

*The Economics of Land Use*



# Review of South Main Street Senior Housing Project Milpitas Land Disposition and Development Agreement

As Required by California Health and Safety Code Section 33433

Prepared for:

Milpitas Housing Authority

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## EXECUTIVE SUMMARY

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The dissolution of the Milpitas Redevelopment Agency (the "RDA") and significant changes in markets and financial conditions have prompted South Main Senior Lifestyles, LLC (the "Developer") to request amendments to its Disposition and Development Agreement (the "Original DDA") originally signed by the RDA for the development of a 5.94 acre site ("Parcel A" or the "site") for housing. The RDA assembled the site to meet its State-mandated affordable housing requirements and subsequently agreed to sell the land, for the development of residential uses, to the Developer subject to terms and conditions as set forth in the Original DDA<sup>1</sup> entered into between the RDA and the Developer. Along with fee title to Parcel A that has already transferred to the Milpitas Housing Authority in its capacity as the RDA's "housing successor" under the law that dissolved the RDA, the former RDA's right, title and interest in the Original DDA is also proposed to be assigned and transferred to the Housing Authority. The requested DDA amendments are needed to update the Original DDA to reflect current conditions and the refined project description.

This report provides the RDA's "housing successor", the Milpitas Housing Authority, with information required by California Community Redevelopment Law<sup>2</sup> (the "CRL") for adoption of the requested amendments.

### Project Description

Formerly occupied by a hotel, a mobile home park and an auto repair shop, the 5.94 acre site will be redeveloped as a retirement community for senior citizens, with extensive amenities. The site plan for the project is included as Appendix D to this Report. The retirement community will help fill the substantial unmet need for housing for senior citizens, very low income households and disabled individuals in Milpitas and surrounding communities. The retirement community will consist of a total of 389 apartment homes to be constructed in two phases. More than 12 percent of these residences will be restricted to occupancy by very low income households whose incomes do not exceed 50 percent of the area median. The first phase of the retirement community will provide 199 studio, one bedroom and two bedroom residences featuring full kitchens, washers and dryers, walk-in closets, individual climate controls, emergency call systems and underground parking. All units will be designed to be accessible to individuals with physical disabilities and licensed to provide assisted living services. Elevators will provide access to all four residential floors of the building and to the subterranean parking beneath the building. The first two floors will include extensive common areas for the use by all residents, including a lounge, living room, internet café, library, bistro, indoor and outdoor dining rooms, activity rooms, theater, beauty/barber salon, landscaped courtyards and gardens, an indoor swimming pool, an outdoor spa and a fitness facility.

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<sup>1</sup> Disposition and Development Agreement by and between the Redevelopment Agency of the City of Milpitas and South Main Senior Lifestyles, LLC, August 2009, as amended by a First Amendment dated October 18, 2011.

<sup>2</sup> Health and Safety Code Section 33000 et seq. Code section references in this report are to the Health and Safety Code.

In addition to accommodation in a unit, the monthly fee for all residents of the first phase includes utilities, meals in the community dining room, housekeeping and linen service, use of the project's amenities, scheduled transportation, concierge services, 24-hour staffing, and a broad array of activities, events, classes and other services to promote the physical, emotional and mental health and well-being of the residents. Assistance with the activities of daily living (such as medication management, and assistance with bathing, dressing, grooming, ambulating and toileting) will be available for an additional charge to allow residents to continue to reside in their apartments as they age.

The second phase of the retirement community will provide 190 studio, one bedroom and two bedroom residences for active, independent seniors. Residences will feature full kitchens, washers and dryers, walk-in closets, individual climate controls, with elevators and garage parking. Common areas available to all residents will include a lounge, living room, swimming pool, fitness facility and landscaped courtyards and gardens. Residents of Phase 2 may take advantage of the services and activities offered in Phase 1 for an additional fee. Phase 2 residents will also have priority for residences in Phase 1 if they wish to relocate.

The two phases will combine to offer Milpitas' senior citizens a continuum of care from active, independent living through service-enriched assisted living. Market research indicates that there are no comparable facilities planned in Milpitas or surrounding communities.

## **Proposed Amendments to the Original DDA**

The proposed amendments include:

- Transfer by the Housing Authority at zero cost to the Developer of the 1.94 net-acre Phase 1 Parcel and the subsequent development of the 199-unit multifamily seniors rental development offering congregate care and assisted living services (with 5 percent or 10 units affordable for 55 years to households whose incomes are at or below 50 percent of the area median),
- Transfer by the Housing Authority at zero cost to the Developer of the 2.86 net-acre Phase 2 Parcel for development of 190 apartments for active, independent senior citizens (with 20 percent or 38 units affordable for 55 years to households whose incomes are at or below 50 percent of the area median),
- Recordation of a regulatory agreement against each parcel citing the housing price affordability requirements of both project phases,
- Provision by the Developer of necessary public improvements on the balance of the site, as well as off-site public improvements, to serve these developments,
- Increasing the allowable density by virtue of the development's affordable component pursuant to the California Density Bonus Law, and
- Elimination of the Original DDA's \$7.7 million grant from the former RDA that had formerly been provided to close the financing gap for the Phase 1 Parcel.

These amendments are more fully described in the proposed First Amended and Restated Disposition and Development Agreement between the Housing Authority and SMSL (the "Amended DDA")<sup>3</sup>.

## Costs of the Agreement to the Housing Authority

The RDA purchased the site for \$12.4 million (\$11.6 million net of demolition and remediation costs) in October 2009, and it is now owned in fee by the Housing Authority, in its capacity as the designated housing successor agency to the RDA. The site will be transferred at zero cost to the Developer, as authorized by applicable provisions of the CRL, pursuant to terms of the amendments to the Original DDA. There will be no further costs to the Housing Authority, nor will there be any additional grants or funding from the Housing Authority.

## Estimated Fair Market Value of the Parcels

Based on a review of comparable sales of land for development of residential rental units, it is estimated that the total site currently has a value of \$12.4 million (remediated); an appraisal is underway, but has not been completed as of July 2013.

## Estimated Funding Gap and Comparison to Fair Market Value

The Amended DDA's requirement for a senior housing project with 48 very low-income affordable units would not produce financially feasible returns and support fair market value for the land, thus creating a funding gap. The gap, estimated to equal or exceed the estimated \$12.4 million fair market land value, is the basis for the transfer of the land to the Developer at zero cost as authorized by applicable provisions of the CRL. The funding gap is due to the subsidy costs for affordable units, costs associated with building senior units adaptable to assisted living as residents "age in place", the added costs of construction wage levels required as a condition to obtain needed financing, and the elimination of the \$7.7 million of prior RDA funding.

## Elimination of Blight and Creation of Public Benefits

The conveyance and development of the site eliminates blight and create public benefits:

- **Public Infrastructure** – \$2.5 million of new public infrastructure will be constructed.
- **Housing Plan Goals** – The development will help the City to achieve its Housing Plan goals of producing needed new housing, and encouraging housing diversity and affordability.
- **Affordable Housing** – The Project provides 48 units affordable to households earning no more than 50 percent of AMI, at a total estimated subsidy cost of \$10.6 million.
- **Senior Housing** – 389 units of age-restricted senior housing will be constructed, helping to meet a significant need identified in the City's Housing Plan.

