



AGENDA REPORT

Department: Housing Authority
Prepared by: Carlos Aguirre, Director
Meeting Date: Tuesday, January 17, 2023
Approved by: Brad Raulston, City Manager

SUBJECT:

Exclusive Negotiating Agreement between the City of National City and Tower 999, LLC for the disposition of City-owned real property located at 921, 925, and 929 National City Boulevard, National City and development of a mixed-use housing project.

RECOMMENDATION:

Approve a Resolution entitled, "Resolution of the City Council of the City of National City, California authorizing the City Manager to execute an Exclusive Negotiating Agreement by and between the City of National City and 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 development of a seven-story, mixed use building with approximately 9,294 square feet of retail/commercial space and 127 rental dwelling units."

BOARD/COMMISSION/COMMITTEE PRIOR ACTION:

Not Applicable.

EXPLANATION:

On October 4, 2022, City Council authorized negotiations for an Exclusive Negotiating Agreement ("ENA") with Tower 999, LLC ("Developer") to establish terms and conditions to consider for the disposition and development of the City-owned real property located at 921, 925, and 929 National City Boulevard, National City. Following City Council authorization of negotiations for an ENA, City staff met with the Developer to prepare the proposed ENA (Attachment "A").

The City of National City is the owner of certain real property generally located at 921, 925 and 929 National City Boulevard (APN's 556-471-03 and 556-471-04) (collectively, "City Property"). Developer is the owner of certain real property generally located at 999 National City Boulevard (APN 556-471-17) ("Developer Property"). The Developer Property is adjacent to the City Property. The Developer desires to acquire the City Property from the City and thereafter develop a seven-story, mixed-use building with approximately 9,294 square feet of ground floor retail/commercial space and 127 residential dwelling units (collectively, the "Project") on the Developer Property and City Property (collectively referred to as the "Project Property").

The ENA allows for a period of exclusive negotiations between Developer and the City and facilitates the eventual drafting of an agreement ("Project Agreement") pursuant to which the City would sell the City Property to the Developer and the Developer would construct the Project on the Project Property.

The ENA establishes an "Exclusive Negotiating Period," commencing on January 17, 2023 and ending on July 17, 2023. During the Exclusive Negotiating Period, the City agrees to exclusively negotiate with the Developer and the Developer agrees to exclusively negotiate with the City

regarding the Developer's acquisition of the City Property from the City and establishment of the terms of the Project Agreement. The City and Developer shall negotiate diligently and in good faith to carry out the obligations of the ENA during the Exclusive Negotiating Period.

A summary of obligations under the ENA include:

- Negotiation of the price and terms of sale for the City Property (both)
- Appraisal of the City Property (both)
- Approvals from all taxing entities (Developer)
- Due diligence (Developer)
- Proposed schedule for development of the Project (Developer)
- Financial pro forma (Developer)
- Preliminary evidence of financial viability to complete the development of the Project (Developer)
- Name and qualifications of the proposed architect for the Project (Developer)
- Project refinement (concept schematic design and site plan, detailed Project proforma, evidence of Developer financial capacity to complete the Project, and detailed descriptions of the responsibilities, schedule, and financial parameters for the design and development of the Project) prior to entry into the Project Agreement (Developer)
- Costs and expenses of activities related to the ENA (Developer)
- Draft a mutually acceptable Project Agreement for the development of the Project (both)

At the conclusion of the ENA, staff will return to City Council for further direction. If the parties are successful in negotiating the terms of the Project Agreement, the Project Agreement will require the City Council's approval and authorization.

FINANCIAL STATEMENT:

At the time of execution of the ENA, the City will require that the Developer to pay the costs and expenses of activities related to developing the ENA, including internal costs and third-party costs. At the time of execution of the ENA, the Developer shall deposit \$25,000 with the City ("Reimbursement Fund"). Upon City's request, the Developer shall make additional deposits to the Reimbursement Fund to maintain a \$25,000 balance in the Reimbursement Fund. City shall use the Reimbursement Fund to pay for City's actual costs, including internal costs and third-party costs, incurred during the ENA and Project Agreement terms until the transfer of the City Property to the Developer.

RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:

Housing and Community Development

ENVIRONMENTAL REVIEW:

This is not a project under CEQA and is therefore not subject to environmental review.CCR15378; PRC 21065.

PUBLIC NOTIFICATION:

Agenda Report posted within 72 hours of meeting date and time in accordance with Brown Act.

ORDINANCE:

Not Applicable

EXHIBITS:

Exhibit A- Exclusive Negotiating Agreement

Exhibit B- Tower 999 Conceptual Development Proposal

Exhibit C- Resolution