



Update on the disposition of City-owned real property located at 921 and 929 National City Boulevard, National City

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Carlos Aguirre, Housing Authority Director



921 & 929 National City Boulevard

- City of National City owns an 11,761 sq. ft. parcel of land (2 legal lots referred together as “City Property”)
 - 921 National City Blvd. purchased in August 2000 for \$350,000
 - 929 National City Blvd. purchased in July 2003 for \$225,000
- City Property is included in Long Range Property Management Plan for future development
- A Request for Proposals for development was issued by the City in March 2017 - no proposals were received
- Southwestern College included the parcel for expansion in 2018 Facilities Master Plan

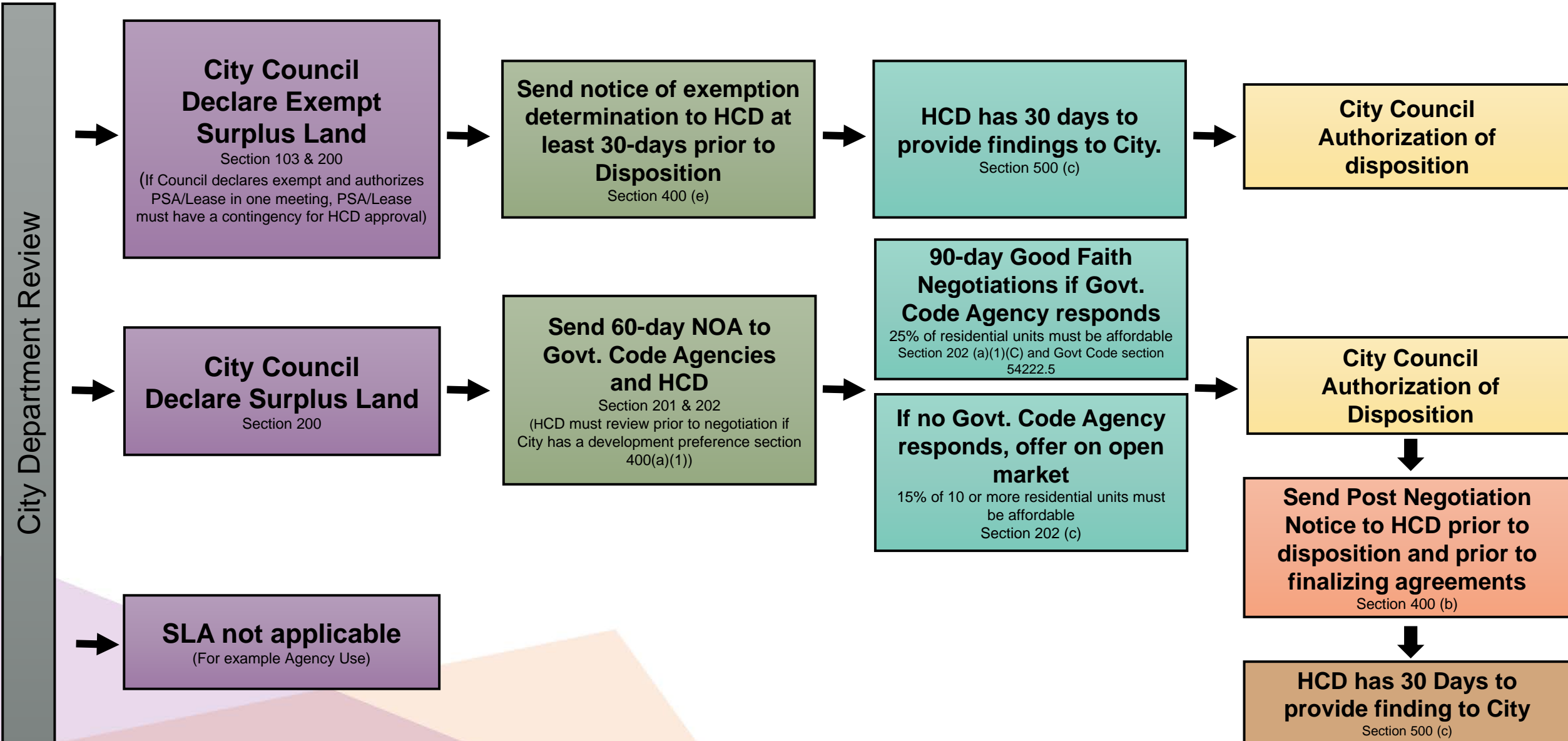
Trophy Lounge Property

- Northeast corner of National City Boulevard and Plaza Blvd (8,712 sq. ft.)
- Included in Southwestern College's 2018 Facilities Master Plan
- Since 2018, Southwestern College has been in contact with the City and Trophy Lounge Property owners attempting to assemble parcels for a mixed-use, multi-story development
- In March 2020, there was a Joint meeting of City Council and Southwestern College to discuss housing needs of students that was cancelled due to COVID-19
- In October 2020, real estate broker Cyrus & Emilia, Inc. ("CEI") submitted an offer for the City Property at \$400,000 - City staff declined below market offer
- In Fall 2021, Southwestern College extends market value offer for the City Property and for the Trophy Lounge - CEI declined offer

Proposal by CEI/Shift Capital

- Tower 999, LLC acquired the Trophy Lounge Property for approximately \$1,200,000 in April 2022
- A proposal was made to City staff in May 2022 for 9-story building with approximately 100 units (25% units affordable) with ground floor retail at both Trophy Lounge and City Property
- CEI (representing Tower 999, LLC) and Southwestern have met in June 2022 to discuss opportunities for partnership
- Tower 999, LLC's attorney provided a letter on June 14, 2022 requesting that the City sell City Property as exempt surplus land for affordable housing to Tower 999, LLC ("Letter")
- The Letter discussed including Southwestern College, but only after Tower 999, LLC has purchased the City Property
 - Southwestern College is still interested in partnering with Tower 999, LLC to incorporate student housing
- Sale of the City Property is subject to the provisions of the Surplus Land Act

Surplus Land Act Process



Affordable Housing Requirements of Surplus Land Act Exemption

