



City of Santa Clara

Meeting Agenda

Parks & Recreation Commission

Monday, April 13, 2026

7:00 PM

Hybrid Meeting
Sparacino Conference Room -
City Hall East Wing
1500 Warburton Avenue
Santa Clara, CA 95050

The City of Santa Clara is conducting the Parks & Recreation Commission meeting in a hybrid manner (in-person and a method for the public to participate remotely).

Join Zoom meeting
<https://santaclaraca.zoom.us/j/86374316081>

Webinar ID: 863 7431 6081

CALL TO ORDER AND ROLL CALL

CONSENT CALENDAR

- 1.A. 26-379 [Action on the Parks & Recreation Commission Meeting Minutes from March 9, 2026](#)

Recommendation: Approve the Parks & Recreation Commission Meeting Minutes from March 9, 2026

PUBLIC PRESENTATIONS

[This item is reserved for persons to address the body on any matter not on the agenda that is within the subject matter jurisdiction of the body. The law does not permit action on, or extended discussion of, any item not on the agenda except under special circumstances. The governing body, or staff, may briefly respond to statements made or questions posed, and appropriate body may request staff to report back at a subsequent meeting.]

GENERAL BUSINESS

2. 26-259 [Review and Recommend for City Council Approval a Resolution Updating the Average Per-Acre Land Values and Park Development Costs Per Capita Used for Setting the Parkland In-Lieu Fee Schedule.](#)

Recommendation: Review and recommend for Council adoption the proposed resolution (Attachment 7) updating the average per-acre land values and park development costs per capita used for setting the parkland in-lieu fee schedule.

3. 26-355 [Review of the Wade Brummal Youth Sports Grant Scholarship Program Discussion of Potential Updates](#)

Recommendation:

1. Discuss the Wade Brummal Youth Sports Scholarship Program;
2. Provide input on potential Wade Brummal Youth Sports Scholarship Program updates;
3. Request staff work with community youth sports organizations regarding the impacts of potential Wade Brummal Youth Sports Scholarship Program updates
4. Another recommendation identified by the Parks and Recreation Commission

4. 26-447 [Solicitation of Parks & Recreation Commission Input on the Sections of the Charter Involving the Parks and Recreation Commission and Parks and Recreation Issues to inform the Charter Review Commission Currently Engaged in a Comprehensive Review of the City Charter](#)

Recommendation:

Provide consolidated comments to staff on Parks & Recreation Commission relevant charter revisions for the Charter Review Committee and City Council to consider as a part of the "Charter Project" Charter Review Process. The Commission also has the option of appointing a representative to present these comments to the Subcommittee on Boards and Commissions.

5. 26-358 [Update on the Progress of the FY 2025/26 Parks & Recreation Commission Work Plan Goals and Activities](#)

Recommendation:

Staff to discuss and provide updates on the Parks & Recreation Commission Work Plan Goals and Activities for FY 2025/26.

STAFF REPORT

COMMISSIONERS REPORT

ADJOURNMENT

The next scheduled meeting for the Parks & Recreation Commission is on Monday May 11, 2026, at 7:00 PM.

MEETING DISCLOSURES

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

If a member of the public submits a speaker card for any agenda items, their name will appear in the Minutes. If no speaker card is submitted, the Minutes will reflect "Public Speaker."

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), the City of Santa Clara will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities, and will ensure that all existing facilities will be made accessible to the maximum extent feasible. The City of Santa Clara will generally, upon request, provide appropriate aids and services leading to effective communication for qualified persons with disabilities including those with speech, hearing, or vision impairments so they can participate equally in the City's programs, services, and activities. The City of Santa Clara will make all reasonable modifications to policies and programs to ensure that people with disabilities have an equal opportunity to enjoy all of its programs, services, and activities.

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Individuals who require an auxiliary aid or service for effective communication, or any other disability-related modification of policies or procedures, or other accommodation, in order to participate in a program, service, or activity of the City of Santa Clara, should contact the City's ADA Coordinator at 408-615-3000 as soon as possible but no later than 48 hours before the scheduled event.



City of Santa Clara

1500 Warburton Avenue
Santa Clara, CA 95050
santaclaraca.gov
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Agenda Report

26-379

Agenda Date: 4/13/2026

REPORT TO PARKS & RECREATION COMMISSION

SUBJECT

Action on the Parks & Recreation Commission Meeting Minutes from March 9, 2026

RECOMMENDATION

Approve the Parks & Recreation Commission Meeting Minutes from March 9, 2026

Prepared by: Priscilla Candel-Ramirez, Staff Aide, Parks & Recreation

Approved by: Damon Sparacino, Director of Parks & Recreation

ATTACHMENTS

1. Draft - Parks & Recreation Commission Meeting Minutes from March 9, 2026



City of Santa Clara

Meeting Minutes

Parks & Recreation Commission

03/09/2026

7:00 PM

Hybrid Meeting
Sparacino Conference Room - City Hall East Wing
1500 Warburton Avenue
Santa Clara, CA 95050

The City of Santa Clara is conducting the Parks & Recreation Commission meeting in a hybrid manner (in-person and a method for the public to participate remotely).

Join Zoom meeting

<https://santaclaraca.zoom.us/j/86374316081>

Webinar ID: 863 7431 6081

CALL TO ORDER AND ROLL CALL

Chair Chu called the meeting to order at 7:02 PM. Commissioner Forte arrived late at 7:20 PM.

Present 5 - Commissioner Dana Caldwell, Chair Maureen Chu, Commissioner Derek DeMarco, Vice Chair Vikas Gupta, and Commissioner Edward A. Souza

Absent 1 - Commissioner Eversley Forte

CONSENT CALENDAR

1. [26-265](#) Action on the Parks & Recreation Commission Meeting Minutes from January 12, 2026

Recommendation: Approve the Parks & Recreation Commission Meeting Minutes from January 12, 2026

Commissioner DeMarco made a motion, seconded by Commissioner Caldwell, approved the January 12, 2026, Parks & Recreation Commission Minutes. The motion carried by the following vote:

Aye: 5 - Commissioner Caldwell, Chair Chu, Commissioner DeMarco, Vice Chair Gupta, and Commissioner Souza

Absent: 1 - Commissioner Forte

PUBLIC PRESENTATIONS**GENERAL BUSINESS**

2. [26-93](#) Approval of a Grant from the Wade Brummal Youth Sports Scholarship Program in the Amount of \$3,550 to Reimburse Santa Clara Police Activities League for Eligible Scholarships from the 2025 Softball Season

Recommendation: Approve a Grant in the Amount of \$3,550 from the Wade Brummal Youth Sports Scholarship Program in the Public Donations Fund to Reimburse the Santa Clara Police Activities League for Eligible Expenses Related to the 2025 Softball Season.

Commissioner DeMarco made a motion, seconded by Commissioner Gupta to approve a grant from the Wade Brummal Youth Sports Scholarship Program in the amount of \$3,550 to reimburse Santa Clara Police activities league for eligible scholarships from the 2025 softball season. The motion is carried by the following vote:

Aye: 6 - Commissioner Caldwell, Chair Chu, Commissioner DeMarco, Commissioner Forte, Vice Chair Gupta, and Commissioner Souza

3. [26-130](#) Approval of a Grant from the Wade Brummal Youth Sports Scholarship Program in the Amount of \$42,045 to Reimburse Santa Clara Youth Soccer League for Eligible Scholarships from the 2025 Soccer Season

Recommendation: Approve a Grant in the Amount of \$42,045 from the Wade Brummal Youth Sports Scholarship Program in the Public Donations Fund to Reimburse the Santa Clara Youth Soccer League for 59 Eligible Scholarships Related to the 2025 Soccer Season.

Commissioner Souza noted that the grant amount of \$42,045 was erroneously stated to be \$42,405 in RTC 26-130

Vice Chair Gupta made a motion, seconded by Commissioner Forte to approve a grant from the Wade Brummal Youth Sports Scholarship Program in the amount of \$42,045 to reimburse Santa Clara Youth Soccer League for eligible scholarships from the 2025 soccer season. The motion was carried by the following vote:

Aye: 4 - Commissioner Caldwell, Chair Chu, Commissioner DeMarco, and Commissioner Souza

Abstained: 2 - Commissioner Forte, and Vice Chair Gupta

4. [26-216](#) Review and Recommendation of the Parks and Recreation Master Plan to the City Council for Adoption

Recommendation: It is recommended that the Parks & Recreation Commission review the Parks & Recreation Master Plan and the accompanying presentation, provide comments on the Plan, and adopt a resolution recommending that the City Council approve the Plan.

Commissioner DeMarco made a motion, seconded by Vice Chair Gupta to recommend to City Council to adopt the Parks & Recreation Master Plan. The motion was carried by the following vote:

Aye: 6 - Commissioner Caldwell, Chair Chu, Commissioner DeMarco, Commissioner Forte, Vice Chair Gupta, and Commissioner Souza

5. [26-267](#) Discuss the Progress Made on the FY 2025/26 Parks & Recreation Commission's Work Plan Goals and Activities

Recommendation: Discuss and update Parks & Recreation Commission Work Plan Goals and Activities for FY 2025/26.

Vice Chair Gupta made a motion, seconded by Commissioner DeMarco, to continue the work plan discussion until the next regular meeting. The motion is carried by the following vote:

Aye: 6 - Commissioner Caldwell, Chair Chu, Commissioner DeMarco, Commissioner Forte, Vice Chair Gupta, and Commissioner Souza

STAFF REPORT

Director Sparacino

Director Sparacino informed the Commissioners that a Parks Visitation survey has been created to track Commissioner park visits.

Recreation Manager Castro

Recreation Manager Castro provided updates that a Senior Needs Assessment is available for residents to complete through May 31. She also said the 4th of July Celebration will be held at Mission College this year per City Council. Recreation Manager Castro also provided updates on the Art & Wine Festival and Central Park access project.

COMMISSIONERS REPORT**Commissioner Caldwell**

Commissioner Caldwell visited multiple parks. The Commissioner noticed a tree issue at Maywood Park. He was pleased with the quick resolution after reporting the issue via the MySantaClara app.

Chair Chu

Chair Chu will visit more parks in the future.

Commissioner DeMarco

Commissioner DeMarco attended several classes with his child (including a dance class in Central Park). He also visited Bowers and Warburton Park.

Commissioner Forte

Commissioner Forte attended the Flag Raising Celebration and Celebrate Santa Clara at Levi Stadium. He was pleased to have the opportunity to speak with Steve Young.

Vice Chair Gupta

Vice Chair Gupta attended the Flag Raising ceremony and Celebrate Santa Clara at Levi Stadium. He was disappointed he did not get to attend the silent disco activity.

Commissioner Souza

Commissioner Souza recently returned from vacation. He asked Director Sparacino for an update on the hiring of a new Park Superintendent. Director Sparacino said he is working with HR to move this forward.

ADJOURNMENT

Commissioner DeMarco made a motion, seconded by Commissioner Caldwell to adjourn the Parks & Recreation Commission Meeting at 9:06 PM until the next regular meeting on April 13, at 7:00 PM in the Sparacino Conference Room at City Hall.

Aye: 6 - Commissioner Caldwell, Chair Chu, Commissioner DeMarco, Commissioner Forte, Vice Chair Gupta, and Commissioner Souza

MEETING DISCLOSURES

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Agenda Report

26-259

Agenda Date: 4/13/2026

REPORT TO PARKS AND RECREATION COMMISSION

SUBJECT

Review and Recommend for City Council Approval a Resolution Updating the Average Per-Acre Land Values and Park Development Costs Per Capita Used for Setting the Parkland In-Lieu Fee Schedule.

BACKGROUND

City Code Chapter 17.35 "Park and Recreational Land" requires new residential development to provide developed park and recreational land and/or pay in-lieu fees pursuant to the Quimby Act ("Quimby") and/or the Mitigation Fee Act ("MFA"). This enables the City to maintain its existing level of service at the rate of 2.6 acres to 3.0 acres of parkland and recreational amenities per 1,000 residents.

Parkland in-lieu fees are reassessed as part of the annual adoption of the Municipal Fee Schedule. There are three primary cost components upon which in-lieu fees are calculated:

1. The average cost of land acquisition for parks in Santa Clara, as determined by an annual land valuation appraisal;
2. The average per capita cost to develop parkland into a usable facility, based on the 2019 Parks and Recreation Facility Condition Assessment and adjusted using the Department of General Services California Construction Cost Index (CCCI); and
3. The administrative cost of the program, including review of residential development plans for compliance with the park ordinance and tracking of in-lieu fees (currently set at 2% of total fees collected).

The methodology used to calculate the in-lieu fees is detailed in the Park & Recreation Facilities Development Impact Fee Study (Nexus Study), dated August 27, 2019 (Attachment 1).

The purpose of this report is to:

1. Present the findings of the 2025 Land Valuation Report;
2. Recommend a +3.9% adjustment to the park improvement value in accordance with the latest CCCI figures; and
3. Solicit input from the Commission and the public on the proposed adjustments to parkland in-lieu fees, and consider a recommendation that the updated Quimby and MFA fees take effective on July 1, 2026.

DISCUSSION

Land Valuation - Average Cost per Acre

The cost to purchase land for parks is based on an annual land valuation study. The appraisal report is completed by an appraiser in accordance with City Code Section 17.35.040 and the Supplemental Instructions for the Appraisal of the Fair Market Value of Land, approved by the City Council on June 7, 2016 (Attachment 2).

The appraisal report has a valuation date of December 31 to account for the full calendar year (January 1 to December 31) of property transaction data and provides an objective assessment of the average value per acre of land for each of the City’s three residential ZIP Code areas (95050, 95051, and 95054).

On February 27, 2026, the City’s consultant, The Dore Group, completed the annual land valuation study with a valuation date of December 31, 2025 (Attachment 3). The study results are summarized in Table 1 below, which presents the 2025 valuation and prior years’ values for the City’s three residential Zip Codes. The average land value per acre decreased across all three ZIP Codes from 2023 to 2024, then increased in 2025. The increase from 2024 to 2025 ranges from 0.01% to 4.4%, depending on the individual Zip Codes. However, despite this uptick, 2025 values remain below 2023 levels.

Area	12-31-17	12-31-19	12-31-20	12-31-21	12-31-22	12-31-23	12-31-24	12-31-25	% Chg
95050	\$3.738M	\$4.385M	\$4.720M	\$5.715M	\$5.500M	\$5.455M	\$5.180M	\$5.359M	+3.5%
95051	\$3.993M	\$4.630M	\$5.120M	\$6.000M	\$5.840M	\$5.650M	\$5.340M	\$5.573M	+4.4%
95054	\$4.035M	\$4.495M	\$4.830M	\$5.495M	\$5.240M	\$5.255M	\$5.000M	\$5.037M	+0.01%

The 2025 Annual Land Valuation Appraisal Report was posted on the City website and a two-week public comment period was open from March 20, 2026, through April 3, 2026. Members of the public and development community were invited to review the report and submit questions and comments to the Director of Parks & Recreation. No comments were received during the official comment period.

Park Improvement Value - Average Cost Per Capita

The cost of constructing park improvements (e.g., landscaping, furnishings, buildings, etc.), is based on the average per capita cost of improvements within the City’s existing park system. This approach ensures a fair and equitable distribution of costs to be recovered for the development of park amenities and facilities to serve new residents at the same standard as existing residents.

On October 29, 2024, the City Council adopted Resolution No. 24-9383 (Attachment 4), which established the annual adjustments to the park improvement value used in calculating in-lieu fees. These adjustments correspond to the changes (increases or decreases) in the CCCI for the previous calendar year, as reported by the Real Estate Services Division. Annual increases and decreases are capped at 10% of the base value. In addition, the adjusted base value shall not exceed 100% cost recovery.

This approach builds upon the methodology established by the City Council in 2023 through Resolution No. 23-9220 (Attachment 5), which first defined the framework for annually updating the park improvement value.

Accordingly, park development costs are reviewed and updated annually to reflect changes in construction costs (i.e., escalation/inflation) and the average value of park assets across the existing park system, consistent with Resolution No. 23-9220.

From 2024 to 2025, the CCCI increased by 3.9% (see Table 2). Consistent with the City Council policy, it is recommended that this change is applied to calculate the 2026 Park Improvement Value. Accordingly, the current park improvement value of \$4,273 is increased by 3.9%, resulting in an updated value of \$4,440.

Table 2 Park Improvement Value (Cost per Capita)/Construction Cost Escalation

Year	2024	2025 Park Improvement Value	2025	2026 Park Improvement Value
CCCI	+2.3%	\$4,273	+3.9%	\$4,440
Park Improvement	\$4,177		\$4,273	

Credit for Qualified Private Recreational Amenities

New residential developments may propose and receive a credit of 50% of the land value for eligible private recreation amenities against in-lieu fees. This credit acknowledges that such amenities provide some public benefit by partially reducing demand on the City’s existing park system.

Eligible active recreational amenities include, but are not limited to, pools, gymnasiums or fitness areas, community rooms, picnic facilities, playgrounds, off-leash dog areas, large turf areas, sport courts, and community gardens. Each development application is evaluated for size, configuration, location, utility/demand, among other criteria, to ensure that the proposed amenities are appropriate and acceptable for reducing demand on existing public parkland. Eligible affordable housing and senior housing projects receive a 15% credit toward the parkland dedication requirement or applicable in-lieu fees.

Use of In-Lieu Fees

The City deposits in-lieu fees into separate accounts designated for either Quimby or MFA. During the development of the City’s Capital Improvement Program (CIP) budget, in-lieu fees are allocated to eligible CIP projects, including the acquisition of parkland and the development of neighborhood and community parks. Under certain conditions, in-lieu fees may be used for the rehabilitation of existing park facilities, however they cannot be used for on-going maintenance.

Spending and Reporting Requirements

The fees received and allocated are reported annually in the City’s Adopted Budget document.

Proposed Fees for FY2026/27

Based on the 2025 Annual Land Valuation Report, the proposed FY 2026/27 fees have been

adjusted to reflect changes in the average land value per acre, as shown in Table 1. These updates result in increases to parkland in-lieu fees in accordance with Quimby and MFA, as summarized in the table below.

The fees were presented to the City Council on April 7, 2026 as part of the study session on the Proposed FY 2026/27 Municipal Fee Schedule.

Zip Code 2025/26	Quimby FY 2026/27	FY	Change	
95050	Single Family	\$57,394	\$59,434	+\$2,040
	Multi Family	\$38,802	\$40,181	+\$1,379
95051	Single Family	\$58,785	\$61,294	+\$2,509
	Multi Family	\$39,741	\$41,438	+\$1,697
95054	Single Family	\$55,830	\$56,635	+\$805
	Multi Family	\$37,744	\$38,289	+\$545
Zip Code 2025/26	Mitigation Fee Act (MFA) FY 2026/27	FY	Change	
95050	Single Family	\$51,392	\$53,224	+\$1,832
	Multi Family	\$34,744	\$35,982	+\$1,238
95051	Single Family	\$52,597	\$54,837	+\$2,240
	Multi Family	\$35,558	\$37,073	+\$1,515
95054	Single Family	\$50,036	\$50,799	+\$763
	Multi Family	\$33,827	\$34,342	+\$515

To further illustrate how in-lieu fees are calculated, the methodology used by staff is provided in Attachment 6.

Next Steps

The purpose of this item is to seek input from the Commission and the public regarding the proposed changes. A summary of comments, questions, and responses will then be provided to the City Council.

The proposed changes in land values and construction costs discussed in this report will be presented to Council for approval on April 21, 2026 by resolution (Attachment 7). If approved, the updated park in-lieu fees will be incorporated in the 26/27 Municipal Fee Schedule which will also be presented for approval on April 21, 2026.

Fee Implementation

In conformance with state law, the proposed resolution will provide the required findings for Quimby and MFA. Under state law, fees subject to Quimby may take effect immediately after adoption, while fees subject to MFA may take effect no sooner than 60 days after adoption. The fees set forth in the proposed resolution, for both Quimby and MFA will take effect on July 1, 2026, which satisfies the MFA’s 60-day requirement.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California

Environmental Quality Act (“CEQA”) pursuant to California Code of Regulations Title 14 Section 15378(b)(4) in that it is a fiscal activity that does not involve commitment to a specific project which may result in potential significant impact on the environment.

FISCAL IMPACT

There is no impact to the General Fund for consideration of this item. The actual amount of parkland in-lieu fee revenue collected will vary based on the project application type (Quimby/MFA), the City Zip Codes (95050, 95051, 95054), housing density (single-family or multi-family), the amount of public parkland dedicated, and the amount of applicable credits. Credits may include 50% of land value for eligible on-site private recreational amenities and/or a 15% credit toward in-lieu fees for eligible affordable and senior housing projects.

Since the number and type of residential building permits issued in any particular year as well as the amount of dedicated parkland by residential developers are unknown, the exact amount of in-lieu fee revenues cannot be projected at this time.

When the In-Lieu Fee Policy is set at 100% cost recovery, the City is able to fully recover costs necessary to provide new residents with developed public parkland and recreational amenities at the same level of service provided to existing residents. Without sufficient parkland and facilities, demand on existing facilities increases, which causes competition for access, accelerated wear, more frequent repairs, and higher maintenance and capital replacement costs.

If fees are set below 100% cost recovery, additional General Fund resources or alternative funding resources will be needed to bridge the funding gap. Within this scenario, the City will need to identify other funding sources for the acquisition, development, or redevelopment of parkland to maintain the City’s park system standards of approximately 2.6 to 3.0 acres per 1,000 residents.

COORDINATION

This report has been coordinated with the Finance Department and the City Attorney’s Office.

PUBLIC CONTACT

Public contact was made by posting the Parks & Recreation Commission agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Review and recommend for Council adoption the proposed resolution (Attachment 7) updating the average per-acre land values and park development costs per capita used for setting the parkland in-lieu fee schedule.

Prepared by: Gina Saporito, Staff Analyst, Parks & Recreation
Approved by: Damon Sparacino, Director of Parks & Recreation

ATTACHMENTS

1. Nexus Study

2. Supplemental Instructions for the Appraisal of the Fair Market Value of Land
3. 2025 Annual Land Valuation Appraisal Report
4. Resolution No. 24-9383
5. Resolution No. 23-9220
6. Fee Calculation Worksheets Tables A, B, C
7. Draft Resolution 26-XXXX

CITY OF SANTA CLARA

PARK AND RECREATION FACILITIES DEVELOPMENT IMPACT FEE UPDATE STUDY

FINAL (approved August 27, 2019)

April 9, 2019



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1. Introduction

This report summarizes an analysis of the need for public facilities and capital improvements to support future development within the City of Santa Clara through 2035. It is the City's intent that the costs representing future development's share of these facilities and improvements be imposed on that development in the form of a development impact fee, also known as a public facilities fee. The public facilities and improvements included in this analysis of the City's public facilities fee program all fall into the parks and recreation facilities category.

Background and Study Objectives

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. To fulfill this objective, public agencies should review and update their fee programs periodically to incorporate the best available information. The primary purpose of this report is to create fees that incorporate current capital facility plans to serve a 2035 service population for the City of Santa Clara.

In 2013, the Santa Clara City Council adopted a strategic objective to develop a draft new housing development impact fee ordinance for parks acquisition and recreation facility development to meet its continued goal of ensuring fiscal responsibility. In 2014, the City adopted an updated park and recreation facilities fee program under the Mitigation Fee Act and the Quimby Act. This report is an update to the 2014 study to incorporate the latest facility cost and land acquisition cost data provided City, who commissioned the data specifically for use in this analysis.

The City imposes public facilities fees under authority granted by the *Mitigation Fee Act*, contained in *California Government Code* Sections 66000 *et seq.* This report provides the necessary findings required by the *Act* for adoption of the fees presented in the fee schedules contained herein.

Depending on the characteristics of the development project, the City may use the Quimby Act to calculate impact fees. The Quimby Act allows a city to require developers to dedicate at least three acres and up to five acres per 1,000 residents, if the city's existing park standard as of the last Census justifies the higher level.

Public Facilities Financing in California

The changing fiscal landscape in California during the past 40 years has steadily undercut the financial capacity of local governments to fund infrastructure. Three dominant trends stand out:

- The passage of a string of tax limitation measures, starting with Proposition 13 in 1978 and continuing through the passage of Proposition 218 in 1996;
- Declining popular support for bond measures to finance infrastructure for the next generation of residents and businesses; and
- Steep reductions in federal and state assistance.

Faced with these trends, many cities and counties have had to adopt a policy of "growth pays its own way." This policy shifts the burden of funding infrastructure expansion from existing taxpayers onto new development. This funding shift has been accomplished primarily through the imposition of assessments, special taxes, and development impact fees also known as public facilities fees. Assessments and special taxes require approval of property owners and are appropriate when the funded facilities are directly related to the developing property. Development fees, on the other hand, are an appropriate funding source for facilities that benefit all development jurisdiction-wide. Development fees need only a majority vote of the legislative body for adoption.

Organization of the Report

The determination of a public facilities fee begins with the selection of a planning horizon and development of projections for population and employment. These projections are used throughout the analysis of different facility categories and are summarized in Chapter 2.

Chapter 3 is devoted to documenting the maximum justified public facilities fee for parks and recreation facilities.

Chapter 4 describes the fee implementation process. The five statutory findings required for adoption of the proposed public facilities fees in accordance with the *Mitigation Fee Act* (codified in *California Government Code* Sections 66000 through 66025) are summarized in Chapter 5.

Facility Standards and Cost Allocation Approach

A facility standard is a policy that indicates the amount of facilities required to accommodate service demand. Examples of facility standards include building square feet per capita and park acres per capita. Standards also may be expressed in monetary terms such as the value of facilities per capita, or the value of improvements per acre or per capita. The adopted facility standard is a critical component in determining development's need for new facilities and the amount of the fee. Standards determine new development's fair share of planned facilities and ensure that new development does not fund deficiencies associated with the existing city infrastructure.

The parks and recreation facilities fees calculated in this report use an existing inventory demand standard translated into facility costs per capita to determine new development's fair share of planned facility costs. A cost standard provides a reasonable method for converting disparate types of facilities, in this case parkland and special use recreational facilities, into a single measure of demand (capital cost per capita). The cost standard is based on the **existing inventory** of parks and recreation facilities. New development would fund the expansion of facilities at the same rate that existing development has provided facilities to date, thus by definition, there is no existing deficiency.

2. Land Use Assumptions

This chapter describes the projections of growth used in this study. The existing service population in 2018 is used as the base year of the study and the planning horizon is the year 2035. This chapter also describes the sources of the unit costs for land and buildings used in this study.

Use of Growth Projections for Impact Fees

Estimates of the existing service population and projections of growth are critical assumptions used throughout this report. These estimates are used as follows:

- Estimates of total development in 2035 are used to determine the total amount of public facilities required to accommodate the future service population.
- Estimates of existing and new development are used to allocate the fair share of total planned facility costs between existing and new development.

Land Use Types

To ensure a reasonable relationship between each fee and the type of development paying the fee, growth projections distinguish between different land use types. The land use types used in this analysis are defined below.

- **Single-family:** Detached and attached one-family dwelling units.
- **Multi-family:** All attached multi-family dwellings such as duplexes, condominiums, plus mobile homes, apartments, and dormitories.
- **Accessory Dwelling Unit:** dwelling unit not exceeding 640 square feet in floor area, and which includes a kitchen, one-bedroom sleeping quarters, and a bathroom on a lot with an existing single-family dwelling.

The City should have the discretion to impose the parks and recreation facilities fee based on the specific aspects of a proposed development regardless of zoning. The guideline to use is the probable occupant density of the development. The fee imposed should be based on the land use type that most closely matches the probable occupant density of the development.

Growth Projections for City of Santa Clara

Park and recreation facilities in Santa Clara primarily serve residents in the City of Santa Clara. Therefore, residents comprise the park and recreation facilities service population.

The base year for this study is the year 2018. The planning horizon is 2035. Resident growth between 2018 and 2035 comprises the growth increment in this analysis. The City's population in 2010 is used to calculate the parkland standard under the *Quimby Act*. The Santa Clara General Plan identified total projected residents in 2035.

Table 1 shows estimates of the growth in terms of residents between 2018 and 2035. The table also shows the City's population in 2010.

Table 1: Parks Service Population

	Residents
Census (2010)	116,468
Existing (2018)	126,408
Growth (2018 - 2035)	<u>28,392</u>
Total (2035)	154,800

Sources: US Census, 2010; CA Department of Finance, Table E-5, 2018; Santa Clara General Plan.

Occupant Densities

Occupant densities ensure a reasonable relationship between the increase in service population and amount of the fee. Developers pay the fee based on the number of additional housing units for residential development. The fee schedule must convert service population estimates into these measures of housing units. This conversion is done with average occupant density factors by land use type, shown in **Table 2**. The residential occupant density factors for both the various types of dwelling units were derived from the most recently available data from US Census' American Community Survey.

Table 2: Occupant Density

<i>Residential</i>	
Single Family	2.98 Residents Per Dwelling Unit
Multi-family and Accessory Dwelling Units	2.40 Residents Per Dwelling Unit

Sources: U.S. Census Bureau, 2017 American Community Survey, Tables B25024 and B25033.

3. Parks & Recreation Facilities

The following chapter documents the nexus analysis, demonstrating the need for new park and recreation facilities demanded by new development. This analysis documents two separate fees based on the *Quimby Act* and the *Mitigation Fee Act*. The City would collect the fee based a standard of 3.0 acres per 1,000 residents if the development was subject to the *Quimby Act* land dedication requirement. For all other development, the City would collect based on the existing standard through the *Mitigation Fee Act*. The City would only collect one of the two fees depending on which was appropriate.

Existing Park and Recreation Facilities Inventory

The City of Santa Clara maintains several park and recreation facilities throughout the city. **Table 3** summarizes the City's existing parkland inventory. All facilities are located within the City limits. The City has revised this inventory from the prior impact fee analysis in 2014, based on the latest information available. The inventory distinguishes between developed and undeveloped parkland. Developed parkland includes parks that are open for public use with typical park amenities. This includes facilities that are owned by other agencies that the City has joint use agreements for, or public park easements in perpetuity for public use of the facilities. Undeveloped parkland represents land that the City owns, or will be dedicated to the City, but does not yet include any improvements or amenities.

Table 3: Existing Parkland Inventory

Park Name	Address	2018	
		Inventory Developed	2018 Inventory Undeveloped
<u>Community Parks</u>			
Central Park	909 Kiely Boulevard	45.04	-
Central Park North-City Place (SCG&TC)	5155 Stars & Stripes Drive	-	34.93
Subtotal Community Parks		45.04	34.93
<u>Mini/Pocket Parks</u>			
Geof Goodfellow Sesquicentennial Park	1591 El Camino Real	0.18	-
Memorial Cross Park	2501 De La Cruz Boulevard	0.34	-
Thomas Barrett Park (formerly BAREC)	1885 Worthington Circle	1.00	-
Rotary Park	1490 Don Avenue	0.20	-
War Memorial Playground	295 Monroe Street	0.87	-
LSAP-Parks A-H		-	3.19
Subtotal Mini/Pocket Parks		2.59	3.19
<u>Neighborhood Parks</u>			
Agnew Park	2250 Agnew Road	1.97	-
Bowers Park	2582 Cabrillo Avenue	8.70	-
Bracher Park	2560 Alhambra Drive	3.45	-
Central Park Annex	Miles Drive	2.72	-
City Plaza Park	Lexington & Main Street	1.60	-
Earl R. Carmichael Park	3445 Benton Street	8.32	-
Everett Alvarez Jr. Park	2280 Rosita Drive	1.61	-
Fairway Glen Park	2051 Calle de Primavera	4.00	-
Fremont Park	1303 Fremont Street	2.66	-
Fuller Street Park	4641 Fuller Street	2.39	-
Henry Schmidt Park	555 Los Padres Boulevard	7.50	-
Homeridge Park	2985 Stevenson Street	4.28	-
Jenny Strand Park	250 Howard Drive	4.47	5.22
Larry J. Marsalli Park	1425 Lafayette Street	7.26	-
Lick Mill Park	4750 Lick Mill Boulevard	9.90	-
Live Oak Park	4025 Rivermark Parkway	9.98	-
Machado Park	3360 Cabrillo Avenue	2.65	-
Mary Gomez Park	651 Bucher Avenue	5.64	-
Maywood Park	3330 Pruneridge Avenue	6.98	-
Montague Park	3595 MacGregor Lane	7.51	-
Parkway Park	3675 Forest Avenue	4.50	-
Santa Clara Square Parks		-	4.17
San Tomas & Monroe (Eddie Souza Park)	2380 Monroe Street	2.49	-
Steve Carli Park	1045 Los Padres	1.60	-
Thamien Park	4321 Lick Mill Boulevard	3.40	-
Warburton Park & Pool	2250 Royal Drive	3.95	-
Westwood Oaks Park	460 La Herran Drive	1.75	-
Subtotal Neighborhood Parks		121.26	9.39

Source: City of Santa Clara.

Table 3: Existing Parkland Inventory Continued

Park Name	Address	2018	
		Inventory Developed	2018 Inventory Undeveloped
<i>Public Open Space</i>			
Agnews Historic Park, Mansion & Auditorium	4030 Lafayette Street	14.50	-
Civic Center Park	1525 El Camino Real	1.63	-
Ulistac Natural Area	4901 Lick Mill Boulevard	-	40.08
Subtotal Public Open Space		16.13	40.08
<i>Recreation Facilities</i>			
Raymond G. Gamma Dog Park	888 Reed Street	1.72	-
Reed & Grant Street Sports Park	870 Reed Street	-	9.04
Santa Clara Senior Center	1303 Fremont Street	2.14	-
Santa Clara P.A.L. BMX Track	5451 Lafayette St.	-	-
Santa Clara Youth Soccer Park	5049 Centennial Blvd.	11.00	-
Subtotal Recreation Facilities		14.86	9.04
<i>Recreational Trails (San Tomas Aquino/Saratoga Creek Trail)</i>			
Reach 1	Bay Trail to Agnew Road	1.70	-
Reach 2	Agnew Road to Scott Blvd.	0.81	-
Reach 3	Scott Blvd. to Monroe St.	1.21	-
Reach 4	Monroe St. to Pruneridge Ave	3.87	0.20
Subtotal Recreational Trails		7.59	0.20
<i>Joint Use Facilities</i>			
Buchser Tennis Courts	Buchser Campus	-	1.07
Mission College Sports Complex	3000 Mission College Blvd	19.40	-
Elmer Johnson Field	Buchser Campus	5.10	-
Mission City Center for the Performing Arts	Wilcox High School	-	-
Montague Swim Center	Montague Park	2.50	-
Townsend Field	Buchser Campus	5.00	-
Washington Park Baseball Field	Buchser Campus	8.20	-
Steve Carli Sports Field	1045 Los Padres	3.92	-
Skate Park	2440 Cabrillo Avenue	0.90	-
Teen Center	2446 Cabrillo Avenue School	1.00	-
Walter E. Schmidt Youth Activity Center	2450 Cabrillo Avenue	1.50	-
Subtotal Joint Use Facilities		47.52	1.07
Total		254.99	97.89

Source: City of Santa Clara.

Developed Park Improvement Cost Estimate

This analysis uses an estimate of the replacement cost of the City's existing parkland inventory to estimate the reasonable cost of constructing new improvements, including site improvements and building assets on new parkland. **Table 4** displays the replacement cost improvement values for all the park site and building assets in Table 3.

In 2017, the City retained Kitchell, CEM to complete an inventory of all park and recreation assets for use in the City's Enterprise Asset Management System/Geographic Information System and a Facility Condition Assessment Report ("Kitchell Report"). The Kitchell Report, dated February 21, 2018 provides an estimate of the current replacement cost "as is" of the existing City park site improvements and building improvements in the City's park inventory. The costs in Table 4 exclude the value of land, which was determined by a land appraisal and is shown in Appendix Table A.1 of this report. The values in Table 4 are used below in Table 5 to estimate the average cost per acre of the improvements on an acre of developed parkland. Adjustments have been made (subtracted) for non-standard park facilities and buildings, such as the Agnews Historic Park buildings which are uniquely not owned and maintained by the City but are on dedicated park property by an historic easement and agreement.

As shown in Table 4, the total replacement cost of the existing park site and building improvements is approximately \$340.5 million. This figure is divided by 254.99 acres of developed parkland resulting in the average park improvement cost per acre in Santa Clara of \$1.3 million.

The City also reviewed recent Santa Clara park improvement construction costs to evaluate if the \$1.3 million per acre assumption for park improvements was reasonable to use in this analysis. The recently completed Central Park Annex cost \$1 million per acre, San Tomas & Monroe cost \$2.3 million per acre, the Lawrence Station Area Parks 2016 estimate was \$1.8 million per acre, and Reed & Grant was \$2.5 million per acre, which when averaged indicate a higher \$1.8 million per acre cost for park improvements. Further, an independent review of the Kitchell Report by an expert construction cost estimator was conducted to validate the Report's methods and analysis that costs exceed \$1.3 million per acre.

Therefore, based on this data and analysis, the estimated cost of \$1.3 million to improve an acre of parkland in Santa Clara is both reasonable and conservative and is appropriate to use in this analysis.

Table 4: Park Site Assets and Buildings

Park Name	Replacement Value Park Assets	Replacement Value Building(s) Asset	Total Replacement Cost
<i>Community Parks</i>			
Central Park	\$ 17,959,388	\$ 73,370,929	\$ 91,330,317
Central Park North-City Place (SCG&TC)	-	-	-
Subtotal Community Parks	\$ 17,959,388	\$ 73,370,929	\$ 91,330,317
<i>Mini/Pocket Parks</i>			
Geof Goodfellow Sesquicentennial Park	\$ 160,482	\$ -	\$ 160,482
Memorial Cross Park	98,675	-	98,675
Thomas Barrett Park (formerly BAREC)	540,082	589,374	1,129,456
Rotary Park	220,887	-	220,887
War Memorial Playground	650,033	553,269	1,203,302
LSAP-Parks A-H	-	-	-
Subtotal Mini/Pocket Parks	\$ 1,670,159	\$ 1,142,643	\$ 2,812,802
<i>Neighborhood Parks</i>			
Agnew Park	\$ 786,168	\$ 1,813,786	\$ 2,599,954
Bowers Park	1,699,330	6,286,660	7,985,990
Bracher Park	992,336	552,207	1,544,543
Central Park Annex	732,170	732,395	1,464,565
City Plaza Park	338,104	276,276	614,380
Earl R. Carmichael Park	3,221,465	4,984,727	8,206,192
Everett Alvarez Jr. Park	770,680	888,840	1,659,520
Fairway Glen Park	1,613,055	-	1,613,055
Fremont Park	518,591	-	518,591
Fuller Street Park	799,562	530,968	1,330,530
Henry Schmidt Park	3,151,804	2,784,396	5,936,200
Homeridge Park	948,347	509,729	1,458,076
Jenny Strand Park	1,622,998	214,511	1,837,509
Larry J. Marsalli Park	1,994,604	849,549	2,844,153
Lick Mill Park	2,960,932	5,766,312	8,727,244
Live Oak Park	1,484,676	430,084	1,914,760
Machado Park	959,152	1,784,052	2,743,204
Mary Gomez Park	2,032,090	6,687,925	8,720,015
Maywood Park	2,570,053	1,784,052	4,354,105
Montague Park	2,684,563	6,743,293	9,427,856
Parkway Park	672,415	928,132	1,600,547
Santa Clara Square Parks	-	-	-
San Tomas & Monroe (Eddie Souza Park)	3,704,850	-	3,704,850
Steve Carli Park	1,095,243	1,588,000	2,683,243
Thamien Park	1,774,012	530,968	2,304,980
Warburton Park & Pool	1,730,636	4,765,381	6,496,017
Westwood Oaks Park	875,039	1,827,566	2,702,605
Subtotal Neighborhood Parks	\$ 41,732,875	\$ 53,259,809	\$ 94,992,684

Source: City of Santa Clara; Facilities Condition Assessment Prepared by Kitchell For City of Santa Clara, California, 2018.

Table 4: Park Site Assets and Buildings Continued

Park Name	Replacement Value Park Assets	Replacement Value Building(s) Asset	Total Replacement Cost
<i><u>Public Open Space</u></i>			
Agnews Historic Park, Mansion & Auditorium	\$ 3,278,089	\$ -	\$ 3,278,089
Civic Center Park	937,765	-	937,765
Ulistac Natural Area	306,362	-	306,362
Subtotal Public Open Space	\$ 4,522,216	\$ -	\$ 4,522,216
<i><u>Recreation Facilities</u></i>			
Raymond G. Gamma Dog Park	\$ 377,960	\$ -	\$ 377,960
Reed & Grant Street Sports Park	-	-	-
Santa Clara Senior Center	508,130	32,546,908	33,055,038
Santa Clara P.A.L. BMX Track	-	-	-
Santa Clara Youth Soccer Park	5,907,808	7,043,303	12,951,111
Subtotal Recreation Facilities	\$ 6,793,898	\$ 39,590,211	\$ 46,384,109
<i><u>Recreational Trails</u></i>	\$ 4,301,154	\$ -	\$ 4,301,154
<i><u>Joint Use Facilities</u></i>			
Buchser Tennis Courts	\$ 591,400	\$ -	\$ 591,400
Mission College Sports Complex	6,968,950	3,419,649	10,388,599
Elmer Johnson Field	459,639	56,982	516,621
Mission City Center for the Performing Arts	-	40,462,347	40,462,347
Montague Swim Center	398,429	5,253,915	5,652,344
Townsend Field	643,926	2,400,000	3,043,926
Washington Park Baseball Field	1,286,701	2,296,838	3,583,539
Steve Carli Sports Field	-	-	-
Skate Park	928,485	458,756	1,387,241
Teen Center	269,536	9,291,939	9,561,475
Walter E. Schmidt Youth Activity Center	-	20,968,986	20,968,986
Subtotal Joint Use Facilities	\$ 11,547,066	\$ 84,609,412	\$ 96,156,478
Total Replacement Cost	\$ 88,526,756	\$ 251,973,004	\$ 340,499,760

Source: City of Santa Clara; Facilities Condition Assessment Prepared by Kitchell For City of Santa Clara, California, 2018.

Parkland Unit Costs

Table 5 shows the estimated cost per acre for developing parkland, including land acquisition. The land value of \$3.9 million per acre is the average acquisition cost per acre in the City, based on an appraisal of a hypothetical acre of undeveloped land the three zip codes in the City. See **Appendix Table A.1** for the results of the appraisal. The value of park assets and building assets is from Table 4 is summarized here.

The value of all assets, is allocated across all existing improved parkland acres and added to the cost of land acquisition per acre to determine the total cost to develop an acre of parkland in the City.

Table 5: Parkland Unit Costs

Item	Total Value
Park Assets	\$ 88,526,756
Building Assets	251,973,004
Total - Park Improvements Replacement Cost	\$ 340,499,760
Improved Park Acres	254.99
Improvements Cost per Acre	\$ 1,335,000
Land Acquisition ¹	\$ 3,922,000
Total Parkland Acquisition and Improvement Cost per Acre	\$ 5,257,000

Note: Figures have been rounded to the nearest thousand.

¹ Average value of land acquisition per acre in the following zip codes: 95050, 95051 and 95054.

Sources: Tables 3, 4 and Appendix Table A.1.

Quimby Justification Parkland Inventory (as of 2010)

Table 6 displays the City's inventory of developed and undeveloped parkland as of 2010. This is included to justify the Quimby standard, since the Quimby Act requires that population estimates from the most recent federal Census be used to calculate a jurisdiction's parkland standards. Consequently, the parkland inventory used to calculate the standard must correspond with the year of the population estimates to accurately calculate the standard. Per the Quimby Act, the City can require dedication at a minimum standard of 3.0 acres per 1,000 residents if it's existing parkland standard as of the last federal census was less than 3.0 acres per 1,000 residents. This inventory has been modified slightly since the 2014 study to correct anomalies that have come to light when the 2018 inventory was being reviewed.

Table 6: Quimby Justification Inventory - Parks in 2010

Park Name	Address	2010 Developed	2010 Undeveloped
<i><u>Community Parks</u></i>			
Central Park	909 Kiely Boulevard	45.04	-
Subtotal Community Parks		45.04	-
<i><u>Mini/Pocket Parks</u></i>			
Geof Goodfellow Sesquicentennial Park	1591 El Camino Real	0.18	-
Memorial Cross Park	2501 De La Cruz Boulevard	0.34	-
Thomas Barrett Park (formerly BAREC)	1885 Worthington Circle	-	1.00
Rotary Park	1490 Don Avenue	0.20	-
War Memorial Playground	295 Monroe Street	0.87	-
Subtotal Mini/Pocket Parks		1.59	1.00
<i><u>Neighborhood Parks</u></i>			
Agnew Park	2250 Agnew Road	1.97	-
Bowers Park	2582 Cabrillo Avenue	8.70	-
Bracher Park	2560 Alhambra Drive	3.45	-
City Plaza Park	Lexington & Main Street	1.60	-
Earl R. Carmichael Park	3445 Benton Street	8.32	-
Everett Alvarez Jr. Park	2280 Rosita Drive	1.61	-
Fairway Glen Park	2051 Calle de Primavera	4.00	-
Central Park Annex	Miles Drive	-	2.30
Fremont Park	1303 Fremont Street	2.66	-
Fuller Street Park	4641 Fuller Street	2.39	-
Henry Schmidt Park	555 Los Padres Boulevard	7.50	-
Homeridge Park	2985 Stevenson Street	4.28	-
Jenny Strand Park	250 Howard Drive	4.47	5.22
Larry J. Marsalli Park	1425 Lafayette Street	7.26	-
Lick Mill Park	4750 Lick Mill Boulevard	9.90	-
Live Oak Park	4025 Rivermark Parkway	9.98	-
Machado Park	3360 Cabrillo Avenue	2.65	-
Mary Gomez Park	651 Bucher Avenue	5.64	-
Maywood Park	3330 Pruneridge Avenue	6.98	-
Montague Park	3595 MacGregor Lane	7.51	-
Parkway Park	3675 Forest Avenue	4.50	-
Steve Carli Park	1045 Los Padres	1.60	-
Thamien Park	4321 Lick Mill Boulevard	3.40	-
Warburton Park & Pool	2250 Royal Drive	3.95	-
Westwood Oaks Park	460 La Herran Drive	1.75	-
Subtotal Neighborhood Parks		116.05	7.52

Source: City of Santa Clara.

Table 6: Quimby Justification Inventory - Parks in 2010 Continued

Park Name	Address	2010 Developed	2010 Undeveloped
<i><u>Public Open Space</u></i>			
Agnews Historic Park, Mansion & Auditoriu	4030 Lafayette Street	14.50	-
Civic Center Park	1525 El Camino Real	1.63	-
Ulistac Natural Area	4901 Lick Mill Boulevard	-	40.08
Subtotal Public Open Space		16.13	40.08
<i><u>Recreation Facilities</u></i>			
Raymond G. Gamma Dog Park	888 Reed Street	1.72	-
Santa Clara Senior Center	1303 Fremont Street	2.14	-
Santa Clara P.A.L. BMX Track	5451 Lafayette St.	-	-
Santa Clara Youth Soccer Park	5049 Centennial Boulevard	11.00	-
Subtotal Recreation Facilities		14.86	-
<i><u>San Tomas Aquino/Saratoga Creek Trail</u></i>			
Reach 1	Bay Trail to Agnew Road	1.70	-
Reach 2	Agnew Road to Scott Blvd.	0.81	-
Reach 3	Scott Blvd. to Monroe St.	1.21	-
Reach 4	Monroe St. to Pruneridge Ave.	3.87	0.20
Subtotal Recreational Trails		7.59	0.20
<i><u>Joint Use Facilities</u></i>			
Mission College Sports Complex	3000 Mission College Blvd	19.40	-
Elmer Johnson Field	Buchser Campus	5.10	-
Mission City Center for the Performing Arts	Wilcox High School	-	-
Montague Swim Center	Montague Park	2.50	-
Townsend Field	Buchser Campus	5.00	-
Washington Park Baseball Field	Buchser Campus	8.20	-
Steve Carli Sports Field	1045 Los Padres	3.92	-
Skate Park	2440 Cabrillo Avenue	0.90	-
Teen Center	2446 Cabrillo Avenue School	1.00	-
Walter E. Schmidt Youth Activity Center	2450 Cabrillo Avenue	1.50	-
Subtotal Joint Use Facilities		47.52	-
Total		248.78	48.80

Source: City of Santa Clara.

Improved Parkland Equivalent

Before calculating the existing standards, unimproved parkland owned by the City must be converted to an equivalent amount of improved parkland. **Table 7** details this conversion. The conversion is based on the ratio of the cost of an unimproved acre of land relative to an acre of improved parkland. The assumptions for the value of undeveloped and developed parkland are shown above in Table 5. The improved parkland equivalent is calculated for both the existing inventory of parkland, and for the inventory of parkland in 2010.

Table 7: Improved Parkland Equivalent

Type	Cost per Acre	Acres
Unimproved Parkland	\$ 3,922,000	
Improved Parkland	<u>5,257,000</u>	
Unimproved Parkland Land Costs as a Relative Percentage of Parkland Costs	75%	
<i>Mitigation Fee Act</i>		
Existing Unimproved Parkland		97.89
Improvement Factor	x <u>75%</u>	
Equivalent Improved Acres		73.42
<i>Quimby Act</i>		
Unimproved Parkland in 2010		48.80
Improvement Factor	x <u>75%</u>	
Equivalent Improved Acres		36.60

Note: Figures have been rounded.

Sources: Tables 3, 5 and 6.

Park Facility Standards

Park facility standards establish a reasonable relationship between new development and the need for expanded park facilities. Information regarding the City's existing inventory of existing parks facilities was obtained from City staff.

The most common measure in calculating new development's demand for parks is the ratio of park acres per resident. In general, facility standards may be based on the Mitigation Fee Act (using a city's existing inventory of park facilities), or an adopted policy standard contained in a master facility plan or general plan. Facility standards may also be based on a land dedication standard established by the Quimby Act.¹ The land dedication standard refers to the number of acres per 1,000 residents that the required land dedication or a fee in-lieu of land dedication is based on. A typical Quimby Act standard for land dedication is 3.0 acres per 1,000 residents, though the standard can vary by jurisdiction. Another example of a land dedication standard can be found in a city that charges at 5.0 acres per 1,000 residents to meet its general plan goals. The standards used in this analysis are discussed in depth below.

Mitigation Fee Act

The Mitigation Fee Act does not dictate use of a particular type or level of facility standard for public facilities fees. To comply with the findings required under the law, facility standards must not burden new development with any cost associated with facility deficiencies attributable to existing development.² A simple and clearly defensible approach to calculating a facility standard is to use the city's existing ratio of park acreage per 1,000 residents. Under this approach, new development is required to fund new park facilities at the same level as existing residents have provided those same types of facilities to date.

Quimby Act

The Quimby Act does specify facility standards to use for parkland dedication. The Act only includes dedication of parkland and does not require construction of park improvements. The Act specifies that the dedication requirement must be a minimum of 3.0 acres and a maximum of 5.0 acres per 1,000 residents. Funds collected through the Quimby ordinance can only be used for purchasing land to create neighborhood and community parks, not open space. The city can require residential developers to dedicate above the three-acre minimum if the city's existing park standard as of the last Census justifies the higher level (up to five acres per 1,000 residents). The standard used must also conform to the City's adopted general or specific plan standards.

The Quimby Act only applies to land subdivisions. A city cannot apply the Quimby Act to development on land subdivided prior to adoption of a Quimby ordinance, such as development on infill lots. The Quimby Act also would not apply to residential development on future approved projects on single parcels, such as many types of multi-family development.

The Quimby Act allows payment of a fee in lieu of land dedication. The fee is calculated to fund acquisition of the same amount of land that would have been dedicated. The fee does not include the cost of park improvements because the land dedication requirement does not include improvements. Developments paying the Quimby Act fee in-lieu of dedication are also subject to a Mitigation Fee Act fee for park improvements, calculated at the existing standard.

The Quimby Act allows use of in-lieu fee revenue for developing new or rehabilitating existing neighborhood or community park or recreational facilities to serve the subdivision paying the fee, including land acquisition, unless certain conditions are met. The City can use Quimby fee

¹ California Government Code §66477.

² See the *benefit and burden* findings in *Chapter 5, Mitigation Fee Act Findings*.

revenue for purpose of developing new or rehabilitating existing park or recreational facilities in a neighborhood other than the neighborhood paying the fees if the following conditions are met:³

1. The neighborhood in which the fees are to be spent has a standard of less than 3.0 park area per 1,000 members of the neighborhood population.
2. The neighborhood paying the fees has park standard that meets or exceeds 3.0 acres per 1,000 persons.
3. The City Council holds a public hearing before using the fees.
4. The City Council makes a finding that it is reasonably foreseeable that future inhabitants of the subdivision paying the fees will use the proposed park and recreational facilities in the neighborhood where the fees are used.
5. The fees are used within a specified radius that complies with the city's Quimby ordinance and are consistent with the adopted general plan or specific plan of the city. "Specified radius" includes a planning area, zone of influence, or other geographic region designated by the city.

³ Conditions are paraphrased. Refer to *California Government Code* §66477(a)(3)(B) for full text.

City of Santa Clara Park Facilities Standards

To calculate new development's need for new parks, municipalities commonly use a ratio expressed in terms of developed park acres per 1,000 residents. **Table 8** shows the existing standard for improved park acreage per 1,000 residents and documents the City's standard as of the last Census for the Quimby Act standard.

Table 8: Level of Service Standards

	Mitigation Fee Act Standard (2018)	Quimby Act Standard (2010) ¹
Improved Park Acreage	254.99	248.78
Unimproved Park Acreage Equivalent	73.42	36.60
Total - Park Acres	328.41	285.38
Service Population (Residents)	126,408	116,468
Level of Service Standard (Acres per 1,000 Residents)	2.60	2.45

¹ The City can charge Quimby fees in-lieu of parkland dedication, or require parkland dedication at the 3.0 acre per 1,000 resident standard because its existing standard as of the last Federal Census in 2010 was less than 3.0 acres per 1,000 residents.

Sources: Tables 1, 3, 6 and 7.

Facilities Needed to Accommodate New Development

Table 9 shows the park facilities needed to accommodate new development at the existing standard. To achieve the standard by the planning horizon, depending on the amount of development subject to the Quimby Act, new development must fund the purchase and improvement of between 73.82 and 85.18 parkland acres, at a total cost ranging between \$388.1 and \$432.6 million.

The facility standards and resulting fees under the Quimby Act are higher because development will be charged to provide 3.0 acres of parkland per 1,000 residents, and 2.60 acres of improvements, whereas development not subject to the Quimby Act will be charged to provide only 2.60 acres of parkland per 1,000 residents, and 2.60 acres of improvements. Since the exact amount of development that will be subject to the Quimby fees is unknown at this time, Table 9 presents the range of total facility costs that may be incurred depending on the amount of development subject to the Quimby Act.

Table 9: Park Facilities to Accommodate New Development

	Calculation	Parkland	Improvements	Total Range ¹
<i>Parkland (Quimby Act), Improvements (Mitigation Fee Act)²</i>				
Facility Standard (acres/1,000 residents)	A	3.00	2.60	
Resident Growth (2018-2035)	B	28,392	28,392	
Facility Needs (acres)	$C = (B / 1,000) \times A$	85.18	73.82	
Average Unit Cost (per acre)	D	\$ 3,922,000	1,335,000	
Total Cost of Parkland To Serve New Development	$E = C \times D$	\$ 334,075,960	\$ 98,549,700	\$ 432,625,660
<i>Parkland and Improvements - Mitigation Fee Act³</i>				
Facility Standard (acres/1,000 residents)	F	2.60	2.60	
Resident Growth (2018-2035)	G	28,392	28,392	
Facility Needs (acres)	$H = (G / 1,000) / F$	73.82	73.82	
Average Unit Cost (per acre)	D	\$ 3,922,000	1,335,000	
Total Cost of Parkland To Serve New Development	$I = H \times D$	\$ 289,522,040	\$ 98,549,700	\$ 388,071,740

Note: Totals rounded to the thousands.

¹ Values in this column show the range of the cost of parkland acquisition and development should all development be either subject to the Quimby Act, or to the Mitigation Fee Act, respectively.

² Cost of parkland to serve new development shown if all development is subject to the Quimby Act (subdivisions). Parkland charged at 3.0 acres per 1,000 residents; improvements charged at the existing standard.

³ Cost of parkland to serve new development shown if all development is subject to the Mitigation Fee Act. Parkland and improvements are charged at the existing standard.

Sources: Tables 1, 5, and 8.

Parks Cost per Capita

Table 10 shows the cost per capita of providing new park facilities at the Quimby standard, and the existing facility standard, by zip code. The cost per capita is shown separately for land and improvements. The costs per capita in this table will serve as the basis of three fees:

- A Quimby Act Fee in-lieu of land dedication. This fee is payable by residential development occurring in subdivisions.
- A Mitigation Fee Act Fee for land acquisition. This fee is payable by residential development not occurring in subdivisions.
- A Mitigation Fee Act Fee for parkland improvements. This fee is payable by all residential development.

A development project pays either the Quimby Act Fee in-lieu of land dedication, or the Mitigation Fee Act Fee for land acquisition, not both. All development projects pay the Mitigation Fee Act Fee for park improvements.

Table 10: Cost per Capita

	Calculation	<i>Land</i> ¹		AND <i>Improvements</i>
		Quimby Act	OR Mitigation Fee Act	
<i>Zip Code 95050</i>				
Parkland Investment (per acre)	A	\$ 3,738,000	\$ 3,738,000	\$ 1,335,000
Level of Service (acres per 1,000 residents)	B	<u>3.00</u>	<u>2.60</u>	<u>2.60</u>
Total Cost Per 1,000 capita	$C = A \times B$	\$ 11,214,000	\$ 9,718,800	\$ 3,471,000
Cost Per Resident	$D = C / 1,000$	\$ 11,214	\$ 9,719	\$ 3,471
<i>Zip Code 95051</i>				
Parkland Investment (per acre)	A	\$ 3,993,000	\$ 3,993,000	\$ 1,335,000
Level of Service (acres per 1,000 residents)	B	<u>3.00</u>	<u>2.60</u>	<u>2.60</u>
Total Cost Per 1,000 capita	$C = A \times B$	\$ 11,979,000	\$ 10,381,800	\$ 3,471,000
Cost Per Resident	$D = C / 1,000$	\$ 11,979	\$ 10,382	\$ 3,471
<i>Zip Code 95054</i>				
Parkland Investment (per acre)	A	\$ 4,035,000	\$ 4,035,000	\$ 1,335,000
Level of Service (acres per 1,000 residents)	B	<u>3.00</u>	<u>2.60</u>	<u>2.60</u>
Total Cost Per 1,000 capita	$C = A \times B$	\$ 12,105,000	\$ 10,491,000	\$ 3,471,000
Cost Per Resident	$D = C / 1,000$	\$ 12,105	\$ 10,491	\$ 3,471

¹ A development project pays either the Quimby Act Fee In-Lieu of land dedication, or the Mitigation Fee Act Fee for land acquisition, not both. All development projects pay the Mitigation Fee Act Fee for park improvements.

Sources: Tables 5, 9 and Appendix Table A.1.

Use of Fee Revenue

The City plans to use park facilities fee revenue to purchase parkland or construct improvements to add to the system of park and recreation facilities that serves new development. The City may only use impact fee revenue to provide facilities and intensify usage of existing facilities needed to serve new development. Depending on the amount of development subject to the Quimby Act, new development must fund the purchase and improvement of between 73.82 and 85.18 parkland acres through the planning horizon of 2035.

Fee Schedule

To calculate fees by land use type, the investment in park facilities is determined on a per resident basis for both land acquisition and improvement. These investment factors (shown in Table 10) are investment per capita based on the unit cost estimates and facility standards.

The City anticipates that the park fees would be the primary revenue source to fund new development's investment in park facilities. **Tables 11.a, 11.b and 11.c** show the park facilities fee based on the minimum Quimby standard and the existing standard for each zip code in the City, respectively. The City would collect the fee based on only one of the two approaches as appropriate. Each fee includes a component for park improvements based on the City's existing standard. The investment per capita is converted to a fee per dwelling unit.

The total fee includes an administrative charge to fund costs that include: (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Table 11.a: Park and Recreation Facilities Fee Schedule - Zip Code 95050

Land Use	A	B	C = A x B	D = C x 0.02	E = C + D
	Cost Per Capita	Density	Base Fee ¹	Admin Charge ^{1, 2}	Total Fee ¹
Quimby Act					
<u>Single Family</u>					
Parkland	\$ 11,214	2.98	\$ 33,418	\$ 668	\$ 34,086
Improvements	3,471	2.98	10,344	207	10,551
Total	\$ 14,685		\$ 43,762		\$ 44,637
<u>Multifamily</u>					
Parkland	\$ 11,214	2.40	\$ 26,914	\$ 538	\$ 27,452
Improvements	3,471	2.40	8,330	167	8,497
Total	\$ 14,685		\$ 35,244		\$ 35,949
Mitigation Fee Act					
<u>Single Family</u>					
Parkland	\$ 9,719	2.98	\$ 28,963	\$ 579	\$ 29,542
Improvements	3,471	2.98	10,344	207	10,551
Total	\$ 13,190		\$ 39,307		\$ 40,093
<u>Multifamily</u>					
Parkland	\$ 9,719	2.40	\$ 23,326	\$ 467	\$ 23,793
Improvements	3,471	2.40	8,330	167	8,497
Total	\$ 13,190		\$ 31,656		\$ 32,290

¹ Fee per dwelling unit.

² Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 2 and 10.

Table 11.b: Park and Recreation Facilities Fee Schedule - Zip Code 95051

Land Use	A	B	C = A x B	D = C x 0.02	E = C + D
	Cost Per Capita	Density	Base Fee ¹	Admin Charge ^{1, 2}	Total Fee ¹
Quimby Act					
<u>Single Family</u>					
Parkland	\$ 11,979	2.98	\$ 35,697	\$ 714	\$ 36,411
Improvements	3,471	2.98	10,344	207	10,551
Total	\$ 15,450		\$ 46,041		\$ 46,962
<u>Multifamily</u>					
Parkland	\$ 11,979	2.40	\$ 28,750	\$ 575	\$ 29,325
Improvements	3,471	2.40	8,330	167	8,497
Total	\$ 15,450		\$ 37,080		\$ 37,822
Mitigation Fee Act					
<u>Single Family</u>					
Parkland	\$ 10,382	2.98	\$ 30,938	\$ 619	\$ 31,557
Improvements	3,471	2.98	10,344	207	10,551
Total	\$ 13,853		\$ 41,282		\$ 42,108
<u>Multifamily</u>					
Parkland	\$ 10,382	2.40	\$ 24,917	\$ 498	\$ 25,415
Improvements	3,471	2.40	8,330	167	8,497
Total	\$ 13,853		\$ 33,247		\$ 33,912

¹ Fee per dwelling unit.

² Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 2 and 10.

Table 11.c: Park and Recreation Facilities Fee Schedule - Zip Code 95054

Land Use	A Cost Per Capita	B Density	C = A x B Base Fee ¹	D = C x 0.02 Admin Charge ^{1, 2}	E = C + D Total Fee ¹
Quimby Act					
<u>Single Family</u>					
Parkland	\$ 12,105	2.98	\$ 36,073	\$ 721	\$ 36,794
Improvements	3,471	2.98	10,344	207	10,551
Total	\$ 15,576		\$ 46,417		\$ 47,345
<u>Multifamily</u>					
Parkland	\$ 12,105	2.40	\$ 29,052	\$ 581	\$ 29,633
Improvements	3,471	2.40	8,330	167	8,497
Total	\$ 15,576		\$ 37,382		\$ 38,130
Mitigation Fee Act					
<u>Single Family</u>					
Parkland	\$ 10,491	2.98	\$ 31,263	\$ 625	\$ 31,888
Improvements	3,471	2.98	10,344	207	10,551
Total	\$ 13,962		\$ 41,607		\$ 42,439
<u>Multifamily</u>					
Parkland	\$ 10,491	2.40	\$ 25,178	\$ 504	\$ 25,682
Improvements	3,471	2.40	8,330	167	8,497
Total	\$ 13,962		\$ 33,508		\$ 34,179

¹ Fee per dwelling unit.

² Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 2 and 10.

4. Implementation

Impact Fee Program Adoption Process

Impact fee program adoption procedures are found in the *California Government Code Section 66016*. Adoption of an impact fee program requires the City Council to follow certain procedures including holding a public meeting. A fourteen-day mailed public notice is required for those registering for such notification. Data, such as an impact fee report, must be made available at least 10 days prior to the public meeting. Your legal counsel should inform you of any other procedural requirements as well as advice regarding adoption of an enabling ordinance and/or a resolution. After adoption there is a mandatory 60-day waiting period before the fees go into effect. This procedure must also be followed for fee increases.

Inflation Adjustment

The City's Park and Recreation Land Fee ordinance requires the City Council review the fair market values that the fees are based on not less than annually and set the values in a Council resolution.⁴ This allows the fees to conform to current land values in the City. A separate index for construction costs should be used to annually adjust the improvements fee under the Mitigation Fee Act. The construction cost index can be based on the City's recent capital project experience or can be taken from any reputable source, such as the *Engineering News-Record*.

Reporting Requirements

The City should comply with the annual and five-year reporting requirements of the *Act*. For facilities to be funded by a combination of public fees and other revenues, identification of the source and amount of these non-fee revenues is essential. Identification of the timing of receipt of other revenues to fund the facilities is also important.

Fee Accounting

The City should deposit fee revenues into separate restricted fee accounts for each of the fee categories identified in this report. Fees collected for a given facility category should only be expended on new facilities of that same category.

Programming Revenues and Projects with the CIP

The City should commit all projected fee revenues and fund balances to specific projects in its Capital Improvements Program. These should represent the types of facilities needed to serve growth and described in this report. The use of the CIP in this manner documents a reasonable relationship between new development and the use of those revenues. The CIP also provides the documentation necessary for the City to hold funds in a project account for longer than five years if necessary to collect sufficient monies to complete a project.

The City may decide to alter the scope of the planned projects or to substitute new projects as long as those new projects continue to represent an expansion of the City's facilities. If the total cost of facilities varies from the total cost used as a basis for the fees, the City should consider revising the fees accordingly.

⁴ City of Santa Clara City Code 17.35.040(b)(1)

5. Mitigation Fee Act Findings

Fees are assessed and typically paid when a building permit is issued and imposed on new development projects by local agencies responsible for regulating land use (cities and counties). To guide the imposition of facilities fees, the California State Legislature adopted the *Mitigation Fee Act* with Assembly Bill 1600 in 1987 and subsequent amendments. The *Act*, contained in *California Government Code* §§66000 – 66025, establishes requirements on local agencies for the imposition and administration of fees. The *Act* requires local agencies to document five statutory findings when adopting fees.

The five findings in the *Act* required for adoption of the maximum justified fees documented in this report are: 1) Purpose of fee, 2) Use of fee Revenues, 3) Benefit Relationship, 4) Burden Relationship, and 5) Proportionality. They are each discussed below and are supported throughout this report.

Purpose of Fee

- Identify the purpose of the fee (§66001(a)(1) of the *Act*).

We understand that it is the policy of the City that new development will not burden the existing service population with the cost of facilities required to accommodate growth. Council Goal 2013-14 states that as a strategic objective, the City would “*Develop a new Housing Development Impact fee for parks acquisition and facility development.*” The purpose of the fees proposed by this report is to implement this policy by providing a funding source from new development for capital improvements to serve that development. The fees advance a legitimate City interest by enabling the City to provide parks and recreational facilities to new development.

Use of Fee Revenues

- Identify the use to which the fees will be put. If the use is financing facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specified in §65403 or §66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the facilities for which the fees are charged (§66001(a)(2) of the *Act*).

Fees proposed in this report, if enacted by the City, would be available to fund expanded facilities to serve new development. Facilities funded by these fees are designated to be located within the City. Fees addressed in this report have been identified by the City to be restricted to funding parks and recreation facilities.

An estimate of the amount of parkland needed to serve new development is identified in *Chapter 3* of this report. More thorough descriptions of certain planned facilities, including their specific location, if known at this time, are included in master plans, capital improvement plans, or other City planning documents or are available from City staff. The City may change the list of planned facilities to meet changing needs and circumstances of new development, as it deems necessary. The fees should be updated if these amendments result in a significant change in the fair share cost allocated to new development.

Benefit Relationship

- Determine the reasonable relationship between the fees' use and the type of development project on which the fees are imposed (§66001(a)(3) of the *Act*).

We expect that the City will restrict fee revenue to the acquisition of land, construction of facilities and buildings, and purchase of related equipment, furnishings, vehicles, and services used to serve new development as described above under the “Use of Fee Revenues” finding. The City should keep fees in segregated accounts. Facilities funded by the fees are expected to provide a citywide network of facilities accessible to the additional residents and workers associated with new development. Under the *Act*, fees are not intended to fund planned facilities needed to correct existing deficiencies. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development residential and non-residential use classifications that will pay the fees.

Burden Relationship

- Determine the reasonable relationship between the need for the public facilities and the types of development on which the fees are imposed (§66001(a)(4) of the Act).

Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. Facilities demand is determined as follows:

The service population is established based upon the number of residents living in Santa Clara. Service population correlates to the demand for parks and recreation facilities.

For parks and recreational facilities, demand is measured by a single facility standard (park acres per 1,000 service population) that can be applied across land use types to ensure a reasonable relationship to the type of development.

The standards used to identify growth needs are also used to determine if planned facilities will partially serve the existing service population by correcting existing deficiencies. This approach ensures that new development will only be responsible for its fair share of planned facilities, and that the fees will not unfairly burden new development with the cost of facilities associated with serving the existing service population.

Chapter 2, Land Use Assumptions provides a description of how service population and growth projections are calculated. Facility standards are described in the *Facility Inventories, Plans & Standards* sections of in Chapter 3.

Proportionality

- Determine how there is a reasonable relationship between the fees amount and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed (§66001(b) of the Act).

The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the estimated service population growth the project will accommodate. Fees for a specific project are based on the project's size or increases in the number of dwelling units. Larger new development projects can result in a higher service population, resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees can ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project.

See *Chapter 2, Land Use Assumptions* for a description of how service population or dwelling unit occupancy factors are determined for different types of land uses. See the *Fee Schedule* section of *Chapter 3* for a presentation of the proposed facilities fees.

Appendix

Appendix Table A.1: Land Valuation

Zip Code	Average Value per Acre	
95050	\$	3,738,000
95051		3,993,000
95054		4,035,000

Source: Appraisal Report Valuation of the Average per Acre Land Value of High-Density Residential, Medium-Density Residential, Low and Very Low -Density Residential, Commercial/Retail, and Industrial Properties Located in the Three Existing Zip Codes (95050, 95051, and 95054) City of Santa Clara, California, Prepared By: the Schmidt-Prescott Group, Inc., 2018.



**Attachment A
Supplemental Instructions
for the Appraisal of the Fair Market Value of Land**

The following information and instructions will be used by the City when setting the land value used in the formula for determining the impact fees due in lieu of park and recreational land dedication pursuant to Santa Clara City Code 17.35. *(Approved by Santa Clara City Council—June 7, 2016)*

Background.

On July 15, 2014, Council added Chapter 17.35 “Park and Recreational Land” to the Santa Clara City Code to ensure that new residential development provides adequate community and neighborhood park land for active recreational uses and/or pays a fee in-lieu of parkland dedication to mitigate the impacts of the new growth pursuant to the California Quimby Act and/or Mitigation Fee Act.

17.35.040 Formula for calculation of fee in lieu of land dedication.

(a) When a fee is required to be paid in lieu of parkland dedication, the maximum amount of such fee shall be determined by the fair market value of the amount of land that would otherwise be required to be dedicated pursuant to SCCC 17.35.030, as set forth below. The date of valuation of the property for in-lieu fee purposes shall be the date that the City determines that the developer’s application for a parcel map or tentative subdivision map, or application for projects not involving a subdivision, is complete.

(b) Fair Market Value.

(1) The City shall determine the fair market value of the property by using the average per acre land value for property in the City of Santa Clara, based upon a survey of land values and sale records in the City. The City Council shall set a minimum of three such average values, one for each of the three existing Zip Codes in the City (95050, 95051, 95054). The City Council may, at its discretion, set average values for additional subregions of the City. The City Council shall review the fair market values not less than annually and set the values in a Council resolution.

(2) If the developer objects to this determination of fair market value, the developer may elect to have the value established by appraisal. If the developer chooses this option, the developer shall deposit with the City an amount sufficient to cover the cost of an appraisal, which the City shall conduct. The appraisal shall be completed prior to approval of the tentative or parcel map or, for developments not involving a subdivision, prior to the issuance of a building permit.

(c) Based on the determination of fair market value set forth in subsection (b)(1) of this section, for each of the dwelling unit categories, the City Council shall set the amount of fees to be paid in lieu of parkland dedication in a Council resolution, which the Council shall review annually. (Ord. 1928 § 3, 7-15-14).

Guidelines for Appraiser:

- a. *Appraiser is to provide a “Fair Market Value” for an average acre of land (hypothetical, rectangular, useable site) for property in each of the three existing City of Santa Clara Zip Codes 95050, 95051, 95054. The opinion will conform to Uniform Standards of Professional Appraisal Practice.*
- b. **Valuation Date:** *December 31 of each year.*
- c. **Location & Property Sales Data Set Boundaries:** *Data set will begin with sales data from within Santa Clara City limits.*
- d. **Data Set Date Range:** *Use data from January 1st to December 31st of each year. Example: January 1, 2015 to December 31, 2015 for “December 31, 2015 Valuation Date.” See contingencies below.*
- e. **Property Types:** *Use all of the following property types: Single Family (low and very low density), High Density Residential, Medium Density Residential, Commercial, Industrial, Lots and Land.*
- f. **Contingencies for Limited Data Set of each Property Type:** *If there are insufficient, credible data points or sales of a particular property type, then appraiser will explore and use comparable sales from the local competitive market area, adjacent to City of Santa Clara. A fixed distance from City of Santa Clara city limit is not given, however a compelling, rational basis for the selection of the competitive market area must be given by the appraiser in the report. Preference is for closer, more recent, and comparable; discretion is given to the appraiser.*
- g. **Sales Transactions Data not to be used:** *Do not use transactions if they are not an arms-length transaction, have encumbered/clouded title, are environmentally impaired site, or are more than three (3) years old.*
- h. **Inflation factors for Comparable between 1 and 3 years:** *An inflation factor will be computed and applied to comparable sales over one year based on reasonable and rational considerations such as sales and rental trends or other appropriate methods.*
- i. **Sales Transactions Data that may be included:** *May use real estate sales transactions by the City of Santa Clara for additional neighborhood or community parkland.*
- j. **Data Values excluded:** *No values or set of values at the high or low end of the data set are to be excluded from consideration in the average values on the sole basis of being relatively high or low; however, a check for consistency among comparable values will be done, and a rational basis should be provided for credible comparable transactions if not used.*

- k. **Research Factors to be considered for Comparable sales:** *The factors to be used to compare property values include, but are not limited to physical factors, economic factors, market conditions verification to parcel maps, public records, CoStar data bank. Additional factors may be used provided there is a rational basis for doing so.*
- l. **Reconciliation of value differences:** *The approach will be comparative, iterative, qualitative and quantitative, and will be made at the appraiser's discretion.*
- m. **Weight to be applied to Property Types:** *The weighted average of each property type will be based on the percentage of land area in the sales transactions, for example, if 25% of total acreage is high density residential, then the relative weight of that property type will be 25%. (The weight will not be done by the quantity of sales of each type or the percent of value of sales of each type).*
- n. **Reporting:** *A draft valuation report will be generated by March 15. City will provide for a two week circulation and comment period. The valuations included the final valuation report will be used in the calculation formula for fees prepared by staff to be reviewed by Council as part of the annual City budget process and Municipal Fee Schedule adoption by June 30. Fees will be implemented on or after July 1 depending upon Quimby Act or Mitigation Fee Act provisions of the Council resolution.*

Attachment A-Supplemental Instructions for Parkland Dedication In Lieu Fee Process and Schedule 2016

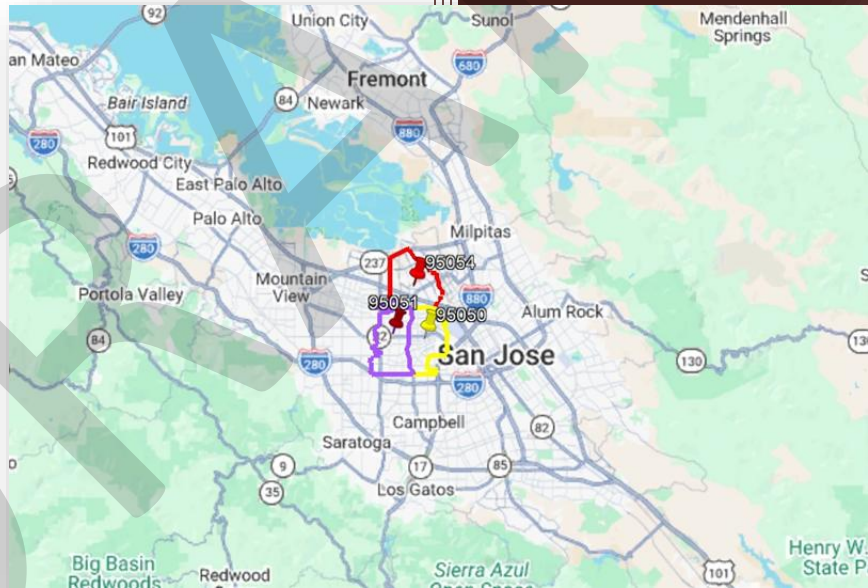


THE DORÉ GROUP

INTERNATIONAL REAL ESTATE CONSULTATION
AND FORENSIC VALUATION

Real Estate Appraisal Report

Annual Land Valuation: City of Santa Clara



Prepared For:

**Ms. Gina Saporito
Parks and Recreation Dept.
City of Santa Clara
1500 Warburton Ave.
Santa Clara, CA 95050**



THE DORÉ GROUP

INTERNATIONAL REAL ESTATE CONSULTATION
AND FORENSIC VALUATION

February 27, 2026

Ms. Gina Saporito
Parks and Recreation Dept.
City of Santa Clara
1500 Warburton Ave.
Santa Clara, CA 95050

Re: Annual Land Valuation Appraisal Report
Average Value of Three Hypothetical Lots
One for Each Zip Code (95050, 95051, and 95054)
File Name: TDG 2026 001

Dear Ms. Saporito:

Pursuant to your request, I have completed the annual land valuation appraisal to aid the City of Santa Clara in establishing park impact fees. More specifically, the subject property consists of three hypothetical one-acre lots, one in each of the City's three zip codes (95050, 95051, and 95054). The date of value for this appraisal report is December 31st, 2025.

We investigated, gathered data, and made the analyses necessary to fulfill the scope of work of this assignment, which was to estimate the fair market value of a hypothetical 1-acre lot considering all zoning types in the City of Santa Clara. These zoning types are defined as: high-density residential, medium-density residential, single family (low-density residential), commercial, and industrial. To form and report the average value per acre of land in the three existing Zip Codes in the City of Santa Clara consisting of 95050, 95051, and 95054, we utilized an average value according to the weighted average of these different property types, based on the percentage of total land area associated with the different property types that sold in the City of Santa Clara in 2025.

The intended user of this report is the City of Santa Clara. The intended use of this appraisal is to provide fair market value to assist the City in determining park impact fees.

Ms. Saporito
City of Santa Clara
February 27, 2026
Page 2

This appraisal was prepared in conformance with the Uniform Standards of Professional Appraisal Practice (U.S.P.A.P.), and the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute. This appraisal report was also prepared in conformance with the Supplemental Instructions for the Appraisal of the Fair Market Value of Land, which was included as a part of the Scope of Work for this appraisal assignment by the client and intended user, the City of Santa Clara.

We certify that we have no present or contemplated future interest in the property beyond these estimates of value. We have performed no services, as appraisers, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Your attention is directed to the Hypothetical Conditions, Extraordinary Assumptions, and General Conditions and Assumptions sections of this report. Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, I note the following:

Hypothetical Conditions:

- The subject of this appraisal report is three hypothetical one-acre lots in each of the City's zip codes (95050, 95051, and 95054). It is a hypothetical condition of this appraisal report that these lots exist as a finished lot, and are rated average in all physical, locational and legal aspects in relation to the dataset.
- It is a hypothetical condition of this appraisal report that the subject lots are able to support all legally permissible uses analyzed in this appraisal report, ranging from very low density residential to commercial/industrial.

Extraordinary Assumptions:

- There are no extraordinary assumptions included in this appraisal report.

Ms. Saporito
City of Santa Clara
February 27, 2026
Page 3

Based on the appraisal described in the accompanying report, subject to the Hypothetical Conditions, Extraordinary Assumptions, and General Conditions & Assumptions, I have made the following value conclusion:

Final Reconciliation	
Zip Code	Reconciled Fair Market Value
95051	\$5,573,000
95050	\$5,359,000
95054	\$5,037,000

The market exposure preceding December 31, 2025, would have been 6 months and the estimated marketing period as of December 31, 2025, is 6 months for the Fair Market Value.

Thank you for the opportunity of submitting this appraisal. If I can be of further service, please do not hesitate to call.

Respectfully submitted,
The Doré Group, Inc.



Lance W. Doré, MAI, FRICS
President / CEO
CA-AG002464
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Calvin Farris
Certified General Appraiser
CA-AG3013216
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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

SUBJECT:	Three hypothetical one-acre lots, one in each of the City's three zip codes (95050, 95051, and 95054)
CLIENT:	City of Santa Clara
DATE OF VALUE:	December 31, 2025
DATE OF REPORT:	February 27, 2026
INTEREST APPRAISED:	Fee Simple Interest
PURPOSE OF APPRAISAL:	The purpose of this appraisal is assisting the City of Santa Clara in determining park impact fees
INTENDED USE:	The intended use of this appraisal is to determine the fair market value of the hypothetical lots as defined in this report
INTENDED USER(S):	The City of Santa Clara
APPRAISAL HISTORY:	The City of Santa Clara has contracted an appraisal of this type for several subsequent years. The 2024 report, developed by Frank Schmidt and Associates, and effective December 31 st , 2024, was made available for our review.
CURRENT LISTING CONTRACT(S):	/ We have assumed no current contracts in place on the hypothetical subject properties.
HIGHEST AND BEST USE	
Site As Vacant:	Land for Development (See Hypothetical Conditions)
As Improved:	Land for Development (See Hypothetical Conditions)

PROPERTY (HYPOTHETICAL)

SUBJECT:	Three hypothetical, rectangular, finished lots of 1 acre each.
LAND AREA:	Each Hypothetical Lot is one acre (43,560 square feet).
IMPROVEMENTS:	None. Finished Lot
PERSONAL PROPERTY:	No personal property was included in my reconciled fair market value estimates.
TOPOGRAPHY:	Our analysis assumes topography consistent with the average lot transacted in each zip code.
ACCESS:	Our analysis assumes access consistent with the average lot transacted in each zip code.
UTILITIES:	Our analysis assumes access to utilities consistent with the average lot transacted in each zip code.
ZONING:	Our analysis utilizes a weighted average of land area transacted which encompasses the following zoning categories in the City of Santa Clara: Single Family (Low Density Residential), Medium Density Residential, High Density Residential, Commercial, and Industrial.
PARCEL SHAPE / UTILITY:	Our analysis assumes the hypothetical lot is rectangular in shape.
COMMENTS:	The above physical characteristics of the hypothetical lots appraised are outlined by the client as part of the scope of work of this appraisal assignment.

VALUE INDICATIONS

Zip Code	Reconciled Fair Market Value
95051	\$5,573,000
95050	\$5,359,000
95054	\$5,037,000

DEFINITIONS OF MARKET VALUE AND FAIR MARKET VALUE

DEFINITIONS OF MARKET VALUE

Fair Market Value, as defined by the California Civil Code:

“The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.”¹

PROPERTY RIGHTS APPRAISED

The property right of ownership appraised was the fee simple estate. Fee simple interest does include mineral rights, unless otherwise stated. The fee simple title can be defined as follows:

“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”²

ESTIMATED EXPOSURE AND MARKETING PERIOD

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal.

Exposure Time: The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

PERSONAL PROPERTY, FIXTURES, AND INTANGIBLE ITEMS

The land valued in this assignment did not include any personal property, fixtures, equipment, or intangibles.

¹ California Civil Code § 1263.320(a)

² Ibid.

HYPOTHETICAL CONDITIONS AND EXTRAORDINARY ASSUMPTIONS

Acceptance of and/or use of this report constitutes acceptance of the indicated Hypothetical Conditions and Extraordinary Assumptions; these can only be modified in a written document(s) executed by both parties.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purposes of analysis.”³

The following hypothetical conditions apply to this specific appraisal assignment:

- The subject of this appraisal report is three hypothetical one-acre lots in each of the City’s zip codes (95050, 95051, and 95054). It is a hypothetical condition of this appraisal report that these lots exist as a finished lot, and are rated average in all physical, locational and legal aspects in relation to the dataset.
- It is a hypothetical condition of this appraisal report that the subject lots are able to support all legally permissible uses analyzed in this appraisal report, ranging from very low density residential to commercial/industrial.

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions.”⁴

The following Extraordinary Assumptions apply to this specific appraisal assignment:

- There are no Extraordinary Assumptions for this appraisal assignment.

³ Uniform Standards of Professional Appraisal Practice, 2020-22 edition.

⁴ Ibid.

GENERAL CONDITIONS AND ASSUMPTIONS

The appraisal has been completed subject to the following General Conditions and Assumptions:

- This appraisal was completed per the requirements of the *Uniform Standards of Professional Appraisal Practice (USPAP)* and those additional requirements expected of a member of the Appraisal Institute. The development process used was a complete analysis that is documented in this appraisal report.
- By use of this appraisal report, each party that uses this report agrees to be bound by all of the Hypothetical Conditions and Extraordinary Assumptions stated herein. The opinions are only as of the date stated in the appraisal report. Changes since that date in external and market factors, or in the subject property itself, can significantly affect the conclusions presented in the appraisal report.
- I was not provided with a preliminary title report for the subject property. I assume the title is Fee Simple, good, and transferable.
- This appraisal is to be used only for the purpose stated herein. While the distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed as this report is intended to be used in whole and not in part.
- All files, work papers, and documents developed in connection with this assignment are the property of The Doré Group. No part of this appraisal, its value estimates, or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media without The Doré Group's prior written consent. If the appraisal report is referred to or included in any offering material or prospectus, the report shall be deemed referred to or included for informational purposes only, and The Doré Group, its employees, and the appraiser(s) have no liability to such recipients. The Doré Group disclaims any and all liability to any party other than the party that retained The Doré Group to prepare the appraisal report.
- The information contained in this appraisal report, or upon which the report is based, has been gathered from sources the appraiser(s) assumes to be reliable and accurate. The owner of the subject property may have provided some of such information. Neither the appraiser(s), nor The Doré Group, shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits, and factual matters. Any authorized user of the appraisal report is obligated to bring to the attention of The Doré Group any inaccuracies or errors that it believes are contained in the report. Any plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted. Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

-
- No part of the appraisal report shall be used in conjunction with any other analyses. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the appraisal report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. Any authorized user(s) of this appraisal report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by The Doré Group in writing to use or rely thereon, hereby agrees to indemnify and hold The Doré Group, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the appraisal report by any such unauthorized person(s) or entity(ies).
 - If the appraisal report is submitted to a lender or investor with the prior approval of The Doré Group, such party should consider this report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Hypothetical Conditions and Extraordinary Assumptions incorporated in this appraisal report.
 - The appraiser(s) may not divulge the material (evaluation) contents of the report, analytical findings, or conclusions, or give a copy of the report to anyone other than the client, legal authorities via subpoena, or the Appraisal Institute.
 - The appraisal report is based on the assumption of: (a) responsible ownership and competent management of the subject property; (b) no hidden or unapparent conditions of the subject property, subsoil or structures that render the property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the appraisal report is based.
 - The appraiser(s) is not qualified to test for any hazardous substances and no responsibility is assumed for such conditions or engineering necessary to discover them. The appraiser assumed that the subject property is clear of all environmental contamination, and the appraised value was based on this assumption.
 - No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the subject property was presumed to be good and merchantable and the property was appraised assuming there were no adverse easements, encroachments, liens, encumbrances, special assessments, or other restrictions.

-
- The appraised value was based on the assumption that there were no tax liens affecting the subject property. Unless otherwise noted, the subject property was found to be current in the payment of real estate taxes as of the date of value according to the applicable county treasurer-tax collector. It was assumed that any special assessments affecting the subject property are typical and appropriate for the area and do not have an impact on the value conclusion in this report and that any outstanding bonds have been paid.
 - Unless stated herein, the subject property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.
 - No opinion is expressed with regard to potential seismic impact and it was assumed that the subject's potential risks are similar to those shared by most properties throughout the region. The Doré Group makes no warranty as to the seismic stability of the subject land. The assumption was made that any future development of the property, if any, would occur in accordance with all appropriate regulations and ordinances regarding grading, fill, and applicable building codes.
 - Except as may be otherwise stated in the letter of engagement, the appraiser(s) shall not be required to give testimony in any court or administrative proceeding relating to the subject property or the appraisal. If the appraiser(s) is subpoenaed pursuant to a court order, the client agrees to pay The Doré Group's regular per diem rate plus expenses.
 - In the event of a claim against The Doré Group, its affiliates, their respective officers or employees, or the appraiser(s) in connection with or in any way relating to this appraisal report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by The Doré Group or its affiliates for this appraisal report and under no circumstances shall any claim for consequential damages be made.
 - Necessary licenses, permits, consents, legislative or administrative authority from any local, state, or federal government, or private entity, are assumed to be in place or reasonably obtainable.

SCOPE OF WORK

According to the *Uniform Standards of Professional Appraisal Practice*, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

In preparing this report, I investigated numerous improved and land sales and listings from the area, and confirmed all data with buyers, sellers, brokers, property developers, leasing agents, and public officials when possible. I collected, confirmed, and reported data that were applicable in the valuation process. Data collection involved the use of various sources including CoStar, the Multiple Listing Services, RealQuest (a data collection service), County deed records, and in-house materials. The data collected and confirmed have been reported to an extent sufficient for the particular appraisal problem involved.

This appraisal is prepared for Ms. Gina Saporito, Parks and Recreation Department, City of Santa Clara. The purpose of this appraisal is to assist the City of Santa Clara in determining park impact fees. The intended use of this appraisal is for determining the fair market value of the hypothetical subject lots, as defined in this report. The intended users of this report include the City of Santa Clara.

VALUATION METHODOLOGY

The appraisal provides the Fair Market Value for a hypothetical, rectangular, and useable one acre site for each of the three primary zip codes: 95050, 95051, and 95054. This analysis conforms to the Uniform Standards of Professional Appraisal Practice, utilizing a valuation date of December 31st, 2025. The methodology of this report relies on a weighted average of transactions based on the total land area transacted for each land use category. An appropriate sample of comparable sales was researched and confirmed by the appraisers. This sample was then verified, cleaned, segmented, categorized and analyzed by the appraisers to arrive at an average value for each land use type in each zip code. These average values were then synthesized into one weighted average for each zip code.

SELECTION CRITERIA AND ADJUSTMENTS

Transactions must be arms-length and cannot be more than three years old. Sites with clouded titles or environmental impairments are excluded. For comparable sales older than one year, an inflation factor is applied based on market trends and rental data. While no data points are excluded solely for being at the high or low end of the spectrum, all transactions are vetted for consistency and credibility.

RECONCILIATION AND WEIGHTING

The final value conclusion employs a comparative, iterative approach that integrates both qualitative and quantitative factors. Weighting is applied to property types based on the percentage of total land area in the sales transactions rather than the number of sales or the total dollar volume. This ensures the average value reflects the physical distribution of land use within the subject zip codes.

REPORT TYPE:	This is an appraisal report as defined by Uniform Standards of Professional Appraisal Practice. This format provides a summary of the appraisal process, subject and market data, and valuation analyses.
PROPERTY IDENTIFICATION:	The subject is three hypothetical lots and have been defined by narrative description in accordance with the scope of work for this appraisal.
PROPERTY RIGHTS APPRAISED:	Fee Simple Interest
INSPECTION:	An inspection of the environs analyzed in this report was conducted by Lance Doré on February 12 th , 2026. Calvin Farris did not inspect the environs.
MARKET AREA AND ANALYSIS OF MARKET CONDITIONS:	A complete analysis of market conditions has been made. The appraiser maintains and has access to comprehensive databases for this market area and has reviewed the market for sales and listings relevant to this analysis.
HIGHEST AND BEST USE ANALYSIS:	See Hypothetical Conditions
VALUATION ANALYSES:	
Cost Approach:	A cost approach was not applied as the hypothetical lots do not feature improvements.

Sales Comparison Approach: A sales comparison approach was conducted to determine the fair market value of the hypothetical lots as defined in this report.

Income Approach: An income approach was not applied as the hypothetical subject lots feature no improvements which would generate income to necessitate an income approach.

- HYPOTHETICAL CONDITIONS:**
- The subject of this appraisal report is three hypothetical one-acre lots in each of the City's zip codes (95050, 95051, and 95054). It is a hypothetical condition of this appraisal report that these lots exist as a finished lot, and are rated average in all physical, locational and legal aspects in relation to the dataset.
 - It is a Hypothetical Condition of this appraisal report that the subject lots are able to support all legally permissible uses analyzed in this appraisal report, ranging from very low density residential to commercial/industrial.

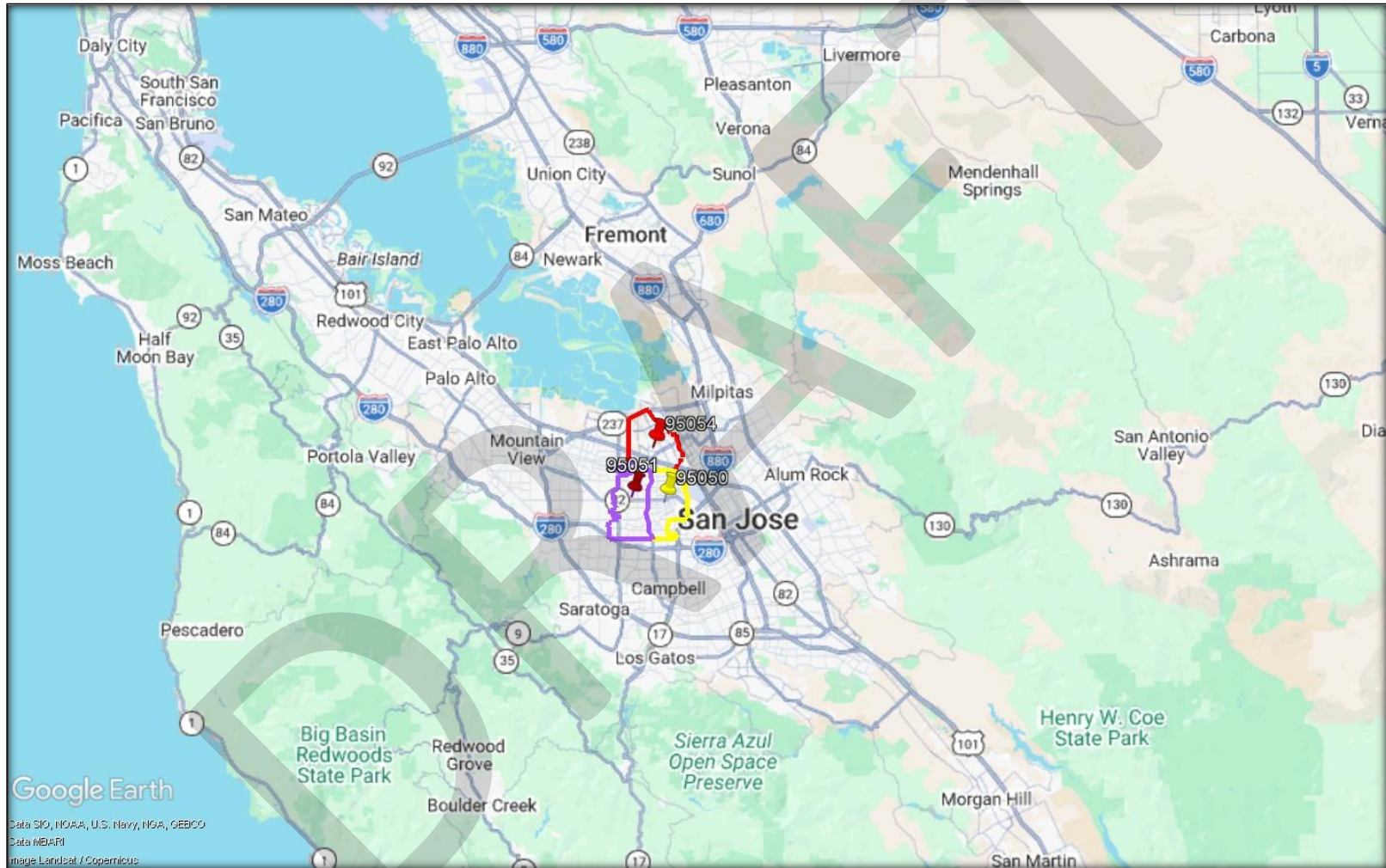
- EXTRAORDINARY ASSUMPTIONS:**
- There are no Extraordinary Assumptions for this appraisal assignment.

DOCUMENTATION: The Doré Group was provided with the document(s) listed below. Unless noted, the document(s) did not indicate any unusual or detrimental conditions that have an impact on value. These documents were assumed to be accurate and were relied upon in the valuation of the subject property.

- Attachment A: Supplemental Instructions for the Appraisal of the Fair Market Value of Land.
- 2024 Annual Land Valuation Appraisal Report completed by Frank Schmidt & Associates

No responsibility is assumed for any missing pertinent data contained within these documents and the reconciled value does not reflect knowledge of their content.

REGIONAL MAP



REGIONAL DESCRIPTION – SANTA CLARA COUNTY



LOCATION

Santa Clara County, officially the County of Santa Clara, is a county in California. The county is located at the southern end of the San Francisco Bay and encompasses 1,312 square miles. The Santa Clara Valley runs the entire length of the county from north to south, ringing the Diablo Range on the east, and the Santa Cruz Mountains on the west. Salt marshes and wetlands lie in the northwestern part of the county, adjacent to the waters of San Francisco Bay.

Santa Clara County is part of the San Jose-Sunnyvale-Santa Clara, CA Metropolitan Statistical Area as well as the San Jose-San Francisco-

Oakland, CA Combined Statistical Area. Located at the southern end of the San Francisco Bay, the highly urbanized Santa Clara Valley within Santa Clara County is also known as Silicon Valley. Santa Clara is the most populous county in the San Francisco Bay Area and in Northern California and is one of the most affluent counties in the United States.

TRANSPORTATION

The county has an extensive freeway system and a separate expressway system. Expressways in California are distinct from freeways; although access to adjoining properties is eliminated, at-grade intersections are allowed. However, unlike expressways virtually everywhere else in California, the Santa Clara County expressways were built, signed, and maintained as county roads; they are not maintained by Caltrans, although they are patrolled by the California Highway Patrol.

There is also a large street network dominated by four- and six-lane arterials. Some of the newer boulevards (primarily in the West Valley) are divided with landscaped medians. Primary freeways include Interstates 280, 680 and 880, U.S. Route 101 and State Routes 9, 17, 25, 35, 82, 85, 87, 130, 152, 156, and 237.

The Santa Clara Valley Transportation Authority (VTA) is a special district responsible for public transit services (bus and light rail), congestion management, specific highway improvement projects, and countywide transportation planning for Santa Clara County, California. It is one of the governing parties for the Caltrain commuter rail line that serves the county. Santa Clara

Station is served by Caltrain which provides service to Gilroy, San Jose, Silicon Valley, San Francisco Airport and San Francisco, the ACE system which provides services to Stockton, and Amtrak which provides service to Sacramento and Oakland. In the Future, BART will provide service to San Jose and Santa Clara.

The county's main airport is Norman Y. Mineta San José International Airport (SJC). It is a U.S. Customs and Border Protection port of entry and has eight international routes (one to Canada, one to England, one to Germany, one to Japan, two to Mexico, and two to China) but the airport's busiest routes are all to cities in the western United States. San Francisco International Airport (SFO) is also often used for commercial services by residents of Santa Clara County.

Moffett Federal Airfield (NUQ), a former U.S. Naval Air Station, is used by the Air National Guard, NASA, Lockheed Martin, Google, and by the San Jose Police and Santa Clara County Sheriff's Department as an air operation base. There are also smaller general aviation airports in Palo Alto (PAO), San Jose (Reid-Hillview) (RHV), and San Martin (E16).

