REGULAR MEETING

OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY

P.O. Box 711 (City Hall, 400 Grand Avenue)
South San Francisco, California 94083

CITY HALL
LARGE CONFERENCE ROOM, TOP FLOOR
400 GRAND AVENUE

TUESDAY, NOVEMBER 19, 2013
2:00 P.M.

PEOPLE OF SAN MATEO COUNTY

You are invited to offer your suggestions. In order that you may know our method of conducting Board business, we proceed as follows:

The regular meetings of the South San Francisco Oversight Board for the Successor Agency to the City of South San Francisco Redevelopment Agency are held on the third Tuesday of each month at 2:00 p.m. in the in the Large Conference Room, Top Floor at City Hall, 400 Grand Avenue, South San Francisco, California.

In accordance with California Government Code Section 54957.5, any writing or document that is a public record, relates to an open session agenda item, and is distributed less than 72 hours prior to a regular meeting will be made available for public inspection in the City Clerk's Office located at City Hall. If, however, the document or writing is not distributed until the regular meeting to which it relates, then the document or writing will be made available to the public at the location of the meeting, as listed on this agenda. The address of City Hall is 400 Grand Avenue, South San Francisco, California 94080.

In compliance with Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the South San Francisco City Clerk's Office at (650) 877-8518. Notification 48 hours in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Chairperson:	**Selected by**:
Neil Cullen	Largest Special District of the type in H&R Code Section 34188

Vice Chair:	**Selected by**:
Patti Ernsberger Assistant Superintendent, Business Services South San Francisco Unified School District Alternate: Alejandro Hogan Superintendent, South San Francisco Unified School District	San Mateo County Superintendent of Schools

Board Members:	**Selected by**:
Mark Addiego Councilmember, City of South San Francisco	Mayor of the City of South San Francisco
Gerry Beaudin Principal Planner, City of South San Francisco	Mayor of the City of South San Francisco
Barbara Christensen Director of Community/Government Relations, San Mateo County Community College District	Chancellor of California Community College
Reyna Farrales Deputy County Manager, San Mateo County	San Mateo County Board of Supervisors
Paul Scannell	San Mateo County Board of Supervisors (Public Member)

Counsel

Craig Labadie

Advisory:
Jim Steele – Finance Director, City of South San Francisco
Robin Donoghue – Interim General Counsel, Successor Agency of the City of South San Francisco
Krista Martinelli – City Clerk, City of South San Francisco
Armando Sanchez – Redevelopment Consultant, City of South San Francisco

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

AGENDA REVIEW

COMMUNICATIONS FROM STAFF

PUBLIC COMMENTS

Comments from members of the public on items not on this meeting agenda. The Chair may set time limit for speakers. Since these topics are non-agenda items, the Board may briefly respond to statements made or questions posed as allowed by the Brown Act (Government Code Section 54954.2). However, the Board may refer items to staff for attention, or have a matter placed on a future agenda for a more comprehensive action report.

MATTERS FOR CONSIDERATION

1. Motion to approve the Minutes of the Special Meeting of October 30, 2013.

2. Resolution Approving the Long Range Property Management Plan Pursuant to Health and Safety Code Section 34191.5 and Authorizing Related Actions.

3. Future Agenda Items.
   a) Consideration of revenue sharing agreement related to assignment of the Master Commercial Lease at 636 El Camino Real.

ADJOURNMENT

DRAFT

MINUTES
SPECIAL MEETING

OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY

P.O. Box 711 (City Hall, 400 Grand Avenue)
South San Francisco, California 94083

CITY HALL
LARGE CONFERENCE ROOM, TOP FLOOR
400 GRAND AVENUE

WEDNESDAY, OCTOBER 30, 2013
2:00 P.M.

CALL TO ORDER — Time: 2:03 p.m.

ROLL CALL — Present: Boardmembers Addiego, Beaudin, Christensen, Farrales*, Alternate Vice Chair Alejandro Hogan and Chairperson Cullen.

Absent: Boardmember Scannell.

*Boardmember Farrales arrived at 2:08 p.m.

PLEDGE OF ALLEGIANCE

AGENDA REVIEW

None.

PUBLIC COMMENTS

None.

MATTERS FOR CONSIDERATION

1. Motion to approve the Minutes of the Regular Meeting of September 17, 2013.

Chairperson Cullen proposed revisions to the minutes which were presented to the Board in redlined format.

Motion- Boardmember Beaudin/Second-Alternate Vice Chair Hogan: to approve the Minutes of the Regular Meeting of September 17, 2013 as amended. Approved by the following voice vote: AYES: Boardmembers Beaudin, Christensen, Farrales, Alternate Vice Chair Hogan and Chair Cullen; NOES: None; ABSTAIN: Boardmember Addiego; ABSENT: Boardmember Scannell.

2. Resolution No. 21-2013 Directing the Finance Director or City Manager to Transfer $1.85 million from the 2006 RDA Bond Escrow Account to the 2006 Bond Debt Service Account and Making Related Findings Pursuant to Health and Safety Code Section 34181(E).

Motion- Boardmember Addiego/Second-Boardmember Christensen: to approve Resolution No. 21-2013. Approved by the following voice vote: AYES: Boardmembers Addiego, Beaudin, Christensen, Farrales, Alternate Vice Chair Hogan and Chair Cullen; NOES: None; ABSTAIN: None; ABSENT: Boardmember Scannell.

3. Preliminary discussion of the draft Long Range Property Management Plan.

Housing Consultant Sanchez presented the informational staff report requiring no Board action and reviewing the draft Long Range Property Management Plan which would be submitted to the State Department of Finance ("DOF") by November 24th, 2013. At the time of the Redevelopment Agency's dissolution, the Agency owned 32 non-housing parcels of real property. The properties are located within the boundaries of the Gateway, El Camino Corridor and Downtown-Central Project Areas. There were 8 elements required for each property: acquisition information; purpose of acquisition; parcel data; estimate of current value; revenues generated by property/contractual requirements; environmental contamination and remediation; potential for transit oriented development and advancement of planning objectives; history of development proposals and activity. The Redevelopment Dissolution Statute also dictated that properties should be categorized for disposition in one of the following ways: use property to fulfill enforceable obligation; retention of property for a governmental use; retention of property for future development; or sale of property. Under the draft LRPMP presented, the Successor Agency had not categorized any properties under the Fulfillment of Enforceable Obligations category and so designated all properties into the remaining 3 categories.

In regards to the property at 80 Chestnut Avenue, it was the RDA's purpose to acquire additional property adjacent to Orange Park so that they could expand the park. They believed that the Calwater site would fit into this plan since it was only used for water wells. Consultant Sanchez explained that they had been working with Calwater for years and they eventually decided to break up the parcel and sell it to the city as they finished using each piece of the property. The first one that was finished off was a building that housed one of their offices and so the city acquired this first. They then decided to make it a public use building which now houses a museum run by the South San Francisco Historical Society. Since it was zoned as Public/Quasi-Public, in the event of its sale to a private entity it would have to be leased back to a public agency.

In response to an inquiry by Chair Cullen, Consultant Sanchez stated that Calwater had indicated that they were closer to releasing other parcels but cautioned that this was a long process since they would have to find alternate wells and go through the Public Utilities Commission. Thus, although the city had been pressuring Calwater to expedite the process so that the Orange Memorial Park Master Plan could be implemented, there was no timeline available. The dissolution of the RDA had effectively eliminated the option of locating alternate wells and trading land with them.

Boardmember Christensen raised the possibility of deed restrictions for the property to be used for parks or public purposes and Assistant City Manager Van Duyn explained that they could easily place such a deed restriction on the property.

In response to a query by Chair Cullen, Consultant Sanchez explained that the property at 480 North Canal which housed the Fire Department Administration, Fire Station 61, the Emergency Operations Center (EOC) and Fire Training Tower, was not contributing rent to the Successor Agency due to AB26 which outlined that properties that were going to be under public use, including fire stations, would be able to be transferred to cities to be used.

Interim General Counsel for the Successor Agency of the City of South San Francisco Robin Donoghue clarified that the statute stated that when the government building was originally developed if there was an agreement for rent or revenue then it would be disposed of in accordance with that existing agreement but there was no provision for revenue in absence of such an agreement. She presumed that this was done under Section 33445 which was typically used by cities to contribute RDA funds to publicly owned improvements without any recompense in the form of rent.

Consultant Sanchez further added that the city's central fire station which was located on Baden Avenue could not be seismically retrofitted and when this building became available it made perfect sense to move the station there.

In response to the presentation on the property located on 296 Airport Boulevard which was acquired to relocate the Caltrain station, Chair Cullen inquired on the status of the station relocation given the current plans for the high speed rail.

Assistant City Manager Van Duyn noted that the proposed high speed rail had delayed plans for the Caltrain station relocation. In response to a request by Chair Cullen to be provided with a tunnel rendering, Assistant City Manager Van Duyn indicated that that would be possible since the plans were in excess of 90 percent complete. He also alleviated Chair Cullen's concerns on safety that were prompted by an attack on a woman in a tunnel in San Mateo, by stating that this tunnel would be well-lit and one would be able to see from one side of the tunnel to the other.

In reference to the property located at 472 Grand Avenue containing a three story medical facility building occupied by the San Mateo County Health Center and the Sitike Counseling Center, Boardmember Christensen asked what would happen if the county did not want the property. Consultant Sanchez stated that in that case it would revert back to the city for public use.

Assistant City Manager Van Duyn further clarified that the city's intent would be to keep it in its current use as a health clinic.

Boardmember Christensen suggested that if the property were to revert back to the city, then another option would be sell it and proceeded to inquire on its development potential.

Assistant City Manager advised that the property had some market potential for office use but would need to be rehabilitated. He further stated that the Board could set up the deed restrictions in any way they wished.

Boardmember Farrales acknowledged that there was a need for healthcare services there but the building's condition was a problem. They would need to take a look at any available capital contributions for needed improvements or the potential to build something else that would continue to serve the community.

Boardmember Addiego was concerned with the possibility of 25 year deed restrictions since in the future this might not be the optimal place for health services but could instead become an office building. He questioned whether they should be placing deed restrictions on parcels by considering their current use and suggested that they could insert language that would enable them to transfer the value to another site and possibly change the use to an office building.

Assistant City Manager Van Duyn assured Boardmember Addiego that they could include this option in the language in order to retain the value through the transfer. Ultimately, as long as it remained under governmental use, the ownership issues could be worked out. In response to an inquiry by Boardmember Christensen, Assistant City Manager Van Duyn explained that although the 3 properties- 472 Grand Avenue, 306 Spruce Avenue and 468 Miller Avenue- were linked for acquisition purposes, they could still be sold separately.

In terms of the property at 1 Chestnut Avenue, Boardmember Christensen asked if they anticipated selling the assembled property to one developer. Consultant Sanchez confirmed that this was their hope and that they have already had varying degrees of interest from developers.

In response to Chair Cullen's inquiry into whether the city would be leading marketing efforts or waiting for developers to show interest, Consultant Sanchez stated that it was the former, they wanted to be proactive since the market was currently in an upswing.

Assistant City Manager Van Duyn further explained that their intent when they assembled the property was to bring in a master developer and that they had envisioned a combination of land uses but residential use was very marketable at the moment. The city's plan was to make sure that they would be able to deliver on everything they had promised the community and they had gone through a fairly contentious re-zoning process to achieve this. The idea was to bring in a master developer and reach an agreement that would enable the developer to make a profit but also enable the city to realize the mixed-use development that they had wished for. However, they could not enter into an Exclusive Negotiation Rights Agreement (ENRA) since they did not have the authority under AB26. Thus, they could not get a developer to spend time, money and energy researching options since they would require exclusivity so that their investment could pay off. Once the Board and DOF approved this plan, they could then enter into an ENRA with a developer.

Responding to Boardmember Christensen's query on whether the property had to be transferred to the city and who would receive the sale funds, SA Counsel Donoghue stated that the funds could go to the taxing entities but the property would have to be deeded to the city for development to occur.

Consultant Sanchez explained that one of the reasons it made more sense for the city to do it rather than the Successor Agency, was that the City Council as the owner and regulatory body would be able to expedite the process in contrast to the cumbersome process with the DOF that would be faced by the Successor Agency. Another reason would be the fact that infrastructure would need to be developed to make the 2 properties more accessible. The city's objective would not be to make a profit but to actually develop a neighborhood.

In response to Boardmember Christensen's inquiry into the possible timeline for this project, Assistant City Manager Van Duyn stated that in terms of residential development they had immediate interest; as long as the market remained steady and they had the ability to enter into an ENRA, then they could proceed immediately. If, however, there were any complications, delays or shifts in the market, then it could be longer.

In response to questions by the Board regarding the immediate sale potential, Consultant Sanchez explained that in the long term it would be better to develop the site since that would benefit the taxing entities through an increased tax increment, while also fulfilling the city's need for transit-oriented development.

Assistant City Manager Van Duyn cautioned the Board that in the event of the sale of the more valuable portion of the site, the other portion would remain undeveloped.

Consultant Sanchez advised that in regards to downtown development, the residential market was untested and so developers have been more hesitant since rents would be higher in other surrounding cities that have more proven downtown markets. Thus market risk and the viability of the projects would affect development in the area. He also shared the challenge faced by the constant changes in the DOF's position.

Responding to Chair Cullen's question in regards to the property at 200 Linden Avenue which is occupied by the city's IT department, Consultant Sanchez noted that the city was not paying rent because it was under public use but when the time came they could relocate in order to follow the LRPMP guidelines.

In response to Chair Cullen's inquiry into the timing of the downtown area plan, City Planner Kalkin stated that the public draft would be out by the end of 2013.

Boardmember Beaudin added that according to the NTC grant requirements, the plan would need to be adopted by mid 2014.

Consultant Sanchez stated that in regards to the property at 216 Miller Avenue, there was no need for the city to get involved and so the Successor Agency would sell this property.

Counsel Labadie advised that they did not necessarily need to declare it a surplus property. The Successor Agency would market it, enter into a purchase sale agreement and transfer it to the buyer.

In response to Assistant City Manager Van Duyn's inquiry into whether they had to go through the surplus property process or sell it as if it were a redevelopment property, SA Counsel Donoghue confirmed that they did not have to go through the surplus property process since there was an exemption in this case.

Consultant Sanchez responded to Chair Cullen's inquiry into the process undertaken for the sale of properties by stating that once the LRPMP was submitted to the DOF, if they had an offer on a property they could submit it for DOF approval.

Boardmember Farrales added that the City of Menlo Park was able to do that with an $8 million property.

Counsel Labadie stated that the process was made easier by the fact that the offer was two and a half times over the appraised value and the property was adjacent to Facebook. The purchase and sale agreement could be entered into as soon as the DOF approved the LRPMP.

In response to Chair Cullen's point of clarification regarding the plan's process, Counsel Labadie explained that properties to be sold immediately would require the Board's approval whereas properties transferred to the city would be out of the Board's jurisdiction once the transfer was complete. The governmental use properties would be transferred to the city; assuming the DOF's approval, the properties for immediate sale would require Board approval; and the Board would have an opportunity to approve any attached conditions for the properties slated for future development.

Assistant City Manager Van Duyn explained that they could insert compensation agreements into the plan at this stage so that if the property transaction was not completed within a given timeframe then there would be a plan in place for revenue sharing. They could also insert reversion clauses which would not be a deed restriction but rather an agreement entered into as part of the LRPMP that would outline the obligations of the Successor Agency, the city and the Oversight Board, which would hopefully be endorsed by the DOF. However, there would be deed restrictions for the properties under governmental use in order to maintain their use.

Assistant City Manager suggested that with the Board's agreement staff would modify the LRPMP in accordance with the above discussion.

Considering that the LRPMP submittal deadline would be on November 24th, the Board tentatively scheduled a Special Oversight Board Meeting for November 12th, 2013.

4. Future Agenda Items.
   a) Consideration of revenue sharing agreement related to assignment of the Master Commercial Lease at 636 El Camino Real.

ADJOURNMENT

Motion- Boardmember Christensen /Second-Boardmember Addiego: to adjourn the meeting. Approved by the following voice vote: AYES: Boardmembers Addiego, Beaudin, Christensen, Farrales, Alternate Vice Chair Hogan and Chair Cullen; NOES: None; ABSTAIN: None; ABSENT: Boardmember Scannell.

Pursuant to the above motion, Chairperson Cullen adjourned the meeting at 4:20 p.m.

Submitted:	Approved:
Kathryn Reodica, Deputy Clerk Oversight Board for the Successor Agency to the South San Francisco Redevelopment Agency	Neil Cullen, Chairperson Oversight Board for the Successor Agency to the South San Francisco Redevelopment Agency

Redevelopment Successor Agency Oversight Board

Staff Report

DATE: November 19, 2013

TO: Members of the Oversight Board

FROM: Steven T. Mattas, Interim City Manager

SUBJECT: Approval of the Long-Range Property Management Plan (LRPMP)

RECOMMENDATION

It is recommended that the Oversight Board adopt a resolution approving the Long-Range Property Management Plan (LRPMP) pursuant to Health and Safety Code Section 34191.5 and Authorizing Related Actions

BACKGROUND

At special meeting on October 30, 2013, the Oversight Board (Board) reviewed the first draft of the Long-Range Property Management Plan (LRPMP) and requested several revisions be made to the LRPMP. At a special meeting on November 12, 2013 the Board reviewed the proposed revisions to the LRPMP and requested that staff make additional revisions.

Pursuant to the direction of the Board, staff is submitting to the Board for approval the final draft of the LRPMP incorporating the revisions reviewed at the November 12 meeting, making the revisions requested at the November 12 meeting (as noted below) and making final organizational clean up edits of the LRPMP (also noted below). The changes requested are as follows:

- For the properties at 472 Grand/306 Spruce Avenue and 468 Miller Avenue, the language for the grant deed transferring the properties has been changed from "Upon transfer of the property to the County" to "Upon transfer of the property to the County *or other applicable governmental entity*." See appendix G.
- In all instances where the distribution of net revenue from the sale or the non-governmental uses of property is discussed, the wording has been changed from "net revenue…shall be distributed as property tax to the taxing entities" to "net revenue… *shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution.*" See pages 56, 58, 59, 60, 61, 62 and 63.
- The final section of the LRPMP discussing revenue sharing has been modified to show that the taxing agencies will receive the net revenue from the sale of *each* property the City retains for future development. See page 91.
- "Exclusive Negotiation Agreement" has been changed to "Exclusive *Negotiating* Agreement" See pages 36, 64, 66 and 90.

- The language for the grant deed transferring the properties for governmental use has been moved from the body of the text in the LRPMP to appendices. Also, language for the grant deeds indicating "…net revenue from such non-governmental use shall be distributed as property tax to the taxing entities as defined in the Redevelopment Dissolution Law" has been changed to "…net revenue from such non-governmental use *shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution*." This language is reflected in substitute Appendices E, F and G attached to this report. Upon submittal of the LRPMP to the Department of Finance the substitute appendices will be inserted into the report:

  - Appendix E – 559 Gateway Blvd.
  - Appendix F – All properties transferred to the City except 559 Gateway Blvd., 472 Grand/306 Spruce Avenue and 468 Miller Avenue
  - Appendix G – 472 Grand/306 Spruce Avenue and 468 Miller Avenue

- All figure, page and appendix references have been updated.

CONCLUSION:

It is recommended that the Oversight Board adopt a resolution approving the Long-Range Property Management Plan (LRPMP) pursuant to Health and Safety Code Section 34191.5 and Authorizing Related Actions. Adoption and execution of this LRPMP will benefit the community and will result in long-term financial benefits to the taxing agencies.

By: ______________________
Steven T. Mattas
Interim City Manager

Attachments: Resolution
Substitute Appendices E, F and G
Final Draft LRPMP

RESOLUTION NO.______

OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY OF THE CITY OF SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY

RESOLUTION APPROVING THE LONG RANGE PROPERTY MANAGEMENT PLAN PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5 AND AUTHORIZING RELATED ACTIONS

WHEREAS, Health and Safety Code §34191(b) requires the Successor Agency ("Successor Agency") to the former City of South San Francisco Redevelopment Agency ("Agency") to prepare a Long Range Property Management Plan ("Plan") to address the disposition and use of the real property formerly owned by the Agency; and

WHEREAS, the Plan must be submitted to the Oversight Board for the Successor Agency and to the State Department of Finance ("Department") for approval no later than six months following the issuance to the Successor Agency of a Finding of Completion by the Department; and

WHEREAS, the Department issued a Finding of Completion to the Successor Agency on May 24, 2013; and

WHEREAS, the Successor Agency prepared a draft Plan, which was reviewed by the Oversight Board at a special meeting of the Oversight Board on October 30, 2013; and

WHEREAS, based on comments received at said meeting the Successor Agency revised the draft Plan and submitted revisions to the Oversight Board, which reviewed the revisions at a special meeting on November 12, 2013; and

WHEREAS, based on comments received at said meeting the Successor Agency further revised the draft Plan and submitted a final draft Plan to the Oversight Board, which reviewed said final draft Plan at a regular meeting on November 19, 2013; and

WHEREAS, the Oversight Board has reviewed and considered the Plan and all written and oral staff reports and all written and oral public comment relating to the Plan; and

WHEREAS, the Oversight Board's requested changes to the draft Plan have been incorporated in the final draft reviewed and considered by the Oversight Board, and the final draft of the Plan represents the direction of the Oversight Board with respect to all properties listed in the Plan; and

WHEREAS, the Plan has been prepared by the Successor Agency and reviewed by the Oversight Board in accordance with the requirements of Health and Safety Code §34191.5.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board for the Successor Agency of the City of South San Francisco Redevelopment Agency hereby:

1. Finds that the foregoing Recitals are true and correct and made a part of this Resolution.

2. Finds that the approval of the Long Range Property Management Plan through this Resolution itself does not commit the Successor Agency or the City of South San Francisco to any action that may have a significant effect on the environment and thus does not constitute a "project" subject to the requirements of the California Environmental Quality Act ("CEQA"), pursuant to CEQA Guidelines §15061(b)(3).

3. Approves the Long Range Property Management Plan attached to this Resolution as Exhibit A.

4. Authorizes and directs the Successor Agency to undertake such actions as are necessary to carry out the intent of this Resolution, including transmittal of the Plan to the State Department of Finance.

* * * * *

I hereby certify that the foregoing Resolution was regularly introduced and adopted by the Oversight Board for the Successor Agency of the City of South San Francisco Redevelopment Agency at a regular meeting held on the 19th day of November, 2013 by the following vote:

AYES: ____________________

NOES: ____________________

ABSTAIN: ____________________

ABSENT: ____________________

ATTEST: ____________________
Successor Agency Secretary

Substitute Appendix E
559 Gateway Blvd.
Grant Deed Language

Upon transfer of the property to the City the grant deed will include language restricting the use of the property to governmental use as follows: "The Successor Agency to the City of South San Francisco Redevelopment Agency, a public entity ("Grantor") hereby grants to the City of South San Francisco, a municipal corporation ("Grantee"), all rights, title and interest Grantor has in the Property, as described more specifically in Exhibit A hereto, and subject to the restrictions on use set forth in that certain Second Amendment to Declaration of Covenants, Conditions and Restrictions for Gateway Center, executed as of May 28, 2003, and recorded on July 2, 2003 in the Official Records of San Mateo County as Instrument No. 2003-182458, and which is incorporated by this reference as if fully set forth herein. In the event that Grantee discontinues the restricted use or seeks to use the Property for a non-governmental purpose, Grantee shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, pursuant to Assembly Bill x1 26 and Assembly Bill 1484 (collectively, the "Redevelopment Dissolution Law"), providing that all net revenue from such non-governmental use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. Said Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to such aforesaid restriction on use, which is intended to constitute both an equitable servitude and a covenant running with the land. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall be held conclusively to have been executed delivered and accepted subject to such covenant, regardless whether such covenant is set forth in such contract, deed or other instrument. Said covenant shall be binding on the parties hereto, and on their successors and assigns."

Substitute Appendix F
General Governmental Use Properties
Grant Deed Language

Upon transfer of the property to the City the grant deed will include language restriction the use of the property to governmental as follows: "The Successor Agency to the City of South San Francisco Redevelopment Agency, a public entity ("Grantor") hereby grants to the City of South San Francisco, a municipal corporation ("Grantee"), all rights, title and interest Grantor has in the Property, as described more specifically in Exhibit A hereto, and imposes the following restriction on use: The Property may be used only for a governmental purpose. In the event that Grantee discontinues a governmental use or seeks to use the Property for a different purpose, Grantee shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, pursuant to Assembly Bill x1 26 and Assembly Bill 1484 (collectively, the "Redevelopment Dissolution Law"), providing that all net revenue from such non-governmental use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. Said Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to such covenant to the aforesaid restriction on use, which is intended to constitute both an equitable servitude and a covenant running with the land. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall be held conclusively to have been executed delivered and accepted subject to such covenant, regardless whether such covenant is set forth in such contract, deed or other instrument. Said covenant shall be binding on the parties hereto, and on their successors and assigns."

Substitute Appendix G

472 Grand Ave./306 Spruce Ave. & 468 Miller Ave.

Grant Deed Language

Upon transfer of the property to the County or other applicable government entity, the grant deed will include language restricting the use of the property to governmental use as follows: "The Successor Agency to the City of South San Francisco Redevelopment Agency, a public entity ("Grantor") hereby grants to the County of San Mateo , a political subdivision of the State of California [or other applicable governmental entity] ("Grantee"), all rights, title and interest Grantor has in the Property, as described more specifically in Exhibit A hereto, and imposes the following restriction on use: The Property may be used only for a governmental purpose. In the event that Grantee breaches this covenant and discontinues a governmental use or seeks to use the Property for a different purpose, Grantor may declare the forfeiture of that portion of the Property directly affected by such breach, and may re-enter and take possession of that portion of the Property as to which forfeiture shall have been declared and re-entry shall have been effected. In that event, if Grantee uses or intends to use the Property for any non-governmental use, Grantee shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, pursuant to Assembly Bill x1 26 and Assembly Bill 1484 (collectively, the "Redevelopment Dissolution Law"), providing that all net revenue from such non-governmental use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. Said Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to such covenant to the aforesaid restriction on use and the aforesaid reversionary interest of Grantor, which are intended to constitute both equitable servitudes and covenants running with the land. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall be held conclusively to have been executed delivered and accepted subject to such covenant, regardless whether such covenant is set forth in such contract, deed or other instrument. Said covenant shall be binding on the parties hereto, and on their successors and assigns."

In the event the County of San Mateo does not accept the property, the property will be conveyed to the City for public use and the following language will be included in the grant deed: "The Successor Agency to the City of South San Francisco Redevelopment Agency, a public entity ("Grantor") hereby grants to the City of South San Francisco, a municipal corporation ("Grantee"), all rights, title and interest Grantor has in the Property, as described more specifically in Exhibit A hereto, and imposes the following restriction on use: The Property may be used only for a governmental purpose. In the event that Grantee discontinues a governmental use or seeks to use the Property for a different purpose, Grantee shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, pursuant to Assembly Bill x1 26 and Assembly Bill 1484 (collectively, the "Redevelopment Dissolution Law"), providing that all net revenue from such non-governmental use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. Said Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to such covenant to the aforesaid restriction on use, which is intended to constitute both an equitable servitude and a covenant running with the land. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall be held conclusively to have been executed delivered and accepted subject to such covenant, regardless whether such covenant is set forth in such contract, deed or other instrument. Said covenant shall be binding on the parties hereto, and on their successors and assigns."

Long Range Property Management Plan

November 19, 2013

Successor Agency to the
Former Redevelopment Agency

Table of Contents

Introduction

This document constitutes the Long-Range Property Management Plan (LRPMP) of the Successor Agency (Successor Agency) of the former Redevelopment Agency of the City of South San Francisco (Agency). The LRPMP was prepared in accordance with Health and Safety Code Section 34191.5 pursuant to ABx1 26 (as amended by AB 1484) (collectively, Redevelopment Dissolution Statutes). The Redevelopment Dissolution Statutes govern the disposition of the former Agency's real property. Pursuant to the Redevelopment Dissolution Statutes, the *housing* properties were transferred to the City of South San Francisco (City) and the *non-housing* properties were transferred to the Successor Agency. The Successor Agency is now responsible for disposition of the non-housing properties.

The Redevelopment Dissolution Statutes required successor agencies to undergo two detailed Due Diligence Reviews (DDRs) to determine unobligated fund balances available for transfer to the affected taxing entities. Upon a successor agency's completion of these requirements, including any required payment of fund balances, outstanding tax entity passthrough obligations and residual payments, as applicable, the State Department of Finance (DOF) issues a Finding of Completion (FOC). The Successor Agency is required to submit to DOF the LRPMP within six months of the issuance of the FOC. The Successor Agency received its FOC on May 24, 2013; thus the LRPMP is due to DOF by November 24, 2013. Upon approval by the Oversight Board and DOF, the LRPMP governs and supersedes all other provisions relating to the disposition and use of the former Agency's real property assets.

At the time of its dissolution, the Agency owned 32 *non-housing* parcels of real property. The properties are located within the boundaries of the Gateway, El Camino Corridor and Downtown-Central Project Areas (see Figure A). The properties are subject to the provisions of the Redevelopment Plan, the City of South San Francisco General Plan and the City's zoning and land use regulations as set forth in City codes and ordinances. The properties in the El Camino Corridor Project Area are also subject to the El Camino Chestnut Area Plan. The properties in the Downtown-Central Project Area will also be subject to the Downtown Area Specific Plan (DSAP) upon DSAP adoption in 2014.

In accordance with Health and Safety Code Section 34191.5(c), Part I of the LRPMP contains an inventory of specified information related to each of the Successor Agency owned properties. The property inventory is grouped by project area in the following order: Gateway, El Camino Corridor and Downtown Central. The following information is required for each of the Successor Agency owned properties:

a) Acquisition Information
b) Purpose of Acquisition
c) Parcel Data
d) Estimate of Current Value
e) Revenues Generated by Property/Contractual Requirements
f) Environmental Contamination and Remediation
g) Potential for Transit Oriented Development and Advancement of Planning Objectives
h) History of Development Proposals and Activity

Part II sets forth the proposed plan for the disposition and uses of each of the properties. The Redevelopment Dissolution Statutes dictate that properties must be categorized for disposition in one of the following ways:

1. Use Property to Fulfill Enforceable Obligation;
2. Retention of Property for a Governmental Use;
3. Retention of Property for Future Development; or
4. Sale of Property.

Part II of the LRPMP identifies the proposed disposition category for each property owned by the Successor Agency. In Part II, the property inventory is grouped first by disposition category, then by project area. Many of the Agency's properties were acquired for the purpose of assembling parcels into large developable lots in order to advance the Redevelopment Plan's goals. In such cases the disposition strategy will discuss assembled parcels jointly. Finally, in this LRPMP, the Successor Agency has not categorized any properties under the Fulfillment of Enforceable Obligations category; it has designated all properties into the remaining three categories.

The LRPMP includes several appendices that provide background information that contributed to the preparation of this report or that provide supplemental information. Included in the appendices are Appendix A, the optional DOF tracking worksheet.

Property Inventory

Gateway Project Area

The Agency owns one property in the Gateway Project Area, 559 Gateway, which is currently used as a childcare center. This section provides all of the required information regarding this property and its proposed disposition.

1. 559 Gateway Blvd.

On May 28, 2003 the Agency acquired approximately 0.7 acres from Boston Properties for construction of the Gateway Childcare Center. The acquisition of the property was consistent with the South San Francisco General Plan (adopted in 1999) and the Gateway Redevelopment Plan for the Project Area as it furthered the Plan's goals of providing affordable childcare to the residents of the City and employees of businesses within the project area. The Childcare Center consists of 8,300 square feet of occupied space and 5,000 square feet of fenced outdoor play area.

559 Gateway Blvd.

a) Acquisition Information

Based on Restrictive Covenants transferring the property from Boston Properties to the Agency and the recorded deed, the Agency parcel may only be used for: a) operation of a child day care facility; b) a public library; c) a public office facility as an amenity to the property. The Agency elected to build a childcare center. Upon construction of the Childcare Center, Boston Properties deeded this parcel to the Agency by means of a Second Amendment to Declaration of Covenants, Conditions and Restrictions for Gateway Center (Restrictive Covenants). On May 28, 2003 the Agency Board adopted Resolution 03-2003 accepting the conveyance. Since the Agency is not a direct service provider, it leased the property to the Peninsula Family YMCA to operate the childcare center. Several easements are provided for in the Restrictive Covenants, including easements across and upon the property for utilities, parking, vehicular access, signage and maintenance.

b) Purpose of Acquisition

The Agency acquired the parcel per the Second Amendment to Declaration of Covenants, Conditions and Restrictions for the purpose of construction of a childcare center. The childcare center was to serve residents of the City and employees of businesses within the project area. Boston Properties conveyed the property to the Agency for $0; the property was conveyed as a condition of development for Boston Properties' development.

c) Parcel Data

559 Gateway, APN 015-024-490: This is an irregular shaped parcel (see Appendix B) consisting of 30,330 sq. ft. (0.7 acre) and measures 230 feet by 158.5 feet. The parcel is zoned Gateway Specific Plan with a General Plan designation of Business Commercial.

d) Estimate of Current Value

There are no current estimates for the value of the land as it was conveyed to the Agency for $0 and is restricted to public use. Therefore, it has value as a public facility but not for commercial use.

e) Revenues Generated by Property/Contractual Requirements

The Peninsula Family YMCA has a 25 year lease that is renewable in 2029. The annual rent for the property is waived in order to allow the YMCA to provide childcare subsidies. The Agency, however, must pay the Gateway Property Owners Association fees of $500 per month.

f) Environmental Contamination and Remediation

There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

This property advances the Gateway Redevelopment Plan by providing affordable childcare to residents and employees of businesses within the project area. The property is restricted in its uses and cannot be redeveloped into transit oriented housing. However, the site benefits from regional employee shuttle services, operated by both Genentech and the Congestion Management Relief Alliance, which allow employees to use the Caltrain and BART stations. The program complies with the City Transportation Demand Management Ordinance and the General Plan.

h) History of Development Proposals and Activity

The property was developed into a childcare facility in compliance with Restrictive Covenants conveying the property to the Agency. The property is leased to the Peninsula Family YMCA. No other proposals or activity have been considered for this property.

El Camino Corridor Project Area

The Agency owns seven parcels in the El Camino Corridor Project Area (see Figure B). These parcels are grouped into three property assemblages based on their acquisition history and proposed uses:

- Former PUC properties– Five parcels that were purchased from the San Francisco Public Utilities Commission (PUC) for future development as mixed-use, transit oriented development and open space.
- 1 Chestnut Ave– This parcel was purchased to augment the development potential of the former PUC properties.
- 80 Chestnut– This parcel was purchased from Cal Water in order to expand the Orange Memorial Park.

This section provides all of the required information regarding these properties. It begins with a description of the Agency's key goals and objectives from the El Camino Corridor Redevelopment Plan and Five-Year Implementation Plan. These properties were purchased to achieve the goals and objectives outlined in the El Camino Corridor Redevelopment Plan and Five-Year Implementation Plan as described below.

The El Camino Corridor Project Area was adopted in 1993 and amended to add area in 2000. El Camino Real (State Route 82) was the first highway and automobile route through the San Francisco peninsula. Spanning almost two miles in South San Francisco, the El Camino corridor is the City's most diverse area in terms of land use, and serves as a major neighborhood commercial center for the City. Commercial uses such as hotels, fast food restaurants, and shopping centers predominate. All but one of the City's neighborhood shopping centers is located in the corridor. Residential uses, offices and service commercial uses are located in small pockets. In addition, the area contains the Kaiser Permanente Medical Center, the County Government Center, Costco, and the South San Francisco BART station. The original Redevelopment Plan for the El Camino Corridor Project Area lists the following goals and objectives of the community redevelopment program in the El Camino Corridor Project Area, which serve as governing objectives for the property disposition program for this area:[1]

> *1. The elimination and prevention of the spread of blight, non-conforming uses and deterioration and the conservation, rehabilitation and redevelopment of the Project Area in accord with the General Plan, future specific plans, the Plan and local codes and ordinances, as they now exist or may hereafter be amended.*
>
> *2. The achievement of an environment reflecting a higher level of concern for architectural, landscape, urban design and land use principles appropriate for attainment of the objectives of the Plan and the General Plan, as they now exist or may hereafter be amended.*

[1] Redevelopment Plan for the El Camino Corridor Area with 1st amendment ord 1150-94, p. 3

3. The control of unplanned growth by guiding revitalization, rehabilitation and new development in such fashion as to meet the needs of the Project, the City and its citizens.

4. The reduction of the City's annual costs for the provision of local services to and within the Project Area.

5. Increased sales, business licenses and other fees, taxes and revenues for the City.

6. The promotion of new and continuing private sector investment within the Project Area to prevent the loss of and to facilitate the increase of commercial sales activity.

7. The creation and development of local job opportunities and the preservation of the area's existing employment base.

8. The development of a spectrum of housing types affordable to various segments of the community in a manner consistent with the Housing Element of the General Plan and the provisions of the Redevelopment Law, as they now exist or may hereafter be amended.

9. The elimination or amelioration of existing substandard condition, including substandard vehicular circulation and parking systems; inadequate infrastructure; insufficient off-street parking; and other similar public deficiencies adversely affecting the Project Area.

10. The assistance in undergrounding of BART through the project Area to ensure that the Project Area meets its full development potential upon the removal of existing blighting conditions.

Furthermore, the 2000 Redevelopment Plan Amendment included the following relevant goals for the El Camino Corridor Project Area:[2]

e. Control of unplanned growth by guiding revitalization, rehabilitation and new development in such a fashion as to meet the needs of the Second Amendment to the Plan, the City of South San Francisco and its citizens.

i. Promotion of new and continuing private sector investment within the Second Amendment Area to prevent the loss of and to facilitate the increase of commercial sales activity.

k. Development of a spectrum of housing types affordable to various segments of the community in a manner consistent with the Housing Element of the General Plan and the provisions of the Redevelopment Law.

[2] The Second Amendment to Redevelopment Plan for the El Camino Corridor Area ord 1270-00, pp. 3-4

l. Carrying out or providing for the carrying out of redevelopment In the Second Amendment Area in the interest of the general welfare pursuant to Health and Safety Code Sections 33020 and 33021, including planning, development, replanning, redesign, clearance, reconstruction, and provision of those residential, commercial, industrial, public or other structures or spaces as may be appropriate, including recreational and other facilities incidental or appurtenant to them, alteration, improvement, modernization, reconstruction or rehabilitation of existing structures, provision for open-space types of use such as streets and other public grounds and space around buildings, public or private buildings, structures and improvements, and improvement of public or private recreation areas and other public grounds.

Based on these goals and objectives, the Agency has undertaken public infrastructure, public facility, economic development, property acquisition, and affordable housing activities in the El Camino Corridor Project Area. The City and Agency expanded the City's largest park, Orange Memorial Park by creating a linear park that connects the BART station to the original park. Redevelopment also supported the Specific Plan process for high density, transit-oriented development (TOD) in the BART station area and has helped catalyze mixed-used development in that area.

Five-Year Implementation Plan

The Five-Year Implementation Plan describes the goals and objectives for redevelopment activities in each of the project areas (based on the goals and objectives in the respective Redevelopment Plans) and presents specific programs and expenditures that would be undertaken. For the El Camino Corridor Project Area, the Implementation Plan states the following goals and objectives that are directly relevant to the development of properties that are owned by the former redevelopment agency (excerpted from pages I-7 to pages I-8 of the Implementation Plan):[3]

- *Eliminate and prevent the spread of blight, non-conforming uses and deterioration and conserve, rehabilitate and redevelop the Project Area in accordance with the General Plan, future specific plans, the Plan and local codes and ordinances.*

- *Achieve an environment reflecting a higher level of concern for architectural, landscape, urban design and land use principles appropriate for attainment of the objectives of the Plan and the General Plan.*

- *Control unplanned growth by guiding revitalization, rehabilitation and new development in such fashion as to meet the needs of the Project, the City and its citizens.*

- *Promote new and continuing private sector investment within the Project Area to prevent the loss of and to facilitate the increase of commercial sales activity.*

[3] See page I-7 to I-8, South San Francisco Redevelopment Agency, Five-Year Implementation Plan, FY 2009/10–FY 2013/14.

- *Develop a spectrum of housing types affordable to various segments of the community in a manner consistent with the Housing Element of the General Plan and the provisions of the Redevelopment Law.*

- *Eliminate or ameliorate existing substandard conditions, including substandard vehicular circulation and parking systems, inadequate infrastructure, insufficient off-street parking, and other similar public deficiencies adversely affecting the Project Area.*

- *Present and create civic, cultural and educational facilities and amenities as catalysts for area revitalization.*

- *Upgrade and expand recreational areas and open space.*

- *Develop more east-west crossings on El Camino Real that connect the City's neighborhoods, and a continuous parallel street on the eastside to provide alternative travel routes.*

- *Encourage development of a mix of uses, with pockets of concentrated activity that provide focus and identity to the different parts of El Camino Real.*

- *Develop the South San Francisco BART station area as a vital pedestrian-oriented center, with an intensity and mix of uses that complement the area's new role as a regional center.*

- *Increase opportunities for regional and neighborhood commercial uses*

- *Extend Centennial Way along BART alignment and create east-west connections between El Camino and the neighborhoods.*
- *Enhance pedestrian and bicycle connectivity around existing facilities such as Kaiser, Orange Memorial Park and the Municipal Services Building as well as new public facilities such as a new library.*

- *Make improvements along Colma Creek Canal, including bank improvements, landscaping and removal of chain link fencing.*

2-6. Former PUC Properties
APN 093-312-050, 093-312-060, 093-331-050, 093-331-060 and 011-326-030

Following the purchase of the former PUC properties, the City embarked on preparing an area wide plan for the northerly portion of El Camino Real between Chestnut Avenue and the SSF BART station. The central aim of the plan is to develop the area into a vibrant high density mixed-use neighborhood allowing for improved auto access as well as attractive and accessible bicycle, pedestrian and open space connections. Located in the geographic heart of South San Francisco, the former PUC properties were acquired by the Agency in order to redevelop them into new mixed-use, transit-oriented developments that would create a vibrant Transit Village district within South San Francisco. The properties are advantageously located at the City's busiest crossroads at Chestnut Avenue and El Camino Real. They are located in close proximity to the South San Francisco Bay Area Rapid Transit (BART) Station and the City's Transit Village Zoning District just north of the properties. The properties are also near key public amenities including Orange Memorial Park, the Centennial Way pedestrian and bike trail and the Municipal Services Building. The properties are adjacent to the right-of-way for the underground BART.

PUC Properties

The PUC properties are currently vacant, offering the opportunity to structure development, connections and open space in an integrated manner. Centennial Way—a bicycle and pedestrian trail within the Colma Creek and BART rights of-way that run through the length of the site —will be extended along the portion of the BART right-of-way between Chestnut Avenue and Colma Creek. This trail network will provide an important direct connection between the South San Francisco BART Station to the north and Orange Memorial Park to the south. Pedestrian and bicycle paths will connect new development and surrounding neighborhoods to the Centennial Way spine. Buildings, parks, and plazas will be oriented to the open space network to maximize access to and visibility of these amenities.

a) Acquisition Information

In March 2006, the Agency Board approved a Purchase and Sale Agreement between the Agency and the City and County of San Francisco (CCSF)/San Francisco Public Utilities Commission to purchase approximately 21.3 acres of property. In July 2007, the Agency amended the Purchase and Sale Agreement to reduce the amount of property being purchased to 13.2 acres for a reduced price of $21,060,000. The purchase and sale was completed and the property was transferred to the Agency on January 31, 2008.

b) Purpose of Acquisition

The South San Francisco BART Station created new opportunities for innovative planning along El Camino Real. With the adoption of the South San Francisco General Plan in 1999, the City Council recognized that the SSF BART Station area could be a new activity node that would serve local residents and attract visitors. Specific to the El Camino Real Corridor, the City has: 1) adopted the SSF General Plan which encourages transit oriented development; 2) implemented the SSF BART Transit Village Plan and Ordinance; 3) prepared plans to extend Oak Avenue from Mission Road to El Camino Real; 4) constructed the majority of Centennial Way over the BART-SFO right-of-way; and 5) purchased a total of 14 acres of vacant land from the San Francisco Public Utilities Commission and Ron Price Motors to ensure high quality mixed use development. The most recently approved housing projects include Park Station at 1200 El Camino Real (99 units), the Mid-Peninsula Housing Project at 636 El Camino Real (109 affordable units and 5,700 sq. ft. of commercial space), and the newly approved Mission & McLellan project at 1309 Mission Road (20 units and 6,000 sq. ft. commercial). The City's planning effort is consistent with regional efforts to promote Transit Oriented Development and is governed by the following planning and policy documents:

The Grand Boulevard Initiative

The Grand Boulevard Initiative is a collaboration of 19 cities, counties, local and regional agencies to improve the performance, safety, and aesthetics of El Camino Real and to provide coordinated planning for the entire corridor.

El Camino Real Master Plan

In 2007, the City adopted the El Camino Real Master Plan with the goal to "develop El Camino as a boulevard that accommodates its role as a regional corridor but with streetscape and development that provide identity to the street."

South San Francisco General Plan Housing Element

The Housing Element, updated in June 2009, contains an analysis of the community's housing needs, resources, constraints, and opportunities. The Housing Element identifies several housing sites within the Planning Area and estimates that these sites can accommodate approximately 549 housing units at the existing zoning and development standards.

South El Camino Real General Plan Amendment
The City adopted a General Plan Amendment, Zoning Changes and Design Guidelines to permit high-density, mixed-use development along the El Camino Real Corridor. The purpose of the Amendment is to recognize the El Camino Real corridor as a strategic location in the city – the area is well served by schools, transit, and existing infrastructure – by replacing older policies and regulations, which promote low-intensity, auto-oriented single-use activity, with policies and regulations that target higher intensities and mixed-use development.

Given this planning context, the Agency purchased these properties to create a new walkable, distinctive, mixed-use district at the geographic center of South San Francisco. A network of open spaces will form the armature of new development. New streets and pedestrian connections will extend through the area, enabling easy movement on foot. The BART right-of-way that extends through the length of the Planning Area will be transformed into a linear park and a pedestrian-oriented "Main Street," lined with restaurants, cafés and outdoor seating in a portion of the right-of-way. Development will be at high densities, reflecting adjacent transit access. The plan envisions a new neighborhood of up to 4,800 residents housed in low- to high-rise buildings. It will provide a range of commercial uses; walking access to everyday amenities; new civic uses, potentially including a new City Library; parks, plazas, and gathering spaces for the entire South San Francisco community.

c) Parcel Data
Former PUC Parcels APN 093-312-050, 093-312-060, 093-331-050, 093-331-060 and 011-326-030: These properties consist of various irregular shaped parcels encompassing 13.2 acres. The parcels are zoned according to a blend of development intensity as dictated by the El Camino Real/Chestnut Avenue Land Use Plan. The designations include High Density Residential, El Camino Real Mixed Use North, El Camino Real Mixed Use North High Intensity, El Camino Real Mixed Use North Medium Intensity and Public Use.

Parcel 011-326-030 is a vacant site of approximately 1.9 acres. It is a well exposed corner lot with extensive frontage along east side of El Camino Real and along Chestnut Avenue. However, it suffers from extreme grade variance dropping precipitously from the El Camino frontage to the rear of the property.

Parcels 093-312-060 and 093-312-050 are vacant lots of approximately 7.6 acres. They have extensive frontage along Mission Road but are also bisected by Colma Creek and the proposed Oak Avenue extension.

Parcels 093-331-050 and 093-331-060 are two narrow, landlocked lots running behind properties facing El Camino Real between Orange Avenue and Chestnut Avenue. This corridor now serves as a linear park. It also contains a 21,000 sq. ft. building next to Orange Park that is occupied by the Boys and Girls Club. These lots are approximately 3.7 acres.

d) Estimate of Current Value

The Successor Agency has only had parcel 011-326-030 recently appraised. Given the challenging development conditions that exist on this parcel, the appraisal dated September 9, 2013 by DANA Property Analysis estimates the value of the property to be $970,000 ($15.16/sq. ft.), see Appendix C.

The value of the remaining parcels as currently configured is difficult to assess because sub-areas within each parcel can have widely varying values depending on their accessibility, potential for development and the presence of hazardous materials. A better understanding of the value of these properties can be derived from the disposition section of this report where the properties are subdivided and/or assembled into developable lots.

e) Revenues Generated by Property/Contractual Requirements

All parcels are vacant and undeveloped with the exception of a 21,000 sq. ft. building on parcel 093-331-060. The building is rented to the Boys and Girls Club under a "Revocable Permit" that has existed between the PUC and the Boys and Girls Club since 1958 and prior to the Agency's acquisition of the property. The Agency assumed the Revocable Permit when it acquired the property. The Revocable Permit between the Agency and the Boys and Girls Club contains the following provisions: 1) no rent, 2) the buildings are considered to be temporary and can be demolished at the Boys and Girls Club expense, 3) the Boys and Girls Club must maintain liability insurance, 3) the Permit has no sunset clause and can be revoked at any time.

f) Environmental Contamination and Remediation

The Agency conducted Phase I and Phase II assessments and found parcel 011-326-030 has several adverse environmental conditions. See Appendix D for a complete listing of these conditions. The Phase I report indicates the remaining parcels do not have adverse environmental conditions.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

Sitting along El Camino Real and in close proximity to the BART station, the former PUC properties are a perfect example of land suitable for transit oriented development. This proposed efficient use of land creates a pedestrian oriented, walkable area close to transit that is part of the City's ongoing effort to promote integrated planning and development based on sustainability principles and practices. The vision for the Planning Area is one of "smart growth," enhanced by policies and design guidelines that ensure sustainable measures such as access to transit and green building

h) History of Development Proposals and Activity

Prior to the acquisition by the Agency, the PUC had not considered any development proposals that resulted in any significant development activity or review by the City.

7. 1 Chestnut Avenue

The Agency purchased 1 Chestnut Avenue as an essential property in the implementation of the Redevelopment Plan for the El Camino Project Area. This property is necessary to achieving the Agency's development goals and to completing the redevelopment of the PUC properties. The property, which at the time housed Ron Price Motors, was acquired on January 8, 2008. Upon acquisition, the Agency leased the property back to Ron Price Motors for a period of three years. However, Ron Price Motors vacated the property prior to the end of the lease. The building was then partially leased to Green Builder's Exchange from 2008 to 2009. The property is currently leased to Red Cart Market, Inc., doing business as Pet Club Stores, Inc.

1 Chestnut Avenue

1 Chestnut Avenue

a) Acquisition Information

The Agency acquired the property on January 11, 2008 by Grant Deed. The purchase price of $6,500,000 was based on the valuation provided by DANA Property Analysis, dated October 3, 2007.

b) Purpose of Acquisition

The Agency purchased this property because it is essential for the development of the former PUC Properties (see page 12) and the implementation of the Redevelopment Plan for the El Camino Project Area. For a complete description of the purpose of this acquisition, see page 13, part b) discussing the PUC properties.

c) Parcel Data

1 Chestnut, APN 011-322-030: This is a parcel consisting of 1.66 acre or 72,000 sq. ft. with a 27,000 sq. ft. building (see Appendix B). The parcel is zoned El Camino Real/Chestnut Avenue Area, Mixed Use High Intensity.

d) Estimate of Current Value

The property has recently been appraised twice due to negotiations with PG&E as it was considering acquiring the rights to locate a gas line through a portion of the property. Based on the two appraisals, the value of the property is between $4,034,525 and $4,841,000. PG&E's appraiser, Patrick Idiart and Associates, estimated the property's value as $4,034,525 ($55/sq. ft.) in an appraisal dated May 11, 2012. The Successor Agency appraiser, DANA Property Analysis, estimated a value of the property at $4,841,000 ($66/sq. ft.) in a report dated May 11, 2012. For the purposes of this report, it assumed the property value is the average of the two appraisals $4,438,080 ($61.64/sq. ft.).

e) Revenues Generated by Property/Contractual Requirements

On January 8, 2013, a lease was executed with Red Cart Market, Inc., doing business as Pet Club Stores, Inc. The term of the lease with Pet Club is three years (36 months) at a gross rate of $37,519 per month, with an option to extend the lease for an additional 12 months. A $500,000 tenant improvement allocation to Pet Club from the Successor Agency/Oversight Board includes a pay back of $13,899 per month for three years resulting in a net rent of $23,620/month.

f) Environmental Contamination and Remediation

On December 3, 2007, CSS Environmental submitted results of a Phase I and limited Phase II evaluation, including soil samples, concluding that no recognized environmental condition was found at the subject property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

Sitting along Chestnut Avenue in close proximity to El Camino Real and the South San Francisco BART station, 1 Chestnut is ideal for transit oriented development. This proposed efficient use of this property and the PUC properties creates a pedestrian oriented, walkable area close to transit that is part of the City's ongoing effort to promote integrated planning and development based on sustainability principles and practices. The vision for the Planning Area is one of "smart growth," enhanced by policies and design guidelines that ensure sustainable measures such as access to transit and green building.

h) History of Development Proposals and Activity

At the time of acquisition the property housed Ron Price Motors. The property is currently leased to Red Cart Market, Inc., doing business as Pet Club Stores, Inc. Since it acquired the property, the Agency has not considered any development proposals.

8. 80 Chestnut Avenue

This property comprises a portion of APN 011-324-160 purchased from California Water Service Company (Cal Water) on December 21, 2007. It consists of a 3,640 square foot single-story building and site improvements on a 30,000 square foot parcel of land. The building is occupied by the South San Francisco Historical Society and consists of 1,950 square feet of office space and 1,690 square feet of industrial warehouse space. The Historical Society will occupy the space until Cal Water is able to sell additional property to the City, at which time a proposed park expansion will proceed. Site improvements include a paved driveway, a 10-space parking lot, and landscaping. The quality and condition of the improvements are average.

80 Chestnut Avenue

a) Acquisition Information

The Agency purchased the site in December 2007 for $1,100,000 after Cal Water devised a plan to break up the 6.86 acre parcel into five separate parcels in order to accommodate the City's desire to purchase the site. By dividing the parcel, Cal Water was able to sell the portion containing the building at 80 Chestnut immediately to the Agency.

b) Purpose of Acquisition

The property was purchased in order to improve the property as a park. In December 2006, the City updated the Orange Memorial Park Master Plan and the South San Francisco General Plan (Park and Recreation Element). The planning process included the goal of expanding the Orange Memorial Park into the Cal Water site. Initially Cal Water had indicated it would consider selling the entire 6.86 acre parcel to the Agency. However, Cal Water decided it would retain the northwestern portion of the parcel to continue its water service operation. Subsequently, Cal Water devised a plan to break up the land into various parcels to accommodate the City's interest in expanding Orange Memorial Park. Splitting the land into five parcels allowed Cal Water to retain the land it needs and sell the portion containing the building immediately to the Agency. Cal Water plans to sell additional sub-area parcels to the City in the future to complete the expansion of the park.

c) Parcel Data

80 Chestnut, portion of APN 011-324-190: This is an irregular shaped parcel consisting of 30,330 sq. ft. (0.7 acre), see Appendix B. The parcel is zoned Public/Quasi-Public.

d) Estimate of Current Value

There are no current estimates for the value of the land as it is restricted to public use. Therefore, it has value as a public facility but not for commercial uses.

e) Revenues Generated by Property/Contractual Requirements

The property is leased to the South San Francisco Historical Society for $1 per year. The term of the lease is for one year and renews automatically each year until April 1, 2033 unless either lessor or lessee terminates the lease with 90 day notice.

f) Environmental Contamination and Remediation

There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

Because the parcel is zoned Public/Quasi Public it has no potential for transit oriented development.

h) History of Development Proposals and Activity

The property was owned by Cal Water to operate wells providing water. Cal Water did not entertain any development proposals or activity.

