



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: City Administrator

SUBJECT: Resolution Approving the Agreement of Purchase and Sale and Escrow Instructions between the Successor Agency to the Commerce Community Development Commission and the City of Commerce, for Land in the City of Commerce, California

MEETING DATE: August 6, 2018

RECOMMENDATION:

The City Council will consider for adoption the proposed Resolution approving the Agreement of Purchase and Sale and Escrow Instructions between Eastside Development and the City of Commerce, for Land in the City of Commerce, California, and authorize the Mayor to sign the agreement on behalf of the City.

BACKGROUND:

Pursuant to ABX1 26 (as subsequently amended and codified in Health & Safety Code Section 34170 *et seq.*, the “Dissolution Law”) enacted in June 2011, the Commerce Community Development Commission (the “Commission”), and all other redevelopment agencies (“RDA”) throughout the state, were dissolved as of February 1, 2012. As part of the “Dissolution Law”, housing set-aside dollars for the primary purpose of building housing were also dissolved, leaving cities with the challenging task of building housing with limited financial resources.

On April 6, 2010, the City Council adopted a Housing Overlay Zone to accommodate the City 2014-2021 total RHNA allocation and AB 1233 carryover, the City has identified the Housing Opportunity overlay area to facilitate and encourage the development of residential uses. The Overlay designation includes a cluster of industrial properties totaling 44.3 acres, within the Rosewood Planning Area, that the City would like to see transition to residential and mixed use development. The housing overlay serves as an opportunity to transform existing commercial/industrial sites into residential housing. Moreover, the City has been studying the Washington Boulevard corridor for economic development opportunities such as; housing, dining, mixed-use development, retail, and neighborhood services.

As the City works towards enhancing the Washington Boulevard corridor, the purchase of the subject properties allows for the City to begin creating the vision that can encompass

quality of life amenities that the City of Commerce residents can enjoy. The construction and operation of a proposed project on the Land would be consistent with the current zoning and the City's General Plan. It would also satisfy a vital need for housing in the community.

ANALYSIS:

On October 2017, the City of Commerce engaged Eastside Development on the opportunity to purchase the property along Washington Boulevard for the opportunity to house Transportation Department staff which has outgrown its current site and/or develop a project that would complement the Housing Overlay Zone. The City has been in negotiations and has come to an agreement with Eastside Development for the acquisition of real property that consists of approximately 142,890 square feet (SF) of land and 18,000 SF of Class "C" industrial office building. The office building is currently occupied by two existing tenants and will remain occupied until the property is developed. California and Federal law provide that owners and tenants of property acquired by the City and used for public purposes may request relocation assistance. The Seller has waived its rights to relocation assistance, but it is possible that tenants on the property may request relocation assistance when the property is subsequently sold by the City to a Developer.

The real property acquisition consists of four properties, which are briefly described as follows:

- Property 1 – 5476 and 5530 Jillson Street, consists of a generally rectangular-shaped, alley-served, corner site totaling approximately 34,225 SF located on the southwest corner of Jillson Street and Eastern Avenue. This property is currently improved as a parking lot with asphalt paving and fencing.
- Property 2 – 2500 S. Eastern Avenue and 5571 E. Washington Boulevard, consists of two generally rectangular-shaped corner sites bisected by an alley totaling roughly 76,469 SF. The northern portion of property is a corner-to-corner site located along Jillson Street, where it intersects with Daniel Avenue and Eastern Avenue. The southern portion of the site is a corner parcel situated at the northwest corner of Washington Boulevard and Daniel Avenue. This property is currently utilized as a parking lot with asphalt paving and fencing.
- Property 3 – 5600 Jillson Street, consists of a rectangular-shaped, alley-served, corner site totaling roughly 31,827 SF located on the southeast corner of Jillson Street and Daniel Avenue. This property is currently as a parking lot with asphalt paving and fencing.
- Property 4 – 5611 E. Washington Boulevard, consists of an average-quality, construction Class "C" industrial building totaling approximately 18,000 SF, including 6,420 SF (36%) of office area. This building was constructed in 1966, which also features a ±8,335 SF basement. The building is located on a 25,452 SF rectangular-shaped, alley-served corner site.

Environmental Analysis

The City of Commerce completed the negotiation of an Agreement of Purchase and Sale. The Agreement is made contingent on the completion of a Phase 1 and the City's due diligence on ensuring that the property is free from environmental hazards. An appropriate environmental review and analysis will be required pursuant to the requirements of the California Environmental Quality Act ("CEQA") to analyze the potential environmental impacts of a proposed project before it is considered by the City's Planning Commission and City Council.

At this time, the future development of the proposed site is unknown. Therefore, a meaningful environmental review will take place once a development begins the entitlement process. Selection of the final development plan will be subject to future discretionary action of the City Council; either through funding the improvements if the City self - develops the site, approval of development plans, or through a DDA / processing of entitlements if it sells it to another private or public entity.

ALTERNATIVES:

1. Approve staff recommendation
2. Decline staff recommendation and provide further direction

FISCAL IMPACT:

The purchase of the subject properties for \$10,500,000, will be paid with General Fund dollars. Said purchase is consistent with the results of the appraisal prepared by the City. Once the purchase has been finalized, the City intends to sell the property and recover the funds used for the purchase of subject properties.

RELATIONSHIP TO STRATEGIC GOALS:

This report before the Council is not applicable to any specific 2016 Strategic Plan Guiding Principle; however, it is related to the following Strategic Focus Area: Create and pursue opportunities for collaboration and regional partnerships to maximize resources and address regional issues.

Recommended by:	Rene Bobadilla Director of Economic Development and Sustainability
Approved as to form:	Noel Tapia, City Attorney
Respectfully submitted:	Edgar P. Cisneros, City Administrator

ATTACHMENTS:

1. Resolution
2. Agreement of Purchase and Sale and Escrow Instructions for the Properties