

Item 332  
Tues. 10/27/15

RESOLUTION NUMBER R- 310043

DATE OF FINAL PASSAGE NOV 03 2015

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO MAKING CERTAIN FINDINGS AND DETERMINATIONS, AND APPROVING VARIOUS ACTIONS, RELATED TO THE AGREEMENT OF PURCHASE AND SALE AND ESCROW INSTRUCTIONS FOR THE REAL PROPERTY LOCATED AT 606 THIRD AVENUE IN DOWNTOWN SAN DIEGO.

WHEREAS, from its formation in 1958 until its elimination on February 1, 2012, the Redevelopment Agency of the City of San Diego (Former RDA) administered the implementation of various redevelopment projects, programs, and activities within designated redevelopment project areas throughout the City of San Diego (City); and

WHEREAS, the Former RDA dissolved as of February 1, 2012, in accordance with a deadline for elimination of all redevelopment agencies throughout California set forth in Assembly Bill x1 26 (AB 26), as modified by the California Supreme Court in *California Redevelopment Assn. v. Matosantos*, 53 Cal.4th 231 (2011); and

WHEREAS, before the Former RDA's dissolution, the City Council adopted Resolution No. R-307238 effective January 12, 2012, designating the City to serve as the successor agency to the Former RDA (Successor Agency) pursuant to California Health and Safety Code (Code) section 34173(d)(1), and further designating the City to serve as the housing successor to the Former RDA (Housing Successor) for purposes of performing the Former RDA's housing functions pursuant to Code section 34176(a)(1); and

WHEREAS, upon the Former RDA's dissolution, the Successor Agency became vested with all of the Former RDA's authority, rights, powers, duties, and obligations under the California Community Redevelopment Law and, by operation of law, received all assets,

properties, contracts, leases, books and records, buildings, and equipment of the Former RDA;  
and

WHEREAS, the Successor Agency is winding down the Former RDA's affairs in accordance with AB 26, enacted on June 28, 2011, and subsequent legislation; and

WHEREAS, pursuant to Code section 34181(c), the seven-member Oversight Board directed the Successor Agency to transfer the Former RDA's affordable housing assets (Housing Assets) to the City as Housing Successor, and the California Department of Finance approved the Oversight Board's decision; and

WHEREAS, the Successor Agency transferred the Housing Assets to the Housing Successor on or about January 28, 2013; and

WHEREAS, pursuant to Code section 34176(d), the Housing Successor has created a new, separate fund, known as the Low and Moderate Income Housing Asset Fund (Housing Asset Fund), for purposes of depositing any encumbered funds related to the Housing Assets and retaining any future revenues generated from the Housing Assets; and

WHEREAS, Code section 34176.1 requires that monies in the Housing Asset Fund be used for development of affordable housing, as specified; and

WHEREAS, Civic San Diego (Civic SD) administers affordable housing projects and implements housing functions on behalf of the Housing Successor pursuant to a written consultant agreement, as amended; and

WHEREAS, the City as Housing Successor owns the real property located at 606 Third Avenue in downtown San Diego (Property); and

WHEREAS, Market Street Square, L.P. (Purchaser) has leased the Property pursuant to that certain Ground Lease dated November 1, 1985, and recorded November 4, 1985, in the

Official Records of the County of San Diego, California (Official Records) as Document No. 85-417160, as amended by the First Amendment and Supplement to Ground Lease dated September 16, 1992, and recorded September 24, 1992, in the Official Records as Document No. 1992-0606131, and the Second Amendment and Supplement to Ground Lease dated October 10, 1996, and recorded October 22, 1996, in the Official Records as Document No. 1996-0533971 (collectively, the Lease); and

WHEREAS, Purchaser has developed and operated rental housing with parking, landscaping and other ancillary improvements on the Property, all in accordance with the Lease and that certain Disposition and Development Agreement between Purchaser and the Former RDA dated August 13, 1984, as amended by the First Implementation Agreement dated November 1, 1985; and

WHEREAS, Civic SD, acting on behalf of the City, and Purchaser have negotiated an Agreement of Purchase and Sale and Escrow Instructions included as Attachment A to Staff Report No. CSD-15-20 (Agreement), wherein Purchaser has agreed to purchase the Property for \$15,570,000, which amount (minus any transaction costs required to be paid by the City under the Agreement) shall be deposited into the Housing Asset Fund and used for future production of affordable housing in accordance with the requirements of Code section 34176.1; and

