



CITY OF CARSON

Legislation Text

File #: 2019-927, Version: 1

Report to City Council and Successor Agency

Tuesday, November 05, 2019

Consent

SUBJECT:

CONSIDER APPROVAL OF ACKNOWLEDGEMENT OF SATISFACTION OF CERTAIN OBLIGATIONS UNDER DECLARATIONS OF COVENANTS, CONDITIONS, AND RESTRICTIONS AND ASSIGNMENT WITH CRVI SBP LLC

(THIS IS A JOINT ITEM BETWEEN CITY COUNCIL AND SUCCESSOR AGENCY)

I. SUMMARY

CRVI SBP LLC ("CRVI") is the current owner of South Bay Pavilion ("Mall"), and is requesting City of Carson and Carson Successor Agency to remove a 2006 Declarations of Covenants, Conditions, and Restrictions and Assignment ("CC&Rs"). CVRI's request is based addressing outstanding issues relating to property's various documents including the Title Insurance Policy. Aside from keeping existing documents up-to-date, this request could also make the due diligence process more streamlined in the event the property is offered for sale. Instead of termination of the CC&Rs, staff and the City Attorney's office are recommending approval of the *Acknowledgement of Satisfaction of Certain Obligations under Declarations of Covenants, Conditions, and Restrictions and Assignment* ("Declaration") document. This Declaration does not change any existing obligations of the CC&Rs. Instead, the document provides clarity and confirmation of the remaining obligations under the CC&Rs between the parties. CRVI has agreed to the proposed Declaration, and is requesting approval from the City Council and Successor Agency Board.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE the Acknowledgement of Satisfaction of Certain Obligations under Declarations of Covenants, Conditions, and Restrictions and Assignment ("Declaration") with CRVI SBP LLC.; and
2. AUTHORIZE the Mayor and Chairman to execute the Declaration with CRVI SBP LLC, following approval as to form by the City Attorney and Successor Agency Counsel.

III. ALTERNATIVES

TAKE any other action the City Council and Successor Agency Board deems appropriate.

IV. BACKGROUND

On November 21, 2006, the Carson Redevelopment Agency (“Agency”) approved an Owner Participation Agreement (“OPA”) with HREG Genesis Carson, LLC (“HREG”) to provide \$5,000,000.00 of financial assistance in the form of a forgivable loan toward the renovation of South Bay Pavilion (“Mall”). The assistance funded the renovation of tenant spaces, common areas, and modification of façades to attract national brand tenants. In exchange for the entering into the OPA, HREG Genesis, the Mall owner at the time, agreed that the Mall property be subject to certain restrictions and Agency controls pursuant to the Declaration of Covenants, Conditions and Restrictions (“CC&Rs”) dated December 5, 2006 (Exhibit No. 1). The City is a party to the Declaration.

Following the recordation of the CC&Rs, the Agency provided the financial assistance for the Mall renovation. A Certificate of Completion was recorded on February 23, 2009 (Exhibit No. 2), and determined the satisfactory completion of the renovation project. The Certificate of Completion also acknowledges the Participant’s full compliance with the terms of the OPA. The CC&Rs, however, continues to run with the land.

CRVI SBP LLC (CRVI) acquired the Mall property per a deed in lieu of foreclosure in April 16, 2019. As the successive owner, CRVI is bounded by the terms of the CC&Rs. Instead of a full termination, staff and the City Attorney’s office are recommending approval of the *Acknowledgement of Satisfaction of Certain Obligations under Declarations of Covenants, Conditions, and Restrictions and Assignment (Declaration)* document (Exhibit No. 3). This document acknowledges the satisfaction of two specific obligations of the CC&Rs. The document also restates the three continuing obligations that are in effect until December 20, 2021.

Specifically, the Declaration clarifies that the following two provisions of the CC&Rs are no longer of force and effect:

- **Section 1.5 (Employment of Local Residents).** This provision of the CC&Rs provided that the original owner (HREG) hire local residents as part of the construction to renovate the Mall. This obligation has been completed and terminated concurrently with the recordation of the Certificate of Completion in 2009.
- **Section 1.6 (Approval of Tenants).** One of the goals of the original OPA was to provide financial assistance to renovate the Mall to attract national brand tenants to the property. Pursuant to Section 4 of Declaration, the Mall owner is representing to the City and Agency that this provision of the CC&Rs has been met.

The Declaration also clarifies that the following three obligations are in effect until the expiration date of December 20, 2021.

- **Section 1.2 (Maintenance Agreement).** This provision of the CC&Rs provides that the Property be maintained in good first class condition at no cost to the Agency or City. Maintenance and repairs include, but are not limited to sweeping, trash removal, care and replacement of all shrubbery, plantings and other landscaping, and maintaining all building façade in an attractive condition.
- **Section 1.3 (Building & Equipment).** This provision of the CC&Rs states that construction, repair, modification or alternation of any of the buildings would require Agency and City approval. Guidelines on exterior signage, lighting, color of exterior areas, mechanical and electrical fixtures are included under this provision.
- **Section 1.4 (Façade Maintenance).** Similar to the two provisions above, the Façade Maintenance provision provides that the exterior surfaces of the building be maintained at all times in a clean and presentable manner. Any graffiti or defacement must be removed within one week of creation or notice from the City.

In summary, the Declaration being recommended for approval does not change any existing obligations. Instead, the document provides clarity and confirmation of outstanding obligations among the parties. For this reason, staff is recommending approval of the Declaration.

V. FISCAL IMPACT

There are no fiscal impacts associated with the approval of the Declaration. Staff time and legal fees incurred for the preparation and recordation of the documents are reimbursed by the CRVI SBP LLC through the City's Deposit System and Successor Agency ROPS Redevelopment Property Tax Trust Fund (RPTTF) - Admin Fund.

VI. EXHIBITS

1. Declarations of Covenants, Conditions, and Restrictions and Assignment (Recorded December 27, 2006; LA County Instrument No. 2006-2868611) (pgs.4-22)
2. Certificate of Completion (Recorded February 23, 2009; LA County Instrument No. 2009-0244623) (pgs. 23-29)
3. Proposed Acknowledgement of Satisfaction of Certain Obligations under Declarations of Covenants, Conditions, and Restrictions and Assignment with CRVI SBP LLC (pgs. 30-36)

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