



CITY OF POMONA SUCCESSOR AGENCY STAFF REPORT

August 7, 2017

To: Honorable Chair and Members of the Successor Agency

From: Linda Lowry, Executive Director

Submitted By: Kirk Pelser, Deputy Executive Director

Subject: **Adoption of a Resolution Approving the Sale of 2501 N. Garey Avenue in Pomona, California (APN's 8371-013-900 & 901) to Landmark West Enterprises, LLC for the Purchase Price of \$840,000 - Council District 6**

OVERVIEW

Recommendation – That the Successor Agency to the former Redevelopment Agency (“Successor Agency”), adopt the attached Resolution:

- 1) Approving a “Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate” with Landmark West Enterprises, LLC (“Landmark”) for the sale of Successor Agency property at 2501 N. Garey Avenue in Pomona, California (APN's 8741-013-900 & 901) (the “Property”) for the purchase price of \$840,000;
- 2) Authorize the City Manager to execute the Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate, in substantially the form submitted, and all related documents to complete the sales transaction, contingent upon the Pomona Oversight Board's (“Oversight Board”) approval of disposition of the Property.

Fiscal Impact – The Successor Agency will receive sale proceeds of \$840,000, less a 4% sale commission, and customary closing costs. Because the Property was acquired with bond proceeds of the former Redevelopment Agency, at a future date, staff will request the Successor Agency to approve transferring the sale proceeds of the Property to the City for use in qualified projects consistent with applicable Internal Revenue Service (“IRS”) guidelines. The former RDA purchased the subject property in 2008 for \$950,000 for the purpose of land assemblage for future development opportunity.

Previous Action(s) –

- On July 17, 2017, the Successor Agency accepted the \$840,000 offer from Landmark and directed staff to prepare sale documentation for final approval.

- On June 19, 2017, the Successor Agency reviewed offers from two (2) interested parties. At that time, one of the offers was rejected, and staff was directed to continue discussion with Landmark.

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 Successor Agency will consider a resolution approving a Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate (Agreement) with Landmark West Enterprises, LLC, for the sale of Successor Agency property known at 2501 N. Garey Avenue in Pomona, California (APN's 8371-013-900 & 901) for the price of \$840,000. The proposed sale is consistent with the Successor Agency's approved Long Range Property Management Plan (LRPMP), and applicable State Law, which requires the Successor Agency to sell the property at not less than fair market value, and as expeditiously as practical. The subject property's fair market value was determined to be \$835,000 by an April 2017 appraisal report prepared by the MAI Certified firm of Lidgard & Associates. The former RDA purchased the subject property in 2008 for \$950,000 for the purpose of land assemblage for future development opportunity.

BACKGROUND & DISCUSSION

The Dissolution Law that eliminated all redevelopment agencies in the State requires the sale of all real property 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, and the Property is among the assets that must be sold.

These two parcels, commonly known as 2501 N. Garey Avenue, are on the list of parcels to be sold by the Successor Agency as part of the redevelopment dissolution in California. The site lies within the TOD portion of the Corridor Specific Plan and is in close proximity to the Pomona Gold Line station that will open in late 2025. The former RDA purchased the subject property in 2008 for \$950,000 for the purpose of land assemblage for future development opportunity.

The property has been occupied by the Kennedy Austin nonprofit foundation since 2011. Kennedy Austin does not pay rent, but they have been successfully responsible for maintenance and insurance of the property and improvements. The foundation would be required to vacate the premises prior to closing escrow. However, they would be given several months advance

warning of the impending sale. Staff has recently advised the foundation's executive director that a sale of the property would soon be considered by Council.

Landmark proposes to acquire the Successor Agency property, as well as other adjacent properties in the block, with the intent to build a new Transit Oriented Development ("TOD") mixed use project that would have 53+ residential units and ground floor commercial uses, as required by the Corridor Specific Plan. Landmark's offer, and close of escrow, is contingent upon their success in obtaining entitlements for the above described project. TOD is the City's targeted use for this area, due to its direct proximity to the existing Metrolink station and the future Pomona Gold Line light rail station that will open in late 2025. The sale is subject to approval by the Oversight Board.

The sale is subject to approval by the Oversight Board. Because the Property was originally acquired with bond proceeds of the former Redevelopment Agency, in the future staff intends to request the Successor Agency to approve the transfer of the sale proceeds to the City as "excess bond proceeds." According to guidance published by the Internal Revenue Service ("IRS"), revenues realized from a government bond-financed asset – such as the Property – are treated identically to the original bond proceeds. The Successor Agency has previously approved two (2) such transactions relating to remaining bond proceeds of the former Redevelopment Agency.

CONCLUSION

The property must be sold pursuant the State Dissolution Law, and is listed as Site No. 17 on the approved LRPMP. Staff believes Landmark's offer to be fair and appropriate given the anticipated community development benefits that would accrue from implementation of a TOD project consistent with the Corridor Specific Plan. The proposed TOD development is precisely what the City seeks at this location. For these reasons, Staff is recommending the Successor Agency accept Landmark's valid offer of \$840,000 in accordance with State law and the approved Long Range Property Management Plan.

Attachments: Resolution Approving the Sale with Exhibit A – Purchase & Sale Agreement