



SUCCESSOR AGENCY

To the Community Development Agency of the City of Menlo Park

Oversight Board Meeting Date: January 14, 2013
Agenda Item: 4

REGULAR BUSINESS: Adoption of a Long-Range Property Management Plan and Approval of the Transfer of Title of a Specific Parcel to the City of Menlo Park for Open Space and Recreational Purposes

RECOMMENDATION

Staff recommends that the Oversight Board adopt the attached Long-Range Property Management Plan and approve the transfer of title to the City via grant deed for one specific parcel currently in use as a public park.

BACKGROUND

The former redevelopment agency of the City of Menlo Park was dissolved on February 1, 2012, and the only real property of the former agency was transferred on that date to the Successor Agency. The Successor Agency is now responsible for disposition of the property in accordance with the procedures and requirement of ABx1 26 and AB 1484, the statutes that govern the dissolution of the former redevelopment agency and the liquidation of its former property.

Assembly Bill 1x26 that dissolved redevelopment agencies included provisions for the disposition of properties owned by the former redevelopment agency. Initially, successor agencies were charged with disposing of redevelopment agency properties "expeditiously and in a manner aimed at maximizing value". The passage of AB 1484 in June of this year modified portions of the property disposition process. Specifically, except for properties designated for a "governmental purpose," AB 1484 requires the development of a long-range Property Management/Disposition Plan. The plan is intended to address the use or disposition of all of the properties in the Community Redevelopment Property Trust Fund. The plan will become effective upon the occurrence of all of the following: approval of the plan by the Oversight Board; (2) approval of the plan by the California Department of Finance (DOF); and (3) issuance of a Finding of Completion by the DOF to the Successor Agency in accordance with Health and Safety Code Section 34179.7.

ANALYSIS

Because no property transfers or dispositions can occur prior to the approval of the Property Management Plan, staff has prepared the plan in advance of receiving the Finding of Completion by the DOF. The Successor Agency has already completed its first due diligence review (DDR) of housing assets and transmitted the amount of funds per the DOF's review of this document to the County for distribution to the taxing entities. The second DDR – for non-housing assets – has also been completed and has been submitted to the Oversight Board for approval. Once the DOF has approved this second DDR and approved balances are transmitted to the County for distribution, a Finding of Completion will be requested. Once granted by the DOF, the Finding of Completion will be requested. Because the sale of the Hamilton Avenue East properties is pending, the DOF has assured Successor Agency staff that the request for a Finding of Completion will be expedited.

The Long-Range Property Management Plan (Attachment A) addresses the disposition and use of the two real properties held by the Successor Agency. When submitting the plan to the DOF, a checklist developed by the DOF (Attachment B) will be included. The checklist is intended to facilitate the review process and ensure that the plan complies with all requirements pursuant to Health and Safety Code section 34191.5.

Proposed Disposition of Property

The Property Management Plan describes the history and status of the multiple parcels known as Hamilton Avenue East currently held by the Successor Agency, and the steps that have been taken to insure an expeditious and beneficial sale of the property. As previously noted, the purchase and sale agreement between the Successor Agency and Greenheart Land Company can only be approved once the Finding of Completion has been granted by the DOF.

Identification of Governmental Purpose

AB 1x26 and AB 1484 define “government purposes” as those properties used for “roads, school buildings, parks, police and fire stations, libraries and local agency administrative buildings” (Health and Safety Code 34181(a)). The Addendum to the Property Management Plan identifies the parcel at 313 Market Place as a site that was purchased by the former redevelopment area in 1997 and incorporated into the existing Market Place Park. Although the entire park is included in the infrastructure assets of the City for financial statement purposes, this parcel was never formally transferred to the City as with other capital improvements completed by the former redevelopment agency.

The Successor Agency proposes that, upon approval of the Long Range Management Plan by the Oversight Board and the DOF, that the parcel be transferred to the City with a deed restriction ensuring the continued use of the property for open space and recreational purposes.

IMPACT

Approval of the Long-Term Property Management Plan and transfer of the specified parcel to the City of Menlo Park will help to ensure full compliance with redevelopment dissolution statutes and expedite the disposition of the former redevelopment agency's properties for the benefit of all taxing entities of the former redevelopment area.

ENVIRONMENTAL REVIEW

Environmental review is not required.

