



**Sacramento
Housing &
Redevelopment
Agency**

January 28, 2003

2.4

Redevelopment Agency of the City of Sacramento
Sacramento, California



Honorable Members in Session:

SUBJECT: 18th and L Street Mixed Use Project – Development Agreement for 1850 L Street

LOCATION & COUNCIL DISTRICT

Southside of L Street between 18th and 19th streets, Council District 3

RECOMMENDATION

Staff recommends adoption of the attached resolution, which authorizes modifications to the Development Agreement between the Agency and Sotiris and Matina Kolokotronis Family Trust for the development of the vacant parcel south of L Street between 18th and 19th streets numbered 1850 L Street (APN #007-0141-006,007 and 008).

CONTACT PERSONS

Lisa Bates, Director, City Community Development, 440-1316
Leslie Fritzsche, Management Analyst, Development Services, 440-1301

FOR COUNCIL MEETING OF

January 28, 2003

SUMMARY

This report recommends modification to a Development Agreement with Sotiris and Matina Family Trust for the development of multifamily housing at 18th and L streets. These modifications allow the developer to use the vacant site on the south side of L Street to secure future development financing, but requires delivery of a lien free property to the Agency if the developer has not commenced to develop additional housing units on the parcel within 5 years.

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BACKGROUND

In December 2002 the City Council and Redevelopment Agency approved lending \$4.75 million in combined Downtown Tax Increment and Housing Trust Funds for the development of a 176-unit mixed use, mixed income development at 18th and L Streets. The developer for the project is 1801 L Street Associates. Sotiris Kolokotronis is a partner in the development entity.

As part of the project agreements a parcel on the southside of L Street (Assessor Parcel Numbers 007-0141-005,006,007 and 008, numbered 1850 L Street) would be retained by the current owner, the Sotiris and Matina Kolokotronis Family Trust and used initially as surface parking to accommodate the increased unit count in the 18th & L apartments. If the Trust constructs more than 28 parking spaces on the site, the additional income generated would be utilized to reduce the Agency loan amount for the 1801 L Street Apartments.

It is Mr. Kolokotronis' plan to construct a multi-family development on the site. Council action in December 2002 required that, if the developer does not begin a housing development on the 1850 L Street site within five years of the execution of the amended OPA, the Agency would have the ability to purchase the property. The modifications recommended in this report establish that the purchase price will be for an amount equal to the "then appraised fair market value of the Property" but not more than the current fair market value of the Property as established by fair market appraisal to be made by March 23, 2003. The appraisal will be conducted by a qualified and mutually acceptable appraiser and will be fully paid for by the Trust. If the Agency elects to purchase the site the payment would be a credit to the Agency's existing loan for the 1801 L Street Apartments. If the Agency purchased the site it would be obligated to continue to provide 25 parking spaces (or as required by City Planning as a condition of approval for the 1801 L Street Apartments).

To clearly articulate the terms of the agreement for the southern parcel, Agency staff recommends the execution of the attached Development Agreement (Attachment I). This Agreement has been reviewed and executed by the owners of the property, the trustees for the Sotiris and Matina Kolokotronis Family Trust.

FINANCIAL CONSIDERATIONS

There is no financial impact as a result of the recommended execution of the Development Agreement. However, if the owner does not begin a housing development project within five years, the Agency will have the option to acquire the site for an amount equal to the "then appraised fair market value of the Property" but not more than the current fair market value of the Property as established by fair market appraisal to be made by March 23, 2003. No additional Agency funds would be required for the acquisition. Instead the purchase price will serve as a credit to reduce the Agency's existing loan for the 1801 L Street Apartments.

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POLICY CONSIDERATIONS

The actions recommended in this report are consistent with the previous approvals for the 18th and L street project.

ENVIRONMENTAL REVIEW

The proposed action is within the scope of the proposed project that has been considered in accordance with the California Environmental Quality Act (CEQA) and approved by the City. The City is the Lead Agency under CEQA, and the Agency is a Responsible Agency. The City adopted a Mitigated Negative Declaration and/or categorically exempted per CEQA Guidelines 15332, the proposed developments on the north and south sides of L Street, control numbers P98-123 and DR99-105.

M/WBE CONSIDERATIONS

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully submitted,



ANNE M. MOORE
Executive Director

Transmittal approved,



ROBERT P. THOMAS
City Manager

RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:

1801 L Street Associates
c/o SKK Development
818 19th Street
Sacramento, CA 95814
Attn: Sotiris Kolokotronis

(Space Above For Recorder's Use)

DEVELOPMENT AGREEMENT

This Agreement is entered into effective December 20, 2002, by and between the Redevelopment Agency of the City of Sacramento, a public entity ("Agency") and Sotiris K. Kolokotronis and Matina R. Kolokotronis as co-trustees of The Sotiris And Matina Kolokotronis Family Trust ("Trust").

Recitals

A. Trust acquired the real property described in Exhibit A, attached hereto, ("Property") with funds provided by Trust and funds provided by Agency.

B. In connection with this acquisition, the parties recorded a trust deed against the Property that was recorded May 10, 2000 at Book 200008-10, Page 462 of the Official Records of the Sacramento County Recorder ("Trust Deed").

C. Trust has entered in to a Parking Easement Agreement ("Parking Easement Agreement") with 1801 L Street Associates for the installation and use of off-street parking spaces on the Property.

D. Agency has reviewed the Parking Easement Agreement.

E. Trust and Agency are entering into this Agreement to provide for (1) the reconveyance of Trust Deed and (2) the conveyance of the Property to Agency in the event Trust fails to develop it within the time set forth herein.

NOW THEREFORE, the parties hereto hereby agree as follows:

1. Reconveyance of Trust Deed. On or before December 23, 2002, Agency shall reconvey the Trust Deed. Following this reconveyance, Trust shall have the right to encumber the Property without the approval or consent of the Agency.

2. Development of the Property. On or before December 31, 2007, Trust shall begin construction of the improvements described in Exhibit B, attached hereto, on the Property and shall continuously pursue such construction to completion.

3. Conveyance to Agency. If Trust fails to timely develop the Property in accordance with the provisions of section 2 of this Agreement, Agency may elect to acquire Trust's interest in the Property for an amount equal to the "then appraised fair market value of the Property" but not more than the current fair market value of the Property as established by fair market value appraisal to be made within three months of the date of this Agreement by a qualified and mutually acceptable appraiser, at Trust's cost. This amount shall be paid by crediting the payments next due on the December 23, 2002 loan from the Agency to 1801 L Street Associates. Agency shall give Trust at least 30 days prior written notice of such election. Agency shall accept the Property subject only to (i) the Parking Easement Agreement, (ii) agreements signed by the Agency, and (iii) the encroachment of a garage located on the southeasterly corner of the Property on the date of this Agreement. Trust and its principals shall cause all other encumbrances to be removed prior to conveyance of the Property to the Agency. Any dispute as to the "then appraised fair market value of the Property" shall be determined by arbitration conducted in accordance with the rules of the American Arbitration Association.

4. Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly given and received (i) on the date of delivery, if delivered personally to the party to whom notice is given, or if made by telecopy directed to the party to whom notice is to be given at the telecopy number listed below, or (ii) at the earlier of actual receipt or the second business day following deposit in the United States mail, postage prepaid. Notices and other communications shall be directed to the parties at the addresses shown below. A party may

change its person designated to receive notice, its telecopy number, or its address from time to time by giving notice to the other party in accordance with the procedures set forth in this Section.

To Trust at: The Sotiris And Matina Kolokotronis Family Trust
 c/o Sotiris Kolokotronis
 818 19th Street, Suite 200
 Sacramento CA 95814
 Telecopy Number: _____

To Agency at: Redevelopment Agency of the City of Sacramento
 P.O. Box
 Sacramento, CA 95814
 Attn: _____
 Telecopy Number: _____

5. Attorney Fees. If any legal action or any arbitration or other proceeding is brought for the enforcement or interpretation of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs in connection with that action or proceeding, in addition to any other relief to which it or they may be entitled. The term "prevailing party" shall include without limitation:

(a) a party who dismisses an action in exchange for sums allegedly due;

(b) a party who receives performance from the other party for an alleged breach of covenant or who receives a desired remedy that is substantially equal to the relief sought in an action; or

(c) a party determined to be the prevailing party by a court of law.

