

Informational Presentation:

Review of 2020-2021 Larkspur Landing Information Presentations

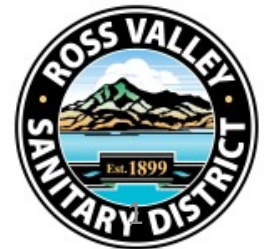


Presented to Ross Valley Sanitary District

October 13, 2021



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AGENDA

Larkspur Landing Site Overview

Project Team

Surplus Lands Act

Site Entitlements and Land Use

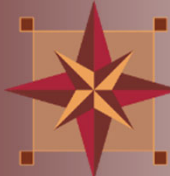
Select Transaction Structures

Communications & Engagement Plan

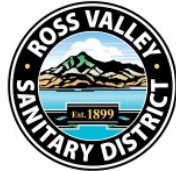
Questions & Answers



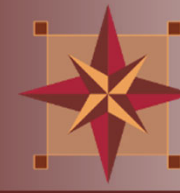
Larkspur Landing Site Overview



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Larkspur Landing Site Overview



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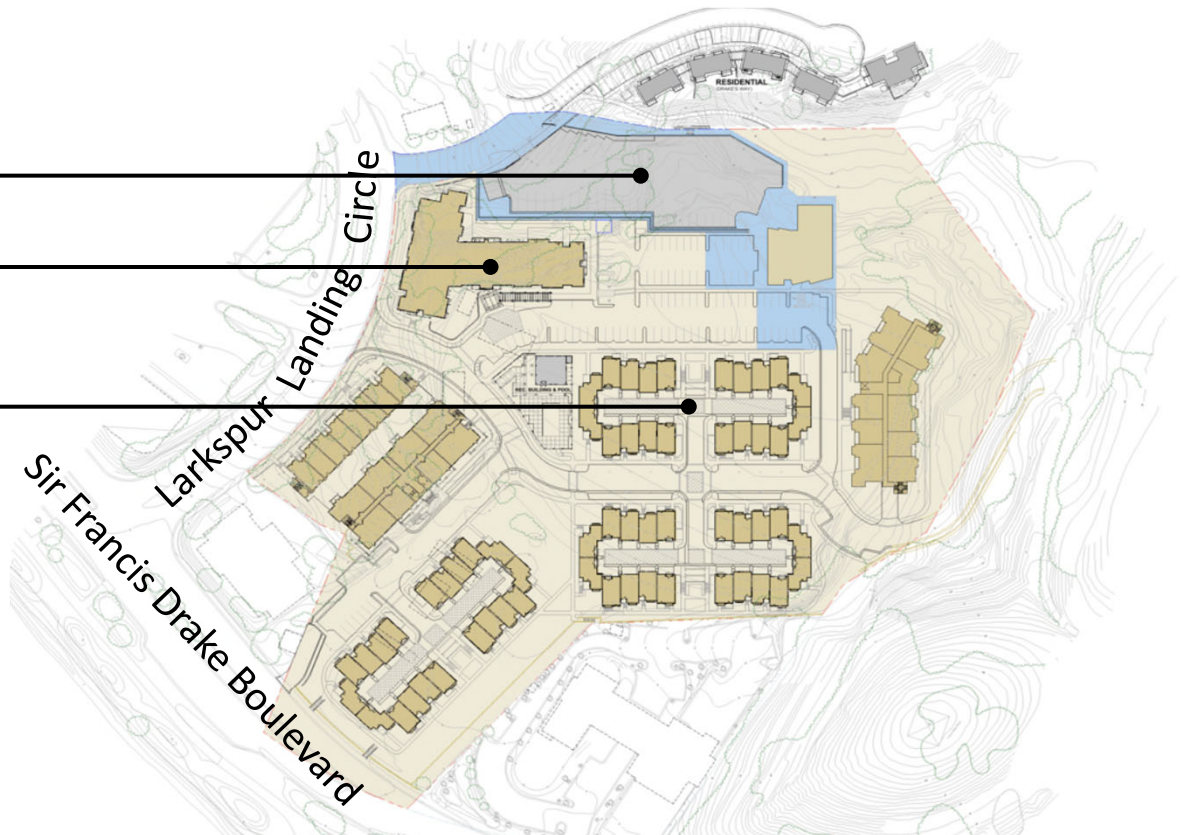
- ❖ 10.7-acre site of District's former wastewater treatment plant; EPA site remediation pending
- ❖ One of last remaining undeveloped parcels in City of Larkspur/Marin County
- ❖ Enjoys expansive views of San Francisco Bay
- ❖ Previously entitled for District Office/Corporation Yard, hotel, and residential

