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(R-2019-352)
(COR. COPY)

RESOLUTION NUMBER R- 312205

DATE OF FINAL PASSAGE FEB 11 2019

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO MAKING CERTAIN ENVIRONMENTAL FINDINGS AND DETERMINATIONS AND APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT, A PURCHASE AND SALE AGREEMENT, AND VARIOUS OTHER ACTIONS RELATED TO THE 13TH & BROADWAY AFFORDABLE HOUSING PROJECT AND A FUTURE FIRE STATION PROJECT ON AN ADJACENT SITE IN THE CENTRE CITY REDEVELOPMENT PROJECT AREA.

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, pursuant to San Diego Resolution R-307238 adopted by the City Council effective January 12, 2012, the City, solely in its capacity as the designated successor agency to the Former RDA (Successor Agency), elected to serve as the successor agency to the Former RDA, and the City also elected to serve as housing successor to the Former RDA in order to retain housing assets and assume housing responsibilities; and

WHEREAS, at the time of the Former RDA's dissolution on February 1, 2012, 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 operations in accordance with AB 26, enacted on June 28, 2011, Assembly Bill 1484, enacted on June 27, 2012, and subsequent related legislation; and

WHEREAS, the Successor Agency transferred the Former RDA's affordable housing assets (Housing Assets) to the City as housing successor on or about January 28, 2013, based on the approval by the Oversight Board and the California Department of Finance (State DOF) of the City's comprehensive list of Housing Assets (Housing Assets List) in accordance with California Health and Safety Code (Code) section 34181(c); and

WHEREAS, the Housing Assets List including several mixed-use Housing Assets, which the Oversight Board and the State DOF approved for inclusion in the Housing Assets List consistent with Code section 34176(f) based on the understanding that a significant affordable housing component would be constructed on the site and that, at the City's option, a mix of one or more specified non-housing uses also could be constructed on the site; and

WHEREAS, the Housing Assets List states that one of the mixed-use Housing Assets, now in the City's ownership, allows for a combination of affordable housing units and a new fire station on approximately 19,000 square feet of real property located on the north side of Broadway between 13th and 14th streets in San Diego within the Centre City Redevelopment Project Area (Property); and

WHEREAS, the City as housing successor 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 revenues generated from the Housing Assets in the future, as required by Code section 34176(d); and

WHEREAS, Code sections 34176(d) and 34176.1(a) obligate the City to expend all monies in the Housing Asset Fund for specified affordable housing purposes; and

WHEREAS, the City Council adopted Resolution R-311390, effective November 9, 2017, approving an Exclusive Negotiation Agreement with Chelsea Investment Corporation, a California corporation (Developer), regarding the development of a 19,000 square-foot mixed-use affordable housing project at 13th and Broadway in downtown San Diego (Property); and

WHEREAS, pursuant to that certain Operating Agreement by and between the City and Civic San Diego (Civic SD), dated April 2017, Civic SD administers affordable housing projects and implements housing functions on behalf of the City as housing successor; and

WHEREAS, Civic SD and Developer determined that, due to site constraints and other logistical constraints, it would not be optimal to include both the desired affordable housing project and a new fire station; and

WHEREAS, as a result, CivicSD and Developer have negotiated a deal structure in which (a) Developer will construct an affordable housing project on the Property, but no fire station will be built on the Property; and (b) Developer will cause its affiliate, 13th & Broadway Investors, LLC, to convey to the City ownership of the adjacent property located at 1025-1035 13th Street (Developer Property) for construction of a new fire station; and

WHEREAS, the City will use excess non-housing redevelopment bond proceeds to acquire the Developer Property from Developer's affiliate for a purchase price of \$4,500,000 in accordance with a Purchase and Sale Agreement, a copy of which is included as Attachment I to Staff Report No. CSD-19-05, dated February 6, 2019 (Staff Report); and

WHEREAS, the purchase price of \$4,500,000 payable by the City for the Developer property is equal to the purchase price recently paid by Developer's affiliate to acquire the Developer Property and is substantiated by a recent appraisal prepared by a qualified real property appraiser, a copy of which is included as Attachment J to the Staff Report; and