6. Estoppel Certificate. Upon fifteen (15) days' prior notice from Trust, Agency shall execute, acknowledge, and deliver to Trust a certificate certifying: (a) that this Agreement is unmodified and in full force or, if there have been modifications, that this Agreement is in full force, as modified, together with the date and nature of each modification, (b) that no default of Trust is claimed by Agency, except defaults specified in the certificate, and (c) other matters as may be reasonably requested by Trust. Any such certificate may be relied on by prospective purchasers, mortgagees, or

beneficiaries under any deed of trust on the Property or any part of it.

7. Entire Agreement. This Agreement shall constitute the entire agreement of the parties regarding the Property, and may be modified only by a writing signed by the parties.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date hereinabove set forth.

The Sotiris And Matina Kolokotronis Family Trust

By: _____
Sotiris K. Kolokotronis,
Co-Trustee, and for himself

By: _____
Matina R. Kolokotronis,
Co-Trustee, and for herself

Redevelopment Agency of the City of Sacramento

By: _____
_____,

By: _____
_____,

(ADD NOTORIZATION FORMS)

EXHIBIT "A"

LEGAL DESCRIPTION OF TRUST PROPERTY

The Real property in the City of Sacramento, County of Sacramento, State of California, described as follows:

PARCEL ONE:

The West 60 feet of Lot 2, in the Block bounded by "L" and "M", 18th and 19th Streets, of the City of Sacramento, according to the official map or plan thereof.

PARCEL TWO:

The East 20 feet of Lot 2, in the Block bounded by "L" and "M", 18th and 19th Streets, of the City of Sacramento, according to the official map or plan thereof.

PARCEL THREE:

The West ½ of Lot 3 in the Block bounded by 18th and 19th Streets, "L" and "M" of the City of Sacramento, according to the official map or plan thereof.

PARCEL FOUR:

The East ½ of Lot 3 in the Block bounded by "L" and "M", 18th and 19th Streets of the City of Sacramento, according to the map or plan thereof.

APN: 007-0141-005-0000 and 007-0141-006-0000 and 007-0141-007-0000 and 007-0141-008-0000.

EXHIBIT "B"

DESCRIPTION OF IMPROVEMENTS

The improvements will be a residential development project which contains a minimum of twelve residential units along with on-site parking sufficient to meet City requirements for these newly-developed units as well as the 25 off-site spaces required for the 1801 L Street Apartments.

APPROVED
JAN 30 2003
OFFICE OF THE
CITY CLERK

RESOLUTION NO. ^{RA} 2003-010
ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ON DATE OF

**18TH AND L STREET MIXED USE PROJECT
DEVELOPMENT AGREEMENT FOR SOUTH OF L STREET PARCEL**

WHEREAS, the Agency and 18th and L Street Associates, L.P., have entered into an Amended and Restated Owner Participation Agreement (“Amended OPA”) regarding development of the property described therein (“Project”), including the property commonly known as 1850 L Street;

WHEREAS, the property at 1850 L Street is owned by Sotiris and Matina Kolokotronis Family Trust, Sotiris Kolokotronis being a principal of 18th & L Street Associates, L.P., and whereas the 18th & L Street Associates, L.P., and the Sotiris and Matina Kolokotronis Family Trust desire that said property be included in the Project.

WHEREAS, the Agency and the Sotiris and Matina Kolokotronis Family Trust desire to enter into a “Development Agreement” to assure that said property is included in the Project in accordance with the Amended OPA, a copy of which Development Agreement is attached to the staff report that accompanies this resolution and is on file with the Agency Clerk, ;

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1: The Development Agreement is approved and the Executive Director is authorized to execute the Development Agreement.

CHAIR

ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____