

AGREEMENT BIBLIOGRAPHY

Agreement With:	Garden Grove Housing Authority
Agreement Type:	Purchase and Sale Agreement for twelve Civic Center properties and a Lease Agreement for three unimproved parcels in the Civic Center (Cottage Industries Project)
Date Approved:	05 10 2016
Start Date:	05 10 2016
End Date:	05 09 2036
Contract Amount:	\$3,386,437.50
Comments	File No. H-55.1 (XR: 108.2-2016) Real Property
Insurance Expiration:	N/A
Date Archived:	ARCHIVED 12/20/2016

PURCHASE AND SALE AGREEMENT

BY AND BETWEEN

THE CITY OF GARDEN GROVE

AND

GARDEN GROVE HOUSING AUTHORITY

FOR TWELVE CIVIC CENTER PROPERTIES LOCATED AT
12911 7TH ST., 11352 ACACIA PKWY, 12902 7TH ST.,
12912 7TH ST., 12932 7TH ST., 11361 GARDEN GROVE
BLVD., 11391 GARDEN GROVE BLVD., 12911 8TH ST.,
11412 ACACIA PKWY, 12932 8TH ST., 12931 9TH ST.,
12941 9TH ST.

APPROVED

MAY 10, 2016

GARDEN GROVE HOUSING AUTHORITY

RESOLUTION NO. 174-16

A RESOLUTION OF THE GARDEN GROVE HOUSING AUTHORITY
APPROVING A PURCHASE AND SALE AGREEMENT WITH THE CITY OF GARDEN
GROVE FOR TWELVE CIVIC CENTER PROPERTIES

WHEREAS, the Garden Grove Housing Authority is the owner of land consisting of twelve single-family residential parcels in the City of Garden Grove, County of Orange, State of California, known as APNs: 090-172-18, 090-172-29, 090-173-04, 090-173-05, 090-173-07, 090-173-09, 090-173-11, 090-173-16, 090-173-22, 090-174-05, 090-174-11, and 090-174-10 (collectively, the "Properties").

WHEREAS, the Properties will require substantial rehabilitation and are not ideal for the maintenance or development of lower income housing.

WHEREAS, the City has negotiated an agreement with the Lab Holding, LLC (the "Developer") for the disposition and commercial reuse of the properties at fair market value.

WHEREAS, the Housing Authority has agreed to sell the Properties to the City to facilitate disposition of the Properties to the Developer subject to the terms and conditions of the Purchase and Sale Agreement attached hereto, which will further mitigate the maintenance liability to the Housing Authority and provide funding to the Housing Authority to be deposited in the Housing Authority's low and moderate-income housing fund to assist in the development of housing projects funded by the Housing Authority.

NOW, THEREFORE, BE IT RESOLVED by the Garden Grove Housing Authority that the Purchase and Sale Agreement attached hereto is hereby approved and the Director is hereby authorized to execute the Agreement and to sign all other documents necessary and appropriate to carry out and implement the Agreement.

Adopted this 10th day of May 2016.

ATTEST:

/s/ BAO NGUYEN
CHAIR

/s/ KATHLEEN BAILOR, CMC
SECRETARY

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. 9351-16

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE
APPROVING A PURCHASE AND SALE AGREEMENT WITH THE GARDEN GROVE
HOUSING AUTHORITY FOR THE ACQUISITION OF TWELVE CIVIC CENTER
PROPERTIES

WHEREAS, the Garden Grove Housing Authority is the owner of land consisting of twelve single-family residential parcels in the City of Garden Grove, County of Orange, State of California, known as APNs: 090-172-18, 090-172-29, 090-173-04, 090-173-05, 090-173-07, 090-173-09, 090-173-11, 090-173-16, 090-173-22, 090-174-05, 090-174-11, and 090-174-10 (collectively, the "Properties").

WHEREAS, the Properties will require substantial rehabilitation and are not ideal for the maintenance or development of lower income housing.

WHEREAS, the City has negotiated an agreement with the Lab Holding, LLC (the "Developer") for the disposition and commercial reuse of the properties at fair market value.

WHEREAS, the Housing Authority has agreed to sell the Properties to the City to facilitate disposition of the Properties to the Developer subject to the terms and conditions of the Purchase and Sale Agreement attached hereto, which will further mitigate the maintenance liability to the Housing Authority and provide funding to the Housing Authority to be deposited in the Housing Authority's low and moderate-income housing fund to assist in the development of housing projects funded by the Housing Authority.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Garden Grove that the Purchase and Sale Agreement attached hereto for the acquisition of the Properties is hereby approved and the City Manager is hereby authorized to execute the Agreement and to sign all other documents necessary and appropriate to carry out and implement the Agreement.

Adopted this 10th day of May 2016.

ATTEST:

/s/ BAO NGUYEN
MAYOR

/s/ KATHLEEN BAILOR, CMC
CITY CLERK

PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (the "Agreement"), dated as of May 10, 2016, is entered into by and between the CITY OF GARDEN GROVE, a municipal corporation (the "City"), and the GARDEN GROVE HOUSING AUTHORITY, a public body, corporate and politic (the "Authority").

WHEREAS, the Authority is the owner of land consisting of twelve single-family residential parcels in the City of Garden Grove, County of Orange, State of California, known as Assessor's Parcel Numbers: 090-172-18, 090-172-29, 090-173-04, 090-173-05, 090-173-07, 090-173-09, 090-173-11, 090-173-16, 090-173-22, 090-174-05, 090-174-11, and 090-174-10, as listed in Exhibit "A" and more particularly described on Exhibits "A1" through "A12" attached hereto and made a part hereof, together with any improvements thereon, and all rights and appurtenances, if any, pertaining to such land including all adjacent streets, alleys or rights-of-way (collectively, the "Properties").

WHEREAS, the Properties will require substantial rehabilitation and are not ideal for the maintenance or development of lower income housing.

WHEREAS, the City has negotiated an agreement with the Lab Holdings, LLC (the "Developer") for the disposition and development of the properties at fair market value.

WHEREAS, the Authority has agreed to sell the Properties to the City to facilitate such disposition of the Properties subject to the terms and conditions of this Agreement, which will further mitigate the maintenance liability to the Authority and provide funding to the Authority to be deposited in the Authority's low and moderate-income housing fund to assist in the development of housing projects funded by the Authority.

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS AND CONDITIONS CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

SECTION 1. CONVEYANCE OF PROPERTIES AND PURCHASE PRICE. Authority agrees to convey the Properties to City. City agrees to bear all costs associated with the conveyance of the Properties to City. Conveyance is to be completed by use of a grant deed substantially in the form of Exhibit "B" hereto ("Grant Deed") for each parcel. City shall pay to Authority the sum of Three Million, Three Hundred Eighty-Six Thousand Four Hundred Thirty-Seven Dollars and Fifty Cents (\$3,386,437.50) to the Authority (the "Purchase Price"), a portion of which will be in cash and the remainder in the form of an assignment of that certain Promissory Note to be delivered by Developer as maker under the Disposition and Development Agreement dated as of the date of this Agreement (the "Promissory Note"). The Promissory Note is to be secured by a deed of trust (the "Deed of Trust"). The City shall, through the City Manager or his designee, execute an instrument assigning to Authority the interests of the payee under the Promissory Note and the interests of the beneficiary under the Deed of Trust. To the extent required by law, Authority agrees that it will deposit the Purchase Price in its low-moderate income housing fund to be applied directly to assist one or more housing projects for persons of low income or very low income.

SECTION 2. LIABILITY AND INDEMNIFICATION. In contemplation of the provision of Section 895.2 of the California Government Code imposing certain tort liability jointly upon public entities solely by reason of such entities being parties to an agreement as defined by Section 895.4 and 895.6 of such Code, each of the Parties, as between themselves, pursuant to the authorization contained in Section 895.4 and 895.6 of such Code, will each assume the full liability imposed on it, or any of its officers, agents, or employees by law for injury caused by negligent or wrongful act or omission occurring in the performance of this Agreement to the same extent that such liability would be imposed in the absence of Section 895.2 of such Code. To achieve the above-stated purposes, each Party indemnifies and holds harmless the other Party for any loss, costs or expense that may be imposed upon such other Party solely by virtue of such Section 895.2. The provisions of Section 2778 of the California Civil Code are made part hereof as if fully set forth herein.


SECTION 3. EFFECTIVE DATE; PAYMENT OBLIGATIONS. This Agreement shall take effect on the date of approval by the Authority's Board and the City Council. The City's payment obligations under this Agreement shall take effect from and after the later to occur of (1) the effective date of the Disposition and Development Agreement between the Developer and the City and (2) the close of escrow under said Disposition and Development Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS AGREEMENT AS OF THE RESPECTIVE DATES SET FORTH BELOW.


AUTHORITY:

GARDEN GROVE HOUSING
AUTHORITY, a public body



Executive Director

Attest:



Secretary


CITY:

CITY OF GARDEN GROVE, a California
municipal corporation

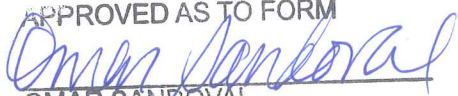


City Manager

Attest:



City Clerk

APPROVED AS TO FORM


OMAR SANDOVAL
Acting City Attorney
City of Garden Grove
DATED: 5-11-16

EXHIBIT "A"

GENERAL DESCRIPTION OF THE PROPERTIES

	Address	APN
1	12911 7TH ST	090-172-18
2	11352 ACACIA PKWY	090-172-29
3	12902 7TH ST	090-173-04
4	12912 7TH ST	090-173-05
5	12932 7TH ST	090-173-07
6	11361 GARDEN GROVE BLVD	090-173-09
7	11391 GARDEN GROVE BLVD	090-173-11
8	12911 8TH ST	090-173-16
9	11412 ACACIA PKWY	090-173-22
10	12932 8TH ST	090-174-05
11	12931 9TH ST	090-174-11
12	12941 9TH ST	090-174-10

Each parcel described above will be transferred by its own grant deed in the form provided in Exhibit "B."

EXHIBIT "A1"

LEGAL DESCRIPTION

12911 7TH ST
A.P.N.: 090-172-18

All that real property located in the State of California, County of Orange, City of Garden Grove, described as follows:

LOT 15, TRACT 431, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16, PAGE 49, OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

End of Legal Description

EXHIBIT "A2"

LEGAL DESCRIPTION
11352 ACACIA PKWY
A.P.N.: 090-172-29

All that real property located in the State of California, County of Orange, City of Garden Grove, described as follows:

LOT 6 OF TRACT NO. 431 IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16, PAGE 49 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE SOUTH 10.00 FEET THEREOF.

End of Legal Description

EXHIBIT "A3"

LEGAL DESCRIPTION
12902 7TH ST
A.P.N.: 090-173-04

All that real property located in the State of California, County of Orange, City of Garden Grove, described as follows:

PARCEL 1:

THE NORTH 50.00 FEET OF THE SOUTH 410.00 FEET OF THE WEST ONE-HALF OF BLOCK 5 OF GARDEN GROVE HOME TRACT, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP THEREOF RECORDED IN BOOK 4, PAGE 57 OF MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY.

PARCEL 2:

THE NORTH 4.00 FEET OF LOT 1 OF TRACT 644, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP THEREOF RECORDED IN BOOK 20, PAGE 6 OF MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY.

End of Legal Description

EXHIBIT "A4"

LEGAL DESCRIPTION

12912 7TH ST

A.P.N.: 090-173-05

All that real property located in the State of California, County of Orange, City of Garden Grove, described as follows:

LOT 2 OF TRACT NO. 644 IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 20 PAGE 6 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 4.00 FEET THEREOF.

End of Legal Description

EXHIBIT "A5"

LEGAL DESCRIPTION

12932 7TH ST

A.P.N.: 090-173-07

All that real property located in the State of California, County of Orange, City of Garden Grove, described as follows:

LOT 3 AND THE NORTH 4.0 FEET OF LOT 4 OF TRACT NO. 644, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 20, PAGE 6, OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THE NORTH 8.5 FEET OF SAID LOT 3.

End of Legal Description

EXHIBIT "A6"

LEGAL DESCRIPTION
11361 GARDEN GROVE BLVD
A.P.N.: 090-173-09

All that real property located in the State of California, County of Orange, City of Garden Grove, described as follows:

LOT 5 AND THE WEST 26.33 FEET OF LOT 6 OF TRACT 664, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP THEREOF RECORDED IN BOOK 20, PAGE 6 OF MISCELLANEOUS MAPS, RECORDS OF SAID COUNTY.

End of Legal Description

EXHIBIT "A7"

LEGAL DESCRIPTION
11391 GARDEN GROVE BLVD
A.P.N.: 090-173-11

All that real property located in the State of California, County of Orange, City of Garden Grove, described as follows:

LOT 8 AND THE EASTERLY 30.00 FEET OF LOT 7 OF TRACT NO. 644 IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 20, PAGE 6, OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

End of Legal Description

EXHIBIT "A8"

LEGAL DESCRIPTION

12911 8TH ST

A.P.N.: 090-173-16

All that real property located in the State of California, County of Orange, City of Garden Grove, described as follows:

LOT 13 OF TRACT NO. 644 IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 20, PAGE 6, OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

End of Legal Description

EXHIBIT "A9"

LEGAL DESCRIPTION
11412 ACACIA PKWY
A.P.N.: 090-173-22

All that real property located in the State of California, County of Orange, City of Garden Grove, described as follows:

THE EAST ONE-HALF OF BLOCK 5 OF GARDEN GROVE HOME TRACT, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 57 OF MISCELLANEOUS MAPS, RECORDS OF SAID COUNTY.

EXCEPTING THEREFROM THE SOUTH 460.00 FEET;

ALSO EXCEPTING THEREFORE THE WEST 50.00 FEET.

End of Legal Description

EXHIBIT "A10"

LEGAL DESCRIPTION

12932 8TH ST

A.P.N.: 090-174-05

All that real property located in the State of California, County of Orange, City of Garden Grove, described as follows:

THAT PORTION OF BLOCK 6 OF THE GARDEN GROVE HOME TRACT, AS SHOWN ON A MAP RECORDED IN BOOK 4 PAGE 57 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF SAID BLOCK 6, WHICH POINT IS 132.36 FEET SOUTHERLY FROM THE INTERSECTION OF SAID WEST LINE WITH THE WESTERLY EXTENTION OF THS SOUTH LINE OF LOT 8 OF TRACT NO. 631 AS SHOWN ON A MAP RECORDED IN BOOK 20, PAGE 26 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, THENCE EAST 10.00 FEET TO THE SOUTHWEST CORNER OF THE LAND CONVEYED TO RAYMOND F. HEPP AND WIFE BY DEED RECORDED JUNE 30, 1948, IN BOOK 1661, PAGE 385 OF OFFICIAL RECORDS; THENCE EAST ALONG THE SOUTHERLY LINE OF SAID LAND CONVEYED TO HEPP 135.66 FEET TO THE SOUTHEAST CORNER THEREOF; THENCE SOUTH ALONG THE SOUTHERLY EXTENSION OF THE EASTERLY LINE OF SAID LOT 8, 53.00 FEET; THENCE WEST PARALLEL WITH THE SOUTH LINE OF SAID LOT 8, 145.66 FEET TO A POINT IN THE WEST LINE OF SAID BLOCK6; THENCE NORTH 53.00 FEET TO THE POINT OF BEGINNING.

End of Legal Description

EXHIBIT "A11"

LEGAL DESCRIPTION

12931 9TH ST

A.P.N.: 090-174-11

All that real property located in the State of California, County of Orange, City of Garden Grove, described as follows:

That portion of Block Six of the "Garden Grove Home Tract", as shown on a Map recorded in Book 4, page 57 of Miscellaneous Maps, records of Orange County, California, described as follows:

Beginning at a point in the East line of said Block Six, which point is 113 feet Southerly from the intersection of the East line with the Easterly extension of the South line of Lot Seven of Tract No. 631, as shown on a Map recorded in Book 20, page 26 of Miscellaneous Maps, records of Orange County, California, said point being also the Southeast corner of the land conveyed to Russell A. Weir and wife by deed recorded September 24th, 1948 in Book 1705, page 416 of Official Records; thence West parallel to the south line of said Lot Seven and the Easterly prolongation thereof 145.67 feet, more or less, to the Southwest corner of said land conveyed to Weir; thence South along the Southerly extension of the Westerly line of said Lot Seven, 53 feet; thence East parallel to the South line of said Lot Seven and the Easterly extension thereof 145.67 feet, more or less, to the East line of said Block Six; thence North 53 feet to the point of beginning.

End of Legal Description

EXHIBIT "A12"

LEGAL DESCRIPTION

12941 9TH ST

A.P.N.: 090-174-10

All that real property located in the State of California, County of Orange, City of Garden Grove, described as follows:

THAT PORTION OF BLOCK 6 OF THE GARDEN GROVE HOME TRACT, AS SHOWN ON A MAP RECORDED IN BOOK 4, PAGE 57 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE EAST LINE OF SAID BLOCK 6, WHICH POINT IS 166 FEET SOUTHERLY FROM THE INTERSECTION OF THE EAST LINE WITH THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOT 7 OF TRACT NO. 631, AS SHOWN ON A MAP RECORDED IN BOOK 20, PAGE 26 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, SAID POINT BEING ALSO THE SOUTHEAST CORNER OF THE LAND CONVEYED TO ROBERT E. SCHRANDT AND WIFE BY DEED RECORDED MARCH 25, 1949 IN BOOK 1820, PAGE 207, OF OFFICIAL RECORDS;

THENCE WEST PARALLEL TO THE SOUTH LINE OF SAID LOT 7 AND THE EASTERLY PROLONGATION THEREOF 145.67 FEET, MORE OR LESS, TO THE SOUTHWEST CORNER OF SAID LAND CONVEYED TO SCHRANDT; THENCE SOUTH ALONG THE SOUTHERLY EXTENSION OF THE WESTERLY LINE OF SAID LOT 7, 75.03 FEET TO A POINT IN A LINE WHICH IS PARALLEL TO AND DISTANT 125.00 FEET NORTHERLY OF THE SOUTH LINE OF SAID BLOCK 6, THENCE EASTERLY ALONG SAID PARALLEL LINE 145.67 FEET TO THE EAST LINE OF SAID BLOCK 6; THENCE NORTH 75.03 FEET TO THE POINT OF BEGINNING.

End of Legal Description

EXHIBIT B
FORM OF GRANT DEED

**RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:**

City Clerk
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

APN:

[SPACE ABOVE FOR RECORDER'S USE ONLY]

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the GARDEN GROVE HOUSING AUTHORITY, a public body ("Grantor") hereby grants to THE CITY OF GARDEN GROVE, a California municipal corporation, the real property located in the City of Garden Grove, County of Orange, State of California that is described on "Exhibit A" attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of the date set forth below.

Dated: May 11, 2016

Executive Director

Attest:

Secretary

EXHIBIT "A" to GRANT DEED

LEGAL DESCRIPTION OF THE PROPERTY

(APN _____)

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the deed or grant dated May 11, 2016, from the Garden Grove Housing Authority, a public agency, to the City of Garden Grove, a California municipal corporation, is hereby accepted by order of the City Council of the City of Garden Grove, pursuant to the authority conferred by resolution of the City Council of the City of Garden Grove adopted on May 10, 2016, and the grantee consents to recordation thereof by its duly authorized officer.

CITY OF GARDEN GROVE

BY: _____

Name: Scott C. Stiles

Title: City Manager

DATED: May 11, 2016

DECISION NO. 1665-13

A DECISION OF THE ZONING ADMINISTRATOR OF THE CITY OF GARDEN GROVE APPROVING TENTATIVE PARCEL MAP NO. PM-2013-000 AND VARIANCE NO. V-198-13.

BE IT RESOLVED that the Zoning Administrator of the City of Garden Grove, in regular session assembled on January 10, 2013, does hereby approve Tentative Parcel Map No. PM-2013-000 and Variance No. V-198-13 for land located on the south side of Belfast Drive between Donegal Drive and Kerry Street, at 9882 Belfast Drive, Parcel No. 098-063-15.

BE IT FURTHER RESOLVED in the matter of Tentative Parcel Map No. PM-2013-000 and Variance No. V-198-13, the Zoning Administrator of the City of Garden Grove does hereby report as follows:

1. The subject case was initiated by Joanne C. Tonnu.
2. A request for Tentative Parcel Map approval to subdivide an existing approximately 16,838 square foot lot, currently improved with eight (8) existing residential units, into two (2) separate parcels. Lot 1 will be 8,538 square feet in area and Lot 2 will be 8,300 square feet in area. Each lot will maintain four (4) residential units. Also, a request for Variance approval to deviate from the minimum lot size required for a density of four (4) residential units in the R-3 (Multiple-Family Residential) zone, and to deviate from the minimum number of required parking spaces.
3. The City of Garden Grove has determined that the proposed Tentative Parcel Map and Variance is exempt from the California Environmental Quality Act ("CEQA") pursuant to California Code of Regulations, Title 14, Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.
4. The property has a General Plan designation of Medium Density Residential and is zoned R-3 (Multiple-Family Residential). The existing lot is currently improved with eight (8) existing residential units.
5. Existing land use, zoning, and General Plan designation of property in the vicinity of the property have been reviewed.
6. Report submitted by the City staff was reviewed.
7. Pursuant to a legal notice, a public hearing was held on January 10, 2013, and all interested persons were given an opportunity to be heard.

8. The Zoning Administrator gave due and careful consideration to the matter during its meeting on January 10, 2013; and,

BE IT FURTHER RESOLVED, FOUND AND DETERMINED that the facts and reasons supporting the conclusion of the Zoning Administrator, as required under Municipal Code Section 9.32.060 (Tentative Maps – Findings Required) and 9.24.030 (Land Use Actions), are as follows:

FACTS:

The subject property is located on the south side of Belfast Drive between Donegal Drive and Kerry Street and is zoned R-3 (Multiple-Family Residential) with a General Plan Land Use designation of Medium Density Residential. The site is currently developed with eight (8) residential units. The subject property abuts GGMU3 (Garden Grove Mixed Use 3) zoned properties to the north, R-3 (Multiple-Family Residential) zoned properties to the west and east, and R-1 (Single-Family Residential) zoned properties to the south.

The existing lot is currently improved with eight (8) existing residential units. Should the proposed lot subdivision be approved, each subject lot would maintain four (4) residential units. The proposed map is consistent with the City's General Plan in that the proposed new parcels are felt to be consistent with the established Medium Density Residential land use patterns within the area. The proposed subdivision will create lots that are consistent in size, density, and configuration with similar lots within with immediate area. With the exception of the two Variance requests to deviate from the development standards for the R-3 zone, regarding parking spaces required and minimum lot size for four (4) units, the subject application complies with Code requirements along with any legal nonconforming existing conditions that are unaffected by the subject request.

Finally, the proposed lots will be physically suitable for the existing residential units as conditioned under the subject request, thereby maintaining consistency with the Medium Residential General Plan Land Use Designation and the R-3 zoning.

FINDINGS AND REASONS:

The proposal meets the required findings under section 9.32.060 (Tentative Maps – Findings Required).

Parcel Map

1. The proposed map is consistent with the City's General Plan in that the proposed new parcels are felt to be consistent with the established Medium Density Residential land use patterns within the area.

2. The design of the proposed two (2) lots is consistent with Title 9 of the Garden Grove Municipal Code and the General Plan provisions for location and proximity to similar uses. The proposed subdivision will create lots that are consistent in size and configuration with similar lots within the immediate area.
3. The site is physically suitable for the existing residential units as modified and conditioned under the subject request, thereby maintaining consistency with the Medium Residential General Plan Land Use Designation and the R-3 (Multiple-Family Residential) zoning.
4. The project is exempt from the California Environmental Quality Act ("CEQA") pursuant to California Code of Regulations, Title 14, Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.
5. The design of the subdivision is not likely to cause problems to the public health, safety, and welfare, and the two (2) new parcels in conjunction with the existing residential units as modified and conditioned herein. The only change resulting from this proposal is that the new parcels may have different property owners.
6. The design of the subdivision will not conflict with the easements of record or easements established by court judgment acquired by the public-at-large for access through or use of property within the subdivision; if such easements exist, then alternate easements for access or for use will be provided and these will be substantially equivalent to the ones previously acquired by the public.

Variance

1. There are exceptional or extraordinary circumstances or conditions applicable to the property or to the intended use that do not apply generally to other property or classes of use in the same vicinity or zone.

While the proposed subdivision will create two (2) lots that do not meet the Code's prescribed minimum lot size for lots with four (4) residential units in the R-3 zone, the proposed subdivision will be consistent with the established Medium Density Residential land use patterns within the area along with being consistent in lot size, density, and configuration.

In regard to the parking Variance, the existing 16,838 square foot lot was originally approved and permitted with the current number of available parking spaces for the existing eight (8) residential units, which is considered legal nonconforming to the number of required parking spaces. The

proposed subdivision will create two (2) lots each with four (4) residential units and nine (9) parking spaces. Each lot will be short one (1) parking space of the Code prescribed minimum. There is no available space on each proposed lot to provide additional parking spaces. Other lots in the immediate area were originally developed and approved with less parking spaces provided and an equal number (4) of residential units as the subject proposed lots. The subject lot, to be subdivided, is under an exceptional or extraordinary circumstance in that it was not originally developed with virtually half the lot size as other lots in the immediate area. The proposed subdivision generally creates two (2) lots that will conform with the other R-3 lots in the immediate area and be within the character of the neighborhood, especially in regard to the lot sizes, number of residential units, and the number of parking spaces provided.

With the exception of the two Variance requests to deviate from the development standards for the R-3 zone, regarding parking spaces required and minimum lot size for four (4) units, the subject application complies with Code requirements along with any legal nonconforming existing conditions that are unaffected by the subject request.

2. The Variance is necessary for the preservation and enjoyment of a substantial property right possessed by other property in the same vicinity and zone, but which is denied to the property in question.

Staff's review of the lots in the immediate area found that the average lot size of R-3 zoned properties is approximately 8,145 square feet in area. The two proposed subject lots, Lot 1 and Lot 2, will be 8,538 square feet and 8,300 square feet, respectively, which is above the average lot size in the immediate area for R-3 zoned properties. Therefore, the subject Variance request to the minimum lot size will not create a lot that is out of character with the development patterns in the area.

Additionally, other lots in the immediate area were originally developed and approved with less parking spaces provided and an equal number (4) of residential units as the subject proposed lots. Therefore, the Variance for parking is necessary for the preservation and enjoyment of a substantial property right possessed by other properties in the same vicinity and zone, but which would be denied to the subject proposed properties without Variance relief.

3. The Variance will not be materially detrimental to the public welfare or injurious to the property or improvements in such vicinity and zone in which the property is located.

The proposed subdivision will create two (2) lots that will not be out of character with other lots in the same vicinity and zone. The lot size and development improvements are consistent with adjacent properties within the immediate area. Therefore, the proposed subdivision will not be detrimental to the public welfare or injurious to the property or improvements within the adjacent R-3 zone.

4. The granting of the Variance will not adversely affect the General Plan.

While the applicant is requesting Variance approvals to deviate from the Code's prescribed minimum lot size of 12,600 square feet for an R-3 lot with four (4) residential units and the minimum number of required parking spaces, the proposed subdivision and Variance requests will correspond with lots already established within the immediate area. If the subdivision and Variance requests are approved, two (2) lots will be created that will be compatible within the established pattern and character of similar properties within the adjacent R-3 zone. Therefore, the approval of the subject subdivision and Variances will not create an adverse effect on the City's General Plan.

5. Approval of the Variance is subject to such conditions as will assure that it does not constitute a grant of special privileges inconsistent with the limitations upon other properties in the vicinity and zone in which the subject property is situated.

Approval of the subdivision and the Variance requests will create two (2) lots that will maintain continuity within the established development pattern and character of similar properties within the adjacent R-3 zoned properties. Such similar lots, with similar lot sizes, densities, and available parking spaces, are already established within the immediate area. Therefore, the approval of the subject subdivision and Variances will not constitute a grant of special privileges inconsistent with the limitations upon other properties in the vicinity and zone in which the subject property is situated.

INCORPORATION OF FACTS AND FINDINGS SET FORTH IN STAFF REPORT

In addition to the foregoing, the Zoning Administrator incorporates herein by this reference, the facts and findings set forth in the staff report.

BE IT FURTHER RESOLVED that the Zoning Administrator does conclude:

1. That Tentative Parcel Map No. PM-2013-000 and Variance No. V-198-13 does possess characteristics that justify the request in accordance with the Garden Grove General Plan and the Garden Grove Municipal Code.

2. In order to fulfill the purpose and intent of the Municipal Code, and thereby promote the health, safety, and general welfare, the attached Conditions of Approval (Exhibit "A") shall apply to Tentative Parcel Map No. PM-2013-000 and Variance No. V-198-13.

Dated: January 10, 2013

SUSAN EMERY
ZONING ADMINISTRATOR

LEASE AGREEMENT

BY AND BETWEEN

THE CITY OF GARDEN GROVE

AND

GARDEN GROVE HOUSING AUTHORITY

FOR THREE UNIMPROVED PARCELS IN THE CIVIC
CENTER LOCATED AT

12951 7TH ST., 11421 GARDEN GROVE BLVD.,
12942 8TH ST.

APPROVED

MAY 10, 2016

GARDEN GROVE HOUSING AUTHORITY

RESOLUTION NO. 175-16

A RESOLUTION OF THE GARDEN GROVE HOUSING AUTHORITY
APPROVING A LEASE AGREEMENT WITH THE CITY OF GARDEN GROVE FOR THREE
UNIMPROVED PARCELS IN THE CIVIC CENTER

WHEREAS, the Garden Grove Housing Authority owns unimproved real property in the City of Garden Grove, County of Orange, State of California, identified as APNs 090-172-15 (12951 7th St.), 090-174-07 (11421 Garden Grove Blvd.), and 090-174-06 (12942 8th St.) ("the Properties").

WHEREAS, the Properties require ongoing maintenance and are not ideal for the development of lower income housing.

WHEREAS, the City has negotiated an agreement with the Lab Holding, LLC (the "Developer") to lease the properties and transfer the maintenance and repair responsibilities for the Properties.

NOW, THEREFORE, BE IT RESOLVED by the Garden Grove Housing Authority that the Lease Agreement attached hereto is hereby approved and the Director is hereby authorized to execute the Agreement and to sign all other documents necessary and appropriate to carry out and implement the Agreement.

Adopted this 10th day of May 2016.

ATTEST:

/s/ BAO NGUYEN

CHAIR

/s/ KATHLEEN BAILOR, CMC

SECRETARY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS:
CITY OF GARDEN GROVE)

I, KATHLEEN BAILOR, Secretary of the Garden Grove Housing Authority, do hereby certify that the foregoing Resolution was duly adopted by the Garden Grove Housing Authority at a meeting held on the 10th day of May 2016, by the following vote:

AYES:	COMMISSIONERS:	(7)	BEARD, BECKLES, BUI, JONES, O'CONNOR, PHAN, NGUYEN
NOES:	COMMISSIONERS:	(0)	NONE
ABSENT:	COMMISSIONERS:	(0)	NONE

/s/ KATHLEEN BAILOR, CMC
SECRETARY

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. 9352-16

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE
APPROVING A LEASE AGREEMENT WITH THE GARDEN GROVE HOUSING
AUTHORITY FOR LEASE OF THREE UNIMPROVED PARCELS IN THE CIVIC CENTER

WHEREAS, the Garden Grove Housing Authority owns unimproved real property in the City of Garden Grove, County of Orange, State of California, identified as APNs 090-172-15 (12951 7th St.), 090-174-07 (11421 Garden Grove Blvd.), and 090-174-06 (12942 8th St.) ("the Properties").

WHEREAS, the Properties require ongoing maintenance and are not ideal for the development of lower income housing.

WHEREAS, the City has negotiated an agreement with the Lab Holding, LLC (the "Developer") to lease the properties and transfer the maintenance and repair responsibilities for the Properties.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Garden Grove that the Lease Agreement for the three Housing Authority Properties attached hereto is hereby approved and the City Manager is hereby authorized to execute the Agreement and to sign all other documents necessary and appropriate to carry out and implement the Agreement.

Adopted this 10th day of May 2016.

ATTEST:

/s/ BAO NGUYEN

MAYOR

/s/ KATHLEEN BAILOR, CMC

CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS:
CITY OF GARDEN GROVE)

I, KATHLEEN BAILOR, City Clerk of the City of Garden Grove, do hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Garden Grove, California, at a meeting held on the 10th day of May 2016, by the following vote:

AYES: COUNCIL MEMBERS: (5) BEARD, BUI, JONES, PHAN, NGUYEN
NOES: COUNCIL MEMBERS: (0) NONE
ABSENT: COUNCIL MEMBERS: (0) NONE

/s/ KATHLEEN BAILOR, CMC
CITY CLERK

LEASE AGREEMENT BETWEEN
GARDEN GROVE HOUSING AUTHORITY AND
CITY OF GARDEN GROVE

This Lease Agreement (the "Lease") is made and entered into this 10th Day of May, 2016 ("Effective Date") by and between the GARDEN GROVE HOUSING AUTHORITY, a public body, corporate and politic, ("Landlord") and the CITY OF GARDEN GROVE, a municipal corporation of the State of California ("Tenant"). The undersigned parties agree to this Lease based upon the following facts and upon the following terms and conditions.

RECITALS

- A. Landlord owns the unimproved real property in the City of Garden Grove, County of Orange, State of California, identified as APNs 090-172-15 (12951 7th St.), 090-174-07 (11421 Garden Grove Blvd.), and 090-174-06 (12942 8th St.) ("the Property"). Collectively, the Property, including all rights and appurtenances pertaining to such land, including all adjacent streets, parking lots, alleys or rights of way, is referenced throughout this Lease as the "Premises."
- B. Landlord desires to Lease to Tenant and Tenant desires to Lease from Landlord, the Premises pursuant to the terms and conditions set forth herein.

NOW THEREFORE, the Undersigned parties hereto agree as follows:

AGREEMENT

- 1. Lease of Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises for the Term (as hereinafter defined) and upon the terms and conditions as set forth herein. Tenant accepts the Premises in an "As Is" condition without any representation or warranties being made by Landlord. Landlord expressly disclaims any warranty or representation with regard to the condition, safety or security of the Premises or suitability of the Premises for the Tenant's intended use.
- 2. Term. The term of this Lease shall be twenty (20) years, commencing on the Effective Date (the "Term"), unless terminated earlier as provided in this Lease.
- 3. Payment of Taxes and Assessments. To the extent that any taxes or assessments are separately assessed to Tenant, Tenant shall pay the same before delinquency. All taxes and assessments not separately assessed to Tenant shall be paid by Landlord to the taxing authority, but the amount thereof shall be payable by Tenant to Landlord within 30 days of Landlord's invoice therefor.
- 4. Utilities. Tenant shall pay, directly to the appropriate supplier, the cost of all natural gas, heat, light, power, sewer service, telephone, water, refuse disposal

and all other utilities and services used at the Premises or supplied to the Premises at Tenant's request.

5. Rent. Commencing on the Effective Date, Tenant agrees to pay Landlord, without notice or demand, annual rent of one dollar (\$1.00) in advance, on or before the first business day of each and every successive year during the Term. Tenant may pay, in advance, the full amount of the rent for the entire Term. Rent shall be paid to Landlord without deduction or offset, in lawful money of the United States of America and at such place as Landlord may from time to time designate in writing.
6. Assignment and Subletting. Tenant may sublet this Lease and may assign its rights and obligations to a third party without Landlord's prior written consent. Tenant is further granted the authority to provide a right of first refusal for acquisition of the Properties and Premises to a third party subject to an acquisition price at fair market value pursuant to appraisal by a MAI appraiser.
7. Maintenance and Repair. Tenant shall be responsible to perform maintenance and repair of the Premises, and keep all portions of the Premises in a clean and orderly condition. Tenant shall be responsible for any damage done in or to the Premises caused by Tenant, sub-tenants or its employees, agents, contractors and invitees. Upon termination of this Lease, Tenant shall peaceably surrender and quit the Premises in good order, condition and repair, reasonable wear and tear excepted.
8. Indemnity. Tenant shall indemnify, defend and hold Landlord, together with Landlord's agents, employees, officers, officials, and volunteers, harmless from and against any loss, damage, injury, accident, casualty, liability, claim, cost or expense of any kind or character to any person, including wrongful death, or property (collectively, "Claims") arising from or related to: (i) Tenant's occupation and/or use of the Premises, before, during, and after the Term and/or (ii) any act or omission of Tenant, its employees, agents, contractors or invitees. Tenant shall not be liable for such Claims to the extent and in the proportion that the same is ultimately determined to be attributable to the sole gross negligence or intentional misconduct of Landlord. All indemnity obligations under this Section shall survive the expiration or termination of this Lease.
9. Severability. If any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Lease shall be construed as if such invalid, illegal, or unenforceable term or provision had never been contained herein.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, Landlord and Tenant have executed this instrument of the Effective Date.

LANDLORD
GARDEN GROVE HOUSING
AUTHORITY, a public agency

TENANT
CITY OF GARDEN GROVE, a California
municipal corporation



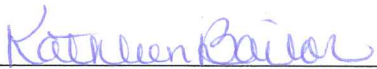
Executive Director




City Manager

Attest:

Attest:




Secretary



City Clerk

APPROVED AS TO FORM



OMAR SANDOVAL
Acting City Attorney
City of Garden Grove

DATED: 5-11-16

STAFF REPORT AND MISCELLANEOUS DOCUMENTS
RELATING TO THE PURCHASE AND SALE
AGREEMENT AND LEASE AGREEMENT

BETWEEN

THE CITY OF GARDEN GROVE
AND
THE GARDEN GROVE HOUSING AUTHORITY

FOR CIVIC CENTER PROPERTIES



**First American Title Company
National Commercial Services**

18500 Von Karman Ave, Suite 600 • Irvine, CA 92612

Office Phone:(949)885-2400 Office Fax:(949)885-2400

Final Settlement Statement

File No: NCS-794936-SA1
Escrow Officer: Nathan Thompson/nt
Settlement Date: 12/09/2016
Disbursement Date: 12/09/2016

Property:

12902, 12911, 12912, 12932 7th St., 11352, 11412 Acacia
 Parkway, 11361, 11391 Garden Grove Boulevard, 12911,
 12932 8th Street, Garden Grove, CA

Buyer:

City of Garden Grove
 11222 Acacia Parkway, Garden Grove, CA 92840

Seller:

Garden Grove Housing Authority, a public body, corporate and
 politic
 11222 Acacia Parkway, Garden Grove, CA 92840

Buyer Charge	Buyer Credit	Description	Seller Charge	Seller Credit
		Consideration		
3,386,437.50		Total Consideration		3,386,437.50
		Deposits In Escrow		
	671,765.20	Receipt No. 1136514 on 12/09/2016 by First American Title		
		Adjustments		
	9,704.65	Closing Cost Credit	9,704.65	
	2,709,030.00	Assign of City of GG and Cottage Note (OCE)	2,709,030.00	
		Prorations		
2,266.24		2016 Tax Prorate (1st and 2nd INSTALL) 12/09/16 to 07/01/17 @\$4,054.80/yr		2,266.24
		Title/Escrow Charges		
1,600.00		Closing-Escrow Fee to First American Title Company National Commercial Services	1,600.00	
		Disbursements Paid		
		Miscellaneous Disbursement		
		Proceeds to City of Garden Grove	668,369.09	
196.11		Refund to City of Garden Grove		
		Cash (From) (To) Buyer		
		Cash (To) (From) Seller		
3,390,499.85	3,390,499.85	Totals	3,388,703.74	3,388,703.74

Final Settlement Statement

Settlement Date: 12/09/2016

File No: NCS-794936-SA1

Officer: Nathan Thompson/nt

PLEASE NOTE: A modification of money-transfer or disbursement instructions can be a red flag for Online Banking Fraud and could be a trap for the unwary. Should we knowingly receive such a modification, in the interest of prudence, we may consider it suspect and call a known and trusted phone number to verify its authenticity and accuracy. Your awareness and cooperation in taking appropriate steps to prevent fraud is greatly appreciated.

2016 Real Estate Withholding Certificate

593-C

Part I – Seller/Transferor

Return this form to your escrow company.

