



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: City Manager

SUBJECT: Resolution Approving the First Amendment to the Agreement of Purchase and Sale and Escrow Instructions between City Ventures Homebuilding, LLC, and the City of Commerce, for Land in the City of Commerce, California

MEETING DATE: December 1, 2020

RECOMMENDATION:

Consider and adopt the proposed Resolution approving the First Amendment to the Agreement to Sell Land and Escrow Instructions between City Ventures Homebuilding, LLC, 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.

EXECUTIVE SUMMARY:

On July 16, 2019, the City Council considered and adopted a Resolution approving an Agreement to Sell Land and Escrow Instructions between City Ventures Homebuilding, LLC, and the City of Commerce, for the properties located at 5550 Harbor Street, 5625 Jillson Street and 5555 Jillson Street. When approved, the Purchase and Sale Agreement ("PSA") anticipated a closing date of December 15, 2020. Because of pending entitlements, the applicant is requesting to extend the PSA until June 15, 2021.

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 (HOZ) to accommodate the City 2014-2021 total RHNA allocation and AB 1233 carryover, the City has identified the Housing Opportunity Overlay ("HOO") 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 this vision, several City owned properties, within the HOO, have been identified for housing development. 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. In addition, the construction of a proposed housing project would be consistent with the current zoning and the City's General Plan. It would also satisfy a vital need for housing, not only in the community, but in the region.

ANALYSIS:

In October 2018, the City of Commerce began engaging developers on the housing opportunities that exist within the HOO. In January 2019, the City of Commerce entered into an Exclusive Negotiation Agreement with City Ventures Homebuilding, LLC, to pursue a housing project on City owned property. The project consists of 133 residential units and would be the City's first major housing development since Vista del Rio. The City has been in negotiations and has come to an agreement with City Ventures Homebuilding, LLC, to sell three City owned parcels to City Ventures Homebuilding, LLC, for the lump sum of \$9,944,000.

On July 16, 2019, the City Council considered and adopted a Resolution approving an Agreement to Sell Land and Escrow Instructions between City Ventures Homebuilding, LLC, and the City of Commerce, for property discussed herein.

Shortly thereafter, and in December 2019, the applicant submitted a three-phased housing project. That project's entitlements were subject to an appeal before the City Council, and recently on December 17, 2020 granted City Ventures' appeal, approving said entitlements. However, said appeal process caused time delays.. Therefore, in order to continue with the transaction of land, staff is requesting that the City Council consider the first amendment to the PSA with a new closing date of June 15, 2021, along with other amendments. The extension will allow additional time for the applicant to address the ongoing entitlement process since they recently have been given the approval to move forward.

ALTERNATIVES:

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

FISCAL IMPACT:

The sale of the City owned properties will generate \$9,944,000 towards the General Fund. Said purchase is consistent with the results of the appraisal that was prepared by the Developer and reviewed by the City.

Recommended by: Jose D. Jimenez, Director of Economic Development and Planning
Reviewed by: Vilko Domic, Assistant City Manager
Approved as to form: Norma Copado, Assistant City Attorney
Respectfully submitted: Edgar P. Cisneros, City Manager

ATTACHMENTS:

1. Resolution
2. First Amendment to the Contingent Agreement for the Purchase and Sale of the Properties