

City of Arts & Innovation

Successor Agency to the Redevelopment Agency of the City of Riverside

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 13, 2016

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 3
DEPARTMENT

SUBJECT: PURCHASE AND SALE AGREEMENT WITH PELICAN COMMUNITIES, LLC
FOR THE DISPOSITION OF SUCCESSOR AGENCY-OWNED VACANT LAND
LOCATED AT 3575-3661 MERRILL AVENUE IN THE AMOUNT OF \$1,450,000,
FOR THE CONSTRUCTION OF A MIXED USE MULTI-FAMILY HOUSING AND
COMMERCIAL DEVELOPMENT

ISSUE:

Recommend that the Oversight Board adopt a resolution authorizing the City of Riverside as the Successor Agency to the Redevelopment Agency of the City of Riverside to enter into a Purchase and Sale Agreement with Pelican Communities, LLC for the disposition of Successor Agency-owned vacant land located at 3575-3661 Merrill Avenue in the amount of \$1,450,000, for the construction of a mixed use multi-family housing and commercial development.

RECOMMENDATIONS:

That the Successor Agency recommend that the Oversight Board:

1. Adopt a resolution authorizing execution of the attached Purchase and Sale Agreement (Attachment 1) with Pelican Communities, LLC for the disposition of Successor Agency-owned vacant land, of approximately 3.17 acres, located at 3575-3661 Merrill Avenue bearing Assessor Parcel Numbers 225-140-001, -002, -003, -004, -005, and -006, in the amount of \$1,450,000, for the construction of a mixed use multi-family housing and commercial development, 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 and Sale Agreement with Pelican Communities, LLC (Attachment 2).

DEVELOPMENT COMMITTEE RECOMMENDATION:

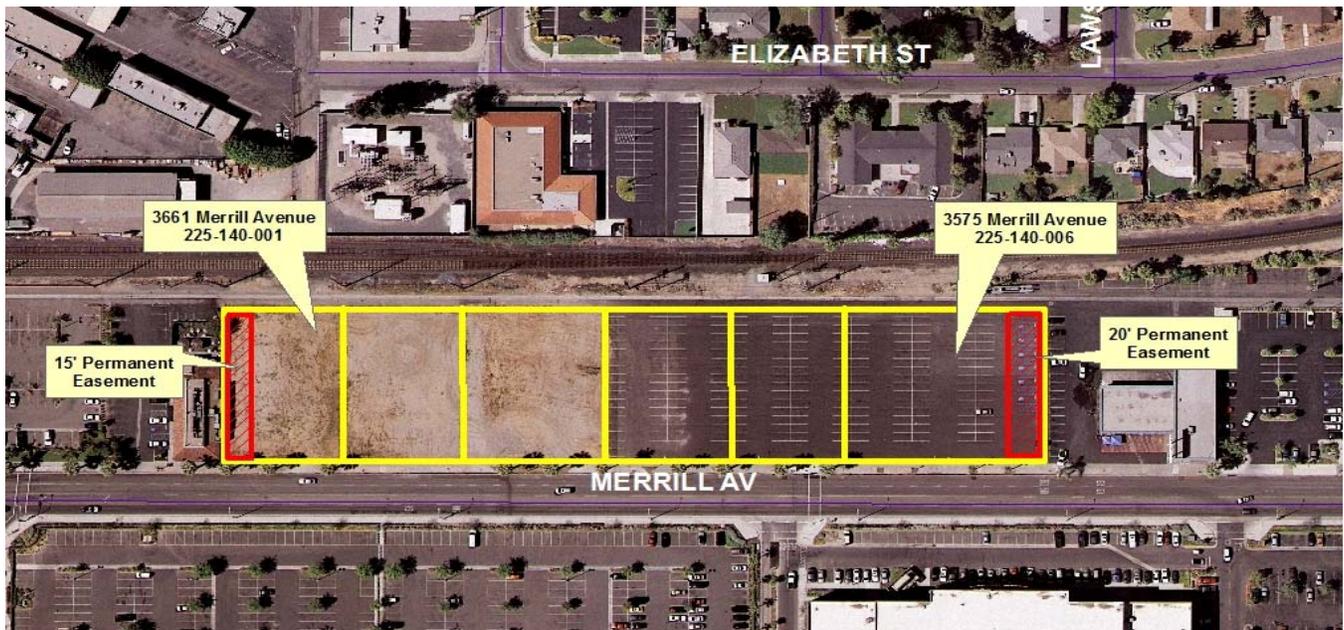
On September 17, 2015, the Development Committee, with Chair Gardner, Member Mac Arthur and Councilmember Soubirous (substituting for Vice Chair Davis) present, unanimously selected

the development proposal from Pelican Communities, LLC for the construction of a mixed use multi-family housing and commercial development at 3575-3661 Merrill Avenue and directed staff to negotiate a purchase and sale agreement to be presented to the Successor Agency, City Council, Oversight Board and the Department of Finance for consideration.

