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RESOLUTION NUMBER R- 304521

DATE OF FINAL PASSAGE DEC 15 2008

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE REDEVELOPMENT AGENCY ENTERING INTO A THIRD IMPLEMENTATION AGREEMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO AND CENTREPOINT, LLC FOR THE PROPOSED CENTREPOINT MIXED-USE PROJECT LOCATED WITHIN THE CROSSROADS REDEVELOPMENT PROJECT AREA.

WHEREAS, the Redevelopment Agency of the City of San Diego [Agency] is engaged in activities necessary to carry out and implement the Redevelopment Plan for the Crossroads Redevelopment Project Area [Project Area]; and

WHEREAS, in order to carry out and implement the objectives of the Redevelopment Plan for the Project Area, the Agency entered into, and the City Council approved, a Disposition and Development Agreement [DDA] with CentrePoint, LLC, a Delaware limited liability company [Developer], on or about April 11, 2006, for a pedestrian-oriented mixed-use project that incorporates 312 for-sale residential dwelling units consisting of 97 townhouses, 204 residential wrap units (47 affordable) and 11 live/work units, and approximately 4,000 square feet of retail space; a copy of the DDA is on file in the office of the secretary to the Agency as Document No. D-04014 / R-04014; and

WHEREAS, the Agency thereafter entered into a First Implementation Agreement to the DDA with the Developer, on or about July 11, 2007, to primarily extend certain performance deadlines; a copy of the First Implementation Agreement to the DDA is on file in the office of the secretary to the Agency as Document No. D-04154 / R-04154; and

WHEREAS, the Agency thereafter entered into a Second Implementation Agreement to the DDA with the Developer, on or about April 23, 2008, to primarily extend certain performance deadlines; a copy of the Second Implementation Agreement to the DDA is on file in the office of the secretary to the Agency as Document No. D-04253 / R-04253; and

WHEREAS, under the original DDA, the Developer would finance the project using a combination of conventional financing and developer equity and the Agency's financial contribution to the project would not exceed \$5,245,000 (plus interest if loaned as an advance by the Developer) for the 47 affordable for-sale residential units; and

WHEREAS, the Developer requested that the Agency further amend the DDA, by and through the Third Implementation Agreement, to change the project from a for-sale residential project to a for-rent residential project and to assign the DDA and approve the sale of the entire site to Trammell Crow So. Cal. Development, Inc., a Delaware corporation; and

WHEREAS, the Developer proposes a pedestrian-oriented mixed-use project that would incorporate 312 rental units consisting of 68 townhouses, 244 residential wrap units (47 affordable) and 7,468 square feet of live/work flex space (*i.e.*, 10 bays), and approximately 3,861 square feet of retail/commercial space (610 off-street parking spaces would be contained in surface lots and in an above-grade parking structure); and

WHEREAS, Agency staff proposes (i) to extend the deadlines within the Schedule of Performance by 6 months (other than the completion of demolition for the remaining building, which would be extended by only 3 months); (ii) to reduce the Agency's financial contribution to the project from \$5,245,000 to \$4,969,000, based on a revised proforma reviewed by the Agency's economist, Keyser Marston Associates (reducing the Agency's per-unit subsidy from approximately \$111,600 to \$105,700); (iii) to reduce the interest rate payable by the Agency for

the Developer's loan to the Agency from 7 percent to 5½ percent; (iv) to reduce the income restriction level for the 47 affordable rental units from 100 percent of Area Median Income [AMI] to 65 percent of AMI; (v) to record a 55-year income restriction against the affordable for-rent units; (vi) to require a payment in lieu of property taxes provision; (vii) to define the purpose of the irrevocable letter of credit; (viii) to incorporate the revised basic concept and schematic drawings; and (ix) to incorporate the relocation of a cell tower; and

WHEREAS, in order to implement the above-described desired changes, Agency staff has negotiated and proposes to enter into a Third Implementation Agreement to the DDA with the Developer, which among other items, revises the DDA, as amended, and several if its Attachments; and

WHEREAS, the Council of the City of San Diego has duly considered all of the terms and conditions provided in the proposed Third Implementation Agreement to the DDA and determines that the Third Implementation Agreement to the DDA is in the best interests of the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local law and requirements; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. That the Council approves the Third Implementation Agreement to the DDA; a copy of the Third Implementation Agreement to the DDA, when executed by the Agency, shall be placed on file in the office of the City Clerk as Document No. D- 04355.
2. That the Council finds and determines that the City of San Diego has previously certified the information contained in the Mitigated Negative Declaration [MND] for this project, referenced by MND No. 74816 CentrePoint and the Crossroads Program Environmental Impact.

Report SCH No.200207/002106926, that this project is adequately addressed in said MND, and that there is no substantial change in circumstance, additional information or project changes to warrant additional environmental review.

APPROVED: MICHAEL J AGUIRRE, City Attorney

By *Kendall D. Berkey*
Kendall D. Berkey
Deputy City Attorney

KDB:nda
11/18/08
Or.Dept:Redev.Agency
R-2009-672
MMS#4747
Comp. RA-2009-46
RA-2009-47

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of DEC 02 2008.

ELIZABETH S. MALAND
City Clerk

By *Mary Zumaya*
Deputy City Clerk

Approved: 12.15.08
(date)

JSL
JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor