

SUCCESSOR AGENCY TO THE DISSOLVED
LOMPOC REDEVELOPMENT AGENCY

**SECOND REVISED
LONG-RANGE
PROPERTY MANAGEMENT PLAN**



100 Civic Center Plaza
Lompoc, CA 93436

**Successor Agency to the Dissolved
Lompoc Redevelopment Agency
100 Civic Center Plaza
Lompoc, CA 93436**

**SECOND REVISED
Long-Range Property Management Plan**
Pursuant to Health and Safety Code Section 34191.5

This plan supersedes in its entirety the previous City of Lompoc's Successor Agency Long-Range Property Management Plan, submitted to the State of California's Department of Finance (DOF)-Redevelopment Administration Division on September 26, 2013, and revised on February 27, 2015.

BACKGROUND AND PURPOSE OF PLAN

On June 27, 2012, Governor Brown signed into law Assembly Bill 1484 (AB 1484). This bill made changes to the Redevelopment Agency dissolution process implemented by Assembly Bill 1X 26 (AB1X26). One of the key components of AB 1484 is the requirement that all successor agencies develop a Long-Range Property Management Plan (Plan) that governs the disposition and use of the former Redevelopment Agency property.

The former Lompoc Redevelopment Agency (Agency) was dissolved on February 1, 2012; all real property owned by the Agency was transferred to the Successor Agency (SA) on that date by operation of law. All housing property was transferred to the City of Lompoc as the Successor Housing Agency to the dissolved Agency by Resolution No. 5762(12), and was further approved by both the Oversight Board (August 20, 2012 by Resolution No. OB 08(12)) and the DOF via letter dated August 30, 2012, according to Health and Safety Code (HSC) subsection 34176(a)(2).

On June 7, 2013, the SA received a notice of completion from the DOF and had six months in which to submit to DOF a Plan approved by its Oversight Board.

On July 18, 2014, the Governor signed into law Assembly Bill 1963 (AB 1963), which extended the deadline by which the DOF must approve the SA's Plan. The law provides that the forced property sale provisions set forth in HSC subsections 34177(e) and 34181(a) are suspended until the DOF approves a Plan, but that the requirements are reinstated if a Plan is not approved by January 1, 2016. The original deadline was January 1, 2015.

The SA introduced the initial draft Plan for review by the Oversight Board on August 26, 2013, at a regularly scheduled meeting, and took public comment. On September 16, 2013, the Plan was adopted by the SA Oversight Board by Resolution No. OB 12(13). The Plan was submitted to the DOF for final approval on September 26, 2013. On February 19, 2014, the DOF notified the SA that after the first level review of the Plan, the proposed use of certain properties used as public parking lots would need to be amended in order for the parking lots to be transferred to the City. This Plan has been amended and supporting research and documentation was provided to support the transfer.

The Revised Plan was approved by the Oversight Board on January 23, 2015, at a regularly scheduled meeting. The revised Plan was submitted to the DOF for final approval on January 30, 2015. On February 27, 2015, the DOF notified the SA that the Revised Plan was approved.

Subsequently, the dissolution law was amended to allow public parking lots that do not produce revenues in excess of reasonable maintenance costs to be transferred to cities as governmental use properties. The amendment also provides for amendment of long range property management plans to reflect this change. (HSC subsections 34181(a)(1) & (2), 34191.3(b) & (c), adopted in Statutes, Chapter 325, 2015-2016 Legislative Session.) This Second Revised Plan implements the change allowed by those statutes.

This Second Revised Plan includes the SA and City’s financial interest in the following real properties:

SA Owned Real Property

<u>Property Name:</u>	<u>Address:</u>	<u>APN(s):</u>
Parking Lots	200-216 West Ocean Avenue	091-103-02, 03, 04, 05, 20
(Agency Owned)	130 & 134 South “J” Street	091-103-11, 12
	221 West Cypress Avenue	091-103-10
	127 & 137 South “I” Street	091-103-08, 09
	117 West Cypress Avenue	085-161-018
	128 & 132 South “I” Street	085-161-019, 20

SA Financial Interest in Real Property Secured by Deeds of Trust (DOT)

Lompoc Theater 112-122 North “H” Street 085-122-16 & 21
 (Owner: Lompoc Housing Community Development Corporation (LHCDC))
 Agency loan secured by DOT dated 6/20/2007 in the amount of \$700,000.

