



CITY OF POMONA AND POMONA HOUSING AUTHORITY STAFF REPORT

November 19, 2018

To: Honorable Mayor and City Council Members and Chair and Members of the Pomona Housing Authority

From: Linda Lowry, City Manager/Executive Director

Submitted By: Kirk Pelser, Deputy City Manager
Benita DeFrank, Neighborhood Services Director

Subject: **Public Hearing on the Adoption of a Resolution Approving the Sale of Pomona Housing Authority Properties Located at 150-180 E. Center Street (APN's 8336-026-900 – 903) and, as a Separate but Related Action, Adoption of a Resolution Approving the Sale of Vehicle Parking District Lot 2 Property (APN 8336-021-901) in Pomona, California to Watt Communities LLC, for the total combined Purchase Price of \$950,000 – Council District 4**

OVERVIEW

Recommendation

- 1) That the City Council, sitting as the Housing Authority, open the Public Hearing and after receiving public comments and testimony, close the Public Hearing and adopt a resolution approving the sale of properties at 150-180 E. Center Street (APN's 8336-026-900 – 903) in Pomona, California, to Watt Communities, LLC, for the fair market value purchase price of \$580,000.
- 2) Subject to the approval of Recommendation 1 above, that the City Council adopt a Resolution Approving the sale of Vehicle Parking District (VPD) Lot 2 (APN 8336-021-901) in Pomona, California, to Watt Communities, LLC for the fair market value purchase price of \$370,000.
- 3) Authorize the City Manager to execute the Purchase and Sale Agreement for the sale of the Housing Authority and VPD property, in substantially the form submitted, and any documents required to complete the intended transaction.

Fiscal Impact – The Authority will receive sale proceeds of \$580,000, less customary closing costs and the costs associated with preparing and implementing a Relocation Plan and providing any Relocation benefits due to qualified residents of the Authority owner properties. The VPD will receive sale proceeds of \$370,000 less customary closing costs.

Previous Action(s) –

- On July 16, 2018, the City Council approved an Exclusive Negotiation Agreement (ENA) with Watt Communities, LCC (Developer), which contemplated the sale of the above-described Authority owned properties and the City owned VPD Lot 2.
- In a related action, on March 19, 2018, the City Council, acting in their capacity as the Successor Agency to the former Redevelopment Agency, approved the sale of two adjacent parcels to the Developer.

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 Property will have a significant effect on the environment and, therefore, approval of the Purchase and Sale Agreement is not subject to CEQA. The proposed transaction concerns merely the disposition of property, and any entitlements, change in use, or similar alternation to the Property will be subject to future discretionary action by the Pomona City Council and/or Planning Commission.

EXECUTIVE SUMMARY

The Successor Agency will conduct a Public Hearing and consider Resolutions (Attachments No. 1 & 2) approving an Agreement for Purchase & Sale and Joint Escrow Instructions (the “PSA”) (Attachment No. 3) with Watt Communities, Inc. (the “Developer”) for the sale of Pomona Housing Authority Properties Located at 150-180 E. Center Street (APN’s 8336-026-900 – 903) (Attachment No. 5) and, as a separate but related action, adoption of a Resolution Approving the Sale of Vehicle Parking District Lot 2 Property (APN 8336-021-901) (Property is depicted on Attachment No. 6). The fair market value of the two properties was determined to be \$950,000 by an August 2018 appraisal report prepared by the MAI Certified firm of Hennessey & Hennessey LLC. The Developer will combine these properties with two adjacent parcels that they currently have in escrow with the intent of building a 30-35 unit for-sale residential project (Attachment No. 7).

BACKGROUND & DISCUSSION

The proposed land sale involves property owned by 1) the Pomona Housing Authority and 2) the Vehicle Parking District. The subject Housing Authority owned Property, totaling 24,900 square feet, was purchased by the former RDA as part of a complex acquisition that included the two

adjacent parcels to the east. These subject parcels were deeded to the Housing Authority, and the two adjacent parcels to the east were deeded to the former RDA. Based upon available records, it appears that the former Housing Authority and RDA paid approximately \$1,350,000 for the aggregate (6) parcels in 2008. The cost of the four (4) subject parcels was \$1,044,189. In contemplation of the sale of the subject Housing Authority Property, staff facilitated an appraisal that was completed in August 2018, and which established the Property's current fair market value as \$580,000 (\$23.29 per square foot).

