

ITEM NO. 6

STAFF REPORT

SUCCESSOR AGENCY CITY OF OCEANSIDE

DATE: May 28, 2013

TO: The Oversight Board of the City of Oceanside Successor Agency

FROM: Property Management

SUBJECT: **DISCUSSION OF PERTINENT TERMS OF THE LONG-RANGE PROPERTY MANAGEMENT PLAN THAT ADDRESSES THE DISPOSITION AND USE OF REAL PROPERTIES**

SYNOPSIS

Staff is presenting, for discussion purposes only, a synopsis of the pertinent terms of the Long-Range Property Management Plan addressing the disposition and use of the real properties owned by the City of Oceanside Successor Agency, which will be presented to the Oversight Board of the City of Oceanside Successor Agency for adoption of a resolution at a meeting to be held on June 11, 2013.

BACKGROUND

The State of California Assembly Bill X1 26, the "Dissolution Act", dissolved all redevelopment agencies in California, including the Oceanside Redevelopment Agency ("Former Agency"). As part of the dissolution of the Former Agency the City Council adopted a resolution electing to have the City of Oceanside serve as the successor agency to the Oceanside Redevelopment Agency ("Successor Agency").

Pursuant to Assembly Bill 1484 ("AB 1484"), within six months after receiving a finding of completion from the California Department of Finance ("DOF"), the Successor Agency is required to submit for approval to the Oversight Board and the DOF a Long-Range Property Management Plan ("Plan"). The Plan needs to address the disposition and/or use of the real properties of the Former Agency.

The Former Agency, at the time of dissolution, owned four parcels of real property that are subject to the Plan. The four parcels are the two vacant blocks on Pacific Street between Pier View Way and Seagaze Drive ("Pacific Street Lots"); Parking Lot 23 at the northwest corner of Tremont Street and Pier View Way ("Parking Lot 23"); the vacant lot at 801 North Coast Highway ("Bode Property"); and the vacant lot located at the 900 Block of North Coast Highway ("Arthur Property"). The four parcels of real property are collectively referred to as the "Subject Properties."

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ANALYSIS

In accordance with the Dissolution Act, California Health and Safety Code Section 34191.5, the Plan, which will be presented to the Oversight Board describes the Subject Properties and sets forth the following pertinent information:

- 1) The date of the acquisition and the value of the property at that time and the estimated value of the property today.
- 2) The purpose for which the property was acquired.
- 3) A detailed description of the property, including but not limited to the assessor parcel number, property type, lot size, and current zoning.
- 4) The history of previous development proposals and activity of each property.
- 5) The property's current income/revenue (if applicable) and requirements for use of such.
- 6) A description of the property's proposed disposition and/or use by the Successor Agency.
- 7) Proposed sales value and proposed sale date (if applicable).

A synopsis of the pertinent information for each of the Subject Properties is attached.

FISCAL IMPACT

Any proceeds from the disposition and/or use of each of the Subject Properties that was purchased with bond funds will have to be used to retire a portion of the outstanding debt. A complete analysis will be when the Plan is presented to the Oversight Board for the adoption of a resolution approving the Plan.

CITY ATTORNEY'S ANALYSIS

Under the Dissolution Act enacted by AB X1 26, the Successor Agency, under the direction of the Oversight Board is obligated to dispose of real property it received from the dissolved Former Agency either for limited public uses or for disposition in the private market expeditiously and with a requirement of maximizing value. AB X1 26 contemplates that the disposition proceeds are to be made available for distribution to the taxing agencies.

AB 1484 provides greater flexibility for the Successor Agency that has received a Finding of Completion from the DOF. Once the Finding of Completion has been issued, the Successor Agency must within six months submit a long-range property management plan to the DOF. That plan includes an inventory of each property and a designation of the permitted use. The permitted uses may include retention of the land for government use, retention for future development, sale of the property for a redevelopment project, or use of the land for enforceable obligations.

SYNOPSIS OF PERTINENT TERMS OF THE LONG-RANGE PROPERTY MANAGEMENT PLAN

INTRODUCTION

Pursuant to Assembly Bill 1484 (“AB 1484”) substantial changes were made to the redevelopment agency dissolution process implemented by Assembly Bill 1X 26. One of the key components of AB 1484 is the requirement that all successor agencies develop a long-range property management plan that governs the disposition and use of the former redevelopment agency property.

AB 1484 requires the long-range property management plan to include information for each of the properties included in the successor agency’s inventory such as:

- 1) A detailed description to include the property type, address (if applicable) assessor parcel number, lot size, current zoning, acquisition date, value at time of purchase, estimated current value, a description of property’s potential for transit oriented development, and the proposed disposition and/or use of the property by the successor agency.
- 2) Historical information to include the purpose of acquisition, history of environmental condition, and history of prior development proposals and activity.
- 3) A detailed description of the permissible use and/or disposition such as current income/revenue and contractual requirements for use of income/revenue (if applicable), proposed sales value, and proposed sales date (if applicable).

SUMMARY OF SUCCESSOR AGENCY PROPERTIES

The four (4) properties that were acquired by the former Oceanside Community Development Commission Oceanside Redevelopment Agency (“CDC”) that are now owned and controlled by the Successor Agency to the CDC (“Successor Agency”) are as follows:

- | | |
|----------|--|
| Parcel 1 | Two (2) blocks on Pacific Street between Pier View Way and Seagaze Drive (“Pacific Street Lots”) |
| Parcel 2 | Public Parking Lot 23 located at the northwest corner of Tremont Street and Pier View Way (“Parking Lot 23”) |
| Parcel 3 | The vacant lot at 801 North Coast Highway (“Bode Parcel”) |
| Parcel 4 | The vacant lot at the 900 Block of North Coast Highway (“Arthur Parcel”) |

Some of the pertinent terms of the Successor Agency’s Long-Range Property Management Plan to be submitted to the Department of Finance (“DOF”) for approval for each of the four (4) properties owned by the Successor Agency are described below.

Each of the Subject Properties described in this staff report is proposed to be disposed of and/or use consistent with the objectives of AB 1484. The disposition and/or use of the Subject Properties proposed in the Plan will be subject to the review by the DOF.

RECOMMENDATION

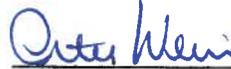
Staff is presenting, for discussion purposes only, a synopsis of the pertinent terms of the Long-Range Property Management Plan addressing the disposition and use of the real properties owned by the City of Oceanside Successor Agency, which will be presented to the Oversight Board of the City of Oceanside Successor Agency for adoption of a resolution at a special meeting to be held on June 11, 2013.

PREPARED BY:



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Teri Ferro, Director of Finance

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SYNOPSIS OF PERTINENT TERMS OF THE LONG-RANGE PROPERTY MANAGEMENT PLAN

INTRODUCTION

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SUMMARY OF SUCCESSOR AGENCY PROPERTIES

The four (4) properties that were acquired by the former Oceanside Community Development Commission Oceanside Redevelopment Agency (“CDC”) that are now owned and controlled by the Successor Agency to the CDC (“Successor Agency”) are as follows:

- | | |
|----------|--|
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PARCEL 1 – THE PACIFIC STREET LOTS

Property Type: Two (2) full blocks with the southern block vacant except for the “Top Gun House”. A portion of the northern block is currently being used as a temporary public parking lot.

Lot Size: Two (2) 60,000 SF lots.

Current Zoning: This property is located in the Coastal Zone and is included in the Redevelopment Project Area Zoning Map designated as District 12, Tourist and Visitor Serving Commercial. This property is also included in the Nine-Block Master Plan Area, which requires a minimum number of both hotel rooms and visitor serving commercial spaces.

Acquisition Date: Between 09/2001 and 2/25/2002

Value at Time of Purchase: \$6,956,695 (for all parcels acquired)

Estimated Current Value: Negative \$27.6 million

History of Previous Development Proposals and Activity:

Through 2000 through 2002 the CDC teamed with a private hotel developer in an effort to develop the site, however, that effort was unsuccessful. In September 2005, the CDC selected SD Malkin and in August 2006, the CDC and SD Malkin entered into a Memorandum of Understanding. In June 2009 a DDA and Lease (“DDA/Lease”) between the CDC and SD Malkin Properties, was approved by the CDC.

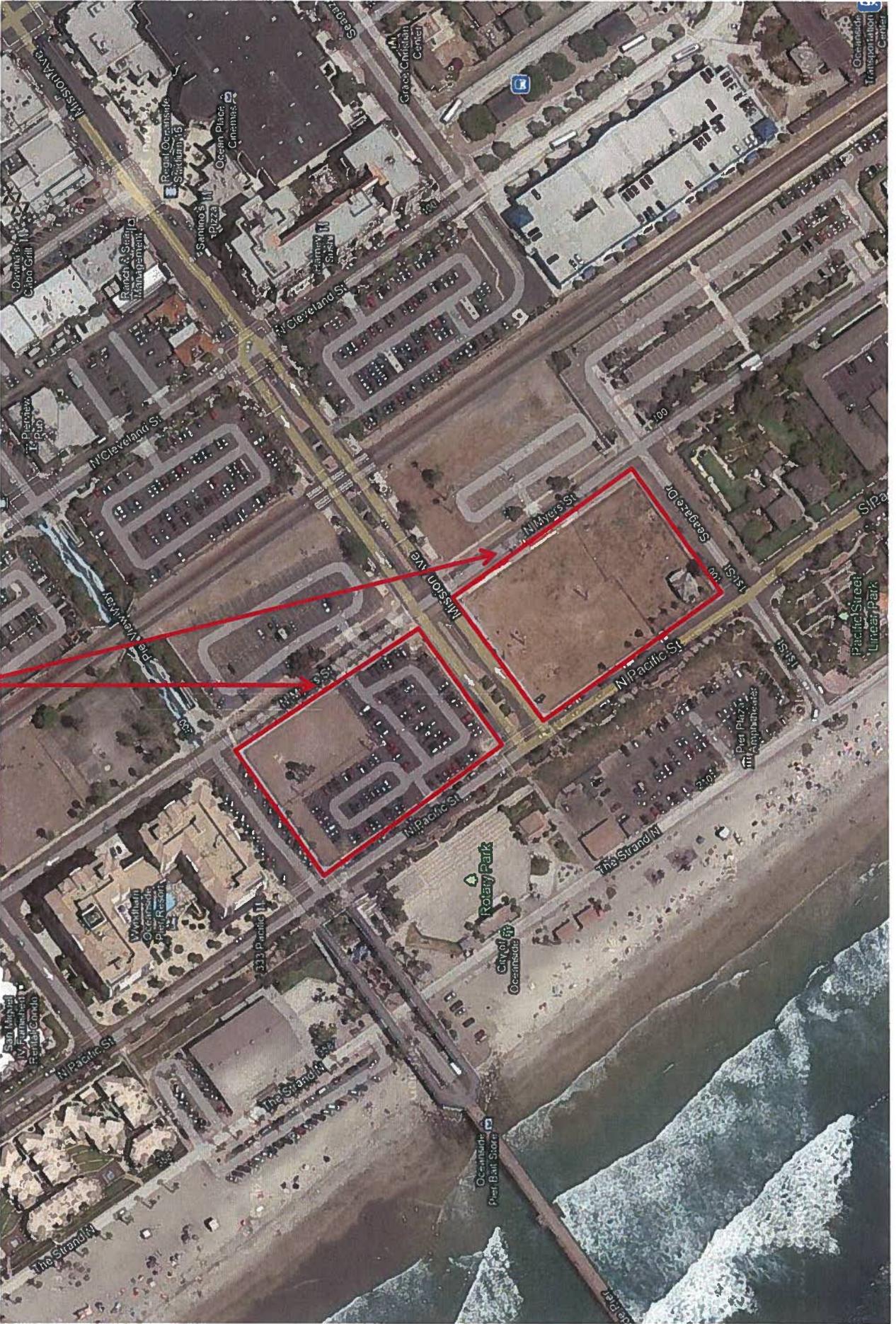
The DDA/Lease obligates SD Malkin to construct a high quality, full service 289 room resort hotel as well as a 47-unit boutique hotel with 48-unit fractional time share component, 18,500 SF of visitor serving commercial uses and a ballroom large enough to seat 500 people. The Lease was for a 75-year base term and a 24-year option and required the CDC agreed to contribute approximately \$27.5 million in redevelopment-based assistance.

Due to the adoption of AB 26 and AB 1484 much of the CDC’s financial assistance was rendered impossible and the terms of the DDA/Lease unlikely of being performed as contemplated.

Proposed Disposition and/or Use of the Property by the Successor Agency:

The Successor Agency and SD Malkin have negotiated a revised DDA which eliminates redevelopment assistance to SD Malkin. The Lease is proposed to be replaced by a sale of the property to SD Malkin. The revised DDA requires the construction of a full service resort hotel of at least 225 rooms with a four-star quality, a 135 room boutique hotel, at least 18,500 SF of visitor serving commercial facilities, a ballroom of at least 6,400 SF and a total of 20,000 SF of meeting space.

Pacific Street Lots



PARCEL 2 – PARKING LOT 23

Property Type: Currently an improved public parking lot.

Lot Size: 70,132 SF

Current Zoning: This property is located in the Coastal Zone and is included in the Redevelopment Project Area Zoning Map designated as District 1, Commercial Retail and Office/Residential Possible. . This property is also included in the Nine-Block Master Plan Area, which designates this property as Lot 23 and envisions a multi-story parking structure combined with commercial space and an undetermined number of residential units.

Acquisition Date: 12/18/1989

Estimated Current Value: Nominal (currently used as a public parking lot)

Proposed Disposition and/or Use of the Property by the Successor Agency:

Retain for future governmental use pursuant to Health and Safety Code 34180(A).

History of Previous Development Proposals and Activity:

No history of previous development proposals and activity.

PARCEL 3 – BODE PARCEL

Property Type: Currently a vacant lot.

Address: 801 North Coast Highway.

Lot Size: 11,000 SF

Current Zoning: This property is located in the Coastal Zone and is included in the Redevelopment Project Area Zoning Map and is designated as 7B, Recreational, Commercial and Residential.

Acquisition Date: 09/2002

Value at Time of Purchase: \$315,000

Estimated Current Value: \$297,000

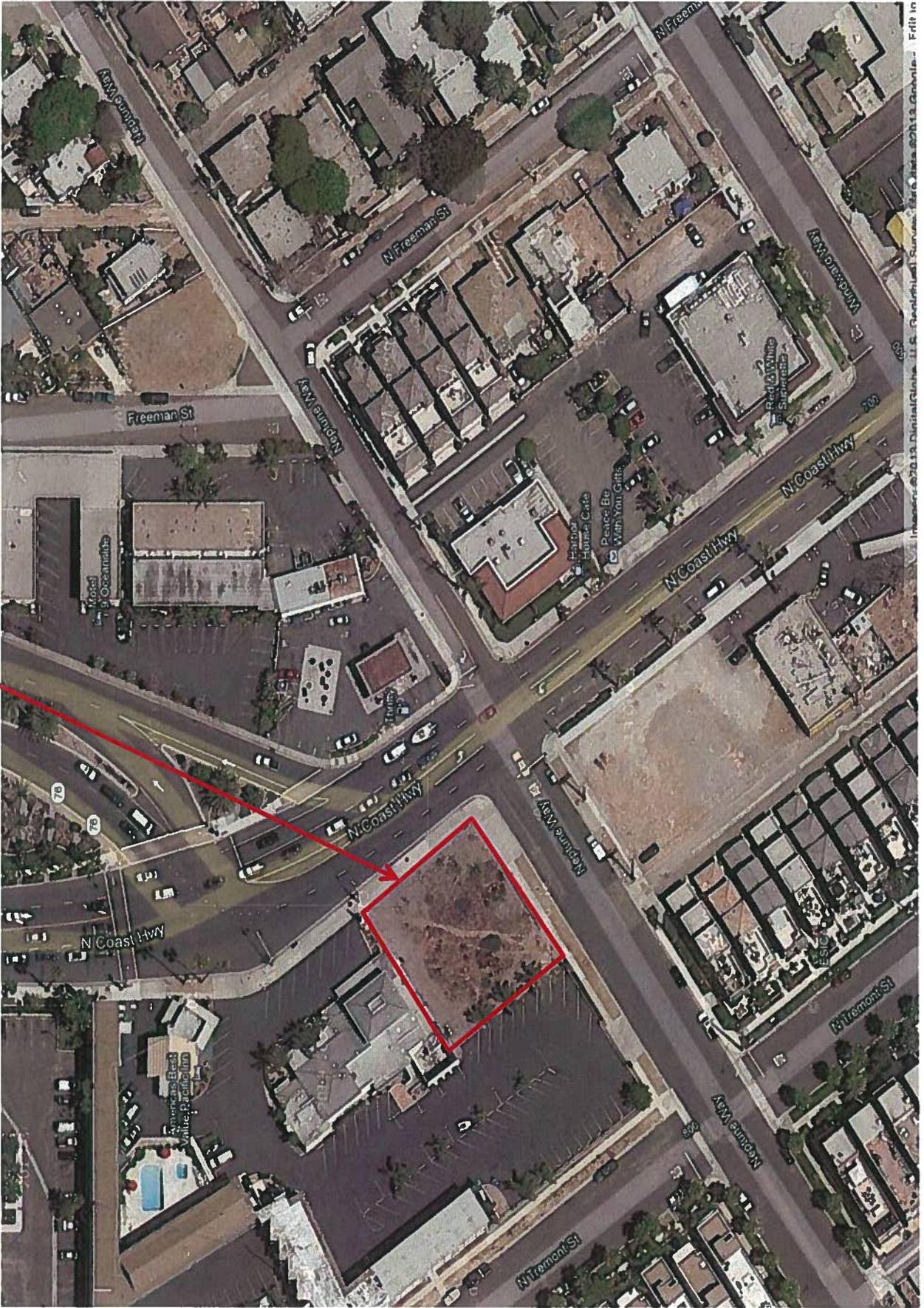
History of Previous Development Proposals and Activity:

No history of previous development proposals and activity.

Proposed Disposition and/or Use of the Property by the Successor Agency:

The property will be sold to highest bidder for development consistent with applicable zoning ordinances with the proceeds to be used to defease the bonds. The sale is anticipated to occur in the 3rd quarter of 2013 by auction, subject to the approval of a purchase and sale agreement by DOF.

Bode Parcel



PARCEL 4 – ARTHUR PARCEL

Property Type: Currently a vacant lot.

Lot Size: 6,100 SF

Current Zoning: The property is located in the Coastal Zone and is included in the Redevelopment Project Area Zoning Map and is designated as 7B, Recreational, Commercial and Residential.

Acquisition Date: 06/2004

Value at Time of Purchase: \$250,000

Estimated Current Value: \$183,000

History of Previous Development Proposals and Activity:

No history of previous development proposals and activity.

Proposed Disposition and/or Use of the Property by the Successor Agency:

The property will be sold to highest bidder for development consistent with applicable zoning ordinances with the proceeds to be used to defease the bonds. The sale is anticipated to occur in the 3rd quarter of 2013 by auction, subject to the approval of a purchase and sale agreement by DOF.

Arthur Parcel

