**	**2,182**	**69,362**	**0.9%**	**3%**
Acreage:	**13**	**57**	**8,704**	**0.1%**	**1%**
Number of Properties	**26**	**87**	**16,394**	**0.2%**	**1%**
Crimes per Property:	**3.0**	**6.0**	**0.8**		
Number of Gang Related Part I Crimes	**3**	**5**	**65**	**4.6%**	**8%**
Number of Total Gang-Related Incidents**	**16**	**27**	**267**	**6.0%**	**10%**

Part I Crimes per 1,000 People

Crime Type	Adams Study Area	Selwyn/Shirley Study Area	City of Milpitas
Murder	0.0	0.5	0.2
Rape	1.6	3.7	1.1
Robbery	1.6	4.1	4.2
Assault	46.9	81.6	39.0
Burglary	3.1	20.6	26.6
Theft	26.6	91.7	109.4
Auto Theft	42.2	35.3	20.8
Arson	0.0	0.0	1.0
TOTAL	**121.9**	**237.4**	**202.1**

*Population estimates provided by Claritas Site Reports.
**Gang related, non-Part I crimes include, but are not limited to: vandalism, narcotics violations, pubilic disturbances, and weapon violations.

MAP 1
STUDY AREA BOUNDARIES
MILPITAS REDEVELOPMENT FEASIBILITY STUDY



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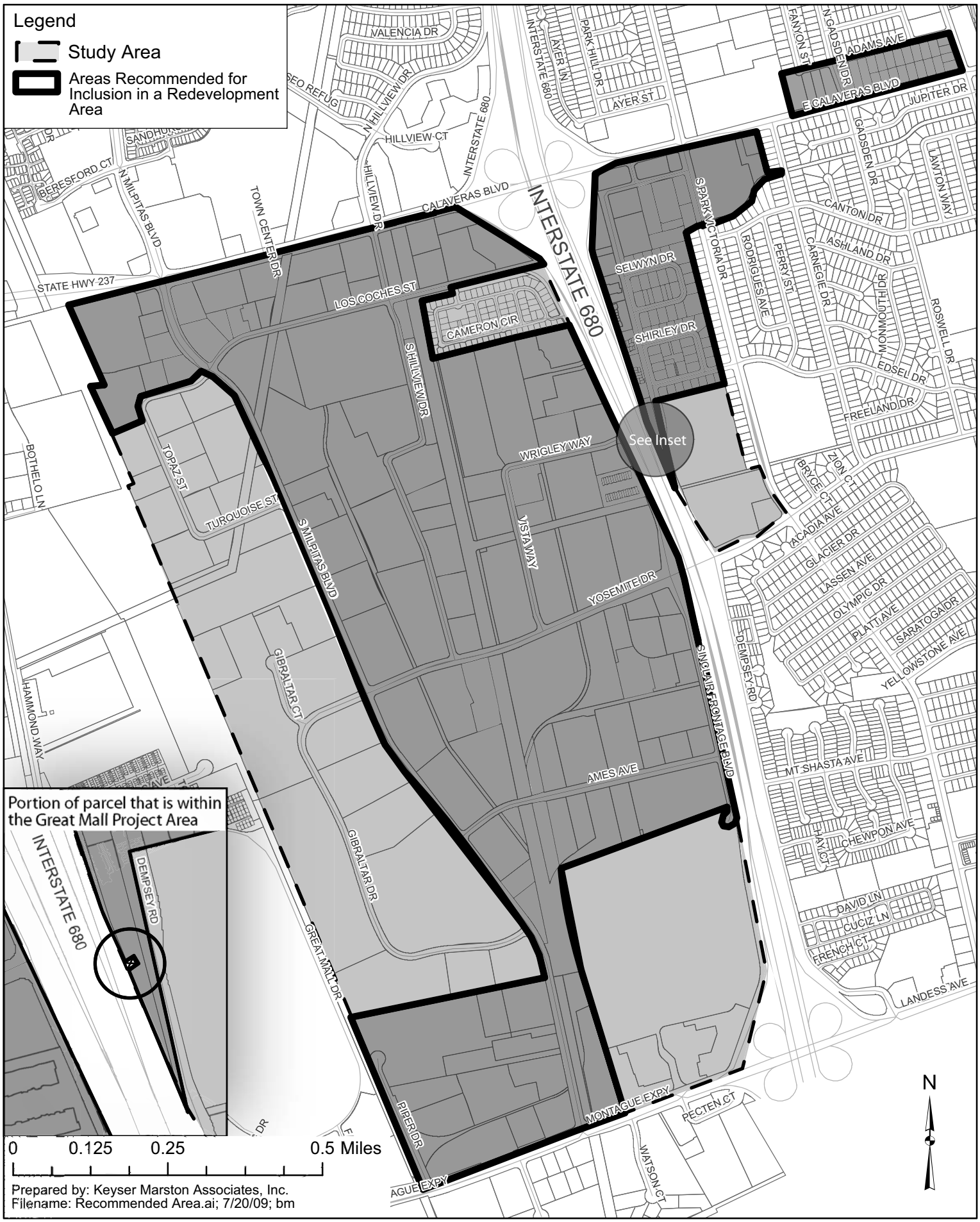
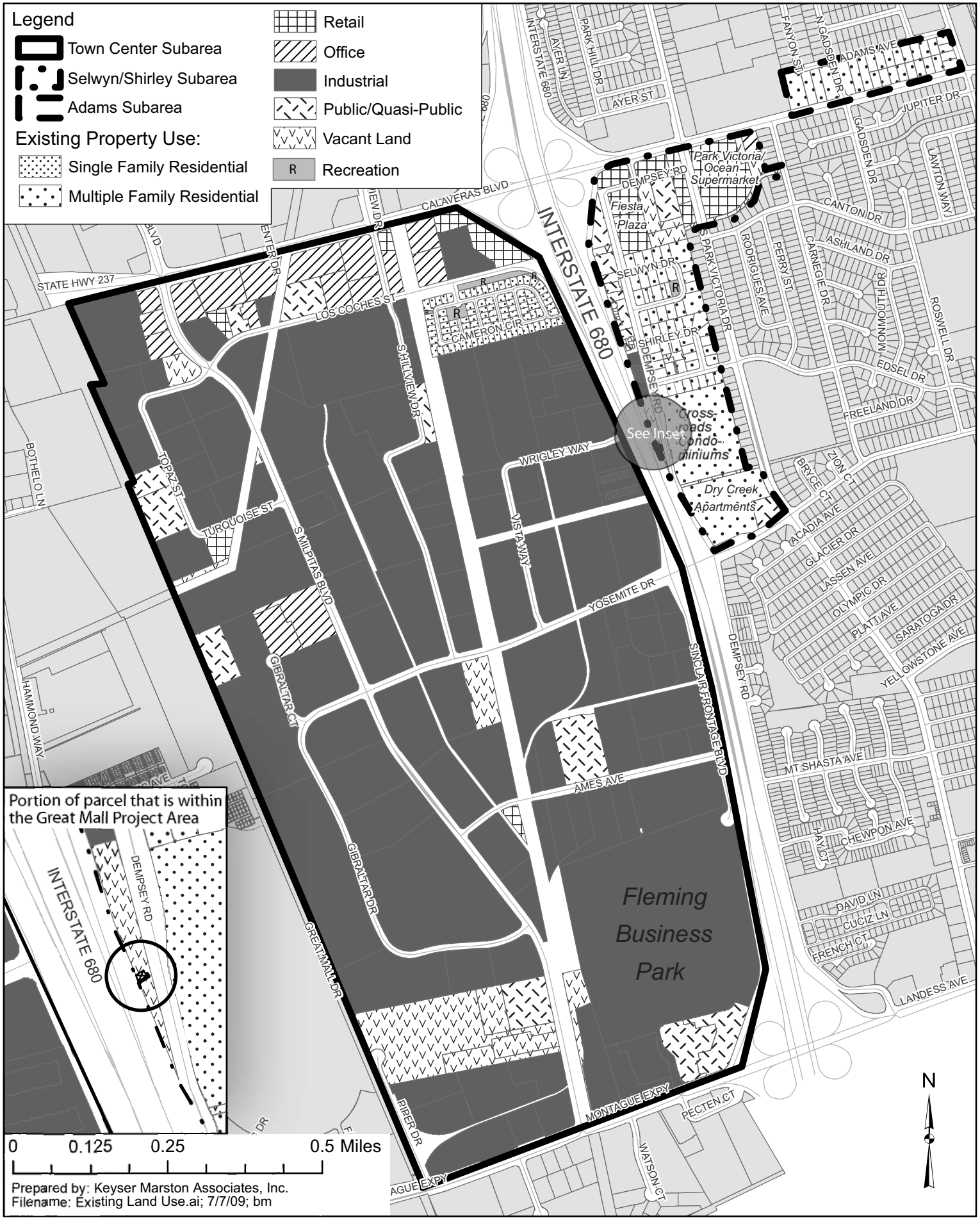
Filename: Study Area Boundary.ai; 7/7/09; bm

MAP 2
RECOMMENDED ADDED AREA BOUNDARIES
MILPITAS REDEVELOPMENT FEASIBILITY STUDY



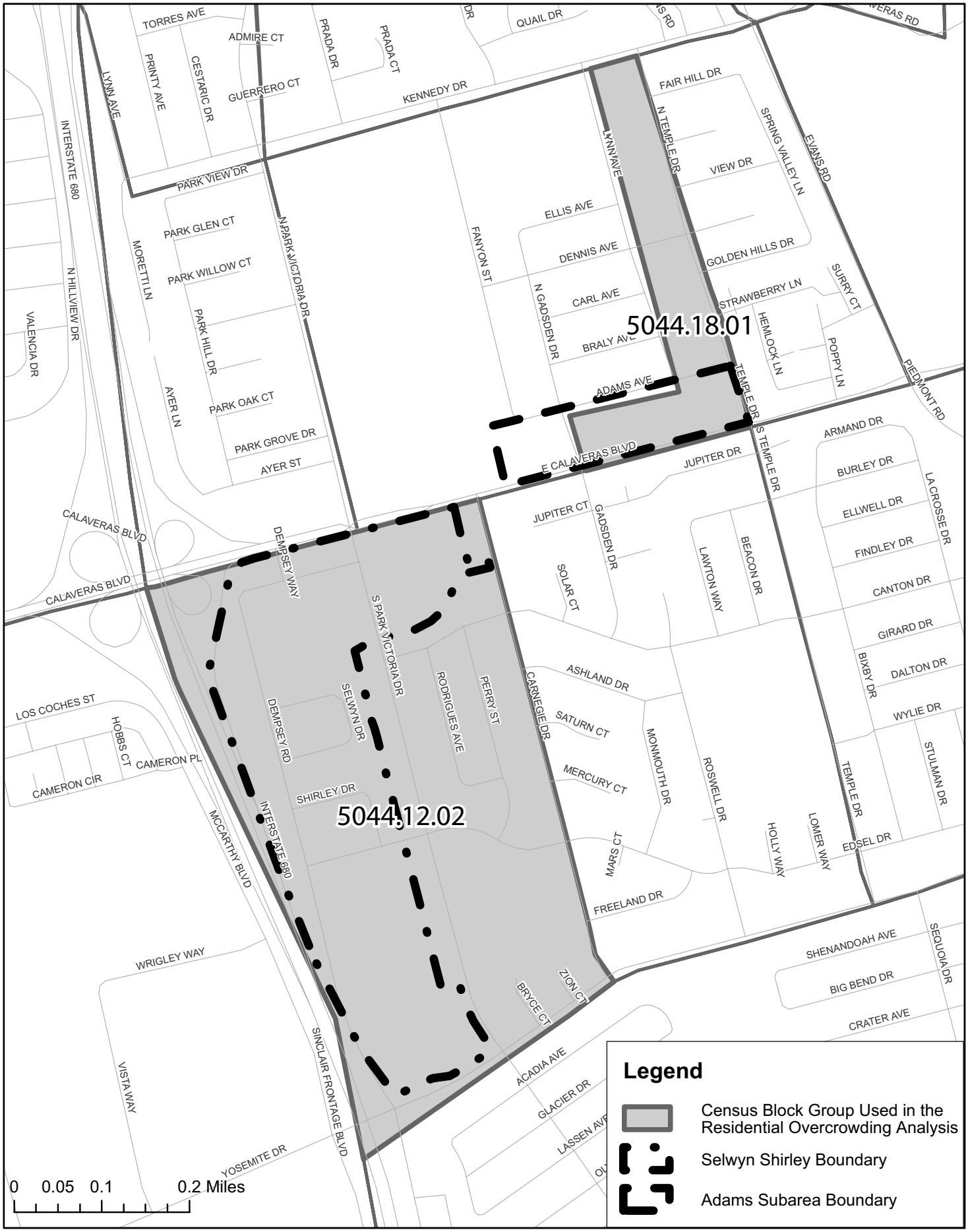
Prepared by: Keyser Marston Associates, Inc.
Filename: Recommended Area.ai; 7/20/09; bm

MAP 3
EXISTING PROPERTY USES
MILPITAS REDEVELOPMENT FEASIBILITY STUDY



Prepared by: Keyser Marston Associates, Inc.
Filename: Existing Land Use.ai; 7/7/09; bm

MAP 4
OVERCROWDING CENSUS BLOCK GROUPS
MILPITAS REDEVELOPMENT FEASIBILITY STUDY



List of Appendices

Appendix A: Code Violation Types and Definitions
Appendix B: Photographs of Deteriorated and Substandard Conditions
Appendix C: SV Advisors Obsolescence Report
Appendix D: Commercial and Industrial Real Estate Class Definitions
Appendix E: Forms of Agency Assistance
Appendix F: Redevelopment Plan Amendment Timeline

Appendix A

CODE VIOLATION TYPES AND DEFINITIONS

Code Violation Types and Descriptions

No.	Cited for Adams 2002 and 2003	Cited for Selwyn 2002 and 2003	Cited for Selwyn 5/6/04-5/6/09	Cited for Adams 5/6/04-5/6/09	Description of Violation	Degree of Violation
Structural Hazards						
1	Building Exterior	Building Exterior Issues			Includes a variety of violations visible from the exterior including damaged or missing lighting, faulty exterior electrical wiring, deteriorated exterior building materials	Serious health and safety violation
2	Building/Structure	Building or Structural Issues			Any substantial deterioration that is compromising the integrity of the building, missing or damaged structural component and unpermitted construction.	Serious health and safety violation
3		Garage Enclosure Issues			Deteriorated, damaged or substandard garage or carport that poses a safety hazard	Serious health and safety violation
4	Fences/Gates	Fences/Gates	Fences/Gates (Unsafe fences)		Damaged or deteriorated fencing that is hazard.	Serious health and safety violation
Vehicle Violations						
5	Abandoned Vehicles	Abandoned Vehicles	Junk Cars/Inoperable	Junk Cars/Inoperable	Includes any inoperable vehicle. Besides being a visual blight inoperable vehicles may leak oil and other fluids that result in ground contamination.	Contributing factor to blighting conditions
6	Lawn Parking	Lawn Parking	Vehicle Yard/Lawn Parking		Parking on unpaved surfaces. Contributes to visual blight and exposes ground to contamination from oil and other car fluids	Contributing factor to blighting conditions
7	Vehicle Repair	Vehicle Repair			Includes major vehicle repairs by non-owners. Typically illegal automotive repair business operated from residential property. This use is incompatible with residential use and the vehicles being repaired often interfere with automobile circulation and occupy off-street parking to be utilized by tenants.	Contributing factor to blighting conditions
Pedestrian Hazards						
8	ROW obstruction	ROW obstruction		Obstruction of sidewalks/ Public ways	Primarily landscaping encroach on sidewalks requiring pedestrians to walk in street.	Contributing factor to blighting conditions
9		Vehicle Blocking Driveway			Vehicle blocking driveway causing pedestrians to walk in street.	Contributing factor to blighting conditions

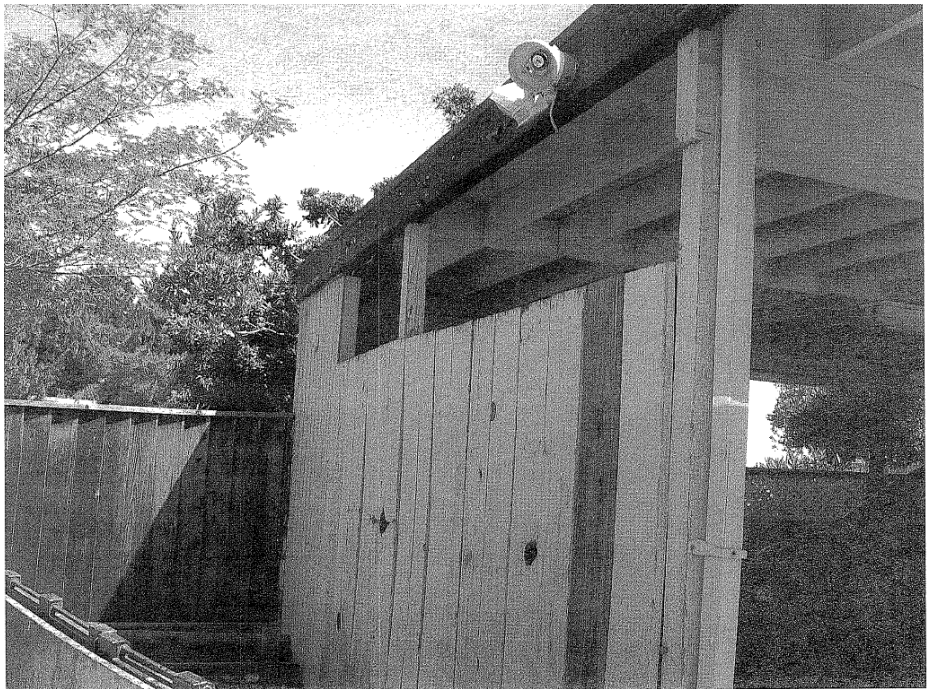
No.	Cited for Adams 2002 and 2003	Cited for Selwyn 2002 and 2003	Cited for Selwyn 5/6/04-5/6/09	Cited for Adams 5/6/04-5/6/09	Description of Violation	Degree of Violation
10		Sidewalk Trip Hazard			Broken or cracked sidewalk that is a pedestrian hazard	Contributing factor to blighting conditions
11		Planting Strip Tripping Hazard			Any obstacle in the parkway such as a tree stump that is a pedestrian hazard.	Contributing factor to blighting conditions
12	Graffiti	Graffiti	Graffiti		Graffiti tags associated with known gangs constitute a hazard due to tier attraction to rival gangs or others for criminal activity.	Contributing factor to blighting conditions
Waste and Debris Violations						
13	Solid Waste	Solid Waste Issues	Solid Waste (trash containers & accumulation)	Solid Waste (trash containers)	Includes a variety of waste violations including accumulation of trash and junk and may include unenclosed trash areas for multiple-family buildings. Uncontained waste is an attraction and food source for vectors and potentially a fire hazard.	Serious health and safety violations
14	Outdoor Storage	Outdoor Storage	Outdoor Storage (discard objects & dirt, sand, etc.)	Outdoor Storage	Primarily includes accumulation of discarded objects and junk. Can result in harborage for vectors and be an attractive nuisance.	Serious health and safety violation
15		Hazardous Material			Storage of hazardous materials or hazardous materials spills such as improperly discarded motor oil.	Serious health and safety violation
Landscape Violations						
16	Overgrown landscaping	Overgrown Landscaping	Landscaping/Vegetation (overgrown lawn)	Landscaping/Vegetation (overgrown lawn)	Includes all unmaintained landscaping. May create a harborage for vectors, fire hazard and detract for neighboring properties.	Contributing factor to blighting conditions
17		No Front Yard Landscaping			No front yard landscaping that contributes to the appearance of neglect and visual blight.	Contributing factor to blighting conditions
18		Planting Strip Landscaping Needed			Unlandscaped parkway that contributes to appearance of neglect and visual blight.	Contributing factor to blighting conditions
19		Street Repair			Deteriorated street segment requiring repair	Contributing factor to blighting conditions
Health and Safety Hazards						
20		Extinguisher Not Serviced			Multiple-family building that does not have fire extinguishers that have been regularly serviced.	Serious health and safety violation

No.	Cited for Adams 2002 and 2003	Cited for Selwyn 2002 and 2003	Cited for Selwyn 5/6/04-5/6/09	Cited for Adams 5/6/04-5/6/09	Description of Violation	Degree of Violation
21		Fire Extinguisher Not Present			Multiple-family dwelling without the required fire extinguishers	Serious health and safety violation
22			Housing Code (Apartment/Homes)	Housing Code (Apartment/Homes)	Includes tenant complaints regarding substandard conditions.	Serious health and safety violation
23		Over Crowding			Evidence of overcrowding including vehicles in excess of permitted parking, overflowing and numerous trashcans etc.	Serious health and safety violation
24			Miscellaneous (health, safety and welfare)	Miscellaneous (health, safety and welfare)	Any miscellaneous health and safety hazards	Serious health and safety violation
Other Violations						
25		Light Pole Repair			Broken or damaged street lighting	Contributing factor to blighting conditions
26		Signage Issues			Illegal signage. Includes excessive and deteriorated signs that creates a visual blight.	Contributing factor to blighting conditions
27			Nonpoint Pollution (Other Waterway)		Standing water that is vector hazard	Contributing factor to blighting conditions
28			Animals (Roaming dog)		Unsecured pet	Contributing factor to blighting conditions

