

201 Baden Ave: Property Reconveyance and Financing Rescission



City Council
May 14, 2025

Staff Recommendation

Staff recommends City Council adopt two resolutions:

Resolution 1 (“PSA Resolution”)	Resolution 2 (“Budget Resolution”)
Authorize the City Manager to execute a 3 rd Amendment to a Purchase and Sale Agreement (PSA) with Eden Housing to reconvey (retake ownership of) 201 Baden	Approve a Budget Amendment to remove a \$1,025,000 budget designation in Fund 823 for 201 Baden
Reimburse Eden Housing \$66,192 for predevelopment costs	Approve rescinding a Letter of Intent to fund the 201 Baden project

Objectives

- Retake ownership of 201 Baden Ave (parking lot)
- Reimburse Eden for predevelopment work products (environmental/geotechnical reports, etc.) that could be utilized towards a future project
- Remove a budget designation for the formerly planned project
- Rescind a funding commitment letter → make Local Housing Trust Fund (LHTF) dollars available to another project

201 Baden Ave Background

- Split in 2: City sold firehouse to Group4 and reserved parking lot for affordable housing
- November 2021: City and Eden executed a PSA that:
 - Sold Eden the parking lot for \$1 (*\$1,440,000 appraised value*)
 - Required Eden to buy the adjacent property at 199 Airport BLVD
 - Required Eden to complete an 82-unit project across 201 Baden + 199 Airport
- City offered project funding:
 - ~\$1M predevelopment loan (never claimed)
 - ~\$2.4M LHTF grant from the State (never claimed)





History of Challenges

- Small and oddly shaped project site => challenging
- Negotiation challenges with 199 Airport => time extension PSA amendment (2022)
- Continued challenges => 2nd PSA amendment (2023) that:
 - Reduced project to 68 units on just the 0.3-acre parking lot
 - City may retake property if not project not completed by December 2024
- May 2025: no necessary approvals/entitlements obtained



Property Reconveyance

- September 2024: Eden letter requesting the City:
 - Retake ownership of 201 Baden
 - Reimburse Eden for predevelopment costs
- What does the City have to gain?
 - Decide the future of the property
 - Environmental/geotechnical reports
 - Re-allocate the ~\$2.4M LHTF grant to a timelier project
 - Close out the ~\$1M budget designation for the predevelopment loan



3rd PSA Amendment Proposal

May 2025: Eden/staff came to the following tentative proposal:

- Reconvey 201 Baden back to the City
- City reimburses Eden for the purchase/sale + usable work products as follows→
- Eden transmits all environmental/geotechnical reports to the City



Building Appraisal	\$3,393
Land Acquisition	\$1,326
Environmental Consulting	\$27,493
Geotech / Soils Report	\$6,000
Permits & Fees - Other	\$6,281
Reversion Estimate	\$15,000
Recording Costs	\$6,699
Total	\$66,192

Council Action

Staff recommends City Council adopt two resolutions:

Resolution 1 (“PSA Resolution”)	Resolution 2 (“Budget Resolution”)
Authorize the City Manager to execute a 3 rd Amendment to a Purchase and Sale Agreement (PSA) with Eden Housing to reconvey (retake ownership) of 201 Baden	Approve a Budget Amendment to remove a \$1,025,000 budget designation in Fund 823 for 201 Baden
Reimburse Eden Housing \$66,192 for predevelopment costs	Approve rescinding a Letter of Intent to fund the 201 Baden project