



THE CITY OF SAN DIEGO

Redevelopment Agency's Report

DATE ISSUED: July 23, 2008 REPORT NO.: RA-08-20
RTC-08-096

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Council President and Members of the City Council
Docket of July 29, 2008

SUBJECT: Cooperation Agreements and Related Actions to the
Implementation of the Grantville and Centre City Redevelopment
Project Areas and Resolution Pursuant to Health & Safety Code
section 33399(g)

REFERENCE: Staff Reports: RA-05-14, CMR-05-099, PC-05-088

REQUESTED REDEVELOPMENT AGENCY ACTIONS:

1. Should the Redevelopment Agency authorize the Executive Director or Designee to execute the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to Joint Projects?
2. Should the Redevelopment Agency authorize the Executive Director or Designee to execute the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to the funding of North Embarcadero Public Improvements and Facilities?
3. Should the Redevelopment Agency authorize the Executive Director or Designee to execute the Cooperation Agreement relating to the funding of the Transit Line Improvements by and between the City and Redevelopment Agency?
4. Should the Redevelopment Agency authorize the Executive Director or Designee to execute the Cooperation Agreement relating to Affordable Housing Credit and Allocation transfer by and between the Redevelopment Agency, City and County of San Diego?
5. Should the Redevelopment Agency authorize the Executive Director or Designee to adopt a resolution that is recordable and declares properties owned by Atomic, Teysier Marital Trust and Teysier Family Trust located in the Grantville Redevelopment Project Area are exempt from eminent domain pursuant to Health & Safety Code section 33399(g)?

REQUESTED CITY COUNCIL ACTIONS:

1. Should the City Council approve the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to Joint Projects?
2. Should the City Council approve the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to the funding of North Embarcadero Public Improvements and Facilities?
3. Should the City Council approve and enter into the Cooperation Agreement relating to the funding of the Transit Line Improvements by and between the City and Redevelopment Agency?
4. Should the City Council approve and enter into the Cooperation Agreement relating to Affordable Housing Credit and Allocation transfer by and between the Redevelopment Agency, City and County of San Diego?

STAFF RECOMMENDATION TO THE REDEVELOPMENT AGENCY:

1. Authorize the Executive Director or Designee to execute the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to Joint Projects.
2. Authorize the Executive Director or Designee to execute the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to the funding of North Embarcadero Public Improvements and Facilities.
3. Authorize the Executive Director or Designee to execute the Cooperation Agreement relating to the funding of the Transit Line Improvements by and between the City and Redevelopment Agency.
4. Authorize the Executive Director or Designee to execute the Cooperation Agreement relating to Affordable Housing Credit and Allocation transfer by and between the Redevelopment Agency, City and County of San Diego.
5. Authorize the Executive Director or Designee to adopt a resolution that is recordable and declares properties owned by Atomic, Teyssier Marital Trust and Teyssier Family Trust located in the Grantville Redevelopment Project Area are exempt from eminent domain under Health & Safety Code section 33399(g).

STAFF RECOMMENDATION TO THE CITY COUNCIL:

1. Approve the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to Joint Projects.
2. Approve the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to the funding of North Embarcadero Public Improvements and Facilities.
3. Approve and enter into the Cooperation Agreement relating to the funding of the Transit Line Improvements by and between the City and Redevelopment Agency.

4. Approve and enter into the Cooperation Agreement relating to Affordable Housing Credit and Allocation transfer by and between the Redevelopment Agency, City and County of San Diego.

SUMMARY:

In November 2003, the Redevelopment Agency began the process of formulating and adopting the Grantville Redevelopment Plan. The Grantville Redevelopment Project comprises approximately 990 acres within the community planning areas of Navajo, Tierrasanta and College Area (Attachment 1 Grantville Redevelopment Project Area Map). The Redevelopment Agency and City Council held a joint public hearing on April 19, 2005 for the purpose of receiving objections and comments on the proposed Redevelopment Plan. On May 3 and May 17, 2005, the City Council adopted the Redevelopment Plan, Ordinance No. O-19380, by a vote of 7 to 1, with one absent.

