

RESOLUTION NUMBER R- 300392

ADOPTED ON MAY 03 2005

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO ADOPTING WRITTEN FINDINGS IN RESPONSE TO EACH WRITTEN OBJECTION OF AN AFFECTED PROPERTY OWNER OR TAXING ENTITY TO THE PROPOSED REDEVELOPMENT PLAN FOR THE GRANTVILLE REDEVELOPMENT PROJECT .

WHEREAS, the Redevelopment Agency of the City of San Diego (Agency) has prepared and submitted to the Council of the City of San Diego (Council) the proposed Redevelopment Plan for the Grantville Redevelopment Project (Project); and

WHEREAS, the proposed Redevelopment Plan conforms to the requirements of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*); and

WHEREAS, after due notice as provided by the California Community Redevelopment Law, a joint public hearing was held by the Council and the Agency to consider the proposed Redevelopment Plan; and

WHEREAS, any and all persons and organizations having any objections to the proposed Redevelopment Plan or who deny the existence of blight in the Project Area, or the regularity of the prior proceedings, were given an opportunity to submit written comments prior to the joint public hearing, and to give written or oral testimony at the joint public hearing, and show cause why the proposed Redevelopment Plan for the Project should not be adopted; and

WHEREAS, the Council has considered and evaluated all evidence and testimony for and against the adoption of the proposed Redevelopment Plan, including, among other things, the Report of the Agency to the Council on the Project; and

WHEREAS, the Council has prepared written findings in response to each written objection of an affected property owner or taxing entity as provided for in Section 33363 of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.);

NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that this Council hereby adopts the written findings contained in Attachment   A   (attached hereto and incorporated herein by this reference) as its response to the written objections delivered or presented in connection with its hearing on the proposed Redevelopment Plan for the Grantville Redevelopment Project

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By           *Rachel H. Witt*            
Rachel H. Witt  
Deputy City Attorney

RHW:mm  
04/07/05  
Or.Dept: C&ED  
R-2005-1048  
MMS#1727  
Companion to RA-2005-124,125,126 and 127

## ATTACHMENT A

### GRANTVILLE REDEVELOPMENT PROJECT RESPONSES TO WRITTEN OBJECTIONS

Pursuant to California Redevelopment Law ("CRL") Section 33363 the Agency shall respond in writing to the written objections received prior or at the public hearing on the Grantville Redevelopment Plan. The written responses must describe the disposition of the issues raised. The legislative body shall address the written objections in detail, giving reasons for not accepting specified objections and suggestions. The legislative body shall include a good-faith, reasoned analysis in its response and, for this purpose; conclusionary statements unsupported by factual information shall not suffice. In the following responses, the Report to the City Council on the Grantville Redevelopment Project is referred to as the "Report," and the response to the County of San Diego's objections are referred to as the "County Response."

#### **OBJECTIONS FROM THE COUNTY OF SAN DIEGO**

The County's submittal is summarized in eight objections (listed on page 1), and the backup to those objections follow. This response is organized to address each of the eight objections (shown in **BOLD**) and the backup related thereto.

**1. There is no basis for a finding of either physical blight or economic blight as defined in the CRL.**

The County indicates that the legal requirement of blight has not been met because there are many new, modern projects throughout the Project Area which shows that current conditions are not preventing or substantially hindering development in the area. The County presents photographs of approximately 36 parcels in the Project Area, and four photographs of parcels outside of the Project Area as evidence. The Agency has based its findings of blight on a combination of a parcel-by-parcel survey of the Project Area, and research of crime, lease rates, and other area-wide indicators. Comparing the Agency's parcel-by-parcel survey of the area with the examples of "new and modern projects" provided by the County shows that in many cases, the parcel-by-parcel survey also concluded that these parcels did not exhibit blighting conditions. In fact, of the 36 parcels portrayed by the County, the Agency's survey showed 6 with no blighting conditions, 18 with access, parking, or outdoor debris, storage or production. Of the 12 remaining, the County's observations are based upon a front view of the buildings, and the Agency's on review of the entire site. The County has ignored the condition of most of the parcels in the Project Area in its analysis of the area. The County's analysis makes no attempt to review the conditions that exist on every parcel in the Project Area and instead uses its observation of approximately 36 parcels (approximately 10%) to draw its conclusion on the conditions present in the entire Project Area.

R-300392

The Agency acknowledges that the Project Area includes a number of parcels that exhibit no blighting conditions. These properties have not been included for the purpose of capturing tax increment as the County concludes (page 35) because the only way to increase tax increment on these properties would be for additional new construction on these properties to occur, which is not likely given their current condition. On pages B-89 thru B-92 the Agency presents the reasons for the inclusion of non-blighted properties: (1) The blighted and non-blighted parcels are intermixed throughout the area and administration of a redevelopment program where redevelopment tools can be used on one parcel, but not on an adjacent parcel is not practical for effectuating redevelopment to an entire area. (2) Redevelopment cannot occur throughout the Project Area immediately – planning and implementation of redevelopment activities takes years to accomplish and the relative condition of properties can change during this timeframe. (3) A number of these properties are located near the Interstate 8/Mission Gorge intersection which has been identified by the GRAC as their highest priority project. Inclusion of these parcels will provide a greater level of flexibility in negotiating any right-of-way realignment which may be necessary to facilitate the improvement. CALTRANS has indicated that the involvement of redevelopment tools is likely the only way to address the severity of the traffic problems in this area. All of these reasons substantiate that the inclusion of these properties is needed for effective redevelopment.

#### Physical Blight:

Page 10 of the County's objections indicates that the Agency has claimed that 90% of the properties are "blighted." This is not correct. Table B-1 of the Report (page B-11) indicates that 90% of the parcels surveyed had at least one blighting condition. CRL 33030 requires that the Project Area include an area "in which the combination of physical and economic *blighting conditions* as set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment." The Agency conducted the parcel-by-parcel survey as a means to identify blighting conditions throughout the Project Area. Identifying these conditions on a parcel-by-parcel basis is one method for quantifying the presence of these conditions so that the prevalence of such conditions may be determined. The Agency agrees with the County that the presence of one blighting condition on a single property does not necessarily render the parcel blighted, but it is an indicator that a blight condition exists in the area which is the legal standard that must be met.

The County further objects to a number of the conditions listed on Table B-1 as "not blight conditions according to the CRL" (for example "lack of paint – faulty weather protection," "exposed wiring," "damaged exterior building materials," "deteriorated wood eaves/overhang/framing"). CRL 33031(a) describes "four physical conditions that cause blight: *(1) Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and*

*deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors; (2) factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors; (3) Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portion of the project area; and (4) the existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.* In the case of condition 1 and 2 the cause of the condition is not limited to only those specifically described. A building with peeling paint, exposed wires and damaged exterior building materials is an indicator that the property is not being maintained which does hinder the economically viable use of the building. A building with inadequate vehicle and pedestrian access does cause safety problems. Absolute proof that a building is unsafe or unhealthy for person to live or work in is beyond the scope of a parcel-by-parcel survey and would require access to the interior of each building. With 350+ parcels in the Project Area, this would take months or even years to accomplish and substantial expense to carryout the task. Implementing code enforcement activities on each building found to be deficient would require substantial additional funding for the code enforcement staff that is not within the City's means. The County fails to recognize that an area in need to extensive code enforcement indicates and area where reinvestment is limited and economic viability is hindered.

The Agency disagrees with the County's premise that inadequate parking on-site, inadequate loading facilities, excessive coverage/inadequate setbacks, outdoor storage or production, garbage/debris/stagnant water/combustible materials and no off-site parking are not conditions that prevent or substantially hinder the economically viable use or capacity of buildings or lots. Proof of "inadequate parcel size given present standards and market conditions" is documented through the presence of inadequate loading facilities, excessive coverage/inadequate setbacks, and outdoor storage or production. If the parcel sizes were adequate, these conditions could be corrected. The Agency challenges the County to drive through the Project Area during business hours and not find numerous instances where loading is occurring from public streets, or in areas designated as parking spaces. This situation not only creates a safety problem for drivers and pedestrians, but it also affects lease rates. The availability of adequate loading facilities is a factor typically disclosed in commercial real estate listings indicating its importance to potential tenants. The fact that 66% of the commercial parcels are less than one acre in size alone shows that the Project Area suffers from parcels that are "inadequate in size given present standards and market conditions." The County indicates (page 26) that the Report provides no explanation for the Agency's contention that the current market standard for neighborhood commercial development generally requires at least a two-acre site and industrial development generally requires a five-acre site for light manufacturing. This minimal standard is evident from looking at new commercial and industrial centers throughout Southern California. The need for lot consolidations to achieve site size that allow for loading, set-backs, and adequate parking is evident in any new commercial or industrial

development. Examples of the need to consolidate parcels to create parcel size to achieve desired new development can be seen in the Agency's other redevelopment project areas including Centre City (Horton Plaza being the first prime example), City Heights, Barrio Logan, and North Park.

CRL includes State Legislative declarations and findings (CRL33036(C)) including "such conditions of blight are chiefly found in areas subdivided into small parcels, held in divided and widely scattered ownerships, frequently under defective title, and in many such instances the private assembly of the land in blighted areas for redevelopment is so difficult and costly that it is uneconomic and as a practical matter impossible for owners to undertake because of lack of legal power and excessive costs." The fact is that the law recognizes that small parcels held in divided and widely scattered ownerships are typically areas where conditions of blight are found. The County is correct that small parcels alone do not make the area blighted, but if small lots hinder the economically viable use of buildings or lots, then blight is present.

The County has determined that because there is a low vacancy rate, the area represents a thriving commercial district (page 6). Because a business is operating out of a particular location, it does not mean the test of "economically viable use or capacity" is met. If this were the test, none of the hundreds of redevelopment project areas throughout the State of California would be legal. To be economically viable, the area must be economically sustainable. The Report documents the presence of low lease rates, lack of property maintenance, and a lack of reinvestment into many of the parcels. Although some parcels in the Project Area have been improved, overall, the lease rates and crime statistics presented in the Report present an area in decline. The photographs in the Report further provide evidence that because the investment into improvements cannot be supported by the revenue generated, numerous properties are not being maintained. Something needs to be done to reverse this decline.

#### Economic Blight

The County states that it found "no evidence of physical or economic blight" in the Project Area and instead determined that the area is a thriving commercial district with extremely low vacancy rates. Again, the Agency does not premise its finding of blight on the basis of low vacancy rates. Although low vacancy rates are one factor the CRL identifies as indicative of an economically blighted area, the CRL does not require that this condition be present for there to be a blight determination. In fact CRL presents five potential conditions for determining the presence of economic blight. These include depreciated or stagnant property values or impaired investments, including the presence of hazardous waste. The Agency's Report provides evidence that the property values in the Project Area have grown at about half the rate of the City's and County's for the last three years. The county makes the claim that the property values in the Project Area have risen 34 percent in the last four years, but this finding is based upon inaccurate information. The County's Appendix C presents the assessed value of the Project Area for 2004-05 as being **\$1,443,749,662**, whereas the Base Year Report provided by the County Auditor Controller for the Project Area shows the 2004-05

assessed value of the Project Area to be **\$339,494,220**. Clearly the County is not using accurate information to reach its conclusion. The fact that the Project Area falls substantially behind the rest of the City and the County in terms of assessed valuation growth is a significant indicator of stagnant property values. The County presents the presence of two property sales (there are 350+ parcels in the Project Area) as evidence that the Project Area is economically thriving, but provides no analysis of the remaining properties in the Project Area.

The County presents a copy of a report issued by Cushman & Wakefield Alliance (in Appendix C) to substantiate its finding that there is no evidence to suggest that lease rates are abnormally low in the Project Area. The Cushman & Wakefield report presents the "Mission Gorge" area as having 1,480,155 square feet of office space in inventory. Clearly this represents a geographical area that is substantially larger than the Project Area. The Project Area includes approximately 12 acres of office uses and if the Cushman & Wakefield statistic truly represented only the Project Area, the office buildings would need to be high rises. Obviously the Cushman & Wakefield definition includes in the "Mission Gorge" category a substantial amount of property that is outside of the Project Area which makes the comparison of this data with that of other areas irrelevant to analysis of the Project Area. The Agency's lease data was based on the nearest comparable markets that had characteristics similar to Grantville – older commercial areas, on high traffic corridors, immediately adjacent to older small-scale industrial uses. This is the reason for selecting the Sports Arena, Kearny Mesa and Miramar areas. Mission Valley area was also included because of its proximity to the Project Area. The County suggests that East County, National City and Southbay provide comparables, but for office space, the distance of each of these marketplaces to the urban center makes these areas less comparable.

The Staubach Company lease rate data provided by the County is summarized as follows:

COMPARABLE LEASE RATE DATA

	Class B	Class C	Industrial	Retail
Mission Valley (MV)	2.04	1.79	n/a	2.21
Kearny Mesa (KM)	1.96	1.57	0.91	1.88
Mission Gorge (MG)	1.69	1.44	0.72	1.43
MV % higher than MG	21%	24%		55%
KM % higher than MG	16%	9%	26%	31%
Amount MG lower than MV	0.35	0.35		0.78
Amount MG lower than KM	0.27	0.13	0.19	0.45

Source: Appendix C of County objection (Staubach data)

Clearly the County's own data supports the Agency's finding that lease rates in the Project Area are significantly lower than in surrounding comparable markets. Lease rates are a key indicator of economic viability because a strong lease market is needed to support improvements to the area. This issue needs to be addressed if the area is to have economic sustainability. If not linked to the blighting conditions identified in the

Report, what other explanation is there for the lower lease rates? The County's data on home prices is irrelevant to the determination of commercial and industrial lease rates. The Project Area has no residential uses to use as a comparison.