SERVICES / RECREATION

The county provides a wide range of services to its residents. These services include general government (administration and finance), public protection (law enforcement, detention, and criminal prosecution), road maintenance, health care, public assistance, fire protection, libraries, sanitation, and general aviation airports. There are 31 public school districts in the county, and three major universities include Stanford University, Santa Clara University and San Jose State University. The Santa Clara County Parks and Recreation Department manages 29 parks with a total area over 52,000 acres.

Santa Clara County's City Population Estimates

City	1-Jan-24	1-Jan-25	% change
Campbell	43,377	43,281	-0.2
Cupertino	59,887	59,831	-0.1
Gilroy	61,531	62,205	1.1
Los Altos	31,523	31,720	0.6
Los Altos Hills	8,520	8,548	0.3
Los Gatos	33,500	33,355	-0.4
Milpitas	82,401	81,915	-0.6
Monte Sereno	3,613	3,637	0.7
Morgan Hill	46,573	46,599	0.1
Mountain View	86,674	86,513	-0.2
Palo Alto	68,570	68,794	0.3
San Jose	980,174	979,415	-0.1
Santa Clara	133,829	134,587	0.6
Saratoga	31,020	31,110	0.3
Sunnyvale	158,948	159,673	0.5
Balance of County	91,266	91,076	-0.2
Santa Clara	1,921,406	1,922,259	0.0

Source: California Department of Finance

POPULATION / DEMOGRAPHICS

Santa Clara County had been steadily growing for the last several decades. The county's population has grown more than 25 percent since 1990, and it is the sixth most populated county in California. There are 15 incorporated cities located within the county where more than 95 percent of the county's residents live. The county seat is the City of San Jose, which is the largest city in the San Francisco Bay Area. San Jose is also the third largest city in California, and the tenth largest city in the United States. The California Development Department reported the county's population at 1,922,259 as of January 2025, which is nearly unchanged from the January 2024 estimate of 1,921,406.

According to 2024 census data, the county had 672,426 households with an estimated 2.80

persons per household. The median age was 38.2 years.

HISTORICAL POPULATION AND PROJECTIONS (2020 - 2070)

	2020	2030	2040	2050	2060	2070	% Change (2020-2070)
Santa Clara	1,927,909	1,930,171	1,949,323	1,939,283	1,876,361	1,766,437	-8.4%
California	39,535,726	39,771,423	40,968,090	41,726,601	41,720,611	41,237,997	4.3%

Source: California Dept of Finance

Largest Employers in Santa Clara County

Employer	# Employees	% of Total
County of Santa Clara	23,423	2.39%
Apple Inc.	10,936	1.11%
University of California, Santa Cruz	9,554	0.97%
Safeway Norther California Division	7,261	0.74%
City of San Jose	7,000	0.71%
Applied Materials	6,100	0.62%
San Jose State University	4,026	0.41%
Meta Platforms Inc.	3,966	0.40%
Deloitte	3,425	0.35%
Super Micro Computer Inc.	3,073	0.31%

Source: 2025 Santa Clara Annual Comprehensive Financial Rep

REGIONAL ECONOMY

Trends in employment are a key indicator of economic health and strongly correlate with real estate demand. The county's economy is heavily service based. Technology, both hardware and software, dominates the service sector by value, but like any other county, Santa Clara has its share of retail and office support workers.

LABOR FORCE / UNEMPLOYMENT

According to the California Employment Development Department, the county's labor force totaled 1,036,800 as of September 2025, of which 990,200 were employed, indicating a 4.5% unemployment rate. This compares to the statewide jobless rate of 5.5% and the national rate of 4.4%.

PERSONAL / MEDIAN HOUSEHOLD INCOME

Personal income is a significant factor in determining the real estate demand in the market. According to the 2024 American Community Survey (US Census), Santa Clara County had a per capita income of \$82,180, which is considerably higher than the state's income of \$49,934. Median household income was \$168,154, compared to \$100,149 in the state. Census data indicated a total of 7.0% of the county population lives below the poverty level, which is lower than the state (11.8%).

REAL ESTATE DEVELOPMENT

Santa Clara and Surrounding Counties Home Trends			
City	Median Price		
	Dec-25	Dec-24	% Change
Alameda	\$980,000	\$1,047,000	-6.4%
Merced	\$395,000	\$425,000	-7.1%
Monterey	\$833,000	\$925,000	-9.9%
San Benito	\$762,500	\$792,500	-3.8%
San Joaquin	\$660,000	\$605,000	9.1%
San Mateo	\$1,641,500	\$1,474,750	11.3%
Santa Clara	\$1,500,000	\$1,529,746	-1.9%
Santa Cruz	\$1,215,000	\$1,200,000	1.3%
Stanislaus	\$450,000	\$509,000	-11.6%

Source: CRMLS

RESIDENTIAL

According to the California Department of Finance, as of January 2025, the county had a total of 688,035 housing units consisting of 358,135 single family detached units, 69,111 single family attached units, 49,129 2-4 units, 193,200 5+ units, and 18,370 mobile homes. Nearly 95.4% of the units were occupied.

Similar to many California counties, Santa Clara County faces the issue of affordable housing. The county's home prices are still

among the highest in the state. According to the California Regional Multiple Listing Service (CRMLS), the median home price in Santa Clara County was \$1,500,000 as of December 2025, which is a -1.9% decrease from the previous year.

MULTI FAMILY

According to CoStar, San Jose's multifamily market is poised to end 2025 on a strong footing, with fundamentals stabilizing after a period of volatility. Vacancy rates declined to 4.6%, reversing the upward trend seen in 2024 when deliveries outpaced absorption. This improvement reflects robust renter demand, which absorbed 4,200 units over the past 12 months, outstripping the 2,500 units delivered. While absorption remains below the post-pandemic peak of 8,000 units in 2021, it signals healthy leasing activity amid economic headwinds.

The market's resilience is underpinned by Silicon Valley's tech-driven economy, despite layoffs and slower job growth in the information sector. Population growth has resumed following pandemic-era declines, supported by international immigration, though recent policy changes could temper this trend. High home prices and mortgage rates above 6% continue to widen the affordability gap, reinforcing rental demand.

Rent growth accelerated to 3.2% year-over-year, surpassing the 10-year average of 2.2%. Premium submarkets, such as Palo Alto and Mountain View, posted gains above 4.5%, while more

affordable areas, like East San Jose, saw modest increases of around 2%. Concessions remain prevalent in luxury properties, but overall pricing power has strengthened as vacancy tightens.

Construction activity has slowed dramatically, with only 2,500 units under construction, down from 7,000 at the start of 2024. Developers cite high financing costs and risk aversion, although optimism persists for transit-oriented projects under California's new zoning law, which enables taller buildings near transit hubs.

Looking ahead, vacancy is expected to trend lower as limited new supply meets steady demand. Rent growth is expected to remain positive but moderate, with high-end properties continuing to outperform. While macroeconomic uncertainty and immigration policy shifts pose risks, San Jose's position as a tech hub and the ongoing AI boom provide a solid foundation for long term stability.

OFFICE

The San Jose office sector is showing signs of a rebound as 2025 draws to a close. Improved tenant interest has led to the highest quarterly leasing activity since 2022. Nevertheless, a series of tenant contractions over the past year has weighed on net absorption, causing the vacancy rate to remain at 15.2%, near its historical peak.

Market volatility and uncertainty remain prominent. While some Silicon Valley tech leaders, such as NVIDIA, have experienced remarkable expansion, legacy firms like Cisco and Intel have encountered significant competitive pressures from international rivals.

Artificial intelligence continues to be a growth engine, fueled by substantial investments from venture capital and established technology companies. AI-focused firms are driving new demand for office space, but broader adoption of AI across industries may ultimately reduce office requirements by shrinking workforce sizes. The latest employment figures indicate ongoing layoffs and declining job growth, especially in roles traditionally based in offices.

After a surge of new office completions in 2023, construction activity slowed. Several speculative developments have been delayed, and no major projects have commenced in the past two years. As a result, the volume of office space under construction, under 2 million SF, is now at its lowest point since the Great Recession.

Over the past year, San Jose's vacancy rate has risen by 30 basis points, reaching its highest level in two decades. Vacancy in top-tier (4 & 5 Star) buildings stands at 17.2%.

Following three consecutive years of declining rents, average asking rates stabilized in 2024, posting a 2.8% increase over the past year. Landlords continue to offer generous concession packages to attract tenants and boost occupancy.

The recent uptick in leasing activity is expected to translate into positive absorption as new tenants move in over the coming year. Vacancy rates are projected to decline, while rent growth is likely to continue at a moderate pace.

RETAIL

During the first quarter of 2026, the San Jose retail sector is shaped by opposing trends. Silicon Valley's post-pandemic recovery has driven solid economic momentum, with increased demand for technological products and services leading to income growth for residents. However, some economic headwinds persist, including elevated interest rates, layoffs in the tech industry, and changing consumer spending patterns. These factors have led to retailer bankruptcies and downsizing.

With low population growth, the San Jose retail market is mature. The overall inventory of retail space has held steady over the last five years. After a sluggish 2023, leasing activity rebounded in 2024, and 2025 is on track to see the highest leasing volume in eight years.

Leasing activity has been driven mainly by grocery stores, entertainment venues, automotive businesses, and fitness centers.

Ongoing closures of national chain stores have kept move-outs elevated, acting as a counter to new leasing activity, causing net absorption to be generally flat. Annual net absorption for the year stands at -72,000 SF.

The city features five major regional malls, serving as the central shopping destinations. These malls are popular and achieve the highest rents in the market.

Beyond individual car dealership projects, new construction focuses on mixed-use urban villages that combine residential, hotel, and office spaces with street level retail. While several such developments are underway, some have encountered delays due to economic challenges, including reduced office demand and high construction financing costs.

After several years of moderate increases, the recent economic slowdown led to a leveling off of rents in 2023. Nevertheless, average rent has moved higher over the past year, with annual growth reaching 4.9% this quarter, compared to a five-year average of 2.6%, and outpacing national growth of 1.9%.

With limited new supply and subdued demand, major shifts in San Jose's retail market are unlikely in the near term. Vacancy rates are expected to remain steady, and a return to stronger rent growth will likely depend on further improvements in the local economy.

INDUSTRIAL

The San Jose industrial market is closing 2025 with mixed signals, reflecting a cautious tenant environment and persistent economic headwinds. Vacancy edged up to 8.3%, marking a nearly

100-basis-point increase year-over-year, driven by negative net absorption of -500,000 SF. Flex properties bore the brunt of this softness, posting an average vacancy rate of 11.5%, while logistics assets remained comparatively tighter at 6.8%. The availability rate, including sublet space, is 10.5% as of 2026Q1, underscoring elevated competition among landlords.

Leasing demand continued to favor large logistics facilities, supported by e-commerce and third-party logistics operators, while mid-sized logistics and flex buildings saw muted interest. The small-bay segment, however, maintained resilience, benefiting from local service-oriented businesses. Construction activity remained robust, with 4.4 million SF underway, above the national average, highlighting developer confidence in long-term fundamentals despite near-term leasing challenges. Projects include advanced manufacturing facilities and data centers, though power constraints in Santa Clara pose risks for future hyperscale development.

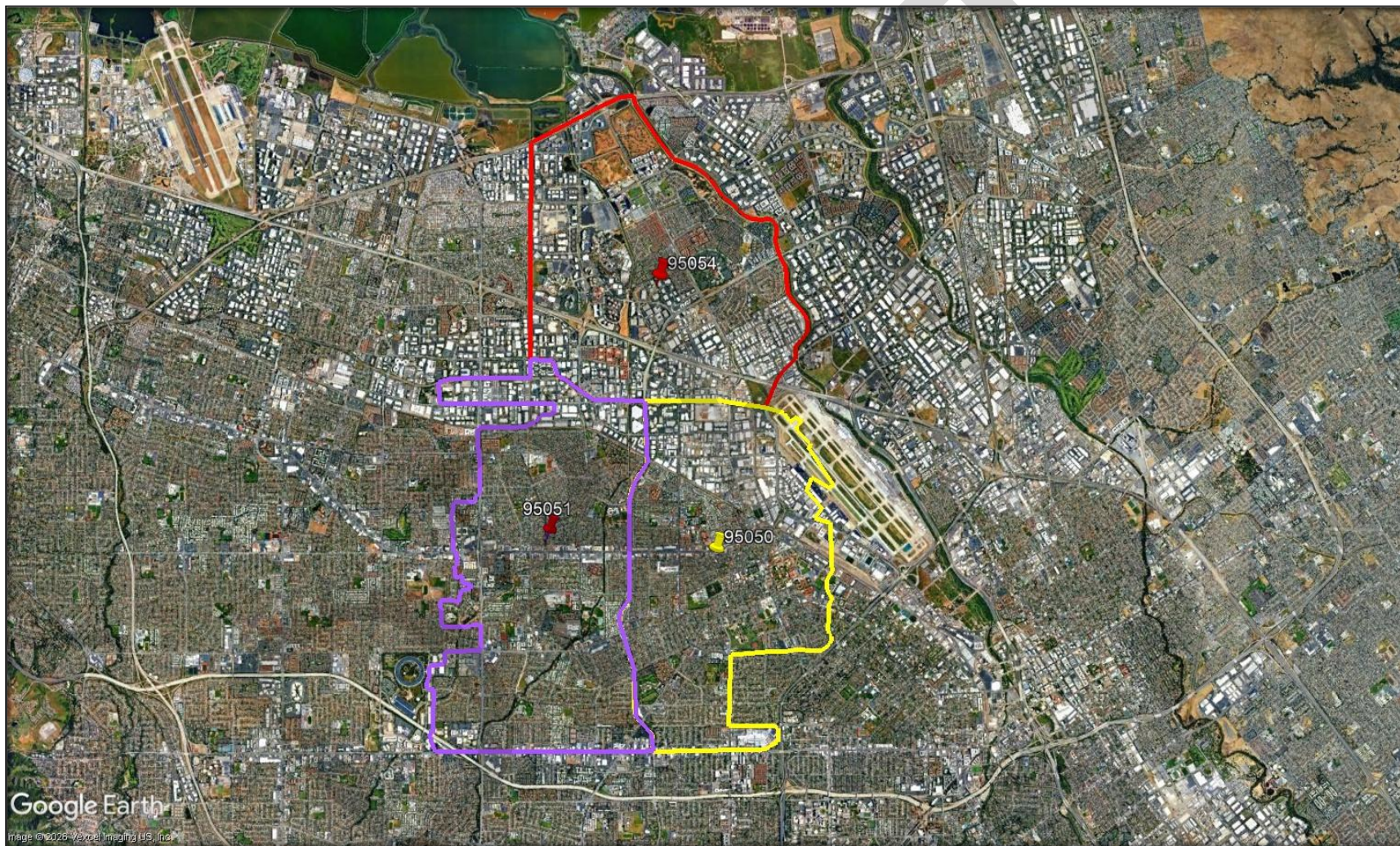
Rent trends softened further, with asking rents declining 0.3% year-over-year to \$26.00/SF, marking the third consecutive quarterly drop. Flex rents fell to \$32.00/SF, while logistics dipped to \$19.00/SF, signaling a tenant favorable environment. Concessions, including free rent and TI allowances, have become more prevalent as landlords compete for occupancy.

Looking ahead, the vacancy rate is expected to rise modestly through mid-2026 as speculative deliveries hit the market. Rent growth is expected to remain subdued, with logistics outperforming flex space. Submarkets with constrained supply and proximity to transportation corridors are expected to maintain relative strength, while power availability will continue to be a critical determinant for data center expansion.

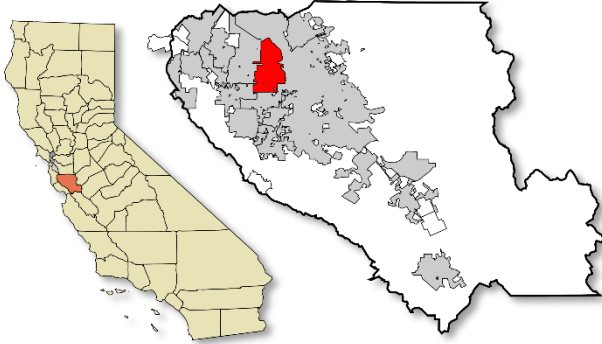
CONCLUSION

Santa Clara County has an established reputation and a stable economy, which is fueled by its inclusion in the Silicon Valley portion of the thriving San Francisco Bay Area. Several other factors, including good schools, a year-round mild climate, and overall quality of life, are the primary reasons why the region is expected to thrive over the long-term.

AREA MAP



AREA DESCRIPTION — CITY OF SANTA CLARA



LOCATION / TRANSPORTATION

Santa Clara is centrally located in Santa Clara County in Northern California, within the southern portion of the San Francisco Bay Area. The city sits in the center of Silicon Valley, approximately 45 miles southeast of San Francisco and 10 miles northwest of downtown San Jose. Santa Clara is bordered by San Jose to the

south, east, and west, Sunnyvale to the northwest, and Cupertino to the west. According to the U.S. Census Bureau, the city covers an area of 18.4 square miles, all of it land.

POPULATION / DEMOGRAPHICS

Santa Clara has a diverse, largely urban population shaped by its role as a major center for technology, employment, and higher education. According to the California Department of Finance, the population was 134,587 as of January 2025, which is an increase of 0.6% from January 2024. According to the 2024 American Community Survey/US Census, Santa Clara had 54,135 households with 2.37 persons per household and a median age of 34.2 years.

SERVICES / RECREATION

The city provides a full range of services. These services include police, fire protection and emergency dispatch; electric, water, solid waste, and sanitary sewer services; the construction and maintenance of streets and infrastructure; parks and recreational activities and cultural events; planning and zoning; library; cemetery; and general administrative and support services.

Recreation in the city is provided through the city's parks and recreation system, which includes

CITY OF SANTA CLARA'S 10 LARGEST EMPLOYERS		
Employer	# Employees	% of Employment
Applied Materials, Inc.	8,500	21.1%
Intel Corporation	7,801	19.3%
Advanced Micro Devices Inc.	3,000	7.4%
Nvidia	2,700	6.7%
Kaiser Foundation Health Plan	2,600	6.4%
California's Great America	2,500	6.2%
Dell	2,088	5.2%
Santa Clara University	2,000	5.0%
City of Santa Clara	1,200	3.0%
Macy's	1,200	3.0%

Source: City of Santa Clara's 2025 Annual Comprehensive Financial Report

neighborhood parks, sports fields, aquatic facilities, and community centers. The city also hosts Levi's Stadium and is located near regional cultural, entertainment, and outdoor facilities throughout Silicon Valley.

LOCAL ECONOMY

Santa Clara's economy is closely tied to Silicon Valley and is primarily driven by technology, professional services, manufacturing, healthcare, education, and retail trade. The city is home to a number of technology and semiconductor firms, data centers, corporate offices, and research facilities.

Healthcare systems, higher education institutions, and government also contribute significantly to the economy.

According to California's Employment Development Department, Santa Clara's unemployment rate as of September 2025 was 3.9%. The city's labor force totaled 78,700 and 75,700 were employed. According to the 2024 American Community Survey/US Census, the median household income in the city was \$180,631, and a total of 7.7% of the population was living below the poverty level.

REAL ESTATE DEVELOPMENT

Real estate development in Santa Clara is shaped largely by its central role within Silicon Valley and its proximity to major employment centers. Most of the city's recent growth has focused on infill and redevelopment, particularly near transit corridors, major roadways, and established commercial areas. New projects frequently emphasize higher-density residential uses, mixed-use developments, and transit-oriented housing to address ongoing demand and state housing requirements, while making efficient use of limited available land.

Commercial development continues to support the city's strong employment base, with ongoing investment in office, research and development, and technology-related facilities. Older commercial and industrial properties are increasingly being modernized or repositioned to meet current market needs, including flexible office and mixed-use formats. Overall, development activity in Santa Clara reflects a balance between accommodating growth, supporting economic activity, and integrating new projects into an established urban environment.

RESIDENTIAL

According to California's Department of Finance as of January 1st, 2025, the city had a total of 50,229 housing units, which could be broken down into 19,565 single family detached units, 4,741 single family attached units, 25,879 multi-family units, and 44 mobile homes.

The California Multiple Listing Service (CRMLS) reported a median home price of \$1,625,000 in December 2025, which is a -1.6% decrease from the previous year.

CONCLUSION

Santa Clara is expected to remain a key economic and residential center within Silicon Valley, with growth shaped by infill development, redevelopment, and continued demand tied to regional employment. Supported by a strong local economy, extensive municipal services, and access to major transportation and employment centers, the city's outlook remains stable while balancing growth.

LAND USE CATEGORIES

To ensure a credible and consistent analysis, all comparable sales are categorized into five land use categories derived from the density ranges and permitted uses established by the City of Santa Clara General Plan and its equivalent Zoning Ordinances. The categories defined for analysis are included below:

1. **Single Family (Low Density Residential):** Includes Very Low Density (0 to 10 du/ac) and Low Density (11 to 19 du/ac) designations, primarily encompassing R1 and R2 zoning districts for detached homes and townhomes.
2. **Medium Density Residential:** Includes developments with densities of 20 to 36 du/ac, primarily within the R3 zoning classification.
3. **High Density Residential:** Includes urban-style mid-rise and podium developments with densities of 37 to 50 du/ac, typically within R4 zoning districts.
4. **Commercial:** Encompasses Neighborhood, Community, and Regional Commercial designations (CN, CC, CR, OA/OG) including retail, office, and hotel uses.
5. **Industrial:** Includes Light Industrial, Heavy Industrial, and Industrial Park designations (ML, MH, MP) for warehousing, R&D, and data centers. We have also included the Low and High Intensity Office/R&D designations within this category.

Please note, these categories have been defined in accordance with the scope of work of this appraisal assignment. The purpose of categorization is to determine the applicable per SF value for each land use type, and then determine the total reconciled per acre value based on the weighted average of land area sold in each category. An analysis is conducted for each property type based on the available data. A table outlining and expanding upon the buckets defined above can be found on the next page:

Land Use Classification Table				
Category Name	General Plan Designation	Density Range/Intensity	Primary Zoning Districts	Typical Uses/ Notes
Single Family	Very Low Density Residential, Low Density Residential	0-19 DU/AC	R1 (Single Family), R2 (Two-Family)	Detached single-family homes, Duets / Duplexes, Low-density townhomes
Medium Density Residential	Medium Density Residential	20-36 DU/AC	R3 (Multi-Family), PD (Planned Development)	Low-rise apartments, Rowhouses & Townhouses, Garden-style complexes
High Density Residential	High Density Residential, Very High Density (Specific Plans)	37-50+ DU/AC	R4 (High Density), PD (Planned Development)**	Urban mid-rise buildings, Podium developments, Structured parking residential
Commercial	Neighborhood, Community, and Regional Commercial	FAR 0.40-0.60	CN (Neighborhood), CC (Community), CR (Regional), OA/OG (Office)	Retail centers & Supermarkets, Office buildings, Hotels & Service Commercial
Industrial	Light Industrial, Heavy Industrial, Low and High-Intensity Office/R&D	FAR 0.45-2.00	ML (Light Industrial), MH (Heavy Industrial), MP (Industrial Park)	Data Centers, R&D / Flex Tech, Manufacturing & Warehousing

LAND USE CATEGORIES: MARKET CONDITIONS

This section provides an aggregated overview of the market conditions within the Central, North, and South Santa Clara submarkets as of the December 31st, 2025 date of value. The analysis relies on reported market data from CoStar submarket reports to support valuation conclusions for hypothetical one-acre lots across the designated zip codes. These market overviews are relied on to reconcile the appropriate market conditions adjustments applied in the sales comparison approaches to value.

Comparable sales from Santa Clara, San Jose, Sunnyvale, Cupertino, Campbell, and Milpitas are considered competitive and relevant because these cities are adjacent or near-adjacent jurisdictions within the same regional employment base, share similar demand drivers tied to major technology and institutional employers, and participate in the same broadly integrated buyer pool for infill and redevelopment land. Market participants commonly evaluate land opportunities across these cities based on relative zoning potential, entitlement risk, site utility, and overall location attributes rather than municipal boundaries alone. Accordingly, sales from these nearby Silicon Valley submarkets provide meaningful support for land pricing and market trend conclusions applicable to Santa Clara when analyzed with appropriate adjustments and qualitative weighting.

SINGLE-FAMILY HOUSING MARKET OVERVIEW (SANTA CLARA)

As of January 2026, Santa Clara's single-family housing market remains strongly supply-constrained and highly competitive. Citywide conditions reflect a clear seller-leaning environment, supported by very low months of inventory, fast marketing times, and persistent sale-to-list premiums. While pricing varies meaningfully across Santa Clara's three ZIP codes, the broader pattern is consistent: limited supply continues to sustain pricing power, even where short-term volatility appears in monthly median sales figures.

INVENTORY AND MARKET BALANCE

Santa Clara is operating with exceptionally tight inventory. Citywide months of inventory is approximately 0.60, indicating a market where demand materially exceeds available supply. Consistent with this imbalance, homes are selling quickly, with a median of 10 days on market. Competitive pressure is also evident in pricing outcomes, as the sold-to-list price ratio averages about 106.5%, confirming that many transactions are closing above asking price.

At the ZIP-code level, supply remains constrained across all submarkets, though conditions vary. 95051 is the tightest among the ZIP codes at roughly 0.83 months of inventory, while 95050 and 95054 show comparatively higher, yet still low, inventory at about 1.27 and 1.49 months, respectively. Median marketing times remain short across the board, ranging from roughly 12–15 days.

PRICING AND VALUE TRENDS

Citywide pricing metrics indicate continued strength. In January 2026, the median sold price for Santa Clara single-family homes is approximately \$2,289,000, while the median list price is

approximately \$1,911,500. In parallel, the citywide median estimated property value is approximately \$1,966,640, reflecting a +3.47% change over the prior 12 months.

Rolling 12-month trend data also supports the broader narrative of elevated pricing. As of January 2026, the rolling 12-month median sales price is approximately \$2,030,000 for Santa Clara City overall. Rolling 12-month average price per square foot is approximately \$1,344/SF, indicating sustained value intensity even after the rapid run-up earlier in the cycle.

CONCLUSION

Santa Clara’s single-family market remains structurally undersupplied, and current conditions reflect an environment where buyers continue to compete aggressively for limited inventory. Citywide months of inventory near 0.60, marketing times near 10 days, and a 106%+ sold-to-list ratio reinforce a market defined by scarcity and pricing power. While ZIP-level results show meaningful differences, particularly the volatility observed in 95054, the broader metrics indicate that the single-family sector remains resilient and highly priced across Santa Clara, providing a consistent benchmark for interpreting underlying residential land value trends in the City.

Based on the Santa Clara City rolling 12-month median sales price trend for single-family residential properties, market conditions were measurably stronger during the 2023–2024 period and more modest during 2025. From January 1, 2023 through December 31, 2024, the median increased about 9.4%, which equates to an annualized (compounded) rate of approximately +4.8% per year, supporting a more material time adjustment for sales occurring earlier in that interval. By contrast, from January 1, 2025 through December 31, 2025, the median increased about 1.7%, equating to an annualized rate of approximately +1.8% per year, indicating a substantially slower pace of appreciation and supporting a smaller market conditions adjustment for sales within 2025.

Market Conditions Adjustments Single Family	
Timeframe	Annualized Adjustment
Jan 2023 - Dec 2024	4.80%
Jan 2025 - Dec 2025	1.80%

MULTI-FAMILY (MEDIUM- AND HIGH-DENSITY RESIDENTIAL)

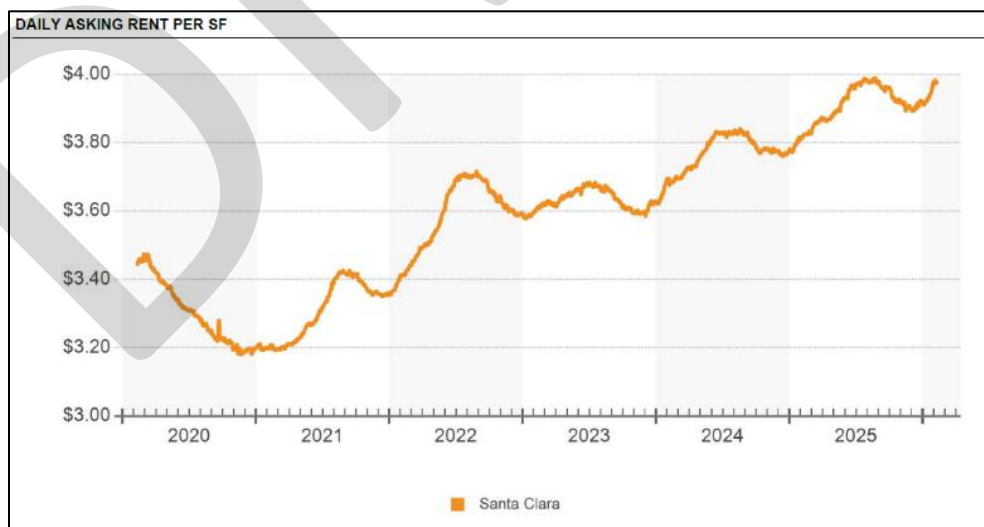
The Santa Clara multi-family market, which provides the principal income context for the City's Medium Density Residential and High Density Residential land use categories, closed 2025 with strong demand fundamentals despite a near-term increase in vacancy driven by elevated new supply. Over the past 12 months, the submarket delivered 1,345 units and absorbed 1,434 units, reflecting the strongest leasing performance in the San Jose metro. This recent delivery cycle temporarily lifted overall vacancy, but stabilized conditions remain materially tighter, indicating healthy underlying demand for professionally managed apartment product.

INVENTORY AND VACANCY

Santa Clara's multi-family inventory totals 23,421 units. Vacancy is reported at 6.5%, representing a year-over-year increase attributable to the recent wave of deliveries; however, stabilized vacancy is near 4%, indicating that the elevated headline rate is largely a function of lease-up in newly delivered projects. Vacancy varies by asset class, with 4 & 5 Star properties reporting higher vacancy during lease-up, while 1 & 2 Star properties remain comparatively tight. Importantly, the construction cycle has paused following the 2025 delivery surge, with zero units currently under construction, supporting the expectation that vacancy can normalize as recent deliveries are absorbed.

RENTAL RATES

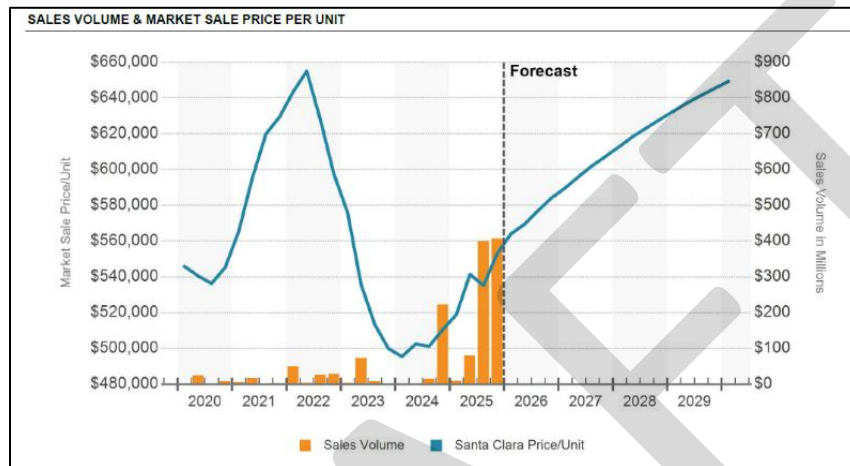
Rents resumed growth in 2024 and accelerated through 2025. As of the first quarter of 2026, average asking rent is \$3,573 per unit, reflecting 4.1% year-over-year growth, while effective rent is reported at \$3,526 per unit with 4.7% year-over-year growth, indicating that concessions remain present but are not preventing overall rent gains. Rent levels are tiered by quality, with 4 & 5 Star properties averaging \$4,125 per unit, 3 Star properties averaging \$3,357 per unit, and 1 & 2 Star properties averaging \$2,379 per unit.



Daily Asking Rent Per SF (Multifamily Santa Clara)

INVESTMENT AND SALES ACTIVITY

Investment activity strengthened materially in 2025. Trailing 12-month sales volume is approximately \$890 million across 23 transactions, with average pricing near \$490,000 per unit and an average cap rate of 4.9%. Recent transactions include large institutional acquisitions, illustrating continued investor appetite for both scale and quality within the Santa Clara multi-family market.



CONCLUSION

Santa Clara’s multi-family market demonstrates resilient demand, supported by strong absorption and renewed rent growth, while the recent increase in vacancy is closely tied to a one-time surge in deliveries rather than structural weakening. With no units under construction and stabilized vacancy materially below the current headline rate, the near-term outlook reflects market rebalancing as new communities complete lease-up. These conditions provide a factual and supportable basis for interpreting multi-family income potential and investor pricing behavior applicable to the City’s Medium- and High-Density Residential land use categories.

Based on the Santa Clara multifamily submarket trends (representative of medium- to high-density residential property types), the market supports two distinct time-adjustment regimes over the analysis period. For January 1, 2023 through December 31, 2024, investment pricing indicators reflect modest appreciation while leasing fundamentals shifted from muted rent growth in 2023 to stronger rent growth in 2024 (despite some vacancy expansion), supporting a reconciled market conditions adjustment of approximately +2.5% per year for that period. For January 1, 2025 through December 31, 2025, pricing metrics indicate a more pronounced increase in values while rents remained positively trending, supporting the conclusion that overall market pricing advanced at a faster pace than income growth alone would imply; therefore, a reconciled market conditions adjustment of approximately +5.0% per year is concluded for 2025.

Market Conditions Adjustments Multifamily	
Timeframe	Annualized Adjustment
Jan 2023 - Dec 2024	2.50%
Jan 2025 - Dec 2025	5.00%

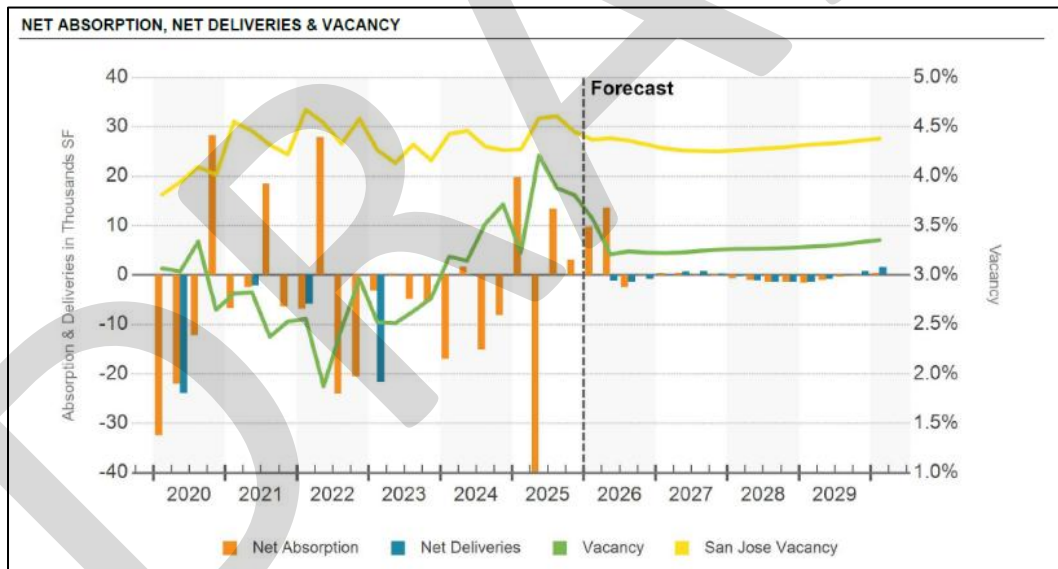
COMMERCIAL (RETAIL AND OFFICE)

The Santa Clara commercial real estate market, encompassing both the retail and office sectors across the Central, North, and South submarkets, presents a bifurcated landscape as of 2025. While the retail sector is characterized by tight vacancies and constrained supply, the office sector exhibits more elevated vacancies alongside stronger transactional volume in key pockets.

INVENTORY AND VACANCY

Combined commercial inventory spans over 27 million square feet, heavily weighted toward the office sector. The office market contains approximately 21.9 million square feet of space. Within the office sector, North Santa Clara holds the largest concentration at 10.6 million square feet, but it also struggles with the highest vacancy rate at 18.8%. South Santa Clara's office vacancy stands at 12.0% on 2.2 million square feet of inventory, while Central Santa Clara shows the tightest office market with a 7.7% vacancy rate across its 9.1 million square feet.

Conversely, the retail market is significantly smaller, totaling roughly 5.34 million square feet, and exhibits highly stabilized fundamentals. South Santa Clara dominates the retail footprint with 4.1 million square feet and a healthy vacancy rate of 3.7%. North and Central Santa Clara contain 660,000 and 580,000 square feet of retail space, respectively, with very low vacancies of 3.5% and 2.4%.



South Santa Clara County Retail Submarket

RENTAL RATES

Despite differing vacancy profiles, both retail and office landlords have maintained positive year-over-year rent growth across all Santa Clara submarkets. In the retail sector, asking rents range from \$32.00 per square foot in Central Santa Clara to a high of \$59.00 per square foot in North Santa Clara. Retail rent growth remains steady, varying from 1.8% to 2.1% annually.

Office rental rates are also competitive, with Central Santa Clara commanding approximately

\$57.00 per square foot alongside an impressive 3.9% annual rent growth. Office rents in North and South Santa Clara average \$50.00 and \$48.00 per square foot, respectively, with annual growth rates of 2.7% and 2.6%.

INVESTMENT AND SALES ACTIVITY

Commercial investment activity reveals distinct investor preferences. The Central Santa Clara office submarket led overall commercial sales velocity by a wide margin, recording 10 property transactions over the past year totaling \$574 million in sales volume and an estimated market capitalization rate of 6.9%. South Santa Clara also saw office trades amounting to \$55.9 million across two properties.

Retail investment was more subdued but steady in the southern and central areas. South Santa Clara recorded four retail sales totaling \$16.2 million, while Central Santa Clara saw a single retail transaction for \$3.0 million. North Santa Clara experienced a complete pause in both retail and office investment, with zero sales reported in either sector over the past year. Capitalization rates for retail assets are generally tighter than office, resting between 5.5% and 5.8% across the city.

CONCLUSION

The Santa Clara commercial real estate market is anchored by an absolute lack of new development, which continues to insulate both the retail and office sectors from oversupply risks. Retail remains an incredibly tight and stable asset class, while the office sector, despite higher vacancies in the North and South, continues to drive massive capital investment and rent growth, particularly in the Central submarket. These distinct trends provide a solid, factual foundation for assessing underlying commercial land values across the city.

Based on the City of Santa Clara commercial submarket evidence (office and retail), we have reconciled two distinct market conditions adjustments over the analysis period. For January 1, 2023 through December 31, 2024, overall commercial values are concluded to have declined at approximately -8.0% per year (annualized), driven primarily by the office segment's measurable valuation reset (pricing indices declining across Central, North, and South Santa Clara) while leasing conditions showed only limited offsetting support (rents generally increased but vacancy pressure was evident, particularly in office). For January 1, 2025 through December 31, 2025, overall commercial values are concluded to have increased at approximately +2.0% per year (annualized), supported by modest stabilization/firming in office pricing indices and continued positive leasing signals, while retail performance was generally stable to improving (rising asking rents and mostly stable/positive pricing indicators in key submarkets). These reconciled time adjustments are intended as aggregate, citywide market conditions indicators suitable for application to Santa Clara commercial sales where a single, supportable time trend is required.

Market Conditions Adjustments	
Commercial	
Timeframe	Reconciled Adjustment
Jan 2023 - Dec 2024	-8.00%
Jan 2025 - Dec 2025	2.00%

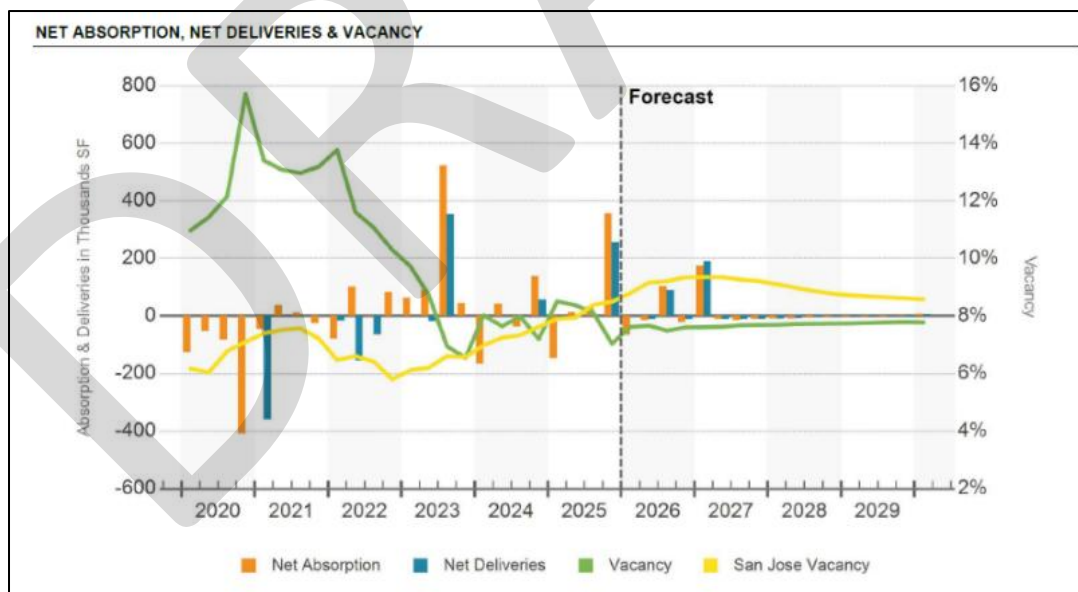
INDUSTRIAL (FLEX, LOGISTICS, R&D)

The Santa Clara industrial real estate market, encompassing the Central, North, and South submarkets, reflects a supply-constrained and stabilized environment as of late 2025. While North Santa Clara contains the majority of the city’s industrial inventory and demonstrates moderate vacancy alongside limited development activity, South Santa Clara remains fully occupied with no construction underway. Central Santa Clara continues to function as an established and institutionally active industrial node. Overall, the market is characterized by limited new supply, stable rent levels, and steady capital markets participation.

INVENTORY AND VACANCY

Combined industrial inventory across the three submarkets totals approximately 13.3 million square feet, heavily weighted toward North Santa Clara at roughly 11.5 million square feet. South Santa Clara comprises approximately 898,000 square feet, making it the smallest industrial concentration within the city.

Vacancy conditions vary by submarket. North Santa Clara reports vacancy near 8%, with availability slightly higher, driven largely by elevated flex vacancy relative to logistics and specialized product. The absence of new deliveries in South Santa Clara over the past decade underscores the submarket’s structurally constrained supply profile. Construction activity within the broader market remains limited and is concentrated primarily in North Santa Clara.



North Santa Clara County Industrial Submarket

RENTAL RATES

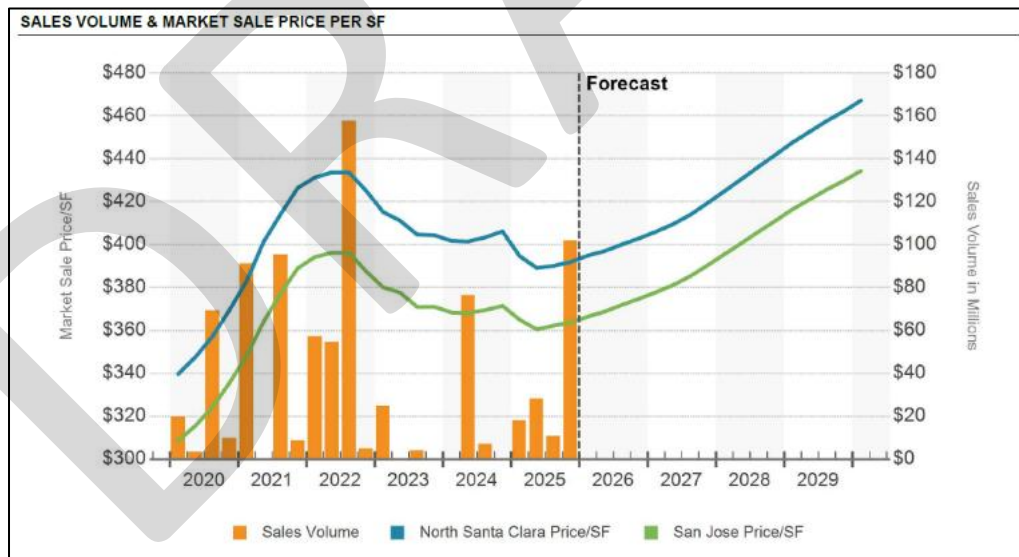
Industrial asking rents across Santa Clara remain generally stable, averaging in the mid-\$26 per square foot range in both North and South submarkets. Flex product commands the highest rental

rates, generally exceeding \$30 per square foot, while logistics space averages in the low-\$20 per square foot range. Specialized industrial product falls between these two tiers.

Year-over-year rent growth remains modest following prior expansionary cycles. South Santa Clara has experienced slightly stronger recent rent growth relative to North Santa Clara, though overall annual increases across the city remain moderate and consistent with a stabilized industrial market.

INVESTMENT AND SALES ACTIVITY

Industrial capital markets activity remains steady, with transaction volume concentrated primarily in North Santa Clara over the past 12 months. Citywide market pricing trends indicate pricing generally in the mid-\$300s to upper-\$300s per square foot, while select South Santa Clara transactions have achieved higher per-square-foot metrics, consistent with its near-zero vacancy condition and limited supply. At the same time, broader pricing indices across Central and North Santa Clara reflect modest softening from peak levels through 2024 and into 2025, supporting reconciled market conditions adjustments of approximately 2.0% per year for the January 1, 2023, December 31, 2024 period and approximately 2.5% per year for January 1, 2025-December 31, 2025. Estimated market capitalization rates across the submarkets remain in the mid-6% range, indicating stabilized income expectations in the current environment, while observed rent trends are generally stable to improving, together suggesting that the mild negative time trend is primarily attributable to cap-rate expansion rather than weakening leasing fundamentals.



CONCLUSION

The Santa Clara industrial market continues to demonstrate constrained supply, stabilized occupancy, and moderate rent growth across its submarkets. South Santa Clara's full occupancy and absence of construction highlight the scarcity of available industrial space, while North Santa Clara provides the primary base of inventory and transaction activity within the city. These

consistent and measurable fundamentals provide a reliable framework for evaluating underlying industrial land values across Santa Clara.

Based on the City of Santa Clara industrial submarket evidence (Central, North, and South), the market supports modest negative market conditions over both analysis periods, with value trends driven primarily by cap-rate expansion despite generally stable-to-improving leasing fundamentals. For January 1, 2023 through December 31, 2024, CoStar’s sales-side pricing indicators show a mild decline in values (pricing indices drifting downward from earlier peak levels), while asking rents generally increased and vacancy remained relatively contained; reconciling these signals, an overall industrial market conditions adjustment of 0 -2.0% per year (annualized) is supported for this period. For January 1, 2025 through December 31, 2025, pricing indices reflect continued modest softening into 2025 while rent growth was flat to modest, indicating that higher-rate pricing pressure persisted even as income performance remained comparatively steady; therefore, an industrial market conditions adjustment of -2.5% per year (annualized) is concluded for 2025.

Market Conditions Adjustments	
Industrial	
Timeframe	Reconciled Adjustment
Jan 2023 - Dec 2024	-2.00%
Jan 2025 - Dec 2025	-2.50%

HIGHEST AND BEST USE

Highest and best use may be defined as:

“The reasonably probable use that produces the most benefits and highest land value at any given time.”⁵

Typically, to meet the highest and best use, the four criteria are:

1. **Legally Permissible:** *What uses are permitted by zoning and other legal restrictions?*
2. **Physically Possible:** *To what use is the site physically adaptable?*
3. **Financially Feasible:** *Which possible and permissible use will produce any net return to the owner of the site?*
4. **Maximally Productive.** *Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?*

This assignment applies a hypothetical condition that expands legal permissibility by assuming the hypothetical subject lot could represent the range of land use categories and zoning districts that occur throughout the City of Santa Clara, rather than being constrained to a single, site-specific designation. Accordingly, the highest and best use conclusion is expressed as a set of representative uses consistent with the Citywide land use spectrum used in the analysis.

Under this hypothetical condition, the highest and best use of the hypothetical lot is for development (or interim holding pending market support) consistent with one of the principal Citywide land use categories summarized in the Land Use Classification Table:

Land Use Classification Table				
Category Name	General Plan Designation	Density Range/Intensity	Primary Zoning Districts	Typical Uses/ Notes
Single Family	Very Low Density Residential, Low Density Residential	0-19 DU/AC	R1 (Single Family), R2 (Two-Family)	Detached single-family homes, Duets / Duplexes, Low-density townhomes
Medium Density Residential	Medium Density Residential	20-36 DU/AC	R3 (Multi-Family), PD (Planned Development)	Low-rise apartments, Rowhouses & Townhouses, Garden-style complexes
High Density Residential	High Density Residential, Very High Density (Specific Plans)	37-50+ DU/AC	R4 (High Density), PD (Planned Development)**	Urban mid-rise buildings, Podium developments, Structured parking residential
Commercial	Neighborhood, Community, and Regional Commercial	FAR 0.40-0.60	CN (Neighborhood), CC (Community), CR (Regional), OA/OG (Office)	Retail centers & Supermarkets, Office buildings, Hotels & Service Commercial
Industrial	Light Industrial, Heavy Industrial, Low and High-Intensity Office/R&D	FAR 0.45-2.00	ML (Light Industrial), MH (Heavy Industrial), MP (Industrial Park)	Data Centers, R&D / Flex Tech, Manufacturing & Warehousing

⁵ *The Appraisal of Real Estate*, 15th ed., p. 305 (Chicago: Appraisal Institute 2020).

The average indicated land value developed in this appraisal, derived from sales comparison approaches across these land use categories and weighted in accordance with the scope of work, is contingent upon the hypothetical condition described in this appraisal report. Specifically, the concluded average value reflects a hypothetical lot that is representative of the City's broader development capacity across the listed residential, commercial, and industrial use ranges, and is not intended to represent the highest and best use of any specific, physically identified parcel absent confirmation of that parcel's actual General Plan designation, zoning, and other applicable land use constraints.

DRAFT

VALUATION METHODOLOGY

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

COST APPROACH

The Cost Approach is summarized as follows:

Cost New
- Depreciation
+ Land Value
= Value

INCOME APPROACH

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

SALES COMPARISON APPROACH

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

FINAL RECONCILIATION

The appraisal process concludes with the final reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

METHODOLOGIES APPLIED

We have applied 5 separate sales comparison approaches, one for each land use category. Based on the hypothetical nature of the subject, each sales comparison approach represents a spectrum of land sales which together, form a basis for the average value per unit for each asset class. When possible, we used land sales with little or no adjustment needed. In some cases, sales conditions adjustments were applied. Market conditions adjustments were also applied in accordance with the specified scope of work for this appraisal project.

SALES COMPARISON APPROACH: SINGLE FAMILY (LOW DENSITY RESIDENTIAL)

The hypothetical subject's land value has been developed via the Sales Comparison Approach, which is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. This sales comparison approach is conducted in order to determine average value, and therefore, no adjustments beyond market conditions and sales conditions adjustments were necessary, except where noted. The process below describes the applied methodology utilized to reach conclusions of value in the subsequent 5 sales comparison approaches.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed, and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the hypothetical subject property.
- The value indication of each comparable sale is analyzed, and the data reconciled for a final indication of value via the Sales Comparison Approach.

SINGLE FAMILY (LOW DENSITY) LAND COMPARABLES

I searched for comparables with a similar highest and best use of single family (low density) development. Comparisons are made to the hypothetical subject relative to differences or similarities in time, location, physical characteristics, and sales conditions. Percentage or dollar adjustments are then made to the selling and/or listing price of each comparable for property rights, financing, time of sale, and unusual sales conditions; qualitative comparisons are made for physical differences between each comparable and the subject. A range of values results from this approach. I correlated the range into a final value by selectively rating the comparables as to their overall comparative value to the hypothetical subject property, which is meant to represent the average of values analyzed.

I have researched six land comparables for this analysis. All of the comparables reflect closed sales and are documented on the following pages with a summary grid, location map and aerial photographs.

LAND COMPARABLE SUMMARY TABLE

Land Comparables Summary						
Comp	Address City	Date Assessor Parcel No	Book/Page or Reference Price	Acres Price Per Acre	Zoning Price Per SF	Sale Comments
Subject	Santa Clara Single Family Lot	12/31/2025	NA	1.00	Single Family/Low Density Residential (R1, R2)	This is the hypothetical subject property.
Subject	Santa Clara	NA	NA	NA	Good	
1	20860 McClellan Rd Cupertino	8/25/2023 359-20-030	25525850 \$9,300,000	1.35 \$6,888,889	R1B2 \$158.15	20860 McClellan Road, Cupertino, California 95014 (APN 359-20-030) sold on August 25, 2023 for \$9,300,000, which equates to approximately \$6,888,889 per acre based on a reported site size of 1.35 acres (58,806 SF), or about \$158.15 per land SF. The property is zoned R1B2. The transaction was conveyed by Grant Deed from District McClellan LLC (grantor) to AlphaMcClellan LLC (grantee) and was recorded in Santa Clara County on September 1, 2023 as Document No. 25525850.
2	Doyle Road and Lawrence Expressway San Jose	12/20/2023 381-19-015	25577414 \$5,100,000	1.02 \$5,000,000	R1-8 \$114.78	The Doyle Road and Lawrence Expressway sale in San Jose involved one parcel (381-19-015) totaling 1.02 acres that sold for \$5,100,000 on 12/20/2023 (Doc #25577414). The transaction equates to approximately \$5 million per acre and \$114 per land SF. Title transferred via Grant Deed from VOP REF Doyle LLC to Harker School, as confirmed by the recorded deed. This transaction represents the sale of land with development pressure currently zoned for residential development at up 8 dwelling units per acre.
3	781 Wolfe Road Sunnyvale	7/9/2024 211-05-009	25662912 \$4,500,000	0.69 \$6,521,739	R0 \$149.72	781 S. Wolfe Road, Sunnyvale, CA 94086 (APN 211-05-009) transferred by Grant Deed on July 9, 2024 for \$4,500,000 and was recorded July 12, 2024 (Santa Clara County Doc. 25662912). The reported site area is 0.69 acres (29,850 SF), indicating a land value metric of approximately \$6,521,739 per acre (about \$150.75 per land SF). Title transferred from the George Yamaoka and Misako Yamaoka Family Trust (as amended), executed by the trustee, to 781 South Wolfe Road, L.P. (California limited partnership). The land was sold as a single family residential redevelopment project.
4	1020 5th Street San Jose	12/30/2025 235-09-016, -017, -018, -019	25925105 \$2,470,000	0.63 \$3,920,635	R2 \$90.01	1020 N 5th Street, San Jose, CA 95112 is a multi-parcel vacant land transaction involving APNs 235-09-016, 235-09-017, 235-09-018, and 235-09-019. The reported consideration is \$2,470,000. The sale date is 12/11/2025 and the recording date is 12/30/2025, recorded in Santa Clara County as Document No. 25925105. Title transferred from the Allen Wong and Lillian Wong 1991 Trust (trustees) to Kellogg & Kay LLC (California LLC). Zoning is shown as R2, and the site size reported is 0.63 acres.
5	839 N 14th Street San Jose	2/8/2024 249-12-100	25596092 \$550,000	0.12 \$4,583,333	R2 \$105.22	This comparable sale involves a vacant land parcel identified as APN 249-12-100 in San Jose, Santa Clara County, with the location noted as between 833 N 14th Street and 845 N 14th Street near Vestal Street. The site is reported to contain 0.12 acres (5,227 square feet), with zoning shown as R2. The property sold on 02/08/2024 for \$550,000, following a contract date of 01/25/2024, and it was offered at \$625,000 prior to sale. The transfer was conveyed by Grant Deed dated 01/29/2024 and recorded 02/08/2024 as Document No. 25596092 from Karen M. Garcia to Jagjit S. Bains.
6	0 Walnut Grove San Jose	6/7/2024 274-28-062	25647476 \$560,000	0.14 \$4,000,000	R1 \$91.83	This comparable sale involves a vacant land parcel in San Jose, California (95128/95126), identified as APN 274-28-062, located adjacent to 1894 Walnut Grove Avenue at the end of a cul-de-sac near N. Bascom Avenue. The site is reported at 0.14 acres, with lot area figures shown as 6,098 square feet and 6,295 square feet. Zoning is shown as R1. The property sold for \$560,000, with a purchase contract date of 05/29/2024 and a close/recording date of 06/07/2024. The conveyance was by Grant Deed recorded as Document No. 25647476 from Walker William E to Pan Family Trust.

THE COMPARISON PROCESS

In the comparison process, I take into consideration the financial and physical differences between each land comparable. Categories of adjustment and/or comparison include: 1) property rights conveyed; 2) terms of sale; 3) conditions of sale; 4) buyer expenditures; 5) market conditions; and, 6) physical characteristics (including location, topography, utilities, zoning, etc.).

The comparables are analyzed on a price per square foot of land basis as this is the most applicable unit of comparison for the subject land as it reflects development land. This was clear when analyzing the comparable data where pricing levels, when analyzed on a price per square foot of land basis, were consistent and reflective of the market.

Each comparables' gross acreage and land square footage was obtained from public records, published sales information, and/or other reliable sources. The subject's overall market value was delineated from the market data.

The comparison process is fairly subjective in nature primarily due to the many characteristics of value, variances in buyer/seller influences, imperfections in the market, etc. Adjustments and/or comparisons are an attempt to reflect value contributions of the various factors in the marketplace. Many of the comparisons of physical characteristics overlap and reflect overall desirability. The comparison grid following this section is an empirical format to simply lead the reader to a logical conclusion of the final estimated value.

PROPERTY RIGHTS

The property right appraised was the fee simple estate. All of the land comparables transferred (or are marketing) the fee simple interest, thus, there are no adjustments warranted.

FINANCING (TERMS OF SALE)

Financing (terms of sale) include below market rates, buy downs, atypical payback periods, or any financing situations that are not commonly accepted within the marketplace. In the subject market, land is typically purchased with all cash or the seller takes back a first trust deed with a large (20%-50%) down payment. The comparables sold for cash or with conventional forms of financing; thus, no adjustments were warranted.

CONDITIONS OF SALE

Conditions of sale include any distressed influences, less than arm's length transactions, or other related influences that are not attributable to financing/terms of sale, market conditions, or physical differences. All Comparables reflected closed transactions, however, Comparable 1 featured some permitting completed but was not entitled. To reflect this slight advantage in the market, we have applied a -10% adjustment to the sale.

MARKET CONDITIONS

Market conditions adjustments take into consideration appreciation or depreciation that has occurred in the market. All land comparables reflected sales that closed between August of 2023 and December of 2025. According to our analysis of market conditions over this time period (see market conditions section) we have made the following market conditions adjustments.

Market Conditions Adjustments	
Single Family	
Timeframe	Reconciled Adjustment
Jan 2023 - Dec 2024	4.80%
Jan 2025 - Dec 2025	1.80%

These adjustments are displayed visually in an adjustment grid on the following page.

SINGLE FAMILY (LOW DENSITY RESIDENTIAL) LAND COMPARABLES ADJUSTMENT GRID

Single Family Land Comparables Adjustment Grid													
Land Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4		Comp 5		Comp 6	
Address	Low Density Lot	20860 McClellan Road		Doyle Road and Lawrence Exp.		781 Wolfe Road		1020 5th Street		849 N 14th Street		0 Walnut Grove	
City	Santa Clara	Cupertino		San Jose		Sunnyvale		San Jose		San Jose		San Jose	
State	CA	CA		CA		CA		CA		CA		CA	
Date	12/31/2026	8/25/2023		12/20/2023		7/9/2024		12/30/2025		2/8/2024		6/7/2024	
Price	NA	\$9,300,000		\$5,100,000		\$4,500,000		\$2,470,000		\$550,000		\$560,000	
Land SF	43,560	58,806		44,431		30,056		27,443		5,227		6,098	
Price Per SF	NA	\$158		\$115		\$150		\$90		\$105		\$92	
Transaction Adjustments													
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Full	0.0%	Full	0.0%	Full	0.0%	Full	0.0%	Full	0.0%	Full	0.0%
Conditions of Sale	Normal	Permits	-10.0%	Normal	0.0%	Normal	0.0%	Normal	0.0%	Normal	0.0%	Normal	0.0%
Adjusted Land SF Unit Price		\$142		\$115		\$150		\$90		\$105		\$92	
Market Trends Through	12/31/2024	4.8%	6.6%	5.0%	2.3%	0.0%	4.3%	2.7%					
Adjusted Land SF Unit Price		\$152		\$120		\$153		\$90		\$110		\$94	
Subsequent Trends Ending	12/31/2025	1.8%	1.8%	1.8%	1.8%	0.0%	1.8%	1.8%					
Overall Comparison		Superior		Sl. Inferior		Superior		Inferior		Sl. Inferior		Inferior	
Adjusted Land SF Unit Price		\$154		\$123		\$156		\$90		\$112		\$96	

SALES COMPARISON APPROACH CONCLUSION

A total of six (6) land comparables are used in the sales comparison approach to land value. The land comparable data are sufficient in quality and quantity to estimate the hypothetical subject's market value, with key physical and non-physical characteristics analyzed and reconciled in the adjustment process.

The comparable sales reflect final adjusted unit prices ranging from \$90 to \$156 per square foot, with only one adjustment applied for conditions of sale (Comparable 1).

Market conditions adjustments applied through 12/31/2024 ranged from 0.0% to 6.6%, and subsequent market trend adjustments applied through 12/31/2025 ranged from 0.0% to 1.8%; these adjustments were applied consistently with the scope of work for this appraisal report.

These comparables are selectively weighted based on their qualitative characteristics within the dataset to arrive at the reconciled value per SF for the hypothetical subject (reflecting highest and best use of single family) of \$130

My conclusion is shown below:

RECONCILED MARKET VALUE PER SF (SINGLE FAMILY)

INDICATED VALUE PER LAND SF: \$130

SALES COMPARISON APPROACH: MEDIUM DENSITY RESIDENTIAL

The hypothetical subject's land value has been developed via the Sales Comparison Approach, which is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. This sales comparison approach is conducted in order to determine average value, and therefore, no adjustments beyond market conditions and sales conditions adjustments were necessary, except where noted. The process below describes the applied methodology utilized to reach conclusions of value in the subsequent sales comparison approaches.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed, and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the hypothetical subject property.
- The value indication of each comparable sale is analyzed, and the data reconciled for a final indication of value via the Sales Comparison Approach.

MEDIUM DENSITY LAND COMPARABLES

I searched for comparables with a similar highest and best use of medium density development. Comparisons are made to the hypothetical subject relative to differences or similarities in time, location, physical characteristics, and sales conditions. Percentage or dollar adjustments are then made to the selling and/or listing price of each comparable for property rights, financing, time of sale, and unusual sales conditions; qualitative comparisons are made for physical differences between each comparable and the subject. A range of values results from this approach. I correlated the range into a final value by selectively rating the comparables as to their overall comparative value to the hypothetical subject property, which is meant to represent the average of values analyzed.

I have researched six land comparables for this analysis. All of the comparables reflect closed sales and are documented on the following pages with a summary grid, location map and aerial photographs.

LAND COMPARABLE SUMMARY TABLE

Medium Density Land Comparables Summary						
Comp	Address City	Date Assessor Parcel No	Book/Page or Reference Price	Acres Price Per Acre	Zoning Price Per SF	Sale Comments
Subject	Santa Clara Medium Density Lot	12/31/2025	NA	1.00	High Density Residential	This is the hypothetical subject property.
Subject	Santa Clara	NA	NA	NA	Good	
1	479 Boynton Ave San Jose	9/10/2024 303-48-020	25710271 \$2,000,000	0.37 \$5,405,405	MUN \$124.09	Sale of 479 Boynton Ave, San Jose, CA 95117 involved one parcel (APN 303-48-020) conveyed by Grant Deed from Jessica Briscoe (Grantor) to Dreamhouse5 Investment LLC, A California Limited Liability Company (Grantee). The deed is dated 10/04/2024 and was recorded 10/10/2024 in Santa Clara County as Document No. 25710271. Total consideration for the sale was \$2,000,000. Zoning indicates MUN with development potential of up to ~30 dwelling units per acre (subject to municipal standards and approvals).
2	320 Virginia Ave Campbell	10/18/2024 404-07-033	25714034 \$19,385,000	2.16 \$8,974,537	PD (See Comments) \$206.03	Sale of 320 Virginia Ave, Campbell, CA 95008 involved one parcel (APN 404-07-033) conveyed by Grant Deed from Vop Ref Virginia, LLC, A California Limited Liability Company (Grantor) to Kb Home South Bay Inc., A California Corporation (Grantee). The deed was dated 10/18/2024 and recorded 10/18/2024 in Santa Clara County as Document No. 25714034. The reported consideration for the sale was \$19,385,000, and the site contains approximately 2.16 acres. The project description indicates a proposed medium-density residential community consisting of 40 townhome-style condominium units with central common open space and two private streets, supported by 94 on-site parking spaces (garage and guest) plus typical landscaping/hardscape and stormwater improvements. Based on 2.08 acres described for the vacant development site, the stated plan reflects a site density of 19.22 units per acre, however, based on net acreage, this falls above 20 DU/acre and is therefore included in the medium density residential analysis.
3	3155 El Camino Real Santa Clara	2/14/2023 220-32-057, -058	25436710 \$16,500,000	2.44 \$6,762,295	PD (See Comments) \$155.24	Sale of 3155 El Camino Real, Santa Clara, CA involved two parcels (APNs 220-32-057 and 220-32-058) consolidated for a planned residential redevelopment, with an approved rezoning from Throughfare Commercial (CT) to Planned Development (PD) to allow construction of a 60-unit, three-story townhome project. The property is identified with Bowers Plaza GP as seller and Toll West Coast LLC as buyer. The recorded reference for the transaction is Document No. 25436710. The site contains approximately 2.44 acres, implying a conceptual density of roughly 24.6 DU/AC based on the stated 60-unit plan (60 ÷ 2.44), subject to final plans and conditions of approval.
4	541 Page Street San Jose	5/5/2025 277-19-035	25801965 \$1,785,000	0.31 \$5,758,065	R3 \$132.19	Sale of 541 Page Street, San Jose, CA 95126-3385 involved one parcel (APN 277-19-035) conveyed by Grant Deed from Page Prime Capital LLC, A California Limited Liability Company (Grantor) to Amirhossein Karbalaeinamatmoeni and Shabdiz Sharif, husband and wife as joint tenants (Grantee). The deed was dated 04/10/2025 and recorded 05/05/2025 in Santa Clara County as Document No. 25801965. Total consideration for the sale was \$1,785,000. The property is zoned R3 on an approximately 0.31-acre site (13,576 SF); for medium-density residential context, R3 generally supports small multi-family development potential subject to City of San Jose standards and approvals.
5	416 Crescent Sunnyvale	3/21/2025 211-35-009, 211-35-008	25780593 \$10,100,000	0.88 \$11,477,273	R3 \$263.48	Sale of 416 Crescent Ave, Sunnyvale, CA 94087 involved two parcels (APNs 211-35-009 and 211-35-008) and sold 03/21/2025 for \$10,100,000 under redevelopment conditions, with Document No. 25780593 recorded in Santa Clara County. The site is reported at 0.88 acres and is zoned R3. Existing improvements include one single-family residence and an approximately 6,000 SF shed on a portion of the property, and the buyer intended to retain the house while developing the balance of the site with 18 townhome-style condominium units. Based on the stated 18-unit concept, the implied density is approximately 20.5 DU/AC (18 ÷ 0.88). An adjustment is warranted versus unimproved land sales to account for the contributory value/utility of the retained residence and other on-site improvements.
6	972 Elm Street San Jose	3/18/2025 230-41-025	35778879 \$3,580,000	0.44 \$8,136,364	PD (See Comments) \$186.79	Sale of 972 Elm St, San Jose, CA 95126 (APN 230-41-025) sold 03/18/2025 for \$3,580,000 after 63 days on market. The site contains approximately 0.4362 acres (19,000 SF). The property was marketed as a redevelopment opportunity and notes the parcel was recently entitled for 8 single-family homes, with an additional stated potential of up to 13 dwelling units (citing "city approved density of 30 units/acre"), subject to final plans and approvals. The subject is also reported as approved for rezoning to Planned Development (PD), and a multifamily project is expected in the medium-density range.

THE COMPARISON PROCESS

In the comparison process, I take into consideration the financial and physical differences between each land comparable. Categories of adjustment and/or comparison include: 1) property rights conveyed; 2) terms of sale; 3) conditions of sale; 4) buyer expenditures; 5) market conditions; and, 6) physical characteristics (including location, topography, utilities, zoning, etc.).

The comparables are analyzed on a price per square foot of land basis as this is the most applicable unit of comparison for the subject land as it reflects development land. This was clear when analyzing the comparable data where pricing levels, when analyzed on a price per square foot of land basis, were consistent and reflective of the market.

Each comparables' gross acreage and land square footage was obtained from public records, published sales information, and/or other reliable sources. The subject's overall market value was delineated from the market data.

The comparison process is fairly subjective in nature primarily due to the many characteristics of value, variances in buyer/seller influences, imperfections in the market, etc. Adjustments and/or comparisons are an attempt to reflect value contributions of the various factors in the marketplace. Many of the comparisons of physical characteristics overlap and reflect overall desirability. The comparison grid following this section is an empirical format to simply lead the reader to a logical conclusion of the final estimated value.

PROPERTY RIGHTS

The property right appraised was the fee simple estate. All of the land comparables transferred (or are marketing) the fee simple interest, thus, there are no adjustments warranted.

FINANCING (TERMS OF SALE)

Financing (terms of sale) include below market rates, buy downs, atypical payback periods, or any financing situations that are not commonly accepted within the marketplace. In the subject market, land is typically purchased with all cash or the seller takes back a first trust deed with a large (20%-50%) down payment. The comparables sold for cash or with conventional forms of financing; thus, no adjustments were warranted.

CONDITIONS OF SALE

Conditions of sale include any distressed influences, less than arm's length transactions, or other related influences that are not attributable to financing/terms of sale, market conditions, or physical differences. All Comparables reflected closed transactions, however, Comparable 2 was nearly entitled for development and sold as lot ready to build, and therefore we have applied a -25% adjustment to reflect the decrease in

entitlement risk for the buyer. Additionally, Comparable 5 was approximately 30% improved, and the buyer planned to retain the improvements for cash flow (CoStar) and therefore a -30% adjustment is applied.

MARKET CONDITIONS

Market conditions adjustments take into consideration appreciation or depreciation that has occurred in the market. All land comparables reflected sales that closed between February of 2023 and May of 2025. According to our analysis of market conditions over this time period (see market conditions section) we have made the following market conditions adjustments.

Market Conditions Adjustments Multifamily	
Timeframe	Reconciled Adjustment
Jan 2023 - Dec 2024	2.50%
Jan 2025 - Dec 2025	5.00%

These adjustments are displayed visually in an adjustment grid on the following page.

MEDIUM DENSITY RESIDENTIAL LAND COMPARABLES ADJUSTMENT GRID

Medium Density Land Comparables Adjustment Grid													
Land Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6						
Address	Meidum Density Lot	479 Boynton Ave	320 Virginia Ave	3155 El Camino Real	541 Page Street	416 Crescent Ave	372 Elm Street						
City	Santa Clara	San Jose	Campbell	Santa Clara	San Jose	Sunnyvale	San Jose						
State	CA	CA	CA	CA	CA	CA	CA						
Date	12/31/2026	3/10/2024	10/18/2024	2/14/2023	5/5/2025	3/21/2025	3/18/2025						
Price	NA	\$2,000,000	\$19,385,000	\$16,500,000	\$1,785,000	\$10,100,000	\$3,580,000						
Land SF	43,560	16,117	94,090	106,286	13,504	38,333	19,166						
Price Per SF	NA	\$124	\$206	\$155	\$132	\$263	\$187						
Transaction Adjustments													
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Full	0.0%	Full	0.0%	Full	0.0%	Full	0.0%	Full	0.0%	Full	0.0%
Conditions of Sale	Normal	Normal	0.0%	Entitled	-25.0%	Normal	0.0%	Normal	0.0%	Improved	-30.0%	Normal	0.0%
Adjusted Land SF Unit Price		\$124	\$155	\$155	\$132	\$184	\$187						
Market Trends Through	12/31/2024	2.5%	2.0%	0.5%	4.8%	0.0%	0.0%						
Adjusted Land SF Unit Price		\$127	\$155	\$163	\$132	\$184	\$187						
Subsequent Trends Ending	12/31/2025	5.0%	5.0%	5.0%	5.0%	3.3%	3.9%						
Overall Comparison		Inferior	Similar	Similar	Sl. Inferior	Superior	Superior						
Adjusted Land SF Unit Price		\$133	\$163	\$171	\$136	\$192	\$194						

SALES COMPARISON APPROACH CONCLUSION

A total of six (6) land comparables are used in the sales comparison approach to land value. The land comparable data are sufficient in quality and quantity to estimate the hypothetical subject's market value, with key physical and non-physical characteristics analyzed and reconciled in the adjustment process.

The comparable sales reflect final adjusted unit prices ranging from \$133 to \$194 per square foot, with two adjustments applied for conditions of sale (Comparable 2 at -25.0% and Comparable 5 at -30.0%).

These comparables are selectively weighted based on their qualitative characteristics within the dataset to arrive at the reconciled value per SF for the hypothetical subject (reflecting highest and best use of Medium Density Residential) of \$170.

My conclusion is shown below:

RECONCILED MARKET VALUE PER SF (MEDIUM DENSITY RESIDENTIAL)

INDICATED VALUE PER LAND SF: \$170

SALES COMPARISON APPROACH: HIGH DENSITY RESIDENTIAL

The hypothetical subject's land value has been developed via the Sales Comparison Approach, which is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. This sales comparison approach is conducted in order to determine average value, and therefore, no adjustments beyond market conditions and sales conditions adjustments were necessary, except where noted. The process below describes the applied methodology utilized to reach conclusions of value in the subsequent sales comparison approaches.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed, and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the hypothetical subject property.
- The value indication of each comparable sale is analyzed, and the data reconciled for a final indication of value via the Sales Comparison Approach.

HIGH DENSITY LAND COMPARABLES

I searched for comparables with a similar highest and best use of high density residential development. Comparisons are made to the hypothetical subject relative to differences or similarities in time, location, physical characteristics, and sales conditions. Percentage or dollar adjustments are then made to the selling and/or listing price of each comparable for property rights, financing, time of sale, and unusual sales conditions; qualitative comparisons are made for physical differences between each comparable and the subject. A range of values results from this approach. I correlated the range into a final value by selectively rating the comparables as to their overall comparative value to the hypothetical subject property, which is meant to represent the average of values analyzed.

I have researched four land comparables for this analysis. All of the comparables reflect closed sales and are documented on the following pages with a summary grid, location map and aerial photographs.

HIGH DENSITY LAND COMPARABLE SUMMARY TABLE

Land Comparables Summary						
Comp	Address City	Date Assessor Parcel No	Book/Page or Reference Price	Acres Price Per Acre	Zoning Price Per SF	Sale Comments
Subject	Santa Clara Average High Density Lot	12/31/2025	NA	1.00	High Density Residential	This is the hypothetical subject property.
Subject	Santa Clara	NA	NA	NA	NA	
1	434 Crescent Ave Sunnyvale	3/25/2024 211-35-030	25613899 \$2,720,000	0.26 \$10,461,538	R4 \$240.16	The sale of 434 Crescent Ave, Sunnyvale, CA 94087 involved one parcel (APN 211-35-030) conveyed by Grant Deed from Edmond Ghandour And Emmanuella Amy Ullman, As Co-Trustees Of The Jensen Family Trust Dated March 14, 1985 (Grantor) to Crescent Eternal LLC, A California Limited Liability Company (Grantee). The deed is dated 01/30/2024 and was recorded 03/25/2024 in Santa Clara County as Document No. 25613899. Total consideration for the sale was \$2,720,000, with close of escrow reported 03/25/2024 and 30 days on market. The site contains approximately 0.26 acres and is zoned R4, which allows for up to 50 dwelling units per acre; no project approvals or specific development plans were indicated for this property in the provided materials.
2	777 Saratoga Road Sunnyvale	10/14/2025 201-36-002	25883223 \$44,250,000	5.22 \$8,477,011	PD (See Comments) \$194.61	Sale of 777 Sunnyvale Saratoga Rd, Sunnyvale, CA involved 1 parcel (APN 201-36-002) conveyed by Grant Deed from Mardit Properties, A Limited Partnership (Grantor) to Mrp Hnhb, LLC, A Delaware Limited Liability Company (Grantee). The deed was executed 10/10/2025 and recorded 10/14/2025 in Santa Clara County as Doc. No. 25883223. Total consideration for the sale was \$44,250,000. The property is identified as a redevelopment opportunity with a proposed 242-unit plan (162 apartments + 80 townhomes) including a two-level parking garage and approximately 2,000 SF of ground-floor commercial space, reportedly approved by the City of Sunnyvale (July). Using a land area of 5.22 acres, the proposed density is approximately 46.4 DU/AC (242 units + 5.22 acres).
3	0 Seely Ave San Jose	1/31/2025 097-15-034	25760386 \$73,627,500	11.31 \$6,509,947	PD (See Comments) \$149.45	Sale of Seely Ave (APN 097-15-034), San Jose, CA 95131 involved one APN totaling 11.31 acres and was conveyed by Grant Deed from Seely Development Partners LLC, a Delaware limited liability company (Grantor) to Summerhill Epic Way LLC, a California limited liability company (Grantee). The grant deed was dated 01/31/2025 and recorded 01/31/2025 in Santa Clara County as Document No. 25760386, with a reported sale price of \$73,627,500. The broader Planned Development concept for the overall project calls for 1,472 residential units (townhomes and mid-rise apartments), 18,965 SF of neighborhood retail, and a 2.5-acre public park (plus dedication of ~0.11 acre for a municipal water well site); applying the 1,472-unit program to the total project site of approximately 22 acres implies a conceptual density of approximately 67 DU/AC (1,472 + 22), noting this sale represents only part of the overall project area and the final unit allocation to this APN may differ.
4	1905 Tarob Court Milpitas	8/5/2025 086-36-041	25849557 \$13,500,000	2.36 \$5,720,339	R4 (PD) \$131.32	Sale of 1905 Tarob Ct, Milpitas, CA involved 1 parcel (APN 086-36-041) conveyed by Grant Deed from Geomax, A California General Partnership (Grantor) to Toll West Coast LLC, A Delaware Limited Liability Company (Grantee). The deed was executed 08/01/2025 and recorded 08/05/2025 in Santa Clara County as Doc. No. 25849557. Total consideration for the sale was \$13,500,000. The site is described as part of a phased redevelopment known as Parkside West, originally proposed to include townhomes plus accessory dwelling units (ADUs), is now in the process of updated approvals and is expected to be developed a much higher density in accordance with the R4 zoning.

THE COMPARISON PROCESS

In the comparison process, I take into consideration the financial and physical differences between each land comparable. Categories of adjustment and/or comparison include: 1) property rights conveyed; 2) terms of sale; 3) conditions of sale; 4) buyer expenditures; 5) market conditions; and, 6) physical characteristics (including location, topography, utilities, zoning, etc.).

The comparables are analyzed on a price per square foot of land basis as this is the most applicable unit of comparison for the subject land as it reflects development land. This was clear when analyzing the comparable data where pricing levels, when analyzed on a price per square foot of land basis, were consistent and reflective of the market.

Each comparables' gross acreage and land square footage was obtained from public records, published sales information, and/or other reliable sources. The subject's overall market value was delineated from the market data.

The comparison process is fairly subjective in nature primarily due to the many characteristics of value, variances in buyer/seller influences, imperfections in the market, etc. Adjustments and/or comparisons are an attempt to reflect value contributions of the various factors in the marketplace. Many of the comparisons of physical characteristics overlap and reflect overall desirability. The comparison grid following this section is an empirical format to simply lead the reader to a logical conclusion of the final estimated value.

PROPERTY RIGHTS

The property right appraised was the fee simple estate. All of the land comparables transferred (or are marketing) the fee simple interest, thus, there are no adjustments warranted.

FINANCING (TERMS OF SALE)

Financing (terms of sale) include below market rates, buy downs, atypical payback periods, or any financing situations that are not commonly accepted within the marketplace. In the subject market, land is typically purchased with all cash or the seller takes back a first trust deed with a large (20%-50%) down payment. The comparables sold for cash or with conventional forms of financing; thus, no adjustments were warranted.

CONDITIONS OF SALE

Conditions of sale include any distressed influences, less than arm's length transactions, or other related influences that are not attributable to financing/terms of sale, market conditions, or physical differences. All Comparables reflected closed transactions, however, Comparable 4 featured significant improvements that required demolition prior to redevelopment. We have applied a percentage adjustment in accordance with estimated price per SF costs to demolish (reflected as % of total price). This resulted in an adjustment

of 60% for comparable 4. Comparable 3 featured approximately 20% of the site, which per master plan, must be dedicated as parkland. Therefore a 20% adjustment was made to reflect net acreage for high density residential development.

MARKET CONDITIONS

Market conditions adjustments take into consideration appreciation or depreciation that has occurred in the market. All land comparables reflected sales that closed between March of 2024 and October of 2025. According to our analysis of market conditions over this time period (see market conditions section) we have made the following market conditions adjustments.

Market Conditions Adjustments Multifamily	
Timeframe	Reconciled Adjustment
Jan 2023 - Dec 2024	2.50%
Jan 2025 - Dec 2025	5.00%

These adjustments are displayed visually in an adjustment grid on the following page.

HIGH DENSITY RESIDENTIAL LAND COMPARABLES ADJUSTMENT GRID

Land Comparables Adjustment Grid									
Land Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4	
Address	High Density Lot	434 Crescent Ave		777 Saratoga Road		0 Seely Ave		1905 Tarob Court	
City	Santa Clara	Sunnyvale		Sunnyvale		San Jose		Milpitas	
State	CA	CA		CA		CA		CA	
Date	12/31/2026	3/25/2024		10/14/2025		1/31/2025		8/5/2025	
Price	NA	\$2,720,000		\$44,250,000		\$73,627,500		\$13,500,000	
Land SF	43,560	11,326		227,383		492,664		102,802	
Price Per SF	\$0	\$240		\$195		\$149		\$131	
Transaction Adjustments									
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Full	0.0%	Full	0.0%	Full	0.0%	Full	0.0%
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%	Net Acreage	20.0%	Redev	60.0%
Adjusted Land SF Unit Price		\$240		\$195		\$179		\$210	
Market Trends Through	12/31/2024	2.5%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Land SF Unit Price		\$245		\$195		\$179		\$210	
Subsequent Trends Ending	12/31/2025	5.0%	5.0%	1.0%	4.6%	2.0%			
Overall Comparison		Superior		Similar		Sl. Inferior		Sl. Superior	
Adjusted Land SF Unit Price		\$257		\$197		\$188		\$214	

SALES COMPARISON APPROACH CONCLUSION

A total of five (5) land comparables are used in the sales comparison approach to land value. The land comparable data are sufficient in quality and quantity to estimate the hypothetical subject's market value, with key physical and non-physical characteristics analyzed and reconciled in the adjustment process.

The comparable sales reflect final adjusted unit prices ranging from \$179 to \$257 per square foot, with two adjustments applied for conditions of sale (Comparable 3 at +20.0% and Comparable 5 at +100.0%).

These comparables are selectively weighted based on their qualitative characteristics within the dataset to arrive at the reconciled value per SF for the hypothetical subject (reflecting highest and best use of High Density Residential) of \$200.

My conclusion is shown below:

RECONCILED MARKET VALUE PER SF (HIGH DENSITY RESIDENTIAL)

INDICATED VALUE PER LAND SF: \$200

SALES COMPARISON APPROACH: COMMERCIAL

The hypothetical subject's land value has been developed via the Sales Comparison Approach, which is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. This sales comparison approach is conducted in order to determine average value, and therefore, no adjustments beyond market conditions and sales conditions adjustments were necessary, except where noted. The process below describes the applied methodology utilized to reach conclusions of value in the subsequent sales comparison approaches.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed, and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the hypothetical subject property.
- The value indication of each comparable sale is analyzed, and the data reconciled for a final indication of value via the Sales Comparison Approach.

COMMERCIAL LAND COMPARABLES

I searched for comparables with a similar highest and best use of commercial development. Comparisons are made to the hypothetical subject relative to differences or similarities in time, location, physical characteristics, and sales conditions. Percentage or dollar adjustments are then made to the selling and/or listing price of each comparable for property rights, financing, time of sale, and unusual sales conditions; qualitative comparisons are made for physical differences between each comparable and the subject. A range of values results from this approach. I correlated the range into a final value by selectively rating the comparables as to their overall comparative value to the hypothetical subject property, which is meant to represent the average of values analyzed.

I have researched six land comparables for this analysis. All of the comparables reflect closed sales and are documented on the following pages with a summary grid, location map and aerial photographs.

COMMERCIAL LAND COMPARABLE SUMMARY TABLE

Land Comparables Summary							
Comp	Address City	Date Assessor Parcel No	Book/Page or Reference Price	Acres Price Per Acre	Zoning Price Per SF	Utilities Topography	Sale Comments
Subject	Santa Clara Average Commercial Lot	12/31/2025	NA	1.00	Commercial (CC, CN, CR, OA, Etc.)	All Available	This is the hypothetical subject property.
	Santa Clara	NA	NA	NA	Good	Level	
1	2035 White Oak Ln	12/15/2023	25575802	0.69	CN	All Available	2035 White Oak Ln, Santa Clara, CA is a ±0.69-acre (approximately 30,056 SF) land sale that closed for \$3,700,000 in December 2023, equating to roughly \$5.36 million per acre and \$123 per land SF. The property is identified as APN 213-30-053 and is zoned Neighborhood Commercial (CN/CN-equivalent per public records and CoStar). The Grant Deed (Doc #25575802) was recorded on 12/15/2023, transferring title from Florence Sordello, Trustee of the Sordello Family Trust B, to Equilon Enterprises LLC dba Shell Oil Products US. At the time of sale, the site was considered a non-income-producing asset, supporting its treatment as a redevelopment land comp.
	Santa Clara	213-30-053	\$3,700,000	\$5,362,319	\$123.10	Generally Level	
2	Santa Teresa St	5/22/2023	25478281	10.62	DC	All Available	The Santa Teresa St sale in San Jose involved a two-parcel assemblage (APNs 259-23-024 and 259-23-020) totaling 10.62 acres (±462,781 SF) that sold for \$56,500,000 on 05/22/2023 (Doc #25478281). The transaction equates to approximately \$5.32 million per acre and \$122 per land SF, reflecting downtown San Jose land pricing levels. Title transferred via Grant Deed from Insight Rail Yard, LLC to LS Power Grid California, LLC, as confirmed by the recorded deed. CoStar characterizes the property as raw land zoned DC (Downtown Primary Commercial) at the time of sale. This transaction represents a large-scale urban redevelopment land assemblage within the San Jose downtown market.
	San Jose	259-23-020, 259-23-024	\$56,500,000	\$5,320,151	\$122.13	Generally Level	
3	160 Saratoga Ave	6/27/2025	25827811	1.21	OG	All Available	The sale of 160 Saratoga Ave, Santa Clara, CA involved a two-parcel assemblage (APNs 294-38-010 and 294-38-013) totaling approximately 1.21 acres (±52,708 SF). The property sold for \$3,888,000 on 06/27/2025 (Doc #25827811), reflecting a land value of approximately \$3.21 million per acre and \$73.76 per land SF. Title transferred via Grant Deed from The Tim and Emily Bonasera Revocable Living Trust to 7A Holdings LLC. CoStar characterizes the transaction as a land redevelopment sale with zoning reported as OG, and the analysis is presented on a land-only basis. This sale reflects small-scale commercial infill land pricing within the Santa Clara market.
	Santa Clara	294-38-010, 294-38-013	\$3,888,000	\$3,213,223	\$73.77	Generally Level	
4	5000 Stevens Creek Blvd	8/29/2025	25862575	1.00	C3	All Available	The sale of 5000 Stevens Creek Blvd, San Jose, CA involved a two-parcel assemblage (APNs 296-27-003 and 296-27-004) totaling approximately 1.00 acre (±43,560 SF). The property sold for \$5,800,000 with a recording date of 08/29/2025 under Document No. 25862575, reflecting pricing of approximately \$5.8 million per acre and \$133 per land SF. Title transferred via Grant Deed from Tronis Stevens Creek-Tully Properties L.P. to Pacific American Properties, LLC, as confirmed by the recorded deed. CoStar characterizes the transaction as a land redevelopment sale with C3 zoning, and the site was analyzed on a land-only basis at the time of sale. This transaction reflects small-scale commercial land pricing along the Stevens Creek corridor within the San Jose market.
	San Jose	296-27-003, 296-27-004	\$5,800,000	\$5,800,000	\$133.15	Generally Level	
5	213-235 N 4th St	5/28/2024	25641932	0.21	C3	All Available	The sale of 213-235 N 4th St, San Jose, CA involved a two-parcel assemblage (APNs 467-01-035 and 467-01-036) totaling approximately 0.21 acres (±9,034 SF) in the downtown San Jose market. The property sold for \$750,000 with a recording date of 05/28/2024 under Document No. 25641932, reflecting land pricing of approximately \$3.57 million per acre and \$83 per land SF. Title transferred via Grant Deed from The Elaine Evans Living Trust (through its successor trustee) to Buelow 3rd Street LLC, as confirmed by the recorded deed. CoStar characterizes the property as a land redevelopment sale with C3 zoning, and the transaction is analyzed on a land-only basis. This sale reflects smaller-scale urban infill land pricing within the Downtown San Jose commercial market.
	San Jose	467-01-035, 467-01-036	\$750,000	\$3,571,429	\$81.99	Generally Level	
6	4340 Stevens Creek Blvd	2/20/2024	25599995	1.30	CG	All Available	The sale of 4340 Stevens Creek Blvd, San Jose, CA involved a two-parcel assemblage (portions of APNs 296-38-014 and 296-38-013) totaling approximately 1.30 acres (±56,628 SF). The property sold for \$3,470,000 with a recording date of 02/20/2024 under Document No. 25599995, reflecting land pricing of approximately \$2.67 million per acre and \$61 per land SF. Title transferred via Grant Deed from MPG Stevens Creek Owner, LLC to San Jose Stevens Creek Associates, LP, as confirmed by the recorded deed. CoStar characterizes the transaction as a land redevelopment sale with CG zoning, and the analysis is presented on a land-only basis. This sale reflects mid-scale commercial corridor land pricing along the Stevens Creek Boulevard corridor within the San Jose market.
	San Jose	296-38-014, 296-38-013	\$3,470,000	\$2,669,231	\$61.28	Generally Level	

THE COMPARISON PROCESS

In the comparison process, I take into consideration the financial and physical differences between each land comparable. Categories of adjustment and/or comparison include: 1) property rights conveyed; 2) terms of sale; 3) conditions of sale; 4) buyer expenditures; 5) market conditions; and, 6) physical characteristics (including location, topography, utilities, zoning, etc.).

The comparables are analyzed on a price per square foot of land basis as this is the most applicable unit of comparison for the subject land as it reflects development land. This was clear when analyzing the comparable data where pricing levels, when analyzed on a price per square foot of land basis, were consistent and reflective of the market.

Each comparables' gross acreage and land square footage was obtained from public records, published sales information, and/or other reliable sources. The subject's overall market value was delineated from the market data.

The comparison process is fairly subjective in nature primarily due to the many characteristics of value, variances in buyer/seller influences, imperfections in the market, etc. Adjustments and/or comparisons are an attempt to reflect value contributions of the various factors in the marketplace. Many of the comparisons of physical characteristics overlap and reflect overall desirability. The comparison grid following this section is an empirical format to simply lead the reader to a logical conclusion of the final estimated value.

PROPERTY RIGHTS

The property right appraised was the fee simple estate. All of the land comparables transferred (or are marketing) the fee simple interest, thus, there are no adjustments warranted.

FINANCING (TERMS OF SALE)

Financing (terms of sale) include below market rates, buy downs, atypical payback periods, or any financing situations that are not commonly accepted within the marketplace. In the subject market, land is typically purchased with all cash or the seller takes back a first trust deed with a large (20%-50%) down payment. The comparables sold for cash or with conventional forms of financing; thus, no adjustments were warranted.

CONDITIONS OF SALE

Conditions of sale include any distressed influences, less than arm's length transactions, or other related influences that are not attributable to financing/terms of sale, market conditions, or physical differences. All comparables reflected closed transactions and normal market conditions of sale; thus, no adjustments were warranted.

MARKET CONDITIONS

Market conditions adjustments take into consideration appreciation or depreciation that has occurred in the market. All land comparables reflected sales that closed between May of 2023 and August of 2025. According to our analysis of market conditions over this time period (see market conditions section), we have made the following market conditions adjustments.

Market Conditions Adjustments Commercial	
Timeframe	Reconciled Adjustment
Jan 2023 - Dec 2024	-8.00%
Jan 2025 - Dec 2025	2.00%

These adjustments are displayed visually in an adjustment grid on the following page.

COMMERCIAL LAND COMPARABLES ADJUSTMENT GRID

Commercial Land Comparables Adjustment Grid													
Land Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4		Comp 5		Comp 6	
Address	Average Commercial Lot	2035 White Oak Ln		Santa Teresa St		160 Saratoga Ave		5000 Stevens Creek Blvd		213-235 N 4th St		4340 Stevens Creek Blvd	
City	Santa Clara	Santa Clara		San Jose		Santa Clara		San Jose		San Jose		San Jose	
State	CA	CA		CA		CA		CA		CA		CA	
Date	12/31/2026	12/15/2023		5/22/2023		6/27/2025		8/29/2025		5/28/2024		2/20/2024	
Price	NA	\$3,700,000		\$56,500,000		\$3,888,000		\$5,800,000		\$750,000		\$3,740,000	
Land SF	43,560	30,056		462,607		52,708		43,560		9,148		56,628	
Price Per SF	\$0	\$123		\$122		\$74		\$133		\$82		\$66	
Transaction Adjustments													
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Full	0.0%	Full	0.0%	Full	0.0%	Full	0.0%	Full	0.0%	Full	0.0%
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%	Normal	0.0%	Normal	0.0%	Normal	0.0%	Normal	0.0%
Adjusted Land SF Unit Price		\$123		\$122		\$74		\$133		\$82		\$66	
Market Trends Through	12/31/2024	-8.0%	-8.4%	-12.6%		0.0%		0.0%		-4.8%		-6.9%	
Adjusted Land SF Unit Price		\$113		\$107		\$74		\$133		\$78		\$61	
Subsequent Trends Ending	12/31/2025	2.0%	2.0%	2.0%		1.0%		0.7%		2.0%		2.0%	
Overall Comparison		Similar		Similar		Sl. Inferior		Superior		Sl. Inferior		Inferior	
Adjusted Land SF Unit Price		\$115		\$109		\$75		\$134		\$80		\$63	

SALES COMPARISON APPROACH CONCLUSION

A total of six (6) land comparables are used in the sales comparison approach to land value. The land comparable data are sufficient in quality and quantity to estimate the hypothetical subject's market value, with key physical and non-physical characteristics analyzed and reconciled in the adjustment process.

The comparable sales reflect final adjusted unit prices ranging from \$63 to \$134 per square foot, with no adjustments applied for conditions of sale.

These comparables are selectively weighted based on their qualitative characteristics within the dataset to arrive at the reconciled value per SF for the hypothetical subject (reflecting highest and best use of Commercial) of \$110.

RECONCILED MARKET VALUE PER SF (COMMERCIAL)

INDICATED VALUE PER LAND SF: \$110

SALES COMPARISON APPROACH: INDUSTRIAL

The hypothetical subject's land value has been developed via the Sales Comparison Approach, which is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. This sales comparison approach is conducted in order to determine average value, and therefore, no adjustments beyond market conditions and sales conditions adjustments were necessary, except where noted. The process below describes the applied methodology utilized to reach conclusions of value in the subsequent sales comparison approaches.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed, and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the hypothetical subject property.
- The value indication of each comparable sale is analyzed, and the data reconciled for a final indication of value via the Sales Comparison Approach.

INDUSTRIAL LAND COMPARABLES

I searched for comparables with a similar highest and best use of industrial development. Comparisons are made to the hypothetical subject relative to differences or similarities in time, location, physical characteristics, and sales conditions. Percentage or dollar adjustments are then made to the selling and/or listing price of each comparable for property rights, financing, time of sale, and unusual sales conditions; qualitative comparisons are made for physical differences between each comparable and the subject. A range of values results from this approach. I correlated the range into a final value by selectively rating the comparables as to their overall comparative value to the hypothetical subject property, which is meant to represent the average of values analyzed.

I have researched seven land comparables for this analysis. All of the comparables reflect closed sales and are documented on the following pages with a summary grid, location map and aerial photographs.

LAND COMPARABLE SUMMARY TABLE

Land Comparables Summary						
Comp	Address City	Date Assessor Parcel No	Book/Page or Price	Acres Price Per Acre	Zoning Price Per SF	Sale Comments
Subject	Average Industrial Lot	12/31/2025	NA	1.00	Industrial (ML, MH, MP, Etc.)	This is the hypothetical subject industrial lot.
Subject	Santa Clara	NA	NA	NA	Good	
1	Freedom Cir	10/25/2023	25549436	13.28	ML	This comparable sale consists of a two-parcel land assemblage totaling 13.28 acres located along Freedom Circle in Santa Clara, California. The site was vacant at the time of sale and is zoned CP, supporting commercial or planned development uses. Title transferred by Grant Deed from Freedom Circle Venture, LLC, A Delaware Limited Liability Company to Cre-Gs Freedom Circle Phase I Owner, LLC, A Delaware Limited Liability Company. The transaction closed in October 2023 and was recorded on October 25, 2023, under Document No. 25549436. The reported consideration of \$50,000,000 reflects a large-scale land acquisition within the North Santa Clara submarket, reportedly positioned for future high-density residential or mixed-
	Santa Clara	104-40-036, 104-40-021	\$50,000,000	\$3,765,060	\$86.43	
2	1535-1575 Industrial Ave	12/30/2024	25748931	3.62	HI	This comparable sale represents a two-property industrial land portfolio located along Industrial Avenue in San Jose, California, totaling approximately 3.62 acres. The site was previously developed and is zoned HI (Heavy Industrial), supporting a range of industrial and contractor-oriented uses. Title transferred by Grant Deed from Lba Rvi-Company Xliv, LLC, A Delaware Limited Liability Company to Zs Propco Of San Jose, LLC, A Delaware Limited Liability Company. The transaction closed on December 27, 2024, and was recorded on December 30, 2024, under Document No. 25748931. The total reported consideration was \$12,000,000, reflecting a portfolio acquisition within the San Jose industrial market with pricing consistent with industrial redevelopment or repositioning potential.
	San Jose	237-30-031	\$12,000,000	\$3,314,917	\$76.10	
3	420 Nelo Street	7/15/2025	25835293	2.47	MH	This comparable sale consists of two parcels located at 420 Nelo Street in Santa Clara, California, with a combined site area of approximately 2.47 acres. The property was improved as an equipment yard at the time of transfer and is zoned MH, allowing for heavy industrial uses. Title conveyed by Grant Deed from Dcmg Properties, LLC, A California Limited Liability Company to Fr Ca Property Holding 14, Lp, A Delaware Limited Partnership. The transaction closed on July 11, 2025, and was recorded on July 15, 2025, under Document No. 25835293. The reported consideration of \$10,625,000 reflects a portfolio transaction involving two parcels within the North Santa Clara industrial market, consistent with investor demand for industrial outdoor storage and redevelopment-oriented assets.
	Santa Clara	101-15-040, 101-15-043	\$10,625,000	\$4,301,619	\$98.75	
4	3625 Peterson Way	12/11/2025	25917029	14.76	ML	This comparable sale consists of a 14.76-acre site located at 3625 Peterson Way in Santa Clara, California, within the North Santa Clara submarket. Although improved with a 218,375 square foot research and development facility at the time of transfer, the transaction was analyzed and marketed on a price-per-land-area basis, reflecting redevelopment potential rather than contributory building value. The property is zoned ML, which supports manufacturing, logistics, and other industrial redevelopment uses consistent with the surrounding employment corridor. Title transferred by Grant Deed from Bxp Peterson Lp, A Delaware Limited Partnership to 3625 Peterson Way, LLC, A Delaware Limited Liability Company, with the deed recorded on December 11, 2025, under Document No. 25917029.
	Santa Clara	216-30-049	\$90,000,000	\$6,097,561	\$139.98	
5	387 Umbarger Road	11/30/2023	25569170	0.32	ML	This comparable sale consists of a 0.32-acre industrial land parcel located on Umbarger Road in San Jose, California. The site was vacant at the time of transfer and is zoned ML, permitting a range of light industrial and manufacturing uses. Title conveyed by Grant Deed to Parma LLC. The transaction closed on November 28, 2023, and was recorded on November 30, 2023, under Document No. 25569170. The reported consideration of \$815,000 reflects a small infill industrial land acquisition within the East San Jose submarket, providing a relevant data point for smaller-scale industrial yard or development sites.
	San Jose	497-37-002	\$815,000	\$2,546,875	\$58.47	
6	681 Trimble Road	1/31/2025	25760384	11.22	IP	This comparable sale consists of an 11.22-acre land parcel located at 681 E Trimble Road in San Jose, California, within the North San Jose industrial corridor. The site was improved as orchard land at the time of transfer and is zoned IP, allowing for industrial park and employment-oriented development. Title transferred by Grant Deed from Cms Investments, LLC, A California Limited Liability Company And Jdm Investments, LLC, A California Limited Liability Company to Seely Development Partners LLC, A Delaware Limited Liability Company. The transaction closed and recorded on January 31, 2025, under Document No. 25760384. The reported consideration of \$42,000,000 reflects a land acquisition within a major industrial and technology submarket, supporting its relevance as a comparable for large-scale redevelopment-oriented land transactions.
	San Jose	097-15-033	\$42,000,000	\$3,743,316	\$85.93	
7	550-600 E Brokaw Rd	2/9/2024	25596686	19.78	M4 (San Jose)	The sale of 550-600 E Brokaw Rd, San Jose, CA involved a single parcel (APN 237-08-079) totaling approximately 19.78 acres (±861,617 SF). The property sold for \$80,000,000 with a recording date of 02/09/2024 under Document No. 25596686, reflecting land pricing of approximately \$4.04 million per acre and \$92.85 per land SF. Title transferred via Grant Deed from Caracol Property Owner LLC to Super Micro Computer, Inc., as confirmed by the recorded deed. Although historically improved, the transaction is analyzed on a land redevelopment basis consistent with CoStar's site-level reporting and zoning of M4 (San Jose). This sale represents a large-scale North San Jose redevelopment land acquisition within an established industrial and technology corridor.
	San Jose	237-08-079	\$80,000,000	\$4,044,489	\$92.85	

THE COMPARISON PROCESS

In the comparison process, I take into consideration the financial and physical differences between each land comparable. Categories of adjustment and/or comparison include: 1) property rights conveyed; 2) terms of sale; 3) conditions of sale; 4) buyer expenditures; 5) market conditions; and, 6) physical characteristics (including location, topography, utilities, zoning, etc.).

