



**FRIDAY, MAY 5 2:45 p.m. – 3:45 p.m.**

**THE SCOPE OF URBAN REDEVELOPMENT**

**PROGRAM CHAIR:**

**Stephanie M. M. Smith**

*Clark Hill PLC, Detroit, MI*

**SPEAKERS:**

**James Davies**

*City of San Diego Redevelopment Agency, San Diego, CA*

**Matthew B. Jumper**

*San Diego Interfaith Housing Foundation, Lemon Grove, CA*

**Stephanie M. M. Smith**

*Clark Hill PLC, Detroit, MI*

REAL PROPERTY SECTION OF THE  
AMERICAN BAR ASSOCIATION

**OUTLINE OF LEGAL ISSUES IN REAL ESTATE TRANSACTIONS INVOLVING  
AFFORDABLE RENTAL HOUSING FOR URBAN REDEVELOPMENT**

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May 5-7, 2006  
San Diego, California










**RENAISSANCE SENIOR HOUSING PARTNERS, L.P.  
DEVELOPMENT COST BUDGET**

Project: Renaissance Seniors (9%)  
Address: San Diego, CA  
Date: 2/3/2006

Total Units: 96  
Prepared By: Matt Jumper

	<b>COST</b>	<b>COST PER UNIT</b>	<b>COST SQ. FT.</b>	<b>PERCENTAGE OF TOTAL COSTS</b>
<b>LAND ACQUISITION &amp; CLOSING</b>				
Land Acquisition	1,521,037	15,844		7.67%
Land Carry Costs	181,132	1,887		0.91%
Relocation	583,845	6,082		2.94%
Total Land Acquisition & Closing	<b>2,286,014</b>	<b>23,813</b>		11.53%
<b>DESIGN AND ENGINEERING</b>				
Design/Landscape Architect	385,000	4,010		1.94%
Architect Reimbursables/Expenses	15,000	156		0.08%
Civil Engineering/Surveying	90,000	938		0.45%
Soils Engineer	30,000	313		0.15%
Environmental Surveys	25,300	264		0.13%
Dry Utility Consultant/Deposits	125,000	1,302		0.63%
Testing and Inspections	33,700	351		0.17%
Accoustical Study	4,200	44		0.02%
Contingency @ 3%	21,246	221		0.11%
Total Design and Engineering	<b>729,446</b>	<b>7,598</b>		3.68%
<b>LEGAL/FINANCIAL/OTHER</b>				
Legal - Tax Credit Syndication	50,000	521		0.25%
Legal - Loan Documentation	25,000	260		0.13%
Accounting and Post Construction Audit	15,000	156		0.08%
Capitalized Operating Reserves	20,000	208		0.10%
Capitalized Replacement Reserves	145,500	1,516		0.73%
Financial Consultant	5,000	52		0.03%
Contingency @ 5%	13,025	136		0.07%
Total Legal/Financial/Other	<b>273,525</b>	<b>2,849</b>		1.38%
<b>PERMITS/FEES</b>				
Permits & Fees	796,886	8,301		4.02%
TCAC Fees	106,788	1,112		0.54%
Contingency @ 2%	18,073	188		0.09%
Total Permits/Fees	<b>921,747</b>	<b>9,602</b>		4.65%
<b>DIRECT CONSTRUCTION</b>				
Building Costs 77,000 sq.ft. @ \$	\$97.28	7,490,268	78,024	37.78%
Parking Structure Costs 103 spaces	\$ 23,594	2,430,135	25,314	12.26%
On-Site		479,990	5,000	2.42%
Off-site		402,019	4,188	2.03%
Demolition/Environmental Materials Removal		226,000	2,354	1.14%
Contractor's Profit & Overhead/General Conditions @ 12.5%		1,350,302	14,066	6.81%
Contingency @ 5%		892,933	9,301	4.50%
Total Direct Construction		<b>13,271,647</b>	<b>138,246</b>	66.94%
<b>FINANCING COSTS</b>				
Rudford's Payment During Construction		30,000	313	0.15%
Interest During Construction @ 5.5% for 18 Months		576,217	6,002	2.91%
Interest During Lease - Up @ 5.5% for 3 Months		96,036	1,000	0.48%
Forward Rate Lock Fee		5,000	52	0.03%
Appraisal & Market Study		20,000	208	0.10%
Construction Inspection		10,000	104	0.05%
Loan Fees - Construction		120,000	1,250	0.61%
Loan Fees - Permanent		0	260	0.00%
Title, Recording & Escrow		25,000	260	0.13%
Insurance (Builders Risk & Liability)/Construction Bonds		144,640	1,507	0.73%
Property Taxes During Construction		50,000	521	0.25%
Contingency @ 3%		32,378	337	0.16%
Total Financing Costs		<b>1,109,271</b>	<b>11,555</b>	5.59%
<b>MARKETING/GENERAL &amp; ADMINISTRATIVE</b>				
Developer Fee		1,185,000	12,344	5.98%
Lease-Up/Advertising Expenses		25,000	260	0.13%
Furnishings		25,000	260	0.13%
Contingency @ 0%		0	0	0.00%
Total Marketing/General & Administrative		<b>1,235,000</b>	<b>12,865</b>	6.23%
<b>TOTAL DEVELOPMENT BUDGET</b>		<b>19,826,650</b>	<b>206,528</b>	100.00%


