

**OVERSIGHT BOARD TO THE FORMER
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
STAFF REPORT**

DATE: NOVEMBER 20, 2013

TO: THE HONORABLE CHAIR AND BOARD MEMBERS

FROM: EXECUTIVE DIRECTOR

SUBJECT: CONDUCTING THE PUBLIC HEARING AND APPROVING THE SALE AND DISPOSITION AGREEMENT BETWEEN THE SUCCESSOR AGENCY AND CITY VENTURES FOR THE SALE OF CERTAIN SUCCESSOR AGENCY OWNED PROPERTY LOCATED AT 930 WEST COMPTON BOULEVARD TO CITY VENTURES FOR RESIDENTIAL DEVELOPMENT

SUMMARY

Staff respectfully request the Board to concur with the Successor Agency Board's approval on September 17, 2013, the Sale and Disposition Agreement between the Successor Agency and City Ventures in connection with the purchase by City Ventures certain Successor Agency owned property located at 930 West Compton Boulevard in the City of Compton.

BACKGROUND

In accordance with its strategic and aggressive efforts to stimulate private sector investment into the community to expand the City's tax base, the Successor Agency to the Community Redevelopment Agency (Agency) has continuously sought out prestigious and accomplished developers as partners in the redevelopment of Compton. Private sector investment in the community would transform Compton's physical, economic, and social fabric into a vibrant, commercial retail center and destination place for new housing and moderate income residents.

These policy objectives were established based on the Agency's: (a) Five-Year Implementation (Strategic) Plan approved by the Commission in January 2010; (b) 2010 Tax Allocation Bond program approved by the Commission in May 2010; (c) Property Acquisition, Disposition and Development Strategic Plan, approved by the Commission on March 8, 2011 and the City's

adopted Smart Growth Road Map/Plan in November 2010. Based on the foregoing, the Successor Agency is implementing and winding down the numerous commercial retail and housing developments throughout the City.

STATEMENT OF THE ISSUE

In furtherance of this economic development effort, the Successor Agency has received a proposal from City Ventures, a well-established developer to purchase certain Agency-owned property located at 930 West Compton Boulevard in the City of Compton. The developer proposes to construct 24 single family townhomes to expand homeownership opportunities for first time homebuyers.

City Ventures is a multi-dimensional, forward-moving real estate group that brings life to land, homes to people, and infuses new energy into infill developments throughout California. With well over 100 years of combined experience in urban development and the management of quality developments throughout California, City Ventures is distinctive in its ability to navigate complex community, city, and multi-jurisdictional negotiations. While most other builders are mired in bad debt, toxic assets, and unable to fund new projects, City Ventures' fresh palette of capital offers the confidence that its developments will be completed with eco-friendly designs and sophisticated architecture.

City Ventures was founded in early 2009 when two veteran development executives, Mark Buckland and Craig Atkins, raised private equity to fund the company's first projects. Since the company's initial \$20 million equity investment, it has received an additional \$100 million equity investment from Ares Capital. In June of 2011, City Ventures received a \$75 million revolving construction loan from Housing Capital and U.S. Bank to help fund our construction operations. In 2012 the U.S. Bank revolving construction loan was increased to \$100 million. Currently, City Ventures is actively building 12 active communities located in Alhambra, Camarillo, Carlsbad, Covina, Encinitas, Garden Grove, Glendora, Morgan Hills, Pasadena, Scotts Valley, Signal Hill, and Ventura.

In the past four years, City Ventures has grown to 86 full-time employees who bring decades of experience in acquisitions, finance, development, construction, and sales and marketing functional roles. The vast majority of the employees have backgrounds working with major public and private homebuilders. By bringing together a high-caliber staff with a diverse range of homebuilding experience, City Ventures offers an unparalleled repository of experience to any project. The collaboration across functions occurs on a regular basis, which is the strength of a lean but highly efficient and empowered team.

FEASIBILITY ANALYSIS

The Agency determined the value of subject property based on a residual land value approach for affordable housing development project. The independent variables utilized to determine in the context of a viable pro-forma include the following:

- A.) Status of the existing site improvements

- B.) Amount of building materials and debris that must be removed and discarded
- C.) Current home value for new construction in the Compton market area
- D.) Current costs for building materials
- E.) Current costs of financing for affordable “For-Sale” housing projects

On the basis of the forgoing information, staff has determined that an affordable residual land price responsive for housing construction on the 2.45 acres is estimated at \$102,500.00. The market analysis also suggests that the average sales price for a similar detached single family home with an average of 1,600 square feet could range from \$250,000 to \$300,000. As a result, the developer is proposing sales price of \$270,000 dollars for each home. Each of the homes will be sold at a purchase price not to exceed the Los-Angeles/Long Beach Moderate Income Household levels.