The comparables are analyzed on a price per square foot of land basis as this is the most applicable unit of comparison for the subject land as it reflects development land. This was clear when analyzing the comparable data where pricing levels, when analyzed on a price per square foot of land basis, were consistent and reflective of the market.

Each comparables' gross acreage and land square footage was obtained from public records, published sales information, and/or other reliable sources. The subject's overall market value was delineated from the market data.

The comparison process is fairly subjective in nature primarily due to the many characteristics of value, variances in buyer/seller influences, imperfections in the market, etc. Adjustments and/or comparisons are an attempt to reflect value contributions of the various factors in the marketplace. Many of the comparisons of physical characteristics overlap and reflect overall desirability. The comparison grid following this section is an empirical format to simply lead the reader to a logical conclusion of the final estimated value.

PROPERTY RIGHTS

The property right appraised was the fee simple estate. All of the land comparables transferred (or are marketing) the fee simple interest, thus, there are no adjustments warranted.

FINANCING (TERMS OF SALE)

Financing (terms of sale) include below market rates, buy downs, atypical payback periods, or any financing situations that are not commonly accepted within the marketplace. In the subject market, land is typically purchased with all cash or the seller takes back a first trust deed with a large (20%-50%) down payment. The comparables sold for cash or with conventional forms of financing; thus, no adjustments were warranted.

CONDITIONS OF SALE

Conditions of sale include any distressed influences, less than arm's length transactions, or other related influences that are not attributable to financing/terms of sale, market conditions, or physical differences. All comparables reflected closed transactions and normal market conditions of sale; thus, no adjustments were warranted.

MARKET CONDITIONS

Market conditions adjustments take into consideration appreciation or depreciation that has occurred in the market. All land comparables reflected sales that closed between October of 2023 and December of 2025. According to our analysis of market conditions over this time period (see market conditions section), we have made the following market conditions adjustments.

Market Conditions Adjustments Industrial	
Timeframe	Reconciled Adjustment
Jan 2023 - Dec 2024	-2.00%
Jan 2025 - Dec 2025	-2.50%

These adjustments are displayed visually in an adjustment grid on the following page.

INDUSTRIAL LAND COMPARABLES ADJUSTMENT GRID

Industrial Land Comparables Adjustment Grid															
Land Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7							
Address	Industrial Lot	Freedom Cir	1535-1575 Industrial Ave	420 Nelo Street	3625 Peterson Way	387 Umbarger Road	681 Timble Road	555-600 E Brokaw Street							
City	Santa Clara	Santa Clara	San Jose	Santa Clara	Santa Clara	San Jose	San Jose	San Jose							
State	CA	CA	CA	CA	CA	CA	CA	CA							
Date	12/31/2025	10/25/2023	12/30/2024	7/15/2025	12/11/2025	11/30/2023	1/31/2025	2/9/2024							
Price	NA	\$50,000,000	\$12,000,000	\$10,625,000	\$90,000,000	\$815,000	\$42,000,000	\$80,000,000							
Land SF	43,560	578,477	157,687	107,593	642,946	13,939	488,743	861,617							
Price Per SF	NA	\$86	\$76	\$99	\$140	\$58	\$86	\$93							
Transaction Adjustments															
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Full	0.0%	Full	0.0%	Full	0.0%	Full	0.0%	Full	0.0%	Full	0.0%	Full	0.0%
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%	Normal	0.0%	Normal	0.0%	Normal	0.0%	Normal	0.0%	Normal	0.0%
Adjusted Land SF Unit Price		\$86	\$76	\$99	\$140	\$58	\$86	\$93							
Market Trends Through	12/31/2024	-2.0%	-2.4%	0.0%	0.0%	0.0%	-2.2%	0.0%	-1.8%						
Adjusted Land SF Unit Price		\$84	\$76	\$99	\$140	\$57	\$86	\$91							
Subsequent Trends Ending	12/31/2025	-2.5%	3.0%	-2.5%	-1.2%	-0.1%	-2.5%	-2.3%	-2.5%						
Overall Comparison		Sl. Inferior	Inferior	Similar	Sl. Superior	Inferior	Sl. Inferior	Similar							
Adjusted Land SF Unit Price		\$87	\$74	\$98	\$140	\$56	\$84	\$89							

SALES COMPARISON APPROACH CONCLUSION

A total of seven (7) land comparables are used in the sales comparison approach to land value. The land comparable data are sufficient in quality and quantity to estimate the hypothetical subject's market value, with key physical and non-physical characteristics analyzed and reconciled in the adjustment process.

The comparable sales reflect final adjusted unit prices ranging from \$56 to \$140 per square foot, with no adjustments applied for conditions of sale.

These comparables are selectively weighted based on their qualitative characteristics within the dataset to arrive at the reconciled value per SF for the hypothetical subject (reflecting highest and best use of Industrial) of \$95.

The reconciled land value conclusion is shown below:

RECONCILED MARKET VALUE PER SF (INDUSTRIAL)

INDICATED VALUE PER LAND SF: \$95

WEIGHTED AVERAGE ANALYSIS

As part of the Sales Comparison Approach development for the City of Santa Clara market area, an acreage-weighting analysis was completed to support reconciliation across multiple land use/property categories. The purpose of this step was to quantify the relative contribution of each property type to overall land area transacted in the City of Santa Clara during calendar year 2025, and to develop category weights for use in the final reconciliation of indicated values derived from separate Sales Comparison Approaches (SCAs) by property type.

The data utilized for this analysis was obtained from ParcelQuest records sourced from the City of Santa Clara. The dataset represents all sales transactions occurring within Santa Clara city limits in 2025, and includes zoning and property use descriptors along with site area information (including lot size in acres). Each sale record was categorized into one of five property types consistent with the valuation framework used in this assignment: (1) Single Family (Low Density Residential), (2) Medium Density Residential, (3) High Density Residential, (4) Commercial, and (5) Industrial. Classification was based primarily on the dataset's property use descriptor fields and supported by zoning information where necessary. Site area (acres) was then aggregated by category to measure the total land area represented by each property type.

The results of this step are summarized in the accompanying table, which reports the total area represented by each category, and each category's percentage of total acreage. These percentages represent the weighting factors to be applied to the indicated value conclusions developed independently for each property type's Sales Comparison Approach.

2025 Santa Clara Sales by Category			
Sale Type	Total Acreage	Total SF	% of Total (Weight)
Single Family (Low Density)	64.62	2,814,847	42.28%
Medium Density Residential	11.4	496,584	7.46%
High-Density Residential	8.91	388,120	5.83%
Commercial	15.49	674,744	10.14%
Industrial	52.41	2,282,980	34.29%
	152.83	6,657,275	100.00%

Based on the 2025 Santa Clara sales dataset, total land area transacted sums to approximately 153 acres (about 6.66 million square feet), and the acreage distribution indicates that Single Family (Low Density) sales comprised the largest share at 42.28% of total acreage (64.62 acres). Industrial sales represented the second-largest share at 34.29% (52.41 acres), followed by Commercial at 10.14% (15.49 acres). Medium Density Residential accounted for 7.46% (11.40 acres), while High-Density Residential represented 5.83% (8.91 acres). These percentages were adopted as the category weights to be applied to the concluded Sales Comparison Approach indications for each property type in the reconciliation below.

WEIGHTED AVERAGE CONCLUSION

Below, the reconciled price-per-square-foot indications are converted to price-per-acre conclusions and then applied to the acreage-derived category weights from the 2025 Santa Clara sales dataset. This weighting procedure reflects the relative share of land area transacted by property type during the analysis period and provides a market-supported basis for combining the category indications into a single citywide conclusion.

Weighting						
Land Use	Price Per SF	Price Per Acre	x	Weighted Average	=	Weighted Value
Single Family (Low Density)	\$130.00	\$5,662,800.00		42.28%		\$2,394,360.64
Medium Density Residential	\$170.00	\$7,405,200.00		7.46%		\$552,373.75
High-Density Residential	\$200.00	\$8,712,000.00		5.83%		\$507,910.23
Commercial	\$110.00	\$4,791,600.00		10.14%		\$485,649.96
Industrial	\$95.00	\$4,138,200.00		34.29%		\$1,419,113.15
				Total		\$5,359,407.72
				Rounded		\$5,359,000.00

Applying the category weights (42.28% Single Family/Low Density, 7.46% Medium Density Residential, 5.83% High-Density Residential, 10.14% Commercial, and 34.29% Industrial) to the respective concluded price-per-acre indications results in a weighted value indication of \$5,359,407.72 per acre, rounded to \$5,359,000 per acre.

This weighted value is developed to represent the average value of one acre of land, reflecting all use types in the City of Santa Clara for 2025. In the next section, we will develop adjustments based on the indicated value difference according to Zip code. Based on our analysis, 95050 is consistently the median zip code in terms of average value, and therefore the figure concluded above will serve as the baseline for comparison, as well as the concluded value for Zip code 95050.

ZIP CODE WEIGHTING ANALYSIS

As part of the scope of work for this appraisal assignment, location differences between the City's primary zip codes (95050, 95051, and 95054) were analyzed to develop generalized zip-code adjustments. The intent of this step is to establish reasonable, market-supported directional adjustments that reduce broad locational bias when applied across the City's major land-use categories (single family/low density residential, medium density residential, high density residential, commercial, and industrial).

ZIP CODE TREND ANALYSIS

Zip-level residential pricing trends were evaluated using two complementary indicators derived from MLS reporting. First, the median sales price chart (five-year trend, rolling 12 months) shows a consistent ranking over time in which 95051 trends above 95050, while 95054 trends below 95050. Second, the MLS rolling 12-month median price per square foot series indicates the same directional relationship on a price-efficiency basis: 95051 has historically exceeded 95050, while 95054 has trended below 95050. Taken together, the median price and median \$/SF indicators are directionally consistent and support that, on an aggregated basis, 95050 functions as the most "average" pricing area, with 95051 generally superior and 95054 generally inferior.

Although these median indicators demonstrate meaningful spreads at certain points in time, a tempered reconciliation is appropriate for this assignment given the context and the intended application of the adjustment. Both metrics reflect the mix of sales within each rolling period including differences in size, age/condition, renovations, product type, and neighborhood pocket effects. In addition, zip code boundaries do not align perfectly with neighborhood quality; market appeal varies within each zip and overlaps across zip boundaries, making a smaller differential more supportable as a generalized citywide factor.

Further, these adjustments are applied across multiple land-use categories. While the MLS-reported median indicators reflect a market sample that includes a mix of marketed transactions and therefore provides a useful gauge of general pricing trends by zip code, the broader study reconciles value conclusions across both residential and nonresidential uses; accordingly, a conservative zip factor is appropriate. In addition, MLS-reported metrics do not represent all sales activity citywide and are not property-matched measures of location; therefore, the observed spreads are relied upon primarily to confirm direction and inform magnitude rather than dictate the final adjustment.

CONCLUDED ZIP CODE ADJUSTMENTS (95050 BASELINE)

Based on the consistent directional evidence from both median sales price (graphic) and median \$/SF (MLS rolling 12-month series), and recognizing the need for an adjustment suitable for citywide application across property types, the following zip code adjustments are concluded:

Zip Code Adjustments Conclusion		
Zip Code	Reconciled Adj.	Concluded Price Per Acre
95051	4%	\$5,573,000
95050	0%	\$5,359,000
95054	-6%	\$5,037,000

These adjustments intentionally temper the larger spreads implied by certain median endpoints and rolling periods, while still reflecting the persistent ranking shown in both indicators. The concluded differentials are considered reasonable and supportable for use as generalized zip-level factors within the broader reconciliation of average land value indicators across the City of Santa Clara.

FINAL RECONCILIATION

The process of reconciliation involves the analysis of each approach to value. The quality of data applied the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

In this assignment, the primary and most defensible value evidence was the Sales Comparison Approach. We conducted a total of five sales comparison approaches, one for each of the established land-use categories (very low-, low-, medium-, and high-density residential, commercial, and industrial). The results of these analyses were weighted based on the proportion of total transacted acreage represented by each category in 2025. Following this weighting procedure, zip code adjustments were applied using 95050 as the baseline market area, resulting in indicated per acre values for each zip code. Our conclusions are shown below:

Based on the data and analyses developed in this appraisal, I reconciled the following value as of December 31, 2025, subject to the Hypothetical Conditions, Extraordinary Assumptions, and General Conditions and Assumptions:

Final Reconciliation	
Zip Code	Concluded Price Per Acre
95051	\$5,573,000
95050	\$5,359,000
95054	\$5,037,000

The exposure time is estimated at 6 months and the marketing time is estimated at 6 months.

CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- I certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- As of the date of this report, Lance W. Doré, MAI, FRICS has completed the continuing education program for designated members of the Appraisal Institute.
- I have performed no services, as appraisers, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- Lance W. Doré, MAI, FRICS did not make an inspection of the subject property as it is hypothetical.

Respectfully submitted,



Lance W. Doré, MAI, FRICS
President / CEO
The Doré Group
AG002464
lwdore@thedoregroup.com

CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective future interest in the property that is the subject of this report and have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- I certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- I have not performed services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the Standards and Ethics Education Requirements for Associate Members of the Appraisal Institute.
- I did not inspect the subject property as it is hypothetical.

Respectfully submitted,



Calvin Farris
Appraiser
BRE# 3013216
Cfarris@thedoregroup.com
3990 Old Town Avenue, Suite B104
San Diego, CA 92110



DRAFT

ADDENDA



LANCE W. DORÉ, MAI, FRICS

Lance W. Doré is the President and CEO of The Doré Group. In this role, he directs all valuation assignments involving a wide variety of conventional and complex real properties, serves as litigation support to both public and private clients, provides expert advisory services (including forensic analyses and market and feasibility studies), and manages the overall operations of The Doré Group.

Mr. Doré has been a real estate appraiser since 1983, initially working for Bank of America as a staff appraiser then as a senior appraiser with a fee appraisal firm in Del Mar, California. In 1988, he formed L.W. Doré, Real Estate Consultants and grew the firm through the addition of two partners forming Doré & Curry, Inc. (1990) and Doré, Curry, & Marschall, Inc. (1997). In 1999, Doré, Curry, & Marschall, Inc. became the San Diego office for Integra Realty Resources with Mr. Doré serving as Managing Director. In the fall of 2005, Mr. Doré joined Cushman & Wakefield as the National Practice Leader of the Government Affairs and Energy division. In 2007, he pursued an opportunity to serve as the President of European Emerging Markets and Vice President of Client Services for PGP, Inc./Colliers International. Mr. Doré's unique depth of experience, coupled with his high personal standards of service, led him to found The Doré Group in 2010.

Experience

Mr. Doré's work experience spans a wide variety of property types with special expertise in the valuation of energy facilities, conservation land, open space corridors and ranches. In addition, he has also appraised planned-unit developments, residential income properties, senior housing, shopping centers, office, industrial, mixed-use properties, and a multitude of special purpose properties, including, but not limited to hotels, ski resorts, restaurants, hospitals, recreational camps, auto service and wrecking centers, equestrian facilities, and golf courses. He regularly serves as an expert advisor conducting appraisal reviews, forensic studies, and marketability and feasibility analyses. In addition, Mr. Doré is uniquely qualified and experienced in litigation testimony, consultation and advisory services for all real estate related issues. His geographical valuation expertise is focused in the western United States and extends to Tokyo (Japan), Central America, Mexico, Cyprus, and Moscow (Russia).

Licenses/Certifications/ Affiliations

Certified General Real Estate Appraiser – State of California (OREA No. AG002464)
California Licensed Real Estate Broker & Realtor member - San Diego Board of Realtors
Credentialed Mediator – National Conflict Resolution Center
Member of the Appraisal Institute (MAI No. 8471)
Fellow of the Royal Institute of Charter Surveyors (FRICS Designation)
Registered Valuer - Royal Institute of Charter Surveyors for international valuation
Member of the International Right of Way Association (IR/WA)
Member of the Family Firm Institute – FFI
Member of the Lambda Alpha International – Land Economic Society – LAI

Instructor Positions

National Instructor (*Real Estate Valuation Principles & Practice*) - Appraisal Institute
Adjunct Professor - Russian Federation Finance Academy
National Instructor – (*Business Development and Leadership*) – Royal Institute of Charter Surveyors
National Instructor - (Red Book Standards) - Royal Institute of Charter Surveyors
National Instructor - (Hotel Valuation) - Royal Institute of Charter Surveyors
National Instructor - (International Valuation and Property Measurement Standards) - Royal Institute of Charter Surveyors
National Instructor - (Subdivision Development) - Royal Institute of Charter Surveyors
National Instructor - (Automated Valuation Models) - Royal Institute of Charter Surveyors
National Instructor - (Bridging the Gap of IVSC v. USPAP) - Royal Institute of Charter Surveyors



Leadership/Committees

Past President – **Appraisal Institute**, San Diego Chapter
Past member of *International Relations Committee* – **Appraisal Institute**
Past member of *Ethics & Standards Committee* – **Appraisal Institute**

Speaking Engagements

Appraisal Institute (National Seminar Series, Los Angeles, CA) - Land Valuation & Environmental Issues
The Trust for Public Land (San Diego, CA) - Natural Communities Conservation Plan
Pan Pacific Conference (Auckland, New Zealand) – Valuation of Submerged Lands
Government of Cyprus (Nicosia, Cyprus) – Valuation of Golf Courses and Marinas
The Russian Federation (Moscow, Russia) - Valuation of Land and Appraisal Principles
The Russian Federation (Goa, India) - Valuation of Oil and Gas and Power Plants
Royal Institute of Charter Surveyors (Montego Bay, Jamaica) – Government & Regulatory Risk
Graziadio School of Business & Management, Pepperdine (Los Angeles, CA)–2008 US & California Forecast
Appraisal Institute (San Diego, CA) – Unique Valuations in Real Estate
Appraisal Institute (San Diego, CA) – International Financial Reporting Standards (IFRS)
California Redevelopment Agency (Workshop Series, CA) – Real Estate Valuation for AB1X 26 & AB1484
Risk Management Association (RMA) – Appraisal Risk and the Valuation Process
University of San Diego – MBA program – Guest Lecturer
University of San Francisco – Geller Family Business Center – Family Office Valuation
NAI Global Conference – Real Estate Investment Pyramid

Publications

Appraisal Journal (October 2001) – “The Valuation of Submerged Land”
Energy Pulse (March 2006) – “The Highest and Best Use of Power Plants”
Union of Pan America Valuers (November 2010) – “Impact of Public to Private Partnerships in BRICS”
Wall Street Journal (August 2001) – “Power Plant Owners Fight to Lower Taxes”
The Secret of Real Estate – Revealed (2011)
IRWA Right of Way (July/August 2018) – “Conservation Easements – Unraveling the Mystery”

Representative Client List

Public Entities

United States Department of the Interior	United States Forest Service
United States Department of Navy	United States Department of Justice
Government of Cyprus	Russian Federation
State of California – Judicial Courts	County of San Diego
State of California – Auditor	County of San Bernardino
County of Riverside	County of Los Angeles
County of Monterey	City of Riverside
City of San Diego	Port of Long Beach
Los Angeles Dept. of Water and Power	Port of Oakland
City of Monterey	Port of Vancouver

Legal Clients – Local, Regional, National and International Firms. Criminal, Transactional and Civil Litigation. Qualified Expert in Federal Bankruptcy Court, United States Judicial District Court, California Superior Court, San Diego Superior Court, Los Angeles Superior Court, Washington State Superior Court.

Financial Institutions – All Major Local, Regional and National Organizations. Savings and Loans, Banks, Insurance Companies, Investment Firms, Brokerage Firms and Insurance Companies.

Non-Profit Conservation Groups – Local, Regional and National Organizations.

Family Offices – Estate Planning, Tax Planning, Consultation



DRAFT

RESOLUTION NO. 24-9383

A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA, TO ESTABLISH THE AVERAGE PER-ACRE LAND VALUES, THE PARK DEVELOPMENT COST PER CAPITA VALUE, AND THE AVERAGE NUMBER OF PERSONS PER HOUSEHOLD IN ORDER TO SET THE PARKLAND IN LIEU FEE SCHEDULE IN ACCORDANCE WITH CHAPTER 17.35 (“PARK AND RECREATIONAL LAND”) OF TITLE 17 (“DEVELOPMENT”) OF THE CODE OF THE CITY OF SANTA CLARA

WHEREAS, the City of Santa Clara is the government entity responsible for providing public parks, recreation and open space facilities within the City of Santa Clara;

WHEREAS, the 2010-2035 General Plan includes a goal that new parks, open space and recreation be provided with new development so that existing facilities are not over-burdened;

WHEREAS, the report entitled “Public Facilities Impact Fee Study” dated June 25, 2014 (“Nexus Study”), was prepared and approved by Council in June 2014;

WHEREAS, on July 15, 2014, the City Council adopted Ordinance No. 1928, which added Chapter 17.35 to the City Code, and requires new residential developments to provide adequate community and neighborhood park land for active recreational uses, and/or under certain conditions to pay a fee in lieu of parkland dedication;

WHEREAS, on August 27, 2019, Council approved Resolution No. 19-8749 which included the statutory findings required pursuant to the California Quimby Act (Quimby) and Mitigation Fee Act (MFA), including the report entitled “Santa Clara Park and Recreational Facilities Impact Fee Update Study” dated April 2019 (“Nexus Study Update”) and the professional land valuation appraisal report with a valuation date of December 31, 2017, and the park improvements replacement costs with values as of 2017;

WHEREAS, SCCC 17.35.030 provides the formula for determining a developer’s parkland dedication acreage requirement as follows: the average density for the specific dwelling unit category (single family/multi-family); multiplied by the parkland dedication standard; divided by one thousand (1,000) population;

WHEREAS, the methodology for calculating fees in-lieu of parkland dedication is based on the average cost to purchase lands for parks in Santa Clara, the average cost per capita to develop the land into a useable park facility, and the cost to administer the program;

WHEREAS, the City desires to update the average density standard for single family and multi-family dwelling units as used to determine a developer's parkland dedication requirement with the most recently available Federal census data and, in addition, update the average per-acre land values and park development costs as used in setting the park in-lieu fee; and

WHEREAS, the City has surveyed land values and sales records, and has conducted a professional appraisal with a valuation date of December 31, 2023, to determine the fair market value of property in the City and made available to the public for review and comment the appraisal report as posted on the City website on October 1, 2024.

NOW THEREFORE, BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. Land Valuation Appraisal.

A. An independent real estate-appraisal firm, Frank Schmidt & Associates, was retained to provide a "Fair Market Value" opinion (valuation date of December 31, 2023) conforming to Uniform Standards of Professional Appraisal Practice and using the City's Supplemental Instructions for an average acre of land (hypothetical, rectangular, useable site) for property in each of the three existing City of Santa Clara Zip Codes 95050, 95051, 95054. The data set included all property types: Single Family (low and very low density), High Density Residential, Medium Density Residential, Commercial/Retail, Industrial, Lots and Land. Excluded were transactions considered not "arms-length", having encumbered or clouded title, environmentally impaired sites, or more than three (3) years old. An inflation factor was computed and applied to comparable sales over one year old based on reasonable and rational considerations such as sales and rental trends or other appropriate methods. The weighted average of each property type was based on the percentage of land area in the sales transactions.

B. Based on the findings of the appraisal report, the City Council hereby sets the average per acre land value for each ZIP Code as of December 31, 2023, as: \$5.455 million per acre in 95050; \$5.650 million per acre in 95051; and \$5.255 million per acre in 95054. If a developer objects to this determination of fair market value, the developer may elect to have the value established by appraisal, in conformance with SCCC 17.35.040(b)(2).

2. Park Improvement Cost.

A. The cost to construct the park improvements (landscape, furnishings, buildings, etc.) is based on an average cost per capita for the City's existing park system improvements and recovers no more than 100% of the actual cost to develop new park assets and features to serve new residents at the same standard as existing residents. A cost analysis was conducted, including a review of recent/actual City park improvement project costs and a review of increases/decreases in the State of California, Department of General Services Construction Cost Index reported by the Real Estate Services Division of the Bay Area. In accordance with Resolution No. 23-9220, annual changes (increases/decreases) in the park improvement value used in calculation of In-Lieu Fees shall be indexed to changes in CCCI for the previous calendar year as reported by the Real Estate Services Division for the Bay Area, not to exceed a change of more than 10%.

B. The 2023 Santa Clara average park improvement value per capita is \$3,818. From 2022 to 2023, construction costs have increased by \$9.4% according to the State of California, Department of General Services Construction Cost Index reported by the Real Estate Services Division for the Bay Area, such that the park improvement value of \$3,818 per capita would be \$4,177 per capita as of January 1, 2024. The Council hereby sets for use in the Park in-Lieu Fee calculations a park improvement value of \$4,177 per capita (20223 base value plus 10% for cost escalation recovery) for use in the FY 2024/2025 fees.

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3. Average Density.

A. On September 12, 2024, the U.S. Census Bureau released the 2023 American Community Survey (ACS) data. The ACS contains two relevant data points in determining average density by dwelling unit—total population by units in structure (Table B25033) and units in structure (Table B25024). The average density of single-family dwelling units was derived by dividing the total population of residents in single family units by the total amount of single-family dwelling units in the City. Similarly, the average density of multi-family dwelling units was derived by dividing the total population of residents in multi-family units by the total amount of multi-family units in the City.

B. In calculation of parkland dedication or fees due in-lieu, the types of dwelling units and average density factors (2023 American Community Survey) shall be as follows: (1) Single-Family Dwelling equals 2.84 persons per household; and (2) Multi-Family Dwelling equals 1.92 persons per household.


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4. Implementation Schedule. For development projects subject to the Quimby Act, the proposed fees will become effective immediately. For development projects subject to the Mitigation Fee Act, the proposed fees will become effective 60 days after the effective date of this resolution.

5. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A SPECIAL MEETING THEREOF HELD ON THE 29TH DAY OF OCTOBER, 2024, BY THE FOLLOWING VOTE:

AYES:	COUNCILORS:	Becker, Chahal, Hardy, Jain, Park, and Watanabe
NOES:	COUNCILORS:	None
ABSENT:	COUNCILORS:	Mayor Gillmor
ABSTAINED:	COUNCILORS:	None

ATTEST: 
NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:
1. Santa Clara Land Valuation Appraisal Report 12-31-2023
2. Fee Calculation Tables A, B, C

ANNUAL LAND VALUATION APPRAISAL REPORT

VALUATION OF

The Average per Acre Land Value of High-Density Residential, Medium-Density Residential,
Low-Density Residential, Very Low-Density Residential, Commercial, & Industrial Properties

Located in Three Zip Codes (95050, 95051, and 95054)

City of Santa Clara, California

Santa Clara County

PREPARED FOR

Ms. Cynthia Bojorquez, Acting Director of Parks and Recreation

City of Santa Clara

1500 Warburton Avenue

Santa Clara, CA 95050

PREPARED BY

Frank E. Schmidt, MAI, SRA

Frank Schmidt & Associates

EFFECTIVE DATE OF VALUE OPINION

December 31, 2023

March 1, 2024

Ms. Cynthia Bojorquez, Acting Director of Parks and Recreation
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Re: Annual Land Valuation Appraisal Report
Average Value of Three Hypothetical 1-Acre Lots,
One for Each Zip Code Comprising 95050, 95051, and 95054
Santa Clara, California, U.S.A.

Ms. Cynthia Bojorquez:

Pursuant to your request, I have completed the annual land valuation appraisal to aid the City of Santa Clara in establishing park impact fees. Following this letter of transmittal is my appraisal and analysis opining the value of a hypothetical 1-acre lot in each of the City's three zip codes.

In June 2016 the City of Santa Clara City Council approved Supplemental Instructions for the Appraisal of the Fair Market Value of land used in the Parkland Dedication In-Lieu Fee. These supplemental instructions and guidelines for the Appraisal are displayed in the Addenda. One of the supplemental instructions was that the valuation date occurs each year on December 31. Since the date of my opinion of value, December 31, 2023 precedes the date I wrote and transmitted this appraisal by about 2 months, this is considered a retrospective appraisal as defined by the Uniform Standards of Professional Appraisal Practice. Since this is a retrospective value, it is important to note that I only considered data that was available and/or public as of the date of value. The exception to this was the 2023 land area data provided by Old Republic Title Company which was not available until February 2024, and some brokerage reports published in January and February 2024, but containing 2023 data.

I have appraised the subject of this appraisal numerous times since 2014, and most recently with a date of opinion of December 31, 2023. Based on land area, in 2021, approximately 42% of all transactions sold were industrial and commercial, while 58% were categorized as residential. In 2022, commercial/industrial sales accounted for about 27.06% of the total while residential sales accounted for about 72.94% of the total. In 2023, approximately 50% of all transactions sold were industrial and commercial, while the remaining 50% were categorized as residential. Data provided by Old Republic Title Company shows only 386 single family home sales in 2023

compared to 516 single family home sales in 2022. However, the median residential selling price in 2023 in the city of Santa Clara was generally increasing throughout the first half of 2023 and generally trending downwards in the last half of 2023. This resulted in slightly higher residential unit values for 2023. Industrial and commercial land values were unchanged in both 2022 and 2023. In 2023, the combination of higher interest rates and expected slower economic growth has impacted the market. All these factors resulted in only slight changes to the 2023 values for the hypothetical one-acre lots for each zip code compared to 2022.

To complete this appraisal, I conducted an investigation, gathered data, and made the analyses necessary to enable me to fulfill the purpose of this assignment, which was to estimate the fair market value of a hypothetical 1-acre lot comprising components of high-density residential, medium-density residential, low-density residential, very low-density residential, commercial, and industrial, to form and report the average value per acre of land in the three existing Zip Codes in the City of Santa Clara consisting of 95050, 95051, and 95054. The average value was established using the weighted average of these different property types, based on the percentage of total land area associated with the different property types that sold in the City of Santa Clara in the 12 months prior to the date of value and based on land area data provided by Old Republic Title Company.

I understand that this Appraisal Report is intended for use by the Client, the City of Santa Clara, for assistance in determining park impact fees.

Hypothetical Conditions, Extraordinary Assumptions, and Contingencies

Hypothetical Condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.”¹ I supposed the following hypothetical conditions:

- The fair market value was estimated based on different land value components applied to a hypothetical lot. It was a hypothetical condition of this appraisal that the subject lot was a finished lot and rated average in all other physical, locational, and legal aspects.
- Since the hypothetical lot will be comprised of different land value components and it is unlikely the City’s land use ordinances would allow the different property types on the same lot, it was necessary to apply a hypothetical condition that each of the following uses would be permitted on the subject lot: high-density residential, medium-density residential, low and very low-density residential, commercial, and industrial.

¹2020-2021 *Uniform Standards of Professional Appraisal Practice* (USA, The Appraisal Foundation, 2020)

Extraordinary Assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”²

- In this appraisal, land areas provided by Old Republic Title Company were used to estimate the weighted average of all the sale transactions that occurred in the City of Santa Clara in 2023. It was an extraordinary assumption of this appraisal that the land areas provided by Old Republic were accurate.

The use of these hypothetical conditions and extraordinary assumption might have affected the assignment results.

There are general assumptions and limiting conditions set forth in this report.

Based on the investigation and analyses undertaken, I formed the opinion that the average value per acre on December 31, 2023, the effective date of opinion, for each zip code was:

Zip Code	2023 Average Value per Acre
95050	\$5,455,000
95051	\$5,650,000
95054	\$5,255,000

Sincerely,



Frank E. Schmidt, MAI, SRA

²2020-2021 Uniform Standards of Professional Appraisal Practice (USA, The Appraisal Foundation, 2020)

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EXECUTIVE SUMMARY

CLIENT : City of Santa Clara

LOCATION : City of Santa Clara, California

PROPERTY TYPES : Very Low-Density Residential, Low-Density Residential, Medium-Density Residential, High-Density Residential, Commercial, and Industrial Land

SITE AREA : Each Hypothetical Lot is OneAcre

FLOOD HAZARD STATUS : Zone X; the hypothetical lots are outside any flood zones

EARTHQUAKE FAULT ZONE : The hypothetical lots are not located in an Earthquake Fault Zone as designated under the Alquist-Priolo Earthquake Fault Zoning Act.

GENERAL PLAN, & HIGHEST AND BEST USE :

Use of Hypothetical Lot	General Plan	Highest & Best Use
Very Low Density Residential	Very Low Density Residential	Very Low Density Residential
Low Density Residential	Low Density Residential	Low Density Residential
Medium Density Residential	Medium Density Residential	Medium Density Residential
High Density Residential	High Density Residential	High Density Residential
Commercial	Regional Commercial	Hold for Development of a Commercial Building
Industrial	Light Industrial	Industrial Building

EFFECTIVE DATE OF VALUE : December 31, 2023

PROPERTY RIGHTS APPRAISED : Fee Simple Estate

AVERAGE VALUE CONCLUSIONS :

Zip Code	2023 Average Value per Acre
95050	\$5,455,000
95051	\$5,650,000
95054	\$5,255,000

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal and report were made applying these **general assumptions**:

1. No responsibility was assumed for the legal description or for matters including legal or title considerations. Title to the hypothetical properties was assumed to be good and marketable and free and clear of all liens, encumbrances, easements, and restrictions except those specifically addressed in this report;
3. Responsible ownership and competent property management were assumed;
4. The information furnished by the Client and others was believed to be reliable. However, no warranty is given for its accuracy;
5. All engineering was assumed correct. Plot plans or any other illustrative material in this report were included only to assist the reader in visualizing the property;
6. It was assumed that there are no hidden or unapparent conditions in the hypothetical properties that render them more or less marketable or valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them;
7. Unless otherwise stated in this report, the existence of hazardous material, toxic waste, and/or other environmental impairments which may or may not be present on or in the hypothetical properties, was not investigated by this consultant.

As real estate consultants, we are not qualified to properly investigate this property for any discharge, spillage, uncontrolled loss, seepage, filtration, or storage of hazardous substances which may adversely affect the value of this property. Neither are we qualified to detect the presence of substances such as asbestos, urea-formaldehyde foam insulation, nor other materials that could create an environmental impairment to the subject property or to other property caused by conditions present at the subject property. Our opinion(s) were predicated on the assumption that there is no such material on or in the property that would affect market value. No responsibility was assumed for any such conditions or for any expertise or engineering knowledge required to discover and/or correct them;

8. It was assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the report;

9. It was assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal and reported in the report; and
10. It was assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate or other opinion contained in this report are based;

This report has been made with the following **limiting conditions**:

1. Possession of the report, or a copy thereof, does not carry with it the right of publication or use. It may not be used for any purpose by any person other than the Client(s), for the Intended Use specified in the engagement agreement and/or report;
2. The consultant is not required to give further consultation, testimony, or attend court for matters involving the subject property unless arrangements have been previously made; and
3. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the Consultant, or the firm with which the Consultant is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the Consultant.

Reader Note:

There may be other appropriate and more specific limitations on our opinions or conclusions identified in the coverletter or report as *Hypothetical Conditions, Extraordinary Assumptions, or Contingencies*.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I previously appraised the subject of this report for the same Client on several occasions, most recently in an appraisal report transmitted March 1, 2023 and having a date of value of December 31, 2022.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP).
9. I have not inspected the property that is the subject of this report since the subject lots are hypothetical.
10. Under my direction, Mr. Dennis Moredock verified the comparable data, performed analysis, and wrote the first draft of the appraisal report.
11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.



Frank E. Schmidt, MAI, SRA

March 1, 2024

Date

SCOPE OF THE ASSIGNMENT

Information Provided to the Appraisers

The Client provided excerpts from the Parks and Recreation Facilities Fee Study completed by Willdan Financial Services. Old Republic Title Company provided Santa Clara sales statistics of land areas to assist us in estimating the weighted land average of all the sale transactions that occurred in the City of Santa Clara in the 12 months preceding the date of value. We were also provided the “Supplemental Instructions for Appraisal” approved by Santa Clara City Council on June 7, 2016, which are displayed in the Addenda. Lastly, in previous appraisals, City Parks provided us the Park Impact Fee Ordinance (No. 1928).

Extent of Research into Physical Factors

We drove several streets throughout Santa Clara over the past several years including various times in 2016, 2017, 2020, 2021, 2022 and 2023. We note changes that are occurring or have occurred, particularly regarding new development. We gathered data about land use ordinances for each hypothetical lot and the comparables from the websites of the appropriate municipalities.

Extent of Research Into Economic Factors

We gathered, analyzed, and applied macro-economic information gleaned from many sources, including:

- The Wall Street Journal
- 12th District Beige Book
- GlobeSt.com
- CoStar News
- The Kiplinger Letter
- DQ News/CoreLogic

We gathered, analyzed, and applied data about market conditions and other micro-economic information from:

- Websites of Commercial Brokerages
- Commercial and/or residential multiple listing services
- Silicon Valley Business Journal
- San Jose Mercury News

- Discussions with agents active in the subject market

We talked to the buyers, sellers, and agents whose names we discovered on signage in the neighborhood and during comparable verification. We learned about additional market data from these people.

Extent of Comparable Data Research

We used a variety of sources and subscription services to gather comparable data, including:

- Verified Data Files from Other Appraisals
- CoStar Group
- DataTree
- MLSlistings.com
- LoopNet
- Commercial Real Estate Brokerage Websites

Verification

The most appropriate data that we discovered was verified with a party to the transaction. When that was not possible, we discuss and/or state the verification source(s), using public record data, subscription services, MLS, etc. in the Analysis section.

Among the comparables selected we studied copies of the assessor's parcel maps, public record summary, aerial maps, records of survey, and other data such as structural, geological, or environmental reports, subdivision maps, title reports, etc. We also reviewed planning proposals/approvals and permit histories where appropriate.

Type and Extent of Analysis Applied

The data is summarized on spreadsheets displayed in the Analysis sections following. The analysis was comparative, iterative, qualitative, and quantitative.

Compliance

It was the intent of this appraisal to comply with the requirements of:

- The Uniform Standards of Professional Appraisal Practice (USPAP) including the Ethics and Competency Provisions as promulgated by the Appraisal Standards Board of the Appraisal Foundation.
- The Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- The City of Santa Clara’s “Supplemental Instructions for Appraisal”

DEFINITIONS

According to the California Code of Civil Procedure, Section 1263.320 defines **Fair Market Value** as:

“(a) the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

(b) The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable.”

Revised federal definitions in the Uniform Act identify the definitions of “market value” and “fair market value” as one and the same. These terms are used interchangeably in this report.

Weighted Average means an average resulting from the multiplication of each component by a factor reflecting its importance or contribution.

Average Value means a value that is calculated by adding values together and then dividing the total by the number of values.

Fee Simple Estate means absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”³

REAL PROPERTY, REAL ESTATE, AND PERSONAL PROPERTY APPRAISED

Real Property is defined as all of the interests, benefits, and rights in the ownership of the physical real estate, that is, the bundle of rights with which the ownership of the real estate is endowed. Real estate is defined as physical land and appurtenances attached to the land.

Real Property Rights Appraised

The subject properties are hypothetical unimproved lots and the fee simple estate is appraised.

Real Estate Appraised

It is an assumption of this appraisal that the subject’s hypothetical finished lot is graded and level, all utilities and services are stubbed to the site, is ready for building improvement, and defined as follows:

- | | |
|---------------------------------|--|
| Area | : One acre |
| Shape & Frontage | : Shape is rectangular with typical frontage along one street. |
| Topography | : Level, at street grade |
| Drainage | : Adequate |
| Utilities & Services | : The municipality provides water, electrical, and sewer service. A private contractor provides garbage service. Local utility companies provide telephone and cable. All utilities are piped and wired onto the hypothetical lot. |
| Easements | : Typical public utility easements along frontage presumed. |
| Soil Conditions | : It is a general assumption of this appraisal that the hypothetical site is suitable for any legally permissible and physically possible use. |

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed., (Chicago: Appraisal Institute, 2015)

Environmental

Impairment Issues : It is a general assumption of this appraisal that there are no environmental issues that affect the market value of the hypothetical lots.

Off-Site Improvements : Street is fully improved and maintained by the City; it is asphalt paved with streetlights, curbs, gutters, and sidewalks.

Street Access : Rates average in comparison to competing properties.

Exposure/Visibility : Rates average in comparison to competing properties for each hypothetical use.

Flood Hazard Status : Hypothetical lot is presumed to be within Zone X, which denotes areas of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level.

Earthquake Fault Zone : The hypothetical lot is not located in an Earthquake Fault Zone as designated under the Alquist-Priolo Earthquake Fault Zoning Act.

Improvements : None

Personal Property Appraised

Wedid not appraise any personal property.

PREVIOUS APPRAISALS

The author previously appraised the subject(s) of this report for the City of Santa Clara on several occasions, most recently in an Appraisal Report transmitted March 1, 2023 with an effective date of opinion of December 31, 2022. The next most recent appraisal of the subject was transmitted April 1, 2022 with an effective date of opinion of December 31, 2021. The intended use of all appraisals was the same: to assist the City in determining park impact fees.

REGION & CITY DESCRIPTION

The County of Santa Clara is located at the southern end of San Francisco Bay. It encompasses about 1,304 square miles of land with 15 incorporated cities and towns. According to the California Department of Finance (CDF) Population and Housing Estimates (E-1) last released May 1, 2023, on January 1, 2023, the county had a population of 1,886,079, a decrease of 3.0 percent from the January 2022 estimate. Over the past several years, Santa Clara County had been experiencing strong employment conditions. Prior to the COVID-19 pandemic, unemployment was at historical lows and essentially reflected full employment conditions. According to statistics published by the State of California Employment Development Department (EDD), the Santa Clara County unemployment rate was 3.9% in December 2023, based on a labor force of 1,046,800. This is an increase from the March 2020 unemployment rate of 3.4%, prior to COVID-19. It is also higher compared with the one-year prior unemployment rate (December 2022) of 2.3%, based on a labor force of 1,059,200 jobs.

Santa Clara County, which makes up the bulk of Silicon Valley, is highly dependent on technology employment, including Adobe, Apple, Applied Materials, Cisco, eBay, Flextronics, Google (Alphabet), HP, Intel, Intuitive Surgical, Lockheed Martin Space Systems, Microsoft, Netapp, Oracle, PayPal, and Tesla.

The City of Santa Clara covers about 18.4 square miles and is surrounded by San Jose on the north, east, and south, and is adjacent to Sunnyvale and Cupertino on the west. The City of Santa Clara's population estimate was 132,476 as of January 1, 2023 (released on May 1, 2023), according to the CDF, about 1.5% higher than 12 months earlier. Employment conditions in Santa Clara followed a similar trend as seen in Santa Clara County. Unemployment, according to the EDD, was reported at a rate of 3.5% in the city of Santa Clara as of December 2023, based on a labor force of 73,300. The unemployment rate has generally followed a downward trend since peaking in April 2020 at 9.5%. Still, the current rate is above the rate of 2.1% reported in December 2022.

An aerial of the City of Santa Clara (outlined in red) and surrounding areas is shown below:



The two largest employers in the City of Santa Clara are Intel and Applied Materials. Other high-tech companies, such as AMD, Nvidia, Oracle, Ericsson, Palo Alto Networks, Sun Microsystems, ServiceNow, and Agilent Technologies have headquarters in the City. Other large employers include California's Great America Theme Park, Levi's Stadium, Santa Clara City Hall, EMC Corporation, Macy's, Mission College and Santa Clara University. The City of Santa Clara is the supplier for the City's water and electric power, which it claims can save small industries almost 50% on their utility costs.

Levi's Stadium, the home of the San Francisco 49ers, opened over the summer of 2014 in the northern portion of the city, adjacent to Great America Theme Park and the existing 49ers practice facility. The Santa Clara Convention Center is also nearby and offers about 302,000 square feet of meeting space.

The opening of Levi's Stadium spurred an increase in demand for nearby properties. There are several projects under construction throughout the city and several proposals in progress that are anticipated to add thousands of square feet of new retail, office and residential. The largest proposal is from Related California and is named Related Santa Clara (5155 Stars & Stripes Drive). The project is a 240-acre mixed use development located across from the street from Levi's Stadium. It would include 9.16 million gross SF of office, residential units, retail and entertainment facilities, hotel rooms, and surface and structured parking facilities. The first development phase was approved and was slated to open to the public in 2023 but was delayed by the pandemic. Currently there is an application to amend the Master Community Plan (MCP) to accommodate a new alternative development scheme with a different

mix of land uses. The Kylli mixed use development project Mission Point is currently pending review and is located at 3005 Democracy Way. This project is a 46 acre site that proposes 3,000,000+- SF of commercial office/lab space, 100,000+- SF of neighborhood retail, 1,800+- new multi-family residential, a child care facility, and indoor and outdoor community spaces. A 190-room hotel on a 1.96 acre site is currently under construction at 2900 Lakeside Drive (Cambria Hotel project). The Agrihood Mixed-Use Development Project located at 1834 Worthington Circle and 90 N. Winchester Blvd. is a residential mixed-use development on a 5.8 acre site consisting of up to 160 mixed-income apartments, 165 affordable senior apartments, 36 townhomes and approximately 1.5 acres of agricultural open space. Gateway Crossings (Hunter/Storm) at 1205 Coleman Avenue is the construction of a phased, mixed-use development on 23.8 acres consisting of 1,565 residential units, a 152,000 square foot, 225 room, full-service hotel, 45,000 square feet of supporting retail, a 2.1 acre park, and structured parking facilities. The Santa Clara dual-branded hotel project is located at 1290 Coleman Avenue. This is a 396 room, 6-story hotel, totaling 204,444 square feet. The hotel will feature 5 stories over 1 parking level with 284 stacked parking stalls. Laguna Clara II Development Project (Equity) at 3131 Homestead Road is a residential development involving the demolition of three two-story apartment buildings and one-half of a two-story apartment building (removing 42 dwelling units and retaining 222 dwelling units), two accessory buildings (central boiler room and a clubroom/leasing office) and four carport structures to construct a four-story apartment building with 225 units over a partially subgrade parking garage for a total of 447 dwelling units on the site. Villa Bella residential project at 1890 El Camino Real is the construction of 56 condominium units over a podium parking structure on 1.51 acres. Civic Center Drive Family Housing project at 1601 Civic Center Drive is a five-story affordable housing development with 106 rental units at a density of 75 dwelling units per acre. Additional development in the City includes both smaller residential and commercial developments and continued residential build-out of the Tasman East and Lawrence Station areas.

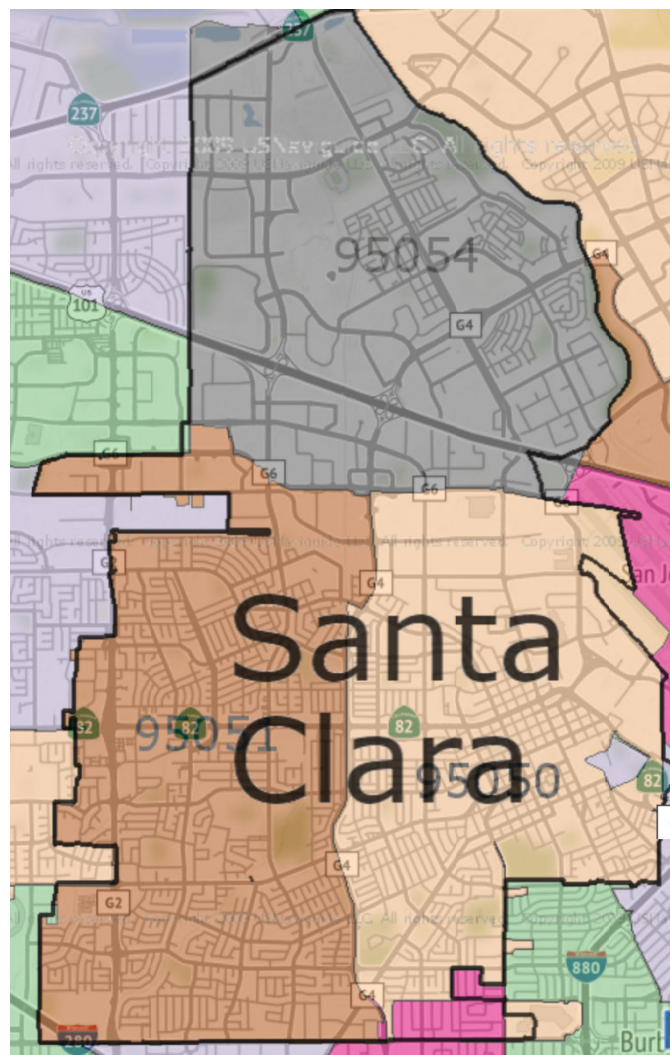
The City's median household income was estimated by the U.S. Census Bureau at \$165,352 in 2022 and the per capita income was about \$78,084. The United States Census Quick Facts for 2018-2022 indicated the following demographics in Santa Clara:

Total Households	47,434
Owner Occupied Housing Unit Rate	41.9%
Average Household Size	2.60
Bachelor's Degree or Higher	64.6%
In Civilian Labor Force	71.4%

The City is home to Santa Clara University, Mission College, a public community college, and Golden State Baptist College. The City is primarily served by Santa Clara Unified School District, which includes 19 schools spanning transitional kindergarten through high school. The southwest corner of the City is served by Cupertino schools.

The City of Santa Clara and Santa Clara County benefit from a number of freeways, arterials, and expressways that provide access to most areas of the region, including three interstate highways, I-280, I-880, and I-680 in addition to several federal and state highways, US-101, CA-85, CA-87, CA-17, and CA-237. Caltrain, Amtrak, and ACE rail transportation, light rail, and VTA bus services provide mass transit for the city, connecting Santa Clara to the greater Bay Area. Located adjacent the City's eastern border is the Norman Y Mineta San Jose International Airport, with service to about 30 destinations.

There are three primary zip codes within the city, which are shown on the following map as the color-coded areas within the black-outlined city limit boundaries. Note that the 95053 zip code applies to Santa Clara University, which is located within the Santa Clara city limits, but was not included as part of this appraisal.



Source: zipmap.net

Conclusion

All locations within Santa Clara are proximate to nearby job centers, retail, housing, and linkages, contributing to the long-term demand for sites within the city.

MARKET CONDITIONS

The *Winter 2024 Allen Matkins/UCLA Anderson Forecast California Commercial Real Estate Survey* “reflects both overall optimism and a mixed picture in the composition making up the aggregate numbers. Even though there is more optimism in many sectors, particularly retail, the Winter 2024 Survey panelists across all types of commercial real estate and regions of California indicated they are facing a more challenging financial landscape as required equity percentages and required investment return hurdle rates (IRR) are expected to increase over the coming three years.”

In the following narrative we present some statistics and comments regarding the market conditions for each land use we are appraising. Land market conditions for each of these uses are not typically tracked by any firms that we are aware of; it has been my experience and historically as reported by market participants that the land market for these uses typically trend with the improved properties, oftentimes leading. We report on the sale, rental, and construction trends of the respective markets, in estimating the appropriate market conditions adjustments used in our following analysis.

Regional Economic Conditions

Integra Realty Resources (IRR) reported in their 2024 Viewpoint, “Despite the oft-cited predictions from 2022 that interest rates would stabilize in 2023, and even decline by Q3 of 2023, the economic impact of 11 continuous interest rate hikes from 2022 through 2023 began to destabilize the trading market for real estate early in the year. As we close out the year, the current lack of lending capital is now affecting holding strategies. Of course, there are some who predict interest rates will decline in 2024, and that such changes will help asset values recover. This misses the fundamental point. Post-COVID values were driven up by cheap money, but they were also driven up because capital was being deployed to offset rising inflation expectations. This arbitrage only works if inflation can’t be tamed and capital remains plentiful. The sharp rise in rates brought inflation expectation down, and crippled exit pricing since buyers no longer had access to cheap long-term capital. Values had to reset, in light of these market forces.”

Commercial Market Conditions

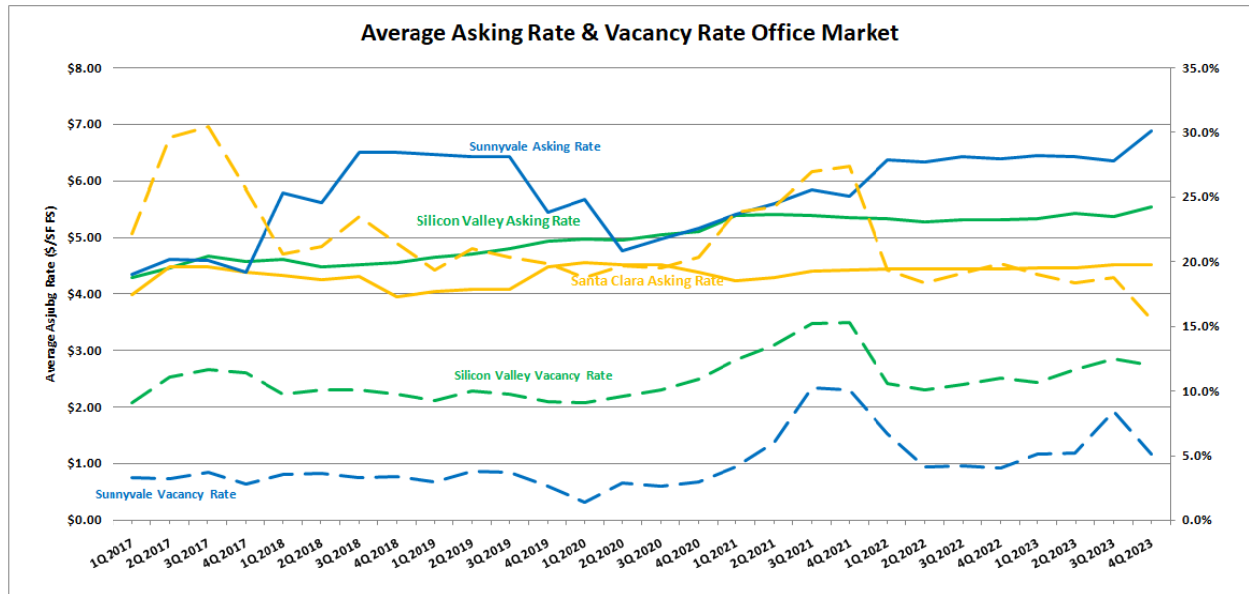
Commercial properties typically include office and retail uses. We discovered that office properties are generally being built in the central business districts and in light industrial locations. Research and development (R&D) properties have historically been a subcategory of industrial. However, R&D can rival office space in terms of finishes and quality and we elected to include a discussion of the R&D submarket as part of the commercial market. Many of the traditional retail corridors in this region, El Camino Real in particular, have land use ordinances that allow for residential mixed-uses.

In this market, real estate brokerages track office and retail statistics by city or submarket; they are not broken out by zip code. Following we present the relevant statistics pertaining to the Santa Clara market and provide comments from market participants regarding the perceived differences in each of the Santa Clara zip codes that the three hypothetical lots being appraised are located.

Office Market

The Silicon Valley office market from early 2017 through 4Q-2023 was generally characterized by increasing vacancy rates, negative net absorption, and overall flat to slightly increasing average asking rental rates. The next table displays data from the Colliers International's 4Q-2023 Silicon Valley R&D Market Snapshot and its predecessor reports. The table includes statistics from the Silicon Valley market, the subject's submarket (Santa Clara), and the adjacent Sunnyvale submarket.

OFFICE STATISTICS



Sources: Colliers Market Reports

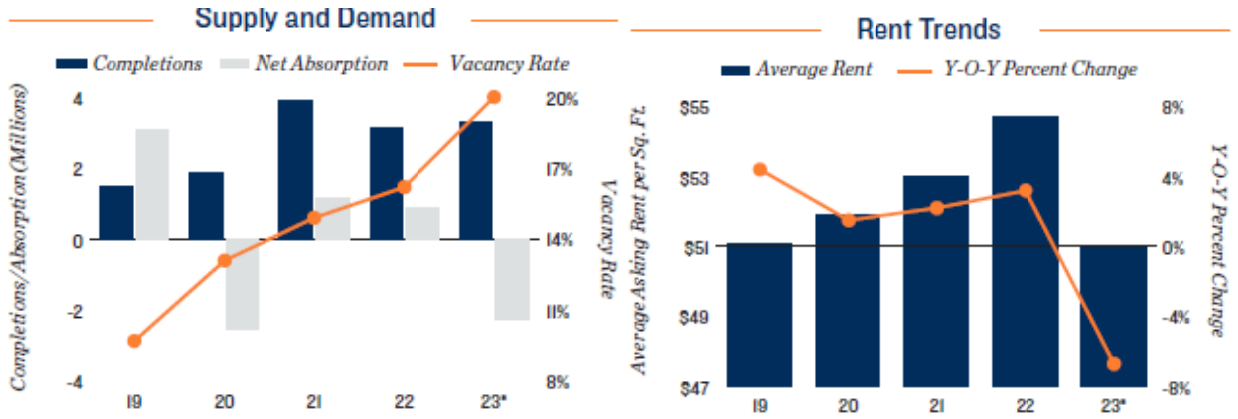
The data indicates that the office vacancy rate in Santa Clara generally decreased slightly from Q1-2023 through Q4-2023. The Silicon Valley market has been overall more stable with vacancy reported at 12.0% for Q4-2023, slightly down from the 12.5% rate in the third quarter 2023. The region’s availability represents 20.8 million square feet of vacancy in 4Q-2023.

Cushman & Wakefield reported key 2023 lease transactions in the City of Santa Clara’s included a new lease of 205,774 feet at 4555 Great America Parkway, Cambridge Industries lease renewal of 61,457 square feet at 2445 Augustine Drive, Arista Networks lease renewal of 149,608 square feet at 5453 Great America Parkway, and a lease renewal of 59,384 square feet at 5425 Stevens Creek Boulevard.

The average office asking rent in 4Q-2023 for the City of Santa Clara was \$4.53/SF/Month on a Full Service expense basis, whereby taxes, insurance, maintenance, utilities, and janitorial expenses are bundled into the base rent. This is slightly more than the \$4.45/SF/Month asking rate from one year ago.

Marcus & Millichap’s 4Q-2023 Market Report shows that in the San Jose Metro area, which includes Santa Clara, office vacancy increased. “A sizable increase in space available for sublease and several speculative deliveries placed upward pressure on vacancy.”

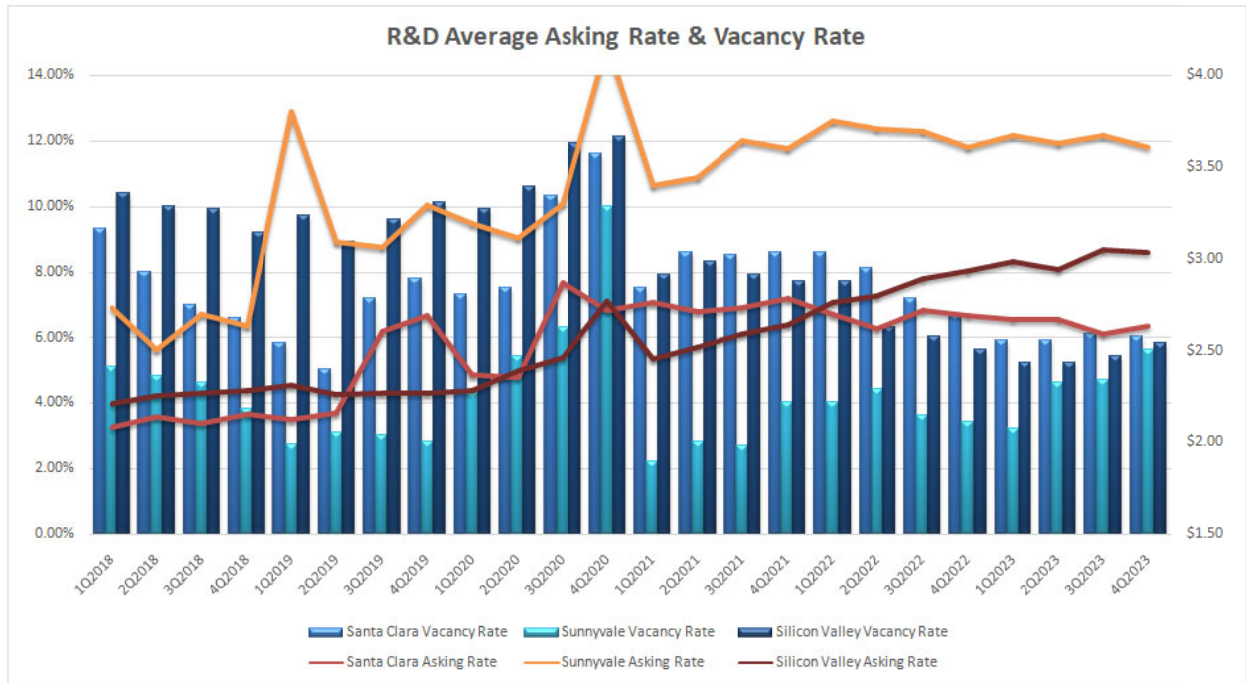
Marcus & Millichap reported the following trends in the San Jose Metro:



There are several office developments under construction in Silicon Valley and Santa Clara. Notable developments previously discussed in the City of Santa Clara include: Related California, and Kylli.

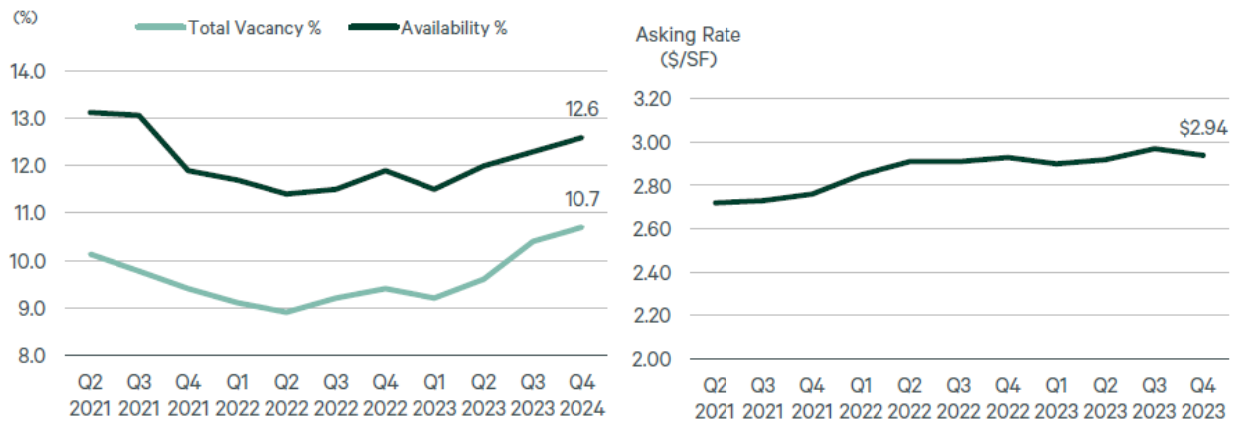
Research and Development (R&D) Market

The next table displays data from Colliers International’s 4Q-2023 Silicon Valley R&D Market Snapshot and its predecessor reports. The table includes statistics from the Silicon Valley market, the subject’s submarket (Santa Clara), and the adjacent Sunnyvale submarket.



Source: Colliers Market Reports

The next tables display data from CBRE’s 4Q-2023 Silicon Valley R&D Market:



Source: CBRE

As shown above, Silicon Valley’s R&D market experienced an overall increasing vacancy rate in 4Q-2023. Meanwhile, asking rents in Santa Clara have remained relatively stable from \$2.67/SF/month in 1Q-2023 to \$2.63/SF/month in 4Q-2023 on a NNN expense basis. A NNN expense basis in this market means the landlord is only paying for management of the account and reserves for replacement, while the tenant typically pays all other operating expenses.

CBRE reported in their 4Q-2023 Silicon Valley R&D Market that “The overall net absorption for the Silicon Valley R&D market closed Q4 2023 at negative 373,617square feet (sq. ft.) compared to negative 350,444 sq. ft. in Q4 2022. This marks the sixth consecutive quarter with negative net absorption, and a total of negative 2.42 million sq. ft. through 2023.”

Retail Market

Cushman & Wakefield is a brokerage firm that publishes quarterly reports for the retail market in the San Jose metro area. They reported in their Q4-2023 *Marketbeat Silicon Valley Retail* that: As a result of the rise in layoffs at tech companies, Silicon Valley experienced an increase in unemployment rate from 2.6% in 2022 to 3.6% at the close of 2023. Despite this uptick, the number of jobs still saw a year-over-year (YOY) increase of 11,800, mainly fueled by growth in private education and health services, leisure and hospitality, and food services and drinking places. In addition, the median income households in Silicon Valley remains the highest in the country at \$156,700, reflecting a 3.0% increase from the previous year. The population also showed a steady growth rate at 0.6%.

Spending Patterns

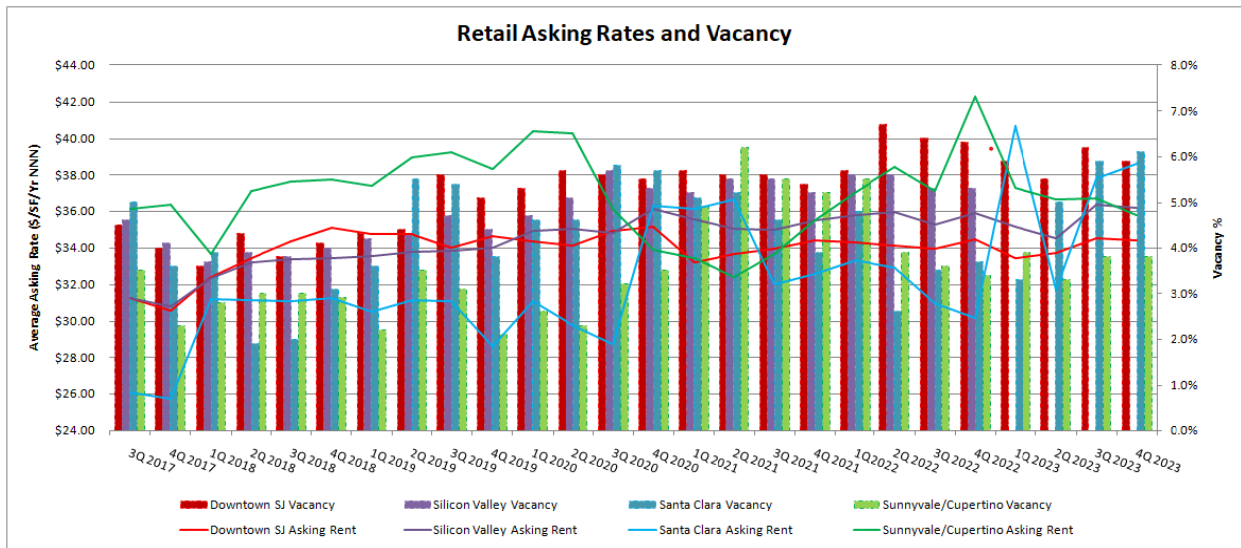
General market conditions for the retail real estate segment can be indicated by taxable retail sales. Typically, a market where taxable retail sales are increasing would be supportive of

additional retail development as existing retailers are willing to expand and new retailers are interested in entering the market. The converse is true when taxable retail sales are declining.

Average Asking Retail Rental Rates and Vacancy Rates

The Cushman & Wakefield Q4-2023 *Marketbeat Silicon Valley Retail* reported that: The Silicon Valley retail market closed the year with the vacancy rate of 5.3%, down 20 basis points (bps) from 5.5% rate last quarter though the same as last year’s figure. The total retail inventory in Silicon Valley remained at 37.5 million square feet (msf) at the end of 2023, leaving almost 2.0 msf of vacant retail space, which consisted of approximately 1.9 msf (96.1%) of direct space and approximately 77,900 sf (3.9%) of sublease space.

The chart below displays the average asking rental rate and vacancy for the Santa Clara submarket, Sunnyvale/Cupertino submarket, Downtown San Jose submarket and Santa Clara County (Silicon Valley Total) taken from Cushman Wakefield and its predecessor retail reports from 3Q-2017 onwards:



As indicated in the table above, the Santa Clara County retail market had an average asking rent of \$3.01/SF/Mo NNN in 4Q-2023 which is a slight increase compared to \$2.99/SF/Mo NNN in 4Q-2022. Neighborhood and community centers account for most of the vacancies in the market. In 4Q-2023 asking rents averaged \$3.22/SF/Mo NNN in the subject’s Santa Clara submarket which is a decrease compared to \$3.39/SF/Mo NNN in 1Q-2023. In 4Q-2023 the retail vacancy rate in Santa Clara was reported at 6.1%. As discussed previously, several new projects in the city of Santa Clara include new supporting retail development. Subject’s Santa Clara retail submarket inventory increased slightly from 2,544,591sq.ft. in 1Q-2023 to 2,570,471sq.ft. in 4Q-2023. Key lease transactions in 2023 include a new lease of 12,900sq.ft. at

1285 Homestead Road and a new lease of 40,000sq.ft. at 5201 Stevens Creek Boulevard (Stevens Creek Plaza).

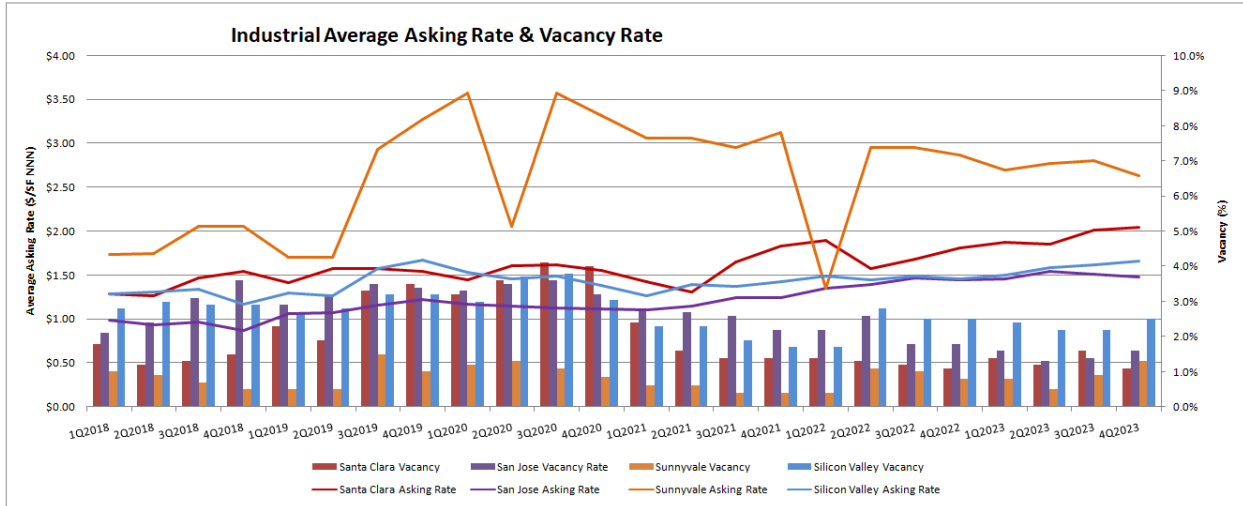
According to Marcus & Millichap's Hospitality Report for Midyear 2023 - *San Francisco Metro Area (which includes Santa Clara)*, "Over the near term, local room demand and revenue metrics are expected to remain well below their pre-pandemic marks in San Francisco due to the sector's reliance on tech-driven business travel and conventions, which have yet to return in full force. Still, the metro should record some improvements over the near term, albeit moderate. Across the international and domestic segments, more than 23 million visitors are expected to visit the area this year, a 5 percent increase over 2022."

Industrial Market Conditions

We referenced industrial (manufacturing) and warehouse market data from brokerages Cushman & Wakefield and Colliers International; we also interviewed local market participants for this report. Cushman & Wakefield reported in its *Marketbeat Silicon Valley Industrial Q4-2023*, that "The Bay Area has struggled to return to its pre-pandemic economic strength. Technology companies have been both a blessing and curse for the region, though more of the latter recently, with layoffs prevalent among Big Tech and startups. One bright spot is the recent push of many companies to mandate a hybrid work situation with at least some time during the week spent in office. All this fluidity in the workforce has caused tenants and landlords alike to pause and reassess space needs moving forward."

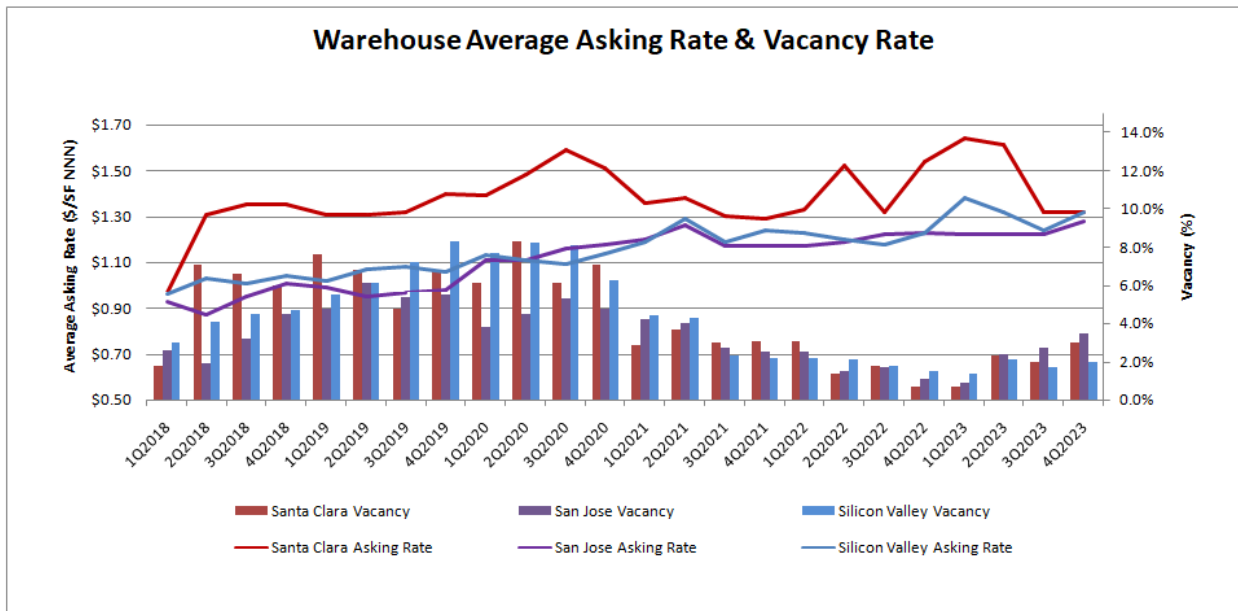
In their *Q4 2023 San Jose Silicon Valley Market Report* for industrial/warehouse properties, Collier's International reported "Silicon Valley's industrial market continued to see healthy leasing activity in Q42023. Gross absorption, the measure of the total volume of non-renewal lease and user-sales, recorded 593,138 square feet in the fourth quarter, down 40.8% from the previous quarter, but up 2.3% year-over-year."

The next chart shows industrial rental rate and vacancy trends since 1Q-2018 based on data from Colliers International. The chart shows generally stable to decreasing vacancy rates and slightly increasing asking rental rates in Santa Clara.



Vacancy rates for manufacturing were generally stable in Silicon Valley in 2023. A similar trend has played out in the Santa Clara submarket with some fluctuation, but a generally decreasing vacancy rate to the 1.1% range in both 4Q-2022 and 4Q-2023. However, manufacturing rental rates in Santa Clara continue to increase; the asking rental rate rose from \$1.81/SF/month NNN in 4Q-2022 to \$2.05/SF/month in 4Q-2023. Within Silicon Valley, the average asking rate for warehouse was \$1.66/SF/month in 4Q-2023 compared to last year’s rate of \$1.46/SF/month.

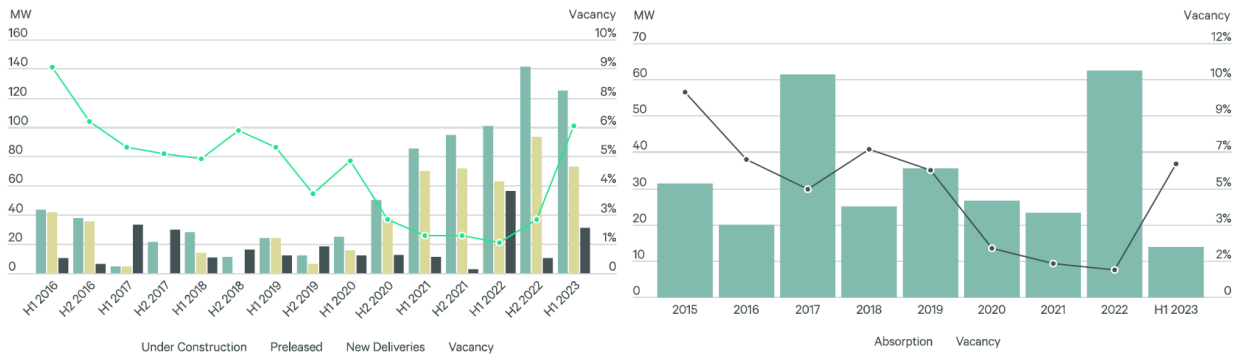
Warehouse data collected from Colliers International’s *Silicon Valley Research & Forecast Report Q4 2023* and its predecessor reports are displayed in the next chart:



Warehouse vacancy rates in Silicon Valley have been fluctuating for several years with a slightly increasing vacancy rate of 2% in the 4Q-2023 compared to 1.5% in Q4-2022. Warehouse rental rates in Santa Clara are reported to have decreased; the asking rental rate decreased from \$1.54/SF/month in 4Q-2022 to \$1.32/SF/month in 4Q-2023. Within Silicon Valley, the average asking rate for warehouse generally increased to \$1.32/SF/month in 4Q-2023 compared to last year's rate of \$1.23/SF/month.

Data centers are one of the largest industrial occupancy groups in Santa Clara, due mostly to Silicon Valley Power, which has lower rates than elsewhere in the Bay Area. The rise of remote working reinforced the need and demand for data centers. We discovered several expansion plans and construction occurring on existing sites. There have been several land sales in recent years in Santa Clara that are proposed for new data centers. Market participants report that data center operators will pay a premium for a larger site in Santa Clara. Two (data center) sites in Santa Clara were sold in 2021 (see Industrial Land Comparables I-1 and I-2, these are the most recent industrial sales that we uncovered and confirmed). One additional transaction at 2315 Mission College Boulevard in Santa Clara (not included in the sales grid) is also a data center land sale that was reported to have been purchased by Amazon Data Services Inc. The 7.04 acre site reportedly sold for \$51,817,500 or \$168.97/sq.ft. of land area. This sale could not be fully confirmed but was reported to have closed escrow on January 4, 2022.

CBRE's U.S. Data Center Trends report for the 1H 2023 (September 2023) indicated the following market changes in Silicon Valley's data center market:



Limited land and ability to deliver power has caused some providers to explore options beyond Santa Clara in neighboring markets like San Jose and the East Bay Area. The city of Santa Clara is power constrained. Developers have been land-banking available sites while waiting for power delivery. Some of the current projects in the city of Santa Clara include the following: 2805 Bowers Avenue is currently pending review. The project requires a General Plan Amendment, Use Permit and Architectural Review to demolish the existing approximately 104,000 square foot 2-story building and construct a new 4-story 244,068 square foot data center with a substation. The proposal also involves a lot line adjustment. 3060 Raymond Street is currently

pending review. The proposal is to convert an existing 24,422 square foot, two-story industrial building to a 9 megawatt data center. The project requires a Use Permit and Architectural Review to allow for the change in use and alterations to the building, surface parking area, site landscaping. The project includes interior and exterior improvements to the building, the installation of five 2,000 kilowatt back-up diesel generator and six closed-circuit cooling towers, and frontage improvements. 2905 Stender Way is currently under construction. The project required rezoning from Planned Development (PD) to Light Industrial (ML), Architectural Review and Minor Modification to increase the height to 85' and reduce the parking space requirements of a 3.8-acre project site. The site is bounded by Central Expressway to the south, Stender Way to the west, adjacent buildings to the north, and San Tomas Aquino Creek to the east. Project includes demolition of the existing single-story buildings, and construction of a four-story, 246,660 square-foot data center building. 1200 Memorex Drive Data Center is currently under construction. The project is the development of a four-story 472,920 square foot data center building with an attached six-story 87,520 square foot ancillary use office and storage component, for a combined square footage of 560,440, along with the associated electrical substation, paved parking areas and landscaping. The data center building would be approximately 85 feet in height, with additional screening features extending to a height of 99 feet. The data center portion of the building would house computer servers for private clients in a secure and environmentally controlled structure and would be designed to provide 60 megawatts (MW) of information technology (IT) power. 2600 De La Cruz Blvd - Sequoia Data Center Project is currently pending review to construct a 703,450 square-foot, four-story data center, backup generating facility with a generation capacity up to 96.5 megawatts (MW), surface parking, landscaping and site improvements. There is a Modification to increase the maximum building height from 70 feet to 85 feet and decrease parking requirement to one space per 5,000 square feet of gross floor area. The site was previously developed with a one-story recycled paperboard mill and warehouse. The site is currently vacant and unpaved.

Residential Market Conditions

The National Association of Home Builders, reported; Mortgage rates well under 7% over the past month have led to a sharp increase in builder confidence to begin the new year.

Builder confidence in the market for newly built single-family homes climbed seven points to 44 in January, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) released today. This second consecutive monthly increase in builder confidence closely tracks with a period of falling interest rates.

“Lower interest rates improved housing affordability conditions this past month, bringing some buyers back into the market after being sidelined in the fall by higher borrowing costs,” said NAHB Chairman Alicia Huey, a custom home builder and developer from Birmingham, Ala. “Single-family starts are expected to grow in 2024, adding much needed inventory to the market.

However, builders will face growing challenges with building material cost and availability, as well as lot supply.”

“Mortgage rates have decreased by more than 110 basis points since late October per Freddie Mac, lifting the future sales expectation component in the HMI into positive territory for the first time since August,” said NAHB Chief Economist Robert Dietz. “As home building expands in 2024, the market will see growing supply-side challenges in the form of higher prices and/or shortages of lumber, lots and labor.”

The California Association of Realtors (C.A.R.) published their December Home Sales and Price Report in mid-January 2023. The report notes that closed escrow sales of existing, single-family detached homes in California totaled a seasonally adjusted annualized rate of 224,000 in December, according to information collected by C.A.R. from more than 90 local REALTOR[®] associations and MLSs statewide. The statewide annualized sales figure represents what would be the total number of homes sold during 2023 if sales maintained the December pace throughout the year. It is adjusted to account for seasonal factors that typically influence home sales.

December’s sales pace was essentially unchanged from the revised 223,940 homes sold in November and was down 7.1 percent from a year ago, when a revised 241,070 homes were sold on an annualized basis. Sales of existing single-family homes in California have been below the 300,000 threshold since September 2022 and will likely stay below that level in the first quarter of 2024. While the deceleration in the year-over-year loss was due primarily to the low level of pending sales recorded a year ago, the slowdown could be a sign that the market is turning the corner, especially since rates in the past couple of weeks have remained well-below the recent peak recorded in late October. For the year as a whole, the state recorded an annual sales level of 257,630, a decline of 24.8 percent from the revised sales level of 342,530 reported in 2022. The annual sales decline in 2023 was the biggest drop in existing home sales in California since 2007.

“The housing market had a tough year in 2023 as a shortage of homes for sale and high costs of borrowing continued to have a negative impact on housing inventory and demand,” said 2024 C.A.R. President Melanie Barker, a Yosemite REALTOR[®]. “With mortgage rates expected to come down in the next 12 months, home sales will bounce back as buyers and sellers return to a more favorable housing market. Home prices should see a moderate increase in 2024 as well.”

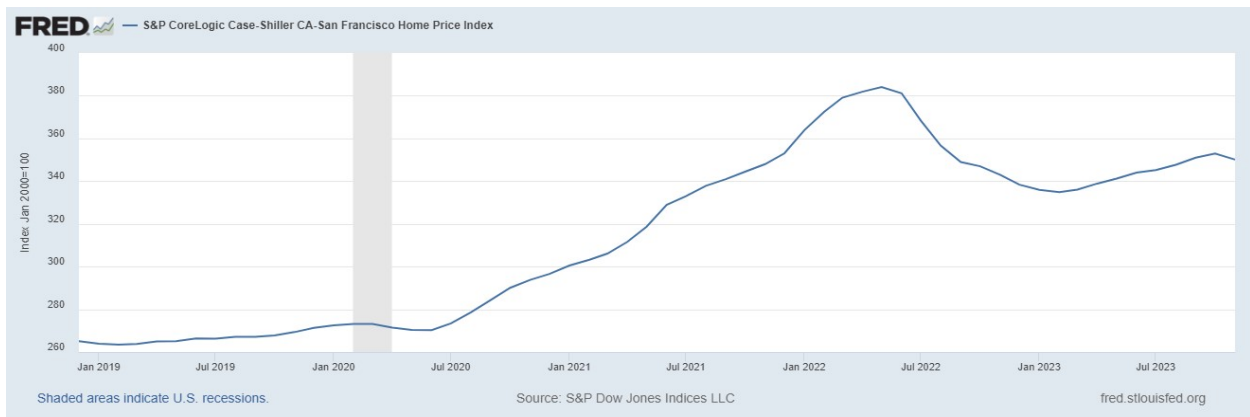
While California’s statewide median price dipped 0.3 percent from November’s \$822,200 to \$819,740 in December, it posted its largest year-over-year gain since May 2022. The December median home price rose 6.4 percent from a revised \$770,490 recorded a year ago. With mortgage rates softening since mid-October, home prices will likely maintain their upward momentum, and the market should continue to observe a mid- to single-digit, year-over-year growth rate in California’s median price in at least the early part of 2024. For 2023 as a whole, California’s

median home price slipped 0.6 percent to \$813,980 from 2022’s \$818,900 figure but is expected to climb to \$860,300 in 2024.

“Easing inflationary pressure and a soft economic outlook suggest that we will see some interest rate cuts in the upcoming year, which bode well for a housing market recovery,” said C.A.R. Senior Vice President and Chief Economist Jordan Levine. “With rates declining to a 7-month low in late 2023, Americans are feeling more positive about the market, and we could begin to see some increase in market activity at the start of the year. The improvement is expected to be gradual as tight housing supply will remain the norm in 2024.”

Regional Housing Market

The Standard & Poor/Case-Shiller Home Price Index measures the average change in value of residential real estate given a constant level of quality and reflects single-family housing. It is sometimes referred to as a repeat sale index. The next chart indicates that the index for the subject’s San Francisco Metropolitan Area increased about 2.0% from 342.977 in November 2022 to 350.092 in November 2023, or about 0.17%/month, echoing the builder sentiment evident in the Housing Market Index.



Source: S&P Dow Jones Indices LLC

The State of California Department of Finance (DOF) compiles statistics on total housing units in both the cities and counties of California. Based on DOF statistics, Santa Clara County had a total housing supply of 701,539 units as of January 1, 2023. This represents an increase of housing units over the 696,489 units as of January 1, 2022.

According to the Association of Bay Area Governments (ABAG)⁴ Projections 2040 report (most recent report), in 2015, Santa Clara County had a total of 648,900 households. ABAG projects that in 2030, the number of Santa Clara County households will have increased by a compounded annual increase of 1.04 percent, to 757,690 or an average of 7,253 households per year. As such, the demand for housing (i.e. households) is projected to increase at a considerably higher pace than that of housing supply.

In the City of Santa Clara, the DOF reported a total of 53,370 housing units as of January 2023. This represents an increase of housing units from the 52,000 housing units as of January 2022.

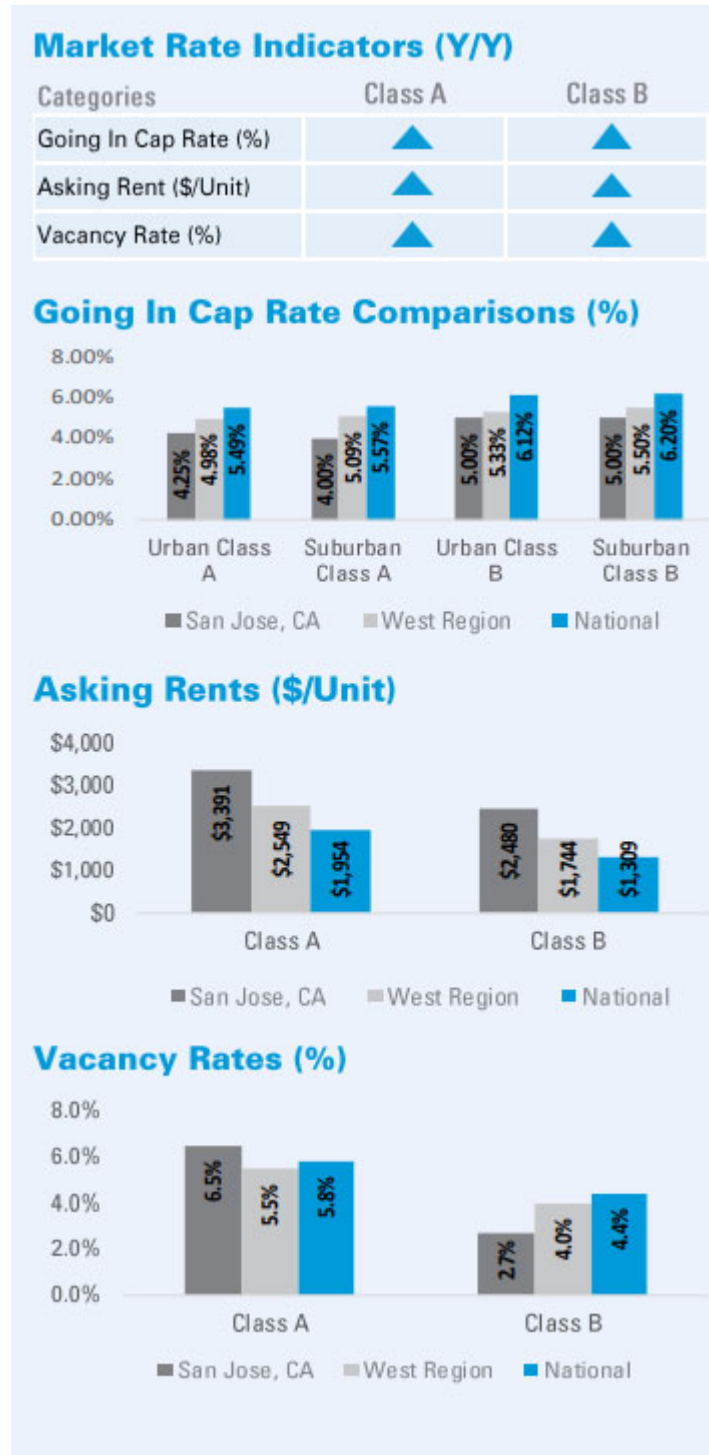
According to ABAG's Projections 2040 report, in 2015, the City of Santa Clara had a total of 49,685 housing units. This statistic is projected to increase to 52,675 housing units by 2030, a compounded annual rate of 0.39%, or an average increase of 199 housing units per year. Based on the most recent two year and 10-year periods, the City has exceeded ABAG's projections.

Local Multifamily Market

According to Integra Realty Resources Viewpoint 2024 San Jose Multifamily Annual Report, "The Silicon Valley is a hub for tech employment in the nation, and despite some recent layoffs, a dominant tech presence is expected to be maintained. Tech giants such as Google and Apple continue to expand in the region, creating high-income job growth and additional demand for housing. The region is one of the highest-priced housing markets in the nation, both for renters and homeowners, and though there is a significant gap in affordability between the two, forcing most new households to rent rather than purchase a home. The market experienced a slowdown during the pandemic as remote working environments allowed renters to relocate to more affordable markets. The most expensive submarkets experienced the greatest occupancy loss and rent decline. However, improvement began in 2021 and conditions reached pre-pandemic levels by mid -2022. Strong demand prompted developers towards new construction activity with roughly 8,000 units reported to be underway. This represents among the highest volume in over a decade. Activity is concentrated in Sunnyvale, Mountain View, Downtown San Jose and Santa Clara."

Integra Realty Resources Viewpoint 2024 San Jose Multifamily Annual Report summary is displayed in the following charts:

⁴ Association of Bay Area Governments is the official comprehensive planning agency for the San Francisco Bay Area region.



Source: Integra Realty Resources Viewpoint 2024 San Jose Multifamily Annual Report

According to a CoStar report on the local multifamily market, “Heading into 2024, demand in San Jose's multifamily market is softening, as evidenced by falling totals of net absorption in the second half of 2023. High interest rates and economic uncertainty in the face of tech layoffs

and bank failures have reduced tenant demand, and while vacancy has stayed relatively low, rent growth has slowed, as landlords focus on tenant retention over rent increases.

The structure and characteristics of the San Jose multifamily market derive from the success and growth of the technology-based economy of Silicon Valley. The impressive growth of this sector over the past 30 years has driven large increases in employment and income and generated strong growth in housing demand. One consequence of the region's success is that housing in San Jose is among the costliest in the nation. Apartment rents are the third highest, after San Francisco and New York, while for-sale housing is out of the reach of many residents.”

Local Single-Family Market

According to the City of Santa Clara General Plan, an estimated 28,500 new jobs will be created and the population will grow by 32,135 people in the City between 2010 and 2035. The General Plan forecasts that 13,222 new housing units will be needed during that same period, based on an estimated household size of 2.5 people. The General Plan also states that household growth in the City has been much slower than the rest of Santa Clara County due to the lack of vacant residential land. Therefore, in order to meet future housing needs, construction of new housing will primarily occur through the redevelopment of existing sites.

Among the 53,370 housing units (January 2023) in Santa Clara, as reported by the DOF, the single-family (attached and detached) market represents about 24,760 or about 46% of the total housing units in Santa Clara.

CoreLogic is a national real estate, mortgage, consumer, and specialized business data provider. DQ News has in the past tracked the annual median home price for all homes (single-family, condo, and townhouse), including new construction, in the City's three ZIP code areas through 2021. As the DQ News reports are no longer available, all of 2022 and 2023 year end summary data was obtained from MLS Listings and does not include all new construction.

