



Legislation Text

File #: 19-505, Version: 1

Report Prepared by: *Scott McBride, Director of Development Services*

SUBJECT: Authorization to Submit a Formal Letter of Intent to Purchase for the Property Located at the Corner of Childs Avenue and B Street from the County of Merced for the Childs Court Apartments

REPORT IN BRIEF

Considers approving the formal letter of intent to purchase the property located at the corner of Childs Avenue and B Street from the County of Merced to support the Childs Court Apartment development.

RECOMMENDATION

City Council - Adopt a motion authorizing the City Manager or the Assistant City Manager to sign the formal "Notice of Intent" letter to purchase the property located at 1137 B Street from the County of Merced.

ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, subject to modifications (identify specific changes to be addressed in the motion); or,
3. Deny; or,
4. Refer to staff for reconsideration of specific items (to be addressed in the motion); or,
5. Continue to a future meeting (date and time to be specified in the motion).

AUTHORITY

Section 200 of the City of Merced Municipal Code.

CITY COUNCIL PRIORITIES

As provided for in the Fiscal Year 2019-20 Budget.

DISCUSSION

Staff is requesting Council to considering authorizing the City Manager to sign the Letter of Intent (Attachment 1) to purchase the property located at 1137 B Street. Over the past year, staff has been working with the Richman Group (Developer) to submit an application to the Strategic Growth Council (SGC). An important piece of the application is the approval of the Lease Agreement between Merced County and the City to obtain site entitlements related to the Childs Court Apartment project.

In 2018, City Council approved the Lease Agreement with the County of Merced for 1137 B Street with an option to purchase. The lease agreement had a four (4) year term with an option to

purchase, provided either a 9% Tax-Credit application or the Affordable Housing and Sustainable Communities (AHSC) Program application was successful. In March of 2019, the Developer and the City of Merced submitted an application to the AHSC program and in July 2019 the Strategic Growth Council (SGC) announced our application was successful and awarded the project \$13.9 million, which was the final financial component to ensure the project was 100% financed. With the announcement from SGC, the City was able to reaffirm its commitment to the project and to building affordable housing within our community.

The approved Lease Agreement between the County of Merced and City of Merced included Section 6, which stated that the City had until September 30, 2019, to notify the County regarding the City's intent to purchase the property. As reference above and described in Section 6 of the contract, the City has met the conditions and now desires to exercise its option to purchase the property located at 1137 B Street. To initiate the purchasing of the property, the City needs to formally submit a letter expressing our interest in purchasing the property.

With the form letter submitted to Merced County, the City and Council will begin negotiating the Purchase and Sale Agreement.

IMPACT ON CITY RESOURCES

In March of 2019, the City Council approved a funding strategy for the Childs Court Apartments. When the Purchase and Sales Agreement is final, staff will return to Council with a final outline of funding to support the total project.

ATTACHMENTS

1. Formal Letter of Intent to Purchase Property located at 1137 B Street
2. Executed Lease Agreement with the County of Merced