The County states that the pro-forma analysis provided in the Report is speculation regarding future viability of new projects. In fact the pro-forma analyses show clearly the relationship between parcel size and the ability to attain new development to replace outdated developments that have inadequate parking, loading, and unsafe access. The pro-formas assume new development is sized to fit on the sample parcel sizes. Any new development will need to meet current zoning codes including adequate area for parking, loading. With 48% of the parcels lacking adequate on-site parking, and 65% having some form of outdoor storage and production, if current zoning were applied to these sites (parking created and outdoor storage and production eliminated) substantial economic activity that produces revenue would be lost. This would further exacerbate the economic viability of the area. So there is a catch-22 – the existing landowners of roughly half of the project area rely on lease income from businesses that are making economic use of areas that under current zoning would not be allowed. Eliminating these violations would impact business operations thereby reducing income and ultimately the resources available to pay rent. This would further impact lease rates (that are already low) and inhibit reinvestment. This cycle, currently existing in the Project Area, is evidence that the area exhibits the blighting condition of having factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This is not future speculation as the County alleges. The conditions exist today.

The County has ignored the factual evidence provided in the Report on pages B-103 thru B-113 that hazardous materials exist in the Project Area. The pro-formas presented in the Report provide sample evidence of the financial effects of cleaning up hazardous materials. This condition further impacts the economically viable use or capacity of buildings or lots. If clean up is to happen, someone has to pay for it. The existing property owners have not taken action to remedy these sites and if clean up does not happen neighboring parcels are vulnerable to this spreading problem, making it even more unlikely that private enterprise acting alone will address this blight condition.

The County has misrepresented data from the Automated Regional Justice Information System (ARJIS) to conclude that there is no evidence to suggest an unusually high level of crime in the Project Area. For data to be comparable, an index or metric of measurement is needed. The ARJIS presents reported crime but makes no attempt to provide a metric for comparison. The purported "crime index" is defined as the "sum of Total Violent Crime and Total Property Crime." The geographical boundaries, or population in each of the ARJIS reported areas vary extensively. The Agency's Report uses the FBI Crime Index because it is a nationally standardized system that enables comparison of the number of crimes. It is based upon Census Tract and is computed by occurrence per 1,000 population using current California Department of Finance population estimates by the City of San Diego Police Department. Using this comparable data, the Project Area has a higher crime rate than La Mesa, Lemon Grove,

R-300392



City of San Diego, and the County of San Diego. The cities of Lemon Grove and La Mesa were used because they represent the nearest cities to the Project Area outside of the City of San Diego. (See Report pages B-115 to B-117 for details). It is also important to point out that the ARJIS Grantville area includes the Admiral Baker golf course and residences to the east between the San Diego River and Interstate 15, but does not include commercial portions of Princess View and the Albertson's site on Waring Road, which is in the Allied Gardens area. Nor does the Grantville ARJIS area include the hotel sites on Adobe Falls which is in the Del Cerro neighborhood. These three missing commercial sites from the ARJIS Grantville area likely contribute a higher rate of crime to the ARJIS Allied Gardens and Del Cerro neighborhoods than is contributed to the ARJIS Grantville neighborhood from the Admiral Baker golf course. This is because the rest of the Allied Gardens and Del Cerro neighborhoods in the ARJIS data are comprised of relatively stable single-family residences that traditionally have lower crime rates than the commercial areas. Leaving the hotel site on Adobe Falls out of the Grantville ARJIS area substantially understates criminal activity. For example, crime activity 5000 - 5600 Adobe Falls resulted in 166 arrests over the three year period (3/15/02 - 3/15/05) at this location. For this same period of time there were 187 arrests within .2 miles of 4545 Waring Road.

Crime rates that exceed the City, County's and closest neighboring cities' are an indicator that crime is a greater problem in the Project Area which threatens public safety and welfare of Project Area occupants and visitors at a greater rate than anywhere else in the immediate area. Higher crime rates also result in a higher level of public safety costs to the City which affects the City's ability to fund other activities.

**2. Redevelopment of the Project Area is not necessary to effectuate the public purposes and policy of the CRL.**

The County claims that the Project Area is not blighted (the Agency's response is addressed in #1 above), and that there is no substantial evidence that the Project Area constitutes a serious physical and economic burden on the community. Pages B-120 through B-122 provide a list of eight physical and economic burdens placed on the community by conditions present in the Project Area. The County has confused the "legislative findings and declarations" contained in CRL Section 33035 and 33036 as separate findings that must be made and substantiated in the Report. CRL Section 33352(b) requires that the physical and economic conditions specified in Section 33031 must be described in the Report, and CRL Section 33352 (d) requires an explanation of why elimination of blight and the redevelopment of the Project Area cannot reasonably be expected to be accomplished by private enterprise acting alone or by the legislative body's use of financing alternatives other than tax increment financing. These requirements are addressed in the Report.

**3. Non-contiguous areas of the Project Area are neither blighted nor necessary for effective redevelopment, and have been included for the purpose of obtaining the allocation of incremental property tax revenues without other substantial justification for their inclusion.**

The County concludes that the Project Area includes non-contiguous areas because the EIR for the Project describes the overall area through the use of identifying three subareas. The description by subarea is one of convenience to allow component parts of the overall area to be described in more detail, however, the Project Area is one area and has no non-contiguous areas. In fact the Report provides a narrative description divided between the Commercial Corridors (Mission Gorge Road, Allied Gardens Commercial, and Adobe Falls – Visitor Serving), Industrial Areas (Fairmount Avenue, Mission Gorge Place), and the San Diego River Industrial Area (North of Mission Gorge Road, Sand and Gravel Extraction Area).

