

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

From: David C. Moe II, Redevelopment Manager *DC Moe*

Date: December 21, 2007 (City Council Meeting of 1/16/08)

Subject: Consider Resolution Approving Leasing of Property Owned by the Redevelopment Agency of the City of Moorpark, located at 661 Moorpark Avenue and 250 Los Angeles Avenue

BACKGROUND AND DISCUSSION

The Redevelopment Agency of the City of Moorpark ("Agency") acquired 661 Moorpark Avenue and 250 Los Angeles Avenue ("Properties"), for redevelopment purposes. The Properties are both improved with single family dwellings and are located within the Moorpark Redevelopment Project Area.

The Agency is proposing to lease the Properties as an interim use until they are ready to be redeveloped. In the near future, 250 Los Angeles Avenue will be utilized for affordable housing purposes and 661 Moorpark Avenue will be used as part of the civic center site.

Leasing the Properties is not anticipated to produce a net cost to the Agency. It is projected that the Agency will annually receive approximately \$43,600.00 in net rent revenue. This revenue received will be used by the Agency to assist in the removing of blight within the Moorpark Redevelopment Area as well as promoting economic development, job creation and affordable housing projects and programs.

California Community Redevelopment Law ("CCRL") Section 33433 requires that the legislative body approve, by resolution and after a public hearing, any agency sale or lease of property which was acquired with tax increment funds. Said resolution must also include the following three findings:

1. Leasing the Properties will assist in the elimination of blight in the Moorpark Redevelopment Project Area.

2. Leasing the Properties is consistent with the goals and objectives in the 2005-2009 Implementation Plan for the Moorpark Redevelopment Project pursuant to Section 33490 of the CCRL.
3. The Properties are being leased at the fair market price at the highest and best use in accordance with the Moorpark Redevelopment Plan.

Therefore, since the Agency did acquire the Properties with tax increment funds, the City Council will need to approve the leasing of the Properties. Staff will submit a report thirty (30) days after the end of fiscal year 07/08 to show the tenants selected to lease the Properties.

The Section 33433 Summary Report (Exhibit A) summarizes all Agency cost associated with Leasing the Properties; states that the Properties will be leased for fair market value; and describes how this activity will assist with the elimination of blight and is consistent with the 2005-2009 Five Year Implementation Plan.

STAFF RECOMMENDATION

- 1) Open public hearing, take public testimony, and close the public hearing; and
- 2) Approve Resolution No. 2008 - _____ approving leasing of the Properties.

Exhibit "A" Section 33433 Summary Report
Exhibit "B" Resolution

Exhibit A

INFORMATION SUMMARY FOR PROPOSED LEASING OF AGENCY OWNED PROPERTY "33433 REPORT"

This summary was prepared by the Moorpark Redevelopment Agency (the "Agency") pursuant to Section 33433 of the California Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code, the "CCRL") with respect to the Agency proposal to lease 250 Los Angeles Avenue and 661 Moorpark Avenue ("Properties"). The Properties are both improved with single family dwellings and located within the Moorpark Redevelopment Project Area.

1. **Cost of Project to Agency:**

Leasing the Properties is not anticipated to produce a net cost to the Agency. It is projected that the Agency will annually receive approximately \$43,600.00 for leasing the Properties. This conclusion is based upon the following data:

- a. **Land Acquisition Cost:** Not applicable.
- b. **Clearance Costs:** None.
- c. **Relocation Costs:** None.
- d. **Improvement Costs:** None that apply to the proposed leases.
- e. **Finance Costs:** None.
- f. **Other Costs:** The Agency will incur monthly landscaping expenses for the Properties. The annual cost to maintain the landscaping is estimated to be \$2,000.00.
- g. **Offsetting Revenue:** The sum of the above costs (i.e., items "a" through "f") is \$2,000.00, which represents the Agency's expenses associated with leasing the Properties. The annual rental income to be received by the Agency is \$45,600.00, which produces net revenue of \$43,600.00.

2. **Estimated value of interest to be conveyed or leased, determined at highest and best use permitted by the Redevelopment Plan:** On 10/15/2007, Overland, Pacific & Cutler conducted a survey of the available three and four bedroom units in the City of Moorpark. Of the units identified, the monthly rent ranged for a three bedroom single family dwelling was \$1,900 - \$2,395 and \$2,450 – 2,595 for a four bedroom.

On 12/18/07, Agency staff conducted an online survey of the available three and four bedroom units in the City of Moorpark. Of the units identified, the monthly rent ranged for a three bedroom single family dwelling was \$1,950 - \$2,100 and \$2,000 – \$3,500 for a four bedroom.

In addition, staff obtained a rental listing for the property at 143 3rd Street (Moorpark). This property is listed with Troop Real Estate, Inc. The property has three bedrooms and is comparable to 661 Moorpark Avenue. The asking monthly rent is \$2,000.

