RESOLUTION NO. 2018-05

A RESOLUTION OF THE BELL COMMUNITY HOUSING AUTHORITY APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH ATWATER INFRASTRUCTURE PARTNERS FOR THE PROPERTIES AT 4400 GAGE AVENUE, 4410 GAGE AVENUE, 6419 PINE AVENUE, AUTHORIZING THE CHAIRPERSON OF THE BOARD OF COMMISSIONERS TO EXECUTE SAID AGREEMENT, AND FINDING THAT THE AGREEMENT IS CATEGORICALLY EXEMPT UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

WHEREAS, pursuant to the California Housing Authorities Law set forth in California Health & Safety Code section 34200 et seq., the City of Bell activated the Bell Community Housing Authority ("BCHA") on or about February 21, 1995, to assist the City in the acquisition, construction and management of low and moderate income housing within the City; and

WHEREAS, pursuant to Health & Safety Code section 34315, the BCHA is authorized to purchase, acquire, own, lease, and sell real property, among other authority granted therein; and

WHEREAS, in accordance with this authority, the BCHA acquired the properties located at 4400 Gage Avenue, 4410 Gage Avenue, and 6419 Pine Avenue (collectively, the "Properties") from the Bell Community Redevelopment Agency on or about November 6, 2006; and

WHEREAS, 4400 Gage Avenue is approximately 9,800 square feet, 4410 Gage Avenue is approximately 12,600 square feet, and 6419 Pine Avenue is approximately 7,700 square feet in size and included the former Golden Bakery and other commercial uses, but have been vacant and dilapidated for many years; and

WHEREAS, the BCHA acquired the Properties for a potential mixed use including housing opportunities; and

WHEREAS, as of the date of this Resolution, the property at 4400 Gage Avenue consists of a vacant commercial building; and

WHEREAS, as of the date of this Resolution, the property at 4410 Gage Avenue consists of a vacant commercial building, but is being utilized for storage by the City of Bell; and

WHEREAS, as of the date of this Resolution, the property located at 6419 Pine Avenue consists of a paved parking lot used by nearby businesses; and

WHEREAS, the properties at 4400 Gage Avenue and 4410 Gage Avenue are located in the C-3R Commercial/Residential Zone and located in the primary commercial corridor of the City of Bell; and

WHEREAS, while housing is possible, the Authority has not obtained serious interest for housing purposes, and commercial uses of the Gage Avenue properties would be more consistent with the surrounding commercial uses and nature of the contemplated zoning, and the proceeds of a market transaction could be used to foster housing development in Bell for which there is a great need; and

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WHEREAS, on or about November 2, 2016, Atwater Infrastructure Partners ("Atwater") submitted a proposal for a leasehold interest with an option to purchase the Properties; and

WHEREAS, under that initial proposal, Atwater proposed developing the site as a Microbrewery Hub retail project, which would allow for three micro-breweries to share one manufacturing facility (10-15 Barrel system); and

WHEREAS, in furtherance of this concept, Atwater represented that it had secured Border X Brewery, a successful and award winning San Diego Brewery, as an anchor tenant in this project and which recently won the Startup Brewery Challenge in San Diego for creating beers; and

WHEREAS, Atwater also proposed that a portion of the Properties be considered for an innovative restaurant or food-related use; and

WHEREAS, to evaluate the proposal, the BCHA obtained an appraisal of the Properties from an independent consultant; and

WHEREAS, in conducting the appraisal, the consultant utilized the Sales Comparison Approach, which is an analysis that relies upon confirmed local land sales in the immediate area adjusted for purposes of comparison and applied to the Properties accordingly; and

WHEREAS, the consultant analyzed eight transactions between 2016 and September 2017 that ranged in site area from roughly 10,000 square feet to 100,000 square feet and range in adjusted price per square foot of land area from approximately $25 to $85 per square foot; and

WHEREAS, following the appraisal process, the consultant concluded that the Properties would be valued based on a unit rate of $50 per square foot of land area, and accordingly, 4400 Gage Avenue and 6419 Pine Avenue are appraised collectively at $875,000 and 4410 Gage Avenue is appraised at $630,000, for a total combined valuation of $1,505,000; and

WHEREAS, based on the results of the appraisal, BCHA staff entered into negotiations with Atwater under the direction of the BCHA Board of Commissioners; and

WHEREAS, negotiations have resulted in the proposed Disposition and Development Agreement ("DDA") with the following development requirements on the Properties:

   (1) Atwater will rehab the two existing buildings on 4400 and 4410 Gage Avenue and convert them into the brew hub concept which, as envisioned, will create a craft-hub where Bell residents can enjoy the craft manufacturing process and local food entrepreneurs can participate in the project via food trucks or as food tenants; and

