



Photo: Indicative of general design / not a current rendering/elevation

Disposition and Development Agreement between the City of National City and Tower 999, LLC

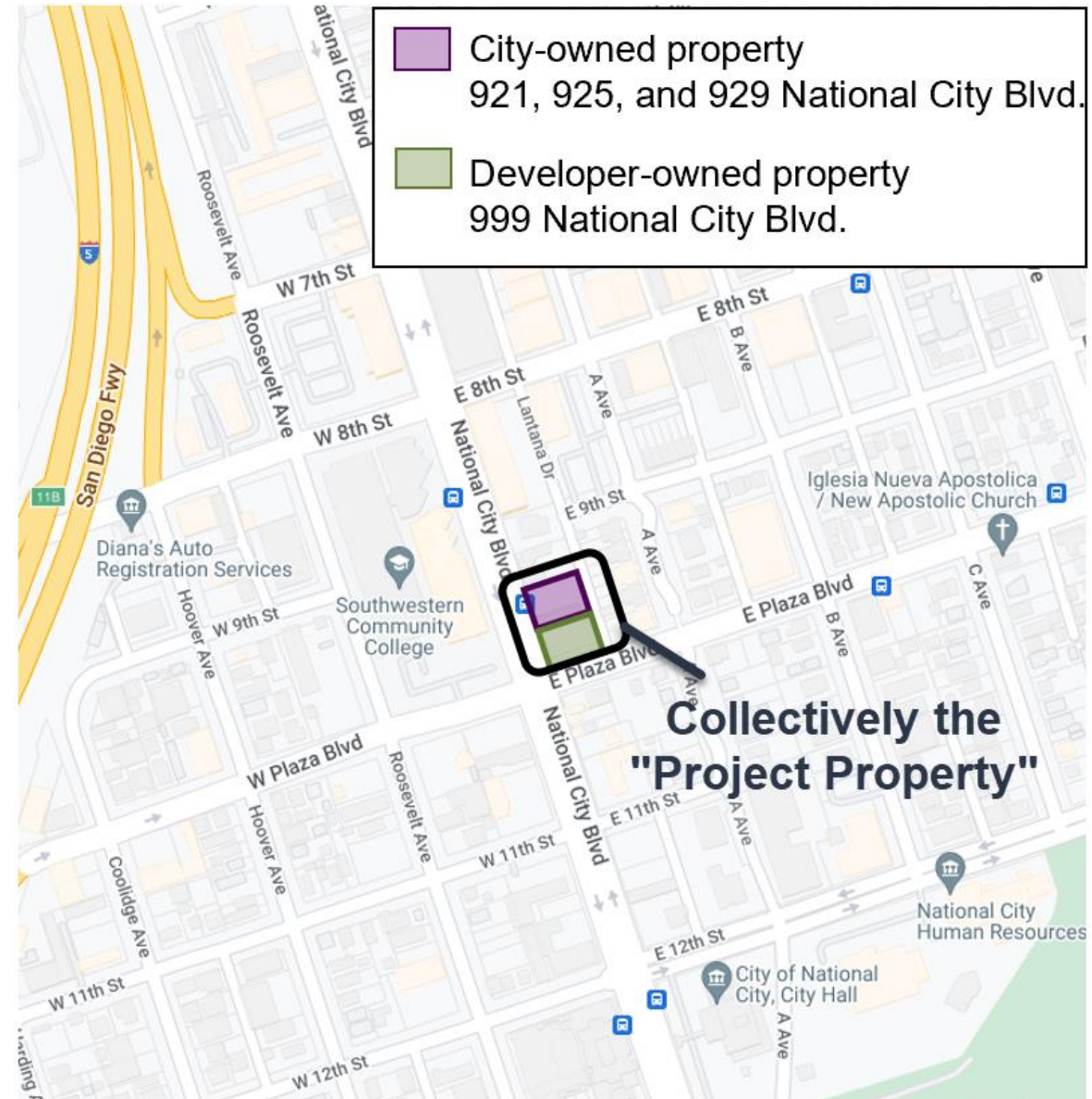
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Background

- 2017, City-owned site development Request for Proposals (RFP) issued: No proposals were received
- 2018, Southwestern College Facilities Master Plan included the City-owned property for student housing development
- October 2020, Developer, Tower 999 LLC., approached the City about a project that included the City-owned property
- January 2023, City entered into an Exclusive Negotiating Agreement (ENA) with the Developer for the City-owned property. Developer to consider partnership with Southwestern College.



Proposed Project by Tower 999, LLC.

SEVEN-STORY, MIXED-USE BUILDING

(119,800 +/- sq. feet)

- 127 residential dwelling units
 - No onsite parking for the residential component
- Retail/commercial space component 9,300 +/- sq. feet
 - Three (3) parking spaces for the retail component
- Amenities
 - Laundry room and a large, central plaza on the 4th floor
 - 7,800 gross square-foot rooftop terrace



PROJECT PHOTO: INDICATIVE OF GENERAL DESIGN / NOT A CURRENT RENDERING/ELEVATION

Disposition and Development Agreement (“DDA”)

Regulatory Agreement	<ul style="list-style-type: none">• Restriction of the rent and occupancy of the Affordable Units for fifty-five (55) years, and the Developer shall pay the annual occupancy monitoring fee.
Affordable Units	<ul style="list-style-type: none">• Forty percent (40%) of the total units will be restricted to Low-Income and Very Low-Income households. At least 60% and 50% respectively.
Due Diligence Period	<ul style="list-style-type: none">• Expires June 30, 2025. <u>Before</u> said date, the Developer may choose whether to proceed with the purchase of the City Property or terminate the DDA.
Access & Cooperation during the Due Diligence Period	<ul style="list-style-type: none">• Developer will have full access to the City Property and will provide the City copies of all surveys, studies and tests.
“As-Is,” “Where-Is”	<ul style="list-style-type: none">• Developer hereby agrees to take title to the City Property in its “as-is” condition and shall have the sole responsibility at its own expense to investigate and determine the physical and environmental conditions of City Property.
Cost of Project	<ul style="list-style-type: none">• The Developer shall pay for all costs of the Project, including planning, the payment of any required prevailing wages, if any, designing, developing and constructing the Project in accordance with the Project Design and Plan.