WHEREAS, as a condition of the sale of the Property, the Agreement requires that 39 units on the Property shall be made available to very low income households at an affordable rent, as specified, and that in the event that Purchaser redevelops or rehabilitates the Property prior to December 31, 2051, resulting in an increase in the total number of residential units on the Property, ten percent of the total number of units on the Property, or 40 units, whichever is greater, shall be made available to very low Income households at an affordable rent, as

specified, for a period of at least 55 years from the date of initial occupancy following such redevelopment or rehabilitation; and

WHEREAS, in accordance with Code section 33433, the City Council held a public hearing to consider the approval of the Agreement on October 27, 2015, after publishing notice of the public hearing in accordance with Code section 33433; and

WHEREAS, pursuant to Code section 33433, Civic SD administered the preparation of the “Summary Report Pertaining to the Proposed Conveyance of Certain Real Property Interest within the Redevelopment Project Area” dated August 2015 (Summary Report), which is included as Attachment D to the Staff Report, and is incorporated fully into this Resolution by this reference; and

WHEREAS, the City has made copies of the Agreement and the Summary Report available for public inspection and copying no later than the time of the first publication of the notice of the public hearing; and

WHEREAS, the Summary Report contains a summary which describes and specifies all of the following:

- (i) The costs to be incurred by the City under the Agreement;
- (ii) The estimated value of the interest to be conveyed under the Agreement, determined at the highest and best uses permitted under the Redevelopment Plan for the Centre City Redevelopment Project, as amended (Redevelopment Plan); and
- (iii) The estimated value of the interest to be conveyed, determined at the use and with the conditions, covenants, and development costs required by the Agreement; and
- (iv) The compensation to be paid to the City under the Agreement along with an explanation of any difference between the compensation to be paid and the fair market value

of the Property determined at the highest and best use consistent with the Redevelopment Plan;  
and

(v) An explanation of why sale of the Property in accordance with the Agreement will assist in the elimination of blight, with reference to all supporting facts and materials relied upon in making this explanation; and

WHEREAS, pursuant to Code section 33433, the City Council has considered the information in the Summary Report; and

WHEREAS, the City Council believes that the Agreement 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; and

WHEREAS, the City Council has considered any written evidence and/or testimony received in support of or in opposition to the Agreement, as well as the entire record prepared by City and Civic SD staff; NOW, THEREFORE,

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

1. The Council finds and determines that all recitals set forth in this Resolution are true and correct and fully incorporated herein by this reference.
2. The Council has received and heard any and all oral and written objections relating to the proposed Agreement, and all such oral and written objections are overruled.
3. The Council finds and determines that the consideration to be received by the City for the sale of the Property is not less than fair reuse value at the use and with covenants and conditions required under the Agreement for, among other reasons, the reasons set forth in the Summary Report.

4. The Council finds and determines that the sale of the Property in accordance with the Agreement will assist in providing housing for very low income households for, among other reasons, the reasons set forth in the Summary Report.

5. The Council approves the sale of the Property to the Purchaser in accordance with the Agreement.

6. The Council approves the Agreement, including all attachments and exhibits thereto.

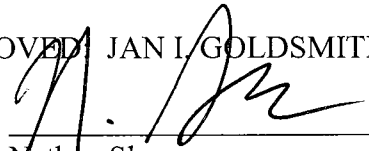
7. The Mayor, or designee, is authorized and directed to execute the Agreement, including all attachments and exhibits thereto requiring the City's signature. A copy of the Agreement, when fully executed, shall be placed on file with the City Clerk as Document No. RR- 310043.

8. The Mayor, or designee, is authorized and directed to sign all documents necessary and appropriate to carry out and implement the Agreement and to administer the City's obligations, responsibilities, and duties to be performed under the Agreement, including all attachments and exhibits thereto.

9. The Council authorizes the Chief Financial Officer, as delegated, to accept and deposit funds in the amount of \$15,570,000 in LMIHF 200708, Account No. 423016.

APPROVED: JAN I. GOLDSMITH, City Attorney

By

  
Nathan Slegers  
Deputy City Attorney

NLJS:dkr  
09/22/2015  
10/21/2015 COR. COPY  
Or.Dept:Civic San Diego  
Doc. No.: 1115413\_2

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of OCT 27 2015.

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 11/2/15  
(date)

  
KEVIN L. FAULCONER, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on OCT 27 2015, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage NOV 03 2015.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

KEVIN L. FAULCONER  
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

(Seal)

By , Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 310043