

**SUMMARY REPORT PURSUANT TO
SECTIONS 52200 – 52201
OF THE CALIFORNIA GOVERNMENT CODE
ON
THE DISPOSITION AND DEVELOPMENT AGREEMENT
BY AND BETWEEN THE
CITY OF ANAHEIM
AND
SLF – WEST LINCOLN, LLC**

The following Summary Report has been prepared pursuant to Sections 52200 – 52201 of the California Government Code. The report sets forth certain details of the proposed Disposition and Development Agreement (Agreement) between the City of Anaheim (City) and SLF – West Lincoln, LLL (Developer). The site is approximately 7.1 acres located in the northeast quadrant of the intersection of Euclid Avenue and Lincoln Avenue (Site). The Site is comprised of three parts: the Developer Parcel, the City ROW Parcel and the Former Agency Parcel. Collectively, the City ROW Parcel and the Former Agency Parcel are called the City Property. The Developer Parcel is 5.8 acres and the City Property is 1.3 acres.

The Site was previously used as a cement manufacturing business and onsite vehicle storage and parking. These uses are located on the southern portion of the site and had storefronts facing Lincoln Avenue. The north and west sides of the Site are currently vacant. The development of the proposed Project would consist of 115 single-family attached residential units (Project).

BACKGROUND STATEMENT

The following Summary Report is based upon information contained within the Agreement, and is organized into the following seven sections:

- I. **Salient Points of the Agreement:** This section includes a description of the project; and the major responsibilities imposed on the City and the Developer by the Agreement.
- II. **Cost of the Agreement to the City:** This section details the total cost to the City associated with implementing the Agreement.
- III. **Estimated Value of the Interests to be Conveyed Determined at the Highest Use Permitted Under the Redevelopment Plan:** This section estimates the value of the interests to be conveyed determined at the highest use permitted under the existing zoning and the requirements imposed by the Redevelopment Plan.

- IV. Estimated Reuse Value of the Interests to be Conveyed:** This section summarizes the valuation estimate for the City Property based on the required use, and with the conditions and covenants required by the Agreement.
- V. Consideration Received and Comparison with the Established Value of the Site:** This section describes the compensation to be received by the City, and explains any difference between the compensation to be received and the established value of the City Property.
- VI. Creation of Economic Opportunity:** This section describes the how the Project will assist in the creation of economic opportunity.

This Summary Report and the Agreement are to be made available for public inspection prior to the approval of the Agreement.

I. SALIENT POINTS OF THE AGREEMENT

A. Project Description

The Site is located in the West Anaheim Commercial Corridors Redevelopment Project Area (Project Area) and the Project entails the acquisition of the City Property and development and sale of the residential units.

The Project would entail the demolition and removal of all existing commercial and industrial structures on the Site. Thereafter, Developer would improve the Site and construct 115 single-family attached dwelling units on the 7.1-acre property. The Project consists of a mix of 30 two-bedroom units and 85 three-bedroom units using five floor plans. All of the units would be three-story units. The Project is proposed to be developed at approximately 17 units per acre and would include 27 buildings totaling 197,988 square feet of new construction. Proposed recreational amenities include a pool, three pocket parks and a dog park and trail.

The Project will include a sound wall along the northern boundary of the Project, separating the Project from the existing railroad and the I-5 Freeway. The Project will be accessible through two gated driveways along Lincoln Avenue. The eastern driveway would be the primary access and would allow for right-in, right-out and left-in turns. The western access would be for emergency vehicles only. The Project will provide 323 onsite parking spaces, consisting of 230 garage parking spaces and 93 surface spaces.

The Project includes street improvements to Lincoln Avenue along the Project street frontage. The Developer would remove and replace the existing sidewalk and install new curb ramps and tree wells. The Project would also cause a modification to Lincoln Avenue median to provide a single 100-foot eastbound left turn lane with a 90-foot transition.

