

RESOLUTION NUMBER R- 313352

DATE OF FINAL PASSAGE NOV 24 2020

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO MAKING CERTAIN FINDINGS AND APPROVING A PURCHASE AND SALE AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND KR 901 PARK, LLC REGARDING THE REAL PROPERTY LOCATED AT 951 PARK BLVD., COMMONLY KNOWN AS POPULAR MARKET, IN THE EAST VILLAGE NEIGHBORHOOD OF DOWNTOWN SAN DIEGO IN THE CENTRE CITY REDEVELOPMENT PROJECT AREA.

WHEREAS, pursuant to 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 subsequent legislation (collectively, the Dissolution Laws), the Redevelopment Agency of the City of San Diego (Former RDA) dissolved as of February 1, 2012; and

WHEREAS, before the Former RDA's dissolution, the Council of the City of San Diego (City Council) adopted San Diego Resolution No. R-307238 effective January 12, 2012, designating the City of San Diego (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 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 (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, 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 (DOF) approved the Oversight Board's decision on January 4, 2013; 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 created a 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; 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-313184, effective July 31, 2020, approving an Exclusive Negotiation Agreement with KR 901 Park, LLC, a Delaware limited liability company (Developer), regarding the development of a 20,000 square-foot mixed-use project located at 951 Park Blvd. in San Diego, California 92101 (Property); and

WHEREAS, the Developer purchased the balance of the block that includes approximately 40,000 square feet to the south of the Property and the full block that includes approximately 60,000 square feet directly east of the Property from the Salvation Army (Developer Parcel); and

WHEREAS, the parties have negotiated the fair market value of \$8.5 million for the Property and the net proceeds will be deposited into the Housing Asset Fund; and

WHEREAS, City staff has negotiated a Purchase and Sale Agreement (Agreement) with Developer, related to the Property, a copy of which is included as Attachment B to the Staff Report; and

WHEREAS, the Property is not surplus land because it is for the City's use a Housing Successor asset and the City must dispose of the Property pursuant to the Council-approved Affordable Housing Master Plan; and

WHEREAS, alternatively, the Property qualifies as "exempt surplus land" consistent with California Government Code section 54221(f)(1)(H) because the City must dispose of the Property consistent with the conditions established by redevelopment dissolution laws; and

WHEREAS, in accordance with Code section 33433(a)(1), the City Council held a public hearing on November 17, 2020, to consider the approval of the Agreement 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 the City prepared a "Summary Report" dated October 2020 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 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 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 to the City; and

(ii) The estimated fair market value of the interest to be conveyed, 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 conveyed, determined at the use and with the conditions, covenants, and development costs required by the Agreement; and

(iv) The fair market value of the interest to be conveyed to the City along with an explanation as to why the difference in compensation, if any, determined at the highest and best use consistent with the Redevelopment Plan; and

(v) An explanation of why the conveyance 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 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 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, testimony, or both, received in support of or in opposition to the Agreement, as well as the entire record prepared by City staff related to the matters addressed in this Resolution; NOW, THEREFORE,

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

1. The City Council finds and determines that all recitals set forth in this Resolution are true and correct and fully incorporated in this Resolution.

2. The City Council finds that the consideration to be received by the City for the sale of the Property under the Agreement is not less than fair market at the highest and best use and in accordance with the Redevelopment Plan.

3. The City Council finds that the development 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.

4. The Agreement, a copy of which is on file in the Office of the City Clerk as Document No. RR- 313352, is approved.

5. The Mayor, or designee, is authorized and directed to execute the Agreement, and sign all documents necessary and appropriate to carry out and implement the Agreement.

6. The Chief Financial Officer, as delegated, is authorized to accept and deposit the net proceeds from the \$8.5 million purchase price into the Housing Asset Fund for future affordable housing expenditures consistent with applicable law, including Code section 34176.1(a).

APPROVED: MARA W. ELLIOTT, City Attorney

By /s/ Katherine A. Malcolm
Katherine A. Malcolm
Deputy City Attorney

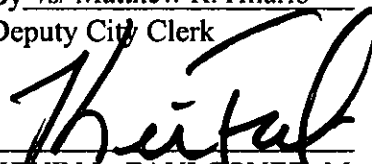
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I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of 11/17/2020.

ELIZABETH S. MALAND
City Clerk

By /s/ Matthew R. Hilario
Deputy City Clerk

Approved: 11/23/20
(date)



KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on 11/17/2020, 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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 NOV 24 2020

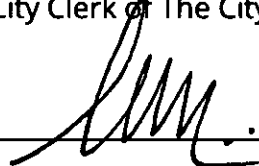
(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

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 , Deputy

Office of the City Clerk, San Diego, California

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