

# Why this ranch land worth \$100 million will be sold to the City of Industry for just \$40 million



Tres Hermanos Ranch at north end of Tonner Canyon in Chino Hills on Tuesday, July 31, 2012. Industry officials are officially saying they want to create a reservoir on the 2,500 acres ranch at the Tres Hermanos property. (SGVN/Staff photo by Watchara Phomicinda)

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CITY OF INDUSTRY >> Promising it would not build homes, the city on Thursday became the most likely purchaser of a 2,450-acre ranch lined with creeks, oak trees and rolling hills straddling the border of Los Angeles and San Bernardino counties.

The \$41.7 million offer from the industry-based city may edge out a bid of \$101 million from GH America Inc. and its partner, South Coast Communities, that includes [plans to build 1,881 homes on the former cattle ranch known as Tres Hermanos](#) once owned by newspaper magnate Otis Chandler.

The sale needs approval from the county oversight board that oversees liquidation of redevelopment properties with revenues going to state coffers, school districts and other local agencies left out of redevelopment funding for decades. The oversight board meets Monday at City Hall to consider the sale.

City officials expressed confidence the city's bid would be accepted.

When the state dissolved redevelopment agencies in 2012, it required the sale of property expeditiously while maximizing value. However, the law also states cities have first purchase rights to buy back land once owned by the city or its redevelopment agency.

"The city is exercising its right to purchase," said City Attorney James Casso.

The city has taken advantage of that law, recently buying back more than half a dozen properties from the Successor Agency to the Industry Urban Development Agency, Casso said. On Thursday, the successor agency and the City Council voted unanimously to accept the purchase by the city.

The property was bought from Chandler's heirs in 1978 for \$12 million by the city and a short time later was transferred to the city's redevelopment agency. It has remained virtually untouched for 38 years and includes a small reservoir and is home to owls, hawks, coyotes and other animals.

Industry's bid, at \$41.7 million, will be pulled from a reserve fund of about \$154 million and is equal to the city's operating expenses for one year. The amount stems from a recent appraisal of vacant land the city sought from R.P. Laurain & Associates, an independent appraiser. The city said [GH America's offer of \\$101 million](#) comes with strings attached, namely the right to build thousands of homes and add thousands of new residents to a greenbelt located between neighborhoods of Chino Hills and Diamond Bar.

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John Gordon, a GH America attorney, spoke to the Successor Agency on Thursday, again proffering a bid for the land. "He wanted to give us a check," said City Manager Paul Philips with a chuckle.

Also, the government code says a city has the right to purchase property outside its own city "as necessary or proper for municipal purposes." Since about 1,700 acres is in Chino Hills and the other 750 acres lies in Diamond Bar, the City of Industry could not benefit from a housing development since property tax revenues and building fees would flow to those other cities.

City of Industry officials remained vague when asked what kind of uses were planned for the property. Gordon told the oversight board in June that the city was [considering building a reservoir](#) and a solar farm. Other sources, including local environmental groups, have also said they were told the city intends to go into the water and power business.

"I've never heard of that," Casso said.

Philips would not elaborate, saying only that housing would not be in the city's plans.

"We are not interested in a major development," he said, adding that the city was more interested in public use, open space and recreation for the site. He said housing that could add up to 10,000 homes would have a negative effect on traffic and schools in Chino Hills and Diamond Bar.

"There is such a deficit in public purpose lands and parks and so forth. We want to be part of [making that a better environment](#). It is beautiful out there. You feel like you are in Wyoming," Philips said.

Alex Gonzalez, the city's director of administrative services, who was asked to define what is meant by "public use," said: "The city is working on a possible public project there. It will go through a full environmental review."

He said answers to what kind of project and what effects it would have on the environment would not be known until an EIR is completed in about 1 1/2 years.