Appendix B

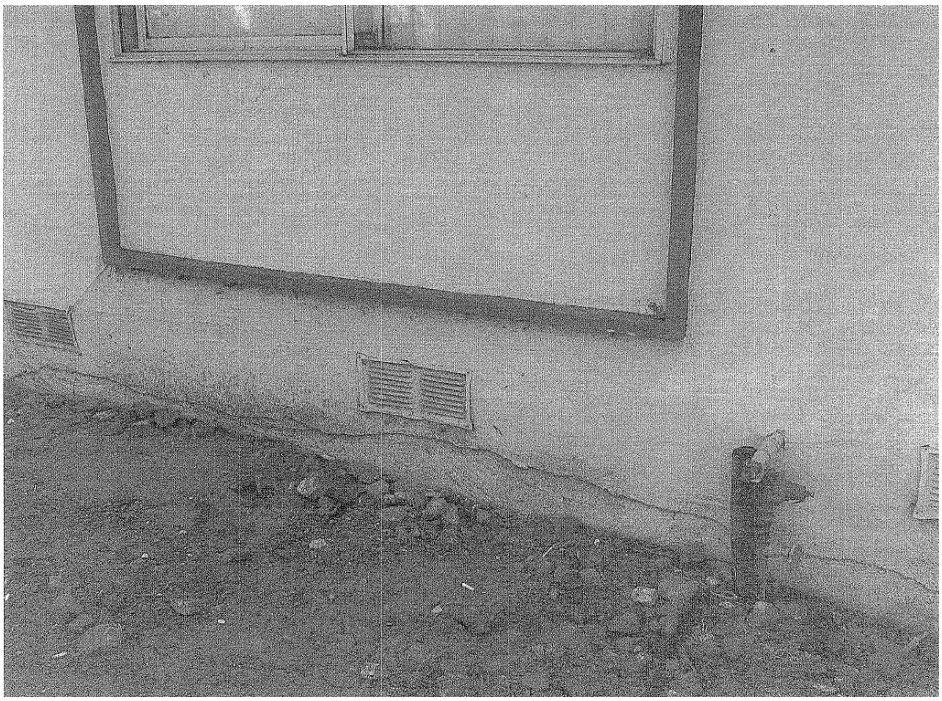
PHOTOGRAPHS OF DETERIORATED AND SUBSTANDARD CONDITIONS

Adams Subarea

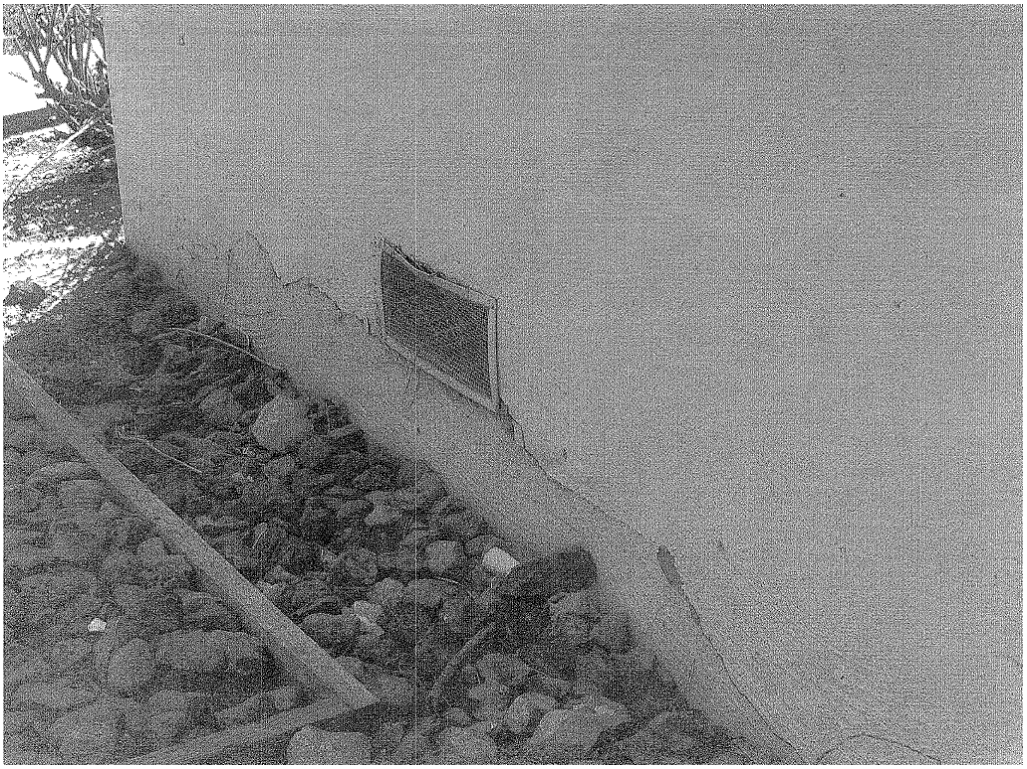


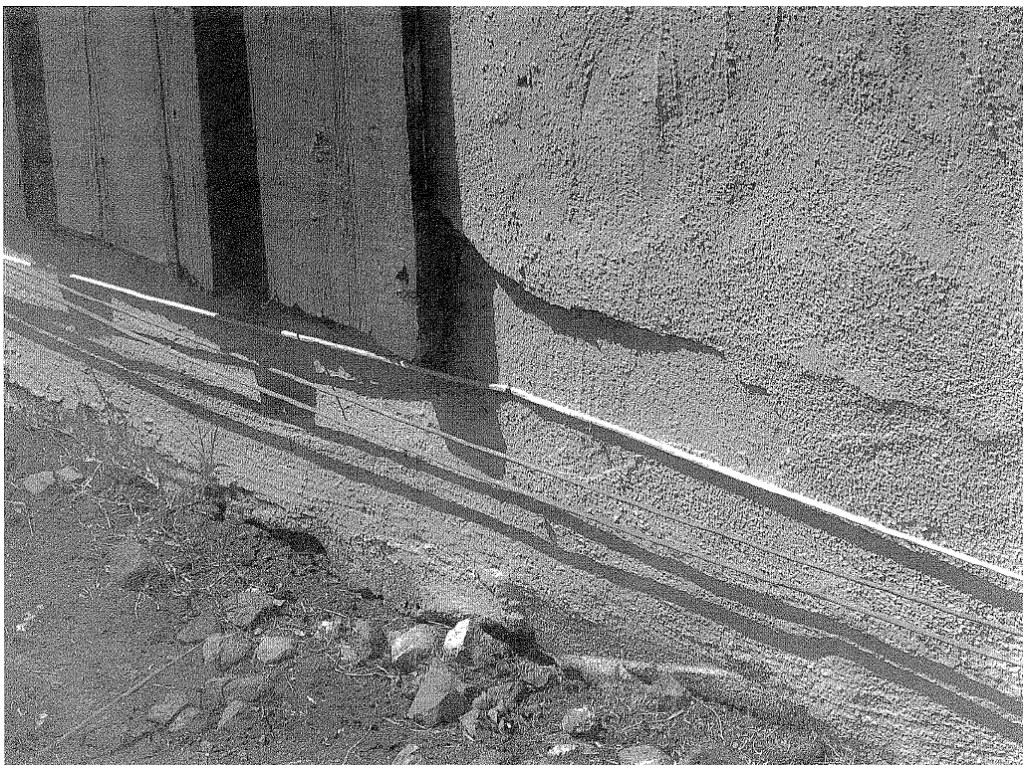
Views of deteriorated and substandard carports including detailed view of sill plate with missing anchor bolt.

View of deteriorated vertical support of carport where it intersects with sill plate.

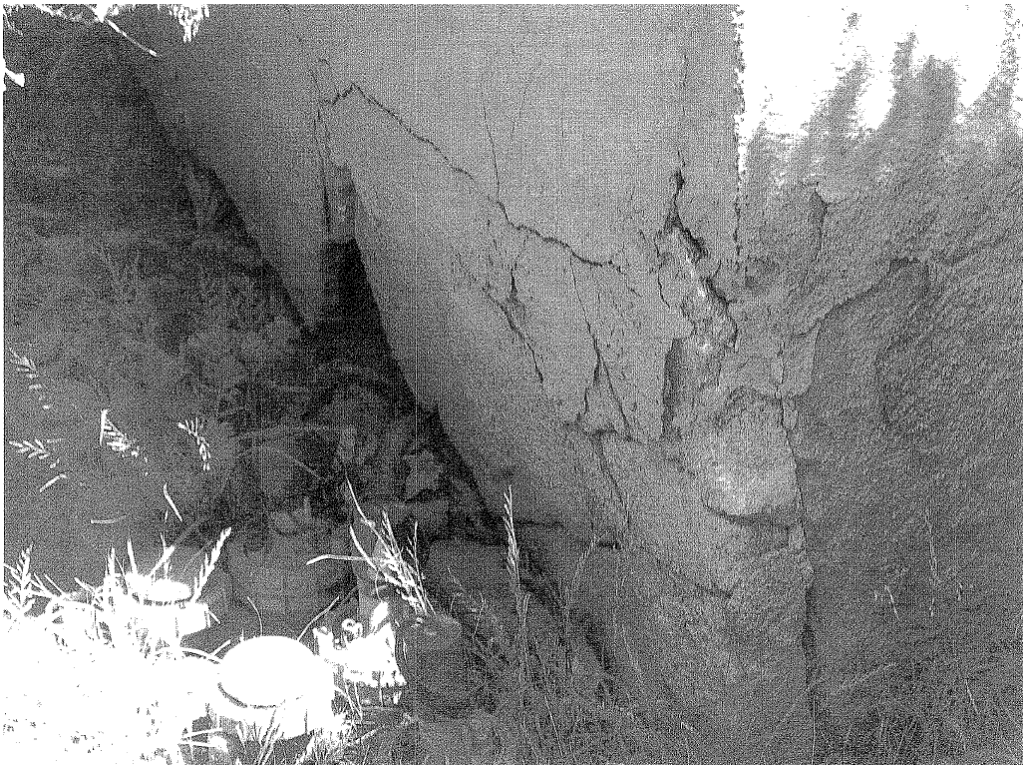


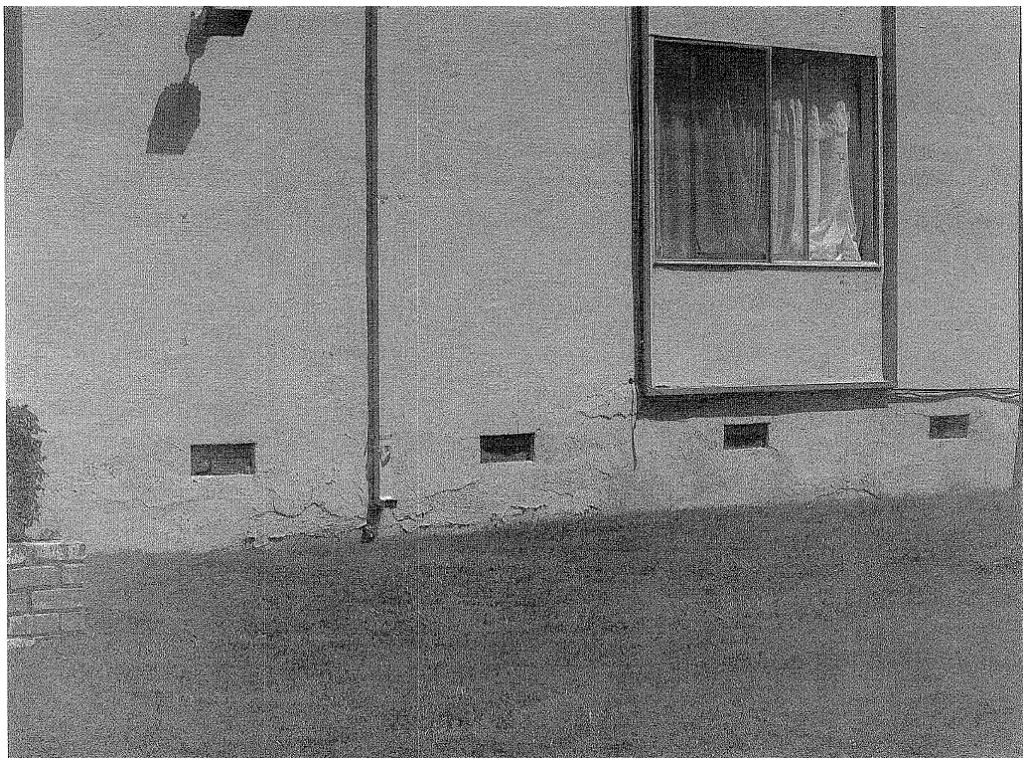
Example of cracking along foundation resulting from water penetration below stucco siding.





Detailed views of cracked and broken stucco at foundation





Views of cracked and broken stucco at foundation

APPENDIX B: PHOTOGRAPHS OF DETERIORATED AND SUBSTANDARD CONDITIONS
REDEVELOPMENT FEASIBILITY
MILPITAS REDEVELOPMENT AGENCY

