



REPORT TO CITY COUNCIL

To: Honorable Mayor and Members of the City Council

From: Jason Simpson, City Manager

Prepared by: Barbara Leibold, City Attorney

Date: September 12, 2023

Subject: Purchase of Real Property for Affordable Housing Purposes (APNs 374-062-004, 374-062-016, 374-062-024)

Recommendation

Approve the purchase of approximately 1.97 acres of real property located at Flint Street and North Spring Street (APNs 374-062-004, 374-062-016, 374-062-024) for \$685,000 and authorize the City Manager or designee to execute an assignment of the Purchase Agreement and such other ancillary documents as may be necessary to complete the purchase, in such form as approved by the City Attorney.

Background

The subject property is located in the same block immediately adjacent to four City parcels located at the corner of Pottery and Spring. The City properties were acquired with Low and Moderate Income Housing Asset Funds (LMIHAF) for purposes of promoting the development of affordable housing in the City's downtown area. Pursuant to the California Surplus Lands Act, the City properties were declared surplus and a Notice of Availability was published inviting proposals from interested developers. C&C Development Co., LLC ("Developer") submitted a proposal and the City and the Developer have engaged in negotiations for an affordable housing project at this location.

In an effort to secure a more optimum site for the proposed project and enhance the affordable housing development opportunity, the Developer entered into escrow with the owner of the adjacent property. As funding sources for the proposed project are identified, land use entitlements and environmental clearance are obtained, and negotiations of an affordable housing agreement are completed for City Council consideration, the Developer has requested the City accept an assignment of the Purchase Agreement and close escrow to ensure the combined project site is assembled and under common ownership.

Discussion

C&C Development Co., LLC is an experienced affordable housing developer with projects throughout southern California, including the 81-unit, two- and three-story workforce family apartment community known as the Mission Trail Apartments located at 32585 Mission Trail in Lake Elsinore. In light of the Developer's commitment to constructing and operating quality projects in Lake Elsinore combined with its experience in applying for and obtaining financing necessary to leverage the City's LMIHAF resources, staff anticipates that a proposed agreement for the disposition and development of the combined site will be presented to the City Council for consideration within the next nine months. In the event that necessary financing, land use entitlements, and other approvals are not obtained and an agreement is not approved, the City will control the site and can explore other development opportunities consistent with its affordable housing objectives.

Environmental Consideration

Approval of the purchase of property does not constitute a project under California Environmental Quality Act (CEQA) and Section 15004(b) of the CEQA Guidelines in that it does not vest any development rights or result in the physical changes in the environment. The Developer will be required to obtain all necessary land use entitlements and comply with CEQA and does not commit the City to any definite course of action or foreclose alternatives or mitigation measures that would ordinarily be part of CEQA.

Fiscal Impact

The funding for acquisition in the amount of \$685,000, plus closing costs, is available and will be paid from the City's Low and Moderate Income Housing Asset Fund.

Attachments

Attachment 1 - Vicinity Map

Attachment 2 - Purchase Agreement