

Housing Successor Agency

MEETING DATE: 10/26/2016

TITLE:

Assignment, Assumption and Consent Agreement and Amendment No. 6 to Property Transfer Agreement for the Downtown Mixed Use Project

FROM:

Curt Watts, Economic Development Director

RECOMMENDATION:

Staff recommends that the City Council as the Successor Housing Agency to the Former Redevelopment Agency, authorize the City Manager to execute an Assignment, Assumption and Consent Agreement between Saxony Living, LP and GreenSpring Capital, and the City of Cathedral City solely in its role as the Successor Housing Agency to the Former Redevelopment Agency of the City of Cathedral City; and Amendment No. 6 to the Property Transfer Agreement by and between GreenSpring Capital and the City of Cathedral City solely in its role as the Successor Housing Agency to the Former Redevelopment Agency of the City of Cathedral City.

BACKGROUND:

The former Cathedral City Redevelopment Agency acquired an approximate two-acre site located at the southeast corner of East Palm Canyon Drive and West Buddy Rogers Avenue to meet affordable housing needs. The Successor Housing Agency to the Former Redevelopment Agency of the City of Cathedral City ("City") approved a Property Transfer Agreement ("Agreement") with Thermal Land, LLC in August 2013, to transfer this site for development of a mixed use project. Per the Agreement, the site is to be developed primarily for housing purposes with a percentage of the units to be available to, and occupied by, moderate income households at affordable rent. The Agreement has been amended multiple times to extend the deadlines for close of escrow and completion of the project as defined in the Agreement. Council approved an Assignment of the Agreement from Thermal Land, LLC to Saxony Living, LP ("Saxony") on November 18, 2014.

DISCUSSION:

The Agreement between the City and Saxony requires that the approximate two-acre site located at the southeast corner of East Palm Canyon Drive and West Buddy Rogers Avenue be entitled, purchased and developed as a 69-residential unit mixed use project ("Project") with approximately 5,000 square feet of ground floor retail. Saxony has been processing the Project for entitlements.

Saxony and GreenSpring Capital, a private equity and development entity based in Newport Beach,

California, seek to obtain the City's approval to transfer Saxony's interests and obligations in the Agreement to GreenSpring. Per Section 9 of the Agreement "no Party to this Agreement, without prior written approval by the City, or except as permitted by this Agreement, shall assign or attempt to assign this Agreement or any right herein to any third party ...". GreenSpring proposes to continue processing the Project for entitlements, acquire the Property and complete construction of the Project.

GreenSpring has provided proof of financial solvency via various financial statements and authorization of business and personal credit checks. Based on the information provided, GreenSpring has the financial ability and expertise to complete the City's required entitlement process for acquisition and development of the property.

Upon approval of the Assignment, Assumption, and Consent Agreement ("Assignment", Attachment 1), GreenSpring will, as it has done in all of its previous development projects, create a limited liability company for development of the Project (subject to the City's future approval of entitlements and building permits). Also, GreenSpring has requested that we re-establish the timeline necessary to complete the entitlement process, acquire building permits, and provide proof of construction financing to allow for the close of escrow and the commencement of Project construction. Future development of the surrounding parcels may also affect the Project timeline. As such, Amendment No. 6 to the Agreement (Attachment 2) has been prepared that includes a fourteen-month extension of the previously established timeline for Close of Escrow and Project Completion.

FISCAL IMPACT:

The Assignment transferring Saxony's interests and obligations in the Agreement to GreenSpring, and Amendment No. 6 extending time deadlines contained in the newly assigned Agreement, will further the Project's ability to be entitled and developed. The financial terms of the Agreement will remain unchanged with the approval and execution of the Assignment and Amendment No. 6.

ATTACHMENTS:

1. Assignment, Assumption and Consent Agreement
2. Amendment No. 6 to Property Transfer Agreement and Escrow Instructions