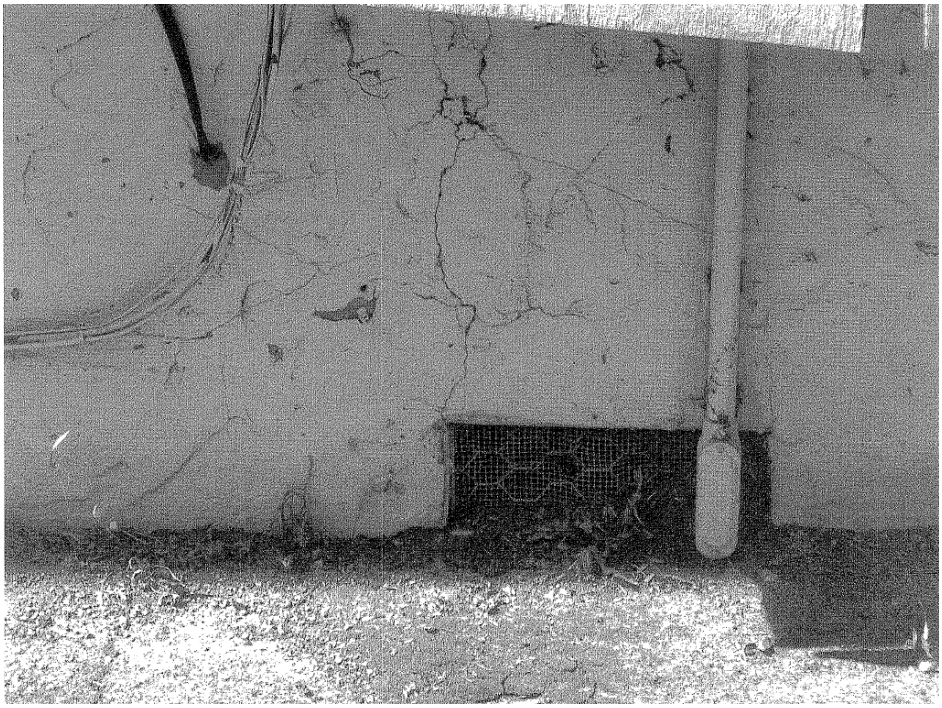
Views of inadequate yard maintenance

Substandard window replacement above air conditioning unit

Deteriorated siding along carport and unpermitted parking on un-paved area

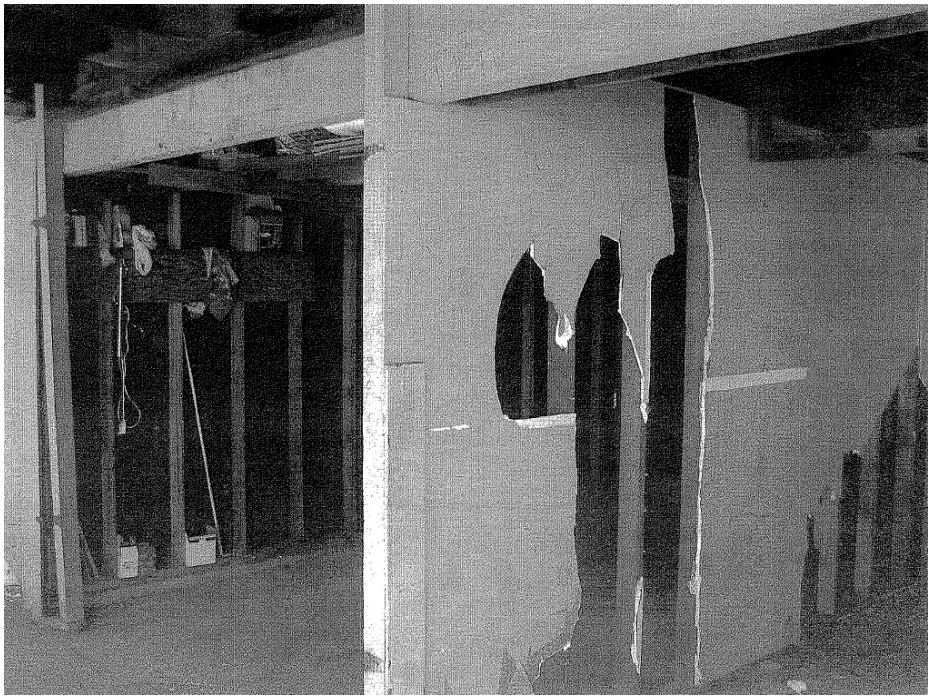
Deteriorated upper floor siding

Selwyn/Shirley Subarea

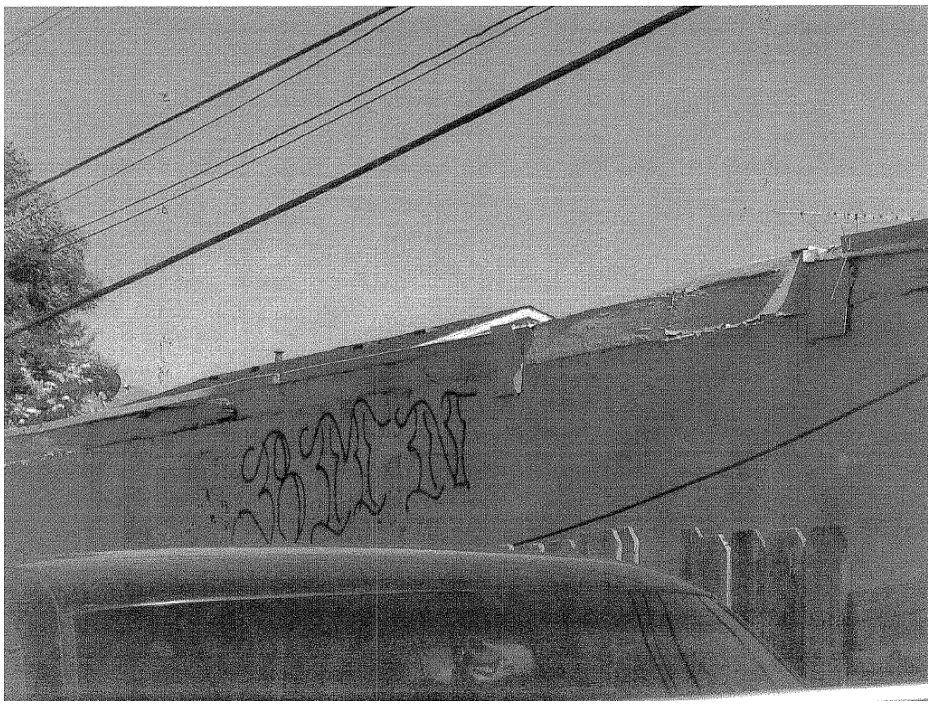


Deteriorated siding and faulty exterior wiring

Deteriorated roof joists



Deteriorated and damaged carport partition



Graffiti

Deteriorated and damaged carport ceiling

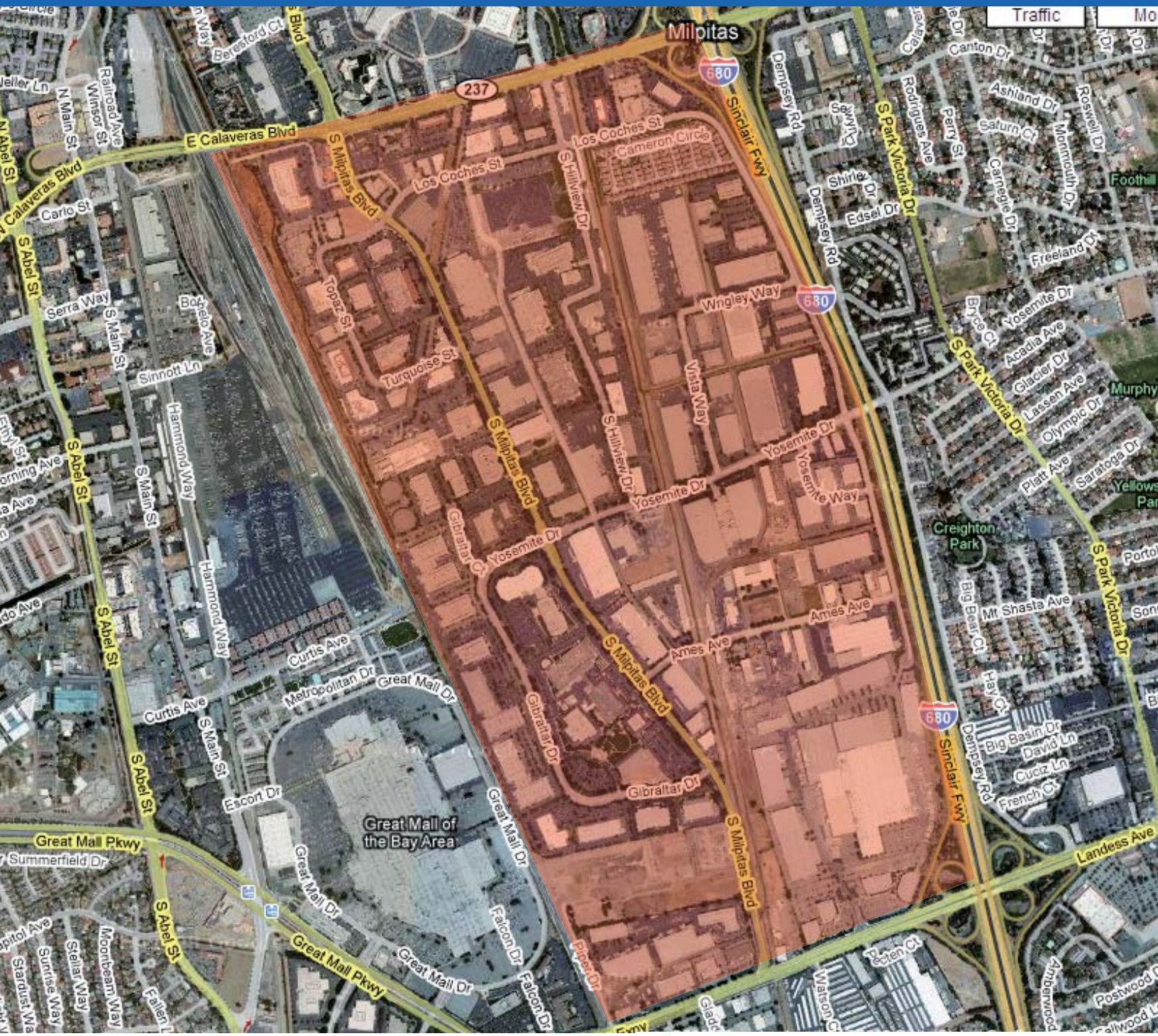
Unpermitted parking on unpaved area

Unfinished stair reconstruction and lack of yard maintenance

Appendix C

SV ADVISORS OBSOLESCENCE REPORT

City of Milpitas Town Center Study Area Obsolescence Report



Sperry Van Ness®
Commercial Real Estate Advisors

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IV. Obsolescence Summary Report

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All information in this report has been diligently obtained from sources believed reliable and determinations of obsolescence were made based on the believed accuracy of this information. However, neither Altera Commercial or Sperry Van Ness | SV Advisors makes any absolute statements and/or guarantees as to the accuracy or correctness of the information obtained. Independent verification is encouraged.

I. GLOSSARY

Sperry Van Ness®
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Glossary

GLOSSARY OF GENERAL TERMS AND INDUSTRY STANDARDS

Commercial building space classifications, also known as "product types": Warehouse, Manufacturing, R&D, Office, and Retail building types. For purposes of this report – as is often the case in our industry – Warehouse and Manufacturing building space has been combined into one category known as Industrial product.

Building Base Inventory: The total square footage area of existing product space contained in a specified geographic area, whether available or unavailable for lease.

Available Space: That portion of the Building Base Inventory that is currently available for lease, sublease, or sale to a user in a given marketplace, including both vacant and occupied available space.

Vacant Space: That portion of Available Space that is vacant within a building or a marketplace.

Product Absorption: The measurement of square footage area leased or removed from a marketplace within a given time period. Gross absorption comprises total transactional volume during a given time period and is always a positive number, while Net absorption comprises the net change in product occupancy within a given marketplace and time period. Net absorption may be either positive or negative.

Rentable Building Area or RBA: The rentable square footage within a building or group of buildings in a particular marketplace.

Floor Area Ratio or FAR: The ratio of total existing RBA to a given land parcel or to a larger business park site. The FAR is often stated as "building-to-site coverage" ratio, or simply as the "building coverage" ratio. These terms relate to physical site utilization.

Competitive/Comparable Building or Marketplaces: Available space or RBA within individual buildings and/or marketplaces will normally compete against other available buildings and marketplaces offering similar product types, sizes, and building space features within the same demand area in attempt to capture that absorption demand.

Existing Building Space Functionality as Relates to Competitiveness: Apart from location desirability, the degree of functionality and modernity of particular building space features will generally impact the value, demand, absorption, and competitiveness of that building space. Generally, the more functionally deficient and uncompetitive, the more obsolescence that building space possesses.

Normal Functionality Standards for Silicon Valley Building or Product Types:

Warehouse – Building space offers at least 22' minimum clear height (typically 24'-28'), multiple dock high truck doors (minimum 1 dock door /10,000 RBA), minimum ordinary hazard fire suppression system (fire sprinkler density calculations of at least .33gpm /3,000 sf of hydraulically most remote area of building), normally 1.5/1,000 sf parking ratio with minimum 1/1,000 ratio, a truck turnaround or staging area of at least 110' from the edge of dock, suitable column spacing of at least 24' x 60', and 5-10% HVAC office area improvements.

Manufacturing – Generally contains 20' or less minimum clear height, 2-3/1,000 parking ratios, comparatively greater electrical amperage capacity (from several hundred amps to several thousand amps depending upon building or space size evaluated) @ 277/480 volts, requisite grade level truck door loading facilities, insulated production area with extensive dropped lighting and power plugs, 15-40% typical HVAC office areas.

R&D – Generally 3.33/1,000 or greater parking ratio, 20' or less minimum clear height, 30%-90% HVAC with 10'-14' dropped acoustical ceiling areas with

various combinations of carpeted office areas and tile floor R&D/engineering/ light assembly/ testing with extensive window line to allow office expansion and/or employee appeal. Typical R&D users are image conscious to varying degrees, and prefer not to locate in a neighborhood where blighted warehouse or manufacturing buildings are visible.

Office – Generally 4/1,000 or greater parking ratio, fully improved HVAC office areas, 1 or more stories with elevator, extensive glass line and landscaping appeal, with subject building space in proximity to other commercial/retail services. Typical office users are highly image conscious, seeking multiple business amenities and no neighborhood blight at all.

