

RESOLUTION NO. 2015-05

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH APPROVING THE AMENDED LONG RANGE PROPERTY MANAGEMENT PLAN PREPARED PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34191.5

WHEREAS, the Redevelopment Agency of the City of Huntington Beach ("Redevelopment Agency") was a redevelopment agency in the City of Huntington Beach ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

Assembly Bill No. XI 26 (2011-2012 1st Ex. Sess.) ("AB 26") was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and to the California Health and Safety Code ("H&S Code"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the H&S Code; and

Pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

The City Council of the City elected for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("Successor Agency"); and

On June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies, including the preparation of a Long Range Property Management Plan; and

AB 26 and AB 1484, as further amended, are collectively referred to herein as the "Dissolution Act"; and

H&S Code Section 34179 of the Dissolution Act establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the "oversight board." The oversight board has been established for the Successor Agency (hereinafter referred to as the "Oversight Board"); and

Pursuant to H&S Code Section 34191.5(a) of the Dissolution Act, upon the issuance of the Finding of Completion to the Successor Agency, a Community Redevelopment Property Trust Fund (“Trust”) will be established to serve as the repository of certain real properties of the former Redevelopment Agency that are identified in the Due Diligence Reviews by H&S Code Section 34179.5(c)(5)(C) of the Dissolution Act; and

Pursuant to H&S Code Section 34191.5(b) of the Dissolution Act, once the California Department of Finance (“DOF”) issues a Finding of Completion to the Successor Agency, the Successor Agency shall prepare a LRPMP that addresses the disposition and use of certain real properties of the former Redevelopment Agency. The LRPMP shall be submitted to the Oversight Board and the DOF for approval no later than 6 months following the issuance of the Finding of Completion to the Successor Agency; and

Pursuant to H&S Code Section 34191.4(a) of the Dissolution Act, upon the approval of the LRPMP by the DOF, all real property and interests in real property identified in the DDRs by H&S Code Section 34179.5(c)(5)(C) of the Dissolution Act shall be transferred to the Trust, unless such a property is subject to the requirements of any existing enforceable obligation; and

H&S Code Section 34191.5(c) of the Dissolution Act requires that the LRPMP (1) include an inventory of all properties in the Trust, which inventory shall consist of specific information relating to each such property including, without limitation, the date of and purpose for acquisition, value of property, applicable zoning, any property revenues and contractual requirements for disposition of same, history of environmental issues and any related studies and remediation efforts, potential for transit-oriented development and advancement of planning objectives of the Successor Agency, and history of previous development proposals and activity; and (2) address the use or disposition of all properties in the Trust, including (i) the retention of such property for governmental use pursuant to H&S Code Section 34181(a) of the Dissolution Act, (ii) the retention of such property for future development, (iii) the sale of such property, or (iv) the use of such property to fulfill an enforceable obligation; and

On May 13, 2014, the Successor Agency received its Finding of Completion; and

The Successor Agency prepared a proposed LRPMP (“LRPMP”) for consideration by the Oversight Board and the DOF. The LRPMP includes 13 parcels comprising seven properties, namely:

<u>Property Name</u>	<u>Parcel Number on Inventory</u>
Surf Museum	1
Downtown Alley	2
Skate Park	3
Westminster Parcel	4
Waterfront Hyatt Regency Hotel	5
Waterfront Hilton Hotel/Parcel C	6,7
Edinger Hotel	8, 9, 10, 11, 12, 13; and

On November 3, 2014, the Successor Agency approved the proposed LRPMP; and

On November 5, 2014, the Oversight Board reviewed and approved the LRPMP which was then sent to DOF on November 7, 2014. On March 3, 2015, the Successor Agency received correspondence from DOF regarding modifications to the LRPMP; and

The Successor Agency prepared a proposed Amended LRPMP to address the modifications requested by DOF ("Amended LRPMP") for consideration by the Oversight Board and the DOF. The Amended LRPMP includes the same 13 parcels comprising seven properties as contained in the LRPMP and includes non-substantive changes requested by DOF; and

The proposed Amended LRPMP is attached to the Staff Report prepared for this Agenda Item, and is presented to the Oversight Board for review and approval; and

For each of the properties, the Amended LRPMP includes all of the information required by H&S Code Section 34191.5(c) of the Dissolution Act and their respective use and disposition are in accordance with the Dissolution Act; and

The Edinger Hotel property is proposed to be sold to Miramar GP, LP, a California limited partnership ("Miramar"), a private third party developer, pursuant to a proposed Purchase and Sale Agreement and Joint Escrow Instructions by and among the Successor Agency, Miramar, and the City of Huntington Beach ("Agreement"); and

In accordance with the appraised value of the Edinger Hotel property, as supported by an appraisal dated January 9, 2012, attached to the Amended LRPMP, the "Purchase Price" for the Edinger Hotel property is \$3,100,000; and

The anticipated sale proceeds from the sale of the Edinger Hotel property to Miramar pursuant to the proposed Agreement in the amount of \$3,100,000 will be remitted after the close of escrow to the Orange County Auditor-Controller's Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act; and

The proposed Agreement will be considered for approval by the Oversight Board at the same meeting as the Oversight Board's consideration of the proposed Amended LRPMP. The proposed Agreement will likewise be submitted to the DOF for review concurrently with the proposed Amended LRPMP if approved by the Oversight Board; and

Pursuant to H&S Code Section 34191.3 of the Dissolution Act, once the Amended LRPMP is approved by the DOF, the Amended LRPMP shall govern, and supersede all other provisions of the Dissolution Act relating to, the disposition and use of the properties; and

The activity proposed for approval by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

The activity proposed for approval by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines. In this regard, the projects associated with the properties identified in the Amended LRPMP, along with their respective

contractual agreements, have been reviewed and analyzed pursuant to CEQA and their required environmental documents have been prepared, circulated and approved/certified by the appropriate lead agency; and

All of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach does hereby resolve as follows:

1. The Oversight Board hereby determines that the foregoing recitals are true and correct.

2. The Oversight Board hereby approves the Amended Long Range Property Management Plan ("Amended LRPMP"), substantially in the form attached to the Staff Report prepared for this Agenda Item.

3. The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to remit to the Orange County Auditor-Controller's Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act the proceeds of the Purchase Price that are received from the sale of the Edinger Hotel property pursuant to the proposed Agreement.

4. The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to: (i) submit the Amended LRPMP, as approved by the Oversight Board, to the California Department of Finance ("DOF") electronically in PDF format and to the Orange County Auditor-Controller; (ii) post a copy of the Amended LRPMP, as approved by the Oversight Board, on the Successor Agency's internet website; (iii) revise the Amended LRPMP and make such changes and amendments as necessary, before official submittal of the Amended LRPMP to the DOF, in order to complete the Amended LRPMP in the manner provided by the DOF and to conform the Amended LRPMP to the form or format as prescribed by the DOF; (iv) make non-substantive changes and amendments to the Amended LRPMP deemed necessary and as approved by the Executive Director of the Successor Agency and its legal counsel; and (v) take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution on behalf of the Successor Agency and the Oversight Board.

5. The staff of the Successor Agency is hereby authorized to execute and record such documents and instruments and to do any and all other things which they may deem necessary or advisable to effectuate this Resolution and any such actions previously taken are hereby ratified, including, without limitation, execution of any deeds or certificates of acceptance.

6. The Oversight Board determines that the activity approved by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

7. The adoption of this Resolution is not intended to and shall not constitute a waiver of any constitutional, legal or equitable rights that the Successor Agency or Oversight Board may have to challenge, through any administrative or judicial proceedings, the effectiveness and/or legality of all or any portion of the Dissolution Act, any determinations rendered or actions or omissions to act by any public agency or government entity or division in the implementation of the Dissolution Act, and any and all related legal and factual issues, and the Successor Agency or Oversight Board expressly reserves any and all rights, privileges, and defenses available under law and equity.

8. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that its Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

9. This Resolution shall take effect upon the date of its adoption.

PASSED AND ADOPTED by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach at a meeting thereof held on the 5th day of March, 2015.


