

400 BLOCK PROPOSAL

Why is the 400 Block property being sold? The state legislature passed a law in 2011 called the Dissolution Act AB x1 26 that abolished redevelopment agencies (RDA) in the State of California as part of Governor Brown's budget bill. All properties of former redevelopment agencies must be disposed for either governmental purpose or non-governmental purpose.

Plan required for disposition or sale of property. The Dissolution Act requires preparation and approval of a plan to transfer or sell all properties owned by the former Hollister RDA. The plan is called a Long Range Property Management Plan (LRPMP) and must be approved first by the Hollister Successor Agency to the former redevelopment agency, second by a local Oversight Board and finally by the Department of Finance. The plan explains whether or not the former RDA properties were purchased/used for governmental or non-governmental use and spells out how the Hollister RDA properties are to be transferred for governmental use or sold for non-governmental use. The LRPMP for the former Hollister RDA properties was approved in February of 2014 by the Department of Finance. A 2016 amendment to the Dissolution Act prohibits amendments to a LRPMP. The LRPMP can be viewed on the City of Hollister home page at <http://hollister.ca.gov/wp-content/uploads/2014/12/January2014AmendedCityofHollisterLongRangePropertyManagementPlan.pdf>.

The LRPMP explains that six unreinforced masonry buildings on the 400 Block were destroyed by ground shaking from the 1989 Loma Prieta Earthquake. The former Hollister RDA spent \$703,000 to acquire the vacated properties along with two remaining buildings (Sunrise Plaza mall and the Sports Bar) to assemble the properties for a catalyst project to support economic development in downtown Hollister (see pages 19, 24-26 of the LRPMP). The nearby Briggs Building Parking structure was designed with the potential for a pedestrian bridge to connect to future development on the 400 Block.

The objective for the sale of the 400 Block Property in the approved LRPMP is to hold the property for redevelopment and to use a Development Disposition Agreement or Development Agreement to dispose the property for a downtown keystone project.

Department of Finance Required a Compensation Agreement: When the properties of the former Hollister RDA are sold, the proceeds of the sale will be distributed to the taxing entities in the Project Area of the former Hollister RDA and 13.33% will be paid to the State Education Realignment Augmentation Fund (ERAF). The percentage of funds that will be paid to each local taxing entity are as follows: Gavilan Joint Community

College District (8.0269%), Hollister School District (28.1363%), City of Hollister (10.2782%), San Benito County General Fund (9.8356%), San Benito County Health Care District (2.0745%), San Benito County High School District (23.2052%), San Benito County Water Conservation and Flood Control District (1.9272%) and the Santa Clara County Equalization Aid (0.0210%).

Since, the Long Range Property Management Plan proposed to delay the sale of the 400 Block property until a keystone project could be developed on the property, the Department of Finance required the Hollister Successor Agency to negotiate a Compensation Agreement with each taxing entity. A Compensation Agreement was negotiated and executed on August 4, 2014 and can be found at <http://hollister.ca.gov/government/city-departments/development-services/successor-agency/>. Some of the main elements of the agreement are listed below.

- The City of Hollister/Successor Agency committed to “use diligent good faith efforts to select the Developer for the 400 Block Property” and to negotiate and obtain approval and execution of a Development and Disposition Agreement (DDA) for the 400 Block Property for the development and sale of the property.
- The property must be sold at a price that is not less than the property’s fair market value at the highest and best use or the property’s fair reuse value.
- The City will transmit a copy of the executed DDA to the taxing entities.
- Within 15 days of the sale of the property, the City will remit the proceeds from the sale to the County Auditor Control for distribution to the taxing entities.
- Interim Use of 400 Block property: The City is allowed to continue to the use of the 400 Block Property for non-profit activities open to the public until a DDA can be negotiated for a keystone commercial or mixed-use project.

Request for Proposal: City staff was approached by two parties interested in developing the 400 Block last Fall, the Del Curto Brothers Group and the Community Foundation for San Benito County. The City Council directed staff to release a Request for Proposal at the November 2, 2015 City Council meeting and authorized an extension for the RFP period on January 19, 2016. A copy of the RFP can be found at the following link: <http://hollister.ca.gov/wp-content/uploads/2016/05/RFP400Block-01-2016-Extension.pdf>

Proposal: The Del Curto Brothers partnered with the Community Foundation of San Benito County for the submittal of a conceptual plans to develop the 400 Block with four mixed use buildings with commercial on the ground floor and 16 condos on the upper floors and a philanthropic center for the Community Foundation of San Benito County that will be funded by a private donor. A copy of the proposal is on the City of Hollister Successor Agency home page <http://hollister.ca.gov/wp-content/uploads/2016/07/Proposal-Del-Curto-Brothers-Group-400-Block-04-19->

[2016a.pdf](#) . The City Council reviewed the proposal at a meeting on May 2, 2016 and authorized the City Manager to enter into an Exclusive Negotiating Agreement with the Del Curto Brothers Group.

Next Steps: An Exclusive Negotiating Agreement has been executed that begins the process of negotiating a Development Disposition Agreement (DDA) between the Del Curto Brothers Group and the City of Hollister for the project. The DDA will be scheduled for a decision at a future City Council meeting. It is likely that there may be some alterations to the conceptual design of the project during the DDA process. Once the DDA is approved by the City Council, it will be necessary for the Del Curto Brothers Group to submit an application for Site and Architectural Review of the buildings for consideration by the City Planning Commission. It is expected that the property would be transferred to the developer near the time of the issuance of the building permits for construction of the buildings.