



## PRESERVATION ACTION COUNCIL OF SAN JOSE

*Dedicated to Preserving San Jose's Architectural Heritage*



### FEASIBILITY STUDY ON ADAPTIVE REUSE OF DEL MONTE PLANT #3

*Eligible for National Register (as part of discontinuous Calpak Historic District)  
Eligible for California Register, Candidate City Landmark (87.5 points out of 134)*

April 14, 2005

Alex Marthews, Executive Director

## EXECUTIVE SUMMARY

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<b><i>Operating Deficit under Construction-Specific Alternative B</i></b>	<b>- \$ 2,665,845</b>
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*Revenue-Generating Strategies*

R1. Account for Rising Sale Prices	+ \$ 6,544,000
R2a. Maintain Existing Density and Account for Actual Existing Prices for Similar Condos in Area	+ \$ 7,136,000
R2b. Increase Density to 53 DU/AC and Account for Actual Existing Prices for Similar Condos in Area	+ \$ 1,498,000
R1 + R2a	+ \$ 14,805,000
R1 + R2b (without RDA density subsidy)	+ \$ 8,915,000

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<b><i>Operating Profit of Construction-Specific Alternative B + R1 + R2a</i></b>	<b>+ \$ 12,139,300</b>
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*Cost-Saving Strategies*

C1. Encapsulate lead paint rather than sandblasting Warehouse #3	+ \$ 75,600
C2. Eliminate skylights in Warehouse #2	+ \$ 6,000
C3a. Save part of shell of Warehouse #4 (non-historic rehabilitation)	+ \$ 1,481,000
C3b. Demolish Warehouse #4 and build townhomes instead	+ \$ 1,982,000

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<b><i>Operating Deficit of Construction-Specific Alternative B + C1, C2, C3b</i></b>	<b>- \$ 602,245</b>
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<b>Operating Profit of Construction-Specific Alternative B with:</b>	
Preservation-maximizing measures: R1 + R2a, C1	+ \$ 12,215,000
Housing-maximizing measures: R1 + R2b, C1, C2, C3a	+ \$ 7,812,000
Profit-maximizing measures: R1 + R2a, C1, C2, C3b	+ \$ 14,202,000

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## INTRODUCTION

### **To the San Jose City Council:**

On March 2, the Historic Landmarks Commission ruled unanimously in favor of preservation and reuse of the highly historically significant cannery buildings at Del Monte Plant #3 on Auzerais (District 6). On April 11, the Planning Commission approved the EIR, but unanimously denied KB Home's project, mainly because it did not involve adaptive reuse of the cannery buildings. **We request that the City Council follow the unanimous advice of both Commissions**, and save this vital part of San Jose's heritage.

At the Planning Commission's request, PAC\*SJ hired consultants and prepared an economic evaluation of the feasibility of preservation and reuse of the cannery buildings on the site, using as a base the economic information provided by KB Home itself. KB Home's initial figures indicated that the best-case preservation scenario would lead to an operating deficit of \$2.7 million. We examined their assumptions, and found flaws in them that lead to an underestimate of the profitability of reuse on the site. The figures developed in consultation with Don Todd Associates, a firm of construction cost consultants with specific experience in costing the rehabilitation of canneries for housing, indicate **an operating profit of up to \$14.2 million**. We also engaged the assistance of a professional local realtor to assess the sale prices of comparable properties.

All this means that, with PAC\*SJ's very scanty resources and with just over one month to do it, we identified nearly \$17 million in potential savings. Think what savings KB Home, with all its resources, would be motivated to find, **if they got a strong signal from the City Council that adaptive reuse was appropriate for this site**. KB Home has no direct experience in adaptive reuse projects, and will not be likely to try adaptive reuse unless the City Council shows leadership on this issue. This is even though two recent projects in former Del Monte canneries in San Jose, in Del Monte Plants #14 and #51, demonstrate the feasibility and profitable nature of reusing canneries for housing.

## SCOPE OF REVIEW

Some people have argued to us that they can't oppose the KB Home project because it is minimally compliant with City policies. However, the City's General Plan also has policies promoting preservation of historic resources with which KB Home's proposal does not comply. **KB Home has not made "every effort" to preserve these structures**: in fact, their plan has not improved one inch in preservation terms since it was presented to the community and to us. Testimony by the community at the Planning Commission hearing suggests that **KB Home never seriously entertained the idea of adaptive reuse**

in its meetings with local neighborhood associations, simply telling them that “it would all be examined in the EIR.”<sup>1</sup>

The structures on the site are extremely important to the history of this City: this is the City’s longest operating cannery, the last cannery to close in San Jose (in 1999), and the core of the neighborhood. The local neighborhood association is even called the “Del Monte Neighborhood Association.” This project presents a real opportunity to the City Council to make sure that, **if KB Home insists on retaining the site, it should be developed in a way that promotes both the City’s housing goals and historic preservation.**

We understand and support the dedication of the City Council to promoting housing downtown. We therefore specifically created a **housing-maximizing strategy** that, while somewhat less good from a preservation point of view, **adds 129 units of housing relative to KB Home’s proposal while increasing project revenue by over \$10 million.** If you find yourselves unable to recommend our preservation-maximizing strategy, please consider the housing-maximizing strategy as a way to help achieve the City’s downtown housing goals. It’s worth noting, however, that **any historic preservation strategy on this site results in at least 18 extra units of housing** relative to KB Home’s proposed project. This is one occasion where **the City Council’s goals and PAC\*’s goals are fully in line**, and point towards denial of this project.