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<sup>3</sup> Amended DDA, [date][reference to document containing detailed amendments]

- **Property Tax** – Additional property taxes to the City from this development are estimated to total \$2.1 million in net present value.
- **Special Taxes for Maintenance of Parks and Landscaped Medians** – Special taxes paid by the Project are estimated to generate \$1.8 million in net present value.
- **Retail and Other Expenditures in the City** – The 600 to 700 residents are estimated to spend over \$3 million annually (in addition to housing costs) for local taxable retail services, resulting in at least \$30,000 annually of captured sales tax to the City.
- **Construction and Permanent Jobs** – The new development will generate approximately 400 construction jobs.<sup>43</sup> Following its opening, the Phase 1 Parcel is estimated to require about 100 full-time employees.

The benefits described above equal or exceed the value of the property being conveyed at zero cost.

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<sup>4</sup> Estimate of job-years based on \$62 million site and hard construction costs, 40 percent labor cost, average cost per worker of \$60,000 per year. These positions would include a mix of part-time and full-time positions for some portion of the development; assuming a two-year construction period, this represents about 200 full-time equivalent positions per year.

## 1. INTRODUCTION

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This document constitutes the report required pursuant to Section 33433 of the CRL.<sup>5</sup> Although the subject property is no longer owned by the now-dissolved Milpitas Redevelopment Agency (RDA), Redevelopment Dissolution Law does authorize and direct the Milpitas Housing Authority, current owner of the property as “housing successor” of the former RDA, to dispose of the property. The disposition is to occur in accordance with the requirements of the CRL, which include a requirement that as a “housing asset” the property be used to provide housing with an appropriate mix of affordable units. The CRL further requires that a report be prepared documenting the elements of a sale or lease of real property. The report must include an explanation of the difference between market value and the sale price, and explain why the sale of the property will eliminate blight.

### Background

The former RDA of the City of Milpitas, as a part of its effort to achieve affordable housing within its Project Area, acquired 5.94 acres of land (“Parcel A” or the “site”) located in the Midtown Specific Plan area from Bay Stone Developments LLC pursuant to a Purchase and Sale Agreement (“PSA”)<sup>6</sup> assigned to the RDA by the Callahan Property Company. The RDA acquired the site using funds deposited in its Low and Moderate Income Housing Fund (“Housing Funds”). The RDA intended to sell the land, for the development of residential uses, to South Main Senior Lifestyles, LLC (the “Developer”) subject to terms and conditions as set forth in a disposition and development agreement (the “Original DDA”)<sup>7</sup> entered into between the RDA and the Developer. Along with fee title to Parcel A that has already transferred to the Milpitas Housing Authority, the former RDA’s right, title and interest in the Original DDA is also proposed to be assigned and transferred to the Housing Authority.

#### *Terms of the Original DDA*

The Original DDA, consistent with the terms of the original property acquisition, provided for the RDA to sell a 1.94 net-developable-acre portion (Phase 1 Parcel) of the 5.94-acre site to the Developer for the purchase price of approximately \$5.022 million upon satisfaction by the Developer of certain pre-construction conditions as set forth in the Original DDA. The remaining 2.86 net developable acres of the site (Phase 2 Parcel) would be sold to the Developer at a fair market price and be developed for market rate apartments with no affordability requirements. The balance of the 5.94 gross acre site would remain in public ownership for provision of public streets and improvements.

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<sup>5</sup> Health and Safety Code Section 33000 et seq.

<sup>6</sup> Purchase and Sale Agreement & Joint Escrow Instructions by Bay Stone Developments, LLC and Callahan Property Company, Inc., April 2009.

<sup>7</sup> Disposition and Development Agreement by and between the Redevelopment Agency of the City of Milpitas and South Main Senior Lifestyles, LLC, August 2009, as amended by a First Amendment dated October 18, 2011.

The Developer would then, pursuant to the terms of the Original DDA, construct a mixed-income, age-restricted congregate- and assisted-living, senior multifamily residential building containing 180 units on the Phase 1 Parcel, including 63 units (35 percent of the Phase 1 Parcel development and 16.2 percent of the total project) to be made available to very low income households (households with incomes not exceeding 50 percent of area median income [AMI]) and low income households (households with incomes not exceeding 80 percent of AMI).

The Original DDA provided the Developer with \$7.7 million in funding assistance from the Housing Fund to assure long-term affordability of the affordable units in the Phase 1 Parcel development. The DDA also provided for the Developer, upon satisfaction of specified pre-construction conditions set forth in the DDA, to purchase the adjacent 2.86 net-acre portion of the site (Phase 2 Parcel) at a future date at a then-appraised highest and best use fair market value for the purpose of developing market rate multifamily housing project.

The RDA was dissolved<sup>8</sup> on February 1, 2012 and the City of Milpitas Housing Authority was designated as the RDA's housing successor with respect to housing assets of the RDA. Parcel A is now owned in fee by the Housing Authority and the Original DDA has been assigned and transferred to the Housing Authority.

As a result of the RDA dissolution and significant changes in market conditions since the Original DDA was executed in 2009, the Developer has requested an amendment to the Original DDA. RDA dissolution eliminated the potential for redevelopment tax increment funding, which the original plan assumed, and eliminated the \$7.7 million funding assistance expected from the RDA's Housing Fund. The amendments are needed to achieve a feasible project under these changed conditions; amendments include revisions to the purchase price, the number, affordability levels and development timing of affordable units, the level of public financial assistance (if any), and various other development terms and conditions.

### **Amendments to the Original DDA**

Under the proposed Amended DDA, the Housing Authority will convey the 1.94-net-acre Phase 1 Parcel and the remaining 2.86- net-acre Phase 2 Parcel<sup>9</sup> to the Developer for a purchase price of \$0 for the purpose of developing a continuum of care senior rental housing project with 48 units reserved for very low income households. The Amended DDA does not provide any additional funding assistance, as the \$0 purchase price and other Amended DDA terms assure financial feasibility and the long-term affordability of the 48 very-low income units.

These amendments are summarized in of this report and more fully described in the Amended DDA.<sup>10</sup>

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<sup>8</sup> The RDA was dissolved pursuant to ABx1 26 (as amended by AB 1484, the "Redevelopment Dissolution Law", which is contained in the California Health and Safety Code).

<sup>9</sup> Phase 1 and Phase 2 Parcels total approximately 4.8 net acres. The remaining 1.14 acres will contain the right-of-way for various public street, utility, and related infrastructure improvements.

