



# City Council Memorandum

*City of Arts & Innovation*

**TO: HONORABLE MAYOR AND CITY COUNCIL                      DATE: DECEMBER 6, 2022**  
**FROM: COMMUNITY & ECONOMIC DEVELOPMENT              WARD: 1**  
**DEPARTMENT**

**SUBJECT: RECEIVE AN UPDATE ON THE CITY-OWNED VACANT LAND LOCATED AT 3911 UNIVERSITY AVENUE AND 3775 FAIRMOUNT BOULEVARD, IDENTIFIED AS ASSESSOR PARCEL NUMBERS 214-252-016 & 213-261-027 (FORMER DOWNTOWN TERMINAL), AND DISCUSS THE REQUEST FROM OVERLAND PELICAN RIVERSIDE FOR A ONE-YEAR EXCLUSIVE NEGOTIATING AGREEMENT WITH UP TO TWO SIX-MONTH EXTENSIONS**

**ISSUE:**

Receive and file an update on the City-owned vacant land located at 3911 University Avenue and 3775 Fairmount Boulevard, identified as Assessor Parcel Numbers 214-252-016 & 213-261-027 (former downtown Terminal), and discuss the request from Overland Pelican Riverside for a one-year Exclusive Negotiating Agreement with up to two six-month extensions.

**RECOMMENDATIONS:**

That the City Council:

1. Receive and file an update on the City-owned land located at 3911 University Avenue and 3775 Fairmount Boulevard, identified as Assessor Parcel Numbers 214-252-016 & 213-261-027 (former downtown Terminal) for the development of a mixed-use student housing project;
2. Discuss the request from Overland Pelican Riverside for a one-year Exclusive Negotiating Agreement term with the option to include two six-month extensions; and
3. Provide direction on the Exclusive Negotiating Agreement request.

**COMMITTEE RECOMMENDATIONS:**

On October 20, 2022, the Economic Development, Placemaking & Branding/Marketing Committee received an update on the project and considered an Exclusive Negotiating Agreement request from the developer, Overland Pelican Riverside. After the discussion, Chair Fierro, Vice Chair Edwards, and member Hemenway unanimously voted to recommend that the City Council 1) Receive and file an update on the City-owned land located at 3911 University Avenue and 3775

Fairmount Boulevard, identified as Assessor Parcel Numbers 214-252-016 & 213-261-027 (former downtown Terminal) for the development of a mixed-use student housing project; and 2) discuss the request from Overland Pelican Riverside for a one-year Exclusive Negotiating Agreement with up to two six-month extensions.

## **BACKGROUND:**

The 2.7-acre site located west of Market Street and spanning from Mission Inn Avenue to University Avenue is owned by the City. Approximately half of the site was formerly occupied and leased to the Riverside Transit Agency and Greyhound Bus Lines, and the other half of the property was previously occupied by the Riverside Police Department and the City's Parking Authority for public parking (all structures have been demolished).

The new Main Library occupies approximately 1.2 acres of the site facing Mission Inn Avenue, with the remaining approximately 1.5 acres available for private development for a project facing University Avenue.

The subject site is located within the Raincross District of the Downtown Specific Plan. Since the Downtown Specific Plan was established, the Downtown has become a diverse, vibrant, twenty-four-hour downtown where people can work, live, shop, learn, recreate, and where arts and culture are an integral component of the urban setting. The development site represents an opportunity for the City to encourage an intense mixture of residential and retail/office space within a pedestrian-oriented environment.

On April 8, 2019, staff issued a Request for Proposals (RFP) for the development of the subject site.

On July 8, 2019 (the RFP deadline) staff received one development proposal from Overland Pelican Riverside (OPR) for a mixed-use student housing project for RCCD. While negotiating with OPR, on October 9, 2019, Governor Newsom signed into law Assembly Bill 1486 (AB 1486), which amended the notice provisions of Government Code 54220 et. seq., which governs the process for disposition of surplus property. With that change, in addition to noticing the required list of public agencies, all public agencies (such as the City of Riverside, Successor Agency and Housing Authority) are required to notify affordable housing developers, from a list provided by the State's Housing and Community Development (HCD), with a 60-day advance opportunity to buy publicly owned land for the development of affordable housing. Staff and the City Attorney's Office concluded that AB 1486 rendered the RFP null and void.

On August 20, 2020, the Economic Development, Placemaking, and Marketing/Branding Committee (Committee) reviewed and provided input on the potential disposition of the subject site and directed staff to send a written notice of availability to all affordable housing developers registered with the State's Department of Housing and Community Development (HCD) pursuant to Assembly Bill 1486.

On August 21, 2020, staff sent a written notice of availability to the required public agencies and to all affordable housing developers who registered with HCD. On October 20, 2020 (the deadline for interested developers to respond), staff received one development proposal from OPR to construct a mixed-use student housing project on the subject site for RCCD.

On December 17, 2020, the Committee reviewed and considered the development proposal from

OPR. The Committee also directed staff to negotiate a Purchase, Sale, and Development Agreement with OPR for the development of a mixed-use student housing project for RCCD to be presented to the City Council for final consideration and approval. After several months of negotiations, OPR and RCCD terminated their development partnership. However, both parties remained interested in the subject site and wish to develop the property independent of each other.

