



002233

336
12/02

THE CITY OF SAN DIEGO

DATE ISSUED: November 27, 2008 REPORT NO. RA-08-33
RTC-08-169

ATTENTION: Honorable Chair and Members of the Redevelopment Agency,
Council President and City Council,
Docket of December 2, 2008

SUBJECT: Third Implementation Agreement to Disposition and Development
Agreement for the CentrePoint Project within the Crossroads
Redevelopment Project Area

REFERENCE: Executive Director's Summary Sheet No. RA-08-09; Executive Director's
Summary Sheet No. RA-07-19; Executive Director's Report No. RA-06-
08; Report to City Council No. RTC-06-019; Executive Director's Report
No. RA-05-33; Executive Director's Report No. RA-05-23.

REQUESTED REDEVELOPMENT AGENCY ACTIONS:

1. Should the Redevelopment Agency approve and authorize the Executive Director or Designee to execute the Third Implementation Agreement to the Disposition and Development Agreement ("DDA") with CentrePoint, LLC for the proposed CentrePoint Project?
2. Should the Redevelopment Agency approve the revised basic concept and schematic drawings for the CentrePoint Project?
3. Should the Redevelopment Agency amend the FY 2009 Agency Budget for the Crossroads Redevelopment Project Area to accept a Developer Deposit of \$50,000 for costs related to the Third Implementation Agreement?

REQUESTED CITY COUNCIL ACTIONS:

1. Should the City Council consent to the Redevelopment Agency entering into the Third Implementation Agreement to the DDA with CentrePoint, LLC and Associated Actions for the proposed CentrePoint Project?

STAFF RECOMMENDATION TO REDEVELOPMENT AGENCY:

1. Approve and authorize the Executive Director or Designee to execute the Third Implementation Agreement to the DDA with CentrePoint, LLC for the proposed CentrePoint Project.
2. Approve the revised basic concept and schematic drawings for the CentrePoint Project.



Redevelopment Agency

1200 Third Avenue, Suite 1400, MS 560 • San Diego, CA 92101-4110
Tel (619) 236-6700 Fax (619) 533-3219

City Planning & Community Investment

3. Amend the FY 2009 Agency Budget for the Crossroads Redevelopment Project Area to accept a Developer Deposit of \$50,000 for costs related to the Third Implementation Agreement.

STAFF RECOMMENDATION TO CITY COUNCIL:

1. Consent to the Redevelopment Agency entering into the Third Implementation Agreement to the DDA with CentrePoint, LLC for the proposed CentrePoint Project.

SUMMARY:

On April 23, 2008, the Agency authorized the Executive Director or Designee to execute a Second Implementation Agreement with the Developer in order to revise the Schedule of Performance ("SOP") (see Attachment 1). On June 12, 2007, the Agency authorized the Executive Director or Designee to execute a First Implementation Agreement with CentrePoint LLC in order to revise the SOP. On April 4, 2006, the Agency authorized the Executive Director or Designee to execute a DDA with CentrePoint LLC. The DDA provides for the Developer to finance the project with a combination of conventional financing and developer equity. The Agency's financial contribution to the project will not exceed \$5,245,000, plus interest for the 47 affordable for-sale residential units.

The currently approved project is 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. This project is within the Mid-City Communities Plan, Eastern Planning Area and will result in a gain of both market rate and affordable for-sale housing. The project occupies a 8.93-acre site bounded by El Cajon Blvd. to the north, Art St. to the east, Seminole Dr. and Stanley Ave. to the south, and 63rd St. to the west (see Attachments 2 and 3).

On July 17, 2008, CentrePoint LLC ("Developer/Owner") submitted a letter requesting that the Agency amend the DDA to change the project from a for-sale residential project to a for-rent residential project, assign the DDA and approve the sale of the site to Trammell Crow South California Development, Inc. a Delaware corporation. Since negotiations began with the Developer/Owner they have sequentially requested to extend all existing deadlines in the current SOP by 6-months in order to allow additional time for the proposed Developer/Owner. All of these requests must be approved by the Agency Board and are addressed by this proposed Third Implementation Agreement to the Disposition and Development Agreement ("3rd Agreement") (see Attachment 4).

