

DATE: NOVEMBER 22, 1999
TO: PASADENA COMMUNITY DEVELOPMENT COMMISSION
FROM: CYNTHIA J. KURTZ, CHIEF EXECUTIVE OFFICER
SUBJECT: APPROVAL OF ASHLEY STEWART LEASE

RECOMMENDATION:

It is recommended that the Pasadena Community Development Commission approve the lease of 2,500 sf of gross leaseable area (Restricted Retail Area) by Pasadena Commercial Development Company to Ashley Stewart.

ADVISORY BODIES

The above recommendation was approved by the Fair Oaks Project Area Committee on September 29, 1999 and the Northwest Commission on October 20, 1999.

BACKGROUND:

On September 26, 1994, the Pasadena Community Development Commission ("Commission") and Pasadena Commercial Development Company ("Developer") entered into a Disposition and Development Agreement (Agreement No. CDC-181) for construction of the Fair Oaks Renaissance Plaza Shopping Center at 665 N. Fair Oaks Avenue. Under the Disposition and Development Agreement (DDA), Section 401, as amended, lease, sublease or occupancy of the Restricted Retail Area for present or potential revenue producing purposes was restricted and required the Developer to obtain written approval of the Commission before such use of the space.

In February 1999, the Developer entered into an agreement with Ashley Stewart (ladies apparel) for lease of 3,637 square feet within the Renaissance Plaza Shopping Center. The lease includes 1,137 sf of leaseable retail space and the 2,500 sf of gross leaseable area (Restricted Retail Area) restricted for storage space.

Unfortunately, during the negotiations with Ashley Stewart the Developer failed to reference the aforementioned restrictions outlined in the DDA. Thus, based on the Developer's desire to bring Ashley Stewart to the Renaissance Plaza, provisions were negotiated to lease them all the available space at the rear of the northern end of the retail shops. While the Developer has acknowledged this oversight, they are now requesting appropriate Commission approval. Consequently, removal of the restriction limiting the lease of the space is being submitted to the Commission for approval to cure the Developer's existing noncompliance with the DDA and eliminate any future hardship which might be imposed on Ashley Stewart.

The resultant additional revenue (base rent of \$24,600 annually) from the lease of the Restricted Retail Area will be added to the gross revenues of the Plaza. Pursuant to the DDA, a portion of the available annual cash flow (gross revenues minus expenses) is payable towards the Commission's outstanding loan of \$1.343 million for a period of twenty (20) years.

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FISCAL IMPACT:


Approval of the subject recommendation will provide for the completion of the Renaissance Plaza Shopping Center, retention of Ashley Stewart, future repayment of the Commission's outstanding loan in the amount of \$1,343,000 along with increased property and sales tax increments. Specifically, the resultant additional revenue (base rent of \$24,600 annually) from the lease of the Restricted Retail Area will be added to the gross revenues of the Plaza. Pursuant to the DDA, a portion of the available annual cash flow (gross revenues minus expenses) is payable towards the Commission's loan for a period of twenty (20) years.

Respectfully submitted,



CYNTHIA J. KURTZ
Chief Executive Officer

Prepared by:



GREGORY ROBINSON
Housing Administrator

Approved by:



RICHARD BRUCKNER
Director, Housing & Development