Name Garden Grove Housing Authority, a public body, corporate and politic		SSN or ITIN 33-0638706	
Spouse's/RDP's name (if jointly owned)		Spouse's/RDP's SSN or ITIN (if jointly owned)	
Address (apt./ste., room, PO Box, or PMB no.) 11222 Acacia Parkway		<input checked="" type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no. 33-0638706	
City (If you have a foreign address, see instructions.) Garden Grove	State CA	ZIP code 92840	Ownership percentage 100 %
Property address (if no street address, provide parcel number and county) 12902, 12911, 12912, 12932 7th St., 11352, 11412 Acacia Parkway, 11361, 11391 Garden Grove Boulevard, 12911, 12932 8th Street, Garden Grove, CA			

To determine whether you qualify for a full or partial withholding exemption, check all boxes that apply to the property being sold or transferred. (See instructions)

Part II – Certifications which fully exempt the sale from withholding:

1. The property qualifies as the seller's/transferor's (or decedent's, if sold by the decedent's estate or trust) principal residence within the meaning of Internal Revenue Code (IRC) Section 121.
2. The seller/transferor (or decedent, if sold by the decedent's estate or trust) last used the property as the seller's/transferor's (decedent's) principal residence within the meaning of IRC Section 121 without regard to the two-year time period.
3. The seller/transferor has a loss or zero gain for California income tax purposes on this sale. To check this box you must complete Form 593-E, Real Estate Withholding-Computation of Estimated Gain or Loss, and have a loss or zero gain on line 16.
4. The property is being compulsorily or involuntarily converted and the seller/transferor intends to acquire property that is similar or related in service or use to qualify for nonrecognition of gain for California income tax purposes under IRC Section 1033.
5. The transfer qualifies for nonrecognition treatment under IRC Section 351 (transfer to a corporation controlled by the transferor) or IRC Section 721 (contribution to a partnership in exchange for a partnership interest).
6. The seller/transferor is a corporation (or a limited liability company (LLC) classified as a corporation for federal and California income tax purposes) that is either qualified through the California Secretary of State (SOS) or has a permanent place of business in California.
7. The seller/transferor is a California partnership or a partnership qualified to do business in California (or an LLC that is classified as a partnership for federal and California income tax purposes and is not a single member LLC that is disregarded for federal and California income tax purposes).
8. The seller/transferor is a tax-exempt entity under California or federal law.
9. The seller/transferor is an insurance company, individual retirement account, qualified pension/profit sharing plan, or charitable remainder trust.

Part III – Certifications that may partially or fully exempt the sale from withholding:

Real Estate Escrow Person (REEP): See instructions for amounts to withhold.

10. The transfer qualifies as a simultaneous like-kind exchange within the meaning of IRC Section 1031.
11. The transfer qualifies as a deferred like-kind exchange within the meaning of IRC Section 1031.
12. The transfer of this property is an installment sale where the buyer/transferee is required to withhold on the principal portion of each installment payment. Copies of Form 593-I, Real Estate Withholding Installment Sale Acknowledgement, and the promissory note are attached.

Seller/Transferor Signature

To learn about your privacy rights, how we may use your information, and the consequences for not providing the requested information, go to ftb.ca.gov and search for **privacy notice**. To request this notice by mail, call 800.852.5711.

Under penalties of perjury, I hereby certify that the information provided above is, to the best of my knowledge, true and correct. If conditions change, I will promptly inform the withholding agent. I understand that I must retain this form in my records for 5 years and that the Franchise Tax Board may review relevant escrow documents to ensure withholding compliance. Completing this form does **not** exempt me from filing a California income or franchise tax return to report this sale.

Seller's/Transferor's Name and Title	<u>Scott E. Stiles</u> <u>Executive Director</u>	Seller's/Transferor's Signature	<u>[Signature]</u>	Date	<u>12-8-16</u>
Spouse's/RDP's Name		Spouse's/RDP's Signature		Date	

Seller/ If you checked any box in Part II, you are exempt from real estate withholding.
Transferor If you checked any box in Part III, you may qualify for a partial or complete withholding exemption.
 Except as to an installment sale, if the seller/transferor did not check any box in Part II or Part III of Form 593-C, the withholding will be 3 1/3% (.0333) of the total sales price or the optional gain on sale withholding amount from line 5 of Form 593, Real Estate Withholding Tax Statement. If the seller/transferor does not return the completed Form 593 and Form 593-C by the close of escrow, the withholding will be 3 1/3% (.0333) of the total sales price, unless the type of transaction is an installment sale. If the transaction is an installment sale, the withholding will be 3 1/3% (.0333) of the first installment payment.
 If you are withheld upon, the withholding agent should give you one copy of Form 593. Attach a copy to the lower front of your California income tax return and make a copy for your records.

**SELLER'S CERTIFICATION OF NON-FOREIGN STATUS UNDER
FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT ("FIRPTA") (26 U.S.C. 1445)**

File No: NCS-794936-SA1

December 08, 2016

All items in this form must be completed by each seller. All sellers must have a taxpayer identification number (TIN) even if sellers CANNOT provide this certification and FIRPTA withholding must be done. A TIN is not an indication that the seller is a resident alien or U.S. Citizen.

Section 1445 of the Internal Revenue Code provides that a transferee (buyer) of a U.S. real property interest must withhold tax if the transferor (seller) is a foreign person.

THIS SECTION FOR INDIVIDUAL TRANSFEROR; EACH SELLER MUST COMPLETE AND SIGN. ADD SIGNATURE LINES OR MAKE COPIES FOR EACH SELLER TO COMPLETE:

To inform the transferee (buyer) that withholding of tax is not required upon my disposition of a U.S. real property interest, the undersigned seller hereby certifies the following:

1. I AM () AM NOT () a nonresident alien for purposes of U.S. income taxation (if you are a nonresident alien, withholding will be done unless another exemption applies);
2. My U.S. Taxpayer Identification (Social Security) Number is _____;
3. My home address is _____.

I understand that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement I have made here could be punished by fine, imprisonment, or both. Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete.

Date

Garden Grove Agency for Community Development, a public body,
corporate and politic

THIS SECTION FOR ENTITY TRANSFEROR:

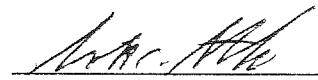
For U.S. tax purposes (including Section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by the undersigned, the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor IS () IS NOT (X) a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations) (if you are a foreign entity, withholding will be done unless another exemption applies);
2. Transferor IS () IS NOT (X) a disregarded entity as defined in Section 1.1445-2(b)(2)(iii);
3. Transferor's U.S. employer identification number is _____;
4. Transferor's office address is 11222 Acacia Parkway Garden Grove CA 92840;

Transferor understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

12-8-16
Date


Garden Grove Agency for Community Development, a public body,
corporate and politic

2016 Real Estate Withholding Certificate

593-C

Part I – Seller/Transferor

Return this form to your escrow company.

Name Garden Grove Housing Authority, a public body, corporate and politic		SSN or ITIN 33-0638706	
Spouse's/RDP's name (if jointly owned)		Spouse's/RDP's SSN or ITIN (if jointly owned)	
Address (apt./ste., room, PO Box, or PMB no.) 11222 Acacia Parkway		<input checked="" type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no. 33-0638706	
City (If you have a foreign address, see instructions.) Garden Grove	State CA	ZIP code 92840	Ownership percentage 100 %
Property address (if no street address, provide parcel number and county) 12902, 12911, 12912, 12932 7th St., 11352, 11412 Acacia Parkway, 11361, 11391 Garden Grove Boulevard, 12911, 12932 8th Street, Garden Grove, CA			

To determine whether you qualify for a full or partial withholding exemption, check all boxes that apply to the property being sold or transferred. (See instructions)

Part II – Certifications which fully exempt the sale from withholding:

- The property qualifies as the seller's/transferor's (or decedent's, if sold by the decedent's estate or trust) principal residence within the meaning of Internal Revenue Code (IRC) Section 121.
- The seller/transferor (or decedent, if sold by the decedent's estate or trust) last used the property as the seller's/transferor's(decedent's) principal residence within the meaning of IRC Section 121 without regard to the two-year time period.
- The seller/transferor has a loss or zero gain for California income tax purposes on this sale. To check this box you must complete Form 593-E, Real Estate Withholding-Computation of Estimated Gain or Loss, and have a loss or zero gain on line 16.
- The property is being compulsorily or involuntarily converted and the seller/transferor intends to acquire property that is similar or related in service or use to qualify for nonrecognition of gain for California income tax purposes under IRC Section 1033.
- The transfer qualifies for nonrecognition treatment under IRC Section 351 (transfer to a corporation controlled by the transferor) or IRC Section 721 (contribution to a partnership in exchange for a partnership interest).
- The seller/transferor is a corporation (or a limited liability company (LLC) classified as a corporation for federal and California income tax purposes) that is either qualified through the California Secretary of State (SOS) or has a permanent place of business in California.
- The seller/transferor is a California partnership or a partnership qualified to do business in California (or an LLC that is classified as a partnership for federal and California income tax purposes and is not a single member LLC that is disregarded for federal and California income tax purposes).
- The seller/transferor is a tax-exempt entity under California or federal law.
- The seller/transferor is an insurance company, individual retirement account, qualified pension/profit sharing plan, or charitable remainder trust.

Part III – Certifications that may partially or fully exempt the sale from withholding:

Real Estate Escrow Person (REEP): See instructions for amounts to withhold.

- The transfer qualifies as a simultaneous like-kind exchange within the meaning of IRC Section 1031.
- The transfer qualifies as a deferred like-kind exchange within the meaning of IRC Section 1031.
- The transfer of this property is an installment sale where the buyer/transferee is required to withhold on the principal portion of each installment payment. Copies of Form 593-I, Real Estate Withholding Installment Sale Acknowledgement, and the promissory note are attached.

Seller/Transferor Signature

To learn about your privacy rights, how we may use your information, and the consequences for not providing the requested information, go to ftb.ca.gov and search for **privacy notice**. To request this notice by mail, call 800.852.5711.

Under penalties of perjury, I hereby certify that the information provided above is, to the best of my knowledge, true and correct. If conditions change, I will promptly inform the withholding agent. I understand that I must retain this form in my records for 5 years and that the Franchise Tax Board may review relevant escrow documents to ensure withholding compliance. Completing this form does **not** exempt me from filing a California income or franchise tax return to report this sale.