Signature on file

Carol Augustine, Finance Director
City of Menlo Park

Attachments:

- A.) Long-Range Property Management Plan of the Successor Agency for the Former Redevelopment Agency of the City of Menlo Park
- B.) Long-Range Property Management Plan Checklist
- C.) OB Resolution 13-002 Approving the Adoption of the Long-Range Property Management Plan of the Successor Agency for the Former Redevelopment Agency of the City of Menlo Park
- D.) OB Resolution 13-003 Approving the Transfer of Title to Specified Property, via Grant Deed, to the City of Menlo Park

Successor Agency to the Community Development Agency of the City of Menlo Park

Long Range Property Management Plan

The Community Redevelopment Property Trust Fund was established to serve as the repository of the former redevelopment agency's real properties. The RDA held two properties at the time of dissolution. The Hamilton Avenue East property consisting of multiple parcels is held by the trust and is described below. Another parcel had been previously classified as City park land, and had no carrying value on the books of the former Agency. This parcel is described in an addendum to this report.

Hamilton Avenue East

The real property commonly known as 777,785,787,791,801,811 and 821 Hamilton Avenue, Menlo Park constitutes the inventory of land holdings in the trust fund as of dissolution of the redevelopment agency. Together, the property consists of vacant land on the north side of Hamilton Ave, between Willow Road and Chilco Street in Menlo Park. (The assessor's parcel numbers are 055-398-020 through -080.)

In 2001, the City of Menlo Park Community Development Agency (the former Agency) purchased the various vacant and improved properties at 777 through 821 Hamilton Avenue with the intent of developing the consolidated property in order to implement the Amended and Restated Las Pulgas Project Area Plan and to eliminate blight in the Project Area. The total acquisition cost of all properties was \$5,694,977. Initially, the properties were to be used for the possible relocation of existing businesses at the Belle Haven Park and Housing site on Hamilton Avenue, so the properties were cleared of existing structures within two months of purchase. Ultimately the properties were not needed as exchange properties to facilitate the park and housing project, completed in 2008.

Prior to the Supreme Court decision to dissolve redevelopment agencies, the City Council had directed staff to work toward encouraging the development of the site, along with the adjacent properties, as a market rate housing development with a Below Market Rate component (15% of all units) to address lower income affordability. Toward that end, City staff had released a Request for Qualifications to the development community to identify potential developers that would purchase the City's property and attempt to aggregate the adjoining lots for a larger development project. The City was in the middle of that effort when the court decision dissolved the Community Development Agency.

The Dissolution Act called for the Successor Agency, under the direction of the Oversight Board, to dispose of real property of the former RDA. The Oversight Board sought an appraisal of the property in April, 2012 and on June 27, 2012, directed the Successor Agency to release a Request for Proposals (RFP) to identify a commercial realtor to list the property for sale, the proceeds from which would be disbursed by the County. The appraisal indicated a value of between \$2.925 million and \$3.24 million. Following approval of the selection of a realtor by the Oversight Board on August 8, 2012, the City Attorney negotiated a listing agreement and work began to determine an

appropriate asking price for the site, communicate with adjacent property owners about the prospects for the sale of other properties on Hamilton Avenue, and to market the property for sale.

Marketing materials for the property were developed and circulated among prospective buyers, including well over 100 developers, the Silicon Valley brokerage community and through various online services. The marketing campaign for the property generated substantial interest and the City's Community Development Department addressed numerous questions regarding potential parking restrictions, zoning and potential densities for the property. The Hamilton Avenue East site is currently zoned M1 (light industrial). The site is approximately 2.1 acres and could potentially support up to 38 housing units in accordance with the site's current General Plan designation of R3 zoning density at 18.5 units per acre or up to 30 units per acre at the proposed density that is set forth in the City of Menlo Park's preliminary draft Housing Element (currently under review at the State Department of Housing and Community Development).

On October 18, 2012 bids for the property were opened and included 14 proposals ranging in price from \$3.1 million to \$7.8 million and proposing a variety of housing projects on the site and outlining various terms and contingencies. The Oversight Board met in closed session on Monday, November 5, and authorized the City Attorney to negotiate a Purchase and Sale Agreement for the sale of the property for the sum of \$8 million by the Successor Agency to Greenheart Land Company. The City Council (Successor Agency Board) approved the Purchase and Sale Agreement for the sale of the property for the sum of \$8 million to Greenheart Land Company, and the Oversight board approved the PSA at their meeting on November 26, 2012.

The Successor Agency has no knowledge of any environmental contamination of the property and has not performed any environmental studies, nor has the property been classified as a brownfield site. The proposed buyer of the property has conducted its own environmental studies/evaluation of the property and has agreed to purchase the property in its "as is" condition.