Chairperson

REVIEWED AND APPROVED:


Executive Director

INITIATED AND APPROVED:


Deputy Executive Director

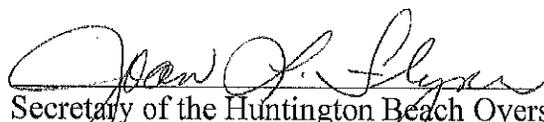
APPROVED AS TO FORM:


Board Counsel 3/5/2015

STATE OF CALIFORNIA)
COUNTY OF ORANGE)
CITY OF HUNTINGTON BEACH)

I, JOAN FLYNN, Secretary of the Huntington Beach Oversight Board of the Successor Agency of the Former City of Huntington Beach Redevelopment Agency, Huntington Beach, California DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Huntington Beach Oversight Board of the Successor Agency of the Former City of Huntington Beach Redevelopment Agency at a meeting held on **March 05, 2015** and that it was so adopted by the following vote:

AYES: Board Members: Delgado, L. Dunn, Fritzal, Hardy, Katapodis
NOES: Board Members: None
ABSENT: Board Members: A. Dunn, Bone
ABSTAIN: Board Members: None


Secretary of the Huntington Beach Oversight Board of the Successor Agency of the Former City of Huntington Beach Redevelopment Agency, Huntington Beach, California

RESOLUTION NO. 2014-06

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH APPROVING THE LONG RANGE PROPERTY MANAGEMENT PLAN PREPARED PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34191.5

WHEREAS, the Redevelopment Agency of the City of Huntington Beach ("Redevelopment Agency") was a redevelopment agency in the City of Huntington Beach ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) ("AB 26") was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and to the California Health and Safety Code ("H&S Code"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the H&S Code; and

Pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

The City Council of the City elected for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("Successor Agency"); and

On June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies, including the preparation of a Long Range Property Management Plan; and

AB 26 and AB 1484, as further amended, are collectively referred to herein as the "Dissolution Act"; and

H&S Code Section 34179 of the Dissolution Act establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the "oversight board." The oversight board has been established for the Successor Agency (hereinafter referred to as the "Oversight Board"); and

Pursuant to H&S Code Section 34191.5(a) of the Dissolution Act, upon the issuance of the Finding of Completion to the Successor Agency, a Community Redevelopment Property Trust Fund ("Trust") will be established to serve as the repository of certain real properties of the former Redevelopment Agency that are identified in the Due Diligence Reviews by H&S Code Section 34179.5(c)(5)(C) of the Dissolution Act; and

Pursuant to H&S Code Section 34191.5(b) of the Dissolution Act, once the California Department of Finance ("DOF") issues a Finding of Completion to the Successor Agency, the Successor Agency shall prepare a LRPMP that addresses the disposition and use of certain real properties of the former Redevelopment Agency. The LRPMP shall be submitted to the Oversight Board and the DOF for approval no later than 6 months following the issuance of the Finding of Completion to the Successor Agency; and

Pursuant to H&S Code Section 34191.4(a) of the Dissolution Act, upon the approval of the LRPMP by the DOF, all real property and interests in real property identified in the DDRs by H&S Code Section 34179.5(c)(5)(C) of the Dissolution Act shall be transferred to the Trust, unless such a property is subject to the requirements of any existing enforceable obligation; and

H&S Code Section 34191.5(c) of the Dissolution Act requires that the LRPMP (1) include an inventory of all properties in the Trust, which inventory shall consist of specific information relating to each such property including, without limitation, the date of and purpose for acquisition, value of property, applicable zoning, any property revenues and contractual requirements for disposition of same, history of environmental issues and any related studies and remediation efforts, potential for transit-oriented development and advancement of planning objectives of the Successor Agency, and history of previous development proposals and activity; and (2) address the use or disposition of all properties in the Trust, including (i) the retention of such property for governmental use pursuant to H&S Code Section 34181(a) of the Dissolution Act, (ii) the retention of such property for future development, (iii) the sale of such property, or (iv) the use of such property to fulfill an enforceable obligation; and

On May 13, 2014, the Successor Agency received its Finding of Completion; and

The Successor Agency has prepared a proposed LRPMP ("LRPMP") for consideration by the Successor Agency and then for consideration by the Oversight Board and the DOF. The LRPMP includes 13 parcels comprising seven properties, namely:

<u>Property Name</u>	<u>Parcel Number on Inventory</u>
Surf Museum	1
Downtown Alley	2
Skate Park	3
Westminster Parcel	4
Waterfront Hyatt Regency Hotel	5
Waterfront Hilton Hotel/Parcel C	6,7
Edinger Hotel	8, 9, 10, 11, 12, 13;

and

On November 3, 2014, the Successor Agency approved the proposed LRPMP. The proposed LRPMP, as approved by the Successor Agency, is attached to the Staff Report prepared for this Agenda Item, and is presented to the Oversight Board for review and approval; and

For each of the properties, the LRPMP includes all of the information required by H&S Code Section 34191.5(c) of the Dissolution Act and their respective use and disposition are in accordance with the Dissolution Act; and

The Edinger Hotel property is proposed to be sold to Miramar GP, LP, a California limited partnership ("Miramar"), a private third party developer, pursuant to a proposed Purchase and Sale Agreement and Joint Escrow Instructions dated January 27, 2012, as further amended by an Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated January 31, 2012, and further amended by that Escrow Amendment/Supplement dated April 25, 2012, and further amended by that Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated June 25, 2012, and further amended by that Third Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of January 25, 2013, and further amended by that Fourth Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of January 21, 2014 (collectively, the "Agreement"); and

In accordance with the appraised value of the Edinger Hotel property, as supported by an appraisal dated January 9, 2012, attached to the LRPMP, the "Purchase Price" for the Edinger Hotel property is \$3,100,000; and

The anticipated sale proceeds from the sale of the Edinger Hotel property to Miramar pursuant to the proposed Agreement in the amount of \$3,100,000 will be remitted after the close of escrow to the Orange County Auditor-Controller's Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act; and

The proposed Agreement was previously considered by the Oversight Board and approved on January 8, 2013 by Resolution No. 2013-04 and will be re-considered for approval by the Oversight Board at the same meeting as the Oversight Board's consideration of the proposed LRPMP. The proposed Agreement will likewise be

submitted to the DOF for review concurrently with the proposed LRPMP if approved by the Oversight Board; and

Pursuant to H&S Code Section 34191.3 of the Dissolution Act, once the LRPMP is approved by the DOF, the LRPMP shall govern, and supersede all other provisions of the Dissolution Act relating to, the disposition and use of the properties; and

The activity proposed for approval by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

The activity proposed for approval by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines. In this regard, the projects associated with the properties identified in the LRPMP, along with their respective contractual agreements, have been reviewed and analyzed pursuant to CEQA and their required environmental documents have been prepared, circulated and approved/certified by the appropriate lead agency; and

All of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach does hereby resolve as follows:

1. The Oversight Board hereby determines that the foregoing recitals are true and correct.
2. The Oversight Board hereby approves the Long Range Property Management Plan ("LRPMP"), substantially in the form attached to the Staff Report prepared for this Agenda Item.
3. The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to remit to the Orange County Auditor-Controller's Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act the proceeds of the Purchase Price that are received from the sale of the Edinger Hotel property pursuant to the proposed Agreement.
4. The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to: (i) submit the LRPMP, as approved by the Oversight Board, to the California Department of Finance ("DOF") electronically in PDF format and to the Orange County Auditor-Controller; (ii) post a copy of the LRPMP, as approved by the Oversight Board, on the Successor Agency's internet website; (iii) revise the LRPMP and make such changes and amendments as necessary, before official

submittal of the LRPMP to the DOF, in order to complete the LRPMP in the manner provided by the DOF and to conform the LRPMP to the form or format as prescribed by the DOF; (iv) make non-substantive changes and amendments to the LRPMP deemed necessary and as approved by the Executive Director of the Successor Agency and its legal counsel; and (v) take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution on behalf of the Successor Agency and the Oversight Board.

5. The staff of the Successor Agency is hereby authorized to execute and record such documents and instruments and to do any and all other things which they may deem necessary or advisable to effectuate this Resolution and any such actions previously taken are hereby ratified, including, without limitation, execution of any deeds or certificates of acceptance.

6. The Oversight Board determines that the activity approved by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

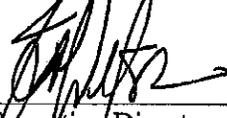
7. The adoption of this Resolution is not intended to and shall not constitute a waiver of any constitutional, legal or equitable rights that the Successor Agency or Oversight Board may have to challenge, through any administrative or judicial proceedings, the effectiveness and/or legality of all or any portion of the Dissolution Act, any determinations rendered or actions or omissions to act by any public agency or government entity or division in the implementation of the Dissolution Act, and any and all related legal and factual issues, and the Successor Agency or Oversight Board expressly reserves any and all rights, privileges, and defenses available under law and equity.

8. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that its Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

9. This Resolution shall take effect upon the date of its adoption.

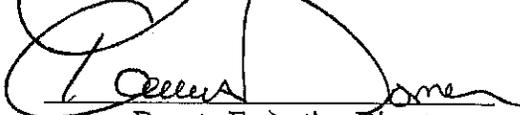
PASSED AND ADOPTED by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach at a meeting thereof held on the 5th day of November, 2014.

REVIEWED AND APPROVED:



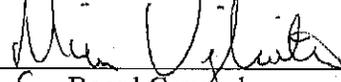
Executive Director

INITIATED AND APPROVED:



Deputy Executive Director

APPROVED AS TO FORM:



Board Counsel

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF HUNTINGTON BEACH)

I, JOAN FLYNN, Secretary of the Huntington Beach Oversight Board of the Successor Agency of the Former City of Huntington Beach Redevelopment Agency, Huntington Beach, California DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Huntington Beach Oversight Board of the Successor Agency of the Former City of Huntington Beach Huntington Beach Redevelopment Agency at a meeting held on **November 5, 2014** and that it was so adopted by the following vote:

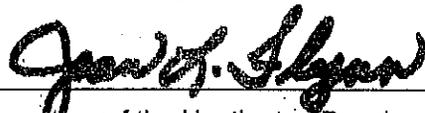
AYES: Board Members: Carchio, L. Dunn, Bone, Delgado, Fritzal
NOES: Board Members: None
ABSENT: Board Members: Harper, A. Dunn
ABSTAIN: Board Members: None

The foregoing instrument is a correct copy of the original on file in this office.

Attest NOVEMBER 6 2014

JOAN L. FLYNN
City Clerk and Ex-officio Clerk of the City Council of the City of Huntington Beach, California.