We have identified **two revenue-generating and three cost-saving strategies** that enable KB Home to make a significant operating profit, while preserving the highly significant historic structures.<sup>2</sup> Ray Panek of KB Home testified at the Planning Commission that, in his opinion, there was no way for the Planning Commission to determine whether KB Home’s analysis or our analysis was more accurate. **If that were the case, we urge the City Council to err on the side of preserving our heritage** – though of course we believe our analysis to be an improvement on KB Home’s.

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<sup>1</sup> It has also been suggested to us that if we want the structures saved, we should simply buy the site. We understand that the City of San Jose made serious attempts to buy the option to develop the site from KB Home, but that KB Home set the price so high (at about \$30 million) that the City could not afford it. If it was too expensive for the City to do, it is not reasonable to expect a small one-employee nonprofit to come up with the money!

<sup>2</sup> We cannot assess what rate of return KB Home would get under our model, because KB Home considers information on the profitability of its own proposal to be proprietary, and has not submitted that data to the public. Hence, **neither we nor the City Council** can or should take into consideration what KB Home’s rate of return might hypothetically be. We have, through this cost study, brought the project well into the black, and demonstrated the economic feasibility of adaptive reuse on the site. That should be enough to demonstrate feasibility under CEQA.

The major reason why KB Home's economic information shows a deficit for the adaptive reuse alternatives is their **wrong assumptions about the housing market**. They assume that prices will be static in between now and when their units come onto the market.<sup>3</sup> They also measure current prices for condos inaccurately, by not using prices for condos currently on the market in the area. **Correcting just these two assumptions translates a deficit of \$2.7 million into an operating profit of over \$12 million**. Further cost savings we present could increase the operating profits to as much as **\$14.2 million**. We present three combinations of strategies, one focused on **maximizing preservation**, one on **maximizing profit**, and the third on **maximizing housing** on the site. **All three strategies result in a large operating profit**.

Our proposal **complies better with City policies and planning practices** than KB Home's, and results in a reasonable operating profit. In this situation, it is reasonable for the City Council to follow the other Commissions' unanimous advice, and deny KB Home's project on this site.

Yours truly,

Alex Marthews, Executive Director  
Preservation Action Council of San Jose.

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<sup>3</sup> We understand from KB Home that our original assumption, that the units would come onto the market in 2007, was too fast a construction schedule. However, our model actually becomes rosier if the units come online in 2008 or later, because it assumes the same percentage increment for costs and sale price. Based on KB Home's advice, we revised the figures in our analysis to assume a completion date of 2008. This means that, **since the Planning Commission ruled unanimously to deny KB Home's project, the case for the feasibility of adaptive reuse has actually grown stronger, based on KB Home's own advice**.

## REVENUE-GENERATING STRATEGIES

### Revenue Generating Strategy 1: Account for Rising Sale Prices

Commissioner Zito pointed out wisely at the Planning Commission meeting on March 9 that KB Home's economic analysis of the feasibility of adaptive reuse did not take into account expected rises in sale prices that would increase the revenues from the project when the new units came online. We worked with our consultants to work out what effect that would have, independently of other effects, on the bottom line of the project.

Assuming a very conservative 5% annual increase in property values for KB Home's types of product, a construction schedule that would bring the units onto the market in 2008, and annual cost increases of 5%, it turns out that the higher sale value of the units would result in higher revenues for KB Home of approximately **\$6,544,000**, using Construction-Specific Alternative B. **This strategy alone would bring the project well into the black.**

### Revenue Generating Strategy 2a: Maintain Existing Density and Account for Higher Existing Prices of Condos in Area

We had a realtor who works in the area examine the prices of comparable new condos in the downtown area. **KB Home appears to be understating the sale prices** of the units projected under Construction-Specific Alternative B: the sale price they give, of \$478,000, is more appropriate in this housing market for condos that are only about 1,000 square feet in size, rather than their actual mean unit size of 1,250 square feet. We provide in our attachments examples of condos of that size that are currently on sale, such as those at 90 Ryland Park Drive.

To be conservative, we are only using figures for *condos* of the mean size presented by KB Home, even though there will be some townhomes in the project that will command a premium over condo prices. **The six comparable condos of approximately 1,250 square feet being sold in the area right now have a mean sale price of \$496,133**, which we took as the revised sale price of the KB Home units for our analysis. The effect of this new number on the bottom line is dramatic, producing an improvement of **\$7,136,000**.

**Revenue Generating Strategy 2b: Increase Density on the Site to 53 DU/AC and Account for Higher Existing Prices of Condos in Area**

The zoning for this site is 40-100 DU/AC, and the density of KB Home's proposal is 40.44 DU/AC: they are coming in right at the bottom of the density range approved by the City. **By approving this project, the City would be missing out on up to 129 additional units of housing on the site** under our high-density adaptive reuse scenario, or **569 additional units of housing** under a hypothetical 100 DU/AC project, either of which would help address the housing crisis in our City.

The density of Construction-Specific Alternative B is approximately 42 DU/AC. If the density of the project is increased, that can reduce the mean square footage of the units, and also the average costs of maintaining each unit. If condos go below approximately 900 square feet, their sale price falls sharply, so we took 940 sq.ft. as our mean square footage. This allows mean density on the site to rise to 53 units per acre from the 42 units per acre in Construction-Specific Alternative B. **The mean sale price in the area of condo units of about 940 sq. ft. is \$466,944.** To be conservative, we assumed that maintenance costs for the 940 sq. ft. units would be no lower than those for the 1,250 sq. ft. units. Our consultants have also advised us that it is possible to increase the density on the non-historic portions of the site to at least this level without having to adopt further steel construction above that outlined in Alternative B, because the condos and townhomes envisioned by KB Home are already lower than the height at which steel construction methods become necessary. Under these assumptions, raising the density on the site to 53 DU/AC improves KB Home's bottom line by **\$1,498,000**, while providing **an extra 109 units of desperately needed downtown housing** for the City.