Health & Safety Code Section 33433 provides that if a Housing Authority wishes to sell property, which was acquired with tax increment funds, the agency must obtain approval of the proposed sale by resolution of the legislative body after a legally notices public hearing and prepare a summary report that sets forth certain details of the proposed sale and disposition of the properties to be sold. The resolution approving the transaction must be adopted by a majority of the legislative body, and include the following findings: 1) a finding that the sale will assist in the elimination of blight, or provide housing for low - or moderate-income persons; 2) is consistent with the Former Agency's implementation plan; and 3) the purchase price is not less than fair market value of the property at its highest and best use under the implementation plan, or the purchase price in not less than the fair reuse value of the property given the covenants and conditions associated with the transaction.

In compliance with Health & Safety Code Section 33433, staff prepared the required summary report (Attachment No. 4) and made it available for public inspection and copying on the date that the first notice of the Public Hearing was published (November 9, 2018), and provided proper notice for the public hearing held today (November 19, 2018)

Staff believes the Housing Authority may make the requisite disposition findings: 1) the sale will facilitate the elimination of blight, in that the properties are underdeveloped and in state of disrepair, and the sale to private parties will facilitate their redevelopment, revitalization and reuse; 2) use of the properties will be consistent with the implementation plan and the City's General Plan; and 3) the purchase price is consistent with the fair market value given the highest and best use under existing zoning and development standards.

The Vehicle Parking District Lot 2 parcel (APN 8336-021-901) is located on the north side of Center Street and comprised of 15,584 square feet. As far back as 2013, the VPD Board articulated a desire to sell this underutilized parking lot. Finding a buyer to pay fair market value for the parcel has proven elusive until now. Staff facilitated an appraisal that was completed in August 2018, and which established the Property's current fair market value as \$370,000 (\$23.74 per square foot).

The Developer proposes to acquire the combined properties, as well as the two others adjacent that are already in escrow, with the intent to build a new for-sale townhome residential project; the nature, design, and intensity of which will be subject to future discretionary action of the

Planning Commission and/or City Council. Their offer and the anticipated close of escrow within eighteen (18) months, is contingent upon, among other things: (1) Developer's submissions of a completed application for project entitlements; (2) environmental review under the California Environmental Quality Act; and (3) the Planning Commission's and/or City Council's discretionary approval of entitlements acceptable to the Developer.

On July 16, 2018, the Council approved an ENA with the Developer that provided the time needed to appraise the properties, and for Developer to complete general due diligence of the properties and proposed project. Following the opening of escrow, the Developer will retain a qualified relocation consultant to meet with the current occupants and prepare a Relocation Plan that will define any relocation benefits for which they are determined to be eligible. The costs associated with all relocation activities will be deducted from the gross sales proceeds (\$580,000) of the Housing Authority property. Staff anticipates that the estimated costs of relocation will be understood in 60-90 days.

CONCLUSION

Based on the foregoing, staff recommends approval of the attached Resolutions, and sale of the properties to the Develop. The transaction will generate sales proceeds to both the Authority and VPD. Future development of the properties will be subject discretionary entitlements approved by the Planning Commission and/or City Council.

Attachments:

- No. 1 Resolution Approving the Sale of Housing Authority Property
- No. 2 Resolution Approving Sale of Vehicle Parking District Property
- No. 3 Agreement for Purchase & Sale and Joint Escrow Instructions
- No. 4 Summary Report Prepared Pursuant to Health & Safety Code Section 33433
- No. 5 Map of Housing Authority Properties
- No. 6 Map of Vehicle Parking District Property
- No. 7 Preliminary project site plan