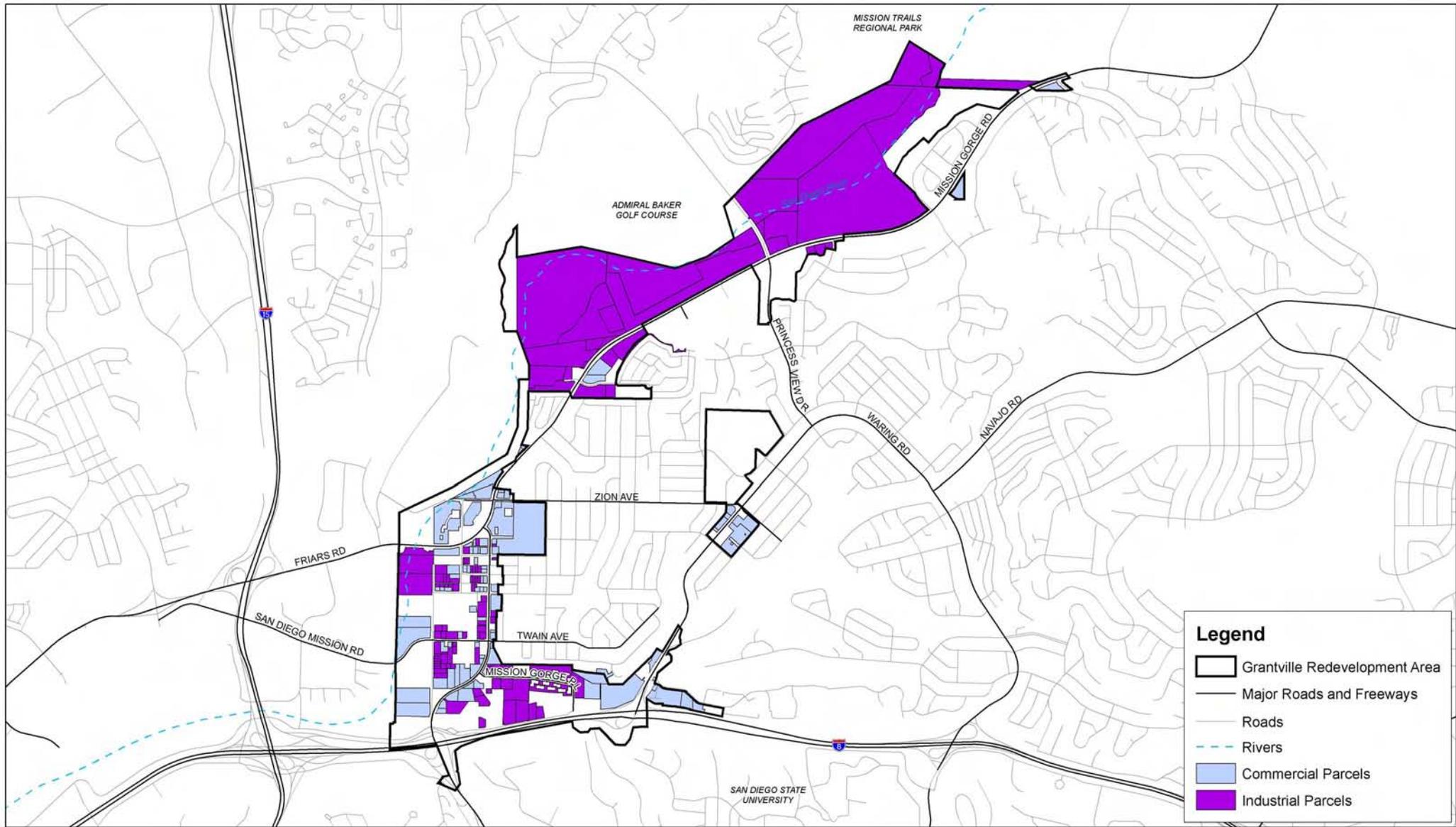


Exhibit B - 8: Buildings Suffering from Defective Design

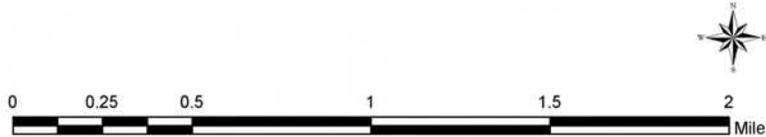
See attached map of Defective Design.