Downtown Central Project Area

The Agency owns several parcels in the Downtown Central Project Area (see Figure C, page 22). This section provides all of the required information regarding these properties. It begins with a description of the Agency's key goals and objectives from the Downtown Central Redevelopment Plan and Five-Year Implementation Plan. The properties in Downtown Central Project Area were acquired to achieve these goals and objectives outlined in the Redevelopment Plan and Five-Year Implementation Plan and are described below.

Downtown Central Redevelopment Plan

The Downtown Central Project Area was adopted in 1989 and amended to add area in 2005. Downtown Central includes the oldest commercial and residential areas of the City—the Grand Avenue commercial district and adjoining residential areas. It also includes a large, formerly industrial area east of Highway 101 that is currently developed as a mix of office, industrial and biomedical research and development facilities. The original Redevelopment Plan for the Downtown Central Project Area lists following goals and objectives of the community redevelopment program in the Project Area:

> *1. To expand the retail component of the Downtown, providing diversification of offerings and encouraging major outlets as a draw to new shoppers.*
>
> *2. To continue support of the various cultural and civic uses which provide major anchors, stressing special events which draw new attendees.*
>
> *3. To promote the area as the financial hub, encouraging existing institutions to expand both physically and with related services.*

4. To eliminate blight through abatement or code compliance, reconstruction and assembly of parcels into more developable sites for more desirable uses.

5. To improve public parking, other public facilities, services, utility lines, lighting, public safety and public transportation.

6. To create a pedestrian environment to encourage multiple stops by visitors and more frequent visits to Downtown.

7. To emphasize and highlight the existing architectural style and scale through rehabilitation and renovation of historic structures and encouraging infill developments that relate to existing structures.

8. To expand and upgrade the housing opportunities in the community to eliminate blight and improve housing stock and standards for the present population.

9. To promote new and continuing private sector investment within the Project Area to prevent the loss of and to facilitate commercial and industrial activity.

10. To achieve an environment reflecting a high level of concern for architectural, landscape, and urban design and land use principles appropriate to attainment of the objectives of the Redevelopment Plan.

11. To retain and expand as many existing businesses as possible by means of redevelopment and rehabilitation acclivities and by encouraging and assisting the cooperation and participation of owners, businesses and public agencies in the revitalization of the Project Area.1

12. To provide for increased sales, business license, and other fees, taxes, and revenues to the City of South San Francisco.

13. To encourage maximum participation of residents, business persons, property owners, and community organizations in the redevelopment of the Project Area.

14. To create and develop local job opportunities and to preserve the area's existing employment base.

15. To replan, redesign and develop areas which are stagnant or improperly used.

16. To reduce the City's annual costs of providing of Iocal services to and within the Project Area.

Five-Year Implementation Plan

As noted earlier, the Five Year Implementation Plan describes the goals and objectives for redevelopment activities in each of the project areas (based on the goals and objectives in the respective Redevelopment Plans) and presents specific programs and expenditures that would be undertaken. For the Downtown Central Project Area, the Implementation Plan states the following goals and objectives that are directly relevant to the development of properties that are owned by the Agency (excerpted from pages I-5 to pages I-6 of the Implementation Plan):

- *Expand the retail component of the Downtown, provide diversification of offerings and encourage major outlets as a draw to new shoppers.*
- *Continue support of the various cultural and civic uses that provide major anchors, stressing special events that draw new attendees.*

- *Promote the Downtown area as the financial hub of South San Francisco, encouraging existing institutions to expand both physically and with related services.*
- *Eliminate blight through abatement or code compliance, reconstruction and assembly of parcels into developable sites for desirable uses.*
- *Improve public parking, other public facilities, services, utility lines, lighting, public safety and public transportation.*
- *Emphasize and highlight the existing architectural style and scale through rehabilitation and renovation of historic structures and encouraging infill development that relates to existing structures.*
- *Expand and upgrade the housing opportunities in the community to eliminate blight and improve housing stock and standards for the present population.*
- *Promote new and continuing private sector investment within the Project Area to prevent the loss of and to facilitate commercial and industrial activity.*
- *Achieve an environment reflecting a high level of concern for architectural, landscape, and urban design and land use principles appropriate to attainment of the objectives of the Redevelopment Plan.*
- *Replan, redesign and develop areas that are stagnant or improperly used.*
- *Promote Downtown's vitality and economic well being, and its presence as the City's center.*
- *Encourage development of Downtown as a mixed use activity center with retail and visitor-oriented uses, business and personal services, government and professional offices, civic uses, and a variety of residential types and densities.*
- *Provide incentives for infill development, intensification and reuse of currently underutilized sites.*
- *Enhance linkages between Downtown and transit centers, and increase street connectivity with the surrounding neighborhoods.*
- *Provide new or improved parks, open spaces, and recreational facilities.*

9. 480 North Canal

On November 12, 2003, the Agency Board adopted a resolution authorizing a Purchase and Sale Agreement for acquisition of the property and improvements located at 480 North Canal in the amount of $3.65 million using redevelopment bond funds. In 1998, the City had conducted an assessment of the Downtown Central Fire Station and concluded that the existing building could not be seismically upgraded to conform to current building code standards. In June of 2002, the Black Mountain Water Company vacated the property at 480 North Canal and the owner listed the property for sale. The City determined that the facility's configuration was well suited to house the City's downtown area fire station and made an offer on the property.

a) Acquisition Information

On November 12, 2003, the Agency authorized the purchase of the property and improvements located at 480 North Canal for $3.65 million. The property was conveyed to the City on April 28, 2004. The Agency used tax exempt bond funds to acquire the property as a public facility.

b) Purpose of Acquisition

The Agency acquired the property to house the City's downtown fire station after the City had determined the Central Fire Station could not be seismically upgraded. The City determined it could also locate the City's Emergency Operations Center and a training tower on the site. Consolidation of these facilities allowed the City to better serve the Downtown Project Area and the City at large. The property serves the Redevelopment goal of improving public facilities and public safety

c) Parcel Data

480 N. Canal, APN 014-061-110: This is a 2 acre property (approximately 75,260 sf. ft.). This irregular parcel measures 294 feet by 265 feet (see Appendix B). The parcel is zoned Public/Quasi Public and is designated Mixed Industrial per the General Plan.

d) Estimate of Current Value

The property has not been appraised recently. Its estimated value is the acquisition price of $3.65 million.

e) Revenues Generated by Property/Contractual Requirements

The parcel houses Fire Station 61, the Emergency Operations Center (EOC) and Fire Training Tower. At this time the three uses on the property do not generate any revenue. There are no contractual agreements associated with this property.

f) Environmental Contamination and Remediation

There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

The property is used for public purposes and is not suitable for transit oriented development. Placing the fire station at this site advanced the Redevelopment Plan’s goal of improving public facilities and public safety.

h) History of Development Proposals and Activity

The property serves the public goal and redevelopment goal of improving public facilities and public safety. No other development proposals or activity are being considered for this property.

10. 296 Airport Blvd.

The Agency Board approved a Purchase and Sale Agreement, on December 9, 2009, pursuant to Agency Resolution 25-2009, to acquire a portion of the State Department of Transportation (DOT) property, known as the Sales Parcel. The property was acquired to relocate the Caltrain station, related public uses and pedestrian access improvements from its current location to this site. DOT has a recorded access easement for maintenance of the freeway from Grand Avenue towards the center of the site, along an established access road.

a) Acquisition Information

The purchase price, based on an appraised value of $1,300,000, was discounted by $537,000, due to the estimated cost required for the clean-up of toxic materials found on the site. The final acquisition price was therefore $763,000. The property was conveyed to the Agency on January 28, 2010, subject to the DOT access easement.

296 Airport Blvd.

b) Purpose of Acquisition

The property was acquired to relocate the Caltrain station, related public uses and pedestrian access improvements from the station's current location to this site. The goal is to promote transit oriented development pursuant to the Agency's Five Year Goals and its Implementation Plan for the Downtown/Central Project Area. The Agency Board made the requisite findings of fact under Health and Safety Code Section 33445 for use of redevelopment funds for publicly-owned improvements.

c) Parcel Data

296 Airport, APN 012-338-160: This parcel consists of 0.6 acre or 24,325 sq. ft. The parcel is zoned Public/Quasi Public.

d) Estimate of Current Value

The property has not been recently appraised. Its estimated value is the discounted value of $763,000 due to adverse environmental conditions.

e) Revenues Generated by Property/Contractual Requirements

The property is vacant, unimproved land and does not generate any revenue. There are no contractual requirements associated with this property.

f) Environmental Contamination and Remediation

A Purchase and Sale Agreement indicates that hazardous materials exist on the Sales Parcel and that the property was conveyed in "as is" condition. The Agency assumed the responsibility for the abatement of all hazardous materials on site. An environmental consultant estimated the cost of remediation would be $537,000. The purchase price, based on an appraised value of $1,300,000, was discounted by this amount.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

The parcel is zoned for Public/Quasi Public use and is an integral part of advancing transit oriented development for the entire downtown area.

h) History of Development Proposals and Activity

The City has prepared full plans for the relocation of the train station and all public amenities to this site. Work on the project was ready to commence but was delayed due to planning for the Bullet Train and the electrification of Caltrain.

11. 323 Miller Avenue

The Successor Agency owns the property at 323 Miller Avenue and the City of South San Francisco owns three adjacent parcels of land at 329 Miller Avenue. Together these properties house the City's new downtown parking structure. On December 13, 2006, the Agency Board adopted a resolution authorizing execution of a Purchase and Sale Agreement for acquisition of the property at 323 Miller Avenue, in the amount of $700,000. The Agency's intent was to maintain the existing affordable residential units until the City constructed the parking structure. The property was conveyed to the Agency by Grant Deed on March 14, 2007. Subsequently, the residential duplex was demolished and the property was incorporated into the parking structure.

Parking Structure

Former Residential Duplex

a) Acquisition Information

On December 13, 2006, the Agency adopted a resolution authorizing execution of a Purchase and Sale Agreement for purchase of real property in the amount of $700,000. The property was conveyed to the Agency by Grant Deed on March 14, 2007.

b) Purpose of Acquisition

The Agency purchased this property with the intent of combining it with three City owned parcels to build a parking structure for the downtown. The Agency maintained the affordable residential units until the City was ready to construct the parking structure. Subsequently, the residential duplex was demolished and the real property was incorporated into the parking structure developed on the site. The property now houses the easternmost area of the structure which contains the elevator shaft.

c) Parcel Data

323 Miller Avenue, APN 012-312-070: This 3,500 sq. ft. lot measures 25 feet by 140 feet. The parcel is zoned Downtown Core.

d) Estimate of Current Value

The property value cannot be separated from the parking structure improvements and adjoining parcels. The unimproved land value in the downtown is estimated at $80/sq. ft. The value of this property without improvements is estimated to be approximately $280,000.

e) Revenues Generated by Property/Contractual Requirements
This property generates revenues from metered parking, but all of the revenues are required to cover maintenance and operating costs for parking in the downtown.

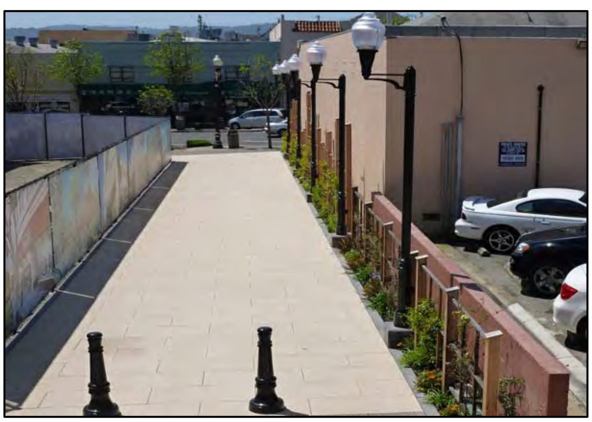
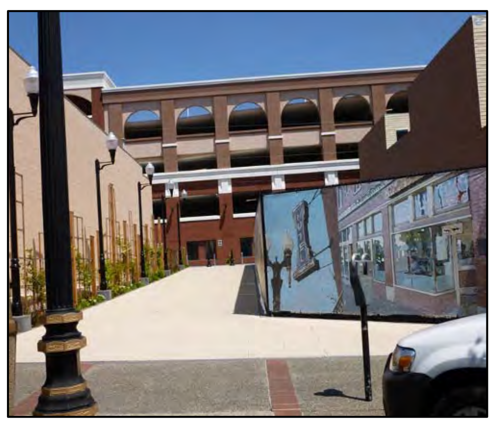
f) Environmental Contamination and Remediation
There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives
The property is now occupied by a multi-story public parking structure. It serves the Downtown Transit Oriented Development Area. The parking garage helps the City achieve transit oriented development goals in Downtown SSF through higher density in-fill residential projects in existing surface parking lots. . It also provides public parking to visitors of nearby government facilities and patrons of downtown businesses.

h) History of Development Proposals and Activity
The Agency maintained the affordable residential units at 323 Miller Avenue until the City constructed the parking structure. The property now houses the easternmost end of the parking structure which contains the elevator shaft and a small amount of unimproved commercial space.

12. 356 Grand Avenue

On February 10, 2010, the Agency approved the expenditure of tax increment funds to purchase this property. For many years the property housed a market. The downturn of the economy made it increasingly difficult for the owner to maintain the market in good condition and several businesses failed on the site. The Agency secured an appraisal and made offers to the owner over several years until the owner agreed to sell the property in 2010. The Agency purchased this property to provide a pedestrian connection from the parking structure directly onto Grand Avenue, the City's main commercial street.

Breezeway at 365 Grand Avenue

a) Acquisition Information
On February 10, 2010, the Agency adopted a resolution authorizing the execution of a Purchase and Sale Agreement with David Tsui for $1.7 million.

b) Purpose of Acquisition
The rear of the property on Grand Avenue is strategically located directly across from the new parking structure on Miller Avenue. The Agency purchased this property to provide a pedestrian connection from the parking structure directly onto Grand Avenue, the City's main commercial street. This acquisition and the development of the pedestrian breezeway facilitated the movement of downtown visitors from the parking structure into the commercial area. The improvement advances the Redevelopment Plan goal of eliminating blighted conditions, increasing economic activity, improving pedestrian circulation, and encouraging further development in the surrounding area.

c) Parcel Data
356 Grand Avenue, APN 012-312-300: This 7,000 sq. ft. (0.16 acre) lot measures 50 feet by 140 feet. The parcel is zoned Downtown Core. The breezeway connection utilizes half of the property and the other half is vacant, unimproved land.

d) Estimate of Current Value
The unimproved land value in the downtown is estimated at $80/sq. ft. The value of this property without improvements is estimated to be approximately $560,000.

e) Revenues Generated by Property/Contractual Requirements
The property is vacant, unimproved land and does not generate any revenue. There are no contractual requirements associated with this property.

f) Environmental Contamination and Remediation
There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives
The property is located within a transit oriented planning area and has the potential to be developed into a transit oriented development. However, its current use as a public breezeway between the parking structure and Grand Avenue is important to creating economic vitality by facilitating the movement of shoppers into the commercial center. Half of the property can still be developed but because of its size it is more likely to be developed into retail space.

h) History of Development Proposals and Activity
The Agency acquired the property in 2010. Upon acquisition the Agency demolished the blighted building on the property that had housed several failed markets. Other than the construction of the pedestrian breezeway no other plans have been considered for the property.

13. 472 Grand Avenue/306 Spruce Avenue

This property is a 14,000 square foot parcel containing a three story medical facility building and an adjacent parking lot. The facility also has a dedicated parking lot at 468 Miller Avenue. The basement level of the building contains vacant office space, the building's mechanical systems (electrical, fire alarms, HVAC and boiler) and restrooms. The San Mateo County Health Center occupies the second floor and Sitike Counseling Center occupies the first floor. The roof of the building contains cell tower equipment installed by Sprint and the building's exhaust fans.

Sitike's tenant space is partitioned into office spaces, counseling rooms, entry lobby, kitchen, child care facility, two disabled accessible restrooms, and access to an outdoor patio. The Sitike lease includes four (4) on-site parking spaces and seven (7) spaces at the parking lot located at 468 Miller Avenue.

472 Grand Ave/306 Spruce Ave

The County Health Center is a primary care medical facility with exam rooms, a large office area, counseling rooms, a lobby, a computer server room, a meeting room, kitchen, and two disabled (men's and women's) accessible restrooms. The County Health Center lease includes five (5) parking spaces in the adjacent lot and eleven (11) spaces in the lot at 468 Miller Avenue.

a) Acquisition Information

On November 12, 1997, the Agency Board adopted Resolution of Necessity 16-97, finding that the public necessity required the acquisition of the real property located at 472 Grand Avenue/306 Spruce Avenue and 468 Miller Avenue. The City had previously made offers to purchase the property for its appraised value. However, the Agency could not reach an agreement with the property owner. Therefore, the Agency's resolution authorized the City Attorney to conduct an action in eminent domain for the acquisition of the property.

b) Purpose of Acquisition

The Agency acquired the building and the parking lots that serve the building in order to rehabilitate the building and provide vital health services for low-income residents residing in the downtown project area. The acquisition provided the Agency with the opportunity to rehabilitate a downtown property and locate a County Health Center providing primary health services, a nonprofit agency providing family and substance abuse counseling, and a chiropractic's office. The facility is currently still occupied by the County Health Center and Sitike Counseling Center.

c) Parcel Data

472 Grand Avenue/306 Spruce Avenue, APN 012-302-140: This 14,000 sq. ft. (0.32 acre) lot measures 100 feet by 140 feet. The parcel is zoned Downtown Core.

d) Estimate of Current Value

In February of 2007, the property was appraised by DANA Property Analysis, concluding that its “as is” market value was $3,050,000. However, this valuation included the building at 472 Grand Avenue/306 Spruce Avenue and the dedicated parking lot at 468 Miller Avenue. The 2007 appraisal did not take into consideration the building’s aging infrastructure and systems. Over the years many problems have arisen with respect to drainage and failed water lines that are buried between the walls and floors of the building. Therefore, based on an estimate of $90/sq. ft., this individual property is worth approximately $1.26 million.

e) Revenues Generated by Property/Contractual Requirements

Sitike pays $5,858 per month to rent the first floor, the County Health Center pays $8,370 per month for the second floor, and Sprint pays $1,983 per month for the cell towers on the roof. Combined, the tenants generate $194,559 per year in revenues. Sitike and the County Health Center each have one-year leases. The most recent leases were approved in August 2013. Sitike’s lease expires on August 31, 2014 and the County Health Center’s lease expires on September 30, 2014. Both leases have been renewed annually for one year until the Department of Finance approves the property’s proposed disposition.

f) Environmental Contamination and Remediation

There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

This property is developed with a functional building in a transit oriented area and is not suitable for other transit oriented development at this time. The property advances a critical planning objective to provide health services to low income residents in the downtown and also helps prevent further deterioration of the building.

h) History of Development Proposals and Activity

The property serves the public goal and redevelopment goal of providing public facilities serving low-income residents residing in the project area. No other development proposals or activity are being considered for this property.

14. 468 Miller Avenue

The property at 468 Miller Avenue was purchased in conjunction with 472 Grand Avenue/306 Spruce Avenue. This property serves the parking requirements of the property at 472 Grand/306 Spruce Avenue.

a) Acquisition Information

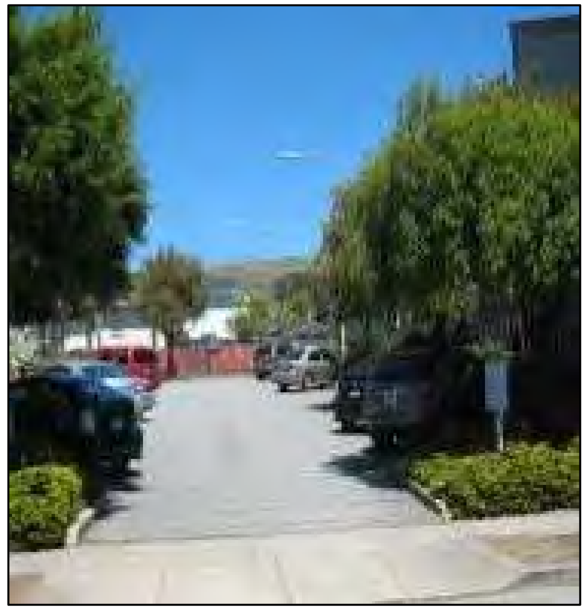
See acquisition information for 472 Grand Avenue/306 Spruce Avenue.

b) Purpose of Acquisition

See acquisition information for 472 Grand Avenue/306 Spruce Avenue.

c) Parcel Data

468 Miller Avenue, APN 012-302-140: This is a 7,000 sq. ft. lot measuring 50 feet by 140 feet (see App. B) The parcel is zoned Downtown Residential Medium.



468 Miller Avenue

d) Estimate of Current Value

The unimproved land value in the downtown is estimated at $80/sq. ft. The value of this property without improvements is estimated to be approximately $560,000 but currently the property represents no additional value as it is needed to provide parking medical center, particularly for persons with disabilities.

e) Revenues Generated by Property/Contractual Requirements

The property serves the parking requirement for 472 Grand Avenue/306 Spruce Avenue. See acquisition information for 472 Grand Avenue/306 Spruce Avenue for more details.

f) Environmental Contamination and Remediation

There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

The property serves the parking requirement for 472 Grand Avenue/306 Spruce Avenue. Unless the property at 472 Grand/306 Spruce converted to a use not requiring parking, the property cannot be redeveloped into a transit oriented project. The property advances a critical planning objective to provide critical health services to local residents.

h) History of Development Proposals and Activity

The property has served as the parking lot for 472 Grand Avenue/306 Spruce Avenue. No other development proposals or activity are being considered for this property.

15. 201 Grand Avenue

The Agency originally acquired this property through eminent domain. The building on the property and the bar that operated there had blighted conditions that needed to be addressed. Moreover, the Agency considered the site a suitable location to replace 25 public parking spaces that were lost due to a commercial development on Baden Avenue. The property was subsequently developed into 13 metered parking spaces and incorporated into the Downtown Parking District. However, the Agency Board stipulated that if the site was not needed for parking in the future, it would serve as an excellent retail site for the entrance to the Historic Grand Avenue Downtown Business District.

a) Acquisition Information

On March 22, 2000, the Agency Board adopted a Resolution of Necessity for the property, occupied by the former Copa Cabana bar. The Copa Cabana had been subject to various code violations due to the substandard condition of the structure. The Agency acquired the property through eminent domain. The property's appraised value was $564,000 based on an appraisal conducted by Dana Property Analysis on December 29, 1999. The final property value of $611,097 was determined by the court in the subsequent condemnation action.

201 Grand Avenue

b) Purpose of Acquisition

The Agency originally purchased the property as a potential location for the replacement of 25 parking spaces lost in the Downtown Parking District due to the Agency's participation in the development of a new retail building on Baden Avenue that used a public parking lot. The installation of a new public parking facility was specifically identified in the Agency's Implementation Plan. The property was also severely blighted and suitable for redevelopment.

c) Parcel Data

201 Grand Avenue, APN 012-316-110: This is an irregularly shaped 5,077 sq. ft. lot measuring 36 feet by 140 feet (see Appendix B). The parcel is zoned Downtown Core.

d) Estimate of Current Value

The property has not been appraised in recent years. The unimproved land value in the downtown is estimated at $80/sq. ft.; therefore, the value of this property without improvements is estimated to be approximately $406,160. However, the property is suitable for transit oriented development (see below) which may ultimately increase its value.

e) Revenues Generated by Property/Contractual Requirements

The property and the adjacent property at 207 Grand Avenue generate $5,436.18 per year in parking revenues but these funds are currently being used to offset the cost of operating and maintaining the parking lot.

f) Environmental Contamination and Remediation

There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

Combined with the adjacent properties owned by the Successor Agency, this site is ideal for a transit oriented development. The property is located within the downtown and is less than one-quarter (1/4) mile away from the South San Francisco Caltrain station. Upon the relocation of the train station the property will be one block away from the train station entrance. Plans for this site and the adjacent parcels indicate that 37 residential units and 8,000 sq. ft. of retail can be built at this location.

h) History of Development Proposals and Activity

In August 2010, a developer approached the Agency with a proposal to develop this site and adjacent private properties into a 45 residential unit development with 14,000 sq. ft. of retail space. The Agency initiated efforts to acquire five additional parcels in an attempt to assemble the site for a development but was only able purchase four parcels before the dissolution of redevelopment. Nevertheless, as stated above, the assembled site is still suitable for a 37 unit development.

16. 207 Grand Avenue

On December 8, 2010, the Agency Board adopted Resolution 23-2010 approving the execution of a Purchase and Sale Agreement to acquire the vacant parking lot located at 207 Grand Avenue for $350,000, the appraised valuation, in order to facilitate the Agency's implementation of the Redevelopment Plan for the project area. The property is currently being used as a parking lot containing 10 metered slots. The Agency purchased this property to combine it with other adjacent property it owned and create a 27,200 sq. ft. lot assemblage that would be ideal for a major transit oriented development in the Downtown.

207 Grand Avenue

a) Acquisition Information

The Agency purchased this property on December 10, 2010 for $350,000.

b) Purpose of Acquisition

The Agency purchased this property to combine it with other adjacent properties (201 and 217-219 Grand Avenue) it owned and to create a 27,200 sq. ft. lot assemblage that would be ideal for a major transit oriented development in the Downtown. With an assembled site, the Agency would be able to develop a mixed-use project containing 42 to 45 units and 14,000 square feet of retail. As conceived, the project would be developed in one or two phases depending on the acquisition of other lots. The first phase involving this property could be developed into a project consisting of 20-25 units and 7,000 square feet of retail.

c) Parcel Data

207 Grand Avenue, APN 012-316-100: This is a 3,500 sq. ft. lot measuring 25 feet by 140 feet (see Appendix B). The parcel is zoned Downtown Core.

d) Estimate of Current Value

The property has not been appraised in recent years. The unimproved land value in the downtown is estimated at $80/sq. ft.; therefore, the value of this property without improvements is estimated to be approximately $280,000. However, the property is suitable for transit oriented development (see below) which may ultimately increase its value.

e) Revenues Generated by Property/Contractual Requirements

The property and the adjacent property at 201 Grand Avenue generate $5,436.18 per year in parking revenues but these funds are currently being used to offset the cost of operating and maintaining the parking lot.

f) Environmental Contamination and Remediation

The Agency conducted a Phase I environmental assessment and found there were no reportable adverse conditions.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

Combined with the adjacent properties owned by the Successor Agency, this site is ideal for a transit oriented development. The property is located within the downtown and is less than one-quarter (1/4) mile away from the South San Francisco Caltrain station. Upon the relocation of the train station the property will be one block away from the train station entrance. Plans for this site and the adjacent parcels indicate that 37 units and 8,000 sq. ft. of retail can be built at this location.

h) History of Development Proposals and Activity

In August 2010, a developer approached the Agency with a proposal to develop this site and adjacent private properties into a 45 residential unit development with 14,000 sq. ft. of retail space. The Agency initiated efforts to acquire five additional parcels in an attempt to assemble the site for a development but was only able purchase four parcels before the dissolution of redevelopment. Nevertheless, as stated above, the assembled site is still suitable for a 37 unit development with 8,000 sq. ft. of retail space.

17-18. 217-219 Grand Avenue and 227 Grand Avenue

On November 10, 2010 the Agency Board adopted a resolution approving the execution of a Purchase and Sale Agreement to acquire 217-219 Grand Avenue and 227 Grand Avenue for $1,500,000. The property at 217-219 Grand Avenue contains two buildings. Ben Tre Restaurant and Mom's Tofu occupy the building facing Grand Avenue. A second building at the rear of the property contains a vacant two-bedroom residential unit on the second floor and a garage and basement on the ground floor. The buildings are in fairly good condition and are structurally sound. 227 Grand Avenue is a vacant lot.

217-219 Grand Avenue

a) Acquisition Information

The property was offered for sale by the owner and the Agency executed a purchase option reserving the right to purchase the property while it conducted an appraisal and an environmental assessment. Once those tasks were completed, the Agency entered into a Purchase and Sale Agreement to buy the property and a vacant parcel at 227 Grand Avenue for $1.5 million.

b) Purpose of Acquisition

The Agency purchased this property to combine it with an adjacent property (201 and 207 Grand Avenue) it owned and create a 27,200 sq. ft. lot assemblage that would be ideal for a major transit oriented development in the Downtown. With an assembled site, the Agency would be able to develop a mixed-use project containing 42 to 45 units and 14,000 square feet of retail. As conceived, the project would be developed in one or two phases depending on the acquisition of other lots. The first phase involving this property could be developed into a project consisting of 20-25 units and 7,000 square feet of retail.

c) Parcel Data

217-219 Grand Avenue, APN 012-316-100: This is a 7,000 sq. ft. lot measuring 25 feet by 140 feet.
227 Grand Avenue, APN 012-316-070: This is a 3,500 sq. ft. lot measuring 25 feet by 140 feet (see Appendix B). The parcels are zoned Downtown Commercial.

d) Estimate of Current Value

The property has not been appraised recently. Its estimated value in December 2010 was $1,230,000 and is a reasonable estimate for its current value.

e) Revenues Generated by Property/Contractual Requirements

The property currently generates over $5,885 per month in rental income from the two restaurants. Ben Tre has a lease ending in June 2014 that converts into a month-to-month tenancy. Mom's Tofu is on a month-to-month lease. The vacant residential unit could yield an additional $1,500 per month if rented.

f) Environmental Contamination and Remediation

The Agency conducted a Phase I environmental assessment and found there were no reportable adverse conditions.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

Combined with the adjacent properties owned by the Successor Agency, this site is ideal for a transit oriented development. The property is located within the downtown and is less than one-quarter (1/4) mile away from the South San Francisco Caltrain station. Upon the relocation of the train station the property will be one block away from the train station entrance. Plans for this site and the adjacent parcels indicate that 37 units and 8,000 sq. ft. of retail can be built at this location.

h) History of Development Proposals and Activity

In August 2010, a developer approached the Agency with a proposal to develop this site and adjacent private properties into a 45 residential unit development with 14,000 sq. ft. of retail space. The Agency initiated efforts to acquire five additional parcels in an attempt to assemble the site for a development but was only able purchase four parcels before the dissolution of redevelopment. Nevertheless, as stated above, the assembled site is still suitable for a 37 unit development.

19. 200 Linden Avenue

200 Linden Avenue consists of two parcels linked together. The Agency acquired the property from Wells Fargo N.A when it closed the First Interstate Bank/United California Bank at this location as a result of a merger between the two banks. One parcel contains a building currently occupied by the City's Information Technology (IT) Department. The second parcel serves as parking for the building and as a 64 space metered/ permit parking lot which is combined with properties at 212 - 216 Baden Avenue.

200 Linden Avenue

a) Acquisition Information

The Agency acquired 200 Linden and the adjacent parcel from First Interstate Bank/United California Bank for $535,000. The property was conveyed by Grant Deed on October 8, 1996.

b) Purpose of Acquisition

The Agency initially purchased this site to serve as an interim branch library facility. Subsequently, the Agency used it for a variety of public services ranging from a community learning center to the City's IT Department. With the acquisition of adjacent properties, the Agency designated this property as a potential site for the development of a major mixed-use project that would include residential housing, retail space and a public parking structure.

c) Parcel Data

200 Linden, APN 012-033-334-13A and 012-033-334-16A: Combined these rectangular parcels consist of 0.32 acre or 14,000 sq. ft. and measure 100 feet by 140 feet. The parcels are zoned Downtown Core.

d) Estimate of Current Value

The property has not been appraised recently. Its estimated value of $1.6 million is based on the appraisal conducted for 217-219 Grand Avenue in December 2010 that stated this type of property is valued at $117/sq. ft. The property at 217-219 Grand Avenue is situated nearby and has a similar configuration of commercial space and parking.

e) Revenues Generated by Property/Contractual Requirements

The building on the parcel is currently being used as offices for the City's IT Department; therefore, the building does not generate revenue. The metered parking lot generates $9,661.80. This revenue is combined with revenue from parking at 212 - 216 Baden Avenue.

f) Environmental Contamination and Remediation

There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

Combined with the adjacent properties owned by the Successor Agency, this site is ideal for a transit oriented development. The property is located within the downtown and is about one-third (1/3) mile away from the South San Francisco Caltrain station. Upon the relocation of the train station the property will be two blocks away from the train station entrance. Plans for this site and the adjacent parcels indicate that 100 residential units and 6,500 sq. ft. of retail can be built at this location upon adoption of the DSAP.

h) History of Development Proposals and Activity

The property was formerly tied to an Exclusive Negotiating Rights Agreement (ENRA), executed on April 6, 2000, with Terranomics Development and Metrovation, for the purpose of developing new retail supporting uses for the downtown, including exploring the feasibility of incorporating the Agency parcel into a broader development on Baden Avenue and Cypress Avenue. The plan called for Terranomics and Metrovation to acquire adjoining parcels to assemble the entire block. However, they were not able to acquire the parcels and the parties canceled the agreement. In recent years, the Agency has been able to acquire several adjacent parcels.

20. 212 Baden Avenue

On December 15, 1999, the Agency approved an ENRA with Robert and Kathleen Giorgi, for the development of a new 45,000 square foot retail furniture store on property owned by the Giorgi's, the City, and the Agency. The ENRA proposed to convey City and Agency owned property that would be merged to form a lot large enough to accommodate the proposed retail furniture store. In exchange, the Agency would receive the property at 212 Baden Avenue. On June 14, 2000, the City Council and Agency Board approved a Disposition and Development Agreement. By Resolution 20-2000 the Agency accepted the property at 212 Baden Avenue as part of the property exchange.

The Agency subsequently demolished the structure located on 212 Baden Avenue and created a new surface parking lot to offset the loss of parking spaces the created by the exchange of properties.

This property, along with 200 Linden Avenue and 216 Baden, was subsequently developed into 63 combined parking spaces (14 metered and 49 permitted spaces) and incorporated into the Downtown Parking District. However, the Agency Board stipulated that if the site was not needed for parking in the future, it should be developed as a retail space serving the Downtown Business District.

a) Acquisition Information

The Agency acquired this property on August 11, 2000 in exchange for property the Agency and City owned on the southeast corner of Baden and Linden Avenues.

b) Purpose of Acquisition

The Agency acquired this property to facilitate the development of a 45,000 square foot retail furniture store on a separate site located on the south-east corner of Baden and Linden Avenues. This property was intended to replace the public parking lost on the Agency and City owned lots where the development occurred.

c) Parcel Data

212 Baden, APN 012-334-040: This is a 7,000 sq. ft. parcel (see Appendix B). The parcel is zoned Downtown Mixed Use.

d) Estimate of Current Value

The property has not been appraised recently. Its estimated value of $560,000 is based on the appraisal conducted for 207 Grand Avenue in December 2010, which stated that this type of property is valued at $80/sq. ft. The property at 207 Grand Avenue is situated nearby and has a similar configuration.

e) Revenues Generated by Property/Contractual Requirements

Combined with revenue from the lots parking at 200 Linden - 216 Baden Avenue, these properties generate $9,662 in revenue. These funds are currently being used to offset the cost of operating and maintaining the parking lot.

f) Environmental Contamination and Remediation

There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

Combined with the adjacent properties owned by the Successor Agency, this site is ideal for a transit oriented development. The property is located within the downtown and is about one-third (1/3) mile away from the South San Francisco Caltrain station. Upon the relocation of the train station the property will be two blocks away from the train station entrance. Plans for this site and the adjacent parcels indicate that 100 residential units and 6,500 sq. ft. of retail can be built at this location upon adoption of the DSAP.

h) History of Development Proposals and Activity

The property was an acquisition target of Terranomics and Metrovation, which were attempting to acquire this site and combine it with other Agency and privately owned parcels to construct a major mixed-use development. However, Terranomics and Metrovation were not able to acquire the target parcels and cancelled the project. In recent years, the Agency has been able to acquire this site and an adjacent parcel.

21. 216 Baden Avenue

On December 12, 2007, the Agency Board adopted Resolution 11-2007 authorizing the execution of a Purchase and Sale Agreement for 216 Baden for $781,000. At the time of acquisition the property sat between two Agency-owned properties at 200 Linden Avenue and 212 Baden Avenue. The property has street frontage on both Baden Avenue and Second Lane. The property is 3,500 sq. ft. and originally contained two buildings that were demolished by the Agency.

a) Acquisition Information

The Agency acquired this property on January 23, 2008 for $781,000.

b) Purpose of Acquisition

The purchase of this property was key to the assemblage of property on Baden Avenue. Combined with two Agency properties on both sides of this property, the Agency has assembled a site consisting of 31,404 sq. ft. (0.72 acre), suitable for a major development.

c) Parcel Data

216 Baden, APN 012-334-130: This is a 3,500 sq. ft. parcel. The parcel is zoned Downtown Mixed Use.

d) Estimate of Current Value

The property has not been appraised recently. Its estimated value is $280,000 based on the appraisal conducted for 207 Grand Avenue in December 2010 that stated this type of property is valued at $80/sq. ft. The property at 207 Grand Avenue is situated nearby and has a similar configuration.

e) Revenues Generated by Property/Contractual Requirements

Combined with revenue from the lots parking at 200 Linden - 212 Baden Avenue, these properties generate $9,662 in revenue. These funds are currently being used to offset the cost of operating and maintaining the parking lot.

f) Environmental Contamination and Remediation

The Agency conducted a Phase I environmental assessment of the property. The report, dated January 25, 2008, found no recognized environmental conditions.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

Combined with the adjacent properties owned by the Successor Agency, this site is ideal for a transit oriented development. The property is located within the downtown and is about one-third (1/3) mile away from the South San Francisco Caltrain station. Upon the relocation of the train station the property will be two blocks away from the train station entrance. Plans for this site and the adjacent parcels indicate that 100 residential units and 6,500 sq. ft. of retail can be built at this location upon adoption of the DSAP.

h) History of Development Proposals and Activity

The property was an acquisition target of Terranomics and Metrovation, which were attempting to acquire this site and combine it with other Agency and privately owned parcels to construct a major mixed-use development. However, Terranomics and Metrovation were not able to acquire the target parcels and cancelled the project. In recent years, the Agency has been able to acquire this site and an adjacent parcel.

Ford Properties
315 Airport, 401 Airport, 411 Airport, 421 Airport, 405 Cypress, and 216 Miller

The Ford Properties consist of six parcels located at: 315 Airport, 401 Airport, 411 Airport, 421 Airport, 405 Cypress, and 216 Miller. The listing for sale of the former Ford properties gave the City and the Agency a unique opportunity to acquire key sites in the downtown, which combined represent 94,814 square feet and are ideal for several major transit oriented developments in the downtown. On March 9, 2011, the City Council adopted a resolution approving the acquisition of the properties in an amount not to exceed $9,000,000. This acquisition ensured the City's ability to develop high quality mixed-use projects along Airport Blvd.

a) Acquisition Information

Subject to a Purchase and Sale Agreement executed on June 23, 2011, the Agency acquired the six parcels on September 9, 2011 for $8,743,000. The properties were discounted by $257,000 due to the estimated cost required for the clean-up of toxic materials found on the properties.

b) Purpose of Acquisition

The acquisition of the Ford Properties ensured the City's ability to develop high quality mixed-use projects along Airport Blvd. pursuant to the Downtown Revitalization Strategy developed by Van Meter Williams Pollack. The sites would accommodate 65 residential units, 21,000 square feet of retail, 114,000 square feet of commercial/office space, and 468 parking spaces. A more recent study based on the adoption of the DSAP shows that the development potential of these properties will be 298 residential units and 17,000 sq. ft. of retail space. The proposed lot assemblage combined with other downtown projects underway or under consideration will have a transformative effect on the Downtown. The parcel inventory information for each of the six properties is presented below:

22. 315 Airport Blvd.

This property has a building that was formerly used as the Ford auto dealership showroom and repair garage. Currently the building is vacant.

315 Airport Blvd.

c) Parcel Data

315 Airport, APN 012-318-080: This is a 0.51 acre (22,136 sq. ft.) parcel. The parcel measures approximately 150 feet by 150 feet and includes one structure on the parcel. The parcel is zoned Downtown Core & Downtown Parking District.

d) Estimate of Current Value

The Successor Agency estimates that property values in the downtown area have recovered and are close to land values in 2011 when the Agency had the property appraised. Based on that appraisal, the property value is estimated to be approximately $2.1 million.

e) Revenues Generated by Property/Contractual Requirements
Currently the property is vacant and does not generate any revenue. There are no contractual agreements associated with this property.

f) Environmental Contamination and Remediation
The Agency conducted a Phase I environmental assessment on the property and found it has three former gasoline underground storage tanks (USTs) that were abandoned in place and two former waste oil USTs that were removed from the property. TCE, DCE and vinyl chloride were additional contaminants left in place. Any development occurring on this property will necessitate the removal of the tanks and further studies to assess soil and groundwater contamination. Future development activities that disturb underlying soil or groundwater will likely encounter the contaminated media and require special handling and disposal.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives
This site is ideal for a transit oriented development. The property is located within the downtown and is less than one-quarter (1/4) mile away from the South San Francisco Caltrain station. Upon the relocation of the train station the property will be across the street from the train station entrance. Plans for this site indicate that 58 residential units and 9,000 sq. ft. of retail can be built at this location.

h) History of Development Proposals and Activity
The Agency has not considered any other plans to develop the property. However, the Agency has prepared a development program for the property based on the rezoning of the area by the DSAP.

23. 401 Airport Blvd.

401 Airport consists of a parking lot with 20 spaces and one structure. Currently the structure is vacant.

c) Parcel Data
401 Airport, APN 012-317-110: This is a 0.26 acre (11,404 sq. ft.) parcel. The parcel measures 75.5 feet by 151 feet and includes one structure on the parcel. The parcel is zoned Downtown Core & Downtown Parking District.

d) Estimate of Current Value
The Successor Agency estimates that property values in the

401 Airport Blvd.

downtown area have recovered and are close to land values in 2011 when the Agency had the property appraised. Based on that appraisal, the property value is estimated to be approximately $1.1 million.

e) Revenues Generated by Property/Contractual Requirements
Currently the property is vacant and does not generate any revenue. There are no contractual agreements associated with this property.

f) Environmental Contamination and Remediation
The Agency conducted Phase I and Phase II environmental assessments on the property and found it has three former gasoline USTs and a former waste oil UST that was removed. The soil and groundwater impacted with petroleum hydrocarbons are still in place. Future development activities that disturb underlying soil or groundwater will likely encounter the contaminated media and require special handling and disposal.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives
Combined with the adjacent properties owned by the Successor Agency, this site is ideal for a transit oriented development. The property is located within the downtown and is less than one-quarter (1/4) mile away from the South San Francisco Caltrain station. Upon the relocation of the train station the property will be one block from the train station entrance. Plans for the assembled site indicate that 162 residential units and 8,000 sq. ft. of retail can be built at this location.

h) History of Development Proposals and Activity
The Agency has not considered any other plans to develop the property. However, the Agency has prepared a development program for the property based on the rezoning of the area by the DSAP.

24. 411 Airport Blvd.

This property consists of a warehouse structure. Currently the property is vacant.

c) Parcel Data
411 Airport, APN 012-317-100: This is a 0.26 acre (11,404 sq. ft.) parcel. The parcel measures 75.5 feet by 151 feet and includes one structure on the parcel. The parcel is zoned Downtown Core & Downtown Parking District.


411 Airport Blvd.

d) Estimate of Current Value
The Successor Agency estimates that property values in the downtown area have recovered and are close to land values in

2011 when the Agency had the property appraised. Based on that appraisal, the property value is estimated to be approximately $995,000.

e) Revenues Generated by Property/Contractual Requirements
Currently the property is vacant and does not generate any revenue. There are no contractual agreements associated with this property.

f) Environmental Contamination and Remediation
There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives
This site is ideal for a transit oriented development. The property is located within the downtown and is less than one-quarter (1/4) mile away from the South San Francisco Caltrain station. Upon the relocation of the train station the property will be across the street from the train station entrance. Plans for this site indicate that 58 residential units and 9,000 sq. ft. of retail can be built at this location.

h) History of Development Proposals and Activity
The Agency has not considered any other plans to develop the property. However, the Agency has prepared a development program for the property based on the rezoning of the area by the DSAP.

25. 421 Airport Blvd.

This property consists of 60 plus parking spots and no structures. Currently the property is vacant.

c) Parcel Data
421 Airport, APN 012-317-090: This is a 0.52 acre (22,809 sq. ft.) parcel. The parcel measures 150 feet by 150 feet and has no structures on the parcel. The parcel is zoned Downtown Core & Downtown Parking District.

411 Airport Blvd.

d) Estimate of Current Value
The Successor Agency estimates that property values in the downtown area have recovered and are close to land values in 2011 when the Agency had the property appraised. Based on that appraisal, the property value is estimated to be approximately $1.8 million.

e) Revenues Generated by Property/Contractual Requirements

Currently the property is vacant and does not generate any revenue. There are no contractual agreements associated with this property.

f) Environmental Contamination and Remediation

There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

This site is ideal for a transit oriented development. The property is located within the downtown and is less than one-quarter (1/4) mile away from the South San Francisco Caltrain station. Upon the relocation of the train station the property will be across the street from the train station entrance. Plans for this site indicate that 58 residential units and 9,000 sq. ft. of retail can be built at this location. Development of the site advances the City's and Agency's goals to intensify development, provide a broad range of high quality housing and help prepare and improve the site for future development.

h) History of Development Proposals and Activity

The Agency has not considered any other plans to develop the property. However, the Agency has prepared a development program for the property based on the rezoning of the area by the DSAP.

26. 405 Cypress Avenue

This property consists of a parking lot with no structures. Currently the property is vacant.

c) Parcel Data

405 Cypress, APN 012-314-100: This is a 0.17 acre (7,596 sq. ft.) parcel. The parcel measures approximately 140 feet by 71 feet and has no structures on the parcel. The parcel is zoned Downtown Core & Downtown Parking District.

405 Cypress Avenue

d) Estimate of Current Value

The Successor Agency estimates that property values in the downtown area have recovered and are close to land values in 2011 when the Agency had the property appraised. Based on that appraisal, the property value is estimated to be approximately $719,000.

e) Revenues Generated by Property/Contractual Requirements

Currently the property is vacant and does not generate any revenue. There are no contractual agreements associated with this property.

f) Environmental Contamination and Remediation

There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

This site is ideal for a transit oriented development. The property is located within the downtown and is less than one-quarter (1/4) mile away from the South San Francisco Caltrain station. Upon the relocation of the train station the property will be two blocks from the train station entrance. Plans for this site indicate that 28 residential units can be built at this location. Development of the site advances the City's and Agency's goals to intensify development, provide a broad range of high quality housing and help prepare and improve the site for future development.

h) History of Development Proposals and Activity

The Agency has not considered any other plans to develop the property. However, the Agency has prepared a development program for the property based on the rezoning of the area by the DSAP.

27. 216 Miller Avenue

The Agency acquired this property to ensure the development of high quality housing in the downtown project area. It is an important component of the City's and former Agency's efforts to create a vibrant, transit-oriented, and diverse downtown. Development of this property will provide transit supported housing and easy connectivity to the downtown South San Francisco Caltrain station.

c) Parcel Data

216 Miller, APN 012-314-220: This is a 0.4 acre (17,500 sq. ft.) parcel. The parcel measures 125 feet by 140 feet and has no structures on the parcel. The parcel is zoned Downtown Core & Downtown Parking District.

216 Miller Avenue

d) Estimate of Current Value

The Successor Agency estimates that property values in the downtown area have recovered and are close to land values in 2011 when the Agency had the property appraised. Based on that appraisal, the property value is estimated to be approximately $1.4 million.

e) Revenues Generated by Property/Contractual Requirements

Currently the property is vacant and does not generate any revenue. There are no contractual agreements associated with this property.

f) Environmental Contamination and Remediation

There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

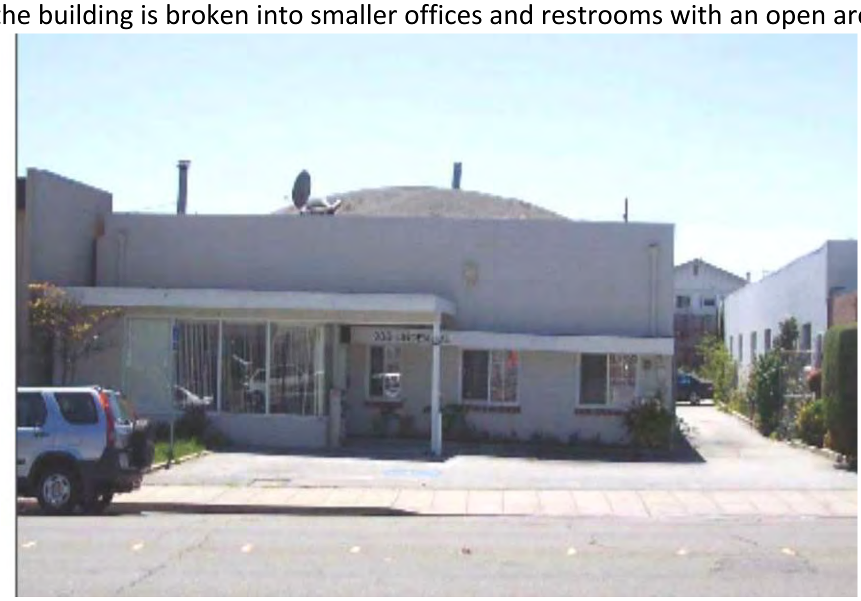
This site is ideal for a transit oriented development. The property is located within the downtown and is less than one-quarter (1/4) mile away from the South San Francisco Caltrain station. Upon the relocation of the train station the property will be two blocks from the train station entrance. Plans for this site indicate that 50 residential units can be built at this location.

h) History of Development Proposals and Activity

The Agency has not considered any other plans to develop the property. However, the Agency has prepared a development program for the property based on the rezoning of the area by the DSAP.

28. 938 Linden Avenue

On December 9, 2009 the Agency Board adopted a resolution authorizing the Agency to execute a Purchase and Sale Agreement for the purchase of 938 Linden Avenue. The property has one 4,000 sq. ft. office building consisting of a lower story and a partial second story mezzanine that is not code compliant and can only be used for storage. It was constructed in the mid-1900s but is relatively well maintained. The first floor of the building is broken into smaller offices and restrooms with an open area of approximately 25 feet by 35 feet at the rear. The upper level is L shaped and consists of smaller offices. The building is a class C structure including a concrete slab floor, painted concrete block walls, and a flat composition roof. There is limited parking in the front of the building and ample parking at the rear, consisting of 19 spaces with perimeter



938 Linden Avenue

landscaping. The two concrete areas and driveway to the back of the building are asphalt paved. The building has been vacant for an extended period of time.

a) Acquisition Information
The Agency completed the purchase of 938 Linden Avenue for $1.1 million on January 15, 2010.

b) Purpose of Acquisition
The intended use for the building was to relocate St. Vincent de Paul's Food Program from Grand Avenue to this site. The Agency believed this was a more suitable location for St. Vincent de Paul's to provide food services to the area's homeless population as it would afford them more space, including a seating area as well as space for additional homeless services. However, redevelopment was dissolved before St. Vincent's was able to secure sufficient funding to remodel the building and relocate its services to the site.

c) Parcel Data
938 Linden Avenue, APN 012-102-030: The lot is 12,937 square feet (0.3 acre) and has a 4,000 sq. ft. building. The parcel is zoned Downtown Mixed Use.

d) Estimate of Current Value
The property has not been appraised in recent years. However, it is estimated that its current value is close to its $1.1 million acquisition price.

e) Revenues Generated by Property/Contractual Requirements
The building has been vacant for some time as it had been intended for a nonprofit organization that was going to remodel the building. No efforts have been made to rent the property pending the dissolution of redevelopment and the adoption of this plan.

f) Environmental Contamination and Remediation
PIERS Environmental Services conducted a Phase I environmental assessment for the property in March 2009. The assessment revealed no evidence of recognized environmental conditions in connection with the prior use of the property. However, one recognized environmental condition was identified and consists of significantly elevated concentrations of petroleum hydrocarbons in the shallow groundwater and capillary fringe soils beneath the property that are presumed to have originated from a former service station at 900 Linden Avenue, a closed leaking underground storage tank (LUST) case. The concentration of petroleum hydrocarbons beneath the building poses a potential risk of volatilization to indoor air.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives
The highest and best use of the property is to hold and combine it with adjacent properties to construct a high density residential project. The property, however, is a significant distance from the downtown's transit hub and services and is therefore not considered a transit oriented development opportunity.

h) History of Development Proposals and Activity

At one time a private owner had assembled several properties adjacent to this one with the intent of developing them. However, the owner went bankrupt and the lender foreclosed on the properties and proceeded to sell them. The Agency purchased this property with the intent of conveying it for use by a nonprofit organization to operate food and social service programs for the homeless. The project had complete planning approvals and the nonprofit agency was in the process of securing funds to remodel the building when the State ended redevelopment. With no binding obligation in place, the project was terminated.

29. 905 Linden Avenue

On October 27, 1999 the Agency Board adopted a resolution approving execution of a Purchase and Sale Agreement to acquire 905 Linden Avenue for $477,500. Prior to its acquisition, the property was occupied by a Beacon gas station. The previous owner removed the underground gasoline storage tanks and, upon acquisition, the Agency demolished the former gas station building. The property is currently maintained as a green space.