By Talyn Espinoza Deputy



Secretary of the Huntington Beach Oversight Board of the Successor Agency of the Former City of Huntington Beach Redevelopment Agency Huntington Beach, California

***Board Member Bone recused himself on Parcels 5, 6, and 7

Amended Long Range Property Management Plan

Successor Agency to the former
Redevelopment Agency of the City of
Huntington Beach

2000 Main Street, Huntington Beach,
California 92648

Approved by Successor Agency on November 3, 2014

*Approved by Oversight Board on November 5, 2014 (Amended
Plan Approved on March 5, 2015)*

Approved by Department of Finance on _____, 2015

Amended Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

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Appendix B	Property Inventory Data
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Appendix D	Redevelopment Plan
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Appendix F	General Plan
Appendix G	Downtown Specific Plan (Specific Plan 5)
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Appendix I	Local Coastal Plan
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Appendix K	CUP # 08-005
Appendix L	Surf Museum Lease

Amended Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Appendix M	Vans Ground Lease
Appendix N	Hyatt Regency (Parcel 5) Ground Lease
Appendix O	Waterfront Disposition and Development Agreements (5)
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Appendix W	Long Range Property Management Plan Checklist
Appendix X	Hyatt (Parcel 5) Appraisal
Appendix Y	Parcels 6/7 Appraisal
Appendix Z	New Edinger Hotel Purchase and Sale Agreement

Amended Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

INTRODUCTION

As required by Health & Safety Code Section 34191.5, this document is the Long-Range Property Management Plan (LRPMP) of the Successor Agency of the former Redevelopment Agency of the City of Huntington Beach (Former Agency). The Successor Agency received a Finding of Completion from the Department of Finance (DOF) on May 13, 2014 (Appendix A).

In accordance with Health & Safety Code Section 34191.5(c), the LRPMP includes an inventory of properties included in the Community Redevelopment Property Trust Fund and provides the proposed plan for disposition and uses of each of the properties.

SUCCESSOR AGENCY ASSET SUMMARY

Section 34191.5(c)(1) of the Health and Safety Code, which was added as part of Assembly Bill 1484 (AB 1484), requires that the LRPMP include an inventory of all properties held in the Community Redevelopment Property Trust Fund. For the Successor Agency, this inventory identifies 13 parcels comprising seven properties. In accordance with statutory requirements each of these 13 legal parcels are described in Appendix B and a map showing the location of the seven properties is presented in Appendix C.

The following pages describe each of the following properties, and the applicable legal parcel or parcels comprising each:

Property Name	Parcel Number on Inventory
Surf Museum	1
Downtown Alley	2
Skate Park	3
Westminster Parcel	4
Waterfront Hyatt Regency Hotel	5
Waterfront Hilton Hotel/Parcel C	6,7
Edinger Hotel	8, 9, 10, 11, 12, 13

Amended Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Property Disposition and Use

LRPMP also provides the planned use or disposition of each of the 13 parcels in the manner described in Health & Safety Code Section 34191.5(c)(2). The following summarizes the four types of permitted disposition/use:

Plan Category	Use/Disposition Purpose of Property	Property Transferee
Enforceable Obligation	Use Consistent with Enforceable Obligation Terms	Designated Enforceable Obligation Recipient
Governmental	Governmental Use in Accordance with Section 34181(a)	Appropriate Public Jurisdiction
Future Development	Transfer to City for use in a project identified in the Approved Redevelopment Plan. To the extent required by law, disposition proceeds to be distributed among Taxing Entities in accordance with a Compensation Agreement.	City
Other Liquidation	Sale by Successor Agency to private buyer with proceeds distributed to Taxing Entities	Designated Buyer

Summary of Recommended Property Disposition and Use

As required by Health & Safety Code Section 34191.5(c)(2), the LRPMP identifies that:

- ❖ Two (2) of the properties (3 legal parcels) are to be liquidated or, in the alternative, retained for purposes of fulfilling an enforceable obligation;
- ❖ Four (4) of the properties (4 legal parcels) are to be dedicated for governmental use purposes;
- ❖ One (1) of the properties (6 legal parcels) is to be liquidated; and
- ❖ None (0) of the properties (0 legal parcels) are to be held for future development.

Amended Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Summary of Plan Category Decision

The relevant “approved redevelopment plan” that identifies the projects for which the properties will be disposed and used consists of:

- ❖ The Huntington Beach Merged Redevelopment Plan, which was adopted by Ordinance No. 3343 on December 16, 1996, as amended on July 15, 2002 (Appendix D);
- ❖ The accompanying Implementation Plan for the Huntington Beach Merged Project Area (HB Implementation Plan) adopted by the Former RDA on December 21, 2009 in accordance with the requirements of Health & Safety Code Section 33490 (Appendix E);
- ❖ General Plan (Appendix F);
- ❖ Downtown Specific Plan / Specific Plan 5 (Appendix G);
- ❖ Beach and Edinger Specific Plan / Specific Plan 14 (Appendix H); and
- ❖ Local Coastal Plan (Appendix I).

Redevelopment Plan (Appendix D)

The objectives and goals of the Redevelopment Plan are provided below:

Huntington Beach Merged Project Area Redevelopment Plan Goals:

1. Eliminate and prevent the spread of conditions of blight including: underutilized properties and deteriorating buildings, incompatible and uneconomic land uses, deficient infrastructure and facilities, obsolete structure, and other economic deficiencies in order to create a more favorable environment for commercial, office, industrial, residential and recreational development.
2. Expand the commercial base of the Project Area.
3. Improve public facilities and public infrastructure.
4. Improve inadequate drainage infrastructure.
5. Improve and/or provide electric, gas, telephone, and wastewater infrastructure to both developed and undeveloped properties within the Project Area.
6. Promote local job opportunities.
7. Encourage the cooperation and participation of residents, businesses, business persons, public agencies and community organizations in the redevelopment/revitalization of the Project Area.
8. Implement design and use standards to assure high aesthetic and environmental quality, and provide unity and integrity to developments within the Project Area.
9. Address parcels of property that are: of irregular form and shape, are inadequately sized for proper usefulness and development, and/or are held in multiple ownership.
10. Remove impediments to land disposition and development through the assembly of property into reasonably sized and shaped parcels served by improved infrastructure and public facilities.

Amended Long Range Property Management Plan

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11. Recycle and/or develop underutilized parcels to accommodate higher and better economic uses while enhancing the City's financial resources.
12. Promote the rehabilitation of existing housing stock.
13. Increase, improve, and preserve the community's supply of housing affordable to very-low, low and moderate income households.

Huntington Beach Merged Project Area Implementation Plan (Appendix E)

The goals and objectives of the Implementation Plan match those of the Redevelopment Plan. However, the following property-specific programs mentioned in the Implementation Plan are as follows:

Waterfront Hilton
Hotel / Parcel C
(Parcels 6,7)

Edinger Hotel
(Parcels 8-13)

Local Coastal Program (Appendix I)

The purpose of the Coastal Development Permit (CDP) is to implement the California Coastal Act of 1976 (Division 20 of the Public Resources Code) as amended, in accordance with the City's Local Coastal Program (LCP). The Local Coastal Program includes the City's land-use plans, zoning ordinance, zoning map, and implementing actions certified by the Coastal Commission pursuant to the Coastal Act and adopted by the City Council for the purpose of carrying out the provisions of the Coastal Act within the coastal zone. Any person, partnership, or corporation, or state or local government agency wishing to undertake development in the coastal zone shall obtain a Coastal Development Permit in accord with the provisions of this chapter, unless exempt or categorically excluded. Such permit must be issued prior to the start of development and shall be required in addition to any other permits or approvals required by the City. All development within the coastal zone requires a coastal development permit unless specifically exempted or excluded. A public hearing shall be required prior to any action on a Coastal Development Permit. Any person may submit written comment to the Director on an application for a Coastal Development Permit, or on a Coastal Development Permit appeal, at any time prior to the close of the public hearing.

Amended Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Property	Disposition Type	Recipient	Estimated Sales Price from Recipient	Timing of Sale
International Surf Museum	Government Use	City	\$0	ASAP
Downtown Alley	Government Use	City	\$0	ASAP
Public Skate Park	Government Use	City	\$0	ASAP
Westminster Parcel	Government Use	City of Huntington Beach / City of Westminster	\$0	ASAP
Waterfront Hyatt Regency	Other Liquidation or, in the alternative, Enforceable Obligation	Designated Buyer	\$7,900,000, less repayment of the two enforceable obligations	ASAP
Waterfront Hilton/Parcel C	Other Liquidation or, in the alternative, Enforceable Obligation	Designated Buyer	FMV of the Leased Fee Interest	4th Quarter 2015-1st Quarter 2016
Edinger Hotel	Other Liquidation	Designated Buyer	\$3,100,000	ASAP

LONG RANGE PROPERTY MANAGEMENT PLAN

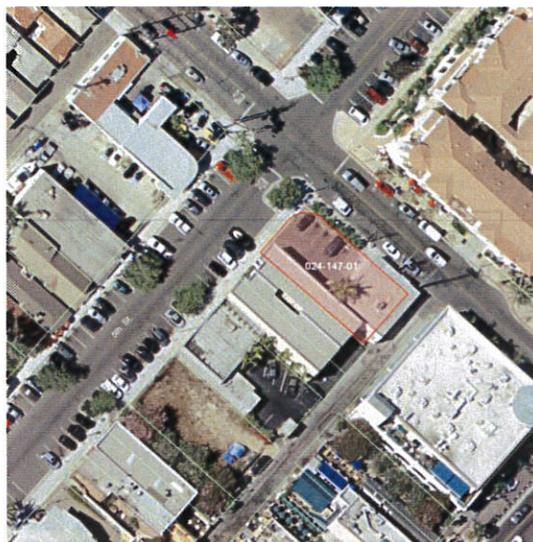
The following provides the details for each parcel to be disposed by the Successor Agency.

