



City of Arts & Innovation

Economic Development, Placemaking and Branding/Marketing Committee

TO: ECONOMIC DEVELOPMENT, PLACEMAKING AND BRANDING/MARKETING COMMITTEE **DATE: JANUARY 20, 2022**

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT **WARD: 4**

SUBJECT: CONSIDERATION OF A DEVELOPMENT PROPOSAL FROM GILBANE DEVELOPMENT COMPANY, FOR 3.9 ACRES OF SUCCESSOR AGENCY-OWNED VACANT LAND, LOCATED ON THE SOUTH SIDE OF RAILROAD AVENUE, BETWEEN MADISON STREET AND JEFFERSON STREET, BEARING ASSESSOR PARCEL NUMBERS 230-233-013, 230- 245-013 AND 015, AND 230-235-010 FOR DEVELOPMENT OF A 120-UNIT, 100% AFFORDABLE MULTI-FAMILY AND SENIOR HOUSING RESIDENTIAL PROJECT - DIRECT SUBMITTAL

ISSUE:

Review and consideration of a development proposal from Gilbane Development Company, for 3.9 acres of Successor Agency-owned vacant land, located on the south side of Railroad Avenue, between Madison Street and Jefferson Street, bearing assessor parcel numbers 230-233-013, 230-245-013, and -015 and 230-235-010 for development of a 120-unit, 100% affordable multi-family and senior housing residential project.

RECOMMENDATIONS:

That the Economic Development, Placemaking and Branding/Marketing Committee:

1. Review and consider a development proposal from Gilbane Development Company, for 3.9 acres of Successor Agency-owned vacant land, on the south side of Railroad Avenue, between Madison Street and Jefferson Street, bearing assessor parcel numbers 230-233-013, 230-245-013 and 015, and 230-235-010 for development of a 120-unit, 100% affordable multi-family and senior housing residential project; and
2. Direct staff to negotiate a Purchase, Sale, and Development Agreement with Gilbane Development Company, for the development of an affordable multi-family and senior residential project to be presented to the Successor Agency Board and Countywide Oversight Board for final consideration and approval.

BACKGROUND:

On January 9, 2007, the former Redevelopment Agency approved the acquisition of the subject property from the Riverside County Transportation Committee (RCTC). Shortly thereafter, approximately 15,000 square feet of the subject property (located at the corner of Railroad Avenue and Madison Street) was reserved by the City for a future grade separation project.

The subject property (minus the 15,000 square foot portion reserved for a future grade separation), as shown on the map below, is approximately 3.9 acres and is currently zoned R-1-7000 (single family residential) with a General Plan designation of Medium Density Residential (MDR).



On December 22, 2015, City Council approved the disposition of the subject property at fair market value to Riverside Harley-Davidson for the development of a warehouse and office space. On July 15, 2021, escrow was canceled with Riverside Harley-Davidson due to failure to perform its obligations under the Purchase and Sale Agreement.

DISCUSSION:

Anticipating a cancellation of escrow with Riverside Harley-Davidson, on May 26, 2021, as required by AB 1486, staff sent a written notice of availability to the required public agencies and to all affordable housing developers who registered with State's Housing and Community Development Department (HCD). On July 26, 2021, the deadline for interested developers to respond, staff received one development proposal from Gilbane Development Company to construct a 120-unit, 100% affordable multi-family and senior residential project on the subject site.

The Gilbane Development Company proposal is summarized below:

	Multi-Family Residential	Senior Residential
Units:	75	45
Bedrooms:	1 Bedroom: 23 Units 2 Bedrooms: 11 Units 3 Bedrooms: 11 Units	1 Bedroom: 67 Units 2 Bedrooms: 8 Units
Parking:	76 stalls	60 stalls

By way of background, Gilbane Development Company, headquartered in Providence, Rhode Island, is one of the largest privately held family-owned construction and real estate development firms in the industry. Concentrating their efforts in select markets throughout North America, as well as internationally, Gilbane has more than 45 office locations around the world as an industry leader in construction and real estate development.

To evaluate Gilbane’s proposal, an evaluation committee (consisting of Successor Agency, Economic Development, and Planning staff) was convened. The evaluation committee carefully reviewed and considered Gilbane’s proposal and collectively determined that Gilbane has sufficient development experience to undertake the acquisition and development of the subject property as proposed. Moreover, an appraisal by an independent third-party appraiser shall be obtained to establish the purchase price of the subject property.

STRATEGIC PLAN ALIGNMENT:

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

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

1. **Community Trust** – The process of selecting Gilbane’s proposal was accomplished through issuance of an AB 1486 solicitation. Gilbane’s response was reviewed by staff from the Successor Agency, Planning and Economic Development divisions.
2. **Equity** – Moving forward with the Gilbane proposal will ensure that the subject property is developed, and its value will be maximized to generate revenue for the City to fund public services necessary to promote growth and provide equitable economic benefits throughout the immediate area.
3. **Fiscal Responsibility** – The subject property, as previously noted, is currently vacant and underutilized and Gilbane’s proposal will revitalize the site and create new revenue for the City.
4. **Innovation** – Developing affordable multi-family and senior housing demonstrates that Riverside is inventive and timely in meeting the housing needs for all Riverside residents.
5. **Sustainability & Resiliency** – Developing affordable multi-family and senior housing demonstrates that Riverside is committed to meeting the housing needs of the present without compromising the needs of the future.

FISCAL IMPACT:

The subject property is Successor Agency-owned and will require the value be determined by an independent third-party appraiser. All sale proceeds less related title, escrow, and miscellaneous closing costs will be remitted to the Riverside County Auditor Controller's Office (ACO), upon receipt of funds. The ACO will distribute the sale proceeds to the various taxing entities and report the sale to the State Department of Finance. The City's portion of the sales proceeds is estimated to be approximately 14% of the sales price.

Prepared by: David Welch, Community & Economic Development Director

Certified as to

availability of funds: Edward Enriquez, Chief Financial Officer / City Treasurer

Approved by: Rafael Guzman, Assistant City Manager

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

Attachment: Presentation