Grantville Redevelopment Project Area

Report to the City Council

March 18, 2005

City of San Diego Redevelopment Agency
600 B Street, Fourth Floor, MS904
San Diego, California 92101-4506
(619) 533-4233
www.sandiego.gov/redevelopment-agency

RSG
INTELLIGENT COMMUNITY DEVELOPMENT

ROSENOW SPEVACEK GROUP INC.
309 WEST 4TH STREET
SANTA ANA, CALIFORNIA 92701-4502
PHONE: (714) 541-4585
FAX: (714) 541-1175
E-MAIL: INFO@WEBRSG.COM

Table of Contents

Section I. Introduction I

Background – The Community Plans I

Next Steps VI

Contents of this Report VII

Section A. Reasons for Selection of the Project Area, Including a Description of Proposed Projects and How Such Projects Will Improve or Alleviate Blight A-1

Project Area Overview A-1

How the Proposed Projects Will Improve and Alleviate Blight A-5

Public Infrastructure Improvements A-7

Economic Development Programs A-8

Low and Moderate Income and Market Rate Housing Programs A-9

Project/Program Costs A-9

Section B. A Description of the Physical and Economic Conditions Existing in the Project Area B-1

Executive Summary B-1

Study Approach and Methodology B-7

Physical Blighting Conditions B-10

General Description of Project Area B-13

Parcels Needed for Effective Redevelopment B-89

Economic Conditions that Cause Blight B-94

Infrastructure Deficiencies in the Project Area B-118

Physical and Economic Burden on Community B-120

Section C. Five-Year Implementation Plan C-1

Introduction C-1

Plan Objectives.....C-2

Definition of Blighting Conditions in Accordance with the CRL C-4

Financial Resources.....C-5

Five-Year Programs and Expenditures.....C-6

How Agency Goals and Objectives will Eliminate Blighting Conditions in the Project Area C-11

Affordable Housing Compliance Plan C-12

Section D. An Explanation of Why the Elimination of Blight Cannot be Accomplished by Private Enterprise Acting Alone or Through Other Financing Alternatives Other Than Tax Increment Financing..... D-1

Why Private Enterprise Alone Cannot Elimate Blight.....D-1

Reasons Other Financing Alternatives are not Adequate D-5

Section E. A Description of the Method of Financing and Economic Feasibility of the Plan E-1

Projected Tax Increment Revenues.....E-3

Economic Feasibility Analysis E-5

Reasons for the Provision of Tax Increment.....E-7

Section F. The Method of Relocation F-1

Section G. An Analysis of the Preliminary Plan..... G-1

Section H. The Report and Recommendations of the Planning Commission..... H-1

Section I. Report and Recommendation of the Project Area Committee.....I-1

Section J. A Statement of Conformance to the General Plan.....J-1

Section K. The Environmental Impact Report K-1

Section L. Report of the County Fiscal Officer.....L-1

Section M. Neighborhood Impact Report..... M-1

Section N. A Summary of the Agency's Consultations with Affected Taxing Entities and a Response to Said Entities' Concerns Regarding the Plan N-1

Appendices

Appendix A - Prior Planning Documents .....Appendix A-1

Appendix B - CRL Section 33030 and 33031 .....Appendix B-1

Appendix C - Data Source List.....Appendix C-1

Appendix D - Project Area Map (Large).....Appendix D-1

Exhibits

Exhibit A-1 Project Area Map.....II

Exhibit B-1 - Blight Matrix..... B-4

Exhibit B-2 - Map of Parcels Exhibiting At Least One Blighting Condition B-6

Exhibit B-3 - Map of Parcels Exhibiting Physical Blight..... B-12

Exhibit B-4 - Map of Substandard Sized Commercial and Industrial Parcels..... B-61

Exhibit B-5 - Map of Parcels Displaying Inadequate On-site Parking B-64

Exhibit B-6 - Map of Parcels Suffering from Outdoor Storage/Production..... B-70

Exhibit B-7 - Map of Buildings 30 Years of Age or Older..... B-72

Exhibit B-8 - Map of Buildings Suffering from Defective Design B-76

Exhibit B-9 - Map of Non-Blighted Parcels B-93

Exhibit B-10 - Map of Parcels Exhibiting Economic Blight..... B-102

Figure

Figure B-1 - Time/Repair Cost Correlations..... B-86

Figure B-2 - Sites of Potential Environmental Concern..... B-104

Proforma

Proforma B-1.....B-99

Proforma B-2.....B-100

Proforma B-3.....B-101

Tables

Table B-1 - Summary of Blighting Conditions B-11

Table B-2 - Commercial and Industrial Property Sizes..... B-60

Table B-3 - Age, Land Area and Building Area of Parcels..... B-71

Table B-4a - Code Enforcement Violations..... B-81

Table B-4b - Serious Code Enforment Violations B-82

Table B-5 - Parcels of Irregular Size B-88

Table B-6 - Assessed Valuation History B-94

Table B-7 - Monthy Lease Rate Comparions Fall 2004 ..... B-95

Table B-8 - 2003 FBI Crime Index Rates Per 1,000 Persons for Federal Census Tracts which Overlay the Project Area, the City of San Diego and Selected Local Jurisdictions B-116

Table B-9 - Crime Data Riverbed Area..... B-117

Table C-1 - Projected Revenues for Implementaion C-5

Table E-1 - Tax Increment Projections E-8

Table E-2 - Bonding Capacity Analysis Non-Housing and Housing Funds E-9

Table E-3 - Summary of Annual Revenues and Costs-Cash Flow E-10

Table N-1 - Affected Taxing Agencies and Shares of Property Tax Levies N-1

Introduction

The City of San Diego City Council ("City Council") adopted Resolution No. R-147378, on May 6, 1958, creating the San Diego Redevelopment Agency ("Agency") for the purpose of pursuing redevelopment activities in the City pursuant to California Community Redevelopment Law, Health and Safety Code Section 33000 et seq. ("CRL"). The Agency is authorized by the City Council to implement redevelopment plans within designated redevelopment project areas throughout the City.

On March 30, 2004, the City Council designated the Grantville Redevelopment Survey Area by Resolution Number R-299047. From that survey area, proposed Project Area boundaries were selected for further study and analysis.

The boundaries of the proposed Grantville Redevelopment Project ("Project Area" or "Project") are as shown on the Redevelopment Plan Map, attached hereto as Exhibit A-1. A larger map of the Project Area with additional street name detail is presented in Appendix D of this Report.

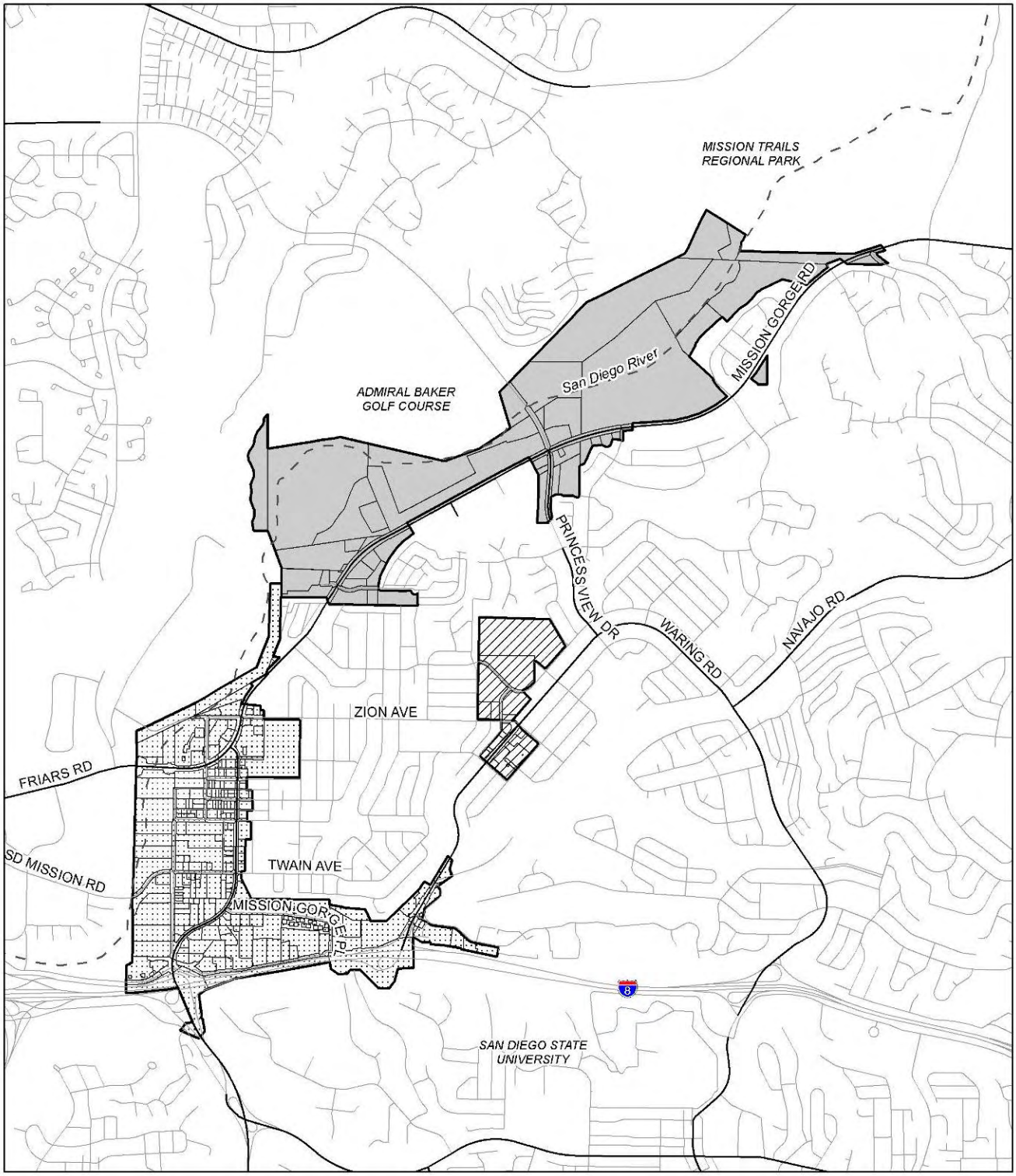
The area proposed for inclusion in the Project is 990 acres in eastern San Diego (note that the *Program Environmental Impact Report for the Grantville Redevelopment Project* refers to the area as being 970 acres because certain right-of-way was not included in the calculation). The Project Area encompasses part of the area designated under the authority of the Navajo Community Planners (82%), the Tierrasanta Community Council (18%) and the College Area Community Council (less than1%) and is described as follows.

Background – The Community Plans

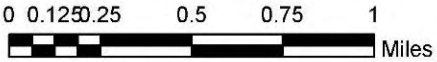
The City of San Diego has adopted a series of community plans to guide future land use throughout the City. The community plans provide background on the history, conditions and future plans for the areas they cover. The Navajo Community Plan and the Tierrasanta Community Plan will provide direction for the revitalization of the Project Area. The following discussion presents highlights of the community plans.

Exhibit A - 1: Project Area Map

See attached map of the Project Area.



Grantville Redevelopment Project Area



Sources: SanGIS, 2004 and BRG Consulting, Inc., 2005

THE NAVAJO COMMUNITY PLAN

The Navajo Community Plan ("NCP") was adopted in 1982 and was intended to regulate development until 2000. It is anticipated the plan will need to be amended to address its expiration, possible re-use development near the Grantville trolley station, and to accommodate restoration and potential reuses along the San Diego River. Since 1927, sand and gravel extraction activities have been taking place over a 420 acre site on both sides of the river.

The NCP Area is located in the easterly portion of the City. It includes the communities of Allied Gardens, Del Cerro, Grantville, and San Carlos. The NCP Area is bounded on the north by Mission Gorge Road, on the east by the cities of El Cajon and La Mesa, on the south by Interstate 8 and on the west by the San Diego River channel. The NCP area consists of approximately 8,000 acres and is developed primarily as a single-family community with approximately 37.5% or 2,924 acres of the developable land devoted to that use, with commercial and industrial uses comprising approximately 9% or 700 acres of the NCP area (NCP, page 9). The majority of these commercial and industrial uses are found in the Grantville Community and comprise the majority of the proposed 990-acre Grantville Redevelopment Project Area.

Objectives

The Navajo Community Plan established objectives to guide the growth and revitalization of the Navajo area. The formulation and adoption of a community plan is only the first step in a two-step process. The second and equally important step is the implementation of the objectives and recommendations of the Community Plan. Some of the objectives contained in the Navajo Community Plan that are relevant to the proposed redevelopment Project Area include:

Transportation

- Address substandard level of service for vehicle movement along Mission Gorge Road.

- Complete the extension of the Mission Valley Light Rail Transit Lane.

Commercial Revitalization

- Continue the ongoing efforts to revitalize the commercial areas along Mission Gorge and Waring Roads.

- Promote interest and commitment by local businesses and the community-at-large in the revitalization and retention of commercial areas of the community.

Industrial Revitalization

- Ensure that the appearance and character of industrial uses are compatible with the character of the surrounding commercial and residential areas.

- Develop a circulation network that will provide for less congested access to the Grantville industrial area.

San Diego River Revitalization

- Continue the ongoing process to complete San Diego River Master Plan.

- Ensure that future development along the San Diego River is designed to minimize impacts to this sensitive resource.

Economic Restructuring and Reinvestment

- To enhance Grantville's commercial corridors as neighborhood and community oriented shopping and employment centers.

- To improve accessibility of employment centers within and outside the community.

In addition, to the objectives contained in the NCP the following specific issues were identified.

Utilities

Undergrounding of electrical distribution lines and telephone lines along major streets is jointly financed by the City and SDG&E. Priorities for undergrounding are based upon amount of traffic, congestion of wires, and major scenic routes. The plan recommends continuation of the undergrounding of overhead lines, and recommends that guidelines be established for the timely removal of utility poles once underground facilities are in place.

Parking

As a result of historical development patterns, changing uses and current parking needs, the Grantville community faces problems with the quantity, location and safety of its existing parking supply. Many of the older, predominantly commercial and industrial areas were developed with parking standards that were appropriate for the early twentieth-century, but do not meet current demands. Furthermore, the existing parking supply of many projects is found to have inadequate configuration for its location and is unsuited to the needs of current usage.

Circulation

The area has been impacted by residential development that does not have adequate access to and from the Navajo Community. Mission Gorge Road was not adequately upgraded to handle the traffic volumes from the residential communities that use it as access to Interstate 8. Traffic congestion along the Mission Gorge commercial corridor is further impacted by high-density commercial uses on parcels that were intended for lower-density industrial uses. The deficient design and layout of commercial and industrial parcels along the Mission Gorge corridor further restricts traffic circulation.

Residents of the community wish to preserve the single-family character of their neighborhoods, as well as retain a high level of neighborhood/commercial serving retail. In addition, residents are concerned with relieving traffic congestion and the deteriorating conditions along the Mission Gorge and Waring Road corridors. To address these and other concerns several community planning efforts have taken place and are discussed in the following sections.

Community Plan Implementation Overlay Zone (CIPOZ)

Revitalization of the commercial/industrial corridor is an issue the City attempted to address in 1989, by adoption of the Community Plan Implementation Overlay Zone ("CIPOZ") as an amendment to the existing Navajo Community Plan. There are three CIPOZ categories (commercial, industrial, and residential) that regulate design standards, such as building height, roof treatments, streetscape, building setbacks, parking and other criteria.

Mission Valley East Light Rail Transit Project

In 2002, the NCP was amended to coordinate the Circulation Element with development of the Grantville trolley station. The completion of the trolley extension through Grantville is likely to bring re-use proposals for property located near the station. This activity may also require a community plan amendment to implement.

San Diego River Master Plan

The City of San Diego's River Task Force is developing a Master Plan for the San Diego River and surrounding areas of up to one-half mile on each side, extending from the mouth of the River to the City limit adjoining the City of Santee. The Master Plan will address recreational opportunities, wildlife habitat conservation, and restoration. Implementation of the San Diego River Master Plan may require updates or amendments to affected community plans including those relevant to the Grantville area.

THE TIERRASANTA COMMUNITY PLAN

Approximately 130 acres of sand and gravel operations fall under the jurisdiction of the Tierrasanta Community Plan ("TCP") (TCP, page 54), which was adopted in 1982. The sand and gravel processing area is isolated from the Tierrasanta community at its southeastern corner and can only be accessed from Mission Gorge Road. The Tierrasanta Community Plan designates the site as open space that should be acquired by the City for inclusion in the Mission Trails Regional Park, once extraction operations have ceased and any other use of the Tierrasanta portion of the site would require an amendment to the Tierrasanta Community Plan (TCP, page 56, #9).

It is anticipated that the Open Space Element of the Tierrasanta Community Plan may need to be amended at the conclusion of extraction activities, if there are not available funds to acquire this site for open space purposes. The Open Space Element states, "Designated open space areas which are not to be acquired by the City should be allowed to apply the adjacent residential density for development purposes" (TCP, page 55, #2).

Next Steps

In accordance with the provisions of the CRL, a draft Redevelopment Plan has been prepared. If adopted by the City Council, the Agency would have the authority to implement redevelopment activities within the Project Area, including the use of eminent domain.

This Report has been prepared in accordance with Health and Safety Code Section 33000 et seq. of the State of California (the California Community Redevelopment Law or "CRL"). This Report represents the culmination of the documentation on the proposed Plan, having been preceded by the following documents.

- Preliminary Plan,
- Draft Redevelopment Plan,
- Preliminary Report,
- Owner Participation Rules,
- Relocation Guidelines, and
- Draft Environmental Impact Report

Contents of this Report

This Report has been prepared by Agency staff and its redevelopment consultant, Rosenow Spevacek Group, Inc. ("RSG"). The contents of this Report are prescribed by Section 33352 of the CRL, and accordingly have been divided into the following sections:

SECTION A. Reasons for Selection of the Project Area, Including a Description of Proposed Projects and How Such Projects Will Improve or Alleviate Blight.

SECTION B. A Description of the Physical and Economic Conditions Existing in the Project Area.

SECTION C. Five-Year Implementation Plan.

SECTION D. An Explanation of Why the Elimination of Blight Cannot be Accomplished by Private Enterprise Acting Alone or Through Other Financing Alternatives Other Than Tax Increment Financing.

SECTION E. A Description of the Method of Financing and Economic Feasibility of the Plan.

SECTION F. The Method of Relocation.

SECTION G. An Analysis of the Preliminary Plan.

SECTION H. The Report and Recommendations of the Planning Commission.

SECTION I. Report and Recommendation of the Project Area Committee.

SECTION J. A Statement of Conformance to the General Plan.

SECTION K. The Environmental Impact Report.

SECTION L. Report of the County Fiscal Officer.

SECTION M. Neighborhood Impact Report.

SECTION N. A Summary of the Agency's Consultations with Affected Taxing Entities and a Response to Said Entities' Concerns Regarding the Plan.

Section

A

Reasons for Selection of the Project Area, Including a Description of Proposed Projects and How Such Projects Will Improve or Alleviate Blight

If adopted, the Grantville Redevelopment Plan will establish the 990-acre Grantville Redevelopment Project Area. The Project Area is comprised of three contiguous subareas. In accordance with CRL Section 33320.1 all of the subareas proposed to be included in the Grantville Project Area are blighted.

The boundaries of the proposed Project are as shown on the Redevelopment Plan Map and mirror the legal description, attached hereto as Exhibit A1. The area proposed for inclusion in the Project is approximately 990-acres in the north eastern portion of the City. The Project Area is primarily within the Navajo Community Plan (82%) as well as the Tierrasanta (18%) and College Area Community Plans (less than 1%).

Project Area Overview

The Project Area, located along the San Diego River, was originally developed for agricultural uses to serve the Spanish mission across the river. In 1887 plans were developed for a townsite which included military housing. It was from this anticipated military housing that Grantville received its name in honor of President Ulysses Grant. Significant military housing was never developed on the Grantville side of the San Diego River and so modern-day Mission Gorge Road was originally developed with industrial uses including sand and gravel extraction in the early 1900's. Over time commercial uses intensified along Mission Gorge Road to serve residential development that began in the early 1950's. Mission Gorge Road was never adequately improved to service the traffic volumes created by the development of residential communities in Allied Gardens and San Carlos and the commercial development that followed.

Many of the industrial properties in the Project Area were constructed prior to the development of current zoning regulations and modern market demands for industrial uses. This had led to proliferation of substandard industrial properties, which has attracted marginal and unsafe industrial uses. Many industrial sites in the Project Area cannot safely accommodate modern delivery vehicles which must either park in traffic lanes to unload cargo or make excessive or dangerous maneuvers to enter small properties. Industrial uses include; salvage and outdoor storage operations near the San Diego River, outdoor manufacturing and

vehicle repair, along with sand and gravel extraction operations. Multiple sites were observed using temporary plastic tarp structures to accommodate ongoing outdoor production as well as steel storage containers being used as permanent manufacturing areas with several users having gone so far as to physically attach the storage container to the building thereby creating an unsafe work environment at several sites.

The largest and earliest industrial use in the Project Area is the sand and gravel extraction operation. Since 1927 extractive operations have been taking place along the San Diego River. The sand and gravel pit area covers 420 acres in the Project Area and is regulated by a Conditional Use Permit until 2033. At the conclusion of extraction activities, various remediation activities will likely need to take place before the sand and gravel area can be redeveloped for other uses. Some of the extraction areas are designated for open space and will require environmental restoration to achieve this purpose. Currently the City is engaged in a Master planning process to determine the disposition of large portions of this site. Many of the original extraction areas are the site of salvage operations, outdoor materials storage and heavy manufacturing activities along the San Diego River. At this time no significant funding has been identified to implement post extraction activities.

Other industrial development along Mission Gorge Place and Fairmont Avenue compete with commercial uses along Mission Gorge Road for space. Over time commercial development has pushed many original industrial uses to other areas and created an unsightly and inefficient mixture of commercial and industrial users. Industrial uses on or near the Mission Gorge corridor include; light manufacturing, auto repair and storage (indoor and outdoor).

Commercial uses (office and retail), which traditionally bring in higher revenue for property owners have not only crowded out some industrial users in the competition for space, but have restricted revenue from both uses because the modern market views industrial and neighborhood serving commercial as a miss-match that attracts second tier users. As more second tier industrial and commercial users have entered the Grantville market, properties continue to generate lower revenues compared to similar markets. This perpetuates the substandard market by attracting more substandard users, continuing the downward spiral of the Project Area. Neither commercial nor industrial uses can mass enough property to create modern development nodes that attract high end users to the Project Area. Instead the Project Area is viewed as a second tier location and based on field observation, this lack of return on investment has lead many property owners to limit investment in upgrades of their properties, further exacerbating the problem.

Commercial uses in the Project Area are further impaired by the small and poorly configured lots particularly along Mission Gorge Road, obsolete design and the age of existing structures. Approximately 62% of the commercial buildings and 79% of industrial buildings were constructed over 30 years ago. Many of the commercial buildings surveyed also suffer from obsolete design, further restricting their ability to attract top tier users. Having older and obsolete buildings, many of

which suffered from deferred maintenance on shallow/narrow lots in a haphazardly incoherent theme has left the Project Area visually blighted.

With some exceptions, the older, visually unattractive area does not invite shoppers. The size of parcels and age of buildings does not appeal to national chain stores. Developers find it more economically sensible to locate stores where successful retail centers are established. Today's market trends call for regional and neighborhood commercial centers like those in Mission Valley, La Mesa and Kearny Mesa, all of which are less than 1-3 miles away.

As stated in the City of San Diego General Plan, strip development characterizes the older commercial areas of the City. Because these areas were developed prior to the current zoning regulations, market trends and urban development patterns, the problems associated with older commercial strips are a combination of insufficient parking and traffic congestion. In the past, the tendency was to regard all property fronting major streets as commercial. When traffic was lighter and moving more slowly, patrons were enticed to stop and shop because getting on and off the major street was not too difficult. To quote the General Plan, "This type of commercial development now is inefficient for everyone concerned. It means inconvenience for the shopper, poor business for the merchant, and poor investment on the average for the landowners. Massed shopping areas are always preferable" (General Plan, Pg 278).

In the 1960's and 1970's, city planners developed a scheme of designing "commercial nodes," which are concentrations of businesses, usually at major intersections, that have neighborhood or even regional appeal. Due to shifting traffic patterns and increased competition outside of the proposed Project Area, many commercial properties are inadequate to meet current commercial requirements. To meet the demand for commercial space in the Project Area many commercial businesses must contend with inadequate parking, storage and other facilities. There is an abundance of commercial uses in the Project Area affected by these substandard conditions.

Generally, it is believed by city staff, and realtors that were interviewed, that businesses locate along Mission Gorge because lease rates are lower than in other areas of the City. Lower lease rates enable new businesses to start up with less capital. A trade off, however, is that this area offers fewer amenities to attract patrons – often leaving business owners with undersized units that because of age, and lack of appeal to shoppers, do not generate adequate sales to pay for improvements or even basic maintenance. Lease rates are lower because of the area's deteriorated condition, small lot and building size, lack of amenities such as parking, landscaping, loading, storage, disabled-person accessibility, lighting, and up-graded electrical amperage. As a "catch-22," businesses locate because it is less expensive, and it is less expensive because it lacks amenities and is deteriorated. Lower lease rates then fail to provide enough capital to improve the properties, and the area remains unchanged.

Due to the small size of the lots in the Project Area, modern development is not likely to take place without reparcelization. 66% of the commercial properties and

58% of industrial properties are under one acre in size. The amenities required for modern development include adequate landscaping, access, vehicle circulation, loading, parking, and trash enclosures, all of which cannot be accommodated on many Project Area parcels. Without the revenues and tools that redevelopment offers the Project Area will continue to struggle economically.

Also affecting commercial and industrial structures, the Uniform Building Code has evolved over time making buildings structurally safer and improving mechanical systems. It is beyond the scope of this report to review all of the changes in the UBC. However, some of the major changes that affect the Project Area structures include:

- Tying units to foundations
- Replacing electrical fuses with switches
- Upgrading amperage to accommodate modern appliances/machinery
- Electrical wiring upgrades such as the use of Romex and the retiring of knob and tube wiring
- Replacing galvanized piping with copper and PVC piping for plumbing
- Installation of better drainage and other back flow devices
- Structural improvements such as larger sized lumber for joists and headers and the tying of roofs to framing to improve structural integrity
- One-hour fire walls and doors
- Required number of exits
- Reinforced masonry

All of these and many other improvements have significantly improved the safety of, and desirability of commercial and industrial buildings. Over time, upgrades on older structures are made to meet current standards. However, the financial and physical challenges faced by business owners have affected their ability to upgrade property. This leads to nonstructural and structural damage, as well as properties that still have their original inadequate systems.

These obsolete conditions leave the commercial and industrial areas less desirable to business tenants. For example, the Project Area also has a unique use that is a major regional employer; Kaiser Permanente Hospital. Kaiser's landholding represent nearly a quarter of the entire assessed value of the Project Area. While Kaiser's buildings appear modern from the outside there are significant structural issues that must be addressed with respect to earthquake safety. The Zion Avenue site, which is the largest of all Kaiser's holdings as well as the region's emergency room facility, will need to undergo a significant earthquake retro-fit per California state law. The site already must use temporary storage buildings and containers in the parking lot to attempt to accommodate current uses and an expensive earthquake retro-fit project may require Kaiser to

look at alternatives outside of the Project Area, affecting the region's access to emergency health care.

In addition, if Kaiser relocated this facility to another area what would become of the existing hospital site? A building this large with its specialty uses is likely to remain vacant for a long period of time because there are few users for a building this large and converting it to an alternative use could be cost prohibitive. If this site were to remain vacant for a long period of time the effects on the surrounding retail businesses could be fatal, which would further perpetuate existing blighting conditions in the Project Area. The hospital site on Zion Avenue is one of several large uses by Kaiser within 1-mile area. Because these sites are not directly connected, employees and patrons often times must travel by vehicle back and forth through the Mission Gorge corridor further adding to excessive traffic volumes, which adversely affect surrounding residences just outside of the Project Area.

Traffic along the Mission Gorge corridor is not only adversely affected by density of surrounding development and disconnected uses, but inadequate physical road conditions along Mission Gorge Road also contribute to unsafe travel volumes. The Interstate 8 interchange at Mission Gorge and Fairmont Avenue is severely under capacity, which leads to bottle neck conditions throughout the day. Field studies observed multiple unsafe traffic maneuvers at this interchange on several occasions.

The presence of these cumulative factors in the Grantville area are the reasons the Agency seeks to apply the extraordinary tools provided to redevelopment project areas by the California Community Redevelopment Law.

How the Proposed Projects Will Improve and Alleviate Blight

Since its inception, the Agency has targeted its efforts to mitigate blight within its existing redevelopment project areas. To further address blight and revitalize portions of the San Diego community outside of existing redevelopment project area boundaries, the Agency seeks to establish the Grantville Project Area to accommodate the needs of modern commercial and industrial users, correct public infrastructure deficiencies, and enhance business development within the Project Area.

Grantville's existing land-uses and the presence of surrounding residential communities suggest that redevelopment projects and programs should be used to improve Grantville's appeal as an employment center within the greater community of San Diego. It is also recommended that the area be promoted for community serving retail. It is also feasible that a portion of the Project Area could be residentially developed particularly near the new trolley station (e.g. within a 1,500 foot radius).

Many of the commercial properties in the proposed Project Area are adversely affected by deteriorated and unattractive industrial uses that are intermixed with commercial uses. Many of commercial offerings are small businesses that do not have regional appeal and it will be important to better integrate commercial and industrial uses in the Project Area so the surrounding residential community does not lose needed retail offerings.

Possible scenarios to strengthen the commercial areas include: (1) creating commercial nodes within the area and encouraging mixed use development; (2) establishing light industrial parks in underdeveloped areas to both promote business technology start-up and relocate manufacturing and auto related uses away from the Mission Gorge Road commercial corridor; and (3) taking advantage of the close proximity to the Grantville light rail station for the development of housing. Agency sponsored commercial rehabilitation programs and participation in new development projects would also upgrade the commercial areas making them more desirable to nearby residents and patrons.

Industrial uses in the Project Area are competing with commercial uses for space. The result of which has been a difficult mixture of unrelated uses that eliminates synergistic uses. Observations from the field study suggests several possible options to maintain industrial uses for the long term including: (1) relocating industrial uses to underutilized areas of the Project Area; and (2) the pursuit of clean technology employers for new industrial development such as biotechnology. These programs along with the tools of redevelopment will rejuvenate properties and allow businesses to flourish.

Key infrastructure needs identified through field studies and community input are traffic flow, flood control and storm drain improvements in the Project Area. The Project Area contains several overburdened streets that must also be traveled to access Interstate 8. The traffic affects both businesses and residential neighborhoods by adding drive time for commuters and deterring patrons from the area. The Project Area lacks adequate flood control measures along Alvarado Creek and the San Diego River. Also, urban runoff from industrial uses directly into the San Diego River and Alvarado Creek must be addressed to improve water quality.

The Agency will encourage the following proposed projects to alleviate and prevent the reoccurrence of blighting conditions throughout the Project Area. The Agency proposes to implement redevelopment activities envisioned in the Plan through commercial, industrial and residential revitalization activities. These projects include: (1) public infrastructure improvements; (2) economic development programs; and (3) very low, low and moderate income and market rate housing programs where appropriate.

Public Infrastructure and Facility Improvements

The Agency has identified a number of public improvement projects that would mitigate the deficiencies in the existing infrastructure system. Through public investment in infrastructure, the Agency hopes to stimulate private sector activity in the Project Area. This generally includes: traffic circulation and street reconstruction, streetscape improvements, signalization upgrades, drainage and flood control improvements, public facility and park improvements.

This area is impacted by high-density commercial and industrial sections, the Kaiser Hospital site, and traffic from surrounding residential uses which use Mission Gorge and Friars Roads as access points to and from the community. The Navajo Community Plan update is needed to provide a vision for a functioning multi-modal transportation system that connects to the larger regional system and a sensible traffic plan that enhances neighborhood quality and cohesiveness. The proposed Project Area has a significant number of street segments that exceed desirable daily traffic volumes and are therefore considered congested. Congestion or "level of service" in key intersections near or within the Project Area is ranked "C" or "F" with "F" being the worst. Impacted intersections, starting with the most congested by level of service, are: (1) Fairmont Avenue at the Eastbound Interstate 8 off ramp; (2) Mission Gorge Road between Twain Avenue and Mission Gorge Place; (3) Mission Gorge Road between Twain Avenue and Vandever Avenue; and (4) Mission Gorge Road between Friars Road and Zion Avenue. These four sections of roadway represent the bulk of traffic capacity in the Project Area and are projected to worsen if improvements are not made. Additional road development is also restricted by the San Diego River and existing development and may require the extraordinary tools provided by in CRL as well as tax increment funding to realize improvements.

Proposed programs would improve traffic circulation by widening street and turn lanes at key intersections and other circulation upgrades for the majority of streets in the Project Area. It is anticipated that this, along with the other suggested programs, will improve the economic conditions in the Project Area through relief of congestion and enhanced visual appearance. Streetscape improvements would include upgrades in the lighting system, and the installation of sidewalks and landscaping in the public right-of-way. Signalization improvements may interconnect traffic signals along thoroughfares for better traffic flow, and include installation of new or upgraded traffic signals at major Project Area intersections.

Alvarado Creek a tributary to the San Diego River consistently floods during high storm events, which in turn floods businesses along Mission Gorge Place. The proposed program would assess flood control improvements along Alvarado Creek and related storm drains as well as portions of the San Diego River in the Project Area.

Upgraded traffic circulation, would allow increased access for emergency vehicles and improved traffic flow for Project Area patrons and residents. Street lighting and other streetscape improvements would improve the overall appeal of the area, thus increasing the public's perception of safety. Streetscape improvements would also improve the overall quality of the physical environment and encourage private sector investment. For example, improvements to Alvarado Creek and related storm drains will be coordinated into future streetscape improvements for efficiency as well as protecting these streetscape improvements. By implementing these and other projects to abate the blighting conditions affecting the Project Area, the public sector will signal its confidence in the area and provide a catalyst for private investment.

Economic Development Programs

Agency staff will pursue the redevelopment and revitalization of nonconforming, vacant, or underutilized properties through marketing and encouragement of private sector investment. The initial focus may be the development of new industrial properties to provide nearby relocation options for industrial uses that are out of place along or near commercial uses on the southern end of Mission Gorge Road. Portions of the existing sand and gravel extraction operations lend themselves to industrial development. For example, the grouping of auto repair uses in one area could create synergistic marketing opportunities and provide an overall positive benefit for these uses. In addition, industrial relocation from the southern end of Mission Gorge Road would create opportunities for expansion of neighborhood serving commercial uses.

This effort could include the implementation of a commercial rehabilitation program in the form of grants and/or low interest rate loans to eligible businesses. This would involve upgrading outdated facades, enhancing utilities and enlarging commercial space to better meet current market demands. This could include the provision of public parking lots to alleviate street congestion and enhance the desirability of commercial strips. The program would also assist property owners and businesses in replacing deteriorated signs that do not meet City codes. The Agency may assist in developing light industrial parks to provide start up opportunities for clean industrial uses such as scientific research and development. The Agency may also participate in mixed use development near Mission Gorge between Interstate 8 and Friars Road. Finally, the Agency may assist in infrastructure improvements to support rehabilitation programs.

To support the economic development and commercial rehabilitation programs, the Agency proposes a proactive business expansion and retention program that would assist in the retention of existing businesses, and encourage appropriate new businesses to locate within the boundaries of the Project Area. This program would market the area to prospective businesses, while also assisting by offering technical assistance to existing businesses to remain in the area or to expand. By marketing an array of redevelopment tools, including commercial rehabilitation, land assembly, acquisition and site preparation activities, this

program would provide incentives for businesses to remain as well as relocate to the Project Area.

Low and Moderate Income and Market Rate Housing Programs

The Agency is required to set aside no less than 20% of the tax increment revenue generated by the Project into a special Low and Moderate Income Housing Fund. These funds are to be used to increase, improve, and preserve the supply of low and moderate income housing in the community. There are no known residential uses in the Project Area so it is likely that a large portion of these funds will be used outside of the Project Area. The industrial and commercial portions of the Project Area have properties that are significantly deteriorated creating unsafe conditions for their occupants as well as an unsightly appearance. The longer these conditions continue the more likely they will affect the value of surrounding homes on the outside edges of the Project Area. The housing program could assist very low, low and moderate-income persons in nearby neighborhoods to rehabilitate their property. Further, the housing program may include one or more of the following components: (1) a multi-family residential rehabilitation loan program; (2) a residential rehabilitation grant program; (3) a residential acquisition and rehabilitation program; (4) property acquisition assistance for qualified first-time homebuyers; (5) assistance in the construction of new residential dwelling units; (6) development of multi-family rental housing; and (7) development of senior and special needs housing.

Some existing commercial zones in the Project Area, particularly along Mission Gorge Road, allow for mixed-use development, which could result in new residential development that could make use of these funds. The Agency may also have the opportunity to assist in the provision of market rate housing using Non-Housing funds. It is proposed that the Agency take steps to allow Low and Moderate Income Housing Funds to be used both inside of and outside of the Project Area.

Project/Program Costs

A listing of potential projects that the Agency may undertake includes:

- I-8/Fairmont/Mission Gorge intersection, alignment and road improvements
- Alvarado Creek improvements to address flooding problems
- Transit related improvements particularly in the vicinity of the Grantville Trolley Station
- Storm drain improvements and run-off treatment
- Commercial rehabilitation
- Residential rehabilitation in the vicinity of the Project Area
- Post extraction restoration and related activities

- Environmental restoration particularly in area of Alvarado Creek and San Diego River
- Park and recreation improvements including hiking trails
- Community serving public facilities including library and senior center
- Street lights throughout the area
- Undergrounding of utilities
- Update of related Community Plans
- Affordable Housing

Table E-3 illustrates a possible cash flow scenario based upon tax increment projections also presented in Section E (Table E-1). Economic development programs will assist in rehabilitating existing commercial and industrial buildings where appropriate, relocation of industrial uses to more appropriate areas, developing additional commercial/industrial projects and the infrastructure improvements necessary to support the projects. The tax increment revenue projections show $785 million will be available to assist in projects. The CRL requires that 20% of gross tax increment be used to provide and improve very low, low and moderate-income housing. Revenue projections estimate this amount to be about $157 million. In addition, Non-housing funds can be used to supply market rate housing. The Infrastructure Mitigation Measures based upon the Community Plans and the City's capital improvement needs are estimated to cost in excess of $60 million. It is likely that the costs most directly related to the Project Area will be borne by the Agency and that this money will act as a means to obtain additional funding.

Section

B

A Description of Blighting Conditions Existing in the Project Area

This Section describes and documents the persistent blighting conditions that exist within the Project Area. Blight is defined by CRL Section 33030 and 33031 (Appendix B).

The following Executive Summary is designed to provide an overall description and visual characterization of the Project Area. Following these descriptions, each of the factors contributing to blight, as defined by the CRL, is discussed and statistically documented.

Executive Summary

This subsection summarizes the blighting conditions found in the Project Area. The findings are based upon a land use survey (described on Page B-5), secondary data sources, and subsequent analyses.

- Physical Blight

  As defined by CRL Section 33031(a), there are four subsets of physical blight: 1) factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots, 2) buildings in which it is unsafe or unhealthy for persons to live or work, 3) adjacent or nearby uses that are incompatible with each other, and which prevent the economic development of those parcels, and 4) the existence of lots of irregular form and shape and inadequate size for proper usefulness that are in multiple ownership.

  Factors that substantially hinder the economically viable use or capacity of buildings or lots. Sixty-six percent (66%) of commercial lots are one acre or less in size and only 17% of commercial lots are two acres or more in size. One acre is considered a marginally developable size for new commercial sites with two and three acres being the preferred modern threshold for commercial development viability. Fifty-eight percent (58%) of the industrial lots are one acre or less in size and only 13% of the industrial lots are five acres or more in size. The ideal size for industrial developments is a minimal of five acres. Parking in the Project Area is very limited, with 59 (51%) of the commercial properties and 73 (50%) of industrial properties surveyed having inadequate on-site parking. This limits the growth potential for businesses, and may impact whether new businesses choose to locate in the area. Inadequate parcel size

also results in deficient loading facilities and outdoor storage (trash, debris or visible storage on property, or storage or goods for sale on commercial properties), adding to the deteriorated character of the neighborhood. Of the properties surveyed 121 (82%) of industrial properties and 57 or (49%) of commercial properties exhibited outdoor storage, and 34 (23%) of the industrial properties and 16 (14%) of the commercial properties exhibited insufficient loading facilities.

The existing commercial districts were originally developed for small manufacturing businesses. Commercial uses are now, in many cases, trying to adapt industrial buildings which were not designed appropriately for the new use. This has created haphazard development conditions, without any coherent theme, leaving the area visually blighted. This style of development is considered in today's marketplace to be obsolete as evidenced by the size and layout of recently constructed commercial centers in other areas of the City.

Fifty-three (18%) properties have excessive coverage in which the amount of lot covered by structures does not permit adequate access, parking and open space. This severely impacts the surrounding residential uses on the periphery of the Project Area and results in spill out into the public right–of-way (e.g., streets crowded with parked cars and increased traffic).

Buildings unsafe/unhealthy to live or work in. This condition affects both commercial and industrial properties. City of San Diego data shows serious code enforcement violations in and adjacent to the Project Area. Numerous violations were observed during the land use survey, such as structural or system hazards and property deterioration. Of the properties surveyed, 16% had damaged exterior building materials, 25% had exposed wiring, and 14% suffered from lack of paint or faulty weather protection. Many buildings were comprised of substandard materials with buildings were made of corrugated metal, even though this has not been permitted for decades. One-hundred-fifty five (54%) of parcels have inadequate vehicle access which results in safety hazards.

Lots of irregular form and shape and inadequate size for proper usefulness that are in multiple ownership. Twenty percent (20%) of parcels within the commercial corridors exhibited this characteristic, creating a barrier to redevelopment because without lot consolidation it will be difficult to reuse these properties.

Incompatible adjacent uses. Using a strict definition (counting only those parcels in which commercial and industrial uses were directly adjacent and both within the Project Area), 45 properties were identified as having incompatible adjacent uses.

Overall, 90% of parcels in the Project Area exhibit one or more physical blighting characteristics.

- Economic Blight

  As defined by CRL Section 33031(b), of the five economic blighting conditions, the Project Area primarily exhibits three conditions which are as follows: 1) depreciated or stagnant property values, or impaired investments, including properties containing hazardous wastes, 2) abnormally high business vacancies, low lease rates, or high turnover rates, and 3) a high crime rate that constitutes a serious threat to public safety.

  Depreciated or stagnant property values, or impaired investments, including properties containing hazardous wastes. The industrial origins of the Project Area have caused industrial uses with hazardous wastes to be adjacent to or in close proximity to commercial uses, causing a negative impact on property values. While Project Area assessed valuations have risen approximately 12.9% over the last two years, average assessed values for the City of San Diego ("City") and the County of San Diego ("County") have risen 21.4% and 22.2% respectively over the same time period. Project Area assessed values have risen 40% to 42% less than the City and County respectively.

  Abnormally high business vacancies, low lease rates, or high turnover rates. According to real estate professionals, the Project Area has a gross lease rate of $.80 per square foot for industrial properties, which is $.10 - $.25 per square foot lower than surrounding markets. In the commercial portion of the Project Area the office lease rates are generally $1.43 per square foot or $.27 - $.87 per square foot lower than surrounding markets. Neighborhood shopping centers are lower than in similar shopping centers outside of the Project Area. Overall lease rates within the Project Area tend to be lower than in the surrounding markets because the buildings in the Project Area are older and lack amenities and do not provide opportunities for expansion.

  A high crime rate that constitutes a serious threat to public safety. Based upon the 2003 FBI Index Crimes per 1000 population, the crime rate in the census tracts representing the Project Area is 37% above the County average. Three of the six census tracts are considered high crime areas in comparison to the surrounding communities.

In summary, the physical and economic blighting conditions are so prevalent in the Project Area that the private sector acting alone without the tools of redevelopment cannot alleviate the blight. Exhibit B-1 presents a summary matrix depicting why the Project Area meets the legislative requirements of the CRL to be included within the boundaries of a redevelopment project area.

Exhibit B - 1: Blight Matrix

PHYSICAL BLIGHT

Factors that Prevent or Substantially Hinder the Economically Viable Use of Buildings or Lots

Condition	Severity	Impact
Inadequate Lot Size	66% of commercial parcels are less than 1 acre, which is smaller than current commercial development standards and 72% of industrial parcels are less that 2 acres, which is smaller than current industrial development standards	Limits parking Lessens lease rates Impedes shopper access Limits amenities (open space, landscaping) Necessitates lot consolidation
Inadequate Parking	51% of commercial properties and 50% of industrial properties lack adequate parking	Buildings less convenient for patrons Lessens desirability of property Lessens lease rates Spill-over-parking impacts adjoining neighborhoods
Inferior Loading	14% of commercial properties and 23% of industrial properties have inadequate or no loading area	Limits building use options Blocks parking Creates hazardous roadway conditions
Outdoor Storage & Production Trash/Debris/Stagnant Water	49% of commercial and 82% of industrial properties utilized outdoor areas for storage and/or production. 30% of commercial and 71% of industrial properties suffer from the outdoor placement of trash, debris and /or stagnant water	Violates city zoning code Creates hazardous conditions Decreases attractiveness of property

Buildings that are Unsafe/Unhealthy to Live and Work In

Condition	Severity	Impact
Serious Code Enforcement Violations	278 serious code violations reported during last three years in and around the Project Area; these include hazardous systems, unpermitted construction and deteriorated properties	Demonstrates unsafe conditions scattered throughout the Project Area Deteriorated appearance of property
Dilapidation and Deterioration	16% of parcels have damaged building materials; 9% of parcels have deteriorated wood; 25% have exposed wiring; 14% of parcels lack paint	Deteriorated appearance of property Parcels less attractive to patrons or developers Instances of unsafe conditions
Inadequate Vehicle Access	45% of commercial properties and 65% of industrial properties have inferior access	Lower lease rates Causes hazardous conditions
Substandard Building Materials and Faulty Additions	16% of commercial properties and 37% of industrial properties have substandard building materials. 9% of commercial and 24% of industrial properties have faulty additions	Causes hazardous conditions Deteriorated conditions

Lots of Irregular Form and Shape and inadequate Size for Property Usefulness that are in Multiple Ownership

Condition	Severity	Impact
Nonrectangular lots of less than 1-acre	20% of parcels (59 parcels studied)	Deters private investment

Incompatible Uses

Condition	Severity	Impact
Incompatible parcel uses that prevent the economic development of those parcels	45 properties within the Project Area have incompatible uses (conflicts between commercial and industrial properties, both within the Project Area)	Effects use of parcels

ECONOMIC BLIGHT

Depreciated or Stagnant Property Values; Impacted by Hazardous Waste		
Condition	Severity	Impact
Depreciated Property Value	Over the last two years, property values have only risen 13% in the Project Area compared to 21.4 and 22.2% in the City and County respectively	Indicates lack of investment in properties both in terms of imporvements and resale
Hazardous Materials & Waste	The are 16 properties of environmental concern in the Project Area, in addition 52% of all properties suffer from excess garbage and/or outdoor storage of combustible materials	Environmental remediation of property can exceed the value of the property itself, making cleanup economically infeasible for property owners

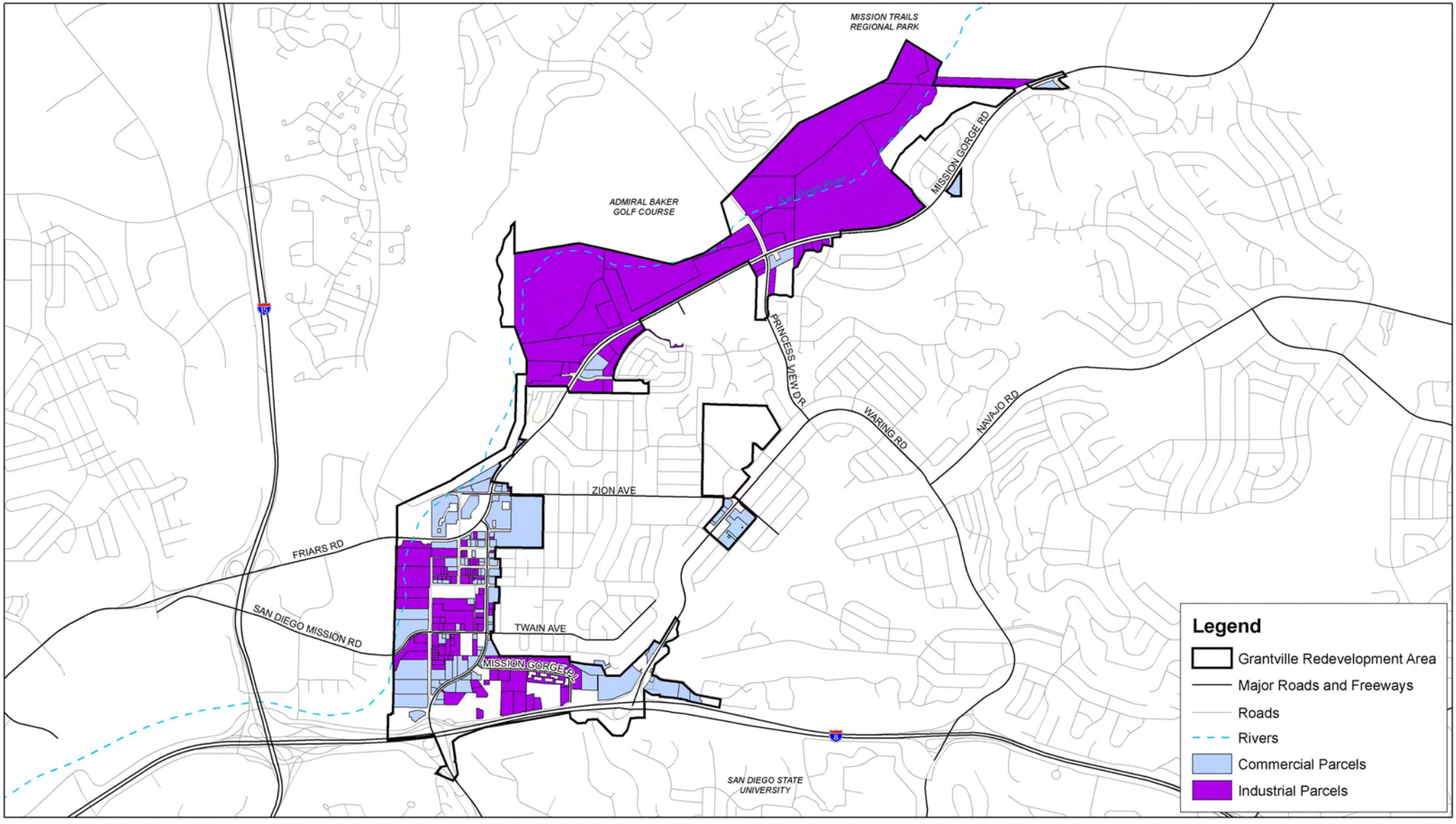
Abnormally High Business Vacancies, Low Lease Rates, or High Turnover Rates		
Condition	Severity	Impact
Lower Lease Rates	According to real estate professionals, lease rates in the commercial and industrial areas of the Project Area are lower than surrounding markets. Office/Retail - $.27-$.87 per square foot less than surrounding markets; Industrial - $.10 - $.25 per square foot less than surrounding markets;	Inadequate funding and cash flow Results in deterioration

A High Crime Rate that Constitutes a Serious Threat to Public Safety		
Condition	Severity	Impact
High Crime Rate that Constitutes a Serious Threat to Public Safety	37% higher crime rates per one thousand population than San Diego County	Expends more public safety resources when crime rates are higher and discourages patronage of the Project Area

Source: RSG

Exhibit B - 2: Parcels Exhibiting At Least One Blighting Condition

See attached map of Blighting Conditions.



Grantville Redevelopment Project Area

Parcels exhibiting at least one Blighting Condition

Sources: SanGIS, 2004, BRG Consulting, Inc., and RSG Land Use Survey, 2005

0 0.25 0.5 1 1.5 2 Miles

Study Approach and Methodology

Several data sources were utilized to quantify existing conditions in the Project Area. A complete listing is included as Appendix C. An important data source for evaluating the existence and prevalence of conditions that characterize blight in the Project Area was the field survey conducted by Rosenow Spevacek Group, Inc., consultants to the Agency, in October and November 2004. The survey documented existing physical and economic conditions of each parcel in the Project Area. Both physical and economic indicators were observed during the field survey, including inadequate parking and access, defective/substandard design, inadequate lot size, deterioration and dilapidation, flooding, impaired investments, substandard building materials, faulty additions, incompatible uses, substandard traffic circulation and unsafe traffic conditions.

Surveyors' Qualifications

The lead surveyor, David Parsons, has a masters' degree in City Planning and Public Administration and has worked in local government for 3 years. At his previous position, Mr. Parsons worked in the Planning Department as a liaison to the Code Compliance Department and the neighborhood revitalization task force. He assisted property owners with their housing rehabilitation projects, including determining zoning compliance. Mr. Parsons has worked with RSG nearly two years, principally assisting in the amendment and adoption of redevelopment project areas as well as other related redevelopment activities. He has worked on project area amendment projects in the cities of Carlsbad, National City, Pinole, Poway and San Diego.

Assistant to the lead surveyor, Walt Lauderdale holds a bachelors of Science degree in urban and regional planning and has worked in the field of community development and land use planning for nearly eleven years. Mr. Lauderdale has worked with RSG for over 3 years and has assisted in plan adoption and amendment activities of redevelopment project areas in addition to other related redevelopment activities. He has worked on project area adoption or amendment projects in communities such as South Central Los Angeles, Los Angeles Mid-City, San Diego and Watts.

Based upon initial reconnaissance, RSG prepares and refines a survey instrument for each proposed project area. RSG staff visited the area surrounding the proposed Project Area several times to determine its preliminary boundaries. Each parcel has its own survey sheet and is identified by parcel numbers using county parcel maps. The survey forms include physical blighting conditions as prescribed by CRL Section 33031(a), and economic blighting conditions listed in CRL Section 33031(b), which are amenable to a visual survey. The survey forms contain consistent, educated assessments regarding the condition of parcels in the Project Area. The land use survey results in a nominal assessment of whether a condition is "present" or "not present." RSG acknowledges that different degrees of deterioration or deficiencies are present in each parcel. RSG staff at a minimum cites a condition as present if a reasonable

person, shown the condition, could see the damage. In most circumstances, this deterioration was visible from the right-of-way (streets or alleys). In the commercial and industrial properties inspectors may have viewed properties from parking lots or driveways. The following list describes the condition(s) that are present when a property/parcel is designated as having the following physical deficits.

Deterioration/Dilapidation

Broken/deteriorated roofing material

- Describes broken and worn shingles
- Tarped roofs that presumably are leaking
- Roofing materials that are approaching the end of their useful life

Deteriorated wood eaves/overhangs/framing

- Describes wood rot deterioration
- Likely insect infestation causing damage
- Physical damage from age or unknown causes

Damaged building materials

- Describes voids in building materials
- Significant cracking
- Crumbling materials

Exposed wiring

- Signifies electrical wiring either strung or dangling from buildings.
- Describes excessive exterior conduit on outer walls from multiple additions
- The presence of extension cords protruding from windows/doors, appearing to supply indoor or outdoor electrical power

Broken window/door

- Indicates a broken or cracked window
- Describes exterior doors including garage doors with voids or severely damaged wood

Structural damage of roof, foundation or walls

- A visual bow or curve in the roof
- Crooked roof
- Significant cracking about the foundation (not cracked stucco)

Substandard exterior plumbing

- Describes piping usually attached to the exterior of a structure that appears to not meet current code requirements

Faulty weather protection - lack of paint

- Indicates instances where areas of structures lack paint or colorcoat or paint is peeling

Defective Design

Inadequate vehicle access
- Driveways that do not allow two vehicles to pass
- Curves or turns in driveways that prevent seeing on-coming traffic

Substandard exterior building materials
- Structures built with tin, corrugated metal, plywood, etc. (materials that do not meet current building codes)

Poorly constructed addition
- Structures that appear to not meet current building codes because of design, configuration, materials

Lack of light/ventilation
- Structures with inadequate set-backs and or windows
- Industrial buildings with inadequate mechanical ventilation systems.

Factors Inhibiting Economic Viability

Inadequate parking on-site
- Indicates that the number of parking spaces does not meet current code requirements
- Designates situations of inadequate parking that were observed during the survey

Inadequate loading facilities
- Indicates properties that have inferior loading facilities due to size, configuration
- No loading facilities

Excessive coverage
- Designates commercial and industrial properties that lack parking, open space, landscaping, and/or access

Outdoor storage/garbage/debris
- Specifies properties that have trash strewn about
- Indicates properties that have commerce, storage or displays outdoors

Commercial and Industrial businesses with persons working outdoors
- Circumstances in which persons were observed working outdoors (primarily on automobiles and light-manufacturing)

No off-site parking
- Indicates that on-street parking is not available along the curb in front of a parcel

Physical Blighting Conditions

The CRL describes physical conditions that cause blight. These physical conditions are assessed in terms of the health and safety of persons and the economic viability of development in an area. To make this assessment, data from field surveys, code enforcement, police and other sources are evaluated to determine what conditions may be adversely affecting the health and safety of persons in an area, as well as the adverse economic conditions that result from these physical conditions. Generally as economic returns from an area decline there is a corresponding lack of investment in physical upkeep of properties, further perpetuating physical blight. CRL requires that both physical and economic blighting conditions be present when establishing a project area.