BACKGROUND:

On March 1, 2005, the City Council and the former Redevelopment Agency authorized the acquisition of Assessor Parcel Number 225-140-001. Furthermore, on March 7, 2006, the former Redevelopment Agency adopted a Resolution of Necessity authorizing the condemnation and acquisition of Assessor Parcel Numbers 225-140-002, -003, -004, -005, and -006. At the time of the acquisition, the Redevelopment Agency viewed the rehabilitation and revitalization of Merrill Avenue as an integral component to existing revitalization efforts in the Magnolia Center Project Area. The former Redevelopment Agency demolished six existing structures with the goal of developing a “restaurant row” to complement the adjacent Riverside Plaza shopping center. However, staff was unsuccessful in attracting restaurant users to the site due to unfavorable economic conditions at the time.

The subject parcels are approximately 3.17 acres and are zoned Commercial General (CG) with a General Plan designation of Commercial (C). Additionally, the City’s Public Works Department has a 3,377 square foot permanent storm drain easement over a portion of Assessor Parcel Number 225-140-006. Moreover, Riverside Public Utilities has a 2,539 square foot permanent electrical utility easement over a portion of Assessor Parcel Number 225-140-001. The aforementioned easements do not have a negative economic impact on the Property as both facilities are located underground along the western and eastern boundaries of the Property and a parking lot may be constructed above them. Please reference Property and easements depiction below.



Pursuant to the Redevelopment dissolution process, as stipulated in 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 3575-3661 Merrill Avenue, bearing Assessor Parcel Numbers 225-140-001, -002, -003, -004, -

005, and -006. The Oversight Board approved the Plan on February 27, 2014 and the State Department of Finance subsequently approved the same on March 6, 2014.

DISCUSSION:

On April 15, 2015, staff issued a RFP for the disposition and development of the Property. As stipulated in the RFP, staff preferred a mixed-use development that will support the adjacent Riverside Plaza and allow for: greater housing density and increased commercial opportunities, reduction of distances between housing, workplaces, retail businesses, and other destinations throughout Magnolia Center; strengthening of neighborhood character; and creation of a pedestrian and bicycle friendly environment to enhance the surrounding neighborhood and provide job opportunities for local residents.

On July 15, 2015, staff received proposals from Steven Walker Communities, Exser, LLC, and Pelican Properties (now Pelican Communities, LLC). After careful review and scoring of the proposals, staff decided to interview Steven Walker Communities and Pelican Communities, LLC to further aid in the decision and recommendation making process. The interviews were held on August 13, 2015.

At the conclusion of the interview process, staff re-scored each proposal and collectively concluded that the Pelican Communities, LLC proposal was the most responsive to the noted RFP. Furthermore, staff felt the Brownstone architectural style proposed by Pelican Communities, LLC will fit seamlessly with and enhance the adjacent Riverside Plaza and surrounding neighborhood. The proposed development will require a zone change and General Plan amendment.

The Pelican Communities, LLC project is proposed to include 119 multi-family residential units, a small amount of commercial space, with an estimated development cost of \$26,282,552 (a copy of the draft elevation is included in Attachment 2). Pelican Communities, LLC has also procured an independent third party appraisal, which concluded to a value of \$1,450,000. Staff agrees that this amount represents the current fair market value for the subject Property.

To facilitate the proposed development, staff recommends that the Successor Agency recommend that the Oversight Board adopt a resolution authorizing execution of the attached Purchase and Sale Agreement with Pelican Communities, LLC for the disposition of Successor Agency-owned vacant land, of approximately 3.17 acres, located at 3575-3661 Merrill Avenue bearing Assessor Parcel Numbers 225-140-001, -002, -003, -004, -005, and -006, in the amount of \$1,450,000, for the construction of a mixed use multi-family housing and commercial development project, 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 \$10,000 will be transmitted to the various taxing entities (including the City) and reported to the State Department of Finance. The City's portion of the sales proceeds is estimated to be approximately \$201,600.

Prepared by: Rafael Guzman, Community & Economic Development Director
Certified as to availability of funds: Scott A. Miller, PhD, Chief Financial Officer/City Treasurer
Approved by: Al Zelinka, FAICP, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Concurs with:



Mike Gardner, Chair
Development Committee

Attachments:

1. Resolution
2. Purchase and Sale Agreement
3. Draft Elevation