



Legislation Text

File #: 2017-503, Version: 1

Report to Mayor and City Council

Tuesday, June 20, 2017

Discussion

SUBJECT:

CONSIDER PROVIDING CITY CONSENT FOR A PARTIAL ASSIGNMENT AGREEMENT BETWEEN CARSON HOLDINGS LLC AND MBK RENTAL LIVING LLC FOR TRANSFER OF CERTAIN PROPERTY AND RIGHTS UNDER THE DEVELOPMENT AGREEMENT BETWEEN CARSON MARKETPLACE LLC AND THE CITY AND THE SETTLEMENT AGREEMENT PERTAINING TO THE 11-ACRE PARCEL (ASSESSOR PARCEL NO. 7336-010-013) (CITY COUNCIL)

I. SUMMARY

Carson Marketplace LLC ("Original Developer"), was once the owner of a 168-acre parcel of property generally bounded by the San Diego Freeway to the west, Main Street to the east Torrance lateral channel to the south and an electrical transmission lines right-of-way to the north (the "Property"). Original Developer negotiated with Carson Holdings LLC ("Carson Holdings") for the sale of an 11-acre portion of the Property known as the "Del Amo Parcel." The Del Amo Parcel is north of Del Amo Boulevard, and is a part of the Carson Marketplace Specific Plan.

The Del Amo Parcel is owned by Carson Holdings and is subject to a Development Agreement with the City, dated March 21, 2006 and amended on April 5, 2011 (the "Development Agreement"). Carson Holdings also entered into a Settlement Agreement in October, 2016 with the City and other parties that, among other things, further clarified the development rights of the Del Amo Parcel under the Boulevards at South Bay Specific Plan ("Settlement Agreement").

Section 12.2 of the Development Agreement permits Carson Holdings to sell one or more portions of the Del Amo Parcel for residential development subject to any approved final subdivision map to one or more residential builders for construction of residential houses, townhomes, condominiums, or apartments in accordance with the terms of the Development Agreement, and to assign its rights and responsibilities under the Development Agreement with respect to that portion of the Property, provided that such residential builder must enter into an assumption agreement in a form reasonably approved by the City.

Carson Holdings has identified a potential buyer and residential developer for the Del Amo

Parcel, Carson Multifamily, LLC (an affiliate of MBK Rental Living LLC) ("MBK"). As required by the Development Agreement, Carson Holdings is thus requesting that the City consent to a Partial Assumption and Assignment Agreement transferring certain rights and obligations under the Development Agreement and Settlement Agreement to MBK as part of the Del Amo Parcel sale.

II. RECOMMENDATION

TAKE the following actions:

- a. CONSENT to the transfer of the Del Amo Parcel together with the Partial Assumption and Assignment Agreement, between Carson Holdings as Assignor and MBK as Assignee;
- b. AUTHORIZE the Mayor to execute the consent to the Partial Assumption and Assignment Agreement.

III. ALTERNATIVES

- i. DECLINE TO CONSENT OR APPROVE any of the aforementioned actions.
- ii. Take such other action as the City Council deems appropriate consistent with the requirements of law.

IV. BACKGROUND

Carson Holdings, owns the Del Amo Parcel, which is located within the Boulevards at South Bay Specific Plan area, and is subject to the Development Agreement and Settlement Agreement. Southern portions of the Property are a former landfill currently being remediated. However, the Del Amo Parcel, which is the main subject of the present action, is not on the landfill area and is not subject to remediation.

The Original Developer entered into the Development Agreement for the purpose of acquiring, remediating, and developing the Property. As such, the Development Agreement contains certain provisions restricting the transfer of the Property or portions thereof together with the Development Agreement. Specifically, such transfer must be accompanied by an agreement assigning rights and obligations under the Development Agreement to the buyer, and is subject to the consent of the City. The City's consent cannot be unreasonably withheld, and is based on factors including (i) the financial strength and capability of the buyer to perform under the Development Agreement; (ii) the Buyer's experience and expertise in the planning, financing, development, ownership, and operation of similar projects; and (iii) the status Carson Holding's performance under the Agreement.

Carson Holdings is currently negotiating the sale of the Del Amo Parcel with MBK. MBK is experienced and qualified to serve as a "residential builder" and shall assume the Development Agreement obligations relating to the Del Amo Parcel as set forth herein. Pursuant to Development Agreement Section 12.1(c), MBK has represented to City that MBK shall perform the

obligations of Carson Holdings under the Development Agreement with respect to the Del Amo Parcel as set forth in the Partial Assignment, and that MBK (i) has the financial strength and capability to perform such obligations, and (ii) has sufficient experience and expertise in the planning, financing, development, ownership and operation of similar projects. As such, Carson Holdings is requesting the City to consent to the Partial Assignment and Assumption Agreement, as required by the Development Agreement. (See **Exhibit A.**)

Carson Holdings also entered into the certain Settlement Agreement with the City in October, 2016 that, among other things, further clarified the development rights of the Del Amo Parcel under the Boulevards at South Bay Specific Plan. As part of the Partial Assignment, Carson Holdings and MBK agree that MBK will be a successor to certain benefits conferred by the Settlement Agreement (particularly certain, limited releases of liability) will inure to MBK solely with regard to claims arising out of the Del Amo Parcel, but not including any claims of the City exercised under its ongoing police powers and code enforcement.

The City will have an opportunity in the future to approve MBK's proposed residential project.

V. FISCAL IMPACT

None. The City is only providing consent to move forward with the proposed purchase of the Del Amo Parcel together with the assignment of the Development Agreement by MBK, and approving the form of certain agreements and documents pertaining thereto.

VI. EXHIBITS

Exhibit A: Form of Partial Assignment and Assumption Agreement, by and between Carson Holdings as assignor, and MBK as Assignee (pages 4-15).

Prepared by: City Attorney