**Effect of Combining Revenue-Generating Strategies**

If we account for the real existing values of similar new condos *and* take into account that they would actually come onto the market in 2008, without increasing the density on the site (=R1+R2a), then that improves the project's profitability by **\$14,805,000**. Given that promoting housing construction near downtown is a major aim of the City of San Jose, we also present the effect of accounting for the expected increase in sale prices of 5% per year *combined with* increasing the density, assuming that RDA does not provide KB Home or another developer with a density bonus for adding these units. These combined measures would improve the project's profitability by **\$8,915,000**.

## COST-SAVING STRATEGIES

### Cost-Saving Strategy 1: Encapsulate lead paint rather than sandblasting Warehouse #3.

There is no indication in the environmental documentation that the lead paint on warehouse #3 is in a serious enough condition that encapsulation cannot be used rather than sandblasting to mitigate adverse health impacts. If that is indeed the case, and encapsulation is safe to use instead, it would save **\$72,600**.

### Cost-Saving Strategy 2: Eliminate skylights in Warehouse #2.

The skylights listed as an addition to Warehouse #2 may not be needed in order to introduce light into the loft units. If that is indeed the case, it would save **\$6,000**.

### Cost-Saving Strategy 3a: Save shell of Warehouse #4 (non-historic rehabilitation)

In general, historic buildings should be treated in accordance to the Secretary of the Interior's *Standards for the Treatment of Historic Properties*. Retaining a building's historically significant features is the best way to preserve its long-term value. However, if we look **purely at the short-term and at the bottom line for KB Home** rather than for the broader community, then it would be possible to save the southern portion of the shell of Warehouse #4 while not preserving its historically significant features to the extent demanded by the *Standards*.

This strategy consists of the following measures:

- Replace Windows in Warehouse #4 with Ordinary Windows (Not Historically Appropriate Windows); Delete "Special Function" Windows + \$ 671,000
- Reduce Metal Storefronts by 25% + \$ 500,000
- Reduce Ornamental Iron by 50% + \$ 220,000
- Use Concrete in lieu of Brick Pavers + \$ 79,000
- Use Canvas Awning in lieu of Metal Canopies + \$ 11,000

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<b>Cost-Saving Strategy 3a Total</b>	<b>\$ 1,481,000</b>
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**Cost-Saving Strategy 3b: Demolish Warehouse #4 and build townhomes instead**

We were specifically asked by the Planning Commission to examine the effect of not demolishing Warehouse #4 and building townhomes instead. Warehouse #4 contains 93 loft units under Construction-Specific Alternative B, and its site could fit 75 townhomes if it were demolished. Taking into account cost of demolition, and assuming that the profit on 75 townhomes is equal to the profit on 93 loft units, DTA determined that the cost saving under this strategy would be **\$1,982,000**. The demolition of Warehouse #4 would mean that there is a significant unmitigated impact to historic structures on the site, but if the additional cost saving of C3b over C3a (non-historic rehabilitation) would enable the preservation of Warehouses #2 and #3, then the Planning Commission might decide to recommend this option. This strategy consists of the following measures:

- Delete Alternative B cost of constructing 93 loft units in Warehouse #4 + \$ 29,769,000
- Demolish Warehouse #4 - \$ 2,475,000
- Construct 75 townhomes on site of Warehouse #4 - \$ 25,312,500

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<b>Cost-Saving Strategy 3b Total</b>	<b>\$ 1,982,000</b>
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**CONCLUSION**

I would like to conclude by thanking the City Council for their patience on this issue. In one month, with our very scanty resources, we have identified **\$14.2 million** in savings for KB Home. Surely KB Home, with its infinitely greater resources, would be able to identify even more, **if they were motivated to do so by a signal from you that adaptive reuse would be an appropriate use of this site**. KB Home's contention that adaptive reuse is infeasible on this site is belied by the **successful and profitable adaptive reuses of Del Monte canneries elsewhere in San Jose**. We urge you to follow good planning practice, and to use our careful and conservative analysis to recommend a project that benefits preservation and housing more than theirs does.

## APPENDIX A

This appendix contains the spreadsheets provided by our consultants, from which we derive the figures for our revenue-generating and cost-saving strategies. Each spreadsheet is associated with one of the strategies, and is numbered accordingly.

### Spreadsheet R1: Account for Rising Sale Prices

All figures in this spreadsheet are taken from the economic information provided by KB Home. The only changes are that variable cost per unit and sale price are both assumed to rise by 5% per year. Given that the housing market has been rising far more sharply than that, at roughly 20% per year, this represents an extremely conservative assumption.

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#### **Impact of Increased Sale Prices and Costs on Project Feasibility**

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	R1
Total Units	403
Site Size	9.7
Density (units/acre)	42
Sale Price (a)	\$553,838
Land per Unit (b)	\$73,282
Variable Cost per Unit less Land (c)	\$434,571
Total Variable Cost per Unit	\$507,854
Profit per Unit	\$45,984
Operating Expenses per Unit	\$36,360
Operating Income per Unit	\$9,624
Total Operating Income	\$3,878,579

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Notes:

- |  |              |                             |    |               |
|--|--------------|-----------------------------|----|---------------|
| (a) Assumes 2005 sale price of                       | \$478,426    | and annual appreciation of  | 5% | through 2008. |
| (b) Assumes total land value of                      | \$29,532,793 |                             |    |               |
| (c) Assumes 2005 Variable Cost Per Unit less Land of | \$375,399    | and annual cost increase of | 5% | through 2008. |

**Spreadsheet R2a: Maintain Existing Density and Account for Actual Existing  
Prices for Similar Condos in Area**

Relative to Spreadsheet R1, the sale price in assumption (a) is increased to \$496,133, based on a professional realtor's examination of comparable properties, defined as condos of an average of 1,250 square feet (see Appendix B, List of Comparable Properties.)