Overall, 90% of all parcels in the Project Area suffer from one or more physical blighting conditions (Table B-1). The physical blighting conditions of the properties within the Project Area include deterioration and dilapidation, inadequate lot size, inadequate vehicle access, substandard building materials along with faulty additions, inadequate parking and loading, and obsolescence. The presence of these conditions reflects a lack of investment by property owners in maintaining their properties in good condition to assure the safety of persons who work in the area. Poor physical conditions place a burden on the community by reducing its ability to meet its goal of fostering vibrant neighborhoods.

Blighting conditions have had a serious impact on the economic viability of the Grantville Community. The Navajo Community Planning Group has articulated in the NCP that the Project Area is an important community resource for job growth, commercial services, revenue generation, and residential serving recreational uses. The local planning groups have expressed the need to relocate some industrial uses while still maintaining the area's job base. Light industrial parks would be an ideal alternative for the many auto related uses, screening them from the commercial corridor and nearby residential properties. Modern industrial parks would also give a springboard for new types of businesses in the Project Area and facilitate relocation of some industrial uses from the commercial area. Protecting open space and improving transportation systems are also priorities for local planning groups.

Table B-1 summarizes the blighting conditions observed during the field survey of the Project Area. There were 289 distinguishable properties among 355 parcels. Parcels or property uses not individually reflected in the table include; parking lots that were part of developments, condominium (commercial and industrial) that were part of a single property use and some vacant parcels.

TABLE B-1
SUMMARY OF BLIGHTING CONDITIONS

Properties in the Project Area	Number of Properties					
Total number of properies surveyed	289					
Public property/Unknown property uses	26					
Total number of commercial use properties	116					
Total number of industrial use properties	147					
Physical Blighting Conditions	Industrial Parcels Surveyed with Blighting Condition	Percent of Industrial Parcels Surveyed with Blighting Condition	Commercial Parcels Surveyed with Blighting Condition	Percent of Commercial Parcels Surveyed with Blighting Condition	Total Parcels Surveyed with Blighting Conditions	Total Percent of Parcels Surveyed w/ Blighting Conditions
Deterioration and Dilapidation						
Lack of paint - faulty weather protection	28	19%	9	8%	41	14%
Exposed wiring	43	29%	27	23%	72	25%
Damaged exterior building materials	29	20%	12	10%	45	16%
Deteriorated wood eaves/overhangs/framing	15	10%	9	8%	26	9%
Defective Design						
Inadequate vehicle access	88	60%	52	45%	155	54%
Substandard exterior building materials	55	37%	19	16%	75	26%
Poorly constructed addition	35	24%	11	9%	46	16%
Inadequate pedestrian access	52	35%	11	9%	74	26%
Factors Inhibiting Economic Viability						
Inadequate parking on-site	73	50%	59	51%	138	48%
Inadequate loading facilities	34	23%	16	14%	50	17%
Excessive coverage/inadequate setbacks	24	16%	29	25%	53	18%
Outdoor storage or production	121	82%	57	49%	188	65%
Garbage/debris/stagnant water/combustible materials	104	71%	35	30%	151	52%
No off-site parking	64	44%	48	41%	120	42%
Total Number of Parcels Surveyed With at Least One Blighting Condition	138	94%	96	83%	259	90%

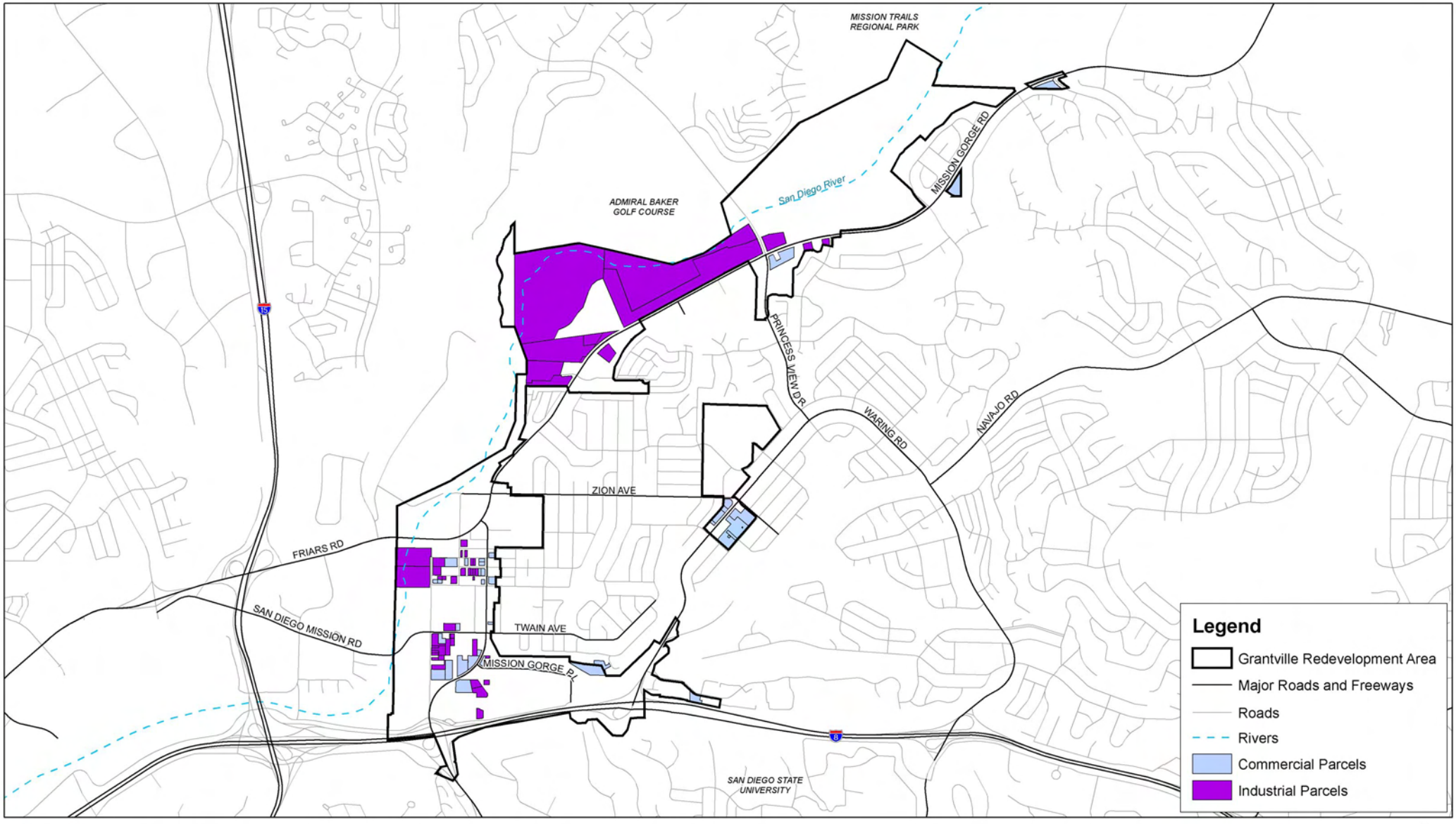
Source: Rosenow Spevacek Group, Inc. land use survey

Lack of Economic Viability

These physical conditions of blight cause a lack of economic viability as evidenced by the pro-forma development analyses included in this Section B. As the pro-formas indicate, inadequate lot size results in development that either (1) lacks adequate parking, loading and vehicle access (the existing condition); or (2) prohibits redevelopment and reuse of parcels because the density of development that exists today would not be allowed without provision for adequate parking, loading and vehicle access. Although zoning would allow greater building mass and density, new development constructed to these standards would be required to provide adequate parking, loading and vehicle access. Once these zoning-mandated necessities are included, the small lot sizes yield development that is substantially below allowed floor-area-ratios (density) that cause new development to be incapable of supporting the going land values in the area. The only solution to this dilemma is to consolidate parcels into larger areas that allow development yield to be maximized while at the same time providing the parking, load and vehicle access that modern zoning requirements, and current commercial/industrial markets, mandate. The data and analysis included in this section of the Report provides substantiation for these conclusions.

Exhibit B - 3: Parcels Exhibiting Physical Blight

See attached map of Physical Blight.



Grantville Redevelopment Project Area

Parcels exhibiting Physical Blight

Sources: SanGIS, 2004, BRG Consulting, Inc., and RSG Land Use Survey, 2005

0 0.25 0.5 1 1.5 2 Miles

General Description of Project Area

The following section provides a narrative description of the overall Project Area and includes photographs which highlight blighting conditions that exist. The description begins with the Mission Gorge commercial corridor, followed by the Allied Gardens commercial and Adobe Falls visitor service areas. The third section reviews the industrial portions of the Project Area with a separate discussion of the industrial uses along the San Diego River including sand and gravel extraction operations.

COMMERCIAL CORRIDORS

Mission Gorge Road

A substantial number of commuters from Allied Gardens and other residential neighborhoods in the Navajo Community use Mission Gorge Road as their main access point to and from the community. This high volume of traffic presents retail opportunities for the commercial businesses in Grantville. The demand for neighborhood serving commercial uses has stimulated commercial growth along Mission Gorge Road from Interstate 8 to Zion Avenue. There are no known residential uses directly in the Project Area, but along the eastern boundary of the Project Area just off Mission Gorge Road there are some high density residential uses that provide a limited pedestrian commercial base to the Mission Gorge commercial corridor ("commercial corridor" or "corridor"). Directly off Mission Gorge along Interstate 8 and Fairmont Avenue are industrial uses. The western edge of the corridor is formed by San Diego River ending near Zion Avenue. Along Zion Avenue at the northeast corner of the commercial corridor is Kaiser Hospital, the largest building and employer in the area. As discussed in the Introduction of this Report, the Navajo Community Plan stresses the importance of revitalizing the commercial uses along Mission Gorge Road in order to provide neighborhood commercial development and employment for local residents.

The commitment to revitalization is such that the Navajo Community Plan was amended in 1989 to address deteriorating conditions along the commercial corridor through the creation of the Community Plan Implementation Overlay Zone ("CIPOZ"). The decline in conditions cited in the 1989 amendment included poor traffic circulation, incompatible uses, over signage, and other visual impairments (NCP, Pg 28). This corridor is still plagued by the same problems which appear to have worsened due to the fragmented visual appearance of commercial and industrial users being side-by-side through out this portion of the Project Area. Much of Mission Gorge Road is designated mixed use, which allows both residential and commercial development along the street.

Competition from commercial users in this formerly industrial zone has created a situation that limits the overall economic viability of the commercial corridor. Area demographics indicate a marketplace for commercial users, however, because of the mix of industrial and commercial uses the physical appearance of the corridor and its immediate surroundings have deteriorated, which has in-effect created a

second tier commercial market. Given the demographics of surrounding residential uses it appears that a better, community serving, commercial market could be supported if physical constraints could be eliminated. Most of the commercial corridor was originally developed for industrial uses and later with commercial infill to meet demands from new residential development in Allied Gardens. Many commercial infill projects were developed with little consideration for aesthetics as well as parking. Prior to 1986, commercial uses did not require any off-street parking. This deficiency still affects the area. Due to heavier traffic loads, the change in automobile use patterns and full development of the area, parking is a significant problem particularly along the commercial corridor.

The deteriorated conditions and lack of parking and other amenities has led to marginal uses populating the area, making it less attractive to local shoppers. This has opened the area to a niche market of auto related uses in former industrial buildings. The Mission Gorge area is known as a location where vehicle repair businesses can operate with lower land/lease costs compared to other areas in the City of San Diego. Low lease rates for industrial uses are also related to the deteriorated condition of many buildings in the Project Area because reinvestment and improvement is not taking place. Auto repair is taking place outdoors rather than in enclosed bays, which are required for newer auto repair shops. Auto sales businesses are a growing use along the commercial corridor, but unfortunately the narrow lot configurations along Mission Gorge Road does not make auto sales a good fit in terms of site configuration and access.

Thirty three (33) auto related businesses are located along Mission Gorge Road with a total of 65 in the entire Project Area. These include used car sales and repair shops. Many of these establishments use mobile commercial buildings for sales, circumventing property taxes by not improving the parcels. Some shops perform repairs outdoors with hazardous material residue being left on outdoor repair surfaces, which eventually drain to the groundwater or San Diego River. Safety concerns from outdoor auto repair and chemical storage have resulted in code compliance investigations because of hazardous materials not being disposed of properly. Many repair shops have outgrown their facilities, as demonstrated in the pictures that accompany this section. Cars are parked in fire lanes on the properties causing hazardous conditions. This exacerbates the already crowded traffic conditions along Mission Gorge Road and negatively affects on-street parking for customers and employees of surrounding businesses.

Parcelization of the commercial corridor occurred when smaller lots were the norm. Stand-alone commercial buildings or small strip malls were built with inadequate or no amenities such as parking, loading areas or landscaping as now required by development standards. The corridor suffers from an acute parking problem; 54% of properties suffer from inadequate vehicle access, 48% suffer from inadequate parking and 42% of parcels do not have on-street parking. Lack of parking is another factor that reduces lease revenue and therefore discourages property owners from improving their property. Delaying property maintenance

and improvements perpetuates physical deterioration and discourages some shoppers from making their purchases in the Projects Area.

Because of the size of lots, businesses quickly out-grow their facilities, begin to operate outside of their buildings, and often use public streets for storage. There are repeated instances of this in the Project Area such as: such delivery trucks blocking streets or access to parking lots to make deliveries; substandard additions to buildings to accommodate storage and business expansion; in several instance, it was noted that storage areas were constructed in parking lots further impacting the existing shortage of parking in the area.

Outdoor displays of goods and excessive signage per zoning code are very common along Mission Gorge Road. Zoning does not permit storing of merchandise outside and restricts outside sales. Many businesses have excessive outdoor signage that was not only unsightly, but unsafe because the signage is constructed and placed in a matter that blocks sight views for driving and may encourage unsafe traffic maneuvers, such as going into the pedestrian path or street before the driver has an adequate line of sight to judge traffic conditions.

The following pages contain pictures representative of the Mission Gorge commercial corridor.

Parcel Number – 461 320 06
Used car lots and repair shops are a common use along Mission Gorge Road. These uses are an inefficient use of the narrow commercial properties and cause circulation congestion.

Parcel Number – 461 210 12
Outdoor vehicle repair shop with outdoor hydraulic lift along Mission Gorge Road does not reflect modern development standards and detracts from surrounding commercial uses.

Parcel – 461 210 11
Industrial uses surround the Mission Gorge commercial corridor and in several cases visually impair surrounding commercial properties.

Parcel 458-521-15
This property cannot accommodate the multiple businesses on the same site. The rental car agency parks cars back to back, which does not leave adequate area for customers of the other businesses.

Parcel – 461 320 05
This addition appears to be in the public right-of-way and demonstrates how most commercial businesses in the Project Area do not have adequate area to expand.

Parcel Number – 461 320 03
Unsightly outdoor storage and retail display along Mission Gorge Road.

Parcel Number – 458 522 09
Vehicle repair area for used car dealership on Mission Gorge Road. Vehicles regularly use alley for parking, limiting access through the area. The repair operation has also created a small salvage area to store damage parts that is less than 100 feet from the Mission Gorge Road. All vehicles are serviced in outdoor bays with commercial trash container and debris encroaching on the alley.

Parcel Number – 458 510 32
Delivery vehicle stopped in driveway to make delivery to neighboring property, thereby restricting access to the property.

Parcel Number – 461 220 11
Outdoor display area in the parking area. Also excessive window signage in violation of city code, which is unattractive to passers by.

Parcel Number – 458 522 19
Inadequate parking for delivery vehicles results in blocking of ingress and egress for other vehicles and discourages pedestrian access because delivery vans must use sidewalk for parking.

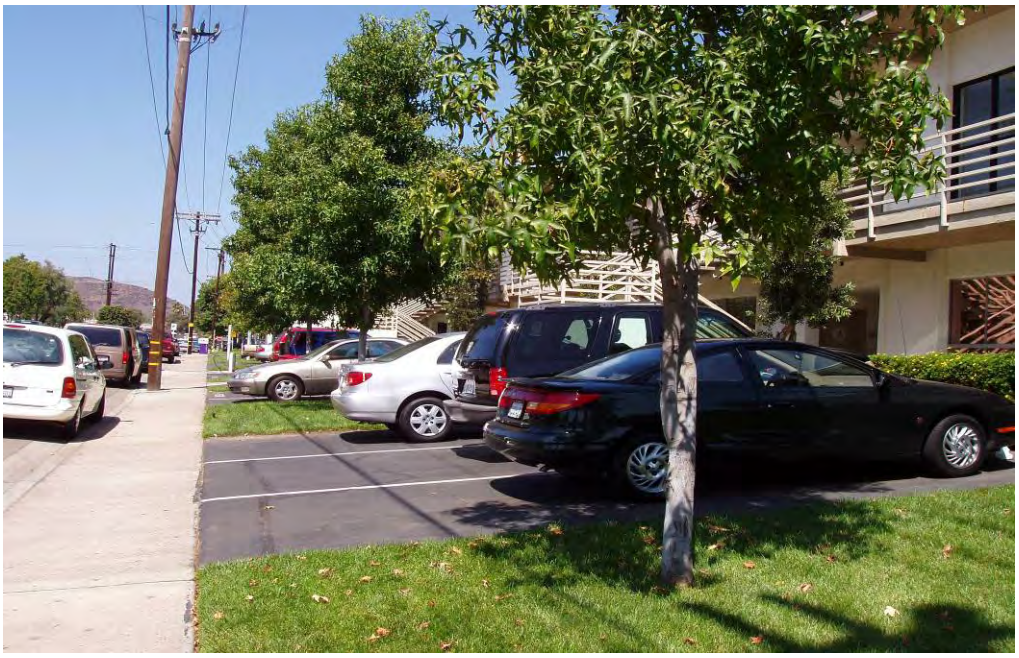
Parcel Number – 461 220 45
Due to parking shortages in many portions of the Project Area, property owners have installed signage restricting parking.

Parcel Number – 458 343 27

Inadequate storage and staging area causes shifting uses in parking lots and reduces that amount of parking available to patrons.

Parcel Number – 458 522 20

This former apartment building represents a transitional use in the area from residential to office use Transitional uses have marginal functionality in most cases because the building and site were designed for a different use. Transitional buildings often suffer from deferred maintenance because these properties are usually viewed as second tier properties and maintained accordingly.



Parcel Number – 461 220 49
Lack of on-site parking creates over parked streets impairing drivers' ability to safely access a site in their vehicle due to poor sight lines.

Parcel Number – 461 320 25
Poor traffic circulation causes drivers to make unsafe manures such as making turns before there is adequate lane capacity to accommodate the vehicle. This leads to both lanes being blocked.

Parcel Number – 458 510 27
Poor traffic circulation also causes drivers to use alleys as a through-traffic corridor as evidenced by this tanker truck using an alley to access the gas station. This is a very tight turn and several large vehicles were observed having to back out into traffic to reattempt the turn, blocking traffic behind them.

Allied Gardens Commercial

The southeast corner of Zion Avenue and Waring Road contains a strip commercial center which was built in the 1950s with a grocery store as an anchor, along with a bank and video store together comprising the entire southeast block. The center has had one minor remodel approximately 25 years ago. The development has physical deterioration, incompatible uses and inadequate available floor area to accommodate expansion of the Albertson's grocery store. The existing grocery store is approximately 28,000 square feet which is approximately 10,000 square feet short of today's standard grocery store. Expansion of the grocery store floor area is important in ensuring the grocery store remains in the community. If the grocery store were to relocate, the resulting vacancy could cause serious economic blight and hardship to the surrounding businesses as well as represent a significant loss of service to the surrounding residential community. The ability to expand the store is challenged by the presence of long-term leases in adjoining tenant spaces. By placing this area within the Project Area, the Agency and private property and business owners will be able to work together on a reuse plan for the center that will assure retention of the grocery store and other neighborhood-serving facilities. Without these tools, the center will continue to deteriorate because, according to the owners, the lease structure is such that improvements cannot be economically supported.

Many of the commercial facades along this section of Waring Road are beginning to age and suffer from deferred maintenance. Incompatible uses include the outdoor recreational vehicle repair facility behind the gas station near the southeast corner of Orcutt Avenue and Waring Road. To compensate for a lack of space several businesses have tried to expand store spaces by creating service and storage areas in the rear of commercial buildings with substandard materials. At the southwest corner of Orcutt Avenue and Waring Road a parcel has been vacant for several years and detracts from the area visually as well as economically.

To the northwest of the Waring Road neighborhood commercial area are park, recreation, religious and school facilities along Glenroy Street. Most of the facilities are older and therefore suffering from deferred maintenance, such as peeling paint and rust. Although no tax increment will be generated by these public and tax-exempt uses, the Agency seeks to include them in the Project Area because they are important community-serving facilities and their improvement is needed to effectively redevelop the area. The City and School District are discussing the potential development of a joint-use library for this area that would serve both the school's and community's library needs. If a new library facility can be developed, the existing library facility could be converted to a senior center and the existing community-serving recreational facilities could be expanded. Coordination of the planning and development efforts of the various public entities and the religious entities present in the area will be important to developing a plan for the overall area that accomplishes each entity's goals. Having these parcels within the Project Area allows the Agency to be involved in the coordination of an overall plan for these community-serving facilities. The Agency also anticipates that adequate funding for these public facilities may not be available and the Agency could assist in financing these needed community-serving facilities.

Also, included in this area is a vacant parcel, under separate ownership, at the southwest corner of Zion Avenue and Glenroy Street. This site has remained vacant for a number of years and is zoned for residential use. Including this underutilized parcel in the Project Area will allow the Agency to coordinate and consider its ultimate development in the coordinated master planning of the adjacent public lands.

The following are several pictures representative of the Allied Gardens commercial area.

Parcel Number – 458 290 13
Survey data showed no less than ten recreational vehicles in the commercial center parking at any one time awaiting repairs. Outdoor repair activities such as this are incompatible with surrounding commercial and residential uses.

Parcel Number – 458 290 11
The picture above shows a metal storage container that has been physically attached to the grocery store building through the providing of electricity as well as affixing the container to the asphalt of the parking lot.

Parcel Number – 458 492 15
The back alley fronting Waring Road on the westside reveals several back end expansions of the service areas to accommodate growth with several of the structures containing substandard building materials for a commercial area such as exposed plywood and corrugated metal.

Parcel Number – 458 290 13
The recreational vehicle repair facility includes a metal storage container and tarp covered area as permanent fixtures, which is illegal per the zoning code.

Parcel Number – 458 290 07
Several businesses were using banner signage as permanent signage, which detracts from the visual appearance of the area and is in violation of zoning regulations.

Parcel Number – 458 492 14
Successive additions and updated equipment requiring more electricity has lead to a proliferation of exposed wiring for this property to accommodate these changes.

Parcel Number – 458 484 05
This vacant parcel detracts from one of the main entryways to the Allied Gardens community.

Adobe Falls – Visitor Serving

Just off of Waring Road as it intersects with Interstate 8 is a visitor serving area along Adobe Falls Road which includes three hotels and two restaurants. One of the restaurants was converted to a nightclub, but was unsuccessful and is currently boarded up. The other restaurant appears successful, but has a poorly constructed addition, with visually unattractive outdoor storage. The three hotels are of midrange quality and do not show outward appearances of physical deterioration although the long-term economic viability of all three is unsure at this time.

Below are several pictures that represent the conditions along Adobe Falls Road.

Parcel Number – 462 440 21

This vacant parcel is a construction staging area for the San Diego Trolley eastern extension. Construction debris and storage detracts from the neighboring hotel to the right of the picture.

Parcel Number – 462 440 23
This abandoned hotel restaurant (former Howard Johnson's, now Good Nite Inn) was most recently an unsuccessful night club. There is some concern that this could be an indicator of the long-term financial viability of the hotel, because a large hotel should be able to support a restaurant.

Parcel Number – 462 440 19
Restaurant has poorly constructed addition with outdoor storage of building materials and debris in the rear.

INDUSTRIAL AREAS

This section describes the industrial areas of Fairmont Avenue and Mission Gorge Place. Industrial uses along and off of Mission Gorge Road, north of Old Cliffs Road will also be discussed with the sand and gravel extraction operations along the San Diego River.

Fairmont Avenue

The Fairmont Avenue industrial area extends from Mission Gorge Road to the south to Friars Road to the north. Lots on the eastern side of the street are generally smaller than the lots on the western side, which have some modern industrial and office developments.

Overall many industrial uses in the Fairmont Avenue industrial area do not have adequate sized parcel to accommodate their operations. This is usually related to inadequate lot size to accommodate the building and related use. Many car repair and sales businesses in the Project Area, particularly along Fairmont Avenue and nearby Mission Gorge Road, are on parcels so small that they do not have enough space to store cars waiting to be repaired or picked-up by owners. Because of this, shop owners park cars along the main street and on streets in the adjoining commercial areas. This adds to the already congested street conditions in the Project Area and often violates parking regulations.

Narrow streets contribute to the impacted situation, because when cars line the streets they are less safe for traffic and pedestrians. The streets are not wide enough for two-way traffic and parking on both sides of the street. The lack of off-street parking is evidenced by the signage in parking lots restricting parking and in some instances requiring a permit.

In several circumstances the buildings on the eastern side of Fairmont Avenue were single-family homes that have been adapted for business use with minor façade changes. Other parcels lack lot depth, requiring the use of sidewalks for parking and deliveries. These properties can only support small marginal businesses due to lack of parking. There is often no loading area, so that trucks must block parking spaces or park in the street for deliveries. Often times the sidewalk is used for parking and deliveries, which causes safety problems for pedestrians trying to share the same sidewalk space. The lack of parking and adequate pedestrian pathways is a sign of the general obsolescence of many of the industrial buildings.

Older residential structures converted to industrial and commercial use also suffer from hazardous materials contamination such as lead paint and asbestos. Commercial and industrial operations are high-impact uses that are likely to disturb these substances, more so than residential occupation for which the structure was originally intended. Residential units that were converted to industrial and commercial uses in a substandard manner are some of the oldest and most deteriorated in the Project Area. The visible lack of maintenance for

industrial and commercial properties suggests a likely probability of damaged lead based paint and asbestos for many properties in the Project Area.

Prior to 1980 many household and commercial use paints contained lead with the amount of lead in paint being higher the older the date of paint manufacture. Sixty-three (63) (62%) of the commercial parcels and 94 (79%) of the industrial properties were built prior to 1975 and given the limited improvements that have occurred in much of the Project Area, it is likely that these buildings still have lead-based paint present. Lead is a highly toxic metal that was used for many years in products found in and around homes. Lead may cause a range of health effects, from behavioral problems and learning disabilities to seizures and death. Research suggests that two primary sources of lead exposure likely to be found in the Project Area are:

- deteriorating lead-based paint; and
- lead contaminated dust

Lead is released when the paint is damaged and peeling. Children are the most affected by lead exposure. Because lead can affect children at low levels of exposure. 10 milligrams per deciliter is considered lead poisoning and has a detrimental affect on child. Children 6 years old and under are most at risk, because their bodies are growing quickly. The commercial zoning along Mission Gorge Road allows for mixed-use, multi-family development. If multi-family housing is developed, occupants will be adjacent to these toxic properties.

Asbestos is another hazardous material found in older buildings. Asbestos can be located in textured ceilings, linoleum, pipefittings and plaster. This material is inert unless it is disturbed by deterioration or other means. The deteriorated condition of older industrial and commercial properties points to the probability that asbestos has been disturbed, causing hazard conditions.

When viewing buildings along the Fairmont Avenue frontage from the street, many parcels show signs of deterioration, however, traveling the alleys of this area give a truer impression of the serious conditions. The eastern side of Fairmont Avenue contains several alleys that generally revealed more severe blighting conditions than views from the street frontage. Parcels have been overbuilt with substandard rear area additions to accommodate multiple-users, thereby creating increased parking demands where there is already an insufficient amount of spaces. Generally, these properties are not well maintained and therefore have a detrimental affect on the surrounding commercial district. These units have been built for income, have virtually no architectural features, little off-street parking, and inadequate access. Due to limited indoor areas, significant work takes place outside. The most common type of outdoor work is on cars with several shops have lifts outdoors for repairs.

To further accommodate outdoor repairs and production many businesses particularly on the west side of Fairmont Avenue (along the San Diego River)

are using steel storage containers, which are designed for mobile storage as extensions to the existing building to perform work. Many outdoor repair and manufacturing businesses omit dust and debris into the environment some of which is toxic and in many portions of the Project Area washes into storm drains, which outlet directly to the San Diego River (and later the Pacific Ocean at the river's outflow) or onto nearby properties. During the RSG survey, staff observed multiple sites where debris and other by-products from the site's operations were going into storm drains or contaminating neighboring sites.

Survey staff also saw outdoor grinding and welding, which leave metal shavings. In addition, changing oil, anti-freeze, and other vehicle fluids without the proper catching equipment also leaves hazardous residues behind. This creates an unhealthy environment for employees and patrons, and resulting toxic runoff will affect neighboring communities.

Below are examples of conditions along the Fairmont Avenue corridor.

Parcel Number – 458 522 04
This property is suffering from physical deterioration due to lack of maintenance and excessive use. The single-family has been converted to a distributions center for a courier service through a series of substandard and poorly maintained additions.

Parcel Number – 461 160 05

This auto repair shop on Fairmont Avenue is typical of many auto repair businesses in the Project Area that have limited building space and must resort to outdoor repairs. Also, as with most properties, runoff from site is draining directly into the street and left untreated to drain into the San Diego River.

Parcel Number – 458 522 06
This single-family residential structure also suffers from incompatible industrial uses, substandard and deteriorating additions as well as a lack of storage area for trash and debris.

Parcel Number – 458 510 14
Lack of off-street parking, caused vehicles to be double parked in the public right-of-way creating an unsafe access and egress to the properties for cars and pedestrians.

Parcel Number – 458 510 30
Lack of on-site parking, causing vehicles to park in the public right-of-way creating an unsafe traffic condition by restricting traffic view sight lines for vehicles and pedestrians.

Parcel Number – 458 300 03
Outdoor refueling area on dirt lot next to San Diego River. Outdoor welding and storage of heavy equipment takes place at this site with runoff from welding debris, rusting equipment and refueling operations draining directly into the San Diego River or leaching into the soil and groundwater.

Parcel Number – 458 521 25
Outdoor vehicle repair area with industrial runoff including motor oil, transmission fluid and battery acid. Left-over parts from repairs (batteries engines blocks) are a significant source of contamination in the Project Area.

Parcel Number – 458-510-03
Gas station for commercial vehicles, which drains runoff directly into the San Diego River and takes access off side streets and alleys, negatively affecting surrounding traffic circulation as large vehicles travel these smaller streets.

Parcel Number – 458 150 10
Storm drains serving most of the Fairmont industrial area capture runoff and send it directly (untreated) into the San Diego River.

Parcel Number – 461-220-12
Area is prone to flooding and suffer from stagnant water after a storm.

Parcel Number – 461 160 01
Excessive lot coverage and unsafe storage of flammable materials in crowded conditions.

Parcel Number – 458 521 11
Outdoor auto body repair using canvas canopies without proper air ventilation equipment for painting in a residential structure converted to industrial use.

Parcel Number – 461 220 12
Poorly constructed addition with use of flammable materials in a confined working area.

Parcel Number – 458 300 04
Container storage units with ventilation fans and unpermitted electrical service have been converted to substandard work areas.

Parcel Number – 461 160 05
Multiple curb cuts servicing narrow parcels reduce on street parking. Inadequate parking is also negatively impacted by older site design where buildings were not set back adequately from the street. The result is unsafe vehicle and pedestrian traffic conditions. Also, the visual appearance is compromised by the large number of utility poles servicing the overall Project Area.

Mission Gorge Place

On the north side of Mission Gorge Road along Interstate 8 is another industrial portion of the Project Area, which extends to Waring Road at its eastern edge. Most businesses are along Mission Gorge Place, which turns into Alvarado Canyon Road in a semi-circular route. Alvarado Creek, a tributary of the San Diego River, runs through the middle of this industrial area. Industrial parcels are generally larger than those in the Fairmont Avenue industrial area and more modern.

On the northside of Mission Gorge Place are outdoor storage facilities and heavy manufacturing facilities, some of which face onto the Mission Gorge commercial corridor. Due to the lack of space industrial users have constructed a variety of substandard facilities to accommodate their space needs, these include; tractor trailers, steel storage containers, and abandoned houses being converted to storage, office, and manufacturing facilities, in addition to tent and plastic tarp facilities being constructed outside. As in the Fairmont Avenue industrial area, there are flooding problems from Alvarado Creek as well as untreated industrial runoff draining directly into the Creek which feeds the San Diego River.

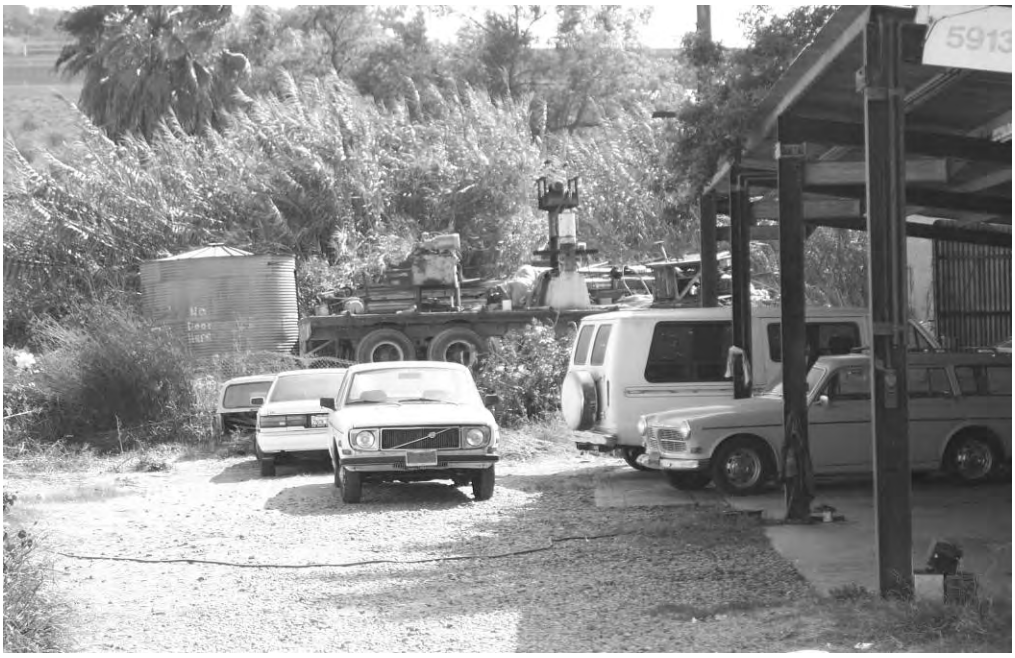
Parking is at a premium with some users requiring permit parking. Parking is further impacted by outdoor manufacturing. Outdoor manufacturing causes employees and patrons to park on the street creating a congested street scene, which reduces traffic visibility and requires unsafe traffic maneuvers such as having to drive a vehicle out into traffic to look around parked vehicles on the street. This problem is particularly evident near the eastern portion of the Mission Gorge Place, where a Post Office takes access to Mission Gorge Place. The Post Office is also the most significant commercial use in this portion of the Project Area which draws a significant level of traffic volume onto Mission Gorge Place.

An extension of the light-rail San Diego Trolley is nearing completion with the Grantville station located on Alvarado Canyon Road. This portion of the trolley line is a raised overhead section that runs eastward along the San Diego River from Qualcomm Stadium, continuing east over Mission Gorge Road at the Interstate 8 interchange to the Grantville station before crossing southward over Interstate 8 and going to San Diego State University. Traditionally, light-rail stations are located near high-density residential, office, or retail uses. The Grantville station is located near medium-density industrial uses and is not expected to induce significant ridership from existing uses. If some industrial uses in this area could be relocated north of Old Cliffs Road along Mission Gorge Road, near the sand and gravel mining area, this may provide an opportunity to develop the area with higher-density uses to maximize utilization of the Grantville station. Also, several parcels used as staging areas for trolley construction will need significant work to either rehabilitate the buildings or prepare the lot for development. A Super 8 Motel is also located in this area. The motel has recently completed a number of security upgrades, including new perimeter fencing and lighting, to address the crime that is present in the area. Although the operators of the motel have expressed to City staff their desire to capitalize on the presence of the Trolley to attract cliental, the deteriorated condition of nearby parcels impacts their ability to achieve this goal.

The pictures that follow show some of the conditions in the Mission Gorge Place area.

Parcel Number – 461 330 33
Outdoor manufacturing and storage near a fire lane. Occupant's floor space is not large enough to accommodate manufacturing activities. Due to low vacancy rates it will be difficult for occupant to relocate to larger facility.

Parcel Number – 461 620 05
Many industrial occupants store material outside while conducting manufacturing activities inside the building. This situation makes production more complicated and leaves an unsightly appearance.



Parcel Number – 461 320 11
Outdoor vehicle repair with storage of salvaged vehicles and machinery on a dirt lot next to Alvarado Creek where site runoff drains to.

Parcel Number – 461 210 05
Most of Mission Gorge Place is subject to flooding conditions. This property shows where Alvarado Creek has overflowed its bank and left soil deposits on the property.

Parcel Number – 461 330 21
Inadequate on-site parking for neighboring properties requires permit parking to be instituted.

Parcel Number – 461 620 07
Lack of on-site parking leads to overcrowded on-street parking, this causes unsafe traffic conditions due to lack of visibility for vehicles accessing Mission Gorge Place from the Post Office.

Parcel Number – 461 330 32
This property and several others along in the Mission Gorge Place industrial area use substandard metal building materials in a confined manufacturing area.

Parcel Number – 461 330 23
This site uses substandard and unsightly canopies for outdoor manufacturing and storage.

North Mission Gorge Road

The third industrial portion of the Project Area is along Mission Gorge Road starting at Old Cliffs Road and ending at Jackson Drive. Uses include manufacturing, heavy machinery repair, outdoor storage and vehicle salvage operations as well as limited commercial.

Most of the industrial uses along north Mission Gorge Road are on the northwest side of Mission Gorge Road and follow the path of the San Diego River. This portion of industrial development has no visible storm water or drainage capture system, which means storm water from these industrial sites flows directly into the San Diego River. Also, compounding this problem is the large number of outdoor storage, vehicle repair, and manufacturing sites that operate primarily on dirt lots. These facilities drain hazardous materials into the soil, which in-turn leaches into the ground water adjacent to the San Diego River. Many of these industrial sites suffer flood damage or closure of operations during rain events because they are either flooded or too muddy to conduct outdoor operations.

Industrial users operate a significant portion of their businesses from steel shipping containers or temporary buildings on an on-going basis, circumventing property taxes by not improving the parcels. Multiple sites were observed with steel shipping containers being structurally attached to other buildings. Several industrial uses are in buildings that are built of corrugated metal, a substandard material. These businesses are occupying what appear to be surplus WW II Quonset huts or have used corrugated metal to construct substandard additions. The buildings are deteriorated (to dilapidated) and not only affect employees' safety but also degrade the physical surroundings, which has lead to impaired investments through deferred maintenance.

In other portions of the Project Area, use of temporary buildings is done to maximize available space But in the north Mission Gorge area there appears to be sufficient space to build adequate sized structures but owners choose not to do so. This reputation of substandard buildings compounds the existing problem of deteriorated conditions because substandard users are drawn to the area and investment in higher-end development is not drawn to the northwest side of Mission Gorge Road. Industrial development along the northwest side of Mission Gorge Road is complicated by many sites being at or below the water level of the San Diego River.

The North Mission Gorge area also has three small commercial centers that exhibit a number of blighting conditions. These commercial properties on the east side of Mission Gorge Road are outdated, unattractive and display signs of physical deterioration. The uses of some of the commercial buildings are not typical neighborhood retail businesses, which indicate that businesses have not been successful. Several tenants are construction offices that appear to serve more of a storage purpose than an office or retail use, which

detracts visually from other retailers. A church occupies the largest space in one commercial center, but appears to be closed most of the time, which limits consumer traffic to traditional retail uses in the strip center. These substandard commercial uses cause surrounding residents to drive out of the immediate area and further congest the Mission Gorge Commercial Corridor to satisfy their retail demands.

On the following pages are pictures showing the conditions in the North Mission Gorge area.

Parcel Number – 455 030 27
Outdoor storage/salvage on dirt lots pollutes the soil and visually detracts from the Project Area, thereby impairing property investments and improvements.

Parcel Number – 455 020 13
Outdoor salvage and manufacturing operations, such as this boat yard, comprise the majority of industrial uses in the north Mission Gorge area.

Parcel Number – 455 030 27
The unpaved roads of the north Mission Gorge area attract trash dumping, which visually detracts from surrounding properties. At this site a camper shell and other debris next to Mission Gorge Road are unsightly across the street from this modern industrial complex.

Parcel Number – 455 030 26
Flooding conditions are prevalent in this portion of the Project Area due to its proximity to the San Diego River. Properties to the right are primarily dirt lots for industrial storage that either drain or leach runoff directly into the river.

Parcel Number – 455 030 26
Substandard additions with metal storage containers attached to buildings, a violating of the building code. These additions have substandard electrical and ventilation, which present fire and health hazards to workers.

Parcel Number – 455 030 27
Substandard building materials such as corrugated metal flex during an earthquake or fire and compromised structural integrity of buildings and the safety of those working inside.

Parcel Number – 458 010 28
The combination of substandard addition and lack of maintenance for this residential structure converted to industrial use contributes to the negative physical appearance of the north Mission Gorge area.

Parcel Number – 458 010 27

This site includes outdoor manufacturing, canvas tarps to obscure outdoor storage and manufacturing. In addition, the site suffers from deferred maintenance.

Parcel Number – 455 030 27
Inadequate plumbing and sewer service to property, which is an unsafe and unhealthy condition from stagnant water and outdoor restroom facilities. This wood structure is connected to a corrugated metal structure (on the left) compromising the structural integrity of the entire building during a fire or earthquake. Private investment to bring in public infrastructure for sewer and correct building deficiencies may be cost prohibitive and further impairs investment for improvements to the property.

Sand and Gravel Extraction Area

The largest and earliest industrial use in the Project Area is the sand and gravel extraction operation along the San Diego River, which includes over 400 acres. The sand and gravel extraction operations in this area date back to the 1920s and pre-date the incorporation of this area into the City of San Diego (which occurred in the 1980s). This operation has been an important player in the industrial development of the Grantville area, and the operation has provided sand and gravel for the urban development of San Diego for over 80 years, and continues to be a convenient supplier today. The operation employs approximately 75 persons on-site and products generated from the site are used exclusively within San Diego County, much of it aiding in the urban infill development in downtown San Diego.

Areas around the extraction area have been developed over the years with industrial uses, and some previously excavated areas are depleted and no longer used. This is the case in the area adjacent to the northeast section of the Admiral Baker Golf Course which currently has large water pools left over from the former mining operations. The adjacent Admiral Baker Golf Course was developed by the military in the 1950s. This adjacent use has been a

recreational amenity to military personnel in San Diego for fifty years. The site is also home today to operations of the National Guard.

The adjacent Mission Trails Regional Park was established in 1974 with 5,800 acres of both natural and developed recreational acres. The park is one of the largest urban parks in the United States. The area was originally used by the Kumeyaay and is the site of the Old Mission Dam, built to store water for the Mission San Diego de Alcala. Habitation of this area began centuries ago, and although the Regional Park itself is now protected parkland and open space, the areas surrounding the park have continued to develop in intensity. The adjoining Tierrasanta neighborhood was developed in the 1970s and homes in this area overlook the existing extraction operation.

The extraction site, combined with the adjoining regional park and military golf course have been part of the development of the urban framework of the Tierrasanta community. As in any long-term urban area, uses have changed to correspond to market changes and demand. Although the existing gravel operation continues to operate at capacity and provides a convenient source of building materials to the San Diego urban community, owners of the operation envision continued reduction in the size of the operation. As was the case in nearby Mission Valley (which was previously the site of extraction operations), it is unlikely that the extraction activity in the Grantville area will be able to continue through the remaining life of its use permit. It is anticipated that the natural resources which supply the extraction activities will be exhausted prior expiration of the use permit. The extraction operator (Superior Ready Mix) has begun a preliminary review of its remediation requirements under the City's Conditional Use Permit. The requirements include the need to stabilize hillsides and establish adequate drainage systems.

Most extraction activities are currently taking place in the northeast corner of the Project Area, although most of the Project Area that fronts the San Diego River starting at Interstate 8 has been involved in extraction activities dating back to 1927. When the conditional use permit was issued by the County of San Diego for the sand and gravel pit area, very little was understood about post-extraction activities on these sites as well as the environmental remediation required for adjacent river areas.

Extraction industries by nature remove materials from a site thereby lowering elevation of the site or in many instances creating pits in the area that are expensive to backfill, and if they remain open collect water is typically toxic because it is saturated with mining residue. Fairmont Avenue is an example of an extraction site developed with structures. Many or of the sites are less than ten (10) feet above the water level of the San Diego River and subject to flooding. At the conclusion of extraction activities, a large portion of the former extraction site will actually be at or below the water level of the San Diego River. This will necessitate soil infill activities prior to the areas being ready for redevelopment. Such redevelopment would provide an opportunity

to develop structures needed to relieve overcrowding in the Mission Gorge commercial corridor, but funding will be needed and the grading plan will need to be coordinated with the master planning for the San Diego River.

Extraction activities have altered the course of the San Diego River and costly environmental remediation will be necessary to restore the river ecosystem. This includes silt runoff from mining and ground water seepage of materials from the concrete mixing plant and surrounding operations. At the close of operations the concrete plant will need to be dismantled and the site cleared to accommodate development. Some of the extraction areas that are designated for open space will also require environmental restoration to achieve this purpose. Currently the City is engaged in a master planning process to determine the disposition of large portions of this site, but sufficient sources of funding have not been identified to remediate the existing conditions.

The on-going extraction activities impact adjacent uses, particularly the residential developments north of the operations. Blasting activity has been a source of complaints from nearby residents. Proper planning for reuse of the site will help to address the burden this heavy industrial use causes to the adjacent community and the Project Area. The noise and heavy vehicle traffic generated by this operation is not compatible with the urban uses that have developed in the vicinity. There is also a substantial negative aesthetic impact on the adjoining community caused by the operation.

The City has made a substantial commitment to the maintenance and expansion of the adjacent Mission Trails Regional Park. This park represents one of the few urban recreational opportunities to community residents. As densities within the City increase, the importance of these urban recreational and open space amenities increases. Redevelopment of the extraction area must be coordinated with the master planning efforts for the San Diego River and the Mission Trails Regional Park. Including this territory within the Grantville Redevelopment Project Area will provide an opportunity to coordinate planning efforts to produce a reuse that is economically viable yet enhances the community's need for parks and open space.

The following pictures show some of the conditions in the sand and gravel mining area and provide evidence of its incompatibility with surrounding uses.

Parcel Number – 455 030 26
Redevelopment of sand and gravel extraction sites will require significant earth infill to raise the site level above the water level of the San Diego River as well as funding for pollutant clean up.

Parcel Number – 455 040 24
Restoring this site for suitable development once operations cease at the concrete manufacturing facility site will be expensive, due to its sensitive environmental location and lack of infrastructure.

Parcel Number – 455 030 26
Construction of large earthen berms alter the course of the San Diego River and will be expensive to restore to a natural state.

Factors that Prevent or Substantially Hinder the Economically Viable Use of Buildings or Lots

CRL Section 33031(a)(2) describes physical conditions that cause blight to include "Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors."

The following discussion substantiates the presence of inadequate lot size, inadequate parking, unsafe and inadequate vehicle access, inadequate loading facilities, outdoor storage, and excessive lot coverage. This section also presents pro-forma analyses that economically model why these conditions substantially hinder the economically viable use of buildings or lots.

Lot Size

Small parcel sizes in the commercial and industrial sections of the Project Area hinder their capacity to be rehabilitated and redeveloped. Table B-2 depicts the lot sizes in the Project Area, showing that 66% of commercial properties are less than one acre and 72% of industrial properties are less than two acres. The current market standard for neighborhood commercial development generally requires at least a two-acre site and industrial development generally requires a five-acre site for light manufacturing. Only 17% of commercial properties and 13% of industrial properties in the Project Area meet the modern size criterion. Inadequate lot size compounds redevelopment of the Project Area because these lots typically have older structures that have not been maintained and attract uses that cannot afford to invest in the property, and expand business operations outside of the existing structures to maximize use of the site. These outdoor uses violate zoning codes, and frequently are a safety hazard as shown in photographs earlier in Section B of this Report.

TABLE B-2

COMMERCIAL AND INDUSTRIAL PROPERTY SIZES

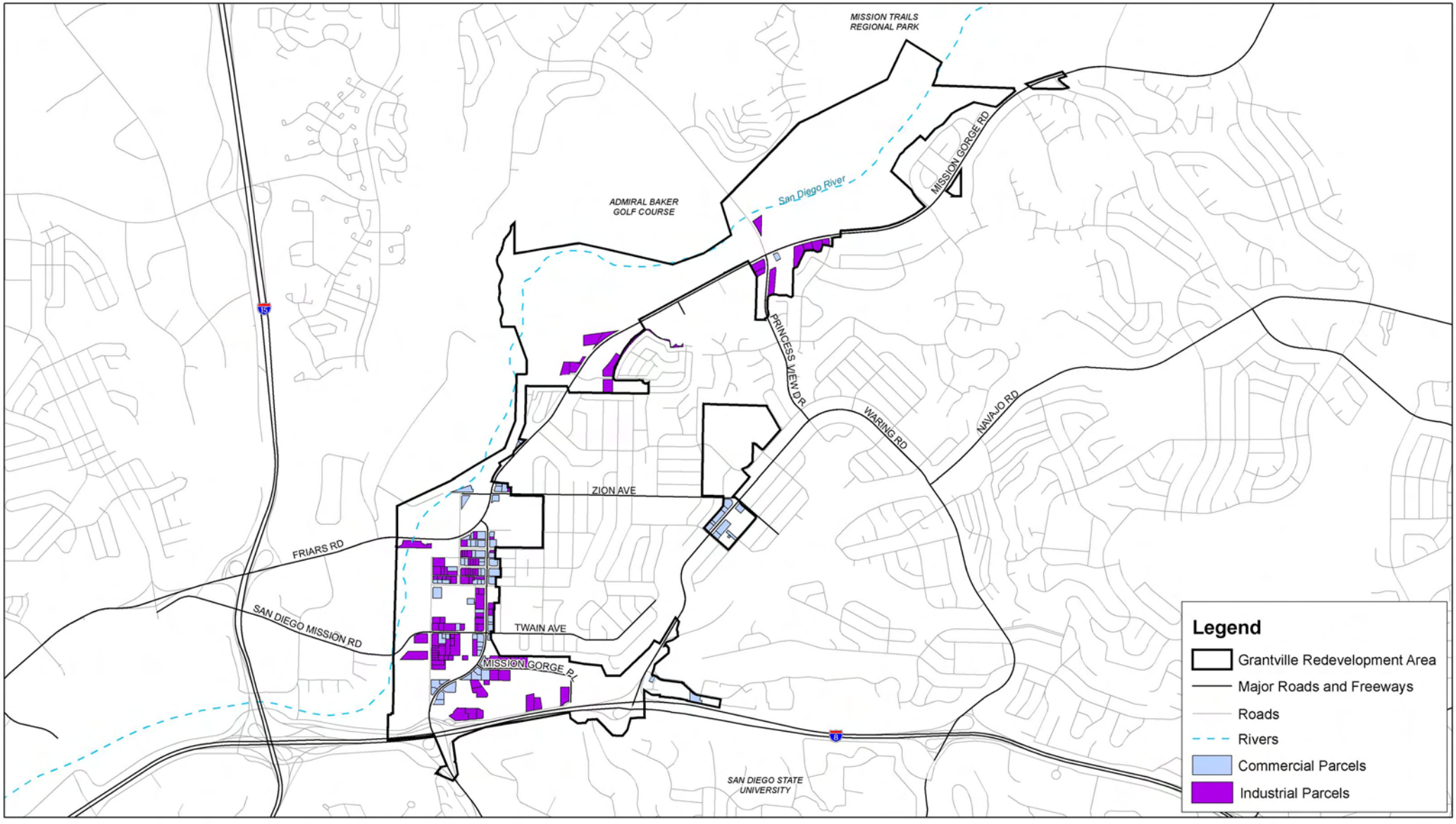
Commercial Parcels Size	Number of Parcels	Percentage of Parcels
Less than or equal to 2,500 square feet	1	1%
Between 2,501 and 5,000 square feet	0	0%
Between 5,001 and 10,000 square feet	21	18%
Between 10,001 square feet and one-half acre	33	28%
Between one-half acre and one acre	22	19%
Between one and two acres	18	16%
Between two and five acres	13	11%
Between five and ten acres	6	5%
Over ten acres	2	1%
Commercial Totals	116	100%
Industrial Parcels Size	**Number of Parcels**	**Percentage of Parcels**
Less than or equal to 2,500 square feet	0	0%
Between 2,501 and 5,000 square feet	3	2%
Between 5,001 and 10,000 square feet	30	20%
Between 10,001 square feet and one-half acre	30	20%
Between one-half acre and one acre	23	16%
Between one and two acres	21	14%
Between two and five acres	21	14%
Between five and ten acres	9	6%
Between ten and twenty acres	4	3%
Over twenty acres	6	4%
Industrial Totals	147	100%

Source: San Diego County Assessor Rolls

Notes: One acre equals 43,560 square feet.

Exhibit B - 4: Substandard Sized Commercial and Industrial Parcels

See attached map of Substandard Parcels.



Grantville Redevelopment Project Area

Commercial Parcels 1 Acre or less in Size and Industrial Parcels 2 Acres or less in Size

Sources: SanGIS, 2004, BRG Consulting, Inc., and RSG Land Use Survey, 2005

0 0.25 0.5 1 1.5 2 Miles

Inadequate Parking

As many of the buildings in the Project Area are over 30 years old (prior to 1975), the sites these buildings occupy were not designed with adequate parking to meet current regulations. For example, 120 surveyed properties (42%) have no off street parking, because prior to 1986 there was no requirement for off-street parking in the commercial areas of the Project Area. Also, a total of 138 surveyed properties (48%) have inadequate parking.

In addition to visual surveys of each parcel, RSG analyzed sample properties with respect to current City parking regulations. Of the 9 properties analyzed 6 had inadequate parking per existing regulations. Based on these samples it is likely that many more than the 138 survey properties noted for inadequate parking do not meet current parking code requirements.

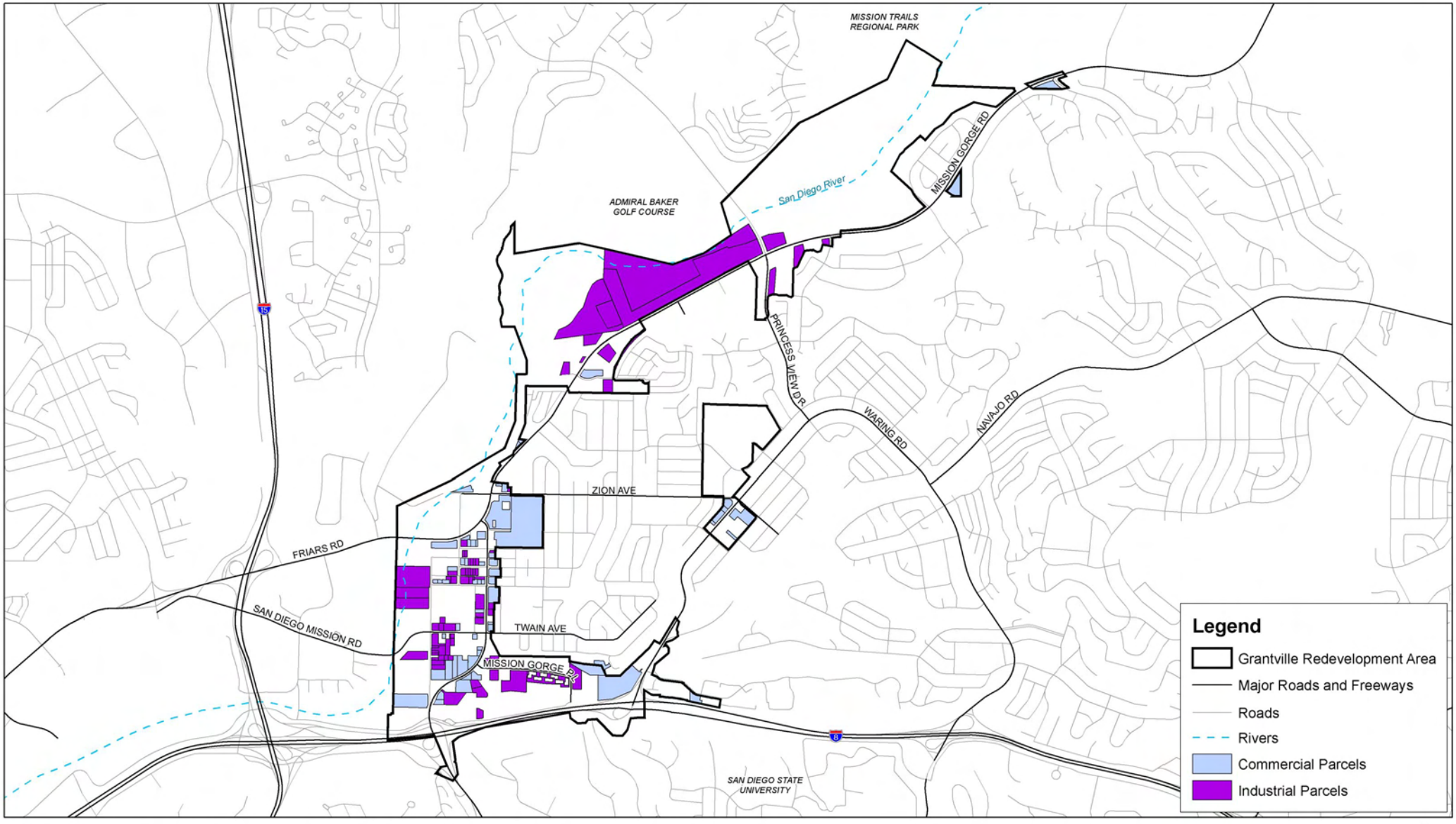
The lack of parking hinders the economically viable use of these commercial and industrial properties. When businesses do have on-site parking, this parking is often difficult to access due to narrow driveways that allow only one car to enter/exit at a time. Portions of the commercial corridor prohibit on-street parking, further exacerbating the limited parking available to local businesses. Because the vast majority of the parcels in the Project Area are fully developed and there is little opportunity or incentive for businesses to provide additional parking, no significant "new" parking can be anticipated without the assistance of redevelopment. The photographs below depict these conditions.