Seller's/Transferor's Name and Title <u>Scott C. Stiles</u> <u>Executive Director</u>	Seller's/Transferor's Signature <u>[Signature]</u>	Date <u>12-8-16</u>
Spouse's/RDP's Name	Spouse's/RDP's Signature	Date

Seller/ If you checked any box in Part II, you are exempt from real estate withholding.
Transferor If you checked any box in Part III, you may qualify for a partial or complete withholding exemption.
 Except as to an installment sale, if the seller/transferor did not check any box in Part II or Part III of Form 593-C, the withholding will be 3 1/3% (.0333) of the total sales price or the optional gain on sale withholding amount from line 5 of Form 593, Real Estate Withholding Tax Statement. If the seller/transferor does not return the completed Form 593 and Form 593-C by the close of escrow, the withholding will be 3 1/3% (.0333) of the total sales price, unless the type of transaction is an installment sale. If the transaction is an installment sale, the withholding will be 3 1/3% (.0333) of the first installment payment.
 If you are withheld upon, the withholding agent should give you one copy of Form 593. Attach a copy to the lower front of your California income tax return and make a copy for your records.

**SELLER'S CERTIFICATION OF NON-FOREIGN STATUS UNDER
FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT ("FIRPTA") (26 U.S.C. 1445)**

File No: NCS-794936-SA1

December 08, 2016

All items in this form must be completed by each seller. All sellers must have a taxpayer identification number (TIN) even if sellers CANNOT provide this certification and FIRPTA withholding must be done. A TIN is not an indication that the seller is a resident alien or U.S. Citizen.

Section 1445 of the Internal Revenue Code provides that a transferee (buyer) of a U.S. real property interest must withhold tax if the transferor (seller) is a foreign person.

THIS SECTION FOR INDIVIDUAL TRANSFEROR; EACH SELLER MUST COMPLETE AND SIGN. ADD SIGNATURE LINES OR MAKE COPIES FOR EACH SELLER TO COMPLETE:

To inform the transferee (buyer) that withholding of tax is not required upon my disposition of a U.S. real property interest, the undersigned seller hereby certifies the following:

1. I AM () AM NOT () a nonresident alien for purposes of U.S. income taxation (if you are a nonresident alien, withholding will be done unless another exemption applies);
2. My U.S. Taxpayer Identification (Social Security) Number is _____;
3. My home address is _____.

I understand that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement I have made here could be punished by fine, imprisonment, or both. Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete.

_____ Date

_____ Garden Grove Agency for Community Development, a public body, corporate and politic

THIS SECTION FOR ENTITY TRANSFEROR:

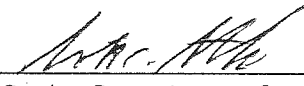
For U.S. tax purposes (including Section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by the undersigned, the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor IS () IS NOT (X) a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations) (if you are a foreign entity, withholding will be done unless another exemption applies);
2. Transferor IS () IS NOT (X) a disregarded entity as defined in Section 1.1445-2(b)(2)(iii);
3. Transferor's U.S. employer identification number is _____;
4. Transferor's office address is 11222 Acacia Parkway Garden Grove CA 92840;

Transferor understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

12-8-16
Date


Garden Grove Agency for Community Development, a public body, corporate and politic

JOINT CONSIDERATION WITH HOUSING AUTHORITY - RESOLUTIONS APPROVING
A PURCHASE AND SALE AGREEMENT AND A LEASE WITH THE CITY OF GARDEN
GROVE FOR THE DISPOSITION AND LEASE OF CIVIC CENTER PROPERTIES
(F: H-55.1)(XR: 84.1)(XR: 108.2-2016)

ORAL COMMUNICATIONS

Speakers: None.

Following Staff's presentation and discussion:

Housing Authority Action

It was moved by Commissioner Jones, seconded by Commissioner Phan that:

Resolution No. 174-16 entitled A Resolution approving a Purchase and Sale Agreement with the City of Garden Grove for twelve Civic Center Properties, be adopted.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Beard, Beckles, Bui, Jones, Nguyen, O'Connor,
Phan
Noes: (0) None

It was moved by Commissioner Jones, seconded by Commissioner Phan that:

Resolution No. 175-16 entitled A Resolution approving a Lease Agreement with the City of Garden Grove for three unimproved parcels in the Civic Center, be adopted.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Beard, Beckles, Bui, Jones, Nguyen, O'Connor,
Phan
Noes: (0) None

City Council Action

It was moved by Council Member Jones, seconded by Council Member Phan that:

Resolution No. 9351-16 entitled a Resolution approving a Purchase and Sale Agreement with the Garden Grove Housing Authority for the acquisition of twelve Civic Center Properties, be adopted.

The motion carried by a 5-0 vote as follows:

Ayes: (5) Beard, Bui, Nguyen, Jones, Phan
Noes: (0) None

It was moved by Council Member Jones, seconded by Council Member Phan that:

Resolution No. 9352-16 entitled a Resolution approving a Lease Agreement with the Garden Grove Housing Authority for lease of three unimproved parcels in the Civic Center, be adopted.

The motion carried by a 5-0 vote as follows:

Ayes: (5) Beard, Bui, Nguyen, Jones, Phan
Noes: (0) None

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles From: Omar Sandoval
Dept.: City Manager Dept.: City Attorney
Subject: Adoption of Resolutions Date: 5/10/2016
approving a purchase and
sale agreement and a lease
with the Garden Grove
Housing Authority for
acquisition and lease of Civic
Center properties. (*Action
Item*)

OBJECTIVE

To adopt resolutions approving a purchase and sale agreement for acquisition of twelve single-family properties and the lease of three unimproved properties owned by the Housing Authority in the Garden Grove Civic Center area.

BACKGROUND

The Housing Authority is the owner of fifteen properties in the Civic Center area that were acquired from the former Redevelopment Agency (RDA). The RDA had acquired the properties over the course of many years for purposes of consolidating them for a Civic Center project. Twelve of the properties are developed with single-family homes and three are unimproved. Of the twelve single-family homes, all but three were acquired from the RDA in 2007 for temporary rental to low income families while the RDA acquired the properties necessary for a larger redevelopment project in the City's Civic Center area. The other three had been acquired by the RDA with its low-moderate income housing fund and were transferred to the Housing Authority in 2012 following the dissolution of the RDA. The three unimproved parcels were transferred to the Housing Authority in 2007. One of the unimproved parcels remains vacant while two are currently being used by the City for its Community Gardens project. The Developer has agreed to allow the Community Gardens to continue until the current program ends in early 2017.

DISCUSSION

The properties with single-family homes will soon require the expenditure of substantial funds to rehabilitate them and maintain them in the required condition for human habitation. One of the single-family homes could not be rented at this time

because it requires substantial rehabilitation work to make it habitable. Due to the dissolution of the RDA and the reduction in Federal and State funding for low income housing programs, the properties are quickly becoming a liability for the Housing Authority. In addition, the properties are scattered throughout the Civic Center area and the dissolution of the RDA will not make it possible to continue to acquire the additional properties that would be needed for a proper Civic Center project or a viable low income housing project. In early 2015, Mr. Shaheen Sadeghi of the Lab Holding, LLC (the "Developer") submitted a letter of interest to the City to acquire the properties for a reuse commercial project. Discussion with City staff pertaining to the condition of the properties, their market values, and suitability for rehabilitation and reuse of the structures, culminated in the Disposition and Development Agreement being presented to the City Council concurrently with this Purchase and Sale Agreement. The Developer is proposing to acquire the twelve single-family homes to rehabilitate them and reuse them for low-impact commercial uses consistent with the City's Zoning regulations applicable to the Civic Center area. The Developer is not able to purchase the unimproved properties at this time. However, the Developer is willing to lease the unimproved properties to relieve the Authority and the City of the maintenance and repair responsibilities for the unimproved properties, and incorporate them into its larger reuse project. The City will lease the three vacant properties from the Housing Authority for a term of twenty years for \$1.00 per year, and will sublease them to the Developer for a term of 15 years for the same rental rate. The sublease with the City will contain a Right of First Refusal that will give the Developer the opportunity to purchase the vacant properties in the future at fair market value at the time of purchase. The vacant properties expose the Authority to maintenance liability and are not suitable for a long term housing project.

The lease with the City and the sublease with the Developer will assign the maintenance responsibilities and liability to the Developer until such time as the Developer is able to acquire the properties at market value. The Developer has agreed to pay \$3,386,287.50 for the 12 single-family homes subject to a 20% cash down payment of \$677,257.50 and an interest-only short term loan of five years in the amount of \$2,709,030. The loan is subject to interest at 4% per annum. The loan will be secured by a deed of trust and may be prepaid prior to the five-year term without penalty. The City and the Developer have agreed to a six month escrow period to allow the parties to complete their due diligence with respect to the transfer of the properties. Similarly, although the lease of the properties to the City will become effective immediately, the sublease to the Developer won't become effective until the escrow for the twelve single-family homes closes in about six months' time.

FINANCIAL IMPACT

The sale and lease of the properties will reduce the Housing Authority's liabilities for maintenance and repair and will generate funds in the next five years to be deposited in the Housing Authority's low-moderate income fund to assist future housing projects. It is expected that transaction costs, which include escrow charges and title reports, will be covered by loan interest revenue.

