

City of Hesperia

STAFF REPORT



DATE: June 17, 2025

TO: Mayor and City Council Members

FROM: Rachel Molina, City Manager

BY: Nathan R. Freeman, Director of Development Services

SUBJECT: Assignment and Assumption Agreement Related to the Density Bonus Agreement for the Three Palms Apartments Development

RECOMMENDED ACTION

It is recommended that the City Council adopt Resolution No. 2025-22, approving the Assignment and Assumption Agreement related to the previously executed Density Bonus and Incentive Agreement for the Three Palms Apartments development, and authorizing the City Manager to execute all related documents.

BACKGROUND

On October 5, 1998, the City Council approved a Density Bonus and Incentive Agreement with Three Palms Apartments, LP, and Opportunity Builders. In exchange for a density bonus, the developer, as required by the agreement, restricted 100% of the apartment units at the Three Palms Apartments, located at 9800 7th Avenue, to low-income senior households for a period of thirty (30) years.

ISSUES/ANALYSIS

Pursuant to Section 8 of the Density Bonus Agreement, any assignment of rights and obligations under the agreement requires the prior written consent of the City Council.

Three Palms Apartments, LP, has requested to assign its rights and obligations under the agreement to Western Community Housing, Inc., a California-based affordable housing operator. Western Community Housing, Inc., has agreed to assume full responsibility for all terms, conditions, and obligations of the existing Density Bonus Agreement.

The Assignment and Assumption Agreement will become effective upon its recordation in the Official Records of San Bernardino County. This agreement does not alter the terms of the original Density Bonus Agreement, and all affordability restrictions will remain in effect for the remaining term of the agreement.

The proposed Assignment and Assumption Agreement is included as Attachment 2, and the original Density Bonus and Incentive Agreement is included as Attachment 3. Approval of this action ensures that the existing affordability commitments remain in place and are honored by the new party.

Upon Council approval, staff will record the executed agreement with the San Bernardino County Recorder and retain a copy for the City's permanent records.

CITY GOAL SUPPORTED BY THIS ITEM

Future Development - Facilitate balanced growth to ensure cohesive community development and pursue economic development.

FISCAL IMPACT

There is no fiscal impact associated with this item.

ALTERNATIVE(S)

- The City Council may provide alternative direction to staff.

ATTACHMENT(S)

1. Resolution No. 2025-22 Approving the Assignment and Assumption Agreement
2. Assignment and Assumption Agreement – Three Palms Apartments
3. Density Bonus and Incentive Agreement and Covenant Restricting Use