Amended Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

International Surfing Museum/Library (Parcel 1)

The property, consisting of one parcel, is located on the corner of Olive and 5th in the Downtown area. The existing improvement is a historically significant building that the Successor Agency leases for the use of the International Surfing Museum and Library. The Museum was ranked as one of the 125 icons of Orange County in 2014 by the Orange County Register.



Parcel Data	
Address	411 Olive Street
APN	024-147-01
Lot Size	5,375 Square Feet, 0.12 Acres
Existing Improvements	The parcel is improved with a 2,052 square foot, one-story wood-framed commercial building built in 1935 and six adjacent parking spaces. The building has historic significance and is called out in the City's 1996 General Plan and the updated historic survey conducted by the City in 2014 (Appendix J).
Existing Use	Houses the International Surfing Museum/Library
Use Restrictions	CUP #08-005 (Appendix K); Local Coastal Plan (Appendix I)
Zoning	Specific Plan 5 – District 1 (Appendix G), which allows for mixed-use commercial / residential development. Per the Local Coastal Plan, the site must provide visitor serving commercial uses only on the ground floor.
Former Project Area	Main-Pier Redevelopment Project Area
Current Title	Successor Agency to the Huntington Beach Redevelopment Agency

Amended Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Acquisition & Valuation Information

Purchase Date	March 7, 1988
Purchase Price	\$285,000
Purpose	To acquire a blighted vacant property with the intent of restoration.
Current Value (Est.)	\$0
Method of Valuation	<p>The parcel is considered to be undevelopable for the following reasons:</p> <ul style="list-style-type: none">▪ The CUP allows for the installation of two Southern California Edison (SCE) electrical transformer cabinets on a 520 square foot portion of the parcel. Thus the CUP will limit the ability to use the entire Site for development.▪ The existing building is designated historic and would need City Council approval to be demolished.▪ The Downtown Specific Plan requires developments to meet the parking requirements on-site. However, due to the size and configuration of the parcel, a new development would have difficulty parking the project in a subterranean parking garage in a financially feasible manner as well as structurally. <p>Therefore, the highest and best use is the existing structure. The value of the existing structure is limited by the following:</p> <ul style="list-style-type: none">▪ A historic designation that restricts changes to the building.▪ The property is not ADA compliant.▪ The property has not been earthquake retrofitted.▪ To park the 5,375 square foot building to code, there needs to be 11 parking spaces. The fact that the property is under parked will limit the types of commercial uses that would be interested in the property. <p>While the property currently generates \$3,000 per year, and assuming an 8% capitalization rate, the value is estimated at \$37,500. However, due to the fact that the property is not ADA compliant or earthquake retrofitted, these costs, necessary to lease to a commercial tenant, the property is estimated to have a \$0 value.</p>

Revenues Generated by Property and Contractual Requirements

Annual Revenues Generated	\$3,000
Contractual Requirements	Lease (Appendix L)
Lease Rate	\$3,000 + CPI Increases per year
Lessee	International Surf Museum Foundation and Visit Huntington Beach
Lessor	Successor Agency of the Huntington Beach Redevelopment Agency

History of Environmental Contamination or Remediation Efforts

History of Environmental Contamination	None
Remediation Efforts Completed Studies	None

Amended Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Transit-Oriented Development & Advancement of Agency Planning Objectives

Potential for TOD Agency Planning Objectives	None The property will continue to host the world renowned International Surfing Museum and library that educates and supports the surf culture. The existing use of a museum is approved by the California Coastal Commission as a visitor serving commercial use in accordance with the Local Coastal Plan.
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Brief History of Previous Development Proposals and Activities

Prior to the former Agency acquiring the property, the existing building was used for medical office space, a restaurant and a nightclub. However, at the time of the acquisition in March 1988, the building was vacant and in disrepair. In 1988, the former Agency entered into a one-year lease with the International Surfing Museum Foundation (Foundation) for \$10 per year. The Foundation agreed to restore the building. The Foundation continued to lease the space through January 2012 when the Foundation asked Visit Huntington Beach (formally the Huntington Beach Visitors and Marketing Bureau) to assist the Foundation with staffing, rent and building improvements. The current lease between the Successor Agency and the Bureau expires in January 2017. The lease requires the Bureau to pay the Successor Agency rent in the amount of \$250 per month in 2014. This amount will increase with inflation through the end of the lease term in 2017.

The International Surfing Museum Foundation was established in 1987 and moved to the parcel in June 1990. The Museum/Library invested approximately \$35,000 into new flooring, lighting and ADA improvements in the building in November 2013. There are no plans to move the Museum/Library elsewhere and it is expected that the lease will be renewed in 2017 at market rate rent.

Recommendation for Disposition

Government Use	The parcel has been used as a museum since 1990 and the tenant invested \$35,000 in building improvements in 2013. The City does not intend to change the use when the current lease expires in 2017, as the use is consistent with the Local Coastal Plan and encourages visitors to visit the City's beach front.
Implementation Plan	The parcel will be transferred to the City at no cost, which is the same as the effective current value. The Successor Agency, upon approval of this LRPMP, promptly will affect the transfer of the government use properties to the applicable public entity by grant deed or quitclaim deed.

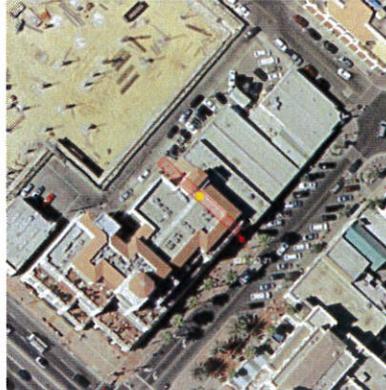


Amended Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Downtown Alley (Parcel 2)

The parcel is a 10-foot wide alleyway between buildings providing a pedestrian connection from Main Street to 5th Street near Pacific Coast Highway in the former Main-Pier Redevelopment Project Area.



Parcel Data

Address	Main Street near Pacific Coast Highway
APN	024-153-21
Lot Size	1,022 Square Feet, 0.02 Acres
Existing Improvements	Paved Alleyway
Existing Use	Public Access
Use Restrictions	Coastal Zone; Public Access
Zoning	Specific Plan 5 – District 1(Appendix G)
Former Project Area	Main-Pier Redevelopment Project Area
Current Title	Successor Agency to the Huntington Beach Redevelopment Agency

Acquisition & Valuation Information

Purchase Date	February 19, 1993
Purchase Price	\$1
Purpose	Provide safe pedestrian/public access between Main Street and 5 th Street
Current Value (Est.)	\$0
Method of Valuation	The size (ten feet wide) and location of the parcel makes it an undevelopable remnant and is considered to have no effective value.

Revenues Generated by Property and Contractual Requirements

Annual Revenues Generated	None
Contractual Requirements	None

Amended Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

History of Environmental Contamination or Remediation Efforts

History of Environmental Contamination	None
Remediation Efforts	None
Completed Studies	None

Transit-Oriented Development & Advancement of Agency Planning Objectives

Potential for TOD Agency Planning Objectives	None The parcel provides public access between streets on large blocks in the downtown. The Downtown Specific Plan 5 also calls the parcel out as an alleyway and part of the downtown circulation plan.
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Brief History of Previous Development Proposals and Activities

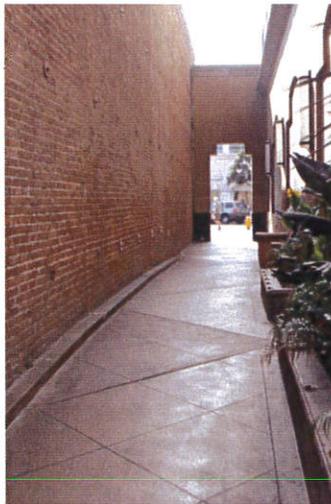
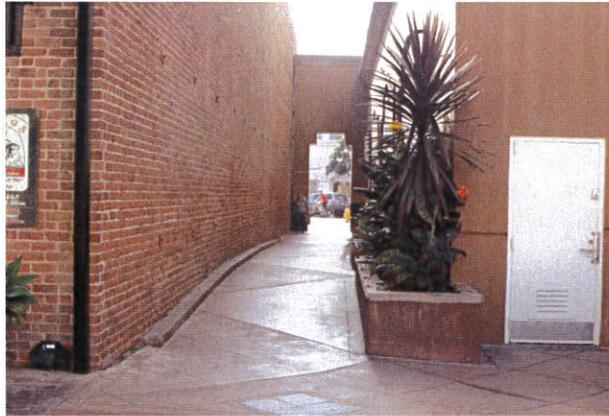
In 1993, the former Agency acquired the parcel through a land exchange with the Developer of the adjacent Abdelmuti project. The Abdelmuti project includes a 42,000 mixed-use commercial development with seven on-site parking spaces located on the corner of Main Street and PCH. The exchange of land was considered to be an equal exchange valued at \$1. The former Agency received the property from the Developer for future dedications including the alleyway. The parcel is currently used to provide public pedestrian access from Main Street to 5th Street.

