



Agenda Report

File #: 18-1901

**PLANNING AND HOUSING COMMISSION
STAFF REPORT**

DATE: 10/22/2018

TO: Honorable Chair and Commissioners

FROM: Economic Development Division
Community Development Department

APPLICATION REQUEST:

Disposition and Development Agreement between the City of Corona, Corona Housing Authority and the Boureston Companies for the acquisition and development of 2.81 acres generally located south of Sixth Street, between Sheridan Street and Belle Avenue, and north and south of Seventh Street. (Applicant: City of Corona and Corona Housing Authority).

RECOMMENDED ACTION:

That the Planning and Housing Commission recommend **APPROVAL** of the Disposition and Development Agreement to the City Council and Corona Housing Authority.

PROJECT SITE SUMMARY:

Area of Property: 2.81 acres

Existing Zoning: D (Downtown), SFR (Single-Family Residential), CS (Community Service) of the Downtown Revitalization Specific Plan (SP98-01)

Existing General Plan: MUD (Mixed-Use Development), LDR (Low-Density Residential), OP (Office-Professional)

Existing Land Use: Vacant Parcels

Proposed Land Use: Future Medical Buildings

Surrounding Land Use:

N: Sixth Street and commercial parcels beyond / Downtown Zone of SP98-01.

E: Belle Avenue and commercial uses and Corona Library beyond/Downtown & Community Service Zones of SP98-01.

S: Vacant parcels/Single family & CS Zones of SP98-01.

W: Sheridan Street and commercial uses and single family residential beyond/SFR & Transitional Commercial Zones of SP98-01.

ANALYSIS:

In February 2017 the City of Corona received two unsolicited offers by two different parties for the purchase and sale of 11 Corona Housing Authority properties and one city owned parcel totaling 2.81 acres. The 12 parcels are near one another but separated into two separate blocks located at the southeast corner of Sixth Street and Sheridan Street and the southeast corner of Seventh Street and Sheridan Street. The City and Housing Authority properties also abut Belle Avenue on the east side.

Both purchase requests were discussed with the City Council in a closed session meeting on February 15, 2017. One proposal contemplated a mixed-use project of commercial and high density residential while the other party indicated the use of the property would be non-housing related and the properties would be developed to accommodate community related services compatible with the newly expanded Corona Regional Medical Center located immediately south of the properties. At the close of the meeting, staff was directed to negotiate an Exclusive Negotiation Agreement with The Boureston Companies (developer). As part of the negotiation agreement, a MAI appraisal was done for the properties and site plan designs for new medical offices buildings were prepared by the developer and submitted to the city for review.

After the 180-day due diligence period and with the consent of the developer, the City moved forward with the preparation of a Disposition and Development Agreement for the subject parcels. During this time, it was discovered a privately-owned 0.19-acre parcel located at 315 W. Seventh Street would need to be acquired to create a cohesive development associated with the City and Housing Authority owned parcels. The City elected to negotiate with the owner (Corona South Main Development, L.P.) the purchase of the 0.19-acre parcel and successfully negotiated to acquire the property at the appraised value of \$77,000, increasing the total parcels owned by the City and Housing Authority to 13. All related acquisition costs associated with the purchase of the property have been reflected in the final sale price of \$1,139,989 for all 13 parcels. Development Impact Fee Credits were not negotiated as part of the Agreement.

The proposed project will include the construction of two Class A medical office buildings and associated parking on the 2.81 acres. Because the properties are physically located within two separate blocks separated by Seventh Street, the developer proposes to vacate the portion of Seventh Street between Sheridan Street and Belle Avenue and include the vacated street within the boundary of the project site. The alleys between the parcels are also proposed to be vacated and included within the project boundary.

The total gross floor area of the two buildings is approximately 58,900 square feet. The construction is proposed to be phased with Phase 1 being a two-story, 32,500 square foot medical office building on the parcels closest to Sixth Street. Phase 2 is a two-story, 26,400 square foot medical office building on the southerly parcels closest to the Corona Regional Medical Center. The Agreement requires the developer to complete construction for Phase 1 and all necessary related off-site public improvements within 36 months after the close of escrow. The building associated with Phase 2 is required to be completed within 36 months of the first certificate of occupancy issued in the building for Phase 1. Given current market demand, the developer is likely to develop both Phase 1 and 2 simultaneously because of the potential lease being negotiated for the first building, which would be a single user as opposed to multiple tenants.

Should the developer breach or fail to complete Phase 1 or Phase 2 within the specified timeframe,

the City and Housing Authority may elect to cause the property to revert back to City and/or Housing Authority upon written notice of intent to implement reversion procedures to the developer within 30 days following the developer's failure to satisfy either completion of Phase 1 or Phase 2. The City and Housing Authority would also be able to re-purchase the properties at the price it was sold without interest or any increase.

Although the parcels owned by the Corona Housing Authority are not planned to be used for affordable housing, the Housing Authority has still determined that the development of the project pursuant to this Agreement is in the best interests of the Housing Authority and the health, safety and welfare of the City's taxpayers and residents in that it will facilitate the development of much needed medical services to the community. Also, the proceeds from the sale of Housing Authority properties will be deposited in the Housing Authority's funds which are used to provide housing for persons and families of low and moderate income at other locations within the City.

COMMITTEE REVIEW:

The Infrastructure Committee at its meeting on July 31, 2017, was presented with the site plan for the two medical office buildings, which included the partial vacation of Seventh Street within the project area, the vacation adjacent alleys, and on-street parking on Belle Avenue. The Committee had no objection to the proposal presented by the developer.

ENVIRONMENTAL DETERMINATION:

This action is exempt pursuant to section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action merely approves the disposition of real property and any future development of the property will be subject to review under CEQA prior to development. Therefore, there is no possibility that approving this Disposition and Development Agreement will have a significant effect on the environment and no environmental analysis is required at this time.

FISCAL IMPACT:

The purchase price for the two city owned parcels is \$285,217 and will be revenue to the General Fund, and the purchase price for the 11 parcels owned by the Corona Housing Authority is \$854,772 and will be revenue to the Housing Authority Funds. The total purchase price for all parcels is \$1,139,989 and in consideration of this agreement, the developer is required to deposit into escrow an earnest deposit in the amount of \$25,000, to be credited toward the purchase price.

PREPARED BY: RYAN CORTEZ, ECONOMIC DEVELOPMENT COORDINATOR

REVIEWED BY: JAMIE RAYMOND, CHIEF DEPUTY CITY ATTORNEY

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

SUBMITTED BY: JOANNE COLETTA, COMMUNITY DEVELOPMENT DIRECTOR

EXHIBITS

1. Location Map
2. Site Plan (Draft)
3. Draft Disposition and Development Agreement