The property is not located in the City's priority development area as identified by ABAG/MTC and is not located near any major public transportation system such as CalTrain. In the future, the Dumbarton Rail may be rebuilt and extended to provide some commute oriented transportation access. The site is proposed for development at higher density consistent with transit-oriented development.

As noted above, the property has been landbanked by the Agency with the intent that it be developed for higher density residential uses, as it is located in a residential neighborhood. Previous light industrial uses have been relocated elsewhere. There have been no previous development proposals pending rezoning of the property to higher density residential zoning. Since the property has been vacant land, there have been no efforts to rent or lease the property.

There have been no transfers of the property since the property is to be sold and the funds distributed to other taxing agencies.

Successor Agency to the Community Development Agency of the City of Menlo Park

Long Range Property Management Plan - Addendum

313 Market Place

This parcel was purchased by the former Redevelopment Agency on March 20, 1997. The purpose of the acquisition was to incorporate the property into the existing Market Place Park, a public park owned by the City of Menlo Park. The site is located near the northwesterly corner of Market Place and Hamilton Avenue. The right side and rear property lines abutted the existing park; the left side property line abutted a twenty-foot public right of way containing a paved pathway leading into the park. The location would therefore lend itself easily to the expansion of the existing park, compatible with the Redevelopment Implementation Plan for the Las Pulgas Community Development Project Area and consistent with the City's General Plan.

As approved by the City Council, the 5,402 square foot parcel was purchased by the City of Menlo Park Housing and Redevelopment Division for \$128,000, and a Replacement Housing Plan for the project was adopted on April 22, 1997. The single-family residence occupying the site was demolished in June 1997. After an environmental assessment determined that the project could not have significant effect on the environment, a Negative Declaration was prepared in accordance with CEQA Guidelines, and the property was rezoned from R-1-U (Single Family Urban Residential District) to O-S-C (Open Space and Conservation District) in December, 1997.

The site was subsequently landscaped in a manner that incorporated it into the existing park. The Market Place Park Improvement Project completed in 2004 included new play area fencing and gates, parking, lighting, concrete walks, concrete paving areas, picnic tables, benches, waste containers, trees and irrigation improvements.

The Successor Agency requests approval to transfer title of the parcel to the City of Menlo Park as there is no other potential use of the site zoned O-S-C and it is, and has been, in use as part of a public park. The acquisition and subsequent improvements to the park were never formally transferred to the City as with other capital improvements of the former agency. With the implementation of GASB 34 in 2003, the entire 16,553 square foot Market Place Park (including the 5,402 square feet owned by the former redevelopment agency) was included in the valuation of the City's infrastructure assets at \$7.95 per square foot. Upon approval of the Long Range Management Plan by the Oversight Board, the Successor Agency would propose to transfer title via Grant Deed to the City of Menlo Park with a deed restriction requiring the parcel to be used for open space and recreational purposes.

The Successor Agency has no knowledge of any environmental contamination of the property and has not performed any environmental studies, nor has the property been classified as a brownfield site.

The property is not located in the City's priority development area as identified by ABAG/MTC and is not located near any major public transportation system such as CalTrain.

As noted above, the property was acquired for and has been in use as part of a City park. There have been no previous development proposals. Since the property has been used as a City park, there have been no efforts to rent or lease the property.



LONG-RANGE PROPERTY MANAGEMENT PLAN CHECKLIST

Instructions: Please use this checklist as a guide to ensure you have completed all the required components of your Long-Range Property Management Plan. Upon completion of your Long-Range Property Management Plan, email a PDF version of this document and your plan to:

Redevelopment_Administration@dof.ca.gov

The subject line should state “[Agency Name] Long-Range Property Management Plan”. The Department of Finance (Finance) will contact the requesting agency for any additional information that may be necessary during our review of your Long-Range Property Management Plan. Questions related to the Long-Range Property Management Plan process should be directed to (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

Pursuant to Health and Safety Code 34191.5, within six months after receiving a Finding of Completion from Finance, the Successor Agency is required to submit for approval to the Oversight Board and Finance a Long-Range Property Management Plan that addresses the disposition and use of the real properties of the former redevelopment agency.

GENERAL INFORMATION:

Agency Name: **Successor Agency for the Former Redevelopment Agency of the City of Menlo Park**

Date Finding of Completion Received:

Date Oversight Board Approved LRPMP:

Long-Range Property Management Plan Requirements

For each property the plan includes the date of acquisition, value of property at time of acquisition, and an estimate of the current value.

Yes No

For each property the plan includes the purpose for which the property was acquired.

Yes No

For each property the plan includes the parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

Yes No

For each property the plan includes an estimate of the current value of the parcel including, if available, any appraisal information.

