

# STAFF REPORT

## Lancaster Successor Agency

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2/27/2024
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Date: February 27, 2024

To: Chairman Parris and Agency Directors

From: Larissa De La Cruz, Director – Community Development  
Chenin Dow, Assistant Director – Community Development, Housing & Econ Dev

Subject: **Consideration for approval of actions in connection with Successor Agency-owned parcels related to compliance with the Surplus Land Act and a Purchase and Sale Agreement with the City of Lancaster**

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### Recommendation:

1. Adopt Resolution No. \_\_\_\_\_, declaring the following Successor Agency-owned property as “exempt surplus land” pursuant to Government Code Section 54221 (f)(1)(d).
2. Adopt Resolution No. \_\_\_\_\_, approving the proposed purchase and sale agreements for various Successor Agency-owned properties between the Successor Agency and the City of Lancaster.
3. Authorize the Executive Director, or his designee, to execute all related documents.

### Fiscal Impact:

The sales will yield proceeds of \$2,007,000, the full appraised value of the subject parcels. As the property in question belongs to the Successor Agency to the former Lancaster Redevelopment Agency, these funds will be forwarded to Los Angeles County for disbursement to the affected taxing agencies.

### Background:

Since the State of California’s dissolution of Redevelopment Agencies in 2011, City staff have worked to wind down Lancaster’s former Redevelopment Agency (LRA). This included the disposition of several hundred parcels acquired throughout the LRA’s existence.

However, approximately 130 parcels remain in the hands of the Successor Agency, despite the continuous efforts of listing brokers and staff to market them for sale. Many of the subject parcels were acquired by the LRA through the Chapter 8 tax-defaulted parcel process.

These parcels present unique challenges. They fall primarily into two areas of the City: the Fox Field Industrial Corridor, an industrial area along the northern periphery of the City surround William J. Fox Airfield; and the “Herald Tract,” an area adjacent to the Lancaster’s central business district and Metrolink station.

The root of these challenges came before Lancaster's incorporation in 1977, when a number of real estate professionals saw an opportunity to heavily subdivide large tracts of vacant land for sale. In Fox Field, square miles of land were haphazardly subdivided into parcels as small as one-third of an acre. The vast majority of these parcels were landlocked, with no easements or roads to provide legal access or route infrastructure to the sites. Thus, they were rendered undevelopable, with no real value to either present owners or prospective buyers.

These parcels were then marketed for sale internationally, with a heavy concentration of sales to buyers in China. Unscrupulous marketing efforts indicated that the land, located in rapidly-growing Los Angeles County, would appreciate significantly in the future. With ownership located all over the world, often involving several parties per parcel as unusable parcels are passed down to multiple heirs, assembly of these sites today is all but impossible for the private sector.

A similar situation occurred in the Herald Tract. In 1910, the Los Angeles Evening Herald newspaper offered free parcels of land in Lancaster as an enticement to purchase a year's subscription of the Herald. At just 25 feet by 125 feet, these lots are too small to accommodate most uses and require assembly in order to make development feasible. While a handful of sites have been assembled in the last century to develop homes and businesses, the bulk of these parcels remain frozen in the year 1910.

The vast majority of these parcels have never received any interest from the private sector, despite being listed with brokers and continuously marketed. For the few that have received initial interest, a common thread has emerged: buyers are not interested in participating in the lengthy process of having their purchase approved first by the Lancaster City Council in their role as Successor Agency Board, then by the Los Angeles County Fifth District Consolidated Oversight Board, and finally by the State of California's Department of Finance. Because there is no shortage of comparable vacant land in Lancaster, prospective buyers have elected to pursue other options rather than purchasing these parcels.

Recognizing the challenge these sites represent to the private sector, the proposed action would declare the bulk of the remaining properties exempt surplus in order to effectuate a transfer to another public agency, and approve the transfer of these properties to the City of Lancaster. This includes all Herald Tract parcels; all residentially zoned parcels; and two industrial parcels. These properties have been prioritized for transfer based on zoning and available budget. Staff is optimistic that the City's Housing Authority will be able to leverage these parcels to enhance affordable housing opportunities by assembling additional parcels to create viable project sites over the long term, as well as working with non-profit partners to develop the small sites. For the industrial parcels, staff is hopeful that a transfer to the City – thus eliminating the need for a private party to go through the additional layers of approvals at the Oversight Board and DOF levels – will encourage buyers that have otherwise pursued alternative properties.

This action will effectuate the disposition of 110 of the remaining Successor Agency parcels, thus making substantial progress in the wind-down of the Successor Agency. Staff will continue collaborating with brokers to market the remaining parcels, and will evaluate opportunities for additional transfers to the City where appropriate, based on available funding and the City's needs.

In addition, this sale will facilitate the wind-down of the Successor Agency and yield proceeds of \$2,007,000 for disbursement to the affected taxing entities. This represents the full appraised value of the parcels.

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**Attachments**

- Resolution No.
- Resolution No.
- Exhibit A: List of Parcels
- Purchase and Sale Agreement