# Grantville Redevelopment Project Area

## Parcels exhibiting Defective Design

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



### 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
<b>Total</b>	<b>19</b>	<b>27</b>	<b>13</b>

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
<b>Total</b>	<b>42</b>	<b>124</b>	<b>112</b>

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.

Dilapidation and Deterioration

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 properly 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.



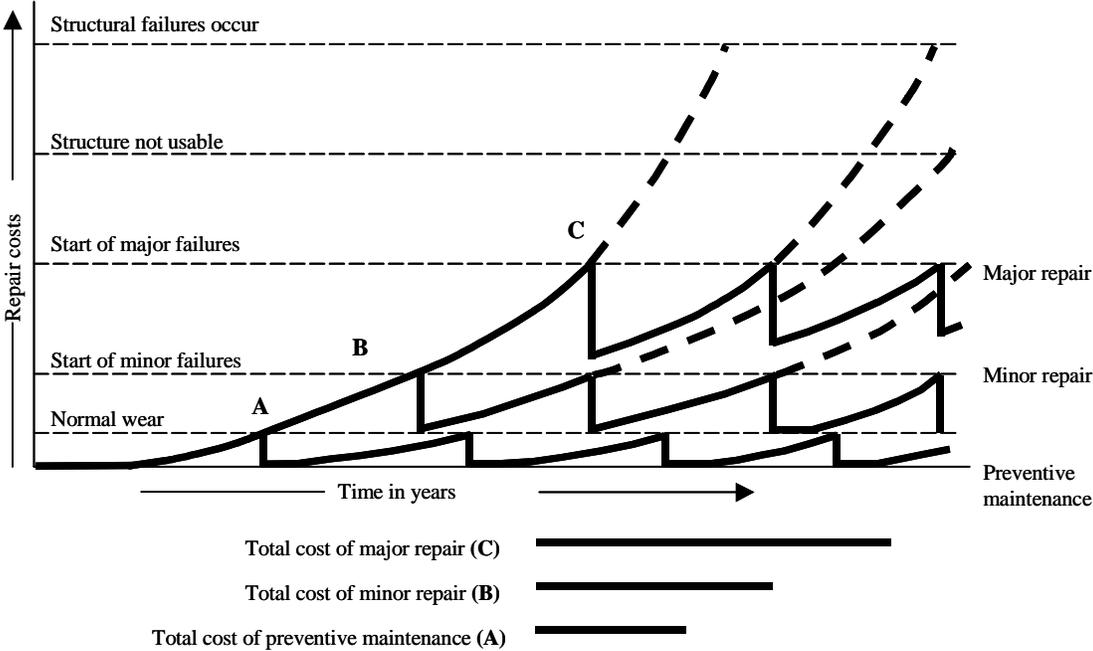
**Parcel Number – 461 320 11**

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 the 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