B. City Responsibilities

The Agreement requires the City to accept the following responsibilities:

1. The City must sell the City Property to the Developer for \$2,900,000, allocated \$1,200,000 to the City ROW Parcel and \$1,700,000 to the Former Agency Parcel.
2. The City shall approve, which approval shall not be unreasonably withheld:
 - a. Preliminary Evidence of Financing for the Project
 - b. Construction Financing for the Project
3. The City shall vacate the public use of the City ROW Parcel.

C. Developer Responsibilities

The Agreement imposes the following responsibilities on the Developer:

1. The Developer must accept conveyance of the City Property from the City under the terms of the Agreement, including paying \$2,900,000 for the City Property
2. The conveyance of the City Property is contingent on the Developer performing the following activities:
 - a. The Developer shall have provided the City with Evidence of Construction Financing.
 - b. The Developer shall have provided evidence of commercial general liability insurance.
 - c. The Developer shall have received entitlements for the Project.
3. Developer shall have acquired the Developer Parcel.
4. The Developer shall provide the City with a copy of the contract between the Developer and one or more California-licensed general contractors.
5. The Developer shall develop the Project with up to 115 high quality, for sale single-family attached units.
6. The Developer shall accept the Construction Covenant, which requires Developer to complete the Project by the dates set forth in the Schedule of Performance.

II. COST OF THE AGREEMENT TO THE CITY

The Redevelopment Agency of the City of Anaheim (Agency) incurred significant costs to acquire and prepare the Former Agency Parcel for development. The Agency acquired the Former Agency Parcel for \$750,000 plus approximately \$3,500 in escrow fees.

III. ESTIMATED VALUE OF THE INTERESTS TO BE CONVEYED DETERMINED AT THE HIGHEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN

Section 52201 of the California Government Code requires the City to identify the value of the interests being conveyed at the highest use allowed by the Site's zoning and the requirements imposed by the Redevelopment Plan and the General Plan. The valuation must be based on the assumption that near-term development is required.

The City retained Mr. Steven G. White, MAI, to estimate the fair market value of the Former Agency Parcel. Mr. White, in an appraisal dated July 15, 2019, concluded the Former Agency Parcel has a fair market value of between \$1,620,000 and \$1,770,000.

The City retained Hennessey & Hennessey LLC to prepare appraisals for street abandonments in the City. Based on the findings of those appraisals, adjusted for the specifics of this location, the City determined that \$1,200,000 represents the fair market value of City ROW Parcel.

IV. ESTIMATED REUSE VALUE OF THE INTERESTS TO BE CONVEYED

As discussed above, the City is conveying the City ROW Parcel and the Former Agency Parcel to the Developer for \$2,900,000, allocated \$1,200,000 to the City ROW Parcel and \$1,700,000 to the Former Agency Parcel.

The price that the City is receiving falls within the fair market value range for each parcel. Therefore, it is concluded that the fair reuse value is equal to or greater than the fair market value.

V. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE OF THE SITE

Under the Agreement, the City is conveying the City Property for \$2,900,000. This falls within the fair market value range of the Site. It is concluded that the City is receiving the fair market value of the Site through this transaction.

In addition to the Purchase Price, the City will receive its share of property tax revenues generated by the Project. The Site currently has an assessed value of nearly \$9.7 million and

generates approximately \$7,500 in property tax revenues to the City. The 115 residential units are projected to be sold for approximately \$71.6 million. The City's share of property tax revenues is approximately 10.8% which provides approximately \$77,300 annually, an increase of nearly \$70,000.

VI. CREATION OF ECONOMIC OPPORTUNITY

Implementation of the Agreement helps to remove blighting influences within the Project Area boundaries by improving the physical appearance of the Project Area. The Site includes closed industrial facilities and unsightly storage uses. These will be removed and replaced by the residential project.

The proposed development would fulfill goals and objectives defined in the City's adopted Redevelopment Plan and create economic opportunity in the following ways:

1. The improvement of the physical appearance of the Project Area through the implementation of a new residential project, through public improvements including undergrounding electrical utilities, upgrading streets, sidewalks, and streetscape, and through a comprehensive urban design and planned signage program.
2. The provision of walls and landscaping to create a buffer between transportation uses and the residential area.
3. The public revenues created by the Project can be used by the City to promote other economic development activities and to provide additional services in the community.