Construction Type: R&D, Manufacturing, and Warehouse buildings in Silicon Valley are commonly of concrete masonry panel tilt-up construction with reinforced roofing systems. Office buildings may be of masonry, wood frame, a combination of both, or steel framed multistory structures. In general terms, most product types constructed and maintained within the last 25 years can be functionally competitive instead of obsolete. Nearly every Office, R&D, and Warehouse user, and most Manufacturing users are distinctly opposed to metal building construction for multiple reasons including: very low image, unacceptably low security-both perceived and actual, absence of dock high loading, deficient clear height, inability to support modern roof mounted HVAC mechanical systems, unsuitability to meet Title 24 government regulations for heating and cooling system insulation, etc. Metal buildings are typically 35 years old or older.

Utilization and Underutilization: The following product types normally have the following FAR or building-to-site coverage ratios resulting from regulatory requirements for parking, landscaping, and building setbacks – Retail 25-28%, Office 30-33%, R&D 32-35%, Manufacturing 35-45%, and Warehouse 45-50%. Substantially deficient or excessive FAR ratios are usually found in buildings constructed 30 or more years ago, and typically suffering obsolescence to varying degrees. Physically underutilized sites identified in the TC Study Area produced both physical and economic blight: physical blight due to obsolescent structures and undesirable outside material storage; and economic blight due to the substandard FAR and RBA resulting in reduced overall rental income stream and rental rates for the subject property, and reduced economic revenues for other property owners (and for the City) in the blighted neighborhood.

The aforementioned Industry Standards are derived from:

- Actual building features and specifications of properties in the TC Study Area;
- Acceptable industry standards and practices developed over the author's 27+ years of Industrial sales and leasing expertise in Silicon Valley;
- The author's lease/sale of 11.3 million square feet of commercial space in several hundred Silicon Valley transactions including 5+ million square feet in Milpitas.

II. EXECUTIVE SUMMARY

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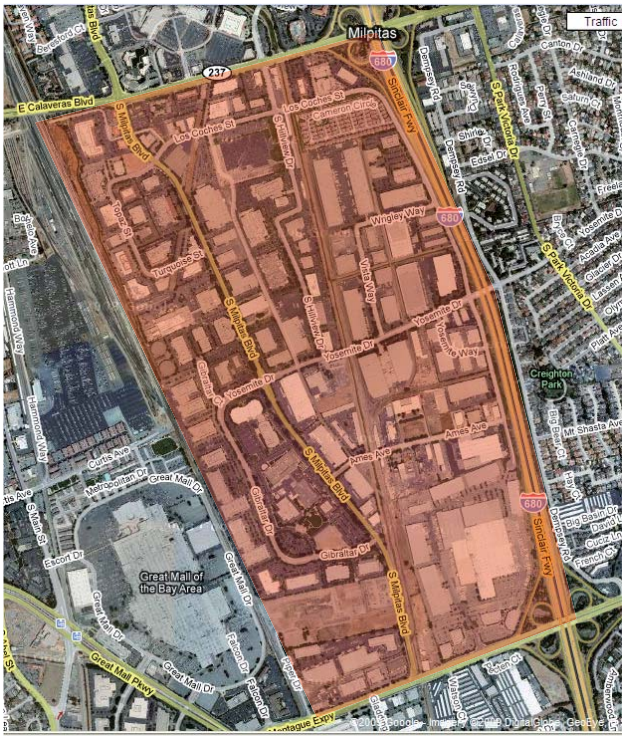
Executive Summary

SV Advisors of Sperry Van Ness Commercial Real Estate was engaged by the City of Milpitas to facilitate the City's investigation and that of a related consultant known as Keyser Marston Associates in evaluating the feasibility of an approximately 700 acre study area for potential redevelopment designation.

The identified study area is known as the Town Center Study Area as illustrated in the attached maps. The subject area is bounded on the north and south by Route 237 /Calaveras Boulevard and Montague Expressway respectively, and the east/ west by highway 680 and the Silicon Valley Rapid Transit corridor (former UPRR) rail line.



SV Advisors examined ~174 commercial properties to assess the relative conditions of both physical and/ or economic obsolescence (or blight) respecting each of the commercial properties within this TC Study Area. Those commercial properties having moderate to severe economic and/or physical blight are defined in our study.

Physical blight was measured by diminished functionality and competitiveness (from moderate/ substantial to severe) including building condition, construction type, and age deterioration, adequacy of on-site parking, electrical power, utilities, truck loading facilities, minimum ceiling clearances, column spacing suitability, and utilization of the building/site coverage ratio or Floor Area Ratio (FAR), Landlocked parcels and those with insufficient ingress/ egress were also considerations.

Economic blight consisted of inferior lease rental rates, historically high business vacancies and associated diminished cash flows, and impaired property values due to both known and apparent environmental contamination, remediation costs, stigma, undesirable visible outside storage of materials, and visible underutilization.

Our analysis identified the following conclusions regarding the TC Study Area:

- There are 27 properties having moderate to significant economic and/or physical blight conditions.

- The 27 blighted properties are predominantly underutilized both economically & physically; their uses are Industrial (combined warehouse and manufacturing).

- The vast majority of blighted properties identified are located in the southern and eastern portions of the TC Study Area.

- The most conspicuously blighted properties produce intensified adverse economic impacts upon the entire Study Area. The more visible the blight is – the more amplified the detrimental effects are to the neighborhood/sub-marketplace.

- Detrimental effects of blight include weaker submarket competitiveness, abnormal, multi-year property vacancies; reduced demand and rental rates for other properties neighboring those

blighted properties; continued low technology and lower industrial uses; inhibited job creation and revenue growth.

- When measured against the neighboring "peer" submarket in North San Jose, the amount of Industrial buildings that have been vacant and available for 2 years or more in the TC Study Area is 26% of total Industrial vacancy versus 1% of total Industrial vacancy in competing North San Jose. (see Time On Market graph contained in this report)

- Out of a total rentable commercial space area for Industrial, R&D, Office, & Retail buildings of 9,901,272 RSF within the TC Study Area, the combined Office and Retail building inventory comprises only ~450,000 square feet.

- The long standing impact of industrial property blight has inhibited the sector growth of high-technology property uses such as new R&D and Office building redevelopment throughout the TC Study Area, while inhibiting jobs and revenue.

- Both presently and historically, the 2,196,643 RSF of R&D building inventory within the TC Study Area remains far less than the total Industrial building inventory area of 7,275,618 RSF.

- In stark contrast, the macro-marketplace of entire Silicon Valley has total R&D building base inventory of ~158,117,000 RSF versus only ~94,814,000 RSF of total Industrial building inventory.

- In perspective, the overall Silicon Valley macro-marketplace of commercial properties has a ratio of 60% Industrial inventory to R&D inventory, while the TC Study Area has a ratio of 331% Industrial inventory to R&D inventory.

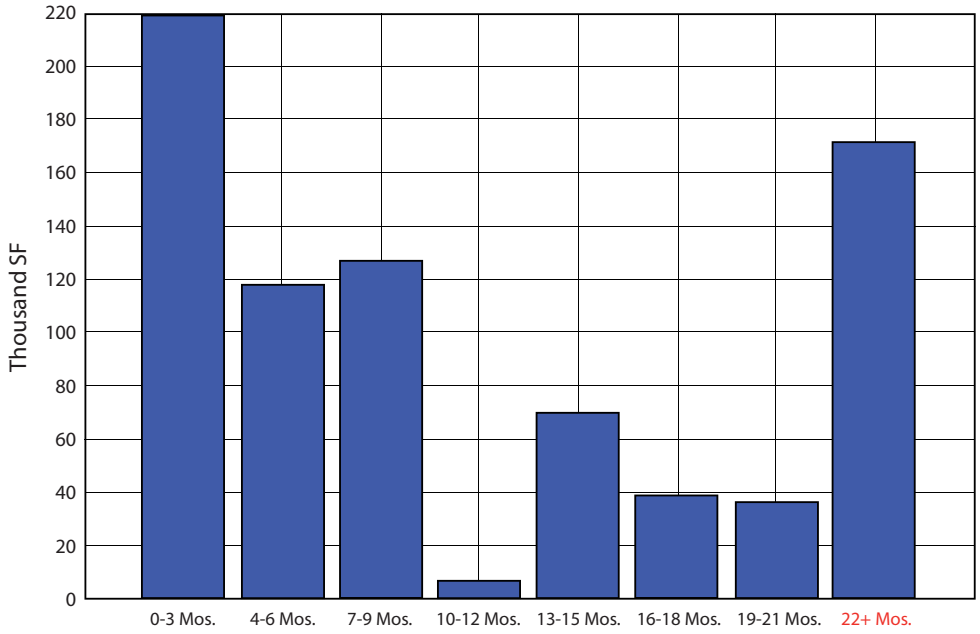
- Most of the R&D building ownership within the TC Study Area is atypically concentrated in a handful of building users rather than investors – thereby further reducing occupant turnover, absorption activity, and vacancy rates of this sector.

- The less improved a blighted property is - or, the greater the property underutilization - the easier it is generally to correct the blight due to reduced economic encumbrances.

- Several blighted properties adjoin together and thus produce greater potential economic opportunities for enhanced redevelopment.

Industrial Market Time On Market Statistics

Town Center Study Area



Average Time on Market: 12.2 Months

Existing Buildings:
106

Existing RBA:
7,275,618 SF

Vacant RBA:
670,926 SF - 9%

Occupied RBA:
6,604,692 SF - 91%

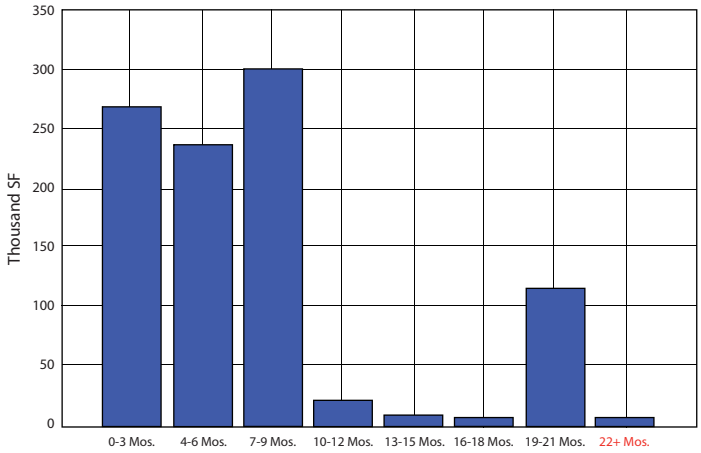
Leasing YTD:
74,547 SF

Net Absorption YTD:
(262,519 SF)

NNN Rental Range:
$0.29-$1.23/SF

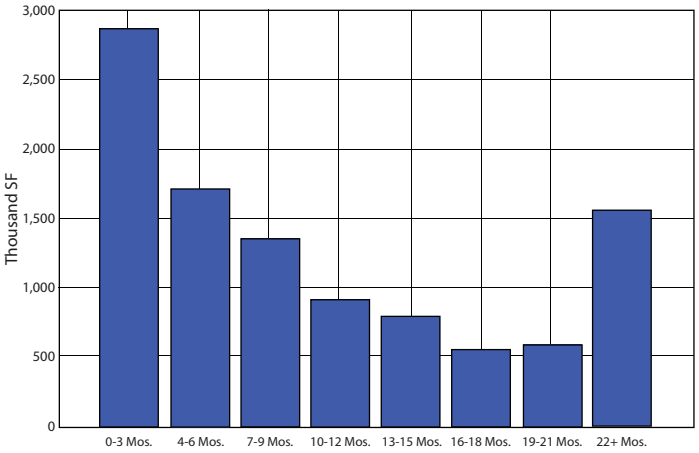
Average NNN Rent:
$0.54/SF

North San Jose



Average Time on Market:	***7.6 Months***
Existing Buildings:	256
Existing RBA:	**10,687,573** SF
Vacant RBA:	659,905 SF - 6%
Occupied RBA:	10,027,668 SF - 94%
Leasing YTD:	174,341 SF
Net Absorption YTD:	(234,898 SF)
NNN Rental Range:	$0.45-$1.45/SF
Average NNN Rent:	$0.54/SF

Santa Clara County



Average Time on Market:	***13.3 Months***
Existing Buildings:	4,385
Existing RBA:	**113,134,925** SF
Vacant RBA:	**7,672,115 SF -7%**
Occupied RBA:	105,462,810 SF - 93%
Leasing YTD:	1,160,915 SF
Net Absorption YTD:	(2,788,804 SF)
NNN Rental Range:	$0.08-$2.30/SF
Average NNN Rent:	$0.66/SF