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**Impact of Increased Sale Prices and Costs on Project Feasibility**

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	R2a
Total Units	403
Site Size	9.7
Density (units/acre)	42
Sale Price (a)	\$496,133
Land per Unit (b)	\$73,282
Variable Cost per Unit less Land (c)	<u>\$375,399</u>
Total Variable Cost per Unit	\$448,681
Profit per Unit	\$47,452
Operating Expenses per Unit	\$36,360
Operating Income per Unit	\$11,092
Total Operating Income	\$4,469,929

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Notes:

(a) Assumes 2005 sale price of	\$496,133	and annual appreciation of	0%	through 2008.
(b) Assumes total land value of	\$29,532,793			
(c) Assumes 2005 Variable Cost Per Unit less Land of	\$375,399	and annual cost increase of	0%	through 2008.

**Spreadsheet R2b: Increase Density to 53 DU/AC and Account for Actual Existing Prices for Similar Condos in Area**

Relative to Spreadsheet R2a, the sale price is reduced to \$466,944, based on a professional realtor’s examination of comparable properties, defined as condos of an average of 940 square feet (see Appendix B, List of Comparable Properties.) This enables an increase in density to 53 DU/AC, resulting in 109 additional units of housing relative to Construction-Specific Alternative B and 129 additional units of housing relative to KB Home’s proposal.

	<b>Construction-specific Alternative B</b>	<b>R2b</b>
Total Units	403	514
Site Size	9.7	9.7
Density (units/acre)	42	53
Sale Price	\$478,426	\$466,944
Land per Unit (a)	\$73,282	\$57,457
Variable Cost per Unit less Land	<u>\$375,399</u>	<u>\$375,399</u>
Total Variable Cost per Unit	\$448,681	\$432,856
Profit per Unit	\$29,745	\$34,088
Operating Expenses per Unit	\$36,360	\$36,360
Operating Income per Unit	(6,615)	(2,272)
Total Operating Income	(\$2,665,845)	(\$1,167,703)
<b>Notes:</b>		
(a) Assumes total land value of	\$29,532,793	

## Spreadsheets Combining Revenue-Generating Strategies: R1 + R2a, R1 + R2b

### **Impact of Increased Sale Prices and Costs on Project Feasibility**

	<b>R1</b>
Total Units	403
Site Size	9.7
Density (units/acre)	42
Sale Price (a)	\$574,336
Land per Unit (b)	\$73,282
Variable Cost per Unit less Land (c)	\$434,571
Total Variable Cost per Unit	\$507,854
Profit per Unit	\$66,482
Operating Expenses per Unit	\$36,360
Operating Income per Unit	\$30,122
Total Operating Income	\$12,139,300
Net improvement over KB Home's Construction-Specific Alternative B	\$14,805,145

**Notes:**

- |  |                                       |                  |
|--|---------------------------------------|------------------|
| (a) Assumes 2005 sale price of                       | \$496,133 and annual appreciation of  | 5% through 2008. |
| (b) Assumes total land value of                      | \$29,532,793                          |                  |
| (c) Assumes 2005 Variable Cost Per Unit less Land of | \$375,399 and annual cost increase of | 5% through 2008. |

### **Impact of Increased Density and Sale Price on Project Feasibility**

	<b>R1 + R2b</b>
Total Units	514
Site Size	9.7
Density (units/acre)	53
Sale Price (a)	\$540,546
Land per Unit (b)	\$57,457
Variable Cost per Unit less Land (c)	\$434,571
Total Variable Cost per Unit	\$492,028
Profit per Unit	\$48,518
Operating Expenses per Unit	\$36,360
Operating Income per Unit	\$12,158
Total Operating Income	\$6,249,204
Net improvement over KB Home's Construction-Specific Alternative B	\$8,915,049

**Notes:**

- |  |                                       |                  |
|--|---------------------------------------|------------------|
| (a) Assumes 2005 sale price of                       | \$466,944 and annual appreciation of  | 5% through 2008. |
| (b) Assumes total land value of                      | \$29,532,793                          |                  |
| (c) Assumes 2005 Variable Cost Per Unit less Land of | \$375,399 and annual cost increase of | 5% through 2008. |

**Spreadsheet C3a: Save Shell of Warehouse #4 Only (Non-Historic Rehabilitation)**

This spreadsheet contains the full list of possible cost-saving options provided by Don Todd Associates. Not removing the underground storage tank was later determined to be infeasible based on the EIR analysis. When this spreadsheet refers to “Preserve Warehouse 2 & 3 Only”, it means that only Warehouses #2 and #3 would undergo restoration to the Secretary of the Interior’s Standards for the Treatment of Historic Properties.