Existing Entitlements:

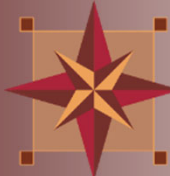
District Office/Corporation Yard

100-Room Hotel

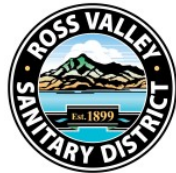
126 Residential Units



Project Team Overview



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Prime Consultant



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Century | Urban was retained by the District in August 2020 as its strategic real estate advisor to evaluate the economics and strategic options for the Larkspur Landing property.

Century | Urban is a privately held full-service, real estate economic consulting, investment, advisory, and project management firm headquartered in San Francisco and founded in 2010. The firm has a commitment to excellence, integrity and attention to detail, in every aspect of its work. The firm’s Principals have over 40 years of experience in negotiating public-private partnerships, transaction structures, development agreements, calibration of public benefits, affordable housing, disposition, financing and leasing negotiations of real estate transactions in all major property types.

Sub-Consultants

URBAN
PLANNING
PARTNERS
INC.

Community Engagement,
Outreach & Land Use



pfm

Public
Financing
Strategies



LD
P
ARCHITECTURE

Levy Design
Partners

Site Planning



CBRE

Market Analysis &
Appraisal

CBRE Capital Markets

District Counsel



RF Ragghianti|Freitas LLP

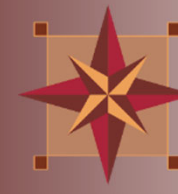
Land Use Entitlements



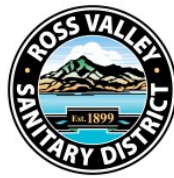
DOWNEY BRAND

Surplus Lands Act

District Objectives & Evaluation



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1

Advise District to Make Informed Decisions to Benefit Ratepayers & Stabilize Rates

2

Receive Final Sign Off From EPA for Site Clean Up & Remediation

3

Conduct Public Information Sessions to Inform Broader Goals & Objectives

4

Compliance & Adherence to the Surplus Lands Act

5

Transparent Communications & Engagement Plan

6

Review of Entitlements & Land Use Matters

7

Review & Evaluation of Public-Private-Partnership Structures

8

Potential for Developer RFQ/RFP Selection Process



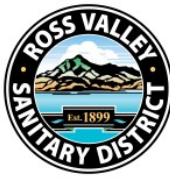
Surplus Lands Act (SLA)

DOWNEY BRAND

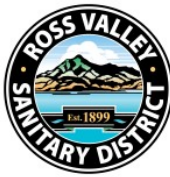


1. History and Intent of the Surplus Land Act
2. Summary of SLA Requirements
3. Enforcement

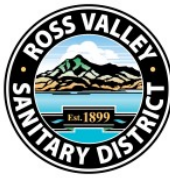




- ❖ Original Surplus Land Act passed in 1968
- ❖ Intent is to prioritize reuse of surplus lands for:
 - ❖ Affordable Housing
 - ❖ Parks and Open Space
 - ❖ Schools
- ❖ Applies to public land that is not necessary for the agency's use
- ❖ AB 1486 – significant changes that took effect January 2020
 - ❖ Expanded definition of “public agency”
 - ❖ More procedural requirements
 - ❖ Expanded role of Housing and Community Development (HCD)
- ❖ HCD Enforcement Authority took effect January 2021
- ❖ HCD guidance finalized in April 2021



- ❖ Agency declares land surplus
- ❖ No negotiations for sale or lease until a Notice of Availability is sent to:
 - ❖ Local public agencies
 - ❖ Housing sponsors
 - ❖ Other listed entities for open space purposes, schools, etc.
- ❖ If Agency receives notices of interest to buy or lease within 60 days, Agency must participate in “good faith negotiations” with each entity for 90-day period.
 - ❖ If multiple offers, priority to the entity compliant with GC 54222.5 (at least 25% of units are affordable housing)
 - ❖ If more than one entity meets the requirements of 54222.5, then priority to the greatest number of units
 - ❖ If price and terms cannot be reached, land can be disposed (with continuing affordability restrictions)
- ❖ No requirement to dispose of land at less than fair market value