905 Linden Avenue

a) Acquisition Information

The Agency purchased the property in December 1999 for $477,000.

b) Purpose of Acquisition

The purpose of the acquisition was to remove blighting conditions and incompatible uses in the project area caused by this property. Following the bankruptcy of the Beacon station operator at that location, the property owner began working under the supervision of the San Mateo County Health Services Agency to remediate soil and ground water contamination caused by gasoline from the underground tanks. The Agency learned that the owner was interested in selling the property and negotiated the purchase of the property. The Agency intended to hold the property until it could purchase additional properties in the area and then undertake a major redevelopment effort to construct high density housing on the assembled properties.

c) Parcel Data

905 Linden Avenue, APN 012-101-100: This is an irregular shaped parcel consisting of 15,000 sq. ft. (0.34 acre), see Appendix B. The parcel is zoned Downtown Residential Medium Density.

d) Estimate of Current Value

The property has not been appraised in recent years. The unimproved land value of properties in the downtown area is estimated at $80/sq. ft. and the property could conceivably have a value of up to $1.2 million. However, the environmental condition of the property is considerably adverse so the value may be significantly lower. See Environmental Contamination and Remediation section, below.

e) Revenues Generated by Property/Contractual Requirements

The property is vacant, unimproved land and does not generate any revenue. There are no contractual requirements associated with this property.

f) Environmental Contamination and Remediation

Following the bankruptcy of the Beacon station operator, the former property owner worked under the supervision of the San Mateo County Health Services Agency to remediate soil and ground water contamination caused by gasoline from the underground tanks. The Agency upon further examination of the property determined that it would conduct a Phase II environmental assessment of the property prior to acquisition. The former property owner completed the removal of the gasoline storage tanks and all gas contaminated soil from the property. In addition, the Agency identified oil contamination from a waste oil tank in the rear of the building and a pair of hoists inside the building. The former owner subsequently removed the waste oil tank and the hoists and conducted additional testing to determine the extent of the oil contamination.

On September 8, 1999, the oil-contaminated soil was removed from the property, leaving all soils free of gas and oil contamination. Subsequent test results have shown that, although the soil is clean of gasoline contamination, the groundwater continues to show signs of contamination. Wells have been installed to monitor the groundwater over several years to determine whether natural water flows will clean the water or whether it will have to be flushed out. To date the water continues to be contaminated.

The San Mateo County Health Services Agency has issued a letter of partial clearance indicating the soil surface area is free of gasoline and oil contamination. The County will not make a final closure certifying the site is clean until the groundwater is also clean. By purchasing the property, the Agency assumed the financial responsibility for the cleanup of the groundwater. At the time of purchase in 1999 the estimated cost of remediating the ground water was $100,000. That cost has likely increased significantly over the past 14 years.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

The highest and best use of the property is to hold and combine it with adjacent properties to construct a high density residential project. The property, however, is a significant distance from the downtown's transit hub and services and is therefore not considered a transit oriented development opportunity. Improving the property advances the City's and Agency's goals to alleviate blight and help prepare and improve the site for future development.

h) History of Development Proposals and Activity

At one time the Agency prepared conceptual architectural plans for this site for a mixed-use development that included adjacent properties however the Agency was not able to assemble the site. Nevertheless, the Agency subsequently prepared conceptual plans for a mixed-use housing development for this single site.

30. 616 Linden Avenue

On October 9, 1996, the Agency Board approved a resolution of necessity for the condemnation of the property at 616 Linden Avenue. However, the Agency and the property owners subsequently reached an agreement for a negotiated purchase and sale of the property. On February 26, 1997, the Agency approved a Purchase and Sale Agreement. The property currently serves as a metered parking lot with 20 parking spaces. However, at the time of acquisition the lot consisted of a 4,000 sq. ft. Quonset hut-type building and a 2,250 sq. ft. automotive repair building. The Agency demolished the buildings but the environmental conditions created by the former uses persist today (see Environmental Contamination and Remediation section, below).

616 Linden Avenue

a) Acquisition Information

On February 26, 1997, the Agency Board approved a Purchase and Sale Agreement in the amount of $325,000 for 616 Linden Avenue. The property was conveyed to the Agency on April 14, 1997.

b) Purpose of Acquisition

The Agency acquired the property for a public use purpose. At the time Agency was working with an arts performance organization to create a performance theater that would serve the downtown project area. The arts performance organization was not able to raise sufficient funding to complete the project and the Agency terminated the project.

c) Parcel Data

616 Linden Avenue, APN 012-174-300: This is a 14,000 sq. ft. lot measuring 100 feet by 140 feet (see Appendix B). The parcel is zoned Downtown Mixed Use.

d) Estimate of Current Value

The property has not been appraised in recent years. The unimproved land value of properties in the downtown area is estimated at $80/sq. ft. and the property could conceivably have a value of up to $1.1 million. However, the environmental condition of the property is considerably adverse so the value may be significantly lower. See Environmental Contamination and Remediation section, below.

e) Revenues Generated by Property/Contractual Requirements

The property generates $2,880 per year in parking revenues but these funds are currently being used to offset the cost of operating and maintaining the parking lot.

f) Environmental Contamination and Remediation

Prior to the Agency's acquisition the property was used for automotive repairs that included underground petroleum storage tanks. The storage tanks leaked and contaminated the soil and ground water on the property. It was anticipated that the petroleum compounds in the ground would be remediated through natural degradation. Without further testing it is unknown whether this has yet occurred. The groundwater is being monitored by wells and continues to show signs of contamination. The Successor Agency does not have an estimate of the cost to remediate these conditions.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

The highest and best use of the property is to hold and combine it with 700 Linden Avenue to construct a high density residential project when market conditions improve. The property is in close proximity to the downtown core and the Caltrain station and is suitable for transit oriented development. Improving the property advances the City's and Agency's goals to alleviate blight and help prepare and improve the site for future development.

h) History of Development Proposals and Activity

In the late 1990's and early 2000's the Agency was working with an arts organization to develop a performance arts theater. Since the cancellation of that project, not other developments have been proposed although the Agency had conceptual plans prepared for a mixed-use housing development on the site.

31. 700 Linden Avenue

This property is across the street from 616 Linden Avenue and the Agency purchased it shortly after acquiring 616 Linden Avenue. The Agency envisioned that this lot would serve as neighborhood parking and as parking for visitors to the performance theater that would be constructed across the street. Prior to its acquisition the lot was vacant and a neighborhood nuisance due to constant weed overgrowth. To address the overgrowth the Agency entered into a cooperative agreement with the owner whereby the Agency cleaned and sodded the lot. The Agency continues to maintain the property as an open green space.

700 Linden Avenue

a) Acquisition Information

On April 8, 1998, the Agency Board approved a Purchase and Sale Agreement in the amount of $315,000 for 700 Linden Avenue. The property was conveyed to the Agency on April 14, 1997.

b) Purpose of Acquisition

The Agency acquired the property for a public use purpose. At the time Agency was working with an arts performance organization to create a performance theater at 616 Linden Avenue. The Agency purchased this property to serve as parking for the neighborhood and the theater during performances. The arts performance organization was not able to raise sufficient funding to complete the project and the Agency terminated the project.

c) Parcel Data

700 Linden Avenue, APN 012-145-370: This is a 14,000 sq. ft. lot measuring 100 feet by 140 feet. The parcel is zoned Downtown Mixed Use.

d) Estimate of Current Value

The property has not been appraised in recent years. The unimproved land value of properties in the downtown area is estimated at $80/sq. ft. and the property could conceivably have a value of up to $1.1 million.

e) Revenues Generated by Property/Contractual Requirements

The property is vacant, unimproved land and does not generate any revenue. There are no contractual requirements associated with this property.

f) Environmental Contamination and Remediation

The Agency believes the automotive uses at 616 Linden Avenue have created a plume of groundwater contamination that extends into all properties in close proximity to the site, including this property. The high water table and soil and groundwater contamination make it financially infeasible to develop a high density project without taking out several feet of topsoil for appropriate disposition and treatment of the groundwater.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

The highest and best use of the property is to hold and combine it with 616 Linden Avenue to construct a high density residential project when market conditions improve. The property is in close proximity to the downtown core and the Caltrain station and is suitable for transit oriented development. Improving the property advances the City's and Agency's goals to alleviate blight and help prepare and improve the site for future development.

h) History of Development Proposals and Activity

In the late 1990's and early 2000's the Agency was working with an arts organization to develop a performance arts theater at 616 Linden Avenue and use this site as parking for the new theater. Since the cancellation of that project, not other developments have been proposed although the Agency had conceptual plans prepared for a mixed-use housing development on the site.

32. 432 Baden Avenue/429 Third Lane

On January 8, 1997, the Agency Board approved Resolution 1-97 authorizing the execution of a Purchase and Sale Agreement for 432 Baden Avenue/429 Third Lane. This property was acquired for the development of a public parking lot to serve the 400 block of Grand Avenue, in the Historic Downtown Business District and Downtown/Central Redevelopment Project Area, in order to relieve existing parking problems. The residential property that existed on the site was demolished and a new Agency surface parking lot was constructed.

a) Acquisition Information

The Agency appraised the property and negotiated a final purchase price of $270,000. The property was transferred by Grant Deed on April 14, 1997.

b) Purpose of Acquisition

The Agency purchased this property to develop a public parking lot to serve the 400 block of Grand Avenue. Previously this section of the downtown had no public parking facilities, resulting in parking problems for the area. The Agency demolished the residential building that existed on the site and developed a new 16-space surface parking lot. The property was developed solely for the purposes consistent with the Redevelopment Plan for the project area.

432 Baden Avenue/479 Third Lane

c) Parcel Data

432 Baden/429 Third Lane, APN 012-321-160: This is a rectangular parcel consisting of 0.22 acre or 7,000 sq. ft. and measures 50 feet by 140 feet (see Appendix B). The parcel is zoned Downtown Commercial.

d) Estimate of Current Value

The property has not been appraised in recent years. The unimproved land value of properties in the downtown area is estimated at $80/sq. ft. and the property could conceivably have a value of up to $560,000.

e) Revenues Generated by Property/Contractual Requirements
The property generates $2,760.15 per year in parking revenues. These funds are currently being used to offset the cost of operating and maintaining the parking lot.

f) Environmental Contamination and Remediation
There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives
This site is ideal for a smaller scale transit oriented development. The property is located within the downtown and is less than one-half (1/2) mile away from the South San Francisco Caltrain station. Conceptual plans indicate that 12 residential units can be built on the site upon adoption of the Downtown Station Area Plan (DSAP).

h) History of Development Proposals and Activity
Upon acquisition, the Agency demolished the existing building on the property. The Agency has not considered any other plans to develop the property. However, as stated above, the Agency has created a development program for the property based on the rezoning of the area by the DSAP.

Property Disposition

This part of the LRPMP lists the Successor Agency's properties under the three applicable permissible categories allowed by the Redevelopment Dissolution Statutes. It begins with a discussion of the properties that are used for governmental purposes and the reason why these properties should retain their present functions. The next section lists the properties recommended for sale. The third section describes the properties that should be retained for the purpose of implementing the development goals of the approved Redevelopment Project Plan.

For the section discussing the properties that should be retained for implementing the development goals of the approved Redevelopment Project Plan, the LRPMP will provide background information that will put into context the information provided for each property or group of properties.

During the 1990's and 2000's the Agency's redevelopment focus was directed at developing what is arguably the world's premier biotech cluster. Nevertheless, in the few years preceding the dissolution of redevelopment the Agency acquired and assembled a significant amount of land for future development in the El Camino Corridor and Downtown Central project areas. Properties assembled include the former PUC properties, the Ron Price property (1 Chestnut), the Ford properties in the downtown and various other scattered sties. The City also adopted the 1999 General Plan that included plans for intensive development of the Downtown and within Transit Oriented Districts (TOD), adopted area plans for the El Camino Corridor to guide future development, and most recently started the process of developing a specific plan for the downtown (DSAP).

With the dissolution of redevelopment the City lost a significant amount of funding that was available for fulfilling the Agency's and City's vision for downtown and the El Camino Corridor. The adoption of AB1484 (the clean-up legislation for ABx1 26), however, gives the City the opportunity to retain properties suitable for transit oriented development (TOD) to advance the project area's redevelopment plan. This section of the LRPMP will demonstrate that some of the Agency's former properties in TOD areas should be retained for future development to fulfill the redevelopment plan for the area. This section will further demonstrate that ensuring the development of these properties as envisioned by the Redevelopment Plans will ultimately be of greater benefit to the taxing agencies through increased property tax revenue.

Planning for the future of the former Agency's properties must seek a balanced approach between pursuing the goals of the Redevelopment Dissolution Statutes and taking today's market investment and cost development realities into consideration. The Successor Agency must also appreciate the benefits of developing affordable housing in the project areas. Affordable housing is not simply about providing housing for low-income people, it is about providing housing to working people at affordable rents so that they have disposable income to promote a healthy economy.

Despite all of the benefits and attractive features of South San Francisco, there is no denying that the residential development community unfairly views South San Francisco as a second tier city in the County (this comment is not meant to insult but rather to convey the movement of capital). As developers have stated, it costs the same to build in South San Francisco as it does to build in Redwood City, San Mateo or Millbrae. Given this fact, why build in South San Francisco when the return on investment is much higher in other cities? This means that without proactive involvement, properties in the former redevelopment project areas will not be developed if development is left to market forces.

To ensure the growth planned in the former Agency's Redevelopment Plan, the City is going to have to take a leadership role and initiate development of the PUC properties and in the downtown. The City has to be able to retain some of the former Agency's properties in order to spark development and fulfill the vision of creating TOD areas around the South San Francisco BART and Caltrain stations.

To understand the development potential of the former Agency's properties and to identify the long-term financial benefits to the taxing agencies, the City worked with architects, developers and financial analysts to prepare development programs for the former Agency's properties. Each property discussed in the section listing the properties that should be retained for implementing the goals of the approved Redevelopment Plan describe the development potential of the properties and the long-term financial benefits to the taxing agencies.

One final element in this section that needs further explanation is residual land value (RLV). RLV is the value of land determined by deducting from the value of an improved property, the costs of development and a market rate profit. This methodology is often used where direct land sale comparable information is not available without substantial adjustment for the use and development conditions. Additionally, this method estimates the amount that a developer can afford to pay for the site based on the expected costs and revenues associated with the development program. A calculated residual land value equal to the expected cost of land suggests that a project is feasible. A residual land value significantly less than the expected cost of land, or negative, suggests that a project is not feasible.

Residual land values were calculated for both apartment and condominium developments. Apartments provide the highest and best use for the sites in current and projected market conditions. Condominium market conditions may improve and provide greater feasibility in the future. RLV for condominiums trailed feasibility thresholds in most scenarios. Consideration of park-in-lieu-fees and affordable housing requirements further impair condominium feasibility. Accordingly, condominium RLV's are excluded from the results presented in the LRPMP.

Permissible Use Category: Government Use

Gateway Project Area

1. 559 Gateway Blvd.

Boston Properties conveyed this property to the Agency as a condition of development for its project. The property is subject to the Second Amendment to Declaration of Covenants, Conditions and Restrictions for Gateway Center, which limits the uses of this property to: a) the operation of a child day care facility; b) a public library; c) a public office facility as an amenity to the property. The Peninsula Family YMCA operates a childcare facility at the site. The facility is at capacity and given the continued growth of the biotech center, demand for childcares services in the area will only increase. Given the deed restriction and the prevalent use, the property must remain in public, governmental use.

559 Gateway Blvd.

Upon transfer of the property to the City the grant deed will include language restricting the use of the property to governmental/public use. In the event that City as Grantee discontinues the restricted use or seeks to use the property for a non-governmental/public purpose, the City shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, providing that all net revenue from such non-governmental/public use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. For a description of the proposed grant deed language, see Appendix E.

El Camino Corridor Project Area

4-5. Former PUC Properties 093-331-050/ 093-331-060

These properties were acquired from the San Francisco Public Utilities Commission along with parcels APN 093-312-050, 093-312-060 and 011-326-030. While the latter parcels have development potential, these parcels are landlocked and run behind properties facing El Camino Real. They have no development value and are zoned for public use. The corridor now serves as a linear park. Therefore, these properties must remain a public use in order to provide public access and a park.

Upon transfer of the property to the City the grant deed will include language restricting the use of the property to governmental/public use. In the event that City as Grantee discontinues the restricted use or seeks to use the property for a non-governmental/public purpose, the City shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, providing that all net revenue from such non-governmental/public use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. For a description of the proposed grant deed language, see Appendix F.

8. 80 Chestnut Avenue

This property was previously owned by Cal Water to operate wells and provide water to its users. It has long been the City's intent to expand Orange Memorial Park onto this property as reflected in the Orange Memorial Park Master Plan. The property is zoned Park/ Open Space/Public-Institutional Use and it currently serves as a museum for the South San Francisco Historical Society's historical collection. Cal Water plans to sell additional sub-area parcels to the City in the future to complete the expansion of the park. Given the property's zoning and intended public benefit, this property must remain a public use.

Upon transfer of the property to the City the grant deed will include language restricting the use of the property to governmental/public use. In the event that City as Grantee discontinues the restricted use or seeks to use the property for a non-governmental/public purpose, the City shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, providing that all net revenue from such non-governmental/public use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. For a description of the proposed grant deed language, see Appendix F.

Downtown Central Project Area

9. 480 North Canal

This property is used for Fire Station 61. An engine company (Engine 61), ambulance (Rescue 61), Type 1 Heavy Rescue (USAR 61) and BLS Ambulance operate out of this station as well as the on duty Battalion Chief (Battalion 17) who manages the daily operation of each shift. This is also the home of the Fire Administration office and the Fire Prevention Division. The property also contains a four-story training tower. As the only fire station serving the City's downtown central area, this property must remain a public use, particularly as the property was purchased with tax exempt bond funds for this purpose.

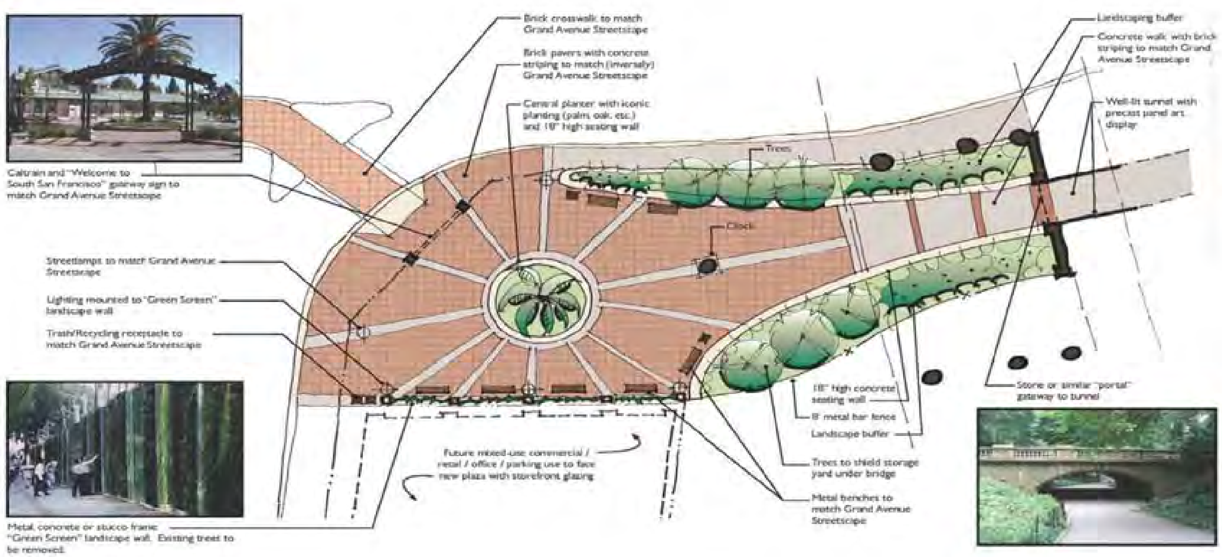
480 N. Canal

Upon transfer of the property to the City the grant deed will include language restricting the use of the property to governmental/public use. In the event that City as Grantee discontinues the restricted use or seeks to use the property for a non-governmental/public purpose, the City shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity of entities, providing that all net revenue from such non-governmental/public use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. For a description of the proposed grant deed language, see Appendix F.

10. 296 Airport Blvd.

The Agency acquired this property from the State Department of Transportation (DOT) to relocate the Caltrain station, related public uses, and pedestrian access improvements. The City and Agency worked extensively with Caltrain to develop plans to relocate the South San Francisco station. The project was ready to begin construction but was delayed by the proposed bullet train. In addition, an easement is recorded over the Directors' Deed granting DOT access for maintenance of the freeway from Grand Avenue towards the center of the site, along an established access road. The parcel is zoned for Public/Quasi Public use and is an integral part of advancing transit oriented development for the entire downtown area. Therefore, this property must remain in public use.

Upon transfer of the property to the City the grant deed will include language restricting the use of the property to governmental/public use. In the event that City as Grantee discontinues the restricted use or seeks to use the property for a non-governmental/public purpose, the City shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, providing that all net revenue from such non-governmental/public use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. For a description of the proposed grant deed language, see Appendix F.



11. 323 Miller Avenue

The City and Agency combined this property with City owned land to construct a five-level, open-air concrete parking structure containing 254 parking stalls. The property now operates under the City's Parking District. Since the Agency and City owned properties were combined together in order to create this parking structure, and the Agency owned property is currently used for an elevator and public circulation, the property must remain a public use.

323 Miller Avenue

Upon transfer of the property to the City the grant deed will include language restricting the use of the property to governmental/public use. In the event that City as Grantee discontinues the restricted use or seeks to use the property for a non-governmental/public purpose, the City shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, providing that all net revenue from such non-governmental/public use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. For a description of the proposed grant deed language, see Appendix F.

12. 356 Grand Avenue

This parcel serves as pedestrian access connecting the City's Miller Avenue Parking Structure to Grand Avenue (the City's main downtown arterial). As other former Agency properties that currently serve as parking lots are developed, the Miller Avenue Parking Structure will play an increasing role in providing parking for downtown visitors. It is important that visitors have easy and safe passageway from the parking structure to Grand Avenue. Due to its important role, the City may dedicate this land as a formal right-of-way in the future. This property must remain a public use to serve the needs of the downtown.

356 Grand Avenue

Upon transfer of the property to the City the grant deed will include language restricting the use of the property to governmental/public use. In the event that City as Grantee discontinues the restricted use or seeks to use the property for a non-governmental/public purpose, the City shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, providing that all net revenue from such non-governmental/ public use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. For a description of the proposed grant deed language, see Appendix F.

13-14. 472 Grand Avenue/306 Spruce Avenue and 468 Miller Avenue

San Mateo County Health Center

These properties (472 Grand Avenue/306 Spruce Avenue/) contain the Health Center operated by San Mateo County and ancillary parking (468 Miller Avenue). The Health Center is a primary care medical facility providing services for low-income residents in the downtown area. Given the importance of the Health Center to the area residents and the Center's need for additional space to provide supplemental services, the Successor Agency recommends that this property be transferred to the County of San Mateo. The transfer of the property to San Mateo County would be conditional to retaining the Health Center at this location and would revert to the City in the event the County elected to close the Health Center. If San Mateo County declines to take ownership of the property, the City will retain ownership of the properties and continue using them for a public use.

356 Grand Avenue

Upon transfer of the properties to the County of San Mateo, or to the City in the event the County does not accept the property, the grant deed will include language restricting the use of the property to governmental/public use. In the event that County accepts the property and subsequently closes the Health Center, the property shall revert to the City. In the event the City as initial or subsequent recipient of the property discontinues the restricted use or seeks to use the property for a non-governmental/ public purpose, the City shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, providing that all net revenue from such non-governmental/ use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. For a description of the proposed grant deed language, see Appendix G.

Permissible Use Category: Sale

Downtown Central Project Area

28. 938 Linden Avenue

This property was intended to serve as a facility for St. Vincent de Paul's to provide food services to the area's homeless population. Since redevelopment was dissolved before St. Vincent was able to secure sufficient funding to remodel the building and relocate its services, the property became subject to dissolution provisions. It is conceivable this property can be reassembled with adjacent properties to construct a high density residential development in the future however this is not likely given that no other funds are available to assemble surrounding property. As St. Vincent was unable to secure funding, this property shall be sold.

32. 432 Baden Avenue/429 Third Lane

This property was acquired for the development of a public parking lot to serve the 400 block of Grand Avenue. However, with the development of the Miller Avenue Parking Garage and the passageway connection to Grand Avenue, this parking lot is not as critical a parking resource to this section of the downtown as it once was.

Under current zoning the property can be developed into four residential units and its residual land value is close to zero (-$40,000) meaning a developer will likely find it profitable to purchase the property and develop it. Upon adoption of the DSAP, the property will have the potential to hold up to 12 units, significantly increasing the property's value. The property's residual land value upon adoption of the DSAP will be $880,000, making it very profitable for a future developer.

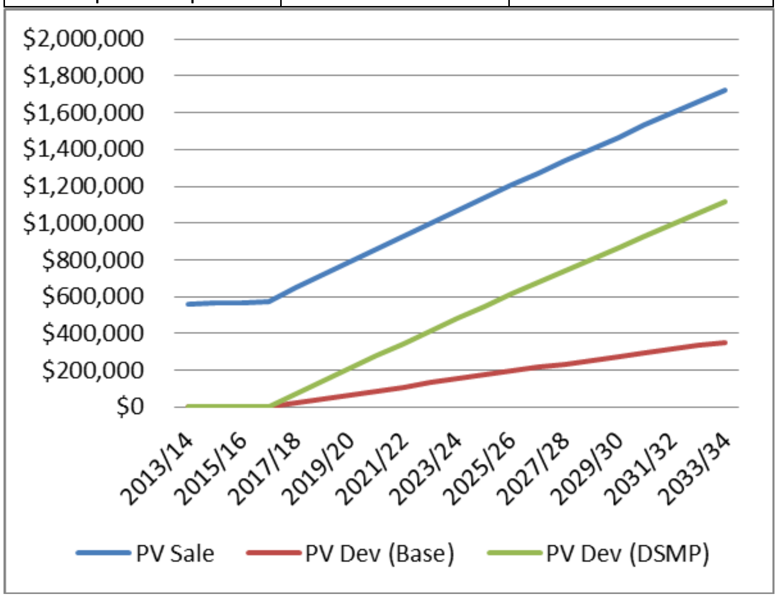
The property will be sold through a negotiated purchase and sale agreement. The Successor Agency will solicit proposals from developers and select the developer that proposes the highest net value to the taxing agencies through a combination of sale proceeds and future tax revenues. The Successor Agency will negotiate a sale price commensurate to the proposed project and will outline the terms in a negotiated Purchase and Sale Agreement. In order to facilitate the sale process, it is possible the Successor Agency will enter into an Exclusive Negotiating Agreement (ENA) with the developer while negotiating the purchase of the property. The Oversight Board will approve both an ENA and a final Purchase and Sale Agreement.

Financial Benefit to Taxing Agencies

It is estimated the property is currently worth approximately $560,000 based on recent estimates of undeveloped land in the downtown area ($80/ sq. ft.). If the buyer waits to develop the property until the adoption of the DSAP, the taxing agencies will be better off in the long run by having the Successor Agency sell the property immediately. As summarized below and shown in more detail in Appendix H and Table 1, the net financial benefit to the taxing agencies would be approximately $607,000 more (in present value) over a 20 year period.

Table 1

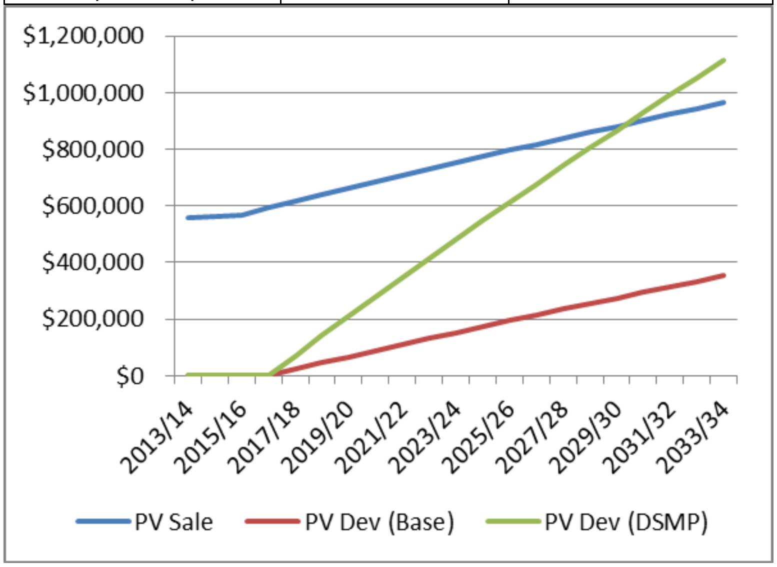
	Nominal Cash Flows	Present Value of Cash Flows
Sell Option	$2,216,000	$1,721,000
Retain for Development Option	$1,641,000	$1,113,000



However, if the buyer develops the property immediately under current zoning, the taxing agencies would be slightly better off having the City hold the property for future development. As summarized below, and show in more detail in Appendix H and Table 2, the net financial loss to the taxing agencies would be approximately $150,000 (in present value) over a 20 year period.

Table 2

	Nominal Cash Flows	Present Value of Cash Flows
Sell Option	$1,126,000	$963,000
Retain for Development Option	$1,641,000	$1,113,000



Given the small benefit of retaining the property for future development, the Successor Agency recommends selling this property immediately. It should be noted that the main reason this property is suitable for disposition is that it is a stand-alone property that does not affect the development potential or the value of other Successor Agency properties. The Successor Agency believes that the property is environmentally clean and that the adoption of the DSAP will not substantially affect development schedule or the financial benefit to the taxing agencies.

27. 216 Miller Avenue (former Ford site)

The Agency acquired this property to ensure the development of high quality housing in the downtown project area. It is an important component of the City's and former Agency's efforts to create a vibrant, transit-oriented and diverse downtown. Development of this property will provide transit supported housing and easy connectivity to the downtown South San Francisco Caltrain station.

Under current zoning the property can be developed into 25 residential units and its residual land value is almost $120,000, meaning a developer will likely find it profitable to purchase the property and develop it. Upon adoption of the DSAP, the property will have the potential to be developed into 50 units, significantly increasing the property's value. The property's residual land value upon adoption of the DSAP will be $6.1 million, meaning this project would move forward without any City or Successor Agency involvement. The project should be very profitable for a future developer.

The property will be sold through a negotiated purchase and sale agreement. The Successor Agency will solicit proposals from developers and select the developer that proposes the highest net value to the taxing agencies through a combination of sale proceeds and future tax revenues. The Successor Agency will negotiate a sale price commensurate to the proposed project and will outline the terms in a negotiated Purchase and Sale Agreement. In order to facilitate the sale process, it is possible the Successor Agency will enter into an Exclusive Negotiating Agreement (ENA) with the developer while negotiating the purchase of the property. The Oversight Board will approve both an ENA and a final Purchase and Sale Agreement.

Financial Benefit to Taxing Agencies

It is estimated the property is currently worth approximately $1.4 million based on recent estimates of undeveloped land in the downtown area ($80/ sq. ft.). If the buyer waits to develop the property until the adoption of the DSAP, the taxing agencies will be better off in the long run by having the Successor Agency sell the property immediately. As summarized below, and shown in more detail in Appendix H and Table 3, the net financial benefit to the taxing agencies would be approximately $1.6 million more (in present value) over a 20 year period. If the buyer develops the property immediately under current zoning instead of waiting for the DSAP, the taxing agencies would reap the same financial benefit in the long run.

Table 3

	Nominal Cash Flows	Present Value of Cash Flows
Sell Option	$6,968,000	$5,259,000
Retain for Development Option	$5,480,000	$3,665,000

Given that the taxing agencies will reap the same financial benefit by retaining the property for future development or selling it immediately, the Successor Agency recommends selling this property. It should be noted that the main reason this property is suitable for disposition is that it is a stand-alone property that does not affect the development potential or the value of other Successor Agency properties. The Successor Agency believes that the property is environmentally clean and that the adoption of the DSAP will not substantially affect the financial benefit to the taxing agencies.

Permissible Use Category: Approved Redevelopment Project Plan

The Redevelopment Plans describes redevelopment projects in each Project Area that would meet the goals and objectives of the plan and specifically provide for the installation, construction, expansion, and improvement of public facilities, redevelopment of land by private enterprise and public agencies, rehabilitation, development or construction of low- and moderate-income housing within the Project and/or the City. In addition, the Five-Year Implementation Plan presents specific programs and expenditures that would be undertaken in each of the project areas (based on the goals and objectives in the respective Redevelopment Plans) and identifies these properties for future development.

In addition, the use of the property for an approved redevelopment project is in compliance with the City's General Plan and the El Camino/Chestnut Area Plan, and it will help achieve five of the General Plan's nine components:

- Neighborhood-oriented development
- Economic development and diversification
- Increased connectivity and accessibility
- Land use/transportation correlation and promotion of transit
- Reinforcement of Downtown as the center of South San Francisco

The General Plan emphasizes the need to improve and develop properties surrounding the BART and Caltrain stations. Redevelopment of these properties will help to achieve more efficient land use, stimulate mixed-use, transit-oriented development, and improve connections between residential and employment centers and transit hubs. In addition, the public improvements and land assembly will improve transportation and pedestrian linkages and improve residents' access to every day commercial needs and increase connectivity and accessibility within and among the Project Areas.

El Camino Corridor Project Area

The following activities described in the Five-Year Implementation Plan are directly relevant to the development of properties as described in the LRPMP (excerpted from Section II. A pages II-1 and II-3 of the Implementation Plan): [4]

> *2. Public Facilities–Development of new parks, and reconfiguration of landscaping and playfields to meet the current needs of residents.*
>
> *3. Economic Development—The projects and activities will be designed to promote economic development in the Project Areas and include the..support for mixed-use development in the…El Camino Corridor Project Area….*
>
> *4. Property Acquisition, Demolition and Site Preparation— Major land improvement activities will include the Chestnut Avenue/CalWater site and acquired from the PUC in the El Camino Corridor….*
>
> *5. Affordable Housing Program–The Housing Program promotes residential and mixed-use development on vacant and underutilized sites. Through this program the Agency will increase and preserve the low and moderate-income housing stock. Components of this program include assistance for the construction of new rental and ownership units, loans and grants for rehabilitation, and first-time homebuyer assistance.*

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[4] See pages II-1 to II-3, South San Francisco Redevelopment Agency, Five-Year Implementation Plan, FY 2009/10–FY 2013/14.

Chapter 3.4 of the General Plan specifies guiding and implementation policies for the El Camino Real area, many of which will be facilitated by the proposed development strategy described in the LRPMP:

3.4-G-2 Encourage development of a mix of uses, with pockets of concentrated activity that provide foci and identity to different parts of El Camino Real.

3.4-G-3 Develop the South San Francisco BART station area as a vital pedestrian center, with intensity and mix of uses that complement the area's new role as a regional center.

3.4-I-8 Require any new development within ½ mile of the BART station at a density of no less than 30 units per net acre for residential uses, or an FAR of 1.5 for non-residential uses, or an appropriate combination of the two.

3.4-I-13 Develop the El Camino Real/Chestnut Area in accordance with the vision established for the area by the El Camino Real/Chestnut Area Plan

2-3, 6-7. 1 Chestnut Avenue and Former PUC Properties APN 093-312-050, APN 093-312-060, APN 011-326-030

El Camino-Chestnut Avenue Property Assemblage

The City of South San Francisco has identified the intersection of El Camino Real and Chestnut Avenue as a key opportunity site for new development and economic revitalization. The El Camino Real/Chestnut Avenue Area Plan, adopted in 2011, establishes a compelling long-term vision for the area as a new mixed-use neighborhood with residential, retail, and civic uses at a range of densities, along with public plazas and open space that benefit the broader community. The Successor Agency owns approximately 9.5 acres of vacant and underutilized property between El Camino and Mission Road, originally purchased by the Agency with the goal of facilitating development in an area that faces a variety of implementation challenges.

Following the dissolution of the Agency in 2012, the Successor Agency is responsible for developing a strategy for these properties. This could consist of the sale of individual properties, or the entering into a master development agreement with a single developer identified through a Request for Proposals (RFP) process or a negotiated purchase and sale agreement. The goal of this recommendation is to adopt a strategy most likely to maximize the long-term revenue to the taxing agencies while also maintaining the vision expressed in the former Redevelopment Agency's El Camino Corridor Project Plan, the El Camino Real/Chestnut Avenue Area Plan and the City's General Plan.

The former PUC properties exemplify both the opportunities and challenges of infill development along El Camino Real in the post-redevelopment era. The relatively large size of the assembled parcels, combined with their location near the South San Francisco BART station, makes this one of the most important development opportunity sites along El Camino Real. Nevertheless, the study area has several physical characteristics that pose significant implementation challenges. There is a sharp slope downwards from El Camino Real toward Mission Road, with a grade change of up to 50 feet in certain locations. The developable parcels are also oddly-shaped due to the BART easement and the Colma Creek Channel, both of which cut through the site.

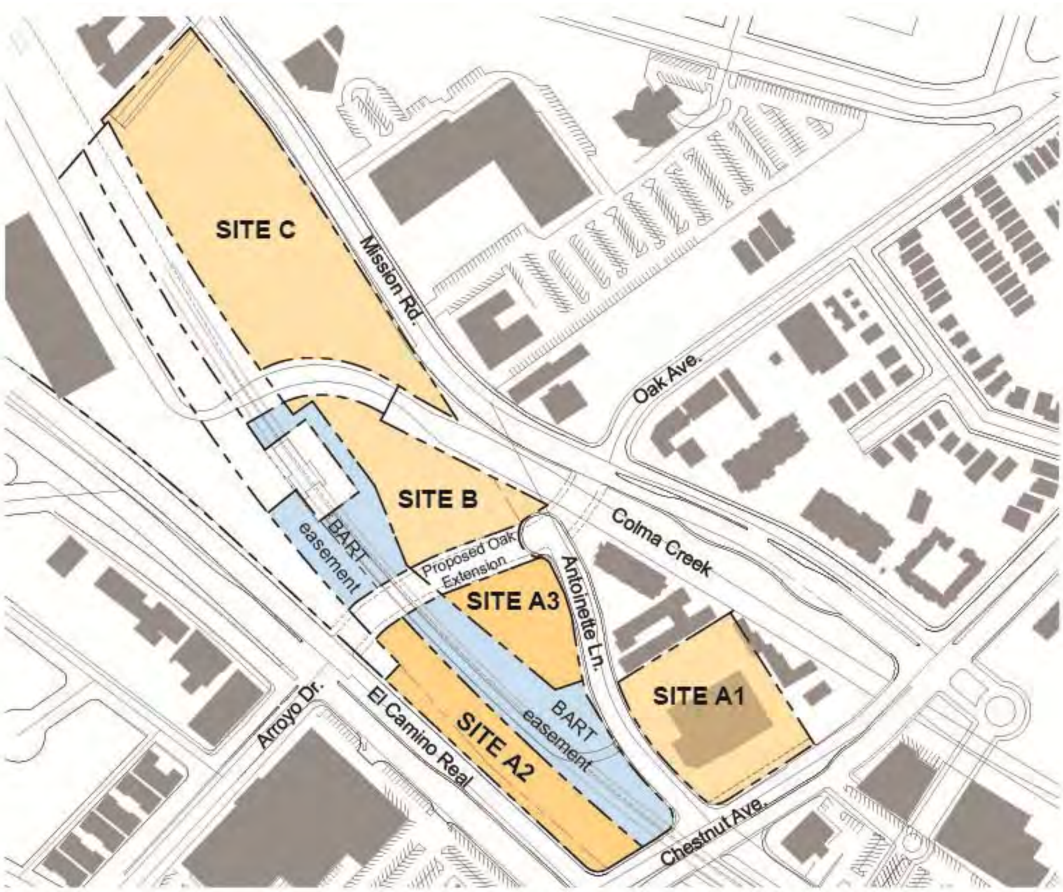
The City of South San Francisco has already made substantial public improvements to the area with the construction of Centennial Way, a multi-use bikeway and linear park constructed on top of the underground BART tunnel and alongside the Colma Creek channel. The trail provides an open space connection between the South San Francisco and San Bruno BART Stations for residents, commuters and recreationalists, offering an alternative to sidewalks along El Camino Real and Mission Road. As of its completion in May 2009, the trail was 2.85 miles long.

Another major public infrastructure project planned in the study area is the Oak Avenue extension, which would extend Oak Avenue from Mission Road through to Arroyo Drive, in accordance with the General Plan. This extension is expected to improve east-west connectivity.

Strategic Economics evaluated the potential for new residential, office retail, and mixed-use development in the study area with a focus on the next ten years or less (see Appendix I). Strategic Economics found that the area is well-positioned for residential development with supporting commercial uses. There is strong demand for new residential development in South San Francisco and the broader northern San Mateo County area. Employment growth in the Silicon Valley and San Francisco is a major driver of demand for housing in the market area. The study area offers excellent access to regional transit and freeways, and is an ideal location for professionals seeking a convenient commute to job centers in San Francisco or on the Peninsula.

Site Description
The properties included in the development feasibility analysis are shown in Figure 1 on page 71. In addition to the 9.5 acres owned by the Successor Agency (shown in brown), the development program includes 2.8 acres that are subject to an easement because they are in the BART right-of-way. Although the BART tunnel is underground, structural constraints limit improvements that can be made on the ground above to projects that do not involve any foundation work, and development along this easement would require BART approval. The Colma Creek Channel, Antoinette Lane and the planned Oak Avenue extension also play a major role in defining the shape and size of the developable acreage. For this reason the properties do not follow the parcel configurations described earlier in the LRPMP. Instead they are divided into the areas described in Figures 1 and on page 71.

Figure 1



Site A is the southernmost of the three development sites, located between Chestnut Avenue and the proposed Oak Avenue extension. The site is divided into three subsections by the BART easement and Antoinette Lane. Each of these parcels is described in more detail below.

- Parcel 1 is 1.9 acres with frontage along Antoinette Lane and Chestnut Avenue. It is currently home to a single-story retail building occupied by Pet Club. This parcel has received interest from businesses and developers. (Labeled "Site A1" in Figure 1.)
- Parcel 2 is a long, shallow parcel between El Camino Real and the BART easement, with a total area of 1.5 acres. (Labeled "Site A2" in Figure 1.)
- Parcel 3 is a triangular 0.9 acre parcel bounded by the proposed Oak Avenue extension, the BART easement and Antoinette Lane. (Labeled "Site A3" Figure 1.)

Site B is located on the north side of the proposed Oak Avenue extension, bounded by the BART easement to the southwest and the Colma Creek channel to the northeast. The developable area owned by the Successor Agency is 1.5 acres; the BART easement is 1.1 acres.

Site C is the largest parcel at 4.5 acres. Located on the north side of the proposed Oak Avenue extension, it is bounded by the BART easement and Centennial Trail to the southwest and by Mission Road to the northeast.

Strategic Economics worked with Successor Agency staff to devise a development program that is both market driven and consistent with the community's goals for the study area as expressed in the El Camino Real/Chestnut Avenue Area Plan and the goals of the El Camino Real Project Plan. The development program assumes redevelopment of all Successor Agency-owned parcels in a manner consistent with a master developer approach. In this approach, the property is redeveloped with the goal of maximizing the combined potential of all of the parcels. Orchestrating development across all parcels offers three major benefits:

1) **Economies of scale**. Larger projects can benefit from savings on some "soft" costs of development such as site planning, entitlements, financing and marketing. In some cases, they can also save on some of the "hard" costs related with construction. Larger projects are also more likely to be of sufficient scale to assist in addressing related public improvements in utilities, access, or other infrastructure.

2) **More efficient site design**. Developed incrementally, each parcel would need to address access, parking and open space separately. A master developer approach allows required parking to be provided in a more economical way, in particular by making use of the BART easement for retail parking for multiple buildings.

Consistent with findings of the market analysis, the development program consists primarily of residential uses with some supporting retail. The development program is summarized in Figures 2, and the drawings are provided in Figures 3 and 4**.**

Figure 2

	Site A	Site B	Site C
Developable Area (acres)	4.2	1.5	4.4
BART Easement	1.7	1.1	0
Description	Residential Over Ground Floor Retail and Podium Parking	Residential Over Podium Parking	Residential Over Podium Parking
Stories	4-5 Stories	5 Stories	6 Stories
Retail Area (sq. ft.)	32,400	0	0
Residential Units	194	100	420
Residential Parking Ratio	1.5	1.5	1.5

Source: VMWP, 2013.

3) **Development of all Properties**. In the event the Successor Agency elected to sell individual properties, Site C is the only site that would be developed consistent with the Agency's El Camino Corridor Project Plan, the El Camino Real/Chestnut Avenue Area Plan and the City's General Plan. Site A1 would most likely be purchased by a business that would retain the existing use. Site A2 would not be developed or sold given the site's development constraints and environmental condition. The size and accessibility constraints of Site A3 and Site B would most likely preclude the development and sale of

these properties as well. Such outcomes waste a tremendous opportunity to develop hundreds of housing units in a transit oriented area.

Development Description

Site A consists of three buildings with a total of 194 residential units and 32,000 square feet of retail. Each building has three to four residential levels over ground floor podium parking and retail. The retail businesses in all three buildings would be served by 131 shared surface parking spaces on the BART easement and Antoinette Lane, at a ratio of approximately 4 spaces per 1000 square feet.

Sites B and C are both entirely residential with one floor of ground floor podium parking. Site B contains 100 units in four levels above one level of podium parking. The structured parking is supplemented by an additional 26 surface parking spots on the BART easement. Site C is developed with 400 residential units in four levels above two levels of podium parking.

Figure 3

Figure 4

The financial feasibility results are summarized in Figure 5. Strategic Economics used a "land residual" approach to test the feasibility of the development program. This method estimates the amount that a developer can afford to pay for the property based on the expected costs and revenues associated with the development program. If the residual land value is similar to the expected cost of land, it suggests that the project is feasible. If the residual land value is less than the expected cost of land, or negative, it suggests that the project is not feasible.

Figure 5

	Site A	Site B	Site C
Development Costs			
Hard Costs	$67,830,000	$31,388,000	$125,861,000
Soft Costs	$20,349,000	$9,416,000	$37,758,000
Financing Costs	$3,224,000	$1,492,000	$5,982,000
Developer's Return	$10,968,000	$5,076,000	$20,352,000
Total Costs	**$102,372,000**	**$47,372,000**	**$189,953,000**
Total Revenue	**$104,580,000**	**$47,078,000**	**$189,477,000**
Residual Land Value	**$2,208,000**	**-$294,000**	**-$476,000**
Per Square Foot	**$8.03**	**-$2.63**	**-$2.46**

Source: Strategic Economics, 2013.

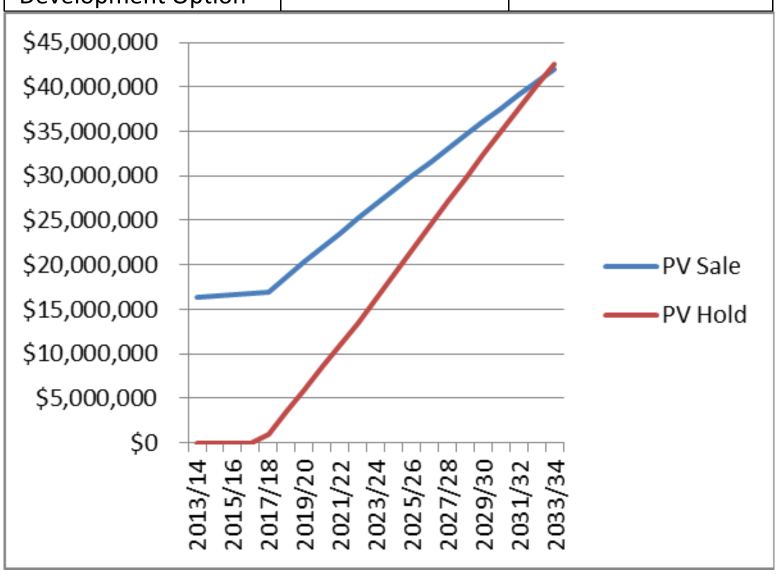
For the purposes of the analysis, land values for residential and mixed use development near the study area are estimated to range from $50 to $75 per square foot. This price range is based on recent transactions and asking prices for properties in the surrounding area, as well as interviews with brokers and developers active on the San Francisco Peninsula. It should be noted that land prices vary greatly depending on the location and specific characteristics of the property, as well as zoning, intended use and market conditions.

Financial Benefit to Taxing Agencies

While the benefit of the City retaining the properties for future development and the fulfillment of the El Camino Project Area Plan is the most beneficial option for the City, the property, the residents, the region and the State, the financial benefit to the taxing agencies is virtually equal between the two options. As summarized below, and shown in more detail in Appendix H and Table 4, the net financial benefit to the taxing agencies is virtually equal over a 20 year period.

Table 4

	Nominal Cash Flows	Present Value of Cash Flows
Sell Option	$53,288,000	$41,968,000
Retain for Development Option	$61,944,000	$42,607,000



Downtown Central Project Area

The goal of the property strategy for the Downtown Central Project Area is to maximize the long-term revenue to the taxing agencies and achieve the redevelopment plan projects while also maintaining the vision expressed in the City's General Plan as well as the Downtown Station Area Specific Plan. The following activities are directly relevant to the development of properties in the downtown as described in the LRPMP (excerpted from Section II. A pages II-1 and II-3 of the Implementation Plan):

> *2. Public Facilities–Streetscape improvements to Grand Avenue, the construction of the CalTrain plaza and other pedestrian plazas…creation of infill parks in the Downtown Central Area…development of new parks, and reconfiguration of landscaping and playfields to meet the current needs of residents.*
>
> *3. Economic Development–The projects and activities will be designed to promote economic development in the Project Areas and include the following: continued support of Downtown businesses through property improvement loans, Agency development of new housing in the Downtown Central Project Area, support for mixed-use development in the Downtown Central … Project Area….*
>
> *4. Property Acquisition, Demolition and Site Preparation– Major land improvement activities will include the Chestnut Avenue/CalWater site … scattered site acquisitions in the Downtown Central Project Area….*
>
> *5. Affordable Housing Program–The Housing Program promotes residential and mixed-use development on vacant and underutilized sites. Through this program the Agency will increase and preserve the low and moderate-income housing stock. Components of this program include assistance for the construction of new rental and ownership units, loans and grants for rehabilitation, and first-time homebuyer assistance.*

The General Plan seeks to reinforce the Downtown's identity and role as the physical and symbolic center of South San Francisco. General Plan strategies include increased residential development in the Downtown and better connections to surrounding areas. Chapter 3.1 of the General Plan specifies guiding and implementation policies for the Downtown area, many of which will be facilitated by the proposed development strategy described in the LRPMP:

> *3.1-G-1 Promote the Downtown's vitality and economic well-being and its presence as the city's center.*
> *3.1-G-2 Encourage development of Downtown as a pedestrian-friendly mixed-use activity center….*
> *3.1-G-3 Promote infill development, intensification and reuse of currently underutilized sites.*
> *3.1-I-3 Maintain land uses and development intensities in Downtown.*

Downtown Area Specific Plan (DSAP)

The City of South San Francisco is currently preparing the Downtown Station Area Specific Plan (DSAP) for the area surrounding the City's Caltrain commuter rail station, located just east of Highway 101.The DSAP Area is located within one half mile of the South San Francisco Caltrain station, and includes the majority of commercial and civic development Downtown. A portion of the Plan Area extends east of Highway 101.

A primary goal of the DSAP is to implement transit-supportive development in Downtown South San Francisco that meets the diversity and affordability needs of the local community. In pursuit of this goal, the DSAP seeks to improve accessibility between the Caltrain station, Downtown, and the employment center east of Highway 101. The DSAP effort requires an analysis of land uses that can support these objectives, including additional housing opportunities, retail development, and office development, and an evaluation of existing development standards, such as parking requirements.

At present, the Caltrain station is currently situated between the downtown and the employment area east of Highway 101; however the highway, ramps, and overpasses create physical barriers that separate the Downtown from the employment center and limit accessibility to the Caltrain station from all directions. As a result the South San Francisco Caltrain station is significantly underutilized due primarily to these accessibility issues.

The City expects to adopt the DSAP and the accompanying environmental impact report in early 2014. Adoption will have a significant impact on all of the properties in the downtown area as it will revise the downtown's zoning. The proposed zoning will increase allowable densities, thereby enhancing the transit oriented nature of the area. Upon adoption of the DSAP, the value of developable sites will increase dramatically as a result of the zoning changes that will allow for greater development intensity. All of the properties currently owned by the Successor Agency will benefit from the DSAP. Their values will increase and their ability to fulfill the RDA Downtown Project Area plan will be enhanced. However, the ability to achieve these goals will be contingent on various sites remaining assembled in order to meet their development potential.

Finally, Appendix J is a study of the development potential for all sites in the downtown area prepared by Brookwood Group.

15-18. 201, 207, 217-219, and 227 Grand Avenue

Grand-Cypress Property Assemblage
The Grand-Cypress properties sit at the gateway to Downtown South San Francisco. The properties are an important component of the City's and the former Agency's efforts to create a vibrant, transit-oriented and diverse downtown. Development of these properties and other sites owned by the Successor Agency will craft a vision for the Downtown core that provide transit supported housing and easy connectivity to the downtown South San Francisco Caltrain station.

Site Description
The Agency acquired these properties over the years to create a 27,200 sq. ft. lot assemblage that would be ideal for a major transit oriented development. Despite the dissolution of redevelopment, City staff has been working with a developer that created conceptual plans to develop a 37-unit residential development with 8,000 sq. ft. of retail space (see Figure 6).

Under present conditions, the Successor Agency believes 217-219 Grand Avenue could be sold on its own for approximately $1.2 million. However, it is unlikely that the remaining unimproved properties would sell. More importantly, the individual sale of 217-219 Grand Avenue would eliminate the possibility of developing a high density housing development that would fulfill the Redevelopment Plan, region and State goals of developing transit oriented housing. The highest and best use of this property is to develop a project with high intensity uses. Therefore, to ensure this type of development occurs, the Successor Agency and/or the City will merge these parcels into a single parcel.

Figure 6

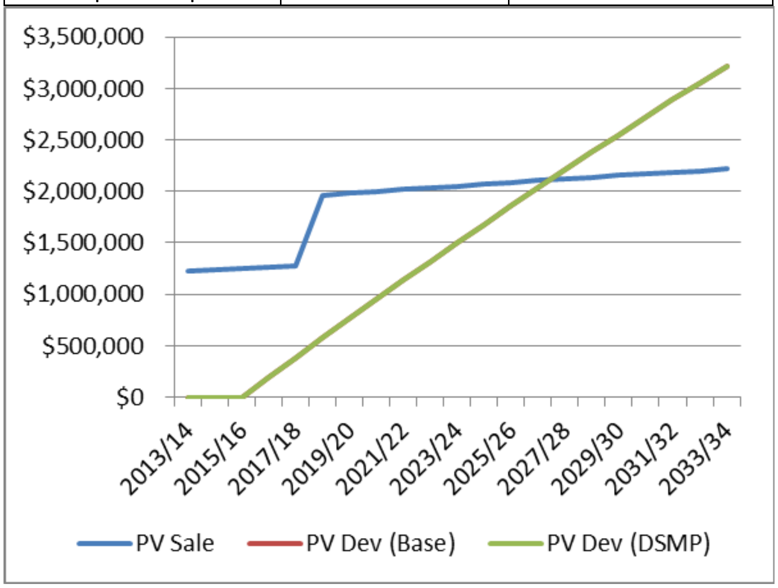
Because of current market conditions, it is estimated that the residual land value of the Grand-Cypress property assemblage is zero or slightly negative. However, with the adoption of the DSAP and the increased development and desirability of the area as a result of its full transition into a full TOD area, the residual land value the Grand-Cypress assemblage is estimated to be $1.5 million.

