



City of Arts & Innovation

# Economic Development, Placemaking and Branding/Marketing Committee

---

**TO: ECONOMIC DEVELOPMENT, PLACEMAKING AND BRANDING/MARKETING COMMITTEE**      **DATE: FEBRUARY 17, 2022**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT**      **WARD: 1**

**SUBJECT: CONSIDERATION OF A JOINT DEVELOPMENT PROPOSAL FROM PELICAN COMMUNITIES AND GREENS DEVELOPMENT FOR A MIXED-USE RETAIL/RESIDENTIAL PROJECT AND ASSOCIATED PARKING ON APPROXIMATELY 0.89 COMBINED ACRES OF CITY-OWNED PROPERTY CONSISTING OF PUBLIC PARKING GARAGES 1 AND 2, IDENTIFIED AS ASSESSOR PARCEL NUMBERS 213-271-012, 213-301-006 AND -015**

**ISSUE:**

Review and consideration of a joint development proposal from Pelican Communities and Greens Development for a mixed-use retail/residential project and associated parking on approximately 0.89 combined acres of City-owned property consisting of public parking garages 1 and 2, identified as Assessor Parcel Numbers 213-271-012, and 213-301-006 and 213-301-015.

**RECOMMENDATIONS:**

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

1. Review and consider a joint development proposal from Pelican Communities and Greens Development for a mixed-use retail/residential project and associated parking on approximately 0.89 combined acres of City-owned property consisting of Public Parking Garages 1 and 2, identified as Assessor Parcel Numbers 213-271-012, and 213-301-006 and 213-301-015 (Property); and
2. Direct staff to negotiate a Purchase, Sale, and Development Agreement with Pelican Communities and Greens Development, or a newly formed joint entity between both entities, for the development of a mixed-use retail/residential project and associated parking to be presented to the City Council for final consideration and approval.

**BACKGROUND:**

On February 12, 2021, staff provided information to the Financial Performance and Budget Committee regarding seven City-owned properties, including Public Parking Garages 1 and 2, for

consideration as to whether they should be retained, leased, or declared as surplus to sell to private entities or community corporations. The Financial Performance and Budget Committee recommended that staff present the list of seven properties to City Council to be declared as surplus for the purpose of generating sale revenue and reducing operating costs to address the CalPERS challenge and financial impacts associated with COVID-19.

On May 25, 2021, the City Council declared Public Parking Garages 1 and 2, amongst others, as surplus properties and authorized the marketing and sale of these properties pursuant to Assembly Bill 1486 (AB 1486).

**DISCUSSION:**

On June 1, 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 the State’s Housing and Community Development Department (HCD). On July 31, 2021, the deadline for interested developers to respond, staff received one joint development proposal from Pelican Communities (Pelican) and Greens Development (Greens) for a mixed-use retail/residential project and associated parking on the Property, which is summarized below.

Pelican and Greens propose to demolish the Garage 2 parking structure and build a mixed-use retail/residential building, with 25% of the residential units restricted to affordable rents as required by AB 1486, and ground floor retail with no onsite parking. The proposed mixed-use building is anticipated to include a courtyard, roof top deck, leasing office, fitness room, and bike storage.

Garage 1 is proposed to be revitalized and brought up to current Code and would provide required parking for the mixed-use project on the Garage 2 site. Ground floor retail may be added to the Garage 1 facility if structurally possible.

The Pelican and Greens joint proposal is summarized below:

<b>Units:</b>	<b>59 total (located at Garage 2 site)</b>
<b>Bedrooms:</b>	<b>Studio: 23 Units 1 Bedroom: 24 Units 2 Bedroom: 12 Units</b>
<b>Parking:</b>	<b>170 stalls (at Garage 1)</b>
<b>Retail:</b>	<b>3,900 - 9,000 SF (Garages 1 &amp; 2)</b>

The proposers bring over 75 years of combined experience, including extensive track records of successful collaboration and working in partnerships on public and private developments throughout California. Pelican is an innovative builder of unique high-quality mixed-use in-fill communities and was formed in the late 1990’s for the purpose of developing site-specific mixed-use in-fill projects in highly desirable in-fill locations throughout California, with their most recent project in Riverside being the Merrill Brownstones. Greens has over 30 years of experience in real estate development and hospitality, and has developed in Riverside, with their most recent completed project, the Hampton Inn, located in downtown.

An evaluation committee consisting of Successor Agency, Economic Development, Public Works, and Planning staff, was convened to evaluate the Pelican and Greens joint development proposal.

The evaluation committee carefully reviewed and considered Pelican and Greens joint development proposal and collectively determined that Pelican and Greens has sufficient development experience to undertake the acquisition and development of the Property as proposed. Moreover, an appraisal by an independent third-party appraiser shall be obtained to establish the purchase price of the Property. As required by AB 1486, staff will notify HCD of the negotiation status with the combined Pelican and Greens joint proposal after a final sale price has been negotiated.

**STRATEGIC PLAN ALIGNMENT:**

This item contributes to the **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 the Pelican and Greens joint development proposal was accomplished through issuance of an AB 1486 solicitation. The Pelican and Greens response was reviewed by staff from the Successor Agency, Public Works, Planning and Economic Development divisions, to ensure transparent decision-making based on sound policy in a timely and reliable manner.
2. **Equity** – Moving forward with the Pelican and Greens joint development proposal will ensure that the 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 Property has significant ongoing maintenance and management costs that exceed revenue generated for the City, while the Pelican and Greens joint development proposal will revitalize the site and stimulate new revenue for the community and the City as a whole.
4. **Innovation** – Developing an affordable mixed-use project demonstrates that Riverside is inventive and timely in meeting the housing needs for all Riverside residents.
5. **Sustainability & Resiliency** – Developing a mixed-use retail/residential project demonstrates that Riverside is committed to meeting the housing needs of the present without compromising the needs of the future.

**FISCAL IMPACT:**

The fiscal impact is currently unknown due to uncertainty of total value of the property. The subject Property is City-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 sale proceeds is estimated to be approximately 14% of the sale 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