

DATE ISSUED: September 22, 2004

REPORT NO. CCDC-04-35  
CCDC-04-21

ATTENTION: Honorable Chair and Members of the Redevelopment Agency  
Honorable Mayor and Members of the City Council  
Docket of September 27, 2004

SUBJECT: East Village Square--"Left Field" Development (Bosa Residential)--  
Located on the Block bounded by 7<sup>th</sup> and 8<sup>th</sup> avenues, J and K streets--  
-Disposition and Development Agreement/Design Review--East  
Village District of the Expansion Sub Area of the Centre City  
Redevelopment Project – **JOINT PUBLIC HEARING**

REFERENCE: Site Map  
Disposition and Development Agreement  
Basic Concept/Schematic Drawings  
Summary Provided Pursuant to Section 33433 of California  
Community Redevelopment Law  
Estimate of Re-use Value by Keyser Marston Associates

STAFF CONTACT: Pamela M. Hamilton, Senior Vice President  
Brad Richter, Principal Planner

## SUMMARY

Issue - Should the Redevelopment Agency:

1. Approve the Disposition and Development Agreement ("DDA") with East Village Square LLC and authorize the Executive Director to execute the DDA and related documents necessary to implement the DDA; and
2. Grant Design Review approval of the Basic Concept/Schematic Drawings for the Left Field Development?

And, should the City Council:

1. Approve the DDA with East Village Square LLC?

Staff Recommendation - That the Redevelopment Agency:

1. Approve the DDA with East Village Square LLC and authorize the Executive Director to execute the DDA and related documents necessary to implement the DDA; and
2. Grant Design Review approval of the Basic Concept/Schematic Drawings for the Left Field Development.

And, the City Council:

1. Approve the DDA with East Village Square LLC.

Centre City Development Corporation Recommendation- The CCDC Board of Directors will consider this item on September 22, 2004. An oral report will be provided on the recommendations of the Board.

Centre City Advisory Committee ("CCAC") Recommendation- On August 11, 2004, the CCAC voted 12 in Favor, 7 Opposed and 2 Recused and the PAC voted 11 in Favor, 7 Opposed and 2 Recused to support the staff recommendation with the additional recommendation that the development incorporate a recycling program within the Master Association. Those members voting against the recommendation who expressed opinions for their vote expressed preferences for a different architectural treatment of the residential tower.

Other Recommendations- The Preservation Advisory Group ("PAG"), created as a result of the 1999 Settlement Agreement executed between the City, Agency, CCDC, Padres/JMI, and historic preservation groups, reviewed the proposal for compliance with the Treatment Plan for historic structures and the Sports/Entertainment District Design Guidelines. The PAG supported the incorporation and rehabilitation/reconstruction of the Kvaas and Station A buildings, respectively, requesting that the latter be placed on a taller plinth (base) to more closely resemble its original warehouse use, which has been incorporated into the design of the project. The project is also complying with the Sports/Entertainment District Design Guidelines by incorporating brick, steel and concrete materials in the streetwalls of the project.

The East Village Association's Land Use Committee reviewed the project and expressed support for the project's incorporation of the historic facades, its creation of multiple buildings within the project base, the overall design of the tower, and the provision of public restrooms serving Outfield Park.

Fiscal Impact - The Disposition and Development Agreement provides for a purchase price for the 47,478 SF Site of \$12,750,000. The Fourth Ballpark and Redevelopment Project Implementation Agreement to the Memorandum of Understanding ("MOU") between the City, Agency, CCDC, and Padres L.P. acknowledged that Padres L.P. paid or will pay no less than \$22,750,000 for Land Acquisition Costs for the Ballpark Project pursuant to the MOU and Implementation Agreements. The Fourth Implementation Agreement provides a "credit" to Padres L.P. or its assignees of up to \$22,750,000 toward the purchase price of the four East Village Square development sites. Padres L.P. and Bosa Development California II, Inc. ("Bosa") have entered into a Purchase and Sale Agreement providing for

Bosa's position as an Assignee under the proposed DDA and providing for Bosa's use of \$8,713,089 (and potentially up to \$10,750,000) as a credit against the \$12,750,000 purchase price for this Site. The balance between the credit and the purchase price (an amount which could range from \$2,000,000 to \$4,036,911) is to be paid in cash to the Agency at conveyance of the Site to the Developer. In addition, the Developer will pay \$18,600 to the Agency as pro-rata reimbursement of costs incurred by the Agency when the Agency acquired certain underlying fee interests in the streets adjacent to the Site from the Heirs of Alonzo Horton and Others; the underlying fee interests in the streets adjacent to the Site are part of the fee interests to be transferred by the Agency to the Developer.