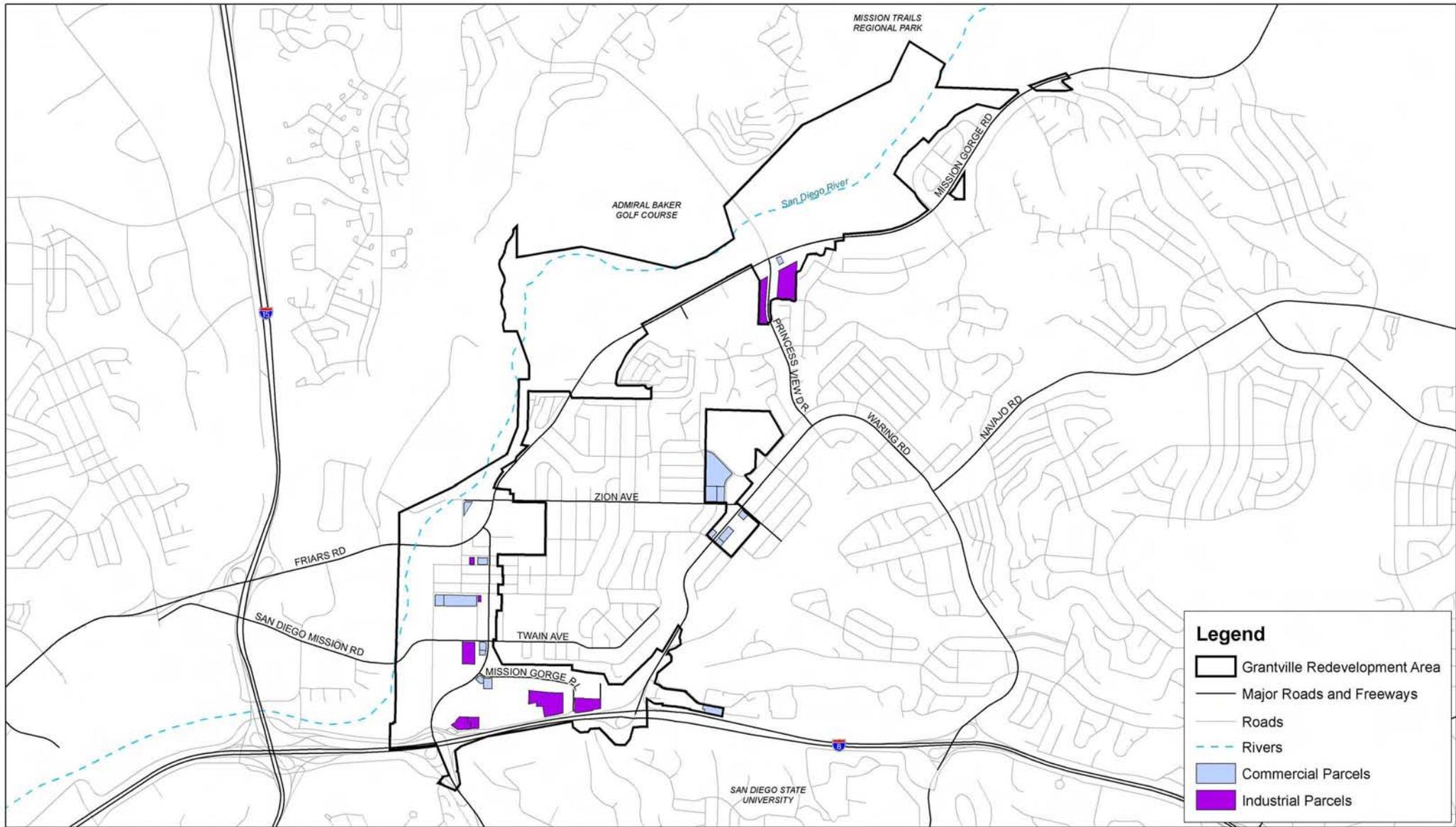
location. If this location cannot be expanded, the Project Area may face the loss of another important retailer as happened with Savon Drugs.

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



## 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

<u>PROJECT COST</u>	<u>SF/UNITS/SP</u>	<u>PER SF/SP</u>	<u>TOTAL</u>
ACQUISITION COSTS	21,875	\$30.00	\$656,250
<b>TOTAL ACQUISITION COSTS</b>			<b>\$656,250</b>
<b>CONSTRUCTION:</b>			
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
<b>TOTAL CONSTRUCTION</b>		<b>\$2,101</b>	<b>\$982,438</b>
<b>TOTAL LAND &amp; CONSTRUCTION</b>			<b>\$1,638,688</b>
<b>SOFT COSTS:</b>			
	% of	\$ per Bldg.	Total
	<u>construction</u>	<u>Sq. Ft.</u>	
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
<b>TOTAL SOFT COSTS</b>	<b>33.0%</b>	<b>\$37.05</b>	<b>\$324,204</b>
<b>RESERVES:</b>			
CAPITALIZED INITIAL LOSSES	ALLOWANCE	\$0.00	-
<b>TOTAL RESERVES</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>\$0</b>
<b>FINANCING:</b>			
CONSTRUCTION FINANCING	11.4%	\$12.82	\$112,178
FINANCING FEES	1.3%	\$1.49	\$13,066
<b>TOTAL FINANCING</b>	<b>12.7%</b>	<b>\$14.31</b>	<b>\$125,245</b>
<b>TOTAL PROJECT COST</b>		<b>\$238.64</b>	<b>\$2,088,137</b>

<u>Commercial Rental Income</u>			
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)
<b>Profit/(Feasibility Gap)</b>			<b>(\$159,637)</b>