Recommendation for Disposition

Government Use	The Successor Agency is responsible for maintaining the property; however, the City has been maintaining the property, including lighting. The parcel is used by the public for pedestrian access between 5 th Street and Main Street in the middle of a larger block. While the parcel does not currently have an easement recorded on it (since the Successor Agency owns it) if the Agency were to sell the parcel to a third party, the City would require a public access easement be recorded, which would remove any value to the parcel.
Implementation Plan	Given the public use, the parcel will be transferred to the City at no cost, which is the same as the effective current value. The City intends to place a public access easement on the parcel. The Successor Agency, upon approval of this LRPMP, will promptly affect the transfer of the government use properties to the applicable public entity by grant deed or quitclaim deed.

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Successor Agency to the former Redevelopment Agency of the City of Huntington Beach



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Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Public Skate Park (Parcel 3)

The parcel is located east of Gothard between McFadden and Center Avenue in the former Huntington Center Redevelopment Project Area.



Parcel Data

Address	7541 Center Avenue
APN	142-073-03
Lot Size	108,910 Square Feet; 2.50 Acres
Existing Improvements	Public Skate Park
Existing Use	Public Skate Park
Use Restrictions	Public Skate Park; lease restrictions (Appendix M); Specific Plan 14 park requirement (Appendix H - Book III: City Actions Section 3.2.4 Parks, Page 114); undergoing inclusion in City's Parks Master Plan (to be completed in 2015)
Zoning	Specific Plan 14 – T5 (Town Center Neighborhood) (Appendix H)
Former Project Area	Huntington Center Redevelopment Project Area
Current Title	Successor Agency to the Huntington Beach Redevelopment Agency

Acquisition & Valuation Information

Purchase Date	December 9, 1987
Purchase Price	\$1,055,071 (as part of the full price of Parcel 4)
Purpose	For the future Gothard-Hoover Street Extension and Realignment.
Current Value (Est.)	\$0
Method of Valuation	The property is currently leased to Vans for \$1 per year and the use is restricted to a public skate park. Given that the parcel will be included in the City's Parks Master Plan as well as the ground lease restrictions and environmental issues, the effective value of the parcel is \$0.

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Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Revenues Generated by Property and Contractual Requirements

Annual Revenues Generated	\$1 per year
Contractual Requirements	30 year Ground Lease with automatic extensions (Appendix M)
Lease Rate	\$1 per year
Lessee	VF Outdoor Inc.
Lessor	Successor Agency of the Huntington Beach Redevelopment Agency

History of Environmental Contamination or Remediation Efforts

History of Environmental Contamination	The site was previously used as a tree farm and storage area for the City. Although the soil test and soil gas vapor sampling reported low levels of methane, metals and Total Recoverable Petroleum Hydrocarbons (TRPH's), the tests results did not reach the level that would warrant remediation.
Remediation Efforts	Potential methane gas concerns were addressed through the City's requirement of methane barrier installation for the two constructed buildings on site. However, any other development other than a skate park would require additional mitigation.
Completed Studies	Phase 1 and 2 Soils Reports

Transit-Oriented Development & Advancement of Agency Planning Objectives

Potential for TOD Agency Planning Objectives	None The use meets Specific Plan 14 park requirement (Appendix H - Book III: City Actions Section 3.2.4 Parks, Page 114). In addition, the skate park assists the City in meeting its General Plan and Parks Master Plan strategic plan goals by providing free park use. The City is currently updating its Parks Master Plan and the skate park will be included. The Beach Edinger Specific Plan EIR also discussed that the City is below National and State standards on park space.
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Brief History of Previous Development Proposals and Activities

Once it was established that the parcel was not required for the Gothard-Hoover Street Extension and Realignment, the former Agency sought other uses for the property. Due to the environmental issues that do not allow digging on the property as well as the fact that in 2008 the School District closed the skate park at Huntington Beach High School, the former Agency concluded that a public skate park would be an appropriate use for the site.

A Ground Lease was entered into with VF Outdoor Inc, dba Vans, to lease the property to Vans for \$1 per year over a 20 year term with one 10-year option (Appendix M). In return, Vans was required to construct, operate and maintain a public skate park that is free and open to the public open 7 days a week from 10 AM to 6 PM. Vans is also required to supervise the skate park and provide free equipment for low income children to use. Vans constructed a free 42,500 square foot skate facility that includes every type of skating terrain, restrooms, lockers and a small concession/retail building.

The revenue generated by the on-site concessions does not cover Vans' staff costs of providing supervision at the public skate park, as well as the cost of insurance and operations. The skate park was opened in March 2014. The City and Vans are currently working with both Golden West College and high school skate teams to create synergy between the educational and recreational elements of the City. The skate park is providing over 50 jobs in the community.

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Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Recommendation for Disposition

Government Use This parcel is improved with a public skate park that is leased and operated by Vans. While Vans is allowed to lease concession space, the income generated from the concessions is not sufficient to cover the costs of supervising, operating and insuring the skate park as required by the ground lease. This use meets the park land requirement in the Specific Plan, General Plan and the Parks Master Plan.

Implementation Plan The parcel will be transferred to the City at no cost, which is the same as the effective current value. The Successor Agency, upon approval of this LRPMP, promptly will affect the transfer of the government use properties to the applicable public entity by grant deed or quitclaim deed.



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Westminster Parcel (Parcel 4)

The parcel is located on the west side of the 405 Freeway and McFadden Avenue and is between College Park and the railroad tracks in the City of Westminster. The property is currently unimproved next to a park in the City of Westminster, the 405 Freeway and a storage facility.



Parcel Data

Address	No Address
APN	142-311-34
Lot Size	50,573 Square Feet; 1.16 Acres
Existing Improvements	None
Existing Use	Vacant Land / Landscaping
Use Restrictions	None
Zoning	Park/Open Space – City of Westminster
Former Project Area	N/A
Current Title	Successor Agency to the Huntington Beach Redevelopment Agency

Acquisition & Valuation Information

Purchase Date	December 9, 1987
Purchase Price	\$489,929 as part of the full price of Parcel 3
Purpose	For the future Gothard-Hoover Street Expansion and Realignment
Current Value (Est.)	\$0
Method of Valuation	Given the location, configuration and size, the Parcel is considered to be undevelopable for commercial uses and thus is considered to have no effective value.

Amended Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Revenues Generated by Property and Contractual Requirements

Annual Revenues Generated	None
Contractual Requirements	None

History of Environmental Contamination or Remediation Efforts

History of Environmental Contamination	Unknown; no tests have occurred.
Remediation Efforts	None at this time
Completed Studies	City of Huntington Beach Water Department is currently studying the parcel.

Transit-Oriented Development & Advancement of Agency Planning Objectives

Potential for TOD Agency Planning Objectives	Unknown The City of Huntington Beach has had three water wells fail within the general location, the City's Water Department needs an approximately 100 foot by 120 foot portion of the parcel to create a replacement water well (12,000 square feet). The Water Department is conducting soils and geological testing on the site. A multi-city group (including Huntington Beach) is considering the site for a multi-city animal shelter on the remaining approximate 38,500 square feet of the parcel. Discussions regarding the development have just commenced. A new shelter will assist the County due to overcrowding and the distance to the County Animal Shelter. Alternatively, the City of Westminster has expressed interest in developing the remaining area as a park, if the shelter is not developed.
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Brief History of Previous Development Proposals and Activities

Once it was established that the parcel was not required for the Gothard-Hoover Street Extension and Realignment, the former Agency sought other uses for the property. On January 27, 2011, the City released a Request for Bids (RFB) for the sale of Parcel 4. The RFB was placed on the City's website, sent to public agencies, local realtors and adjoining property owners. The City received a bid for the purchase of the parcel. Subsequent to receiving that bid, the Westminster Redevelopment Agency expressed interest in purchasing the property and provided a second bid. Based on the two bids, staff recommended that the parcel be sold to the Westminster Redevelopment Agency. The sale was never consummated due to the state-wide elimination of redevelopment agencies.

Due to the failure of three (3) nearby water wells, the City Water Department is in need of the majority of the site for water wells and is currently conducting soils and geological testing on the site. A multi-city group (including Huntington Beach) is looking to the site in regards to placing an animal shelter on the remaining approximately 38,500 square feet of the parcel. The City of Westminster has also expressed interest in the remaining area as a park, if the shelter is not developed.

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Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Recommendation for Disposition

Government Use The Site is considered undevelopable for commercial uses and three public entities are interested in developing the parcel for public use.

Implementation Plan The parcel will be transferred to the City at no cost, which is the same as the effective current value. The Successor Agency, upon approval of this LRPMP, promptly will affect the transfer of the government use properties to the applicable public entity by grant deed or quitclaim deed.

An approximately 12,000 square foot (100 feet x 120 feet) portion of the Parcel will be transferred to the City of Huntington Beach's Water Department at no cost. The following are the options for the remaining approximately 38,500 square feet of the parcel.

The City will continue discussions with the multi-jurisdictional cities in regards to the animal shelter for the portion of the parcel that will remain after the water well is developed. That portion of the parcel will be transferred to the City at no cost and the shelter will be developed in cooperation with other northwest Orange County cities.

