

PLACER COUNTY
REDEVELOPMENT AGENCY

MEMORANDUM

TO: Honorable Members of the Redevelopment Agency Board
FROM: Richard Colwell, Chief Assistant CEO-Redevelopment Director *RE Colwell*
James LoBue, Deputy Director
DATE: February 26, 2008
SUBJECT: Adopt a Resolution Authorizing the Chief Assistant CEO-Redevelopment Director or Designee to Execute a Property Management Agreement with Domus Management, LLC, an Option Agreement with Domus Development, LLC to Acquire Property from the Redevelopment Agency, Amendments to the Existing Exclusive Negotiating Rights and Predevelopment Loan Agreements with Domus Development, LLC for Scattered-Sites Housing in Kings Beach, and all Pertinent Related Documents.

ACTION REQUESTED

Adopt a resolution authorizing the Chief Assistant CEO-Redevelopment Director or designee to execute a Property Management Agreement with Domus Management, LLC, an Option Agreement with Domus Development, LLC to acquire property from the Redevelopment Agency, amendments to the existing Exclusive Negotiating Rights and Predevelopment Loan Agreements with Domus Development, LLC for scattered-sites housing in Kings Beach, and all pertinent related documents.

BACKGROUND

On July 23, 2007, your Board approved an Exclusive Negotiating Rights Agreement and associated Predevelopment Loan Agreement with Domus Development, LLC (Developer) to establish a formal relationship, provide an opportunity to negotiate a comprehensive affordable housing development agreement, and provide predevelopment funds needed for the Developer to pursue due diligence on various sites in Kings Beach. The Redevelopment Agency (Agency) and Developer have identified five sites the Agency proposes to purchase. Domus Management, LLC (Manager) will provide property management and maintain the existing occupied housing units on these sites until such time as replacement units are available to relocate the current residents. Rent revenues from the occupied housing units will be utilized to pay for operating expenses, insurance, property management, and maintenance as outlined in the Property Management Agreement. All agreements will be subject to review and approval as to form of Agency Counsel prior to execution.

Your approval of this item will authorize the Chief Assistant CEO-Redevelopment Director or designee to:

- 1) Enter into a Property Management Agreement with Domus Management, LLC for the property management and maintenance of Agency acquired occupied residential property at

325, 348, and 385 Deer Street, 265 Fox Street, and 200 Chipmunk Street. Developer's experienced, professional property management division will take on full responsibility of property management and tenant services, including: keeping up-to-date leases, collecting rent and maintaining the property in good condition. The Developer's manager will be required to comply with relocation laws and will provide detailed monthly reports to the Agency. Rents for all of the units will be required to be set at levels affordable to low-income residents.

- 2) Enter into a Purchase Option Agreement with Developer for the Agency owned property at 325, 348, and 385 Deer Street, 265 Fox Street, and 200 Chipmunk Street. The option will allow the Agency to hold the properties exclusively for Developer until December 31, 2012 for the Deer and Fox Street properties and until December 31, 2013 for the Chipmunk Street property. If Developer does not perform the tasks required to make the property ready for development by that time the Agency can terminate the agreement and make the properties available to others.
- 3) Execute an Amendment to the Exclusive Negotiating Rights Agreement to remove the Agency owned parcel at 8797 North Lake Boulevard, as the site has been determined to be unsuitable for housing development.
- 4) Execute an Amendment to the Predevelopment Loan Agreement to allow as an eligible expense the cost of repairs to the Agency owned property. These costs would be allowed if the cost of repairs and property management exceeds the funds available from rent revenues from the Agency acquired sites. This provision will enable necessary repairs to be made in a timely manner in order to ensure the property remains in decent, safe, and sanitary condition.

FISCAL IMPACT

As explained in a companion agenda item, the Agency proposes to spend up to \$3,970,000 for the property purchases. Following acquisition, property management duties and costs will become the responsibility of Domus Management, LLC. Operating expenses that exceed the rent revenues will be the responsibility of Domus. If cumulative rent receipts exceed operating costs by more than \$20,000, the excess will be conveyed to the Agency for a reserve account. If later total costs exceed rent revenues, Domus may request the use of reserve account funds to make up the shortfall. If the shortfall exceeds the total amount of the reserve fund, the excess cost will be the responsibility of Domus. The proposed operation and maintenance of the property will have no impact on the County General Fund. On June 26, 2007, your Board approved a Predevelopment Loan with the Developer to cover planning, design, and due diligence costs. The Loan of \$1,136,500 was provided from the North Lake Tahoe Tax Increment Funds in the Agency's FY 2007-08 Budget.

ENVIRONMENTAL STATUS

This administrative action will enable the Developer and Agency to continue negotiating to determine the feasibility of providing affordable housing in the North Lake Tahoe Redevelopment Area. As such, it does not commit the Agency to a definite course of action and is exempt from environmental review per California Environmental Quality Act Guidelines

Section 15262. The proposed action is not a federal undertaking under National Environmental Policy Act guidelines.

RECOMMENDATION

Adopt a Resolution to:

1. Authorize the Chief Assistant CEO-Redevelopment Director or designee to execute a Property Management Agreement with Domus Management, LLC.
2. Authorize the Chief Assistant CEO-Redevelopment Director or designee to execute an Option Agreement with Domus Development, LLC.
3. Authorize the Chief Assistant CEO-Redevelopment Director or designee to execute Amendments to the Exclusive Negotiating Rights and Predevelopment Loan Agreements.

Attachments: Resolution
Site Map
Property Management Agreement
Amendment to Exclusive Negotiating Rights Agreement
Amendment to Predevelopment Loan Agreement
Option Agreement

cc: Karin Schwab, Agency Counsel

CONTRACT/AGREEMENT
FOR REVIEW ONLY AT
THE CLERK OF THE BOARD

**Before the Redevelopment Agency
of Placer County Board of Directors
County of Placer, State of California**

In the matter of:

Authorizing the Chief Assistant CEO-Redevelopment Director or designee to execute a Property Management Agreement with Domus Management, LLC, an Option Agreement with Domus Development, LLC to acquire property from the Redevelopment Agency and amendments to the existing Exclusive Negotiating Rights and Predevelopment Loan Agreements with Domus Development, LLC for Scattered-Sites Housing in Kings Beach, and all Pertinent Related Documents.

Resol. No:.....

Ord. No:.....

First Reading:

The following Resolution was duly passed by the Redevelopment Agency of Placer

County Board at a regular meeting held _____,

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:
Clerk of said Board

Chair, Agency Board

WHEREAS, the Redevelopment Agency of Placer County (Agency) has adopted the Redevelopment Plan (Redevelopment Plan) for the North Lake Tahoe Redevelopment Project Area (Project Area) and the Implementation Plan for the North Lake Tahoe Redevelopment Project Area (collectively, the Project Area and Plans); and

WHEREAS, the Agency and Domus Management, LLC (Manager) desire to enter into a Property Management Agreement for the Manager to provide property management services and to maintain occupied properties on Agency acquired sites within the Project Area; and

WHEREAS, the Agency desires to amend the Predevelopment Loan Agreement to allow for the use of funds in the event that sufficient funds are not available from the property rent revenue to pay for required repairs on these sites; and

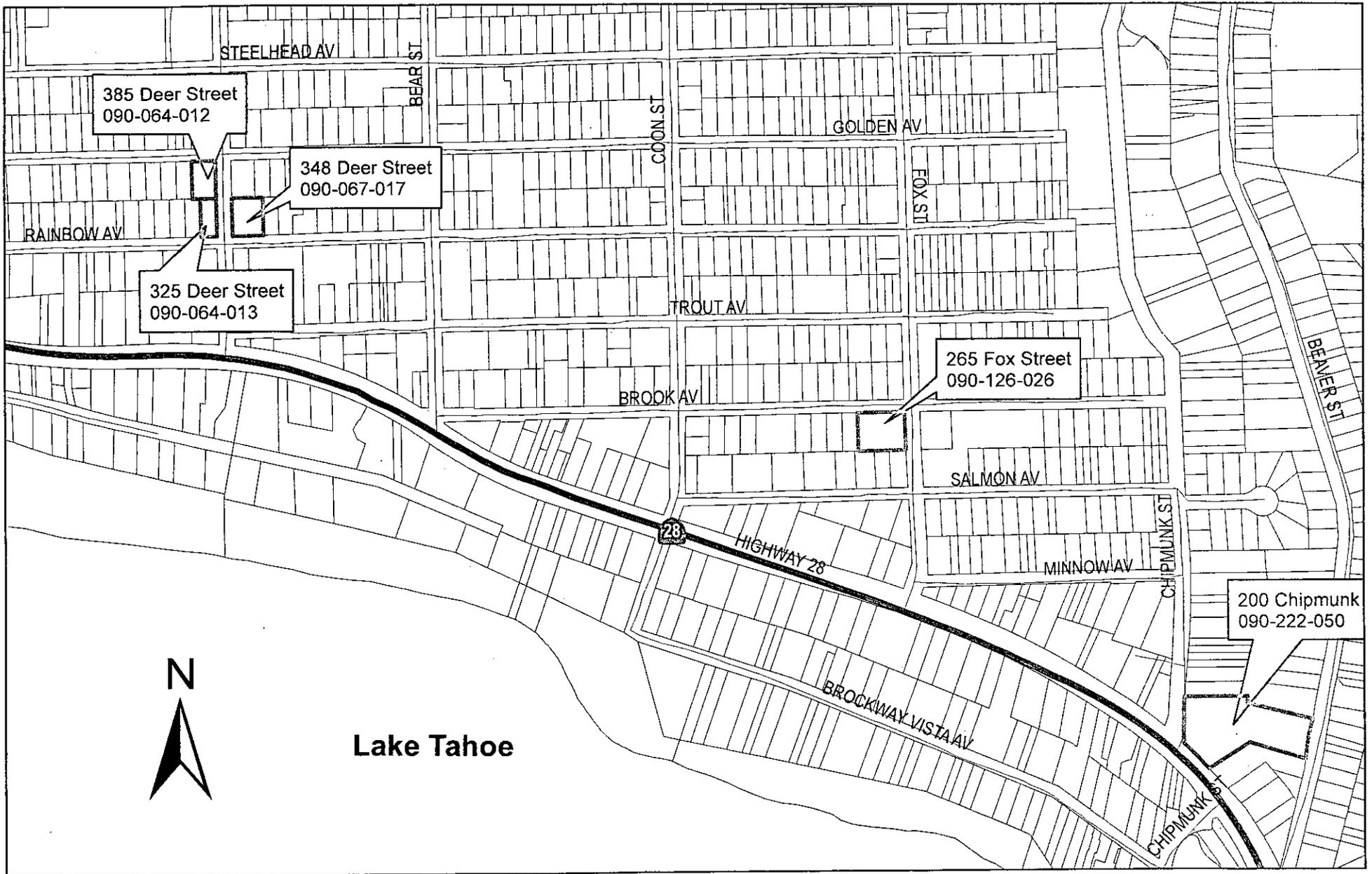
WHEREAS, the Agency and Domus Development, LLC (Developer) desire to enter into a Property Purchase Option for the properties; and

WHEREAS, the Agency and Developer have agreed to amend the Exclusive Negotiating Rights Agreement to remove the Agency owned parcel at 8797 North Lake Boulevard from negotiations as referenced in Recitals A and Section 1.14 of the Exclusive Negotiating Rights Agreement; and

WHEREAS, this administrative action will enable the Developer and Agency to continue to determine the feasibility of providing affordable housing in the North Lake Tahoe Redevelopment Area. As such, it does not commit the Agency to a definite course of action and is exempt from environmental review per California Environmental Quality Act Guidelines Section 15262. The proposed action is not a federal undertaking under National Environmental Policy Act Guidelines.

NOW, THEREFORE, BE IT RESOLVED, by the Redevelopment Agency of the County of Placer that the Agency Board:

1. Authorizes the Chief Assistant CEO-Redevelopment Director or designee to execute the Property Management Agreement with Domus Management, LLC.
2. Authorizes the Chief Assistant CEO-Redevelopment Director or designee to execute an Option Agreement with Domus Development, LLC to acquire property from the Redevelopment Agency.
3. Authorizes the Chief Assistant CEO-Redevelopment Director or designee to execute Amendments to the Exclusive Negotiating Rights and Predevelopment Loan Agreements.



**Kings Beach
Hurtado / Gifford Properties**

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ATTACHMENT