



## CITY OF COMMERCE AGENDA REPORT

**TO:** Honorable City Council

**Item No.** \_\_\_\_\_

**FROM:** City Manager

**SUBJECT:** 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

**MEETING DATE:** September 17, 2019

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### **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

### **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:**

In the early part of 2019, the City of Commerce engaged Eastside Development on the opportunity to purchase the property along Washington Boulevard and Sheila Street 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 had been in negotiations and has come to an agreement with Eastside Development for the acquisition of real property that consists of approximately 114,366 square feet (SF) of land and 7,426 SF of commercial auto body building. The commercial building is currently vacant.

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

- Property 1 – 5733 Sheila Street, consists of a generally L-shaped, alley-served, corner site totaling approximately 75,205 SF located on the southwest corner of Sheila Street and Santa Avenue. This property is currently a parking lot, inclusive of a vacant 7,426 SF commercial building. This site was formerly home to Connex West, a public transportation facility. Their business operations consisted of local and interurban passenger transit, as well as servicing and storing the company's fleet. Connex West was in operation from 2002 to 2009 and the property has been vacant since.
- Property 2 – 5736 E. Washington Boulevard, consists of one rectangular-shaped corner site totaling approximately 39,158 SF located on the northwest corner of Washington Boulevard and Elk Grove Avenue. This property is currently utilized as a parking lot with asphalt paving and fencing. This site is an undeveloped parcel that previously served as parking area for Connex West's bus fleet. Connex West was in operation from 2002 to 2009 and the property has been vacant since.

The sale of these 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 as well as further diversify local industries. In addition, the construction of a proposed mixed-use project would be consistent with the current zoning and the City's General Plan.

## **Environmental Analysis**

An appropriate environmental review of the proposed mixed-use development 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.

Future development of the proposed site is to create a micro-urban environment with the full Washington – Sheila block including residential, office, retail, and restaurant uses.

**ALTERNATIVES:**

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

**FISCAL IMPACT:**

The purchase of the subject properties for **\$6,250,000**, 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:	Vilko Domic, Director of Finance & Interim Public Works and Development Services Director
Approved as to form:	Noel Tapia, City Attorney
Respectfully submitted:	Edgar P. Cisneros, City Manager

**ATTACHMENTS:**

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