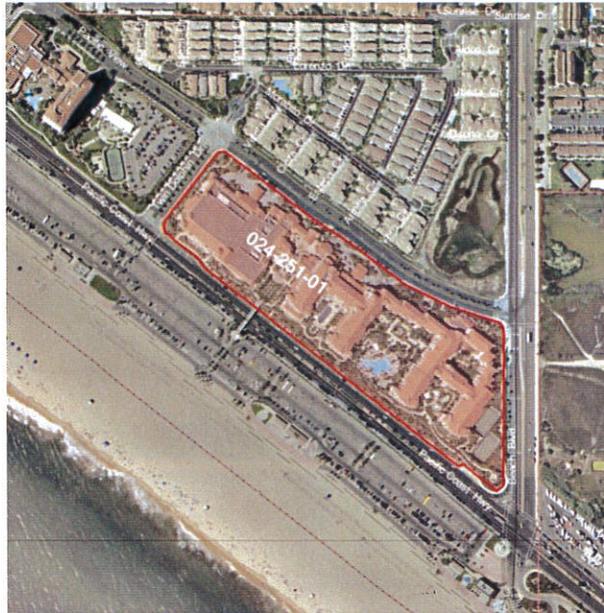
- If the animal shelter project does not go forward, the Successor Agency will offer the remnant portion to the City of Westminster to be used as a public park.
 - If the City of Westminster is not interested in the property, then the Successor Agency will market the remnant portion on the open market to be sold at the appraised highest and best use value. The proceeds from the sale of the remnant parcel will be distributed to the Taxing Entities to the extent required by law.
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Amended Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Waterfront Hyatt Regency Hotel (Parcel 5)

The parcel is located on the northwest corner of Beach Boulevard and Pacific Coast Highway in the former Main-Pier Redevelopment Project Area and is improved with the 517 room Hyatt Hotel. The hotel also includes 9,090 square feet of commercial space, a 52,000 square foot conference center, 20,000 square foot spa, three restaurant and lounges, and 990 underground parking spaces.



Parcel Data

Address	21500 Pacific Coast Highway
APN	024-251-01
Lot Size	660,741 Square Feet; 15.17 Acres
Existing Improvements	517 room Hyatt Hotel
Existing Use	Hotel
Use Restrictions	Ground Lease (Appendix N); Local Coastal Plan (Appendix I)
Zoning	Specific Plan 5 – District 3 (Appendix G)
Former Project Area	Main-Pier Redevelopment Project Area
Current Title	Successor Agency to the Huntington Beach Redevelopment Agency

Amended Long Range Property Management Plan

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Acquisition & Valuation Information

Purchase Date	September 19, 1988
Purchase Price	\$7,722,159
Purpose	To develop a hotel, which was to be included within a 44-acre master plan that includes residential developments and hotels. Included remediation and infrastructure (including roads, water sewer).
Current Value (Est.)	\$7,900,000 based on an appraisal (Appendix X), less repayment of the two enforceable obligations.
Method of Valuation	Based on the Fair Market Value of the Successor Agency's Leased Fee Interest in the property.

Revenues Generated by Property and Contractual Requirements

Annual Revenues Generated	\$184,618/annual
Contractual Requirement	99 Year Ground Lease expires in 2097(Appendix N)
Lease Rate	Base rent with annual CPI increase plus a share of room revenue above the base rent.
Lessee	PCH Beach Resorts LLC
Lessor	Successor Agency to the Huntington Beach Redevelopment Agency

History of Environmental Contamination or Remediation Efforts

History of Environmental Contamination	Hazardous material remediation was required, as well as wetlands mitigation. Seven abandoned oil wells were on site that had not met the Division of Oil and Gas requirements for future housing or commercial development. The former gas station also had leaking tanks with soil contamination.
Remediation Efforts	All seven oil wells needed to be re-abandoned and recapped to current state standards. The City received a letter of "No Further Action" in approximately 1999.
Completed Studies	Numerous studies, if desired, can be provided.

Transit-Oriented Development & Advancement of Agency Planning Objectives

Potential for TOD Agency Planning Objectives	Not Applicable Keep existing Hotel with a large employment base.
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Brief History of Previous Development Proposals and Activities

The Hyatt Regency is the result of years of redevelopment planning from 1982 to 2003. As part of the comprehensive and complex "Waterfront" development, the Hyatt Regency opened in January 2003. Besides the Hyatt Regency, the multi-phased Waterfront development includes the Waterfront Hilton Beach Resort that opened in 1990, a 184 unit residential component and a future expansion of the Waterfront Hilton on a parcel of land adjacent to the existing hotel. When the Disposition and Development Agreement (DDA) for the Waterfront project was approved in 1988 (Appendix O), the purpose for the redevelopment efforts was to eliminate blight and assist with economic revitalization.

The Main-Pier Redevelopment Plan was adopted in 1982 and amended in 1983 to include the Waterfront site, which totaled 44-acres. The site was blighted, showing evidence of physical

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deterioration and obsolescence due to long deferred maintenance. The former Agency purchased the fee title in 1988, which was subject to an existing ground lease. With fee title to the site, the former Agency approved a DDA with Robert L. Mayer, as Trustee of the Robert L. Mayer Trust of 1982 (Developer) in September 1988 that provided for a six phase development that would remove a gas station, a pitch and putt golf course, the Huntington Beach Inn, and the 239-space Driftwood Beach Club mobile home park along with its associated buildings and paved parking areas, as well as relocate the City's Beach Maintenance Facility. A portion of the site adjacent to Beach Boulevard included a small degraded wetlands area. In addition to the already mentioned blighting conditions above ground, seven abandoned oil wells were found to be on the site. These wells did not meet the Division of Oil and Gas requirements for future housing or commercial development and had to be re-abandoned and recapped to current standards.

As stated above, the Waterfront Hilton Beach Resort opened in 1990. In 1998, the former Agency and Mayer Financial L.P., an affiliate of the original Developer, entered into an Amended and Restated DDA to redefine how the remaining phases of development would be carried out. The amended DDA called for the fee interest in the residential portion of the site to be sold to the Developer for the subsequent development of 184 units, which occurred in 2003. In addition, the amended DDA called for the relocation of the remaining 102 mobile home park residents to be completed, which occurred at about the same time. Since approval of the amended DDA, there have been five implementation agreements to the DDA.

Pursuant to the 1998 amended DDA, in 2001 the former Agency and PCH Beach Resorts, LLC, a subsidiary of the Developer, (Lessee) entered into a 99-year ground lease for Parcel 5. The 1998 amended DDA and 2001 ground lease called for Parcel 5 to be developed with the 517 room Hyatt Regency hotel. Given the extraordinary off-site and on-site improvements that were necessary to complete the Hyatt Regency, the project was established to have a \$22 million financial gap, as verified by the Summary Report that at that time was required by California Health and Safety Code Section 33433.

The 1998 DDA called for the financial gap to be filled with the following:

1. The City, on behalf of the former Agency, entered into a \$6 million Section 108 loan (Appendix P) with the US Department of Housing and Urban Development (HUD). The City and the former Agency entered into a loan agreement that made the former Agency responsible for repaying this Section 108 loan with property tax increment.
2. The remaining financial gap was filled by the Developer agreeing to impose a Communities Facilities District (CFD) on the property, and to make the CFD debt service payments. The Developer and the former Agency executed a Promissory Note that requires the former Agency to rebate the debt service payments using property tax increment (Promissory Note, Appendix Q).

The DOF has established that the debt service payments on the Section 108 loan and the Promissory Note are Enforceable Obligations. The debt service payments are as follows:

1. The Section 108 loan requires an annual payment ranging from \$448,000 to \$538,000 per year from tax increment, has an existing balance of \$2,300,000, and expires on August 1, 2019.
2. The Promissory Note requires an annual payment of approximately \$735,000 per year, and the obligation expires on August 1, 2022. The current outstanding balance is \$4,620,000.

The Lessee has offered to purchase the Successor Agency's leased fee interest in Parcel 5 from the Successor Agency for \$7,900,000. The Successor Agency agrees this is the current Fair Market Value of the Successor Agency's Leased Fee Interest in the premises and the offered price is supported by an appraisal prepared by the highly respected consulting firm of PKF Consulting USA which the Successor Agency's financial consultant has reviewed and accepted. The ground lease is set to expire in 2097, and the Lessee has a Right of First Refusal if the Successor Agency should sell Parcel 5 prior to the end of the ground lease term.

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Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Recommendation for Disposition

Enforceable Obligation	The DOF has approved two Enforceable Obligations on Parcel 5, the Promissory Note and the Section 108 Loan. These obligations will continue through 2022 and 2019, respectively.
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Implementation Plan

The Successor Agency is in negotiations with the Lessee with the goal of selling the fee interest in the property for the agreed upon Fair Market Value price of \$7,900,000. If the sale transaction is consummated, the proceeds will be used to first repay the two Enforceable Obligations on Parcel 5, the Promissory Note and the Section 108 Loan, in full in compliance with the provisions of AB 1484 and AB 1X 26 and any remaining proceeds will be shared with the Taxing Entities to the extent required by law. The Lessee would continue operating the desired hotel use, employing over 400 employees and providing sales tax, additional property tax and transient occupancy tax to the City.

If the Successor Agency and the Lessee are unable to reach agreement on the sale transaction terms or the sale is not consummated within a reasonable period of time after the DOF approves this LRPMP, the Successor Agency will continue to market the property at the Fair Market Value of the Leased Fee Interest, subject to the Lessee's Right of First Refusal. If a sale transaction is consummated, the proceeds will be used first to pay the two Enforceable Obligations on Parcel 5, the Promissory Note and the Section 108 Loan, in full in compliance with the provisions of AB 1484 and AB 1X 26 and any remaining proceeds will be shared with the Taxing Entities to the extent required by law.

