

STAFF REPORT
Lancaster Redevelopment Agency

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11/13/07
RSL

DATE: November 13, 2007

TO: Chairman Hearn and Agency Members

FROM: Vern Lawson, Jr. Economic Development/Redevelopment Director

SUBJECT: **Extension of Option Term By and Between the Lancaster Redevelopment Agency And Larwin Investment Company**

Recommendation:

Approve an extension to the Option Term with Larwin Investment Company for an eighteen month period to be effective from December 31, 2007 to June 30, 2009 and authorize the Executive Director or his designee to execute an amendment to the Option Term.

Fiscal Impact: The Option Price to purchase the Agency-owned parcels 3105-001-915 & 916 is \$441,244 in 2008 including the 3% per annum escalator.

Background:

On November 5, 2003, the Agency entered into a Purchase and Sale Agreement with Three Springs Corporation to sell approximately 15 acres at Avenue G and 45th Street West in the Fox Field Industrial Corridor. The Developer would purchase 6 acres immediately and build approximately 90,000 square feet as part of Phase One. The Agency further provided the Developer a 36-month Option Term to acquire the remaining adjacent 9 acres to build an additional 130,000 square feet. On December 12, 2006 the Agency approved the first 12 month extension to this Option agreement.

The Three Springs Corporation is the commercial development arm of the Larwin Corporation who has built numerous housing projects in the Antelope Valley. Larwin Investment Company has since assumed the development responsibilities for Three Springs Corporation. This past year, Larwin Investments completed its Phase One development and has four of five buildings to expanding businesses including SC Pools, SCE Gaskets and Morton Fasteners. The remaining four buildings in Phase One are complete and are being aggressively marketed.

With the success of Phase One, Larwin Investments has been in discussions with potential companies desiring larger space to move up from the San Fernando Valley as well as local business looking to expand operations. Larwin Investments has processing plans for Phase II and needs the extension to enable it to secure entitlements and then exercise the Option to purchase the remaining 9 acres. The Option Term includes 3% annual increases until the Option is exercised, which would bring the total purchase price for the Option Term to \$441,244 in 2008.