Financial Benefit to Taxing Agencies

Although the taxing agencies would receive an immediate benefit from the sale of the 217-219 Grand Avenue, in the long run the taxing agencies would receive a greater benefit as a result of the development of the entire site from the property taxes generated by a new development. As summarized below and shown in more detail in Appendix H and Table 5, the net financial benefit to the taxing agencies would be almost $1 million more (in present value) over a 20 year period. With a development estimated to be completed in 2016/17, the breakeven point between immediate sale of some properties and the property tax generated from a new development would occur in approximately 14 years (2027/28) for the taxing agencies.

Table 5

	Nominal Cash Flows	Present Value of Cash Flows
Sell Option	$2,451,000	$2,218,000
Retain for Development Option	$4,674,000	$3,217,000



19-21. 200 Linden Avenue and 212 and 216 Baden Avenue

Linden/Baden Avenue Land Assemblage

The Linden/Baden Avenue properties sit in the heart of Downtown South San Francisco. The properties are an important component of the City's and former Agency's efforts to create a vibrant, transit-oriented and diverse downtown. Development of these properties will provide transit supported housing and easy connectivity to the downtown South San Francisco Caltrain station.

Site Description

The Agency acquired these properties over the years to create a 31,404 sq. ft. (0.72 acre) lot assemblage that would be ideal for a major transit oriented development. The Successor Agency worked with a consultant to estimate the development potential of the site. The development consultant estimates that under current zonong the site could accommodate 50 residential units and 6,500 sq. ft. of retail space. Upon adoption of the DSAP, the residential development potential of the sites increases to 100 units and 6,500 sq. ft. of retail space.

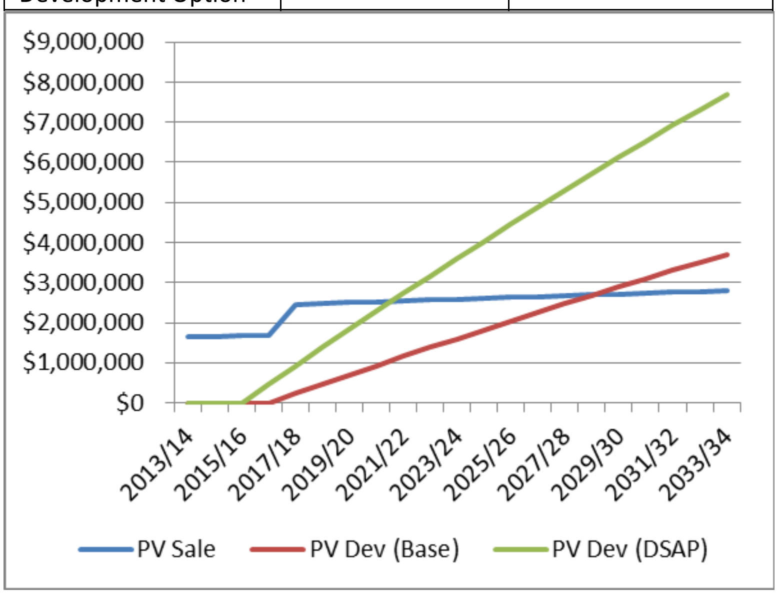
Under present conditions, the Successor Agency believes the property at 200 Linden Avenue may potentially be sold on its own for approximately $1.6 million. However, it is unlikely that the remaining unimproved properties would sell for an extended period of time. More importantly, the individual sale of 200 Linden Avenue would eliminate the possibility of developing a high density housing development that would fulfill the Redevelopment Plan, region and State goals of developing transit oriented housing. The highest and best use of this property is to develop a project with high intensity uses. Therefore, to ensure this type of development occurs, the Successor Agency and/or the City will merge these parcels into a single parcel.

Because of current market conditions, it is estimated that the residual land value of the Linden/Baden property is negative (-$4.7 million). However, with the adoption of the DSAP and the increased development and desirability of the area as a result of its full transition into a full TOD area, the residual land value the Linden/Baden assemblage is estimated to be $2 million.

Financial Benefit to Taxing Agencies
Although the taxing agencies would receive an immediate benefit from the sale of 200 Linden Avenue, in the long run the taxing agencies would receive a greater benefit as a result of the development of the entire site from the property taxes generated by a new development. As summarized below and shown in more detail in Appendix H and Table 6, the net financial benefit to the taxing agencies would be almost $4.9 million more (in present value) over a 20 year period. With a development estimated to be completed in 2017/18, the breakeven point for the taxing agencies would occur in approximately 8 years (2021/22).

Table 6

	Nominal Cash Flows	Present Value of Cash Flows
Sell Option	$3,047,000	$2,795,000
Retain for Development Option	$11,199,000	$7,708,000



22. 315 Airport Blvd.

315 Airport Blvd. is the first property visible to drivers exiting southbound Highway 101. It also has strong visibility to drivers continuing along Highway 101. The property is an important component of the City's and the former Agency's efforts to create a vibrant, transit-oriented and diverse downtown. Development of this property will provide transit supported housing and easy connectivity to the downtown South San Francisco Caltrain station.

Located in the heart of downtown South San Francisco, the highest and best use of the property is to develop it with high intensity uses. The property is currently large enough to be developed on its own, however, two adjacent parcels immediately south of the property are underutilized. The property at 305 Airport Blvd. contains an older commercial building that is vacant and the property at 309 Airport is an SRO hotel that has been informally offered to the City in the past. Combining the two properties with 315 Airport Blvd. would form a 0.85 acre site (37,341 sq. ft.), see Figures 7 and 8 below. Such assemblage could best be accomplished by having the City work with a developer that is interested in pursuing a larger project that would incorporate all three parcels.

Figure 7

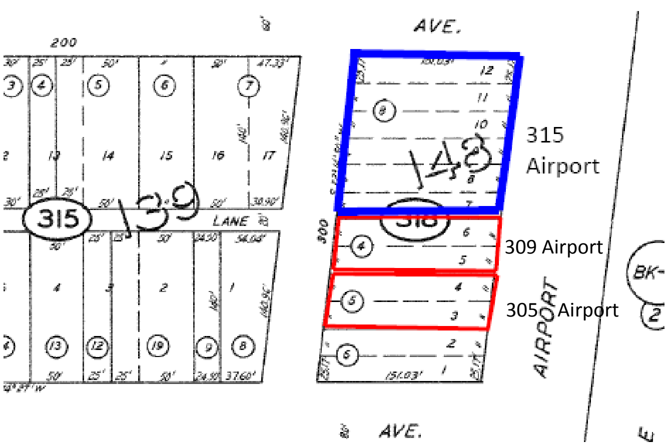


Figure 8

305 Airport Vacant, former automotive store	309 Airport SRO hotel	315 Airport (Partial view)

Site Description
This 22,136 sq. ft. (0.51 acre) property is ideal for a major transit oriented development. The Successor Agency worked with a consultant to estimate the development potential of the site. The development consultant estimates that under current conditions the site could accommodate 29 residential units and 9,000 sq. ft. of retail space. Upon adoption of the DSAP, the residential development potential of the sites increases to 58 units and 9,000 sq. ft. of retail space.

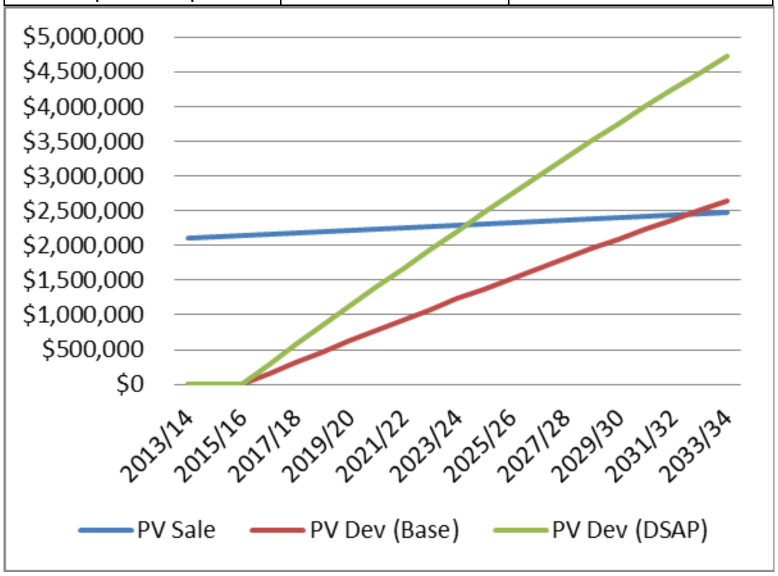
Under present conditions (including poor condition of building, allowable uses and development challenges), the Successor Agency believes the property at 315 Airport Blvd. would be difficult to sell. Nevertheless, a land speculator may be interested in purchasing the property at a discounted price and holding it for development or reselling it to a developer in the future. It is estimated that the property would sell at between $1.8 and $2.1 million. If sold, it is likely that the property will remain undeveloped for an extended period of time, thus eliminating the near term possibility of developing a high density housing development that would fulfill the Redevelopment Plan, region and State goals of developing transit oriented housing.

Because of current market conditions, it is estimated that the residual land value of 315 Airport Blvd. is negative (-$4.5 million). However, with the adoption of the DSAP and the increased development and desirability of the area as a result of its full transition into a full TOD area, the property will experience an increase in residual land value. Because it is a challenging development site, it is likely that the value will still be quite small, at $80,000. With the acquisition of 305-309 Airport Blvd, a developer could achieve higher economies of scale and build a larger project that would result in a higher residual land value and a greater benefit to the taxing agencies in the long run.

Financial Benefit to Taxing Agencies
Although the taxing agencies may receive a benefit from the sale of 315 Airport Blvd., in the long run the taxing agencies would receive a greater benefit in the form of property taxes generated by a new development if the City is able to advance the development of site. As summarized below and shown in more detail in Appendix H and Table 7, the net financial benefit to the taxing agencies would be almost $2.3 million more (in present value) over a 20 year period. With a development estimated to be completed in 2016/17, the breakeven point for the taxing agencies would occur in approximately 11 years (2024/25).

Table 7

	Nominal Cash Flows	Present Value of Cash Flows
Sell Option	$2,68,000	$2,470,000
Retain for Development Option	$6,873,000	$4,731,000



23-25. 401, 411 and 421 Airport Blvd.

400 Block Airport Blvd. Land Assemblage

Consisting of 1.06 acres, the properties on the 400 block represent the single largest development opportunity in downtown South San Francisco. The properties have strong visibility to drivers continuing along Highway 101. The property is an important component of the City's and the former Agency's efforts to create a vibrant, transit-oriented and diverse downtown. Development of this property will provide transit supported housing and easy connectivity to the downtown South San Francisco Caltrain station.

Site Description

This 43,043 sq. ft. (1.06 acre) property is ideal for a major transit oriented development. The Successor Agency worked with a consultant to estimate the development potential of the site. The development consultant estimates that under current conditions the site could accommodate 81 residential units and 8,000 sq. ft. of retail space. Upon adoption of the DSAP, the residential development potential of the sites increases to 162 units and 8,000 sq. ft. of retail space.

Under present conditions (including the reduced number of residential units), the Successor Agency believes the property at 411 Airport Blvd. has the potential to be sold on its own for approximately $1 million. If 411 Airport Blvd. is sold on its own, it is unlikely the remaining unimproved properties would sell for an extended period of time. It is possible a land speculator may be interested in purchasing the entire property at a discounted price and holding for it development or reselling it to a developer in the future. The highest and best use of this property is to develop a project with high intensity uses. Therefore, to ensure this type of development occurs, the Successor Agency and/or the City will merge these parcels into a single parcel.

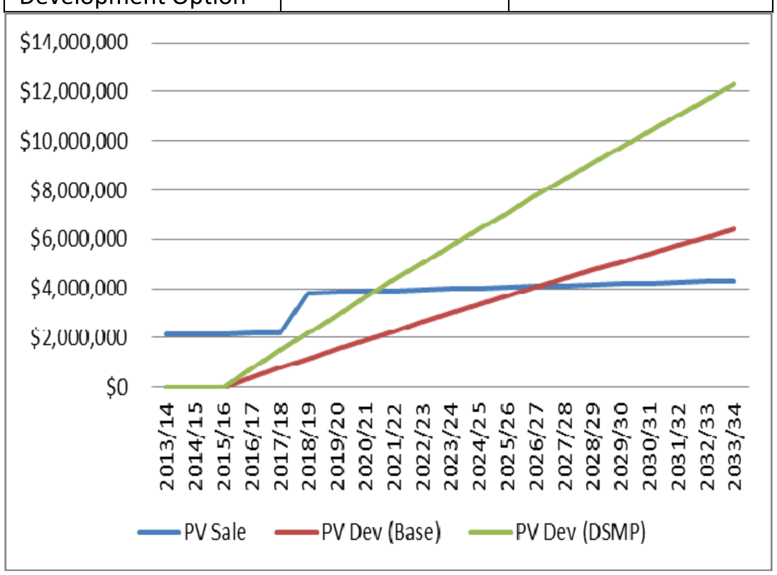
Because of its reduced development potential, it is estimated that the residual land value of the 400 block of Airport Blvd. is negative (-$7.2 million). However, with the adoption of the DSAP and the increased development and desirability of the area as a result of its full transition into a full TOD area, the property will experience an increase in residual land value to $3 million.

Financial Benefit to Taxing Agencies

Although the taxing agencies may receive a benefit from the sale of 411 Airport Blvd., or the potential sale of the entire site to speculative buyer, in the long run the taxing agencies would receive a greater benefit in the form of property taxes generated by a new development if the City is able to advance the development of site. As summarized below and shown in more detail in Appendix H and Table 8, the net financial benefit to the taxing agencies would be approximately $12.3 million more (in present value) over a 20 year period. With a development estimated to be completed in 2016/17, the breakeven point for the taxing agencies would occur in approximately 8 years (2021/22).

Table 8

	Nominal Cash Flows	Present Value of Cash Flows
Sell Option	$4,811,000	$4,313,,000
Retain for Development Option	$17,836,000	$12,277,000



26. 405 Cypress Avenue

Consisting of 8,763 sq. ft., 405 Cypress Avenue has a moderate development opportunity. Nevertheless, coupled with other properties being developed in the area, this property has the potential to be developed according to the former Agency's plan. Development of this property will provide transit supported housing and easy connectivity to the downtown South San Francisco Caltrain station.

Site Description

This 8,762 sq. ft. (0.2 acre) property has the potential to be a transit oriented development. The Successor Agency worked with a consultant to estimate the development potential of the site. The development consultant estimates that under current conditions the site could accommodate 14 residential units. Upon adoption of the DSAP, the residential development potential of the sites increases to 28 units.

The highest and best use of this property is to develop a project with high intensity uses. The property is marginally large enough to be developed on its own under current market condition. However, one adjacent parcel immediately west of the property are underutilized. The property at 204 Miller Avenue is an older commercial building that is vacant. Combining the two properties would form a 15,762 sq. ft. site (see Figures 9 and 10 below) that would increase the viability of the site. Such assemblage could best be accomplished by having the City work with a developer that is interested in pursuing a larger project that would incorporate both parcels.

Figure 9

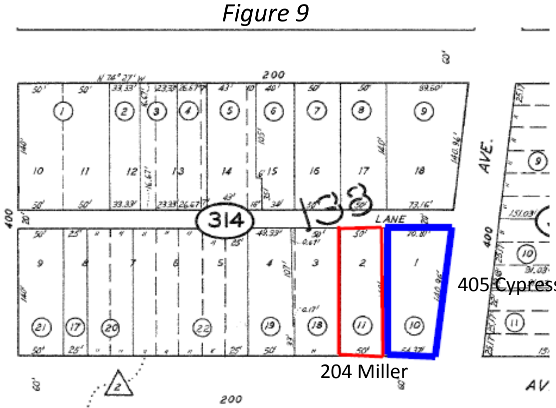
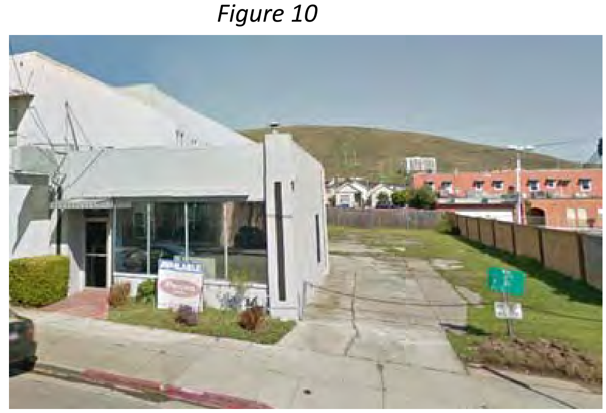


Figure 10



204 Miller

Under present conditions (including the reduced number of residential units), the Successor Agency believes the property has little sales potential. It is unlikely that a developer or land speculator would be interested in this property until all major sites in the downtown are developed.

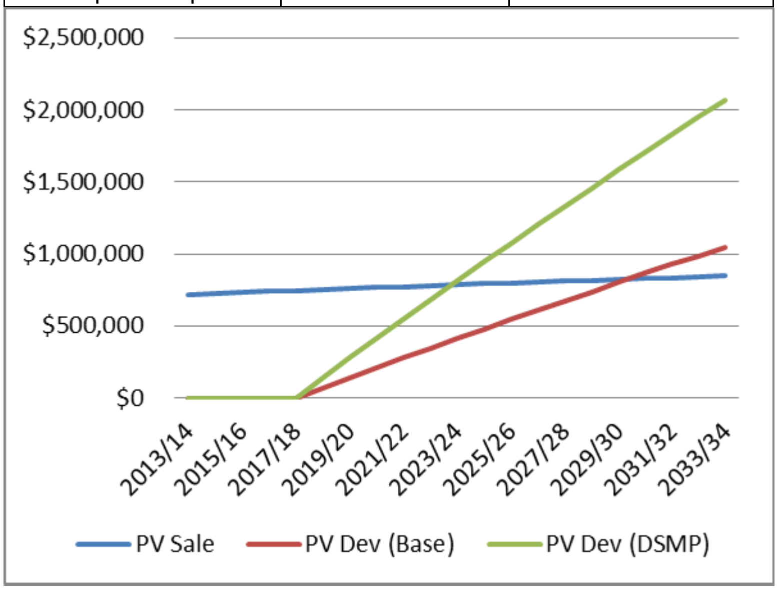
Because of its reduced development potential, it is estimated that the residual land value of the 405 Cypress Avenue is negative (-$1.2 million). However, with the adoption of the DSAP and the increased development and desirability of the area as a result of its full transition into a full TOD area, the property will experience an increase in residual land value to $650,000. With the acquisition of 204 Miller, a developer could achieve economies of scale and build a larger project that would result in a higher residual land value and a greater benefit to the taxing agencies in the long run.

Financial Benefit to Taxing Agencies

In the short- to medium term, it is unlikely the taxing agencies will receive any benefit from the sale of 405 Cypress Avenue. The greatest potential for this site is if it is bundled with properties on the 400 Block of Airport Blvd. and is developed as part of that project. As summarized below, and shown in more detail in Appendix H and Table 9, the net financial benefit to the taxing agencies of having the City hold the property for development would be approximately $1.2 million more (in present value) over a 20 year period. With a development estimated to be completed in 2018/197, the breakeven point for the taxing agencies would occur in approximately 10 years (2021/22).

Table 9

	Nominal Cash Flows	Present Value of Cash Flows
Sell Option	$893,000	$845,000
Retain for Development Option	$3,094,000	$2,070,000



29. 905 Linden Avenue

The highest and best use of the property is to hold and combine it with adjacent properties to construct a high density residential project in the future. The property is 1 mile away from the downtown's transit hub but nevertheless has the potential to be a development site in the future as development sites around the downtown core become scarcer.

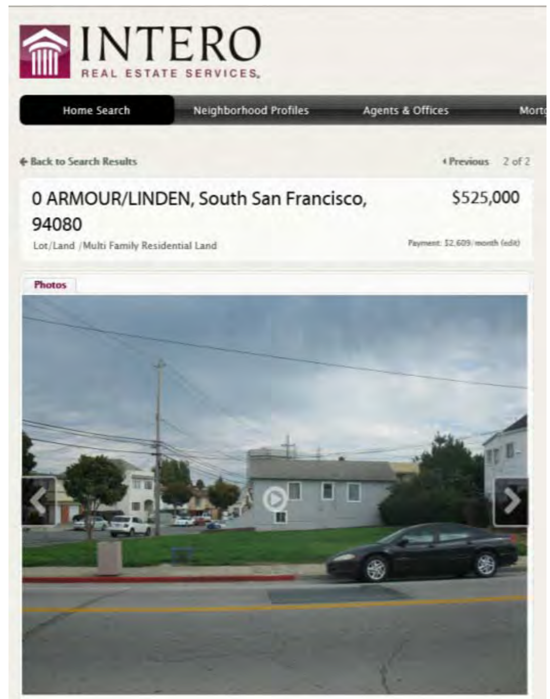
Site Description

This 15,000 sq. ft. (0.34 acre) property has the potential to be developed on its own despite having better prospects if assembled with adjacent private properties. The Successor Agency worked with a consultant to estimate the development potential of the site. The development consultant estimates that under current conditions the site could accommodate 11 residential units. Although this site is outside of the DSAP area it will still benefit from DSAP adoption as the desirability of the area will grow over time.

Under present conditions (including environmental conditions and development challenges), the Successor Agency believes the property at 905 Linden Avenue would be difficult to sell. Presently there is a comparable vacant property kitty-corner from 905 Linden Avenue that is for sale (see Figures 11 and 12). The property for sale is 7,559 sf. ft. and is being offered for $525,000 ($69.45/ sf. ft.). Intero Real Estate listed the property on October 23, 2012 and has not been able to sell it. Previously, Poletti Realty had the listing and had marketed the property for several years. Given the lack of demand for vacant property in this area, it is unlikely this property will sell in the near to medium-term.

Figure 11

Figure 12



If sold in the future, it is estimated that the property would sell for approximately $900,000 if sold with all land remediation completed. The property would have to be discounted by $100,000 to $200,000 if sold without remediation. Even if sold, it is likely the property will remain undeveloped for an extended period of time, thus eliminating the near term possibility of developing a high density housing development that would fulfill the Redevelopment Plan's goal of developing housing.

Because of current market conditions, it is estimated that the residual land value of 905 Linden Avenue is negative (-$310,000). However, with increased development in the downtown area, the property will likely experience an increase in residual land value in the future. Because it is a challenging development site, the likely value will be $880,000 (assuming the site has been remediated of all environmental contamination).

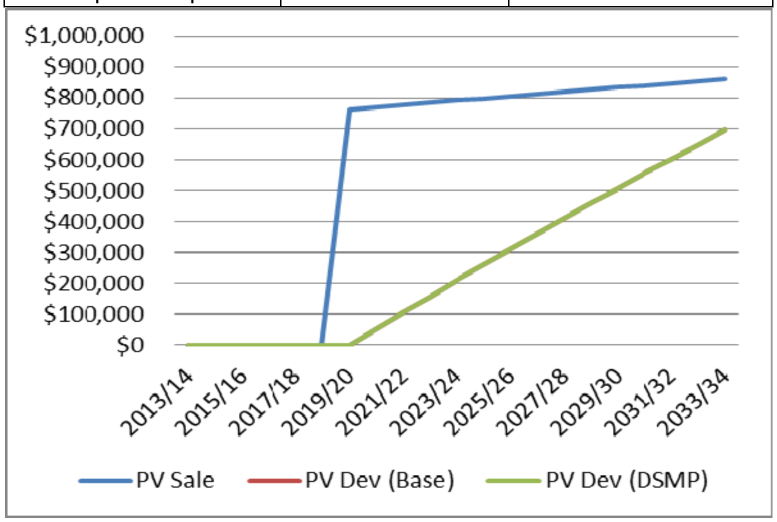
Financial Benefit to Taxing Agencies

The taxing agencies are not likely to see any financial benefits from these properties in the short or medium –term. Whether the Successor Agency attempts to sell immediately or the properties are transferred to the City for future development, the properties will sit unsold and undeveloped for years.

As summarized below, and shown in more detail in Appendix H and Table 10, the taxing agencies are not going to derive a benefit from this property for years. Given the properties' environmental condition (and the liability for remediation) and their challenging development potential, it would be best to transfer this property to the City to hold, remediate and manage until market conditions have changed dramatically.

Table 10

	Nominal Cash Flows	Present Value of Cash Flows
Sell Option (Sold in 2019/20)	$1,059,000	$861,000
Retain for Development Option	$1,070,000	$696,000



30-31. 616 and 700 Linden Avenue

616-700 Linden Avenue Assemblage

The highest and best use of this property is to hold it until market conditions are such that a high density residential development can be built in the future. The sites are too small to make a project economically feasible at this time and they have petroleum compound contamination in the ground and groundwater. Despite these difficulties, in the future these properties will serve well as transit oriented housing because of their proximity to the downtown's transit hub and the Caltrain station.

Site Description

Each property is 14,387 sq. ft. (0.33 acres) for a total of 0.67 acres. It would be challenging to develop each of these properties individually but combined they can be suitable for development in the future. The Successor Agency worked with a consultant to estimate the development potential of the sites. The development consultant estimates that under current conditions the sites could accommodate 40 residential units. Although this site is outside of the DSAP area it will still benefit from DSAP adoption as the desirability of the area will grow over time.

Presently there is a comparable vacant property at the corner of Linden and Armour Avenue that is for sale (see Figures 11 and 12 on page 87 for a description of the property for sale). The property for sale is 7,559 sf. ft. and is being offered for $525,000 ($69.45/ sf. ft.). Intero Real Estate listed the property on October 23, 2012 and has not been able to sell it. Previously, Poletti Realty had the listing and had marketed the property for several years. Given the lack of demand for vacant property in this area, it is unlikely this property will sell in the near to medium-term.

Financial Benefit to Taxing Agencies

Under present conditions (including environmental conditions and development challenges), the Successor Agency believes the properties at 616 and 700 Linden would be difficult to sell. If sold in the future, it is estimated that the property would sell for approximately $1.1 million each if completely remediated. Without remediation, the properties are worth substantially less. Given the environmental condition and the development challenges, the properties would sell for as little as half their estimated future value. Even if sold today, it is likely the properties would remain undeveloped for an extended period of time, thus eliminating the near term possibility of developing a high density housing that would fulfill the Redevelopment Plan's goals.

Because of current market conditions, it estimated that the residual land value of 905 Linden Avenue is negative (-$2.3 million). Even with increased future development in the downtown that would drive property values up, the residual land value if these properties would remain negative (-$480,000). In all likelihood, the City would need to hold these properties undeveloped for an extended period of time.

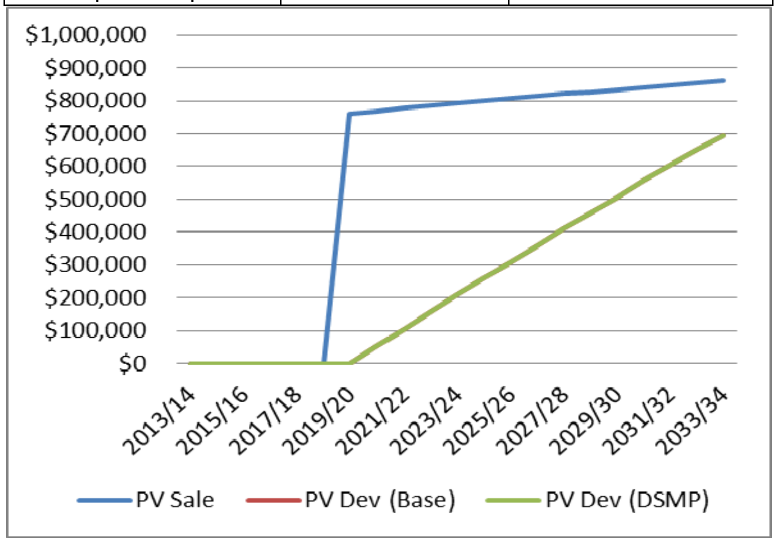
Financial Benefit to Taxing Agencies

The taxing agencies are not likely to see any financial benefits from these properties in the short or medium –term. Whether the Successor Agency attempts to sell immediately or the properties are transferred to the City for future development, the properties will sit unsold and undeveloped for years. As summarized below, and shown in more detail in Appendix H and Table 11, the taxing agencies are not going to derive a benefit from this property for years. Given the properties' environmental condition (and the liability for remediation) and their challenging development potential, it would be best to transfer this property to the City to hold, remediate and manage until market conditions have changed dramatically.

As summarized below, and shown in more detail in Appendix H and Table 11, the net financial benefit to the taxing agencies of having the City hold the property for development would be approximately $111,257 more (in present value) over a 20 year period. With a development estimated to be completed in 2020/21, the breakeven point for the taxing agencies would occur in approximately 19 years (2032/33).

Table 11

	Nominal Cash Flows	Present Value of Cash Flows
Sell Option (Sold in 2019/20)	$1,318,000	$1,072,,000
Retain for Development Option	$1,821,000	$1,183,000



Conclusion

In summary and for the reasons set forth above, this LRPMP directs that each property be used or sold for a project identified in the approved Redevelopment Plan in accordance with Health and Safety Code Section 34191.5(c)(2)(A). Upon approval of this LRPMP, the properties will transfer from the Community Redevelopment Property Trust Fund to the City, subject to the terms of this LRPMP. The Successor Agency is authorized and directed to take all actions necessary to cause such transfer of each Property to the City and to take all necessary steps to carry out goals and objectives of the LTPMP. To carry out the goals and objectives of the LTPMP the City will take the following steps:

Designation of Land as not "surplus property"

Because the City is obligated to dispose of the Properties in accordance with this LRPMP and to satisfy goals, objectives and purposes of the Redevelopment Plan and the Redevelopment Dissolution Statutes, the Properties are not "surplus" property of the City and are not subject to the disposition requirements and procedures of the Surplus Lands Act (Government Code Section 54220 *et seq.*). Instead, disposition of the Properties in accordance with this LRPMP and to satisfy goals, objectives and purposes of the Redevelopment Plan and the Redevelopment Dissolution Statutes constitutes a "common benefit" that may take place under authority of Government Code Section 37350 and/or other disposition authority deemed appropriate by the City. The provisions of the California Environmental Quality Act and Government Code Section 65402(a) regarding General Plan conformance will apply to the disposition of each property.

Guidelines for the Development of Properties

Upon the transfer of properties pursuant to this LRPMP, and pursuant to the Redevelopment Dissolution Law, the City will use a number of methods and procedures to advance the development of the properties to their full potential. The methods and procedures the City uses will depend on the marketability, financial feasibility, accessibility, condition and complexity of the properties. These methods will include, but not be limited, to:

- Request for Qualifications (RFQ) – to identify prospective developers
- Request for Proposals (RFP) – to obtain bids for development projects
- Exclusive Negotiating Rights Agreements (ENRA) – to negotiate with specific developers on properties posing significant development challenges
- Disposition and Development Agreements (DDA) – to dispose of land pursuant a development agreement
- Cooperation Agreements – to include the City's participation in the development of properties posing significant development challenges that necessitate public participation in order to advance the development of the property or a public goal such as (but not limited to) affordable housing

The guidelines will apply to the properties retained for future development *and* the properties with development potential in the Sale category (i.e. 432 Baden Avenue and 216 Miller Avenue).

Use of Sales Proceeds

The proceeds received from the sale of the LRPMP Properties, if any, are anticipated to be programmed to advance the development of the properties in accordance with the Redevelopment Plan and the Redevelopment Dissolution Statutes goal of creating Transit Oriented Development. Proceeds if any will be used for the following purposes:

- Environmental remediation of contaminated properties – for example, several properties have environmental contamination that must be removed prior to being suitable for residential development or public use.
- Development of infrastructure that enhances the development potential of properties – for example, in order to make possible and maximize the development of the former PUC properties, it will be necessary to complete construction of the Oak Avenue Extension.
- Cooperation agreements with developers to facilitate the development of properties – for example, the City will incorporate the inclusion of affordable housing within a proposed market rate development, or on a selected site, to provide the minimum required number of affordable units under of the former Redevelopment Plans.
- Relocation – for example, relocate businesses in Agency owned properties to facilitate development.
- Improvements to Public Use properties in the LRPMP that advance the goals of the Redevelopment Dissolution Statutes such as TOD and the former Redevelopment Plans.

Revenue Sharing

The City and Successor Agency will enter into a revenue sharing agreement (Revenue Sharing Agreement) whereby the taxing agencies will receive the net revenue from the sale of each property the City retains for future development. The Revenue Sharing Agreement will be approved by the Board of the Successor Agency of the Redevelopment Agency of the City of South San Francisco the City Council, and the Oversight Board, as applicable.

Appendices

Appendix A – DOF LRPMP Property Tracking Worksheet

Appendix B – Property Parcel Maps

Appendix C – Appraisal 011-326-030 (Chestnut/El Camino Real) Excerpt

Appendix D – Environmental Report Excerpts

Appendix E – Transfer Grant Deed Language for 559 Gateway Blvd.

Appendix F – Transfer Grant Deed Language for Public Use Properties

Appendix G – Transfer Grant Deed Language for 472 Grand Ave./306 Spruce Ave.

Appendix H – Property Tax Increment Projections

Appendix I – Strategic Economics SSF ECHO II Study of PUC Properties

Appendix J – Brookwood Group Memorandum on Downtown Properties Development

Appendices

Appendix A

DOF LRPMP Property Tracking Worksheet

County: San Mateo County

LONG RANGE PROPERTY MANAGEMENT PLAN: PROPERTY INVENTORY DATA

		HSC 34191.5 (c)(2)		HSC 34191.5 (c)(1)(A)					SALE OF PROPERTY		HSC 34191.5 (c)(1)(B)	HSC 34191.5 (c)(1)(C)			
No.	**Property Type**	**Permissible Use**	**Permissible Use Detail**	**Acquisition Date**	**Value at Time of Purchase**	**Estimated Current Value**	**Value Basis**	**Date of Estimated Current Value**	**Proposed Sale Value**	**Proposed Sale Date**	**Purpose for which property was acquired**	**Address**	**APN #**	**Lot Size (sq.ft.)**	**Current Zoning**
1	Commercial	Governmental Use	Restrictive covenants requiring use for: a) operation of a child day care facility; b) a public library; c) a public office facility as an amenity to the property.	28-May-03	$1,259,000	$1,259,000	Book	May-03	N/A	N/A	Construction a childcare center	559 Gateway Blvd.	015-024-490	30,330	Gateway Specific Plan with a General Plan designation of Business Commercial
2	Vacant Lot/Land	Future Development	High Density Mixed-Use Development	31-Jan-08	$21,060,000 (inclusive of properties #2-6)	TBA	Market	Sep-13	N/A	N/A	Development of a mixed-use district at the center of South San Francisco	No address	093-312-050	331,056 (inclusive of #2-3)	Transit Village district
3	Vacant Lot/Land	Future Development	High Density Mixed-Use Development	31-Jan-08	$21,060,000 (inclusive of properties #2-6)	$11,939,915	Market	Sep-13	N/A	N/A	Development of a mixed-use district at the center of South San Francisco	No address	093-312-060	331,056 (inclusive of #2-3)	Transit Village District
4	Vacant Lot/Land	Governmental Use	Public Park	31-Jan-08	$21,060,000 (inclusive of properties #2-6)	$2,417,580 (inclusive of properties #4-5)	Market	Sep-13	N/A	N/A	Development of a mixed-use district at the center of South San Francisco	No address	093-331-050	161,172 (inclusive of #4-5)	Transit Village District
5	Other	Governmental Use	Public Park	31-Jan-08	$21,060,000 (inclusive of properties #2-6)	$2,417,580 (inclusive of properties #4-5)	Market	Sep-13	N/A	N/A	Development of a mixed-use district at the center of South San Francisco	No address	093-331-060	161,172 (inclusive of #4-5)	Transit Village District
6	Vacant Lot/Land	Future Development	High Density Mixed-Use Development	31-Jan-08	$21,060,000 (inclusive of properties #2-6)	$970,000	Appraised	Sep-13	N/A	N/A	Development of a mixed-use district at the center of South San Francisco	No address	011-326-030	82,764	Transit Village District
7	Commercial	Future Development	High Density Mixed-Use Development	11-Jan-08	$6,500,000	$4,438,080	Appraised	11-May-12	N/A	N/A	Essential for the development of the former PUC Properties; implementation of the Redevelopment Plan for the El Camino Project Area.	1 Chestnut Ave.	011-322-030	72,000	El Camino Real/Chestnut Avenue Area, Mixed Use High Intensity

	HSC 34191.5 (c)(1)(D)	HSC 34191.5 (c)(1)(E)		HSC 34191.5 (c)(1)(F)	HSC 34191.5 (c)(1)(G)		HSC 34191.5 (c)(1)H)
No.	Estimate of Current Parcel Value	Estimate of Income/ Revenue	Contractual requirements for use of income/revenue	History of environmental contamination, studies, and/or remediation, and designation as a brownfield site	Description of property's potential for transit oriented development	Advancement of planning objectives of the successor agency	History of previous development proposals and activity
1	$1,259,000	($500.00/month)	Annual rent waived, but SA must pay $500/mo for Gateway Association fees	No recognized environmental condition	Restricted to public benefit uses. However, the site benefits from regional employee shuttle services, operated by both Genentech and the Congestion Management Relief Alliance, which allows employees to use the Caltrain and BART stations	Furthers the Gateway Redevelopment Plan's goals of providing affordable childcare	In compliance with Restrictive Covenants conveying the property to the Redevelopment Agency. The property is leased to the Peninsula Family YMCA
2	TBA	$ -	None	No recognized environmental condition	Sitting along El Camino Real and in close proximity to the BART station, the former PUC properties are suitable for transit oriented development. This proposed efficient use of land creates a pedestrian oriented, walkable area close to transit.	Promote Transit Oriented Development (Grand Blvd. Initiative, El Camino Real Master Plan, South San Francisco General Plan Housing Element, South El Camino Real General Plan Amendment)	Prior to the acquisition, the PUC had not considered any development proposals of consequence.
3	$11,939,915	$ -	None	No recognized environmental condition	Sitting along El Camino Real and in close proximity to the BART station, the former PUC properties are suitable for transit oriented development. This proposed efficient use of land creates a pedestrian oriented, walkable area close to transit.	Promote Transit Oriented Development (Grand Blvd. Initiative, El Camino Real Master Plan, South San Francisco General Plan Housing Element, South El Camino Real General Plan Amendment)	Prior to the acquisition, the PUC had not considered any development proposals of consequence.
4	$2,417,580 (inclusive of properties #4-5)	$ -	None	No recognized environmental condition	Sitting along El Camino Real and in close proximity to the BART station, the former PUC properties are suitable for transit oriented development. This proposed efficient use of land creates a pedestrian oriented, walkable area close to transit.	Promote Transit Oriented Development (Grand Blvd. Initiative, El Camino Real Master Plan, South San Francisco General Plan Housing Element, South El Camino Real General Plan Amendment)	Prior to the acquisition, the PUC had not considered any development proposals of consequence.
5	$2,417,580 (inclusive of properties #4-5)	$ -	Revocable Permit between the Agency and the Boys and Girls Club including provisions: 1) no rent, 2) the Permit has no sunset clause and can be revoked at any time.	No recognized environmental condition	Sitting along El Camino Real and in close proximity to the BART station, the former PUC properties are suitable for transit oriented development. This proposed efficient use of land creates a pedestrian oriented, walkable area close to transit.	Promote Transit Oriented Development (Grand Blvd. Initiative, El Camino Real Master Plan, South San Francisco General Plan Housing Element, South El Camino Real General Plan Amendment)	Prior to the acquisition, the PUC had not considered any development proposals of consequence.
6	$970,000	$ -	None	The Agency conducted Phase I and Phase II assessments contamination of TEPH-mo	Sitting along El Camino Real and in close proximity to the BART station, the former PUC properties are suitable for transit oriented development. This proposed efficient use of land creates a pedestrian oriented, walkable area close to transit.	Promote Transit Oriented Development (Grand Blvd. Initiative, El Camino Real Master Plan, South San Francisco General Plan Housing Element, South El Camino Real General Plan Amendment)	Prior to the acquisition, the PUC had not considered any development proposals of consequence.
7	$4,438,080	$23,620.00/year	The term of the lease with Pet Club is three years (36 months) at a gross rate of $37,519 per month, with an option to extend 12 months. A $500,000 tenant improvement allocation to Pet Club from the Successor Agency/Oversight Board includes a pay back of $13,899 per month for three years resulting in a net rent of $23,620.	No recognized environmental condition	Ideal location along Chestnut Avenue in close proximity to El Camino Real and the South San Francisco BART station. Key property for advancing the City's Transit Village Zoning District.	The Agency purchased 1 Chestnut Avenue as an essential property in the implementation of the Transit Village Zoning District and the Redevelopment Plan for the El Camino Project Area.	At the time of acquisition the property housed Ron Price Motors. The property is currently leased to Red Cart Market, Inc., doing business as Pet Club Stores, Inc.

		HSC 34191.5 (c)(2)		HSC 34191.5 (c)(1)(A)					SALE OF PROPERTY		HSC 34191.5 (c)(1)(B)	HSC 34191.5 (c)(1)(C)			
No.	Property Type	Permissible Use	Permissible Use Detail	Acquisition Date	Value at Time of Purchase	Estimated Current Value	Value Basis	Date of Estimated Current Value	Proposed Sale Value	Proposed Sale Date	Purpose for which property was acquired	Address	APN #	Lot Size (sq.ft.)	Current Zoning
8	Public Building	Governmental Use	Expansion of Orange Memorial Park	21-Dec-07	$1,100,000	$1,100,000	Book	N/A	N/A	N/A	Expand Orange Memorial Park	80 Chestnut Ave.	011-324-160	30,330	Public/Quasi-Public
9	Police/Fire Station	Governmental Use	Fire Station 61	28-Apr-04	$3,650,000	$3,650,000	Book	28-Apr-04	N/A	N/A	Public safety, relocation of fire station serving project area.	480 North Canal St.	014-061-110	75,260	Mixed Industrial per the General Plan
10	Vacant Lot/Land	Governmental Use	Caltrain station extension and pedestrian access improvements	28-Jan-10	$763,000	$763,000	Book	28-Jan-10	N/A	N/A	Caltrain station extension and pedestrian access improvements	296 Airport Blvd.	012-338-160	24,325	Public/Quasi-Public
11	Parking Lot/Structure	Governmental Use	Parking Garage Structure	14-Mar-07	$700,000	$700,000	Book	14-Mar-07	N/A	N/A	To combine with three City owned parcels to build the Miller Avenue Parking Structure for the downtown	323 Miller Ave.	012-312-070	3,500	Downtown Core
12	Roadway/Walkway	Governmental Use	Pedestrian access to Parking Garage Structure	10-Feb-10	$1,700,000	$560,000	Market	Sep-13	N/A	N/A	Pedestrian connection from the Parking Structure directly onto Grand Avenue	356 Grand Ave.	012-312-300	7,000	Downtown Core
13	Commercial	Governmental Use	County Medical Health Center	12-Nov-97	$3,050,000 (including property #14)	$1,260,000	Market	Sep-13	N/A	N/A	Rehabilitation of blighted property and for the San Mateo County Health Center	472 Grand Ave./ 306 Spruce Ave.	012-302-140	14,000	Downtown Core
14	Parking Lot/Structure	Governmental Use	Parking for County Medical Health Center	12-Nov-97	$3,050,000 (including property #13)	$560,000	Market	Sep-13	N/A	N/A	Rehabilitation of blighted property and for the San Mateo County Health Center	468 Miller Ave.	012-302-140	7,000	Downtown Residential Medium
15	Parking Lot/Structure	Future Development	Downtown core and future Downtown Area Specific Plan	22-Mar-00	$611,097	$406,160	Market	Sep-13	N/A	N/A	Multiple purposes including removal of blight, replacement of 25 parking spaces lost in the Downtown Parking District and future in-fill high density development.	201 Grand Ave.	012-316-110	5,077	Downtown Core

	HSC 34191.5 (c)(1)(D)	HSC 34191.5 (c)(1)(E)		HSC 34191.5 (c)(1)(F)	HSC 34191.5 (c)(1)(G)		HSC 34191.5 (c)(1)H)
No.	Estimate of Current Parcel Value	Estimate of Income/ Revenue	Contractual requirements for use of income/revenue	History of environmental contamination, studies, and/or remediation, and designation as a brownfield site	Description of property's potential for transit oriented development	Advancement of planning objectives of the successor agency	History of previous development proposals and activity
8	$1,100,000	$1.00/year	The property is leased to Historical Society for $1 per year. The term of the lease is for one year and renews automatically each year until April 1, 2033 unless either lessor or lessee terminates the lease with 90 day notice	No known environmental conditions	None	Expand Orange Memorial Park according to Orange Memorial Park Master Plan and the South San Francisco General Plan (Park and Recreation Element)	The property was owned by Cal Water to operate wells providing water. Cal Water did not entertain any development proposals or activity.
9	$3,650,000	$ -	None	No known environmental conditions	None	Improving public facilities and public safety.	Improving public facilities and public safety.
10	$763,000	$ -	None	Multiple hazardous materials exist in soil and ground water including TPHd, TPHmo, TPHg, Arsenic, Vanadium, Cadmium and other VOCs	Integral part of advancing transit oriented development for the entire downtown project area.	Relocate the Caltrain station, related public uses, and pedestrian access improvements	The City has prepared full plans for the relocation of the train station and all public amenities to this site and ready to commence but delayed by plans for Bullet Train and Caltrain electrification.
11	$700,000	$ -	Maintenance and Operations	No known environmental conditions	Higher density in-fill parking for downtown TOD and project area	Development of the Miller Avenue Parking Structure for the downtown TOD	The Agency maintained the affordable residential units at 323 Miller Avenue until the City constructed the parking structure. The property now houses the easternmost end of the parking structure which contains the elevator shaft and a small amount of unimproved commercial space.
12	$560,000	$ -	None	No known environmental conditions	The property is located within a transit oriented planning area and has the potential to be developed into a transit oriented development. However it is serves to provide pedestrian access to Miller Avenue Parking Structure	Redevelopment plan goal of eliminating blighted conditions, increasing economic activity, improving pedestrian circulation, and encouraging further development in the surrounding area	Upon acquisition the Agency demolished the blighted building on the property and created pedestrian access to Miller Avenue Parking Structure
13	$1,260,000	$194559.36/year	Maintenance and Operations	No known environmental conditions	None	Relocate vital social services serving low-income resident residing in the downtown project area	The property serves public goal and Redevelopment goal of providing public facilities serving low-income residents residing in the project area.
14	$560,000	$ -	Maintenance and Operations	No known environmental conditions	Unless the property at 472 Grand/306 Spruce converted to a use not requiring parking, the property cannot be redeveloped into a TOD.	Relocate vital social services serving low-income resident residing in the downtown project area	The property serves public goal and Redevelopment goal of providing public facilities serving low-income residents residing in the project area.
15	$406,160	$5,436.18/year (inclusive of properties #15-17)	Operating and maintaining the parking lot	No known environmental conditions	The property is located within the downtown and is less than 1/4 mile away from the Caltrain station. Upon the relocation of the train station the property will be one block away from the train station entrance. Plans for this site and the adjacent parcels indicate that 37 units and 8,000 sq. ft. of retail can be built	Advancing major transit oriented development in the Downtown through high-density in-fill housing	Agency received a proposal to develop this site and adjacent private properties into development of residential units with retail space

		HSC 34191.5 (c)(2)		HSC 34191.5 (c)(1)(A)					SALE OF PROPERTY		HSC 34191.5 (c)(1)(B)	HSC 34191.5 (c)(1)(C)			
No.	Property Type	Permissible Use	Permissible Use Detail	Acquisition Date	Value at Time of Purchase	Estimated Current Value	Value Basis	Date of Estimated Current Value	Proposed Sale Value	Proposed Sale Date	Purpose for which property was acquired	Address	APN #	Lot Size (sq.ft.)	Current Zoning
16	Parking Lot/Structure	Future Development	Downtown core and future Downtown Area Specific Plan	10-Dec-10	$350,000	$280,000	Market	Sep-13	N/A	N/A	Combine site with adjacent properties to develop a mixed use project containing 42-45 residential units and 14,000 sq. ft. of retail space in the Downtown transit oriented district	207 Grand Ave.	012-316-100	3,500	Downtown Core
17	Mixed-Use	Future Development	Downtown core and future Downtown Area Specific Plan	10-Nov-10	1500000 (including property #18)	$1,230,000	Market	Sep-13	N/A	N/A	Combine site with adjacent properties to develop a mixed use project containing 42-45 residential units and 14,000 sq. ft. of retail space in the Downtown transit oriented district	217-219 Grand Ave.	012-316-080 and 012-316- 090	7,000	Downtown Core
18	Vacant Lot/Land	Future Development	Downtown core and future Downtown Area Specific Plan	10-Nov-10	1500000 (including property #17)	$280,000	Market	Sep-13	N/A	N/A	Combine site with adjacent properties to develop a mixed use project containing 42-45 residential units and 14,000 sq. ft. of retail space in the Downtown transit oriented district	227 Grand Avenue	012-316-060	3,500	Downtown Core
19	Public Building	Future Development	Downtown core and future Downtown Area Specific Plan	8-Oct-96	$535,000	$1,600,000	Market	Sep-13	N/A	N/A	Combine site with adjacent properties to develop a mixed use project containing up to 100 residential units and 6,500 sq. ft. of retail space in the Downtown transit oriented district	200 Linden Ave.	012-033-334-13A and 012-033-334-16A	14,000	Downtown Core
20	Parking Lot/Structure	Future Development	Downtown core and future Downtown Area Specific Plan	14-Jun-00	$942,000	$560,000	Market	Sep-13	N/A	N/A	Combine site with adjacent properties to develop a mixed use project containing up to 100 residential units and 6,500 sq. ft. of retail space in the Downtown transit oriented district	212 Baden Ave.	012-334-040	7,000	Downtown Mixed Use
21	Parking Lot/Structure	Future Development	Downtown core and future Downtown Area Specific Plan	23-Jan-08	$781,000	$280,000	Market	Sep-13	N/A	N/A	Combine site with adjacent properties to develop a mixed use project containing up to 100 residential units and 6,500 sq. ft. of retail space in the Downtown transit oriented district	216 Baden Ave.	012-334-130	3,500	Downtown Mixed Use

	HSC 34191.5 (c)(1)(D)	HSC 34191.5 (c)(1)(E)		HSC 34191.5 (c)(1)(F)	HSC 34191.5 (c)(1)(G)		HSC 34191.5 (c)(1)H)
No.	**Estimate of Current Parcel Value**	**Estimate of Income/ Revenue**	**Contractual requirements for use of income/revenue**	**History of environmental contamination, studies, and/or remediation, and designation as a brownfield site**	**Description of property's potential for transit oriented development**	**Advancement of planning objectives of the successor agency**	**History of previous development proposals and activity**
16	$280,000	$5,436.18/year (inclusive of properties #15-17)	Operating and maintaining the parking lot	No recognized environmental condition	This site is ideal for a TOD. The property is located within the downtown less than 1/4 mile away from the Caltrain station. Relocated train station will be one block away. Plans for this site and the adjacent parcels indicate that residential and retail can be built.	Advancing major transit oriented development in the Downtown through high-density in-fill housing	Agency received a proposal to develop this site and adjacent private properties into development of residential units with retail space
17	$1,230,000	$5,885.00/month	Maintenance and Operations	No recognized environmental condition	This site is ideal for a TOD. The property is located within the downtown less than 1/4 mile away from the Caltrain station. Relocated train station will be one block away. Plans for this site and the adjacent parcels indicate that residential and retail can be built.	Advancing major transit oriented development in the Downtown through high-density in-fill housing	Agency received a proposal to develop this site and adjacent private properties into development of residential units with retail space
18	$280,000	$ -	None	No recognized environmental condition	This site is ideal for a TOD. The property is located within the downtown less than 1/4 mile away from the Caltrain station. Relocated train station will be one block away. Plans for this site and the adjacent parcels indicate that residential and retail can be built.	Advancing major transit oriented development in the Downtown through high-density in-fill housing	Agency received a proposal to develop this site and adjacent private properties into development of residential units with retail space
19	$1,600,000	$9661.80/year (inclusive of properties #19-21)	Operating and maintaining the parking lot.	No known environmental conditions	The property is located within the downtown and is about 1/3 mile away from the Caltrain station. Relocated train station will be two blocks away. Plans for this site and the adjacent parcels indicate 50-100 residential units can be built.	Advancing major transit oriented development in the Downtown through high-density in-fill housing	Exclusive Negotiating Rights Agreement (2000) for developing new residential and retail supporting uses for the downtown.
20	$560,000	$9661.80/year (inclusive of properties #19-21)	Operating and maintaining the parking lot.	No known environmental conditions	The property is located within the downtown and is about 1/3 mile away from the Caltrain station. Relocated train station will be two blocks away. Plans for this site and the adjacent parcels indicate 50-100 residential units can be built.	Advancing major transit oriented development in the Downtown through high-density in-fill housing	Exclusive Negotiating Rights Agreement (2000) for developing new residential and retail supporting uses for the downtown.
21	$280,000	$9661.80/year (inclusive of properties #19-21)	Operating and maintaining the parking lot.	No known environmental conditions	The property is located within the downtown and is about 1/3 mile away from the Caltrain station. Relocated train station will be two blocks away. Plans for this site and the adjacent parcels indicate 50-100 residential units can be built.	Advancing major transit oriented development in the Downtown through high-density in-fill housing	Exclusive Negotiating Rights Agreement (2000) for developing new residential and retail supporting uses for the downtown.

