

Southeast Coastal Redevelopment Project

Rules Governing Participation and Preferences by Property Owners and Business Occupants

June 3, 2002

Redevelopment Agency of the City of Huntington Beach
2000 Main Street, 5th Floor
Huntington Beach, California 92648



Rosenow Spevacek Group, Inc.

217 North Main Street, Suite 300
Santa Ana, California 92701-4822
Phone: (714) 541-4585
Fax: (714) 836-1748
E-Mail: info@webrsg.com

Table of Contents

<i>Section I. Purpose and Intent.....</i>	<i>1</i>
<i>Section II. General Definitions</i>	<i>1</i>
<i>Section III. Opportunities for Owner Participation and Preferences to Business Occupants to Reenter in Business Within Redevelopment Area</i>	<i>2</i>
<i>Section IV. Methods of Participation and Limitations Thereon.....</i>	<i>3</i>
<i>Section V. Methods for Extending Reentry Preferences, and Limitations Thereon.....</i>	<i>4</i>
<i>Section VI. Participation Procedures</i>	<i>6</i>
<i>Section VII. Enforcement.....</i>	<i>7</i>
<i>Section VIII. Amendment of Rules.....</i>	<i>7</i>
Exhibit A Project Area Map	
Exhibit B Statement of Interest	

Rules Governing Participation and Preferences by Property Owners and Business Occupants

Southeast Coastal Redevelopment Project

Section I. Purpose and Intent

These rules are adopted to implement the provisions of the Redevelopment Plan for the Southeast Coastal Redevelopment Project (the "Project") regarding participation and the exercise of preferences by property owners and business occupants within the Southeast Coastal Redevelopment Project Area (the "Project Area"). These rules set forth the procedures governing such preferences and participation.

The Health and Safety Code of the State of California Section 33000 et seq. requires the adoption of these rules by the Redevelopment Agency of the City of Huntington Beach to permit participation by owners of real property and the extension of preferences to persons engaged in business within the boundaries of the Project Area to reenter the redeveloped area to the maximum extent feasible consistent with the objectives of the Redevelopment Plan for the Project.

Section II. General Definitions

As used herein, the following definitions apply:

- A. "Agency" means the Redevelopment Agency of the City of Huntington Beach.
- B. "Business Occupant" means any person, persons, corporation, association, partnership, or other entity engaged in a lawful business within the Project Area for so long as such Business Occupant remains in business within the Project Area.
- C. "City" means the City of Huntington Beach.
- D. "Disposition and Development Agreement" means a contractual agreement between a developer and the Agency that sets forth terms and conditions for the sale and the development of a property within the Project Area.
- E. "Long-Term Lease" means a lease of real property with a term of twenty (20) years or more, with at least ten (10) years remaining on such term.

- F. "Owner" means any person, persons, corporation, association, partnership, or other entity holding recorded fee title to or a long-term lease of real property in the Project Area for so long as such Owner holds such title or long-term lease.
- G. "Participant" means an Owner who has entered into a Participation Agreement with the Agency.
- H. "Participation Agreement" means an agreement entered into by an Owner with the Agency providing for such Owner to participate in the development or redevelopment of property within the Project Area in accordance with the provisions of the Redevelopment Plan and these Rules.
- I. "Plan" means the Redevelopment Plan for the Southeast Coastal Redevelopment Project adopted on _____ by Ordinance No. _____.
- J. "Project Area" means the Project Area of the Agency, which is described in and is subject to the Redevelopment Plan, as depicted on Exhibit A attached hereto.
- K. "Rules" means these Rules Governing Participation and Preferences by Property Owners and Business Occupants in the Southeast Coastal Redevelopment Project.

Section III. Opportunities for Owner Participation and Preferences to Business Occupants to Reenter in Business Within Redevelopment Area

Opportunities for Owner Participation

Owners of real property within the Project Area shall be extended reasonable opportunities to participate in the redevelopment of property in the Project Area if such Owners agree to participate in the redevelopment in conformity with the Plan and these Rules.

Preferences for Persons Engaged in Business in the Project Area

Business Occupants engaged in business in the Project Area shall be extended reasonable preference to reenter in business within the redeveloped area if they otherwise meet the requirements prescribed by the Plan and these Rules.

Section IV. Methods of Participation and Limitations Thereon

Methods of Participation

Participation methods include remaining in substantially the same location either by retaining all or portions of the property, or by retaining all or portions of the property and purchasing adjacent property from the Agency or joining with another person or entity for the rehabilitation or development of the Owner's property and, if appropriate, other property, or submitting to the Agency for its consideration another method of participation proposal pursuant to these Rules. An Owner who participates in the same location may be required to rehabilitate or demolish all or a part of his/her existing buildings, or the Agency may acquire the buildings only and then remove or demolish the buildings. Participation methods also include the Agency buying land and improvements at fair market value from Owners and offering other parcels for purchase and rehabilitation or development by such Owners, or offering an opportunity for such Owners to rehabilitate or develop property jointly with other persons or entities.

Limitation on Participation Opportunities

Owner Participation opportunities shall be subject to and limited by factors such as hereafter listed and the following minimum requirements:

1. The Participant(s) can demonstrate to the reasonable satisfaction of the Agency that he is financially capable and has the qualifications and/or experience to perform any and all development, modification, rehabilitation, modernization, construction, land assembly, and/or acquisition of the subject property or properties in order that it will conform to the Plan, any specific plan or design guide, and the redevelopment proposal, if any, contemplated by the Agency with respect to the subject property.
2. The Participant's proposed improvements and/or redevelopment conform or will conform to: the goals and objectives established by the Agency; the Plan; any specific plan or design guide; any applicable zoning, building and safety laws and regulations; and/or the redevelopment proposal approved by the Agency.
3. The Agency retains its authority to determine in its sole and reasonable discretion whether the proposed Participant's(s') development conforms to and furthers the goals and objectives of the Plan and any specific development proposals on the basis of all the facts and circumstances pertaining to the proposed Participant's development.
4. The Agency shall consider whether the proposed owner participant development necessitates that the Participant and/or the Agency shall

remove, relocate and/or install public utilities and public facilities determined necessary by the Agency for the proposed development.

5. Consideration of the elimination and/or change of land uses, particularly nonconforming land uses as specified in City codes.
6. The Agency shall consider the need to realign, abandon, vacate, widen, or open public rights-of-way and the indirect effects of such acts.
7. Consideration of any reduction in the total number of individual parcels in the Project Area.
8. Consideration of whether the proposal involves land assembly and development of areas for public and/or private development in accordance with the Plan.

Establishing Preferences Among Owners

If conflicts develop between the desires of participants for particular sites or land uses, the Agency is authorized to exercise its reasonable discretion and establish reasonable priorities and preferences among the Participants and to determine a solution by consideration of objective facts concerning the proposals, including, for example: development experience and qualifications, financial ability to perform, length of time in the area, accommodation of as many potential participants as possible, and conformity with intent and purpose of the Plan. Participation, to the extent feasible, may be available for two or more persons, firms, or institutions, to join together in partnerships, corporations, or other joint entities. To the extent multiple owners are included within a proposed development site, an Owner with a majority interest in the total proposed development site may be determined by the Agency to have a preference over an Owner with a minority interest in the proposed development site.

Section V. Methods for Extending Reentry Preferences, and Limitations Thereon

Methods for Extending Reentry Preferences

Whenever a Business Occupant will be displaced by Agency action from the Project Area, the Agency will, prior to such displacement, determine: 1) whether such Business Occupant desires to relocate directly to another location within the Project Area, or 2) if suitable relocation accommodations within the Project Area are not available prior to displacement, whether such Business Occupant would desire to reenter in business within the Project Area at a later date should suitable accommodations become available. For those Business Occupants who desire to relocate directly to another location within the Project Area, the Agency will make reasonable efforts to assist such Business Occupants to find

accommodations suitable to their needs. A record of the Business Occupants who cannot be or do not want to be directly relocated within the proposed development site, but who have stated that they desire to reenter into business in the Project Area whenever suitable locations and rents are available, will be maintained by the Agency. The Agency will make reasonable efforts to assist such Business Occupants to find reentry accommodations at locations and rents suitable to their needs.

In order to implement the operation of this Section 501, the Agency will provide in all Participation Agreements, disposition and development agreements, and other agreements, as applicable, that in the renting or leasing of premises rehabilitated or developed pursuant to such agreements, the Participant or developer will give reasonable preferences (over other potential tenants or lessees) to Business Occupants who will be or who have been displaced from their places of business by the Agency to lease or rent premises within the newly rehabilitated or developed facilities.

Limitations on the Extension of Preferences

The following are the minimum requirements that must be met by any business to establish its eligibility for the reasonable preference to reenter in business in the Project Area after displacement:

1. The business use proposed shall be consistent with the land use standards of the Plan and any specific plan and development standards and criteria adopted by the Agency or the City.
2. The improvement on the business premises made or proposed to be made shall (unless otherwise approved by the Agency) meet, or shall be brought up to meet, a structural condition equal to or better than that required for a new structure or improvement of equivalent size, location, use and occupancy as required by the building and safety laws and regulations then applicable in the City, and shall conform to the Plan.
3. The business operator shall demonstrate to the satisfaction of the Agency that he is financially capable and qualified to perform any and all modifications or rehabilitation or modernization on the property at the new location in order that it will conform to the Plan and capable of meeting the financial requirements to occupy space in the new location.
4. The business shall agree in writing that in the use, occupancy and conduct of business in the premises, there shall be no discrimination because of race, sex, marital status, color, creed, religion, national origin, ancestry, sexual orientation, physical handicap, or medical condition.

Establishing Preferences Among Business Occupants Seeking Similar Preferences

If conflicts develop between the desires of participants for particular sites or land uses, the Agency is authorized to exercise its reasonable discretion and establish reasonable priorities and preferences among the Business Occupants and to determine a solution by consideration of objective facts concerning the proposals, including, for example: financial ability to perform, length of time in the area, accommodation of as many potential Business Occupants as possible, appropriateness of the type of business within the proposed premises or location, the feasibility of business success, and conformity with intent and purpose of these Rules and the Plan. Participation, to the extent feasible, may be available for two or more persons, firms or institutions, to join together in partnerships, corporations, or other joint entities.

Section VI. Participation Procedures

Notice and Statement of Interest

Before entering into any Participation Agreements or Disposition and Development Agreements relating to the acquisition, development, or rehabilitation of real property in the Project Area, the Agency shall first comply with these Rules relating to soliciting interest in owner participation from Owners of property, which may be acquired, developed, or rehabilitated and call upon them to submit a Statement of Interest for Participation incorporated herein as Exhibit B, in the proposed development or in otherwise participating in the redevelopment of the Project Area.

Those desiring to submit a Statement of Interest in Participation must complete and submit said Statement to the Agency within forty-five (45) days of receipt. Any owner may also submit such a Statement at any time before such notification. Such Statement shall include information requested by the Agency and shall be in the form requested by the Agency.

The Agency shall consider such Statements as are submitted on time and shall seek to develop reasonable participation for those submitting such Statements whether to stay in place or to move to another location. The Agency may in its sole discretion determine that a participation proposal is not feasible or in the best interest of the Project or the community, or is otherwise limited by one or more of the criteria set forth in Section IV hereof. In such event, the Agency may select a developer from among prospective participants submitting statements of interest in participating and others invited to submit proposals. The Agency retains and shall exercise the discretion vested in it by law to consider and determine whether the proposal or proposals for redevelopment submitted by an Owner or Owners for participation in the Project Area conforms to, and meets the goals and

objectives of, the Plan. The Agency shall exercise said discretion reasonably, in good faith, and without discrimination.

Participation Agreements

General

Public and private Owners wishing to develop or improve their properties within the Project Area may be required, as a condition to Agency approval of such development, to enter into a binding written Participation Agreement with the Agency, if the Agency determines it is necessary to impose upon such property any of the standards, restrictions and controls of the Plan, or of any design guide adopted by the Agency pursuant to the Plan.

Contents

A Participation Agreement shall obligate the Owner, and the Owner's heirs, successors and assigns to acquire, rehabilitate, develop and use the property, as may be applicable, in conformance with the Plan and/or to be subject to such other provisions and conditions of the Plan as the Agency may require for the period of time that the Plan is in force and effect, excepting those provisions related to nondiscrimination and nonsegregation which shall run in perpetuity.

Each Participation Agreement will contain such terms and conditions and will require the potential Participant to join in the recordation of such documents as the Agency may require in order to insure the property will be acquired, rehabilitated, developed and used in accord with the Plan and the agreement. Participation Agreements will be effective only if approved by a majority vote of the members of the Agency.

Section VII. Enforcement

In the event a property is not acquired, developed, rehabilitated, or used in conformance with the Plan, with an Agency determination of conformance, or a Participation Agreement, then the Agency is authorized to (1) purchase the property, (2) purchase any interest in the property sufficient to obtain conformance, or (3) take any other appropriate action sufficient to obtain such conformance. The Agency shall not acquire real property retained or developed under an approved Participation Agreement if the Participant fully performs under the agreement.

