



## CITY OF COMMERCE AGENDA REPORT

**TO:** Honorable Successor Agency **Item No.** \_\_\_\_\_

**FROM:** Executive Director

**SUBJECT:** Resolution Approving Contingent Agreement to Purchase and Sell Real Estate to Ramez Karkafi

**MEETING DATE:** July 2, 2019

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### **RECOMMENDED ACTION:**

Approve and adopt the proposed Resolution approving the Contingent Agreement to Purchase and Sell land to Ramez Karkafi, and assign the number next in order.

### **BACKGROUND:**

Pursuant to ABx1 26 ("AB 26") enacted in June 2011, the Commerce Community Development Commission (the "Commission"), and all other redevelopment agencies throughout the state, were dissolved as of February 1, 2012. AB 1484 was enacted in June of 2012 and substantially amended AB 26, and was codified in the Health and Safety Code.

Pursuant to Health & Safety Code § 34175(b), on February 1, 2012, the real property and other assets of each dissolved RDA were transferred to the ownership and control of their "successor agency." Health and Safety Code § 34173(g) requires each successor agency to dispose of such properties and to unwind the affairs of the dissolved redevelopment agencies. The City of Commerce has elected to take on the duties of the successor agency to the Commission (the "Successor Agency"), and by operation of law, the Successor Agency currently owns the land formerly owned by the Commission.

Pursuant to Health and Safety Code § 34191.5, within six (6) months after receiving a Finding of Completion from the Department of Finance ("DOF"), each successor agency was required to submit for approval to its oversight board and the DOF, a Long Range Property Management Plan ("LRPMP") that addresses the disposition and use of the real properties of the respective former RDA. The Dissolution Law mandates that a LRPMP identify that former RDA properties must be used or dispersed in one of the following ways: (1) to fulfill an enforceable obligation; (2) retention for future development, including possible sale of the property; (3) retention of property for governmental use; (4) of liquidation / sale.

On May 24, 2013, the Successor Agency received a Finding of Completion from the DOF. On May 19, 2014, the DOF approved the Successor Agency's LRPMP, thereby approving the Successor Agency's proposed use or disposition of all the properties listed on the LRPMP.

One property identified in the LRPMP is located at 2143 South Atlantic Boulevard in the City of Commerce. The subject property consists of a 0.17 acre (7,477 square feet) commercial/manufacturing zoned parcel that is currently unimproved. The property is located on the northeast corner of S. Atlantic Boulevard and Everington Street, just west of interstate 5.

## **ANALYSIS:**

The Successor Agency has received an unsolicited Offer to Purchase said property. Based on an appraisal obtained by the City, the Land has a market value of \$335,000. The Buyer (Ramez Karkafi) has offered to pay the \$335,000 with the intent to add his adjacent parcels and develop the property into a mixed use development. The proposed project will provide eighteen (18) units of housing, three (3) live-work units, a restaurant and a café with sufficient parking on-site for all(see attached rendering). The project is an attractive, high quality development that is consistent with the City's long term plans for the area. The proposed housing development will address the severe housing shortage in the City of Commerce and the region, and will also set the tone for the future residential and commercial development in the area.

Consistent with the LRPMP, Staff now recommends approval of the proposed Contingent Agreement for Purchase and Sell between the Successor Agency and Ramez Karkafi. The Buyer will be required to make a good faith deposit of \$10,000 upon execution of the Agreement, with the balance of the purchase price payable in good funds upon the Close of Escrow.

The Agreement provides for escrow to be opened within two (2) business days after execution of the Agreement by the parties. Escrow shall close on or before the date which is ninety (90) days following the Project Approval Date ("Closing Date"), subject to any extension exercised by Buyers pursuant to the terms of the Agreement.

Pursuant to AB 26 and AB 1484, the proposed Contingent Agreement for Purchase and Sell of the properties must also be approved by the Oversight Board for the Successor Agency. After approval by the Successor Agency and Oversight Board, the Agreement will be submitted to the DOF for its information and review consistent with the approved LRPMP.

## **ALTERNATIVES:**

1. Approve Staff recommendation; or
2. Decline Staff recommendation and provide further direction.

## **FISCAL IMPACT:**

The Successor Agency will not be the beneficiary of the sale. The proceeds of the sale will be handled in accordance with the requirements of ABx1 26 and AB 1484.

Recommended by: Vilko Domic, Director of Finance  
Approved as to form: Noel Tapia, Legal Counsel  
Respectfully submitted by: Edgar P. Cisneros, Executive Director

**ATTACHMENTS:**

1. Resolution
2. Proposed project Rendering
3. Contingent Agreement for the Purchase and Sale of the Properties