**4. Lands and buildings which are not detrimental to the public health, safety, or welfare, or necessary for the effective redevelopment of the area of which they are part, have been included for the purpose of obtaining the allocation of tax increment revenues without other substantial justification for their inclusion.**

The County again states that the Project Area is not blighted and indicates that the only indicator of parcels that the Agency has deemed “non-blighted” is the map contained on Report Page B-93. Additionally the County notes that there are parcels that are not identified on either this map or the map on Report Page B-6 (“Parcels exhibiting at least one Blighting Condition”). The County does not identify which parcels do not appear on either map so it is not feasible to address these particulars. The Report complies with the intent of CRL by providing maps of parcels that exhibit the “blight conditions.” It goes beyond the legal requirement by also showing a map of parcels that exhibit none of the surveyed conditions. The Report also discusses on pages B-89 through B-92 certain non-blighted parcels and their inclusion and discusses why the Project Area includes land, buildings, or improvements which are not detrimental to public health, safety or welfare, but whose inclusion is necessary for effective redevelopment. The County states that “unfairness and administrative difficulties are not legitimate reasons under the CRL” for the inclusion of non-blighted properties. Other reasons stated in the Report include: non-blighted parcels are interspersed throughout the Project Area and are negatively affected by adjoining blighted properties; there are certain blighting conditions that cannot be directly linked to a particular parcel such as substandard traffic conditions that affect the entire area and must be addressed areawide; Kaiser Hospital is in a particularly unique situation in that the State has required it to be retrofitted or rebuilt to meet earthquake life-safety standards by 2013 and more rigid mandates by 2030. It is one of four hospitals in California that must be replaced by 2030 to comply with the state seismic mandate. A Kaiser representative indicates that the planning process for construction of a new hospital is typically 10 years, and the permitting and construction is typically another 10 years. The State has by its action indicated that the hospital in its current condition does not meet earthquake life-safety standards. The problem with the hospital is known. What is not known, and cannot be precisely known today, is how Kaiser will deal with this situation and the impacts the decision-making process will have on the surrounding Grantville community and greater San Diego community that is served by this unique facility. To effectively redevelop the Grantville area, Kaiser’s planning and decision making must be considered in

conjunction with the area it currently occupies and its surroundings. Leaving Kaiser out of the Project Area will not allow the Agency the ability to partner with Kaiser to jointly address these momentous decisions. The County has ignored these and other issues discussed in the Report Pages B-89 – B-92 in reaching its conclusion.

**5. New development in the Project Area can reasonably be expected to occur by private enterprise acting alone or by the City of San Diego's use of financing alternatives other than tax increment financing.**

The County concludes that because there has been some new development in the area, the area contains no blighting conditions that warrant the use of redevelopment. The new development that has occurred has not addressed the numerous blighting conditions that continue to exist as discussed in #1 above. A four-year old Savon drug store closing to turn into a Toyota used car lot in an area that already has numerous used car lots does negatively impact the rest of the area. It takes away a neighborhood serving business and expands a business that already had inadequate on-site parking.

The County suggests that the problems in the Project Area could be addressed through the use of Business Improvement Districts and CDBG funds. The City has established BIDs in many areas of the City, frequently in conjunction with Redevelopment Project Areas, when it has community support. The GRAC discussed the formation of a BID and the concept was rejected because it would have a negative financial impact on businesses in the area. The County's contention that the City's recent improvements in the area indicate that the City can pay for needed infrastructure should instead be viewed that the City is trying to do what it can to invest in the area, however, the need far outweighs the resources available to the City.

**6. Creating a Redevelopment Project in the Grantville area will place an undue burden on the entire city of San Diego by redirecting government resources disproportionately to the Project Area rather than alleviating the burden that a truly blighted area would have on the city.**

The County's conclusion that the formation of the Project Area will divert nearly \$180 million from the City's General Fund is purportedly based upon a 7% annual increase in total valuation and assumes no new development. On Page B-94 of the Report, the last three years of assessed valuation in the Project Area is shown, with growth rates of 4.97% and 7.59%. These growth rates in the Project Area have occurred in years where overall real estate values in Southern California have increased at the highest level that has occurred in decades. To assume a 7% growth rate for the next 45 years, (and particularly if this growth rate assumes no new development as the County has indicated), is far from conservative. Table E-1 of the Report (Page E-8) presents tax increment projections based upon a 3.5% annual increase and substantial new development over the next 40 years (a minimum of \$33 million in development/rehabilitation each year). These projections result in a total of \$785 million in total tax increment over the next 45 years, with \$272 million being paid to affected taxing entities of which the County will receive \$119 million and the city \$129 million.

The County's share that would be retained to facilitate the redevelopment would be \$79 million and the City's share would be \$84 million. The County's contention that "\$180 million would be diverted from the City's general fund" is not substantiated. The City of San Diego supports its Agency redevelopment activities, and allows Project Areas to be formed because of the increased revenue that comes to the City and other affected taxing entities from cleaning up areas, thus reducing service costs, facilitation of new development which results in not only the Agency receiving tax increment, but the City receiving its statutory pass through payment that is based upon a larger level of property tax generation than there would be if the Project Area was not improving.

**7. The Project Area is not predominately urbanized as required and defined by CRL.**

The County concludes that the "sand and gravel operations, as well as flood control activities are more likely associated with rural than urban areas." It is interesting to note that the County formed the Upper San Diego River Improvement Project as a Redevelopment Project which includes a 600 acre area largely comprised of an extraction area. Apparently the County determined that its Project Area, located in the vicinity of rural Lakeside was "urbanized" and "blighted" but an extraction activity located in the heart of the City of San Diego is not urbanized. The County implies that the Grantville extraction operation is rural because it is an extraction operation; this conclusion fails to look at the operation in its physical context. The Report points out (Page B-54 to B-56) that development of the sand and gravel operation preceded other development in the area – the extraction operation is not located by itself, a distance away from urban development. The extraction operation is a part of the urban development that has grown up around it. The same can be said of the river (although the river obviously predated anything in the area!)

As Section C of the Preliminary Report for the Grantville Project Area indicates, the Project Area contains a 420-acre sand and gravel extraction operation which, **except** for a 66.85-acre parcel, is used for extraction activities. The 66.85-acre parcel is included in the 420-acres and is owned by the same owner as the extraction operation. The County does not explain how it has determined that 117 acres are part of San Diego River, and 13 acres are open space. Much of the river area is actually located on privately owned land and therefore a part of the private development that adjoins it.

**8. Proposed projects will not alleviate alleged blight conditions.**

The County states that there is no blight in the Project Area and therefore are no blight conditions to alleviate. Page A-6 of the Report describes activities that will be considered to address the blighting conditions that prevent or substantially hinder the economically viable use or capacity of buildings or lots, which the Agency has established as a primary blighting condition in the Project Area. The projects include creating commercial nodes, establishing light industrial parks, relocating manufacturing and auto related uses away from the Mission Gorge Road commercial corridor, taking

advantage of the close proximity to the Grantville light rail station for the development of housing, pursuit of clean technology employers, and addressing infrastructure deficiencies of traffic flow, flood control and storm drain improvements in the Project Area. These are all viable redevelopment activities that will address the existing conditions that hinder the viable use or capacity of buildings or lots. Such activities will create a new commercial and industrial environment with adequate infrastructure to assure the sustainability of the Project Area's economic viability.