Founded in 1948, the Trammell Crow Company ("TCC") is one of the nation's leading developers and investors in real estate. It has developed or acquired over 500 million square feet of buildings with a value exceeding \$50 billion. As of June 30th, 2008, TCC had over \$9.9 billion of projects in process or in its pipeline. TCC is a real estate development and investment firm dedicated to the fundamental principle of building value. At the heart of building value is a commitment to create the right product in the right market for their clients while supporting quality economic growth for the community. TCC has clients in approximately 30 major cities throughout the U.S. and Canada. The California Redevelopment Agency ("CRA") recognized

TCC for the Irwindale Business Center because of the value their development provided the City of Irwindale, including the elimination of blight, increased revenue, employment opportunities and high architectural design. TCC is a wholly owned subsidiary of CB Richard Ellis Group, Inc (“CBRE”).

Key Agreement Revisions and Additions:

The following reflect key changes in the terms of the proposed Third Implementation Agreement (see Attachment 4):

- New Developer proposes a pedestrian-oriented mixed-use project that incorporates 312 rental units consisting of 68 townhouses, 244 residential wrap units (47 affordable) and 7,468 square feet of live/work flex space (e.g. 10 bays), and approximately 3,861 square feet of retail/commercial space (see Attachment 5). Off-street parking spaces (610) will be contained in surface lots and in an above grade parking structure. The currently approved project includes a pedestrian-oriented mixed-use project that incorporates 312 for-sale units consisting of 97 townhouses, 204 residential flats (47 affordable) and 11 live/work units, and approximately 4,000 square feet of retail space. Off-street parking spaces (610) will be contained in surface lots, tuck under garages and in an above grade parking structure
- The 3rd Agreement proposes to extend the deadline within the SOP for all items six months (6) other than the completion of demolition for the remaining building. However, the Executive Director has the authority to extend these dates up to three months (3) total.
- The 3rd Agreement proposes to extend the deadline within the SOP or completion of demolition for the remaining building three months (3).
- The 3rd Agreement proposes to reduce the Agency’s financial contribution to the project from \$5,245,000 to \$4,969,000. The reduction is based on a revised proforma submitted by the Developer for the project and reviewed by the Agency’s economist, Keyser Marston Associated (KMA). The Agency’s unit subsidy has decreased from approximately \$111,600 to \$105,700 (see Attachment 6).
- The 3rd Agreement proposes to reduce the Agency’s interest rate of payment for the Developers loan to the Agency from seven percent (7%) to five and one-half percent (5½%).
- The 3rd Agreement proposes to reduce the income restriction level for the 47 affordable rental units from 100% Average Median Income (“AMI”) to 65% AMI. This revision is based on the project becoming a for-rent rather than a for-sale. The revised income level is consistent with the City’s inclusionary housing ordinance and California Community Redevelopment Law.
- The 3rd Agreement proposes recording a 55-year income restriction against the affordable for-rent units. The current DDA requires the income restriction against the affordable for-sale units be in perpetuity
- The 3rd Agreement proposes a Payment In Lieu Of Property Taxes provision (“PILOT”). This provision was not in the current DDA because the project was a for-sale residential project. With the proposed project becoming for-rent, this provision will ensure the preservation of future property based revenue if the property is purchased by a property tax exempt entity.
- The 3rd Agreement proposes language to define the purpose of the irrevocable letter of credit, incorporate the revised basic concept and schematic drawings and incorporate the relocation of a cell tower.

- The 3rd Agreement proposes amendments to several of the DDA's attachments because the project will be for-rent.

FISCAL CONSIDERATIONS:

The revised total project cost is approximately \$96 million, and the project is projected to generate approximately \$960,000 per year in new gross property tax increment per year, after the completion of the project in 2012. Total Agency financial contribution to the project will not exceed \$4,969,000, plus interest for the 47 affordable for-rent units. The Developer has provided the Agency with a Good Faith deposit of \$100,000 as a security for the performance of their obligations under the DDA and this deposit will be retained.

The Agency's contribution of \$4,969,000 will be in the form of a Developer advance/loan which will be repaid from the Crossroads Redevelopment Project Area's Low and Moderate Income Housing Fund to subsidize 47 affordable for-rent units. Simple interest on the outstanding balance of the total Agency obligation will accrue at a rate of 5½-percent per year and does not accrue until the project is Complete which is a defined term within the DDA. Extending the proposed SOP does not increase the Agency's interest expense.

