



STAFF REPORT	
SUBJECT: Discussion and Consideration of Resolution SA 2021-04 Approving of a Purchase and Sale Agreement for the Sale of 29 acres of Property at 2890 Old Highway 53, Clearlake	MEETING DATE: Dec. 16, 2021
SUBMITTED BY: Alan D. Flora, City Manager	
PURPOSE OF REPORT: <input type="checkbox"/> Information only <input checked="" type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL:

The City Council is being asked to consider the sale of 29 acres of former redevelopment agency property located at 2890 Old Highway 53, Clearlake for the development of single-family housing.

BACKGROUND/DISCUSSION:

The former Successor Agency to the former Redevelopment Agency owns an approximately 29-acre property at 2890 Old Highway 53. Several years ago, a subdivision was started, and tentative map adopted, but the project fell apart due to the Great Recession. Approximately a year ago the City received interest from the previous developer in the restarting the project. While staff were discussing options for the project, an additional developer contacted the City/Successor Agency regarding an opportunity. The City Council received proposals from both developers at a special meeting in December 2020 and ultimately selected the proposal from TJG/Summitt Development. The City received approval from the Lake County Redevelopment Agency Oversight Board for the deal and entered into an Exclusive Negotiation Agreement (ENA) in December 2020.

In May of 2021 TJG/Summitt Development notified the City they were not going to pursue the project. On May 28, 2021, the property was noticed as surplus property by the City to public agencies and through Housing and Community Development’s database for affordable housing development (as required by state law). No inquiries were received regarding the property at that time. However, over the summer there were four separate developers that expressed interest in purchasing the site and developing housing there. The City received two proposals and entered into an ENA with DANCO Communities for the property. Negotiations over that time have resulted in a draft Purchase and Sale Agreement (PSA) for the Directors of the Successor Agency to consider.

The deal points are similar to the proposals approved last year and are summarized here. The sale price would be \$100,000. Escrow would be opened with a \$5,000 deposit. DANCO would have the tentative map reapproved (substantially consistent with previously adopted map resulting in 22 lots on approximately 1.25 acre lots), and escrow would close after the tentative map is recorded. DANCO believes that this project is feasible due to the efficiency of construction of the homes happening at the same time as the mixed income apartment project on Burns Valley Road, which is anticipated next year.

The final Purchase and Sale Agreement would need to be approved by the Lake County Redevelopment Agency Oversight Board.

OPTIONS:

1. Adopt Resolution 2021-04 Approving the Sale of 29 acres of Property at 2890 Old Highway 53 and authorize the City Manager/Executive Director to execute any necessary documents to complete the sale.
2. Provide Direction to Staff.

FISCAL IMPACT:

None \$ Budgeted Item? Yes No

Budget Adjustment Needed? Yes No If yes, amount of appropriation increase: \$

Affected fund(s): General Fund Measure P Fund Measure V Fund Other: Fund 599 RDA

Comments: No immediate financial impact. Upon final sale the proceeds will be sent to the County Auditor-Controller who will distribute the appropriate amounts to each taxing agency, including the City.

STRATEGIC PLAN IMPACT:

- Goal #1: Make Clearlake a Visibly Cleaner City
- Goal #2: Make Clearlake a Statistically Safer City
- Goal #3: Improve the Quality of Life in Clearlake with Improved Public Facilities
- Goal #4: Improve the Image of Clearlake
- Goal #5: Ensure Fiscal Sustainability of City
- Goal #6: Update Policies and Procedures to Current Government Standards
- Goal #7: Support Economic Development

SUGGESTED MOTIONS:

- Attachments:**
 1. Project Map
 2. Resolution SA-2021-04
 3. Purchase and Sale Agreement