



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** OCTOBER 19, 2021

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

**SUBMITTED BY:** STEVE DANLEY, ACTING CITY MANAGER

**PREPARED BY:** GREG PFOST, ACTING DIRECTOR OF COMMUNITY AND ECONOMIC DEVELOPMENT  
KELLEE FRITZAL, DEPUTY DIRECTOR OF COMMUNITY AND ECONOMIC DEVELOPMENT

**SUBJECT:** 1600 WEST COMMONWEALTH AVENUE AFFORDABLE HOUSING DEVELOPER SELECTION AND EXCLUSIVE NEGOTIATION AGREEMENT

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### **SUMMARY**

City Council authorized a Request for Proposals for affordable housing development on City-owned property located at 1600 West Commonwealth Avenue on March 6, 2021. Staff requests City Council rank the five developer proposals received, select the highest rated proposal and authorize the Acting City Manager to negotiate and enter into an Exclusive Negotiation Agreement with the selected developer.

### **RECOMMENDATION**

1. Each City Council member rank the five proposals from most to least desirable (5 points for the most desirable to one point for the least desirable) and City Council select the proposal with the most points.
2. Authorize Acting City Manager, or designee, to negotiate an Exclusive Negotiation Agreement with selected developer and authorize Acting City Manager to enter into and administer the negotiated Exclusive Negotiation Agreement with the selected developer.
3. If negotiations with the highest scoring developer are unsuccessful, authorize Acting City Manager, or designee, to negotiate with the next highest scoring developer and authorize Acting City Manager to enter into and administer the negotiated Exclusive Negotiation Agreement.

### **PRIORITY POLICY STATEMENT**

This item matches the following Priority Policy Statement:

- Fiscal and Organizational Stability.

## FISCAL IMPACT

There is no fiscal impact associated with this action.

## DISCUSSION

### History

The City owns 1600 West Commonwealth Avenue (APN: 030-290-22) which consists of approximately 3.87 acres. The property is located west of Basque Avenue and the City Yard and includes a CNG Eco Fuel station, natural gas maintenance and support structures, parking lot utilized by the City Yard, storage for Police Department containers and about 2.25 acres of undeveloped land. The current zoning is Manufacturing, General (M-G) and the General Plan Community Development Type is Industrial.

The City acquired 1600 West Commonwealth Avenue in 2008-09 using funds from water, sewer general and redevelopment / housing funds. Before the acquisition, the Olson Company had elected not to proceed with construction of a residential development on this site due to market conditions. After the City acquired the parcel from the Olson Company, it constructed a CNG Eco Fuel station on the corner leaving approximately 2.25 acres for development after allowing for limited, continued City use of the eastern portion of the property for equipment and materials storage.

### Surplus Land Act Requirements

The Governor signed Assembly Bill 1486 in October 2019, which amended the process governing the disposition of surplus land. AB 1486 focused on the ability to create housing and/or parks on both State and City owned surplus property. The Surplus Property Land Act (Government Code Sections 54220-54234) defines surplus land as “land owned by any agency of the state, or any local agency, that is determined to be no longer necessary for the agency’s use, except property being held by the agency for the purpose of exchange.”

City Council declared 1600 West Commonwealth as surplus property at its June 16, 2020 meeting. Pursuant to State law, Staff notified both the State Housing and Community Development Department and all housing Developers listed on the State site. Although not legally required, the City has elected to release a Request for Proposals (RFP) for this site. The RFP includes information about the property, development standards, City goals and vision for the development and specifies the submittal requirements and review criteria that the City will use to evaluate each of the proposals to select the firm to enter into negotiations with.

Based on State law, the City must enter good faith negotiations with the selected Developer concluding with either a contractual agreement with the Developer or, if after negotiations have concluded and the parties cannot reach a deal, the City can enter into negotiations with other Developers. Potential ENA components will include:

- Negotiate the price and terms of an Affordable Housing Agreement (AHA) and conveyance of the subject property for the development of affordable housing.
- Review of preliminary site plans.

- Community Outreach Plan and outreach process.
- Initiate the Environmental Review, General Plan / Zoning Change Process.
- The negotiation period will be the earlier of six months following the ENA effective date, or, until the parties approve and execute and AHA.

#### Recommended Development Standards

The RFP (Attachment 2) provided specific directions to respondents to limit the proposed development to a maximum density of 28 dwelling units per acre and a height of no more than three stories, consistent with development standards for the R-3 (Limited Density Multiple-Family Residential) zoning classification. Staff based the rationale for these requirements on the adjacencies of the project, limitations created by the shape of the parcel, parking requirements and needs and Building Code standards. While the immediate project adjacencies are the railroad right-of-way and Public Works Yard, the Adlena Park neighborhood located on the north side of Commonwealth Avenue is a predominantly one and two-story single-family neighborhood with a density closer to six-units per acre. Although physically separated by Commonwealth Avenue, it was important for this development to not be dramatically out of scale with the homes in Adlena Park. Additionally, the triangular shape of the parcel and on-site parking requirements limits the size and location of the buildings and naturally limits the number of units that the site can accommodate. 28 dwelling units per acre is consistent with the maximum allowable density under the Medium Density General Plan land use designation and consistent with the R-3 zoning classification. Lastly, California Building Code requirements for projects over three stories begins to change the required construction materials and construction methods, which increases construction costs. These increases can make a project cost prohibitive, particularly for affordable housing Developers.

#### Proposals

The City received five proposals from the following: C & C Development, Jamboree, Meta Housing Corporation, National CORE and Related. Staff prepared a summary matrix (Attachment 3) of the proposals. If proposers had alternative development proposals, Staff reviewed the “preferred” development. All five Developers are highly capable and have award winning projects. All Developers request that the City provide the land value through a residential receipts loan (paid back annually) based on revenue generated by the site. While a land appraisal will develop the final land value, all Developers did place a property sale value to the property. On July 6, 2021, City Council reviewed five proposals for a proposed affordable housing project on the site and selected National CORE as the Developer to enter good faith negotiations with. On August 17, 2021, City Council reviewed, but ultimately denied, an ENA with National CORE.

Staff now resubmits these proposals to City Council for consideration and recommends City Council select a Proposal / Developer on a ranked order basis. Staff asks each Council Member to rank the proposals with five points for the first-place proposal, four points for the second-place proposal, three points for the third-place proposal, two points for the fourth-place proposal and one point for the fifth-place proposal. Staff will total the points for each proposal and City Council will select the proposal with the most points. The City received the five proposals from:

- *C & C Development*

- *Jamboree*
- *Meta Housing Corporation*
- *National CORE*
- *Related*

Next Steps

Based on the City Council ranking, the City Manager will enter good faith negotiations to develop an Exclusive Negotiating Agreement (ENA) with the top-rated Developer.

Attachments:

- Attachment 1 – PowerPoint Presentation
- Attachment 2 – 1600 West Commonwealth Avenue Request for Proposals
- Attachment 3 – Matrix of Proposal Summary
- Attachment 4 – Draft Exclusive Negotiation Agreement
- Attachment 5 – C & C Development Proposal
- Attachment 6 – Jamboree Proposal
- Attachment 7 – Meta Housing Corporation Proposal
- Attachment 8 – National CORE Proposal
- Attachment 9 – Related Proposal