Real Estate Appraised: Three Hypothetical One-Acre Lots, One for Each Zip Code, Santa Clara, CA

2018 Year End Summary Sales								
Community	Zip	Sales	% Chg	Median Price	% Chg	High Price	S/SqFt	% Chg
Santa Clara	95050	380	-0.5%	\$1,184,500	24.4%	\$2,609,000	\$887	25.0%
Santa Clara	95051	484	-16.6%	\$1,358,000	17.0%	\$2,800,000	\$934	14.7%
Santa Clara	95054	185	-25.4%	\$1,250,000	23.3%	\$2,400,000	\$799	13.9%

2019 Year End Summary Sales								
Community	Zip	Sales	% Chg	Median Price	% Chg	High Price	S/SqFt	% Chg
Santa Clara	95050	332	-12.6%	\$1,200,000	1.3%	\$2,350,000	\$837	-5.6%
Santa Clara	95051	461	-4.8%	\$1,300,000	-4.3%	\$2,400,000	\$860	-7.9%
Santa Clara	95054	162	-12.4%	\$1,140,000	-8.8%	\$2,450,000	\$748	-6.3%

2020 Year End Summary Sales								
Community	Zip	Sales	% Chg	Median Price	% Chg	High Price	S/SqFt	% Chg
Santa Clara	95050	301	-9.3%	\$1,200,000	0.0%	\$2,780,000	\$834	-0.4%
Santa Clara	95051	614	33.2%	\$1,400,000	7.7%	\$2,200,000	\$869	1.0%
Santa Clara	95054	160	-1.2%	\$1,175,000	3.1%	\$2,090,000	\$774	3.5%

2021 Year End Summary Sales								
Community	Zip	Sales	% Chg	Median Price	% Chg	High Price	S/SqFt	% Chg
Santa Clara	95050	441	46.5%	\$1,289,500	7.5%	\$3,218,500	\$858	2.9%
Santa Clara	95051	855	39.3%	\$1,490,000	6.4%	\$3,180,000	\$912	5.0%
Santa Clara	95054	242	51.3%	\$1,255,000	6.8%	\$2,900,000	\$794	2.6%

2022 Year End Summary Sales								
Community	Zip	Sales	% Chg	Median Price	% Chg	High Price	S/SqFt	% Chg
Santa Clara	95050	258	-41.5%	\$1,472,500	14.2%	\$3,650,000	\$1,024	19.4%
Santa Clara	95051	483	-43.5%	\$1,630,000	9.4%	\$3,500,000	\$1,119	22.7%
Santa Clara	95054	138	-43.0%	\$1,278,044	1.8%	\$3,330,000	\$887	11.7%

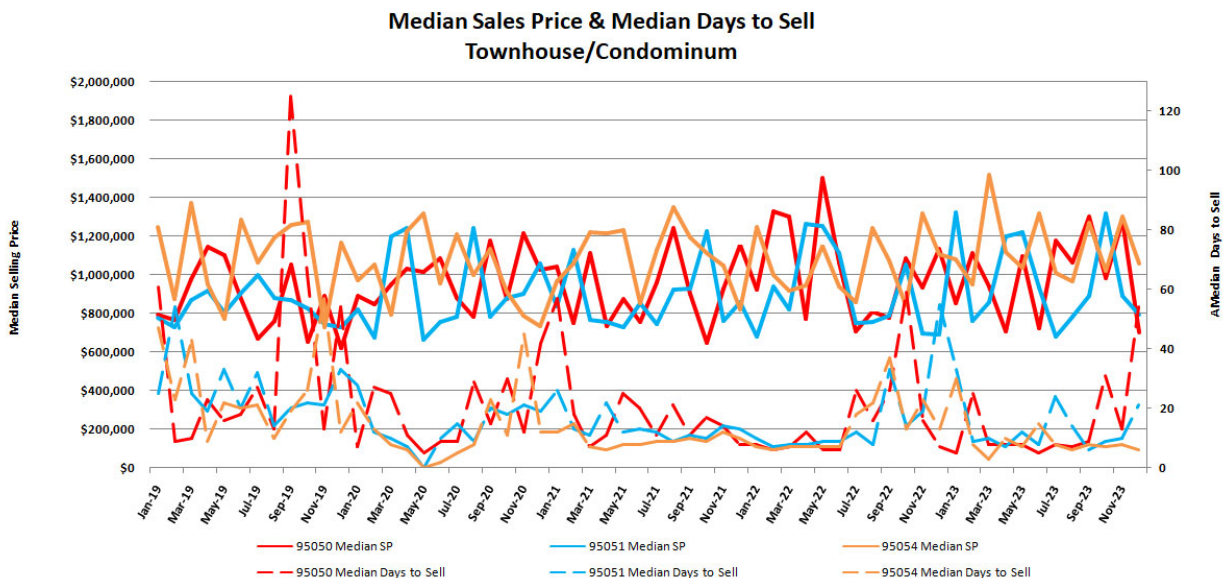
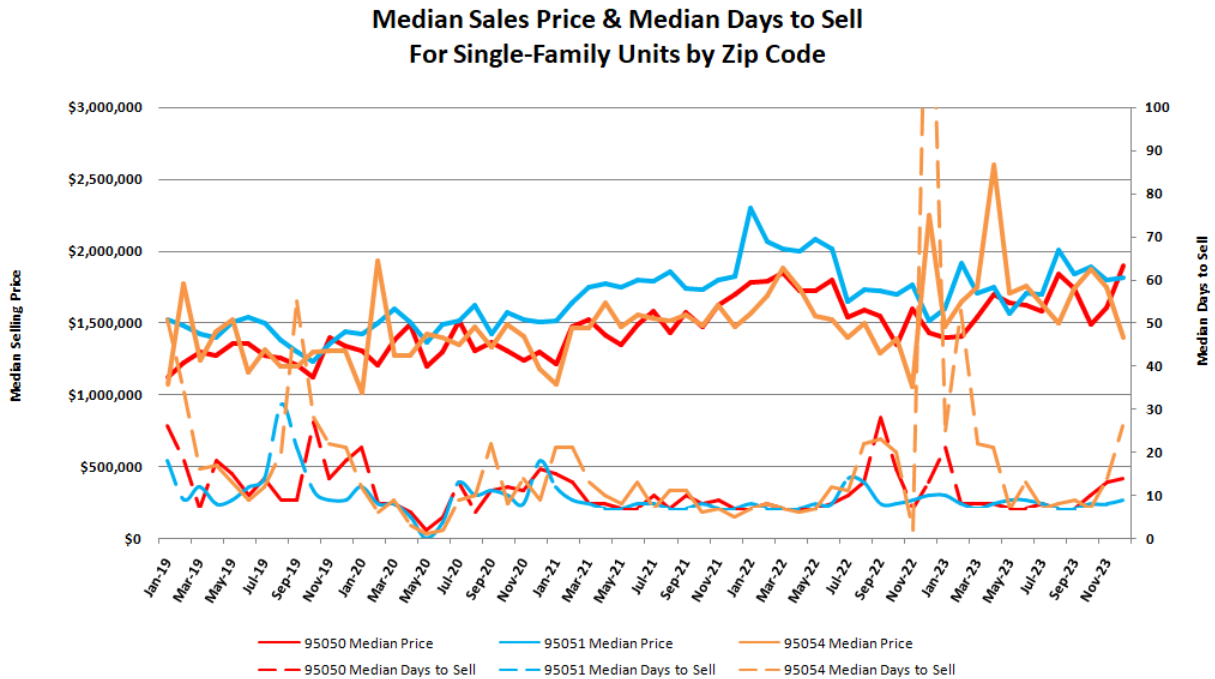
2023 Year End Summary Sales								
Community	Zip	Sales	% Chg	Median Price	% Chg	High Price	S/SqFt	% Chg
Santa Clara	95050	204	-20.9%	\$1,472,500	0.0%	\$3,600,000	\$1,007	-1.7%
Santa Clara	95051	299	-38.1%	\$1,600,000	-1.8%	\$3,030,000	\$1,102	-1.5%
Santa Clara	95054	94	-31.9%	\$1,377,500	7.8%	\$3,180,000	\$888	0.1%

The data above indicates that zip code 95051 consistently has the highest median price among Santa Clara's zip codes. Zip code 95050 had the second highest median in most years. The \$/SF indicator shows that 95051 has higher prices than 95050, which both have higher prices than 95054. The data indicates that median prices were increasing in 2018, stabilizing in 2019 and 2020, increasing in both 2021 and 2022, and relatively stable to slightly increasing in 2023. By the end of 2023, compared to the previous year, median prices had increased about 0.0% per year in 95050, decreased about -1.8% per year in 95051 and increased about 7.8% per year in 95054.

The \$/SF indicators showed an overall increasing trend from 2020 to 2023. The total number of sales indicator showed an overall decreasing rate from 2022 to 2023 in all three zip codes.

Real Estate Appraised: Three Hypothetical One-Acre Lots, One for Each Zip Code, Santa Clara, CA

The following tables depict the median price trend by zip code over the 60 months ending December 2023 for single family homes and common interest developments (townhouse/condos) in the three zip codes of the City of Santa Clara using closed sale data obtained by MLSlistings.com:



As shown above, market data derived from the local MLS shows that prices were oscillating up and down over the 60 months ending December 2023. However, prices for single family homes were generally relatively stable to slightly increasing in 2023. In addition, the median days to sell increased in the last half of 2023.

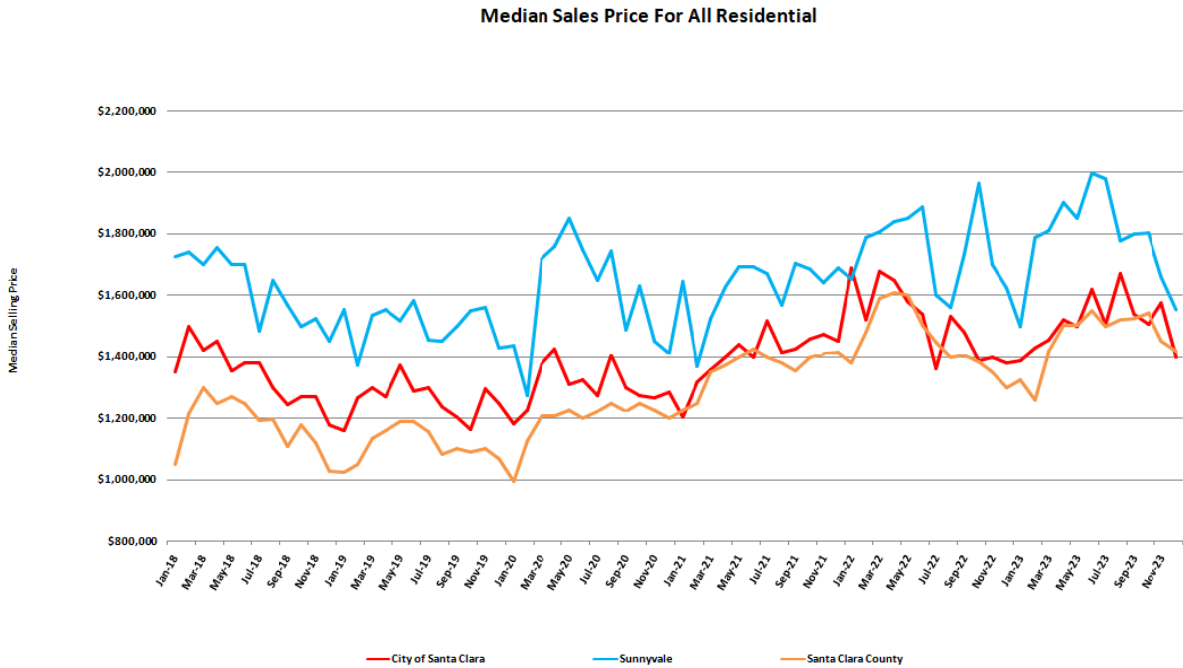
Real Estate Appraised: Three Hypothetical One-Acre Lots, One for Each Zip Code, Santa Clara, CA

We note that DQ News/CoreLogic data includes resales and new construction, while MLS typically does not include all new construction. This is because builders often do not use MLS to market their homes, using their in-house marketing efforts instead. The following tables show the annual and 2-year change for all housing types over the last three Decembers, according to the MLS:

Median Sales Price						
Housing Type	Zip Code	2021	2022	2023	% Change per Month Last 12	% Change per Month Last 2 Years
SFR, Condo, & Townhouse	95050	\$1,350,000	\$1,472,500	\$1,472,500	0.00%	0.38%
	95051	\$1,550,000	\$1,650,000	\$1,600,000	-0.25%	0.13%
	95054	\$1,290,000	\$1,278,044	\$1,377,500	0.65%	0.28%
Source: Local MLS						

The data in the above table supports the opinion that 95050 and 95054 generally rate inferior to 95051. The data also indicates that median selling prices are higher in all three zip codes compared to 2021, but stable in 95050, slightly lower in 95051, and slightly higher in 95054 over the last 12 months.

The next table using MLS statistics shows the monthly median change in selling prices in Santa Clara, adjacent Sunnyvale, and the larger Santa Clara County market since the start of 2018:



As the table above indicates, median selling prices were rising in the spring of 2018, receded until early 2019, were more stable through the end of 2019, but then increased sharply in the

early part of 2020 through the spring of 2020. Prices were generally stable over remainder of 2020 in Santa Clara and Santa Clara County but declined in Sunnyvale. The median selling prices for each of these three areas generally increased throughout 2021 and the first half of 2022. Prices were generally trending downwards in last half of 2023, as a result of higher interest rates.

Conclusions

The *Winter 2024 Allen Matkins/UCLA Anderson Forecast California Commercial Real Estate Survey* reports “For developers in the office sector, the rationalization of existing office space and a return-to-the-office are going to be key elements in deciding where and when to invest.” “The forecast is for at least three more years of declining rents and occupancy rates.”

Commercial (retail and office) properties exhibited mixed indications due to the pandemic in 2021. Some retail is doing fine, but the hospitality/leisure/entertainment industries remain depressed. Office demand appears in limbo as many employees may or may not fully return to offices, particularly among tech companies. Based on discussions with market participants, general market conditions and the sales data we analyzed, we applied a market conditions rate of change to the commercial land sale comparables used of negative 0.75% per month from the start of 1Q-2020 through 4Q-2021. For the year 2022 and 2023 prices were more stable for commercial and did not warrant adjustment.

In prior years, industrial (and warehouse) market statistics indicated that rental rates had been trending upwards, while vacancy rates generally stabilized near 5%. Market participants opined that selling prices were also increasing, especially for large sites suitable for data centers. The increase in industrial value is supported by an improved paired sale at 3600 Peterson Way in Santa Clara that sold in October 2016 for \$30 million and again in June 2019 for \$37 million, which indicates a straight-line increase of about 0.72% per month for this 75,800 square foot building on an approximate 5.42-acre site. 1623 S 10th Street in San Jose sold for \$3,000,000 in August 2018 and again for \$3,801,000 in October 2020, indicating a straight-line increase of about 1.0% per month. Based on changing rents and prices, we concluded that competing industrial land prices were increasing at the rate of about 0.75% per month from the date of sale of the comparable through Q4-2020, with no additional adjustment in 2021, 2022 or 2023.

Santa Clara (and the Bay Area in general) is an undersupplied housing market. Demand for housing is expected to continue in the long-term, with increased demand for higher density housing options, a result of the scarcity of developable land and the more affordable nature for prospective buyers/renters.

Market data and market participants report that residential prices declined in the latter part of 2018 and were stable overall during 2019. In 2020, the residential market showed different

trends depending on property type. The residential market generally saw greater demand for detached residential over the course of 2020 and 2021 as buyers looked to have more indoor/outdoor space since they began spending a greater proportion of time at home. Meanwhile, condominiums and apartments experienced a slower market during 2021. Comparing just the December 2022 city of Santa Clara overall median residential sales price to the December 2021 overall median residential sales price, MLS Listings shows a decline of 4.83% year or a decreasing rate of change of about .40% per month. However, comparing just the December 2023 city of Santa Clara overall median residential sales price (\$1,400,000) to the November 2022 overall median residential sales price (\$1,400,000) indicates that no adjustment is necessary for 2023. Based on the market reports cited above, sales data analyzed, and market participant interviews, for the very low-density residential land sales used in the following analysis we applied an increasing rate of change of 0.25% per month from the start of 2020 through the fourth quarter 2020, an increasing rate of change of 1.00% per month from the start of 2021 through the fourth quarter 2021, and an decreasing rate of change of 0.40% per month from the start of 2022 through the fourth quarter 2022. We conclude no market change is warranted during 2023 for this property type.

For the high-density land sales, median sale prices oscillated somewhat and multifamily rents stagnated or declined during 2021. Rent growth picked back up in the first half of 2022. However, CoStar's Santa Clara Multi-Family report showed stagnating rent growth in the second half of 2022. CoStar reported; "Challenging economic conditions over the past 12 months, including high inflation, rising interest rates, and layoff concerns, have dampened tenant demand." "While expensive in comparison to most other areas of the country, many renters in San Jose have few alternative options for housing. Median home prices have more than doubled over the past decade, and with mortgage rates at around 7%, the monthly cost of homeownership is substantially more expensive than renting. As the metro area is geographically constrained, commutes to areas with lower-priced homes are time consuming and arduous. As a result, many Silicon Valley workers are willing to pay high rental rates for lower grade multifamily units near suburban office campuses." Over the longer term, rent growth in Santa Clara has averaged 3.6% annually over the past decade. We conclude no market change is warranted during 2019, 2020 and 2021. A 3.6% annual market change is applied during 2022. We conclude no market change is warranted during 2023 for this property type.

LAND USE ORDINANCES

Since we are analyzing hypothetical lots, we supposed that each use would be based on its appropriate General Plan designation. The appropriate zoning category for each hypothetical use was not a critical factor as the General Plan is the long-term planning tool used by the City. Furthermore, comparable land sale transactions typically sell based on their intended use, which is supported by the General Plan in almost all cases. The City's Phase II Land Use map is in

effect and is intended to guide land uses for the years 2015-2025. Compared to Phase I, it expands the areas within the city where mixed-uses and higher-density residential is allowed. We supposed the following General Plan designations for each hypothetical use:

Use of Hypothetical Lot	General Plan
Very Low Density Residential	Very Low Density Residential
Low Density Residential	Low Density Residential
Medium Density Residential	Medium Density Residential
High Density Residential	High Density Residential
Commercial	Regional Commercial
Industrial	Light Industrial

HIGHEST AND BEST USE

We studied the legally permissible, physically possible, financially feasible, and maximally productive uses of each hypothetical lot. We considered prevailing market conditions and recent development trends. As indicated in the market conditions section, except for retail/hospitality/office, each product type is generally experiencing increasing or stable prices and stabilizing vacancy rates. These are indications that the highest and best use is to construct the legally permissible product for each respective property type. However, for the commercial use, since many retail and office projects are on hold, construction would not likely be undertaken until the market improves, unless preleased or a build-to-suit is procured. Therefore, the highest and best use for the hypothetical commercial use would be to hold for future development of a commercial building until the market improves, unless preleased or a build-to-suit. We concluded to the following components of property uses for the highest and best use of the hypothetical lot based on the overall market and the instruction of the Client:

Use of Hypothetical Lot	Highest & Best Use
Very Low Density Residential	Very Low Density Residential
Low Density Residential	Low Density Residential
Medium Density Residential	Medium Density Residential
High Density Residential	High Density Residential
Commercial	Hold for Development of a Commercial Building
Industrial	Industrial Building

We applied a hypothetical condition that each of these uses was allowed on the hypothetical subject lot.

For this analysis and based on the market and the City's General Plan, we concluded the most reasonable density to support the residential uses was about the midpoint or nearer the high end of the allowed density ranges (based on ever-increasing density proposals/approvals):

- 10 dwelling units per gross acre (DU/AC) for Very Low-Density Residential;
- 13 dwelling units per gross acre (DU/AC) for Low-Density Residential;
- 30 DU/AC for Medium-Density Residential; and
- 45 DU/AC for High-Density Residential.

For Very Low-Density Residential, which allows up to 10 DU/AC, we concluded that the most likely subdivision for a hypothetical one acre of land would support a subdivision at the high of this range, or 10 DU/AC. This is because the scarcity of land requires ever increasing densities to make projects financially feasible.

The likely commercial use would be an office building, but only if preleased or a build-to-suit. The likely industrial use would be a data center, flex, light industrial building or some type of interim contractor storage yard with minimal building improvements.

APPRAISAL PROCESS

The appraisal profession has generally relied upon three traditional approaches in estimating the market value of real property. These are the *Income Capitalization Approach*, the *Sales Comparison Approach*, and the *Cost Approach*. While all three approaches are always considered in a valuation assignment, all three are not always applied. The quantity and quality of available data and the applicability of each approach relative to the value being sought are important factors in reconciling to an opinion of value.

Market value was estimated using the sales comparison approach. The income capitalization approach is seldom used when valuing land. The cost approach did not offer substantial insight into this estimate of market value since there are no building improvements. Sellers, buyers, and our peers in this market rarely rely on the cost and income capitalization approaches when offering, purchasing, or valuing properties similar to the hypothetical subject lots. Therefore, we did not undertake a cost or income capitalization approach.

Following we estimated the value of a hypothetical one-acre lot under each use scenario described above, as if located within the 95050 zip code, since the most data was discovered in this zip code. Next, we applied the weighted average of the highest and best land use component,

based on the percentage of total land area associated with the different property types (as described above) that sold in the City of Santa Clara in the 12 months prior to the date of value (as reported by Old Republic Title Company). Lastly, we applied any necessary locational differences from the 95050 zip code conclusion to arrive at the appropriate average lot value in the 95051 and 95054 zip codes.

AVERAGE VALUE ESTIMATE IN 95050 ZIP CODE

Very Low-Density Land Value

The writers examined data that was discovered by: talking to brokers, agents, property owners, and market participants from within the subject market; reviewing DataTree.com, MLSlistings.com, and CoStar.com databases for recent sales; and searching Loopnet.com and broker databases for current listings. We also reviewed development reports provided by the planning departments of Santa Clara and other nearby cities.

As stated above, for the very low-density value component, we assumed a density of 10 dwelling units per acre, at the high end of the allowed range under the Very Low-Density General Plan designation, which allows up to 10 dwelling units per acre. We searched for competing sales and listings of properties throughout Santa Clara and adjacent cities which were intended for development with residential densities less than 25 dwelling units per acre and that closed escrow over the last three years. We first analyze the subject hypothetical one-acre site located in zip code 95050 since more appropriate sales from this zip code were discovered. The sales we found most comparable are displayed on the following adjustment grid. The adjustment grid serves two purposes. First, it presents data, analysis, and conclusions about the subject and comparables in a way that facilitates comparison. Second, it presents the data in a format whereby the reader can follow the writers' adjustment process.

A parcel map for each comparable sale is displayed in the Addenda. Selling prices were verified using our summary transcript of the public record and conversations with selling and listing brokers/agents, sellers, and/or buyers when possible. A map showing the location of these comparables is displayed in the Addenda.

Real Estate Appraised: Three Hypothetical One-Acre Lots, One for Each Zip Code, Santa Clara, CA

VERY LOW DENSITY COMPARABLE LAND SALES								
ELEMENT OF ADJUSTMENT	SUBJECT	COMPARABLE VLD-1	COMPARABLE VLD-2	COMPARABLE VLD-3	COMPARABLE VLD-4	COMPARABLE VLD-5	COMPARABLE VLD-6	COMPARABLE VLD-7
ADDRESS	Average Street Santa Clara	2303 Gianera Street Santa Clara	159 Brookside Avenue Santa Clara	3159 Butte Street Santa Clara	Fillmore Street Santa Clara	20860 McClellan Road Cupertino	4249 Cheeny Street Santa Clara	Hanson Avenue San Jose
APN		104-06-037	303-22-028	290-04-044	104-10-077	359-20-030	104-12-025 & 026	303-41-018
SELLER		Jose Trinidad Nuno	Domingo 1992 Revocable Trust	Wallis 1983 Family Trust	Manisha Kamal Sitlani	District McClellan LLC	Marlene Munson Rebello	RROCA LLC
BUYER		Gianeral ST Estate LLC	Ranjan Trust, et al	Cheng C & Tsai L Chen	Vnus Investment Group LLC	Alphameclellan LLC	Maruti Builders LLC	Bakhtiari Family Trust
DOCUMENT NUMBER		25554706	24597855	24420940	25490941	25525850	25297169	25326305
VERIFICATION SOURCE		Broker, MLS, Public Record	Broker, MLS, Public Record	Broker, MLS, Public Record	Broker, MLS, Public Record	Broker, MLS, Public Record	Broker, Subscription Svcs, Public Record	Broker, MLS, Public Record
ASSESSMENT BONDS		None	None	None	None	None	None	None
NUMBER OF UNITS	10	4	2	2	4	6	8	4
SALE / LISTING PRICE		\$2,443,000	\$1,325,000	\$1,600,000	\$1,190,000	\$9,300,000	\$2,650,500	\$1,800,000
SALE / OFFERING PRICE PER SF		\$145.42	\$96.72	\$110.92	\$126.93	\$168.11	\$119.31	\$119.05
TRANSACTIONAL ADJUSTMENTS								
REAL PROPERTY RIGHTS CONVEYED	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FINANCING TERMS		Conventional	Conventional	All Cash	All Cash	All Cash	All Cash	All Cash
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CONDITIONS OF SALE		Arm's-Length	Arm's-Length	Arm's-Length/Improvement Value	Arm's-Length	Arm's-Length	Arm's-Length	Arm's-Length
ADJUSTMENT		0.00%	0.00%	-9.38%	0.00%	0.00%	0.00%	0.00%
EXPENDITURES AFTER SALE		Demolition Offset	Demolition Offset	None	None	None	None	None
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CLOSE OF ESCROW		August 8, 2022	September 2, 2020	March 4, 2020	June 21, 2023	September 1, 2023	May 5, 2022	June 27, 2022
TIME OF SALE / MARKET CONDITION	December 31, 2023	June 2022	August 2020	February 2020	June 2023	April 2023	April 2022	June 2022
MONTHS FROM START 1Q-2020 THROUGH 4Q-2020		0	4	10	0	0	0	0
ADJUSTMENT @ % PER MONTH	0.25%	0.00%	1.00%	2.50%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START 1Q-2021 THROUGH 4Q-2021		0	12	12	0	0	0	0
ADJUSTMENT @ % PER MONTH	1.00%	0.00%	12.00%	12.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START 1Q-2022 THROUGH 4Q-2022		6	12	12	0	0	8	6
ADJUSTMENT @ % PER MONTH	-0.40%	-2.40%	-4.80%	-4.80%	0.00%	0.00%	-3.20%	-2.40%
MONTHS FROM START Q1-2023 THROUGH 4Q-2023		12	12	12	6	8	12	12
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ADJ PRICE PER SF AFTER TRANSACTIONAL ADJS		\$141.93	\$104.15	\$109.86	\$126.93	\$168.11	\$115.49	\$116.19
LOCATIONAL ADJUSTMENTS								
EXPOSURE / VISIBILITY	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar
ACCESS	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar
APPEAL/SITE INFLUENCES	Average	Similar	Inferior/San Tomas Expy	Similar	Inferior	Similar	Inferior	Similar
ZIP CODE	95050	95054	95050	95051	95054	95014	95054	95117
OVERALL LOCATIONAL RATING	Average	Inferior	Inferior	Similar	Inferior	Superior	Inferior	Similar
PHYSICAL ADJUSTMENTS								
SITE SIZE (ACRES)	1.00	0.386	0.31	0.33	0.22	1.27	0.51	0.35
SITE SIZE (SF)	43,560	16,800	13,700	14,425	9,375	55,321	22,216	15,120
UTILITY/TOPOGRAPHY	Rectangular / 1 Street Front	Rectangular / 1 Street Front	Rectangular / 1 Street Front	Inferior / Sl Irregular / 1 Street Front	Irregular Rectangular Corner / 2 Frontage	Rectangular / 1 Street Front	Rectangular / 1 Street Front	Sl Irregular / 1 Street Front
USE/ZONING ADJUSTMENTS								
ZONING		R1-6L	R1-8L	R1-6L	R1-6L	R1-10	R1-6L	R1-8
GENERAL PLAN	Very Low Density Res	Low Density Res	Very Low Density Res	Very Low Density Res	Very Low Density Res	Residential Low Density	Very Low Density Res	Residential Neighborhood
ALLOWED DENSITY (dwelling units per acre)	up to 10	8 to 19	up to 10	up to 10	up to 10	up to 5	up to 10	up to 10
NUMBER OF UNITS	10	6	2.0	2.0	4.0	6.0	8.0	4.0
ESTIMATED / PROPOSED DU/ACRE	10.0	15.6	6.4	6.0	18.6	4.7	15.7	11.5
INTENDED USE	Residential	4 Residential Units	SFD + ADU	Residential + ADU	4 Residential Units	6 Residential Units	8 or 9 units	4 Residential Units
ENTITLEMENT STATUS	Has Zoning & GP	Has Zoning & GP	Had Zoning and GP	Had Zoning and GP	Had Zoning and GP - No Approvals	Had Zoning and GP-With Approvals	Had Zoning and GP - No Approvals	Had Zoning and GP - No Approvals
OVERALL PHYSICAL & USE/ZONING RATING		Superior	Inferior	Similar	Inferior	Superior	Inferior	Similar
OVERALL RATING-SUBJECT SHOULD SELL FOR		Less	More	Similar	Slightly More	Less	Slightly More	Similar

Adjustment Process

Transactional adjustments were made sequentially for property rights conveyed, financing terms, conditions of sale/motivation of participants, expenditures incurred by the buyer after the sale, i.e. demolition costs, and market conditions since the sale date. Market conditions adjustments are applied from the start of the first quarter 2020 through December 2023, based on trending sales data and our observations.

Comparable Sale VLD-1 is the sale of single-family lot improved with an older home. The buyer of Comparable 1 is an investor and intends to demolish the existing home and improvements. The lot was reported to have been approved for six single family units in the past, however that transaction never consummated. Although the lot was most recently marketed with the potential of being subdivided to provide four multiple guaranteed units without city approval, we depicted 6 units on the sales grid due to its reported pre-approval. The property was reported to have been owner occupied at the time of sale. This sale has a R1-6L zoning and a low density residential general plan that allows 8 to 19 dwelling units per gross acre compared to subject's very low density residential general plan that allows up to ten units per gross acre.

Comparable Sale VLD-2 is the sale of residential lot improved with an older home. The buyer of Comparable VLD-2 intends to demolish the home and construct a new two-story dwelling and add a 748 square foot detached additional dwelling unit (ADU). This comparable will not pay park impact fees since it already had a home improved on it and ADU's are exempt under the Santa Clara City Code (17.35.090).

Comparable Sale VLD-3 was the sale of an improved lot that could support two lots or a SFD and an ADU. The listing broker opined that the existing improvements needed a lot of work, but the buyer intended to move into the home, which dated from the 1940s. Based on the expected utilization of the improvements, we concluded that a downward adjustment was warranted for their contributory value. The amount of adjustment was estimated based on our observations, input from the listing broker, and a good fit for the data. A downward adjustment of \$150,000 for this element of comparison was applied to the comparable on the Conditions of Sale line.

Comparable Sale VLD-4 was the sale of a vacant corner parcel. This property was originally listed for \$1,498,900 in July 2022. The listing price was reduced in September 2022 to \$1,398,900. The price was again reduced in October 2022 to \$1,298,900. The lot was marketed as having the potential for a duplex or fourplex.

Comparable Sale VLD-5 is the sale of a 1.27 acre parcel with an approved tentative map and a plan to build six single-family homes with ADU's. This was an all-cash sale. The buyer is

reported to be a developer. The older single family home and garage are to be demolished by the buyer. This Cupertino location is considered to be superior, based on higher median prices and generally superior schools.

Comparable Sale VLD-6 was the sale of two vacant lots that could support a reported 8 or 9 unit development. The seller had previously applied for a tentative map to allow for an 8-unit townhouse development. The proposed development was not approved and the lots currently do not have any pending approvals. The lots were not listed on the MLS but were reported to have been actively marketed for six months. The property was listed at \$2,700,000 and was reported to have had four offers. This was an all cash-sale.

Comparable Sale VLD-7 was the sale of a vacant lot that could support a reported 4 unit development. No pending approvals at the time of sale. Buyer was not sure if they will develop the lot for single family or multi-family use. The comparable had only one offer and it was an all cash-sale.

Comparable Sale VLD-1 was reported to have been owner occupied at the time of sale and could be rented. The cost of demolition was offset by the rents that could potentially be received. The seller of Comparable Sale VLD-2 was given some time to lease back following close of escrow; again, we concluded that the cost of demolition would be offset by the interim rental income.

Locational adjustments were broken into elements that reflect the property's identity to potential tenants or buyers (exposure, visibility), access (to freeways and amenities), and overall desirability of the location based on neighborhood factors such as age and condition of nearby properties, proximity to enhancing or detrimental factors, or an identifiable valuation element relating to address (locational appeal, zip code). As will be discussed in the following material, residential land values in the 95050 zip code rated superior to the 95054 zip code but inferior to the 95051 zip code; thus, the 95054 comparable located in 95054 is adjusted upward and the comparable located in 95051 is adjusted downward.

Locational adjustments were warranted for the elements of comparison as summarized on the grid. Although Comparable VLD-2 backs to a public park, beyond the park is San Tomas Expressway, which is within about 200 feet of this comparable and is not separated by a sound wall, rating inferior to the subject; an overall upward adjustment is concluded for this element of comparison.

Physical and Use/Zoning adjustments were broken into elements that reflect property size, utility/topography, allowed land uses and density, intended use/development density, affordable housing component, and entitlement status.

Comparable VLD-3 is located at the elbow of two streets and thus has an irregular pie-slice shape; an upward adjustment is concluded for inferior utility. For this analysis, upward adjustments were warranted for the lower densities of Comparables VLD-2 and VLD-3, rating inferior for this element of comparison.

As discussed in the preceding material, market conditions adjustments are applied from the start of the first quarter 2020 through the end of the fourth quarter 2023.

Conclusion

Following adjustment for the elements summarized on the grid, we concluded to the overall ratings displayed at the bottom of the sales grid. Bracketed by the comparable ratings, giving most weight to the sale comparables located in Santa Clara, we concluded to the following unit value of unentitled very low-density residential land in the 95050 zip code:

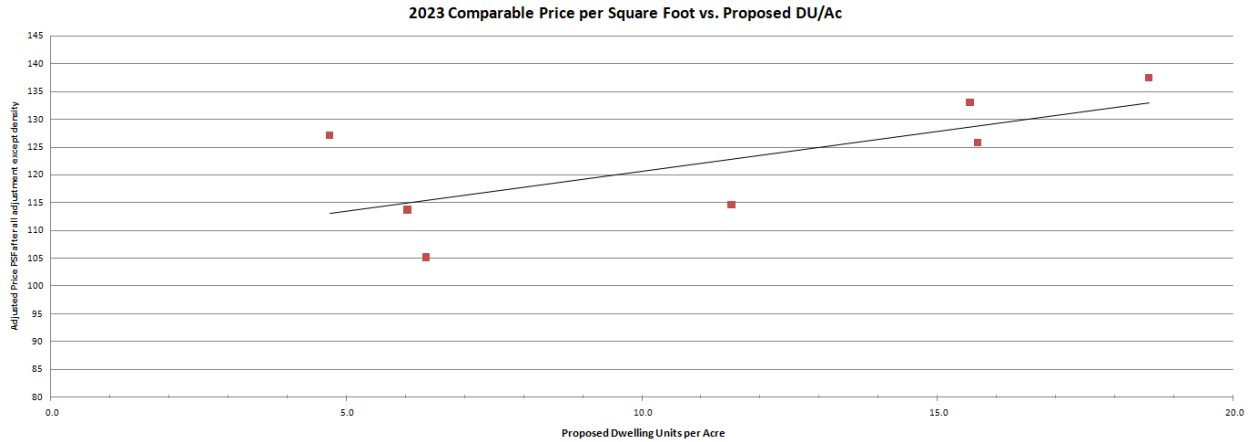
Unit \$/SF	x	Land Area (SF)	=	Indicated Value
\$120	x	43,560	=	\$5,227,200

Estimated Market Value of a 1-Acre

Very Low-Density Residential Lot in 95050 Zip Code: \$5,227,200

Low Density Land Value

For the low-density value component, the City's land use classification cites a low-density range of 8-18 dwelling units/acre (DU/Acre), which is greater than the maximum 10 DU/Acre allowed in the very low-density classification. We assumed a density of 13 DU/Acre, about the mid-point of the density range. In the market, the primary value difference between very low and low-density land relates to density. The density adjustment was estimated based on the relationship between price per SF and density, as evidenced by the comparables. In the chart below, we plotted the preceding very-low density land comparables used in the following low-density value scenario.



As shown in the chart above, the price per square foot of land increases with increasing density. This is congruent with our observations in the market that as density increases, price per SF of land typically increases. The difference in pricing for changing densities is clear when comparing the lowest to the higher densities. Similarly, the price/SF difference is less when compared to the median or higher densities. We concluded that there is a difference in value/SF between the preceding very low density and the low-density residential which has a higher density. The trendline in the chart above indicates that the appropriate unit value based on a density of 13 dwelling units per acre would be about \$125 per square foot. Historically, there has been a 5% to 10% price difference between the preceding very low density and low-density residential. Based on the comparable data, with a density of 13 dwelling units per acre for the low-density residential land use, we concluded to **\$125/SF**.

Conclusion

We concluded to the following Low-Density residential value in the 95050 zip code for 1-acre of land:

Unit \$/SF	x	Land Area (SF)	=	Indicated Value
\$125	x	43,560	=	\$5,445,000

Estimated Market Value of a 1-Acre

Low-Density Residential Lot in 95050 Zip Code: \$5,445,000

High Density Land Value

Similar to the preceding very low-density land search, we searched data sources for high and medium-high density residential land transactions and examined data that was discovered by

talking to brokers, agents, property owners, and market participants from within the subject market. We also reviewed development reports provided by the planning departments of Santa Clara and other nearby cities.

As stated above, for the high-density value component, we assumed a density of 45 dwelling units per acre, about the midpoint of the allowed range under the High Density General Plan designation, which allows 37-50 dwelling units per acre. The sales we found most comparable are displayed on the next grid. A map showing the location of these comparables is displayed in the Addenda. A parcel map for each comparable sale is also displayed in the Addenda. Selling prices were verified using our summary transcript of the public record and conversations with selling and listing brokers/agents, sellers, and buyers. We were unable to confirm the details of Comparable HD-2 with a party to the transaction. We relied on published data, city records, subscription service data, news articles, and information available from a summary transcript of the public record for transaction details regarding these comparables.

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HIGH DENSITY COMPARABLE LAND SALES							
ELEMENT OF ADJUSTMENT	SUBJECT	COMPARABLE HD-1	COMPARABLE HD-2	COMPARABLE HD-3	COMPARABLE HD-4	COMPARABLE HD-5	COMPARABLE HD-6 LISTING
ADDRESS	Average Street	950 Monroe St	1601 Civic Center Drive	3941 Stevens Creek Blvd.	2303-2319 Calle Del Mundo	2221-2251 Calle De Luna 2232-2246 Calle Del Mundo	2301-2317 Calle De Luna
APN	Santa Clara	Santa Clara 269-20-086	Santa Clara 224-49-006	Santa Clara 294-39-010	Santa Clara 097-05-060 & 061	Santa Clara 097-46-020 & 027	Santa Clara 097-46-007, 008, 009
SELLER		Von Raesfeld Family Partnership	K & K Outdoor Advertising LLC	MB Exclusively Properties LLC	Beta & Properties LLC	Laison LLC/2232 Calle Del Mundo LLC	TGR Associates LLC
BUYER		Lamb Partners LLC	CIVIC Center LP	CRP The Meridian LP	2263 Calle Del Mundo LLC	GS Tasman East Subsidiary, LLC	Listing
DOCUMENT NUMBER		24395084	24380714	25233709	24840021	25062330/25062315	Listing
VERIFICATION SOURCE		Broker, Public Record	Subscription Svcs, Public Record	Subscription Svcs, Public Record	Subscription Svcs, Public Record	Subscription Svcs, Public Record	Broker, Subscription Svcs, Public Record
EXPOSURE TO MARKET		12 Months	12 Months	12 Months	12 Months	12 Months	36 Months
NUMBER OF UNITS	45	36 (Pro Rata)	124	27	27	27	235
SALE / LISTING PRICE		\$4,700,000	\$12,100,000	\$5,075,000	\$8,000,000	\$21,995,000	\$15,000,000
SALE / OFFERING PRICE PER SF		\$207.73	\$197.03	\$197.47	\$181.83	\$235.95	\$249.53
TRANSACTIONAL ADJUSTMENTS							
REAL PROPERTY RIGHTS CONVEYED	Fee Simple	Fee Simple (Short Term Leases)	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Leased Fee
<i>ADJUSTMENT</i>		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FINANCING TERMS		Conventional	Conventional	Conventional	Conventional	Conventional	Listing
<i>ADJUSTMENT</i>		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CONDITIONS OF SALE		Assemblage	Arm's-Length	Arm's-Length	Assemblage	Assemblage	Listing
<i>ADJUSTMENT</i>		-5.00%	0.00%	0.00%	-5.00%	-5.00%	-10.00%
EXPENDITURES AFTER SALE		Demolition Offset	Demolition of 30k SF Office Building	Demolition Offset	Demolition Offset	Demolition Offset	Solvent contamination in soil and ground water
<i>ADJUSTMENT</i>		0.00%	1.65%	0.00%	0.00%	0.00%	-15.00%
CLOSE OF ESCROW		February 3, 2020	January 15, 2020	February 03, 2022	February 19, 2021	August 11, 2021	Listing
TIME OF SALE / MARKET CONDITION	December 31, 2023	December 2018	Est. Sept 2019	April 2021	Est. April 2019	Est. Feb. 2020	December 2023
MONTHS FROM START 1Q-2019 THROUGH 4Q-2019		12	3	0	8	0	0
<i>ADJUSTMENT @ % PER MONTH</i>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START 1Q-2020 THROUGH 4Q-2020		12	12	0	12	10	0
<i>ADJUSTMENT @ % PER MONTH</i>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START 1Q-2021 THROUGH 4Q-2021		12	12	8	12	12	0
<i>ADJUSTMENT @ % PER MONTH</i>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START Q1-2022 THROUGH 4Q-2022		12	12	12	12	12	0
<i>ADJUSTMENT @ % PER MONTH</i>	0.30%	3.60%	3.60%	3.60%	3.60%	3.60%	0.00%
MONTHS FROM START Q1-2023 THROUGH 4Q-2023		12	12	12	12	12	0
<i>ADJUSTMENT @ % PER MONTH</i>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ADJ PRICE/SF AFTER TRANSACTIONAL ADJS		\$204.45	\$207.50	\$204.58	\$178.96	\$232.22	\$190.89
LOCATIONAL ADJUSTMENTS							
EXPOSURE / VISIBILITY	Average	Similar/Corner	Similar	Similar	Similar	Similar	Similar
ACCESS	Average	Similar	Similar	Similar	Similar	Similar	Similar
APPEAL/SITE INFLUENCES	Average	Similar	Similar	Similar	Similar	Similar	Similar
ZIP CODE	95050	95050	95050	95051	95054	95054	95054
OVERALL LOCATIONAL RATING		Similar	Similar	Similar	Similar	Similar	Similar
PHYSICAL ADJUSTMENTS							
SITE SIZE (ACRES)	1.00	0.52	1.41	0.59	1.01	2.14	1.38
SITE SIZE (SF)	43,560	22,625	61,411	25,700	43,996	93,218	60,114
UTILITY/TPOGRAPHY	Rectangular / 1 Street Front	Mostly Rectangular/2 Frontages	Mostly Rectangular/Deed Rest	Rectangular / 2 Street Fronts	Rectangular / 1 Street Front	Mostly Rectangular / 3 Street Fronts	Rectangular / 1 Street Front
USE/ZONING ADJUSTMENTS							
ZONING		CC (Community Commercial)	CG	CT	TN (Transit Neighborhood)	TN (Transit Neighborhood)	TN (Transit Neighborhood)
GENERAL PLAN	High Density Residential	Community Mixed Use	Community Commercial	Community Mixed Use	Transit Neighborhood	Transit Neighborhood	Transit Neighborhood
ALLOWED DENSITY (dwelling units per acre)	37-50	N/A	N/A	20-36	Minimum 100, Up to 350 du/acre	Minimum 100, Up to 350 du/acre	Minimum 100, Up to 350 du/acre
NUMBER OF UNITS	45	36 (Pro Rata)	119	59	303	371	235
<i>ESTIMATED / PROPOSED DU/ACRE</i>	<i>45.0</i>	<i>69.3</i>	<i>84.4</i>	<i>100.0</i>	<i>156.0</i>	<i>173.4</i>	<i>170.0</i>
INTENDED USE	Residential	Mixed-Use Condos and Retail	Affordable Housing	Affordable Housing	Residential	Residential	Residential
AFFORDABLE HOUSING COMPONENT	10% or in-lieu	10% or in-lieu	Yes / 100%	Yes / 100%	In-lieu Fee	In-lieu Fee	10% or in-lieu
ENTITLEMENT STATUS	Has Zoning & GP	Had General Plan	Needs Zoning and General Plan	Had General Plan	Has Zoning & GP	Has Zoning & GP	Has Zoning & GP
OVERALL PHYSICAL & USE/ZONING RATING		Slightly Superior	Slightly Superior	Slightly Superior	Slightly Inferior	Slightly Superior	Slightly Inferior
OVERALL RATING - SUBJECT SHOULD SELL FOR		LESS	LESS	LESS	MORE	LESS	Slightly MORE

Adjustment Process

Transactional adjustments were made sequentially for property rights conveyed, financing terms, conditions of sale/motivation of participants, expenditures incurred by the buyer after the sale, i.e. demolition costs, and market conditions since the sale date.

Comparable HD-1 was purchased as part of an assemblage—the buyer had recently purchased two adjacent properties. Similarly, Comparables HD-4, and HD-5 were also purchased as part of an assemblage. Based on the data, a downward adjustment is warranted for motivation on the part of the buyer due to the assemblage.

HD-6 is a current listing that has been on the market for approximately 36 months and a downward adjustment is warranted for conditions of sale. The adjustment we used was a good fit for the data.

Comparables HD-1, HD-3, HD-4, and HD-5 required the demolition of existing improvements before their new, intended use could be realized. We concluded this expense was offset by the interim income from the improvements. So, no additional adjustment was warranted for this element of comparison. Similarly Listing HD-6 will require the demolition of three industrial buildings which can be offset by the current rental income. Currently the buildings are reported to be leased at \$2.00 sq.ft./month on a NNN basis. The leases give the owner a right for early termination. In 2001, solvent contamination in soil and ground water near a sump was reported within the former metal shavings storage enclosure located on one of the parcels (2301 Calle De Luna). In September 2016, the property owner submitted a Voluntary Cleanup Program application and entered into a Voluntary Cleanup Agreement with the DEH for oversight of future property assessment activities and mitigation activities, if required, to facilitate redevelopment of the property. The listing broker stated that the current cost to clean up the site is unknown. A downward adjustment is warranted for this risk of uncertainty. The adjustment we applied was a good fit for the data.

Comparable HD-2 is a closed transaction of an infill site improved with a vacant 30,000 square foot office building. This building will require demolition prior to redevelopment, estimated at \$200,000, based on our observation and cost data. This element of comparison is shown as an upward adjustment on the Expenditures After Sale line.

Locational adjustments were broken into elements that reflect the property's identity to potential tenants or buyers (exposure, visibility), access (to freeways and amenities), and overall desirability of the location based on neighborhood factors such as age and condition of nearby properties, proximity to enhancing or detrimental factors, or an identifiable valuation element

relating to address (locational appeal, zip code). Locational adjustments were warranted for the elements of comparison summarized on the grid.

Physical and Use/Zoning adjustments were broken into elements that reflect property size, utility/topography, allowed land uses and density, intended use/development density, affordable housing component, park fees, and entitlement status. Physical and use/zoning adjustments were warranted as summarized on the grid.

Comparable HD-1 and HD-3 both had two street frontages, allowing for greater design flexibility, rating superior utility, and warranting downward adjustment. Comparables HD-4, HD-5, and HD-6 are zoned Transit Neighborhood and have a minimum density of 100 dwelling units per acre. Comparable HD-3 will have 100% affordable housing and was given a 15% credit on the park fees. Comparable HD-4 has been given a credit of \$1,290,000 for park fees in exchange for 14,000 square feet of dedicated park space and private amenities. The comparables proposed building densities/acre bracket the subject; the highest densities warrant downward adjustment and the lower densities warrant an upward adjustment. Comparables HD-1 and HD-2 will require a zoning change or general plan amendment to allow for residential and an upward adjustment is warranted for this element of comparison. The comparables with approved entitlements rated superior to the subject's unentitled status and are adjusted downward. Park impact fees varied somewhat based upon the use and timing of the fee.

Conclusion

Following adjustment for the elements summarized on the grid, we concluded to the overall ratings displayed at the bottom of the grid. The comparables were analyzed based on a price per square foot and a price per unit units of comparison. The range of adjusted values is more consistent on a price/SF basis rather than a price/density unit basis; therefore, the price/SF is utilized as the primary comparison of value. Bracketed by the comparable ratings, the following value of unentitled high-density 45 DU/Acre residential land in the 95050 zip code is concluded:

Unit \$/SF	x	Land Area (SF)	=	Indicated Value
\$190	x	43,560	=	\$8,276,400

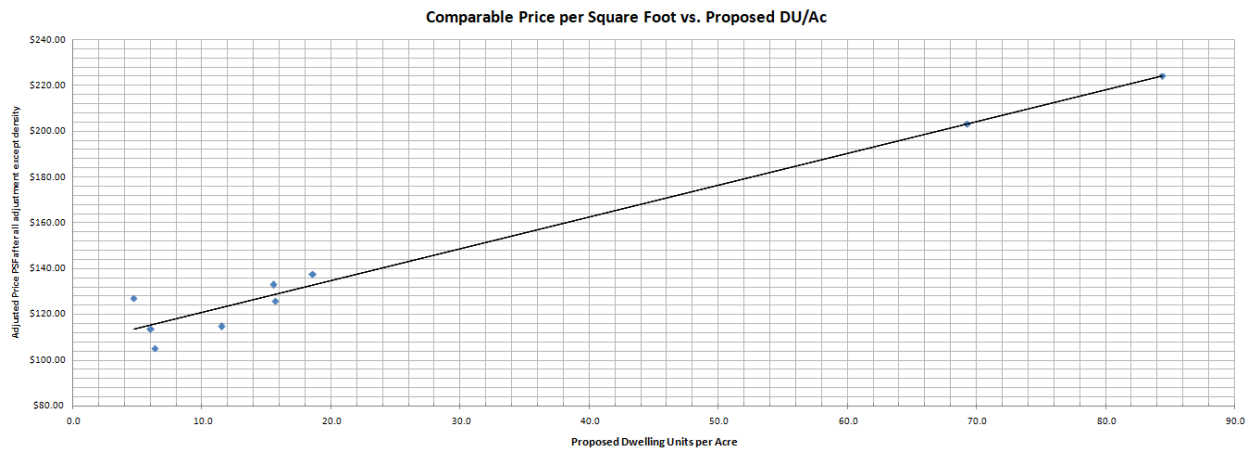
Estimated Market Value of a 1-Acre

High-Density Residential Lot in 95050 Zip Code:

\$8,276,400

Medium Density Land Value

For the medium-density value component, a density of 30 dwelling units per acre is assumed, slightly above the midpoint of the allowed range under the Medium Density General Plan designation, which allows 19-36 dwelling units per acre. In the market, the primary difference between the medium-density land value and high-density land value relates to density. The density adjustment was estimated based on the relationship between price per SF and density, as evidenced by the comparables. In the chart below, we plotted the preceding high-density comparables that were less than 90 DU/acre and the very-low density comparables used in the preceding low-density value scenario. We graphed the change in land value per square foot versus the change in density.



As stated in the preceding material, the data shows the price per square foot of land increases with increasing density, which is congruent with our observations in the market. The difference in pricing for changing densities is clear when comparing the lowest to the higher densities. The chart above indicates that at a density of about 30 dwelling units per acre, the indicated price per square foot is about \$150, but is somewhat skewed by the cluster of low density sales. Historically, there has been a 10% to 20% difference between the medium density residential and the preceding high density. Based on the comparable data, with a density of 30 DU/acre for the medium-density land use, a unit value of **\$150/SF** is concluded.

Conclusion

We concluded to the following medium-density value in the 95050-zip code for 1-acre of land:

Unit \$/SF	X	Land Area (SF)	=	Indicated Value
\$150	x	43,560	=	\$6,534,000

Estimated Market Value of a 1-Acre

Medium -Density Residential Lot in 95050 Zip Code:

\$6,534,000

Commercial Land Value

Like the search for residential land sales data, we searched similar data sources and examined data that was discovered by talking to brokers, agents, property owners, and market participants from within the subject market. We searched for recent sales of competing retail and office properties throughout Santa Clara and nearby cities. Those we found most comparable are displayed on the grid on a following page. A map showing the location of these comparables is displayed in the Addenda.

Real Estate Appraised: Three Hypothetical One-Acre Lots, One for Each Zip Code, Santa Clara, CA

COMMERCIAL LAND COMPARABLE SALES							
ELEMENT OF ADJUSTMENT	SUBJECT	Comparable C-1	Comparable C-2	Comparable C-3	Comparable C-4	Comparable C-5	Comparable C-6
ADDRESS	Average Street Santa Clara	3375 El Camino Real Santa Clara	3378 El Camino Real Santa Clara	2035 White Oak Lane Santa Clara	855 E Homestead Road Sunnyvale	1220 Oakmead Pky. Sunnyvale	160 Saratoga Aven Santa Clara
APN		220-02-049	290-02-102	213-30-053	309-51-005	216-44-048	294-38-010 & 011
SELLER		Norma E Rice, Trustee	An S Shin	Sordello Family Trust	Sundby Living Trust	Princeton Garden Properties LLC	Bonasera Trust
BUYER		3375 Camino City Square LLC	Veguard USA LLC	Shell Oil Products US	SST Investments LLC	BPR Properties UCSC LLC	In Escrow
SALE PRICE / LISTING PRICE		\$9,925,000	\$5,340,000	\$3,700,000	\$6,400,000	\$4,450,000	\$7,000,000
PARCEL SIZE (Acres)	1.00	1.630	0.877	0.716	1.130	0.970	1.210
PARCEL SIZE (SF)	43,560	71,003	38,211	31,173	49,223	42,240	52,707
SALES PRICE/SQUARE FOOT		\$139.78	\$139.75	\$118.69	\$130.02	\$105.35	
DOCUMENT NUMBER		24595053	24569843	25575802	24998730	25091522	In Escrow
EXPOSURE TIME		2 Months	Off Market (6 Months in 2019)	103 Days	2 Months	1 Month	500+- Days
TRANSACTIONAL ADJUSTMENTS							
REAL PROP. RIGHTS CONVEYED	Fee Simple	F. Simple (Short-term Leases)	F. Simple (Short-term Leases)	Fee Simple	Fee Simple	Fee Simple	Fee Simple
FINANCING TERMS \$		All Cash	All Cash	All Cash	All Cash	Conventional	Conventional
CONDITIONS OF SALE		Arm's-Length/Improved	Arm's-Length/Improved	Motivated Buyer	Arm's-Length/Improved	Arm's-Length/Improved	In Escrow
ADJUSTMENT		-15.0%	-11.0%	-10.0%	0.0%	0.0%	
EXPENDITURES AFTER PURCHASE		None	None	None	Demolition Offset by Income	Demolition Offset by Income	None
ADJUSTMENT		0.0%	0.0%	0.0%	0.0%	0.0%	
CONTRACT DATE / MKT CONDITIONS	December 31, 2023	July 2020	June 2020	November 2023	March 2021	August 2021	December 2023
RECORDING DATE		August 31, 2020	August 10, 2020	December 15, 2023	June 17, 2021	September 08, 2021	In Escrow
MONTHS FROM END 1Q-20 THROUGH 4Q-21		17	18	0	9	3	0
ADJUSTMENT @ % PER MONTH		-12.75%	-13.50%	0.00%	-6.75%	-2.25%	
MONTHS FROM START 1Q-2022 THROUGH 4Q-2022		12	12	0	12	12	0
ADJUSTMENT @ % PER MONTH		0.00%	0.00%	0.00%	0.00%	0.00%	
MONTHS FROM START Q1-2023 THROUGH 4Q-2023		12	12	0	12	12	0
ADJUSTMENT @ % PER MONTH		0.00%	0.00%	0.00%	0.00%	0.00%	
ADJ. PRICE/SF WITH TRANS. ADJ.		\$103.67	\$107.59	\$106.82	\$121.24	\$102.98	
LOCATIONAL ADJUSTMENTS							
EXPOSURE	Average	Superior/Corner	Similar	Superior	Similar	Similar	Similar
APPEAL/SITE INFLUENCES/ACCESS	Average	Similar	Similar	Similar	Similar	Similar	Similar
ZIP CODE	95050	95051	95051	95051	94087	94085	95051
LOCATIONAL COMPARISON		Superior	Similar	Superior	Similar	Similar	Similar
PHYSICAL & USE/ZONING ADJUSTMENTS							
PARCEL SIZE (Acres)	1.000	1.630	0.877	0.716	1.130	0.970	1.210
UTILITY	Average	Similar	Similar	Similar	Similar	Similar	Similar
OFF-SITE IMPROVEMENTS	Finished Lot	Similar	Similar	Similar	Similar	Similar	Similar
ZONING/GENERAL PLAN	CT / Regional Commercial	CT / Community Mixed-Use	CT / Community Mixed-Use	Neighborhood Commercial / Neighborhood Commercial	O/PD / Commercial	MS / Industrial	OG / Community Mixed-Use
PROPOSED USE(S)	Commercial	Retail in Near-Term	Retail in Near-Term	Charging Stations	Office or Preschool	Hotel	Not Disclosed
PHYSICAL & USE/ZONING COMPARISON		Superior	SI Superior	Superior	Superior	Superior	SI Superior
SUBJECT SHOULD SELL FOR:		Less	SI Less	Less	Less	Less	SI Less

Adjustment Process

The adjustment methodology was similar as above for the residential land sales.

Transactional adjustments were warranted. As described above, due to a lack of commercial land sales, some improved sales were utilized for which the improvements contributed little to the overall selling price. Comparables C-1, C-2, C-4, and C-5 were improved at the time of sale.

Comparable C-1 was marketed as a development site; the eventual buyer planned to continue the retail uses. Based on a discussion with the listing broker, our observations, and the age and condition of these improvements, which comprised about 25,150 SF, the contributory value was estimated at about \$60 per square foot of building area, or about 15% of the selling price as shown on the adjustment grid. This is shown as a conditions of sale downward adjustment.

Similarly, the sale of Comparable C-2 included about 7,800 square feet of improvements dating from the late 1950s; which contributed to the overall selling prices. Based on our observations and discussions with the broker, the contributory value for the building was estimated at about \$75 per square foot of building area, or about 11% of the selling price as shown on the adjustment grid. This is shown as a conditions of sale downward adjustment.

Comparable C-3 was previously improved with an older retail center that was completely destroyed by fire prior to the listing. The 0.716 acre site was reported to be vacant at the time of sale with only old asphalt paving remaining. The buyer will reportedly develop the property and install charging stations.

Comparable C-4 included a 6,295 square foot restaurant building originally constructed in 1972. This site was being sold for land value and the restaurant was leased month-to-month. We concluded that the cost of demolition would be offset by rental income.

Comparable C-5 included a 5,515 square foot restaurant building. The building was vacant at the time of sale, but could have been leased on a month-to-month basis. We concluded that the cost of demolition would be offset by rental income.

Comparable C-6 at 160 Saratoga Avenue in Santa Clara is in escrow and was previously improved with a 15,814 sq.ft. office building that was completely destroyed by fire prior to the listing. The 1.21 acre site is currently reported to be vacant. This property was reportedly listed at \$7,000,000 (\$132.81/sq.ft. of land area unadjusted) and went into escrow in December of 2023 at an undisclosed price.

Market conditions adjustments were applied from the contract date through the date of opinion using the degree of adjustment(s) discussed in the Market Conditions section.

Locational adjustments were broken into elements that reflect the hypothetical property's identity to potential tenants, buyers, or occupants (exposure, visibility), access (to freeways and amenities), and overall desirability of the location based on neighborhood factors such as age and condition of nearby properties, proximity to enhancing or detrimental factors, or an identifiable valuation element relating to address (locational appeal). Locational adjustments were warranted as summarized on the grid.

Physical and Use/Zoning adjustments were considered for size, utility, off-site improvements, zoning/General Plan, and planning/entitlement status. Within the range of the comparables, larger Comparables C-1 warranted an upward adjustment per square foot. Among the differences in land use ordinances, those of Comparables C-1 and C-2 were more favorable, rating superior and warranted a downward adjustment.

Conclusion

Bracketed by the comparables, we concluded to the following for commercial land in zip code 95050:

Unit \$/SF	x	Land Area (SF)	=	Indicated Value
\$95		43,560		\$4,138,000

**Estimated Market Value of a 1-Acre
Commercial Lot in Zip Code 95050:**

\$4,138,000

Industrial Land Value

We searched the same databases listed above and reviewed other data discovered by talking to brokers, agents, property owners, and market participants from within the industrial market. We searched for recent sales of competing industrial properties throughout Santa Clara and nearby cities with similar industrial markets. We also searched for recent improved sales with improvements that were nearing the end of their economic lives or that contributed little to the overall sale price. Those we found most comparable are displayed on the following grid. A map showing the location of these comparables is displayed in the Addenda.

Real Estate Appraised: Three Hypothetical One-Acre Lots, One for Each Zip Code, Santa Clara, CA

INDUSTRIAL LAND COMPARABLE SALES						
ELEMENT OF ADJUSTMENT	SUBJECT	COMPARABLE I-1	COMPARABLE I-2	COMPARABLE I-3	COMPARABLE I-4	COMPARABLE I-5
ADDRESS	Average Street Santa Clara	2225 Martin Ave Santa Clara	2175 Martin Ave Santa Clara	1535 & 1575 Industrial Ave San Jose	365 Reed St Santa Clara	Doyle Road & Lawrence Expressway San Jose
APN		224-10-119	224-10-115	237-30-020 & 025	230-47-105	381-19-015
SELLER		Project 38 LLC	LVP Martin Ave Assoc LLC	Frank J. & Leslie A. Mangione	Reed Street Associates	Vop Ref Doyle LLC
BUYER		2225 Martin Property LLC	2175 Martin Property LLC	LBA RVI Company XLIV LLC	Prosperous Corgi Holdings 1 LLC	Harker School
SALE PRICE		\$28,250,000	\$13,900,000	\$12,800,000	\$5,358,000	\$5,100,000
DOCUMENT NUMBER		25195861	25020411	24902328	24721853	25577414
BONDS ASSUMED / SF		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL COST TO BUYER / SF		\$157.03	\$189.94	\$81.17	\$104.70	\$114.38
TRANSACTIONAL ADJUSTMENTS						
REAL PROPERTY RIGHTS CONVEYED	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
<i>ADJUSTMENT</i>		0.00%	0.00%	0.00%	0.00%	0.00%
FINANCING TERMS		Conventional	All Cash	Conventional	All Cash	All Cash
<i>ADJUSTMENT</i>		0.00%	0.00%	0.00%	0.00%	0.00%
CONDITIONS OF SALE		Arm's-Length	Arm's-Length	Arm's-Length	Arm's-Length	Arm's-Length
<i>ADJUSTMENT</i>		0.00%	0.00%	0.00%	0.00%	0.00%
ADDITIONAL COSTS TO BUYER		Demolition Offset	Demolition Offset	Demolition Offset	None	None
<i>ADJUSTMENT</i>		0.00%	0.00%	0.00%	0.00%	0.00%
CONTRIBUTORY VALUE OF IMPROVEMENTS		None	None	None	Yes/24,145 SF	None
<i>ADJUSTMENT</i>		0.00%	0.00%	0.00%	-22.53%	0.00%
CLOSE OF ESCROW		12/15/2021	7/7/2021	4/1/2021	11/24/2020	12/20/2023
TIME OF SALE / MARKET CONDITION	December 31, 2023	ND	June 2021	September 2020	September 2020	Unknown
MO'S FROM SALE THROUGH Dec. 31, 2020		0	0	3	3	0
<i>ADJUSTMENT @ % PER MONTH</i>	0.75%	0.00%	0.00%	2.25%	2.25%	0.00%
MONTHS FROM START 1Q-2021 THROUGH 4Q-2021		0	6	12	12	0
<i>ADJUSTMENT @ % PER MONTH</i>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START 1Q-2022 THROUGH 4Q-2022		12	12	12	12	0
<i>ADJUSTMENT @ % PER MONTH</i>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START Q1-2023 THROUGH 4Q-2023		12	12	12	12	0
<i>ADJUSTMENT @ % PER MONTH</i>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ADJUSTED PRICE / SF		\$157.03	\$189.94	\$83.00	\$82.94	\$114.38
LOCATIONAL ADJUSTMENTS						
EXPOSURE/VISIBILITY	Average	Similar	Similar	Sup/Fwy	Similar	Similar
ACCESS	Average	Similar	Similar	Similar	Similar	Similar
NEIGHBORHOOD APPEAL	Average	Similar	Similar	Inferior	Similar	Inferior
ZIP CODE	95050	95050	95050	95112	95050	95129
OVERALL LOCATIONAL RATING		Similar	Similar	Inferior	Similar	Inferior
PHYSICAL & USE/ZONING ADJUSTMENTS						
PARCEL SIZE (ACRES)	1.00	4.13	1.68	3.62	1.17	1.02
PARCEL SIZE (SF)	43,560	179,903	73,181	157,687	51,174	44,590
UTILITY	Average	Similar	Similar	Similar	Similar	Similar
OFF-SITES	Finished Lot	Similar	Similar	Similar	Similar	Similar
INTENDED USE		Industrial	Industrial	Industrial	Industrial	Parking for School Vehicles
ZONING	Heavy Industrial	Light Industrial	Light Industrial	Heavy Industrial	Light Industrial	Light Industrial
GENERAL PLAN	Light Industrial	Low Intensity Office/R&D	Low Intensity Office/R&D	Heavy Industrial	Light Industrial	Light Industrial
OVERALL PHYSICAL & USE/ZONING RATING		Similar	Superior	Inferior	Inferior	Inferior
OVERALL RATING-SUBJECT SHOULD SELL FOR		SIMILAR	LESS	MORE	MORE	MORE

Adjustment Process

Adjustments were considered for and applied in a similar manner as above for the commercial sales. Because there are few industrial land sales in this market, we used one sale that was improved with a building that contributed value to the selling price: Comparable I-4. To estimate the residual land value of these transactions, we estimated and deducted the contributory value of the building improvements based on our observations, feedback from the verifying broker(s), and the adjustment that was a good fit for the data. Additionally, most of the recent industrial land transactions we uncovered were intended for data center (see Industrial Land Comparables I-1 and I-2). A transaction at 2315 Mission College Boulevard in Santa Clara (not included in the sales grid) is also a data center land sale that was reported to have been purchased by Amazon Data Services Inc. The 7.04 acre site reportedly sold for \$51,817,500 or \$168.97/sq.ft. of land area (unadjusted), which is high and out of the pattern. This sale could not be fully confirmed but was reported to have closed escrow on January 4, 2022.

Market conditions adjustments were applied at the rate concluded to in the Market Conditions section. Like the commercial sales grid, locational adjustments were considered for exposure, visibility, access (to freeways and amenities), and overall desirability of the location, including zip code. Sale I-3 was adjusted downward for its inferior San Jose location. Locational adjustments are warranted as summarized on the grid.

Physical and use/zoning adjustments were considered for size, utility, intended use, zoning, general plan land use designation, and off-site improvements. Both I-1 and I-2 were purchased by Prime Data Centers. For I-1 the buyer plans to develop a 207,000 square foot data center with a 32MW capacity. For I-2 the buyer plans to develop a three story 80,000 square foot data center with a reported 9MW capacity. The selling agent reported that the property sold entitled and has a "will serve letter" from Silicon Valley Power. These sales were adjusted downward for the entitlements. Any other warranted adjustments are summarized on the grid.

changes to the 2023 values for the hypothetical one-acre lots for each zip code compared to 2022. This is congruent with overall market trends over the last year.

The total number of land square feet (SF) sales (broken out by property type) is reflected in the next table:

2023 City of Santa Clara Sales		
Sale Type	Land SF	Total Percent
Commercial	1,032,134	13.93%
Industrial	2,676,581	36.11%
Very Low Density Residential	2,778,344	37.48%
Low Density Residential	186,371	2.51%
Medium to High Density Residential	738,928	9.97%
Total	7,412,358	100.00%

Source: Old Republic Title Company

Old Republic Title Company provided the data depicted in the preceding 2023 City of Santa Clara Sales table, segregated by property type. The single-family sales were grouped into very low density, 2-4 residential sales were grouped into low-density, the townhome and condominium data were grouped into the medium to high-density residential, retail and office was grouped into commercial, and industrial, R&D, and manufacturing was designated industrial. As shown in the table, within the city limits of Santa Clara, commercial/industrial sales accounted for about 50.04% of the total while residential sales accounted for about 49.96% of the total.

Conclusion

The Total Percent in the previous table was applied to the appropriate categories for each property type. Since the data provided by the title company did not segregate medium and high-density residential, we split the total percentage evenly between the two densities ($9.97\% / 2 = 4.985\%$ to each). As shown in the next table, the appropriate weighted values are summed to produce the average value of a hypothetical 1-acre lot in the 95050 zip code:

2023 VALUES FOR 95050 ZIP CODE SUMMARY					
Land Use	Price per SF	Price per Acre	x	Weighted Average	= Weighted Value
Very Low Density Residential	\$120.00	\$5,227,200	x	37.48%	= \$1,959,155
Low Density Residential	\$125.00	\$5,445,000	x	2.51%	= \$136,670
Medium Density Residential	\$150.00	\$6,534,000	x	4.985%	= \$325,720
High Density Residential	\$190.00	\$8,276,400	x	4.985%	= \$412,579
Commercial	\$95.00	\$4,138,200	x	13.93%	= \$576,451
Industrial	\$130.00	\$5,662,800	x	36.11%	= \$2,044,837
TOTAL AVERAGE VALUE PER ACRE					\$5,455,412

Average Value of a Hypothetical 1-Acre

Lot in the 95050 Zip Code:

\$5,455,000 (Rounded)

AVERAGE VALUE ESTIMATE IN 95051 ZIP CODE

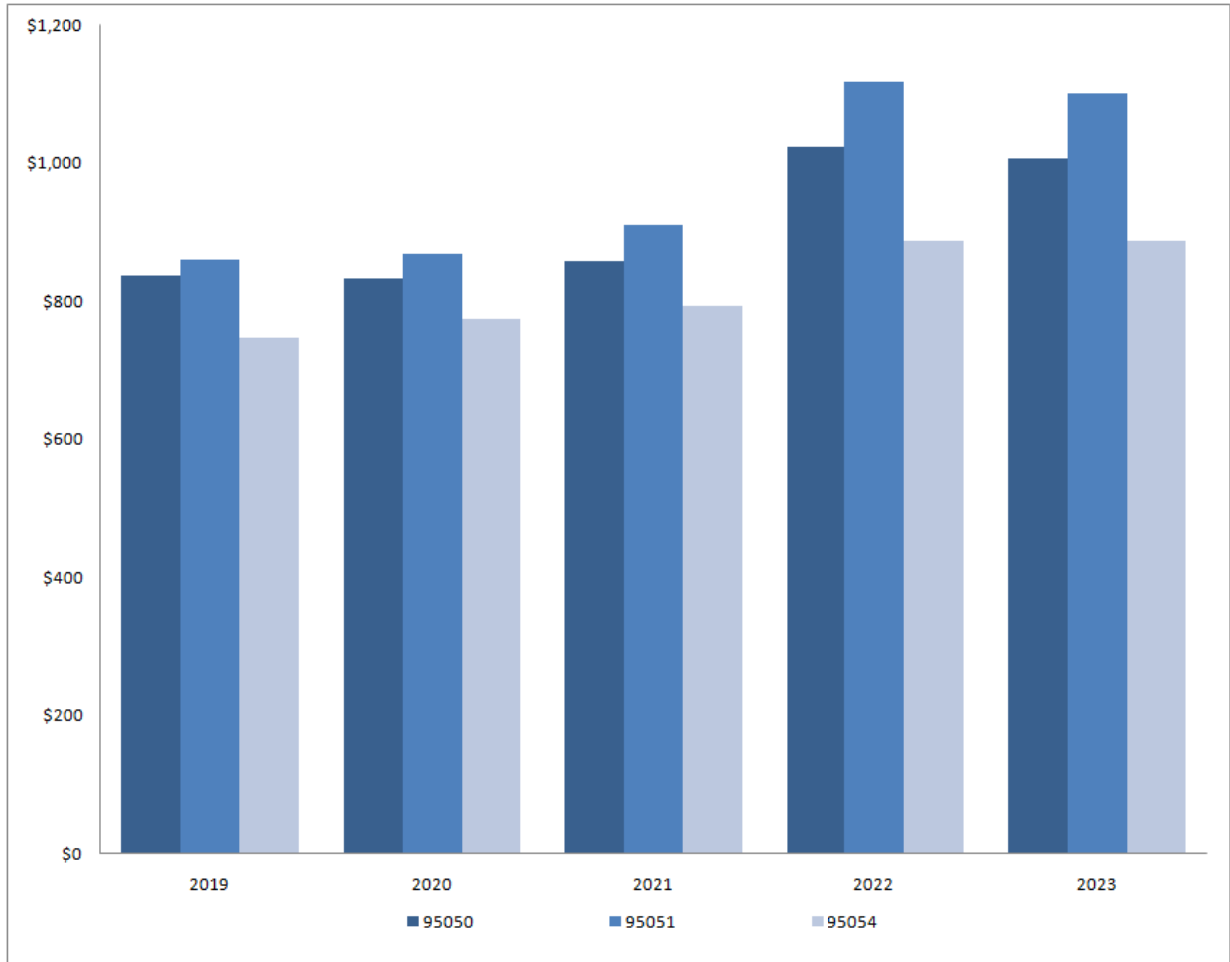
We estimated the value of 1 acre of land for zip code 95050 above. Following we apply any differences in value between the 95051 and 95050 zip codes to estimate the average value of one acre of land in 95051.

Estimating Differences Between Zip Codes

Differences between the 95050 and 95051 zip code for each use was based upon market feedback and anecdotal information. We also considered differences in values/rents for the commercial and industrial uses, and compared median selling prices and rents for the residential uses.

Residential Difference

Market participants and selling prices provided support that residential prices in the 95051 zip code are generally higher compared to the 95050 zip code. Some brokers believed that the 95050 area was slightly better due to Santa Clara University and a larger upper-middle class. Others pointed to the fact that the 95051 includes an area of the city close to Apple's headquarters and also within the Cupertino Union School District, a higher rated school district, which commands residential price premiums. Several brokers reported that some of the nicest neighborhoods in the City are in and around San Tomas Expressway, which bisects 95050 and 95051. One market participant opined that the neighborhoods in 95051 were generally safer and that insurance premiums were lower rendering 95051 to be more desirable. Recent residential yearly-summary median prices/SF and Year End 2023 median prices/SF between the 95050 and 95051 zip codes, as reported by DQ News /CoreLogic and MLS Listings, indicated the following:



The chart above indicates that the median selling price/SF has historically been higher in zip code 95051, corroborating the general consensus among market participants. This data supports the opinions of market participants that 95050 rates inferior to 95051.

In the next table, based on data reported by the MLS the median price in 95051 has historically been higher than zip code 95050. In the most recent year the 2023 median price for 95051 was about 10% higher than 95050. However, unlike DQ News/CoreLogic which reports all recorded sales transaction, MLS only reports listings marketed on MLS, which often does not include all new construction. This is because builders, in the current market environment, often market their product in-house without using MLS, which is probably more cost effective and garners more marketing control to the builder.

Housing Type	Zip Code	Median Sales Price			% Change per Month Last 12	% Change per Month Last 2 Years
		2021	2022	2023		
SFR, Condo, & Townhouse	95050	\$1,350,000	\$1,472,500	\$1,472,500	0.00%	0.38%
	95051	\$1,550,000	\$1,650,000	\$1,600,000	-0.25%	0.13%
	95054	\$1,290,000	\$1,278,044	\$1,377,500	0.65%	0.28%
Source: Local MLS						

Based on market feedback, historical norms, and giving more weight to the MLS data, supported by historic DQ News/CoreLogic data, we concluded 2023 residential prices in zip code 95051 were 10.0% higher than zip code 95050.

Commercial Difference

We discovered that commercial land values are generally similar among commercial uses located along El Camino Real and Stevens Creek Blvd. within the 95050 and 95051 zip codes, which are the primary commercial corridors in Santa Clara. CoStar reported that the 4Q 2023 average asking rents for retail between these zip codes were \$2.43/SF/Month in 95050 vs. \$3.14/SF/Month in 95051. CoStar reported that the 4Q 2023 average asking rents for office properties was \$4.44/SF/Month in 95050 vs. \$3.87/SF/Month in 95051. The 4Q 2022 average rents for office only between these zip codes were \$4.75/SF/Month in 95050 vs. \$4.08/SF/Month in 95051. Based on market data, rental rates differences, historic selling price differences, and vacancy rate differences we concluded that commercial land values in 95051 rated 15% inferior to 95050.

Industrial Difference

Among industrial properties, much of the product in the 95051 zip code is built as, or allows for R&D and higher intensity office uses, and greater floor area ratios, rating superior to 95050. Furthermore, about 65 acres of industrial lands in the 95051 zip code, around Kifer Rd and Lawrence Expressway, are converting to residential uses, reducing the supply of industrial properties, and pushing increasing demand and value for industrial at the same time. A comparison of the average rental rate per SF, as compiled by CoStar, showed that the average rental rates were equal in 95051 during 2022 (\$2.33/SF in 95050 vs. \$2.33/SF in 95051) and about equal and relatively unchanged in 2023 (\$2.27/SF in 95050 vs. \$2.31/SF in 95051). After consideration for differences in asking rents, historic selling price differences, and the opinions of the market, we concluded that industrial land prices rated about equal in the 95051 zip code compared to 95050.

Conclusion of Value in 95051 Zip Code

Based on the above, we concluded residential uses in zip code 95051 rated 10.0% superior, while commercial values rated 15% inferior, and industrial values rated similar. In the next table, the adjusted price per acre for each land use in the 95051 zip code was adjusted and the appropriate weighted values are summed to produce the average value of a hypothetical 1-acre lot in the 95051 zip code:

95051 ZIP CODE LAND USE VALUES & AVERAGE 2023 VALUE PER ACRE					
Land Use	95050 Average Price/Acre Weighted	x	Adjustment Factor	=	95051 Average Price per Acre
Very Low Density Residential	\$1,959,155	x	110.0%	=	\$2,155,071
Low Density Residential	\$136,670	x	110.0%	=	\$150,337
Medium Density Residential	\$325,720	x	110.0%	=	\$358,292
High Density Residential	\$412,579	x	110.0%	=	\$453,837
Commercial	\$576,451	x	85.0%	=	\$489,983
Industrial	\$2,044,837	x	100.0%	=	\$2,044,837
TOTAL AVERAGE VALUE PER ACRE					\$5,652,357

Average Value of Hypothetical 1-Acre Lot in the 95051 Zip Code:

\$5,650,000 (Rounded)

AVERAGE VALUE ESTIMATE IN 95054 ZIP CODE

We utilize the same weighted land values from zip code 95050 and apply any differences in value between the 95054 and 95050 zip codes.

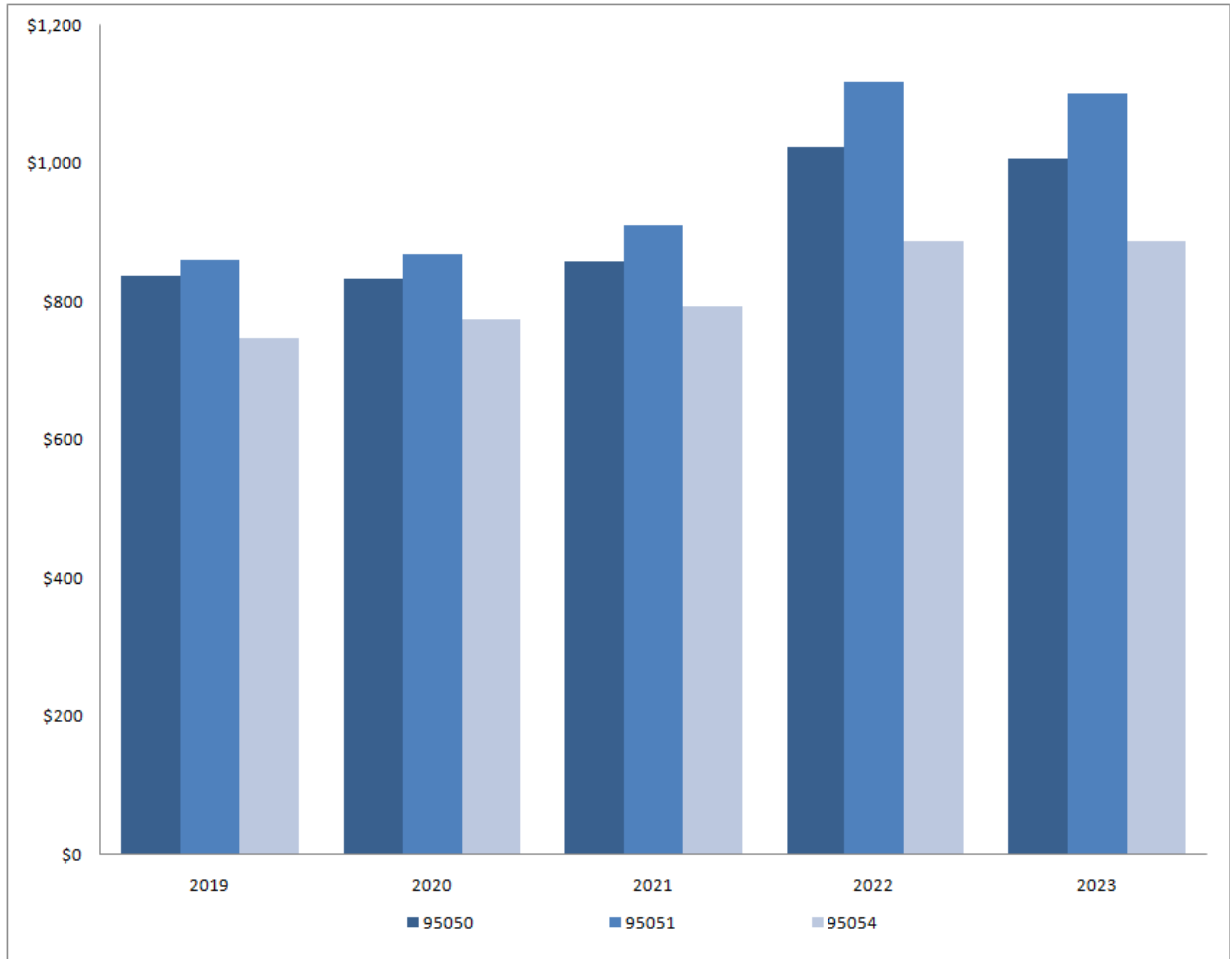
Estimating Differences Between Zip Codes

For 95054 value conclusions, we applied the same methodology used above to estimate the value differences between the 95050 and 95051 zip codes.

Residential Difference

Median and average selling prices provided support that the residential prices in the 95054 zip code were generally similar or a little inferior when compared to the 95050 zip code. Brokers active in the market reported a range of opinions, that generally these two zip codes are not much different, but that 95054 tends to rate a little inferior. The 95054 zip code is affected by airport noise and has a higher concentration of higher-density housing units; there is less detached

single-family selection and therefore fewer traditional residential neighborhoods with detached units. Recent yearly-summary median prices/SF for the 95050 and 95054 zip codes, as reported by DQ News /CoreLogic and MLS Listings, indicated the following:



The median selling prices/SF has been historically higher in the 95050 zip code. The historic DQ News/CoreLogic data indicated that the aggregate median price in 95054 was 5.0% lower in 2019 and about 2.1% lower in 2020. In 2021 the difference was about 2.7% lower. In 2022 the difference was about 15% lower. In 2023 the 95054 zip code was about 7% lower. This data supports the opinions of market participants that 95054 generally rates inferior to 95050.

The next table is the same MLS data displayed above in the previous section.

		Median Sales Price			% Change per Month Last 12	% Change per Month Last 2 Years
Housing Type	Zip Code	2021	2022	2023		
SFR, Condo, & Townhouse	95050	\$1,350,000	\$1,472,500	\$1,472,500	0.00%	0.38%
	95051	\$1,550,000	\$1,650,000	\$1,600,000	-0.25%	0.13%
	95054	\$1,290,000	\$1,278,044	\$1,377,500	0.65%	0.28%
Source: Local MLS						

Based on market data, historical norms, the opinions of market participants, and giving more weight to the historical norms, supported by historic DQ News/CoreLogic data (which includes new and resale residential construction), we concluded that residential land prices in zip code 95054 were historically lower than zip code 95050, on the order of 5%.

Commercial Difference

Most of the new commercial planned or proposed for the 95054 zip code comprises office and hotel uses, however, there are several mixed-use projects in process, notably Related Santa Clara. This area of Silicon Valley includes the Golden Triangle and has historically supported higher intensity uses and properties offering freeway visibility (U.S. 101 and CA-237). The addition of Levi's Stadium and the draw of Great America theme park and the Santa Clara Convention Center create additional synergies for this zip code. The greatest concentration of Class A office is located within this zip code and more is planned. As noted above, there are several mixed-use projects in process, which if built-out, will add both retail and new residential customers.

A comparison of the historic 3-year average rental rate (2018-2020) compiled by CoStar, revealed that the average rents between these zip codes was slightly lower in 95054, \$4.33/SF vs. \$4.53/SF in 95050, a difference of about 4.4% based on office and retail uses. The 4Q 2022 average rents for office only between these zip codes were lower in 95054, \$4.25/SF vs. \$4.75/SF in 95050. This pattern was repeated in the 4Q 2023 with the average rents for office only between these zip codes being about 8% lower in 95054, \$4.13/SF vs. \$4.44/SF in 95050. The 95050 rental rate is influenced by newer retail construction which typically commands higher rental rates. Based on the data, including broker estimates and rental rate differences in each zip code, and considering that there is a greater proportion of office uses compared to retail uses, we concluded that a downward adjustment of 10% was warranted for 95054 for commercial land value.

Industrial Difference

Among industrial properties, much of the product in the 95054 zip code is built as, or allows for R&D and higher intensity office uses, rating superior to 95050. This also allows for greater floor area ratios in 95054. Most market participants reported higher prices in 95054 due primarily to

superior freeway access and fewer heavy-industrial uses. A comparison of the average rental rate per SF, as compiled by CoStar, showed that the average rental rates were equal in 95054 during 2022 (\$2.33/SF in 95050 vs. \$2.33/SF in 95054) and only slightly different in 2023 (\$2.27/SF in 95050 vs. \$2.19/SF in 95054). After consideration for differences in asking rents, historic selling price differences, and the opinions of the market, we concluded that industrial land prices rated about equal to the 95054 zip code compared to 95050.

Conclusion of Value in 95054 Zip Code

Based on the above data and analysis, the adjusted price per acre for each land use in the 95054 zip code was adjusted and the appropriate weighted values are summed to produce the average value of a hypothetical 1-acre lot in the 95054 zip code:

95054 ZIP CODE LAND USE VALUES & AVERAGE 2023 VALUE PER ACRE					
Land Use	95050 Average Price/Acre Weighted	x	Adjustment Factor	=	95054 Average Price per Acre
Very Low Density Residential	\$1,959,155	x	95.0%	=	\$1,861,197
Low Density Residential	\$136,670	x	95.0%	=	\$129,837
High Density Residential	\$325,720	x	95.0%	=	\$309,434
Medium Density Residential	\$412,579	x	95.0%	=	\$391,950
Commercial	\$576,451	x	90.0%	=	\$518,806
Industrial	\$2,044,837	x	100.0%	=	\$2,044,837
TOTAL AVERAGE VALUE PER ACRE					\$5,256,061

Average Value of a Hypothetical 1-Acre

Lot in the 95054 Zip Code:

\$5,255,000 (Rounded)

RECONCILIATION AND OPINION OF AVERAGE VALUES

The sales comparison approach was the appropriate value approach for each land use. Total sales statistics in 2023 revealed that about 50.04% of the total sales in the city by land area were commercial and industrial transactions and the other 49.96% were residential. This represents a greater percentage of commercial and industrial transactions by land area than in prior years. Data provided by Old Republic Title Company shows only 386 single family home sales in 2023 compared to 516 single family home sales in 2022. However, the median residential selling price in 2023 in the city of Santa Clara was generally increasing throughout the first half of 2023 and generally trending downwards in the last half of 2023. This resulted in slightly higher residential unit values for 2023. Industrial and commercial land values were unchanged in both 2022 and 2023. In 2023, the combination of higher interest rates and expected slower economic growth has

**Attachment A
Supplemental Instructions
for the Appraisal of the Fair Market Value of Land**

The following information and instructions will be used by the City when setting the land value used in the formula for determining the impact fees due in lieu of park and recreational land dedication pursuant to Santa Clara City Code 17.35. *(Approved by Santa Clara City Council—June 7, 2016)*

Background.

On July 15, 2014, Council added Chapter 17.35 “Park and Recreational Land” to the Santa Clara City Code to ensure that new residential development provides adequate community and neighborhood park land for active recreational uses and/or pays a fee in-lieu of parkland dedication to mitigate the impacts of the new growth pursuant to the California Quimby Act and/or Mitigation Fee Act.

17.35.040 Formula for calculation of fee in lieu of land dedication.

(a) When a fee is required to be paid in lieu of parkland dedication, the maximum amount of such fee shall be determined by the fair market value of the amount of land that would otherwise be required to be dedicated pursuant to SCCC 17.35.030, as set forth below. The date of valuation of the property for in-lieu fee purposes shall be the date that the City determines that the developer’s application for a parcel map or tentative subdivision map, or application for projects not involving a subdivision, is complete.

(b) Fair Market Value.

(1) The City shall determine the fair market value of the property by using the average per acre land value for property in the City of Santa Clara, based upon a survey of land values and sale records in the City. The City Council shall set a minimum of three such average values, one for each of the three existing Zip Codes in the City (95050, 95051, 95054). The City Council may, at its discretion, set average values for additional subregions of the City. The City Council shall review the fair market values not less than annually and set the values in a Council resolution.

(2) If the developer objects to this determination of fair market value, the developer may elect to have the value established by appraisal. If the developer chooses this option, the developer shall deposit with the City an amount sufficient to cover the cost of an appraisal, which the City shall conduct. The appraisal shall be completed prior to approval of the tentative or parcel map or, for developments not involving a subdivision, prior to the issuance of a building permit.

(c) Based on the determination of fair market value set forth in subsection (b)(1) of this section, for each of the dwelling unit categories, the City Council shall set the amount of fees to be paid in lieu of parkland dedication in a Council resolution, which the Council shall review annually. (Ord. 1928 § 3, 7-15-14).

