



# STAFF REPORT

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**TO: MAYOR AND COUNCIL MEMBERS** **DATE: MAY 14, 2024**  
**FROM: COMMUNITY DEVELOPMENT** **DISTRICT(S): 4, 5**  
**SUBJECT: CONSIDERATION OF RESOLUTION AUTHORIZING THE EXECUTION OF A PURCHASE AND SALE AGREEMENT WITH OLSON URBAN HOUSING, LLC FOR THE SALE OF SURPLUS PROPERTIES, APN'S: 8655-007-900, 8655-007-901, 8655-007-902 AND 8655-021-900**

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## RECOMMENDATION

That the City Council:

1. Adopt a City Council Resolution entitled, "A RESOLUTION OF THE GLENDORA CITY COUNCIL AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE AND SALE AGREEMENT WITH OLSON URBAN HOUSING, LLC WITH RESPECT TO THAT CERTAIN PROPERTY IDENTIFIED BY ASSESSOR'S PARCEL NUMBERS 8655-007-900, 8655-007-901, 8655-007-902, AND 8655-021-900 AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH."

## STRATEGIC FOCUS AREAS

- Goal 1: Implement Strategic Economic Development (ISED)
- Goal 2: Maintain Financial Stability and Sustainability (MFSS)

## EXECUTIVE SUMMARY

The City currently owns undeveloped vacant real property in the City of Glendora located at the southern terminus of Woodland Lane, extending easterly to San Jose Drive and southerly to Big Dalton Wash. The site is composed of four vacant parcels, identified by assessor's parcel numbers (APN's): 8655-007-900, 8655-007-901, 8655-007-902, and 8655-021-900 ("Property") totaling 252,520 square feet or 5.8 acres. In 2022, the City determined the site is not necessary for the City's use and declared it non-exempt surplus property.

Pursuant to the Surplus Land Act, Government Code §§ 54220-54233 ("Act"), the City must follow certain procedures established by the Act and obtain authorization from the Department of Housing and Community Development ("HCD") prior to disposing of non-exempt surplus property. In August 2023, the City reported to HCD on the procedures followed by the City as required under the Act. On September 20, 2023, the City received a letter from HCD permitting the sale of the property under the condition that an affordability covenant is recorded prior to the sale. The City has since negotiated terms for a Purchase and Sales Agreement ("PSA") for the sale of the Property and is seeking City Council approval of said PSA.

## LEGISLATIVE HISTORY / PREVIOUS ACTIONS

Effective January 1, 2020, the Surplus Land Act as amended by AB 1486 (codified in Government Code §§ 54220 *et seq.*) ("Act") includes, among other requirements, changing the existing, long-standing definition of "surplus land"; providing that land shall be declared either "surplus land" or "exempt surplus land" before a local agency may take any action to sell or lease land; and adding a new limitation providing that an "agency's use" "shall not include commercial or industrial uses or activities, including nongovernmental retail, entertainment, or office development," or "property disposed of for the sole

purpose of investment or generation of revenue.” The Act further added provisions prohibiting the City from negotiating any disposition of the property prior to compliance with the procedural requirements of the Act.

The City Council approved a Resolution declaring the subject Property as non-exempt surplus land on December 13, 2022. On August 2023, the City reported to HCD on the procedures followed as required under the Act. On September 20, 2023 the City received a letter from HCD permitting the sale of the property under the condition that an affordability covenant is recorded prior to the sale.

## DISCUSSION

The Property has been declared non-exempt surplus property. Pursuant to the Act, Government Code §§ 54220-54233, the City must follow certain procedures established by the Act and obtain authorization from HCD prior to disposing of non-exempt surplus property. The City completed the procedures required by the state under the Act, as summarized below:

Required Procedures for Sale under the Surplus Land Act:

- |  |                                    |
|--|------------------------------------|
| • Declare property as Surplus Land     | City declared on December 13, 2022 |
| • 60 Day Notice of Availability Period | January 13, 2023 – March 14, 2023  |
| • 90 Day Negotiation Period            | March 23, 2023 – July 11, 2023     |
| • Report Summary to HCD                | August 23, 2023                    |
| • HCD Approval for Disposition         | September 20, 2023                 |

On September 20, 2023, the City received approval from HCD to dispose of the Property (Attachment A). Negotiations have since been completed for the sale of the Property from the City of Glendora (Seller) to Olson Urban Housing, LLC, a Delaware limited liability company (Buyer) for a sales price in the amount of Four Million Dollars (\$4,000,000). The sales price is in line with Fair Market Value based on an appraisal the City obtained at the start of the process. Staff recommends that the City Council adopt a Resolution (Attachment B) approving the Purchase and Sale Agreement (PSA), included as Exhibit A to the Resolution for the sale of the Property.