- ❖ Increased role of HCD, including oversight, as of Jan. 2021
- ❖ Penalties for violations are severe
 - ❖ 60 days to cure alleged violation after notice
 - ❖ First violation = 30% of sale price
 - ❖ Subsequent violations = 50% of sale price
- ❖ Third parties may bring action to enforce SLA

Larkspur Landing Circle Land Use & Entitlements



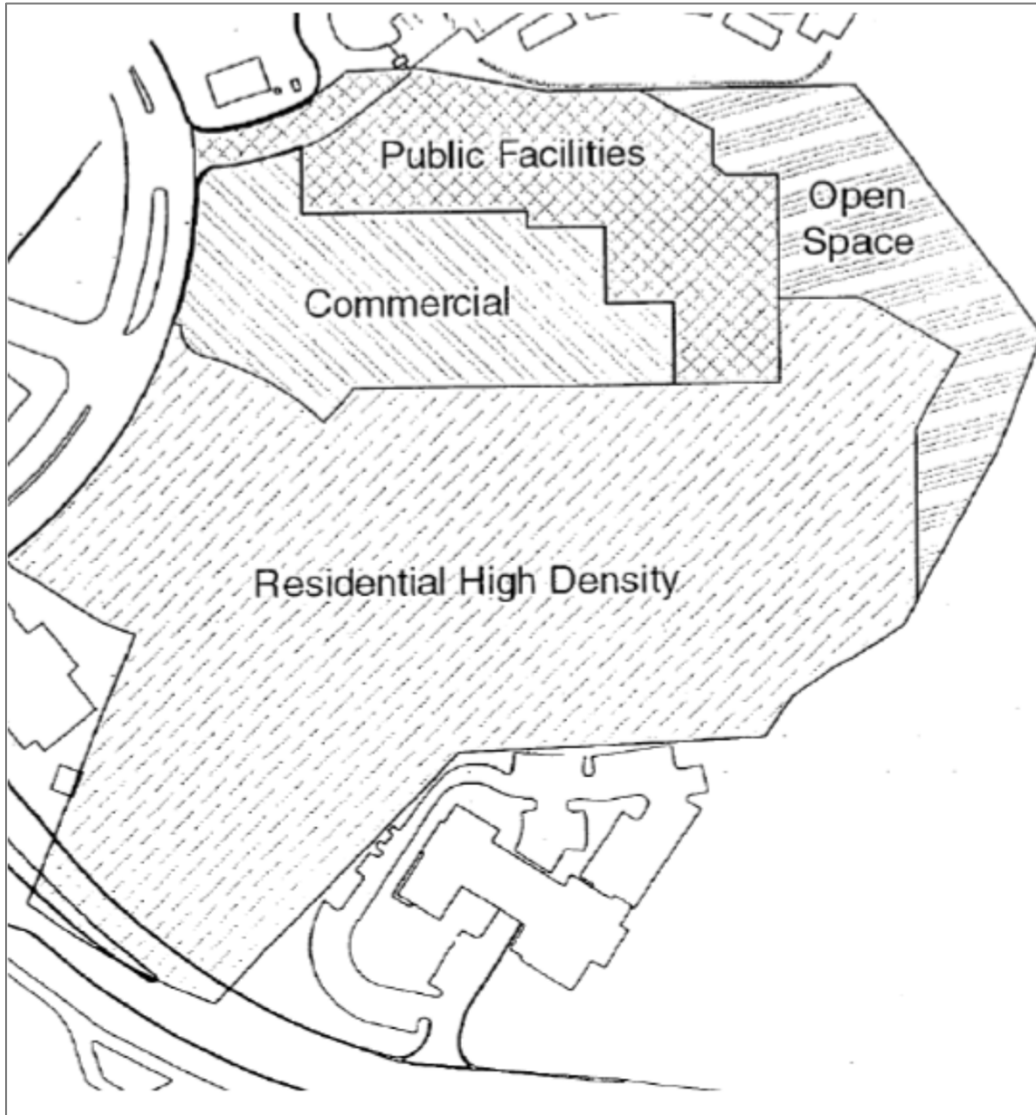
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Entitlement Overview