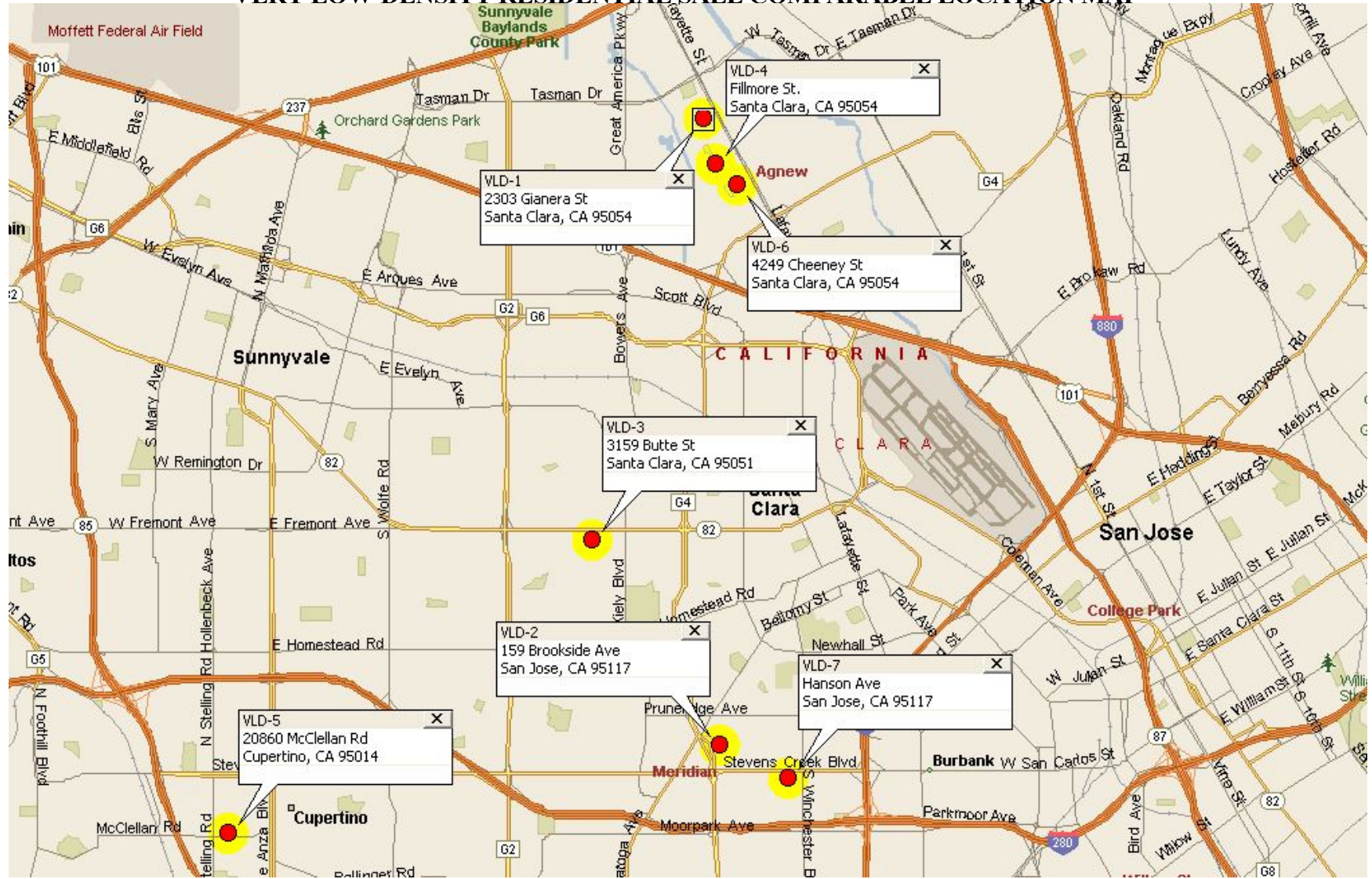
Guidelines for Appraiser:

- a. *Appraiser is to provide a “Fair Market Value” for an average acre of land (hypothetical, rectangular, useable site) for property in each of the three existing City of Santa Clara Zip Codes 95050, 95051, 95054. The opinion will conform to Uniform Standards of Professional Appraisal Practice.*
- b. **Valuation Date:** *December 31 of each year.*
- c. **Location & Property Sales Data Set Boundaries:** *Data set will begin with sales data from within Santa Clara City limits.*
- d. **Data Set Date Range:** *Use data from January 1st to December 31st of each year. Example: January 1, 2015 to December 31, 2015 for “December 31, 2015 Valuation Date.” See contingencies below.*
- e. **Property Types:** *Use all of the following property types: Single Family (low and very low density), High Density Residential, Medium Density Residential, Commercial, Industrial, Lots and Land.*
- f. **Contingencies for Limited Data Set of each Property Type:** *If there are insufficient, credible data points or sales of a particular property type, then appraiser will explore and use comparable sales from the local competitive market area, adjacent to City of Santa Clara. A fixed distance from City of Santa Clara city limit is not given, however a compelling, rational basis for the selection of the competitive market area must be given by the appraiser in the report. Preference is for closer, more recent, and comparable; discretion is given to the appraiser.*
- g. **Sales Transactions Data not to be used:** *Do not use transactions if they are not an arms-length transaction, have encumbered/clouded title, are environmentally impaired site, or are more than three (3) years old.*
- h. **Inflation factors for Comparable between 1 and 3 years:** *An inflation factor will be computed and applied to comparable sales over one year based on reasonable and rational considerations such as sales and rental trends or other appropriate methods.*
- i. **Sales Transactions Data that may be included:** *May use real estate sales transactions by the City of Santa Clara for additional neighborhood or community parkland.*
- j. **Data Values excluded:** *No values or set of values at the high or low end of the data set are to be excluded from consideration in the average values on the sole basis of being relatively high or low; however, a check for consistency among comparable values will be done, and a rational basis should be provided for credible comparable transactions if not used.*

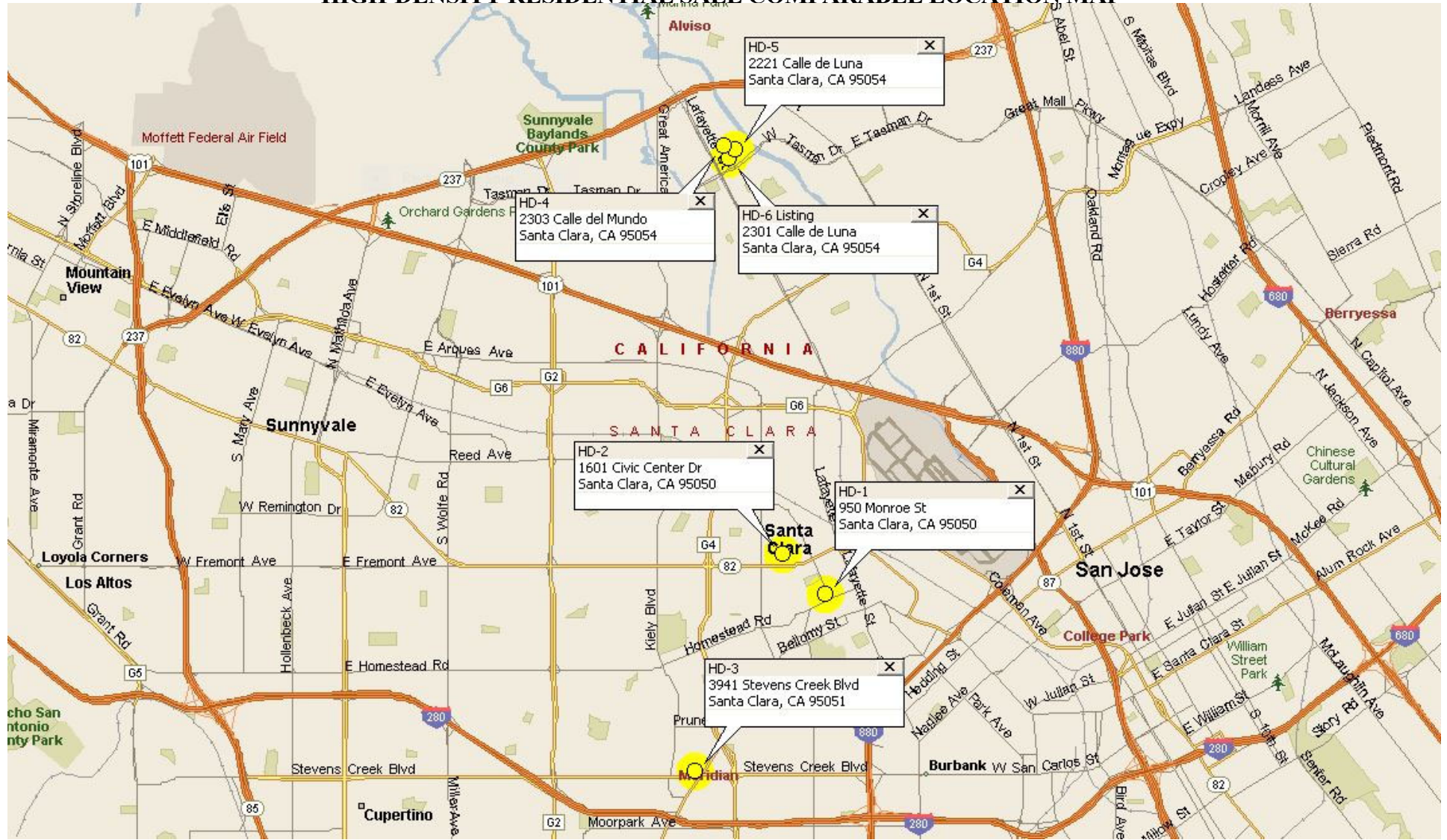
- k. Research Factors to be considered for Comparable sales:** *The factors to be used to compare property values include, but are not limited to physical factors, economic factors, market conditions verification to parcel maps, public records, CoStar data bank. Additional factors may be used provided there is a rational basis for doing so.*
- l. Reconciliation of value differences:** *The approach will be comparative, iterative, qualitative and quantitative, and will be made at the appraiser's discretion.*
- m. Weight to be applied to Property Types:** *The weighted average of each property type will be based on the percentage of land area in the sales transactions, for example, if 25% of total acreage is high density residential, then the relative weight of that property type will be 25%. (The weight will not be done by the quantity of sales of each type or the percent of value of sales of each type).*
- n. Reporting:** *A draft valuation report will be generated by March 15. City will provide for a two week circulation and comment period. The valuations included the final valuation report will be used in the calculation formula for fees prepared by staff to be reviewed by Council as part of the annual City budget process and Municipal Fee Schedule adoption by June 30. Fees will be implemented on or after July 1 depending upon Quimby Act or Mitigation Fee Act provisions of the Council resolution.*

Attachment A-Supplemental Instructions for Parkland Dedication In Lieu Fee Process and Schedule 2016

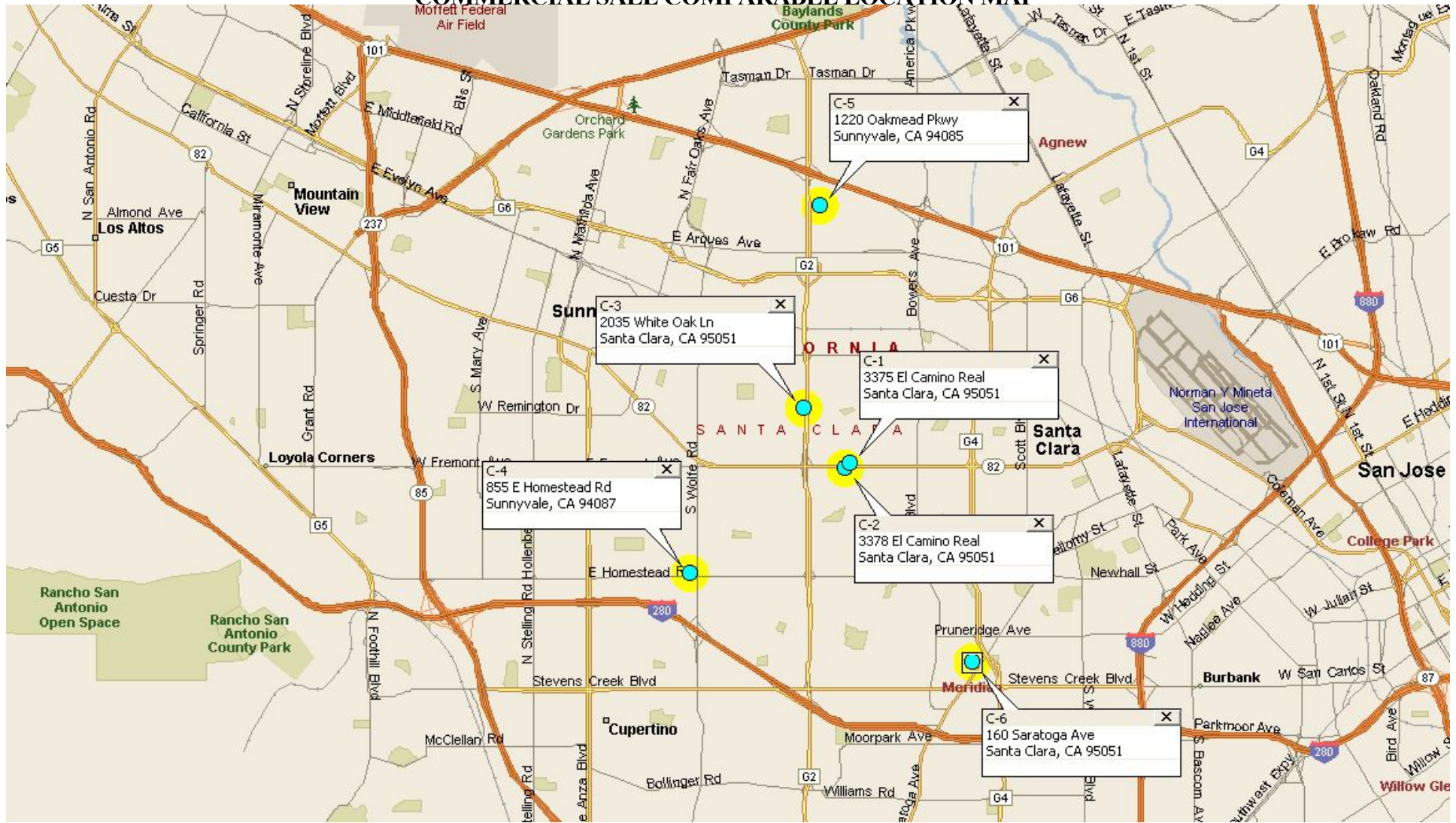
VERY LOW-DENSITY RESIDENTIAL SALE COMPARABLE LOCATION MAP



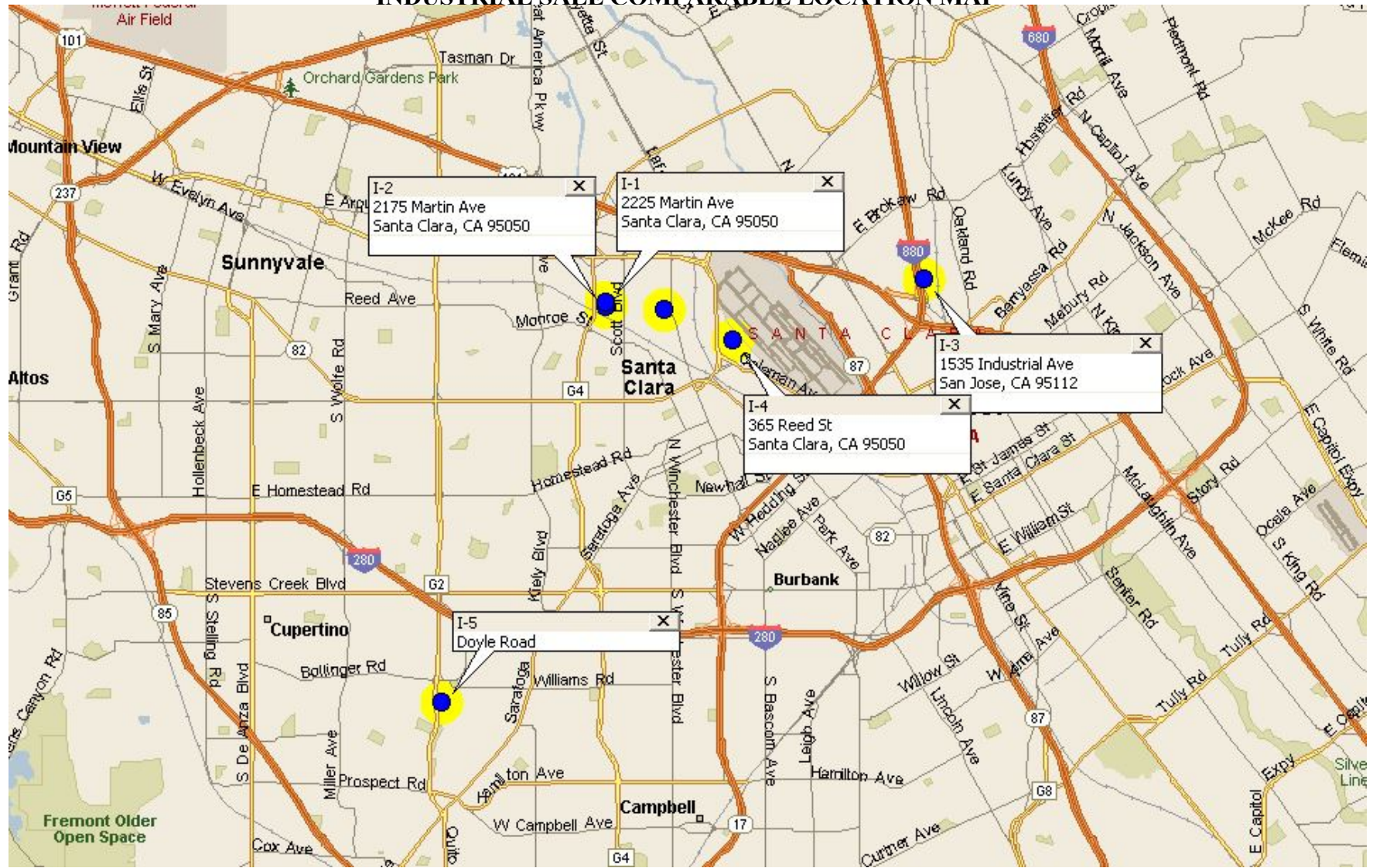
HIGH-DENSITY RESIDENTIAL SALE COMPARABLE LOCATION MAP



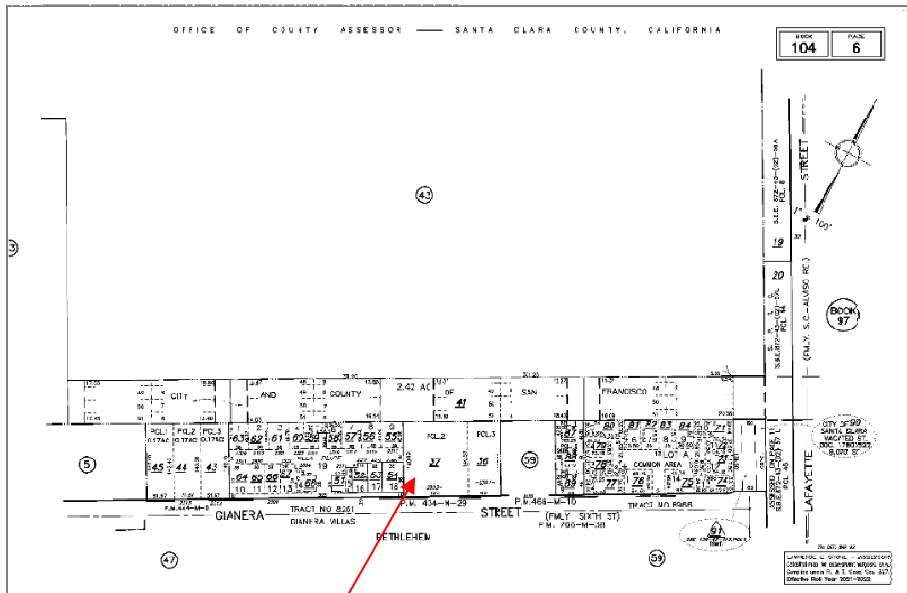
COMMERCIAL SALE COMPARABLE LOCATION MAP



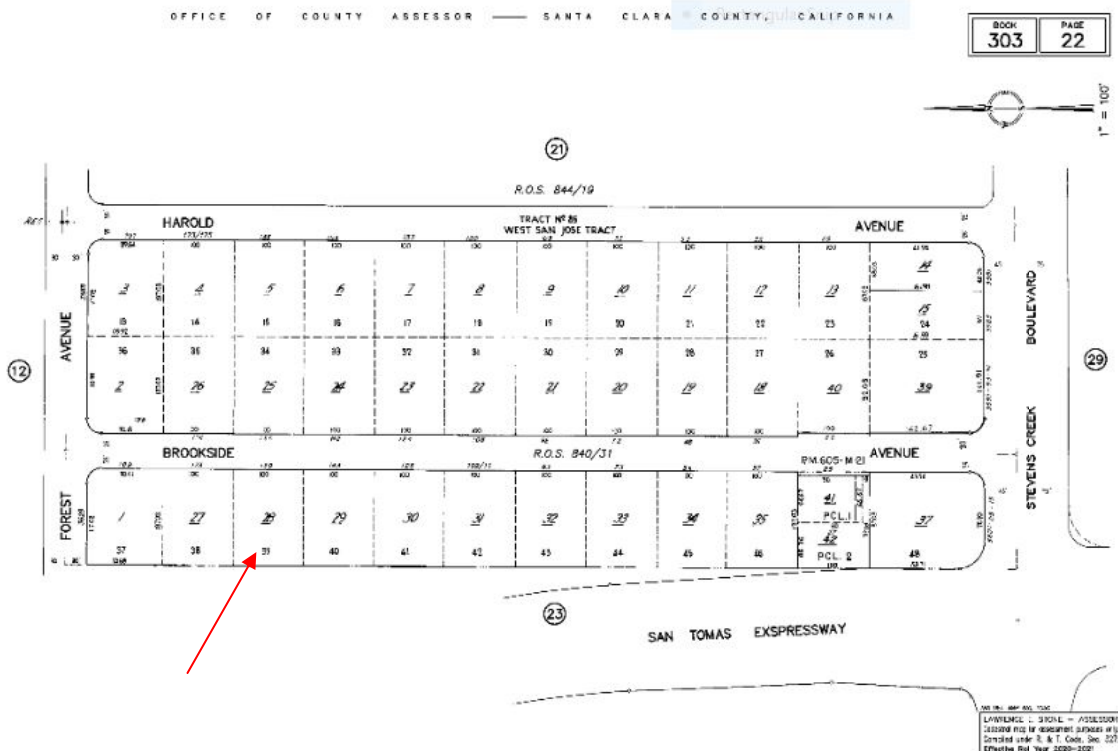
INDUSTRIAL SALE COMPARABLE LOCATION MAP



COMPARABLE LAND SALE PARCEL MAPS

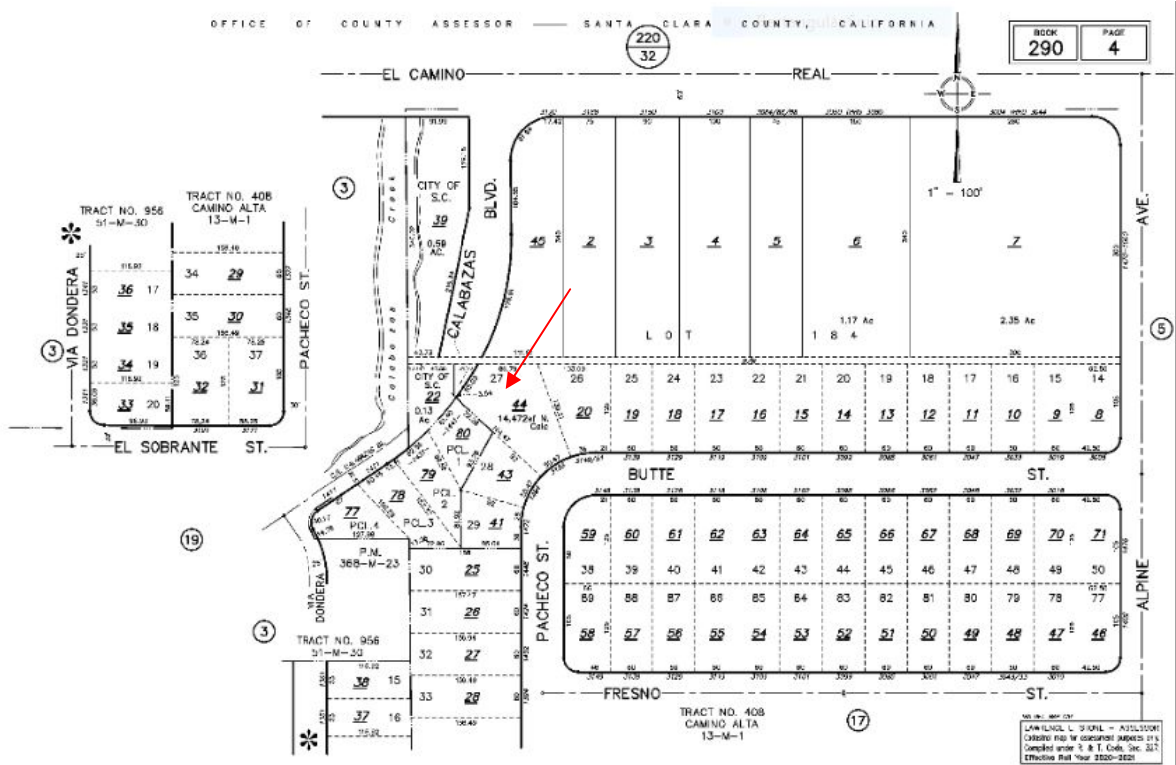


Very Low Density Land Comparable Sale VLD1

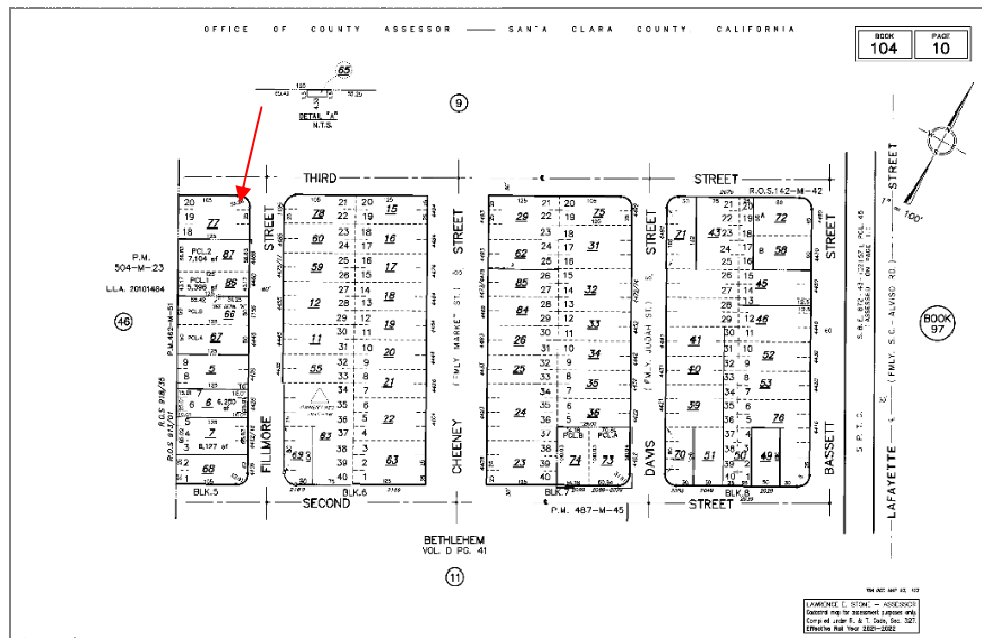


Very Low Density Land Comparable Sale VLD 2

COMPARABLE LAND SALE PARCEL MAPS



Very Low Density Land Comparable Sale VLD 3

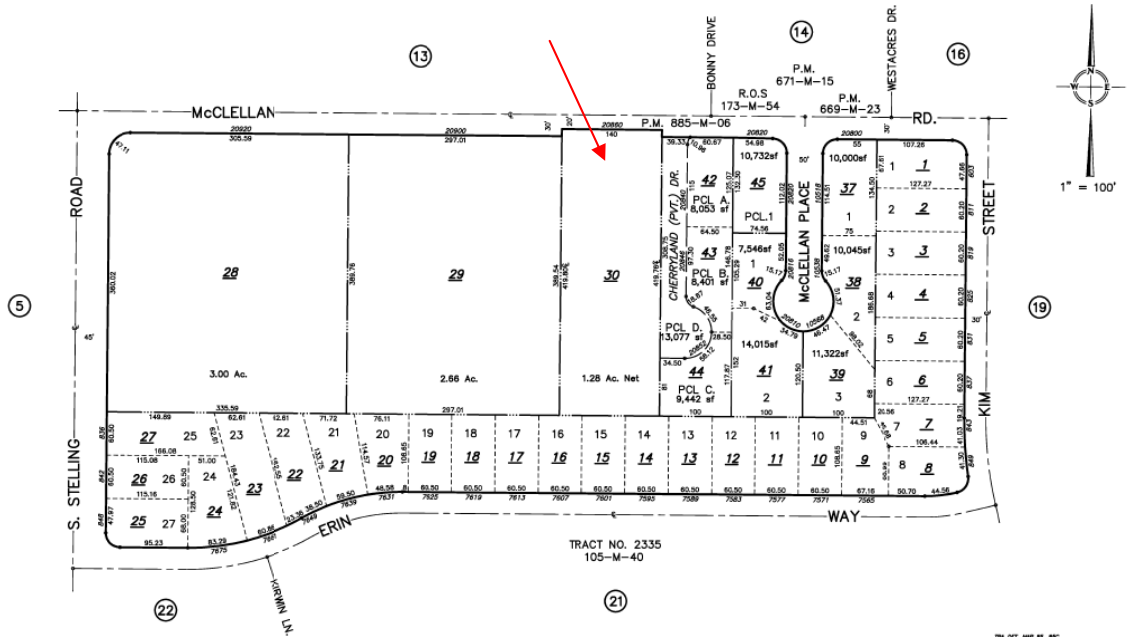


Very Low Density Land Comparable Sale VLD 4

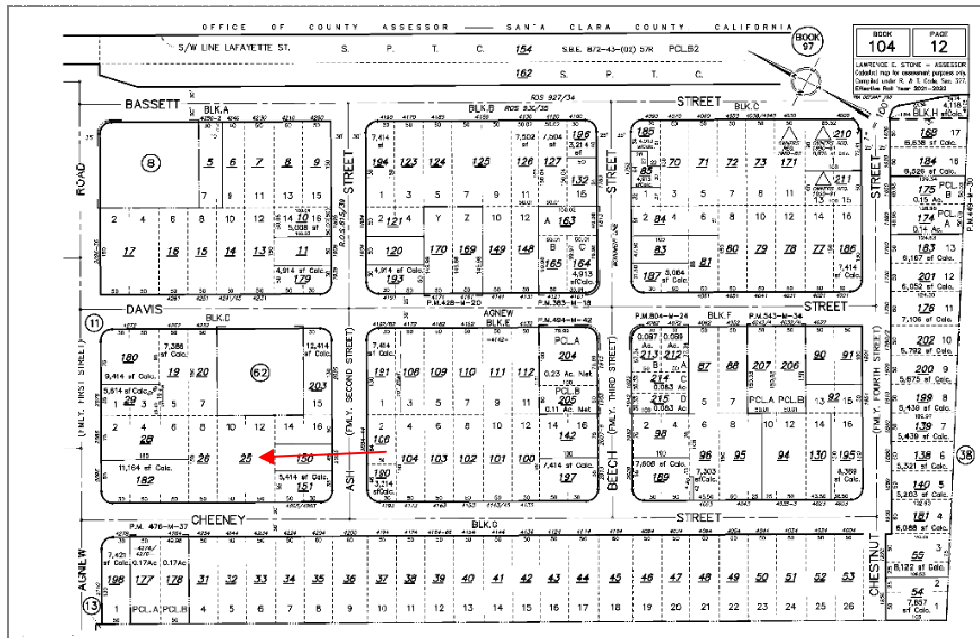
COMPARABLE LAND SALE PARCEL MAPS

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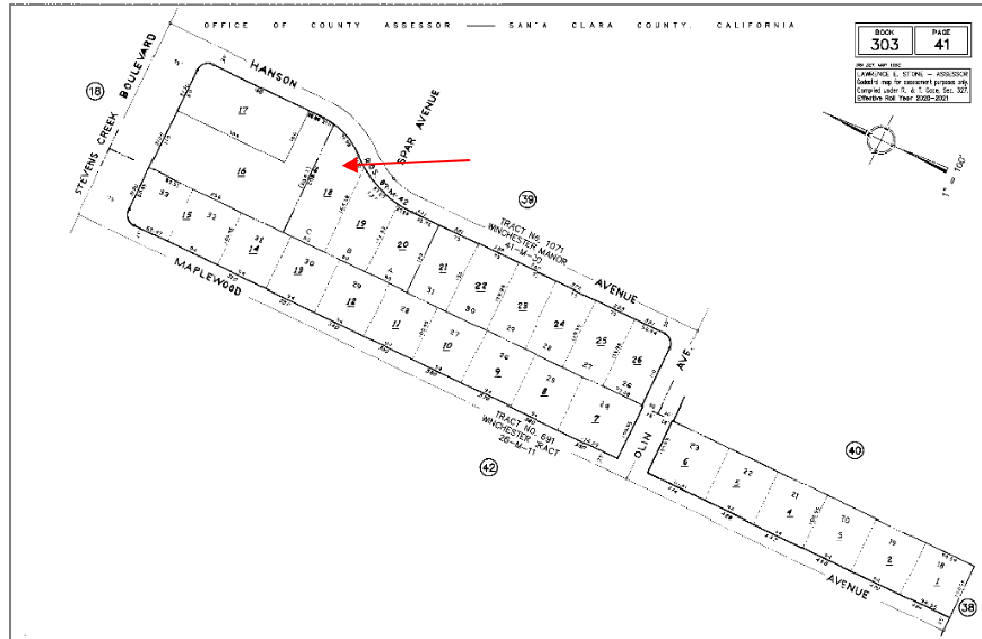


Very Low Density Land Comparable Sale VLD 5



Very Low Density Land Comparable Sale VLD 6

Real Estate Appraised: Three Hypothetical One-Acre Lots, One for Each Zip Code, Santa Clara, CA

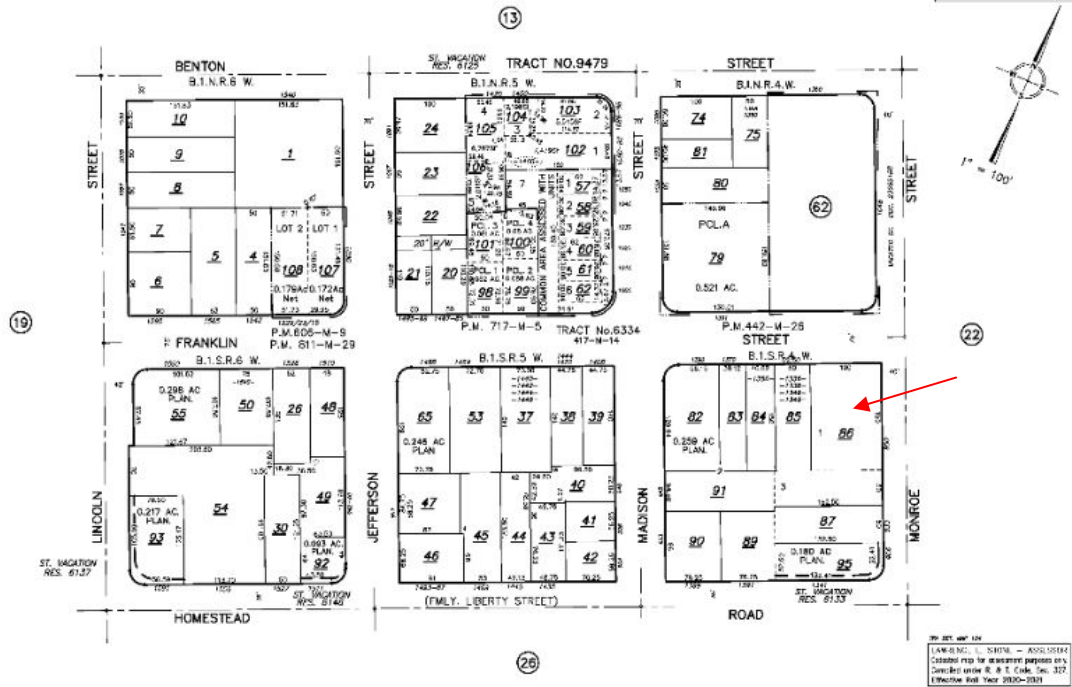


Very Low Density Land Comparable Sale VLD 7

COMPARABLE LAND SALE PARCEL MAPS

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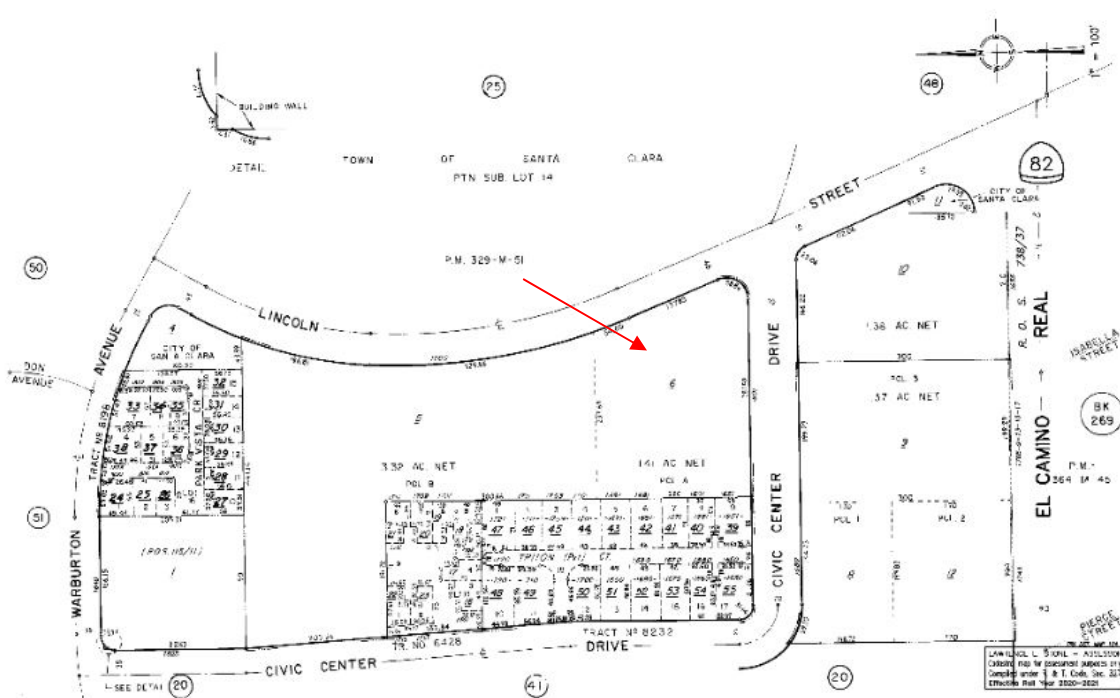
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High Density Land Comparable Sale HD 1

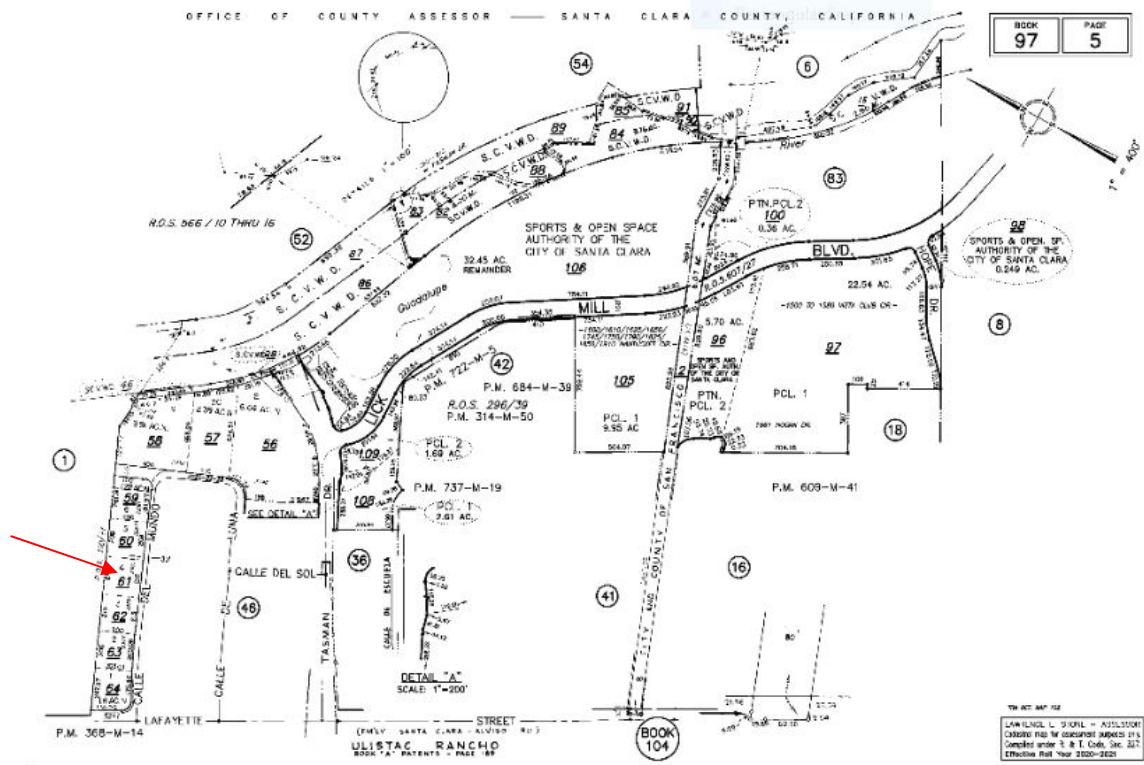
OFFICE OF COUNTY ASSESSOR — SANTA CLARA COUNTY, CALIFORNIA

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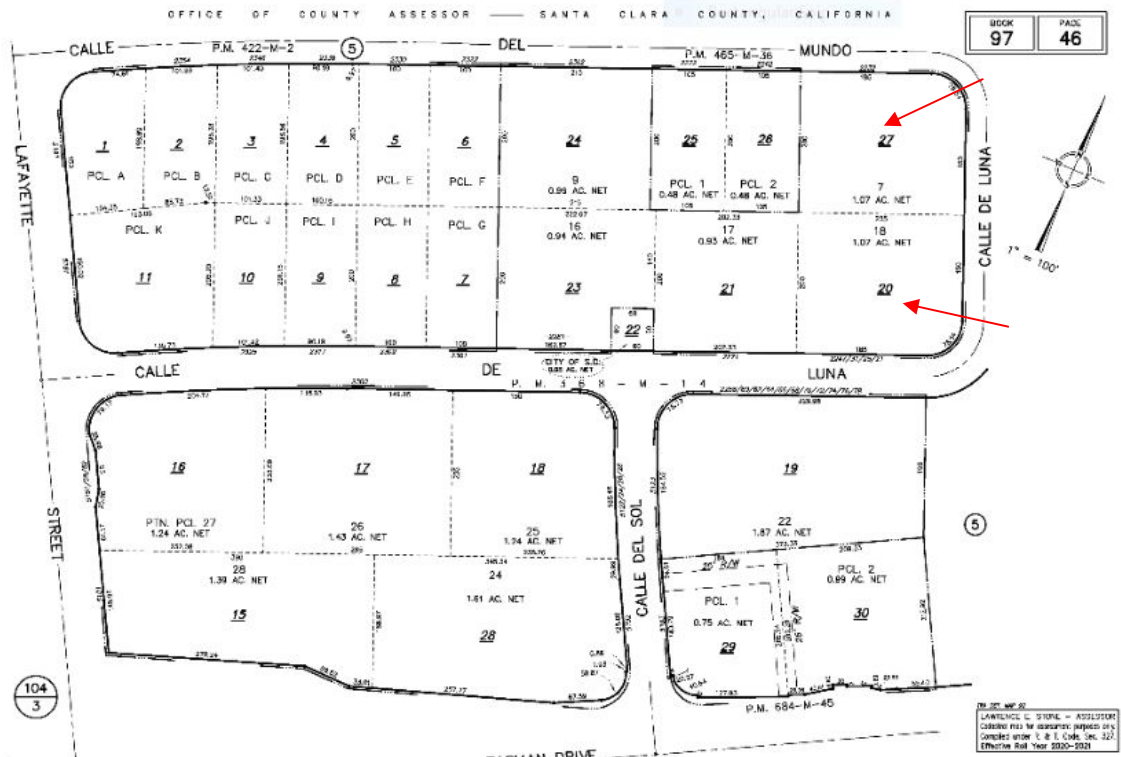


High Density Land Comparable Sale HD 2

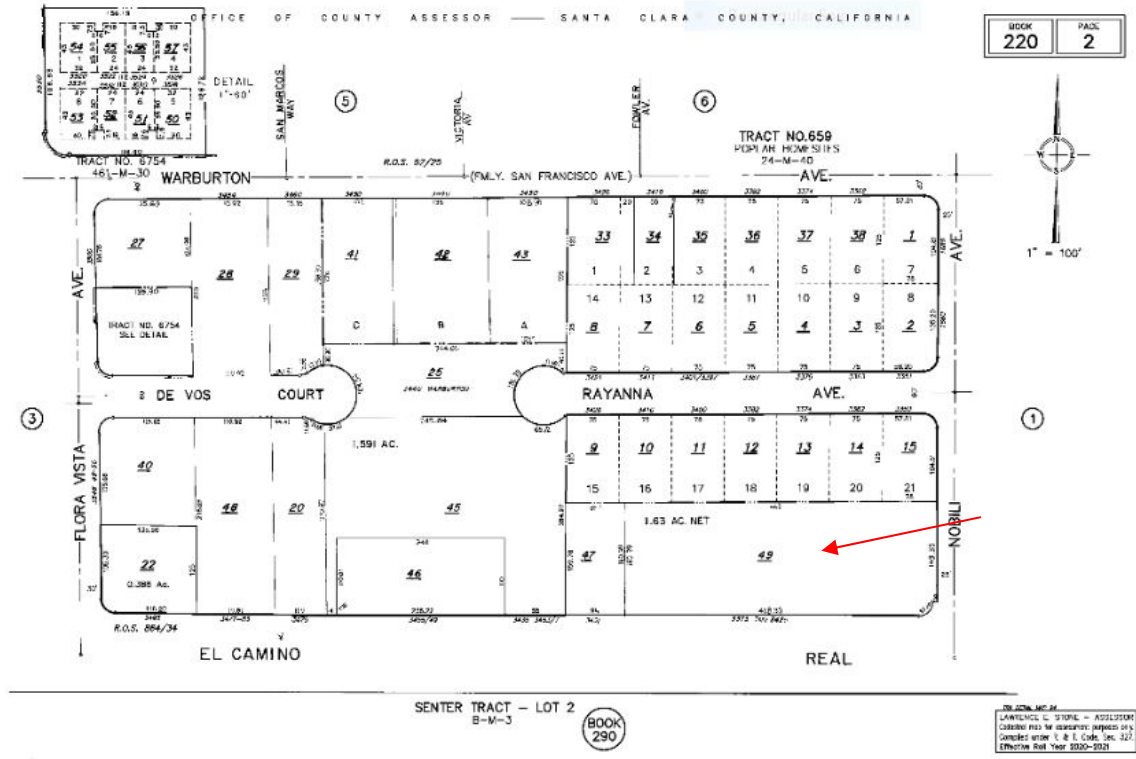
COMPARABLE LAND SALE PARCEL MAPS



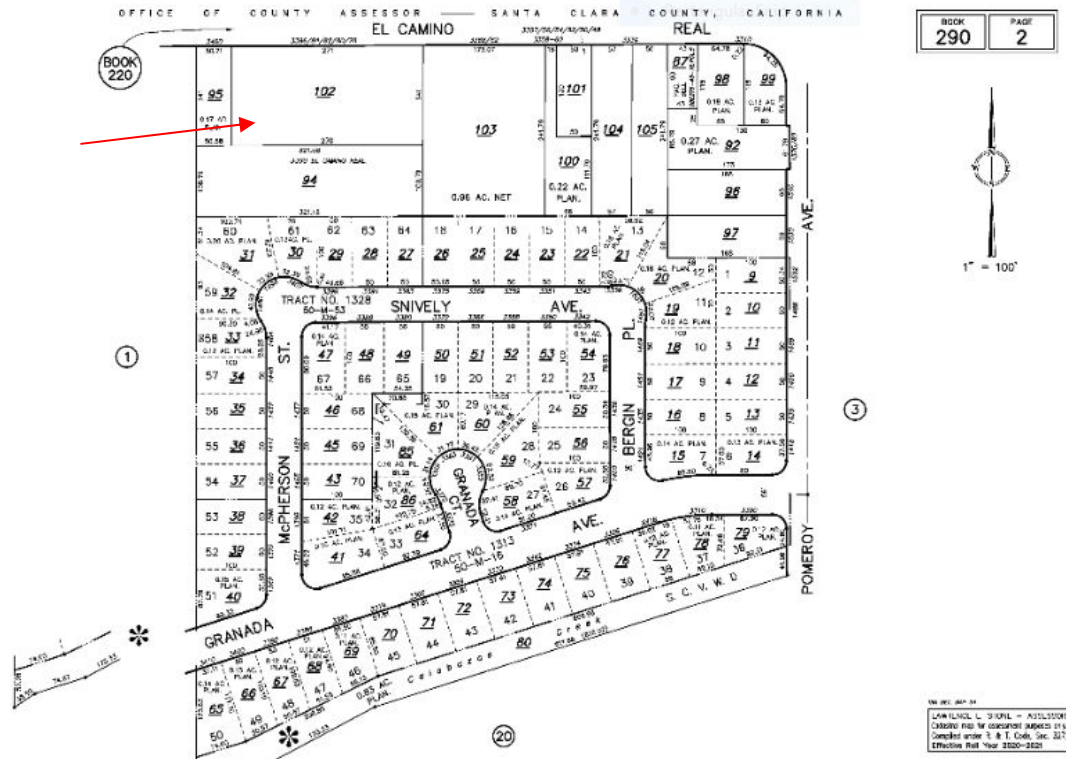
COMPARABLE LAND SALE PARCEL MAPS



COMPARABLE LAND SALE PARCEL MAPS



Commercial Land Comparable Sale C 1

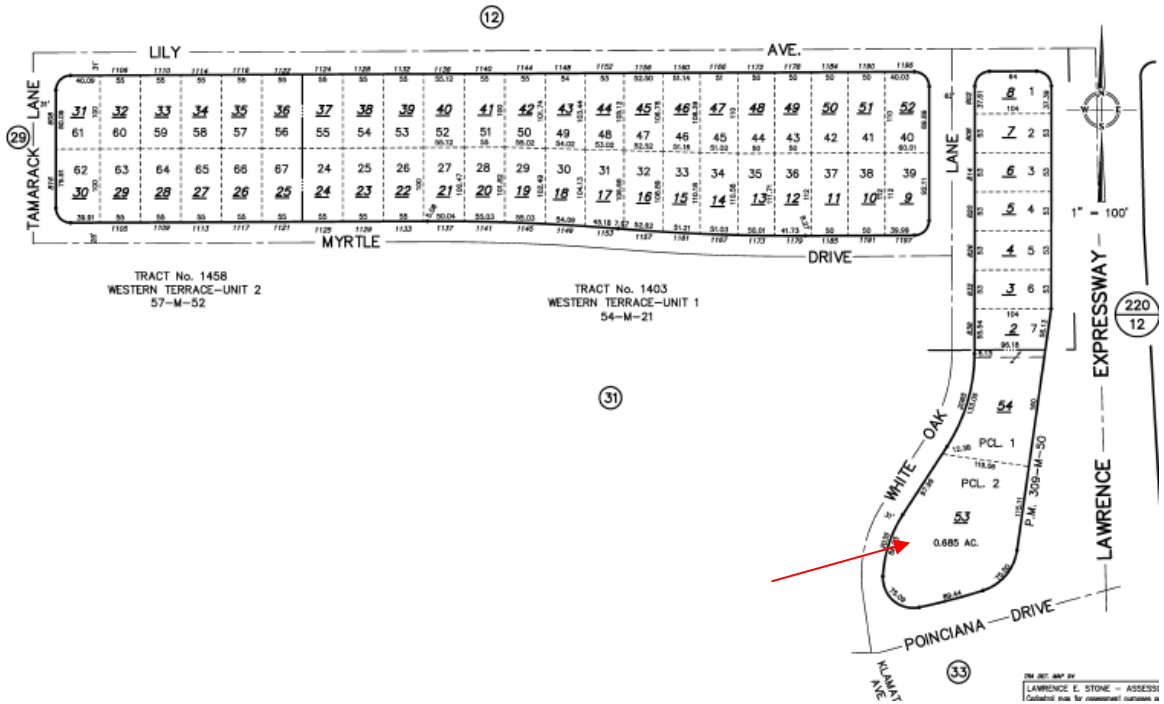


Commercial Land Comparable Sale C 2

COMPARABLE LAND SALE PARCEL MAPS

OFFICE OF COUNTY ASSESSOR — SANTA CLARA COUNTY, CALIFORNIA

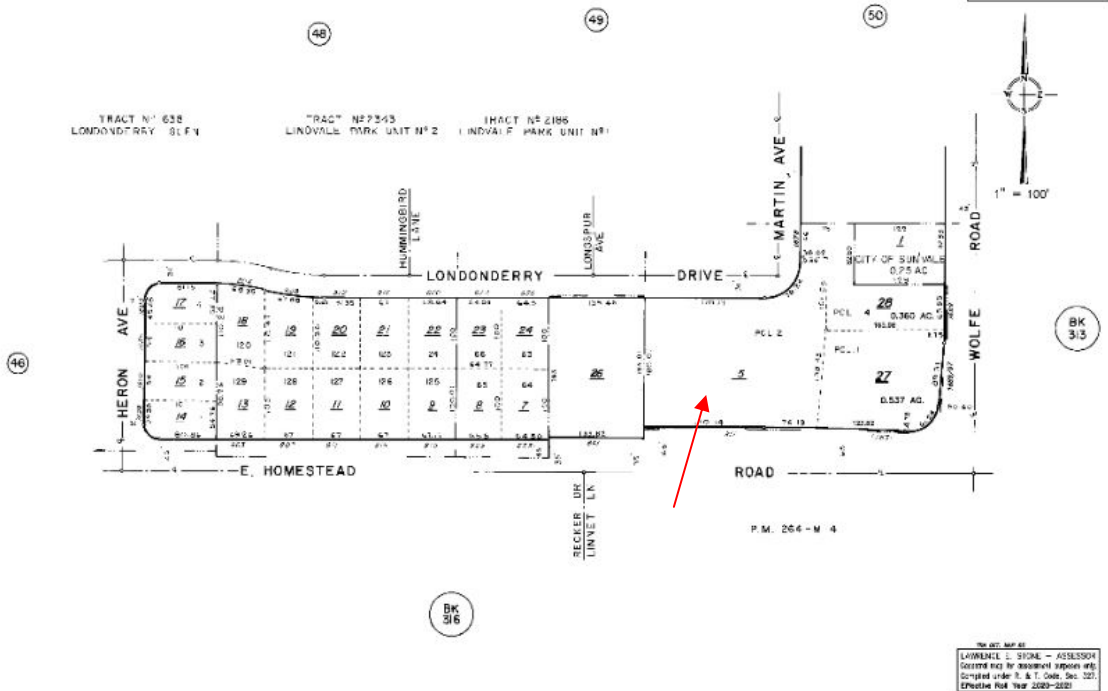
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Commercial Land Comparable Sale C 3

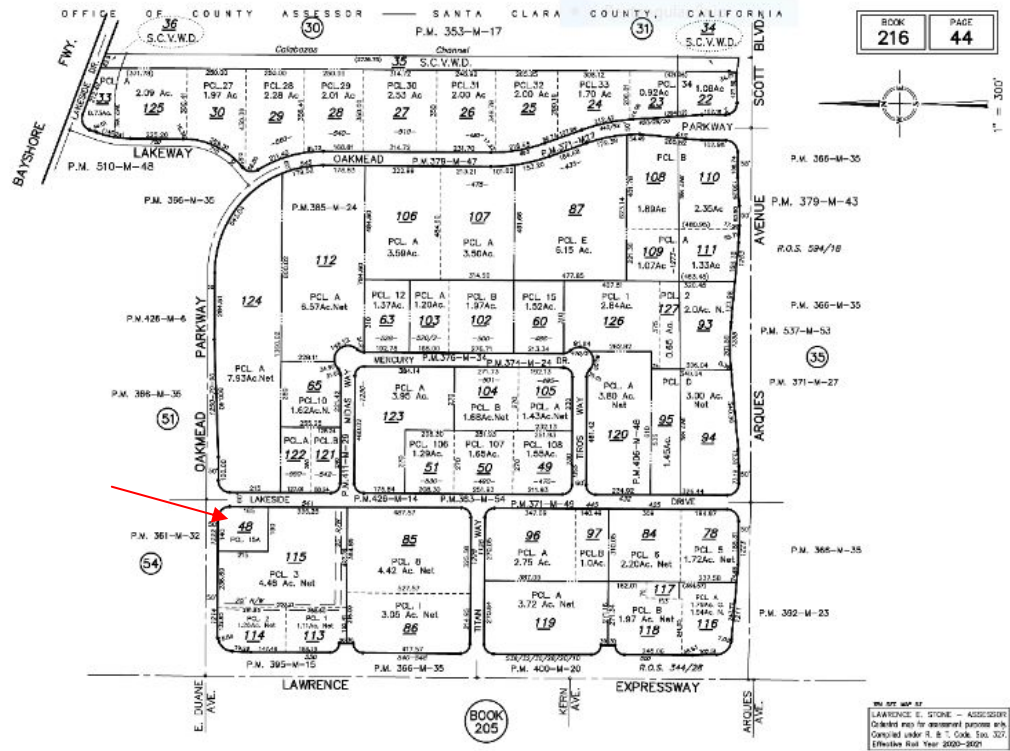
OFFICE OF COUNTY ASSESSOR — SANTA CLARA COUNTY, CALIFORNIA

BOOK 309 PAGE 51

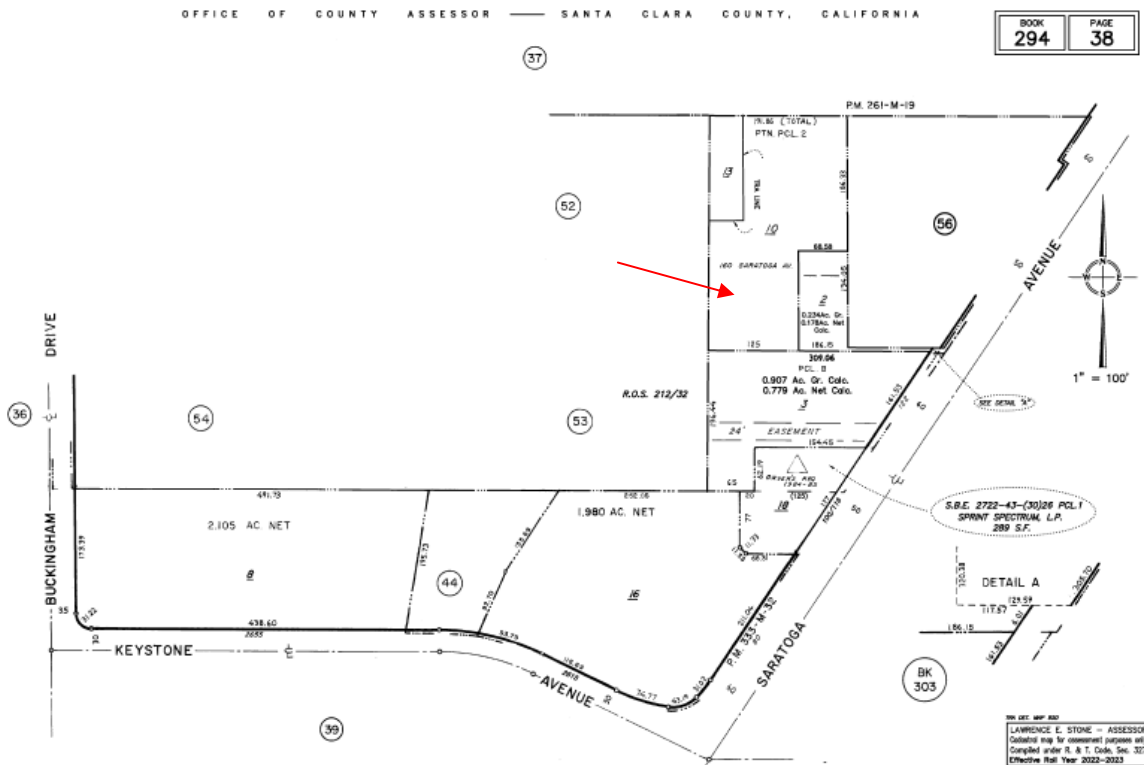


Commercial Land Comparable Sale C 4

COMPARABLE LAND SALE PARCEL MAPS



Commercial Land Comparable Sale C 5



Commercial Land Comparable Sale C 6

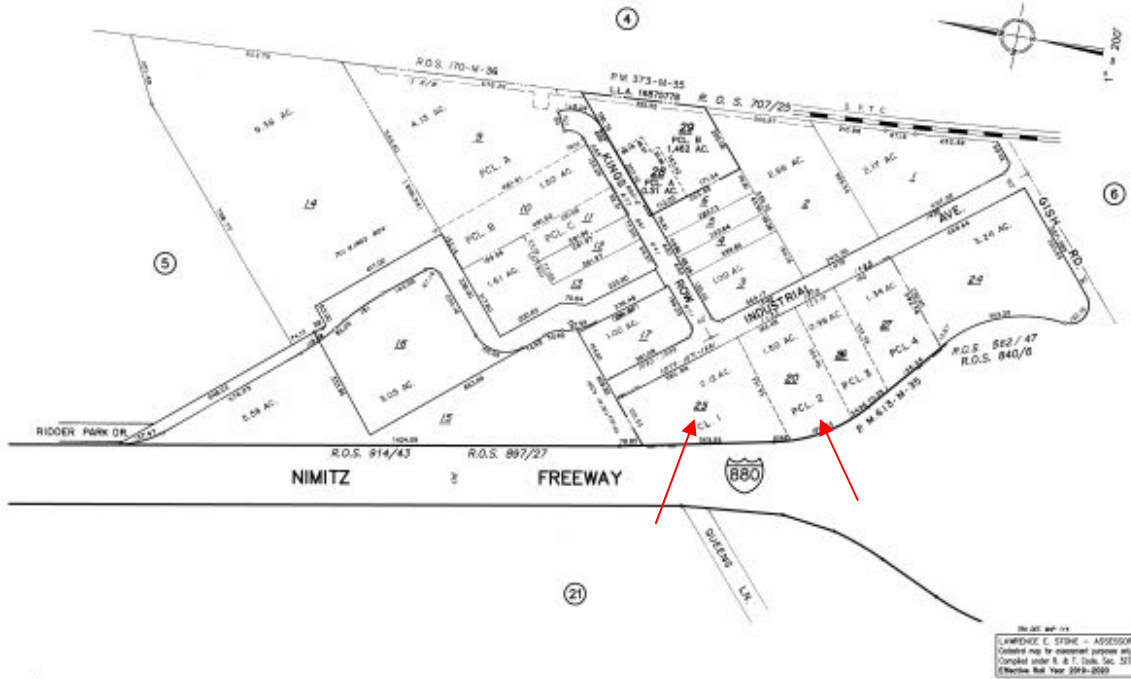
COMPARABLE LAND SALE PARCEL MAPS



COMPARABLE LAND SALE PARCEL MAPS

OFFICE OF COUNTY ASSESSOR — SANTA CLARA COUNTY, CALIFORNIA

BOOK 237 PAGE 30



Industrial Land Comparable Sale I 3

OFFICE OF COUNTY ASSESSOR — SANTA CLARA COUNTY, CALIFORNIA

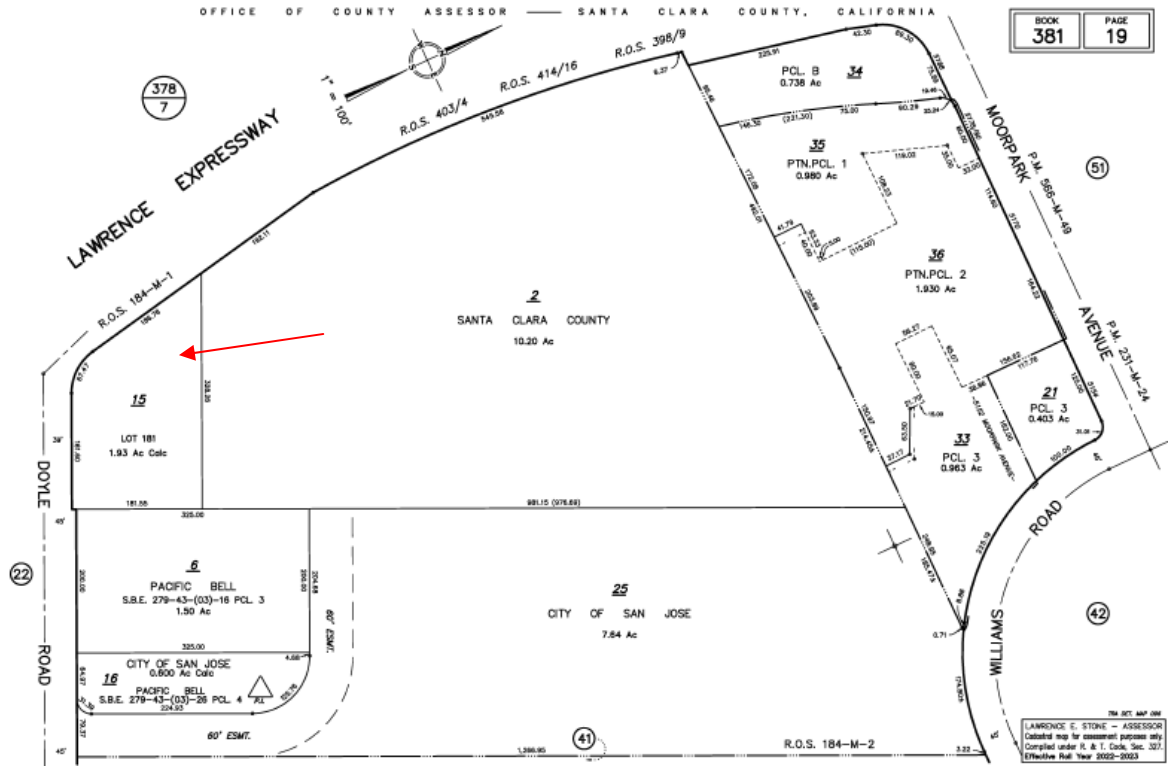
BOOK 230 PAGE 47



Industrial Land Comparable Sale I 4

COMPARABLE LAND SALE PARCEL MAPS

OFFICE OF COUNTY ASSESSOR — SANTA CLARA COUNTY, CALIFORNIA



Industrial Land Comparable Sale I 5

FRANK E. SCHMIDT, MAI, SRA
CURRICULUM VITAE, January 2024

Valuation Consulting, Forensic and General Appraisal, Expert Testimony

MAI and SRA MEMBER of the APPRAISAL INSTITUTE, No. 11933

fschmidt@valuationconsultant.net (510) 468-9219

San Francisco Bay Area

For more than four decades, Mr. Schmidt has been a real estate appraiser and consultant with a practice primarily in Northern California and the San Francisco Bay Area. He began his career as a residential appraiser, earning the coveted SRA designation from the Appraisal Institute in 1989, and the prestigious MAI designation in 2002. In 1995, he partnered with Wayne Prescott to form the Schmidt-Prescott Group, a commercial appraisal firm of which he was president until its dissolution in 2017.

During his career, Mr. Schmidt has appraised a wide variety of real estate including residential, commercial, industrial, raw land, and special purpose properties for various property rights. His experience includes litigation support and testifying as an expert witness for both plaintiffs and defendants. Mr. Schmidt's client list includes attorneys, municipalities, private entities, lenders, and publicly traded companies. He was engaged as a diminution in value consultant on PG&E cases involving the destruction of thirty-eight homes in the 2010 San Bruno gas-line rupture fires. Mr. Schmidt was recently retained by the City of Santa Clara as an expert to assist the city's task force in the process of setting Parkland Dedication fees.

Mr. Schmidt has served on several professional committees throughout his career, including the International Right-of-Way Association and the Appraisal Institute. He currently serves on the Santa Clara County Assessment Appeals Board, of which he was elected Chairperson in 2017.

Expert Witness Testimony

U.S. District Court, Santa Clara County Superior Court, San Joaquin County Superior Court,
San Francisco County Superior Court, Public Utility Commission of the State of CA,
American Arbitration Association, Standard of Care, Eminent Domain

Professional Affiliations

Membership in: Appraisal Institute [MAI (2002) and SRA Member (1989)]

Work Experience

1/2019 to Present:	Frank Schmidt & Associates, President San Francisco Bay Area
2018	Carneghi-Nakasako, Appraiser Consultant San Jose, CA
2/95 to 12/2017:	The Schmidt-Prescott Group, President San Jose, California
4/78 to 2/95:	Schmidt & Associates, Inc., President San Jose and Fremont, CA
6/76 to 4/78:	Senior Supervising Appraiser, Mercury Savings & Loan Cupertino, CA
1/76 to 6/76:	Staff Appraiser, American Savings & Loan San Jose, CA
2/75 to 12/75:	Real Estate Appraiser and Consultant, B.A. Ericson Appraisal Co., San Jose, CA

Formal Education

B.S. Business Management, 1997 Graduated with Honors	University of Phoenix San Jose, CA
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Table A			
Proposed Parkland Dedication In Lieu Fee Schedule - FY2024-25			
95050			
Applicable Fee Type	Calculation	MFA	Quimby
\$/Acre (valuation date 12-31-2023)	<i>A</i>	\$5,455,000	\$5,455,000
Park Acres/1000 Pop. LOS Standard	<i>B</i>	2.6	3
Total Cost per 1,000	$C = A \times B$	\$14,183,000	\$16,365,000
Cost per capita	$D = C/1000$	\$14,183	\$16,365
Density Single Family (Census)	$D \times 2.84$	\$40,280	\$46,477
Improvement value (2023: \$3,818 + 9.4%)	$\$4,177 \times 2.84$	\$11,863	\$11,863
Admin Charge	<i>0.02</i>	\$1,043	\$1,167
Total Single Family (SF) Dwelling Fee		\$53,186	\$59,507
Density Multi Family (Census)	$D \times 1.92$	\$27,231	\$31,421
Improvement value (2023: \$3,818 + 9.4%)	$\$4,177 \times 1.92$	\$8,020	\$8,020
Admin Charge	<i>0.02</i>	\$705	\$789
Total Multi Family (MF) Dwelling Fee		\$35,956	\$40,230

Table B			
Proposed Parkland Dedication In Lieu Fee Schedule - FY2024-25			
95051			
Applicable Fee Type	Calculation	MFA	Quimby
\$/Acre (valuation date 12-31-2023)	<i>A</i>	\$5,650,000	\$5,650,000
Park Acres/1000 Pop. LOS Standard	<i>B</i>	2.6	3
Total Cost per 1,000	$C = A \times B$	\$14,690,000	\$16,950,000
Cost per capita	$D = C/1000$	\$14,690	\$16,950
Density Single Family (Census)	$D \times 2.84$	\$41,720	\$48,138
Improvement value (2023: \$3,818 + 9.4%)	$\$4,177 \times 2.84$	\$11,863	\$11,863
Admin Charge	<i>0.02</i>	\$1,072	\$1,200
Total Single Family (SF) Dwelling Fee		\$54,655	\$61,201
Density Multi Family (Census)	$D \times 1.92$	\$28,205	\$32,544
Improvement value (2023: \$3,818 + 9.4%)	$\$4,177 \times 1.92$	\$8,020	\$8,020
Admin Charge	<i>0.02</i>	\$724	\$811
Total Multi Family (MF) Dwelling Fee		\$36,949	\$41,375

Table C			
Proposed Parkland Dedication In Lieu Fee Schedule - FY2024-25			
95054			
Applicable Fee Type	Calculation	MFA	Quimby
\$/Acre (valuation date 12-31-2023)	<i>A</i>	\$5,255,000	\$5,255,000
Park Acres/1000 Pop. LOS Standard	<i>B</i>	2.6	3
Total Cost per 1,000	$C = A \times B$	\$13,663,000	\$15,765,000
Cost per capita	$D = C/1000$	\$13,663	\$15,765
Density Single Family (Census)	$D \times 2.84$	\$38,803	\$44,773
Improvement value (2023: \$3,818 + 9.4%)	$\$4,177 \times 2.84$	\$11,863	\$11,863
Admin Charge	<i>0.02</i>	\$1,013	\$1,133
Total Single Family (SF) Dwelling Fee		\$51,679	\$57,769
Density Multi Family (Census)	$D \times 1.92$	\$26,233	\$30,269
Improvement value (2023: \$3,818 + 9.4%)	$\$4,177 \times 1.92$	\$8,020	\$8,020
Admin Charge	<i>0.02</i>	\$685	\$766
Total Multi Family (MF) Dwelling Fee		\$34,938	\$39,055

RESOLUTION NO. 23-9220

A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA, TO SET THE PARKLAND IN LIEU FEE SCHEDULE FOR NEW RESIDENTIAL DEVELOPMENT IN ACCORDANCE WITH CHAPTER 17.35 (“PARK AND RECREATIONAL LAND”) OF TITLE 17 (“DEVELOPMENT”) OF THE CODE OF THE CITY OF SANTA CLARA ESTABLISHING THE AVERAGE PER-ACRE LAND VALUES AS CONTAINED IN THE ANNUAL LAND VALUATION APPRAISAL REPORT AND THE PARK DEVELOPMENT COST PER CAPITA VALUE AS CONTAINED IN THE PARKS & RECREATION FACILITIES DEVELOPMENT IMPACT FEE STUDY AND ADJUSTED BY THE CONSTRUCTION COST INDEX

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, the City of Santa Clara is the Government entity responsible for providing public parks, recreation and open space facilities within the City of Santa Clara; and,

WHEREAS, the 2010-2035 General Plan includes a goal that new parks, open space and recreation be provided with new development so that existing facilities are not over-burdened; and,

WHEREAS, the report entitled “Public Facilities Impact Fee Study” dated June 25, 2014 (“Nexus Study”), was prepared by Willdan Financial Services, Inc. and approved by Council in June 2014; and,

WHEREAS, on July 15, 2014, the City Council adopted Ordinance No. 1928, which added Chapter 17.35 to the City Code, and requires new residential development to provide adequate community and neighborhood park land for active recreational uses, and/or under certain conditions to pay a fee in lieu of parkland dedication; and,

WHEREAS, on February 24, 2015, the City Council adopted Ordinance No. 1937, adding duplex dwellings to the types of developments subject to the parkland dedication requirement, and removing the one (1) acre minimum parkland dedication prior to a developer being able to receive financial credit for private recreational amenities and open space; and,

WHEREAS, on August 27, 2019, Council approved Resolution No. 19-8749 which included the statutory findings required pursuant to the California Quimby Act (Quimby) and Mitigation Fee Act (MFA), including the report entitled “Santa Clara Park and Recreation Facilities Impact Fee Update Study” dated April 9, 2019 (“Nexus Study Update”) prepared by Willdan Financial Services, Inc., and the professional land valuation appraisal report with a valuation date of December 31, 2017, and the park improvements costs with values as of 2017; and,

WHEREAS, on October 29, 2019 Council approved Resolution No. 19-8769 to establish the Parkland In Lieu Fee Schedule for New Residential Development in Accordance with Chapter 17.35 of the Code of the City of Santa Clara, and directed staff to phase in the updated 2017/18 Park Improvement Costs over four years and to use the annual Land Valuation Appraisal Report at 100% of cost recovery in the calculation of annual fees; and,

WHEREAS, in 2020, due to the global COVID19 pandemic, and through the regular adoption of the Municipal Fee Schedule process, only the Park Improvement Cost portion of the Parkland In Lieu Fees were raised using 50% of the Park Improvement Costs and the City continued to use the Land Valuation Appraisal Report with a valuation date of December 31, 2018 in the calculation of annual fees; and,

WHEREAS, on June 10, 2021, Council approved Resolution No. 21-8970 to establish the Parkland In Lieu Fee Schedule for New Residential Development in Accordance with Chapter 17.35 of the Code of the City of Santa Clara, which used 75% of the 2018 Park Improvement Costs and used 100% of the land values established in the annual Land Valuation Appraisal Report with a valuation date of December 31, 2020 in the calculation of annual fees; and,

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WHEREAS, on April 19, 2022, Council approved Resolution No. 22-9080 to establish the Parkland In Lieu Fee Schedule for New Residential Development in Accordance with Chapter 17.35 of the Code of the City of Santa Clara, which used 100% the 2018 Park Improvement Costs and used the 100% of the land values established in the annual Land Valuation Appraisal Report with a valuation date of December 31, 2021, except for the for land within the Patrick Henry Drive Specific Plan Area, in which the average per acre land value was set at \$4,830,000 million per acre (\$110.88/sf) as found in the Council Resolution No. 21-8970 adopted June 10, 2021 for use in setting the fees for one fiscal year through June 30, 2023; and,

WHEREAS, the methodology for the calculation of the In-Lieu Fees is explained in the Nexus Study Update from August 27, 2019, and the calculation of the In-Lieu Fees is based on the three primary cost components for the acquisition and development of new parkland, namely (a) the average cost to purchase land for parks in Santa Clara, (b) the average cost per capita to develop the land into a usable park facility, i.e. to construct the amenities, buildings, landscaping and the equipment to service it, and (c) the cost to administer the program, including the review of residential development plans for compliance with the ordinance; and the parkland and features to serve the new residents are only provided at the same standard as existing residents; and now the Council now wishes to set and use the applicable values for calculating the fees due in lieu of parkland dedication based on findings; and,

WHEREAS, pursuant to SCCC Chapter 17.35, the City has surveyed land values and sales records, and has conducted a professional appraisal with a valuation date of December 31, 2022 to determine the fair market value of property in the City, and the City posted the Appraisal Report on the City website from March 7, 2023 to March 21, 2023 for public review and comment; and,

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WHEREAS, the City has reviewed the costs to construct the park improvements (landscape, furnishings, buildings, etc.), based on the average cost per capita for the City's existing park system improvements to assure a fair and equitable distribution of costs to be recovered for development of park assets and features to serve the new residents at the same standard as existing residents, and the system wide average cost per capita is reviewed and updated periodically given actual costs of recent park improvement projects and on the basis of increases/decreases in the State of California, Department of General Services Construction Cost Index reported by the Real Estate Services Division for the Bay Area; and,

WHEREAS, on March 21, 2023, the Land Valuation Report and the Park Improvement Cost information was presented to the Parks & Recreation Commission for consideration and public comment (File ID No. 23-343), and the Commission recommended that Council approve the land valuation values as found in the Land valuation Appraisal Report dated December 31, 2022, and a reasonable 10% increase in the park improvement value; and now the Council now wishes to set and use the applicable land values and park improvement values for calculating the fees due in lieu of parkland dedication and to adopt the updated fee schedule for parkland in lieu fees.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. Findings and Purpose. That the City Council hereby finds and declares that the land valuation component will be subject to the updated annual land value appraisal report and supplemental instructions as adopted by Council June 7, 2016 with valuation dates of December 31 of each calendar year, and that the park improvement valuation component will be subject to the average cost per capita for found in the Parks & Recreation Facilities Development Impact Fee Study (Nexus Study) and periodically updated based on reasonable application of changes in the State of California, Department of General Services Construction Cost Index (CCCI) reported by the Real Estate Services Division for use in calculating the following (next) fiscal year's fee update.

2. Land Valuation Appraisal. An independent real estate-appraisal firm, Frank Schmidt & Associates, was retained to provide a “Fair Market Value” opinion (valuation date of December 31, 2021) conforming to Uniform Standards of Professional Appraisal Practice and using the City’s Supplemental Instructions for an average acre of land (hypothetical, rectangular, useable site) for property in each of the three existing City of Santa Clara Zip Codes 95050, 95051, 95054. The data set included all property types: Single Family (low and very low density), High Density Residential, Medium Density Residential, Commercial/Retail, Industrial, Lots and Land. Excluded were transactions considered not “arms-length”, having encumbered or clouded title, environmentally impaired sites, or more than three (3) years old. An inflation factor was computed and applied to comparable sales over one year old based on reasonable and rational considerations such as sales and rental trends or other appropriate methods. The weighted average of each property type was based on the percentage of land area in the sales transactions.

3. Land Valuation Appraisal Findings. Based on the findings of the Appraisal Report, the City Council hereby sets the average per acre land value for each ZIP Code area as of December 31, 2022, as: \$5.500 million per acre (\$126.26/sf) in 95050; \$5.840 million per acre (\$137.07/sf) in 95051; and, \$5.240 million per acre (\$120.29/sf) in 95054. If a developer objects to this determination of fair market value, the developer may elect to have the value established by appraisal, in conformance with City Code Section 17.35.040(b)(2).

4. Park Improvement Valuation Cost Analysis. The cost to construct the park improvements (landscape, furnishings, buildings, etc.), is based on an average cost per capita for the City’s existing park system improvements and recovers no more than 100% of the actual cost to develop new park assets and features to serve new residents at the same standard as existing residents. A cost analysis was conducted, including a review of recent/actual City park improvement project costs and a review of increases/decreases in the State of California, Department of General Services Construction Cost Index reported by the Real Estate Services Division for the Bay Area.

5. Park Improvement Valuation Cost Analysis Findings. The 2018 Santa Clara average park improvement value per capita is \$3,471. From 2018 to 2022, construction costs have increased 30.4% according to the State of California, Department of General Services Construction Cost Index reported by the Real Estate Services Division for the Bay Area, such that the park improvement value of \$3,471 per capita would be \$4,641 per capita as of January 1, 2023. Actual park improvement costs based on recent projects competitively bid and awarded by the City of Santa Clara have experienced similar percentages of cost escalation. The Council hereby finds that an increase of 10% in the park improvement base value is reasonable. The City Council hereby sets for use in the In Lieu Fee fee calculation a park improvement value of \$3,818 per capita (2018 base value of \$3,471 plus 10% for cost escalation recovery) for use in the FY2023/24 fees.

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6. Use of the Construction Cost Index in Future Park Improvement Valuation. Based on the findings of the park Improvement valuation cost analysis and the periodic nexus study, Council hereby finds that annual changes in the park improvement value used in the calculation of In Lieu Fees shall be indexed to changes (increases/decreases) in the State of California, Department of General Services Construction Cost Index for the previous calendar year as reported by the Real Estate Services Division for the Bay Area. However, such annual increases and decreases shall be limited to no more than a change of 10% of the base value, and in no case shall the increased or decreased base value be more than 100% cost recovery.

7. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE 18TH DAY OF APRIL, 2023, BY THE FOLLOWING VOTE:

AYES:	COUNCILORS:	Becker, Chahal, Hardy, Jain, and Watanabe, and Mayor Gillmor
NOES:	COUNCILORS:	Park
ABSENT:	COUNCILORS:	None
ABSTAINED:	COUNCILORS:	None

ATTEST: 

 NORA PIMENTEL, MMC
 ASSISTANT CITY CLERK
 CITY OF SANTA CLARA

Attachments incorporated by reference:
 1. Santa Clara Land Valuation Appraisal Report 12-31-2022
 2. Fee Calculation Tables A, B, C

Attachment 1

Santa Clara Land Valuation Appraisal Report 12-31-22

ANNUAL LAND VALUATION APPRAISAL REPORT

VALUATION OF

The Average per Acre Land Value of High-Density Residential, Medium-Density Residential,
Low-Density Residential, Very Low-Density Residential, Commercial, & Industrial
Properties Located in Three Zip Codes (95050, 95051, and 95054)
City of Santa Clara, California
Santa Clara County

PREPARED FOR

Mr. James Teixeira, Director of Parks and Recreation
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

PREPARED BY

Frank E. Schmidt, MAI, SRA
Frank Schmidt & Associates

EFFECTIVE DATE OF VALUE OPINION

December 31, 2022

March 1, 2023

Mr. James Teixeira, Director of Parks and Recreation
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Re: Annual Land Valuation Appraisal Report
Average Value of Three Hypothetical 1-Acre Lots,
One for Each Zip Code Comprising 95050, 95051, and 95054
Santa Clara, California, U.S.A.

Dear Mr. Teixeira:

Pursuant to your request, I have completed the annual land valuation appraisal to aid the City of Santa Clara in establishing park impact fees. Following this letter of transmittal is my appraisal and analysis opining the value of a hypothetical 1-acre lot in each of the City's three zip codes.

In June 2016 the City of Santa Clara City Council approved Supplemental Instructions for the Appraisal of the Fair Market Value of land used in the Parkland Dedication In-Lieu Fee. These supplemental instructions and guidelines for the Appraisal are displayed in the Addenda. One of the supplemental instructions was that the valuation date occurs each year on December 31. Since the date of my opinion of value, December 31, 2022 precedes the date I wrote and transmitted this appraisal by about 2 months, this is considered a retrospective appraisal as defined by the Uniform Standards of Professional Appraisal Practice. Since this is a retrospective value, it is important to note that I only considered data that was available and/or public as of the date of value. The exception to this was the 2022 land area data provided by Old Republic Title Company which was not available until February 2023, and some brokerage reports published in January and February 2023, but containing 2022 data.

I have appraised the subject of this appraisal numerous times since 2014, and most recently with a date of opinion of December 31, 2022. Based on land area, in 2020 about 43% of all the transactions sold were categorized as industrial and commercial, and the other 57% were categorized as residential. In 2021, approximately 42% of all transactions sold were industrial and commercial, while 58% were categorized as residential. In 2022, commercial/industrial sales accounted for about 27.06% of the total while residential sales accounted for about 72.94% of the total. However, the median residential selling price in 2022 was generally increasing

throughout the first half of 2022 and generally trending downwards in the last half of 2022. This resulted in lower residential unit values for 2022. Industrial and commercial land values were unchanged in 2022. The combination of recent Federal Reserve interest rate increases, expected slower economic growth and an increased possibility of a near-term recession has impacted the market. All these factors resulted in lower 2022 values for the hypothetical one-acre lots for each zip code compared to 2021.

To complete this appraisal, I conducted an investigation, gathered data, and made the analyses necessary to enable me to fulfill the purpose of this assignment, which was to estimate the fair market value of a hypothetical 1-acre lot comprising components of high-density residential, medium-density residential, low-density residential, very low-density residential, commercial, and industrial, to form and report the average value per acre of land in the three existing Zip Codes in the City of Santa Clara consisting of 95050, 95051, and 95054. The average value was established using the weighted average of these different property types, based on the percentage of total land area associated with the different property types that sold in the City of Santa Clara in the 12 months prior to the date of value and based on land area data provided by Old Republic Title Company.

I understand that this Appraisal Report is intended for use by the Client, the City of Santa Clara, for assistance in determining park impact fees.

Hypothetical Conditions, Extraordinary Assumptions, and Contingencies

Hypothetical Condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.”¹I supposed the following hypothetical conditions:

- The fair market value was estimated based on different land value components applied to a hypothetical lot. It was a hypothetical condition of this appraisal that the subject lot was a finished lot and rated average in all other physical, locational, and legal aspects.
- Since the hypothetical lot will be comprised of different land value components and it is unlikely the City’s land use ordinances would allow the different property types on the same lot, it was necessary to apply a hypothetical condition that each of the following uses would be permitted on the subject lot: high-density residential, medium-density residential, low and very low-density residential, commercial, and industrial.

¹2020-2021 Uniform Standards of Professional Appraisal Practice (USA, The Appraisal Foundation, 2020)

Extraordinary Assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”²

- In this appraisal, land areas provided by Old Republic Title Company were used to estimate the weighted average of all the sale transactions that occurred in the City of Santa Clara in 2022. It was an extraordinary assumption of this appraisal that the land areas provided by Old Republic were accurate.

The use of these hypothetical conditions and extraordinary assumption might have affected the assignment results.

There are general assumptions and limiting conditions set forth in this report.

Based on the investigation and analyses undertaken, I formed the opinion that the average value per acre on December 31, 2022, the effective date of opinion, for each zip code was:

Zip Code	2022 Average Value per Acre
95050	\$5,500,000
95051	\$5,840,000
95054	\$5,240,000

Sincerely,



Frank E. Schmidt, MAI, SRA

²2020-2021 Uniform Standards of Professional Appraisal Practice (USA, The Appraisal Foundation, 2020)

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EXECUTIVE SUMMARY

CLIENT : City of Santa Clara

LOCATION : City of Santa Clara, California

PROPERTY TYPES : Very Low-Density Residential, Low-Density Residential, Medium-Density Residential, High-Density Residential, Commercial, and Industrial Land

SITE AREA : Each Hypothetical Lot is One Acre

FLOOD HAZARD STATUS : Zone X; the hypothetical lots are outside any flood zones

EARTHQUAKE FAULT ZONE : The hypothetical lots are not located in an Earthquake Fault Zone as designated under the Alquist-Priolo Earthquake Fault Zoning Act.

GENERAL PLAN, & HIGHEST AND BEST USE :

Use of Hypothetical Lot	General Plan	Highest & Best Use
Very Low Density Residential	Very Low Density Residential	Very Low Density Residential
Low Density Residential	Low Density Residential	Low Density Residential
Medium Density Residential	Medium Density Residential	Medium Density Residential
High Density Residential	High Density Residential	High Density Residential
Commercial	Regional Commercial	Hold for Development of a Commercial Building
Industrial	Light Industrial	Industrial Building

EFFECTIVE DATE OF VALUE : December 31, 2022

PROPERTY RIGHTS APPRAISED : Fee Simple Estate

AVERAGE VALUE CONCLUSIONS :

Zip Code	2022 Average Value per Acre
95050	\$5,500,000
95051	\$5,840,000
95054	\$5,240,000

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal and report were made applying these **general assumptions**:

1. No responsibility was assumed for the legal description or for matters including legal or title considerations. Title to the hypothetical properties was assumed to be good and marketable and free and clear of all liens, encumbrances, easements, and restrictions except those specifically addressed in this report;
3. Responsible ownership and competent property management were assumed;
4. The information furnished by the Client and others was believed to be reliable. However, no warranty is given for its accuracy;
5. All engineering was assumed correct. Plot plans or any other illustrative material in this report were included only to assist the reader in visualizing the property;
6. It was assumed that there are no hidden or unapparent conditions in the hypothetical properties that render them more or less marketable or valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them;
7. Unless otherwise stated in this report, the existence of hazardous material, toxic waste, and/or other environmental impairments which may or may not be present on or in the hypothetical properties, was not investigated by this consultant.

As real estate consultants, we are not qualified to properly investigate this property for any discharge, spillage, uncontrolled loss, seepage, filtration, or storage of hazardous substances which may adversely affect the value of this property. Neither are we qualified to detect the presence of substances such as asbestos, urea-formaldehyde foam insulation, nor other materials that could create an environmental impairment to the subject property or to other property caused by conditions present at the subject property. Our opinion(s) were predicated on the assumption that there is no such material on or in the property that would affect market value. No responsibility was assumed for any such conditions or for any expertise or engineering knowledge required to discover and/or correct them;

8. It was assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the report;

9. It was assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal and reported in the report; and
10. It was assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate or other opinion contained in this report are based;

This report has been made with the following **limiting conditions**:

1. Possession of the report, or a copy thereof, does not carry with it the right of publication or use. It may not be used for any purpose by any person other than the Client(s), for the Intended Use specified in the engagement agreement and/or report;
2. The consultant is not required to give further consultation, testimony, or attend court for matters involving the subject property unless arrangements have been previously made; and
3. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the Consultant, or the firm with which the Consultant is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the Consultant.

Reader Note:

There may be other appropriate and more specific limitations on our opinions or conclusions identified in the cover letter or report as *Hypothetical Conditions*, *Extraordinary Assumptions*, or *Contingencies*.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I previously appraised the subject of this report for the same Client on several occasions, most recently in an appraisal report transmitted April 1, 2022 and having a date of value of December 31, 2021.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice (USPAP)*.
9. I have not inspected the property that is the subject of this report since the subject lots are hypothetical.
10. Under my direction, Mr. Dennis Moredock verified the comparable data, performed analysis, and wrote the first draft of the appraisal report.
11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.



Frank E. Schmidt, MAI, SRA

March 1, 2023

Date

SCOPE OF THE ASSIGNMENT

Information Provided to the Appraisers

The Client provided excerpts from the Parks and Recreation Facilities Fee Study completed by Willdan Financial Services. Old Republic Title Company provided Santa Clara sales statistics of land areas to assist us in estimating the weighted land average of all the sale transactions that occurred in the City of Santa Clara in the 12 months preceding the date of value. We were also provided the “Supplemental Instructions for Appraisal” approved by Santa Clara City Council on June 7, 2016, which are displayed in the Addenda. Lastly, in previous appraisals, City Parks provided us the Park Impact Fee Ordinance (No. 1928).

Extent of Research into Physical Factors

We drove several streets throughout Santa Clara over the past several years including various times in 2016, 2017, 2020, 2021, and 2022. We note changes that are occurring or have occurred, particularly regarding new development. We gathered data about land use ordinances for each hypothetical lot and the comparables from the websites of the appropriate municipalities.

Extent of Research Into Economic Factors

We gathered, analyzed, and applied macro-economic information gleaned from many sources, including:

- The Wall Street Journal
- 12th District Beige Book
- GlobeSt.com
- CoStar News
- The Kiplinger Letter
- DQ News/CoreLogic

We gathered, analyzed, and applied data about market conditions and other micro-economic information from:

- Websites of Commercial Brokerages
- Commercial and/or residential multiple listing services
- Silicon Valley Business Journal
- San Jose Mercury News
- Discussions with agents active in the subject market

We talked to the buyers, sellers, and agents whose names we discovered on signage in the neighborhood and during comparable verification. We learned about additional market data from these people.

Extent of Comparable Data Research

We used a variety of sources and subscription services to gather comparable data, including:

- Verified Data Files from Other Appraisals
- CoStar Group
- DataTree
- MLSlistings.com
- LoopNet
- Commercial Real Estate Brokerage Websites

Verification

The most appropriate data that we discovered was verified with a party to the transaction. When that was not possible, we discuss and/or state the verification source(s), using public record data, subscription services, MLS, etc. in the Analysis section.

Among the comparables selected we studied copies of the assessor's parcel maps, public record summary, aerial maps, records of survey, and other data such as structural, geological, or environmental reports, subdivision maps, title reports, etc. We also reviewed planning proposals/approvals and permit histories where appropriate.

Type and Extent of Analysis Applied

The data is summarized on spreadsheets displayed in the Analysis sections following. The analysis was comparative, iterative, qualitative, and quantitative.

Compliance

It was the intent of this appraisal to comply with the requirements of:

- The Uniform Standards of Professional Appraisal Practice (USPAP) including the Ethics and Competency Provisions as promulgated by the Appraisal Standards Board of the Appraisal Foundation.

- The Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- The City of Santa Clara’s “Supplemental Instructions for Appraisal”

DEFINITIONS

According to the California Code of Civil Procedure, Section 1263.320 defines **Fair Market Value** as:

“(a) the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

(b) The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable.”

Revised federal definitions in the Uniform Act identify the definitions of “market value” and “fair market value” as one and the same. These terms are used interchangeably in this report.

Weighted Average means an average resulting from the multiplication of each component by a factor reflecting its importance or contribution.

Average Value means a value that is calculated by adding values together and then dividing the total by the number of values.

Fee Simple Estate means absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”³

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed., (Chicago: Appraisal Institute, 2015)

REAL PROPERTY, REAL ESTATE, AND PERSONAL PROPERTY APPRAISED

Real Property is defined as all of the interests, benefits, and rights in the ownership of the physical real estate, that is, the bundle of rights with which the ownership of the real estate is endowed. Real estate is defined as physical land and appurtenances attached to the land.

Real Property Rights Appraised

The subject properties are hypothetical unimproved lots and the fee simple estate is appraised.

Real Estate Appraised

It is an assumption of this appraisal that the subject's hypothetical finished lot is graded and level, all utilities and services are stubbed to the site, is ready for building improvement, and defined as follows:

- Area** : One acre
- Shape & Frontage** : Shape is rectangular with typical frontage along one street.
- Topography** : Level, at street grade
- Drainage** : Adequate
- Utilities & Services** : The municipality provides water, electrical, and sewer service. A private contractor provides garbage service. Local utility companies provide telephone and cable. All utilities are piped and wired onto the hypothetical lot.
- Easements** : Typical public utility easements along frontage presumed.
- Soil Conditions** : It is a general assumption of this appraisal that the hypothetical site is suitable for any legally permissible and physically possible use.
- Environmental Impairment Issues** : It is a general assumption of this appraisal that there are no environmental issues that affect the market value of the hypothetical lots.

- Off-Site Improvements** : Street is fully improved and maintained by the City; it is asphalt paved with streetlights, curbs, gutters, and sidewalks.
- Street Access** : Rates average in comparison to competing properties.
- Exposure/Visibility** : Rates average in comparison to competing properties for each hypothetical use.
- Flood Hazard Status** : Hypothetical lot is presumed to be within Zone X, which denotes areas of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level.
- Earthquake Fault Zone** : The hypothetical lot is not located in an Earthquake Fault Zone as designated under the Alquist-Priolo Earthquake Fault Zoning Act.
- Improvements** : None

Personal Property Appraised

We did not appraise any personal property.

PREVIOUS APPRAISALS

The author previously appraised the subject(s) of this report for the City of Santa Clara on several occasions, most recently in an Appraisal Report transmitted April 1, 2021 with an effective date of opinion of December 31, 2021. The next most recent appraisal of the subject was transmitted March 21, 2021 with an effective date of opinion of December 31, 2020. The intended use of all appraisals was the same: to assist the City in determining park impact fees.

REGION & CITY DESCRIPTION

The County of Santa Clara is located at the southern end of San Francisco Bay. It encompasses about 1,304 square miles of land with 15 incorporated cities and towns. According to California Department of Finance (CDF), on July 1, 2022, the county had a population of 1,882,601, a decrease of 4.82 percent from the July 2021 estimate. Over the past several years, Santa Clara County had been experiencing strong employment conditions. Prior to the COVID-19 pandemic,

unemployment was at historical lows and essentially reflected full employment conditions. According to statistics published by the State of California Employment Development Department (EDD), the Santa Clara County unemployment rate was 2.0% in December 2022, based on a labor force of 1,060,500. This is a decrease from the March 2020 unemployment rate of 3.4%, prior to COVID-19. It is also lower compared with the one-year prior unemployment rate (December 2021) of 4.0%, based on a labor force of 1,042,900 jobs.

Santa Clara County, which makes up the bulk of Silicon Valley, is highly dependent on technology employment, including Adobe, Apple, Applied Materials, Cisco, eBay, Flextronics, Google (Alphabet), HP, Intel, Intuitive Surgical, Lockheed Martin Space Systems, Microsoft, Netapp, Oracle, PayPal, and Tesla.

The City of Santa Clara covers about 18.4 square miles and is surrounded by San Jose on the north, east, and south, and is adjacent to Sunnyvale and Cupertino on the west. The City of Santa Clara's population estimate was 130,127 as of January 1, 2022, according to the CDF, about .8% higher than 12 months earlier. Employment conditions in Santa Clara followed a similar trend as seen in Santa Clara County. Unemployment, according to the EDD, was reported at a rate of 2.1% in the city of Santa Clara as of November 2022, based on a labor force of 74,000. The unemployment rate has generally followed a downward trend since peaking in April 2020 at 9.5%. Still, the current rate is below the rate of 2.6% reported in February 2022.

An aerial of the City of Santa Clara (outlined in red) and surrounding areas is shown below:



The two largest employers in the City of Santa Clara are Intel and Applied Materials. Other high-tech companies, such as AMD, Nvidia, Palo Alto Networks, Sun Microsystems, ServiceNow, and Agilent Technologies have headquarters in the City. Other large employers include California's Great America, Avaya Inc., Santa Clara City Hall, EMC Corporation, Macy's, and Santa Clara University. The City of Santa Clara is the supplier for the City's water and electric power, which it claims can save small industries almost 50% on their utility costs.

Levi's Stadium, the home of the San Francisco 49ers, opened over the summer of 2014 in the northern portion of the city, adjacent to Great America Theme Park and the existing 49ers practice facility. The Santa Clara Convention Center is also nearby and offers about 302,000 square feet of meeting space.

The opening of Levi's Stadium spurred an increase in demand for nearby properties. There are several projects under construction throughout the city and several proposals in progress that are anticipated to add thousands of square feet of new retail, office and residential. The largest proposal is from Related California and is named Related Santa Clara (5155 Stars & Stripes Drive). The project is a 240-acre mixed use development located across from the street from Levi's Stadium. It would include 9.16 million gross SF of office, residential units, retail and entertainment facilities, hotel rooms, and surface and structured parking facilities. The first development phase is approved and was slated to open to the public in 2023 but was delayed by the pandemic. The Lake Park office development project is a 4.05 acre project site that has received approvals for a 150,000 SF office development located at 3001 Tasman Drive. The Kylli mixed use development project Mission Point is currently pending review and is located at 3005 Democracy Way. This project is a 46 acre site that proposes 3,000,000+- SF of commercial office/lab space, 100,000+- SF of neighborhood retail, 1,800+- new multi-family residential, a child care facility, and indoor and outdoor community spaces. The Santa Clara Square development project (The Irvine Company) encompasses approximately 93 acres and includes 1,862,000 SF of office, 178,000 SF of retail, and up to 1,840 units of residential apartment units. This project is at 2600 Augustine Drive and is currently under construction. The NVIDIA project is under construction and is located at 2600, 2788 and 2800 San Tomas Expressway. The 35.6 acre site will have 1,950,000 SF of office/research and development (R&D) space within three buildings. 575 Benton Street is a mixed use project by Prometheus that is currently under construction. This 5.7 acre site will have apartment units and retail space. A 190-room hotel on a 1.96 acre site is currently under construction at 2900 Lakeside Drive. Gateway Village by Essex Property Trust at 3700 El Camino Real will have 476 residential units and 108,600 sq.ft. of retail space on a 12.6 acre site. This project is currently under construction. The Lawrence Station Project – Kifer Road (Summerhill) is at 3505 Kifer Road and is currently under construction. This 29.4 acre project is part of the Lawrence Station Area Plan. The project is a 988 residential unit, four-story, multi-family development with 39,225 SF of retail/amenity space. Additional development in the City includes several new

structures on the Santa Clara University campus and continued residential build-out of the Lawrence Station area.

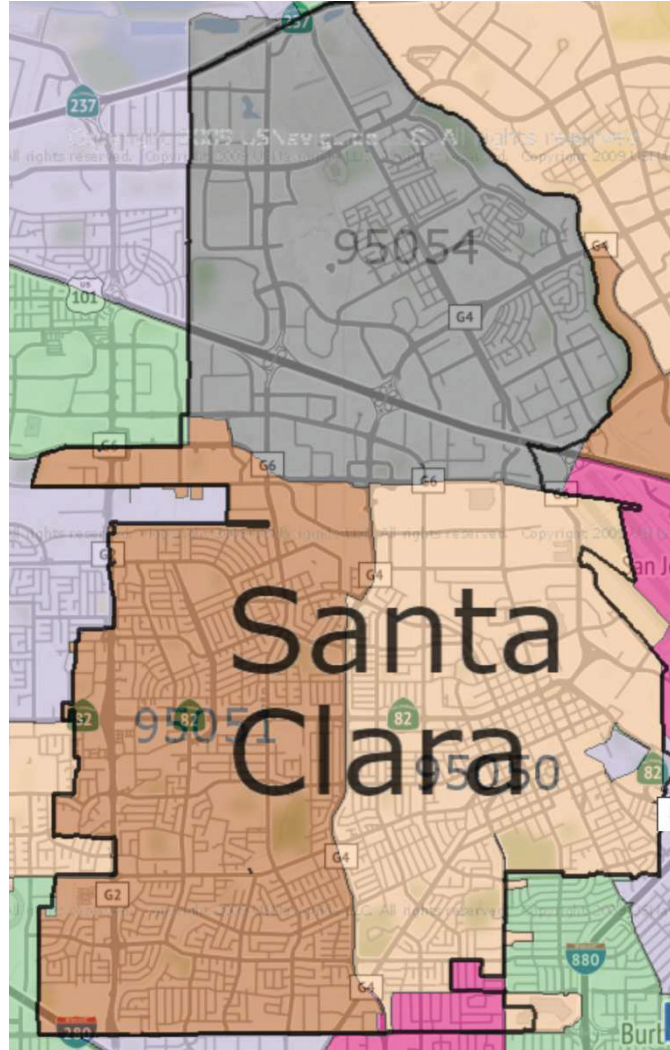
The City's median household income was estimated by the U.S. Census Bureau at \$150,244 in 2021 and the per capita income was about \$69,021. The United States Census Quick Facts for 2017-2021 indicated the following demographics in Santa Clara:

Total Households	45,830
Owner Occupied Housing Unit Rate	42.4%
Average Household Size	2.68
Bachelor's Degree or Higher	63.2%
In Civilian Labor Force	71.1%

The City is home to Santa Clara University, Mission College, a public community college, and Golden State Baptist College. The City is primarily served by Santa Clara Unified School District, which includes 19 schools spanning transitional kindergarten through high school. The southwest corner of the City is served by Cupertino schools.

The City of Santa Clara and Santa Clara County benefit from a number of freeways, arterials, and expressways that provide access to most areas of the region, including three interstate highways, I-280, I-880, and I-680 in addition to several federal and state highways, US-101, CA-85, CA-87, CA-17, and CA-237. Caltrain, Amtrak, and ACE rail transportation, light rail, and VTA bus services provide mass transit for the city, connecting Santa Clara to the greater Bay Area. Located adjacent the City's eastern border is the Norman Y Mineta San Jose International Airport, with service to about 30 destinations.

There are three primary zip codes within the city, which are shown on the following map as the color-coded areas within the black-outlined city limit boundaries. Note that the 95053 zip code applies to Santa Clara University, which is located within the Santa Clara city limits, but was not included as part of this appraisal.



Source: zipmap.net

Conclusion

All locations within Santa Clara are proximate to nearby job centers, retail, housing, and linkages, contributing to the long-term demand for sites within the city.

MARKET CONDITIONS

The COVID-19 pandemic had various effects on local real estate markets in 2022. The December 9, 2021 *UCLA Anderson Forecast* states that “Since March 2020, the state of the COVID-19 pandemic has determined the course of the economy nationally and across California. With each successive wave, the economy has grown more resilient to the effects of the virus, but by the end of 2020, it became clear that consumer behavior, not government restrictions, had the greatest effect on economic outcomes.” Further discussion of the COVID-19 effects are presented throughout this report.

The *Winter 2022 Allen Matkins/UCLA Anderson Forecast California Commercial Real Estate Survey* “was taken as the Delta/Omicron phase of the pandemic was raging and was slowing the return of consumers to the purchase of services, to the office, and to vacation travel.” Multi-family housing has rapidly bounced back from a “falling-rent” hiatus and is also in for a run of new project development. Though the last two Surveys suggested a turn in office and retail market, it has happened sooner than expected.”

The *Winter 2023 Allen Matkins/UCLA Anderson Forecast California Commercial Real Estate Survey* reports “The level of uncertainty in the economy has elevated dramatically in the months since the Summer 2022 according to Allen Matkins/ UCLA Anderson Forecast California Commercial Real Estate Survey. The combination of recent Federal Reserve interest rate increases and an increased possibility of a near-term recession has resulted in more challenging commercial real estate financing including a demand by financiers for higher equity participation and higher rate of return hurdle rates. Nationwide, a contraction in new commercial development is now underway. The latest Survey, taken in December 2022, coupled with analysis by the UCLA Anderson Forecast, paints a relatively better picture for commercial real estate in California. This is particularly true for the period after 2023. Nevertheless, commercial real estate development in California is also impacted by higher interest rates and the expected slower economic growth.”

In the following narrative we present some statistics and comments regarding the market conditions for each land use we are appraising. Land market conditions for each of these uses are not typically tracked by any firms that we are aware of; it has been my experience and historically as reported by market participants that the land market for these uses typically trend with the improved markets, oftentimes leading. We report on the sale, rental, and construction trends of the respective markets, in estimating the appropriate market conditions adjustments used in our following analysis.

Regional Economic Conditions

According to San Jose think-tank Joint Venture Silicon Valley (JVSV), “The region recovered from pandemic job losses by April 2022. Unemployment hit an historic low. Tech is becoming more highly concentrated. Silicon Valley added 88,000 jobs between mid-2021 and mid-2022, a growth rate of 5.4 percent. An estimated 22,000 jobs were added in the second half of the year. At the end of 2022 Silicon Valley was home to a quarter of the US workforce for our largest tech companies. Layoffs commencing in the second half of 2022 resulted in a one percentage point loss in the region’s share of this 1.1 million-person workforce. The tech sector (including San Francisco) continues to become more concentrated. The 30 largest firms account for 42 percent of employment (19 percent are at Google, Apple and Meta alone). Silicon Valley’s unemployment rate hit an historic low (1.8 percent) in May of 2022.”

“Demand for commercial space is tempered by remote work but specialized R&D space is hot. Though remote work is shifting the dynamic, leasing activity remained strong throughout 2022, reaching 24.8 million square feet (up 2 percent). While there was a 45 percent increase in the number of lease agreements, the average amount of space per lease has sharply declined (to 12,700 square feet). Bay Area companies requiring other commercial types have not downsized, reflecting how R&D, laboratory and industrial spaces are less inherently able to be replicated off-site. The amount of office development in the pipeline remains robust, indicating a continued desire of owners to expand their footprint, and optimism from developers. Rental rates rose in 2022 for all space types, although Office rates did not outpace inflation. Rates for lab space have climbed the most rapidly. With the majority of Silicon Valley’s premier tech companies announcing layoffs, sublease space has started to appear. A total of five million square feet of new Silicon Valley commercial space was completed in 2022 (61 percent Office, 10 percent Lab, 12 percent R&D and 8 percent Industrial), an amount nearly half of what was completed in 2021. Google, Apple, Meta, Amazon, LinkedIn and Netflix, combined, occupy 20 percent (54.2 million square feet) of office and R&D space. Of these six companies, Google occupies the most (approximately 20.5 million square feet). Remote work is increasing, creating extra capacity on roadways and decimating public transit. The share of Silicon Valley workers working from home grew to 35 percent in 2022, up from 28 percent in 2021. The share was 6 percent in 2019.”

“Silicon Valley’s population declined by 38,900 residents between mid-2020 and mid-2021, the highest figure ever recorded. The decline was due to a 74 percent rise in domestic outmigration, a reversal of the net flow of foreign immigrants (-103 percent), declining birth rates, and rising death rates.”

Commercial Market Conditions

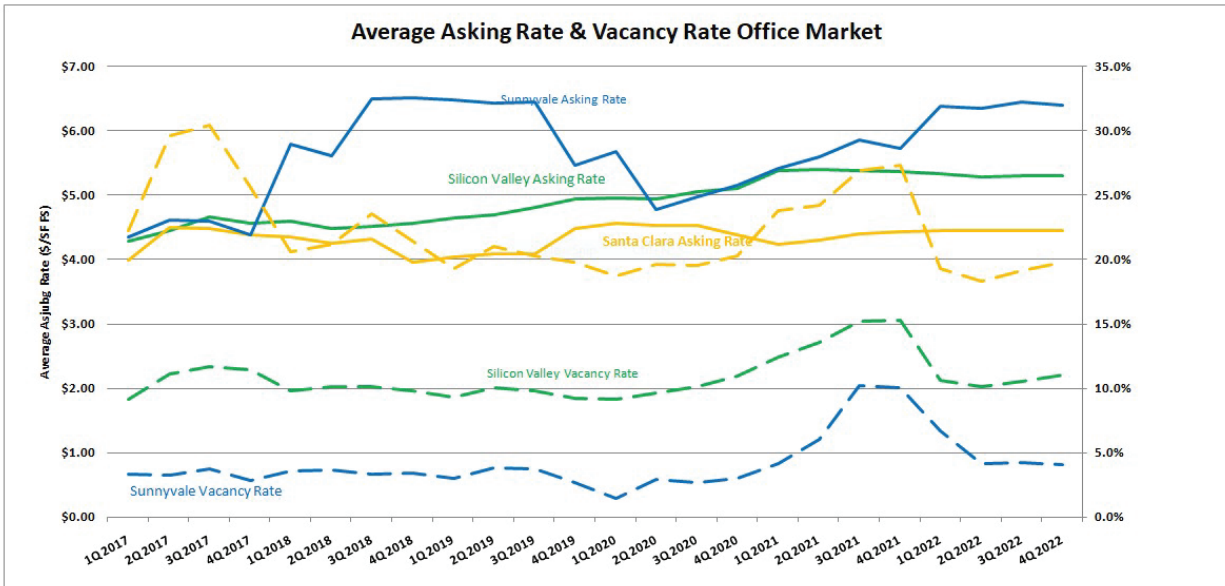
Commercial properties typically include office and retail uses. We discovered that office properties are generally being built in the central business districts and in light industrial locations. Research and development (R&D) properties have historically been a subcategory of industrial. However, R&D can rival office space in terms of finishes and quality and we elected to include a discussion of the R&D submarket as part of the commercial market. Many of the traditional retail corridors in this region, El Camino Real in particular, have land use ordinances that allow for residential mixed-uses.