On July 8, 2005, the County brought an action to challenge the validity of the Grantville Redevelopment Plan and Ordinance No. 19380. In addition, Atomic and Teyssier Trust, as interested property owners within the Grantville Redevelopment Project Area joined in as interested parties in the County's action. Separately, on July 15, 2005, Atomic filed its own validation lawsuit against the City and the Redevelopment Agency on grounds very similar to those within the County's suit. The court consolidated the Atomic lawsuit with the County's lawsuit, hereinafter referred to as the "Grantville Validation Action."

On June 24, 2008, the Redevelopment Agency, the City, and the County agreed to settle the Grantville Validation Action under terms proposed by the County, Atomic, and the Teyssier Trust. The agreements and actions before the Redevelopment Agency and City Council for consideration, will implement the Grantville and Centre City Redevelopment Plans and said settlement.

The agreements are as follows:

- The Redevelopment Agency agrees to enter into numerous Agreements with the City of San Diego and the County of San Diego as follows:
 1. Joint Projects Cooperation Agreement attached hereto as Attachment 2, states that the Redevelopment Agency, using the tax increments from the Grantville Redevelopment Project, shall provide to the County an amount of \$7,840,000 to fund portion of the cost of the construction of the joint project improvements of benefit to the Grantville Redevelopment Project Area in thirty-nine (39) annual payments commencing in the 2011-12 fiscal year and pursuant to Health & Safety Code Sections 33445 and 33679.
 2. North Embarcadero Cooperation Agreement attached hereto as Attachment 3, states that the Redevelopment Agency, using the tax increments from the Centre City Redevelopment Project, shall provide to the County an amount of \$31,360,000 to fund portion of the cost of the

construction of the North Embarcadero Project Improvements in thirty-nine (39) annual payments commencing in the 2011-12 fiscal year and pursuant to Health & Safety Code Sections 33445 and 33679.

3. Transit Line Cooperation Agreement attached hereto as Attachment 4, states that the Redevelopment Agency, using the tax increments from the Grantville Redevelopment Project, shall provide to the City an amount of \$31,360,000 to fund a portion of the cost of the construction of transit line improvements and related public improvements located in the Centre City Redevelopment Project Area on “C” Street between Kettner Boulevard and Park Boulevard in thirty-nine (39) annual payments commencing in the 2011-12 fiscal year and pursuant to Health & Safety Code Sections 33445 and 33679.
4. Housing Credit Cooperation Agreement attached hereto as Attachment 5, states that the Redevelopment Agency, City and County agreed that a certain portion of the new affordable housing units constructed in whole or in part with up to \$9,800,000 of the “Housing Fund” shall be used to satisfy the County’s share of the regional housing needs allocation (“RHNA”) established by the San Diego Association of Governments (“SANDAG”). For purpose of the Housing Credit Cooperation Agreement, the “Housing Fund” means twenty percent (20%) of the tax increments allocated to a Low- and Moderate-Income Housing Fund pursuant to the requirements of Health and Safety Code section 33334.2 that the Redevelopment Agency is obligated to deposit.

A 33679 Summary Report, pursuant to California Community Redevelopment Law, Health and Safety Code 33000, (Attachment 6) has been prepared for the Cooperation Agreements concerning the Joint Projects, the North Embarcadero Project Improvements and the Transit Line Improvements. This Summary Report explains in detail the proposed projects, an estimate of the tax increment revenues to be used, the applicable facts supporting Section 33445 Findings and the redevelopment purpose for which the tax increment is being used. Furthermore, Section 33455 Findings are also included in the respective Redevelopment Agency and City Council resolutions.

Atomic and Teyssier Trust Resolution Under Health and Safety Code Section 33399(g)

Consistent with the settlement and in addition to the aforementioned agreements, a resolution has been prepared for Redevelopment Agency’s consideration and execution declaring and designating the real properties in the Grantville Redevelopment Project Area owned by Atomic and Teyssier Trust are exempt from eminent domain under the Grantville Redevelopment Plan pursuant to Health and Safety Code Section 33399(g). A copy of the proposed resolution is attached as Attachment 7, and if approved, will be recorded with the County of San Diego Records Office as required by Health and Safety Code Section 33399(g).

