



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 the Successor Agency to the Commerce Community Development Commission and the City of Commerce, for Land in the City of Commerce, California

MEETING DATE: October 1, 2019

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 meeting housing needs 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 realize a 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 property allows for the City to begin creating the vision that can encompass

quality of life amenities that 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 October 2017, the City of Commerce engaged Eastside Development regarding the opportunity to purchase the property along Washington Boulevard in order to relocate 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 23,267 square feet (SF) of land and 3,177 SF of a restaurant building. This is the last remaining property owned by Eastside Development on that contiguous block.

The building on the property is currently occupied by one existing tenant 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 one property, which are briefly described as follows:

- 5555 East Washington Blvd -- consists of a generally rectangular-shaped, alley-served, corner site totaling approximately 23,267 SF located on the southwest corner of Jillson Street and Washington Boulevard. This property currently houses a Jack in the Box establishment with a parking lot with asphalt paving and fencing.

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 \$2,100,000, will be paid with Measure AA Fund dollars. Said purchase is consistent with the results of the appraisal prepared at the City's request by a certified independent appraiser. Once the purchase has been finalized, the City intends to sell the property and recover the funds used for the purchase of subject properties and in fact has multiple competing proposals for such.

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, Assistant City Manager
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