



CITY OF POMONA SUCCESSOR AGENCY REPORT

February 27, 2017

To: Honorable Mayor and Members of the City Council, Sitting as the Successor Agency

From: Linda Lowry, City Manager

Submitted By: Kirk Pelser, Deputy City Manager

Subject: **Adoption of a Resolution Approving a Purchase and Sale Agreement with the Pomona Unified School District for the Sale of Successor Agency Property Located at 1510 Murchison Avenue in Pomona, California (APN's 8358-035-943 & 944) - Council District 1**

OVERVIEW

Recommendation – That the City Council, sitting as the Successor Agency to the former Redevelopment Agency, adopt the attached Resolution:

- 1) Approving a Purchase and Sale Agreement for the sale of Successor Agency Property at 1510 Murchison Avenue (APN's 8358-035-943 & 944) to Pomona Unified School District for the purchase price of \$355,000; and
- 2) Contingent upon Pomona Oversight Board and Department of Finance approving disposition of the Site, authorize the City Manager to execute the Purchase & Sale Agreement, in substantially the form submitted, and all related documents to complete the sale transaction.

Fiscal Impact – The Successor Agency will receive sale proceeds of \$355,000, less closing costs. The approved Long Range Property Management Plan (LRPMP) requires that the proceeds from the sale of the property be distributed to the various taxing entities, including the City of Pomona. The City will receive approximately 20% of the net sales proceeds, estimated to be \$67,000.

Previous Action – On September 12, 2016, the Successor Agency reviewed a revised offer from the PUSD and directed staff to bring back an agreement to approve the sale of the land to the PUSD for \$355,000.

On August 1, 2016, The Successor Agency reviewed offers from Frontier Real Estate and PUSD for purchase of the subject property. Both parties were willing to pay the

appraised value of \$335,000. The Successor Agency directed staff to proceed in negotiations with PUSD for a purchase price greater than the March 2016 appraised value of \$335,000.

On October 5, 2015, the Successor Agency rejected an offer from Frontier Real Estate (Frontier) to purchase the subject property for \$200,000 and directed staff to obtain an appraisal of the property to determine fair market value.

Environmental Review – Pursuant to section 15061(b)(3) of the CEQA Guidelines, it can be seen with certainty that there is no possibility that the sale of the subject Site will have a significant effect on the environment and, therefore, approval of the Purchase and Sale Agreement is not subject to CEQA.

EXECUTIVE SUMMARY

The proposed resolution is for approval of a Purchase & Sale Agreement (Agreement) with the PUSD for the purchase of the Successor Agency Property at 1510 Murchison Avenue (APN's 8358-035-943 & 944) for the price of \$355,000. The proposed purchase price is \$20,000 over the March 2016 appraised value of \$335,000. The proposed Agreement is consistent with the Successor Agency's approved Long Range Property Management Plan (LRPMP), which requires the Successor Agency to sell the property for no less than fair market value, and as expeditiously as practical.

BACKGROUND & DISCUSSION

The dissolution law that eliminated all redevelopment agencies in the State requires the sale of all assets of the former Redevelopment Agency, following the California Department of Finance's (DOF) approval of the LRPMP. The DOF approved Pomona's LRPMP on October 7, 2014.

The PUSD had expressed its desire to acquire the Murchison property from the Successor Agency and engaged a real estate asset consultant to advise them on the development value in combining 1510 Murchison with the adjacent larger site owned by PUSD. After PUSD acquires the subject property, they will likely package it with its larger adjacent parcel and put the combined site out for development/sale proposals.

The ultimate developer of the site will likely want to acquire a City-owned portion of land that is a vacant "pork chop" shape in the right-of-way between Dudley St. and Murchison Ave. As there is no development plan for the adjacent property at this time, the exact size and value of the City's vacant pork chop portion has not been defined. This will likely be brought to the Council for discussion at a future meeting.

CONCLUSION

The Subject property must be sold pursuant to the approved LRPMP. Sale to PUSD can be done quickly and is \$20,000 over the May 2016 appraised value of \$335,000. Sale to a private developer would likely involve an option to the property for a lengthy time in order to obtain entitlements and the acquisition of the adjacent larger PUSD property. Staff is recommending the Council approve the sale with PUSD for the price of \$355,000.

Attachments: 1. Resolution with Exhibit 1 – Purchase & Sale Agreement
2. Aerial Photo depicting ownership