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Redevelopment
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Staff Report

ITEM
NO. _____

To: Lemoore Redevelopment Agency Board
From: Judy Narbaitz, Redevelopment Project Manager
Date: September 29, 2006
Subject: Public Hearing, Resolution, Disposition and Development Agreement, and Report and Findings under Health and Safety Code 33433: Disposition of Agency Property – APN No. 024-051-015 (A portion of Lot 14 in the Lemoore Industrial Park)

Discussion

This report summarizes the pending Disposition and Development Agreement (DDA) between buyer Bill D. Royer and the Lemoore Redevelopment Agency (RDA) and meets the requirements of California Health and Safety Code 33433. Attached please find a copy of the DDA which sets forth the conditions, affordability restrictions, and loan terms of the proposed sale of a portion of APN No. 024-051-015, Lot No. 14 in the Lemoore Industrial Park, totaling approximately 2.0 acres.

Under the provisions of California Health and Safety Code Section 33433 (2)(B) the following summary is provided regarding the Agency involvement in the project.

- 1) Cost to the Agency for acquisition of land: Average of \$43,000 per acre
- 2) Estimated value of property: \$90,000
- 3) Fair market value: \$90,000
- 4) Elimination of blight: The proposed development of an industrial assembly and distribution facility will eliminate blight by improving the aesthetics of property near Highway 41 and 198. Additionally, twenty percent (20%) landscaping is required as part of industrial development. Construction shall begin within two (2) years after close of escrow and open for business within three years from close of escrow

The following conditions are contained in the attached DDA:

- 1) Sales price of approximately 2.0 acres – fair market value of \$90,000 (\$45,000 per acre)
- 2) 60-day escrow – normal buyer-seller split; \$9,000 deposit due at open of escrow; non-refundable after 30-day due diligence period (unless City/Agency fails to perform)

- 3) Note secured by Deed of Trust on said property in the amount of \$81,000 at a rate of six (6) percent interest, payable in full on or before five (5) years after close of escrow
- 4) Property “as is” condition – no representations or warranties
- 5) Five year no speculation/resale clause
- 6) Reversion clause
- 7) Description of benefits to Agency/City upon completion of project as described in the DDA are as follows:
 1. Establishment of a new business in the City
 2. Creation of four (4) new full-time equivalent jobs
 3. Increased valuation of site with assessed value in excess of \$750,000

Please note that City staff is in the process of having a Parcel Map created to subdivide Lot 14 into smaller parcels for the purpose of accommodating future business development. This process may exceed 60 days and therefore, escrow will not close until such time the Parcel Map is approved by the Planning Commission.

This report was prepared in accordance with Health and Safety Code § 33433 and complies with all requirements contained therein. Said property was acquired with tax increment redevelopment funds, and is therefore required to be sold at fair market value. Additionally, this project is in consonance with the City General Plan and the Lemoore Redevelopment Plan, as amended, in accordance with § 33490 of the Health and Safety Code.

Budget Impact

The Agency will net approximately \$90,000 from the sale of the property, which will be returned to the Capital Fund for future use. Additionally, the property will be sold to a private business, thus putting the property back on the tax roll and based on the new estimated assessed value, the Agency will realize an increase in tax increment revenue of approximately \$4,125 annually.

Recommendation

That the Agency Board 1) hold a public hearing and take input into consideration; 2) approve the attached resolution; and 3) authorize the RDA Executive Director to execute the attached DDA (as presented or amended as necessary to complete the transaction) to sell approximately 2.0 acres of Agency property, a portion of APN No. 024-051-015 to Bill D. Royer for the development of an assembly and distribution warehouse.