



## Memorandum

DATE ISSUED: November 7, 2007

Report No. SEDC 07-010

ATTENTION: Honorable Chair and Members of the Redevelopment Agency  
Docket of November 13, 2007

FROM: Carolyn Y. Smith, President

SUBJECT: Approval of Real Estate Purchase and Sale Agreement with Tom Yanagihara

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### REQUESTED ACTION

Should the Redevelopment Agency of the City of San Diego (Agency): (1) Approve a Purchase and Sale Agreement between the Agency and Tom Yanagihara; (2) Authorize the expenditure of up to \$2.1 million as approved in the FY 07/08 budget (approved by the City Council May 15, 2007); and (3) Transfer appropriations of \$431,569 and \$978,431 from Fund No. 98789 and Fund No. (98793) respectively to Fund No. 98772 totaling \$1,410,000.

### STAFF RECOMMENDATION TO THE REDEVELOPMENT AGENCY

That the Agency: (1) Approves a Purchase and Sale Agreement between the Agency and Tom Yanagihara; and (2) Authorizes the expenditure of up to \$2.1 million as approved in the FY 07/08 budget (approved by the City Council May 15, 2007) which include \$690,000 from Fund No. 98775 and \$1,410,000 from Fund No. 98772; and (3) Transfer appropriations of \$431,569 and \$978,431 from Fund No. 98789 and Fund No. (xxxxx) respectively to Fund No. 98772 totaling \$1,410,000.

### SUMMARY:

#### BACKGROUND

During the past decade SEDC has employed a strategy of acquiring passed-over or vacant properties for the purpose of redevelopment. This approach has resulted in various developments and development opportunities including but not limited to: the 340,000 sq. ft. Imperial Marketplace retail center, the Valencia Business Park, the 30,000 sq. ft., development under construction at 54<sup>th</sup> and Market Streets, the property at Hilltop Drive and Euclid Avenue, the former Urban League site on Market Street, and the Dennis Conner Building in Gateway Center East to name a few.

The 1.16 acre site is located at 5003 Imperial Avenue (Site) within the Lincoln Park Neighborhood and the Central Imperial Redevelopment Project Area. The Site is currently zoned for commercial use (CT-2 and CSF-1) and was originally occupied by Ouchi Power Equipment. This Site represents a property that the

corporation is able to acquire for the purpose of redevelopment without the use of eminent domain, a strategy the Agency that has continued for twenty-five years.

## DISCUSSION

As we continue to implement the Central Imperial Redevelopment Plan and specifically the Imperial Avenue Corridor Master Plan, SEDC is positioned to assist with the acquisition of property along the Corridor. The site is one of the properties the corporation will acquire on behalf of the Agency. Initially, the site was included in the Owner Participation Agreement between Ito/Girard and the Agency for the development of 35 units. This site was included in the July 11, 2006, City Council approval of the initiation of Community Plan Amendments to change land uses to provide additional housing opportunities in the southeastern San Diego Community Planning Area. The rezones and land use amendments applications were submitted in April 2007. SEDC anticipates that the development of this parcel will be developed by the Ito/Girard Team Development under a Disposition and Development Agreement. The use of \$690,000 of low/mod housing funds to fund a portion of this acquisition cost will require the development to comply with the use of such funding.

The following are the basic terms of the Agreement:

- The Purchase Price is \$2.1 million. The payment shall include a deposit of \$10,000 upon the opening of escrow. The deposit shall be fully refundable to the corporation if escrow is terminated anytime prior to the expiration of the due diligence period (which is 30 days from the day escrow is opened). After the expiration of the due diligence period the escrow deposit shall become non-refundable in favor of the Seller.
- In order to close escrow, SEDC shall cause to be deposited the balance of the funds due within five (5) days of written request from the escrow holder. The close of escrow is to occur on or before sixty (60) days after the opening date unless extended in writing by the parties.
- SEDC shall have access to the site to conduct its due diligence. In addition, SEDC shall have approval of the results of any and all inspections, investigations, tests, and studies.

The funds necessary for the acquisition of this property are part of the bond proceeds received through the SEDC 2007 tax allocation bond issuance and are included in the approved FY 2008 Project budget in the Central Imperial Redevelopment Project Area.

## CONCLUSION

The acquisition of the site at 5003 Imperial Avenue will assist the corporation in meeting the goals outlined in the Imperial Avenue Corridor Master Plan which encourages this portion of Imperial Avenue to be pedestrian oriented with mixed use of housing and commercial built at a higher density to accommodate more families uses designed as a pedestrian friendly.

ALTERNATIVE

Do not approve the Purchase and Sale Agreement. This alternative would negatively impact the implementation of the Imperial Avenue Corridor Master Plan.

FISCAL CONSIDERATION

The \$2.1 million expenditure was approved in the FY 07/08 budget by the City Council May 15, 2007.

PREVIOUS AGENCY ACTIONS

None.

COMMUNITY PARTICIPATION & PUBLIC OUTREACH EFFORTS

The public outreach is conducted through the SEDC Board of Directors meetings. The SEDC Board of Directors heard and recommended approval of the item on June 27, 2007.

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Submitted/Approved by  
Carolyn Y. Smith  
President

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Attachment – Purchase and Sale Agreement with the Yanagihara Trust