Parcel Number – 461 320 02
Lack of adequate on street parking creates crowded on-site conditions for this rental car operation, which shares the property with an auto repair facility.

Parcel Number – 461 320 04
Lack of parking causes vehicles to be crowded into the corridor between these repair facilities, which causes an unsafe traffic and fire situation.

Exhibit B - 5: Parcels Displaying Inadequate On-site Parking

See attached map of Inadequate Parking.



Grantville Redevelopment Project Area

Parcels exhibiting Inadequate On-site Parking

Sources: SanGIS, 2004, BRG Consulting, Inc., and RSG Land Use Survey, 2005

0 0.25 0.5 1 1.5 2 Miles

Unsafe Vehicle Access

The Project Area also displays an excessive amount of curb cuts based on modern development standards. Typical development standards in the City require a minimum of 45 feet between driveway curb cuts. In the Mission Gorge Commercial corridor 35 street segments were surveyed for excess curb cuts with 24 qualifying as having excessive curb cuts with respect to City development standards. In addition, many of the curb cuts themselves appear to be of an inadequate width.

Parcel Number – 461 160 04
Inadequate parking is also caused by small parcel sizes. Here vehicles and outdoor tire displays congest the front of this building making it an unsafe area for pedestrians to walk and vehicles to access the property.

Inadequate Loading

Fifty (50) properties surveyed are impacted by inferior loading facilities, or about 14% of commercial properties and 23% of industrial properties. Inadequate loading presents a traffic hazard and suggests that the building is not being used in accordance with its original design. Insufficient loading areas result in trucks unloading in the right-of-way, impeding access to businesses, restricting traffic flow, and creating hazardous traffic conditions. Trucks often park on sidewalks to make deliveries putting pedestrians at risk and causing damage to the sidewalk because of the truck's weight. The following pictures provide some examples of inadequate loading in the Project Area.

Parcel Number – 461 320 03
Narrow entry ways, which restrict property access are further impaired by delivery vehicles which often block traffic and fire lanes to make deliveries.

Parcel Number – 456 160 09
The parking places in front of this business have been removed to incorporate a permanent loading area that is stripped out with paint.

Outdoor Storage

Outdoor storage is a common problem throughout the Project Area for both commercial and industrial properties. Commercial properties often use outdoor storage for excess materials, trash and other items. Unscreened dumpsters are also very prevalent in the Project Area. The presence of outdoor storage is an indicator that the existing building stock provides inadequate building space for modern business activity. When outdoor storage areas and trash containers are unscreened, as in the Project Area, it contributes to the declining appearance of an area. 82% of industrial parcels and 49% of commercial parcels either had outdoor storage and or outdoor production. Many properties had storage containers or outdoor production taking place in parking lots exacerbating the existing lack of parking in the Project Area. To further accommodate outdoor repairs and production many businesses are using steel storage containers, which are designed for mobile storage, as extensions to the existing building to perform work. The pictures below provide examples of the outdoor storage problem in the Project Area.

Parcel Number – 461 160 08

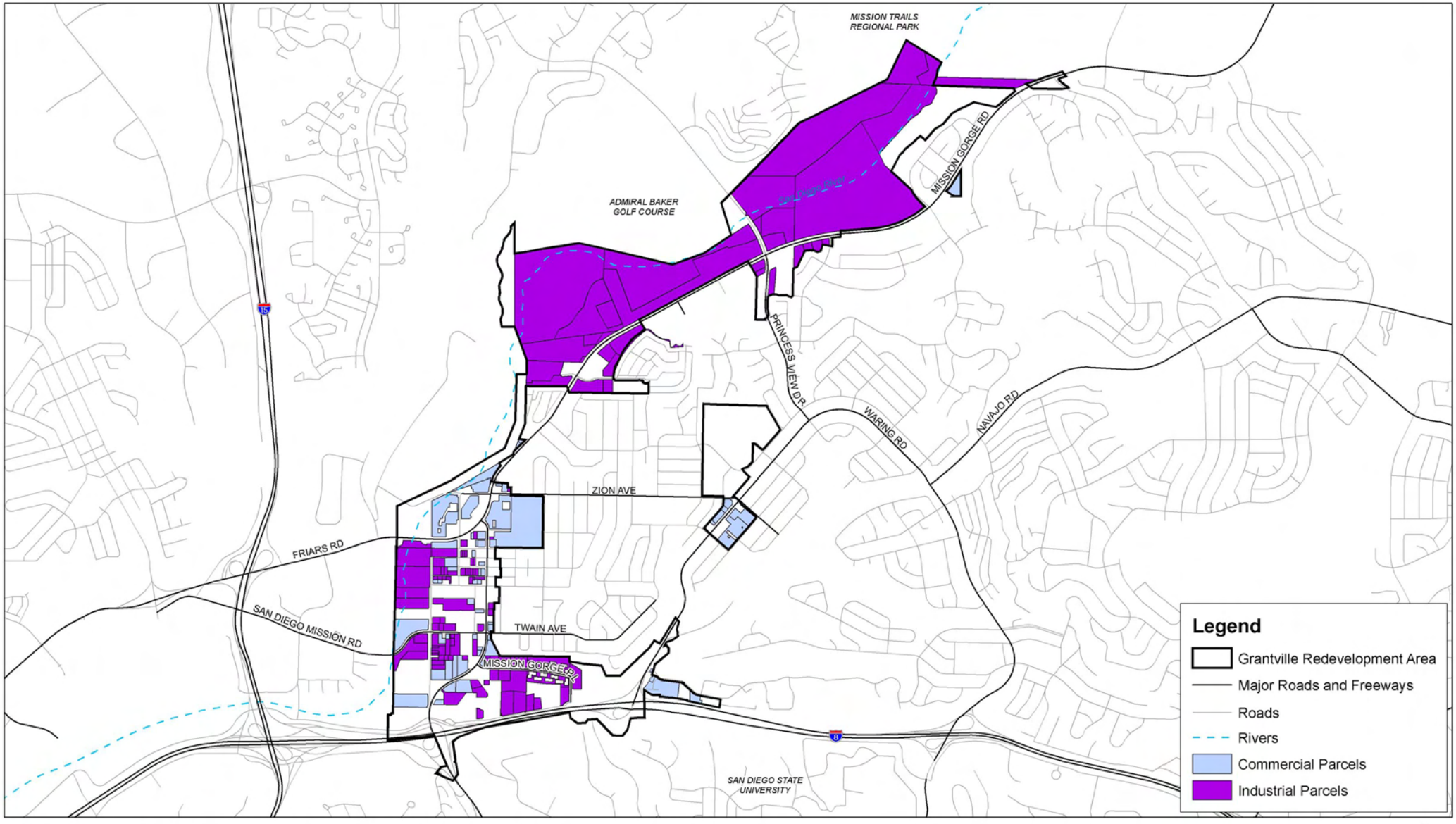
This glass and screen installation company has outdoor storage of its materials, where broken glass can also create a hazardous condition Further, this activity detracts from the overall appearance of the area and reduces on-site parking for employees and customers.

Parcel Number – 458 521 26

This industrial parcel is only 50 feet wide, which is too narrow for modern manufacturing needs. To compensate for the lack of building area the business is using steel containers for storage which reduce on-site parking.

Exhibit B - 6: Parcels Suffering from Outdoor Storage / Production

See attached map of Outdoor Storage.



Grantville Redevelopment Project Area

Parcels exhibiting Outdoor Storage and/or Production

Sources: SanGIS, 2004, BRG Consulting, Inc., and RSG Land Use Survey, 2005

0 0.25 0.5 1 1.5 2 Miles

Building Age

While inadequate loading, parking and storage are generally related to small lot size, these deficiencies are also indicative of older properties. Table B-3 presents a summary of age, land area and building size information for properties in the Project Area. As previously stated 62% of commercial structures and 79% of industrial structures were constructed over 30 years ago.

TABLE B-3
AGE, LAND AREA AND BUILDING AREA OF PROPERTIES

Year Constructed/ Development Type	Age in Years	Parcels		Land Area		Building Area	
		No.	%	Acres	%	Sq. Ft.	%
Commercial							
Before 1956	50+	5	5%	1.6	1.0%	9,140	0.7%
1956 - 1965	40 - 49	20	20%	34.7	22%	139,648	11%
1966 - 1975	30 - 39	38	37%	48.0	31%	394,762	32%
1976 - 1985	20 - 29	20	20%	35.7	23%	342,421	27%
1986 - 1995	10 - 19	9	9%	19.3	12%	220,045	18%
1996 - Present	0 - 9	10	10%	17.6	11%	142,252	11%
SUBTOTAL		102	100%	156.9	100%	1,248,268	100.0%
Industrial							
Before 1956	50+	26	22%	105.2	44%	110,032	6%
1956 - 1965	40 - 49	33	28%	24.6	10%	208,658	11%
1966 - 1975	30 - 39	35	29%	37.2	16%	411,831	21%
1976 - 1985	20 - 29	17	14%	55.5	23%	952,255	48%
1986 - 1995	10 - 19	7	6%	14.1	6%	281,505	14%
1996 - Present	0 - 9	2	2%	0.5	0%	10,260	1%
SUBTOTAL		120	100%	237.0	100%	1,974,541	100%
Miscellaneous Uses		67		464.0		110,065	
TOTAL		289		857.9		3,332,874	

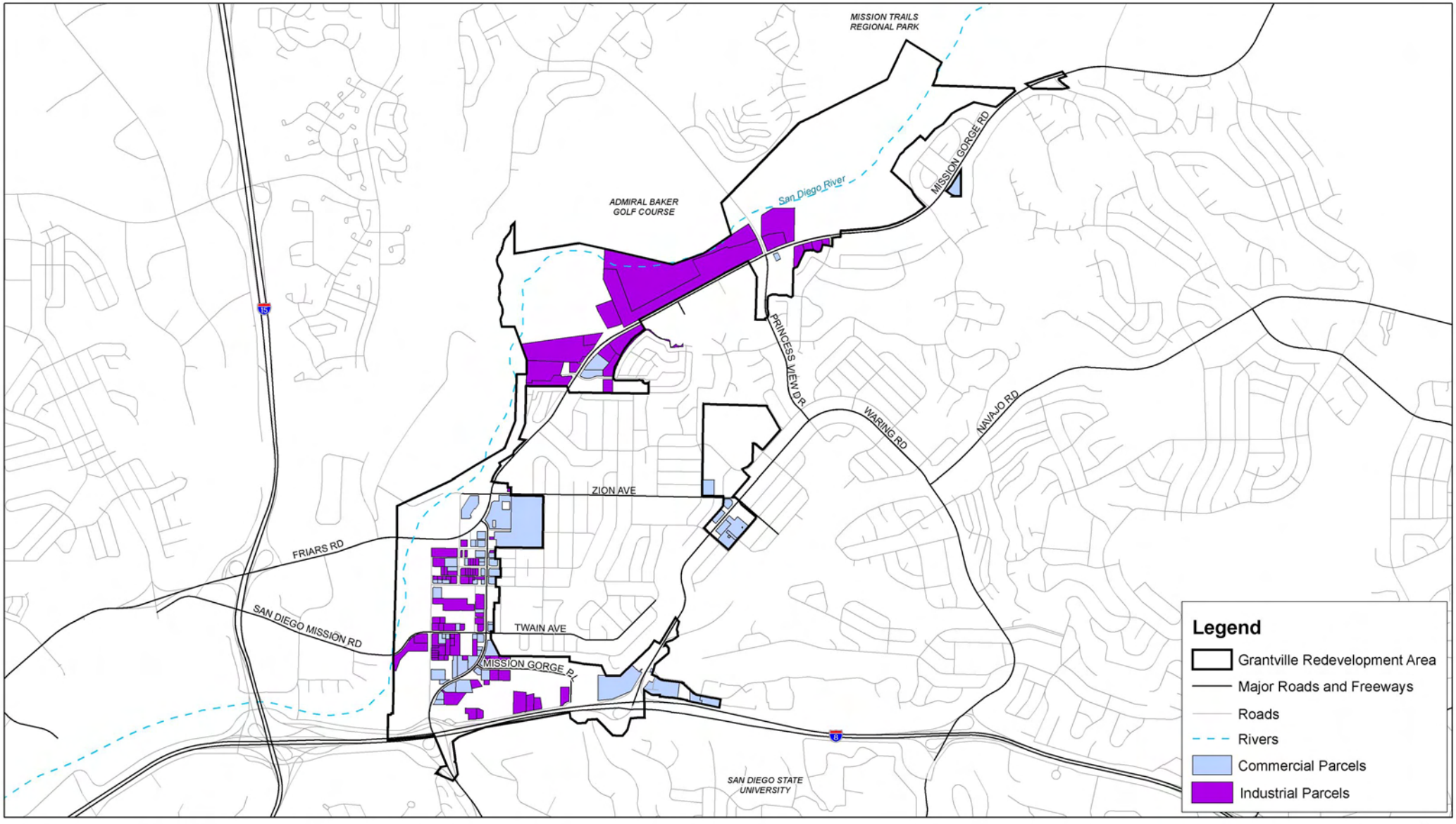
Source: San Diego County Assessor Rolls and RSG land use survey

Notes: Approximately 40% of buildings' ages were estimated based on the land use survey performed by RSG.

Miscellaneous Uses includes publicly owned parcels (146+ acres), vacant lots and parking lot areas that are part of developments

Exhibit B - 7: Buildings 30 Years of Age or Older

See attached map of Building Age.



Grantville Redevelopment Project Area

Buildings 30 years of Age or Older

Sources: SanGIS, 2004, BRG Consulting, Inc., and RSG Land Use Survey, 2005

0 0.25 0.5 1 1.5 2 Miles

Obsolescence

The deficiencies associated with many older properties are often referred to as obsolescence. Obsolescence is the result of a combination of blight factors, including the age of a structure, lack of maintenance, and a lack of desirable amenities such as parking and tenant improvements that occur as contemporary market standards evolve. For these reasons, obsolescence results in factors that substantially hinder the economically viable use of buildings and lots. This condition often occurs as competing newer, more efficiently designed buildings or developments emerge. The appeal of obsolete buildings diminishes as market conditions and consumer preferences change causing substandard uses to fill the void. In the case of the Project Area substandard industrial uses such as manufacturing along with auto repair and salvage are attracted to Project Area. These uses in-turn detract from surrounding commercial properties. The following pictures depict sample obsolescent properties.

Parcel Number – 461 200 02
Narrow access between multiple businesses is an obsolete and unsafe design that would not meet current development standards.

Parcel Number – 461 320 23
Obsolete industrial building with substandard corrugated metal building material.

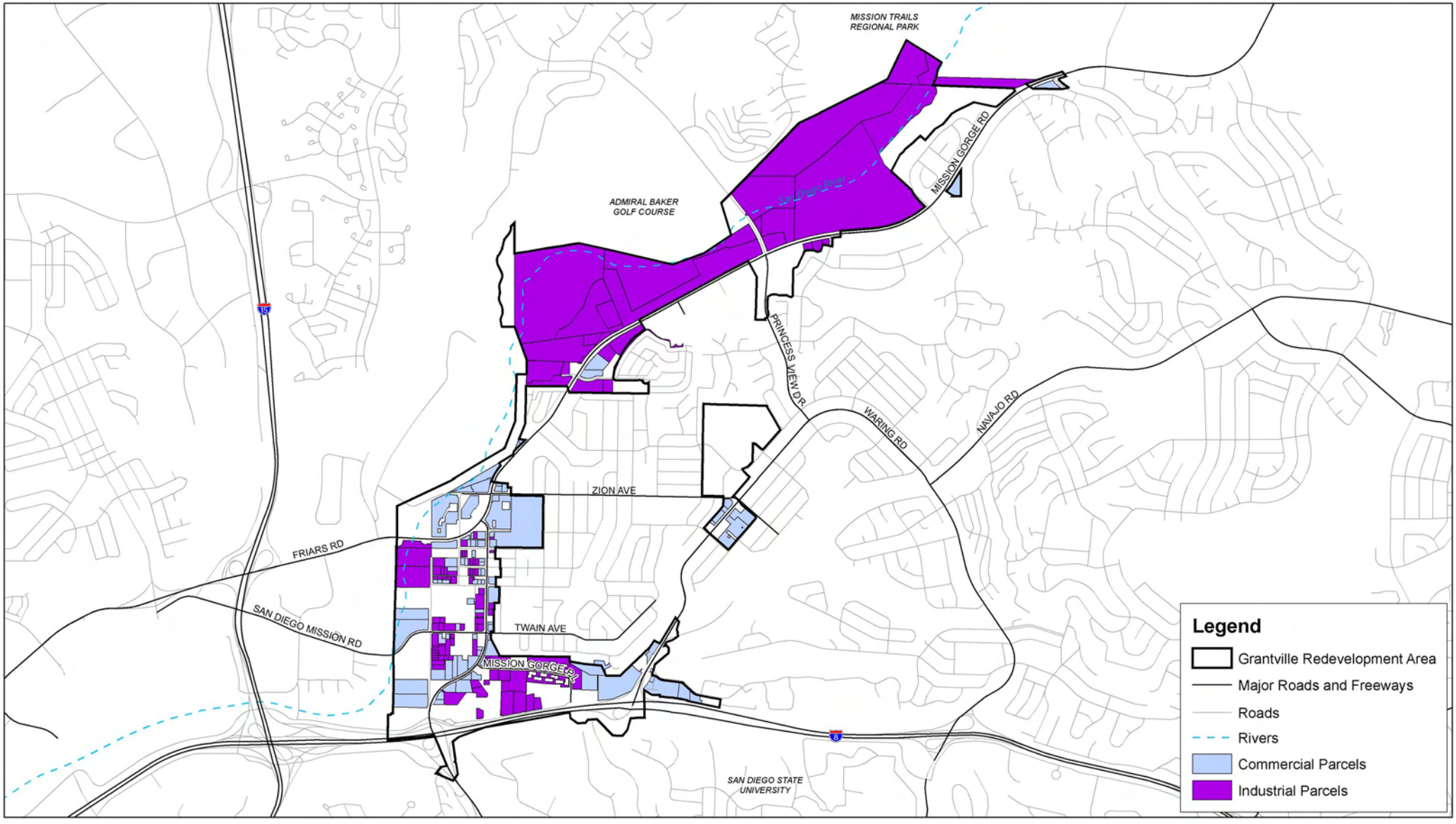
Parcel Number – 458-521-17
The lack of lot area, deterioration along with lack of parking and loading all contribute to the obsolescence demonstrated by this building. It appears to be vacant, thereby establishing the negative economic affect of obsolescence.

Industrial development standards have changed significantly since the 1950's and 1960's when over 40% of the industrial properties in the Project Area were developed. Modern industrial developments offer larger floor and lot sizes along with amenities such as landscaping, on-site parking and adequate loading areas for larger delivery vehicles. Industrial uses without adequate area often negatively affect surrounding properties through competition for on-street parking and on-street deliveries that restrict access to surrounding properties. Small lot size also restricts the property owner's ability to add needed amenities

Predominately, the industrial properties in the Project Area represent the older style of development that is very utilitarian, offering limited or no amenities. Modern industrial buildings often use concrete tilt-up walls that can withstand the physical demands associated with industrial uses. The Project Area has multiple examples of commercial, office and residential structures converted to industrial use. Most of these buildings are of wood frame construction and wear down prematurely from the high-demands of industrial usage. Other inadequacies of older structures built for other uses include insufficient electrical supply, storage, and indoor manufacturing area.

Exhibit B - 8: Buildings Suffering from Defective Design

See attached map of Defective Design.



Grantville Redevelopment Project Area

Parcels exhibiting Defective Design

Sources: SanGIS, 2004, BRG Consulting, Inc., and RSG Land Use Survey, 2005

0 0.25 0.5 1 1.5 2 Miles

Excessive Coverage

Zoning at the time of initial development of much of the Project Area required smaller setbacks and less parking of both commercial and industrial developments than is required for modern developments. The lack of adequate set-backs between buildings, properties, and uses gives the Project Area the appearance of being excessively and haphazardly developed. Complicating this problem are industrial buildings which lack adequate floor space for inside manufacturing and storage. These operations often overflow outside and increase the coverage of already inadequate sites. Further contributing to excessive coverage problem is the lack of parking and landscaping that makes properties appear that much more congested. Sixty-eight (68) parcels were considered by RSG surveyors to have excessive coverage. A sample of this condition is shown in the next photograph.

Parcel Number – 458 521 22
This building footprint nearly covers this entire parcel, leaving inadequate area for deliveries and parking.

Inadequate Vehicle Access

At the time of development of much of the Project Area a style of development that is different from today prevailed. Principally it did not provide driveways that were adequate to accommodate two-way traffic. 155 parcels or 54% of the parcels in the Project Area exhibited inadequate vehicle access condition. In some instances the only access to parking is at the rear of buildings through the alley.

Parcel Number – 458 522 11
An auto body shop with alley-only access to its property uses the alley for long-term parking and not as a service entrance. This practice results in the alley being too congested for other vehicle access.

Inadequate Landscaping

Landscaping is required by the City of San Diego for the commercial and industrial zoning codes present in the Project Area. Many properties lack any landscaping or areas designated for landscaping are often paved for additional parking and/or used for storage and outdoor manufacturing. Most of the properties in the Project Area that lack landscaping are considered legal non-conforming in this regard, because they were built prior to the current zoning that required landscaping. Not only is landscaping visually pleasing, but it serves as a natural buffer between buildings and uses, such as commercial to industrial.

Parcel Number – 458 522 18
This property on Vandever Avenue lacks adequate landscaping in the front and uses the sidewalk area for drying carpets because of excess debris storage in the rear of the property. The overall effect detracts from the visual appearance of the business as well as surrounding properties in addition to inhibiting vehicle and pedestrian access to the property.

Buildings Unsafe/Unhealthy to Live or Work In

The CRL Section 33031(a)(1) identifies several blighting conditions that denote a building that is unsafe or unhealthy for persons to live or work. These include the following: serious code violations, deterioration or dilapidation, and defective design or physical conditions, faulty or inadequate utilities, or other similar factors. Substandard building materials, faulty additions, and inadequate vehicle access are other factors of defective design.

Code Enforcement Violations

Violations of local or state building codes are a blighting condition identified under CRL Section 33031(a), which characterizes buildings in which it is unsafe or unhealthy for persons to live or work. Buildings and structures that do not meet current uniform building requirements, or other local codes mandated to ensure human health and safety, pose a threat to the workers, patrons, and residents of an area.

Because of the size of the City, code enforcement efforts are, for the most part, limited to complaint generated enforcement. The majority of complaints come from property owners or tenants who observe potential violations in their neighborhoods. However, since code violations are primarily investigated only if a complaint is filed or observed by City staff, many violations go unnoticed and the true number of building and other code violations is likely to be much greater than those reported. Even if adequate funding was available for City staff to pursue all initial code enforcement violations from the first time each violation was observed, there would need to be two-three times this number of personnel to do the proper follow up that each case typically requires. Based on discussions with City staff and Project Area businesses, most code enforcement cases require at least one, if not two or three additional follow up visits to make sure the violation is not reoccurring.

Redevelopment funding may be used to assist in the creation of a program to augment existing code enforcement activities where the City cannot afford to due so for the foreseeable future. It is important to note that if all code enforcement violations were corrected in the Project Area, blighting factors such as flooding, inadequately sized parcels and unsafe traffic conditions would still remain and a redevelopment project area would still be justified and beneficial for the Grantville Project Area. The following is a list of code violations observed by City staff in the Project Area:

- Add-ons/Non-permitted buildings
  - Deterioration of buildings
  - Metal and plywood sheds

- Auto repair/painting
  - Oil run-off
  - Outdoor lifts
  - Outdoor painting
  - Under tarp structures

- Canopy structures
  - Used as an accessory structure
  - Used as a temporary building

- Encroachments into the Right-of-Way
  - Dumpster in the alley
  - Storage containers in the alley
  - Table, benches and chairs on the sidewalk

- Fencing
  - Barbed wire
  - Disrepair
  - Electrical wiring attached to the fence
  - Material
  - Razor wire

- Outdoor display
  - Tires

- Outdoor manufacturing
  - Metal

- Outdoor sales
  - Produce sold outdoors

- Outdoor storage
  - Chemicals and chemical drums
  - Hazardous material
  - Unscreened

- Signs
  - Banners
  - Excessive signage
  - Signs placed in the public right-of-way

- Trailers/Storage bins
  - In the public right-of-way
  - Storage on private property for years
  - Used for manufacturing or office space

Table B-4a depicts all code violations in the Project Area over the previous three-years (January 1, 2002 thru November 30, 2004). Many of the violations listed below such as signage, encroachment, storage, and structural violations are reflected in the above observations from City staff during the field study.

TABLE B-4a
CODE ENFORCEMENT VIOLATIONS

Type of Violation	2002	2003	2004
Signage Violation	5	2	2
Trash	-	10	-
Parking	3	1	3
Noise/Air Quality	2	2	2
Miscellaneous	4	1	1
Encroachment Violation	1	-	-
Storage Violation	-	4	4
Structural Deficiency	2	1	0
Commercial Disable Violation 1/	2	6	1
Total	19	27	13

Sources: City of San Diego Code Compliance Department
1/ This is a handicapped violation.

Table B-4b displays serious code violations in and around the Project Area over the previous three-years (January 1, 2002 thru November 30, 2004).

TABLE B-4b
SERIOUS CODE ENFORCEMENT VIOLATIONS

Type of Violation	2002	2003	2004
Business in Residential Zone	7	8	10
Illegal Construction	11	11	15
Encroachment Violation	7	28	20
Storage Violation	11	69	52
Structural Deficiency	6	8	15
Total	42	124	112

Sources: City of San Diego Code Compliance Department

Parcel Number – 458 510 03
This car storage facility has electrified fencing, which is a violation of the City's zoning code.

Parcel Number – 461 190 04
This commercial property on Mission Gorge Road displays excessive signage on the building and the public right-of-way, which are both a violation of the zoning code as well as being visually detracting.

<u>Dilapidation and Deterioration</u>

During the field survey, the safety and condition of buildings in the Project Area were assessed using Section 17920.3 of the California Health and Safety Code. This code section provides conditions that characterize a building as substandard, unsafe, and unhealthy. Accordingly, a substandard building is one that exhibits any of the following conditions to an extent that it presents safety or property hazards:

- General dilapidation or improper maintenance;
- Wiring which does not conform to building codes and is in poor condition;
- Deteriorated, crumbling or loose plaster;
- Deteriorated or ineffective waterproofing of exterior wall coverings, including lack of paint or weather stripping;
- Broken or rotted, split or buckled exterior wall coverings or roof coverings;

- Construction materials not up to code which have not been property maintained and are in poor condition;

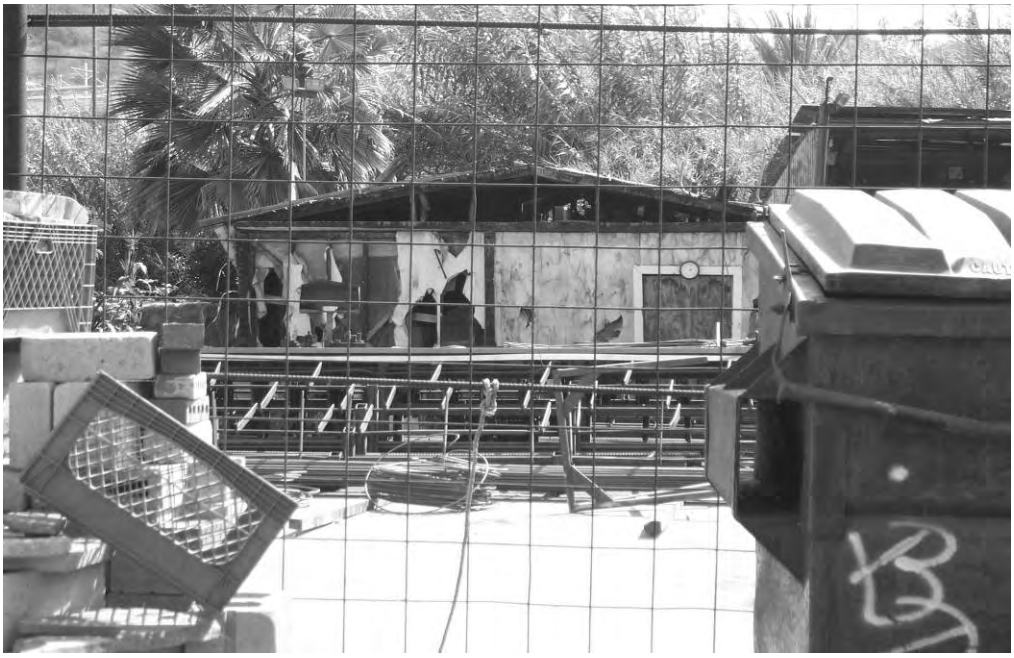
- Those premises on which an accumulation of weeds, vegetation, junk, dead organic matter, debris, garbage, stagnant water or similar materials or conditions which constitute a safety hazard;

- Any building or portion thereof which is determined to be an unsafe building due to inadequate maintenance, in accordance with the Uniform Building Code; and

- Buildings or portions thereof occupied for commercial and industrial purposes, which were not designed or intended to be used for such occupancies.

Deterioration and dilapidation is also an indicator of buildings that are unsafe or unhealthy for persons to live or work, as identified under CRL Section 33031(a)(1). It is a common physical blighting condition found in the Project Area. Evidence of dilapidation and deterioration in the Project Area includes structures with damaged exterior building materials (16%), deteriorated paint or weather proofing (14%), deteriorated eaves or wood rot (9%), and exposed wiring (25%). The level of building deterioration ranges from minor deferred maintenance to, in a few severe cases, those that are in need of demolition. The older age of many of the structures, combined with deferred maintenance, are contributory factors to their current state. Review of Table B-1 indicates deterioration existing in the Project Area. The photographs on the following page depict these conditions.

Parcel Number – 458 522 03
This residential building has been converted to a construction office and storage area through a series of substandard additions that have fallen into disrepair.

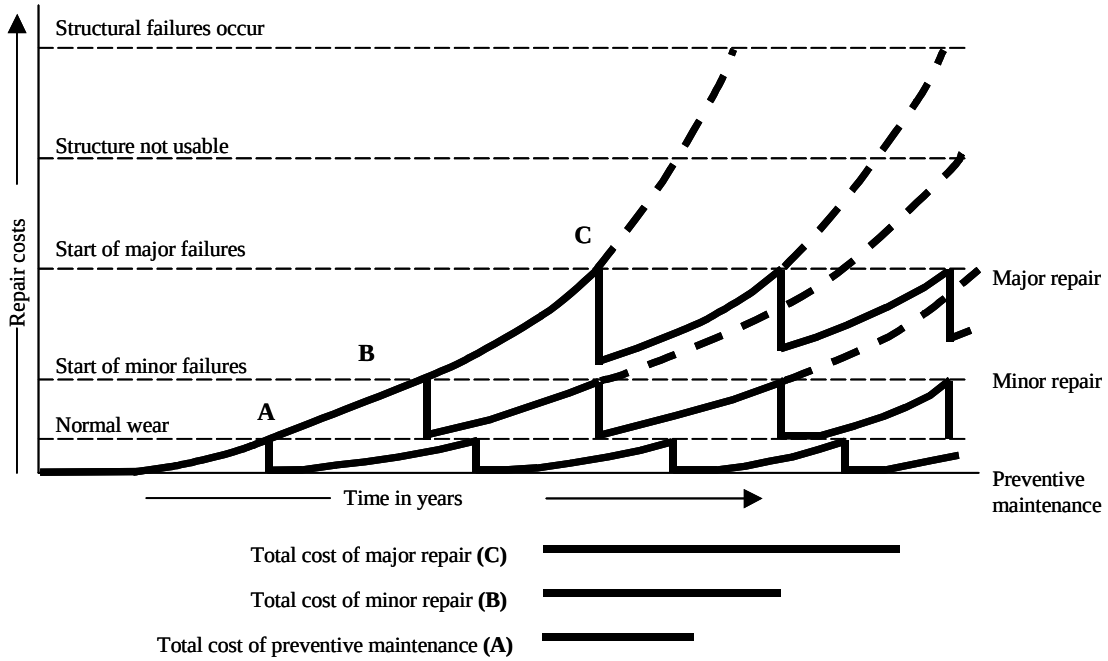


Parcel Number – 461 320 11
This dilapidated residential structure has been converted to an industrial storage facility for steel manufacturing.

As stated in the book How Buildings Learn, What Happens After They're Built (Stewart Brand), a lack of maintenance results in buildings becoming unusable, with a threat of structure failure. Brand states that due "to deterioration and obsolescence, a building's capital value (and the rent it can charge) about halves by twenty years after construction. Most buildings you can expect to completely refurbish from eleven to twenty-five years after construction. The rule of thumb about abandonment is simple...if repairs will cost half of the value of the building, don't bother."

As demonstrated in the figure below, if regular maintenance is not done, first minor, and then major failures will result over time. As the cost of renovating the building goes up exponentially over the years, structural failure occurs and the building cannot be recovered. Because property owners may fear that they will not realize a return on an investment in rehabilitation, buildings are often neglected. Poor building conditions indicate limited reinvestment in the building stock through renovation and rehabilitation, and reflect a weak environment for private sector development or redevelopment.

Figure B - 1: Time/Repair Cost Correlations



PREVENTIVE MAINTENANCE (bottom line) not only costs markedly less in aggregate than repairing building failures, it reduces human wear and tear. A building whose systems are always breaking or threatening to break is depressing to the occupants, and that brings on another dimension of expense. This diagram is adapted from *Preventive Maintenance of Buildings* (New York: Van Nostrand Reinhold, 1991), p.3.

Quantification of the severity of building dilapidation would require access to building interiors and detailed review of the core structural, electrical, plumbing and roofing systems of each building. This type of extensive evaluation is not financially feasible as part of the documentation for the formation of a redevelopment project area. It is possible to extrapolate from viewing the exterior of structures that if little investment has been made to maintain and improve the exterior of a building, it is even less likely that improvements have been made to the core support systems and interior of the buildings. The fact that 62% of the commercial structures and 79% of the industrial structures in the Project Area are over 30 years old, and most exhibit little exterior improvement, suggests that he actual level of dilapidation probably exceeds that which was observed during the field survey of building exteriors.

Substandard Building Materials and Faulty Additions

There are several examples of substandard building materials in the proposed Project Area. Corrugated metal sheeting is a primary example and is not a permitted building material according to the City code. The corrugated metal readily deteriorates from the weather. The results of the field survey indicate at least 75 incidences of substandard building materials and 46 buildings with faulty additions. Faulty additions appear to not meet current uniform building code standards. This is due to a variety of reasons such as flawed roof lines or inadequate heights or poor quality building construction practices. Pictures of examples follow.

Parcel Number – 461 160 01
This is a rear view of a building (to the right) that has constructed a series of additions using wood, corrugated metal and stucco creating a substandard addition that occupies most of the property.

Parcel Number – 461 320 05
This manufacturing business on Mission Gorge Road has a metal storage container occupying three parking spaces that is illegally attached to the front of the building.

Irregular Shaped and Inadequate Sized Lots

Parcels must be large enough to accommodate the primary structure and development standards imposed by the City and sought by users(i.e. required setbacks, parking, and circulation space). As provided by Table B-5, review of County records indicates that 59 properties (20%) in the Project Area are of irregular form, shape and under multiple ownership, with another 163 parcels (54%) inadequate in size. This significant number of parcels is a barrier to development because without lot consolidation, they will be difficult or impossible to reuse.

TABLE B-5
PROPERTIES OF IRREGULAR SIZE

Parcel Type	Parcels	
	No.	%
Parcels of irregular shape	59	20%
Parcels less than one-acre in size.	163	54%

Source: MetroScan/San Diego County Assessor Rolls.
Note: 289 properties were studied.

Incompatible Adjacent Uses

Incompatible adjacent uses where commercial properties are directly adjacent to industrial properties were noted on 45 properties within the Project Area. This number represents only the situations where both uses are in the proposed Project Area. Many other incompatible uses exist on the eastside of Mission Gorge where commercial development is adjacent to residential properties without any buffer but the residential units are not included in the Project Area, so it was not counted as an incompatible use even though the circumstances are present for it to be considered such.

Although the sand and gravel extraction operation precedes development of other urban uses in the area, it now incompatible with adjacent uses, particularly the Tierrasanta residents directly to the north who are affected by the blasting and hauling operations.

The Project Area includes industrial uses near the San Diego River where outdoor welding, refueling and storage of heavy equipment takes place with run-off from these operations draining directly into the San Diego River. These uses, operating as they currently do, are environmentally incompatible with the presence of the river. The presence of structures that have been built within the flooding area of the Alvarado Creek are also indicators of uses that are environmentally incompatible. This is the case for many properties located along Mission Gorge Place.

It is more difficult to quantify incompatible uses that are both commercial properties yet one negatively affects the other. Auto related uses that spill out onto the street and shared parking lots are the primary example of this.

From a public facilities standpoint the industrial uses surrounding the new trolley station represent an incompatible adjacent use, because these industrial developments are not large enough to generate a significant ridership, and their presence limits use by commercial and residential users that would most likely use the trolley services.

Parcels Needed for Effective Redevelopment

CRL Section 33321 states that a project area need not be restricted to buildings and properties that are detrimental to the public health safety or welfare, but may consist of an area in which such conditions predominate and injuriously affect the entire area. A project area may include lands, buildings or improvements which are not detrimental to the public health, safety or welfare, but whose inclusion is found necessary for the effective redevelopment of the area. Areas cannot be included for the sole purpose of obtaining the allocation of tax increment revenue but must have substantial justification that they are necessary for effective redevelopment.

This Report documents that in the Project Area there are parcels that do not exhibit blighting conditions but that they are interspersed with parcels that are blighted and necessitate inclusion in the Project Area. The number of and severity of blighted parcels in the Project Area negatively affects the non-blighted parcels because of their appearance and proximity. The Project Area is perceived as uninviting by businesses because of the age, condition, and design of buildings, as well as small lot sizes. In addition, there are certain types of blighting conditions that cannot be directly linked to a particular parcel such as substandard traffic conditions which is a cumulative factor.

According to the Section 33333.2 of the CRL, a redevelopment project area can incur debt for 20 years with the option of amending the project to incur debt for 10 additional years (which enables it to finance projects). Given the overall condition of the Project Area and the economic status of both industrial and commercial property owners, it is clear that many of the parcels that do not exhibit significant blighting conditions now will do so over the life of the Project Area if nearby blighted parcels are not addressed. For example, if the Kaiser Hospital site on Zion Avenue were vacated because legally mandated seismic improvements could not be made, the resulting economic effect of such a large vacancy would be severe to the local real estate market.

The Kaiser Hospital has been located on Zion Avenue for 70 years. Existing legislation requires the Zion Avenue Kaiser facility to complete certain earthquake retrofitting by the year 2030. Proposed changes to this legislation would allow some compliance that was mandated to be complete by 2008 to be extended to 2013, however, this legislation would move the 2030 compliance requirements for the Zion facility up to the year 2020. The cost of these improvements is estimated to be in nearly $400 million. To complicate Kaiser's decision-making the existing facility is on 13 acres and Kaiser's threshold for new hospitals is a 30 acre site and the typical planning and construction process for this type of facility is a minimum of 10 years. The Zion facility has reached its capacity peak and expansion is warranted. In order to justify the $400 million investment, the policies related to each of these decisions must be considered. The Kaiser facility provides unique and important emergency care to the San Diego community. This facility provides needed sales tax revenue to the City, and employs in excess of 2500 persons many of them San Diego residents. Retention of this facility in the Project Area is important to not only the local community, but also the region. Including Kaiser's facilities within the Project Area assures that the Agency can work with Kaiser to maintain its presence in the area so that it continues to contribute to the local economy and health system.

Kaiser has a number of other clinics and facilities both within the Project Area and the nearby vicinity. These include the Vandever Avenue clinic, X-ray storage facility, administrative offices, and the Riverdale medical office. Master planning Kaiser's future facilities, in conjunction with other redevelopment activities, is the best way to achieve compatibility of this

important medical resource with the Grantville community. Including the Kaiser facilities within the Project Area provides the Agency an opportunity to work with Kaiser and the surrounding property owners and tenants to participate in the planning and construction process and achieve effective redevelopment for the community.

A recent example of unsuccessful, new development in the Project Area is the former Savon Drug store on a triangular parcel at Mission Gorge Road and Fairmont Avenue. This site was built less than 4 years ago, but even with a modern building the site could not draw an adequate volume of customers to justify continued operations. In February of 2005, this site became a used parking lot for a neighboring car dealer, thereby removing an important retail use (pharmacy) that served the surrounding residential community. Savon representatives cited poor site access and traffic conditions that restricted business volume and caused the store's closure.

The Grantville Redevelopment Advisory Committee and other local planning groups have consistently taken the position that the most important project to the community is improving the traffic conditions at the Interstate 8 interchange at Fairmont Avenue and Mission Gorge Road. To correct the traffic problems at this interchange, portions of frontage property from two other relatively non-blighted properties (Home Depot and Honda) may be needed to improve traffic in the Project Area. If these traffic improvements do not happen, existing operations such as Home Depot and the Honda car dealership may seek to relocate or terminate existing operations in the Project Area as Savon Drugs has done.

Other non-blighted properties include self-storage sites, motels along Adobe Falls Road, park areas near Zion Avenue, and some isolated commercial office and retail uses. The self storage site may be relocated to the west side of Mission Gorge Road as future industrial development takes place at the sand and gravel extraction area. Coordinated improvements to the visitor-serving motels along Adobe Falls Road will be an important amenity to a redevelopment program for Grantville. These motels have gone through changes of owners, one of them is now offering long-term stay rates to entice patrons, and one of the motel restaurants was recently closed because it failed to be financially successful. The long-term viability of these freeway-frontage businesses is very important to the future image and success of the Grantville business community.

There is a vacant lot adjacent to the existing park area which if not developed may be incorporated into the existing park area and should be a part of the master plan for the joint-use library and other public facilities that serve the community.

There are also eleven other commercial parcels throughout the Project Area that may be required to accommodate a newer project or expansion of an existing adjacent use. An example of this would be the Albertsons grocery store on Waring Road that has expressed interest in expanding its current

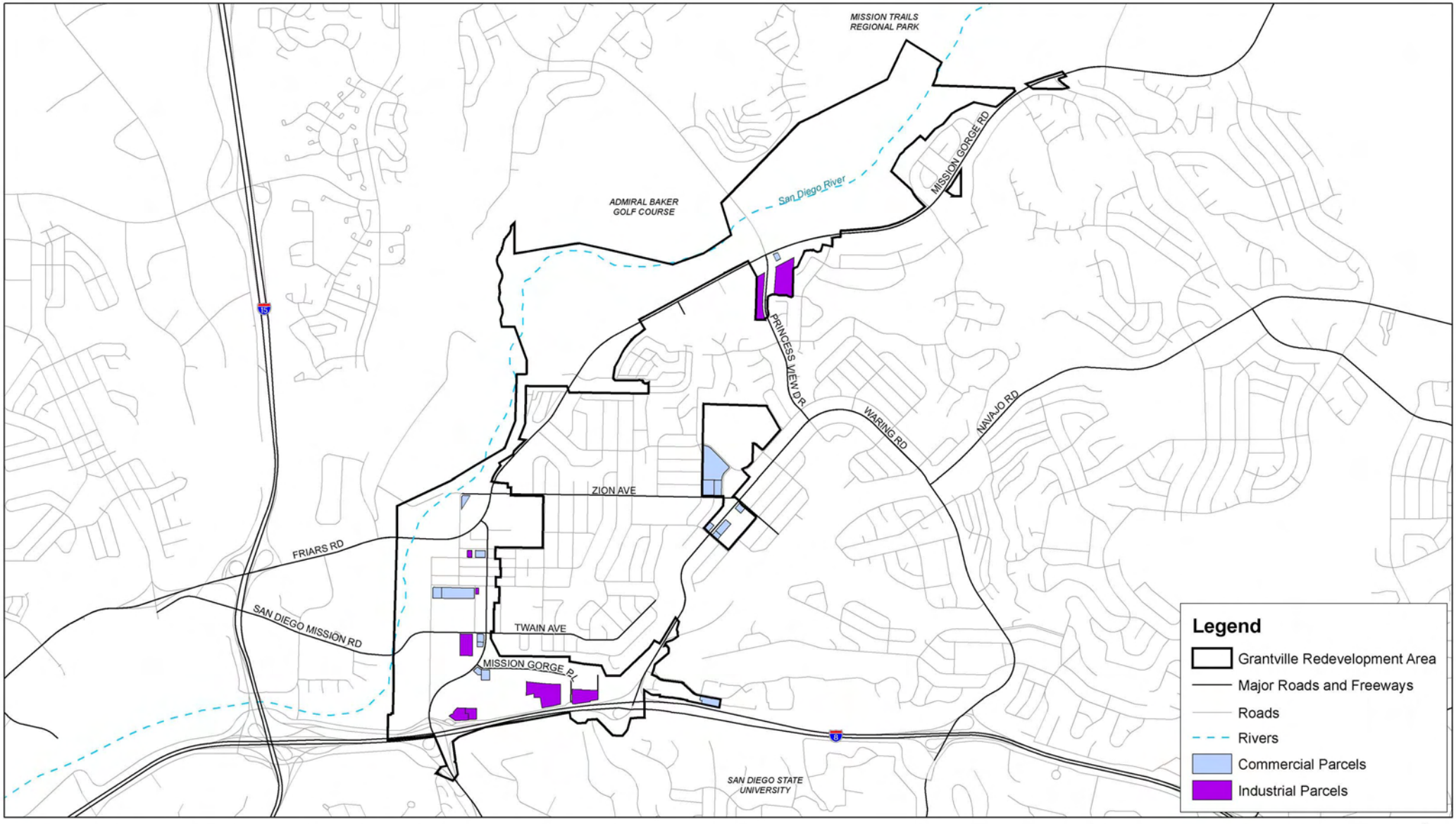
location. If this location cannot be expanded, the Project Area may face the loss of another important retailer as happened with Savon Drugs.

To spur economic development efforts, non-blighted parcels should be included in the Project Area because the small parcel sizes further confounds revitalizing the area. Should the Agency wish to assist new businesses to locate in the Project Area, parcel consolidation may be necessary and if all of the parcels in a section are not included in the Project Area it would severely impede the process and compromise the Agency's success.

If only parcels that exhibited blighting conditions were included, the Project Area would be piecemeal, making the Project Area difficult to administer. The intention of the Agency is to offer rehabilitation programs that will assist property owners in curing health and safety issues and improving the appearance of the area. When one property is included in the Project Area, making it eligible for financial incentives to upgrade the property, and the adjacent parcel is not, owners will perceive it as unfair.

Exhibit B - 9: Non-Blighted Parcels

See attached map of Non-Blighted Properties.



Grantville Redevelopment Project Area

Non-Blighted Parcels

Sources: SanGIS, 2004, BRG Consulting, Inc., and RSG Land Use Survey, 2005

0 0.25 0.5 1 1.5 2 Miles

Economic Conditions that Cause Blight

The CRL requires that for an area to qualify for inclusion into a redevelopment project area, it must not only exhibit conditions of physical blight, but also must contain and suffer from economic blight.

To accurately represent existing economic conditions, the Project Area has been analyzed and information has been gathered from the City, County, and private sources to document the deteriorating economic conditions of the Project Area. The following describes economic blighting conditions that contribute to lack of proper utilization of Project Area properties.

Depreciated Property Values and Impaired Investments

Property Values

Research of assessed values in the Project Area indicates an increase of approximately 13% over the last two years. On the other hand average assessed values for the City and the County have risen 21.4% and 22.2% respectively over the same time period. Table B-6 presents the comparative total assessed values for the last three fiscal years. Although there may be many explanations for the differences in the growth rates, given that the Citywide and Countywide growth rates were nearly the same, and the Project Area growth rate was nearly half of the City's and County's indicates that the Project Area has not had a level of investment activity that is on par with other areas. This suggests that property values are depreciated when compare to other areas of the City and County

TABLE B-6
ASSESSED VALUATION HISTORY

Areas	2002-03	2003-04	Change	2004-05	Change
Project Area	$393,311,382	$412,845,898	4.97%	$444,162,471	7.59%
City of San Diego	$97,908,087,830	$107,710,122,385	10.01%	$118,889,517,256	10.38%
County of San Diego	$212,556,301,815	$233,642,627,457	9.92%	$259,704,084,831	11.15%

Source: San Diego County Assessor Rolls

Industrial Lease Rates

Realtors familiar with the industrial properties in the Project Area cited a number of different problems that act in concert to impede the economic success of real estate within the Project Area. For example, when the area developed, the standards for industrial development allowed for smaller lot sizes than would be permitted today and reduced set-backs from other properties. These conditions negatively impact the appearance and detract from the marketability of the area. Most realtors also noted that the age of many commercial structures renders them obsolete in today's market. Some of the deficiencies mentioned are listed on the following page.

- Small building size;
- Lack of parking on-site and off-street;
- Lack of access to industrial sites;
- Lack of other amenities or inadequate amenities such as loading and storage;
- Low ceiling heights which restrict indoor operations and lead to outdoor manufacturing and/or storage;
- Inadequate construction materials such as wood frame buildings being used for industrial production; and
- Lack of adequate utilities servicing properties.

The overall lack of amenities offered by a majority of industrial properties in the Project Area has created a lower tier market according to realtors. Most realtors graded the Grantville industrial market as a Class B or C (with Class A being the highest ranking). This lower ranking attracts substandard uses, such as outdoor auto repair and salvage, which further diminishes the image of the Project Area and the rents landowners are able to charge.

Realtors surmise that the types of industrial businesses locating in the Project Area are looking for lower rents. Table B-7 shows a gross lease rate of $.80 per square foot monthly lease rate compared to surrounding areas that have lease rates at $.10 - $.25 per square foot (12% to 30%) higher. These lower lease rates generally do not attract new higher end industrial uses and the lower rents result in little net income to reinvest in buildings to improve their condition.

TABLE B-7
MONTHLY LEASE RATE COMPARISON FALL 2004

Areas	Industrial	Office	Retail
Grantville/Mission Gorge	$0.80	$1.43	$2.03
Airport/Sports Arena	$0.90	$2.30	$2.15
Kearny Mesa	$1.00	$1.80	$1.70
Mission Valley	$0.75	$2.00	$2.75
Miramar	$0.90	$1.70	$1.80
San Diego County Market Average	$0.96	$1.92	$1.85

Source: CB Richard Ellis, Grubb & Ellis, Various Broker Interviews.

Commercial Lease Rates

In discussing the proposed Project Area with realtors familiar with the commercial properties in the area, a number of different problems were cited that act in concert to impede economic success. For example, when the Project Area developed, the standards, as stated before, allowed smaller lot sizes than would be permitted today and no off-street parking. Commercial development was an afterthought that was inserted into what was originally developed as a small-scale industrial area. Also noted is the age of many commercial structures which renders them obsolete in today's market. Some of the deficiencies mentioned were:

- Small building size;
- Close proximity to uses (industrial) that detract from the physical appearance of the area.
- Lack of streetscape improvements in the public right-of-way;
- Lack of parking on and off-street;
- Lack of proper access to site;
- Lack of amenities or inadequate amenities such as landscaping, loading and storage; and
- Lack of adequate utilities servicing properties.

Several realtors stated that the cost of land in the area is too high to be supported by the low lease rates that the existing buildings bring, making turnover and improvement of buildings unlikely. Generally, commercial developers are looking for 2 to 3-acre parcels for new development, which is available in only 14% of commercial parcels. Competition is also strong from other commercial nodes in close proximity to the Project Area (e.g., Mission Valley, Kearny Mesa and centers in La Mesa). Compounding this is the overriding image that the Project Area is not desirable.

Realtors believe that more brand name stores would like to locate along Mission Gorge Road, but there are few adequate sites because the parcels are too small. Other retailers stated that there appears to be a lack of cohesiveness along the Mission Gorge corridor, and the Project Area lacked a synergy that would attract higher-end retailers. The Project Area's lack of identity and negative perception cause shoppers to leave the Project Area and go to Kearny Mesa, La Mesa, and/or Mission Valley. This compounds traffic congestion in the area.

An adequate revenue stream is necessary to enable property owners to perform routine maintenance of their real estate. Without funding for repairs, deferred maintenance issues become health and safety concerns. This is especially true for older buildings.

Table B-7 shows retail lease rates for the Project Area are mid- to high-range when compared to those of the surrounding markets, suggesting that there is a good market for retail uses. However, if the physical constraints present in the project area are not addressed the potential expansion of this marketplace will not be realized. Office lease rates are between $.27 - $.87 per square foot (16% to 38%) lower than surrounding markets.

Economic Viability of New Construction

Three development analyses (pro-formas) were developed to demonstrate how the existing blighting conditions of small lot size and environmentally contaminated soil adversely affect the financial feasibility of redeveloping commercial properties in the current market constraints of the Project Area.

- Pro-forma B-1: Small Site (1/2-acre) Commercial Development no Site Contamination
- Pro-forma B-2: Small Site (1/2-acre) Commercial Development with Site Contamination
- Pro-forma B-3: Large Site (One Acre) Commercial Development with Site Contamination

Project development programs were prepared for a site one-half acre in size (Small Site) and another for a site comprised of one acre (Large Site). Development regulations pertaining to the CC-1-3 zone of the City of San Diego Municipal Code were used to establish the development characteristics of the proposed projects. RSG used a floor area ratio (FAR) factor to determine the level of development that could occur on the sites. FAR is the ratio of the floor area of a building to the area of the lot on which the building is located. The CC-1-3 zone allows for a 0.75 to 1.0 maximum FAR.

For the Small Site, RSG assumed a 0.40 to 1.0 FAR. During the analysis, it was found that the maximum FAR applied to the Small Site would not be feasible. Using the maximum FAR for a site this size would result in a project with an insufficient amount of space to meet the current on-site parking requirements (2.5 spaces for every 1,000 square feet of building area) for commercial retail, unless a parking structure of some form was able to be built. More than likely, the only type of structure that could possibly be constructed would be an underground facility because there would not be enough land area to build an efficient at-grade parking structure. An underground structure would render the project economically infeasible due the extremely high cost to develop such a facility. For these reasons, a developer could not consider maximizing the FAR on this type of site. Based on today's market trends and development standards, sites comprised of one acre or more are preferred. RSG assumed the maximum FAR for the Large Site as the increase in land area would allow for the construction of an

efficient more cost effective at-grade parking structure to meet the current day on-site parking requirements for commercial space.

These development and operations pro-formas employ the income approach to valuation. Based upon the income and the costs characteristics of commercial development, the project feasibility gap is determined by subtracting the total development costs from the Project value.

Based upon information obtained from a review of comparable sales data, site acquisition costs are estimated at $30.00 per square foot of land. RSG used a $60.00 to $70.00 per square foot value to estimate building shell costs for the commercial structures which is consistent with the Marshall and Swift Valuation Manual. On- and off-site improvement costs were estimated at $3.50 and $1.00 per square foot, respectively. Financing and other indirect costs were generated from current market rates or RSG's database for like expenses.

The pro-formas also detail operating income and expense assumptions. These assumptions were developed based on a review of similar developments, discussions with local area real estate professionals and RSG's experience with projects of the proposed scope and scale. Based on information obtained pertaining to local area lease rates, lease rates are estimated to be $1.50 per square foot of leaseable space. The pro forma assumes standard operating expenses for a typical commercial development project.

