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PUBLIC FINANCE CONFERENCE



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SUSTAINABLE
GROWTH

L.A. LIVE
2013
LOS ANGELES, CA





THE ROAD TO STABILITY

Redevelopment Agency Dissolution: A One-Time Opportunity to Strategically Invest in California Real Estate

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- Doug Praw, Goodwin Procter LLP
- Stephen Heaney, STIFEL



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The Disposition of former Redevelopment Agencies

- **RDA dissolution presents a one-time opportunity to acquire strategic redevelopment properties**
 - ~3,000 properties will be placed on market by cities in late-2013/2014
 - Properties located in primary urban & suburban markets statewide
 - Property Dissolution process heating up; ~249 PMPs will be approved by Spring 2014
- **California's RDA dissolution process requires every former RDA to liquidate all properties starting Q3 2013**
 - 427 Redevelopment Agencies (RDAs) terminated on February 1, 2012 (per AB 1484)
 - Cities required per dissolution process, to sell properties starting in Q4 2014 and redistribute \$\$ to other Taxing Agencies (including host city)
- **Cities will prefer buyers with proven redevelopment track record, understanding of community goals and established municipal relationships**
- **DOF & Taxing Agencies (Oversight Board) will typically want the highest price**



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RDA Dissolution: What is the Property Management Plan (PMP) Process?

AB 1484 requires property sales to begin approximately Q3 2013:



In Dec. 2012: All former RDAs, now Successor Agencies (SA) or DLAs submitted final Due Diligence Review (accounting of RDA assets)

BY Q2 '13: SA's finalize cash "true-up" payment to State

Q2 2013: If "true-up" payment is accepted, the State Dept. of Finance (DOF) issues **Finding of Completion (FOC)**

Q3-Q4 2013: PMPs are due within 6 months of receiving FOC
All cities (acting as SAs/DLAs) are required to submit Property Management Plan (PMP) to DOF describing properties to be sold

Property Sales

2014: DOF will approve ~400 PMPs
SAs are required to sell thousands of properties!
Sale \$\$ goes to Other Taxing Agencies with portion of annual property tax to City (~4% to 25%)



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DEPARTMENT OF FINANCE PROPERTY MANAGEMENT PLAN SCORECARD

STATUS: 427 Successor Agencies (as of 9/1/2013):

PMP*
STOP
LIGHT

WHO'S ON FIRST?

WHAT'S UP NEXT!



178 Waiting for FOC* (incl. ~ 120 lawsuits filed)

Stopped at a red light - progress stymied

249 FOCs released between Feb. & Aug. 2013

Stuck in the middle - received FOC & working on PMP

6 Approved PMPs

Moving forward - executing PMP (property sales/other)

*FOC = Finding of Completion, PMP = Property Management Plan



CONTACT US FOR MORE INFO ON PMPs / PROPERTY SALES

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Leading Experts in AB 1484 Compliance & PMPs

CA Licensed Broker #01770128



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PMPs = Back Door to Economic Development

Some real estate properties are ripe for tax and job creation

- Properties intended for future development as stated in prior RDA plan (sect. 34191.5) may be transferred to the city
- Properties that must be sold might be structured as installment sales or sale deferred until re-zoned/entitled to achieve FMV
- Rules of engagement still being played out

Former RDA real estate can be foundation for a City's next economic development projects

Transactional Guide to Property Management Plans

- Step 1: Finding of Completion**
- Submit True-up Payments and DDRs
 - Achieve DOF approval
 - Receive Finding of Completion

Step 2: Community Redevelopment Property Trust Fund

- Establish repository for former RDA properties [§34191.5(a)]

Step 3: Long Range Property Management Plan

- PMP due within 6 months after receiving FOC
- Must have PMP approved by DOF by January 1, 2015 or properties shall be disposed as directed by OB [§34191.3]

Step 4: Implement PMP Strategy

- \$ July True Up Payment
- \$ LMIHF DDR
- \$ All Other Funds & Accounts DDR
- \$ Final True Up

Finding of Completion

Properties that may be Transferred to the City/County
(requires OB and DOF approval [§34181(f)])



Government Purpose

- Roads, schools, police and fire stations, libraries, parks, Gov't offices [§34181 (a)]



Enforceable Obligation

- Property may be sold or retained for purposes of fulfilling an enforceable obligation [§34191.5(c)(2)]



Future Development

- Property is identified in approved redevelopment plan [§34191.5(c)(2)(A)]

Properties the Successor Agency Must Sell
(Pursuant to OB and DOF approved PMP)

"A" Properties:

- Strategic properties for economic development
- Entitlement conditions/status a factor
- Highest & Best Use vs. Price

"B" Properties:

- Properties with encumbrances, COAs, need zoning
- Market & zoning/COAs will impact value & terms of sale

"C" Properties:

- Less saleable properties: easements, remnant parcels, covenants, air space rights, transferable FARs
- Specialized campaign or approach to disposition e.g. adjacent owners, unique conditions

Pre-2011 Bonds and Other Debt

- Bond proceeds in excess of amounts needed to satisfy enforceable obligations shall be expended in a manner consistent with the original bond covenants [§34191.4(c)(2)(A)]
- Use unspent proceeds for government use or "project" properties cities can keep or sell

Transactional Tools for Economic Development without Redevelopment

- \$ Post-2011 bonds /debt to support econ dev.; pending legislation/DOF appeals
- \$ Lease/Leasebacks/Utility Bonds
- \$ Infrastructure Financing Districts (IFDs)
- \$ Lease Revenue Bonds/Parking Authorities
- \$ Special assessment districts (CFDs, BIDs)
- \$ Site Specific Tax Revenue (SSTR) projects
- \$ Loans between former RDA & City allowed on ROPS as Enf. Oblig. if OB finds loan is for legitimate RDA purposes [§34191.4 (b) (1)]



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AB 1484: Property Management Plans (“PMPs”)

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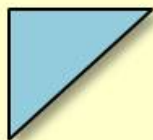
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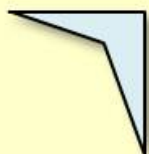
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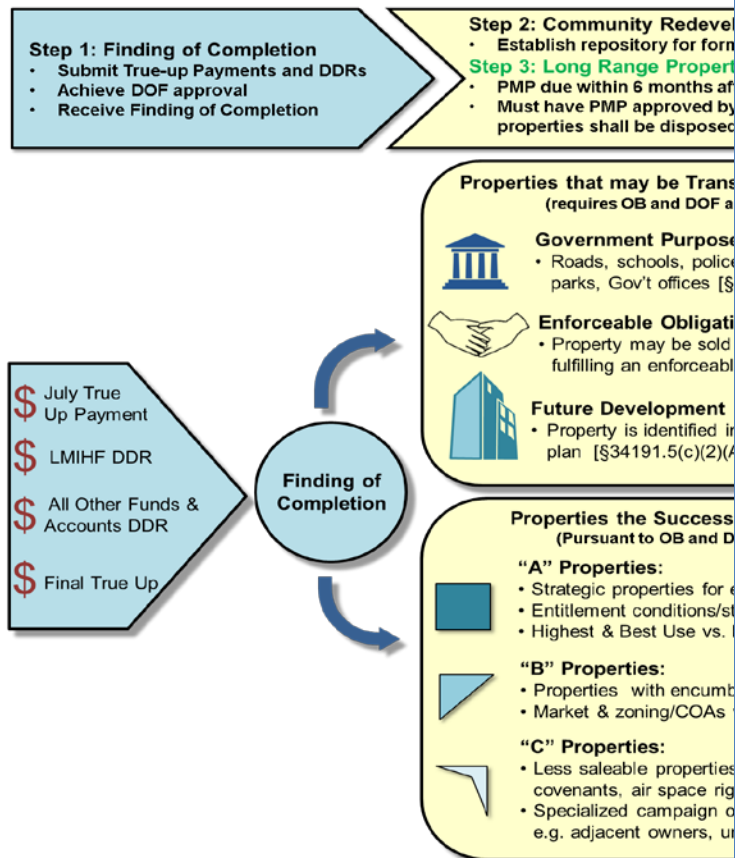
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Transactional Guide to PMPs



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Example Property Database: Anaheim

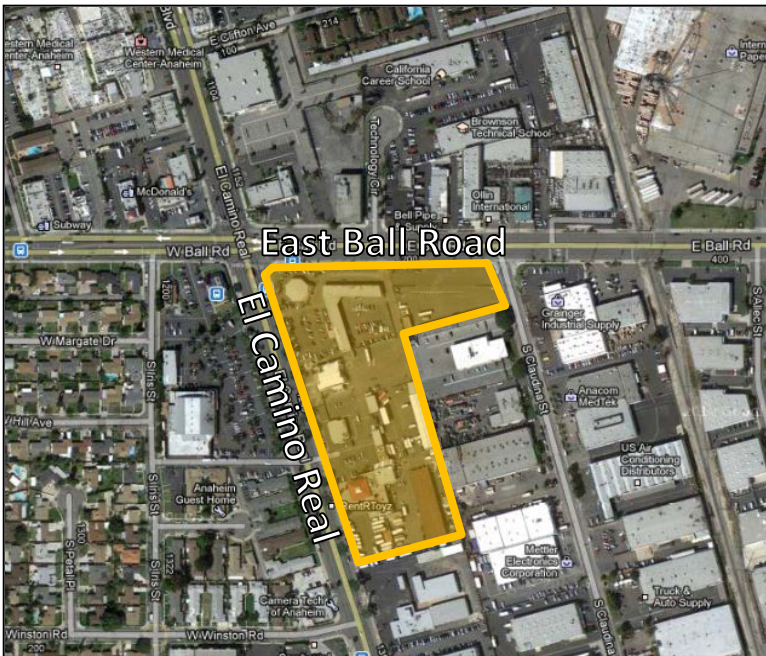
City	County	CA Region	Address	Lot Size	Zoning	Misc. Notes
Anaheim	Orange	Southern	no situs	9.18	Industrial	5 Parcels
Anaheim	Orange	Southern	1234 S Anaheim Blvd	8.62	Industrial	6 Parcels
Anaheim	Orange	Southern	no situs	3.86	Gen Comm	4 Parcels
Anaheim	Orange	Southern	no situs	3.33	Gen Comm	1 Parcels
Anaheim	Orange	Southern	Kroger Melrose Water Streets	2.72	Multiple Family, Residential 3	1 Parcels
Anaheim	Orange	Southern	Center Street Promenade	2.54	Gen Comm	4 Parcels
Anaheim	Orange	Southern	155 W. Broadway 7 290 S. Lemon	2.47	Gen comm	1 Parcels
Anaheim	Orange	Southern	454 S. Anaheim	2.4	Industrial	5 Parcels
Anaheim	Orange	Southern	411 W Broadway	2.4	Low Intensity Office	1 Parcels
Anaheim	Orange	Southern	947 S Anaheim Blvd	2.22	General Comm	1 Parcels
Anaheim	Orange	Southern	1621 W Lincoln	10.97	Gen Comm	2 Parcels
Anaheim	Orange	Southern	100 S Atchison St	1.66	Specific Plan 90-2	5 Parcels
Anaheim	Orange	Southern	no situs	1.5	Gen Comm	1 Parcels
Anaheim	Orange	Southern	108 S Manchester	1.36	Gen Comm	6 Parcels
Anaheim	Orange	Southern	2560 E Center St	1.2	Gen Comm	1 Parcels
Anaheim	Orange	Southern	no situs	1.17	Gen Comm	1 Parcels
Anaheim	Orange	Southern	290 S Anaheim	1.16	Low Intensity Office	1 Parcels
Anaheim	Orange	Southern	235 Center St	1.09	Gen Comm	1 Parcels
Anaheim	Orange	Southern	131 Chestnut	1.09	Gen Comm	2 Parcels
Anaheim	Orange	Southern	295 W Center Street Promenade	1.09	Gen Comm	1 Parcels
Anaheim	Orange	Southern	212 S Atchison	1.07	Specific Plan 90-2	2 Parcels
Anaheim	Orange	Southern	no situs	0.98	Gen Comm	1 Parcels
Anaheim	Orange	Southern	290 S Clementine St	0.93	Gen Comm	1 Parcels
Anaheim	Orange	Southern	1041 N Grove St	0.93	Specific Plan 94-1	1 Parcels
Anaheim	Orange	Southern	155 W Broadway & 290 S Lemon St	0.91	Gen Comm	1 Parcels
Anaheim	Orange	Southern	1075 w Lincoln	0.89	Gen Comm	4 Parcels
Anaheim	Orange	Southern	Colony Park Park	0.88	Multiple Family, Residential 3	2 Parcels
Anaheim	Orange	Southern	517 S Claudina St	0.84	Industrial	1 Parcels
Anaheim	Orange	Southern	1858 S Anaheim Way	0.6	Industrial	1 Parcels
Anaheim	Orange	Southern	415 S Claudine Street	0.35	Industrial	1 Parcels