Environmental Review

The projects under the proposed agreements are consistent with the Grantville and Centre City Redevelopment Plans and are covered by their respective and approved Environmental Impact Reports (EIRs). Specifically, these activities covered under the 2006 Final Environmental Impact Report (“FEIR”) prepared for all developments in the Centre City Redevelopment Project Area, or the 2005 Program Environmental Impact Report (“PEIR”) prepared for all developments in the Grantville Redevelopment Project Area. Because the FEIR and PEIR cover these activities as part of a previously approved redevelopment plans, the activities are not a separate project or projects for purposes of the California Environmental Quality Act (“CEQA”) and CEQA Guidelines Sections 15060(c)(3) and 15378(c). Subsequent discretionary approval for these activities does not involve project changes, a change in circumstances, or new information of substantial importance which would warrant any additional environmental review. California Public Resources Code section 21166.

FISCAL CONSIDERATIONS:

The estimated property tax increment projected for the Grantville Redevelopment Project Area from 2005-2050 is approximately \$610.4 million of which \$122.1 million, or 20 percent, is attributable to the Low and Moderate Income Housing Fund (LMIHF). The net property tax increment projected for the Grantville Redevelopment Project Area after statutory tax sharing agreements is approximately \$264.8 million. If the proposed Transit Line Improvement Cooperation Agreement is approved, \$31.36 million would be spent for “C” Street Transit Improvements within the Centre City Redevelopment Project Area. Also, if the proposed Joint Projects Agreement is approved, \$7.84 million would be spent for project improvements of benefit to the Grantville Redevelopment Project Area. Upon subtracting these agreement amounts, the net projected property tax increment available to the Grantville Redevelopment Project Area is projected to be \$225.6 million from 2005-2050. Payments beginning in Fiscal Year 2011-12 with installments paid over 39-years. If an installment payment is deferred the Agency will incur interest. All of the aforementioned amounts are in future dollars.

PREVIOUS AGENCY and/or COUNCIL ACTIONS:

On April 19, 2005 the Redevelopment Agency and City Council held a joint public hearing to receive comments on the proposed Grantville Redevelopment Plan. On May 3 and 17, 2005, the City Council adopted the Redevelopment Plan, Ordinance No. O-19380.

COMMUNITY PARTICIPATION & PUBLIC OUTREACH EFFORTS:

With respect to the Cooperation Agreements for Joint Projects, the North Embarcadero Project Improvements, and Transit Line Improvements, a notice of the time and place of the Redevelopment Agency and City Council joint public hearing has been published in a newspaper of general circulation for at least two successive weeks prior to the joint public hearing. Also, said cooperation agreements related to the joint public hearing have been available for public review and copying at the Offices of the Redevelopment

Agency and City Clerk at the time of the first publication of the notice of the joint public hearing. The Centre City Development Corporation (CCDC) Board is scheduled to discuss this item, as it relates to the North Embarcadero Public Improvement and Facilities and the Transit Line Improvements agreements on July 16, 2008. In addition, the Centre City Advisory Committee (CCAC) is scheduled to hear this item at their July 23, 2008 meeting. Any recommendations or actions taken by the CCDC Board or CCAC will be shared orally at this joint public hearing.

Respectfully submitted,

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

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

- Attachments:
1. Grantville Redevelopment Project Area Map
 2. Agreement for Cooperation between the Redevelopment Agency of the City of San Diego and the County of San Diego Relating to Joint Projects
 3. Agreement for Cooperation between the Redevelopment Agency of the City of San Diego and the County of San Diego Relating to the Funding of North Embarcadero Public Improvements and Facilities
 4. Cooperation Agreement Relating to the Funding of the Transit Line Improvements by and between the City of San Diego and the Redevelopment Agency of the City of San Diego
 5. Cooperation Agreement Relating to the Affordable Housing Credit and Allocation Transfer by and between the Redevelopment Agency of the City of San Diego, the City of San Diego and the County of San Diego
 6. Health and Safety Code Section 33679 Summary Report
 7. Atomic and Teysier Resolution Pursuant to Health and Safety Code Section 33399(g)