Parcel 1: APN 018-260-03, Mixed Use Parcel	Parcel 2: APN 018-260-02, Sanitary District Parcel
Size: 9.18 acres	Size: 1.5 acres
General Plan Land Use Designation: Residential; Commercial; Open Space	General Plan Land Use Designation: Public Facilities
Zoning: Planned Development (P-D)	Zoning: Planned Development (P-D)

CURRENT GENERAL PLAN DESIGNATION Resolution No. 34/05



PRELIMINARY DEVELOPMENT PLAN Approved

126
Multi-family residential
dwelling units

25
Affordable units

Hotel

**Administration
and Maintenance
Facility**



Complete*

Ord. 948 also adopted the Mitigated Negative Declaration prepared for the Project pursuant to CEQA

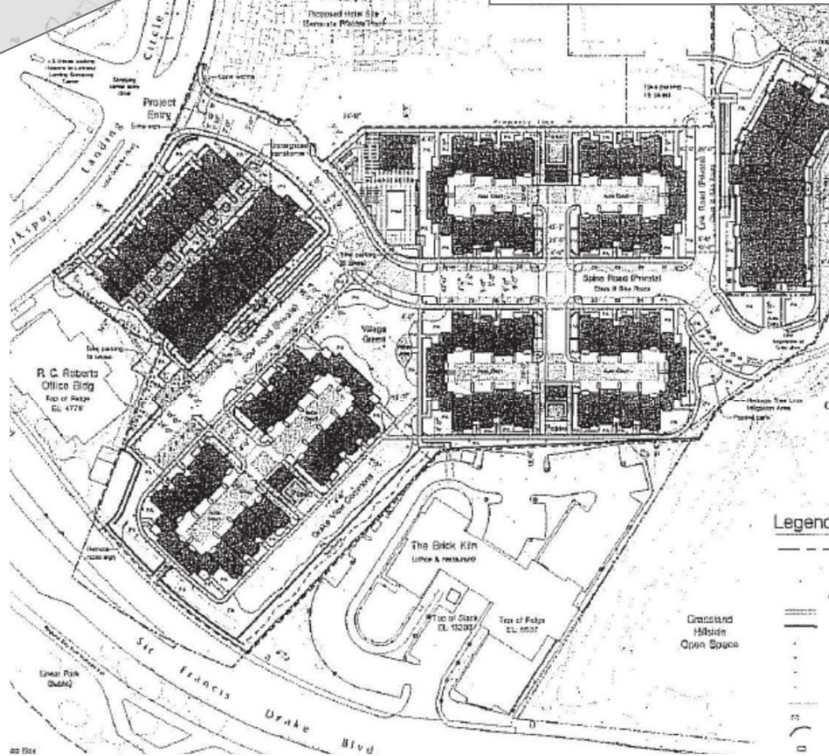
* May need to be updated based on new data/regulations

Residential Precise Plan and Design Review



ORDINANCE NO. 951

AN ORDINANCE OF THE CITY OF LARKSPUR AMENDING
ORDINANCE NO. 948 AND APPROVING THE
PRECISE DEVELOPMENT PLAN AND DESIGN REVIEW
FOR THE RESIDENTIAL COMPONENT OF THE 2000 LARKSPUR LANDING
CIRCLE MIXED-USE DEVELOPMENT PROJECT