   (2) Atwater will develop a portion of the Properties be considered for an innovative restaurant or food-related use, including possible tenants Tierra Mia and La Monarza Bakery; and
(3) 2,000 square feet of 4410 Gage Avenue will be retained by the BCHA for use by the City of Bell as a public plaza recreation area, with such area to be improved and maintained by Atwater with nonexclusive encroachment license permit; and

WHEREAS, in furtherance of this development, on January 3, 2018, the City of Bell Planning Commission approved a Conditional Use Permit for a microbrew establishment to be located at 4400 Gage/6419 Pine Avenue; and

WHEREAS, the DDA contains the following financial arrangements summarized below:

(1) The Properties will be acquired by Atwater at a value of $50 a square foot in accordance with the BCHA’s appraisal;

(2) BCHA will receive a total purchase price of $1,405,000 along with the use of 2,000 square feet of 4410 Gage Avenue for a public plaza recreation area, which is valued at $100,000 based on the appraisal; and

(3) Atwater will not be required to put any money down; and

(4) 5 year Promissory Notes will be placed on each parcel with 4% interest; and

(5) Improvements will be secured by Deeds of Trust such that should Developer fail to perform, BCHA will be revested with title; and

(6) Interest only payments for 18 months; and

(7) Upon acceptance of the DDA, Atwater will pay $25,000 deposit to the BCHA, which will not be credited to purchase price, but rather, to pay for BCHA costs. One-half of this deposit amount is refundable if transaction cancelled due to failure to remove contingencies as described in the DDA; and

(8) The Due Diligence period shall commence upon Atwater’s receipt of due diligence documents and a fully executed DDA and shall end one hundred twenty (120) calendar days thereafter; and

(9) Closing will occur thirty (30) calendar days after the expiration of the Due Diligence Period and completion of all other conditions as set forth in the DDA; and

(10) Construction shall begin not later than the 30 days following Close of Escrow; and

WHEREAS, under the DDA, the BCHA will receive the full appraised amount in that the BCHA will receive a total purchase price of $1,405,000 along with the use of 2,000 square feet of 4410 Gage Avenue for a public plaza recreation area, which is valued at $100,000 based on the appraisal; and

WHEREAS, the BCHA shall retain and use the sale proceeds to assist with the development and sustainability of affordable housing in Bell; and
WHEREAS, disposition and development of the Properties will also further the goals of prior redevelopment agencies as described in Health and Safety Code Section 33433, in that the development will serve to eliminate blight by:

(1) Introducing a unique gathering place with multiple uses with central City street frontage; and

(2) Serving as a catalyst for the development of a "Downtown Bell" environment; and

(3) Providing a variety of choices for dining, entertainment and retail; and

(4) Creating redevelopment momentum along the Gage corridor; and

(5) Increasing retail sales tax revenues; and

(6) Creating jobs; and

(7) Providing practical and effective solutions for parking in the downtown area; and

(8) BCHA will receive some $1.4 million to use for development of affordable housing.

WHEREAS, the BCHA Board of Commissioners now desires to enter into the DDA.

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE BELL COMMUNITY HOUSING AUTHORITY DOES HEREBY RESOLVE AND DETERMINE AS FOLLOWS:

SECTION 1. The recitals above are true and correct, and are herein incorporated by this reference.

SECTION 2. The project is categorically exempt under the California Environmental Quality Act ("CEQA") pursuant to Public Resource Code Section 21083 and 21084 - CEQA Guideline 15332. The project is an in-fill area development within city limits on a site of no more than five acres substantially surrounded by urban uses.

SECTION 3. The Disposition and Development Agreement between the BCHA and Atwater Infrastructure Partners, a copy of which is attached hereto as Exhibit "A" is hereby approved.

SECTION 4. The Chairperson of the Board of Commissioners is hereby authorized to execute the Disposition and Development Agreement subject to final approval as to form by the Board's legal counsel, and the Executive Director is authorized to execute such additional documents as may be necessary to carry out the transaction.

SECTION 5. The proceeds of the sale shall be deposited in the accounts of the BCHA for purposes of developing housing and carry out the purposes of the BCHA.

SECTION 6. This Resolution shall take effect from and after the date of its passage and adoption.
PASSED, APPROVED, AND ADOPTED this 10th day of January 2018.

Fidencio Joel Gallardo, Chair

ATTEST:

Angela Bustamante, Secretary

APPROVED AS TO FORM:

David Aleshire, Authority Attorney

CERTIFICATE OF ATTESTATION AND ORIGINALITY

I, Angela Bustamante, City Clerk of the City of Bell, hereby attest to and certify that the foregoing resolution is the original resolution adopted by the Bell City Council at its regular meeting held on the 10th day of January, 2018, by the following vote:

AYES: Councilmembers Romero, Saleh, Valencia, Vice-Mayor Quintana and Mayor Gallardo

NOES: None

ABSENT: None

ABSTAIN: None

Angela Bustamante, City Clerk