In this market, real estate brokerages track office and retail statistics by city or submarket; they are not broken out by zip code. Following we present the relevant statistics pertaining to the Santa Clara market and provide comments from market participants regarding the perceived differences in each of the Santa Clara zip codes that the three hypothetical lots being appraised are located.

Office Market

The Silicon Valley office market from early 2017 through 4Q-2022 was generally characterized by increasing vacancy rates, negative net absorption, and overall flat to slightly increasing average asking rental rates. The next table displays data from the Cushman & Wakefield’s 4Q-2022 Silicon Valley Marketbeat Office Snapshot and predecessor reports and includes statistics from the Silicon Valley market, the subject’s submarket (Santa Clara), and the adjacent Sunnyvale submarket.

OFFICE STATISTICS



Source: Cushman & Wakefield Marketbeat Office Snapshot

The data indicates that the office vacancy rate in Santa Clara generally increased slightly from Q1-2022 through Q4-2022. The Silicon Valley market has been overall more stable with vacancy reported at 11.0% for Q4-2022, slightly up from the 10.5% rate in the third quarter 2022. The region’s availability represents 17.2 million square feet of vacancy in 4Q-2022. “Despite strong fundamentals, remote work policies popularized during the COVID-19 pandemic as well as fears of an upcoming economic downturn have left a significant amount of office space in the Valley vacant.”

Cushman & Wakefield reports key 2022 lease transactions in the City of Santa Clara’s include 160,611sf expansion at 3075 Olcott Street and DataStax sublease of 31,250sf at 2755 Augustine Drive in Q1-2022, aided by a 330,317 square foot sublease by Pure Storage at 2555 & 2565 Augustine Drive in Q2-2022, and a expansion by AMD of 62,500 square feet at 2755 Augustine Drive in Q3-2022.

The average office asking rent in 4Q-2022 for the City of Santa Clara was \$4.45/SF/Month on a Full Service expense basis, whereby taxes, insurance, maintenance, utilities, and janitorial expenses are bundled into the base rent. This is slightly more than the \$4.43/SF/Month asking rate from one year ago.

Marcus & Millichap's 4Q-2022 Market Report shows that in the San Jose Metro area, which includes Santa Clara, office vacancy increased 30 basis points. Asking rents in the San Jose Metro increased 2.4% year-over-year.

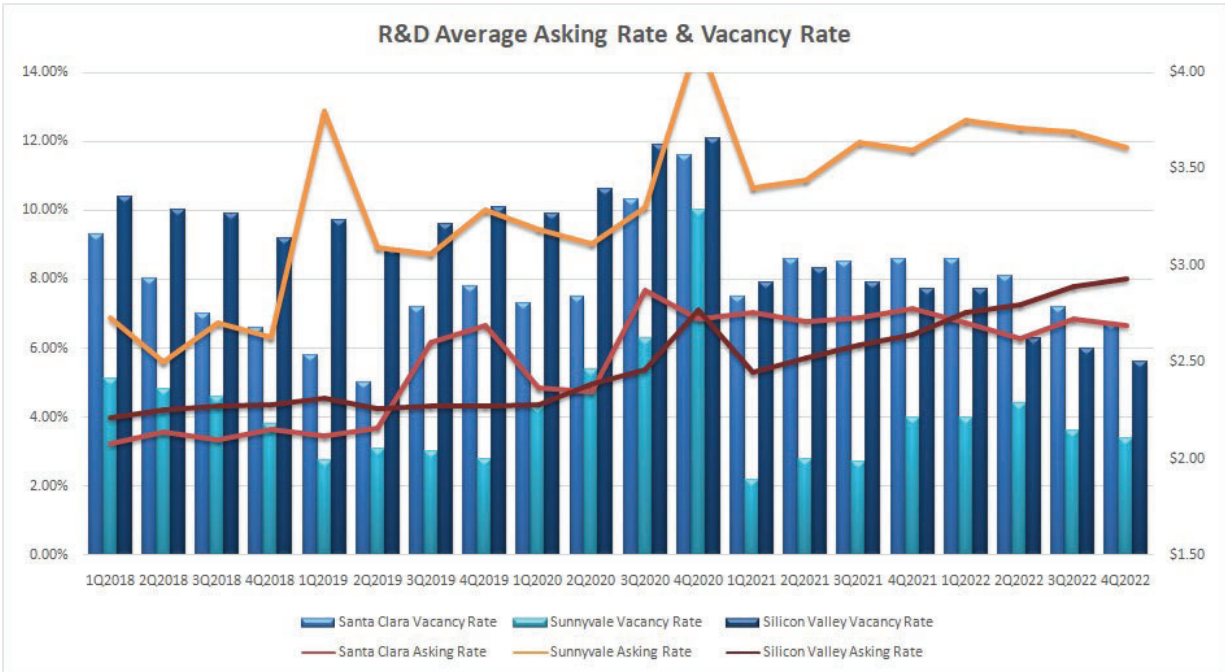
Marcus & Millichap reported the following trends in the San Jose Metro:



There are several office developments under construction in Silicon Valley and Santa Clara. Notable developments previously discussed in the City of Santa Clara include: Related California, Lake Park, Kylli, Santa Clara Square, and NVIDIA.

Research and Development (R&D) Market

The next table displays data from Colliers International's 4Q-2022 Silicon Valley R&D Market Snapshot and its predecessor reports:



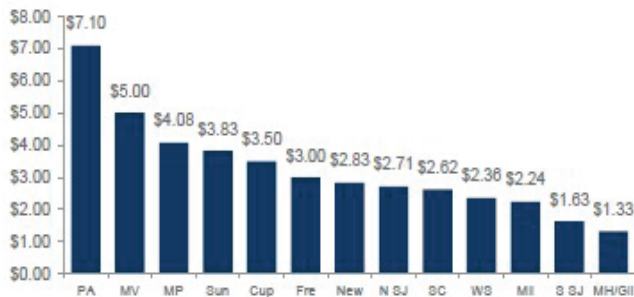
Source: Colliers International

The next tables display data from Cushman & Wakefield’s Marketbeat 4Q-2022 Silicon Valley R&D Market:

OVERALL VACANCY & ASKING RENT



ASKING RENT COMPARISON



Source: Cushman & Wakefield

As shown above, Silicon Valley’s R&D market experienced an overall decreasing vacancy rate in 4Q-2022. Meanwhile, asking rents in Santa Clara have remained stable from \$2.70/SF/month in 1Q-2022 to \$2.69/SF/month in 4Q-2022 on a NNN expense basis, despite the pandemic. A NNN expense basis in this market means the landlord is only paying for management of the account and reserves for replacement, while the tenant typically pays all other operating expenses.

Cushman & Wakefield reported in their Marketbeat 4Q-2022 Silicon Valley R&D Market that though more resilient than other markets nationally, the Bay Area has begun to show signs of an economic downturn. Mass layoffs from tech companies throughout the Bay Area have caused tenants and landlords to pause and reassess. Despite growing fears about the global economy, R&D product seems to be backed by strong demand and has consistently posted growth during the post-pandemic era.

Retail Market

According to Marcus & Millichap's Third Quarter 2022 San Jose Metro Area Retail Report, Sector outlook is brightening. With an unemployment rate of 2.4 percent in August, San Jose's labor market is outperforming the national average by 130 basis points. The strength of the metro's economy, coupled with pent-up consumer demand stemming from pandemic lockdowns, led to a rise in consumer spending over the past 12 months ending in June. These circumstances are improving the outlook for the retail sector in the Silicon Valley. Although availability has remained relatively steady over the past year ending in June, the vacancy rate in San Jose is at least 80 basis points lower than any other major Bay Area market. The metro's second quarter performance provides additional reason for optimism. During the three-month span, nearly all San Jose submarkets recorded positive net absorption. Specifically, vacancy fell 120 basis points in Santa Clara to 2.4 percent, the lowest rate in the metro, while availability in Sunnyvale-Cupertino dropped by 110 basis points. Transaction velocity for single-tenant assets increased by nearly 25 percent during the past four quarters ending in June, relative to the previous yearlong span. Pricing for properties in this segment was largely unchanged, recording at an average of \$739 per square foot, while the mean cap rate remained in the high-4 percent range.

Within Santa Clara, Westfield Valley Fair Mall completed a \$1.1 billion expansion in 2020 (Three-story, 98,000 square foot addition). Most of the new retail being proposed in this market is part of larger mixed-use projects.

Spending Patterns

General market conditions for the retail real estate segment can be indicated by taxable retail sales. Typically, a market where taxable retail sales are increasing would be supportive of additional retail development as existing retailers are willing to expand and new retailers are interested in entering the market. The converse is true when taxable retail sales are declining.

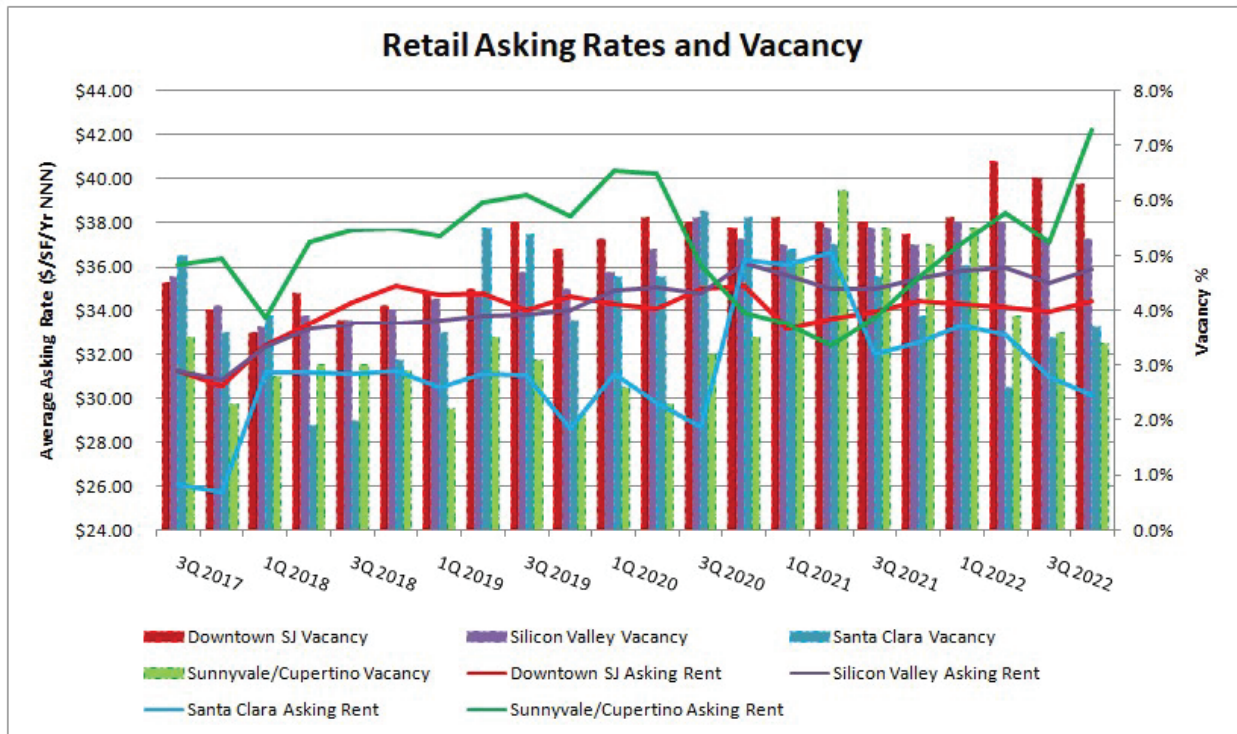
Over the course of 2019 (the most recent statistics available), taxable retail sales in Santa Clara County totaled approximately \$47,001,964,265, or more than \$47 billion dollars. This represents an increase of approximately 3.9 percent over the total taxable retail sales reported over the

course of 2018. The city of Santa Clara’s economic & growth data show total taxable sales in the city were reported to be \$2,909,866,700 in 2010 and \$2,135,359,000 in 1990.

Average Asking Retail Rental Rates and Vacancy Rates

Cushman & Wakefield is a brokerage firm that publishes quarterly reports for the retail market in the San Jose metro area. They reported in their Q4-2022 *Marketbeat Silicon Valley Retail* that although the job growth has been slower in the fourth quarter, the unemployment rate in Silicon Valley was still low at 2.2% at the end of 2022, down 160 basis points (bps) from last year’s figure of 3.8%. Professional and business services as well as hospitality contributed to the most job growth in Silicon Valley in 2022. The median household income was recorded as the highest in the country at \$149,600, an increase of 8.2% from \$138,200 a year ago. Meanwhile, the population grew by 0.5% annually. The overall vacancy rate of the shopping centers in Silicon Valley was fairly stable in the fourth quarter of 2022 at about 5%. The total retail inventory in Silicon Valley remained at 37.3 million square feet (msf) at the end of 2022, leaving 2.0 msf of vacant retail space, which consisted of 1.9 msf (96.2%) of direct retail space and 74,100 square feet (3.8%) of sublease space.

The chart below displays the average asking rental rate and vacancy for the Santa Clara submarket, Sunnyvale/Cupertino submarket, and Santa Clara County taken from Cushman Wakefield and its predecessor retail reports from 3Q-2017 onwards:



As indicated in the table above, the Santa Clara County retail market had an average asking rent of \$2.99/SF/Mo NNN in 4Q-2022 which is a slight increase compared to \$2.96/SF/Mo NNN in 4Q-2021. Neighborhood and community centers account for most of the vacancies in the market. In 4Q-2022 asking rents averaged \$2.51/SF/Mo NNN in the subject's Santa Clara submarket which is a decrease compared to \$2.71/SF/Mo NNN in 4Q-2021. In 4Q-2022 the retail vacancy rate in Santa Clara was reported at 3.7% with no new retail under construction. Vacancy rates in the subject's submarket declined from 3.9% from one-year ago. Asking rental rates in Santa Clara had generally been stable since Q1-2018 before a sharp increase in Q4-2020 and a decline starting in the final two quarters of 2021.

According to Marcus & Millichap's Hospitality Report for Midyear 2022 - *San Francisco Metro Area (which includes Santa Clara)*, "High-profile events return as pandemic restrictions fade. One of the hardest-hit metros during the health crisis, San Francisco dropped nearly all COVID-19 restrictions earlier this year. As capacity regulations are lifted, large-scale events should stimulate hospitality recovery. An expected influx of foreign travelers will play a significant role in boosting hotel demand, as before the pandemic, one third of the metro's tourism stemmed from international sources. Full recovery dependent on business and foreign travel. Hospitality services catering to business clients still face headwinds, due to a high proportion of firms operating on hybrid or remote schedules."

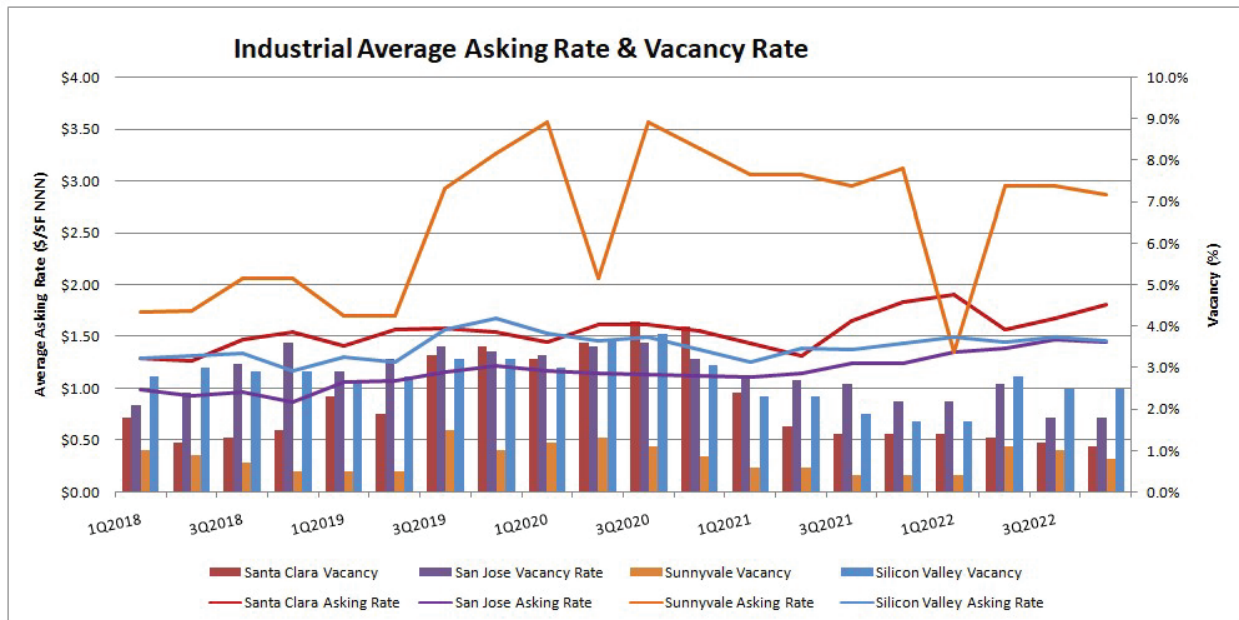
Industrial Market Conditions

We referenced industrial (manufacturing) and warehouse market data from brokerages Cushman & Wakefield and Colliers International; we also interviewed local market participants for this report. Cushman & Wakefield reported in its *Marketbeat Silicon Valley Industrial Q4-2022*, that vacancy for industrial product in Silicon Valley decreased in 4Q-2022 to 3.0% from 3.3% in 4Q-2021. Colliers International reported that warehousing vacancy in Silicon Valley decreased to 1.5% from 2.2% in the prior year. Cushman & Wakefield reported the Central Silicon Valley industrial submarket, which includes Santa Clara, San Jose, Campbell, and Sunnyvale, had an overall vacancy rate of 2.8% and an average asking rate of \$1.40/SF/Month NNN at the end of 4Q-2022. The average asking rental rate in the subject's Santa Clara submarket was reported at \$1.56/SF/Month NNN and a vacancy rate of 1.7% was reported. The subject's Santa Clara submarket represents a moderate sized industrial submarket in the region with a total industrial inventory reported at approximately 15,487,547 square feet, or roughly 23 percent of the total Silicon Valley industrial inventory.

In their *Q4 2022 San Jose Silicon Valley Research & Forecast Report* for industrial/warehouse properties, Collier's International reported *The industrial market in the Silicon Valley remains stable leading into 2023 but has softened in comparison to the tremendous growth seen since Covid in the past two years. While considered the base of the economy, industrial users are*

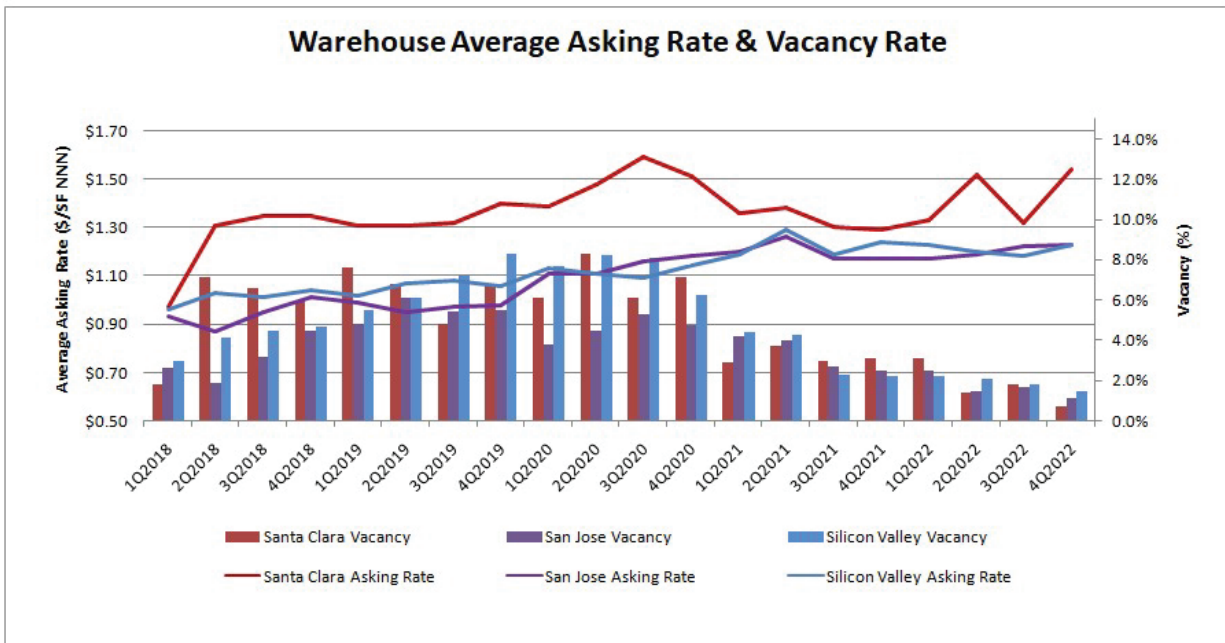
beholden to their own sales demand, so while industrial remains strong in the fourth quarter, the slowdown experienced in the other sectors will likely affect the demand for industrial space in the Valley. Regardless, with limited new supply, decreasing vacancy rates, and high asking rents, the Silicon Valley industrial market remains competitive heading into the new year. Regarding notable user activity, in San Jose Home Depot preleased 126,700 square feet at 1953 Concourse Drive and Inspur subleased Amazon’s 78,000-square-foot warehouse at 615 King Road. Despite high interest rates, investors were very active in the Santa Clara submarket; Ellis Partners acquired a 30,000-square-foot building at 3060 Raymond Street for \$13.5 million and Dollinger purchased a 12,000-square-foot building from Victor Leasing Company at 2290 De La Cruz for \$625 per square foot.

The next chart shows industrial rental rate and vacancy trends since 1Q-2018 based on data from Colliers International. The chart shows generally stable to decreasing vacancy rates and stable to decreasing rental rates, Sunnyvale being the exception.



Vacancy rates for manufacturing were generally stable in Silicon Valley between the start of 2015 and 1Q-2020, before decreasing to the 2.5% range in 4Q-2022. A similar trend has played out in the Santa Clara submarket with a generally decreasing vacancy rate to the 1.1% range in 4Q-2022. However, manufacturing rental rates in Santa Clara continue to increase; the asking rental rate rose from \$1.47/SF/month NNN in 3Q-2018 to \$1.81/SF/month in 4Q-2022. Within Silicon Valley, the average asking rate for warehouse was \$1.46/SF/month in 4Q-2022 compared to last year’s rate of \$1.43/SF/month.

Warehouse data collected from Colliers International's *Silicon Valley Research & Forecast Report Q4 2022* and its predecessor reports are displayed in the next chart:



Warehouse vacancy rates in Silicon Valley had been declining for several years before increasing in 2018 and 2019, and then decreasing in 2022. Warehouse rental rates in Santa Clara increased; the asking rental rate increased from \$1.29/SF/month in 4Q-2021 to \$1.54/SF/month in 4Q-2022. Within Silicon Valley, the average asking rate for warehouse generally remained stable at \$1.23/SF/month in 4Q-2022 compared to last year's rate of \$1.24/SF/month.

Data centers are one of the largest industrial occupancy groups in Santa Clara, due mostly to Silicon Valley Power, which has lower rates than elsewhere in the Bay Area. The rise of remote working reinforced the need and demand for data centers. We discovered several expansion plans and construction occurring on existing sites, notably from Prime Data Centers. There have been several land sales in recent years in Santa Clara that are proposed for new data centers. Market participants report that data center operators will pay a premium for a larger site in Santa Clara and that the ideal site will be about six acres; however Prime is planning to build on a site as small as 1.68 acres. Two (data center) sites in Santa Clara were sold in 2021 (see Industrial Land Comparables I-1 and I-2, these are the most recent industrial sales that we uncovered and confirmed). One additional transaction at 2315 Mission College Boulevard in Santa Clara (not included in the sales grid) is also a data center land sale that was reported to have been purchased by Amazon Data Services Inc. The 7.04 acre site reportedly sold for \$51,817,500 or \$168.97/sq.ft. of land area. This sale could not be fully confirmed but was reported to have closed escrow on January 4, 2022.

CBRE's U.S. Data Center Trends report for the 1H 2022 indicated the following market changes in Silicon Valley's data center market:

Historical Supply Growth



Source: CBRE Research, CBRE Data Center Solutions, H1 2022.

Historical Demand Growth



Source: CBRE Research, CBRE Data Center Solutions, H1 2022.

The CBRE report notes that Silicon Valley collocation data center supply remains extremely tight, with strong demand lowering the overall vacancy rate to just 1.3% - the lowest in the nation. Cloud service providers continue to dominate, although the area has seen a resurgence of enterprise demand. Limited land and ability to deliver power has caused some providers to explore options beyond Santa Clara in neighboring markets like San Jose and the East Bay Area. The city of Santa Clara is power constrained. Developers are land-banking available sites while waiting for power delivery. Notable activity includes NTT/RaginWire SV1 was 100% preleased. GIPartners, EdgeCore and CyrusOne all announced new developments to begin the year or next. Projects that began construction in Santa Clara are a 435,050sq.ft. 48-MW data center by Digital Realty, a 121,000sq.ft. 9-MW facility by Prime Data Centers, and a 560,000sq.ft. 60-MW building by Skybox Data Centers.

Residential Market Conditions

The National Association of Home Builders, reported housing data for the end of 2022 illustrate a market continuing to weaken because of low housing affordability, largely as a result of elevated mortgage interest rates. At the start of 2023, the average 30-year fixed mortgage rate is near 6.5%, down from a near 20-year high of 7.1% in early November.

However, forecasters expect the Federal Reserve will end its path of rate increases at the end of the first quarter. This should lead to sustainable declines for mortgage rates in the second half of 2023 and into 2024, enough to spur a rebound for single-family construction. However, rising mortgage rates combined with 35% to 45% growth in home prices since 2020 have priced many prospective buyers out of the market. Indeed, according to new NAHB estimates, 18 million households were priced out of the market as rates increased from 3% to 7% throughout 2022.

The decline in affordability is clearly reflected in current housing sales statistics: The volume of existing home sales in November 2022 was 35% lower than a year prior, while inventory was at just a 3.3-month supply. New home sales, per Census data, were down 15% in November on a year-to-date basis when compared against the same time period of 2021. Inventory is elevated at an 8.6-month supply, as builders report growing cancellation rates (30% on average) and declining buyer traffic.

As a result of these market developments, single-family builder sentiment — as measured by the NAHB/Wells Fargo Housing Market Index (HMI) — declined every single month of 2022, falling from 83 in December 2021 to 31 in December 2022. This is the lowest reading since 2012, with the exception of the spring of 2020. In fact, nearly two-thirds (62%) of builders are using some form of sales incentive to sell homes, with 35% reporting they cut prices.

The California Association of Realtors (C.A.R.) published their December Home Sales and Price Report in mid-January 2022. The report notes that “Closed escrow sales of existing, single-family detached homes in California totaled a seasonally adjusted annualized rate of 240,330 in December, according to information collected by C.A.R. from more than 90 local REALTOR® associations and MLSs statewide. The statewide annualized sales figure represents what would be the total number of homes sold during 2022 if sales maintained the December pace throughout the year. It is adjusted to account for seasonal factors that typically influence home sales. December’s sales pace was up 1.1 percent on a monthly basis from 237,740 in November and down 44.1 percent from a year ago, when 429,860 homes were sold on an annualized basis.”

“It’s encouraging to see an uptick in December’s home sales as buyers took advantage of a slightly more favorable lending environment that provided them with a window of opportunity to enter the California housing market,” said C.A.R. President Jennifer Branchini, a Bay Area REALTOR®. “As buyers and sellers gradually adapt to the new normal, we are seeing a shift toward a more balanced market. With both sides slowly adjusting their expectations, it’s hopeful that we’ll see sales ratcheting higher as market conditions improve further throughout 2023.”

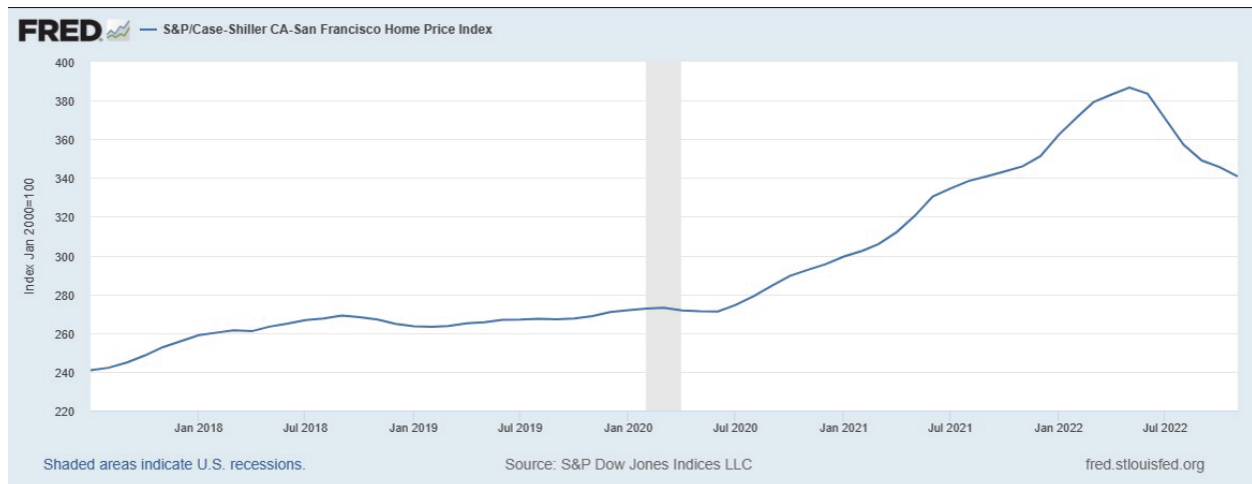
California’s median home price in 2022 remained on a downward trend for the fourth straight month and has been down on a monthly basis for six of the last seven months. December’s median price of \$774,580 was down 0.4 percent from the \$777,500 recorded in November. December’s price also was lower on a year-over-year basis for the second consecutive month, declining 2.8 percent from the \$796,570 recorded last December. For 2022 as a whole, California’s median home price increased 4.5 percent from 2021’s \$786,750 figure but is expected to decline by 8.8 percent in 2023.

“Home prices are holding up relatively well, despite rising interest rates and falling housing demand in recent months. Tight housing inventory was a primary factor preventing prices from

free falling as new active listings continued to dip to reach the lowest level in at least the past five years,” said C.A.R. Vice President and Chief Economist Jordan Levine. “While depressed inventory will preclude major price declines beyond the 8.8 percent we forecast for this year, it will also slow sales growth and prevent the housing market from having a rapid recovery.” “At the regional level, median home prices dropped from a year ago in all major regions, with the San Francisco Bay Area experiencing the biggest annual price decline at 9.6 percent. All nine Bay Area counties experienced a year-over-year median price decline, with four of the nine counties sliding more than 10 percent.”

Regional Housing Market

The Standard & Poor/Case-Shiller Home Price Index measures the average change in value of residential real estate given a constant level of quality and reflects single-family housing. It is sometimes referred to as a repeat sale index. The next chart indicates that the index for the subject’s San Francisco Metropolitan Area increased about 29% from 263.868 in December 2018 to 340.806 in November 2022, or about 0.62%/month. However, over the eleven months between December 2021 and November 2022 the decrease was about .24%/month, echoing the builder sentiment evident in the Housing Market Index.



Source: S&P Dow Jones Indices LLC

The State of California Department of Finance (DOF) compiles statistics on total housing units in both the cities and counties of California. Based on DOF statistics, Santa Clara County had a total housing supply of 696,489 units as of January 1, 2022. This represents an increase of 4,076 units over the 692,413 units as of January 1, 2021. Extending further back in time, the DOF estimates the total supply of housing units in Santa Clara County at 631,920, as of January 2010. This indicates that over the ten-year period between 2010 and 2020, the housing supply in Santa Clara County increased by a total of 42,638 units, equivalent to a compounded annual increase of 0.655 percent or an average of 4,264 units per year.

According to the Association of Bay Area Governments (ABAG)⁴ Projections 2040 report (most recent report), in 2015, Santa Clara County had a total of 648,900 households. ABAG projects that in 2030, the number of Santa Clara County households will have increased by a compounded annual increase of 1.04 percent, to 757,690 or an average of 7,253 households per year. As such, the demand for housing (i.e. households) is projected to increase at a considerably higher pace than that of housing supply.

In the City of Santa Clara, the DOF reported a total of 52,000 housing units as of January 2022. This represents an increase of 748 units from the 51,252 housing units as of January 2021.

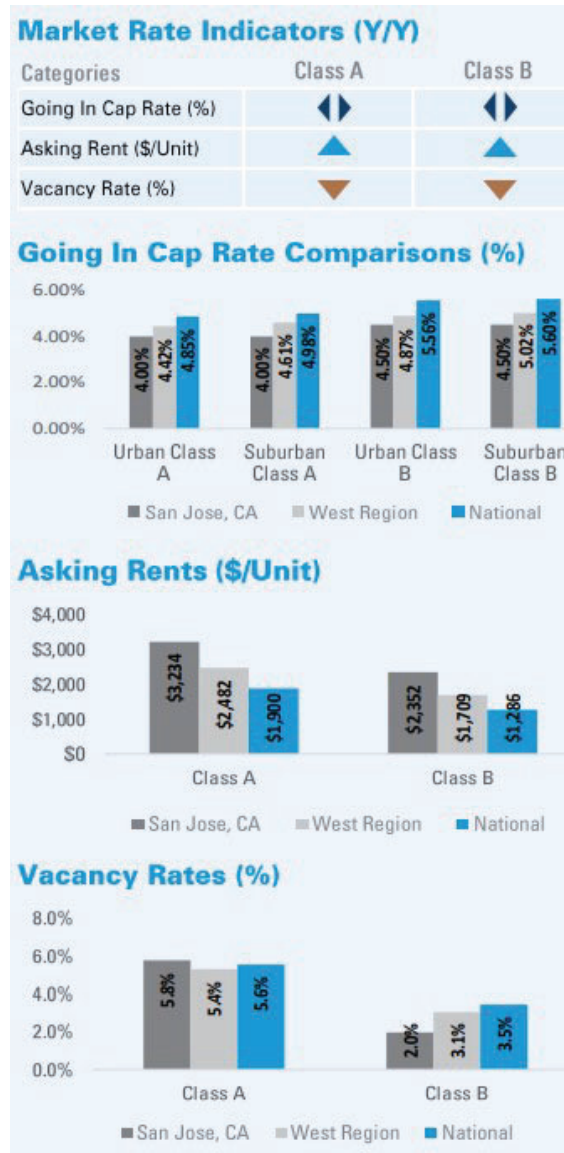
According to ABAG's Projections 2040 report, in 2015, the City of Santa Clara had a total of 49,685 housing units. This statistic is projected to increase to 52,675 housing units by 2030, a compounded annual rate of 0.39%, or an average increase of 199 housing units per year. Based on the most recent two year and 10-year periods, the City has exceeded ABAG's projections.

Local Multifamily Market

According to Integra Realty Resources Viewpoint 2023 San Jose Multifamily Mid-Year Report, The San Jose apartment market continued to recover during 2022. The pandemic had negatively impacted demand as widespread remote working environments allowed many renters to relocate to more affordable markets. The most expensive submarkets in the Silicon Valley were the hardest hit with greater occupancy loss and greater rent decline. However, as the economy recovered and businesses reopened, renter demand returned with employees once again needing to be near employment centers. Though a widespread return to the office has not materialized, most employers have adopted some form of a hybrid schedule, requiring employees to be in the office at least a few days of the week. Improvement in apartment market conditions began in 2021, and reached pre-pandemic levels by mid-2022, with positive net absorption, increasing rental rates and a decrease in overall vacancy. The submarkets most heavily impacted were also the ones with the greatest recovery.

Integra Realty Resources Viewpoint 2023 San Jose Multifamily Mid-Year Report summary is displayed in the following charts:

⁴ Association of Bay Area Governments is the official comprehensive planning agency for the San Francisco Bay Area region.



Source: Integra Realty Resources Viewpoint 2023 San Jose Multifamily Mid-Year Report

Values for multifamily properties are projected to be stable over the next 12 months, according to Integra’s report. Asking rents over the next 12 months are projected to increase.

According to a CoStar report on the local multifamily market, “Demand remained elevated through the first half of 2022, but drew back during 22Q3 as the economy slowed. The vacancy rate sits at 3.9% compared to 9.7% earlier in the pandemic, when remote and hybrid work enabled many renters to relocate to more affordable areas.”

“Vacancy in Santa Clara has fluctuated over the past 10 years as large-scale construction projects were completed and units were absorbed. In total, the submarket added over 4,300 units in the

past decade. The current pipeline is likely to apply upward pressure to vacancy in the coming years, even as the submarket has previously been able to absorb new units at a healthy rate.”

“Asking rents in Santa Clara fell during the pandemic as renters took advantage of remote working trends to seek alternative housing options outside of the Bay Area. As a result, demand for apartments slowed considerably, necessitating decreases in asking rents. Rent growth picked back up in 2021 and over the trailing 12-month period, rents have advanced 5.9%, a robust recovery as the economy has reopened and renters began to renew their interest in the submarket.”

The Marcus & Millichap’s 3Q-2022 Multifamily San Jose Metro Area Market Report stated that San Jose apartments return to pre-pandemic path as potential tech office return lies on the horizon. Renters are moving back to central areas, ahead of office plans. Apple’s aim to have most employees in the office at least three days per week starting in September may be a catalyst for a broader workplace return among South Bay technology companies, but for the metro’s apartments, demand has already come back. The addition of over 26,000 jobs through the first six months of the year places metro employers on track to expand staff counts by 3.7 percent this year. The total employment base is set to recover to the pre-pandemic level by the end of 2022.

Local Single-Family Market

According to the City of Santa Clara General Plan, an estimated 28,500 new jobs will be created and the population will grow by 32,135 people in the City between 2010 and 2035. The General Plan forecasts that 13,222 new housing units will be needed during that same period, based on an estimated household size of 2.5 people. The General Plan also states that household growth in the City has been much slower than the rest of Santa Clara County due to the lack of vacant residential land. Therefore, in order to meet future housing needs, construction of new housing will primarily occur through the redevelopment of existing sites.

Among the 52,000 housing units (January 2022) in Santa Clara, as reported by the DOF, the single-family (attached and detached) market represents about 24,460 or about 47% of the total housing units in Santa Clara.

CoreLogic is a national real estate, mortgage, consumer, and specialized business data provider. DQ News has in the past tracked the annual median home price for all homes (single-family, condo, and townhouse), including new construction, in the City’s three ZIP code areas through 2021. As the DQ News reports are no longer available, all of 2022 year end summary data was obtained from MLS Listings and does not include all new construction.

Real Estate Appraised: Three Hypothetical One-Acre Lots, One for Each Zip Code, Santa Clara, CA

2018 Year End Summary Sales								
Community	Zip	Sales	% Chg	Median Price	% Chg	High Price	\$/SqFt	% Chg
Santa Clara	95050	380	-0.5%	\$1,184,500	24.4%	\$2,609,000	\$959	20.3%
Santa Clara	95051	484	-16.6%	\$1,358,000	17.0%	\$2,800,000	\$1,043	13.2%
Santa Clara	95054	185	-25.4%	\$1,250,000	23.3%	\$2,400,000	\$823	14.5%

2019 Year End Summary Sales								
Community	Zip	Sales	% Chg	Median Price	% Chg	High Price	\$/SqFt	% Chg
Santa Clara	95050	332	-12.6%	\$1,200,000	1.3%	\$2,350,000	\$910	-5.1%
Santa Clara	95051	461	-4.8%	\$1,300,000	-4.3%	\$2,400,000	\$973	-6.7%
Santa Clara	95054	162	-12.4%	\$1,140,000	-8.8%	\$2,450,000	\$782	-5.0%

2020 Year End Summary Sales								
Community	Zip	Sales	% Chg	Median Price	% Chg	High Price	\$/SqFt	% Chg
Santa Clara	95050	301	-9.3%	\$1,200,000	0.0%	\$2,780,000	\$834	0.9%
Santa Clara	95051	614	33.2%	\$1,400,000	7.7%	\$2,200,000	\$869	2.3%
Santa Clara	95054	160	-1.2%	\$1,175,000	3.1%	\$2,090,000	\$774	3.5%

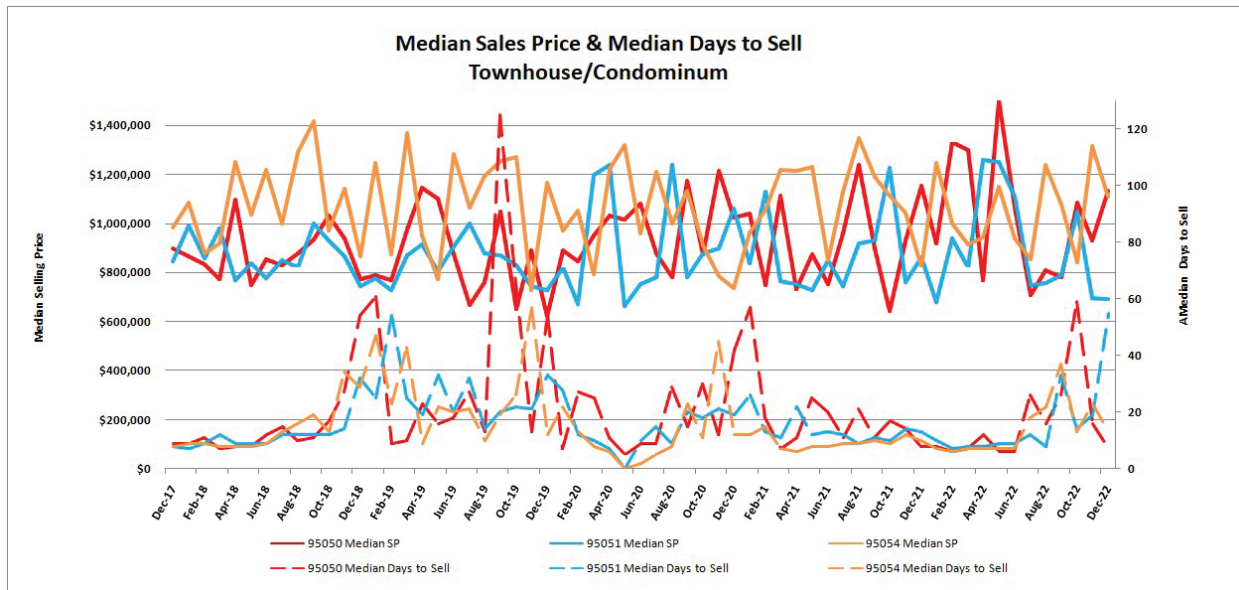
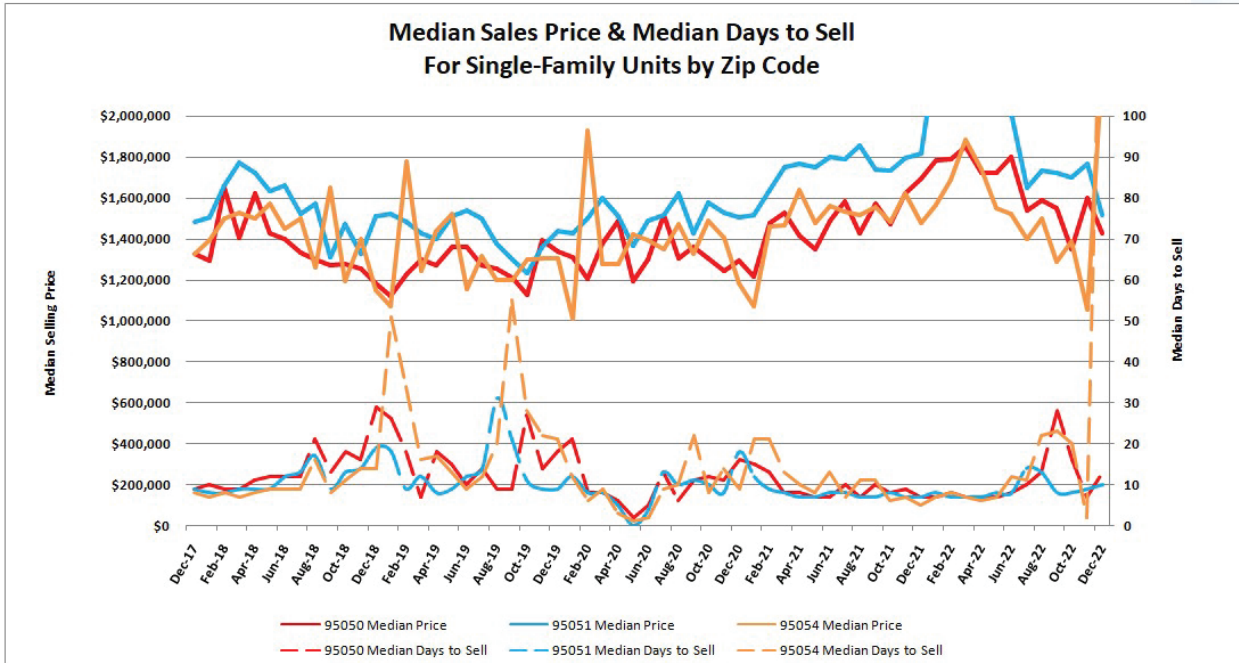
2021 Year End Summary Sales								
Community	Zip	Sales	% Chg	Median Price	% Chg	High Price	\$/SqFt	% Chg
Santa Clara	95050	441	46.5%	\$1,289,500	7.5%	\$3,218,500	\$858	2.9%
Santa Clara	95051	855	39.3%	\$1,490,000	6.4%	\$3,180,000	\$912	5.0%
Santa Clara	95054	242	51.3%	\$1,255,000	6.8%	\$2,900,000	\$794	2.6%

2022 Year End Summary Sales								
Community	Zip	Sales	% Chg	Median Price	% Chg	High Price	\$/SqFt	% Chg
Santa Clara	95050	258	-41.5%	\$1,472,500	14.2%	\$3,650,000	\$1,024	19.4%
Santa Clara	95051	483	-43.5%	\$1,630,000	9.4%	\$3,500,000	\$1,119	22.7%
Santa Clara	95054	138	-43.0%	\$1,278,044	1.8%	\$3,330,000	\$887	11.7%

The data above indicates that zip code 95051 consistently has the highest median price among Santa Clara's zip codes. Zip code 95050 had the second highest median in most years. The \$/SF indicator shows that 95051 has higher prices than 95050, which both have higher prices than 95054. The data indicates that median prices were increasing in 2018, stabilizing in 2019 and 2020, and increasing in both 2021 and 2022. Overall median prices were higher in 2022. By the end of 2022, compared to the previous year, median prices had increased about 14.2% per year in 95050, increased about 9.4% per year in 95051 and about 1.8% per year in 95054.

The \$/SF indicators showed an overall increasing trend from 2020 to 2022. The total number of sales indicator showed an overall decreasing rate from 2021 to 2022 in all three zip codes.

The following tables depict the median price trend by zip code over the 61 months ending December 2022 for single family homes and common interest developments (townhouse/condos) in the three zip codes of the City of Santa Clara using closed sale data obtained by MLSlistings.com:



As shown above, market data derived from the local MLS shows that prices were trending downward in 2018, and oscillated up and down in 2019, 2020 and 2021. Similarly, townhouses and condominiums oscillated up and down in 2022. However, prices for single family homes were generally trending downwards in the last half of 2022. In addition, the median days to sell increased in the last half of 2022.

We note that DQ News/CoreLogic data includes resales and new construction, while MLS typically does not include all new construction. This is because builders often do not use MLS to

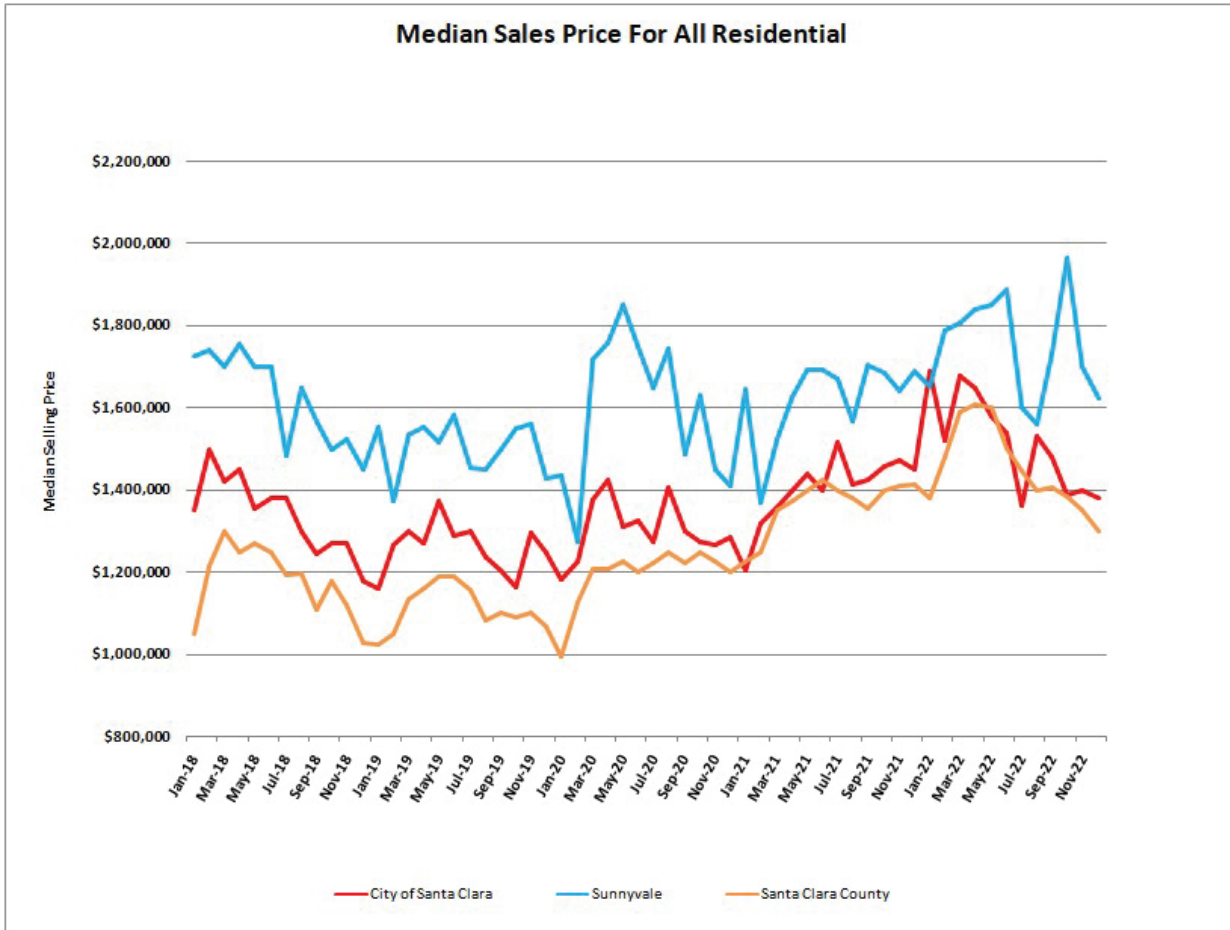
Real Estate Appraised: Three Hypothetical One-Acre Lots, One for Each Zip Code, Santa Clara, CA

market their homes, using their in-house marketing efforts instead. The following tables show the annual and 2-year change for all housing types over the last three Decembers, according to the MLS:

Median Sales Price						
Housing Type	Zip Code	2020	2021	2022	% Change per Month Last 12 Months	% Change per Month Last 2 Years
SFR, Condo,	95050	\$1,257,750	\$1,350,000	\$1,472,500	0.76%	0.71%
&	95051	\$1,390,000	\$1,550,000	\$1,630,000	0.43%	0.72%
Townhouse	95054	\$1,212,500	\$1,290,000	\$1,278,044	-0.08%	0.23%
Source: Local MLS						

The data in the above table supports the opinion that 95050 and 95054 generally rate inferior to 95051. The data also indicates that median selling prices are higher over the past two years, but higher in 95051, higher in 95054, and slightly lower in 95050 over the last 12 months.

The next table using MLS statistics shows the monthly median change in selling prices in Santa Clara, adjacent Sunnyvale, and the larger Santa Clara County market since the start of 2018:



As the table above indicates, median selling prices were rising in the spring of 2018, receded until early 2019, were more stable through the end of 2019, but then increased sharply in the early part of 2020 through the spring of 2020. Prices were generally stable over remainder of 2020 in Santa Clara and Santa Clara County but declined in Sunnyvale. The median selling prices for each of these three areas generally increased throughout 2021 and the first half of 2022. Prices were generally trending downwards in the last half of 2022.

Conclusions

The *Winter 2023 Allen Matkins/UCLA Anderson Forecast California Commercial Real Estate Survey* reports “The level of uncertainty in the economy has elevated dramatically in the months since the Summer 2022 Allen Matkins/ UCLA Anderson Forecast California Commercial Real Estate Survey. The combination of recent Federal Reserve interest rate increases and an increased possibility of a near-term recession has resulted in more challenging commercial real estate financing including a demand by financiers for higher equity participation and higher rate of return hurdle rates. Nationwide, a contraction in new commercial development is now underway. The latest Survey, taken in December 2022, coupled with analysis by the UCLA Anderson Forecast, paints a relatively better picture for commercial real estate in California. This is particularly true for the period after 2023. Nevertheless, commercial real estate development in California is also impacted by higher interest rates and the expected slower economic growth.”

Commercial (retail and office) properties exhibited mixed indications due to the pandemic in 2021. Some retail is doing fine, but the hospitality/leisure/entertainment industries remain depressed. Office demand appears in limbo as many employees may or may not fully return to offices, particularly among tech companies. Layoffs commencing in the second half of 2022 resulted in a one percentage point loss in the region’s share of this 1.1 million-person workforce. Demand for commercial space is tempered by remote work but specialized R&D space is in demand. Though remote work is shifting the dynamic, leasing activity remained strong throughout 2022. Based on discussions with market participants, general market conditions and the sales data we analyzed, we applied a market conditions rate of change to the commercial land sale comparables used of negative 0.75% per month from the start of 1Q-2020 through 4Q-2021. For the year 2022 prices were more stable for commercial and did not warrant adjustment.

Over the past couple of years, industrial (and warehouse) market statistics indicated that rental rates have been trending upwards, while vacancy rates generally stabilized near 5%. Market participants opined that selling prices are also increasing, especially for large sites suitable for data centers. The increase in industrial value is supported by an improved paired sale at 3600 Peterson Way in Santa Clara that sold in October 2016 for \$30 million and again in June 2019 for \$37 million, which indicates a straight-line increase of about 0.72% per month for this 75,800 square foot building on an approximate 5.42-acre site. 1623 S 10th Street in San Jose sold for

\$3,000,000 in August 2018 and again for \$3,801,000 in October 2020, indicating a straight-line increase of about 1.0% per month. Based on changing rents and prices, we concluded that competing industrial land prices were increasing at the rate of about 0.75% per month from the date of sale of the comparables through Q4-2020, with no additional adjustment in 2021 or 2022.

Santa Clara (and the Bay Area in general) is an undersupplied housing market. Demand for housing is expected to continue in the long-term, with increased demand for higher density housing options, a result of the scarcity of developable land and the more affordable nature for prospective buyers/renters.

Market data and market participants report that residential prices declined in the latter part of 2018 and were stable overall during 2019. In 2020, the residential market showed different trends depending on property type. The market generally saw greater demand for detached residential over the course of 2020 and 2021 as buyers looked to have more indoor/outdoor space since they began spending a greater proportion of time at home. Meanwhile, condominiums and apartments experienced a slower market during 2021. Comparing just the December 2022 city of Santa Clara overall median residential sales price to the December 2021 overall median residential sales price, MLS Listings shows a decline of 4.83% year or a decreasing rate of change of about .40% per month. Based on the market reports cited above, sales data analyzed, and market participant interviews, for the very low-density residential land sales used in the following analysis we applied an increasing rate of change of 0.25% per month from the start of 2020 through the fourth quarter 2020, an increasing rate of change of 1.00% per month from the start of 2021 through the fourth quarter 2021, and an decreasing rate of change of 0.40% per month from the start of 2022 through the fourth quarter 2022.

For the high-density land sales, median sale prices oscillated somewhat and multifamily rents stagnated or declined during 2021. Rent growth picked back up in the first half of 2022. CoStar's Santa Clara Multi-Family report showed stagnating rent growth in the second half of 2022. Over the longer term, rent growth in Santa Clara has averaged 3.6% annually over the past decade. We conclude no market change is warranted during 2019, 2020 and 2021. A 3.6% annual market change is applied during 2022 for this property type.

LAND USE ORDINANCES

Since we are analyzing hypothetical lots, we supposed that each use would be based on its appropriate General Plan designation. The appropriate zoning category for each hypothetical use was not a critical factor as the General Plan is the long-term planning tool used by the City. Furthermore, comparable land sale transactions typically sell based on their intended use, which is supported by the General Plan in almost all cases. The City's Phase II Land Use map is in effect and is intended to guide land uses for the years 2015-2025. Compared to Phase I, it

expands the areas within the city where mixed-uses and higher-density residential is allowed. We supposed the following General Plan designations for each hypothetical use:

Use of Hypothetical Lot	General Plan
Very Low Density Residential	Very Low Density Residential
Low Density Residential	Low Density Residential
High Density Residential	High Density Residential
Medium Density Residential	Medium Density Residential
Commercial	Regional Commercial
Industrial	Light Industrial

HIGHEST AND BEST USE

We studied the legally permissible, physically possible, financially feasible, and maximally productive uses of each hypothetical lot. We considered prevailing market conditions and recent development trends. As indicated in the market conditions section, except for retail/hospitality/office, each product type is generally experiencing increasing or stable prices and stabilizing vacancy rates. These are indications that the highest and best use is to construct the legally permissible product for each respective property type. However, for the commercial use, since many retail and office projects are on hold, construction would not likely be undertaken until the market improves, unless preleased or a build-to-suit is procured. Therefore, the highest and best use for the hypothetical commercial use would be to hold for future development of a commercial building until the market improves, unless preleased or a build-to-suit. We concluded to the following components of property uses for the highest and best use of the hypothetical lot based on the overall market and the instruction of the Client:

Use of Hypothetical Lot	Highest & Best Use
Very Low Density Residential	Very Low Density Residential
Low Density Residential	Low Density Residential
Medium Density Residential	Medium Density Residential
High Density Residential	High Density Residential
Commercial	Hold for Development of a Commercial Building
Industrial	Industrial Building

We applied a hypothetical condition that each of these uses was allowed on the hypothetical subject lot.

For this analysis and based on the market and the City's General Plan, we concluded the most reasonable density to support the residential uses was about the midpoint or nearer the high end of the allowed density ranges (based on ever-increasing density proposals/approvals):

- 10 dwelling units per gross acre (DU/AC) for Very Low-Density Residential;
- 13 dwelling units per gross acre (DU/AC) for Low-Density Residential;
- 30 DU/AC for Medium-Density Residential; and
- 45 DU/AC for High-Density Residential.

For Very Low-Density Residential, which allows up to 10 DU/AC, we concluded that the most likely subdivision for a hypothetical one acre of land would support a subdivision at the high of this range, or 10 DU/AC. This is because the scarcity of land requires ever increasing densities to make projects financially feasible.

The likely commercial use would be an office building, but only if preleased or a build-to-suit. The likely industrial use would be a data center, flex, light industrial building or some type of interim contractor storage yard with minimal building improvements.

APPRAISAL PROCESS

The appraisal profession has generally relied upon three traditional approaches in estimating the market value of real property. These are the *Income Capitalization Approach*, the *Sales Comparison Approach*, and the *Cost Approach*. While all three approaches are always considered in a valuation assignment, all three are not always applied. The quantity and quality of available data and the applicability of each approach relative to the value being sought are important factors in reconciling to an opinion of value.

Market value was estimated using the sales comparison approach. The income capitalization approach is seldom used when valuing land. The cost approach did not offer substantial insight into this estimate of market value since there are no building improvements. Sellers, buyers, and our peers in this market rarely rely on the cost and income capitalization approaches when offering, purchasing, or valuing properties similar to the hypothetical subject lots. Therefore, we did not undertake a cost or income capitalization approach.

Following we estimated the value of a hypothetical one-acre lot under each use scenario described above, as if located within the 95050 zip code, since the most data was discovered in this zip code. Next, we applied the weighted average of the highest and best land use component,

based on the percentage of total land area associated with the different property types (as described above) that sold in the City of Santa Clara in the 12 months prior to the date of value (as reported by Old Republic Title Company). Lastly, we applied any necessary locational differences from the 95050 zip code conclusion to arrive at the appropriate average lot value in the 95051 and 95054 zip codes.

AVERAGE VALUE ESTIMATE IN 95050 ZIP CODE

Very Low-Density Land Value

The writers examined data that was discovered by: talking to brokers, agents, property owners, and market participants from within the subject market; reviewing DataTree.com, MLSlistings.com, and CoStar.com databases for recent sales; and searching Loopnet.com and broker databases for current listings. We also reviewed development reports provided by the planning departments of Santa Clara and other nearby cities.

As stated above, for the very low-density value component, we assumed a density of 10 dwelling units per acre, at the high end of the allowed range under the Very Low-Density General Plan designation, which allows up to 10 dwelling units per acre. We searched for competing sales and listings of properties throughout Santa Clara and adjacent cities which were intended for development with residential densities less than 25 dwelling units per acre and that closed escrow over the last three years. We first analyze the subject hypothetical one-acre site located in zip code 95050 since more appropriate sales from this zip code were discovered. The sales we found most comparable are displayed on the following adjustment grid. The adjustment grid serves two purposes. First, it presents data, analysis, and conclusions about the subject and comparables in a way that facilitates comparison. Second, it presents the data in a format whereby the reader can follow the writers' adjustment process.

A parcel map for each comparable sale is displayed in the Addenda. Selling prices were verified using our summary transcript of the public record and conversations with selling and listing brokers/agents, sellers, and/or buyers when possible. A map showing the location of these comparables is displayed in the Addenda.

Real Estate Appraised: Three Hypothetical One-Acre Lots, One for Each Zip Code, Santa Clara, CA

VERY LOW DENSITY COMPARABLE LAND SALES								
ELEMENT OF ADJUSTMENT	SUBJECT	COMPARABLE VLD-1	COMPARABLE VLD-2	COMPARABLE VLD-3	COMPARABLE VLD-4	COMPARABLE VLD-5	COMPARABLE VLD-6	COMPARABLE VLD-7
ADDRESS	Average Street Santa Clara	2303 Gianera Street Santa Clara	159 Brookside Avenue Santa Clara	3159 Butte Street Santa Clara	1334 Miller Ave San Jose	1348 Miller Ave San Jose	4249 Cheeney Street Santa Clara	Hanson Avenue San Jose
APN		104-06-037	303-22-028	290-04-044	375-25-053	375-25-055	104-12-025 & 026	303-41-018
SELLER		Jose Trinidad Nuno	Domingo 1992 Revocable Trust	Wallis 1983 Family Trust	Steven K. Doi 2011 Trust	Li Shaoliang	Marlene Munson Rebello	RROCA LLC
BUYER		Gianera ST Estate LLC	Ranjan Trust, et al	Cheng C & Tsui L. Chen	Zhang Tao	Ke Lun	Maruti Builders LLC	Bakhtiar Family Trust
DOCUMENT NUMBER		25354706	24597855	24420940	24965466	24965471	25297169	25326305
VERIFICATION SOURCE		Broker, MLS, Public Record	Broker, MLS, Public Record	Broker, MLS, Public Record	Buyer, Public Record	Buyer, Public Record	Broker, Subscription Svcs, Public Record	Broker, MLS, Public Record
ASSESSMENT BONDS		None	None	None	None	None	None	None
NUMBER OF UNITS	10	4	2	2	3	3	8	4
SALE / LISTING PRICE		\$2,443,000	\$1,325,000	\$1,600,000	\$3,100,000	\$3,232,000	\$2,660,600	\$1,800,000
SALE / OFFERING PRICE PER SF		\$145.42	\$96.72	\$110.92	\$139.87	\$145.82	\$119.31	\$119.05
TRANSACTIONAL ADJUSTMENTS								
REAL PROPERTY RIGHTS CONVEYED	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FINANCING TERMS	Conventional	Conventional	Conventional	All Cash	All Cash	All Cash	All Cash	All Cash
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CONDITIONS OF SALE	Arm's-Length	Arm's-Length	Arm's-Length	Arm's-Length/Improvement Value	Arm's-Length	Arm's-Length	Arm's-Length	Arm's-Length
ADJUSTMENT		0.00%	0.00%	-9.38%	0.00%	0.00%	0.00%	0.00%
EXPENDITURES AFTER SALE	Demolition Offset	Demolition Offset	Demolition Offset	None	Demolition Offset	Demolition Offset	None	None
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CLOSE OF ESCROW		August 8, 2022	September 2, 2020	March 4, 2020	May 18, 2021	May 18, 2021	May 5, 2022	June 27, 2022
TIME OF SALE / MARKET CONDITION	December 31, 2022	June 2022	August 2020	February 2020	March 2021	March 2021	April 2022	June 2022
MONTHS FROM START 1Q-2020 THROUGH 4Q-2020		0	4	10	0	0	0	0
ADJUSTMENT @ % PER MONTH	0.25%	0.00%	1.00%	2.50%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START 1Q-2021 THROUGH 4Q-2021		0	12	12	9	9	0	0
ADJUSTMENT @ % PER MONTH	1.00%	0.00%	12.00%	12.00%	9.00%	9.00%	0.00%	0.00%
MONTHS FROM START 1Q-2022 THROUGH 4Q-2022		6	12	12	12	12	8	6
ADJUSTMENT @ % PER MONTH	-0.40%	-2.40%	-4.80%	-4.80%	-4.80%	-4.80%	-3.20%	-2.40%
ADJ PRICE PER SF AFTER TRANSACTIONAL ADJS		\$141.93	\$104.15	\$109.86	\$145.14	\$161.32	\$115.49	\$116.19
LOCATIONAL ADJUSTMENTS								
EXPOSURE / VISIBILITY	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar
ACCESS	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar
APPEAL/SITE INFLUENCES	Average	Similar	Inferior/San Tomas Expy	Similar	Superior	Superior	Inferior	Similar
ZIP CODE	95050	95054	95050	95051	95129	95129	95054	95117
OVERALL LOCATIONAL RATING	Average	Inferior	Inferior	Similar	Superior	Superior	Inferior	Similar
PHYSICAL ADJUSTMENTS								
SITE SIZE (ACRES)	1.00	0.386	0.31	0.33	0.51	0.51	0.51	0.35
SITE SIZE (SF)	43,560	16,800	13,700	14,425	22,164	22,164	22,216	15,120
UTILITY/TOPOGRAPHY	Rectangular / 1 Street Front	Rectangular / 1 Street Front	Rectangular / 1 Street Front	Inferior / SI Irregular / 1 Street Front	Rectangular / 1 Street Front	Rectangular / 1 Street Front	Rectangular / 1 Street Front	SI Irregular / 1 Street Front
USE/ZONING ADJUSTMENTS								
ZONING		R1-6L	R1-8L	R1-6L	R1-8	R1-8	R1-6L	R1-8
GENERAL PLAN	Very Low Density Res	Low Density Res	Very Low Density Res	Very Low Density Res	Residential Neighborhood	Residential Neighborhood	Very Low Density Res	Residential Neighborhood
ALLOWED DENSITY (dwelling units per acre)	up to 10	8 to 19	up to 10	up to 10	up to 10	up to 10	up to 10	up to 10
NUMBER OF UNITS	10	6	2.0	2.0	3.0	3.0	8.0	4.0
ESTIMATED / PROPOSED DU/ACRE	10.0	15.6	6.4	6.0	5.9	5.9	15.7	11.5
INTENDED USE	Residential	4 Residential Units	SFD + ADU	Residential + ADU	3 Residential Units	3 Residential Units	8 or 9 units	4 Residential Units
PARK FEE COMPONENT PER UNIT	\$65,263	Similar/\$60,658	Superior/None	Superior/None	Superior/\$27,300	Superior/\$27,300	Similar/\$60,658	Similar/\$60,658
ENTITLEMENT STATUS	Has Zoning & GP	Has Zoning & GP	Had Zoning and GP	Had Zoning and GP	Has Zoning & GP	Has Zoning & GP	Had Zoning and GP - No Approvals	Had Zoning and GP - No Approvals
OVERALL PHYSICAL & USE/ZONING RATING		Superior	Inferior	Similar	Superior	Superior	Inferior	Similar
OVERALL RATING-SUBJECT SHOULD SELL FOR		LESS	MORE	Similar	LESS	LESS	Slightly MORE	Similar

Real Estate Appraised: Three Hypothetical One-Acre Lots, One for Each Zip Code, Santa Clara, CA

VERY LOW DENSITY COMPARABLE LAND LISTINGS				
ELEMENT OF ADJUSTMENT	SUBJECT	LISTING 1	LISTING OFFER 2a	LISTING OFFER 2b
ADDRESS	Average Street Santa Clara	1530-1540 Pomeroy Avenue Santa Clara	Fillmore Street Santa Clara	Fillmore Street Santa Clara
APN		290-02-096 & 097	104-10-077	104-10-077
SELLER		Maesumi/Pascual	Manisha Kamal Sitlani	Manisha Kamal Sitlani
BUYER		Listing	Listing	Listing
DOCUMENT NUMBER		Listing	Listing	Listing
VERIFICATION SOURCE		Broker, MLS, Public Record	Broker, MLS, Public Record	Broker, MLS, Public Record
ASSESSMENT BONDS		None	None	None
NUMBER OF UNITS	10	8	4	4
SALE / LISTING PRICE		\$4,600,000	\$1,100,000	\$1,115,000
SALE / OFFERING PRICE PER SF		\$220.00	\$117.33	\$118.93
TRANSACTIONAL ADJUSTMENTS				
REAL PROPERTY RIGHTS CONVEYED	Fee Simple	Fee Simple	Fee Simple	Fee Simple
ADJUSTMENT		0.00%	0.00%	0.00%
FINANCING TERMS		Listing	Offer	Offer
ADJUSTMENT		0.00%	0.00%	0.00%
CONDITIONS OF SALE		Listing	Offer	Offer
ADJUSTMENT		-20.00%	0.00%	0.00%
EXPENDITURES AFTER SALE		Listing	Offer	Offer
ADJUSTMENT		0.00%	0.00%	0.00%
CLOSE OF ESCROW		Listing	Offer	Offer
TIME OF SALE / MARKET CONDITION	December 31, 2022	December 2022	November 2022	November 2022
MONTHS FROM START 1Q-2022 THROUGH 4Q-2022		0	1	1
ADJUSTMENT @ % PER MONTH	-0.40%	0.00%	-0.40%	-0.40%
ADJ PRICE PER SF AFTER TRANSACTIONAL ADJS		\$176.00	\$116.86	\$118.46
LOCATIONAL ADJUSTMENTS				
EXPOSURE / VISIBILITY	Average	Similar	Similar	Similar
ACCESS	Average	Similar	Similar	Similar
APPEAL/SITE INFLUENCES/Approvals	Average	Superior	Inferior	Inferior
ZIP CODE	95050	95051	95054	95054
OVERALL LOCATIONAL RATING	Average	Superior	Inferior	Inferior
PHYSICAL ADJUSTMENTS				
SITE SIZE (ACRES)	1.00	0.480	0.215	0.215
SITE SIZE (SF)	43,560	20,909	9,375	9,375
UTILITY/TOPOGRAPHY	Rectangular / 1 Street Front	Rectangular / 1 Street Front	Irregular Rectangular Corner / 2 Frontages	Irregular Rectangular Corner / 2 Frontages
USE/ZONING ADJUSTMENTS				
ZONING		R3-18D / A	R3-18D / A	R3-18D / A
GENERAL PLAN	Very Low Density Res	Very Low Density Res / Community	Very Low Density Res / Community	Very Low Density Res / Community
ALLOWED DENSITY (dwelling units per acre)	up to 10	up to 10	up to 10	up to 10
NUMBER OF UNITS	10	8	4	4
ESTIMATED / PROPOSED DU/ACRE	10.0	16.7	18.6	18.6
INTENDED USE	Residential	8 Residential Units	Residential	Residential
PARK FEE COMPONENT PER UNIT	\$65,263	\$65,263	\$60,658	\$60,658
ENTITLEMENT STATUS	Has Zoning & GP	Had Zoning and GP & Approvals	Had Zoning and GP	Had Zoning and GP
OVERALL PHYSICAL & USE/ZONING RATING		Superior	Inferior	Inferior
OVERALL RATING-SUBJECT SHOULD SELL FOR		LESS	MORE	MORE

Adjustment Process

Transactional adjustments were made sequentially for property rights conveyed, financing terms, conditions of sale/motivation of participants, expenditures incurred by the buyer after the sale, i.e. demolition costs, and market conditions since the sale date. Market conditions adjustments are applied from the start of the first quarter 2020 through December 2022, based on trending sales data and our observations.

Comparable Sale VLD-1 is the sale of single-family lot improved with an older home. The buyer of Comparable 1 is an investor and intends to demolish the existing home and improvements. The lot was reported to have been approved for six single family units in the past, however that transaction never consummated. Although the lot was most recently marketed with the potential of being subdivided to provide four multiple guaranteed units without city approval, we depicted 6 units on the sales grid due to its reported pre-approval. The property was reported to have been owner occupied at the time of sale. This sale has a R1-6L zoning and a low density residential general plan that allows 8 to 19 dwelling units per gross acre compared to subject's very low density residential general plan that allows up to ten units per gross acre.

Comparable Sale VLD-2 is the sale of residential lot improved with an older home. The buyer of Comparable VLD-2 intends to demolish the home and construct a new two-story dwelling and add a 748 square foot detached additional dwelling unit (ADU). This comparable will not pay park impact fees since it already had a home improved on it and ADU's are exempt under the Santa Clara City Code (17.35.090).

Comparable Sale VLD-3 was the sale of an improved lot that could support two lots or a SFD and an ADU. The listing broker opined that the existing improvements needed a lot of work, but the buyer intended to move into the home, which dated from the 1940s. Based on the expected utilization of the improvements, we concluded that a downward adjustment was warranted for their contributory value. The amount of adjustment was estimated based on our observations, input from the listing broker, and a good fit for the data. A downward adjustment of \$150,000 for this element of comparison was applied to the comparable on the Conditions of Sale line.

Comparable Sale VLD-4 and Comparable Sale VLD-5 are the sales of two single-family lots improved with older homes. These comparables were offered together by separate ownerships. The comparables were offered as a development site and a four lot conceptual site plan was included with the listings. Instead of a four-lot subdivision, the buyer intends to demolish both of the homes and subdivide the two existing lots into six lots and one common access lot. These comparables were selected to help bracket the subject's lot size. These sales were relisted on April 20, 2022 for \$11,500,000. The MLS shows that the properties were sold on August 23,

2022 for \$12,000,000. The reported close of escrow was December 9, 2022. However, the transaction has not closed escrow and was reported by the listing broker to be in contract subject to all of the entitlements. The new subdivision if approved will have six lots with five single family homes and four condominium units (two of these will be affordable housing units). As of the date of value the property did not have approvals for this new proposed development.

Comparable Sale VLD-6 was the sale of two vacant lots that could support a reported 8 or 9 unit development. The seller had previously applied for a tentative map to allow for an 8-unit townhouse development. The proposed development was not approved and the lots currently do not have any pending approvals. The lots were not listed on the MLS but were reported to have been actively marketed for six months. The property was listed at \$2,700,000 and was reported to have had four offers. This was an all cash sale.

Comparable Sale VLD-7 was the sale of a vacant lot that could support a reported 4 unit development. No pending approvals at the time of sale. Buyer was not sure if they will develop the lot for single family or multi-family use. The comparable had only one offer and it was an all cash sale.

Comparable Sale VLD-1 was reported to have been owner occupied at the time of sale and could be rented. The cost of demolition was offset by the rents that could potentially be received. The seller of Comparable Sale VLD-2 was given some time to lease back following close of escrow; again, we concluded that the cost of demolition would be offset by rental income. The sellers of Comparable Sales VLD-4 and VLD-5 were each given a short time to lease back following close of escrow; again, we concluded that the cost of demolition would be offset by rental income.

Comparable Listing 1 is the current listing of two single-family lots with each improved with an older home. The older homes will be demolished (the cost of demolition would be offset by rental income during the entitlement process). The properties are each listed at \$2,300,000 (\$4,600,000 total asking price) and must be purchased together. The listing agent is part owner and reported that the development has been approved by the City of Santa Clara and it is ready to pull permits within 3-6 months. The project consists of two adjacent properties that have been approved for two single family detached dwellings and six townhouses. The agent reported that they have interest in the property but have had no offers.

Comparable Listing Offer 2a and Comparable Listing Offer 2b are November 2022 offers for the current listing of a vacant corner parcel. This property was originally listed for \$1,498,900 in July 2022. The listing price was reduced in September 2022 to \$1,398,900. The price was again reduced in October 2022 to \$1,298,900. Offer 2a was reported to have been \$1,100,000 and Offer 2b was reported to have been \$1,115,000. Both offers were considered low and rejected by the owner. The lot is currently marketed as having the potential for a duplex or fourplex.

Locational adjustments were broken into elements that reflect the property's identity to potential tenants or buyers (exposure, visibility), access (to freeways and amenities), and overall desirability of the location based on neighborhood factors such as age and condition of nearby properties, proximity to enhancing or detrimental factors, or an identifiable valuation element relating to address (locational appeal, zip code). As will be discussed in the following material, residential land values in the 95050 zip code rated superior to the 95054 zip code but inferior to the 95051 zip code; thus, the 95054-located comparable is adjusted upward and the 95051-located comparable is adjusted downward.

Locational adjustments were warranted for the elements of comparison as summarized on the grid. Although Comparable VLD-2 backs to a public park, beyond the park is San Tomas Expressway, which is within about 200 feet of this comparable and is not separated by a sound wall, rating inferior to the subject; an overall upward adjustment is concluded for this element of comparison. Comparable VLD-4 and VLD-5 are considered to be in a superior location with a higher median home sales price and are therefore rated as overall superior to subject.

Physical and Use/Zoning adjustments were broken into elements that reflect property size, utility/topography, allowed land uses and density, intended use/development density, affordable housing component, park fees, and entitlement status.

Comparable VLD-3 is located at the elbow of two streets and thus has an irregular pie-slice shape; an upward adjustment is concluded for inferior utility. For this analysis, upward adjustments were warranted for the lower densities of Comparables VLD-2 and VLD-3, rating inferior for this element of comparison. Excepting Comparable VLD-1, each comparable warrants downward adjustment for having either no park fees or for having lower park fees than the hypothetical subject lot.

As discussed in the preceding material, market conditions adjustments are applied from the start of the first quarter 2020 through the end of the fourth quarter 2022.

Conclusion

Following adjustment for the elements summarized on the grid, we concluded to the overall ratings displayed at the bottom of the sales grid. Bracketed by the comparable ratings, giving most weight to the sale comparables located in Santa Clara, we concluded to the following unit value of unentitled very low-density residential land in the 95050 zip code:

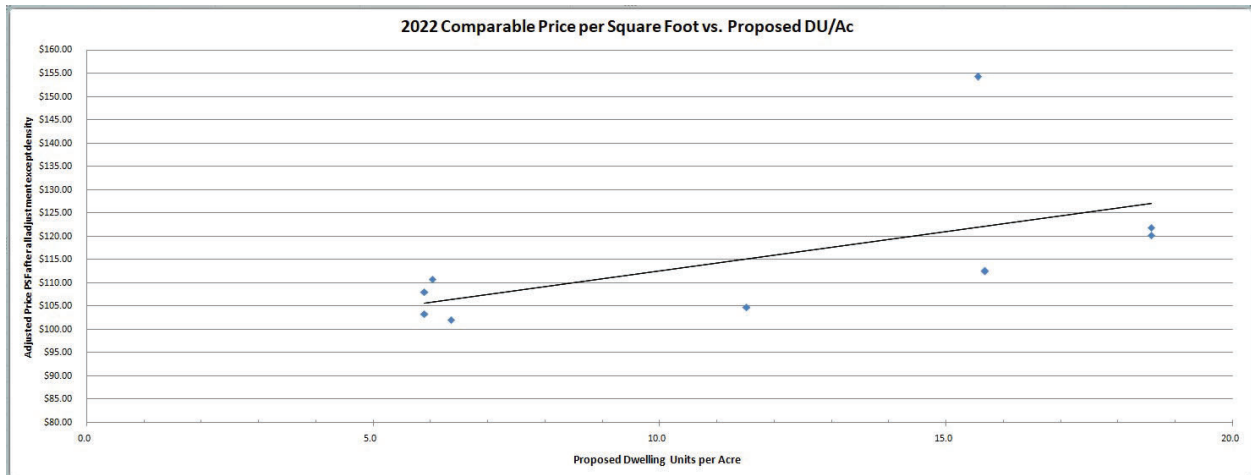
Unit \$/SF	x	Land Area (SF)	=	Indicated Value
\$115	x	43,560	=	\$5,009,400

Estimated Market Value of a 1-Acre

Very Low-Density Residential Lot in 95050 Zip Code: \$5,009,400

Low Density Land Value

For the low-density value component, the City’s land use classification cites a low-density range of 8-18 dwelling units/acre (DU/Acre), which is greater than the maximum 10 DU/Acre allowed in the very low-density classification. We assumed a density of 13 DU/Acre, about the mid-point of the density range. In the market, the primary value difference between very low and low-density land relates to density. The density adjustment was estimated based on the relationship between price per SF and density, as evidenced by the comparables. In the chart below, we plotted the preceding very-low density comparables and the high-density comparables used in the following high-density value scenario.



As shown in the chart above, the price per square foot of land increases with increasing density. This is congruent with our observations in the market that as density increases, price per SF of land typically increases. The difference in pricing for changing densities is clear when comparing

the lowest to the higher densities. And the price/SF difference is less when comparing the median to higher densities. We concluded there is a difference in value/SF between the preceding very low density and low-density residential which has a higher density. The trendline in the chart above indicates that the appropriate unit value based on a density of 13 dwelling units per acre would be about \$120 per square foot. Historically, there has been a 5% to 10% price difference between the preceding very low density and low-density residential. Based on the comparable data, with a density of 13 dwelling units per acre for the low-density residential land use, we concluded to **\$120/SF**.

Conclusion

We concluded to the following Low-Density residential value in the 95050 zip code for 1-acre of land:

Unit \$/SF	x	Land Area (SF)	=	Indicated Value
\$120	x	43,560	=	\$5,227,200

Estimated Market Value of a 1-Acre

Low-Density Residential Lot in 95050 Zip Code:

\$5,227,200

High Density Land Value

Similar to the preceding very low-density land search, we searched data sources for high and medium-high density residential land transactions and examined data that was discovered by talking to brokers, agents, property owners, and market participants from within the subject market. We also reviewed development reports provided by the planning departments of Santa Clara and other nearby cities.

As stated above, for the high-density value component, we assumed a density of 45 dwelling units per acre, about the midpoint of the allowed range under the High Density General Plan designation, which allows 37-50 dwelling units per acre. The sales we found most comparable are displayed on the next grid. A map showing the location of these comparables is displayed in the Addenda. A parcel map for each comparable sale is also displayed in the Addenda. Selling prices were verified using our summary transcript of the public record and conversations with selling and listing brokers/agents, sellers, and buyers. We were unable to confirm the details of Comparable HD-2 with a party to the transaction. We relied on published data, city records, subscription service data, news articles, and information available from a summary transcript of the public record for transaction details regarding these comparables.

Real Estate Appraised: Three Hypothetical One-Acre Lots, One for Each Zip Code, Santa Clara, CA

HIGH DENSITY COMPARABLE LAND SALES							
ELEMENT OF ADJUSTMENT	SUBJECT	COMPARABLE HD-1	COMPARABLE HD-2	COMPARABLE HD-3	COMPARABLE HD-4	COMPARABLE HD-5	COMPARABLE HD-6 LISTING
ADDRESS	Average Street	950 Monroe St	1601 Civic Center Drive	3941 Stevens Creek Blvd.	2303-2319 Calle Del Mundo	2221-2251 Calle De Luna 2232-2246 Calle Del Mundo	2301-2317 Calle De Luna
APN	Santa Clara	Santa Clara 269-20-086	Santa Clara 224-49-006	Santa Clara 294-39-010	Santa Clara 097-05-060 & 061	Santa Clara 097-46-020 & 027	Santa Clara 097-46-007, 008, 009
SELLER		Von Raesfeld Family Partnership	K & K Outdoor Advertising LLC	MB Exclusively Properties LLC	Beta & Properties LLC	Laison LLC/2232 Calle Del Mundo LLC	TGR Associates LLC
BUYER		Lamb Partners LLC	CIVIC Center LP	CRP The Meridian LP	2263 Calle Del Mundo LLC	GS Tasman East Subsidiary, LLC	Listing
DOCUMENT NUMBER		24395084	24380714	25233709	24840021	25062330/25062315	Listing
VERIFICATION SOURCE		Broker, Public Record	Subscription Svcs, Public Record	Subscription Svcs, Public Record	Subscription Svcs, Public Record	Subscription Svcs, Public Record	Broker, Subscription Svcs, Public Record
EXPOSURE TO MARKET		12 Months	12 Months	12 Months	12 Months	12 Months	24 Months
NUMBER OF UNITS	45	36 (Pro Rata)	124	27	27	27	235
SALE / LISTING PRICE		\$4,700,000	\$12,100,000	\$5,075,000	\$8,000,000	\$21,995,000	\$15,000,000
SALE / OFFERING PRICE PER SF		\$207.73	\$197.03	\$197.47	\$181.83	\$235.95	\$249.53
TRANSACTIONAL ADJUSTMENTS							
REAL PROPERTY RIGHTS CONVEYED	Fee Simple	Fee Simple (Short Term Leases)	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Leased Fee
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FINANCING TERMS		Conventional	Conventional	Conventional	Conventional	Conventional	Listing
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CONDITIONS OF SALE		Assemblage	Am's-Length	Am's-Length	Assemblage	Assemblage	Listing
ADJUSTMENT		-5.00%	0.00%	0.00%	-5.00%	-5.00%	-10.00%
EXPENDITURES AFTER SALE		Demolition Offset	Demolition of 30k SF Office Building	Demolition Offset	Demolition Offset	Demolition Offset	Solvent contamination in soil and ground water
ADJUSTMENT		0.00%	1.65%	0.00%	0.00%	0.00%	-15.00%
CLOSE OF ESCROW	December 31, 2022	February 3, 2020	January 15, 2020	February 03, 2022	February 19, 2021	August 11, 2021	Listing
TIME OF SALE / MARKET CONDITION		December 2018	Est. Sept 2019	April 2021	Est. April 2019	Est. Feb. 2020	December 2022
MONTHS FROM START 1Q-2019 THROUGH 4Q-2019		12	3	0	8	0	0
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START 1Q-2020 THROUGH 4Q-2020		12	12	0	12	10	0
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START 1Q-2021 THROUGH 4Q-2021		12	12	8	12	12	0
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START Q1-2022 THROUGH 4Q-2022		12	12	12	12	12	0
ADJUSTMENT @ % PER MONTH	0.30%	3.60%	3.60%	3.60%	3.60%	3.60%	0.00%
ADJ PRICE/SF AFTER TRANSACTIONAL ADJS		\$204.45	\$207.50	\$204.58	\$178.96	\$232.22	\$190.89
LOCATIONAL ADJUSTMENTS							
EXPOSURE / VISIBILITY	Average	Similar / Corner	Similar	Similar	Similar	Similar	Similar
ACCESS	Average	Similar	Similar	Similar	Similar	Similar	Similar
APPEAL / SITE INFLUENCES	Average	Similar	Similar	Similar	Similar	Similar	Similar
ZIP CODE	95050	95050	95050	95051	95054	95054	95054
OVERALL LOCATIONAL RATING		Similar	Similar	Similar	Similar	Similar	Similar
PHYSICAL ADJUSTMENTS							
SITE SIZE (ACRES)	1.00	0.52	1.41	0.59	1.01	2.14	1.38
SITE SIZE (SF)	43,560	22,625	61,411	25,700	43,996	93,218	60,114
UTILITY / TOPOGRAPHY	Rectangular / 1 Street Front	Mostly Rectangular / 2 Frontages	Mostly Rectangular / Deed Rest	Rectangular / 2 Street Fronts	Rectangular / 1 Street Front	Mostly Rectangular / 3 Street Fronts	Rectangular / 1 Street Front
USE/ZONING ADJUSTMENTS							
ZONING		CC (Community Commercial)	OG	CT	TN (Transit Neighborhood)	TN (Transit Neighborhood)	TN (Transit Neighborhood)
GENERAL PLAN	High Density Residential	Community Mixed Use	Community Commercial	Community Mixed Use	Transit Neighborhood	Transit Neighborhood	Transit Neighborhood
ALLOWED DENSITY (dwelling units per acre)	37-50	N/A	N/A	20-36	Minimum 100, Up to 350 du/acre	Minimum 100, Up to 350 du/acre	Minimum 100, Up to 350 du/acre
NUMBER OF UNITS	45	36 (Pro Rata)	119	59	303	371	235
ESTIMATED / PROPOSED DU/ACRE	45.0	69.3	84.4	100.0	156.0	173.4	170.0
INTENDED USE	Residential	Mixed-Use Condos and Retail	Affordable Housing	Affordable Housing	Residential	Residential	Residential
AFFORDABLE HOUSING COMPONENT	10% or in-lieu	10% or in-lieu	Yes / 100%	Yes / 100%	In-lieu Fee	In-lieu Fee	10% or in-lieu
PARK FEE COMPONENT PER UNIT	\$36,908	\$32,688	\$31,058	\$33,536	\$21,683	\$30,918	\$36,908
ENTITLEMENT STATUS	Has Zoning & GP	Had General Plan	Needs Zoning and General Plan	Had General Plan	Has Zoning & GP	Has Zoning & GP	Has Zoning & GP
OVERALL PHYSICAL & USE/ZONING RATING		Slightly Superior	Slightly Superior	Slightly Superior	Slightly Inferior	Slightly Superior	Slightly Inferior
OVERALL RATING - SUBJECT SHOULD SELL FOR		LESS	LESS	LESS	MORE	LESS	Slightly MORE

Adjustment Process

Transactional adjustments were made sequentially for property rights conveyed, financing terms, conditions of sale/motivation of participants, expenditures incurred by the buyer after the sale, i.e. demolition costs, and market conditions since the sale date.

Comparable HD-1 was purchased as part of an assemblage—the buyer had recently purchased two adjacent properties. Similarly, Comparables HD-4, and HD-5 were also purchased as part of an assemblage. Based on the data, a downward adjustment is warranted for motivation on the part of the buyer due to the assemblage.

HD-6 is a current listing that has been on the market for approximately 24 months and a downward adjustment is warranted for conditions of sale. The adjustment we used was a good fit for the data.

Comparables HD-1, HD-3, HD-4, and HD-5 required the demolition of existing improvements before their new, intended use could be realized. We concluded this expense was offset by the interim income from the improvements. So, no additional adjustment was warranted for this element of comparison. Similarly Listing HD-6 will require the demolition of three industrial buildings which can be offset by the current rental income. Currently the buildings are reported to be leased at \$2.00 sq.ft./month on a NNN basis. The leases give the owner a right for early termination. In 2001, solvent contamination in soil and ground water near a sump was reported within the former metal shavings storage enclosure located on one of the parcels (2301 Calle De Luna). In September 2016, the property owner submitted a Voluntary Cleanup Program application and entered into a Voluntary Cleanup Agreement with the DEH for oversight of future property assessment activities and mitigation activities, if required, to facilitate redevelopment of the property. The listing broker stated that the current cost to clean up the site is unknown. A downward adjustment is warranted for this risk of uncertainty. The adjustment we applied was a good fit for the data.

Comparable HD-2 is a closed transaction of an infill site improved with a vacant 30,000 square foot office building. This building will require demolition prior to redevelopment, estimated at \$200,000, based on our observation and cost data. This element of comparison is shown as an upward adjustment on the Expenditures After Sale line.

Locational adjustments were broken into elements that reflect the property's identity to potential tenants or buyers (exposure, visibility), access (to freeways and amenities), and overall desirability of the location based on neighborhood factors such as age and condition of nearby properties, proximity to enhancing or detrimental factors, or an identifiable valuation element

relating to address (locational appeal, zip code). Locational adjustments were warranted for the elements of comparison summarized on the grid.

Physical and Use/Zoning adjustments were broken into elements that reflect property size, utility/topography, allowed land uses and density, intended use/development density, affordable housing component, park fees, and entitlement status. Physical and use/zoning adjustments were warranted as summarized on the grid.

Comparable HD-1 and HD-3 both had two street frontages, allowing for greater design flexibility, rating superior utility, and warranting downward adjustment. Comparables HD-4, HD-5, and HD-6 are zoned Transit Neighborhood and have a minimum density of 100 dwelling units per acre. Comparable HD-3 will have 100% affordable housing and was given a 15% credit on the park fees. Comparable HD-4 has been given a credit of \$1,290,000 for park fees in exchange for 14,000 square feet of dedicated park space and private amenities. The comparables proposed building densities/acre bracket the subject; the highest densities warrant downward adjustment and the lower densities warrant an upward adjustment. Comparables HD-1 and HD-2 will require a zoning change or general plan amendment to allow for residential and an upward adjustment is warranted for this element of comparison. The comparables with approved entitlements rated superior to the subject's unentitled status and are adjusted downward. Park impact fees varied somewhat based upon the use and timing of the fee.

Conclusion

Following adjustment for the elements summarized on the grid, we concluded to the overall ratings displayed at the bottom of the grid. The comparables were analyzed based on a price per square foot and a price per unit units of comparison. The range of adjusted values is more consistent on a price/SF basis rather than a price/density unit basis; therefore, the price/SF is utilized as the primary comparison of value. Bracketed by the comparable ratings, the following value of unentitled high-density 45 DU/Acre residential land in the 95050 zip code is concluded:

Unit \$/SF	x	Land Area (SF)	=	Indicated Value
\$190	x	43,560	=	\$8,276,400

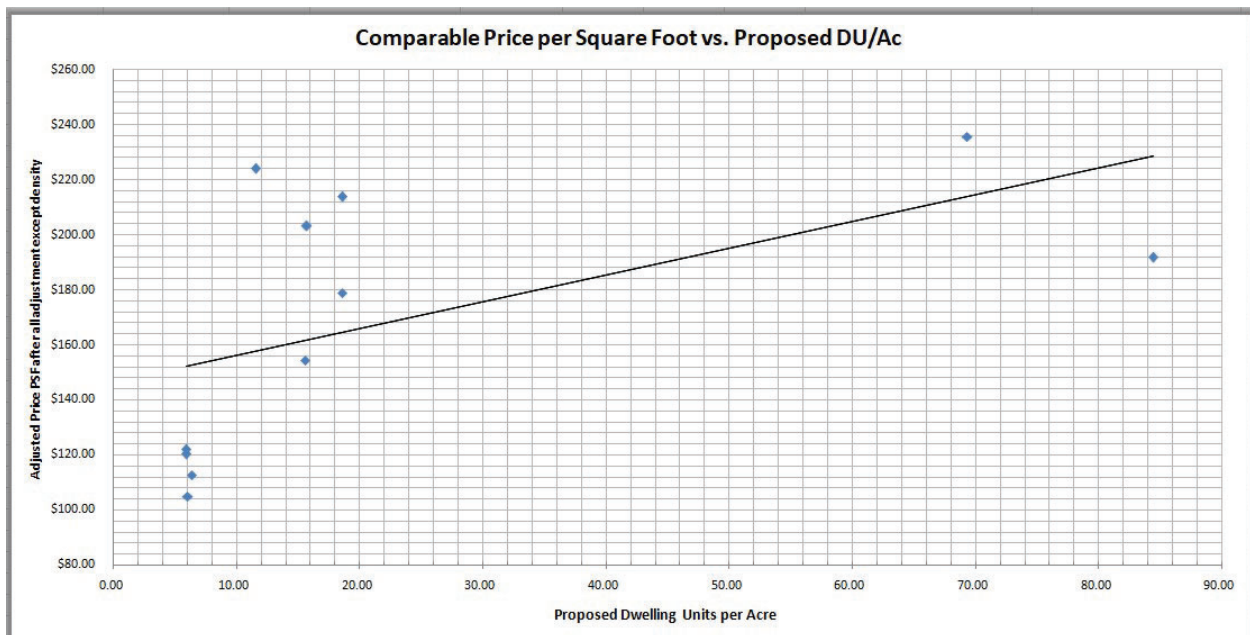
Estimated Market Value of a 1-Acre

High-Density Residential Lot in 95050 Zip Code:

\$8,276,400

Medium Density Land Value

For the medium-density value component, a density of 30 dwelling units per acre is assumed, slightly above the midpoint of the allowed range under the Medium Density General Plan designation, which allows 19-36 dwelling units per acre. In the market, the primary difference between the medium-density land value and high-density land value relates to density. The density adjustment was estimated based on the relationship between price per SF and density, as evidenced by the comparables. In the chart below, we plotted the preceding high-density comparables and the very-low density comparables used in the preceding low-density value scenario. We graphed the change in land value per square foot versus the change in density.



As stated in the preceding material, the data shows the price per square foot of land increases with increasing density, which is congruent with our observations in the market. The difference in pricing for changing densities is clear when comparing the lowest to the higher densities. The chart above indicates that at a density of about 30 dwelling units per acre, the indicated price per square foot is about \$180, but is somewhat skewed by the cluster of low density sales. Historically, there has been a 5% to 10% difference between the medium density residential and the preceding high density. Based on the comparable data, with a density of 30 DU/acre for the medium-density land use, a unit value of **\$180/SF** is concluded.

Conclusion

We concluded to the following medium-density value in the 95050-zip code for 1-acre of land:

Unit \$/SF	X	Land Area (SF)	=	Indicated Value
\$180	x	43,560	=	\$7,840,800

Estimated Market Value of a 1-Acre

Medium -Density Residential Lot in 95050 Zip Code:

\$7,840,800

Commercial Land Value

Like the search for residential land sales data, we searched similar data sources and examined data that was discovered by talking to brokers, agents, property owners, and market participants from within the subject market. We searched for recent sales of competing retail and office properties throughout Santa Clara and nearby cities. Those we found most comparable are displayed on the grid on a following page. A map showing the location of these comparables is displayed in the Addenda.

