



NEWS RELEASE

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State to Begin Negotiations with Development Consortium For Sale of Former Agnews Land in Santa Clara

Sacramento -- Department of General Services (DGS) Director Peter Stamison announced today that the State will be negotiating with a consortium of national developers--Centex Homes, Shea Homes, and Lennar Communities (CSL)--for the sale of 152 acres of state-owned land in the city of Santa Clara.

"CSL offered the best price and we have a high expectation of completing the sale" said Stamison. "Our goal is to generate the best deal for state taxpayers, and we believe that CSL's proposal will do just that."

CSL and DGS will now enter a due-diligence and escrow process which DGS hopes will be finalized by the end of the year. Today's announcement comes after an extensive marketing effort that attracted 27 proposals to purchase all or part of the property. The land was once part of the Agnews Developmental Center, which the legislature declared as surplus in 1996.

Centex, Shea and Lennar combined are the largest publicly traded home building companies in the nation, with a market capitalization of \$8.5 billion. The three companies will sell approximately 30,000 lots and homes nationwide in 1998.

CSL and DGS expect to propose a plan for the city of Santa Clara to review and approve early next year. The CSL proposal is a slight variation of a concept plan that DGS had developed with the help of staff of the city and others. The plan includes approximately 1,650 units of new housing, a neighborhood shopping center with a major grocery store, a new school, park, library, fire station, and other public amenities in which the community has expressed interest.

"Because DGS has been active with Santa Clara in developing the land use plan, the property has become more marketable," Stamison said. "This is good news for the developer, residents of Santa Clara, and state taxpayers."

The state is already in the process of working with the city housing authority to develop more than 200 units of affordable housing on the site for low-income families and seniors. In addition, the state has provided property for the development of 50 more units of transitional housing for the Emergency Housing Consortium.

The state has recently sold another portion of the former Agnews property, which included many of the center's older buildings, to Sun Microsystems. Sun is planning to build a new corporate campus.

