



THE CITY OF SAN DIEGO
Redevelopment Agency's Report

DATE ISSUED: March 14, 2007

REPORT NO.: RA-07-08

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of March 20, 2007

SUBJECT: Resolution of Necessity to Acquire One Parcel in the Barrio Logan
Redevelopment Project Area – La Entrada Family Apartments Project

REFERENCE: Staff Report No. RA-06-27 dated June 22, 2006

REQUESTED ACTION:

That the Redevelopment Agency adopt the Resolution of Necessity to initiate condemnation proceedings to acquire one parcel in the Barrio Logan Redevelopment Project Area.

STAFF RECOMMENDATION TO THE REDEVELOPMENT AGENCY:

That the Redevelopment Agency adopt the Resolution of Necessity to initiate condemnation proceedings to acquire one parcel in the Barrio Logan Redevelopment Project Area. The parcel is listed below and illustrated in the Site Map, Attachment 1.

| LOCATION | ASSESSOR'S PARCEL NUMBER (APN) | OWNER |
|----------------------|--------------------------------|------------------|
| 1749-1751 Logan Ave. | 538-050-22-00 | Melissa S. Nobel |

SUMMARY:

The requested action under this item will allow for the initiation of condemnation proceedings necessary for the acquisition of one parcel within the Barrio Logan Project Area (the Project Area) necessary for the implementation of the La Entrada Family Apartments Project (the Project).

On July 11, 2006 the Redevelopment Agency (Agency) approved a Disposition and Development Agreement (DDA) with La Entrada Housing Investors, L.P. (Developer) for the Project, an 85-unit rental apartment complex for very low to low income families. Since the execution of the DDA, the Developer has acquired 12 of 13 parcels necessary for implementation of the Project. The Developer has been unsuccessful in negotiating a sale price with the property owner (Owner) of one parcel located at 1749-1751 Logan Avenue (Subject Parcel).

The Subject Parcel is approximately 3,500 square feet in size. There are three residential structures on the property. Two of the three structures are currently occupied. The third structure

appears to be uninhabitable. Photos of the Subject Property are included in the presentation prepared for the Agency hearing and is further provided as Attachment 4.

For those properties which the developer has succeeded in acquiring, preliminary steps have already been taken to accommodate the business owners and residents which will be relocated as a result of the Project. Relocation benefits have been explained and interviews conducted. From the interviews, staff and its relocation consultants have a good understanding of the needs of the affected tenants and are seeking alternative locations.

For the two tenants residing at the Subject Property, Agency staff and its consultants have notified the tenants of the Project and have conducted interviews. Additional interviews will likely need to take place. It is Agency staff's intent to conduct these interviews with the tenants as soon after the Resolution of Necessity is approved as possible. In any event, these tenants will, at a minimum, be given their 90 day notice to vacate but Agency staff fully expect that there is sufficient time in the Project schedule to allow for more than the minimum required by law.

The tenants of the Subject Property just like the tenants on the other properties within the Project's footprint will also be given preference with respect to relocating into the Project once complete, provided the tenants meet the affordable housing requirements.

Since April of 2005, the Developer has made three formal offers and numerous follow-up phone calls to the Owner of the Subject Property just as the Developer has done for all of the properties within the footprint of the Project. Although the Owner did counter-offer, showing a willingness to sell, the Developer was unable to reach a negotiated price with the Owner of the Subject Property.

With negotiations at an impasse between the Developer and the Owner of the Subject Property, on January 10, 2007, the Agency made a purchase offer to the Owner (see Attachment 2). The Agency's offer was based on the fair market value as determined by its appraisal dated October 25, 2006. To date, the Agency's purchase offer has not been accepted by the Owner.

Although Agency staff still welcomes cooperative discussions with the subject property owner in the hopes of reaching a mutual agreement, in the interest of the Project and its schedule, it is recommended that condemnation proceedings should be initiated to acquire fee interest in the above-referenced parcel. The Owner and the two tenants have been notified of the subject hearing and have been invited to appear before the Agency Board to be heard (see Attachment 3). The notices of the hearing were sent in both English and Spanish.