## BACKGROUND

On November 3, 1998, San Diego voters approved the MOU concerning a Ballpark District, Construction of a Baseball Park, and a Redevelopment Project within the East Village area of San Diego. Included in the MOU were provisions for an Outfield Park and ancillary development within the Ballpark. One of the ancillary developments, East Village Square ("EVS"), consists of the three city blocks located immediately north of the ballpark outfield, between J and K streets, 7<sup>th</sup> and 10<sup>th</sup> Avenues. East Village Square has always been conceived as an integral, mixed-use component of the Ballpark Project, centered on the Outfield Park open space.

Between April and August 2003, City and Agency staff negotiated with the Padres and its Master Developer, JMI Realty Inc. ("JMI") to refine the EVS development proposal and resolve other issues. On August 13, 2003, the Fourth Ballpark and Redevelopment Project Implementation Agreement was signed, addressing financial issues and basic design and development parameters.

On December 2, 2003, the City Council approved the East Village Square Master Plan establishing specific mass, bulk, and design parameters for the two development blocks framing the Outfield Park (and providing for the rehabilitation of the Schieffer Building and Candy Factory historic structures adjacent to the Park). The Master Plan established maximum heights for building bases and towers, as well as maximum square foot allowances for each block. In addition, design guidelines were established for the future development of the blocks to ensure that they complimented the surrounding Ballpark District, including the numerous historic warehouse structures.

The proposed construction of a high-density residential project on this "Left Field Block" Site advances the following Visions and Goals of the Centre City Community Plan and Objectives of the Centre City Redevelopment Project:

3. Substantially increase the number of people living downtown.
4. Create a range of housing opportunities.
5. Facilitate an economically and socially balanced population.
6. Encourage the rehabilitation and upgrade of historical & architecturally significant structures.

DEVELOPMENT TEAM/PRINCIPALS

FIRM / ROLE	CONTACT	OWNERSHIP
Property Owner: Redevelopment Agency	Pamela Hamilton, CCDC	Redevelopment Agency of the City of San Diego
Developer: East Village Square LLC of which Padres L.P. is the sole member and Padres, Inc. is the manager	Charles Black, President, East Village Square LLC	Padres, Inc. [a Delaware corporation wholly owned by John J. Moores]; John J. Moores; Jennifer Ann Moores Trust; Warner Baseball, Inc. [a corporation owned by Tom Warner]; Glenn Doshay (Privately-owned)
Permitted Assignee: Bosa Development California, II, Inc.	Richard Weir, Vice President-Acquisitions	Natale Bosa, President (Privately-owned)
Architect: Perkins and Company	John Perkins	John I. Perkins; John I. Perkins, III (Privately-owned)

DISCUSSION OF THE PROPOSED DEVELOPMENT

The proposed LeftField BlockDevelopmentconsists of a 4-24 story, 40-240 foottall mixed-use developmentcontaining 178 condominiums, approximately30,000 square feetof retail space, and 300 parking spaces in three underground parking levels. The projectis located on the 47,478 square footSite within the block bounded by 7<sup>th</sup> and 8<sup>th</sup> avenues, J and K streets (the historic Simon Levi building on the northwest corner ofthe block is not a part of this project). The project will include the rehabilitation of the historic Levi Wholesale GroceryCompany (Kvaas Construction) building located along the former8<sup>th</sup> Avenueright-of-way midway between J and K streets and the reconstruction of the historic SDG&E Station A building on the northeast cornerof7<sup>th</sup> Avenue and K Street (originally located on the southeastcornerof9<sup>th</sup> and Imperialavenues but removed due toBallparkconstruction). The project also provides two public restrooms serving Outfield Park.

The Site is located in the Sports/Entertainment District which allows a wide variety of commercial and residential uses. The developmentalso lies within the BallparkProtection OverlayZone which governs lighting and noise impacts from the Ballparkand limits project lighting that may affect Ballpark operations.

The followingis the project data:

Type of housing	For-Sale Condominiums
Total number of units/total square feet	178 units/Total GBA above grade of 280,588 SF
Number of bedrooms/unit size	10 1-bedrooms 145 2-bedrooms 23 2-bedrooms/Den Average Unit Size of 1,142 SF
Project density	163 units/acre
Number of units forecast for site/block	160
Proposed sales prices	Market rate
Amount of Retail	29,552 square feet
Amount of Parking	279 residential (1.6/unit; 0.8/br) 27 retail
Land Area	47,478 square feet

Housing Impact - The proposed project provides additional for-sale housing in the East Village, a rapidly growing residential district in the Centre City area. The project maximizes the Floor Area Ratio (FAR) allowed under the Master Plan, and provides mostly two-bedroom units in a variety of designs and price ranges. The project will comply with the Inclusionary Housing Ordinance through the payment of in-lieu fees.