The pro forma concludes by delineating the financial feasibility of a project. Current market return on investment rates were used to estimate project value. If the project value exceeds total development costs, then the project's return on investment would be greater than expected. If the project value and total development costs are equal, the project will have met its return on investment goals. If total development costs exceed the project value, additional cash is required to fund the Project's feasibility gap.

As presented in the commercial pro forma analyses, the smaller sites are not financially viable, however, the one acre site is viable. The difference in feasibility can largely be attributed to the ability to build at a greater FAR while still achieving necessary parking, better economy of scales and the spreading of certain project related costs over the entirety of a larger site. Sites larger than one acre would likely be able to produce development closer to the allowed FAR while still achieving necessary parking, and other site amenities. To achieve economic viability it is important to have the redevelopment tools needed to promote lot consolidations, and the assemblage of small parcels into larger sites.

PROFORMA B-1

GRANTVILLE COMMERCIAL DEVELOPMENT (Assumes a lot 125 feet x 175 feet in size)

DRAFT FINANCIAL PROFORMA

Site Size (in acres):	0.50
Commercial Acres (%)	100.0%
Residential Acres (%)	0.0%
Total Acres (%)	100.0%
Commercial Square Feet	21,875
Commercial FAR	0.40
Commercial Building (S.F.)	8,750
Number of units existing:	0.0
Number of units proposed:	0.0
Unit Size:	0

PROJECT COST	SF/UNITS/SP	PER SF/SP	TOTAL
ACQUISITION COSTS	21,875	$30.00	$656,250
TOTAL ACQUISITION COSTS			**$656,250**
CONSTRUCTION:			
OFFSITE/INFRASTRUCTURE/UTILITIES	21,875	$1.50	$32,813
SITE COSTS (including landscaping)	21,875	$3.00	$65,625
PARKING (Surface)	22.0	$2,000	$44,000
COMMERCIAL BUILDING COST (Shell & TI)	8,750	$90.00	$787,500
GENERAL CONDITIONS	8,750	$6.00	$52,500
TOTAL CONSTRUCTION		**$2,101**	**$982,438**
TOTAL LAND & CONSTRUCTION			**$1,638,688**

SOFT COSTS:	% of construction	$ per Bldg. Sq. Ft.	Total
PROFESSIONAL/CONSULTANT FEES	6.0%	$6.74	$58,946
PUBLIC PERMITS & FEES	5.0%	$5.61	$49,122
TAXES, INSURANCE, LEGAL & ACCOUNTING	3.0%	$3.37	$29,473
MARKETING	2.0%	$2.25	$19,649
DEVELOPER FEE (Administration & Overhead)	7.0%	$7.86	$68,771
CONTINGENCY	10.0%	$11.23	$98,244
TOTAL SOFT COSTS	**33.0%**	**$37.05**	**$324,204**
RESERVES:			
CAPITALIZED INITIAL LOSSES	ALLOWANCE	$0.00	-
TOTAL RESERVES	**0.0%**	**$0.00**	**$0**
FINANCING:			
CONSTRUCTION FINANCING	11.4%	$12.82	$112,178
FINANCING FEES	1.3%	$1.49	$13,066
TOTAL FINANCING	**12.7%**	**$14.31**	**$125,245**
TOTAL PROJECT COST		**$238.64**	**$2,088,137**

Commercial Rental Income			
Gross Annual Rental Income	8,750 Sf	$24.00 /Sf	$210,000
(Less): Vacancy & Collection	5.0% of Gross Income		(10,500)
Gross Effective Income			$199,500
Operating Expenses	8.0% of Gross Effective Income		($15,960)
Property Management	3.0% of Gross Effective Income		(5,985)
Reserves	2.0% of Gross Effective Income		(3,990)
Total Expenses			($25,935)
Net Operating Income			$173,565
Cap Rate			9.0%
Total Project Revenue			$1,928,500
(Less) Development Costs			(2,088,137)
Profit/(Feasibility Gap)			($159,637)

PROFORMA B-2

GRANTVILLE COMMERCIAL DEVELOPMENT (Assumes a lot 125 feet x 175 feet in size)

DRAFT FINANCIAL PROFORMA

Site Size (in acres):	0.50
Commercial Acres (%)	100.0%
Residential Acres (%)	0.0%
Total Acres (%)	100.0%
Commercial Square Feet	21,880
Commercial FAR	0.40
Commercial Building (S.F.)	8,752
Number of units existing:	0.0
Number of units proposed:	0.0
Unit Size:	0

PROJECT COST	SF/UNITS/SP	PER SF/SP	TOTAL
ACQUISITION COSTS	21,875	$30.00	$656,250
CONTAMINATION	21,875	$15.00	328,125
TOTAL ACQUISITION COSTS			**$984,375**
CONSTRUCTION:			
OFFSITE/INFRASTRUCTURE/UTILITIES	21,875	$1.50	$32,813
SITE COSTS (including landscaping)	21,875	$3.00	$65,625
PARKING (Surface)	22.0	$2,000	$44,000
COMMERCIAL BUILDING COST (Shell & TI)	8,752	$90.00	$787,663
GENERAL CONDITIONS	8,752	$6.00	$52,511
TOTAL CONSTRUCTION		**$2,101**	**$982,611**
TOTAL LAND & CONSTRUCTION			**$1,966,986**

SOFT COSTS:	% of construction	$ per Bldg. Sq. Ft.	Total
PROFESSIONAL/CONSULTANT FEES	6.0%	$6.74	$58,957
PUBLIC PERMITS & FEES	5.0%	$5.61	$49,131
TAXES, INSURANCE, LEGAL & ACCOUNTING	3.0%	$3.37	$29,478
MARKETING	2.0%	$2.25	$19,652
DEVELOPER FEE (Administration & Overhead)	7.0%	$7.86	$68,783
CONTINGENCY	10.0%	$11.23	$98,261
TOTAL SOFT COSTS	**33.0%**	**$37.05**	**$324,262**
RESERVES:			
CAPITALIZED INITIAL LOSSES	ALLOWANCE	$0.00	-
TOTAL RESERVES	**0.0%**	**$0.00**	**$0**
FINANCING:			
CONSTRUCTION FINANCING	13.1%	$14.75	$129,097
FINANCING FEES	1.3%	$1.49	$13,069
TOTAL FINANCING	**14.5%**	**$16.24**	**$142,166**
TOTAL PROJECT COST		**$278.05**	**$2,433,413**

Commercial Rental Income			
Gross Annual Rental Income	8,752 Sf	$24.00 /Sf	$210,043
(Less): Vacancy & Collection	5.0% of Gross Income		(10,502)
Gross Effective Income			$199,541
Operating Expenses	8.0% of Gross Effective Income		($15,963)
Property Management	3.0% of Gross Effective Income		(5,986)
Reserves	2.0% of Gross Effective Income		(3,991)
Total Expenses			($25,940)
Net Operating Income			$173,601
Cap Rate			9.0%
Total Project Revenue			$1,928,898
(Less) Development Costs			(2,433,413)
Profit/(Feasibility Gap)			($504,515)

PROFORMA B-3

GRANTVILLE COMMERCIAL DEVELOPMENT (Assumes a contaminated lot One Acre in size)

DRAFT FINANCIAL PROFORMA

Site Size (in acres):	1.00
Commercial Acres (%)	100.0%
Residential Acres (%)	0.0%
Total Acres (%)	100.0%
Commercial Square Feet	43,569
Commercial FAR	0.75
Commercial Building (S.F.)	32,677
Number of units existing:	0.0
Number of units proposed:	0.0
Unit Size:	0

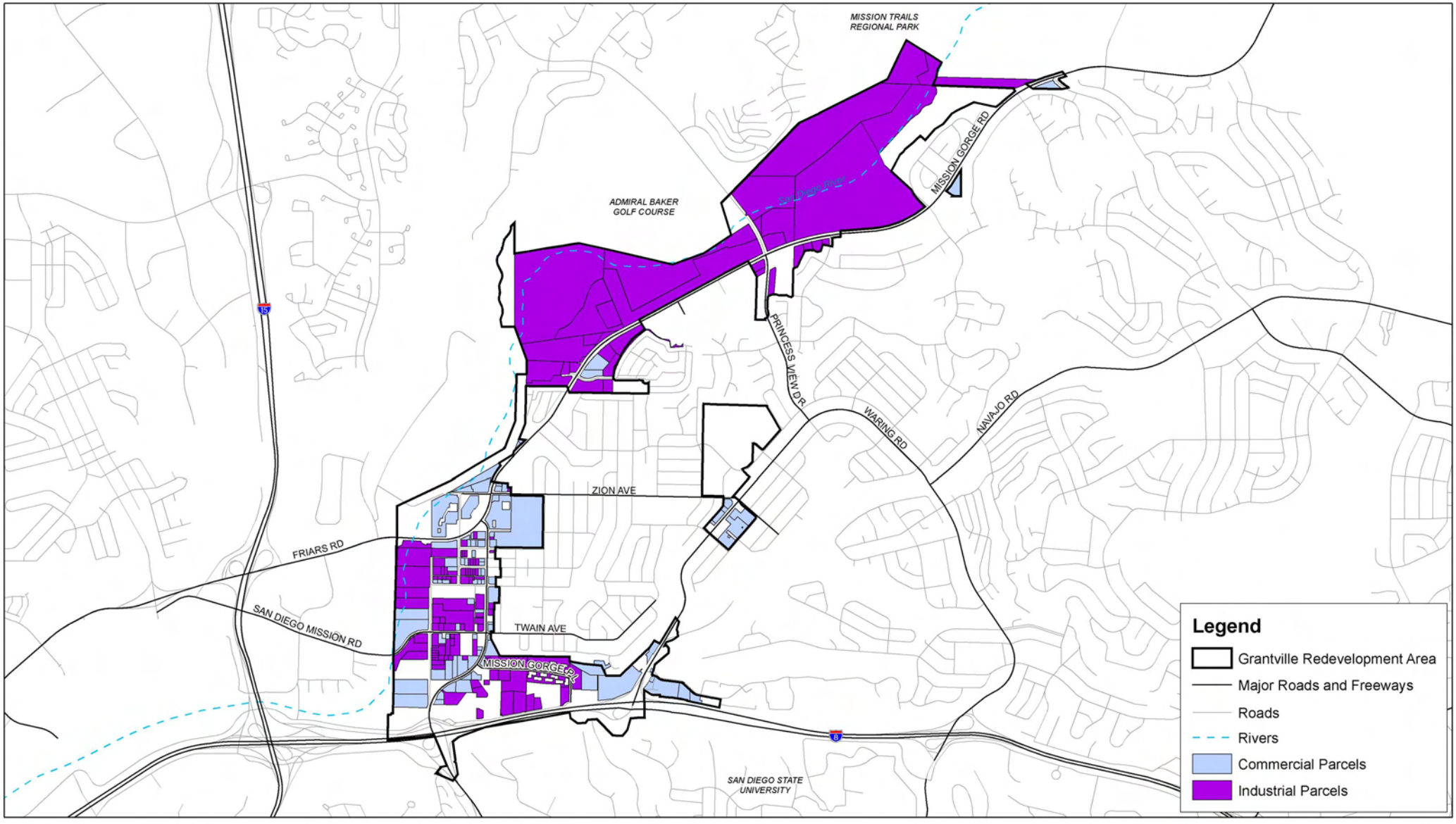
PROJECT COST	SF/UNITS/SP	PER SF/SP	TOTAL
ACQUISITION COSTS	43,560	$30.00	$1,306,800
CONTAMINATION	43,560	$10.00	435,600
TOTAL ACQUISITION COSTS			**$1,742,400**
CONSTRUCTION:			
OFFSITE/INFRASTRUCTURE/UTILITIES	43,560	$1.50	$65,340
SITE COSTS (including landscaping)	43,560	$3.00	$130,680
PARKING (Structure)	81	$10,000	$810,000
COMMERCIAL BUILDING COST	32,677	$65.00	$2,123,989
GENERAL CONDITIONS	32,677	$6.00	$196,061
TOTAL CONSTRUCTION		**$10,076**	**$3,326,069**
TOTAL LAND & CONSTRUCTION			**$5,068,469**

SOFT COSTS:	% of construction	$ per Bldg. Sq. Ft.	Total
PROFESSIONAL/CONSULTANT FEES	4.0%	$4.07	$133,043
PUBLIC PERMITS & FEES	5.0%	$5.09	$166,303
TAXES, INSURANCE, LEGAL & ACCOUNTING	3.0%	$3.05	$99,782
MARKETING	2.0%	$2.04	$66,521
DEVELOPER FEE (Administration & Overhead)	3.0%	$3.05	$99,782
CONTINGENCY	5.0%	$5.09	$166,303
TOTAL SOFT COSTS	**22.0%**	**$22.39**	**$731,735**
RESERVES:			
CAPITALIZED INITIAL LOSSES	ALLOWANCE	$0.00	-
TOTAL RESERVES	**0.0%**	**$0.00**	**$0**
FINANCING:			
CONSTRUCTION FINANCING	9.6%	$9.82	$320,840
FINANCING FEES	1.2%	$1.24	$40,578
TOTAL FINANCING	**10.9%**	**$11.06**	**$361,418**
TOTAL PROJECT COST		**$188.56**	**$6,161,622**

Commercial Rental Income			
Gross Annual Rental Income	32,677 Sf	$21.00 /Sf	$686,212
(Less): Vacancy & Collection	5.0% of Gross Income		(34,311)
Gross Effective Income			$651,901
Operating Expenses	8.0% of Gross Effective Income		($52,152)
Property Management	3.0% of Gross Effective Income		(19,557)
Reserves	2.0% of Gross Effective Income		(13,038)
Total Expenses			($84,747)
Net Operating Income			$567,154
Cap Rate			9.0%
Total Project Revenue			$6,301,711
(Less) Development Costs			(6,161,622)
Profit/(Feasibility Gap)			$140,089

Exhibit B - 10: Parcels Exhibiting Economic Blight

See attached map of Economic Blight.



Grantville Redevelopment Project Area

Parcels exhibiting Economic Blight

Sources: SanGIS, 2004, BRG Consulting, Inc., and RSG Land Use Survey, 2005

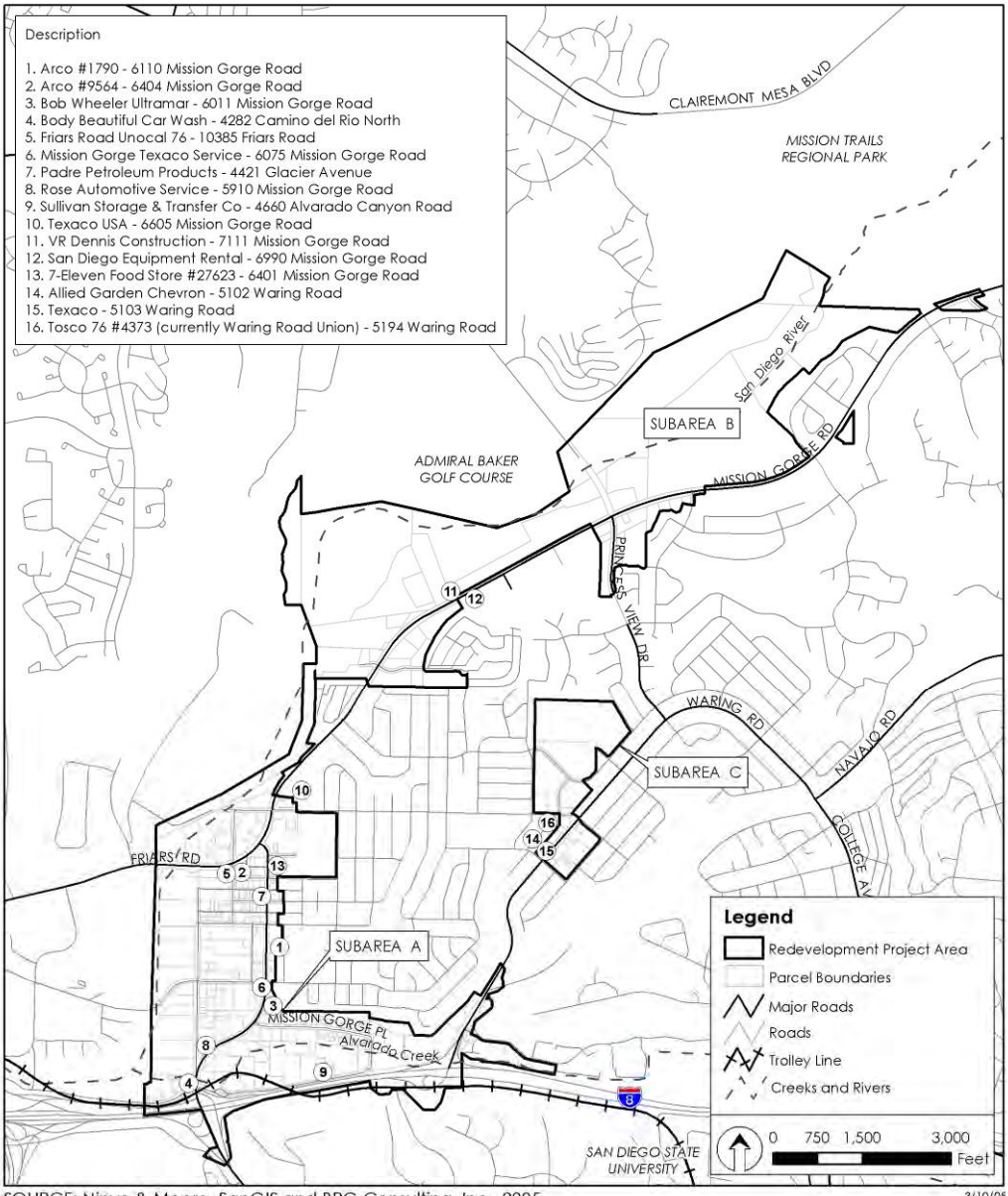
0 0.25 0.5 1 1.5 2 Miles

Hazardous Materials

According to information presented in the Grantville Redevelopment Project Program Environmental Impact Report (EIR), approximately 36 sites of potential environmental concern within the project area and surrounding area were identified as a result of an environmental information database search. A search and review of federal, state and local environmental databases was performed to evaluate whether properties within approximately 1,000 feet of the boundaries of the Project Area had been identified as having experienced significant unauthorized releases of hazardous substances or other events with potentially adverse environmental effects.

Based on the EIR, properties located within the boundaries of the Project Area were listed in the Underground Storage Tank (UST) and Above Ground Storage Tank (AST), Leaking Underground Storage Tank (LUST), Resource Conservation and Recovery Act (RCRA), Department of Environmental Health (DEH) HE17 (permits), and Solid Waste Landfill (SWL) databases. The EIR also indicated that in addition to the properties located within the boundaries of the Project Area, the database search identified several surrounding properties of potential environmental concern. Forty-five unmapped (non-geocoded) facilities were also noted in the database reports as being located within the same zip code as the Project Area.

Figure B - 2: Sites of Potential Environmental Concern



SOURCE: Ninyo & Moore, SanGIS and BRG Consulting, Inc., 2005

3/10/05

Sites of Potential Environmental Concern

"TABLE 4.8-1" FROM PROGRAM ENVIRONMENTAL IMPACT REPORT
GRANTVILLE REDEVELOPMENT PROJECT
Summary of Sites of Potential Environmental Concern in the Project Area

Facility	Map ID	Location (Subarea[1])			Potential Environmental Concern (Y/N)[2]	Comments
		A	B	C		
Arco #1790 – 6110 Mission Gorge Road	1	X			Y	The database search indicated that a release of gasoline occurred, and the aquifer was affected. The DEH file review indicates that remedial action has occurred at the facility. The most recent groundwater report recommends that the DEH consider the site for closure. Because the facility has not yet been granted regulatory closure, there is a moderate to high likelihood that this facility has adversely affected the environmental integrity of the Project Area. The database search indicates that this facility is a permitted site. A violation cited in June 1999 indicated the facility did not properly report, investigate, or respond to an unauthorized release. Open LUST case and RCRA Generator facility.
Arco #9564 – 6404 Mission Gorge Road	2	X	X		Y	During the site reconnaissance, it was observed that the property is now occupied by a Thrifty Oil gasoline station. The database search indicates that a tank release from this gasoline service station property was discovered on August 8, 1986. According to the DEH file review, remedial action is underway; however, analytical data indicates the presence of hydrocarbons in the groundwater. Based on this information, there is a moderate to high likelihood that this facility has adversely affected the environmental integrity of the subject site. The database search indicates that this facility is a permitted site. Violations of concern were not noted in the database report. However, the facility is associated with an unauthorized release case. Open LUST Case and RCRA Generator facility.

TABLE (FROM EIR)

Summary of Sites of Potential Environmental Concern in the Project Area

Facility	Map ID	Location (Subarea[1])			Potential Environmental Concern (Y/N)[2]	Comments
		A	B	C		
Bob Wheeler Ultramar	3	X			Y	During the site reconnaissance, it was observed that the facility is occupied by Valero. The database search indicates that a tank release for this property was discovered in January 1999. According to the DEH file review, soil and groundwater were affected by a release of waste oil during UST closure. The soil contamination has been delineated; however, quarterly groundwater monitoring continues. Based on this information, there is a moderate to high likelihood that this facility has adversely affected the environmental integrity of the Project Area. A violation in August 1998 indicates the facility has not entered into a written contract with the tank owner and notified the Hazardous Materials Management Division (HHMD). This facility is an open LUST case.
Body Beautiful Car Wash – 4282 Camino del Rio North	4	X			Y	The database search report indicated that a release at this property was discovered in November 2002. Gasoline was released and, reportedly, a remediation plan has been implemented. According to the DEH file review, site closure has been recommended based on the reduced levels of MTBE and TPH. Because site closure has not been granted, there is moderate to high likelihood that this facility has adversely affected the environmental integrity of the subject site.

TABLE 4.8-1 (FROM EIR)
Summary of Sites of Potential Environmental Concern in the Project Area

Facility	Map ID	Location (Subarea[1])			Potential Environmental Concern (Y/N)[2]	Comments
		A	B	C		
Friars Road Unocal 76 – 10385 Friars Road	5	X			Y	During the site reconnaissance, it was observed that the facility is now occupied by Rose Auto Sales and Car Wash. The database search indicated that a tank release at this property was discovered in May 1994. The file review at the DEH indicated that semi-annual monitoring and recovery of free product continue to be recommended. Based on this information, there is a moderate to high likelihood that this facility has adversely affected the environmental integrity of the Project Area. In addition, a second tank release was reported for this facility in February 1996. However, this release is listed as "case closed," and is, therefore, not considered to present an environmental concern to the Project Area at the present time. The database search indicates that the facility is a permitted site. A violation cited in August 1998 indicated the facility has not entered into a written contract with the tank owner and notified the Hazardous Material Management Division (HMMD). This facility is an open LUST case.
Mission Gorge Texaco Service – 6705 Mission Gorge Road	6	X			Y	During the site reconnaissance, it was observed that the facility is now occupied by Auto Port Limited. The database search indicates that a tank release at this property was discovered in July 1992. The DEH file review indicated that quarterly groundwater monitoring will continue and additional wells may be installed to delineate the contaminant plume. Based on this information, there is a moderate to high likelihood that this facility has adversely affected the environmental integrity of the subject site. The database search indicated that the facility is a permitted site. Violations of concern were not noted in the database report. However, the facility is associated with an unauthorized release case and is an open LUST case and RCRA Generator facility.

TABLE (FROM EIR)

Summary of Sites of Potential Environmental Concern in the Project Area

Facility	Map ID	Location (Subarea[1])			Potential Environmental Concern (Y/N)[2]	Comments
		A	B	C		
Padre Petroleum Products – 4421 Glacier Avenue	7	X			Y	During the reconnaissance, the property buildings appeared to be unoccupied. The database search indicates that a tank release at this property was discovered in December 1992. Diesel fuel was released, and the aquifer was affected. Reportedly, a preliminary site assessment is underway and further action has been recommended, including extraction of free product and delineation of groundwater contamination. The database search indicates that this facility is a permitted site. Violations of concern were noted in the database report. However, the facility is associated with an unauthorized release case and is an open LUST case and RCRA Generator facility.
Rose Automotive Service and Rose Toyota – 5910 Mission Gorge Road and 5921 Fairmount Avenue	8	X			Y	During the site reconnaissance, this property was observed to be occupied by Toyota San Diego. A Phase I Environmental Assessment of the facility was conducted in 1998, and recommended soil and groundwater sampling due to former LUST case on site. Groundwater was found to be contaminated. The contaminant plume has migrated to approximately 75 feet west of Fairmount Avenue, and is confined to the site at the present time. Documentation regarding the release at this facility was not on file.

Sullivan Storage and Transfer Company – 4660 Alvarado Canyon Road	9	X			Y	During the site reconnaissance, this property was observed to be occupied by Qualtech Auto Center. The database search indicated that a tank release at this property was discovered in December 1996. Gasoline was released, and the aquifer was affected. MTBE was found at a maximum concentration of 13,600 parts per million (ppm). Reportedly, a preliminary site assessment is underway. Based on this information, there is a moderate to high likelihood that this facility had adversely affected the environmental integrity of the Project Area. The database search indicated that this facility is a permitted site. No violations were noted in the search. However the facility is associated with an unauthorized release and is an open LUST case and RCRA Generator site.

TABLE (FROM EIR)

Summary of Sites of Potential Environmental Concern in the Project Area

Facility	Map ID	Location (Subarea[1])			Potential Environmental Concern (Y/N)[2]	Comments
		A	B	C		
Texaco USA – 6605 Mission Gorge Road	10	X	X		Y	During the site reconnaissance, this property was observed to be occupied by a Kentucky Fried Chicken fast food restaurant. The database search indicated that a tank release at this property was discovered in October 1993. Gasoline was released to the groundwater. According to documents reviewed at the DEH, quarterly groundwater monitoring events are being performed at the facility. Based on this information, there is a moderate to high likelihood that this facility has adversely affected the environmental integrity of the Project Area. In addition, one other tank release was reported for this facility. However, this release is listed as "case closed," and is, therefore, not considered an environmental concern to the site at the present time. The database search indicates that this facility is a permitted site. Violations associated with improper tank testing and failure to report results to regulatory agencies are noted in the database report. The facility is an open LUST case.
Texaco – 6075 Mission Gorge Road (not mapped)		X	X			The database search indicates that this facility is a permitted site. Violations of concern were not noted in the database report. However, the facility is associated with an unauthorized release case and is an open LUST case and RCRA Generator site.
Mission Gorge and Twain Mission Gorge Road (not mapped)		X			Y	The database search indicates that this facility is a permitted site. Violations of concern were not noted in the database report. However, the facility is associated with an unauthorized release case and is an open LUST case and RCRA Generator site.

TABLE (FROM EIR)

Summary of Sites of Potential Environmental Concern in the Project Area

Facility	Map ID	Location (Subarea[1])			Potential Environmental Concern (Y/N)[2]	Comments
		A	B	C		
City of San Diego Sewer Project/VR Dennis Construction	11		X		Y	During the site reconnaissance, this property was observed to be occupied by ABC Supply Company. The database search indicated that a tank release at this property was discovered in April 1992. Gasoline was released; however, the medium affected is not indicated. Documents reviewed at the DEH indicated that the responsible party has yet to be determined. Based on this information there is a moderate to high likelihood that this facility has adversely impacted the environmental integrity of the Project Area.
San Diego Equipment Rental – 6990 Mission Gorge Road	12		X		Y	During the reconnaissance, this property was observed to be occupied by World RV. The database search indicated that a tank release at this property was discovered in January 1995. Gasoline was released into the groundwater. According to the file review, a remedial action plan has not yet been implemented. Based on this information, there is a moderate to high likelihood that this facility has adversely impacted the environmental integrity of the subject site. The database search indicates that this facility is a permitted site. Violations of concern were not noted in the database report. However, the facility is associated with an unauthorized release case and is an open LUST case and RCRA Generator site.

TABLE (FROM EIR)

Summary of Sites of Potential Environmental Concern in the Project Area

Facility	Map ID	Location (Subarea[1])			Potential Environmental Concern (Y/N)[2]	Comments
		A	B	C		
Allied Garden Chevron – 5102 Waring Road	13			X	Y	During the site reconnaissance, this property was observed to be a vacant lot. The database search report indicated that a tank release at this property was discovered in August 1993. Waste oil was released, and reportedly, remedial action is underway. Another release involving gasoline was discovered in March 2000. Documents reviewed at the DEH indicated semi-annual groundwater monitoring will continue at the facility. Also, additional wells may be installed off site to facilitate delineation of the contaminant plume. Based on this information, there is a moderate to high likelihood that this facility has adversely impacted the environmental integrity of the Project Area. In addition, one other tank release was reported for this facility. However, this release is listed as "case closed," and is, therefore, not considered to present an environmental concern to the site at the present time. The database search also indicated that this facility is a permitted site. Violations of concern were not noted in the database report. However, the facility is associated with unauthorized release case and is an open LUST case and RCRA Generator site.

TABLE (FROM EIR)

Summary of Sites of Potential Environmental Concern in the Project Area

Facility	Map ID	Location (Subarea[1])			Potential Environmental Concern (Y/N)[2]	Comments
		A	B	C		
Texaco – 5103 Waring Road	14			X	Y	During the site reconnaissance, this property was observed to be occupied by a Shell station. The database search indicated that a tank release at this property was discovered in January 1992. Gasoline was released to the groundwater. The most recent report on file at the DEH indicated there is still free product in one well, and significant hydrocarbon concentrations present in other wells. Based on this information, there is a moderate to high likelihood that this facility has adversely impacted the environmental integrity of the Project Area. In addition, one other tank release was reported for this facility. However, this release is listed as "case closed," and is, therefore, not considered to present an environmental concern to the site at the present time. The database search indicates that the facility is a permitted site. Violations of concern were not noted in the database report. However, the facility is associated with an unauthorized release case and is an open LUST case and RCRA Generator site.
Tosco 76 #4373 – 5194 Waring Road	15			X	Y	The database search indicates that a tank release for this property was discovered in July 1988. Gasoline was released into the groundwater. Quarterly groundwater monitoring is being performed at the site, according to documents reviewed at the DEH. Based on this information, there is a moderate to high likelihood that this facility has adversely impacted the environmental integrity of the Project Area. The database search indicated that this facility is a permitted site. A violation cited February 1998 indicated the facility has not entered into a written contract with the tank owner and notified the Hazardous Materials Management Division (HHMD). This facility is an open LUST case.

Source: Ninoyo and Moore, 2004.

Contributing to these conditions are some of the storage practices for chemicals and debris observed during the field survey. 52% of properties were found to have signs of garbage, debris, stagnant water and/or combustible materials on site. The following pictures depict some of the storage practices observed in the Project Area.

Parcel Number – 461 320 03
Chemical storage shed off Mission Gorge Road using substandard building materials for a commercial area and occupying a parking space.

Parcel Number – 461 320 20
Outdoor storage is unsightly as well as dangerous, These hazardous waste containers are being stored outside the fenced area along Mission Gorge Road.

Crime

A high crime rate that constitutes a serious threat to public safety and welfare is a condition of economic blight. In order to assess the impact of crime within the Project Area, information regarding the incidence of violent and other serious property crime reported by the City of San Diego Police Department was analyzed.

The Federal Bureau of Investigation (FBI) Crime Index is a nationally standardized system that enables comparison of the number of crimes reported by jurisdictions across the country. The Index includes four violent offenses (willful homicide, forcible rape, robbery, and aggravated assault) and three types of property crimes (burglary, larceny theft, and motor vehicle theft). The offenses included in the FBI Index were selected due to their serious nature and/or volume, as well as the probability that these crimes will be reported to the police. Crime Rates in Table B-8 were computed by occurrence per 1,000 population using current California Department of Finance population estimates by the City of San Diego Police Department.

The regional crime rate based on the FBI Index crimes incorporates both local jurisdictions and unincorporated areas in the County of San Diego. Like most jurisdictions across the nation, crime in the San Diego region has dropped significantly. The 2003 San Diego countrywide crime rate based upon the FBI Index is 37.4 crimes per 1,000 population (SANDAG). The

2003 crime rate for the Cities of La Mesa, Lemon Grove and San Diego are 41.85, 39.24 and 44.19 respectively. The 2003 crime rate in the census tracts representing the Project Area is 51.2 per 1,000 or over 37% higher than the county average and 16% higher than the City of San Diego.

The information provided by the City of San Diego for the census tracts (CT) that overlay the proposed Project Area is for calendar year 2003. 2004 data is not available from the State of California or FBI at this time. Thus, the table below uses data from the 2003 calendar year for all jurisdictions. The CT data covers a larger portion of the community than is proposed to be included in the Project Area. The crime rates vary significantly among the different census tracts, with many CT's having greater crime rates than the comparison cities of La Mesa, Lemon Grove and the entire City of San Diego. The census tract overall totals are substantially higher in the categories of rape, larceny/theft and motor vehicle theft.

TABLE B-8

2003 FBI CRIME INDEX RATES PER 1,000 PERSONS FOR FEDERAL CENSUS TRACTS WHICH OVERLAY THE PROJECT AREA, THE CITY OF SAN DIEGO AND SELECTED LOCAL JURISDICTIONS

Census Tract/City	Murder	Rape	Robbery	Aggravated Assault	Burglary	Larceny/ Theft	Motor Vehicle Theft	Totals
2003 Crime Rates								
95.09 (Grantville)	0.00	0.61	1.82	6.06	12.13	43.06	25.17	88.85
96.02 (Grantville)	0.00	0.27	0.54	3.51	4.60	14.33	2.97	26.22
96.03 (Grantville)	0.00	0.22	1.12	2.68	9.60	49.13	24.34	87.09
96.04 (Grantville)	0.00	1.24	1.24	3.42	8.40	22.40	16.80	53.50
97.03 (Grantville)	0.00	0.00	0.58	2.61	4.64	6.66	4.35	18.84
97.05 (Grantville)	0.00	0.00	0.61	1.82	6.06	15.76	8.49	32.74
Total for CT's	0.00	0.39	0.99	3.35	7.57	25.22	13.69	51.21
2003 Crime Rates								
La Mesa	0.04	0.22	1.20	1.69	6.52	22.10	10.09	41.85
Lemon Grove	0.00	0.16	2.01	3.63	9.35	14.54	9.55	39.24
San Diego	0.05	0.33	1.34	4.33	6.64	21.16	10.33	44.19

Sources: City of San Diego Police Department and SANDAG - Crime in the San Diego Region Annual 2003 (Table A.3)

Note: Comparison crime rates are for calendar year 2003, which is the latest data available from the FBI.

The San Diego Police Department has also compiled information related to crime incidences that have occurred in the vicinity of the San Diego River bed over that last two years. The following table summarizes this information and indicates an increase in criminal activity in the area.

TABLE B-9

Crime Cases in the San Diego Riverbed
Grantville Area
2003 vs. 2004

Crime	2003	2004	Change
Rape	3	5	67%
Robbery	6	7	17%
Agg Assault	15	18	20%
Simple Assault	49	60	22%
Arson	2	0	-100%
Burglary	72	114	58%
Theft	209	238	14%
Auto Theft	106	103	-3%
Vandalism	57	66	16%
Fraud	31	26	-16%
Sex Offenses	3	3	0%
Child & Family	8	12	50%
DV Call	17	4	-76%
Grand Total	*578*	*656*	13%

Homeless Population

There is a significant homeless population in the Project Area. The San Diego Police Department arrested 162 people in sweeps along the San Diego River during a 4-week period in the summer of 2004. These are usually not just homeless, but criminals with arrests on their records and often time outstanding warrants. Activities of the homeless by the river include theft, drug use and assault. The auto salvage and storage areas along the river provide cover for these individuals. A visible homeless population makes the commercial district less desirable to patrons, further affecting its economic viability.

These types of crime can negatively impact existing Project Area businesses, discouraging business investment and patronage. Crime represents an additional cost in conducting, retaining, and attracting businesses to the Project Area.

Liquor Sales

The Alcohol Beverage Control ("ABC") Board determines eligibility for businesses seeking a sales license for alcoholic beverages, including licenses for both on-site consumption ("on-sale") and off-site consumption ("off-sale") for prepackaged alcoholic products. When ABC evaluates a new application it determines if the license is on-sale or off-sale and how many existing licenses already exist in the applicant's census tract. Each census tract has a threshold target based on population for the number of on and off-site alcohol sales permits allowed.

For the Mission Gorge commercial corridor there are two census tracts that separate the primary commercial area between Interstate 8 and Friars Road. On the east side of Mission Gorge Road there are 4 on-sale permits allowed, but 8 exist and there are 2 off-sale permits allowed, but 4 exist. On the west side of Mission Gorge there are 5 on-sale permits allowed, but 14 exist and there are 3 off-sale permits, but 7 exist. Many of these licenses were granted prior to the current standards and have caused the Project Area to be in excess of the current standards.

Infrastructure Deficiencies in the Project Area

Section 33030 of the CRL states that a blighted area may be one that is characterized by one or more conditions of both physical and economic blight, and, in addition, characterized by the existence of inadequate public improvements, parking facilities, or utilities.

Section E of this Report details the programs and infrastructure projects proposed for the Project Area. The main commercial corridors are all affected by heavy traffic.

Traffic

Existing daily traffic volumes describes the number of cars in thousands that travel along road segments. The Project Area has a significant number of street segments that exceed desirable daily traffic volumes according to the City's Traffic Impact Study Manual and are therefore considered congested. According to the Environmental Impact Report prepared for the plan adoption process, the following segments are congested: Mission Gorge Road, Friars Road, Zion Avenue.

Traffic signals assign the right-of-way to vehicles, pedestrians in the intersection and increase the traffic handling capacity of an intersection. Intersection conditions are measured by a concept called "level of service" (LOS) which is a qualitative measure describing operating conditions within a traffic stream and their perception by the motorists. Intersections are ranked "A" to "F" with "F" being the worst service level and "A" being the best condition. There are several intersections that are ranked "C" or "F": (1) Fairmont Avenue at the Eastbound Interstate 8 off ramp; (2) Mission Gorge Road between Twain Avenue and Mission Gorge Place; (3) Mission Gorge Road between Twain Avenue and Vandever Avenue; and (4) Mission Gorge Road between Friars Road and Zion Avenue. These intersections are considered congested and thus undesirable. Contributing to the high volume of traffic along Mission Gorge Road is the residential cross-thru traffic that must use the Mission Gorge Road commercial corridor to access residential communities.

Parcel Number – 461 320 21
The eastbound Interstate 8 exit to Mission Gorge Road has a dangerous merge with Alvarado Canyon Road to the left. As vehicles are exiting the freeway on the right, vehicles on the left are merging across four lanes of traffic at the busy Mission Gorge Road/Fairmont Avenue Intersection to make a left turn.

Flood Control

The Project Area suffers from flooding due not only to its location near Alvarado Creek and the San Diego River, but also a lack of proper infrastructure. The area lacks necessary storm drain infrastructure to hold back floodwaters as well as contain, and send for treatment, urban runoff from industrial portions of the Project Area. The following page depicts the after effects of a flood event on Mission Gorge Place, where stranded drivers needed to be rescued when their vehicles got stuck in flooded streets. Even when rescues are not required, City work crews must spend extra maintenance time to clean up mud and other debris which cause a burden on the community.

Parcel Number – 461 210 05
This is the remaining debris after City work crews cleaned mud and debris form the street with a tractor.

Community Facilities and Open Space

As the San Diego River Master Plan is completed there will be a framework for the inclusion of more open space in the Project Area. Unfortunately without additional funding most of this master plan will not be realized.

Physical and Economic Burden on Community

The issues many physical and economic conditions described in this section of the Report together are a serious physical and economic burden on the community, which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment. A summary of these issues includes:

- The small size of a majority of the parcels in the Project Area do not allow for adequate parking, loading and safe access to businesses causing congestion and traffic safety issues which negatively impact patrons, businesses and local residents. The private marketplace has not been successful in achieving lot consolidations for new development.

- The sand and gravel extraction operations along the San Diego River impacts adjoining residential areas, and environmentally impacts the riverbed. Conversion of these operations for new uses will require on-

going monitoring and expensive environmental remediation upon completion of extraction activities. Properly planned reuse of the site will be of benefit to the community, but achieving compatible reuse will be difficult unless there is a coordinated effort amongst all affected parties. Without redevelopment tools the surrounding community will continue to be negatively impacted.

- Lower commercial and industrial lease rates impact the ability of owners to make regular repairs and upgrades (such as electrical amperage, handicapped-person accessibility, lighting and façade improvement). Without periodic maintenance, buildings become deteriorated or even dilapidated. Higher maintenance costs are associated with older buildings. Buildings that are not upgraded as market needs change become less desirable to tenants for two reasons: 1) the structure does not meet current market standards; and 2) the costs associated with providing the necessary upgrades. This circle of disinvestment negatively affects the surrounding community.

- Redevelopment of the small sized parcels that predominate the Project Area is not economically viable for private development. The lack of investment in new development diminishes property values and negatively impacts the surrounding community.

- The documented presence of environmental contamination in the Project Area, and the likely presence of lead based paint and asbestos, causes safety hazards to area occupants and the cost of removal of these substances increases rehabilitation costs. These conditions are a burden on the community.

- The higher crime rates in the area require more calls for service which increases municipal cost, creating a burden on the community. Crime also negatively impacts the lives of those working in or visiting the area.

- Response-based Code Enforcement is unable to address all of the health and safety code violations that exist in the Project Area. The added municipal cost of code enforcement activity is also a burden on the community.

- Traffic in the area is at capacity at several intersections; road and signal upgrades are needed. These conditions are a burden on the community because they impact daily life for Project Area occupants and visitors. Evidence of the need for redevelopment tools to address these major traffic problems is presented in the California Department of Transportation's January 25, 2005 comment letter on the *Draft Program Environmental Impact Report for the Grantville Redevelopment Project Area* which states "It is clear, that if the problems associated with the Fairmount Avenue/Mission Gorge/I-8 interchange are ever to be addressed, it should be through this

redevelopment effort. The proposed redevelopment appears to be large enough to accommodate improvements of this type and should be recommended as project mitigation." Clearly the interchange traffic problems are a significant burden to the community, and redevelopment tools are needed to address the burden.

Section

C

Five-Year Implementation Plan

Introduction

This Section presents the Five-Year Implementation Plan ("Implementation Plan") for the Project Area. If the Redevelopment Plan is adopted by the City Council, then this Implementation Plan will guide the Agency as it implements specific redevelopment projects in the Project Area. If adopted, this Implementation Plan will be in place for the next five years (fiscal years 2005-06 to 2009-010). Between the 2nd and 3rd years after adoption of the Implementation Plan, there will be a mid-term review and update of this Implementation Plan at which time community input will again be solicited.

If adopted, the Grantville Redevelopment Plan will set goals and guide activities for implementing projects, programs and redevelopment activities. The Grantville Project strives to eliminate blight in the Project Area by assisting with rehabilitation and new construction of commercial and industrial areas and upgrading of public infrastructure, facilities, open space and parks.

This Implementation Plan has been prepared pursuant to Section 33490 of the CRL. Every redevelopment agency is required to prepare an implementation plan that outlines the projects and expenditures the agency will undertake to address blight in a redevelopment project area. Implementation plans are initially formulated and subsequently updated through a legally mandated process that incorporates public input. The purpose is to inject more public input into the programs a redevelopment agency implements.

Pursuant to Sections 33352(c) and 33490 of the CRL, this Implementation Plan presents the following:

- The major objectives of the Agency for the Project Area.
- The programs, projects, and estimated expenditures planned for the next five years.
- An explanation of how the programs, projects and expenditures will achieve the goals of the Agency and eliminate blight in the Project Area.
- An explanation of how the programs, projects, and expenditures will implement the affordable housing requirements of the CRL and will increase, improve, and preserve the supply of housing affordable to very low, low, and moderate income households.

The Agency has been working with the community and the Grantville Redevelopment Advisory Committee to identify the constraints and opportunities in the Project Area. The following is a discussion of the objectives of the Redevelopment Plan and proposed projects for the next five-years.

Plan Objectives

The Plan delineates the Agency's redevelopment objectives for the Project Area. These objectives, which are listed below, were employed to formulate the overall strategy for this Implementation Plan and will serve as a guide for the Agency's activities during the next five years.

1. Eliminate and prevent the spread of blight and deterioration, as well as redevelop the proposed Redevelopment Project Area in accordance with the General Plan, applicable community plans, this Plan, and local codes and ordinances as these documents exist or may be amended in the future;

2. Improve the flow of traffic through the development of a circulation network that will provide for less congested access to the Mission Gorge corridor and Grantville industrial area, without adversely affecting surrounding residential communities and facilitate traffic and pedestrian enhancements that adequately support land uses, while improving the safety and viability of the Project Area and the surrounding communities. This should include comprehensive coordination of the multiple municipal agencies that have responsibility for planning and land use, traffic control, and funding;

3. Improve public infrastructure and undertake other public improvements in, and of benefit to, the Project Area including: preparation of a comprehensive Public Facilities Financing Plan to address short and long term infrastructure improvements; storm drain improvements (particularly to properties affected by the Alvarado Creek and San Diego River); widening, reducing or otherwise modifying existing roadways or creating additional streets, walkways, and paths for proper pedestrian, bicycle and/or vehicular circulation; and undergrounding electrical distribution lines and telephone lines along major streets;

4. Alleviate the shortage of commercial and industrial parking while avoiding negative impacts on residential neighborhoods by implementing a coordinated and comprehensive plan for the proportional distribution and proper configuration of parking spaces and facilities for existing and future uses;

5. Create an attractive and pleasant environment within the Project Area through streetscape enhancements, revitalization of incompatible uses and obsolete buildings and other viable measures;

6. Enhance economic growth within the Project Area by continuing ongoing efforts to revitalize commercial and industrial areas, particularly the commercial corridor along Mission Gorge Road;

7. Expand employment opportunities in the Project Area for adjacent residents by encouraging the development of professional enterprises and improving accessibility of employment centers within and outside the Project Area;

8. Explore opportunities in the Project Area for development of mixed residential and commercial uses particularly transit-oriented residential development to take advantage of nearby multi-modal transit system;

9. Focus on the retention and expansion of neighborhood supporting businesses in the Project Area. Ensure the continued viability of the commercial and industrial districts in the face of growing competition from contemporary developments;

10. Ensure that the appearance and character of industrial uses are compatible with the character of the surrounding commercial and residential areas;

11. Address urban runoff and industrial pollution issues to minimize negative impacts on sensitive environmental resources and to optimize the environmental assets of the Project Area such as the San Diego River and Mission Trails Regional Park;

12. Expand community serving recreational opportunities in the Project Area through rehabilitation and expansion of existing park and recreation facilities as well as adding park and recreation facilities and integrating environmentally sensitive recreation activities along the San Diego River, particularly for residents in and near the Project Area and in coordination with nearby school facilities;

13. Support habitat conservation and restoration along the San Diego River in coordination with developed plans for the area and in concert with other related municipal and private entity activities;

14. Improve and/or develop public facility assets and amenities such as schools, community centers, libraries, senior centers, and other community-serving facilities; and

15. Protect the heritage of the Project Area through the preservation of historical sites.

Definition of Blighting Conditions in Accordance with the CRL

The Project Area was established to address blighting conditions. CRL Sections 33030 and 33031 define physical and economic blight as:

Physical blight includes the following:

- Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.

- Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be caused by substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors.

- Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the project area.

- The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.

Economic blight includes the following:

- Depreciated or stagnant property values or impaired investments, including, but not necessarily limited to, those properties containing hazardous wastes that require the use of Agency authority.

- Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots within an area developed for urban use and served by utilities.

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

- Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults that has led to problems of public safety and welfare.

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

The CRL also provides that deficient public improvements may be identified as a blighting condition under circumstances including the presence of physical and economic blight.

The Agency's objectives, programs and projects presented in this Implementation Plan are designed to alleviate and/or eliminate blight in the Project Area, as described in Section B of this Report.

Financial Resources

The following table presents a projection of revenues the Agency may have available over the next five years to fund the Implementation Plan activities. The projections are based on the financial analysis included in Section E of this Report. Table C-1 presents the annual projected gross tax increment receipts, low and moderate housing set-aside requirement, statutory payments to affected taxing entities, and the remaining net revenues allocated to non-housing projects. Over the first five years of the Plan, the Agency is anticipated to collect $1,064,640 in housing fund revenue and $3,193,919 in non-housing fund revenue. In addition, potential net bond proceeds of $13.3 to the non-housing fund may also be realized. It should be noted that these are revenue estimates and actual funds available could either increase or decrease depending on the level of actual growth in the assessed valuation of the Project Area. It should also be noted that the Agency may decide to sell bonds that leverage the housing fund revenues thus increasing the amount of revenue available for affordable housing projects.

TABLE C-1
PROJECTED REVENUES FOR IMPLEMENTATION
GRANTVILLE REDEVELOPMENT PROJECT AREA

Fiscal Year	Gross Tax Increment Revenue	Taxing Agency Payments	Nonhousing Funds				Housing Funds	
			Annual Tax Incmt	Net Bond Proceeds	Bond Debt Service	Cumulative	Annual Tax Increment	Cumulative
2005-06		*No Tax Increment Revenue Received Until 2005-06*						
2006-07	$580,076	($116,015)	$348,045			$348,045	$116,015	$116,015
2007-08	$1,064,388	($212,878)	$638,633	$6,726,774	($555,333)	$7,158,119	$212,878	$328,893
2008-09	$1,572,709	($314,542)	$943,626		($555,333)	$7,546,412	$314,542	$643,435
2009-10	$2,106,027	($421,205)	$1,263,616	$6,583,004	($1,098,796)	$14,294,235	$421,205	$1,064,640
			$3,193,919	$13,309,778	($2,209,462)		$1,064,640	

Source: Section E of the Report to the City Council
Note: Nonhousing funds are net of statutory taxing agency payments.

Five-Year Programs and Expenditures

Estimated funding for each year of the Implementation Plan is listed beneath the program year heading.

First Program Year - Fiscal Year 2005-06

Estimated Project Funding: No tax increment will be available during the First Program Year, thus, funding will need to come from another source.

Administrative staff will be put in place for implementation and monitoring purposes.

Assist in the update of Navajo and Tierrasanta Community Plans through the appropriate community planning groups.

Study parking and infrastructure deficiencies, potential commercial/residential mixed use, transit oriented re-uses and industrial development and begin proposing solutions including the preparation of a Public Facilities Financing Plan as part of the Community Plan updates.

Initiate planning phase of Mission Gorge Road traffic improvements including the Interstate 8 interchange at Alvarado Canyon Road.

Identify storm drain improvements for the Project Area in coordination with the affected community and appropriate public agencies.

Initiate planning phase of Alvarado Creek enhancements including hydrology studies.

Continue to educate and update the community about redevelopment tools and processes.

Develop appropriate rehabilitation programs for the Grantville Redevelopment Project.

Prepare to solicit ideas and development proposals from business owners and other interested individuals.

Examine opportunities and impacts of the San Diego River Master Plan once it is finalized.

Examine opportunities for pedestrian circulation improvements in the vicinity of Alvarado Creek, particularly related to access to the Grantville Trolley Station (north/south access).

Develop a housing strategy for the expenditure of low and moderate income housing funds that enhances the economic base of the Project Area and has a positive impact on adjoining neighborhoods.

Respond to resident and business owner concerns and interests, outreach to real estate brokerage, development and lending companies to attract and retain investment in the Project Area.

Monitor, coordinate and expand activities with other public agencies including business outreach and marketing, housing programs, streetscape, lighting and landscape improvements and re-use options.

Second Program Year – Fiscal Year 2006-07

Estimated Funding: Non-Housing - $348,000; Housing - $116,000

Complete the update of Navajo Community Plan.

Complete design phase of Mission Gorge Road traffic improvements including the Interstate 8 interchange at Alvarado Canyon Road in anticipation of bond proceeds the following fiscal year (2007-08).

Complete design phase of Alvarado Creek improvements in anticipation of bond proceeds the following fiscal year (2007-08).

Coordinate design of storm drain improvements in the Project Area.

Implement rehabilitation program to assist existing businesses with deferred maintenance, code deficiencies, health and safety violations and zoning deficits.

Proactively identify and assist in the development of new commercial, industrial, residential and mixed use projects based upon the updated Navajo and Tierrasanta Community Plans.

Continue to educate and update the community about redevelopment tools and processes.

Continue to solicit ideas and development proposals from business owners and other interested individuals.

Complete the preparation of a Public Facilities Financing Plan and update of the Navajo and Tierrasanta Community Plans.

Consider parking and infrastructure solutions, develop budgets and funding strategies.

Based upon projected tax increment receipts, prepare for the issuance of a tax allocation bond next year.

Respond to resident and business owner concerns and interests, outreach to real estate brokerage, development and lending companies to attract and retain investment in the Project Area.

Begin implementation of the housing strategy for the expenditure of low and moderate income housing funds.

Monitor, coordinate and expand activities with other public agencies including business outreach and marketing, housing programs, streetscape, and lighting and landscape improvements.

Monitor project activities and coordinate community input into project development.

Third Program Year – Fiscal Year 2007-08

Estimated Funding: Non-Housing - $6.8 million; Housing - $213,000

During this program year about $6.7 million of bond financing may be available.

Identify funding sources for Mission Gorge Road traffic improvements including the Interstate 8 interchange at Alvarado Canyon Road.

Identify funding sources for Alvarado Creek improvements.

Develop funding sources for identified storm drain improvements in the Project Area.

Continue to implement rehabilitation program to assist existing businesses with deferred maintenance, code deficiencies, health and safety violations and zoning deficits.

Proactively seek and assist in the development of new commercial, industrial, residential and mixed use projects located at identified key locations in the Project Area.

Continue to educate and update the community about redevelopment tools and processes.

Continue to solicit ideas and development proposals from business owners and other interested individuals.

Assist in implementing parking and infrastructure upgrades pursuant to master infrastructure plans.

Monitor the housing strategy for the expenditure of low and moderate income housing funds.

Respond to resident and business owner concerns and interests, outreach to real estate brokerage, development and lending companies to attract and retain investment in the Project Area.

Monitor, coordinate and expand activities with other public agencies including business outreach and marketing, housing programs, streetscape, and lighting and landscape improvements.

Monitor project activities and coordinate community input into project development.

Prepare and present the Mid-term Implementation Plan Report to the community and City Council.

Fourth Program Year – Fiscal Year 2008-09

Estimated Funding: Non-Housing - $388,000; Housing - $314,000

Begin construction of Mission Gorge Road traffic improvements including the Interstate 8 interchange at Alvarado Canyon Road.

Begin construction of Alvarado Creek improvements.

Begin construction of storm drain improvements in the Project Area.

Continue to implement rehabilitation program to assist existing businesses with deferred maintenance, code deficiencies, health and safety violations and zoning deficits.

Proactively seek and assist in the development of new commercial, industrial, residential and mixed use projects located at identified key locations in the Project Area.

Continue to educate and update the community about redevelopment tools and processes.

Continue to solicit ideas and development proposals from business owners and other interested individuals.

Assist in implementing parking and infrastructure upgrades.

Respond to resident and business owner concerns and interests, outreach to real estate brokerage, development and lending companies to attract and retain investment in the Project Area.

Monitor the effectiveness of the housing strategy for the expenditure of low and moderate income housing funds in anticipation of its mid-term update the following fiscal year (2009-10).

Monitor, coordinate and expand activities with other public agencies including business outreach and marketing, housing programs, streetscape, and lighting and landscape improvements.

Based upon projected tax increment receipts, prepare for the issuance of a tax allocation bond next year.

Monitor project activities and coordinate community input into project development.

Fifth Program Year – Fiscal Year 2009-10

Estimated Funding: Non-Housing - $6.7 million; Housing - $421,000

During this program year about $6.6 million of bond financing may be available.

Continue construction activities for the Mission Gorge Road traffic improvements including the Interstate 8 interchange at Alvarado Canyon Road.

Continue construction of Alvarado Creek improvements.

Continue construction activities for storm drain improvements in the Project Area.

Continue to implement rehabilitation program to assist existing businesses with deferred maintenance, code deficiencies, health and safety violations and zoning deficits.

Proactively seek and assist in the development of new commercial, industrial, residential and mixed use projects located at identified key locations in the Project Area.

Continue to educate and update the community about redevelopment tools and processes.

Continue to solicit ideas and development proposals from business owners and other interested individuals.

Assist in implementing parking and infrastructure upgrades.

Respond to resident and business owner concerns and interests, outreach to real estate brokerage, development and lending companies to attract and retain investment in the Project Area.

Prepare and present the new Five Year Implementation Plan including the updated Housing Strategy Report to the community and City Council.

Monitor, coordinate and expand activities with other public agencies including business outreach and marketing, housing programs, streetscape, and lighting and landscape improvements.

Based upon projected tax increment receipts, prepare for the issuance of a tax allocation bond next year.

Monitor project activities and coordinate community input into project development.

How Agency Objectives will Eliminate Blighting Conditions in the Project Area

These programs will enable the Agency to assist in implementing the improvements described in the Navajo and Tierrasanta Communities Plans, which are guided by the General Plan. Agency funding and project activities will be used to implement the existing (and likely updates of) Community Plans in particular economic development and housing programs with needed infrastructure upgrades. The area lacks adequate parking, public transportation opportunities and suffers from overburdened traffic loads. Overall, the Project Area does not have adequate developed park areas, public facilities or open space.