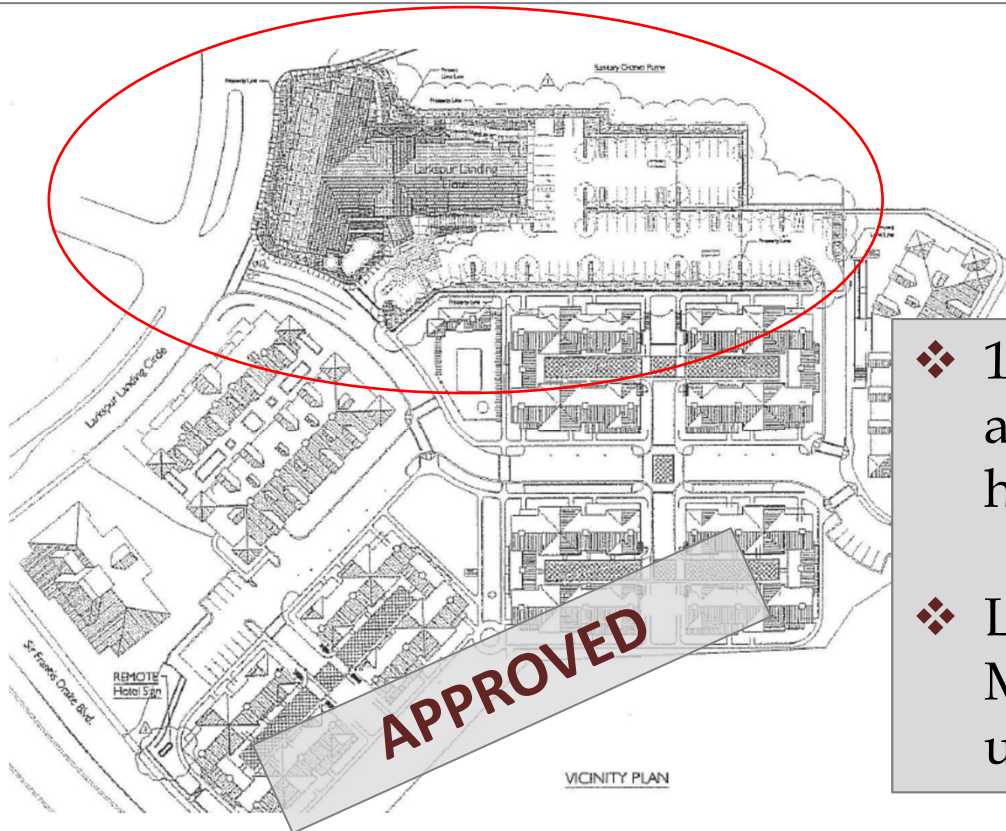


- ❖ 126 multi-family residential dwelling units, including at least 25 affordable units in 9 structures
- ❖ Accessory buildings and uses, community clubhouse
- ❖ Located on the portion of the Mixed Use Parcel with the GP land use designation High Density Residential

Hotel Precise Plan and Design Review

ORDINANCE NO. 954

AN ORDINANCE OF THE CITY OF LARKSPUR AMENDING
ORDINANCE NO. 948 AND APPROVING THE
PRECISE DEVELOPMENT PLAN AND DESIGN REVIEW
FOR THE HOTEL COMPONENT OF THE 2000 LARKSPUR LANDING
CIRCLE MIXED-USE DEVELOPMENT PROJECT



- ❖ 100-room, four story, approximately 64,001 square foot hotel with swimming pool and spa
- ❖ Located on the portion of the Mixed Use Parcel with the GP land use designation of Commercial

Preliminary and Precise Plan Expirations – **Have not occurred**



General Plan amendments do not “expire”



Preliminary Plans can expire if no precise plan in 2 years. *Precise plans were approved here.*



Precise Plans can expire if no construction within 3 years and Planning Commission initiates reclassification. *Reclassification has not occurred here.*



