

City of Sacramento

Legislation Text

File #: 2019-01255, **Version:** 1

Title:

(Redevelopment Agency Successor Agency) Purchase and Sale Agreement for RASA-owned Properties at 2330 Lexington Street, (APN 277-0083-006), 2334 Lexington (APN 277-0083-007), 1116 Dixieanne Avenue (APN 277-0083-002), 1120 Dixieanne Avenue (APN 277-0083-003) and 2323 Selma Street (APN 277-0083-004)

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Location: District 2, 2330 Lexington Street (APN 277-0083-006), 2334 Lexington (APN 277-0083-007), 1116 Dixieanne Avenue (APN 277-0083-002), 1120 Dixieanne Avenue (APN 277-0083-003) and 2323 Selma Street (APN 277-0083-004)

Recommendation:

Pass a Redevelopment Agency Successor Agency Motion: 1) approving a Purchase and Sale Agreement with College Town International for the sale of Redevelopment Agency Successor Agency -owned properties at 2330 Lexington Street (APN 277-0083-006), 2334 Lexington (APN 277-0083-007), 1116 Dixieanne Avenue (APN 277-0083-002), 1120 Dixieanne Avenue (APN 277-0083-003) and 2323 Selma Street (APN 277-0083-004) in the amount of \$618,842; and 2) authorizing the City Manager or the City Manager's designee to execute the attached Purchase and Sale Agreement and related documents and take any additional necessary actions to implement the agreement.

Contact: Leslie Fritzsche, Economic Investment Manager, (916) 808-5450, Office of Innovation and Economic Development

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Map of Site
- 3-Photos of Site
- 4-Purchase and Sale Agreement with College Town International, LLC

Description/Analysis

Issue Detail: The Redevelopment Agency Successor Agency (RASA) owns property in the North Sacramento redevelopment area on 2330 Lexington Street (APN 277-0083-006), 2334 Lexington (APN 277-0083-007), 1116 Dixieanne Avenue (APN 277-0083-002), 1120 Dixieanne Avenue (APN 277-0083-003) and 2323 Selma Street (APN 277-0083-004)(collectively referred to as the “Site,”) (see map and photos included as Attachment 1 and 2). In accordance with the redevelopment dissolution law, RASA is to dispose of its real property holdings and distribute the sales proceeds to the taxing entities. Now that the Oversight Board for RASA and the California Department of Finance have approved the Long Range Property Management Plan and delegated authority to sell properties at fair market value based on an appraisal or highest bid, RASA may now proceed with disposition of its real property assets.

The Site was put on the market this spring through one of RASA’s selected brokers, Turton Commercial. The offer by College Town International, LLC was the highest viable offer at \$618,842 and the attached Purchase and Sale Agreement (Attachment 3) contains the negotiated terms for the Site.

Policy Considerations: The recommendations in this report are in accordance with the state laws dissolving redevelopment agencies (Assembly Bill (AB) 1x 26, AB 1484, and Senate Bill (SB) 107).

The use contemplated for the Site is in keeping with the goals of the former Agency’s North Sacramento Redevelopment Plan and the Implementation Plan.

Economic Impacts:

The actions recommended in this report will result in cost savings for RASA, since it will no longer have to maintain the Site. In addition, the sale will return the Site to private ownership subject to payment of property taxes and the site’s potential redevelopment will further increase the tax base while stimulating additional patron traffic to Elder Creek Road and the adjacent Power Inn Road.

Environmental Considerations:

California Environmental Quality Act (CEQA)/National Environmental Policy Act (NEPA): Under Sections 15132 and 15378 (b)(4) of the CEQA Guidelines, the sale of surplus property that has no wildlife habitat and is not conditioned on undertaking a development project is categorically exempt from environmental review.

Sustainability: This report does not directly address any sustainability issues.

Commission/Committee Action: On January 25, 2016, by Resolution 2016-001, RASA’s Oversight Board delegated authority to RASA to sell properties without the need for further Oversight Board approval. This delegation included the authority to sell RASA property at market value as determined

by appraised value or highest bid. This approval was sought to aid in streamlining the disposition process.

Rationale for Recommendation: The Site consists of vacant land parcel of 61,482 sq. ft. (1.43 acres) at the intersection of Lexington Avenue and Dixieanne Avenue in North Sacramento. The area is a mixed-use neighborhood with industrial uses and multi-family housing along with two modular home parks. The Agency purchased the site in 2007 to attract a housing developer who could take advantage of the site's location near the Swanston light rail station and constructed a transit-oriented development.

In 2014, RASA did a solicitation for brokers to assist with the disposition of RASA-owned properties. Through that process two brokerage firms, DTZ and Turton Commercial were selected to be on an "on-call" list. The Site was first listed by DTZ with no viable results and in spring 2019 was listed with Turton Commercial. That firm received the College Town International offer.

College Town International is a multi-family housing developer based in southern California. They have recently purchased RASA-owned property on Stockton Boulevard and are working on a housing project in the 65th/Folsom area.

The attached Purchase and Sale Agreement includes a ninety-day due diligence period followed by a 90-day close. The transaction could close by the end of March 2020.

Financial Considerations: As part of the redevelopment dissolution process, RASA-owned properties are to be disposed of at fair market value or highest offer. The price offered by College Town International, LLC of \$618,842 is the highest offer received for the Site.

If approved and the transaction closes, the net sales proceeds (net of the broker's fee, transaction, and escrow costs) will be sent to the County Auditor-Controller for distribution to the taxing entities. The City's portion will be deposited into the Innovation and Growth Fund.

Local Business Enterprise (LBE): Not applicable.