#### PROPOSED DISPOSITION AND DEVELOPMENT AGREEMENT

The Disposition and Development Agreement provides for a purchase price for the 47,478 SF Site of \$12,750,000. As described in "Fiscal Impact", Padres L.P. and Bosa Development California, Inc. have entered into a Purchase and Sale Agreement providing for Bosa's position as an Assignee under the proposed DDA and providing for Bosa's use of \$8,713,089 (and potentially up to \$10,750,000) as a credit against the \$12,750,000 purchase price for the Site. The balance between the credit and the purchase price (an amount of \$2,000,000 to \$4,036,911) is to be paid in cash at the conveyance of the Site to the Developer. KeyserMarston Associates ("KMA"), financial advisor to the Agency, has completed an Estimate of Re-Use Value with respect to the proposed DDA. KMA has determined that the estimated fair re-use value and the estimated fair market value of the Site at its highest and best use is \$12,745,000 (compared to the purchase price of \$12,750,000). The underlying fee interests in the streets adjacent to the Site are part of the fee interests to be conveyed to the Developer by the Agency (see Site Map). Because the Agency purchased a portion of these underlying fee interests from the Heirs of Alonzo Horton and Others, the Developer will pay a pro-rata portion of those costs to the Agency as additional compensation in the amount of \$18,600.

While the DDA provides for an assignment of the DDA to Bosa, East Village Square LLC (the "original Developer") is provided the right to cure any default by Bosa and to complete the Developer's obligations pursuant to the DDA. Should Bosa and East Village Square LLC each default under the terms of the DDA, there is no credit remaining or to be acknowledged by the Agency toward the purchase price of the Site and the Agency is free to convey the Site to any third party and to retain all proceeds of such sale.

The Site is burdened by several Developer obligations including purchasing the Site "as is" and completing all remaining Agency soils remediation/reporting/closure activities on the Site, all in compliance with the requirements of the County Department of Environmental Health; respecting certain easements for the benefit of the adjacent Simon Levi building (light and air for the easterly exposure of the building and encroachments onto the Site by walls, footings and foundations of the building); a Speaker Easement for the installation of speakers on the completed building for the benefit of Outfield Park (subject to CCDC design approval); rehabilitation/reconstruction of the Kvass and Station A historic structures; providing two public restrooms for Outfield Park; and performing the obligations of the Parcel 2 Owner under the Declaration of Covenants, Conditions and Restrictions of the East Village Square Owner's Association ("CC&Rs"), including payment of a pro rata portion of the park maintenance charges for Outfield Park.

With respect to the obligations of the Parcel 2 Owner under the CC&Rs, no financial obligations of any kind are incurred by the Agency while the Site is owned by the Agency. Until conveyance of the Site by the Agency to the original Developer or its Assignee, Padres L.P. is responsible for the Parcel 2 Owner's obligations under the CC&Rs and will become responsible again if the DDA is terminated. The Council and Agency will consider the DDA concurrently with proposed revisions to the CC&Rs approved by the Council in 2000 (but not recorded). The CC&Rs have been revised to conform to the changes to EVS and Outfield Park resulting from the Fourth Ballpark and Redevelopment Project Implementation Agreement and the Master Plan. The CC&Rs govern the formation and operation of an owner's association related to the Ballpark, Outfield Park and the Mixed Use Parcels of EVS.

It is anticipated that financing will be secured and the Site conveyed in August 2005, with completion by April 2007. The DDA provides a Right of Entry to the Developer for an early-start on excavation and construction of the subterranean parking structure if permits are secured for this portion of the work. The Developer anticipates exercising the Right of Entry in February 2005.

#### DESIGN REVIEW / COMPLIANCE WITH MASTER PLAN

The project encompasses the entire block with the exception of the historic Simon Levi Building at the northwest corner. The project provides a 4-7 story podium which consists of 6 distinct elements or "buildings", each with individualized brick, concrete, and metal finishes and detailing. The entire project is wrapped with street level retail uses which will likely include retail spaces and restaurants, including sidewalk cafes fronting on the park. There are several areas of roof decks, including a dining deck atop the historic Kvaas building, a common recreational area for the residents on the second level, and a common roof area atop the new 7-story building at the southeast corner of the block overlooking the Ballpark. These roof decks provide opportunities for activity on the roofs and the provision of landscaping, helping to "extend" the park up into the buildings as recommended by the Master Plan.