<sup>10</sup> Draft Amended DDA, dated as of November 5, 2013

## Section 33433 Report

Under the Redevelopment Dissolution Law, the Housing Authority is authorized and directed to dispose of Parcel A in accordance with the requirements of the CRL<sup>11</sup> that formerly applied to the former RDA. The CRL (Health and Safety Code Section 33000 *et seq.*) provides that a redevelopment agency may sell or lease real property. Section 33433(a) requires that a report be prepared, describing and specifying the proposed transaction agreements and terms, which include:

- (i) The cost to the agency of the agreement, including land acquisition.
- (ii) The estimated value of the land to be conveyed, determined at the highest and best uses permitted under the plan.
- (iii) The estimated value of the land to be conveyed, determined at the use and with the conditions, covenants, and development costs required by the sale. If the actual sale price is less than the fair market value of the land, determined at its highest and best use consistent with the plan, an explanation is required of the difference.
- (iv) An explanation of why the sale of the property will assist in the elimination of blight.

This document constitutes the report required pursuant to Section 33433 for the transaction set forth in the proposed amendments to the Original DDA.

**SECTION 2** of this report describes the proposed transaction and provides a financial analysis of the terms of the transaction's estimates of the property's value. This section provides the basis for comparing the fair market values to the estimated value of the Phase 1 Parcel and the Phase 2 Parcel with the conditions, covenants, and development costs required by the Amended DDA.

**SECTION 3** evaluates the justification and explains the determinations for the zero-cost land transfer to support the economically viable and feasible development on the Phase 1 Parcel and the Phase 2 Parcel, given the long-term requirements under the Amended DDA that over 12 percent, or 48 of the total 389 units be occupied as affordable units for households whose incomes are at or below 50 percent of the area median. **SECTION 4** addresses the elimination of blight and creation of other economic benefits. Relevant documents referenced in this report are listed in **APPENDIX A**.

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<sup>11</sup> Health and Safety Code Section 33000 *et seq.*

## 2. PROPOSED AGREEMENT FOR PROPERTY CONVEYANCE

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### Description of the Property

The site to be conveyed by the Housing Authority is located along South Main Street in central Milpitas. The site (containing Assessor's parcels 086-22-027, 086-22-028, 086-22-046, 086-22-047, and 086-22-048) covers a total of 5.942 gross acres and formerly developed with a hotel, mobile home park, and an auto repair shop. The parcel is surrounded by a variety of urban uses including industrial buildings to the north, auto uses and residential neighborhood to the south, tracks of the Southern Pacific Railroad to the east, and a single-family residential neighborhood to the west, on the other side of South Main Street. As a transitional area characterized by older commercial and industrial development, vacant and underutilized parcels, and various development constraints including the existence of hazardous materials left over from historical industrial uses, the area was included in the City's RDA Project Area. The site is also included within the area covered by the Midtown Specific Plan which designates and has zoned the area located along South Main Street for "medium to high density housing." The City has also approved a development application for the site, thus making it fully entitled for 387 units of multifamily housing.

### Proposed Project

Phase 1 of the proposed Project includes a 199-unit multifamily seniors rental development offering congregate care and assisted living services, and will include 10 units affordable to very low-income seniors. Phase 2 consists of 190 apartments for active, independent senior citizens including 38 units affordable to very low-income seniors. The Phase 2 independent living units and their proximity to the Phase 1 Project will help to improve Phase 1's prospects for future tenants. The development will offer a number of amenities typical for senior living projects, and be managed by a recognized, national operator of senior housing projects.

### Market Context

The primary market segment targeted by Phase 1 consists of residents within a 10-mile radius of the site which includes portions of Santa Clara County (San Jose) and southern Alameda County (Fremont). Approximately 125,500 residents are 65 years of age or older, out of a total population of 1.26 million within this radius.<sup>12</sup> Of this senior market, an estimated 15 to 20 percent is targeted by the Developer based on age, incomes and their ability to pay market-rate rents. Currently there are about 3,400 units in senior housing projects currently serving this market within the 10-mile radius,<sup>13</sup> indicating that substantial need and opportunity exist to fill this unmet demand. 75 percent of these projects were built prior to 2001, and offer fewer amenities relative to the proposed project. Occupancy rates at most of these projects currently exceed 95 percent.

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<sup>12</sup> Cushman and Wakefield Demographic Comparison Report prepared on April 17, 2013

<sup>13</sup> SMSL

### *Development Costs*

Development costs are estimated to total \$58.8 million for Phase 1 and \$45.1 million for Phase 2, assuming no land cost. Direct construction costs range from \$115 per square foot to \$125 per square foot for Phases 1 and 2, respectively. Direct costs are increased to account for structured parking for Phase 1, and the impact of payment of "Davis Bacon" wages required by financing for both phases. The project pro forma indicates relatively low contingencies of 3 percent on costs, and 7.5 percent on financing; the current analysis has increased these costs to a total of 10 percent to better reflect cost, financing and market uncertainties at this stage of the process. In total, the development costs fall toward the lower end of the cost range for this type of project.<sup>14</sup>

### *Financing*

Approximately 20 percent of development costs are proposed to be funded by equity. The balance will be obtained through loans, notably an FHA loan. The FHA financing is a low cost source of funding, however, it requires that a certain level of construction wages be paid, adding approximately 10 percent to development costs. The developer is also investigating other sources of funding.

### *Revenues*

The proposed rents for the Project fall within a competitive range of comparable properties for similar units, accounting for the new construction and relatively high level of amenities that will be offered at the Project. The amenities in Phase 1 include a fitness facility and pool, which are not offered at comparable facilities in the region.

## **Summary of Amendments to the Original DDA**

The transaction set forth in the proposed amendments to the Original DDA includes:

- Transfer by the Housing Authority at zero cost to the Developer of the 1.94 net-acre Phase 1 Parcel and the subsequent development of the 199-unit multifamily seniors rental development offering congregate care and assisted living services (with 5 percent or 10 units affordable for 55 years to households whose incomes are at or below 50 percent of the area median),
- Transfer by the Housing Authority at zero cost to the Developer of the 2.86 net-acre Phase 2 Parcel for development of a 190 apartments for active, independent senior citizens (with 20 percent or 38 units affordable for 55 years to households whose incomes are at or below 50 percent of the area median),
- Provision by the Developer of necessary public improvements on the balance of the site, as well as off-site public improvements, to serve these developments,
- Increasing the allowable density by virtue of the development's affordable component pursuant to the California Density Bonus Law, and

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<sup>14</sup> NIC Investment Guide, National Investment Center for the Seniors Housing & Care Industry, Second Edition, 2011; EPS review of other senior projects.

- Elimination of the Original DDA's \$7.7 million grant from the former RDA that had formerly been provided to close the financing gap for Phase 1.

These amendments are more fully described in the proposed First Amended and Restated Disposition and Development Agreement between the Housing Authority and SMSL (the "Amended DDA")<sup>15</sup>.

## Costs of the Agreement to the Housing Authority

The conveyance of the property by the Housing Authority to the Developer will incur no costs to the Housing Authority. The Housing Authority will not be responsible for transfer costs, or any other costs associated with the site demolition, hazardous materials remediation, site preparation, or development of the parcel or any related off-site costs. The seller of the property to the RDA utilized approximately \$800,000 of the sales proceeds to demolish the existing structures and remediate the hazardous materials on the site. The demolition and remediation were completed prior to transfer of title to the former RDA. The Developer will be responsible for all development costs on the private parcels (the Phase 1 Parcel and the Phase 2 Parcel), as well as for all necessary on- and off-site public improvements to support such developments.