The terms of the negotiated PSA are as follows:

- **Sales Price:** \$4,000,000
- **Deposit:** \$50,000 (nonrefundable after Due Diligence)
- **Due Diligence:** 90 Days
- **Closing Date:** The earlier of the following:
  - 6 months after entitlements and all expired appeal periods; or
  - 3 Days after Final Tentative Map approved by City Council, but
  - No later than 18 months after Effective Date (Execution of PSA)
- **Extension Period:** Up to 90 days
- **Entitlements:** Buyer will apply for land entitlements during the escrow period, including the plan for development of residential dwellings. Buyer is a residential developer and the scope of the development is subject to discretionary review and approval by the City. Approval of the PSA does not grant approval of a project for the site. The Buyer will pursue approval of a project during the escrow period. Under the terms of approval issued by HCD, any residential development with greater than 10 residential units requires that 15% of the units be restricted to moderate income level households. To ensure this requirement is adhered to, an affordability covenant will be recorded against the property prior to close of escrow, Exhibits C and B, respectively to the PSA.
- **Project Agreements:** Project Agreements include the Affordability Regulatory Agreement and the Covenant Agreement. The agreements shall be negotiated during the escrow period and recorded in the Official Records of Los Angeles County concurrently with the Closing.

- **Affordability Regulatory Agreement:** Includes the terms required to comply with the Surplus Land Act and the State Density Bonus Law. In addition, terms and conditions regarding the City’s right to review and confirm affordability terms and conditions will also be included.
- **Covenant Agreement:** Outlines the Buyer’s obligations towards completion of the development after the close of escrow. The Covenant Agreement provides for construction to begin within six months after the close of escrow and the completion of the entire project within forty months, or 3.25 years, after the close of escrow. The exact terms of the Covenant Agreement will be negotiated during the escrow period; however, it should be noted that only the items clearly identified in the “Summary of Terms for Project Agreements” (Exhibit D to the PSA) can be negotiated into the Covenant Agreement; a requirement of the Buyer’s lender.
- **Schedule of Performance:** The Schedule of performance outlines Buyer’s obligations within established timeframes. Obligations include the following:
  - Buyer submits a Concept Review for development to City                      Within 30 days of PSA
  - Buyer schedules a Community Meeting    Within 60 days of PSA
  - Negotiation of Project Agreements    Expiration of Due Diligence
  - Buyer submits formal application for Entitlements                                      60 days after Due Diligence
  - Final Approval of Entitlements    Within 12 months of PSA
  - Closing Date    Within 18 months of PSA

**FISCAL IMPACT**

Disposition of the Property will generate Four Million Dollars (\$4,000,000) which will be applied to the General Fund. The anticipated estimated revenue will be evaluated for inclusion with the FY 2024-25 Mid-Year Budget Review or with the Fiscal Year 2025-26 budget process as the closing date is determined.

**ENVIRONMENTAL DETERMINATION**

The act of authorizing the execution of the Purchase and Sale Agreement does not approve any new development or construction of new buildings or structures, nor does it authorize any new land uses. The City has not determined the full scope or scale of the environmental review that will be required for the Project pursuant to California Environmental Quality Act (“CEQA”). The authorization of the PSA is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3), the “common sense” exemption, which states that, where it can be seen with certainty that there is no possibility that the activity in question will have a significant impact on the environment, the activity is exempt from CEQA.

Prepared By	Valerie Velasquez, Economic Development & Housing Manager
Concurs With	Not Applicable
Reviewed By	Jeff Kugel, Community Development Director
Certified to Availability of Funds	Kyle Johnson, Finance Director/City Treasurer
Approved By	Adam Raymond, City Manager
Legal Review	Danny Aleshire, City Attorney
CEQA Review	Not Applicable

**ATTACHMENTS:**

- A. HCD Approval Letter
- B. Resolution with Purchase and Sale Agreement
- C. Notice of Exemption
- D. PowerPoint