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December 3, 2021

Planning Division

Brian Halvorson
Planning Manager
City of Lompoc
100 Civic Center Plaza
Lompoc, CA 93436

Via Email to: b_halvorson@ci.lompoc.ca.us

Re: 1420 E. Ocean Ave., Lompoc, CA

Dear Brian,

We are the owners and developers of the 60-unit Cypress Court senior affordable housing project located at 125 South 7th Street in Lompoc. At the time we developed this successful tax qualified housing project, the conditions of approval for the project required us to construct a 12,000 sf. commercial building on the site at the above Ocean Ave. address. Additionally, it was required that the first floor of this building of approximately 6,000 sf. would be restricted to commercial tenants that were sales-tax generating uses. This condition almost exclusively restricts the tenant uses to retailers.

As a result of this restriction and others, the building has remained vacant since its construction a decade ago, although at all times it has been diligently, professionally marketed by an area commercial real estate broker. As has been expressed to us by our marketing team, and is additionally my experience as the owner and asset manager of commercial and retail buildings across the western United States for the past 25 years, this building is undesirable to retailers who require excellent visibility from adequate traffic counts as it is buried on the site and invisible from traffic. It is far too risky for retailers to lease space that doesn't have adequate visibility or alternatively an anchor store or stores on site to generate traffic for them.

What interest there has been over the years has been from office users, and particularly medical office users, and buyers who have these uses identified and consider purchasing and stabilizing the project. Ultimately, the challenge of attracting retail tenants to the ground floor because of the sales-tax restriction, and the challenge created by parking count requirements for medical office uses, creates too much risk for purchasers. Though contracts have been few, we did have the building fall out of escrow earlier this year from a buyer who was a general contractor in a 1031 exchange – a buyer ideally suited to take on this project, because of the challenges expressed above. Until the conditions for the property change, we expect to see more of the same.

We are appreciative of your willingness to consider eliminating the sales-tax generating restriction for this property, and are hopeful that we can continue to work to make this building a viable and successful commercial project in the city and our neighborhood. I am always happy to discuss the project and can be reached on my direct line at 208.908.4886.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. McAllister', with a long horizontal flourish extending to the right.

Mark D. McAllister
Commercial Asset Manager