



THE CITY OF SAN DIEGO
Redevelopment Agency's Report

DATE ISSUED: July 13, 2005 REPORT NO. RA-05-19
ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of July 19, 2005
SUBJECT: Exclusive Negotiation Agreement (ENA) with Las Ventanas, LLC.
REFERENCE: Ordinance No. O-18295, Adopted April 16, 1996.

SUMMARY

Issue – Should the Redevelopment Agency authorize the Executive Director or designee to execute an Exclusive Negotiation Agreement (ENA) with Las Ventanas, LLC to develop the Las Ventanas del Mundo Project within the San Ysidro Redevelopment Project Area?

Executive Director's Recommendation – Authorize the Executive Director or designee to execute an Exclusive Negotiation Agreement (ENA) with Las Ventanas, LLC to develop the Las Ventanas del Mundo Project within the San Ysidro Redevelopment Project Area.

Fiscal Impact – A \$60,000 Developer Deposit will be accepted from the Developer to offset any costs incurred by the Agency working under the ENA. The funds will be used to pay for legal counsel, economic analysis, and staff costs. Furthermore, the Fiscal impact of the proposed project will be detailed in a separate financial report as required under Section 33433 of the California Community Redevelopment Law, and presented to the Agency concurrent with the consideration of a Disposition and Development Agreement (DDA).

Environmental – This activity is exempt from CEQA Section 15061 (c) (3) of the State CEQA Guidelines.

Code Enforcement Impact - None with this action.

Housing Affordability Impact – None with this action.

BACKGROUND

Redevelopment Agency (Agency) staff has met several times with Barob Group, dba Las Ventanas, LLC (Developer), for purposes of discussing a potential development on a blighted 2-acre site in San Ysidro. The Developer has formally requested the Agency enter into an

Exclusive Negotiation Agreement (ENA) for purposes of negotiating a Disposition and Development Agreement (DDA).

DISCUSSION

This action recommends the approval of an ENA with the Developer for the purpose of initiating the Redevelopment Agency's direct involvement with the Project, as described in Attachment 1.

The Las Ventanas del Mundo Project (the Project) is to be developed on a blighted 2-acre site located at the northeast corner of San Ysidro and Beyer Boulevards. The Developer is proposing to demolish the existing buildings and develop a mixed-use project with up to 300 condominiums, 50,000 square feet of commercial space, an 80-room hotel, underground parking, and other off-site improvements. See Attachment 2.

The proposed project site (the Site) includes four parcels, three of which are in escrow for purchase by the Developer. The three privately-owned parcels have been vacant for several years. Dilapidated structures on the vacant properties have attracted criminal activities including drug use and vagrancy. The fourth parcel is an approximately 1-acre site owned and controlled by the City of San Diego. The City parcel has a building (formerly a police sub-station) which houses the San Ysidro Community Service Center and several other community organizations. The Project may include space for City services. If no civic space is provided, the Relocation Plan will address the issue and outline any relocation that will be necessary.

The responsibilities of each party are outlined in the ENA and are summarized below:

Obligations of the Agency

- Work with the Developer to evaluate the Project cost pro forma for the purpose of determining the Project's financial feasibility.
- Work with the Developer to establish a reasonable time schedule for the completion of all the necessary approvals and permits to implement the project.
- Respond to all submittals required by the agreement in a timely manner.
- Notify any and all other proposals during the Exclusive Negotiating Period, that the Agency and its staff, consultants and/or agents shall not negotiate, discuss, or otherwise communicate with any person or entity, other than the Developer regarding an Owner Participation Agreement/Disposition and Development Agreement for the development of the Project.
- Negotiate in good faith to enter into a DDA with Las Ventanas, LLC to implement the Project.
- Seek funding alternatives, as determined by a pro forma gap analysis, to support the finance plan for the proposed project.

Obligations of the Developer

- To provide formal project proposal and pro forma for Agency analysis of financial feasibility.
- To initiate various feasibility studies including environmental, market analysis, and displacement/relocation.
- To provide proof of ownership or site control of site required for the development plan prior to Agency action to approve the DDA.
- To provide evidence of construction financing prior to Agency action to approve the DDA.

Generally speaking, the ENA will give the parties a 180-day window to conduct and review various feasibility studies and analyses that will determine the Project's viability and any required Agency assistance. The ENA includes provisions which allow administrative extensions to the Period of Negotiations for two additional 180-day periods, if needed. Agency staff hopes to return to the Agency in the future with a recommendation to enter into a DDA.

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ALTERNATIVES

Do not authorize the Executive Director to execute an Exclusive Negotiation Agreement with Las Ventanas, LLC. This alternative would prevent the creation of a Disposition and Development Agreement, and delay the availability of new housing units and commercial space in the San Ysidro Redevelopment Project Area.

Respectfully submitted,

Debra Fischle-Faulk
Deputy Executive Director

Approved: Hank Cunningham
Assistant Executive Director

DFF/rc

ATTACHMENT(S): 1. Exclusive Negotiation Agreement (ENA)
2. Project Map and Conceptual Site Plan