

City Council, Special Meeting
 Council Chambers
 777 Cypress Avenue
 Redding, California
 October 19, 2009 5:15 p.m.

The meeting was called to order by Vice Mayor Jones with the following Council Members present: Dickerson, McArthur, and Stegall. Mayor Bosetti was absent.

Also present were City Manager Starman, City Attorney Duvernay, Assistant City Manager Tippin, Assistant to City Manager Clark, Redevelopment Manager Thompson, Senior Redevelopment Project Coordinator Haddox, Associate Redevelopment Project Coordinator Bade, Assistant Redevelopment Project Coordinator Rudolph, Deputy City Clerk Mize, and Executive Assistant Tipton.

At the hour of 6:06 p.m., Vice Mayor Jones convened the Special Meeting of the Redding City Council for a joint meeting with the Redding Redevelopment Agency.

JOINT PUBLIC HEARING - DISPOSITION OF AGENCY-OWNED PROPERTY AT 2550 LANNING AVENUE TO K2 LAND & INVESTMENT LLC AND ASSOCIATED DISPOSITION AND DEVELOPMENT AGREEMENT

[R-030-100-055/R-030-100-033]

The hour of 5:15 p.m. having arrived, Vice Mayor/Chair Jones opened the public hearing regarding the disposition of Redding Redevelopment Agency (Agency)-owned property located at 2550 Lanning Avenue to K2 Land & Investment LLC (K2) and the associated Disposition and Development Agreement (DDA).

The following documents are on file in the Offices of the City Clerk and the Agency:

Affidavit of Publication - Notice of Public Hearing

Deputy City Clerk Mize advised that no comments had been received to date.

Associate Redevelopment Project Coordinator Bade provided an overview of the Report to City Council and the Agency dated October 19, 2009, incorporated herein by reference. He stated that pursuant to direction from the Agency's Board of Directors (Board) in closed session on July 20, 2009, a DDA was negotiated relative to the .32-acre parcel acquired in March 2000 as a potential Parkview Neighborhood redevelopment opportunity site using funds from the Agency's Low- and Moderate-Income Housing Fund (LMIHF). Mr. Bade indicated that pursuant to California Redevelopment Law, the Agency has a maximum of 10 years to initiate physical development of land acquired with LMIHF or it must sell the property and return the funds to the LMIHF.

Mr. Bade noted that under the terms of the proposed DDA, K2 would initiate construction of a mixed-use development consisting of a 2,350-square-foot commercial office with a 600-square-foot covered garage, and five 500-square-foot, one-bedroom residential units on the first floor and six 800-square-foot, two-bedroom residential units on the second floor, prior to March 24, 2010. The units would remain affordable for 55 years, with eight of the units being available to and occupied by low-income households and three of the units being available to and occupied by moderate-income households.

Mr. Bade explained that the DDA provides for the disposition of the property to K2 for the fair market value of \$112,000. The project's estimated cost is \$1,520,000, of which approximately \$400,000 is ascribed to the office portion of the project and \$1,120,000 to the residential portion. K2 has requested that the Agency provide a loan from its LMIHF in the amount of \$750,000 and a forgivable land note in the amount of \$79,744, to be considered paid in full upon completion of the project, for the project's residential component.

Mr. Bade stated that prior to the Board approving the aforementioned funding, which exceeds 50 percent of the project's development costs, Health and Safety Code (H&S) Section 33334.3(j) requires the Board to make findings, based on substantial evidence, that the use of the funds is necessary because the agency or owner of the units has made a good faith attempt, but has been unable to obtain commercial or private means of financing the units at the same level of affordability and quantity. Accordingly, K2 has received a tentative agreement for a commercial real estate loan in an amount not-to-exceed \$300,000, which,

based on the commercial lending underwriting terms and the restricted rents, is the maximum amount that K2 can debt-service.

Mr. Bade further stated that before the Board can consider disposition of Agency-owned property acquired with tax increment monies, the sale or lease must first be approved by the City Council, by resolution, following a public hearing. Prior to the public hearing, the Board is required to make available for public inspection a copy of the proposed agreement and a summary that reviews: (a) the cost of the DDA to the Agency; (b) the estimated value of the property; (c) the value of the fee interest to be conveyed; (d) how the sale of the property assists in the elimination of blight; and (e) information to support a finding that the sale is consistent with the Agency's Five-year Implementation Plan. The Summary Report, prepared pursuant to H&S Section 33433, was provided to the City Council and the Board for review.

It was recommended that, following the public hearing, the City Council adopt a resolution which: (1) approves the disposition of real property located at 2550 Lanning Avenue to K2; (2) accepts the Summary Report pursuant to H&S Section 33433; and (3) finds that the disposition of the property will assist in the elimination of blight, is consistent with the Implementation Plan for the Market Street Project Area, and that the consideration for the property is not less than the fair reuse value.

Following the public hearing, it is further recommended that the Board adopt a resolution which: (1) approves the disposition of real property located at 2550 Lanning Avenue to K2;(2) accepts the Summary Report; (3) makes the required findings required by H&S Section 33433 and 33334.3(j); and (4) authorizes the Chairperson to execute the DDA and ancillary documents.

Chair/Vice Mayor Jones noted that there was no one present wishing to speak on the matter and closed the public hearing.

MOTION: Made by Council Member McArthur, seconded by Council Member Stegall, to adopt Resolution No. 2009-184, a resolution of the City Council of the City of Redding, approving the disposition of real property located at 2550 Lanning Avenue to K2 Land & Investment LLC; accepting the Summary Report pursuant to Section 33433 of the Health & Safety Code; and finding that the disposition of the property will assist in the elimination of blight, is consistent with the Implementation Plan for the Market Street Project Area, and that the consideration for the property is not less than the fair reuse value.

The Vote:

Ayes:	Council Members - Dickerson, McArthur, Stegall, and Jones
Noes:	Council Members - None
Abstain:	Council Members - None
Absent:	Council Members - Bosetti

Resolution No. 2009-184 is on file in the office of the City Clerk.

MOTION: Made by Agency Member McArthur, seconded by Agency Member Stegall, to adopt Resolution No. 2009-08, a resolution of the Board of Directors of the Redding Redevelopment Agency approving the disposition of real property located at 2550 Lanning Avenue to K2 Land & Investment LLC; accepting the Summary Report; making the findings required by Section 33433 and 33334.3(j) of the Health & Safety Code; and authorizing the Chairperson to execute the Disposition and Development Agreement and ancillary documents.

The Vote:

Ayes:	Agency Members - Dickerson, McArthur, Stegall, and Jones
Noes:	Agency Members - None
Abstain:	Agency Members - None
Absent:	Agency Members - Bosetti

Resolution No. 2009-08 is on file in the office of the Redding Redevelopment Agency

At the hour of 6:18 p.m., Vice Mayor Jones adjourned the Special Meeting of the Redding City Council.

ADJOURNMENT

There being no further business, at the hour of 6:18 p.m., Vice Mayor Jones declared the meeting adjourned.

APPROVED:

Vice Mayor

ATTEST:

Deputy City Clerk