With a total project cost of approximately \$96 million, the construction of this project is estimated to result in the creation of seventy-six (76) full-time equivalent jobs over a two year period and after completion twenty (20) full-time equivalent long term jobs.

ENVIRONMENTAL IMPACT:

This project is covered under Mitigated Negative Declaration, Number 74816 CentrePoint and the Crossroads Program Environmental Impact Report SCH No.200207/002. The project is adequately addressed in the environmental documents and there is no change in circumstance, additional information, or project changes to warrant additional environmental review, per CEQA Guidelines Sections 15162.

PREVIOUS AGENCY and/or CITY COUNCIL ACTIONS:

- On April 23, 2008, the Agency authorized the Executive Director or designee to execute a Second Implementation Agreement with the Developer in order to revise the SOP.
- On June 12, 2007, the Agency authorized the Executive Director or designee to execute a First Implementation Agreement with CentrePoint LLC in order to revise the SOP.
- On April 4, 2006, the Agency authorized the Executive Director or designee to execute a DDA with CentrePoint LLC.
- On January 26, 2006 the Planning Commission approved the entitlements for the proposed project on consent 4-1.

KEY STAKEHOLDERS:

Development Team -

<u>ROLE</u>	<u>FIRM/CONTACT</u>	<u>OWNERSHIP</u>
Current Developer	CentrePoint, LLC Contact: David Kieffer	The two managing members of CentrePoint, LLC are Douglas Wilson Development (Douglas P. Wilson, President and CEO) and LB El Cajon, a Lehman Brothers Entity (Harry Bruni, Managing Director)
Proposed Developer	Trammell Crow Company Contacts: Dave Drake & Damon Austin	Trammell Crow Company is a wholly owned subsidiary of CBRE a public traded company.
Architect	KTGY Group Contact:	James Thomas, CEO Tricia Esser, CFO
Civil Engineer	Project Design Consultants Contact: Armando Urquidez	Managing Principals: Greg Shields, Bill Dick and Rex Plummer
Planning & Community Consultant	MetroPlan LLC Contact: Rich Miller	Rich Miller

HOUSING IMPACT:

Fifteen percent (15%) of the 312 units, or 47 units, will be affordable. This amount of affordable units complies with the Redevelopment Agency's project area-wide inclusionary requirement of 15%. The Agency will record 55-year rent restrictions against 27 one- and 20 two-bedroom affordable rental units for households with annual incomes at 65% of AMI. Under the current DDA the annual income level is 100% AMI. The number of one- and two-bedroom affordable units is proportionate to the number of one- and two-bedroom units within the project.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS:

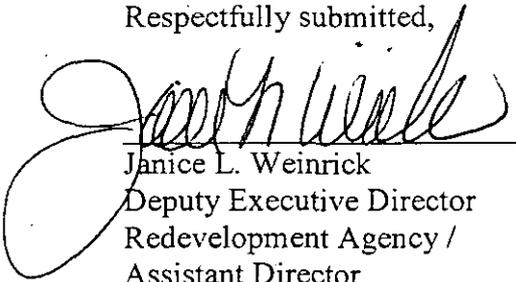
- On October 23, 2008, the Crossroads Project Area Committee ("PAC") reviewed and discussed the 3rd Implementation Agreement and voted 10-1-1 to recommend that the Agency transfer the DDA as revised and for the Agency to retain authority to review future owners of the project.
- On February 28, 2008, the Crossroads PAC reviewed and discussed the 2nd Implementation Agreement and voted 10-0-1 to recommend that the Agency enter into the agreement.
- On April 26, 2007, the Crossroads PAC reviewed and discussed the 1st Implementation Agreement and voted 8-0-1 to recommend that the Agency enter into the agreement.
- On September 13, 2005 the Eastern Area Planning Committee voted 11-0 to recommend approval of the currently entitled project and related actions regarding a for-sale project.

- On December 8, 2005, the Crossroads PAC reviewed and discussed the terms of the currently approved DDA and voted 10-0-1 to recommend that the Agency enter into a DDA regarding a for-sale project.

ALTERNATIVE:

Withhold approval of the sale of the site, do not approve the assignment of the DDA and deny the revisions to the business plan as proposed by the Developer and/or Trammell Crow South California Development, Inc. a Delaware corporation.

Respectfully submitted,



Janice L. Weinrick
Deputy Executive Director
Redevelopment Agency /
Assistant Director
City Planning & Community Investment



Approved: William Anderson
Assistant Executive Director
Redevelopment Agency /
Deputy Chief Operating Officer
Executive Director of City Planning and
Development

WEINRICK/TWR

- Attachments:
1. Executed Disposition and Development Agreement to CentrePoint Project, 1st Implementation Agreement and 2nd Implementation Agreement.
[Limited Distribution: Copies are available at the City Clerks Office]
 2. Redevelopment Project Area Map for Crossroads
 3. Location Map for CentrePoint Project (Gardens)
 4. Third Implementation Agreement to CentrePoint Project (Gardens)
 5. Revised basic concept and schematic drawings for CentrePoint Gardens
 6. Financial pro forma for CentrePoint Gardens by Keyser Marston Associates

002239

Attachment No. 1

Executed Disposition and Development Agreement to CentrePoint Project,
1st Implementation Agreement and 2nd Implementation Agreement.

[Limited Distribution: Copies are available at the City Clerks Office]

[behind this page]

**These reports are available for
review in the Office of the City
Clerk _____ in the
Redevelopment Binder**

002241

Attachment No. 2

Redevelopment Project Area Map for Crossroads

[behind this page]

*These reports are available for
review in the Office of the City
Clerk in the
Redevelopment Binder*

C02243

EQUAL OPPORTUNITY CONTRACTING PROGRAM EVALUATION

November 20, 2008

SUBJECT: Third Implementation to Disposition and Development Agreement (DDA) to CentrePoint LLC for the CentrePoint Project within Crossroads Redevelopment Project Area (Companion to City Council)

GENERAL CONTRACT INFORMATION

Recommended Consultant: CentrePoint LLC

Amount of this Action: \$50,000.00 (Developer Deposit)

Funding Source: City

SUBCONTRACTOR PARTICIPATION

No Subconsultant Participation this Action

EQUAL EMPLOYMENT OPPORTUNITY COMPLIANCE

Equal Opportunity Required

CentrePoint LLC submitted a Work Force Report for their San Diego County employees dated November 18, 2008. The Work Force Report reflects fewer than 15 employees and is, therefore, exempt from employment category goals.

This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2702) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

ADDITIONAL COMMENTS

The *Work Force Analysis* is attached.


JLR

002245

DOCKET SUPPORTING INFORMATION
CITY OF SAN DIEGO

DATE:

336
12/02

EQUAL OPPORTUNITY CONTRACTING PROGRAM EVALUATION

November 19, 2008

SUBJECT: Third Implementation to Disposition and Development Agreement (DDA) to CentrePoint LLC for the CentrePoint Project within Crossroads Redevelopment Project Area (Companion to City Council)

GENERAL CONTRACT INFORMATION

Recommended Consultant: Not Applicable

Amount of this Action: Not Applicable

SUBCONTRACTOR PARTICIPATION

Not Applicable

EQUAL EMPLOYMENT OPPORTUNITY COMPLIANCE

Equal Opportunity: Required

This action does not authorize entering into any contract or agreement; however, future contracts or agreements associated with this action will be subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2702) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517)

ADDITIONAL COMMENTS

This action is to consent to the Redevelopment Agency entering into the Third Implementation Agreement to the Disposition and Development Agreement (DDA) with CentrePoint LLC for the CentrePoint Project.

Additionally, this action is to accept a deposit of \$50,000 and amend the FY 2009 Redevelopment Agency Budget for Crossroads and to authorize expenditure of funds in an amount not to exceed \$50,000 for costs related to the Centre Point LLC Third Implementation Agreement.