WHEREAS, Civic SD, acting on behalf of the City, has negotiated a Disposition and Development Agreement (Agreement) with Developer, related to the Property, a copy of which is included as Attachment B to the Staff Report; and

WHEREAS, the Agreement requires Developer to develop the Property with a 14-story, 273-unit residential rental project, including 270-rent and income restricted units serving households earning between 30 percent and 60 percent of the area median income (AMI), three manager's units with no affordability restrictions, 64 parking spaces and approximately 3,200 square feet of retail space (Project); and

WHEREAS, the affordable units in the Project will be subject to 55-year affordability covenants to be recorded against the Property in accordance with the Agreement; and

WHEREAS, the Agreement provides for the City's ground leasing of the Property to Developer for 65 years (Lease Term), subject to the terms of the Agreement and the proposed Ground Lease between the City and Developer (Ground Lease); and

WHEREAS, the Agreement requires Developer's affiliate to contribute \$4,500,000 in equity toward the Project, derived from the sales proceeds of the Developer's Property; and

WHEREAS, in accordance with the Agreement, the City will issue a residual receipts loan to Developer in an amount not to exceed \$10,140,000, which includes \$8,353,139.27 derived from the Housing Asset Fund and \$1,786,860.73 derived from certain pre-2011 redevelopment housing bond proceeds (collectively, Bond Proceeds); and

WHEREAS, pursuant to Code section 34176(g), commitments for expenditure of pre-2011 housing bond proceeds are valid and binding only when they are included in an approved Recognized Obligation Payment Schedule (ROPS); and

WHEREAS, lines 643 and 644 of the Fiscal Year 2018-19 ROPS, approved by the State DOF in mid-2018, include expenditure of pre-2011 housing bond proceeds in an amount sufficient to cover the proposed expenditure of Bond Proceeds for the City Loan; and

WHEREAS, consistent with the California Environmental Quality Act (CEQA), the environmental impacts of development within the San Diego Downtown Community Plan area have been evaluated in the Final Environmental Impact Report for the San Diego Downtown Community Plan, Centre City Planned District Ordinance, and Tenth Amendment to the Redevelopment Plan for the Centre City Redevelopment Project (Downtown FEIR), certified by the Former RDA and the City Council on March 14, 2016 (Resolutions R-04001 and R-301265, respectively), and subsequent addenda to the Downtown FEIR certified by the Former RDA on July 31, 2007 (Former RDA Resolution R-04193), April 21, 2010 (Former RDA Resolution R-04510), and August 3, 2010 (Former RDA Resolution R-04544), and certified by the City Council on February 12, 2014 (City Council Resolution R-308724) and July 14, 2014 (City Council Resolution R-309115); and

WHEREAS, certain environmental effects related to development projects in the San Diego Downtown Community Plan area also have been evaluated in the Final Supplemental Environmental Impact Report for the Downtown San Diego Mobility Plan certified by the City Council on June 21, 2016 (Resolution R-310561); and in the Final Environmental Impact Report for the City's Climate Action Plan (CAP FEIR), certified by the City Council on December 15,

2015 (City Council Resolution R-310176), and the addendum to the CAP FEIR certified by the City Council on July 12, 2016 (City Council Resolution R-310595); and

WHEREAS, the Downtown FEIR, the CAP FEIR, and the related environmental documents described above (collectively, Certified CEQA Documents) are the most recent and comprehensive environmental documents pertaining to the Project, and the Downtown FEIR and the CAP FEIR are Program Environmental Impact Reports (Program EIRs) prepared in accordance with CEQA Guidelines section 15168; and

WHEREAS, Civic SD, on behalf of the City, has administered preparation of the CEQA Consistency Evaluation for the Project and construction of the fire station (Consistency Evaluation), in accordance with CEQA and related state and local guidelines, and a copy of the Consistency Evaluation is included as Attachment G to the Staff Report and is incorporated fully into this Resolution; and

WHEREAS, the Consistency Evaluation sets forth findings that the Project and construction of fire station (collectively, Evaluated CEQA Project) is within the scope of the development program analyzed in the Certified CEQA Documents and will not result in new or increased environmental effects compared to what already has been evaluated in the Certified CEQA Documents; and