Additionally, the Agency through its 2010 Tax Allocation Bonds – Series A Housing funds has committed \$1,000,000 dollars to the project for assistance to eligible First Time Home Buyers. The Agency’s Tax Allocation bond funds allocated to this project were approved for a First Time Buyer program by the Urban Community Development Commission under resolution #1,808; in addition, these funds have been identified in the Successor Agency’s Due Diligence Review (DDR) Report – Housing Funds as “Restricted funds”. As such as, restricted funds are not available to be remitted back to the State Department of Finance under the “claw back” provisions of Assembly bill 1484.

HOUSING NEEDS ANALYSIS

The following information provides a compelling need for the City to develop and implement an action plan to address the deficiency in the City’s available and immediate housing stock to meet the needs of the City’s growing senior population.

A.) Age of Housing Stock:

Currently, over 70% percent of the City of Compton existing housing stock is over 45 years old. Due to the City’s disproportionate amount of aging and deteriorating housing stock, a lot of homes are in need of rehabilitation, substandard and therefore a need for new housing stock is necessary to mitigate these housing issues. See 3.2.7

B.) Overcrowding:

According to statistical data as of 2000, more than 39% of the City’s existing housing stock was considered overcrowded. “An overcrowded unit is one which there is more occupants than rooms available”. A typical overcrowded house is where there are 1.51 persons per room. Studies have shown that overcrowding may be a factor of poor affordability of quality housing stock within a community. Thus necessitating the City encourages and develops policies for the construction of new affordable housing units in the City. See 3.2.8

C.) Population Growth and Age:

Facts: a) The City's population has had an average growth rate of 7% over the past 20 years from 1990 – 2010; however the City's housing stock has only increased at a rate of 2.5% over the same 20 year period. (U.S. Census Bureau, 1980, 1990, 2000 and DOF 2009).

b) The Agency's approved Five-Year Implementation Plan (January 2010) identified approximately 244 housing units that need to be developed in the city over the next five (5) years.

D.) Action Item: Develop policies, goals, objectives and a strategic plan to attract high quality affordable housing to meet the population growth issues and demands of the City.

A. City of Compton - Housing Element (Draft General Plan 2030)

a. Housing Goal# 2: The City of Compton will implement the following:

- i. Increase its efforts with private housing developers to increase the availability of market rate housing for homeowners and renters
- ii. Implement land use policies which allow for a range of residential densities, including single family, townhomes, apartments and condominiums.
- iii. Encourage private sector production of for sale and rental housing for special needs groups: low-income, the elderly (seniors), disabled persons, large families, Female head of household and homeless.
- iv. Promote the development of senior housing and low and moderate income housing by providing density bonuses and other incentives in Section 65915 of CGC.
- v. Assisting residential developers in locating suitable land for housing development
- vi. City will locate higher density residential development in close proximity to public transportation, municipal services, and recreation

b. Housing Goal# 3 : Increase the amount of Homeownership in the City

- i. Creates a sense of neighborhood pride and care about the community
- ii. Provide affordable finance purchase options for moderate income families
 1. Mortgage down-payment assistance
 2. Low-interest loans
 3. Mortgage Revenue Bond financing

ECONOMIC BENEFITS

The subject property is located off Compton Blvd., a major arterial thoroughfare in the City. The construction of a high quality housing development project, as proposed by the developer, will offer several economic benefits to the City, such as:

1. The City will receive increased property tax revenue, because the property currently does not participate in the property tax roll as public land. Once the development is completed, the project is estimated to have a value of approximately total private investment of over \$12.03 million dollar into the City.

2. The City's General Fund would receive an estimated \$384,000 in one-time development permit fees.
3. The City of Compton, acting as the Successor Housing Agency would receive \$102,500 in land sales proceeds for implementation of housing related activities eligible under the California Redevelopment Law.
4. Attracting new Moderate Income families (Household Income of \$65,000) into the City of Compton.
 1. Increase the City of Compton's – Median Household Income Levels (See 3.2.9)
 1. FY 2000: \$48,474 and FY 2010:\$50,000
 2. Increase of disposable income into the City's Economic Tax base

The developer anticipates the project schedule will be developed in three (3) phases with total project completion approximately 18-24 months from date of approval.

