

OVERSIGHT BOARD

FOR THE

CITY OF RIVERSIDE AS SUCCESSOR AGENCY

TO THE

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE

TO: OVERSIGHT BOARD MEMBERS **DATE:** SEPTEMBER 13, 2017

FROM: COMMUNITY & ECONOMIC DEVELOPMENT **WARD:** 7
DEPARTMENT

SUBJECT: PURCHASE, SALE AND DEVELOPMENT AGREEMENT WITH R.C. HOBBS COMPANY, INC. FOR DISPOSITION OF 11124-11144 PIERCE STREET AND 4870 LA SIERRA AVENUE, IDENTIFIED AS ASSESSOR'S PARCEL NUMBERS 146-220-040 AND -041, AND KNOWN AS FIVE POINTS – Site B TO FACILITATE DEVELOPMENT OF A RETAIL CENTER AND ADJACENT SENIOR HOUSING APARTMENTS – SALE AMOUNT OF \$1,250,000

ISSUE:

Adopt a resolution authorizing the City of Riverside as Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) to enter into a Purchase, Sale and Development Agreement with R.C. Hobbs Company, Inc. for the disposition and development of the property located at 11124-11144 Pierce Street and 4870 La Sierra Avenue, identified as Assessor's Parcel Numbers 146-220-040 and -041, and known as Five Points – Site B, for the sale amount of \$1,250,000, in accordance with the Successor Agency's Long Range Property Management Plan.

RECOMMENDATIONS:

That the Oversight Board:

1. Adopt the attached resolution (Attachment 1) authorizing execution of the attached Purchase, Sale and Development Agreement (Attachment 2 - Agreement) with R.C. Hobbs Company, Inc. for the disposition and development of the property located at 11124-11144 Pierce Street and 4870 La Sierra Avenue, identified as Assessor's Parcel Numbers 146-220-040 and -041, and known as Five Points – Site B, for the sale amount of \$1,250,000, in accordance with the Successor Agency's Long Range Property Management Plan; and
2. Authorize the Executive Director, or his designee, to take any and all actions including making minor and non-substantive modifications and execute the attached Purchase, Sale and Development Agreement with R.C. Hobbs Company, Inc.

BACKGROUND:

Pursuant to the dissolution process of Assembly Bills x1 26 and 1484, the Successor Agency

completed its Long Range Property Management Plan (Plan), which governs the disposition and use of real property assets of the former Redevelopment Agency of the City of Riverside. In the Plan, the Successor Agency recommended the sale of the property located at 11124-11144 Pierce Street and 4870 La Sierra Avenue, identified as Assessor's Parcel Numbers 146-220-040 (formerly 146-220-008 and -039) and 146-220-041 (formerly 146-220-037 and -038), and known as Five Points – Site B (Property). The Oversight Board approved the Plan on February 27, 2014 and the State Department of Finance subsequently approved the same on March 6, 2014.

On December 19, 2014, the Development Committee received an update on the Request for Proposals (RFP) for the Property, provided input regarding the preferred development of the site and directed staff to amend the RFP to allow for the preferred development of the Property.

On February 11, 2015, staff issued an RFP seeking a high quality development, including a sit down restaurant with no drive-thru at the southwest corner of Pierce Street and La Sierra Avenue and an office development on the adjacent parcels. On April 10, 2015, staff received one responsive proposal from Rich Development Company for a commercial development. Rich Development Company was selected and later withdrew its proposal because they were unable to find committed tenants.

On June 7, 2016, staff issued a new RFP seeking a high quality commercial development for the Property as depicted below. On September 7, 2016, when proposals were due, staff received four proposals from Grae La Sierra, LLC, Halferty Development Company, LLC, R.C. Hobbs Company, Inc. and Red Group, LLC. Of the four proposals received, three proposed a retail and residential development. Only Red Group, LLC recommended a commercial development. On December 12, 2016, the Selection Committee interviewed the three most responsive firms and subsequently selected the proposal submitted by R.C. Hobbs Company, Inc. (Hobbs) as being the most viable.

On March 23, 2017, the Development Committee selected the Hobbs proposal and directed staff to negotiate an agreement for the disposition of the Property and subsequent development of a retail and senior housing residential project.

DISCUSSION:

The Property as shown below is approximately 2.4 acres and is currently developed with an occupied building located at 11144 Pierce Street, which will require relocation of a tenant (Joe's Lawnmower Shop) and site clearance prior to development. A City electrical utility easement of approximately 35 feet by 43 feet is required prior to development of Assessor's Parcel Number 146-220-041.

Assessor's Parcel Number 146-220-041 is zoned Commercial General whereas Assessor's Parcel Number 146-220-040 is zoned Residential Estate and Specific Plan Overlay (La Sierra University Specific Plan). Hobbs is proposing 6,750 square feet of retail space on the eastern segment of the Property (Assessor's Parcel Number 146-220-041) and 36 market rate senior housing apartment units on the western segment of the Property (Assessor's Parcel Number 146-220-040) (Project). A General Plan amendment and Zone change will be required at Hobbs' sole cost and expense for development of the senior apartments.



The Property was appraised by an independent third-party appraiser, which concluded to a value of \$1,250,000. Staff agrees that this amount represents the current fair market value of the Property. The Successor Agency is requesting authorization to execute a Purchase, Sale and Development Agreement (Agreement) for the disposition of the Property to Hobbs for the full appraised value of \$1,250,000 to facilitate the development of the Project.

Terms of Sale

The terms of the sale of the Property include:

1. Purchase Price: \$1,250,000 in an “as-is” condition (less all escrow related fees not to exceed \$25,000).
2. Deposit: \$30,000. Deposit becomes non-refundable after 180 days unless Seller defaults.
3. Due Diligence: Hobbs has 180 days following the Effective Date of the Agreement to complete its review of the Property.
4. Planning Application: Hobbs to submit an application to the Planning Division for Design Review and entitlements within 180 days following the Effective Date of the Agreement.
5. Entitlements and Environmental Clearance: Hobbs to obtain all of the necessary entitlements, including Grading and Building Permits and Close Escrow within 24 months following the Effective Date of the Agreement.
6. Construction: Hobbs to start construction within 120 days following the Close of Escrow and complete construction within 24 months following the Close of Escrow.

Staff recommends that the Oversight Board adopt the attached resolution authorizing execution of the attached Agreement with Hobbs for the disposition of the Property for \$1,250,000 to facilitate the development of the Property in accordance with the Successor Agency's Long Range Property Management Plan.

FISCAL IMPACT:

All sale proceeds less related title, escrow and miscellaneous closing costs not to exceed \$25,000 will be transmitted to the various taxing entities (including the City) and reported to the State Department of Finance.

Prepared by: Emilio Ramirez, Development Director

Approved as to form: Gary G. Geuss, Successor Agency General Counsel

Attachments:

1. Resolution
2. Purchase, Sale and Development Agreement