RECOMMENDATION

It is recommended that the City Council:

- Adopt the Resolution approving the Purchase and Sale Agreement with the Housing Authority for the acquisition of twelve single-family Civic Center properties;
- Adopt the Resolution approving the lease of three unimproved Civic Center properties from the Housing Authority.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Resolution for purchase	5/6/2016	Cover Memo	Res_-_For_Purchase_from_HA.pdf
Purchase and Sale Agreement	5/3/2016	Backup Material	CIVIC_CENTER_PROPERTIES_HA_PSA_TO_CITY.DOCX
Resolution for Lease	5/6/2016	Cover Memo	Res_-_Lease_of_HA_parcel.pdf
Lease Agreement	5/3/2016	Backup Material	CIVIC_CENTER_HA_UNIMPROVED_PARCELS_LEASE_TO_CITY.DOCX

JOINT CONSIDERATION WITH CITY COUNCIL - RESOLUTIONS APPROVING A PURCHASE AND SALE AGREEMENT AND A LEASE WITH THE CITY OF GARDEN GROVE FOR THE DISPOSITION AND LEASE OF CIVIC CENTER PROPERTIES
(F: H-55.1)(XR: 84.1)(XR: 108.2-2016)

Following Staff's presentation and discussion:

Housing Authority Action

It was moved by Commissioner Jones, seconded by Commissioner Phan that:

Resolution No. 174-16 entitled A Resolution approving a Purchase and Sale Agreement with the City of Garden Grove for twelve Civic Center Properties, be adopted.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Beard, Beckles, Bui, Jones, Nguyen, O'Connnor,
Phan
Noes: (0) None

It was moved by Commissioner Jones, seconded by Commissioner Phan that:

Resolution No. 175-16 entitled A Resolution approving a Lease Agreement with the City of Garden Grove for three unimproved parcels in the Civic Center, be adopted.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Beard, Beckles, Bui, Jones, Nguyen, O'Connnor,
Phan
Noes: (0) None

City Council Action

It was moved by Council Member Jones, seconded by Council Member Phan that:

Resolution No. 9351-16 entitled a Resolution approving a Purchase and Sale Agreement with the Garden Grove Housing Authority for the acquisition of twelve Civic Center Properties, be adopted.

The motion carried by a 5-0 vote as follows:

Ayes: (5) Beard, Bui, Nguyen, Jones, Phan
Noes: (0) None

It was moved by Council Member Jones, seconded by Council Member Phan that:

Resolution No. 9352-16 entitled a Resolution approving a Lease Agreement with the Garden Grove Housing Authority for lease of three unimproved parcels in the Civic Center, be adopted.

The motion carried by a 5-0 vote as follows:

Ayes: (5) Beard, Bui, Nguyen, Jones, Phan
Noes: (0) None

Garden Grove Housing Authority

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles From: Omar Sandoval
Dept.: Executive Director Dept.: City Attorney
Subject: Adoption of the Resolutions Date: 5/10/2016
approving a Purchase and
Sale Agreement and a Lease
with the City of Garden
Grove for the disposition and
lease of Civic Center
properties. (*Action Item*)

OBJECTIVE

To adopt resolutions approving a purchase and sale agreement for disposition of twelve single-family properties and the lease of three unimproved properties in the Garden Grove Civic Center area.

BACKGROUND

The Housing Authority is the owner of fifteen properties in the Civic Center area that were acquired from the former Redevelopment Agency (RDA). The RDA had acquired the properties over the course of many years for purposes of consolidating them for a Civic Center project. Twelve of the properties are developed with single-family homes and three are unimproved.

Of the twelve single-family homes, all but three were acquired from the RDA in 2007 for temporary rental to low income families while the RDA acquired the properties necessary for a larger redevelopment project in the City's Civic Center area. The other three had been acquired by the RDA with its low-moderate income housing fund and were transferred to the Housing Authority in 2012 following the dissolution of the RDA. The three unimproved parcels were transferred to the Housing Authority in 2007. One of the unimproved parcels remains vacant while two are currently being used by the City for its Community Gardens project. The Developer has agreed to allow the Community Gardens to continue until the current program ends in early 2017.

DISCUSSION

The properties with single-family homes will soon require the expenditure of substantial funds to rehabilitate them and maintain them in the required condition for

human habitation. One of the single-family homes could not be rented at this time because it requires substantial rehabilitation work to make it habitable. Due to the dissolution of the RDA and the reduction in Federal and State funding for low income housing programs, the properties are quickly becoming a liability for the Housing Authority. In addition, the properties are scattered throughout the Civic Center area and the dissolution of the RDA will not make it possible to continue to acquire the additional properties that would be needed for a proper Civic Center project or a viable low income housing project. In early 2015, Mr. Shaheen Sadeghi of the Lab Holding, LLC (the "Developer") submitted a letter of interest to acquire the properties for a reuse commercial project. Discussion with City of Garden Grove staff pertaining to the condition of the properties, their market values, and suitability for rehabilitation and reuse of the structures, culminated in the Disposition and Development Agreement being presented to the City Council concurrently with this Purchase and Sale Agreement. The Developer is proposing to acquire the twelve single-family homes to rehabilitate them and reuse them for low-impact commercial uses consistent with the City's Zoning regulations applicable to the Civic Center area.

The Developer is not able to purchase the unimproved properties at this time. However, the Developer is willing to lease the unimproved properties to relieve the Authority and the City of the maintenance and repair responsibilities for the unimproved properties, and incorporate them into its larger reuse project. The City will lease the three unimproved properties from the Housing Authority for a term of twenty years for \$1.00 per year, and will sublease them to the Developer for a term of 15 years for the same rental rate. The sublease with the City will contain a Right of First Refusal that will give the Developer the opportunity to purchase the unimproved properties in the future at fair market value at the time of purchase. The unimproved properties expose the Authority to maintenance liability and are not suitable for a long term housing project. The lease with the City and the sublease with the Developer will assign the maintenance responsibilities and liability to the Developer until such time as the Developer is able to acquire the properties at market value.

The Developer has agreed to pay \$3,386,287.50 for the 12 single-family homes subject to a 20% cash down payment of \$677,257.50 and an interest-only short term loan of five years in the amount of \$2,709,030. The loan is subject to interest at 4% per annum. The loan will be secured by a deed of trust and may be prepaid prior to the five-year term without penalty. The City and the Developer have agreed to a six month escrow period to allow the parties to complete their due diligence with respect to the transfer of the properties. Similarly, although the lease of the properties to the City will become effective immediately, the sublease to the Developer won't become effective until the escrow for the twelve single-family homes closes in about six months' time.

FINANCIAL IMPACT

The sale and lease of the properties will reduce the Housing Authority's liabilities for maintenance and repair and will generate funds in the next five years to be deposited in the Housing Authority's low-moderate income fund to assist future housing projects. It is expected that transaction costs, which include escrow charges and title

reports, will be covered by loan interest revenue.

RECOMMENDATION

It is recommended that the Board:

- Adopt the Resolution approving the Purchase and Sale Agreement with the City of Garden Grove for the disposition of twelve single-family Civic Center properties;
- Adopt the Resolution approving the lease of three unimproved Civic Center properties to the City.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Resolution for Sale	5/6/2016	Cover Memo	HA_Res_-_Sale_of_Civic_Center.pdf
Purchase and Sale Agreement	5/3/2016	Backup Material	CIVIC_CENTER_PROPERTIES_HA_PSA_TO_CITY.DOCX
Resolution for Lease	5/6/2016	Cover Memo	HA_Res_-_Lease_of_Civic_Center_Parcels.pdf
Lease Agreement	5/3/2016	Backup Material	CIVIC_CENTER_HA_UNIMPROVED_PARCELS_LEASE_TO_CITY.DOCX

Civic Center Properties

From : Josh McIntosh / DJ Gummo
<djgummo@yahoo.com>

Tue, May 10, 2016 12:43 PM

Subject : Civic Center Properties

 Has-Attach

 1 attachment

To : Scott Stiles <sstiles@ci.garden-grove.ca.us>, Kathy Bailor <kathyb@ci.garden-grove.ca.us>, Garden Grove Historic Society <gardengrovehistoricsoc@att.net>, Andrew M. Kanzler <andrewkanzler@outlook.com>, Andrew Halberstadt <andrewhalberstadt@gmail.com>, Linda Zamora <lindazamora132@yahoo.com>, Karl Hill <karlh@ci.garden-grove.ca.us>, Robin Marcario <robinmarcario@hotmail.com>, Lizzie <lraganold@aol.com>, MorningGlory*PictureStory <jaide@sbcglobal.net>, John M. Goodman <john@agoodman.com>, Andrea Perez <andrea.ggna@gmail.com>, Steve Jones <stevej@garden-grove.org>, Kris Beard <kbeard@ci.garden-grove.ca.us>, Pam Haddad <pamha@ci.garden-grove.ca.us>, Chris Phan <chrisp@ci.garden-grove.ca.us>, Bao Nguyen <baon@ci.garden-grove.ca.us>, Phat Bui <phatb@ci.garden-grove.ca.us>, John O'Neill <oneill5@sbcglobal.net>, Chris Jepsen <chris.jepsen@rec.ocgov.com>, Chris Haire <chaire@ocregister.com>, Thy Vo <thyanhvo@gmail.com>, Ray Hiemstra <ray@coastkeeper.org>, Ric Lerma <ricvlerma@gmail.com>, Maureen Blackmun <maureen.ggna@gmail.com>, Verla Lambert <verla_egg@sbcglobal.net>, Paul Marsden <714marsden@gmail.com>, Kathy Parham Kauten <kathyparham@sbcglobal.net>, Maria Stipe <marias@ci.garden-grove.ca.us>, Allison Mills <allisonj@ci.garden-grove.ca.us>, Tony Flores <tony.flores08@hotmail.com>, John Wildsmith <john.ggna@gmail.com>, Bob Walker <rwalker797@sbcglobal.net>, Asunta Bamini <asuntabamini@gmail.com>, Stephanie Klopfenstein <sklopfenstein@gmail.com>,

George Stephanie (Chapman)
<stephgeorge@gmail.com>, Cynthia Ward
<cynthia@ward-associates.net>, CHERYL L.
WEEKS <weeks-c@sbcglobal.net>, Barbara
Picek Gossett <babsgossett@sbcglobal.net>,
Megan Galway <megan.galway@gmail.com>,
Michael Barker <mcbarker@pacbell.net>, Don
Taylor <socaldct@gmail.com>, Josh McIntosh /
DJ Gummo <djgummo@yahoo.com>

Reply To : Josh McIntosh / DJ Gummo
<djgummo@yahoo.com>

Good afternoon everyone. I would like to let you know how I feel about the GG Housing Authority's recent move to sell / lease a number of historical homes to developer Shaheen Sadeghi of the Lab Holding, LLC., this evening.

I have been doing my best to remain aware of the status of these properties, located in some of the original neighborhoods of the city. Unfortunately, there has been very little public discussion, if any, regarding their fate. I recall a town hall meeting that was held maybe two years ago and I attended that. I recall the residents in this immediate area were overwhelmingly opposed to the concept of the "Neighborhood Mall" concept. I was made aware that this evening, at the City Council meeting, there will be a vote which will seal the deal between the developer and the city of Garden Grove.

