

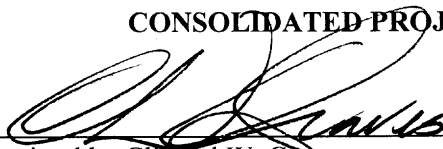


City of Carson

Report to Mayor and City Council

June 7, 2011
Special Orders of the Day

SUBJECT: JOINT PUBLIC HEARING TO CONSIDER RESOLUTION NO. 11-071 APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CARSON REDEVELOPMENT AGENCY AND OLSON URBAN HOUSING, LLC, FOR THE SALE AND DEVELOPMENT OF A 0.92-ACRE PARCEL OF AGENCY-OWNED PROPERTY LOCATED AT 2535-2569 EAST CARSON STREET (CARSON CONSOLIDATED PROJECT AREA)


Submitted by Clifford W. Graves
Economic Development General Manager


Approved by Clifford W. Graves
Interim City Manager

THIS IS A JOINT AGENDA ITEM

I. SUMMARY

The subject of this report is a Disposition and Development Agreement (DDA) by and between the Carson Redevelopment Agency (Agency) and Olson Urban Housing, LLC, a Delaware Corporation (Developer) (Exhibit No. 2), for development of 12 workforce, for sale, single-family residential units (Project). Adoption of Resolution No. 11-071 (Exhibit No. 1) will authorize the DDA.

The Developer wishes to purchase approximately a 0.92-acre parcel of Agency-owned land located at 2535-2569 East Carson Street (Agency Property) (Exhibit No. 3) for the fair-market value of \$1,302,000.00. The Developer also requests that the Agency provide financial assistance in an amount up to \$1,328,495.00 from the housing set-aside funds for additional assistance.

II. RECOMMENDATION

TAKE the following actions:

1. OPEN the Joint Public Hearing, TAKE public testimony, and CLOSE the Joint Public Hearing.
2. WAIVE further reading and ADOPT Resolution No. 11-071, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, MAKING CERTAIN FINDINGS AND APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CARSON REDEVELOPMENT AGENCY AND OLSON URBAN HOUSING, LLC, A DELAWARE LIMITED LIABILITY COMPANY, AND THE RELATED CALIFORNIA ENVIRONMENTAL QUALITY ACT EXEMPTION, RELATING TO THE DEVELOPMENT OF 2535-2569 EAST CARSON STREET."

3. AUTHORIZE the Mayor to execute the Disposition and Development Agreement following approval as to form by the City Attorney.

III. ALTERNATIVES

1. MODIFY and APPROVE the agreement as the City Council may require.
2. TAKE another action the City Council deems appropriate.

IV. BACKGROUND

In July 2009, the Agency purchased the approximately 0.92-acre parcel property with housing funds, with the intention of developing a workforce-housing project. The Agency issued a request for proposals (RFP) in March 2010, soliciting residential developers. No proposals were received at the end of the 30-day response period.

In June 2010, the Developer approached the Agency with a proposal to construct workforce single-family homes that would be sold to qualifying moderate-income families. Agency staff found the proposal's overall vision for development to be consistent with the city's mission to develop quality workforce-housing. The Agency and Developer entered into an exclusive negotiating agreement on August 3, 2010 (Exhibit No. 4), and are now prepared to enter into the DDA.

The Project will consist of 12 single-family detached units that will be sold to moderate-income households. As part of the Project, the Developer will also provide upgraded project amenities such as secured gated on-site parking, community space for gathering and grilling and casual dining, all enhanced with benches and pathways bordered by landscaped planters. The site plan (Exhibit No. 5) is detailed below:

- Twelve 1,250 square foot, single-family detached units consisting of three bedrooms and two and one half bathrooms
- 24 two-car attached garages
- 10 surface spaces guest parking
- Outdoor community open space and barbeque amenities
- Secured access controlled gate entry

A regulatory agreement restricting income affordability levels will be recorded against the Project to specify the terms of affordability restrictions of the units to moderate-income residents. These terms will be in effect for a minimum of 45 years following the issuance of the Certificate of Occupancy. Affordability restrictions are as follows:

- 12 moderate-income units
- Ownership properly reported to the Agency
- Units to be sold continuously to qualified buyers during the term of the agreement

- Site to be properly maintained

An independent highest- and best-use appraisal was prepared for the Agency Property, which listed the fair-market value at \$1,302,000.00. The Agency will transfer the Agency Property to the Developer for \$1,302,000.00 (Purchase Price). In addition, the Agency will provide Project assistance in an amount up to \$1,328,495.00 from housing set-aside funds (Agency Assistance) toward Project development costs. The Purchase Price and Agency Assistance will be in the form of a loan and evidenced by a promissory note and secured by a Deed of Trust. Subsequent to the initial sale, any future sales of the units will be restricted to qualified moderate-income buyers for a period of 45 years. The \$2,630,495.00 Agency loan will be forgiven once all of the units are sold. The Agency will receive a homeowner's note (Note) from each qualified buyer in the amount of \$35,000.00. The Note will not bear interest but will be secured by a Homeowner's Deed of Trust and repayment required only upon default of the 45-year affordability covenant.

The estimated total development cost of the Project is \$3,785,000.00. Redevelopment law requires that agencies convey property for at least the fair reuse value. Based on a fair reuse analysis (Exhibit No. 6) conducted by the Agency's economic consultant, Keyser Marston & Associates (KMA), the reuse value of the Agency Property is a negative \$1.34 million. Therefore, the Developer's request for \$2,630,000.00 in financial assistance is considered to be warranted and the Purchase Price for the Agency Property of \$1,302,000.00 is considered to meet the requirement of meeting or exceeding the fair reuse value.

The Agency Property was purchased with housing set-aside funds; the use of all housing set-aside funds exempts the Project from prevailing wage requirements.

A summary report has been prepared pursuant to the requirements of Section 33433 of the California Health and Safety Code (Summary Report) (Exhibit No. 7). The Summary Report must include:

- 1) The cost of the agreement to the Agency.
- 2) The estimated value of the interest to be conveyed determined at the highest- and best-use permitted under the plan (current market value).
- 3) The estimated value of the interest to be conveyed or leased; determined at the use with the conditions, covenants, and development costs required by the sale or lease. This is determined by a reuse appraisal previously prepared for the Project.
- 4) An explanation of why the sale or lease of the property will assist in the elimination of blight.

Agency support of workforce-housing projects is consistent with the city's Housing Element and with the Redevelopment Agency Plan and related Five-Year Implementation Plan 2010-2014. The amount of Agency assistance takes into

consideration that the Developer is providing quality workforce-housing for the community.

Staff recommends that the Agency enter into the DDA with Olson Urban Housing, LLC, a Delaware Corporation.

V. FISCAL IMPACT

The Agency will credit the \$1,302,000.00 value of the land to the Developer at close of escrow and provide the Agency Assistance of up to \$1,328,495.00 to the Developer from taxable housing set-aside bond funds during the course of construction. Funds are available in the FY 2010/11 housing fund of the Carson Consolidated Project Area.

VI. EXHIBITS

1. Resolution No. 11-071. (pgs. 5-6)

Exhibits listed below are included with the Carson Redevelopment Agency Joint Item.

2. Disposition and Development Agreement. (pgs. 7-163)
3. Site map. (pg. 164)
4. Minutes August 3, 2010, Item No. 3. (pg. 165)
5. Site plan. (pg. 166)
6. Fair reuse analysis. (pgs. 167-180)
7. Summary Report pursuant to Section 33433 of the California Community Redevelopment Law. (pgs. 181-188)

Prepared by: Michelle Chambers, Redevelopment Project Manager
TO:Rev010511

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Development Services
Economic Development Services	Public Services

Action taken by City Council

Date_____ Action_____

RESOLUTION NO. 11-071

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, MAKING CERTAIN FINDINGS AND APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CARSON REDEVELOPMENT AGENCY AND OLSON URBAN HOUSING, LLC, A DELAWARE LIMITED LIABILITY COMPANY, AND THE RELATED CALIFORNIA ENVIRONMENTAL QUALITY ACT EXEMPTION, RELATING TO THE DEVELOPMENT OF 2535-2569 EAST CARSON STREET

WHEREAS, the Carson Redevelopment Agency (the "Agency") has been duly created, established and authorized to transact business and exercise its powers under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California); and

WHEREAS, to effectuate the provisions of the Redevelopment Plan (the "Redevelopment Plan") for Carson Consolidated Project Area (the "Project Area"), the Agency is considering the transfer of the site located at 2535-2569 East Carson Street (the "Site") to Olson Urban Housing, LLC, a Delaware limited liability company (the "Developer"), pursuant to a Disposition and Development Agreement ("DDA") with the Developer for the construction of twelve (12) workforce single family residential homes ("Project") as further described in the DDA; and

WHEREAS, Section 33433 requires that the Agency Board and the City Council approve the DDA, that certain findings be made and that the Summary Report and a Notice of Exemption from the California Environmental Quality Act (CEQA) and a copy of the DDA be made available for public inspection; and

WHEREAS, on June 7, 2011, the Agency and the Carson City Council conducted and concluded a duly noticed Joint Public Hearing pursuant to Section 33433 to consider the DDA and the Summary Report; and

WHEREAS, all legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, based on the evidence presented to the City Council, including the written staff report and oral testimony on this matter, and the DDA, the 33433 Report, and the Notice of Exemption and the City Council does hereby find, determine and resolve as follows:

Section 1. The above recitals are all true and correct and adopted as findings.

Section 2. The Project is categorically exempt from CEQA pursuant to Sections 15332, 15192, 15194 and 15195 of the CEQA Guidelines.

Section 3. The DDA is consistent with the Agency's adopted Redevelopment Plan for the Project Area and the Agency's Implementation Plan adopted pursuant to California Health and Safety Code Section 33490. The facts set forth in the Summary Report prepared for the DDA are incorporated herein.

Section 4. The consideration to be paid by Developer for the Site pursuant to the DDA is not less than fair-market value at its highest- and best-use in accordance with the Redevelopment Plan. The facts set forth in the Summary Report prepared for the DDA are incorporated herein.

Section 5. The sale of the Site will assist in the elimination of blight in the Project Area and will provide workforce-housing. The facts set forth in the Summary Report prepared for the DDA are incorporated herein.

Section 6. The DDA, a copy of which is available at the Economic Development Department, and by this reference incorporated herein, and the instruments referenced therein are hereby approved.

Section 7. The Mayor and/or City Manager and/or any other authorized officers are hereby authorized to take such actions, perform such deeds, and execute, acknowledge and deliver such instruments and documents as they deem necessary to effectuate the transactions contemplated under the DDA.

PASSED, APPROVED and ADOPTED this _____ day of June, 2011.

Mayor Jim Dear

ATTEST:

City Clerk Helen S. Kawagoe

APPROVED AS TO FORM:

City Attorney

