

Southeastern
Economic
Development
Corporation

MEMORANDUM

DATE ISSUED: May 21, 2008 Report No. SEDC 08-006

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of May 27, 2008

SUBJECT: Approval of a Real Estate Purchase and Sale Agreement with
Rufino Gallegos Lara

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REQUESTED ACTION

Should the Redevelopment Agency of the City of San Diego (Agency) take the actions necessary to approve the purchase of property located at 6395-97 Imperial Avenue within the Central Imperial Redevelopment Project Area?

STAFF RECOMMENDATION TO THE REDEVELOPMENT AGENCY

That the Agency adopts a resolution to 1) Approve a Purchase and Sale Agreement between the Agency and Rufino Gallegos Lara; and 2) Authorize the expenditure of up to \$565,000 as approved in the FY 07/08 budget (approved by the City Council May 15, 2007).

SUMMARY

The Central Imperial Redevelopment Plan has goals specific to the provision of housing which should include a range of housing types as well as the elimination of blighted properties. One of the actions necessary to achieve these goals is to assist with site assembly particularly if said site assembly can be achieved without the use of eminent domain.

The Imperial Avenue Corridor Master Plan (Master Plan) completed in December 2005, is the guide for the redevelopment of two segments of the Imperial Avenue Corridor located within the Central Imperial Redevelopment Project Area. This subject site is located at 6395 & 6397 Imperial Avenue (Site) in the eastern segment of the Master Plan area, along Imperial Avenue between 61st to 69th Streets. Development recommendations for this segment of the Corridor includes mixed-use commercial and residential development to provide additional housing opportunities and choices within the area

The Site represents a property that the corporation is able to acquire for the purpose of redevelopment without the use of eminent domain, a strategy that has been utilized by SEDC for the past twenty-six years.

The Site consists of one parcel totaling approximately 7,500 square feet (.17 acre), located on the south side of Imperial Avenue, west of 65th Street in the South Encanto neighborhood of the Southeastern San Diego Community Planning Area, the Southeastern San Diego Planned District (SESDPD) and within the Central Imperial Redevelopment Project Area. The current zoning for the Site is a commercial strip designation of SESDPD-CSR-3. The Site has 50 feet of frontage on Imperial Avenue, is generally rectangular, with an approximate width of 150 feet. There is a rear alley providing access to the rear the property. The lot is generally level along Imperial Avenue and slopes steeply upward at the rear portion of the Site, up to the alley bordering the south of the property. The Site is developed with older commercial and residential buildings. This Site represents a property that the Agency is able to acquire for the purpose of redevelopment without the use of eminent domain, a strategy the corporation has utilized throughout the Central Imperial Redevelopment Project Area.

In January, 2007, in response to a development proposal for the construction of approximately 200 residential units along Imperial Avenue from 63rd through 69th Streets, the Redevelopment Agency of the City of San Diego (Agency) mailed a Request for Statement of Interest to property owners located within this area. This is a requirement of California Redevelopment Law to ensure that owners are afforded a fair and reasonable opportunity to participate in the redevelopment of the area.

The subject property owner responded in February, 2007, stating that the property had previously been listed for sale but no offers were received and indicating their continued interest in the sale of the property. In March, 2007, and in June, 2007, the property owner followed up with written letters formally indicating an interest to sell the property to the Agency.

Property Appraisal – In May 2007, the firm of Integra Realty Resources prepared an Appraisal of Real Property in summary format in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP). The summary report conforms with Standards Rule 2-2(b), as defined in the USPAP and performed under Standards Rule 1 of USPAP. As such, it includes summarized discussions of the pertinent information utilized in arriving at the value conclusion. It also includes summary descriptions of the subject property, the property's locale, the market for the property type and the appraisers' opinion of highest and best use. The fee simple market value estimate is \$565,000.

Following receipt of the appraisal SEDC sent an Offer to Purchase to the property owner indicating the terms and conditions under which the Agency will be willing to consider purchase of the property. In December 2007, the property owner sent a letter accepting the terms and conditions of the Agency's offer.

The following are the basic terms of the Agreement:

- The Purchase Price is \$565,000. The payment shall include a deposit of \$25,000 upon the opening of escrow. The deposit shall be refundable in full 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 be come non-refundable in favor to the Seller.
- In order to close escrow, SEDC shall cause to be deposited the balance of the funds due within five 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 a portion of the non-housing 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.

FISCAL CONSIDERATION

The \$565,000 expenditure was approved in the FY 2008 budget by the City Council on May 15, 2007, and will be funded from the taxable proceeds of the Central Imperial 2007 Tax Allocation Bonds.

ENVIRONMENTAL IMPACT

This activity is exempt from the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines Section 15060(c)(3).

PREVIOUS AGENCY AND/OR COMMITTEE ACTION

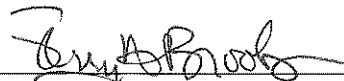
None.

COMMUNITY PARTICIPATION & PUBLIC OUTREACH EFFORTS

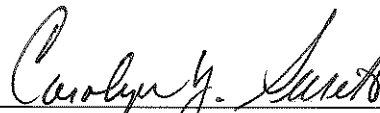
The public outreach is conducted through the SEDC Board of Directors meetings. The SEDC Board of Directors heard and recommended approval of the item on January 23, 2008.

CONCLUSION

The acquisition of the Site will assist in the implementation of the goals of the Central Imperial Redevelopment Plan. The Site is an example of an under-utilized site that could be developed separately or assembled with adjacent sites to offer additional housing and/or commercial opportunities as envisioned in the Imperial Avenue Corridor Master Plan.



Submitted by:
Sherry A. Brooks
Project Manager



Approved by:
Carolyn Y. Smith
President

CYS:kk

Attachment No. 1 – Agreement of Purchase and Sale with Rufino Gallegos Lara

Attachment No. 2 – Site Photos