

BLUE FOLDER ITEM

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CITY COUNCIL MEETING June 1, 2021

J.1 PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

PUBLIC COMMUNICATION

Khatirah Nazif

From: Mark Nelson (Home Gmail) [REDACTED]
Sent: Tuesday, June 1, 2021 1:08 AM
To: CityClerk
Subject: Opportunity for affordable housing by condemning the BCHD site
Attachments: BCHD alternatives v4.odt



ATTN: Email is from an external source; **Stop, Look, and Think** before opening attachments or links.

Public Comment June 1 2021 Council Meeting

Mayor and Council:

BCHD has made it quite clear that BCHD believes the value of the 514 building is negative. That is, BCHD has claimed 514 has seismic flaws that require either a \$100M renovation or demolition. While BCHD is in fact incorrect in its assertion, nonetheless, BCHD has taken that stance publicly. The 510 and 520 buildings are leaseholds only, and the value of the leases is easily computed. Finally, the parcel is zoned Public and does not allow for any "by right" commercial, for profit use. As such, the value of the land is modest.

The City should consider condemnation of BCHD campus. It would have a modest cost and the City could build affordable housing on part of the site. Unlike BCHD, the City is a trustworthy counterparty for the residents and a fiduciary. The City could quite easily build 250 units without exceeding 4 stories and with ample setbacks.

I have pasted a more comprehensive discussion below.

Redondo Beach Affordable Housing vs. Non-Resident \$12,500/month Assisted Living

The question is clear, as is the answer. Redondo Beach's public land should be used for the benefit of Redondo Beach, not to house wealthy non-residents in BCHDs commercial development.

BCHD Alternative Use for Affordable Living, RHNA Compliance, and Redondo Beach Benefit

Since its inception, BCHD has failed to evaluate its net benefits to the community in any CDC Public Health-approved manner and thus BCHD has no evidence that its past or future operations benefit Redondo Beach beyond the damages it inflicts and has inflicted for over 60 years. BCHD has asserted that the 514 building has a negative value and must be demolished. The 510 and 520 buildings are easily valued third party leaseholds. The land is Redondo Beach Public land use with no "by right" commercial use and limited other uses and is therefore of modest value.

Through condemnation, the City can acquire the parcel, buildings and leases; demolish 514; and build moderate density affordable RHNA compliant housing in a responsible manner at modest heights with generous setbacks. BCHD's \$12,500 per month rent RCFE with over 90% non-Redondo Beach residents has been dubbed the Wealthy Living Campus

BCHD has demonstrated itself to non-responsive to the surrounding neighborhoods, ignoring 1,200+ residents voices in a 2019 petition, and subsequently increasing its commercial RCFE from 60-feet to 103-feet tall, and increasing the overall, above-ground campus plan from 729,000 sqft to 793,000 sqft.

Only the City of Redondo Beach in cooperation with the City of Torrance can be trusted to develop responsibly and to provide net benefits to the residents of Redondo Beach.

There is NO EVIDENCE that BCHD project can provide NET BENEFITS to Redondo Beach

The BCHD plan for RCFE estimates approximately 5% tenancy from 90277, approximately 8% tenancy from all of Redondo Beach, and only 20% tenancy for all three Beach Cities combined. Thus, BCHD own consultant demonstrates that Redondo Beach suffers the vast preponderance of the damages of BCHD action, but only a trivial portion of the benefits.

BCHD cannot demonstrate that it provides NET BENEFITS currently to Redondo Beach

BCHD has already asserted to the Redondo Beach City Attorney, absent any evidence, that it will take the minimal profit that it receives as a minority joint venture partner in the commercial, \$12,500 per month RCFE and generate more benefits for Redondo Beach than the damages it inflicts to the environment, health, and economic home values. Per a California Public Records Act response, BCHD has admitted that since inception, it has failed to budget, conduct cost-accounting, or cost-effectiveness analyses for its programs. It is only now beginning that process, and given BCHD dismal historic track record, it will be a decade before they gain the institution knowledge to conduct a CDC-compliant cost analysis program.

As such, BCHD has no empirical evidence that it currently generates any residual benefit to Redondo Beach from its \$14.9M annual taxpayer budget. Therefore, there is no credibility to any BCHD assertion that it can generate net benefits from its 103-foot tall, 800,000 sqft proposed facilities.

Condemnation by Redondo Beach would provide maximum benefit to residents

A City of Redondo Beach condemnation action against the BCHD campus is an appropriate alternative to BCHDs \$12,500 per month assisted living with 80%+ non-resident occupancy. Redondo Beach has no obligation to meet, or even review, BCHDs overly restrictive, interlocking Project Objectives in their DEIR. This action would likely require its own EIR by the City, a competent and experienced lead agency, unlike BCHD that shirked its lead agency responsibility for the 510 and 520 medical loffice buildings.

Condemnation could be very inexpensive to the City

BCHD asserts that the net present value (NPV) of the 514 building is negative and that it must be demolished. As such, 514 would reduce the overall transaction cost. 510 and 520 are 3rd party-owned leaseholds and it would be trivial to value the net proceeds of the lease and to compute an NPV. BCHD has no RIGHT to a conditional use permit, only the privilege of requesting it, therefore, the valuation of future possible, but not “by right” uses is irrelevant. The land is zoned Redondo Beach Public and has very limited “by right” uses, therefore, land value could also be appraised at a low figure.

Parcel reuse for Redondo Beach RHNA requirements best serves residents

BCHD has suggested using the site to meet RHNA requirements for the City of Redondo Beach. Clearly that suggestion by BCHD was misdirection only, as it is clear that assisted living with communal services at \$7500-12500 or more per month rent fulfills none of the objectives of RHNA. BCHD full aware that it was misleading the public in CEO Bakaly’s letter to the editor.

That said, the BCHD site could be used for City-owned, low-income housing that would not burden 90278 and would meet 5-10% of the City of Redondo Beach’s RHNA allocation.

The City of Redondo Beach should condemn the BCHD parcels and distribute the condemnation funds proportionate to tax base to the cities. The cities can then decide if they should continue to fund BCHD or not. If that is not feasible, then the City of Redondo Beach would distribute the court-ordered condemnation value to BCHD. The existing buildings and leases would transfer to the City of Redondo Beach and the City would collect rents from the two medical buildings.

The City could then demolish the hospital and accessory structures and prepare for RHNA housing using approximately 35-40 units per acre in not more than 4-story buildings with generous setbacks from the surrounding land uses. That would yield about 250 units for low income housing and the City could use the medical building rent revenues, along with bond revenues to pay for the low income housing and associated expenses.

Only the City will responsibly protect the neighborhoods

BCHD originally planned to place a buffer of parking around the site to protect local neighborhoods but then reneged. The City would be a much more trustworthy counter-party, and would not both increase the amount of above ground buildings and raise build heights by over 70% in response to 1,200 local resident petitioner objecting to the 60-foot, 729,000 sqft design (note: BCHD increased their DEIR plan to 103-feet and 793,000 sqft of above-ground buildings by deleting 160,000 sqft of underground parking from their plan.)

Redondo Beach should deny BCHD CUP and initiate a review for condemnation

This alternative better serves the City of Redondo Beach and its housing needs. Separately, the Cities can decide the future of BCHD, if any.

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