

## RESOLUTION NO. 2006-737

Adopted by the Sacramento City Council

October 10, 2006

### APPROVING AGENCY'S SALE OF PROPERTY AT 3801 MARYSVILLE BOULEVARD, WITH JOHNSON-WARREN PARTNERS LLC FOR DEVELOPMENT OF RETAIL/COMMERCIAL STRUCTURE

#### BACKGROUND

- A. The City of Sacramento approved by Ordinance the Del Paso Heights Redevelopment Plan ("Redevelopment Plan") for the Del Paso Heights Redevelopment Project Area ("Project Area").
- B. The Redevelopment Agency of the City of Sacramento ("Agency") owns certain real property generally described as located at 3801 Marysville Boulevard (APN 251-0084-018) in the Project Area ("Property").
- C. Agency and the Johnson-Warren Partners, LLC ("Developer") desire to enter into Disposition and Development Agreement ("DDA") to convey the Property to Developer for construction of a two-story retail/commercial building offering approximately 16,000 square feet of space and on-site accessory parking, as more specifically described in the DDA.
- B. In accordance with the California Environmental Quality Act ("CEQA") and its implementing regulations, the Project is exempt under CEQA Guidelines for the reasons set out in the Agency staff report that accompanies this resolution, and the Agency Executive Director has been directed to prepare a Notice of Exemption for the sale of the Property for the Project in accordance with CEQA Guidelines Section 15332 ("Agency CEQA Action").
- E. A report under Health and Safety Code Section 33433 ("Section 33343 Report") has been prepared and is attached hereto as Exhibit A filed with the Agency Clerk, and made available for public review pursuant to Section 33433.
- F. Proper notice of this action has been given and a public hearing has been held in accordance with Health and Safety Code Sections 33431 and 33433.

#### BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The foregoing recitals, including the statements regarding the CEQA findings, are true and correct. The Agency CEQA Findings are approved and adopted.

Section 2. The Agency's sale of the Property for construction of the Project is consistent with the goals and objectives of the Redevelopment Plan to remove blight, promote neighborhood-serving businesses and an economically viable community and is consistent with the Implementation Plan adopted for the Redevelopment Plan. The sale of the Property will assist in the elimination of blight as stated in the 33433 Report.

Section 3. The consideration for the Agency's conveyance of the Property to Developer is the Developer obligations under the DDA, and the fair reuse value of the Property with the covenants, conditions, restrictions required by the DDA and Grant Deed, which fair reuses value is One Dollar, as established in the 33433 Report.

Section 4. The City Council approves the Agency's sale of the Property to the Developer for the Project pursuant to the terms of the DDA.

Adopted by the City of Sacramento City Council on October 10, 2006 by the following vote:

Ayes: Councilmembers, Cohn, Fong, Hammond, McCarty, Sheedy, Tretheway, Waters, and Mayor Fargo.

Noes: None.

Abstain: None.

Absent: Councilmember Pannell.

Attest:

  
Shirley Concolino, City Clerk

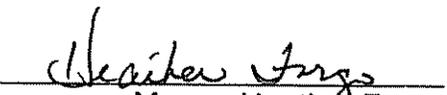
  
Mayor, Heather Fargo

Exhibit A

**Report Regarding the Disposition of Property Acquired Directly or Indirectly with Tax Increment Funds (Health & Safety Code Section 33433)**

**I. Agreement**

A copy of the Purchase and Sale or Lease Agreement ("Agreement") disposing of an interest in Agency real property is attached to this Report.

**II. Summary of Terms of Disposition**

<b>AGENCY'S COST OF ACQUIRING THE LAND</b>	
Purchase Price (or Lease Payments Payable During Agreement)	\$ 75,476
Commissions	
Closing Costs	
Relocation Costs	
Land Clearance Costs	
Financing Costs	
Improvement Costs (e.g. utilities or foundations added)	
Other Costs	
<b>TOTAL</b>	<b>\$ 75,476</b>

<b>ESTIMATED VALUE OF INTEREST CONVEYED</b>	
Value of the property determined at its highest and best use under the redevelopment plan	\$ 480,000

<b>ESTIMATED REUSE VALUE OF INTEREST CONVEYED</b>	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	\$ 0
<b>VALUE RECEIVED ON DISPOSITION</b>	
The purchase price or the total of the lease payments due to the Agency under the Agreement	\$ 1

### **III. Explanation of Disposition for Less than Full Value**

Value of the property determined at its highest and best use under the redevelopment plan is based on current Agency assessment of the sales price per square foot (\$15) of similarly zoned (C-2 General Commercial) vacant land in the vicinity of the site. At approximately 32,000 square feet, the value would be \$480,000. The justification for disposition at less than full value is based upon underwriting analysis of the project's budget and economic feasibility. The rents generated by the completed project will not support the completed project cost, the absorption factor (representing rental demand) is unpredictable for the area and the risk is reflected in the determination. The size, use mix and design quality of the proposal exceeds the typical low-density commercial uses that might otherwise be attracted to the size and location of the site.

### **IV. Elimination of Blight**

The subject site was formerly occupied by a gasoline station, which has been impacted by the significant presence of hazardous substances. Remediation has been undertaken, but the resulting environmental clean-up requirements limit redevelopment options. The site, as a vacant gasoline station, as a hazardous clean-up site, and as a vacant parcel, has had a serious blighting impact on the surrounding community. The Agency acquired the site in 1997 for the purpose of soliciting proposals to redevelop the property in a manner that is consistent with the 2003 - 2007 Implementation Plan for the Del Paso Heights Redevelopment Area. The development is intended as a key feature in the larger Marysville Boulevard Town Center concept for the Del Paso Heights Redevelopment Area. In addition to helping eliminate the blight of a vacant parcel at a key commercial intersection, the proposal will facilitate the revitalization of the Marysville Boulevard commercial corridor with a well-designed two-story commercial/retail building that will attract quality retail and office tenants to provide goods and services that satisfy basic needs of the surrounding residential community.