WHEREAS, in accordance with Code section 33433(a)(1), the City Council held a public hearing on February 11, 2019 to consider the approval of the Agreement and the Ground Lease after publishing notice of the public hearing as specified in California Government Code section 6066; and

WHEREAS, in accordance with Code section 33433(a)(2), a consultant retained by Civic SD prepared a "Summary Report" dated January 2019 related to the Agreement (Summary

Report), a copy of the Summary Report is included as Attachment C to the Staff Report and incorporated fully into this Resolution; and

WHEREAS, the City has made copies of the Agreement, the Summary Report, and the Consistency Evaluation 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 City Council has considered the information in the Summary Report, which contains a summary describing and specifying all of the following:

- (i) The cost of the Agreement and the Ground Lease to the City; and
- (ii) The estimated value of the interest to be leased, determined at the highest and best use permitted under the Redevelopment Plan for the Centre City Redevelopment Project Area, as amended (Redevelopment Plan); and
- (iii) The estimated value of the interest to be leased, determined at the use and with the conditions, covenants, and development costs required by the Agreement and the Ground Lease; and
- (iv) The present value of the lease payments which Developer will be required to make during the Lease Term along with an explanation as to why the rental amount is less than the fair market value of the interest to be leased, determined at the highest and best use consistent with the Redevelopment Plan; and
- (v) An explanation of why the leasing of the Property in accordance with the Agreement and the Ground Lease 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 considered the information in the Summary Report; and

WHEREAS, the City Council believes that the Agreement, the Ground Lease, and the Purchase and Sale Agreement are in the best interests of the City and the health, safety, morals and welfare of its residents, and in accordance 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 and Ground Lease, and the Purchase and Sale Agreement, as well as the entire record prepared by City and Civic SD staff related to the matters addressed in this Resolution; 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 in this Resolution.
2. Consistent with the analysis contained in the Consistency Evaluation, the environmental effects of the Evaluated CEQA Project were adequately addressed in the Certified CEQA Documents, and the Evaluated CEQA Project is within the scope of the development program described therein.
3. The Council adopts the following findings, as set forth in the Consistency Evaluation, with respect to the environmental effects of the Evaluated CEQA Project:
 - (a) No substantial changes are proposed in the Centre City Redevelopment Project, or with respect to the circumstances under which the Centre City Redevelopment Project is to be undertaken as a result of the Evaluated CEQA Project, which will require important or major revisions in the Certified CEQA Documents; and
 - (b) No new information of substantial importance to the Centre City Redevelopment Project has become available, which was not known or could not have been

known at the time the Certified CEQA Documents were certified as complete, and which shows that the Evaluated CEQA Project will have any significant effects not discussed previously in the Certified CEQA Documents, or that any significant effects previously examined will be substantially more severe than shown in the Certified CEQA Documents, or that any mitigation measures or alternatives previously found not to be feasible or not previously considered would substantially reduce or lessen any significant effects on the environment; and

(c) No negative declaration, subsequent environmental impact report, or supplement or further addendum to the Downtown FEIR or the CAP FEIR is necessary or required; and

(d) The development of the Evaluated CEQA Project will have no significant effect on the environment, except as identified and considered in the Certified CEQA Documents, and no new or additional project-specific mitigation measures are required in connection with development of the Evaluated CEQA Project; and

(e) The Evaluated CEQA Project will not have any new effects that were not adequately covered in the Certified CEQA Documents, and therefore, the Evaluated CEQA Project is within the scope of the development program approved under the Certified CEQA Documents.

4. Pursuant to CEQA Guidelines sections 15162 and 15168, the Council determines that no further environmental documentation is required to address the potential environmental effects of the Evaluated CEQA Project.

5. The City Clerk, or designee, is directed to file a Notice of Determination with the Clerk of the Board of Supervisors for the County of San Diego regarding the Evaluated CEQA Project.

6. The Council has received and heard any and all oral and written objections relating to the proposed Agreement, the proposed Ground Lease, and the proposed Purchase and Sale Agreement, and all such oral and written objections are overruled.

7. The Council finds that the consideration to be received by the City for the lease of the Property under the Agreement is not less than fair reuse value at the use and with the covenants, conditions, and development costs required by the Agreement.

