

STAFF REPORT

City of Lancaster

CC 12
9/12/2023
JC

Date: September 12, 2023

To: Mayor Parris and City Council Members

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

Subject: Amendment to Disposition and Development Agreement with Verdant Lancaster, LLC

Recommendations:

1. Approve a First Amendment to the Disposition and Development Agreement with Verdant Lancaster, LLC for the sale and subsequent development of two additional commercial parcels located in the Front Row Center Area.
2. Authorize the City Manager, or his designee, to negotiate, finalize, and execute (i) a First Amendment to the Disposition and Development Agreement in a form to be approved by the City Attorney; and (ii) all documents necessary or appropriate to complete the transaction.

Fiscal Impact:

The purchase price of the two parcels to be added to the Disposition and Development Agreement represents the full appraised value of \$1,320,000. Combined with the parcels currently under contract, the total sale proceeds will be \$5,700,916.32. Upon completion, the development will generate new transient occupancy tax (TOT) and sales tax revenue to the City.

Background:

Front Row Center, the area generally bounded by Avenue I and Lancaster Boulevard along Valley Central Way, has long been regarded as a key growth opportunity for commerce and entertainment in the Antelope Valley. Featuring such destinations as the Hangar and Cinemark 22 Theatres, as well as optimal proximity to the 14 Freeway, Front Row Center is ripe for further development.

With this in mind, on March 22, 2022, the City Council authorized the execution of a Disposition and Development Agreement (DDA) with Verdant Lancaster, LLC (“Verdant”) for the purchase and subsequent development of nine parcels of commercial property within the Front Row

Center area. The existing DDA encompasses 29.58 acres, for which Verdant has created a master plan that includes more than 600 units of market-rate and affordable residential units, two select-service hotels, and supporting retail uses.

Verdant has met all milestones established in the DDA's schedule of performance to date, and has exceeded staff expectations in the quality of the proposed development upon submittal for development review.

Verdant is now seeking to expand their master plan onto two additional parcels totaling 6.92 acres, which are located adjacent to the existing project site. They have made an offer for the full appraised value of \$1,320,000, bringing the total purchase price to \$5,700,916.32.

The additional acreage will allow Verdant to relocate the two proposed hotels from the existing site to the new parcels, which are primed as hotel pads and located immediately adjacent to the existing Hampton Inn & Suites and Homewood Suites. Underscoring their commitment to Lancaster and the Front Row Center area, Verdant has also acquired the two existing hotels.

The proposed change will allow for a substantial number of residential units to be added to the existing site, thus better meeting the housing needs of Lancaster residents.

The subject parcels were declared surplus by Resolution No. 22-53 on October 11, 2022. During the 90-day negotiation period required by the Surplus Land Act, three entities expressed interest. Two were non-responsive to attempts to enter into negotiations, while the third opted to pursue alternate properties. On March 16, 2023, the City submitted to the California Department of Housing and Community Development (HCD) for review of certain information and documentation related to the properties included in the aforementioned Resolution. On April 13, 2023, HCD issued a letter confirming that the City has complied with the requirements of the SLA and is permitted to proceed with the sale or lease of the properties.

The proposed amendment will enhance the development envisioned under the existing DDA while also providing new residential options to meet our growing community's housing needs.

CD/sm

Attachment:

A. Disposition and Development Agreement with Verdant Lancaster, LLC