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Waterfront Hilton Hotel/Parcel C (Parcel 6 and 7)

The parcel is located on Pacific View Avenue between Huntington Street and Twin Dolphin Drive on Pacific View Avenue in the former Main-Pier Redevelopment Project Area and consists of a 290 room Hilton Hotel and Parcel C – the future site of an expansion to the existing hotel, currently used as additional parking and event space as needed.



Parcel Data

Address	21100 Pacific Coast Highway
APN	024-252-01 and 024-252-02
Lot Size	Hilton - 156,657 Square Feet; 3.60 Acres; Parcel C - 158,023 Square Feet, 3.63 Acres
Existing Improvements	A 290 room Hilton Hotel; surface parking lot and event space
Existing Use	Hotel and parking lot, event space
Use Restrictions	Ground Lease (Appendix R); Disposition and Development Agreement and four Implementation Agreements (Appendix O); 5 th DDA Implementation Agreement (Appendix S); Local Coastal Plan (Appendix I); Parcel C - parking and access (Fire) easements (Appendix T)
Zoning	Specific Plan 5 – District 3 (Appendix G)
Former Project Area	Main-Pier Redevelopment Project Area
Current Title	Successor Agency to the Huntington Beach Redevelopment Agency

Acquisition & Valuation Information

Purchase Date	September 19, 1988
Purchase Price	\$3,677,703
Purpose	To develop two hotel towers, which was to be included within a 44-acre master plan that includes residential developments and three hotels.
Current Value (Est.)	\$5,607,950 based on an appraisal (Appendix Y).
Method of Valuation	Based on the Fair Market Value of the Successor Agency's Leased Fee interest in the property.

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Revenues Generated by Property and Contractual Requirements

Annual Revenues Generated	\$450,000 per year
Lease Rate	Base plus annual CPI increases
Contractual Requirement	Ground Lease; Future Ground Lease, Fifth Implementation Agreement to the Amended DDA
Lessee	Waterfront Hotel LLC
Lessor	Successor Agency

History of Environmental Contamination or Remediation Efforts

History of Environmental Contamination	Hazardous material remediation was required, as well as wetlands mitigation. Seven abandoned oil wells were on site that had not met the Division of Oil and Gas requirements for future housing or commercial development. The former gas station also had leaking tanks with soil contamination.
Remediation Efforts	All seven oil wells needed to be re-abandoned and recapped to current state standards. The City received a letter of "No Further Action" in 1999.
Completed Studies	Numerous studies, if desired, can be provided. Parcel C may need further studies.

Transit-Oriented Development & Advancement of Agency Planning Objectives

Potential for TOD Agency Planning Objectives	Not applicable Keep existing Hotel and build a second tower with a large employment base.
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Brief History of Previous Development Proposals and Activities

The Waterfront Hilton Hotel/Parcel C is the result of redevelopment planning from 1982 to 2003. As part of the comprehensive and complex "Waterfront" development, the Waterfront Hilton opened in 1990. Besides the Waterfront Hilton, the multi-phased Waterfront development includes the Hyatt Regency that opened in January 2003, a 184 unit residential component and a future expansion of the Waterfront Hilton hotel on the adjacent Parcel 7 (also known as Parcel C). When the Disposition and Development Agreement (DDA) between the former Agency and the original Developer of the Waterfront project was approved in 1988 (Appendix O), the purpose of the redevelopment efforts was to eliminate blight and assist with economic revitalization.

The Main-Pier Redevelopment Plan was adopted in 1982 and amended in 1983 to include the Waterfront site, which totaled 44-acres. The site was blighted, showing evidence of physical deterioration and obsolescence due to long deferred maintenance. The former Agency purchased the fee title in 1988, which was subject to an existing ground lease. With fee title to the site, the former Agency approved a DDA with the Developer in September 1988 that provided for a six phase development that would remove a gas station, a pitch and putt golf course, the Huntington Beach Inn, and the 239-space Driftwood Beach Club mobile home park along with its associated buildings and paved parking areas, as well as relocate the City's Beach Maintenance Facility. A portion of the site adjacent to Beach Boulevard included a small degraded wetlands area. In addition to the already mentioned blighting conditions above ground, seven abandoned oil wells were found to be on the site. These wells did not meet the Division of Oil and Gas requirements for future housing or commercial development and had to be re-abandoned and recapped to current standards.

In April 28, 1989, the former Agency and Robert L. Mayer, as Trustee of the Robert L. Mayer Trust, entered into a 99-year ground lease (Appendix R) and the Waterfront Hilton was completed on Parcel 6

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in 1990. The lessee's interest in the Ground Lease was subsequently assigned to The Waterfront Hotel LLC, an affiliate of the original Developer/lessee. As stated above, the Waterfront Hilton Beach Resort was completed and opened in 1990. The Lessee also leases the adjacent Parcel 7/Parcel C, which the DDA designates as the site of a planned expansion of the Waterfront Hilton. In accordance with the DDA and Lease terms, the base rent for the Waterfront Hilton parcel and Parcel 7/Parcel C was recently updated (as of January 1, 2014) based on an appraisal of the Leased Fee Interest in the property.

In 1998, the former Agency and Mayer Financial L.P., also an affiliate of the original developer, amended the DDA to redefine how the remaining phases would be carried out. The amended DDA called for the fee interest in the residential portion of the site to be sold to the Developer for the subsequent development of 184 units, which sale occurred in 2003. In addition, the relocation of the remaining 102 mobile home park residents was completed. Since approval of the amended DDA, there have been five implementation agreements to the DDA.

Pursuant to the 1998 DDA, the Developer submitted an application to the City to construct the hotel expansion on Parcel 7/Parcel C by December 31, 2009. This hotel expansion is currently proposed to be comprised of 151 rooms, with a spa, fitness facility and lounge/bar for guests. The project will add needed public infrastructure upgrades to off-site improvements; create additional hospitality industry and construction jobs, and increase property tax, sales tax and transient occupancy tax revenue.

On October 20, 2008 and October 18, 2010, the 3rd and 4th Implementation Agreements to the 1998 DDA were executed between the former Agency and the Developer to extend the Schedule of Performance for the development of Parcel 7/Parcel C. On May 16, 2011, the 5th Implementation Agreement to the DDA (Appendix S) was executed between the former Agency and the Developer to provide for an amended and restated ground lease to consolidate Parcels 6 and 7 into one site which would be covered by a new consolidated ground lease if construction commences on the hotel expansion within the time set forth in the 5th Implementation Agreement. The consolidated ground lease includes both a base rent and a participation rent, and the term is set at 99 years. In addition, under the terms of the agreement, the City of Huntington Beach (not the Successor Agency) will receive a payment of \$250,000 from the Developer each time an extension to the DDA is granted, to provide compensation for the estimated loss in TOT that the City would have received as a result of the timely development of the third hotel, and with the Developer entitled to a credit against these extension payments for specified project-related costs.

If construction has not commenced on the third hotel by December 31, 2016, the consolidated ground lease will not go into effect. In that case, the existing Parcel 6 ground lease would remain in place through December 31, 2086, and Parcel 7 would continue to be encumbered by a Parking Easement Agreement (in the form set forth in Attachment C to the "Interim Short Term Lease" executed by the former Agency on April 14, 1999), a "License Agreement to Provide Landscaping and other Improvements in the Public Right of Way", that was executed on February 20, 2001, and the "Reciprocal Fire Lane Access Easement Agreement" dated August 30, 1995. The Parking Easement Agreement provides for a parking easement on Parcel 7 for the benefit of Parcel 6 (Hilton property), as more particularly set forth in the Parking Easement Agreement.

The Lessee of Parcels 6 and 7 has offered to purchase the Successor Agency's leased fee. The Lessee's proposal is that the conveyance would occur in approximately the 4th quarter of 2015 or the 1st quarter of 2016, when the Lessee is prepared to pull building permits and break ground on the hotel expansion project. The proposed purchase price is based upon an appraisal of the value of the Successor Agency's leased fee interest in Parcels 6 and 7 as of January 1, 2016, which appraisal was prepared by the highly respected consulting firm of PKF Consulting USA.

Recommendation for Disposition

Enforceable

Through the approval of Resolution No. 389, "A Resolution of the

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Obligation

Redevelopment Agency of the City of Huntington Beach, California, Approving and Making Certain Findings Pursuant to Health and Safety Code Section 33433 for a Proposed Fifth Implementation Agreement to Amended and Restated Disposition and Development Agreement by and among the Redevelopment Agency of the City of Huntington Beach, the City of Huntington Beach, and Mayer Financial, L.P. including an attached Lease by and between the Redevelopment Agency of the City of Huntington Beach and the Waterfront Hotel, LLC” If the consolidated site lease does not become effective, the Parcel 6 ground lease remains in place through 2086.

Implementation Plan

The Successor Agency is currently in negotiations with the Developer with the goal of selling the fee interest in Parcels 6 and 7 if the timing of the conveyance is tied to the commencement of construction on the hotel expansion on Parcel 7. If the Successor Agency and the Developer are unable to reach agreement on the sale transaction terms or the sale is not consummated, the Successor Agency will continue to follow the requirements in the legal agreements for Parcels 6 and 7 and fulfill the Enforceable Obligations for Parcels 6 and 7.