**DEL MONTE PLANT #3  
WAREHOUSE REUSE**

**Prepared By: Don Todd Associates  
Date: 4/7/2005**

**POSSIBLE COST REDUCTION ITEMS - DIRECT CONSTRUCTION COSTS ONLY**

DESCRIPTION	BUILDING 2	BUILDING 3	BUILDING 4	TOTAL
1. DELETE MASONRY SANDBLAST		-126,000		-126,000
LEAVE UNDERGROUND STORAGE TANK IN-				
2. PLACE			-950,000	-950,000
PRESERVE WAREHOUSE 2 & 3 ONLY:				
3. REPLACE WINDOWS IN 4A & 4B IN LIEU OF HISTORIC REFURBISH			-266,000	-266,000
4. DELETE SPECIAL FUNCTION WINDOWS (IF RELATED TO HISTORIC PRESERVATION)			-405,000	-405,000
5. DELETE COST PREMIUM FOR EXTERIOR PLASTER HISTORIC REFURBISH			-346,000	-346,000
6. USE CONCRETE IN LIEU OF BRICK PAVERS			-79,000	-79,000
7. REDUCE METAL STOREFRONTS BY 25%, INCREASE EXTERIOR LATH & PLASTER			-499,000 346,000	-499,000 346,000
8. USE CANVAS AWNING IN LIEU OF METAL CANOPIES			-11,000	-11,000
9. DELETE SKYLIGHTS	-6,000			-6,000
10. REDUCE ORNAMENTAL IRON BY 50%			-220,000	-220,000
11. USE PREFAB'D METAL STAIR WITH CONCRETE THREADS IN LIEU OF CAST IN PLACE			-34,000	-34,000
<b>TOTALS</b>	<b>-6,000</b>	<b>-126,000</b>	<b>-2,464,000</b>	<b>-2,596,000</b>

**NOTES:**

1. COSTS OF BUILDING ITEMS INCLUDE MARK-UPS AND ARE BASED ON GARDEN CITY CONSTRUCTION COST ESTIMATE. (REFERENCE 12/31/04 MEMO WITH ATACHEMENTS FROM JAMES SALATA TO DENISE CUNNINGHAM)
2. COST OF UNDERGROUND TANK REMOVAL PER PACIFIC ESTATES ENVIRONMENTAL CONTRACTORS. (REFERENCE 12/12/04 EMAIL FROM PETE TIMMERMAN TO PAUL MEDEIROS)

## Spreadsheet C3b: Demolish Warehouse #4 and Build Townhomes Instead

DEL MONTE PLANT #3  
WAREHOUSE REUSE WITH REMOVAL OF WAREHOUSE #4

Prepared By: Don Todd Associates  
Date: 4/7/2005

**POSSIBLE COST ALTERNATIVE - ALTERNATIVE B, BUT REMOVE WH #4, REUSE WH #2 & #3, REMOVE WH #4, PLUS OTHER COST REDUCTION ITEMS**

DESCRIPTION	BUILDING 2	BUILDING 3	BUILDING 4	TOTAL
1. DELETE MASONRY SANDBLAST, ENCAPSULATE LEAD PAINT @ BUILDING 3		-50,000		-50,000
2. DEMOLISH WH # 4 STRUCTURE & FOUNDATION (APPROX. 165000SF)			2,475,000	2,475,000
CONSTRUCT HOUSING UNITS @ WH #4 SITE ( 75 SINGLE FAMILY ATTACHED 2-BR TOWNHOME UNITS, 1500 SF/EACH)			25,312,500	25,312,500
DELETE ALT. B COST FOR BUILDING 4 UNITS, (93 EA.) - PER GARDEN CITY ESTIMATE			-29,769,000	-29,769,000
3. DELETE SKYLIGHTS FROM BUILDING 2	-6,000			-6,000
TOTAL DIRECT CONSTRUCTION COST				-2,037,500

**NOTES:**

1. COST OF BUILDING A & B; 4-STORY CONDOMINIUM BUILDING & 8-STORY TOWER REMAIN THE SAME AS IN ALTERNATIVE B.

**APPENDIX B**  
**List of Comparable Properties**

**Comparable Properties at 53 DU/AC (940 square feet)**

The only comparable properties currently on sale in or near downtown San Jose are at 20 Ryland Park Drive.



**20 RYLAND PARK DR**

**Status:** 5-Sold

**Common Interest Development**

**Area:** 9 CENTRAL SAN JOSE

**CrossStreet:** 1ST STREET

**City:** San Jose

**Zip:** 95110

**List Price:** \$ 454,888

**List Date:** 2/10/2005

**Orig Price:** \$ 454,888

**Sold Date:** 2/17/2005

**Sold Price:** \$ 464,888

**COE Date:** 3/16/2005

**Virtual Tour Link:** [http://www.lastcut.com/realestate/20\\_Ryland\\_Park.wmv](http://www.lastcut.com/realestate/20_Ryland_Park.wmv)

**HOA \$:** 180

**DOM:** 7

**Beds #:** 1

**Baths #:** 1.5

**SqFt:** 950

**Age:**

Approximate Room Sizes And Descriptions

**Beds:** 1 Bedroom, 1 Master Bedroom Suite, Loft Bedroom  
**Baths:** 1&1/2 Bathrooms, 1 Shower over Tub, 1 Tub  
**Fireplace Desc:** No Fireplace  
**Family Room:** Breakfast Bar, No Formal Dining Area

**Other Area:** Laundry Area - Inside, Loft

General Information

**Page Num:**    **Horizontal:**    **Vertical:**    **Thomas Bros Page:**  
**Builder:** PULTE    **Complex Name:** COLLEGE PARK

**Stories:** Condominium, Condominium Ownership, 26-50 Units, Low Rise (1-3 Stories)

**View:** View of City Lights

**Elementary Sch:**    **Middle Sch:**    **High Sch:**    **Grade Sch Dist:**    **High Sch Dist:**

Property Features

**Garage Parking:** 1 Car Garage,    **Roof:** Composition Roof  
Underground Parking

**Foundation:** Concrete Perimeter, Concrete Slab, Hardwood Floors, Tile Floors, Granite Floors  
**Home Owners Protection Plan:** No Home Warranty, Ceilings Insulated, Walls Insulated

**Complex Features:** Security Building, Security Gates  
**Listing Incl:** Built-In Oven/Range Combo, Self Cleaning Oven, Microwave Oven, 1 Dishwasher, Disposal, 1 Refrigerator, Washer, Dryer, Window Coverings, Other Included Property