The Community Plans envision upgraded commercial nodes, with mixed use development and a pedestrian orientation near the Grantville trolley station. Fostering the relocation and expansion of light industrial and manufacturing uses to diversify development and provide additional employment opportunities will benefit the Project Area. As needed, the Agency may assist in assembling land for new development.

The proposed housing programs will provide appropriate new housing units in proximity to the Project Area designed to minimize impacts on existing residential neighborhoods. Because there are no known residential units in the Project Area the Agency does not expect to engage in residential relocation or rehabilitation activities, although the Agency will evaluate opportunities to establish a residential rehabilitation program for existing residential units surrounding the Project Area. The low and moderate income housing fund will be used to assist in providing very low, low and moderate income housing where appropriate. The Agency proposes an array of housing assistance programs including, but not limited to, the following: first-time homebuyer programs; urban design linkages to connect neighborhoods with existing parks and transit opportunities; and marketing programs to enhance the desirability of the area.

The proposed projects and programs will alleviate the blighting conditions prevalent in the Project Area. Without redevelopment tools and tax increment revenue made available by the adoption of the Redevelopment Plan the area will continue to deteriorate.

Blighting Conditions Alleviated or Removed by Programs

These programs will begin to address the following conditions of blight identified in the Project Area:

- Factors Hindering Viable Use
- Unsafe/Unhealthy Buildings
- Lots of Irregular Shape and Form that are in Multiple Ownership
- Incompatible Uses
- Depreciated Values/Impaired Investments
- Inadequate Public Improvements and Open Space

Affordable Housing Compliance Plan

The provisions of Section 33413(b)(4) of the CRL require the Agency to adopt and periodically update a plan to ensure compliance with the existing criteria of Section 33413 of the CRL regarding the affordability mix of new or rehabilitated housing units ("Housing Compliance Plan"). As previously mentioned, the Project Area does not contain any known residential units. The CRL further requires that this Housing Compliance Plan be prepared as part of the implementation plan required by Section 33490 of the CRL. This Housing Compliance Plan must be consistent with the jurisdiction's housing element and must also be reviewed and, if necessary, amended at least every five (5) years with either the housing element cycle or the implementation plan cycle.

The following narrative addresses the requirements pursuant to Section 33490(a)(2)(A) and (B) of the CRL:

1. *The amount available in the Low and Moderate Income Housing Fund and the estimated amounts that will be deposited in the Low and Moderate Income Housing Fund during each of the next five years*.

   Table C-1 indicates the annual projected housing fund revenues over the next five years. The projected deposits to the Housing Fund during the next five years will total approximately $1 million. This funding could increase if the Agency issues bonds that leverage the housing fund revenue.

2. *Estimates of the number of new, rehabilitated, or price-restricted units to be assisted during each of the five years and estimates of the expenditures of moneys from the Low and Moderate Income Housing Fund during each of the five years.*

Table C-1 presents a forecast of the annual deposits to the Housing Fund between 2005-06 and 2009-10. Available funding for housing is estimated to be $1 million. Because there are no existing resident units in the Project Area, no residential rehabilitation activities are expected in the Project Area, although the Agency may assist with rehabilitation of affordable housing units near the Project Area. Development of new housing in the Project Area may occur if owners and developers determine to convert commercially zoned properties to residential use (which is allowed by zoning in some areas), or if the Community Plans are modified to allow other residential development. For example, if areas designated as "Opportunity Areas" are developed with housing, as many as 3,010 residential units could be developed. The presence of the Grantville Trolley Station in the Project Area also provides the opportunity for transit-oriented development that may include residential development. The precise number of units to be developed in the Project Area will be a function of market conditions, conversion of commercially developed properties to residential development where allowed, revisions to the Community Plans to allow for residential development, and property owner and developer interest in constructing residential units. Although the Agency has no approved plans to assist with housing construction, if private entity proposals for residential construction are made during the first five years, the Agency could assist such development in order to achieve deed-restricted affordable housing.

3. *An estimate of the number of new, substantially rehabilitated or price-restricted residential units to be developed or purchased within the Project Area, both over the life of the Redevelopment Plan and during the next ten years.*

   The EIR for the Project Area adoption assumes that 134 new residential units could be developed by private entities or with Agency assistance within the Project Area and these could be developed within the next ten years. The alternative projects considered in the EIR indicate that as many as 3,010 residential units could be developed within the Project Area under certain scenarios. The number of deed-restricted residential units that would need to be developed would be 15% of the number of total units (a range of 20 to 451 units).

   The Agency does not anticipate engaging in residential rehabilitation activities within the Project Area because of the absence of existing residential units in the Project Area, therefore the requirement does not apply.

   Newly constructed units that are given Agency assistance will be required to be price-restricted.

4. *An estimate of the number of units of very low, low- and moderate-income households required to be developed within the Project Area in order to meet the requirements of Section 33413(b)(2) of the CRL, both over the life of the Redevelopment Plan and during the next ten years.*

15% of any new or substantially rehabilitated units would need to be affordable to low and moderate income persons. Of these affordable units, at least 40% would need to be reserved for very low-income households, pursuant to Section 33413(b)(2) of the CRL.

The number of new residential units that could be constructed in the Project Area is within the range of 134 to 3,010 new units. CRL Section 33413(b)(2) requires that 15% or 20 to 451 units be developed for low and moderate income persons and of those 20 units, 40% or 8 to 180 units must be made available to very low income persons.

The Agency does not anticipate engaging in residential rehabilitation activities due to the absence of existing residential units in the Project Area, therefore the requirement pertaining to substantially rehabilitated units does not apply.

5. *The number of units of very low, low-, and moderate-income households which have been developed within the Project Area which meet the requirements of Section 33413(b)(2) of the CRL.*

   Because the proposed Plan is in the process of being adopted and the Project Area has not yet officially been created, this requirement does not apply.

6. *An estimate of the number of Agency-developed residential units which will be developed during the next five years, if any, which will be governed by Section 33413(b)(1).*

   Although the Agency may assist private owners in constructing new units, the Agency does not anticipate developing or substantially rehabilitating any residential units itself during the next five years.

7. *An estimate of the number of Agency-developed units for very low, low-, and moderate-income households which will be developed by the Agency during the next five years to meet the requirements of Section 33413(b)(1) of the CRL.*

   The Agency does not anticipate developing any residential units during the next five years. Therefore, the requirements of this section do not apply at this time.

To ensure compliance with CRL Section 33334.4:

1. *The number of housing units needed for very low, low and moderate income persons as each of those needs have been identified in the most recent determination pursuant to Government Code Section 65584 (of the regional share of the statewide housing need), and the proposed amount of expenditures from the Housing Fund for each income group during each year of the Implementation Plan period.*

Pursuant to Section 33334.4(a) of the Law, Housing Fund expenditures must be expended in proportion to the City's fair share of the Regional Housing Need Assessment (RHNA). The current RHNA figures for the City of San Diego cover the time period of 2005 through 2010, and indicate a need for 27,926 moderate or above moderate-income units, 8,141 low-income units, and 9,546 very low-income units. Based on these figures, the Agency's must commit a minimum percentage of Housing Fund expenditures in the following categories: Low-Income 18%, and Very Low- Income 21%.

Income Level	**Number of Housing Units**	**Percentage of Housing Units**
Very-low Income	9,546	21%
Low-Income	8,141	18%
Moderate-Income	8,331	18%
Above Moderate - Income	19,595	43%
TOTAL	45,613	100%

2. *The total population of the City of San Diego and the population under age 65 as reported in the most recent census of the United States Census Bureau.*

   City of San Diego total population according to Census 2000 – 1,223,400

   City of San Diego population under 65 years of age according to Census 2000 –1,095,392

   Seniors represent 10%

3. *A detailed schedule of actions the Agency is undertaking or intends to undertake to ensure expenditure of the Housing Fund in the proportions required by CRL Section 33334.4*

   The Agency will expend Housing Funds in the proportions cited above to ensure compliance with Section 33334.4.

4. *For the previous Implementation Plan period, the amounts of Housing Fund moneys utilized to assist units affordable to and occupied by very low income households and low-income households; the number, location and level of affordability of units newly constructed with other locally controlled government assistance and without Agency assistance and that are required to be affordable to, and occupied by, persons of low or very low income for a least 55 years for rental housing or 45 years for ownership housing; and the amount of Housing Fund moneys utilized to assist housing units available to families with children, and the number, location, and level of affordability of those units.*

   Because the proposed Plan is in the process of being adopted and the Project Area has not yet officially been created, this requirement does not apply.

The following discussion contains the required components pursuant to Section 33490(a)(3) of the CRL:

Pursuant to Section 33490(a)(3) of the CRL, if the Implementation Plan contains a project that will result in the destruction or removal of dwelling units that will have to be replaced pursuant to Section 33413(a) of the CRL, the Implementation Plan shall identify proposed locations suitable for those replacement dwelling units. Due to the absence of existing residential units in the Project Area the Agency does not anticipate engaging in any activities that could result in the destruction of residential units, therefore, the requirement does not apply. If legal residential units are identified and relocation and destruction of units are required, the Agency will provide suitable locations for replacement housing in compliance with the requirements of Section 33413(a) of the CRL.

Means to Accomplish Requirements

The Agency intends to use revenue in the Low and Moderate Income Housing Fund and any other appropriate funds available to the Agency under the Plan, including, but not limited to the City's citywide bond funding for affordable housing, the Department of Housing and Urban Development funds and Community Development Block Grants, and rental subsidies through the Section 8 program. Available, low-income housing tax credits and tax exempt financing mechanisms may also be used by the Agency. Policies and programs such as providing affordable housing incentives for developers, permitting manufactured housing, and inclusionary housing programs will be explored by the Agency.

Section

D

An Explanation of Why the Elimination of Blight Cannot be Accomplished by Private Enterprise Acting Alone or Through Other Financing Alternatives Other Than Tax Increment Financing

Why Private Enterprise Alone Cannot Eliminate Blight

Physical Blighting Conditions

Section B of this Report presents substantial evidence that the Project Area is blighted; 90% of the surveyed parcels in the Project Area were found to have a least one physical blighting condition. Of the conditions recognized by CRL as constituting physical blight, there are four in particular that predominate in the Project Area. The compounding affect of these conditions makes them particularly difficult for private enterprise alone to address. These four conditions are discussed as follows:

Incompatible adjacent uses: CRL Section 33031(a)(3) describes incompatible adjacent uses that prevent the economic development of parcels as a blighting condition. This condition exists in 45 situations in the Project Area where commercial buildings are adjacent to industrial uses. Due to the haphazard mixture of uses in the Project Area it is difficult for commercial uses in particular to establish synergistic operations with neighboring properties. This condition also adversely impacts residential neighborhoods which are immediately adjacent to the eastside of the Mission Gorge commercial corridor and compete for limited on-street parking and traffic access to Interstate 8.

Factors that prevent or substantially hinder the economically viable use of buildings or lots: According to CRL Section 33031(a)(2) factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots are a blighting condition. This condition can be caused by substandard design, buildings or lots of inadequate size given present standards and market conditions, lack of parking, or other similar factors. With only 34% of the commercial lots in the Project Area over one acre in size and 17% over two acres, significant development of new commercial buildings is unlikely to occur. 72% of the industrial properties in the Project Area are less than two acres in size, the minimum threshold for industrial development feasibility. Additionally 50% of commercial and 50% of industrial properties have inadequate parking, thereby

inhibiting the long-term viability of commercial and industrial rehabilitation without the assistance of redevelopment tools.

Physical deterioration: Pursuant to Section 33031(a)(1) blight includes physical deterioration including: serious code violations; dilapidation and deterioration, defective design or physical construction; faulty or inadequate utilities; and other similar factors. Code enforcement violations document the deteriorated conditions that exist throughout and adjacent to the Project Area. Table B-4b shows over 278 serious code violations over a 3-year period including the following: unpermitted construction, hazardous conditions; encroachments; and structure deterioration.

Lots of irregular form and shape: CRL Section 33031(a)(4) describes blight to include the presence of lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership. As shown on Table B-5, 20% of the lots studied met these criteria. Such a high prevalence of irregular lots makes consolidation more difficult.

Economic Blighting Conditions

CRL Section 33031(b) describes the economic conditions that are indicators of the presence of blight. These include depreciated property values. Lower lease rate, when compared to other areas of similar land uses, are an indication of depreciated property values. According to real estate professionals who regularly work within the Project Area, the lease rates in the Area are lower than surrounding commercial and industrial areas. This causes a catch-22; lower lease rates do not generate adequate revenue to maintain or improve properties, resulting in even lower lease rates

The limited size of many parcels in the Project Area cannot provide for development of economically feasible space. The proformas presented in Section B of this Report demonstrate that the revenues produced from small lot development are not sufficient to justify private investment by developers. Lot consolidations to enable larger development are necessary for economic feasibility. The inability of smaller parcels to meet current development standards and draw regional rents weakens the Project Area's economic potential.

Perceived criminal activity, borne out by crime statistics, also inhibits the Project Area's ability to support itself economically. As shown on Table B-8, the census tracts that overlay the Project Area have a 37% higher rate of serious, Part I crimes, as standardized by the FBI crime index, than the per one thousand population crime rate in the County of San Diego as a whole. These include homicide, rape, robbery, aggravated assault, burglary, larceny theft, and motor vehicle theft. A high crime rate that constitutes a threat to public safety and welfare is considered an economic blighting condition, as defined by CRL Section 33031(b)(5).

Table B-3 shows the age of the commercial and industrial properties in the proposed Project Area. 62% of commercial and 79% of industrial buildings are

30 years old or older. The age of these units requires more maintenance and upgrades to meet modern standards than would be the case for newer buildings, but due to the dilapidated conditions of the Project Area, many of these buildings can not attract the rents necessary to either rebuild or make repairs.

Proposed Projects and Programs that will Alleviate Blighting Conditions

Section A delineates the types of improvements necessary to alleviate the blighting conditions in the Project Area. These projects are intended to implement the Navajo and Tierrasanta Communities Plans, as they exist or are amended in the future. A strong commercial corridor is needed to provide goods and services to surrounding residential uses. In addition, it is important to promote industrial uses that do not degrade the Project Area and surrounding community. Possible scenarios to strengthen the commercial and industrial areas include: (1) creating commercial nodes within the area and encouraging mixed use development; (2) establishing light industrial parks in underdeveloped areas to both promote business technology start-up and relocate manufacturing and auto related uses away from the Mission Gorge Road commercial corridor; and (3) taking advantage of the close proximity to the Grantville light rail station for the development of transit-oriented uses. Agency sponsored commercial rehabilitation programs and participation in new commercial and industrial development projects would also upgrade the existing commercial areas making them more desirable to nearby residents and patrons.

The Project Area has several areas of infrastructure deficiencies that area also noted in the community plans. These include traffic circulation, street improvements, hazardous materials clean up, drainage upgrades for flood control, sewer system upgrades and public facility and park improvements. Public investment in infrastructure is needed to stimulate private investment.

Obstacles to Private Industry Acting Alone to Accomplish Needed Projects/Programs

New Development

Because of the small lot sizes that predominate parts of the Project Area, lot consolidation is needed to facilitate renovation and new development in the Project Area. Private enterprise cannot assure that land can be assembled because all owners may not be interested participants, and a single hold-out owner could stop the process. This turns parcel assembly into an uncertain proposition. Since lot consolidation is expensive, this uncertainty deters private enterprise from even considering investment in the process because the outcome is uncertain. The risks associated with assembling only pieces of a site, and the carrying costs associated with such partial assemblage, scare private investment interests away. This causes circumstances that make it very difficult for private enterprise acting alone to achieve redevelopment.

Existing commercial zoning along the Mission Gorge commercial corridor allows floor area ratios of up to .75 and up to 29 residential units per acre as part of a mixed-use project. However, in order to accommodate higher densities, lot sizes need to be large enough to accommodate required setbacks, parking, open space, and adequate access. Currently over half of all properties do not have adequate on-site parking for existing uses, therefore these parcels would not be able to accommodate modern uses as the parcel size is not adequate to meet even current parking requirements. In these cases improved re-use of parcels can only be accommodated through lot consolidation.

Rehabilitation

Commercial

The commercial corridor in the Project Area is characterized by a few larger neighborhood shopping centers, surrounded by smaller, often deteriorated, buildings with limited parking and low lease rates. Many businesses have likely located in the standalone buildings because they command lower rents. If these buildings are rehabilitated, the costs of capital improvements would be borne by the lessees. However, since owners are not sure that they can secure higher rents, they do not invest in the property, and it becomes increasingly deteriorated. It plays out as a vicious cycle – there is inadequate revenue for improvements, buildings deteriorate and lease rates remain low, resulting in even less revenue for improvements.

Industrial

As established in Section B, most of the industrial structures in the Project Area are generally old and much of the stock displays conditions of deterioration (except for some industrial uses on the west side of Fairmont Avenue). Because of the condition of the industrial properties, however, it remains affordable for low revenue producing tenants in the vicinity. One of the challenges facing owners in the area is the fact that, if they invest funds in renovating their properties, they will need to increase rental fees. This would likely make the properties unaffordable for the current industrial users who would then relocate. On the other hand, if the owners do not invest money in their properties, the buildings continue to deteriorate and elicit even lower rental fees. As with the commercial properties, this often leaves owners in an unsolvable bind.

Public Improvements

Public improvements are typically best done by public entities because the scope of improvements involves numerous properties with numerous owners, and typically such large projects cannot be done piecemeal. These large-scale projects require substantial funding. Adjoining property owners and businesses typically cannot generate the level of funding needed to achieve large scale projects. One possible source of funding for public improvements is the establishment of assessment districts for parking, lighting, etc. Assessment districts require that a large number of property owners agree to pay taxes for the

needed infrastructure improvements. Unfortunately, assessment districts are typically not viable in older marginalized marketplaces, like the Project Area, because the property owners are already having difficulty affording upkeep of their own property, and are thus unlikely to support additional taxation.

Reasons Other Financing Alternatives Are Not Adequate

The current State budget shortfall is estimated to be $10.7 billion in the coming year. The State's past practice of issuing bonds to pay for prior budget shortfalls, is likely no longer a feasible alternative. As with the State budget crisis in the early 1990's, the State opted to take away revenue sources from cities to close its budget gap over the last three years. It has had severe consequences for cities, including the City of San Diego.

Even without the impact from the current State budget crisis, the City is facing significant fiscal challenges. According to the City Manager's budget message, the single largest issue affecting the City is the economy. There are $28 million (4.1%) in General Fund department decreases for Fiscal Year 2004. This caused some General Fund departments to eliminate vacant positions or delay equipment replacements as cost savings measures.

Long term challenges the City faces include the following:

- Increase of $11 million for employee retirement contributions to reduce City's unfunded pension liability. (Budget, Pg 8) The total unfunded liability is estimated to be nearly $1 billion.

- Transportation and Neighborhood services were both reduced by over $5 million. (Budget, Pg 7)

- Defer filling 80 vacant staff positions due to budget constraints. (Budget, Pg 13)

- $5.8 million dollar increase in worker's compensation costs (Budget, Pg 9)

- The City has unfunded needs in the areas of; Basic Operating Needs (to provide customer service at expected levels of the community), Deferred Maintenance, Public Safety Fleet, The Strategic Framework (the infrastructure needed to support the "City of Villages" concept), National Pollution Discharge Elimination System (NPDES) Permit (to fund efforts to meet permit requirements), Underground Storage Tanks, and Public Safety Overtime Needs. (Budget 15)

All of these under-funded areas impact the Project Area as well as the City as a whole, and demonstrate a pattern of financial need.

Programs Available in the Project Area from Other Funding Sources

The City has a number of targeted funding sources that could potentially provide limited funding in specific areas. Some of these funding sources add additional taxes to business owners in the form of assessment districts, BIDS, developer funds or developer impact fees, and are thus unlikely to be affordable for business owners with limited income. Other sources are stretched in order to serve the entire city. Potential sources in this category that could be used for revitalization projects include: CDBG, utility undergrounding, utility replacement, street maintenance funds, TOT funds, CIP funds, Transnet funds, MTDB, Library bonds, Housing bonds, and State funds. All of these funds are targeted to specific projects and programs and even with these sources, significant unmet needs remain not only in the Project Area but also citywide.

Community Development Block Grant funds can be used for a wide variety of programs that benefit very low, low and moderate income persons. Some of these programs include code enforcement, housing and commercial rehabilitation, technical assistance for businesses, and public services. The City of San Diego receives $18 million city wide each year from the Department of Housing and Urban Development. The Seventh Council District receives 12% of this total or about $1.25 million per year. There is currently a proposal at the Federal level to severely cut this funding source.

The City budgeted capital improvement project funds from the general fund and other targeted revenue sources in the amount of $468 million for the 2004 fiscal year. Yet, the City continues to have unmet public infrastructure needs as documented in Section A of this Report and previously listed above. The capital improvement needs confirm that this budget category is under-funded, demonstrating another revenue shortfall. Tax increment revenue through redevelopment could be another source of funding for these capital improvements in the Project Area.

Thus, although the City strives to provide a high quality of life for its residents, revenue shortfalls can jeopardize all city services and facility funding. These factors support the City's need for additional revenue in order to provide adequate services and infrastructure.

Need for Tax Increment

The Agency cannot rely on private enterprise acting alone to eliminate blight because the private sector is constrained by numerous factors that inhibit investment. The improvements needed to improve the Mission Gorge/ US 8 interchange, combined with the Alvarado Creek improvements alone will cost millions of dollars. The arterial improvements needed in conjunction with the interchange improvements must also be accomplished if the Project Area conditions are to improve. This will cost millions of dollars and require re-planning and re-design of properties along these commercial corridors. The size and depth of lots along much of the commercial and industrial corridors of the Project Area do not allow for modern development. The Project Area is visually blighted

and does not offer convenient parking or enough business variety to satisfy most shoppers. The area has also lost much of its regional market because of changes in traffic flow and competition outside of the Project Area. About 5-minutes north of the Project Area, in Mission Valley, regional retail centers with national anchors offer consumers a “one-stop” shopping experience, leaving the Project Area with a primarily local marketplace.

Much of the commercial development existing in the Project Area does not meet shoppers’ preferences and most of the older industrial development does not meet current market requirements. These older substandard developments are occupied by marginal retail or service providers that do not generate substantial revenue. As a result of operating revenue shortfalls, no funds are generated by the businesses to fund capital expenditures. This has left the area deteriorated. Furthermore, as demonstrated in Section B of this Report, neighborhood shopping centers and industrial properties are attracting substandard rental rates as compared to surrounding similar uses and reduce funds necessary to maintain centers.

Due to the lack of available private and public resources for redevelopment, the Agency will primarily rely on tax increment revenue to finance Project Area improvements. As discussed in Section B of this Report, the property owners along the commercial and industrial corridors do not have the resources to revitalize their properties. The size and depth of lots do not allow for modern development without consolidation of parcels.

Due to the area’s obsolete and deteriorated character and the preponderance of undersized lots, property owners do not have a financial incentive for redeveloping their properties. Given the substandard condition of the area, there is no realistic expectation that property values can support the substantial reinvestment needed without infusion of additional capital from outside the area.

Finally, the City itself cannot underwrite the millions of dollars of economic development and infrastructure needs in the Project Area. Currently, the City does not have funding in its capital improvement program to meet the proposed infrastructure projects for the Project Area. Increasing resources within this area through a special assessment district for improvements would only further burden property owners and businesses with improvements that they currently are unable to afford. Consequently, tax increment revenue is an essential funding source for redevelopment activities and is needed to entice new private investment.

Section

E

A Preliminary Assessment of the Proposed Method of Financing, Including an Assessment of the Economic Feasibility of the Project and the Reasons for the Provision of Tax Increment Revenue

Redevelopment of the Project Area is proposed to be financed with a combination of resources including:

- Financial assistance from the City, State of California, and/or Federal Government;
- Tax increment revenue;
- Bonded debt;
- Proceeds from the lease or sale of Agency-owned property;
- Loans from private financial institutions; and
- Any other legally available source.

The more typical sources of redevelopment financing that may be employed through Plan implementation are described below.

Financial Assistance from the City, State of California, and/or Federal Government

The Agency may obtain loans and advances from the City for planning, construction, and operating capital for project administration until such time that sufficient tax increment revenue is generated to repay loans and provide other means of operating capital. The City may also defer payments on Agency loans for capital projects to benefit the Agency's cash flow. Such assistance is anticipated to be employed to meet short-term cash flow needs. However, the City's General Fund cannot carry extensive levels of Agency debt at the risk of threatening the City's ability to fund its municipal obligations and services.

As available, other appropriate state and federal funds (such as Gas Tax Funds and Federal Community Development Block Grants) will be used to pay the costs of project implementation. The Agency and City will also pursue other available

grants and loans, and may issue bonds for the purpose of funding improvements, or provide in-kind assistance.

Tax Increment Revenue

The Agency may use property tax increment revenue as provided by CRL Section 33670, and is authorized in the Plan to employ tax increment revenue financing to underwrite project costs. Tax increment revenue may only be used to pay indebtedness incurred by the Agency. Indebtedness includes principal and interest on loans, monies advanced, or debt (whether funded, refunded, assumed, or otherwise) incurred by the Agency to finance or refinance, in whole or in part, redevelopment activities.

Tax increment revenues are distributed to address an array of obligations. As required by CRL Section 33334.2, 20% of project tax increment revenue is deposited into the Agency's Housing Fund for the purposes of increasing, improving, and preserving the community's supply of very low, low and moderate-income housing.

The remaining 80% of project tax increment revenue will be used to pay taxing entity obligations, debt service costs, and other program expenditures including infrastructure, capital facility, and economic development programs within the Project Area.

The Plan includes specific time limits on the collection of tax increment revenue as required by the CRL. As stated in the Plan, the Agency may collect tax increment revenue for a period of 45 years following adoption of the ordinance adopting the Plan. Assuming the Plan is adopted during fiscal year 2004-05, the Agency would receive Project Area tax increment revenue through fiscal year 2049-50.

Bonded Debt

As provided by the Plan, the Agency has the capacity to issue bonds and/or notes for any of its corporate purposes, payable in whole or in part from tax increment revenue. Many redevelopment agencies throughout the state employ bond financing as an integral component of their overall redevelopment financing program.

The Plan permits the Agency the ability to incur debt during the first 20 years of the Plan, and establishes a $100 million limit on the amount of bonded debt principal which may be outstanding at any one time, adjusted by the consumer price index.

Lease or Sale of Agency-Owned Property

The Agency may sell, lease, or otherwise encumber its property holdings to pay the costs of Project implementation.

Participation in Development

If the Agency enters into agreements with property owners, tenants, and/or other developers that provide for revenues to be paid or repaid to the Agency, such revenues may be used to pay for project implementation costs.

Other Available Sources

Any other loans, grants, or financial assistance from the federal government, or any other public or private source will be utilized as available and appropriate. The Agency will also consider use of the powers provided by Chapter 8 of the CRL (Redevelopment Construction Loans) to provide construction funds for appropriate projects. Where feasible and appropriate, the Agency may use assessment district and/or Mello-Roos bond financing to pay for the costs of public infrastructure, facilities, and operations.

Projected Tax Increment Revenues

Tax increment revenue is anticipated as the primary source of project funding. Table E-1 presents a preliminary forecast of this revenue.

The projections are based upon the following assumptions:

1. Base Year Value: The San Diego County Auditor Controller indicates in its 2004-05 Base Year Report (dated November 22, 2004) a total 2004-05 base year value of $339,494,220.

2. Annual Growth Trend: The projections assume an annual 3.5% growth rate to reflect both the inflationary increase (maximum of 2% annually) and potential growth due to resale of property that is subject to reassessment based on the market value reflected by the sales price.

3. New Development: Assumptions regarding potential value increases caused by new development are as follows:

   - *Housing:* The projections assume that 134 new residential units will be constructed over the next 30 years with an average per unit value of $375,000.

   - *Commercial:* The projections assume that 500,000 square feet of commercial space will be rehabilitated over the next 30 years causing a $55 per square foot increase in value. It is also assumed that 302,460 square feet of new commercial space will be constructed coming on the assessment rolls at an average $150 per square foot.

   - *Industrial:* The projections assume that 500,000 square feet of industrial space will be rehabilitated over the next 30 years causing a $30 per square foot increase in value. It is also assumed that over 6.0 million

square feet of new industrial space will be constructed coming on the assessment rolls at an average $125 per square foot.

- *Inflation:* An annual 2% cost inflation rate has been assumed.

Over the 45-year period within which the Agency may collect tax increment revenue, the forecast estimates that the Project Area could generate approximately $779 million of gross tax increment revenue. Of this amount, 20%, or $155 million would be deposited into the Agency's Housing Fund. The remaining 80%, or $623 million would be available to the Agency's Non-Housing Fund.

Statutory Payments

Pursuant to CRL Section 33607.5, the Agency is required to share a portion (projected to be approximately $270 million) of its Non-Housing Fund revenues with affected taxing agencies ("Statutory Payments"). These Statutory Payments would start in the first fiscal year the Agency receives tax increment revenue from the Project Area (assumed to be fiscal year 2006-07).

According to CRL Section 33607.5, affected taxing agencies are paid three tiers of Statutory Payments. The first tier equals 25% of the Project Area's annual non-housing tax increment revenue and begins in the first year the Agency receives tax increment and continuing through the last fiscal year. The second tier begins in the eleventh year of payments and continues through the last fiscal year the Agency receives tax increment revenue. The second tier equals 21% of the Project Area's annual non-housing tax increment revenue exceeding amounts in the tenth year of payments. The third tier commences in the thirty-first year of payments and continues through the last fiscal year the Agency receives tax increment revenue. The third tier equals 14% of the Project Area's annual non-housing tax increment revenue exceeding amounts in the thirtieth year of payments. In total, the Agency will share approximately 43% of its Non-Housing Fund revenues with affected taxing agencies.

The actual amount of Statutory Payments will vary based on the amount of tax increment revenue annually collected by the Agency. A forecast of Statutory Payments is provided on Table E-1. Should actual tax increment revenues exceed or fall below these projections, actual Statutory Payments would be higher or lower.

Each affected taxing agency is entitled to their respective share of the Statutory Payment. All agencies receive their share of the Statutory Payments, except for the City. According to CRL Section 33607.5, the City is only entitled to its share of the first 25% of the Statutory Payments if it so elects. The following is a preliminary list of affected taxing agencies in the Project Area:

- County of San Diego
- San Diego Unified School District

- San Diego Community College District
- San Diego County Office of Education
- City of San Diego
- San Diego County Water Authority
- Educational Revenue Augmentation Fund

Bonding Capacity

A bonding capacity analysis is presented in Table E-2. The analysis assumes that the Agency leverages the non-housing funds that will be available (net of statutory pass through payments). Bond assumptions include: 6% interest rate; 2% cost of issuance; 10% reserve fund requirement; necessary debt service coverage factor of 1.15; and a 5% interest earnings on the reserve fund. This analysis is meant to be illustrative and actual bonds that can be issued will depend on market conditions at the time of issuance. The analysis indicates a bonding capacity of approximately $69 million and total debt service of over $149 million. It is anticipated that bonds will periodically be issued to assist with implementation activities.

Economic Feasibility Analysis

Section A of this Report includes a preliminary list of potential economic development and infrastructure projects and programs proposed by the Agency. Table E-3 presents an illustrative cash flow based on the tax increment revenue projections presented on Table E-1, net bond proceeds based on the bond analysis presented on Table E-2, and the following assumptions related to project costs:

- ***Economic Development Programs:*** The analysis assumes that the Agency will assist with the rehabilitation of 1.0 million square feet of commercial and industrial space over the next 30 years by providing an average of $12.50 per square foot of assistance. Agency assistance is envisioned to help facilitate private participation. To this end the analysis assumes that the Agency will provide private investors various forms of assistance to assemble approximately 78 acres of commercial and industrial property within the Project Area. Administrative costs associated with these programs are included based on a 10% overhead cost. Total costs for these programs over the next 45 years are estimated to be nearly $285 million.
- ***Infrastructure Programs:*** The analysis assumes that in addition to the economic development program, which will involve some forms of public infrastructure enhancement, another $21 million will be allocated specifically to other infrastructure improvements.
- ***Housing Programs:*** The analysis assumes that the Agency will use all housing set-aside funds to assist with the rehabilitation and new construction

of affordable housing both within the Project Area and outside of the Project Area. These funds could be used for qualified projects and programs to benefit the residential neighborhoods near the Project Area.

- ***Cost Inflation:*** A 2% annual cost inflation rate is assumed.

Although the Agency may not be able to fund every infrastructure improvement needed in the Project Area, nor help every property and business owner rehabilitate their property, formation of the Project Area is economically viable as evidenced in the analysis presented in Table E-3. Sufficient revenue is anticipated to enable the Agency to make substantial investment in eliminating the conditions of blight documented in Section B of this Report.

Table E-3 shows the potential for having $2.1 million of the $436 million of net tax increment and net bond proceeds left at the time the Agency can no longer collect tax increment. Because the Agency will lose its ability to incur debt in 20 years from Plan adoption, and because the Agency is only entitled to collect tax increment to the extent that debt exists, it is feasible that this $2.1 million of tax increment generated in the last few year of the Plan may not be able to be preserved for project implementation activities. The analysis assumes that in the 20th year, the Agency maximizes its debt position in order to maximize the amount of tax increment that it will be eligible to receive over the remaining 25 years it is allowed to collect tax increment. Overall, the Agency should be able to expend over $434 million on debt service and various programs.

Reasons for the Provisions of Tax Increment

The provision of tax increment revenue must be included in the Plan because other sources are not available or are insufficient to finance the costs of redeveloping the Project Area. Utilization of tax increment revenue financing will provide the resources to develop a consistent and directed approach to activities and programs needed to eliminate blight, provide for the improvement of infrastructure, and aid in the expansion of the Project Area's economic base. When adverse conditions are not addressed, the resulting physical and financial impacts imposed by these conditions will exacerbate existing blighting conditions. It will cause serious economic hardships and undue disruption of the lives and activities of people working in the Project Area and its surrounds.

The City does not currently have or expect to have the available financial resources to fund the magnitude of improvements necessary to reverse the adverse conditions present in the Project Area.

Financing programs available to the City, such as assessment districts, may not be workable for the type and amount of improvements required. Assessment districts impose a financial burden that area businesses and potential developers may be unable to bear. As indicated by the blighting conditions, which can be found throughout the Project Area, property owners do not have the resources to maintain their properties, much less rehabilitate them. In instances where reparcelization needs to occur, the Agency's powers and financing will be necessary. Therefore, it cannot be reasonably expected that private enterprise acting alone would have the means to accomplish redevelopment of the Project Area. Without the provision of tax increment revenue financing, sufficient revenue would not be available to fund the needed programs and improvements.

TABLE E-1

TAX INCREMENT PROJECTIONS

GRANTVILLE REDEVELOPMENT PROJECT AREA

			ASSESSED VALUE							STATUTORY PAYMENTS				
Plan Year	Incmt Year	Year	Secured & Unsecured 3.5%	New Development	Total	Incremental	Gross Est. Increment 1%	Housing Set-Aside 20%	Gross Non-Housing Revenue	First Tier Payments 25%	Second Tier Payments 21%	Third Tier Payments 14%	Total Statutory Payments	Net Non-Housing Revenue
Base Year		2004-05	339,494,220		339,494,220									
1		2005-06	351,376,518		351,376,518									
2	1	2006-07	363,674,696	33,827,081	397,501,777	58,007,557	580,076	116,015	464,060	116,015			116,015	348,045
3	2	2007-08	411,414,339	34,518,652	445,932,991	106,438,771	1,064,388	212,878	851,510	212,878			212,878	638,633
4	3	2008-09	461,540,646	35,224,506	496,765,152	157,270,932	1,572,709	314,542	1,258,167	314,542			314,542	943,626
5	4	2009-10	514,151,932	35,944,940	550,096,872	210,602,652	2,106,027	421,205	1,684,821	421,205			421,205	1,263,616
6	5	2010-11	569,350,263	36,680,262	606,030,525	266,536,305	2,665,363	533,073	2,132,290	533,073			533,073	1,599,218
7	6	2011-12	627,241,593	25,886,492	653,128,086	313,633,866	3,136,339	627,268	2,509,071	627,268			627,268	1,881,803
8	7	2012-13	675,987,569	26,421,645	702,409,214	362,914,994	3,629,150	725,830	2,903,320	725,830			725,830	2,177,490
9	8	2013-14	726,993,536	26,968,024	753,961,560	414,467,340	4,144,673	828,935	3,315,739	828,935			828,935	2,486,804
10	9	2014-15	780,350,215	27,525,869	807,876,084	468,381,864	4,683,819	936,764	3,747,055	936,764			936,764	2,810,291
11	10	2015-16	836,151,747	28,095,425	864,247,172	524,752,952	5,247,530	1,049,506	4,198,024	1,049,506			1,049,506	3,148,518
12	11	2016-17	894,495,823	28,676,944	923,172,766	583,678,546	5,836,785	1,167,357	4,669,428	1,167,357	98,995		1,266,352	3,403,076
13	12	2017-18	955,483,813	29,270,681	984,754,494	645,260,274	6,452,603	1,290,521	5,162,082	1,290,521	202,452		1,492,973	3,669,109
14	13	2018-19	1,019,220,901	29,876,899	1,049,097,800	709,603,580	7,096,036	1,419,207	5,676,829	1,419,207	310,549		1,729,756	3,947,072
15	14	2019-20	1,085,816,223	30,495,865	1,116,312,088	776,817,868	7,768,179	1,553,636	6,214,543	1,553,636	423,469		1,977,105	4,237,438
16	15	2020-21	1,155,383,011	31,127,853	1,186,510,864	847,016,644	8,470,166	1,694,033	6,776,133	1,694,033	541,403		2,235,436	4,540,697
17	16	2021-22	1,228,038,744	31,773,144	1,259,811,888	920,317,668	9,203,177	1,840,635	7,362,541	1,840,635	664,549		2,505,184	4,857,357
18	17	2022-23	1,303,905,304	32,432,022	1,336,337,326	996,843,106	9,968,431	1,993,686	7,974,745	1,993,686	793,111		2,786,798	5,187,947
19	18	2023-24	1,383,109,133	33,104,780	1,416,213,913	1,076,719,693	10,767,197	2,153,439	8,613,758	2,153,439	927,304		3,080,744	5,533,014
20	19	2024-25	1,465,781,400	33,791,717	1,499,573,117	1,160,078,897	11,600,789	2,320,158	9,280,631	2,320,158	1,067,348		3,387,505	5,893,126
21	20	2025-26	1,552,058,176	34,493,138	1,586,551,314	1,247,057,094	12,470,571	2,494,114	9,976,457	2,494,114	1,213,471		3,707,585	6,268,872
22	21	2026-27	1,642,080,610	35,209,355	1,677,289,965	1,337,795,745	13,377,957	2,675,591	10,702,366	2,675,591	1,365,912		4,041,503	6,660,863
23	22	2027-28	1,735,995,114	35,940,687	1,771,935,801	1,432,441,581	14,324,416	2,864,883	11,459,533	2,864,883	1,524,917		4,389,800	7,069,733
24	23	2028-29	1,833,953,554	36,687,460	1,870,641,014	1,531,146,794	15,311,468	3,062,294	12,249,174	3,062,294	1,690,742		4,753,035	7,496,139
25	24	2029-30	1,936,113,449	37,450,007	1,973,563,456	1,634,069,236	16,340,692	3,268,138	13,072,554	3,268,138	1,863,651		5,131,790	7,940,764
26	25	2030-31	2,042,638,177	38,228,669	2,080,866,846	1,741,372,626	17,413,726	3,482,745	13,930,981	3,482,745	2,043,921		5,526,666	8,404,315
27	26	2031-32	2,153,697,186	35,926,205	2,189,623,390	1,850,129,170	18,501,292	3,700,258	14,801,033	3,700,258	2,226,632		5,926,890	8,874,143
28	27	2032-33	2,266,260,209	36,676,197	2,302,936,406	1,963,442,186	19,634,422	3,926,884	15,707,537	3,926,884	2,416,998		6,343,882	9,363,655
29	28	2033-34	2,383,539,180	37,442,133	2,420,981,314	2,081,487,094	20,814,871	4,162,974	16,651,897	4,162,974	2,615,313		6,778,288	9,873,609
30	29	2034-35	2,505,715,660	38,224,361	2,543,940,020	2,204,445,800	22,044,458	4,408,892	17,635,566	4,408,892	2,821,884		7,230,776	10,404,791
31	30	2035-36	2,632,977,921	39,023,234	2,672,001,155	2,332,506,935	23,325,069	4,665,014	18,660,055	4,665,014	3,037,027		7,702,041	10,958,015
32	31	2036-37	2,765,521,195	36,191,083	2,801,712,278	2,462,218,058	24,622,181	4,924,436	19,697,744	4,924,436	3,254,941	145,276	8,324,654	11,373,091
33	32	2037-38	2,899,772,208	36,914,904	2,936,687,112	2,597,192,892	25,971,929	5,194,386	20,777,543	5,194,386	3,481,699	296,448	8,972,533	11,805,010
34	33	2038-39	3,039,471,161	37,653,202	3,077,124,363	2,737,630,143	27,376,301	5,475,260	21,901,041	5,475,260	3,717,634	453,738	9,646,632	12,254,409
35	34	2039-40	3,184,823,716	38,406,266	3,223,229,983	2,883,735,763	28,837,358	5,767,472	23,069,886	5,767,472	3,963,091	617,376	10,347,939	12,721,947
36	35	2040-41	3,336,043,032	39,174,392	3,375,217,424	3,035,723,204	30,357,232	6,071,446	24,285,786	6,071,446	4,218,430	787,602	11,077,479	13,208,307
37	36	2041-42	3,493,350,034	39,957,880	3,533,307,913	3,193,813,693	31,938,137	6,387,627	25,550,510	6,387,627	4,484,022	964,664	11,836,313	13,714,197
38	37	2042-43	3,656,973,690	40,757,037	3,697,730,727	3,358,236,507	33,582,365	6,716,473	26,865,892	6,716,473	4,760,252	1,148,817	12,625,543	14,240,350
39	38	2043-44	3,827,151,303	41,572,178	3,868,723,481	3,529,229,261	35,292,293	7,058,459	28,233,834	7,058,459	5,047,520	1,340,329	13,446,308	14,787,526
40	39	2044-45	4,004,128,803	42,403,622	4,046,532,424	3,707,038,204	37,070,382	7,414,076	29,656,306	7,414,076	5,346,239	1,539,475	14,299,791	15,356,515
41	40	2045-46	4,188,161,059	43,251,694	4,231,412,753	3,891,918,533	38,919,185	7,783,837	31,135,348	7,783,837	5,656,838	1,746,541	15,187,216	15,948,132
42	41	2046-47	4,379,512,199	0	4,379,512,199	4,040,017,979	40,400,180	8,080,036	32,320,144	8,080,036	5,905,645	1,912,412	15,898,094	16,422,050
43	42	2047-48	4,532,795,126	0	4,532,795,126	4,193,300,906	41,933,009	8,386,602	33,546,407	8,386,602	6,163,161	2,084,089	16,633,852	16,912,556
44	43	2048-49	4,691,442,956	0	4,691,442,956	4,351,948,736	43,519,487	8,703,897	34,815,590	8,703,897	6,429,689	2,261,775	17,395,361	17,420,229
45	44	2049-50	4,855,643,459	0	4,855,643,459	4,516,149,239	45,161,492	9,032,298	36,129,194	9,032,298	6,705,546	2,445,679	18,183,524	17,945,670
		TOTALS				78,453,390,890	784,533,909	156,906,782	627,627,127	156,906,782	96,984,356	17,744,223	271,635,360	355,991,767

Source: Rosenow Spevacek Group, Inc.

Notes: * Base Year Value obtained from San Diego County base year report.

TABLE E-2
BONDING CAPACITY ANALYSIS NON-HOUSING FUNDS
GRANTVILLE REDEVELOPMENT PROJECT

Year	Fiscal Year	Net Tax Increment	Debt Issued	Issuance Costs	Reserve Fund	Net Proceeds	Bond Debt Service	Total Bond Debt Service	Coverage Ratio	Interest on Reserves	Surplus Resources
			6%	2%	10%				1.15	5%	
BASE YEAR	2004-05										-
1	2005-06	0	0	0	0	0	0	0	0.00	0	0
2	2006-07	348,045						0	0.00	0	348,045
3	2007-08	638,633	7,644,061	152,881	764,406	6,726,774	555,333	555,333	1.15	38,220	121,520
4	2008-09	943,626						555,333	1.70	38,220	426,513
5	2009-10	1,263,616	7,480,686	149,614	748,069	6,583,004	543,464	1,098,796	1.15	75,624	240,443
6	2010-11	1,599,218						1,098,796	1.46	75,624	576,045
7	2011-12	1,881,803	7,399,342	147,987	739,934	6,511,421	537,554	1,636,351	1.15	112,620	358,073
8	2012-13	2,177,490						1,636,351	1.33	112,620	653,760
9	2013-14	2,486,804	7,241,508	144,830	724,151	6,372,527	526,088	2,162,438	1.15	148,828	473,194
10	2014-15	2,810,291						2,162,438	1.30	236,221	884,074
11	2015-16	3,148,518	7,920,328	158,407	792,033	6,969,888	575,403	2,737,841	1.15	188,430	599,106
12	2016-17	3,403,076		0	0	0		2,737,841	1.24	188,430	853,664
13	2017-18	3,669,109		0	0	0		2,737,841	1.34	188,430	1,119,697
14	2018-19	3,947,072	9,558,235	191,165	955,824	8,411,247	694,395	3,432,237	1.15	236,221	751,056
15	2019-20	4,237,438				0		3,432,237	1.23	236,221	1,041,422
16	2020-21	4,540,697	0			0		3,432,237	1.32	236,221	1,344,681
17	2021-22	4,857,357	10,611,677	212,234	1,061,168	9,338,276	791,552	4,223,789	1.15	289,279	922,848
18	2022-23	5,187,947		0	0	0		4,223,789	1.23	289,279	1,253,437
19	2023-24	5,533,014		0	0	0	0	4,223,789	1.31	289,279	1,598,504
20 (20-Yr. Term)	2024-25	5,893,126	11,513,563	230,271	1,151,356	10,131,936	900,668	5,124,457	1.15	346,847	1,115,516
21	2025-26	6,268,872		0	0	0		5,124,457	1.22	346,847	1,491,261
22	2026-27	6,660,863		0	0	0		5,124,457	1.30	346,847	1,883,252
23	2027-28	7,069,733		0	0	0		5,124,457	1.38	346,847	2,292,122
24	2028-29	7,496,139		0	0	0		5,124,457	1.46	346,847	2,718,529
25	2029-30	7,940,764		0	0	0		5,124,457	1.55	346,847	3,163,154
26	2030-31	8,404,315		0	0	0		5,124,457	1.64	346,847	3,626,704
27	2031-32	8,874,143		0	0	0		5,124,457	1.73	346,847	4,096,533
28	2032-33	9,363,655		0	0	0		5,124,457	1.83	346,847	4,586,045
29	2033-34	9,873,609		0	0	0		5,124,457	1.93	346,847	5,095,999
30	2034-35	10,404,791						5,124,457	2.03	346,847	5,627,181
31	2035-36	10,958,015						5,124,457	2.14	346,847	6,180,405
32	2036-37	11,373,091						5,124,457	2.22	346,847	6,595,480
33	2037-38	11,805,010						4,569,124	2.58	346,847	7,582,732
34	2038-39	12,254,409						4,569,124	2.68	346,847	8,032,132
35	2039-40	12,721,947						4,025,661	3.16	346,847	9,043,133
36	2040-41	13,208,307						4,025,661	3.28	346,847	9,529,493
37	2041-42	13,714,197						3,488,107	3.93	346,847	10,572,937
38	2042-43	14,240,350						3,488,107	4.08	346,847	11,099,090
39	2043-44	14,787,526						2,962,019	4.99	346,847	12,172,354
40	2044-45	15,356,515						2,962,019	5.18	346,847	12,741,343
41	2045-46	15,948,132						2,386,616	6.68	346,847	13,908,363
42	2046-47	16,422,050						2,386,616	6.88	346,847	14,382,282
43	2047-48	16,912,556						2,386,616	7.09	346,847	14,872,787
44	2048-49	17,420,229						1,692,220	10.29	346,847	16,074,855
45	2049-50	17,945,670						1,692,220	10.60	346,847	16,600,297
TOTALS		355,991,767	69,369,401	1,387,388	6,936,940	61,045,073	5,124,457	149,339,491		11,997,789	218,650,064
										NPV@6% =	$32,117,804

TOTAL BONDING CAPACITY:
$69 million

FUNDS REMAINING:
$219 million ($32 mil NPV)
(includes funds available after debt service and interest on reserve funds)

TABLE E-3

SUMMARY OF ANNUAL REVENUE AND COSTS - CASH FLOW

GRANTVILLE REDEVELOPMENT PROJECT AREA

		REVENUE				COSTS						
		Net Tax Inrement	Housing Set-Aside	Net Non-Housing Bond Proceeds	Total Revenue	Debt Svc	Economic Development Programs	Infrastructure Programs	Housing Programs	Project Costs	Annual Revenue less Costs	Annual Cumulative Fund Balance
Bs Yr	2004-05	0		-	0	0	0	0		-	0	0
1	2005-06	0		-	0	0	0	204,000		204,000	-204,000	-204,000
2	2006-07	348,045	116,015	-	464,060	0	476,850	551,412	116,015	1,144,277	-680,217	-884,217
3	2007-08	121,520	212,878	6,726,774	7,061,172	555,333	486,387	562,440	212,878	1,261,705	5,244,134	4,359,917
4	2008-09	426,513	314,542	-	741,055	555,333	496,115	573,689	314,542	1,384,346	-1,198,623	3,161,294
5	2009-10	240,443	421,205	6,583,004	7,244,653	1,098,796	11,740,059	585,163	421,205	12,746,427	-6,600,571	-3,439,277
6	2010-11	576,045	533,073	-	1,109,118	1,098,796	516,158	596,866	533,073	1,646,096	-1,635,775	-5,075,052
7	2011-12	358,073	627,268	6,511,421	7,496,762	1,636,351	526,481	608,803	627,268	1,762,552	4,097,859	-977,193
8	2012-13	653,760	725,830	-	1,379,590	1,636,351	537,011	620,979	725,830	1,883,820	-2,140,581	-3,117,774
9	2013-14	473,194	828,935	6,372,527	7,674,656	2,162,438	12,707,818	633,399	828,935	14,170,151	-8,657,934	-11,775,708
10	2014-15	884,074	936,764	-	1,820,837	2,162,438	558,706	646,067	936,764	2,141,537	-2,483,137	-14,258,845
11	2015-16	599,106	1,049,506	6,969,888	8,618,500	2,737,841	569,880	658,988	1,049,506	2,278,374	3,602,285	-10,656,561
12	2016-17	853,664	1,167,357	-	2,021,022	2,737,841	581,277	672,168	1,167,357	2,420,803	-3,137,623	-13,794,184
13	2017-18	1,119,697	1,290,521	-	2,410,218	2,737,841	592,903	685,612	1,290,521	2,569,035	-2,896,659	-16,690,842
14	2018-19	751,056	1,419,207	8,411,247	10,581,511	3,432,237	14,030,458	699,324	1,419,207	16,148,988	-8,999,715	-25,690,557
15	2019-20	1,041,422	1,553,636	-	2,595,058	3,432,237	616,856	713,310	1,553,636	2,883,802	-3,720,981	-29,411,538
16	2020-21	1,344,681	1,694,033	-	3,038,714	3,432,237	629,193	727,576	1,694,033	3,050,803	-3,444,326	-32,855,864
17	2021-22	922,848	1,840,635	9,338,276	12,101,759	4,223,789	14,889,234	742,128	1,840,635	17,471,997	-9,594,027	-42,449,891
18	2022-23	1,253,437	1,993,686	-	3,247,124	4,223,789	654,613	756,971	1,993,686	3,405,270	-4,381,935	-46,831,826
19	2023-24	1,598,504	2,153,439	-	3,751,944	4,223,789	667,705	772,110	2,153,439	3,593,254	-4,065,100	-50,896,926
20	2024-25	1,115,516	2,320,158	10,131,936	13,567,609	5,124,457	19,968,656	787,552	2,320,158	23,076,366	-14,633,215	-65,530,141
21	2025-26	1,491,261	2,494,114	-	3,985,376	5,124,457	694,680	803,303	2,494,114	3,992,098	-5,131,179	-70,661,320
22	2026-27	1,883,252	2,675,591	-	4,558,844	5,124,457	708,574	819,369	2,675,591	4,203,535	-4,769,148	-75,430,468
23	2027-28	2,292,122	2,864,883	-	5,157,006	5,124,457	722,745	835,757	2,864,883	4,423,385	-4,390,837	-79,821,305
24	2028-29	2,718,529	3,062,294	-	5,780,822	5,124,457	737,200	852,472	3,062,294	4,651,966	-3,995,600	-83,816,905
25	2029-30	3,163,154	3,268,138	-	6,431,292	5,124,457	751,944	869,521	3,268,138	4,889,604	-3,582,769	-87,399,674
26	2030-31	3,626,704	3,482,745	-	7,109,450	5,124,457	766,983	886,912	3,482,745	5,136,640	-3,151,648	-90,551,322
27	2031-32	4,096,533	3,700,258	-	7,796,791	5,124,457	782,323	904,650	3,700,258	5,387,231	-2,714,897	-93,266,219
28	2032-33	4,586,045	3,926,884	-	8,512,929	5,124,457	797,969	922,743	3,926,884	5,647,597	-2,259,124	-95,525,344
29	2033-34	5,095,999	4,162,974	-	9,258,973	5,124,457	813,929	941,198	4,162,974	5,918,101	-1,783,585	-97,308,928
30	2034-35	5,627,181	4,408,892	-	10,036,072	5,124,457	830,207	960,022	4,408,892	6,199,121	-1,287,506	-98,596,434
31	2035-36	6,180,405	4,665,014		10,845,419	5,124,457	846,812	979,222	4,665,014	6,491,047	-770,086	-99,366,520
32	2036-37	6,595,480	4,924,436		11,519,916	5,124,457	0	998,807	4,924,436	5,923,243	472,217	-98,894,304
33	2037-38	7,582,732	5,194,386		12,777,118	4,569,124	0	1,018,783	5,194,386	6,213,168	1,994,825	-96,899,478
34	2038-39	8,032,132	5,475,260		13,507,392	4,569,124	0	1,039,158	5,475,260	6,514,419	2,423,849	-94,475,629
35	2039-40	9,043,133	5,767,472		14,810,605	4,025,661	0	1,059,941	5,767,472	6,827,413	3,957,531	-90,518,098
36	2040-41	9,529,493	6,071,446		15,600,940	4,025,661	0	1,081,140	6,071,446	7,152,587	4,422,692	-86,095,406
37	2041-42	10,572,937	6,387,627		16,960,564	3,488,107	0	1,102,763	6,387,627	7,490,390	5,982,067	-80,113,339
38	2042-43	11,099,090	6,716,473		17,815,563	3,488,107	0	1,124,818	6,716,473	7,841,291	6,486,165	-73,627,174
39	2043-44	12,172,354	7,058,459		19,230,813	2,962,019	0	1,147,315	7,058,459	8,205,773	8,063,021	-65,564,153
40	2044-45	12,741,343	7,414,076		20,155,419	2,962,019	0	1,170,261	7,414,076	8,584,337	8,609,063	-56,955,090
41	2045-46	13,908,363	7,783,837		21,692,200	2,386,616	0	1,193,666	7,783,837	8,977,503	10,328,081	-46,627,009
42	2046-47	14,382,282	8,080,036		22,462,318	2,386,616	0	1,217,540	8,080,036	9,297,576	10,778,126	-35,848,882
43	2047-48	14,872,787	8,386,602		23,259,389	2,386,616	0	1,241,890	8,386,602	9,628,492	11,244,281	-24,604,601
44	2048-49	16,074,855	8,703,897		24,778,753	1,692,220	0	1,266,728	8,703,897	9,970,626	13,115,907	-11,488,695
45	2049-50	16,600,297	9,032,298		25,632,595	1,692,220	0	1,292,063	9,032,298	10,324,361	13,616,014	2,127,319
		218,650,064		61,045,073	436,601,919	149,339,491	89,699,728	38,528,599	156,906,782	285,135,109	2,127,319	

Section

F

The Method of Relocation

See attached Method of Relocation following this page.

GRANTVILLE REDEVELOPMENT PROJECT

DRAFT
PLAN AND METHOD FOR RELOCATION

October 18, 2004

TABLE OF CONTENTS

Page

I. INTRODUCTION 1
- **A. Agency Displacement** 1
- **B. Relocation in the Event of Agency Displacement** 1
- **C. Agency Rules and Regulations** 2
- **D. Agency Determinations and Assurances** 2
- **E. Replacement Housing Plan for Last Resort Housing** 4
- **F. Replacement Housing Plan for Low and Moderate Income Units** 4

II. RELOCATION ASSISTANCE ADVISORY PROGRAM AND ASSURANCE OF COMPARABLE REPLACEMENT HOUSING 6
- **A. Administrative Organization** 6
  - 1. Responsible Entity 6
  - 2. Staff 6
  - 3. Functions 7
- **B. Information Program** 8
- **C. Relocation Record** 9
- **D. Relocation Payments** 9
- **E. Temporary Moves** 9
- **F. Relocation Resources Survey** 10
- **G. Last Resort Housing** 10
- **H. Grievance Procedures** 10
- **I. Relocation Appeals Board** 10

III. OBTAINING RELOCATION HOUSING 10
- **A. Private Housing** 10
- **B. Public Housing** 11
- **C. Special Rehousing Problems** 11
- **D. Relationships with Site Occupants** 11
  - 1. Information Program 11
  - 2. Interviews with Site Occupants 12
  - 3. Project Site Office 12
  - 4. Housing Referral Services 12
  - 5. Inspection of Relocation Housing 13
  - 6. Self-Relocatees 13
  - 7. Referrals to Social Service Agencies 14
- **E. Relocation Standards** 14
  - 1. Physical Standards 15
  - 2. Occupancy Standards 16
  - 3. Displacee's Ability to Pay 16
  - 4. Base Monthly Rental for Displacement Dwelling 17
  - 5. Standards for Temporary Moves into Housing 17
  - 6. Environmental Standards 18

IV. RELOCATION PAYMENTS AND PLAN FOR DISBURSEMENT 18

V. RELOCATION OFFICE PROCEDURES 19

VI. COMMUNITY PARTICIPATION 19

VII. COORDINATION ACTIVITIES 19

VIII. FORMAL GRIEVANCE PROCEDURE 20

EXHIBITS

EXHIBIT A
RELOCATION ASSISTANCE TO TENANTS AND HOMEOWNERS DISPLACED FROM THEIR HOMES

EXHIBIT B
RELOCATION ASSISTANCE TO DISPLACED BUSINESSES AND NON-PROFIT ORGANIZATIONS

EXHIBIT C
GRIEVANCE PROCEDURES
[EXCERPT FROM AGENCY RULES AND REGULATIONS]

PLAN AND METHOD OF RELOCATION

I. INTRODUCTION

The Redevelopment Agency of the City of San Diego ("Agency") has prepared this plan and method of relocation ("Relocation Plan") for those site occupants who may be displaced by Agency action within the Grantville Redevelopment Project ("Redevelopment Project") area ("Project Area"). This Relocation Plan will be included as part of the Agency's Report to the City Council required by Section 33352(f) of the California Community Redevelopment Law in connection with the proposed amendment to the Redevelopment Plan ("Redevelopment Plan") for the Redevelopment Project.

A. Agency Displacement

The Agency anticipates that its program of redevelopment by assisting in needed property rehabilitation and upgrading and installing needed public improvements and facilities within the Project Area will provide an incentive for the private sector to develop or redevelop vacant, underutilized and blighted properties. As an additional aid to the private sector, the Agency may also selectively acquire and dispose of property: 1) to aid in the re-use of the land after the upgrade or installation of public improvements; 2) to eliminate non-conforming and other blighting uses; 3) to encourage the development of affordable housing; 4) in response to property-owner and developer initiated efforts where public assistance is necessary to assemble property needed for expansion of existing uses or to create developable sites for proposed new uses; and 5) as "opportunity" acquisitions in which an existing owner may desire to sell in order to pursue opportunities outside of the Project Area.

To the extent that the Agency acquires occupied property for land assembly or other purposes, or enters into agreements with developers or others under which occupants will be required to move, the Agency will cause or will be responsible for causing such displacement of occupants. The Agency is not responsible for any displacement which may occur as a result of private development activities not directly assisted by the Agency under a disposition and development, owner participation, or other such agreement.

B. Relocation in the Event of Agency Displacement

Some displacement of residents or businesses may occur in the implementation of the Redevelopment Plan. If and when displacement occurs, the Agency will provide those businesses and persons displaced by Agency activities with monetary and advisory relocation assistance consistent with the California Relocation Assistance and Real Property Acquisition Law (Government Code, Sections 7260, et seq.), the State Guidelines adopted and promulgated pursuant thereto, Relocation Rules and Regulations adopted by the Agency and the provisions of the Redevelopment Plan for the Project.

The Agency will pay all relocation payments required by law. This Relocation Plan outlines the general relocation rules and procedures which must be adhered to by the Agency in activities requiring the relocation of businesses and persons within the Project Area. It also identifies the Agency determinations and assurances which must

be made prior to undertaking relocation activities as well as describes the Agency's functions in providing relocation assistance and benefits.

C. Agency Rules and Regulations

The Agency has adopted Agency Rules and Regulations that: (1) implement the requirements of California Relocation Assistance and Real Property Acquisition Law (the "Act"); (2) are in accordance with the provisions of the California Department of Housing and Community Development's "Relocation Assistance and Real Property Acquisition Guidelines" (25 California Administrative Code, Sections 6000, et seq.)((the "State Guidelines"); (3) meet the requirements of the California Community Redevelopment Law (Health and Safety Code Sections 33000, et seq.) and the provisions of the Redevelopment Plan; and (4) are appropriate to the particular activities of the Agency and not inconsistent with the Act or the State Guidelines. To the extent that applicable provisions of the Act, the California Community Redevelopment Law or the State Guidelines are amended, such amendments shall be effective prospectively from the date they are adopted (or from an otherwise applicable effective date) and shall govern any conflicting provision in the Agency Rules and Regulations and this Relocation Plan. Additionally, the Agency Rules and Regulations and this Relocation Plan shall be promptly revised as necessary to conform to applicable amendments of the Act, the California Community Redevelopment Law or the State Guidelines.

D. Agency Determinations and Assurances

1. The Agency may not proceed with any approval of a project or other activity which will directly result in the displacement of any business or person until it makes the following determinations:

    (a) Fair and reasonable relocation payments will be provided to eligible businesses and persons as required by the Act, the State Guidelines and Agency Rules and Regulations.

    (b) A relocation assistance advisory program offering the services described in Article 2 of the State Guidelines will be established.

    (c) Eligible businesses and persons will be adequately informed of the assistance, benefits, policies, practices and procedures, including grievance procedures, provided for in the State Guidelines and Agency Rules and Regulations.

    (d) A Supplemental Relocation Plan meeting the requirements of Section 6038 of the State Guidelines and the Agency Rules and Regulations has been prepared.

    (e) In the event that displacement involves housing, and based upon a recent survey and analysis of both the housing needs of persons who will be displaced and available replacement housing and considering competing demands for that housing, comparable replacement dwellings will be available, or provided, if necessary, within a reasonable period of time prior to

displacement sufficient in number, size and cost for the eligible persons who require them.

(f) In the event that displacement involves housing, adequate provisions have been made to provide orderly, timely and efficient relocation of eligible persons to comparable replacement housing available without regard to race, color, religion, sex, marital status, or national origin, and with a minimum of hardship to those affected.

2. No business or person shall be displaced until the Agency has fulfilled the obligations imposed by the Act, the California Community Redevelopment Law, the Redevelopment Plan, the State Guidelines and the Agency Rules and Regulations.

3. In the event that displacement involves housing, no persons or families of low- and moderate-income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by such displaced person or family at rents comparable to those at the time of their displacement. Such housing units shall be suitable to the needs of such displaced persons or families and must be decent, safe, sanitary and an otherwise standard dwelling.

4. Pursuant to the Community Redevelopment Law (Health and Safety Code Section 33411.3), if any portion of the Project Area is developed with low- or moderate-income housing units, the Agency shall require by contract or other appropriate means that such housing be made available for rent or purchase to the persons and families of low-and moderate-income displaced by the Redevelopment Project. Such persons and families shall be given priority in renting or buying such housing; provided, however, that failure to give such priority shall not affect the validity of title to real property.

5. Pursuant to the Community Redevelopment Law (Health and Safety Code Section 33411.4), in the event that displacement involves housing, and if insufficient suitable housing units are available in the community for low- and moderate-income persons and families to be displaced from the Project Area, the Agency shall assure that sufficient land is made available for suitable housing for rental or purchase by low- and moderate-income persons and families. If insufficient suitable housing units are available in the City for use such persons and families of low- and moderate-income displaced by the Redevelopment Project, the Agency may, to the extent of that deficiency, expend funds and take such other actions as necessary to provide, rehabilitate, or construct, or cause the provision, rehabilitation or construction of last resort housing through methods including but not limited to the following:

(a) Transfer of funds to state and local housing agencies as permitted by law;

(b) Contract with organizations experienced in the development of housing as permitted by law;

(c) Direct development, rehabilitation or construction by the Agency as permitted by law;

(d) Financing of development, rehabilitation or construction by the Agency as permitted by law; or

(e) Provide housing subsidies as permitted by law.

6. Pursuant to the Community Redevelopment Law (Health and Safety Code Section 33412), in the event that displacement involves housing, permanent housing facilities shall be made available within three years from the time any occupants thereof are displaced, and pending the development of such facilities there will be available to such displaced occupants adequate temporary housing facilities at rents comparable to those in the community at the time of their displacement.

7. Pursuant to the Community Redevelopment Law (Health and Safety Code Section 33413(a)), in the event that, and whenever dwelling units housing persons and families of low- or moderate-income are destroyed or removed from the low- and moderate-income housing market as part of the Redevelopment Project which is subject to a written agreement with the Agency or where financial assistance has been provided by the Agency, the Agency shall prepare a Housing Replacement Plan for Low and Moderate Income Units in accordance with subsection 6 hereinbelow and, within four years of such destruction or removal, rehabilitate, develop or construct, or cause to be rehabilitated, developed or constructed, for rental or sale to persons and families of low- or moderate-income an equal number of replacement dwelling units at affordable housing costs within the Project Area or other territorial jurisdiction of the Agency, as provided for in the Redevelopment Plan and as allowed by the City's General Plan.

E. Replacement Housing Plan for Last Resort Housing

In the event the Agency is unable to demonstrate that comparable replacement housing will be available as required under the Agency Rules and Regulations for a project, then the Agency shall determine whether to use Agency funds or the funds authorized for the project to provide such necessary replacement housing or to modify, suspend or terminate the project or undertaking. If the Agency determines to provide such necessary replacement housing, then the Agency shall develop or cause to be developed a Replacement Housing Plan for Last Resort Housing in accordance with Sections 6124, et seq. of the State Guidelines. The requirement for this Replacement Housing Plan for Last Resort Housing is separate and distinct from the requirement for the Replacement Housing Plan for Low and Moderate Income Units described herein below.

F. Replacement Housing Plan for Low and Moderate Income Units

Pursuant to the California Redevelopment Law (Health and Safety Code Section 33413.5), in the event that redevelopment activities result in the destruction or removal of low- and moderate-income housing units from the housing market, a Replacement Housing Plan for Low and Moderate Income Units shall be prepared as follows:

Not less than 30 days prior to the execution of an agreement for acquisition of real property, or the execution of an agreement for the disposition and development of property, or the execution of an owner participation agreement, which agreement would lead to the destruction or removal of dwelling units from the low- and moderate-income housing market, the Agency shall adopt by resolution a Replacement Housing Plan for Low and Moderate Income Units. For a reasonable time prior to adopting a Replacement Housing Plan for Low and Moderate Income Units, the Agency shall make available a draft of the proposed Replacement Housing Plan for Low and Moderate Income Units for review and comment by the residents and businesses in the affected area, other public agencies, and the general public.

The Replacement Housing Plan for Low and Moderate Income Units shall include those elements required by the Community Redevelopment Law (Health and Safety Code Section 33413.5). A dwelling unit housing persons of low- or moderate-income whose replacement is required by the Agency, but for which no Replacement Housing Plan for Low and Moderate Income Units has been prepared, shall not be destroyed or removed from the low- and moderate-income housing market until the Agency has by resolution adopted a Replacement Housing Plan for Low and Moderate Income Units.

Nothing, however, shall prevent the Agency from destroying or removing from the low- and moderate-income housing market a dwelling unit which the Agency owns and which is an immediate danger to health and safety. The Agency shall, as soon as practicable, adopt by resolution a Replacement Housing Plan for Low and Moderate Income Units with respect to such dwelling unit.

The requirement for this Replacement Housing Plan for Low and Moderate Income Units is separate and distinct from the requirement for the Replacement Housing Plan for Last Resort Housing described hereinabove.

II. RELOCATION ASSISTANCE ADVISORY PROGRAM AND ASSURANCE OF COMPARABLE REPLACEMENT HOUSING

The Agency shall implement a relocation assistance advisory program which satisfies the requirements of the Act, Article 2 of the State Guidelines, Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, the Unruh Rights Act, the Rumford Act, and applicable state and federal anti-discrimination laws. Such program shall be administered so as to provide advisory services which offer maximum assistance to minimize the hardship of displacement and to ensure that (a) all persons displaced from their places of business are assisted in reestablishing with a minimum of delay and loss of earnings (if reasonably possible), and (b) in the event that displacement involves housing, all persons and families displaced from their dwellings are relocated into housing meeting the criteria for comparable replacement housing contained in the State Guidelines and the Agency Rules and Regulations. No eligible person shall be required to move from his/her dwelling unless within a reasonable period of time prior to displacement a comparable replacement dwelling or, in the case of a temporary move, an adequate replacement dwelling is available to such person.

The following outlines the general functions of the Agency in providing relocation assistance advisory services. Nothing in this section is intended to permit the Agency to displace businesses or persons other than in a manner prescribed by law, the State Guidelines and the Agency Rules and Regulations.

A. Administrative Organization

1. Responsible Entity

The Agency is responsible for providing relocation payments and assistance to site occupants displaced by Agency activities. The Agency will meet its relocation responsibilities through the use of its staff, supplemented by assistance from consultants, local realtors, social service agencies and civic organizations.

2. Staff

The Agency has an established Acquisition and Relocation Department whose staff is responsible for developing and administering the Agency's programs for the relocation of all site occupants who are required to move by redevelopment activities.

Agency staff has extensive relocation expertise, with many years of experience. Staff has been, and will continue to be, selected by the Agency from the fields of social welfare, community organization, real estate, business administration, public health, education, public housing, and other related fields. Beyond their professional qualifications and standing, many staff members bring years of valuable experience and skill in carrying out relocation and community planning programs in this and other communities.

As discussed earlier, the Agency's record of relocation is highly successful and attests to its capacity and competency to effect an orderly and satisfactory relocation program. While all of Agency staff will be available, if necessary, it will primarily be the relocation specialists who will assure the

successful relocation of families, individuals, businesses and nonprofit organizations.

3. Functions

The Agency's staff and/or consultants will perform the following functions:

(1) Prepare a supplemental relocation plan ("Supplemental Relocation Plan") as soon as possible following the initiation of negotiations for acquisition of real property by the Agency and prior to proceeding with any phase of a public improvement or facility project or other implementation activity that will result in any displacement other than an insignificant amount of non-residential displacement. *The term "initiation of negotiations" is defined in the Agency Rules and Regulations.* Such Supplemental Relocation Plan shall conform to the requirements of Section 6038 of the State Guidelines and the Agency Rules and Regulations and shall be submitted to the Agency Board for approval. The Agency or its consultants shall interview all eligible affected persons, including businesses and non-profit organizations, to obtain information upon which to plan for housing, if necessary, and other accommodations, as well as to provide counseling and assistance needs.

(2) Provide such measures, facilities or services as needed in order to:

a. Fully inform persons and businesses eligible for relocation payments and assistance within 60 days following the initiation of negotiations, but no later than the close of escrow on the property, as to the availability of relocation benefits and assistance and the eligibility requirements therefore, as well as the procedures for obtaining such benefits and assistance, in accordance with the requirements of Section 6046 of the State Guidelines and the Agency Rules and Regulations.

b. Determine the extent of the need of each such eligible person or business for relocation assistance in accordance with the requirements of Section 6048 of the State Guidelines and the Agency Rules and Regulations.

c. Provide current and continuing information on the availability, prices and rentals of comparable commercial properties and locations, and of comparable sales and rental housing, if necessary, and as to security deposits, closing costs, typical down payments, interest rates, and terms for residential property in the area.

d. Assist each eligible person and business to complete applications for payments and benefits.

e. Assist each eligible person displaced from his/her business in obtaining and becoming established in a suitable replacement location.

f. Provide any services required to insure that the relocation process does not result in different or separate treatment on account of race, color, religion, national origin, sex, marital status, familial status, or any basis protected by state or federal anti-discriminatory laws, or any other arbitrary circumstances.

g. Supply to such eligible persons information concerning disaster loan and other programs administered by the Small Business Administration, federal and state housing programs, and other federal or state programs offering assistance to displaced persons and businesses.

h. Provide other advisory assistance to eligible persons in order to minimize their hardships. As needed, such assistance may include counseling and referrals with regard to housing, financing, employment, training, health and welfare, as well as other assistance.

i. Inform all persons who are expected to be displaced about the eviction policies to be pursued in carrying out the Redevelopment Project, which policies shall be in accordance with the provisions of Section 5058 of the State Guidelines and the Agency Rules and Regulations.

j. Notify in writing eligible persons to be displaced at least 90 days in advance prior to requiring the person to move from a dwelling or to move a business. In the event that acquisition is taking place within the context of eminent domain, this notice may be in the form of an Order for Prejudgment Possession.

k. In the event that displacement involves housing, assure eligible persons that within a reasonable period of time prior to displacement there will be available comparable replacement housing meeting the criteria described in Section 6008(c) of the State Guidelines and the Agency Rules and Regulations, sufficient in number and kind for and available to such eligible persons.

l. In the event that displacement involves housing, assist each eligible person to obtain and move to a comparable replacement dwelling.

B. <u>Information Program</u>

The Agency, through its staff and/or consultants, shall establish and maintain an information program that provides for the following:

1. Within 60 days following the initiation of negotiations and not less than 90 days in advance of displacement, except for those situations described in Section 6042(e) of the State Guidelines, the Agency shall prepare and distribute informational materials (in the language most easily understood by the recipients) to persons and businesses eligible for Agency relocation benefits and assistance ("Informational Statement"). The Informational Statement shall be in substantially the form attached hereto as Exhibits A and B.

2. Conducting personal interviews and maintaining personal contacts with occupants of the property to the maximum extent practicable.

3. Utilizing meetings, newsletters and other mechanisms, including local media available to all persons, for keeping occupants of the property informed on a continuing basis.

4. Providing each person and business written notification as soon as his/her eligibility status has been determined.

5. Explaining to persons interviewed the purpose of relocation needs survey, the nature of relocation payments and assistance to be made available, and encouraging them to visit the relocation office for information and assistance.

C. Relocation Record

The Agency shall prepare and maintain an accurate relocation record for each person and business to be displaced as required by Section 6048 of the State Guidelines and the Agency Rules and Regulations.

D. Relocation Payments

The Agency shall make relocation payments to or on behalf of eligible displaced persons and businesses in accordance with the State Guidelines and the Agency Rules and Regulations. The obligations for relocation payments are in addition to any acquisition payments made pursuant to the Agency's real property acquisition guidelines, which are set forth in the Agency Rules and Regulations and consistent with Article 6 of the State Guidelines.

E. Temporary Moves

Temporary moves are not encouraged. Agency staff and/or consultants shall make every effort to assist the site occupant in obtaining permanent relocation resources prior to initiation of a temporary move, and then only after it is determined that Project Area activities will be seriously impeded if such move is not performed. Temporary moves shall be in accordance with Section 6044 of the State Guidelines and the Agency Rules and Regulations.

F. Relocation Resources Survey

In the event that displacement involves housing, the Agency shall conduct a survey of available relocation resources in accordance with Section 6052 of the State Guidelines and the Agency Rules and Regulations.

G. Last Resort Housing

In the event that displacement involves housing, Agency shall follow Sections 6120-6139 of the State Guidelines and the Agency Rules and Regulations for assuring that if the Agency action results, or will result in displacement, and comparable replacement housing will not be available as needed, the Agency shall use its funds or fund authorized for the Project to provide such housing.

H. Grievance Procedures

The Agency Rules and Regulations contain grievance procedures which implement the provisions of the Act and the State Guidelines. The purpose of the grievance procedures is to provide Agency requirements for processing appeals from Agency determinations as to the eligibility for, and the amount of a relocation payment, and for processing appeals from persons aggrieved by the Agency's failure to refer them to comparable permanent or adequate temporary replacement housing. Potential displacees will be informed by the Agency of their right to appeal regarding relocation payment claims or other decisions made affecting their relocation. A copy of the Agency's Relocation Grievance Procedures is attached as Exhibit C.

I. Relocation Appeals Board

The Agency provides an approved forum for informal or formal review. The City of San Diego, at the request of the Agency, has established a Relocation Appeals Board to review cases requiring further action. The Relocation Appeals Board shall hear all complaints brought by potential displacees and residents of the Project Area relating to relocation and make determinations in accordance with the Agency Rules and Regulations. The Relocation Appeals Board shall, after a public hearing, transmit its findings and recommendations to the Agency in accordance with the Agency Rules and Regulations.

III. OBTAINING RELOCATION HOUSING

A. Private Housing

For several decades, now, the Agency has received excellent cooperation from property owners, operating managers, realtors, multiple listing bureaus, property management firms and others offering a variety of private standard housing for rent or for sale. Based on this relationship, an adequate supply of replacement housing for use in carrying out the Agency's relocation program has been available. This relationship has been continually strengthened through the years and is expected to continue. Agency access to such housing remains open to displacees when units are available.

The Agency shall give priority to those displaced by public action in the rental or purchase of subsidized and Section 8 housing, as well as in other properties acquired by

the Agency for rehabilitation, when available. The Agency will require sponsors of such programs to accord preference to displacees from the Project Area, and this will be particularly true where such housing is to be developed within the Project Area.

The Agency will obtain, and maintain current listings of standard rental and sale properties that are appropriate for relocation that are available on a nondiscriminatory basis. Information on the size, rental or sale price, financing terms and location of available units will be given to displacees seeking referrals, and, as necessary the relocation staff will provide transportation or otherwise assist the site resident in his or her search for housing.

B. Public Housing

The Housing Authority of the City of San Diego grants displacees priority in consideration for placement and has simplified referral procedures, as well as participated in the conversion of units to meet the special needs of large families, the physically disabled and the elderly. Special income limits are established by the Authority for admission of eligible displacees.

Families receiving Aid to Dependent Children and low-income families and individuals not receiving public assistance shall pay rent based on 30 percent of net income, regardless of the number of bedrooms required. All rents for these persons are now subsidized by the Federal Government under provisions of the Brooke Amendment.

Public housing can be a relocation resource. No displacee will be initially offered such housing, however, unless they are displaced from public housing or have requested such housing.

C. Special Rehousing Problems

Staff and/or consultants will interview the occupants to obtain information pertinent to special rehousing and social needs of the individual or family. Particular effort will be made to anticipate and aggressively seek solutions for problems of individuals or groups of displacees among the elderly, low-income, large families, racial minorities, physically disabled and unemployed. The Agency will work cooperatively with other groups and agencies, make appropriate referrals, and otherwise obtain for displacees the assistance essential to their successful rehousing.

D. Relationships with Site Occupants

1. Information Program

Agency staff will implement an informational program for site occupants and displacees to advise them on the Agency's plans and programs.

This will be done by personal interview and contacts, general mailings and distribution of informational material, group and public meetings to provide information and answer questions, regular staff attendance at meetings of various groups, etc. All these efforts will be continued throughout the project operations to insure that each site occupant is fully informed as to the time

schedules, relocation program, opportunities for relocation housing, relocation services and other available benefits.

2. Interviews with Site Occupants

As soon as practical after the initiation of negotiations, Agency staff and/or the relocation consultant will meet with site occupants. The interviewer will discuss and explain the contents of the Informational Statement, any rental agreement, and other applicable materials. As evidence that the displacee has been properly notified, the displacee will be requested to sign a receipt for the Informational Statement, which fully describes the rights under the redevelopment program, the services offered for relocation, the regulations and procedures for obtaining relocation payments, etc.

The relocation staff also will update any information obtained in prior interviews with the displacees, ascertain precise relocation needs and problems, from which the displacee will be assisted in formulating and carrying their approach to relocation. This is the beginning of personalized relocation assistance and, as necessary, the displacee will be referred to appropriate agencies or resources for special services.

Persons who occupy property after Agency acquisition are not eligible for assistance or benefits if they were informed prior to occupancy that the property was being acquired for a public use and occupancy is only available between acquisition of the property and its development. The Agency Board may consider occupants not so informed eligible for assistance and benefits, however.

3. Project Site Office

Whenever possible, the Agency shall establish a site office, where the assigned relocation staff and/or consultants will work closely with all displacees and appropriate agencies in carrying out the relocation program. Staffing, working days and hours will be arranged to provide services conveniently available to all occupants of the Project Area.

4. Housing Referral Services

The referral procedure will be essentially one of personal contact, liaison, and assistance by the relocation consultant and/or staff. The relocation consultant and/or staff will work closely with each displacee until he or she is permanently rehoused, offering comparable housing that meets their needs, and encouraging them to find replacement housing on their own initiative.

The Agency will maintain listings of private rental and sales housing that has previously been inspected and certified as meeting the Agency's relocation housing standards, which is available on an open-occupancy basis, which is not planned for clearance. Listings of vacancies will be provided to the displacee, arrangements will be made for the displacee to inspect the housing and, if necessary, he or she will be provided transportation and/or be accompanied on the inspection. The displacee will be provided further referrals if, for reasonable

cause, he or she is unable to accept an offered unit. The same procedure will be followed when a self-relocatee is found occupying sub-standard housing.

Displacees will be informed of the availability of VA and FHA acquired properties, and of any Section 8 housing that meets their needs. Listings of properties will be available so that they may be freely examined. The relocation consultant and/or staff will provide displaced residents with evidence of their eligibility for such housing, serve in a liaison capacity and otherwise assist displacees in securing such accommodations.

Those displacees appearing eligible for and interested in public housing (including Section 8 housing programs) will be referred to the Housing Authority and otherwise assisted in expediting their applications and placement. The Housing Authority will be requested to make available to the Agency the Authority's list of available housing, in order that such housing may be utilized for eligible displacees.

If interested and determined eligible for other subsidized housing, displacees will be referred to the appropriate sponsor or owner of such housing and assisted in making the application. In addition, they will also be referred to comparable replacement housing whose owners are willing to accept and participate in the Section 8 program and assistance will be provided in making such application.

5. Inspection of Relocation Housing

All housing offered to displacees will be internally and externally inspected by the relocation staff and/or consultant in advance. If, upon inspection, the housing occupied by a self-relocatee is found below standard, the occupant will be advised accordingly and offered standard housing. If the displacee refuses to accept further assistance, the obligation of the Agency to the relocatee will be considered fulfilled. In such instances, the matter may be referred to the Building Inspection Department with the objective of bringing the housing into conformity with local codes.

Housing occupied by relocatees moving outside the City of San Diego will be inspected, when possible, by the redevelopment agency of that City or by its building inspection department. When this is not possible, the claimant will be required to provide sufficient information to determine that the dwelling is standard pursuant to Agency requirements and such self-relocation will be considered as permanent.

6. Self-Relocatees

Displacees finding their own housing will be urged to notify the Agency in advance so that the selected housing may be inspected beforehand. However, should the displacee move without giving notice or leaving a forwarding address, every effort will be made to locate the displacee promptly to determine the quality of the relocation housing and to assure that the displacee understands the relocation assistance to which he or she is entitled. Efforts to trace displacees

will be not abandoned until appropriate contacts have been made without success.

7. Referrals to Social Service Agencies

The relocation services offered by the Agency will be supplemented by those qualified professionals who will be directly responsible -- in cooperation with the Agency, its staff and other consultants and agents -- for seeking and achieving solutions to the social and economic problems that may interfere with the successful relocation of a specific displacee or groups of site occupants.

The Agency has worked closely with many agencies and organizations that operate in the communities to interpret the redevelopment program and the anticipated needs of Project Area occupants. The Agency will continue to seek their assistance and cooperation during the relocation process. Following are some agencies that have provided assistance on an as-needed basis, and which are expected to continue to do so:

Harvest Ministries
Alcoholics Anonymous
Vincent De Paul, Joan Kroc Center
Salvation Army
Episcopal Community Services
Lutheran Social Services
Neighborhood House Endeavors
Vietnam Veterans Outreach Center
Travelers Aid
Catholic Community Services

This list is not intended to be all-inclusive. As the relocation staff and/or consultants determine the need, other organizations will be contacted.

E. Relocation Standards

It is the Agency's objective that all site occupants be rehoused with a minimum of hardship in accommodations which are decent, safe, sanitary, and suitable to their individual needs; located in areas not less desirable than the Project Area in regard to public utilities and public and commercial facilities; available without regard to race, color, sex, religion or national origin; reasonably accessible to their places of employment; and priced within their financial means. The standards set forth below have been established by the Agency to achieve these objectives.

The Agency shall make a good faith effort to relocate displacees within the Project Area unless they choose to relocate elsewhere.

Only housing which qualifies as standard under provisions of the Local Housing Code will be used as a relocation resource.

The following standards apply in measuring the quality and suitability of the housing to be offered by the relocation consultant and/or staff to a site occupant, or that which a self-relocatee has selected on his own initiative.

No persons or families of low- and moderate-income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by such displaced persons or families at rents comparable to those at the time of their displacement.

1. Physical Standards

(a) The roof, the exterior walls, windows and doors shall be weather proof and water tight, and in safe, sound condition and good repair.

(b) The foundation, the interior walls and doors, and the ceilings and floors shall be in safe, sound condition and good repair.

(c) Every stairway, exit door, fire escape and elevator shall be in safe, sound condition, in good repair and free from obstructions.

(d) Except in the case of concrete floor slab construction, the clearance between the ground and the floor joints shall be not less than 18" and such under-floor area shall be properly vented.

(e) All portions of a lot about or under a building shall be adequately drained, and together with the building and parts thereof, shall be clean, free of rubbish and of health, fire and safety hazards.

(f) Every building shall be connected to the public water supply and sewers or septic tank, and every plumbing fixture, water and waste pipe shall be installed in an approved manner, sanitary and in good working condition.

(g) Every dwelling unit shall have adequate heating facilities which are installed in an approved manner, are safe and in good working condition.

(h) Every dwelling unit shall be supplied with adequate electric wiring, convenience outlets and fixtures, which are installed in an approved manner, which are safe and in good working condition.

(i) Every dwelling shall contain electrically wired smoke detectors in every sleeping room and in each hallway, corridor or area adjacent to any such sleeping room.

(j) Every sleeping room shall contain at least one window opening directly to the outside.

(k) A cellar or unfinished attic shall not be used for living, sleeping, cooking or eating purposes. In any basement space used for living purposes, the walls and floors which are below ground level shall be waterproofed and dampproofed.

(l) Every room used for living purposes shall have not less than an 8' ceiling height and a window area of not less than 12 square feet or 1/8th of the superficial floor area, whichever is greater.

(m) Every dwelling unit shall comply with the Residential Lead-Based Paint Hazard Reduction Act of 1992.

(n) Evidence shall be provided that, where required by ordinance, valid certificates of occupancy and health permits have been obtained.

(o) Every dwelling unit shall have a private lavatory and bathtub or shower, with hot and cold running water, and a suitable bathroom or compartment. Rooms including these fixtures shall have adequate light and ventilation.***

(p) Every dwelling unit shall have a private kitchen containing a sink with hot and cold running water and adequate light and ventilation.***

*** Exception: The requirements of these items shall not apply to a light housekeeping room which conforms fully to all the requirements of City ordinances relating to such accommodations and, further, in which occupancy is limited to one person.

2. Occupancy Standards

An otherwise standard dwelling may not be considered as standard for a specific family, unless it provides adequate sleeping space for all the family members. Living rooms should not be considered for sleeping purposes, except in the case of an efficiency or studio apartment. In the evaluation of dwelling units considered for relocatees existing building codes or other suitable regulations will be used as occupancy standards.

3. Displacee's Ability to Pay

The Agency will give consideration to the particular financial situation of each family or individual. Every effort will be made to maintain the lowest possible housing cost-income ratio which, at the same time, provides the displacee adequate, decent, safe and sanitary housing. Agency staff will counsel displacees to relocate into housing which is affordable.

The amount of rental assistance a displacee is entitled to receive is based upon the following factors pursuant to the Agency Rules and Regulations.

An eligible person who rents a replacement dwelling is entitled to a payment not to exceed $5,250.00 for rental assistance. Unless Federal Regulations apply, such payment shall be 42 times the amount obtained by subtracting the base monthly rental for the displacement dwelling from the lesser of:

(a) The monthly rent and estimated average monthly utilities for a comparable replacement dwelling; or

The monthly rent and estimated average monthly cost of utilities for the decent, safe and sanitary replacement dwelling actually occupied by the displaced person.

4. Base Monthly Rental for Displacement Dwelling

The base monthly rental for the displacement dwelling is the lesser of:

(a) The average monthly cost for rent and utilities at the displacement dwelling for a reasonable period prior to displacement (but not less than a 3-month period), as determined by the Agency. (For an owner-occupant, use the fair market rent for the displacement dwelling. For a tenant who paid little or no rent prior to displacement, use the fair market rent, unless its use would result in a hardship because of the person's income or other circumstances); or

(b) Thirty (30) percent of the person's average gross household income. This standard shall apply, unless covered by Federal Regulations. (If the person refuses to provide appropriate evidence of income or is a dependent, the base monthly rental shall be established solely on the displacement dwelling rental rate. A full time student or resident of an institution may be assumed to be a dependent, unless the person demonstrates otherwise.)

5. Standards for Temporary Moves into Housing

As noted above, temporary moves are not encouraged. Should a temporary move become necessary, the following standards shall be followed.

Housing not meeting the Agency's established standards for permanent relocation will not be used for emergency temporary housing.

In no event will the temporary housing offered be of a less desirable character than that from which the site resident is being moved, and such temporary housing shall be in a safe and habitable condition.

Temporary relocations made by the Agency will not diminish the Agency's obligation with respect to the displacee's permanent relocation. The necessary costs incurred in temporary moves made at the direction of the Agency will be paid in accordance with applicable regulations.

If a self-relocatee moves into sub-standard housing and declines, without satisfactory reason, to accept standard housing to which he or she is referred, it will be considered that the Agency's responsibility to the relocatee has been discharged.

6. Environmental Standards

It is the Agency's policy to refer displaced families, individuals, businesses and nonprofit organizations to replacement dwellings and/or suitable replacement sites located in areas not subject to unreasonable adverse environmental conditions. Relocation housing sites shall be not generally less desirable than the location of the displaced site with respect to public utilities and services, schools, churches, recreation, transportation and other public and commercial facilities, and within reasonable proximity to the displacee's present place of employment.

IV. RELOCATION PAYMENTS AND PLAN FOR DISBURSEMENT

Relocation payments, as provided by the Act, the State Guidelines and the Agency Rules and Regulations will be paid to those displaced by Redevelopment Project activities. These payments may include:

A. Actual and Reasonable Moving Expenses (as defined in Section 6090 of the State Guidelines and the Agency Rules and Regulations), or an Alternate Payment (as defined in Sections 6098 and 6100 of the State Guidelines and the Agency Rules and Regulations) in lieu of Actual and Reasonable Moving Expenses. The amount for an Alternate Payment for each residential household is established by a schedule authorized by Federal Regulations; the amount for an Alternate Payment for businesses ranges from not less than $1,000 to not more than $20,000, depending upon various factors.

B. If displacement involves housing, an allowance for residential tenants of up to $5,250 to assist in the purchase of a replacement dwelling or in the rental of a comparable rental unit;

C. If displacement involves housing, an amount not to exceed $22,500 toward the purchase of a replacement dwelling for an owner-occupant, provided the claimant occupies the replacement unit;

D. Actual Reasonable Expenses in Searching for a Replacement Business (as defined in Section 6094 of the State Guidelines and the Agency Rules and Regulations), not to exceed $1,000;

The descriptions above are meant only as a brief summation of possible payments. Specific eligibility requirements and qualifications for each payment will be enumerated in the Informational Statements to be provided in substantially the same form as Exhibits A and B.

At the discretion of the Agency Board, an additional payment may be authorized. The additional payment would be for extraordinary circumstances.

The disbursement of all relocation benefits will be made in a timely and orderly manner. All claims for relocation benefits must be filed with the Agency within 18 months from (a) the date the claimant relocates from the property, or (b) the date on which final payment for the acquisition of the real property is made, whichever is later.

All required claim forms will be prepared by a member of the relocation staff and all parts of the claim will be fully explained to the claimant. Any relocation claim submitted must be supported by the required documentation (including but not limited to replacement site rental verification, moving bill, escrow closing statement, income tax return, etc.). This information and documentation will be verified by the relocation staff.

The claimant will be asked to sign prepared claim forms after it is established that the claimant understands all aspects of the claim. The claim forms will, along with a memorandum explaining the attached claim request, be forwarded to the Agency for review and recommendation. Approval of payment of any claims will be made by the Agency or its designee. Upon approval of the claim, payments will be initiated.

At times, there may be a need for advance relocation payments in the event of a hardship. Most often, such payments are needed to assist the displacee in securing a replacement site or other related commitments. The relocation staff will expedite consideration of such requests.

V. RELOCATION OFFICE PROCEDURES

Whenever possible, the Agency will establish a site office where the assigned relocation staff or consultants will work closely with all displacees and appropriate agencies in carrying out the relocation program. Staff, working hours and days will be arranged to provide services conveniently available to all occupants of the Project Area.

At such time as it is necessary to open and maintain a relocation site office, more specific procedures may be established. In general, in addition to such specific services as may be offered by any relocation consultant with which the Agency may contract, staff shall be available, on a regular basis, or by appointment at the displacee's convenience, to assist in relocation matters and to answer questions. In addition, staff and/or the relocation consultant will be available to go to the displacee's home or business site to assist in relocation matters on an "as-needed" basis.

VI. COMMUNITY PARTICIPATION

The Agency actively encourages the involvement of potential displacees in the hearing and planning stages of the redevelopment process. This Relocation Plan was previously made available to the Grantville Redevelopment Advisory Committee (GRAC) prior to inclusion in the Report to Council. As Supplemental Relocation Plans may be necessary or are prepared, the affected persons and businesses will be provided with an opportunity to review and comment upon such Supplemental Plans prior to their adoption.

VII. COORDINATION ACTIVITIES

At such time as the Agency may initiate negotiations for property occupied by a business or person, the Agency's relocation staff (including consultants) will commence relocation activities. Among the coordinated activities are the following:

A. Personal on-site interviews will be conducted where the staff or consultant will provide each potential claimant with an Informational Statement detailing benefits and eligibility.

B. After an analysis of needs, appropriate referrals will be made.

C. Claims for relocation payments will be prepared by the relocation staff and/or consultant for the claimant's signature. Signed claims will then be delivered to the Agency for approval and processing.

D. Relocation benefit checks will be hand-delivered or mailed, at the discretion of the relocation staff, to the claimant/recipients.

E. If the displacement involves a residential displacee, any new housing chosen by the claimant will be inspected by the relocation staff for health and safety minimum standards. Any such claimant will be informed in writing of the inspection results.

F. Relocation staff will also contact and work with appropriate governmental and social service agencies to provide applicable assistance, including, for example, small business loans and housing subsidies.

VIII. FORMAL GRIEVANCE PROCEDURE

As stated in Section II.H. herein, the Agency Rules and Regulations include formal grievance procedures to provide for adequate review of Agency relocation decisions. A copy of these Grievance Procedures is attached hereto as Exhibit C.

Exhibit A
[attach behind this page]

Exhibit B
[attach behind this page]

Exhibit C
[attach behind this page]

EXHIBIT A
TO PLAN AND METHOD OF RELOCATION

RELOCATION ASSISTANCE TO TENANTS AND HOMEOWNERS DISPLACED FROM THEIR HOMES

INTRODUCTION

This booklet describes the relocation payments and other relocation assistance provided by the Community Redevelopment Agency of the City of San Diego, California (the "Agency") to tenants and homeowners displaced from their homes as a result of Agency redevelopment activities, in accordance with the **California Relocation Assistance and Real Property Acquisition Guidelines**.

If you are notified that you will be displaced by such Agency redevelopment activities, it is important that you **do not move** before you learn what you must do to receive the relocation payments and other assistance to which you are entitled.

This booklet may not answer all of your questions. If you have more questions about your relocation, please check the back of this booklet for the name of the person to contact at the Agency. Ask your questions before you move. Afterwards, it may be too late.

[*Per Attachment A of the State Guidelines, insert general description of activities that will be undertaken, including an identification of areas which may involve displacement. Also include diagrammatic sketch of Project Area.*]

SUMMARY OF RELOCATION ASSISTANCE

As an eligible tenant or homeowner displaced from your home, you will be offered appropriate financial and advisory assistance to help you relocate, which can include:

- Payment for your moving expenses. You may receive either:
    - Payment for Actual Reasonable Moving & Related Expenses, or
    - Fixed Payment.
- Payment to help you rent (or buy, if you prefer) a comparable replacement home. You may receive either:
    - Rental Assistance Payment, or
    - Downpayment Assistance Payment, or
    - Replacement Housing Payment for a 180-day Homeowner
- Referrals to comparable replacement homes.
- Other help to minimize the impact of the move, including the inspection of replacement housing to ensure that it meets established standards and help in preparing claim forms for relocation payments.

If you disagree with the Agency's decision as to your right to a relocation payment or the amount of the payment, you may appeal that decision.

SOME GENERAL QUESTIONS

How Will I Know I am Eligible for Relocation Assistance?

You will receive a written "Notice of Displacement" within 60 days following the "initiations of negotiations" but not later than the close of escrow on the property explaining that you are eligible for relocation assistance. Ordinarily, eligibility begins on the date the owner of the property receives the Agency's initial written offer to purchase, or the Agency approves an agreement which will cause your displacement such as the rehabilitation of your dwelling. Therefore, you should not move before that date. If you do, you may not be eligible for relocation assistance.

How Will the Agency Know How Much Help I Need?

You will be contacted at an early date and personally interviewed by a representative of the Agency to determine your relocation needs and preferences for replacement housing and other services. The interviewer will ask certain questions about you and other members of your household.

It is to your advantage to provide the information so that the Agency can assist you in moving with a minimum of hardship. The information you give will be kept in confidence.

How Soon Will I Have to Move?

The Agency will work with you so that there will be ample time worked out. You will be given enough time to make plans for moving. Unless your continued occupancy would present a health or safety emergency, you will not be required to move without at least 90 days advance written notice. Most importantly, **you will not be required to move before a comparable replacement home is available to you.**

Under limited circumstances, the Agency's eviction policies may become applicable. A copy of the Agency's eviction policies is attached to this document.

Will the Agency Help Me Find a Replacement Home?

Yes. You will be offered referrals to comparable replacement housing that has been inspected to ensure that it meets established standards. If necessary, you may be referred to as many as three comparable replacement homes. Once the Agency representative has a clear understanding of your needs and preferences, he or she will work with you to assure that you are given the best possible choice of housing.

If you would like to move to a government-owned housing unit or obtain a government housing subsidy to occupy a privately-owned unit, let the Agency representative know of your interest. Generally, displaced persons receive preference for such housing. You will be given assistance in completing any required application forms.

What is a Comparable Replacement Home?

A comparable replacement home is:

- Decent, safe and sanitary.
- Functionally similar to your present home.
- Actually available to you.
- Within your financial means, according to legal standards.
- Reasonably accessible to your place of employment or potential place of employment.
- Generally as well located with respect to public and commercial facilities, such as schools and shopping, as to your present home.
- Not subject to unreasonable adverse environmental conditions.
- Available to all persons regardless of race, color, religion, sex, or national origin.

What is Decent, Safe and Sanitary Housing?

Decent, safe and sanitary housing is housing that:

- Meets applicable housing and occupancy requirements.
- Is structurally sound, weathertight and in good repair.
- Contains a safe, adequate electrical wiring system.
- Has adequate living space for the occupants.
- If food preparation is required, has a kitchen with a sink, hot and cold running water, and connections for a stove and refrigerator.
- Has a separate, complete bathroom with hot and cold running water.
- Has heating as required by climate conditions.
- If you are physically handicapped, is free of barriers which would preclude your reasonable use of the unit.
- Free of lead-base paint contaminants.
- A dwelling unit which is occupied by no more than the maximum number of people allowed under the State Building Code.

What if I Find My Own Replacement Housing?

You have every right to find your own replacement housing. However, before you rent or buy, the Agency representative must inspect the unit to make sure that it is decent, safe and sanitary. If the housing unit is not decent, safe and sanitary, you will not receive a replacement housing payment.

What if I Encounter a Problem in Obtaining Housing of My Choice?

If you encounter a problem in buying or renting housing of your choice, notify the Agency immediately. The Agency representative will look into the matter and try to resolve it. You will receive this help whether you were referred to the housing unit or found it yourself.

If you are unable to buy or rent a housing unit because of discriminatory practices on the part of a real estate broker, rental agent, lender, or a property owner, the Agency will help you file a formal housing discrimination complaint with the Department of Housing & Urban Development or the appropriate State or local fair housing agency.

What other Services Will I Receive?

In addition to help in obtaining a comparable replacement home, other assistance, as necessary, will be provided in order to minimize the impact of your move. This assistance may include referral to appropriate public and private agencies that provide housing financing, employment, welfare or legal assistance.

The range of services depends on the needs of the person being displaced. You should ask the Agency representative to tell you about the specific services that will be available to help you and your family.

Will I Have to Pay Rent to the Agency before I move?

You will be required to pay a fair rent to the Agency for the period between the acquisition of your property and the date that you move. The Agency will deduct from relocation payments any rent that is owed the Agency except in cases of extreme hardship.

PAYMENT FOR MOVING EXPENSES

Every displaced person is entitled to a relocation payment to cover the reasonable cost of his or her move. You may choose either:

- A Payment for Actual Reasonable Moving and Related Expenses, or
- A Fixed Payment.

Payment for Actual Reasonable Moving & Related Expenses.

If you choose a Payment for Actual Reasonable Moving and Related Expenses, you may include in your claim the costs of:

- Moving your household goods, including necessary insurance on the household goods while in transit.
- Disconnecting and reconnecting household appliances.
- Transportation for you and your family, up to a specified distance.
- Storage of household goods, as may be necessary, up to a specified period.
- Utility reinstallation

The Agency will explain all eligible moving costs, as well as those which are not eligible. You must be able to account for any costs that you incur; so keep all your receipts.

You may elect to pay your moving costs yourself and be reimbursed by the Agency, or if you prefer, you may have the Agency pay the mover. In either case, prior arrangements must be made with the Agency. Select your mover with care. The Agency can help you select a reliable and reputable mover.

Fixed Moving Expense Payment

If you choose a Fixed Moving Expense Payment, you will receive a moving expense and dislocation allowance determined in accordance with established Federal Highway Administration schedules maintained by the California Department of Transportation. The

schedules reflect the number of rooms in the displacement dwelling (which may include outbuildings) and whether the displaced person owns and must move the furniture. The Agency has a copy of the schedule for your examination.

For many people, this payment is the most advantageous. No special documentation is required to support your claim. You need only move your personal property and complete the appropriate claim form in order to receive your payment.

REPLACEMENT HOUSING PAYMENTS

Tenants:

An eligible displaced person will receive a Replacement Housing Payment to assist in renting or purchasing a comparable replacement home to which he or she moves. If you are an eligible displaced person who has occupied your home for a period of not less than 90 days prior to the "initiation of negotiations" on such dwelling, you may be eligible to receive either:

- A Rental Assistance Payment in an amount up to $5,250; or
- A Downpayment Assistance Payment in an amount up to $5,250.

Rental Assistance Payment

If you decide to rent a replacement home, you may be eligible to receive a Rental Assistance Payment to help you rent a comparable replacement home for a period of 42 months. The maximum payment is $5,250 and may be paid to you in a lump sum, or monthly payments.

The amount of payment is determined by subtracting the base monthly rental at your present home (including utility costs) from the rent for a comparable replacement home (including utility costs). If there is a rental difference, that amount is multiplied by 42 and the total amount not to exceed $5,250 will be the Rental Assistance Payment.

The **base monthly** rental at your present home is the average monthly rent for your home for a specified period, including utility costs, or 30 percent of your average monthly income, whichever is less.

To qualify for a Rental Assistance Payment, you must rent and occupy a decent, safe and sanitary home within one year after the date you move. However, the Agency may extend this period for good cause.

Downpayment Assistance Payment

A downpayment for which a Downpayment Assistance Payment may be made will not exceed the amount of a reasonable downpayment for the purchase of a comparable replacement dwelling where such is financed, plus expenses incident to the purchase of a replacement dwelling. The full amount of a downpayment shall be applied to the purchase of the replacement dwelling and shall be shown on the closing statement or other document acceptable to the Agency.

If you buy a replacement home, you may be eligible for a Downpayment Assistance Payment of up to $5,250.

To qualify for a Downpayment Assistance Payment, you must purchase and occupy a decent, safe and sanitary home within one year after the date you move.

Homeowners:

Replacement Housing Payment for a 180-Day Homeowner

If you owned and occupied your home for 180 days before receiving the Agency's initial written offer to buy it, you may be eligible to receive Replacement Housing Payment up to $22,500 for a 180-Day Homeowner.

You have every right to find your own replacement housing. However, before you purchase, the Agency representative must inspect the dwelling to make sure it meets decent, safe and sanitary requirements.

The Replacement Housing Payment for a 180-Day Homeowner is a payment not to exceed a combined total of $22,500 for the following costs:

> **Differential Amount:** This amount covers the increased cost that you must pay for comparable replacement housing.
>
> **Mortgage Buydown Payment and Other Debt Service Costs:** This payment covers increased interest rates on the new home. Other debt service costs include reimbursement of purchase points and loan origination fees on the new loan or the actual new loan balance. Payment under this category only applies where there is a mortgage loan on the dwelling acquired by the Agency and that loan existed at least 180 days prior to the Agency's "initiation of negotiations".
>
> **Incidental Expenses:** This amount covers costs typically paid when buying real property, such as legal costs and recording fees; the cost of title insurance; revenue stamps and transfer taxes (not to exceed the cost for comparable replacement housing); loan application fee, etc. However, it does not cover prepaid expenses, such as property taxes and insurance.

Filing a Claim for a Relocation Payment

You must file a claim for each relocation payment. The Agency will provide you with the required claim forms, assist you in completing them, and explain the type of documentation, if any, that you must submit in order to receive your relocation payments.

If you must pay any relocation expenses before you move (such as a security deposit when you sign a lease for your new home), discuss your financial needs with the Agency. You may be able to obtain an advance payment to meet these costs. An advance payment may be placed in "escrow" to ensure that the move will be completed on a timely basis.

All claims for a relocation payment must be filed with the Agency within 18 months after:

- For tenants, the date of displacement (last day of actual move);
- For property owners, the date of displacement or the date of the final payment for acquisition of the real property, whichever is later.

However, it is to your advantage to file as soon as possible. The sooner you submit your claim, the sooner it can be processed and paid. If you are unable to file your claim with the 18 months, the Agency may extend this period for good cause.

You will be paid promptly after you file an acceptable claim. If there is any problem regarding your claim or the amount of the payment, you will be notified of the action you must take to resolve the matter.

Do I Have to Pay Federal or State Income Taxes on My Relocation Payments?

No. Relocation Assistance payments are not considered as "income" for income tax purposes. For more information, you should check with the State or Federal income tax office in your area or with your personal tax advisor.

Appeals

If you disagree with the Agency's decision as to your right to a relocation payment or the amount of a payment, you may "grieve" or appeal the decision to the Agency. A copy of the Agency's Grievance Procedures is attached.

The Agency will inform you of its appeal procedures. At a minimum, you will have 60 days to file your appeal with the Agency. Your appeal must be in writing. However, if you need help, the Agency representative will assist you in preparing your appeal.

If you are not satisfied with the final decision on your appeal, you may seek review of the matter by the courts.

ADDITIONAL INFORMATION

If you have further questions after reading this booklet, contact the Agency and discuss your concerns with the Agency representative.

Agency: The Redevelopment Agency of the
City of San Diego, California

Address: 600 B Street
San Diego, CA 92101-4506
(619) 533-4233

Office Hours: _____ am to _____ pm Monday through Friday

Your Relocation Specialist: _____
Telephone Number: (619) ___-____

Attachments:

- Diagrammatic Sketch of Project Area
- Eviction Policies [excerpt from Agency Rules and Regulations]
- Grievance Procedures [excerpt from Agency Rules and Regulations]

EXHIBIT B
TO PLAN AND METHOD OF RELOCATION

RELOCATION ASSISTANCE TO DISPLACED BUSINESSES AND NONPROFIT ORGANIZATIONS

INTRODUCTION

This booklet describes the relocation payments and other relocation assistance provided by The Redevelopment Agency of the City of San Diego, California (the "Agency") to businesses and nonprofit organizations displaced as a result of Agency redevelopment activities, in accordance with the **California Relocation Assistance and Real Property Acquisition Guidelines**.

If you are notified that you will be displaced by such Agency redevelopment activities, it is important that you **do not move** before you learn what you must do to receive the relocation payments and other assistance to which you are entitled.

This booklet may not answer all of your questions. If you have more questions about your relocation, please contact the Agency. (Check the back of this booklet for the name of the person to contact.) Ask your questions before you move. Afterwards, it may be too late.

[*Per Attachment A of the State Guidelines, insert general description of activities that will be undertaken, including an identification of areas which may involve displacement. Also include diagrammatic sketch of Project Area.*]

SUMMARY OF RELOCATION ASSISTANCE

As an eligible displaced business, you will be offered appropriate financial and advisory assistance to help you relocate, which can include:

- Payment for your moving expenses. You may receive either:
  - Payment for Actual Reasonable Moving & Related Expenses, or
  - Fixed Payment.
- Referrals to suitable replacement locations.
- Other help to re-establish your business and minimize the impact of the move, including help in preparing a claim form for relocation payment.

SOME GENERAL QUESTIONS

How Will I Know I am Eligible For Relocation Assistance?

You will receive a written notice explaining that you are eligible for relocation assistance. Ordinarily, eligibility begins on the date the owner of the property receives the Agency's initial written offer ("initiation of negotiations") to purchase or the Agency executes an agreement

which will cause your displacement. Therefore, you should not move before that date. If you do, you may not be eligible for relocation assistance.

How Will the Agency Know How Much Help I Need?

You will be contacted at an early date and personally interviewed by a representative of the Agency to determine your relocation needs and preferences for a suitable replacement location and other services. The interviewer will ask questions about such matters as your space requirements. It is to your advantage to provide the information so that the Agency can assist you in moving with a minimum of hardship. The information you give will be kept in confidence.

How Soon Will I Have to Move?

Every reasonable effort will be made to provide you with sufficient time to find a suitable replacement location and re-establish your business. If possible, a mutually agreeable date for the move will be worked out. Under normal circumstances, you will not be required to move without at least 90 days' advance written notice. It is important, however, that you keep in close contact with the Agency so that you are aware of the time schedule for carrying out the project and the approximate date by which you will have to move.

Under limited circumstances, the Agency's eviction policies may become applicable. A copy of the Agency's eviction policies are attached to this document.

I Own The Property. Will I Be Paid For It Before I have To Move?

If you reach a voluntary agreement to sell your property to the Agency, you will not be required to move before you receive the agreed purchase price. If the possession of the property is obtained through eminent domain proceedings, you will not be required to move before the estimated fair market value of the property has been deposited with the Court. Your attorney will answer your specific questions regarding acquisition of your property.

Will I have To Pay Rent to the Agency Before I Move?

You will be required to pay a fair rent to the Agency for the period between the acquisition of the property upon which your business is located and the date that you move.

How Will I Find A Replacement Location?

The Agency will provide you with current and continuing information on available suitable replacement locations that may meet your relocation needs and will assist you in finding the type of replacement location you need. However, you should take an active role in finding and relocating to a location of your choice. No one knows your needs better than you. You will want to assure that there are no zoning or other restrictions which will impact your operation at your replacement location.

The Agency representative will explain which kinds of moving costs are eligible for reimbursement and which are not eligible. This will enable you to carry out your move in the most advantageous manner.

What Other Assistance Will Be Available to Help Me?

In addition to help in finding a suitable replacement location, other assistance, as necessary, will be provided by the Agency. This includes information on Federal, State and local programs that may be of help in re-establishing a business. For example, the Small Business Administration (SBA) provides managerial and technical assistance to some businesses. There may also be a government grant or loan program which can help you re-establish your business. The Agency will assist you in applying for help available from government agencies.

The range of services depends on the needs of the business being displaced. You should ask the Agency representative to tell you about the specific services that will be available to help you.

I Have A Replacement Location And Want to Move. **What Should I Do?**

Before you make any arrangements to move, including signing lease agreements, paying deposits, etc., notify the Agency, in writing, of your intention to move. This should be done at least 30 days before the date you begin your move. The Agency will discuss the move with you and advise you of the relocation payment(s) for which you may be eligible, the requirements to be met, and how to obtain a payment.

I Plan To Discontinue My Business Rather Than Move. What Should I Do?

If you have decided to discontinue your business rather than re-establish, you may still be eligible to receive a payment. Contact the Agency representative and discuss your decision to discontinue your business. You will be informed of the payment, if any, for which you may be eligible, the requirements to be met, and how to obtain your payment.

PAYMENT FOR MOVING EXPENSES

Each displaced business or nonprofit organization is entitled to a relocation payment to cover the reasonable cost of moving. You may choose either:

- **Payment for Actual Reasonable Moving and Related Expenses, or**
- **Fixed Payment** (if you meet the eligibility requirements).