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Example Case Study:

1234 South Anaheim Blvd, Anaheim, CA



Reuse Play

- City likely to support retail or hotel use

Entitlement / Development Observations

- Mitigated Neg. Dec. possible, but may require full CEQA review
- Good location / frontage on Ball Road

Complexity

- Low

Project Timeline

- Estimated one year (depending on CEQA process)

Public Financing (?)

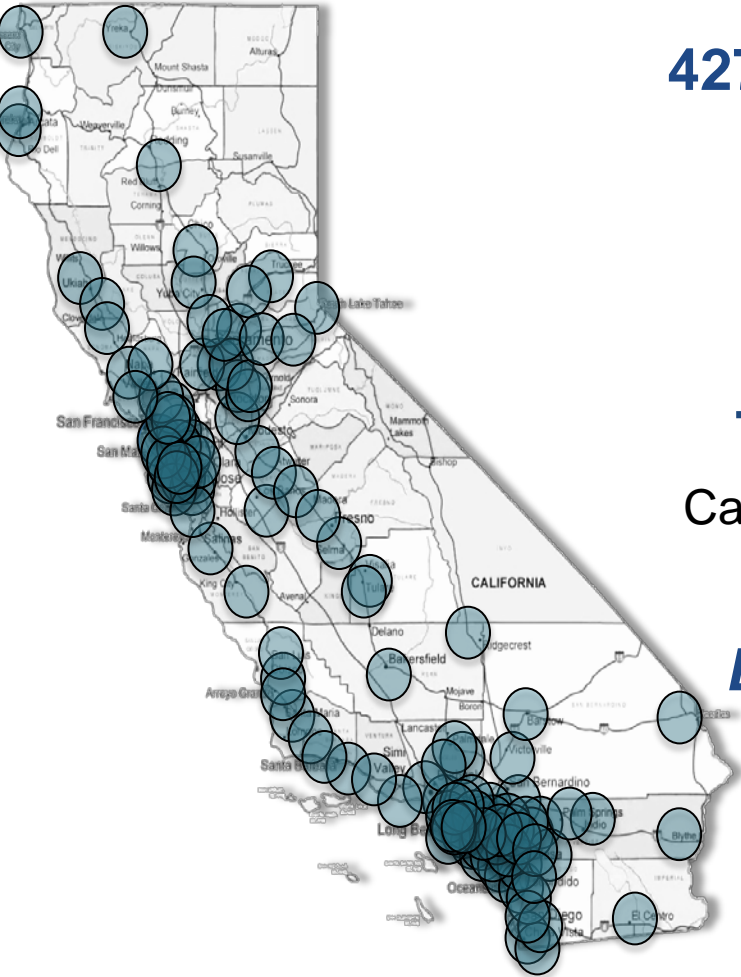
- Possible SSTR for Hotel or Retail deal
- Potential CFD for Infrastructure
- Remediation Grants/Loans

Property Description	E. Ball Rd and S. Anaheim Blvd
City	Anaheim
Address	1234 S. Anaheim Blvd
Size	8.62 acres
Zoning	Industrial
General Plan Designation	Commercial
Current Use	Auto-dealership & misc bldgs



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California RDA Dissolution – Key Takeaways



427 former Agencies must complete PMPs by Q3 2013

~Over 3,000 former RDA properties must be disposed of starting in Q1 2014

Thousands of sizable properties located in California's **primary urban & suburban** markets

Economic development can materialize by strategically managing the tasks and assets in the Property Management Plan

Can provide **quality deal flow** for for **next 2 to 4 years**