8. The Council finds that the Ground Lease of the Property under the Agreement will assist in the elimination of blight in the Centre City Redevelopment Project Area and is consistent with the Redevelopment Plan and the most recent five-year implementation plan adopted pursuant to Code section 33490.

9. The Council finds that the Ground Lease of the Property under the Agreement will assist in providing housing for low-income or moderate-income persons.

10. The Council approves the Agreement, including the Ground Lease, and all other attachments and exhibits to the Agreement.

11. The Mayor, or designee, is authorized and directed to sign the Agreement, including all attachments and exhibits requiring the City's signature. A copy of the signed Agreement, shall be placed on file with the City Clerk as Document No. RR-312205 - 1

12. 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.

13. The Council approves the Purchase and Sale Agreement between the City and 13th & Broadway Investors, LLC, including all attachments and exhibits thereto.

14. The Mayor, or designee, is authorized and directed to sign the Purchase and Sale Agreement for the City's acquisition of the Developer Property and to administer the City's obligations, responsibilities, and duties to be performed under the Purchase and Sale Agreement. A copy of the signed Purchase and Sale Agreement, shall be placed on file with the City Clerk as Document No. RR- 312205-2

15. Contingent on certification by the Chief Financial Officer that funds necessary for expenditure are available, the Chief Financial Officer, as delegated, is authorized to appropriate and expend an amount not to exceed \$10,140,000 to fund the City Loan, including \$8,353,139.27 from the Housing Asset Fund, Fund No. 200708, and \$1,786,860.73 from the Bond Proceeds, itemized as follows, with the following estimated amounts to be adjusted as needed to allow expenditure of the Bond Proceeds plus all accrued interest: (i) \$1,441,685.67 from Pooled Housing Bonds, Series 2010A, Fund No. 200635; (ii) \$168,928.75 from North Park LM Bonds, Series 2003A, Fund No. 200567; (iii) \$1,888.23 from North Park LM TAB, Series 2000, Fund No. 200566; (iv) \$55,267.40 from North Park LM LOC, Series 2007, Fund No. 200551; and (v) \$119,090.68 from North Bay LM LOC, Series 2007, Fund No. 200558.

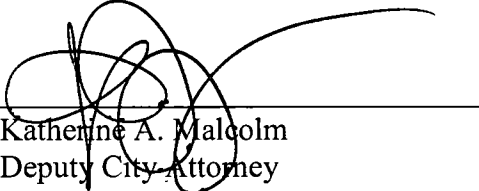
16. The Chief Financial Officer, as delegated, is authorized to accept and deposit any Developer repayments of the City Loan into the Housing Asset Fund for future affordable housing expenditures consistent with applicable law, including Code section 34176.1(a).

17. The Chief Financial Officer, as delegated, is authorized to reduce the Capital Improvement Program budget by de-appropriating \$4,500,000 from CIP S15045 – Park Blvd. At-Grade Crossing, Fund 400862, Excess Redevelopment Bond Proceeds.

18. The Chief Financial Officer, as delegated, is authorized to appropriate and expend an amount not to exceed \$4,500,000 from Excess Redevelopment Bond Proceeds, Fund 400862,

for the purpose of acquiring the Developer Property, in accordance with the Purchase and Sale Agreement.


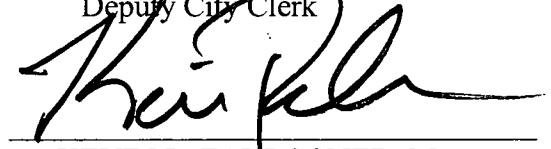
APPROVED: MARA W. ELLIOTT, City Attorney

By 
Katherine A. Malcolm
Deputy City Attorney

KAM:jdf
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02/08/19 COR. COPY
Or.Dept: Civic San Diego
Doc. No.: 1918999_2

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of 02-11-2019.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

KEVIN L. FAULCONER, Mayor

Approved: 2/11/19
(date)

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on FEB 11 2019, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jennifer Campbell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Ward	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monica Montgomery	<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"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Georgette Gómez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage FEB 11 2019.

(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.

(Seal)

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

By Connie Patterson, Deputy
for Linda Irwin

Office of the City Clerk, San Diego, California

Resolution Number R- 312205