The following summarizes the potential disposition alternatives for Parcels 6 and 7:

- Alternative 1: The Lessee begins construction on the hotel expansion on Parcel 7 by December 31, 2016, and the Lessee purchases the Successor Agency’s leased fee interest in Parcels 6 and 7 for Fair Market Value as determined by the Successor Agency based upon an appraisal. The proceeds will be shared with the Taxing Entities to the extent required by law. If the Successor Agency and Lessee reach agreement on the terms and conditions of a sale by the Successor Agency to the Lessee of the Successor Agency’s leased fee interest in Parcels 6 and 7 to the Lessee before the DOF approves this LRPMP, the Successor Agency may submit an amendment to this LRPMP to its Oversight Board and DOF for consideration.
- Alternative 2: The Lessee begins construction on the hotel expansion on Parcel 7 by December 31, 2016, pursuant to the existing DDA, but either the Successor Agency and the Lessee are unable to reach agreement on the sale transaction terms for the conveyance of the leased fee interest in Parcels 6 and 7 or the sale is not consummated. Within a reasonable time after the Lessee’s 99-year lease of Parcels 6 and 7 commences, the Successor Agency will market the property at the Fair Market Value of the Leased Fee Interest, subject to the Lessee’s Right of First Refusal. If a sale transaction is consummated, the proceeds will be shared with the Taxing Entities to the extent required by law.
- Alternative 3: The Lessee does not commence construction on the hotel expansion on Parcel 7 in accordance with the Schedule of Performance, the DDA terminates as to Parcel 7, and the existing Lease on Parcel 6 remains in place. Within a reasonable time after the DDA terminates as to Parcel 7, the Successor Agency will market both (i) its separate leased fee interest in Parcel 6 at the Fair Market Value of its Leased Fee Interest, subject to the Lessee’s Right of First Refusal, and (ii) its fee interest in Parcel 7 for its intended development as a hotel at the Fair Market Value of the fee interest in the property as encumbered with the Fire Easement, Parking Easement and Landscaping Easements; provided, however, Parcels 6 and 7 will not necessarily be marketed as being sold together. The sales proceeds for both Parcels will be shared with the Taxing Entities to the extent required by law.
- Alternative 4: The Lessee does not commence construction on the hotel expansion on Parcel 7 in accordance with the Schedule of Performance, the DDA terminates as to Parcel 7, and the existing Lease on Parcel 6 remains in place. Within a reasonable time after the DDA terminates as to Parcel 7, the Successor Agency will market its separate leased fee interest in Parcel 6 at the

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Fair Market Value of its Leased Fee Interest, subject to the Lessee's Right of First Refusal, and (ii) convey its fee interest in Parcel 7 to the City to be retained for future development as a hotel as encumbered with the Fire Easement, Parking Easement and Landscaping Easements. The sales proceeds for both Parcels will be shared with the Taxing Entities to the extent required by law.

It is anticipated that Alternative 1 will generate the highest proceeds of the four alternatives for the Taxing Entities.



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Edinger Hotel (Parcels 8 – 13)

The property is located on the southeast corner of Edinger Avenue and Parkside Lane and is undeveloped with the exception of a vacated Big O Tire Store on Parcel 8.



Parcel Data

Address	7872 Edinger Avenue
APN	142-081-09, 10, 11, 12, 06, 28
Lot Size	79,199 Square Feet, 1.82 Acres
Existing Improvements	Undeveloped with the exception of Parcel 8 which includes a vacant 8,169 Square Foot auto retail shop.
Existing Use	None
Use Restrictions	Property is restricted by a Purchase and Sale Agreement (Appendix U) to hotel development.
Zoning	Specific Plan 14 – T4 (Appendix H)
Former Project Area	Huntington Center Redevelopment Project Area
Current Title	Successor Agency to the Huntington Beach Redevelopment Agency

Acquisition & Valuation Information

Purchase Date	All parcels were purchased in 1988 with the exception of Parcel 13, which was purchased in 2009.
Purchase Price	\$4,844,425
Purpose	The parcels were acquired as an opportunity to pursue a more comprehensive redevelopment proposal for the entire block, and the development of a hotel.
Current Value (Est.)	\$3,100,000
Method of Valuation	The property is restricted to the development of a 120 to 140 room branded hotel by the amended Purchase and Sale Agreement (PSA). In

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accordance with the PSA, the developer will acquire the land for \$3.10 million. This sales price is supported by an appraisal dated January 9, 2012 (Appendix V). It should be noted that the value is impacted by hazardous materials located on the site, as well as the potential for additional environmental remediation that may be required. Therefore, given the environmental remediation risks and the provisions for such risks already agreed to within the PSA, it is concluded that the sales price listed in the PSA is appropriate as the current market value. If the current PSA were to be cancelled and the insurance policies expire, the likelihood of negotiating a similar deal would be unlikely, since the remediation requirements would be known and there is no longer redevelopment funds to off-set the financial gap created by the required remediation. Thus the sales price would likely be substantially lower than \$3.10 million.

Revenues Generated by Property and Contractual Requirements

Annual Revenues Generated	None
Contractual Requirements	Purchase and Sale Agreement (Appendix U)

History of Environmental Contamination or Remediation Efforts

History of Environmental Contamination	The Phase 1 and 2 reports on Parcel 8 were limited in scope due to the operating Big O Tire Store on the site. One plume was found from hydraulic leaks and is estimated to cost \$200,000 to remediate. The Successor Agency placed \$200,000 in an escrow account. However, there was no way to know if the plume leaked onto surrounding properties. The Successor Agency has obtained a \$5 million insurance policy for potential leakage from that single plume to the surrounding properties (2014 premium was approved by DOF). The policy will expire in 2016. The Developer is responsible for any other plumes that are found on the property and leakages from those plumes. As a result, the Developer was required by the PSA to obtain an insurance policy for \$2.5 million to cover this risk.
Remediation Efforts Completed	Will occur when the building is demolished by the Developer. Phase 1 and limited Phase 2 reports are completed.

Transit-Oriented Development & Advancement of Agency Planning Objectives

Potential for TOD Agency Planning Objectives	None. This property is noted in the former Agency's latest Implementation Plan (Appendix E). The former Agency acquired the 7872 Edinger Avenue parcel to combine with the adjacent Agency-owned properties in 2009. In 2009, the former Agency also prepared a RFQ for the development of a hotel at the southeast corner of Edinger Avenue and Parkside Lane. This hotel site could achieve a high quality nationally branded hotel consisting of approximately 120 to 150 rooms with amenities that would make the hotel an attractive lodging option in the central region of Orange County. As stated in the most recent Implementation Plan, the project will meet the following planning goals: <ul style="list-style-type: none">▪ Eliminate and prevent the spread of conditions of blight.▪ Expand the commercial base of the Project Area.▪ Improve public facilities and public infrastructure.
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- Promote local job opportunities.
 - Implement design and use standards to assure high aesthetic and environmental quality, and provide unity and integrity to developments within the Project Area.
 - Remove impediments to land disposition and development through the assembly of property into reasonably sized and shaped parcels served by improved infrastructure and public facilities.
 - Recycle and/or develop underutilized parcels to accommodate higher and better economic uses while enhancing the City's financial resources.
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Brief History of Previous Development Proposals and Activities

The former Agency issued an RFP on October 2009 in search of a hotel developer to develop a high quality, select brand hotel on the site with a minimum of 125 hotel rooms. Ayres Hotel Company was selected by staff; however, the former Agency and Ayres could not come to terms and the property was transferred from the former Agency to the City for continued attempts at redevelopment.

After several failed attempts with other hotel developers, on January 27, 2012, the City entered into a PSA with Campbell Lodging to purchase the property and develop the site as a Hyatt Place Hotel, or similar brand hotel, ranging in size from 120 to 140 rooms.

On October 2, 2012, Campbell Lodging, Inc. transferred its interest in the PSA to KPHL, LLC. Since then, there have been four amendments to the PSA (January 31, 2012 – 1st Amendment; June 2012 – 2nd Amendment; and January 25, 2013 – 3rd Amendment). On January 21, 2014, the parties entered into the 4th Amendment, which extended the close of escrow deadline to June 30, 2015. The property has been reconveyed to the Successor Agency and remains subject to the terms of the PSA. The extension allows additional time to process project entitlements and final parcel map as well as obtain a Finding of Completion and a certified LRPMP from the DOF. The sales price is substantiated by an appraisal review by Nagasaki & Associates, dated January 9, 2012, that valued the parcels at \$2.94 million to \$3.50 million.

The property is fully entitled and the developer has the financing in place. Once the LRPMP has been approved by DOF, the sale can take place immediately.

On March 5, 2015, the Oversight Board approved a new Purchase and Sale Agreement – between the Successor Agency and Miramar. There are no fees, expenses that will be the responsibility of the Successor Agency. All fees/expenses will be paid by the City of Huntington Beach or Miramar.

Recommendation for Disposition

Other Liquidation	The parcels will be held by the Successor Agency until the sale of the property is closed per the PSA, which is estimated to be June 2015.
Implementation Plan	The Oversight Board ratified the new PSA between the Successor Agency and Miramar and will re-submit to Department of Finance as a part of this Long Range Property Management Plan. The \$3.10 million in sales proceeds, set in the PSA and substantiated by the appraisal, will be distributed to the Taxing Entities to the extent required by law.

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