Sanchez Properties 801-813 West Laurel Avenue 089-213-13,14,15, 26
 (Owner: Sanchez Properties, LLC)
 Agency loan secured by DOT dated 12/12/2013 in the amount of \$150,000.

Once the DOF notifies the SA of approval, this Second Revised Plan will go into effect and SA properties will be disposed of per this Plan, in accordance with procedures and requirements of AB 1484.

In accordance with HSC subsection 34191.5(c), the following sections of this Plan consist of an inventory of specified information related to the property, and the proposed plan for disposition of the property.

SUCCESSOR AGENCY PROPERTY DESCRIPTION

SA Owned Real Property

The SA currently owns 13 individual parcels that make up the approximately 105,000 square-feet of public parking located in the City of Lompoc's Old Town. Parcels 091-103-02 through -05 and -20 consist of five (5) individual lots fronting West Ocean Avenue, which total approximately 42,000 square-feet. The second parking lot area is located on both sides of I Street, east of J Street, and north of Cypress Avenue. There are three (3) individual lots fronting J Street; two (2) lots fronting Cypress Avenue; two (2) lots on the west side of I Street, of which one lot is only partially paved (highlighted in the picture below); and three (3) lots on the east side of I Street. The total parking area consists of 63,000 square-feet. The property addresses are listed below, and will be described in greater detail in the "Inventory Section." Each property address is shown in the map that follows:

Parking Lots	200-216 West Ocean Avenue	091-103-02, 03, 04, 05, 20
<i>(Agency Owned)</i>	130 & 134 South "J" Street	091-103-11, 12
	221 West Cypress Avenue	091-103-10
	127 & 137 South "I" Street	091-103-08, 09
	117 West Cypress Avenue	085-161-018
	128 & 132 South "I" Street	085-161-019, 20



SA Financial Interest in Real Property Secured by DOT

The SA has financial interest in other real property as outlined below. The property securing the DOT will be discussed throughout this report and are described as follows:

Lompoc Theater 112-122 North "H" Street 085-122-16 & 21
 (Owner: LHCDC)
 Agency loan secured by DOT dated 6/20/2007 in the amount of \$700,000.

Sanchez Properties 801-813 West Laurel Avenue 089-213-13,14,15,26
 (Owner: Sanchez Properties, LLC)
 Agency loan secured by DOT dated 12/12/2013 in the amount of \$150,000.

PROPERTY HISTORY

Parking Lots

On November 7, 1984, the City of Lompoc (City) and the Agency adopted and approved (Resolution No. 84-23) the Redevelopment Enabling Plan Project (Project) and certified the final Environmental Impact Report for the Old Town District.

The purpose of the Project was to provide the needed revitalization of commercial land uses in downtown Lompoc. Among the Project's objectives was the removal of economic impediments to land assembly and in-fill developments, to provide for the reconstruction, replacement and/or repair of various public facilities, including streets, sidewalks, curbs and gutters, lighting, and sewer and water facilities, in order to encourage in-fill development activities. The Project also included the removal of blighted conditions, which were present in the area, by purchasing property that could provide for public parking as an economic stimulus to businesses in the downtown district, as well as encourage investment in the Project area by the private sector. The Project further authorized the Agency to apply for federal and other grants for financial assistance to carry out the Project's objectives.

The City applied for, and was awarded, a not to exceed \$1.1 million matching fund grant from the Economic Development Administration (EDA) of the United States Department of Commerce to assist with funding for the development of the Old Town Parking Facilities. The City and Agency entered into an Agreement on February 20, 1986, for the Agency to administer and implement the EDA grant on the City's behalf. The EDA grant's purpose was to aid in construction of parking facilities in the Old Downtown Redevelopment area in the City. The implementation of the grant included, but was not limited to, land acquisition, relocation services, and contracting for consulting, design and construction of the parking facilities project.