As long as the precise development plan is valid, so are all related approvals

- Design Review etc. all still valid
- Exception for subdivision maps

Tentative Parcel Map - **Expired**

**2000 LARKSPUR LANDING CIRCLE PROJECT
SUB 06-63
PLANNING COMMISSION OF THE CITY OF LARKSPUR**

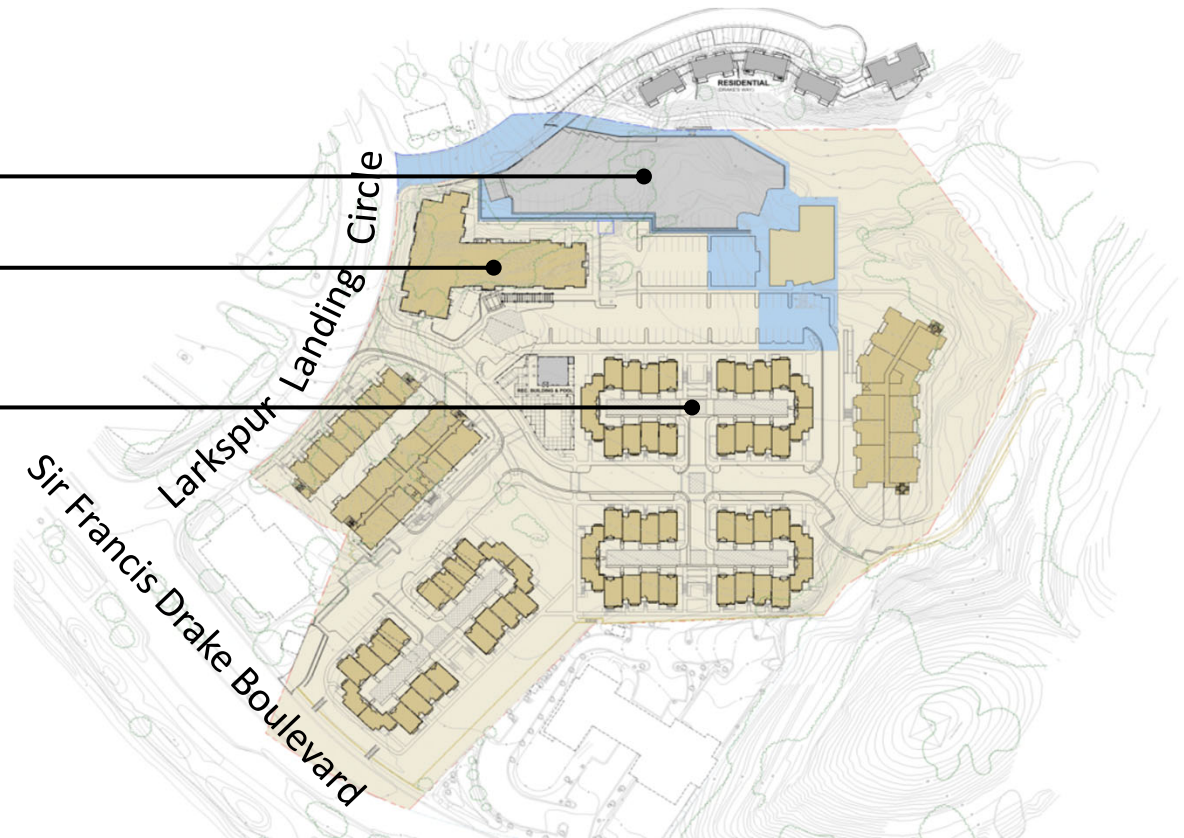
- ❖ Tentative Parcel Map to subdivide the Mixed Use Parcel into four separate lots
- ❖ After an extension, SUB 06-63 expired by law on February 16, 2016. Accordingly, there is no approved Tentative Parcel Map for the Mixed Use Parcel

Approved Project

District Office/Corporation Yard

100-Room Hotel

126 Residential Units



Vacant/Underutilized Sites General Plan Language

VACANT AND UNDERUTILIZED SITES

LU-7: Revitalization of underutilized or marginal commercial, industrial, and residential sites.

GENERAL POLICIES

Policy LU-7.1: Establish guidelines for the use and development of sites where change is expected to occur.

Action Program LU.7.1.a: Apply the Mixed Use I Land Use Designation and encourage the implementation of a Planned Development District for the 2000 Larkspur Landing Circle (Ross Valley Sanitary District) site, maintaining a mix of uses that encourages economic vitality, meets the City's housing goals, and provides connectivity between the Drake's Cove neighborhood and Larkspur Landing Circle.

New Proposed General Plan Designation



MIXED USE

MIXED USE I

This designation applies to the largely vacant Ross Valley Sanitary District land located at 2000 Larkspur Landing Circle and within walking distance of significant transit facilities (SMART train and Larkspur Ferry). This category provides for predominately high-density residential use, with limited commercial and/or office uses to serve both local and regional needs, and/or public facilities. Residential uses are multiple dwelling units up to 21 units (about 42 persons) per acre on sites of less than 10 percent slope, with a minimum density of 18 units per acre. Commercial uses have a maximum FAR of 0.4, and hotels may be allowed to a maximum FAR of 1.0 subject to specific or master plan approval. Offices shall have a maximum FAR of 0.35. Affordable housing is encouraged, and maximum densities may be increased for affordable housing projects in compliance with State requirements for density bonus. Development should occur in an integrated development pattern to assure connectivity through the site and the adjoining neighborhood at Drake's Cove, efficient use of land resources, a pedestrian and bicycle friendly environment, and minimization of the visual impact of parked automobiles.