#### Other Information

CRL Section 33328 states that "prior to the publication of notice of the legislative body's public hearing on the plan, the agency shall consult with each taxing agency which levies taxes, or for which taxes are levied, on property in the project area with respect to the plan and the allocation of taxes pursuant to Section 33670." The Agency sent required legal notices to the County on September 22, 2004, January 19, 2005 and March 17, 2005 and in each of these notices, the Agency offered to consult with the County (and other affected taxing entities) on the Redevelopment Plan and process. The County did not request any such consultation. On April 19, 2005, (approximately one hour before the noticed time of the public hearing to consider adoption of the Redevelopment Plan), the County submitted its objection report.

Following receipt of this objection report, Agency staff contacted the County staff and requested an opportunity to meet. The County staff and Agency staff met on April 25, 2005 at which time the County staff indicated their report and objection was in keeping with the County's adopted policy. Agency requested a copy of the Board of Supervisors policy pertaining to the formation of redevelopment projects. Agency staff also indicated their willingness to consider modifications to the Redevelopment Plan and Project Area to help address the County's concerns. The County indicated they would consider this but made no suggestions as to what these modifications could be. When the Agency staff indicated their intent to move forward with adoption proceedings because of the time constraints to proceed under the current base year, the County expressed that this seemed to indicate that the Agency was not open to changes. Agency staff indicated that had the County raised their concerns earlier, the Agency would have been better able to consider the concerns and still meet the time adoption schedule. By not proceeding at this time, the Agency will not be able to proceed with adoption until 60 days after the next assessment roll is equalized, and will need to re-circulate certain documents and reschedule required hearings. This would likely cause a 6 to 8 month delay and considerable additional expense. Had the County raised their concerns back in August 2004 when their analysis began, this circumstance could have been avoided.

The County staff provided a copy of Policy Number A-109. The Agency notes that this policy indicates the County's intent to support legitimate uses of the redevelopment process and oppose the use of tax increment financing for uses that violate CRL (such as maintenance of public facilities and capital improvements that would otherwise be financed from the city general fund or sources other than tax increment). The policy also indicates that when reviewing the cities' redevelopment projects, the County will

balance its commitment to activities and programs which contribute to a healthy regional economy with its responsibility to ensure sufficient fiscal resources to enable the County to provide local services. The policy also indicates that the County was to adopt a resolution under CRL Section 33676 pertaining to tax increment and transmit it to the City and Agency prior to the adoption of the redevelopment plan. The Agency has not received such a resolution. The policy also provides for the County to negotiate project changes that would reduce adverse impacts to the County's General Fund and/or enhance the merits of the project. The Agency regrets that the County never attempted to consult with the Agency regarding its concerns and never provided the Agency with an opportunity to discuss and address these concerns.

It should also be noted that the County's policy states it was to be reviewed for continuance by 12/31/2001. Apparently this policy has sunset although County staff indicated this was the policy under which they were acting.

### **OBJECTION FROM WITHIN THE PROJECT AREA**

1. *Becky and Shapour Salimi*

*Prime Auto Imports at Zion Ave and Mission Gorge has been remodeled several times and the owners do not consider their property to be blighted.*

CRL Section 33030 and 33031 outline the criteria for determining that an area is blighted. These criteria are based on area-wide findings and do not require a parcel-by-parcel determination of blight. CRL Section 33321 provides that the Project Area need not be restricted to buildings, improvements, or lands that are detrimental or inimical to the public health, safety, or welfare, but may consist of an area in which such conditions predominate and injuriously affect the entire area. CRL Section 33352 requires the Report to provide a description of the physical and economic conditions specified in CRL Section 33031, and the description must include a list of the conditions described in CRL Section 33031 and a map showing where in the project the conditions exist. The Report, on file and available to the public since March 2005, presents such description, list and maps.

The Report and County Response describe and substantiate that blighting conditions are prevalent in the area and prevent or substantially hinder the economically viable use or capacity of buildings or lots. The Report and County Response also address the issue that not every property in the Project Area is blighted but that prevalent blighting conditions are present in the area.

The Agency seeks to promote reinvestment into the existing buildings when at all possible. The Agency will follow the adopted Owner Participation Guidelines that assure that property and business owners are given preference in participating in redevelopment activities, and also allow property owners whose properties comply with the Redevelopment Plan and are well maintained to seek a certificate of compliance from the Agency. The certificate of compliance will waive the Agency's

eminent domain authority as long as the property is maintained in conformance with the Redevelopment Plan.

2. Jennifer Myer  
Heartland Farms  
6998-B Mission Gorge Rd  
San Diego, CA 92120

*Relocating would be a financial hardship for Heartland Farms. The business has concerns that they will not be able to find a similar size lot can be found at a similar price. The business is also concerned about the possible increased traffic on Mission Gorge Road due to the construction of condos.*

Although the Redevelopment Plan proposes that the Agency have eminent domain authority in the Project Area, this does not mean that the Agency will purchase, through eminent domain, all or even any properties. It is the Agency's intent to work with existing property owners and tenants to effectuate redevelopment whenever and wherever possible. The Agency has adopted Owner Participation Rules that must be followed to assure that existing owners and tenants have a preference in redevelopment implementation. The Agency also has adopted a Method of Relocation and must follow State Law and Guidelines that prescribe the benefits that must be provided to anyone who may be dislocated as a result of redevelopment activities. Any new development in the Project Area will be required to process plans for approval and part of the process entails an analysis of environmental impacts including project generated traffic. Mitigation measures, if required, will need to be in place as part of the new development.

3. Phillip Teyssier  
Investments, Inc.  
3200 B4-2 Highland Ave.  
National City, CA 91950

*Family owns two commercial properties that have been renovated and occupied by national tenants including the Veteran's Administration Mission Gorge Place.. Greatest concern with eminent domain. What provisions are in place to protect my properties from being taken under eminent domain? (wants written response). He was deemed ineligible to be a member of GRAC. Area is not blighted and blight study is flawed (example on page B-30).*

The GRAC has made recommendation which have been incorporated into Section 410.7 of the Redevelopment Plan that state criteria that must be present for property to be acquired through the use of eminent domain. The adopted "Rules Governing Participation by Property Owners and Preferences for Business Occupants to Re-Enter In Business with the Grantville Redevelopment Project Area" ("Owner Participation Rules") provide rules for assuring that property owners are given a

preference in redevelopment activities. Section 700 of these rules provides that the Agency may determine that certain real properties within the Project Area meet the requirements of the Redevelopment Plan and may deem such properties to be conforming, provided such owners continue to operate, use, and maintain the real properties within the requirement of the Plan. A certificate of conformance to this effect may be issued by the Agency and recorded.