Yes No

For each property the plan includes an estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

X Yes No

For each property the plan includes the history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

X Yes No

For each property the plan includes a description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

X Yes No

For each property the plan includes a brief history of previous development proposals and activity, including the rental or lease of the property.

X Yes No

For each property the plan identifies the use or disposition of the property, which could include 1) the retention of the property for governmental use, 2) the retention of the property for future development, 3) the sale of the property, or 4) the use of the property to fulfill an enforceable obligation.

X Yes No

The plan separately identifies and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.

X Yes No

ADDITIONAL INFORMATION

- If applicable, please provide any additional pertinent information that we should be aware of during our review of your Long-Range Property Management Plan.

Agency Contact Information

Name: Carol Augustine

Name:

Title: Finance Director

Title:

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Email:

Date: 01/15/13

Date:

Department of Finance Local Government Unit Use Only

DETERMINATION ON LRPMP: APPROVED DENIED

APPROVED/DENIED BY: _____ DATE: _____

APPROVAL OR DENIAL LETTER PROVIDED: YES DATE AGENCY NOTIFIED: _____

OB RESOLUTION NO. 13-002

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF MENLO PARK ADOPTING A LONG-RANGE PROPERTY MANAGEMENT PLAN OF THE SUCCESSOR AGENCY FOR THE FORMER REDEVELOPMENT AGENCY

WHEREAS, the former Redevelopment Agency of the City of Menlo Park was dissolved on February 1, 2012; and

WHEREAS, there was real property which was transferred to the Successor Agency which is responsible for the disposition of the property in accordance with the procedures and requirements of Assembly Bill x1 26 and Assembly Bill 1484; and

WHEREAS, Assembly Bill 1484 requires the development of a Long-Range Property Management/Disposition Plan to address the use or disposition of all of the properties except those designated for a governmental purpose in the Community Development Property Trust Fund; and

WHEREAS, the Property Management Plan describes the history and status of the multiple parcels known as Hamilton Avenue East, which is not designated for a governmental purpose and the parcel at 313 Market Place as a site designated for a governmental purpose per Health and Safety Code Section 314181(a).

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the City of Menlo Park, that said Board hereby approves the Long-Range Property Management Plan; and

BE IT FURTHER RESOLVED, that the Oversight Board hereby authorizes and directs the Successor Agency staff to take all actions necessary under the Dissolution Act and AB 1484 to file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with the approval of the Long-Range Property Management Plan and to take any other actions necessary to ensure the validity of the Long-Range Property Management Plan.

BE IT FURTHER RESOLVED that this Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

I, Margaret S. Roberts, Secretary to the Oversight Board, do hereby certify that the above and foregoing Board Resolution was duly and regularly passed and adopted at a meeting by said Board on this thirteenth day of January, 2013, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand on this thirteenth day of January, 2013.

Margaret S. Roberts, MMC
City Clerk

OB RESOLUTION NO. 13-003

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF MENLO PARK APPROVING THE TRANSFER OF TITLE OF A SPECIFIED PARCEL TO THE CITY OF MENLO PARK FOR OPEN SPACE AND RECREATIONAL PURPOSES

WHEREAS, the former Redevelopment Agency of the City of Menlo Park was dissolved on February 1, 2012; and

WHEREAS, there was real property which was transferred to the Successor Agency which is responsible for the disposition of the property in accordance with the procedures and requirements of Assembly Bill x1 26 and Assembly Bill 1484; and

WHEREAS, the Property Management Plan describes the history and status of the multiple parcels known as Hamilton Avenue East, which is not designated for a governmental purpose and the parcel at 313 Market Place as a site designated for a governmental purpose per Health and Safety Code Section 314181(a) as open space and recreational use.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the City of Menlo Park, that said Board hereby approves the a transfer of title for the parcel at 313 Market place to be used as open space and recreational purposes, with a deed restriction ensuring the continued use of the property for open space and recreational purposes as allowed under Health and Safety Code 34181(a); and

BE IT FURTHER RESOLVED, that the Oversight Board hereby authorizes and directs the Successor Agency staff to take all actions necessary under the Dissolution Act and AB 1484 to file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with the approval of the transfer of title; and

BE IT FURTHER RESOLVED that this Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

I, Margaret S. Roberts, Secretary to the Oversight Board, do hereby certify that the above and foregoing Board Resolution was duly and regularly passed and adopted at a meeting by said Board on this thirteenth day of January, 2013, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand on this thirteenth day of January, 2013.

Margaret S. Roberts, MMC
City Clerk