

RESOLUTION NUMBER R- **313132**

DATE OF FINAL PASSAGE JUL 06 2020

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO APPROVING A DISPOSITION AND
DEVELOPMENT AGREEMENT RELATED TO THE NORTH
PARK GATEWAY PROJECT IN THE NORTH PARK
REDEVELOPMENT PROJECT AREA AND RELATED
ACTIONS.

WHEREAS, pursuant to Assembly Bill x1 26 (AB 26), as modified by the California Supreme Court in *California Redevelopment Assn. v. Matosantos*, 53 Cal. 4th 231 (2011), and subsequent legislation (collectively, the Dissolution Laws), the Redevelopment Agency of the City of San Diego (Former RDA) dissolved as of February 1, 2012, and the City of San Diego, solely in its capacity as the designated successor agency to the Former RDA (Successor Agency) became responsible for fulfilling the enforceable obligations, disposing of the properties and other assets, and unwinding the affairs of the Former RDA; and

WHEREAS, the Former RDA adopted Resolution R-04663, effective April 25, 2011, approving an Exclusive Negotiation Agreement with North Park Gateway LLC (Developer) to negotiate the terms of a Disposition and Development Agreement, regarding the adaptive reuse of a 6,000 square-foot mixed-use development at 3067 University Avenue in City of San Diego (Property); and

WHEREAS, due to the dissolution of redevelopment and Dissolution Laws, the Former RDA and Developer were unable to execute a Disposition and Development Agreement; and

WHEREAS, on October 15, 2015, the California State Department of Finance approved the Former RDA's Amended and Restated Long Range Property Management Plan (ARPMMP) that allowed the City of San Diego (City) to renew negotiations on a Disposition and Development Agreement with Developer; and

WHEREAS, the City, has negotiated a Disposition and Development Agreement (Agreement) with Developer, related to the Property, a copy of which is included as Attachment B to the Staff Report; and

WHEREAS, the Agreement requires Developer to rehabilitate the existing historic structure on the Property, including 6,000 square feet of ground floor retail and commercial space, 10 rental units, 9 units that are market rate and 1 affordable housing unit at 65 percent area median income, and public improvements adjacent to the Property (Project); and

WHEREAS, the affordable units in the Project will be subject to 55-year affordability covenants to be recorded against the Property in accordance with the Agreement; and

WHEREAS, in accordance with the Agreement, the City will issue a forgivable loan to Developer in an amount not to exceed \$100,000 for construction of public improvements immediately adjacent to the Property; and

WHEREAS, California Health and Safety Code (Code) section 34191.5(c)(2) and the ARPMP requires the Successor Agency to dispose of the Former RDA's properties through four categories: (1) transfer to the City for governmental use; (2) liquidation or sale to a third party; (3) transfer to the City for future development in accordance with historical redevelopment objectives; and (4) fulfillment of an enforceable obligation; and

WHEREAS, the ARPMP identifies the Property in the future disposition and development category; and

WHEREAS, pursuant to Code section 34180(f), in exchange for the City retaining the Property for future development, the City and other local taxing entities must enter into a compensation agreement under which the City compensates the other local taxing entities in accordance with their proportional share of base property tax revenues as determined pursuant to Code section 34188 for the value of the Property (Compensation Agreement); and

WHEREAS, in accordance with Code section 33433(a)(1), the Council of the City of San Diego (City Council) held a public hearing on June 30, 2020, to consider the approval of the Agreement and the Ground Lease after publishing notice of the public hearing as specified in California Government Code section 6066; and

WHEREAS, in accordance with Code section 33433(a)(2), a consultant retained by the City prepared a "Summary Report" dated March 2020 related to the Agreement (Summary Report), a copy of the Summary Report is included as Attachment D to the Staff Report and incorporated fully into this Resolution; and

WHEREAS, the City has made copies of the Agreement, the Summary Report, and the Consistency Evaluation available for public inspection and copying no later than the time of the first publication of the notice of the public hearing; and

WHEREAS, the City Council has considered the information in the Summary Report, which contains a summary describing and specifying all of the following:

- (i) The cost of the Agreement to the City; and
- (ii) The estimated fair market value of the interest to be conveyed, determined at the highest and best use permitted under the Redevelopment Plan for the North Park Redevelopment Project Area, as amended (Redevelopment Plan); and
- (iii) The estimated value of the interest to be conveyed, determined at the use and with the conditions, covenants, and development costs required by the Agreement; and
- (iv) The fair market value of the interest to be conveyed along with an explanation as to why the compensation is less than the fair market value, determined at the highest and best use consistent with the Redevelopment Plan; and

(v) An explanation of why the conveyance of the Property in accordance with the Agreement will assist in the elimination of blight, with reference to all supporting facts and materials relied upon in making this explanation; and

WHEREAS, pursuant to Code section 33433, the City Council considered the information in the Summary Report; and

WHEREAS, the City Council believes that the Agreement is in the best interests of the City and the health, safety, morals and welfare of its residents, and in accordance with the public purposes and provisions of applicable state and local law and requirements; and

WHEREAS, the City Council has considered any written evidence and/or testimony received in support of or in opposition to the Agreement, as well as the entire record prepared by City staff related to the matters addressed in this Resolution; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. The City Council finds and determines that all recitals set forth in this Resolution are true and correct and fully incorporated in this Resolution.
2. The City Council finds that the consideration to be received by the City for the sale of the Property under the Agreement is not less than fair reuse value at the use and with the covenants, conditions, and development costs required by the Agreement.
3. The City Council finds that the development of the Property under the Agreement will assist in the elimination of blight in the North Park Redevelopment Project Area and is consistent with the Redevelopment Plan and the most recent five-year implementation plan adopted pursuant to Code section 33490.
4. The City Council approves the Agreement and all other attachments and exhibits to the Agreement.

5. The Mayor, or designee, is authorized and directed to sign the Agreement, including all attachments and exhibits requiring the City's signature. A copy of the signed Agreement, shall be placed on file with the City Clerk as Document No. RR- **313132 - 1**

6. The City Council approves the Compensation Agreement.

7. The Mayor, or designee, is authorized and directed to sign the Compensation Agreement. A copy of the signed Compensation Agreement, shall be placed on file with the City Clerk as Document No. RR- **313132 - 2**

8. The Mayor, or designee, is authorized and directed to sign all documents necessary and appropriate to carry out and implement the Agreement and Compensation Agreement and to administer the City's obligations, responsibilities, and duties to be performed under the Agreement, including all attachments and exhibits, and the Compensation Agreement.

9. The Chief Financial Officer, as delegated, is authorized to appropriate and expend an amount not to exceed \$100,000 from North Park Redevelopment Bond Proceeds, Fund 400672, for public infrastructure improvements, in accordance with the Agreement.

APPROVED: MARA W. ELLIOTT, City Attorney

By /s/ Katherine A. Malcolm
Katherine A. Malcolm
Deputy City Attorney

KAM:soc
06/22/2020
Or. Dept: Economic Dev't
Doc. No.: 2400365
Companion Item to R-2020-609

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of 06/30/2020.

ELIZABETH S. MALAND
City Clerk

By /s/ Connie Patterson
Deputy City Clerk

Approved: 7/2/2020
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on JUN 30 2020, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jennifer Campbell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Ward	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monica Montgomery	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Georgette Gómez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUL 06 2020.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By Connie Patterson, Deputy

Office of the City Clerk, San Diego, California

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