

# Housing developers get renewed hope for 2,450 acre Tres Hermanos Ranch purchase



The city of Industry wants to buy a large parcel of property, currently owned by its defunct redevelopment agency. The Chino Hillsworking cattle ranch, with a reservoir, called Tres Hermanos is located east of Diamond Bar on Grand Avenue. Leo Jarzomb — Staff Photographer

By [Steve Scauzillo](#), San Gabriel Valley Tribune

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CITY OF INDUSTRY >> A bid earlier in September from the City of Industry to buy Tres Hermanos Ranch, a 2,450-acre plot of pristine land located in Chino Hills and Diamond Bar, was posted at \$41.7 million.

Now, the Los Angeles County oversight agency in charge of approving the sale says that wasn't enough.

Tres Hermanos Ranch should not be sold to the City of Industry, the report's authors wrote, and instead [the swatch of rolling hills](#) should be marketed to the highest bidder.

That sharp turnaround could open the door to developers seeking to build thousands of homes and strip malls, and would certainly fetch a higher price for the prime piece of land straddling both sides of busy Grand Avenue.

“If the Oversight Board wishes to achieve the highest and best value of the property, it should recommend to the city and the Successor Agency that the Tres Hermanos Ranch property be marketed to the general public,” wrote James Rabe, a principal with Keyser Marston Associates, a real estate advisory firm with offices in Los Angeles and San Francisco.

The report from KMA was commissioned by the Oversight Board specifically to judge if the pending deal with Industry was best for the state, county and other agencies that receive revenues from sales of redevelopment properties.

“Is the proposed purchase price highest and best use?” the report begins. It later answers the question in the negative.

The report adds to the complex saga that will determine the fate of one of the largest pieces of open space in the Los Angeles-San Bernardino metropolitan area, inhabited by bobcats and dotted with creeks and stands of rare oak trees.

Many Diamond Bar and Chino Hills residents are worried that a public sale would attract developers, who would bring more people, traffic and air pollution to the region.

A group of about 400 people, called Save the Tres Hermanos Ranch, had favored Industry’s purchase earlier this month, when the City Council voted to buy the land from its former redevelopment agency.

City Manager Paul Philips said if the city’s deal was approved, the land would be dedicated for an undisclosed public use, preservation or open space — but not for housing.

“Our worst fears seem to be coming about — a new public bid,” said James Gallagher, a member of the group and also a candidate for the Chino Hills City Council. “We don’t want to see it developed the way the two cities have it zoned.”

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The group’s hope for the land? Leave it alone.

“[Our vision is to keep it in its natural state](#) as much as possible,” Gallagher said. “If there is any development at all, we want it to be limited recreational use, like hiking trails.”

After nearly sending the undeveloped parcel to market in 2015, the process was halted shortly after three new city council members were swept into office with the backing of former Mayor Dave Perez, whose businesses with the city were later the source of an internal audit and are the subject of an investigation by the Los Angeles County District Attorney’s Office.

The city said it has the first rights to buy the land if used for governmental purposes, according to laws regarding the sale of redevelopment agency holdings. The Oversight Board ordered the city to craft a proposal in June and held at least one other bid in abeyance.

Tres Hermanos originally was bought by the city in 1978 from newspaper magnate Otis Chandler's family for \$12 million, and a short time later was transferred to the city's redevelopment agency. In 2012, the state dissolved all redevelopment agencies and required holdings be sold with revenues flowing to the state, school districts and other local agencies left out of redevelopment funding for decades.

The successor agency's long-range property management plan listed the property's value between \$80 million and \$120 million. But a source close to the management of the property said the value did not come from a formal appraisal.

[GH American Investments, Inc., along with its partner, Orange County-based South Coast Communities](#), laid out a plan for 1,881 homes, some commercial development and parks or open space, according to the existing zoning.

GH America offered \$101 million to the Industry successor agency two years ago and brought the offer back to the agency earlier this month. It was rejected.

On Thursday, the Oversight Board may decide whether the city can buy the land for \$41.7 million, a price arrived at by a city-commissioned appraisal from Laurain & Associates. The state Department of Finance must also sign off on the deal.

However, after a postponement earlier this month, the Oversight Board received the new report it had asked for from Keyser Marston Associates, a firm under contract with the board with experience in public land deals.

Rabe wrote that the appraiser commissioned by City of Industry was instructed to value the land with the idea that the city would only use the property for open space.

Rabe called this "a hypothetical condition" that didn't exist. The land is zoned mostly as agricultural, some for commercial and some for high-density residential, according to the report.

A more accurate appraisal would be one that considers the existing zoning. Rabe's report concluded that the \$41.7 million appraised value did not consider "the highest and best use purchase price for the site."

The law says the Oversight Board must sell redevelopment lands "in a manner aimed at maximizing value."

*This article has been updated from an earlier version to clarify the appraised value of the property.*