

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: June 12, 2025

PREPARED BY: Mariela Salazar, Management Analyst
Martin Alvarez, Director of Economic Development

SUBJECT: APPROVE THE PURCHASE AND SALES AGREEMENT FOR AN 8.0
ACRE PORTION OF PARCEL KNOWN AS LOT E BETWEEN THE CITY
OF PALM DESERT AND BLIEU COMPANIES LLC

RECOMMENDATION:

1. Approve the Purchase and Sales Agreement (PSA) between the City of Palm Desert and Blieu Companies LLC, for the sale of Lot E on the northeast corner of Desert Willow Drive.
2. Authorize the City Manager to execute all necessary documents to complete the transaction.

BACKGROUND/ANALYSIS:

The City of Palm Desert owns an approximately 11-acre parcel known as Lot E, located at the northeast corner of Desert Willow Drive and Country Club Drive. This parcel is undeveloped land, with the APNs 620-370-002, 620-370-003, 620-370-004, 620-370-017, 620-370-018, 620-370-020, 620-370-033, and 620-370-043. This PSA will sell 8-acres to Blieu Companies LLC for the purpose of developing a 130 multi-family development with 33 units being dedicated for affordable housing.

In accordance with the requirements of the California Surplus Land Act (SLA), the City initiated and completed the SLA process for the subject property with the assistance of special counsel, BWS Law Firm, allowing for a period of negotiations as required under Government Code Section 54220 et seq.

Purchase and Sale Summary:

PURCHASE PRICE		DEVELOPMENT INTENT	TERM AND DUE DILIGENCE	
Fair Market Value: \$4,500,000 to be paid in cash at closing.		The developer plans to construct 130 multi-family rental housing units, with a minimum of 33 units designated as affordable for lower-income households, meeting the 25% affordability requirement.	90-day due diligence period for buyer investigations, 9-month entitlement period for buyer to secure land-use approvals, 1 year period thereafter to secure affordable housing funding, and escrow to close no later than 15 days after the funding contingency period, with up to two 90-day extension options.	
DEPOSIT AND CONSIDERATION	TITLE AND CONDITION	CONTINGENCIES	AFFORDABLE HOUSING REQUIREMENTS	
A refundable \$90,000 deposit (2% of the purchase price), and a non-refundable	Property to be sold "AS IS, WHERE IS" subject to standard due diligence and title review.	Close of escrow is contingent upon successful entitlements and funding approval.	The deed includes affordability covenants requiring affordability for 55 years (rental) or 45 years (ownership).	

independent consideration
of \$100.

Next Steps:

Following City Council approval of the Purchase and Sale Agreement with Blieu Companies LLC for the Desert Willow parcel Lot E, staff will proceed with the following steps to complete the transaction and support project implementation:

- **Open Escrow**
Within seven (7) days of City Council approval, both parties will execute the Agreement and submit it to the Title Company to formally open escrow.
- **Collect Buyer's Initial Deposit**
Buyer shall deposit \$90,000 (2% of the purchase price) with the Title Company on the next business day after the Agreement becomes effective.
- **City to Provide Property Documents**
Within five (5) calendar days of escrow opening, the City will provide Buyer with all available property-related documents, including plans, reports, and environmental studies.
- **Buyer Evaluation Period (90 Days from Escrow Opening)**
Buyer will have 90 days to evaluate the property's suitability, conduct site inspections (including any necessary environmental or soils testing), and review the preliminary title report.
- **Buyer Entitlement Period (9 Months from Escrow Opening)**
Buyer will pursue required planning and zoning approvals, including environmental clearance, specific plan amendments, and tentative map approvals, with support from staff in the City's proprietary capacity.
- **License Termination**
City will ensure that the Desert Wave Ventures license is terminated no later than one (1) business day following the expiration of the Entitlement Period or as otherwise directed by the Buyer.
- **Buyer Funding Approval Period (1 Year after Entitlement Period)**
Buyer will secure funding commitments for the development of the project. If unsuccessful within this timeframe, Buyer may cancel escrow and receive a refund of the deposit.
- **Funding Contingency Period (6 Months following Funding Approval Period)**
If Buyer fails to secure a funding allocation within this additional six-month period, Buyer may again cancel escrow and receive a full refund.

- **Close of Escrow**

Upon satisfaction of all contingencies, the transaction will proceed to closing. Buyer may extend the escrow period for two additional 90-day terms with proper notice. Title will transfer via grant deed, subject to conditions outlined in the Agreement.

- **Post-Close City Monitoring**

Following close of escrow, City staff will monitor the project to ensure compliance with the affordable housing development requirements, including income and affordability covenants, as stipulated in the recorded grant deed.

FINANCIAL IMPACT:

In 2018, the City used General Fund monies to acquire this property from the SARDA for \$2.67M. Approval of the Purchase and Sale Agreement with Blieu Companies LLC will result in sales proceeds in the amount of \$4,500,000, net of closing costs, to replenish the City's General Fund. The Buyer will provide payment in full at the close of escrow less any deposits made by the buyer.

The City is responsible for customary closing costs, including the California Land Title Association (CLTA) portion of the title insurance premium and documentary transfer taxes. The Buyer is responsible for the cost of the American Land Title Association (ALTA) title insurance premium, title endorsements, recording fees, and escrow-related expenses.

This transaction also eliminates future maintenance and liability costs/obligations associated with the vacant property while supporting the development of affordable multi-family housing consistent with the City's Housing Element goals and State mandates.

ATTACHMENTS:

1. Purchase and Sales Agreement
2. Grant Deed
3. Property Map