The Amended DDA eliminates a RDA grant in the amount of \$7.7 million for the development of the 1.94-net-acre portion of the site as a senior housing project.<sup>16</sup> This grant was necessary for the financial feasibility of the senior housing project. The amendments to the Original DDA provide for financial feasibility and provision of affordable units through the zero-cost transfer of the site to the Developer.

The RDA purchased the site for \$12.4 million (\$11.6 million net of demolition and remediation costs) in October 2009, and it is now owned in fee by the Housing Authority, in its capacity as the designated housing successor agency to the RDA. The site will be transferred at zero cost to the Developer pursuant to terms of the amendments to the Original DDA. As noted above, there will be no further costs to the Housing Authority, nor will there be any additional grants or funding from the Housing Authority.

## Estimated Fair Market Value of the Parcels

The PSA executed in 2009 set forth an arms-length purchase price negotiated between a seller and a buyer who are willing, but not under urgent necessity, to complete the transaction, each with full knowledge of the uses and purposes for which the site is reasonably adaptable and available. As such, the \$12.4 million purchase price (\$11.6 million net of demolition and remediation costs) under the PSA represented the fair market value of the property at its highest and best use value at that time. An earlier November 2008 appraisal of the site determined a fair market value of

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<sup>15</sup> Draft Amended DDA, November 5, 2013

<sup>16</sup> Disposition and Development Agreement by and between the Redevelopment Agency of the City of Milpitas and South Main Senior Lifestyles, LLC, (Article IX), August 2009.

\$14.8 million.<sup>17</sup> That appraisal was completed five months before the PSA price was negotiated. The higher valuation in the November 2008 appraisal was consistent with the negotiated purchase price under the PSA, in that values continued to decline at a precipitous rate during this period of the national recession and continued real estate market distress.

Subsequent to November 2008, the real estate market continued to decline. Over the past one to two years, markets stabilized and improved as the economy began to recover. Foreclosure rates have declined, and home prices are starting to appreciate as demand increases. Based on a review of comparable sales of land for development of residential rental units, it is estimated that the total site currently has a value of \$12.4 million (remediated); an appraisal is underway, but has not been completed as of July 2013. **APPENDIX C** includes a listing of comparable sales in Milpitas.

The Phase 1 Parcel's full allocable share of the current estimate of the entire highest and best use fair market value of the site equals approximately \$5,010,000, or 40.4 percent of the estimated fair market value of \$12.4 million for the entire site. The 40.4 percent allocation factor of the overall site value is based on the following. The Phase 1 Parcel (1.94-net acres) plus the Phase 2 Parcel (2.86-net acres) comprise a grand total of 4.80 privately developable acres. (The balance of the 5.94 gross acre site will remain in public ownership for the provision of public streets and improvements.) The Phase 1 Parcel's portion of this 4.80-acre privately developable acreage is approximately 40.4 percent. This methodology assures that the Phase 1 Parcel's allocable share of the highest and best use fair market value of the site takes into account not only the purely private parcel's share of the fair market value, but also includes the private parcel's allocable share of the value of the portions of the site which will remain in public ownership and on which will be located public street and other improvements supporting the development. Consequently, a value of \$5,010,000 represents the estimated highest and best use fair market value of the Phase 1 Parcel.

The remaining Phase 2 Parcel represents approximately 59.6 percent of the overall site area net of public streets and improvements. This share, applied to the value of \$12.4 million, produces an allocation of the remaining estimated value to the Phase 2 parcel of approximately \$7,390,000.

## Estimated Funding Gap for the Development

The Amended DDA, which provides for the conveyance of the Site to the Developer, requires that a senior housing project with 48 low-income units affordable for households whose incomes are at or below 50 percent of the area median be built on the Site. This requirement creates a substantial cost which significantly reduces the value of the land compared to what it would be if it were developed for market-rate residential units, or, stated differently, creates a funding gap between the costs of developing the Site under the terms of the amendments to the Original DDA and the amount of private debt and equity financing that can be reasonably obtained to pay for development costs while still earning a fair return on such private investment considering the risks and potential returns.

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<sup>17</sup> Appraisal of 1504-1618 South Main Street, Milpitas, California, The Schmidt-Prescott Group, Inc., prepared for Community Banks of Northern California, November 2008.

**TABLE 1** shows a pro forma financial analysis summary for a senior housing project which indicates that, without the RDA grant previously contemplated, a senior housing project with 48 very low-income affordable units would not produce financially feasible returns and support fair market value for the land. The projected Internal Rates of Return (IRR) are 9 percent and 3.1 percent for Phases 1 and 2 respectively, which is well below feasible return thresholds required to attract financing and justify the development investments and risks.

The table indicates that the value of the land is essentially zero under the Amended DDA's required conditions and development costs of the seniors housing development with 48 very low-income units. With a zero land cost (i.e., the land cost is offset by a Housing Authority contribution of the land), the Phase 1 IRR is 12.2 percent. This rate of development return falls within a minimum target return of 12 percent to 13 percent for development of a congregate care facility with a mix of independent and assisted living. These rates are consistent with industry trends.<sup>18</sup> This target return represents a greater degree of risk associated with the operations and revenues attributable to this type of project, and a more limited market associated with the congregate care facilities relative to the Phase 2 independent living project. The developer is seeking a 13 percent rate of return as the minimum necessary to attract required equity.

The Phase 2 development shows a return of 8.9 percent, after the land contribution. This is below the Developer's target return of 11 percent; however, that estimated return still falls within the low end of an industry range for senior independent living units, or 500 basis points above a cap rate of 4 to 6 percent.<sup>19</sup> This return could support a feasible project, if future growth in market demand, consistent with likely trends, supports improvement in projected revenues. Cost efficiencies could also help to achieve the Developer's target returns.

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<sup>18</sup> NIC Investment Guide, National Investment Center for the Seniors Housing & Care Industry, Second Edition, 2011.

<sup>19</sup> NIC Investment Guide

**Table 1 Summary of Pro Forma Analysis**

Item	Amount by Phase		Total
	Phase 1	Phase 2	
<b>Costs</b>			
Land Cost	\$5,010,000	\$7,390,000	\$12,400,000
Public Improvements	1,500,000	1,000,000	2,500,000
Construction Costs	36,405,000	27,531,000	63,936,000
Furniture, Fixtures and Equipment	1,500,000	600,000	2,100,000
Indirect Costs	8,879,000	8,513,000	17,392,000
Overhead	6,299,000	4,806,000	11,105,000
Financing and Reserves (1)	<u>8,408,000</u>	<u>5,913,000</u>	<u>14,321,000</u>
Total	\$68,001,000	\$55,753,000	\$123,754,000
<b>Revenue</b>			
Net Operating Income	\$5,088,000	\$2,767,000	\$7,855,000
NOI/Total Cost	7.5%	5.0%	6.3%
Capitalized Value	\$63,600,000	\$46,100,000	\$109,700,000
(less) closing costs	<u>(\$1,590,000)</u>	<u>(\$1,152,500)</u>	<u>(2,742,500)</u>
Net Proceeds	\$62,010,000	\$44,947,500	\$106,957,500
<hr/>			
Net (Proceeds minus Total Costs)	<u>(\$5,991,000)</u>	<u>(\$10,805,500)</u>	<u>(\$16,796,500)</u>
Internal Rate of Return (IRR) (2)	9.0%	3.1%	
<hr/>			
Gap (Authority Land Contribution)	\$5,010,000	\$7,390,000	\$12,400,000
IRR after Contribution (2)	12.2%	8.9%	

- (1) Includes working capital, equipment reserves, debt service and lease-up reserves.  
(2) Assumes 10-year operating period; return shown is on total investor and developer equity.  
IRR's include inflationary increases in revenues and costs.  
(3) Contingency included in costs at 10%.  
(4) Phase 1 capitalized at 8%, Phase 2 at 6%.

Note: IRR's represent the blended average of returns to investors over time;  
actual returns will vary depending on specific allocations of return to each investor,  
and future market conditions.

Sources: South Main Senior Lifestyles LLC (v.18-1, 6-2, 7-24); EPS

### 3. COMPARISON OF FAIR MARKET VALUE AND CONVEYANCE PRICE

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The Fair Market Value of the Site, determined at the highest and best uses permitted, is estimated to be \$12.4 million as described in **SECTION 2**.

The estimated value of the land to be conveyed, determined at the use and with the conditions, covenants, and development costs required by the sale, is estimated to be zero. This is because the Project, with the additional costs and subsidies required to provide 48 units of housing and services affordable to very-low income households, and costs unique to the construction of senior housing, does not generate sufficient value to provide returns adequate to finance the development, AND yield a residual land value. If the Developer were required to pay for the land, then the costs of development would increase, thereby reducing the returns to a level less than the target returns needed to attract and reimburse equity capital for commensurate risks, as described in the prior section.

The proposed purchase price for the site under the Amended DDA is zero dollars. This purchase price is equivalent to the zero dollar value of the site, determined at the use and with the conditions, covenants and development costs required by the sale that are set forth in the proposed Amended DDA evaluated in this report, as noted above, and differs from the \$12.4 million highest and best use value of the site for the reasons summarized in the preceding paragraph and further detailed in the analysis below that explains several components that lead to this difference.

#### Impact of RDA Dissolution on Conveyance Price

The dissolution of the RDA eliminated the opportunity to utilize RDA grants funds and tax- exempt bond financing for Phase 1 of the Project. Consequently, the Developer is pursuing the Federal Housing Administration (FHA) 232 financing program. The program offers attractive financing rates, but requires that the developer pay “Davis Bacon” wages, which adds an estimated 10 percent, or \$5.3 million to the cost of the total project.

#### Impact of Affordable Housing on Conveyance Price

As summarized in **TABLE 2**, the inclusion of 48 units affordable to very low-income households with incomes equal to or less than 50 percent of the area median significantly reduces the potential value of the project. In turn, this reduction directly reduces the residual value of the land compared to market-rate projects, or projects with a smaller number of affordable units with higher affordable prices. Projects that include units affordable to moderate-income households (80-120 percent of area median) have a minimal impact since market rents are generally close to those affordable to moderate-income households at the upper end of the 80- 120 percent income range. In contrast, the Amended DDA requires the provision of 48 units affordable to very low income household (below 50 percent of median income) that constitutes an internal “housing subsidy” for the benefit of those households by reducing the development’s rental revenue generation and, in turn, the residual land value of the site. The value of this affordable housing subsidy in terms of lost revenue to the development and reduction in residual land value is estimated to be \$10.6 million.<sup>20</sup>

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<sup>20</sup> See also Appendix B for additional detail of estimates.

**Table 2 Total Affordable Housing Subsidy Estimates**

Item	Units	Total Capital Subsidy, by Phase <sup>2</sup>		
		Phase 1	Phase 2	Total
<b>Continuum of Care</b>				
<u>Assisted Apartments</u>				
Studio	3	(\$866,000)		
1 Bdrm.	0			
Assisted Living Services		(\$98,000)		
<u>Congregate Apartments</u>				
Studio <sup>1</sup>	5	(\$1,444,000)		
1 Bdrm.	2	(\$681,000)		
<b>Independent Living</b>				
Studio	28		(\$5,428,000)	
1 Bdrm.	10		(\$2,058,000)	
<b>TOTAL</b>	<b>48</b>	<b>(\$3,089,000)</b>	<b>(\$7,486,000)</b>	<b>(\$10,575,000)</b>

(1) No market rate studio units proposed in the congregate apartments; for purposes of estimating subsidy, assumed to be same rent as assisted apartments. Market rate rents for Independent Living studios (none proposed) assumed similar ratio relative to other affordable/market rate (about 45%).

(2) Continuum of Care: 8% cap rate  
 Independent Living: 6% cap rate

## Impact of Senior Housing on Conveyance Price

The original Phase 1 project envisioned a concrete<sup>21</sup> subterranean garage structure and four stories of wood frame<sup>22</sup> construction for the common areas and units. The 2010 building code imposed further restrictions on the ability of limited mobility assisted living (AL) residents to occupy units above the second floor in a project of wood frame construction. Due to the extent of common areas required for a project such as this (dining, kitchen, gym, pool, theater, library, etc.) only 42 percent of the units are located on the first two floors. The Developer is designing the project so that all the units can accommodate AL occupants. The Developer expects initial occupancy to be about 65 percent independent and 35 percent AL, with aging in place resulting in it becoming 50 percent/50 percent over time. As a result, the Developer redesigned the project so that the habitable areas are built with load bearing steel studs and concrete decks.<sup>23</sup> This approach enables AL residents to occupy any unit, giving the project much greater flexibility to allow all residents to “age in place” if they choose. The additional cost adds approximately 11 percent, or approximately \$4.9 million, to the construction costs.<sup>24</sup>

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<sup>21</sup> Type IA construction

<sup>22</sup> Type V construction

<sup>23</sup> Type IB construction

<sup>24</sup> Cost estimates per Sundt Construction, 2012

## 4. *ELIMINATION OF BLIGHT AND CREATION OF PUBLIC BENEFITS*

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### **Physical Improvements and Elimination of Blight**

As described above, the Housing Authority's land conveyance is necessary for redevelopment of the property. The redevelopment of the property results in the remediation of blight including antiquated, non-conforming development and remediation of hazardous materials located on the site. There currently are no other available means of financing construction of the senior housing project without Housing Authority participation.

#### *Public Infrastructure*

In addition to the elimination of blight on the site, including the demolition of existing structures and remediation of hazardous materials, new public infrastructure will be constructed at a total cost of approximately \$2.5 million of direct construction cost. This infrastructure includes new public roads, utilities, sidewalks and landscaping.

### **Other Public Benefits**

In addition to the physical improvements and elimination of blight, development of the site will provide a range of additional public benefits including housing, new tax revenues, jobs and other economic benefits.