My concerns are that the public, nearly 180,000 residents, most likely do not know that this is about to happen. I have a lot of questions and concerns for this project, which has remained in back room discussions, with almost no public outreach done. At the only public meeting, nearly two years ago, we had a lot of opposition to the project. Why has the city not brought this back for public discussion? This just fell in our laps when the city clerk's email came out May 6th, with the next agenda for our Tuesday night meeting. I have requested to be kept informed several times, by emails and at City Council meetings. I am concerned over the lack of transparency. I am concerned over the \$1.00 a year lease offered to the developer. I am concerned over the impact to the immediate residents. I am mostly concerned about the city not making efforts to involve residents in the planning process.

While Mr. Sadeghi has a pretty good track record for creating trendy shopping malls and eateries, and there may be no one more qualified, I think that the city has kept the residents in the dark and I am not happy about it. I would like Housing Authority and every other department involved with this to make greater efforts to reach out to our community for their input, especially when dealing with historically significant neighborhoods and homes that may have been around nearly 100 years.

Garden Grove Housing Authority

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles From: Omar Sandoval
Dept.: Executive Director Dept.: City Attorney
Subject: Adoption of the Resolutions Date: 5/10/2016
 approving a Purchase and
 Sale Agreement and a Lease
 with the City of Garden
 Grove for the disposition and
 lease of Civic Center
 properties. (Action Item)

OBJECTIVE

To adopt resolutions approving a purchase and sale agreement for disposition of twelve single-family properties and the lease of three unimproved properties in the Garden Grove Civic Center area.

BACKGROUND

The Housing Authority is the owner of fifteen properties in the Civic Center area that were acquired from the former Redevelopment Agency (RDA). The RDA had acquired the properties over the course of many years for purposes of consolidating them for a Civic Center project. Twelve of the properties are developed with single-family homes and three are unimproved.

Of the twelve single-family homes, all but three were acquired from the RDA in 2007 for temporary rental to low income families while the RDA acquired the properties necessary for a larger redevelopment project in the City's Civic Center area. The other three had been acquired by the RDA with its low-moderate income housing fund and were transferred to the Housing Authority in 2012 following the dissolution of the RDA. The three unimproved parcels were transferred to the Housing Authority in 2007. One of the unimproved parcels remains vacant while two are currently being used by the City for its Community Gardens project. The Developer has agreed to allow the Community Gardens to continue until the current program ends in early 2017.

DISCUSSION

The properties with single-family homes will soon require the expenditure of substantial funds to rehabilitate them and maintain them in the required condition for human habitation. One of the single-family homes could not be rented at this time because it requires substantial rehabilitation work to make it habitable. Due to the dissolution of the RDA and the reduction in Federal and State funding for low income housing programs, the properties are quickly becoming a liability for the Housing Authority. In addition, the properties are scattered throughout the Civic Center area and the dissolution of the RDA will not make it possible to continue to acquire the additional properties that would be needed for a proper Civic Center project or a viable low income housing project. In early 2015, Mr. Shaheen Sadeghi of the Lab Holding, LLC (the "Developer") submitted a letter of interest to acquire the properties for a reuse commercial project. Discussion with City of Garden Grove staff pertaining to the condition of the properties, their market values, and suitability for rehabilitation and reuse of the structures, culminated in the Disposition and Development Agreement being presented to the City Council concurrently with this Purchase and Sale Agreement. The Developer is proposing to acquire the twelve single-family homes to rehabilitate them and reuse them for low-impact commercial uses consistent with the City's Zoning regulations applicable to the Civic Center area.

The Developer is not able to purchase the unimproved properties at this time. However, the Developer is willing to lease the unimproved properties to relieve the Authority and the City of the maintenance and repair responsibilities for the unimproved properties, and incorporate them into its larger reuse project. The City will lease the three unimproved properties from the Housing Authority for a term of twenty years for \$1.00 per year, and will sublease them to the Developer for a term of 15 years for the same rental rate. The sublease with the City will contain a Right of First Refusal that will give the Developer the opportunity to purchase the unimproved properties in the future at fair market value at the time of purchase. The unimproved properties expose the Authority to maintenance liability and are not suitable for a long term housing project. The lease with the City and the sublease with the Developer will assign the maintenance responsibilities and liability to the Developer until such time as the Developer is able to acquire the properties at market value.

The Developer has agreed to pay \$3,386,287.50 for the 12 single-family homes subject to a 20% cash down payment of \$677,257.50 and an interest-only short term loan of five years in the amount of \$2,709,030. The loan is subject to interest at 4% per annum. The loan will be secured by a deed of trust and may be prepaid prior to the five-year term without penalty. The City and the Developer have agreed to a six month escrow period to allow the parties to complete their due diligence with respect to the transfer of the properties. Similarly, although the lease of the properties to the City will become effective immediately, the sublease to the Developer won't become effective until the escrow for the twelve single-family homes closes in about six months' time.

FINANCIAL IMPACT

The sale and lease of the properties will reduce the Housing Authority's liabilities for

maintenance and repair and will generate funds in the next five years to be deposited in the Housing Authority's low-moderate income fund to assist future housing projects. It is expected that transaction costs, which include escrow charges and title reports, will be covered by loan interest revenue.

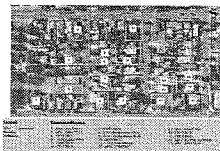
RECOMMENDATION

It is recommended that the Board:

- Adopt the Resolution approving the Purchase and Sale Agreement with the City of Garden Grove for the disposition of twelve single-family Civic Center properties;
- Adopt the Resolution approving the lease of three unimproved Civic Center properties to the City.

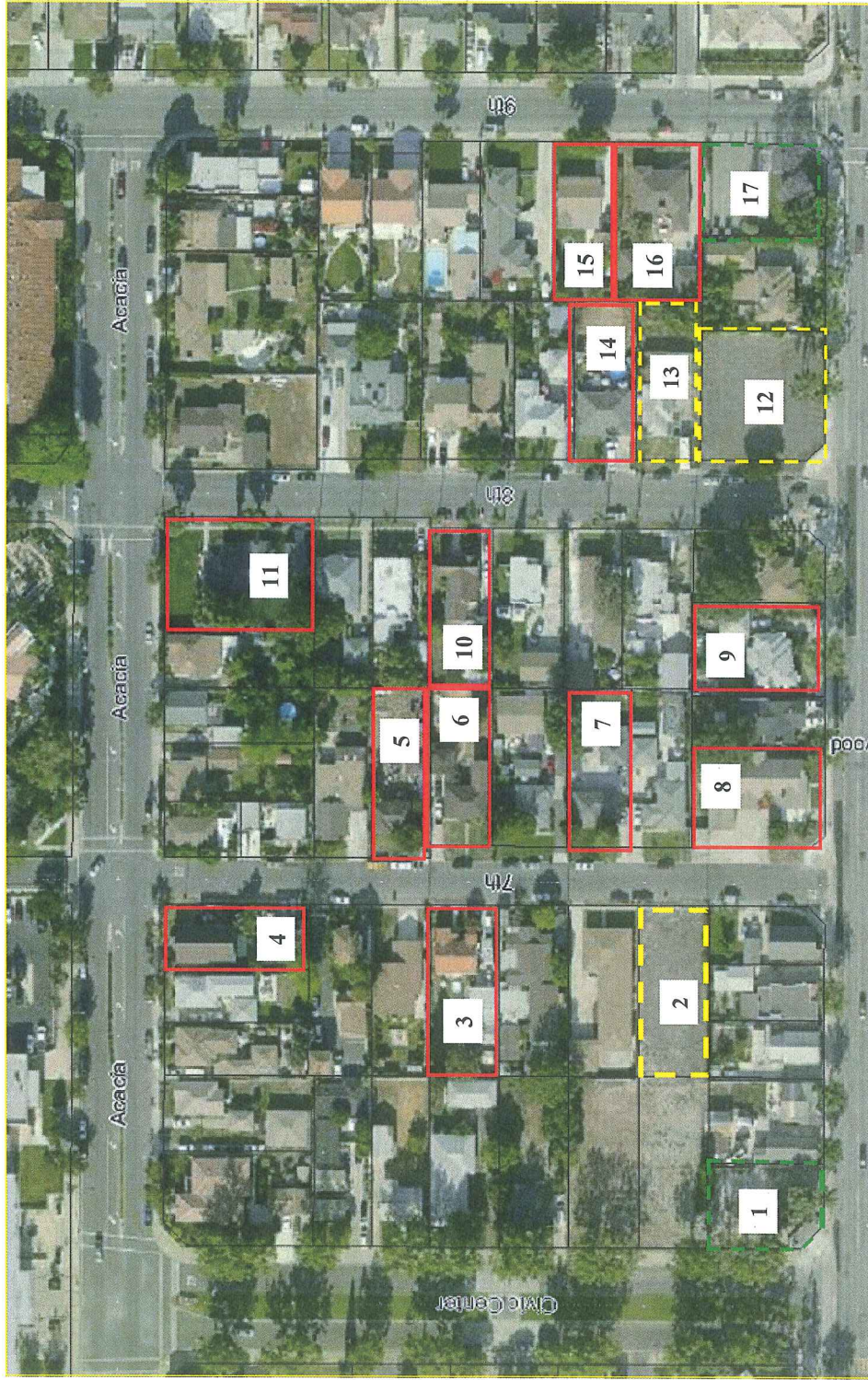
Sincerely,

Joshua Z McIntosh
714-458-8669



Civic Center Map.jpg
115 KB

Civic Center Area ~ City & Housing Authority Properties



Legend:

- City: (to be leased)
- H.A. houses: (to be sold)
- H.A. lots (to be leased)

Property Addresses/APN

- | | | | |
|----------------------|-----------------------------|-----------------------|-------------------|
| 1. 090-171-31 | 6. 12912 7th St. | 11. 11412 Acacia Pkwy | 16. 12941 9th St. |
| 2. 12951 7th St. | 7. 12932 7th St. | 12. 090-174-07 | 17. 090-174-19 |
| 3. 12902 7th St. | 8. 11361 Garden Grove Blvd. | 13. 090-174-06 | |
| 4. 11352 Acacia Pkwy | 9. 11391 Garden Grove Blvd. | 14. 12932 8th St. | |
| 5. 12902 7th St. | 10. 12911 8th St. | 15. 12931 9th St. | |