Payment for Actual Reasonable Moving And Related Expenses

If you choose a Payment for Actual Reasonable Moving And Related Expenses, you may include in your claim the costs of:

- Transportation of personal property from your present business location to the replacement location. (Generally, transportation costs are limited to a distance of 50 miles. If you plan to move beyond 50 miles, discuss your planned move with the Agency.)
- Packing, crating, uncrating, and unpacking personal property.
- Storage of personal property for a reasonable period not to exceed twelve months.
- Insurance of personal property while in storage or transit.

- The reasonable replacement value of property lost, stolen or damage (not through the fault or negligence of the displaced person, his agent or employee) in the process of moving, where insurance covering such loss, theft or damage is not reasonably available.

- Disconnecting, dismantling, removing, reassembling, reconnecting and reinstalling machinery, equipment or other personal property (including goods and inventory kept for sale) not acquired by the Agency, including connection charges imposed by public utilities for starting utility service.

- The cost, directly related to displacement of modifying the machinery, equipment or other personal property to adapt it to the replacement location or to utilities available at the replacement location or modifying the power supply.

Claims for payment under this section shall be subject to the following limitations:

  - Reimbursable costs shall be reasonable in amount;
  - The cost could not be avoided or substantially reduced at an alternative available and suitable site to which the business was referred.

- The cost of any license, permit or certification required by a displaced business to the extent such costs is necessary to the re-establishment of its operation at a new location.

- The reasonable cost of any professional services, (including but not limited to architects, attorneys, engineers and consultants) necessary for planning the move of the personal property, moving the personal property, or installation of relocated personal property at the replacement site.

- Actual direct loss of personal property. This payment provides compensation for property that is neither moved nor promptly replaced with a substitute item at the replacement location. Payment is limited to the lesser of: (1) the estimated cost of moving the property or (2) the fair market value of the property for its continued use at the old location, less any proceeds from its sale. To be eligible, you must make a good faith effort to sell the property, unless the Agency determines in advance that such effort is not necessary.

- Purchase and installation of substitute personal property. Payment will be limited to the lesser of: (1) the estimated cost to move the substituted item to the replacement location, or (2) the actual cost of the substitute item delivered and installed at the replacement location, less any proceeds form the sale or the trade-in value of the substituted item. It is important that you discuss your plans with the Agency before you proceed.

- Personal Property of Low Value and High Bulk – When in the judgment of the Agency, the cost of moving an item of personal property of low value and high bulk which is used in connection with the business operation would be disproportionate in relation to its value, the allowable reimbursement for the expense of moving such property shall not exceed the difference between the

cost of replacing the same with a comparable item available on the market and the amount which should have been received for such property on liquidation. This situation may in appropriate situations be applied to claims involving the moving of junkyards, stockpiles, sand, gravel, minerals, metals and similar property.

- Searching for a replacement location. This payment may not exceed $1,000 and may cover costs for:
  - Transportation;
  - Meals and lodging away from home;
  - Time spent searching, based on the hourly wage rate or the salary or earnings of the displaced person or his representative.
  - Fees paid to real estate agent or broker to locate a replacement location.

In addition to moving expense payments, a nonprofit organization or small business of not more than 500 employees, is eligible to actual and reasonable Re-establishment Expenses not to exceed $10,000. Re-establishment expenses shall be only those expenses that are reasonable and necessary and include, but are not limited to, the following:

- Repairs or improvements to the replacement real property as required by Federal, State or local law, code or ordinance.
- Modifications to the replacement property to accommodate the business operation or make replacement structures suitable for conducting the business.
- Construction and installation costs for exterior signing to advertise the business.
- Provision of utilities from right-of-way to improvements on the replacement site.
- Redecoration or replacement of soiled or worn surfaces at the replacement site, such as paint, paneling or carpeting.
- Licenses, fees and permits when not paid as part of moving expenses.
- Feasibility surveys, soil testing and marketing studies.
- Advertisement of replacement location.
- Professional services in connection with the purchase or lease of a replacement site.
- Estimated increased costs of operation during the first 2 years at the replacement site, for such items as:
  - Lease or rental charges,
  - Personal or real property taxes,

- Insurance premiums, and
- Utility charges, excluding impact fees.

- Impact fees or one-time assessments for anticipated heavy utility usage.

- Other items that the Agency considers essential to the re-establishment of the business.

The Agency will explain all eligible moving costs, as well as those which are not eligible. You must be able to account for any costs that you incur; so keep all your receipts. The Agency will inform you of the documentation needed to support your claim.

You may minimize the amount of documentation needed to support your claim, if you elect to "self-move" your personal property. Payment for a self-move is based on the amount of an acceptable low bid or estimate obtained by the Agency. If you self-move, you may move your personal property using your own employees and equipment or a commercial mover. If you and the Agency cannot agree on an acceptable amount to cover the cost of the "self-move," you will have to submit full documentation in support of your claim.

You may elect to pay your moving costs yourself and be reimbursed by the Agency, or the Agency can pay the mover directly. In either case, you must have prior Agency approval. The Agency can help you select a reliable and reputable mover.

When a claim for "actual direct loss of personal property" or "substitute personal property" is made for an item, the estimated cost of moving the item will be based on the lowest acceptable bid or estimate obtained by the Agency. If not sold or traded-in, the item must remain at the old location and ownership of the item must be transferred to the Agency before you may receive the payment.

Fixed Payment

You may choose a Fixed Payment in Lieu of a Payment For Actual Reasonable Moving And Related Expenses, which is based on the average annual net earnings of the business or gross revenues of a nonprofit organization. This payment may not be less than $1,000, nor more than $20,000.

The displaced business is entitled to receive a Fixed Payment if the Agency determines the following.

Requirements – Businesses: In the case of a business operation, no payment shall be made under this section unless the Agency determines that:

- The business is not operated solely for rental purposes and cannot be relocated without a substantial loss of its existing patronage, based on a consideration of all pertinent circumstances including such factors as the type of business conducted, the nature of the clientele, the relative importance to the displaced business of its present and proposed location, and the availability of a suitable relocation site;

- The business is not part of a commercial enterprise having no more than three (3) other establishments which are not being acquired for a project and which is

engaged in the same or similar business. Whenever the sole remaining facility of a business which has been displaced from its principal location:

- Has been in operation for less than two years;
- Has had average annual gross receipts of less than $2,000 during the two taxable years prior to displacement of the major component of the business; or
- Has had average annual net earnings of less than $1,000 during the two taxable years prior to the displacement of the major component of the business, the remaining facility will not be considered another "establishment" for purposes of this payment; and

The displaced business:

- Had average annual gross receipts of at least $5,000 during the two taxable years prior to displacement; or
- The displaced business had average annual net earnings of at least $1,000 during the two taxable years prior to displacement; or
- The displaced business contributed at least 33-1/3 percent of the total gross income of the owner(s) during each of the two taxable years prior to displacement. If in any case the Agency determines that the two-year period prior to displacement is not representative of average receipts, earnings or income, it may make use or a more representative period.

If application of the above criteria creates an inequity or hardship, the Agency may waive this criteria.

Determination of Number of Businesses. In determining whether one or more legal entities, all of which have been acquired, constitute a single business, the following factors among others shall be considered:

- The extent to which the same premises and equipment are shared.
- The extent to which substantially identical or intimately interrelated business functions are pursued and business and financial affairs are commingled.
- The extent to which such entities are held out to the public, and to those customarily dealing with such entities as one business.
- The extent to which the same person or closely related persons own, control or manage the affairs of the entities.

Requirements – Nonprofit Organizations: In the case of a nonprofit organization, no payment shall be made under this section unless the Agency determines that:

- The nonprofit organization cannot be relocated without a substantial loss of its existing patronage (the term "existing patronage" as used in connection with a nonprofit organization includes the membership, persons, community or clientele served or affected by the activities of the nonprofit organization); and
- The nonprofit organization is not a part of an enterprise having more than three (3) other establishments not being acquired which is engaged in the same or similar activity.

Net earnings. The term "average annual net earnings" as used in this section means one-half of any net earnings of the business operations, before federal and state income taxes, during the two (2) taxable years immediately proceeding the taxable year in which the business operation moves from the real property acquired for such project, or during such other period as the Agency determines to be more equitable for establishing such earnings, and include any compensation paid by the business operation to the owner, his or her spouse or dependents during such period.

The term "owner" as used in this section includes the sole proprietorship, the principal partners in a partnership, and the principal stockholders of a corporation, as determined by the Agency. For purposes of determining a principal stockholder, stock held by a husband, his wife and their dependent children shall be treated as one unit.

Proof of earnings may be established by income tax returns, financial statements and accounting records or similar evidence acceptable to the Agency.

Loss of Goodwill. When payment under this section will precede settlement of a claim for compensation for loss of goodwill under the Eminent Domain Law, the Agency before tendering payment shall state in writing what portion of the payment, if any, is considered to be compensation for loss of goodwill and shall explain in writing that any payment made pursuant to Code of Civil Procedure, Sections 1263.510 *et seq*. (the Eminent Domain Law, Chapter 9, Article 6 – "Compensation for Loss of Goodwill) will be reduced in the same amount.

The portion considered to be compensation for loss of goodwill shall not exceed the difference between the payment made under this section and an amount which reasonably approximates the payments for which the displaced person otherwise would be eligible under Actual Reasonable Moving Expenses, Actual Direct Losses of Tangible Personal Property, Actual Reasonable Expenses in Searching for a Replacement Business, and Moving Expenses – Outdoor Advertising (Businesses).

The Agency will inform you as to your eligibility for a Fixed Payment and documentation you must submit to support your claim.

Remember, when you elect to take this payment you are not entitled to reimbursement for any other moving expenses.

I Own An Outdoor Advertising Display. What Relocation Payment Will I Receive?

A displaced person who conducts a lawful activity primarily for assisting in the purchase, sale, resale, manufacture, processing, or marketing of products, commodities, personal property or services by the erection and maintenance of outdoor advertising displays is entitled to payment for the reasonable cost of moving such displays or their in-place value, whichever is lesser.

Filing a Claim for a Relocation Payment

All claims for a relocation payment must be filed with the Agency within 18 months after:

- For tenants, the date of displacement (last day of actual move);

- For property owners, the date of displacement or the date of the final payment for acquisition of the real property, whichever is later.

The Agency will provide you with the required claim forms, assist you in completing them, and explain the type of documentation that you must submit in order to receive the payment.

If you must pay any relocation expenses before you move (such as advance rents and security deposit if you lease your new location), discuss your financial needs with the Agency. You may be able to obtain an advance payment. The Agency may extend this period for good cause.

You will be paid promptly after you file an acceptable claim. If the Agency disapproves all or part of a payment claimed or refuses to consider the claim on its merits because of untimely filing or other grounds, you will be promptly notified in writing of its determination, the basis for its determination and the procedures for appealing that determination.

Do I Have to Pay Federal or State Income Taxes on My Relocation Payments?

No. Relocation assistance payments are not considered as "income" for income tax purposes. For more information on this you should check with the State or Federal income tax office in your area or with your personal tax advisor.

Appeals

If you disagree with the Agency's decision as to your right to a relocation payment or the amount of a payment, you may "grieve" or appeal the decision to the Agency. A copy of Agency's Grievance Procedures is attached.

The Agency will inform you of its appeal procedures. At a minimum, you will have 60 days to file your appeal with the Agency. Your appeal must be in writing. However, if you need help, the Agency will assist you in preparing your appeal.

If you are not satisfied with the final decision on your appeal, you may seek review of the matter by the courts.

ADDITIONAL INFORMATION

If you have further questions after reading the booklet, contact the Agency and discuss your concerns with the Agency representative.

Agency: The Redevelopment Agency of the
City of San Diego, California

Address: 600 B Street
San Diego, CA 92101-4506
(619) 533-4233

Office Hours: _____ am to _____ pm Monday through Friday

Your Relocation Specialist: _____

Telephone Number: (619) ___-____

Attachments:

- Diagrammatic Sketch of Project Area
- Eviction Policies [excerpt from Agency Rules and Regulations]
- Grievance Procedures [excerpt from Agency Rules and Regulations]

EXHIBIT C
TO PLAN AND METHOD OF RELOCATION

GRIEVANCE PROCEDURES

A. Right of Review

Any person who believes himself aggrieved by a determination as to eligibility, the amount of payment, the failure of the Agency to provide comparable permanent or adequate temporary replacement housing or the Agency's property management practices may, at his election, have his claim reviewed and reconsidered by the Agency or an authorized designee (other than the person who made the determination in questions).

B. Notification of Decision

If the Agency denies or refuses to consider a claim, the Agency's notification to the claimant of its determination shall inform the claimant of its reasons and the applicable procedures for obtaining review of the decision. If necessary to provide the information in the language most easily understood by the recipient, such notification shall be printed in a language other than English.

C. Stages of Review

1. Request for Further Written Information

A complainant may request the Agency to provide him with a full written explanation of its determination and the basis therefore, if he feels that the explanation accompanying the payment of the claim or notice of the Agency's determination was incorrect or inadequate.

The Agency shall provide such an explanation to the complainant within three (3) weeks of its receipt of his request.

2. Informal Oral Presentation

A complainant may request an informal oral presentation before seeking formal review and reconsideration. The right to formal review and reconsideration shall not be conditioned upon requesting an informal oral presentation.

Within fifteen (15) days of the request the Agency shall afford the complainant the opportunity to make such presentation.

The complainant may be represented by an attorney or other person of his choosing. This oral presentation shall enable the complainant to discuss the claim with the Administrator of the Agency or a designee (other than the person who made the initial determination) having authority to revise the initial determination on the claim. The Agency shall make a summary of the matters discussed in the oral presentation to be included as part of its file.

3. Formal Review and Reconsideration

a. Request for Review

At any time within the period described in [Section D herein], a complainant may file a written request for formal review and reconsideration by the Relocation Appeals Board. The complainant may include in the request for review any statement of fact within the complainant's knowledge or belief or other material which may have a bearing on the appeal. If the complainant requests more time to gather and prepare additional material for consideration or review and demonstrates a reasonable basis therefore, the complainant may be granted additional time.

The Relocation Appeals Board shall consider every aggrieved person's complaint regardless of form, and shall, if necessary, provide assistance in preparing the written request for review.

b. Notice of Procedures

When a complainant seeks review, the Relocation Appeals Board shall inform him that he has the right to be represented by an attorney, to present his case by oral or documentary evidence, to submit rebuttal evidence, to conduct such cross-examination as may be required for a full and true disclosure of facts, and to seek judicial review once he has exhausted administrative appeal.

c. Review by Relocation Appeals Board

The Relocation Appeals Board shall promptly hear all complaints brought by aggrieved persons of a redevelopment project area relating to relocation and shall determine if the Agency has complied with the provisions of Chapter 4 of the California Community Redevelopment Law pertaining to relocation, the Relocation Assistance Law and Guidelines, these Rules and Regulations and where applicable, with federal law and regulations.

The Relocation Appeals Board shall, after public hearing, transmit its findings and recommendations to the Agency Board, including any recommendations for modification of the Agency's initial determination.

d. Scope of Review

The Relocation Appeals Board shall review and consider the initial determination of the Agency in the complainant's case in light of:

(1) All material upon which the Agency based its original determination, including all applicable rules and regulations, except that no evidence shall be relied upon where a complainant has been improperly denied an opportunity to controvert the evidence [or] cross-examine the witness;

(2) The reasons given by the complainant for requesting review and reconsideration of the claim;

(3) Any additional written or relevant documentary material submitted by the complainant;

(4) Any further information which the Relocation Appeals Board in its discretion, obtains by request, investigation, or research, to ensure fair and full review of the claim.

e. Findings and Recommendations by Relocation Appeals Board

The findings and recommendations on review by the Relocation Appeals Board shall include:

(1) The determination of the Relocation Appeals Board whether the Agency has complied with State law and where applicable with federal law, pertaining to the relocation;

(2) The recommendations of the Relocation Appeals Board, including any recommendations for modification of the Agency's initial determination;

(3) The factual and legal basis upon which the findings and recommendations rest, including any pertinent explanation or rational;

(4) A statement to the complainant that the findings and recommendations of the Relocation Appeals Board will be transmitted to the Agency Board for final administrative decision with respect to the claim.

The findings and recommendations of the Relocation Appeals Board shall be in writing and copies thereof shall be provided to the complainant and transmitted to the Agency Board.

The Relocation Appeals Board shall issue findings and recommendations as soon as possible, but no later than three (3) weeks from receipt of the last material submitted for consideration by the complainant or the date of the hearing, whichever is later. In the case of complaints recommended for dismissal for untimeliness or for any other reason not based on the merits of the claim, the time limit for issuing the findings and recommendations shall be reduced to ten (10) days.

f. Final Determination by Agency Board

(1) Scope of Review

After receipt of the written findings and recommendations of the Relocation Appeals Board, the Agency Board shall review and reconsider the initial determination of the Agency on the claim.

The Agency Board may, but is not required to, conduct a hearing de novo with respect to the claim, as it deems necessary. The complainant shall be given at least ten (10) days written notice prior to the matter being heard.

The Agency Board shall base its final decision on the claim upon the record compiled in connection with the proceedings of the Relocation Appeals Board, and upon the record of the hearing (if any) held by the Agency Board.

(2) Final Determination

The final determination on review by the Agency Board shall include, but is not limited to:

(a) The Agency Board's decision on reconsideration of the claim;

(b) The factual and legal basis upon which the decision rests, including any pertinent explanation or rationale;

(c) A Statement to the complainant that administrative remedies have been exhausted, if such be the case, and that judicial review may be sought.

The final determination of the Agency Board shall be in writing and a copy thereof shall be provided to the complainant.

The Agency Board shall issue its determination as soon as possible, but no later than three (3) weeks from receipt by the Agency Board of the written findings and recommendations of the Relocation Appeals Board. In the case of complaints dismissed for untimeliness or for any reason not based on the merits of the claim, the time limit for issuing such determination shall be reduced to ten (10) days.

D. Time Limit for Requesting Review

Any request for [Informal Oral Presentation or Formal Review and Consideration] shall be filed in writing with the specified reviewing authority within thirty (30) days following the date the complainant receives notice of the decision being appealed. Such time limit may be extended for good cause by the Agency.

E. Stay of Displacement Pending Final Determination

If a complainant seeks to prevent displacement, the Agency shall not require the complainant to move until at least twenty (20) days after the Agency has made its final determination. In all cases the Agency shall notify the complainant in writing at least twenty (20) days prior to the proposed new date of displacement.

Any complaint seeking to prevent displacement must be brought within thirty (30) days of service by the Agency of the notice to vacate. Such notice to vacate must include notice that any complaint seeking to prevent displacement must be filed within thirty (30) days.

F. Joint Complainants

Where more than one person is aggrieved by the failure of the Agency to refer them to comparable permanent or adequate temporary replacement housing the complainants may join in filing a single written request for review. A determination shall be made as herein provided for each of the complainants.

G. Right to Counsel

Any aggrieved party has a right to representation by legal or other counsel at his expense at any and all stages of the proceedings.

H. Review of Files by Claimant

Except to the extent that confidentiality of material is protected by law or its disclosure is prohibited by law, the Agency shall permit the claimant to inspect all files and records bearing upon his claim or the prosecution of the claimant's grievance. The Agency may impose reasonable conditions on such right to inspect. If a claimant is improperly denied access to any relevant material bearing on the claim, such material may not be relied upon in reviewing the initial determination.

I. Recommendations by Third Party

Upon agreement between the claimant and the Agency, a mutually acceptable third party or parties may review the claim and make advisory recommendations thereon to the Agency for its final determination. In reviewing the claim and making recommendations to the Agency, the third party or parties shall be guided by the Agency's Rules and Regulations.

J. Effect of Determination on Other Persons

The principles established in all determinations by the Agency shall be considered as precedent for all eligible persons in similar situations regardless of whether or not a person has filed a written request for review. All written determinations shall be kept on file and available for public review.

K. Judicial Review

Nothing in these Rules and Regulations shall in any way preclude or limit a claimant from seeking judicial review of the claim upon exhaustion of such administrative remedies.

Section

G

An Analysis of the Preliminary Plan

The Preliminary Plan for the Project Area ("Preliminary Plan") was approved by the San Diego Planning Commission ("Planning Commission") on August 5, 2004. The Preliminary Plan described the boundaries of the Project Area and included general statements of the proposed land uses, layout of principal streets, population densities, building intensities, and building standards. It also addressed how the Plan would attain the purposes of the CRL. It discussed the conformance with the General Plan and discussed the impact of the Project upon residents and the surrounding neighborhood.

The Plan conforms to the standards and provisions of the Preliminary Plan, as detailed below:

- Project Area Location and Description: This section of the Preliminary Plan describes the boundaries of the Project Area. The proposed boundaries are identical to those described in the Preliminary Plan.

- General Statement of Proposed Planning Elements: This section of the Preliminary Plan states that Project Area land uses, proposed layouts of principal streets, proposed population densities, proposed building intensities, and proposed building standards shall be subject to and controlled by the General Plan, Zoning Ordinance, and other local codes, as amended from time to time. These planning elements have been incorporated into the Plan. Additionally, the does not propose any changes to population or development densities or land use designations.

- Attainment of the Purposes of the CRL: This section of the Preliminary Plan generally sets forth the objectives of the Project Area. To this end, the Plan contains a detailed list of redevelopment goals that permit the Agency to complete its redevelopment program to eliminate persisting blighting conditions in the Project Area in accordance with the CRL.

- Conformance to the General Plan: Both the Preliminary Plan and Plan conform to the standards, policies and provisions of the General Plan and appropriate Community Plans, as they exist or are hereafter amended.

- General Impact of the Proposed Project Upon the Residents of the Project Area and Surrounding Neighborhoods: As there are no residents in the Project Area, this section of the Preliminary Plan focuses on the benefits residents surrounding the Project Area would realize such as; improved traffic circulation, public facilities and services, employment opportunity and economic development activity effectuated by implementation of the Plan. Other impacts associated with the implementation of the Plan have been assessed and analyzed in the Environmental Impact Report on the Plan, included in Section K of this Report, and the Neighborhood Impact Report, incorporated in Section M of this Report. The Plan provides the Agency with the redevelopment tools and policies necessary to achieve positive impacts and mitigate negative impacts.

Section

H

The Report and Recommendations of the Planning Commission

In accordance with CRL Section 33346, the Planning Commission adopted its report on the draft Plan on April 7, 2005, a copy of which follows this page. The Planning Commission resolution included a recommendation that the City Council adopt the Plan.

Note: As the Planning Commission has not taken the above expected action as of this date, the final Planning Commission Resolution will be included in the final Report to the City Council prepared for the April 19, 2005 joint public hearing.

Section

I

Report and Recommendation of the Project Area Committee

Pursuant to Section 33385 of the CRL, a Redevelopment Agency shall call upon the residents and existing community organizations in a redevelopment project area, to form a project area committee ("PAC") if: 1) a substantial number of low- and moderate-income persons reside within a project area and the redevelopment plan, as adopted, contains the authority of eminent domain for the acquisition of residential property; or 2) the redevelopment plan, as adopted, contains one or more public projects that will displace a substantial number of low- and moderate-income persons.

It was not necessary for the Agency to form a PAC pursuant to Section 33385.3 because 1) a substantial number of low- and moderate-income persons do not reside within a project area and the redevelopment plan; 2) there are no residentially occupied properties that are subject to acquisition by the eminent domain for the acquisition; and 3) no projects or programs have been identified that will displace a substantial number of low- and moderate-income persons.

While a PAC is not required for the adoption of the Grantville Project, the Agency established the Grantville Redevelopment Advisory Committee (GRAC) which is comprised of business/property owners and community members to act as the survey areas advisory group. Beginning with an appointment and informational meeting on February 19, 2004 the GRAC held monthly meetings, all of which were open to the public. At its May 24, 2004 meeting the GRAC adopted a draft Mission/Principles statement to guide its evaluation of the redevelopment documents.

Meetings associated with the Plan adoption effort thus far, include: (a) a GRAC appointment and informational meeting; (b) thirteen GRAC meetings; (c) two Planning Commission meetings; and (d) three City Council/Agency meetings. GRAC meeting minutes are attached following this page.

GRANTVILLE REDEVELOPMENT ADVISORY COMMITTEE
FINAL - MEETING MINUTES OF THURSDAY, February 19, 2004

The members of the Grantville Advisory Committee (RAC) held their meeting at Allied Gardens/Benjamin Branch Library, at 5188 Zion Street from 6:05 p.m. to 8:00 p.m.

The following members were present at Roll Call: Bill Brenza, Brian Caster, Mike Neal, John Peterson, John Pilch, Marilyn Reed, Dan Smith, Diane Strum, and Arnie Veldkamp **[9].**

The following members were not present: **Don Teemsma Jr. [1].**

Agency Staff and Consultants in attendance: Maricela Leon, Tracy Reed, and Kathy Rosenow of RSG Consulting.

CALL TO ORDER: Called to order at approximately 6:05 p.m. by Jim Madaffer.

1. **ROLL CALL:** A quorum was established when **~~10~~ 9** of the 10 RAC members were present at roll call.

2. **APPROVAL OF AGENDA:** for February 19, 2004.
   No formal motion was made to approve the agenda. Agenda was approved by consensus.

3. **APPROVAL OF MINUTES:** No minutes were taken for the December 4, 2003 meeting since it was a formation meeting.

4. **COMMENT ON NON-AGENDA ITEMS:**
   - **Committee Member:** None
   - **Public:** None

5. **OLD BUSINESS:** *(synopsis)*
   - **Action:** Meeting Schedule, Tracy Reed, RA
     The Grantville RAC will meet the third Wednesday of each month. Distributed a meeting schedule for 2004.

   - **Information:** City Council Hearing, Tracy Reed, RA
     We are tentatively scheduled to go to the City Council/Agency regarding the initiation of the survey/study on March 9, 2004.

6. **NEW BUSINESS***: (synopsis)*
   - **Information:** The Community Guide to Redevelopment, Tracy Reed, RA
     Gave a report of why the redevelopment study began and what the future holds for the redevelopment area. The Redevelopment Plan will support the industrial and commercial areas of Grantville. The Agency is currently compiling a mailing list and anyone that signs up at this meeting or other meetings will be notified of future meetings or actions.

J Madaffer - use for Redevelopment area and land use of the area. The fact that there is change of usage in the area for business and industrial/commercial it is fiscal reality. At the present time 17 cents comes back to the city and the community--within a redevelopment area about 60 to 80 percent comes back to the area and that money needs to be spent within the redevelopment area. We have storm drains that overflow and are in need of cleaning up, streets that need repair and medians that need enhancement. And there are other infrastructure projects that need attention but how do we plan on paying for the improvements that need to be made? We can use the tax increment from the Grantville Redevelopment area.

T Reed & J Madaffer - One goal for the next meeting will be to have the advisory committee decide on a priority list for what the redevelopment money will be used for once we begin generating tax increment.

T Reed - Discussed the community guide to Redevelopment guide.

Audience - Eminent Domain issue was discussed

T Reed – provide an example of how eminent domain was addressed with the Crossroads Redevelopment Plan.

- **Presentation:** Grantville Redevelopment Feasibility Study; Kathy Rosenow, RSG
  What is the feasibility of this process being successful? Study includes a Preliminary Financial analysis. Provided a explanation and example of "tax increment." 20 percent of the tax increment is meant for affordable housing. Discussed what secured and unsecured values are (on the table in the Study....page 15.) The North Bay Redevelopment project area is very similar to this project area. But residential is not a part of this study area.

J Madaffer - Establish a "needs" list or Capital Improvement Projects (CIP) list and that should be on the next agenda. What would everyone like to see improved in the area? What about a new Recreation Center, a bigger and newer Library, a Senior Center, traffic improvements. Improvements in the Mission Gorge interchange before the I-8 on ramp and Alvarado Canyon Rd. Cost is about 5.6 -6.0 million dollars with CALTRANS and MTDB help. Alvarado Creek drainage ditch improvements. What about a possible joint use library with SD City Schools?

B Brenza - Brought up the point is will attract better companies and what type of use should be allowed in the area. We need to attract new businesses which will create more money for the area.

D Smith – we need to develop and plan the area. What about the Navajo Community plan amendment issue?

J Madaffer - Industrial zones may be turned into residential areas. The Redevelopment Plan may drive the necessary community plan amendments.

M Neal - natural appreciation will occur but we do not have the funding unless the Redevelopment plan is in place.

D Smith – what can we use the 20 percent or set it aside for?

T Reed – we went to Planning commission as an informational item today to let them know we were initiating this redevelopment study. Eminent domain does not allow the Agency to take another governmental agency's property. There is a notification process if someone is interested in doing something with a piece of property that they don't control.

Audience - Prop 13 issues and concerns were discussed. What could make a business or property owner lose his status? That is a question for the County Tax assessor.

P Teyssier – My father owns the property with the Vet admin clinic and Discount Tire. Discussed the fact that as a property owner there would be a constant threat of the Agency using "eminent domain. " We need a guarantee for these property owners. For example "words to state that we are not going to use eminent domain in the area." We do not like governmental agencies taking our property. Does not believe that this area constitutes a blighted area! Under the statutory codes he states that it is not a blighted area. Local officials need to fight Sacramento for the money. www.g**p**boa.com

J Madaffer - We can look at exempting certain areas.

R Behlman - spoke about the trolley stop in Allied Gardens and the Mission Stop and the baseball games at the stadium.

Dan Ollenboch -Trolley issues and the flood control channel. Do we need to develop around the trolley? Owns property located at 5831-45 Mission Gorge Rd. which is next to the Flood Channel and MTDB decided to build a dam which diverted the water along side his property which just behind the Alpine Glass building.

B Torre - brought up thinking of the residents of Allied Gardens first and let's not let the others decide what happens in the area. Jim Madaffer should take care of the residents first.

Kaiser Rep - (with Diane Strum) discussed the State Bill SB- 1953 which mandates upgrades to the hospital. Will the hospital be impacted by the redevelopment and that bill?

Audience - Eminent Domain can be used now by government for specific property for a public good but the redevelopment plan property ownership could go from private owner to private owner.

B Caster - asked if this plan can exclude Caster property from **eminent domain**? Agrees that the Mission Gorge interchange needs to be improved and redesigned but does not want to spend any money on improvements to the San Diego River. The economics **needs to make sense as it related to project and match up with general plan amendment.** CPIOZ down zoned the property and should be removed and community plan. There is an issue with FAR (Floor Area Ratio).

J Madaffer – let's discuss the appointment of a chair for this group after the March meeting. As well identifying who else needs to be involved with this group?

D Smith - discussed the building which used to be Alpine Glass and is now a blighted area. Is concerned with used car dealerships are going in everywhere along the Mission Gorge Rd area.

7. **NEXT MEETING DATES AND PRELIMINARY AGENDA ITEMS**:

- Wednesday, March 17, 2004:
  Priority list for what the redevelopment money will be used for once we begin generating tax increment.
- Wednesday, April 21, 2004:
- Wednesday, May 19, 2004:

8. ADJOURNMENT:
No formal motion was made to adjourn. Adjournment was approved by consensus.

Prepared: 02/25/04 (twr)
Revised: 03/17/04 (twr)

Draft (Final) Approved: 03/17/04 **Revisions are in Bold**
Motion was by: Pilch/Smith RAC vote was: 9-0-0

GRANTVILLE REDEVELOPMENT ADVISORY COMMITTEE
(FINAL) MEETING MINUTES OF THURSDAY, March 17, 2004

The members of the Grantville Advisory Committee (RAC) held their meeting at Allied Gardens/Benjamin Branch Library, at 5188 Zion Street from 6:05 p.m. to 8:00 p.m.

The following members were present at Roll Call: Bill Brenza, Brian Caster, Mike Neal, John Pilch, Marilyn Reed, Dan Smith, and Diane Strum [7].

Following members were not present: John Peterson, Don Teemsma Jr., Arnie Veldkamp [3]. Agency Staff in attendance: Hank Cunningham, Todd Hooks and Tracy Reed.

CALL TO ORDER: Called to order at approximately 6:05 p.m. by Jim Madaffer.

1. **ROLL CALL:** A quorum was established when 7 of the 10 members were present at Roll Call.

2. **APPROVAL OF AGENDA:** for March 17, 2004.
   No formal motion was made to approve the agenda, approved by consensus.

3. **APPROVAL OF MINUTES:** for February 19, 2004
   Motion - Pilch/Smith to approve the draft minutes of February 19, 2004 with revisions (7-0).

4. **COMMENT ON NON-AGENDA ITEMS:** (synopsis)
   Art Sloane: Question re: How were members appointed?
   Philip Teyyssier: Comment re: We haven't been getting information from the City.
   Ray Behlman: Comment re: Trolley
   Dan Smith: Comment re: Let's start to develop implementation of the plan.
   John Pilch: Comment re: 72-hour notice.
   Brian Caster: Comment re: Would like to discuss redevelopment and put people's minds at ease.

5. **OLD BUSINESS:** (synopsis)
   - **Information:** City Council Hearing
     Tracy: Council/Agency will be asked to initiate the Grantville Redevelopment Survey Area on March 30, 2004. Copies of the Planning Commission Report were provided.

6. **NEW BUSINESS:** (synopsis)
   - **Action:** Appointment of Chair and Vice-Chair. Mike Neal was appointed Chair. The appointment of the Vice-Chair was tabled until next meeting.
   - **Information:** Selection of Alternate Committee Members. Item was tabled.
   - **Discussion:** Community Facility Needs.

Tracy: Distributed; the “A” list from the Navajo Community Plan

- **Presentation:** Elements of a Redevelopment Plan
  Tracy: Distributed; Table of Contents from a Draft Redevelopment Plan (example)

7. NEXT MEETING DATES & PRELIMINARY AGENDA ITEMS:

- Wednesday, May 19, 2004
- Wednesday, June 16, 2004
- Wednesday, July 21, 2004

8. ADJOURNMENT: 8:03 p.m.
No formal motion was made to adjourn, approved by consensus.

Prepared: 04/15/04 (twr)
Revised:

Draft (Final) Approved: 5/24/04 Revisions are in ***Bold & Italic***
Motion was by: Minutes were approved by consensus. RAC vote was:

GRANTVILLE REDEVELOPMENT ADVISORY COMMITTEE
(FINAL) MEETING MINUTES OF Wednesday, April 21, 2004

The Grantville Redevelopment Advisory Committee (GRAC) meeting was move from the Allied Gardens/Benjamin Branch Library, at 5188 Zion Street, to the Lewis Middle School Auditorium at 5170 Greenbrier Avenue in order to accommodate an expected larger audience. The change in meeting location was posted at the Library and the meeting did not start until 6:30 p.m. in order to accommodate the change in location. The GRAC meeting was from 6:33 p.m. to 8:00 p.m.

The following members were present at Roll Call: Bill Brenza, Mike Neal, John Pilch, Marilyn Reed, Dan Smith, Diane Strum and Don Teemsma Jr [7].

Following members were not present: Brian Caster (advised)), John Peterson (advised) and Arnie Veldkamp (advised) [3].
Staff in attendance: Hank Cunningham, Maureen Ostrye, Maricela Leon, Gary DeBusschere, and Tracy Reed.

CALL TO ORDER: Called to order at approximately 6:33 p.m. by Mike Neal.

1. **ROLL CALL:** A quorum was established when 7 of the 10 members were present at Roll Call.

2. **APPROVAL OF MINUTES:** for March 17, 2004.
   No formal motion was made to approve the draft minutes, therefore the item will be trailed to next meeting.

3. **OLD BUSINESS:** (synopsis)
   - **Action:** Select Vice-Chair and Secretary
     Mike: Brain Caster has informed me that he is interested in being Vice-Chair.

Motion: Brain Caster for Vice-Chair; Dan/Don, (7-0)

Mike: Is anyone interested in being secretary? You would responsible for recording the motions and organizing the speaker slips.
John: I would be.

Motion: John Pilch for Secretary; Bill/Dan, (7-0)

- **Discussion/Action**: Committee Composition
  Mike: What about expanding the committee, small business owners and nearby residents?
  Bill: What a about a maximum of 15 members?
  Mike: With the appointment of a representative of the Tierrasanta Community Council the committee is now eleven (11) members.

Motion: Expand GRAC to 15 members, add small business owners and nearby residents; Marilyn/John (6-1)

Mike: Those interested please fill out a form and indicate that you are interested in being on the committee.

4. **New Business:** (synopsis)
   - **Discussion/Action:** Mission of Committee
   - **Discussion/Action**: Guiding Principles for Committee
     Mike: The Committees Mission and Guiding Principles will be on the survey's web site.
     Hank Cunningham will give a brief presentation on Redevelopment.
5. **Comment on Non-Agenda Items:** (synopsis)
   - Why is Allied Gardens included in Grantville Survey?
   - Why do we need a library next to a school?
   - When will legal notices be mailed to business owners, property owners and residents?
   - What kind of building will be going on in the area?
   - Maintain the shopping area as a business area.
   - What uses are permitted on the Allied Gardens commercial area?
   - Wants to see the shopping area stay commercial and not become housing.
   - If we don't improve the shopping center it will become blighted.
   - Will the city support the committees' recommendation?
6. **Next Meeting Dates**:
   Mike/Committee: Change meeting time and place to facilitate Tierrasanta Community Council representative and accommodate larger public participation.

Motion: Meeting will be fourth Monday of each month, location will be Mission Valley Church of the Nazarene (4750 Mission Gorge Court); John/Diane, (7-0)

- Monday, May 24; June 28; July 26, 2004
  Committee: Let's invite someone from the City to attend our next meeting to explain what the zoning and permitted uses are for the Allied Gardens commercial area.

7. **Adjournment**: 8:03 p.m.
   No formal motion was made to adjourn, approved by consensus.

Prepared: 04/28/04 (twr)
Revised:

Draft (Final) Approved: 5/24/04 Revisions are in ***Bold & Italic***
Motion was by: Minutes were approved by consensus. RAC vote was:

GRANTVILLE REDEVELOPMENT ADVISORY COMMITTEE
MEETING MINUTES OF Monday, May 24, 2004

The members of the Grantville Advisory Committee (RAC) held their meeting at Mission Valley Church of he Nazarene, at 4675 Mission Gorge Place from 6:04 p.m. to 8:00 p.m.

The following members were present at Roll Call: Bill Brenza, Brian Caster, Eric Germain, Mike Neal, John Pilch, Marilyn Reed, Dan Smith, Diane Strum, Don Teemsma Jr., and Arnie Veldkamp [10].

Following members were not present: John Peterson [1]

Staff in attendance: Maureen Ostrye, Maricela Leon, and Gary DeBusschere.

CALL TO ORDER: Called to order at approximately 6:04 p.m. by Mike Neal.

1. **ROLL CALL:** A quorum was established when 10 of the 11 members were present at Roll Call.

2. **APPROVAL OF MINUTES:** for May 17, 2004 and April 21, 2004.
   Minutes were approved by consensus.

3. **OLD BUSINESS:** (synopsis)
   - **Action:** Committee Appointments
     Mike- Staff was asked to receive applications for business owners and residents. Requested that the list of qualified applicants be presented.
     Maricela- Announced the qualified applicants in the owner/occupant and business owner categories. Other applications were received that did not fall under these categories and their names were announced as well.
     Mike- Each applicant that was present was given and opportunity to speak. They are as follows: Cindy Martin-Allied Gardens; Lee Campbell-Tierrasanta; Rick McCarter-Business Owner (Sub Area: A); and Daniel Dallenbach-Business Owner (Sub Area: A).
     Board members asked the applicants questions.
     Motion: To close applicant introduction session and accept the four applicants: Cindy Martin, Lee Campbell, Rick McCarter, Daniel Dallenbach; Smith/Brenza, (8-1).

     The new members were seated.

   - **Discussion/Action**: Committee Mission and Principles
     Mike: The ideas received were posted on the City's website.
     Don: Suggested that Principle #5 may need to be modified to reflect the feel of the community.
     Dan: Provided new language for Principle #5, "Guide redevelopment to improve the area while keeping the character of the area similar to what it is today."

Mike: Explained that he understands that the goal of the GRAC is to create a forum for staff to provide updates on how redevelopment plan can be put together and for members to provide input based on the community's input. Mission needs to be reflective of that role.
Maureen: Suggested that agenda item #4 be taken out of order and have Kathy Rosenow, from RSG, speak about Redevelopment to give the members more information about Redevelopment to assist them with this decision.
Kathy: Provided information regarding the Redevelopment Plan process. Mentioned that some of the documents will be reviewed in detail by the Board and they are: Redevelopment Plan, Owner Participation Rules, Relocation Guidelines. Redevelopment Plan is a guiding instrument and it implements the City's General Plan. The purpose of each document was explained. The next meeting will be a scoping meeting for the Environmental Impact Report (EIR) to give all participants an opportunity to talk about what they feel needs to be addressed in the Report.
Mike: Suggested that staff send out guidelines to help the members and public prepare for the EIR scoping meeting.
Motion: Table item to next meeting; Pilch/Germain *(13-0-1c)*
Mike: Provide staff with any comments so they can be posted on the web.
Information/Discussion: Ron Buckley, City of San Diego Senior Planner, explained zoning and what can be developed on the shopping center site (Sub Area: C). He mentioned that most of the commercial zoning in City does allow residential development as part of a mixed-use project. Also mentioned that staff spoke with property owner and he has not intention of developing the site, basically wants to improve it.
Maureen: Mentioned that the property owner is interested in coming to the next meeting to speak to the group and explain his intentions for his shopping center site.
Kathy: Emphasized that land use is controlled by the City's process and not Redevelopment Agency. Redevelopment can help implement it and if property owner wanted assistance from Agency then the only way Agency would be involved was if it met the City's General Plan and zoning requirements.

4. **New Business:** (synopsis)
   - **Information:** Survey Area Update, RA & Consultants
     Item heard during Agenda Item #3- Information/Discussion. Presentation by Kathy Rosenow.
5. **Comment on Non-Agenda Items:** (synopsis)
   Committee:
   Dan: Requested that the area Planner, Lesley ??, be invited to attend meetings. Pilch will pass on the information to Lesley *Henegar, Planning Department.*
   Marilyn: Can Sub-area C be removed?
   Public:
   - Concerned with low income housing being developed in the area. Were you planning to have low income apartments on top of strip malls?
   - Consider having Councilmember write a letter stating that he will support the committee's decisions. Mentioned SB 975. Suggested that property owners in affected area should have an opportunity to vote if they want to be in a Redevelopment area.

- Feels been excluded from participating on the board because he is against Redevelopment. States he is a shareholder of a corporation.
- Concerned about losing him home.
- Need to get traffic engineer to explain what might be done to improve the traffic problems.
- Does not understand why Sub Area: C is included in the Redevelopment area. When is the Navajo Community Plan going to be updated?
- Community likes the way Allied Gardens it is.
- Have Allied Gardens' residents vote whether or not they would like to be included.
- Does the 20% set aside for low-income housing need to be used in the area? Crime rate for Allied Gardens is lower than that listed for Grantville.

Mike: Requested that notebooks be prepared and provided to new members before next meeting.

Maureen: For next month's EIR scoping meeting, be prepared to present your comments, in writing, to the EIR consultant because he will respond to them.

6. NEXT MEETING DATES:
Mike: Monday, June 28, 2004 at the Mission Valley Church of the Nazarene (4750 Mission Gorge Court)

7. ADJOURNMENT: 8:00 p.m.
No formal motion was made to adjourn, approved by consensus.

Prepared: 06/02/04 (ml)
Revised: 07/25/04 (tr)

Draft (Final) Approved: 06/28/04
Motion was by: Diane/?

Revisions are in *Italic & Double Underlined*
Vote was: 12-0-1c

GRANTVILLE REDEVELOPMENT ADVISORY COMMITTEE
MEETING MINUTES OF Monday, June 28, 2004

The members of the Grantville Advisory Committee (RAC) held their meeting at Mission Valley Church of he Nazarene, at 4675 Mission Gorge Place from 6:05 p.m. to 7:55 p.m.

The following members were present at Roll Call: Bill Brenza, Brian Caster, Daniel Dallenbach, Eric Germain, Rick McCarter, Cindy Martin, Mike Neal, John Peterson, John Pilch, Marilyn Reed, Diane Strum and Arnie Veldkamp [12].
Following members were not present: Lee Campbell (excused), Dan Smith and Don Teemsma Jr, [3]
Staff and consultants in attendance: Tim Gnibus (BRG), David Parsons (RSG) and Tracy Reed (RA).

CALL TO ORDER: Called to order at approximately 6:05 p.m. by Mike Neal.

1. **ROLL CALL:** A quorum was established when 12 of the 15 members were present at Roll Call.

2. **APPROVAL OF MINUTES:** for May 24, 2004.

MOTION: Diane/*Martin*; Approve minutes with revisions, passes (12-0-1c).

3. **SURVEY UPDATE:** (synopsis)
   - **Information –** Adoption Schedule, RA & RSG
     Tracy: The Draft Grantville preliminary plan is scheduled to go before Planning Commission on Thursday, August 5th, and to Redevelopment Agency on Tuesday, August 10th.

4. **NEW BUSINESS:** (synopsis)
   - **Discussion Action:** Draft Grantville Preliminary Plan & Map (boundaries) RA & RSG.
     Tracy: The draft plan was mailed to committee members with the agenda and copies of the draft plan & map were distributed to audience.
     David: Made a PowerPoint presentation regarding the draft Preliminary Plan. The presentation covered; background, project area boundaries, initial redevelopment goals, purpose of preliminary plan and next steps.
     Tracy: Reviewed the preliminary plan and described what areas had been removed. Most of Admiral Baker has been removed except two southeastern portions near and east of the river, a portion that is privately owned has remains and several large parcels Mission Trails Park in the northeastern portion of survey area.
     Committee – Asked some general questions about preliminary plan and map.
     Public –
     Art Sloan: Locations of blighted areas and property included in the plan areas. [slip]
     Evey Soloman: Blighted areas and eminent domain. [slip]
     Charles Little: Blighted areas and eminent domain. [slip]
     Ray Behlman: [slip]
     Dick Root: VFW 3787[slip]

MOTION: Brain/Brenza; Approve draft preliminary plan as presented, passes (10-1[mr]-1c).

- **Information/Discussion**: Environmental Impact Report (EIR) & Scoping Meeting, BRG & RA.
  Tim: Explained the environmental impact report process and the scoping meeting. Distributed an outline of the EIR process and an input form for the scoping meeting.
  Tracy: Described the noticing for the scoping meeting.
  Committee – Asked some general questions about form and meeting format.
  Public –
  Charles Little: Improve traffic circulation. [slip]
  Art Sloan: Scope of EIR study and of proposal. [slip]

5. **Old Business:** (synopsis)
   - **Discussion/Action:** Committee Mission & Principles.
     Mike: Table this for another meeting.
     Committee – Approved without discussion, by consensus.
6. **Comment on Non-Agenda Items:** (synopsis)
   - **Committee –**
     Eric: Development of western area.
     Marilyn: Voted the way I did regarding the preliminary plan because Mr. Kelton had not discussed the Allied Gardens commercial center.
   - **Public –**
     Mark Kelton: Not interested in low-income housing on Albertsons center or site. Albertson's is very happy at the Allied Gardens location. My firm has been involved with redevelopment before and initially did not want to participate. When his firm did get involved in redevelopment it was a win for his firm and the community. [slip]
     Art Sloan: Opposes this redevelopment, eminent domain will be used and is unfair and chair has a conflict of interest. [slip]
     Charles Little: This process is unfair and extremely biased against the community and residents. [slip]
     Dick Root: Availability of handout material. [slip]

7. **Next Meeting Dates**:
   Mike: Monday, July 26, 2004 EIR scoping meeting.

8. **Adjournment**: 7:55 p.m.
   No formal motion was made to adjourn, approved by consensus.

Prepared: 07/25/04 (tr)
Revised: 07/27/04 (tr)

Draft (Final) Approved: 07/26/04 Revisions are in *Italic & Double Underlined*
Motion was by: Peterson/Dallenbach Vote was: 10-0-1(ds)

GRANTVILLE REDEVELOPMENT ADVISORY COMMITTEE

MEETING MINUTES OF Monday, July 26, 2004

The members of the Grantville Advisory Committee (RAC) held their meeting at Mission Valley Church of he Nazarene, at 4675 Mission Gorge Place from 6:05 p.m. to 7:45 p.m.

The following members were present at Roll Call: Daniel Dallenbach, Eric Germain, Cindy Martin, Mike Neal, John Peterson, John Pilch, Marilyn Reed, Dan Smith, Diane Strum (6:08 p.m.) and Don Teemsma Jr, and Arnie Veldkamp [11].
Following members were not present: Bill Brenza (excused), Brian Caster (excused), Lee Campbell, and Rick McCarter [4]
Staff and consultants in attendance: Tim Gnibus (BRG), David Parsons (RSG), Maureen Ostrye (RA), and Tracy Reed (RA).

CALL TO ORDER: Called to order at approximately 6:05 p.m. by Mike Neal.

1. **ROLL CALL:** A quorum was established when 10 of the 15 members were present at Roll Call.

2. **APPROVAL OF MINUTES:** for June 28, 2004.

MOTION: Peterson/Dallenbach; Approve minutes with revisions, passes (10-0-1[ds]).

3. **SURVEY UPDATE:** (synopsis)
   - **Information –** Adoption Schedule, RA &
     Tracy: Preliminary Plan goes to Planning Commission on Thursday, August 5th, and to Redevelopment Agency on Tuesday, August 10th.
     We have refined the preliminary map. Deleting one residential parcel at the northeast corner of Jackson and Mission Gorge, northeast corner of Conestoga and Mission Gorge and three parcels north of Twain and west of Decena. The existing land use map indicates that there is a residential use west of Mission Gorge on the second parcel north of Vandever, it is a vacant lot which is zoned commercial.

4. **NEW BUSINESS**
   - **Presentation: Public Scoping Meeting:** [Separate Public Notice]
     - Environmental Impact Report (EIR); Tim Gnibus with BRG
       - EIR scoping forms were distributed to the audience. After the presentation, public testimony was taken and recorded. Public testimony and comments regarding the EIR scoping meeting will be transcribed and included in the Draft and Final EIR.
     - Committee:
       Dan, John, Marilyn, Diana, Eric and Mike
     - Public: (speaker slips on file)
       Art Sloane, Charles Little, Betty Torre, Joe Beyerle and Anne Lee.

5. **OLD BUSINESS**
   - None

6. COMMENT ON NON-AGENDA ITEMS: (synopsis)

- **Committee –**
  Dan: What about the draft Grantville preliminary plan going before the Planning Commission on August 5th and input?
  Committee: Discussion regarding hearing and preliminary plan.

MOTION: Smith/Germain: The committee to speak to the Planning Commission and ask them to update the Tierrasanta and Navajo Community Pans provided that this request does not effect the timing of the Redevelopment Project (10-1[mr]).

- **Public –** (speaker slips on file)
  Ray Behlman: Is concerned that the public had not been informed properly of the scope of the redevelopment project also concerned about density.
  Art Sloane: Wants more accuracy in the reporting process of public comment, feels meetings should be taped.
  Charles Little: Passed on this opportunity to speak. Topic was covered during EIR scoping presentation.

7. NEXT MEETING DATES:
Mike: PC August 5th, Agency August 10th and GRAC August 23rd.

8. ADJOURNMENT: 7:45 p.m.

MOTION: Diana/John; Adjourn, passed (11-0).

This information will be made available in alternative formats upon request.

Prepared: 07/27/04 & 08/26/04 (tr)
Revised: n/a

Draft (Final) Approved: Sep 27, 2004 Revisions are in *Italic & Double Underlined*
Motion was by: Bill/Cindy Vote was: 8-0-1c/2

GRANTVILLE REDEVELOPMENT ADVISORY COMMITTEE

MEETING MINUTES OF Monday, August 23, 2004

The members of the Grantville Advisory Committee (RAC) held their meeting at Mission Valley Church of he Nazarene, at 4675 Mission Gorge Place from 6:05 p.m. to 8:15 p.m.

The following members were present at Roll Call: Bill Brenza, Brian Caster, Lee Campbell, Rick McCarter, Cindy Martin, Mike Neal, John Pilch, Marilyn Reed, Dan Smith, Diane Strum and Don Teesma Jr. [11].
Following members were not present: Daniel Dallenbach, Eric Germain (excused), John Peterson, Arnie Veldkamp [4]
Staff and consultants in attendance: Kathy Rosenow (RSG), David Parsons (RSG), Maureen Ostrye (RA), Tracy Reed (RA), and Maricela Leon (RA).

CALL TO ORDER: Called to order at approximately 6:05 p.m. by Mike Neal.

1. **ROLL CALL:** A quorum was established when 11 of the 15 members were present at Roll Call.

2. **APPROVAL OF MINUTES:** trailed to September meeting

3. **UPDATE:** (synopsis)
   - **Information –** Adoption Schedule, RA
     Tracy: Preliminary Plan and map was approved by Planning Commission on Thursday, August 5th, and by the Redevelopment Agency on Tuesday, August 10th. Planning Commission requested staff to consider a Community Plan amendment. Staff working with a consultant to prepare the legal map and description to submit to the County and State. Staff recommended changing the date of the December GRAC meeting to December 13th due to the holidays. Newsletter has been completed in-house and will be mailed to the community soon (sample was provided). Written comments have been received for the EIR preparation and the deadline is August 30th.

4. **NEW BUSINESS**
   - **Review/Discuss:** Draft – Project Objectives, RSG
     Kathy Rosenow: Distributed a copy of the objectives for input and discussion. After review of each item, Board member and public comments were noted and changes will be made to the objectives and provide the revision for review.
     - Committee: Dan, John, Marilyn, Diana, Eric and Mike, Brian, and Don
     - Public: (speaker slips on file)
       Art Sloane - Would like to have something added to protect and support for small businesses. Concern about the word blight, obsolete buildings and eminent domain.
       Charles Little - Improve the flow of traffic is the most important objective.
       Betty Torre - Historic sites need preservation, traffic congestion, traffic near schools, the possibility of mixed-uses are a concern.

5. **OLD BUSINESS**
   - **Discussion/Action:** Draft – Committee Mission and Principles, RA
     Trailed to September meeting.
6. **COMMENT ON NON-AGENDA ITEMS:** (synopsis)
   - **Committee –**
     Marilyn: Asked when the notices regarding the preliminary plan were going to be sent to the business owners because someone showed up to a Church in the community requesting information for the EIR. Church staff had no idea about the redevelopment process.
     Lee: Commented on the condo complex that is being built on Waring. Raised some concerns about it.

   - **Public –** (speaker slips on file)
     Art Sloane: Would like information on the revenue projections from other redevelopment projects.
     Ray Behlman: Has a question about the redevelopment program in general.
     Charles Little: Feels many topics deal with special assessments and have some concerns about the survey budget.

7. **NEXT MEETING DATES**:
   Mike: GRAC September 27th.

8. **ADJOURNMENT**: 8:15 p.m.

Adjourned by consensus.

Prepared: 08/31/04 (ml/tr)
Revised:

Draft (Final) Approved: Sep 27, 2004 Revisions are in *Italic & Double Underlined*
Motion was by: Bill/Cindy Vote was: 8-0-1c/2

GRANTVILLE REDEVELOPMENT ADVISORY COMMITTEE

(FINAL) MEETING MINUTES OF Monday, September 27, 2004

The members of the Grantville Advisory Committee (RAC) held their meeting at Mission Valley Church of he Nazarene, at 4675 Mission Gorge Place from 6:05 p.m. to 7:40 p.m.

The following members were present at Roll Call: Bill Brenza, Lee Campbell, Daniel Dallenbach, Eric Germain, Cindy Martin, Mike Neal, John Peterson, John Pilch, Marilyn Reed, Dan Smith, and Diane Strum [11].
Arrived after Roll Call: Rick McCarter (6:30 p.m.) [12].
Following members were not present: Brian Caster (excused), Don Teemsma Jr, and Arnie Veldkamp (excused) [3].
Consultants and Staff in attendance: David Parsons (RSG), Kathy Rosenow, (RSG), and Tracy Reed (RA).

CALL TO ORDER: Called to order at approximately 6:05 p.m. by Mike Neal.

1. **ROLL CALL:** A quorum was established when 11 of the 15 members were present at Roll Call.

2. **APPROVAL OF MINUTES:** for July 26, 2004.

MOTION: *Concurrence:* Approved minutes as drafted, passes (11-0).

APPROVAL OF MINUTES: for August 23, 2004.

MOTION: Bill/Cindy; Approve minutes as drafted, passes (11-0).

3. **UPDATE:** (synopsis)
   - **Information – Status of Survey**
     Tracy: The legal description and engineering maps for the Survey's Preliminary Plan Area have been filed with the State Board of Equalization, County of San Diego, and all potentially affected taxing agencies. Copies the legal description is available on the back table.
     Tracy: Address Ranges for the proposed project area is available on the back table and on the projects internet site.

4. **NEW BUSINESS**
   - **Review/Discuss:** Draft – Rules Governing Participation by Property Owners and Preferences for Business Occupants to Re-Enter Project Area (OP-Rules)
     Kathy/Tracy: Part one of the OP Rules addresses property owners and part two address business occupants. Reviewed the following sections and terms: definitions, limitations on participation, conflicting proposals, notice and statement of interest, minimum 60-day notice, RFP, conforming properties, planning principles, eminent domain, redevelopment plan, design guidelines, certificate of conformance, enforcement, attachment A (interest in participation), attachment B (interest in re-enter).