		HSC 34191.5 (c)(2)		HSC 34191.5 (c)(1)(A)					SALE OF PROPERTY		HSC 34191.5 (c)(1)(B)	HSC 34191.5 (c)(1)(C)			
No.	**Property Type**	**Permissible Use**	**Permissible Use Detail**	**Acquisition Date**	**Value at Time of Purchase**	**Estimated Current Value**	**Value Basis**	**Date of Estimated Current Value**	**Proposed Sale Value**	**Proposed Sale Date**	**Purpose for which property was acquired**	**Address**	**APN #**	**Lot Size (sq.ft.)**	**Current Zoning**
22	Commercial	Future Development	Downtown core and future Downtown Area Specific Plan	9-Sep-11	$8,743,000 (inclusive of properties #22-27)	$2,100,000 assuming environmental remediation completed.	Market	Sep-13	N/A	N/A	Develop a mixed use project containing up to 58 residential units and 9,000 sq. ft. of retail space in the Downtown transit oriented district	315 Airport Blvd.	012-318-080	22,136	Downtown Core & Downtown Parking District
23	Commercial	Future Development	Downtown core and future Downtown Area Specific Plan	9-Sep-11	$8,743,000 (inclusive of properties #22-27)	$1,100,000 assuming environmental remediation completed.	Market	Sep-13	N/A	N/A	Combine site with adjacent properties to develop a mixed use project containing up to 100 residential units and 6,500 sq. ft. of retail space in the Downtown transit oriented district	401 Airport Blvd.	012-317-110	11,404	Downtown Core & Downtown Parking District
24	Commercial	Future Development	Downtown core and future Downtown Area Specific Plan	9-Sep-11	$8,743,000 (inclusive of properties #22-27)	$995,000	Market	Sep-13	N/A	N/A	Combine site with adjacent properties to develop a mixed use project containing up to 100 residential units and 6,500 sq. ft. of retail space in the Downtown transit oriented district	411 Airport Blvd.	012-317-100	11,404	Downtown Core & Downtown Parking District
25	Vacant Lot/Land	Future Development	Downtown core and future Downtown Area Specific Plan	9-Sep-11	$8,743,000 (inclusive of properties #22-27)	$1,800,000	Market	Sep-13	N/A	N/A	Combine site with adjacent properties to develop a mixed use project containing up to 100 residential units and 6,500 sq. ft. of retail space in the Downtown transit oriented district	421 Airport Blvd.	012-317-090	22,809	Downtown Core & Downtown Parking District
26	Vacant Lot/Land	Future Development	Downtown core and future Downtown Area Specific Plan	9-Sep-11	$8,743,000 (inclusive of properties #22-27)	$719,000	Market	Sep-13	N/A	N/A	Develop a residential project containing up to 28 units in the Downtown transit oriented district	405 Cypress Ave.	012-314-100	7,596	Downtown Core & Downtown Parking District
27	Vacant Lot/Land	Sale of Property	N/A	9-Sep-11	$8,743,000 (inclusive of properties #22-27)	$1,400,000	Market	Sep-13	1,400,000	July, 2014	Develop a residential project containing up to 50 units in the Downtown transit oriented district	216 Miller Ave.	012-314-220	17,500	Downtown Core & Downtown Parking District

	HSC 34191.5 (c)(1)(D)	HSC 34191.5 (c)(1)(E)		HSC 34191.5 (c)(1)(F)	HSC 34191.5 (c)(1)(G)		HSC 34191.5 (c)(1)H)
No.	**Estimate of Current Parcel Value**	**Estimate of Income/ Revenue**	**Contractual requirements for use of income/revenue**	**History of environmental contamination, studies, and/or remediation, and designation as a brownfield site**	**Description of property's potential for transit oriented development**	**Advancement of planning objectives of the successor agency**	**History of previous development proposals and activity**
22	$2,100,000	$ -	None	Phase I found it has three former gasoline tanks (USTs) abandoned in place existing TCE, DCE and vinyl chloride contaminants. Future development activities that disturb underlying soil or groundwater will encounter the contaminated media and require special handling and disposal	The property is located within the downtown and is less than 1/4 mile away from the Caltrain station. Relocated train station will be across the street. Plans for this site indicate that 29-58 residential units and 9,000, sq. ft. of retail can be built.	Advancing major transit oriented development in the Downtown through high-density in-fill housing	The Agency has not considered any other plans to develop the property. However, the Agency has prepared a development program for the property based on the rezoning of the area by the DSAP.
23	$1,100,000	$ -	None	Phase I and II found the soil and groundwater impacted with petroleum hydrocarbons. Future development activities that disturb underlying soil or groundwater will require special handling and disposal.	This property is located within the downtown and is less than 1/4 mile away from the Caltrain station. Relocated train station will be across the street. Assembled properties #23-25 can be developed into 81-162 residential units and 8,000, sq. ft. of retail.	Advancing major transit oriented development in the Downtown through high-density in-fill housing	The Agency has not considered any other plans to develop the property. However, the Agency has prepared a development program for the property based on the rezoning of the area by the DSAP.
24	$995,000	$ -	None	No known environmental conditions	This property is located within the downtown and is less than 1/4 mile away from the Caltrain station. Relocated train station will be across the street. Assembled properties #23-25 can be developed into 81-162 residential units and 8,000, sq. ft. of retail.	Advancing major transit oriented development in the Downtown through high-density in-fill housing	The Agency has not considered any other plans to develop the property. However, the Agency has prepared a development program for the property based on the rezoning of the area by the DSAP.
25	$1,800,000	$ -	None	No known environmental conditions	This property is located within the downtown and is less than 1/4 mile away from the Caltrain station. Relocated train station will be across the street. Assembled properties #23-25 can be developed into 81-162 residential units and 8,000, sq. ft. of retail.	Advancing major transit oriented development in the Downtown through high-density in-fill housing	The Agency has not considered any other plans to develop the property. However, the Agency has prepared a development program for the property based on the rezoning of the area by the DSAP.
26	$719,000	$ -	None	No known environmental conditions	The property is located within the downtown and is less than 1/4 mile away from the Caltrain station. Plans for this site indicate that 29-58 residential units and 9,000, sq. ft. of retail can be built.	Advancing major transit oriented development in the Downtown through high-density in-fill housing	The Agency has not considered any other plans to develop the property. However, the Agency has prepared a development program for the property based on the rezoning of the area by the DSAP.
27	$1,400,000	$ -	None	No known environmental conditions	The property is located within the downtown and is less than 1/4 mile away from the Caltrain station. Plans for this site indicate that 25-50 residential units can be built.	Advancing major transit oriented development in the Downtown through high-density in-fill housing	The Agency has not considered any other plans to develop the property. However, the Agency has prepared a development program for the property based on the rezoning of the area by the DSAP.

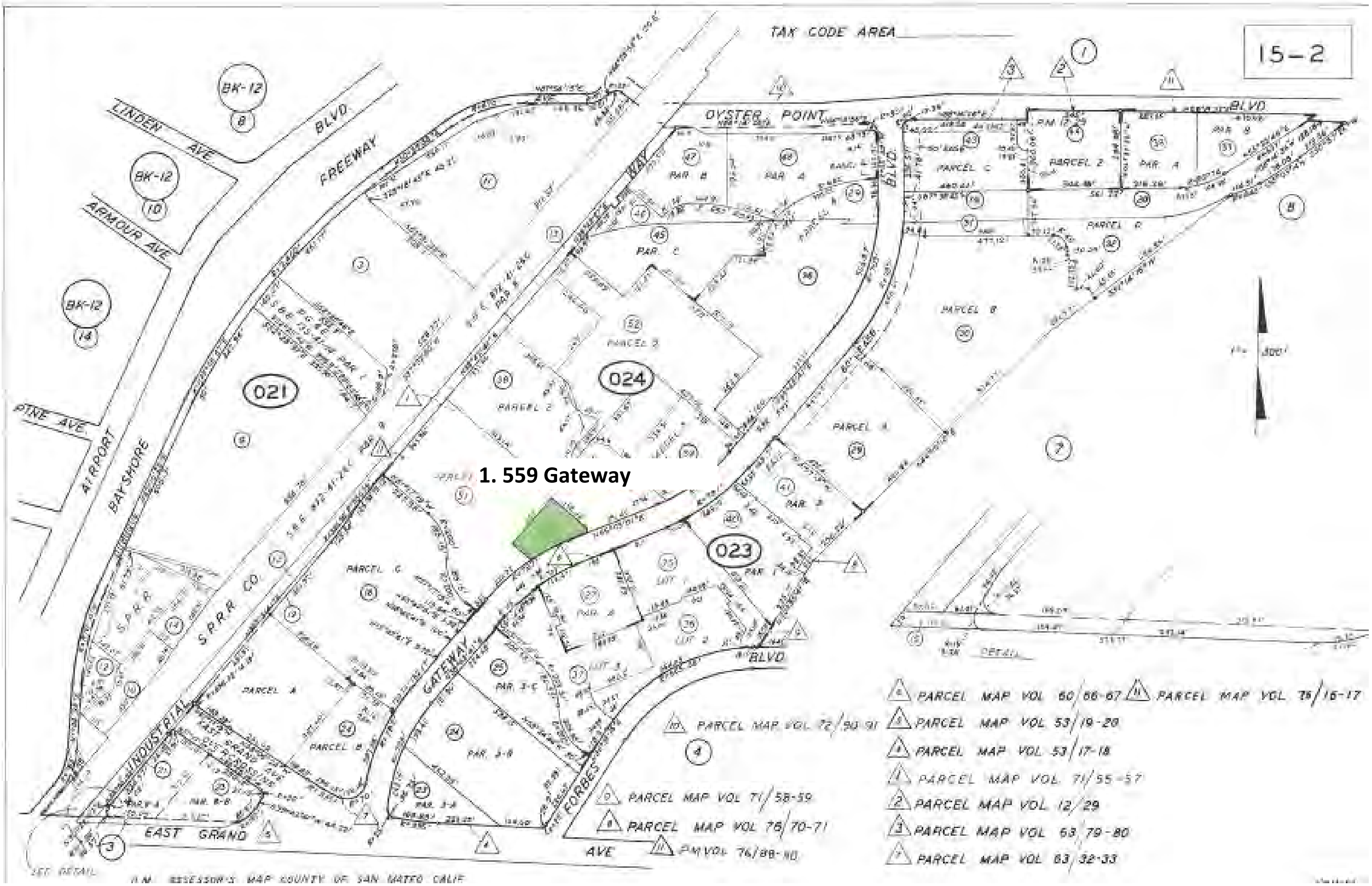
		HSC 34191.5 (c)(2)		HSC 34191.5 (c)(1)(A)					SALE OF PROPERTY		HSC 34191.5 (c)(1)(B)	HSC 34191.5 (c)(1)(C)			
No.	Property Type	Permissible Use	Permissible Use Detail	Acquisition Date	Value at Time of Purchase	Estimated Current Value	Value Basis	Date of Estimated Current Value	Proposed Sale Value	Proposed Sale Date	Purpose for which property was acquired	Address	APN #	Lot Size (sq.ft.)	Current Zoning
28	Commercial	Sale of Property	N/A	15-Jan-10	$1,100,000	$1,100,000	Book	15-Jan-10	1,100,000	July, 2014	Relocate St. Vincent de Paul's food and social services programs	938 Linden Ave.	012-102-030	12,937	Downtown Mixed Use
29	Vacant Lot/Land	Future Development	Development of residential housing	Dec-99	$477,000	$1,200,000 assuming environmental remediation completed.	Market	13-Sep	N/A	N/A	Remove blighting conditions and incompatible uses. Future housing development.	905 Linden Ave.	012-101-100	15,000	Downtown Residential Medium Density
30	Parking Lot/Structure	Future Development	Downtown core and future Downtown Area Specific Plan	14-Apr-97	$325,000	$1,100,000 assuming environmental remediation completed.	Market	13-Sep	N/A	N/A	Public use purpose: Develop a community performance theater	616 Linden Ave.	012-174-300	14,000	Downtown Mixed Use
31	Vacant Lot/Land	Future Development	Downtown core and future Downtown Area Specific Plan	14-Apr-97	$315,000	$1,100,000 assuming environmental remediation completed.	Market	13-Sep	N/A	N/A	Public use purpose: develop parking for the proposed community performance theater	700 Linden Ave.	012-145-370	14,000	Downtown Mixed Use
32	Parking Lot/Structure	Sale of Property	N/A	14-Apr-97	$270,000	$560,000	Market	13-Sep	560,000	July, 2014	Public parking lot	432 Baden Ave./ 429 Third Lane	012-321-160	7,000	Downtown Commercial

	HSC 34191.5 (c)(1)(D)	HSC 34191.5 (c)(1)(E)		HSC 34191.5 (c)(1)(F)	HSC 34191.5 (c)(1)(G)		HSC 34191.5 (c)(1)H)
No.	**Estimate of Current Parcel Value**	**Estimate of Income/ Revenue**	**Contractual requirements for use of income/revenue**	**History of environmental contamination, studies, and/or remediation, and designation as a brownfield site**	**Description of property's potential for transit oriented development**	**Advancement of planning objectives of the successor agency**	**History of previous development proposals and activity**
28	$1,100,000	$ -	None	Phase I report revealed no evidence of recognized environmental conditions. However, significantly elevated concentrations of petroleum hydrocarbons in the shallow groundwater and capillary fringe soils beneath the property. The concentration of petroleum hydrocarbons beneath the building poses potential risk of volatilization to indoor air.	Significant distance from the downtown's transit hub and services and is therefore not considered a transit oriented development opportunity.	N/A	Private owner had assembled several properties adjacent to this one with the intent of developing a major residential project.
29	$1,200,000	$ -	None	Phase II environmental analysis conducted. Wells installed to monitor groundwater. Water continues to be contaminated. Soil surface area is free of gasoline and oil contamination. Agency has assumed the financial responsibility for the cleanup of the groundwater. In 1999 the estimated cost of remediating was $100,000 and has likely increased.	The property is not walking distance to Caltrain station and downtown services but still suitable for high density development.	Advancing high-density in-fill housing	At one time the Agency prepared conceptual architectural plans for combined sites for a mixed-use development. Agency was not able to assemble the site. Agency subsequently prepared conceptual plans for a mix-used housing development for this single site.
30	$1,100,000	$2,880.30/year	Operating and maintaining the parking lot.	The ground water is monitored by wells and continues to show contamination consisting of petroleum compounds. The Successor Agency has assumed responsibility for the remediation of this property	The property is in close proximity to the downtown core and the Caltrain station and is suitable for transit oriented development. The site could accommodate up to 40 residential units.	Advancing high-density in-fill housing	In the late 1990's and early 2000's the Agency was working with an arts organization to develop a performance arts theater. Since the cancellation of that project, not other developments have been proposed though the Agency had conceptual plans prepared for a mix-used housing development on the site.
31	$1,100,000	$ -	None	Plume of groundwater contamination extends into this property. The soil and ground water contamination make it financially infeasible to develop without taking out several feet of topsoil.	The property is in close proximity to the downtown core and the Caltrain station and is suitable for transit oriented development. The site could accommodate up to 40 residential units.	Advancing high-density in-fill housing	Agency was working with an arts organization to develop a performance arts theater use site as parking for the new theater. The Agency has prepared conceptual plans for a mix-used housing development on the site.
32	$560,000	$2,760.15/year	Operating and maintaining the parking lot.	No known environmental conditions	This site is ideal for a smaller scale transit oriented development. The property is located within the downtown less than 1/2 mile away from the Caltrain station. Conceptual plans for this indicate that residential units can be built.	Advancing high-density in-fill housing	Upon acquisition, the Agency demolished the existing building. Agency has created a development program for the property based on the rezoning of the area by the DSAP.

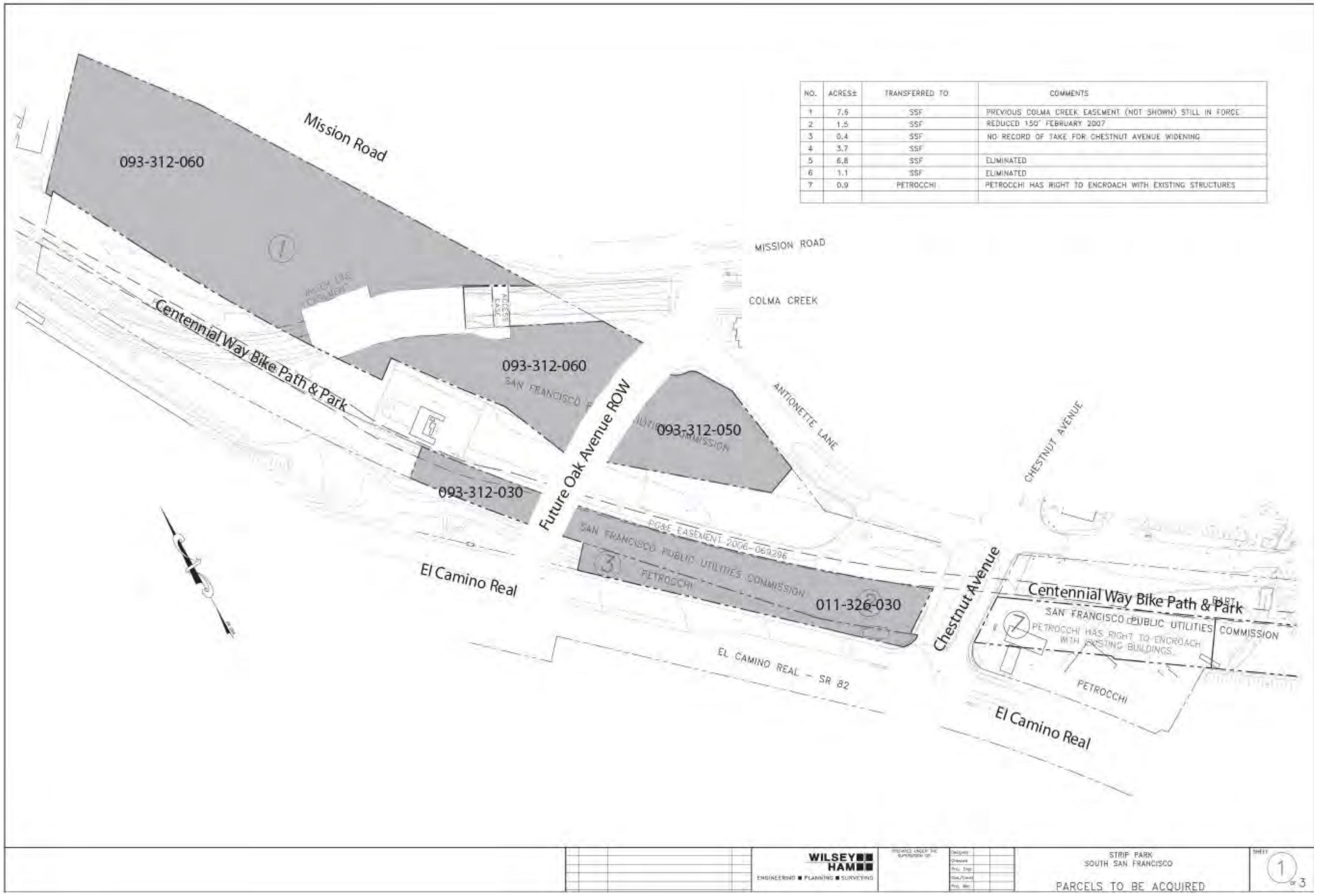
Appendix B

Property Parcel Maps

1. 559 Gateway

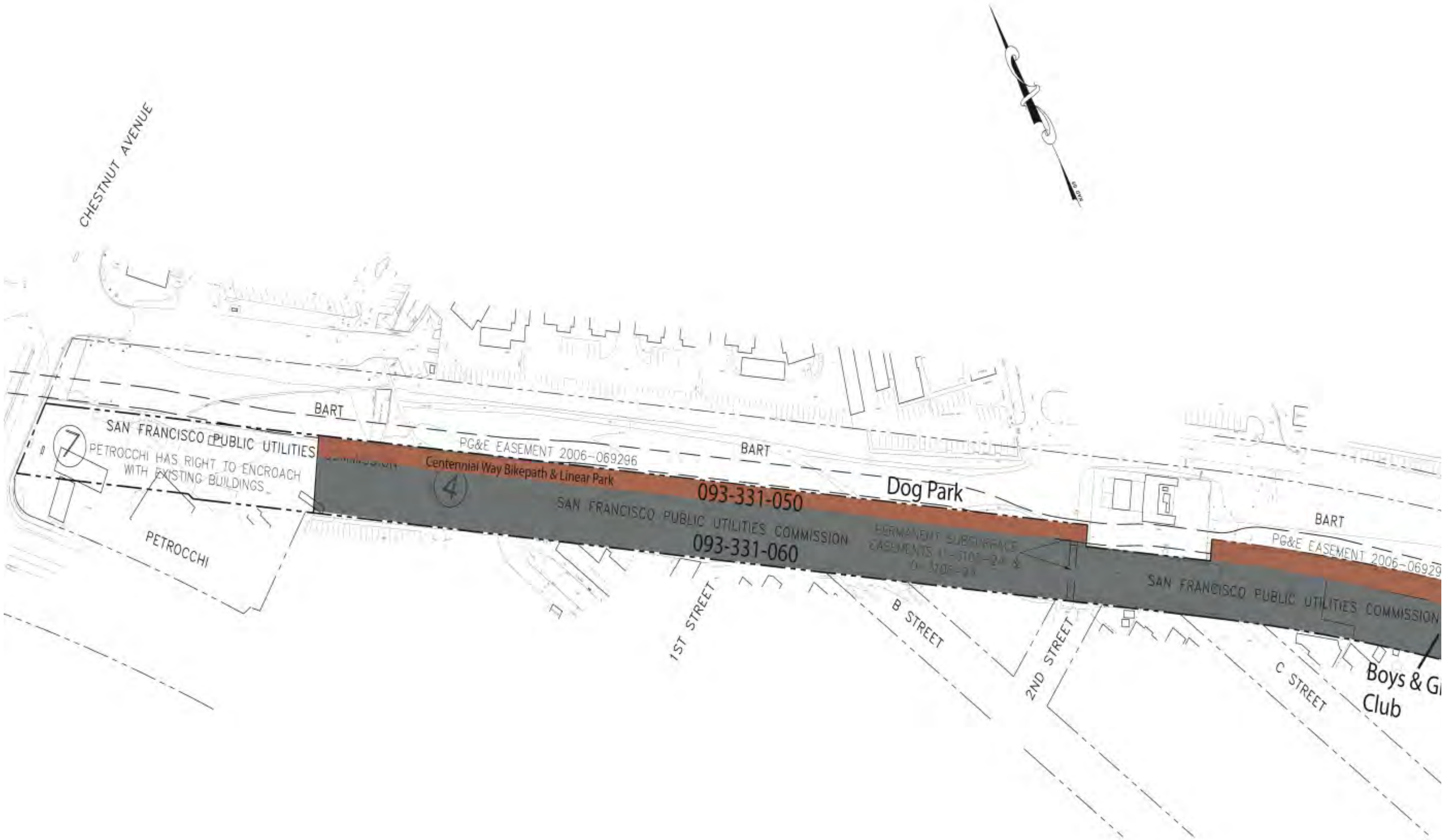


2-4. PUC Properties APN 093-312-050, 093-312-060 and 011-326-030



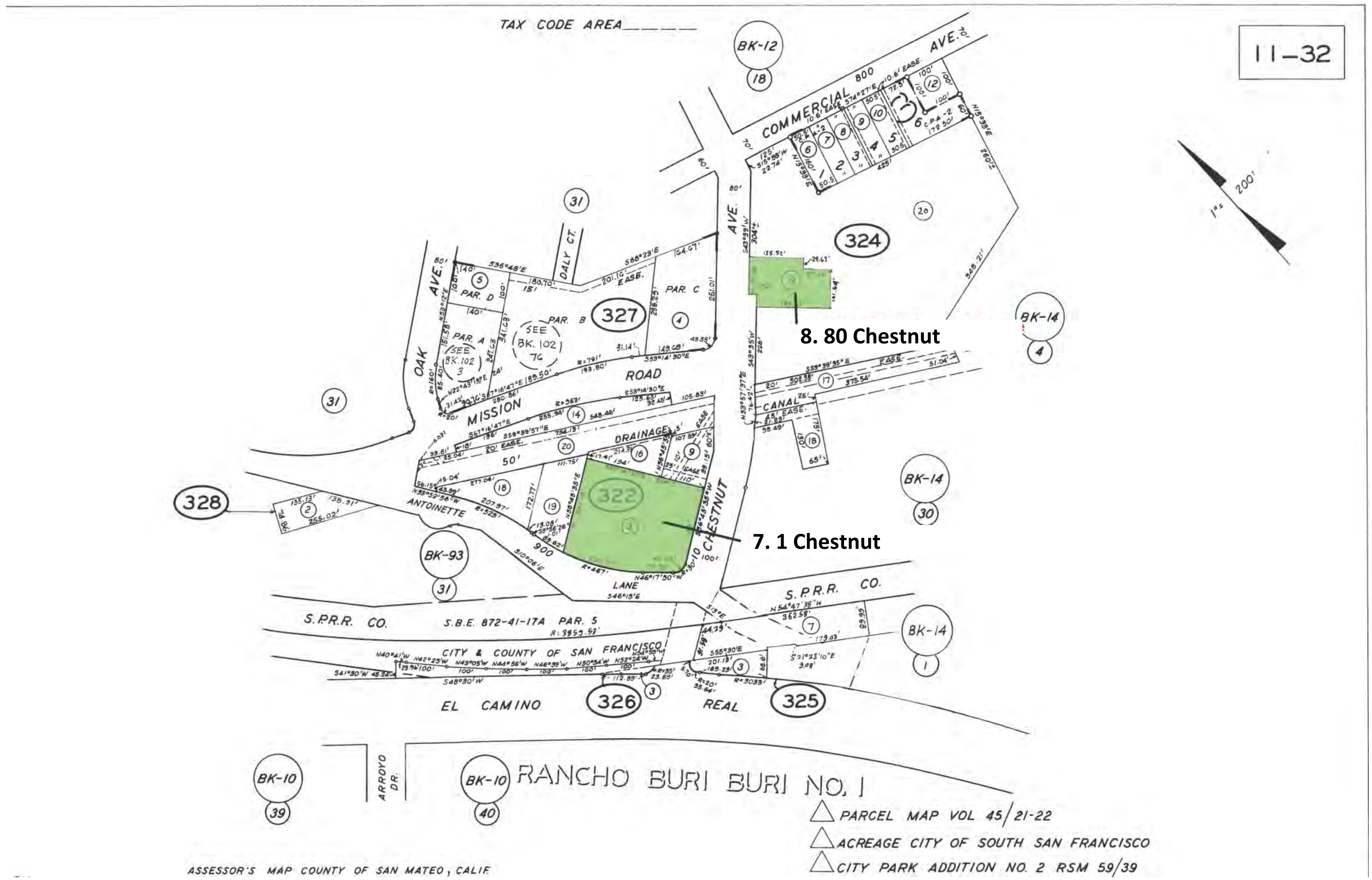
NO.	ACRES±	TRANSFERRED TO	COMMENTS
1	7.6	SSF	PREVIOUS COLMA CREEK EASEMENT (NOT SHOWN) STILL IN FORCE
2	1.5	SSF	REDUCED 150' FEBRUARY 2007
3	0.4	SSF	NO RECORD OF TAKE FOR CHESTNUT AVENUE WIDENING
4	3.7	SSF	
5	6.8	SSF	ELIMINATED
6	1.1	SSF	ELIMINATED
7	0.9	PETROCCHI	PETROCCHI HAS RIGHT TO ENCROACH WITH EXISTING STRUCTURES

5-6. PUC Properties APN 093-331-050 and 093-331-060

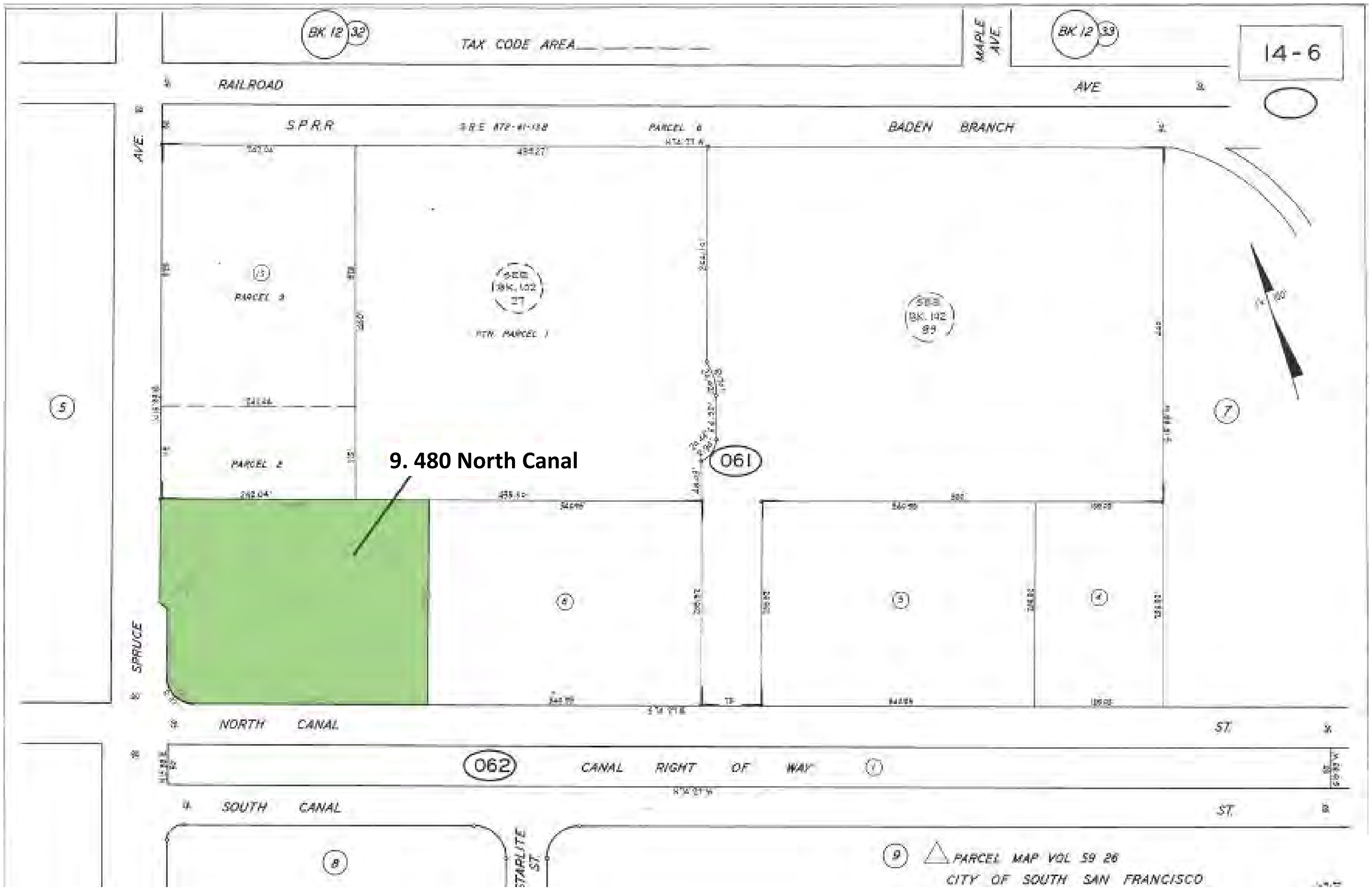


7. 1 Chestnut Avenue

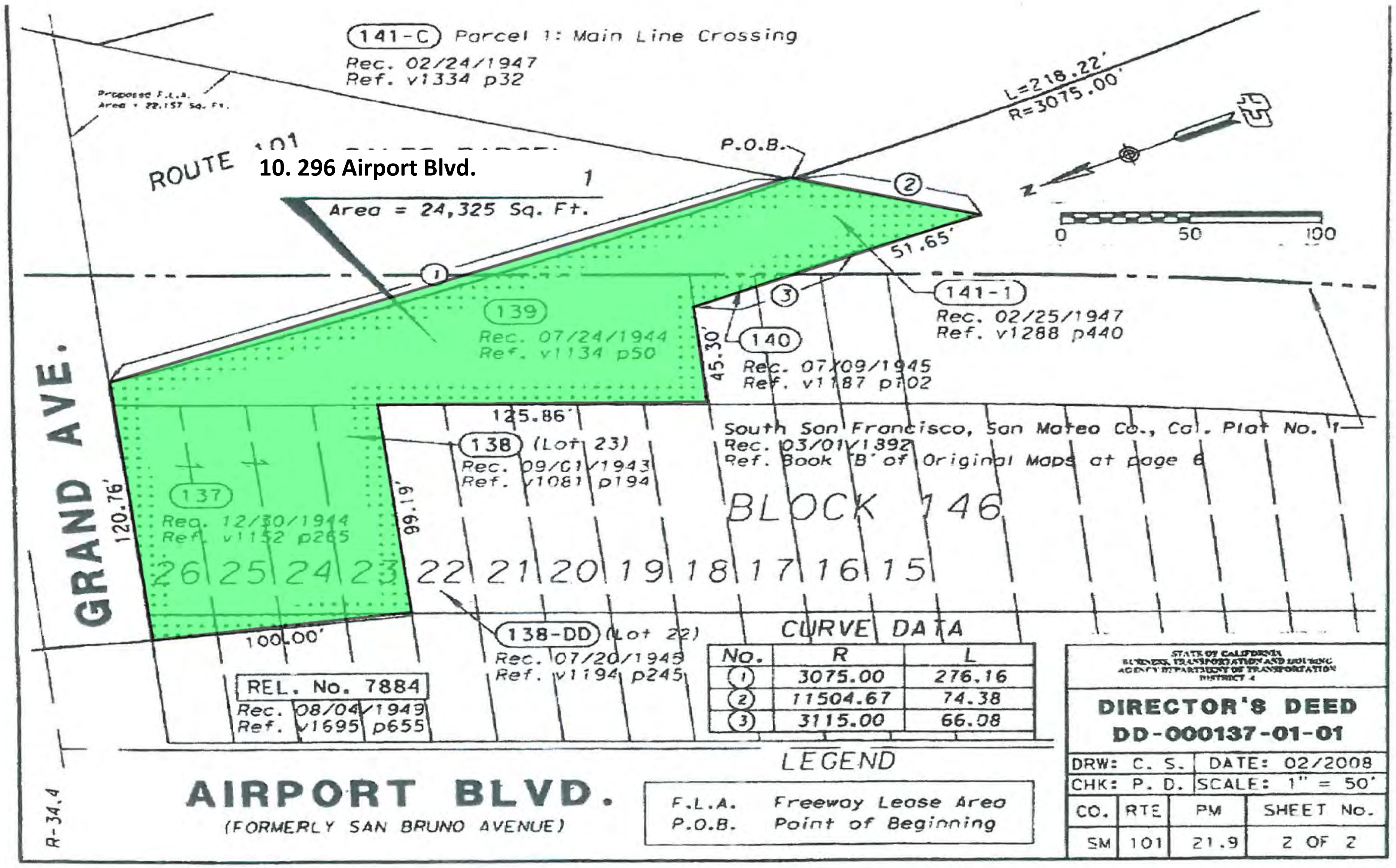
8. 80 Chestnut Avenue



9. 480 North Canal



10. 296 Airport Blvd.

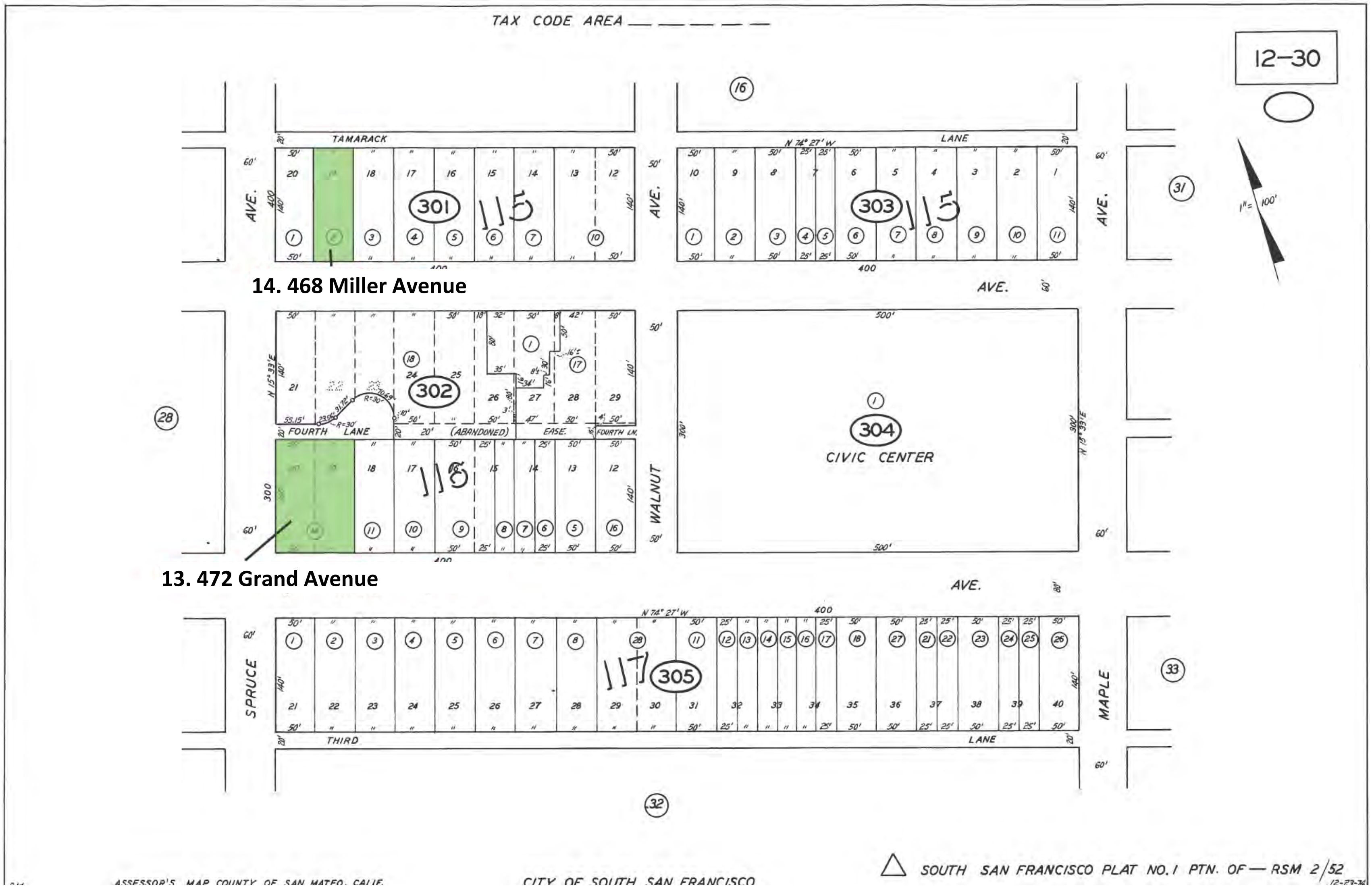


11. 323 Miller Avenue

12. 356 Grand Avenue

13. 472 Grand Avenue/306 Spruce Avenue

14. 468 Miller Avenue



15. 201 Grand Avenue

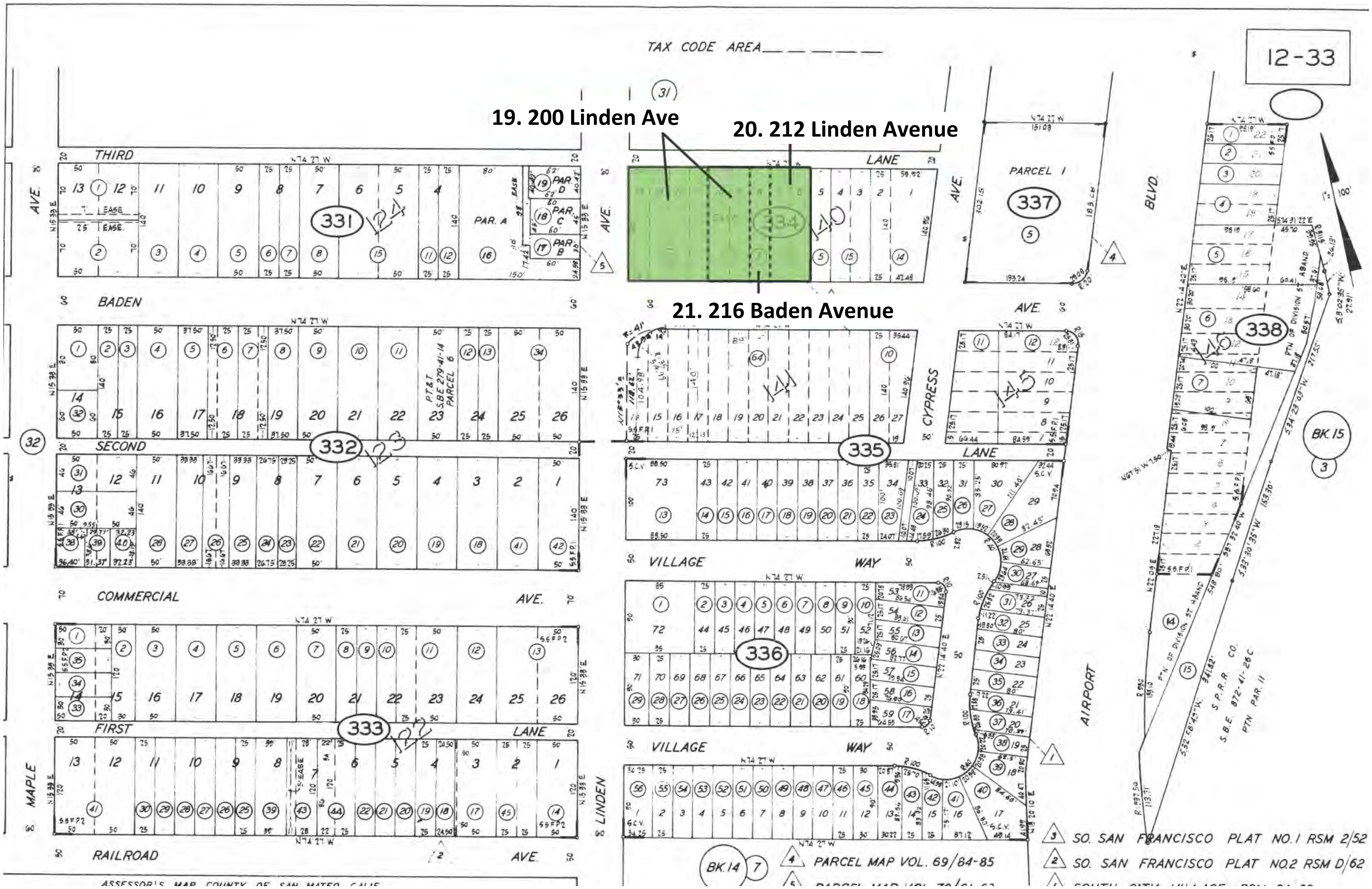
16. 207 Grand Avenue

17-18. 217-219 Grand Avenue/227 Grand Avenue

19. 200 Linden

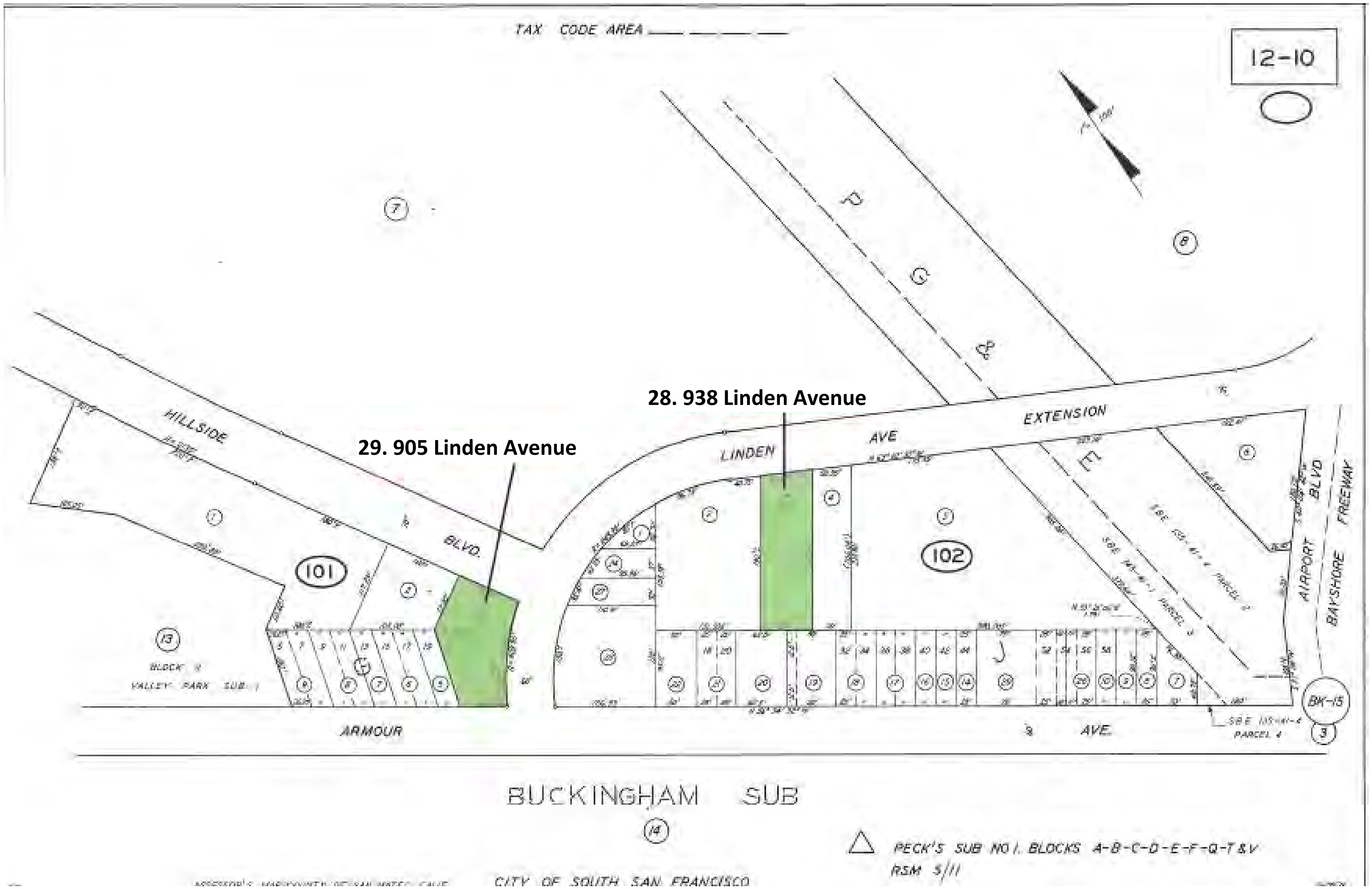
20. 212 Baden

21. 216 Baden Avenue



22-27. Ford Properties (315 Airport, 401 Airport, 411 Airport, 421 Airport, 405 Cypress, and 216 Miller)

28. 938 Linden Avenue
29. 905 Linden Avenue



30. 616 Linden Avenue

31. 700 Linden Avenue

32. 432 Baden Avenue/429 Third Lane

Appendix C

Appraisal 011-326-030 (Chestnut/El Camino Real) Excerpt

APPRAISAL OF

THE "PUC" PROPERTY
(AS IDENTIFIED FOR THIS APPRAISAL)
LOCATED AT THE NORTH CORNER OF
EL CAMINO REAL AND CHESTNUT AVENUE
IN SOUTH SAN FRANCISCO, CALIFORNIA

DRAFT

PREPARED FOR

Mr. Michael Lappen
City of South San Francisco
315 Maple Avenue
South San Francisco, CA 94080

DATE OF VALUATION

September 9, 2013

PREPARED BY

Paul E. Talmage, MAI
Dana Property Analysis
7445 E. Eagle Crest Drive, #1041
Mesa, Arizona 85207

DANA Property Analysis
7445 E. Eagle Crest Drive, #1041, Mesa, Arizona 85207
5952 Dry Oak Road, San Jose, California 95120
(800) 280-9711 (480) 641-9711 Fax (480) 641-9902 talmage@danaproperty.com

September 17, 2013 DRAFT

Mr. Michael Lappen
City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080 DRAFT

Re: Appraisal of the "PUC" property (as identified for this appraisal) located at the north corner of El Camino Real and Chestnut Avenue in South San Francisco, CA

Dear Mr. Lappen:

I have inspected and appraised the "PUC" property for the purpose of estimating its market value. The site is identified by various names as will be discussed, but the maps in this report are most helpful in specifying the area under consideration.

Specific to the assignment are your instructions as follows:

> "…. need to appraise the site based on the existing zoning and development standards (the El Camino Real/Chestnut Plan). **The property must be appraised as an independent parcel that can be developed separately, not as part of a larger development**."

There are exhibits presented in the report that show the subject site as a part of City-generated conceptual plans for the neighborhood. These are included for descriptive purposes and as a means of considering the development potential of the site on a stand-alone basis; they do not serve as a basis for valuing the property. For example, drawings show an extension of Oak Avenue along the northwestern border of the site; the extension is considered a possibility as a natural connection between El Camino Real and Mission Road, but not as an existing condition or as an extension certainty. Also, the drawings show the extension of Antoinette Lane to the path of the Oak Avenue extension; in the appraisal Antoinette is considered a cul-de-sac as it presently exists.

There are some extraordinary assumptions in this report in addition to the Standard Limiting Conditions included in the Addenda. First, the size of the site is shown as 63,992 square feet on one of the exhibits. The Assessor's map suggests that this may include a small portion of what may represent the extension of Oak Avenue. For purposes of this report I assume that the net area of the site is 63,992 square feet.

Also, I have estimated a cost to level a portion of the site at the grade level of Antoinette Lane, excluding a strip of land at the higher elevation of El Camino Real, which itself rises above the Antoinette grade in a northwesterly direction from Chestnut Avenue. I assume the work involving this cost (adjusted from an expert cost estimate applying to a much larger area) would provide a flattened area having a width of on average about 85 feet.

The conclusion of the valuation analysis described herein is presented in the last section of this report just before the Addenda.

Sincerely,

Paul E. Talmage, MAI
California Certified General
Real Estate Appraiser AG 004846

TABLE OF CONTENTS
(Exhibits are in italics)

SCOPE OF THE ASSIGNMENT AND MEANS OF VALUATION

The assignment is as follows: to "… appraise the site based on the existing zoning and development standards (the El Camino Real/Chestnut Plan). The property must be appraised as an independent parcel that can be developed separately, not as part of a larger development." (Per email from Mike Lappen of the City of South San Francisco.)

An aerial photograph and an assessor's map on the next two pages show the location of the subject property.

<u>1. Scope of the Assignment</u>

The scope of the assignment generally describes the overall range of work and the extent of data collection, confirmation, and reporting involved in conducting an assignment. This appraisal has been conducted according to national recognized appraisal standards and techniques and generally accepted appraisal practices. I generally reviewed pertinent project data, extensively investigated the relevant markets and selected the necessary comparable data to conduct the appropriate valuation methodology. Sources utilized to obtain this information include comparable data services, brokerage firms, local real estate publications, market participants, government officials, internet sites, and in-house resources.

This report is presented in a summary format rather than a detailed self-contained format, reflecting the assumption that the intended report users have at least a generalized knowledge of the region and city characteristics. This report meets the criteria of a "summary" report as specified by the Uniform Standards of Professional Appraisal Practice (USPAP – see the USPAP summary of requirements in the Addenda). The data and analysis leading to the reported market value conclusion are set forth herein.

As discussed in the letter of transmittal, there are a few exhibits of this report that show the property as part of City-generated conceptual plans for the area. These plans help for description and consideration of the value potential for the site on a stand-alone basis, but the valuation reflects the environs as they presently exist, not as they might exist in the future.
<u>Following are specifics to the assignment:</u>

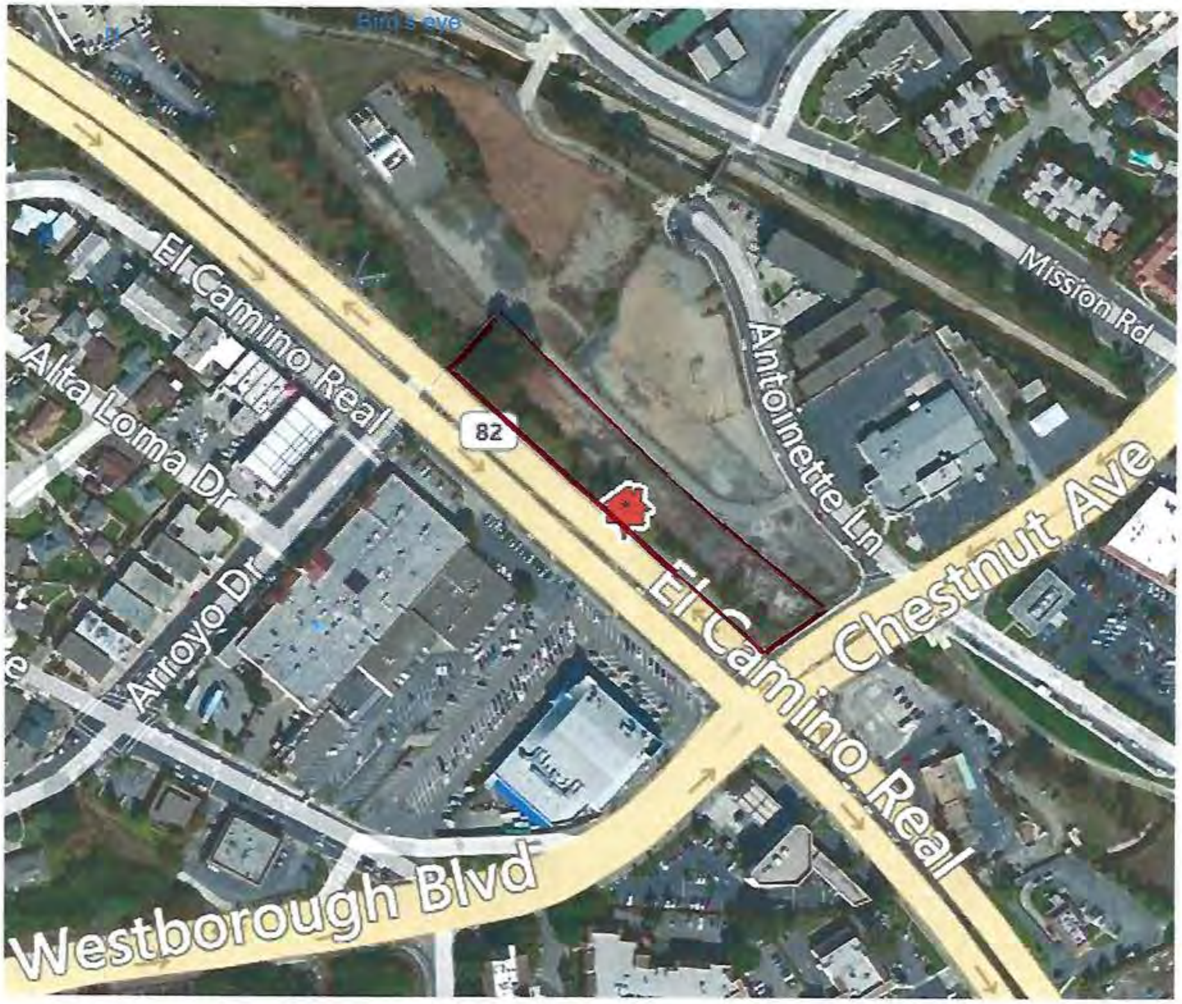
Property Appraised:	Use of the Real Estate Existing as of the Date of Value and Reflected in the Appraisal: The subject property is a vacant land parcel of about 63,992 square feet located at the north corner of El Camino Real and Chestnut Avenue in South San Francisco, CA.

