



Agenda Report

File #: 20-0040

PLANNING AND HOUSING COMMISSION STAFF REPORT

DATE: 1/21/2020

TO: Honorable Chair and Commissioners

FROM: Economic Development Division

APPLICATION REQUEST:

Assignment and Assumption of Disposition and Development Agreement with the Boureston Companies for the development of 3.48 acres generally located south of Sixth Street, between Sheridan Street and Belle Avenue, and north of and south of Seventh Street (originally approved on November 7, 2018). (Applicant: Boureston Companies)

RECOMMENDED ACTION:

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

PROJECT SITE SUMMARY

Area of Property: 3.48 acres combined (13 properties)

Existing Zoning: D (Downtown District)

Existing General Plan: MUD (Mixed Use: Downtown)
OP (Office Professional)

Existing Land Use: Vacant Parcels

Proposed Land Use: Future Medical Buildings

Surrounding Zoning/Land Use:

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

E: Tire Shop, Belle Avenue and Corona Public Library beyond / D and CS Districts of SP98-01

S: Parking lot for the Corona Regional Medical Center / CS District of SP98-01

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

BACKGROUND

On November 7, 2018, the Corona Housing Authority and City entered into a Development and Disposition Agreement with The Boureston Companies for the development of two Class A medical office buildings and associated parking on miscellaneous Housing Authority and city owned parcels

totaling 3.48 acres generally located at the southeast corner of Sixth Street and Sheridan Street. The Planning and Housing Commission at its meeting on August 26, 2019, approved Precise Plan 2019-0003 and Parcel Map 37565, applications by Boureston Development for the construction of two medical office buildings totaling 58,900 square feet. One of the buildings is 32,500 square feet and is for the City of Hope and the second building is 27,325 square feet and is for medical offices. The parcel map will create two separate parcels on the project site to accommodate each medical building on its own parcel.

The terms of the development agreement require that the developer complete Phase 1 and all necessary related off-site public improvements within 36 months after the close of escrow. Phase 1 covers the City of Hope medical building. The medical office building is Phase 2 and is required to be complete within 36 months after the first certificate of occupancy is issued for City of Hope building. Should the developer breach or fail to complete Phase 1 or Phase 2 within the specified timeframe, the City and the 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 be able to re-purchase the properties at the price it was sole without interest of any increase.

Per the terms of the agreement, the 13 properties would not close escrow until the developer obtained project entitlement. The developer successfully obtained entitlement by the Planning and Housing Commission on August 26, 2019, and by the City Council/Corona Housing Authority on September 18, 2019. The City and Housing Authority and developer closed escrow on December 30, 2019.

STAFF ANALYSIS

The developer, Boureston Companies, have requested that the properties covered by the Disposition and Development Agreement ("DDA") be vested in an entity entitled Corona Regional Medical Center, LLC. The DDA prohibits the developer from assigning the agreement without the prior written consent of the City and the Housing Authority; provided, however, the developer may, with notice to the City and Housing Authority, assign the Agreement to any of its subsidiaries or successor legal entities.

Upon review of the corporate documents for Corona Regional Medical Center, LLC it was determined that Corona Regional Medical Center, LLC would not be considered a subsidiary of the developer or successor legal entity because The Boureston Companies does not have ownership or voting interest in Corona Regional Medical Center, LLC. Additionally, Corona Regional Medical Center, LLC. did not assume the assets of The Boureston Companies thus eliminating its consideration as a successor legal entity.

The developer believes an assignment of the agreement to be necessary in order to successfully execute their development consistent with the developer's business model. As such, staff has drafted an Assignment and Assumption Agreement of the DDA with the Boureston Companies to allow for the one time assignment of all rights, duties and obligations of the DDA to Corona Regional Medical Center, LLC. It should be noted that the managing members of Corona Regional Medical Center, LLC. are Richard E. Boureston and Richard T. Boureston in which Richard E. Boureston serves as President of the Boureston Companies and Richard T. Boureston serves and Vice President of the

Boureston Companies.

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 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 assignment of the disposition and development agreement 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 assignment 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 properties was \$285,217, and was revenue to the General Fund, and the purchase price for the 11 parcels owned by the Corona Housing Authority is \$854,772 and was revenue for the Housing Authority. The total purchase price for all parcels was \$1,139,989 and in consideration of the agreement, the developer was required to deposit into escrow an earnest deposit in the amount of \$25,000, that was credited toward the purchase price. On December 30, 2019, the City and Housing Authority and developer closed escrow and all funds were paid to the City and Housing Authority. There is no fiscal impact associated with this agreement.

PREPARED BY: RYAN CORTEZ, ECONOMIC DEVELOPMENT COORDINATOR

SUBMITTED BY: JOANNE COLETTA, COMMUNITY DEVELOPMENT DIRECTOR

EXHIBITS

1. Locational Map
2. Site Plan
3. Development Agreement
4. Draft Assignment and Assumption Agreement