



REPORT TO CITY COUNCIL

To: Honorable Mayor and Members of the City Council

From: Grant Yates, City Manager

Date: August 14, 2018

Subject: Disposition and Development Agreement By and Between City of Lake Elsinore and Kathryn J. Abood, Trustee

Recommendation

approve A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN CITY OF LAKE ELSINORE AND KATHRYN J. ABOOD, TRUSTEE

Background

In July 2018, the City acquired an unimproved surplus parcel from the Riverside County Transportation Commission comprised of approximately 73,616 square feet (1.69 acres) located on the south side of Central Avenue, just east of Trellis Lane in the City of Lake Elsinore (the "City Property"). The City acquired the City Property to advance an economically feasible development opportunity with the expectation that the City Property would be sold to an adjacent property owner and merged with adjacent properties to create a viable development site that could support commercial uses to serve City residents and visitors.

Discussion

The City Property is located adjacent to approximately 11.3 acres of unimproved properties zoned Commercial Mixed Use (CMU) (the "Developer Property"). Development of the Developer Property is hampered by limited circulation and street access. The owner of the Developer Property desires to (i) purchase the City Property for the full appraised fair market value of \$73,500, (ii) reimburse the City for acquisition costs, including escrow, title and legal fees, and (iii) merge the City Property and the Developer Property. By merging the City Property with the Developer Property, the "Merged Property" will provide a viable commercial mixed use development site with direct access to/from Central Avenue. A Map of the City Property and Developer Property is attached (Exhibit A).

Government Code Section 52201 *et seq.* (the "Act") authorizes the City to sell property to create an economic opportunity. Pursuant to the Act and in furtherance of the City's intent in acquiring the City Property to create an economic opportunity, the City proposes to enter into a Disposition and Development Agreement (DDA) with the owner of the Developer Property. A Summary Report describing (i) the cost of the proposed conveyance, (ii) the estimated value of the interest to be conveyed, and (iii) why the conveyance will assist in creating an economic opportunity has been prepared in accordance with the Act (Exhibit C).

Pursuant to the terms of the DDA (Exhibit D), the City will convey the City Property to the Developer for the appraised fair market value of \$73,500 which is the purchase price paid by the City to acquire the City Property from the Riverside County Transportation Commission. In addition, the Developer will be required to satisfy the following conditions precedent to the close of escrow: (i) reimburse the City's costs of acquiring the City Property, including escrow, title and legal fees, and (ii) obtain all necessary entitlements, including a tentative tract map to merge the City Property and the Developer Property (the "Merged Property"), a Conditional Use Permit and Design Review approval for the development of the Merged Property consistent with the CMU zoning and in compliance with all requirements of the California Environmental Quality Act (CEQA) and the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP).

Environmental Determination

The approval of the DDA is exempt for the requirements of CEQA because this action does not constitute approval of a "Project" as defined by CEQA. Approval of the DDA does not commit the City to approving a project nor constitute an entitlement for the development of the City Property. Pursuant to the DDA, the Developer must obtain all necessary entitlements for the merger and development of the City Property, including compliance with CEQA and MSHCP. Such environmental compliance must be satisfactorily completed prior to the close of escrow conveying the City Property.

Fiscal Impact

The DDA provides for full cost recovery from the Developer to the City for all acquisition and disposition costs, including the purchase price and all escrow, title and legal fees. The conveyance of the City Property will provide an economic opportunity to develop commercial uses that will serve City residents and visitors, provide jobs and generate tax revenues.

Exhibits

- A - Vicinity Map
- B - Resolution
- C. Summary Report
- D. Disposition and Development Agreement