MM-J

002247

File: Admin WOFO 2000

Date WOFO Submitted: 11/18/2008
 Input by: Lad

Goals reflect statistical labor force availability for the following: 2000 CLFA San Diego, CA

City of San Diego Equal Opportunity Contracting
WORK FORCE ANALYSIS REPORT
 FOR

Company: CentrePoint LLC

I. TOTAL WORK FORCE:

	Black		Hispanic		Asian		American Indian		Filipino		White		Other	
	CLFA Goals	M	F	CLFA Goals	M	F	CLFA Goals	M	F	CLFA Goals	M	F	M	F
Mgmt & Financial	3.3%	0	0	11.9%	0	0	6.2%	0	0	6.2%	0	0	1	0
Professional	4.0%	0	0	12.6%	0	0	6.5%	0	0	6.5%	0	0	0	0
A&E, Science, Computer	2.8%	0	0	7.3%	0	0	16.2%	0	0	16.2%	0	0	0	0
Technical	6.6%	0	0	14.6%	0	0	17.2%	0	0	17.2%	0	0	0	0
Sales	3.9%	0	0	19.5%	0	0	8.8%	0	0	6.8%	0	0	0	0
Administrative Support	7.0%	0	0	20.8%	0	0	8.8%	0	0	8.8%	0	0	0	0
Services	5.5%	0	0	36.9%	0	0	9.7%	0	0	8.7%	0	0	0	0
Crafts	4.5%	0	0	25.8%	0	0	9.1%	0	0	9.1%	0	0	0	0
Operative Workers	4.3%	0	0	38.8%	0	0	20.8%	0	0	20.8%	0	0	0	0
Transportation	8.1%	0	0	32.1%	0	0	4.5%	0	0	4.5%	0	0	0	0
Laborers	4.4%	0	0	54.0%	0	0	4.1%	0	0	4.1%	0	0	0	0
TOTAL		0	0		0	0		0	0		0	0	1	0

HOW TO READ TOTAL WORK FORCE SECTION:

The information blocks in Section I (Total Work Force) identify the absolute number of the firm's employees. Each employee is listed in their respective ethnic/gender and employment category. The percentages listed under the heading of "CLFA Goals" are the County Labor Force Availability goals for each employment and ethnic/gender category.

Mgmt & Financial
 Professional
 A&E, Science, Computer
 Technical
 Sales
 Administrative Support
 Services
 Crafts
 Operative Workers
 Transportation
 Laborers

TOTAL EMPLOYEES		
ALL	M	F
1	1	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
TOTAL	1	0

Female Goals
 39.8%
 59.5%
 22.3%
 49.0%
 49.4%
 73.2%
 62.3%
 8.6%
 36.7%
 15.2%
 11.1%

HOW TO READ EMPLOYMENT ANALYSIS SECTION:

The percentages listed in the goals column are calculated by multiplying the CLFA goals by the number of employees in that job category. The number in that column represents the percentage of each protected group that should be employed by the firm to meet the CLFA goal. A negative number will be shown in the discrepancy column for each underrepresented goal of at least 1.00 position.

II. EMPLOYMENT ANALYSIS

This firm has fewer than 15 employees and is, therefore, exempt from the employment category goals.

REQUEST FOR COUNCIL ACTION
CITY OF SAN DIEGO

1. CERTIFICATE NUMBER
(for auditor's use only) **336**

002249

TO: **CITY ATTORNEY**

2. FROM: (ORIGINATING DEPARTMENT)
**CITY PLANNING AND COMMUNITY INVESTMENT/
REDEVELOPMENT DIVISION**

3. DATE **12/02**
November 13, 2008

4. SUBJECT: **Third Implementation to Disposition and Development Agreement (DDA) to CentrePoint LLC for the CentrePoint Project within Crossroads Redevelopment Project Area (Companion to Redevelopment Agency)**

5. Primary Contact: (Name, Phone & Mail Sta.) **Tracy Reed, 236-6543, 56D**
6. Secondary Contact (Name, Phone & Mail Sta.) **James Davies, 236-6540, 56D**
7. Check box if report to Council is attached.