**Cool:** Central Forced Air Heat, Central Air Conditioning  
**Amenities:** Balcony/Patio, Fire Sprinkler System, Vaulted/Cathedral Ceiling, High Ceilings, Double Pane Windows

**Insurance Incl:** Liability

**Association Fee Incl:** Garbage, Roof, Exterior Painting, Landscaping/Gardening, Reserve Fund

**Earthquake Fault Zone:** Fault Zone-See Report, Flood Zone-See Report  
Remarks

VERY CHIC 1 YEAR OLD CITY-STYLE FORMER COLLEGE PARK MODEL!  
COMES FULLY FURNISHED WITH MODEL FURNITURE!GLEAMING  
GRANITE,SOARING CELINGS!TOP FLOOR PRIVATE BALCONY! TILE,  
HARDWOOD, EXECUTIVE DREAM HOME!OPEN SAT AND SUN 1:30-4:30

Financial Information

**Existing Financing:** Conventional Loan    **For Broker Use Only:** Exclusive Right to Sell(ER), Photo Submitted

**Term:** All Cash or Conventional, Negotiate Possession

**Association Documents:** Pest Control Report, Preliminary Title Report, Real Estate Transfer Disclosure Statement, No Association Documents

**City Transfer Tax:** Y    **Taxes:** \$2,202

**County:**    **MLS:** 506395    **Parcel Num:** 259-55-019



Uncovered Parking, Electric Door or Gate Opener

**Foundation:** Concrete Perimeter

**Home Owners Protection Plan:** Low-Flow Toilet, Ceilings Insulated, Walls Insulated

**Complex Features:** Children"s Play Area

**Listing Incl:** Free Standing Range/Oven, Microwave Oven, 1 Dishwasher, Disposal, 1 Refrigerator

**Cool:** Gas Heat, Central Forced Air Heat, Central Air Conditioning

**Amenities:** Balcony/Patio

**Insurance Incl:** Commn Area Only

**Association Fee Incl:** Garbage, Roof

**Earthquake Fault Zone:** No-Fault Zone, No-Flood Zone

Remarks

BAYEAST/PRUDENTIAL/40066807\*BEAUTIFUL CONDO LOFT WITH MANY UPGRADES.BUILT IN SURROUND SOUND.CALIF CLOSETS,GRANITE COUNTER&ISLAND HARDWD FLOOR,BERBER CARPET EXTRA FLOOR OUTLETS.CEILING FAN,A/C,UPGRADE PAINT&FRIDGE.

Financial Information

**Existing Financing:** Conventional Loan

**For Broker Use Only:** Exclusive Right to Sell(ER)

**Term:** All Cash or Conventional, Possession at COE

**Association Documents:** By-Laws, CC&R's, Current Financial Statement

**City Transfer Tax:** Y **Taxes:** \$1,197

**County:**

**MLS:** 512087

**Parcel Num:** 259-55-027

**Comparable Properties at 42 DU/AC (1250 square feet)**

A variety of comparable properties are currently on sale in the area at this mean square footage. The mean sale price of these properties is \$496,133.

**400 N 1ST ST**



Image 1

**Status:** 1-Active  
**Common Interest Development**  
**Area:** 9 CENTRAL SAN JOSE  
**CrossStreet:** BASSETT  
**City:** San Jose      **Zip:** 95112  
**List Price:** \$ 439,915    **List Date:** 4/1/2005  
**Orig Price:** \$ 439,915   **Sold Date:**  
**Sold Price:** \$            **COE Date:**  
**Virtual Tour Link:**  
**HOA \$:** 356                **DOM:** 8  
**Beds #:** 1                    **Baths #:** 1.5  
**SqFt:** 1,292                **Age:** 5  
**Lot Size:**  
**Lot Desc:**  
**Style:**

**Approximate Room Sizes And Descriptions**

**Beds:** 1 Bedroom, 1 Master Bedroom Suite    **Baths:** 1&1/2 Bathrooms, 1 Shower over Tub, 1 Tub, Tub in Master Bedroom  
**Fireplace Desc:** No Fireplace                **Family Room:** No Family Room, Living Rm/Dining Rm Combo, Utility Room

**Other Area:** Laundry Area - Inside, Formal Entry, Extra Storage

**General Information**

**Page Num:** 55    **Horizontal:** 38    **Vertical:** 68    **Thomas Bros Page:**  
**Builder:** SWENSON                                **Complex Name:** RYLAND MEWS  
**Stories:** Townhouse, Condominium Ownership, More than 100 Units, Mid Rise (4-8 Stories)  
**View:** Neighborhood View, View of City Lights  
**Elementary Sch:**    **Middle Sch:**    **High Sch:**    **Grade Sch Dist:** 482    **High Sch Dist:**

**Property Features**

**Garage Parking:** 1 Car Garage, Detached    **Roof:**  
Parking, Underground Parking, Electric  
Door or Gate Opener  
**Foundation:** Concrete Slab, Wall to Wall    **Home Owners Protection Plan:** Home Warranty Provided by Seller, Weather Stripped Doors, Low-Flow Shower Head, Low-Flow Toilet, Ceilings Insulated, Walls Insulated, Insulation Per Owner

**Complex Features:** Complex Pool, Complex Spa, Clubhouse/Recreation Room, Cable TV, Additional Storage, Security Building, Security Gates

**Cool:** Electric Heat, Central Air Conditioning

**Listing Incl:** Free Standing Range/Oven, Microwave Oven, 1 Dishwasher, Disposal, 1 Refrigerator, Washer, Dryer, Window Coverings