Additional match funding for the EDA grant included approximately \$656,406 in funding from the City's Community Development Block Grant (CDBG) in Fiscal Year (FY) 1985-86 and FY 1986-87 as represented in Resolution No. 3473(85) (Project B-85-MC-06-0543). This information is better identified under Property Use and Disposition. Other match share was provided by the City with in-kind services, which were un-capitalized. (Examples include staff time, City resources, preliminary ground work and negotiations, planning, engineering, etc.)

On October 7, 1993, Ordinance No. 1388(93) was adopted, establishing a Downtown Overlay District relating to parking and loading standards. The ordinance was put into effect as an economic stimulus effort utilizing the existence of the public parking provided by the Agency in the Old Town District. The Downtown Overlay District amends parking requirements for commercial development to zero, providing parking is available in City/Agency-owned public parking facilities.

Should the public parking spaces provided by the Agency decrease or be unavailable for public use, it would cause substantial economic distress to downtown merchants and businesses that would be required to provide off-street parking, which may further restrict or discourage in-fill development and new businesses to the area. The City anticipates transferring these parcels to the City to be maintained as public parking lots for the foreseeable future.

Deeds of Trust

Lompoc Theater:

Lompoc Housing and Community Development Corporation (LHCDC), a local non-profit corporation, secured a loan totaling \$700,000 with a DOT on property commonly known as the Lompoc Theater. The Agency loan was made to LHCDC in two increments as outlined below:

- On April 17, 2006, the initial \$250,000 Agency loan disbursement was made to LHCDC to assist with the acquisition of the property. Acquisition financing also included a \$225,000 loan from the City's CDBG program. The terms of the Agency loan included 0% interest, deferred loan payments, and repayment only upon an unauthorized sale or transfer.
- On June 20, 2007, the Agency loan agreement was amended to increase the authorized loan amount by \$450,000 to a total of \$700,000 with the same terms of the original note. The \$450,000 was disbursed directly to vendors for predevelopment work necessary to bring the project to the construction stage. A revised DOT was recorded against the property in the amount of \$700,000.

Sanchez Properties, LLC:

Sanchez Properties, LLC, secured two separate loans each for \$75,000 with a DOT for the purpose of façade and interior rehabilitation to the La Chiquita Shopping Plaza (the Plaza). The Plaza was in need of extensive rehabilitation work. In order to address the extensive rehabilitation, the first loan was initiated on February 15, 2005, including terms of 0% interest and deferred payments for five years. On February 15, 2010, when the loan became due, the borrowers requested a conversion with terms including a ten-year amortized loan at 5% interest. This conversion was an option in the loan agreement from the original façade program.

On January 9, 2006, Sanchez Properties, LLC, borrowed an additional \$75,000 to complete the façade work and undertake rehabilitation on the interior of a market and other businesses they operated within the Plaza. The borrowers made monthly interest only payments calculated at 3% interest for the first five years of the loan. In year six, the loan was to amortize at 3% interest for the remaining five-year term.

The Agency stopped receiving payments from Sanchez Properties, LLC, in 2011. After several months without payments, the borrowers filed Chapter 11 to restructure their debt. On December 5, 2013, the court issued an Order Confirming Debtor's Third (and final) Amended Plan of Reorganization which was filed and recorded on December 12, 2013. The SA and the property owners entered into a new loan agreement as of December 12, 2013, by Bankruptcy Court mandate, to convert the two loans into the current \$150,000 loan at 3% interest with monthly payments of \$1,448.41 with a ten-year amortization period. The SA began receiving monthly loan payments in February 2014 and has been deducting the monthly loan payments from the Redevelopment Property Tax Trust Fund

(RPTTF) disbursement for the six month periods beginning with the 14-15B Recognized Obligation Payment Schedule (ROPS) thereby passing through the funds to the taxing entities.

HISTORY OF PREVIOUS DEVELOPMENT PROPOSALS

Parking Lots

There have been several documented development proposals made over the last 25 years to develop near or on the downtown public parking lots. Many of these proposals occurred between 1984 and 1987, and consisted of hotel proposals. The first proposal came in 1984 from Viking Enterprises, which proposed a large hotel that would utilize the Ocean Avenue properties and required that the City provide a parking facility for the hotel project. Several other serious hotel proposals were received from a couple of different developers between 1984 and 1987 interested in building a Holiday Inn on or near the Ocean Avenue site. The most recent proposal was received in 2008 and proposed a three-story hotel. However, none of the proposed developments proceeded to construction.

