

# STAFF REPORT 4/28/2021

To: Honorable Mayor and City Council Members

**FROM:** Luis Lopez, Development Service Director

SUBJECT: Purchase and Sale Agreement – Sale of City Surplus Land to D.R. Horton Los

Angeles Holding Company, Inc. located at the southeast corner of Avenue 50 and

Calhoun Street, for a contract amount of \$3,870,000.00.

## **STAFF RECOMMENDATION:**

Staff recommends that the City Council adopt Resolution No. 2021-27 authorizing the City Manager to execute a Purchase and Sale Agreement with D. R. Horton Los Angeles Holding Company, Inc. for the sale of 155 vacant residential lots located at the southeast corner of Avenue 50 and Calhoun Street for a contract amount of \$3,870,000.

### **BACKGROUND:**

On November 18, 2020 the City Council authorized staff to enter into an Exclusive Right to Negotiate with D.R. Horton Los Angeles Holding Company, Inc. (buyer) to begin negotiations for the sale of City-owned land, in order to comply with the Surplus Property Act (CA Government Code Section 54220 et. seq.) for the parcels identified as APN 767-720-001 to -019, 767-721-001 to -036, 767-721-039 to -045, 767-722-001 to -016, 767-730-001 to 014, 767-730-016 to -050, 767-731-001 to -007, and 767-731-008 to -022 located at the southeast corner of Avenue 50 and Calhoun Street.

Staff has negotiated a Purchase and Sale Agreement (PSA) with the buyer, and is now seeking City Council authorization to execute the Agreement and open escrow for the sale of the land, pursuant to the terms of the PSA.

#### **DISCUSSION/ANALYSIS:**

Pursuant to the provisions of California Government Code Section 54220 et seq. (the "Act"), the City of Coachella (City) is required to notify those entities designated in Section 54222 of the Act of the availability for lease or purchase of City-owned land (the "development site") for the purposes authorized in the Act, which land the City intends to declare surplus before the City Council takes action to dispose of it consistent with the Act and the City's policies and procedures.

On February 24, 2021 the City Council declared the subject parcels as "Surplus Land" (Resolution No. 2020-14) pursuant to the Surplus Land Act, and identified the 155 lots in the title to the

resolution with APN's and included a map of the subdivided lots as an attachment. In the abundance of clarity, staff is re-stating the findings for declaration of surplus land for these 155 lots as part of the attached Resolution No. 2021-27. The buyer-signed PSA is attached to this staff report. Additionally, staff will be disclosing certain land use covenants (see Attached Declaration of land use covenants) as part of the sales transaction. And, staff will be notifying the California Department of Housing and Community Development (HCD) about the consummation of this agreement, based on a Surplus Land Act procedure that was commenced in September 2020 (see attached email from HCD).

Attached herein for City Council's review is a copy of the latest Purchase and Sale Agreement, signed by the buyer, for the sale of the subject parcels for \$3,870,000.00 subject to certain terms and conditions. The City Attorney's office has assisted staff with the PSA document and with its compliance with the Surplus Land Act.

#### **ALTERNATIVES:**

- 1. Adopt the attached Resolution No. 2021-27 authorizing the City Manager to execute the Purchase and Sale Agreement with D.R. Horton.
- 2. Continue this matter and provide staff direction.
- 3. Take no action.

#### FISCAL IMPACT:

Approximately 40% of the proceeds from this land sales transaction will replenish the City's Parkland Dedication development impact fee fund, because these monies were used when the City purchased the land, in anticipation of building a future public park. The remainder of the proceeds will be used for City General Fund purposes.

#### **RECOMMENDED ALTERNATIVE(S):**

Staff recommends Alternative #1 as stated above.

Attachments: Resolution No. 2021-27

HCD Email Response 09-10-20 PSA signed by D.R. Horton Declaration of Land Use Covenants