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

<u>PROJECT COST</u>	<u>SF/UNITS/SP</u>	<u>PER SF/SP</u>	<u>TOTAL</u>
ACQUISITION COSTS	21,875	\$30.00	\$656,250
CONTAMINATION	21,875	\$15.00	328,125
<b>TOTAL ACQUISITION COSTS</b>			<b>\$984,375</b>
<b>CONSTRUCTION:</b>			
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
<b>TOTAL CONSTRUCTION</b>		<b>\$2,101</b>	<b>\$982,611</b>
<b>TOTAL LAND &amp; CONSTRUCTION</b>			<b>\$1,966,986</b>
<b>SOFT COSTS:</b>			
	% of	\$ per Bldg.	<u>Total</u>
PROFESSIONAL/CONSULTANT FEES	<u>construction</u>	<u>Sq. Ft.</u>	
PUBLIC PERMITS & FEES	6.0%	\$6.74	\$58,957
TAXES, INSURANCE, LEGAL & ACCOUNTING	5.0%	\$5.61	\$49,131
MARKETING	3.0%	\$3.37	\$29,478
DEVELOPER FEE (Administration & Overhead)	2.0%	\$2.25	\$19,652
CONTINGENCY	7.0%	\$7.86	\$68,783
<b>TOTAL SOFT COSTS</b>	<b>33.0%</b>	<b>\$37.05</b>	<b>\$324,262</b>
<b>RESERVES:</b>			
CAPITALIZED INITIAL LOSSES	ALLOWANCE	\$0.00	-
<b>TOTAL RESERVES</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>\$0</b>
<b>FINANCING:</b>			
CONSTRUCTION FINANCING	13.1%	\$14.75	\$129,097
FINANCING FEES	1.3%	\$1.49	\$13,069
<b>TOTAL FINANCING</b>	<b>14.5%</b>	<b>\$16.24</b>	<b>\$142,166</b>
<b>TOTAL PROJECT COST</b>		<b>\$278.05</b>	<b>\$2,433,413</b>

<u>Commercial Rental Income</u>			
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)
<b>Profit/(Feasibility Gap)</b>			<b>(\$504,515)</b>

PROFORMA B-3  
**GRANTVILLE COMMERCIAL DEVELOPMENT (Assumes a contaminated lot One Acre in size)**  
DRAFT FINANCIAL PROFORMA

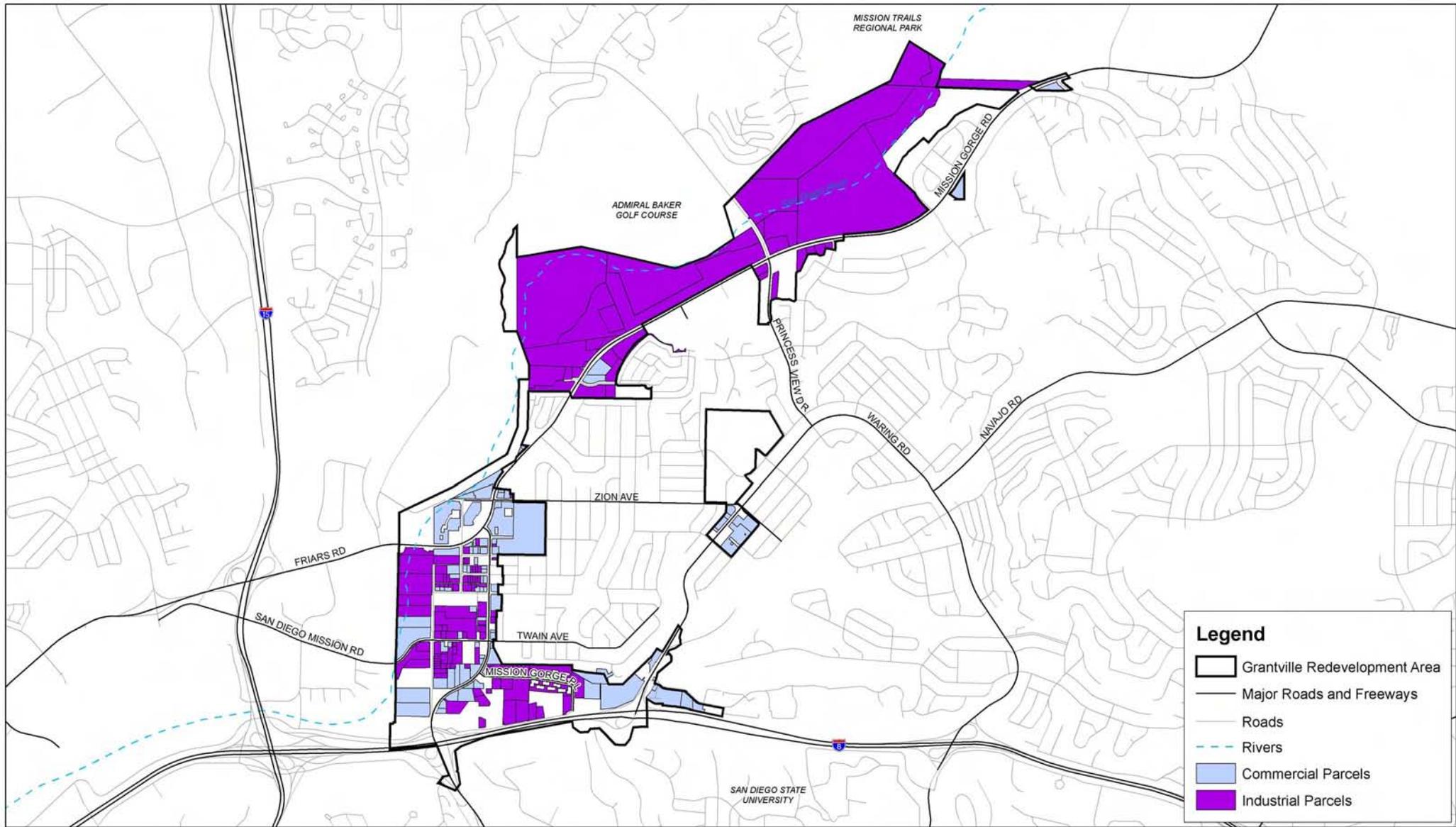
Site Size (in acres):	1.00
Commercial Acres (%)	100.0%
Residential Acres (%)	0.0%
Total Acres (%)	100.0%
Commercial Square Feet	43,569
Commercial FAR	0.75
Commercial Building (S.F.)	32,677
Number of units existing:	0.0
Number of units proposed:	0.0
Unit Size:	0