Disposition and Development Agreement (“DDA”)

Closing Deadline & Conditions to Closing

- Closing Deadline: December 31, 2025
- May be extended at the Developer’s sole discretion to 12/31/2026 if:
 - The Developer is not in default under the DDA;
 - Fed Funds Rate is not at or below 4%; and/or
 - Low-Income Housing Tax Credits have not been secured by the Developer.
- If any condition is not met by the Closing Deadline, the Agreement may be terminated (unless both parties agree). Closing conditions include:
 - Securing all necessary entitlements and environmental compliance
 - Obtaining approval for the Project design and plan
 - Obtaining a title policy, agreeing on the forms of required documents
 - Secured Project financing
 - Secured Project construction contract

Q&A



Optional Slides

Staff Recommendation

Adopt the Resolutions Entitled:

1. “Resolution of the City of National City, California Authorizing the City Manager to Execute a Disposition and Development Agreement with Tower 999, LLC, a Nevada Limited Liability Company for the Disposition of City-Owned Real Property Located at 921, 925, and 929 National City Boulevard and the Development of a Seven-Story, Mixed-Use Building with Approximately 9,294 Square Feet of Retail/Commercial Space and 127 Rental Housing Units.”
2. “Resolution of the City Council of the City of National City, California Authorizing the City Manager to Execute the Compensation Agreement by and among the City of National City, the County of San Diego, the National School District, the Sweetwater Union High School District, Southwestern College, San Diego County Office of Education, and the San Diego County Water Authority Pertaining to the Sale of Real Property Located at 921, 925, and 929 National City Boulevard in National City.”

Compensation Agreement

- The Revised Long-Range Property Management Plan (“LRPMP”)* addresses the disposition and use of the real properties that the Community Development Commission of the City of National City previously owned.
- The LRPMP provides that in connection with the property located at 921, 925, and 929 National City Blvd. (collectively, “City Property”), the City is required to enter into a compensation agreement with the affected Taxing Entities.
- In order to provide 40% of the housing units at the affordability levels required by the Surplus Land exemption being exercised, the Developer’s project budget only proposes \$50,000 as the purchase price for the City Property.
- The Taxing Entities would receive a ratio of the purchase price according to Fund and Impact Ratio Table (next slide).
- With the exception of the City of National City, all other affected Taxing Entities have consented to the proposed purchase price for the City Property.

*The LRPMP was prepared by the Successor Agency to the Community Development Commission of the City of National City as the National City Redevelopment Agency (“Successor Agency”)

Taxing Entities & Fund Impact Ratio

Taxing Entities Fund Name	FUND IMPACT RATIOS
County of San Diego (County General)	0.14927220
National School District	0.28785044
Sweetwater Union High School District	0.17612891
Southwestern College	0.04745948
San Diego County Office of Education*	0.02113370
Educational Revenue Augmentation Fund	0.13300694
<i>City of National City</i>	<i>0.1812058</i>
San Diego County Water Authority	0.0039425
TOTAL	1.00000000

*Acceptance of the Compensation Agreement for the Educational Revenue Augmentation Fund is completed by the San Diego County Office of Education.

Affordable Housing Requirements of Surplus Land Act Exemption

Exemption Category 2: Land destined for affordable housing

If seeking an exemption under Government Code section 54221, subdivision (f)(1)(A), is the local agency transferring land for a development where:

- (i) At least 80% of the property's area is used for housing;
- (ii) At least 40% of units are affordable to households at or below 60% of AMI;
- (iii) At least half of the above affordable units are affordable to very low-income households; and
- (iv) Affordable units are subject to at least a 30-year regulatory agreement

2022 Area Median Income (AMI) San Diego County: \$106,900

Family Size	80% of AMI Low Income	50% of AMI Very Low Income	30% of AMI Extremely Low Income
1	72,900	45,550	27,350
2	83,300	52,050	31,250
3	93,700	58,550	35,150
4	104,100	65,050	39,050
5	112,450	70,300	42,200
6	120,800	75,500	45,300
7	129,100	80,700	48,450
8	137,450	85,900	51,550

Allowed Monthly Housing Expenditures (Rental)

Bedrooms	Studio	1	2	3	4
HH Size	1	2	3	4	5
Extremely Low	\$796	\$909	\$1,023	\$1,137	\$1,228
Very Low (50% AMI)	\$1,326	\$1,516	\$1,705	\$1,895	\$2,046
Low (60% AMI)	\$1,591	\$1,819	\$2,046	\$2,273	\$2,455
Moderate	\$2,300	\$2,629	\$2,958	\$3,286	\$3,549

2024 Income Limits

Area Median Income (AMI)

HH Size	1	2	3	4	5
Extremely Low (30% AMI)	\$31,850	\$36,400	\$40,950	\$45,450	\$49,100
Very Low (50% AMI)	\$53,050	\$60,600	\$68,200	\$75,750	\$81,850
Low (80% AMI)	\$84,900	\$97,000	\$109,150	\$121,250	\$130,950
Median (100% AMI)	\$83,650	\$95,600	\$107,550	\$119,500	\$129,050
Moderate	\$100,400	\$114,700	\$129,050	\$143,400	\$154,850