#### *Housing Plan Goals*

The Project will help the City to achieve its Housing Plan goals as expressed in its General Plan Housing Element<sup>25</sup>, including:

- Promote New Housing Production
- Encourage Housing Diversity and Affordability

The Housing Element identifies two types of housing needs. The Element indicates that the greatest housing need in Milpitas "stems from low incomes". The other need includes units designed for persons with disabilities.

#### *Affordable Housing*

The Project provides a total of 48 units affordable to households earning no more than 50 percent of the Area Median Income (AMI). This represents over 12 percent of the total units. These new units will help to achieve the City's Housing Plan target for construction of 344 Very Low-Income units.<sup>26</sup> As described in **SECTION 3**, the value of the affordable housing subsidy is estimated to be approximately \$10.6 million.

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<sup>25</sup> General Plan (GP) Housing Element, Approved by the Milpitas City Council June 15, 2010.

<sup>26</sup> GP Housing Element, Table ES.3, Summary of Quantified Objectives, City of Milpitas (2007-2014).

## Senior Housing

As reported by the Housing Plan, "There continues to be more demand than supply for affordable senior housing"<sup>27</sup>. Between 2000 and 2008 the total population of residents over the age of 65 in Milpitas grew by more than 35 percent over that period, a rate significantly higher than the growth rate of the City's non-senior population, and a faster rate than Santa Clara County's senior population. Senior-headed households were more likely to have high housing cost burdens than households in general.

Independent living developments provide one option for seniors to receive needed support services. The Housing Element documents substantial waiting lists at existing affordable independent living developments in Milpitas, "...providing evidence of unmet need."<sup>28</sup> Similarly, the Housing Element found a need for more affordably priced residential care facilities providing assisted living services, particularly at the low end of the price scale.

## Property Tax

Other public benefits of the transaction include the property tax increment that will be generated which can be utilized to improve City services, or fund capital improvements<sup>29</sup>.

The site currently generates no property tax to the City. As evaluated in **Table 3**, the new development will add over \$85 million of new assessed value, resulting in approximately \$137,000 in annual property tax increment to the City<sup>30</sup>. Assessed values could increase significantly upon sale and re-assessment of the completed senior housing project; the total capitalized value, or estimated sale value, totals \$110 million, which would generate about \$176,000 of annual property tax to the City (in 2013\$). The net present value of the property taxes to the City totals approximately \$2.1 million.<sup>31</sup>

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<sup>27</sup> GP Housing Element, pg. 11

<sup>28</sup> GP Housing Element, pg. 38

<sup>29</sup> For example, through General Fund contributions to capital improvements, made possible through increased property tax, or through property tax increment pursuant to adoption of an Infrastructure Financing District (IFD).

<sup>30</sup> Assuming an average City share of 16 percent of each property tax dollar (property tax is 1 percent of assessed value, not including additional assessments, special taxes and debt service).

<sup>31</sup> Net present value assumes taxes grow 2 percent annually, plus re-assessment upon sale in year 10, discounted at 6 percent annually.

**Table 3 Property Tax Estimates**

Item	Amount		
	Phase 1	Phase 2	Total
<b>Costs (for property tax purposes)<sup>1</sup></b>			
Land Cost	\$0	\$0	\$0
Site Improvements	1,500,000	1,000,000	2,500,000
Construction Costs	36,405,000	27,531,000	63,936,000
Furniture, Fixtures and Equipment	1,500,000	600,000	2,100,000
Indirect Costs	<u>8,879,000</u>	<u>8,513,000</u>	<u>17,392,000</u>
Subtotal	\$48,284,000	\$37,644,000	\$85,928,000
<b>Property Tax</b>			
<u>Initial Operations (2013\$)</u>			
Total Annual 1%	\$483,000	\$376,000	\$859,000
City's Annual Share @ 16%	\$77,000	\$60,160	\$137,160
<u>Following Sale in Year 10 (2013\$)</u>			
Capitalized Value	\$63,600,000	\$46,300,000	\$109,900,000
Total Annual 1%	\$636,000	\$463,000	\$1,099,000
City's Annual Share @ 16%	\$102,000	\$74,000	\$176,000
<u>Net Present Value of Taxes (30 Years, 6%)<sup>3</sup></u>			
Total 1%	\$7,498,000	\$5,573,000	\$13,071,000
City's Share @ 16%	\$1,200,000	\$892,000	\$2,092,000

(1) Does not include finance costs, overhead or profit.

(2) Contingency at 7%; other costs include 3% contingency (financing includes 7.5% contingency).

(3) Assumes 50% of cost in 2015, 2016, 2017 during construction and leaseup, 100% in 2018; sale in 2023

### *Special Taxes for Maintenance of Parks and Landscaped Medians*

The parcels would be required to annex to the City's Mello-Roos Community Facilities District (CFD) 2005-1 which funds direct and incidental costs related to providing park maintenance and street landscape maintenance services.<sup>32</sup> **Table 3** summarizes the estimated \$131,000 annual amount that would be generated at the maximum annual tax rates allowed for the CFD.<sup>33</sup> The net present value of these taxes over a 30-year period is \$1.8 million.

<sup>32</sup> Resolution No. 7521, 2005.

<sup>33</sup> The City charges the maximum rates, which are increased by the greater of 2 percent or CPI (NPV calculation assumes 2 percent annual increase).

**Table 4 Annual Special Tax Estimates**

Item	Units	Special Tax /Unit <sup>1</sup>	Total Annual Special Tax, by Phase		
			Phase 1	Phase 2	Total
<b>Continuum of Care</b>					
Market Rate	189	\$359.82	\$68,000		
Very Low-Income <sup>2</sup>	10	\$179.90	\$1,800		
<b>Independent Living</b>					
Market Rate	152	\$359.82		\$54,700	
Very Low-Income <sup>2</sup>	38	\$179.90		\$6,800	
<b>TOTAL</b>	<b>389</b>		<b>\$69,800</b>	<b>\$61,500</b>	<b>\$131,300</b>
NPV of Total Taxes (30 Years, 6%) <sup>3</sup>					\$1,815,000

(1) Based on FY12-13 maximum tax rates.

(2) Very Low-Income households have incomes 50% or less compared to area median.

(3) Tax assumed to begin in 2018, rates increase 2%/year from 2013.

#### *Retail and Other Expenditures in the City*

Moreover, the approximately 600 to 700 residents, guests and staff of the new housing and 400 workers who build the project will create demand for goods and services provided by local businesses and thus support local economic development and generate retail sales tax revenue to the City. The 600 to 700 residents are estimated to spend over \$3 million annually in local taxable goods, resulting in at least \$30,000 annually of captured sales tax to the City.<sup>34</sup>

#### *Construction and Permanent Jobs*

The new development will generate approximately 400 construction jobs over the course of development.<sup>35</sup> Following its opening, the Phase 1 Parcel is estimated to require about 100 full-time, ongoing employees once the development is complete and operational. Phase 2, independent living units, will generate some additional employment for building and facility operation and maintenance, and additional services (depending on demand).

<sup>34</sup> Based on estimated housing cost (excluding food and services) equal to independent living rents, and rent representing 30 percent of income. Taxable expenditures captured within City estimated as 10 percent of income.