<b>PROJECT COST</b>	SF/UNITS/SP	PER SF/SP	TOTAL
ACQUISITION COSTS	43,560	\$30.00	\$1,306,800
CONTAMINATION	43,560	\$10.00	435,600
<b>TOTAL ACQUISITION COSTS</b>			<b>\$1,742,400</b>
<b>CONSTRUCTION:</b>			
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
<b>TOTAL CONSTRUCTION</b>		<b>\$10,076</b>	<b>\$3,326,069</b>
<b>TOTAL LAND &amp; CONSTRUCTION</b>			<b>\$5,068,469</b>
<b>SOFT COSTS:</b>			
	% of	\$ per Bldg.	Total
	<u>construction</u>	<u>Sq. Ft.</u>	
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
<b>TOTAL SOFT COSTS</b>	<b>22.0%</b>	<b>\$22.39</b>	<b>\$731,735</b>
<b>RESERVES:</b>			
CAPITALIZED INITIAL LOSSES	ALLOWANCE	\$0.00	-
<b>TOTAL RESERVES</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>\$0</b>
<b>FINANCING:</b>			
CONSTRUCTION FINANCING	9.6%	\$9.82	\$320,840
FINANCING FEES	1.2%	\$1.24	\$40,578
<b>TOTAL FINANCING</b>	<b>10.9%</b>	<b>\$11.06</b>	<b>\$361,418</b>
<b>TOTAL PROJECT COST</b>		<b>\$188.56</b>	<b>\$6,161,622</b>

<b>Commercial Rental Income</b>			
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)
<b>Profit/(Feasibility Gap)</b>			<b>\$140,089</b>