**Amenities:** Balcony/Patio, 220 Volts in Kitchen, 220 Volts in Laundry Area, Gas Water Heater, Cable TV Available, Fire Sprinkler System, Ceiling Fan(s), Security Fence/Perimeter, Vaulted/Cathedral Ceiling, High Ceilings, Double Pane Windows

**Insurance Incl:** Commn Area Only, Liability, Earthquake

**Association Fee Incl:** Water, Hot Water, Garbage, Roof, Fencing, Exterior Painting, Landscaping/Gardening, Pools, Spa, or Tennis, Professional Management, Common Area Electricity, Reserve Fund

**Earthquake Fault Zone:** No-Fault Zone, Fault Zone-See Report, No-Flood Zone, Flood Zone-See Report

Remarks

EXECUTIVE TOWNHOUSE STYLE CONDO IN THE HEART OF THE CITY!  
STUNNING CITY LIGHTS VIEWS FROM PRIVATE PATIO. INVERTED FLOOR  
PLAN IN THIS SUPER CLEAN UNIT!! 1 PKG SPACE, EXTRA STORAGE,  
CENTRAL A/C. CONVENIENT LOCATION TO EVERYTHING!!!

Financial Information

**Existing Financing:** Conventional Loan, 2nd Loan  
**For Broker Use Only:** Exclusive Right to Sell(ER)  
Not Assumable

**Term:** All Cash or Conventional, Possession at COE

**Association Documents:** Geological/Flood Report, Preliminary Title Report, Real Estate Transfer Disclosure Statement, CC&R's

**City Transfer Tax:** Y **Taxes:** \$3,556

**County:**

**MLS:** 516157

**Parcel Num:** 249-73-149

**729 BONITA AV**

**Status:** 3-Pending Show

**Common Interest Development**

**Area:** 9 CENTRAL SAN JOSE

**CrossStreet:** Appian

**City:** San Jose **Zip:** 95116

**List Price:** \$ 445,000 **List Date:** 3/31/2005

**Orig Price:** \$ 445,000 **Sold Date:** 4/6/2005

**Sold Price:** \$ **COE Date:** 4/29/2005

**Virtual Tour Link:**

**HOA \$:** 125 **DOM:** 6

**Beds #:** 3 **Baths #:** 2.5

**SqFt:** 1,231 **Age:**

**Lot Size:**

**Lot Desc:**

**Style:**

Approximate Room Sizes And Descriptions

**Beds:** 3 Bedrooms

**Baths:** 2&1/2 Bathrooms, 1 Stall Shower, 1 Shower over Tub, 1 Tub

**Fireplace Desc:** No Fireplace

**Family Room:** Eat in Kitchen, No Formal Dining Area

**Other Area:** Laundry Area - Inside

General Information

**Page Num:** 43 **Horizontal:** 42 **Vertical:** 69 **Thomas Bros Page:**

**Builder:** Falk

**Complex Name:** Bonita Villas

**Stories:** Townhouse, Planned Development, 26-50 Units, Low Rise (1-3 Stories)

**View:** Neighborhood View

**Elementary Sch:** **Middle Sch:** **High Sch:** **Grade Sch Dist:** **High Sch Dist:**

Property Features

**Garage Parking:** No Garage/Carport, Uncovered Parking, Off Street Parking

**Roof:** Composition Roof

**Foundation:** Concrete Slab, Wall to Wall Carpeting, Tile Floors

**Home Owners Protection Plan:** No Home Warranty, Insulated Hot Water Heater, Ceilings Insulated, Walls Insulated, Insulation Per Owner

**Complex Features:**

**Listing Incl:** Built-In Oven/Range Combo, Self Cleaning Oven, Microwave Oven, 1 Dishwasher, Disposal

**Cool:** Gas Heat, Central Forced Air Heat, Central Air Conditioning

**Amenities:** 220 Volts in Kitchen, 220 Volts in Laundry Area, Gas Water Heater, Cable TV Available, Fire Sprinkler System, Double Pane Windows

**Insurance Incl:** Unit Coverage

**Association Fee Incl:** Roof, Landscaping/Gardening, Professional Management

**Earthquake Fault Zone:** Fault Zone-See Report, Flood Zone-See Report

Remarks

OH 4/2\* Wow! Brand new constr\*Sharp\*grt for 1st time buyer\*Light & Bright\* 9 ft celngs\*Quality Frigidaire applnces\*Central A/C\*Tile cntrs\*40 year roof\* Pvt rear yard w/redwd fences\*dbl pane winds\*inside laundry\*energy svng feat

Financial Information

**Existing Financing:** Conventional Loan **For Broker Use Only:** Exclusive Right to Sell(ER), No Photo

**Term:** All Cash or Conventional, Possession at COE

**Association Documents:** Geological/Flood Report, Preliminary Title Report, Real Estate Transfer Disclosure Statement, Articles of Incorporation, By-Laws, CC&R's, Current Budget, Current Financial Statement

**City Transfer Tax:** Y **Taxes:** \$4,812

**County:** **MLS:** 515813 **Parcel Num:** 472-40-021

**Status:** 5-Sold

**581 MANZANA PL**

**Common Interest Development**

**Area:** 9 CENTRAL SAN JOSE

**CrossStreet:** 8th Street

**City:** San Jose **Zip:** 95112

**List Price:** \$ 485,900 **List Date:** 10/24/2004

**Orig Price:** \$ 499,900 **Sold Date:** 1/3/2005

**Sold Price:** \$ 496,750 **COE Date:** 2/11/2005

**Virtual Tour Link:**

**HOA \$:** **DOM:** 71

**Beds #:** 1 **Baths #:** 2

**SqFt:** 1,336 **Age:**

**Lot Size:**

**Lot Desc:**

**Style:**

Approximate Room Sizes And Descriptions

**Beds:** 1 Bedroom, 1 Master Bedroom Suite, **Baths:** 2 Bathrooms, 2 or More Stall

Loft Bedroom Showers, No Tub

**Fireplace Desc:** No Fireplace **Family Room:** Separate Family Room, Breakfast Nook, No Formal Dining Area, Den or Study