The tower is comprised of painted concrete, a blue-green window material, and projecting bays containing metal panels and curtain wall window systems to create a layering of elements in the tower which provides a more interesting tower shape and articulation than typically found in high-rise projects. The design, materials, and colors of the tower help the tower "recede" into the sky rather than dominate views that may distract from the Outfield Park or Ballpark. The design of the tower has incorporated the rooftop penthouse structures to provide a complete, attractive design of the tower when viewed from all angles, including from surrounding developments.

The Site includes two historic buildings and adjoins a third historic structure. Under the 1999 Settlement Agreement, the Developer is required to rehabilitate the Kvaas Building along 8<sup>th</sup> Avenue according to the terms of a Treatment Plan within the Agreement. This development will comply with these standards. Because the Candy Factory was moved to the corner of 9<sup>th</sup> Avenue and K Street, rather than the originally planned site at the corner of 7<sup>th</sup> Avenue and K Street, the Agreement requires the reconstruction of the former SDG&E Station A building at this corner. The building will be reconstructed based on HABS drawings which were prepared for the building prior to removal, and will incorporate three of the original windows from the building. All other details and materials will be replicated according to the Secretary of the Interior Standards. The project abuts, but does not include, the historic Simon Levi building located at the northwest corner of the block. The DDA requires the Developer to enter into an agreement with the Simon Levi building owner for enhancement of the east and south sides of the Simon Levi building to improve their appearance since these walls will now be exposed to public views. In addition, the new construction is set back from the east wall of the Simon Levi building to create a 20-foot wide courtyard that may contain an outdoor dining patio along J Street. This setback area provides light and air to the eastern exposure of the Simon Levi building.

Staff has worked with the project architect over several months, and additional input has been received from the CCAC Pre-Design Subcommittee, the Preservation Advisory Group, the East Village Association, and the architects of the Ballpark (Antoine Predock and HOK Architects). The result is a project that complies with the East Village Square Master Plan and its design guidelines. The development represents a model for other projects in the East Village in the following areas: preservation of historic structures; the design of a nearly full-block project that appears as fine-grained development with multiple buildings; the provision of roof decks; and, the provision of an interesting pedestrian experience around its entire perimeter.

#### COMPREHENSIVE SIGN PLAN

The Ballpark Protection Overlay Zone in which the project is located requires that a comprehensive sign plan be prepared for the East Village Square project. Currently, the status of all the retail spaces within EVS has not been resolved as to ownership and the extent to which leasing and operations will be coordinated. Therefore, the sign plan is being deferred toward the goal of coordinating all of the retail signs around the Outfield Park, and within EVS, as one Comprehensive Sign Plan. This comprehensive program would be processed for review/approval by the City Council as required by the Overlay Zone.



ENVIRONMENTAL REVIEW

Because the building sizes and envelopes proposed in the East Village Square Master Plan were different from those analyzed in the Final Subsequent Environmental Impact Report to the Final Master Environmental Impact Report for the Centre City Redevelopment Project and Addressing the Centre City Community Plan and Related Documents for the Proposed Ballpark and Ancillary Development Projects, and Associated Plan Amendments (FSEIR), an Addendum to the FSEIR was prepared and certified on December 2, 2003 by the City Council/Redevelopment Agency at the time the Master Plan was adopted. As the proposed development is consistent with the Master Plan, no further environmental review or certification is required.

SUMMARY/CONCLUSION

Based on the above discussion, it is recommended that the Redevelopment Agency and City Council approve the Disposition and Development Agreement with East Village Square LLC for the Left Field Development and that the Agency approve the Basic Concept/Schematic Drawings, inasmuch as the proposed development and the business terms of the DDA meet the requirements of the Memorandum of Understanding and the East Village Square Master Plan.

Respectfully submitted, \_\_\_\_\_

Concurred by:

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Pamela M. Hamilton,  
Senior Vice President

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Peter J. Hall, President

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Brad Richter,  
Principal Planner

Attachments:

- Site Map
- Disposition and Development Agreement
- Basic Concept/Schematic Drawings
- Summary Provided Pursuant to Section 33433 of California  
Community Redevelopment Law
- Estimate of Re-use Value by Keyser Marston Associates