

STAFF REPORT

City of Lancaster

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12/13/2022
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Date: December 13, 2022

To: Mayor Parris and City Council Members

From: Jeff Hogan, Senior Director - Development Services
Chenin Dow, Senior Manager – Real Estate & Economic Development

Subject: Memorandum of Understanding with Avenue G, LLC

Recommendations:

1. Approve a Memorandum of Understanding with Avenue G, LLC to advance efforts to develop a half-square mile area located in the Fox Field Industrial Corridor.
2. Authorize the City Manager, or his designee, to make any needed non-substantive changes and execute all related documents.

Fiscal Impact:

None.

Background:

The City of Lancaster has long envisioned the Fox Field Industrial Corridor as a key industrial center for the Antelope Valley. The City's former Redevelopment Agency made significant investments in infrastructure in this area to attract job-creating businesses. Today, the corridor is home to a range of industrial users, including major employers, such as Michaels, SYGMA, and Rite Aid.

The thriving industrial real estate market has brought a fresh wave of interest in this area. Currently, more than 3.4 million square feet of industrial space is in various stages of plan check within this corridor. Developers continue to express interest in additional projects in the area.

The greatest obstacle to additional development in Fox Field is intensely heavy parcelization. Prior to the City of Lancaster's incorporation in 1977, plots of land as large as one square mile were permitted to be subdivided into parcels as small as three-quarters of an acre. These parcels were then sold all over the world, primarily to foreign investors. Many of

these parcels are landlocked, meaning that they have no existing roads or road easements allowing access to the site – thus rendering them nearly undevelopable.

Generations after the initial subdivision and sale of these parcels, it can be particularly challenging to reach the property owners and negotiate for potential sales. These unique impediments to development create a prime opportunity for public-private partnerships.

To further development efforts, in 2018, the Lancaster Successor Agency sold 20 non-contiguous, irregular parcels located in an approximate one-half square mile area generally bordered by Avenue G, 30th Street West, Avenue G-8, and 40th Street West to Resolution Fund Management, LLC. Since that time, the principals of the firm have been working to acquire additional parcels in an effort to assemble developable sites. They have currently acquired or are poised to acquire parcels totaling 35% of the project area.

Recognizing the mutual interest of the City and the developer in assembling and developing industrial sites in Fox Field, the proposed Memorandum of Understanding (MOU) would establish a partnership between the City and Avenue G, LLC to further development efforts. Under the MOU, the developer will continue to acquire and entitle additional parcels; the City will work to research and design needed infrastructure, and the two will collaborate toward the goal of establishing shovel-ready industrial sites within the project area.

These efforts will aid in attracting additional businesses, jobs, and revenue to the City of Lancaster.

CD/sm

Attachment:

Memorandum of Understanding with Avenue G, LLC