



CITY OF POMONA VEHICLE PARKING DISTRICT BOARD OF PARKING PLACE COMMISSIONERS

STAFF REPORT

September 10, 2020

Agenda No: 09-10-05

To: Honorable Chairperson and Members of the Board of Parking Place Commissioners

From: Kirk Pelser, Deputy City Manager

Submitted By: Joaquin Wong, Senior Project Manager

**SUBJECT: POTENTIAL SALE OF VEHICLE PARKING DISTRICT LOT 25 TO THE
HELIX APARTMENTS**

RECOMMENDATION:

It is recommended that the Vehicle Parking District (VPD) Board of Parking Place Commissioners receive and file the above subject report.

EXECUTIVE SUMMARY:

The VPD received a request from Michael G. Derk, of Capital Markets Institutional Property Advisors, a real estate brokerage firm representing the owner of the Helix apartment complex. They desire to purchase VPD Lot 25. Without ownership of the parking lot, it is difficult for the current owner to refinance or sell their property. The VPD currently has a 35- year parking lease of which there are 19 years remaining. Revenue from the rental of the 94 parking spaces is currently \$3,290 a month or \$39,480 a year. This does not account for any future increases or depreciation. Staff held preliminary discussions with the broker and made clear that we would require legal and economic analysis to determine the ability to sell and the true fair market value of the parking lot. To move forward they (the potential buyer) agreed to pay for the legal and economic analysis costs up front. Staff also informed the broker that disposition of the property will require VPD and ultimately City Council approval.

FISCAL IMPACT:

The fiscal impact is unknown at this time. An economic analysis may assist to determine the actual market value taking into account but not limited the following: Current land values, existing lease, current conditions, current zoning, highest and best use, operational costs and depreciation of the site.

DISCUSSION:

The current configuration of Lot 25 is a result of the Helix apartment development which was completed in approximately 2004. Prior to the Helix, Lot 25 consisted of the entire city block. Presently the Helix occupies and owns approximately one half of the block and Lot 25 makes up the other. Displaced parking, was replaced by the developer through the construction of VPD Lot 23 and 13. When the Helix apartments were completed (2004), capital lending was more relaxed and the project, situated in a Vehicle Parking District, assured adequate long term parking. The Helix transferred ownership three times. As the economy shifted, lenders have become more conservative in their underwriting and lending requirements. Therefore, the current owner has encountered difficulty refinancing and marketing their property without guaranteed perpetual parking exclusively for the apartments. As such, they are requesting to purchase VPD Lot 25.

As public parking, Lot 25 would require official designation as excess land/parking or other justification to remove it from public use. Portions of the public alleys, which are part of the parking lot's vehicular circulation, may also need to be vacated. It is staff's intention to secure the highest value for the parking lot. The VPD has no obligation to sell the parking lot and can continue to lease it to the Helix. The benefit of selling the parking lot is a reduction in operational costs and liability. As long as the Helix continues to operate, it is assumed that Lot 25 would be leased (set-aside) to them exclusively. A new lease can be executed after expiration of the current lease; this may obstruct attempts to sell or refinance the Helix.

Staff will provide the Commission on-going project status and bring the final deal terms (PSA) for VPD consent and recommendation to the City Council approval, should the sale move forward.

Prepared by:

Joaquin Wong
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