III. MAP

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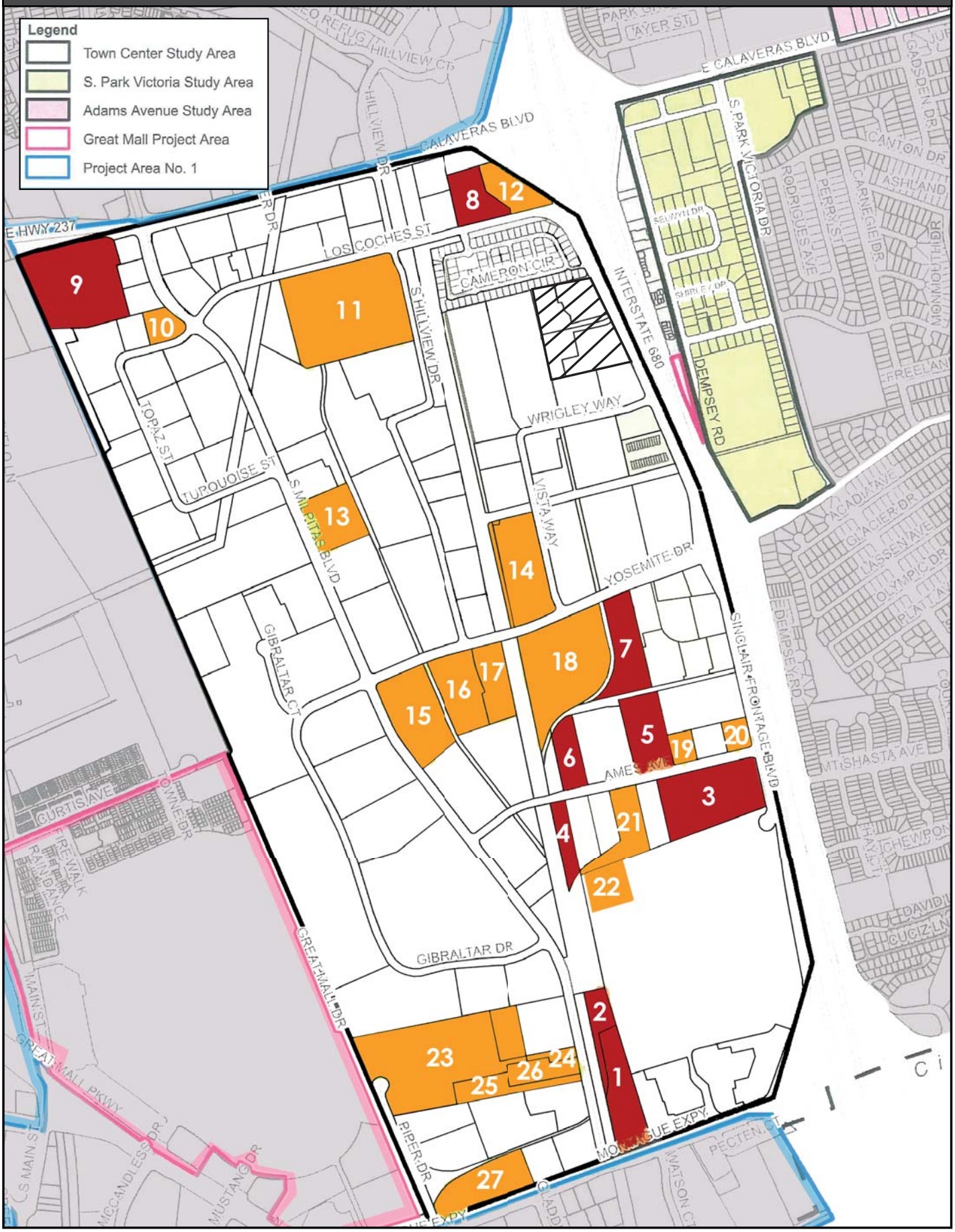
TOWN CENTER STUDY AREA MAP



IV. OBSOLESCENCE SUMMARY REPORT

Sperry Van Ness®
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Obsolescence Summary Report

1

INDUSTRIAL: WAREHOUSE

985 Montague Expy.
APN #086-32-020
Zoning: M2

% Leased: 0%

OBSOLESCENCE RATING: SIGNIFICANT

Key Obsolescence Factors: Prominently Exposed Blight, Underutilized Site, History of Contamination, Persistent Vacancy, Inadequate Ingress/Egress

Property Details:

Year Built:	1967	**Stories:**	1
RBA:	9,760	**Ceiling Height:**	18'0"
Land Acres:	4.60	**Sprinklers:**	None
Floor Area Ratio:	4.87%	**Loading Docks:**	4
Construction Material:	Metal	**Parking Ratio:**	0.82/1,000

Comments: This site is deemed to be the #1 most severely blighted and obsolete site within the Study Area for numerous reasons: the highly visible "gateway" location prominence adversely impacts the neighborhood and the entire submarket; the site is severely underutilized, the property was a federally designated contamination site which adversely impacted downgradient property developments, and hazardous material remediation continues today; the antiquated metal building has been vacant for over 10 years, and displays functional obsolescence at the intersection of the two primary thoroughfares serving the 700-acre Study Area; the site suffers from very limited ingress & egress, with no accessibility at all from S. Milpitas Blvd.; there are numerous visible weeds; and the R&D bldg. which directly faces this site across the street at 1425 S. Milpitas Blvd. has endured persistent vacancy over 7 years.

2

LAND

S. Milpitas Blvd.
APN #086-32-021
Zoning: M2

Property Details:

Land Acres: 1.06

Comments: This landlocked, unimproved land parcel contributes to the adjacent severely obsolete 4.6 acre site address of 985 Montague Expy. This highly visible site is filled with weeds & burdened by SCVWD and UPRR easements.

OBSOLESCENCE RATING: SIGNIFICANT

Key Obsolescence Factors: Landlocked, Highly Visible Weeds, Burdened by Easements, Adjacent to Obsolete Site

3a

OFFICE

1250 Ames Ave.
APN #086-31-054
Zoning: M2

% Leased: 41%

OBSOLESCENCE RATING: SIGNIFICANT

Key Obsolescence Factors: Antiquated Architecture & Functionality, Incompatible Use, Inadequate Parking

Property Details:

Year Built:	1965	**Stories:**	2
RBA:	12,000	**Parking Ratio:**	0.83/1,000
Land Acres:	7.98 (portion)		

Comments: Antiquated, physically inferior, and uncompetitive 2-story office building that persistently suffers high vacancies year after year. Furthermore, a full office use in this neighborhood is an incompatible use.

3b

INDUSTRIAL: MANUFACTURING

1180-1260 Ames Ave.

APN #086-31-054

Zoning: M2

% Leased: 55%

OBSOLESCENCE RATING: SIGNIFICANT

Key Obsolescence Factors: Antiquated Functionality of Inadequate Dock Doors and Minimum Clear Height, Excess Columns, Persistent Vacancy

Property Details:

Year Built:	1965	**Ceiling Height:**	16'0"-22'0"
RBA:	176,066	**Column Spacing:**	50'w x 200'd
Land Acres:	7.98	**Grade Level**	
Floor Area Ratio:	50.65%	**Truck Doors:**	19/10'0"w x 14'0"h
Construction:	Metal	**Loading Docks:**	7
Stories:	1	**Parking Ratio:**	2.00
Power:	600-800a/480v 3p 3w		

Comments: An antiquated industrial building within the same business park as the aforementioned 2-story office building, this building suffers from severe functional obsolescence including substandard minimum clear heights, deficient amount and quality of dock high loading facilities, excess columns, old and deficient electrical power systems, a history of building dept. "red taggings", etc. This uncompetitive project persistently has the lowest rental rates & the longest vacancy periods.

4

INDUSTRIAL: MANUFACTURING

930 Ames Ave.

APN #086-30-029

Zoning: M2

% Leased: 100%

OBSOLESCENCE RATING: SIGNIFICANT

Key Obsolescence Factors: Underutilization

Property Details:

Year Built:	1975	**Stories:**	1
RBA:	5,000	**Grade Level**	
Land Acres:	1.50	**Truck Doors:**	3
Floor Area Ratio:	7.65%	**Parking Ratio:**	0.09/1,000
Construction:	Metal		

Comments: Severely underutilized site with old, metal building and ample outdoor storage contribute to economic obsolescence, inadequate striped parking.

5

INDUSTRIAL: MANUFACTURING

945 Ames Ave.

APN #086-31-014

Zoning: M2

% Leased: 0%

OBSOLESCENCE RATING: SIGNIFICANT

Key Obsolescence Factors: Underutilization, Environmental Contamination, Inferior Parking

Property Details:

Year Built:	1970		
RBA:	21,056	**Stories:**	1
Improved Space:	2,000	**Power:**	400a/277-480v
Land Acres:	2.80	**Ceiling Height:**	20'0"
Floor Area Ratio:	17.26%	**Loading Docks:**	2 + Platform
Construction:	Masonry	**Parking Ratio:**	0.49/1,000

Comments: Former Great Western Chemical use caused federally designated environmental contamination. Site is severely underutilized with mostly paved yard area and a street-frontage portion of parcel remains undeveloped. Old building with inferior number of striped vehicle parking areas. Note: with removal of the abandoned private rail spur at rear of subject, this property can be further functionally enhanced with connectivity to adjoining obsolete property at 1000 Yosemite Avenue.

6

INDUSTRIAL: MANUFACTURING

893-897 Ames Ave.

APN #086-31-007

Zoning: M2

% Leased: 100%

OBSOLESCENCE RATING: SIGNIFICANT

Key Obsolescence Factors: Underutilization, No Dock-High Loading, Below Average Ceiling Clearance

Property Details:

Year Built:	1961	**Sprinklers:**	Yes
RBA:	21,550	**Power:**	1400a/277-480v
Land Acres:	2.27	**Ceiling Height:**	14'0"
Floor Area Ratio:	21.79%	**Grade Level**	
Construction:	Metal	**Truck Doors:**	4/12'0"w x 12'0"h
Stories:	1	**Parking Ratio:**	3.00/1,000

Comments: Old metal buildings with no dock high loading facilities, below average minimum ceiling clearance, and site underutilization contribute to significant overall obsolescence.

7

INDUSTRIAL: MANUFACTURING

1000 Yosemite Dr.

APN #086-31-070

Zoning: M2

% Leased: 100%

OBSOLESCENCE RATING: SIGNIFICANT

Key Obsolescence Factors: Underutilization, Antiquated Design

Property Details:

Year Built:	1979	**Stories:**	1
RBA:	24,000	**Grade Level**	
Land Acres:	3.80	**Truck Doors:**	2
Floor Area Ratio:	14.50%	**Parking Ratio:**	1.03/1,000
Construction:	Metal		

Comments: Severe site underutilization, exterior storage, and an antiquated building render significant economic obsolescence and physical blight.

8

INDUSTRIAL: SHOWROOM

905 Los Coches St.

APN # 086-29-050

Zoning: HS

% Leased: 0%

OBSOLESCENCE RATING: SIGNIFICANT

Key Obsolescence Factors: Underutilization, Vacant Antiquated Building Design

Property Details:

Year Built:	1977	**Ceiling Height:**	18'0"
RBA:	18,800	**Grade Level**	
Land Acres:	2.96	**Truck Doors:**	1/10'0"w x 14'0"h
Floor Area Ratio:	14.58%		
Stories:	1		

Comments: Severe site underutilization and a vacant building (former Minton's Lumber & Window Depot) that is ill-suited for modern uses; significant functional and economic obsolesence. Weeds and other visible signs of deferred maintenance and neglect are also evident.

9

FLEX: R & D
31 S. Milpitas Blvd.
APN # 086-28-041
Zoning: HS

% Leased: 0%

OBSOLESCENCE RATING: SIGNIFICANT

Key Obsolescence Factors: Long-Term Abandonment, Single-Occupant Design, Landlocked, Deficient Parking

Property Details:

Year Built:	1983	**Sprinklers:**	None
RBA:	97,944	**Ceiling Height:**	9'0"
Land Acres:	7.43	**Grade Level**	
Floor Area Ratio:	30.26%	**Truck Doors:**	3/8'0"w x 12'0"h
Stories:	1	**Parking Ratio:**	1.97/1,000
Construction:	Masonry		

Comments: This single story R&D building has been vacant for over 6 years, primarily due to the leasing impediments of single-tenant occupancy design. It is also landlocked and relies on easements over adjoining properties for ingress and egress. The parking ratio is deficient at 2/1,000. Long term abandonment has led to graffiti, and a shattered window near RT 237 has been broken for several years.

