

INDIAN WELLS CITY COUNCIL

March 6, 2025



To: City Council
From: City Manager Department
Prepared by: Christopher Freeland, City Manager
Subject: **Extension of Exclusive Negotiation Agreements with Abode Communities and Summit Development for Affordable Housing Development in Indian Wells**

RECOMMENDED ACTIONS:

Council **AUTHORIZES** and **DIRECTS** the City Attorney to prepare and the City Manager to execute a 180-day extension to the exclusive-negotiation agreements with Adobe Communities and Summit Developers regarding potential development of an affordable housing project in the City of Indian Wells; and

FINDS the action is not a project within the meaning of Section 15378 of the State of California Environmental Quality Act ("CEQA") Guidelines because it has no potential to result in physical change in the environment, directly or indirectly; and that the action is nonetheless exempt from the requirements of CEQA in that the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. (14 CCR 15061(b)(3).)

BACKGROUND:

Government Code section 65302(c) mandates that cities adequately plan, through a Council-adopted Housing Element, for their existing and projected housing needs, including its share of the regional housing need allocation ("RHNA"). The City of Indian Wells has been assigned an allocation of 382 new housing units as its share of the RHNA in Southern California for the 6th cycle Housing Element (2021–2029). This includes 117 very-low-income units, 81 low-income units, 91 moderate-income units, and 93 above-moderate-income units. The City's 6th cycle Housing Element has been adopted by the City Council and certified by the State Department of Housing and Community Development.

As required in Program No. 3 of the Housing Element, the City has recently rezoned the vacant 34-acre parcel at the northeast corner of Miles Avenue and Warner Trail as a Public Benefit Zone (PB Zone), allowing future development of affordable and workforce

housing up to 24 dwelling units/acre on approximately 10-acres of the site. As identified in Program No. 3 of the Housing Element, the rezoning of the site is intended to help facilitate meeting the City's RHNA requirements. The City is currently seeking to acquire this property through eminent domain to ensure the public benefit of the site with future affordable housing, public park, open space and associated parking uses.

Summit Developers has submitted an application for the development of a wellness resort hotel consisting of a wellness sanctuary, hotel rooms, condominiums, detached bungalows, and luxury villas on the vacant 15-acre property located at the northwest corner of Highway 111 and Miles Avenue. This project will generate hundreds of new employment positions within the City and Summit desires to develop a workforce-housing project as an incentive to attract and retain qualified staff for its new resort and wellness center. Their intent is to utilize a portion of the PB site to develop affordable work-force housing consistent with the City's RHNA commitments for the site.

In 2020, the City entered into an exclusive-negotiation agreement ("ENA")¹ with Abode Communities for the development of affordable housing on another property elsewhere in the community. Development of that property has been delayed due to infrastructure improvements needed in the Whitewater Channel. Abode Communities was previously selected by the City after a competitive Request for Proposals process. Abode Communities has been in business for over 50 years, producing more than 45 affordable housing developments with approximately 3,000 units. They are also interested in developing a portion of the PB site with affordable housing consistent with our RHNA.

DISCUSSION:

At the June 20, 2024, City Council meeting, the City authorized ENAs with Summit Developers and Abode Communities to facilitate discussions on the potential development of affordable workforce housing on the vacant parcel at the northeast corner of Miles Avenue and Warner Trail (referred to as the PB site). This will allow both potential developers the opportunity to conduct the necessary studies of the property and develop initial designs of affordable workforce housing, park, recreation, open space, and associated parking. This in turn will provide the City with competitive options for ultimately selecting the final developer or developers to develop the PB site. It is important to note that this site has been identified as having Native American artifacts and will require additional site investigations and consultation with the affected tribe to determine the extent of developable area.

¹ An ENA is legal document utilized by the City to provide parties the opportunity to discuss a potential project with specific developers who have expressed a willingness to work together on a potential development. It is not a development approval. Nor is it a promise to approve any project in the future.

The initial term of the ENAs was for 120-days, which expired in November 2024. They were subsequently extended for an additional 120-days, which expires March 20, 2025. Staff is recommending an additional 180-day extension to both ENAs (Attachments 1 and 2) to afford Abode and Summit additional time to conduct their due diligence, which has been delayed due to the City awaiting a resolution on the City's effort on the eminent domain procedures for the PB site. In addition, the extension adds language to change the scope of negotiations to include the current owners of the Property, to facilitate City negotiation of the acquisition.

Residents and other stakeholders will have ample opportunity to comment on any development plans for the PB site at future community meetings when development proposals move forward. It is also important to note that entering an ENA does not commit the City to do a development with Abode Communities or Summit Developers.

FISCAL IMPACT:

This action involves no fiscal impact to the City. The extension of the ENAs will simply allow the perspective developers more time to do their due diligence investigating the site and preparing conceptual designs.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

This action has been assessed in accordance with the authority and criteria contained in CEQA, the state and local CEQA Guidelines, and the environmental regulations of the City. The City, acting as Lead Agency, has determined the action is not a project within the meaning of Section 15378 of the State of CEQA Guidelines, because it has no potential to result in physical change in the environment, directly or indirectly; and that the action is nonetheless exempt from the requirements of CEQA in that the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. (14 CCR 15061(b)(3).) Any future development of the site will be subject to the appropriate CEQA analysis and mitigation, as warranted.

OPTIONS:

1. Authorize the City Attorney to prepare and the City Manager to execute a 180-day extension to the ENAs with Adobe Communities and Summit Developers.
2. Decide against extending the ENAs for one or both developers.
3. Provide alternative direction to staff.

ATTACHMENTS:

1. Abode ENA Extension Agreement
2. Summit ENA Extension Agreement