California Eminent Domain Law requires the adoption of a Resolution of Necessity by a TWO-THIRDS VOTE of all members of the governing body to initiate condemnation proceedings. Further, the law requires that the Agency make the following findings:

- 1) The Public Interest and necessity require the project.
- 2) The proposed project is planned or located in a manner that will be the most compatible with the greatest public good and least private injury.
- 3) The property interests sought to be acquired are necessary for the proposed project.
- 4) An offer to purchase the property was made to the property owner of record by the Redevelopment Agency, in accordance with Government Code section 7267.2.

- 5) All conditions and statutory requirements necessary to exercise the power of Eminent Domain ("the right to take") to acquire the properties described herein have been complied with by the Agency.
- 6) The Redevelopment Agency of the City of San Diego has statutory authority to acquire the property by eminent domain.
- 7) The use for which any publicly owned property is to be taken is a use that will not unreasonably interfere with or impair the continuance of the public use as it presently exists or may reasonably be expected to exist in the future, and therefore authorized by Code of Civil Procedure section 1240.510.
- 8) The use for which any publicly owned property is to be taken is a more necessary public use than that to which the properties are currently appropriated and the taking as to any publicly owned property is for a more necessary public use consistent with and authorized by Code of Civil Procedure section 1240.610.

Furthermore, the adverse physical, economic and social conditions which are impairing private reinvestment in the Project Area still prevail since the City Council's adoption of the Redevelopment Plan. In particular, the subject property is predominantly vacant, shows signs of neglect, and draws vagrancy, exacerbating the blighting conditions within the Project Area. By approving this item, the Agency can help advance the goals and objectives for the Project Area by attracting desirable private investment into Barrio Logan.

FISCAL CONSIDERATIONS:

On July 11, 2006, the Agency approved a DDA with La Entrada Housing Investors, LP which authorized \$13,167,000 of tax increment funds for the Project.

With adoption of the subject resolution, funds in the amount of the appraised value minus the estimated cost of remediation will be deposited with the Court for the acquisition of the subject property.

PREVIOUS AGENCY and/or COUNCIL ACTION:

On July 11, 2006, the Agency and City Council approved the following requested actions related to the La Entrada Family Apartments Project:

- 1) Certified that Mitigated Negative Declaration (No. 93861) has been completed in compliance with the California Environmental Quality Act (CEQA) and State CEQA Guidelines and state for the record that they have been reviewed and considered prior to approving the actions.
- 2) Approved the Basic Concept Drawings.
- 3) Authorized the Executive Director or designee to execute a Disposition and Development Agreement with La Entrada Housing Investors, L.P. for the La Entrada Family Housing Project.
- 4) Approved findings of benefit for the use of Centre City housing set-aside funds outside of the Centre City project area.
- 5) Authorized the expenditure of funds for the La Entrada Family Housing Project in an amount not to exceed \$13,167,000 from the Centre City Project Area as a Redevelopment Agency residual receipts loan contribution to the project.
- 6) Authorized the Executive Director or designee to make contingent offers for acquisition of properties for the La Entrada Family Housing Project.

COMMUNITY PARTICIPATION & PUBLIC OUTREACH EFFORTS:

On April 19, 2006 the Barrio Logan Project Area Committee voted 8-1-1 to recommend approval of the proposed DDA. On May 7, 2006, the Centre City Advisory Committee voted 14-7 to recommend approval of the use of Centre City housing set-aside funds for the La Entrada Project. On May 24, 2006 the Centre City Development Corporation Board voted unanimously to support the use of up to \$13,167,000 in Centre City housing set-aside funds for La Entrada project.

ALTERNATIVE:

Do not adopt the resolution. This alternative would prohibit the implementation of the La Entrada Family Apartments Project.

Respectfully submitted,

Janice L. Weinrick
Deputy Executive Director,
Redevelopment Agency

Approved: William Anderson
Assistant Executive Director,
Redevelopment Agency

- Attachments:
- 1) Location Map
 - 2) Offer Letter Accompanying Government Code Section 7267.2 Offer for Acquisition of Assessor's Parcel No. 538-050-22
 - 3) Notice of Public Hearing Regarding Adoption of a Resolution of Necessity to Acquire Property by Eminent Domain
 - 4) Powerpoint presentation