



Central Pointe Phase I Development Partners LP  
660 W. Baker Street  
Suite C-101  
Costa Mesa, CA 92626

November 3, 2023

Minh Thai  
Executive Director  
Planning & Building Agency  
CITY OF SANTA ANA  
20 Civic Center Plaza  
Santa Ana, CA 92701

Re: Central Pointe Project – 1851 and 1751 E. Fourth Street – Impact Fee Deferral Request

Dear Mr. Thai:

The purpose of this letter is to formally request the City Council approve a deferral of the payments for the required project-related development impact fees pertaining to the planned construction of the Central Pointe Project located at 1851 E. Fourth Street and 1751 E. Fourth Street ("Project" or "Projects"). Many other Southern California jurisdictions have granted this type of deferral to both Ledcor and other developers as the real impacts to city services occur after the project opens to residents and patrons, not at construction commencement. As such, it would be reasonable to defer the payment of the fees until the issuance of the Certificate of Occupancy for each Project. The anticipated timeframe for payments, assuming we are successful in obtaining financing for reach project phase would be around September 2026.

At an August 24<sup>th</sup> meeting with staff, we were made aware that we must pull Project building permits by the end of this calendar year in order to vest in the plans under the 2019 California Building Code ("CBC"), the code under which the Projects were designed. Our desire and need to vest these Project phases into the 2019 building code is to allow the Projects to be financially viable. The current 2022 CBC places additional building construction requirements that have a high-cost impacts, approximately \$9 million per phase plus the cost of additional design and a new plan check fee, on the Projects. This will render them significantly more difficult to finance under current and foreseeable financing conditions for both construction loan debt and institutional equity, threatening our ability to develop these stunning project communities.

When Central Pointe Development Partners purchased the site in September 2022, our anticipated construction commencement date was summer 2023. A longer than anticipated plan check and the current constriction in the equity and debt capital markets have delayed the start of construction into 2024.

Because additional plan check approval extensions are not allowed, vesting the 2019 CBC requires us to pull the permits several months in advance of commencing construction on the Project. The City and other agency required impact fees for the Project phases is approximately \$13.1 million dollars. Due to the dramatic quick rise of interest rates and the scale of the overall project which correlates to a high dollar amount payment compared to some other projects in the city, the related interest payments to carry the impact fee payments creates an unanticipated and unmitigated financial burden on the overall Project.

Please note, the anticipated property taxes related to the Project phases upon our disposition is approximately \$5.1, and increasing up to 2% per year in perpetuity, a significant increase of property tax revenue generated from the assessed value of the previous owner. Furthermore, these Project phases will generate impactful economic benefits to the community. With the anticipated additional new residents, additional neighborhood serving retail uses, and over two dozen permanent jobs created post construction, the economic benefits to



nearby businesses and subsequent increased tax increment impact to the city will further benefit Santa Ana. Therefore, there is a long-term benefit to the City and its residents in further advancing the projects to fruition with assistance from the City in deferring the payment of impact fees until permit issuance or closer to the opening of each respective project phase.

Since closing escrow on the property, our ownership has diligently pursued design, plan check approvals, and permit efforts in the desire to prepare the Projects for construction. Our Phase I Project is currently in its fourth round of plan check, and we anticipate commencing construction subject to capitalization. Our Phase II Project plan check package was submitted on October 4<sup>th</sup>. We anticipate it will be permit ready by the end of the year. We believe deferral of impact fees, issuance of the permits, and the vesting under the 2019 CBC are critical to overcome the challenges of the current debt and equity capital markets, while ensuring the Projects can commence construction which will provide the needed housing contemplated within Santa Ana's Metro East Mixed-use Overlay Zone ("MEMU").

Please contact me at (949) 255-0416 or [jason.silver@ledcor.com](mailto:jason.silver@ledcor.com) with any questions you have.

Sincerely,

CENTRAL POINTE PHASE I DEVELOPMENT PARTNERS LP,  
a Delaware limited partnership

A handwritten signature in blue ink, appearing to read "Jason Silver".

Jason Silver  
Vice President, Development