Street Map Plus Report

For Property Located At

CoreLogic
RealQuest Professional

1010 EL CAMINO REAL, SOUTH SAN FRANCISCO, CA 94080-3205



Aerial Photograph showing the location of the subject property outlined in red

Conclusion. The as-is market value of the subject site on a stand-alone basis calculates as follows:

Value as if the developable portion of the Site were level	$1,620,000
Cost to cut, fill, compact and grade the developable area	$ 650,000
As-is stand-alone value	$ 970,000

The as-is conclusion equates to $15.16 per square foot for the 63,992 gross square foot. See extraordinary assumptions on the next page.

MARKET VALUE CONCLUSION

The “as-is” market value of the subject site on a stand-alone basis is estimated as of September 9, 2013 - subject to standard limiting conditions included in the Addenda and three extraordinary assumptions listed below - as follows:

$970,000

Extraordinary Assumption 1: I assume that there is reasonable access to the subject site from Antoinette Lane.

Extraordinary Assumption 2: I assume that the net area of the site is 63,992 square feet exclusive of an area which might lie within the path of the Oak Avenue extension, should that road be extended to El Camino Real.

Extraordinary Assumption 3: I have estimated a cost to level a portion of the site at the grade level of Antoinette Lane, excluding a strip of land at the higher elevation of El Camino Real, which itself rises above the Antoinette grade in a northwesterly direction from Chestnut Avenue. I assume the work involving this cost (adjusted from an expert cost estimate that applied to a larger area) would provide a flattened area having a width of on average about 85 feet.

Appendix D

Environmental Report Excerpts

CSS ENVIRONMENTAL SERVICES, INC.
100 Galli Drive, Suite 1
Novato, CA 94949
(415) 883-6203
fax (415) 883-6204

October 7, 2005

Ms. Norma Fragoso
Mr. Michael Lappin
City of South San Francisco
1755 Creekside Oaks Drive, Suite 290
Sacramento, CA 95833

Subject: Transmittal of Environmental Site Assessment
1.12 Mile Corridor Owned by San Francisco Public Utilities Commission
South San Francisco, CA
CSS Project No: 6307

Dear Ms. Fragoso:

CSS Environmental Services, Inc. (CSS) is pleased to submit the following Environmental Site Assessment (ESA) report for the approximately 1.12 mile corridor owned by the San Francisco Public Utilities Commission (SF PUC) in South San Francisco, California 94080, herein referred to as the Corridor. The ESA includes a Phase I and a Limited Phase II ESA. The objective of this ESA was to identify historical or current activities at the Site and surrounding properties which could have contributed to, or may currently contribute to, the degradation of the Site's soil and/or groundwater, thereby representing a recognized environmental condition. This ESA was prepared with considerations set forth in the ASTM designation E1527-00 document describing standard practices for Phase I ESAs. CSS has noted any significant variances to ASTM in the report. This ESA represents the opinions of CSS and is subject to the limitations and uncertainties statement included.

Note: Parcel 2 is PUC property APN 011-326-030 (corner Chestnut and El Camino Real

Through this ESA, CSS has determined that a recognized environmental condition is present at the Corridor: TEPH-mo was present in surface soils at Parcel 2 (as shown on Wilsey Ham's "Parcels to be Acquired" of Appendix A) at a concentration of 1,900 mg/Kg. This concentration exceeds the residential and commercial Environmental Screening Levels for residual fuels of 1,000 mg/Kg and may inhibit future development. Further investigation of the source, nature and extent of TEPH-mo and the removal of any objectionable materials from this parcel should be performed.

Other potential environmental conditions are identified on the Corridor. Please refer to the attached ESA for details.

If you have any questions or comments regarding this report, please do not hesitate to call the undersigned at (415) 457-9551.

Sincerely,
CSS ENVIRONMENTAL SERVICES, INC.

Aaron N. Stessman, PE, REA
Principal Engineer

Enclosure

C S S

CSS ENVIRONMENTAL SERVICES, INC.
100 Galli Drive, Suite 1
Novato, CA 94949
(415) 883-6203
fax (415) 883-6204

August 15, 2011

City of South San Francisco
Department of Economic and Community Development
Attn. Mr. Armando Sanchez
400 Grand Avenue
South San Francisco, CA 94080

Subject: Results of Phase II Environmental Site Assessment of the Properties at 315 Airport Blvd (APN 012-318-030) and 401 Airport Blvd (APN 012-317-110) South San Francisco, California CSS Project No: 6670

Dear Mr. Sanchez:

CSS Environmental Services, Inc. (CSS) is pleased to submit the following results of a Phase II Environmental Site Assessment (Phase II ESA) for the properties located at 315 and 401 Airport Blvd, South San Francisco, California, herein referred to as the subject property or Site. The Site's location is shown on the attached **Figures 1** and **2**. The Site is being considered for purchase by the City of South San Francisco (City). The Site is presently unoccupied and was most recently used by owner David Gonzales for the operations of South City Ford Motors as an automobile sales and repair facility. A recent Phase I ESA completed by CSS (April 29, 2011) of six parcels of property near Airport Blvd and Miller Ave and the two subject properties were identified as having *recognized environmental conditions*. 315 Airport Blvd has three former gasoline USTs that were abandoned in place and two former waste oil USTs that were removed from the property. 401 Airport Blvd has three former gasoline USTs and a former waste oil UST that were removed. For both of these properties soil and groundwater impacted with petroleum hydrocarbons were left in place. At 315 Airport Blvd TCE, DCE and vinyl chloride were additional contaminants left in place. While both sites received environmental case closure from the San Mateo County Environmental Health Division's (SMEHD's) leaking underground storage tank program, future development activities that disturb underlying soil or groundwater will likely encounter the contaminated media and require special handling and disposal. Since their environmental case closure in 2001, no sampling of these properties had been conducted. This Phase II ESA was completed to assess current environmental conditions at the Site since redevelopment design and planning will require consideration of hazardous materials remaining in place.

Through the conduct of the Phase II ESA, CSS has confirmed that there are presently *recognized environmental conditions* found at the subject property. The reader is referred to the body of this letter report for further details of the environmental investigation and its findings.

Background

CSS performed a Phase I Environmental Site Assessment in consideration of the scope and limitations of ASTM Practice E1527-05 of six neighboring properties in South San Francisco, California: 315 Airport Blvd, 401 Airport Blvd, 411 Airport Blvd, 421 Airport Blvd, 405 Cypress Ave and a parking lot on Miller Ave with no address identified by APN 012-314-220. Of these, the properties at 315 Airport Blvd and 401 Airport Blvd were identified as having *recognized environmental conditions*.

The term *recognized environmental condition* is defined by the American Society for Testing and Materials (ASTM) as follows:

> "In defining a standard of good commercial and customary practice for conducting an environmental site assessment of a parcel of property, the goal of the processes established by this practice is to identify *recognized environmental conditions*. The term *recognized environmental conditions* means the presence or likely presence of any *hazardous substances* or *petroleum products* on a property under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the property or into the ground, ground water, or surface water of the property. The term is not intended to include *de minimis* conditions that generally do not present a material risk of harm to public health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies. Conditions determined to be *de minimis* are not *recognized environmental conditions*."

The Site has a long history of residential and commercial use, with first identified development of the Site and vicinity occurring between 1891 and 1892 when residences, hotels, restaurant, saloon and dance hall, a real estate office and a blacksmith were developed. In 1920 a Ford automobile sales and service garage was constructed at 315 Airport Blvd and later expanded in 1956 and again in about 1970. From about 1925 to between 1987 and 1993 a gas station with service garage operated at 401 Airport Blvd and from 1950 to about 1960 another was operating at 315 Airport Blvd. In about 1993, the Ford dealership expanded their operations beyond 315 Airport Blvd to include new and used car sales, automobile service and detailing to 401 Airport Blvd and an adjoining property to the north at 411 Airport Blvd. Presently the Site parcels are vacant except for minor storage by the property owner David Gonzalez.

The Phase I ESA found evidence of *recognized environmental conditions* in connection with the Site as follows:

- Environmental records for 315 Airport Blvd show that a recognized environmental condition exists at its location: three abandoned-in-place gasoline USTs as well as soil and/or groundwater impacted with petroleum hydrocarbon compounds, TCE, DCE and vinyl chloride remain present. The presence of these compounds is thought to be associated with releases from the three abandoned-in-place USTs and appurtenances and/or two waste oil

USTs that were removed from the property. While 315 Airport Blvd received environmental site closure in 2001, future redevelopment activities that disturb underlying soil and/or groundwater will require the review of a governmental agency. In the event of excavation or development of the property, San Mateo County Environmental Health Division must be notified as required by Government Code Section 65850.2.2. This notification notwithstanding, SMCEHD regulators have stated that the water quality objectives of the RWQCB have been satisfied, the corrective action protects public health for current land use and corrective action should not be reviewed if land use changes.

- Environmental records for 401 Airport Blvd show that a recognized environmental condition exists at its location: soil and/or groundwater impacted with petroleum hydrocarbon compounds remain present. The presence of these compounds is thought to be associated with releases from three removed fuel USTs and appurtenances and/or a waste oil UST that was removed from the property. While 401 Airport Blvd received environmental site closure in 2001, this condition may impact future development activities that disturb underlying soil and/or groundwater. In the event of excavation or development of LOT 2, San Mateo County Environmental Health Division must be notified as required by Government Code Section 65850.2.2. This notification notwithstanding, SMCEHD regulators have stated that the water quality objectives of the RWQCB have been satisfied, the corrective action protects public health for current land use and corrective action should not be reviewed if land use changes.

These conditions were further evaluated in the performance of this Phase II ESA.

Investigation Activities

CSS completed the following activities in the conduct of this Phase II ESA:

- Prepared a Site Specific Health and Safety Plan for the conduct of the work
- Obtained Subsurface Drilling Permits from the SMEHD
- Marked boring locations on July 6, 2011 and cleared site utilities at the boring locations using a private underground utility locating service.
- Notified underground utility owners in the vicinity through Underground Service Alert.
- Pre-cored the concrete building slab at marked boring locations within the building at 315 Airport Blvd on July 12, 2011.
- Completed 9 borings on July 13, 2011. The boring locations are shown on the attached **Figure 2**. Eight borings were completed using GeoProbe direct push drilling equipment supplied and operated by Fisch Environmental Exploration Services, a California C-57 licensed drilling company. One portion of the 315 Airport Blvd building could not be accessed by the drill rig and CSS-5 and CSS-6 were instead hand augered. CSS-5 was augered to a depth of two and a half feet and a single soils sample was collected at a depth of 2-feet. No water sample was collected at this location. While attempting to hand auger CSS-6, refusal due to an underground obstruction, possibly piping, was encountered at a depth of about 12-inches and no samples were collected. For the GeoProbe borings,

SUBSURFACE INVESTIGATION REPORT

FORMER CALTRANS MAINTENANCE STATION
296 AIRPORT BOULEVARD
SOUTH SAN FRANCISCO, CALIFORNIA 94080

PREPARED BY:

TEC ACCUTITE
262 MICHELLE COURT
SOUTH SAN FRANCISCO, CALIFORNIA 94080

PREPARED FOR:

MR. KELVIN MUNAR
CITY OF SOUTH SAN FRANCISCO
315 MAPLE AVENUE
SOUTH SAN FRANCISCO, CALIFORNIA 94083

DECEMBER 31, 2007

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TABLES

FIGURES

ATTACHMENTS

1.0 INTRODUCTION

On behalf of the City of South San Francisco (Client), TEC Accutite conducted a subsurface investigation at the former Caltrans Maintenance Yard located at 296 Airport Boulevard, South San Francisco, California. The investigation was performed in accordance with TEC Accutite's scope of work (Bid # E-167, revised 12/21/2007). The objectives of the investigation were to characterize soil and groundwater beneath the portion of the property for sale, to determine if site remediation would be required and an approximate cost of any remediation prior to the City's purchase of the property. Presented below are the site background and results of the investigation.

2.0 SITE DESCRIPTION

The subject site is located in a light industrial/commercial area of South San Francisco, California. A Vicinity Map and Site Map are presented as Figures 1 & 2, respectively. The property and building are owned by Caltrans. Facilities on the property consist of a former gas station, former Caltrans maintenance yard, former office building, and two associated historic known underground storage tank (UST) systems (approximately 24,000 ft^2). The site is currently leased to Bob Jr's Towing and used as a storage yard for impounded vehicles.

The site is located on the low lying areas west of San Francisco Bay in San Mateo County. Site topography gently slopes east, towards San Francisco Bay. Site elevation is approximately 19 ft above mean sea level and the nearest surface water is San Francisco Bay approximately 1,200 feet east-southeast of the site.

3.0 ENVIRONMENTAL BACKGROUND

1890s and 1910s
The subject property is a vacant lot.

1925
A building labeled Gas and Oils is identified in the northwestern corner of the subject property.

1950
The gas station is no longer present and a new building is identified as an office building. The Bayshore Highway overpass is present and runs above the eastern third of the subject property.

1965
The subject property appears to be vacant except for several parked cars. The City of South San Francisco's Building Division has two permits regarding the subject property, one to demolish the current building and one to construct the single-story office and maintenance garage building which still stands today.

1987
A 2,000 gallon gasoline UST was reportedly removed on June 30, 1987. The excavation area was subsequently backfilled and resurfaced. According to records, no contamination was detected at the site after tank removal.

The above site history has been condensed from TEC Accutite's Phase I Environmental Site Assessment, dated December 31, 2007.

4.0 SUBSURFACE INVESTIGATION

4.1 Soil and Grab Groundwater Sampling

In order to investigate the presence of petroleum hydrocarbons in the subsurface, TEC Accutite advanced six soil borings at the subject site. The objective of this investigation was to characterize soil and groundwater beneath the site specifically as related to the former USTs associated with the former gasoline station, Caltrans maintenance yard, and general site soil and groundwater. Boring logs are presented in Attachment A.

Personnel: Project Manager Marc Mullaney performed all fieldwork.

Permit: San Mateo County Drilling Permit # 07-2933 (Attachment B).

Clearing Utilities: Underground Service Alert (USA) was contacted prior to the drilling in order to identify any underground utilities. USA ticket #469645 was obtained.

In addition, TEC Accutite utilized a private utility locator to confirm that the boring locations did not interfere with any underground utilities and to perform a utility survey.

Drilling Co: *Environmental Control Associates, Inc.* (ECA), C-57 # 695970

Drilling Date: December 20, 2007

Number of Borings: Advanced six soil borings (B-1 through B-6).

Drilling Method: Direct-push drilling rig.

Boring Depth: Borings were advanced into the groundwater from approximately 8 feet below surface grade (bsg) to a maximum of 16 feet bsg. Temporary PVC casing was installed in all borings to collect groundwater samples.

Sediment Lithology: Soils consist primarily of interlayered clays, sands, and gravels from the surface to approximately 16 feet bsg. Soil types are described using the USCS and recorded on the boring logs (Attachment A).

Depth to Water: Groundwater was encountered in all borings between approximately 3.5 feet bsg and 7.5 feet bsg.

Sample Technique: Soil samples were collected in acetate sleeves in the direct push sampler. In each boring the acetate sleeve was removed and a soil sample was cut from the sleeve approximately every 2 feet. The ends of each sleeve were capped with Teflon sheets and plastic end caps. Samples were properly labeled and placed in an ice chest with ice. With each soil sample, a split was collected and placed in a ziplock bag. Bags were sealed with air space and allowed to volatilize. A photo ionization detector (PID) was used to measure ionizable gases and readings were noted on the boring logs. For soils, the highest PID reading from each boring was submitted for analysis.

A grab groundwater sample was collected from each boring utilizing a peristaltic pump with new tubing for each location.

Analytical Results: All soil and groundwater samples were analyzed for total petroleum hydrocarbons as gasoline (TPHg), TPH as diesel (TPHd), TPH as motor oil

(TPHmo), volatile organic compounds (VOCs), fuel oxygenates, and the 17 California Assessment Metals (CAM-17).

In soils, TPHg and VOCs were not present above ESL (Environmental Screening Level, see tables). TPHd was present above the ESL in soil sample B-6@6' and TPHmo was present above the ESL in soil samples B-2@4' and B-6@6'. Arsenic and Vanadium were present above ESLs in all six soil samples. Cadmium was present above ESLs in soil sample B-4@4'. Analytical results of soils are summarized in Tables 1 and 2.

Grab groundwater sample B-5 contains TPHg, TPHd, and various VOCs above ESLs. Grab groundwater sample B-6 contains TPHd, TPHmo, and various VOCs above ESLs. Grab groundwater B-1 and B-2 contained chromium, lead, and vanadium above the respective ESLs. Grab groundwater sample B-3 contained arsenic, lead, and vanadium above the respective ESLs. Grab groundwater sample B-4 contained arsenic, cadmium, lead, and vanadium above the respective ESLs. Grab groundwater sample B-5 contained barium, chromium, lead, and vanadium were above the respective ESLs. Grab groundwater sample B-6 contained vanadium above the respective ESL. Analytical results of grab groundwater are summarized in Tables 3 and 4.

The laboratory analytical report is presented in Attachment C.

Boring Abandonment: All borings were backfilled with neat cement grout.

5.0 CONCLUSIONS AND RECOMMENDATIONS

- No indications of any remaining USTs are on the property. All utilities have been mapped to scale on Figure 2.
- Geologic conditions encountered in the boring locations (B-1 through B-6) show inconsistent interlayering of clays, sandy clays, and gravels. Soils appeared to be stained and hydrocarbon odors were observed in borings B-2, B-5, and B-6.
- Analytical results indicate residual petroleum hydrocarbons exist in soil and groundwater in the vicinity of the former gas station (B-5 and B-6) and in the backfill area of the former Caltrans UST excavation (B-2).
- Soil metals concentrations are uniformly above ESLs for arsenic and vanadium; however, the concentrations of arsenic and vanadium detected onsite are consistent with background levels of arsenic (10 mg/kg) and vanadium (150 mg/kg to 500 mg/kg) naturally occurring in soil of the San Francisco Bay area as published by the United States Geological Survey (Shacklette and Boerngen, 1984). Considering natural variations, the metal concentrations detected in onsite soil could be naturally occurring or imported in native fill material from unknown sources.
- Similar to soils, grab groundwater metals concentrations are above the respective ESLs for arsenic, barium, cadmium, chromium, lead, and vanadium; however, grab groundwater samples were not properly filtered, and these concentrations are likely artificially elevated.
- Since the former gas station from 1925 to the late 1940's appears to be the major contributor of contamination to the property, it is likely that funding from the State of California UST

Reimbursement Fund will not be available without a clear UST owner or operator. If the contamination is attributable to the Caltrans UST, then funding may be available.

- Cleanup costs of this type typically range from $500,000 to $1.2 million. Best estimate based on known contamination and metals in soil would indicate cleanup costs would be in the upper part of the range for residential standards. Cleaning up the main contamination and providing a deed restriction will save costs ($500,000 to $750,000) in the short term, but long term monitoring costs (if required) could eventually use up the difference.

- TEC Accutite recommends that this report be submitted to San Mateo County Groundwater Protection Program with a further recommendation that the limits of the petroleum hydrocarbons in groundwater and metals concentrations in soil be defined both vertically and horizontally to the property line, as a first phase of plume delineation.

6.0 LIMITATIONS

Our services consist of professional opinions, conclusions and recommendations made today in accordance with generally accepted engineering principles and practices. This warranty is in lieu of all other warranties either expressed or implied. TEC Accutite's liability is limited to the dollar amount of the work performed.

This report is solely for the use and information of our client unless otherwise noted. Any reliance on this report by a third party is at such party's sole risk. Opinions and recommendations contained in this report apply to conditions existing when services were performed and are intended only for the client, purposes, locations, time frames, and project parameters indicated. We are not responsible for the impacts of any changes in environmental standards, practices, or regulations subsequent to performance of services. We do not warrant the accuracy of information supplied by others, nor the use of segregated portions of this report.

Thank you for the opportunity to provide you with our services. If you have any questions or concerns, feel free to contact Marc Mullaney at (650) 616-1209.

Sincerely,
TEC Accutite

Nathan W. Smith
Project Geologist

Marc Mullaney, PG # 7438
Sr. Project Manager

PROFESSIONAL GEOLOGIST
MARC R. MULLANEY
EXP. 11/30/09
No. 7438
STATE OF CALIFORNIA

7.0 REFERENCES

- California Regional Water Quality Control Board, "*Screening For Environmental Concerns At Sites With Contaminated Soil and Groundwater*", Interim Final – November 2007.
- Shacklette, H. T. and Boerngen, J. G., 1984, "*Element Concentrations in Soils and Other Surficial Materials, Conterminous United States*," U.S. Geological Survey Professional Paper 1270.

CSS ENVIRONMENTAL SERVICES, INC.
100 Galli Drive, Suite 1
Novato, CA 94949
(415) 883-6203
fax (415) 883-6204

September 3, 2009

City of South San Francisco
Community Development
Attn. Mr. Norma Fragoso
315 Maple Avenue
South San Francisco, CA 94080

Subject: Results of Transmittal of Indoor Air Quality Assessment
For 938 Linden Avenue
South San Francisco, California
CSS Project No: 6601

Dear Ms. Fragoso:

CSS Environmental Services, Inc. (CSS) is pleased to submit the following results of an Indoor Air Quality Assessment (Assessment) performed for the property at 938 Linden Avenue (the Site) in South San Francisco, CA. The current assessment was performed to investigate the findings of a Piers Environmental Services Phase I Environmental Site Assessment (March 2009) of the Site indicating that "concentrations of petroleum hydrocarbons beneath the property pose a potential risk of volatilization to indoor air." This property is under consideration for purchase by the City of South San Francisco for commercial use. Through the conduct of this Assessment, CSS has found that hydrocarbon compounds are present in indoor air at the Site and in outdoor air in the Site vicinity, at similar concentrations. A likely source of hydrocarbon compounds is a nearby freeway, Highway 101 located about a block east of the Site. Among the hydrocarbon compounds detected, benzene was found at concentrations exceeding residential human health screening levels in both indoor and outdoor air. As indoor air concentrations of benzene are no greater than those found in outdoor air, commercial occupancy of the Site poses no greater risk to human health from benzene exposure than the background for other Site vicinity workers. The reader is referred to the body of this letter report for further details of this environmental investigation and its findings.

The Site is occupied by a two story building founded on a concrete slab and perimeter foundation with no basement. The building was constructed prior to 1956 and is of concrete block construction with a flat roof. At the time of our indoor air sampling, the building was vacant and no operating HVAC system was present.

To evaluate indoor air concentrations within the Site structure, CSS collected three indoor air samples over a six hour period on August 19, 2009. Samples were collected in 6-liter summa canisters pre-cleaned and evacuated by the testing laboratory, Air Toxics Limited of Folsom, California. A constant flow rate of air sampling over the period was implemented through the use of calibrated flow controllers, one dedicated to each canister. CSS's field records of air sample collection are attached. The samples 5650-INDOOR1 and 3744-INDOOR2 were collect from rooms on the first floor in the northwest and southeast corners of the building, respectively. Sample 33779-INDOOR3 was collected in a central room on the second floor of the building. To gauge the background concentration of outdoor air in the vicinity of the building, sample 11882-OUTDOOR-BG was collected from the parking area behind the Site building near the southern corner of the Site property. An unopened summa canister sample, TRIP BLANK accompanied the collected samples and was analyzed for quality control purposes. All samples were analyzed by the Air Toxics Limited laboratory for benzene, toluene, ethylbenzene and xylenes (BTEX) by Modified EPA TO-15 SIM (Selective Ion Monitoring). Air Toxics Limited is certified by the California Department of Health Services. During the time of sample collection the Site was vacant and the building's ventilation system was not operating. Wind conditions were calm in the morning hours, with an afternoon breeze from the northwest noted in the afternoon.

The Air Toxics Limited laboratory report of the air sample analyses for BTEX are attached and summarized in Table 1. Also presented in the table are the California Human Health Screening Levels for Indoor Air (CHHSLs for Residential Land Use, California Environmental Protection Agency, January 2005) and the Environmental Screening Levels for Ambient and Indoor Air (ESLs for Residential Land Use, Regional Water Quality Control Board, San Francisco Bay Region, May 2008). Of the BTEX compounds, benzene was the only compound detected at a concentration greater than its corresponding screening level. Benzene was detected in all but the TRIP BLANK sample and at concentrations within a narrow range, from 0.53 mg/M^3 (3744-INDOOR2) to 0.61 mg/M^3 (5650-INDOOR1 and 11882-OUTDOOR-BG). The CHHSL and ESL for benzene is 0.084 mg/M^3. CHHSLs and ESLs are conservative screening levels, for carcinogens such as benzene, residential screening levels are based on an estimated one in a million (1×10^{-6}) cancer risk and exposure 24 hours a day, 350 days a year, for 30 years.. As the maximum concentration of benzene was detected in the outdoor background sample, its presence is reflective of a background condition and commercial occupancy of the Site poses no greater risk to human health from benzene exposure than the background for other Site vicinity workers. Sources of elevated benzene in the background include motor vehicle emissions and industrial activities. In the United States, on-road motor vehicles account for 48% of benzene emissions and 70% in Southern California's South Coast Air Basin (EPA, National Air Quality and Emissions Trend Report 1999). The Site is located within about 700 feet of a major freeway, Highway 101, located a block east of the Site.

Based upon the proposed commercial use of the Site, the benzene screening level of 0.084 mg/M^3 is not representative of the limited exposure frequency and duration of the proposed use of the Site. A Site specific risk assessment considering the specific details of Site development and use would be necessary to evaluate the specific human health risk to Site workers from background concentrations of benzene.

If you have any questions or comments regarding this report, please do not hesitate to call the undersigned at (415) 883-6203.

Sincerely,
CSS ENVIRONMENTAL SERVICES, INC.

Aaron N. Stessman, PE REA
Principal Engineer

Attachments

Appendix E

Transfer Grant Deed Language for 559 Gateway Blvd.

Appendix E
559 Gateway Blvd.
Grant Deed Language

Upon transfer of the property to the City the grant deed will include language restricting the use of the property to governmental use as follows: “The Successor Agency to the City of South San Francisco Redevelopment Agency, a public entity (“Grantor”) hereby grants to the City of South San Francisco, a municipal corporation (“Grantee”), all rights, title and interest Grantor has in the Property, as described more specifically in Exhibit A hereto, and subject to the restrictions on use set forth in that certain Second Amendment to Declaration of Covenants, Conditions and Restrictions for Gateway Center, executed as of May 28, 2003, and recorded on July 2, 2003 in the Official Records of San Mateo County as Instrument No. 2003-182458, and which is incorporated by this reference as if fully set forth herein. In the event that Grantee discontinues the restricted use or seeks to use the Property for a non-governmental purpose, Grantee shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, pursuant to Assembly Bill x1 26 and Assembly Bill 1484 (collectively, the “Redevelopment Dissolution Law”), providing that all net revenue from such non-governmental use shall be distributed as property tax to the taxing entities as defined in the Redevelopment Dissolution Law. Said Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to such aforesaid restriction on use, which is intended to constitute both an equitable servitude and a covenant running with the land. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall be held conclusively to have been executed delivered and accepted subject to such covenant, regardless whether such covenant is set forth in such contract, deed or other instrument. Said covenant shall be binding on the parties hereto, and on their successors and assigns.”

Appendix F

Transfer Grant Deed Language for Public Use Properties

Appendix F

General Governmental Use Properties

Grant Deed Language

Upon transfer of the property to the City the grant deed will include language restriction the use of the property to governmental as follows: “The Successor Agency to the City of South San Francisco Redevelopment Agency, a public entity (“Grantor”) hereby grants to the City of South San Francisco, a municipal corporation (“Grantee”), all rights, title and interest Grantor has in the Property, as described more specifically in Exhibit A hereto, and imposes the following restriction on use: The Property may be used only for a governmental purpose. In the event that Grantee discontinues a governmental use or seeks to use the Property for a different purpose, Grantee shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, pursuant to Assembly Bill x1 26 and Assembly Bill 1484 (collectively, the “Redevelopment Dissolution Law”), providing that all net revenue from such non-governmental use shall be distributed as property tax to the taxing entities as defined in the Redevelopment Dissolution Law. Said Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to such covenant to the aforesaid restriction on use, which is intended to constitute both an equitable servitude and a covenant running with the land. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall be held conclusively to have been executed delivered and accepted subject to such covenant, regardless whether such covenant is set forth in such contract, deed or other instrument. Said covenant shall be binding on the parties hereto, and on their successors and assigns.”

Appendix G

Transfer Grant Deed Language for 472 Grand Ave./306 Spruce Ave

Appendix G

472 Grand Ave./306 Spruce Ave. & 468 Miller Ave.

Grant Deed Language

Upon transfer of the property to the County or other applicable government entity, the grant deed will include language restricting the use of the property to governmental use as follows: “The Successor Agency to the City of South San Francisco Redevelopment Agency, a public entity (“Grantor”) hereby grants to the County of San Mateo , a political subdivision of the State of California [or other applicable governmental entity] (“Grantee”), all rights, title and interest Grantor has in the Property, as described more specifically in Exhibit A hereto, and imposes the following restriction on use: The Property may be used only for a governmental purpose. In the event that Grantee breaches this covenant and discontinues a governmental use or seeks to use the Property for a different purpose, Grantor may declare the forfeiture of that portion of the Property directly affected by such breach, and may re-enter and take possession of that portion of the Property as to which forfeiture shall have been declared and re-entry shall have been effected. In that event, if Grantee uses or intends to use the Property for any non-governmental use, Grantee shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, pursuant to Assembly Bill x1 26 and Assembly Bill 1484 (collectively, the “Redevelopment Dissolution Law”), providing that all net revenue from such non-governmental use shall be distributed as property tax to the taxing entities as defined in the Redevelopment Dissolution Law. Said Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to such covenant to the aforesaid restriction on use and the aforesaid reversionary interest of Grantor, which are intended to constitute both equitable servitudes and covenants running with the land. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall be held conclusively to have been executed delivered and accepted subject to such covenant, regardless whether such covenant is set forth in such contract, deed or other instrument. Said covenant shall be binding on the parties hereto, and on their successors and assigns.”

In the event the County of San Mateo does not accept the property, the property will be conveyed to the City for public use and the following language will be included in the grant deed: “The Successor Agency to the City of South San Francisco Redevelopment Agency, a public entity (“Grantor”) hereby grants to the City of South San Francisco, a municipal corporation (“Grantee”), all rights, title and interest Grantor has in the Property, as described more specifically in Exhibit A hereto, and imposes the following restriction on use: The Property may be used only for a governmental purpose. In the event that Grantee discontinues a governmental use or seeks to use the Property for a different purpose, Grantee shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, pursuant to Assembly Bill x1 26 and Assembly Bill 1484 (collectively, the “Redevelopment Dissolution Law”), providing that all net revenue from such non-governmental use shall be distributed as property tax to the taxing entities as defined in the Redevelopment Dissolution Law. Said Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to such covenant to the aforesaid restriction on use, which is intended to constitute both an equitable servitude and a covenant running with the land. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall be held conclusively to have been executed delivered and accepted subject to such covenant, regardless whether such covenant is set forth in such contract, deed or other instrument. Said covenant shall be binding on the parties hereto, and on their successors and assigns."

Appendix H

Property Tax Increment Projections

Table 1 - 432 Baden Avenue (#32)

	Immediate Sale				Development (Baseline)		Development (DSMP)		FV			PV		
Year	AV	Property Tax	Sale Proceeds	Total	AV	Property Tax	AV	Property Tax	FV Sale	FV Dev (Base)	FV Dev (DSMP)	PV Sale	PV Dev (Base)	PV Dev (DSMP)
2013 / 14			$557,568	$557,568	$0	$0	$0	$0	$557,568	$0	$0	$557,568	$0	$0
2014 / 15	$557,568	$5,576		$5,576	$0	$0	$0	$0	$563,144	$0	$0	$562,981	$0	$0
2015 / 16	$568,719	$5,687		$5,687	$0	$0	$0	$0	$568,831	$0	$0	$568,342	$0	$0
2016 / 17	$580,094	$5,801		$5,801	$0	$0	$0	$0	$574,632	$0	$0	$573,651	$0	$0
2017 / 18	$8,200,000	$82,000		$82,000	$2,600,000	$26,000	$8,200,000	$82,000	$656,632	$26,000	$82,000	$646,507	$22,428	$70,734
2018 / 19	$8,364,000	$83,640		$83,640	$2,652,000	$26,520	$8,364,000	$83,640	$740,272	$52,520	$165,640	$718,655	$44,638	$140,781
2019 / 20	$8,531,280	$85,313		$85,313	$2,705,040	$27,050	$8,531,280	$85,313	$825,585	$79,570	$250,953	$790,103	$66,632	$210,148
2020 / 21	$8,701,906	$87,019		$87,019	$2,759,141	$27,591	$8,701,906	$87,019	$912,604	$107,162	$337,972	$860,858	$88,413	$278,842
2021 / 22	$8,875,944	$88,759		$88,759	$2,814,324	$28,143	$8,875,944	$88,759	$1,001,363	$135,305	$426,731	$930,925	$109,983	$346,869
2022 / 23	$9,053,463	$90,535		$90,535	$2,870,610	$28,706	$9,053,463	$90,535	$1,091,898	$164,011	$517,266	$1,000,313	$131,343	$414,235
2023 / 24	$9,234,532	$92,345		$92,345	$2,928,022	$29,280	$9,234,532	$92,345	$1,184,243	$193,291	$609,611	$1,069,026	$152,495	$480,947
2024 / 25	$9,419,222	$94,192		$94,192	$2,986,583	$29,866	$9,419,222	$94,192	$1,278,435	$223,157	$703,803	$1,137,073	$173,443	$547,012
2025 / 26	$9,607,607	$96,076		$96,076	$3,046,314	$30,463	$9,607,607	$96,076	$1,374,511	$253,620	$799,880	$1,204,458	$194,187	$612,435
2026 / 27	$9,799,759	$97,998		$97,998	$3,107,241	$31,072	$9,799,759	$97,998	$1,472,509	$284,693	$897,877	$1,271,190	$214,729	$677,223
2027 / 28	$9,995,754	$99,958		$99,958	$3,169,385	$31,694	$9,995,754	$99,958	$1,572,466	$316,387	$997,835	$1,337,274	$235,072	$741,382
2028 / 29	$10,195,669	$101,957		$101,957	$3,232,773	$32,328	$10,195,669	$101,957	$1,674,423	$348,714	$1,099,791	$1,402,716	$255,218	$804,918
2029 / 30	$10,399,583	$103,996		$103,996	$3,297,429	$32,974	$10,399,583	$103,996	$1,778,419	$381,689	$1,203,787	$1,467,523	$275,168	$867,837
2030 / 31	$10,607,574	$106,076		$106,076	$3,363,377	$33,634	$10,607,574	$106,076	$1,884,495	$415,322	$1,309,863	$1,531,700	$294,924	$930,145
2031 / 32	$10,819,726	$108,197		$108,197	$3,430,645	$34,306	$10,819,726	$108,197	$1,992,692	$449,629	$1,418,060	$1,595,255	$314,489	$991,849
2032 / 33	$11,036,120	$110,361		$110,361	$3,499,258	$34,993	$11,036,120	$110,361	$2,103,053	$484,621	$1,528,421	$1,658,192	$333,863	$1,052,953
2033 / 34	$11,256,843	$112,568		$112,568	$3,569,243	$35,692	$11,256,843	$112,568	$2,215,622	$520,314	$1,640,990	$1,720,519	$353,050	$1,113,464
FV			$2,215,622			$520,314		$1,640,990						
PV			$1,720,519			$353,050		$1,113,464						

Discount rate 3%

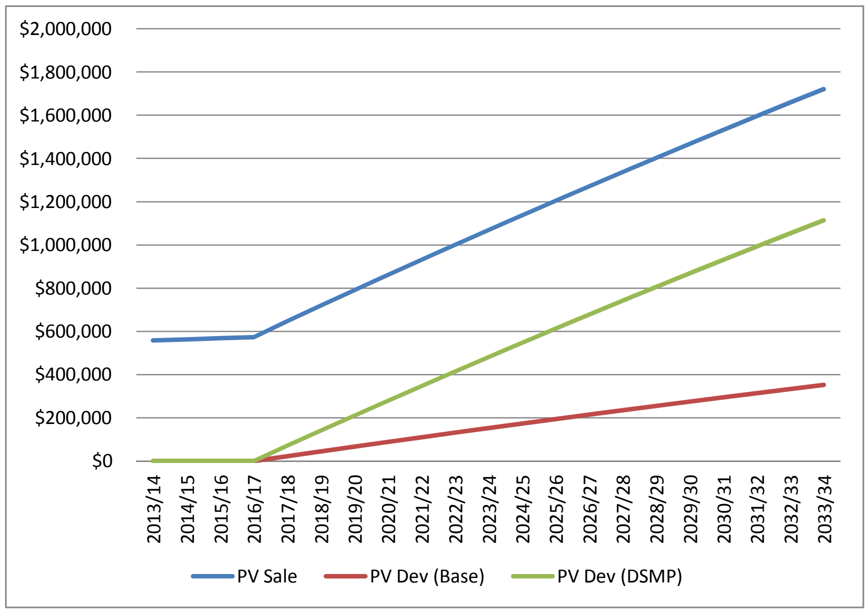


Table 2 - 432 Baden Avenue (#32)

Year	Immediate Sale AV	Immediate Sale Property Tax	Immediate Sale Sale Proceeds	Immediate Sale Total	Development (Baseline) AV	Development (Baseline) Property Tax	Development (DSMP) AV	Development (DSMP) Property Tax	FV Sale	FV Dev (Base)	FV Dev (DSMP)	PV Sale	PV Dev (Base)	PV Dev (DSMP)
2013 / 14			$557,568	$557,568	$0	$0	$0	$0	$557,568	$0	$0	$557,568	$0	$0
2014 / 15	$557,568	$5,576		$5,576	$0	$0	$0	$0	$563,144	$0	$0	$562,981	$0	$0
2015 / 16	$568,719	$5,687		$5,687	$0	$0	$0	$0	$568,831	$0	$0	$568,342	$0	$0
2016 / 17	$2,600,000	$26,000		$26,000	$0	$0	$0	$0	$594,831	$0	$0	$592,136	$0	$0
2017 / 18	$2,652,000	$26,520		$26,520	$2,600,000	$26,000	$8,200,000	$82,000	$621,351	$26,000	$82,000	$615,698	$22,428	$70,734
2018 / 19	$2,705,040	$27,050		$27,050	$2,652,000	$26,520	$8,364,000	$83,640	$648,401	$52,520	$165,640	$639,032	$44,638	$140,781
2019 / 20	$2,759,141	$27,591		$27,591	$2,705,040	$27,050	$8,531,280	$85,313	$675,993	$79,570	$250,953	$662,140	$66,632	$210,148
2020 / 21	$2,814,324	$28,143		$28,143	$2,759,141	$27,591	$8,701,906	$87,019	$704,136	$107,162	$337,972	$685,023	$88,413	$278,842
2021 / 22	$2,870,610	$28,706		$28,706	$2,814,324	$28,143	$8,875,944	$88,759	$732,842	$135,305	$426,731	$707,684	$109,983	$346,869
2022 / 23	$2,928,022	$29,280		$29,280	$2,870,610	$28,706	$9,053,463	$90,535	$762,122	$164,011	$517,266	$730,124	$131,343	$414,235
2023 / 24	$2,986,583	$29,866		$29,866	$2,928,022	$29,280	$9,234,532	$92,345	$791,988	$193,291	$609,611	$752,347	$152,495	$480,947
2024 / 25	$3,046,314	$30,463		$30,463	$2,986,583	$29,866	$9,419,222	$94,192	$822,451	$223,157	$703,803	$774,355	$173,443	$547,012
2025 / 26	$3,107,241	$31,072		$31,072	$3,046,314	$30,463	$9,607,607	$96,076	$853,524	$253,620	$799,880	$796,148	$194,187	$612,435
2026 / 27	$3,169,385	$31,694		$31,694	$3,107,241	$31,072	$9,799,759	$97,998	$885,217	$284,693	$897,877	$817,730	$214,729	$677,223
2027 / 28	$3,232,773	$32,328		$32,328	$3,169,385	$31,694	$9,995,754	$99,958	$917,545	$316,387	$997,835	$839,103	$235,072	$741,382
2028 / 29	$3,297,429	$32,974		$32,974	$3,232,773	$32,328	$10,195,669	$101,957	$950,519	$348,714	$1,099,791	$860,268	$255,218	$804,918
2029 / 30	$3,363,377	$33,634		$33,634	$3,297,429	$32,974	$10,399,583	$103,996	$984,153	$381,689	$1,203,787	$881,227	$275,168	$867,837
2030 / 31	$3,430,645	$34,306		$34,306	$3,363,377	$33,634	$10,607,574	$106,076	$1,018,460	$415,322	$1,309,863	$901,983	$294,924	$930,145
2031 / 32	$3,499,258	$34,993		$34,993	$3,430,645	$34,306	$10,819,726	$108,197	$1,053,452	$449,629	$1,418,060	$922,537	$314,489	$991,849
2032 / 33	$3,569,243	$35,692		$35,692	$3,499,258	$34,993	$11,036,120	$110,361	$1,089,145	$484,621	$1,528,421	$942,892	$333,863	$1,052,953
2033 / 34	$3,640,628	$36,406		$36,406	$3,569,243	$35,692	$11,256,843	$112,568	$1,125,551	$520,314	$1,640,990	$963,050	$353,050	$1,113,464
FV			$1,125,551			$520,314		$1,640,990						
PV			$963,050			$353,050		$1,113,464						

Discount rate 3%

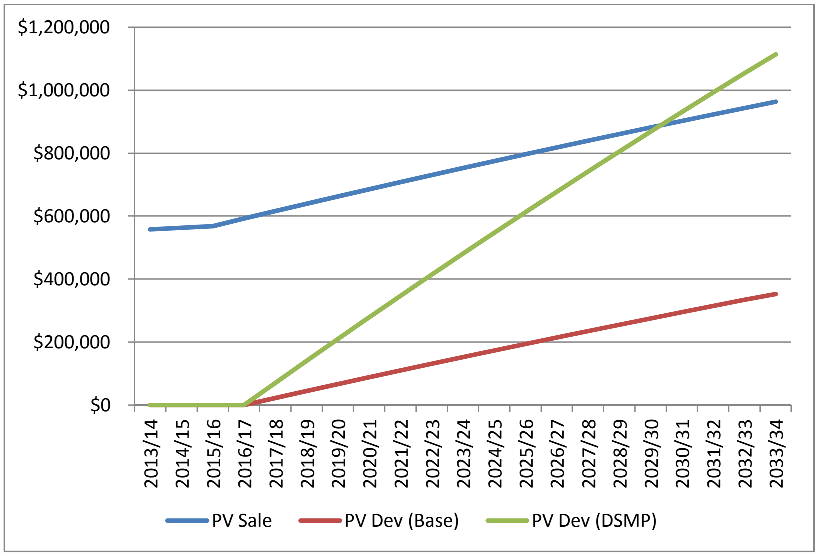


Table 3 - 216 Miller Avenue (#27). Also refered to as site 3.5 in Appendix G

	Immediate Sale				Development (Baseline)		Development (DSMP)		FV			PV		
Year	AV	Property Tax	Sale Proceeds	Total	AV	Property Tax	AV	Property Tax	FV Sale	FV Dev (Base)	FV Dev (DSMP)	PV Sale	PV Dev (Base)	PV Dev (DSMP)
2013 / 14			$1,428,768	$1,428,768	$0	$0	$0	$0	$1,428,768	$0	$0	$1,428,768	$0	$0
2014 / 15	$1,428,768	$14,288		$14,288	$0	$0	$0	$0	$1,443,056	$0	$0	$1,442,640	$0	$0
2015 / 16	$1,457,343	$14,573		$14,573	$0	$0	$0	$0	$1,457,629	$0	$0	$1,456,376	$0	$0
2016 / 17	$14,500,000	$145,000		$145,000	$0	$0	$0	$0	$1,602,629	$0	$0	$1,589,072	$0	$0
2017 / 18	$14,790,000	$147,900		$147,900	$0	$0	$0	$0	$1,750,529	$0	$0	$1,720,479	$0	$0
2018 / 19	$15,085,800	$150,858		$150,858	$14,500,000	$145,000	$29,400,000	$294,000	$1,901,387	$145,000	$294,000	$1,850,611	$121,435	$246,220
2019 / 20	$15,387,516	$153,875		$153,875	$14,790,000	$147,900	$29,988,000	$299,880	$2,055,262	$292,900	$593,880	$1,979,479	$241,691	$490,050
2020 / 21	$15,695,266	$156,953		$156,953	$15,085,800	$150,858	$30,587,760	$305,878	$2,212,215	$443,758	$899,758	$2,107,096	$360,780	$731,513
2021 / 22	$16,009,172	$160,092		$160,092	$15,387,516	$153,875	$31,199,515	$311,995	$2,372,307	$597,633	$1,211,753	$2,233,473	$478,713	$970,631
2022 / 23	$16,329,355	$163,294		$163,294	$15,695,266	$156,953	$31,823,506	$318,235	$2,535,600	$754,586	$1,529,988	$2,358,624	$595,500	$1,207,428
2023 / 24	$16,655,942	$166,559		$166,559	$16,009,172	$160,092	$32,459,976	$324,600	$2,702,160	$914,678	$1,854,588	$2,482,560	$711,154	$1,441,926
2024 / 25	$16,989,061	$169,891		$169,891	$16,329,355	$163,294	$33,109,175	$331,092	$2,872,050	$1,077,971	$2,185,679	$2,605,293	$825,685	$1,674,147
2025 / 26	$17,328,842	$173,288		$173,288	$16,655,942	$166,559	$33,771,359	$337,714	$3,045,339	$1,244,531	$2,523,393	$2,726,834	$939,104	$1,904,113
2026 / 27	$17,675,419	$176,754		$176,754	$16,989,061	$169,891	$34,446,786	$344,468	$3,222,093	$1,414,421	$2,867,861	$2,847,195	$1,051,421	$2,131,847
2027 / 28	$18,028,927	$180,289		$180,289	$17,328,842	$173,288	$35,135,722	$351,357	$3,402,382	$1,587,710	$3,219,218	$2,966,387	$1,162,648	$2,357,370
2028 / 29	$18,389,506	$183,895		$183,895	$17,675,419	$176,754	$35,838,436	$358,384	$3,586,277	$1,764,464	$3,577,602	$3,084,422	$1,272,796	$2,580,703
2029 / 30	$18,757,296	$187,573		$187,573	$18,028,927	$180,289	$36,555,205	$365,552	$3,773,850	$1,944,753	$3,943,154	$3,201,312	$1,381,874	$2,801,868
2030 / 31	$19,132,442	$191,324		$191,324	$18,389,506	$183,895	$37,286,309	$372,863	$3,965,175	$2,128,648	$4,316,017	$3,317,066	$1,489,893	$3,020,886
2031 / 32	$19,515,091	$195,151		$195,151	$18,757,296	$187,573	$38,032,035	$380,320	$4,160,325	$2,316,221	$4,696,338	$3,431,697	$1,596,863	$3,237,777
2032 / 33	$19,905,393	$199,054		$199,054	$19,132,442	$191,324	$38,792,676	$387,927	$4,359,379	$2,507,545	$5,084,265	$3,545,214	$1,702,795	$3,452,563
2033 / 34	$20,303,501	$203,035		$203,035	$19,515,091	$195,151	$39,568,529	$395,685	$4,562,414	$2,702,696	$5,479,950	$3,657,630	$1,807,698	$3,665,263
FV			$4,562,414			$2,702,696		$5,479,950						
PV			$3,657,630			$1,807,698		$3,665,263						

Discount rate 3%

Property	Est. Value	Sq. Ft.	$/SF	Notes
Miller Ave	$1,400,000	17,500	$80.00	Ford Appraisal 2011
	$0			
	$0			
Total	$1,400,000			

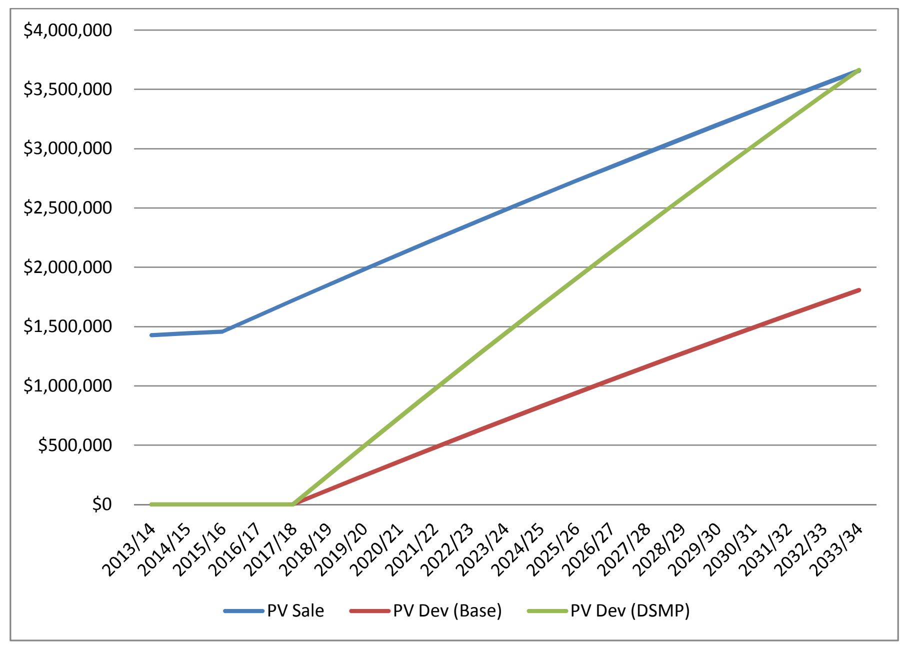
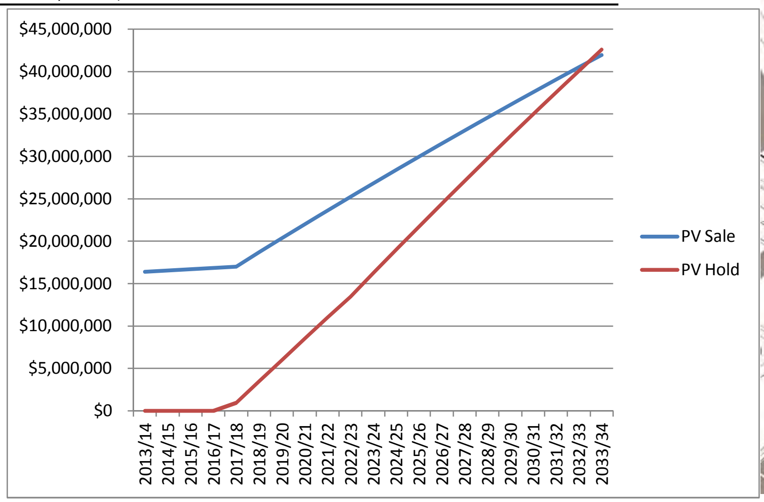


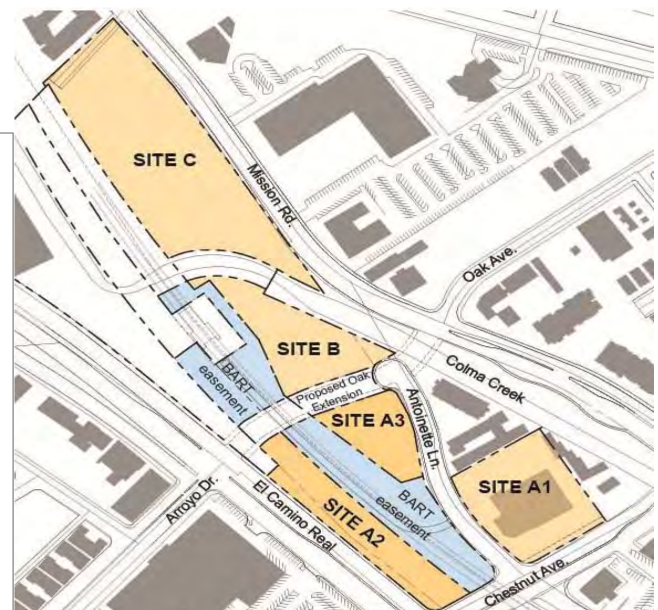
Table 4 - 1 Chestnut, 093-312-050, 093-312-060, 011-326-030 (#2,3,6,7)

	Site A			Site B			Site C			Total Proceeds from Sale				
Year	AV	Property Tax	Sale Proceeds	AV	Property Tax	Sale Proceeds	AV	Property Tax	Sale Proceeds	FV Sale	FV Property Tax	FV Cumulative Revenue	PV Sale	PV Hold
2013 / 14			$4,438,080	$0	$0	$0		$0	$11,939,915	$16,377,995		$16,377,995	$16,377,995	$0
2014 / 15	$4,438,080	$44,381		$0	$0	$0	$11,939,915	$119,399			$163,780	$16,541,775	$16,537,004	$0
2015 / 16	$4,526,842	$45,268		$0	$0	$0	$12,178,713	$121,787			$167,056	$16,708,830	$16,694,470	$0
2016 / 17	$4,617,378	$46,174		$0	$0	$0	$12,422,287	$124,223			$170,397	$16,879,227	$16,850,407	$0
2017 / 18	$4,709,726	$47,097		$0	$0	$0	$12,670,733	$126,707			$173,805	$17,053,031	$17,004,830	$926,692
2018 / 19	$4,803,921	$48,039		$0	$0	$0	$189,600,000	$1,896,000			$1,944,039	$18,997,070	$18,681,776	$3,479,893
2019 / 20	$4,899,999	$49,000		$0	$0	$0	$193,392,000	$1,933,920			$1,982,920	$20,979,990	$20,342,440	$6,008,306
2020 / 21	$4,997,999	$49,980		$0	$0	$0	$197,259,840	$1,972,598			$2,022,578	$23,002,569	$21,986,981	$8,512,171
2021 / 22	$5,097,959	$50,980		$0	$0	$0	$201,205,037	$2,012,050			$2,063,030	$25,065,599	$23,615,556	$10,991,727
2022 / 23	$5,199,918	$51,999		$0	$0	$0	$205,229,138	$2,052,291			$2,104,291	$27,169,889	$25,228,320	$13,447,210
2023 / 24	$5,303,916	$53,039		$0	$0	$0	$209,333,720	$2,093,337			$2,146,376	$29,316,266	$26,825,425	$16,229,321
2024 / 25	$5,409,995	$54,100		$0	$0	$0	$213,520,395	$2,135,204			$2,189,304	$31,505,570	$28,407,025	$18,984,421
2025 / 26	$5,518,195	$55,182		$0	$0	$0	$217,790,803	$2,177,908			$2,233,090	$33,738,660	$29,973,269	$21,712,773
2026 / 27	$5,628,559	$56,286		$0	$0	$0	$222,146,619	$2,221,466			$2,277,752	$36,016,411	$31,524,307	$24,414,635
2027 / 28	$5,741,130	$57,411		$0	$0	$0	$226,589,551	$2,265,896			$2,323,307	$38,339,718	$33,060,287	$27,090,267
2028 / 29	$5,855,952	$58,560		$0	$0	$0	$231,121,342	$2,311,213			$2,369,773	$40,709,491	$34,581,354	$29,739,921
2029 / 30	$5,973,071	$59,731		$0	$0	$0	$235,743,769	$2,357,438			$2,417,168	$43,126,660	$36,087,653	$32,363,850
2030 / 31	$6,092,533	$60,925		$0	$0	$0	$240,458,644	$2,404,586			$2,465,512	$45,592,171	$37,579,329	$34,962,305
2031 / 32	$6,214,383	$62,144		$0	$0	$0	$245,267,817	$2,452,678			$2,514,822	$48,106,993	$39,056,521	$37,535,531
2032 / 33	$6,338,671	$63,387		$0	$0	$0	$250,173,173	$2,501,732			$2,565,118	$50,672,112	$40,519,373	$40,083,775
2033 / 34	$6,465,445	$64,654		$0	$0	$0	$255,176,637	$2,551,766			$2,616,421	$53,288,533	$41,968,021	$42,607,279
FV			$5,516,417			$0			$47,772,116			$53,288,533		
PV			$5,224,805			$0			$36,743,216				$41,968,021	$42,607,279