- The City and CEI are evaluating a Surplus Land Act exemption pursuant to Government Code Section 54221 subdivision (f)(1)(A):
 - (1) Not less than 80 percent of the parcel shall be used for the development of housing;
 - (2) Not less than 40 percent of the total number of housing units shall be affordable to households whose income are equal to, or less than 60% of AMI, and at least half of which shall be affordable to very low-income households; and
 - (3) Affordable units are subject to at least a 30-year regulatory agreement.
- Exemption would bypass the normal competitive bidding process for City property under the Surplus Land Act

Exclusive Negotiation Agreement (“ENA”)

- Allows City staff and its consultants perform additional financial due diligence
- Make sure that Tower 999, LLC was in a firm position to move forward with the appropriate financial commitments and capacity to develop the City Property
- Helps ensure compliance with the affordability requirements of the Surplus Land Act
- Guide the process of negotiations through the establishment of exclusive rights, negotiation timelines, development objectives, limitations, and responsibilities
- Structure mutually-acceptable terms and conditions in the ENA for good-faith negotiations ultimately intended to culminate in mutually-acceptable terms of a Disposition and Development Agreement (“DDA”) that would set forth terms and conditions for the sale of the City-owned real property located at 921 & 929 National City Boulevard
- Require Developer to pay costs of City consultants needed throughout the ENA period and legal cost for preparing DDA
- City Council review and authorization required to (i) negotiate the ENA, (ii) enter into the ENA during which a DDA would be negotiated, and (iii) to enter into DDA if agreement reached.

Timeline

Timeframe	Items
October 2022-November 2022	<ul style="list-style-type: none">• Financial Due Diligence and negotiation of ENA• City staff and its consultants review updated development proposal from Tower 999, LLC• City staff, its consultants, and City attorney work with Tower 999, LLC to structure mutually-acceptable terms and conditions in ENA
December 2022 or January 2023	<ul style="list-style-type: none">• Present ENA to City Council for review and authorization• If acceptable, enter into ENA and negotiate a DDA
Spring 2023 - Summer 2023	<ul style="list-style-type: none">• Negotiate and Finalize DDA

Staff Recommendation

City Council authorize negotiations for an Exclusive Negotiating Agreement (ENA) with Tower 999, LLC to establish terms and conditions to consider the disposition of City-owned real property located at 921 & 929 National City Boulevard, National City

Q&A