Therefore, based on location, size, bedrooms and bathrooms, staff has determined that the annual fair market rent for the Properties is as follows:

250 Los Angeles Avenue (\$1,800 per month) = \$21,600
661 Moorpark Avenue (\$2,000 per month) = \$24,000
Total = \$45,600

3. Estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants and development costs required by the sale or lease:

The total rent revenue to be generated by the Properties for the one year term is \$45,600.

4. The purchase price or sum of the lease payments which the lessors will be required to pay during the term of the lease:

The total annual rent revenue to be generated by the Properties is \$45,600.

5. Explanation of the reason (if applicable) why the sales price or lease rate paid to the Agency may be less than market value of the property as determined at its highest and best use:

Not applicable. The lease rate of the Properties is fair-market value.

6. Explanation of why the sale or lease of the property will assist in the elimination of blight:

The Agency is proposing to lease the Properties as an interim use until they are ready to be redeveloped. In the near future, 250 Los Angeles Avenue will be utilized for affordable housing purposes and 661 Moorpark Avenue will be used as part of the civic center site. The current improvements on the Site are both economically obsolete and exhibit conditions of physical degradation. The removal of the improvements will eliminate the existing blighting conditions on the Properties.

7. Economic benefits of the Project:

The Agency is proposing to lease the Properties as an interim use until they are ready to be redeveloped. However, the rent revenue received from the Properties will be used by the Agency to assist in the removing of blight within the Moorpark Redevelopment Area as well as promoting economic development, job creation and affordable housing projects and programs.

Exhibit B

RESOLUTION NO. 2007-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, APPROVING LEASING OF PROPERTY OWNED BY THE REDEVELOPMENT AGENCY OF THE CITY OF MOORPARK LOCATED AT 661 MOORPARK AVENUE AND 250 LOS ANGELES AVENUE, CONSISTENT WITH CALIFORNIA REDEVELOPMENT LAW SECTION 33433

WHEREAS, the City Council of the City of Moorpark, adopted the Redevelopment Plan for the Moorpark Redevelopment Project on July 5, 1989, by Ordinance No. 110, in accordance with the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*); and

WHEREAS, the Moorpark Redevelopment Agency ("Agency") purchased the properties located at 661 Moorpark Avenue and 250 Los Angeles Avenue ("Property") with tax increment funds; and

WHEREAS, California Community Redevelopment Law ("CCRL") Section 33433 requires that the City Council approve, by resolution and after a public hearing, any Agency sale or lease of property which was acquired with tax increment funds; and

WHEREAS, Section 33433 of CCRL requires that the City Council include the following findings in the resolution approving the sale or lease of Agency property purchased with tax increment:

1. The sale or lease of property will assist in the elimination of blight in the Moorpark Redevelopment Project Area.
2. The sale or lease of property is consistent with the goals and objectives in the 2005-2009 Implementation Plan for the Moorpark Redevelopment Project pursuant to Section 33490 of the CCRL.
3. The property is being sold or leased at the fair market price at the highest and best use in accordance with the Moorpark Redevelopment Plan; and

WHEREAS, notice was published in the Ventura Star once a week for two weeks prior to the public hearing; and

WHEREAS, on January 16, 2008, the City Council conducted a public hearing to take public comment on the proposed leasing of Agency owned Property; and

WHEREAS, the proposed leasing of Property will assist with the elimination of blight in the Moorpark Redevelopment Project Area; and

WHEREAS, the proposed leasing of Property is consistent with the adopted 2005-2009 Implementation Plan for the Moorpark Redevelopment Project pursuant to Section 33490 of the CCRL; and

WHEREAS, the Property will be leased at the fair market price, at its highest and best use in accordance with the Moorpark Redevelopment Plan, has been established; and

WHEREAS, on January 16, 2008, the City Council reviewed the Section 33433 Summary Report and determined that it is consistent with Section 33433 of the CCRL.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Council approves the leasing of Agency owned Property subject to final language approval by the City Manager and City Attorney.

SECTION 2. The City Council determines the proposed leasing of Property is consistent with Section 33433 of the CCRL and the following findings are made:

1. The leasing of Property will assist in the elimination of blight in the Moorpark Redevelopment Project.
2. The leasing of Property is consistent with the goals and objectives in the 2005-2009 Implementation Plan for the Moorpark Redevelopment Project pursuant to Section 33490 of the CCRL.
3. The Property is being leased at the fair market price at the highest and best use in accordance with the Moorpark Redevelopment Plan.

SECTION 3. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

Resolution No. 2008 –
January 16, 2008
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PASSED AND ADOPTED this 16th day of January, 2008.

Patrick Hunter, Mayor

ATTEST:

Deborah S. Traffenstedt, City Clerk

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