The Old Town Parking Facility construction project (FY86-M-3-EDA Project/07-01-02864) was completed in July 1987, and a Notice of Completion approved on July 21, 1987, at a regularly scheduled meeting of the Agency.

The current SA lots provide public parking for downtown, parking for Amtrak service, Breeze service to Vandenberg Air Force Base and Santa Maria, Wine Country Express service to Buellton and Solvang, as well as the Clean Air Express service for commuters to Goleta and Santa Barbara. Parking in these lots is provided at no charge.

Deeds of Trust

Lompoc Theater:

There have been several failed attempts by different organizations to revitalize the Lompoc Theater historical building in the heart of Lompoc's Old Town. LHCDC had accomplished the preliminary work necessary to bring the Theater into use with the assistance of the Agency and the City. LHCDC planned to expand the use of the existing structure to accommodate additional usages and rental opportunities, by adding to the footprint of the building, and the addition of a balcony to increase house capacity. LHCDC's declining financial situation and lack of audited financial statements made it impossible for them to obtain the necessary funding needed to begin construction on the project. The Theater has since become infested with birds, due to the roof failure which has lead to major water intrusion, mold, and dilapidation of the interior of the building. Steps to stabilize the building need to be taken soon if this building is to be saved. A new non-profit group has formed with the sole purpose of saving the Lompoc Theater and putting it back into use. LHCDC has agreed to transfer their ownership in the building to

the new non-profit group, if the DOF allows the Agency to reconvey its DOT to LHCDC for a nominal amount.

Sanchez Properties, LLC:

The commercial plaza securing the loan to Sanchez Properties, LLC, is privately owned. The borrowers are making monthly payments on the \$150,000 loan which is amortized over ten years. Loan and payment terms are as mandated by the Bankruptcy Court. Loan repayments are recognized every six months on the SA ROPS thereby passing through the repayments to taxing entities. Approximately \$8,690 is collected every six-month period to be distributed to the taxing entities.

ESTIMATE OF CURRENT PARCEL VALUE

Parking Lots

It is difficult to determine the current value of the public parking lots identified in the property inventory matrix. Although an appraisal of the property was obtained in 2008, and is based on sales comparables of vacant land, the zoning is Old Town Commercial (OTC) and the use is public parking. Changing the use from public parking to OTC commercial development would require Planning Commission and City Council approval. The appraisal of the property was at its highest and best use, which is considered to be commercial development. Had the property appraisal used the existing use of public parking, the valuation is likely to have been much lower. Total appraised value of all parcels in the 2008 Appraisal was \$2,751,000 which has been adjusted to \$2,500,659. See page 9 regarding the methodology used to obtain the adjusted value.

The underlying parcels making up the parking lots were originally assembled to provide an economic development opportunity on the site by providing parking for a new development. The Agency is requesting that the parcels be transferred to the City to remain public parking lots for the foreseeable future.

Deeds of Trust

Lompoc Theater:

The most current appraisal conducted of the Lompoc Theater property dated September 18, 2014, reflects a negative value of \$-100,000. The appraised value at the time of the acquisition of the property was \$875,000. Due to the general economic decline of the area and the decline in the condition of building which is severely dilapidated, the property now has a negative value. The appraisal concludes that the land value is appraised at \$700,000 if it were vacant and unimproved; however, the demolition and removal cost of the building is estimated at approximately \$800,000 which values the property at a negative net value of \$-100,000. If the Agency or taxing entities were to take possession of the property in its current state, then it would actually cost them money to dispose of

the property. In the context of the Lompoc community, the theatre business is not one of great profitability. A non-profit agency with access to fundraising and grant opportunities would be the only type of agency interested in developing the Lompoc Theater. Obtaining traditional financing with an appraisal that reflects a negative valuation would be impossible in the market where the Lompoc Theater is located. In addition, the City of Lompoc would be required to repay the Department of Housing and Urban Development (HUD) the \$225,000 CDBG funds utilized for the acquisition of the property. Repayment of CDBG funds would further burden the City if the DOT is not reconveyed to allow the new non-profit to take title of the property and complete the Theatre Project. An additional consideration to the value of the property is the property taxes currently in arrears, which are estimated to be approximately \$56,200. The unpaid property taxes further devalue the property. The new theater non-profit is prepared to bring the property taxes current as part of the transfer agreement.