<sup>35</sup> Estimate of job-years based on \$62 million site and hard construction costs, 40 percent labor cost, average cost per worker of \$60,000 per year. These positions would include a mix of part-time and full-time positions for some portion of the development; assuming a two-year construction period, this represents about 200 full-time equivalent positions per year.

## *APPENDIX A: REFERENCES*

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- Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants by and between Redevelopment Agency of the City of Milpitas and South Main Senior Lifestyles, LLC.
- Appraisal of 1504-1618 South Main Street, Milpitas, California, The Schmidt-Prescott Group, Inc., prepared for Community Banks of Northern California, November, 2008.
- California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.). Disposition and Development Agreement by and between the Redevelopment Agency of the City of Milpitas and South Main Senior Lifestyles, LLC, August, 2009.
- First Amended and Restate Disposition and Development Agreement by and between the Milpitas Housing Authority and South Main Street Senior Lifestyles, LLC, November 5, 2013.
- General Plan (GP) Housing Element, Approved by the Milpitas City Council June 15, 2010 NIC Investment Guide, National Investment Center for the Seniors Housing & Care Industry, Second Edition, 2011.
- Purchase and Sale Agreement & Joint Escrow Instructions by Bay Stone Developments, LLC and Callahan Property Company, Inc., April, 2009.

## APPENDIX B: AFFORDABLE HOUSING COSTS

**Table B.1 Affordable Housing Subsidy Estimates per Unit**

Item	Units	Market Rent	Affordable Rent	Subsidy/Unit		
				Monthly	Annual	Capitalized <sup>2</sup>
<b>Continuum of Care</b>						
<u>Assisted Apartments</u>						
Studio	3	\$3,700	\$1,775	(\$1,925)	(\$23,100)	(\$288,750)
1 Bdrm.	0					
Assisted Living Services		\$1,000	\$783	(\$217)	(\$2,604)	(\$32,550)
<u>Congregate Apartments</u>						
Studio <sup>1</sup>	5	\$3,700	\$1,775	(\$1,925)	(\$23,100)	(\$288,750)
1 Bdrm.	2	\$4,297	\$2,028	(\$2,269)	(\$27,228)	(\$340,350)
<b>Independent Living</b>						
Studio	28	\$1,762	\$793	(\$969)	(\$11,631)	(\$193,844)
1 Bdrm.	10	\$1,873	\$844	(\$1,029)	(\$12,348)	(\$205,800)
<b>TOTAL</b>	<b>48</b>					

(1) No market rate studio units proposed in the congregate apartments; for purposes of estimating subsidy, assumed to be same rent as assisted apartments. Market rate rents for Independent Living studios (none proposed) assumed similar ratio relative to other affordable/market rate (about 45%).

(2) Continuum of Care: 8% cap rate  
 Independent Living: 6% cap rate

**Table B.2 Total Affordable Housing Subsidy Estimates**

Item	Units	Total Capital Subsidy, by Phase <sup>2</sup>		
		Phase 1	Phase 2	Total
<b>Continuum of Care</b>				
<u>Assisted Apartments</u>				
Studio	3	(\$866,000)		
1 Bdrm.	0			
Assisted Living Services		(\$98,000)		
<u>Congregate Apartments</u>				
Studio <sup>1</sup>	5	(\$1,444,000)		
1 Bdrm.	2	(\$681,000)		
<b>Independent Living</b>				
Studio	28		(\$5,428,000)	
1 Bdrm.	10		(\$2,058,000)	
<b>TOTAL</b>	<b>48</b>	<b>(\$3,089,000)</b>	<b>(\$7,486,000)</b>	<b>(\$10,575,000)</b>

- (1) No market rate studio units proposed in the congregate apartments;  
 for purposes of estimating subsidy, assumed to be same rent as assisted apartments.  
 Market rate rents for Independent Living studios (none proposed) assumed similar ratio  
 relative to other affordable/market rate (about 45%).
- (2) Continuum of Care:           8% cap rate  
 Independent Living:         6% cap rate

## *APPENDIX C: SUMMARY OF COMPARABLE LAND SALES*

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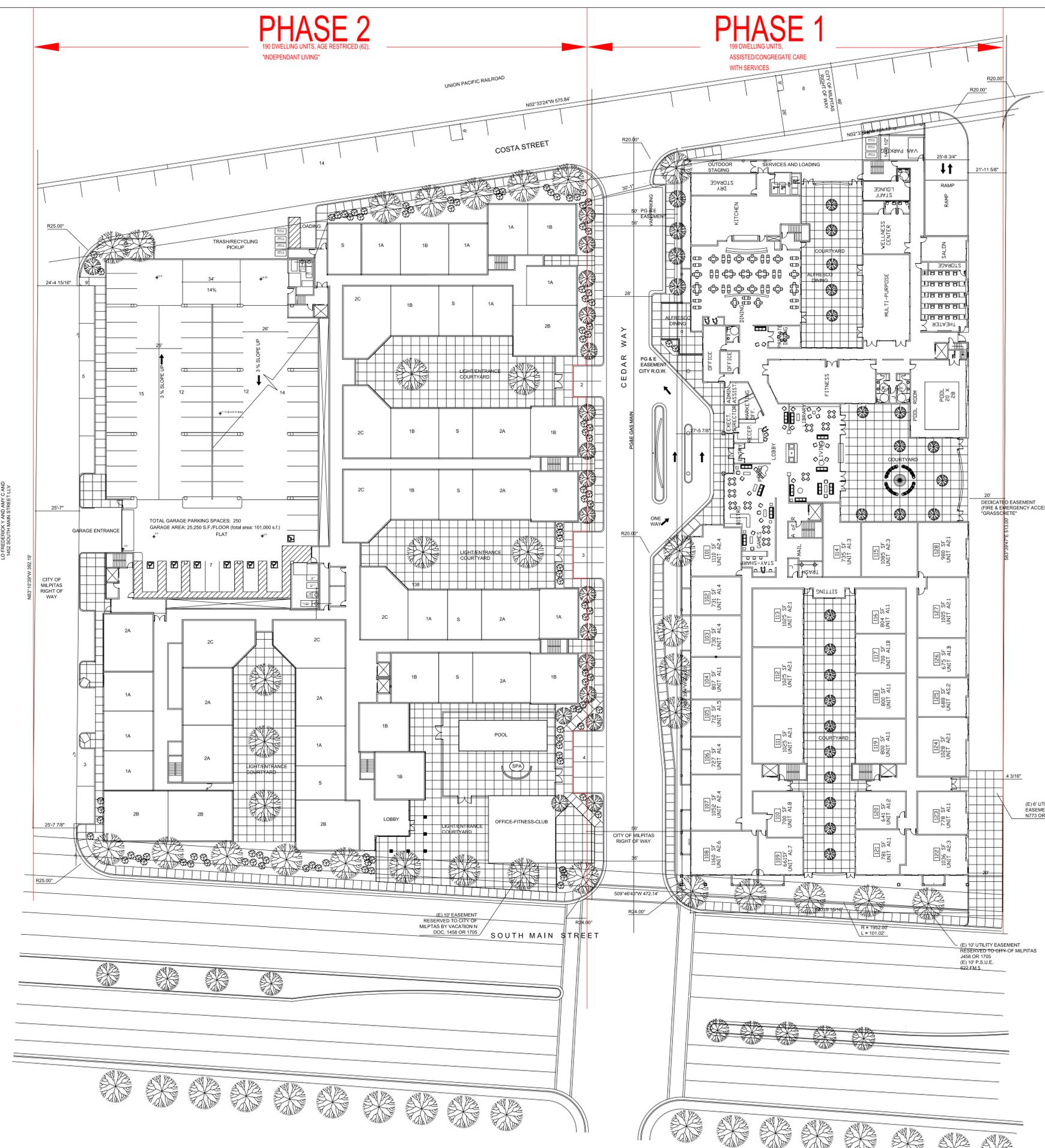
**Table C.1  
Comparable Land Sales, Milpitas  
Review of South Main Street Senior Living Project**