8. COMPLETE FOR ACCOUNTING PURPOSES

FUND			
DEPT.			
ORGANIZATION			
OBJECT ACCOUNT			
JOB ORDER			
C.I.P. NUMBER			
AMOUNT			

9. ADDITIONAL INFORMATION/ ESTIMATED COST:

Fiscal Impact: None

10. ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVING SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVING SIGNATURE	DATE SIGNED
1	Redevelopment Finance	<i>Scott Mercer</i>	11/14/08	7	Auditor	<i>Rolando Charvel</i>	
2	Assistant Director, CP&CI, Redevelopment	<i>Janice LaWendrick</i>	11/14/08	8	City Attorney	<i>Kendall Berkey</i>	11/20/08
3	Deputy Chief Operating Officer, City Planning and Development	<i>William Anderson</i>	11/14/08	9	Originating Department	<i>Tracy Reed</i>	11/20/08
4	EOC	<i>Beryl Rayford</i>	11/20/08	10	Liaison Office	<i>Ed Plank</i>	
5	EAS	<i>Martha Blake</i>	11/14/08	11	Docket Coord. _____ Council Liaison _____		
6	Debt Management	<i>Lakshmi Kommi</i>	11/19/08		COUNCIL PRESIDENT <i>MS</i>	<input type="checkbox"/> Spob <input type="checkbox"/> CONSENT <input checked="" type="checkbox"/> ADOPTION <input type="checkbox"/> REFER TO _____ COUNCIL DATE: 12/2/08	

11. PREPARATION OF: RESOLUTION ORDINANCE(S) AGREEMENT(S) DEED(S)

Consent to the Redevelopment Agency entering into the Third Implementation Agreement to the Disposition and Development Agreement (DDA) with CentrePoint LLC for the CentrePoint Project.

DOCKET OF: December 2, 2008

11a. STAFF RECOMMENDATIONS: Approve the resolution(s).

12. SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION.)

COUNCIL DISTRICT(S): 7

Community Planning Area(s): Mid-City Community, Eastern Area

Environmental Impact: This activity is covered under Mitigated Negative Declaration, Number 74816 CentrePoint and the Crossroads Program Environmental Impact Report SCH Number 200207/002. The activity is adequately addressed in the environmental documents and there is no change in circumstance, additional information, or project changes to warrant additional environmental review, per CEQA Guidelines Sections 15162.

Housing Impact: 9 rental units will be replaced with 47 affordable and 265 market rental residential units.

Other Issues: Implements approved CentrePoint Replacement Housing, Community and Crossroads Redevelopment Plans, and eliminates blight.

City Clerk Instruction: Please send copies of the resolution to Jeannette Santos, MS 56D and Tracy Reed, MS 56D

EXECUTIVE SUMMARY SHEET

DATE ISSUED: November 27, 2008 REPORT NO. RA-08-33 & RTC-08-169
 ATTENTION: Honorable Chair and Members of the Redevelopment Agency,
 Council President and City Council,
 Docket of December 2, 2008
 ORIGINATING DEPT: City Planning & Community Investment, Redevelopment Division,
 Crossroads Redevelopment Project Area
 SUBJECT: Third Implementation Agreement to Disposition and Development
 Agreement for the CentrePoint Project
 COUNCIL DISTRICT: Seven
 STAFF CONTACT: Tracy Reed (619) 236-6543, Treed@sandiego.gov

REQUESTED ACTIONS:

1. Should the Redevelopment Agency approve and authorize the Executive Director or Designee to execute the Third Implementation Agreement to the Disposition and Development Agreement ("DDA") with CentrePoint, LLC for the proposed CentrePoint Project?
2. Should the Redevelopment Agency approve the revised basic concept and schematic drawings for the CentrePoint Project?
3. Should the Redevelopment Agency amend the FY 2009 Agency Budget for the Crossroads Redevelopment Project Area to accept a Developer Deposit of \$50,000 for costs related to the Third Implementation Agreement?
4. Should the City Council consent to the Redevelopment Agency entering into the Third Implementation Agreement to the DDA with CentrePoint, LLC and Associated Actions for the proposed CentrePoint Project?

STAFF RECOMMENDATION:

That the City Council and Redevelopment Agency approve the requested actions.

EXECUTIVE SUMMARY:

On July 17, 2008, CentrePoint LLC ("Developer/Owner") submitted a letter requesting that the Agency amend the DDA to change the project from a for-sale residential project to a for-rent residential project, assign the DDA and approve the sale of the site to Trammell Crow South California Development, Inc. a Delaware corporation. Since negotiations began with the Developer/Owner they have sequentially requested to extend all existing deadlines in the current SOP by 6-months in order to allow additional time for the proposed Developer/Owner. All of these requests must be approved by the Agency Board and are addressed by this proposed Third Implementation Agreement to the Disposition and Development Agreement ("3rd Agreement").