Discount rate: 3%

Property	Est. Value	Sq. Ft.	$/SF	Notes
Site A 1	$4,438,080	72,000	$61.64	
Site A 2	$970,000	63,992	$15.16	It is unlikely this property will indvidually sell
Site A 3	$0	39,204	$0.00	It is unlikely this property will indvidually sell
Site B	$0	65,340	$0.00	It is unlikely this property will indvidually sell
Site C	$11,939,915	193,704	$61.64	
Total	$17,347,995			





PUC Properties

	Site A			Site B			Site C			Sale Proceeds			PV
Year	AV	Property Tax	Sale Proceeds	AV	Property Tax	Sale Proceeds	AV	Property Tax	Sale Proceeds	FV Sale	FV Property Tax	FV Cumulative Revenue	PV Hold
2013 / 14	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2014 / 15	$0	$0		$0	$0	$0	$0	$0			$0	$0	$0
2015 / 16	$0	$0		$0	$0	$0	$0	$0			$0	$0	$0
2016 / 17	$0	$0		$0	$0	$0	$0	$0			$0	$0	$0
2017 / 18	$104,300,000	$1,043,000		$0	$0	$0	$0	$0			$1,043,000	$1,043,000	$926,692
2018 / 19	$106,386,000	$1,063,860		$0	$0	$0	$189,600,000	$1,896,000			$2,959,860	$4,002,860	$3,479,893
2019 / 20	$108,513,720	$1,085,137		$0	$0	$0	$193,392,000	$1,933,920			$3,019,057	$7,021,917	$6,008,306
2020 / 21	$110,683,994	$1,106,840		$0	$0	$0	$197,259,840	$1,972,598			$3,079,438	$10,101,356	$8,512,171
2021 / 22	$112,897,674	$1,128,977		$0	$0	$0	$201,205,037	$2,012,050			$3,141,027	$13,242,383	$10,991,727
2022 / 23	$115,155,628	$1,151,556		$0	$0	$0	$205,229,138	$2,052,291			$3,203,848	$16,446,230	$13,447,210
2023 / 24	$117,458,740	$1,174,587		$47,100,000	$471,000	$0	$209,333,720	$2,093,337			$3,738,925	$20,185,155	$16,229,321
2024 / 25	$119,807,915	$1,198,079		$48,042,000	$480,420	$0	$213,520,395	$2,135,204			$3,813,703	$23,998,858	$18,984,421
2025 / 26	$122,204,073	$1,222,041		$49,002,840	$490,028	$0	$217,790,803	$2,177,908			$3,889,977	$27,888,835	$21,712,773
2026 / 27	$124,648,155	$1,246,482		$49,982,897	$499,829	$0	$222,146,619	$2,221,466			$3,967,777	$31,856,612	$24,414,635
2027 / 28	$127,141,118	$1,271,411		$50,982,555	$509,826	$0	$226,589,551	$2,265,896			$4,047,132	$35,903,744	$27,090,267
2028 / 29	$129,683,940	$1,296,839		$52,002,206	$520,022	$0	$231,121,342	$2,311,213			$4,128,075	$40,031,819	$29,739,921
2029 / 30	$132,277,619	$1,322,776		$53,042,250	$530,422	$0	$235,743,769	$2,357,438			$4,210,636	$44,242,455	$32,363,850
2030 / 31	$134,923,172	$1,349,232		$54,103,095	$541,031	$0	$240,458,644	$2,404,586			$4,294,849	$48,537,304	$34,962,305
2031 / 32	$137,621,635	$1,376,216		$55,185,157	$551,852	$0	$245,267,817	$2,452,678			$4,380,746	$52,918,051	$37,535,531
2032 / 33	$140,374,068	$1,403,741		$56,288,860	$562,889	$0	$250,173,173	$2,501,732			$4,468,361	$57,386,412	$40,083,775
2033 / 34	$143,181,549	$1,431,815		$57,414,637	$574,146	$0	$255,176,637	$2,551,766			$4,557,728	$61,944,140	$42,607,279
FV		$20,872,590			$5,731,465			$35,340,085					
PV		$14,587,600			$3,673,354			$24,346,325					

Discount rate: 3%

Property	Est. Value	Sq. Ft.	$/SF	Notes
Site A 1	$4,438,080	72000	$61.64	
Site A 2	$0		$0.00	
Site A 3	$0		$0.00	
Site B	$0		$0.00	
Site C	$11,939,915	193704	$61.64	
Total	$16,377,995			

Table 5 - 201, 207, 217-219, 227 Grand Avenue (#15-18). Also referred to as Grand-Cypress in Appendix G

	Immediate Sale				Development (Baseline)		Development (DSMP)		FV			PV		
Year	AV	Property Tax	Sale Proceeds	Total	AV	Property Tax	AV	Property Tax	FV Sale	FV Dev (Base)	FV Dev (DSMP)	PV Sale	PV Dev (Base)	PV Dev (DSAP)
2013 / 14			$1,228,500	$1,228,500	$0	$0	$0	$0	$1,228,500	$0	$0	$1,228,500	$0	$0
2014 / 15	$1,228,500	$12,285		$ 12,285.00	$0	$0	$0	$0	$1,240,785	$0	$0	$1,240,427	$0	$0
2015 / 16	$1,253,070	$12,531		$ 12,530.70	$21,400,000	$0	$21,400,000	$0	$1,253,316	$0	$0	$1,252,239	$0	$0
2016 / 17	$1,278,131	$12,781		$ 12,781.31	$21,828,000	$218,280	$21,828,000	$218,280	$1,266,097	$218,280	$218,280	$1,263,935	$193,939	$193,939
2017 / 18	$1,303,694	$13,037		$ 13,036.94	$22,264,560	$222,646	$22,264,560	$222,646	$1,279,134	$440,926	$440,926	$1,275,518	$385,995	$385,995
2018 / 19	$2,121,288	$21,213	$776,000	$ 797,212.88	$22,709,851	$227,099	$22,709,851	$227,099	$2,076,347	$668,024	$668,024	$1,963,201	$576,186	$576,186
2019 / 20	$2,163,714	$21,637		$ 21,637.14	$23,164,048	$231,640	$23,164,048	$231,640	$2,097,984	$899,665	$899,665	$1,981,322	$764,531	$764,531
2020 / 21	$2,206,988	$22,070		$ 22,069.88	$23,627,329	$236,273	$23,627,329	$236,273	$2,120,054	$1,135,938	$1,135,938	$1,999,267	$951,048	$951,048
2021 / 22	$2,251,128	$22,511		$ 22,511.28	$24,099,876	$240,999	$24,099,876	$240,999	$2,142,565	$1,376,937	$1,376,937	$2,017,037	$1,135,753	$1,135,753
2022 / 23	$2,296,150	$22,962		$ 22,961.50	$24,581,873	$245,819	$24,581,873	$245,819	$2,165,527	$1,622,755	$1,622,755	$2,034,636	$1,318,665	$1,318,665
2023 / 24	$2,342,073	$23,421		$ 23,420.73	$25,073,511	$250,735	$25,073,511	$250,735	$2,188,947	$1,873,490	$1,873,490	$2,052,063	$1,499,802	$1,499,802
2024 / 25	$2,388,915	$23,889		$ 23,889.15	$25,574,981	$255,750	$25,574,981	$255,750	$2,212,837	$2,129,240	$2,129,240	$2,069,321	$1,679,180	$1,679,180
2025 / 26	$2,436,693	$24,367		$ 24,366.93	$26,086,481	$260,865	$26,086,481	$260,865	$2,237,203	$2,390,105	$2,390,105	$2,086,411	$1,856,816	$1,856,816
2026 / 27	$2,485,427	$24,854		$ 24,854.27	$26,608,210	$266,082	$26,608,210	$266,082	$2,262,058	$2,656,187	$2,656,187	$2,103,336	$2,032,727	$2,032,727
2027 / 28	$2,535,135	$25,351		$ 25,351.35	$27,140,374	$271,404	$27,140,374	$271,404	$2,287,409	$2,927,591	$2,927,591	$2,120,096	$2,206,931	$2,206,931
2028 / 29	$2,585,838	$25,858		$ 25,858.38	$27,683,182	$276,832	$27,683,182	$276,832	$2,313,267	$3,204,423	$3,204,423	$2,136,694	$2,379,444	$2,379,444
2029 / 30	$2,637,555	$26,376		$ 26,375.55	$28,236,846	$282,368	$28,236,846	$282,368	$2,339,643	$3,486,791	$3,486,791	$2,153,130	$2,550,281	$2,550,281
2030 / 31	$2,690,306	$26,903		$ 26,903.06	$28,801,582	$288,016	$28,801,582	$288,016	$2,366,546	$3,774,807	$3,774,807	$2,169,407	$2,719,460	$2,719,460
2031 / 32	$2,744,112	$27,441		$ 27,441.12	$29,377,614	$293,776	$29,377,614	$293,776	$2,393,987	$4,068,583	$4,068,583	$2,185,525	$2,886,996	$2,886,996
2032 / 33	$2,798,994	$27,990		$ 27,989.94	$29,965,166	$299,652	$29,965,166	$299,652	$2,421,977	$4,368,235	$4,368,235	$2,201,488	$3,052,906	$3,052,906
2033 / 34	$2,854,974	$28,550		$ 28,549.74	$30,564,470	$305,645	$30,564,470	$305,645	$2,450,527	$4,673,880	$4,673,880	$2,217,295	$3,217,205	$3,217,205
FV			$2,450,527			$4,673,880		$4,673,880						
PV			$2,217,295			$3,217,205		$3,217,205						

Discount rate	3%			
Property	Est. Value	Sq. Ft.	$/SF	Notes
217-219 Grand Avenue	$1,228,500	10,500	$117.00	Acquisition Appraisal
207 Grand Ave	$280,000	3,500	$80.00	Acquisition Appraisal
201 Grand Ave	$496,000	6,200	$80.00	Acquisition Appraisal
Total	$2,004,500			

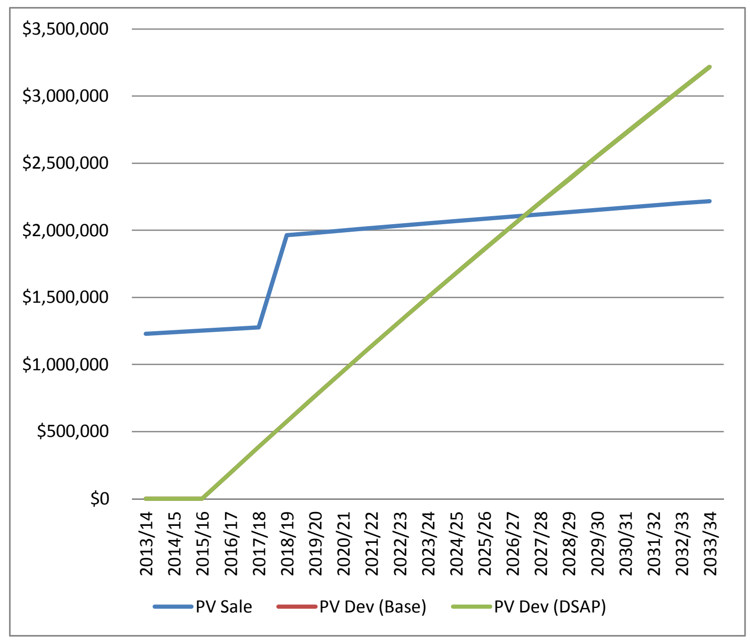


Table 6 - 200 Linden, 212 -216 Baden Avenue (#19-21). Also referred to as 1.1 in Appendix G

	Immediate Sale				Development (Baseline)		Development (DSMP)		FV			PV		
Year	AV	Property Tax	Sale Proceeds	Total	AV	Property Tax	AV	Property Tax	FV Sale	FV Dev (Base)	FV Dev (DSMP)	PV Sale	PV Dev (Base)	PV Dev (DSAP)
2013 / 14			$1,638,000	$1,638,000	$0	$0	$0	$0	$1,638,000	$0	$0	$1,638,000	$0	$0
2014 / 15	$1,638,000	$16,380		$16,380	$0	$0	$0	$0	$1,654,380	$0	$0	$1,653,903	$0	$0
2015 / 16	$1,670,760	$16,708		$16,708	$0	$0	$0	$0	$1,671,088	$0	$0	$1,669,651	$0	$0
2016 / 17	$1,704,175	$17,042		$17,042	$0	$0	$52,300,000	$523,000	$1,688,129	$0	$523,000	$1,685,247	$0	$464,679
2017 / 18	$2,595,059	$25,951	$840,000	$865,951	$27,300,000	$273,000	$53,346,000	$533,460	$2,554,080	$273,000	$1,056,460	$2,454,633	$235,492	$924,846
2018 / 19	$2,646,960	$26,470		$26,470	$27,846,000	$278,460	$54,412,920	$544,129	$2,580,550	$551,460	$1,600,589	$2,477,466	$468,698	$1,380,546
2019 / 20	$2,699,899	$26,999		$26,999	$28,402,920	$284,029	$55,501,178	$555,012	$2,607,549	$835,489	$2,155,601	$2,500,077	$699,640	$1,831,821
2020 / 21	$2,753,897	$27,539		$27,539	$28,970,978	$289,710	$56,611,202	$566,112	$2,635,087	$1,125,199	$2,721,713	$2,522,469	$928,339	$2,278,715
2021 / 22	$2,808,975	$28,090		$28,090	$29,550,398	$295,504	$57,743,426	$577,434	$2,663,177	$1,420,703	$3,299,147	$\boxed{\$2,544,643}$	$1,154,819	$\boxed{\$2,721,270}$
2022 / 23	$2,865,154	$28,652		$28,652	$30,141,406	$301,414	$58,898,295	$588,983	$2,691,829	$1,722,117	$3,888,130	$2,566,602	$1,379,099	$3,159,529
2023 / 24	$2,922,458	$29,225		$29,225	$30,744,234	$307,442	$60,076,260	$600,763	$2,721,053	$2,029,559	$4,488,893	$2,588,348	$1,601,202	$3,593,533
2024 / 25	$2,980,907	$29,809		$29,809	$31,359,119	$313,591	$61,277,786	$612,778	$2,750,862	$2,343,151	$5,101,671	$2,609,883	$1,821,148	$4,023,323
2025 / 26	$3,040,525	$30,405		$30,405	$31,986,301	$319,863	$62,503,341	$625,033	$2,781,268	$2,663,014	$5,726,704	$2,631,208	$2,038,960	$4,448,940
2026 / 27	$3,101,335	$31,013		$31,013	$32,626,027	$326,260	$63,753,408	$637,534	$2,812,281	$2,989,274	$6,364,238	$2,652,327	$2,254,656	$4,870,425
2027 / 28	$3,163,362	$31,634		$31,634	$33,278,548	$332,785	$65,028,476	$650,285	$2,843,915	$3,322,059	$7,014,523	$2,673,240	$2,468,258	$5,287,818
2028 / 29	$3,226,629	$32,266		$32,266	$33,944,119	$339,441	$66,329,046	$663,290	$2,876,181	$3,661,500	$7,677,813	$2,693,951	$2,679,787	$5,701,159
2029 / 30	$3,291,162	$32,912		$32,912	$34,623,001	$346,230	$67,655,627	$676,556	$2,909,093	$4,007,731	$8,354,370	$2,714,460	$2,889,262	$6,110,487
2030 / 31	$3,356,985	$33,570		$33,570	$35,315,461	$353,155	$69,008,739	$690,087	$2,942,662	$4,360,885	$9,044,457	$2,734,771	$3,096,703	$6,515,840
2031 / 32	$3,424,125	$34,241		$34,241	$36,021,770	$360,218	$70,388,914	$703,889	$2,976,904	$4,721,103	$9,748,346	$2,754,884	$3,302,130	$6,917,258
2032 / 33	$3,492,607	$34,926		$34,926	$36,742,206	$367,422	$71,796,692	$717,967	$3,011,830	$5,088,525	$10,466,313	$2,774,802	$3,505,563	$7,314,779
2033 / 34	$3,562,459	$35,625		$35,625	$37,477,050	$374,770	$73,232,626	$732,326	$3,047,454	$5,463,295	$11,198,639	$2,794,526	$3,707,020	$7,708,441
FV			$3,047,454			$5,463,295		$11,198,639						
PV			$2,794,526			$3,707,020		$7,708,441						

Discount rate 3%

Property	Est. Value	Sq. Ft.	$/SF	Notes
200 Linden	$1,638,000	14,000	$117.00	Appraisal for Grand Cypress commercial prop w/ parking
216 Baden	$560,000	7,000	$80.00	Appraisal for Grand Cypress vacant land
212 Baden	$280,000	3,500	$80.00	
Total	$2,478,000			

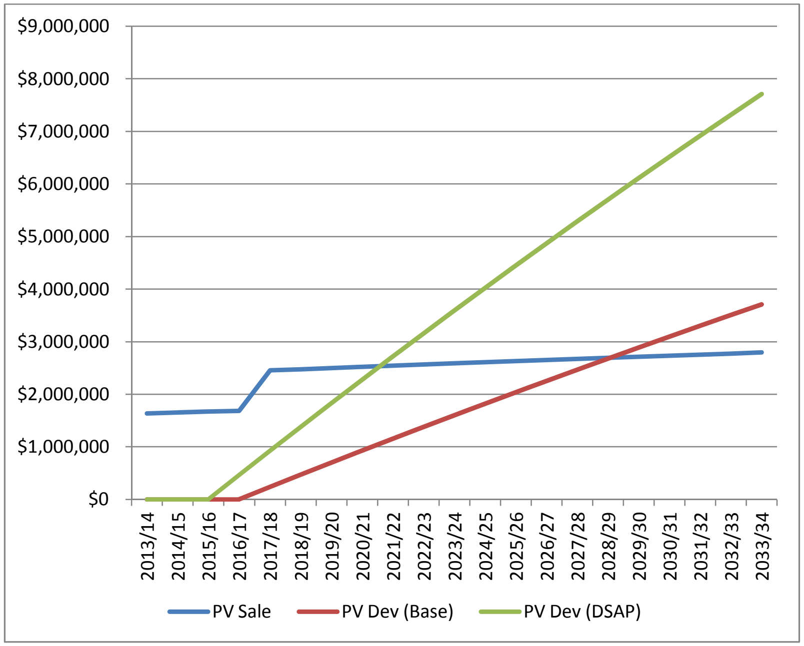


Table 7 - 315 Airport Blvd. (#22). Also referred to as 2.2 in Appendix G

	Immediate Sale				Development (Baseline)		Development (DSMP)		FV			PV		
Year	AV	Property Tax	Sale Proceeds	Total	AV	Property Tax	AV	Property Tax	FV Sale	FV Dev (Base)	FV Dev (DSMP)	PV Sale	PV Dev (Base)	PV Dev (DSAP)
2013 / 14			$2,098,336	$2,098,336	$0	$0	$0	$0	$2,098,336	$0	$0	$2,098,336	$0	$0
2014 / 15	$2,098,336	$20,983		$20,983	$0	$0	$0	$0	$2,119,319	$0	$0	$2,118,708	$0	$0
2015 / 16	$2,140,303	$21,403		$21,403	$0	$0	$0	$0	$2,140,722	$0	$0	$2,138,883	$0	$0
2016 / 17	$2,183,109	$21,831		$21,831	$17,900,000	$179,000	$32,100,000	$321,000	$2,162,553	$179,000	$321,000	$2,158,861	$159,039	$285,204
2017 / 18	$2,226,771	$22,268		$22,268	$18,258,000	$182,580	$32,742,000	$327,420	$2,184,821	$361,580	$648,420	$2,178,646	$316,534	$567,640
2018 / 19	$2,271,306	$22,713		$22,713	$18,623,160	$186,232	$33,396,840	$333,968	$2,207,534	$547,812	$982,388	$2,198,238	$472,500	$847,333
2019 / 20	$2,316,732	$23,167		$23,167	$18,995,623	$189,956	$34,064,777	$340,648	$2,230,702	$737,768	$1,323,036	$2,217,640	$626,952	$1,124,311
2020 / 21	$2,363,067	$23,631		$23,631	$19,375,536	$193,755	$34,746,072	$347,461	$2,254,332	$931,523	$1,670,497	$2,236,854	$779,904	$1,398,599
2021 / 22	$2,410,328	$24,103		$24,103	$19,763,046	$197,630	$35,440,994	$354,410	$2,278,436	$1,129,154	$2,024,907	$2,255,882	$931,372	$1,670,225
2022 / 23	$2,458,535	$24,585		$24,585	$20,158,307	$201,583	$36,149,814	$361,498	$2,303,021	$1,330,737	$2,386,405	$2,274,724	$1,081,368	$1,939,214
2023 / 24	$2,507,706	$25,077		$25,077	$20,561,473	$205,615	$36,872,810	$368,728	$2,328,098	$1,536,351	$2,755,133	$2,293,384	$1,229,909	$2,205,591
2024 / 25	$2,557,860	$25,579		$25,579	$20,972,703	$209,727	$37,610,266	$376,103	$2,353,677	$1,746,078	$3,131,236	$2,311,863	$1,377,007	$2,469,382
2025 / 26	$2,609,017	$26,090		$26,090	$21,392,157	$213,922	$38,362,471	$383,625	$2,379,767	$1,960,000	$3,514,860	$2,330,162	$1,522,677	$2,730,611
2026 / 27	$2,661,197	$26,612		$26,612	$21,820,000	$218,200	$39,129,721	$391,297	$2,406,379	$2,178,200	$3,906,158	$2,348,283	$1,666,933	$2,989,305
2027 / 28	$2,714,421	$27,144		$27,144	$22,256,400	$222,564	$39,912,315	$399,123	$2,433,523	$2,400,764	$4,305,281	$2,366,229	$1,809,789	$3,245,487
2028 / 29	$2,768,710	$27,687		$27,687	$22,701,528	$227,015	$40,710,562	$407,106	$2,461,210	$2,627,779	$4,712,386	$2,384,000	$1,951,257	$3,499,182
2029 / 30	$2,824,084	$28,241		$28,241	$23,155,559	$231,556	$41,524,773	$415,248	$2,489,451	$2,859,335	$5,127,634	$2,401,599	$2,091,352	$3,750,413
2030 / 31	$2,880,566	$28,806		$28,806	$23,618,670	$236,187	$42,355,268	$423,553	$2,518,256	$3,095,522	$5,551,187	$2,419,027	$2,230,087	$3,999,206
2031 / 32	$2,938,177	$29,382		$29,382	$24,091,043	$240,910	$43,202,374	$432,024	$2,547,638	$3,336,432	$5,983,211	$2,436,285	$2,367,475	$4,245,583
2032 / 33	$2,996,941	$29,969		$29,969	$24,572,864	$245,729	$44,066,421	$440,664	$2,577,608	$3,582,161	$6,423,875	$2,453,376	$2,503,529	$4,489,568
2033 / 34	$3,056,879	$30,569		$30,569	$25,064,321	$250,643	$44,947,750	$449,477	$2,608,176	$3,832,804	$6,873,352	$2,470,302	$2,638,262	$4,731,184
FV			$2,608,176			$3,832,804		$6,873,352						
PV			$2,470,302			$2,638,262		$4,731,184						

Discount rate 3%

Property	Est. Value	Sq. Ft.	$/SF	Notes
315 Airport	$2,098,336	22808	$92.00	Ford Appraisal 2011
Total	$2,098,336			

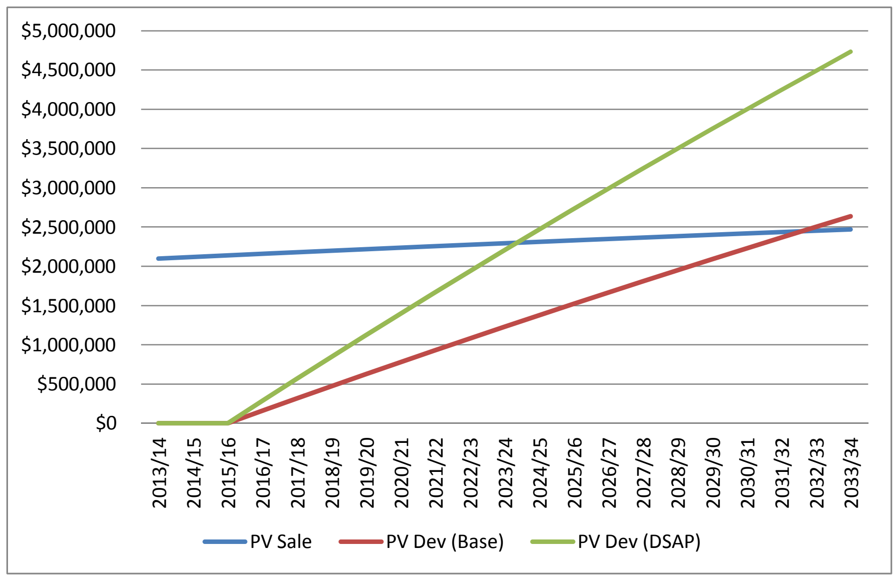


Table 8 - 401, 411, 421 Airport Blvd. (#23-25). Also referred toas 2.1 in Appendix G

	Immediate Sale				Development (Baseline)		Development (DSMP)		FV			PV		
Year	AV	Property Tax	Sale Proceeds	Total	AV	Property Tax	AV	Property Tax	FV Sale	FV Dev (Base)	FV Dev (DSMP)	PV Sale	PV Dev (Base)	PV Dev (DSMP)
2013 / 14			$2,123,287	$2,123,287	$0	$0	$0	$0	$2,123,287	$0	$0	$2,123,287	$0	$0
2014 / 15	$2,123,287	$21,233		$21,233	$0	$0	$0	$0	$2,144,520	$0	$0	$2,143,901	$0	$0
2015 / 16	$2,165,753	$21,658		$21,658	$0	$0	$0	$0	$2,166,177	$0	$0	$2,164,316	$0	$0
2016 / 17	$2,209,068	$22,091		$22,091	$43,500,000	$435,000	$83,300,000	$833,000	$2,188,268	$435,000	$833,000	$2,184,532	$386,492	$740,110
2017 / 18	$2,253,249	$22,532		$22,532	$44,370,000	$443,700	$84,966,000	$849,660	$2,210,801	$878,700	$1,682,660	$2,204,552	$769,231	$1,473,034
2018 / 19	$4,159,447	$41,594	$1,824,640	$1,866,234	$45,257,400	$452,574	$86,665,320	$866,653	$4,077,035	$1,331,274	$2,549,313	$3,814,382	$1,148,255	$2,198,842
2019 / 20	$4,242,636	$42,426		$42,426	$46,162,548	$461,625	$88,398,626	$883,986	$4,119,461	$1,792,899	$3,433,299	$3,849,913	$1,523,599	$2,917,604
2020 / 21	$4,327,489	$43,275		$43,275	$47,085,799	$470,858	$90,166,599	$901,666	$4,162,736	$2,263,757	$4,334,965	$3,885,100	$1,895,298	$3,629,387
2021 / 22	$4,414,038	$44,140		$44,140	$48,027,515	$480,275	$91,969,931	$919,699	$4,206,877	$2,744,033	$5,254,665	$3,919,945	$2,263,389	$4,334,260
2022 / 23	$4,502,319	$45,023		$45,023	$48,988,065	$489,881	$93,809,330	$938,093	$4,251,900	$3,233,913	$6,192,758	$3,954,451	$2,627,907	$5,032,290
2023 / 24	$4,592,366	$45,924		$45,924	$49,967,827	$499,678	$95,685,516	$956,855	$4,297,824	$3,733,592	$7,149,613	$3,988,623	$2,988,885	$5,723,542
2024 / 25	$4,684,213	$46,842		$46,842	$50,967,183	$509,672	$97,599,226	$975,992	$4,344,666	$4,243,263	$8,125,605	$4,022,462	$3,346,358	$6,408,084
2025 / 26	$4,777,897	$47,779		$47,779	$51,986,527	$519,865	$99,551,211	$995,512	$4,392,445	$4,763,129	$9,121,118	$4,055,974	$3,700,361	$7,085,979
2026 / 27	$4,873,455	$48,735		$48,735	$53,026,257	$530,263	$101,542,235	$1,015,422	$4,441,179	$5,293,391	$10,136,540	$4,089,159	$4,050,927	$7,757,293
2027 / 28	$4,970,924	$49,709		$49,709	$54,086,782	$540,868	$103,573,080	$1,035,731	$4,490,888	$5,834,259	$11,172,271	$4,122,023	$4,398,090	$8,422,089
2028 / 29	$5,070,343	$50,703		$50,703	$55,168,518	$551,685	$105,644,541	$1,056,445	$4,541,592	$6,385,944	$12,228,716	$4,154,568	$4,741,882	$9,080,431
2029 / 30	$5,171,749	$51,717		$51,717	$56,271,888	$562,719	$107,757,432	$1,077,574	$4,593,309	$6,948,663	$13,306,290	$4,186,796	$5,082,336	$9,732,381
2030 / 31	$5,275,184	$52,752		$52,752	$57,397,326	$573,973	$109,912,581	$1,099,126	$4,646,061	$7,522,636	$14,405,416	$4,218,712	$5,419,485	$10,378,002
2031 / 32	$5,380,688	$53,807		$53,807	$58,545,273	$585,453	$112,110,833	$1,121,108	$4,699,868	$8,108,089	$15,526,525	$4,250,318	$5,753,360	$11,017,354
2032 / 33	$5,488,302	$54,883		$54,883	$59,716,178	$597,162	$114,353,049	$1,143,530	$4,754,751	$8,705,251	$16,670,055	$4,281,617	$6,083,994	$11,650,499
2033 / 34	$5,598,068	$55,981		$55,981	$60,910,502	$609,105	$116,640,110	$1,166,401	$4,810,732	$9,314,356	$17,836,456	$4,312,612	$6,411,418	$12,277,497
FV			$4,810,732			$9,314,356		$17,836,456						
PV			$4,312,612			$6,411,418		$12,277,497						

Discount rate	3%			
Property	Est. Value	Sq. Ft.	$/SF	Notes
401 Airport	$1,128,164	12676	$89.00	Ford Appraisal 2011
411 Airport	$995,123	10259	$97.00	Ford Appraisal 2011
421 Airport	$1,824,640	22808	$80.00	Ford Appraisal 2011
Total	$3,947,927			

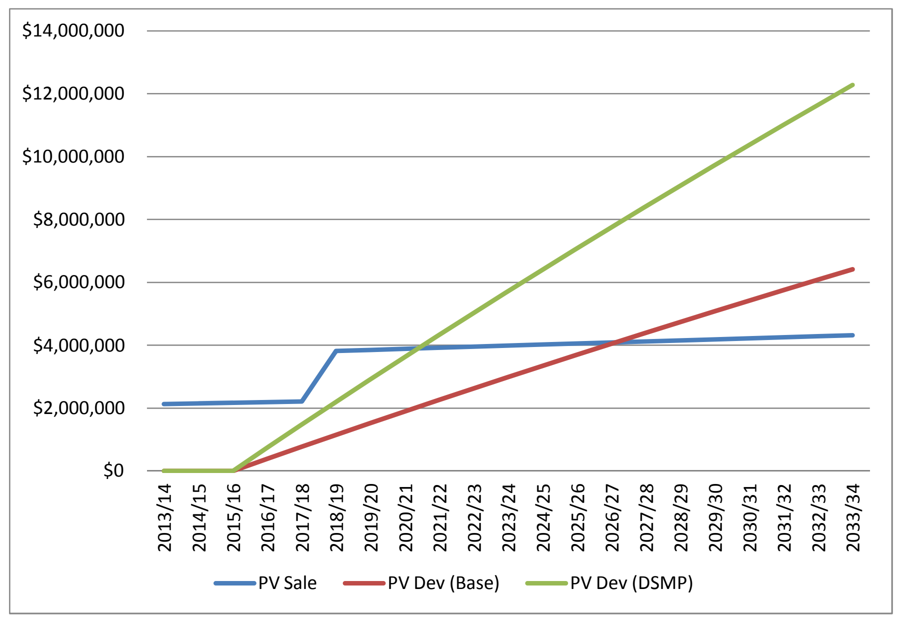


Table 9 - 405 Cypress Avenue (#26). Also referred to as 2.4 in Appendix G

	Immediate Sale				Development (Baseline)		Development (DSMP)		FV			PV		
Year	AV	Property Tax	Sale Proceeds	Total	AV	Property Tax	AV	Property Tax	FV Sale	FV Dev (Base)	FV Dev (DSMP)	PV Sale	PV Dev (Base)	PV Dev (DSMP)
2013 / 14			$718,566	$718,566	$0	$0	$0	$0	$718,566	$0	$0	$718,566	$0	$0
2014 / 15	$718,566	$7,186		$7,186	$0	$0	$0	$0	$725,752	$0	$0	$725,542	$0	$0
2015 / 16	$732,937	$7,329		$7,329	$0	$0	$0	$0	$733,081	$0	$0	$732,451	$0	$0
2016 / 17	$747,596	$7,476		$7,476	$0	$0	$0	$0	$740,557	$0	$0	$739,293	$0	$0
2017 / 18	$762,548	$7,625		$7,625	$0	$0	$0	$0	$748,182	$0	$0	$746,068	$0	$0
2018 / 19	$777,799	$7,778		$7,778	$8,400,000	$84,000	$16,600,000	$166,000	$755,960	$84,000	$166,000	$752,777	$70,349	$139,022
2019 / 20	$793,355	$7,934		$7,934	$8,568,000	$85,680	$16,932,000	$169,320	$763,894	$169,680	$335,320	$759,421	$140,014	$276,695
2020 / 21	$809,222	$8,092		$8,092	$8,739,360	$87,394	$17,270,640	$172,706	$771,986	$257,074	$508,026	$766,001	$209,004	$413,031
2021 / 22	$825,406	$8,254		$8,254	$8,914,147	$89,141	$17,616,053	$176,161	$780,240	$346,215	$684,187	$772,517	$277,323	$548,043
2022 / 23	$841,915	$8,419		$8,419	$9,092,430	$90,924	$17,968,374	$179,684	$788,659	$437,139	$863,871	$778,969	$344,979	$681,745
2023 / 24	$858,753	$8,588		$8,588	$9,274,279	$92,743	$18,327,741	$183,277	$797,247	$529,882	$1,047,148	$785,359	$411,979	$814,149
2024 / 25	$875,928	$8,759		$8,759	$9,459,764	$94,598	$18,694,296	$186,943	$806,006	$624,480	$1,234,091	$791,687	$478,328	$945,267
2025 / 26	$893,447	$8,934		$8,934	$9,648,960	$96,490	$19,068,182	$190,682	$814,941	$720,969	$1,424,773	$797,954	$544,032	$1,075,112
2026 / 27	$911,315	$9,113		$9,113	$9,841,939	$98,419	$19,449,546	$194,495	$824,054	$819,389	$1,619,268	$804,159	$609,099	$1,203,696
2027 / 28	$929,542	$9,295		$9,295	$10,038,778	$100,388	$19,838,537	$198,385	$833,349	$919,777	$1,817,654	$810,305	$673,534	$1,331,032
2028 / 29	$948,133	$9,481		$9,481	$10,239,553	$102,396	$20,235,307	$202,353	$842,831	$1,022,172	$2,020,007	$816,390	$737,344	$1,457,132
2029 / 30	$967,095	$9,671		$9,671	$10,444,344	$104,443	$20,640,014	$206,400	$852,502	$1,126,616	$2,226,407	$822,417	$800,534	$1,582,007
2030 / 31	$986,437	$9,864		$9,864	$10,653,231	$106,532	$21,052,814	$210,528	$862,366	$1,233,148	$2,436,935	$828,385	$863,110	$1,705,670
2031 / 32	$1,006,166	$10,062		$10,062	$10,866,296	$108,663	$21,473,870	$214,739	$872,428	$1,341,811	$2,651,674	$834,295	$925,079	$1,828,133
2032 / 33	$1,026,289	$10,263		$10,263	$11,083,622	$110,836	$21,903,347	$219,033	$882,690	$1,452,647	$2,870,707	$840,148	$986,447	$1,949,406
2033 / 34	$1,046,815	$10,468		$10,468	$11,305,294	$113,053	$22,341,414	$223,414	$893,159	$1,565,700	$3,094,121	$845,944	$1,047,218	$2,069,502
FV			$893,159			$1,565,700		$3,094,121						
PV			$845,944			$1,047,218		$2,069,502						

Discount rate 3%

Property	Est. Value	Sq. Ft.	$/SF	Notes
405 Cypress	$718,566	8763	$82.00	Ford Appraisal 2011
	$0			
	$0			
Total	$718,566			

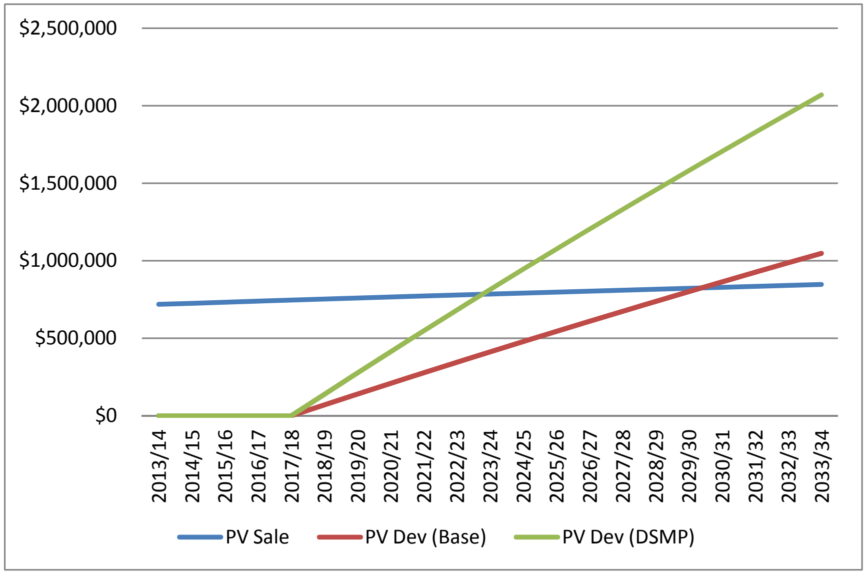


Table 10 - 905 Linden Avenue (#29). Also referred to as "Hillside" in Appendix G

	Immediate Sale				Development (Baseline)		Development (DSMP)		FV			PV		
Year	AV	Property Tax	Sale Proceeds	Total	AV	Property Tax	AV	Property Tax	FV Sale	FV Dev (Base)	FV Dev (DSMP)	PV Sale	PV Dev (Base)	PV Dev (DSMP)
2013 / 14					$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2014 / 15	$0	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2015 / 16	$0	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2016 / 17	$0	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2017 / 18	$0	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2018 / 19	$0	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2019 / 20	$918,000	$9,180	$900,000	$909,180	$0	$0	$0	$0	$909,180	$0	$0	$761,424	$0	$0
2020 / 21	$936,360	$9,364		$9,364	$6,700,000	$67,000	$6,700,000	$67,000	$918,544	$67,000	$67,000	$769,037	$52,890	$52,890
2021 / 22	$955,087	$9,551		$9,551	$6,834,000	$68,340	$6,834,000	$68,340	$928,094	$135,340	$135,340	$776,577	$105,267	$105,267
2022 / 23	$974,189	$9,742		$9,742	$6,970,680	$69,707	$6,970,680	$69,707	$937,836	$205,047	$205,047	$784,043	$157,136	$157,136
2023 / 24	$993,673	$9,937		$9,937	$7,110,094	$71,101	$7,110,094	$71,101	$947,773	$276,148	$276,148	$791,437	$208,501	$208,501
2024 / 25	$1,013,546	$10,135		$10,135	$7,252,295	$72,523	$7,252,295	$72,523	$957,909	$348,671	$348,671	$798,759	$259,367	$259,367
2025 / 26	$1,033,817	$10,338		$10,338	$7,397,341	$73,973	$7,397,341	$73,973	$968,247	$422,644	$422,644	$806,010	$309,739	$309,739
2026 / 27	$1,054,493	$10,545		$10,545	$7,545,288	$75,453	$7,545,288	$75,453	$978,792	$498,097	$498,097	$813,191	$359,622	$359,622
2027 / 28	$1,075,583	$10,756		$10,756	$7,696,194	$76,962	$7,696,194	$76,962	$989,547	$575,059	$575,059	$820,302	$409,021	$409,021
2028 / 29	$1,097,095	$10,971		$10,971	$7,850,118	$78,501	$7,850,118	$78,501	$1,000,518	$653,560	$653,560	$827,344	$457,941	$457,941
2029 / 30	$1,119,037	$11,190		$11,190	$8,007,120	$80,071	$8,007,120	$80,071	$1,011,709	$733,631	$733,631	$834,317	$506,385	$506,385
2030 / 31	$1,141,418	$11,414		$11,414	$8,167,263	$81,673	$8,167,263	$81,673	$1,023,123	$815,304	$815,304	$841,223	$554,359	$554,359
2031 / 32	$1,164,246	$11,642		$11,642	$8,330,608	$83,306	$8,330,608	$83,306	$1,034,765	$898,610	$898,610	$848,061	$601,867	$601,867
2032 / 33	$1,187,531	$11,875		$11,875	$8,497,220	$84,972	$8,497,220	$84,972	$1,046,641	$983,582	$983,582	$854,834	$648,914	$648,914
2033 / 34	$1,211,282	$12,113		$12,113	$8,667,164	$86,672	$8,667,164	$86,672	$1,058,754	$1,070,254	$1,070,254	$861,540	$695,505	$695,505
FV			$1,058,754			$1,070,254		$1,070,254						
PV			$861,540			$695,505		$695,505						

Discount rate	3%			
Property	Est. Value	Sq. Ft.	$/SF	Notes
905 Linden	$900,000	15,000	$60.00	Discounted 25% for contamination G-C App
	$0			
	$0			
Total	$900,000			

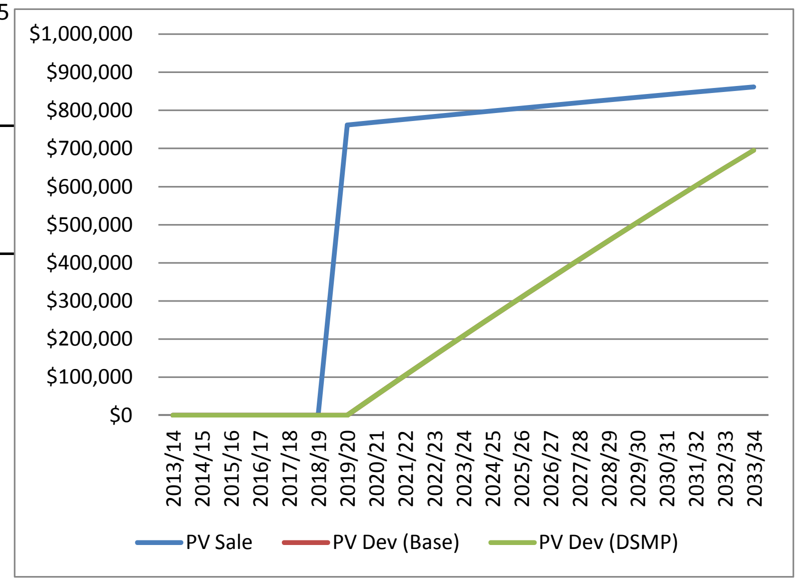
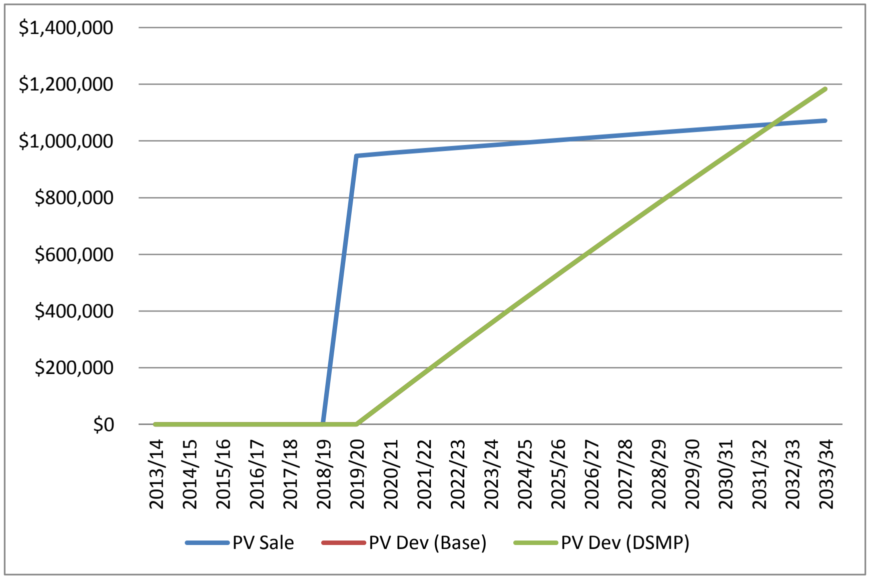


Table 11 - 616-700 Linden (#30-31). Also referred to as 4.1-4.2 in Appendix G

	Immediate Sale				Development (Baseline)		Development (DSMP)		FV			PV		
Year	AV	Property Tax	Sale Proceeds	Total	AV	Property Tax	AV	Property Tax	FV Sale	FV Dev (Base)	FV Dev (DSMP)	PV Sale	PV Dev (Base)	PV Dev (DSMP)
2013 / 14				$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2014 / 15	$0	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2015 / 16	$0	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2016 / 17	$0	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2017 / 18	$0	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2018 / 19	$0	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2019 / 20	$1,142,400	$11,424	$1,120,000	$1,131,424	$0	$0	$0	$0	$1,131,424	$0	$0	$947,550	$0	$0
2020 / 21	$1,165,248	$11,652		$11,652	$11,400,000	$114,000	$11,400,000	$114,000	$1,143,076	$114,000	$114,000	$957,024	$89,993	$89,993
2021 / 22	$1,188,553	$11,886		$11,886	$11,628,000	$116,280	$11,628,000	$116,280	$1,154,962	$230,280	$230,280	$966,407	$179,112	$179,112
2022 / 23	$1,212,324	$12,123		$12,123	$11,860,560	$118,606	$11,860,560	$118,606	$1,167,085	$348,886	$348,886	$975,698	$267,365	$267,365
2023 / 24	$1,236,570	$12,366		$12,366	$12,097,771	$120,978	$12,097,771	$120,978	$1,179,451	$469,863	$469,863	$984,900	$354,762	$354,762
2024 / 25	$1,261,302	$12,613		$12,613	$12,339,727	$123,397	$12,339,727	$123,397	$1,192,064	$593,261	$593,261	$994,011	$441,311	$441,311
2025 / 26	$1,286,528	$12,865		$12,865	$12,586,521	$125,865	$12,586,521	$125,865	$1,204,929	$719,126	$719,126	$1,003,035	$527,019	$527,019
2026 / 27	$1,312,259	$13,123		$13,123	$12,838,252	$128,383	$12,838,252	$128,383	$1,218,052	$847,508	$847,508	$1,011,971	$611,895	$611,895
2027 / 28	$1,338,504	$13,385		$13,385	$13,095,017	$130,950	$13,095,017	$130,950	$1,231,437	$978,458	$978,458	$1,020,820	$695,947	$695,947
2028 / 29	$1,365,274	$13,653		$13,653	$13,356,917	$133,569	$13,356,917	$133,569	$1,245,090	$1,112,028	$1,112,028	$1,029,583	$779,182	$779,182
2029 / 30	$1,392,579	$13,926		$13,926	$13,624,055	$136,241	$13,624,055	$136,241	$1,259,015	$1,248,268	$1,248,268	$1,038,261	$861,610	$861,610
2030 / 31	$1,420,431	$14,204		$14,204	$13,896,536	$138,965	$13,896,536	$138,965	$1,273,220	$1,387,234	$1,387,234	$1,046,855	$943,238	$943,238
2031 / 32	$1,448,839	$14,488		$14,488	$14,174,467	$141,745	$14,174,467	$141,745	$1,287,708	$1,528,978	$1,528,978	$1,055,365	$1,024,073	$1,024,073
2032 / 33	$1,477,816	$14,778		$14,778	$14,457,956	$144,580	$14,457,956	$144,580	$1,302,486	$1,673,558	$1,673,558	$1,063,793	$1,104,123	$1,104,123
2033 / 34	$1,507,373	$15,074		$15,074	$14,747,116	$147,471	$14,747,116	$147,471	$1,317,560	$1,821,029	$1,821,029	$1,072,139	$1,183,396	$1,183,396
FV			$1,317,560			$1,821,029		$1,821,029						
PV			$1,072,139			$1,183,396		$1,183,396						

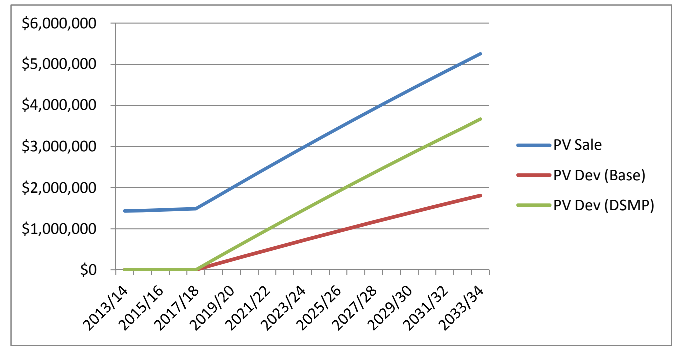
Discount rate	3%			
Property	Est. Value	Sq. Ft.	$/SF	Notes
616 Limden	$560,000	14,000	$40.00	Discounted 50% for contamination G-C App
700 Linden	$560,000	14,000	$40.00	Discounted 50% for contamination G-C App
Total	$1,120,000			



Ford Miller (3.5)

	Immediate Sale				Development (Baseline)		Development (DSMP)		FV			PV		
Year	AV	Property Tax	Sale Proceeds	Total	AV	Property Tax	AV	Property Tax	FV Sale	FV Dev (Base)	FV Dev (DSMP)	PV Sale	PV Dev (Base)	PV Dev (DSMP)
2013 / 14			$1,428,768	$1,428,768	$0	$0	$0	$0	$1,428,768	$0	$0	$1,428,768	$0	$0
2014 / 15	$1,428,768	$14,288		$14,288	$0	$0	$0	$0	$1,443,056	$0	$0	$1,442,640	$0	$0
2015 / 16	$1,457,343	$14,573		$14,573	$0	$0	$0	$0	$1,457,629	$0	$0	$1,456,376	$0	$0
2016 / 17	$1,486,490	$14,865		$14,865	$0	$0	$0	$0	$1,472,494	$0	$0	$1,469,980	$0	$0
2017 / 18	$1,516,220	$15,162		$15,162	$0	$0	$0	$0	$1,487,656	$0	$0	$1,483,451	$0	$0
2018 / 19	$29,400,000	$294,000		$294,000	$14,500,000	$145,000	$29,400,000	$294,000	$1,781,656	$145,000	$294,000	$1,737,058	$121,435	$246,220
2019 / 20	$29,988,000	$299,880		$299,880	$14,790,000	$147,900	$29,988,000	$299,880	$2,081,536	$292,900	$593,880	$1,988,203	$241,691	$490,050
2020 / 21	$30,587,760	$305,878		$305,878	$15,085,800	$150,858	$30,587,760	$305,878	$2,387,414	$443,758	$899,758	$2,236,910	$360,780	$731,513
2021 / 22	$31,199,515	$311,995		$311,995	$15,387,516	$153,875	$31,199,515	$311,995	$2,699,409	$597,633	$1,211,753	$2,483,201	$478,713	$970,631
2022 / 23	$31,823,506	$318,235		$318,235	$15,695,266	$156,953	$31,823,506	$318,235	$3,017,644	$754,586	$1,529,988	$2,727,102	$595,500	$1,207,428
2023 / 24	$32,459,976	$324,600		$324,600	$16,009,172	$160,092	$32,459,976	$324,600	$3,342,244	$914,678	$1,854,588	$2,968,635	$711,154	$1,441,926
2024 / 25	$33,109,175	$331,092		$331,092	$16,329,355	$163,294	$33,109,175	$331,092	$3,673,336	$1,077,971	$2,185,679	$3,207,822	$825,685	$1,674,147
2025 / 26	$33,771,359	$337,714		$337,714	$16,655,942	$166,559	$33,771,359	$337,714	$4,011,049	$1,244,531	$2,523,393	$3,444,688	$939,104	$1,904,113
2026 / 27	$34,446,786	$344,468		$344,468	$16,989,061	$169,891	$34,446,786	$344,468	$4,355,517	$1,414,421	$2,867,861	$3,679,254	$1,051,421	$2,131,847
2027 / 28	$35,135,722	$351,357		$351,357	$17,328,842	$173,288	$35,135,722	$351,357	$4,706,874	$1,587,710	$3,219,218	$3,911,542	$1,162,648	$2,357,370
2028 / 29	$35,838,436	$358,384		$358,384	$17,675,419	$176,754	$35,838,436	$358,384	$5,065,259	$1,764,464	$3,577,602	$4,141,576	$1,272,796	$2,580,703
2029 / 30	$36,555,205	$365,552		$365,552	$18,028,927	$180,289	$36,555,205	$365,552	$5,430,811	$1,944,753	$3,943,154	$4,369,376	$1,381,874	$2,801,868
2030 / 31	$37,286,309	$372,863		$372,863	$18,389,506	$183,895	$37,286,309	$372,863	$5,803,674	$2,128,648	$4,316,017	$4,594,964	$1,489,893	$3,020,886
2031 / 32	$38,032,035	$380,320		$380,320	$18,757,296	$187,573	$38,032,035	$380,320	$6,183,994	$2,316,221	$4,696,338	$4,818,362	$1,596,863	$3,237,777
2032 / 33	$38,792,676	$387,927		$387,927	$19,132,442	$191,324	$38,792,676	$387,927	$6,571,921	$2,507,545	$5,084,265	$5,039,591	$1,702,795	$3,452,563
2033 / 34	$39,568,529	$395,685		$395,685	$19,515,091	$195,151	$39,568,529	$395,685	$6,967,606	$2,702,696	$5,479,950	$5,258,673	$1,807,698	$3,665,263
FV			$6,967,606			$2,702,696		$5,479,950						
PV			$5,258,673			$1,807,698		$3,665,263						

Discount rate 3%



Property	Est. Value	Sq. Ft.	$/SF	Notes
Miller Ave	$1,400,000	17500	$80.00	Ford Appraisal 2011
	$0			
	$0			
Total	$1,400,000			

	Sale FV	Base FV	DSAP FV	Sale PV	Base PV	DSAP PV	Sale PV > Base PV	Sale PV > DSAP PV
200 Linden	$3,047,454	$5,463,295	$11,198,639	$2,794,526	$3,707,020	$7,708,441	-$912,494	-$4,913,915
Ford 400 Block	$4,810,732	$9,314,356	$17,836,456	$4,312,612	$6,411,418	$12,277,497	#########	-$7,964,885
Ford 300 Block	$2,608,176	$3,832,804	$6,873,352	$2,470,302	$2,638,262	$4,731,184	-$167,960	-$2,260,883
Ford Cypress-Miller	$893,159	$1,565,700	$3,094,121	$845,944	$1,047,218	$2,069,502	-$201,274	-$1,223,558
600-700 Linden	$1,317,560	$1,821,029	$1,821,029	$1,072,139	$1,183,396	$1,183,396	-$111,257	-$111,257
Hillside	$1,058,754	$1,070,254	$1,070,254	$861,540	$695,505	$695,505	$166,036	$166,036
Baden	$2,215,622	$520,314	$1,640,990	$1,720,519	$353,050	$1,113,464	$1,367,469	$607,055
Grand-Cypress	$2,450,527	$4,673,880	$4,673,880	$2,217,295	$3,217,205	$3,217,205	-$999,910	-$999,910

6%

Appendix I

Strategic Economics SSF ECHO II Study of PUC Properties

South San Francisco ECHO II Case Study

Draft Report

September 19, 2013

Prepared for:

Grand Boulevard Initiative
City of South San Francisco

STRATEGIC ECONOMICS

VAN METER WILLIAMS POLLACK LLP

Table of Contents

I. INTRODUCTION

Report Purpose

The City of South San Francisco has identified the intersection of El Camino Real and Chestnut Avenue as a key opportunity site for new development and economic revitalization. The El Camino Real/Chestnut Avenue Area Plan, adopted in 2011, establishes a compelling long-term vision for the area as a new mixed-use neighborhood with residential, retail, and civic uses at a range of densities, along with public plazas and open space that benefit the broader community. The City owns 10 acres of vacant and underutilized property between El Camino and Mission Road, originally purchased by the redevelopment agency with the goal of facilitating development in an area that faces a variety of implementation challenges. Following the dissolution of the redevelopment agency in 2012, the City of South San Francisco, as the successor agency, is responsible for developing a strategy for these properties. This could consist of the sale of individual properties, or the City could enter into a master development agreement with a single developer identified through a Request for Proposals (RFP) process. The goal of this case study is to shed light on these options and make recommendations to the City on the strategy most likely to maximize the long-term value of the properties while also maintaining the vision expressed in the El Camino Real/Chestnut Avenue Area Plan.