On October 21, 2021, staff presented an update to the Committee and recommended that a new RFP be issued (Attachment 1). By a vote of 2 ayes and 1 no, the Committee directed staff not to issue a new RFP, but to instead proceed with the original proposal from OPR (Attachment 2) and continue negotiating a Purchase & Sale Agreement.

On June 16, 2022, staff received a response from the State Housing & Community Development Department (HCD) regarding the interpretation of AB 1486 and its application to dormitory student housing projects. More specifically, whether the law applied to dormitory student housing projects, and if so, the interpretation of affordable income levels and rent limits per unit (as staff understood the law) or per bed, as understood by the applicant. The State HCD response noted the law applied and that the project should be developed per unit, not bed count, as it relates to affordable income levels and rent limits.

On September 1, 2022, after continued discussions with OPR regarding the AB 1486 interpretation, staff received the attached letter (Attachment 3) from the developer requesting consideration of an Exclusive Negotiating Agreement (ENA).

On October 20, 2022, staff presented an update and the ENA request to the Committee who unanimously directed staff to provide the City Council with an update and discuss the Exclusive Negotiating Agreement and its terms, given the challenges raised by the developer as they relate to affordable student housing and its application to the project. During the discussion, member Hemenway raised concerns regarding the proposed length of the agreement and Vice Chair Edwards shared concerns with any potential project scope change from the original RFP and proposal.

### **DISCUSSION:**

Staff continues to work with the developer on project deal points, including the affordable housing component.

Because of the complexity of the contracts, specifically how affordable student housing relates to AB 1486, negotiations are still on-going. OPR is working through the definitions of affordable housing as provided by HCD to determine its applicability to dormitory student housing that has taken considerable time.

In consideration of the developer's request and the Committee's discussion and comments, it is recommended that the following options be considered by the City Council:

#### ***Option A: OPR Requested ENA Proposal***

1. The ENA include a one-year term with two optional six-month extensions; and

OPR has proposed a one-year term, with no more than two six-month extensions if approved by the City Manager, to provide them "standing" on the project (Attachment 3).

2. The ENA be flexible to accommodate alternative development concepts.  
OPR also requests that the ENA be flexible to accommodate alternative development concepts if agreed by the City and OPR. If the ENA is granted, OPR has committed to dedicating the time and resources necessary to resolve the issues to move the project forward.

### **Option B: Staff Recommended ENA Proposal**

1. The ENA include a six-month term with one optional six-month extension;

Additional time for the Developer to discuss a new student affordable housing methodology is merited as HCD has not yet approved such a request. Further, HCD did not accept OPR's original student housing construct noting that the project should be developed per unit, not bed count, as it relates to affordable income levels and rent limits.

2. The project scope remains the same, in accordance with the RFP and the response received from the developer; and

Should a new development proposal be of interest to the City Council, it is recommended that a new RFP be issued to allow for a fair, equitable and competitive solicitation process to be undertaken, consistent with other opportunity sites. The value of the subject location is positively impacted by the recently opened \$43M Main Library (adjacent), Riverside Community College District's \$80M Centennial Plaza (across the street), the recently opened \$47M Mission Heritage Plaza (across the street) and other recent developments throughout Downtown Riverside.

3. A non-refundable \$25,000 deposit be included as a stipulation of the agreement.

A non-refundable deposit is a best practice and will help ensure the developer is committed to the student affordable housing project and assists staff with cost recovery during the negotiation period.

### **STRATEGIC PLAN ALIGNMENT:**

This item contributes to the Envision Riverside 2025 City Council **Strategic Priority 3 – Economic Opportunity** and **Goal 3.3** – Cultivate a business climate that welcomes innovation, entrepreneurship, and investment.

This item aligns with the five Cross-Cutting Threads as follows:

1. **Community Trust** – The ENA would allow time to resolve the issues identified with the definitions of affordable housing and student housing and serves the public interest, benefits the City's diverse populations, and results in the greater public good by resulting in additional housing.
2. **Equity** – The ENA would ensure that the negotiations would continue to result in housing for students that will access the units.
3. **Fiscal Responsibility** – The ENA will have no fiscal impact maintaining responsible

management of the City's financial resources while providing quality public services to all.

4. **Innovation** – The ENA allows the developer and Riverside to identify creative options for the project moving forward.
5. **Sustainability & Resiliency** – The ENA demonstrates that Riverside is committed to meeting the needs of present residents resulting in additional housing in Downtown.

**FISCAL IMPACT:**

There is no fiscal impact associated with the adoption of this resolution and its related ordinances.

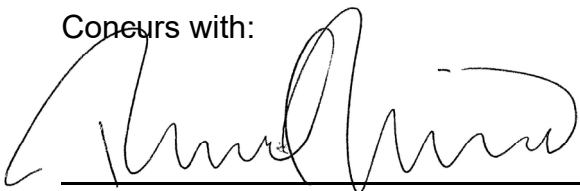
Prepared by: Chris Christopoulos, Acting Community & Economic Development Director

Certified as to availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer

Approved by: Rafael Guzman, Assistant City Manager

Approved as to form: Phaedra A. Norton, City Attorney

Concurs with:



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Ronaldo Fierro, Chair  
Economic Development, Placemaking, Branding/Marketing Committee

Attachments:

1. 2022-10-20 EDC Staff Report
2. 2022-10-20 EDC Minutes
3. OPR Request for ENA – September 1, 2022
4. Presentation