DEVELOPMENT IMPACT ANALYSIS

Public Safety:

- 1.) Physical Blight (Eliminate):
 - a. The removal of blight, the rededication of underutilized land for a specific high-use purpose, improved aesthetic appearance of an area will tend to deter criminal activity. The reason being that new development creates an increase of pedestrian and auto traffic into the area and increased security and lighting, which presents a less attractive environment for criminal activity to be present.
- 2.) Compton Fire Department:
 - a. Staff and developer have contacted the City's Fire Department regarding their input on the proposed development. The Fire Department has indicated that the previous comments provided on the project are still applicable. Also, once the project is resubmitted through the City's development review process additional comments will be provided if necessary.

City's Infrastructure:

- 1.) Public Works Department: The Public Works Department will comment on the project as part of the City's development entitlement process.
- 2.) Compton Water Department: The Compton Water Department will comment on the project as part of the City's development entitlement process.

3.) Planning Department: Staff and developer have met with the Planning staff and they have indicated that the project does comply and adheres with the City of Compton Draft General Plan 2030. In addition, planning staff has indicated that they will review the project and provide additional comments as part of the development entitlement process.

FISCAL IMPACT

There is no negative fiscal impact to the City's General Fund with the approval of this resolution.

Through the City's development permit fee process, staff has estimated that the City's General Fund would receive \$384,000 in fees for this project.

The use of the sales proceeds from this project are restricted in accordance with the Health and Safety Code Section 34176(d) which states that "...any funds generated from housing assets...shall be maintained in a separate Low and Moderate Income Housing Asset Fund...Funds in this account shall be used in accordance with applicable housing related provisions of the Community Redevelopment Law."

The Successor Agency has funds allocated in its 2010 Tax Allocation Bond – Series A housing proceeds for this project through the First Time Homebuyer assistance program for this development. These funds are available in the amount of \$1,000,000 dollars that are available in account number 3070-91-0000-4266.

The current balance in this account is \$6,100,000 dollars. These bond funds will be available for use once the Successor Agency receives a Finding of Completion from the DOF.

RECOMMENDATION

Staff respectfully request that the Board approve the proposed purchase by City Ventures of certain Successor Agency owned property located at 930 W. Compton Boulevard in the City of Compton.

DR. KOFI SEFA-BOAKYE
REDEVELOPMENT MANAGER

G. HAROLD DUFFEY
EXECUTIVE DIRECTOR

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY FOR THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON CONDUCTING THE PUBLIC HEARING AND APPROVAL OF THE SALE AND DISPOSITION OF CERTAIN SUCCESSOR AGENCY OWNED PROPERTY LOCATED AT 930 WEST COMPTON BOULEVARD TO CITY VENTURES FOR RESIDENTIAL DEVELOPMENT

WHEREAS, in its aggressive effort to stimulate private sector investment into the community to expand the City's tax base, the Successor Agency to the Community Redevelopment Agency (Agency) has continuously sought out prestigious and accomplished developers as partners in the rebuilding of Compton; and

WHEREAS, in furtherance of this economic development effort, the Successor Agency received a proposal from City Ventures, a well-established developer in the areas of affordable residential development. City Ventures proposes to develop the site into twenty-two (22) detached single family homes with an average 1,600 square foot floor plan; and

WHEREAS, City Ventures is a multi-dimensional, forward-moving real estate group that brings life to land, homes to people, and infuses new energy into infill developments throughout California. With well over 100 years of combined experience in urban development and the management of quality developments throughout California, City Ventures is distinctive in its ability to navigate complex community, city, and multi-jurisdictional negotiations; and

WHEREAS, a market analysis conducted on the proposed development suggests that the average sales price for a similar detached single family home of 1,600 square feet could range from \$250,000 to \$300,000. A feasible residual land value responsive to the construction of affordable housing on the 2.45 acres is estimated at \$102,500.00; and

WHEREAS, the purchase price for the homes will be within the Los Angeles County Area Moderate Income levels. This affordable residual land value will require that each home sold in the project will be restricted to eligible homebuyers with a Moderate Income level between 80% to 120% low-moderate income families.

WHEREAS, pursuant to resolution #29 (dated September 17, 2013), the Board of Directors to the Successor Agency of the Community Redevelopment Agency, approved the proposal and authorized staff to submit to the Oversight Board the proposed purchase by City Ventures for certain Successor Agency owned property located at 930 West Compton Boulevard in the City of Compton; and

WHEREAS, the Agency through its 2010 Tax Allocation Bonds-Series A Housing funds has committed \$100,000 to the development for the retention of the moderate-income affordability covenants attached to each unit to reduce the homes to a moderate-income level for First-Time Homebuyers that will purchase the homes. These bond funds were approved by the Urban Community Development Commission under resolution #1,808. Furthermore, these funds have been identified in the Successor Agency's Due Diligence Review (DDR) Report as "Restricted funds". As such as, restricted funds are not available to be remitted back to the State Department of Finance under the "claw back" provisions of Assembly bill 1484.