New Developer proposes a pedestrian-oriented mixed-use project that incorporates 312 rental units consisting of 68 townhouses, 244 residential wrap units (47 affordable) and 7,468 square feet of live/work flex space (e.g. 10 bays), and approximately 3,861 square feet of retail/commercial space. Off-street parking spaces (610) will be contained in surface lots and in an above grade parking structure. The currently approved project includes a pedestrian-oriented mixed-use project that incorporates 312 for-sale units consisting of 97 townhouses, 204 residential flats (47 affordable) and 11 live/work units, and approximately 4,000 square feet of

retail space. Off-street parking spaces (610) will be contained in surface lots, tuck under garages and in an above grade parking structure.

The following revisions and additions are included under the proposed 3rd Agreement: 1) Extend the deadline of Schedule of Performance ("SOP") for all items 6-months other than demolition of remaining building, 2) Extend the deadline of SOP for demolition of remaining building 3-months, 3) Agency's financial contribution to the project will be \$4,969,000, 4) Interest rate of Developers loan to the Agency will be 5½-percent, 5) Income restriction for affordable rental units will be 65-percent AMI, 6) Record a 55-year income restriction against the affordable for-rent units, 7) Include Payment In Lieu Of Property Taxes provision ("PILOT"), 8) Include language to define the purpose of the irrevocable letter of credit, 9) Incorporate revised basic concept and schematic drawings 10) Include relocation of a cell tower provision, 11) Amend several of the DDA attachments since the project will be rental.

FISCAL CONSIDERATIONS:

The Agency's contribution of \$4,969,000 will be in the form of a Developer advance/loan which will be repaid from the Crossroads Redevelopment Project Area's Low and Moderate Income Housing Fund to subsidize 47 affordable for-rent units.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS:

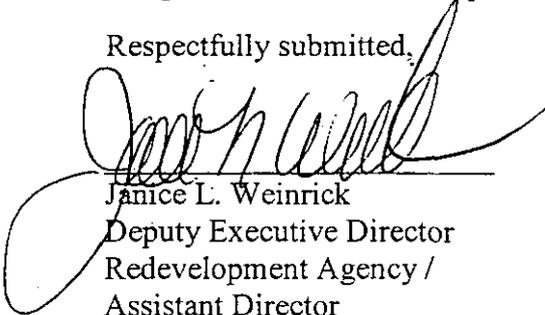
On December 8, 2005, the Crossroads PAC reviewed and discussed the terms of the currently approved DDA and voted 10-0-1 to recommend that the Agency enter into a DDA regarding a for-sale project.

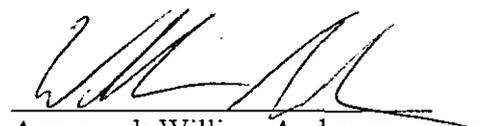
KEY STAKEHOLDERS and PROJECT IMPACTS:

The managing members of CentrePoint, LLC, are Douglas Wilson Development (Douglas P. Wilson, President and CEO) and LB El Cajon, a Lehman Brothers Entity (Harry Bruni, Managing Director). The proposed Developer is Trammell Crow Company (Dave Drake and Damon Austin). The Attorneys are Lynn Heidel and Dana Schiffman of Allen Matkins. The Architect is KTG Y Group (James Thoms CEO and Tricia Esser CFO). The Civil Engineer is Project Design Consultants (Managing Principals; Greg Shields, Bill Dick and Rex Plummer). The Planning & Community Consultant is MetroPlan LLC (Rich Miller, President).

Fifteen percent of the 312 units, or 47 units, will be affordable. This amount of affordable units complies with the Redevelopment Agency's project area-wide inclusionary requirement.

Respectfully submitted,


 Janice L. Weinrick
 Deputy Executive Director
 Redevelopment Agency /
 Assistant Director
 City Planning & Community Investment


 Approved: William Anderson
 Assistant Executive Director
 Redevelopment Agency /
 Deputy Chief Operating Officer
 Executive Director of City Planning and
 Development

002253

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

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- _____.
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 _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor