

CITY OF GARDEN GROVE
INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal
Dept: City Manager
Subject: RESOLUTION EXTENDING THE TIME LIMIT TO RETAIN LAND HELD FOR RESALE AT 12971-12882 BROOKHURST STREET

From: Chet Yoshizaki
Dept: Economic Development
Date: June 9, 2009

OBJECTIVE

The purpose of this memorandum is to request the City Council consider a Resolution (Attachment 1) affirming that certain real property located in the Brookhurst Triangle be used for the development of affordable housing and extending the time limit for the initiation of activities with respect to such property by five years pursuant to California Redevelopment Law (CRL), Health and Safety Code section 33334.16.

BACKGROUND/DISCUSSION

The Garden Grove Agency for Community Development (Agency) acquired four (4) parcels located at 12791, 12801, 12857, and 12882 Brookhurst Street (Properties) using monies from the Low and Moderate Income Housing Fund ("Set-Aside Funds") on October 9, 2002 (see Attachment 2).

CRL requires the Agency to initiate the development of housing activities on land purchased with Set-Aside Funds within five years of the date of purchase. During the five-year period following the purchase of the Properties, the Agency entered into two separate Exclusive Negotiating Agreements (ENAs) with two separate developers, specifically Urban Pacific Development and JPI, Inc., which caused the parties to negotiate in good faith the terms of an agreement for the development of the Properties as part of a larger development site (the Brookhurst Triangle). The parties were not successful in reaching the terms of an agreement and the ENAs are no longer in effect.

The initial five-year period in which the Agency may retain land without initiating development activities has expired. However, it is the intent of the Agency to entitle the Brookhurst Triangle for future development. The Agency has entered into a contract with the architectural firm Jerde to prepare conceptual plans for the development of 800 residential units with 200,000 square feet of retail on the site.

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CRL provides that in the event that development activities have not initiated within five years of the purchase of the Properties, the City Council may by resolution affirm its intention to develop the site for low and moderate income housing and extend the period during which the Agency may retain the Properties for an additional five years. Upon adoption of the attached Resolution, the time limit will be extended until October 9, 2012.

FINANCIAL IMPACT

- There are no costs associated with the adoption of the Resolution.

COMMUNITY VISION IMPLEMENTATION

- Improve the City's economic base through the development of tax-generating uses where appropriate and further affordable housing opportunities in the community.

RECOMMENDATION

- Adopt the attached Resolution regarding the extension of the time limit to retain land held for resale in the Brookhurst Triangle.


CHET YOSHIZAKI
Economic Development Director

By: Greg Brown 
Redevelopment Manager

Recommended for Approval


Matthew Fertal
City Manager

Attachment 1: Resolution
Attachment 2: Map of Properties

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE AFFIRMING ITS INTENTION THAT CERTAIN REAL PROPERTY BE USED FOR THE DEVELOPMENT OF HOUSING AFFORDABLE TO PERSONS AND FAMILIES OF LOW AND MODERATE INCOME AND EXTENDING THE TIME LIMIT FOR THE INITIATION OF ACTIVITIES WITH RESPECT TO SUCH PROPERTY BY FIVE YEARS PURSUANT TO HEALTH AND SAFETY CODE SECTION 33334.16; AND MAKING OTHER FINDINGS IN CONNECTION THEREWITH

WHEREAS, the Garden Grove Agency for Community Development ("Agency") is a public body corporate and politic and a community redevelopment agency organized and existing under the California Community Redevelopment Law, Health and Safety Code Sections 33000, *et seq.* ("CRL") and has been 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, a California municipal corporation ("City"); and

WHEREAS, the City Council originally adopted the Redevelopment Plan for the Garden Grove Community Project by Ordinance No. 1339 on June 26, 1973 and thereafter amended said Redevelopment Plan and Project Area by City Council Ordinance Nos. 1388, 1476, 1548, 1699, 1576, 1642, 1699, 1760, 1971, 2035, 2232, 2304, 2455, 2576, and 2709; and

WHEREAS, the Redevelopment Plan for the Garden Grove Community Project, as amended, and the Garden Grove Community Project Area, as amended, are referred to, respectively, as the "Redevelopment Plan" and "Project Area"; and

WHEREAS, on October 9, 2002, the Agency acquired certain real property located within the Project Area and commonly described as 12791 through 12882 Brookhurst Street, Assessor's Parcel Numbers 089-071-24, 089-661-03, 089-661-04, and 089-661-05 (collectively, the "Properties") using moneys from its Low and Moderate Income Housing Fund maintained pursuant to Sections 33334.2 and 33334.3 of the CRL ("Housing Funds"); and

WHEREAS, pursuant to Section 33334.16 of the CRL, for each interest in real property acquired by the Agency using its Housing Funds, the Agency is required to, within five years from the date it first acquires the property interest, initiate activities consistent with the development of the property for the purpose of providing housing affordable to persons and families of low and moderate income, including, but not limited to, zoning changes or agreements entered into for the development and disposition of the property; and

WHEREAS, Section 33334.16 of the CRL further provides that, in the event such activities have not been initiated within such five year period, the City Council, as legislative body of the Agency, may, by resolution (i) affirm its intention that the Properties be used for the development of housing affordable to persons and families of low and moderate income, and (ii) extend the period during which the

Agency may retain the Properties for one additional period not to exceed five years;
and

WHEREAS, between 2004 and June of 2008, the Agency entered into two separate Exclusive Negotiation Agreements (each, an "ENA") with two different developers, specifically, Urban Pacific Development and JPI, Inc., which agreements caused the parties to negotiate in good faith toward reaching agreement on the specific terms and conditions of one or more contracts to develop the Properties (as part of a larger development site); and

WHEREAS, the parties were not successful in such negotiations and each of the ENAs has been terminated and is no longer in effect; and

WHEREAS, by adoption of this Resolution, the City desires to (i) affirm its intention that the Properties be used for the development of housing affordable to persons and families of low and moderate income, and (ii) extend the time limit on the initiation of development activities with respect to the Properties by an additional five years as permitted by Section 33334.16 of the CRL.

NOW, THEREFORE, BE IT RESOLVED AND DETERMINED by the City Council of the City of Garden Grove as follows:

1. Each of the foregoing recitals is true and correct and is a substantive part of this Resolution.
2. The intention that the Properties be used for the development of housing affordable to persons and families of low and moderate income is hereby affirmed, as permitted by Section 33334.16 of the CRL.
3. The time limit on the initiation of activities with respect to the Properties is hereby extended for an additional five years, specifically until October 9, 2012, as permitted by Section 33334.16 of the CRL.
4. This Resolution shall take effect from and after its date of adoption.

Attachment 2