Mr. Teyssier, as a property owner, is qualified to serve on the GRAC, however, all of the seats for this category were filled at the time he requested to be designated to the committee. He did not meet the eligibility requirements for the additional seats that were open at the time he applied. There have been no new appointments since that time. The comment on page B-30 of the Report describes the conditions that existed on that site at that time. The caption under the picture states "This vacant parcel is a construction staging area for the San Diego Trolley eastern extension. Construction debris and storage detracts from the neighboring hotel to the right of the picture."

4. Ira "Trip" Wilson III  
5959 Mission Gorge Rd #201  
San Diego, CA 92120

*The business owner is in favor of redevelopment of roads and flood plain area. Conversely, he is concerned about the possibility of having his property purchase through an eminent domain action.*

Although the Redevelopment Plan proposes that the Agency have eminent domain authority in the Project Area, this does not mean that the Agency will purchase, through eminent domain, all or even any properties. It is the Agency's intent to work with existing property owners and tenants to effectuate redevelopment whenever and wherever possible. The Agency has adopted Owner Participation Rules that must be followed to assure that existing owners and tenants have a preference in redevelopment implementation. The Agency also has adopted a Method of Relocation and must follow State Law and Guidelines that prescribe the benefits that must be provided to anyone who may be dislocated as a result of redevelopment activities. The Owner Participation Rules provide for substantial notice to property owners and tenants of all planning activities in advance of the Agency considering the acquisition of any property.

5. James E. Stinson  
607 Wingspread  
Peachtree City, GA 30269

R-300392



*As part owner in the building located at 4660 Alvarado Canyon Rd, Mr Stinson feels his property was arbitrarily declared blighted. Additionally, he does not feel that eminent domain would provide fair market compensation for his property.*

CRL Section 33030 and 33031 outline the criteria for determining that an area is blighted. These criteria are based on area-wide findings and do not require a parcel-by-parcel determination of blight. CRL Section 33321 provides that the Project Area need not be restricted to buildings, improvements, or lands that are detrimental or inimical to the public health, safety, or welfare, but may consist of an area in which such conditions predominate and injuriously affect the entire area. The Report presents an analysis of the conditions that exist in the Project Area. If the Agency were to take steps to acquire property, the Agency must first provide existing owners and tenants an opportunity to participate in the redevelopment process. Property owners and tenants would be given substantial notice of any planning activities related to redevelopment that involves their property. Prior to the Agency making an offer to purchase property, the property must be appraised. The appraisal must take into consideration three approaches to determining value: (1) comparable sales, (2) income currently generated from the property, and (3) replacement costs. The property owner is given an opportunity to meet with the appraiser and present relevant information on the property. Relocation benefits must be offered to anyone displaced person or business. These benefits include providing referrals to suitable new locations and comparable amenities must be considered when providing these referrals.

6. Mark C. Browne D.D.S.  
5995 Mission Gorge Road  
San Diego, CA 92120

*The property owner feels that redevelopment is occurring based on natural market forces. Dr. Browne feels the photographic images in the Report portray the properties in the worst possible manner. He specifically cites Nicolosi's Restaurant. To improve blight in the area, he suggests proper enforcement of city code infractions.*

Although some new development has occurred in the Project Area (which is acknowledged in the Report), the majority properties have not been remodeled since construction, and many are not well maintained, as the photos in the Report show. The Report and County Response describe and substantiate that blighting conditions are prevalent in the area and prevent or substantially hinder the economically viable use or capacity of buildings or lots. The Report and County Response also address the issue that not every property in the Project Area is blighted but that prevalent blighting conditions are present in the area. The City does not have adequate resources to carryout code enforcement of the entire area, and code enforcement would not address issues such as the lack of loading facilities and on-site parking because many lots lack the size needed to accommodate these

requirements. Much of the Project Area was developed prior to today's zoning codes that require these facilities.

7. Don Strong, President of SunDial Investment, Inc.  
Judge & Mrs. Murry Luftig, Trustees of Murtig Trust  
Mary Michener, Trustee of Michener Trust  
5351 Adobe Falls Road  
Sand Diego, CA 92120

- A. *As owners of Nicolosi Restaurant, feel the property has been incorrectly identified as blighted.*
- B. *The property owners were forced to move 15 years ago for the construction of the Freeway 15. Their gross average of \$100,000/month in sales provides over \$80,000 a year to the Board of Equalization.*
- C. *Redevelopment is seen by the owners as a way of circumventing Prop 13*
- D. *Vice-Chair of the Redevelopment Advisory Committee has asked for his property to be exempt from the redevelopment area.*
- E. *The RAC acknowledges that redevelopment will not alleviate traffic and the owners feel the result will be more crime and traffic.*

CRL Section 33030 and 33031 outline the criteria for determining that an area is blighted. These criteria are based on area-wide findings and do not require a parcel-by-parcel determination of blight. CRL Section 33321 provides that the Project Area need not be restricted to buildings, improvements, or lands that are detrimental or inimical to the public health, safety, or welfare, but may consist of an area in which such conditions predominate and injuriously affect the entire area. The Report presents an analysis of the conditions that exist in the Project Area, it includes a photograph of the restaurant depicting a poorly constructed addition with outdoor storage of building materials and debris in the rear. This alone does not make the property "blighted," however, the photograph factually shows the condition that exists. Redevelopment cannot circumvent Prop 13 because the Agency has no ability to levy a tax. No exemptions from the redevelopment area have been formally considered or granted. All new development will be required to undertake any environmental review required by the City's planning procedures. The GRAC has declared addressing traffic problems in the area as the first priority implementation project.

8. Allied Gardens Little League  
Dale Camper, AGLL President  
5173 Waring Rd Ste. 213  
San Diego, CA 92120

*The members of Allied Gardens Little League do not believe their property is blighted. While they have been told their property will not be affected by eminent domain or redevelopment, they have heard conflicting rumors. They are pursuing*

*financial sponsorship for capital improvements and are concerned that inclusion in the Project Area could limit their ability to raise revenue to meet their goals.*

CRL Section 33030 and 33031 outline the criteria for determining that an area is blighted. These criteria are based on area-wide findings and do not require a parcel-by-parcel determination of blight. CRL Section 33321 provides that the Project Area need not be restricted to buildings, improvements, or lands that are detrimental or inimical to the public health, safety, or welfare, but may consist of an area in which such conditions predominate and injuriously affect the entire area. The Report presents an analysis of the conditions that exist in the Project Area. If the Agency were to take steps to acquire property, the Agency must first provide existing owners and tenants an opportunity to participate in the redevelopment process. Property owners and tenants would be given substantial notice of any planning activities related to redevelopment that involves their property. One goal of the Redevelopment Plan is to enhance recreational opportunities in the area; dislocation of the Little League fields could violate this goal. Most cities in the State of California have active redevelopment agencies with multiple Project Areas and this has not negatively impacted the ability of property owners to secure financing for improvements, and in fact the opposite is often the case because agencies can assist with funding. The City of San Diego has 15 redevelopment Project Areas where private market transactions are occurring constantly.

9. Henry H King  
4375 Twain Ave  
San Diego, CA 92120

*Mr. King does not feel his property exhibits blight. He also feels the value of the property will be negatively affected by eminent domain and that big developers will be helped and the property owners will not get what their property is worth.*

CRL Section 33030 and 33031 outline the criteria for determining that an area is blighted. These criteria are based on area-wide findings and do not require a parcel-by-parcel determination of blight. CRL Section 33321 provides that the Project Area need not be restricted to buildings, improvements, or lands that are detrimental or inimical to the public health, safety, or welfare, but may consist of an area in which such conditions predominate and injuriously affect the entire area. The Report presents an analysis of the conditions that exist in the Project Area. If the Agency were to take steps to acquire property, the Agency must first provide existing owners and tenants an opportunity to participate in the redevelopment process. Property owners and tenants would be given substantial notice of any planning activities related to redevelopment that involves their property. Prior to the Agency making an offer to purchase property, the property must be appraised. The appraisal must take into consideration three approaches to determining value: (1) comparable sales, (2) income currently generated from the property, and (3) replacement costs. The property owner is given an opportunity to meet with the appraiser and present

relevant information on the property. Relocation benefits must be offered to anyone displaced person or business. These benefits include providing referrals to suitable new locations and comparable amenities must be considered when providing these referrals. Any assistance given to developers is subject to a public hearing process where the terms of the agreement and assistance are available for public review and comment.

10. Kathleen Nielsen  
Nielsen Properties  
3639 Midway Drive, #B-214  
San Diego, CA 92110

*Ms. Nielsen is concerned with the designation of "blight" applied to their parcels and presents photographs to dispute the designation.*

Review of the RSG survey on these properties shows that the only blighting conditions assigned were garbage/debris, outdoor storage and production, inadequate vehicular access, inadequate on-site parking and no off-site parking. These designations are supported by the photos presented by Ms. Nielsen showing that dumpsters are placed in the accessway which is already narrow making two-way traffic dangerous; there appears to be a chainlink fence designed to close off part of the parking area; a storage shack has been added to the side of a building in what appears to be the parking lot, the curb area in front of the building is painted red; all of the parking in front of the chain-linked area near the front of 6260 Riverside appears to be filled.. The photos also show access to parking spaces that take direct access off of the street making maneuvering in and out of the spaces difficult –parked cars facing forward must back into the street to exit the parking space. RSG's survey concurs with Ms. Nielsen's in that no deterioration or dilapidation of the buildings is indicated. The fact that the survey and the pictures seem to correspond indicates that the overall survey of blighting conditions has accurately depicted the conditions in the Project Area.

11. Charles E. Little  
PO Box 600190  
San Diego, CA 92160

- A. *Kaiser continues to build in the area, why would they abandon their investment?*
- B. *There are no traffic mitigation plans included in the redevelopment plan.*
- C. *How will light rail and trolley change traffic and housing density?*
- D. *There are no specific plans for Alvarado Creek*
- E. *Mr. Little would like the economic blight figures checked*
- F. *The criteria for blight would make any parcel blighted.*
- G. *There are too many auto related business*

There is no way for the Agency to know today the exact outcome of the Kaiser Hospital situation, however, there are generally two scenarios both of which will

have a major impact on the Grantville community. Kaiser has indicated that it is important for there to be expansion area for the hospital to remain long-term, but if Kaiser were to relocate long-term, its departure would result in a major loss of employment, health care, and economic base to the community. These conditions are the result of the State declaring the hospital in need of major renovation. These conditions are the basis for the Agency's desire to have Kaiser's facilities be part of the Project Area.

The Redevelopment Plan includes as goals addressing the traffic and storm drain problems in the area; it will take time to develop the plans to accomplish this goal. Any changes in land use in the vicinity of the trolley station will require a planning process that will evaluate traffic impacts.

Reference is made to the Response to the County for discussion of the physical and economic blight conditions in the Project Area.

### **OBJECTIONS FROM PARTIES OUTSIDE OF THE PROJECT AREA**

1. Lee Campbell  
4985 La Cuenta  
San Diego, CA 92124

*As a citizen of Tierrasanta and a member of the Grantville Redevelopment Advisory Committee, Mr. Campbell feels redevelopment is not the answer for this project area.*

- A. *Eminent domain will not give reasonable financial returns to the property owners it affects. Remove eminent domain authority.*
- B. *Code compliance enforcement would resolve many of the blighting conditions found within the project area*
- C. *Redevelopment would not alleviate traffic problems as found in the EIR*
- D. *Additional residential developments will make traffic problems even worse and were not considered in the EIR*
- E. *Re-assess the blight issue to assure that the City is correct in declaring Grantville a redevelopment project area.*
- F. *Make Mission Gorge area a technical park type development instead of infill residential units.*

Removing eminent domain authority would severely limit the Agency's ability to carry out redevelopment activities. Although the Agency has not often exercised these powers, if the Agency did not have them, unreasonable hold-out property owners could stop all redevelopment. The GRAC has put special provisions into the Redevelopment Plan to help assure that these special powers are used only in unique circumstances. If the Agency were to take steps to acquire property, the Agency must first provide existing owners and tenants an opportunity to participate in the redevelopment process. Property owners and tenants would be given substantial notice of any planning activities

related to redevelopment that involves their property. Prior to the Agency making an offer to purchase property, the property must be appraised. The appraisal must take into consideration three approaches to determining value: (1) comparable sales, (2) income currently generated from the property, and (3) replacement costs. The property owner is given an opportunity to meet with the appraiser and present relevant information on the property. The offer to purchase must be based on the appraisal. If the property owner and Agency cannot negotiate the purchase price, then eminent domain action can commence. The property owner is again given notice, there is a public hearing at which time the property owner can describe why their property should not be purchased. Ultimately the property owner has a right to a jury trial and it is the jury, not the Agency, that determines the purchase price. Very few transactions actually proceed through trial because in most cases a fair price is reached through negotiation where all of the facts related to value are vetted. Relocation benefits must be offered to anyone displaced person or business. These benefits include providing referrals to suitable new locations and comparable amenities must be considered when providing these referrals.