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE CITY OF COMPTON, HEREBY FINDS, DETERMINES, RESOLVE, AND ORDERS AS FOLLOWS:

Section 1. That the above recitals are hereby true and correct and are a substantive part of this resolution.

Section 2. That this resolution is adopted pursuant to Health and Safety Code Section

34177.

Section 3. That the Oversight Board conducts the public hearing and approve the Sale and Disposition agreement between the Successor Agency and City Ventures for the sale of certain Successor Agency owned property located at 930 West Compton Boulevard in the City of Compton.

Section 4. That there is no negative impact to the City of Compton or the affecting taxing entities with the approval of this resolution.

Section 5. That City Ventures will purchase the site from the Successor Agency for \$102,500.00 dollars for residential development.

Section 6. That the officers and staff of the Oversight Board and the Successor Agency are hereby authorized and directed, jointly and severally, to execute the agreement as agreed upon by all parties and to do any and all things which they may deem necessary or advisable to effectuate this resolution.

Section 7. That a certified copy of this resolution shall be filed in the offices of the Executive Director of the Successor Agency.

ADOPTED this ____ day of _____, 2013.

**CHAIRPERSON OF THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF COMPTON**

ATTEST:

**SECRETARY TO THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF COMPTON**

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Tanya Ruiz, Secretary to the Oversight Board to the Successor Agency to the Community Redevelopment Agency of the City of Compton, hereby certify that the foregoing resolution was adopted by the Board, signed by the Chairperson, and attested by the Secretary at the regular meeting thereof held on the ____ day of _____, 2013.

That said resolution was adopted by the following vote, to wit:

**AYES: BOARD MEMBERS -
NOES: BOARD MEMBERS -
ABSENT: BOARD MEMBERS -**

**SECRETARY TO THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF COMPTON**

Presentation to the City of Compton Oversight Board

1950 North Central Avenue
930 West Compton Avenue

November 20, 2013



City Ventures

City Ventures Overview

- **City Ventures**
 - An experienced urban developer staffed by a veteran team
 - A solid balance sheet with available capital and major assets
- **Exceptional Understanding of Infill Development**
 - City Ventures is committed to working closely with the neighborhood and city throughout the development and construction process
 - City Ventures is currently constructing several communities across California including Garden Grove, Downey, Glendora, Camarillo, Carlsbad, Morgan Hill, Ventura, & Pasadena.



Compton

1950 North Central Ave.

Project Summary

Total Site Area: 3.03 Acres \pm
Total Units: 25 Homes

- Typical Conventional Homes
- 40' x 80' Lots

Net Density: 8.25 Homes per Acre
Parking: 116 Spaces Total (4.6 per home)

- Driveway: 50 Spaces (2 sp/home)
- On Street: 14 Spaces

Design Notes

- Grand Gated Entry off Central Ave.
- 64 Guest Spaces (Includes driveways)
- 26' Min. Drive Aisle for Fire
- 8,000 S.F. Open Space
- Additional 5' Setback from Central Ave.



