City of Anaheim
HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT

DATE: MAY 21, 2024
FROM: HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT
SUBJECT: RESOLUTION OF NECESSITY FOR PROPERTY ACQUISITION LOCATED AT 831 S. BEACH BOULEVARD (APN 079-164-13)

ATTACHMENT (Y/N): YES ITEM # 10

GOVERNMENT CODE § 84308 APPLIES: YES

RECOMMENDATION:

That the Governing Board of the Anaheim Housing Authority (“Authority”) following a public hearing:

1. By Resolution, find and determine that the public interest, convenience, and necessity require the acquisition of certain real property located at 831 S. Beach Boulevard (APN 079-164-13) for public purposes.

BACKGROUND:

The Authority is a California housing authority duly organized and existing under the California Housing Authorities Law, Part 2 of Division 24, Section 34200, et seq., of the Health and Safety Code, and has been authorized to transact business and exercise the power of a California housing authority pursuant to action of the City Council (“City Council”) of the City of Anaheim.

The property located at 831 S. Beach Boulevard, Anaheim, CA 92804 (Assessor Parcel Number (“APN”) 079-164-13, the “Property”) is privately owned by Dhanuba Hospitality, Inc., a California corporation (Entity No. 3622221) (the “Owner”). The Property is approximately 28,684.8 square feet, located on the west side of South Beach Boulevard within the Beach Boulevard Specific Plan, and has a General Plan (“GP”) Land Use designation of Residential Medium (MU).

Beach Boulevard serves as a major thoroughfare for the region and the West Anaheim community. The 1.5 miles of Beach Boulevard from Lincoln Avenue and Ball Road houses more than 18 existing or former motels and aging strip centers, many of them blighted. Due to changing tourism patterns and economic conditions, the area has declined over the decades as business owners were either unable or unwilling to maintain or invest in their properties. The area became a magnet for criminal activity including human trafficking and prostitution, illegal gambling, drug use and distribution, thefts and violent crime including murder.
The City proactively worked with the community and property owners to establish a new vision for Beach Boulevard resulting in the adoption of the Beach Boulevard Specific Plan in 2019. The specific plan outlined various goals and objectives including the need to reduce the oversupply of motel rooms by approximately 50% and to increase the availability of housing to meet regional housing needs while also supporting the additional commercial uses envisioned along the corridor.

In 2021, a renewed effort to address day to day public safety and quality of life issues while promoting the long-term redevelopment of the area was launched called Rebuild Beach. Since that time, staff have been working on a multitude of enforcement efforts, long-term redevelopment, branding and more. Rebuild Beach is an inter-departmental team comprised of staff from Planning & Building, Code Enforcement, City Administration, City Attorney, Police, Public Works, Economic Development, Housing & Community Development, Audit, Community Services, and Public Utilities working together to address motels and other businesses that have strained City resources, contributed to blight, and impacted the quality of life of nearby residents.

In alignment with the goals of the Specific Plan to reduce the number of motel rooms and provide additional housing opportunities, the Anaheim Housing Authority negotiated the purchase of the Covered Wagon Motel and the Anaheim Lodge Motel in 2022.

Staff for the Authority recommends that the Authority begin eminent domain procedures for the acquisition of the Property to combine it with the Authority’s adjacent properties, the Anaheim Lodge and Covered Wagon properties, to provide a viable affordable housing development site. The proposed future development consists of new construction, mixed-income development on an approximately 2.72-acre site located at 821-837 S. Beach Boulevard consisting of 135 housing units (120 affordable rental units and up to 15 for-sale townhomes) (the “Project”).

In order to condemn property, the Authority must first make an offer to purchase to the property owner, which offer must be transmitted in writing, based upon an appraisal. On December 5, 2023, the Authority tendered a statutory Offer to Purchase to the Owner as required by law based upon an approved appraisal (Exhibit 2). Efforts ensued following transmittal of the offer to negotiate a voluntary purchase and sale of the Property with representatives of the Owner. Unfortunately, to date, the offer has not been accepted, and the parties have been unable to reach an agreement on compensation for the voluntary purchase of the Property.

Staff believes it is now necessary that an action in eminent domain be commenced to acquire the Property. Prior to filing the action, the Authority must hold a public hearing on the proposed Resolution of Necessity (Exhibit 1) and provide the Owner of the affected Property an opportunity to be heard, provided that the Owner has timely filed a request to be heard in writing with the Authority before the hearing.

In addition, the hearing must be duly noticed. Attached is a copy of the Notice of Hearing and Request to Be Heard, which were delivered in accordance with the applicable statutes (Exhibit 3).
DISCUSSION:

After conducting the public hearing, if the Authority finds that the public necessity so requires, the Authority should adopt the attached Resolution of Necessity authorizing condemnation proceedings for the purpose of acquiring the Property.

The findings, which need to be made, are as set forth in the Resolution of Necessity. Specifically, the Authority must find:

1. *That the public interest and necessity require the acquisition of the proposed project.*

   As proposed, the Project will serve public purposes, as discussed above.

2. *That the Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury.*

   The City of Anaheim has an allocated need to create 17,453 housing units, with 9,109 of those units for households making less than 120% of the area median income, pursuant to the sixth cycle of the Regional Housing Needs Assessment (“RHNA”). The Beach Boulevard Specific Plan and the Project are necessary to reduce blight, human sex trafficking, drug distribution and abuse, transiency, and other quality-of-life issues on Beach Boulevard. Based on the foregoing, it’s been determined that the Project will eliminate uses that contribute to the aforementioned issues and proposes to add approximately 120 affordable rental units and up to 15 for sale townhouses.

3. *That the Property is necessary for the proposed Project.*

   The Property is the last remaining parcel that the Authority must acquire to assemble a site suitable for the proposed Project. As stated above, the Authority has already acquired two adjacent parcels and acquisition of the Property is necessary to develop the Project at the proposed residential densities.

4. *That the Authority made the offer to purchase as required by Section 7267.2 of the California Government Code.*

   The Statutory Offer to Purchase was tendered to the Owner of the Property on December 5, 2023.

5. *That the necessary notice of hearing to consider the adoption of the Resolution of Necessity has been given, as required by Code of Civil Procedure section 1245.235.*

   As evidenced by Exhibit 3, this has been done.
6. That the Authority has complied with CEQA.

The Project is statutorily exempt pursuant to CEQA Guideline § 15182 which provides that where a public agency has prepared an EIR on a specific plan after January 1, 1980, a residential or mixed-use project in conformity to that specific plan is exempt from CEQA if the project meets the requirements of Section 15182 subdivisions (b) or (c). On November 20, 2018, City Council approved the Beach Boulevard Specific Plan (BBSP) and certified the Final Environmental Impact Report No. 2017-00350 (EIR No. 350), which included the Property within the boundaries of the Beach Boulevard Specific Plan.

Questions relating to value are not relevant to this proceeding. However, that does not mean that negotiations for the acquisition of the property interests are at an end. If the Authority adopts the Resolution of Necessity, after the hearing, negotiations for the acquisition of the property interests may continue. This requires an affirmative two-thirds (2/3) vote of the Authority.

IMPACT ON BUDGET:

Funds are available for the acquisition of this Property and are included in Authority’s budget.

Respectfully submitted,

Grace Ruiz-Stepter  
Executive Director  
Anaheim Housing Authority

Attachments:  
1. Resolution  
2. Offer Letter  
3. Notice of Hearing and Request to be Heard