



THE CITY OF SAN DIEGO
Redevelopment Agency's Report

DATE ISSUED: August 4, 2004 REPORT NO. RA-04-25

ATTENTION: Chair and Members of the Redevelopment Agency
Docket of August 9, 2004

SUBJECT: Exclusive Negotiating Agreement (ENA) with Boulevard
Marketplace, LLC for a proposed mixed-unit development – City
Heights Redevelopment Project Area

SUMMARY

Issue – Should the Redevelopment Agency authorize the Executive Director to:

1. Enter into an ENA with Boulevard Marketplace, LLC for a proposed mixed-unit development?
2. Amend the Fiscal Year 2005 Agency Budget for the City Heights Redevelopment Project Area to accept a Developer Deposit of \$60,000 and authorize the expenditure of the Developer Deposit?

Executive Director's Recommendation –

The Redevelopment Agency authorizes the Executive Director to:

1. Enter into an ENA with Boulevard Marketplace, LLC for a proposed mixed-use development;
2. Amend the Fiscal Year 2005 Agency Budget for the City Heights Redevelopment Project Area to accept a Developer Deposit of \$60,000 and authorize the expenditure of the Developer Deposit.

Other Recommendations –

1. The City Heights Project Area Committee (PAC) on May 10, 2004 recommended approval of entering into an ENA with Boulevard Marketplace, LLC.
2. The San Diego City Council selected The Boulevard Marketplace (Mid-City – Normal Heights) proposal as one of the first Pilot Village sites on February 10, 2004 (Resolution attached)

Fiscal Impact – The \$60,000 Developer Deposit will pay for staff time, outside consultants and attorney’s fees to process the Disposition and Development Agreement (DDA).

BACKGROUND

The City Heights Redevelopment Plan (Plan) was adopted in 1992. The primary objective of the Plan is to improve the quality of life in the Project Area. The City Heights Redevelopment Project Third Implementation Plan adopted by the Redevelopment Agency June 15, 2004 lists in its goals and Projects List for FY 2005-2009: “Pilot Village Phase I – Normal Heights - Create and support quality mixed-use facilities, which can include residential, commercial, office, education and public facilities.” Other goals and projects include: “Support the development of high quality, transit oriented, mixed-use commercial, residential, office and public use projects near transportation nodes; Support a balance of housing types such as small family, senior, large family, attached, and detached housing both rented and owned; Support the creation of adequate parking and shared use parking.”

Redevelopment Agency (Agency) staff, on March 10, 2004 initiated an Owner Participation (OP) process. The Agency mailed questionnaires to all property owners of record within the footprint of the proposed project, providing an opportunity for them to express their intent to participate in or submit a competing proposal to the proposed project. None of the forty-seven (47) property owners responded with a request to participate in this development or submitted a competing proposal.

DISCUSSION

On May 10, 2004 The City Heights Redevelopment Project Area Committee recommended the Redevelopment Agency approve the ENA with Boulevard Marketplace, LLC.

The proposed project is a mixed-use development of approximately 9 acres located on the blocks bounded by El Cajon Boulevard on the south, Meade Avenue on the north, 40th Street/I-15 on the east and 38th Street on the west. The proposed project is located on the northwest corner of I-15 and El Cajon Boulevard as shown on attachment 1.

The developer’s mixed-use development concept includes 120 for-sale residential units; 15 two-story, three bedroom town homes and 105 one and two bedroom condominium flats in a three-story building. The conceptual plan also includes 250 one, two and three bedroom rental apartments in four story buildings and in two stories over one level of retail along El Cajon Boulevard. A minimum 20% of the apartments will be designated and reserved as affordable housing units for low and moderate income families. The remainder of the project will include a 40,000 square foot office building and approximately 37,250 square feet of retail space targeted for smaller community serving retailers. Parking will consist of approximately 108 off-street surface parking spaces serving the retail use and over 800 spaces in an underground parking structure serving the residential units and office building. Open space, pedestrian paths and

recreational facilities will be provided for the project. The estimated total project value is approximately \$89,500,000. The proposed project site was awarded the "Pilot Village" designation by the San Diego City Council February 10, 2004.

All of the existing properties in the development footprint would be demolished. The properties fronting Meade Avenue are exempt from the development and will remain. The Redevelopment Agency has initiated the Owner Participation Process - the first step required if the Agency is to assist the developer to acquire the remaining needed parcels.

Boulevard Marketplace, LLC has worked diligently to communicate with various City Heights Project Area community groups, including the City Heights Redevelopment Project Area Committee (PAC), El Cajon Boulevard Business Improvement Association, MCTIP, Normal Heights Planning Committee and the Kensington-Talmadge Planning Committee. They have invited community members as well as the members of groups listed above to attend design workshop meetings and provide community input for the project.

Financing for the project has not been established at this early stage of the development. However, the developer will be pursuing financing from both public and private sources. Public sources of funding to be considered are Affordable Housing Tax Credits, and Redevelopment Agency funding, among others.

Approval of this Exclusive Negotiating Agreement is recommended by staff and the City Heights Project Area Committee. The resulting development will give a much needed boost to the appearance and economy of El Cajon Boulevard; provide a mix of housing that includes home ownership, multi-family rental and affordable units, and provide retail, commercial and office space for both regional and local businesses.

The ENA (see Attached) outlines the responsibilities of the City and the Developer for negotiations required prior to entering into a Disposition and Development Agreement. It does not commit the Developer or the City to reach agreement.

SUMMARY

With approval of the ENA, staff will commence negotiations with the Boulevard Marketplace, LLC, return to the Agency for consideration of a disposition and development agreement.

ALTERNATIVE(S)

The Redevelopment Agency not to enter into an ENA with Boulevard Marketplace, LLC.

Respectfully submitted,

Debra Fischle-Faulk
Deputy Executive Director
Redevelopment Agency

Approved: Hank Cunningham
Assistant Executive Director,
Redevelopment Agency

RHK/rhk

Attachment(s):

1. Summary & Location Map
2. Agency/Boulevard Marketplace, LLC ENA for the Boulevard Marketplace mixed-use project
3. City Council Resolution R-298911 – Resolution of the Council for the selection of the Pilot Villages