General Plan Update EIR

- ❖ Worked with City regarding Mixed Use I designation
 - ❖ Added flexibility
- ❖ Participated in EIR process/scoping regarding potential projects
 - ❖ Anticipate development at this site
- ❖ Draft EIR to be released soon
- ❖ General Plan adoption hearings scheduled for early 2022

- ❖ New housing element cycle 2024-2032
 - ❖ Consultant hired (EMC)
- ❖ 979 Units for the 2023-2031 cycle
 - ❖ Appeal recently denied
- ❖ This site could play a major role in meeting the RHNA
 - ❖ Multiple tools will be considered such as increased density and streamlined approvals

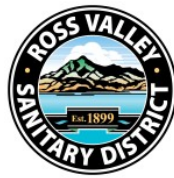
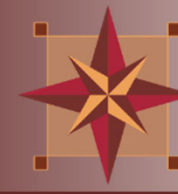


Regional Housing Needs Allocation

City of Larkspur
Allocation of 979 Units

Select Transaction Structures





Transaction Structure Considerations

Once a project sponsor has been selected either through the SLA process or through a broader RFQ/RFP process, the following transaction structure consideration options below will be evaluated.

Project Sponsor Considerations

1 Benefit ratepayers & stabilize rates.

2 Financial wherewithal & demonstrated track record of development.

3 Support of District's mission & maximizing land value and/or ground rent.

4 Leveraging developer expertise and execution capabilities.

5 Partnership approach with access to low-cost capital.

Engagement & outreach with community & key stakeholders.

Shared aligned of interests among District and prospective developer.

Ability to execute a near-term closing to create value for the District.

Limit District funding of "at risk" capital with shared goals & objectives.

Focus on transparency & process.

6

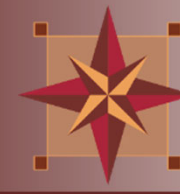
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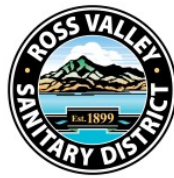
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Select Transaction Structures



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Option A: Ground Lease

An agreement in which a ground lessee is permitted to develop and operate the improvements during ground lease period, after which the improvements are turned over to the landowner (usually after 75 to 99 years).

PROJECT BENEFITS

1

Generates annual recurring revenue for the District.

2

Limit District funding of “at risk” capital and eliminate burden of asset/property management.

3

Deployment of third-party capital & avoid District balance sheet encumbrance.

4

Leverage developer expertise and execution capabilities.

5

Vertical improvements revert to landowner at end of lease term.

KEY CONSIDERATIONS

Fewer developers pursue this transaction structure.

1

Limited control of development/management of improvements.

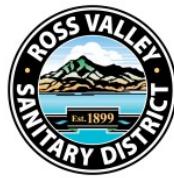
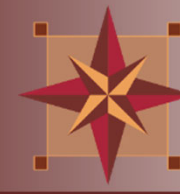
2

Monitoring of maintenance of improvements recommended.

3

More complicated legal transaction structure.

4



Option B: Purchase of Land

A purchase agreement among two parties that allows a buyer to acquire the site from a willing seller at market rate terms and conditions with at fair market value within 60-90 days.

PROJECT BENEFITS

- 1 Near-term monetization of land value with upfront land payment.
- 2 Market risk is transferred to the buyer.
- 3 No future obligation after transaction closes.
- 4 Reinvestment of sales proceeds and ability to repay outstanding bonds.
- 5 Greater flexibility in land uses than a ground lease.

KEY CONSIDERATIONS

One-time lump sum payment with no ongoing ground rent.

1

Land value may be lower due to current Covid-19 market conditions.

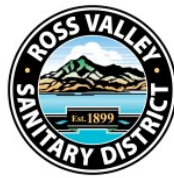
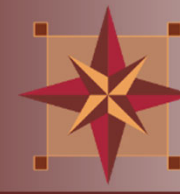
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Seller does not benefit from improving market conditions.

3

No control over future development program.

4



Option C: Hybrid Approach (includes both a Sale & Ground Lease)

Hybrid approach includes both Option A (sale) and Option B (ground lease) whereby a portion of the site may be sold to a third-party developer to generate upfront sale proceeds in addition to a portion of the site that may be ground leased to a third-party developer to generate ongoing revenue.

PROJECT BENEFITS

1

Generates both upfront revenue and recurring annual revenue for the District.

2

Limit District funding of “at risk” capital and eliminate burden of asset/property management.

3

Leverage developer expertise and execution capabilities.