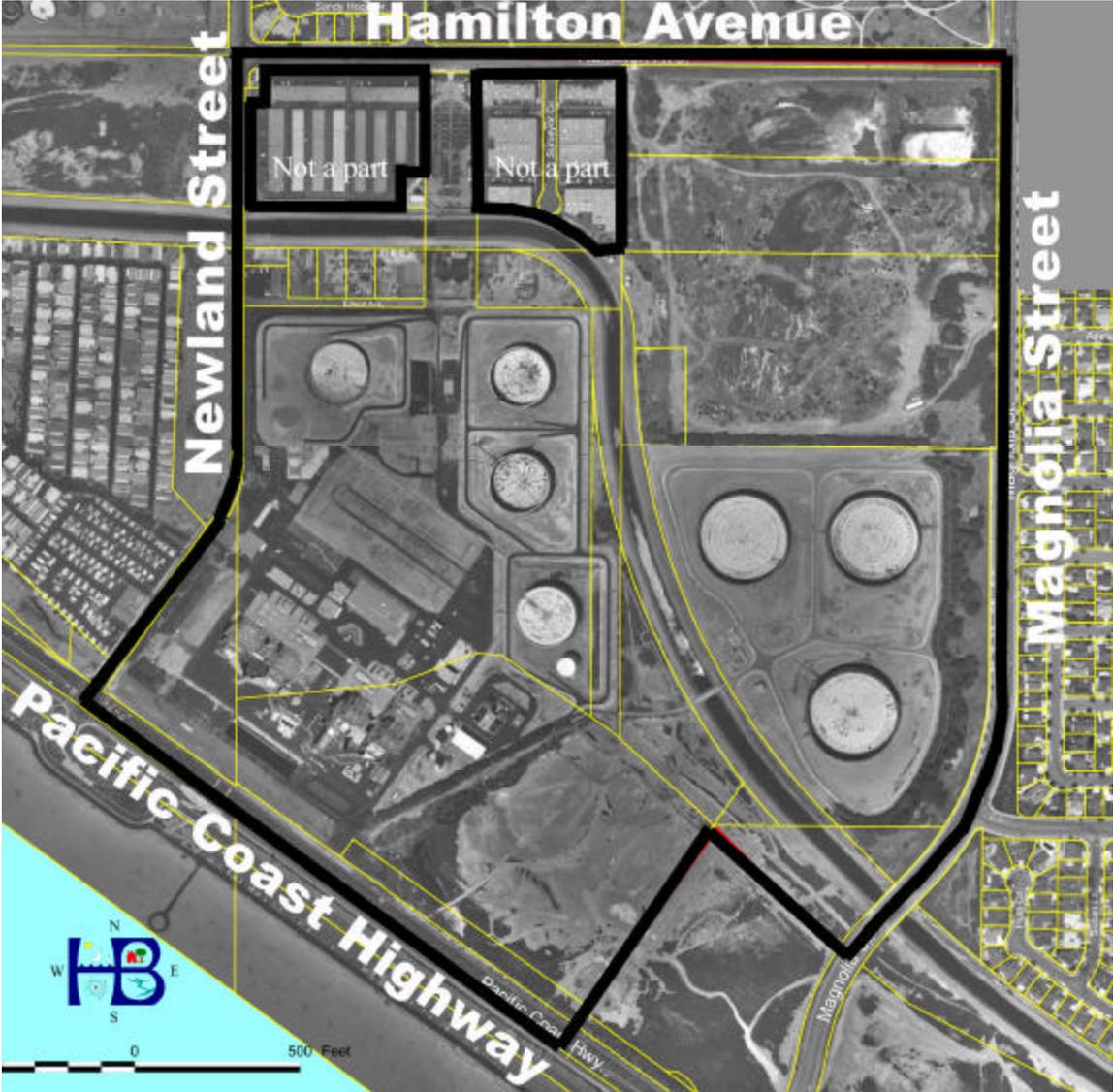
Section VIII. Amendment of Rules

The Agency may amend these rules at any regular meeting or duly called special meeting held after their adoption, but only after notice to the Agency members and the public. The text of the proposed change shall be made available and

notice of said meeting shall be published in a newspaper of general circulation. Such notice shall be published at least fourteen (14) calendar days before the date of the meeting at which the proposed amendment will be considered. The method of notice is at the discretion of the Agency.

No such amendment shall retroactively impair the rights of any parties who have executed Participation Agreements with the Agency in reliance upon these rules as presently constituted.

Project Area Map





Statement of Interest

**STATEMENT OF INTEREST FOR PARTICIPATION IN THE
SOUTHEAST COASTAL REDEVELOPMENT PROJECT**

I hereby express my interest in participating in the Southeast Coastal Redevelopment Project:

1. Name of Property Owner/Tenant: _____

Phone: _____

2. Home Address: _____

3. Address of Property owned or rented in the Project Area: _____

4. Name of business in the Project Area: _____

5. I own () ; am a tenant () ; and wish to rehabilitate () ; build () ; sell () my present property. If tenant, indicate: month-to-month () ; or lease () ; expiration date of lease: _____

6. My present type of business is: _____

7. Nature of proposed participation: _____

I understand that submission of this Statement of Interest does not in any way obligate me to participate in the Project.

Signed: _____

Return to:

Title: _____

Redevelopment Agency of the
City of Huntington Beach
2000 Main Street, 5th Floor
Huntington Beach, California 92648

Date: _____