Comp No.	Address City Assessor's Parcel Number	Recording Date	Sale Price	Size Acres	Size Sq. Ft.	Price per Sq. Ft.	Existing Improvements		Gen /Specific Plan Zoning	Grantor Grantee	
							Building SF Use	Planned Land Use			
1	1452-1482 South Main Street Milpitas 086-22-029, 030	Contract 7/11 COE: 2/12	\$4,200,000	1.65	71,873	\$58.44	26,440 3 Service Com'l Bldgs 1974 & 1985 Average	Demo Imprvmnts Assemble for High Density Residential Dev.	MFR-VHD R4-TOD 60 DUA	1452 South Main Street, LLC et al South Main Senior Lifestyles, LLC N/A / City of Milpitas RDA	
2	1201 South Main Street Milpitas 086-16-100	Contract 9/11 COE: 3/12	\$8,000,000	2.83	118,483	\$53.92	Vacant	High Density Residential Dev 204 units	MFR-VHD R4-TOD 60 DUE	Willow Road Investors LLC (Mattesom) Shea Properties N/A	
3	750 E. Capital Avenue Milpitas 086-37-027	Contract 5/11 COE: 4/12	\$8,500,000	5.12	223,027	\$38.11 to \$40.35	9,982 Truck terminal Average	Demo Imprvmnts and Construct High Density Res 437 units	URR R5-TOD 75 DUA	Roadway Express Inc. Community Housing (CR) N/A	
4a	1425 McCandless Drive Milpitas 086-33-093	10/25/11	\$2,320,000	2.58	112,385	\$65.13	39,169 Industrial bldg	Demo Imprvmnts Assemble for Mixed Use Dev	RRMU MXD2 TOD 50 DUA	Mission West Properties LP II The Milpitas Project Owner, LP 2011-21387784 (Integral)	
4b	1315 McCandless Drive Milpitas 086-33-092	10/26/11	\$14,123,000	4.99	217,364	\$64.97	77,587 R&D bldg	Demo Imprvmnts Assemble for Mixed Use Dev Total 1,328 units	RRMU MXD2 TOD 50 DUA	Mission West Properties LP II The Milpitas Project Owner, LP 2011-20932543 (Integral)	
4c	McCandless Drive Milpitas 086-33-094, 095, 098 & 99	04/30/12	\$19,350,000	9.676	421,487	\$45.91		Demo Imprvmnts Assemble for Mixed Use Dev Total 1,328 units	RRMU MXD2 TOD 50 DUA	Mission West Properties LP II The Milpitas Project Owner, LP 2011-20932543 (Integral)	
4d	McCandless Drive Milpitas 086-33-101	12/28/12	\$12,250,000	5.789	252,169	\$48.58		Demo Imprvmnts Assemble for Mixed Use Dev Total 1,328 units	RRMU MXD2 TOD 50 DUA	Mission West Properties LP II The Milpitas Project Owner, LP 2011-20932543 (Integral)	
4e	McCandless Drive Milpitas 086-33-086, 087, 088 & 089	last transfer 8/26/05	no value	12.96	564,538					Mission West Properties LP II	
5	1430-1444 South Main Street Milpitas 086-22-031	02/28/11	\$1,800,000	1.01	43,996	\$40.91	15,344 3 Com'l bldgs	Demo Imprvmnts Assemble for Res Dev	MFR-VHD R4-TOD 60 DUA	Robert M Austin et al Redev. Agency of Milpitas N/A	
6	1504-1620 South Main Street Milpitas 086-22-027, 028, 033, 034, 041, 042	11/18/09	\$12,400,000	5.94	260,489	\$47.60	Vacant	Demo Imprvmnts Hazmat Rem 389 DU Senior	MFR-VHD R4-TOD	Baystone Development South Main Senior Lifestyles, LLC, City of Milpitas Housing Authority N/A	
7	1765 McCandless Drive Milpitas 086-41-019,020, 021, 022	02/14/12	\$27,227,000	12.33	537,095	\$50.69	Multiple R&D bldgs	Stacked Flat Condos 274 DU	MFR-VHD R4-TOD	Mission West Property LP II DR Horton, Harmony N/A	
8	SWC Technology Drive & McCarthy Ranch Road Milpitas 086-01-041, 042	06/29/07	not available	21.08	918,245	—	Vacant	Multi-family Rental 374 DU, Townhomes 285 DU	RRMU 50 DUA	Fairfield Residential	
9	SEC South Able & Tasman Drive 1102 S.Able Street Milpitas 086-12-021	11/12/2010	\$10,906,000	5.2	226,512	\$48.15	Vacant	Multi-family Rental 366 DU	MFR-VHD R4-TOD	Lyon Realty Advisors, Centria West	
<b>TOTAL (exc. 4e and 8)</b>			\$121,076,000	57.115	2,484,880	\$48.73 /sqft avg.					
<b>TOTAL Multi-Family only (exc. 4a, 4b, 4e, 7, 8)</b>			\$77,406,000	37.215	1,618,036	\$47.84 /sqft avg.	Subject Site:	\$12,378,000	5.94 acres		

Source: South Main Senior Lifestyles, LLC

## *APPENDIX D: SITE PLAN*

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**PHASE 2**  
190 DWELLING UNITS, AGE RESTRICTED (62+)  
"INDEPENDANT LIVING"

**PHASE 1**  
199 DWELLING UNITS,  
ASSISTED/CONGREGATE CARE  
WITH SERVICES



Project Description  
**MILPITAS SENIOR HOUSING**  
1504-1620  
South Main Street  
Milpitas, California

Owner / Applicant:

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SUBMITTALS / REVISIONS		
MARK	DESCRIPTION	DATE
	PROGRESS SET	6-1-13
	PROGRESS SET	6-12-13

KEY PLAN: NTS

**PHASE 1 AND 2**  
**SITE PLAN**

SCALE: 1"=30'-0"  
1:12

AS NOTED

DRWN: JRB  
APPRVD: 29003  
CDA PROJECT NO. 29003

**A1.0**

SHEET NO.