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

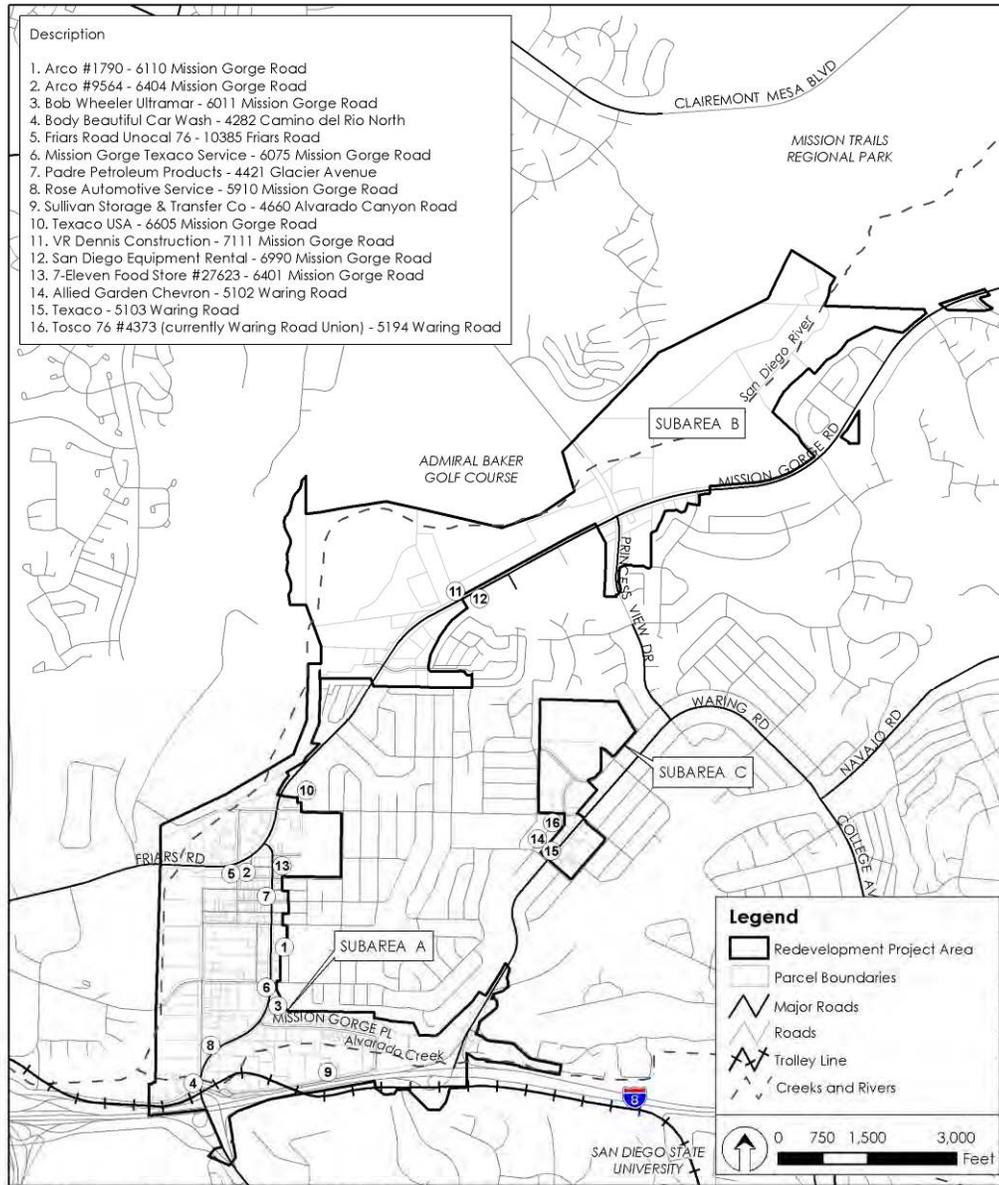


## Hazardous Materials

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

**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 <sup>1</sup> )			Potential Environmental Concern (Y/N) <sup>2</sup>	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 <sup>1</sup> )			Potential Environmental Concern (Y/N) <sup>2</sup>	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 <sup>1</sup> )			Potential Environmental Concern (Y/N) <sup>2</sup>	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 <sup>1</sup> )			Potential Environmental Concern (Y/N) <sup>2</sup>	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	<p>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.</p>
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TABLE (FROM EIR)  
Summary of Sites of Potential Environmental Concern in the Project Area

Facility	Map ID	Location (Subarea <sup>1</sup> )			Potential Environmental Concern (Y/N) <sup>2</sup>	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 <sup>1</sup> )			Potential Environmental Concern (Y/N) <sup>2</sup>	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 <sup>1</sup> )			Potential Environmental Concern (Y/N) <sup>2</sup>	Comments
		A	B	C		
Allied Garden Chevron – 5102 Waring Road	13			X	Y	<p>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.</p> <p>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.</p>

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

Facility	Map ID	Location (Subarea <sup>1</sup> )			Potential Environmental Concern (Y/N) <sup>2</sup>	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
<b>2003 Crime Rates</b>								
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
<b>Total for CT's</b>	<b>0.00</b>	<b>0.39</b>	<b>0.99</b>	<b>3.35</b>	<b>7.57</b>	<b>25.22</b>	<b>13.69</b>	<b>51.21</b>
<b>2003 Crime Rates</b>								
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**

<b>Crime</b>	<b>2003</b>	<b>2004</b>	<b>Change</b>
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%
<i>Grand Total</i>	<i>578</i>	<i>656</i>	<i>13%</i>

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 from 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.