

RESOLUTION NUMBER R- **315237**DATE OF FINAL PASSAGE **DEC 11 2023**

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO MAKING CERTAIN FINDINGS AND APPROVING AN AGREEMENT OF PURCHASE AND SALE AND ESCROW INSTRUCTIONS BETWEEN THE CITY OF SAN DIEGO AND COLUMBIA TOWER, L.P. REGARDING THE REAL PROPERTY LOCATED AT 904 STATE STREET, COMMONLY KNOWN AS COLUMBIA TOWER, IN THE CENTRE CITY REDEVELOPMENT PROJECT AREA, AND WAIVING APPLICATION OF A PROVISION IN COUNCIL POLICY 700-10 RELATED TO EXCLUSIVELY NEGOTIATED SALES OF REAL PROPERTY.

WHEREAS, under Assembly Bill x1 26, as modified by the California Supreme Court in *California Redevelopment Assn. v. Matosantos*, 53 Cal. 4th 231 (2011), and subsequent legislation, 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 Resolution 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) under 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 for purposes of performing the Former RDA's housing functions under 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 and, by operation of law,

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

WHEREAS, based on a list of the Former RDA's affordable housing assets (Housing Assets) approved by the California Department of Finance on January 4, 2013, the Successor Agency transferred the Housing Assets to the City on or about January 28, 2013; and

WHEREAS, under Code section 34176(d), the City, as 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 owns certain land at 904 State Street, San Diego, CA 92101 (APN: 533-538-04) consisting of approximately 0.34 acre (Land), which the City acquired as the housing successor under Code section 34176; and

WHEREAS, the Former RDA leased the Land to Columbia Tower L.P., a California limited partnership (Columbia), for affordable housing purposes under a ground lease dated July 13, 1982, and recorded on August 25, 1982, in the Official Records of the County of San Diego, California (Official Records) as Document No. 82-263907, as amended by the First Supplement to Lease Agreement dated March 8, 1986, and recorded on March 20, 1986, in the Official Records as Document No. 1986-107407 (as amended, the Ground Lease); and

WHEREAS, as required by the Ground Lease, Columbia developed the Land with the following improvements: (1) a 16-story building containing 148 residential rental units (Rental

Units), two residential manager's units, a community room, a fitness room, and administrative offices for the operation of the building; and (2) an outdoor courtyard, walkways, and landscaping (collectively, Improvements); and

WHEREAS, the Ground Lease requires Columbia, through July 31, 2037, to make the Rental Units available to qualifying lower income households at an affordable housing cost consistent with Section 8 of the United States Housing Act of 1937; and

WHEREAS, City staff has negotiated an Agreement of Purchase and Sale and Escrow Instructions (Agreement) with Columbia, related to the Land and the Improvements (collectively, Property), a copy of which is included in the backup materials accompanying this Resolution; and

WHEREAS, under the Agreement, Columbia will adhere to long-term affordability restrictions set forth in a regulatory agreement and declaration of covenants, conditions, and restrictions to be recorded against the Property for the benefit of the City, and will pay \$32 million to the City, with the net sales proceeds contributed to the Housing Asset Fund; and

WHEREAS, under the Agreement, the City and Columbia will enter into license agreements to allow continued temporary use of an existing swimming pool area and parking parcel located on adjacent property owned by the City (License Agreements); and

WHEREAS, the Property qualifies as "exempt surplus land" consistent with California Government Code section 54221(f)(1)(A), which requires the City to dispose of the Property consistent with California Government Code section 37364 (related to the production of affordable housing); and

WHEREAS, in accordance with Code section 33433(a)(1), the City Council held a public hearing 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 November 2023 related to the Agreement (Summary Report), and a copy of the Summary Report is included in the backup materials accompanying 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 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 the reasons for the difference in compensation, if any, between the sale price and the fair market value, 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, the Summary Report states that the estimated fair market value of the interest to be conveyed at its highest and best use is \$31,836,000 and that the estimated fair re-use value of the interest to be conveyed is \$31,836,000; and

WHEREAS, consistent with 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; and

WHEREAS, Council Policy 700-10, Part G on page 6, identifies several examples in which the City may engage in exclusive negotiations for the sale of City-owned real property, without following a competitive solicitation process, and the transaction contemplated by the Agreement is not one of those identified examples; and

WHEREAS, the City Council intends to waive the requirement in Council Policy 700-10 related to exclusively negotiated sales of City-owned real property because Columbia is the current long-term lessee of the Property and will adhere to long-term affordability restrictions for the benefit of the City; and

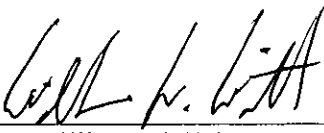
WHEREAS, the Office of the City Attorney has drafted this Resolution based on the information provided by City staff, including information provided by affected third parties and verified by City staff, with the understanding that this information is complete, true, and accurate; NOW, THEREFORE,

BE IT RESOLVED, by the City 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 the fair market value of the Property at its highest and best use in accordance with the Redevelopment Plan.
3. The City Council finds that the development and continued use 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 City Council waives the requirement in Council Policy 700-10, Part G on page 6, relating to conditions for exclusively negotiated sales, for disposition of the Property to Columbia under the Agreement.
5. The Agreement, a copy of which is on file in the Office of the City Clerk as Document No. RR- **315237**, is approved.
6. The Mayor, or designee, is authorized and directed to sign the Agreement and all related documents, including the License Agreements, and take all actions necessary and appropriate to implement the Agreement and the purposes of this Resolution.

7. The Chief Financial Officer, or designee, is authorized to accept and deposit the net proceeds from the \$32 million purchase price for the Property 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 
William W. Witt
Deputy City Attorney

WWW:jdf
11/15/2023
Or.Dept: Economic Dev't
Doc. No.: 3474984

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of DEC 04 2023.

DIANA J.S. FUENTES
City Clerk

By 
Deputy City Clerk

Approved: 12/11/23
(date)


TODD GLORIA, Mayor

Vetoed: _____
(date)

TODD GLORIA, Mayor

Passed by the Council of The City of San Diego on DEC 04 2023, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	<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"/>
Stephen Whitburn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monica Montgomery Steppe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marni von Wilpert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kent Lee	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Raul A. Campillo	<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"/>
Sean Elo-Rivera	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage DEC 11 2023

(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:

TODD GLORIA
Mayor of The City of San Diego, California.

(Seal)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By  Deputy

Office of the City Clerk, San Diego, California

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