10

LAND
S. Milpitas Blvd. @ Los Coches St.
APN #086-39-001
Zoning: M2

Property Details:

Land Acres: 1.49

Comments: Due to proximity to Milpitas Town Center, & to its highly visible thoroughfare location, this blighted, vacant land parcel detrimentally impacts neighborhood image and leasability, especially with regard to R&D and Office users of the neighborhood and the entire Study Area.

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Highly Visible Display of Vacant Land Blight

11

INDUSTRIAL
201 S. Hillview Dr.
APN #086-28-049
Zoning: M2

% Leased: 100%

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Site Underutilization, Architecturally Dated, Wall Massing, No Windows Along Frontage

Property Details:

Year Built:	1979	**Construction Material:**	Masonry
RBA:	217,500	**Stories:**	1
Land Acres:	14.63	**Parking Ratio:**	0.68/1,000
Floor Area Ratio:	34.13%		

Comments: This older industrial building has moderate obsolescence and underutilization with inadequate striped parking, excess lawn areas, blighted outside storage & silos, and no glass or windows along the entire frontage of Los Coches.

12

RETAIL: FREESTANDING

980 Los Coches St.

APN #086-29-049

Zoning: M2S

% Leased: 100%

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Dated Architecture, Limited Use Building Design

Property Details:

Year Built:	1976	**Floor Area Ratio:**	25.29%
RBA:	25,664	**Stories:**	1
Land Acres:	2.33	**Parking Ratio:**	3.62/1,000

Comments: This old commercial building displays moderate physical obsolescence and a special design with limited utility & flexibility. The locational prominece at the interchange of 2 freeways contributes to substantial economic obsolescence of current use. Moreover, adjacency to 905 Los Coches (identified herein) provides significant added future economic potential.

13

INDUSTRIAL: MANUFACTURING

666 S. Milpitas Blvd.

APN #086-38-002

Zoning: M2

% Leased: 100%

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: No Dock-High Doors, Inferior Site Parking, Overgrown Landscaping

Property Details:

Year Built:	1979	**Construction:**	Metal
RBA:	30,828	**Stories:**	1
Land Acres:	3.70	**Parking Ratio:**	0.56/1,000
Floor Area Ratio:	19.13%		

Comments: Inadequate striped parking spaces and metal construction with an absence of dock high truck loading facilities produce moderate physical obsolescence. Severely overgrown trees and an absence of any windows along S. Milpitas Blvd. also contribute to blighting features.

14a

INDUSTRIAL: DISTRIBUTION

650-660 Vista Way

APN #086-29-048

Zoning: M2

% Leased: 100%

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Excessive Office Improvements, Inadequate Parking

Property Details:

Year Built:	1988	**Power:**	600a/277-480v
RBA:	41,191	**Ceiling Height:**	24'0"
Land Acres:	1.00	**Grade Level**	
Floor Area Ratio:	94.56%	**Truck Doors:**	2
Construction:	Masonry	**Loading Docks:**	8
Stories:	1	**Parking Ratio:**	**0.71/1,000**

Comments: Although most of the building features are very functional, this building has significantly overimproved office areas combined with insufficient parking facilities which inhibits competitiveness whenever this building comes available in the marketplace.

14b

INDUSTRIAL: DISTRIBUTION
1001 Yosemite Dr.
APN #086-29-048
Zoning: M2

% Leased: 100%

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Inferior Amount of Dock-High Doors, Inadequate Parking

Property Details:

Year Built:	1988	**Power:**	2000a/277-480v 3p 4w
RBA:	59,849		
Land Acres:	4.97	**Ceiling Height:**	24'0"
Floor Area Ratio:	27.64%	**Grade Level**	
Construction:	Masonry	**Truck Doors:**	2/12'0"w x 14'0"h
Stories:	1	**Loading Docks:**	4
		Parking Ratio:	0.70/1,000

Comments: Due to deficiencies in the number of dock high loading doors, striped parking facilities, and lack of subdivision flexibility, this building has moderate obsolescence.

15

INDUSTRIAL: WAREHOUSE
746-876 S. Milpitas Blvd.
APN #086-30-024
Zoning: M2

% Leased: 50%

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Partial Building Parking Inadequacy, Deficient Seismic Retrofitting

Property Details:

Year Built:	1980	**Ceiling Height:**	26'0"-28'0"
RBA:	145,158	**Grade Level**	
Land Acres:	6.25	**Truck Doors:**	6/12'0"w x 14'6"h
Floor Area Ratio:	53.32%	**Loading Docks:**	18
Stories:	1	**Parking Ratio:**	0.70/1,000
Power:	800a/277-480v 3p 4w		

Comments: Approximately 75% of this building suffers from inadequate vehicle parking and seismic retrofitting deficiencies.

16

INDUSTRIAL: WAREHOUSE
876 Yosemite Dr.
APN #086-30-047
Zoning: M2

% Leased: 100%

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Underutilized, Inadequate Dock Door Loading

Property Details:

Year Built:	1979	**Construction:**	Masonry
RBA:	50,700	**Stories:**	1
Land Acres:	4.55	**Ceiling Height:**	25'0"
Floor Area Ratio:	25.58%	**Parking Ratio:**	1.58/1,000

Comments: Site is substantially economically and physically underutilized. Also, the building has inadequate # of dock high truck doors.

17

LAND

Yosemite Dr.

APN #086-30-048

Zoning: M2

Property Details:

Land Acres: 2.95

Comments: Vacant land parcel (with small portion of gravel rocked parking area) is severely underutilized and underdeveloped.

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Underutilized, Vacant Land

18

INDUSTRIAL: MANUFACTURING/ WAREHOUSE

890-950 Yosemite Dr.

APN #086-31-069

Zoning: M2S

% Leased: 54%

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Below Average Parking Ratio for Manufacturing Improvements

Property Details:

Year Built:	1983	**Ceiling Height:**	22'0"-24'0"
RBA:	243,746	**Column Spacing:**	48'w x 48'd
Land Acres:	10.52	**Grade Level**	
Floor Area Ratio:	53.19%	**Truck Doors:**	2/10'0"w x 13'0"h
Stories:	1	**Loading Docks:**	19, 16
Power:	4000a/277-480v 1200a/277-480v 3p 3w	**Parking Ratio:**	1.70/1,000

Comments: Although these buildings have an abundance of electrical power, clear height, loading facilities, and HVAC improved interiors, they both lack adequate (manufacturing use) parking to be competitive. Therefore, they suffer moderate physical obsolescence.

19

INDUSTRIAL: MANUFACTURING

963 Ames Ave.

APN #086-31-033

Zoning: M2S

% Leased: 100%

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: No Dock-Door Loading, Contamination History, Inferior Site Parking

Property Details:

Year Built:	1974	**Floor Area Ratio:**	29.84%
RBA:	13,000	**Stories:**	1
Land Acres:	1.00	**Parking Ratio:**	0.74/1,000

Comments: This older building of masonry and metal construction has no dock high loading and a history of some environmental contamination.

20

INDUSTRIAL: WAREHOUSE

1175-1199 Ames Ave.
APN #086-31-039
Zoning: M2

% Leased: 64%

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Inferior Parking Ratio, Antiquated Construction

Property Details:

Year Built:	1977	**Stories:**	1
RBA:	18,376	**Power:**	1000a
Land Acres:	1.05	**Grade Level**	
Floor Area Ratio:	40.18%	**Truck Doors:**	3/10'0"w x 14'0"h
Construction Material:	Metal	**Parking Ratio:**	0.74/1,000

Comments: Older metal construction and inadequate site parking produce moderate physical obsolescence on this site.

21

INDUSTRIAL

980 Ames Ave.
APN #086-31-049
Zoning: M2

% Leased: 100%

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Underutilized Site, Potential Hazardous Material Storage

Property Details:

Year Built:	1979	**Floor Area Ratio:**	7.36%
RBA:	10,577	**Stories:**	1
Land Acres:	3.30		

Comments: This site is severely underimproved and economically underutilized, plus extensive outside material storage has produced economic and physical blighting, along with potential contamination.

22

INDUSTRIAL

1039-1045 Montague Expy.
APN #086-31-049
Zoning: M2

% Leased: 52%

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Physical Age Deterioration

Property Details:

RBA:	17,280	**Construction Material:**	**Masonry**
Land Acres:	56.18 Acres (bldg only occupies small portion of site)	**Stories:**	1
		Ceiling Height:	18'0"-20'0"
		Parking Ratio:	0.93/1,000

Comments: This property suffers from reduced functionality and limited specific uses. The building has inadequate window lines for office improvements.

Obsolescence Summary Report

23
INDUSTRIAL: SHOWROOM
1200 Piper Dr.
APN #086-32-037
Zoning: M2

% Leased: 0%

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Unutilized vacant Land

Property Details:

Year Built:	1968	**Floor Area Ratio:**	0.00%
RBA:	0	**Construction:**	Metal
Land Acres:	15.44		

Comments: A metal industrial building previously operated on this site, that was demolished in 2004.

24
LAND
S. Milpitas Blvd.
APN #086-32-040
Zoning: M2

Property Details:
Land Acres: 0.54

Comments: Unutilized vacant land parcel within core areas of TASP

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Unutilized vacant Land Parcel

25
LAND
Piper Dr.
APN #086-32-038
Zoning: M2

Property Details:
Land Acres: 2.38

Comments: Unutilized vacant land parcel within core areas of TASP

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Unutilized vacant Land Parcel

26
LAND
S. Milpitas Blvd.
APN #086-32-039
Zoning: M2

Property Details:
Land Acres: 1.96

Comments: Unutilized vacant land parcel within core areas of TASP

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors: Unutilized vacant Land Parcel

27
INDUSTRIAL: SERVICE
1039 Montague Expy.
APN # 086-32-029
Zoning: M2, GP

% Leased: 0%

OBSOLESCENCE RATING: MODERATE

Key Obsolescence Factors:

Property Details:

Year Built:	1971	**Stories:**	1
RBA:	45,480	**Power:**	400-800a/120-240v
Land Acres:	4.80	**Ceiling Height:**	17'0"
Floor Area Ratio:	21.75%	**Grade Level Truck Doors:**	16/12'0"w x 12'0"h
Construction Material:	Masonry	**Parking Ratio:**	8.00

Comments:

Appendix D

COMMERCIAL AND INDUSTRIAL REAL ESTATE CLASS DEFINITIONS

APPENDIX D
COSTAR COMMERCIAL AND INDUSTRIAL REAL ESTATE CLASS DEFINITIONS
MILPITAS REDEVELOPMENT FEASIBILITY STUDY

Class A

In general, a class A building is an extremely desirable investment-grade property with the highest quality construction and workmanship, materials and systems, significant architectural features, the highest quality/expensive finish and trim, abundant amenities, first rate maintenance and management; usually occupied by prestigious tenants with above average rental rates and in an excellent location with exceptional accessibility. They are most eagerly sought by international and national investors willing to pay a premium for quality and are often designed by architects whose names are immediately recognizable. A building meeting this criteria is often considered to be a landmark, either historical, architectural or both. It may have been built within the last 5-10 years, but if it is older, it has been renovated to maintain its status and provide it many amenities. Buildings of this stature can be one-of-a-kind with unique shape and floor plans, notable architectural design, excellent and possibly outstanding location and a definite market presence.

Class B

In general, a class B building offers more utilitarian space without special attractions. It will typically have ordinary architectural design and structural features, with average interior finish, systems, and floor plans, adequate systems and overall condition. It will typically not have the abundant amenities and location that a class A building will have. This is generally considered to be more of a speculative investment. The maintenance, management and tenants are average to good, although, Class B buildings are less appealing to tenants and may be deficient in a number of respects including floor plans, condition and facilities. They therefore attract a wide range of users with average rents. They lack prestige and must depend chiefly on lower price to attract tenants and investors. Typical investors are some national but mostly local.

Class C

In general, a class C building is a no-frills, older building that offers basic space. The property has below-average maintenance and management, a mixed or low tenant prestige, and inferior elevators and mechanical/electrical systems. As with Class B buildings, they lack prestige and must depend chiefly on lower price to attract tenants and investors.

Class F

A functionally or economically obsolete building is one that does not offer a viable alternative for space and does not "compete" with others of similar type for occupancy by businesses seeking a location for operations. These buildings will usually have externally visible physical or structural features as well as internal ones that render it undesirable to be leased and therefore not competitive with any other properties in the market. The property may even be tagged as "Condemned" by the local authorities.