Lee: Could you define what “extended reasonable opportunities”?
Art Sloane: Would like to have some language regarding preference to current owners of property to protect small business owners. Asked Kathy a hypothetical question regarding use of property versus other owners.

5. **OLD BUSINESS**
   - **Discuss/Action:** Revised Draft – Project Objectives, RSG & RA
     Kathy/David: We will return with revised draft project objectives which address your input and comments from the previous meeting.
   - **Discuss/Action:** Draft – Committee Mission & Principles, GRAC & RA
     Mike: Does anyone GRAC member have any revisions, comments or input regarding the draft committee mission and principles? Since know GRAC member has any revisions to the draft mission/principles they will be final.
6. **COMMENT ON NON-AGENDA ITEMS:** (synopsis)
   - **Committee –** none

   - **Public –** (speaker slips on file)
     Art Sloane: Feels the committee should be aware of the interests of the little person, the resident small business owner rather that their own personal agendas.

7. **NEXT MEETING DATES**:
   Mike: GRAC October 25th.

8. **ADJOURNMENT**: 7:40 p.m.

MOTION: *Concurrence;* Adjourn, passed (12-0).

This information will be made available in alternative formats upon request.

Prepared: 10/11/04 & 11/08/04 (tr)
Revised: 11/22/04 (tr)

Draft (Final) Approved: 11/22/04 Revisions are in *Italic & Double Underlined*
Motion was by: Cindy/Dan Vote was: 12-0

GRANTVILLE REDEVELOPMENT ADVISORY COMMITTEE

(FINAL) MEETING MINUTES OF Monday, October *25,* 2004

The members of the Grantville Advisory Committee (RAC) held their meeting at Mission Valley Church of he Nazarene, at 4675 Mission Gorge Place from 6:05 p.m. to 7:40 p.m.

The following members were present at Roll Call: Lee Campbell, Brian Caster, Daniel Dallenbach, Eric Germain, Rick McCarter, Cindy Martin, Mike Neal, John Pilch, Marilyn Reed, and Diane Strum, Don Teemsma Jr., and Arnie Veldkamp [12].
Arrived after Roll Call: None.
Following members were not present: Bill Brenza, John Peterson and Dan Smith [3].
Staff in attendance: Lane MacKenzie (READ), David Parsons (RSG), Kathy Rosenow, (RSG), Tracy Reed (RA), and Michele St. Bernard (RA).

CALL TO ORDER: Called to order at approximately 6:03 p.m. by Mike Neal.

1. **ROLL CALL:** A quorum was established when 12 of the 15 members were present at Roll Call.

2. **APPROVAL OF MINUTES:** for September 27, 2004.
   Tracy: The distributed minutes are not complete.
   Mike: We will table these draft minutes until next meeting.

3. **UPDATE:** (synopsis)
   - **Information –** Status of Survey
     Tracy: The EIR consultant has documented existing development conditions. There is approximately 5 million sq ft of development (commercial, industrial, institutional and visitor commercial) within the survey area. The existing floor area ratio (FAR) is approximately .18 to .21. Existing zoning and land use in the community plan would allow approximately 10 to 20 million additional sq ft of development. The industrial zoning allows an FAR of 1.0 to 2.0. The industrial portions of Kearny Mesa are built to an FAR of .40 to .50 and the community plan limits the FAR to 1.0.

4. **NEW BUSINESS:** (synopsis)
   - **Information –** City Property Acquisition Process
     Lane MacKenzie: The acquisition process begins after a project (development) has obtained approval of a development permit. To obtain this permit can take at least a year. Once there is an approved project, there is a Notice of Appraisal sent to the property owner. We have 45-90 days to complete the appraisal and the property owner can accompany the appraiser. Value of the property is establish and approved. An offer is made to the property owner and the tenant is contacted. It takes about one year to acquire property that is occupied: title reports, appraisals, offer & negotiation, escrow, City Council/Agency authority to expend, approval to expend and authority to use eminent domain, when necessary. Objections to the property acquisition will be based upon the assessed value or the authority to use eminent domain. Value, acquisition, relocation, appraisals, businesses, FFE, goodwill, owner occupied

businesses, owner/tenant businesses; deal with property owner, fair market value, formal offer, interview tenants. We do not relocate we assist with relocation (permits, moving). Must occupy property for 1-year. Acquisitions go to agency and council to request authority to expend funds necessary to acquire.

Committee
Members: Business equipment, how are appraisers chosen, will equipment be part of the negotiations/relocation, where is the list of appraisers.

Public (speaker slips on file)
Charles Little: Proposed procedures lead to believe no taking/acquisition.
Phil Teyssier: Fair market value for property being acquired? What about just compensation?
Charles Little: What about the appraisal process, timelines and value? Concerned about eminent domain. When will we start seeing an evaluation of traffic impacts/concerns?
Betty Jarosin: Who is the redeveloper and how did they become involved?
Betty Torre: How are businesses which are to be relocated are identified?
Larry Soloman: How are properties to be acquired identified? Could a developer acquire my property? Project influence?
Evay Soloman: What projects have been identified and or approved to date? Forms for owner participation?

- **Review –** Adopted: Rules and Regulations for Implementation of the California Relocation Assistance Law.
  Kathy/Tracy: These rules and regulations apply to every redevelopment project area within the City of San Diego. They must and do comply with the law. They can not be modified for a specific area.

- **Review/Discuss –** Draft: Grantville, Plan and Method for Relocation
  Kathy: This document is specific to the project area. It must comply with the law and that is why a majority of it address the relocation of residents and not business.

  Committee
  Members: Why do we have both relocation plans, do we have to have both, can plan be modified address the relocation of businesses and tenants, could we see an example of a plan with an emphasis of relocating businesses, could we have the agencies special council attend our next meeting?

5. OLD BUSINESS

- **Discuss/Action:** Draft – Rules Governing Participation by Property Owners and Preferences for Business Occupants to Re-Enter Project Area.
  Kathy: Do we have any follow-up comments or questions?

6. COMMENT ON NON-AGENDA ITEMS: (synopsis)

- **Committee –**
  None
- **Public –** (speaker slips on file)
  None

7. NEXT MEETING DATES:
Mike: GRAC November 22nd.

8. ADJOURNMENT: 7:45 p.m.

MOTION: *Concurrence;* Adjourn, passed (12-0).

This information will be made available in alternative formats upon request.

Prepared: 11/08/04 (tr/ms)
Revised: 11/23/04 (tr)

Draft (Final) Approved: 11/22/04 Revisions are in *Italic & Double Underlined*
Motion was by: Daniel/Rick Vote was: 12-0

GRANTVILLE REDEVELOPMENT ADVISORY COMMITTEE

(FINAL) MEETING MINUTES OF Monday, November 22, 2004

The members of the Grantville Advisory Committee (RAC) held their meeting at Mission Valley Church of the Nazarene, at 4675 Mission Gorge Place from 6:00 p.m. to 7:45 p.m.

The following members were present at Roll Call: Bill Brenza, Lee Campbell, Daniel Dallenbach, Eric Germain, Rick McCarter, Cindy Martin, Mike Neal, John Pilch, Marilyn Reed, Rick McCarter, Dan Smith, Don Teemsma Jr., and Arnie Veldkamp [12].
Arrived after Roll Call: Diane Strum [1].
Following members were not present: Brian Caster and John Peterson and [2].
Staff in attendance: Kathy Rosenow, (RSG), Tracy Reed (RA), and Michele St. Bernard (RA).

CALL TO ORDER: Called to order at approximately 6:00 p.m. by Mike Neal.

1. **ROLL CALL:** A quorum was established when 12 of the 15 members were present at Roll Call.

2. **APPROVAL OF MINUTES:**
   - September 27, 2004 (2nd Draft)

   MOTION: Cindy/Dan; Approve as drafted, passed (12-0).
   - October 25, 2004 (Draft)

   MOTION: Daniel/Rick; Approve with revisions, passed (12-0).

3. **UPDATE:** (synopsis)
   - **Information –** Status of Survey

     Tracy: The special counsel to the agency was not able to attend this meeting but he will attend next month's meeting to discuss and answer questions regarding relocation issues. If you can provide us with your comments or issues regarding draft documents, it would be helpful. The draft EIR should be ready for distribution and circulation at next month's meeting. The draft EIR will be an agenda item in January. The City Council will hold a hearing to solicit pubic comments/inputs sometime in January. We need to reschedule the January meeting to the fifth Monday of the month because of a meeting room conflict.

4. **OLD BUSINESS:** (synopsis)
   - **Review/Discuss –** 2nd Draft – Rules Governing Participation by Property Owners and Preferences for Business Occupants to Re-Enter Project Area (OP-Rules)

     Distributed: City Decision Process (MC Sec. 112.0501), owner participation and RFP process (timeline), and redevelopment site assembly process (timeline)

     Kathy: Outlined the OP process and gave a detailed summary of the OP rules and requirements.

Committee
Various questions and comments from the Committee; including:

- How the agency evaluates competing projects
- Time frame for providing an alternative proposal
- How often eminent domain is used
- Feedback or second chance if a proposal is chosen over mine

Mike: Recap of committee issues and concerns.

Public (speaker slips on file)
Phil Teyssier: Ultimately, a property owner can lose his/her property if it falls within the designated Redevelopment Area. This group can vote whether or not it wishes to support having eminent domain in the Grantville Redevelopment project. I'll offer to pay for an attorney to speak to the group regarding the use of eminent domain.

Charles Little: What makes us think this community needs redevelopment? We don't know what the goals of redevelopment are. It is unfair to ask me to determine what I want to do with the future of my property in 60 days. Traffic issues have still not been addressed.

MOTION: Eric/Dan, Committee's comments regarding the OP rules are - extend the RFP time to 120-days (Sec. 601), the property owner should be contacted prior to circulating an OP notice, property should have a last chance regarding development (best & final), use the committee's objectives regarding the use of the term reasonable (Sec. 100), utilities and facilities should be separate items and don't use removal regarding facilities (Sec. 501), define or describe urgency (Sec. 601). Passed: 13-0.

5. NEW BUSINESS

- **Presentation:** Draft – Grantville Redevelopment Plan
- Distributed: Draft – Grantville Redevelopment Plan
  Kathy: Gave brief outline of sections of the redevelopment plan. The plan will be reviewed and discussed at other meetings.

6. COMMENT ON NON-AGENDA ITEMS: (synopsis)

- **Committee –**
  Marilyn – Announced the next town hall meeting for the Navajo/Allied Gardens communities
  Cindy – Will not be at the December meeting
  Eric – Would like to address the mechanisms in place to ensure the projects are at the request of the public and meet public desires.
  Bill – Announced a Traffic Meeting for Navajo on 12/6 at 4-5 pm, this location

John – In response to emails/phone calls – 1) The Boulevard project is not a new project, 2) it is in Del Cerro and not in Allied Gardens, 3) 80 unit condo project in Church of Nazarene is not approved, Navajo CP amendment must be initiated, 4) Last Monday, Leslie Henegar announced a 500-unit complex called "Centrepoint" – inappropriate because there is no paperwork on this.
Lee – asked by business owner if Golfview Center is going to have a turn lane installed. Can we look at this in the redevelopment plan?
Eric – Will not be at the December meeting.

- **Public –** (speaker slips on file)
  None

7. NEXT MEETING DATES:
Mike: GRAC December 13th.

8. ADJOURNMENT: 7:45 p.m.

MOTION: Eric/Dan; Adjourn, passed (13-0).

This information will be made available in alternative formats upon request.

Prepared: 11/23/04 (tr/ms)
Revised: n/a

Draft (Final) Approved: 12/13/04 Revisions are in *Italic & Double Underlined*
Motion was by: Daniel/Lee Vote was: 8-0

GRANTVILLE REDEVELOPMENT ADVISORY COMMITTEE

(FINAL) MEETING MINUTES OF Monday, December 13, 2004

The members of the Grantville Advisory Committee (RAC) held their meeting at Mission Valley Church of the Nazarene, at 4675 Mission Gorge Place from 6:00 p.m. to 7:45 p.m.

The following members were present at Roll Call:, Lee Campbell, Brian Caster, Daniel Dallenbach, Rick McCarter, Mike Neal, John Peterson, John Pilch, and Marilyn Reed. [8]
Arrived after Roll Call: Dan Smith, and Don Teemsma Jr. [2]
Following members were not present: Bill Brenza (excused), Arnie Veldkamp (excused), Eric Germain (excused), Cindy Martin (excused), and Diane Strum. [5]
Staff in attendance: Kathy Rosenow, (RSG), Murray Kane (KBB), Hank Cunningham (RA), Michele St. Bernard (RA), and Tracy Reed (RA).

CALL TO ORDER: Called to order at approximately 6:00 p.m. by Mike Neal.

1. **ROLL CALL:** A quorum was established when 8 of the 15 members were present at Roll Call.

2. **APPROVAL OF MINUTES:**
   - November 22, 2004 (Draft)

MOTION – Daniel/Lee; Approve with revisions, passed (8-0).

3. **UPDATE:** (synopsis)
   - **Information –** Status of Survey
     Tracy: The draft EIR will evaluate two alternatives; the opportunities map from the general plan and the transportation oriented development (TOD) guidelines. The EIR will be released tonight. GRAC members in attendance will receive a copy and absent members will be mailed a copy. The Agency will hold a noticed public meeting to solicit comments on the draft EIR. The tentative date is January 25th. The EIR will be available for review at the areas local libraries, the Navajo Service Center and online.

4. **OLD BUSINESS:** (synopsis)
   - **Action:** Reschedule – January 24, 2005 meeting to January 31, 2005.
     Tracy: There is a conflict with scheduled January meeting. The meeting should be rescheduled to Monday, January 31, 2005. Also, distributed a tentative meeting schedule for the calendar year 2005.

MOTION – John/Daniel; Approve rescheduling meeting from 1/24/05 to 1/31/05; passed (8-0).

(Dan Smith arrives)

- **Review/Discuss: with Special Counsel to Agency**
  - Draft – Grantville Plan & Method for Relocation
  - Adopted – Rules & Regulations; Implementation of Calif. Relocation Assistance Law.

Murray Kane: Introduced, explained and reviewed both documents.
Committee: Initial concerns with the documents were (1) redundancy and (2) the focus on residential issues when this is primarily a business oriented redevelopment plan.

(Dan Teemsa, Jr. arrives)

Other committee comments included:
Tailor things for specific purposes.
Provide illustrations of participation and opportunities to join with others.
Define reasonable and in good faith work to develop.
We need to get investment in the area.
Include guiding principles and procedures in redevelopment plan.
Explain feasible to participate. Provide a list or tests that have been met - alternatives.

How does our group make changes in the draft and/or object to elements or the adoption? The Redevelopment Advisory Committee will have a section in the report to city council. Adoption requires three hearings. How do you respond to objections to adoption? City must respond in writing.

Should community groups come to us to incorporate their comments in our report? Yes.

Eminent domain is an issue. Can we recommend that it be removed from the plan? Can we achieve our objective if we don't have the power of eminent domain? Why does the agency need these tools? Is there a plan without this tool? We should come up with guiding principals for how we may want to limit/define eminent domain.

Could we get a copy of best practices samples of plans for business oriented project areas?

What about categories for eminent domain like infrastructure/public improvements and business improvements? Could you provide examples of categories?

Would the Agency special counsel provide us with a summary of his comments here tonight?

Charles Little: Does it have to be a group presentation to the agency or can an individual comment on the EIR? (speaker slip) [Response from Murray Kane: An individual may comment.]
Al Venton: I am not in favor of the use of eminent domain in the Grantville Redevelopment Project Area. (speaker slip)

- **Review/Discuss:** Draft – Grantville Redevelopment Plan
  Committee: Reviewed the plan article by article. Comments included:

Article 4; leasee and owner, agency involvement, personal property, equipment. Proposal must be in conformance with general plan, community plan and redevelopment plan. Define public bodies. Procedures for amending owner participation rules, noticing requirements.

Article 5; semi-public, must be in conformance with general plan, community plan and redevelopment plan.

Article 7; How does the agency work? Provide agency flow chart and how it works. What is the amendment process? Provide more detail in this section.

Article 10; Procedures are called out in this article. Request more detail of minimum requirements. Plan should have an updated or appropriate improvement list.

5. NEW BUSINESS

- **Distributed:** Draft – Environmental Impact Report
  Tracy: Distributed the draft Grantville program environmental report to committee members. The draft Grantville program environmental impact report will discussed at the January meeting. The environmental consultant will attend the meeting. Comments must be received in writing on or before January 31, 2005.

6. COMMENT ON NON-AGENDA ITEMS: (synopsis)

- **Committee –**
  John: Announced items coming before Navajo Planners and San Carlos Council in January.

Public – (synopsis)

- Charles Little: Not happy with the method for running meetings. Ask how he should go about making a formal complaint. (speaker slip) [Response from Murray Kane – you may file a complaint with your City Council representative, the City Redevelopment Department or the City Manager.]

7. NEXT MEETING DATES:

Mike: GRAC January 31, 2005.

8. ADJOURNMENT: 7:55 p.m.

MOTION: Eric/Dan; Adjourn, passed (10-0).

This information will be made available in alternative formats upon request.

Prepared: 12/20/04 (tr)
Revised: n/a

Draft (Final) Approved: January 31, 2005 Revisions are in *Italic & Double Underlined*
Motion was by: Dan S/John Vote was:8-1-3

GRANTVILLE REDEVELOPMENT ADVISORY COMMITTEE

(FINAL) MEETING MINUTES OF Monday, January 31, 2005

The members of the Grantville Advisory Committee (RAC) held their meeting at Mission Valley Church of the Nazarene, at 4675 Mission Gorge Place from 6:03 p.m. to 7:50 p.m.

The following members were present at Roll Call:, Bill Brenza, Lee Campbell, Daniel Dallenbach, Eric Germain, Rick McCarter, Cindy Martin, Mike Neal, John Peterson, John Pilch, Dan Smith, Marilyn Reed and Don Teemsma Jr. [12]
Arrived after Roll Call: Diane Strum and Arnie Veldkamp [2] ?
Following members were not present: Brian Caster (excused) [1]
Staff in attendance: Kathy Rosenow, (RSG), Tim Ginbus (BRG), Maureen Ostrye (RA), and Tracy Reed (RA).

CALL TO ORDER: Called to order at approximately 6:03 p.m. by Mike Neal.

1. **ROLL CALL:** A quorum was established when 12 of the 15 members were present at Roll Call.

2. **APPROVAL OF MINUTES:**
   - Draft – December 13, 2004

MOTION – Dan S/John Pe; Approve, passed (8-1-3).

3. **UPDATE:** (synopsis)
   - **Information –** Status of Survey
     Tracy: The Draft EIR went to the agency for public comment on January 25, 2005 spoke. The comment period has been extended to Monday February 14, 2005.

4. **OLD BUSINESS:** (synopsis)
   - **Review:** Draft – Grantville Program Environmental Report.
     Tim: The document is out for the 45-day public review period. The review period has been extended. All comments must be in writing. Responses to the comments will be included in the final PEIR. Our schedule is to distribute and make the final PEIR available on March 17, 2005. CEQA requires the PEIR to identify impacts on the area per the land uses in the adopted community plans and estimate potential build out. Mitigation measures will be prepared and included in the final PEIR.

     Public –
     Charles L.: Report needs more specifics on E-4 regarding traffic.
     Holly S.: Question regarding EIR overriding considerations and why project by project basis used in some instances.
     Betty T.: I have read most of the EIR and feel cumulative impacts are greater than stated.
     Bill W.: The history section does not indicate that an aqueduct flume exists with the project area (Landmark #52).

Don S.: No pleased with the bus and trolley service currently and the changes planned by MTDB/MTS.

Committee –
Marilyn R.: Problems with the discussion of traffic in table 4.2-1. The intersection of Friars Rd. and I-15 is supposed to be one of the most impacted intersections in the City.
Lee C: Concerned about the increase in traffic is unavoidable. The Draft does not address the breezes in the evening or flooding. The TOD alternative is in an area prone to recent flooding.
Arnie V.: I have a report regarding the flume.
Dan S.: Hydrology and circulations. What about a reference to bus service at trolley station and MTDB's projections. *I am not pleased with the transit service.*

- **Review/Actions:** 3rd Draft – Grantville Owner Participation Rules (OP Rules)
  Mike: The 3rd Draft of the OP Rules that we have been provided with has been revised to address the concerns and comments of the committee and public. I think we should form a subcommittee to review the recommended revisions. The subcommittee will make a recommendation regarding the OP Rules at our next meeting. I would suggest the subcommittee be Cindy, Brian, Rick and Marilyn.

5. **NEW BUSINESS** (synopsis)
   - **Distribute:** Draft – Grantville Preliminary Report
     Tracy: The purpose of preparing the Grantville Preliminary Report is to distribute it to all affected taxing entities. However, the Agency's procedures are to distribute to the public also. The preliminary report can answer many of the questions that have been asked regarding what is blight. It is also available on the Internet. We will review the preliminary report briefly at the next meeting.
6. **COMMENT ON NON-AGENDA ITEMS:** (synopsis)

Committee –
John Pi: Update on the next Navajo Planners - it will be on Tuesday February 22nd. The main agenda item is the SDSU master plan.

Public –
Charles L.: Cost of project, table E-4.
Ray B.: Happy with ADA improvements to Grantville Park.
Al V.: I am in favor for a better Grantville but not eminent domain authority - should be eliminated from the redevelopment plan. I am a business owner in Grantville.
Don S.: Concerned about bus and trolley service. What about MTDB (Bus) traffic impacts?
Dick R.: VFW manager. We are concerned about traffic and flooding along Fairmount and Vandever.

7. **NEXT MEETING DATES**:

Mike: GRAC February 28, 2005.

8. ADJOURNMENT: 7:50 p.m.

This information will be made available in alternative formats upon request.

Prepared: 2/16/05 (tr)
Revised: 2/28/05 (tr)

Draft (Final) Approved: 2/28/05 (with revisions) Revisions are in *Italic & Double Underlined*
Motion was by: Dan S/Eric G Vote was: 14/0/1

Section

J

A Statement of Conformance to the General Plan

On April 7, 2005, the Planning Commission adopted a Resolution determining that the draft Plan and implementation activities described therein are in conformity with the General Plan of the City, pursuant to Government Code Section 65402. A copy of the Planning Commission resolution is included in Section H of this Report.

Section

K

The Environmental Impact Report

A program environmental impact report ("EIR") for the Plan was prepared by BRG Consulting, Inc. The EIR (State Clearinghouse Number: 2004071122) reviewed all potential environmental impacts associated with the implementation of the Plan.

Topics addressed in the EIR included: Land Use, Traffic/Circulation, Air Quality, Noise, Cultural Resources, Biological Resources, Geology-Soils, Hazards-Hazardous Materials, Paleontological Resource, Aesthetics, Water Quality/Hydrology, Population/Housing, Public Services, and Mineral Resources. Additionally, the EIR addressed all other sections as required by the California Environmental Quality Act (CEQA).

The EIR identified significant unavoidable impacts in the areas of Traffic/Circulation and Air Quality. If the Redevelopment Agency of the City of San Diego chooses to approve the Project and revitalization activities, it must adopt a "Statement of Overriding Consideration" pursuant to Sections 15093 and 15126(b) of the CEQA Guidelines.

The EIR identified significant but mitigable impacts to a level less than significant with regard to: Noise, Cultural Resources, Biological Resources, Geology-Soils, Hazards-Hazardous Materials, Paleontological Resources, Water Quality/ Hydrology, and Public Services. The EIR identified no significant impacts for: Aesthetics, Population/Housing and Mineral Resources. Additionally, the EIR addressed all other sections as required by the California Environmental Quality Act (CEQA).

A copy of the EIR is included under separate cover and incorporated herein by reference.

Section

Report of the County Fiscal Officer

A November 2004 report of the County fiscal officer was prepared in accordance with Section 33328 of the CRL, using the 2004-05 equalized roll as the "base year" assessment roll for the purposes of calculating tax increment. In addition, the State Board of Equalization prepared a similar report for state-assessed nonunitary assessed values in the Project Area for 2004-05. Together, the County and State Board of Equalization report that the total Project Area secured, unsecured, and state-assessed value in 2004-05 is $339,494,220.

Copies of the 2004-05 base year values reported by the County Auditor-Controller and State Board of Equalization follow this page.

SAN DIEGO REDEVELOPMENT AGENCY
GRANTVILLE REDEVELOPMENT PROJECT
BASE YEAR ASSESSMENT ROLL REPORT
PER HEALTH AND SAFETY CODE 33328

SAN DIEGO REDEVELOPMENT AGENCY
GRANTVILLE REDEVELOPMENT PROJECT
BASE YEAR ASSESSMENT ROLL REPORT
PER HEALTH AND SAFETY CODE 33328

NOVEMBER 2004

TABLE OF CONTENTS

GRANTVILLE REDEVELOPMENT PROJECT
BASE YEAR ASSESSMENT ROLL REPORT
PER HEALTH AND SAFETY CODE 33328

TABLE OF CONTENTS 1

TABLE I 2
-PER H. S. CODE SECTION 33328, (a).

THE TOTAL ASSESSED VALUATION OF ALL TAXABLE PROPERTY WITHIN THE PROJECT AREA AS SHOWN ON THE BASE YEAR ASSESSMENT ROLL.

TABLE II-V * 3 - 6
-PER H. S. CODE SECTION 33328, (b), (c), (d).

THE IDENTIFICATION OF EACH TAXING AGENCY LEVYING TAXES IN THE PROJECT AREA.

THE AMOUNT OF TAX REVENUE TO BE DERIVED BY EACH TAXING AGENCY FROM THE BASE YEAR ASSESSMENT ROLL FROM THE PROJECT AREA, INCLUDING STATE SUBVENTION FOR HOMEOWNERS.

FOR EACH TAXING AGENCY, ITS TOTAL DEBT SERVICE TAX REVENUE FROM ALL PROPERTY WITHIN ITS BOUNDARIES, WHETHER INSIDE OR OUTSIDE THE PROJECT AREA.

TABLE VI 7 (A - C)
-PER H. S. CODE SECTION 33328, (e).

THE ESTIMATED PROJECT 1% TAX INCREMENT AVAILABLE TO THE REDEVELOPMENT AGENCY, BROKEN DOWN BY TAXING AGENCIES.

TABLE VII 8 (A - C)
-PER H. S. CODE SECTION 33328, (e).

THE ESTIMATED PROJECT DEBT SERVICE TAX INCREMENT AVAILABLE TO THE REDEVELOPMENT AGENCY, BROKEN DOWN BY TAXING AGENCIES.

* Revenue determined using most recent data available.

TABLE I

GRANTVILLE REDEVELOPMENT PROJECT
2004-2005 BASE ASSESSED VALUE

SECURED	$293,806,178	
STATE	$0	
TOTAL SECURED	$293,806,178	
UNSECURED	$45,688,042	*
GRAND TOTAL	$339,494,220	

HEALTH & SAFETY CODE SECTION 33328, (a).

(*) ESTIMATE PER COUNTY ASSESSOR

TABLE II

GRANTVILLE REDEVELOPMENT PROJECT
SECURED & UNSECURED
1% TAX REVENUE

TAXING AGENCY	PROJECT AREA BASE YEAR REVENUE		ESTIMATED AGENCY TAX REVENUE
	ESTIMATED SECURED TAX REVENUE	ESTIMATED UNSECURED TAX REVENUE	
COUNTY GENERAL	$ 448,383	$ 67,007	$ 368,543,362
UNIFIED SAN DIEGO	1,349,728	216,619	394,209,308
SAN DIEGO COMMUNITY COLLEGE	195,191	31,328	56,851,236
COUNTY SCHOOLS	47,701	7,658	40,188,263
EDUC REV AUGMENTATION FUND	408,103	61,034	356,554,442
SAN DIEGO CITY TAX	485,121	72,738	199,791,010
CWA CITY OF SAN DIEGO	3,835	496	1,680,626
TOTAL 1% FUNDS	$ 2,938,062	$ 456,880	$ 1,417,818,247

HEALTH & SAFETY CODE SECTION 33328, (b), (c), (d).

TABLE III

GRANTVILLE REDEVELOPMENT PROJECT
SECURED
DEBT SERVICE TAX REVENUE

TAXING AGENCY	PROJECT AREA BASE YEAR REVENUE	ESTIMATED AGENCY TAX REVENUE	
		ASSESSED VALUE BASE	TOTAL REVENUES
SAN DIEGO ZOOLOGICAL EXHIBITS	$ 14,690	111,477,671,061	$ 5,573,884
METROPOLITAN WATER DISTRICT	17,041	234,915,780,596	13,915,054
COUNTY WATER AUTHORITY	0	234,875,996,988	0
TOTAL DEBT SERVICE FUNDS	$ 31,731		$ 19,488,938

HEALTH & SAFETY CODE SECTION 33328, (b), (c), (d).

TABLE IV

GRANTVILLE REDEVELOPMENT PROJECT
UNSECURED
DEBT SERVICE TAX REVENUE

TAXING AGENCY	PROJECT AREA BASE YEAR REVENUE	ESTIMATED AGENCY TAX REVENUE	
		ASSESSED VALUE BASE	TOTAL REVENUES
SAN DIEGO ZOOLOGICAL EXHIBITS	$ 2,284	6,245,451,917	$ 312,273
METROPOLITAN WATER DISTRICT	2,787	9,068,999,960	554,232
COUNTY WATER AUTHORITY	306	9,066,901,269	60,748
TOTAL DEBT SERVICE FUNDS	$ 5,377		$ 927,253

HEALTH & SAFETY CODE SECTION 33328, (b), (c), (d).

TABLE V

GRANTVILLE REDEVELOPMENT PROJECT

DEBT SERVICE TAX REVENUE

TAXING AGENCY	PROJECT AREA BASE YEAR REVENUE		ESTIMATED AGENCY TAX REVENUE
	ESTIMATED SECURED TAX REVENUE	ESTIMATED UNSECURED TAX REVENUE	
SAN DIEGO ZOOLOGICAL EXHIBITS	$ 14,690	$ 2,284	$ 5,886,157
METROPOLITAN WATER DISTRICT	17,041	2,787	14,469,286
COUNTY WATER AUTHORITY	0	306	60,748
TOTAL DEBT SERVICE FUNDS	$ 31,731	$ 5,377	$ 20,416,191

HEALTH & SAFETY CODE SECTION 33328, (b),(c),(d).

TABLE VI

GRANTVILLE REDEVELOPMENT PROJECT
1% FUNDS
ESTIMATED TAX INCREMENT IMPACT
GROWTH ASSUMPTION
2.0%

TAXING AGENCY	SECURED REVENUE	UNSECURED REVENUE	TOTAL REVENUE	IMPACT YEAR 1	ACCUM. 5 YEARS	ACCUM. 10 YEARS	ACCUM. 15 YEARS	ACCUM. 20 YEARS	ACCUM. 25 YEARS
COUNTY GENERAL	448,383	67,007	515,390	17,149	264,193	1,002,096	2,263,012	4,101,377	6,577,293
UNIFIED SAN DIEGO	1,349,728	216,619	1,566,347	31,327	482,624	1,830,614	4,134,037	7,492,336	12,015,302
SAN DIEGO COMMUNITY COLLEGE	195,191	31,328	226,519	4,530	69,795	264,736	597,848	1,083,512	1,737,606
COUNTY SCHOOLS	47,701	7,658	55,359	1,107	17,057	64,699	146,108	264,799	424,653
EDUC REV AUGMENTATION FUND *	408,103	61,034	469,137	0	0	0	0	0	0
SAN DIEGO CITY TAX	485,121	72,738	557,859	13,690	210,905	799,971	1,806,557	3,274,120	5,250,638
CWA CITY OF SAN DIEGO	3,835	496	4,331	96	1,478	5,605	12,657	22,939	36,787
TOTAL 1% FUNDS	2,938,062	456,880	3,394,942	67,899	1,046,052	3,967,721	8,960,219	16,239,083	26,042,279

HEALTH & SAFETY CODE SECTION 33328, (e).
* PER R&T CODE SECTION 97.4(b)(2) EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF) DOES NOT SHARE IN INCREMENTAL GROWTH.

TABLE VI

GRANTVILLE REDEVELOPMENT PROJECT
1% FUNDS
ESTIMATED TAX INCREMENT IMPACT
GROWTH ASSUMPTION
5.0%

TAXING AGENCY	SECURED REVENUE	UNSECURED REVENUE	TOTAL REVENUE	IMPACT YEAR 1	ACCUM. 5 YEARS	ACCUM. 10 YEARS	ACCUM. 15 YEARS	ACCUM. 20 YEARS	ACCUM. 25 YEARS
COUNTY GENERAL	448,383	67,007	515,390	42,872	687,587	2,749,608	6,565,793	12,620,785	21,533,125
UNIFIED SAN DIEGO	1,349,728	216,619	1,566,347	78,317	1,256,074	5,022,942	11,994,291	23,055,460	39,336,390
SAN DIEGO COMMUNITY COLLEGE	195,191	31,328	226,519	11,326	181,649	726,399	1,734,569	3,334,193	5,688,679
COUNTY SCHOOLS	47,701	7,658	55,359	2,768	44,393	177,524	423,910	814,841	1,390,253
EDUC REV AUGMENTATION FUND *	408,103	61,034	469,137	0	0	0	0	0	0
SAN DIEGO CITY TAX	485,121	72,738	557,859	34,224	548,899	2,195,005	5,241,456	10,075,141	17,189,840
CWA CITY OF SAN DIEGO	3,835	496	4,331	240	3,846	15,379	36,723	70,589	120,436
TOTAL 1% FUNDS	2,938,062	456,880	3,394,942	169,747	2,722,448	10,886,857	25,996,742	49,971,009	85,258,723

HEALTH & SAFETY CODE SECTION 33328, (e).
* PER R&T CODE SECTION 97.4(b)(2) EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF) DOES NOT SHARE IN INCREMENTAL GROWTH.

TABLE VI

GRANTVILLE REDEVELOPMENT PROJECT
1% FUNDS
ESTIMATED TAX INCREMENT IMPACT
GROWTH ASSUMPTION
7.0%

TAXING AGENCY	SECURED REVENUE	UNSECURED REVENUE	TOTAL REVENUE	IMPACT YEAR 1	ACCUM. 5 YEARS	ACCUM. 10 YEARS	ACCUM. 15 YEARS	ACCUM. 20 YEARS	ACCUM. 25 YEARS
COUNTY GENERAL	448,383	67,007	515,390	60,020	988,870	4,101,619	10,193,218	20,462,808	36,592,247
UNIFIED SAN DIEGO	1,349,728	216,619	1,566,347	109,644	1,806,454	7,492,778	18,620,821	37,381,155	66,846,174
SAN DIEGO COMMUNITY COLLEGE	195,191	31,328	226,519	15,856	261,243	1,083,578	2,692,873	5,405,921	9,667,040
COUNTY SCHOOLS	47,701	7,658	55,359	3,875	63,845	264,815	658,110	1,321,151	2,362,524
EDUC REV AUGMENTATION FUND *	408,103	61,034	469,137	0	0	0	0	0	0
SAN DIEGO CITY TAX	485,121	72,738	557,859	47,914	789,413	3,274,313	8,137,222	16,335,411	29,211,503
CWA CITY OF SAN DIEGO	3,835	496	4,331	336	5,531	22,941	57,012	114,451	204,664
TOTAL 1% FUNDS	2,938,062	456,880	3,394,942	237,645	3,915,356	16,240,044	40,359,256	81,020,897	144,884,152

HEALTH & SAFETY CODE SECTION 33328, (e).

* PER R&T CODE SECTION 97.4(b)(2) EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF) DOES NOT SHARE IN INCREMENTAL GROWTH.

TABLE VII

GRANTVILLE REDEVELOPMENT PROJECT
DEBT SERVICE FUNDS
ESTIMATED TAX INCREMENT IMPACT
GROWTH ASSUMPTION
2.0%

TAXING AGENCY	SECURED REVENUE	UNSECURED REVENUE	TOTAL REVENUE	IMPACT YEAR 1	ACCUM. 5 YEARS	ACCUM. 10 YEARS	ACCUM. 15 YEARS	ACCUM. 20 YEARS	ACCUM. 25 YEARS
SAN DIEGO CITY ZOOLOGICAL EXHIBITS - D/S	14,690	2,284	16,974	339	5,230	19,838	44,799	81,192	130,206
MWD D/S REMAINDER OF SDCWA	17,041	2,787	19,828	397	6,109	23,173	52,331	94,843	152,098
CWA CITY OF SAN DIEGO - D/S	0	306	306	6	94	357	807	1,463	2,347
TOTAL DEBT SERVICE FUNDS	31,731	5,377	37,108	742	11,433	43,368	97,937	177,498	284,651

HEALTH & SAFETY CODE SECTION 33328, (e).

TABLE VII

GRANTVILLE REDEVELOPMENT PROJECT
DEBT SERVICE FUNDS
ESTIMATED TAX INCREMENT IMPACT
GROWTH ASSUMPTION
5.0%

TAXING AGENCY	SECURED REVENUE	UNSECURED REVENUE	TOTAL REVENUE	IMPACT YEAR 1	ACCUM. 5 YEARS	ACCUM. 10 YEARS	ACCUM. 15 YEARS	ACCUM. 20 YEARS	ACCUM. 25 YEARS
SAN DIEGO CITY ZOOLOGICAL EXHIBITS - D/S	14,690	2,284	16,974	849	13,612	54,432	129,978	249,844	426,275
MWD D/S REMAINDER OF SDCWA	17,041	2,787	19,828	991	15,900	63,584	151,833	291,854	497,950
CWA CITY OF SAN DIEGO - D/S	0	306	306	15	245	981	2,343	4,504	7,685
TOTAL DEBT SERVICE FUNDS	31,731	5,377	37,108	1,855	29,757	118,997	284,154	546,202	931,910

HEALTH & SAFETY CODE SECTION 33328, (e).

TABLE VII

GRANTVILLE REDEVELOPMENT PROJECT
DEBT SERVICE FUNDS
ESTIMATED TAX INCREMENT IMPACT
GROWTH ASSUMPTION
7.0%

TAXING AGENCY	SECURED REVENUE	UNSECURED REVENUE	TOTAL REVENUE	IMPACT YEAR 1	ACCUM. 5 YEARS	ACCUM. 10 YEARS	ACCUM. 15 YEARS	ACCUM. 20 YEARS	ACCUM. 25 YEARS
SAN DIEGO CITY ZOOLOGICAL EXHIBITS - D/S	14,690	2,284	16,974	1,188	19,576	81,197	201,788	405,088	724,391
MWD D/S REMAINDER OF SDCWA	17,041	2,787	19,828	1,388	22,867	94,849	235,716	473,198	846,188
CWA CITY OF SAN DIEGO - D/S	0	306	306	21	353	1,464	3,638	7,303	13,059
TOTAL DEBT SERVICE FUNDS	31,731	5,377	37,108	2,597	42,796	177,510	441,142	885,589	1,583,638

HEALTH & SAFETY CODE SECTION 33328, (e).

Section

M

Neighborhood Impact Report

CRL requires that a Neighborhood Impact Report ("NIR") discuss the impact the Plan will have on low and moderate income persons or families in the following areas: relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of education, property assessments and taxes, and other matters affecting the physical and social quality of the neighborhood.

Additional issues that the NIR must address include: the number of dwelling units to be removed or destroyed; the number of low or moderate income persons or families expected to be displaced; the general location of housing to be rehabilitated or constructed; the number of dwelling units planned for construction or rehabilitation to house persons and families of low or moderate income; the projected means of financing the aforementioned dwelling units; and the projected timetable for meeting the Plan's relocation, rehabilitation, and replacement housing objectives.

Implementation of the Project will have a beneficial impact on the Project Area and adjoining neighborhoods.

Relocation

At this time, the Agency does not have any plans to relocate residents or businesses in the Project Area. In that the Project Area includes no known residential uses, it is unlikely that residential relocation will ever occur. If relocation activities are undertaken, the Agency will handle those activities on a case-by-case basis, in accordance with its *Plan and Method of Relocation*, as contained in Section F of this Report. As a public agency formed under the provisions of state law, the Agency is required to adhere to the State Relocation Law (Government Code Sections 7260 through 7277) and follow the California Relocation Assistance and Real Property Acquisition Guidelines ("State Guidelines") as established in the California Code of Regulations, Title 25, Chapter 6.

Although dislocation of residential uses is unlikely because there are no known residential uses in the Project Area, prior to commencement of any acquisition activity that may cause substantial displacement of residents, the Agency will adopt a specific relocation plan in conformance with the State Guidelines. To the extent appropriate, the Agency may supplement those provisions provided in the State Guidelines to meet particular relocation needs of a specific project. Such supplemental policies, if adopted in the Agency's sole discretion, will not involve

reduction, but instead enhancement of the relocation benefits required by State Law.

Traffic Circulation

Transportation and circulation impacts resulting from the adoption and implementation of the Plan are discussed in Section 4.2 of the EIR.

The Plan does not provide for the direct development of any private or public development projects that would generate traffic and impact existing levels of service of any roadways in the Project Area. However, the development of projects would indirectly generate traffic both during and after project construction, impacting existing levels of service on road segments and intersections that serve the Project both within and outside its boundaries.

The City's General Plan and pertinent Community Plans will control the land use designations and intensities of the Plan; its implementation will not create locally or cumulatively significant impacts beyond what is anticipated under the Community Plans. It will also not alter or intensify the Community Plans' land uses, traffic generation, levels of service, or intersection capacities.

Significant unavoidable traffic or circulation impacts were forecast in the EIR. The Agency, via the Plan, will adhere to policies in the circulation element of the Community Plans in lessening traffic and circulation impacts.

The Plan permits the Agency to construct improvements to improve traffic circulation. In the absence of the Plan, such improvements may be delayed indefinitely because of the City's lack of financial resources in funding the improvements. Several projects related to circulation and traffic improvements are listed in the Plan and are enumerated in Section A of this Report. These improvements include, but are not limited to modifications to roadway configurations and widths, resurfacing streets, street lights, traffic signals, and streetscape improvements. These projects proposed by the Agency will improve circulation, mitigate traffic deficiencies, and provide general benefits to the Project Area consistent with the circulation element of the Community Plans.

Environmental Quality

The EIR reviewed the impacts of the Plan, including the potential new development and public improvements that could be facilitated by the Agency. The EIR analyzed the following fourteen areas:

- Land Use
- Traffic/Circulation
- Air Quality
- Noise
- Cultural Resources
- Biological Resources

- Geology/Soils
- Hazards and Hazardous Materials
- Paleontological Resources
- Aesthetics
- Water Quality/ Hydrology
- Population and Housing
- Public Services
- Mineral Resources

Air Quality is noted in the EIR as having significant unavoidable impacts. Because the Plan does not propose uses or intensities beyond the Community Plans, adherence to adopted Community Plans policies will ensure that implementation of the Plan will lessen or avoid potential impacts. Where applicable, the EIR outlines mitigation measures, which will be required of future development. This will assure that the quality of the environment is maintained.

During implementation of the Plan, specific redevelopment proposals may warrant further specific environmental analysis as required by the California Environmental Quality Act, Public Resources Code Sections 21000, et seq. ("CEQA").

Availability of Community Facilities and Services

The EIR determined that the Plan would not have a significant impact on public services and utilities including fire protection, police, natural gas, electricity, water, wastewater, storm drain, and solid waste services.

The Plan provides that any redevelopment activity is to be subject to, and consistent with, the policies set forth in the City's pertinent Community Plans, Zoning Ordinance, and local codes and ordinances, as they now exist or are hereafter amended; the General Plan incorporates policies to mitigate impacts on public services and facilities. As outlined in Section A of this Report, implementation of the Plan and its proposed projects are expected to significantly improve the City's existing community facilities and services. The Plan will allow the Agency to utilize tax increment revenues to provide for the upgrading of existing, and construction of new, community facilities, which will be of benefit to the Project Area.

Effect on School Population and Quality of Education

The Project Area is served by the San Diego Unified School District. Section 4.13.1 of the EIR describes the direct and cumulative impacts of the Plan's implementation on area schools.

The EIR indicates that development activity within the Project Area will not significantly affect existing schools. The EIR estimates that 134 dwelling units could be added to the Project Area. According to the student generation

estimates provided in the EIR, approximately 65 students could theoretically be generated by the existing and future development within the Project Area.

Plan implementation will not result in development beyond what is allowed by the City's pertinent Community Plans. Therefore, the adoption of the Plan will not cause the Project Area to generate more students than could occur in connection with development allowed in the General Plan. The City has adopted policies in the General Plan to mitigate impacts of General Plan buildout on schools; implementation of the Plan will adhere to the General Plan policies to mitigate impacts on schools. Furthermore, the school districts will receive a portion of the statutory pass-through payments of tax increment generated from the Project Area. The school district will also receive any mandated school fees resulting from new development.

Property Taxes and Assessments

The Plan calls for various methods of financing its implementation. Because redevelopment agencies do not have the constitutional authority to impose taxes, implementation of the Plan will not cause an increase in property tax rates. Rather, the principal method of financing redevelopment will be the utilization of tax increment revenues generated by the Project Area. Tax increment financing reallocates property tax revenues generated by increases in the assessed value of property in the Project Area. Although redevelopment of the Project Area will increase the assessed valuation, Project Area property owners will not experience increases in property taxes beyond those normally allowed by state law and state constitutional provisions.

Low and Moderate Income Housing Program

A. Number of Dwelling Units Housing Low and Moderate Income Households Expected to be Destroyed or Removed by the Project

   The are no known legal residential uses in the Project Area, therefore, there are no known low and moderate income households. Should implementation activities impact future residential units in the Project Area, the Agency will comply with all provisions of the CRL and the Redevelopment Plan regarding the construction of replacement units and relocation of existing residents.

B. Number of Persons and Families of Low and Moderate Income Expected to be Displaced by the Project

   As discussed above, due to the lack of existing residential units in the Project Area it is estimated that no units occupied by low and moderate income persons would be destroyed by implementation of land uses allowed in the Community Plans. Should future specific implementation activities result in the need to displace persons and families, a specific relocation plan will be prepared prior to any acquisition or displacement.

C. General Location of Replacement Low and Moderate Income Housing to be Rehabilitated, Developed and Constructed

The Agency does not anticipate the need for replacement housing units due to the current lack of residential units in the Project Area. If implementation activities result in displacement, the project-specific relocation plan will identify locations for replacement housing. Zoning in the Project Area allows for a limited number (134) of additional new housing units in the Project Area.

D. Number of Dwelling Units Housing Persons of Low and Moderate Income Planned for Construction or Rehabilitation Other than Replacement Housing

As discussed in Section E of this Report, the Project Area is projected to generate $157 million in housing fund revenues. The Agency will invest its housing fund resources into a variety of housing programs described in Section A of this Report. If 134 new residential units are constructed in the Project Area over the next thirty years, 15% or 20 units must be made available for low and moderate income households. At this time, the Agency does not have any specific plans for construction or rehabilitation of any low and moderate-income units in the Project Area. As new development proposals are made, the Agency will take steps to assure that required affordability is achieved.

E. Projected Means of Financing Rehabilitation and New Construction of Housing for Low and Moderate Income Households

The Agency intends to utilize not less than 20% of its tax increment revenues to finance the rehabilitation, construction, purchase, and mortgage assistance of housing for low and moderate income households, in accordance with the provisions of the CRL as it now exists or may hereafter be amended. The Agency will also cooperate with the City to pool funds and resources beyond the tax increment set aside funds if it is determined to be necessary by both bodies in order to improve the City's affordable housing stock.

F. Projected Timetable for Meeting the Plan's Relocation, Rehabilitation and Replacement Housing Objectives

As discussed earlier there are no existing residential uses in the Project Area, therefore the Agency has not developed timelines to relocate or remove or rehabilitate housing. Rehabilitation activities particularly outside of the Project Area will gradually be phased over the 30-year duration of the Plan.

Section

N

A Summary of the Agency's Consultations with Affected Taxing Entities and a Response to Said Entities' Concerns Regarding the Plan

According to the San Diego County Auditor-Controller's office, the following 7 taxing entities levy taxes (See Table N-1) within the Project Area:

County General
Unified San Diego
San Diego Community College
County Schools
Education Revenue Augmentation Fund
San Diego City Tax
CWA City of San Diego

On September 22, 2004, these entities were mailed, via certified mail, the Statement of Preparation of the Redevelopment Plan. On January 19, 2005, the Preliminary Report and Draft Redevelopment Plan and on March 17, 2005 the joint public hearing notice were transmitted via certified mail to the taxing entities. As a part of each of these three transmittals, the Agency offered to consult with the affected taxing entities pursuant to Section 33328 of CRL. At this time, no taxing entities have requested consultation with the Agency or offered written comments to the Preliminary Report or Draft Redevelopment Plan. The Agency will continue to meet and consult with taxing entities regarding the proposed Redevelopment Plan as the need arises.

TABLE N-1
AFFECTED TAXING AGENCIES AND SHARES OF PROPERTY TAX LEVIES

	Taxing Agency Name	General Levy
1	County General Fund	0.25993696
2	Unified San Diego	0.27803938
3	San Diego Community College	0.04009769
4	County Schools	0.02834514
5	Education Revenue Augmentation Fund	0.25148106
6	San Diego City Tax	0.14091440
7	CWA City of San Diego	0.00118536
TOTAL		**1.0**

Source: County of San Diego Auditor Controller, Base Year Report dated November 2004.
Note: These levy rates should not be used to determine the Statutory Payment amounts.

Appendix

A

Prior Planning Documents

The following planning documents will be available through the City upon request:

- Navajo Community Plan
- Tierrasanta Communities Plan

Appendix

B

CRL Section 33030 and 33031

The CRL sets forth specific parameters that define blight. According to CRL Section 33030, a blighted area contains both of the following:

1. An area that is predominantly urbanized and is an area in which the combination of physical and economic blighting conditions is so prevalent and substantial that it causes "a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community, which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment" (CRL Section 33030(b)(1)).

2. An area that is characterized by either physical blight and economic blight or the "existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership" (CRL Sections 33030(b)(2) and 33031(a)(4)).

Provided that other conditions of physical and economic blight are present, a blighted area may also be one that is characterized by the existence of inadequate public improvements, parking facilities, and utilities.

The characteristics of both physical and economic blight, as defined above, are present throughout the Project Area. The characteristics of physical blight include deteriorated and dilapidated structures, lots/buildings suffering from defective design, substandard design, and lots of inadequate size, and incompatible uses. The characteristics of economic blight include low lease rates, depreciated property values, impaired investments, low per capita retail sales tax, and crime, all of which are indicative of declining market conditions. These blighting conditions are detrimental to surrounding uses and the community.

CRL Section 33031(a) describes the following physical conditions that constitute blight:

1. Lots/buildings in which it is unsafe or unhealthy for persons to live or work; examples of these conditions include:

    a. Dilapidated and deteriorated buildings.

    b. Lots/buildings suffering from defective design or physical construction.

    c. Lots/buildings suffering from faulty or inadequate utilities.

    d. Serious building code violations.

2. Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots; examples of these conditions include:

    a. Lots/buildings suffering from substandard design.

    b. Lots/buildings of inadequate size, given present standards and market conditions.

    c. Lack of available parking.

3. Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the project area.

4. The existence of subdivided lots of irregular form and shape, inadequate size for proper usefulness and development, and that are in multiple ownership.

ECONOMIC BLIGHT

CRL Section 33031(b) describes the following economic conditions that constitute blight:

1. Depreciated or stagnant property values or impaired investments. This condition includes the presence of hazardous waste.

2. Stagnant or declining market conditions; examples of this include:

    a. Abnormally high business vacancies.
    b. Abnormally low lease rates.
    c. High turnover rates.
    d. Abandoned buildings.
    e. Excessive vacant lots within an area developed for urban uses and served by utilities.

3. A lack of necessary commercial facilities such as those normally found in neighborhoods including grocery stores, drug stores, and banks and other lending institutions.

4. Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults that has led to problems of public safety and welfare.

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

Provided that other conditions of physical and economic blight are present, a blighted area may also be one that is characterized by the existence of inadequate public improvements, parking facilities, and utilities.

Appendix

C

Data Source List

1. Land use survey performed by Rosenow Spevacek Group, Inc. (October and November 2004).

2. Parcel maps and assessed value data provided by the San Diego Assessors Office (2002-03 ,2003-04, 2004-05).

3. Draft Program Environmental Impact Report, BRG Consulting, Inc. (December 13, 2004).

4. California Health and Safety Code including Sections 17920.3, 33030 and 33031.

5. Crime in the San Diego Region Annual Report 2003, San Diego Association of Governments (SANDAG)

6. Navajo Community Plan, City of San Diego Planning Department (1989).

7. Tierrasanta Community Plan, City of San Diego Planning Department (1982).

8. Data from the City of San Diego

    a. Code enforcement violations
    b. Infrastructure deficiencies
    c. Crime statistics
    d. 2004 City Manager's Budget Message
    e. Chapters 13 (Zoning) and 14 (Parking) of the Municipal Code

9. How Buildings Learn, What Happens After They're Built. Stewart Brand, Penguin Books, (1994).

10. Local realtors and shopping center managers provided information, vacancy rates and lease rates (2003 and 2004).

11. Alcohol Beverage Control Board, on and off-site alcohol sales permits (February, 2005).

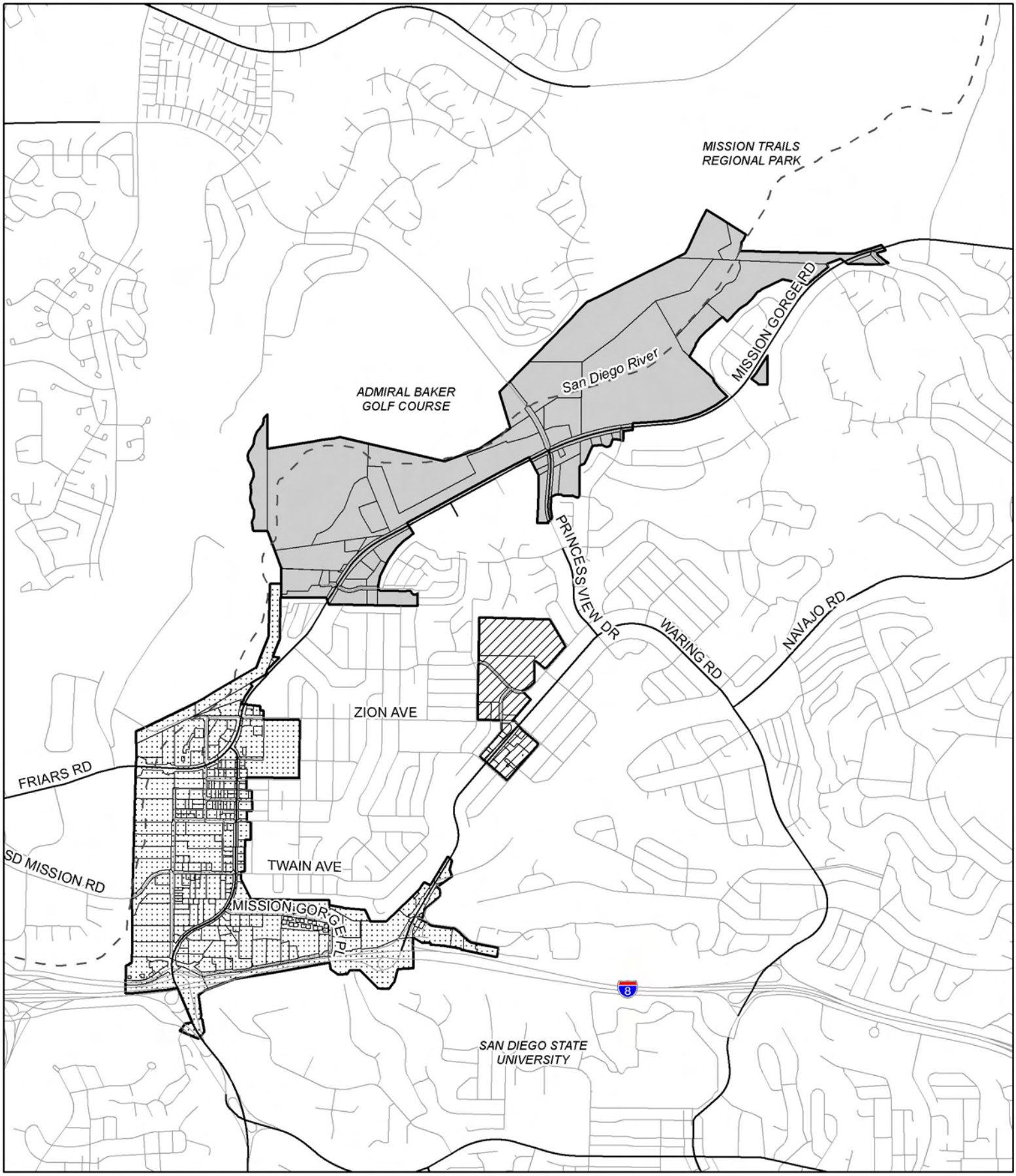
12. Environmental Protection Agency web site article, Lead in Paint, Dust and Soil.

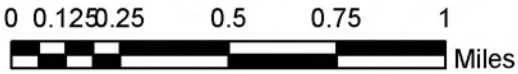
13. Progress Guide and General Plan. City of San Diego (1989).

Appendix

D

Project Area Map (Large)



Grantville Redevelopment Project Area

Sources: SanGIS, 2004 and BRG Consulting, Inc., 2005