Sanchez Properties, LLC:

The assessed value of the Plaza property is approximately \$1,118,090. The payment terms of the \$150,000 loan are mandated by the Bankruptcy Court with terms including full amortized payments over 10 years. It is likely that the properties secured by a DOT are heavily leveraged due to the restructuring of Sanchez Properties' debt which is senior to the Agency's DOT.

DATE OF ESTIMATED VALUE

Parking Lots

Valuation is based on the last appraisal available to the SA, which is July 2008, and adjusted by the percentage of growth/loss in the City's overall property value since 2008. It should be noted that in 2008, the market was still over-inflated and by the end of 2008, the land value had begun its steady decline over the next two to three years. Although the housing market has begun to rebound this year, Lompoc's commercial property has not seen the same rebound and in-fill development in Old Town and has not rebounded. The valuation from 2008 is adjusted by the average decrease of property values over the last five years, which is a reduction of approximately 9.1% in valuation, according to the Santa Barbara County Tax Assessors Office. Based on this information, the date of the estimated value is as of June 30, 2013, and as stated above with the 9.1% reduction valuation since 2008 the estimated total value of the parcels is \$2,500,659.

Deeds of Trust

Lompoc Theater:

The City obtained a current appraisal due to the dilapidated condition of the site. The appraisal was valued at net \$-100,000 as of August 9, 2014.

Sanchez Properties, LLC:

The valuation of \$1,118,000 listed above in the current value section is based solely on the County of Santa Barbara's Recorder and Assessor's office and was obtained on November 18, 2014, for FY 2014-15.

PROPERTY USE AND DISPOSITION

Parking Lots

The SA submits this Plan per HSC subsection 34191.5(c) requirements, and determines that the parking lot properties included in the Plan should be transferred to the City of Lompoc as governmental use properties pursuant to HSC subsections 34181(a)(1) & (2) and 34191.2(b) & (c). This request is based on the following facts:

- The funding utilized for the acquisition of the downtown parking lots were from federal funding sources, **not** derived from property tax-increment through the Redevelopment Agency. The first tax-increment monies received by the Agency in 1987 were approximately \$25,000 and were not sufficient to contribute to this project in any significant way. The EDA grant contribution was \$1,067,684 and an additional \$656,406 was provided in CDBG funding by the City. The remainder of the funding was derived from a City loan of \$93,891 to the Agency.
- Old Town Commercial Parking was created as an economic driver for downtown development and parking which customers and merchants use. The transfer of this property to the City as governmental use property to be used for public parking for the foreseeable future will allow the intended use of the parcels to be realized.

Deeds of Trust

Lompoc Theater:

The SA proposes to reconvey its DOT in the Lompoc Theater back to LHCDC for the amount of \$1, due to the liability and negative value of the theater in its current state. LHCDC will then transfer ownership of the theater to the non-profit that has been organized for the sole purpose of rehabilitating and operating the theater. This request is based on the following facts:

- The appraised value of the theater is \$-100,000 due to the condition of the building and the cost of demolition.
- The reconveyance of the DOT on the Lompoc Theatre property for \$1 will allow the Agency, City, and taxing entities to be released from the liability of the building which would likely incur substantial cost to the responsible parties in order to prepare it for sale.

- It would likely be very difficult for any organization other than a non-profit to obtain financing with an appraisal that reflects a negative valuation.

Sanchez Properties, LLC:

The SA proposes to retain its DOT on the real property. The proceeds of payments on the DOT will be used to pay enforceable obligations, thereby reducing the amount of RPTTF monies the SA will seek on its ROPS, until the amount due has been paid in full with interest as provided by the DOT, at which time the DOT will be reconveyed to the property owner. The taxing entities will indirectly receive these funds as a result of the reduction in the SA's requests for RPTTF.