Conceptual Site Plan



City Ventures

Compton

1950 North Central Ave.

Conceptual Floor Plan

PLAN ONE
1,577 SQ. FT.
3 BDRM/2.5 BATH
2-CAR GARAGE



City Ventures

Compton

1950 North Central Ave.

Renderings

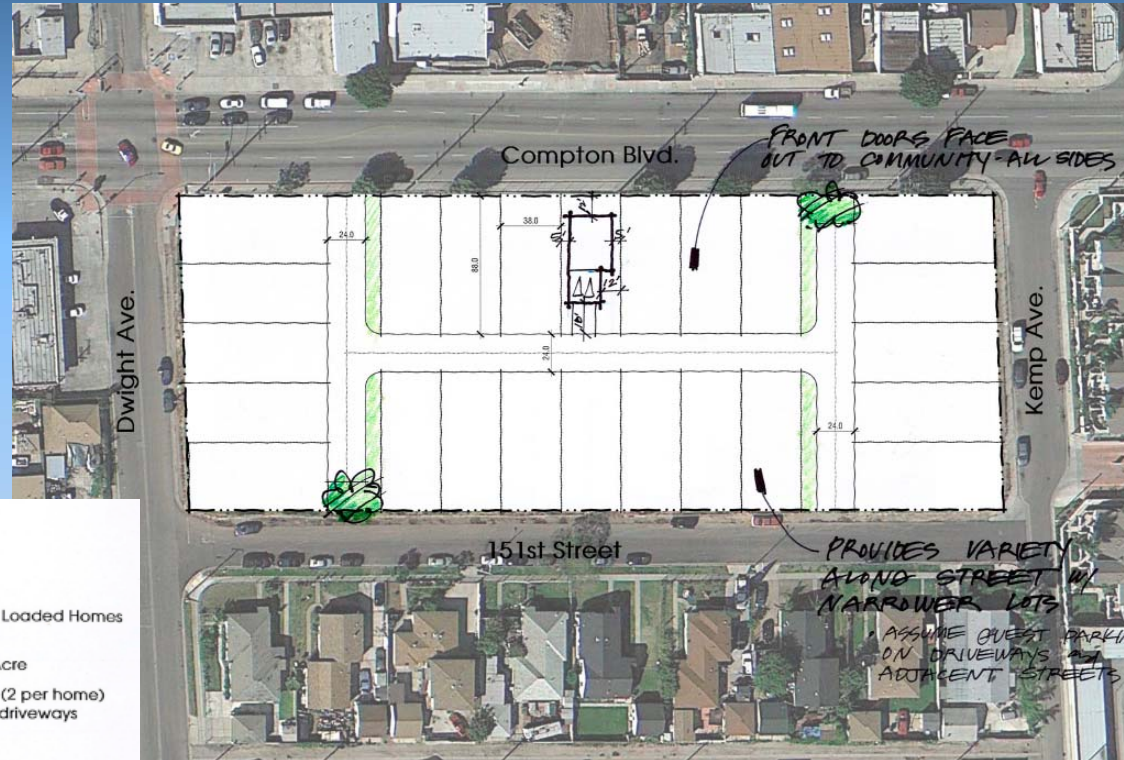


City Ventures

Compton

930 West Compton Ave.

Conceptual Site Plan



Project Summary

Total Site Area: 2.45 Acres \pm
Total Units: 24 Homes

- Typical Alley Loaded Homes
- 38' x 88' Lots

Net Density: 9.8 Homes per Acre
Parking: 48 Spaces Total (2 per home)

- Potential for driveways

Design Notes

- 24' Min. Alley Width

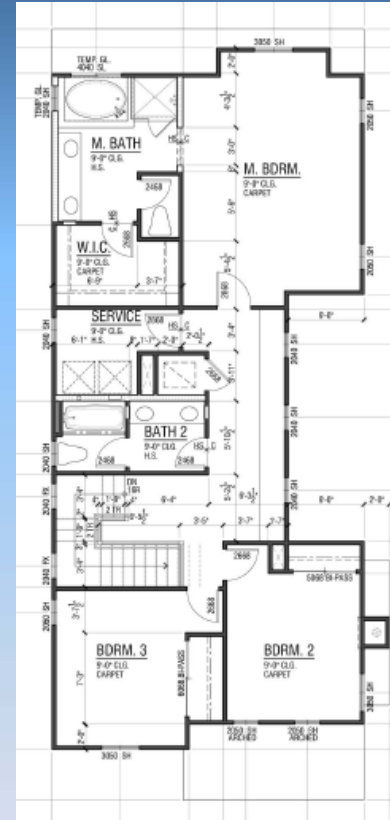
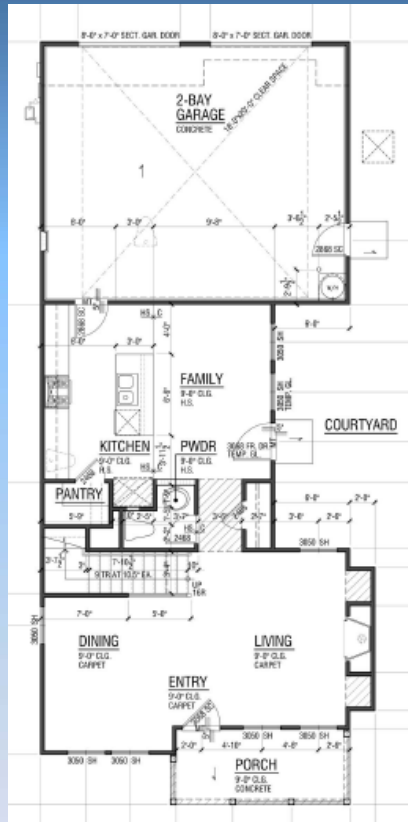


City Ventures

Compton

930 West Compton Ave.

Conceptual Floor Plan



City Ventures

Compton

930 West Compton Ave.

Renderings



COTTAGE



CRAFTSMAN



SPANISH

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City Ventures