Real Estate Appraised: Three Hypothetical One-Acre Lots, One for Each Zip Code, Santa Clara, CA

COMMERCIAL LAND COMPARABLE SALES							
ELEMENT OF ADJUSTMENT	SUBJECT	Comparable C-1	Comparable C-2	Comparable C-3	Comparable C-4	Comparable C-5	Comparable C-6
ADDRESS	Average Street Santa Clara	3375 El Camino Real Santa Clara	3378 El Camino Real Santa Clara	1125 Coleman Avenue San Jose	855 E Homestead Road Sunnyvale	1220 Oakmead Pky. Sunnyvale	1240 & 1290 Coleman Avenue, 312 Brokaw Road Santa Clara
APN		220-02-049	290-02-102	230-46-093	309-51-005	216-44-048	230-05-045, 049, 050
SELLER		Norma E Rice, Trustee	An S Shin	Cap Phase 1 LLC	Sundby Living Trust	Princeton Garden Properties LLC	Kevin E. Wennergren 2013 Revocable Trust
BUYER		3375 Camino City Square LLC	Veguard USA LLC	San Jose Hotel Investments LLC	SST Investments LLC	BPR Properties UCSC LLC	Mogul hospitality Partners - Coleman LLC
SALE PRICE / LISTING PRICE		\$9,925,000	\$5,340,000	\$9,800,000	\$6,400,000	\$4,450,000	\$10,100,000
PARCEL SIZE (Acres)	1.00	1.630	0.877	1.873	1.130	0.970	1.658
PARCEL SIZE (SF)	43,560	71,003	38,211	81,588	49,223	42,240	72,204
SALES PRICE/SQUARE FOOT		\$139.78	\$139.75	\$120.12	\$130.02	\$105.35	\$139.88
DOCUMENT NUMBER		24595053	24569843	24339364	24998730	25091522	25294738, 25294739
EXPOSURE TIME		2 Months	Off Market (6 Months in 2019)	Unknown	2 Months	1 Month	1,177 Days
TRANSACTIONAL ADJUSTMENTS							
REAL PROP. RIGHTS CONVEYED	Fee Simple	F. Simple (Short-term Leases)	F. Simple (Short-term Leases)	Fee Simple	Fee Simple	Fee Simple	Fee Simple
FINANCING TERMS \$		All Cash	All Cash	Construction Loan	All Cash	Conventional	Conventional
CONDITIONS OF SALE		Arm's-Length/Improved	Arm's-Length/Improved	Arm's Length	Arm's-Length/Improved	Arm's-Length/Improved	Arm's-Length/Improved
ADJUSTMENT		-15.0%	-11.0%	0.0%	0.0%	0.0%	0.0%
EXPENDITURES AFTER PURCHASE		None	None	None	Demolition Offset by Income	Demolition Offset by Income	Demolition Offset by Income
ADJUSTMENT		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CONTRACT DATE / MKT CONDITIONS	December 31, 2022	July 2020	June 2020	Est. September 2019	March 2021	August 2021	Est. July 2020
RECORDING DATE		August 31, 2020	August 10, 2020	November 22, 2019	June 17, 2021	September 08, 2021	May 03, 2022
MONTHS FROM END 1Q-20 THROUGH 4Q-21		17	18	15	9	3	17
Adjustment rate per month	-0.75%	-12.75%	-13.50%	-11.25%	-6.75%	-2.25%	-12.75%
MONTHS FROM START 1Q-2022 THROUGH 4Q-2022		12	12	12	12	12	12
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ADJ. PRICE/SF WITH TRANS. ADJ.		\$103.67	\$107.59	\$106.60	\$121.24	\$102.98	\$122.05
LOCATIONAL ADJUSTMENTS							
EXPOSURE	Average	Superior/Corner	Similar	Corner/Inferior Traffic	Similar	Similar	Superior/Corner
APPEAL/SITE INFLUENCES/ACCESS	Average	Similar	Similar	Superior/Access	Similar	Similar	Similar
ZIP CODE	95050	95051	95051	95110	94087	94085	95050
LOCATIONAL COMPARISON		Superior	Similar	Similar	Similar	Similar	Similar
PHYSICAL & USE/ZONING ADJUSTMENTS							
PARCEL SIZE (Acres)	1.000	1.630	0.877	1.873	1.130	0.970	1.658
UTILITY	Average	Similar	Similar	Similar	Similar	Similar	Similar
OFF-SITE IMPROVEMENTS	Finished Lot	Similar	Similar	Similar	Similar	Similar	Similar
ZONING/GENERAL PLAN	CT / Regional Commercial	CT / Community Mixed-Use	CT / Community Mixed-Use	A(PD) / Combined Ind/Comm.	O/PD / Commercial	MS / Industrial	ML - Light Industrial / Regional Commercial
PROPOSED USE(S)	Commercial	Retail in Near-Term	Retail in Near-Term	Hotel Entitled	Office or Preschool	Hotel	Hotel/Pending Review
PHYSICAL & USE/ZONING COMPARISON		Superior	SI Superior	Superior	Superior	Superior	Superior
SUBJECT SHOULD SELL FOR:		Less	SI Less	Less	Less	Less	Less

Adjustment Process

The adjustment methodology was similar as above for the residential land sales.

Transactional adjustments were warranted. As described above, due to a lack of commercial land sales, some improved sales were utilized for which the improvements contributed little to the overall selling price. Comparables C-1, C-2, C-4, C-5, and C-6 were improved at the time of sale. A listing at 160 Saratoga Avenue in Santa Clara (not included in the sales grid) was previously improved with a 15,814 sq.ft. office building that was completely destroyed by fire prior to the listing. The 1.21 acre site is currently reported to be vacant. This property was reportedly listed at \$8,900,000 (\$168.86/sq.ft. of land area unadjusted) and went into escrow in February of 2023 at an undisclosed price.

Comparable C-1 was marketed as a development site; the eventual buyer planned to continue the retail uses. Based on a discussion with the listing broker, our observations, and the age and condition of these improvements, which comprised about 25,150 SF, the contributory value was estimated at about \$60 per square foot of building area, or about 15% of the selling price as shown on the adjustment grid. This is shown as a downward adjustment.

Similarly, the sale of Comparable C-2 included about 7,800 square feet of improvements dating from the late 1950s; which contributed to the overall selling prices. Based on our observations and discussions with the broker, the contributory value for the building was estimated at about \$75 per square foot of building area, or about 11% and 16%, respectively of the selling prices as shown on the adjustment grid. These are shown as downward adjustments.

Comparable C-4 included a 6,295 square foot restaurant building originally constructed in 1972. This site was being sold for land value and the restaurant was leased month-to-month. We concluded that the cost of demolition would be offset by rental income.

Comparable C-5 included a 5,515 square foot restaurant building. The building was vacant at the time of sale, but could have been leased on a month-to-month basis. We concluded that the cost of demolition would be offset by rental income.

Comparable C-6 included two restaurant buildings and one R&D buildings. The buildings were vacant at the time of the close of escrow, but could have been leased on a month-to-month basis. Based on our observation, we concluded that the cost of demolition would be offset by rental income. The new proposed development (currently pending review) will be a six-story hotel with 396 guest rooms, dining, and event space (totaling 204,444 square feet).

Market conditions adjustments were applied from the contract date through the date of opinion using the degree of adjustment(s) discussed in the Market Conditions section.

Real Estate Appraised: Three Hypothetical One-Acre Lots, One for Each Zip Code, Santa Clara, CA

INDUSTRIAL LAND COMPARABLE SALES						
ELEMENT OF ADJUSTMENT	SUBJECT	COMPARABLE I-1	COMPARABLE I-2	COMPARABLE I-3	COMPARABLE I-4	COMPARABLE I-5
ADDRESS	Average Street	2225 Martin Ave	2175 Martin Ave	1535 & 1575 Industrial Ave	365 Reed St	980 Martin Avenue
APN	Santa Clara	Santa Clara	Santa Clara	Santa Jose	Santa Clara	Santa Clara
SELLER		224-10-119	224-10-115	237-30-020 & 025	230-47-105	224-62-010
BUYER		Project 38 LLC	LVP Martin Ave Assoc LLC	Frank J. & Leslie A. Mangione	Reed Street Associates	980 Martin Avenue LLC
SALE PRICE		2225 Martin Property LLC	2175 Martin Property LLC	LBA RVI Company XLIV LLC	Prosperous Corgi Holdings 1 LLC	Mark & Kelly Vermi LLC
DOCUMENT NUMBER		\$28,250,000	\$13,900,000	\$12,800,000	\$5,358,000	\$2,200,000
BONDS ASSUMED / SF		25195861	25020411	24902328	24721853	24381016
TOTAL COST TO BUYER / SF		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TRANSACTIONAL ADJUSTMENTS		\$157.03	\$189.94	\$81.17	\$104.70	\$108.37
REAL PROPERTY RIGHTS CONVEYED	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%
FINANCING TERMS		Conventional	All Cash	Conventional	All Cash	Conventional
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%
CONDITIONS OF SALE		Arm's-Length	Arm's-Length	Arm's-Length	Arm's-Length	Purchase by Tenant
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	-10.00%
ADDITIONAL COSTS TO BUYER		Demolition Offset	Demolition Offset	Demolition Offset	None	None
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%
CONTRIBUTORY VALUE OF IMPROVEMENTS		None	None	None	Yes/24,145 SF	Yes/4,000 SF
ADJUSTMENT		0.00%	0.00%	0.00%	-22.53%	-13.64%
CLOSE OF ESCROW		12/15/2021	7/7/2021	4/1/2021	11/24/2020	1/15/2020
TIME OF SALE / MARKET CONDITION	December 31, 2022	ND	June 2021	September 2020	September 2020	November 2019
MO'S FROM SALE THROUGH Dec. 31, 2020		0	0	3	3	13
ADJUSTMENT @ % PER MONTH	0.75%	0.00%	0.00%	2.25%	2.25%	9.75%
MONTHS FROM START 1Q-2021 THROUGH 4Q-2021		0	6	12	12	12
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START 1Q-2022 THROUGH 4Q-2022		12	12	12	12	12
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ADJUSTED PRICE / SF		\$157.03	\$189.94	\$83.00	\$82.94	\$92.45
LOCATIONAL ADJUSTMENTS						
EXPOSURE/VISIBILITY	Average	Similar	Similar	Sup/Fwy	Similar	Similar
ACCESS	Average	Similar	Similar	Similar	Similar	Similar
NEIGHBORHOOD APPEAL	Average	Similar	Similar	Inferior	Similar	Similar
ZIP CODE	95050	95050	95050	95112	95050	95050
OVERALL LOCATIONAL RATING		Similar	Similar	Inferior	Similar	Similar
PHYSICAL & USE/ZONING ADJUSTMENTS						
PARCEL SIZE (ACRES)	1.00	4.13	1.68	3.62	1.17	0.47
PARCEL SIZE (SF)	43,560	179,903	73,181	157,687	51,174	20,300
UTILITY	Average	Similar	Similar	Similar	Similar	Similar
OFF-SITES	Finished Lot	Similar	Similar	Similar	Similar	Similar
INTENDED USE		Industrial	Industrial	Industrial	Industrial	Contractor Yard
ZONING	Heavy Industrial	Light Industrial	Light Industrial	Heavy Industrial	Light Industrial	Heavy Industrial
GENERAL PLAN	Light Industrial	Low Intensity Office/R&D	Low Intensity Office/R&D	Heavy Industrial	Light Industrial	Heavy Industrial
OVERALL PHYSICAL & USE/ZONING RATING		Similar	Superior	Inferior	Inferior	Inferior
OVERALL RATING-SUBJECT SHOULD SELL FOR		SIMILAR	LESS	MORE	MORE	MORE

Adjustment Process

Adjustments were considered for and applied in a similar manner as above for the commercial sales. Because there are few industrial land sales in this market, we used two sales that were improved with buildings that contributed value to the selling price: Comparables I-4 and I-5. To estimate the residual land value of these transactions, we estimated and deducted the contributory value of the building improvements based on our observations, feedback from the verifying broker(s), and the adjustment that was a good fit for the data. Additionally, most of the recent industrial land transactions we uncovered were intended for data center (see Industrial Land Comparables I-1 and I-2). A transaction at 2315 Mission College Boulevard in Santa Clara (not included in the sales grid) is also a data center land sale that was reported to have been purchased by Amazon Data Services Inc. The 7.04 acre site reportedly sold for \$51,817,500 or \$168.97/sq.ft. of land area (unadjusted), which is high and out of the pattern. This sale could not be fully confirmed but was reported to have closed escrow on January 4, 2022.

Comparable I-5 was purchased by the tenant and based on the data, a downward adjustment was warranted for buyer motivation. After making all other adjustments first, a downward adjustment was warranted for motivation on the part of the buyer.

Market conditions adjustments were applied at the rate concluded to in the Market Conditions section. As stated in the preceding material, industrial property in the City of Santa Clara (and Silicon Valley in general) continues to be in demand, supported by rising asking rental rates, generally stable vacancy rates, and the opinions of market participants.

Like the commercial sales grid, locational adjustments were considered for exposure, visibility, access (to freeways and amenities), and overall desirability of the location, including zip code. Sale I-3 was adjusted downward for its inferior San Jose location. Locational adjustments are warranted as summarized on the grid.

Physical and use/zoning adjustments were considered for size, utility, intended use, zoning, general plan land use designation, and off-site improvements. Both I-1 and I-2 were purchased by Prime Data Centers. For I-1 the buyer plans to develop a 207,000 square foot data center with a 32MW capacity. For I-2 the buyer plans to develop a three story 80,000 square foot data center with a reported 9MW capacity. The selling agent reported that the property sold entitled and has a “will serve letter” from Silicon Valley Power. These sales were adjusted downward for the entitlements. Within the range of the comparables, only Comparable I-5 rated superior for its smaller site size, warranting a downward adjustment. Any other warranted adjustments are summarized on the grid.

Conclusion

Following the adjustments discussed above and considering the overall rating comparison for each comparable, the unit values of the most recent comparables suggested a land value in the \$130 per square foot range.

We concluded to the following for industrial land in the 95050 zip code:

Unit \$/SF	x	Land Area (SF)	=	Indicated Value
\$130		43,560		\$5,662,800

**Estimated Market Value of a 1-Acre
Industrial Lot in Zip Code 95050: \$5,662,800**

Average Value Estimate in 95050 Zip Code

The average value was estimated by applying a weighted average based on the land area of the total sales in Santa Clara in 2022 by property type. The information was obtained from Old Republic Title Company (ORTC). *It was an extraordinary assumption of this appraisal that the land areas provided by Old Republic Title Company were accurate.*

ORTC reported a total of 1,064 sale transactions in Santa Clara in calendar year 2022. These included 27 commercial sales, 22 industrial sales, 516 residential single-family sales, 30 2-4 residential unit sales, 9 vacant sales, and 460 medium to high-density residential sales which comprised residential unit sales greater than 5 units, condominiums, and townhomes. This compares to 1,442 total transactions reported in 2021 by ORTC.

Residential transactions included single family, townhomes, and condominiums, 2 to 4 unit, and residential units greater than 5 units. Of the total residential sales, and similar to the 2016, 2017, 2020, and 2021 data, 2022 single family transactions comprised the most land area, as shown in the next table. In 2019, commercial and industrial sales comprised about half of the total land area in the city by area. In 2020, 2021 and 2022, a greater percentage of land area sold in the city was residential. Due to declining median residential selling price in 2022, residential unit values were lower compared to 2021. Industrial and commercial land values were unchanged in 2022. The combination of recent Federal Reserve interest rate increases, expected slower economic growth and an increased possibility of a near-term recession has impacted the market. All these factors resulted in lower 2022 values for the hypothetical one-acre lots. This is congruent with overall market trends over the last year.

The total number of land square feet (SF) sales (broken out by property type) is reflected in the next table:

2022 City of Santa Clara Sales		
Sale Type	Land SF	Total Percent
Commercial	844,663	13.02%
Industrial	911,037	14.04%
Very Low Density Residential	3,427,343	52.83%
Low Density Residential	223,257	3.44%
Medium to High Density Residential	1,081,815	16.67%
Total	6,488,115	100.00%

Source: Old Republic Title Company

Old Republic Title Company provided the data depicted in the preceding 2022 City of Santa Clara Sales table, segregated by property type. The single-family sales were grouped into very low density, 2-4 residential sales were grouped into low-density, the townhome and condominium data were grouped into the medium to high-density residential, retail and office was grouped into commercial, and industrial, R&D, and manufacturing was designated industrial. As shown in the table, within the city limits of Santa Clara, commercial/industrial sales accounted for about 27.06% of the total while residential sales accounted for about 72.94% of the total.

Conclusion

The Total Percent in the previous table was applied to the appropriate categories for each property type. Since the data provided by the title company did not segregate medium and high-density residential, we split the total percentage evenly between the two densities ($16.67\% / 2 = 8.335\%$ to each). As shown in the next table, the appropriate weighted values are summed to produce the average value of a hypothetical 1-acre lot in the 95050 zip code:

2022 VALUES FOR 95050 ZIP CODE SUMMARY					
Land Use	Price per SF	Price per Acre	x	Weighted Average	= Weighted Value
Very Low Density Residential	\$115.00	\$5,009,400	x	52.83%	= \$2,646,466
Low Density Residential	\$120.00	\$5,227,200	x	3.44%	= \$179,816
Medium Density Residential	\$180.00	\$7,840,800	x	8.335%	= \$653,531
High Density Residential	\$190.00	\$8,276,400	x	8.335%	= \$689,838
Commercial	\$95.00	\$4,138,200	x	13.02%	= \$538,794
Industrial	\$130.00	\$5,662,800	x	14.04%	= \$795,057
				TOTAL AVERAGE VALUE	\$5,503,502

Average Value of a Hypothetical 1-Acre

Lot in the 95050 Zip Code:

\$5,500,000 (Rounded)

AVERAGE VALUE ESTIMATE IN 95051 ZIP CODE

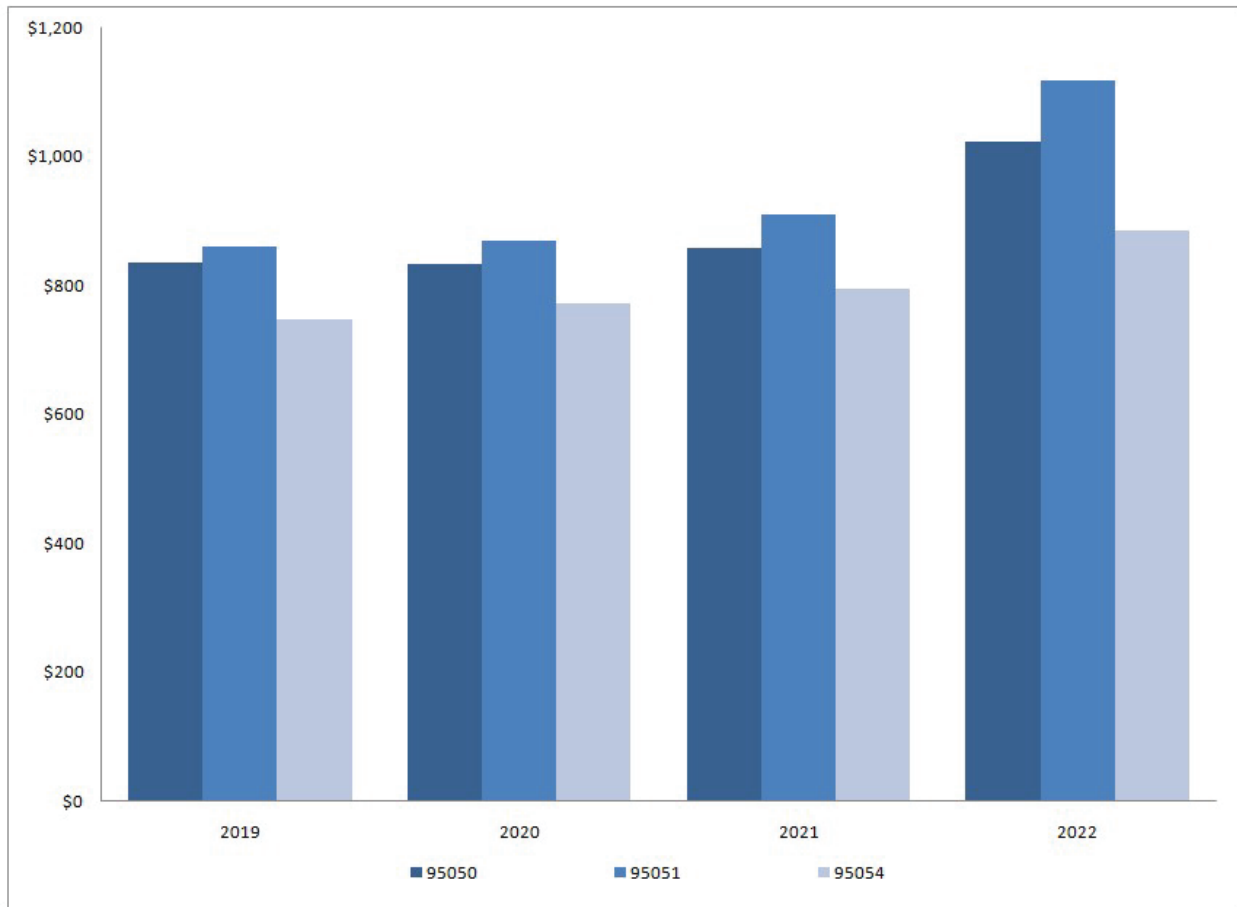
We estimated the value of 1 acre of land for zip code 95050 above. Following we apply any differences in value between the 95051 and 95050 zip codes to estimate the average value of one acre of land in 95051.

Estimating Differences Between Zip Codes

Differences between the 95050 and 95051 zip code for each use was based upon market feedback and anecdotal information. We also considered differences in values/rents for the commercial and industrial uses, and compared median selling prices and rents for the residential uses.

Residential Difference

Market participants and selling prices provided support that residential prices in the 95051 zip code are generally higher compared to the 95050 zip code. Some brokers believed that the 95050 area was slightly better due to Santa Clara University and a larger upper-middle class. Others pointed to the fact that the 95051 includes an area of the city close to Apple's headquarters and also within the Cupertino Union School District, a higher rated school district, which commands residential price premiums. Several brokers reported that some of the nicest neighborhoods in the City are in and around San Tomas Expressway, which bisects 95050 and 95051. One market participant opined that the neighborhoods in 95051 were generally safer and that insurance premiums were lower rendering 95051 to be more desirable. Recent residential yearly-summary median prices/SF and Year End 2022 median prices/SF between the 95050 and 95051 zip codes, as reported by DQ News /CoreLogic and MLS Listings, indicated the following:



The chart above indicates that the median selling price/SF has historically been higher in zip code 95051, corroborating the general consensus among market participants. This data supports the opinions of market participants that 95050 rates inferior to 95051.

In the next table, based on data reported by the MLS the median price in 95051 has historically been higher than zip code 95050. In the most recent year the 2022 median price for 95051 was about 10% higher than 95050. However, unlike DQ News/CoreLogic which reports all recorded sales transaction, MLS only reports listings marketed on MLS, which often does not include all new construction. This is because builders, in the current market environment, often market their product in-house without using MLS, which is probably more cost effective and garners more marketing control to the builder.

Housing Type	Zip Code	Median Sales Price			% Change per Month Last 12	% Change per Month Last 2 Years
		2020	2021	2022		
SFR, Condo, & Townhouse	95050	\$1,257,750	\$1,350,000	\$1,472,500	0.76%	0.71%
	95051	\$1,390,000	\$1,550,000	\$1,630,000	0.43%	0.72%
	95054	\$1,212,500	\$1,290,000	\$1,278,044	-0.08%	0.23%

Source: Local MLS

Based on market feedback, historical norms, and giving more weight to the MLS data, supported by historic DQ News/CoreLogic data, we concluded 2022 residential prices in zip code 95051 were 10.0% higher than zip code 95050.

Commercial Difference

We discovered that commercial land values are generally similar among commercial uses located along El Camino Real and Stevens Creek Blvd. within the 95050 and 95051 zip codes, which are the primary commercial corridors in Santa Clara. CoStar reported that the 4Q 2022 average rents for retail between these zip codes were \$2.42/SF/Month in 95050 vs. \$3.17/SF/Month in 95051. A historic comparison of the 3-year average asking rental rate (2018-2020) among office properties as reported by CoStar was \$3.70/SF/Month in 95050 vs. \$3.83/SF/Month in 95051, or about 3.5% higher in 95051. Additionally, CoStar reported a lower vacancy rate in 95051 over the same period (2.14% vs. 6.00% among all office and retail). The 4Q 2022 average rents for office only between these zip codes were \$4.75/SF/Month in 95050 vs. \$4.08/SF/Month in 95051. The average selling price per square foot among these two zip codes was within 6% of each other over the three year period (2018-2020), \$451 in 95050 vs. \$478 in 95051 for both office and retail properties. Note that 95050 only had one retail sale in 4Q 2022 which was not sufficient to do a meaningful comparison. Based on market data, rental rates differences, historic selling price differences, and vacancy rate differences we concluded that commercial land values in 95051 rated 15% inferior to 95050.

Industrial Difference

Among industrial properties, much of the product in the 95051 zip code is built as, or allows for R&D and higher intensity office uses, and greater floor area ratios, rating superior to 95050. Furthermore, about 65 acres of industrial lands in the 95051 zip code, around Kifer Rd and Lawrence Expressway, are converting to residential uses, reducing the supply of industrial properties, and pushing increasing demand and value for industrial at the same time. A comparison of the average rental rate per SF, as compiled by CoStar, showed that the average rental rates were equal in 95051 during 2022 (\$2.33/SF in 95050 vs. \$2.33/SF in 95051). 2022 average selling prices were relatively similar (\$490 in 95050 vs. \$438 in 95051), these numbers represent a difference of approximately 10%. After consideration for differences in asking rents,

sale prices, and the opinions of the market, we concluded that industrial land prices rated about equal the 95054 zip code compared to 95050. A discussion with a local industrial broker felt that all areas of the city were generally comparable. After consideration for differences in asking rents, sale prices, and the opinions of the market, we concluded that industrial land prices rated about equal in 95051 compared to 95050.

Conclusion of Value in 95051 Zip Code

Based on the above, we concluded residential uses in zip code 95051 rated 10.0% superior, while commercial values rated 15% inferior, and industrial values rated similar. In the next table, the adjusted price per acre for each land use in the 95051 zip code was adjusted and the appropriate weighted values are summed to produce the average value of a hypothetical 1-acre lot in the 95051 zip code:

95051 ZIP CODE LAND USE VALUES & AVERAGE 2022 VALUE PER ACRE					
Land Use	95050 Average Price/Acre Weighted	x	Adjustment Factor	=	95051 Average Price per Acre
Very Low Density Residential	\$2,646,466	x	110.0%	=	\$2,911,113
Low Density Residential	\$179,816	x	110.0%	=	\$197,798
Medium Density Residential	\$653,531	x	110.0%	=	\$718,884
High Density Residential	\$689,838	x	110.0%	=	\$758,822
Commercial	\$538,794	x	85.0%	=	\$457,975
Industrial	\$795,057	x	100.0%	=	\$795,057
TOTAL AVERAGE VALUE PER ACRE					\$5,839,649

Average Value of Hypothetical 1-Acre Lot in the 95051 Zip Code:

\$5,840,000 (Rounded)

AVERAGE VALUE ESTIMATE IN 95054 ZIP CODE

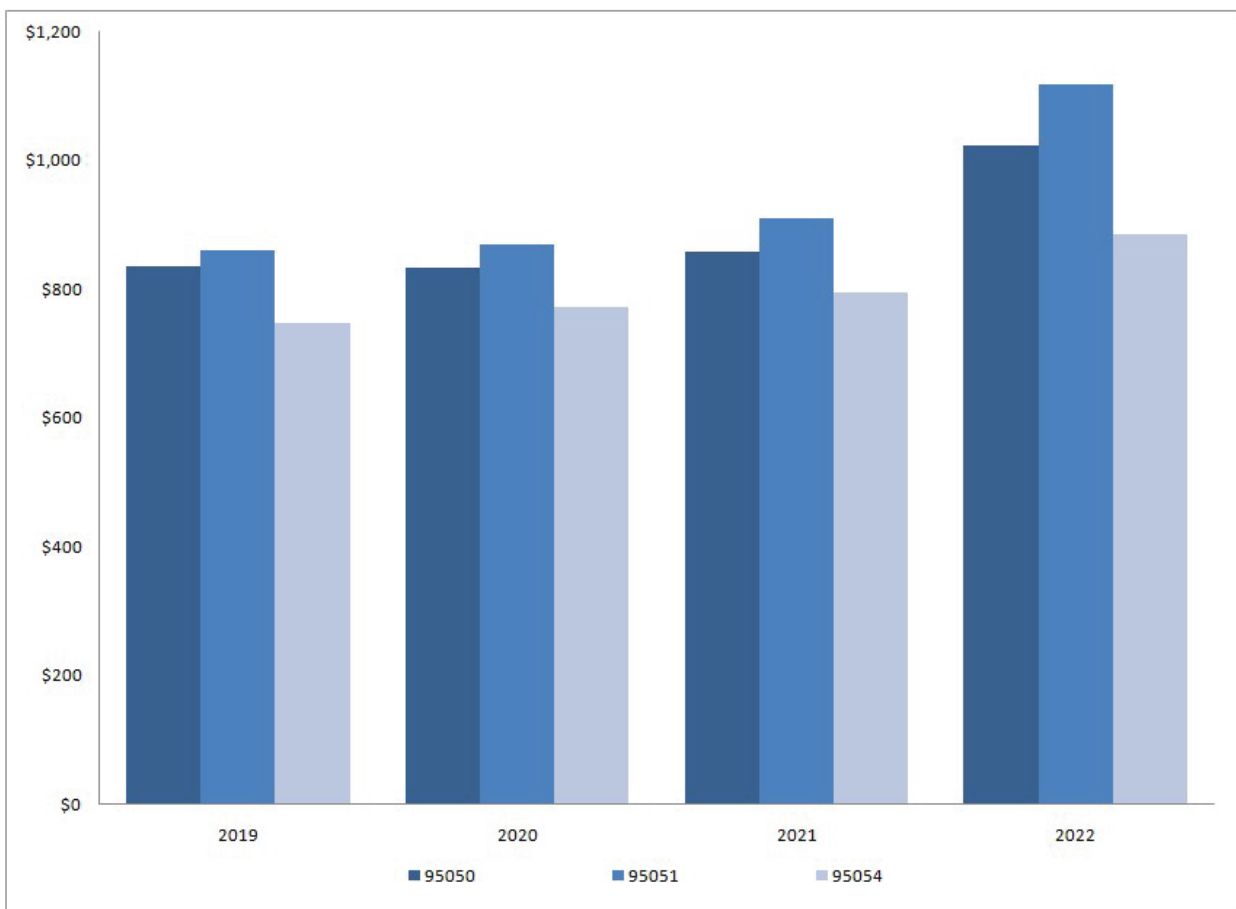
We utilize the same weighted land values from zip code 95050 and apply any differences in value between the 95054 and 95050 zip codes.

Estimating Differences Between Zip Codes

For 95054 value conclusions, we applied the same methodology used above to estimate the value differences between the 95050 and 95051 zip codes.

Residential Difference

Median and average selling prices provided support that the residential prices in the 95054 zip code were generally similar or a little inferior when compared to the 95050 zip code. Brokers active in the market reported a range of opinions, that generally these two zip codes are not much different, but that 95054 tends to rate a little inferior. The 95054 zip code is affected by airport noise and has a higher concentration of higher-density housing units; there is less single-family selection and therefore fewer traditional residential neighborhoods with detached units. Recent yearly-summary median prices/SF for the 95050 and 95054 zip codes, as reported by DQ News/CoreLogic and MLS Listings, indicated the following:



The median selling prices/SF has been historically higher in the 95050 zip code. The historic DQ News/CoreLogic data indicated that the aggregate median price in 95054 was 5.0% *lower* in 2019 and about 2.1% *lower* in 2020. In 2021 the difference was about 2.7% *lower*. In 2022 the difference was about 15% *lower*. This data supports the opinions of market participants that 95054 generally rates inferior to 95050. As previously discussed, market data derived from the local MLS shows that residential prices were trending upward in 2020, 2021 and the first half of

2022. However, prices for single family homes were generally trending downwards in the last half of 2022. In addition, the median days to sell increased in the last half of 2022. This resulted in an aggregate median price in 95054 of about 15% *lower in 2022*.

The next table is the same MLS data displayed above.

Housing Type	Zip Code	Median Sales Price			% Change per Month Last 12	% Change per Month Last 2 Years
		2020	2021	2022		
SFR, Condo, & Townhouse	95050	\$1,257,750	\$1,350,000	\$1,472,500	0.76%	0.71%
	95051	\$1,390,000	\$1,550,000	\$1,630,000	0.43%	0.72%
	95054	\$1,212,500	\$1,290,000	\$1,278,044	-0.08%	0.23%
Source: Local MLS						

Based on market data, historical norms, the opinions of market participants, and giving more weight to the historical norms, supported by historic DQ News/CoreLogic data (which includes new and resale residential construction), we concluded that residential land prices in zip code 95054 were historically lower than zip code 95050, on the order of 5%.

Commercial Difference

Most of the new commercial planned or proposed for the 95054 zip code comprises office and hotel uses, however, there are several mixed-use projects in process, notably Related Santa Clara. This area of Silicon Valley includes the Golden Triangle and has historically supported higher intensity uses and properties offering freeway visibility (U.S. 101 and CA-237). The addition of Levi's Stadium and the draw of Great America theme park and the Santa Clara Convention Center create additional synergies for this zip code. The greatest concentration of Class A office is located within this zip code and more is planned. As noted above, there are several mixed-use projects in process, which if built-out, will add both retail and new residential customers.

A comparison of the historic 3-year average rental rate (2018-2020) compiled by CoStar, revealed that the average rents between these zip codes was slightly lower in 95054, \$4.33/SF vs. \$4.53/SF in 95050, a difference of about 4.4% based on office and retail uses. The 4Q 2022 average rents for office only between these zip codes were lower in 95054, \$4.25/SF vs. \$4.75/SF in 95050. The 95050 rental rate is influenced by newer retail construction which typically commands higher rental rates. A comparison of office rents indicates that the historic 3-year average (2018-2020) of \$4.35/SF/Month in 95054 is about 14.9% higher than the \$3.70/SF/Month in 95050. And the average selling price per square foot in the 95054 zip code was 15.5% higher over the last three years (2018-2020) compared to 95050 (\$451 in 95050 vs. \$521 in 95054) for office and retail sales. Note that both 95050 and 95054 only had one retail

sale in 4Q 2022 and 95054 had zero office sales which was not sufficient to do a meaningful comparison. Based on the data, including broker estimates and rental rate differences in each zip code, and considering that there is a greater proportion of office uses compared to retail uses, we concluded that an adjustment of 10% was warranted for 95054 for higher commercial land value.

Industrial Difference

Among industrial properties, much of the product in the 95054 zip code is built as, or allows for R&D and higher intensity office uses, rating superior to 95050. This also allows for greater floor area ratios in 95054. Most market participants reported higher prices in 95054 due primarily to superior freeway access and fewer heavy-industrial uses. A comparison of the average rental rate per SF, as compiled by CoStar, showed that the average rental rates were equal in 95054 during 2022 (\$2.33/SF in 95050 vs. \$2.33/SF in 95054). 2022 average selling prices were similar (\$490 in 95050 vs. \$479 in 95054), these numbers represent a difference of approximately 2%. After consideration for differences in asking rents, sale prices, and the opinions of the market, we concluded that industrial land prices rated about equal to the 95054 zip code compared to 95050.

Conclusion of Value in 95054 Zip Code

Based on the above data and analysis, the adjusted price per acre for each land use in the 95054 zip code was adjusted and the appropriate weighted values are summed to produce the average value of a hypothetical 1-acre lot in the 95054 zip code:

95054 ZIP CODE LAND USE VALUES & AVERAGE 2022 VALUE PER ACRE					
Land Use	95050 Average Price/Acre Weighted	x	Adjustment Factor	=	95054 Average Price per Acre
Very Low Density Residential	\$2,646,466	x	95.0%	=	\$2,514,143
Low Density Residential	\$179,816	x	95.0%	=	\$170,825
High Density Residential	\$653,531	x	95.0%	=	\$620,854
Medium Density Residential	\$689,838	x	95.0%	=	\$655,346
Commercial	\$538,794	x	90.0%	=	\$484,915
Industrial	\$795,057	x	100.0%	=	\$795,057
TOTAL AVERAGE VALUE PER ACRE					\$5,241,140

**Average Value of a Hypothetical 1-Acre
Lot in the 95054 Zip Code:**

\$5,240,000 (Rounded)

ADDENDA

- Old Republic Title Company 2022 Sales data in City of Santa Clara (on file)
- City of Santa Clara Supplemental Instructions for the Appraisal of the Fair Market Value of Land
- Maps of the Sale Comparables
- Land Sale Comparable Parcel Maps
- Brokerage Reports (on file)
- Qualifications of Appraiser



**City of
Santa Clara**
The Center of What's Possible

**Attachment A
Supplemental Instructions
for the Appraisal of the Fair Market Value of Land**

The following information and instructions will be used by the City when setting the land value used in the formula for determining the impact fees due in lieu of park and recreational land dedication pursuant to Santa Clara City Code 17.35. *(Approved by Santa Clara City Council—June 7, 2016)*

Background.

On July 15, 2014, Council added Chapter 17.35 “Park and Recreational Land” to the Santa Clara City Code to ensure that new residential development provides adequate community and neighborhood park land for active recreational uses and/or pays a fee in-lieu of parkland dedication to mitigate the impacts of the new growth pursuant to the California Quimby Act and/or Mitigation Fee Act.

17.35.040 Formula for calculation of fee in lieu of land dedication.

(a) When a fee is required to be paid in lieu of parkland dedication, the maximum amount of such fee shall be determined by the fair market value of the amount of land that would otherwise be required to be dedicated pursuant to SCCC 17.35.030, as set forth below. The date of valuation of the property for in-lieu fee purposes shall be the date that the City determines that the developer’s application for a parcel map or tentative subdivision map, or application for projects not involving a subdivision, is complete.

(b) Fair Market Value.

(1) The City shall determine the fair market value of the property by using the average per acre land value for property in the City of Santa Clara, based upon a survey of land values and sale records in the City. The City Council shall set a minimum of three such average values, one for each of the three existing Zip Codes in the City (95050, 95051, 95054). The City Council may, at its discretion, set average values for additional subregions of the City. The City Council shall review the fair market values not less than annually and set the values in a Council resolution.

(2) If the developer objects to this determination of fair market value, the developer may elect to have the value established by appraisal. If the developer chooses this option, the developer shall deposit with the City an amount sufficient to cover the cost of an appraisal, which the City shall conduct. The appraisal shall be completed prior to approval of the tentative or parcel map or, for developments not involving a subdivision, prior to the issuance of a building permit.

(c) Based on the determination of fair market value set forth in subsection (b)(1) of this section, for each of the dwelling unit categories, the City Council shall set the amount of fees to be paid in lieu of parkland dedication in a Council resolution, which the Council shall review annually. (Ord. 1928 § 3, 7-15-14).

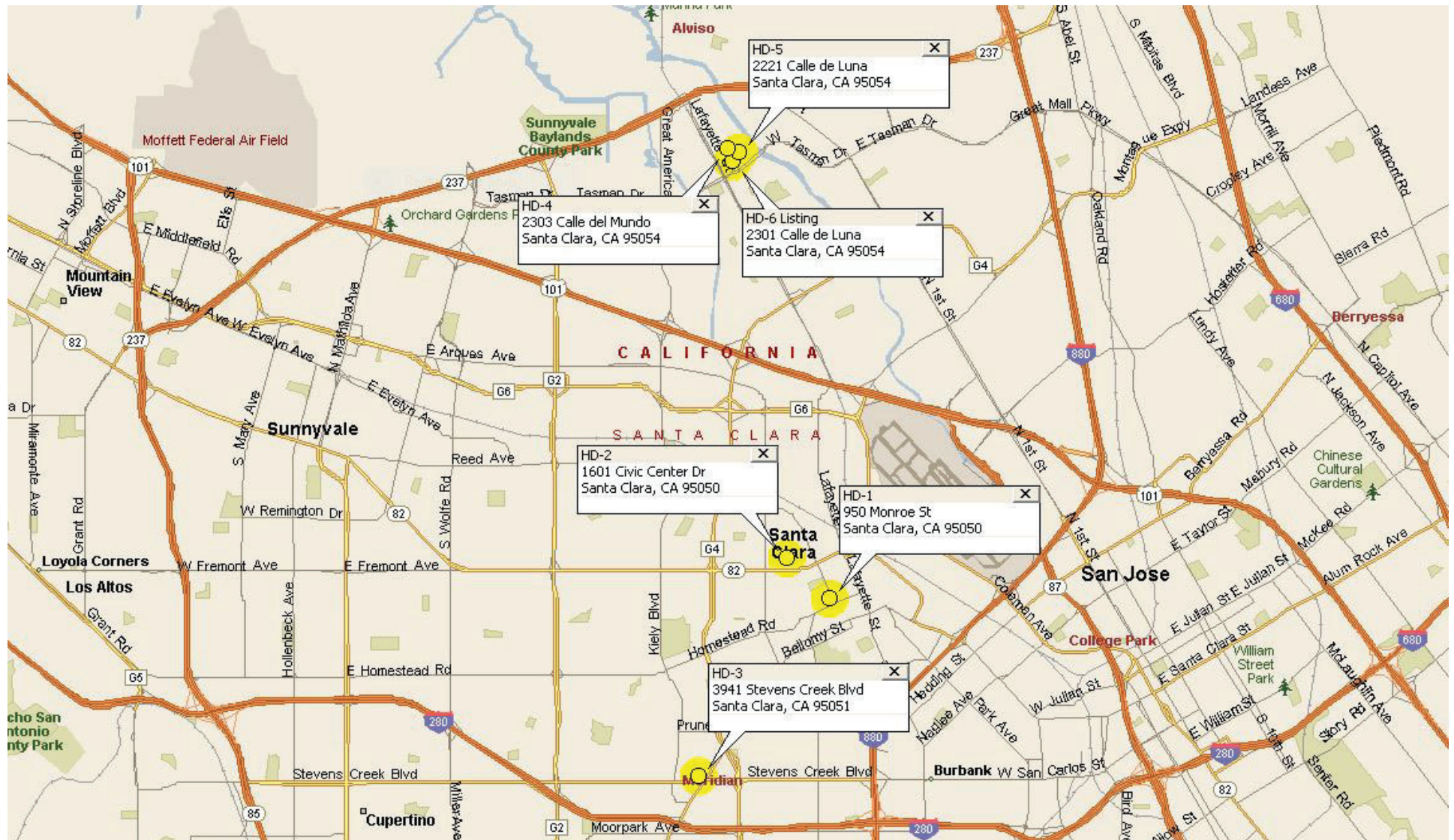
Guidelines for Appraiser:

- a. *Appraiser is to provide a “Fair Market Value” for an average acre of land (hypothetical, rectangular, useable site) for property in each of the three existing City of Santa Clara Zip Codes 95050, 95051, 95054. The opinion will conform to Uniform Standards of Professional Appraisal Practice.*
- b. **Valuation Date:** *December 31 of each year.*
- c. **Location & Property Sales Data Set Boundaries:** *Data set will begin with sales data from within Santa Clara City limits.*
- d. **Data Set Date Range:** *Use data from January 1st to December 31st of each year. Example: January 1, 2015 to December 31, 2015 for “December 31, 2015 Valuation Date.” See contingencies below.*
- e. **Property Types:** *Use all of the following property types: Single Family (low and very low density), High Density Residential, Medium Density Residential, Commercial, Industrial, Lots and Land.*
- f. **Contingencies for Limited Data Set of each Property Type:** *If there are insufficient, credible data points or sales of a particular property type, then appraiser will explore and use comparable sales from the local competitive market area, adjacent to City of Santa Clara. A fixed distance from City of Santa Clara city limit is not given, however a compelling, rational basis for the selection of the competitive market area must be given by the appraiser in the report. Preference is for closer, more recent, and comparable; discretion is given to the appraiser.*
- g. **Sales Transactions Data not to be used:** *Do not use transactions if they are not an arms-length transaction, have encumbered/clouded title, are environmentally impaired site, or are more than three (3) years old.*
- h. **Inflation factors for Comparable between 1 and 3 years:** *An inflation factor will be computed and applied to comparable sales over one year based on reasonable and rational considerations such as sales and rental trends or other appropriate methods.*
- i. **Sales Transactions Data that may be included:** *May use real estate sales transactions by the City of Santa Clara for additional neighborhood or community parkland.*
- j. **Data Values excluded:** *No values or set of values at the high or low end of the data set are to be excluded from consideration in the average values on the sole basis of being relatively high or low; however, a check for consistency among comparable values will be done, and a rational basis should be provided for credible comparable transactions if not used.*

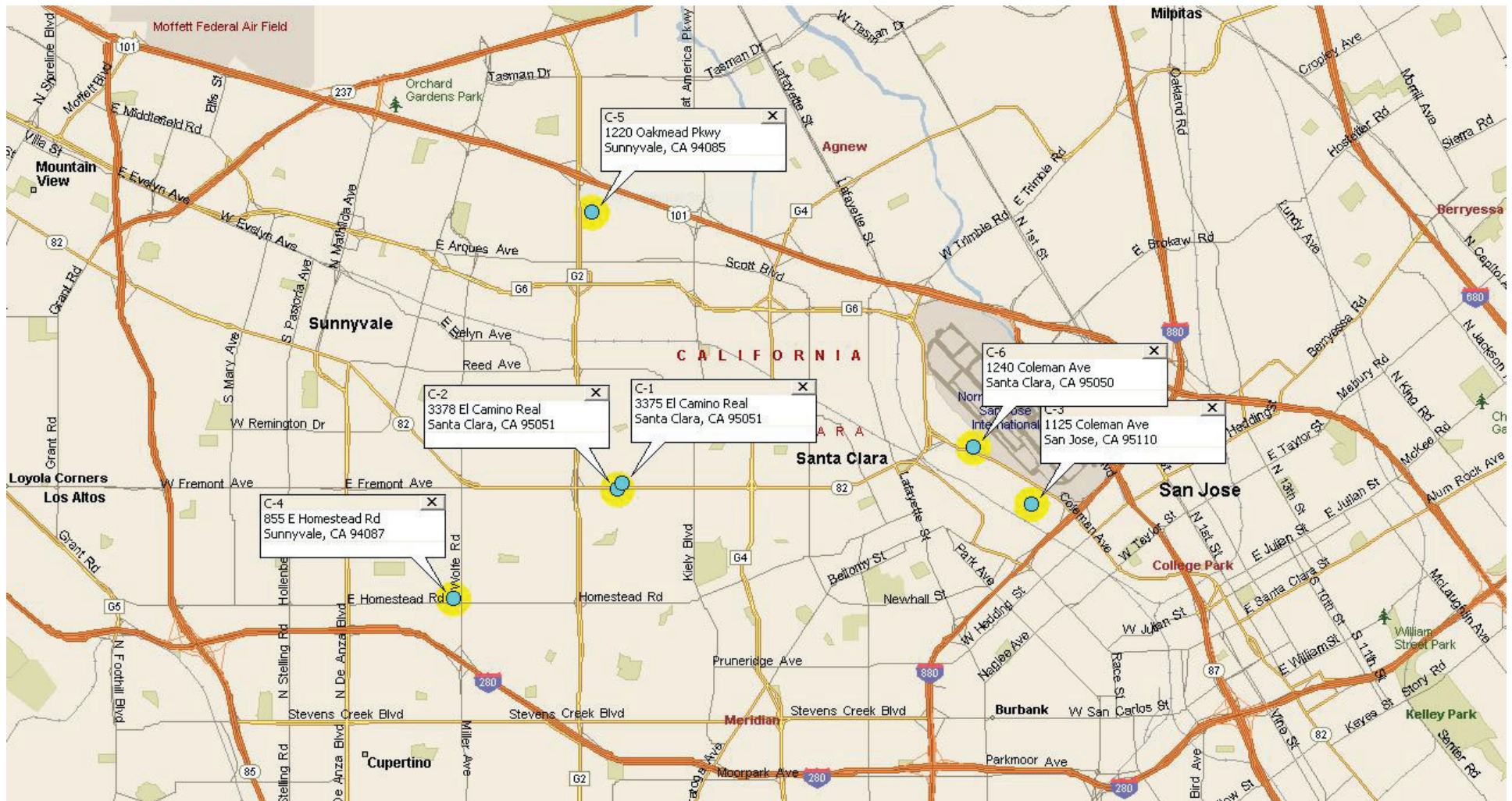
- k. Research Factors to be considered for Comparable sales:** *The factors to be used to compare property values include, but are not limited to physical factors, economic factors, market conditions verification to parcel maps, public records, CoStar data bank. Additional factors may be used provided there is a rational basis for doing so.*
- l. Reconciliation of value differences:** *The approach will be comparative, iterative, qualitative and quantitative, and will be made at the appraiser's discretion.*
- m. Weight to be applied to Property Types:** *The weighted average of each property type will be based on the percentage of land area in the sales transactions, for example, if 25% of total acreage is high density residential, then the relative weight of that property type will be 25%. (The weight will not be done by the quantity of sales of each type or the percent of value of sales of each type).*
- n. Reporting:** *A draft valuation report will be generated by March 15. City will provide for a two week circulation and comment period. The valuations included the final valuation report will be used in the calculation formula for fees prepared by staff to be reviewed by Council as part of the annual City budget process and Municipal Fee Schedule adoption by June 30. Fees will be implemented on or after July 1 depending upon Quimby Act or Mitigation Fee Act provisions of the Council resolution.*

Attachment A-Supplemental Instructions for Parkland Dedication In Lieu Fee Process and Schedule 2016

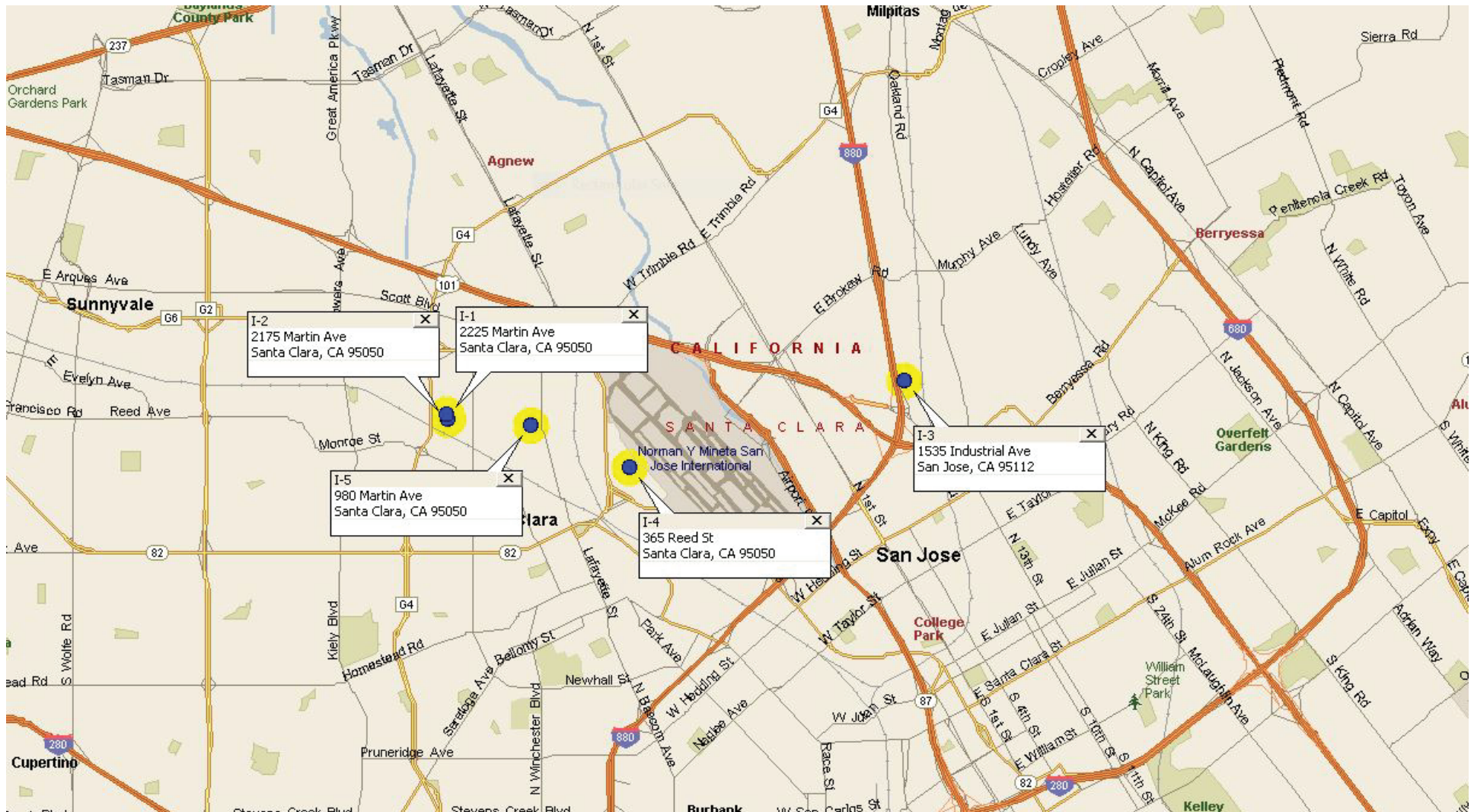
HIGH-DENSITY RESIDENTIAL SALE COMPARABLE LOCATION MAP



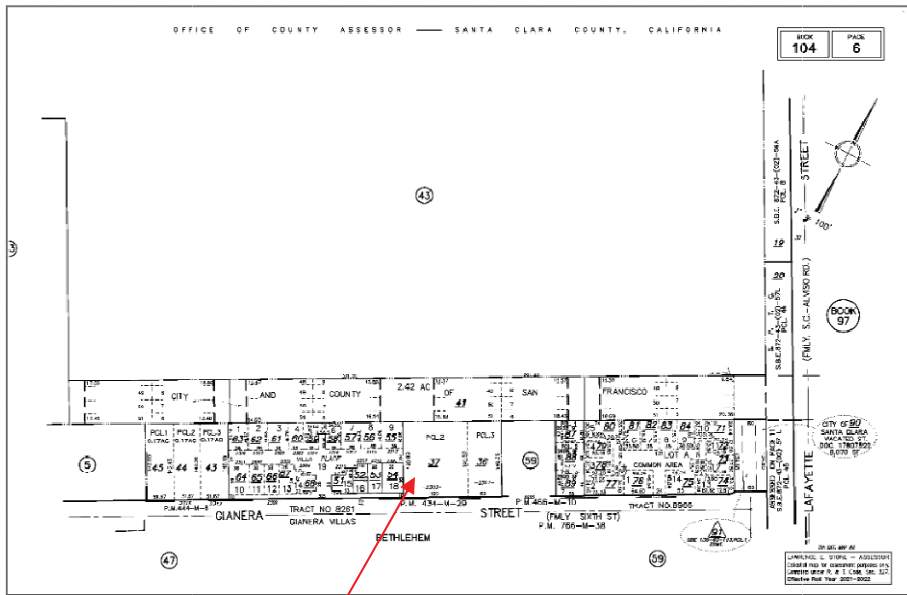
COMMERCIAL SALE COMPARABLE LOCATION MAP



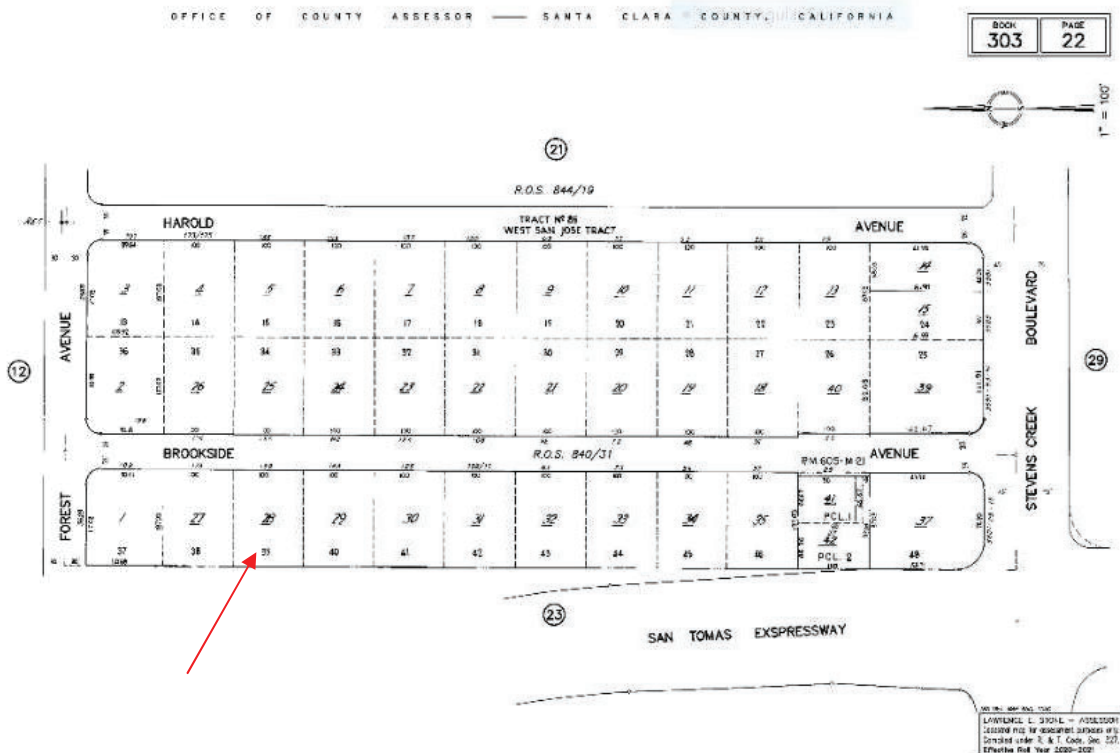
INDUSTRIAL SALE COMPARABLE LOCATION MAP



COMPARABLE LAND SALE PARCEL MAPS

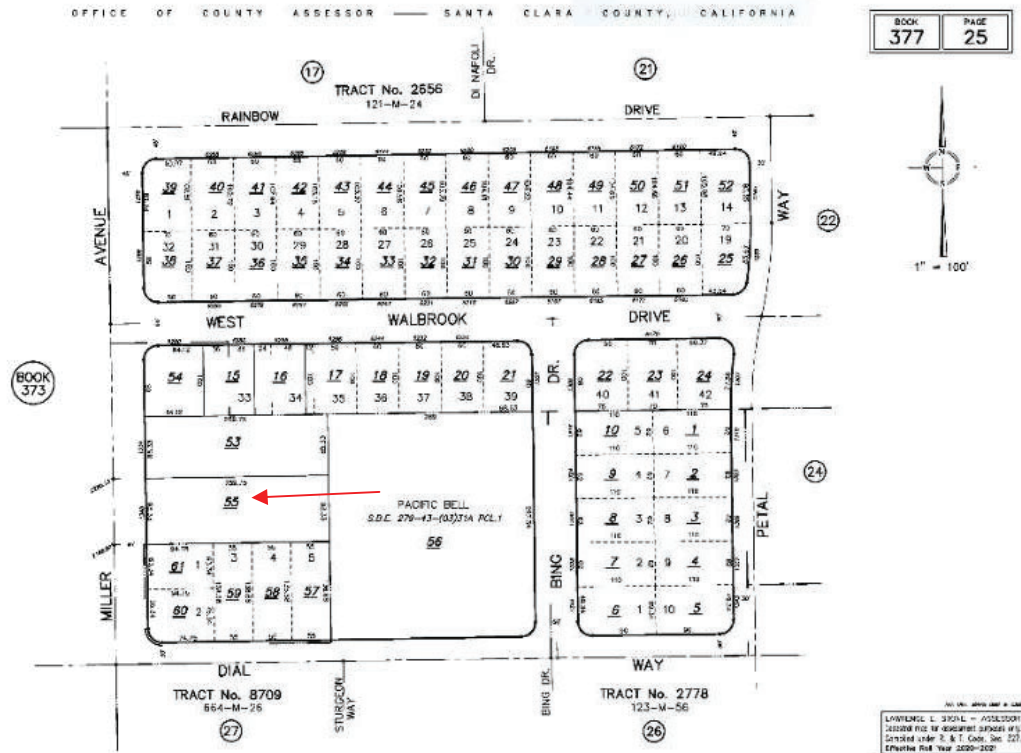


Very Low Density Land Comparable Sale VLD 1

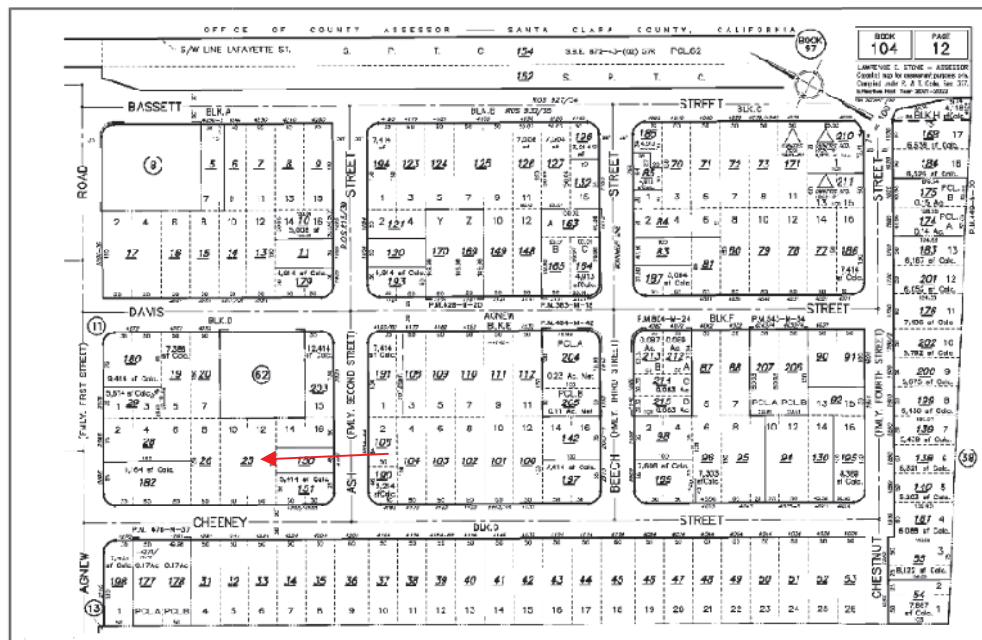


Very Low Density Land Comparable Sale VLD 2

COMPARABLE LAND SALE PARCEL MAPS

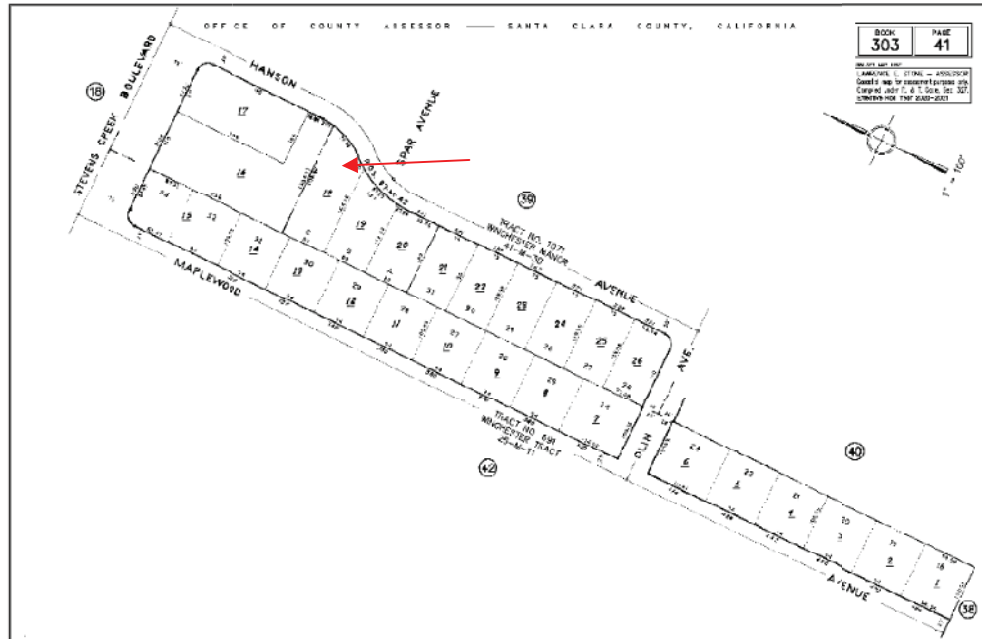


Very Low Density Land Comparable Sale VLD 5

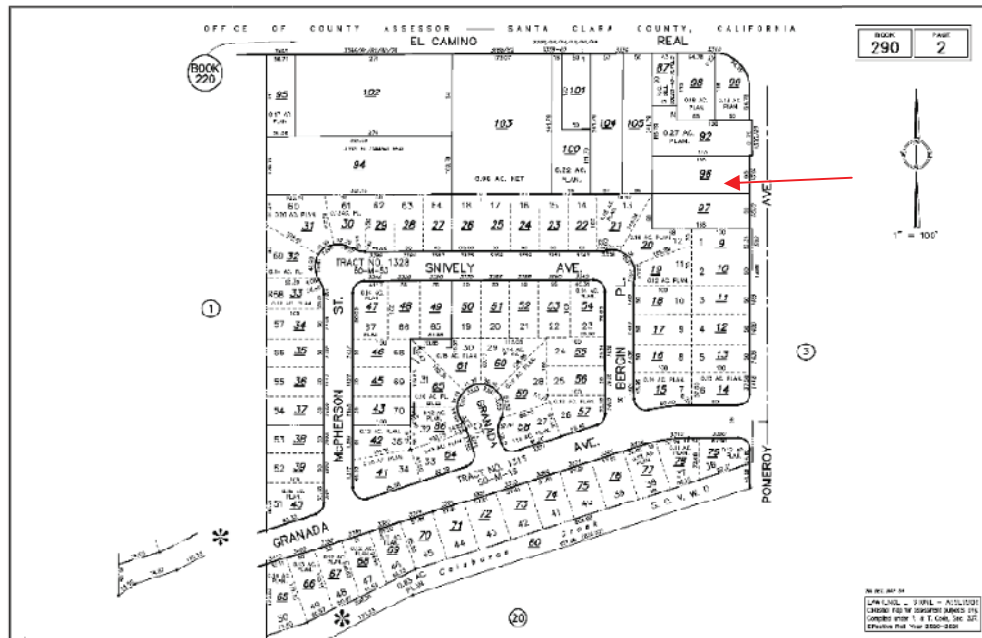


Very Low Density Land Comparable Sale VLD 6

Real Estate Appraised: Three Hypothetical One-Acre Lots, One for Each Zip Code, Santa Clara, CA



Very Low Density Land Comparable Sale VLD 7

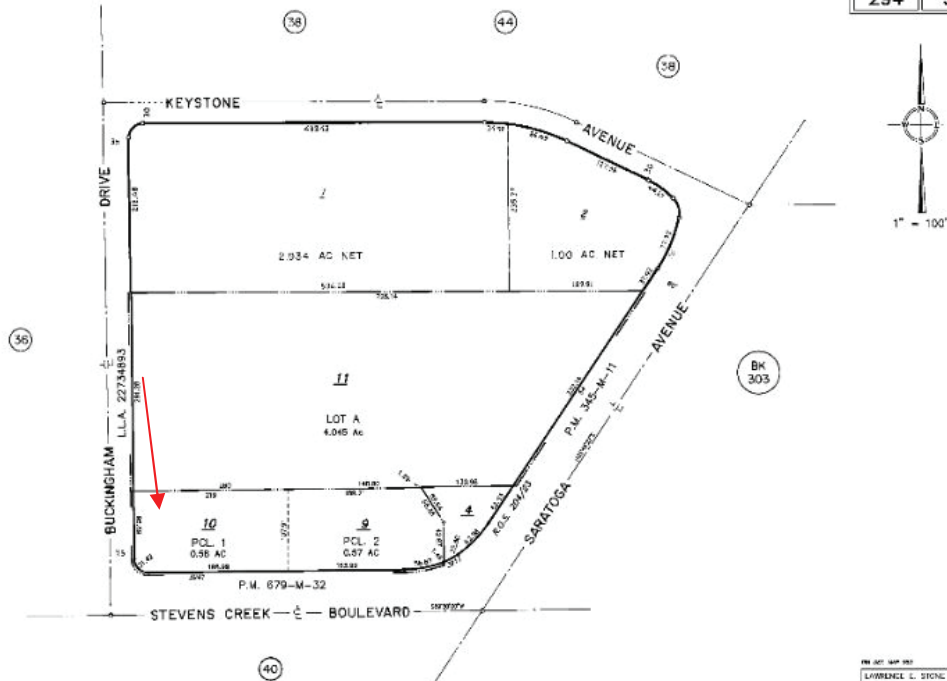


Very Low Density Land Comparable Listing 1

COMPARABLE LAND SALE PARCEL MAPS

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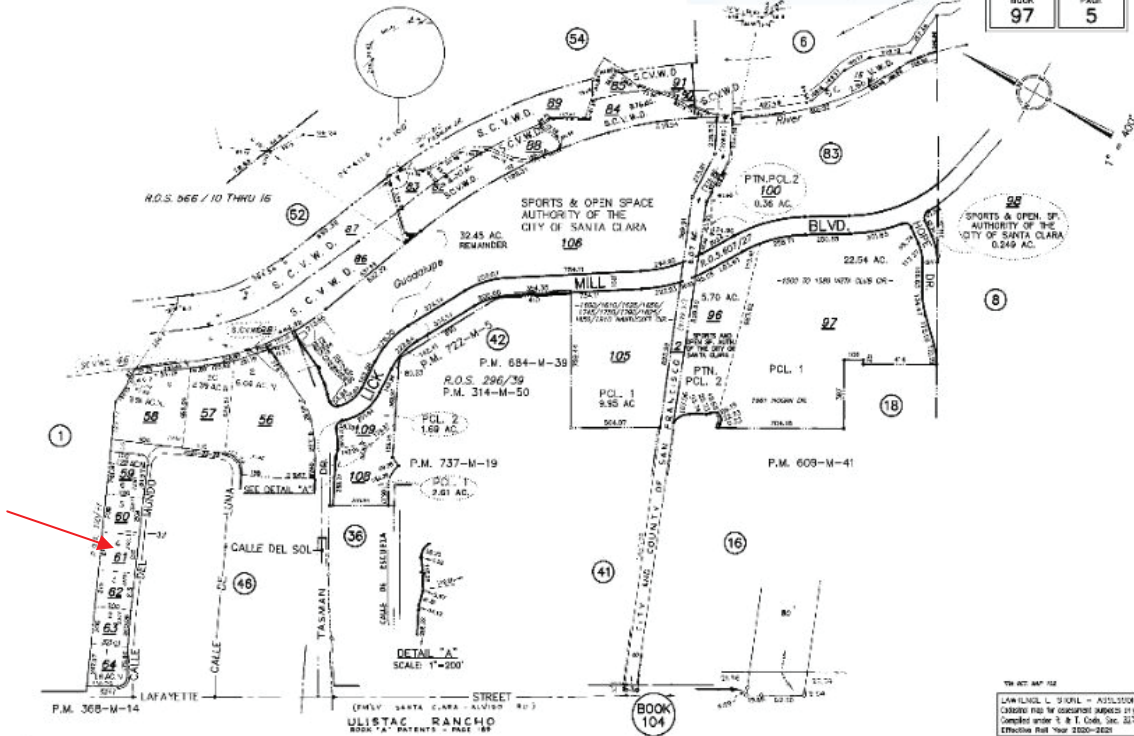
BOOK 294 PAGE 39



High Density Land Comparable Sale HD 3

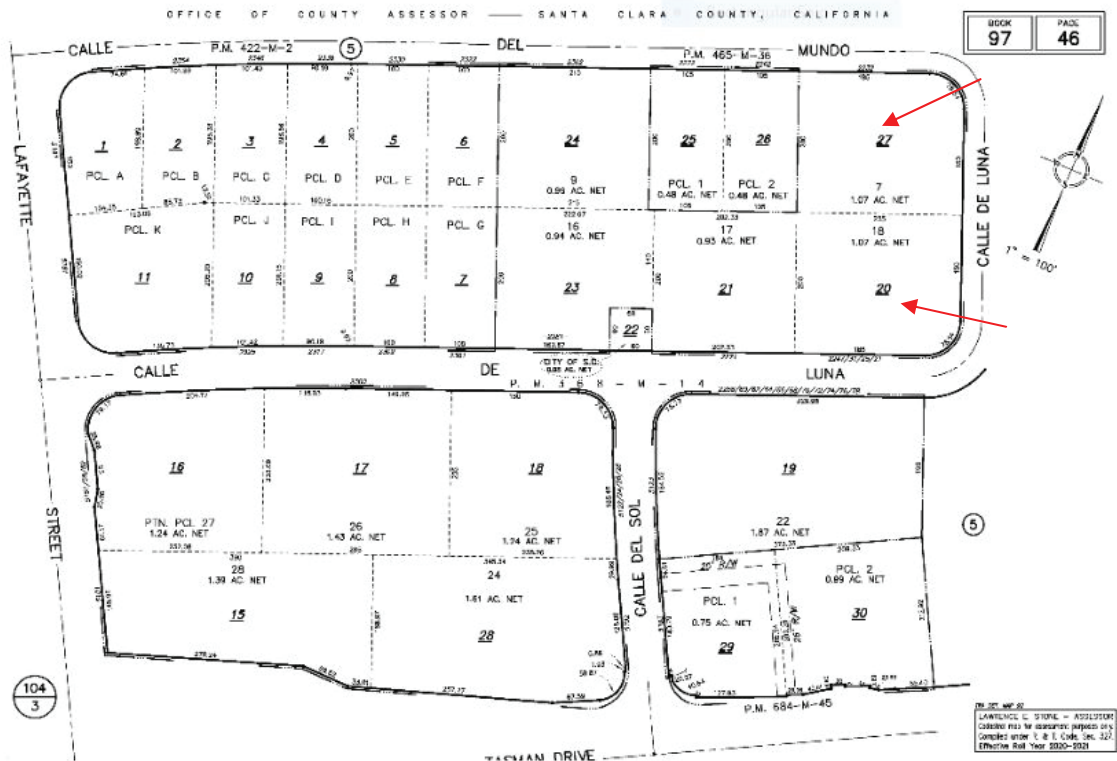
OFFICE OF COUNTY ASSESSOR — SANTA CLARA COUNTY, CALIFORNIA

BOOK 97 PAGE 5



High Density Land Comparable Sale HD 4

COMPARABLE LAND SALE PARCEL MAPS

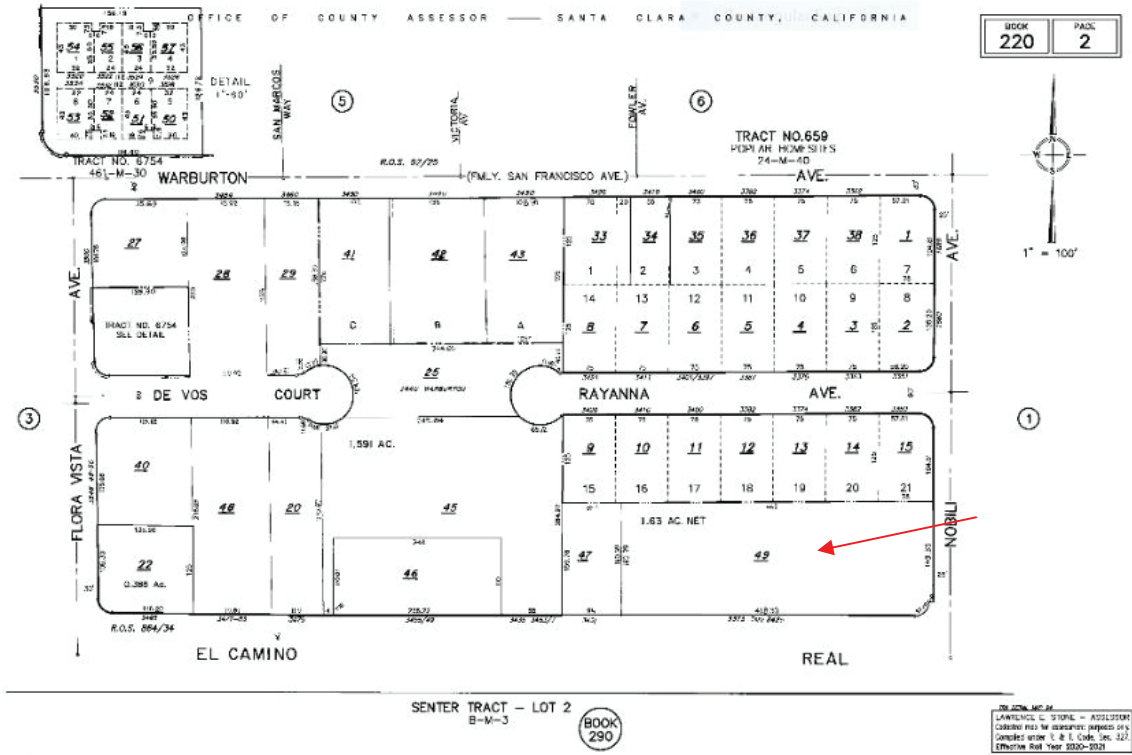


High Density Land Comparable Sale HD 5

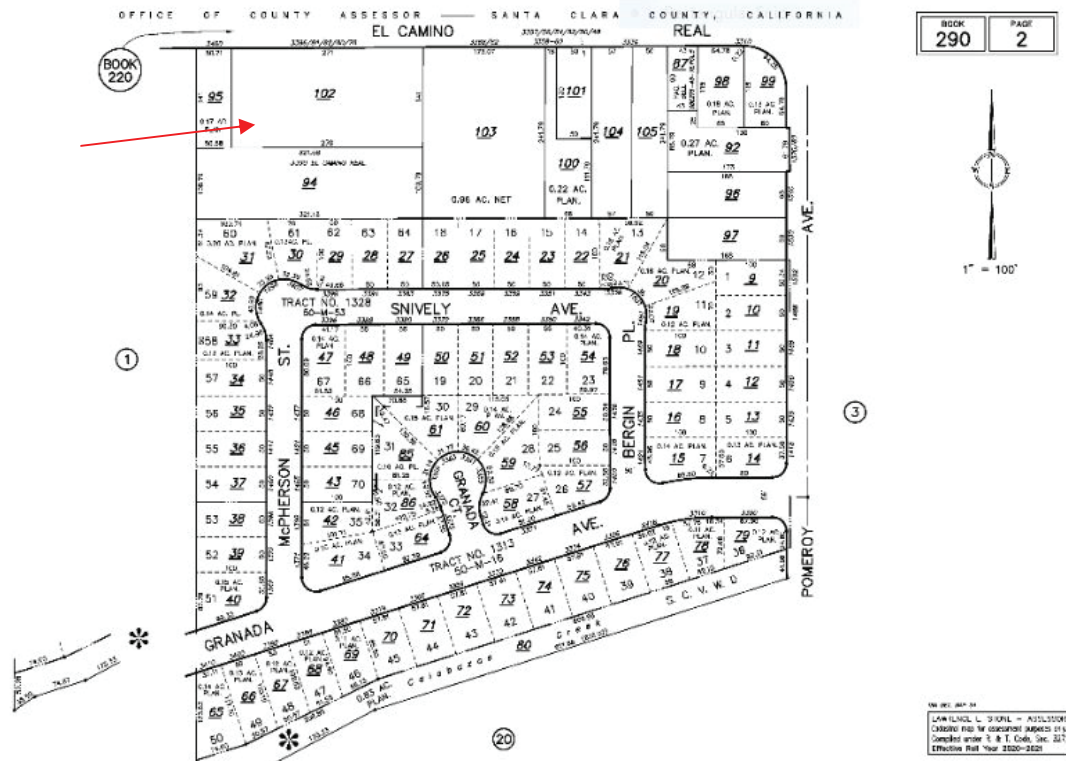


High Density Land Comparable Sale HD 6

COMPARABLE LAND SALE PARCEL MAPS



Commercial Land Comparable Sale C 1



Commercial Land Comparable Sale C 2

COMPARABLE LAND SALE PARCEL MAPS

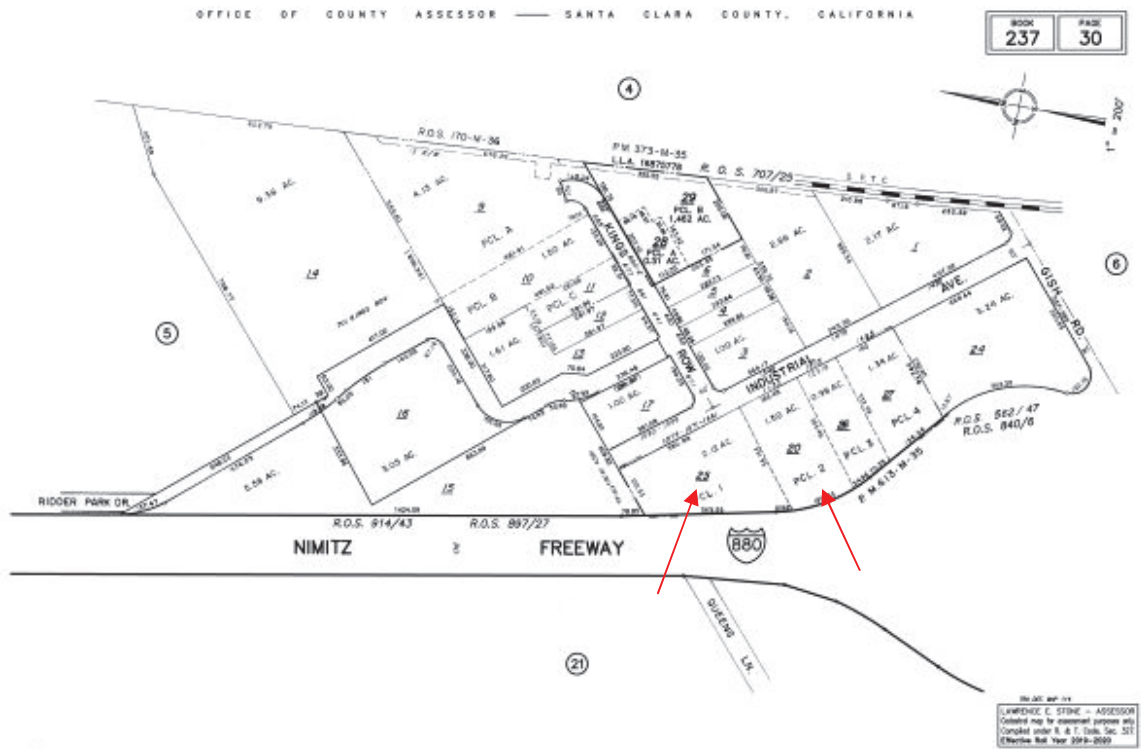


Industrial Land Comparable Sale I 1

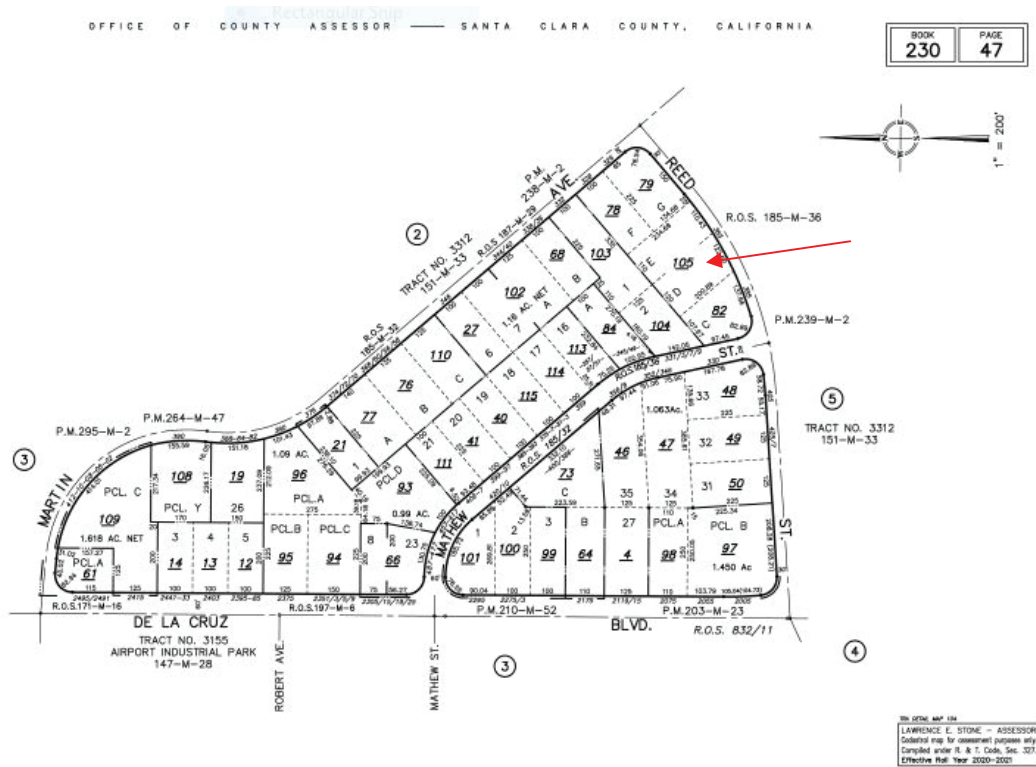


Industrial Land Comparable Sale I 2

COMPARABLE LAND SALE PARCEL MAPS



Industrial Land Comparable Sale I 3

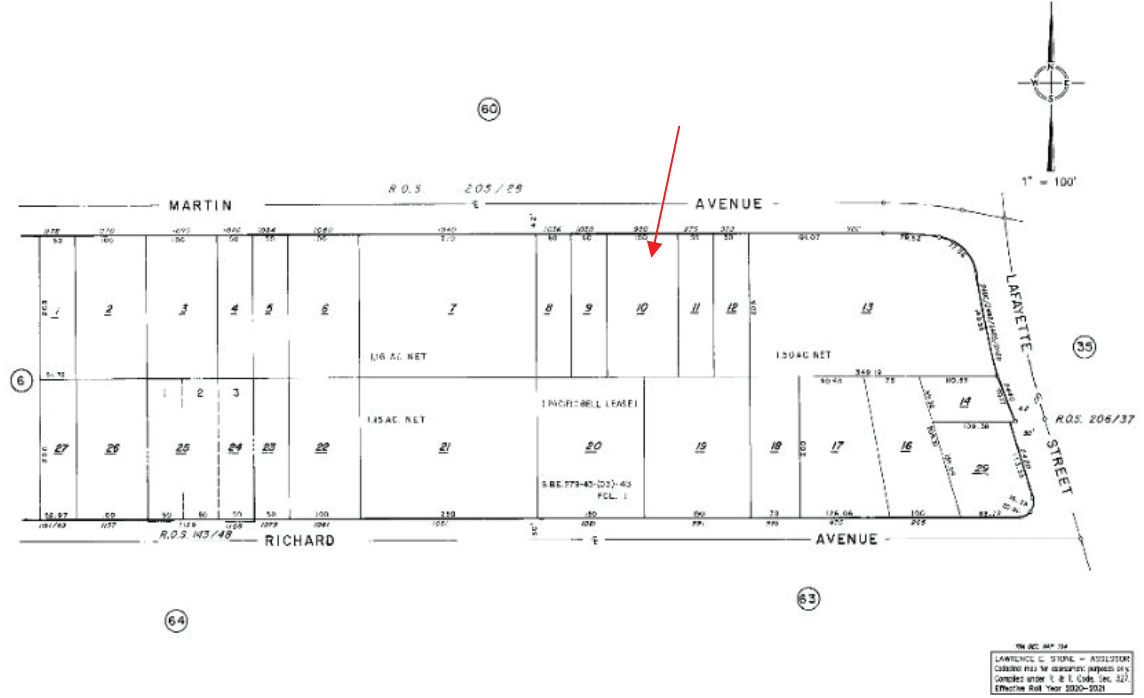


Industrial Land Comparable Sale I 4

COMPARABLE LAND SALE PARCEL MAPS

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Industrial Land Comparable Sale I 5

FRANK E. SCHMIDT, MAI, SRA
CURRICULUM VITAE, January 2022



Valuation Consulting, Forensic and General Appraisal, Expert Testimony
MAI and SRA MEMBER of the APPRAISAL INSTITUTE, No. 11933
fschmidt@valuationconsultant.net (510) 468-9219
San Francisco Bay Area

For more than four decades, Mr. Schmidt has been a real estate appraiser and consultant with a practice primarily in Northern California and the San Francisco Bay Area. He began his career as a residential appraiser, earning the coveted SRA designation from the Appraisal Institute in 1989, and the prestigious MAI designation in 2002. In 1995, he partnered with Wayne Prescott to form the Schmidt-Prescott Group, a commercial appraisal firm of which he was president until its dissolution in 2017.

During his career, Mr. Schmidt has appraised a wide variety of real estate including residential, commercial, industrial, raw land, and special purpose properties for various property rights. His experience includes litigation support and testifying as an expert witness for both plaintiffs and defendants. Mr. Schmidt's client list includes attorneys, municipalities, private entities, lenders, and publicly traded companies. He was engaged as a diminution in value consultant on PG&E cases involving the destruction of thirty-eight homes in the 2010 San Bruno gas-line rupture fires. Mr. Schmidt was recently retained by the City of Santa Clara as an expert to assist the city's task force in the process of setting Parkland Dedication fees.

Mr. Schmidt has served on several professional committees throughout his career, including the International Right-of-Way Association and the Appraisal Institute. He currently serves on the Santa Clara County Assessment Appeals Board, of which he was elected Chairperson in 2017.

Expert Witness Testimony

U.S. District Court, Santa Clara County Superior Court, San Joaquin County Superior Court,
San Francisco County Superior Court, Public Utility Commission of the State of CA,
American Arbitration Association, Standard of Care, Eminent Domain

Professional Affiliations

Membership in: Appraisal Institute [MAI (2002) and SRA Member (1989)]

Work Experience

1/2019 to Present:	Frank Schmidt & Associates, President San Francisco Bay Area
2018	Carneghi-Nakasako, Appraiser Consultant San Jose, CA
2/95 to 12/2017:	The Schmidt-Prescott Group, President San Jose, California
4/78 to 2/95:	Schmidt & Associates, Inc., President San Jose and Fremont, CA
6/76 to 4/78:	Senior Supervising Appraiser, Mercury Savings & Loan Cupertino, CA
1/76 to 6/76:	Staff Appraiser, American Savings & Loan San Jose, CA
2/75 to 12/75:	Real Estate Appraiser and Consultant, B.A. Ericson Appraisal Co., San Jose, CA

Formal Education

B.S. Business Management, 1997	University of Phoenix
Graduated with Honors	San Jose, CA

Attachment 2

Table A			
Parkland Dedication In Lieu Fee Schedule - FY2023-24			
95050			
Applicable Fee Type	Calculation	MFA	Quimby
\$/Acre (valuation date 12-31-2022)	<i>A</i>	\$5,500,000	\$5,500,000
Park Acres/1000 Pop. LOS Standard	<i>B</i>	2.6	3
Total Cost per 1,000	$C = A \times B$	\$14,300,000	\$16,500,000
Cost per capita	$D = C/1000$	\$14,300	\$16,500
<hr/>			
Density Single Family (Census)	$D \times 2.98$	\$42,614	\$49,170
Improvement value (2018: \$3,471 + 10%)	$\$3,818 \times 2.98$	\$11,378	\$11,378
Admin Charge	0.02	\$1,080	\$1,211
Total Single Family (SF) Dwelling Fee		\$55,072	\$61,759
<hr/>			
Density Multi Family (Census)	$D \times 2.4$	\$34,320	\$39,600
Improvement value (2018: \$3,471 + 10%)	$\$3,818 \times 2.4$	\$9,163	\$9,163
Admin Charge	0.02	\$870	\$975
Total Multi Family (MF) Dwelling Fee		\$44,353	\$49,738

Table B			
Parkland Dedication In Lieu Fee Schedule - FY2023-24			
95051			
Applicable Fee Type	Calculation	MFA	Quimby
\$/Acre (valuation date 12-31-2022)	<i>A</i>	\$5,840,000	\$5,840,000
Park Acres/1000 Pop. LOS Standard	<i>B</i>	2.6	3
Total Cost per 1,000	$C = A \times B$	\$15,184,000	\$17,520,000
Cost per capita	$D = C/1000$	\$15,184	\$17,520
<hr/>			
Density Single Family (Census)	$D \times 2.98$	\$45,248	\$52,210
Improvement value (2018: \$3,471 + 10%)	$\$3,818 \times 2.98$	\$11,378	\$11,378
Admin Charge	0.02	\$1,133	\$1,272
Total Single Family (SF) Dwelling Fee		\$57,758	\$64,859
<hr/>			
Density Multi Family (Census)	$D \times 2.4$	\$36,442	\$42,048
Improvement value (2018: \$3,471 + 10%)	$\$3,818 \times 2.4$	\$9,163	\$9,163
Admin Charge	0.02	\$912	\$1,024
Total Multi Family (MF) Dwelling Fee		\$46,517	\$52,235

Table C			
Parkland Dedication In Lieu Fee Schedule - FY2023-24			
95054			
Applicable Fee Type	Calculation	MFA	Quimby
\$/Acre (valuation date 12-31-2022)	<i>A</i>	\$5,240,000	\$5,240,000
Park Acres/1000 Pop. LOS Standard	<i>B</i>	2.6	3
Total Cost per 1,000	$C = A \times B$	\$13,624,000	\$15,720,000
Cost per capita	$D = C/1000$	\$13,624	\$15,720
<hr/>			
Density Single Family (Census)	$D \times 2.98$	\$40,600	\$46,846
Improvement value (2018: \$3,471 + 10%)	$\$3,818 \times 2.98$	\$11,378	\$11,378
Admin Charge	0.02	\$1,040	\$1,164
Total Single Family (SF) Dwelling Fee		\$53,017	\$59,388
<hr/>			
Density Multi Family (Census)	$D \times 2.4$	\$32,698	\$37,728
Improvement value (2018: \$3,471 + 10%)	$\$3,818 \times 2.4$	\$9,163	\$9,163
Admin Charge	0.02	\$837	\$938
Total Multi Family (MF) Dwelling Fee		\$42,698	\$47,829

Table A			
Proposed Parkland Dedication In Lieu Fee Schedule - FY2026-27			
95050			
Applicable Fee Type	Calculation	MFA	Quimby
\$/Acre (valuation date 12-31-2024)	<i>A</i>	\$5,359,000	\$5,359,000
Park Acres/1000 Pop. LOS Standard	<i>B</i>	2.6	3
Total Cost per 1,000	$C = A \times B$	\$13,933,400	\$16,077,000
Cost per capita	$D = C/1000$	\$13,933	\$16,077
Density Single Family (Census)	$D \times 2.84$	\$39,570	\$45,659
Improvement value (2025: \$4,273 + 3.9%)	$\$4,440 \times 2.84$	\$12,610	\$12,610
Admin Charge	0.02	\$1,044	\$1,165
Total Single Family (SF) Dwelling Fee		\$53,224	\$59,434
Density Multi Family (Census)	$D \times 1.92$	\$26,751	\$30,868
Improvement value (2025: \$4,273 + 3.9%)	$\$4,440 \times 1.92$	\$8,525	\$8,525
Admin Charge	0.02	\$706	\$788
Total Multi Family (MF) Dwelling Fee		\$35,982	\$40,181
Table B			
Proposed Parkland Dedication In Lieu Fee Schedule - FY2026-27			
95051			
Applicable Fee Type	Calculation	MFA	Quimby
\$/Acre (valuation date 12-31-2024)	<i>A</i>	\$5,573,000	\$5,573,000
Park Acres/1000 Pop. LOS Standard	<i>B</i>	2.6	3
Total Cost per 1,000	$C = A \times B$	\$14,489,800	\$16,719,000
Cost per capita	$D = C/1000$	\$14,490	\$16,719
Density Single Family (Census)	$D \times 2.84$	\$41,152	\$47,482
Improvement value (2025: \$4,273 + 3.9%)	$\$4,440 \times 2.84$	\$12,610	\$12,610
Admin Charge	0.02	\$1,075	\$1,202
Total Single Family (SF) Dwelling Fee		\$54,837	\$61,294
Density Multi Family (Census)	$D \times 1.92$	\$27,821	\$32,100
Improvement value (2025: \$4,273 + 3.9%)	$\$4,440 \times 1.92$	\$8,525	\$8,525
Admin Charge	0.02	\$727	\$813
Total Multi Family (MF) Dwelling Fee		\$37,073	\$41,438
Table C			
Proposed Parkland Dedication In Lieu Fee Schedule - FY2026-27			
95054			
Applicable Fee Type	Calculation	MFA	Quimby
\$/Acre (valuation date 12-31-2023)	<i>A</i>	\$5,037,000	\$5,037,000
Park Acres/1000 Pop. LOS Standard	<i>B</i>	2.6	3
Total Cost per 1,000	$C = A \times B$	\$13,096,200	\$15,111,000
Cost per capita	$D = C/1000$	\$13,096	\$15,111
Density Single Family (Census)	$D \times 2.84$	\$37,193	\$42,915
Improvement value (2025: \$4,273 + 3.9%)	$\$4,440 \times 2.84$	\$12,610	\$12,610
Admin Charge	0.02	\$996	\$1,110
Total Single Family (SF) Dwelling Fee		\$50,799	\$56,635
Density Multi Family (Census)	$D \times 1.92$	\$25,144	\$29,013
Improvement value (2025: \$4,273 + 3.9%)	$\$4,440 \times 1.92$	\$8,525	\$8,525
Admin Charge	0.02	\$673	\$751
Total Multi Family (MF) Dwelling Fee		\$34,342	\$38,289

RESOLUTION NO. 26-XXXX

A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA TO ESTABLISH THE AVERAGE PER-ACRE LAND VALUES AND THE PARK DEVELOPMENT COST PER CAPITA VALUE IN ORDER TO SET THE PARKLAND IN LIEU FEE SCHEDULE IN ACCORDANCE WITH CHAPTER 17.35 (“PARK AND RECREATIONAL LAND”) OF TITLE 17 (“DEVELOPMENT”) OF THE CODE OF THE CITY OF SANTA CLARA

WHEREAS, the City of Santa Clara is the government entity responsible for providing public parks, recreation and open space facilities within the City of Santa Clara;

WHEREAS, the 2010-2035 General Plan includes a goal that new parks, open space and recreation be provided with new development so that existing facilities are not over-burdened; and,

WHEREAS, the report entitled “Public Facilities Impact Fee Study” dated June 25, 2014 (“Nexus Study”), was prepared and approved by Council in June 2014; and,

WHEREAS, on July 15, 2014, the City Council adopted Ordinance No. 1928, which added Chapter 17.35 to the City Code, and requires new residential developments to provide adequate community and neighborhood park land for active recreational uses, and/or under certain conditions to pay a fee in lieu of parkland dedication; and,

WHEREAS, on August 27, 2019, Council approved Resolution No. 19-8749 which included the statutory findings required pursuant to the California Quimby Act (Quimby) and Mitigation Fee Act (MFA), including the report entitled “Santa Clara Park and Recreational Facilities Impact Fee Update Study” dated April 2019 (“Nexus Study Update”) and the professional land valuation appraisal report with a valuation date of December 31, 2017, and the park improvements replacement costs with values as of 2017; and,

WHEREAS, SCCC 17.35.030 provides the formula for determining a developer’s parkland dedication acreage requirement as follows: the average density for the specific dwelling unit category (single family/multi-family); multiplied by the parkland dedication standard; divided by one thousand (1,000) population; and,

WHEREAS, the methodology for calculating fees in-lieu of parkland dedication is based on the average cost to purchase lands for parks in Santa Clara, the average cost per capita to develop the land into a useable park facility, and the cost to administer the program; and,

WHEREAS, the City desires to update the average per-acre land values and park development costs as used in setting the park in-lieu fee; and,

WHEREAS, the City has surveyed land values and sales records, and has conducted a professional appraisal with a valuation date of December 31, 2025 to determine the fair market value of property in the City and made available to the public for review and comment the appraisal report as posted on the City website on March 20, 2026; and,

NOW THEREFORE, BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. Land Valuation Appraisal.

A. An independent real estate-appraisal firm, the Dore Group, was retained to provide a “Fair Market Value” opinion (valuation date of December 31, 2025) conforming to Uniform Standards of Professional Appraisal Practice and using the City’s Supplemental Instructions for an average acre of land (hypothetical, rectangular, useable site) for property in each of the three existing City of Santa Clara Zip Codes 95050, 95051, 95054. The data set included all property types: Single Family (low and very low density), High Density Residential, Medium Density Residential, Commercial/Retail, Industrial, Lots and Land. Excluded were transactions considered not “arms-length”, having encumbered or clouded title, environmentally impaired sites, or more than three (3) years old. An inflation factor was computed and applied to comparable sales over one year old based on reasonable and rational considerations such as sales and rental trends or other appropriate methods. The weighted average of each property type was based on the percentage of land area in the sales transactions.

B. Based on the findings of the appraisal report, the City Council hereby sets the average per acre land value for each ZIP Code as of December 31, 2025, as: \$5.359 million per acre in 95050; \$5.573 million per acre in 95051; and \$5.037 million per acre in 95054. If a developer

objects to this determination of fair market value, the developer may elect to have the value established by appraisal, in accordance with SCCC 17.35.040(b)(2).