4

Reinvestment of sales proceeds to repay outstanding bonds to remediate site.

5

Accommodate both for sale product in addition to rental units.

KEY CONSIDERATIONS

1

Fewer developers pursue ground lease transaction structures.

2

Land value may be lower due to current Covid-19 market conditions.

3

Require upfront land use work to identify portion of site to be sold vs. ground lease.

4

Transaction structure complexity with both a purchase agreement and ground lease.

5

May require more than one developer to prosecute a sale and ground lease.

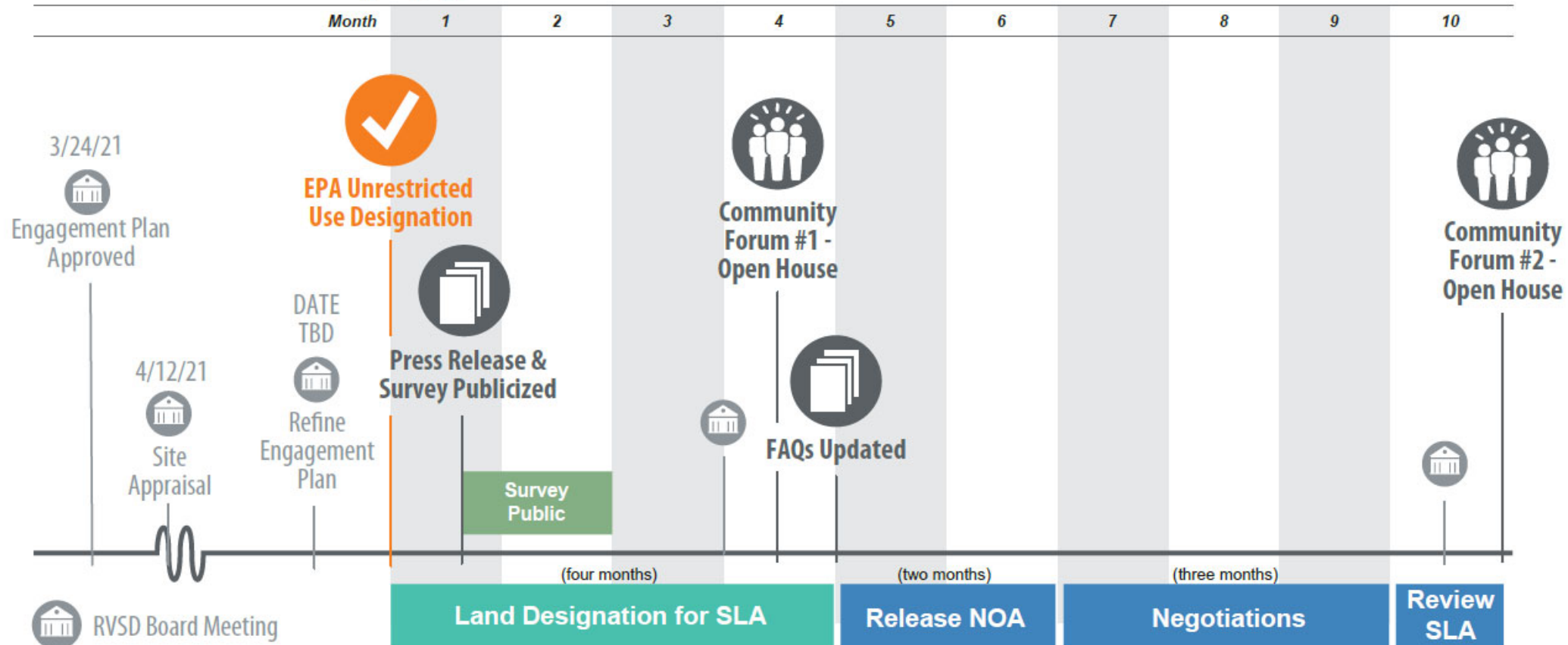
Adopted Communications & Engagement Plan

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PARTNERS
INC.



Adopted Communications & Engagement Strategy - Timeline

SLA Process and Community Engagement Timeline



Adopted Communications & Engagement Strategy - Timeline

- ❖ Press Release and Project Page Update (Pending EPA Release)
- ❖ Community Survey
- ❖ Community Forum/Board Study Session #1
- ❖ Community Forum/Board Study Session #2



Community Engagement

Questions & Answers



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