

City of Arts & Innovation

Successor Agency to the Redevelopment Agency of the City of Riverside

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: APRIL 19, 2022

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

SUBJECT: ADOPTION OF A RESOLUTION APPROVING A PURCHASE, SALE, AND DEVELOPMENT AGREEMENT WITH 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 A PORTION OF 230- 235-010 FOR DEVELOPMENT OF A 120-UNIT, 100% AFFORDABLE MULTI-FAMILY AND SENIOR HOUSING RESIDENTIAL PROJECT IN THE SALE AMOUNT OF \$2,400,000

ISSUE:

Adopt a resolution authorizing the City of Riverside as the Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) to enter into a Purchase, Sale, and Development Agreement with 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 a portion of 230-235-010 for development of a 120-unit, 100% affordable multi-family and senior housing residential project in the sale amount of \$2,400,000 in accordance with the Successor Agency's Long Range Property Management Plan.

RECOMMENDATIONS:

That the Successor Agency:

1. Adopt the attached resolution (Attachment 1) authorizing the execution of the attached Purchase, Sale, and Development Agreement (Attachment 2) with Gilbane Development Company for the 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 a portion of 230-235-010 for development of a 120-unit, 100% affordable multi-family and senior housing residential project in the sale amount of \$2,400,000 in accordance with the Successor Agency's Long Range Property Management Plan, to be presented to the Countywide Oversight Board and Department. of Finance for final consideration and approval; and

2. Recommend that the Countywide Oversight Board adopt a separate resolution authorizing the execution of the attached Purchase, Sale, and Development Agreement with Gilbane Development Company for the 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 a portion of 230-235-010 for development of a 120-unit, 100% affordable multi-family and senior housing residential project in the sale amount of \$2,400,000 in accordance with the Successor Agency's Long Range Property Management Plan, to be presented to the Countywide Oversight Board and Department of Finance for final consideration and approval; and
3. Authorize the Executive Director, or his designee, to take any and all actions, including making minor and non-substantive modifications and execute the Purchase, Sale, and Development Agreement with Gilbane Development Company.

COMMITTEE RECOMMENDATION:

On January 20, 2022, the Economic Development, Placemaking and Branding/Marketing Committee met and unanimously recommended the following: 1) That the Successor Agency Board accept the unsolicited development proposal from Gilbane Development Company; and 2) Directed staff to negotiate a Purchase, Sale, and Development Agreement with Gilbane Development Company to be presented to the Successor Agency Board, Countywide Oversight Board, and Department of Finance for final consideration.

BACKGROUND/LEGISLATIVE HISTORY:

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.



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.

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 the 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.

As noted above, on January 20, 2022, the Economic Development Placemaking and Branding/Marketing Committee reviewed a development proposal from Gilbane Development Company and directed staff to negotiate a Purchase, Development, and Sale Agreement with Gilbane Development Company for the disposition and development 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 a portion of 230-235-010 for development of a 120-unit, 100% affordable multi-family and senior housing residential project.

DISCUSSION:

The subject property (minus the 15,000 square foot portion reserved for a future grade separation), as shown on the map above, 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).

The Gilbane Development Company proposal is summarized below:

	Multi-Family Residential	Senior Residential
Units:	45	75
Bedrooms:	1 Bedroom: 23 Units 2 Bedrooms: 11 Units 3 Bedrooms: 11 Units	1 Bedroom: 67 Units 2 Bedrooms: 8 Units
Parking:	29 stalls	47 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 its efforts in select markets throughout North America, as well as internationally, Gilbane has more than 45 office locations around the world and is an industry leader in construction and real estate development.

The proposed purchase price of the subject property is \$2,400,000 and the appraised value is \$2,400,000. Staff has reviewed the appraisal procured by Gilbane and prepared by Novogradac Consulting LLP and agrees that it represents the current fair market value of the subject property and recommends acceptance of the \$2,400,000 sale price.

To facilitate the proposed development, staff recommends that the Successor Agency Board recommend that the Countywide Oversight Board adopt a separate resolution authorizing execution of the Purchase, Sale, and Development Agreement with Gilbane Development Company, for the Successor Agency-owned vacant land located at 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 a portion of 230-235-010 for development of a 120-unit, 100% affordable multi-family and senior housing residential project in the sale amount of \$2,400,000 in accordance with the Successor Agency's Long Range Property Management Plan.

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 the 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 exact fiscal impact is unknown at this time, but the City's portion of the net sales proceeds is estimated to be approximately 14% of the sales price less all title, escrow, and miscellaneous closing costs. All sale proceeds of the properties, less related title, escrow and miscellaneous closing costs, will be remitted to the Riverside County Auditor Controller's Office (ACO). The ACO will distribute the sale proceeds to the various taxing entities (including the City) and report the sale to the State Department of Finance.

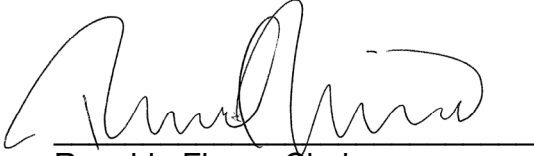
Prepared by: Chris Christopoulos, Acting Director Community & Economic Development

Certified as to the 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

Concurs with:

A handwritten signature in black ink, appearing to read 'Ronaldo Fierro', is written over a horizontal line.

Ronaldo Fierro, Chair

Economic Development Placemaking and Branding/Marketing Committee

Attachments:

1. Resolution
2. Purchase, Sale, and Development Agreement
3. Presentation