

FINANCIAL IMPACT

Completion of the projects impacted by the properties listed in the Plan will have a significant impact on revenue generation for the City of Garden Grove and the various taxing entities.

RECOMMENDATION

Staff recommends the Oversight Board:

- Adopt the attached resolution approving the Long Range Property Management Plan pursuant to Section 34191.5 of the Health and Safety Code; and
- Authorize the Director to transmit the Long Range Property Management Plan to the Department of Finance for approval.


KINGSLEY OKEREKE
Finance Director



By: Jim DellaLonga
Senior Project Manager

Attachment 1: The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development Long Range Property Management Plan

Attachment 2: Oversight Board of The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development Resolution

Document id

Recommended for Approval


Matthew Fertal
Director

May 29, 2013

California Department of Finance
Redevelopment Dissolution Unit
915 L Street
Sacramento, CA 95214-3706

RE: Transmittal of Long Range Property Management Plan

Attached please find the Long Range Property Management Plan (LRPMP) for the Successor Agency to the Garden Grove Agency for Community Development (Successor Agency). This transmittal letter is designed to augment the information that has been provided in the LRPMP matrix.

Pursuant to 34191.4 of the Health and Safety Code, we have divided our plan into sections: properties that are subject to enforceable obligations, properties to be retained by the City for a governmental purpose, properties to be retained by the City for future development, and properties to be sold.

Properties Subject to Enforceable Obligations

Based on previous ROPS and a Finding of Completion, the Successor Agency has three projects considered enforceable obligations: 1) Waterpark Hotel project (ROPS Item 19), 2) Site B2 DDA (ROPS Item 20), and Brookhurst Triangle DDA (ROPS Item 22).

- 1) The Waterpark Hotel DDA (properties 1 through 7 on the matrix) was approved by the former Agency for Community Development (Agency) in May 2009 and given a Final and Conclusive Determination by the Department of Finance (DOF) on February 6, 2013. Section 201 of the DDA requires conveyance of the property to the developer at no cost. Seven properties of various sizes make up the 12-acre project site. The site is vacant. The project is located in the Community Project Area of the Agency. The project site is part of the Harbor Boulevard Specific Plan, of which hotel, resort, and tourist oriented development is the goal and the project is fully entitled. This project is listed in the Agency's Five Year Implementation Plan for the period 2010 - 2014, on page 26, number 1 in the table of Non-Housing Projects and Programs.

- 2) The Brookhurst Triangle DDA (properties 8 through 20 on the matrix) was approved by the Agency in November 2010 and approved by the DOF on May 17, 2013, after a meet and confer for ROPS 13-14A. Section 201 of the DDA requires conveyance of the property to the developer. Phase I of the is to be sold for \$6 million, and Phase II \$18 million approximately 24 months after the conveyance of Phase I. Thirteen individual properties make up the 13.99-acre site. The site is partially vacant and the balance is still occupied by various commercial uses. This project site is located in the Community Project Area of the Agency and is zoned for mixed-use (high density housing and retail) through a Planned Unit Development (PUD) zoning designation. This project is listed in the Agency's Five Year Implementation Plan for the period 2010 – 2014, on page 28, number 6 in the table of Non-Housing Projects and Programs.
- 3) The Site B2 DDA (properties 21 through 30 on the matrix) was approved by the Agency in June 2001, and by the DOF on ROPS III and 13-14A. Section 201 of the DDA requires conveyance of the property to the developer at no cost. Thirteen individual properties make up the approximately 2-acre site. This site is vacant. The project is located in the Community Project Area of the Agency. The project site is part of the Harbor Boulevard Specific Plan, of which hotel, resort, and tourist oriented development is the goal and the project is fully entitled. This project is listed in the Agency's Five Year Implementation Plan for the period 2010 – 2014, on page 25, number 5 in the table of Non-Housing Projects and Programs.
- 4) Two properties (properties 31 through 32 on the matrix), total approximately 171,000 square feet (APNs 090-163-43 and 44) are being used as a parking lot for the Garden Grove Higher Education Center. The properties are subject to a DDA, and a long-term lease (99 years for \$1 per year) with Mark T. Burger, Trustee of the 12951 Euclid Street Trust, the developer of the second phase of the Education Center. Additionally, the properties are subject to a reciprocal easement agreement between the Agency and Coast Community College District. Due to the length of the term of the lease and the fact that the successor agency will no longer be in existence upon its termination, the successor agency is recommending the transfer of these properties to the City upon termination of the lease or the successor agency, whichever ever occurs first. To date, this DDA has not been included on the ROPS as an enforceable obligation because there is no payment or commitment of property tax revenue related to this project.

- 5) The property located at 11411 Acacia Parkway (property 33 on the matrix) is a 6,402 square foot property in the Community Center Specific Plan. It provides parking for a low- income senior housing apartment complex built using Agency and HUD funding.

Properties Retained (transferred to City) for Governmental Purpose

- 1) The property located at 12900 Euclid Street (property 34 on the matrix) is located in the Garden Grove Civic Center and was acquired for the new fire department headquarters. The property is located in the Community Center Specific Plan area (zoning). Since acquiring the property, the City has contracted with *Griffin Structures* to design the fire department headquarters building and provide construction costs. It is anticipated that by the end of 2013, the City will have completed and approved construction plans. With these tasks complete, the City will secure funding opportunities for the construction of the headquarters.
- 2) The property located at 12852 Main Street (property 35 on the matrix) is part of Historic Main Street and is located adjacent to and provides parking for the City owned Gem Theater. The property is 7,600 square feet in area and is located in the Community Center Specific Plan area (zoning). The City maintains this parking lot.
- 3) The properties located at 12411 and 12421 Harbor Boulevard (properties 36 and 37 on the matrix) were purchased by the Agency using Community Development Block Grant (CDBG) funds for the relocation and development of Fire Station Number 6. This station services the northeastern portion of the city, including the resort district. Currently, Fire Station Number 6 is housed in a converted single-family dwelling, which has become obsolete. These properties are located in the Harbor Corridor Specific Plan area (zoning), and are part of the City of Garden Grove's 2010-2015 Consolidated Plan and Annual Action Plan as required by the U.S. Department of Housing and Urban Development (HUD).
- 4) The Buena-Clinton Family Resource Center is located at 12661 Sunswept Avenue in the Buena-Clinton neighborhood in the southeastern corner of Garden Grove (property 38 on the matrix). From this site, the City operates the two-story, 6,600 square-foot Buena-Clinton Family Resource Center through its Community Services Department. The Center is brand new (completed in July 2010), built using \$2.45 million in state grant funding from Murray-Hayden Urban

Parks and Youth Service. It serves the low- and very-low income Buena-Clinton community with no cost to low cost programs and services focused on youth enrichment, safety, and community involvement/mobilization.

- 5) The Palm Street Park property (property 39 on the matrix) has no address (APN 101-351-51). It is an approximately 6,000 square foot site and provides the ingress and egress for a pedestrian overcrossing of the SR-22 Garden Grove Freeway on the north side of the freeway. The site is landscaped and is maintained by the City.
- 6) The property located at 11391 Acacia Parkway is a 1.7-acre site home to Acacia Adult Day Services, a not for profit that provides elderly day care services (property 40 on the matrix). As part of the City's Civic Center Complex and the zoning being Community Center Specific Plan, this property has always been intended to be used for public/social services. The site is encumbered by a long-term lease, for \$1 per year.

Properties Retained (transferred to City) for Future Development

- 1) The property located at 12361 Chapman Avenue (property 41 on the matrix) is a 10,800 square foot former restaurant on a 20,908 square foot property that served the resort district. The property is located in the Community Project Area of the Agency and is part of the Harbor Boulevard Specific Plan, of which hotel, resort, and tourist oriented development is the goal. The vacant restaurant was acquired by the Agency in late 2010 to meet a number of the goals/objectives outlined on pages 21 through 23 of the Agency's 2010 – 2014 Implementation Plan including: eliminating blighting influences including deteriorating buildings, improving the appearance of existing buildings, encouraging private sector investments in development; and promoting the economic well being of the area by strengthening and encouraging diversification of its commercial base including providing opportunities of the development of tourism related business. The estimated value of the property is \$1.8 to \$2.3 million and may vary considerably due to the cost of rehabilitation of the deteriorated structure and the amount of tenant improvements needed to bring the property up to useable condition.
- 2) The Site C project (properties 42 through 46 on the matrix) was approved by the former Agency for Community Development (Agency) in June 2011 but was denied as an enforceable obligation by the DOF

because the DDA was signed after June 27, 2011. After a Meet and Confer with the DOF regarding the project in November 2012, its denial as an enforceable obligation was confirmed. Ten properties of various sizes make up the 4-acre project site. The properties are vacant, but still contain some improvements. The project is located in the Community Project Area of the Agency. The project site is part of the Harbor Boulevard Specific Plan, of which hotel, resort, and tourist oriented development is the goal. The project is fully entitled for three hotels totaling 769 rooms, 39,000 square feet of conference, meeting, and banquet space, and 45,000 square feet of restaurant, retail, and entertainment uses. The Site C Hotel project is anticipated to generate 800 new jobs, \$1.2M to \$2.8M in overall annual sales tax revenue, and \$192,000 - \$268,000 in new property tax to the Redevelopment Property Tax Trust Fund. This project is listed in the Agency's Five Year Implementation Plan for the period 2010 - 2014, on page 27, number 3 in the table of Non-Housing Projects and Programs. With the timely approval of these properties as being transferred to the City for future development will result in ground breaking of the project in 9 to 12 months.

Properties to be Sold

- 1) Three properties located in the southwest quadrant of the Brookhurst Street and Chapman Avenue intersection (properties 47 through 49 on the matrix) were formerly owned by the Orange County Transit Authority (OCTA) and are part of the former Pacific Electric Railroad Right of Way that runs from downtown Santa Ana to the City of Los Angeles. The OCTA still maintains an easement over the properties, which does not allow for the construction of any permanent structures. This continues to give OCTA the option of using the property for transportation uses in the future. The properties are zoned mixed use and runs diagonally adjacent to commercial shopping centers. The estimated current value of these properties is \$7.50 per square foot (approximately \$1.7 million), but could be impacted by the restrictive easement on the properties.
- 2) This property, on Acacia Parkway (APN 089-201-32), has no address (property 50 on the matrix). It is 677 square feet in area and is located in the Community Center Specific Plan area. It is a remnant parcel created as a result of the Acacia Parkway Street Widening Project of the late 1980s early 1990s.
- 3) Three properties, 13502 Lanning, 13501 Barnett, and 13502 Barnett, are located on the south side of Trask Avenue (properties 51 through

53 on the matrix). The Agency owns these properties as a result of the Trask Avenue widening project in the early 1990s. They range in size from about 7,500 square feet to 7,800 square feet in area. They are all zoned R-1 (Residential Single Family) and are vacant. The properties are estimated to be valued from \$149,500 to \$156,000 as vacant, depending on the square footage of the site.

- 4) The property located at 13052 Century Boulevard (property 54 on the matrix) is an approximately 10,000 square foot lot currently occupied by two automotive uses. The site generates approximately \$13,800 in rental revenue annually from the tenants, which is now used to supplement the cost for property management/maintenance of the properties of the Successor Agency. Based on the recent sale of nearby land for the Century Village residential Townhome project, the value of this property is estimated to be \$337,000.
- 5) Property number 55 on the matrix is a 1,482 square foot landscaped sliver located between an apartment complex and a restaurant and newer housing development. Due to the size and nature of this property, value is considered to be de minimis. The Successor Agency recommends that adjacent property owners be approached to determine their interest in owning the subject property.

We certainly hope that this cover letter gives you more background on the properties contained in Garden Grove's Property Management Plan. If you have any questions, please contact me at 714 741-5788 or by email at jimde@ci.garden-grove.ca.us .

Sincerely,

Jim DellaLunga
Senior Project Manager

Attachments

RESOLUTION NO. _____

**A RESOLUTION OF THE OVERSIGHT BOARD TO THE
SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY
FOR COMMUNITY DEVELOPMENT APPROVING THE LONG
RANGE PROPERTY MANAGEMENT PLAN**

WHEREAS, prior to February 1, 2012, the Garden Grove Agency for Community Development (herein referred to as the "Former Agency") was a community redevelopment agency duly organized and existing under the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.), and was authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council ("City Council") of the City of Garden Grove ("City"); and

WHEREAS, Assembly Bill x1 26, chaptered and effective on June 27, 2011, added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484, chaptered and effective on June 27, 2012 (together, the "Dissolution Act"); and

WHEREAS, as of February 1, 2012 the Former Agency was dissolved pursuant to the Dissolution Act and as a separate legal entity the City serves as the Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency"); and

WHEREAS, the Successor Agency administers the enforceable obligations of the Former Agency and otherwise unwinds the Former Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, pursuant to Health & Safety Code Section 34191.5(b), upon the Successor Agency's receipt of a "Finding of Completion" from the California Department of Finance pursuant to Health & Safety Code Section 34179.7, the Successor Agency is required to prepare a long range property management plan ("Property Management Plan") for the Former Agency's real property assets and submit the approved Property Management Plan to the Oversight Board and the Department of Finance for approval, all within six months of the date of the Finding of Completion; and

WHEREAS, on _____, 2013, pursuant to Health & Safety Code Section 34179.7, the Successor Agency received a Finding of Completion from the Department of Finance; and

WHEREAS, on _____, 2013, pursuant to Health & Safety Code Section 34191.5(b), the Successor Agency approved the completed Property Management Plan and authorized the transmittal of the Property Management Plan to the Oversight Board and the Department of Finance for approval; and

WHEREAS, by this Resolution, the Oversight Board desires to approve the Property Management Plan in the form submitted by the Successor Agency, and to authorize the Successor Agency to transmit said Property Management Plan to the Department of Finance for approval, all pursuant to Health & Safety Code Section 34191.5(b).

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT:

Section 1. The foregoing recitals are true and correct and constitute a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves the Property Management Plan in the form submitted to the Oversight Board concurrently herewith and authorizes the Successor Agency to transmit said Property Management Plan to the Department of Finance for approval, all pursuant to Health & Safety Code Section 34191.5(b).

Section 3. This Resolution shall be effective immediately upon adoption.

Section 4. The Secretary to the Oversight Board shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this ___ day of _____ 2013.

**OVERSIGHT BOARD TO THE SUCCESSOR
AGENCY TO THE GARDEN GROVE AGENCY
FOR COMMUNITY DEVELOPMENT**

Chair

(SEAL)

ATTEST:

Secretary

APPROVED AS TO FORM:
