

LA Wave Newspaper LA

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Lynwood enters negotiations on development plan

Originally printed at <http://www.wavenewspapers.com/news/local/lynwood-press/41475477.html>

LYNWOOD — In following with their new beginnings motto, the City Council, sitting as the Redevelopment Agency Tuesday night, approved an exclusive negotiating agreement with VHB Associates for the proposed development of a 44-acre project being called the Lynwood Gateway Center, that if fully realized, would bring an extended stay hotel, an auto plaza and nearly 14,000 square feet of retail space to the city.

The 12-month-long agreement provides the agency and the developer a formal structure to determine the project's feasibility and benefits to the project area, located east of Wright Road, between Martin Luther King Jr. Boulevard and the Glenn Anderson (105) Freeway.

According to Councilman Ramon Rodriguez, this will be the second time the developer has granted an exclusive agreement from the City Council for the same project. The first, Rodriguez said, was granted sometime back in 2003-04 by the City Council. Unfortunately, that agreement expired and not renewed.

This time, Rodriguez said, he hopes the developer is more serious about the project.

"This developer has shown an interest in developing in Lynwood for many years," Rodriguez said. "Of course, there are no assurances yet that this project will be built, and not until and if it reaches the development disposition agreement stage will we be more assured, but we can hope that the developer is successful in garnering the interest from retailers for his project."

Despite being criticized for the cancellation of an agreement a former City Council gave to a developer that proposed to build a similar project, but triple the size with the inclusion of a football stadium and a movie theater, the current City Council often finds itself reminding skeptics that the new council is pro-economic development.

If fully realized, the proposed Lynwood Gateway Center will involve 58 property parcels on a 44-acre site. Right now, there are an estimated 40 businesses and 547 persons employed in the proposed area. Other public agencies, including the Lynwood Unified School District and Caltrans own parcels in the project area. The district's maintenance yard is located in the proposed project area.

There is a huge difference between the Lynwood Gateway Center and the former Angeles Fields project, Mayor Pro Tem Aide Castro said in an interview on Wednesday afternoon. The new proposed development will displace maybe 15 families, compared to the 100 homes

and possibly 1,000 people from the Angeles Fields project

Under Proposition 99, approved by state voters last June, the city is prohibited from acquiring owner-occupied residences by eminent domain, so it will be up to the developer to acquire the 15 residential units, Castro said. That is part of the developer's feasibility study requirements.

Per the staff report read to the City Council on Tuesday night, the estimated existing assessed valuation for the properties at the proposed site is \$38 million. The city and the Redevelopment Agency currently receive \$336,000 per year in property tax revenues.

If completed, it is estimated that the development could potentially generate \$1.6 million in property tax revenue to the city.

The existing sales tax for the site is \$21,000. According to the developer, once complete, the project has the potential to generate \$515,000 of sales tax annually to the city.

"This new proposal isn't talking about displacing hundreds of people, and it's not trying to tear down a school," Castro said. "I'm going to speak for myself here, but I truly do believe in economic development when it makes sense, when the community will virtually benefit from it, and when the people involved in the transaction aren't going to be dramatically harmed."

While displacing one family is one family too many, Castro said the 15 units in the project area, are surrounded by industrial buildings.

"The area itself is quite blighted, so this situation opens up the door for these families to be located to a better area," she said. "I would feel 100 percent comfortable if this project is successful. When a dealership was being proposed in that area, the community was very supportive of it, because you're not destroying hundreds of homes, and not destroying a school ... and the project made sense."

Unfortunately, that agreement also fell through.

"It's a totally different situation with this proposal," Castro said.

After seeking requests for proposals, the city, only received three bids for the development.

"It was a completely fair process," Castro said. "It was opened up to the public, people submitted, and the best one was chosen."

Even though the economic situation is bad, Castro said "this is the perfect time to do this."

"Projects like this are more feasible," she said. "But this is when [the city] has to be very smart and not procrastinate. A perfect example is Ham Park. The reason that project was a disaster is because when that project was originally proposed, budgets were calculated based on the current market. They didn't calculate for inflation and how quickly properties were appreciating. So we need to keep that in mind this time."

In the past, it was bureaucracy that often held up projects in the city. “That’s why they were all taking forever to get done,” she said, because no one acted with any sense of urgency.

The City Council also awarded exclusive negotiating agreements for several affordable housing developments Tuesday night and discussed redesigning medians throughout the city, moving forward with improvement plans for Long Beach Boulevard, and is planning the grand opening of Ham Park on Atlantic Avenue, the council is also working to bring in new big-box retail developments to the city.

“The public has wanted different retail activities, the council has clamored for different retail activities, and it’s difficult for a city like Lynwood because it is a ‘built-out’ city, which means there is no vacant land,” City Manager Roger Haley said. “So the only way we can create additional economic opportunities is to manufacture plans ... assemble existing properties together for new developments.”

“We are excited, we are optimistic,” he said. “Naturally, we want to do what we can to keep our sales tax dollars in the city. ... This development is a step in that direction.”

The city, Haley said, is looking to doing more “land assembly” possibly in the area of the Alameda project area, at Imperial Highway and Alameda Street, for a major retailer like Target, Home Depot, or Costco.

“Not only do we want to [keep] our residents from going outside the city to shop, but this is also an opportunity to bring in external shoppers, so that in the long run, the city can provide better services to its residents,” Haley said.

Mayor Maria Santillan said she is excited about the proposed development. “I’m optimistic,” she said. “People say that things aren’t moving in Lynwood as fast as they are in other cities, but they are, from Oakwood Plaza, the Superior Warehouse Expansion, to another development near completion on Atlantic Boulevard, and hopefully within the next couple of months we can secure a few other projects.”

Members of the community have asked the City Council to “create jobs for Lynwood residents,” which would be a reasonable request had the current council inherited a sound budget and better developmental proposals.

“We know what’s going on out there in regards to jobs. ... People need to understand that what is going on in Lynwood, isn’t just going on in Lynwood,” she said referring to its fiscal situation. “It’s going on all over the state and all over the country. Projects like this take time, but hopefully if completed, it’s projects like this that will bring jobs to our community. If it’s completed and the developer can lease all of its buildings, that will attract more businesses and more developers to the city and that will mean more jobs.”

As part of the exclusive negotiating agreement, the developer will have to make an initial deposit of \$50,000 once the contract is signed by all parties, which might be as soon as next

week, Santillan said.

Since originally presented to the City Council in January, no one from the community has spoken out against the new development proposal.