Implementing code enforcement activities on each building found to be deficient would require substantial additional funding for the code enforcement staff that is not within the City's means. With 350+ parcels in the Project Area, this would take years to accomplish and substantial expense to carryout the task. Implementing code enforcement activities on each building found to be deficient would require substantial additional funding for the code enforcement staff that is not within the City's means.

The traffic problems in the Project Area will be difficult to address. The CALTRANS has indicated that the formation of a redevelopment project area is likely the only way to address the severity of the problem of the Interstate 8/Mission Gorge intersection. The Redevelopment Plan does not propose any land use that is not already contemplated in the applicable Community Plan for the area. In fact, one priority of the first Five Year Implementation Plan is to commence updates of applicable Community Plans that affect the area. Land use in the future will continue to be controlled by the City's Community Plan as they exist today or are amended from time to time. The EIR has considered other projects that were known and relevant to the Project Area. See responses to comments included in the Final EIR for further description.

This Response to Objections discusses the presence of blight as does the County Response.

2. Sam Patterson  
6417 Crawford St  
San Diego, CA 92120

*Mr. Patterson is concerned that redevelopment would negatively affect the character of Grantville. Changing the current parcel configuration would allow large businesses to crowd out the "little guy." He also feels that outdoor storage does not "keep us up at night."*

If the Agency were to take steps to acquire property, the Agency must first provide existing owners and tenants an opportunity to participate in the redevelopment process. Property owners and tenants would be given substantial notice of any planning activities related to redevelopment that involves their property. Any assistance given to developers is subject to a public hearing process where the terms of the agreement and assistance are available for public review and comment. Outdoor storage is only one problem condition evident in the Project Area (see Response to the County).

3. Kathleen Blavatt  
Via email – no address provided

*Ms. Blavatt has concerns that Grantville redevelopment will only subsidizing corporations/developers/insiders. She specifically mentions Hazard, Fenton, Kaiser, and SDSU as business that would like to see this project to fruition for their own gain. She feels San Diego is abusing redevelopment.*

Under the Agency's adopted Owner Participation Rules, property owners and tenants are given substantial notice of any planning activities related to redevelopment that involves their property, and they must be given a preference to undertake any redevelopment activity. Any assistance given to developers is subject to a public hearing process where the terms of the agreement and assistance are available for public review and comment.

4. Paul & Holly Simonette.  
4838 Elsa Road  
Sam Diego, CA 92120  
Owner: Outside of the Grantville Project Area)

*The Simonett's objections and responses thereto are presented in the following table.*

	Objection	Response
1	Area is not blighted per Health and Safety Code Sections 33030-33039	See Response to County for a discussion of this issue.
2	Analysis of only the exterior of the buildings.	It is acknowledged that the survey did not include building-by-building interior inspections. Given the number of buildings it was not feasible to take this approach because of the significant cost. City code enforcement personell were interviewed and their opinion of the conditions in the Project Area, as well as information on cited code violations are included in the Report.
3	"Cherry-picked" properties.	The Report includes a number of pictures that show the problems in the area, but the survey was of all parcels in the

		Project Area.
4	City has not given adequate notification to business and property owners within and near the project area.	As required by CRL, the Agency sent notices of the public hearing to all property owners, and to business owners that had business licenses. The Agency did a similar mailing at the beginning of the process (not required by CRL) which was a newsletter in August 2004. Throughout the process, the Agency maintained a web site, and has corresponded with a list of "Interested Parties" since the beginning of the process.
5	Notification of public meeting was not a high priority for Councilmember Madaffer	No response – not an objection supported by fact.
6	Fairmount Avenue is referred to as Fairmont Avenue	Well RSG Inc regrets this mistake, a misspelled street name is an honest mistake and nothing more, and the objection is based upon unsubstantiated opinion.
7	Private development and property rehabilitation is already happening	This point has been acknowledged in the Report and is further discussed in the Response to the County.
8	Conflict of interest for members of the Grantville Redevelopment Advisory Committee.	This could be said of any individual who serves on such a committee. The GRAC was initially formed to provide an opportunity for community stakeholders from within the Project Area to provide input on the Redevelopment Plan and process. Because of community concerns, the GRAC was expanded to add additional seats and particularly to provide representation from neighborhoods adjoining the Project Area. All meetings of the GRAC were noticed to the public and the public was given an opportunity to speak. In fact Ms. Simonette attended some of these meetings and spoke.
9	City has made no action towards code violations identified in the Report to the City Council	The City's code enforcement program does respond on a complaint basis. The City does not have sufficient resources available to undertake a parcel-by-parcel code enforcement program.
10	EIR identifies traffic conditions will worsen with or without the Redevelopment Project.  There is no review of traffic impacts in adjacent areas.	The Final EIR addresses the traffic condition issue and presents mitigation measures. New development or Community Plan amendments will be required to go through the environmental review process.
11	Councilmember Madaffer has made contradictory statements regarding the status of redevelopment activities.	The first referenced comment is related to projects that would directly involve specific properties and private property owners. The realignment is a regional problem that has been designated by the GRAC as the first priority to address the problem conditions in the Project Area.
12	Beneficial impacts on the project area are not quantified in the report.	The Report Section M of the Report states that the Agency's ability to assist in funding traffic improvements and community facilities, and the use of tax increment to increase investment and therefore valuation of the Project Area will benefit the area,
13	Property values will be negatively affected by labeling the project area "Blighted"	This has not been the case in any of the Agency's other redevelopment project areas and in fact the opposite is true. Active redevelopment projects help stimulate private investment which enhances value.



14	The city has given developer "Corporate Welfare" Cash grants, tax rebates, free land, public improvements.	Any assistance given to developers is subject to a public hearing process where the terms of the agreement and assistance are available for public review and comment. Assistance must be deemed warranted and necessary to carry out a particular project and cannot be a gift of public funds.
15	The project area will create more debt for the city.	Project Area debt is not a debt of the City. It is only a debt of the Agency and debt can only be established if there is a source of revenue (typically tax increment) available to repay the debt.
16	Redevelopment should occur after the Community plans are amended.	No reason is stated for this conclusion. The Agency intends to assist with the updating of the Community Plans as a priority project.
17	There is a lack of public information regarding Centerpointe at Grantville. They feel the city is mis-leading the public.	Centerpointe at Grantville is a Process 5 development application which was received by the City in January 2005 after the draft EIR had been circulated, and the proposal requires the processing of a Community Plan Amendment that will be subject to environmental review. Public noticing pertaining to this project will be accomplished pursuant to the Land Development Code.
18	Request for a survey of current business and property owners to determine the need for a Business Improvement District in place of Redevelopment.  Review available CDBG funds for use within proposed project area.	Request noted, but this is not an objection. The GRAC did discuss the potential for initiating a Business Improvement District but the concept was not supported.