Appendix E

FORMS OF AGENCY ASSISTANCE

Appendix E

FORMS OF AGENCY ASSISTANCE

1. Buy land, negotiated or by eminent domain (33391 & 33430).

2. Buy Improvements. For example, buy and demolish the building and let the owner rebuild on the land. Agency absorbs the value of the building and cost of demolition (33391 & 33430).

3. Relocate a tenant include buying out a lease, if the space is to be substantially rehabilitated. Can't relocate a tenant for the purpose of moving a more desirable tenant into the same space if it is unchanged (33394).

4. Pay for curbs, sidewalks and street improvements (33394).

5. Make rehabilitation loans to either owners or tenants for commercial buildings or structures (33444.5) *[cannot make loans for new construction].*

6. For the development or rehabilitation of property that will be used for industrial or manufacturing purposes, the Agency may assist with the financing of facilities or capital equipment (33444.6).

7. Pay for a publicly owned parking structure (33445).

8. Lease land for public use such as a parking lot (33430).

9. Remedy hazardous substances (33459.1).

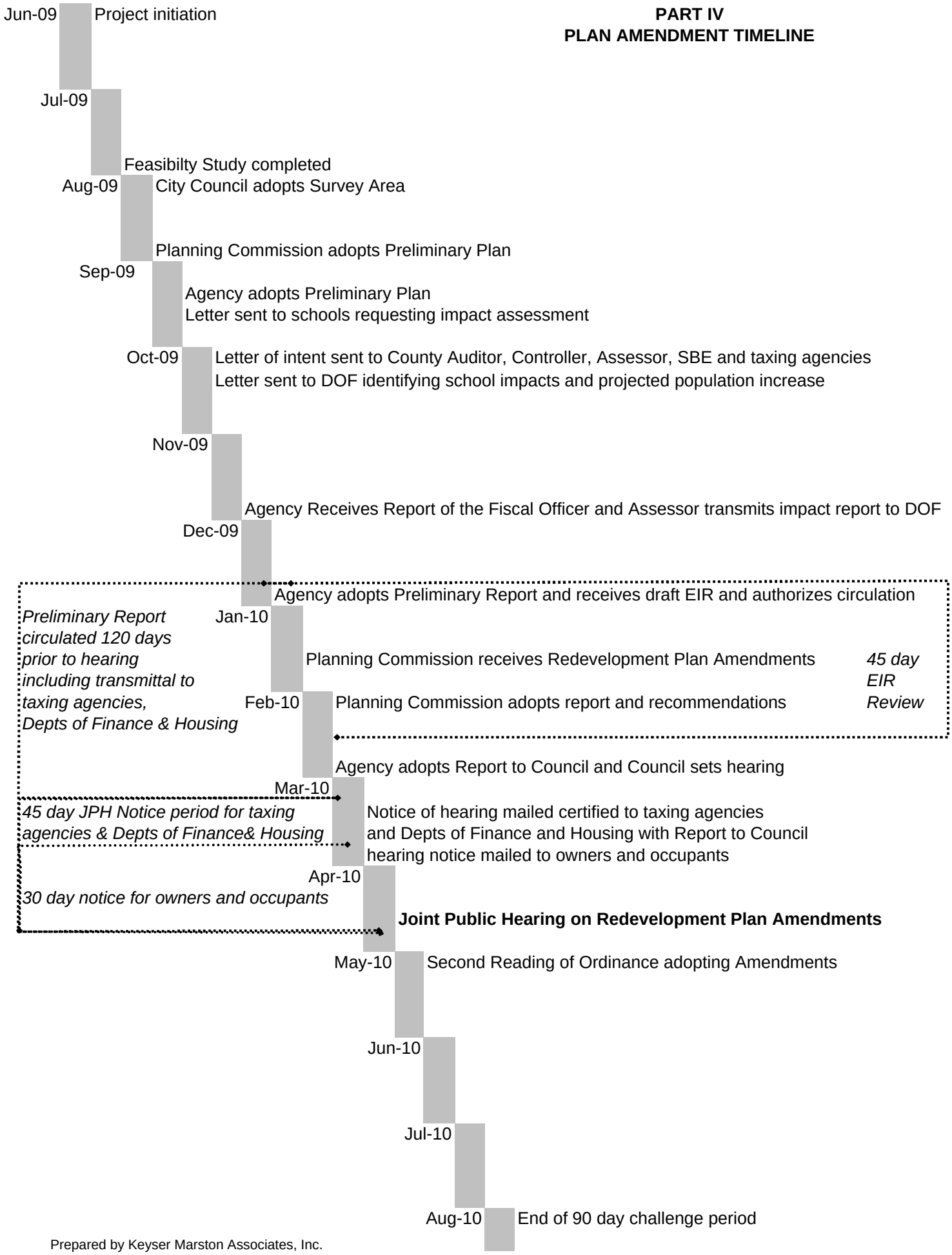
10. Pay for on-going services to attract businesses to an area such as marketing [however, can't pay for ongoing governmental services such as police services 33678].

*****Any form of any assistance will probably trigger prevailing wages including commercial rehabilitation loans (33423 & 33424). Also, legislation is pending to clarify that prevailing wages are required for any Agency assisted project.)

Appendix F

REDEVELOPMENT PLAN AMENDMENT TIMELINE

PART IV
PLAN AMENDMENT TIMELINE



Prepared by Keyser Marston Associates, Inc.

ATTACHMENT B

RESOLUTION NO. ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS DESIGNATING A REDEVELOPMENT SURVEY AREA, DIRECTING THE PLANNING COMMISSION TO FORMULATE A PRELIMINARY PLAN AND CERTAIN OTHER DIRECTIVES

WHEREAS, by Resolution No. 230, adopted on June 3, 1958, the City Council of the City of Milpitas ("City Council") formed the Milpitas Redevelopment Agency ("Agency") to formulate a redevelopment project or projects within the City of Milpitas; and

WHEREAS, on September 21, 1976, by Ordinance No. 192, the City Council adopted the redevelopment plan ("Redevelopment Plan") for the Milpitas Redevelopment Project Area No. 1 ("Original Project Area"); and

WHEREAS, the Redevelopment Plan has been amended a total of twelve (12) times (as amended, the "Existing Plan") to, among other things, add area to the Original Project Area (as amended, the "Project Area"), merge the Project Area with the Great Mall Redevelopment Project, increase the tax increment and bonded indebtedness limits, and extend the dates to incur debt, repay debt and collect tax increment; and

WHEREAS, the Agency again desires to amend the Existing Plan ("Amendment" or "Amended Redevelopment Plan") to, among other things, add area ("Added Area") to the Project Area; and

WHEREAS, pursuant to CRL Section 33310, the City Council may designate areas for inclusion within a Survey Area for the purpose of assessing the feasibility of including those areas within a redevelopment project area; and

WHEREAS, the City Council desires to designate as a Survey Area, in connection with the proposed Amendment, the area shown on the map included herewith as Attachment 'A,' and incorporated herein by reference; and

WHEREAS, CRL Section 33322 authorizes the selection of one or more project areas by the Planning Commission of the City of Milpitas ("Planning Commission") and further directs that the Planning Commission shall formulate a Preliminary Plan for the redevelopment of each selected project areas.

NOW, THEREFORE, the City Council of the City of Milpitas does hereby resolve as follows:

Section 1: The City Council hereby directs staff and consultants to conduct all other necessary analysis and actions to prepare the proposed amendment to the Redevelopment Plan for Milpitas Redevelopment Project Area No. 1, as appropriate, in accordance with provisions promulgated within the CRL and the Redevelopment Plan amendment adoption schedule.

Section 2: The City Council hereby designates as a Survey Area the boundaries of the area shown on Attachment A and incorporated herein by reference. The City Council hereby finds and determines that the Survey Area requires study to determine if a redevelopment project or projects within said Survey Area are feasible.

Section 3: The City Council hereby directs the Planning Commission to select the boundaries of the Added Area from within the Survey Area designated in Section 2 hereof and to formulate a Preliminary Plan and related documents for redevelopment of the Added Area to be included within the proposed Amendment.

PASSED AND ADOPTED this _____ day of _____, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

_____
Mary Lavelle, City Clerk

APPROVED:

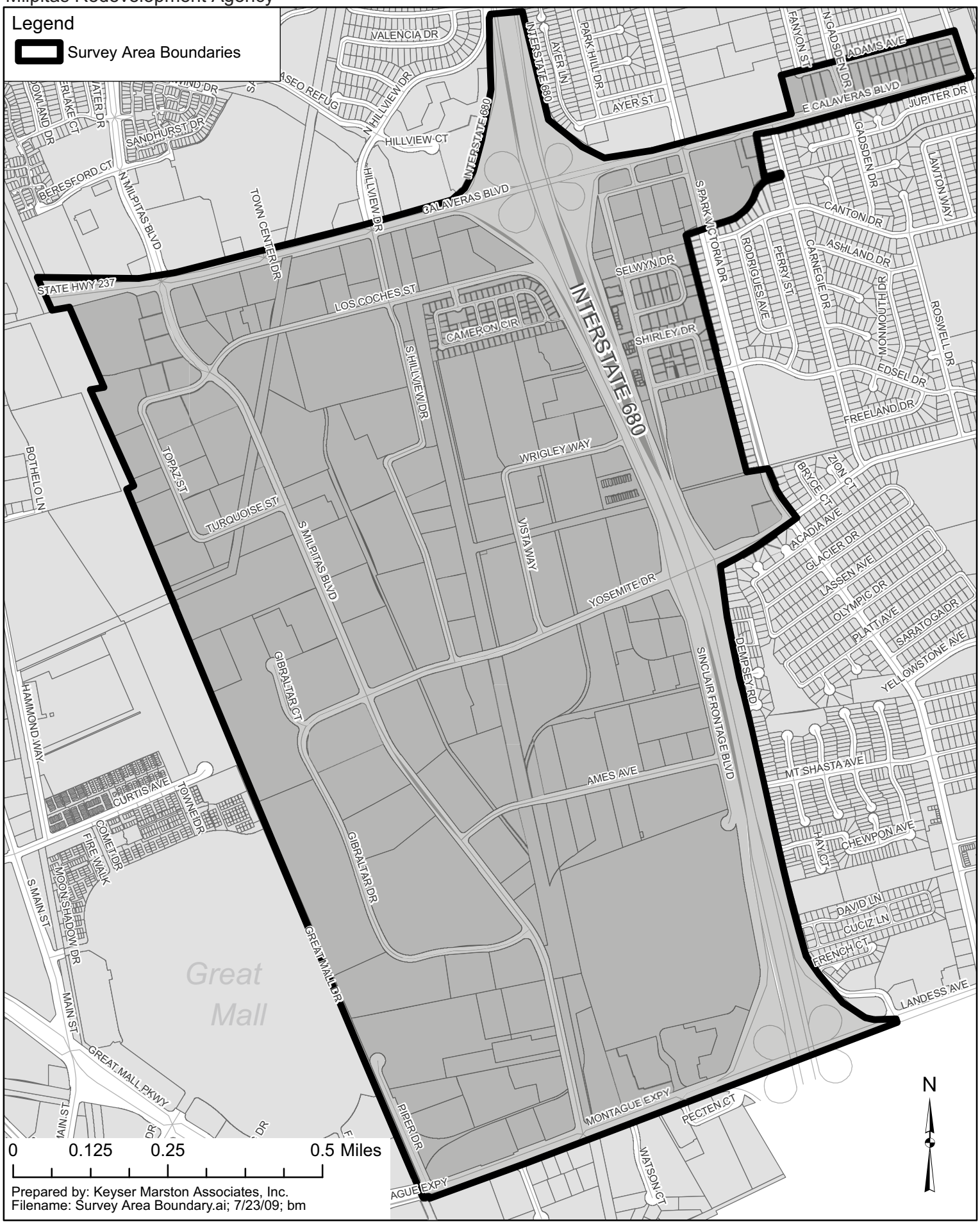
_____
Robert Livengood, Mayor

APPROVED AS TO FORM:

_____
Michael J. Ogaz, City Attorney

Survey Area Boundaries
Milpitas Redevelopment Agency

ATTACHMENT A
SURVEY AREA MAP



Prepared by: Keyser Marston Associates, Inc.
Filename: Survey Area Boundary.ai; 7/23/09; bm