City of San Diego  
Redevelopment Agency

**American Bar Association (ABA)  
Spring Symposia**

**Redevelopment Agency as a  
Development Partner**

Presented by:  
**James Davies  
City of San Diego  
Redevelopment Agency**

Annual Symposia

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City of San Diego  
Redevelopment Agency

**Presentation Overview**

- Structure of the Redevelopment Agency
- Key Provisions/Tools in Redevelopment Law
- Legal Framework for Agency Participation
- Agency Due Diligence of Development Team
- Key Elements of a Transaction
- Existing and Future Redevelopment Issues

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City of San Diego  
Redevelopment Agency

**Structure of the Redevelopment  
Agency**

- City Redevelopment Division  
Land Use and Economic Development
- Centre City Development Corporation (CCDC)
- Southeastern Economic Development Corporation  
(SEDC)

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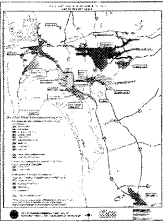
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City of San Diego  
Redevelopment Agency

### Structure of the Redevelopment Agency



The Redevelopment Agency's 16 project areas encompass more than 9,100 acres

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City of San Diego  
Redevelopment Agency

### Structure of the Redevelopment Agency

Category	Acres	Percentage
City Redevelopment	5,600	70%
CCDC	1,490	19%
SEDC	940	11%

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City of San Diego  
Redevelopment Agency

### Structure of the Redevelopment Agency

- Barrio Logan
- City Heights
- College Community
- College Grove
- Crossroads
- Linda Vista
- Naval Training Center (Liberty Station)
- North Bay
- North Park
- San Ysidro



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Redevelopment Agency

**Key Provisions/Tools in Redevelopment Law**

- Removal of Physical and Economic Blight
- Provide for Low and Moderate Income Housing
- Financial
  - Leverage Tax Increment Dollars (Bonding)
  - Development Assistance
- Land Assemblage
  - Negotiated Purchase
  - Eminent Domain (most costly)

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Redevelopment Agency

**Legal Framework for Agency Participation**

- Owner Participation Agreement (OPA)
  - Rules Governing Owner Participation
  - 3 to 6 Months to Effectuate
- Disposition and Development Agreement (DDA)
  - Exclusive Negotiating Agreement (ENA)
    - 3 to 4 Months to Effectuate
  - DDA—6 to 12 Months to Effectuate

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**Agency Due Diligence of Development Team**

- Experience of Development Team and Principals
- Financial Background and Access to Capital
- Reasonableness of Project Financial Pro Forma
- Ownership Interest in Proposed Development Site
- Development Concept Plan and Conformity with Land Use Regulations
- Experience with Community Participation

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### Key Elements of a Transaction

- Land Assemblage and Disposition
- Amount and Disbursement of Agency Funds
  - Method of Finance
  - Schedule of Performance
- Affordable Housing Covenants and Restrictions
  - Agreement Affecting Real Property
- Project Entitlement and Environmental Review
- Community Recommendation

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### Existing and Future Redevelopment Issues

- Construction and Land Cost Increases
- Use of Eminent Domain
- Infrastructure Improvements
- Provisions for Universal Design

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### Contact Information

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