The ECHO II consultant team, led by Strategic Economics with sub-consultant Van Meter Williams Pollack (VMWP), worked closely with City staff to define a scope of work that would help the City to understand the short- to mid-term implementation options for the City-owned properties. The case study began with a market analysis to understand the short-term potential for development. Next, the team explored a range of options for phased development at the site, and tested the feasibility of a development program that would be consistent with a master-developed approach to the area. Based on this analysis, the team determined that an orchestrated master developer approach to development is most likely to meet City goals.

Grand Boulevard Initiative and ECHO II Project Background

Because the study area exemplifies both the opportunities and challenges of infill development along El Camino Real in the post-redevelopment era, it was selected as a case study for the second phase of the Economic and Housing Opportunities (ECHO II) Assessment funded by the Grand Boulevard Initiative (GBI). The Grand Boulevard Initiative is a regional collaboration of cities, two counties, and local and regional agencies dedicated to the revitalization of the 47-mile El Camino Real corridor from Daly City to San Jose. The GBI vision is for El Camino Real to achieve its potential as a vibrant multimodal corridor that connects places where residents work, live, shop and play. The vision will be achieved by integrated land use and transportation planning that targets infill development along the corridor and balances the need for cars and parking with transit, walking and biking.

The Economic and Housing Opportunities Assessment is an ongoing study sponsored by GBI. The first phase of the Economic and Housing Opportunities Assessment (ECHO I) assessed the economic benefits of infill development along El Camino Real, and provided building prototypes and renderings to illustrate the impact of change. The second phase of the study (ECHO II) addresses implementation challenges to infill development along the corridor.

To ensure that the ECHO II analysis reflected the variety of conditions found on the corridor, the consultant team conducted four case studies of cities along the corridor. In addition to South San Francisco, the other case study cities are Daly City, Belmont and Mountain View. Case study findings will be incorporated into an implementation guidebook that describes strategies and tools applicable to other GBI cities.

Report Contents

Following this introduction, Section II provides a more detailed overview of the study area. Section III summarizes the results of a market analysis prepared for the study area, and Section IV provides the results of the financial feasibility analysis. Major conclusions from the analysis are summarized in Section V. Detailed assumptions used in the financial feasibility analysis are included as an Appendix.

II. STUDY AREA OVERVIEW

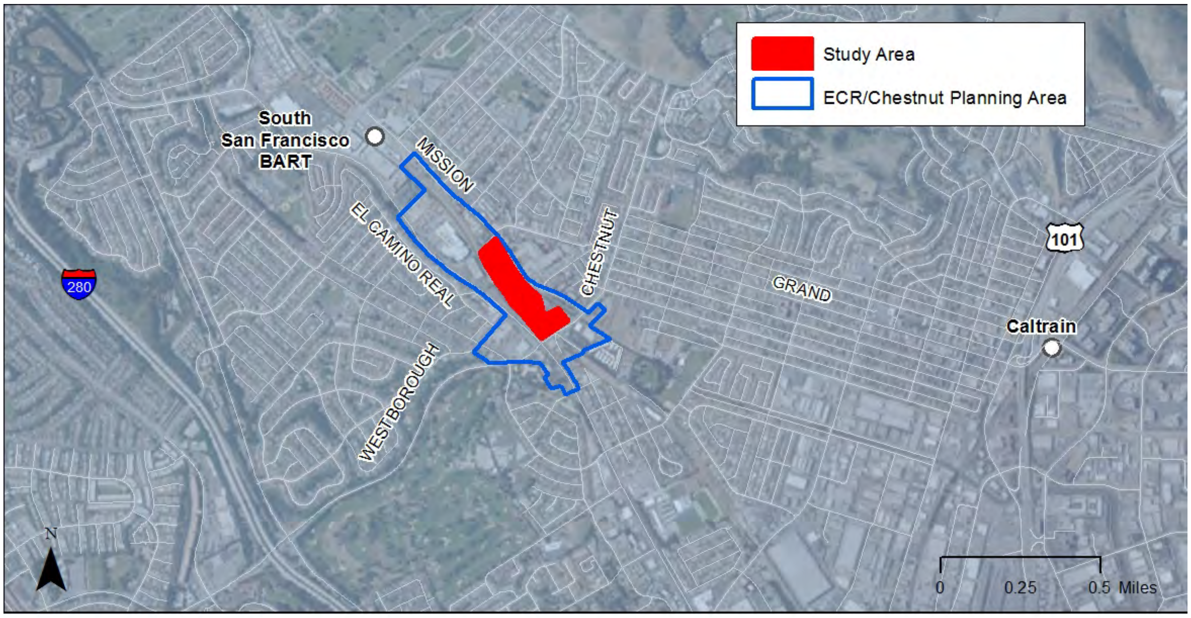
The South San Francisco study area comprises approximately 16 acres between El Camino Real and Mission Road, located at the heart of the 98-acre planning area in the El Camino Real/Chestnut Avenue Area Plan (see **Figures 1 and 2).**[1] The Area Plan accommodated a significant amount of future City growth within the core of the planning area, including 1,215 residential units, 186,800 square feet of ground floor retail, 73,000 square feet of office space and a 50,000 square feet library. The City's zoning regulations support the Plan's vision of intensified development, requiring a minimum floor area ratio (FAR), and allowing residential densities of up to120 units per acre by right. Foundation work is not allowed directly above the BART tunnel.

Figure 1. South San Francisco Study Area Boundary

Source: City of South San Francisco, 2010; Strategic Economics, 2013.

[1] The boundaries of the study area have been chosen to coincide with the boundaries of City-owned vacant and underutilized properties, reflecting the case study's focus on the City's strategy for these properties. The original study area proposed by the City of South San Francisco in its ECHO II case study application corresponds to the entire 98- acre planning area defined in the El Camino Real/Chestnut Area Plan, and includes numerous additional privately- and publicly-owned properties north and south of the study area.

Figure 2. Study Area Context



Source: City of South San Francisco, 2010; Strategic Economics, 2013.

The relatively large size of the assembled parcels, combined with its location near the South San Francisco BART station, makes this one of the most important development opportunity sites along El Camino Real. Nevertheless, the study area has several physical characteristics that pose significant implementation challenges. There is a sharp slope downwards from El Camino Real toward Mission Road, with a grade change of up to 50 feet in certain locations. The developable parcels are also oddly-shaped due to the BART easement and the Colma Creek Channel which both cut through the site.

The City of South San Francisco has already made substantial public improvements to the study area with the construction of Centennial Way, a multi-use bikeway and linear park constructed on top of the underground BART tunnel and alongside the Colma Creek channel. The trail provides an open space connection between the South San Francisco and San Bruno BART Stations for residents, commuters and recreationalists, offering an alternative to sidewalks along El Camino Real and Mission Road. As of its completion in May 2009, the trail was 2.85 miles long.

Another major public infrastructure project planned in the study area the Oak Avenue extension, which would extend Oak Avenue from Mission Road through to Arroyo Drive, in accordance with the General Plan. This extension is expected to improve east-west connectivity within the study area.

III. MARKET FINDINGS

Strategic Economics evaluated the potential for new residential, office retail, and mixed-use development in the study area with a focus on the next ten years or less. The analysis included a review of demographic, employment, and market trends and interviews with real estate brokers and developers with experience in South San Francisco and the broader North San Mateo County market area.[2] Key findings of the market analysis are summarized below. For additional details on the methodology and results, see Strategic Economics' market analysis memorandum.[3]

The study area is well-positioned for residential development with supporting commercial uses. There is strong demand for new residential development in South San Francisco and the broader northern San Mateo County area. Employment growth in the Silicon Valley and San Francisco is a major driver of demand for housing in the market area. The study area offers excellent access to regional transit and freeways, and is an ideal location for professionals seeking a convenient commute to job centers in San Francisco or on the Peninsula.

Recent development in North San Mateo County suggests that low-rise apartment development (3-5 stories over podium) will be the most feasible to build. Some small condo projects are currently planned in the area, however, these are mainly on small sites that do not offer sufficient economies of scale for rental projects. The return of the market for larger condo projects is anticipated to take several years, however the exact timing is difficult to predict. In general, demand for multi-family housing in the study area is projected to be between 50 and 104 units per year on average. The amount of residential development that could be absorbed in any one year will depend on a number of factors including the timing of other nearby projects.

In terms of retail, neighborhood-serving businesses such as restaurants, personal and financial services are most likely to be successful in the study area. The amount of retail that could be supported in the study area in the near term is on par with a traditional strip center (10,000 square feet) or possibly a grocery-anchored neighborhood center (30,000 to 120,000 square feet). The location is excellent for a grocery-anchored neighborhood center as evidenced by the success of the existing Safeway. Whether a new grocery store can serve as an anchor as part of redevelopment of the study area will depend in part on whether a new grocery store is provided as part of the nearby Centennial Village project. Strong competition from nearby regional centers makes a larger shopping center unlikely.

To attract prospective households and businesses, it will be important for the area to offer amenities such as local-serving retail. Residential and office brokers emphasized the importance of pedestrian-oriented retail, restaurants and activities to the success of new projects. While there are several grocery stores and other types of retail near the BART Station and near the intersection of El Camino Real and Chestnut Avenue, the existing development surrounding the study area currently lacks the walkable form and critical mass of retail to create a hub of activity. New retail uses intended to support pedestrian activity do not necessarily need to be integrated on the ground floor of residential buildings; depending on the project, it may be more effective to concentrate retail in a separate structure.

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[2] The North San Mateo County market area was defined to include Daly City, South San Francisco, Colma, San Bruno, and Millbrae. These cities share certain demographic and employment characteristics that differentiate them from cities farther south along the Peninsula, thus comprising a distinct market area in which households and businesses are likely to consider locational decisions.

[3] Strategic Economics, "South San Francisco Market Analysis Memo," Prepared for the City of South San Francisco and SamTrans, September 7, 2012.

The potential for office is limited in the near term. Although South San Francisco is an important center for the biotech and logistics industries, firms in these sectors are concentrated along the US-101 highway and are unlikely to be interested in locating in the study area. Due to the risk associated with an unproven location, a major tenant would need to be identified before a developer would proceed with an office project. For these reasons, office uses are not included in the development program described in Section IV.

IV. DEVELOPMENT FEASIBILITY ANALYSIS

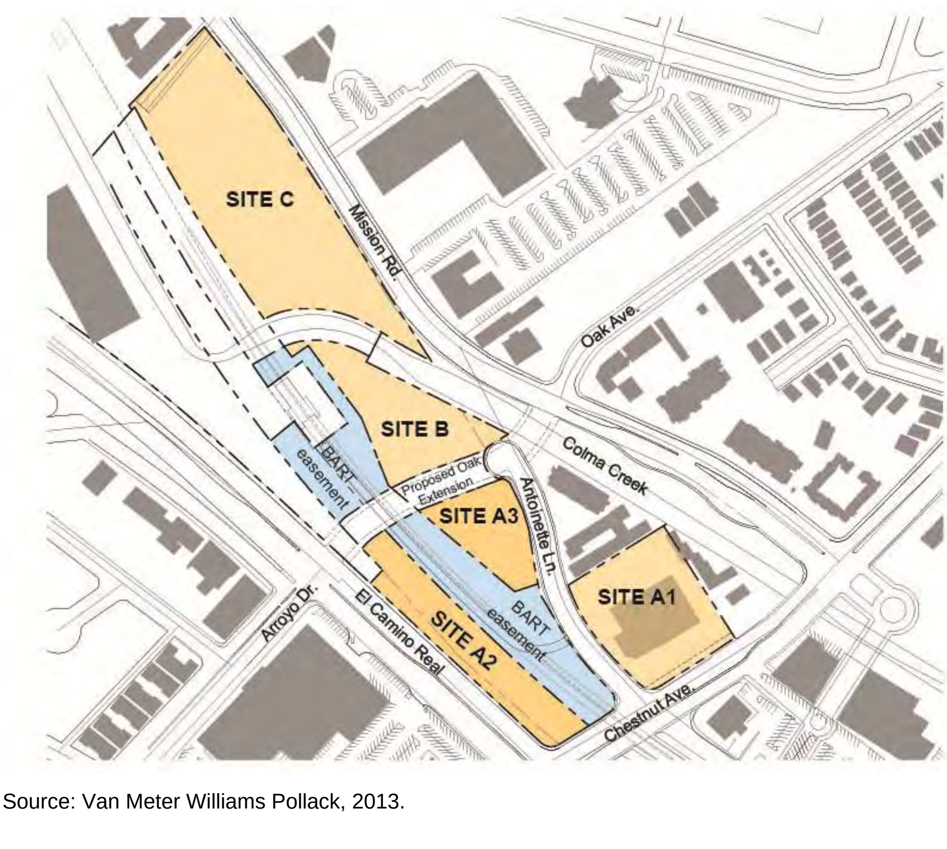
Working with city staff, the consultant team explored a range of development scenarios for the study area. The feasibility analysis focuses on the development program that was deemed to be market-driven, consistent with the community's vision, and likely to generate the greatest value.

This section begins with a description of the City-owned properties and the development program. Next, the results of the financial feasibility analysis are presented along with a summary of key findings. Assumptions used in the financial feasibility analysis are documented in the appendix.

Site Description

The properties included in the development feasibility analysis are shown in **Figure 3**. In addition to the 10 acres owned by the City (shown in blue), the development program includes 2.8 acres that are subject to an easement because they are in the BART right-of-way. Although the BART tunnel is underground, structural constraints limit improvements that can be made on the ground above to projects that do not involve any foundation work, and development along this easement would require BART approval.[4] The Colma Creek Channel, Antoinette Lane and the planned Oak Avenue extension also play a major role in defining the shape and size of the developable acreage.

Figure 3. Study Area Parcel Boundaries



Source: Van Meter Williams Pollack, 2013.

[4] City of South San Francisco, El Camino Real/Chestnut Ave Area Plan, July 2011.

Site A is the southernmost of the three development sites, located between Chestnut Avenue and the proposed Oak Avenue extension. The site is divided into three subsections by the BART easement and Antoinette Lane. Each of these parcels is described in more detail below.

- Parcel 1 is 1.9 acres with frontage along Antoinette Lane and Chestnut Avenue. It is currently home to a vacant single-story retail building. This parcel has received interest from businesses and developers. (Labeled “Site A1” in **Figure 3**.)
- Parcel 2 is a long, shallow parcel between El Camino Real and the BART easement, with a total area of 1.5 acres. (Labeled “Site A2” in **Figure 3**.)
- Parcel 3 is a triangular 0.9 acre parcel bounded by the proposed Oak Avenue extension, the BART easement and Antoinette Lane. (Labeled “Site A3” in **Figure 3**.)

Site B is located on the north side of the proposed Oak Avenue extension, bounded by the BART easement to the southwest and the Colma Creek channel to the northeast. The developable area owned by the City is 1.5 acres; the BART easement is 1.1 acres.

Site C is the largest parcel at 4.5 acres. Located on the north side of the proposed Oak Avenue extension, it is bounded by the BART easement and Centennial Trail to the southwest and by Mission Road to the northeast.

Development Program

The consultant team worked with City staff to devise a development program that is both market driven and consistent with the community’s goals for the study area as expressed in the El Camino Real/Chestnut Avenue Area Plan. The development program assumes redevelopment of all City-owned parcels in a manner consistent with a master developer approach. In this approach, the property is redeveloped with the goal of maximizing the combined potential of all of the parcels. Orchestrating development across all parcels offers two major benefits:

1) **Economies of scale**. Larger projects can benefit from savings on some “soft” costs of development such as site planning, entitlements, financing and marketing. In some cases, they can also save on some of the “hard” costs related with construction. Larger projects are also more likely to be of sufficient scale to assist in addressing related public improvements in utilities, access, or other infrastructure.

2) **More efficient site design**. Developed incrementally, each parcel would need to address access, parking and open space separately. A master developer approach allows required parking to be provided in a more economical way, in particular by making use of the BART easement for retail parking for multiple buildings.

Consistent with findings of the market analysis, the development program consists primarily of residential uses with some supporting retail.[5] Because initial analysis found that construction costs are prohibitively high for buildings over six stories; the development program does not include buildings over that height. The final development program is summarized in **Figure 4**, and the drawings are provided in **Figures 5 and 6.**

Site A consists of three buildings with a total of 194 residential units and 32,000 square feet of retail. Each building has three to four residential levels over ground floor podium parking and retail. The retail businesses in all three buildings would be served by 131 shared surface parking spaces on the BART easement and Antoinette Lane, at a ratio of approximately 4 spaces per 1000 square feet.

[5] Earlier iterations of the analysis included a development scenario with more retail on Site A. This scenario was founded to be financially infeasible and was therefore excluded from consideration in later stages of the analysis.

Sites B and C are both entirely residential with one floor of ground floor podium parking. Site B contains 100 units in four levels above one level of podium parking. The structured parking is supplemented by an additional 26 surface parking spots on the BART easement. Site C is developed with 400 residential units in four levels above two levels of podium parking.

Figure 4.Summary of Sites and Building Prototypes Tested

	Site A	**Site B**	**Site C**
Developable Area (acres)	4.2	1.5	4.4
BART Easement	1.7	1.1	0
Description	Residential Over Ground Floor Retail and Podium Parking	Residential Over Podium Parking	Residential Over Podium Parking
Stories	4-5 Stories	5 Stories	6 Stories
Retail Area (sq. ft.)	32,400	0	0
Residential Units	194	100	420
Residential Parking Ratio	1.5	1.5	1.5

Source: VMWP, 2013.

Figure 5. Plan View

Source: Van Meter Williams Pollack, 2013.

Figure 6. Axial View

Source: Van Meter Williams Pollack, 2013.

Financial Feasibility Results

The financial feasibility results are summarized in **Figure 7**. Strategic Economics used a "land residual" approach to test the feasibility of the development program. This method estimates the amount that a developer can afford to pay for the property based on the expected costs and revenues associated with the development program. If the residual land value is similar to the expected cost of land, it suggests that the project is feasible. If the residual land value is less than the expected cost of land, or negative, it suggests that the project is not feasible.

For the purposes of the analysis, land values for residential and mixed use development near the study area are estimated to range from $50 to $75 per square foot. This price range is based on recent transactions and asking prices for properties in the surrounding area, as well as interviews with brokers and developers active on the San Francisco Peninsula. It should be noted that land prices vary greatly depending on the location and specific characteristics of the property, as well as zoning, intended use and market conditions.

Figure 7. Financial Feasibility Results

	Site A	Site B	Site C
Development Costs			
Hard Costs	$67,830,000	$31,388,000	$125,861,000
Soft Costs	$20,349,000	$9,416,000	$37,758,000
Financing Costs	$3,224,000	$1,492,000	$5,982,000
Developer's Return	$10,968,000	$5,076,000	$20,352,000
Total Costs	**$102,372,000**	**$47,372,000**	**$189,953,000**
Total Revenue	**$104,580,000**	**$47,078,000**	**$189,477,000**
Residual Land Value	**$2,208,000**	**-$294,000**	**-$476,000**
Per Square Foot	**$8.03**	**-$2.63**	**-$2.46**

Source: Strategic Economics, 2013.

Key Findings

Low-rise residential projects with podium parking and ground floor retail are likely to be financially feasible within the next few years. The low and slightly negative residual land values in **Figure 4** indicate that none of the projects tested are feasible under current market conditions. However, the development program would become feasible with relatively small increases in residential rental rates, holding construction costs constant. A 5 percent increase in residential rents (from $2.80 to $2.95 per square foot) would be sufficient to achieve a residual land value of $50 per square foot on Site C (**Figure 8**). Due to the lower density of residential units on Site A and Site B, these sites would require a 12 percent increase in residential rents (from $2.80 to $3.15 per square foot) to achieve a residential land value of $50 per square foot.

Figure 8. Increase in Rent to Achieve Residual Land Value of $50/sq.ft.

	Site A	Site B	Site C
Residential Market Rent ($/sq. ft.)	$2.80	$2.80	$2.80
Required Rent ($/sq. ft.)	$3.15	$3.15	$2.95
Percent Increase	12%	12%	5%

Source: Strategic Economics

Significant densities can be achieved with buildings that are four to six stories. Site C achieves a residential density of 95 units per acre, in the range of the densities envisioned in the El Camino Real/Chestnut Avenue Area Plan, which envisions high-rise development. The advantage of this building type over high-rise towers is that the building costs are significantly lower per square foot,[6] making them much more likely to be feasible in the near term.

[6] In a development feasibility analysis conducted by Strategic Economics and VMWP elsewhere in the Bay Area, high-rise construction costs were estimated to be 40 to 50 percent higher than low-rise construction costs on a per-square-foot basis.

The financial feasibility of retail uses is dependent upon surface parking. In the development program, the BART easement and Antoinette Lane provide convenient and ample customer parking for Site A ground floor retail. This is an ideal use of the BART easement because development over the easement would be cost prohibitive. Use of this area for parking enables greater retail and residential development on the other developable sites. If the BART easement were not available for use as surface parking, the parking would need to be provided elsewhere on Site A, which would either take away from the building footprint of Parcels 1, 2 and 3, or require additional structured parking. The expected revenue generated by the retail uses is not sufficient to support the initial high cost of structured parking. ECHO II case studies in Mountain View and Daly City have also found that onsite parking can be a major challenge for retail uses, particularly for smaller properties. In this case, the use of the BART easement for shared parking is a critical advantage in facilitating development on the City-owned parcels.

A master-developer approach enables cost efficiencies and site design flexibility that translate into improved development feasibility. The development program tested in the financial feasibility analysis is a "best-case" scenario that maximizes shared costs and site design flexibility for all City-owned parcels. In contrast, redevelopment in other locations along El Camino Real is hindered by design and financial feasibility challenges associated with small, shallow parcels. In particular, shallow parcels constrain the ability to of a site to accommodate parking and vehicle access, a problem that is effectively solved in the study area with use of the BART easement. However, while a high-density transit-oriented project with the City's involvement seems likely to result in a favorable partnership with BART, an incremental development strategy is less likely to lead to a maximally beneficial surface parking arrangement.

V. CONCLUSION

The study area presents a unique opportunity for coordinated development to realize the vision of the neighborhood as a vibrant node of activity along the El Camino Real corridor. The market study and development feasibility analysis illustrate the substantial benefits of treating the City parcels as a single development opportunity that allows for coordinated, phased development of the study area.

A coordinated, master developer approach can maximize the value of the property and result in development that is consistent with the El Camino Real/Chestnut Avenue Area Plan. In the current market, certain properties, such as Parcel 1 on Site A, may be attractive for immediate sale because of their location, access and existing improvement. However, this would severely limit the ability to develop the adjacent properties on Site A, resulting in lower property value overall, and development that is inconsistent with the long term vision.

The City can facilitate development of the site through a RFP process and by entering into a development agreement with the chosen developer. The financial analysis found that the most profitable site for development is Parcel C, at the north end of the site. Including this area with more challenging to develop parcels at the south end of the site may be a useful incentive to help attract a developer. A development agreement can be structured to allow some flexibility for the developer to respond to the market, while also providing terms that will be financially favorable for the City. The City may also be able to help bring some public resources to help facilitate development, such as regional, state or federal grants for streetscape or other improvements that help to improve the attractiveness of the area for new development.

Given improving market conditions, it seems likely that development could occur within the next five years. The analysis shows that residential development with supporting retail is likely to be feasible soon with improving market conditions. Given the strong residential demand in San Mateo County, market conditions are likely to improve to the point where residential development is attractive for developers, meaning that the City will not need to hold the properties for a long time before development is possible.

APPENDIX

FINANCIAL FEASIBILITY ASSUMPTIONS

Cost Assumptions

Development costs consist of hard construction costs, soft costs such as permits and fees, financing costs and developer profit.

Hard Costs

Hard costs consist of material and labor costs for construction. The construction costs used in the model were provided by VMWP based on recent construction projects and information from local contractors. Figure A-3 summarizes the hard costs for major program elements. These costs assume prevailing wages for labor.

Note that certain variations exist in construction costs for different scenarios and sites, as follows:

- Residential construction costs are $171 per square foot for Type V, four-story construction and $182 per square foot for Type 3A, five-story construction.
- Parking construction costs range from $85 to $95 per square foot depending on the complexity of the structure.

Figure A-3. Summary of Hard Costs

Item	Cost Per Sq. Ft.
Retail Area (including TI)	$125
Retail Tenant Improvements	$50
Residential Area	$171/$182
Parking Structure	$85/$95
Podium Landscaping	$50
Landscaping	$25
Surface Parking	$25
Antoinette/Colma Creek Bridge	$75

Source: VMWP, 2013.

Soft Costs

Soft costs include permits, architectural fees, engineering fees, developer overhead, insurance, taxes, legal fees, accounting fees and marketing costs. . Soft costs are typically estimated to be a certain percentage of hard costs. In this model, Strategic Economics estimated soft costs to be 30 percent of hard costs.

Financing Costs

Financing costs were based on the assumption that a construction loan would be obtained for 65 percent of the cost of development for a term of 15 months, with a 6.0% interest rate and a 1.5% loan fee. The cost estimate assumes an average outstanding loan balance of 55 percent.

Developer Profit

The analysis assumes developer profit equal to 12 percent of development costs, not including land. Actual profit margin expectations depend on a variety of factors including market conditions and the expected project timeframe.

Revenue Assumptions

The value of apartments and retail space were estimated using an income capitalization approach, in which the expected rental income is divided by a standard capitalization rate to obtain value per square foot.

Residential Valuation

Residential valuation assumptions are listed in Figure.

The apartment rent of $2.80 per square foot is based an evaluation of overall market conditions in San Mateo County as well as asking rents for a sample of recently-constructed transit-oriented apartment projects in South San Francisco, Colma and San Bruno.

Figure A-4. Residential Valuation Assumptions

Parameter	Value
Monthly Rent per SF	$2.80
Vacancy	5.0%
Operating Expenses	28%
Capitalization Rate	5.0%
Capitalized Value per SF	$470

Source: Cassidy Turley, 2013, Strategic Economics, 2013.

Retail Valuation

Retail valuation assumptions are listed in Figure A-5.

Given that this will be new construction, the monthly rent assumption of $2.50 per square foot is higher than the North San Mateo County average asking rent of $2.15 for the fourth quarter of 2012.

The capitalization rate assumption is based on the 2012 average San Mateo County retail capitalization rate reported by Cassidy Turley.

Figure A-5. Retail Valuation Assumptions

Parameter	Value
Monthly Rent per SF (NNN)	$2.50
Vacancy	5%
Non-Reimbursable Expenses	10%
Capitalization Rate	6.5%
Capitalized Value per SF	$392

Source: Terranomics, 2012; Cassidy Turley, 2013, Strategic Economics, 2013.

Appendix J

Brookwood Group Memorandum on Downtown Properties Development

Brookwood Group

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MEMORANDUM (DRAFT)

Date: August 23, 2013

To: Armando Sanchez, City of South San Francisco

From: Shepherd Heery, Alan Katz and Jelani Dotson

Re: South San Francisco Downtown Properties Financial Feasibility Analysis Preliminary Results Memorandum

INTRODUCTION

This memorandum summarizes the results of a development feasibility analysis prepared by Brookwood Group for ten city-owned properties in the downtown. The development program and construction cost information were provided by the architectural and urban design firm of Van Meter Williams Pollack (VMWP) on July 17, 2013. Separately, the Grand/Cypress project development program was provided by Gould Evans Architects on December 12, 2012.

The purpose of the analysis includes providing development feasibility information to the City for its Property Management Plan (PMP) and related activities following dissolution of its redevelopment agency. This analysis represents Part Two of an analysis of South San Francisco's Successor Agency property portfolio. Part One of the analysis was prepared by the consulting firm of Strategic Economics (See *Mission-Chestnut Preliminary Financial Feasibility Analysis Results Memorandum*, May 10, 2013) and focuses on the El Camino Chestnut Area.

This downtown properties feasibility memorandum includes the following sections:

I. DEVELOPMENT PROGRAM

The analysis herein focuses on ten City-owned properties in the Downtown. The sites range in size from 0.15 acres to 1.15 acres (4.5 acres total) and can accommodate infill residential and residential/retail mixed-use developments. Site locations are provided in Figures 1 and 2. Baseline development program information appears in Tables 2 and 3. Building types range from townhomes over tuck-under garages to mixed-use high density buildings with sub-grade parking, ground-level retail podium and residential flats. A parking ratio of 1.5 spaces per unit (or more) applies to each site, except Grand and Cypress assumes a minimum ratio of 1 space per unit. Density ranges from 25 to 80 dwelling units per acre. In total, the baseline program includes approximately 240 residential units, 480 parking spaces, and 24,000 square feet of retail.

The planning and zoning standards used to prepare the baseline development programs vary. VMWP applied conceptual zoning standards to generate the programs in 2009, prior to the adoption of the current zoning ordinance. Gould Evans used current zoning standards to generate the Grand/Cypress program – taking into consideration future zoning changes resulting from the Downtown Station Area Plan (DSAP). The City is currently preparing the Downtown Station Area Plan that will include updated zoning standards and increased densities in certain parts of the downtown.

In addition to the baseline development program (based on conceptual and current zoning), alternative development programs were prepared for the downtown sites, except Grand and Cypress, using residential densities and parking standards anticipated for the DSAP. In most cases, the residential units at each site increased and parking spaces decreased (in proportion to units). Table 1 summarizes the distinction between the baseline and DSAP alternatives.

Table 1. Development Program Alternative Comparison

	BASELINE PROGRAM		DSAP (Increased Density)	
	Units	**Parking**	**Units**	**Parking**
Site 1.1	50	88	100	100
Site 2.1	81	138	162	162
Site 2.2	29	62	58	58
Site 2.4	14	21	28	28
Site 3.5	25	38	50	50
Baden	4	8	12	12
Grand/Cypress	37	49	37	49
Site 4.1	20	30	20	20
Site 4.2	20	30	20	20
Hillside	11	17	11	11
Totals	240	480	500	510

Figure 1. Downtown Properties (South of Lux Ave.)

Table 2. Downtown Properties (South of Lux Ave.)

	Site 1.1	Site 2.1	Site 2.2	Site 2.4	Site 3.5	Baden	Grand/Cypress
Baseline Development Program							
Lot Area (Acres)	0.72	1.06	0.51	0.20	0.41	0.16	0.46
Lot Area (sq. ft.)	31,404	46,043	22,136	8,763	17,677	6,912	20,200
Height (Stories)	Four	Four	Four	Three	Four	Two/Three	Four
Residential Units	50	81	29	14	25	4	37
Residential Parking Ratio	1.5	1.5	1.5	1.5	1.5	2	1.3
Residential Density (units/acre)	69	77	57	70	62	25	80
Retail Area (sq. ft.)	6,500	8,000	9,000	0	0	0	8,000
FAR	3.2	3.6	3.4	3.3	2.6	1.1	3

Figure 2. Downtown Properties (North of Lux Ave.)

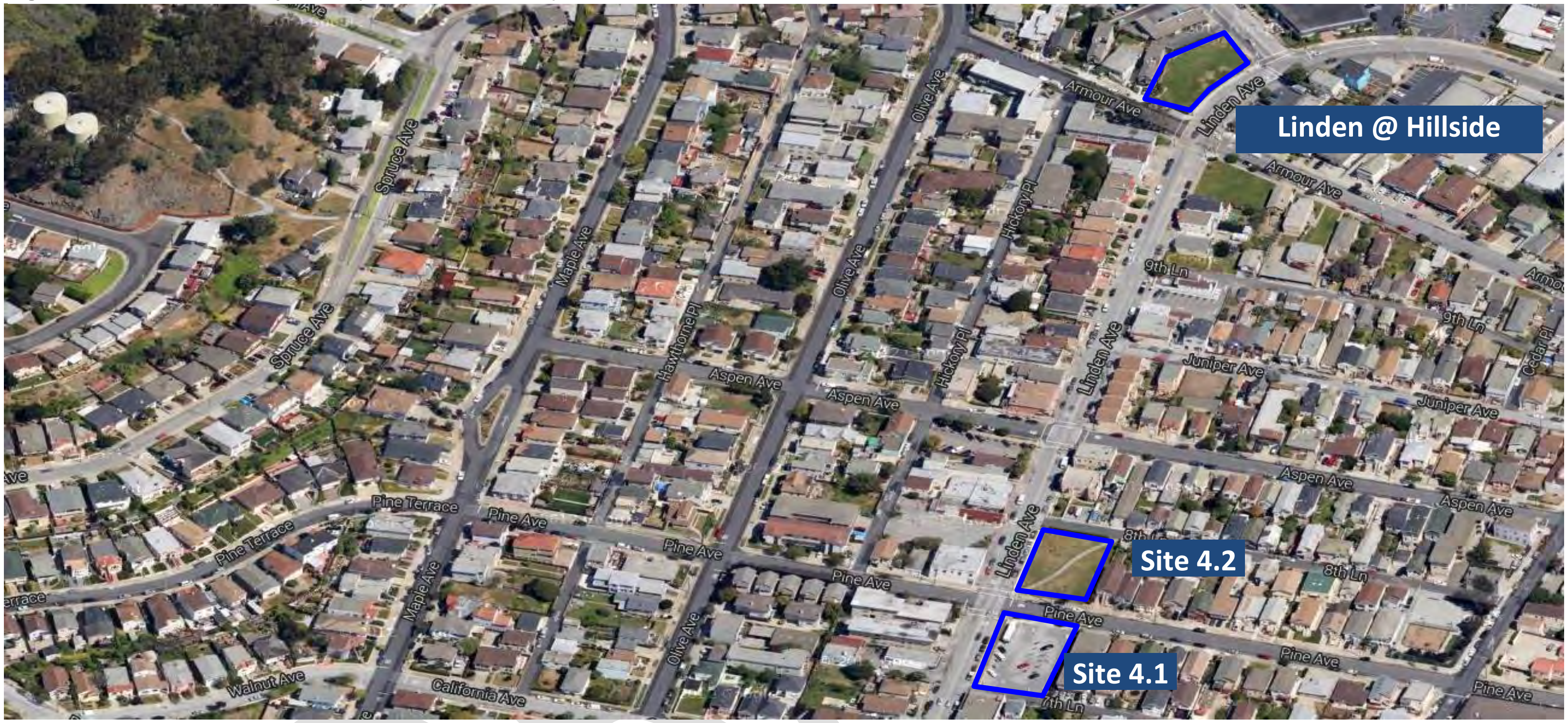

Table 3. Downtown Properties (North of Lux Ave.)

	Site 4.1	Site 4.2	Linden @ Hillside
Baseline Development Program			
Lot Area (Acres)	0.33	0.33	0.26
Lot Area (sq. ft.)	14,387	14,387	11,434
Height (Stories)	Two and Three	Two and Three	Two or Three
Residential Units	20	20	11
Residential Parking Ratio	1.5	1.5	1.5
Residential Density (units/acre)	61	61	42
Retail Area (sq. ft.)	0	0	0
FAR	2.9	2.9	2.0

II. METHODOLOGY

Brookwood Group used the “residual land value” approach to determine the feasibility of the development program for each site.

Residual land value (RLV) is the value of land determined by deducting from the value of an improved property, the costs of development and a market rate profit. This methodology is often used where direct land sale comparable information is not available without substantial adjustment for the use and development conditions. Additionally, this method estimates the amount that a developer can afford to pay for the site based on the expected costs and revenues associated with the development program. A calculated residual land value equal to the expected cost of land suggests that a project is feasible. A residual land value significantly less than the expected cost of land, or negative, suggests that a project is not feasible.

Strategic Economics found that the expected cost of land in the ECR - Chestnut plan area ranges from $50 to $75 per square foot. Brookwood reviewed appraisals prepared for the City of South San Francisco. Land values in the downtown are markedly more valuable, and typically range from $70 to $90 per square foot.

Residual land values were calculated for both apartment and condominium developments. Apartments provide the highest and best use for the sites in current and projected market conditions. Condominium market conditions may improve and provide greater feasibility in the future. Residual Land Values for condominiums trailed feasibility thresholds in most scenarios. Consideration of park-in-lieu-fees and affordable housing requirements further impair condominium feasibility. Accordingly, condominium RLV’s are excluded from the results.

It should be noted that comparable sales and rental data used in this analysis are very limited. Development of buildings of the quality and character provided for in this analysis do not exist currently in the downtown.

III. SUMMARY OF RESULTS

In summary, projected market conditions (improved rent pricing via downtown revitalization) extend feasibility to several sites. Additional density and lower parking ratios, per the DSAP, makes development feasible for most of the sites. See Appendix 1 for preliminary RLV results.

Grand and Cypress, Site 3.5, Baden and Hillside appear to have the best preliminary Current Market results. Projected Market assumptions (10% price increase above Current Market assumptions) make Grand/Cypress and Site 3.5 feasible.

For the DSAP (higher density) alternatives, the results improved. Two of the sites (Site 3.5 and Baden) show feasibility and the Hillside site shows a positive RLV in Current Market conditions. Projected Market assumptions make development feasible or positive for all sites, except Sites 4.1 and 4.2.

Apartment pricing used for these scenarios appears in Table 4.

Table 4. Pricing Scenario Assumptions

	Apartment ($/nsf)
Current Market	$2.80
Projected Market	$3.10

Notes:
A. The data used to establish Current Market includes rent comp reports, rental listings on apartment company websites and third party websites such as craigslist and Zillow, multiple listing service (MLS) databases and Strategic Economics. It is important to clarify that there is little or no truly comparable product located downtown at this time. As a result, current market lease rates for the El Camino Real Chestnut Area (similar mixed-use product quality and density) are applied to the downtown sites.

B. “Current Market” conditions reflect Brookwood’s opinion that the downtown’s walkability, urban character and amenities and proximity to public transit (Samtrans, CalTrain, and San Francisco Bay Ferry) support a lease rate ($2.80/nsf) on par with the similar quality product in the El Camino Chestnut Area. The City’s policies and active effort to enhance the urban environment reinforce Brookwood’s opinion.

C. “Projected Market” pricing reflects Brookwood’s view of market conditions as downtown revitalization gains momentum and comes to fruition.

IV. ASSUMPTIONS

This analysis includes assumptions for costs and revenues as follows:

Cost Assumptions
The development costs assumptions in this report include hard costs, soft costs, financing costs and developer profit.

- **Hard Costs**
  Van Meter Williams and Pollack provided construction "hard" cost estimates for the downtown properties based on recent projects and interviews with local contractors. This price exceeds costs for similar construction at the El Camino Real sites to account for the additional costs associated with building in the downtown on smaller sites with tight working conditions and standards, traffic congestion, noise reduction standards, additional security and diminished economy of scale. Hard cost assumptions are summarized in Table 5 below:

Table 5. Summary of Hard Costs (per gross square foot)	
Residential Hard Cost	$200
Commercial Hard Cost	$150
Commercial Tenant Improvements Cost	$50
Landscape Cost	$30
Landscape Podium Cost	$75
Parking Hard Cost (structure)	$140
Parking Hard Cost (surface)	$50
Parking Hard Cost (mechanical lift)	$30
Hard Cost Contingency	5%

- **Soft Costs**
  Strategic Economics used a soft cost factor of **25% of hard costs** for the calculation of soft cost (architecture and engineering, permits and fees, taxes and insurance, and other indirect costs). For comparison purposes, Brookwood used the same soft cost factor. Further, Van Meter Williams and Pollack suggested that 25% is appropriate for the smaller sites (<20 units) assuming that small-scale, multi-discipline, entrepreneurial builders can deliver smaller projects at a lower cost.

- **Financing Costs**
  Conventional financing is assumed for each site in this analysis. In addition to a conventional construction loan, Brookwood assumes that the project would be financed by equity from the developer and that developer's profit includes the cost of equity financing during the development period.

Construction loan (Table 6) assumptions include:

Table 6. Summary of Construction Loan Terms	
Loan-to-Cost	65%
Construction Loan Fees and Closing	1.5%
Interest Rate	6.00%
Construction Period	16 Months
Average Balance (% of loan amount)	60%

- **Developer's Profit**
  This analysis assumes a developer profit of 12% of total development costs, excluding land. In addition to covering developer overhead and profit, this variable, we assume, covers the cost to finance early stage project costs and provide the necessary financial guarantees before construction loan funding begins. Actual profit margin expectations depend on a variety of factors including size, scope and complexity of project, market conditions and schedule.

Revenue and Valuation Assumptions
The value of the residential units (apartments) and retail space are estimated using the standard income capitalization approach (Net operating income divided by an appropriate cap rate). In addition, the value of for-sale residential units (Condos) is estimated using South San Francisco comparable sales and historical data on a per-square-foot-basis.

- **Residential revenue and valuation**
  Rental and sale price information for new multifamily units (apartment and condo) in Downtown South San Francisco is not readily available because no significant new supply has been developed in the area over the last 10 years. As a result, this analysis relies on adjusted city-wide and regional data.

  Rental price is based on Strategic Economics' assumptions for the El Camino Real – Chestnut area (ECR-Chestnut), adjusted for the downtown. Strategic Economics concluded that the appropriate rental rate for residual land value analysis for ECR-Chestnut is $2.80 per square foot. For the downtown, a discount factor of 10% is applied to reflect the premium afforded to the ECR-Chestnut site's proximity to the South San Francisco BART station. The resultant rental rate is $2.50 per square foot. A premium of 10% is then applied to reflect the downtown's walkability, urban character and amenities and proximity to public transit (Samtrans, CalTrain, and San Francisco Bay Ferry)

  Sale price is based on comparable sales data for condominiums in South San Francisco. Historical data is adjusted using a growth rate derived from the S&P Case-Shiller Home Price Index for the San Francisco region (CSI-SF). Comparable sales data was obtained from a multiple listing service (MLS) database, Strategic Economics and Zillow. After adjusting Strategic Economics and Zillow sales data using the CSI-SF, an average was calculated for these three sources. The resultant sales rate is $380 per square foot.

The capitalization rate used for this analysis is 5%; the same rate used at ECR-Chestnut. According to reports from Property Portfolio Research, lower interest rates and strong demand for multifamily investment will keep cap rates stable in the near-term.

Residential revenue and valuation assumptions are listed in Table 7 below.

Table 7. Residential revenue and valuation assumptions	
Condominium sales price per square foot	$380
Condominium parking sales price per space	$35,000
Monthly Rent per square foot	$2.80
Monthly Rent per parking space	$50
Vacancy	5%
Operating Expense	28%
Capitalization Rate	5%
Sales Expense (excludes Park-in-lieu Fee)	5%

- **Retail (Commercial) revenue and valuation**
  Several of the downtown properties analyzed in this report have a retail component to the development program including Sites 1.1, 2.1, 2.2 and Grand/Cypress. The majority of the retail is located within a few blocks of each other in the Downtown Core on heavily-trafficked streets including Airport Boulevard and Grand Avenue. Site 1.1 has 6,500 square feet of retail oriented towards Linden Avenue (at Baden Avenue).

  According to John Penna of Penna Realty – local commercial/residential broker, commercial lease rates in the downtown vary as described Table 8:

Table 8. Downtown South San Francisco Commercial Lease Rates	
Choice restaurant-ready space, less than 1,500 square feet	$3 to $4
Typical restaurant-ready space, greater than 2,000 square feet	$1.50
Typical commercial space (non-restaurant)	$1.50 (or less)

A property's vacancy period can range from six months to two years in the downtown depending on the size and functionality of the space.

Restaurant uses are by far the most popular in the downtown, with seemingly insatiable demand for 1,500 square feet or less. Current and prospective commercial tenants also include general retail, medical/dental clinics and service-oriented business (office space).

The retail space at each site within the program can accommodate single-tenant or multi-tenant restaurant configurations. In order to accommodate both possibilities in this analysis, the assumed commercial lease rate is $2.50.

Retail revenue and valuation assumptions are listed in the Table 9 below.

Table 9. Retail revenue and valuation assumptions	
Monthly Rent per square foot	$2.50
Vacancy	10%
Non-reimbursable Operating Expenses	10%
Capitalization Rate	6.5%

V. APPENDIX 1 – RESIDUAL LAND VALUE SUMMARY TABLES

BASELINE PROGRAM CURRENT MARKET	Site 1.1	Site 2.1	Site 2.2	Site 2.4	Site 3.5	Site 4.1/ Site 4.2	Hillside	Baden	Grand/ Cypress
Development Program									
Retail Area (sq. ft.)	6,500	8,000	9,000	0	0	0	0	0	8,000
Residential Units	50	81	29	14	25	20	11	4	37
Development Costs									
Hard Costs	$20,380,000	$32,190,000	$14,370,000	$6,070,000	$8,940,000	$8,620,000	$4,380,000	$1,650,000	$13,700,000
Soft Costs	$5,100,000	$8,000,000	$3,600,000	$1,500,000	$2,200,000	$2,200,000	$1,100,000	$400,000	$3,400,000
Financing Costs	$1,050,000	$1,640,000	$740,000	$310,000	$450,000	$440,000	$230,000	$80,000	$700,000
Developer's Return	$3,180,000	$5,020,000	$2,250,000	$950,000	$1,390,000	$1,350,000	$690,000	$260,000	$2,140,000
Total Costs	**$29,700,000**	**$46,800,000**	**$21,000,000**	**$8,800,000**	**$13,000,000**	**$12,600,000**	**$6,400,000**	**$2,400,000**	**$19,900,000**
Total Revenue (Apartment)	**$24,960,000**	**$39,620,000**	**$16,470,000**	**$7,580,000**	**$13,120,000**	**$10,310,000**	**$6,090,000**	**$2,360,000**	**$19,690,000**
RLV (Apartment)	**($4,740,000)**	**($7,180,000)**	**($4,530,000)**	**($1,220,000)**	**$120,000**	**($2,290,000)**	**($310,000)**	**($40,000)**	**($210,000)**
Per Square Foot	**($151)**	**($156)**	**($205)**	**($139)**	**$7**	**($159)**	**($27)**	**($6)**	**($10)**

BASELINE PROGRAM PROJECTED MARKET	Site 1.1	Site 2.1	Site 2.2	Site 2.4	Site 3.5	Site 4.1/ Site 4.2	Hillside	Baden	Grand/ Cypress
Development Program									
Retail Area (sq. ft.)	6,500	8,000	9,000	0	0	0	0	0	8,000
Residential Units	50	81	29	14	25	20	11	4	37
Development Costs									
Hard Costs	$20,380,000	$32,190,000	$14,370,000	$6,070,000	$8,940,000	$8,620,000	$4,380,000	$1,650,000	$13,700,000
Soft Costs	$5,100,000	$8,000,000	$3,600,000	$1,500,000	$2,200,000	$2,200,000	$1,100,000	$400,000	$3,400,000
Financing Costs	$1,050,000	$1,640,000	$740,000	$310,000	$450,000	$440,000	$230,000	$80,000	$700,000
Developer's Return	$3,180,000	$5,020,000	$2,250,000	$950,000	$1,390,000	$1,350,000	$690,000	$260,000	$2,140,000
Total Costs	**$29,700,000**	**$46,800,000**	**$21,000,000**	**$8,800,000**	**$13,000,000**	**$12,600,000**	**$6,400,000**	**$2,400,000**	**$19,900,000**
Total Revenue (Apartment)	**$27,320,000**	**$43,460,000**	**$17,860,000**	**$8,360,000**	**$14,510,000**	**$11,390,000**	**$6,720,000**	**$2,610,000**	**$21,420,000**
RLV (Apartment)	**($2,380,000)**	**($3,340,000)**	**($3,140,000)**	**($440,000)**	**$1,510,000**	**($1,210,000)**	**$320,000**	**$210,000**	**$1,520,000**
Per Square Foot	**($76)**	**($73)**	**($142)**	**($50)**	**$85**	**($84)**	**$28**	**$30**	**$75**

APPENDIX 1

DSAP PROGRAM CURRENT MARKET	Site 1.1	Site 2.1	Site 2.2	Site 2.4	Site 3.5	Site 4.1/ Site 4.2	Hillside	Baden	Grand/ Cypress
Development Program									
Retail Area (sq. ft.)	6,500	8,000	9,000	0	0	0	0	0	8,000
Residential Units	100	162	58	28	50	20	11	12	37
Development Costs									
Hard Costs	$34,560,000	$55,080,000	$21,930,000	$10,900,000	$15,870,000	$8,100,000	$3,960,000	$4,180,000	$13,700,000
Soft Costs	$8,600,000	$13,800,000	$5,500,000	$2,700,000	$4,000,000	$2,000,000	$1,000,000	$1,000,000	$3,400,000
Financing Costs	$1,770,000	$2,820,000	$1,120,000	$550,000	$810,000	$420,000	$200,000	$210,000	$700,000
Developer's Return	$5,390,000	$8,600,000	$3,430,000	$1,700,000	$2,480,000	$1,260,000	$620,000	$650,000	$2,140,000
Total Costs	**$50,300,000**	**$80,300,000**	**$32,000,000**	**$15,900,000**	**$23,200,000**	**$11,800,000**	**$5,800,000**	**$6,000,000**	**$19,900,000**
Total Revenue (Apartment)	**$47,560,000**	**$75,630,000**	**$29,330,000**	**$14,960,000**	**$26,540,000**	**$10,240,000**	**$6,050,000**	**$7,440,000**	**$19,690,000**
RLV (Apartment)	**($2,740,000)**	**($4,670,000)**	**($2,670,000)**	**($940,000)**	**$3,340,000**	**($1,560,000)**	**$250,000**	**$1,440,000**	**($210,000)**
Per Square Foot	**($87)**	**($101)**	**($121)**	**($107)**	**$189**	**($108)**	**$22**	**$208**	**($10)**

APPENDIX 1

DSAP PROGRAM PROJECTED MARKET	Site 1.1	Site 2.1	Site 2.2	Site 2.4	Site 3.5	Site 4.1/ Site 4.2	Hillside	Baden	Grand/ Cypress
Development Program									
Retail Area (sq. ft.)	6,500	8,000	9,000	0	0	0	0	0	8,000
Residential Units	100	162	58	28	50	20	11	12	37
Development Costs									
Hard Costs	$34,560,000	$55,080,000	$21,930,000	$10,900,000	$15,870,000	$8,100,000	$3,960,000	$4,180,000	$13,700,000
Soft Costs	$8,600,000	$13,800,000	$5,500,000	$2,700,000	$4,000,000	$2,000,000	$1,000,000	$1,000,000	$3,400,000
Financing Costs	$1,770,000	$2,820,000	$1,120,000	$550,000	$810,000	$420,000	$200,000	$210,000	$700,000
Developer's Return	$5,390,000	$8,600,000	$3,430,000	$1,700,000	$2,480,000	$1,260,000	$620,000	$650,000	$2,140,000
Total Costs	**$50,300,000**	**$80,300,000**	**$32,000,000**	**$15,900,000**	**$23,200,000**	**$11,800,000**	**$5,800,000**	**$6,000,000**	**$19,900,000**
Total Revenue (Apartment)	**$52,340,000**	**$83,310,000**	**$32,080,000**	**$16,550,000**	**$29,350,000**	**$11,320,000**	**$6,680,000**	**$8,220,000**	**$21,420,000**
RLV (Apartment)	**$2,040,000**	**$3,010,000**	**$80,000**	**$650,000**	**$6,150,000**	**($480,000)**	**$880,000**	**$2,220,000**	**$1,520,000**
Per Square Foot	**$65**	**$65**	**$4**	**$74**	**$348**	**($33)**	**$77**	**$321**	**$75**

APPENDIX 1