2. Park Improvement Cost.

A. The cost to construct the park improvements (landscape, furnishings, buildings, etc.) is based on an average cost per capita for the City's existing park system improvements and recovers no more than 100% of the actual cost to develop new park assets and features to serve new residents at the same standard as existing residents. A cost analysis was conducted, including a review of recent/actual City park improvement project costs and a review of increases/decreases in the State of California, Department of General Services Construction Cost Index (CCCI) reported by the Real Estate Services Division of the Bay Area. In accordance with Resolution No. 23-9220, annual changes (increases/decreases) in the park improvement value used in calculation of In-Lieu Fees shall be indexed to changes in CCCI for the previous calendar year as reported by the Real Estate Services Division for the Bay Area, not to exceed a change of more than 10%.

B. The 2025 Santa Clara average park improvement value per capita is \$4,273. From 2024 to 2025, construction costs have increased by 3.9% according to the State of California, Department of General Services Construction Cost Index reported by the Real Estate Services Division for the Bay Area, such that the park improvement value of \$4,273 per capita would be \$4,440 per capita as of January 1, 2026. The Council hereby sets for use in the Park in Lieu Fee calculations a park improvement value of \$4,440 per capita for use in the FY 2026/2027 fees.

3. Implementation Schedule. The fees set forth herein shall be effective on July 1, 2026. For development project applications "deemed complete" prior to this date, the existing fees will apply as adopted in Resolution No. 25-9434.

4. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING

THEREOF HELD ON THE ____ DAY OF _____, 2026, BY THE FOLLOWING VOTE:

AYES: COUNCILORS:

NOES: COUNCILORS:

ABSENT: COUNCILORS:

ABSTAINED: COUNCILORS:

ATTEST: _____

NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:

1. Santa Clara Land Valuation Appraisal 12-31-2025
2. Fee Calculation Worksheets Tables A, B, C



Agenda Report

26-355

Agenda Date: 4/13/2026

REPORT TO PARKS & RECREATION COMMISSION

SUBJECT

Review of the Wade Brummal Youth Sports Scholarship Program and Discussion of Potential Updates

BACKGROUND

The Wade Brummal Youth Sports Scholarship Program (Program) was established in 2015 in memory of Santa Clara resident and youth sports enthusiast Wade Brummal. Developed through an extensive outreach process (Attachment 1), the Program promotes youth participation in organized sports by providing scholarships and grants to Santa Clara youth who may not otherwise have the means to participate. It reimburses qualified youth sports organizations for athlete scholarships, uniforms, travel and competition fees, sports equipment, and other related expenses. The Program is administered in accordance with the Wade Brummal Scholarship Program and Grant Guidelines (Attachment 2), which was most recently updated in March 2025.

Wade Brummal Program Overview

Any non-profit youth sports organization (YSO) that receives a permit to operate in a City of Santa Clara facility and allows for non-resident athlete participation is required to contribute to the Program. Participating YSOs must submit participant rosters to the Parks & Recreation Department (Department) annually. For each non-resident athlete listed, the YSO must contribute \$25 per sport. This fee will increase by \$10 (from \$25 to \$35) in FY 2026/27 and by an additional \$10 (from \$35 to \$45) in FY 2027/28.

In return, eligible YSOs may apply for grant funding from the Program to assist Santa Clara youth who need financial support. The organization must be a Santa Clara based, non-profit youth sports organization serving youth under the age of 18. The YSO must be current in its contribution to the Program, and comply with Title IX, the federal law that prohibits discrimination on the basis of gender in schools that receive federal funding including in their athletics programs.

Priorities of Funding

The Guidelines establish the following priorities when considering grant requests:

1. Participant scholarships:
 - a. Reimbursement of a YSO direct financial assistance to support disadvantaged athletes in the sport. Individuals must be qualifying residents of the City of Santa Clara.
 - b. The YSO may qualify the athlete for a scholarship based on participation in a government support program (e.g., WIC, SNAP, reduced utility programs, or free and reduced-price lunch) or documented financial hardship.
2. Sport equipment and related expenses:
 - a. Competition or tournament fees, uniforms, training equipment, or other expenses that enable the athlete to play.

- b. Organizational expenses related to volunteer coach certifications or fingerprinting.

Applications up to \$2,500 may be approved by the Parks & Recreation Department. Applications exceeding \$2,500 are presented to the Parks & Recreation Commission for recommendation of approval. A request for funds may be made by any organization no more than one time per year.

On March 11, 2025, the City Council adopted the current Wade Brummal Program Guidelines (RTC 25-291, Attachment 3). At the March 9, 2026 meeting, the Parks & Recreation Commission reviewed two grant applications and requested an opportunity to discuss the priorities and guidelines of the Program.

DISCUSSION

At the March 9, 2026 Commission meeting, the Parks & Recreation Commission requested that an item be placed on a future meeting agenda to discuss the Wade Brummal Program procedures and guidelines.

In response, staff has scheduled this item for the April 13 Commission meeting. The Commission will review the Program components and guidelines and discuss potential updates and recommendations for City Council consideration at a future meeting. The Commission may choose to form a subcommittee and/or engage community youth sports organizations regarding the impact of any recommended updates.

Staff has notified the YSOs of this upcoming discussion, as the Commission has requested their input and feedback on the Program.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

There is no direct fiscal impact associated with this item, aside from staff time required to support the review and discussion.

PUBLIC CONTACT

Public contact was made by posting the Parks & Recreation Commission agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Discuss the Wade Brummal Youth Sports Scholarship Program;
2. Provide input on potential Wade Brummal Youth Sports Scholarship Program updates;
3. Request staff work with community youth sports organizations regarding the impacts of

potential Wade Brummal Youth Sports Scholarship Program updates

4. Another recommendation identified by the Parks and Recreation Commission

Prepared by: Kimberly Castro, Recreation Manager

Approved by: Damon Sparacino, Director of Parks & Recreation

ATTACHMENTS

1. Report to Council October 27, 2015 Item 13.A
2. Wade Brummal Youth Sports Scholarship Guidelines 2025
3. Report to Council 25-291



AGENDA REPORT

Date: October 27, 2015
To: City Manager for Council Action
From: Director of Parks & Recreation
Subject: Unfinished Business—Parks & Recreation Commission Report on outreach to organizations regarding the \$25 non-resident participant fee

EXECUTIVE SUMMARY

On April 21, 2015, Council considered the Parks & Recreation Commission's recommendation to establish a non-resident youth sports participation fee in the amount of \$25 per non-resident participant to be assessed on all non-profit youth sports organizations that use City parks and recreation facilities for their respective sports programs and that the fees collected be made available for consideration for disbursement according to the Wade Brummal Youth Sports Scholarship Program guidelines. The purpose of the Commission proposal was to establish a regular source of funds to support the Wade Brummal Youth Sports Scholarship that provides local non-profit youth sports organization with financial support for needs such as participant registration, equipment, and tournament entry fees. The Council referred the recommendation back to the Commission for further outreach to the non-profit youth sports organizations. On May 19, 2015, the Commission Chair reviewed the additional outreach efforts that included sending a copy of the proposal through the Parks & Recreation Department to all of the youth sports organizations and invitations to comment and/or attend the Commission meeting, follow up communication by the Chair with the Santa Clara Swim Club and Lions Football. On July 21, 2015 in response to the major concerns of the two groups, the Commission further refined the elements of the proposal including the definition of Santa Clara resident, removing the maximum grant per family and allowing additional opportunities for the leagues to request funding from the Scholarship Fund. On August 18, 2015, the Commission recommended that the revised proposal for Annual Non-Resident Sports Participant's Fee for Use of City of Santa Clara Athletic Facilities with Proceeds to Benefit City's "Wade Brummal—Youth Sports Scholarship Fund" be submitted to Council for approval.

ADVANTAGES AND DISADVANTAGES OF ISSUE

Additional efforts to contact and receive input from youth athletic leagues was made by the commission including sending copies of the proposal to the leagues for comment and inviting comment at three additional Commission meetings. The proposal has been revised to include the comments and to address concerns. The schedule for implementation has also been revised to provide time for organizations to adjust and incorporate both the new fee and opportunities to request funding. Implementing an affordable non-resident fee would provide a stable source of funding for needs of local non-profit sports groups such as support for disadvantaged youth and program costs.

ECONOMIC/FISCAL IMPACT

The proposal does not effect the City General Fund, but does provide a stable source of revenue for the City's Wade Brummal Youth Sports Scholarship Fund (084-1117-87800-(A)20412) that receives support primarily from donations from the public, and in the past, from charitable golf tournament proceeds. The estimated amount to be generated is \$15,000-\$20,000 per year, but would depend upon the actual number of non-resident participants in the community sports programs.

RECOMMENDATION


That the Council establish a non-resident youth sports participation fee in the amount of \$25 per non-resident participant to be assessed on all non-profit youth sports organizations that use City parks and recreation facilities for their respective sports programs and that the fees collected be made available for consideration for disbursement according to the Wade Brummal Youth Sports Scholarship Program guidelines.



James Teixeira
Director of Parks & Recreation
Commission Liaison

APPROVED:



 Julio J. Fuentes
City Manager

Documents Related to this Report:

- 1) *Exhibit A-Parks & Recreation Commission Wade Brummal Youth Sports Scholarship Funding Proposal*

Exhibit A

WADE BRUMMAL YOUTH SPORTS SCHOLARSHIP PROGRAM FUNDING PROPOSAL.

The City of Santa Clara Wade Brummal Youth Sports Scholarship Program Funding Proposal ("Proposal") will apply to all non-profit youth sports groups, organizations and athletic leagues located in the City of Santa Clara that use City of Santa Clara Parks & Recreation athletic facilities. The purpose of this proposal is to generate funds for the Wade Brummal Youth Sports Scholarship Grant Program that provides financial assistance to Santa Clara youth residents who wish to participate in organized youth sports and may not have the financial means to pay the fees required to participate in youth sports leagues, and helps support sports league's facility and program needs. Fees will be collected from all youth non-profit sports organizations that allow "non-residents" to participate in their respective programs. Each organization will submit a roster that lists all residents (with proof of residency) and all "non-resident" participants to the Santa Clara Parks & Recreation Department annually or prior to receiving a facility use permit. The number of non-resident participants provided on the roster will determine the total amount due for non-resident participation fees.

Policy and Procedures:

- 1) **Amount of Fee:** Each non-profit youth sports organization using a Santa Clara Parks & Recreation sports facility will pay a fee of \$25 per year, per non-resident participant.
 - a) **Non-Resident Definition:** A "non-resident" is any person who does not reside within the geographic boundaries of the City of Santa Clara or the boundaries of the Santa Clara Unified School District (SCUSD).
 - b) **Resident Definition:** A resident is any person who resides within the City of Santa Clara or is enrolled in the SCUSD.
 - c) **Proof of Residency:** It will be the responsibility of the leagues to verify residency. Leagues will disclose non-residents on residency rosters submitted to the Parks and Recreation Department.
- 2) **Payment:** The total fee will be made payable to the City of Santa Clara—Wade Brummal Youth Sports Scholarship Program, c/o Parks & Recreation Department, 1500 Warburton Ave., Santa Clara, CA 95050.
- 3) **Schedule for Submitting Participant Roster and Fee.** Rosters should highlight a list of all non-resident participants in each eligible youth sports organization. Rosters and payment will be submitted by the last business day prior to the following dates:
 - Aquatic Sports—September 30
 - Swimming—Santa Clara Swim Club
 - Synchronized Swim—Aquamaids
 - Diving—Santa Clara Diving Club
 - Water Polo & Others
 - Softball—June 30
 - Baseball—June 30
 - SCPAL—June 30 for Summer/Fall sports; December 31 for Winter/Spring sports
 - Football—June 30
 - Soccer—September 30
 - Other Sports—prior to issuance of Athletic Facility Use Permit

4) Funding Requests.

- a) **Eligibility.** Any Santa Clara based, non-profit youth sports organization that pays the non-resident, participation fee is eligible to apply for funding/request reimbursement for financial assistance granted to residents of the City of Santa Clara. Additionally, non-profit youth sports organizations that provide services to Santa Clara residents only, due to jurisdictional boundaries, are also eligible for reimbursement (i.e., Little League Baseball). Eligible organizations must comply with Title IX, the federal law that prohibits discrimination on the basis of gender in schools that receive federal funding — including in their athletics programs.
- b) **Application/Requests:** A written application (Request for Funds) by the board president or executive director of the youth sports organization will be submitted to the City of Santa Clara—Parks & Recreation Department on behalf of the sports organization.
- c) **Limit of Request(s):**
- i) An application (Request for funds) will be considered for approval for **up to \$500** (or less based on available funds) by the Parks and Recreation Department on a case-by-case basis.
 - ii) An application (Request for Funds) for **over \$500** (or less, based on total funds available in the Wade Brummal Youth Sports Scholarship Program Fund) will be reviewed by the Parks & Recreation Commission for a recommendation of approval.
 - iii) A request for funds may be made by any organization no more than one time per quarter.
- d) **Priorities of Funding.**
- i) Participant Scholarships. Reimbursement of a youth sports organization's direct financial assistance to support disadvantaged residents to participate in the sport (i.e. league registration fees, participation, etc.) Individuals must be qualifying residents of the City of Santa Clara (as defined in Policy and Procedures 1.B)
 - ii) Relevant program costs. Reimbursement for new equipment, field repairs, capital projects, maintenance costs. (Only available if fund balance exceeds \$15,000 in a year.)
 - iii) Reimbursement of costs related to additional competition expenses (i.e., travel). Grants of this nature will be reviewed by the Parks & Recreation Commission on a case-by-case basis for a recommendation of approval.
 - iv) Requests from non-contributing Santa Clara based youth sports organizations and programs are also eligible to request funds based on fund availability. Requests must be made to the Parks and Recreation Commission for approval.
 - v) Contributions to the fund do not constitute a guarantee of funding.

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CITY OF SANTA CLARA WADE BRUMMAL SCHOLARSHIP PROGRAM GUIDELINES

Background

The Wade Brummal Scholarship Program was established in 2015 after an extensive outreach process. The Program is named after Wade Brummal who taught at Santa Clara High School, was the founder of the Santa Clara Weekly, and as a Santa Clara resident has been supportive of “access for all” in youth sports. The Program’s objective is to provide financial assistance to Santa Clara youth who wish to play in organized youth sports programs but may not have the financial means to participate in these programs.

Since the Program was established, it has generated over \$262,000 to support youth sports organizations as they have provided scholarships for athletes, paid for player uniforms, travel and competition fees, and necessary equipment. Twenty-eight grants have been allocated from this Program.

Currently, the community desires to update the Wade Brummal Scholarship Program and Grant Guidelines to better reflect the needs of youth sports and the community. The update further defines eligible expenses and protocols for applying and awarding grants to youth sports organizations.

The Program is administered by the Parks & Recreation Department of the City of Santa Clara.

Wade Brummal Scholarship Program Grant Process

1. Youth Sports Organization (YSO) submits rosters of non-resident participants and pays fee;
2. YSO may submit a scholarship reimbursement request and/or a grant request to the City once per year for eligible expense;
3. City processes the scholarship/grant request and determines the eligibility of the request;
4. City issues payment to YSO.

Who Participates

Any non-profit youth sports organization (YSO) that receives a permit to host their program in a City of Santa Clara facility; and that program allows non-resident athletes to participate in the sport; are required to participate in the Program.

Program Participation Process

YSOs utilizing City facilities for their program must submit annual participant rosters to the Parks & Recreation Department by April 15th. Rosters must cover the program year

(July 1-June 30) and include participant information: resident/non-resident status, address, zip code and school. YSOs must contribute \$25 per sport per year for each non-resident athlete on the roster. The City shall invoice the YSO for any monies owed to the Program. Invoices will be due within 30 days of receipt.

Fees and program guidelines are subject to change with review by the Parks & Recreation Commission. The following fees are recommended through Fiscal Year 2027/28.

Fiscal Year	2024/25	2025/26	2026/27	2027/28
Wade Brummal Annual Fee	\$25	\$25	\$35	\$45

Payment

Fees shall be made payable to the City of Santa Clara-Wade Brummal Youth Sports Scholarship Program and be sent or dropped off at the Parks & Recreation Department, 1500 Warburton Ave., Santa Clara, CA 95050.

Program Definitions

1. Non-Resident: A "non-resident" is any player/athlete 18 and under who does not reside within the geographic boundaries of the City of Santa Clara or the boundaries of the Santa Clara Unified School District (SCUSD).
2. Youth Resident: A resident is any player/athlete 18 and under who resides within the City of Santa Clara or is enrolled in the SCUSD or a private school located in the City of Santa Clara.
3. Non-profit Youth Sports Organization: A registered 501(c)3 non-profit organization serving Santa Clara youth, located in the City of Santa Clara, that is registered with the State of California, operating exclusively for the welfare and development of a youth sport rather than commercial.
4. Proof of Residency: It will be the responsibility of the leagues to verify residency. Leagues will disclose non-residents on rosters submitted to the Parks & Recreation Department. The roster shall include the following information: name/initials, address, zip code, and school attendance for each participant.

Scholarship/Grant Eligibility

YSO must be Santa Clara based, non-profit youth sports organization, serving youth under the age of 18. YSO must contribute to the Program, be current in their payment to the Program, and comply with Title IX; the federal law that prohibits discrimination on the basis of gender in schools that receive federal funding including in their athletics programs.

Scholarship/Grant Non-Eligibility

- School-based, youth athletic programs.
- Reimbursement of field permit fees.
- Reimbursement facility rental fees.
- Reimbursement of any fees for sports membership or associations related to certifications.
- Reimbursement for liability insurance.

Grant Application

Online forms for these grants are available on the City Parks & Recreation Department website, under the tab “Scholarships and Grants”. (City of Santa Clara Wade Brummal Grant Application). Grant applications may be submitted as early as April 15 but will be due by July 1 of each year for the expenses related to the previous year.

Grant Submission

All scholarship and grant submissions must include:

1. A completed application;
2. Submission of all back up documentation such as rosters, receipts, and a spreadsheet summary;
3. Itemized receipts from purchases with the date of the purchase; and
4. Organizations have no more than 60 days to complete the application process and provide approved receipts or the application will be disqualified.

Priorities of Funding

1. Participant Scholarships
 - a. Reimbursement of a YSO direct financial assistance to support disadvantaged athletes in the sport. Individuals must be qualifying residents of the City of Santa Clara.
 - b. YSO may qualify the athlete for a scholarship based on participation in a government support program such as WIC, SNAP, a reduced utility program, free and reduced lunch or other social service, or an expressed hardship.
2. Sports Equipment and Related Expenses
 - a. Competition/tournament fees, uniforms, training equipment, or other expenses that enable the scholarship athlete to play.
 - b. Organizational expenses related to volunteer coaches' certifications or volunteer fingerprinting.

Limit of Request(s)

1. An application will be considered for administrative approval for up to \$2,500 by the Parks & Recreation Department. Staff reserves the right to approve partial funding or to deny requests.
2. An application for over \$2,500 will be reviewed by the Parks & Recreation Commission for a recommendation of approval. The Commission reserves the right to approve partial funding of requests or to deny requests.
3. A request for funds may be made by any organization no more than one time per year.
4. If the balance of available funds in the Wade Brummel Scholarship Program is greater than \$50,000 at the end of the fiscal year, the Parks & Recreation Commission may choose to:
 - a. Contribute funds towards activities that would benefit Santa Clara youth sports based on staff recommendation.
 - b. Consider requests from non-contributing Santa Clara-based YSOs and programs (i.e. groups who do not pay into the program for non-residents) for scholarships and grants related for qualifying players/athletes of the City of Santa Clara.

All Wade Brummel Scholarship Program Guidelines will be in effect for any funding allocations related to this program.

Disclaimer

Contributions to the Program do not constitute a guarantee of funding.



Agenda Report

25-291

Agenda Date: 3/11/2025

REPORT TO CITY COUNCIL

SUBJECT

Action to Adopt the Updated Wade Brummal Scholarship Program Guidelines

COUNCIL PILLAR

- Deliver and Enhance High-Quality Efficient Services and Infrastructure
- Enhance Community Sports, Recreational and Arts Assets
- Enhance Community Engagement and Transparency

BACKGROUND

In October 2015, the City Council established a \$25 fee for non-resident youth sports participants to be assessed on all non-profit youth sports organizations that reserve City Parks & Recreation facilities. The non-resident fees are collected in the City’s Public Donations Fund and disbursed according to the Wade Brummal Youth Sports Scholarship Program Guidelines (Attachment 1).

Since FY 2014/15, the program has collected approximately \$235,000 in the Public Donations Fund. Subsequently, the Wade Brummal Scholarship Program (Program) has approved grants in the amount of \$140,381 and spent \$52,098 on field equipment. The current balance of \$41,637 includes donations and interest collected.

Table 1. Wade Brummal Youth Sports Scholarship Program Financial Grants FY 2014/15 - FY 2024/25	
Fiscal Year	Amount
2014-15	\$500
2015-16	\$500
2016-17	\$6,000
2017-18	\$2,000
2018-19	\$2,000
2019-20	\$1,000
2020-21	\$500
2021-22	\$2,420
2022-23	\$41,505
2023-24	\$42,962
2024-25	\$93,092
Total Distributions:	\$192,479

During the February 2023 meeting, the Parks & Recreation Commission (Commission) requested that an item be placed on an upcoming agenda to discuss the Program history, funds, and guidelines to review and/or update the Program.

During the March 2023 meeting, the Commission voted to continue the item to the April meeting and formed a subcommittee to review the Program. The primary focus areas considered by the subcommittee included:

- Increasing the amounts eligible for disbursement,
- New Program areas to be proposed for Program funding, and
- Input from non-profit youth sports organizations about the Program, guidelines and funding levels.

During the May 16, 2023, meeting, the subcommittee reported and recommended changes but took no action. In June and July, the subcommittee met to develop the recommended updates for the Commission to consider, and during the August 15, 2023, meeting, the Commission reviewed the revised program procedures (Attachment 2).

In March 2024, City staff convened a Youth Sports User Group (Group) meeting that consisted of representatives from eight organizations and engaged over 30 separate individuals. The Group met six times in 2024 and discussed various topics such as the Wade Brummal Scholarship Program, field use permit fees, and field allocation priorities. This report represents the first item brought to the Parks & Recreation Commission for consideration and recommendation.

DISCUSSION

The purpose of this report is to provide a brief history of the Wade Brummal Scholarship Program, highlight its impact on local sports organizations (scholarships and equipment funding), and provide an update to the program guidelines for FY 2025/26.

After the Commission completed its review of the Wade Brummal Scholarship Program in August 2023, they requested staff to solicit feedback from the Group on how the program was working. The Group reviewed and discussed the Wade Brummal Scholarship Program over the past year and identified several goals and areas for program improvement.

The Group expressed an interest in continuing the program, as it ultimately benefits resident athletes and resident non-profit youth sports organizations. The Group described the existing Program guidelines and process as cumbersome. Over the year, staff and the Group worked together to develop updated guidelines and processes to clarify eligible organizations, expenses, and priorities. Additionally, an online form was developed to facilitate the application process, while further clarifying the required documentation. Program marketing was also discussed, and if approved, will be placed on an annual calendar developed by the Group. The updated Wade Brummal Draft Guidelines (Attachment 3) contains the details of the program.

On February 10, 2025, the Commission reviewed and discussed the updated Wade Brummal Scholarship Program Guidelines. Two members of the public representing the Groups attended the Commission meeting and spoke in favor of the updated program guidelines. The Commission made a unanimous recommendation for Council to adopt the Updated Wade Brummal Program Guidelines.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

There is no fiscal impact to the City for consideration of this item except staff time. Funding for this program is budgeted in the Public Donations Fund and does not impact the General Fund.

COORDINATION

This report has been coordinated with the Parks & Recreation Department, Finance Department and the City Attorney’s Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Action to adopt the Updated Wade Brummel Scholarship Program Guidelines.

Prepared by: Kimberly Castro, Recreation Manager
Reviewed by: Damon Sparacino, Director Parks & Recreation
Approved by: Jovan Grogan, City Manager

ATTACHMENTS

1. City Council Report Wade Brummel Oct 27, 2015
2. PRC Draft Revisions Wade Brummel Procedures 2023
3. Updated Wade Brummel Draft Guidelines 2025



Agenda Report

26-447

Agenda Date: 4/13/2026

REPORT TO PARKS & RECREATION COMMISSION

SUBJECT

Solicitation of Parks & Recreation Commission Input on the Sections of the Charter Involving the Parks and Recreation Commission and Parks and Recreation Issues to inform the Charter Review Commission Currently Engaged in a Comprehensive Review of the City Charter

BACKGROUND

Back in September of 2025, the City Council formally initiated a comprehensive Charter review process (commonly referred to as the “Charter Project”). This will be the first comprehensive update to the City Charter in many years, with the goal of modernizing it to better support efficient, transparent, and adaptable governance.

The Bylaws of the Charter Review Committee (CRC) formed to implement the Charter Project describe the general purpose of the CRC and the project as follows:

The purpose of the CRC is to work with City staff, with input from the community, to facilitate the implementation of the “Charter Project.” The Charter Project involves a process for comprehensive review of the City Charter to identify provisions in the Charter that should be corrected, clarified or modified for the Charter to be fully consistent with applicable state law, aligned with current best practices for City operations and, in general, easier to understand and apply. At the end of the process, the objective of the Charter Project is to produce a draft comprehensive Charter Amendment for presentation to the City Council and, if the City Council so directs, possibly the voters at the November 2026 Election.

Other relevant considerations include:

- **The Charter as a structural document.** It defines roles of officials and staff, distribution of authority, and high-level governance principles. Charters typically do not dictate operational details. Such details are typically left to implementation by City codes and policies.
- **Improving efficiency and reducing administrative burdens.** Current processes require that too many routine items go to the City Council, creating staff workload inefficiencies, delays in project delivery, and unnecessary use of high-level decision-making. The amendments will result in more decisions at staff level where appropriate, and reserve Council involvement for substantial policy decisions.
- **Clarifying roles and responsibilities.** The revised Charter should better define what the City Council does (policy direction and oversight), what staff does (implementation and operations), and what commissions do (review of specific subject matter)
- **Maintaining flexibility for the future.** The Charter should avoid overly prescriptive language, ensuring that the Charter can accommodate new technologies, evolving procurement methods, and changing governance needs.

The Parks & Recreation Commission has been identified as an important stakeholder in this Charter Review process, particularly in connection with the review of Article X of the Charter, "Boards and Commissions." The Sections that specifically relate to the composition and role and function of the Parks and Recreation Commission are Sections 1008 and 1009. Another Section directly implicating Parks and Recreation issues is Charter Section 714.1, commonly referred to as "Measure R." This provision, approved by the voters in 2016, requires a 2/3rds vote of the people in order dispose of our change the use of any park properties owned by the City that are listed in the City's parklands inventory, if such disposition or change of use is for a time period of 18 months or longer.

As an identified "stakeholder," this item asks requests Commission input on these matters.

DISCUSSION

As the primary staff liaison to the Charter Review Commission, and on their behalf, the City Attorney's office is requesting Parks & Recreation Commission input on the following issues:

1. Does the current qualification requirements and composition of the Parks & Recreation Commission still make sense?

The current Charter contemplates seven commission members appointed by the City Council who must be "qualified electors" and residents of the City. Note: To be a qualified elector you must be registered to vote; to be registered to vote you must be a U.S. citizen.

2. Does the current list of Commission powers and duties properly describe your role and function or should amendments be proposed?

The current description of duties (Charter Section 1009) is as follows:

"The Parks and Recreation Commission shall have power and be required to:

- (a) Act in advisory capacity to the City Council in all matters pertaining to parks, recreation, playgrounds and entertainment;
- (b) Consider the annual budget of the Parks and Recreation Department during the process of its preparation and make recommendations with respect thereto to the City Manager and the City Council; and
- (c) Assist in the planning and supervision of a recreation program for the inhabitants of the City, promote and stimulate public interest therein and to that end, solicit to the fullest extent possible the cooperation of school authorities and other public and private agencies interested therein."

3. Do you have other general concerns about Article X, such as appointment, vacancies, terms, or attendance?

4. Are there any modifications that might be appropriate for Measure R to allow ancillary uses or improvements on park property that are not inconsistent with park purposes,

without requiring a vote of the people?

5. Do you have other concerns you would like to raise?

Proposed Parks and Recreation Commission Actions

The Charter Review Subcommittee on Boards and Commissions has its next meeting on April 16th. The Parks & Recreation Commission should consider consolidating its comments in a manner that reflects the position of the entire Commission, ideally in areas where Parks & Recreation Commission issues are implicated. Such comments can either be presented on your behalf by City Attorney staff and/or the Commission may also appoint a representative to present these comments to the Subcommittee.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

There is no fiscal impact to the City.

COORDINATION

This report has been coordinated with the City Attorney’s Office.

PUBLIC CONTACT

Public contact was made by posting the Parks & Recreation Commission agenda on the City’s official -notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Provide consolidated comments to staff on Parks & Recreation Commission relevant charter revisions for the Charter Review Committee and City Council to consider as a part of the “Charter Project” Charter Review Process. The Commission also has the option of appointing a representative to present these comments to the Subcommittee on Boards and Commissions.

Prepared by: Glen Googins, City Attorney

Approved by: Damon Sparacino, Director, Parks & Recreation Department

Attachment

1. Current Santa Clara City Charter



CITY CHARTER

Revised June and November 2022 Elections

1500 Warburton Avenue
Santa Clara, CA 95050
(408) 615-2200

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THE CHARTER OF THE CITY OF SANTA CLARA, CALIFORNIA

Article I. Name of City

Sec. 100 Name.

The municipal corporation now existing and known as the "City of Santa Clara" shall remain and continue to be a municipal body politic and corporate, as at present, in name, in fact, and in law.

Article II. Boundaries

Sec. 200 Boundaries.

The territory of the City shall be that contained within its present boundaries as now established, with the power and authority to change the same in the manner provided by law.

Article III. Succession

Sec. 300 Rights and liabilities.

The City of Santa Clara shall remain vested with and continue to have, hold and enjoy all property, rights of property and rights of action of every nature and description now pertaining to this municipality, and is hereby declared to be the successor of same. It shall be subject to all the obligations, liabilities, debts and duties that now exist against this municipality.

Sec. 301 Ordinances.

All lawful ordinances, resolutions, rules and regulations, or portions thereof, in force at the time this Charter takes effect, and not in conflict or inconsistent herewith, are hereby continued in force until the same shall have been duly repealed, amended, changed or superseded by proper authority.

Sec. 302 Continuance of present officers and employees.

The present officers, boards, commissions, and employees shall, without interruption, continue to perform the duties of their respective offices and employments for the compensation provided by ordinances, resolutions, rules, or laws, until the appointment and qualification of their successors under this Charter and subject to such removal and control as is herein provided.

Sec. 303 Continuance of contracts and public improvements.

All contracts entered into by the City, or for its benefit, prior to the taking effect of this Charter, shall continue in full force and effect. Public improvements for which proceedings have been instituted under laws or charter provisions existing at the time this Charter takes effect, in the discretion of the City Council, may be carried to completion as nearly as practicable in accordance with the provisions of such existing laws and charter provisions or may be continued or perfected hereunder.

Sec. 304 Pending actions and proceedings.

No action or proceedings, civil or criminal, pending at the time when this Charter takes effect, brought by or against the City or any office, department or agency thereof, shall be affected or abated by the adoption of this Charter or by anything herein contained; but all such actions or proceedings may be continued notwithstanding that functions, powers and duties of any office, department or agency party thereto, by or under this Charter, may be assigned or transferred to another office, department or agency, but in that event, the same may be prosecuted or defended by the head of the office, department or agency to which such functions, powers and duties have been assigned or transferred by or under this Charter.

Article IV. Powers

Sec. 400 General grant of power.

The City of Santa Clara, by and through its City Council and other officials, shall have and may exercise all powers necessary and appropriate to a municipal corporation and the general welfare of its inhabitants which are not prohibited by the Constitution of the State of California or by this Charter, and which it would be competent for this Charter to set forth specifically, and the specification herein of any particular powers shall not be held to be exclusive of, or any limitation upon the general grant of powers heretofore or hereafter granted to municipal corporations by the constitution or general laws.

Sec. 401 Disposal of public utility.

No public utility owned by the City shall be sold, leased or otherwise transferred unless authorized by the affirmative votes of two-thirds of the electors voting on such proposition at any election at which the question of such disposal is submitted to the electors.

Article V. Form of Government

Sec. 500 Form of government.

The municipal government provided by this Charter shall be known as the "Council Manager" form of government.

Article VI. The Elective Officers

Sec. 600 City elected officers.

No person shall be eligible to hold the elective office of Mayor, Chief of Police Department or City Clerk, unless he or she is a resident and a qualified registered elector of the City. No person shall be eligible to hold the elective office of City Council Member, excepting the Mayor, unless he or she is a qualified registered elector of the City and a resident in the district represented by the Council Member office.

In order to hold the elective office of Mayor, Chief of the Police Department or City Clerk a person must have been a resident of the City of Santa Clara for at least thirty (30) days immediately preceding the last day specified by law for the filing of nomination papers with the City Clerk for such office or, if appointed, preceding the date of the person's appointment to fill a vacancy.

In order to hold the elective office of Council Member, excepting the Mayor, a person must have been a resident of the City of Santa Clara and of the District represented by the person as a Council Member for at least thirty (30) days immediately preceding the last day specified by law for the filing of nomination papers with the City Clerk for such office or, if appointed, preceding the date of the person's appointment to fill a vacancy.

The elective officers of the City shall consist of a City Council composed of seven members, the Chief of the Police Department and the City Clerk. The Mayor and the Chief of the Police Department and the City Clerk shall be elected from the City at large at the times and in the manner provided in this Charter. Except as otherwise herein provided, a person elected to an office for other than an unexpired term, shall serve a term of four years, and shall serve until a successor is elected and qualified. The term shall commence on the date the City Council certifies the canvass of the election returns submitted to it by the County Registrar of Voters.

The person receiving the most votes cast for a particular City office shall be declared duly elected. Ties shall be broken as provided from time to time by ordinance.

The office of Mayor shall be separately voted upon and is a separate office. The person elected at any election to the office designated "Mayor" shall be deemed elected, both as a Mayor and as a member of the Council. Although the Mayor is a Council member, his or her election does not change the number of Council members from seven.

No person shall be a candidate for both Mayor and a City Council office at the same election. However, an incumbent member of the City Council may run for the elective office of Mayor, and the Mayor may run for the separate office of Mayor or other City Council office. However, at no time shall a member of the Council, including the Mayor, hold more than one City elective office. Except as otherwise provided elsewhere in this Charter, no incumbent member of the City Council while serving in such office with an unexpired term of more than six months shall be a candidate for any Council office other than the one which he or she holds. (Added by electors at election held November 7, 1972, approved by Senate Concurrent Resolution (1973 Stats., Res. Ch. 10); Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*, Amended by electors at an election held June 7, 2022, Charter Chapter 17 of the State *Statutes of 2023*.)

Sec. 600.01 Municipal elections.

Commencing with the year 2000, a regular election shall be held in the City of Santa Clara on the first Tuesday following the first Monday in November of even numbered years. The regular election shall be held for the election of each municipal elective officer whose term of office regularly expires at that time, and for such other purposes as the Council may prescribe. Each such regular election shall be known as the general municipal election of the City, and shall be in lieu of all others previously so called. All other municipal elections that may be called under the authority of this Charter, or the California Elections Code, shall be known as special elections. (Amendment ratified 4-5-77; Amendment ratified 11-6-79; Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 600.02 Consolidation of elections.

Any special election may be consolidated with a general municipal election and any municipal election may be consolidated with any State, County, or School District election held in the City or part thereof, in which case only one ballot need be printed for such consolidated election. (Amendment ratified 4-5-77)

Sec. 600.1 Time of taking office - Term.

(Repealed by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 601 Eligibility.

(Repealed by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Article VII. The Council

Sec. 700 Term - Method of holding elections.

Except as specifically provided otherwise in this Charter with respect to City elections, the provisions of the State Elections Code, as amended from time to time, are hereby adopted. The City expressly reserves its rights with respect to the conduct of City elections pursuant to Section 5 of Article XI of the California Constitution. Any changes made by the City Council in the City elections procedure shall be by ordinance and shall not be in conflict with any other sections of this Charter.

There are hereby reserved to the electors of the City, the powers of the initiative and referendum and of the recall of municipal elective officers. No primary election shall be held for municipal officers. No error, omission or defect in the notice of elections shall be cause to invalidate any election held under the provisions of this Charter. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 700.1 Offices separately filled.

(Repealed by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 700.1 Elections - City Council Districts.

Members of the City Council, excepting the Mayor, shall be elected by district.

For the election to be held in November 2022 and each election thereafter, there shall be 6 (six) districts as such districts are designated on that certain map adopted by judgment of the Superior Court dated July 24, 2018, as set forth in Resolution No. 18-8585 of the City Council, as the boundaries of such districts shall be amended through a redistricting process following each decennial United States Census.

Council District elections shall be conducted as follows:

(a) Each District shall be represented by one (1) Council Member.

(b) In the election to be held in November 2022 and in each Council District election held thereafter the Council District elections shall be conducted as follows:

1. the voters of District 2 shall nominate and elect one (1) Council Member for a four-year term; and
2. the voters of District 3 shall nominate and elect one (1) Council Member for a four-year term.

(c) In the election to be held in November 2024 and in each Council District election held thereafter the Council District elections shall be conducted as follows:

1. the voters of District 1 shall nominate and elect one (1) Council Member for a four-year term;
2. the voters of District 4 shall nominate and elect one (1) Council Member for a four-year term; and
3. the voters of District 5 shall nominate and elect one (1) Council Member for a four-year term.
4. the voters of District 6 shall nominate and elect one (1) Council Member for a four-year term. (Added by electors at election held November 7, 1972, approved by Senate Concurrent Resolution (1973 Stats., Res. Ch. 10); Amended and renumbered from section 700.2 by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*, Amended by electors at an election held June 7, 2022, Charter Chapter 17 of the State *Statutes of 2023*.)

Sec. 700.2 Election Following Change of Boundaries

Upon any redistricting pursuant to the provisions of this section of the Charter or the ordinances enacted hereunder, each incumbent member of the Council will continue, during the remainder of the member's term, to hold office and represent the district by which the member was elected prior to such redistricting, notwithstanding any provision of Section 600 requiring a member to be a resident of the district represented by such member. (Section Number Repealed - text amended and renumbered to section 700.1 by electors at an election held March 7, 2000,

Charter Chapter 11 of the State *Statutes of 2000*, Amended and renumbered to Section 700.2 by electors at an election held June 7, 2022, Charter Chapter 17 of the State *Statutes of 2023*.)

Sec. 701 Term limits of mayor and council members.

No person elected as member of the Council shall be eligible to serve, or serve, for more than two (2) full terms; but such service prior to December 1, 2016, shall not disqualify any person from further service as a member of the Council. If a member of the Council serves a partial term in excess of two (2) years, it shall be considered a full term for the purpose of this provision. The office of elected Mayor, to be filled from the City at large, is a separate office from the Council and solely for the purpose of this term limit disqualification, is not a Council office or the Council. Consequently, time served in such office of elected Mayor is not time served on the Council and time served on the Council is not time served in such office of elected Mayor. (As amended by electors at election held November 5, 1968, approved by Joint Resolution of the Legislature filed with the Secretary of State January 15, 1969; Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*; Amended by electors at an election held November 8, 2016, Charter Chapter 18 of the State *Statutes of 2017*)

Sec. 701.1 Qualifications for Chief of the Police Department.

Candidates for the office of Chief of Police shall meet the minimum eligibility and qualification requirements imposed by state law upon candidates for the office of sheriff. (Added by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 702 Compensation.

Commencing on July 1, 2017, each member of the City Council, other than the Mayor, shall receive as compensation the sum of two thousand dollars (\$2,000) per month. The Mayor shall receive as compensation the sum of two thousand five hundred dollars (\$2,500) per month.

Commencing on July 1, 2019, and every two years on July 1 thereafter, the compensation of the City Council and Mayor shall be set by a Salary Setting Commission consisting of five members to be appointed by the Civil Service Commission from the qualified electors of the City for a term of four years. The first members shall be appointed for a term commencing January 1, 2019. Initially, the Commissioners shall be appointed in a manner so that two are appointed for two-year terms and three are appointed for four-year terms. On or before March 15 of every odd year, the Salary Setting Commission shall establish the salary of the Mayor and members of the City Council for the period commencing July 1 of that odd year and ending two years thereafter. Salaries so established by the Commission shall not exceed one hundred ten percent (110%) of the previous figure.

If a member of the City Council, including the Mayor, does not attend all meetings of the City Council or study sessions called on order of the City Council and held during the month, the compensation to him/her for such month shall be reduced by the sum of twenty-five dollars (\$25.00) for each meeting or study session not attended unless he/she is absent with the consent of or on order of the City Council.

Absence from five consecutive regular meetings, unless excused by resolution of the City Council, shall operate to vacate the seat of any member of the City Council so absent. (As amended by electors at election held November 5, 1968, approved by Joint Resolution of the

Legislature filed with the Secretary of State January 15, 1969; Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*; Amended by electors at an election held November 8, 2016, Charter Chapter 17 of the State *Statutes of 2017*)

Sec. 703 Vacancies.

A vacancy in any elective office of the City, including Mayor, City Council, Chief of Police Department, and City Clerk, from whatever cause arising, shall be filled by appointment by the City Council by a four-fifths (4/5) vote of the remaining members.

In the event the City Council shall fail to fill a vacancy by appointment within thirty (30) days after such office shall have been declared vacant, it shall forthwith cause an election to be held to fill such vacancy. A person appointed or elected to fill a vacancy holds office for the unexpired term of the former incumbent, provided that if the vacancy occurs in the first half of a term of office and at least 130 days prior to the next general municipal election, the person appointed to fill the vacancy shall hold office until the next general municipal election that is scheduled 130 or more days after the date the City Council is notified of the vacancy, and thereafter until the person who is elected at that election to fill the vacancy has been qualified. The person elected to fill the vacancy shall hold office for the unexpired balance of the term of office. (As approved at election held November 5, 1968, approved by Joint Resolution of Legislature filed with the Secretary of State January 15, 1969; Amended by electors at an election held November 8, 2016, Charter Chapter 19 of the State *Statutes of 2017*)

Sec. 704 Presiding officer - Mayor.

The Mayor shall be the presiding officer. The Mayor shall have a voice and vote in all its proceedings. He/she shall be the official head of the City for all ceremonial purposes. He/she shall perform such other duties as may be prescribed by this Charter or as may be imposed by the City Council consistent with his/her office. (As amended by the electors at election held November 5, 1968, approved by Joint Resolution of the Legislature filed with the Secretary of State January 15, 1969; Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 704.1 Mayor - Limitation of terms.

No person elected as Mayor shall be eligible to serve, or serve, more than two (2) full terms; but such service prior to December 1, 2016, shall not disqualify any person from further service as Mayor. If a Mayor serves a partial term in excess of two (2) years, it shall be considered a full term for the purpose of this provision. (Added by electors at election held November 5, 1968, approved by Joint Resolution of Legislature filed with the Secretary of State January 15, 1969; Amended by electors at an election held November 8, 2016, Charter Chapter 18 of the State *Statutes of 2017*)

Sec. 704.2 Mayor - Political position.

The Mayor shall be the political leader within the community by providing guidance and leadership to the City Council, by expressing and explaining to the community the City's policies and programs and by assisting the City Council in the informed, vigorous and effective exercise of its powers. Political leadership shall be concerned with the general development of the community and the general level of City services and activity programs. (Added by electors at

election held November 5, 1968, approved by Joint Resolution of Legislature filed with Secretary of State January 15, 1969)

Sec. 704.3 Mayor - Powers and duties.

The Mayor shall have the following powers and duties:

(a) The Mayor shall have the power to make recommendations to the City Council on matters of policy and programs which require City Council decision; provided, that if he/she recommends any increases in the City budget, he/she shall recommend the method of financing such expenditure; and provided, further, that if he/she proposes curtailment of service, such recommendations and his/her reason therefor shall be specific. He/she may also, on his/her own account, inform the community on matters of policy or program which he/she believes the welfare of the community make necessary.

(b) The Mayor shall preside at meetings of the City Council and shall have the vote as a member of the City Council. He/she shall have no veto power.

(c) The Mayor shall have authority to preserve order at all City Council meetings, to remove or cause the removal of any person from any meeting of the City Council for disorderly conduct, to enforce the rules of the City Council and to determine the order of business under the rules of the City Council.

(d) The Mayor shall exercise such other powers and perform such other duties as may be prescribed by the City Council, provided that the same are not inconsistent with this Charter. Nothing in this section shall be construed in any way as an infringement or limitation on the powers and duties of the City Manager as Chief Administrative Officer and head of the administrative branch of the City government as prescribed in other sections of this Charter. Except as otherwise herein provided, the Mayor shall possess only such authority over the City Manager and the administrative branch as he/she possesses as one member of the City Council. (Added by electors at election held November 5, 1968, approved by Joint Resolution of Legislature filed with the Secretary of State January 15, 1969; Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 704.4 Mayor - Vacancy.

The office of Mayor shall become and be deemed vacant immediately upon the incumbent ceasing to be a member of the City Council. (Added by electors at election held November 5, 1968, approved by Joint Resolution of Legislature filed with the Secretary of State January 15, 1969)

Sec. 705 Vice Mayor.

The City Council shall designate one of its members as Vice Mayor. The Vice Mayor shall perform the duties of the Mayor during his/her absence or disability. The Vice Mayor shall serve in such capacity at the pleasure of the City Council. (As amended by electors at election held November 5, 1968, approved by Joint Resolution of Legislature filed with the Secretary of State, January 15, 1969; Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 706 Powers.

All powers of the City shall be vested in the City Council, subject to the provisions of the Charter and to the Constitution of the State of California.

Sec. 707 Regular meetings.

The City Council shall hold regular meetings at least twice each month, at such times as it shall fix by ordinance or resolution and may adjourn or readjourn any regular meeting to a date certain, which shall be specified in the order of adjournment and when so adjourned, each adjourned meeting shall be a regular meeting for all purposes.

Sec. 708 Special meetings.

Special meetings may be called at any time by the Mayor, or by four members of the City Council pursuant to the provisions of the Ralph M. Brown Act, specifically Government Code Section 54956, as amended from time to time. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 709 Place of meeting.

All meetings of the City Council shall be held at the locations authorized by the Ralph M. Brown Act (commencing with Government Code Section 54950) as it now reads or is hereafter amended. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 710 Quorum.

A majority of the members of the City Council shall constitute a quorum for the transaction of business, but a less number may adjourn from time to time.

Sec. 711 Election and qualification of Council members.

The City Council shall judge the qualifications of its members as required by the Charter and shall judge all election returns.

Sec. 712 Proceedings.

The City Council shall establish rules for the conduct of its proceedings and punish any member or other person for disorderly conduct at any meetings. It shall have the power and authority to compel the attendance of witnesses, to examine them under oath, and to compel the production of evidence before it. Subpoenas may be issued in the name of the City and be attested by the City Clerk. Disobedience of such subpoenas, or the refusal to testify (upon other than constitutional grounds), shall constitute a misdemeanor.

The City Council shall cause the City Clerk to keep an accurate record of all its proceedings and, at the demand of any member, or upon the adoption of any ordinance or resolution for the payment of money, the City Clerk shall call the roll and shall cause the "ayes" and "noes" taken on any question, to be entered in the minutes of the meeting.

Sec. 713 Action by ordinance or resolution.

The City Council is hereby empowered to act by Ordinance or Resolution. An oral motion or order duly passed by the City Council and entered in the minutes of the Council shall have the same force and effect as a written Resolution duly introduced and passed by said City Council and shall be deemed to be a Resolution for all purposes.

Sec. 714 Power to lease, sell, or convey City property.

The City Council shall have power to lease, sell, convey, and dispose of any and all property of the City, subject to the provisions of Section 401 of this Charter, and provided further that no property exceeding five hundred dollars (\$500.00) in value shall be sold without first publishing notice of intention to sell in an official newspaper once a week for two weeks preceding the date of such sale. The notice of intention shall describe the property, the price theretofore offered for said property and the time and place when and where the sale will be consummated.

At the time fixed for said consummation of sale, the City Council shall call for further bids for said property and if any increased bid is received from a responsible bidder in at least five percent in excess of the original price offered for the same, then the City Council may accept the highest bid for said property or may order a new sale or may withdraw the property from sale.

Sec. 714.1 Protection of parkland and public open space.

Neither the Ulistac Natural Area, the Santa Clara Youth Soccer Park nor any other real property owned or controlled by the City that is presently listed or hereafter listed by ordinance in the inventory of parks and recreation facilities contained in Appendix Eight of the City of Santa Clara 2010-2035 General Plan shall be sold, leased or otherwise disposed of for a period of one hundred eighty (180) days or more, nor shall its use be changed, abandoned or discontinued without such sale, lease, disposal or changed use having been first authorized or ratified by a two-thirds (2/3) majority vote of the electorate, voting at a general municipal election for that purpose.

No substantial building, construction, reconstruction or development upon or with respect to any lands so dedicated shall be made except pursuant to ordinance subject to referendum.

The provisions of this Section 714.1 shall not apply to real property owned or controlled by the City that is subject to the CityPlace Master Community Plan originally adopted by the City Council by Resolution No. 8339. (Added by electors at an election held November 8, 2016, Charter Chapter 20 of the State *Statutes of 2017*)

Sec. 715 Power to levy and collect taxes.

The City Council shall have power to levy and collect taxes, and to collect license taxes for both regulation and revenue.

Article VIII. City Manager, Ordinances, Meetings

Sec. 800 Appointment.

A City Manager shall be chosen by the City Council on the basis of his/her executive and administrative qualifications. No City Council member shall receive such an appointment during the term for which he/she shall have been elected, nor within two years thereafter. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 801 Compensation.

The City Manager shall be paid a salary commensurate with his/her responsibilities as chief administrative officer of the City, which salary shall be established by ordinance or resolution. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 802 Powers and duties.

The City Manager shall be chief executive officer and the head of the administrative branch of the City government. He/she shall be responsible to the City Council for the proper administration of all affairs of the City and to that end, subject to the personnel provisions of this Charter, he/she shall have power and shall be required to:

(a) Appoint and remove, subject to the Civil Service provisions of this Charter, all officers and employees of the City, except as otherwise provided by this Charter, and except as he/she may authorize the head of a department or office to appoint and remove subordinates in such department or office. No person related to the City Manager by blood or by marriage shall be eligible for office or employment in the City.

(b) Prepare the budget annually and submit it to the City Council and be responsible for its administration after adoption.

(c) Manage the City-owned water and power departments in a business-like manner, charging equitable rates for the services furnished and building up the properties so as to conserve their value and increase their capacity as needed by the City.

(d) Prepare and submit to the City Council as of the end of the fiscal year a complete report on the finances and administrative activities of the City for the preceding year.

(e) Keep the City Council advised of the financial condition and future needs of the City and make such recommendations as may seem to him/her desirable.

(f) Make investigations into the affairs of this City, or any department or division thereof, or any contract, or the proper performance of any obligation to the City.

(g) Submit to the City Council at each meeting for its approval, the list of all claims and bills approved for payment by him/her.

(h) Perform such other duties as may be prescribed by this Charter or required by him/her by the City Council, not inconsistent with this Charter. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 803 Rules and regulations.

The City Manager may prescribe such general rules and regulations as he/she may deem necessary or expedient for the general conduct of the administrative offices and departments of the City under his/her jurisdiction. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 804 Manager pro tempore.

The City Manager shall appoint, subject to the approval of the City Council, one of the other officers of the City to serve as Manager Pro Tempore during any temporary absence or disability of the City Manager.

Sec. 805 Participation in Council action.

The City Manager and such other officers of the City as may be designated by the City Council, shall be accorded a seat at the City Council table and shall be entitled to participate in the deliberations of the City Council, but shall not have a vote.

Sec. 806 Removal of the City Manager.

The City Council shall appoint the City Manager for an indefinite term and may remove him/her by a majority vote of the entire Council. At least thirty (30) days before such removal shall become effective, the City Council shall by a majority vote of the entire Council, adopt a preliminary resolution stating the reasons for his/her removal. The City Manager may reply in writing and may request a public hearing, which shall be held not earlier than fifteen (15) days nor later than thirty (30) days after the filing of such request. After such public hearing, if one be requested, and after full consideration, the City Council by majority vote of the entire Council may adopt a final resolution of removal. By the preliminary resolutions, the City Council may suspend the City Manager from duty but shall in any case cause to be paid him/her forthwith any unpaid balance of his/her salary and his/her salary for the next calendar month following adoption of the preliminary resolution. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 807 Prohibition against Councilmanic interference.

Neither the City Council nor any of its members shall order or request the appointment of any person to an office or employment or his/her removal therefrom, by the City Manager, or by any of the department heads in the administrative service of the City. Except for the purpose of inquiry, the City Council and its members shall deal with the administrative service under the City Manager solely through the City Manager and neither the City Council nor any member shall give orders to any subordinates of the City Manager, either publicly or privately.

Any City Council member violating the provisions of this section, or voting for a resolution or ordinance in violation of this section shall be guilty of a misdemeanor and, upon conviction, shall cease to be a Council Member. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 808 Ordinances.

The enacting clause of every ordinance shall be "Be it ordained by the City of Santa Clara as follows:" No ordinance shall be finally adopted by the Council on the day of its introduction, nor within five days thereafter, nor at any time other than a regular meeting, nor until its publication as required in Section 812. However, ordinances calling elections and ordinances carrying out the provisions of elections need not be published prior to adoption. In case an ordinance is amended before its final adoption and after its publication, it shall in like manner be republished as required in Chapter Section 812, at least one day before its adoption as amended; provided, however, that where such amendment is made for the correction of clerical errors or omissions of form only, then such ordinances need not be given a first reading or a republication as corrected. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 809 Repeal or amendment of ordinances.

No ordinance or portion thereof shall be repealed except by ordinance. No ordinance shall be revised, re-enacted or amended by reference to its title only; but the ordinance to be revised or re-enacted, or the section or sections thereof to be amended, or the new section or sections to be added thereto, shall be set forth and adopted according to the method provided in this article for the enactment of ordinances, and such revision, re-enactment, amendment or addition, shall be done by ordinance only.

Sec. 810 Effective date of ordinances.

No ordinance shall become effective until thirty (30) days from and after the date of its adoption, except the following, which shall take effect upon adoption: (a) An ordinance calling or otherwise relating to an election; (b) An improvement proceeding ordinance adopted under some law, or procedural ordinance; (c) An ordinance declaring the amount of money necessary to be raised by taxation, or fixing the rate of taxation; or (d) An emergency ordinance adopted in the manner herein provided.

Sec. 811 Emergency ordinances.

Any ordinance declared by the City Council to be necessary as an emergency measure for preserving the public peace, health, safety or property, and containing a statement of the reasons for its urgency and adopted by a five-sevenths vote of the whole Council may go into effect at the will of the Council.

Sec. 812 Publication of ordinances.

The City Clerk shall cause each proposed ordinance to be posted at least three (3) days prior to its adoption in three (3) public places in the City and at least three (3) days prior to the ordinance adoption shall cause a single publication in an official newspaper to occur, setting forth the title of the ordinance, the date of its introduction, a brief summary of the ordinance and a list of the places where copies of the full text of the proposed ordinance are posted. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 813 Codification of ordinances.

Any or all properly enacted and unrepealed ordinances of the City may be compiled, consolidated, revised and indexed, including such restatements and substantive changes as are necessary for clarity in a comprehensive City Code.

A City Code may be adopted by reference by the passage of an ordinance in the same manner as other ordinances of the City. The City Code itself need not be published in the manner required for other ordinances. Prior to its adoption, not less than three copies of the Code shall be filed in the City Clerk's Office, for examination by the public. After the Code has been adopted, ordinances may be amendatory or revisory of the Code. Sections of the Code shall not be revised or amended by reference but readopted and published at length as revised or amended. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 814 Adoption of printed building codes, etc.

Ordinances establishing rules and regulations for the construction of buildings, the installation of plumbing, the installation of electric wiring, or other similar work, where such rules and regulations have been printed as a code in book form, may be adopted by reference by the passage of an ordinance in the same manner as other ordinances of the City. The code so adopted need not be published at length, provided, however, that not less than three copies of such code shall have been filed, for use and examination by the public, in the office of the City Clerk prior to the adoption thereof.

Sec. 815 Publishing of legal notices.

The City Council shall by resolution designate one or more newspapers of general circulation in the City of Santa Clara as official newspaper for the publication of any legal notice or other matter required to be published in a newspaper of general circulation in said City. If it appears to the City Council that the rates offered are unfair, it need not designate an official newspaper. Upon making a finding to such effect, or if publication of newspapers which have been so designated are suspended, then legal notices, ordinances or other matter required to be published in an official newspaper may be published by posting copies thereof in at least three public places in the City. The places for posting of legal notices shall be fixed by ordinance of the City Council.

No defect or irregularity in proceedings taken under this section, or failure to designate an official newspaper, shall invalidate any publication where the same is otherwise in conformity with this Charter, or law, or ordinance.

Article IX. Officers and Employees

Sec. 900 Officers to be appointed by the City Council and by the City Manager.

In addition to the City Manager, the City Council shall appoint and affix the compensation for the City Attorney and City Auditor who shall serve at the pleasure of the City Council and may be removed by motion of the City Council adopted by at least four affirmative votes.

All other officers and department heads of the City shall be appointed by the City Manager and shall serve at the pleasure of the City Manager at compensation fixed by the City Council.

(Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 901 Other appointive officers.

The City Council may provide by ordinance for the creation, consolidation or abolishment of the City departments or offices, not specifically enumerated in this Charter. Each department so created shall be headed by an officer as department head who shall be appointed by the City Manager.

Sec. 902 Appointive officers; duties.

Each appointive officer shall perform the duties imposed upon him/her by this Charter, by ordinance, or resolution and, if under jurisdiction of the City Manager, shall perform such other duties relating to his/her office as may be required of him/her by the City Manager. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 903 City clerk; powers and duties.

The City Clerk shall have the power and be required to:

(a) Attend all meetings of the City Council and be responsible for the recording and maintaining of a full and true record of all the proceedings of the City Council in books that shall bear appropriate titles and be devoted to such purposes;

(b) Maintain separate books, in which shall be recorded respectively all ordinances and resolutions, with the certificate of the clerk annexed to each thereof stating the same to be the original or a correct copy, and as to an ordinance requiring publication, stating that the same has been published or posted in accordance with this Charter;

(c) Maintain separate books, in which a record shall be made of all written contracts and official bonds;

(d) Keep all aforementioned books properly indexed and open to public inspection when not in actual use;

(e) Be the custodian of the seal of the City;

(f) Administer oaths or affirmations, take affidavits and depositions pertaining to the affairs and business of the City and certify copies of official records; and

(g) Have charge of all City elections.

The City Council may, in its discretion, appoint any other officer or employee of the City as City Clerk and grant such person additional compensation for the performance of such duties.

Sec. 904 Director of Finance.

There shall be a department of finance; the head of which shall be the Director of Finance, who as determined by the City Council, shall be, or be appointed by, the City Manager. The Director of Finance under the supervision of the City Manager shall have charge of the administration of

the financial affairs of the City, including the financial affairs of the City-owned public utilities, and he/she shall have power and be required to:

- (a) Compile the budget expense and capital estimates for the City Manager;
- (b) Supervise and be responsible for the disbursement of all monies and have control over all expenditures which have been budgeted;
- (c) Maintain a general accounting system for the City government and of its offices, departments and agencies; keep books for, prescribe the financial forms to be used by and exercise financial budgetary control over each office, department or agency;
- (d) Submit to the City Council, through the City Manager, a monthly statement of all receipts and disbursements in sufficient detail to show the exact financial condition of the City;
- (e) Prepare for the City Manager, as of the end of each fiscal year, a complete financial statement and report;
- (f) Collect all taxes, special assessments, utility charges, license fees and other revenues of the City for whose collection the City is responsible except City taxes collected by the County and as provided in Section 1306, and receive all money receivable by the City from the State or Federal government, or from any court, or from any office, department or agency of the City;
- (g) Receive and have custody of all monies receivable by the City from any source;
- (h) Deposit all monies received in such depositories as may be designated by resolution of the City Council or, if no resolution be adopted, by the City Manager, and in compliance with all the provisions of the State Constitution and laws of the State governing the handling, depositing and securing of public funds; and
- (i) Have custody of all investments and invested funds of the City government, or in possession of such government in a fiduciary capacity, and have the safe-keeping of all bonds and notes of the City and the receipt and delivery of City bonds and notes for transfer, registration or exchange. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 905 City Engineer and Department of Public Works.

(1) City Engineer. The City Engineer shall be a Registered Professional Engineer in the State of California, and he/she shall have the power and be required to:

- (a) Supervise and be responsible for all City engineering work, including the preparation of engineering maps, surveys, and designs;
- (b) Perform such other duties as the City Council may from time to time prescribe, either by ordinance or resolution; and,
- (c) On vacating the office, surrender to his/her successor all maps, plans, field notes and other records and memoranda belonging to the City and pertaining to his/her office and the work thereof.

(2) Director of Public Works and Utilities. The Director of Public Works and Utilities, who may be the City Engineer, shall, under the supervision of the City Manager, be in charge of the administration of such departments of the City, including engineering and utilities, as are or may be from time to time designated by the City Council. (As amended 1965 Statutes, Senate Concurrent Resolution No. 74, Chapter 101; Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 906 Chief of the Police Department.

The Chief of Police shall have power and be required to:

- (a) Preserve the public peace;
- (b) Execute and return all process issued to him/her by legal authority; and
- (c) Exercise all the powers that are now or may hereafter be conferred upon sheriffs and other police officers by the laws of the State. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 907 Chief of the Fire Department.

The Chief of the Fire Department shall have the power and be required to:

- (a) Supervise all matters relating to the prevention and extinguishing of fires and the protection of all property impaired thereby; and
- (b) Make frequent inspection of all property within the City to enforce fire prevention regulations.

Sec. 908 City Attorney.

There shall be a City Attorney who shall have the power and be required to:

- (a) Represent and advise the City Council and all City officers in all matters of law pertaining to their offices;
- (b) Represent and appear for the City and any City officer or employee or former City officer or employee, in any or all actions and proceedings in which the City or any such officer or employee in or by reason of his/her official capacity, is concerned or is a party, but the City Council shall have control of all legal business and proceedings and may employ other attorneys to take charge of any litigation or matter or to assist the City Attorney therein;
- (c) Attend all meetings of the City Council and give his/her advice or opinion in writing whenever requested to do so by the City Council, or by any of the boards or officers of the City;
- (d) Approve the form of all bonds given to and all contracts made by the City, endorsing his/her approval thereon in writing;
- (e) Prepare any and all proposed ordinances or resolutions for the City, and amendments thereto;

(f) Prosecute on behalf of the people all criminal cases for violation of this Charter and of City ordinances; and

(g) On vacating the office, surrender to his/her successor, all books, papers, files, and documents pertaining to the City's affairs.

To be eligible for appointment as City Attorney, the appointee shall have been admitted to practice as an attorney at law before the Supreme Court of the State of California, and shall have been engaged in the active practice of law for at least four years immediately prior to his/her appointment. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 909 City Auditor.

The City Auditor shall audit and approve all bills, invoices, payrolls, demands or charges against the City government before payment and, with the advice of the City Attorney, advise the City Council as to the regularity, legality and correctness of such claims, demands or charges.

The City Council may, in its discretion, appoint any other officer or employee of the City as City Auditor and grant such person additional compensation for the performance of such duties.
Sec. 910 Administrative Code.

Within six months after the adoption of this Charter, the Council shall adopt by ordinance an administrative code providing for a plan of administrative organization of the City government, which will cover all matters concerning the powers, duties, term of office, procedure of all the officers, boards and commissions, and employees of the City; provided, however, that the provisions of said code shall not be in conflict with any of the provisions of this Charter. This administrative code will cover all rules and regulations relating to fiscal operations, personnel management, election procedure, and other matters concerning the operation of the functions of the City government.

Sec. 911 Official bonds.

The City Council shall fix by ordinance the amounts and terms of the official bonds of all officials or employees who are required by this Charter or by ordinance to give such bonds. All bonds shall be executed by responsible corporate surety, shall be approved as to form by the City Attorney, and shall be filed with the City Clerk, except the City Clerk's bond which shall be filed with the City Manager. Premiums on official bonds shall be paid by the City.

In all cases wherein an officer or employee of the City is required to furnish a faithful performance bond, there shall be no personal liability upon, or right to recover against, his/her superior officer, or the bond of the latter, for any wrongful act or omission of the former, unless such superior officer was a party to, or conspired in, such wrongful act or omission. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 912 Oath of office.

Each member of the City Council, of every board and commission, and each officer and department head, before entering upon the discharge of the duties of his/her office shall take, subscribe to and file with the City Clerk the following oath of affirmation: "I do solemnly swear

(or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution of the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.” (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State Statutes of 2000)

Article X. Appointive Boards and Commissions

Sec. 1000 In general.

There shall be the following enumerated boards and commissions which shall have the powers and duties herein stated, and such other powers and duties as may be conferred by the City Council which are not inconsistent herewith. In addition, the City Council may create by ordinance such boards or commissions as in its judgment are required and may grant to them such powers and duties as are consistent with the provisions of this Charter.

Sec. 1001 Appropriations.

The City Council shall include in its annual budget sufficient appropriations of funds for the efficient and proper functioning of such boards and commissions.

Sec. 1002 Appointments; terms.

Except as otherwise provided in this article, the members of each of such boards or commissions shall be appointed, and shall be subject to removal, by motion of the City Council adopted by at least four affirmative votes. Except as otherwise provided in this article, the members of such boards and commissions shall serve for a term of four years and until their respective successors are appointed and qualified; provided, however, the members first appointed to those boards and commissions shall so classify themselves by lot that each succeeding July 1st the term of at least one of their number shall expire.

Sec. 1003 Meetings; Chair.

As soon as practicable, following the first day of July of every year, each of such boards and commissions shall organize by electing one of its members to serve as presiding officer at the pleasure of such board or commission. Each board or commission shall hold regular meetings as required by ordinance of the City Council, and such special meetings as it may require. All proceedings shall be open to the public unless the nature of any proceeding is such that in the opinion of such board or commission the public interest would be best served by closing a particular proceeding to the public, and the reasons therefor are declared in any action closing such proceeding. Upon conclusion of any such proceeding any final action which is to be taken by such board or commission, with respect to such proceedings, shall be taken in open meeting.

The affirmative or negative vote of a majority of the entire membership of such board or commission shall be necessary for it to take action. Each board or commission shall keep a record of its proceedings and transactions. Each board or commission may prescribe its own rules and regulations which shall be consistent with this Charter and copies of which shall be kept on file in the office of the City Clerk where they shall be available for public inspection. It shall have the same power as the City Council to compel the attendance of witnesses, to

examine them under oath and to compel the production of evidence before it. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1004 Compensation, vacancies.

The members of boards and commissions shall serve without compensation for their services as such, but may receive reimbursement for necessary traveling and other expenses when on official duty on order of the City Council.

Except as otherwise herein provided, any vacancies in any board or commission from whatever cause arising, shall be filled by appointment by the City Council. Upon a vacancy occurring leaving an unexpired portion of a term, any appointment to fill such vacancy shall be for the unexpired portion of such term. If a member of a board or commission absents himself/herself from three regular meetings of such board or commission, consecutively, unless with permission of such board or commission expressed in its official minutes, or is convicted of a crime involving moral turpitude, or ceases to be a qualified elector of the City, his/her office shall be vacant and shall be so declared by the City Council. (As amended, 1967 Statutes, Senate Concurrent Resolution No. 35; Chapter 61; Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1005 Oaths; affirmations.

Each member of any such board or commission shall have the power to administer oaths and affirmations in any investigation or proceeding pending before such board or commission.

Sec. 1006 Planning Commission - Generally.

There shall be a City Planning Commission consisting of seven members to be appointed by the City Council from the qualified electors of the City, none of whom shall hold any paid office or employment in the City government except that the City Manager, and the Director of Public Works and Utilities, or their designated representatives, shall serve as ex-officio members of the commission. (As amended, 1965 Statutes, Senate Concurrent Resolution No. 74, Chapter 101)

Sec. 1007 Planning Commission - Duties and powers.

The Planning Commission shall have power and be required to:

(a) After a public hearing thereon, recommend to the City Council the adoption, amendment, or repeal of the General Plan or any part thereof for the physical development of the City;

(b) Exercise such functions with respect to land subdivisions, planning, and zoning as may be prescribed by ordinance; and

(c) Exercise such planning, zoning, environmental or other function as now or may be hereafter authorized by the State of California in so far as they do not conflict with the provisions of this Charter. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1008 Parks and Recreation Commission.

There shall be a City Parks and Recreation Commission consisting of seven members to be appointed by the City Council from the qualified electors of the City, none of whom shall hold any paid office or employment in the City government.

Sec. 1009 Parks and Recreation Commission - Powers and duties.

The Parks and Recreation Commission shall have power and be required to:

(a) Act in advisory capacity to the City Council in all matters pertaining to parks, recreation, playgrounds and entertainment;

(b) Consider the annual budget of the Parks and Recreation Department during the process of its preparation and make recommendations with respect thereto to the City Manager and the City Council; and

(c) Assist in the planning and supervision of a recreation program for the inhabitants of the City, promote and stimulate public interest therein and to that end, solicit to the fullest extent possible the cooperation of school authorities and other public and private agencies interested therein. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1010 Civil Service Commission.

There shall be a Civil Service Commission consisting of five members to be appointed by the City Council from the qualified electors of the City, none of whom shall hold any paid office or employment in the City government.

Sec. 1011 Civil Service Commission - Powers and duties.

(a) The Civil Service Commission is charged with the duty of providing qualified persons for appointment to the service of the City. All appointments in the public service shall be made for the good of that service, and solely upon merit and fitness, as established by appropriate test, without regard to partisan politics, race, color or religious belief.

(b) Act as Board of Review to hear petitions by civil service employees, and applicants for civil service positions, and to grant or deny such petitions.

(c) Perform such other duties as may be required by the civil service rules and regulations. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1012 Board of Library Trustees.

There shall be a Board of Library Trustees consisting of five members to be appointed by the City Council from the qualified electors of the City and no member of said Board shall hold any paid office or employment in the City government.

Sec. 1013 Board of Library Trustees - Powers and duties.

The Board of Library Trustees shall have charge of the administration of the Santa Clara Free Public Library and shall have power and be required to:

(a) Make and enforce such by-laws, rules and regulations as it may deem necessary for the administration and protection of the City library;

(b) Approve or disapprove the appointment of a librarian who shall be the department head;

(c) Accept into the library fund and administer money, personal property or real estate donated to the City or otherwise acquired for library purposes subject to the approval of the City Council;

(d) Contract with school, county or other governmental agencies to render or receive library services or facilities, subject to the approval of the City Council. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Article XI. Civil Service

Sec. 1100 Civil service; merit principle.

Appointments and promotions in the service of the City shall be made according to merit and fitness, to be ascertained, so far as practicable, by competitive examination.

Sec. 1101 Classified service.

The civil service of the City shall be divided into the unclassified and classified service.

(a) The unclassified service shall comprise the following offices and positions:

- (1) All elective officers;
- (2) City Manager;
- (3) City Attorney;
- (4) City Clerk;
- (5) City Auditor;
- (6) The head of each department, including but not limited to, the Director of Finance, Director of Public Works and Utilities, City Engineer, Chief of the Police Department, Chief of the Fire Department;
- (7) The Assistant City Manager, Assistant City Attorney, and Assistant Department Heads, whenever so designated by the City Council;
- (8) All members of boards and commissions;

- (9) Persons employed for a temporary or special purpose, for a period not to exceed six months in any one calendar year, if the City Manager certifies that such employment is temporary and that the work shall not be performed by employees in the classified service;
- (10) Persons employed to render professional, scientific, technical or expert service of an occasional and exceptional character;
- (11) Volunteer members of the Fire Department and Police Reserve; and,
- (12) The City Council by ordinance may divide or separate any department of the City into divisions and by ordinance may provide that the employee selected to be the head of any such division shall be in the unclassified service.

(b) The classified service shall comprise all positions not specifically included in this section in the unclassified service. (As amended 1965 Statutes, Senate Concurrent Resolution No. 74, Chapter 101; Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1102 Appointments from classified to the unclassified service.

In the event an officer or employee of the City holding a position in the classified service is appointed to a position in the unclassified service, and should subsequently be removed therefrom, he/she shall revert to his/her former position in the classified service without loss of any rights or privileges and upon the same terms and conditions as if he/she had remained in said position continuously. Should such person be eligible for retirement under the retirement system at the time of such subsequent removal, upon recommendation of the City Manager, he/she shall be retired in lieu of being restored to his/her former position. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1103 Classification.

The City Manager shall prepare and submit to the City Council a plan of classification and grading of all positions in the City Service according to similarity of authority, duties and responsibilities. Such classification plan shall take effect when adopted by the City Council. Additions or changes in the classification plan may be adopted from time to time by the City Council upon the recommendation of the City Manager.

Sec. 1104 Pay plan.

The City Manager shall prepare and submit to the City Council a standard schedule of pay for each position in the classified service. Such pay plan when adopted by the City Council shall include a minimum and maximum and such intermediate rates as may be deemed desirable for each class of positions. Amendments to the pay schedule may be adopted from time to time upon the recommendation of the City Manager.

Sec. 1105 Civil service rules and regulations.

The City Council shall adopt civil service rules and regulations governing the administration of the City civil service system to implement the provisions of this Article.

Sec. 1106 Reserved.

Code reviser's note: At an election held on November 7, 1972, the electors repealed former section 1106 containing provisions prohibiting persons in the classified service from engaging in certain political activities. Said former section was adopted by the electors at an election held on April 2, 1951, and approved by the State legislature on April 25, 1951. The repeal of said section 1106 was approved by Senate Concurrent Resolution (1973 Stats., Res. Ch. 10).

Sec. 1107 Prohibitions.

No person shall willfully or corruptly make any false statement, certificate, mark, rating or report in regard to any application, test, certification, or appointment held or made under the personnel provision of this Charter or in any manner commit or attempt any fraud preventing the impartial execution of such personnel provisions or rules and regulations made hereunder.

Any person who by himself/herself or with others willfully or corruptly violates any of the provisions of this Article shall be guilty of a misdemeanor and shall upon conviction thereof be punished by a fine of not more than one thousand dollars (\$1,000.00), or by imprisonment for a term not exceeding one year, or by both such fine and imprisonment. Any person convicted hereunder shall be ineligible for a period of five years for employment in the City service and shall, if he/she is an officer or employee of the City, immediately forfeit his/her office or position. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State Statutes of 2000)

Sec. 1108 Contract for administrative services.

The City Council, upon recommendation of the City Manager, may contract with the governing body of any other city, or county within this state, or with any state department, or with any private or governmental agency for the furnishing of administrative, fiscal, or personnel services.

Article XII. Retirement

Sec. 1200 State system.

The "Public Employees' Retirement Law," as it now exists or may hereafter be amended, is hereby adopted for the City of Santa Clara, and plenary authority and power are hereby vested in said City, its City Council and its several officers, agents and employees at their discretion to do and perform any act, or exercise any authority granted, permitted, or required under the provisions of said Retirement Law, to enable said City to become or continue as a contracting City participating in the Public Employees' Retirement System; provided, however, that the City Council may terminate any contract entered into with the Board of Administration of the Public Employees' Retirement System only under authority granted by ordinances adopted by a majority vote of the electors of the City of Santa Clara, voting on such proposition at an election at which such proposal is presented. (As amended by electors at election held November 7, 1972, approved by Senate Concurrent Resolution (1973 Stats., Res. Ch. 10))

Article XIII. Fiscal Administration

Sec. 1300 Fiscal year.

Unless otherwise provided by ordinance, the fiscal year of the City government shall begin on the first day of July of each year and end on the 30th day of June of the following year. (As amended 1959 Statutes, Senate Concurrent Resolution No. 37; Chapter 121)

Sec. 1301 Annual budget; preparation by the City Manager.

At such date as he/she shall determine, the City Manager shall obtain from each office, department or agency of the City, estimates of revenue and expenditure for such office, department or agency, detailed in such manner as may be prescribed by the City Manager. In preparing the proposed budget, the City Manager shall review the estimates, shall hold conferences thereon with the head of such office, department or agency, respectively, and may revise the estimates as he/she may deem advisable. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1302 Budget - Submission to City Council.

At least thirty-five (35) days prior to the beginning of each fiscal year, or at such prior date thereto determined by the City Council, the City Manager shall submit to the City Council the proposed budget as prepared by him/her. After reviewing the same and making such revisions as it may deem advisable, the City Council shall determine the time for the holding of a public hearing thereon and shall cause to be published a notice thereof not less than ten days prior to said hearing, by at least one insertion in an official newspaper.

Copies of the proposed budget shall be available for inspection by the public in the office of the City Clerk at least ten days prior to said hearing. (As amended 1959 Statutes, Senate Concurrent Resolution No. 37; Chapter 121; Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1303 Budget - Public hearing.

At the time so advertised, or at any time to which such public hearing shall from time to time be adjourned, the City Council shall hold a public hearing on the proposed budget, at which interested persons shall be given an opportunity to be heard.

Sec. 1304 Budget - Further consideration and adoption.

After the conclusion of the public hearing, the City Council shall further consider the proposed budget and make any revisions thereof that it may deem advisable and on or before June 30 it shall adopt the budget with revisions, if any, by the affirmative votes of at least four members. Upon final adoption, the budget shall be in effect for the ensuing fiscal year. A copy thereof, certified by the City Clerk, shall be filed with the City Manager and a further copy shall be placed and shall remain on file in the office of the City Clerk where it shall be available for inspection. The budget so certified shall be reproduced and copies made available for the use of departments, offices and agencies of the City. (As amended, 1959 Statutes, Senate Concurrent Resolution No. 37; Chapter 121)

Sec. 1305 Budget - Appropriations.

From the effective date of the budget, the several amounts stated therein as proposed expenditures shall be and become appropriated to the several departments, offices and agencies for the respective objects and purposes therein named. All appropriations shall lapse at the end of the fiscal year to the extent that they shall not have been expended or lawfully encumbered.

At any meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by the affirmative votes of at least five members so as to authorize the transfer of unused balances appropriated for one purpose to another purpose, or to appropriate available revenue not included in the budget.

Sec. 1306 Tax system and collection of taxes.

(Repealed by electors at an election held March 7, 2000, Charter Chapter 11 of the State Statutes of 2000)

Sec. 1306.5 Budget and levy of taxes for interim period between fiscal years.

(Repealed by electors at an election held March 7, 2000, Charter Chapter 11 of the State Statutes of 2000)

Sec. 1307 Tax limits.

(Repealed by electors at an election held March 7, 2000, Charter Chapter 11 of the State Statutes of 2000)

Sec. 1308 Tax liens.

(Repealed by electors at an election held March 7, 2000, Charter Chapter 11 of the State Statutes of 2000)

Sec. 1309 Bonded debt limit.

The bonded indebtedness of the City may not in the aggregate exceed the sum of fifteen percent (15%) of the total assessed valuation of property within the City, exclusive of revenue bonds or any indebtedness that has been or may hereafter be incurred for the purposes of acquiring, constructing, extending, or maintaining municipally owned utilities, for which purposes a further indebtedness may be incurred by the issuance of bonds, subject only to the provisions of the State Constitution and of this Charter.

Sec. 1310 Contracts on public works.

Every contract involving an expenditure of more than one thousand dollars (\$1,000.00) for the construction or improvement, (excluding maintenance and repair), of public buildings, works, streets, drains, sewers, utilities, parks and playgrounds shall be let to the lowest responsible bidder after notice by publication in an official newspaper by one or more insertions, the first of which shall be at least ten days before the time for opening bids.

The City Council may reject any and all bids presented and may re-advertise in its discretion.

The City Council, without advertising for bids, or after rejecting bids, or if no bids are received, may declare and determine that, in its opinion, the work in question may be performed better or more economically by the City with its own employees, and after the adoption of a resolution to this effect by at least four affirmative votes, it may proceed to have said work done in the manner stated, without further observance of the provisions of this section. Such contracts likewise may be let without advertising for bids, if such work shall be deemed by the City Council to be of urgent necessity for the preservation of life, health or property, and shall be authorized by motion passed by at least four affirmative votes and containing a declaration of the facts constituting such urgency.

Sec. 1311 General fund.

The City Council shall maintain a General Fund for the purpose of accounting for the general government revenue and the expenditures of the various City departments resulting from the provision of general government services.

The City Council shall maintain a General Contingency Reserve Fund. A reserve shall be built up in this fund from any available sources including any excess of revenues over expenditures in the General Fund during any fiscal year.

The City Council may establish reserve accounts in the General Contingency Reserve Fund as needed to segregate monies for particular purposes. Transfers may be made by the City Council from the General Contingency Reserve Fund to any other fund or funds, of such sum or sums as may be required for the purposes Council deems appropriate. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1312 Capital project funds.

Capital Project funds shall be created and maintained as necessary to segregate and account for specific capital improvement project transactions and appropriations shall be included in the Capital Improvement Project Budget. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1313 Department funds.

The City Council shall maintain separate accounting records for the collection of revenues and disbursement of expenditures that are related to specific functions as determined by federal, state, other agency laws or City Charter provisions and regulations or as determined by Council action. These specific functions include, but are not limited to: the various City utilities whose operations are funded by user charges; grant programs; and trust funds established by bequest. Separate funds or accounts shall be maintained such that proper reporting can be made at any time. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1314 Petty cash funds.

The City Council may provide for revolving petty cash funds, to be paid to the City Manager or department heads and used for payment in cash of expenditures provided for in the budgets that cannot conveniently be paid otherwise. The City Manager, and such department heads, shall account to the City Council for all disbursements made therefrom when making demand

for replenishment of the same and at such other times as the Council may require and the amounts shall thereupon be charged against the proper appropriations.

Sec. 1315 Presentation of demands.

(Repealed by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1316 Registering warrants.

(Repealed by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1317 Actions against City.

No suit or action for money or damages, whether sounding in tort, contract or some other theory, may be brought against the City, or any board, commission, agency or officer, agent or employee thereof, until a claim has been filed with the City, and either the City acts on the claim or it is deemed denied by operation of law. The procedures prescribed by State law governing the presentations, consideration and enforcement of claims against cities and its officers, agents and employees shall apply to the presentation, consideration and enforcement of claims against the City. Claims for money or damages which are excepted from or not covered by State law may be governed by the procedures established by City ordinance. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1318 Centralized purchasing.

A centralized purchasing system shall be established for all City Departments, offices, and agencies. The City Manager shall recommend and the City Council shall consider and adopt by ordinance, rules and regulations governing the contracting for purchasing, storing, distribution, or disposal of all supplies, materials and equipment, required by any department, office or agency of the City government.

Sec. 1319 Independent audit.

The Council shall employ, at the beginning of each fiscal year, an independent certified public accountant who shall audit the books, records and accounts of all officers and employees of the City who receive, administer or disburse public funds, and such other officers, employees, departments and agencies as the Council may direct. Such audit shall be made at such times as may be prescribed by the City Council but shall be at least annually.

As soon as practicable after the end of the fiscal year, a final audit and report shall be submitted by such independent accountant to the Council, the City Manager and the City Attorney. Three (3) copies of the audit shall be placed on file in the City Clerk's office where they shall be available for public inspection. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1320 Utilities fund.

Receipts from the utilities operated by the City shall be paid into the City Treasury and maintained in a separate utilities fund for such utilities. Expenditures from such fund shall be made for the following purposes only for such utilities in the order named, viz.:

(a) For the payment of operating expenses, pension charges and proportionate payments to such compensation and other insurance and accident reserve funds as the City or the City Council may establish;

(b) For repairs and maintenance;

(c) For the payment of interest and sinking funds on bonds issued for acquisition, construction or extensions;

(d) For the payment of five per cent of the gross receipts from such utilities to the general fund of the City; subject, however, to such limitations as may be contained in any resolution or indenture heretofore adopted providing for the issuance of revenue bonds for the acquisition, construction or improvement of such utilities, which bonds are now outstanding or may hereafter be issued under such existing resolution or indenture;

(e) For extensions and improvements;

(f) For the establishment of a sinking fund within the utilities fund for the replacement of utilities property in the minimum amount of two million five hundred thousand dollars (\$2,500,000.00).

The City Council shall cause records to be kept of the receipts and expenditures of each utility and of credits and debits of each utility in the aforementioned utilities fund. The City Council may, however, order expenditures from the utilities fund for any utility even though that utility has no credit in the utilities fund, provided only that the balance in the utilities fund is greater than the proposed expenditure. (As Amended, 1967 Statutes, Senate Concurrent Resolution 35; Chapter 61; Amendment ratified 11-4-80; Amended by electors at an election held November 8, 2023, Charter Chapter 18 of the State *Statutes of 2023*)

Sec. 1321 Revenue bonds.

(a) The City Council, when authorized at an election as hereinafter provided, shall have power to issue revenue bonds for the purposes authorized by the general laws of the State of California including the issuance of refunding revenue bonds and also shall have power to borrow money and incur indebtedness for any and all revenue producing works, undertakings, enterprises and utilities (hereinafter in this section referred to as "works") to the end that, as far as practicable, all such works shall be self sustaining and shall be paid for directly out of the revenues therefrom. Such works may be financed through the issuance of revenue bonds.

(b) Neither such revenue bonds, nor the interest accruing thereon, shall be, or evidence, indebtedness of the City. Such revenue bonds, and the interest accruing thereon, shall be a charge solely upon such of the revenues of the works on account of which they are issued as by the terms of their issuance are so charged therewith, but shall not be a charge, lien or encumbrance, legal or equitable, upon, nor shall any recourse on account thereof be had against any income, receipts, revenues, funds, or property of the City, other than such charge

upon such revenues of the work on account of which they are issued, and neither the credit nor the taxing power of the City shall be deemed to be pledged to, or charged with, such payment, nor shall the holder of any such bond have any right to compel the exercise of such taxing power.

(c) The City Council may avail itself of any of the procedures now or hereafter authorized by the general laws of the State of California for the issuance of revenue bonds or the City Council may, by ordinance or resolution effective upon adoption set up and establish a procedure for the issuance of such revenue bonds, the calling and holding of elections therefor, and all matters pertaining to the issuance and sale of such bonds; provided, however, that the issuance of said revenue bonds shall be submitted to the electors at an election and the votes of a majority of all those voting on the proposition shall be required to authorize the issuance of the bonds.

(d) Nothing in this section or elsewhere in this Charter, shall preclude the issuance, when authorized by two-thirds vote of the duly qualified electors of the City voting upon the proposition, of bonds of the City, for the purposes of any works, pursuant to proceedings therefor taken in accordance with the Constitution and general laws of the State. It is nevertheless the intention of this Charter that all principal and interest accruing on such bonds of the City if any, shall be provided currently out of the revenue fund pertaining to the works on account of which such bonds of the City shall have been issued, so far as it is practicable to make such provisions after the payment of all costs of operation and maintenance of said works and of all principal and interest on revenue bonds of the City issued on account of said works, and that so far as such current provision is not practicable, the general funds of the City shall be reimbursed out of said revenue fund, as soon as practicable, for all moneys paid from such general funds on account of such bonds of the City.

(e) The City Council shall have power to issue revenue bonds to finance the generation, production, transmission and distribution of electric energy, including the acquisition and/or construction of lands and facilities therefor, without authorization at an election. The City Council may avail itself of the procedures now or hereafter authorized by the general laws of the State of California for the issuance of such revenue bonds or the City Council may, by ordinance or resolution effective upon adoption, set up and establish a procedure for the issuance of such revenue bonds and all matters pertaining to the issuance and sale of such bonds. This section (e) does not authorize the financing of a nuclear plant, or an interest therein, unless approved by an election. (Amendment ratified 11-3-81)

Article XIV. Franchises

Sec. 1400 Procedure; terms.

The City Council may by ordinance provide a procedure for the granting of franchises or grant franchises pursuant to the procedure provided by the State law. Franchises may be granted for the use by any public utility of the streets, public places or property of the City upon such terms, conditions, restrictions and limitations as may be prescribed by ordinance, but no franchise shall be granted without reserving to the City adequate compensation for the privilege conferred. Such franchises may be granted either for a fixed or an indeterminate period.

Article XV. Reserved

Code reviser's note: At an election held on November 7, 1972, the electors repealed former Art. XV, section 1500 - 1505, pertaining to the police court. Said former article was adopted by the electors at an election held on April 2, 1951, and approved by the State legislature on April 25, 1951. The repeal of said Art. XV was approved by Senate Concurrent Resolution (1973 Stats., Res. Ch. 10).

Article XVI. Reserved

Code reviser's note: At an election held on November 7, 1972, the electors repealed former Art. XVI, section 1600, pertaining to the school department. Said former article was adopted by the electors at an election held on April 2, 1951, and approved by the State legislature on April 25, 1951, and amended by the State legislature (1957 Stats., p. 4459). The repeal of said Art. XVI was approved by Senate Concurrent Resolution (1973 Stats., Res. Ch. 10).

Article XVII. Reserved Powers, State Elections Code and Amendments to State Elections Code

Sec. 1700 Reserved powers.

(Repealed by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1701 State Elections Code.

(Repealed by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1702 Amendments to State Elections Code.

(Repealed by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Article XVIII. Miscellaneous

Sec. 1800 Definitions.

Unless the provision or the context otherwise requires, as used in the Charter:

(a) "Shall" is mandatory, and "may" is permissive.

(b) "City" is the City of Santa Clara and "department," "board," "commission," "agency," or "employee," is a department, board, commission, agency, officer or employee as the case may be, of the City of Santa Clara.

(c) The masculine and feminine gender include the neuter. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State *Statutes of 2000*)

Sec. 1801 Violations.

The violation of any provision of this Charter shall be deemed a misdemeanor and be punishable upon conviction by a fine of not exceeding one thousand dollars (\$1,000.00) or by imprisonment for a term of not exceeding one year or by both such fine and imprisonment.

Sec. 1802 Validity.

If any provisions of this Charter, or the application thereof to any person or circumstance is held invalid, the remainder of the Charter and the application of such provision to other persons or circumstances, shall not be affected thereby.

Sec. 1803 Effective date.

For the purpose of nominating and electing members of the City Council, this Charter shall take effect from the time of its approval by the legislature. For all other purposes it shall take effect on the Tuesday next succeeding the date of election of the first City Council at 8:00 P.M.

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Agenda Report

26-358

Agenda Date: 4/6/2026

REPORT TO PARKS & RECREATION COMMISSION

SUBJECT

Update on the Progress of the FY 2025/26 Parks & Recreation Commission Work Plan Goals and Activities

BACKGROUND

Annually, the Parks & Recreation Commission identifies three to six specific, measurable, attainable, realistic, and time-bound workplan goals and/or activities for the fiscal year (FY). These goals are intended to focus the Commission's efforts and align with City Council priorities, while remaining within existing budget direction and resource limitations.

The City now aims to align the Boards, Commission, and Committee (BCC) work plan goals with City Council priorities on an annual cycle. The new process is intended to provide:

Clear Prioritization

Each board and commission will have a defined set of objectives, making it easier for the City Council to assess progress and allocate staff resources efficiently.

Enhanced Transparency

Work plans will provide greater visibility into the activities and goals of advisory bodies, fostering stronger communication and accountability.

Improved Coordination

By aligning the efforts of staff and BCC, the work plan is intended to effectively promote enhanced collaboration on citywide initiatives.

Informed Decision-Making

With a clear roadmap of each group's priorities, the City Council will be better equipped to make decisions that support both short-term needs and long-term strategic goals.

At the April 14, 2025, regular meeting, the Commission adopted of the following work plan goals for FY 2025/26:

Goal 1: Review park site and facility condition assessments and recommend priorities given existing and anticipated service levels and available resources.

Goal 2: Review and solicit community input on the existing City park rehabilitation projects based on the current Capital Improvement Program (CIP) budget and schedule, as well as review residential developer-proposed schematic designs for new neighborhood parks serving new residential development.

Goal 3: Host and develop recommendations for the 2025 Santa Clara Art & Wine Festival, participate in citywide special events, and plan additional citywide events.

Goal 4: Participate in the Parks & Recreation Master Plan process.

Goal 5: Review the annual budget of the Parks & Recreation Department during the budget preparation process and make recommendations to the City Manager and City Council.

DISCUSSION

At the April 2026 meeting, the Commission will review the Work Plan Goals matrix (Attachment 1) and receive updates on progress made toward meeting the measurable objectives for FY 2025/26.

Staff will provide a demonstration of the City's updated website for Parks Projects and Parks Amenities and hold a discussion on planning efforts for the 2026 Art & Wine Festival. The discussion is intended to be educational and advisory in nature.

In addition to reviewing the Work Plan Goals matrix, this item provides an opportunity for the subcommittees to report on their progress. Each subcommittee will provide a verbal update on its planned efforts and activities. Items requiring action by the full Commission will be placed on a future agenda for discussion.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

PUBLIC CONTACT

Public contact was made by posting the Parks & Recreation Commission agenda on the City's official -notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Staff to discuss and provide updates on the Parks & Recreation Commission Work Plan Goals and Activities for FY 2025/26.

Prepared by: Kimberly Castro, Recreation Manager

Approved by: Damon Sparacino, Director, Parks & Recreation Department

ATTACHMENTS

1. Parks & Recreation Commission Work Plan FY 2025-2026 - April



City of Santa Clara

The Center of What's Possible

PARKS & RECREATION COMMISSION

CHARTER, PRIORITIES, AND WORK PLAN FY
2025/26

CITY CHARTER

The City of Santa Clara charter includes the following sections that mandate the formation of a Parks & Recreation Commission and its role.

Sec. 1008 Parks & Recreation Commission.

There shall be a City Parks & Recreation Commission consisting of seven members to be appointed by the City Council from the qualified electors of the City, none of whom shall hold any paid office or employment in the City government.

Sec. 1009 Parks & Recreation Commission – Powers and duties (Mission).

The Parks & Recreation Commission shall have power and be required to:

- (a) Act in advisory capacity to the City Council in all matters pertaining to parks, recreation, playgrounds, and entertainment;
- (b) Consider the annual budget of the Parks & Recreation Department during the process of its preparation and make recommendations with respect thereto to the City Manager and the City Council; and
- (c) Assist in the planning and supervision of a recreation program for the inhabitants of the City, promote and stimulate public interest therein and to that end, solicit to the fullest extent possible the cooperation of school authorities and other public and private agencies interested therein. (Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State Statutes of 2000)

COUNCIL PRIORITIES

In 2021, the City Council established specific priority areas. The City Council affirmed the following priority areas:

1. Deliver and Enhance High-Quality Efficient Services and Infrastructure
2. Manage Strategically Our Workforce Capacity and Resources
3. Promote and Enhance Economic, Housing and Transportation Development
4. Enhance Community Sports, Recreational and Arts Assets
5. Ensure Compliance with Measure J and Manage Levi's Stadium
6. Enhance Community Engagement and Transparency
7. Promote Sustainability and Environment Protection

VISION STATEMENT

Enrich the lives and enhance the health and wellbeing of our community by supporting a vibrant, active quality of life for all ages, abilities and interests through excellent parks and recreational facilities, community services, programs, and events.

PRIORITIES

Based on the Commission charter, Council Priorities, the above vision statement, values, and context from prior years, the Commission has defined its priorities and goals for the current fiscal year. The priorities are presented in this section and the goals emanating from these priorities are stated in the following section.

1. Assess facility and program conditions and recommend prioritized maintenance and improvements to facilities and programming. Include in the master plan as appropriate.
2. Identify gaps in infrastructure and programs by neighborhood. Include recommendations for updates to the master plan.
3. Identify opportunities for increasing community participation and current impediments. Recommend ways to enhance community participation and experience.
4. Review the current year Art & Wine Festival, feedback received, and lessons learned, and plan for next year's Art & Wine Festival.

GOALS

Goal #1:

A. Review park site and facility condition assessments and recommend priorities given existing and anticipated service levels and available resources

Action(s)	Ad Hoc Subcommittee	Timeline	Notes	Measurable Outcomes
<p>Visit at least 12 facilities (e.g., parks, pools, centers, etc.) annually, and make notes related to how the facility is being utilized, and amenities that may be necessary to meet neighborhood / community needs with an annual presentation of findings.</p> <p>Recommendations for immediate repairs (e.g., water fountain non-operational) should be documented via MySantaClara.</p>	<p>All Commissioners</p>	<p>On-going</p>	<p>Provide facility map to Commissioners and track who has attended each, month by month; attempting to get at least one Commissioner to each facility.</p> <p>Simplified system would negate the need to utilize the previously used form.</p>	<p>1 - 100% of Commission members visit at least 1 (one) facility each month;</p> <p>2 – Report out on annual certified list of findings from Action(s)</p>

Goal #2:

A. Review and solicit community input on the existing City park rehabilitation projects based on the current Capital Improvement Program (CIP) Budget and schedule; and

B. Review residential developer proposed schematic designs for new neighborhood parks that serve new residential development;

Action(s)	Ad Hoc Subcommittee	Timeline	Notes	Measurable Outcomes
Improve Park Project Webpage to highlight community outreach	n/a	On-going	Complete pending map update	Webpage is revised to include opportunities for community input for Park Projects
Use data to improve metrics for park use and outreach. Work with city staff to solicit input from the community and identify and recommend improvements to improve overall metrics of all parks.	Chu DeMarco Gupta	On-going	Park amenity webpage has been added to allow individuals to search for specific amenities. Placer AI pilot transitioning to long-term Agreement; metrics to be available once subscription details are finalized.	An evaluation tool is developed to evaluate the effectiveness of outreach efforts, and the Commission receives regular reports
Receive presentations organized by city staff and review residential developer proposed schematic designs for new neighborhood parks that serve new residential development	All Commissioners	On-going	To be presented as needed	Schematic designs for all new parks are submitted to the Commission for review and comment
Act as ambassadors for new parks and engage community to give feedback	All Commissioners	On-going		100% of Commission members attend at least 3 community or Council meetings to advocate on behalf of Parks and Recreation programs

As needed, attend City Council meeting(s) associated with topics the Parks & Recreation Commission has previously considered; Commissioners may choose to speak on the item should advocacy be seen as a benefit	Based on Commissioner availability	On-going	Ensure community input is conveyed through Commissioner public presentation	
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Goal #3:**A. Host and develop recommendations for the annual Santa Clara Art & Wine Festival;****B. Participate in Citywide Special events; and,****C. Plan additional citywide special events.**

Action(s)	Ad Hoc Subcommittee	Timeline	Notes	Measurable Outcomes
Participate in Art and Wine Festival planning and supervise hosting of Art and Wine Festival	All Commissioners	September 13 – 14, 2025	Fingerprinting is required; coordinate with staff to be paid for by the City	100% of Commission member volunteer for a minimum of 3 hours each day in support of the Art & Wine Festival.
Participate in Citywide Special events.	All Commissioners		Summer Concert Sunset Cinema July 4 th Celebration Tree Lighting Street Dance Halloween	100% of Commission member volunteer for a minimum of 3 hours per year in support of one of the Department's Special Events
Support the efforts of the City's Commissions (Cultural, Senior, Youth) to attend special events initiated by fellow Commissions and suggest new Citywide events and/or new elements to existing events to staff	All Commissioners		Cultural – e.g., concerts, cinema Senior – e.g., Health & Wellness Fair Youth – e.g., 5k run Potential new - Citywide volleyball tournament	1 – annual outreach to fellow Commissions about upcoming events and needs for volunteer assistance 2 – attend special events initiated by fellow Commissions

Goal #4:

A. Participate in the Parks & Recreation Master Plan Process

Action(s)	Ad Hoc Subcommittee	Timeline	Notes	Measurable Outcomes
Receive updates from Staff	All Commissioners			Staff provides a monthly update on the status of the master plan process
Develop Subcommittees as needed	All Commissioners			All Commission members participate in focus group or other community engagement activity for the master plan process.

Goal #5:

A. Consider the annual budget of the Parks & Recreation Department during the budget preparation process and make recommendations with respect thereto to the City Manager and City Council.

Action(s)	Ad Hoc Subcommittee	Timeline	Notes	Measurable Outcomes
Receive updates from Staff	All Commissioners	Annually	May	A review of the proposed annual budget is placed on the Commission's agenda prior to the Council adoption of the budget.
Review Wade Brummal Grant/Scholarship requests in accordance with established policy	All Commissioners	As needed	Collection is due in early-July; annual Fall review plus as-needed	Staff provides an annual report of all Wade Brummal Grant/Scholarship requests to ensure Commission is reviewing requests in accordance with established policy

May Agenda Items:

- Begin workplan development FY 2026/27
- Art & Wine non-profit partnership review
- City budget update FY 2026/27
- Charter Review Feedback

June Agenda Items

- Election of Chair and Vice-Chair
- Workplan development FY 2026/27