

STAFF REPORT
Lancaster Housing Authority

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5/27/2025
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Date: May 27, 2025

To: Mayor Parris and City Council Members

From: Patti Garibay, Director - Community Development
Nicole Jones, Senior Analyst – Community Development

Subject: Exclusive Negotiating Agreement with Grupe Investment Company, Inc.

Recommendations:

1. Authorize the Executive Director or his designee to negotiate, finalize and execute an Exclusive Negotiating Agreement (ENA) with Grupe Investment Company, Inc. to enter into negotiations for a three-month period for the potential disposition of property owned by the Lancaster Housing Authority. No deposit will be required.
2. Authorize the Executive Director or his designee to negotiate, finalize and execute all related documents in a form approved by the City Attorney.

G.C. Section 84308: No

Fiscal Impact:

There is no impact to the General Fund.

Background:

The Lancaster Housing Authority (“Authority”) owns a number of properties intended for affordable housing development. One such property, “HNR-3,” is an assemblage of four parcels comprised of approximately 35 acres located on the former Antelope Valley Fairgrounds at the intersection of Avenue I and Division Street.

This agreement represents the Authority’s opportunity to take the first steps toward the development of this property. Grupe is interested in acquiring approximately 12.9 acres of the Property from the City (depicted in Exhibit B of the subject ENA; the “Grupe Portion”), and thereafter, securing all necessary entitlements to redevelop the Grupe Portion with approximately 200 units of workforce for-sale housing (the “Grupe Project”).

While precise Area Median Income (AMI) levels for the subject units are yet to be determined, the developer envisions that the new workforce condominiums will target first-time homebuyers

with AMIs ranging from 90% to 120%, with the majority at 100% of AMI. The project will be composed of two-, three- and four-bedroom units, with amenities such as a central community center, a pool, and other recreational facilities.

The proposed Exclusive Negotiating Agreement will enable staff and the developer to enter into formal negotiations with the goal of crafting a Disposition and Development Agreement (DDA) for the sale and development of the property. The ENA term will be up to three months. If the staff and the developer agree on a term sheet by the 90-day deadline, the Exclusive Negotiating Agreement continues and the Parties have until 12 months from the Effective Date of the ENA to negotiate and execute the DDA. If the staff and developer are unable to reach mutually agreeable terms during the ENA period, the property would again be marketed to other potential developers. The ENA does not bind the Authority to sell the property. The resulting DDA would be subject to approval by the Authority.

The envisioned project has incredible potential to meet a significant need in our community: affordable first-time homebuyer opportunities for moderate and workforce households that are otherwise mostly shut out of the homeownership market. Attractive design, together with quality-of-life features fostering walkability and recreation, will make this a sought-after destination for workforce households, particularly those with children as well as young couples just beginning to build their lives together. These homes will assist its owners in achieving the benefits of homeownership: housing stability and building generational wealth, thereby serving a need in Lancaster for generations to come.

Attachment:

Exclusive Negotiation Agreement (ENA) w Grupe