**Other Area:** Laundry Area - Inside, Extra Storage, Pantry, Loft

General Information

**Page Num:** **Horizontal:** **Vertical:** **Thomas Bros Page:**

**Builder:** Pulte Homes **Complex Name:**

**Stories:** Townhouse, Condominium Ownership, More than 100 Units, Low Rise (1-3

Stories)

**View:** Neighborhood View

**Elementary Sch:**    **Middle Sch:**    **High Sch:**    **Grade Sch Dist:**    **High Sch Dist:**

Property Features

**Garage Parking:** Uncovered    **Roof:** Wood Roof, Foam Roof  
Parking

**Foundation:** Concrete Slab    **Home Owners Protection Plan:** Home Warranty  
Provided by Seller, Weather Stripped Doors, Insulated  
Hot Water Heater, Low-Flow Shower Head, Low-Flow  
Toilet, Caulked & Sealed Openings, Ceilings Insulated,  
Walls Insulated

**Complex Features:** Green    **Listing Incl:** Free Standing Range/Oven, Self Cleaning  
Belt/Trails    Oven, Microwave Oven, 1 Dishwasher, Disposal

**Cool:** Central Forced Air Heat,    **Amenities:** Balcony/Patio, 220 Volts in Kitchen, 220  
Steam or Hot Water, Central Air    Volts in Laundry Area, Skylight(s), Fire Sprinkler  
Conditioning    System, Central Fire Alarm, Double Pane Windows

**Insurance Incl:** Liability

**Association Fee Incl:** Garbage, Roof, Exterior Painting, Landscaping/Gardening,  
Professional Management

**Earthquake Fault Zone:** No-Fault Zone, Fault Zone-See Report, No-Flood Zone, Flood  
Zone-See Report

Remarks

Beautiful home in heart of JapanTown.Loaded w/ upgraded carpet,gran.kit.ctr    Historical  
brick bldg. Will not last. One of two available    Seller to pay \$8,000 towards closing costs  
Financial Information

**Existing Financing:** No First    **For Broker Use Only:** Exclusive Right to Sell(ER), No  
Loan    Photo

**Term:** All Cash or Conventional, Possession at COE

**Association Documents:** Geological/Flood Report, Preliminary Title Report, Articles of  
Incorporation, By-Laws, CC&R's, Current Budget

**City Transfer Tax:**    **Taxes:** \$

**County:**    **MLS:** 430482    **Parcel Num:** 249-36-154

**Status:** 5-Sold

**383 RACE ST**

**Common Interest Development**

**Area:** 9 CENTRAL SAN JOSE  
**CrossStreet:** san carlos  
**City:** San Jose      **Zip:** 95126  
**List Price:** \$ 540,000    **List Date:** 2/1/2005  
**Orig Price:** \$ 540,000    **Sold Date:** 2/3/2005  
**Sold Price:** \$ 540,000    **COE Date:** 2/2/2005  
**Virtual Tour Link:**  
**HOA \$:**                      **DOM:** 2  
**Beds #:** 3                      **Baths #:** 2.5  
**SqFt:** 1,216                  **Age:** 2  
**Lot Size:**  
**Lot Desc:**  
**Style:**

Approximate Room Sizes And Descriptions

**Beds:** 3 Bedrooms                                      **Baths:** 2&1/2 Bathrooms, 1 Stall Shower, 2  
or More Tubs  
**Fireplace Desc:** No Fireplace                      **Family Room:** No Family Room, No  
Formal Dining Area

**Other Area:**

General Information

**Page Num:**    **Horizontal:**    **Vertical:**    **Thomas Bros Page:**  
**Builder:**                                      **Complex Name:**  
**Stories:** Townhouse, Condominium Ownership  
**View:**  
**Elementary Sch:**    **Middle Sch:**    **High Sch:**    **Grade Sch Dist:**    **High Sch Dist:**  
Property Features  
**Garage Parking:** 2 Car Garage                      **Roof:**  
**Foundation:**                                      **Home Owners Protection Plan:** Home  
Warranty Provided by Seller  
**Complex Features:**                                      **Listing Incl:** Cooktop Range, Built-In Oven  
**Cool:** Electric Heat, Central Air                      **Amenities:**  
Conditioning  
**Insurance Incl:** Unit Coverage  
**Association Fee Incl:** Common Area Electricity  
**Earthquake Fault Zone:** Fault Zone-See Report, Flood Zone-See Report  
Remarks

Financial Information

**Existing Financing:** Conventional      **For Broker Use Only:** Exclusive Right to  
Loan                                      Sell(ER)  
**Term:** All Cash or Conventional  
**Association Documents:** Articles of Incorporation  
**City Transfer Tax:**    **Taxes:** \$  
**County:**                  **MLS:** 505191                  **Parcel Num:** 264-13-067



Landscaping/Gardening

**Earthquake Fault Zone:** Fault Zone-See Report, Flood Zone-See Report

Remarks

Beautiful new luxury Townhome heart of San Jose, Granite countertop/flooring cultured marble bathrooms/ marble flooring, stainless steel appliances, two tone paint, surround sound and high speed capability, All today's needs

Financial Information

**Existing Financing:** Conventional Loan

**For Broker Use Only:** Exclusive Right to Sell(ER)

**Term:** All Cash or Conventional

**Association Documents:** CC&R's

**City Transfer Tax: Taxes:** \$

**County: MLS:** 515460

**Parcel Num:** 261-03-032